



Annual Report and Financial Statements

for the year ended 31 December 2025

**Our mission is to glorify
God by providing financial
services which support the
ministry of UK churches.**



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2025 Impact Report

This is a story about our customers' impact for the gospel in 2025



In 2025, **847** individuals (£14.5m), and **245** churches (£20.0m) chose to give their money a mission by saving with Kingdom Bank. This amounted to **£34.5m** of deposits.

At the end of 2025 the total number of depositors was **3,052** individuals (£55.0m), and **1,146** churches (£87.0m). This amounted to **£142.0m** of deposits.

Together, they've helped us to provide

£28.4m

in mortgages to support churches
and gospel projects around the UK.*



*Your property may be repossessed if you do not keep up repayments on your mortgages

Last year, we continued to support churches and charities with expert advice on the insurance cover they need to protect themselves and the people they serve.

When churches secure their insurance with Kingdom Bank, they become a partner in a shared mission by investing in Kingdom ministry across the country.

98.9%

of insurance customers renewed in 2025

We have

2069

live clients

and

2760

live policies



Give your money a mission

As we look ahead to 2026, will you join us in seeing more churches grow, more gospel workers supported, and more ministries flourishing?

When you save with us, we keep your money safe as it supports Christian ministries, projects and churches across the UK - ready to access whenever you need it.

Give your money a mission.

Discover savings accounts for you and your church:

◆ Savings for Individuals

◆ Savings for Organisations



COMPANY INFORMATION

Executive Directors:	P R Houghton M J Slack	Chief Executive Officer Chief Financial Officer
Non-Executive Directors:	G A Brisk R B Ellison H L Lamb A F J Neden	Chair of Board Risk and Compliance Committee Chair of Board Audit Committee Chair of Remuneration Committee Chair of Board
Company Secretary:	M J Slack	
Registered office:	Media House Padge Road Beeston Nottingham NG9 2RS	
Registered number:	04346834	
Independent auditor:	MHA Chartered Accountants and Statutory Auditors 6th Floor 2 London Wall Place London EC2Y 5AU	
Solicitors:	Geldards LLP Number One Pride Place Pride Park Derby DE24 8QR Flint Bishop LLP St. Michael's Court St. Michael's Lane Derby DE1 3HQ	
Bankers:	Barclays Bank PLC Level 12 1 Churchill Place London E14 5HP	

Mission Statement

The Mission of Kingdom Bank is: 'To glorify God by providing financial services which support the ministry of UK churches.'

Core Values

The Bank has three Core Values. These set the standard for how we work together as the Bank 'Team'.

1. Honouring God

The Bank exists to serve the Lord Jesus Christ by serving His church. As a Christian bank, what we do and how we do it all flows from our desire to honour and love God, not pointing to ourselves but to the Lord Jesus as we seek to serve him.

We acknowledge our accountability before God for all our thoughts, words and actions. We recognise before God that we continually fail to meet His perfect standards, and we delight in His love, acceptance and forgiveness and are committed to bringing ourselves and the Bank to him in prayerful dependence.

2. Putting others first

We serve customers in humility, making every effort to put them before ourselves, designing straightforward products and services to meet their needs, and always treating them with respect and honesty, whether or not they are present.

We are pleased to submit to our regulators with openness and integrity, recognising that they are authorities put in place by God. We treat our suppliers and other external stakeholders fairly and honestly.

Within the Bank we encourage each Team member, Christian and non-Christian, to grow and develop within their role; to grow in their understanding of the Christian faith, as set out in the Bible; and, we pray, to grow in their knowledge and love for Jesus Christ as their Saviour and Lord.

3. Committed to quality

We place great importance on the application of best practice in business ethics, including trust, integrity, fairness, respect and openness. In our working together as a Team we encourage transparency, honesty and holding ourselves accountable to each other.

We provide financial services responsibly, in particular providing a secure home for customers' deposits and only lending where we consider it to be in the customer's best interests.

We always seek to do the right thing under God in every situation. Within a hard-working environment, we prioritise setting time aside with God for reading the Bible, prayer and collective worship.

We give thanks to God for ongoing growth in 2025, as the Bank continued its mission with focus and passion.

Results to give thanks for

The Bank's operating profit for the year remained healthy, increasing to £953k (2024: £650k), despite further costs in establishing a platform of good governance, strategic leadership and operational resilience.

The decision was made in 2024 to make a substantial investment in the infrastructure of the Bank to serve its mission and purpose in the coming years. This will bring benefit to our customers and enable us to deliver exceptional customer service efficiently, supporting our long-term growth and resilience. The project started in 2024 and will be completed in 2026 and the benefits will be received over many years. The accounting rules require us to expense these costs in the years they are incurred. The 2025 statutory loss before tax of £1,062k therefore reflects the investment (£2,015k) in new systems for both core banking and the customer front-end (online and app-based banking). Following several months of supplier delays, these transformational and industry leading systems are now expected to go live in mid-2026. The total cost of almost £4m will result in an expected final systems cost of £1.3m in 2026.

Beyond 2026, the Bank is forecasting steadily increasing growth in statutory profits, enabling us to support more churches in their mission.

Growth we've achieved

Over the 12 months to 31 December 2025, the Bank made £28.4m (2024: £26.7m) of lending drawdowns, an increase of 6% on the prior year. The year ended with a loan book net of provisions of £118.2m (2024: £97.7m) – growth of 21%.

The Bank approved £47.1m of new lending in the year (2024: £37.3m), an increase of 26%. At the year end, approved but undrawn loan commitments were £13.6m (2024: £17.1m). Whilst the year-end position represents a 20% reduction due to the timings of drawdowns, the underlying trajectory remains strong growth.

The Bank remains resolutely focused on managing credit risk, through strong understanding of its niche market and excellent relationships with customers. There were no mortgage arrears over three months at 31 December 2025 (2024: nil%).

Deposits increased by £21.2m (2024: £19.2m) in the year (17%) to £141.8m (2024: £121.3m). The Bank's marketing continues to promote its gospel partnership ethos, encouraging churches and individual Christians to deposit and save with the Bank on the basis of mission and faith alignment.

Finally, brokerage commission within the steadily growing insurance business increased by 16% from £576k to £666k.

Growth to look forward to

Our underlying mission remains clear: to support local churches across the UK as they proclaim the saving message of the gospel of Jesus Christ. By God's grace we will continue to achieve that, by continuing to grow the Bank - our capital base, our lending and our deposits. The primary task for 2026 is the launch and embedding of new systems, providing the platform for high-quality online and app-based banking for individual and church/charity customers. Alongside that, we will continue to raise the brand profile of the Bank within the UK Christian (especially the evangelical) community. The combination of a much-enhanced online banking experience and clear messaging offering depositors the opportunity to share in gospel mission sets the foundation for the next decade of growth. The Board is prayerfully looking forward to seeing these things come to fruition.

Our people who make all this happen

We are blessed with an excellent team who do the Bank's day to day work. The executive has brought stable and clear leadership to an expanding wider team. In late 2025, our Chief Risk officer, David Kindred, who has been with us for five years, decided to move on to new things and will leave the Bank at the end of May 2026. A search process has been underway since January 2026 and we currently anticipate making an appointment before June of a person with the necessary skills and experience as well as strong faith alignment.

Further recruitment across all departments has bolstered the operational teams. This has especially been the case within our lending department, where the year closed with 10 full or part-time people serving customers, an increase from six since December 2024. This will both enhance the quality of service to our church customers and maintain credit quality as we receive and process an ever growing number of church mortgage applications. In addition, we have further strengthened our support functions, expanding the Risk & Compliance and Finance teams. It will also come as no surprise that, as the systems transformation got underway, we strengthened both the project management and data analytics elements of our information systems teams.

I continue to be grateful for our stable team of non-executives who bring diverse experience and skills to bear on our strategy and operations. The Bank has a well-developed governance and risk management framework, with a committed executive Leadership Team. We are pleased to have a close and supportive relationship with our ultimate investors, and delighted to be joined regularly at our board meetings by observers from our parent company.

Summary

The Bank is in good shape for its current growth trajectory.

With thanks to God for every member of the Bank's Team, for each of the Bank's investors for their commitment to the long-term vision of the Bank, and, most critically, for every one of the Bank's customers, may I commend to you this annual report.



A F J Neden
Chair
1 April 2026

The directors are pleased to present their Strategic Report for the year ended 31 December 2025.

Principal activities

The principal business of Kingdom Bank Limited (“the Bank” or “the Company”) continues to be that of providing mortgage products, savings products and insurance broking services for churches, Christian charities and individuals working in Christian ministry. This is encompassed in the Bank’s Mission Statement: ‘To glorify God by providing financial services which support the ministry of UK churches’.

The Bank’s church and charity loans are focused on helping active and growing gospel ministries deliver their mission in local communities. The loans to individuals are primarily to provide housing for individuals working in Christian ministry, either for now or for the future. Lending is funded from customer deposits in a range of savings accounts, designed particularly to appeal to Christians and churches who would like their money to be supporting gospel ministry. The Bank also operates a specialist insurance broking service focusing on delivering a bespoke service to churches and Christian charities.

Review of the business

The Bank has continued to deliver its banking and insurance services to customers during the year. The focus of 2025 has been continuing to raise the Bank’s profile and pursuing safe, stable growth across all areas of the business, despite some challenging economic headwinds caused by inflation and the ongoing ‘cost of living crisis’.

The Bank’s parent company (and ultimate controlling party) is Lamb’s Passage Holding Limited (‘LPHL’). The investor group of LPHL includes private investors alongside Stewardship Services (UKET) Limited, a charity providing services to similar types of customers in the church and Christian charity sector. The investors take an active interest in the Bank’s activities and receive regular reports from the Board. During 2025 the investor group committed to invest further capital into the Bank to support both growth and technological transformation, which resulted in the issue of £1.17m of ordinary share capital on 15 December 2025 (see note 21). Following a final injection of agreed investment capital in 2026, the expectation is for the Bank to self-generate sufficient profits to enable ongoing growth during the next five years of the business plan.

The Bank has continued to strengthen its team during the year with 16 new joiners (net growth of 11 people) spread across most departments, including lending, account management, insurance, marketing, finance and IT. Property Services, launched in October 2024, represents a small but important business line, providing expert advice for churches and charities considering their property strategy and plans.

Mortgages

The Bank’s long-standing specialism is commercial lending to registered charities which support or operate as churches, to enable them to grow and expand, as well as a small volume of personal lending to Christian ministers. The Bank regularly reviewed and adjusted the pricing of its mortgages in response to the Bank of England’s base rate changes, balancing the desire to provide lending customers with affordable borrowing with the need to pass on a proportion of the changing rates to depositors in a fair manner.

During the year, 146 (2024: 135) new loans were approved totalling £47.1m (2024: £37.3m) and 124 (2024: 100) were drawn down with advances totalling £28.4m (2024: £26.7m). The total loan book has increased to £118.2m (2024: £97.7m) net of loan loss provisions. The Bank continues to expand its lending secured on residential property and, included in the totals above were £14.7m (2024: £12.2m) of loans approved and £12.5m (2024: £11.5m) drawn down.

These factors have resulted in an increase in interest receivable from borrowers during the year as detailed in note 6. In addition, liquidity (which is required for future lending and to match deposit flows) continues to be held in our Bank of England Reserve account which had a significant positive impact on interest receivable.

Arrears management remains a key focus. During 2025 a borrower defaulted on a loan amounting to £803k, against which a loan loss provision of £153k had been recognised. The Bank took possession of the property, and the provision was fully utilised. The remaining asset of £650k was transferred to investment property as detailed in note 13. The Board is pleased that the Bank has remained well within the internal Risk Appetite throughout the year, and there were no arrears over three months at 31 December 2025 (2024: nil%). Through this period of growth in the Bank’s activities, the Board and management are committed to maintaining lending quality. Management have continued to review and enhance the Bank’s quantification of risk in the lending back book, and to assess risk in the lending opportunities presented. Overall, the Bank’s approach is to maintain a close relationship with its mortgage customers, the vast majority of whom are church congregations, with whom the Bank shares its Christian ethos.

Review of the business (continued)

Savings

Savings accounts are provided for both private individuals and organisations on terms between no-notice and up to three years' fixed term. Average interest rates across the market have continued to fall following four reductions in the Bank of England base rate in the year. The Bank increased deposits during the year by £20.5m (2024: £19.2m) to £141.8m (2024: £121.3m). Our savings strategy is to encourage churches, Christian charities, Christian-led businesses and individual Christians to place deposits with the Bank because they believe in its ethos, not primarily due to their attraction to its interest rates. Indeed our 'Gospel Partner' sub-brand openly encourages customers to deposit funds with the Bank on rates which are typically slightly below market, but which enable the Bank to lend as affordably as possible to churches and Christian workers. We have been delighted by the continued market engagement with this concept, and more work on brand communication will continue in 2026. Furthermore, the affinity value that individual Christians and churches gain from a deposit account which is facilitating affordable lending to Christian churches is intrinsic to the Bank's application of the Consumer Duty to its unique customer base.

General insurance

The Bank's insurance broking team provides a high level of customer service and tailored support to churches and Christian charities. Policies are offered via third party insurers, providing protection for assets and liability risks cover. Commission income earned from this activity increased to £666k (2024: £576k). Customer retention remains strong at 98% (2024: 98%), and the conversion rate of new customers making enquiries increased to 90% (2024: 80%).

Operations

Against the backdrop of the ongoing 'cost of living crisis' and additional investment from the investor group in recent years, the Bank has sought to develop its underlying operational capacity to support its current and expected growth. We are fully flexible due to remote working, which was introduced in 2020 and is now embedded in the Bank's culture, as well as our ongoing transition away from physical to cloud-based servers. These realities are now intrinsic factors within the Bank's operational resilience. We continue to perform regular Business Continuity testing, and during the year we successfully carried out one off-site recovery test and one on-site test. The executive also hold regular Business Continuity tabletop scenario discussions which are a valuable part of our risk management regime.

Most significantly in terms of its operational systems, the Bank is in the process of moving to new core banking and front-end platforms which will deliver positive step-changes in both automation efficiency and customer experience. Core banking will move to Temenos T24, and customer-facing (online and app-based) banking will be provided by Sandstone. Both systems are well known within the banking market.

This implementation will provide a transformational experience for both internal teams and customers: by the completion of the project, new deposit customers will be able to open accounts and manage transactions online or on an app platform. At first glance this may appear only to be addressing a hygiene factor: bringing the Bank up to what is now expected. Indeed, it is true that the Bank's personal customer experience currently languishes below where it needs to be. However, for churches and charities with multiple trustees and requiring dual authorisation for transactions, this quality of banking service is rare. Opening a new church deposit account with any typical bank or building society remains a cumbersome process demanding multiple signatures on electronic or even paper forms.

The Bank's new customer experience for churches and charities, designed specifically with these organisations in mind, will include smooth automated processes at least equal with best-in-class.

We currently anticipate a go-live date by mid-2026. However, the Bank's Board and executive are resolute in their view that quality of outcome takes precedence over speed of delivery, and the systems will not be launched until they have been fully tested, internal training is complete and customer communications are in place.

Overall, the combined project cost will be almost £4m, £2.0m of which was incurred during 2025.

Review of the business (continued)

Principal risks and uncertainties and financial risk management

The Bank regularly reviews the internal and external risks affecting the business. These risks are, where possible, mitigated to minimise their probability and impact. The principal risks have been identified as: capital, liquidity, interest rate, credit, operational (including banking transformation) and compliance.

The Risk Management Framework documents how risks are identified, categorised, measured and managed within the Bank. All significant risks are identified on the Risk Register by the Leadership Team. The Leadership Team allocates a Risk Manager who is responsible for day-to-day implementation of the risk mitigants and close monitoring of these risks, and a Risk Owner at Board or Leadership Team level to oversee the management of those risks.

On a quarterly basis the Risk Manager and Risk Owner are required to attest to the ongoing implementation of the mitigants and to verify there are no other changes and no new risks. Any changes to mitigants or risks will be notified to the Risk and Compliance Department for submission to the Leadership Team. Risks are allocated an inherent risk score (impact x probability) and a residual score after mitigants, by the Leadership Team. Risks are categorised based on inherent score as high, medium and low.

The Top 20 risks are reviewed at every scheduled meeting by the Board Risk and Compliance Committee and twice annually the Committee reviews high and medium inherent risks. A comprehensive suite of risk appetite metrics is monitored on a monthly basis and each metric's current status and movement is reported in full to the Assets and Liabilities Committee and by exception to the Board.

During the year the Bank has continued to review, update and refine its Risk Management Framework in response to emerging trends and the continuous reassessment of risks. Key performance indicators relating to the principal risks are monitored by the directors through a monthly Board Report which includes commentary from the Chief Risk Officer and other members of the Leadership Team.

Capital

The Bank's regulatory capital consists of shareholders' funds ("Core Equity Tier 1") and subordinated liabilities ("Tier 2"). Shareholders' funds, comprising ordinary shares and reserves, increased to £15.8m (2024: £15.5m) and subordinated liabilities remained at £0.7m (2024: £0.7m).

These funds are prudently managed to ensure the Bank maintains sufficient capital for its activities. Unforeseen events can unexpectedly erode this capital and these events are analysed and assessed using the Internal Capital Adequacy Assessment Process ("ICAAP"). This process stress tests the business and allocates sufficient levels of capital to cover assessed risk. The capital is then managed against robust Risk Appetite measures for surplus capital, Core Tier 1 Capital and Leverage Ratio to maintain a healthy margin above the regulatory and internally assessed minima. The Bank continues to meet all the regulatory capital requirements and expects to continue to do so in future.

Liquidity

The Bank continues to hold a surplus of liquid reserves, as detailed in the "Key performance indicators" section of this report. The assessment of the minimum level for these reserves is set after careful analysis of potential withdrawals and regularly stress tested to ensure they are sufficient. This assessment is detailed in the Bank's Internal Liquidity Adequacy Assessment Process ("ILAAP") document.

Liquidity is managed against robust Risk Appetite measures, including the Liquidity Coverage Requirement ratio, to maintain a healthy margin above the regulatory and internally assessed minima. The Bank continues to meet all the regulatory liquidity requirements and expects to continue to do so in future.

Principal risks and uncertainties and financial risk management (continued)

Interest rate

Interest rate risk is the risk of adverse changes to earnings and capital due to changes in interest rates. It is evaluated principally in terms of the sensitivity and exposure of the value of the Bank's assets and liabilities to changes in interest rates. Analysis of the exposure to interest rate risk is managed carefully within the Board's risk appetite. The Bank operates a matching approach to financial risk management, whereby the risk arising from mismatches in re-pricing of assets and liabilities is managed internally through the statement of financial position. The Bank has a maximum exposure limit of 5% of own funds for such potential losses in the event of a 2% parallel shift in the yield curve. The Bank also has exposure to risk due to the mismatch between assets compared with liabilities and capital which re-price with reference to different interest rate bases, namely Bank Base Rate ("BBR"), fixed rates and administered rates. The Board has set risk appetite limits against its exposure to basis risk for each type of basis risk mismatch and against the sensitivity of its net interest margin to basis risk. The Bank continues to operate within these limits.

Credit

The Bank's main business activity is commercial lending (i.e. credit facilities secured over property) to registered charities which operate as churches, as well as personal lending to Christian ministers. The inherent credit risk of the main business activity is substantially mitigated by prudent credit policies, a deep understanding of the market sector, low portfolio loan-to-values, and a strong practice in arrears management. Note 28 details the nature of the property held as collateral to secure the Bank's lending. The loan loss provision has increased by £5k (2024: increase of £9k) as disclosed in note 12 c). The Bank's systems monitor all customers who are in arrears ensuring that we can help and support where necessary. At 31 December 2025 there were no cases more than 60 days in arrears and in breach of contract (2024: none).

Operational

The Bank's operational structure is well developed and stable. Operational resilience is identified as a high risk on the Bank's Risk Register. During the year the Business Impact Assessment (BIA) was further developed by the Chief Information Officer as part of our implementation of the regulator's requirements on operational resilience. The BIA provides a documented evaluation process for determining continuity and recovery priorities, objectives and targets. The evaluation process includes assessing the impact that a loss, interruption or disruption might have on the Bank's customers, important business services, critical processes, functions and critical suppliers, specifically those areas that impact, either directly or indirectly external stakeholders of the Bank. The outsourced IT systems for banking and insurance operate effectively with external support provided to the Bank's own experienced team. Security of IT systems and Cyber Risk is kept under close scrutiny and is periodically reviewed by specialists as part of the work of internal audit and continues to be improved in line with the latest industry developments. A comprehensive business continuity back-up service is available and regularly tested. Internal audits and compliance reviews confirm that operational risks are well managed through heads of department reporting into the Leadership Team.

As noted above, through 2025 and the first half of 2026, the Bank is undertaking a full transformation of its core banking and online banking systems. This transformation carries with it some significant operational risks, not only relating to systems change and data migration, but including training and project resourcing. The planning and execution of the project includes a focused risk management process, overseen by the Board with two sources of valuable external input providing support for the executive and independent project assurance.

Compliance

The Chief Risk Officer oversees the day-to-day operation of the compliance function. Throughout the year the Bank maintained its focus on compliance, Consumer Duty (incorporating Treating Customers Fairly) and conduct risk management to ensure they become even more closely embedded into the business. The Chief Risk Officer also acts as the Money Laundering Reporting Officer and oversees our management of financial crime risk.

Principal risks and uncertainties and financial risk management (continued)

Climate-related risks and opportunities

Governance

The Board provides oversight of climate-related risks and opportunities through the Board Risk and Compliance Committee. The Board has delegated day-to-day responsibility for managing the financial risks arising from climate change to the Chief Financial Officer with wider climate-related risks and opportunities being managed by the Leadership Team.

Climate change is a standing agenda item on the Leadership Team agenda, with regular training updates. The Leadership Team is monitoring the impact of climate change on the church and Christian charity sector, alongside the UK financial services industry's understanding of climate-related risks and opportunities in order that the Bank can be proactive in managing risks and serving its customers. This continues to be an ongoing area of development.

Strategy

The Bank's business planning horizon currently extends to five years and, over that period, the financial impacts of climate change are not expected to be material. However, as climate-related risks (and opportunities) become gradually more apparent for the Bank's market sector, they will become increasingly significant in the business planning process. The current focus remains to increase understanding of these issues within the business and the market.

Given that the Bank is entirely UK based and so has relatively limited exposure to physical climate-related risks compared to parts of the world which experience more extreme temperatures and weather events, overall resilience of the business strategy is considered high in relation to even the most severe climate change scenarios. As part of the 2025 annual ICAAP capital planning process the Bank carried out stress tests which considered the Bank of England's 2021 biennial exploratory scenario on the financial risks from climate change. However, the impact of the scenario was less severe than the Bank of England's 2024 desk-based stress test which was instead used to calibrate the severity of the Bank's capital stress testing.

Risk Management

The physical risks and the transition risks from climate change have been identified as a separate risk on the Risk Register with a medium inherent risk score. For these risks the Chief Financial Officer is the Risk Manager and the Chief Executive Officer is the Risk Owner. Metrics have been developed to measure the impact of these risks as described in the Metrics & Targets section below. In addition, the physical risks from climate change in relation to potential credit losses have been incorporated into credit risk, which is a separate risk on the Risk Register with a high inherent score.

Metrics & Targets

During 2025 the Bank continued its internal reporting of the percentage of the loan book at high risk of flooding, subsidence or coastal erosion, which was below one percent throughout the year. There was no direct impact on the Bank's lending portfolio from the various flood and wind related events in the UK this year.

During 2025 an exercise also continued to gather data on the EPC rating of borrowers' properties. Once this has been completed, additional risk metrics will be introduced to measure these risks against the Board's risk appetite.

The Bank is not currently required to record or report greenhouse gas (GHG) emissions and does not have any explicit emissions targets.

Principal risks and uncertainties and financial risk management (continued)

Section 172(1) statement

The key issues impacting the Bank's stakeholders, including their investors, which have been discussed by the Board this year are as follows:

- **Liquidity.** The need for deposits to fund growth in lending has resulted in a refreshed marketing focus in three key areas:
 - Product and rates reviews – rigorous and regular reviews of deposit products and rates, especially in the light of the falling Bank of England base rate environment, to ensure that the Bank is serving its customers and meeting their needs.
 - Mass marketing – ongoing and refreshed campaigns via Christian radio stations and social media platforms to improve the Bank's brand recognition amongst UK Christians.
 - Cash management platform – reviewing and refreshing the selection of deposit products available on the Flagstone deposit aggregator platform to attract a controlled flow of new funds (typically around the FSCS limit).
- **Cost of living & inflation.** Despite inflation falling during 2025, the ongoing impact of higher inflation in recent years has reduced disposable income in real terms for individuals and organisations. Whilst this has not resulted in the Bank recording higher levels of arrears and forbearance cases, the executive keeps this under close review. Inflation has also increased the Bank's own costs.
- **Net Interest Income management.** Four 0.25% reductions in the Bank of England base rate during the year required an agile and proactive approach to both net interest margin and treasury management:
 - We decreased interest rates for many of our lending customers across both the front and back book, which has benefitted those customers. In order to fund the reduced rates for our lending customers we have reduced interest rates for our deposit customers, which has adversely affected those customers. The combination of these changes resulted in a small increase in net interest margin during the year;
 - We proactively move surplus liquidity (which is required for future lending and to manage depositor flows) from lower-paying bank and building society deposits to our Bank of England Reserve account to benefit from a higher interest rate – this has had a significant positive impact on net interest income.
- **Future capital requirements:** On 19 February 2025 the PRA approved the Bank's modification by consent to become an SDDT firm. PRA policy statement PS4/26 *The Strong and Simple Framework: The simplified capital regime for Small Domestic Deposit Takers (SDDTs) – final* was issued on 20 January 2026 which confirmed that the SDDT regime would be implemented in the UK from 1 January 2027. The expected impact of the SDDT capital regime for the Bank is a decrease in capital requirements due to lower risk weightings for commercial-backed and residential-backed lending. Following a data collection exercise in Q1 2026, the PRA is expected to confirm the Bank's revised capital requirements in Q3 2026, effective from 1 January 2027.

The Bank plans to continue investing in people, technology, marketing and other growth initiatives in the next five years to improve product and service delivery to current and future customers, including maintaining and developing relationships with the Bank's existing partners.

The substantial part of this, as noted above, is the Bank's current ongoing project to migrate its core banking to the Temenos T24 platform, with new customer-facing platforms (online and app-based banking) provided by Sandstone. Both systems are scheduled to go live in mid-2026 and their implementation will be transformational, with substantial efficiencies for internal teams and a great user experience for customers.

Principal risks and uncertainties and financial risk management (continued)

Section 172(1) statement (continued)

The Bank's most valuable asset is its employees and the Bank has continued to build and enhance its team, through new recruitment as well as training and development, to support the execution of the Bank's Business Plan.

Maintaining the Bank's reputation with Regulators and other stakeholders has been and continues to be of paramount importance to the Bank. The Bank continues to undertake its business adhering to the highest standards of conduct and culture, as noted in the "Purpose, Mission and Ethics" section of this report.

Results for the year

	2025	2024
	£'000	£'000
Operating profit	953	650
Less: Investment in new core banking systems	(2,015)	(309)
Loss on ordinary activities before taxation	(1,062)	341

Operating profit is defined as profit on ordinary activities before taxation, excluding the costs of investment in new core banking systems. The Bank's operating profit for the year increased to £953k (2024: £650k).

The continuing investment in new core banking systems in 2025 was £2,015k (2024: £309k) resulting in the loss on ordinary activities before taxation of £1,062k (2024: profit £341k). In 2026 a further, final investment in new core banking systems of £1.3m is expected, bringing the total project cost to £3.6m. The increase in the operating profit over 2024 was due mainly to growth in net interest income and insurance commission income.

The balance sheet grew during the year, in line with the Board's expectations. Mortgage lending increased, with the mortgage book net of provisions reaching £118.2m (2024: £97.7m). Customer deposits increased, with total deposits at the year end of £141.8m (2024: £121.3m).

Results for the year (continued)

Key performance indicators

The Bank monitors a number of financial key performance indicators ("KPIs") and the values reported at 31 December were as follows:

Key performance indicator	Definition	Internal Risk Appetite / Target	2025	2024
Core Equity Tier 1 ("CET1") ratio	Share capital and reserves expressed as a percentage of total risk exposure amount (risk weighted assets plus operational risk capital requirement). The Bank's regulatory minimum CET1 for Pillar 1 and Pillar 2A is 9.34%.	Above 14.10%	18.8%	22.2%
Leverage ratio	Tier 1 capital (share capital and reserves plus additional Tier 1 capital) expressed as a percentage of total exposure (i.e. non-risk weighted on and off balance sheet exposures). The Bank does not have any additional Tier 1 capital. There is no binding regulatory minimum on the Bank.	Above 5%	12.4%	10.8%
Liquidity Coverage Requirement ("LCR") ratio	High quality liquid assets divided by expected net outflows (expected cash outflows less expected capped cash inflows) over a 30 day stressed period. The Bank's high quality liquid assets comprise balances held at the Bank of England. The regulatory minimum is 100%.	Above 200%	332.1%	429.0%
Net interest margin (as a percentage of average interest earning assets)	Interest and fees earned from balances at central banks, loans and advances to banks and loans and advances to customers less interest payable on customer accounts and subordinated liabilities. Average interest earning assets is the average sum during the year of cash and balances at central banks, loans and advances to banks and loans and advances to customers.	Target 3.82%	3.7%	3.6%
Loans drawn during the year	Total loans drawn down during the year.	Target £31.0m	£28.4m	£26.7m
Loans and advances to customers (before provisions)	Total loans and advances to customers outstanding at the year end date, before deduction of loan loss provisions.	Target £119.8m	£118.4m	£97.9m
Loans with arrears in excess of 3 months	Non-performing loans (loans and advances to customers with arrears in excess of 3 months) as a percentage of total loans and advances to customers.	Below 7.5%	0.0%	0.0%

The most significant KPI movement is the reduction in the CET1 ratio, which reflects our efficient use of capital and continuing investment in new core banking systems, which will be completed in 2026. Note 31 details the further CET1 share capital issued during 2026.

The Bank actively monitors a suite of additional risk appetite metrics and targets to ensure that its activities are being managed within the Board's risk appetite.

The Bank monitors a range of financial and non-financial Key Performance Indicators. The non-financial Key Performance Indicators include the following:

- IT systems downtime;
- Number of complaints related to incorrect insurance or mortgage advice;
- Operational risk incidents; and
- Notifications of Data Protection Act breaches to the Chief Risk Officer.

Outlook for 2026 and beyond

The Bank's Business Plan 2026-30 anticipates steady growth and increasing profitability, based on investment in people and systems, both back-office and customer-facing. The underlying growth trajectory which has now been established is expected to continue through 2026 and beyond. As noted above, 2026 itself will be marked by the launch of the Bank's new core banking and front-end (online and app-based) banking systems. This will require a further anticipated cost of £1.3m in 2026.

Raising of brand awareness amongst the UK Christian population and the development of trusted relationships with leaders of church networks and denominations continue to be the twin focus of marketing and business development activity. These are expected to drive further growth in the mortgages and savings business, providing the Bank with the demand for lending and the liquidity it requires. Over the next five years the Bank expects a gradual shift from organisational (primarily church) to personal deposits, with the total addressable market for UK Christians' personal deposits being many times greater than that for UK church deposits. This shift will be needed to sustain the Bank's liquidity requirements, and is predicated on the new online and app-based banking systems providing a substantially enhanced and frictionless customer experience.

The Bank's insurance brokerage business will continue to benefit from a higher brand profile amongst UK Christians, and penetration into this market will be a particular focus in 2026, driving ongoing above-inflation growth in commission. The nascent property services business will also continue to be developed in 2026, with an expectation that it should cover its costs.

To sustain the Bank's growth trajectory and support its investment in technology, a decision was made by the shareholder in 2025 to invest further CET1 capital of £3.70m. £1.17m of this was received as share capital in 2025, an additional £0.59m had been received by the Bank at the date of this report, and a final balance of £1.94m is expected to be received by mid-year 2026. As noted above the SDDT regime will be implemented on 1 January 2027, which is expected to result in a decrease in the Bank's capital requirements due to lower risk weightings for commercial-backed and residential-backed lending.

Maintaining strong governance and oversight, with appropriate skills and experience, remains an essential part of the Board's plan. The breadth of skills and depth of experience of the Bank's ongoing four non-executive directors put the Board in a strong place, providing a valuable and stable team, fit for the challenges and opportunities which lie ahead.

At an executive level, we will shortly say farewell and express much thanks to David Kindred, who has faithfully served the Bank as Chief Risk Officer since March 2021. I am pleased to announce that, at the date of this report, the search process for a new Chief Risk Officer is progressing well, and we anticipate making an appointment of a person to take up the mantle from David during the second half of 2026.

Overall, the Bank's five-year Business Plan is founded on pushing ahead with steady, well-controlled, risk-managed growth across all four core business areas, built on systems providing excellent customer experience, run by a skilled Leadership Team and overseen by an experienced Board. Alongside this, the Leadership Team and Board will continue to consider whether there is more that the Bank should be doing as it seeks to provide financial services for churches, Christian charities and individuals working in Christian ministry, with the overarching aim of serving the Lord Jesus Christ by serving his church across the UK.

Approved by the Board on 27 March 2026 and signed on its behalf by



P R Houghton
Chief Executive Officer
1 April 2026

The directors present their report and the audited financial statements of Kingdom Bank Limited, a private company limited by shares, company number 04346834, for the year ended 31 December 2025. The Bank is based in the East Midlands and its registered address is given on the Company Information page.

Future developments

The Bank's future developments are set out in the Strategic report.

Country-by-Country Reporting

The Capital Requirements Regulations require the Bank to disclose the information below as part of 'Country by Country Reporting'.

- Nature of activities and geographical location: The principal activities of the Bank are set out in the Strategic Report. The Bank operates entirely in the UK and so no further Country to Country information has been presented;
- Average number of employees: information is disclosed in note 8;
- Turnover represents total interest receivable and similar income from borrowers and banking counterparties together with insurance commission income and other operating income, as reported in the Income statement;
- Profit or loss represents the Bank's profit or loss on ordinary activities before taxation, as reported in the Income statement;
- Corporation tax paid: as disclosed in the Statement of cash flows; and
- Public subsidies received: none received.

Dividends

A dividend of £70,000 has been proposed and paid in the year (2024: £43,000) to the Bank's shareholder, Lamb's Passage Holding Limited.

Political and charitable donations

The Bank did not make any political or charitable donations during the year (2024: £Nil).

Financial risk management

The directors have explained the financial risk management approach within the Strategic report and note 28 to the financial statements.

Directors

The directors holding office during the year and up to the date of signing the financial statements, unless otherwise stated, were as follows:

Non-Executive Directors

G A Brisk
R B Ellison
H L Lamb
A F J Neden

Executive Directors

P R Houghton
M J Slack

Corporate governance

The Bank is not required to comply with the UK Corporate Governance Code, but it has regard to the principles which are relevant to the Bank.

The Board of the Bank comprises two groups of directors. There are non-executive directors who are independent and objectively bring a range of skills and experience to the Board. The second group of directors are executive directors who are responsible for delivering accurate and timely information and implementing the strategy of the Bank and the decisions of the Board. In addition, the 100% shareholder has appointed two observers who attend Board meetings to represent the shareholder's interest on the Bank's Board.

Meetings of the Board take place five times a year during which all strategic matters are discussed and decisions made and policies are reviewed and approved.

The Board is responsible for ensuring that it is composed of directors with the appropriate balance of knowledge, skills, diversity and experience and is not dominated by any one individual or small group of individuals. The Board also periodically assesses its structure, size and composition and receives reports from each of the below sub-committees at each meeting.

The Board Audit Committee is responsible for oversight of financial reporting, and whistleblowing and liaises with and reviews the performance of the third line of defence (internal audit) as well as external audit.

The Board Risk and Compliance Committee liaises with and reviews the performance of the second line of defence (the risk and compliance function) and reviews the Bank's internal controls, with particular reference to the Financial Conduct Authority and Prudential Regulation Authority handbook and rulebook requirements. Additionally, it provides defence at a strategic level against all manner of risks, drawing on detailed analysis and reports, ensuring robust and effective controls are in place. It ensures risk-related management information is appropriate, comprehensive and effectively used. The Committee is also responsible for oversight of the controls used to manage the risk of fraud and bribery.

The Board Remuneration Committee has oversight of the Bank's remuneration policies and practices including the Remuneration Policy, the remuneration of the Leadership Team (including variable remuneration structures) and non-executive directors. The Committee also undertakes an annual Board effectiveness review and a 360-degree appraisal of executive and non-executive directors and ensures compliance with the PRA and FCA requirements concerning remuneration.

Qualifying third-party and pension indemnity

The Bank has purchased and maintains Directors and Officers liability insurance cover. The Bank is not a party to any third-party or pension scheme indemnities.

Employees

Following some changes in individual team members during the year the total number of employees at 31 December 2025 (excluding the four non-executive directors) was 49.3 Full Time Equivalent ("FTE") and 56 individual people (2024: 43.1 FTE and 48 individuals respectively).

We continued to support team members in their own development including study towards the ACCA accounting exams and courses provided by the Chartered Insurance Institute as well as technical training relevant to the financial services industry and individuals' roles.

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the annual report and 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 the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the 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;
- 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;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the 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 also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure of information to auditors

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.

Going concern

The directors have paid attention to the following matters in considering the issue of going concern:

- The level of support from investors for the substantial investment in our core banking and online banking platforms.
- The ongoing economic impact of higher inflation in recent years as noted under the Section 172(1) statement of the Strategic Report. The long-term impact on propensity to default and loss given default are still uncertain but the Bank's existing stress tests used to assess its capital position allow for a severe impact on both the housing and commercial property markets. The stress tests are significantly worse than the impact of current economic conditions to date. The Bank's assessment is that it has sufficient capital to withstand a severe but plausible stress. The Bank remains conscious of the economic pressures on churches, their supporting congregations, and personal lending customers at this time. For many smaller churches, energy costs are a significant proportion of their expenditure, and these continue to be volatile. In many cases, even more significantly, churches are dependent on gift income from members who will themselves be suffering the ongoing effects of inflation on disposable incomes. The Bank will continue to maintain close relationships with customers, in particular looking to identify early any specific difficulties or general patterns of concern relating to the impact of current economic conditions. At the date of this report there are no significant concerns to report, and the Bank has a strong liquidity position in case its deposit customers may need to withdraw higher than expected levels of their funds.

Going concern (continued)

- Net interest margin has been slightly improved despite falling interest rates during 2025 following our actions in response to the four Bank of England base rate decreases which reflected the ongoing fall in inflation. The Bank's five-year business plan projects that interest rates will continue to reduce slightly during 2026 to a lower long-term stable position. Capital ratios are expected to remain strong.
- Whilst new lending volumes increased during 2025, with gross advances around 6% higher than the level achieved in 2024, achievement of the new lending target for 2026 may be hindered by the economic headwinds noted above. Insurance commission income was 16% higher than in 2024. Net retail deposits increased sufficiently to maintain funding and liquidity levels well above the minimum risk appetite.

Further to the above analysis and forecasting and after making appropriate enquiries, the directors have formed a judgement, at the time of approving the financial statements, that the Bank can have a reasonable expectation that adequate resources will be available for it to continue its operations for at least 12 months from the date these financial statements are approved, and consequently it is appropriate to adopt the going concern principle in the preparation of the financial statements. In forming this judgement, the directors have reviewed the budget for 2026 and business planning forecasts for 2027, assessed capital requirements and liquidity levels, both before and after performing sensitivity analysis and stress testing on the budget and forecasts.

On 25 February 2026, the Company issued 585,000 ordinary £1 shares at par fully paid to its immediate parent company Lamb's Passage Holding Limited, raising £585,000 of CET1 capital.

Approved by the Board on 27 March 2026 and signed on its behalf by



P R Houghton
Chief Executive Officer
1 April 2026

The Board Audit Committee (the “BAC”) is an essential part of the Bank’s governance framework to which the Board has delegated oversight of the following areas:

- financial reporting;
- whistleblowing;
- internal audit; and
- external audit.

This report provides an overview of the BAC’s work and details of how it has discharged its responsibilities during the year.

The responsibilities of the BAC are in line with the provisions of the Financial Reporting Council (FRC) Guidance on Audit Committees. The main function of the BAC is to assist the Board in fulfilling its oversight responsibilities, specifically the ongoing review, monitoring and assessment of:

- the integrity of the financial statements, any formal announcements relating to financial performance and significant financial reporting judgements contained therein;
- the internal audit and external audit processes;
- the performance and independence of both internal and external auditors; and
- the engagement of external auditors for non-audit work.

Following each BAC meeting, the BAC Chair provides an update to the Board on key matters discussed by the BAC and the minutes of the meeting are subsequently distributed to the Board.

The composition of the BAC during the year was as follows:

R B Ellison (Chair)
G A Brisk
H L Lamb

The Chief Executive Officer, Chief Financial Officer, Chief Risk Officer, Chief Information Officer and Chief Market Officer (“the Leadership Team”) alongside the other non-executive directors attend the meeting by invitation. Both the internal and external auditors are also invited to each meeting, and there is opportunity for discussion without the Leadership Team being present.

Key areas reviewed during 2025

The BAC met four times during the year and focused on the following matters:

Financial reporting

The primary role of the BAC in relation to financial reporting is to review and assess with the Leadership Team and the external auditors the integrity and appropriateness of the annual financial statements concentrating on amongst other matters:

- the appropriateness and consistency of accounting policies and practices;
- the clarity of the disclosures and compliance with financial reporting standards and relevant financial and governance reporting requirements including advising the Board on whether the Report and financial statements (the “Annual Report”), when taken as a whole are fair, balanced and understandable and provide information sufficient for stakeholders to assess the Bank’s position and performance, business model and strategy; and
- the material areas in which significant judgements have been applied.

The primary areas of judgement considered by the BAC in relation to the 2025 accounts were:

- loan loss provisions: Review of judgements used to determine timing of recognition and valuation of loan loss provisions in line with FRS102 including assessment of the appropriate disclosure and classification of the property in the course of repossession at the year end date;
- revenue recognition: Review of the design, implementation and effectiveness of controls around the calculation of interest income and charges, including the timing of fees and commission recognition under effective interest rate methodologies;

Key areas reviewed during 2025 (continued)

Financial reporting (continued)

- going concern: Review of 5-year forecasts and stress sensitivities including due consideration of the expected impact of the UK's economic trajectory on the Bank and its customers and the risks inherent in the significant ongoing investment by the Bank in its core banking and online banking platforms in the next financial year noting that it had resulted in a statutory loss during 2025; and
- accounting for IT system and implementation costs: Review of judgements used to determine classification and timing of recognition of IT system and implementation costs.

The BAC considered whether the 2025 Annual Report was fair, balanced and understandable. The BAC did this by satisfying itself that there was a robust process of review and challenge to ensure balance and consistency and by ensuring that the disclosures covered the key matters that the BAC, BRCC and Board had concerned themselves with during the year. The BAC fully discharged its responsibilities in relation to financial reporting of the 2025 Annual Report.

Whistleblowing

The BAC has reviewed the adequacy and security of the Bank's arrangements for its employees and contractors to raise concerns, in confidence, about possible fraud or other wrongdoings in financial reporting or other matters.

Internal audit

The BAC is responsible for monitoring internal audit activities and effectiveness and for ensuring that sufficient resources are in place. In order to provide the scalability and flexibility of specialist resources required within internal audit, the Bank continues to outsource this role to Forvis Mazars LLP.

The Chair of the BAC meets privately with the internal auditors at least once per year without the Leadership Team being present. In addition, the non-executive directors on the Committee also meet privately with the internal auditors at least once per year. This provides the opportunity for two-way comment and feedback on how the internal audit plan is progressing, the findings of their work and how the relationship is performing.

Audits were completed by Forvis Mazars LLP in line with their agreed work programme during the year including areas of internal control significance, specifically Outsourcing and Third Party Risk Management, Fraud Prevention Framework and Regulatory Reporting along with an advisory review of project governance for the core banking and online banking system replacements. A specialist from Forvis Mazars LLP also attends each meeting of the project steering committee as part of the close and continuous engagement and reports to each meeting of the BAC.

Internal audit findings and thematic issues identified were considered by the BAC, as well as the Leadership Team's response and the tracking and completion of outstanding actions all of which were incorporated into the Committee's review and challenge of Forvis Mazars LLP draft planning for 2026 and 2027. Their subsequently approved audit plan will form the basis of next year's work but will be periodically reassessed to ensure that as new areas of focus and risk emerge, assurance is appropriately focused and deployed.

The BAC considers guidance from the Chartered Institute of Internal Auditors entitled 'Effective Internal Audit in the Financial Services Sector' when ensuring that the internal auditors and the BAC were fulfilling their obligations in a robust manner.

The BAC also approved the fee for the programme of internal audit work for the year ahead having reviewed the scope of the work programme in detail which includes extra capacity to conduct close and continuous oversight of the core banking and online banking system replacements.

External audit

The effectiveness of the external audit process is dependent on appropriate risk identification and at the start of the audit cycle the BAC receives from the external auditors a detailed audit plan, identifying their assessment of the key risks.

Key areas reviewed during 2025 (continued)

External audit (continued)

The Statutory Auditors and Third Country Auditors Regulations 2016 (SI 2016/649) were implemented in the UK on 17 June 2016. This legislation requires the Bank to rotate their statutory auditors after a maximum period of tenure. The maximum period has been set at twenty years in the UK, with a mandatory tender at the ten year midpoint. After completion of a retender process, on 4 September 2023 the BAC recommended that the Board appoint MHA to carry out the statutory audit for the year ended 31 December 2023 onwards. At the latest, the next mandatory tender must take place in respect of the audit for the year ended 31 December 2033.

The Chair of the BAC meets privately with the external auditors at least once per year without the Leadership Team being present. In addition, the non-executive directors on the Committee also have the option to meet privately with the external auditors at least once per year. This provides the opportunity for open dialogue and feedback from the BAC and the Auditors without the Leadership Team being present. Matters typically discussed include the Auditor's assessment of financial reporting risks and key financial reporting judgements, the transparency and openness of interactions with the Leadership Team, confirmation that there has been no restriction in scope placed on them and the independence of their audit.

The BAC approved the fees for audit services for 2025 after a review of the level and nature of the work to be performed and was ultimately satisfied that the fees were appropriate for the scope of the work required. The BAC considers the reappointment of the external auditors, including rotation of the Senior Statutory Auditor, each year and also assesses their performance and independence on an ongoing basis. The BAC agreed to the early rotation of the MHA signing partner during 2025 (as well as considering the change in MHAs legal structure as it pertained to Kingdom Bank's audit).

There were no non-audit services provided (2024: £Nil).

BAC effectiveness

The BAC's Terms of Reference were reviewed during the year and found to be fit for purpose.

Approved by the Board on 27 March 2026 and signed on its behalf by



R B Ellison
Chair of the Board Audit Committee
1 April 2026

The Board Risk and Compliance Committee (“BRCC”) is an essential part of the Bank’s governance framework to which the Board has delegated oversight of the following areas:

- internal controls and risk management systems;
- fraud and bribery;
- compliance; and
- risk management.

This report provides an overview of the BRCC’s work and details of how it has discharged its responsibilities during the year.

Following each BRCC meeting, the BRCC Chair provides an update to the Board on key matters discussed by the BRCC and the minutes of the meeting are subsequently distributed to the Board.

The composition of the BRCC during the year was as follows:

- G A Brisk (Chair)
- R B Ellison
- A F J Neden (appointed 7 March 2025)

The Leadership Team alongside the other non-executive directors attend the meeting by invitation and there is opportunity for discussion without the Leadership Team being present.

Key areas reviewed during 2025

The BRCC met four times during the year and focused on the following matters:

Internal controls and risk management systems

The Board recognises the importance of sound systems of internal control and risk management systems in the achievement of its objectives and the safeguarding of the Bank’s assets. Internal controls and risk management systems also facilitate the effectiveness and efficiency of operations, help to ensure the reliability of internal and external reporting and assist in compliance with applicable laws and regulations.

The Bank operates in a dynamic business environment and, as a result, the risks it faces are continually changing. The internal controls and risk management systems have been designed to ensure thorough and regular evaluation of the nature and extent of risk and the Bank’s ability to mitigate or react accordingly. It is the role of the Leadership Team to implement the Board’s policies on risk and control. It is also recognised that all employees have responsibility for internal control as part of their accountability for achieving objectives. Staff training and induction is designed to ensure that they are clear on their accountabilities in this area and are competent to operate and monitor the internal control framework.

The outsourced internal auditors provided independent assurance to the Board on the effectiveness of the internal controls and risk management systems through the BAC and the BAC Chair is a member of the BRCC (and the BRCC Chair is a member of the BAC) to help ensure effective coordination of the two committees’ work.

The BRCC review the internal controls and risk management systems through regular reporting from the Leadership Team and independent reporting from the Chief Risk Officer. The main internal control matters which were reviewed by the BRCC Committee in 2025 were:

- prudential and conduct related; and
- the status of any issues raised in control reports to ensure a timely resolution.

The information received and considered by the BRCC provided ‘adequate and effective’ assurance that during 2025 there were no material breaches of control or regulatory standards and that, overall, the Bank maintained an appropriate internal control framework.

Key areas reviewed during 2025 (continued)

Fraud and bribery

The BRCC has reviewed, assessed and approved the Fraud Response Plan contained in the Fraud Policy. The Board has also reviewed, assessed and approved the Anti-Bribery and Corruption Policy and has reviewed the annual report from the Money Laundering Reporting Officer and the adequacy and effectiveness of the Bank's anti-money laundering systems and controls.

Compliance

The BRCC is responsible for monitoring compliance activities and effectiveness and ensuring that sufficient resources are in place. The risk and compliance function is headed up by the Chief Risk Officer supported by a Compliance Manager, a Senior Risk Officer and an assistant.

The Chief Risk Officer and his team completed a number of reviews during the year in areas not covered by internal audit. These reviews included operational risk, high-risk third country and Politically Exposed Persons (PEPs), insurance business expansion, training and competency (lending), retirement interest only mortgages and savings terms and conditions. The reviews were agreed in advance by the BRCC and BAC as part of the 3 year rolling combined assurance plan which includes all monitoring reviews by the second (risk and compliance function) and third (internal audit and external audit) lines of defence.

Risk management

The BRCC reviewed the Bank's Risk Management Framework and Risk Appetite Statement incorporating a review of the outputs and assumptions used in preparing the ICAAP, ILAAP and Recovery Plan documents which were recommended for Board approval after appropriate challenge. A half-yearly review of the Bank's Risk Register including the identification, evaluation and management of the Bank's risks was performed. The BRCC also analysed the Bank's performance against the Risk Appetite Statement as reported by the Chief Risk Officer. A particular focus of discussions during the year was on the risks associated with the replacement of the core banking and online banking systems. The BRCC considered the project management and transition risks alongside the longer term benefits to the Bank.

BRCC effectiveness

The BRCC's Terms of Reference were reviewed during the year and found to be fit for purpose.

Approved by the Board on 27 March 2026 and signed on its behalf by



G A Brisk
Chair of the Board Risk and Compliance Committee
1 April 2026

The Board Remuneration Committee (“RemCo”) has delegated oversight of the following areas:

- remuneration policies and practices including the Remuneration Policy;
- remuneration of the Leadership Team and non-executive directors;
- variable remuneration structures;
- board effectiveness review;
- 360-degree appraisal of executive and non-executive directors;
- succession planning for the Board, its sub-committees and the Leadership Team; and
- compliance with the PRA and FCA requirements concerning remuneration.

This report provides an overview of RemCo’s work and details of how it has discharged its responsibilities during the year.

Following each RemCo meeting, the RemCo Chair provides an update to the Board on key matters discussed by the RemCo and the minutes of the meeting are subsequently distributed to the Board.

The composition of RemCo during the year was as follows:

H L Lamb (Chair)
R B Ellison
A F J Neden (appointed 7 March 2025)

The Chief Executive Officer and Chief Financial Officer alongside the other non-executive directors attend the meeting by invitation, except when it considers matters related to their performance and remuneration.

Key areas reviewed during 2025

RemCo met three times during the year and focused on the following matters:

Remuneration policies and practices

The Committee reviewed and approved the Remuneration Policy which includes various aspects of the Bank’s remuneration policies and practices including:

- three key priorities: Culture, Quality and Growth - *against which are mapped*:
- competencies (12 competencies balanced across the three priorities) - *aligned with*:
- definition of company goals, - *cascading to*:
- personal goals - *assessed by*:
- performance reviews - *resulting in*:
- reward: salary and bonus (salary matrix structure and regular external benchmarking; performance-based bonus pools linked to Company performance and individual performance).

Remuneration of the Leadership Team and non-executive directors

RemCo reviewed the Leadership Team salaries during the year. A discussion on bonus awards for the Leadership Team for the 2025 performance year also took place in December 2025 and the expected size of the Leadership Team bonus pool was confirmed. A further discussion to finalise individual bonus awards for the Leadership Team for the 2025 performance year took place in March 2026. A Long Term Incentive Plan was approved for vesting over performance years 2025 to 2028. An inflationary increase in the non-executive directors’ fees was agreed in December 2025. Directors’ remuneration is disclosed in note 9.

Variable remuneration structures

As part of the annual review of the Remuneration Policy RemCo confirmed that the performance-related bonus structure will be applied for the 2025 end of year performance reviews. No variable remuneration is paid to non-executive directors or the Chief Risk Officer, who is asked to confirm to RemCo that he is not aware of any reasons indicating that any of the Leadership Team or Heads of Department should not be paid a bonus or should be paid a reduced level of bonus for the scheme year prior to awards being made.

Key areas reviewed during 2025 (continued)

Board Effectiveness Review

The Board completed a self-assessment of its effectiveness during 2024 which was discussed by RemCo in March 2025. A similar exercise was carried out in respect of the Board's effectiveness during 2025 which was discussed by RemCo in December 2025.

Succession planning for the Board, its sub-committees and the Leadership Team

During the year RemCo reviewed and approved the succession plan for the Leadership Team and other business critical roles, noting the change in Chief Risk Officer during 2026. Further discussion on succession planning for the Board and its sub-committees will take place during 2026.

Compliance with the PRA and FCA requirements concerning remuneration

The Bank remains in compliance with the PRA & FCA Remuneration rules.

Board Remuneration Committee effectiveness

RemCo's Terms of Reference were reviewed during the year and found to be fit for purpose.

Approved by the Board on 27 March 2026 and signed on its behalf by



H L Lamb
Chair of the Board Remuneration Committee
1 April 2026

For the purpose of this report, the terms “we” and “our” denote MHA in relation to UK legal, professional and regulatory responsibilities and reporting obligations to the members of Kingdom Bank Limited. For the purposes of the table on pages 29 to 30 that sets out the key audit matters and how our audit addressed the key audit matters, the terms “we” and “our” refer to MHA. The “Bank” is defined as Kingdom Bank Limited. The relevant legislation governing the Bank is the United Kingdom Companies Act 2006 (“Companies Act 2006”).

Opinion

We have audited the financial statements of Kingdom Bank Limited for the year ended 31 December 2025. The financial statements that we have audited comprise:

- the Income Statement
- the Statement of Financial Position
- the Statement of Changes in Equity
- the Statement of Cash Flows, and
- Notes 1 to 31 of the financial statements, including significant accounting policies.

The financial reporting framework that has been applied in the preparation of the Bank’s financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Bank’s affairs as at 31 December 2025 and of the Bank’s loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Our opinion is consistent with our reporting to the Board 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 those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC’s Ethical Standard as applied to public interest entities, and we have fulfilled our ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

- The consideration of inherent risks to the Bank’s operations and specifically its business model.
- The evaluation of how those risks might impact on the Bank’s available financial resources.
- The consideration of the Bank’s capital and liquidity position, including a review of the Internal Capital Adequacy Assessment Process (ICAAP) and Internal Liquidity Adequacy Assessment Process (ILAAP).
- The evaluation of the base case scenario and stress scenario and the respective sensitivities and rationale.
- Inspecting correspondence with the Prudential Regulatory Authority (PRA) and Financial Conduct Authority (FCA) for matters that may impact the going concern assessment.
- Reviewing board minutes, and other information available after the balance sheet date to identify any events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern.
- Reviewing and evaluating the adequacy of the disclosures made in the financial statements in relation to going concern.

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

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

Overview of our audit approach

Scope	Our audit was scoped by obtaining an understanding of the Bank and its environment, including the Bank's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the directors that may have represented a risk of material misstatement.
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Materiality	2025	2024	
Bank	£148,805	£101,370	1% (2024: 1%) of the net assets

Key audit matters

Recurring	Impairment losses on loans and advances.
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Key Audit Matters

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

Impairment losses on loans and advances

Key audit matter description	At 31 December 2025 the Bank had the following portfolio of assets carried at amortised cost:			
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Type of financial asset	2025		2024	
	Gross exposure (£'000)	Loan loss provision (£'000)	Gross exposure (£'000)	Loan loss provision (£'000)
Loans and advances to customers	118,441	199	97,927	194

The impairment of loans and advances to customers is a key area of judgement for the Bank. The determination of both specific and collective impairment provisions under the incurred loss model requires management to apply significant judgement in identifying impairment triggers, estimating recoverable amounts, valuing collateral and assessing collective loss provisions, including "incurred but not reported" (IBNR) exposures.

Given the size of the loan portfolio and the degree of estimation uncertainty involved, we considered this area to be a key audit matter.

How the scope of our audit responded to the key audit matter	<p>In response to the risk of material misstatement arising from the estimation uncertainty and judgement inherent in the impairment of loans and advances, we performed the following procedures:</p> <ul style="list-style-type: none"> • Obtained an understanding of the Bank’s lending and impairment processes and tested the design and implementation of key controls. • Assessed whether the impairment methodology was consistent with the Bank’s accounting policy and compliant with FRS 102. Tested the completeness and accuracy of data inputs feeding the impairment model. • Evaluated management’s identification of impairment triggers, including arrears, covenant breaches and adverse credit information, and assessed whether these were consistently applied across the loan portfolio. Analysed the loan book to assess the completeness of loans classified as underperforming or impaired and performed a “good book” review to identify potential omissions from the watchlist. Challenged the key assumptions and judgements applied within the impairment model and benchmarked these against peer institutions and external data sources. • Recalculated both specific and collective impairment provisions, including IBNR exposures. • For selected loans, particularly those exhibiting signs of stress or deviation from agreed repayment schedules, we inspected underlying loan agreements and supporting documentation to assess recoverability. • We engaged an independent 3rd party qualified property valuer to assess collateral valuations for selected higher-risk exposures and repossessed property and recalculated the associated loan-to-value ratios. • Performed sensitivity analysis to evaluate the impact of reasonably possible changes in key assumptions. • Reviewed post-year-end cash receipts, restructuring arrangements and borrower performance to assess additional evidence of recoverability.
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Key observations	Nothing has come to our attention that would suggest that the assumptions and judgements applied by management in determining the impairment losses on loans and advances to customers as at 31 December 2025 are not reasonable or that the resulting allowance is materially misstated in accordance with FRS 102.
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Our application of materiality

Our definition of materiality considers the value of error or omission on the financial statements that, individually or in aggregate, would change or influence the economic decision of a reasonably knowledgeable user of those financial statements. Misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole. Materiality is used in planning the scope of our work, executing that work and evaluating the results.

Overall Materiality	£148,805 (2024: £101,370)
<ul style="list-style-type: none"> Basis of determining overall materiality 	<p>Materiality in respect of the Bank was set at £148,805 (2024: £101,370) which was determined based on 1% (2024: 1% of adjusted net assets) of the Bank's net assets. We have considered the primary users of the financial statements to be shareholders, customers of the Bank, the ultimate parent company, and the UK regulators (FCA and PRA).</p> <p>We have considered that Net Assets is the most appropriate benchmark on which to base our assessment of materiality as it is the most relevant financial indicator used by the stakeholders to assess the performance of the Bank and its compliance with appropriate regulatory requirements.</p>
Performance materiality	£104,164 (2024: £60,830)
<ul style="list-style-type: none"> Basis of determining overall performance materiality 	<p>Performance materiality for the Bank was set at £104,164 (2024: £60,830) which represents 70% (2024: 60%) of the above materiality levels.</p> <p>The determination of performance materiality reflects our assessment of the risk of undetected errors existing, the nature of the systems and controls and the level of misstatements arising in previous audits.</p>
Error reporting threshold	We agreed to report any corrected or uncorrected adjustments exceeding £7,440 (2024: £5,070) to the Board Audit Committee as well as differences below this threshold that in our view warranted reporting on qualitative grounds.

The control environment

We evaluated the design and implementation of those internal controls of the Bank which are relevant to our audit, such as those relating to the financial reporting cycle.

We deployed our internal IT audit specialists to obtain an understanding of the general IT environment and found the IT controls to be operating effectively.

Climate-related risks

In planning our audit and gaining an understanding of the Bank, we considered the potential impact of climate-related risks on the business and its financial statements. We obtained management's climate-related risk assessment, along with relevant documentation and reports relating to management's assessment and held discussions with management to understand their process for identifying and assessing those risks.

Through our audit work performed, we did not identify any material risk relating to the impact on climate change on the financial statements of the Bank for the year-ended 31 December 2025.

Reporting on other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

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

Matters on which we are required to report by exception

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

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

Responsibilities of directors

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

In preparing the financial statements, the directors are responsible for assessing the Bank'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 Bank or to cease operations, or have no realistic alternative but to do so.

Auditor responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.

Identifying and assessing potential risks arising from irregularities, including fraud

The extent of the procedures undertaken to identify and assess the risks of material misstatement in respect of irregularities, including fraud, included the following:

- We considered the nature of the industry and sector the control environment, business performance including remuneration policies and the Bank's own risk assessment that irregularities might occur as a result of fraud or error. From our sector experience and through discussion with the directors, we obtained an understanding of the legal and regulatory frameworks applicable to the Bank focusing on laws and regulations that could reasonably be expected to have a direct material effect on the financial statements, such as provisions of the Companies Act 2006, the Financial Services and Markets Act 2000; UK tax legislation or those that had a fundamental effect on the operations of the Bank including the regulatory and supervisory requirements of the Prudential Regulation Authority (PRA) and the Financial Conduct Authority (FCA).
- We enquired with the directors and management concerning the Bank's policies and procedures relating to:
 - identifying, evaluating and complying with the laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they had any knowledge of actual or suspected fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- We assessed the susceptibility of the Bank's financial statements to material misstatement, including how fraud might occur by evaluating management's incentives and opportunities for manipulation of the financial statements. This included utilising the spectrum of inherent risk and an evaluation of the risk of management override of controls. We determined that the principal risks were related to posting inappropriate journal entries to increase revenue or reduce costs, creating fictitious transactions to hide losses or to improve financial performance, and management bias in accounting estimates particularly in determining impairment loss provision.

Audit response to risks identified

In respect of the above procedures:

- we corroborated the results of our enquiries through our review of the minutes of the Bank's Board, Board Audit Committee, and Board Risk & Compliance Committee, inspection of the complaints register, inspection of legal and regulatory correspondence from the PRA and the FCA;
- audit procedures performed by the engagement team in connection with the risks identified included:
 - reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations expected to have a direct impact on the financial statements;
 - assessing journal entries recorded during the year and at period end to identify and evaluate those with higher risk characteristics, including unusual posting patterns or account combinations;
 - evaluating the business rationale of significant transactions outside the normal course of business, and reviewing accounting estimates for bias;
 - making enquiries of management concerning the existence and status of actual and potential litigation and claims.

- challenging the assumptions and judgements made by management in its significant accounting estimates, in particular those relating to the determination of the impairment loss of loans and advances as reported in the key audit matter section of our report; and
- obtaining confirmations from third parties to confirm existence of a sample of balances.
- considering the Bank operates in a highly regulated banking industry. As such, the Senior Statutory Auditor considered the experience and expertise of the engagement team to ensure that the team had the appropriate competence and capabilities; and
- we communicated relevant laws and regulations and potential fraud risks to all engagement team members, including experts, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Other requirements

We were appointed by the Board of Directors on 1 December 2023 for the audit of statutory financial statements of the Bank for the year ended 31 December 2023. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 3 years, initially under the legal entity Macintyre Hudson LLP and subsequently under MHA Audit Services LLP.

We did not provide any non-audit services which are prohibited by the FRC's Ethical Standard to the Bank, and we remain independent of the Bank in conducting our audit.

Use of our report

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



Mikhail Osotov FCA
(Senior Statutory Auditor)
for and on behalf of MHA, Statutory Auditor
London, United Kingdom
1 April 2026

MHA is the trading name of MHA Audit Services LLP, a limited liability partnership in England and Wales (registered number OC455542)

Income statement for the year ended 31 December 2025

	Note	2025 £'000	2024 £'000
Interest receivable	6	8,637	7,828
Interest payable	7	(2,942)	(3,207)
Net interest income		5,695	4,621
Insurance commission income		666	576
Other operating income		43	8
		<hr/>	<hr/>
Total net income		6,404	5,205
Administrative expenses	8	(7,241)	(4,776)
Depreciation and amortisation	15, 14	(67)	(79)
Movement in loan loss provision	12 c)	(158)	(9)
		<hr/>	<hr/>
(Loss) / profit on ordinary activities before taxation	5	(1,062)	341
Tax on (loss)/ profit	10	258	(62)
		<hr/>	<hr/>
(Loss) / Profit and total comprehensive income for the financial year		(804)	279
		<hr/> <hr/>	<hr/> <hr/>

All results arise from continuing operations and are attributable to the owners of the Bank.

Statement of financial position as at 31 December 2025

	Note	2025 £'000	2024 £'000
Assets			
Cash and balances at central banks		38,497	38,548
Loans and advances to banks	11	1,217	1,243
Loans and advances to customers	12	118,242	97,733
Investment property	13	650	-
Intangible fixed assets	14	18	39
Tangible fixed assets	15	171	174
Other assets	16	23	63
Prepayments and accrued income	17	1,056	662
Deferred tax assets	23	297	30
Total assets		160,171	138,492
Liabilities			
Customer accounts	18	141,758	121,269
Other liabilities	19	616	448
Accruals and deferred income	20	1,289	563
Subordinated liabilities	21	700	700
		144,363	122,980
Called up share capital	22	13,237	12,067
Profit and loss account		2,571	3,445
Total shareholders' funds		15,808	15,512
Total liabilities and total shareholders' funds		160,171	138,492
Memorandum items			
Commitments - Loans and advances to customers	24	13,615	14,027

The notes on pages 39 to 76 form part of the financial statements. The financial statements were approved by the Board of Directors and were authorised for issue on 27 March 2026 and were signed on its behalf by



A F J Neden
Chair
1 April 2026



P R Houghton
Chief Executive Officer
1 April 2026

Statement of changes in equity for the year ended 31 December 2025

	Called up share capital	Profit and loss account ¹	Total shareholders' funds
	£'000	£'000	£'000
Balance as at 1 January 2024	6,667	3,209	9,876
Profit for the financial year	-	279	279
Share allotment	5,400	-	5,400
Dividends paid	-	(43)	(43)
Balance as at 31 December 2024	12,067	3,445	15,512
Balance as at 1 January 2025	12,067	3,445	15,512
Loss for the financial year	-	(804)	(804)
Share allotment	1,170	-	1,170
Dividends paid	-	(70)	(70)
Balance as at 31 December 2025	13,237	2,571	15,808

¹Profit and loss account represents accumulated comprehensive income for the current year and prior years.

Statement of cash flows for the year ended 31 December 2025

	Note	2025 £'000	2024 £'000
Cash flow from operating activities			
Net cash (used in) operating activities excluding tax	30	(1,079)	(481)
Taxation paid		(55)	(102)
Net cash (used in) operating activities		(1,134)	(583)
Cash flow from investing activities			
Purchase of intangible assets	14	-	-
Purchase of tangible assets	15	(43)	(41)
Net cash (used in) investing activities		(43)	(41)
Cash flow from financing activities			
Repayment of subordinated liabilities	21	-	-
Share allotment	22	1,170	5,400
Dividends paid		(70)	(43)
Net cash generated from financing activities		1,100	5,357
Net movement in cash and cash equivalents		(77)	4,733
Cash and cash equivalents at the beginning of the year		39,791	35,058
Cash and cash equivalents at the end of the year		39,714	39,791
Cash and cash equivalents consists of:			
Cash and balances at central banks		38,497	38,548
Loans and advances to banks repayable on demand or in not more than three months	11	1,217	1,243
Cash and cash equivalents		39,714	39,791

Interest received was £8,472,000 (2024: £7,710,000) and interest paid was £2,942,000 (2024: £3,207,000).

1. General information

Kingdom Bank Limited (“the Bank”) has two material income streams: interest receivable and similar income from secured lending to churches, charities and individuals, and commission receivable from insurance broking services specialising in churches and charities. The church and charity loans are focused on helping the organisations to deliver their mission to their local communities. The loans to individuals are either used for similar purposes or to provide housing for individuals working in Christian ministry now or in the future. The Bank is particularly interested in financing projects which provide practical help and support to people in need both physically and spiritually. This is funded from customer deposits in a range of savings and investment accounts. These savings products are designed to be the natural choice for churchgoers, being easy to understand whilst offering sufficiently competitive interest rates and easy access.

All income relates to services provided in the UK, to UK churches, charities and individuals other than a small number of personal mortgages on UK properties provided to overseas resident customers.

The Bank is a private company limited by shares and is incorporated in England and Wales and domiciled in the United Kingdom and is based in the East Midlands. The address of its registered office is Kingdom Bank Limited, Media House, Padge Road, Beeston, Nottingham NG9 2RS. The registered number of the Bank is 04346834.

2. Statement of compliance

The financial statements of the Bank have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, “The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland” (“FRS 102”) and the Companies Act 2006.

3. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

a) Basis of preparation

The financial statements are presented in accordance with the special provisions of SI 2008 No.410, Schedule 2 of the Companies Act 2006 applicable to banking companies.

These financial statements are prepared on a going concern basis, under the historical cost convention except for investment property, which is measured at fair value.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Bank’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

b) Going concern

After making appropriate enquiries, the directors have formed a judgement, at the time of approving the financial statements, that the Bank can have a reasonable expectation that adequate resources will be available for it to continue its operations for at least 12 months from the date these financial statements are approved, and consequently it is appropriate to adopt the going concern principle in the preparation of the financial statements. In forming this

For the year ended 31 December 2025**3. Summary of significant accounting policies (continued)****b) Going concern (continued)**

judgement, the directors have reviewed the budget for 2026 and forecasts for 2027, assessed capital requirements and liquidity levels, both before and after performing sensitivity analysis and stress testing on the budget and forecasts. This statement should be read in conjunction with the Going concern statement included in the Directors' Report.

c) Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions. The Bank is a qualifying entity as it has a parent company who publishes publicly available accounts. The Bank has taken advantage of the exemption not to disclose key management personnel compensation in total on the basis that it is a qualifying entity.

d) Foreign currency

The Bank's functional and presentation currency is the pound sterling. The Bank only operates in the UK and so is not exposed to foreign exchange volatility. The financial statements are presented in £000s. All amounts have been rounded to the nearest thousand.

e) Income and expense recognition*(i) Interest receivable and similar income*

Interest receivable and similar income represents interest and fees earned from customer balances and is recognised using the effective interest method in the income statement in the year to which it relates. This method uses a set of estimated future cash flows through the expected life of each loan, rather than contractual cash flows. Incremental loan fees receivable and payable are those fees which are integral to the loans and are spread over the life of the loan.

(ii) Interest payable

Interest payable represents interest payable on customer balances and is recognised using the effective interest method in the income statement in the year to which it relates.

(iii) Insurance commission income

The Bank provides insurance broking services for the clients detailed in the Principal activities section of the Strategic Report. As a broker, the Bank acts as agent of several insurers. Commissions receivable are recognised in the year to which they relate based on the effective date on which each insurance policy commences, less a collective provision for any expected clawback/refund where material .

3. Summary of significant accounting policies (continued)**e) Income and expense recognition (continued)***(iv) Operating lease rentals*

Administrative expenses includes operating lease rentals for assets which have been leased from a third party which do not give rights approximating to ownership. Their annual rentals are charged to profit or loss on a straight-line basis over the term of the lease. Lease incentives received to enter into operating lease agreements are released to profit or loss over the term of the lease.

(v) Other income and expenses

Other income and expenses are recognised on an accruals basis.

All income relates to services provided in the UK, to UK churches, charities and individuals other than a small number of personal mortgages on UK properties provided to overseas resident customers. There are two material income streams as set out under general information and reported in the income statement.

f) Financial instruments

The Bank has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

(i) Financial assets

Basic financial assets, including trade and other receivables, cash and bank balances and loans and advances are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Loan loss provision

Specific loan loss provisions are made against the carrying amount of loans and advances that are identified as not fully recoverable to reduce these loans and advances to their recoverable amounts. Specific provisions are made for loans in default, defined as where arrears exceed three months' contractual payments or where other indications of unlikelihood to pay exist, and management judge that the probability of loss occurring is significant and an exposure to potential loss exists after realisation of security at a forced sale discount.

3. Summary of significant accounting policies (continued)**f) Financial instruments (continued)***(i) Financial assets (continued)*

A loan loss provision has been included for Incurred But Not Reported (“IBNR”) losses, which is maintained for loans which are likely to have incurred losses triggered by historical events but which have not yet been reported and uniquely identified by the Bank. The IBNR provision has been separated into two elements: unincorporated borrowers and incorporated borrowers and a provision has been recognised for each type of borrower which reflects the level of risk assessed by management.

Movements in the loan loss provision are recognised in the income statement. If in a subsequent year the amount decreases and the decrease can be linked objectively to an event occurring after the provision was recognised, the provision is reversed through the income statement.

(ii) Financial liabilities

Basic financial liabilities, including customer accounts, other liabilities and subordinated liabilities that are classified as debt, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Such liabilities are subsequently carried at amortised cost using the effective interest method.

Subordinated liabilities which result in fixed returns to the holder or are mandatorily redeemable on a specific date are classified as liabilities reflecting the contractual obligation for the Bank to pay cash to the holders. The interest on these subordinated liabilities is recognised in the income statement as interest expense. Due to the fixed yield and obligation to transfer cash to redeem the subordinated liabilities, the debt is considered to have financial liability instrument characteristics and therefore has been treated for accounting purposes as a financial liability.

Other liabilities are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers, and are recognised at transaction price.

g) Investment property

Investment property is being held to generate rental income and is measured at fair value at each reporting date, with changes recognised in profit or loss .

Details of the value of the property are provided in note 13 to the financial statements.

h) Intangible fixed assets*(i) Software*

Computer software is stated at cost less accumulated amortisation and accumulated impairment losses. Software is amortised over its estimated useful life, of between 3 and 5 years, on a straight-line basis. The costs include software owned/licensed in a way capable of capitalisation and internal project costs incurred as part of the software implementation.

Where factors, such as technological advancement or changes in market price, indicate that residual value or useful life have changed, the residual value, useful life or amortisation rate are amended prospectively to reflect the new circumstances.

The assets are reviewed for impairment if the above factors indicate that the carrying amount may be impaired.

3. Summary of significant accounting policies (continued)

i) Tangible fixed assets

Tangible fixed assets are stated at historical purchase cost or valuation less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Tangible fixed assets are derecognised on disposal or when no future economic benefits are expected from their use or disposal. The gain or loss arising from derecognition shall be recognised in profit or loss as the difference between the net disposal proceeds, if any, and the carrying amount of the asset.

Depreciation is provided on a straight-line basis at rates designed to write down the cost or valuation of fixed assets to their residual values over their expected useful lives. The following are approximations of the useful lives:

Leasehold improvements	-	remainder of lease term
Office equipment and computer hardware	-	between 3 and 5 years
Furniture, fixtures and fittings	-	10 years

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting year to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. The effect of any change is accounted for prospectively.

The annual depreciation charge for tangible and intangible fixed assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. See notes 13 and 14 for the carrying amount of the intangible and tangible fixed assets respectively.

Repairs, maintenance and minor inspection costs are expensed as incurred unless associated with a property in possession where they are either charged to the borrower's loan account in accordance with the terms of the loan if the intention is to sell the property, or expensed if the property has been transferred to investment property.

i) Impairment

The carrying amount of the Bank's non-financial assets is reviewed at each statement of financial position date to determine whether there is any indication of impairment. If any such indicators exist, the asset's recoverable amount is reviewed. An impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount. Recoverable amount is the higher of market value or the value in use of the respective asset. Impairment losses are recognised in the income statement.

A reversal of an impairment loss is recognised as it arises provided the increased carrying value does not exceed that which it would have been had no impairment loss been recognised.

j) Pension costs and bonus

The Bank provides a range of staff benefits and pension to employees, including annual bonus arrangements, paid holiday arrangements and a defined contribution pension plan. The bonus expense is recognised when there is a constructive obligation as a result of past events and when a reliable estimate can be made.

3. Summary of significant accounting policies (continued)

j) Pension costs and bonus (continued)

(i) Short term benefits

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the year in which the service is received.

(ii) Defined contribution pension plans

The Bank operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Bank pays fixed contributions into a separate entity. Once the contributions have been paid the Bank has no further payment obligations. The contributions are recognised as an expense when they are due.

Amounts not paid are shown in accruals in the statement of financial position. The assets of the plan are held separately from the Bank in independently administered funds.

k) Taxation

Taxation expense for the year comprises current and deferred tax recognised in the reporting year. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

(i) Current tax

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.

(ii) Deferred tax

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 years different from those in which they are recognised in financial statements.

Deferred tax is recognised in the statement of financial position on all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

For the year ended 31 December 2025**3. Summary of significant accounting policies (continued)****k) Taxation (continued)***(ii) Deferred tax (continued)*

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.

The future taxable profits and the amount of tax benefits that are probable in the future are based on a medium-term business plan prepared by management and extrapolated results thereafter. The business plan is based on management expectations that are believed to be reasonable under the circumstances. Disclosure of the expected period of utilisation is given in note 23.

l) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and building societies and other short-term highly liquid investments with original maturities of three months or less from inception which are subject to an insignificant risk of change in value.

m) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

n) Related party transactions

The Bank discloses transactions with related parties which are not wholly owned within the same group. It does not disclose transactions with members of the same group that are wholly owned, applying the exemption in FRS 102 Section 33.

o) Distributions to equity holders

Dividends and other distributions to the Bank's shareholders are recognised as a liability in the financial statements in the year in which the dividends and other distributions are approved by the Bank's shareholders. These amounts are recognised in the statement of changes in equity.

p) Consolidated financial statements

The Bank is a wholly owned subsidiary of Lamb's Passage Holding Limited (LPHL). The Bank is included in the consolidated financial statements of LPHL which are publicly available. The ultimate parent undertaking and the smallest and largest group to consolidate these financial statements is LPHL. The address of the parent's registered office is Media House, Padge Road, Beeston, Nottingham, NG9 2RS. These financial statements are the company's separate financial statements.

4. Key accounting judgements and estimation of uncertainties

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

a) Key accounting estimates and assumptions

The Bank makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(i) Loan loss provision

The Bank regularly reviews its loan portfolio to assess impairment. In determining whether an impairment loss should be recorded in profit or loss for the year, the Bank makes judgements as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of loans before the decrease can be identified with an individual loan in that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers in a group, or national or local economic conditions that correlate with defaults on assets in the group. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience. The carrying amount of the loan loss provision and a sensitivity analysis are included in note 12 c). The sensitivities analysed include the number of loans meeting the IBNR criteria, IBNR average loan size and probability of default.

(ii) Investment property valuation

The investment property was stated at its fair value based on a report prepared by an appropriately qualified third-party valuer. There was sufficient market activity to provide comparable prices for orderly transactions with similar properties when determining the fair value.

In preparing the valuation report on the Bank's investment property, the external valuer excluded distressed sales when considering comparable sales prices. Management reviewed the valuer's assumptions and confirmed that these assumptions were appropriately determined considering the market conditions at the end of the current reporting year.

The principal assumptions underlying the estimation of the fair value were those relating to the receipt of contractual rentals, expected future market rentals, void periods, maintenance requirements and appropriate discount rates. These valuations were regularly compared to actual market yield data and actual transactions reported by the market. The carrying amount of the investment property is included in note 13.

(iii) Effective Interest Rate

The effective interest rate applied to the mortgage book affects the carrying value of those assets. One of the key components of the Effective Interest Rate is the expected mortgage life. The average expected mortgage life has been assessed as 8 years (2024: 8 years) for non-fixed rate loans, and the fixed rate period for fixed rate loans (as it was in 2024), and is reassessed annually. In determining the expected life of mortgage assets, the Bank uses historical redemption data as well as management judgement. The carrying amount of the Effective Interest Rate adjustment and a sensitivity analysis are included in note 12 b). The sensitivities analysed include the average loan life for non-fixed rate loans and the average reversion period for fixed rate loans. The average reversion period for fixed rate loans is the estimated average time between the end of each fixed rate period and the date that the customer remortgages to another lender (or repays the loan) based on historical data and management judgement.

For the year ended 31 December 2025**5. (Loss) / profit on ordinary activities before taxation**

	2025	2024
	£'000	£'000
(Loss) / profit on ordinary activities before taxation is stated after charging:		
Depreciation of tangible fixed assets and amortisation of software (notes 14 and 15)	67	79
Impairment loss on intangible fixed assets (note 14)	-	16
Auditor's remuneration - audit of Kingdom Bank Limited	195	189
Operating lease rentals payable	200	172
Movement in loan loss provision	158	9
	=====	=====

6. Interest receivable

	2025	2024
	£'000	£'000
On loans fully secured on property	7,056	5,855
On unsecured loans	2	2
On short-term deposits with credit institutions	1,579	1,971
	=====	=====
	8,637	7,828
	=====	=====

All interest receivable arises in the UK and represents interest earned from loans and advances to customers, central bank balances, and short-term deposits with credit institutions, using the Effective Interest Method.

7. Interest payable

	2025	2024
	£'000	£'000
On customer deposits	2,907	3,172
On subordinated liabilities	35	35
	=====	=====
	2,942	3,207
	=====	=====

For the year ended 31 December 2025

8. Administrative expenses

	2025 £'000	2024 £'000
Staff and related costs		
Wages and salaries	2,480	2,107
Social security costs	309	261
Other pension costs	475	416
	<hr/>	<hr/>
	3,264	2,784
Training	14	26
Recruitment	26	17
	<hr/>	<hr/>
	3,304	2,827
Other costs		
Office expenses	253	206
IT system costs	2,728	925
Property expenses	182	152
Other expenses	774	666
	<hr/>	<hr/>
Total	7,241	4,776
	<hr/> <hr/>	<hr/> <hr/>

The increase in administrative expenses includes investment in new core banking systems of £2,015k (2024: £309k), of which £1,914k (2024: £190k) was included in IT system costs, £69k (2024: £112k) was included in other expenses and £32k (2024: £7k) was included in wages and salaries.

	2025 No.	2024 No.
The monthly average full time equivalent number of employees (excluding non-executive directors) was:		
Executive directors	2	2
Office and management	45	40
	<hr/>	<hr/>
	47	42
	<hr/> <hr/>	<hr/> <hr/>

For the year ended 31 December 2025**9. Directors' remuneration**

	2025	2024
	£'000	£'000
Directors' remuneration		
Remuneration	484	422
Employers pension contribution	89	88
Benefits in kind	43	50
	<hr/>	<hr/>
	616	560
	<hr/> <hr/>	<hr/> <hr/>

There were 2 (2024: 2) directors who were members of the defined contribution pension scheme.

	2025	2024
	£'000	£'000
Highest paid director		
Total emoluments (including benefits in kind)	238	225
Value of contributions paid to pension scheme	29	28
	<hr/>	<hr/>
	267	253
	<hr/> <hr/>	<hr/> <hr/>

Directors' transactions

There were no transactions (2024: £nil) with directors in the year other than those disclosed in note 27.

10. Tax on profit**a) Tax expense included in profit or loss**

	2025	2024
	£'000	£'000
Current tax:		
UK Corporation tax	-	47
Adjustments in respect of prior years	9	1
	<hr/>	<hr/>
Total current tax	9	48
	<hr/>	<hr/>
Deferred tax (note 22):		
Origination and reversal of timing differences	(270)	14
Adjustments in respect of prior years	3	-
	<hr/>	<hr/>
Total deferred tax	(267)	14
	<hr/>	<hr/>
Tax on profit	(258)	62
	<hr/> <hr/>	<hr/> <hr/>

For the year ended 31 December 2025**10. Tax on profit (continued)****b) Reconciliation of tax charge**

Tax assessed for the financial year is lower than (2024: lower than) the weighted average main rate of corporation tax in the UK for the year ended 31 December 2025 of 25% (2024: 25%). The differences are explained below:

	2025	2024
	£'000	£'000
(Loss) / profit on ordinary activities before taxation	(1,062)	341
Profit multiplied by the main rate of tax in the UK of 25% (2024: 25%)	(266)	85
Effects of:		
Tax incentives and Group Relief not paid for	-	(24)
Expenses not deductible for tax purposes	5	-
Origination and reversal of timing differences	(9)	-
Prior year adjustment to deferred tax	3	-
Prior year adjustment to current tax	9	1
Total tax (credit) / charge for the year	(258)	62
11. Loans and advances to banks		
	2025	2024
	£'000	£'000
Repayable:		
On demand	1,179	1,203
In not more than three months	38	40
	1,217	1,243
Over three months but not more than one year	-	-
	1,217	1,243

The average interest rate receivable on loans and advances to banks during 2025 was 0.49% (2024: 0.50%).

For the year ended 31 December 2025

12. Loans and advances to customers

a) Advances to customers

	2025 £'000	2024 £'000
Repayable:		
Fully secured on land and buildings:		
Organisational mortgages	98,455	79,806
Personal mortgages	19,897	18,049
Unsecured personal loans	89	72
	118,441	97,927
Less: loan loss provision	(199)	(194)
	118,242	97,733

b) Maturity of advances to customers

	2025 £'000	2024 £'000
Repayable:		
In not more than three months	1,403	1,294
Over three months but not more than one year	4,210	3,586
Over one year but not more than five years	21,124	17,717
In more than five years	91,704	75,330
	118,441	97,927
Less: loan loss provision	(199)	(194)
	118,242	97,733

The average interest rate receivable during 2025 was 6.48% (2024: 6.54%). The analysis is based on contractual maturity and actual maturity may differ due to early redemptions.

As detailed in note 4 a) (ii) an Effective Interest Rate liability of £847k (2024: £726k) has been deducted from the above loan balances. The most significant estimates and assumptions affecting the "EIR" adjustment are as follows:

For the year ended 31 December 2025

12. Loans and advances to customers (continued)

b) Maturity of advances to customers (continued)

Sensitivity analysis

Driver	Change	Increase / (decrease) in EIR adjustment at 31 December 2025 (£000)	Increase / (decrease) in EIR adjustment at 31 December 2024 (£000)
Average loan life for non-fixed rate loans	+1 year	14.1	7.8
	-1 year	(9.5)	(10.0)
Average reversion period for fixed rate loans	+1 month	(8.0)	(10.0)
	-1 month	Nil (already at zero months)	Nil (already at zero months)

The sensitivity analysis shows that the EIR adjustment is not particularly sensitive to the average loan life for non-fixed rate loans but is quite sensitive to the average reversion period for fixed rate loans.

c) Loan loss provision

	Total 2025 £'000	Of which collective provision 2025 £'000	Total 2024 £'000	Of which collective provision 2024 £'000
Balance at 1 January	194	148	185	137
Charge for the year	160	8	11	11
Utilised during the year	(153)	-	-	-
Released during the year	(2)	-	(2)	-
Balance at 31 December	199	156	194	148

During 2025 a borrower defaulted on a loan amounting to £803k, against which a loan loss provision of £153k had been recognised. The Bank took possession of the property, and the provision was fully utilised. The remaining asset of £650k was transferred to investment property as detailed in note 13.

The income statement reflects a movement in loan loss provision of £158k, which is the charge for the year less the amount released during the year.

The most significant estimates and assumptions affecting the loan loss provision are as follows:

Incurred But Not Reported ("IBNR")

Loans have been grouped on the basis of similar risk characteristics, namely incorporated Charities and unincorporated Charities, and have been assessed for impairment based on historical experience and current economic and credit conditions. In the absence of substantive historic default data in its portfolios over time allowing the creation of valid models the Bank has concluded that the IBNR provision for incorporated Charities will be at 50% of the average loan size and for unincorporated at 100% as unincorporated borrowers are considered to represent a higher probability of default. Given the Bank's low historic experience of defaults and the Credit Committee's close monitoring of loans in arrears and forbearance together with higher risk cases, management have considered that there is likely to be no more than one single loan in the entire book which meets the criteria for inclusion in the IBNR provision. This loan is likely to have incurred losses triggered by historic events but which have not yet been reported and uniquely identified by the Bank. As a result a weighted average IBNR provision for one loan has been calculated based on the relative composition of incorporated and unincorporated loans in the book.

Further information regarding loan loss provisions is contained in note 29 (f).

For the year ended 31 December 2025

12. Loans and advances to customers (continued)

c) Loan loss provision (continued)

Sensitivity analysis

Driver	Change	Increase / (decrease) in loan loss provision at 31 December 2025 (£000)	Increase / (decrease) in loan loss provision at 31 December 2024 (£000)
Number of loans meeting IBNR criteria	+1	155.3	147.9
	-1	(155.3)	(147.9)
IBNR Incorporated	+10% average loan size	5.9	5.4
	-10% average loan size	(5.9)	(5.4)
	+10% probability of default	11.8	10.8
	-10% probability of default	(11.8)	(10.8)
IBNR Unincorporated	+10% average loan size	9.6	9.4
	-10% average loan size	(9.6)	(9.4)
	+10% probability of default	9.6	9.4
	-10% probability of default	(9.6)	(9.4)

The sensitivity analysis shows that the loan loss provision is not particularly sensitive to the average loan size or the probability of default but is very sensitive to changes in the number of loans identified in the IBNR provision.

For the year ended 31 December 2025

13. Investment property

	£'000
Cost	
At 1 January 2025	-
Additions	650
At 31 December 2025	650

Following an extended period of forbearance and subsequent default on the loan, on 14 October 2025 the Bank took possession of a property from one of its organisational borrowers which were unable to repay the loan. The Bank intends to lease this property to an unconnected third party, and at the date of signing the financial statements the lease had not been signed. As mortgagee in possession the Bank have control of the property and are responsible for maintaining and repairing it. After utilisation of the loan loss provision as disclosed in note 12 c), the directors transferred the value of the asset from Loans and advances to customers to Investment Property. Following a valuation by an appropriately qualified third-party valuer, the directors have assessed the fair value of the investment property to be £650,000 at 31 December 2025.

14. Intangible fixed assets

	Software £'000
Cost	
At 1 January 2025	401
At 31 December 2025	401
Accumulated amortisation	
At 1 January 2025	362
Charged during the year	21
Impairment loss	-
At 31 December 2025	383
Net book amount	
At 31 December 2025	18
At 31 December 2024	39

The software intangible assets include the Company's banking system, insurance system and website which were created by external development firms for the Company's specific requirements. Accounting software and regulatory reporting software are also included. The software assets are carried at £18,000 (2024: £39,000) and have a remaining amortisation period of up to 3 years (2024: up to 4 years). There are no other individually material intangible assets.

During the year no impairment losses were recognised (2024: £16,000).

For the year ended 31 December 2025

15. Tangible fixed assets

	Leasehold improvements £'000	Furniture, fixtures and fittings £'000	Office equipment and computer hardware £'000	Total £'000
Cost or valuation				
At 1 January 2025	131	19	330	480
Additions	19	-	24	43
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2025	150	19	354	523
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Accumulated depreciation and impairment				
At 1 January 2025	44	4	258	306
Charged during the year	13	2	31	46
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2025	57	6	289	352
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Net book amount				
At 31 December 2025	93	13	65	171
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 December 2024	87	15	72	174
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

For the year ended 31 December 2025

16. Other assets

	2025 £'000	2024 £'000
Amounts owed by group undertakings	23	63

Amounts owed by group undertakings are due from the ultimate parent, unsecured, interest free, have no fixed repayment date and are repayable on demand.

17. Prepayments and accrued income

	2025 £'000	2024 £'000
Trade debtors	43	55
Prepayments and accrued income	1,013	607
	1,056	662

Trade debtors includes financial assets amounting to £43,000 (2024: £55,000).

18. Customer accounts

	2025 £'000	2024 £'000
Repayable:		
On demand	21,651	6,489
In not more than three months	65,785	71,802
Over three months but not more than one year	48,311	35,949
Over one year but not more than five years	6,011	7,029
	141,758	121,269

The average interest rate payable during 2025 was 2.8% (2024: 2.81%).

19. Other liabilities

	2025 £'000	2024 £'000
Corporation tax	-	47
Other taxation and social security	68	49
Trade creditors	548	352
	616	448

Trade creditors includes financial liabilities amounting to £548k (2024: £352k).

For the year ended 31 December 2025

20. Accruals and deferred income

	2025 £'000	2024 £'000
Accruals and deferred income	1,289	563
	<u>1,289</u>	<u>563</u>

Accruals and deferred income includes financial liabilities amounting to £1,289k (2024: £563k).

21. Subordinated liabilities

a) Dated Tier 2

	2025 £'000	2024 £'000
At 1 January	700	700
Interest payable	35	35
Interest paid during the year	(35)	(35)
	<u>700</u>	<u>700</u>
At 31 December	700	700
	<u>700</u>	<u>700</u>
Subordinated liabilities	<u>700</u>	<u>700</u>

b) Repayment profile and terms

	2025 £'000	2024 £'000
Repayable:		
Over three months but not more than one year	700	-
Over one year but not more than five years	-	700
	<u>700</u>	<u>700</u>

For the year ended 31 December 2025

21. Subordinated liabilities (continued)

c) Repayment profile and terms (continued)

The average interest rate payable during 2025 was 5.00% (2024: 5.00%).

The subordinated liabilities are denominated in pounds sterling and are classified as Tier 2 capital as defined by the regulatory authorities, and so form part of the Bank's permanent capital and capital resources.

Due to the fixed yield and obligation to transfer cash to redeem the subordinated liabilities, the debt is considered to have financial liability instrument characteristics and therefore has been treated for accounting purposes as a financial liability.

Dated Tier 2

The dated Tier 2 deposits amounting to £700,000 outstanding at 31 December 2025 remain on the same terms as 2024. The terms of the outstanding deposits are as follows:

- the deposit is repayable in full in December 2026, being ten years from the original deposit date; and
- interest is paid on a fixed basis as follows:
- 5% per annum (ten year term).

The deposits, and any unpaid interest, are intended to absorb losses made by the Bank in circumstances where the Bank would not otherwise be solvent. Accordingly, if the Bank goes into liquidation and the deposit has not been repaid, it is the intention that the deposit (and any interest accrued but unpaid) should rank above the nominal amount of the Bank's ordinary shares but should be repaid only after repayment in full of the Bank's unsecured creditors and all other obligations having priority to the ordinary shares. If the Bank goes into liquidation the depositor will not be entitled to share in any surplus available for distribution to the holders of the ordinary shares.

22. Called up share capital

	2025	2024
	£'000	£'000
Allotted, issued and fully paid		
13,237,000 (2024: 12,067,000) ordinary shares of £1 each	13,237	12,067
	<u><u> </u></u>	<u><u> </u></u>

During the year the Bank issued ordinary share capital to Lamb's Passage Holding Limited as follows: £1.17m on 15 December 2025.

The ordinary shares have attached to them full voting, dividend and capital distribution (including on winding up) rights; they do not confer any rights of redemption.

For the year ended 31 December 2025**23. Deferred taxation**

	2025	2024
	£'000	£'000
Asset in respect of timing differences:		
Capital allowances	(4)	-
Tax losses	269	25
Other short term timing differences	32	5
	<hr/>	<hr/>
	297	30
	<hr/> <hr/>	<hr/> <hr/>
The movement in the deferred tax asset was as follows:		
Asset at 1 January	30	44
Origination and reversal of timing differences	270	(14)
Prior year adjustment	(3)	-
	<hr/>	<hr/>
Asset at 31 December	297	30
	<hr/> <hr/>	<hr/> <hr/>

The directors have performed an assessment of anticipated future profitability and believe that future profits will be sufficient to recover the deferred tax asset relating to accumulated taxable losses in full. The Chancellor of the Exchequer's Budget presented in March 2016 included provisions to restrict the utilisation of pre-March 2015 taxable losses to 50% of taxable profits from April 2015 and to 25% of taxable profits from April 2016. The estimated period over which the Bank will utilise its asset is three years (2024: two years) which the directors have assessed as reasonable.

For the year ended 31 December 2025**24. Commitments**

	2025	2024
	£'000	£'000
Irrevocable mortgage commitments (loans and advances to customers)	13,615	14,027
Number of advances included in the amounts above	44	53

25. Guarantees and other financial commitments**Commitments under operating lease**

The Company had minimum lease payments under non-cancellable operating leases as set out below:

	2025	2024
	£'000	£'000
Not later than one year	197	161
Later than one year and not later than five years	592	445
Later than five years	42	112
Total	831	718

Capital commitments

A fit-out of the Bank's head office in Beeston was carried out between December 2025 and March 2026 with a total expected cost of £157k, of which £19k was capitalised within leasehold improvements in 2025. The amount committed at 31 December 2025 was £53k, including £48k with the main contractor Opus 4 Logistics Ltd and £5k with RT Renewable Energy Services Ltd. The remaining amount of £85k was committed in 2026 with various suppliers. There were no authorised and contracted capital commitments at 31 December 2024.

26. Ultimate controlling party

Lamb's Passage Holding Limited is a holding company which owns 100% of the issued share capital of the Company. Although the largest shareholder in Lamb's Passage Holding Limited is Stewardship Services (UKET) Limited, this company does not exercise control of Lamb's Passage Holding Limited, and consequently the directors consider Lamb's Passage Holding Limited to be the Company's immediate parent company and ultimate controlling party.

The smallest and largest undertaking for which the company is a member and for which group financial statements are prepared is Lamb's Passage Holding Limited.

For the year ended 31 December 2025

27. Related party transactions

There were no loans to directors during the year (2024: £nil).

A number of banking transactions are entered into with related parties in the normal course of business, including loans and deposits. Details of these related party transactions, outstanding balances at the year end and related expense and income for the year are as follows:

a) Deposits from related parties

	Directors and close family members		Group companies	
	2025 £'000	2024 £'000	2025 £'000	2024 £'000
At 1 January	767	1,067	43	3,201
Deposits received	223	110	-	23
Deposits repaid during the year	(103)	(410)	(43)	(3,181)
At 31 December	887	767	-	43

Deposits from directors and close family members and group companies (Lamb's Passage Holding Limited, 'LPHL') are on normal commercial terms, with an initial term between 1 day and 2 years (2024: between 1 day and 2 years) which carry interest rates that vary between 0.20% and 3.40% (2024: between 0.60% and 3.45%). During the previous year LPHL deposited £3.2m with the Bank as intended future share capital (CET1 capital).

During the year the Bank's Insurance team arranged Directors & Officers Liability Insurance for Lamb's Passage Holding Limited. The premium paid by the Bank to the insurer was £5.4k (2024: £5.4k) which was the arm's length cost of the policy of £6.1k (2024: £6.1k) less a commission payment from the insurer of £0.7k (2024: £0.7k). During the year the Bank incurred operating expenses of £23k (2024: £79.6k) on behalf of Lamb's Passage Holding Limited which were recharged in full and of which £23k remained outstanding at the year-end date. On 23 April 2025 a dividend of £70k was paid from the Bank to LPHL. There were no other transactions with Lamb's Passage Holding Limited throughout the year.

See note 9 for disclosure of the directors' remuneration.

28. Defined contribution scheme

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £475k (2024: £416k). There were no accrued pension costs at the year-end (2024: £Nil).

For the year ended 31 December 2025

29. Financial instruments

The Bank has the following financial instruments:

a) Financial assets

	2025 £'000	2024 £'000
Financial assets that are debt instruments measured at amortised cost:		
Cash and balances at central banks	<u>38,497</u>	<u>38,548</u>
Loans and advances to banks	<u>1,217</u>	<u>1,243</u>
Loans and advances to customers:		
Loans to individuals:		
Unsecured loans to individuals	89	72
Secured loans to individuals	19,897	18,049
Loans to SMEs (including Charities):		
Secured loans to SMEs	98,455	79,806
	<u>118,441</u>	<u>97,927</u>
Less: loan loss provision (not a financial asset)	<u>(199)</u>	<u>(194)</u>
	<u>118,242</u>	<u>97,733</u>
Other financial assets	<u>66</u>	<u>118</u>
Notes 16 and 17 include details of other financial assets measured at amortised cost.		

b) Financial liabilities

	2025 £'000	2024 £'000
Financial liabilities that are debt instruments measured at amortised cost:		
Customer accounts:		
Deposits from individuals	78,606	63,559
Deposits from SMEs	63,152	57,710
	<u>141,758</u>	<u>121,269</u>
Other financial liabilities	<u>1,835</u>	<u>915</u>
Subordinated liabilities:		
Deposits from individuals	100	100
Deposits from SMEs	600	600
	<u>700</u>	<u>700</u>
Notes 19 and 20 include details of other financial liabilities measured at amortised cost.		

For the year ended 31 December 2025**29. Financial instruments (continued)****c) Allowance for impairment losses on loans and receivables**

Allowances for impairment losses on loans and receivables are detailed in note 12 c). There are no allowances for impairment losses on any other financial assets.

d) Financial instruments held at fair value

No financial instruments are held at fair value in the Bank's statement of financial position.

e) Nature and extent of risks arising from financial instruments

The Bank regularly reviews the risks affecting the business both internal and external. These risks are, where possible, mitigated to minimise their probability and impact. The principal risks arising from financial instruments have been identified as: capital adequacy, credit risk, liquidity risk, market risk.

During the year the Bank has continued to review, update and refine its Risk Management Framework in response to emerging trends and the continuous reassessment of risks.

Capital adequacy

The Bank's regulatory capital consists of shareholders' funds ("Core Equity Tier 1") and subordinated liabilities ("Tier 2"). Shareholders' funds, comprising ordinary shares and reserves, increased to £15,810k (2024: £15,512k) and subordinated liabilities remained at £700k (2024: £700k). These funds are prudently managed to ensure the Bank maintains sufficient capital for its activities. Unforeseen events can unexpectedly erode this capital and these events are analysed and assessed using the Internal Capital Adequacy Assessment Process ("ICAAP"). This process stress tests the business and allocates sufficient levels of capital to cover assessed risk. The capital is then managed against robust Risk Appetite measures for surplus capital, Common Equity Tier 1 Capital and the Leverage Ratio to maintain a healthy margin above the regulatory and internally assessed minima. The ICAAP is produced by the Chief Financial Officer and is thoroughly reviewed and challenged by the BRCC prior to being recommended to the Board for further review and approval. The ICAAP is included in the rolling 3-year Combined Assurance Plan which includes reviews by the second line (risk and compliance) and third line (internal audit) of defence.

Credit risk

The Bank's primary exposure to credit risk arises through loans and advances to customers, and investment in the wholesale money market. Almost all of the Bank's customer advances are secured by collateral, provided by customers prior to the disbursement of loans. Collateral for loans is usually in the form of first legal charge over property. The balance of collateralised outstanding loans is disclosed in note 12 a).

The Bank's main business is to lend money to customers which brings with it an inherent risk of arrears and default. The careful assessment of each loan application against strict Board-approved credit policy guidelines together with very supportive and hands-on management of arrears ensures that provision for losses is able to be kept low. The credit policy includes a hierarchy of underwriting approval authorities. The Head of the Account Management team reports monthly on the status of all arrears, forbearance and higher-risk loans to the Credit Committee. The Board also receive comprehensive credit risk MI each month from the Bank's Leadership Team.

29. Financial instruments (continued)**e) Nature and extent of risks arising from financial instruments (continued)****Credit risk (continued)**

The Bank's systems monitor all customers who are in arrears ensuring that we can help and support where necessary. There were no cases over 60 days in arrears and in breach of contract (2024: no cases). The low level of arrears has been achieved through the Bank's now established policy of working closely with our clients over a long period resulting in them either finding a solution to reducing the arrears or deciding to sell their property.

To manage the credit risk associated with investing in the wholesale money market, the Bank deals only with counterparties of good credit standing. Exposure to any single counterparty is restricted by prudent and regularly reviewed limits expressed as a proportion of the Bank's capital resources.

The Bank is subject to credit concentration risk as loans are to borrowers located in the UK only (geographic concentration), the overall number of such exposures is relatively small (single name concentration) and borrowers operate in a small number of economic sectors (sector concentration). This risk is mitigated by holding additional capital as detailed in the Bank's ICAAP.

Liquidity risk

The Bank produces an assessment of its minimum liquidity levels after careful analysis of potential withdrawals and carries out regular stress tests to ensure these levels are sufficient. This assessment is detailed in the Bank's Internal Liquidity Adequacy Assessment Process ("ILAAP") document. Liquidity is managed against robust Risk Appetite measures, including the Liquidity Coverage Requirement ratio, to maintain a healthy margin above the regulatory and internally assessed minima. The Bank continues to meet all the regulatory liquidity requirements and holds a surplus of liquid reserves and expects to continue to do so in future.

The established Treasury policy provides a framework to minimise the risk to liquidity. The objectives of the policy with regards to liquidity risk are:

- to maintain adequate liquidity to meet known and anticipated customer withdrawals, mortgage advances, tax liabilities, capital and administrative expenses; and
- to maintain adequate liquidity to cover unexpected cash flow imbalances.

Interest rate risk (a subset of market risk)

Although the Bank does not have a trading book, it is exposed to interest rate risk in the banking book.

The first and most significant component of interest rate risk is fixed rate re-pricing (or duration) risk. This is the risk of adverse changes to earnings and capital due to changes in interest rates. It is evaluated principally in terms of the sensitivity and exposure of the value of the Bank's assets and liabilities to changes in interest rates. Analysis of the exposure to interest rate risk is managed carefully within the Board's risk appetite. The Bank operates a matching approach to financial risk management, whereby the risk arising from mismatches in re-pricing of assets and liabilities is managed internally through the statement of financial position. The Bank has a maximum exposure limit for such potential losses for a 2% parallel shift in the yield curve of 5% of own funds. The Bank's interest rate repricing mismatches and a sensitivity analysis are presented in section k) of this note.

The second component of interest rate risk is basis risk. The Bank has exposure to basis risk due to the mismatch between assets compared with liabilities and capital which re-price with reference to different interest rate bases, namely Bank Base Rate ("BBR"), fixed rates and administered rates. The Board has set risk appetite limits against its exposure to basis risk for each type of basis risk mismatch and against the sensitivity of its net interest margin to basis risk.

For the year ended 31 December 2025

29. Financial instruments (continued)

e) Nature and extent of risks arising from financial instruments (continued)

Interest rate risk (a subset of market risk) (continued)

The Bank uses the following sensitivity analysis to manage the interest rate risk in the banking book:

		31 December 2025		31 December 2024	
		% of own funds	£'000	% of own funds	£'000
Fixed rate re-pricing risk	Economic value at risk for a 2% parallel shift in the Bank's yield curve, as a % of own funds	0.32%	50	0.24%	38
Basis risk	Change in annual net interest income from base rate linked assets and liabilities for a 0.5% shift in Bank Base Rate, as a % of own funds	1.38%	215	1.42%	219

Own funds comprises the Bank's regulatory capital, and includes ordinary share capital, retained earnings, revaluation reserve, subordinated liabilities (amortised over last five years' residual maturity) less deductions for intangible assets and certain deferred tax assets. The amount of own funds at 31 December 2025 was £15.9 million (2024: £15.5 million).

Economic value at risk is calculated by examining details of interest sensitive assets and liabilities to establish when they will next re-price (i.e. be subject to a change in interest rate), and then tabulating those which re-price within set time periods (known as "time buckets", within which all items re-pricing are grouped together). Interest rate sensitive items are those assets and liabilities that are subject to contractual change in interest rates, or which mature (fall due for repayment) on a particular date. The sums of each time bucket (known as "gaps") are then discounted into present values using a yield curve. The present values are then aggregated to calculate the net present value of the Bank's statement of financial position. A 2% parallel shift in interest rates, consistent with the PRA's FSA017 methodology, is then applied to the yield curve in order to calculate the impact on net present value. This impact is referred to as the economic value at risk and is shown in the table above as a percentage of own funds and as an absolute amount. The increase in economic value at risk since the prior year is due to less assets in longer-dated time buckets (fixed rate mortgages) and more liabilities (fixed rate deposits) in longer-dated time buckets.

Exposure to basis risk is measured by calculating the change in annual net interest income from base rate linked assets and liabilities for a 0.5% shift in Bank Base Rate, and is shown in the table above as a percentage of own funds and as an absolute amount. This is consistent with the PRA's Basis Risk return methodology.

For both fixed rate re-pricing risk and basis risk the Board has set a maximum risk appetite of 5% of own funds, or £783k at 31 December 2025 (2024: £774k). The Board consider that any exposure in excess of this level would represent an unacceptable risk. The exposures at 31 December 2025 and 31 December 2024 are as shown in the table above.

For the year ended 31 December 2025

29. Financial instruments (continued)

e) Nature and extent of risks arising from financial instruments (continued)

Credit risk

The maximum exposure to credit risk is best represented by carrying value for the following classes of financial instrument:

- Cash and balances at central banks;
- Loans and advances to banks;
- Loans and advances to customers:
 - Unsecured loans to individuals;
 - Unsecured loans to SMEs;
- Other financial assets.

The maximum exposure to credit risk for secured loans and advances to customers before and after collateral held as security is shown below:

	2025	2024
	£'000	£'000
Secured loans to individuals	19,897	18,049
Less: collateral held	(19,897)	(18,049)
Exposure after collateral	<u>-</u>	<u>-</u>
Secured loans to SMEs	98,455	79,806
Less: collateral held	(98,411)	(79,747)
Exposure after collateral	<u>44</u>	<u>59</u>
Total exposure after collateral	<u>44</u>	<u>59</u>

Collateral held usually represents a first legal charge over UK commercial or residential property owned by the borrower. The property values are indexed using the MSCI regional UK Monthly Property Index for commercial property and the HM Land Registry regional UK House Price Index for residential property. The collateral amounts shown are restricted to the amount of the corresponding loans since any surplus on sale of the collateral in excess of each loan balance would be returned to the borrower.

The average loan-to-value (LTV) at 31 December 2025 was 42.2% (2024: 41.5%).

For the year ended 31 December 2025

29. Financial instruments (continued)

f) The Bank's financial assets may be classified into the following two categories:

- Neither past due nor impaired;
- Individually impaired.

	2025			2024		
	Cash and balances at central banks	Loans and advances to banks	Loans and advances to customers	Cash and balances at central banks	Loans and advances to banks	Loans and advances to customers
	£'000	£'000	£'000	£'000	£'000	£'000
Neither past due nor impaired	38,497	1,217	118,398	38,548	1,243	97,881
Individually impaired	-	-	43	-	-	46
Gross	38,497	1,217	118,441	38,548	1,243	97,927
Less allowance for impairment:						
Individual impairment	-	-	(43)	-	-	(46)
Collective allowance	-	-	(156)	-	-	(148)
Total allowance for impairment	-	-	(199)	-	-	(194)
Net	38,497	1,217	118,242	38,548	1,243	97,733

Specific loan loss provisions are made against the carrying amount of loans and advances that are identified as not fully recoverable to reduce these loans and advances to their recoverable amounts. Specific provisions are made for loans and advances to customers in default, defined as where arrears exceed 90 days' contractual payments ("past due") or where other indications of unlikelihood to pay exist, and management judge that, due to other historical indications of impairment, the probability of loss occurring is significant and an exposure to potential loss exists after realisation of security at a forced sale discount. Factors increasing the probability of loss include cases in forbearance, high levels of other indebtedness, erratic payment history, declining income or membership levels and governance issues affecting the viability of the borrower. Customer loans which are in arrears or are classified as high risk for other reasons are monitored closely and reported monthly to the Credit Committee, who will decide whether any additional specific provisions are required.

A collective allowance has been included for Incurred But Not Reported ("IBNR") losses, which is maintained for customer loans which are likely to have incurred losses triggered by historical events but which have not yet been reported and uniquely identified by the Bank. The IBNR provision has been separated into two elements: unincorporated borrowers and incorporated borrowers and a provision has been recognised for each type of borrower which reflects the level of risk assessed by management.

Increases in the loan loss provision are recognised in the income statement. If in a subsequent year the amount decreases and the decrease can be linked objectively to an event occurring after the write down, the write-down or provision is reversed through the profit and loss account.

29. Financial instruments (continued)

g) Credit quality of financial assets that are neither past due nor impaired

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to the Bank's internal credit grading system for loans and advances to customers, and by reference to external credit ratings and published Pillar 3 disclosures (where available) for cash and balances at central banks and loans and advances to banks. Institutions with an external credit rating will only be considered if they have a minimum short term rating of Fitch F2 and Moodys P2 at the time of placing funds. Unrated institutions, i.e. institutions without an external credit rating, will only be considered if their Annual Report & Accounts indicate that they have a minimum of £10 million Tier 1 capital which shall not be less than 160% of that institution's Pillar 1 capital requirement. Unrated Banks will only be considered if minimum capital and liquidity criteria are met as specified in the Bank's Treasury Policy. Sector limits are in place to avoid concentrations to different institutional sectors.

*internal credit rating **external credit rating	Loans and advances to customers						Cash and balances at central banks	Loans and advances to banks
	Loans to individuals		Loans to SMEs (including Charities)		Loans to other group companies	Loans and advances to customers		
	Unsecured	Secured	Unsecured	Secured	Secured			
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
31 December 2025								
Credit Grade 5: Internal breach of contract (arrears 60 to 90 days)*	-	-	-	-	-	-	-	-
Credit Grades 2 to 4: High risk loans and arrears up to 60 days*	-	-	-	535	-	535	-	-
Credit Grade 1: Up to date and not high risk*	47	19,897	-	97,919	-	117,863	-	-
Minimum short Term Rating Fitch F2 / Moodys P2**	-	-	-	-	-	-	38,497	1,156
Unrated institutions**	-	-	-	-	-	-	-	61
Total	47	19,897	-	98,454	-	118,398	38,497	1,217

For the year ended 31 December 2025

29. Financial instruments (continued)

g) Credit quality of financial assets that are neither past due nor impaired (continued)

*internal credit rating **external credit rating	Loans and advances to customers					Cash and balances at central banks	Loans and advances to banks	
	Loans to individuals		Loans to SMEs (including Charities)		Loans to other group companies			Loans and advances to customers
	Unsecured	Secured	Unsecured	Secured	Secured			
31 December 2024	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Credit Grade 5: Internal breach of contract (arrears 60 to 90 days)*	-	-	-	-	-	-	-	-
Credit Grades 2 to 4: High risk loans and arrears up to 60 days*	-	-	-	1,310	-	1,310	-	-
Credit Grade 1: Up to date and not high risk*	26	18,049	-	78,496	-	96,571	-	-
Minimum short Term Rating Fitch F2 / Moodys P2**	-	-	-	-	-	-	38,548	1,182
Unrated institutions**	-	-	-	-	-	-	-	61
Total	26	18,049	-	79,806	-	97,881	38,548	1,243

For the year ended 31 December 2025

29. Financial instruments (continued)

h) Analysis of financial assets that are individually determined to be impaired as at the end of the reporting year

Note f) describes the circumstances where the Bank considers that financial assets are individually determined to be impaired. Collateral held usually represents a first legal charge over UK commercial or residential property owned by the borrower. The property values are indexed using the MSCI regional UK Monthly Property Index for commercial property and the HM Land Registry regional UK House Price Index for residential property, which are considered to represent fair value. Collateral is restricted to the amount of the corresponding loans since any surplus on sale of the collateral in excess of each loan balance would be returned to the borrower.

	Loans and advances to customers					
	Loans to individuals		Loans to SMEs (including Charities)		Loans to other group companies	Loans and advances to customers
	Unsecured	Secured	Unsecured	Secured	Secured	
	£'000	£'000	£'000	£'000	£'000	£'000
31 December 2025						
Book value of individually impaired loans	43	-	-	-	-	43
Provisions for individually impaired loans	43	-	-	-	-	43
Indexed value of collateral held as security	-	-	-	-	-	-
31 December 2024	£'000	£'000	£'000	£'000	£'000	£'000
Book value of individually impaired loans	46	-	-	-	-	46
Provisions for individually impaired loans	46	-	-	-	-	46
Indexed value of collateral held as security	-	-	-	-	-	-

For the year ended 31 December 2025

29. Financial instruments (continued)

i) Maturity analysis for non-derivative financial and non-financial liabilities

The following is a residual maturity analysis for non-derivative financial and non-financial liabilities based on contractual maturity dates. The amounts represent undiscounted cash flows, and therefore include future interest payable between the statement of financial position date and the contractual maturity dates and so will not match the carrying value of the instruments. Amounts on demand and amounts with no specific maturity date have been included without the addition of any future interest payable. There were no derivative financial liabilities.

	Repayable:						Total
	On demand	In not more than three months	Over three months but not more than one year	Over one year but not more than five years	In more than five years	No specific maturity date	
31 December 2025	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Customer accounts	21,651	66,000	48,886	6,313	-	-	142,850
Other liabilities	616	-	-	-	-	-	616
Subordinated liabilities	-	-	734	-	-	-	734
Total liabilities	22,267	66,000	49,620	6,313	-	-	144,200
31 December 2024	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Customer accounts	6,489	72,110	36,381	7,364	-	-	122,344
Other liabilities	448	-	-	-	-	-	448
Subordinated liabilities	-	-	35	734	-	-	769
Total liabilities	6,937	72,110	36,416	8,098	-	-	123,561

29. Financial instruments (continued)**j) Capital management**

The Bank's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

Consistent with others in the industry and the prior year, the Bank monitors its capital as assessed by CRD IV, specifically the levels of minimum surplus capital over the PRA's Total Capital Requirement ("TCR") plus applicable capital buffers. These buffers include the PRA buffer and the CRD IV combined buffer (the capital conservation buffer and the countercyclical capital buffer). The TCR amounted to £10.3m at 31 December 2025 (2024: £8.5m).

As detailed in note 28 e), as part of the ICAAP process required by the regulator the Bank calculates its internal capital adequacy assessment ("ICA") in parallel with the PRA's TCR assessment. The ICA represents the Board's own assessment of capital requirements, which may be higher or lower than the PRA's TCR requirements. The buffer requirements are the same under both the external TCR and the internal ICA basis.

The Bank's various forms of capital (or "own funds") are described in section e) of this note.

In order to adjust the Bank's level of capital resources held, it may amend the amount of dividends paid to shareholders, return capital to shareholders or holders of subordinated liabilities or issue new shares or subordinated liabilities. In order to adjust the Bank's level of capital requirements it must change the amount of risk weighted assets as specified by CRD IV. The Bank may reduce the amount of risk weighted assets by repaying loans and advances or moving liquid funds from higher risk weighted instruments to lower risk weighted instruments, such as the Bank of England reserve account. To minimise risk weighted assets new lending may be targeted in lower risk weighted asset classes such as residential lending rather than commercial lending.

For the year ended 31 December 2025

29. Financial instruments (continued)

j) Capital management (continued)

The Bank's minimum surplus capital over TCR and ICA (without buffers) during the year, together with regulatory capital ratios at the year end, was as follows:

	2025 unaudited £'000	2024 unaudited £'000
Minimum surplus capital during the year over TCR only	4,325	4,267
Minimum surplus capital during the year over ICA only	5,078	4,432

Capital ratios

Common Equity Tier 1 capital as a % of total risk exposure (min 4.5%)	18.79%	22.29%
Tier 1 capital as a % of total risk exposure (min 6.0%)	18.79%	22.29%
Total capital as a % of total risk exposure (min 8.0%)	18.96%	22.70%

The Bank complied with the CRD IV capital requirements during the current and prior year and is expected to do so throughout the business planning period.

The Bank's stated internal risk appetite for capital is to maintain capital equal to the higher of the regulatory requirements (TCR plus buffers or ICA plus buffers). In addition the Bank's risk appetite is to maintain a Core Equity Tier 1 ratio of at least 14.10% and a Total capital ratio of at least 17.30%.

The Bank remained within its risk appetite for capital during the current and prior year and is expected to remain so throughout the business planning period.

As shown in the first two lines of the table above, the minimum surplus capital over TCR and ICA (without capital buffers) during 2025 was higher than the minimum during 2024. The year end Common Equity Tier 1, Tier 1 capital and Total capital ratios were lower in 2025 than 2024. This primarily reflects the higher amount of share capital issued during the prior year.

The table below reconciles the Bank's shareholders funds to its total regulatory capital:

	2025 £'000	2024 £'000
Called up share capital	13,237	12,067
Profit and loss account	2,571	3,445
Less: current year profits (included after audit is completed)	-	(236)
Less: intangible assets	(18)	(39)
Less: deferred tax assets that rely on future profitability excluding those arising from temporary differences (unaudited)	(265)	(38)
Common Equity Tier 1 (CET1) capital	15,525	15,199
Tier 1 capital (T1 = CET1)	15,525	15,199
Subordinated liabilities	700	700
Less: amortisation of subordinated liabilities	(557)	(420)
Tier 2 (T2) capital	143	280
Total capital (TC = T1 + T2)	15,668	15,479
Total Risk Exposure amount (unaudited)	82,630	68,191
Capital ratios (unaudited)		
Common Equity Tier 1 ratio	18.79%	22.29%
Tier 1 ratio	18.79%	22.29%
Total capital ratio	18.96%	22.70%

For the year ended 31 December 2025

29. Financial instruments (continued)

k) Interest Rate Risk in the Banking Book

The Bank did not enter into any derivative contracts during the year (2024: none).

Interest rate risk – interest rate sensitivity gap analysis

The table below summarises interest rate repricing mismatches at 31 December 2025. Items are allocated to time bands by reference to next interest rate repricing date.

	Not more than three months £'000	More than three months but not more than six months £'000	More than six months but not more than one year £'000	More than one year but less than five years £'000	More than five years £'000	No specific repricing date £'000	Total £'000
ASSETS							
Cash and balances at central banks	38,446	-	-	-	-	51	38,497
Loans and advances to banks	1,216	-	-	-	-	1	1,217
Loans and advances to customers	107,890	612	1,710	6,084	-	1,946	118,242
Investment property	-	-	-	-	-	650	650
Intangible fixed assets	-	-	-	-	-	18	18
Tangible fixed assets	-	-	-	-	-	171	171
Other assets	-	-	-	-	-	23	23
Prepayments and accrued income	-	-	-	-	-	1,056	1,056
Deferred tax assets	-	-	-	-	-	297	297
TOTAL ASSETS	147,552	612	1,710	6,084	-	4,213	160,171
LIABILITIES							
Customer accounts	(119,877)	(7,990)	(7,630)	(5,871)	-	(390)	(141,758)
Other liabilities	-	-	(700)	-	-	(616)	(1,316)
Accruals and deferred income	-	-	-	-	-	(1,289)	(1,289)
Shareholder's funds	-	-	-	-	-	(15,808)	(15,808)
TOTAL LIABILITIES AND TOTAL SHAREHOLDER'S FUNDS	(119,877)	(7,990)	(8,330)	(5,871)	-	(18,103)	(160,171)
Interest rate sensitivity gap	27,675	(7,378)	(6,620)	213	-	(13,890)	-
Cumulative gap	27,675	20,297	13,677	13,890	13,890	-	-

For the year ended 31 December 2025

29. Financial instruments (continued)

k) Interest Rate Risk in the Banking Book (continued)

The following table summarises interest rate repricing mismatches at 31 December 2024.

	Not more than three months £'000	More than three months but not more than six months £'000	More than six months but not more than one year £'000	More than one year but less than five years £'000	More than five years £'000	No specific repricing date £'000	Total £'000
ASSETS							
Cash and balances at central banks	38,484	-	-	-	-	64	38,548
Loans and advances to banks	1,242	-	-	-	-	1	1,243
Loans and advances to customers	86,150	498	2,703	6,044	-	2,338	97,733
Intangible fixed assets	-	-	-	-	-	39	39
Tangible fixed assets	-	-	-	-	-	174	174
Other assets	-	-	-	-	-	63	63
Prepayments and accrued income	-	-	-	-	-	676	676
Deferred tax assets	-	-	-	-	-	16	16
TOTAL ASSETS	125,876	498	2,703	6,044	-	3,371	138,492
LIABILITIES							
Customer accounts	(101,567)	(6,331)	(5,884)	(7,029)	-	(458)	(121,269)
Other liabilities	-	-	-	(700)	-	(448)	(1,148)
Accruals and deferred income	-	-	-	-	-	(563)	(563)
Shareholder's funds	-	-	-	-	-	(15,512)	(15,512)
TOTAL LIABILITIES AND TOTAL SHAREHOLDER'S FUNDS	(101,567)	(6,331)	(5,884)	(7,729)	-	(16,981)	(138,492)
Interest rate sensitivity gap	24,309	(5,833)	(3,181)	(1,685)	-	(13,610)	-
Cumulative gap	24,309	18,476	15,295	13,610	13,610	-	-

For the year ended 31 December 2025

29. Financial instruments (continued)

I) Net debt reconciliation

	1 January 2025 £'000	Cash flows £'000	Other non- cash changes £'000	31 December 2025 £'000
Cash and balances at central banks	38,548	(38)	(13)	38,497
Loans and advances to banks repayable on demand or in not more than three months	1,243	(26)	-	1,217
Subordinated liabilities	(700)	35	(35)	(700)
Net debt	39,091	(29)	(48)	39,014

30. Net cash (used by) / generated from operating activities excluding tax

	2025 £'000	2024 £'000
(Loss) / Profit and total comprehensive income for the financial year	(804)	279
Tax on profit	(258)	62
(Loss) / profit on ordinary activities before taxation	(1,062)	341
Amortisation of intangible assets	21	20
Impairment of intangible assets	-	16
Depreciation of tangible assets	46	59
Increase in loan loss provision	158	9
Increase in non-cash items	225	104
Increase in loans and advances to customers	(21,317)	(20,210)
Increase in customer accounts	20,489	19,178
Working capital movements:		
- (increase) in other assets	40	(26)
- (increase) in prepayments and accrued income	(394)	(91)
- increase / (decrease) in other liabilities	214	63
- increase in accruals and deferred income	726	160
Net cash (used by) / generated from operating activities	(1,079)	(481)

31. Post balance sheet event

On 25 February 2026, the Company issued 585,000 ordinary £1 shares at par fully paid to its immediate parent company Lamb's Passage Holding Limited, raising £585,000 of CET1 capital.