

Company Registration No. 4146820

United National Bank Limited

Annual Report and Financial Statements

31 December 2025

Annual report and financial statements 2025

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United National Bank Limited

Officers and professional advisers

Directors

Mr A Wathra (Chairman)
Mr M Bhuiya
Mr D Howlett
Mr T McGuinness
Mr N Khan
Mr A Mumtaz
Mr J Iqbal

Secretary

Mr T Varkey

Registered office

2 Brook Street
London
W1S 1BQ

Auditor

Forvis Mazars LLP
Chartered Accountants and Registered Auditor
30 Old Bailey
London
EC4M 7AU

Strategic report

The Directors present the Strategic Report and audited financial statements of United National Bank Limited for the year ended 31 December 2025.

Overview

United National Bank Limited (the Company or the Bank) is a private company limited by shares registered in England under Company number 4146820 with its registered office at 2 Brook Street, London, W1S 1BQ. The Company is a banking institution, authorized by the Prudential Regulation Authority ('PRA'), and regulated by the Financial Conduct Authority ('FCA') and the PRA.

The Company and its predecessor companies have had a presence in the UK since 1963 when United Bank Limited ('UBL') opened a branch at William Street in London. United National Bank Limited was formed in 2001 following the merger of the UK branches of United Bank Limited and National Bank of Pakistan. In 2024, Bestway Group acquired 95.1% of the ordinary shares in the Company from United Bank Limited and National Bank of Pakistan. The company operates as a stand-alone entity with most of its clients and activity domiciled in the UK.

The Company's strategy is to build a high quality, specialist real estate finance portfolio that generates sustainable returns, while offering competitive savings products to our retail customers. We pursue this through disciplined credit underwriting, active portfolio management, and an efficient operating model.

During the year, the Board appointed Minaz Bhuiya as Chief Executive Officer with effect from September 2025, following the departure of Mr B Firth. Mr Bhuiya joined the Board as an Executive Director at the same time and holds the CEO Senior Management Function under the FCA and PRA's Senior Managers and Certification Regime. The Board is satisfied that the transition was managed in an orderly manner with no disruption to the execution of the Company's strategy. The strategic priorities set out in this report reflect the Board's continued commitment to disciplined growth in specialist real estate finance, and are endorsed by the incoming Chief Executive.

What We Do

Mortgages	Savings	ISA
<p>Our Offer</p> <p><i>We lend to UK professional landlords for residential property investments and refinance. We also offer bridge finance through our partners.</i></p>	<p>We offer</p> <p><i>A range of savings products: easy access accounts, notice accounts and fixed term deposits through our branch/digital channel and aggregators for individual and business customers.</i></p>	<p>We offer</p> <p><i>Fixed term ISA cash accounts with a variety of terms and interest payment options, giving customers flexibility to choose ISA accounts that suit their individual needs. We also offer Cash ISAs through our aggregator platforms.</i></p>

Market Context

Impact of geopolitical events

We have carried out an assessment of the potential impact of geo-political and macroeconomic events on the business, including the impact of mitigation measures and we consider the impact low. While the Company has no direct exposure to the Middle East, it is not insulated from wider macroeconomic pressures.

UK Macroeconomic Conditions

The UK economy demonstrated moderate resilience in 2025. Whilst inflationary pressures and fiscal constraints persisted, core London and South East property markets remained stable, supported by structural housing undersupply and sustained demand from professional landlords — the primary drivers of activity in our target market.

UK Real Estate Market

Demand for specialist real estate finance remained robust in 2025, underpinned by constraints in mainstream bank lending and sustained activity from professional landlords and property investors in our core markets. The Company differentiates itself through relationship-led banking, rapid decision-making, certainty of execution and a focus on long-term partnerships that drive repeat business and sustainable portfolio growth.

Market Dynamics

Key market developments relevant to Company's performance and positioning:

- Interest rate environment: The Bank of England base rate moved from 4.75% at Jan 2025 to 3.75% at Dec 2025, affecting Net Interest Margin ('NIM') dynamics, deposit costs, and borrower demand across all product lines.
- Specialist lending demand: Constraints in mainstream bank lending continued to drive demand for specialist lenders, particularly for complex and time-sensitive real estate transactions.
- Property market backdrop: Core London and M25 markets remained relatively resilient, supported by structural housing undersupply and sustained demand from professional landlords.

Strategic report

Key Milestones Achieved in 2025

- Deepened relationships with existing customers**
 The Company strengthened its relationship-led banking model by increasing engagement with its existing client base. This resulted in higher levels of repeat business, improved client retention, and enhanced lifetime value across the portfolio.
- Expanded product offering through the launch of bridging finance**
 In March 2025, the Company successfully launched its bridging finance product, representing a significant step in expanding its presence across the real estate financing lifecycle. This enabled the Company to support clients from acquisition to stabilization and term financing.
- Increased penetration among portfolio landlords in Core London and the M25**
 The Company increased its penetration within the professional portfolio landlord segment across its core geographic markets. This was achieved through targeted origination and the delivery of tailored financing solutions aligned to borrower needs.
- Enhanced the EPC profile of the portfolio**
 The Company made progress in further embedding climate change analysis into its underwriting processes and aligning the portfolio with evolving regulatory expectations. The Company also made progress in improving the Energy Performance Certificate (EPC) profile of its lending book.

Financial Highlights

Key performance metrics for the year ended 31 December 2025

Profit Before Tax £14.6m (2024: £5.2m)	Cost Income Ratio 53.5% (2024: 76.3%)	Return on Equity 9.8% (2024: 7.2%)	Capital Adequacy Ratio 16.3% (2024: 18.8%)
Customer Lending £1,542m (2024: £1,036m)	Deposits from customers, credit unions and Banks £1,781m (2024: £1,166m)	Net Interest Margin 2.0% (2024: 2.3%)	Staff (Year Average) 85 (2024: 83)

Key Performance Indicators ('KPI')

The following KPIs are used by the Board to assess the Company's performance and track progress.

KPI	Definition	2025	2024	Movement	+▲-▼
Profit After Tax	Statutory PAT	£10.8m	£7.1m	£3.7m	▲
Net Interest Margin	Net interest income / avg interest-earning assets	2.0%	2.3%	30bps	▼
*Return on Equity	PAT / average shareholders' equity	9.8%	7.2%	260bps	▲
Cost Income Ratio	Operating expenses / total operating income	53.5%	76.3%	22.8%	▼
Capital Adequacy Ratio	Total Capital / risk-weighted assets	16.3%	18.8%	250bps	▼
Customer Lending (Loan Book)	Total drawn	£1,542m	£1,036m	£506m	▲
Cost of Risk	Impairment Charge / avg loan book	4bps	3bps	1bps	▲
Loan-to-Deposit Ratio	Net loans / customer deposits	87.8%	90.5%	270bps	▼
LCR	Liquidity Coverage Ratio	196.0%	199.8%	380bps	▼
**Return on Assets	PAT / average total assets	0.7%	0.7%	0bps	—

Performance measures – change in methodology

The methodologies used to calculate Return on Equity (*) and Return on Assets (**) have been revised for the year ended 31 December 2025. In the accounts up to and including the year ended 31 December 2024, both measures were calculated using point-in-time balance sheet figures at the relevant reporting date. The revised methodologies use average equity and average assets over the 12-month reporting period. This approach is considered to provide a more meaningful and representative measure of performance, as it better reflects the level of capital and assets employed throughout the year rather than at a single point in time. The revised measures also align with Group-wide reporting, supporting consistency and comparability within the Group. As a result of the change in methodology, the measures reported in this set of annual accounts are not directly comparable to the annual accounts from prior periods.

Strategic report

* Return on Equity (RoE)

Up to and including the year ended 31 December 2024, Return on Equity was calculated as profit before tax for the year divided by total shareholders' equity at the reporting date. For the year ended 31 December 2025, RoE is calculated as profit after tax divided by average shareholders' equity for the period, being the average of equity at the start and end of the reporting period.

** Return on Assets (RoA)

Up to and including the year ended 31 December 2024, Return on Assets was calculated as profit after tax for the year divided by total assets at the reporting date. For the year ended 31 December 2025, RoA is calculated as profit after tax divided by average total assets for the period, being the average of total assets at the start and end of the reporting period.

In prior periods, the Strategic Report also included a range of Additional Performance Measures (APMs), including tables presenting adjusted profit, interest income and non-interest income metrics, which excluded items considered by management to be one-off, non-recurring or outside the normal course of business. These measures were used to present an alternative view of "normalised" performance.

The Bank has elected not to report these APMs in the year ended 31 December 2025. The determination of what constitutes "normal", "non-recurring" or "business-as-usual" activity can involve a degree of judgement and subjectivity, and the resulting adjustments added complexity to the Strategic Report, which could distract from its key messages. Management considers that the primary statutory measures provide a clearer and more transparent basis for assessing performance.

Material or significant items affecting the results for the period are identified and explained within the narrative commentary on business performance where relevant. Management believes this approach provides readers with appropriate context without the need for separate adjusted measures, and improves the overall clarity and accessibility of the report.

Business results

2025 was a year of focused execution for the Company. We grew our specialist real estate finance book, deepened broker and intermediary relationships, and continued to make the technology investments needed to grow and compete in the future.

The Company grew its lending book by 48.8% to £1,542m (2024: £1,036m). Deposits grew by 52.8% to £1,781m (2024: £1,166m). Total balance sheet grew to £1,917m (2024: £1,284m).

Net Interest income is the predominant driver of profitability and it grew by 30.8% to £31.4m (2024:£24.0m). Expenses were controlled and decreased by 1.7% to £17.4m (2024: £17.7m). Consequently, profit before tax was £14.6m (2024: £5.2m), with net interest margin of 2.0% (2024:2.3%).

Net interest margin decreased to 2.0%, reflecting the higher cost of long-term fixed-rate deposits that were originally taken on at historically low rates. As a significant portion of these deposits matured in 2025, they were renewed at substantially higher rates, offsetting the reduction in asset yields following the fall in Bank of England base rate. Deposit costs increased to 4.1% (2024: 4.0%). We expect margin stabilisation in 2026 as the deposit book continues to reprice and new lending reflects current market rates.

The additional lending was funded by growth in retail deposits, sourced via the Company's own deposit-raising channels and through partnerships with deposit aggregators. This diversification of funding channels enables the Company to continue growing its loan book with confidence that sufficient retail funding can be attracted to meet operational needs.

The Company has several strong relationships with deposit aggregators and views them as an efficient funding channel. The Company is cognizant of regulatory considerations associated with deposit aggregators and has set exposure limits to manage concentration risk appropriately.

Asset quality remained within appetite. Watchlist exposure of £36.0m (2024:£32.9m) represents 2.3% (2024: 3.2%) of the portfolio. Cost of risk was 4bps (2024:3bps).

We have made the decision to migrate to a cloud-native, API-first core banking system. The project, which commenced in September 2024 is critical for the operational success of our Company. It will unlock the ability to digitise our processes, better connect to broker and intermediary platforms, improve our ability to actively manage our product offering and most importantly improve the user experience a client has when interacting with the bank.

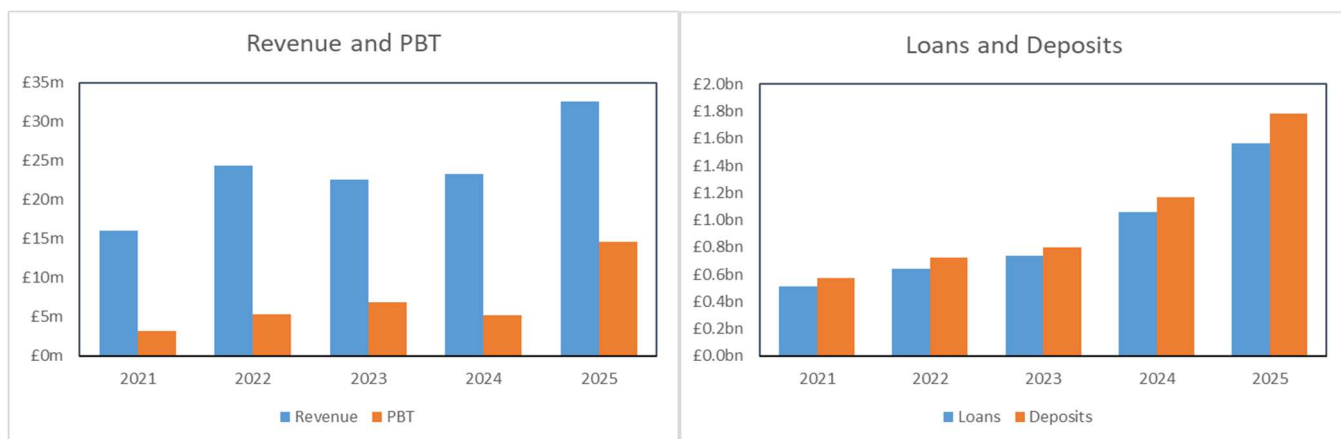
Five Year Performance overview

This section provides an overview of the Company's financial performance over the past five years highlighting key trends in balance growth, profitability, capital efficiency and cost discipline. Together, these metrics demonstrate the Company's focus on sustainable growth, prudent risk management and delivery of acceptable returns to shareholders.

Revenue, Profitability and Balance Sheet Growth

The Company has achieved steady growth in its lending activities over the past five years, underpinned by a stable and well-diversified deposit base. This has driven strong increases in both revenue and profitability during the same period. The charts below illustrate trends in revenue, profitability, and balance sheet movements over the past five years.

Strategic report

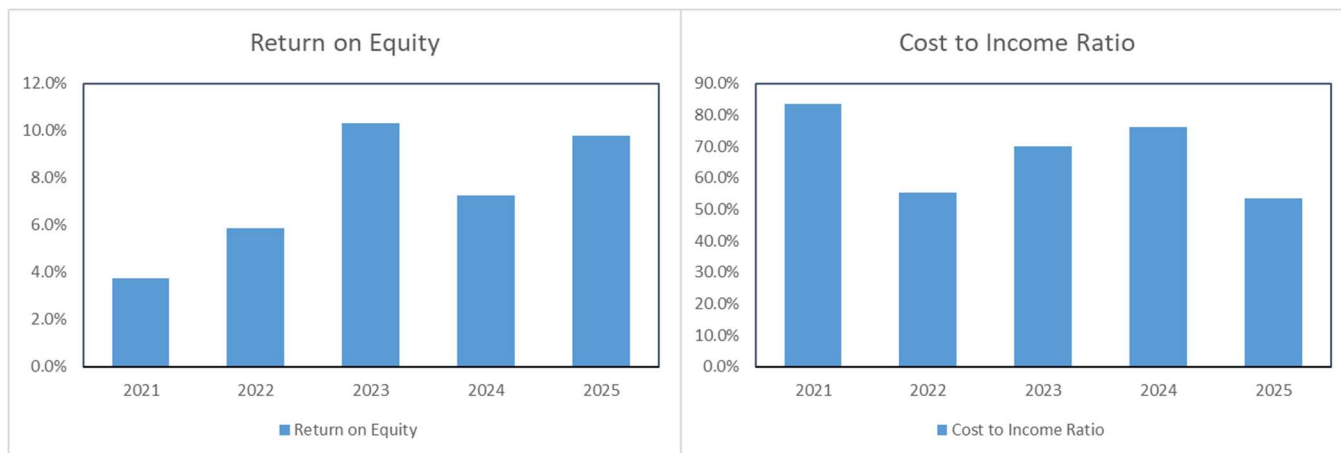


Return on Equity

The Return on Equity ('ROE') remains a key measure of the Company's ability to generate value from its capital base. The graph below shows the ROE trend over the five-year period.

Cost Efficiency

The Company continues to prioritize strict cost control while still investing in technology transformation initiatives. The cost to income ratio provides a clear measure of operational efficiency over time. The graph below shows the cost to income ratio since 2021.



Capital and Funding

Capital Adequacy ratio at 31 December 2025 was 16.3% (2024: 18.8%), representing 1.3% (2024: 3.9%) of headroom above the PRA's Total Capital Requirement. Profits for the year will be retained. The Bank also raised £17m via a Tier 2 issue in February 2026 to supplement this headroom.

The loan-to-deposit ratio at year-end was 87.8% (2024: 90.5%). Full details of the Company's capital resources and requirements are set out in the Capital Adequacy section of this report.

Strategic report

Principal Risks and Uncertainties

The Company is exposed to a range of financial and operational risks and has a risk management framework that is designed to mitigate the adverse effects of these risks on the financial performance of the Company. A summary of the primary risk categories and mitigants is provided below:

Risk Category	Mitigant
<p>Strategic Risk</p> <ul style="list-style-type: none"> Flawed strategic decisions, ineffective execution, or failure to adapt to a changing environment threatens the Bank's business model and long-term viability 	<ul style="list-style-type: none"> Clear and regularly updated Risk Appetite Framework Development of a short-term and medium-term plan aligned with the bank's risk appetite and operating model Monitoring the bank's performance against financial and non-financial Key Risk Indicators ('KRIs') set by the Board Staff training Continuous review of the external environment Stress testing to assess and prepare for potential impact of external events
<p>Credit Risk</p> <ul style="list-style-type: none"> Failure of counterparties to meet their obligations 	<ul style="list-style-type: none"> Clear target market, portfolio limits, concentration limits and KRIs Well defined underwriting criteria, risk proposal and approval processes Regular portfolio stress testing
<p>Liquidity & Market Risk</p> <ul style="list-style-type: none"> Inability to meet obligations when due Reduction in available funds due to market movements 	<ul style="list-style-type: none"> Daily monitoring of liquidity position, Mark to Market of the portfolio and assessment of Interest Rate Risk in the Banking Book (IRRBB) against established limits Internal limits are based on regulatory limits plus a management buffer Well defined and updated concentration, trading and counterparty limits Annual Internal Liquidity Adequacy Assessment Process (ILAAP) Recovery & Resolution Plan
<p>Cyber Security and Information Security Risk</p> <ul style="list-style-type: none"> The risk that cyber threats or unauthorised access compromise the Banks systems and data 	<ul style="list-style-type: none"> The Company has SOC (Security Operations Centre) monitoring, including SIEM (Security Information and Event Management) to detect and respond to incidents The Company holds ISO/IEC 27001 certification. Control effectiveness is tested through regular internal audits with findings tracked to resolution. The Company conducts on-going penetration and controls evidence testing of vulnerabilities with escalation of key issues to senior management and the Board All staff complete mandatory cyber security training annually, with periodic practical exercises used to test awareness across the organisation. Technology suppliers and service providers are subject to due diligence prior to engagement and monitored on an ongoing basis. Material concerns are escalated to senior management. Operational Resilience impact tolerances (ITOLs) are defined for the Banks Important Business Services, setting clear maximum tolerable levels of disruption.
<p>Technology, Change Management and Operational Resilience Risk</p> <ul style="list-style-type: none"> Risk that technology infrastructure failure or poorly executed change disrupts the Company's ability to deliver its core services to customers and counterparties. 	<ul style="list-style-type: none"> Significant technology change programmes are subject to dedicated programme governance with regular reporting to the Executive Committee and Board. The Company has identified its critical business services and tested its ability to maintain them under a range of stress scenarios. Contingency arrangements are maintained to ensure continuity of core services in the event of technology disruption. Data accuracy and completeness are subject to independent validation as part of the Company's change management process.
<p>Human Resources</p> <ul style="list-style-type: none"> Failure in recruiting and retaining skilled employees 	<ul style="list-style-type: none"> Attracting and retaining talent with the capabilities and values aligned to the Bank's culture and strategic objectives. Training programs to ensure staff are knowledgeable and capable CPD embedded as part of HR process Annual fit & proper assessment of key staff
<p>Capital</p> <ul style="list-style-type: none"> Insufficient Capital 	<ul style="list-style-type: none"> Operating within buffer set by the Board in addition to regulatory requirements Annual Internal Capital Adequacy Assessment Process (ICAAP) Recovery & Resolution Plan

Strategic report

Going concern

The financial statements are prepared on a going concern basis and the Directors have a reasonable expectation that the Company has the resources to continue in business for the foreseeable future and at least 12 months from the approval or signing of the financial statements. In making this assessment, the Directors have considered a wide range of information including all principal risks noted in this strategic report relating to present and future conditions, including the current state of the balance sheet, future projections of profitability, cash flows and capital resources and the longer-term strategy of the business. The Company's capital and liquidity plans have been stress tested and have been reviewed by the Directors. The Company also considered the impact of the climate change risk emanating from both physical and transitional risks and concluded that it has sufficient controls and capital to mitigate and withstand these risks.

The impact of headwinds emanating from challenges facing the UK economy and Global economy have been assessed and incorporated within the 2026-2028 financial and business plans. The Directors assessed the expected effect of management actions taken in response, against the most severe but plausible scenario used in the Board's assessment of the Internal Capital Adequacy Assessment Process (ICAAP) approved in 2025. This scenario was guided by the 2022-2023 Annual Cyclical Scenario ('ACS' or 'Anchor Scenario') specified by the Bank of England for use in preparing ICAAP stress tests. Having regard for the severe financial outcomes from these scenarios and the reverse stress tests also conducted as well as the Internal Liquidity Adequacy Assessment Process (ILAAP), the Board concluded that both capital and liquidity forecasts remained within present regulatory requirements throughout the going concern period.

After making enquiries, the Directors believe that the Company has sufficient resources to continue in operation for the foreseeable future and for at least 12 months from the date of approval or signing the financial statements, and the Company has sufficient capital to enable it to continue to meet its regulatory capital requirements as set out by the PRA. The Board concluded that there is no material uncertainty on going concern therefore it remains appropriate to adopt the going concern basis in preparing the Company's financial statements.

Section 172 Statement — Stakeholder Engagement

Section 172 of the Companies Act 2006 requires Directors to act in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, having regard to the long-term consequences of decisions, the interests of employees, business relationships, community and environmental impact, high standards of business conduct, and fairness to members.

Customers

The Directors receive regular updates from senior management on customer, broker and intermediary interactions. Customer satisfaction metrics, including complaints data and intermediary feedback, are reviewed at Board level. Customer outcomes are monitored under Consumer Duty requirements, with Compliance providing independent oversight.

Employees

The Board receives quarterly updates on employee metrics, engagement feedback, and people initiatives. Town hall meetings provide a direct channel between senior management and all staff. Board-level oversight of remuneration and employee designation ensures people decisions are made with appropriate governance and regulatory awareness.

Shareholders

Engagement with our majority shareholder, the Bestway Group, is conducted through formal Board reporting, regular shareholder updates, and direct engagement between the CEO and Group leadership. Dialogue is focused on: the drivers of current and prospective performance; opportunities & threats; credit risk appetite, capital allocation, and capital structure; and regulatory developments affecting the franchise.

Suppliers

The Company undertakes due diligence on key suppliers and outsourced service providers, covering AML, data protection, modern slavery, and operational resilience.

Environment

The Company seeks to drive positive environmental impact across its business activities. More details on the Company's environmental related initiatives are found within the Climate Change section on page 11.

Community

The Company recognises the importance of contributing positively to the communities it serves and is engaged in various activities.

Regulators

The CEO and relevant Senior Managers have regular meetings with PRA and FCA supervisors. The Bank adheres to all regulatory reporting obligations and engages constructively on matters of supervisory concern, including the SREP, ICAAP, and thematic reviews.

Strategic report

Capital management and adequacy

Bestway Group FS Limited (“BGFSL”), which owns 95.1% of the Company, is a wholly owned subsidiary of Bestway Group, a diversified multinational business with turnover in excess of £4.5 billion. The Bestway Group supports the Company’s long-term strategy and growth.

The Company’s objective in managing capital is to maintain a prudent level of solvency that supports its business activities and meets applicable regulatory requirements. Capital resources at the balance sheet date are set out below and in the Statement of Changes in Equity.

The Company manages its capital position in line with the requirements of the UK Capital Requirements Regulation (“UK CRR”) and relevant Prudential Regulation Authority (“PRA”) rules and supervisory statements. Capital planning is informed by internal assessments of capital need and by external regulatory expectations.

The Company is required to maintain minimum regulatory capital under Pillar 1, supplemented by a firm-specific Pillar 2A requirement as determined by the PRA. In addition, the Company holds applicable regulatory capital buffers, including the Capital Conservation Buffer and the Countercyclical Capital Buffer, all of which are met with Common Equity Tier 1 capital.

The table below, based on these audited financial statements, shows the breakdown of the Company’s capital resources:

	2025	2024
	£	£
Tier 1 capital		
Share capital	45,000,000	45,000,000
Retained earnings	56,634,612	45,830,760
Revaluation reserve	15,764,478	14,098,991
Deferred tax	(5,351,646)	(6,276,157)
Intangible assets	(2,928,124)	(153,494)
Pension asset	(474,750)	(552,000)
Total – Tier 1 capital	<u>108,644,570</u>	<u>97,948,100</u>
Tier 2 capital		
Collective provision	<u>1,261,608</u>	<u>706,593</u>
Total capital	<u>109,906,178</u>	<u>98,654,693</u>

The Company has not reported any breaches of its capital requirements during 2025 (2024: no reported breaches).

Basel 3.1 Regulatory Developments

The Basel 3.1 reforms represent a significant update to the prudential framework applicable to UK banks, with a particular focus on enhancing the risk sensitivity and consistency of capital requirements. Following several revisions to the proposed timetable by regulators, the implementation date is now set for 1 January 2027. The Company has been actively monitoring the evolving regulatory proposals and preparing for their implementation, recognising the importance of ensuring capital adequacy is maintained throughout the transition.

Defined benefit pension scheme

The FRS 102 valuation of the pension scheme’s assets and liabilities for the 2025 year-end has shown a surplus of £0.6m (2024: surplus of £0.7m). The decrease of the surplus was primarily driven by the decrease in long-term interest rates, which increased the value of the defined benefit obligations.

In accordance with the rules of the UNB Pension Scheme, the Company has an unconditional right to a refund of surplus assets assuming the full settlement of liabilities in the event of a plan wind-up. Based on these rights, the net surplus at the balance sheet date is recognised in full, and subject to a deduction of the 25% tax charge currently applicable to authorized surplus payments. Accordingly, the Company has recognised a net surplus of £0.5m (2024: £0.6m) after the 25% tax deduction. Please see note 26 for more details about the pension scheme.

Strategic report

Preference shares

The Company uses preference shares to return net income back to United Bank Limited resulting from the utilization of tax losses, which were originally transferred upon merger (see note 20 for further details).

The preference share liability arises in the accounting year following the year when the tax losses are actually utilised. As a result, in 2025 the Company utilised tax losses of £3.7m (2024: £2.5m) which translates to a preference share interest payable to United Bank Limited of £0.9m (2024: £0.6m).

Climate Change

As a UK retail bank, the Company recognises that climate change presents both risks and responsibilities. With a strategic focus on real estate lending (predominantly one- to five-year loans), our risk appetite supports clients in managing climate risks while keeping our portfolio resilient and compliant with evolving regulation. We distinguish between physical and transition risks.

We acknowledge our own operations are exposed to climate change and are committed to reducing environmental impact through energy efficiency, responsible procurement and lower-carbon working practices. In 2025, our Head Office at 2 Brook Street improved its EPC rating to B.

The Company continues to strengthen its role as a responsible financial institution by supporting the transition to a low-carbon economy. This strategy positions the Bank to manage emerging risks, support sustainability and climate resilience, whilst improving its climate-related data, disclosures, and reporting in line with regulatory and market expectations.

Retail real estate is our largest asset class. Our lending policy and underwriting criteria favours more energy-efficient properties and considers UK physical and transition climate risks by reference to tenor, property location, property type and EPC ratings (A–E).

Future developments

The Directors are not aware of any likely major changes to the Company's principal activities in the forthcoming year. Key strategic priorities for 2026 and beyond include:

- Development finance and commercial property finance launch: piloting these products with the existing customer base.
- Technology migration: completing the core banking system migration.
- Basel 3.1 readiness

Approved by the Board of Directors
and signed by order of the Board



Minaz Bhuiya
Chief Executive Officer
23 April 2026

United National Bank Limited

Directors report

The Directors have the pleasure in presenting the Annual Report and Financial Statements for the year ended 31 December 2025 for United National Bank Limited ("UNB", "the Company"). A number of disclosures relevant to the matters below can be found in the Strategic Report.

- a) A review of the Company's results;
- b) Definition of the Company's key performance indicators and objectives;
- c) A description of the Company's future developments;
- d) Principal risks and uncertainties facing the Company including exposure to credit risk, price risk, liquidity risk and financial risk management objectives and policies; and
- e) Details of the Company's capital, liquidity and human resources and requirements.

Statement of Directors' responsibilities

The Directors are responsible for preparing the Strategic report, Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors elected to prepare the financial statements in accordance with applicable United Kingdom Accounting Standards, including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' ('FRS 102') and Companies Act 2006. Under Company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

- Select suitable accounting policies and then apply them consistently;
- Make judgments and accounting estimates that are reasonable and prudent;
- Provide additional disclosures when compliance with specific requirements in FRS 102 is 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
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. The 2025 financial statements will be published on the Company's website. The Directors are responsible for the maintenance and integrity of the Company website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from other jurisdictions.

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

Organisation and governance

The Board of Directors ('Board') has a supervisory role in overseeing the business, strategic direction, organisational structure and risk management activities of the Company. In pursuing corporate objectives, the Board and management have committed to the highest level of governance and strive to foster a culture that values and rewards exemplary ethical standards, personal and corporate integrity and respect for others.

The Directors who served on the Board during the year are set out below together with those noted as appointed or resigned during the year:

Mr. A Wathra	Chairman
Mr. M Bhuiya	Chief Executive Officer & Executive Director
Mr. B Firth	Chief Executive Officer & Executive Director (Resigned in September 2025)
Mr. D Howlett	Independent Non-Executive Director
Mr. T McGuinness	Independent Non-Executive Director
Mr. S Z Ijaz	Non-Executive Director (Resigned in February 2025)
Mr. N Khan	Non-Executive Director
Mr. A Mumtaz	Independent Non-Executive Director
Mr. J Iqbal	Non-Executive Director (Appointed April 2025)

The Board membership represents an appropriate mix of experience and knowledge relevant to the Company's business lines.

United National Bank Limited

Directors Report

Board meetings are held at least three times per year, and additional meetings can be held at any time to discuss urgent issues.

The Board has also constituted the following committees to set policy, review progress, and deal with specific and critical issues relevant to the committee's objectives. The committees, their Board members, and their responsibilities are:

- **Board Audit Committee**
Mr. T McGuinness (Chair), Mr. D Howlett, Mr. A Mumtaz, Mr. N Khan.
 - Oversight of financial reporting;
 - Oversight of external audit;
 - Oversight of internal control;
 - Oversight of internal audit; and
 - Oversight of corporate governance and regulatory compliance.

- **Board Risk and Compliance Committee**
Mr. D Howlett (Chair), Mr. N Khan, Mr. S Z Ijaz (Resigned in February 2025) and Mr. J Iqbal
 - Determine the policies and principles that govern the identification and evaluation of risks;
 - Ensure that systems, policies and procedures for the management and monitoring of risks are carried-out;
 - To ensure that the risk profile of the Company is in line with the risk appetite set by the Board;
 - To ensure that capital and liquidity resources are maintained to meet current and future business requirements under normal and stressed conditions;
 - Approval of credits and credit provisioning;
 - Approval of credit policy and all amendments;
 - Review and recommendation to the Board of all lending policies;
 - The delegation of credit approval and provisioning limits to the Credit Committee;
 - Oversight of financial crime including anti-money laundering; and
 - Oversight of compliance.

- **HR, Appointments and Remuneration Committee ('HRARC').**
Mr. N Khan (Chair), Mr. S Z Ijaz (Resigned in February 2025), Mr. T McGuinness, Mr. A Mumtaz and Mr. J Iqbal
 - Ensure that the Company is in compliance with all relevant employment law;
 - Decide on total remuneration and benefits for senior staff and Executive Director; and
 - Oversee compliance with the Remuneration Code.

The Executive Committee controls the day-to-day activities of the Company, including business development and financial performance. The employees who served on the Executive Committee during the year are set out below along with their specific area of responsibility within the Company.

Mr. M Bhuiya	Chief Executive Officer (Appointed in September 2025)
Mr. B Firth	Chief Executive Officer (Resigned in September 2025)
Mr. D Ramdeen	Chief Financial Officer (Appointed in February 2025).
Mr. R Mathews	Head of Finance
Mr. Z Haider	Chief Business Officer
Mr. T Varkey	Chief Risk and Compliance Officer
Ms. A Bello	Head of Human Resources and Data Protection Officer

United National Bank Limited

Directors Report

The Executive Committee has formed the following sub-committees to manage specific risks on a day-to-day basis:

- Assets and Liabilities Committee - responsible for identifying, managing and controlling the balance sheet risks in accordance with the Board approved business strategy and risk appetite;
- Management Risk Committee – responsible for the oversight of risk management;
- Financial Crime Committee – responsible for reviewing and approving the Company’s high-risk clients including correspondent relationships and the monitoring of all transactions with respect to financial crime risk;
- Operational and Conduct Risk Committee – responsible for the monitoring and management of operational risk and conduct risk including the fair treatment of customers;
- Credit Committee – responsible for the oversight of credit risk, the implementation of credit policies and for the approval of routine credit facilities within its credit approval and provisioning limits as delegated by the Board Risk Committee;
- Business Committee – responsible for managing and monitoring the monthly financial performance, including review of material variances to budget and discussing options to bring the performance back in line with budget.

Each committee has at least one Executive Committee member who is responsible for feedback including the escalation of issues to the Executive Committee.

Business review and future developments

Please refer to the relevant sections of the Strategic Report on pages 6, 7 and 11.

Financial Instruments – Risk management policy and exposure of the Company to price, credit, liquidity and cash flow risk

Details in Note 25 of the financial statement and results

Directors Remuneration

Details in Note 7 of the financial statement and results

Directors’ indemnification

The Company has arranged qualifying third party indemnity insurance for all Directors.

Internal Audit

The Board Audit Committee monitors the activities and effectiveness of Internal Audit function and agrees the audit plan and budget. At each meeting, the Internal Auditor presents a summary audit status report and report on the progress of each individual audit performed in the quarter. The Committee has regard to the level of internal audit resources applied, the implications of any audit recommendations and tracking of outstanding actions. The Board is satisfied that there are sufficient resources for the Internal Audit function to effectively conduct its duties for the 2026 financial year.

Events after the reporting period

On the 12 of February 2026, Bestway International Finco Limited (‘BIFL’), a member of Bestway Group Limited injected Tier 2 capital onto the Company amounting to £17m. This is a subordinated debt instrument with a term of 10 years at a coupon rate of 12%.

Global macroeconomic environment

The evolving conflict between United States/Israel and Iran is being closely monitored. Based on our current assessment, we do not have material concerns over our exposure, impact on future business or ability to act in line with regulatory and legal requirements.

Share capital and dividends

The directors, at their Board meeting held on 2 April 2026 declared an ordinary dividend amounting to £Nil (2024: £Nil) for the financial year ended 31 December 2025.

Diversity policy

The Company recognises and embraces the benefits of having a diverse workforce, and sees increasing diversity as an essential element in maintaining a competitive advantage. A truly diverse workforce will include and make good use of differences in the skills, regional and industry experience, background, race, gender and other distinctions between employees.

The Company is committed to the principle of equal opportunity in employment. Accordingly, the Board and management will ensure that recruitment, selection, training, development and promotion results in no job applicant receiving less favourable treatment because of a protected characteristic.

United National Bank Limited

Directors Report

The Board operates a formal boardroom diversity policy, which aims to promote diversity in the composition of the Board. Under this policy, all Board appointments will be made based on individual competence, skills and expertise measured against identified objective criteria.

In reviewing Board composition, the HRARC will consider the benefits of all aspects of diversity in order to enable it to discharge its duties and responsibilities effectively.

In identifying suitable candidates for appointment to the Board, the HRARC will consider candidates on merit against objective criteria and with due regard for the benefits of diversity on the Board.

Auditor

Forvis Mazars LLP has expressed its willingness to continue in office. Under the Companies Act 2006 section 487(2) they will be automatically re-appointed as Auditor 28 days after these accounts are sent to the shareholders, unless the shareholders exercise their rights under the Companies Act 2006 to prevent their re-appointment.

Each Director at the date of approval of this report confirms that:

- (1) so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- (2) the Director has taken all the steps that he ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted with the provisions of section 418 of Companies Act 2006.

Approved by the Board of Directors
and signed by order of the Board



Minaz Bhuiya
Chief Executive Officer
23 April 2026

Independent auditor's report to the members of United National Bank Limited

Opinion

We have audited the financial statements of United National Bank Limited (the 'Company') for the year ended 31 December 2025 which comprise the Statement of profit or loss, the Statement of other comprehensive income, the Balance sheet, the Statement of changes in equity, the Statement of cash flows and notes to the financial statements, including a summary of significant accounting policies.

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

In our opinion, the financial statements:

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

Our audit procedures to evaluate the directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included but were not limited to:

- Undertaking an initial assessment at the planning stage of the audit to identify events or conditions that may cast significant doubt on the Company's ability to continue as a going concern;
- Obtaining an understanding of the relevant controls relating to the directors' going concern assessment;
- Making enquiries of the directors to understand the period of assessment considered by them, the assumptions they considered and the implication of those in their going concern assessment, including the Company's forecast financial performance and position over the assessment period;
- Challenging the appropriateness of the directors' key assumptions in their forecasts by reviewing supporting and contradictory evidence in relation to these key assumptions and assessing the directors' consideration of severe but plausible scenarios. This included assessing the Company's latest 5 Year Business Plan, its reverse stress testing and reviewing the latest Internal Capital Adequacy Assessment Process ('ICAAP') and Internal Liquidity Adequacy Assessment Process ('ILAAP');
- Performing a sensitivity analysis by incorporating various stress scenarios to assess the impact on the capital and liquidity position of the Company;
- Assessing the accuracy of the forecast and incorporating back-testing to determine the historical accuracy of management's forecasting and budgeting;
- Evaluating the key assumptions used and judgements applied by the directors including consideration of the events after the balance sheet date in forming their conclusions on going concern;

- Considering whether there were events subsequent to the balance sheet date which could have a bearing on the going concern conclusion;
- Considering the consistency of the directors' forecasts with other areas of the financial statements and our audit;
- Inspecting communication between the Company and the Prudential Regulation Authority ('PRA') and Financial Conduct Authority ('FCA'); and
- Evaluating the appropriateness of the directors' disclosures in the financial statements on going concern.

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

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

Key audit matters

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

We summarise below the key audit matter in forming our opinion above, together with an overview of the principal audit procedures performed to address this matter and our key observations arising from those procedures.

This matter, together with our findings, were communicated to those charged with governance through our Audit Completion Report.

Key Audit Matter	How our scope addressed this matter
<p>Credit risk: Collective provision on loans and advances to customers</p> <p><i>Refer to Notes 1 - Significant accounting policies; and Notes 2 - Critical accounting judgement and key sources of estimation, 9 - Loans and advances to customers, 11 - Impairment Losses and 25 - Financial instruments and risk management of the financial statements.</i></p> <p>As at 31 December 2025, the Company had a collective provision on loans and advances to customers of £1,261,608 (2024: £706,593).</p> <p>Credit risk is an inherently judgmental area due to the use of subjective assumptions and a high degree of estimation in arriving at the year-end collective provision.</p> <p>The Company accounts for the impairment of loans and advances to customers using an incurred loss model. Management calculates two types of impairment provisions:</p> <ul style="list-style-type: none"> • A specific provision is recognised where there is an observable loss event; and • A collective provision is recorded to recognise credit events that have occurred but have not been identified at the year end. 	<p>Our audit procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • Assessing the design and implementation, and testing the operating effectiveness, of key controls operating at the Company in relation to loan underwriting, monitoring and provisioning. • In respect of the model used to determine the collective provision, with the assistance of our in-house credit modelling specialist: <ul style="list-style-type: none"> • Critically assessing the appropriateness of the methodology used by management to determine the collective provision; • Testing the mathematical integrity of the collective provisioning model; • Assessing the key assumptions used in applying the methodology adopted for PDs and assessing them for reasonableness; • Performing a sensitivity analysis over the key assumptions on PDs; • Developing an independent challenger model incorporating independent assumptions; • Testing the accuracy of key data inputs into the collective provision model to underlying source documentation;

<p>The Company implemented a new collective provisioning model and methodology, which introduces a risk that the new approach may not be appropriate or sufficiently robust. Estimating the collective provision requires significant judgement, particularly in the selection and calibration of key assumptions, such as the probability of default ('PD') and loss given default ('LGD').</p> <p>There is a risk that the new methodology or data inputs may not accurately reflect the credit risk characteristics of the portfolio, potentially leading to misstatement of the collective provision.</p> <p>Therefore, there is a greater risk of misstatement in the collective provision on loans and advances to customers.</p>	<ul style="list-style-type: none"> • Testing the Company's valuation of collateral on a sample basis, a key data input into the model, with the assistance of our real estate valuation specialists; • Performing credit file reviews on a sample basis and assessing if a specific provision is required; and • Assessing the appropriateness of impairment provision disclosures in the financial statements. <p>Our observations</p> <p>Based on the audit procedures performed, we concluded that the collective provision on loans and advances to customers as at 31 December 2025 is not materially misstated and the relevant disclosures have been prepared in accordance with the requirements of FRS 102.</p>
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Our application of materiality and an overview of the scope of our audit

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

Overall materiality	£729,000 (2024: £475,000)
How we determined it	5% of profit before tax ('PBT') (2024: 5% of adjusted PBT)
Rationale for benchmark applied	We set materiality using a benchmark of PBT. PBT is a primary measure used by the shareholders in assessing the performance of the Company and is a generally accepted benchmark for determining audit materiality. It is the metric in the primary statements which best reflects the focus of the users of the financial statements.
Performance materiality	<p>Performance materiality is set to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements in the financial statements exceeds materiality for the financial statements as a whole.</p> <p>We set performance materiality at £437,000 (2024: £285,000), which represents 60% (2024: 60%) of overall materiality.</p> <p>In determining the performance materiality, we considered a number of factors, including the level and nature of uncorrected and corrected misstatements in the prior year and the effectiveness of the control environment, and concluded that an amount in the middle of our normal range was appropriate.</p>
Reporting threshold	We agreed with the audit committee that we would report to them misstatements identified during our audit above £22,000 (2024: £14,250) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

As part of designing our audit, we assessed the risk of material misstatement in the financial statements, whether due to fraud or error, and then designed and performed audit procedures responsive to those risks. In particular, we looked at where the directors made subjective judgements, such as assumptions on significant accounting estimates.

We tailored the scope of our audit to ensure that we performed sufficient work to be able to give an opinion on the financial statements as a whole. We used the outputs of our risk assessment, our understanding of the Company, its environment, controls, and critical business processes, to consider qualitative factors to ensure that we obtained sufficient coverage across all financial statement line items.

Other information

The other information comprises the information included in the Annual Report and Financial Statements other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of Directors

As explained more fully in the Statement of Directors' responsibilities set out on page 12, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

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

Based on our understanding of the Company and its industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: regulations and supervisory requirements of the PRA and the FCA.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Gaining an understanding of the legal and regulatory framework applicable to the Company and the industry in which it operates, and considering the risk of acts by the Company which were contrary to the applicable laws and regulations, including fraud;
- Enquiring of the directors, management and, where appropriate, those charged with governance, as to whether the Company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence with the PRA and the FCA, and attending bilateral meetings with the PRA;
- Reviewing minutes of board of directors' meetings held during the year and up to the date of approval of the Annual Report and Financial Statements; and
- Discussing amongst the engagement team the laws and regulations listed above, and remaining alert to any indications of non-compliance throughout our audit.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as Companies Act 2006, UK tax legislation and UK pension legislation.

In addition, we evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, revenue recognition (which we pinpointed to the accuracy assertion) **and significant one-off or unusual transactions**.

Our procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Inspecting the Company's regulatory and legal correspondence and reviewing minutes of the board of directors meetings;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud. The Company operates in the financial services industry, which is a highly regulated environment. The engagement team have extensive experience of working with banks, and this experience was relevant to the discussion about where fraud risks may arise;
- Addressing the risks of fraud through management override of controls by performing journal entry testing; and
- Applying professional scepticism to assess if there is any management bias through judgements and assumptions in significant accounting estimates.

The primary responsibility for the prevention and detection of irregularities, including fraud, rests with both those charged with governance and management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

The risks of material misstatement that had the greatest effect on our audit are discussed in the “Key audit matters” section of this report.

A further description of our responsibilities is available on the Financial Reporting Council’s website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor’s report.

Other matters which we are required to address

Following the recommendation of the audit committee, we were appointed by the Company’s board of directors on 7 December 2014 to audit the financial statements for the year ending 31 December 2014 and subsequent financial periods. The period of total uninterrupted engagement is 12 years, covering the years ending 31 December 2014 to 31 December 2025.

The non-audit services prohibited by the FRC’s Ethical Standard were not provided to the Company and we remain independent of the Company in conducting our audit.

Our audit opinion is consistent with our additional report to the audit committee.

Use of the audit report

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



Poppy Proborespati (Senior Statutory Auditor)
for and on behalf of Forvis Mazars LLP
Chartered Accountants and Statutory Auditor
30 Old Bailey
London EC4M 7AU
23 April 2026

United National Bank Limited
Statement of profit or loss
For the year ended 31 December 2025

	Note	2025 £	2024 £
Interest receivable from debt securities		12,639,358	8,810,361
Interest receivable from group undertakings		129,941	366,363
Other interest receivable and similar income		89,261,113	54,771,776
		<u>102,030,412</u>	<u>63,948,500</u>
Interest payable to group undertakings		(36,039)	(53,937)
Interest payable		<u>(70,542,609)</u>	<u>(39,858,637)</u>
		<u>(70,578,648)</u>	<u>(39,912,574)</u>
Net interest income		<u>31,451,764</u>	<u>24,035,926</u>
Fees and commissions receivable		465,923	574,808
Profit from foreign exchange		380,059	270,867
Fair value Loss on investment properties		(60,000)	(1,692,678)
Realised profit (loss) on debt securities		255,520	(759,855)
Other operating income		90,942	776,648
Profit on disposal of fixed asset		-	46,958
Fair value losses on derivatives		(36,260)	(8,502)
Total Income		<u>32,547,948</u>	<u>23,244,172</u>
Administrative expenses	4	(16,827,131)	(14,816,212)
Remeasurement of financial liability	6	(291,571)	(2,561,700)
Depreciation and amortisation	14,16	(297,373)	(344,925)
Impairment losses	11	<u>(555,015)</u>	<u>(277,396)</u>
Profit before tax on profit on ordinary activities	5	14,576,858	5,243,939
Income tax (expense) credit	8	<u>(3,731,753)</u>	1,894,527
Profit after tax on profit on ordinary activities for the year		<u><u>10,845,105</u></u>	<u><u>7,138,466</u></u>

The notes on pages 27 to 70 form part of these financial statements

United National Bank Limited
Statement of other comprehensive income
For the year ended 31 December 2025

	Note	2025	2024
		£	£
Profit after tax on profit on ordinary activities for the year		10,845,105	7,138,466
Other comprehensive income			
Gain on the revaluation of freehold property	16	394,391	2,514,243
Deferred tax relating to revaluation of freehold property	8	(77,500)	(610,670)
Actuarial (loss) gain on defined benefit pension scheme	26	(41,250)	185,250
Fair value movement on available for sale (AFS) debt securities	25	1,331,077	4,727,584
Movement on deferred tax relating to fair value movement of AFS debt securities	25	<u>(332,769)</u>	<u>(1,181,897)</u>
Other comprehensive income for the year, net of tax		<u>1,273,949</u>	<u>5,634,510</u>
Total comprehensive income for the year		<u><u>12,119,054</u></u>	<u><u>12,772,976</u></u>

The notes on pages 27 to 70 form part of these financial statements

United National Bank Limited
Balance sheet
As at 31 December 2025

	Note	2025 £	2024 £
Assets			
Cash and balances at banks		13,278,966	8,271,317
Loans and advances to customers	9	1,540,326,075	1,032,354,956
Loans and advances to banks	10	23,388,100	22,616,365
Derivatives financial assets	12	245,277	331,288
Debt securities	25	297,504,303	178,309,427
Prepayments and accrued income		1,387,861	1,002,759
Other assets	17	6,369,330	8,673,325
Investment property	15	2,900,000	2,960,000
Tangible fixed assets	16	29,230,135	28,954,170
Intangible assets	14	2,928,124	153,494
Total assets		<u>1,917,558,171</u>	<u>1,283,627,101</u>
Liabilities			
Derivative financial liabilities	13	4,578,229	302,453
Provision for liabilities	21	9,565,009	9,788,808
Other liabilities	20	5,808,142	3,011,086
Deposits by banks and credit unions	18	36,695,947	19,058,682
Customer accounts	19	1,743,862,044	1,146,536,321
Total liabilities		<u>1,800,509,371</u>	<u>1,178,697,350</u>
Net assets		<u>117,048,800</u>	<u>104,929,751</u>
Equity			
Called up share capital	22	45,000,000	45,000,000
Property revaluation reserve		15,764,478	15,447,589
Investment revaluation reserve		(350,290)	(1,348,598)
Profit and loss account		56,634,612	45,830,760
Total equity		<u>117,048,800</u>	<u>104,929,751</u>
Memorandum items			
Contingent liabilities	23	250,000	250,000
Commitments	24	-	51,119,750

These financial statements were approved and authorised for issue by the Board of Directors on [] April 2026
Signed on behalf of the Board of Directors



Minaz Bhuiya
Chief Executive Officer
23 April 2026

Company Registration No 4146820

The notes on pages 27 to 70 form part of these financial statements

United National Bank Limited
Statement of changes in equity
For the year ended 31 December 2025

	Notes	Called up share capital £	Profit and Loss Account £	Investment revaluation reserve £	Property Revaluation reserve £	Total £
Balance at 1 January 2024		45,000,000	38,378,978	(4,894,285)	13,672,082	92,156,775
Profit for the year		-	7,138,466	-	-	7,138,466
Actuarial gain recognised relating to the pension scheme	26	-	185,250	-	-	185,250
Fair value movement on available for sale debt securities	25	-	-	4,727,584	-	4,727,584
Deferred tax related for available sale debt securities	8&25	-	-	(1,181,897)	-	(1,181,897)
Gain on revaluation of freehold property	16	-	-	-	2,514,243	2,514,243
Deferred tax relating to revaluation of freehold property	8	-	-	-	(610,670)	(610,670)
Transfer of depreciation on disposal of property		-	118,466	-	(118,466)	-
Total		45,000,000	45,821,160	(1,348,598)	15,457,189	104,929,751
Transfer of depreciation on revaluation surplus		-	9,600	-	(9,600)	-
Balance as at 31 December 2024		<u>45,000,000</u>	<u>45,830,760</u>	<u>(1,348,598)</u>	<u>15,447,589</u>	<u>104,929,751</u>
Balance as 1 January 2025		45,000,000	45,830,760	(1,348,598)	15,447,589	104,929,751
Profit for the year		-	10,845,105	-	-	10,845,105
Actuarial gain recognised relating to the pension scheme	26	-	(41,250)	-	-	(41,250)
Fair value gain on available for sale debt securities	25	-	-	1,331,077	-	1,331,077
Deferred tax related to available for sale debt securities	8&25	-	-	(332,769)	-	(332,769)
Gain on revaluation on freehold property	16	-	-	-	394,391	394,391
Deferred tax relating to revaluation of freehold property	8	-	-	-	(77,500)	(77,500)
Balance as at 31 December 2025		<u>45,000,000</u>	<u>56,634,615</u>	<u>(350,290)</u>	<u>15,764,480</u>	<u>117,048,805</u>

The notes on pages 27 to 70 form part of these financial statements

United National Bank Limited
Statement of cash flows
For the year ended 31 December 2025

	Note	2025 £	2024 £
Cash flows from operating activities			
Profit before tax on profit on ordinary activities for the year		14,576,858	5,243,939
Adjustments for:			
Depreciation and amortisation	14,16	297,373	344,925
Remeasurement of financial liability	6	291,571	2,561,700
Net charge in respect of defined benefit pension scheme		36,000	35,000
Impairment charge on loans and advances and other items	11	555,015	277,396
Non-cash movements relating to AFS debt securities		1,798,841	518,237
Fair value loss on investment properties	15	60,000	1,692,678
Fair value losses on derivatives		36,260	8,502
Disposal of fixed assets - non cash		-	(46,958)
Effects of exchange rate changes on cash and cash equivalents		78,789	203,350
		<u>17,730,707</u>	<u>10,838,769</u>
Change in operating assets and liabilities:			
Change in loans to banks		(771,732)	(9,040,080)
Change in loans and advances		(508,526,134)	(314,034,689)
Change in other operating assets		1,574,513	(4,401,232)
Change in deposits from banks and customers		614,962,983	368,365,721
Change in other operating liabilities		4,362,320	3,532,520
Corporate income tax paid		(1,630,000)	(1,440,000)
Net cash from operating activities		<u>127,702,657</u>	<u>53,821,009</u>
Cash flows from investing activities			
Purchase of tangible fixed and intangible assets	14,16	(2,953,578)	(246,091)
Proceeds from disposal of fixed asset		-	237,859
Purchase of debt securities	25	(1,051,570,428)	(750,228,210)
Sale and maturity of debt securities	25	931,907,787	714,471,065
Net cash used in investing activities		<u>(122,616,219)</u>	<u>(35,765,377)</u>
Cash flows from financing activities			
Repayment of obligations under finance lease		-	(21,710)
Repurchase agreements		-	(19,284,670)
Net cash used in financing activities		<u>-</u>	<u>(19,306,380)</u>
Net increase (decrease) in cash and cash equivalents		5,086,438	(1,250,748)
Cash and cash equivalents at the beginning of the financial year		8,271,317	9,725,415
Effects of exchange rate changes on cash and cash equivalents		(78,789)	(203,350)
Cash and cash equivalents at the end of the financial year		<u><u>13,278,966</u></u>	<u><u>8,271,317</u></u>

Cash and cash equivalents includes cash in hand, deposits held at call with banks.

During the year the interest received was £ 102,501,038 (2024: £62,487,979) and interest paid was £ 57,203,404 (2024: £31,925,474).
Dividend paid in 2025 was £Nil (2024: £Nil)

The notes on pages 27 to 70 form part of these financial statements

United National Bank Limited
Notes to the financial statements
For the year ended 31 December 2025

1. Significant accounting policies

Reporting entity

United National Bank Limited ('the Company') is a company incorporated in the UK. The address of the registered office is given on page 3. The Company was formed in 2001 from the merger of the UK branches of two Pakistani banks, United Bank Limited ('UBL') and National Bank of Pakistan ('NBP'), who had been operating in the UK since the mid-1960s. In July 2024 following regulatory approval, Bestway Group Financial Services Limited ('BGFS'), a wholly-owned subsidiary of Bestway Group acquired 50.1% of the ordinary shares in the Company from UBL reducing it to 4.9% of the ordinary shares. BGFS also acquired 45% of the ordinary shares in the Company which is the entire NBP's shareholding in the Company.

Statement of compliance

The financial statements have been prepared in accordance with applicable United Kingdom Accounting Standards, including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' ('FRS 102') and the Companies Act 2006. The financial statements are expressed in Pound Sterling ('£') which is the functional currency of the Company being the currency of the primary economic environment in which it operates

Basis of preparation

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss (FVTPL), financial assets at fair value through other comprehensive income, investment properties, certain classes of tangible fixed assets and derivative financial instruments.

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed under the critical accounting estimates and judgements note.

Going concern basis

The financial statements are prepared on a going concern basis and the Directors have a reasonable expectation that the Company has the resources to continue in business for at least 12 months from the approval or signing of the financial statements and the foreseeable future. In making this assessment, the Directors have considered a wide range of information relating to present and future conditions, including the current state of the balance sheet, future projections of profitability, cash flows and capital resources and the longer-term strategy of the business. The Company's capital and liquidity plans have been stress tested and have been reviewed by the Directors.

The impact of headwinds emanating from challenges facing the UK economy and Global economy have been assessed and incorporated within the 2026-2031 financial and business plans. The Directors assessed the expected effect of Management actions taken in response, against the most severe but plausible scenario used in the Board's assessment of the Internal Capital Adequacy Assessment Process (ICAAP) approved in 2024. This scenario was guided by the January 2022-2023 Annual Cyclical Scenario ('ACS' or 'Anchor Scenario') specified by the Bank of England for use in preparing ICAAP stress tests. Having regard for the severe financial outcomes from these scenarios and the reverse stress tests also conducted as well as the internal Liquidity Adequacy Assessment (ILAAP), the Board concluded that both capital and liquidity forecasts remained within present regulatory requirements, including use of capital buffers, over the going concern period.

After making enquiries, the Directors believe that the Company has sufficient resources to continue in operation for the foreseeable future and for at least 12 months from the date of approval or signing the financial statements and the Company has sufficient capital to enable it to continue to meet its regulatory capital requirements as set out by the Prudential Regulatory Authority (PRA). The Board concluded that there is no material uncertainty on going concern therefore it remains appropriate to adopt the going concern basis in preparing the Company's financial statements.

United National Bank Limited
Notes to the financial statements
For the year ended 31 December 2025

1. Significant accounting policies (continued)

Revenue recognition

Profit on financial assets that are classified as loans and receivables and interest expense on financial liabilities is determined using the effective interest rate ('EIR') method. The EIR method is a way of calculating the amortised cost of a financial asset or financial liability (or group of financial assets or liabilities) and of allocating the interest income or expense over the expected life of the asset or liability. The EIR is the rate that exactly discounts estimated future cash flows to the instrument's initial carrying amount.

Fees, commission, income, premiums and discounts are recognised in the EIR where they are an integral part of the instrument yield. Judgement is required to determine whether fees are recognised as EIR or recognised when a service is performed. Although, the systems do not automatically calculate the EIR, it is monitored manually and the resulting adjustment is made to the financial statements. The key assumptions in the EIR calculations is the expected life over which to measure the cash flows.

Interest income from debt securities relates to the interest income generated by the Company's AFS portfolio.

Fees receivable that represent a return for services provided are generally charged on a transaction basis and recognised when the related service is performed.

Profit from foreign exchange relates to foreign exchange income derived from customer facilitation and the unrealised gains and losses on revaluation of foreign currency assets and liabilities as well as foreign currency trading. Refer to Notes 12 and 13 for additional details.

Profit (loss) on realised debt securities relates to the gains (losses) arising from the sale of listed debt securities.

Other operating income relates to operating lease income generated by the Company's investment properties as well as government grants.

All income derives from banking business carried out in the United Kingdom.

Foreign currency

Transactions in foreign currencies are recorded using the rate of exchange, ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into sterling using the rate of exchange as at the balance sheet date and resulting gains or losses on translation are included in the profit and loss account.

Pensions

The Company operates a defined benefit scheme for certain staff. This scheme is closed for new members and the future accrual of benefits ceased from 1 January 2010. A defined benefit plan defines the pension benefit that the employee will receive on retirement usually dependent upon several factors including age, length of service and remuneration. In respect of the defined benefit plan, the Company recognises its obligations to the members of the plan at the period end, less the fair value of the plan assets.

The defined benefit obligation is calculated using the projected unit credit method. Annually the Company engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating the estimated period of the future payments ('discount rate').

The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the Company's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains or losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 're-measurement of net defined benefit asset/liability'. Under FRS102, a surplus can only be recognised as an asset to the extent that the Company is able to realise economic benefits, either in the form of future refunds or from reductions in future contributions. In accordance with the rules of the UNB Pension Scheme, the Company has an unconditional right to a refund of surplus assets assuming the full settlement of liabilities in the event of a plan wind-up. Based on these rights, the net surplus at the balance sheet date is recognised in full, and subject to a deduction of the 25% (2024:25%) tax charge currently applicable to authorised surplus payments.

The net interest cost on the net defined benefit pension liability is calculated by applying the liability discount rate. The cost is recognised in profit or loss as 'Finance expense'.

For defined contribution schemes, the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

United National Bank Limited
Notes to the financial statements
For the year ended 31 December 2025

1. Significant accounting policies (continued)

Intangible assets

Intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses.

Software development costs are recognised as an intangible asset when all of the criteria below are demonstrated:

- (a) The technical feasibility of completing the software so that it will be available for use;
- (b) The intention to complete the software and use it;
- (c) How the software will generate probable future economic benefits;
- (d) The availability of adequate technical, financial and other resources to complete the development and to use the software; and
- (e) The ability to measure reliably the expenditure attributable to the software during its development.

Amortisation is charged so as to allocate the cost of intangibles less residual values over the estimated useful lives, using the straight-line method. The intangible assets are amortised over a 2 to 10 year period.

If there is an indication that there has been a significant change in amortisation rate or residual value of an asset, the amortisation of that asset is revised prospectively to reflect the new expectations.

Taxation

(i) Current tax

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

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

(ii) Deferred tax

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

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions in line with the requirements of FRS 102. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand and deposits held at call with banks.

Provisions and contingencies

(i) Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle an obligation; and the amount of the obligation can be estimated reliably.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current assessments of the time value of money and the risks associated with an obligation. The increase in the provision due to passage of time is recognised as a finance cost.

United National Bank Limited
Notes to the financial statements
For the year ended 31 December 2025

1. Significant accounting policies (continued)

(ii) Contingencies

Contingent liabilities, arising as a result of past events, are only recognised when (i) it is probable that there will be an outflow of resources and the amount can be reliably measured at the reporting date (ii) the existence of a liability does not rely on the occurrence or non-occurrence of uncertain future events which are not wholly within the Company's control. Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote.

Contingent assets are not recognised as assets. However, when the flow of future economic benefits to the entity is virtually certain, then the related asset is recognised appropriately as an asset

Financial assets

Under the options available to it under FRS 102, the Company chose to apply the measurement and recognition provisions of IAS 39 Financial instruments: Recognition and Measurement.

Financial assets are classified as loans and receivables, held to maturity, fair value through profit or loss, or available-for-sale.

Loans and receivables - non-derivative financial assets with fixed or determinable repayments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost. The Company includes its loans and advances to customers and to banks within this category.

Fair value through profit or loss - any financial asset that is designated on initial recognition as one to be measured at fair value with fair value changes accounted for in profit or loss. The Company has foreign exchange forwards that are included within this category.

Available-for-sale - those non-derivative financial assets that are not classified as loans and receivables are not designated as at fair value through profit or loss on initial recognition. Available-for-sale financial assets are initially recognised at cost including transaction costs and thereafter measured at fair value with fair value gains or losses recognised directly in equity through the statement of other comprehensive income.

Exchange differences on available for sale financial assets are recognised in the profit and loss account. The Company has listed investments that are included within this category.

Regular way purchases of financial assets classified as loans and receivables are recognised on settlement date; all other regular way purchases are recognised on trade date.

1. Significant accounting policies (continued)

Impairment of financial assets

Assets accounted for and amortised cost

The company assesses at each balance sheet date whether there is any objective evidence that a financial asset or group of financial assets classified as loans and receivables and held-to-maturity may be impaired.

Where such an event has had an impact on the estimated future cash flows of the financial asset or group of financial assets, an impairment allowance is recognised. The amount of impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. If the asset has a variable rate of interest, the discount rate used for measuring the impairment allowance is the current effective interest rate.

Subsequent to the recognition of an impairment loss on a financial asset or a group of financial assets, interest income continues to be recognised on an EIR basis, on the asset's carrying value net of impairment provisions. Furthermore, in order to account for amortised costs interest income has to be recognised on an asset's carrying value net of impairment provisions for assets or group of assets that have been classified as impaired. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, such as an improvement in the borrower's credit rating, the allowance is adjusted and the amount of the reversal is recognised in the income statement.

Impairment allowances are assessed individually for financial assets that are individually significant. The Company's financial assets are reviewed on a regular basis and those showing potential or actual vulnerability are placed on a Watch-list where greater monitoring is undertaken. Specific examples of trigger events that would lead to the initial recognition of impairment allowances against an exposure (or the recognition of additional impairment allowances) include (i) trading losses, loss of business or major customer of a borrower; (ii) material breaches of the terms and conditions of a loan facility, including non-payment of interest or principal, or a fall in the value of security such that it is no longer considered adequate; (iii) disappearance of an active market because of financial difficulties; or (iv) restructuring a facility with preferential terms to aid recovery of the lending (such as a debt for equity swap). A review is undertaken of the expected future cash flows which requires significant management judgement as to the amount and timing of such cash flows. Where the debt is secured, the assessment reflects the expected cash flows from the realisation of the security, net of costs to realise, whether or not foreclosure or realisation of the collateral is probable.

For impaired debt instruments which are held at amortised cost, impairment losses are recognised in subsequent periods when it is determined that there has been a further negative impact on expected future cash flows. A reduction in fair value caused by general widening of credit spreads would not, of itself, result in additional impairment.

Collective assessment

Incurring but not yet identified impairment

The collective provision also includes provision for inherent losses, that is losses that have been incurred but have not been separately identified at the balance sheet date. The loans that are not currently recognised as impaired are assessed individually as follows:

Property based lending portfolio

All the property based loans are analysed using an in-house developed model. The model calculates cash flows and the provision on an individual loan-by loan basis using a calculation engine. The loss provision uses the following parameters:

- (i) Portfolio data as at 31 December 2025 excluding impaired loans;
- (ii) Historical Probability of Default ('PDs') for the property based lending portfolio; and
- (iii) Loss Given Default ('LGDs') is derived from the model using collateral property value forecasts and the prevailing Forced Sale Discount ('FSD') for properties of this nature.

The collective provision was then calculated as: Exposure at Default ('EAD') x PD x LGD. In all instances, the Loss Emergency Period ('LEP') was assumed to be one (1) year.

In addition, for a full collective provisioning, the Company employed an overlay. It is noted that the overlay did not anticipate losses, but ensured that incurred losses not yet evident in data are appropriately reflected. The Company's approach to the overlay was the use of external benchmarking for comparable residential mortgage portfolio.

Other loan portfolio

The other loan portfolio which comprises legacy loans currently in run-off is assessed individually and the respective parameters used to generate the provisions include:

- (a) If the loan is externally rated the external credit rating is used to determine the PDs using the Moody's rating scale. For non-rated loans the converted scale is used to determine the proxy external credit rating which is subsequently used to derive the respective PDs.
- (b) The LGDs are based on observed default rates for specific exposures such as corporate, individual, institution and sovereign. The observed default rates are sourced from reputable databases such as Moody, Fitch, S&P and any other published market data
- (c) The product of the PDs, LGDs and Exposure at Default ('EAD') will be subsequently used to derive the provision under this loan portfolio category.

1. Significant accounting policies (continued)

Other matters that are considered in the derivation of the collective impairment provision include:

- (a) The emergence period, which is estimated to be in the period between impairment occurring and the loss being identified. The factors used to determine this include the period between the last credit review date, last interest or principal payment date, last missed payment date and the balance sheet date. The Company also considers the full repayment date for the exposure in the determination of the loss emergence period, particularly for those exposures whose maturity are close to the balance sheet date.
- (b) The Company's historical experience in portfolios of similar risk characteristics.
- (c) The fact that an exposure had been restructured is taken into account through higher risk rating and hence higher PDs.
- (d) Exposures that are in the Watchlist category are also assessed separately and attract higher ratings.

Loan renegotiations and forbearance

In certain circumstances, the Company will renegotiate the original terms of a customer's loan, either as part of an ongoing customer relationship or in response to adverse changes in the circumstances of the borrower. Where the renegotiated payments of interest and principal will not recover the original carrying value of the asset, the asset continues to be reported as past due and is considered impaired. Where the renegotiated payments of interest and principal will recover the original carrying value of the asset, the loan is no longer reported as past due or impaired provided that an adequate record has been established of the sustainability of the payments to be made are in accordance with the revised terms. Renegotiation may lead to the loan and associated provision being derecognised and a new loan being recognised initially at fair value.

Write offs

A loan or advance is normally written off, either partially or in full, against the related allowance when the proceeds from realising any available security have been received and there is no realistic prospect of further recovery and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off decrease the amount of impairment losses recorded in the income statement. For both secured and unsecured balances, the write-off takes place only once an extensive set of collections processes has been completed, or the status of the account reaches a point where policy dictates that forbearance is no longer appropriate.

Available-for-sale financial assets

The Company assesses, at each balance sheet date, whether there is objective evidence that an available-for-sale financial asset is impaired. When the impairment is established, the impairment loss is recycled from investment reserve onto the profit or loss account. In addition to the impairment criteria for financial assets accounted for at amortised cost set out above, this assessment involves reviewing the current financial circumstances (including creditworthiness) and future prospects of the issuer, assessing the future cash flows expected to be realised. If an impairment loss has been incurred, the cumulative loss measured as the difference between the acquisition cost (net of any principal repayment and amortisation) and the current fair value, less any impairment loss on that asset previously recognised, is reclassified from equity to the other comprehensive income to profit or loss. For impaired debt instruments, impairment losses are recognised in subsequent periods when it is determined that there has been a further negative impact on expected future cash flows; a reduction in fair value caused by general widening of credit spreads would not, of itself, result in additional impairment. If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised, an amount not greater than the original impairment loss is credited to the profit and loss account; any excess is taken to other comprehensive income.

United National Bank Limited
Notes to the financial statements
For the year ended 31 December 2025

1. Significant accounting policies (continued)

Financial liabilities

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another entity.

Financial liabilities are initially measured at their fair value and subsequently at amortised cost. This however exclude derivative financial liabilities which are measured at fair value.

The Company classifies capital instruments as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments. Preference shares are a contractual obligation which are treated as a debt instrument and classified as a liability. The dividends on these preference shares are recognised are set off against the remeasurement financial liability provision (See Note 22).

Derecognition of financial assets and liabilities

Derecognition of financial assets

The derecognition criteria is applied to the transfer of part of an asset, rather than the asset as a whole, only if such part comprises specifically identified cash flows from the financial asset, a fully proportionate share of the cash flows from the asset, or a fully proportionate share of specifically identified cash flows from the asset.

A financial asset is derecognised when the contractual rights to the cash flows from the asset have expired or the Company transfers the contractual rights to receive the cash flows from the financial asset; or has assumed an obligation to pay those cash flows to an independent third-party; or the Company has transferred substantially all the risks and rewards of ownership of that asset to an independent third-party. Management determines whether substantially all the risks and rewards of ownership have been transferred by quantitatively comparing the variability in cash flows before and after the transfer. If the variability in cash flows remains significantly similar subsequent to the transfer, the Company has retained substantially all of the risks and rewards of ownership.

Where substantially all the risks and rewards of ownership of the financial asset are neither retained nor transferred, the Company derecognises the transferred asset only if it has lost control over that asset. Control over the asset is represented by the practical ability to sell the transferred asset. If the Company retains control over the asset, it will continue to recognise the asset to the extent of its continuing involvement.

On derecognition of a financial asset, the difference between the carrying amount and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in other comprehensive income is recognised in the profit or loss statement.

Derecognition of financial liabilities

Financial liability is derecognised when the obligation under the liability is discharged, cancelled, or expires. If an existing financial liability is replaced by another counterparty on substantially different terms, or the terms of the existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability at fair value. The difference in the respective carrying amount of the existing liability and the new liability is recognised as a gain/loss in the profit or loss statement.

Repurchase agreements and resale agreements

Repurchase and resale agreements, which are treated as collateralised financing transactions (securities which have been sold with an agreement to repurchase), continue to be shown on the balance sheet and the sale proceeds are recorded as collateralised financing transactions with creditors ('Repos'). Assets and liabilities recognised under collateralised financing transactions are classified as 'held for trading' and are recorded at fair value with changes in fair value recorded in the profit and loss account.

1. Significant accounting policies (continued)

Derivative financial instruments

Derivative instruments are contracts whose value is derived from one or more underlying financial instruments or indices defined in the contract. They include swaps and forward -rate agreements and primarily affect the Company's net interest income, derivative assets and liabilities. Notional amounts of the contracts are not recorded on the balance sheet.

The Company uses derivative financial instruments to economically hedge exposure to foreign exchange risk and interest rate risk. The Company does not hold or issue derivative financial instruments for speculative purposes.

Derivative financial instruments used to economically hedge exposure to foreign exchange are recognised initially and are subsequently measured through fair value through profit and loss. They are classified as assets when their fair value is positive or as liabilities when fair value is negative in the financial statements.

Hedge accounting

The Company applies requirements of IAS 39 *Financial Instruments: Recognition and Measurement* for hedge accounting purposes. The Company applies hedge accounting to represent the economic effects of its interest rate risk management strategies. Where derivatives are held for risk management purposes, and when transactions meet the required criteria for documentation and hedge effectiveness, the Company applies fair value hedge accounting as appropriate to the risks being hedged. In addition, the Company applies hedge accounting prospectively and retrospectively from the date of initial application.

Fair value hedge accounting

Changes in fair value of derivatives that qualify and are designated as fair value hedges are recorded in the income statement, together with changes in the fair value of the hedged assets or liability that are attributable to the hedged risk. The fair value changes adjust the carrying value of the hedged asset or liability held at amortised cost. The fair values are calculated by discounted cash flow models using yield curves that are based on observable market data. Cash flows for these interest rate swap derivatives are calculated taking into consideration known characteristics of the swap (i.e. maturity date, nominal value, interest rates for fixed and variable rate legs etc.). Cash flows are subsequently discounted using the swaps designated interest rate i.e. SONIA. Variable leg cash flows are calculated using the latest yield curve provided by a third party.

If hedge relationship no longer meet the criteria for hedge accounting, hedge accounting is discontinued. For fair value hedges of interest rate risk, the fair value adjustment to the hedged item is amortised to the income statement over the period to maturity of the previously designated hedge relationship using the effective interest method.

Geographical Analysis

The Company's primary focus is retail and wholesale / corporate banking in the United Kingdom.

Investment properties

Investment properties principally comprise of freehold land and buildings held for long-term rental and capital appreciation that are not occupied by the company. Investment properties are initially recognised at cost, including transaction costs, and are subsequently remeasured annually at fair value. Movements in fair value are recognised directly to profit or loss. Deferred tax is recognised on any fair value movement at the rate expected to apply when the property is sold, however this rate would also need to be one substantively enacted at the balance sheet date.

Investment properties are derecognised when disposed of or when there is no future economic benefit expected.

Transfers to and from investment properties to tangible assets are determined by a change in use of owner-occupation. The fair value on the date of change of use from investment properties to tangible assets are used as deemed cost for the subsequent accounting. The existing carrying amount of tangible assets is used for the subsequent accounting cost of investment properties on the date of change of use.

Tangible fixed assets and depreciation

Tangible fixed assets for which fair value can be measured reliably are stated at a revalued amount, being its fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Tangible fixed assets that fall under this category are freehold building and land. All other tangible fixed assets are stated at historical cost less depreciation and impairment losses.

United National Bank Limited
Notes to the financial statements
For the year ended 31 December 2025

1. Significant accounting policies (continued)

Depreciation is calculated on a straight-line basis to write off the net cost of each item of tangible fixed asset over their expected useful lives as follows:

Computer equipment	20-33% per annum
Office equipment	15-25% per annum
Leasehold property	10% per annum
Freehold and leasehold improvements	10%
Freehold buildings	2%
Freehold land	no depreciation charged

The value of each freehold property is assessed annually by an independent member of the Royal Institution of Chartered Surveyors. The surplus or deficit on book value is transferred to the revaluation reserve, except that a deficit which is in excess of any previously recognised surplus over depreciated cost relating to the same property, or the reversal of such a deficit, is charged/credited to the profit and loss account. A deficit which represents a clear consumption of economic benefits is charged to the profit and loss account regardless of any such previous surplus.

Where depreciation charges are increased following a revaluation, an amount equal to the increase is transferred annually from the revaluation reserve to the profit and loss account as a movement on reserves. On the disposal or recognition of a provision for impairment of a revalued fixed asset, any related balance remaining in the revaluation reserve is also transferred to the profit and loss account as a movement on reserves.

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements under lease are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of tangible fixed assets is derecognised upon disposal or when there is no future economic benefit to the company. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

Leases

At inception the Company assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

(a) Finance leased assets

Leases of assets that transfer substantially all the risks and rewards incidental to ownership are classified as finance leases.

Finance leases are capitalised at commencement of the lease as assets at the fair value of the leased asset or, if lower, the present value of the minimum lease payments calculated using the interest rate implicit in the lease. Where the implicit rate cannot be determined the Company's incremental borrowing rate is used. Incremental direct costs incurred in negotiating and arranging the lease, are included in the cost of the asset. Assets are depreciated over the shorter of the lease term and the estimated useful life of the asset. Assets are assessed for impairment at each reporting date.

The capital element of lease obligations is recorded in the balance sheet as a liability on inception of the arrangement. Lease payments are apportioned between capital repayments and finance charges to produce a constant rate of charge on the balance of the capital repayments outstanding.

Finance charges are deducted in measuring profit or loss. Assets held under finance leases are included in the tangible fixed assets and depreciated and assessed for impairment in the same way as other tangible assets.

(b) Operating leased assets

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. The Company is both a lessee and a lessor of operating leases. Payments/receipts under operating leases are charged/credited to the profit and loss account on a straight line basis over the lease term.

(c) Lease incentives

Incentives received to enter into a finance lease reduce the fair value of the asset and are included in the calculation of present value of minimum lease payments.

Incentives received to enter into an operating lease are credited to the profit and loss account, to reduce lease expense, on a straight line basis over the lease term. Incentives offered by the Company are charged to the profit and loss account, to reduce income, on a straight line basis over the lease term.

1. Significant accounting policies (continued)

Impairment of non-financial assets

At each balance sheet date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset may be impaired. If there is such an indication, the recoverable amount of the asset is compared to the carrying amount of the asset.

The recoverable amount of the asset is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of future cash flows expected to be derived from an asset or a cash generating unit. The cash flows are discounted using a discount rate that represents the current market risk-free rate and the risks inherent in the asset. If the recoverable amount of the asset is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the profit and loss account, unless the asset has been revalued when the amount is recognised in other comprehensive income to the extent of any previously recognised revaluation. Thereafter any excess is recognised in the profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that could have been determined (net of depreciation) had no impairment loss been recognised in prior periods. A reversal of impairment loss is recognised in the profit and loss account.

Government grants

Grants are accounted for under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to the profit and loss account at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in "other operating income" within profit or loss in the same period as the related expenditure. This includes the Government Coronavirus Job Retention Scheme ('Furlough'). The Company has not directly benefited from any other forms of government assistance.

Distributions to equity holders

Dividends and other distributions to the Company's shareholders are recognised as a liability in the financial statements in the period in which the dividends and other distributions are approved by the Board and are no longer at the discretion of the Company. These amounts are recognised in the statement of changes in equity.

Reserves

Called up share capital - represents the nominal value of shares that have been issued

Profit or loss account - includes profit for the period and prior periods, actuarial gains or losses recognised relating to the defined benefit scheme plus any transfers from revaluation relating to depreciation realised on revaluations less dividend paid.

Investment revaluation reserve - represents the cumulative after tax unrealised change in fair value of financial assets classified as available for sale (AFS) since their initial recognition. Any impairment losses that arise on the AFS instruments are recycled from Investment revaluation reserve to Profit and Loss.

Revaluation reserve - represents accumulated surplus on annual revaluation of the Company's freehold properties.

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2. Critical accounting judgements, estimates and assumptions

The preparation of the Company financial statements in accordance with FRS 102 requires management to make judgements, estimates and assumptions in applying accounting policies that affect the reported amounts of assets, liabilities, income and expenses. Due to the inherent uncertainty in making estimates, actual results reported in future periods may be based upon amounts which differ from those estimates. Estimates, judgements and assumptions are continually evaluated and based on historical experience and factors, including expectations of future events that are believed to be reasonable under the circumstances.

The significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty in these financial statements, which together are deemed critical to the Company's results and financial position, are as follows:

Allowance for impairment losses on loan and advances (Note 8&11)

At 31 December 2025 gross loans and advances to customers totalled £1,542,468,082 (2024: £1,033,061,549) against which impairment allowances of £1,261,608 (2024:£706,593) had been made whereas the loans and advances to banks totalled £23,388,100 (2024: £22,616,365). The allowance for impairment losses on loans and advances is management's best estimate of losses incurred in the portfolio at the balance sheet date. Impairment allowances are made up of two components, those determined individually and those determined collectively which makes up the collective unimpaired provision. Individual impairment assessment is established across the Company's lending and wholesale portfolio. The determination of individual impairment allowance requires the exercise of considerable judgement by management involving matters such as local economic conditions and the resulting trading performance of the customer, and the value of the security, for which there may not be a readily accessible market. In particular, significant judgement is required by management in assessing the borrower's cash flows and debt servicing capability and realisable value of collateral. The actual amount of cash flows and their timing may differ significantly from the assumptions made for the purposes of determining impairment allowances and consequently these allowances can be subject to variation as time progresses and the circumstances of the customer become clear.

Collective provision is made for loan losses that have been incurred but have not been separately identified at the balance sheet date. This provision is sensitive to changes in the time between the loss event and the date the impairment is separately identified. This period is the emergence period.

Given the size of the Company's property lending portfolio, a key variable which determines the collateral value supporting loans is house prices. The value of this collateral is estimated by applying changes in house price indices to the original assessed value of the property. This provides another source of uncertainty in the derivation of impairment allowance. Estimating the collective provision requires significant judgement, including in deriving assumptions to be applied in the assessment.

Allowance for impairment losses on available for sale assets (Note 11 & 25).

The impairment assessment of available for sale assets and the calculation of the requisite impairment allowances requires a degree of estimation. In conducting this assessment including the calculation of impairment allowances, all relevant considerations that have a bearing on the expected cash flows are taken into account (for example market and book values of the exposures, the business prospects and the Company's position relative to other claimants).

Revenue recognition

Fees, commission, income, premiums and discounts are recognised in the EIR where they are an integral part of the instrument yield. Judgement is required to determine whether fees are recognised as EIR or recognised when a service is performed. Although, the systems do not automatically calculate the EIR, it is monitored manually and adjusted when considered necessary based on materiality. The key assumptions in the EIR calculations are the projected loan amortisation schedules and if these turn out to be different from those projected, the resulting EIR results may differ from expectations.

2. Critical accounting judgements, estimates and assumptions (continued)

Defined benefit pension scheme (Note 26)

The Company operates a defined benefit scheme. The value of the Company's defined benefit pension scheme's liabilities and assets requires management to make a number of assumptions. The key area of estimating uncertainty is the discount rate applied to future cash flows and the expected lifetime of the scheme's members. The discount rate is required to be set with reference to market yields at the end of the reporting period on high quality corporate bonds in the currency, with a term consistent with the defined benefit scheme's obligation. The market for bonds with a similar duration is illiquid and, as a result, significant management judgement is required to determine an appropriate yield curve to base the discount rate. The cost of the benefits payable by the scheme will also depend upon the life expectancy of the members. The Company considers latest market practice and actual experience in determining the appropriate assumptions for both current mortality expectations and the rate of future mortality improvement. Given advances in medical sciences in recent years, it is uncertain whether this rate of improvement will be sustained going forward, as a result, actual experience may differ from expectations. The details on the principal assumptions used in the valuation of the Company's defined benefit pension scheme's liability is in Note 26.

Deferred tax assets (Note 8)

At 31 December 2025, the Company recognised a deferred tax asset of £5,745,510 (2024: £7,027,803) principally relating to tax losses carried forward and unrealised losses on the AFS portfolio. Further information on the Company's deferred tax asset is provided in note 8. The Company's expectations of future UK taxable profits require management judgement and in making this assessment, account is taken of Board-approved business plans. Under current law there is no expiry date for UK trading losses not yet utilised for corporation tax purposes, and given the forecast of future profitability, it is more likely than not, that the value of the losses will be recovered at some point in the future. It is possible that future tax law changes could materially affect the timing of recovery and the value of losses ultimately utilised by the Company. Recognition is based on a conservative approach to assumptions on future profitability. The Company's assessment of deferred tax recoverability is based on its assessment of profitability covering its five-year planning horizon.

Remeasurement of financial liability (Note 6&21)

At its formation in 2001, the Company assumed tax losses from the pre-merged branches of two Pakistan Banks namely United Bank Limited and National Bank of Pakistan but they were subject to dividend payments on utilisation of these tax losses. Of the £5,745,510 deferred tax assets, £5,351,645 related to these carry-forward losses and since the utilisation of these carry-forward losses are subject to preference share dividend payments, there is a corresponding liability that needs to be recognised in the financial statements. Accordingly, in making the assessment of the financial liability, the 5- year profit projections used in deriving deferred tax assets of £5,351,645 was also used in this instance. The cash outflows associated with dividend payments were subsequently discounted using the discount rate based on the marginal cost of 5-year deposit funds to derive the financial liability. The incremental financial liability was treated as an expense in the profit and loss account.

Fair value of Interest rate swaps

These are calculated by discounted cash flow models using yield curves that are based on observable market data. These assets are held by the Company in its management of interest rate risk. Cash flows for swap derivatives are calculated taking into consideration known characteristics of the swap (i.e. maturity date, nominal value, interest rates for fixed and variable rate legs, forecasted prepayment rates etc.) Cash flows are subsequently discounted using the swaps designated interest rate i.e. SONIA. Variable leg cash flows are calculated using the latest yield curve data obtained via a third party.

Revaluation of properties (Note 15&16)

A key estimate included within this year's financial results is the valuation of the Company's Head Office on Brook Street in London. The Directors under the guidance of RICS valuation experts based the valuation on a desktop assessment. The valuation assessed as of 31 December 2025 took into account current rental yields for similar properties in the same locality as well as recent comparable sale transactions.

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3. Total Income (continued)

3. Total Income

Total income, analysed geographically between markets, was as follows:

	2025	2024
	£	£
United Kingdom	32,270,776	23,133,059
Rest of the World	277,172	111,113
	<u>32,547,948</u>	<u>23,244,172</u>

4. Administrative expenses

	2025	2024
Average Number of Employees	<u>85</u>	<u>83</u>

	2025	2024
Front Office	34	34
Back Office	51	49

	2025	2024
	£	£
Wages and salaries	7,522,957	6,524,874
Social security costs	921,218	702,108
Other pension costs	628,843	605,946
Other administrative expenses	7,754,113	6,983,284
	<u>16,827,131</u>	<u>14,816,212</u>

5. Profit on ordinary activities before taxation

	2025	2024
	£	£
Profit on ordinary activities before taxation is stated after charging/(crediting)		
Auditor's remuneration		
-fees payable for the audit of the Company's annual accounts	336,500	325,500
- fees payable for the interim profit verification	17,500	-
Depreciation and amortisation	297,371	344,925
Preference shares paid	579,074	581,233
Remeasurement of financial liability	291,573	2,561,700
Pension costs	628,843	605,946
Profit from foreign exchange	(380,059)	(270,867)
Realised (profit) loss on debt securities	(255,520)	759,855
Onerous lease costs	(1,019)	10,372
Profit on sale of fixed assets	-	(46,958)

The total auditor's remuneration for the year therefore amount to £354,000 (2024: £325,500).

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6. Remeasurement of financial liability

	2025 £	2024 £
Remeasurement of financial liability	<u>291,571</u>	<u>2,561,700</u>

At its formation in 2001, the Company assumed tax losses from the pre-merged branches of two (2) Pakistan Banks namely United Bank Limited and National Bank of Pakistan but they were subject to preference share dividend payments for the tax benefit on the utilisation of these tax losses. The remeasurement of financial liability expense for the year estimated as £291,571 (2024: £2,561,700) which will the total remeasurement of financial liability provision to £4,342,964 (2024:£4,630,467). Further details are in Note 21.

7. Directors and senior management emoluments

	2025 £	2024 £
Directors' fees and emoluments	963,822	526,588
Pension contributions	33,519	29,611
National insurance	<u>128,211</u>	<u>65,129</u>
	<u>1,125,552</u>	<u>621,328</u>

The highest paid director received emoluments excluding pension contributions, totaling £471,914 (2024: £377,844) and the amount of pension contributions paid to the Company's defined contribution scheme was £20,903 (2024: £29,611). There were two Directors who were both Directors and member of the senior management of the Company, but the related emoluments have been included in the Directors emoluments and excluded from the senior management emoluments. These total emoluments (fees and emoluments, pension and national insurance) were £650,260 (2024: £453,999).

	2025 £	2024 £
Senior management emoluments	1,227,541	812,234
Pension contributions	93,737	61,186
National Insurance	<u>170,050</u>	<u>105,460</u>
	<u>1,491,328</u>	<u>978,880</u>

8. Taxation

	2025 £	2024 £
(i) Analysis of tax charge on ordinary activities		
UK corporation tax on profits of the period	2,792,327	1,775,667
Adjustments in respect of prior periods	<u>4,903</u>	<u>(29,499)</u>
Current tax	<u>2,797,230</u>	<u>1,746,168</u>

	2025 £	2024 £
Origination and reversal of timing differences	933,164	(3,566,852)
Adjustments in respect of previous periods	1,359	(21,443)
Impact of rate changes	<u>-</u>	<u>(52,400)</u>
Deferred Tax	<u>934,523</u>	<u>(3,640,695)</u>

United National Bank Limited
Notes to the financial statements
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8. Taxation (continued)

Current Tax	2,797,230	1,746,168
Deferred Tax	934,523	(3,640,695)
Tax charge for the year	<u>3,731,753</u>	<u>(1,894,527)</u>
Profit on ordinary activities before tax	<u>14,576,856</u>	<u>5,243,939</u>
Tax at 25% (2024: 25%) thereon	3,644,214	1,310,985
Effects of:		
Non-deductible expenses	81,277	630,372
Deferred tax not provided	-	(3,754,406)
Tax rate changes	-	(41,524)
Gains/rollover relief	-	10,988
Adjustments from previous periods	6,262	(50,942)
Total tax charge for the year	<u>3,731,753</u>	<u>(1,894,527)</u>

Deferred taxation

As of 31 December 2025, there were accumulated tax losses of £21.41m (2024:£25.10m) carried forward and a recognised deferred tax asset of £5,351,645 (2024: £6,276,157). The full deferred tax breakdown is set out in the table below.

The aggregate current and deferred tax relating to items that are recognised as items of other comprehensive income is -£410,269 (2024: -£1,792,567).

The Company is part of the multinational Bestway Group, which is in scope of the new Pillar Two global minimum tax rules. These rules were substantively enacted 20 June 2023 to apply for periods commencing 1 January 2024. An assessment made by the Bestway Group in 2025 indicated that the Group does not have exposure to Pillar two income taxes. The Company has applied the temporary exception from the accounting requirements for deferred taxes in Paragraph 29 of FRS 102. Accordingly, the Company neither recognises nor discloses information about deferred tax and liabilities related to Pillar Two income taxes.

Since 1 April 2016, taxable profits that can be set-off against brought-forward tax losses are restricted to 25%.

The Written Down Allowance ('WDA') has been reduced from 18% to 14% and is effective from 1 April 2026 so it does impact on the tax relating to the financial year ended 31 December 2025.

The table below shows movements on deferred tax liabilities during the year:

	2025	2024
	£	£
As of 1 January	5,013,450	4,825,950
Income statement	(15,000)	(423,170)
OCI & Reserves	77,500	610,670
As of 31 December	<u>5,075,950</u>	<u>5,013,450</u>

Deferred tax liabilities relate to unrealised gains on property. See further details in Note 21.

United National Bank Limited
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8. Taxation (continued)

Deferred tax asset of £5,745,510 (2024: £7,027,803) has been recognised and is in relation to accelerated depreciation, trading losses carried forward and the revaluation movement on assets available for sale since 1 January 2016 when the new tax legislation came into force. The breakdown of the deferred tax assets and is in relation to:

	1 January 2025	Movement	31 December 2025
	£	£	£
Tax losses	6,276,157	(924,512)	5,351,645
Timing differences - trading	449,531	(332,769)	116,762
Accelerated depreciation	302,115	(25,012)	277,103
	<u>7,027,803</u>	<u>(1,282,293)</u>	<u>5,745,510</u>

9. Loans and advances to customers

	Impaired Loans	Non-Impaired loans	Total
	£	£	£
2025			
Remaining maturity:			
Three months or less	-	88,591,866	88,591,866
One year or less but over three months	-	148,212,882	148,212,882
Five years or less but over one year	-	1,289,626,763	1,289,626,763
Over five years	-	7,473,214	7,473,214
Overdue	8,563,357	-	8,563,357
	<u>8,563,357</u>	<u>1,533,904,725</u>	<u>1,542,468,082</u>
Unamortised portion of loan fees	-	(5,320,210)	(5,320,210)
Collective provision	-	(1,261,608)	(1,261,608)
Fair value of hedged risk	-	4,439,811	4,439,811
	<u>8,563,357</u>	<u>1,531,762,718</u>	<u>1,540,326,075</u>
Amount repayable on demand (included within three months or less above)	<u>-</u>	<u>526,162</u>	<u>526,162</u>

2024

Remaining maturity:			
Three months or less	-	87,008,759	87,008,759
One year or less but over three months	-	131,291,865	131,291,865
Five years or less but over one year	-	800,043,156	800,043,156
Over five years	-	10,476,649	10,476,649
Overdue	7,627,387	-	7,627,387
	<u>7,627,387</u>	<u>1,028,820,429</u>	<u>1,036,447,816</u>
Unamortised portion of loan fees	-	(3,331,731)	(3,331,731)
Collective provision	-	(706,593)	(706,593)
Fair value of hedged risk	-	(54,536)	(54,536)
	<u>7,627,387</u>	<u>1,024,727,569</u>	<u>1,032,354,956</u>
Amount repayable on demand (included within three months or less above)	<u>-</u>	<u>532,003</u>	<u>532,003</u>

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Notes to the financial statements
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9. Loans and advances to customers (continued)

The table below represents the movement of specific and collective provisions in respect of loan and advances to customers during the year:

	Specific £	Collective £	Total 2025 £	Total 2024 £
At 1 January	-	706,593	706,593	444,874
Charge to profit or loss	-	555,015	555,015	261,719
As of 31 December	-	1,261,608	1,261,608	706,593

10. Loans and advances to banks

	2025 £	2024 £
Loans and advances to banks	23,388,100	22,616,365

The loan and advances amount of [£] (2024: £22,616,365) is repayable on demand.

During the year, there was no impairment charge (2024: £Nil) made against loan and advances to banks.

As of 31 December 2025, there were no loans and advances to banks that were either past due or impaired.

11. Impairment Losses

During 2025, the total impairment losses were in respect of the following:

	2025 £	2024 £
Charge to provisions	555,015	261,719
Impairment charges in respect of loans and advances directly written off to profit loss	-	15,677
Total impairment charge in profit or loss	555,015	277,396

12. Derivatives financial assets

	2025 £	2024 £
Fair value - forward foreign exchange contracts	126,785	66,287
Fair value – interest rate swaps	118,492	265,001
	245,277	331,288
Notional amount - forward foreign currency contracts	9,903,717	22,651,717
Notional amount - interest rate swap contracts	546,019,000	66,019,000
	555,922,717	88,670,717

The fair value of derivatives held for non-trading purposes is determined by using observable market data. The Company pledges cash as collateral for its derivative transactions. Collateral in respect of these derivatives is subject to the standard industry terms of ISDA Credit Support Annex. In 2025, the Company posted losses on interest rate swaps of £36,260 (2024: -£8,502)

The Company applies the requirements of IAS 39 *Financial Instruments: Recognition and Measurement* in accounting for its interest rate swaps. Hedge accounting has been adopted to reflect the economic effects of these swaps as part of the Company's interest rate risk management strategy.

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13. Derivative financial liabilities

	2025	2024
	£	£
Fair value—forward foreign exchange contracts	4,758	91,061
Fair value- Interest rate swaps	4,573,471	211,392
	<u>4,578,229</u>	<u>302,453</u>
Notional amount - foreign currency swaps	9,780,555	22,666,140
Notional amount - Interest rate swap contracts	546,019,000	66,019,000
	<u>555,799,555</u>	<u>88,685,140</u>

The fair value of derivatives held for non-trading purposes is determined by using observable market data. The Company pledges cash as collateral for its derivative transactions. Collateral in respect of these derivatives is subject to the standard industry terms of ISDA Credit Support Annex.

The derivative instruments reflected in notes 12 & 13 comprise foreign exchange forward swaps and interest rate swaps, which the company uses to hedge against foreign exchange risk and interest rate risk, respectively. Refer to note 25 for further information on financial instruments and risk management.

14. Intangibles

	Computer software	
	2025	2024
	£	£
Cost		
At 1 January	5,203,249	5,102,822
Software underdevelopment	2,800,323	-
Additions	66,804	100,427
Disposals	(3,549,665)	-
At 31 December	<u>4,520,711</u>	<u>5,203,249</u>
Amortisation		
At 1 January	(5,049,755)	(4,945,678)
Charge for the year	(92,497)	(104,077)
Disposals	3,549,665	-
At 31 December	<u>(1,592,587)</u>	<u>(5,049,755)</u>
Carrying amount		
At 31 December	<u>2,928,124</u>	<u>153,494</u>

Amortisation of intangible assets is included in depreciation and amortisation. The remaining useful life of the significant computer software assets is estimated at four (4) years.

The software under development are direct costs associated with the development of the Company's core operating system as well as the financial and regulatory reporting systems. These costs include directly attributable payroll, materials, services and any directly attributable overheads.

The assets reflected under disposals are no longer in use, fully depreciated and therefore been derecognised from the statement of financial position.

15. Investment properties

	2025	2024
	£	£
Investment property (2 Brook Street London)	<u>2,900,000</u>	<u>2,960,000</u>

The property at 2 Brook Street, London has elements of both tangible fixed asset and investment property. The investment property relates to the 4th floor of the building, which are currently being leased to third parties.

United National Bank Limited
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15. Investment properties (continued)

The carrying value of the investment property is based on a valuation assessment conducted by the Directors under the guidance of RICS property valuation experts. The valuation was predicated on the following assumptions and factors: stability in the London property market conditions, prices for similar properties, projected rental yields, comparability of recent property sale transactions, void and rent-free periods and capitalisation rates.

The valuation results are set out in the table below:

	Fair value 2025 £	Cost 2025 £	Accumulated Depreciation 2025 £	Historical net book value 2025 £
Property				
2 Brook Street, London				
1 January	2,960,000	700,928	(88,818)	612,110
Revaluation	(60,000)	-	-	-
Depreciation	-	-	(14,019)	(14,019)
31 December	<u>2,900,000</u>	<u>700,928</u>	<u>(102,837)</u>	<u>598,091</u>

The Company holds a surplus office building as an investment property as previously disclosed that is let to third parties. This is non-cancellable lease with remaining term of 1.9 years.

At 31 December 2025, the future minimum leases rentals receivable under non-cancellable leases for the investment properties were as follows:

	2025 £	2024 £
Not later one year	104,253	68,407
Later than one year and not later than five years	69,050	-
	<u>173,303</u>	<u>68,407</u>

16. Tangible fixed assets

	Computer equipment £	Office equipment £	Leasehold property	Property improvement £	*Freehold land and buildings £	Total £
Cost or valuation						
At 1 January 2025	2,447,911	650,816	515,545	1,251,666	28,936,619	33,802,557
Revaluation	-	-	-	-	394,391	394,391
Additions	31,040	3,436	-	51,975	-	86,451
Disposals	(1,297,004)	(105,823)	(515,545)	-	-	(1,918,372)
At 31 December 2025	<u>1,181,947</u>	<u>548,429</u>	<u>-</u>	<u>1,303,641</u>	<u>29,331,010</u>	<u>32,365,027</u>
Depreciation						
At 1 January 2025	(2,413,879)	(608,692)	(515,545)	(663,652)	(646,619)	(4,848,387)
Charge for the year	(29,853)	(16,499)	-	(74,133)	(84,391)	(204,876)
Disposals	1,297,003	105,823	515,545	-	-	1,918,371
At 31 December 2025	<u>(1,146,729)</u>	<u>(519,368)</u>	<u>-</u>	<u>(737,785)</u>	<u>(731,010)</u>	<u>(3,134,892)</u>
Carrying amount						
At 31 December 2025	<u>35,218</u>	<u>29,061</u>	<u>-</u>	<u>565,856</u>	<u>28,600,000</u>	<u>29,230,135</u>

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16. Tangible fixed assets (continued)

	Computer equipment £	Office equipment £	Leasehold property £	Property improvement £	*Freehold land and buildings £	Total £
Cost or Valuation						
As 1 January 2024	2,434,571	627,358	515,545	1,142,800	21,672,122	26,392,396
Revaluation	-	-	-	-	2,514,243	2,514,243
Additions	13,340	23,458	-	108,866	-	145,664
Transfer from investment property	-	-	-	-	4,951,665	4,951,665
Disposals	-	-	-	-	(201,411)	(201,411)
As 31 December 2024	<u>2,447,911</u>	<u>650,816</u>	<u>515,545</u>	<u>1,251,666</u>	<u>28,936,619</u>	<u>33,802,557</u>
Depreciation						
As 1 January 2024	(2,344,333)	(575,994)	(515,545)	(596,953)	(585,223)	(4,618,048)
Charge for the year	(69,546)	(32,698)	-	(66,699)	(71,905)	(240,848)
Disposals	-	-	-	-	10,509	10,509
As 31 December 2024	<u>(2,413,879)</u>	<u>(608,692)</u>	<u>(515,545)</u>	<u>(663,652)</u>	<u>(646,619)</u>	<u>(4,848,387)</u>
Carrying amount						
As 31 December 2024	<u>34,032</u>	<u>42,124</u>	<u>-</u>	<u>588,014</u>	<u>28,290,000</u>	<u>28,954,170</u>

*Freehold land and buildings only includes the tangible fixed asset element of the Brook Street property. Details of the investment property element of this asset are provided in Note 15.

	Total £	Carrying value 2025 Freehold land and buildings £	Carrying value 2025 Investment property £	Historical cost NBV 2025 Freehold land and buildings £	Historical cost NBV 2025 Investment property £
Property					
2 Brook Street, London					
1 January	31,250,000	28,290,000	2,960,000	5,867,639	612,110
Transfer to / (from)	-	-	-	-	-
Revaluation	334,391	394,391	(60,000)	-	-
Depreciation	(84,391)	(84,391)	-	(84,391)	(14,019)
31 January	<u>31,500,000</u>	<u>28,600,000</u>	<u>2,900,000</u>	<u>5,783,248</u>	<u>598,091</u>

The valuations on the above property was based on a desktop valuation assessment as of 31 December 2025 conducted by the Directors under the expert guidance of qualified RICS property valuation experts. The valuation were predicated on the following assumptions and factors: stable London property market conditions; prices of similar properties, projected rental yields; comparability of recent property transactions, void and rent free periods and capitalisation rates.

The assets reflected under disposals are no longer in use, fully depreciated and therefore been derecognised from the statement of financial position.

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17. Other assets

	2025	2024
	£	£
Remittance funds receivable	55,815	285,468
Capital work-in-progress	63,768	174,854
Security deposits	-	406,421
Sundry debtors	12,812	15,504
Pension Asset	474,750	552,000
Deferred tax asset	5,745,510	7,027,803
Others	878	114,579
*Deferred costs	15,797	96,696
	<u>6,369,330</u>	<u>8,673,325</u>

*These are unamortised costs relating to fees paid by the Company for outsourcing the mobilisation of fixed deposits

18. Deposits by banks and credit unions

2025	Banks	Credit	Total
	£	Unions	£
		£	
Repayable on demand	228,217	-	228,217
With agreed maturity dates or periods of notice by remaining maturity			
3 months or less	20,041,096	-	20,041,096
1 year or less but over 3 months	-	11,367,599	11,367,599
3 years or less but over 1 year	-	5,059,035	5,059,035
Total	<u>20,269,313</u>	<u>16,426,634</u>	<u>36,695,947</u>

2024	Banks	Credit	Total
	£	Unions	£
		£	
Repayable on demand	2,703,101	-	2,703,101
With agreed maturity dates or periods of notice by remaining maturity:			
1 year or less but over 3 months	-	1,506,789	1,506,789
3 years or less but over 1 year	-	14,848,792	14,848,792
Total	<u>2,703,101</u>	<u>16,355,581</u>	<u>19,058,682</u>

19. Customer accounts

	2025	2024
	£	£
Repayable on demand	497,915,179	298,190,725
Three months or less	236,876,546	90,170,677
One year or less but over three months	424,733,839	264,446,520
Three years or less but over one year	358,220,476	344,149,409
Over three years	226,116,004	149,578,990
	<u>1,743,862,044</u>	<u>1,146,536,321</u>

United National Bank Limited
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20. Other liabilities

	2025	2024
	£	£
Unclaimed credits	1,020,044	816,546
Amounts due to preference shareholders (see below)	1	1
Accrued expenses	3,052,530	1,380,188
corporation tax liability	1,488,366	321,136
Other	247,201	493,215
	<u>5,808,142</u>	<u>3,011,086</u>

The four £1 preference shares that have been issued and allotted have each been designated as one of 'A', 'B', 'C' and 'D' classes of preference shares. The 'A' and 'C' shares are held by United Bank Limited ('UBL') and the 'B' and 'D' shares by National Bank of Pakistan ('NBP'). The preference shares carry no voting rights or any rights in a wind-up situation. On the change of shareholding in July 2024, the three of the four shares have been redeemed and only the 'A' shares remain.

Dividends payable on the 'A' preference shares are related to the ability of the Company to utilise tax losses that have been surrendered to it on the transfer of the business from United Bank Limited.

A breakdown of the amounts owed to the preference shareholder is shown in the table below.

	UBL Total	NBP Total	Total
	£	£	£
2025			
Amounts due on 1 January 2025	1	-	1
Tax losses utilised during the year	579,074	-	579,074
Payable to preference shareholders	<u>579,075</u>	<u>-</u>	<u>579,075</u>
Dividends paid	<u>(579,074)</u>	<u>-</u>	<u>(579,074)</u>
Amounts due on 31 December 2025	<u>1</u>	<u>-</u>	<u>1</u>
2024			
Amounts due on 1 January 2024	2	2	4
Tax losses utilised during the year	581,233	-	581,233
Preference shares redeemed	(1)	(2)	(3)
Payable to preference shareholders	<u>581,234</u>	<u>-</u>	<u>581,234</u>
Dividends paid	<u>(581,233)</u>	<u>-</u>	<u>(581,233)</u>
Amounts due on 31 December 2024	<u>1</u>	<u>-</u>	<u>1</u>

An estimated amount of £923,207 (2024: £577,770 relating to utilisation of tax losses will be payable in the form of preference share dividend in 2026, when the tax losses are actually utilised.

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21. Provision for liabilities

2025	Deferred Tax Liabilities £	Remeasur ement of financial liability £	Provision for Compensated Balances £	Onerous Lease £	Total £
1 January 2025	5,013,450	4,630,467	125,434	19,457	9,788,808
Additions	62,500	291,571	6,350	-	360,421
Utilised during the period	-	(579,074)	-	(5,146)	(584,220)
31 December 2025	<u>5,075,950</u>	<u>4,342,964</u>	<u>131,784</u>	<u>14,311</u>	<u>9,565,009</u>

2024	Deferred Tax Liabilities £	Remeasure ment of financial liability £	Provision for Compensated Absences £	Onerous Lease £	Total £
1 January 2024	4,825,950	2,650,000	85,727	15,684	7,577,361
Additions	187,500	2,561,700	39,707	3,773	2,792,680
Utilised during the period	-	(581,233)	-	-	(581,233)
31 December 2024	<u>5,013,450</u>	<u>4,630,467</u>	<u>125,434</u>	<u>19,457</u>	<u>9,788,808</u>

The deferred tax provided is the amount expected to be payable in future periods in accordance with the current tax legislation and it is in respect of revaluation and fair value movement of tangible fixed assets and investment properties, respectively. The reversal of any of this amount will only occur when some of the assets are sold. Deferred tax liabilities have been calculated at 25% (2024:25%) of the timing difference.

Provision for compensated absences represent holiday balances accrued as a result of services rendered in the current period and which employees are entitled to carry forward. The Company's stipulated rule state that the carry forward holiday balances must ordinarily be utilised by 31 March the following year and by this date this provision will be reversed. The provision is measured at salary cost payable for period of absence.

22. Called up share capital

	2025 Shares	2024 Shares	2025 £	2024 £
(Issued, allotted and fully paid) Ordinary shares of £1 each	<u>45,000,000</u>	<u>45,000,000</u>	<u>45,000,000</u>	<u>45,000,000</u>

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

23. Contingent liabilities

The Company had £250,000 (2024: £250,000) contingent liabilities arising from guarantees issued. The Company in the normal course of business issues guarantees on behalf of its customers for non-performance or non-delivery of goods and services

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On 1 August 2025, the UK Supreme Court handed down its judgment in three motor-finance commission cases. The Court overturned key aspects of the October 2024 Court of Appeal decision (including fiduciary/bribery findings) but upheld a finding of an unfair relationship under the Consumer Credit Act in one case, emphasising the significance of excessive and inadequately disclosed commission and tied arrangements. Subsequently, the Financial Conduct Authority (FCA) consulted on a consumer redress scheme for motor-finance commission arrangements, which is expected to be launched in early 2026.

The Company does not originate motor-finance agreements and is therefore not in scope of the FCA proposed redress scheme. It does, however, pay commission to brokers for introducing real-estate mortgage business. There remains significant uncertainty over wider implications for other commission arrangements of the UK Supreme Court judgement with regards to fiduciary duty owed by brokers and the implications on secret commissions. Moreover, the Company have not received any customer complaints to date in relation to this matter. Having considered the Company's commission arrangements, the absence of any customer complaints to date, the Supreme Court's ruling and the FCA's consultation, an obligation is not considered probable as at the reporting date and therefore no provision has been recognised. Whilst no provision has been recognised, an adverse development cannot be ruled out, hence contingent liability is appropriate. At this point, it is not practicable to estimate the financial effect of any payout given the uncertainties over scope, timing and the success of any potential claims or regulatory action.

24. Commitments

Unutilised overdraft commitments

	2025	2024
	£	£
*Unutilised overdraft commitments	<u>39,330</u>	<u>53,942</u>

*This represents overdraft facilities that have been provided to the Company's customers but are not yet drawn.

Loan commitments

	2025	2024
	£	£
Loan commitments	<u>-</u>	<u>51,119,750</u>

The loan commitments are amounts where the Company has approved credit and signed facility letters have been sent to the customers for signature or having been signed but the funds have not yet been drawn.

The total commitments comprising unutilised overdraft commitments and loan commitments are £39,330 (2024: £51,173,692).

The Company had the following future minimum lease payments under non-cancellable operating leases for each of the time bands below. These are in respect to the Company standard lease agreement for the lease of a Manchester property with a remaining term of 3.84 years.

	2025	2024
	£	£
Within one year	7,126	3,996
Between one year and five years	<u>17,479</u>	<u>18,413</u>
	<u>24,605</u>	<u>22,409</u>

United National Bank Limited
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25. Financial instruments and risk management

Financial risk instruments and risk management

The Company finances its operations by a mixture of shareholders' funds, customer deposits and inter-bank deposits. The deposits raised may be in a range of currencies at floating or fixed rates of interest. The Company's lending is usually in sterling, euros or US dollars and may be either floating or fixed rate. The Company uses forward foreign exchange contracts to hedge foreign exchange exposures resulting from customer facilitation. All forward foreign exchange contracts for customers are matched with corresponding contracts with banks. During the year, the Company entered into interest rate swap contracts to hedge against interest rate risk.

The main risks arising from the Company's financial instruments are:

1. credit risk
2. liquidity risk
3. interest rate risk
4. foreign currency risk
5. regulatory risk
6. market price risk

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which employees understand their roles and obligations.

The Board has established an Audit Committee to monitor compliance with the Company's risk management policies and procedures, and for reviewing the adequacy of the risk management framework in relation to the risks faced by the Company. The Audit Committee is assisted in these functions by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Board Audit Committee.

The Company has also a Chief Risk and Compliance Officer (CRCO) who reports with a dotted line to the Board. The CRCO is responsible for overseeing all aspects of risk management policy within the Company including its implementation and effectiveness.

The Company holds and issues financial instruments for three main purposes:

- (a) to earn an interest margin or a fee;
- (b) to finance its operations; and
- (c) to manage the interest rate and currency risks arising from its operations and from its sources of finance.

Fair value

The fair value of a financial instrument is the amount for which an asset can be exchanged, or a liability settled, in an arm's length transaction between knowledgeable willing parties. Wherever possible, fair value is determined by reference to a quoted market price for that instrument. In the absence of readily ascertainable market values, fair values are determined based on the best information available e.g. by reference to similar assets, similar maturities or other analytical techniques.

The carrying amounts of the bank's assets and liabilities are considered to equate to the fair values of those assets and liabilities.

Fair value measurement

The Company categorises financial instruments carried on the balance sheet at fair value using a three-level hierarchy as follows.

- a) Level 1: The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.

All investment securities held by the Company at 31 December 2025 are rated (2024: same). Prices used for fair value calculation are obtained from Bloomberg.

- b) Level 2: Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.

The Company has forward derivative contracts, which are OTC derivatives and are not traded, therefore, cannot be measured using Category 1 input. Observable currency prices obtained from Bloomberg have been used to determine the fair value of forward derivative contracts. Availability of observable market prices reduces the need for management judgement and estimation and also reduces the uncertainty associated with determining fair values.

United National Bank Limited
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25. Financial instruments and risk management (continued)

c) Level 3: Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

The Company uses discounted cash flow model for determining the fair value of financial instruments where the fair value cannot be reasonably determined. During the year, there was £Nil (2024: £Nil) exposure of this nature. The underlying assumptions normally used in calculating the appropriate carrying amount includes credit risk of the counterparty, the coupon rate and maturity date for the new instrument to be issued, the time to completion of any restructure, the sovereign risk of the country of issuer, the liquidity risk premium, the business model, and finally adjustment to reflect execution risk.

Financial assets and liabilities not carried at fair value

Loans and advances to banks and customers are both short and long term in nature. In regards to long term loans and advances to banks and customers, there are considered to be no material factors in terms of impairment, credit or market risk, which would indicate that the carrying value differs from the fair value.

Deposits from banks and customers are both short term and long term in nature. In regards to long-term deposits there are no material factors, which indicate that the carrying value differs from the fair value.

Financial assets and liabilities that are carried at fair value

The Company holds available for sale securities ('AFS') which are carried on a fair value basis at level 1 and level 3 as wells as derivatives at level 2.

Set out below are the Company's financial instruments by category.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Director ('the Board'). These policies include identification and analysis of the risk exposure of the Company and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the Company's operating units. Finance reports to the Board on a monthly basis.

2025	AFS	FVPL	Assets & Liabilities at amortised cost	Total
	£	£	£	£
Financial assets				
Cash and balances at banks	-	-	13,278,966	13,278,966
Loans and advances to banks	-	-	23,388,100	23,388,100
Loans and advances to customers	-	-	1,540,326,075	1,540,326,075
Debt securities	297,504,303	-	-	297,504,303
Derivatives at fair value	-	245,277	-	245,277
Other assets	-	-	68,627	68,627
	<u>297,504,303</u>	<u>245,277</u>	<u>1,577,061,768</u>	<u>1,874,811,348</u>
Financial liabilities				
Deposits by banks	-	-	36,695,947	36,695,947
Customer accounts	-	-	1,743,862,044	1,743,862,044
Derivatives at fair value	-	4,578,229	-	4,578,229
Other liabilities	-	-	5,647,198	5,647,198
	<u>-</u>	<u>4,578,229</u>	<u>1,786,205,189</u>	<u>1,790,783,418</u>

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25. Financial instruments and risk management (continued)

2024	AFS	FVTPL	Assets & Liabilities at amortised cost	Total
	£	£	£	£
Financial assets				
Cash and balances	-	-	8,271,317	8,271,317
Loans and advances to banks	-	-	22,616,365	22,616,365
Loans and advances to customers	-	-	1,032,354,956	1,032,354,956
Debt securities	178,309,427	-	-	178,309,427
Derivatives at fair value	-	331,288	-	331,288
Other assets	-	-	812,317	812,317
	<u>178,309,427</u>	<u>331,288</u>	<u>1,064,054,955</u>	<u>1,242,695,670</u>
Financial liabilities				
Deposits by banks and credit unions	-	-	19,058,682	19,058,682
Customer accounts	-	-	1,146,536,321	1,146,536,321
Derivatives at fair value	-	302,453	-	302,453
Other liabilities	-	-	2,517,871	2,517,871
	<u>-</u>	<u>302,453</u>	<u>1,168,112,874</u>	<u>1,168,415,327</u>
			2025	2024
			£	£
Interest Income				
Available for sale			12,639,358	8,810,361
Loans and receivables			89,391,053	55,138,139
			<u>102,030,411</u>	<u>63,948,500</u>
Interest Expense				
Derivative financial instruments			11,785,219	2,186,540
Customer and bank deposits			58,793,429	37,726,034
			<u>70,578,648</u>	<u>39,912,574</u>

A total of £Nil relating to interest income on impaired debt securities and £572,784 relating to interest income on impaired loans and receivables have been recognised in the year (2024: £Nil and £551,475), respectively.

The fair value of derivatives held for non-trading purposes is determined by market prices, or, where market prices are not available, by applying current market information to pricing or valuation models.

As well as using derivatives to hedge foreign exchange exposure and interest rate risk, the Company takes exchange rate contract orders from customers and will cover these by entering into similar positions with third parties.

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25. Financial instruments and risk management (continued)

The tables below show a hierarchy that reflects the significance of observable market inputs for financial instruments measured at fair value:

2025	Level 1	Level 2	Level 3	Total
	£	£	£	£
Financial assets				
Available for sale investments	297,504,303	-	-	297,504,303
Derivatives at fair value	-	245,277	-	245,277
	<u>297,504,303</u>	<u>245,277</u>	<u>-</u>	<u>297,749,580</u>
Financial liabilities				
Derivatives at fair value	-	4,578,230	-	4,578,230
	<u>-</u>	<u>4,578,230</u>	<u>-</u>	<u>4,578,230</u>
2024	Level 1	Level 2	Level 3	Total
	£	£	£	£
Financial assets				
Available for sale investments	178,309,427	-	-	178,309,427
Derivatives at fair value	-	331,288	-	331,288
	<u>178,309,427</u>	<u>331,288</u>	<u>-</u>	<u>178,640,715</u>
Financial liabilities				
Derivatives at fair value	-	302,453	-	302,453
	<u>-</u>	<u>302,453</u>	<u>-</u>	<u>302,453</u>

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. For the Company, this arises principally from the Company's loans and advances to customers, other banks and the investment portfolio. However, the most significant credit risk on the investment portfolio is reflected in the fair value of the debt securities held. For risk management reporting purposes, the Company considers and consolidates all elements of credit risk exposure (such as individual obligor default risk, sector and country concentration risk).

The Board of Directors has delegated responsibility for the management of credit risk to its Board Risk and Compliance Committee. Their main duties include the approval of credits and credit provisions, the approval of credit policy and subsequent amendments, and the delegation of credit approval and provisioning limits to the Credit Committee.

The Credit Committee is responsible for the implementation of credit policies and for the approval of routine credit facilities within its credit approval and provisioning limits, as delegated by the Board Risk and Compliance Committee.

The Business Committee is responsible for performing the first level screening of any proposed new investments, ongoing monitoring of the performance of the investment portfolio, and assessing the risks faced by the Company, through its holdings in the investment portfolio which should be within the overall credit risk limits as delegated by the Board Risk and Compliance Committee.

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25. Financial instruments and risk management (continued)

The Company's maximum exposure to credit risk, by class of financial instrument is shown in the table below:

	2025 Carrying Value £	2025 Maximum Exposure £	2024 Carrying Value £	2024 Maximum Exposure £
Cash and balances at banks	13,278,966	13,278,966	8,271,317	8,271,317
Loans and advances to banks	23,388,100	23,388,100	22,616,365	22,616,365
Loans and advances to customers				
-Loans and receivables	1,540,326,075	1,547,248,536	1,032,354,956	1,036,447,816
Debt securities				
- Available for sale	297,504,303	297,504,303	178,309,427	178,309,427
Commitments	-	-	-	51,119,750
	<u>1,874,497,444</u>	<u>1,881,419,905</u>	<u>1,241,552,065</u>	<u>1,296,764,675</u>

The table overleaf shows the breakdown of the Company's debt securities and loan advances portfolio, categorised by the degree of risk of financial loss

	Debt securities 2025 £	Debt securities 2024 £	*Loans & advances 2025 £	Loans & advances 2024 £
Carrying amount	<u>297,504,303</u>	<u>178,309,427</u>	<u>1,563,714,175</u>	<u>1,054,971,322</u>
Individually impaired				
Doubtful	-	-	8,563,357	7,627,387
Carrying amount	-	-	8,563,357	7,627,387
Past due but not impaired				
- Up to 30 days	-	-	37,856,629	31,790,433
- 31 – 60 days	-	-	7,033,176	1,961,194
- 61 – 90 days	-	-	5,161,337	62,986
Carrying amount	-	-	50,051,142	33,814,613
Neither past due nor impaired				
Low – fair risk	295,991,516	173,224,514	1,491,972,300	994,339,876
Watchlist	1,512,787	5,084,913	15,269,383	23,282,306
Carrying amount	<u>297,504,303</u>	<u>178,309,427</u>	<u>1,507,241,683</u>	<u>1,017,622,182</u>
Unamortised portion of loan fees				
Unamortised portion of loan fees	-	-	(5,320,210)	(3,331,731)
Carrying amount	-	-	(5,320,210)	(3,331,731)
Impairment allowance				
Collective provision	-	-	(1,261,608)	(706,593)
Carrying amount	-	-	(1,261,608)	(706,593)
Loan portfolio hedging				
Fair value of hedged risk	-	-	4,439,811	(54,536)
Carrying amount	-	-	4,439,811	(54,536)

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25. Financial instruments and risk management (continued)

*Loan advance portfolio includes loans and advances to banks and to customers.

All other assets of the Company are neither past due or impaired (2024: Nil)

The ratings for debt securities are set out in the table below:

	2025	2024
	£	£
Fitch ratings		
AAA	137,964,898	11,364,249
AA+	7,351,619	22,632,494
AA-	150,681,809	117,913,971
A+	-	15,849,600
A	-	5,464,199
B-	1,505,977	-
CCC+	-	5,084,914
	<u>297,504,303</u>	<u>178,309,427</u>

The loans and advances portfolio is predominantly unrated.

25. Financial instruments and risk management (continued)

Impaired loans

Impaired loans are loans for which the Company determines that it is probable that it will be unable to collect all principal and interest due according to the contractual terms of the loan agreement.

Past due but not impaired

Loans where contractual interest or principal payments are past due but the Company believes that impairment is not appropriate based on the level of security/collateral available and/or the stage of collection of amounts owed to the Company.

Allowances of impairment

The Company establishes an allowance for impairment losses that represents its estimate of incurred losses in its loan portfolio. The main component is a specific loss provision that relates to individually significant exposures and represents the amount remaining after deducting the expected discounted cash flows from the outstanding loan principal and accrued interest at the balance sheet date.

Forbearance Policy

The Company periodically assesses whether there is objective evidence that a financial asset or portfolio of financial assets is impaired. In conducting this assessment, management takes account of any forbearance arrangements it has with its customers. The Company has a detailed forbearance policy and as part of the arrears management process, the Company will consider providing a forbearance facility to the borrower after considering each case and analysing it based on its own merits and the specific circumstances of the borrower. The primary aim of providing a forbearance facility to a borrower is to enable the complete recovery of the debt through the full repayment of arrears. Where the circumstances of the borrower means that this primary aim is not achievable, the secondary aim is to recover the customer into a 'sustainable terms' position on their debt.

In all cases, the provision of forbearance aims to minimise the risk of the borrower ultimately defaulting on their debt and losing their security.

Write off policy

The Company writes off a loan balance (and any related allowances for impairment losses) when the Board Risk and Compliance Committee determines that the loans are uncollectible. This determination is reached after considering information such as the occurrence of significant changes in the borrower / issuer's financial position such that the borrower / issuer can no longer pay the obligation, or that proceeds from collateral will not be sufficient to pay back the entire exposure.

Collateral

The Company holds collateral against loans and advances to customers in the form of mortgage interests over property and liens over cash deposits. Collateral is not held over loans and advances to banks. During the year, £Nil collateral was possessed by the Company (2024: £Nil).

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25. Financial instruments and risk management (continued)

The table below shows a breakdown of the credit exposure by collateral type:

	2025	2024
	£	£
Carrying amount	<u>1,563,714,175</u>	<u>1,054,971,322</u>
Individually impaired		
Property	<u>8,563,357</u>	<u>7,627,387</u>
Carrying amount	<u>8,563,357</u>	<u>7,627,387</u>
Past due but not impaired		
Property	<u>50,051,142</u>	<u>33,814,613</u>
Carrying amount	<u>50,051,142</u>	<u>33,814,613</u>
Neither past due nor impaired		
Property	1,479,801,272	980,717,458
Unsecured	23,400,528	31,114,235
Other	<u>4,039,882</u>	<u>5,790,489</u>
Carrying amount	<u>1,507,241,682</u>	<u>1,017,622,182</u>
Unamortised portion of loan fees		
Unamortised portion of loan fees	<u>(5,320,210)</u>	<u>(3,331,731)</u>
Carrying amount	<u>(5,320,210)</u>	<u>(3,331,731)</u>
Impairment allowance		
Collective provision	<u>(1,261,608)</u>	<u>(706,593)</u>
Carrying amount	<u>(1,261,608)</u>	<u>(706,593)</u>
Loan portfolio hedging		
Fair value of hedged risk	<u>4,439,811</u>	<u>(54,536)</u>
Carrying amount	<u>4,439,811</u>	<u>(54,536)</u>

The average loan to value ratio for customer loans secured by property is 66% (2024: 64%); calculated by dividing the balance owed to the Company by the latest valuation held for the property. Property values are updated half yearly by applying changes in property prices to the original assessed value of the property. The Company considers this appropriate as the original assessed value is based on a comprehensive red book valuation by FRICS registered surveyors which takes into account the specific characteristics of the property such as type, quality and location.

The Company will seek to dispose of property and other assets obtained by taking possession of collateral and converting into cash as rapidly as the market for the individual asset permits.

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25. Financial instruments and risk management (continued)

Credit risk concentration

The Company monitors credit risk concentration against limits daily. The Company places significant emphasis on loans and advances portfolio due to the diversity of sectors and location the portfolio is exposed to. The table below summarises the sector and location concentration risk for the Company's loans and advances portfolio at the year-end.

	Loans and advances to customers 2025 £	Loans and advances to customers 2024 £
Central and local government	460,670	446,056
Real Estate - Buy, Sell, Develop and Letting	1,429,115,844	896,696,052
Financial	23,388,100	24,199,464
Others	19,957,926	8,140,228
Individuals	90,791,636	125,489,522
Total	<u>1,563,714,176</u>	<u>1,054,971,322</u>

Concentration by location

Great Britain	1,457,413,702	912,417,015
Europe	6,848,158	6,841,698
South Asia	51,159,777	69,623,947
Rest of world	48,292,539	66,088,662
Total	<u>1,563,714,176</u>	<u>1,054,971,322</u>

Investment Securities

Investment securities held by the Company at 31 December 2025 were all rated (2024: same).

Below is a reconciliation of the opening and closing balance of securities held as well as the sector concentration analysis:

	2025 £	2024 £
As at 1 January	178,309,427	138,342,935
Purchases	1,051,570,428	750,228,210
Sales/maturities	(931,907,787)	(714,471,065)
Interest/(amortisation)	(1,798,841)	(518,237)
Unrealised gains	1,331,076	4,727,584
Balance at 31 December	<u>297,504,303</u>	<u>178,309,427</u>

The movement in unrealised losses during the year were as follows:

	2025 £	2024 £
As at 1 January	(1,348,598)	(4,894,285)
Unrealised gains accounted for in the Statement of Comprehensive Income during the year	1,331,077	4,727,584
Deferred tax movement in respect of the unrealised gains	(332,769)	(1,181,897)
Balance at 31 December	<u>(350,290)</u>	<u>(1,348,598)</u>

The unrealised losses represent the cumulative unrealised change in fair value of financial assets classified as available for sale.

United National Bank Limited
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25. Financial instruments and risk management (continued)

	2025	2024
	£	£
Analysis of sector concentration		
Central government	159,539,405	141,902,375
Financial institutions	137,964,898	32,678,049
Corporates	-	3,729,004
	<u>297,504,303</u>	<u>178,309,428</u>
Balance at 31 December	<u>297,504,303</u>	<u>178,309,428</u>

Liquidity risk

Liquidity risk is the risk that a Company will encounter difficulty in meeting obligations from its financial liabilities. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company policy is to monitor the liquidity position daily, with regular liquidity stress testing conducted under a variety of scenarios covering both normal and more severe market conditions. The Company's Treasury Department is responsible for maintaining sufficient liquidity to meet the Company's obligations and to meet the specific liquidity requirements of the UK supervisory authorities.

In the unlikely event of a liquidity crisis the policy is to immediately sell the Company's liquid assets, or if more expedient, seek additional funds from the shareholders or borrow in the market to alleviate the shortfall. Presently, the Company has a committed borrowing facility available of USD15 million an equivalent of £11m (2024: £12m) to finance UK Funding Gap and this was provided by UBL Dubai branch. The facility is set at price level of a margin of 1.5% per annum over prevailing 3 months SOFR including an arrangement fee of 0.20% of the facility amount. The facility is set to expire on 31 September 2026 but subject to renewal.

The tables overleaf shows the undiscounted cash flows on the Company's financial assets and liabilities and unrecognised loan commitments on the basis of their earliest possible contractual maturity. The Company's expected cash flows on these instruments vary significantly from this analysis. For example, demand deposits from customers are expected to maintain a stable or increasing balance, and unrecognised loan commitments are not all expected to be drawn down immediately.

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Notes to the financial statements
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25. Financial instruments and risk management (continued)

Residual contractual maturities of financial instruments as at 31 December 2025	Less than 1 month £	More than one month but less than three months £	More than three months but less than one year £	More than one year but less than five years £	More than five years £	Total £	Carrying amount £
Non-derivative assets							
Cash and balances	13,278,966	-	-	-	-	13,278,966	13,278,966
Loan and advances to banks	23,422,542	-	-	-	-	23,422,542	23,388,100
Loans and advances to customers	71,907,779	47,727,101	209,563,201	1,490,535,703	8,608,078	1,828,341,862	1,540,326,075
Debt securities	4,561,221	97,877,625	74,078,437	128,672,873	17,660,351	322,850,507	297,504,303
	<u>113,170,508</u>	<u>145,604,726</u>	<u>283,641,638</u>	<u>1,619,208,576</u>	<u>26,268,429</u>	<u>2,187,893,877</u>	<u>1,874,497,444</u>
Non-derivative liabilities							
Deposits by banks	20,332,249	77,844	11,637,093	5,160,942	-	37,208,128	36,695,947
Customer accounts	537,209,342	210,009,375	448,602,228	624,320,855	627,953	1,820,769,753	1,743,862,044
	<u>557,541,591</u>	<u>210,087,219</u>	<u>460,239,321</u>	<u>629,481,797</u>	<u>627,953</u>	<u>1,857,977,881</u>	<u>1,780,557,991</u>
Derivative contracts							
Forward foreign exchange contracts inflow	(4,758)	-	-	-	-	(4,758)	(4,758)
Forward foreign exchange contracts outflow	1,154	125,631	-	-	-	126,785	126,785
	<u>(3,604)</u>	<u>125,631</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>122,027</u>	<u>122,027</u>
Loan commitments	-	-	-	-	-	-	-
	<u>557,537,987</u>	<u>210,212,850</u>	<u>460,239,321</u>	<u>629,481,797</u>	<u>627,953</u>	<u>1,858,099,908</u>	<u>1,780,680,018</u>
Net position	<u>(444,367,479)</u>	<u>(64,608,124)</u>	<u>(176,597,683)</u>	<u>989,726,779</u>	<u>25,640,476</u>	<u>329,793,969</u>	<u>-</u>
Cumulative gap	<u>(444,367,479)</u>	<u>(508,975,603)</u>	<u>(685,573,286)</u>	<u>304,153,493</u>	<u>329,793,969</u>	<u>-</u>	<u>-</u>

Residual contractual maturities of financial instruments as at 31 December 2024	Less than 1 month £	More than one month but less than three months £	More than three months but less than one year £	More than one year but less than five years £	More than five years £	Total £	Carrying amount £
Non-derivative assets							
Cash and balances	8,271,317	-	-	-	-	8,271,317	8,271,317
Loans and advances to banks	22,654,531	-	-	-	-	22,654,531	22,616,365
Loan and advances to customers	18,524,839	86,745,511	170,531,026	909,309,156	12,048,145	1,197,158,675	1,032,354,956
Debt securities	47,790,354	49,415,446	50,580,538	22,420,535	24,167,457	194,374,330	178,309,427
	<u>97,241,041</u>	<u>136,160,957</u>	<u>221,111,564</u>	<u>931,729,691</u>	<u>36,215,602</u>	<u>1,422,458,853</u>	<u>1,241,552,065</u>
Non-derivative liabilities							
Deposits by banks and credit unions	2,727,991	45,980	1,707,345	15,045,086	-	19,526,402	19,058,682
Customer accounts	340,713,558	55,994,008	283,264,086	522,595,333	1,067,643	1,203,634,628	1,146,536,321
	<u>343,441,549</u>	<u>56,039,988</u>	<u>284,971,431</u>	<u>537,640,419</u>	<u>1,067,643</u>	<u>1,223,161,030</u>	<u>1,165,595,003</u>
Derivative contracts							
Forward foreign exchange contracts inflow	(43,780)	(47,281)	-	-	-	(91,061)	(91,061)
Forward foreign exchange contracts outflow	63,570	2,717	-	-	-	66,287	66,287
	<u>19,790</u>	<u>(44,564)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(24,774)</u>	<u>(24,774)</u>
Loan commitments	(23,128,000)	(14,914,000)	(13,077,750)	-	-	(51,119,750)	-
	<u>320,333,339</u>	<u>41,081,424</u>	<u>271,893,681</u>	<u>537,640,419</u>	<u>1,067,643</u>	<u>1,172,016,506</u>	<u>1,165,570,229</u>
Net position	<u>(223,092,298)</u>	<u>95,079,532</u>	<u>(50,782,118)</u>	<u>394,089,272</u>	<u>35,147,959</u>	<u>250,442,347</u>	<u>-</u>
Cumulative gap	<u>(223,092,298)</u>	<u>(128,012,765)</u>	<u>(178,794,883)</u>	<u>215,294,389</u>	<u>250,442,347</u>	<u>-</u>	<u>-</u>

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25. Financial instruments and risk management (continued)

Interest rate risk

Interest rate risk is the risk that changes in interest rates will affect the Company's income or the value of its holdings of financial instruments. The objective of interest rate risk management is to manage and control interest rate risk exposure within acceptable parameters while optimising the return on risk.

Interest rate risk originating from banking activities arises partly from the employment of non-interest bearing liabilities such as shareholders' funds and customer current accounts, but also from the gaps that arise from the normal course of business.

The policy of the Company is to price all placements / exposures at floating rates or at fixed rates for fixed periods on appropriate rollover dates that allow for matching in the market.

The tables overleaf summarise the re-pricing mismatches on the Company's assets and liabilities as at 31 December 2025 and 31 December 2024. Items are allocated to time bands by reference to the earlier of the next contracted interest rate re-pricing date and the maturity date.

As at 31 December 2025	Not more than three months £	More than three months but not more than six months £	More than six months but not more than one year £	More than one year but not more than five years £	More than five years £	Non-interest bearing £	Total £
Assets							
Cash and balances	13,146,622	-	-	-	-	132,344	13,278,966
Loans and advances to bank	23,336,145	-	-	-	-	51,955	23,388,100
Loans and advances to customers	250,270,995	69,896,373	77,727,150	1,144,231,860	-	(1,800,303)	1,540,326,075
Debt securities	216,521,992	69,532,288	-	7,011,367	6,014,459	(1,575,803)	297,504,303
Intangible assets	-	-	-	-	-	2,928,124	2,928,124
Investment property	-	-	-	-	-	2,900,000	2,900,000
Tangible fixed assets	-	-	-	-	-	29,230,135	29,230,135
Derivatives at fair value	9,076,360	-	-	-	-	(8,831,083)	245,277
Other assets	-	-	-	-	-	6,369,330	6,369,330
Prepayments and accrued income	-	-	-	-	-	1,387,861	1,387,861
Total Assets	512,352,114	139,428,661	77,727,150	1,151,243,227	6,014,459	30,792,560	1,917,558,171
Liabilities							
Deposit by banks	20,269,313	-	11,367,599	5,059,035	-	-	36,695,947
Customer accounts	667,023,269	175,978,778	260,765,259	579,467,503	569,726	60,057,509	1,743,862,044
Derivatives at fair value	8,950,927	-	-	-	-	(4,372,698)	4,578,229
Other liabilities	-	-	-	-	-	5,808,142	5,808,142
Provision for liabilities	-	-	-	-	-	9,565,009	9,565,009
Shareholders' funds	-	-	-	-	-	117,048,800	117,048,800
Total Liabilities	696,243,509	175,978,778	272,132,858	584,526,538	569,726	188,106,762	1,917,558,171
Interest rate swaps	546,697,960	-	-	(546,697,960)	-	-	-
Interest rate sensitivity gap	362,806,565	(36,550,117)	(194,405,708)	20,018,729	5,444,733	(157,314,202)	-
Cumulative sensitivity gap	362,806,565	326,256,448	131,850,740	151,869,469	157,314,202	-	-

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25. Financial instruments and risk management (continued)

As at 31 December 2024	Not more than three months £	More than three months but not more than six months £	More than six months but not more than one year £	More than one year but not more than five years £	More than five years £	Non-interest bearing £	Total £
Assets							
Cash and balances	8,156,548	-	-	-	-	114,769	8,271,317
Loans and advances to bank	22,616,365	-	-	-	-	-	22,616,365
Loans and advances to customers	267,747,320	43,722,408	100,817,045	624,189,391	-	(4,121,208)	1,032,354,956
Debt securities	168,500,620	-	-	-	11,168,432	(1,359,624)	178,309,428
Intangible assets	-	-	-	-	-	153,495	153,495
Investment property	-	-	-	-	-	2,960,000	2,960,000
Tangible fixed assets	-	-	-	-	-	28,954,170	28,954,170
Derivatives at fair value	331,288	-	-	-	-	-	331,288
Other assets	-	-	-	-	-	8,673,323	8,673,323
Prepayments and accrued income	-	-	-	-	-	1,002,759	1,002,759
Total Assets	467,352,141	43,722,408	100,817,045	624,189,391	11,168,432	36,377,684	1,283,627,101
Liabilities							
Deposit by banks	2,703,101	-	1,506,789	14,848,792	-	-	19,058,682
Customer accounts	334,444,279	67,115,813	199,385,166	492,757,594	970,805	51,862,664	1,146,536,321
Derivatives at fair value	302,453	-	-	-	-	-	302,453
Other liabilities	-	-	-	-	-	3,011,086	3,011,086
Accruals and deferred income	-	-	-	-	-	9,788,808	9,788,808
Shareholders' funds	-	-	-	-	-	104,929,751	104,929,751
Total Liabilities	337,449,833	67,115,813	200,891,955	507,606,386	970,805	169,592,309	1,283,627,101
Interest rate swaps	66,019,000	-	-	(66,019,000)	-	-	-
Interest sensitivity gap	195,921,308	(23,393,406)	(100,074,910)	50,564,006	10,197,627	(133,214,625)	-
Cumulative sensitivity gap	195,921,308	172,527,902	72,452,992	123,016,998	133,214,625	-	-

The table below shows the weighted average interest rates received and paid for each class of financial asset and financial liability exposed to interest rate risk.

	2025	2024
Financial assets		
Loans and advances to banks	3.58%	4.11%
Loans and advances to customers	6.07%	6.00%
Debt securities	4.37%	4.95%

	2025	2024
Financial liabilities		
Deposits by banks and credit unions	2.88%	1.71%
Customer accounts	4.09%	3.99%

The management of interest rate risk against interest rate gap limits is supplemented by monitoring the sensitivity of the Company's financial assets and liabilities to various interest rate scenarios. The table below shows the impact on annual income of a 200 basis point rise or fall in the base rate of the main currencies traded by the Company, and assumes a constant balance sheet position:

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25. Financial instruments and risk management (continued)

	2025 200 basis points increase £	2025 200 basis points decrease £	2024 200 basis points increase £	2024 200 basis points decrease £
GBP	(7,864,760)	9,290,703	(7,966,663)	9,217,369
USD	(315,263)	371,759	(844,880)	989,892
EUR	(3,323)	3,396	(5,022)	5,131

Foreign exchange risk

Foreign exchange risk is the risk that changes in foreign currency rates will affect the Company's income or the value of its holdings of financial instruments. The objective of foreign currency risk management is to manage and control foreign currency risk exposure within acceptable parameters while optimising the return on risk.

Foreign exchange exposure arises from normal banking activities, primarily from the receipt of deposits and the placement of funds. Future open positions in any currency are managed by means of forward foreign exchange contracts. The Company may from time to time take open positions on its own account (proprietary trading) but these are closely monitored to ensure they remain within the overall foreign exchange policy set by the Board.

The Company does not currently deal, and has no plans to deal, in Foreign Exchange Futures, Foreign Exchange Options or Options on Foreign Exchange Futures.

Any foreign exchange forward swap transaction is either immediately covered or incorporated into the respective loan and deposit book (the banking book). The table set out in note 12 & 13 gives details of the notional principal amounts and fair values as at 31 December 2025 and 31 December 2024.

The Company has no significant structural currency exposures that are not covered by forward foreign exchange contracts. The tables shown overleaf give details of the Company's assets and liabilities as at 31 December 2025 and 31 December 2024, in sterling, based on the currencies in which they are denominated to identify the extent to which the foreign currency exposures of the Company are matched.

United National Bank Limited
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25. Financial instruments and risk management (continued)

As at 31 December 2025	Sterling £	US dollars £	Euro £	Other currencies £	Total £
Assets					
Cash and balances at banks	10,099,443	1,670,890	1,400,105	108,528	13,278,966
Loan and advances to banks	22,998,285	389,815	-	-	23,388,100
Loans and advances to customers	1,536,746,863	3,579,212	-	-	1,540,326,075
Debt securities	269,207,897	28,296,406	-	-	297,504,303
Derivatives at fair value	245,277	-	-	-	245,277
Intangible assets	2,928,124	-	-	-	2,928,124
Investment property	2,900,000	-	-	-	2,900,000
Tangible assets	29,230,135	-	-	-	29,230,135
Other assets	6,369,330	-	-	-	6,369,330
Prepayments and accrued income	1,387,861	-	-	-	1,387,861
Total assets	1,882,113,215	33,936,323	1,400,105	108,528	1,917,558,171
Liabilities					
Deposits by banks	36,467,730	228,217	-	-	36,695,947
Customer accounts	1,717,714,302	24,919,154	1,220,244	8,344	1,743,862,044
Derivatives at fair value	4,578,229	-	-	-	4,578,229
Other liabilities	5,808,142	-	-	-	5,808,142
Provision for liabilities	9,565,009	-	-	-	9,565,009
Shareholders' funds	117,312,375	(263,286)	(289)	-	117,048,800
Total liabilities and capital	1,891,445,787	24,884,085	1,219,955	8,344	1,917,558,171
Net (liabilities)/assets	(9,332,571)	9,052,238	180,151	100,182	-
	-	-	-	-	-
	(9,332,571)	9,052,238	180,151	100,182	-
Net currency forwards	9,076,360	(8,950,927)	-	-	125,433
	-	-	-	-	-
	9,076,360	(8,950,927)	-	-	125,433
Net position	(256,212)	101,311	180,151	100,183	125,433

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25. Financial instruments and risk management (continued)

As at 31 December 2024	Sterling £	US dollars £	Euro £	Other currencies £	Total £
Assets					
Cash and balances at banks	5,806,161	1,767,715	264,683	432,758	8,271,317
Loans and advances to banks	19,102,134	3,514,231	-	-	22,616,365
Loans and advances to customers	1,018,472,267	5,344,436	7	8,538,246	1,032,354,956
Debt securities	141,757,518	36,551,909	-	-	178,309,427
Derivatives at fair value	331,288	-	-	-	331,288
Intangible assets	153,494	-	-	-	153,494
Investment property	2,960,000	-	-	-	2,960,000
Tangible assets	28,954,170	-	-	-	28,954,170
Other assets	8,266,904	406,421	-	-	8,673,325
Prepayments and accrued income	1,002,759	-	-	-	1,002,759
Total assets	1,226,806,695	47,584,712	264,690	8,971,004	1,283,627,101
Liabilities					
Deposits by banks and credit union	18,475,803	245,149	337,730	-	19,058,682
Customer accounts	1,090,427,489	54,288,937	1,591,242	228,653	1,146,536,321
Derivatives at fair value	302,453	-	-	-	302,453
Other liabilities	2,458,693	329,762	198,391	24,240	3,011,086
Accruals and deferred income	9,788,808	-	-	-	9,788,808
Shareholders' funds	106,432,418	(1,504,511)	94	1,750	104,929,751
Total liabilities and capital	1,227,885,664	53,359,337	2,127,457	254,643	1,283,627,101
Net (liabilities)/assets	(1,078,969)	(5,774,625)	(1,862,767)	8,716,361	-
Net currency forwards	1,018,600	6,001,313	1,873,615	(8,933,340)	(39,812)
Net position	(60,369)	226,688	10,848	(216,979)	(39,812)

The carrying amounts of derivative assets and liabilities represent fair values and have been included in the heading of the various currencies in which they occur. Foreign exchange risk on these instruments has been reflected through currency swaps. The notional principal (note 12 & 13) are amounts in respect of forward foreign exchange derivatives which are utilised for managing the foreign exchange risk position of the Company.

The sensitivity analysis table below shows the impact on the Company's total comprehensive income of possible changes in significant currency exposures based on historical volatility and relevant assumptions regarding near term future volatility.

	2025 10% increase £	2025 10% decrease £	2024 10% increase £	2024 10% decrease £
USD	10,131	(10,131)	22,669	(22,669)
EUR	18,015	(18,015)	1,085	(1,085)

The analysis table below shows the impact on the Company's other comprehensive income of possible changes in significant currency exposures based on historical volatility and relevant assumptions regarding near term future volatility.

	2025 10% increase £	2025 10% decrease £	2024 10% increase £	2024 10% increase £
USD	(27,833)	27,833	(150,767)	150,767

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25. Financial instruments and risk management (continued)

Market Price Risk

The Sensitivity analysis below shows the impact on the Company's other comprehensive income of possible changes in market prices of the Company's AFS portfolio.

	2025 5% increase £	2025 5% decrease £	2024 5% increase £	2024 5% decrease £
Other comprehensive income	14,875,215	(14,875,215)	8,915,471	(8,915,471)

Capital management policy

The Company manages its capital through the Basel 3 framework which was enacted in the United Kingdom from 1 January 2014 via the fourth Capital Requirements Directive ('CRD 4') and the Capital Requirements Regulation ('CRR'). Further details of the Company's capital management policy can also be found in the unaudited Pillar III disclosures.

26. Post-employment benefits

United National Bank Limited Pension and Life Assurance Scheme

As part of the Shareholders' Agreement ('the Agreement') signed on 9 November 2001 between the Company and the shareholders, United Bank Limited and National Bank of Pakistan, it was agreed that the Company may participate as an associated employer in the United Bank Limited Pension and Life Assurance Scheme ('the Scheme') with effect from completion of the transfer of the businesses (19 November 2001) ('the Completion Date'). The Scheme is classified as a defined benefit scheme providing benefits based on final pensionable salary.

Under the terms of the Agreement, the Company is responsible for the funding requirements of the active members whose employment transferred to the Company on the Completion Date and for any new members admitted to the Scheme after this date. United Bank Limited remains responsible for the funding of the deferred members as at the Completion Date.

The pension scheme assets are held in a separate trustee-administered fund to meet long-term pension liabilities to past and present employees. The trustees of the fund are required to act in the best interest of the fund's beneficiaries. The appointment of trustees to the fund is determined by the Scheme's trust documentation. At present the sole trustee of the Scheme is Pitmans Trustees Limited.

This Scheme is subject to risks in relation to changes in inflation, future salary increases and to changes in the value of investments and the returns derived from such investments. An investment strategy is in place, which has been developed by the pension trustees in order to manage and mitigate such risks.

A comprehensive actuarial valuation of the scheme, using the projected unit credit method, was carried out as at 31 December 2025 by ISIOS, independent consulting actuaries.

	2025 £	2024 £
The amounts recognised are as follows:		
Present value of funded obligations	(4,471,000)	(4,398,000)
Fair value of plan assets	5,104,000	5,134,000
Gross pension asset	<u>633,000</u>	<u>736,000</u>
Surplus refund charge	<u>(158,250)</u>	<u>(184,000)</u>
Net pension asset	<u><u>474,750</u></u>	<u><u>552,000</u></u>

United National Bank Limited
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26. Post –employment benefits (continued)

	2025	2024
	£	£
The amounts recognised in profit or loss is as follows:		
Interest income	271,000	238,000
Interest expense	(233,000)	(216,000)
	<u>38,000</u>	<u>22,000</u>
Net interest expense	<u>38,000</u>	<u>22,000</u>
	2025	2024
	£	£

The amounts recognised in other comprehensive income are as follows:

*(Loss)/gain during the year	<u>(41,250)</u>	<u>185,250</u>
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*This is an actuarial (loss) gain of -£41,250 (2024: £185,250). The actuarial gain and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with return on plan assets less amounts included in net interest, are disclosed as 'remeasurement of net defined asset/liability'

	2025	2024
	£	£
Changes in the present value of the defined benefit obligation are as follows:		
As at 1 January	4,398,000	4,863,000
Interest expense	233,000	216,000
Remeasurement: actuarial loss (gain) from experience adjustments	5,000	(9,000)
Remeasurement: actuarial loss arising from changes in demographic assumptions	29,000	39,000
Remeasurement: actual (gain) arising from changes in financial assumptions	(19,000)	(467,000)
Benefits paid	(175,000)	(244,000)
	<u>4,471,000</u>	<u>4,398,000</u>
Balance at 31 December	<u>4,471,000</u>	<u>4,398,000</u>
	2025	2024
	£	£

Changes in the fair value of plan assets are as follows:

As at 1 January	5,134,000	5,387,000
Interest income	271,000	238,000
Benefit paid	(175,000)	(244,000)
Expenses paid	(74,000)	(57,000)
Return on plan assets in excess of interest income	(52,000)	(190,000)
	<u>5,104,000</u>	<u>5,134,000</u>
Balance at 31 December	<u>5,104,000</u>	<u>5,134,000</u>
	2025	2024

The major categories of plan assets as a percentage of total plan assets are as follows:

Insurance policies	41.01%	42.79%
Annuities	57.25%	56.41%
Cash	1.74%	0.80%

United National Bank Limited
Notes to the financial statements
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26. Post –employment benefits (continued)

	2025	2024
	£	£
The fair values of plan assets were as follows:		
Insurance policies	2,093,000	2,197,000
Annuities	2,922,000	2,896,000
Cash	89,000	41,000
	<u>5,104,000</u>	<u>5,134,000</u>
Total	<u>5,104,000</u>	<u>5,134,000</u>

The liabilities and assets of the Scheme noted in the tables above relate to those employees for whom the Company has a funding liability. The asset value supplied by the insurance company for 2025 is on an ongoing basis. If the policy had been surrendered at 31 December 2024, the surrender value would have been £2,093,000 (2024: £2,197,000). It is not the Company's intention to surrender the policy.

Principal assumptions are set out below:

The pension plan has not invested in any of the Company's own financial instruments or other assets of the Company. Principal actuarial assumptions at the reporting date (expressed as weighted averages) are set out below:

	2025	2024
Rate of increase of pensions in payment	3.45%	3.65%
Rate of revaluation of pensions in deferment	3.45%	3.65%
Discount rate	5.40%	5.40%
Price inflation (RPI)	2.85%	3.15%
Price inflation (CPI)	2.45%	2.70%
Expected return on assets	5.40%	5.40%

Post retirement mortality

Current pensioners at 65 - male	87.30	86.90
Current pensioners at 65 - female	86.40	86.00
Future pensioners at 65 - male	89.80	89.70
Future pensioners at 65 – female	88.70	88.60

Sensitivity analysis on actuarial assumptions

The sensitivity analysis has been conducted by calculating the pension surplus using the amended assumptions shown in the table below and keeping the remaining assumptions the same as disclosed under principal assumptions above. The difference between the recalculated pension surplus and that stated in the balance sheet reconciliation table set out below. The selection of these movements to illustrate the sensitivity of the pension surplus to key assumptions should not be interpreted as the Company expressing any specific view of the probability of such movements happening.

	2025	2024
	Increase/ (Decrease in Pension Surplus £	(Increase)/ Decrease in Pension Surplus £
Change in key assumptions		
1% increase in discount rate	259,000	269,000
1% decrease in discount rate	(313,000)	(290,000)
1% increase in inflation rate	(26,000)	(10,000)
1% decrease in inflation rate	19,000	34,000
1 year increase in life expectancy	(71,000)	(45,000)
1 year decrease in life expectancy	71,000	76,000

United National Bank Limited
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26. Post –employment benefits (continued)

Total charge for the year (see note 5)

The total amount charged (excluding amounts debited to net interest income) during the year in respect of the defined contribution scheme and other money purchase schemes amounted to £628,843 (2024: £605,946). The charge (current service cost) for the defined benefit scheme was £74,000 (2024: £57,000).

Of the contribution paid in the year £33,519 (2024: £ 29,611) was made on behalf of the directors. It is estimated that contributions of £643,230 would be made to the defined contribution scheme and £Nil to the defined benefit scheme in 2026.

27. Ordinary dividend paid

The directors, at their Board meeting held on 2 April 2026 did not declare any ordinary dividend for the financial year ended 31 December 2025 (2024: £Nil).

28. Ultimate parent company and controlling party

Bestway Group Limited ('Bestway Group'), a Company incorporated in Guernsey is the ultimate parent of United National Bank Limited. Bestway Group Limited is the largest group of accounts in which United National Bank Limited is consolidated. Copies of such accounts can be obtained from the Company Secretary, Bestway Group Limited, 2 Abbey Road, Park Royal, London NW10 7BW.

On the 4th July 2024 following regulatory approval, Bestway Group Financial Services Limited, a wholly -owned subsidiary of the Bestway Group acquired 50.1% of the ordinary shares in the Company from UBL, resulting in UBL ownership reducing to 4.9% of the ordinary shares and 45% of the ordinary shares in the Company which is the entire National Bank of Pakistan entire shareholding.

The shareholding structure of the Company is set out in note 22.

29. Related party transactions

During the year, one related company undertook commercial arm's length transactions with the Company. Below are details of amounts due to / from each party as at 31 December 2025 and 31 December 2024.

	United Bank Ltd 2025 £	United Bank Ltd 2024 £
Loans to	-	6,955,151
Deposits from	10,907	1,579,862
Deposits to	105,723	373,315
Interest earned from	82,696	366,363
Interest paid to	36,039	53,937
Discount income unearned due from	-	82,411
Preference share dividend paid to	579,075	581,233
Call centre costs incurred to	35,104	35,159
Arrangement fee costs for loan facility incurred to	23,722	7,237
Undrawn UNBL Loan facility from	11,151,587	11,978,917
Unamortised loan facility arrangement fees due from	15,797	16,996

30. Events after the reporting period

On the 12 of February 2026, Bestway International Finco Limited ('BIFL'), a member of Bestway Group Limited injected Tier 2 capital onto the Company amounting to £17m. This is a subordinated debt instrument with a term of 10 years at a coupon rate of 12%.

Global macroeconomic environment

The evolving conflict between United States/Israel and Iran is being closely monitored. Based on our current assessment, we do not have material concerns over our exposure, impact on future business or ability to act in line with regulatory and legal requirements.