

This announcement contains inside information as stipulated under the UK version of the Market Abuse Regulation (EU no. 596/2014) as it forms part of UK law by virtue of the European Union (Withdrawal) Act 2018 (as amended from time to time).

23 March 2026

Distribution Finance Capital Holdings plc
("DF Capital" or the "Company" together with its subsidiaries the "Group")

Full year audited results for the 12 months ended 31 December 2025

Another year of significant growth and strategic momentum

Full year results exceed market expectations

Distribution Finance Capital Holdings plc, a specialist bank providing financial solutions that support manufacturers, dealers and distributors across the UK, is pleased to announce its audited results for the 12 months ended 31 December 2025.

Full-year financial performance

	2025	2024	Change
<i>Performance</i>			
Deposit book (£m)	841	650	29%
Loan book (£m)	846	666	27%
New loans advanced to customers (£m)	1,828	1,440	27%
<i>Financial</i>			
Gross revenue (£m)	90.9	76.7	19%
Net income (£m)	56.0	45.5	23%
Net interest margin (%)	8.0	7.9	+10bps
Adjusted cost of risk ¹ (bps)	59	75	-16bps
Cost to income ratio (%)	57	59	-2pts
Adjusted profit before tax ¹ (£m)	18.1	14.4	26%
CET1 ratio (%)	18.0	21.6	-3.6pts
Adjusted earnings per share ¹ (pence)	8.3	5.9	+2.4p
Adjusted return on tangible equity ¹ (%)	11.9	9.9	20%
Tangible net asset value per share (pence)	75.9	63.8	+12.1p

- § New Loans Advanced to Customers up 27% to £1.83bn (FY24: £1.44bn) driving a record closing loan book of £846m up 27%. This included first contribution from our new asset finance product DFRNT of £15m. This new product addresses a market several times larger than our core inventory finance product
- § Record number of borrowers, up c. 14% to 1,522 (2024: 1,334), with 109 manufacturer partners (2024: 88).
- § Adjusted profit before tax¹ up 26% to £18.1m (December 2024: adjusted PBT £14.4m) driven by increasing net income and strong cost control with cost to income ratio falling to 57% (FY24: 59%).
- § Continued strength in arrears management resulted in a low cost of risk of 0.59% (December 2024 adjusted¹: 0.75%), demonstrated by arrears balances (1+ day past due and including legal recoveries) remaining low at 0.85% of total loan book.

Operational highlights

- § **Track record:** The Group celebrated its fifth year as a bank in September 2025 and now has completed its fourth year of profitability, underpinned by year-on-year scaling of its lending franchise.
- § **Product & business development:** Following receipt of consumer lending approvals from the Financial Conduct Authority, the Group launched its "DFRNT" asset finance product, a digital first proposition providing a uniquely DF Capital customer experience. Initially built to support existing motorhome and caravan dealers, the proposition was broadened to include other known assets across industrial, marine and specialist automotive sectors. This is expected to fuel the Group's growth and is an important step in delivery of its 2026 medium term targets.

in delivery of its 2030 medium term targets.

- § **Customer experience & satisfaction:** Annual lending customer satisfaction survey results showing a net promoter score of +59, up 21pts on prior year (FY2024: +38), reflecting the Group's commitment to long-term customer relationships and service quality.
- § The Group's retail savings proposition was awarded feefo's Platinum Trusted Service award for the third consecutive year and averaging 4.8 stars from direct customer reviews.
- § **People & culture:** Sunday Times 'Best Places to Work' engagement survey was completed, receiving 'excellent' ratings, the highest available, across all of the survey's employee satisfaction and engagement categories.
- § **Infrastructure & growth:** Relocated to new, expanded Manchester headquarters, investing in capacity to support the next phase of the Group's growth.

Medium-term Targets

The Group reaffirms its confidence in the previously announced medium-term strategic outlook. Alongside its targets for financial year 2028, which still stand and the Company remains on track to deliver, the Group recently announced its targets for the financial year ended 31 December 2030:

- § Loan book in excess of £1.5bn
- § Cost to income ratio in the range of 45%-48%
- § Return on required equity² of c.20%

The Group expects to fund this growth target predominantly through organic capital generation via retained earnings. Combined with continued utilisation of the British Business Bank ENABLE guarantee scheme and further drawdown of Tier 2 capital, the Group has sufficient capital headroom to support its strategic ambitions without the need for a dilutive capital raise, expecting to grow tangible net assets by 10-15% per annum.

This strong capital position also allows the Group to consider incremental strategic opportunities as they arise as well as returns of capital to shareholders by way of share buybacks or dividends. Subject to regulatory approval at the appropriate time, the Board expects to initiate its first dividend following the year ending 31 December 2028.

Carl D'Amassa, Chief Executive Officer, commented: *"I'm proud of these outstanding results, undoubtedly our best year so far. We have delivered on our financial targets, exceeding expectations in almost all areas, launched new products and services, continued to invest in technology and delivered record breaking results. We've launched our new asset finance product through our "DFRNT" brand, built from the ground up to provide customers with a first-class digital experience. Momentum will build in this new area through 2026 as we tap into annual sales of over £10bn across our existing manufacturer and dealer base.*

"The market opportunities ahead of us as a multi-product lender, whilst always being committed to the niche segments in which we operate, are significant. We have all the tools in our armoury to deliver on our ambitious medium-term objectives through to 2030, building on these exceptional 2025 results. The foundations are all in place and I'm excited for the Group's future prospects."

⁽¹⁾ Adjusted metrics reflect a one-off VAT recovery in FY25 relating to prior periods and FY24 reallocates a one-off impairment recovery

⁽²⁾ Profit after tax divided by average equity requirement

An overview video of the results by CEO Carl D'Amassa is available to watch here:

https://bit.ly/DFCH_FY2025_Overview and on the Company's website: <https://www.dfcapital-investors.com/>

Analyst presentation

The Company will host an analyst webinar relating to the results at 9am today. Analysts wishing to join can register by emailing dfcapital@almastrategic.com.

Investor presentation

The Company will also provide a presentation to existing and potential shareholders via the Investor Meet Company platform at 2.30pm today. Investors can register for the webinar here: <https://www.investormeetcompany.com/distribution-finance-capital-holdings-plc/register-investor>

A recording of the presentation will be made available on the Company's website following the conclusion of the investor presentation.

The person responsible for arranging the release of this announcement on behalf of the Company is Karen D'Souza (Company Secretary).

For further information contact:

Distribution Finance Capital Holdings plc

Carl D'Ammassa - Chief Executive Officer	+44 (0) 161 413 3391
Sameera Khaliq - Chief Financial Officer	+44 (0) 161 413 3391
Kam Bansil - Head of Investor Relations	+44 (0) 7779 229508
http://www.dfcapital-investors.com	

Panmure Liberum Limited (Nomad and Broker) +44 (0) 203 100 2000
Chris Clarke
William King
Gaya Bhatt

Alma Strategic Communications +44 (0) 203 405 0235
Josh Royston
Hilary Buchanan
Hannah Campbell
Sarah Peters

About DF Capital

DF Capital is a speciality lending bank providing award-winning commercial finance solutions and savings products to consumers and small businesses.

Founded in 2016, the Group is headquartered in Manchester with over 150 employees. DF Capital's lending support the sales of manufacturers, dealers and distributors across a diversified range of both commercial and leisure sectors. In 2020, the Group became a fully authorised bank and started offering a range of consumer savings products that underpin its lending activities.

The Group is listed on AIM on the London Stock Exchange under the ticker DFCH. For more information, please visit www.dfcapital.bank

Chair's Statement

2025 has been another exceptional year for the Group. We celebrate our fifth year as a bank and our fourth year of profit. The Board and I are at one that the firm's journey since authorisation has been characterised by outstanding execution against our strategic objectives and flawless delivery of our financial targets, surpassing market expectations again this year.

It is pleasing to report another year of significant year-on-year growth in lending alongside the launch of new products and services that underpin the Company's strategic ambitions, medium-term guidance and growth trajectory.

As a Board, we are very focused on the culture prevalent across the firm. There is no doubt that what the management team is delivering is extraordinary, but what is important to us is that these results are underpinned by a positive cultural setting and a keen eye on risk management. You will no doubt see across this year's report not only strong commercial and financial delivery but also that the bank is well-run, manages its risks well and creates an environment where employees can thrive. I truly feel that DF Capital is amongst the best places to work in financial services.

Having established a comprehensive product suite to support our long-term ambitions, alongside a scalable platform and great technology infrastructure, our firm focus now turns to delivering against our lending objectives and drive continued growth. We remain confident and excited about the opportunities ahead as a multi product lender, entering markets much bigger than our core inventory finance that has supported our profitable growth since authorisation as a bank in 2020.

Last year we set out our ambitions through to 2028 and whilst these remain a focal point for us, we've refreshed our targets to take a longer view to 2030 - bringing to life our plans for the next five years. What has been achieved over the last five years is astonishing in comparison to many early-stage banks, but we firmly believe the most exciting chapters of our story lie ahead. Importantly, and in light of the healthy levels of profit the Group is generating, our growth plan does not require an additional dilutive tier 1 capital raise; the Group can support its growth plan through retained earnings. Additionally, we believe delivering our maiden dividend will be possible, subject to regulatory approvals, following our 2028 full year results.

As I said in my report last year, as a Board, we do not put the financial successes of the Group down to good fortune, it is the careful orchestration of a strong strategic focus, great culture, fabulous people, customer centricity and exceptional leadership that brings these sorts of results to life. The management team never tires in their endeavours and demonstrate each and every day their passion for this business.

I would like to thank the Board of Directors for their enthusiastic support of the management team and specifically express my gratitude to Tom (Thomas) Grathwohl who steps down from the Board this year and will not seek re-election at this year's Annual General Meeting. Tom joined the Company as a founding non-executive and has proven a wise and committed guide through the firm's growth journey. As Tom steps away, we welcomed Richard Green who brings over 35 years financial services leadership experience, many of those working in the lending markets in which DF Capital operates. During the year, we were pleased to welcome Sameera Khaliq to the Board as Chief Financial Officer; her strong financial stewardship, strategic insight and deep sector expertise further strengthen the Group's leadership as we execute the next phase of our growth strategy.

As shareholders, I hope you read this year's report with immense pride. Without your support and encouragement, the Group would not be making the strides forward that it is each and every year.

Mark Stephens

Independent Non-Executive Chair

Chief Executive Officer's Report

2025 has undoubtedly been our best year so far. We have delivered on our financial targets, exceeding expectations in almost all areas; launched new products and services; continued to invest in technology and delivered record breaking results.

In September 2025, we celebrated our fifth year as a bank, and it's pleasing to report that we have delivered four years of profit - standing-out relative to most other early-stage banks. Throughout that period, we have stayed true to our strategic objectives and purpose to support the growth ambitions of manufacturers, dealers and distributors operating in our chosen markets. Our commitment to these attractive niche areas of lending, supported by deep specialist expertise and our award-winning deposit raising capability, underpin our exceptional financial performance.

The Group has delivered statutory pre-tax profit of £19.6m (2024: £19.1m), including a £1.5m VAT reclaim. Adjusted pre-tax profit for the period reached £18.1m, up 26% on the prior year (2024: £14.4m). Tangible net asset value per share increased significantly to 75.9p, up 19% on prior year (2024: 63.8p).

We have demonstrated substantial levels of growth and continued to scale the bank; exhibited excellent pricing discipline; and managed credit risk and operating costs well throughout the year.

Record breaking performance

The prevailing macro-economic uncertainties through the period have not hampered our growth. New loan origination reached £1.8bn, up c27% on the prior year (2024: £1.4bn), seeing growth across most products and sectors.

The Group's loan book closed the year at a record high of £846m, up c27% on the prior year (2024: £666m). Throughout we have maintained a laser focus on pricing discipline and credit quality. Gross yields have held strong at 12.0% (2024: 12.2%) despite falling interest rates and cost of risk improved to 0.59% (2024 adjusted: 0.75%).

We are supporting more lending customers than ever before. Our manufacturer partners reached 109 and our borrowers (predominantly dealers) has reached in excess of 1,500.

Inventory Finance: Continuing to grow market share

We have demonstrated continued growth in our core inventory finance lending product, working with manufacturers and distributors to provide working capital solutions tailored to their stock and business needs. As a result, we have successfully grown market share in most sectors, more than offsetting softer conditions in a small number of areas, highlighting the resilience of our well diversified sector exposure through economic cycles. Our growing market share is a function of our commitment to the markets in which we operate. We've leveraged our specialist underwriting, consistency in service and track record at times when some competitors have made conscious decisions to curtail their lending. We are recognised as easy to do business with and have excellent levels of customer service.

Dealers across most sectors continued to navigate the macro-economic uncertainty well, particularly those whose customers themselves are financially more secure and have demonstrated resilience to the cost-of-living pressures and elevated interest rates of recent years.

In the agricultural market, our smallest area of lending, low confidence across the farming community and adverse weather conditions continued to weigh on activity. The holiday home and lodge sector also remained cautious, with operators holding lower stock levels, although confidence is gradually rebuilding, as more parks change ownership and re-establish their attractiveness to holidaymakers and retirees. We have continued to support park rental fleets with our flexible lending products also. It is our expectation that we will see growth in this market as we transition through 2026 and beyond. The motorcycle market remained challenging, with suppressed end user demand and new bike registrations limiting growth in dealer inventory levels.

Across our commercial sectors, specifically transport and industrial, we have seen stronger levels of demand and greater confidence to hold stock on forecourts, reflecting the critical nature of these assets, replacement-led demand dynamics and the essential role these sectors play in supporting broader economic activity. Fewer electric vehicles are in inventory, with the resurgence of combustion engine variants following changes in government policy on emissions. Business development activities have been strong in this space and we see early fruits of that effort flowing through a growing pipeline of lending and inventory to finance. Likewise, in the automotive and specialist vehicle segments we have seen similar momentum building.

Our marine business scaled further during the year, through new relationships and growing our market share with existing customers, particularly at the larger vessel end of the market.

We are pleased that we have continued to grow our market share in the motorhome and caravan sectors, extending what we believe to be our long-standing leadership position as the largest inventory finance provider to UK-based dealers. We've deepened our relationship with manufacturers further, giving us greater access to their dealer network. We are consistently told that our proposition is second to none and we are, in the main, the funder of choice. We continue to selectively support existing caravan and motorhome manufacturer and dealer relationships in the Eurozone, and whilst this is relatively small lending in aggregate, it is providing important intelligence and experience for us to consider other routes to European expansion should we wish to pursue this in the future. We closed the year with loan balances of c£31m (2024: c£5m) to this cohort of customers.

It is clear to us, given our lending growth and increasing new loan origination, that our inventory finance proposition continues to resonate with our manufacturer and dealer customers; our Net Promoter Score increased materially to +59, up 21pts on 2024 (2024: +38) and well above our sector baseline of +30. Customers regularly call out how easy it is to do business with us, that we are accessible and that we have a friendly and responsive team supported by great technology.

Structured Finance: virtuous relationships through our tailored financing solutions

The Group's commitment to the markets and sectors in which we operate is recognised by our customers and wider industry participants. We are creating a virtuous environment where our tailored lending solutions are put to work, bringing to life the ambitions of sector participants and improving the vitality of the markets in which they operate. This creates a halo effect - deepening relationships and reinforcing our commitment to the success and growth of the markets in which we operate.

Our specialist relationship managers put their expertise to work providing short-term working capital, business related bridging finance, development finance, receivables financing and wholesale lending solutions to our borrowers. These are all lending products in which we have deep expertise across the organisation, made potent by our sector and market knowledge developed over many years lending to our chosen sectors.

We enjoy strong risk adjusted returns across these bespoke areas of lending, however given the nature of these opportunities with some being short-term in nature, we expect loan balances to generally be in the range of 10-15% of the Group's entire loan book. At the end of the year, the structured finance loans reached c.£113m (2024: £75m).

Asset finance: beyond the forecourt lending, deepening our relationships with our dealer and manufacturer network

Our asset finance product helps manufacturers and dealers sell more of their products by providing finance to their customers. We believe this is a natural extension to our existing manufacturer and dealer relationships, unlocking the potential to finance assets "beyond the forecourt".

Having organically built our asset finance capability, made the required investment in systems and technology and received the relevant consumer lending permissions from the Financial Conduct Authority, we launched our "DFRNT" asset finance product in Q3 2025. Initially built to support motorhome and caravan dealers, the proposition has now been broadened ahead of the anticipated peak sales period from March. Our offering now extends to include specialist assets such as static caravans, marine vessels and equestrian transport, as well as being able to provide finance for business-critical assets sold by our commercial dealers. This expansion positions us to capture a wider market opportunity and reinforces our commitment to delivering scalable, high-quality asset finance solutions across the sectors we know and understand.

Our proposition provides something different to existing funders - centred on personalised rates and greater transparency in pricing. We have a broad appetite for lending across prime and near-prime obligors, providing repayments that are priced for the credit profile of the borrower, whilst delivering target risk-adjusted returns. We have invested heavily in the latest technology and automated solutions to ensure that the product is scalable as we look to grow our lending. Our customer journey is easy to navigate and intuitive for both dealers and their customers.

The markets available to us are significant in size and we estimate total sales of our dealer network exceeds £10bn per annum. Whilst we won't convert every sale to a purchase funded by our finance solution, the size of the market opportunity materially outpaces the required growth to hit our 2028 and 2030 targets. Unlike our core inventory

finance, lending is longer in tenor and loan balances are much "stickier" (typically 4-5 years effective duration vs 150 days), meaning that our annual new loan origination requirements are relatively low whilst still fuelling an acceleration of our medium-term loan book growth.

We have already started to work with existing manufacturer partners with campaigns to support new products and expect momentum to build through 2026. Our asset finance product will be distributed, in the main, through our existing manufacturer, dealer and distributor relationships. Some dealers, who do not finance their inventory with us, have expressed an interest in "DFRNT" providing us with further areas for growth.

Risk adjusted returns are broadly commensurate with our other lending activities, meaning where we put our capital to work is entirely fungible across the Group's entire suite of lending products, allowing us to diligently maximise returns on capital.

Making investments for the longer term

We are committed to providing our customers with great levels of service. We consistently receive excellent client engagement scores from our borrowers and depositors alike. We believe that leveraging the latest technology to drive efficiency whilst offering customers high-quality human touchpoints with our team delivers competitive advantage. We want our team members to enrich customer experiences, providing guidance and support rather than navigating poor technology, legacy systems and handling paper-based records or applications.

We adopted optical character recognition and robotic process automation early in our journey and are now enhancing this through the latest artificial intelligence tools. Our technology infrastructure is modular in nature, allowing us to swap out older capabilities for newer more efficient developments and financial technology solutions.

The deployment of new technology is embedded in our DNA and we are well resourced to support this. We continuously make enhancements and improvements each year using a combination of our own internal talent and external third parties.

In 2025, we made major investments in the organic build-out of the asset finance product, following our digital first approach, leveraging best in class technology partnerships to build a uniquely DF Capital customer experience.

We believe leveraging technology and building scalable processing capabilities, coupled with growth in our loan book, unlocks intrinsic operational leverage and enables the achievement of our cost-to-income targets over the medium-term.

This year we made the decision to move our headquarters and operating centre into new offices remaining in Manchester. This investment, which saw us take additional office space, provides a high-quality future-proof environment for our team to work. Given the emerging trends in hybrid working, we have looked to create an engaging and modern environment for all types of work, collaboration and wider engagement, with employee wellbeing being an important component to effective office life. I firmly believe that our team performs at its best when co-located and operating face-to-face in the office.

Aiming to be amongst the Best Places to Work in the UK

We have a track record of delivering exceptional levels of employee engagement. We believe our culture makes us a unique proposition for new recruits but also ensuring we retain our existing colleagues.

I believe we have a team that is passionate about what we do, are highly invested in our strategic ambitions, understand where we are heading and consistently want to do the right thing for our customers, communities and ultimately our shareholders. Our outstanding financial results are underpinned by a positive culture across the firm, but also an eye to performance management and doing what we say we are going to do.

We have a strong track record of external recognition for employee engagement and workplace culture, having achieved a number of respected accreditations in recent years. Having completed the Best Places to Work survey for the year in review, our employee feedback has been rated "excellent" across all categories of employee satisfaction and engagement, the highest available, with results benchmarking well above both sector and global comparators.

Creating an environment where our employees feel recognised for their contribution, that they can thrive, feel safe and can fulfil their career ambitions, whilst seeking out opportunities to grow and develop is a non-negotiable imperative for us and is firmly in our DNA right across the organisation.

Outlook

We are now entering an exciting chapter of our story. The next five-years sees us tooled up with all the products, services and technology we need to deliver on our well-defined 2030 targets that we set out in January 2026; reaching a loan book in excess of £1.5bn; cost to income ratio in the range of 45-48%; a return on required equity of c.20%; and growing tangible net assets by 10-15% per annum.

We have access to the markets which underpin our growth and have more opportunities to support new loan origination than ever before. We are well capitalised and are now in a virtuous cycle where continued healthy retained earnings support organic capital generation. The Board believes the journey to these targets supports its intention to introduce a maiden dividend following the year ending 31 December 2028.

The entire DF Capital team is excited about our ambitious 2030 plan - the opportunities ahead of us are immense. I'm proud of what we've achieved so far in our journey but am looking forward to leading our talented team to achieve bigger and better things. Whilst 2025 has been undoubtedly our best year so far, I firmly believe that our best and most exciting days are ahead of us

Carl D'Amassa

Chief Executive Officer

Chief Financial Officer's Report

Financial overview

I am delighted to present my first financial report since joining the Group in May 2025. 2025 has been another year of strong and resilient financial performance from the Group, underpinned by disciplined balance sheet management and risk appetite, expansion of our products and services and continued investment in core capabilities. Against a backdrop of economic uncertainty and a changing interest rate environment, the Group maintained strong capital and liquidity positions while continuing to support customers and deliver sustainable returns.

Profitability continued on an upward trajectory for the fourth consecutive year, out of our five years as a bank, with pre-tax profit reaching £19.6m (December 2024: £19.1m). Exceptional growth in lending, delivered at strong returns, has been a key driver of this performance. During the year, the Group also successfully concluded a Partial Exemption Special Method ("PESM") VAT reclaim with the HMRC, resulting in favourable recovery of £1.5m. Excluding this recovery underlying profit before tax increased to £18.1m, up 26% on the prior year (2024: £14.4m).

We achieved solid financial results across several of our key performance measures, with adjusted return on tangible equity¹ climbing to 11.9% (December 2024: 9.9%) and adjusted basic earnings per share¹ for the year of 8.3p (2024: 5.9p). TNAV per share, which provides an indication of the Group's tangible capital base available to shareholders, calculated after deducting intangible assets, was also up 19% to 75.9p (2024: 63.8p). This reflects the strength and growing value in our business.

During the period, the bank successfully executed a share buy-back programme in line with our capital allocation framework, reflecting the Board's confidence in the Group's financial strength, long-term strategy, and the intrinsic value of its shares. A total of 12,966,866 of ordinary shares were repurchased.

¹Adjusted metrics reflect a one-off VAT recovery in FY25 relating to prior periods and FY24 reallocates a one-off impairment recovery.

Strong balance sheet growth and resilient net interest margin underpin income growth

The Group has delivered positive loan book growth in the year, generating gross revenues, which are predominantly comprised of interest and similar income, of £90.9m (2024: £76.7m), up 19% on prior year.

Lending growth continues to be fully funded through the retail savings market, with expansion in the loan book matched by growth in customer deposits. Savings balances grew strongly over the year, closing at £841m (December 2024: £650m). Total interest expense reached £34.9m (December 2024: £31.2m), largely reflecting retail balance growth and competitive pricing for savers.

Net interest margin ("NIM"), which categorises the interaction between asset yields and funding costs, has remained resilient at 8.0% (2024: 7.9%), despite a declining bank base rate, falling by 1% to 3.75% over the period.

Overall asset yields moderated but remained robust at 12.0% for the period (2024: 12.2%). The reduction reflects the lower interest rate environment, as our asset pricing is structurally linked to bank base rate. Asset yields have therefore repriced downward in line with the reduction in base rate. Given the gradual repricing profile of the balance sheet, the full impact of this 1% base rate cut is not expected to be realised until 2026. Our continued discipline in pricing approach and balance sheet mix optimisation has further supported overall returns.

On the liabilities side, retail savings rates have also repriced lower in response to the downward shift in central bank rate. Customer pricing moved broadly in line with market conditions, helping to offset the overall impact on net interest income. The average customer rate for retail deposits decreased to 4.42% at the period end (December 2024: 5.16%). Despite these reductions, the Group's product offerings have remained competitive, delivering on our commitment to offer market leading rates, consistently featuring in independent "best buy" tables. It is important to mention that our savings proposition continues to receive positive endorsement from our depositors. We consistently achieve 4.8 feefo stars and have received feefo's Platinum Trusted Service Award for a third time this year.

Overall net income, which is predominately interest income earned on assets (principally loans and advances, and liquidity), less interest paid on liabilities (principally retail savings and Tier 2 capital) reached £56.0m in 2025 (2024: £45.5m), an increase of 23%. A detailed composition is set out below.

Summarised Statement of Comprehensive Income (£m)

	2025	2024	%
Gross revenues	90.9	76.7	19%
Interest expense	(34.9)	(31.2)	(12)%
Net income	56.0	45.5	23%
Operating expenses	(32.2)	(26.6)	21%
Impairment and provisions	(4.2)	0.2	n/a
Profit before tax	19.6	19.1	3%
Impact of VAT recovery in 2025	(1.5)	-	n/a
Impact of RoyaleLife write back in 2024	-	(4.7)	n/a
Adjusted profit before tax	18.1	14.4	26%

Investing for growth while maintaining cost discipline

Cost discipline has been maintained throughout the period, notwithstanding investment in the Group's strategic growth priorities. These investments were targeted at enabling colleagues to operate more efficiently, strengthening controls as the business grows, and supporting consistent service delivery to customers. Operating expenses for the year totalled £32.2m (2024: £26.6m), reflecting conscious investment in scalable platforms and capabilities, with overall cost to income ratio for the period being 57.4% (December 2024: 58.5%).

Operationally, the Group remains focussed on growing into our cost base, maximising the benefits of our scalable platforms. Average headcount increased to 155 at the end of the period (31 December 2024: 137 employees), reflecting investment in specialists to support the asset finance proposition, alongside continued strengthening of the Group's Change and Risk capabilities. These investments enhance the Group's ability to execute its strategic roadmap and ensure that the risk and control framework remains aligned with regulatory expectations as the business grows.

The Group continued to progress targeted technology initiatives to enhance operational efficiency. This has included implementation of workflow automation solutions to enhance our customer due diligence processes, supporting more efficient customer onboarding and regulatory compliance.

The Group also invested in a new, significantly larger office during the year, underpinning its long-term growth ambitions and operational capability.

Looking ahead, the Group expects to benefit from increasing operational leverage as recent investments scale, supporting continued growth while maintaining a disciplined approach to cost management, supporting a widening of jaws between cost and income.

Disciplined approach to credit risk maintains strong credit performance

Despite the challenging macro-economic environment, the Group's lending portfolios have continued to perform well, and asset quality remains within the appetite set by the Board.

With a strong credit discipline embedded in our credit origination and ongoing in life portfolio management, we continue to originate new lending in line with credit policy and overdue accounts are tightly controlled and managed.

Customer accounts with payments one day or more past due, are classified as in arrears. The total number of customers with arrears, including those in legal recovery, at 31 December 2025 was 39 (31 December 2024: 33), representing only 2.7% of our total dealer base (31 December 2024: 2.3%). The corresponding arrears value at the period end was £7.2m (31 December 2024: £4.8m), equal to 0.85% (December 2024: 0.72%) of the Group's total lending book, which is within appetite. Of this, 33 cases, with total exposure of £6.7m were in legal recovery, where the Group works diligently to recover assets over the necessary period. Appropriate loan provisions are individually assessed and in place for all cases in recovery.

Arrears performance can be summarised as follows:

Arrears (£'000)

(Arrears - principal repayment fees and interest)

31-Dec-25

31-Dec-24

	31-Dec-25	31-Dec-24
< 30 days past due (early)	175	1,101
31-90 days past due (mid/late)	350	739
>90 days past due (in-default)	6,670	2,976
Total arrears	7,195	4,816
% of loan book	0.85%	0.72%

Provision adequacy is consistent with previous years, and Cost of Risk remains within appetite at 0.59% for 2025 (2024 adjusted²: 0.75%), reflecting pro-active management of problem cases and our continuing ability to remediate dealer defaults by product redistribution through the customer network or sale of secured assets to other parties.² Adjusted metric reflects a one-off impairment recovery in FY24

We take security of our assets to strengthen our position

The Group's core Inventory Finance lending is secured by taking legal title over individual assets, enabling the provision of working capital to fund dealers' inventory. Credit risk remains well controlled, with lending maintained at a Loan to Wholesale Value ("LTV") of approximately 87% (31 December 2024: 84%).

Advances are based on wholesale invoice values rather than retail prices, which typically include a mark-up of around 20% above wholesale cost. As a result, for the Group to experience a loss following a default, average retail prices across relevant sectors would need to decline by approximately 30% at the point of asset recovery.

Further credit mitigation is provided through manufacturer repurchase or redistribution arrangements, which cover c.60% of the inventory finance loan book (2024: c.60%). In addition, the Group also benefits from supplementary security in the form of personal and/or cross company guarantees.

Portfolio ageing

Portfolio stock days in The Group's inventory finance lending book, which are defined as the average age of loans outstanding, help the Group determine how its portfolio is ageing compared to historical experience and sector tolerance levels used for portfolio oversight. At the end of December 2025, this has reduced to 129 days (December 2024: 140 days) and remains comfortably within sector levels. As the lending book grows and diversifies, with more asset finance lending expected over the medium term, stock days are expected to be less significant in the Group's reporting KPI's.

Stock turn (average age of loan outstanding - days)

	Recent trend vs expected norms		Historical Annual Average	Tolerance Level	31-Dec 2025	31-Dec 2024
	New Loans	Repayments	Average			
Agriculture	Lower	Slower	119	240	176	153
Automotive	Higher	In line	73	200	71	80
Industrial	In line	Slower	120	250	177	179
Lodges	Lower	Slower	154	300	210	278
Marine	Higher	Slower	132	250	146	119
Motorcycle	In line	In Line	107	200	111	107
Motorhome & Caravan	Higher	In Line	105	200	132	125
Transport	Higher	In Line	86	200	89	93
Loan Book Average			128	240	129	140

Funding stability supports robust liquidity position

The Group maintained a strong and prudent liquidity position throughout the period, supported by a stable funding base and disciplined liquidity management. Liquidity resources remained comfortably in excess of internal risk appetite and regulatory requirements, providing appropriate headroom to support growth and withstand potential market shocks. Liquidity Coverage Ratio was at 693% at the period end.

The Group's funding profile continues to benefit from a diversified retail deposit base, enhancing overall funding stability. The savings proposition remained attractive and competitive throughout the period, driving resilient customer behaviour for both retention and new acquisition.

The Group actively manages its liquidity risk through regular stress testing, scenario analysis and monitoring against Board approved limits, ensuring the Group meets its obligations as they fall due. Extreme economic scenarios are also run to ensure our contingency plans remain robust.

Our capital position unlocks our growth ambitions

The Group is required to manage its capital in accordance with regulatory rules and guidance. Our capital position remained robust throughout the year, supporting balance sheet growth. Total equity ended the period at £127.2m (31 December 2024: £115.4m). Regulatory capital, which is Common Equity Tier 1 (CET1) capital together with Tier 2 capital, increased to £127.7m (31 December 2024: 109.0m). This includes an additional £5m drawn in 2025 from our Tier 2 capital facility with British Business Investments, taking overall drawdown to £15m at the period end, from a total available facility of £20m.

The Group continues to leverage the benefit of the ENABLE Guarantee with the British Business Bank, with a pool of up to £350m of lending. Across the year, the Group secured agreement to include different product categories within this lending pool, ensuring maximum efficiency and utilisation of the scheme.

Combined with strong retained earnings, these capital levers have enabled an increase in our lending book of 27%, whilst preserving CET1 ratio at 18.0% (31 December 2024: 21.6%), well above our regulatory minima.

With expectations of further retained earnings, negotiations for a renewed agreement with British Business Bank expected to complete in the first half of 2026 and capacity for more Tier 2 capital, the Group remains confident in its capital headroom, which supports our medium-term growth ambitions without the need for a dilutive equity raise. This positive capital position unlocks our strategic ambitions, with opportunity for accelerated growth, portfolio acquisitions and/or returns of capital to shareholders by way of share buyback or dividends.

Sameera Khaliq

Chief Financial Officer

Report of the Directors

The Directors present their Annual Report on the affairs of the Group, together with the consolidated financial statements, company financial statements and auditor's report, for the year ended 31 December 2025.

Details of significant subsequent events are contained in note 43 to these consolidated financial statements. An indication of likely future developments in the business of the Group are included in the Strategic Report section.

Information about the use of financial instruments by the Group is detailed within note 37 to the consolidated financial statements.

Principal activity

The principal activity of the Group is as a specialist commercial lending and savings bank group. The Group provides niche working capital funding solutions to distributors and manufacturers across the UK, enabled by competitively priced customer savings products.

Results and dividends

The total comprehensive profit for the year, after taxation, amounted to £15,159,000 (2024: £14,096,000). The Directors do not recommend the payment of a dividend (2024: £nil).

Directors

The Directors who held office during the year and up to the date of the Directors' report were as follows:

Mark Stephens
Sheryl Lawrence
Nicole Coll
Thomas Grathwohl
Richard Green (appointed 17 September 2025)
Haakon Stenrød
Carl D'Ammassa
Gavin Morris (resigned 31 July 2025)
Sameera Khaliq (appointed 7 July 2025)

Directors' shareholdings

As at 31 December 2025, the Directors held the following ordinary shares in the Company:

Director	Position	No. of ordinary shares	Voting rights (%)
Mark Stephens	Independent Board Chair	82,119	0.05%
Thomas Grathwohl	Independent Non-Executive Director	533,312	0.32%
Carl D'Ammassa	Chief Executive Officer	769,648	0.46%

Significant shareholders

As at 31 December 2025, the following parties held greater than 3% of issued share capital in the Company in accordance with the requirements of Rule 5 of the Disclosure Guidance and Transparency Rules:

	No. of ordinary shares	Voting rights (%)
Watrium AS	30,577,593	18.34%
Janus Henderson Investors	17,353,430	10.41%
River Global Investors	16,400,000	9.84%
Lombard Odier Investment Managers	15,909,961	9.54%
UBS Securities	14,844,505	8.90%
Crucible Clarity Fund	8,628,633	5.18%
Premier Milton Investors	8,175,000	4.90%
Hargreaves Lansdown Asset Management	5,121,344	3.07%

Political and charitable donations

The Group made charitable donations of £119,313 (2024: £23,355) and no political donations during the year ended 31 December 2025 (2024: £nil).

Annual General Meeting

The Company anticipates holding its Annual General Meeting in May 2026. The Notice of AGM and Form of Proxy will be posted to shareholders in due course and a copy will be available at www.dfcapital-investors.com. The AGM will be held at the Company's registered office in Manchester.

Directors' insurance and indemnities

The Group has maintained Directors and Officers liability insurance for the benefit of the Group, the Directors, and its officers. The Directors consider the level of cover appropriate for the business and will remain in place for the foreseeable future.

Statement of Going Concern

The Directors have completed a formal assessment of the Group's financial resources. In making this assessment the Directors have considered the Group's current available capital and liquidity resources, the business financial projections and the outcome of stress testing. Based on this review, the Directors believe that the Group is well placed to manage its business risks successfully within the expected economic outlook. See note 1.6 for further details.

Accordingly, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for a period of at least 12 months from the date of approval of the financial statements. Accordingly, they continue to adopt the going concern basis in preparing the Annual Report and Financial

Statements.

Corporate Governance

The Corporate Governance Report on pages 61 to 95 contains information about the Group's corporate governance arrangements.

Subsequent events

Details relating to significant events occurring between 31 December 2025 and the date of approval of the financial statements are detailed further within note 43 of the consolidated financial statements.

Disclosure of information to the auditor

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

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

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

Reappointment of auditor

Deloitte LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board on 20 March 2026 and signed on its behalf by:

.....
Carl D'Amassa
Director

Statement of Directors' Responsibilities

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

Company law requires the Directors to prepare Group and parent Company financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom adopted International Accounting Standards. The financial statements also comply with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB). The Directors have chosen to prepare the parent Company financial statements on the same basis.

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

In preparing these consolidated financial statements and Company financial statements, the Directors are required to:

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors' Report, and Corporate Governance Statement that complies with that law and those regulations.

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

Responsibility statement of the Directors in respect of the annual financial report

Each of the persons who is a Director at the date of approval of this report confirms, to the best of their knowledge, that:

- § the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole;
- § the Strategic Report/Directors' Report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- § the annual report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

Consolidated Statement of Comprehensive Income

	Note	2025 £'000	2024 £'000
Interest and similar income	4	90,698	76,820
Interest and similar expenses	5	(34,897)	(31,208)
Net interest income		55,801	45,612
Fee income	6	1,684	1,237
Fee expenses	7	(1,608)	(1,626)
Net (losses)/gains from derivatives and other financial instruments at fair value through profit or loss	21	(773)	372
Other income	8	28	2
Foreign currency gain/(loss)		907	(107)
Total operating income		56,039	45,490
Staff costs	9	(20,684)	(16,044)
Other operating expenses	11	(11,497)	(10,563)
Net impairment (loss)/gain on financial assets	13	(4,267)	241
Other provisions	12	50	(50)
Total operating profit		19,641	19,074
Profit before taxation		19,641	19,074
Taxation	15	(4,482)	(5,053)
Profit after taxation		15,159	14,021

Other comprehensive income:

Items that may subsequently be transferred to the income statement:

FVOCI investment securities:

Amounts transferred to the income statement	-	75
Total other comprehensive income for the year, net of tax	-	75
Total comprehensive income for the year	15,159	14,096

Earnings per share:

		Pence	Pence
Basic EPS	38	8.9	7.8
Diluted EPS	38	8.4	7.4

The notes on pages 116 to 177 are an integral part of these financial statements.

The financial results for all periods are derived entirely from continuing operations.

Consolidated Statement of Financial Position

	Note	2025 £'000	2024 £'000
Assets			
Cash and balances at central banks		131,676	110,030
Loans and advances to banks	27	5,894	3,771
Investment securities	20	5,722	769
Derivatives held for risk management (asset)	21	411	295
Loans and advances to customers	19	839,526	660,772
Trade and other receivables	23	7,734	4,678
Current taxation asset	24	40	-
Deferred taxation asset	26	1,912	3,980
Property, plant and equipment	16	3,797	1,093
Right-of-use assets	17	2,355	202
Intangible assets	18	745	950
Total assets		999,812	786,540
Liabilities			
Customer deposits	34	840,565	649,665
Amounts due to banks	21	-	180
Derivatives held for risk management (liability)	21	819	6
Fair value adjustments on hedged liabilities	22	375	136
Financial liabilities	33	2,444	90
Trade and other payables	36	12,822	9,335
Provisions	12	255	285
Current taxation liability	25	-	1,259
Subordinated liabilities	35	15,302	10,230
Total liabilities		872,582	671,186
Equity			
Issued share capital	30	1,793	1,793
Merger relief	30	94,911	94,911
Merger reserve	32	(20,609)	(20,609)
Own shares	31	(548)	(440)
Treasury shares	30	(4,755)	-
Retained earnings		56,438	39,699
Total equity		127,230	115,354
Total equity and liabilities		999,812	786,540

The notes on pages 116 to 177 are an integral part of these consolidated financial statements.

These financial statements were approved by the Board of Directors and authorised for issue on 20 March 2026. They were signed on its behalf by:

.....
Carl D'Ammassa
Director
20 March 2026

Registered number: 11911574

Consolidated Statement of Changes in Equity

	Issued share capital £'000	Merger relief £'000	Merger reserve £'000	Own shares ² £'000	Treasury Shares ³ £'000	Retained earnings £'000	Total £'000
Balance at 1 January 2024	1,793	94,911	(20,609)	(401)	-	24,720	100,414
Profit after taxation	-	-	-	-	-	14,021	14,021
Other comprehensive income	-	-	-	-	-	75	75
Total comprehensive income	-	-	-	-	-	14,096	14,096

Share-based payments ¹	-	-	-	-	-	985	985
Employee Benefit Trust ²	-	-	-	(39)	-	(102)	(141)
Balance at 31 December 2024	1,793	94,911	(20,609)	(440)	-	39,699	115,354
Profit after taxation	-	-	-	-	-	15,159	15,159
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	-	15,159	15,159
Share-based payments ¹	-	-	-	-	-	1,254	1,254
Employee Benefit Trust ²	-	-	-	(108)	-	(84)	(192)
Share Buyback Settlement of share options ⁴	-	-	-	-	(4,877)	-	(4,877)
Deferred tax asset on share-based payments ⁵	-	-	-	-	122	(6)	116
	-	-	-	-	-	416	416
Balance at 31 December 2025	1,793	94,911	(20,609)	(548)	(4,755)	56,438	127,230

¹ Refer to note 10 for details on share-based payments during the year.

² The Group has adopted look-through accounting (see note 1.3) and recognised the Employee Benefit Trust as Own Shares. Refer to note 31 for further details of the movements in the year.

³ During the year, the Group repurchased 12,966,866 shares at a total cost of £4,877,000 inclusive of commission. These treasury shares do not carry voting rights or rights to dividends while held by the Company.

⁴ During the year, the Group used treasury shares to settle the vesting of a share option scheme.

⁵ During the year, the Group recognised a deferred tax asset of £1,311,000 in respect of share-based payments, of which £895,000 has reduced the current year tax charge and £416,000 has been recognised directly in retained earnings.

The notes on pages 116 to 177 are an integral part of these consolidated financial statements.

Consolidated Cash Flow Statement

	Note	2025 £'000	2024 £'000
<u>Cash flows from operating activities:</u>			
Profit before taxation		19,641	19,074
Adjustments for non-cash items and other adjustments Included in the income statement	28	7,794	3,822
Increase in operating assets	28	(186,354)	(92,390)
Increase in operating liabilities	28	195,168	79,376
Taxation paid	24,25	(3,296)	(681)
Net cash generated from operating activities		32,953	9,201
<u>Cash flows from investing activities:</u>			
Purchase of investment securities		(498)	(9,918)
Proceeds from sale and maturity of investment securities		500	25,000
Dividends received on money market funds		57	25
Interest received on investment securities		2	75
Purchase of property, plant and equipment	16	(3,557)	(397)
Cash received on disposal of property, plant and equipment		34	-

Purchase of right of use assets		(81)	-
Purchase of intangible assets	18	(80)	(623)
Net cash (used in)/generated from investing activities		(3,623)	14,162
Cash flows from financing activities:			
Repayment of lease liabilities	33	(108)	(252)
Issuance of subordinated liabilities	35	5,000	-
Coupon paid on subordinated liabilities	28	(1,269)	(1,273)
Purchase of own shares	31	(192)	(142)
Purchase of treasury shares	30	(4,877)	-
Receipt of cash from settlement of share options		116	-
Net cash used in financing activities		(1,330)	(1,667)
Net increase in cash and cash equivalents		28,000	21,696
Cash and cash equivalents at start of the period	28	112,563	90,867
Cash and cash equivalents at end of the period	28	140,563	112,563

Notes to the Financial Statements

1. Basis of preparation

1.1 General information

The consolidated financial statements of Distribution Finance Capital Holdings plc (the "Company" or "DFCH plc") include the assets, liabilities, and results of its wholly owned subsidiaries, DF Capital Bank Limited (the "Bank"), DF Capital Financial Solutions Limited and DF Capital Retail Finance Limited, which together form the "Group".

DFCH plc is registered and incorporated in England and Wales whose company registration number is 11911574. The registered office is Express Building, 9 Great Ancoats Street, Manchester, England, M4 5AD. The Company's ordinary shares are listed on the Alternative Investment Market ("AIM") of the London Stock Exchange.

The principal activity of the Company is that of an investment holding company. The principal activity of the Group is as a specialist commercial lending and savings banking group. The Group provides niche working capital funding solutions to distributors and manufacturers, enabled by competitively priced savings products.

These financial statements are presented in pounds sterling, which is the currency of the primary economic environment in which the Group operates, and are rounded to the nearest thousand pounds, unless stated otherwise.

1.2 Basis of preparation

The Group consolidated financial statements and the Company financial statements have been prepared and approved by the Directors in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the United Kingdom (UK) and interpretations issued by the IFRS Interpretations Committee (IFRS IC).

The consolidated and Company financial statements are prepared on a going concern basis and under the historical cost convention except for the treatment of certain financial instruments, including the revaluation of investment securities held at fair value through other comprehensive income (FVTOCI), and derivative contracts and other financial assets or liabilities held at fair value through profit or loss (FVTPL).

By including the Company financial statements, here together with the Group consolidated financial statements, the Company is taking advantage of the exemption in Section 408 of the Companies Act 2006 not to present its individual income statement and related notes that form a part of these approved financial statements.

For the year ended 31 December 2025, subsidiary undertakings DF Capital Financial Solutions Limited (Company number: 14891201) and DF Capital Retail Finance Limited (Company number: 15788832) were exempt from the requirements of the Companies Act 2006 relating to the audit of individual accounts by virtue of section 479A of the Companies Act 2006. The Company, as the ultimate parent company, is providing a guarantee for DF Capital Financial Solutions Limited and DF Capital Retail Finance Limited in accordance with section 479C of the Companies Act 2006 as at 31 December 2025.

1.3 Basis of consolidation

The Group financial statements include the results of the Company and its subsidiary undertakings. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and are deconsolidated from the date that control ceases. Accounting policies of the Company and its subsidiaries are consistent. The Group 'controls' an entity if it is exposed to, or has rights to, variable returns from its involvement with the entity and has

the ability to affect those returns through its power over the entity.

Upon consolidation, all intra-group transactions, balances, income, and expenses are eliminated within the consolidated financial statements within this Annual Report and Financial Statements. The consolidated financial statements contained in this Annual Report consolidate the statements of total comprehensive income, statements of financial position, cash flow statements, statements of changes in equity and related notes for Distribution Finance Capital Holdings plc, DF Capital Bank Limited, DF Capital Financial Solutions Limited and DF Capital Retail Finance Limited, which together form the "Group", which have been prepared in accordance with applicable IFRS accounting standards. Accounting policies have been applied consistently throughout the Group and its subsidiaries.

The Group's Employee Benefit Trust (EBT) is controlled and recognised by the Company using the look-through approach, i.e. as if the EBT is included within the accounts of the Company.

1.4 Adoption of new and revised standards and interpretations

International financial reporting standards issued and adopted for the first time in the year ended 31 December 2025

In the preparation of these financial statements no accounting standards are being applied for the first time.

International financial reporting standards issued but not yet effective which are applicable to the Group

In April 2024 the IASB issued IFRS 18 - "Presentation and Disclosure in Financial Statements". This is expected to impact the way in which information is disclosed in financial statements without impacting materially on the underlying accounting.

IFRS 18 is expected to apply to the Group with effect from the financial year ending 31 December 2027, if the standard is endorsed for use in the UK. A detailed exercise to determine the impact of the new standard on the Group's annual reporting will be carried out before the implementation date.

In May 2024, the IASB issued "Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)".

These amendments are effective for annual reporting periods beginning on or after 1 January 2026. An exercise has been performed which concluded that the amendments to the standard will have no impact on the Group's annual reporting.

Other than the above, there are no new reporting standards and interpretations in issue but not effective which address matter relevant to the Group's accounting and reporting.

1.5 Principal accounting policies

The principal accounting policies adopted in the preparation of this financial information are set out below. These policies have been applied consistently to all the financial periods presented.

1.6 Going concern

The financial statements are prepared on a going concern basis as the Directors are satisfied that the Group has adequate resources to continue operating for a period of at least 12 months from the date of approval of the financial statements. In making this assessment the Directors have considered:

- § The Group's financial projections and current trading performance together with the Group's capital and liquidity resources and surpluses over regulatory and risk appetite requirements;
- § Further consideration has been given to the external factors facing the business including the macro-economic environment, geopolitical risks and the regulatory environment, and whether there are any material uncertainties that could impact the Group's ability to operate as a going concern;
- § The stress testing and capital and liquidity planning performed as a part of the ICAAP and ILAAP demonstrate that the Group has adequate capital and liquidity buffers and has the ability to effectively manage stresses and resources;
- § A number of severe and plausible scenarios were considered as part of the stress testing process with a combination of severe idiosyncratic and macroeconomic scenarios. The scenarios included a demand side shock driven by geopolitical tensions and rising overseas import tariffs impacting economic growth;
- § Consideration was given to banking sector failures in recent years and whether there are any implications for the Group. This included assessment of our deposit base, which is made up predominantly of retail customers, of which 97.7% are fully covered by the Financial Services Compensation Scheme ('FSCS'). Further consideration was given to the liquid assets of the Group which is predominantly cash held at the Bank of England, alongside the Group's asset and liability maturity profile;
- § In respect of climate change, the Board recognises the long-term risks and these are considered as part of the annual ICAAP.

Based on this review, the Directors believe that the Group is well placed to manage its business risks successfully within the expected economic outlook. Accordingly, the Directors have adopted the going concern basis in preparing the financial statements.

Information on the Group's business strategy, performance and outlook are detailed in the Chair's Statement, Chief Executive Officer's review and Chief Financial Officer's review. The Risk Overview sections further detail the key risks faced by the Group and mitigants and provides an overview of the Group's Risk Management Framework.

1.7 Critical accounting estimates and judgements

In accordance with IFRS, the Directors of the Group are required to make judgements, estimates and assumptions in certain subjective areas whilst preparing these financial statements. The application of these accounting policies may impact the reported amounts of assets, liabilities, income and expenses and actual results may differ from these estimates.

Any estimates and underlying assumptions used within the statutory financial statements are reviewed on an ongoing basis, with revisions recognised in the period in which they are adjusted, and any future periods affected.

Further details can be found in note 3 on the critical accounting estimates and judgements used within these financial statements.

1.8 Foreign currency translation

The financial statements are expressed in Pound Sterling, which is the functional and presentational currency of the Group.

Transactions in foreign currencies are translated to the Group's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign exchange differences arising on translation are recognised in the statement of income.

2. Summary of material accounting policies

2.1 Revenue recognition

Net interest income

Interest income and expense for all financial instruments except for those classified as held for trading or measured or designated as at fair value through profit and loss ("FVTPL") are recognised in "Net interest income" as "Interest income" and "Interest expenses" in the income statement using the effective interest method.

The effective interest rate ("EIR") is the rate that exactly discounts estimated future cash flows of the financial instrument through the expected life of the financial instrument or, where appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability. The future cash flows are estimated taking into account all the contractual terms of the instrument.

The calculation of the EIR includes all fees and points paid or received between parties to the contract that are incremental and directly attributable to the specific lending arrangement, transaction costs, and all other premiums or discounts.

In calculating the EIR, management have taken into consideration the behavioural characteristics of the underlying loans in the lending portfolio which includes evaluating the expected duration of loans and any additional behavioural fees.

The interest income/expense is calculated by applying the EIR to the gross carrying amount of non-credit impaired financial assets (that is, to the amortised cost of the financial asset before adjusting for any expected credit loss allowance), or to the amortised cost of financial liabilities.

For credit-impaired financial assets, as defined in the financial instruments accounting policy, the interest income is calculated by applying the EIR to the amortised cost of the credit-impaired financial assets (that is, to the gross carrying amount less the allowance for expected credit losses ("ECLs")).

Interest income on investment securities is included in interest and similar income. Interest on derivatives is included in interest and similar income or interest and similar expenses charges following the underlying instrument it is hedging.

Fee income

All fee income relates to fees charged directly to customers based on their credit facility. These fees do not meet the criteria for inclusion within interest income. The Group satisfies its performance obligations as the services are rendered. These fees are billed in arrears of the period they relate to.

Fee income is recognised in accordance with IFRS 15 which sets out the principles to follow for revenue recognition which takes into consideration the nature, amount, timing and uncertainty of revenue and cash flows resulting from a contract with a customer. The accounting standard presents a five-step approach to income recognition to enable the Group to recognise the correct amount of income in the corresponding period(s):

- § the contract has been approved by the parties to the contract;
- § each party's rights in relation to the goods or services to be transferred can be identified;
- § the payment terms for the goods or services to be transferred can be identified;
- § the contract has commercial substance; and
- § it is probable that the consideration to which the entity is entitled to in exchange for the goods or services will be collected.
- § the contract has been approved by the parties to the contract;

All other income is currently recognised under IFRS 9 under the effective interest rate methodology, however, when new fees are implemented, they will be assessed as to whether they fall under IFRS 9 (EIR) or IFRS 15.

IFRS 9 and IFRS 15 have been applied consistently to all the financial periods presented.

Fee expense

Fee and commission expense predominantly consists of non-incremental fees in relation to financial guarantee schemes, undrawn facility commitment facility fees, introducer commissions, and other non-incremental direct costs. Where these fees and commissions are incremental costs that are directly attributable to the issue of a financial instrument, they are included in interest income as part of the EIR calculation. Where they are not incremental costs that are directly attributable, they are recognised within fee and commission expense as the services are received.

Net gains / (losses) from derivatives and other financial instruments at fair value through profit or loss

Net gains/(losses) from derivatives and other financial instruments at fair value through profit or loss relate to non-trading derivatives held for risk management purposes and related fair value adjustments to hedged items. It includes all realised and unrealised fair value movements, interest and foreign exchange differences.

Other income from financial instruments

During the year ended 31 December 2025, the Group's investment securities included debt securities which are measured at fair value through other comprehensive income and investment in a money market fund which is measured at amortised cost. The debt securities are measured at their closing bid prices at the reporting date with any unrealised gain or loss recognised through other comprehensive income. Once the assets have been disposed, the corresponding realised gain or loss is transferred from other comprehensive income into the income statement.

2.2 Property, plant and equipment

All property, plant and equipment is stated at historical cost (or deemed historical cost) less accumulated depreciation, and less any identified impairment. 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.

Depreciation is provided on all property, plant and equipment at rates calculated to write each asset down to its estimated residual value on a straight-line basis at the following annual rates:

Fixtures & fittings	10 years
Computer equipment	3-5 years
Telephony & communications	3 years
Leasehold improvements	1 - 10 years
Motor vehicles	6 years

Right-of-use assets are depreciated over the shorter period of the lease term and the useful life of the underlying asset. All current lease agreements have a maximum lease term of 10 years. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset.

Useful economic lives and estimated residual values are reviewed annually and adjusted as appropriate.

The gain or loss arising on the disposal of an asset is determined as the difference between the sales proceeds less any costs of disposal and the carrying amount of the asset, which is recognised in the income statement.

2.3 Intangible assets

Computer software

Computer software which has been purchased by the Group from third party vendors is measured at initial cost less accumulated amortisation and less any accumulated impairments.

Computer software is estimated to have a useful life of 3 years with no residual value after the period. These assets are amortised on a straight-line basis with the useful economic lives and estimated residual values being reviewed annually and adjusted as appropriate.

Internally generated intangible assets

Internally generated intangible assets are only recognised by the Group when the recognition criteria have been met in accordance with IAS 38: Intangible Assets as follows:

- § expenditure can be reliably measured;
- § the product or process is technically and commercially feasible;
- § future economic benefits are likely to be received;
- § intention and ability to complete the development; and
- § view to either use or sell the asset in the future.

The Group will only recognise an internally generated asset should it meet all the above criteria. In the event of a development not meeting the criteria it will be recognised within the consolidated income statement in the period incurred.

Capitalised costs include all directly attributable costs to the development of the asset. Internally generated assets are measured at capitalised cost less accumulated amortisation less accumulated impairment losses.

The internally generated asset is amortised at the point the asset is available for use or sale. The asset is amortised on a straight-line basis over the useful economic life with the remaining useful economic life and residual value being assessed annually. The estimated useful economic life of internally generated assets is 3-5 years with no expected residual balance.

Any subsequent expenditure on the internally generated asset is only capitalised if the cost increases the future economic benefits of the related asset. Otherwise, all additional expenditure should be recognised through the income statement in the period it occurs.

2.4 Financial instruments

Initial recognition

Financial assets and financial liabilities are recognised in the statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of the financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are respectively added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs that are not directly attributable to the acquisition of financial assets and financial liabilities at FVTPL are recognised immediately in the consolidated income statement.

Classification

The Group classifies financial instruments based on the business model and the contractual cash flow characteristics of the financial instruments. Under IFRS 9, the Group classifies financial assets into one of three measurement categories:

- § **Amortised cost** - assets in a business model whose objective is to hold financial assets to collect contractual cash flows, where the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding. The Group classifies non-derivative financial liabilities as measured at amortised cost.
- § **Fair value through other comprehensive income (FVOCI)** - assets held in a business model whose objective is to collect contractual cash flows and sell financial assets where the contractual terms of the financial assets give rise on specified dates to cash flows that are SPPI on the principal amount outstanding. The Group measures investment securities in the form of UK Treasury Bills and UK Gilts under this category.
- § **Fair value through profit or loss (FVTPL)** - assets not measured at amortised cost or FVOCI. The Group measures derivatives under this category.

The Group has no non-derivative financial assets or liabilities classified as held for trading.

The Group classifies certain financial instruments as equity where they meet the following conditions:

- § the financial instrument includes no contractual obligation to deliver cash or another financial asset on potentially unfavourable conditions;
- § the financial instrument is a non-derivative that includes no contractual obligation for the issuer to deliver a variable number of its own equity instruments; or
- § the financial instrument is a derivative that will be settled only by the issuer exchanging a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

Financial assets - measurement

I. Financial assets measured at amortised cost

These are initially measured at fair value plus transaction costs that are directly attributable to the financial asset. Subsequently, these are measured at amortised cost using the EIR method. The amortised cost is the amount advanced less principal repayments, plus or minus the cumulative amortisation using the EIR method of any difference between the amount advanced and the maturity amount, less impairment provisions for expected losses. The losses arising from impairment are recognised in the income statement and disclosed with any other similar losses within the line item "Net impairment loss on financial assets".

Financial assets measured at amortised cost mainly comprise loans and advances to customers, loans and advances to banks, investment securities in the form of money market funds, and other receivables.

II. Fair value through other comprehensive income (FVTOCI)

These are initially measured at fair value plus transaction costs that are directly attributable to the financial asset. Subsequently, they are measured at fair value based on current, quoted bid prices in active markets for identical assets that the Group can access at the reporting date. Where there is no active market, or the investment securities are unlisted, the fair values are based on valuation techniques including discounted cash flow analysis, with reference to relevant market rates and other commonly used valuation techniques. Interest income is recognised in the income statement using the EIR method. Impairment provisions for expected losses are recognised in the income statement which does not reduce the carrying amount of the investment security but is transferred from the FVOCI reserve in equity. Other fair value movements are recognised in other comprehensive income and presented in the FVOCI reserve in equity. On disposal, the gain or loss accumulated in equity is reclassified to the income statement.

FVTOCI financial assets includes investment securities in the form of UK Treasury Bills and UK Gilts. Regular purchases and sales of investment securities are recognised on the trade date at which the Group commits to purchase or sell the asset.

III. Financial assets at fair value through profit or loss (FVTPL)

These are measured both initially and subsequently at fair value with movements in fair value recorded in the income statement. Any costs that are directly attributable to their acquisition are recognised in profit or loss

when incurred. The Group only measures derivative financial assets under this classification.

Financial assets - impairment

The Group assess loss allowances for expected credit losses ("ECLs") on the following financial instruments that are not measured at FVTPL:

- § Financial assets measured at amortised cost;
- § Investment securities measured at fair value through other comprehensive income; and
- § Loan commitments

IFRS 9 permits entities to apply a 'simplified approach' for trade receivables, contract assets and lease receivables. The simplified approach permits entities to recognise lifetime expected losses on all these assets without the need to identify significant increases in credit risk. The Group has adopted this simplified approach for assessing trade receivables balances. The Group confirms these trade receivable balances do not contain a significant financing component.

With the exception of purchased or originated credit impaired ("POCI") financial assets (which are considered separately below), ECLs are measured through loss allowances calculated on the following bases.

ECLs are a probability-weighted estimate of the present value of credit losses. The Group measures ECL on an individual basis, or on a collective basis for portfolios of loans that share similar economic risk characteristics. The loss allowance is measured as the difference between the contractual cash flows and the present value of the asset's expected cash flows using the asset's original EIR, regardless of whether it is measured on an individual basis or a collective basis.

A financial asset that gives rise to credit risk, is referred to (and analysed in the notes to this financial information) as being in "stage 1" provided that since initial recognition there has not been a significant increase in credit risk, nor has it become credit impaired.

For a stage 1 asset, the loss allowance is the "12-month ECL", that is, the lifetime loss weighted by the probability of default occurring within 12 months of the reporting date.

A financial asset that gives rise to credit risk is referred to (and analysed in the notes to this financial information) as being in "stage 2" if since initial recognition there has been a significant increase in credit risk (SICR) but it is not credit impaired.

For a stage 2 asset, the loss allowance is the "lifetime ECL", that is, the ECL that results from all possible default events over the life of the financial instrument.

A financial asset that gives rise to credit risk is referred to (and analysed in the notes to this financial information) as being in "stage 3" if since initial recognition it has become credit impaired.

For a stage 3 asset, the loss allowance is the difference between the asset's projected exposure at default (EAD) and the present value of estimated future cash flows discounted at an applicable EIR. Further, the recognition of interest income is constrained relative to the amounts that are recognised on stage 1 and stage 2 assets, as described in the revenue recognition policy set out above.

If circumstances change sufficiently at subsequent reporting dates, an asset is referred to by its newly appropriate stage and is re-analysed in the notes to the financial information.

Where an asset is expected to mature in 12 months or less, the "12-month ECL" and the "lifetime ECL" have the same effective meaning and accordingly for such assets the calculated loss allowance will be the same whether such an asset is at stage 1 or stage 2. In order to determine the loss allowance for assets with a maturity of 12 months or more, and disclose significant increases in credit risk, the Group nonetheless determines which of its financial assets are in stages 1 and 2 at each reporting date.

Significant increase in credit risk - policies and procedures for identifying stage 2 assets

Whenever any contractual payment is past due, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition in order to determine whether credit risk has increased significantly.

See note 37 for further details about how the Group assesses increases in significant credit risk.

Definition of a default

Critical to the determination of significant increases in credit risk (and to the determination of ECLs) is the definition of default. Default is a component of the probability of default (PD), changes in which lead to the identification of a significant increase in credit risk, and PD is then a factor in the measurement of ECLs.

The Group's definition of default for this purpose is:

- § A counterparty defaults on a payment due under a loan agreement and that payment is more than 90 days past due; or
- § A counterparty commits an event of default under the terms and conditions of the loan agreement which leads the lending company to believe that the borrower's ability to meet its credit obligations to the Group is in doubt.

The definition of default is similarly critical in the determination of whether an asset is credit-impaired (as explained below).

Credit-impaired financial assets - policies and procedures for identifying stage 3 assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. IFRS 9 states that evidence of credit-impairment includes

observable data about the following events:

- § A counterparty is 90 days past due for one or more of its loan receivables;
- § Significant financial difficulty of the borrower or issuer;
- § A breach of contract such as a default (as defined above) or past due event, or
- § The Group, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the Group would not otherwise consider.

The Group assesses whether debt instruments that are financial assets measured at amortised cost or at FVTOCI are credit-impaired at each reporting date. When assessing whether there is evidence of credit-impairment, the Group takes into account both qualitative and quantitative indicators relating to both the borrower and to the asset. The information assessed depends on the borrower and the type of the asset. It may not be possible to identify a single discrete event - instead, the combined effect of several events may have caused financial assets to become credit-impaired.

See note 37 for further details about how the Group identifies credit impaired assets.

Purchased or originated credit-impaired ("POCI") financial assets

POCI financial assets are treated differently because they are in stage 3 from the point of original recognition. During the year ended 31 December 2025, the Group has not purchased or originated any loans or advances to borrowers that it would define as credit impaired.

Movements back to stages 1 and 2

Exposures will move out of stage 3 to stage 2 when they no longer meet the criteria for inclusion and have completed a minimum 3-month probation period as set according to the type of lending and default event circumstances. Movement into stage 1 will only occur when the SICR criteria are no longer met.

Presentation of allowance for ECL in the statement of financial position

Financial assets measured at amortised cost are presented in the statement of financial position with the loss allowances for ECL deducted from the gross carrying amount.

Revisions to estimated cash flows

Where cash flows are significantly different from the original expectations used to determine EIR, but where this difference does not arise from a modification of the terms of the financial instrument, the Group revises its estimates of receipts and adjusts the gross carrying amount of the financial asset to reflect actual and revised estimated contractual cash flows. The Group recalculates the gross carrying amount of the financial asset as the present value of the estimated future contractual cash flows discounted at the financial instrument's original EIR.

The adjustment is recognised in the consolidated income statement as income or expense.

Modification of financial assets

A modification of a financial asset occurs when the contractual terms governing a financial asset are renegotiated without the original contract being replaced and derecognised. A modification is accounted for in the same way as a revision to estimated cash flows, and in addition;

- § Any fees charged are added to the asset and amortised over the new expected life of the asset, and
- § The asset is individually assessed to determine whether there has been a significant increase in credit risk.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in the income statement.

Write-offs

Loans and advances are written off when the Group has no reasonable expectation of recovering the financial asset; either in its entirety or a portion of it. This is the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. A write-off constitutes a derecognition event. The Group may apply enforcement activities to financial assets written off. Recoveries resulting from enforcement activities will be recognised as income and presented within line "net impairment gains/losses on financial assets".

Financial guarantees, letters of credit and undrawn loan commitments

Undrawn loan commitments and letters of credit are commitments under which, over the duration of the commitment, the Bank is required to provide a loan with pre-specified terms to the customer. These contracts are in the scope of the ECL requirements. The nominal contractual value of financial guarantees, letters of credit and undrawn loan commitments, where the loan agreed to be provided is on market terms, are not recorded in the statement of financial position. The nominal values of these instruments together with the corresponding ECLs are disclosed in note 37.

Forward-looking macroeconomic scenarios

ECLs and SICR take into account forecasts of future economic conditions in addition to current conditions. The Group utilises a macroeconomic model which adjusts the ECLs calculated by the credit models to provide probability-weighted numbers based on a number of forward-looking macroeconomic scenarios.

probability weighted numbers based on a number of forward-looking macroeconomic scenarios.

Due to the assumptions and estimates within these forward-looking macroeconomic scenarios, refer to note 3 for further details of the Group's approach.

Financial liabilities

A financial liability is a contractual obligation to deliver cash or another financial asset or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Group or a contract that will or may be settled in the Group's own equity instruments, or a derivative contract over own equity that will or may be settled other than by the exchange of a fixed amount of cash (or another financial asset) for a fixed number of the Group's own equity instruments. Gains or losses on financial liabilities are recognised in the consolidated statement of comprehensive income.

Subordinated liabilities

Subordinated notes issued by the Group are assessed as to whether they should be treated as equity or financial liabilities. Where there is a contractual obligation to deliver cash or other financial assets, they are treated as a financial liability and measured at amortised cost using the EIR method after taking account of any discount or premium on the issue and directly attributable costs that are an integral part of the EIR. The amount of any discount or premium is amortised over the period to the expected call date of the instrument.

All subordinated notes issued by the Group are classified as financial liabilities.

Financial liabilities and equity

Debt and equity instruments that are issued are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

The Group classifies capital instruments as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments. Where an instrument contains no obligation on the Group to deliver cash or other financial assets, or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Group, or where the instrument will or may be settled in the Group's own equity instruments but includes no obligation to deliver a variable number of the Group's own equity instruments, then it is treated as an equity instrument. Accordingly, the Group's share capital are presented as components of equity and any dividends, interest or other distributions on capital instruments are also recognised in equity. Any related tax is accounted for in accordance with IAS 12.

Financial liabilities - measurement

Financial liabilities are classified as either financial liabilities measured at amortised cost or financial liabilities at FVTPL.

I. Financial liabilities measured at amortised cost

Financial liabilities at amortised cost are recognised initially at fair value net of transaction costs incurred. They are subsequently measured at amortised cost. Any difference between the fair value and the redemption value is recognised in the income statement over the period of the borrowings using the EIR method.

Interest bearing loans and borrowings are measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the effective interest rate method (EIR) amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in "Interest and similar expenses" in the income statement.

II. Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss may include financial liabilities held for trading. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term.

During the periods presented the Group has held no financial liabilities for trading, nor designated any financial liabilities upon initial recognition as at fair value through profit or loss.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

When a financial liability is modified, the Group will assess whether the terms of the modified liability are substantially different from those of the original, which is evaluated by considering both qualitative and quantitative factors. This includes whether the present value of the revised cash flows discounted at the original effective interest rate differ by at least 10% from the remaining cash flows of the original liability. When a modification is substantial, the original liability is derecognised and a new liability is recognised, with any difference between the carrying amount of the extinguished liability and the fair value of the new liability recognised in profit or loss.

Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets ('the cash-generating unit').

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit ("CGU") exceeds

its estimated recoverable amount. Impairment losses are recognised in the income statement. Impairment losses recognised in respect of CGUs are allocated to reduce the carrying amounts of assets in the unit (or group of units) on a pro rata basis.

An impairment loss is reversed if and only if the reasons for the impairment have ceased to apply.

Impairment losses recognised in prior periods are assessed at each reporting date for any indication that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2.5 Derivative financial instruments

The Group uses derivative financial instruments (interest rate swaps) to manage its exposure to interest rate risk. In accordance with the Group Treasury Policy, the Group does not hold or issue derivative financial instruments for proprietary trading.

Derivative financial instruments are recognised at their fair value with changes in their fair value taken to profit or loss. Fair values are calculated by discounting cash flows at the prevailing interest rates. All derivatives are classified as assets when their fair value is positive and as liabilities when their fair value is negative. If a derivative is cancelled, it is derecognised from the Consolidated Statement of Financial Position. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not due to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

2.6 Hedge accounting

Due to the simplistic nature of the Group's hedging activities, the Group has adopted to apply IFRS 9 for portfolio assets and liabilities being hedged by applying fair value hedge accounting.

The Group designates certain derivatives held for risk management as hedging instruments in qualifying hedging relationships. On initial designation of the hedge, the Group formally documents the relationship between the hedging instruments and hedged items, including the risk management objective, the strategy in undertaking the hedge and the method that will be used to assess the effectiveness of the hedging relationship.

The Group makes an assessment, both at the inception of the hedge relationship, as well as on an ongoing basis, as to whether the hedging instruments are expected to be highly effective in offsetting the movements in the fair value of the respective hedged items during the period for which the hedge is designated.

The Group considers the following as key sources of hedge ineffectiveness:

- § the mismatch in maturity date of the swap and hedged item, as swaps with a given maturity date cover a portfolio of hedged items which may not have maturity dates identical to that of the swap; and
- § the actual behaviour of the hedged item differing from expectations, such as early repayments or withdrawals and arrears; and
- § minimal movements in the yield curve leading to ineffectiveness where hedge relationships are sensitive to small value changes.

Where there is an effective hedge relationship for fair value hedges, the Group recognises the change in fair value of each hedged item in profit or loss with the cumulative movement in their value being shown separately in the Consolidated Statement of Financial Position as fair value adjustments on hedged assets and liabilities. The fair value changes of both the derivative and the hedge substantially offset each other to reduce profit volatility.

The Group discontinues hedge accounting when the derivative ceases through expiry, when the derivative is cancelled or the underlying hedged item matures, is sold or is repaid.

If a derivative no longer meets the criteria for hedge accounting or is cancelled whilst still effective, the fair value adjustment relating to the hedged assets or liabilities within the hedge relationship prior to the derivative becoming ineffective or being cancelled remains on the Consolidated Statement of Financial Position and is amortised over the remaining life of the hedged assets or liabilities. The rate of amortisation over the remaining life is in line with expected income or cost generated from the hedged assets or liabilities. Each reporting period, the expectation is compared to actual with an accelerated run-off applied where the two diverge by more than set parameters.

Fair value hedge accounting for portfolio hedges of interest rate risk

The Group applies fair value hedge accounting for portfolio hedges of interest rate risk. As part of its risk management process, the Group identifies portfolios whose interest rate risk it wishes to hedge. The portfolios entered into hedge accounting comprise of only liabilities at the year end. The Group analyses each portfolio into repricing time periods based on expected repricing dates, by scheduling cash flows into the periods in which they are expected to occur. Using this analysis, the Group designates as the hedged item an amount of the liabilities from each portfolio that it wishes to hedge.

The amount to hedge is determined based on a movement in the present value of the Group's balance sheet under a 200-basis point shift in the yield curve being used to value the instruments to ensure the mismatches in expected repricing buckets are within the limits set by the Board on the sensitivity analysis approach using a hypothetical shift in interest rates.

The Group measures monthly the movements in fair value of the portfolio relating to the interest rate risk that is being hedged. Provided that the hedge has been highly effective, the Group recognises the change in fair value of each hedged item in the income statement with the cumulative movement in their value being shown on the statement of financial position as a separate item: 'Fair value adjustment for portfolio hedged risk' either within

statement of financial position as a separate item; fair value adjustment for portfolio hedged item; other than assets or liabilities as appropriate.

The Group measures the fair value of each hedging instrument monthly. The value is included in derivatives held for risk management in either assets or liabilities as appropriate, with the change in value recorded in net gains from derivatives and other financial instruments at fair value through profit or loss in the income statement. Any hedge ineffectiveness is recognised in net gains/(losses) from derivatives and other financial instruments at fair value through profit or loss in the income statement as the difference between the change in fair value of the hedged item and the change in fair value of the hedging instrument.

2.7 Current and deferred income tax

Income tax on the result for the period comprises current and deferred income tax. Income tax is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable or receivable on the taxable income for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous periods.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets are recognised to the extent it is probable that taxable profits will be available against which the deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Deferred tax liabilities are recognised for all taxable temporary differences.

The Company and its UK subsidiaries are in the same VAT group.

2.8 Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash and non-mandatory deposits held with central banks, mandatory deposits held with central banks in demand accounts and amounts due from banks with an original maturity of less than three months that are available to finance the Group's day-to-day operations.

2.9 Employee benefits - pension costs

A defined contribution plan is a post-employment benefit plan under which the Group pays fixed contributions into a separate entity and will have a legal or constructive obligation to pay further amounts. Contributions to defined contribution schemes are charged to the statement of comprehensive income as they become payable in accordance with the rules of the scheme. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the statement of financial position.

2.10 Share-based payments

The Group has a number of long-term incentive share schemes for all employees, including some Directors, whereby they have been granted equity-settled share-based payments in the Group. The share schemes all have vesting conditions with some schemes for senior management being subject to specific performance conditions. All share schemes are equity settled share-based payments.

The fair value of equity settled share-based payment awards are calculated at grant date and recognised over the period in which the employees become unconditionally entitled to the awards (the vesting period). Fair value is measured by use of the Black-Scholes option pricing model. The variables used in the model are adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The share-based payments are recognised as staff costs in the income statement and expensed on a straight-line basis over the vesting period, based on estimates of the number of shares which may eventually vest. The amount recognised as an expense is adjusted to reflect differences between expected and actual outcomes, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and specific performance conditions at the vesting date. The change in estimations, if any, is recognised in the income statement at the time of the change with a corresponding adjustment in equity through the retained earnings account.

It is assumed where the Company grants awards to employees of the Company and its subsidiaries, the employee offers services to the respective employing entity only. Where the Company satisfies awards granted to an employee of its subsidiary, there is no obligation for the subsidiary to reimburse the Company. Consequently, all share-based payments are considered equity-settled with any awards to an employee of its subsidiary being deemed a capital contribution with a corresponding debit to investment in subsidiaries. As the Company is settling these awards through its own equity instruments, there is a corresponding credit to the retained earnings account. The Company recognises the expense of share-based payments in the respective entity of the employee.

See note 10 for further details on the share schemes.

See note 10 for further details on the share schemes.

2.11 Leasing

The Group presently is only a lessee with lease agreements with third-party suppliers. It does not hold any lessor contracts with customers.

IFRS 16 distinguishes leases and service contracts on the basis of whether an identified asset is controlled by a customer for which these are deemed as right-of-use assets. The lessee is required to recognise a right-of-use asset representing the Group right of use and control over the leased asset. Furthermore, the Group is required to recognise a lease liability representing its obligation to make lease payments over the relevant term of the lease. The Group will recognise both interest expense and depreciation charges, which equate to the finance costs of the leases.

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at that date. On a lease-by-lease basis, the Group assess the contractual terms of the lease and likelihood of the Group enacting on available extension and break clauses within the lease in order to determine the expected applicable term of the lease. Once determined, the Group analyses the expected future payments of the lease over this applicable term, which are discounted. The interest rate used to discount the cashflows is the interest rate implicit to the lease agreement. Where this is not available, the Group has applied their incremental borrowing rate. The incremental borrowing rate is the rate of interest that the Group would have to pay to borrow, over a similar term and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst other variables. The interest expense of the lease liability is calculated under the effective interest rate where the interest expense equates to the lease payments over the remaining term.

Right-of-use asset

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability.

The cost at initial recognition is calculated as the initial lease liability plus initial direct costs, expected restoration costs and remaining prepayment balances at the commencement date.

The right-of-use asset is subsequently measured at cost, less accumulated depreciation, and any accumulated impairment losses. Any remeasurement of the lease liability results in a corresponding adjustment to the right-of-use asset.

The Company calculates depreciation of the right-of-use asset in accordance with IAS 16 'Property, Plant and Equipment' and is consistent with the depreciation methodology applied to other similar assets. All leases are depreciated on a straight-line basis over the shorter of the lease term and the useful life of the right-of-use asset.

Restoration costs will be estimated at initial application and added to the right-of-use asset and a corresponding provision raised in accordance with IAS 37 'Provisions, contingent liabilities, and contingent assets. Any subsequent change in the measurement of the restoration provision, due to a revised estimation of expected restoration costs, is accounted for as an adjustment of the right-of-use asset.

Short-term leases and leases of low value assets

The Group leases some smaller asset classes, such as computer hardware, which either has a value under £5,000 per annum or has a lease period of 12 months or shorter. For such leases, the Group has elected under IFRS 16 rules to treat these as operating leases and hold off-balance sheet. These leases are charged to the income statement on a straight-line basis over the lease term.

Lease Modification

When a lease modification occurs, the Group evaluates whether it should be accounted for as a separate lease. This assessment considers whether the modification grants the right to use additional underlying assets and whether the related consideration reflects the standalone price of those additional rights.

If the modification is not accounted for as a separate lease, the lease liability is remeasured at the modification date using a revised discount rate, reflecting the updated lease payments and any changes to the lease term. A corresponding adjustment is made to the carrying amount of the right of use asset to reflect the change in scope or term. Any difference between the adjustment to the lease liability and the adjustment to the asset is recognised in profit or loss as a gain or loss on lease modification.

2.12 Provisions for commitments and other liabilities

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (discounted at the Company's weighted average cost of capital when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset only if it is virtually certain that reimbursement will be received, and

the amount of the receivable can be measured reliably.

2.13 Operating segments

IFRS 8 Operating segments requires particular classes of entities (essentially those with publicly traded securities) to disclose information about their operating segments, products and services, the geographical areas in which they operate, and their major customers. Information is based on the Group's internal management reports, both in the identification of operating segments and measurement of disclosed segment information.

The Group's products and the markets to which they are offered are so similar in nature that they are reported as one class of business. As a result, the chief operating decision maker uses only one segment to control resources and assess the performance of the entity, while deciding the strategic direction of the Group.

2.14 Earnings per share

In accordance with IAS 33, the Group will present on the face of the statement of comprehensive income basic and diluted EPS for:

- Profit or loss from continuing operations attributable to the ordinary equity holders of the Company; and
- Profit or loss attributable to the ordinary equity holders of the Company for the period for each class of ordinary shares that has a different right to share in profit for the period.

Basic EPS is calculated by dividing profit or loss attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the period less treasury shares held.

Diluted EPS is calculated by adjusting the earnings and number of shares for the effects of dilutive options and other dilutive potential ordinary shares.

2.15 Merger relief

Merger relief is relief granted under the Companies Act 2006 section 612 which removes the requirement for the Company to recognise the premium on issued shares to acquire another company within the share premium account. Merger relief is recognised where all the following criteria are satisfied:

- § The Company secures at least a 90% equity holding of all share classes in another company as part of the arrangement; and
- § The Company provides either of the following as consideration for the allotment of shares in the acquired company:
 - o Issue or transfer of equity shares in the Company in exchange for equity shares in the acquired company; or
 - o The cancellation of any such shares in the acquired company that the Company does not already hold.

2.16 Merger accounting

Business combination and merger accounting

IFRS 3 Business Combinations prescribes the accounting treatment for business combinations, however, the change in control and ownership of a company under common control is outside the scope of IFRS 3 Business Combinations. In the absence of appropriate IFRS, the Directors sought other applicable accounting standards, and elected to apply FRS 102 in the form of Merger Accounting which provides accounting guidance for transactions of this nature.

The principles of merger accounting are as follows:

- § Assets and liabilities of the acquired entity are stated at predecessor carrying values. Fair value measurement is not required;
- § No new goodwill arises in merger accounting; and
- § Any difference between the consideration given and the aggregate book value of the assets and liabilities of the acquired entity at the date of transaction is included in equity in retained earnings or in a separate "Merger Reserve" account.

By way of using the merger accounting methodology for preparing these consolidated financial statements, comparative information will be prepared as if the Group had existed and been formed in prior periods. The Directors agree this will enable informative comparatives to users given the underlying activities and management structure of the Group remain largely unchanged following the formation of the Group.

Merger reserve

Where merger accounting has been applied this prescribes that any difference between the consideration given and the aggregate book value of the assets and liabilities of the acquired entity at the date of transaction is included in equity in retained earnings or in a separate reserve account. Therefore, on consolidation of the Group financial statements, the difference between the consideration paid and the book value of the acquired entity is recognised as a Merger Reserve, in accordance with relevant accounting standards relating to businesses under common control.

2.17 Own Shares

Own equity instruments of the Group which are acquired by it or by any of its subsidiaries (treasury shares) are deducted from equity. Consideration paid or received on the purchase, sale, issue, or cancellation of the Group's own equity instruments is recognised directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue, or cancellation of own equity instruments.

Own shares represents shares of the Company that are held by the Employee Benefit Trust.

3. Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial information in accordance with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The Group does not consider share-based payments to be a critical judgement area.

Judgements

The Group has made the following key judgements in applying the accounting policies:

3.1. Expected credit losses loan impairment

Significant increase in credit risk for classification in stage 2

Counterparties are classified into stage 2 where the risk profile of the borrower profile has significantly increased from inception of the exposure. This increase in credit risk is signified by either increases in internal or external credit ratings, the counterparty becoming over 30 days past due, or forbearance measures being applied.

The Group has aligned its assessment of significant increases in credit risk to its internal threshold criteria for prompting customer pricing reviews for consistency.

Due to the short-term behavioural term of the majority of the current lending portfolio, the Group has not applied a probationary ("cooling off") period to exposures which are no longer triggering the stage 2 threshold criteria so these will move back to stage 1 once the classification criteria is no longer met.

Definition of default

The Group aligns its definition of default to the regulatory definition for default in all periods presented. The Group applies the regulatory guideline of 90+ days in arrears and also uses internal and external information, along with financial and non-financial information, available to the Group to determine whether a default event has either occurred or is perceived to have occurred.

Should a default event occur the Group applies a probationary ("cooling off") period to stage 3 counterparties before being transferred back to either stage 1 or 2. The probationary period is typically 3 months but is extended up to 12 months for more severe scenarios. During the probationary period the counterparty must no longer meet the criteria for stage 3 inclusion for the entire applicable period.

Estimates

The Group has made the following estimates in the application of the accounting policies that have a significant risk of material adjustment to the carrying amount of assets and liabilities within the next financial year:

3.2. Expected credit losses loan impairment

Probability of default ("PD")

In the absence of sufficient internal historical default data, the Group uses an external credit rating agency to provide credit ratings and corresponding probability of defaults ("PDs") for the vast majority of the Group's counterparties. These are "Through-the-Cycle" PDs which represents a long-run average probability of default, opposed to Point-in-Time PDs which are shorter term and partially reflect the current economic outlook. Further, the primary data points which impact credit ratings and PDs are derived from past events, therefore, PDs are inherently a lagging indicator of expected default activity over the following 12 month period and longer. The Group have therefore implemented a management overlay, increasing PDs by 101%, to address the difference between modelled and observed default rates. This scalar resulted in an additional baseline impairment charge of £1,819,000.

The Group also utilises external macro-economic forecast data sourced from an external economics research company and to account for estimated movements in the macro-economic environment over the next 12 months and their impact on PDs. Following this exercise, as at 31 December 2025 the Group has applied an 8% economic scalar reflecting an improvement in the macro-economic environment which reduces PDs. The net impact of the management overlay and economic scalar is an overall PD increase of 86% (31 December 2024: 34%).

A 100% deterioration in PDs from average PD of 5.6% to 11.2% (excluding stage 3 exposures, which are already in default), would result in an additional baseline impairment charge of £3,449,000 at 31 December 2025 (31 December 2024: £2,900,000).

Loss given default ("LGD")

The Group analyses historical default events by different sectors, products, and counterparty activity and "sold-out-trust" (SOTs) probabilities to validate whether its current LGD methodology is reasonable. The Group may apply managerial overlays to its LGD assumptions to accommodate for deviations in expected LGD rates over the following 12 month period and longer from historical observed LGD rates.

A 10% reduction in the expected discounted cashflows from the collateral held by the Group would result in an additional baseline impairment charge of £2,268,000 at 31 December 2025 (31 December 2024: £1,274,000).

Forward looking macroeconomic scenarios

The Group considers four economic stress scenarios within its impairment modelling whereby the Group stresses PD and LGD inputs in accordance with expected macro-economic outlooks. This provides an ECL impairment allowance for each scenario which is multiplied by the likelihood of occurrence over the next 12-month period from the balance sheet date to give a probability weighted ECL.

The following forward-looking macroeconomic scenarios, together with their probability weighting and key economic variables, were used in calculating the ECLs used for determining impairment provisions:

Scenario	Probability Weighting (%)	ECL Impairment (£'000)	ECL Coverage ¹ (%)
31 December 2025			
Upside	20%	6,988	0.81%
Base	50%	7,654	0.89%
Downside	20%	9,308	1.08%
Severe downside	10%	14,146	1.64%
Weighted Total	100%	8,501	0.98%
31 December 2024			
Upside	20%	4,618	0.68%
Base	50%	5,621	0.83%
Downside	20%	7,384	1.08%
Severe downside	10%	13,656	2.01%
Weighted Total	100%	6,577	0.97%

¹ ECL Coverage is calculated by dividing the ECL impairment by the Exposure at Default (EAD). EAD is typically higher than the gross loan receivable balance.

The following table details the additional impairment allowance charge/(credit) should one of the macroeconomic scenarios be assigned a 100% probability weighting:

Scenario	2025 £'000	2024 £'000
Upside	(1,513)	(1,959)
Base	(847)	(956)
Downside	807	807
Severe downside	5,645	7,079

4. Interest and similar income

	2025 £'000	2024 £'000
<u>At amortised cost (using effective interest rate method):</u>		
On loans and advances to customers	84,951	71,619
On loans and advances to banks	5,403	4,930
On investment securities	60	28
	90,414	76,577
<u>At FVOCI:</u>		
On investment securities	2	243
<u>At FVTPL:</u>		
Interest income on derivatives	282	-
Total interest and similar income	90,698	76,820

5. Interest and similar expenses

The Group is predominantly funded by customer deposits and Group reserves. See note 34 and 35 for further detail of the movements in customer deposits and subordinated liabilities during the year.

	2025 £'000	2024 £'000
<u>At amortised cost (using effective interest rate method):</u>		
On customer deposits	33,330	29,482
On subordinated liabilities	1,331	1,272
	34,661	30,754
<u>At FVTPL:</u>		
Interest expense on derivatives	236	454
Total interest and similar expense	34,897	31,208

6. Fee income

2025

2024

	2023 £'000	2024 £'000
Facility-related fees	1,684	1,237
Total fee income	1,684	1,237

7. Fee Expense

	2025 £'000	2024 £'000
Enable guarantee charges	866	988
Financial guarantee charges	708	576
Undrawn commitment facility fees	19	20
Non-incremental direct costs	15	23
Broker Fees	-	19
Total fee expense	1,608	1,626

8. Other income

	2025 £'000	2024 £'000
HMRC grants and relief income	14	2
Insurance claim income	14	-
Total other income	28	2

9. Staff costs

Analysis of staff costs:

	2025 £'000	2024 £'000
Wages and salaries	15,381	12,367
Share-based payments	1,254	985
Contractor costs	400	59
Social security costs	2,601	1,784
Pension costs arising on defined contribution schemes	1,048	849
Total staff costs	20,684	16,044

Contractor costs are recognised within personnel costs where the work performed would otherwise have been performed by employees. Contractor costs arising from the performance of other services is included within other operating expenses.

Average number of persons employed by the Group (including Directors):

	2025 No.	2024 No.
Management	13	13
Finance	11	10
Credit & Risk	36	30
Sales & Marketing	35	36
Operations	41	31
Technology	19	16
Total average headcount	155	136

Directors' emoluments:

	Fees/basic salary £'000	Bonuses £'000	Employer pension contributions £'000	Benefits in kind £'000	2025 total £'000	2024 total £'000
Executive Directors:						
Carl D'Ammassa ¹	600	600	60	8	1,268	1,068
Gavin Morris ²	176	112	18	6	312	459
Sameera Khaliq ³	183	137	18	3	341	-
	959	849	96	17	1,921	1,527

Non-executive

Directors:

Mark Stephens	188	-	-	-	188	150
Thomas Grathwohl	75	-	-	-	75	75
Nicole Coll	85	-	-	-	85	85
Sheryl Lawrence	95	-	-	-	95	95
Richard Cross ⁴	22	-	-	-	22	-

Richard Green	22	-	-	-	22	-
Haakon Stenrød ⁵	-	-	-	-	-	-
	465	-	-	-	465	405
Total Director remuneration	1,424	849	96	17	2,386	1,932

¹ A retention award of £425,000 was made on 1 February 2025, with payment deferred until 1 February 2028, subject to ongoing employment at the deferral date, which is recognised over the term of the award. The disclosed compensation does not include this deferred amount.

² Gavin Morris resigned as a director on 31 July 2025. The disclosed compensation relates to his time in office as a Director.

³ Sameera Khaliq was appointed as a director on 7 July 2025. The disclosed compensation is from employment commencement date of 1 May 2025.

⁴ Rich Green joined the Board as Non-Executive Director 17 September 2025.

⁵ Haakon Stenrød holds his position as Non-Executive Director by virtue of major shareholding by Watrium AS exercising their right to appoint a Director under their Relationship Agreement. He is compensated by Watrium AS.

The pension for the year ended 31 December 2025 to Carl D'Amassa of £60,000 (2024: £53,000) and Gavin Morris of £18,000 (2024: £30,000) is the sum of payments made to these individuals in lieu of Group pension contributions.

Sameera Khaliq received share options as part of a long-term incentive scheme - further details of these share option schemes can be found in note 10.

Carl D'Amassa is the highest paid Director with total remuneration of £1,268,000 (2024: £1,068,000) in the year ended 31 December 2025.

10. Share-based payments

The share-based payment expense during the year comprised the following:

	2025 £'000	2024 £'000
Performance Share Plan (PSP)	1,156	958
Sharesave Scheme (SAYE)	98	27
Total share-based payments expense	1,254	985

The Group has the following share options scheme for employees which have been granted and remain outstanding at 31 December 2025:

Plan	No. of options outstanding 31 December 2025	Options outstanding value 31 December 2025 £'000	Grant dates	Vesting dates	Exercise price	Performance conditions attached	Settlement method	Charge for year ended 31 December 2025 £'000
General Award 2020	95,000	36	Jun-20	Jun-23	Nil	No	Equity	-
General Award 2021	79,903	49	Jun-21	Jun-24	Nil	No	Equity	-
General Award 2022	196,948	73	May-22	May-25	Nil	No	Equity	16
General Award 2023	270,041	91	Apr-23	Apr-26	Nil	No	Equity	36
General Award 2024	777,251	92	Apr-24	Apr-27	Nil	No	Equity	55
Manager CSOP Award	339,794	27	Aug-20 Aug-20 Aug-20	Jun-21 Jun-22 Jun-23	40.5p	No	Equity	-
Manager PSP Award	301,904	122	Aug-20 Aug-20 Aug-20	Aug-20 Jun-21 Jun-22	Nil	No	Equity	-
CEO Recruitment Award	900,000	338	Jun-20	Jun-23	Nil	Yes	Equity	-
Senior Manager Award 2020	430,720	156	Jun-20	Jun-23	Nil	Yes	Equity	-

Senior Manager Award 2021	45,000	26	Jun-21 Jun-21 Nov-21	Sep-22 Jun-24 Nov-24	Nil	No	Equity	-
Senior Manager Award 2022	1,175,000	412	May-22 Sep-22	May-25 Sep-25	Nil	Yes	Equity	57
Senior Manager Award 2023	4,689,317	1,540	Apr-23 Aug-23 Oct-23	Apr-26 Aug-26 Aug-26	Nil	Yes	Equity	621
Senior Manager Award 2024	2,100,000	329	Jan-24 Apr-24 Jul-24 Nov-24	Jan-27 Apr-27 Jul-27 Nov-27	Nil	No	Equity	223
Senior Manager Award 2025	900,000	80	Mar-25 May-25	Mar-28 May-28	Nil	No	Equity	80
Leader & High Performer Award 2022	109,279	41	May-22 Feb-23	May-25 May-25	Nil	No	Equity	9
Leader & High Performer Award 2023	479,644	162	Apr-23	Apr-26	Nil	No	Equity	59
Sharesave Scheme	2,636,696	140	Nov-21 Jun-22 May-23 May-24	Jan-25 Aug-25 Aug-26 May-27	46.3p 30.72p 30.72p 18p	No	Equity	98
TOTAL	15,526,497	3,714						1,254

All awards are equity-settled, and the shares awarded for all schemes are Distribution Finance Capital Holdings plc ordinary shares of £0.01 each of the current share capital of the Company which are listed on the Alternative Investment Market (AIM). The awards were granted to employees and Directors within the Group with the majority of the employees being employed by DF Capital Bank Limited.

During the year ended 31 December 2025, the movements in share options granted, forfeited, and exercised were as follows:

Plan	CEO Recruitment Award No.	CSOP/PSP No.	General/High Performer No.	Senior Manager Award No.	SAYE No.	Total No.
Year ended 31 December 2025						
Outstanding at start of year	900,000	686,202	2,347,383	8,797,601	2,312,987	15,044,173
Granted during the year	-	-	-	900,000	798,084	1,698,084
Forfeited during the year	-	-	(125,328)	(150,000)	(150,375)	(425,703)
Exercised during the year	-	(44,504)	(213,989)	(207,564)	(324,000)	(790,057)
Outstanding at end of the year	900,000	641,698	2,008,066	9,340,037	2,636,696	15,526,497
Exercisable at end of the year						

year	900,000	641,698	481,130	1,670,037	-	3,692,865
Year ended						
31						
December						
2024						
Outstanding at start of year	900,000	1,205,966	1,728,337	7,601,253	1,418,952	12,854,508
Granted during the year	-	-	920,000	2,350,000	1,977,620	5,247,620
Forfeited during the year	-	-	(236,528)	(1,003,292)	(1,083,585)	(2,323,405)
Exercised during the year	-	(519,764)	(64,426)	(150,360)	-	(734,550)
Outstanding at end of the year	900,000	686,202	2,347,383	8,797,601	2,312,987	15,044,173
Exercisable at end of the year	900,000	686,202	211,150	544,114	-	2,341,466

The fair value at grant date is calculated by taking into consideration any restrictive vesting criteria, including any market and/or non-market performance conditions. The below table summarises the share schemes including the weighted average remaining contractual years and the weighted average fair value at grant date:

Plan	2025			2024		
	Options outstanding at end of the year (No.)	Weighted average remaining contractual life (years)	Weighted average fair value at grant date (pence)	Options outstanding at end of the year (No.)	Weighted average remaining contractual life (years)	Weighted average fair value at grant date (pence)
CEO Recruitment Award	900,000	-	37.50	900,000	-	37.50
CSOP/PSP	641,698	-	23.29	686,202	-	22.30
General/High Performer	2,008,066	0.8	33.32	2,347,383	1.5	33.79
Senior Manager Award	9,340,037	0.9	35.58	8,797,601	1.5	35.52
SAYE	2,636,696	1.7	14.09	2,312,987	2.1	13.96
	15,526,497			15,044,173		

Where a share award scheme has an exercise price that is equal to £nil, valuation models such as the Black Scholes valuation model cannot be used to determine the fair value of the award at the grant date, therefore, it is assumed the market price of the share is assumed to be the fair value. For schemes which have an exercise price greater than £nil, the Group has used the following variables for the respective schemes:

	Manager CSOP Award	Sharesave Scheme	Sharesave Scheme	Sharesave Scheme	Sharesave Scheme
Grant date	Aug-20	Jun-22	May-23	May-24	May-25
Contractual life (years)	3	3	3	3	3
Share price at issue (pence)	40.50	37.50	38.40	29.00	36.50
Exercise price (pence)	40.50	30.00	30.72	18.00	26.08
Expected volatility (%)	30.00%	30.00%	30.00%	30.00%	30.00%
Risk-free rate (%)	0.20%	2.08%	3.91%	4.30%	3.83%
Dividend yield (%)	0.00%	0.00%	0.00%	0.00%	0.00%

The terms of the individual schemes are as follows:

General Award

Nil cost options over ordinary shares of £0.01 each of the current share capital of the Company granted to all employees (excluding Directors). These options vest over a 3-year period and are not subject to specific performance conditions. In the year ended 31 December 2025 there were no further awards under this scheme.

Manager PSP and CSOP Award

As part of a Group reorganisation of its existing share capital and employee loan agreements in the year ended 31 December 2020, managers and former managers were awarded share options so that they were not disadvantaged by this exercise. PSP scheme nil cost options and Company Share Option Scheme shares ("CSOP") were issued over ordinary shares of £0.01 each of the share capital of the Company. The CSOP Options have an exercise price per share of 40.5p equal to the market value of Ordinary Shares as at the time of grant and the PSP Options are nil cost options. The PSP and CSOP Options became exercisable on the same timeline, and in the same proportions, that the corresponding original Ordinary Shares would have become freely

income, and in the same proportion, that the corresponding original ordinary shares held have become freely transferable on the terms on which they were held. The Options are not subject to the satisfaction of performance conditions.

The fair value of the CSOP was measured at the grant date using the Black-Scholes model - see table above for further details of the inputs into this valuation model.

No further awards under this scheme were granted in the years ended 31 December 2025 and 31 December 2024.

Senior Manager Award

Nil cost options over ordinary shares of £0.01 each of the current share capital of the Company were granted to certain senior managers. All of these share awards have been granted in line with our PSP rules and have performance conditions aligned to financial performance, risk management and cultural objectives.

In the year ended 31 December 2025, Senior Managers were granted additional awards as recruitment incentives. No performance conditions are included for all of the 900,000 awards granted in the year ended 31 December 2025, and all awards vest over a 3-year period subject to service conditions being met.

Sharesave Scheme

The Group has operated a 'Save As You Earn' scheme ('SAYE' or 'Sharesave Scheme') for several years which is available to all UK-based employees. This is a HMRC-approved share scheme, whereby the scheme allows employees to purchase options by saving a fixed amount of between £10 and £500 per month over a period of three years at the end of which the options, subject to leaver provisions, are usually exercisable. If not exercised, the amount saved is returned to the employee. During the year ended 31 December 2025, the Group offered a scheme with a grant date of May 2025 and a vesting date of July 2028. The option price is calculated using the closing bid-market price of a Distribution Finance Capital Holdings plc ordinary share over the five dealing days prior to the Invitation Date and applying a discount of 20%.

The fair value at grant date for the schemes is calculated by using the Black-Scholes Model - see table above for further details of the inputs into this valuation model.

Director share awards:

The below table summarises share options which have been awarded to Directors as part of long-term incentive schemes:

Plan	Options outstanding at start of year No.	Options granted during the year No.	Options forfeited during the year No.	Options exercised during the year No.	Options outstanding at end of the year No.	Options exercisable at end of the year No.
Year ended 31 December 2025						
<u>Carl D'Ammassa:</u>						
General Award 2020	5,000	-	-	-	5,000	5,000
CEO Recruitment Award	900,000	-	-	-	900,000	900,000
Senior Manager Award 2022	400,000	-	-	-	400,000	400,000
Senior Manager Award 2023	1,168,000	-	-	-	1,168,000	-
Senior Manager Award 2024	1,000,000	-	-	-	1,000,000	-
Sharesave Scheme	-	70,552	-	-	70,552	-
	3,473,000	70,552	-	-	3,543,552	1,305,000
<u>Gavin Morris¹:</u>						
General Award 2020	5,000	-	-	-	5,000	5,000
Manager CSOP Award	74,074	-	-	-	74,074	74,074
Manager PSP Award	19,733	-	-	-	19,733	19,733
Senior Manager Award 2020	130,720	-	-	-	130,720	130,720
Senior Manager Award 2022	200,000	-	-	-	200,000	200,000
Senior Manager Award 2023	753,000	-	-	-	753,000	-
Senior Manager Award 2024	200,000	-	-	-	200,000	-
Sharesave Scheme	60,000	-	-	-	60,000	-
	1,442,527	-	-	-	1,442,527	429,527
<u>Sameera Khaliq²:</u>						
Senior Manager Award 2025	-	600,000	-	-	600,000	-
Total Directors						

Total Director Awards	4,915,527	670,552	-	-	5,586,079	1,734,527
Year ended 31 December 2024						
<u>Carl D'Ammassa:</u>						
General Award 2020	5,000	-	-	-	5,000	5,000
CEO Recruitment Award	900,000	-	-	-	900,000	900,000
Senior Manager Award 2022	400,000	-	-	-	400,000	-
Senior Manager Award 2023	1,168,000	-	-	-	1,168,000	-
Senior Manager Award 2024	-	1,000,000	-	-	1,000,000	-
Sharesave Scheme	60,000	-	(60,000)	-	-	-
	2,533,000	1,000,000	(60,000)	-	3,473,000	905,000
<u>Gavin Morris</u>						
General Award 2020	5,000	-	-	-	5,000	5,000
Manager CSOP Award	74,074	-	-	-	74,074	74,074
Manager PSP Award	19,733	-	-	-	19,733	19,733
Senior Manager Award 2020	130,720	-	-	-	130,720	130,720
Senior Manager Award 2022	200,000	-	-	-	200,000	-
Senior Manager Award 2023	753,000	-	-	-	753,000	-
Senior Manager Award 2024	-	200,000	-	-	200,000	-
Sharesave Scheme	60,000	-	-	-	60,000	-
	1,242,527	200,000	-	-	1,442,527	229,527
Total Director Awards	3,775,527	1,200,000	(60,000)	-	4,915,527	1,134,527

¹Gavin Morris resigned as a director on 31 July 2025.

²Sameera Khaliq was appointed as a director on 7 July 2025.

See above section within this note for further details of the schemes, including the fair value (market price) at grant date. No performance conditions are attached to the Senior Manager Award 2025 for Sameera Khaliq. All awards are subject to service conditions being met over the vesting period.

11. Other operating expenses

	Note	2025 £'000	2024 £'000
Finance costs		263	103
Depreciation	16, 17	945	641
Amortisation of intangible assets	18	279	285
(Gain)/Loss on disposal of fixed assets		(3)	5
Loss on disposal of intangible assets	18	6	6
Professional services expenses		3,450	2,998
Audit and accountancy fees	14	602	480
IT-related expenses		3,740	3,502
Premises Costs		814	439
Other staff costs		830	595
Bank Charges/Fees		207	165
Charitable Donations		119	23
Release Dilapidation Provision	12	(167)	-
Impairment of fixed assets	16	275	-
Irrecoverable VAT		(227)	1,041
Other operating expenses		288	280
Corporation tax interest		76	-
Total other operating expenses		11,497	10,563

During the year ended 31 December 2025, the Group received a VAT recovery of £1,463,314 from HMRC in respect of an updated Partial Exemption Special Method.

12. Provisions

Analysis for movements in provisions:

	Leasehold dilapidations £'000	Other provisions £'000	Total £'000
--	--	---------------------------------------	------------------------

Year ended 31 December 2025

At start of period	235	50	285
Additions	234	-	234
Utilisation of provision	(84)	- (84)	
Unused amounts reversed	(167)	(50)	(217)
Unwinding of discount	37	-	37
Lease modification	-	-	-
At end of year	255	-	255

Year ended 31 December 2024

At start of period	67	-	67
Additions	-	50	50
Utilisation of provision	-	-	-
Unused amounts reversed	-	-	-
Unwinding of discount	6	-	6
Lease modification	162	-	162
At end of year	235	50	285

As detailed in note 17, the Group currently leases office premises at its Manchester headquarters. At the end of the contractual lease term in March 2035, the Group is required to return the leased premises in their original state. The Group has recognised total restoration costs of £717,000 based on an assessment provided by an independent third-party specialist. These amounts have been discounted to present value by using an applicable discount factor.

In the year ended 31 December 2024, the Group recognised a £50,000 provision in relation to a customer dispute. During 2025, the Group performed a reassessment and concluded that it was no longer probable that an outflow of economic resources would be required. Accordingly, the provision was released in full.

13. Net impairment loss/(gain) on financial assets

	2025	2024
	£'000	£'000
Movement in impairment allowance in the year	2,264	(8,062)
Write-offs	1,826	7,509
Recovery transaction costs	207	351
Bad debt VAT relief	(30)	(39)
Total net impairment losses on financial assets	4,267	(241)

See notes 19 and 23 for further analysis of the movement in impairment allowances on loans and advances to customers and trade receivables respectively.

Analysis of write-offs:

		2025	2024
	Note	£'000	£'000
Realised losses on loan receivables	19	1,710	7,286
Realised losses on trade receivables	23	116	223
Total write-offs		1,826	7,509

14. Auditor's remunerationAnalysis of auditor's remuneration:

	2025	2024
	£'000	£'000
<u>Audit services:</u>		
Fees payable to the Company's auditor for the audit of the Company's annual accounts	88	85
Fees payable to the Company's auditor for the audit of its subsidiaries	350	255
Fees paid to the Company's auditors relating to prior periods	62	40
Total audit services fees	500	380
<u>Assurance services:</u>		
Interim review	81	78
Profit verification	21	22
Total assurance services fees	102	100

Total auditor's remuneration	602	480
-------------------------------------	------------	------------

15. Taxation

Analysis of tax charge recognised in the period:

	2025 £'000	2024 £'000
<u>Current taxation charge:</u>		
UK corporation tax on profit for the current period	1,998	1,925
Adjustments in respect of prior years	1	(3)
Total taxation charge	1,999	1,922
<u>Deferred taxation charge:</u>		
Current period	3,078	3,135
Adjustments in respect of prior years	(595)	(4)
Total deferred taxation charge	2,483	3,131
Total taxation charge	4,482	5,053

Reconciliation of profit before taxation to total tax charge recognised:

	2025 £'000	2024 £'000
Profit on ordinary activities before taxation	19,641	19,074
Taxation on Profit on ordinary activities at standard corporation tax rate of 25% (2024: 25%)	4,910	4,769
<u>Effects of:</u>		
Fixed asset differences	36	14
Disallowable expenses	158	322
Other permanent differences	(28)	(45)
Other short-term timing differences for which no deferred tax asset has been recognised	-	-
Current year losses for which no deferred tax asset has been recognised	-	-
Adjustments in respect of prior years	1	(3)
Remeasurement of deferred tax for changes in tax rates	(595)	(4)
Total tax charge	4,482	5,053

Current tax on profits reflects UK corporation tax levied at a rate of 25% for the year ended 31 December 2025 (31 December 2024: 25%). The Company is not subject to the banking surcharge levied at a rate of 3% (31 December 2024: 3%) on the profits of banking companies chargeable to corporation tax after an allowance of £100m (31 December 2024: £100m) per annum.

Expenses that are not deductible in determining taxable profits/losses include impairment losses, amortisation of intangible assets, depreciation of fixed assets, client and staff entertainment costs, and professional fees which are capital in nature.

A deferred tax asset is only recognised to the extent the Group finds it probable that the prior taxable losses can be utilised against future taxable profits. As at 31 December 2025, the Group has an estimated unrecognised deferred tax asset of £nil (31 December 2024: £nil) from prior taxable losses.

In the year ended 31 December 2025, the Group has recognised a deferred tax asset in respect of future taxable profits, and a deferred tax asset in respect of share-based payments. Further detail on the deferred taxation asset is provided in note 26.

16. Property, plant and equipment

	2025 £'000	2024 £'000
Leasehold improvements	1,905	133
Furniture, fixtures & fittings	649	67
Computer hardware	646	147

Computer hardware	574	744
Telephony & communications	23	2
Motor vehicles	574	744
Total property, plant and equipment	3,797	1,093

	Leasehold Improvements £'000	Furniture, Fixtures & Fittings £'000	Computer Hardware £'000	Telephony & Communications £'000	Motor Vehicles £'000	Total £'000
<u>Cost:</u>						
As at 1 January 2024	23	152	264	-	1,109	1,548
Additions	166	13	111	4	103	397
Disposals and write offs	-	-	(8)	-	-	(8)
As at 31 December 2024	189	165	367	4	1,212	1,937
Additions	1,939	660	648	30	280	3,557
Disposals and write offs	(188)	(165)	(149)	(9)	(82)	(593)
Impairment	-	-	-	-	(275)	(275)
As at 31 December 2025	1,940	660	866	25	1,135	4,626

<u>Accumulated depreciation:</u>						
As at 1 January 2024	9	43	118	-	233	403
Charge for the year	47	55	105	2	235	444
Disposals and write offs	-	-	(3)	-	-	(3)
As at 31 December 2024	56	98	220	2	468	844
Charge for the year	167	78	149	5	148	547
Disposals and write offs	(188)	(165)	(149)	(5)	(55)	(562)
As at 31 December 2025	35	11	220	2	561	829

<u>Carrying amount:</u>						
At 31 December 2024	133	67	147	2	744	1,093
At 31 December 2025	1,905	649	646	23	574	3,797

In the year ended 31 December 2025, the Group performed an impairment assessment of property, plant and equipment which resulted in the recognition of an impairment charge of £275,000 in relation to motor vehicles.

During the year, the Group disposed of assets with an initial cost of £593,000, of which £502,000 were fully depreciated (2024: £nil). The remaining disposed assets had an initial cost of £91,000 with a net book value of £31,000. These assets were sold for £34,000, therefore an associated net gain on disposal of £3,000 was recognised. See note 11 for further details.

17. Right-of-use assets

	Buildings £'000
<u>Cost:</u>	
As at 1 January 2024	2,127
Additions	8
Disposals and write offs	-
Lease modifications	(836)
As at 31 December 2024	1,299
Additions	2,551
Disposals and write offs	(1,299)
Lease modifications	-
As at 31 December 2025	2,551
<u>Accumulated depreciation:</u>	
As at 1 January 2024	900
Charge for the year	197
Disposals and write offs	-
As at 31 December 2024	1,097
Charge for the year	398
Disposals and write offs	(1,299)
As at 31 December 2025	196

Carrying amount:

At 31 December 2024	202
At 31 December 2025	2,355

During the year, the Group entered into a lease agreement for a new office space. This lease agreement commenced in March 2025 and therefore in accordance with IFRS16, a right of use asset and lease liability were recognised from that point within the consolidated financial statements.

The maturity analysis of lease liabilities is presented in note 33.

Amounts recognised in the income statement:

	2025 £'000	2024 £'000
Depreciation expense on right-of-use assets	398	197
Interest expense on lease liabilities	224	103
Expense relating to short-term leases	-	-
Expense relating to leases of low value assets	12	13
Expenses relating to non-lease components	241	126
Total amounts recognised in the income statement	875	439

18. Intangible assets

	2025 £'000	2024 £'000
Computer software	745	950
Total intangible assets	745	950

Computer software £'000

Cost

At 1 January 2024	1,520
Additions from internal development	623
Additions from separate acquisitions	-
Disposals and write offs	(53)
At 31 December 2024	2,090
Additions from internal development	80
Additions from separate acquisitions	-
Disposals and write offs	(230)
As at 31 December 2025	1,940

Accumulated amortisation

At 1 January 2024	902
Charge for the year	285
Disposals and write offs	(47)
At 31 December 2024	1,140
Charge for the year	279
Disposals and write offs	(224)
As at 31 December 2025	1,195

Carrying amount

At 31 December 2024	950
At 31 December 2025	745

In the year ended 31 December 2025, the Group capitalised £80,000 (2024: £623,000) of consultancy costs in relation to the development of software platforms to provide an asset finance capability, improving the commercial lending processes, enhancing the customer journey for commercial clients and development of the customer deposits platform. The amortisation period for these software costs is within a range of 3-5 years following an individual assessment of the asset's expected life. The Group performed an impairment review at 31 December 2025 and concluded an impairment of £nil (2024: £nil).

In the year ended 31 December 2025, the Group wrote off fully depreciated intangible assets of £224,000 (2024: £nil).

19. Loans and advances to customers

	2025 £'000	2024 £'000
Loan book principal	845,966	665,709
Accrued interest and fees	4,141	4,067
Gross carrying amount	850,107	669,776
less: impairment allowance	(8,501)	(6,577)
less: effective interest rate adjustment	(2,080)	(2,427)
Total loans and advances to customers	839,526	660,772

Refer to note 37 for details on the expected maturity analysis of the gross loans receivable balance.

Refer to note 13 and 37 for further details on the impairment losses recognised in the periods.

Ageing analysis of gross loan receivables:

	2025 £'000	2024 £'000
Not yet past due	842,912	664,960
Past due: 1 - 30 days (Early arrears)	175	1,101
Past due: 31 - 90 days (Mid/Late arrears)	350	739
Past due: 90+ days (Default)	6,670	2,976
Total gross carrying amount	850,107	669,776

Analysis of gross loans and advances to customers:

	Stage 1 £'000	Stage 2 £'000	Stage 3 £'000	Total £'000
As at 1 January 2025	643,513	18,484	7,779	669,776
Transfer to stage 1	16,598	(13,352)	(3,246)	-
Transfer to stage 2	(101,638)	102,896	(1,258)	-
Transfer to stage 3	(16,207)	(15,798)	32,005	-
Net lending/(repayment)	243,479	(37,489)	(23,949)	182,041
Write-offs	(16)	-	(1,694)	(1,710)
Total movement in gross loan receivables	142,216	36,257	1,858	180,331
As at 31 December 2025	785,729	54,741	9,637	850,107
Loss allowance coverage at 31 December 2025	0.56%	1.30%	35.51%	1.00%
	Stage 1 £'000	Stage 2 £'000	Stage 3 £'000	Total £'000
As at 1 January 2024	545,952	21,052	17,123	584,127
Transfer to stage 1	38,281	(38,204)	(77)	-
Transfer to stage 2	(82,317)	82,416	(99)	-
Transfer to stage 3	(10,714)	(7,327)	18,041	-
Net lending/(repayment)	152,311	(39,433)	(19,943)	92,935
Write-offs	-	(20)	(7,266)	(7,286)
Total movement in gross loan receivables	97,561	(2,568)	(9,344)	85,649
As at 31 December 2024	643,513	18,484	7,779	669,776
Loss allowance coverage at 31 December 2024	0.57%	0.90%	34.95%	0.98%

Analysis of impairment losses on loans and advances to customers:

Analysis of impairment losses on loans and advances to customers:

	Stage 1 £'000	Stage 2 £'000	Stage 3 £'000	Total £'000
As at 1 January 2025	3,692	166	2,719	6,577
Transfer to stage 1	214	(161)	(53)	-
Transfer to stage 2	(690)	712	(22)	-
Transfer to stage 3	(68)	(139)	207	-
Remeasurement of impairment allowance	(2,189)	384	4,616	2,811
Net lending/(repayment)	3,409	(251)	(2,351)	807
Write-offs	-	-	(1,694)	(1,694)
Total movement in loss allowance	676	545	703	1,924
As at 31 December 2025	4,368	711	3,422	8,501

	Stage 1 £'000	Stage 2 £'000	Stage 3 £'000	Total £'000
As at 1 January 2024	2,522	160	11,914	14,596
Transfer to stage 1	277	(275)	(2)	-
Transfer to stage 2	(425)	479	(54)	-
Transfer to stage 3	(69)	(173)	242	-
Remeasurement of impairment allowance	(1,274)	560	3,191	2,477
Net lending/(repayment)	2,661	(582)	(3,837)	(1,758)
Write-offs	-	(3)	(8,735)	(8,738)
Total movement in loss allowance	1,170	6	(9,195)	(8,019)
As at 31 December 2024	3,692	166	2,719	6,577

20. Investment Securities

	2025 £'000	2024 £'000
<u>Investments not measured at fair value:</u>		
Money market fund	5,722	769
	5,722	769

Analysis of movements during the period:

At 1 January 2025	769	14,839
Purchased investment securities	21,080	10,659
Proceeds from sold or maturing securities	(16,267)	(25,000)
Coupons received	-	(75)
Interest income	62	271
Unrealised losses	78	-
Amounts transferred to the income statement	-	75
At 31 December 2025	5,722	769

Maturity profile of investment securities:

		769
Within 12 months	5,722	-
Over 12 months	-	-

As at the year ended 31 December 2025, the Group's only active investment security was a Euro liquidity short term low volatility money market fund which the Group use to invest surplus funds from cross currency swaps which are not yet used to fund customers. The fund invests in a range of cash holding and short dated securities held to maturity, this materially removes exposure to market movements, meaning the fund consistently trades at par value. The Group have therefore treated the investment as a cash and cash equivalent with related purchases and sales not recognised in the cash flow statement. The Group receives dividends on the outstanding balance in the money market fund, however, this is accounted for as interest income due to the nature of the fund trading at par, which generates an agreed yield not driven by market conditions.

In the year ended 31 December 2025, the Group held other investment securities such as Government gilts and UK treasury bills which were not treated as cash and cash equivalents and as such were included in the cash flow statement

flow statement.

In accordance with IFRS 9, all investment securities were assessed for impairment and treated as stage 1 assets in both reporting periods.

21. Derivatives

The table below reconciles the gains/(losses) on derivatives at fair value through profit or loss:

	2025 £'000	2024 £'000
Fair value changes in hedged item	(248)	251
<u>Fair value movement on derivatives:</u>		
Entered into hedging relationships	261	(56)
Not entered into hedging relationships	(699)	141
Fair value movement before designation	(96)	-
Amortisation of inception adjustments	9	48
Other adjustments	-	(12)
	(773)	372

The table below reconciles the gross amount of derivative contracts to the carrying balance shown in the consolidated statement of financial position:

	Gross amount of recognised financial assets/(liabilities) £'000	Net amount of financial assets/(liabilities) presented in the Statement of Financial Position £'000	Cash collateral (payable)/receivable not offset in the Statement of Financial Position £'000	Net amount £'000
31 December 2025				
<u>Derivative assets:</u>				
Interest rate risk hedging	350	350	(491)	(141)
Foreign currency risk hedging	61	61	(87)	(26)
<u>Derivative liabilities:</u>				
Interest rate risk hedging	(174)	(174)	244	70
Foreign currency risk hedging	(645)	(645)	904	259
31 December 2024				
<u>Derivative assets:</u>				
Interest rate risk hedging	154	154	(180)	(26)
Foreign currency risk hedging	141	141	-	141
<u>Derivative liabilities:</u>				
Interest rate risk hedging	(6)	(6)	-	(6)

As at the year ended 31 December 2025, the Group hedges the foreign currency risk of its outstanding euro receivable balances and the interest rate risk of liabilities in the form of customer deposits and subordinated liabilities. The majority of loans and advances to customers are expected to reprice within a short time frame and are subsequently not hedged. The Group hedge a small amount of longer-term loans and advances to customers accounting for £78,000 of the fair value movement on interest rate derivative liabilities.

All interest rate derivative instruments which have been entered into are transacted against SONIA. All foreign currency risk derivative instruments which have been entered into are transacted against the Euro.

Margin call collateral is either paid or received with the swap counterparties on all active swap contracts - this has been included in the above table. As at 31 December 2025, the Group has a variation margin receivable of £570,000 (2024: £180,000 payable) with swap counterparties. Further, the Group holds £2,150,000 (2024: £2,000,000) of independent collateral with banks for swap facilities, which is not included within the above table. See note 27 for the balance of cash collateral held with banks.

The table below profiles the maturity of nominal amounts for interest rate risk hedging derivatives based on contractual maturity:

Total nominal	Less than 3	More than
------------------	-------------	-----------

	amount £'000	months £'000	3 - 12 months £'000	1 - 5 years £'000	5 years £'000
31 December 2025					
<u>Derivative assets</u>					
Interest rate risk hedging	75,000	15,000	25,000	35,000	-
Foreign currency risk hedging	8,776	-	8,776	-	-
<u>Derivative liabilities</u>					
Interest rate risk hedging	91,600	-	45,000	40,000	6,600
Foreign currency risk hedging	27,844	6,251	21,593	-	-
	203,220	21,251	100,369	75,000	6,600

31 December 2024					
<u>Derivative assets</u>					
Interest rate risk hedging	10,000	-	-	10,000	-
Foreign currency risk hedging	4,283	-	4,283	-	-
<u>Derivative liabilities</u>					
Interest rate risk hedging	5,000	-	5,000	-	-
	19,283	-	9,283	10,000	-

The Group has 12 (2024: 3) interest rate swap contracts with an average fixed rate of 3.89% (2024: 4.73%).

The Group has 11 (2024: 1) cross currency swap contracts which make up the foreign currency risk hedging balance.

22. Hedge Accounting

	2025 £'000	2024 £'000
<u>Hedged liabilities:</u>		
Current hedge relationships	484	167
Swap inception adjustment	(109)	(31)
Fair value adjustments on hedged liabilities	375	136

The Group presently only enters into hedging relationships for retail deposits and subordinated liabilities. This means that the fair value movement on foreign currency derivatives and interest rate derivatives relating to loans and advances to customers is taken directly to the statement of profit or loss.

At present, the Group expects its hedging relationships to be highly effective as the Group hedges liabilities for which the fair value movements between the hedged item and hedging instrument are expected to be highly correlated.

Further, the Group does not anticipate having to rebalance the hedging relationship once entered into due to the contractual terms of the hedged liabilities meaning that the contractual cash flows are highly predictable, with any deviation likely to be negligible.

The tables below analyse the Group's portfolio hedge accounting for interest rate risk:

	2025		2024	
	Hedged item £'000	Hedging instrument £'000	Hedged item £'000	Hedging instrument £'000
Carrying amount of hedged item/nominal value of hedging instrument	160,472	160,000	15,167	15,000
Cumulative fair value adjustments of hedged item/fair value of hedging instrument	(375)	254	(136)	148
Changes in the fair value adjustment of hedged item/hedging instrument used for recognising the hedge ineffectiveness for the period	(248)	166	251	(56)

In the Consolidated Statement of Financial Position, £350,000 (2024: £154,000) of hedging instruments were recognised within derivative assets; and £96,000 (2024: £6,000) within derivative liabilities.

As at 31 December 2025, the net fair value of hedging instruments entered into hedging relationships is £254,000. This excludes the fair value movement on derivatives relating to foreign currency risk and interest rate risk not entered into hedge accounting which is in a liability position of £78,000 at the year end.

23. Trade and other receivables

	£'000	£'000
Trade receivables	6,425	3,316
Impairment allowance	(556)	(216)
	5,869	3,100
Other debtors	470	528
Prepayments	1,395	1,050
	1,865	1,578
Total trade and other receivables	7,734	4,678

All trade receivables are due within one year, refer to note 37 for the expected maturity profile.

The trade receivable balances are assessed for expected credit losses (ECL) under the 'simplified approach', which requires the Group to assess all balances for lifetime ECLs and is not required to assess significant increases in credit risk.

Ageing analysis of trade receivables:

	2025 £'000	2024 £'000
Not yet past due	5,792	3,149
Past due: 1 - 30 days (Early arrears)	357	54
Past due: 31 - 90 days (Mid/Late arrears)	41	15
Past due: 90+ days (Default)	235	98
Total trade receivables	6,425	3,316

Analysis of movement of impairment losses on trade receivables:

	2025 £'000	2024 £'000
At 1 January	216	259
Amounts written off	(116)	(223)
Amounts recovered	-	-
Change in loss allowance due to new trade and other receivables originated net of those derecognised due to settlement	456	180
At 31 December	556	216

24. Current taxation asset

	2025 £'000	2024 £'000
At 1 January	-	55
Payments/(Repayments)	40	(55)
At 31 December	40	-

25. Current taxation liability

	2025 £'000	2024 £'000
At 1 January	(1,259)	(73)
Charge to profit and loss account	(1,996)	(1,925)
Payments	3,256	736
Adjustments in respect of prior years	(1)	3
At 31 December	-	(1,259)

During the year ended 31 December 2025, the Group made quarterly corporation tax instalment payments which have exceeded the estimated corporation tax liability for the period. As a result, the Group is in a current tax asset position at the reporting date.

Refer to note 26 for further details of the deferred taxation asset.

26. Deferred taxation asset

Deferred tax assets and liabilities are recognised on temporary differences between the carrying amounts of assets and liabilities in the balance sheet and the amounts attributed to such assets and liabilities for tax purposes. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent it is probable that future taxable profits will be available against which

deductible temporary differences can be utilised. Deferred tax is determined using tax rates and legislation in force at the balance sheet date and is expected to apply when the deferred tax asset is realised, or the deferred tax liability is settled.

The table below shows the movement in net deferred tax assets:

	2025 £'000	2024 £'000
At 1 January	3,980	7,111
Charge to profit and loss account	(3,078)	(3,135)
Deferred tax directly included in equity	416	-
Adjustments in respect of prior years	594	4
At 31 December	1,912	3,980

See below for an analysis of the deferred taxation asset balance:

	2025 £'000	2024 £'000
Losses	984	4,232
Short term timing differences	1,311	8
Fixed assets	(383)	(260)
Deferred taxation asset	1,912	3,980

The Group has recognised a deferred tax asset in 2025 of £1.3m in respect of share-based payments, in addition to the existing deferred tax asset relating to tax losses carried forward of £3.9m, short term timing difference of £5.2m, and a deferred tax liability in relation to tangible fixed assets differences of £1.5m. The Group expect to fully utilise the deferred tax asset relating to historic tax losses during the year ended 31 December 2026.

The Group has an unrecognised deferred tax asset value of £0.7m (2024: £0.7m).

27. Loans and advances to banks

	2025 £'000	2024 £'000
<u>Unencumbered:</u>		
Included in cash and cash equivalents: balances with less than three months to maturity at inception	3,165	1,764
<u>Encumbered:</u>		
Cash collateral on derivatives placed with banks:		
Independent margin	2,150	2,000
Variation margin	570	-
Accrued interest on margins	9	7
	5,894	
Total loans and advances to banks		3,771

28. Notes to the cash flow statement

See below for reconciliation of balances classified as cash and cash equivalents, which are recognised within the consolidated cash flow statement:

	2025 £'000	2024 £'000
Cash and balances at central banks	131,676	110,030
Loans and advances to banks	3,165	1,764
Euro liquidity fund	5,722	769
Total cash and cash equivalents	140,563	112,563

Adjustments for non-cash items and other adjustments included in the income statement:

	Note	2025 £'000	2024 £'000
Depreciation of property, plant and equipment	16	547	444
Depreciation of right-of-use assets	17	398	197
Impairment of property, plant and equipment	16	275	-

(Gain)/Loss on disposal of property, plant and equipment	11	(3)	5
Amortisation of intangible assets	18	279	285
Loss on disposal of intangible assets	11	6	6
Loss on lease modification		-	30
Share-based payments	10	1,254	985
Impairment allowances on receivables		4,060	(241)
Movement in other provisions	12	(217)	50
Dividend income on money market funds	20	(60)	(28)
Interest income on debt securities	20	(2)	(243)
Finance costs		226	103
Unwind of discount	12	37	6
Interest on subordinated liabilities	5	1,331	1,272
Amortisation of subordinated liabilities acquisition costs	28	10	10
Movement in effective interest rate adjustment		(347)	941
Total non-cash items and other adjustments		7,794	3,822

Net change in operating assets:

	2025 £'000	2024 £'000
Increase in loans and advances to customers	(181,714)	(93,048)
Derivative financial instruments (asset)	(123)	241
(Increase)/Decrease in other assets	(4,517)	417
Increase in operating assets	(186,354)	(92,390)

Net change in operating liabilities:

	2025 £'000	2024 £'000
Increase in customer deposits	190,900	75,043
Derivative financial instruments (liability)	812	(559)
Fair value adjustments for portfolio hedged risk	247	(288)
Increase in other liabilities	3,209	5,180
Increase in operating liabilities	195,168	79,376

Changes in liabilities arising from financing activities:

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated cash flow statement as cash flows from financing activities.

	2025				2024				Total £'
	Lease liabilities	Subordinated Liabilities	Own Shares	Treasury Shares	Lease liabilities	Subordinated Liabilities	Own Shares (See note 31)		
	(see note 33)	(see note 35)	(See note 31)		(see note 33)	(see note 35)	31)		
	£'000	£'000	£'000	£'000	£'000	£'000	£'000		
At 1 January	90	10,230	(440)	-	9,880	1,205	10,221	(401)	11,005

Financing

cash flows:

Recognition
of
subordinated
liabilities
Repayment
of lease
liabilities

-	5,000	-	-	5,000	-	-	-	-
(108)	-	-	-	(108)	(252)	-	-	(360)

Coupon paid on subordinated liabilities		(1,269)			(1,269)	-	(1,273)	-	(1,273)
Purchase of own shares	-	-	(192)	-	(192)	-	-	(142)	(142)
Purchase of treasury shares	-	-	-	(4,877)	(4,877)	-	-	-	-
Receipt of cash from settlement of share options	-	-	-	116	116	-	-	-	-
Non-cash movements:									
Interest expense on subordinated liabilities	-	1,331	-	-	1,331	-	1,272	-	1,272
Amortisation of subordinated liabilities acquisition costs	-	10	-	-	10	-	10	-	-
Recognition of lease liabilities	2,238	-	-	-	2,238	-	-	-	-
Interest expense on lease liabilities	224	-	-	-	224	103	-	-	-
Lease modification	-	-	-	-	-	(966)	-	-	(966)
Settlement of employee share awards	-	-	84	6	90	-	-	103	103
At 31 December	2,444	15,302	(548)	(4,755)	12,443	90	10,230	(440)	9,880

29. Investment in subsidiaries

Subsidiary	Principal activity	Shareholding %	Class of shareholding	Country of incorporation	Registered address
DF Capital Bank Limited	Financial Services	100%	Ordinary	UK	Express Building, 9 Great Ancoats Street, Manchester, England, M4 5AD
DF Capital Financial Solutions Limited	Financial Services	100%	Ordinary	UK	Express Building, 9 Great Ancoats Street, Manchester, England, M4 5AD
DF Capital Retail Finance Limited	Financial Services	100%	Ordinary	UK	Express Building, 9 Great Ancoats Street, Manchester, England, M4 5AD

30. Equity

	2025 No.	2024 No.	2025 £'000	2024 £'000
<u>Authorised:</u>				
Ordinary shares of 1p each	179,369,199	179,369,199	1,793	1,793
Allotted, issued and fully paid: Ordinary shares of 1p each	179,369,199	179,369,199	1,793	1,793

Included in the ordinary shares above are a total of 12,642,866 treasury shares. In the year ended 31 December 2025, the Company repurchased 12,966,866 ordinary shares at a total cost of £4,876,862 inclusive of commission, these were held in treasury shares. 324,000 of these shares were used to settle the vesting of share option schemes during the year. This reduced the carrying value of treasury shares by £121,857 to £4,755,005 as at 31 December 2025. These treasury shares do not carry voting rights or rights to dividends while held by the Company.

Analysis of the movements in equity:

The below table details equity movements within the share capital, share premium and merger relief accounts during the years ended 31 December 2025 and 31 December 2024:

	No. of shares #	Share Capital £'000	Merger Relief £'000	Total £'000
Balance at 1 January 2024	179,369,199	1,793	94,911	96,704
No movements in the year	-	-	-	-
Balance at 31 December 2024	179,369,199	1,793	94,911	96,704
No movements in the year	-	-	-	-
Balance at 31 December 2025	179,369,199	1,793	94,911	96,704

31. Own shares

At 31 December 2025 the Group's Employee Benefit Trust held 2,635,660 (2024: 2,677,998) ordinary shares in Distribution Finance Capital Holdings plc to meet obligations under the Company's share and share option plans. The shares are stated at cost and their market value at 31 December 2025 was £1,344,187 (2024: £990,859).

	2025 £'000	2024 £'000
At 1 January	(440)	(401)
Acquisition of shares	(192)	(142)
Settlement of employee share awards	84	103
At 31 December	(548)	(440)

32. Merger reserve

There were no movements relating to the merger reserve account during years ended 31 December 2025 and 31 December 2024.

33. Lease liabilities

	2025 £'000	2024 £'000
At 1 January	90	1,205
Initial recognition	2,238	-
Interest expense	224	103
Lease payments	(108)	(252)
Lease modification	-	(966)
At 31 December	2,444	90

During the year ended 31 December 2025, the Group entered into a lease agreement for a new office space. This lease agreement commenced in March 2025 and therefore in accordance with IFRS16, a right of use asset and lease liability were recognised from that point within the consolidated financial statements.

The lease agreement includes a rent-free period in the first 12 months from inception. As a result, the expected lease repayments in the 12 months from the reporting date are lower than the associated finance cost, resulting in a negative current lease liability and the non-current element being higher than the amount presented on the balance sheet.

The Group does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Group's treasury function.

All lease obligations are denominated in currency units.

The maturity analysis of lease liabilities is as follows:

	2025 £'000	2024 £'000
--	---------------	---------------

Analysed as:

Current	(7)	90
Non-Current	2,451	-
Total lease liabilities	2,444	90

Maturity analysis of expected lease payments:

Year 1	275	109
Year 2	275	-
Year 3	408	-
Year 4	544	-
Year 5	544	-
Onwards	2,174	-
Total expected lease payments	4,220	109
Less: unearned interest	(1,776)	(19)
Total lease liabilities	2,444	90

34. Customer deposits

	2025	2024
	£'000	£'000
Customer deposits	840,565	649,665
Total customer deposits	840,565	649,665
Amounts repayable within one year	638,211	513,226
Amounts repayable after one year	202,354	136,439
	840,565	649,665

Refer to note 37 for the maturity profile of the customer deposit balances.

35. Subordinated liabilities

	2025	2024
	£'000	£'000
Tier 2 notes	15,000	10,000
Accrued interest	330	268
Deferred acquisition costs	(28)	(38)
Total subordinated liabilities	15,302	10,230

Refer to note 37 for the maturity profile of the subordinated liabilities.

36. Trade and other payables

	2025	2024
	£'000	£'000
Current liabilities		
Trade payables	311	524
Social security and other taxes	564	62
Corporation tax interest	76	-
Other creditors	5,662	4,165
Pension contributions	99	77
Accruals	5,988	4,427
Total current liabilities	12,700	9,255
Non-current liabilities		
Social security and other taxes	122	80
Total non-current liabilities	122	80
Total trade and other payables	12,822	9,335

Refer to note 37 for the maturity profile of the trade payables.

37. Financial instruments

The Directors have performed an assessment of the risks affecting the Group through its use of financial instruments and believe the principal risks to be: Treasury (covering capital management, liquidity and interest rate risk); and Credit risk.

This note describes the Group's objectives, policies and processes for managing the material risks and the methods used to measure them. The significant accounting policies regarding financial instruments are disclosed in note 2.

Capital management

The Group manages its capital to ensure that it will be able to continue as a going concern while providing an adequate return to shareholders.

The capital structure of the Group consists of equity (comprising issued capital, merger relief, merger reserve, own shares, treasury shares and retained earnings - see notes 30 to 32) and subordinated liabilities (see note 35).

As a regulated banking Group, the Group is required by the Prudential Regulation Authority (PRA) to hold sufficient regulatory capital. The Group is required by the PRA to conduct an Internal Capital Adequacy Assessment Process ("ICAAP") to assess the appropriate amount of regulatory capital to be held by the Group as a measure of its risk weighted assets ("RWAs"), in accordance with the Group's risk management framework. The ICAAP identifies all key risks to the Bank and how the Group manages these risks. The document outlines the capital resources of the Group, its perceived capital requirements, and capital adequacy over a 3-year period. Within this process the Group conducts a stress testing process to identify key risks, the potential capital requirements and whether the Group has sufficient capital buffers to withstand such events. The Group uses the Standardised Approach (SA) for calculating the capital requirements for credit risk, and Counterparty Credit Risk (SA-CCR) and the Basic Indicator Approach (BIA) for operational risk. The ICAAP is currently approved by the Group Board at least annually. This will be reviewed in conjunction with the new SDDT Capital Regime, which the Group will move to from 1st January 2027.

The regulatory capital resources of the Group were as follows (unaudited):

	2025 £'000	2024 £'000
<u>CET1 capital: instruments and reserves</u>		
Called up share capital	1,793	1,793
Retained earnings account	56,438	39,624
Accumulated other comprehensive income & other reserves	68,999	73,937
CET1 capital before regulatory adjustments	127,230	115,354
<u>CET1 capital: regulatory adjustments</u>		
Intangible assets	(745)	(950)
Investment in own shares	(1,187)	(1,549)
Prudent valuation adjustment	(1)	-
Deferred tax asset	(1,912)	(3,980)
Exposure amount qualifying for a RW of 1250%	(10,942)	(10,095)
CET1 capital	112,443	98,780
Tier 1 capital	112,443	98,780
Tier 2 capital	15,302	10,230
Total regulatory capital	127,745	109,010

This table is not subject to audit.

The return on assets of the Group (calculated as profit after taxation divided by average total assets) was 1.73% (2024: 1.96%).

Information disclosure under Pillar 3 of the Capital Requirements Directive is published on the Group's website at www.dfcapital-investors.com

Principal financial instruments

The principal financial instruments to which the Group is party, and from which financial instrument risk arises, are as follows:

- § Cash and balances at central banks, which are considered risk free;
- § Loans and advances to banks, which can be a source of credit risk but are primarily liquid assets available to further business objectives or to settle liabilities as necessary;
- § Loans and advances to customers, primarily credit risk, interest rate risk, and liquidity risk;
- § Investment securities, source of interest rate risk;
- § Derivative instruments, credit and liquidity risk.

§	Derivative instruments, credit and liquidity risk;
§	Customer deposits, primarily interest rate risk and liquidity risk;
§	Subordinated liabilities, primarily interest rate risk and liquidity risk;
§	Trade receivables, primarily credit risk and liquidity risk;
§	Trade and other payables, primarily credit risk and liquidity risk.

Summary of financial assets and liabilities:

Below is a summary of the financial assets and liabilities held on the Group's statement of financial position at the reporting dates. These values are reflected at their carrying amounts at the respective reporting date:

31 December 2025	Amortised cost £'000	Fair value through other comprehensive income £'000	Fair value through profit or loss £'000	Total £'000
<u>Financial assets:</u>				
Cash and balances at central banks	131,676	-	-	131,676
Loans and advances to banks	5,894	-	-	5,894
Investment securities	5,722	-	-	5,722
Derivative assets	-	-	411	411
Loans and advances to customers	839,526	-	-	839,526
Trade receivables	5,869	-	-	5,869
Other receivables	470	-	-	470
Total financial assets	989,157	-	411	989,568

31 December 2025

Financial liabilities:

Customer deposits	840,565	-	-	840,565
Derivative liabilities	-	-	819	819
Other financial liabilities	2,444	-	-	2,444
Subordinated liabilities	15,302	-	-	15,302
Trade payables	311	-	-	311
Other payables	6,523	-	-	6,523
Total financial liabilities	865,145	-	819	865,964

31 December 2024	Amortised cost £'000	Fair value through other comprehensive income £'000	Fair value through profit or loss £'000	Total £'000
<u>Financial assets:</u>				
Cash and balances at central banks	110,030	-	-	110,030
Loans and advances to banks	3,771	-	-	3,771
Investment securities	769	-	-	769
Derivative assets	-	-	295	295
Loans and advances to customers	660,772	-	-	660,772
Trade receivables	3,100	-	-	3,100
Other receivables	528	-	-	528
Total financial assets	778,970	-	295	779,265

31 December 2024

Financial liabilities:

Customer deposits	840,565		840,565
-------------------	---------	--	---------

Customer deposits	649,000	-	-	649,000
Derivative liabilities	-	-	6	6
Other financial liabilities	90	-	-	90
Subordinated liabilities	10,230	-	-	10,230
Trade payables	524	-	-	524
Other payables	4,384	-	-	4,384
Preference shares	-	-	-	-
Total financial liabilities	664,893	-	6	664,899

Analysis of financial instruments by valuation model

The Group measures fair values using the following hierarchy of methods:

- § Level 1 - Quoted market price in an active market for an identical instrument
- § Level 2 - Valuation techniques based on observable inputs. This category includes instruments valued using quoted market prices in active markets for similar instruments, quoted prices for similar instruments that are considered less than active, or other valuation techniques where all significant inputs are directly or indirectly observable from market data
- § Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs)

Financial assets and liabilities that are not measured at fair value:

	Carrying amount £'000	Fair value £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000
31 December 2025					
<u>Financial assets not measured at fair value:</u>					
Cash and balances at central banks	131,676	131,676	131,676	-	-
Loans and advances to banks	5,894	5,894	5,894	-	-
Investment securities	5,722	5,722	5,722	-	-
Loans and advances to customers	839,526	839,526	-	-	839,526
Trade receivables	5,869	5,869	-	-	5,869
Other receivables	470	470	-	-	470
	989,157	989,157	143,292	-	845,865

Financial liabilities not measured at fair value:

Customer deposits	840,565	838,673	-	-	838,673
Other financial liabilities	2,444	2,444	-	-	2,444
Subordinated liabilities	15,302	15,727	-	15,727	-
Trade payables	311	311	-	-	311
Other payables	6,523	6,523	-	-	6,523
	865,145	863,678	-	15,727	847,951

	Carrying amount £'000	Fair value £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000
31 December 2024					
<u>Financial assets not measured at fair value:</u>					
Cash and balances at central banks	110,030	110,030	110,030	-	-
Loans and advances to banks	3,771	3,771	3,771	-	-
Investment securities	769	769	769	-	-
Loans and advances to customers	660,772	660,772	-	-	660,772
Trade receivables	3,100	3,100	-	-	3,100
Other receivables	528	528	-	-	528
	778,970	778,970	114,570	-	664,400

Financial liabilities not measured at fair value:

Customer deposits	649,665	650,736	-	-	650,736
Other financial liabilities	90	90	-	-	90
Subordinated liabilities	10,230	10,567	-	10,567	-
Trade payables	524	524	-	-	524
Other payables	4,384	4,384	-	-	4,384
	664,893	666,301	-	10,567	655,734

Where assets and liabilities are not measured at fair value, the Group has calculated their fair values at the reporting date as follows:

Cash and balances at central banks

This represents cash held at central banks where fair value is considered to be equal to carrying value.

Loans and advances to banks

This mainly represents the Group's working capital current accounts with other banks with an original maturity of less than one month. Fair value is not considered to be materially different to carrying value.

Investment securities

The investment securities carried at amortised cost represent the Group's investment in a money market fund. Due to the short-term nature of the underlying investments which are held to maturity, the fund has never deviated from par value. The carrying value is therefore considered to be approximately equal to the fair value.

Loans and advances to customers

The group has performed an assessment to determine the fair value of loans and advances to customers, and it was determined that due to the majority being short-term in nature, their carrying value is materially equal to their fair value.

Customer deposits

The fair value of fixed rate customer deposits has been estimated by discounting future cash flows at current market rates of interest which are currently higher than current customer rates offered and as such the discounting is higher and the fair value is estimated to be less than carrying value.

Subordinated liabilities

The fair value of the subordinated liabilities is estimated by discounting the expected cashflows using an interest rate for similar liabilities with the same remaining maturity rate and credit profile.

Trade and other receivables, other borrowings and other liabilities

These represent short-term receivables and payables and as such their carrying value is considered to be equal to their fair value.

Financial assets and liabilities included in the statement of financial position that are measured at fair value:

	Carrying amount £'000	Principal amount £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000
31 December 2025					
<u>Financial assets measured at fair value:</u>					
Derivative assets	411	83,776	-	411	-
	411	83,776	-	411	-
<u>Financial liabilities measured at fair value:</u>					
Derivative liabilities	819	119,444	-	819	-
	819	119,444	-	819	-
31 December 2024					
<u>Financial assets measured at fair value:</u>					
Derivative assets	295	10,000	-	295	-
	295	10,000	-	295	-
<u>Financial liabilities measured at fair value:</u>					
Derivative liabilities	6	5,000	-	6	-
	6	5,000	-	6	-

Derivatives

Derivative instruments fair values are provided by a third party and are based on the market values of similar financial instruments.

Financial risk management

The Group's activities and the existence of the above financial instruments expose it to a variety of financial risks.

The Board has overall responsibility for the determination of the Group's risk management objectives and policies. The overall objective of the Board is to set policies that seek to reduce ongoing risk as far as possible without unduly affecting the Group's competitiveness and flexibility.

The Group is exposed to the following financial risks:

- § Credit risk
- § Liquidity risk
- § Interest rate risk

Further details regarding these policies are set out below.

Credit risk

Credit risk is the risk of financial loss arising from a client, customer or counterparty failing to meet their financial obligations to the Group or repay in accordance with agreed terms. Credit risk is considered the most significant risk faced by the Group.

Credit risk management

The Group has a dedicated credit risk function, which is responsible for implementing a credit framework and complying with lending policy and standards. The overriding objective of the framework is to ensure that the Group operates within its agreed credit appetite, as set by the Board. The main categories of credit risk are

- Client default risk - risks arising from the failure of a borrower.
- Credit concentration risk - risk of loss from concentration of credit risk to a specific individual (or aggregated group), counterparty, asset class or industry sector.
- Repurchase risk - risk of loss arising from the failure of a manufacturer to meet a claim under a repurchase agreement.
- Security risk - losses from the realisation of assets charged or pledged to the Bank. This includes a sale out of trust.
- Counterparty risk - the failure of a bank counterparty or derivative provider.

The credit risk function ensure that credit risk exposures are compliant with regulatory and legal requirements and protect customers from harm. Policies are continually developed to reflect changes to regulation, economic conditions and lessons learned. Policies, standards and procedures are designed to ensure that Board approved appetite is not exceeded, transactions are consistently documented, and vulnerable customers are identified and treated appropriately.

Credit risk and credit applications are sanctioned by appropriately skilled bankers within the discretion matrix.

Emphasis is placed on maintaining a diverse and balanced portfolio, within clearly defined industry sectors and security requirements. Credit risk is monitored throughout the lifecycle of each facility and we use rating-based models to assess the quality of the portfolio.

Significant increase in credit risk

The Group continuously monitors all assets subject to Expected Credit Loss as to whether there has been a significant increase in credit risk since initial recognition, either through a significant increase in Probability of Default ("PD") or in Loss Given Default ("LGD").

The short tenor of inventory finance loan facilities, which continue to represent the vast majority of loans and advances to customers, reduce the possible adverse effect of changes in economic conditions and/or the credit risk profile of the counterparty.

The Group nonetheless measures a change in a counterparty's credit risk mainly on payment performance and end of contract repayment behaviour. The regular collateral audit process and interim reviews may highlight other changes in a counterparty's risk profile, such as the security asset no longer being under the control of the borrower.

Identifying loans and advances in default and credit impaired

The Group's definition of default for this purpose is:

- § A counterparty defaults on a payment due under a loan agreement and that payment is more than 90 days overdue;
- § A counterparty commits an event of default under the terms and conditions of the loan agreement which leads the lending company to believe that the borrower's ability to meet its credit obligations to the lending company is in doubt; or
- § The Group is made aware of a severe deterioration of the credit profile of the customer which is likely to impede the customers' ability to satisfy future payment obligations.

Maximum exposure to credit risk:

	2025 £'000	2024 £'000
Loans and advances to banks	5,894	3,771
Derivative assets	411	295
Loans and advances to customers	839,526	660,772
Trade and other receivables	6,339	3,627
	852,170	668,465

Collateral held as security:

	2025 £'000	2024 £'000
<u>Collateralised lending:</u>		
Loan-to-value* ratio:		
Less than 50%	21,117	15,539
51% to 70%	82,754	78,738
71% to 80%	159,959	122,425
81% to 90%	123,373	122,672
91% to 100%	445,367	319,082
Hire purchase	15,232	4,539
Total collateralised lending	847,802	662,995
Unsecured lending	2,305	6,781

* Calculated using wholesale collateral values. Wholesale collateral values represent the invoice total (including applicable VAT) from the invoice received from the supplier of the product. The wholesale amount is less than the recommended retail price (RRP) of the product.

The Group's lending activities are asset based so it expects that the majority of its exposure is secured by the collateral value of the asset that has been funded under the loan agreement. The Group has title to the collateral which is funded under loan agreements. The collateral includes boats, motorcycles, recreational vehicles, caravans, light commercial vehicles, industrial and agricultural equipment. The collateral has low depreciation and is not subject to rapid technological changes or redundancy. There has been no change in the Group's assessment of collateral and its underlying value in the reporting period.

The assets are generally in the counterparty's possession, but this is controlled and managed by the asset audit process. The audit process checks on a periodic basis that the asset is in the counterparty's possession and has not been sold out of trust or is otherwise not in the counterparty's control. The frequency of the audits is initially determined by the risk rating assessed at the time that the borrowing facility is first approved and is assessed on an ongoing basis.

Additional security may also be taken to further secure the counterparty's obligations and further mitigate risk. Further to this, in many cases, the Group is often granted, by the counterparty, an option to sell-back the underlying collateral or re-distribute the asset within their underlying network to prevent losses resulting from defaults.

Based on the Group's current principal products, the counterparty repays its obligation under a loan agreement with the Group at or before the point that it sells the asset. If the asset is not sold and the loan agreement reaches maturity, the counterparty is required to pay the amount due under the loan agreement plus any other amounts due. In the event that the counterparty does not pay on the due date, the Group's customer management process will maintain frequent contact with the counterparty to establish the reason for the delay and agree a timescale for payment. Senior Management will review actions on a regular basis to ensure that the Group's position is not being prejudiced by delays.

In the event the Group determines that payment will not be made voluntarily, it will enforce the terms of its loan agreement and recover the asset, initiating legal proceedings for delivery, if necessary. If there is a shortfall between the net sales proceeds from the sale of the asset and the counterparty's obligations under the loan agreement, the shortfall is payable by the counterparty on demand.

As at 31 December 2025, 99.7% of the loan portfolio was fully collateralised (2024: 99.0%).

Concentration of credit risk

The Group maintains policies and procedures to manage concentrations of credit at the counterparty level and industry level to achieve a diversified loan portfolio.

The below table analyses gross carrying amount and impairment allowance by counterparty industry sector:

	31 December 2025		31 December 2024	
	£'000	Portfolio %	£'000	Portfolio %
<u>Inventory finance</u>				
Motorhome & Caravan	236,893	27.9%	207,948	31.0%
Transport	159,835	18.8%	93,314	13.9%
Marine	26,812	4.4%	70,420	10.8%

Marine	90,812	11.4%	12,120	10.8%
Automotive	50,750	6.0%	31,562	4.7%
Motorcycle	33,167	3.9%	35,264	5.3%
Lodges	75,228	8.8%	91,473	13.7%
Industrial	48,273	5.7%	33,128	4.9%
Agricultural	17,514	2.1%	24,720	3.7%
Other Serialised Assets	3,649	0.4%	3,764	0.6%
	722,121	84.9%	593,293	88.6%

Structured Finance

Invoice Finance	11,133	1.3%	5,148	0.8%
Secured Business Loan	34,375	4.0%	13,531	2.0%
Wholesale Finance	67,246	7.9%	53,181	7.9%
	112,754	13.3%	71,860	10.7%

Asset Finance	15,232	1.8%	4,623	0.7%
----------------------	---------------	-------------	--------------	-------------

Total Gross Carrying Amount	850,107	100.0%	669,776	100.0%
------------------------------------	----------------	---------------	----------------	---------------

	£'000	ECL coverage %	£'000	ECL coverage %
<u>Inventory finance</u>				
Motorhome & Caravan	(1,488)	0.6%	(1,439)	0.7%
Transport	(759)	0.5%	(330)	0.4%
Marine	(643)	0.7%	(342)	0.5%
Automotive	(1,289)	2.5%	(912)	2.9%
Motorcycle	(894)	2.7%	(387)	1.1%
Lodges	(1,732)	2.3%	(944)	1.0%
Industrial	(270)	0.6%	(126)	0.4%
Agricultural	(155)	0.9%	(830)	3.4%
Other Serialised Assets	(34)	0.9%	(9)	0.2%
	(7,264)	1.0%	(5,319)	0.9%

Structured Finance

Invoice Finance	(111)	1.0%	(135)	2.6%
Secured Business Loan	(258)	0.8%	(131)	1.0%
Wholesale Finance	(603)	0.9%	(919)	1.7%
	(972)	0.9%	(1,185)	1.6%

Asset Finance	(265)	1.7%	(73)	1.6%
----------------------	--------------	-------------	-------------	-------------

Total impairment allowance	(8,501)	1.0%	(6,577)	1.0%
-----------------------------------	----------------	-------------	----------------	-------------

Credit quality

The Risk Rating is an internal rating system of counterparty credit risk whereby the Group will allocate a rating from 1 to 9, 1 being the highest level of credit quality and 9 being the lowest level of credit quality. The Group uses Experian Delphi scores to set Risk Ratings which in turn determine the probability of default for each counterparty. In the majority of cases, the Experian Delphi score will be used without management override adjustments. However, where the Delphi score differs from the Group's assessment of credit risk and/or where a Delphi score cannot be derived such as in the case of sole traders or unincorporated partnerships, either a Delphi score uplift or a Delphi score equivalent is utilised to calculate an internal risk rating. The Risk Rating for each counterparty is reviewed on an ongoing basis and recorded as at the reporting date.

An analysis of the Group's credit risk exposure for loan and advances to customers, internal risk rating and "stage" is provided in the following tables. A description of the meanings of stages 1, 2 and 3 was given in the accounting policies set out above. See below table of gross loan receivables by Risk Rating and IFRS 9 stage allocation:

31 December 2025	Stage 1 Portfolio		Stage 2 Portfolio		Stage 3 Portfolio		Total	
	£'000	%	£'000	%	£'000	%	£'000	Portfolio
Gross carrying amount:								
Above average (Risk rating 1-2)	514,559	60.5%	-	0.0%	-	0.0%	514,559	60.5
Average (Risk rating 3-5)	244,556	28.8%	27,623	3.2%	737	0.1%	272,916	32.1
Below average (Risk rating 6-9)	-	-	-	-	-	-	-	-

Below average (Risk rating 6+)	26,614	3.1%	27,118	3.2%	8,900	1.0%	62,632	7.4
Total gross carrying amount	785,729	92.4%	54,741	6.4%	9,637	1.1%	850,107	100.0
	£'000	ECL coverage %	£'000	ECL coverage %	£'000	ECL coverage %	£'000	EC coverage %
<u>Impairment allowance:</u>								
Above average (Risk rating 1-2)	(1,768)	0.3%	-	0.0%	-	0.0%	(1,768)	0.3
Average (Risk rating 3-5)	(2,034)	0.8%	(175)	0.6%	-	0.0%	(2,209)	0.8
Below average (Risk rating 6+)	(566)	2.1%	(536)	2.0%	(3,422)	38.4%	(4,524)	7.2
Total impairment allowance	(4,368)	0.6%	(711)	1.3%	(3,422)	35.5%	(8,501)	1.0

31 December 2024	Stage 1		Stage 2		Stage 3		Total	
	£'000	Portfolio %	£'000	Portfolio %	£'000	Portfolio %	£'000	Portfolio %
<u>Gross carrying amount:</u>								
Above average (Risk rating 1-2)	459,277	68.6%	13,996	2.1%	4,075	0.6%	477,348	71.3%
Average (Risk rating 3-5)	173,037	25.8%	2,092	0.3%	1,157	0.2%	176,286	26.3%
Below average (Risk rating 6+)	11,199	1.7%	2,396	0.4%	2,547	0.4%	16,142	2.4%
Total gross carrying amount	643,513	96.1%	18,484	2.8%	7,779	1.2%	669,776	100.0%
	£'000	ECL coverage %	£'000	ECL coverage %	£'000	ECL coverage %	£'000	ECL coverage %
<u>Impairment allowance:</u>								
Above average (Risk rating 1-2)	(1,686)	0.4%	(89)	0.6%	(1,700)	41.7%	(3,475)	0.7%
Average (Risk rating 3-5)	(1,839)	1.1%	(11)	0.5%	(430)	37.1%	(2,280)	1.3%
Below average (Risk rating 6+)	(167)	1.5%	(66)	2.8%	(589)	23.1%	(822)	5.1%
Total impairment allowance	(3,692)	0.6%	(166)	0.9%	(2,719)	35.0%	(6,577)	1.0%

See note 19 for analysis of the movements in gross loan receivables and impairment allowances in terms of IFRS 9 staging.

Analysis of credit quality of trade receivables:

	2025 £'000	2024 £'000
<u>Status at balance sheet date:</u>		
Not past due, nor defaulted	5,780	3,125
Past due but not in default	390	58
Defaulted	255	133
Total gross carrying amount	6,425	3,316
Impairment allowance	(556)	(216)
Carrying amount	5,869	3,100

Financial guarantee schemes

As at 31 December 2025, the Group continues to utilise financial guarantee schemes which allow the Group to reduce its regulatory capital requirements, which includes an ENABLE guarantee scheme with the British Business Bank for a maximum facility limit of £350m. The Group also holds a trade credit insurance policy covering a portion of the Group's loan book exposure in the case of default. The Group has considered the impact of these financial guarantee schemes on its expected credit losses which has been deemed to have an immaterial net impact given the recourse criteria thresholds on the scheme.

Amounts written off

The contractual amount outstanding on financial assets that were written off during the reporting period and are

The contractual amount outstanding on material assets that were written off during the reporting period and are still subject to enforcement activity is £nil at 31 December 2025 (31 December 2024: £nil).

Liquidity risk

Liquidity risk is the risk that the Group does not have sufficient financial resources to meet its obligations as they fall due or will have to do so at an excessive cost. This risk arises from mismatches in the timing of cash flows which is inherent in all finance operations and can be affected by a range of Group-specific and market-wide events.

Liquidity risk management

The Group has in place a policy and control framework for managing liquidity risk. The Group's Asset and Liability Management Committee (ALCO) is responsible for managing the liquidity risk via a combination of policy formation, review and governance, analysis, stress testing, limit setting and monitoring. The ALCO meets on a monthly basis to review the liquidity position and risks.

The Bank has a comprehensive suite of liquidity management processes in place, which allow the Bank to monitor liquidity risk on a daily basis. Daily liquidity reporting is supplemented by Early Warning Indicators and a Liquidity Contingency Plan.

Liquidity stress testing

Stress Testing is a key risk management tool for the Bank and is used to inform the setting of risk appetite limits and required buffers.

A range of liquidity stress scenarios has been conducted (as detailed in the Internal Liquidity Adequacy Assessment Process "ILAAP" document), which demonstrates that the Group's liquidity profile is sufficient to withstand a severe stress.

Maturity analysis for financial assets:

The following maturity analysis is based on **expected** gross cash flows:

	Carrying amount £'000	Gross nominal inflow £'000	Less than 1 month £'000	1 - 3 months £'000	3 months to 1 year £'000	1 - 5 years £'000	>5 years £'000
31 December 2025							
Cash and balances at central banks	131,676	131,676	131,676	-	-	-	-
Loans and advances to banks	5,894	5,894	3,174	-	-	150	2,570
Investment securities	5,722	5,722	5,722	-	-	-	-
Derivative assets	411	411	-	1	80	330	-
Loans and advances to customers	839,526	847,546	186,728	202,406	335,156	120,559	2,697
Trade receivables	5,869	6,425	6,193	75	157	-	-
Other receivables	470	470	426	27	17	-	-
	989,568	998,144	333,919	202,509	335,410	121,039	5,267

	Carrying amount £'000	Gross nominal inflow £'000	Less than 1 month £'000	1 - 3 months £'000	3 months to 1 year £'000	1 - 5 years £'000	>5 years £'000
31 December 2024							
Cash and balances at central banks	110,030	110,030	110,030	-	-	-	-
Loans and advances to banks	3,771	3,771	1,951	-	-	1,820	-
Investment securities	769	769	769	-	-	-	-
Derivative assets	295	295	-	-	141	154	-
Loans and advances to customers	660,772	666,484	120,052	169,333	293,082	83,417	600
Trade receivables	3,100	3,316	3,251	26	39	-	-
Other receivables	528	528	188	22	217	1	100
	779,265	785,193	236,241	169,381	293,479	85,392	700

Maturity analysis for financial liabilities:

The following maturity analysis is based on **contractual** gross cash flows:

	Carrying amount £'000	Gross nominal outflow £'000	Less than 1 month £'000	1 - 3 months £'000	3 months to 1 year £'000	1 - 5 years £'000	>5 years £'000
31 December 2025							

31 December 2023	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Customer deposits	840,565	872,190	122,979	79,394	445,285	224,532	-
Derivative liabilities	819	819	71	117	504	49	78
Other financial liabilities	2,444	4,220	-	69	206	1,770	2,175
Subordinated liabilities	15,302	21,985	-	318	1,588	20,079	-
Trade payables	311	311	311	-	-	-	-
Other payables	6,523	6,728	6,183	102	166	277	-
	865,964	906,253	129,544	80,000	447,749	246,707	2,253
Loan commitments	-	15,109	15,109	-	-	-	-

31 December 2024	Carrying amount £'000	Gross nominal outflow £'000	Less than 1 month £'000	1 - 3 months £'000	3 months to 1 year £'000	1 - 5 years £'000	>5 years £'000
Customer deposits	649,665	667,834	115,854	52,120	352,490	147,370	-
Derivative liabilities	6	6	-	-	6	-	-
Other financial liabilities	90	109	-	63	46	-	-
Subordinated liabilities	10,230	15,080	-	318	953	13,809	-
Trade payables	524	524	524	-	-	-	-
Other payables	4,384	4,702	4,197	(72)	101	476	-
Preference shares	-	-	-	-	-	-	-
	664,899	688,255	120,575	52,429	353,596	161,655	-
Loan commitments	-	5,972	5,972	-	-	-	-

Market risk

Market risk is the risk that movements in market factors, such as foreign exchange rates, interest rates, credit spreads, equity prices and commodity prices will reduce the Group's income or the value of its assets.

The principal market risk to which the Group is exposed is interest rate risk.

Interest rate risk management

The Group is exposed to the risk of loss from fluctuations in the future cash flows or fair values of financial instruments because of the change in market interest rates.

The Group's borrowings are either fixed rate, or administered, (being products where the rate is set at DFC's discretion). These borrowings fund loans and advances to customers predominantly at fixed rate, with a small number linked to base rate.

The shorter average duration of the loan and deposit book provide a natural mitigant against interest rate risk. The Bank aims to naturally hedge interest rate risk through raising funding of a similar profile of the loans being funded. Where this is not possible, interest rate swaps are used to manage repricing mismatches.

The Bank evaluates changes in the economic value of equity calculated under the following six supervisory shock scenarios referred to in Rule 9.7 of the ICAA Part of the PRA Rulebook as issued by the Prudential Regulation Authority (PRA).

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

The estimate that a 200bps upward and downward movement in interest rates would have impacted the economic value of equity (EVE) is as follows:

	2025 £'000	2024 £'000
<u>Change in interest rate (basis points):</u>		
Sensitivity of EVE +200bps	361	(186)
Sensitivity of EVE -200bps	(485)	156

The estimate of the effect on the next 12 months net interest income using a 200bps upward and 200bps

The estimate of the effect on the next 12 months net interest income using a 200bps upward and 200bps downward movement in interest rates is as follows:

	2025 £'000	2024 £'000
Change in interest rate (basis points):		
Sensitivity of profit +200bps	1,470	1,040
Sensitivity of profit -200bps	(2,198)	(2,233)

In preparing the sensitivity analyses above, the Group makes certain assumptions consistent with the expected and contractual re-pricing behaviour as well as behavioural repayment profiles under the two interest rate scenarios.

38. Earnings per share

	2025 £'000	2024 £'000
Earnings attributable to ordinary shareholders		
Profit after tax attributable to the shareholders	15,159	14,021
Weighted average number of shares, thousands¹		
Basic	169,876	179,369
Dilutive impact of share-based payment schemes	9,914	9,669
Diluted	179,790	189,038
Earnings per share, pence per share		
Basic	8.9	7.8
Diluted	8.4	7.4

¹Excluding average number of treasury shares held during the year (2024: Nil)

39. Controlling party

As at 31 December 2025 there was no controlling party of the ultimate parent company of the Group, Distribution Finance Capital Holdings plc.

40. Country by country reporting (CBCR)

CBCR was introduced through Article 89 of CRD IV, aimed at the banking and capital markets industry. The name, nature of activities and geographic location of the Group's companies are presented below:

Jurisdiction	Country	Name	Activities
UK	England	Distribution Finance Capital Holdings plc	Holding company
		DF Capital Bank Limited	Commercial lending and specialist personal savings
		DF Capital Financial Solutions Limited	Commercial lending
		DF Capital Retail Finance Limited	Retail lending

Other disclosures required by the CBCR directive are provided below:

UK totals	2025	2024
Average number of employees	155	136
Turnover, £'000	56,039	45,490
Profit before taxation, £'000	19,641	19,074
Taxation charge/(credit), £'000	4,482	5,053

The table below reconciles tax charged and tax paid during the year.

UK totals	2025 £'000	2024 £'000
Taxation charge/(credit)	4,482	5,053
Effects of:		
Deferred taxation asset recognition	895	-
Deferred taxation asset utilisation	(3,380)	(3,178)
Movement in current tax liability	1,299	(1,192)
Other timing differences	-	-
Taxation paid	3,296	683

All activities relating to the Group are conducted within the United Kingdom and the Group is not subject to non-

All activities relating to the Group are conducted within the United Kingdom and the Group is not subject to non-domestic taxation.

41. Related party disclosures

In the year ended 31 December 2025, Directors were awarded share-based payments, refer to note 10 for further details.

Directors' emoluments are disclosed in note 9 of these consolidated financial statements.

In the year ended 31 December 2025, there were no other related party transactions.

42. Transactions with key management personnel

All related party transactions were made on terms equivalent to those that prevail in arm's length transactions. During the year, there were no related party transactions between the key management personnel and the Group other than as described below.

The Directors and Senior Leadership team are considered to be key management personnel. Directors' remuneration is disclosed in note 9 and in the Directors' Remuneration Report on pages 82 to 87. The Senior Leadership team are all employees of the Group. The aggregate remuneration of the key management personnel (including Directors) is shown in the table below:

	2025 £'000	2024 £'000
Short-term employment benefits	5,665	5,072
Share-based payments	-	-
Total key management personnel remuneration	5,665	5,072

Key management personnel held deposits with the Group of £154,000 (2024: £256,000).

43. Subsequent events

There have been no subsequent events between 31 December 2025 and the date of this report which would have a material impact on the financial position of the Group.

The Company Statement of Financial Position

	Note	2025 £'000	2024 £'000
Assets			
Loans and advances to banks	5	215	132
Trade and other receivables	7	61	106
Deferred tax asset	14	532	-
Amounts receivable from Group Undertakings		872	443
Investment in subsidiaries	8	137,005	136,225
Total assets		138,685	136,906
Liabilities			
Trade and other payables	10	1,561	1,027
Amounts payable to Group Undertakings	9	14,518	8,270
Total liabilities		16,079	9,297
Equity			
Issued share capital	11	1,793	1,793
Merger relief	11	94,911	94,911
Retained earnings		31,205	31,345
Treasury shares		(4,755)	-
Own shares	12	(548)	(440)
Total equity		122,606	127,609
Total equity and liabilities		138,685	136,906

The notes on pages 181 to 187 are an integral part of these financial statements.

Distribution Finance Capital Holdings plc recorded loss after taxation for the year ended 31 December 2025 of £1,450,000 (2024: loss of £1,535,000). These financial results are derived entirely from continuing operations.

These financial statements were approved by the Board of Directors and authorised for issue on 20 March 2026. They were signed on its behalf by:

.....
Carl D'Ammassa
Director
20 March 2026

Registered number: 11911574

The Company Cash Flow Statement

	Note	2025 £'000	2024 £'000
<u>Cash flows from operating activities:</u>			
Loss before taxation		(2,266)	(1,892)
Adjustments for non-cash items and other adjustments included in the income statement	6	(1,697)	(1,175)
Decrease in operating assets		46	1
Increase in operating liabilities		534	192
Taxation paid		-	-
Net cash used in operating activities		(3,383)	(2,874)
<u>Cash flows from investing activities:</u>			
Net cash used in investing activities		-	-
<u>Cash flows from financing activities:</u>			
Proceeds from intercompany loan		8,419	3,067
Purchase of own shares	12	(192)	(142)
Purchase of treasury shares	11	(4,877)	-
Receipt of cash from settlement of share options		116	-
Net cash generated from financing activities		3,466	2,925
Net decrease in cash and cash equivalents		83	51
Cash and cash equivalents at start of the year	6	132	81
Cash and cash equivalents at end of the year	6	215	132

The Company Statement of Changes in Equity

	Issued share capital £'000	Merger relief £'000	Own shares ² £'000	Treasury shares ³ £'000	Retained earnings/(loss) £'000	1 £
Balance at 1 January 2024	1,793	94,911	(401)	-	31,997	128,30
(Loss) after taxation	-	-	-	-	(1,535)	(1,
Share-based payments ¹	-	-	-	-	985	

Employee Benefit Trust ²	-	-	(39)	-	(102)	(
Balance at 31 December 2024	1,793	94,911	(440)	-	31,345	127
(Loss) after taxation	-	-	-	-	(1,450)	(1,
Share-based payments ¹	-	-	-	-	1,254	1
Employee Benefit Trust ²	-	-	(108)	-	(84)	(
Share buy back	-	-	-	(4,877)	-	(4,877)
Settlement of share options ⁴	-	-	-	122	(6)	
Deferred tax on share-based payments ⁵	-	-	-	-	146	
Balance at 31 December 2025	1,793	94,911	(548)	(4,755)	31,205	122

¹Refer to note 10 of the consolidated financial statements for further details of movements in the year.

²The Company has adopted look-through accounting (see note 1.3 to the Group's consolidated financial statements) and recognised the Employee Benefit Trusts within the Company. Refer to note 11 for further details on movements in the year.

³During the year, the Company repurchased 12,966,866 shares at a total cost of £4,876,862 inclusive of commission. These treasury shares do not carry voting rights or rights to dividends while held by the Company.

⁴During the year, the Company used treasury shares to settle the vesting of a share option scheme.

⁵During the year, the Company recognised a deferred tax asset of £532,000 in respect of share-based payments, of which £146,000 has been recognised directly in retained earnings.

Notes to the Company Financial Statements

1. Basis of preparation

1.1 Accounting basis

These standalone financial statements for Distribution Finance Capital Holdings plc (the "Company") have been prepared and approved by the Directors in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the United Kingdom (UK) and interpretations issued by the IFRS Interpretations Committee (IFRS IC).

1.2 Going concern

As detailed in note 1 to the consolidated financial statements, the Directors have performed an assessment of the appropriateness of the going concern basis. The Directors consider that it is appropriate to continue to adopt the going concern basis in preparing the financial statements.

1.3 Income statement

Under Section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own income statement.

2. Summary of material accounting policies

These financial statements have been prepared using the material accounting policies as set out in note 2 to the consolidated financial statements. Any further accounting policies provided below are solely applicable to the Company financial statements.

2.1 Investment in subsidiaries

In accordance with IAS 27 Separate Financial Statements the Company has elected to account for an investment in subsidiary at cost. The Company performs an impairment assessment on the investment in subsidiary at each reporting date to assess whether the cost basis reflects an accurate value of the investment at the reporting date.

3. Critical accounting judgements and key sources of estimation uncertainty

In the financial statements for the year ended 31 December 2025, the Company has not made any critical accounting judgements and key sources of estimation which are considered to be material in value or significance to the performance of the Company.

4. Net loss attributable to equity shareholders of the Company

	2025 £'000	2024 £'000
Net loss attributable to equity shareholder of the Company	(1,450)	(1,535)

5. Loans and advances to banks

	2025 £'000	2024 £'000
Included in cash and cash equivalents: balances with less than three months to maturity at inception	215	132
Total loans and advances to banks	215	132

6. Notes to the cash flow statement

See below for reconciliation of balances classified as cash and cash equivalents, which are recognised within the cash flow statement:

	2025 £'000	2024 £'000
Loans and advances to banks	215	132
Total cash and cash equivalents	215	132

Adjustments for non-cash items and other adjustments included in the income statement:

	2025 £'000	2024 £'000
Management fee recharge	(2,171)	(1,540)
Movement in other provisions	-	-
Share-based payments	474	365
Total non-cash items and other adjustments	(1,697)	(1,175)

There is a management service agreement ("MSA") between the Company and DF Capital Bank Limited ("the Bank") whereby the Company recognise an intercompany loan receivable from the Bank for a proportion of Director costs. In addition, the Company recognises an intercompany loan payable to the Bank in respect of cash transferred given the Company does not generate external income. These balances are offset on the face of the balance sheet, however from a cash flow perspective, the MSA is not settled. This drives a difference between proceeds from intercompany loan in the cash flow statement and the movement in the intercompany loan payable in the balance sheet.

Changes in liabilities arising from financing activities:

Please see note 9 for changes in the Company's liabilities arising from financing activities, including both cash and non-cash changes, for the years ended 31 December 2025 and 31 December 2024.

7. Trade and other receivables

	2025 £'000	2024 £'000
Indirect taxes	27	55
Prepayments	34	51
Total trade and other receivables	61	106

8. Investment in subsidiaries

	£'000
Balance at 1 January 2024	135,604
Capital contribution - parent equity-settled share-based payments	621

Balance at 31 December 2024	136,225
------------------------------------	----------------

Capital contribution - parent equity-settled share-based payments	780
---	-----

Balance at 31 December 2025	137,005
------------------------------------	----------------

For the year ended 31 December 2025, the Company conducted an impairment assessment of the investment in subsidiaries and concluded that there is no impairment required (2024: £nil).

9. Amounts payable to Group undertakings

	2025 £'000	2024 £'000
Amounts payable to DF Capital Bank Limited	14,518	8,270
Total amounts payable to Group undertakings	14,518	8,270

All amounts drawn and outstanding under the intercompany loan facility, including all accrued interest and costs, are payable on demand by the lender DF Capital Bank Limited. Interest on the loan shall accrue daily and is charged at 1.5% over the Sterling Overnight Indexed Average (SONIA) rate at the end of each calendar month. This contractual agreement has an expiry date of 31 December 2027.

10. Trade and other payables

	2025 £'000	2024 £'000
Trade payables	-	194
Accruals	1,249	678
Social security taxes	312	155
Total trade and other payables	1,561	1,027

11. Share capital

	2025 No.	2024 No.	2025 £'000	2024 £'000
<u>Authorised:</u>				
Ordinary shares of 1p each	179,369,199	179,369,199	1,793	1,793
Allotted, issued and fully paid: Ordinary shares of 1p each	179,369,199	179,369,199	1,793	1,793

Included in the ordinary shares above are 12,642,866 shares repurchased by the Company. In the year ended 31 December 2025, the Company repurchased 12,966,866 ordinary shares at a total cost of £4,876,862 inclusive of commission. 324,000 of these treasury shares were used to settle the vesting of share option schemes during the year. These treasury shares do not carry voting rights or rights to dividends while held by the Company.

	No. of shares #	Share Capital £'000	Merger Relief £'000	Total £'000
At 1 January 2024	179,369,199	1,793	94,911	96,704
<i>No transactions in the year</i>	-	-	-	-
At 31 December 2024	179,369,199	1,793	94,911	96,704
<i>No transactions in the year</i>	-	-	-	-
At 31 December 2025	179,369,199	1,793	94,911	96,704

12. Own shares

£'000

Balance at 1 January 2024	(401)
Acquisition of shares	(142)
Settlement of employee share awards	103
Balance at 31 December 2024	(440)
Acquisition of shares	(192)
Settlement of employee share awards	84
Balance at 31 December 2025	(548)

13. Financial instruments

The Group monitors and manages risk management at a group-level and, therefore, the Risk Management Framework stipulated in note 37 of the consolidated financial statements encompasses the Company risk management environment.

The Company and Directors believe the principal risks of the Company to be credit risk, liquidity risk and capital risk. The Directors have evaluated the following risks to either not be relevant to the Company or of immaterial significance: market risk, interest rate risk and exchange rate risk.

The regulatory capital requirements in respect of capital risk are assessed at both a consolidated group level and for DF Capital Bank Limited at an entity level.

See note 37 of the consolidated financial statements for further details on how the Company defines and manages credit risk, liquidity risk and capital risk.

Financial assets and financial liabilities included in the statement of financial position that are not measured at fair value:

	Carrying amount £'000	Fair value £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000
31 December 2025					
<u>Financial assets not measured at fair value:</u>					
Loans and advances to banks	215	215	215	-	-
Other receivables	27	27	-	-	27
Amounts receivable from Group Undertakings	872	872	-	-	872
	1,114	1,114	215	-	899

31 December 2025

Financial liabilities not measured at fair value:

Trade payables	-	-	-	-	-
Other payables	312	312	-	-	312
Amounts payable to Group Undertakings	14,518	14,518	-	-	14,518
	14,830	14,830	-	-	14,830

	Carrying amount £'000	Fair value £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000
31 December 2024					
<u>Financial assets not measured at fair value:</u>					
Loans and advances to banks	132	132	132	-	-
Other receivables	55	55	-	-	55
Amounts receivable from Group Undertakings	443	443	-	-	443
	---	---	---	---	---

	630	630	132	-	498
--	-----	-----	-----	---	-----

31 December 2024

Financial liabilities not measured at fair value:

Trade payables	194	194	-	-	194
Other payables	155	155	-	-	155
Preference shares	-	-	-	-	-
Amounts payable to Group Undertakings	8,270	8,270	-	-	8,270
	8,619	8,619	-	-	8,619

Maximum exposure to credit risk:

	2025 £'000	2024 £'000
Loans and advances to banks	215	132
Trade and other receivables	27	55
Amounts receivable from Group Undertakings	872	443
	1,114	630

Maturity analysis for financial assets

The following maturity analysis is based on **expected** gross cash flows:

31 December 2025	Carrying amount £'000	Gross nominal inflow £'000	Less than 1 months £'000	1 - 3 months £'000	3 months to 1 year £'000	1 - 5 years £'000	>5 years £'000
Loans and advances to banks	215	215	215	-	-	-	-
Other receivables	27	27	27	-	-	-	-
Amounts receivable from Group Undertakings	872	872	-	-	872	-	-
	1,114	1,114	242	-	872	-	-

31 December 2024	Carrying amount £'000	Gross nominal inflow £'000	Less than 1 months £'000	1 - 3 months £'000	3 months to 1 year £'000	1 - 5 years £'000	>5 years £'000
Loans and advances to banks	132	132	132	-	-	-	-
Other receivables	55	55	55	-	-	-	-
Amounts receivable from Group Undertakings	443	443	-	-	443	-	-
	630	630	187	-	443	-	-

Maturity analysis for financial liabilities

The following maturity analysis is based on **contractual** gross cash flows:

31 December 2025	Carrying amount £'000	Gross nominal outflow £'000	Less than 1 months £'000	1 - 3 months £'000	3 months to 1 year £'000	1 - 5 years £'000	>5 years £'000
Trade payables	-	-	-	-	-	-	-
Other payables	312	401	128	-	147	126	-

Amounts payable to Group Undertakings	14,518	14,518	-	-	-	14,518	-
	14,830	14,919	128	-	147	14,644	-

	Carrying amount £'000	Gross nominal outflow £'000	Less than 1 months £'000	1 - 3 months £'000	3 months to 1 year £'000	1 - 5 years £'000	>5 years £'000
31 December 2024							
Trade payables	194	194	194	-	-	-	-
Other payables	155	265	59	-	33	173	-
Preference shares	-	-	-	-	-	-	-
Amounts payable to Group Undertakings	8,270	8,270	-	-	8,270	-	-
	8,619	8,729	253	-	8,303	173	-

14. Deferred taxation asset

Deferred tax assets and liabilities are recognised on temporary differences between the carrying amounts of assets and liabilities in the balance sheet and the amounts attributed to such assets and liabilities for tax purposes. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent it is probable that future taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is determined using tax rates and legislation in force at the balance sheet date and is expected to apply when the deferred tax asset is realised, or the deferred tax liability is settled.

The table below shows the movement in net deferred tax assets:

	2025 £'000	2024 £'000
At 1 January	-	-
Charge to profit and loss account	132	-
Deferred tax directly included in equity	145	-
Adjustments in respect of prior years	255	-
At 31 December	532	-

The Group has recognised a deferred tax asset in 2025 of £0.5m in respect of share-based payments

15. Subsequent events

There have been no subsequent events between 31 December 2025 and the date of this report which would have a material impact on the financial position of the Group.

Appendix - Alternative Performance Measures

Certain financial measures disclosed in this Annual Report do not have a standardised meaning prescribed by International Financial Reporting Standards (IFRS) and may therefore not be comparable to similar measures presented by other issuers. These measures (defined below) are deemed to be alternative performance measures ("APMs").

APMs may be considered in addition to, but not as a substitute for, the reported IFRS results. The Group believes that these APMs, when considered together with reported IFRS results, provide stakeholders with additional information to better understand the Group's financial performance. In current period, the Group has included TNAV per share and Adjusted return on tangible equity as additional APMs to provide more relevant and reliable information to stakeholders. These APMs are summarised below, all other APMs are presented consistently with prior years.

Adjusted profit before tax (£m)

	2025	2024
Profit before tax	19.6	19.1
Less: impact of VAT recovery in 2025	(1.5)	-
Less: impact of RoyaleLife write back in 2024	-	(4.7)
Adjusted profit before tax	18.1	14.4

This adjusted profit before tax figure deducts a one-off VAT recovery in 2025 relating to prior periods and reallocates the 2024 write back on RoyaleLife.

Adjusted cost of risk (%)

	2025	2024
Impairment charges (£m)	(4.3)	0.2
Less: impact of RoyaleLife write back in 2024 (£m)	-	(4.7)
Adjusted impairment charge (£m)	(4.3)	(4.5)
Average gross receivables (£m)	720.0	595.0
Adjusted cost of risk (%)	0.59%	0.75%

Impairments charges in the year as a % of average gross receivables reallocating the 2024 write back on RoyaleLife.

Adjusted based earnings per share (pence)

	2025	2024
Profit after tax (£m)	15.2	14.0
Less: impact of VAT recovery in 2025 (£m)	(1.1)	-
Less: impact of RoyaleLife write back in 2024 (£m)	-	(3.5)
Adjusted profit after tax (£m)	14.1	10.5
Weighted average number of ordinary shares outstanding ('000)	169,876	179,369
Adjusted basic earnings per share (pence)	8.3	5.9

Profit after tax adjusted for a one-off VAT recovery in 2025 relating to prior periods and reallocates the 2024 write back on RoyaleLife divided by the weighted average number of shares in issue during the year.

Adjusted return on tangible equity (%)

	2025	2024
Profit after tax (£m)	15.2	14.0
Less: impact of VAT recovery in 2025 (£m)	(1.1)	-
Less: impact of RoyaleLife write back in 2024 (£m)	-	(3.5)
Adjusted profit after tax (£m)	14.1	10.5
Average tangible equity (£m)	118.6	106.7
Adjusted return on tangible equity (%)	11.9%	9.9%

Profit after tax adjusted for a one-off VAT recovery in 2025 relating to prior periods and reallocates the 2024 write back on RoyaleLife divided by average tangible equity.

Gross revenues (£m)

	2025	2024
Interest and similar income	90.7	76.8
Fee income	1.6	1.2
Fee expenses	(1.6)	(1.6)
Net (losses)/gains from derivatives and other financial instruments at fair value through profit or loss	(0.8)	0.4
Other income	0.0	0.0
Foreign currency gain/(loss)	0.9	(0.1)
Total gross revenues	90.9	76.7

Sum of interest and similar income, fee income and expenses, other operating income and net gains/ (losses) from derivatives and foreign currency movements.

Net interest margin (%)

	2025	2024
Total operating income (£m)	56.0	45.5
Add back: Fee expenses (£m)	1.6	1.6
Adjusted total operating income (£m)	57.6	47.1
Average gross receivables (£m)	720.0	595.0
Net interest margin (%)	8.0%	7.9%

Total operating income adding back fee expense, as a % of gross receivables at the year end.

Tangible net asset value per share

	2025	2024
Total assets (£m)	999.8	786.5
Total liabilities (£m)	(872.5)	(671.2)
Net assets (£m)	127.2	115.4
Less: Intangible assets	(0.7)	(1.0)
Net assets less intangible assets (£m)	126.5	114.4
Period end number of shares in issue	179,369	179,369

Less: treasury shares ('000)	(12,643)	-
Adjusted period number of ordinary shares outstanding excluding treasury shares ('000)	166,726	179,369
Adjusted tangible net asset value per share	75.9	63.8

Net assets less intangible assets divided by the number of shares in issue at the period end.

Impairment loss coverage on loans to customers (%)

	2025	2024
Impairment allowance on loans and advances to customers (£m)	8.5	6.6
Gross carrying amount of loans and advances to customers (£m)	850.1	669.8
Impairment coverage on loans to customers (%)	1.00%	0.98%

Impairment allowance as a % of gross carrying amount of loans and advances to customers at the year end.

Regulatory capital (£m)

	2025	2024
Common Equity Tier 1 capital	112.4	98.8
Tier 2 capital	15.3	10.2
Regulatory capital	127.7	109.0

Regulatory capital is the Common Equity Tier 1 capital together with Tier 2 capital.



This information is provided by RNS, the news service of the London Stock Exchange. RNS is approved by the Financial Conduct Authority to act as a Primary Information Provider in the United Kingdom. Terms and conditions relating to the use and distribution of this information may apply. For further information, please contact ms@seg.com or visit www.ms.com.

RNS may use your IP address to confirm compliance with the terms and conditions, to analyse how you engage with the information contained in this communication, and to share such analysis on an anonymised basis with others as part of our commercial services. For further information about how RNS and the London Stock Exchange use the personal data you provide us, please see our [Privacy Policy](#).

END

FR SEIFASEMSEDD