ZEMPLER BANK

Annual Report

for the year ended 31 March 2026

Contents

Company information

Company name

Zempler Bank Limited

Registered Office & Trading Address

Cottons Centre
Cottons Lane
London
SE1 2QG

Company Registration Number

04947027
(England and Wales)

Auditor

MHA Audit Services LLP
2 London Wall Place,
London
EC2Y 5AU

Company Secretary

Leo Nuttall

Directors

Mark Sismey-Durrant
Non-Executive Chair

Stephen Clark
Independent Non-Executive Director

Peter Elcock
Independent Non-Executive Director

Vikas Monawer
Non-Executive Director

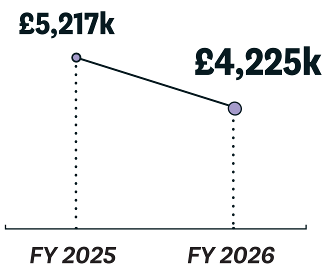
Francesca Shaw
Independent Non-Executive Director

Jamie Simmonds
Non-Executive Director

Dominic Wade
Chief Executive Officer

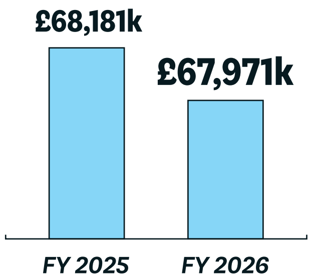
Key Performance Indicators

Profit before tax



↓ £992k

Total interest income, fee and commission income



↓ £210k

Cost to income ratio

FY 2026
91.93%

FY 2025
90.72%

↑ 1.21%

Total open accounts

FY 2026
186,364

FY 2025
170,280

↑ 9.45%

Card transaction revenue (intercharge)

FY 2026
£16,464k

FY 2025
£16,457k

↑ 0.04%

Faster payment volume

FY 2026
£8.750bn

FY 2025
£7.617Bn

↑ 14.87%

Key Performance Indicators

Loans and advances to customers

FY 2026
£35,122k

↑ 37.99%

FY 2025
£25,452k

Focus on optimisation

reflected in moderate customer growth and improved cost to income ratio

Strong financial performance

with continued growth

Fee and commission revenue

FY 2026
£31,161k

↓ 0.39%

FY 2025
£31,282k

Customer deposits

FY 2026
£713,291k

↑ 14.20%

FY 2025
£624,600k

Zempler Bank Annual Report 2026

Strategic Reports

Chair's Review

During the past financial year, Zempler Bank Limited (Zempler) achieved a number of long-term strategic goals. The bank continued its focus on profitability, further strengthened its capital position and, from this position, began to accelerate growth of lending to customers, in line with the long-term objective to diversify income. Zempler also entered a new phase in its journey, as it was acquired by The Access Bank UK Limited (ABUK), a significant moment for the firm after 17 years under the majority ownership of Trident Capital.

Zempler will operate as an independent subsidiary of ABUK and I am pleased to welcome Jamie Simmonds and Vikas Monawer to the Board as representatives of the new shareholder. I would also like to thank Jim Jones, Barbara Gottardi and Julia Warrack, who stepped down from their roles on the Board, for their contributions.

The ownership of ABUK provides the confidence for Zempler's management team to pursue its ambitious growth plans, with the availability of additional capital, enabling the acceleration of lending to customers, alongside other initiatives to diversify and grow the firm's income.

Mark Sismey-Durrant
Chair
24 June 2026

Chair's Review

Zempler has laid strong foundations for these plans, delivering a fourth consecutive year of profitability post bank authorisation with profit before tax of £4.2m and growing lending to customers by nearly 40% in the year.

Another significant change was the founder of Zempler, Rich Wagner, deciding to step down as CEO following the acquisition by ABUK. Rich led Zempler for over 20 years and I'm pleased that we will continue to benefit from his experience as a special advisor to me and the Board. I would also like to thank Trident and our other previous shareholders for their support.

I am also pleased that Rich has been succeeded by Dominic Wade, formerly Zempler's CFO, and I look forward to working closely with him as he leads Zempler through this exciting next chapter.

Looking to the year ahead, Zempler's management team will be focused on accelerating growth under the new ownership of ABUK, including continued income diversification through new and existing credit products. This growth will be underpinned by rigorous risk management, and Zempler's management will closely monitor the macroeconomic uncertainty created by ongoing conflicts in the Middle East and Ukraine. Despite this wider uncertainty I am confident that Zempler will deliver against its clear and ambitious plans for the year.

Chief Executive's Review

The acquisition of Zempler by ABUK in February marks an important milestone in our plan to optimise, diversify and scale our business and I am extremely proud to lead Zempler through this next chapter.

Zempler's strong financial performance for the year reflects our disciplined approach to capital accretion, a position that will now be strengthened by the supportive ownership of ABUK.

We reported £4.2m of profit before tax, despite some significant one-off costs related to the acquisition by ABUK and higher impairment charges which reflect the 38% growth in loans to customers, primarily via our credit card products. We also increased customer deposits to £713m, a rise of nearly 15% with deposit growth from our business current account and banking as a service products.

I'd like to thank all our customers for choosing to bank with Zempler and I am determined that we will continually improve of products and services to reward their loyalty. This year, we introduced a number of new capabilities, including international payments and Google Pay.

We remain strongly focused on customer need and in the year we refined our commercial strategy, identifying three priority segments of hospitality, retail and construction for our business current account product. Over the next year we will tighten our focus in these markets, enabling us to offer a more specialised proposition.

Dominic Wade
Chief Executive Officer
24 June 2026

Chief Executive's Review

Thank you also to all of my fantastic colleagues at Zempler for their hard work and dedication and their commitment through the process of being acquired by ABUK. In particular, I want to thank Rich Wagner for his leadership and dedication throughout over 20 years as CEO and Colin Webb, who retired in March, for his outstanding service. I forward to continuing to work with Rich in his new role as an advisor to the Board.

In the year ahead my team and I will focus on continued growth in our existing core products and explore the development of a secured lending offering for businesses with a view to further diversifying our income and more quickly deploying our large deposit base. I am excited by the opportunities ahead for Zempler under the new ownership of ABUK and look forward to working with our talented people to provide our customers with specialist banking that helps them succeed.

Strategic Report

Our Strategy

Our mission

Provide underserved customers with tailored banking that helps them succeed.

Our strategic priorities

Understand core and target customers

We will seek to develop a deeper understanding of customers within our target segments, enabling Zempler to provide tailored products and servicing that meet their needs and help them to succeed.

Enhance customer acquisition and retention capability

We will broaden our range of marketing methods and aim to build the profile of the Zempler brand within our priority segments, developing a reputation as a trusted partner and specialist.

Diversify income and grow receivables via new lending products

With a stronger capital position and large deposit base, we will seek to diversify and scale our lending activity more quickly by developing new debt products.

Explore new product lines to enable scaling

We will explore opportunities to use our existing capabilities to develop new, capital-light product lines, including any enabled through collaboration with our new shareholder.

Business Review

In FY2026, Zempler achieved a key strategic objective as it was fully acquired by ABUK. The acquisition provides long term stability and will bring new capital investment, enabling Zempler's management team to execute its ambitious growth strategy with confidence and at an accelerated pace.

That strategy was also refined during the last financial year, with the identification of the key "pillars" of commercial success following the completion of the purchase by ABUK. This includes a stronger focus on specialist target segments within the business current account (BCA) market.

Financial review

Profit before tax decreased by £1.0m compared to the prior year, reflecting continued investment in the Bank's growth strategy, higher impairment charges, and the impact of one-off acquisition-related legal and transaction costs of £1.6m incurred during the year. Revenues have been strong throughout the financial year with good performances seen in all areas of the business including a continued benefit from treasury income despite the Bank of England Base Rate falling from 4.4% to 3.75% during the year.

Following its fourth successive profitable year as a bank, Zempler is well positioned to continue the upwards revenue trend and the path towards achieving its strategic objective to accelerate growth and scale the business.

Profit after tax for the year was £2.8m (2025: £3.4m). Deferred tax assets recognised on the balance sheet decreased to £1.8m (2025: £3.1m). The Bank has recognised all deferred tax assets considered recoverable, with no unrecognised deferred tax assets at reporting date.

Net loans and advances to customers increased by £9.7m to £35.1m (2025: £25.5m), reflecting growth in new credit card originations during the year, which drove an increase in gross receivables.

The impairment provision increased to £7.1m (2025: £4.8m), primarily reflecting the higher level of loans and advances outstanding as well as a deterioration in forward looking UK macroeconomic assumptions. The change in outlook was largely driven by increased global geopolitical uncertainty, particularly the heightened tensions in the Middle East.

The impairment provision at 31 March 2026 is based on management's assessment of multiple forward looking economic scenarios and incorporates key macroeconomic variables, including interest rates, real household disposable income, house price indices and unemployment rates. Compared to the prior year, greater weighting has been applied to downside scenarios (including the introduction of a severe downside scenario), reflecting a more cautious outlook and reduced visibility of near-term geopolitical de-escalation across major global conflict zones.

Debt charge offs reduced to £4.4m during the year (2025: £5.9m), reflecting improved portfolio performance. This improvement was driven by stronger origination credit quality and the continued impact of balance sheet actions undertaken in prior years, including the removal of accounts previously maintained on long term repayment plans.

The Bank continued to deliver growth across key operational metrics during the year. Total open accounts increased by 9.5% to 186,364, reflecting continued customer acquisition. Customer deposits grew by 14.2% to £713.3m, supported by increased

Business Review

customer activity, while Faster Payments volumes increased by 14.9% to £8.8bn. Fee and commission income remained broadly stable at £31.2m, with card transaction revenue (interchange) consistent with the prior year at £16.5m. The cost to income ratio increased slightly to 91.9% (2025: 90.7%), reflecting continued investment in strategic initiatives following the acquisition.

Total interest income, fee and commission income (Gross revenue)

As a small and growing business, Zempler uses gross revenue as a key measure of performance, calculated as income before the deduction of expenses relating directly to income. Gross revenue was £67.9m (2025: £68.2m). We will continue to monitor this metric as we believe it is important to management and our stakeholders to understand this figure prior to the expenses shown in the Statement of Comprehensive Income. Note 35 to the Financial Statements provides a breakdown of its construction.

Liquidity

Zempler has a very strong liquidity position, with the majority of funds held at central banks and available to withdraw on a same-day basis. A smaller portfolio of short-dated UK government and Multilateral Development Bank bonds is held for liquidity diversification purposes and to minimise the Bank's exposure to interest rate risk. These qualify and are held as part of Zempler's liquidity buffer.

Zempler had a Liquidity Coverage Ratio (LCR) of 1108% (2025: 865%) and a Net Stable Funding Ratio (NSFR) of 831% (2025: 798%) as at the reporting date. Zempler is highly liquid due to the relatively small lending book versus its deposit book.

Capital

As at 31 March 2026 the Bank's CET1 ratio was 21.7% (2025: 19.3%) and the Total Capital Ratio including Tier 2 debt was 22.5% (2025: 20.6%). Zempler has set out a sustainable growth trajectory supported by the re-investment of generated profits into its capital base but following the acquisition by ABUK there is also the potential to draw capital from its new shareholder.

Looking forward

Looking to the year ahead, Zempler expects to build on the strong FY2026 performance to execute against its strategic priorities.

The management team will primarily focus on continued profitable growth to optimise, diversify and scale its business whilst also exploring new strategic opportunities that build on existing foundations including the possibility of leveraging group-wide resources and capabilities following the acquisition by ABUK.

Zempler remains mindful of heightened macroeconomic uncertainty, including geopolitical developments and volatility in energy prices, which may affect UK economic growth, inflation and interest rate expectations. Zempler monitors these developments closely and incorporates appropriate sensitivities and scenario analysis into its planning to ensure resilience and agility in a changing environment.

Risk Management Strategy

The Board aims to deliver the Bank's strategic and business objectives, together with operational and financial stability, whilst minimising and managing identified risks and ensuring good customer outcomes through appropriate mitigation.

Our risk strategy remains consistent, with three core elements: (i) Simplicity in approach with efficient and effective tools and processes delivering the right information to the right people at the right time; (ii) Sustainable controls enabling the Bank to absorb and adapt to shocks, and (iii) An embedded framework, utilised by trained and motivated colleagues to optimise risk versus reward.

Simple

- Develop a clear approach to manage risk and compliance
- Supported by efficient and effective tools
- Provide insightful management information to the right people at the right time

Target Operating Model ensures risk resource is aligned to business growth

Sustainable

- 'Absorb and adapt to shocks' – customer service protected even in times of stress
- Effective controls in line with regulatory expectations and risk appetite
- External threats are monitored and mitigated

Proactive consideration of risk, compliance, and control in everything we do

Embedded

- Trained and motivated colleagues across the organisation embrace the framework
- Risk and compliance mindsets and behaviours linked to remuneration
- Collaborative culture supporting Senior Managers and Certification Regime accountability

Risk management 'baked into' Strategy

Risk Management Strategy

Zempler Bank faces a range of risks from both internal and external factors. To manage these effectively, it has developed and embedded a comprehensive Enterprise-wide Risk Management Framework (ERMF) with people and culture at its heart. This is subject to continuous improvement and is reflective of the increasing focus on strong risk management and governance. The framework provides the tools to manage risk, organised around risk categories aligned to our governance structure: Conduct, Credit, Financial (including capital and liquidity), Economic Crime, Operational, and Governance & Strategic.

These risks encapsulate all material financial and non-financial risks faced by Zempler and are supported by sub-categories to support identification, assessment, mitigation and monitoring of specific risks. They provide a common language to be used across the business and enable us to embed our risk appetite and associated policies into day-to-day management activity. The framework is designed to allocate risk ownership and accountability throughout the business. Each component forms part of a larger continuum, providing a holistic view of our risk profile across all risk categories.

Risk Management Framework

The Enterprise Risk Management Framework (ERMF) sets out the Bank's approach for managing risk and is designed and maintained by the Chief Risk Officer (CRO). It is reviewed and approved by the Risk Committee on at least an annual basis. The CRO is responsible for oversight and implementation of the framework and reports independently to the Board Risk Committee in relation to these matters, reporting directly to the CEO on a day-to-day basis.

Management of risk is everybody's responsibility and ownership reside within each business area. The Risk function delivers the framework and standardised approach, tools and processes to manage risk effectively and performs oversight to ensure that standards are being met. The risk function also helps 'reveal' the risk landscape for the benefit of the Risk Committee and Board.

Risk Operating Model

Zempler Bank has adopted the industry-standard three lines of defence model to articulate the accountabilities for risk management. The roles of key personnel are set out below:

Personnel/Line	*Responsibilities*
Senior Management/ First Line	• Responsible for the day-to-day management of risk within Zempler, as per the Management Responsibilities Map and Senior Managers and Certification Regime (SMCR). • Ensures the implementation of appropriate and effective internal controls to manage the Bank's exposure to risks. • Ensures key controls are evaluated and operating as intended to manage risk within risk appetite. • Ensures appropriate resources are in place to achieve risk management objectives. • Ensures that all policy documents become part of the corporate culture of Zempler through established limits to manage quantitative risks; and through policies to manage qualitative risks.
Chief Risk Officer/ Second Line	• Responsible for the Risk and Compliance function. Reports to the CEO for day-to-day activities, but independently to the Risk Committee to ensure oversight and adherence to the risk framework. • Establish the framework within which risk controls can be achieved to ensure that the inherent risks associated with the Bank's undertakings can be quantified and mitigated. • Provide oversight and challenge of risk management activities performed by the 1st line of defence.
Internal Audit Director/ Third Line	• Providing independent third line assurance and assessment of risk processes and controls on the overall effectiveness of the ERMF. Reports directly to the Chair of the Audit Committee to ensure independence. An external specialist firm is used as the outsourced Internal Audit provider.
All Colleagues	• All colleagues are responsible for adhering to all rules and regulations including Conduct Rules as well as processes and procedures which are designed to manage the risks associated with the work they perform. • They are also required to alert management to any risk incidents or potential risk incidents that they become aware of in the course of their work. • Colleagues should also discuss with their management any potential gaps in, or improvements to, the control framework that they identify.

Risk Operating Model

Risk appetite

Risk appetite is set and owned by the Board and is key in setting the parameters within which the business can operate. Qualitative and, in some cases, quantitative risk appetite statements have been developed for each of the risk categories. These set the overall tone for risk taking and influence the metrics (Board Risk Measures and Key Risk Indicators) used to measure the performance of each risk and ensure appropriate intervention where required. Risk appetite is supported by a robust set of principles, policies and procedures and is set on an annual basis. Amendments to risk appetite may be proposed proactively outside of the annual refresh cycle to ensure it remains appropriate to the current risk environment.

Risk identification and assessment - the Risk Register

A Risk Register is used to standardise and enhance the monitoring of the risks by the Risk and Compliance Function. Risk & Compliance help the relevant Senior Management Functions (SMF) and Functional owners to operationalise their Risk Registers through meetings and relevant training.

In 2026, formal control attestation has been introduced, with each SMF owner providing further transparency and assurance on the adequacy and effectiveness of our controls. Further, Risk and Compliance monitor the various Risk Categories through attendance at the Executive Committee (ExCo), its Sub-Committees, the (Board) Risk Committee, and relevant thematic risk assessments. In addition, Risk and Compliance perform a second line review of the ILAAP, ICAAP and Recovery and Solvent Exit Plan.

Emerging and future risks are also expected to be captured in the Risk Register commentary by the SMF and functional owners. In addition, working groups support the Executive level committees where required. This also brings together horizon scanning across legal, regulatory, macroeconomic and other such matters. The output helps inform the CRO's reporting to the Executive Risk Committee, the Executive Committee, the Risk Committee and Board.

Risk governance & reporting

The Board is responsible for ensuring that Zempler operates in a principle-led manner and maintains an organisational structure to provide adequate support in discharging this duty. In addition, the Board ensures that the risk management processes are aligned with the corporate strategy, and that there is regular reporting of the risk profile and the results of the risk assessment process.

The Risk and Compliance function is under the remit of the CRO, who reports directly to the CEO on a day-to-day basis, with a dotted line to the Chair of the Risk Committee. The CRO provides independent reporting to the Risk Committee, Audit Committee and Board, and occasionally to the Remuneration Committee as appropriate. The Risk Committee is responsible for the oversight and assessment of the Zempler ERMF, providing advice and guidance to ensure alignment with approved company policies. Enhanced governance is provided via the Executive Risk Committee, which regularly reviews and discusses the risk profile to consolidate and ensure effective management and oversight of key outputs emanating from the various risk governance committees.

Principal Risks and Uncertainties

Enterprise risk management metrics are monitored and reviewed by Executive Risk Committees and reported to and governed by the (Board) Risk Committee. A description of Principal Risks and Uncertainties, and the controls in place to mitigate them, have been detailed in the table below:

Risk	*Description*	*Sub-risks*	*Mitigating actions and committee oversight*	*Over-arching processes*	
Conduct	The risk that any product, service, behaviour, system and/or control may cause detriment to a customer and negatively impact the integrity of the market.	• Customer Communications • Customer Servicing • Product & Service Design • Conduct Compliance & Regulatory Affairs • Vulnerable Customers	Zempler considers the Consumer Duty Principle to 'act to deliver good outcomes for retail customers' at every stage of the customer journey and has embedded the cross-cutting rules to 'act in good faith', 'avoid causing foreseeable harm' and 'enable and support customers to pursue financial objectives' into the culture of the organisation and into the Enterprise Risk Management Framework. Conduct Risk is managed and monitored by the Customer Committee which meets monthly and reports to the Executive Committee. This includes managing the assessment of new products and their features to ensure they are appropriate, including undertaking periodic product assessments. In addition, there is an annual report to the Board on how we are meeting Consumer Duty requirements.	**Enterprise Risk Management Metrics and Monitoring to Risk Committee**	**Management Risk Committees Supporting Executive and Board Risk Committees**

Principal Risks and Uncertainties

Risk	*Description*	*Sub-risks*	*Mitigating actions and committee oversight*	*Over-arching processes*	
Credit	The risk associated with material financial disruption as a result of borrowers failing to meet obligations in accordance with agreed terms; lending exposures being grouped in such a manner that a correlated performance of the individual loans can be anticipated; and not acting in a customer's best interests, such that lending is not affordable, terms and conditions are not transparent and borrowers are not supported if they experience repayment difficulties.	• Credit Portfolio Risk • Credit Concentration Risk • Responsible Lending	The Credit Framework focuses on ensuring appropriate and affordable lending is provided to customers. Credit is managed to a defined risk appetite and associated measures, monitored by the Credit Risk Committee, which meets monthly and reports to the Executive Committee. The framework includes the use of: • Predictive underwriting models which are regularly reviewed; • Performance monitoring; and • Credit risk management policies and operational procedures across the full lifecycle.	**Enterprise Risk Management Metrics and Monitoring to Risk Committee**	**Management Risk Committees Supporting Executive and Board Risk Committees**

Principal Risks and Uncertainties

Risk	*Description*	*Sub-risks*	*Mitigating actions and committee oversight*	*Over-arching processes*	
Economic Crime	Zempler faces Economic Crime risk where its bank accounts or financial products may be misused for money laundering, terrorist or proliferation financing, or to facilitate authorised or unauthorised fraud. This includes the risk that Zempler accounts could be used to defraud others, or that Zempler customers themselves may suffer financial loss as victims of fraud. There is also a risk of providing services to individuals or entities designated on sanctions lists, or facilitating transactions to sanctioned persons, entities, or jurisdictions.	• Money Laundering & Terrorist Financing • External Fraud • PEPs & Sanctions • Internal Fraud	Zempler's Economic Crime Framework is grounded in regulatory and legislative requirements and is supported by a suite of controls designed to prevent, detect, and mitigate economic crime risks. The framework seeks to minimise the misuse of Zempler's products and services for illicit purposes. Governance and oversight of these risks are managed by the Economic Crime Committee, a sub-committee of the Executive Committee.	**Enterprise Risk Management Metrics and Monitoring to Risk Committee**	**Management Risk Committees Supporting Executive and Board Risk Committees**

Principal Risks and Uncertainties

Risk	*Description*	*Sub-risks*	*Mitigating actions and committee oversight*	*Over-arching processes*
Financial	The risk associated with material financial disruption as a result of:		The Financial Risk Framework focuses on managing financial risks to within the Board's risk appetite and adhering to the rules of the banking regime set out by the Prudential Regulation Authority. The risks are monitored by the Asset and Liability Management Committee, which meets monthly and reports to the Executive Committee, with day-to-day responsibility for managing the risks delegated via the CFO with SMF accountability, to members of the Finance department. In addition, 2nd line oversight is provided by the Prudential Risk & Compliance team. A daily assessment of all the core financial risks and metrics is provided daily to key teams in Finance, Treasury and Risk, with month end summaries provided to ALCO, Risk Co and the Board. The MI covers internal and regulatory specified metrics.	Enterprise Risk Management Metrics and Monitoring to Risk Committee Management Risk Committees Supporting Executive and Board Risk Committees
	• The business does not hold adequate capital to survive a stress event potentially resulting in regulatory censure due to breaches of regulatory requirements and/or rendering the business unsustainable.	Capital Adequacy	Capital risk management is encapsulated within the annual Internal Capital Adequacy Process (ICAAP) which identifies the level of capital required to meet forward looking requirements plus an internally defined severe-but-plausible stress scenario. Zempler's ability to manage capital is driven through operational optimisation and efficiencies, keeping costs low, plus earnings from Fees, Commissions and interest received from its lending and current account activities. A recovery plan is reviewed annually to determine appropriate management action to support short term capital stabilisation in the event of severe but plausible stress. A more recent regulatory requirement for firms is the inclusion of Solvent Exit Plan, which in extremis, is intended to aid the orderly exit for a firm.	

Principal Risks and Uncertainties

Risk	Description	Sub-risks	Mitigating actions and committee oversight	Over-arching processes	
Financial	• Liquidity risk is the risk of Zempler having insufficient available resources to meet minimum regulatory requirements and its liabilities as they fall due, both in normal and stress conditions.	Liquidity & Funding Risk	As a predominantly current account business, Zempler maintains significant cash reserves at the Bank of England to limit the impacts from a severe run on funds. With the majority of cash received held at the Bank of England, for liquidity purposes, this naturally limits any funding concentration risk for the Bank. Liquidity risk management is articulated through the Internal Liquidity Adequacy Assessment Process (ILAAP), where a comparable severe-but-plausible stress is used to determine the potential impacts to Zempler Bank from any run on funds. The analysis is aided by a Liquidity Contingency Plan (LCP) which is an intended playbook for if a run on funds was to occur. It is also supported by the Recovery Plan (which identifies actions that may be used to increase the level of both capital and liquidity).	Enterprise Risk Management Metrics and Monitoring to Risk Committee	Management Risk Committees Supporting Executive and Board Risk Committees
	• IRRBB arises from exposures to absolute and relative movements in interest rates where there is a mismatch between assets and liabilities (e.g. fixed rate deposits and floating rate loans).	Market Risk (Interest Rate Risk in the Banking Book)	The (opportunity) losses that can arise from financial assets or liabilities being adversely affected by the movement in market prices, interest rates or exchange rates are reflected in near term earnings or in the longer-term capital because of changes in the economic value of future cashflows. With a sizeable part of its deposits held at the Bank of England, there is an inherent mismatch between the basis of Zempler's interest income and its interest expense which it needs to manage. Zempler's view of rates is supported by the holding of a Gilt and T-bill portfolio which immunises an element of the opportunity cost from a fall in interest rates.		

Principal Risks and Uncertainties

Risk	Description	Sub-risks	Mitigating actions and committee oversight	Over-arching processes	
Financial	• Financial Controls: The risk of negative financial, reputational or regulatory impacts through a lack of, or poorly operated, controls supporting reconciliation of payment processing, financial reporting, accounting practices and PRA/BoE regulatory returns. Large Exposures / Counterparty Limits: The risk of losses arising from an institutional borrower or counterparty failing to meet its obligations as they fall due Asset Encumbrance: The risk of an over-reliance on assets that the bank is restricted or prevented from liquidating, selling, transferring or assigning, due to regulatory, contractual or other limitations.	Financial Controls & Counterparty limits	Zempler has a low tolerance for weak financial controls supporting the management of its financial risks. Activities are supported and managed through Zempler's change management programme and Insurance, as well as 2nd line oversight which extends to all regulatory releases. Large Exposures are managed through regular monitoring against Board and regulatory limits, while Asset encumbrance is managed through monitoring against a target encumbrance level and a maximum exposure	Enterprise Risk Management Metrics and Monitoring to Risk Committee	Management Risk Committees Supporting Executive and Board Risk Committees

Principal Risks and Uncertainties

<table>
<tr><th>Risk</th><th>Description</th><th>Sub-risks</th><th>Mitigating actions and committee oversight</th><th colspan="2">Over-arching processes</th></tr>
<tr><td>Financial</td><td>• The risk of not meeting PRA regulatory rules, responsibilities and expectations.</td><td>PRA Compliance & Regulatory Affairs</td><td>The bank aims to comply with both the letter and the spirit of the PRA’s rules, responsibilities and expectations. It will not seek to ‘game’ the regulations through favourable interpretations of the rules where they could be considered to be out of line with the underlying objectives of the rules.

To support it in this aim, the Bank uses the services of the 2nd line Prudential Risk & Compliance team to ensure transparent and regular communication is maintained with the PRA.</td><td rowspan="2">Enterprise Risk Management Metrics and Monitoring to Risk Committee</td><td rowspan="2">Management Risk Committees Supporting Executive and Board Risk Committees</td></tr>
<tr><td>Operational</td><td>Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or external events.</td><td>• Project Management
• Third Party Risk
• Manual Payment Processing
• Cyber risk & Information Security
• Service Delivery, Payment Processing
• Operational Resilience
• Software Development & Testing
• Data Protection (GDPR)
• Legal Risk</td><td>Operational risks are managed by the Operational and Security Risk Committee which meets monthly and reports to the Executive Committee. Key policies are the Business Continuity and Disaster Recovery plans that set out actions in the event of material IT systems disruption. Zempler Bank employs a suite of tools, software, and controls to minimise the potential impact of malicious cyber risk attacks. Dedicated functions are in place to monitor and manage information security risk. Regular penetration testing is also undertaken to assess perimeter and internal security.</td></tr>
</table>

Principal Risks and Uncertainties

Risk	Description	Sub-risks	Mitigating actions and committee oversight	Over-arching processes	
Governance & Strategic	The risk that Zempler Bank's Governance Framework, culture, resources, capability and relationships with key stakeholders do not support the delivery of its stated strategic goals.	• Climate related Risks • People & Resources • Business Model Risk • Governance & Culture • Model Risk	The Board is primarily responsible for the management of strategy and governance. It delegates some of these responsibilities to the Executive Committee which meets twice a month. Processes to manage risk in this area include a strategic five-year plan, which is updated at least once a year, the execution of an annual budget and milestones. Monthly reporting of progress to these targets is provided by the Executive at Board meetings and in a Monthly Reporting Pack. Regulatory affairs are managed by the Risk and Compliance function with regular communication and meetings with regulators in place and reporting to the Board. Model risk is managed to defined standards aligned to regulatory principles, and subject to ongoing monitoring and review. Key polices include the Management Responsibility Map and the Corporate Governance Manual.	Enterprise Risk Management Metrics and Monitoring to Risk Committee	Management Risk Committees Supporting Executive and Board Risk Committees

Principal Risks and Uncertainties

Emerging Risks

In addition to the principal risks and uncertainties, we consider medium and long-term emerging risks and evolving threats that could affect our ability to meet strategic goals and objectives.

External information, including emerging regulatory changes, upstream risks and macroeconomic factors are monitored to support a better understanding of threats and uncertainties.

Future Regulatory Change

Zempler continues to prepare for the full introduction of Basel 3.1 regulation with its revised UK implementation date of 01 January 2027, having identified a preference for this approach over the Small Domestic Deposit Taker (SDDT) regime. Over the next year Zempler will also fully incorporate the changes arising from the PRA's approach to managing climate-related risks and will implement final rules from its current consultation on modernising the liquidity policy framework.

Macroeconomic Environment

Volatility is expected throughout 2026, with energy prices expected to push up inflation. Subdued economic growth projections mean it is likely that consumer spending and business investment will both suffer, increasing the prospects for recession. The impact on credit losses and sensitivity analysis is conducted through simulated ECL provisioning analysis under revised forecasts and scenario weightings (including a "severe downside" scenario).

Consumer Duty

The principles underlying the Consumer Duty are embedded within the core values and behaviours expected of employees and also in the business model and strategy of the Bank. Customer outcomes are monitored through Enterprise-Wide Risk Registers and supporting Committees with the Board receiving an annual report each year which provides evidence to support assurance that the Bank's customers receive good outcomes.

Strategic Risk Management

Zempler is now a UK-authorised bank operating as an independent subsidiary of ABUK, following a fully approved full acquisition completed in early 2026. This was followed by the appointment of a new CEO. This marks a new phase for Zempler. As Zempler considers the commercial strategy and growth plan, organisational requirements, including capability and capacity across technology, operations, people and risk teams, will be considered to support successful execution.

Principal Risks and Uncertainties

Economic Crime Risk

We continue to monitor and respond to the constantly evolving Economic Crime Risk landscape, which includes the continued threat from Authorised Push Payment (APP) fraud which particularly manifested this year in a small number of higher value complex investment frauds which prompted investment in new controls in this area.

Resourcing Capability and Capacity

Zempler's profitability and flexible working approaches allow for talent retention and key hiring, augmented by specialist third party resource / consultancy support where required.

Climate Related Risk

Climate-related risks arise through two primary channels: physical risks (relating the effects of weather events and longer-term shifts in the climate) and transitional risks (arising from adjustment towards a low or net-zero carbon economy, and which extend to the potential reputational risks that could arise from certain action/in-action. The risks are not simply focused on the future climate state and therefore extend to threats managed under a broader selection of risk categories including credit risk and operational resilience.

Zempler routinely assesses both physical and transitional risk exposures through quantitative assessments which include an indirect assessment against its unsecured lending portfolios and concentrations risks within its deposit base. A summary rating based on these Indicators, along with the level of key suppliers with net zero targets are provided to the (Board) Risk Committee each month. Following updates to PRA related regulation, Zempler's approach is being enhanced to identify and assess the materiality of climate-related risks - with assumptions, approaches and outcome of the assessment to be reviewed by the (Board) Risk Committee biennially.

Zempler currently assesses the materiality of climate-related risks as low, reflecting its position as a small, microbusiness-focused bank with no secured lending portfolio and no significant concentration in high carbon-intensive industries such as energy, transport, mining. Nevertheless, it remains a key focus; as Zempler grows, its portfolio develops, and the volatility in climate-related threats increases, its level of risks may increase to the point where they become material. We therefore keep climate-related risk and our exposure to it, under regular review, considering how we might respond and adapt to longer-term changes that may expose sensitivities in existing business plans.

Details on Zempler's approach to sustainability and the environment are set out in the Directors' Report.

Corporate Governance

Corporate Governance Statement

Although the Bank is privately owned and not required to comply with the provisions of the UK Corporate Governance Code (the Code), the Board endorses the principles of good governance. Given the Bank's regulated status, it continues to give careful consideration to the principles of corporate governance as set out in the 2024 version of the Code and remains committed to ensuring that its governance processes are aligned with best practice.

The Board believes that the corporate governance arrangements currently in place are appropriate for the Bank's current size, structure and complexity.

Board of Directors

The Board has overall responsibility for the management of the business of the Bank and the protection of depositors and must ensure that the business is managed in accordance with the regulatory threshold conditions applicable to an authorised bank.

The Board consists of the Non-Executive Chair, the Senior Independent Director, four Non-Executive Directors and one Executive Director.

Zempler does not require its directors to retire and submit themselves for re-election.

There is a schedule of formal matters specifically reserved for the Board's consideration. The Board programme is designed so that Directors have a regular opportunity to consider the Bank's strategy, operations, risks, policies, financial plans, customer outcomes, technology, financial results, liquidity, capital and regulatory requirements in order for the Board to arrive at a balanced assessment of the Bank's position and prospects. Strategic developments, operational performance, financial performance, risk management, customer outcomes and regulatory compliance are considered at each scheduled Board meeting.

During the year, the Board invited a number of internal subject matter experts to attend Board meetings to provide the Board with insight into their specialist areas, and a programme of education, deep-dive and workshop sessions was also delivered to support ongoing Board effectiveness.

Corporate Governance

The Bank has a clear division of responsibility between the roles of the Chair of the Board and the Chief Executive Officer (CEO). The Non-Executive Chair, who has no executive responsibility for the day-to-day running of the Bank's business, is responsible for chairing and overseeing the performance of the Board and ensuring that it discharges its responsibilities.

The Board's role is to direct, supervise and oversee the business of the Bank. Implementation of the strategy set by the Board and management of the business of the Bank on a day-to-day basis within the financial, operational and risk limits and tolerances set by the Board is delegated to the CEO.

The CEO is supported by the Executive Committee whose role is to support the CEO in the management and day-to-day running of the business and delivery of the strategy and business plans approved by the Board.

Internal Control and Risk Management

The Directors formally acknowledge their responsibility for establishing a framework of prudent and effective internal controls within the Bank. The Board has put in place a system of internal controls, set within the framework of a clearly defined organisational structure, with well understood lines of responsibility, delegation of authority, accountability, policies and procedures, which is supported by training, monitoring, reporting and review procedures.

A strategic plan and an annual budget were prepared by management for review and approval by the Board. During the year, quarterly reporting against budget and forecasts was provided to the Board.

The Bank is structured so that the Internal Control Functions (being the Risk, Compliance and Internal Audit functions) are independent from the functions they oversee and have appropriate authority for the roles.

Details regarding the Bank's Risk Management Strategy, Enterprise Risk Management Framework, the Company's Risk Management Strategy, and Risk Operating Model are provided on pages 14 to 28.

Board Committees

The Board has established a number of standing committees of the Board and delegated certain duties and responsibilities to these committees.

Each standing committee of the Board has written Terms of Reference which define its authority, duties and membership. Where there is a perceived overlap of responsibilities between the duties of one committee of the Board and another, the Terms of Reference provide the chairs of the respective committees with the discretion to agree which is the most appropriate committee to fulfil the obligation, so as to avoid duplication or omission.

Corporate Governance

Further details regarding each of the standing committees of the Board that existed during the year are provided below:

Audit Committee

The Audit Committee is chaired by an independent Non-Executive Director. The Chair of the Risk Committee is a member of the committee. The CEO, Chief Financial Officer (CFO), Chief Risk Officer (CRO) and certain other Non-Executive Directors who are not members of the committee ordinarily attend committee meetings at the invitation of the Chair of the Committee.

The role of the Audit Committee is to monitor the overall integrity of the financial reporting by the Bank, to review the Bank's internal control and risk management systems, to monitor the overall effectiveness of the Bank's Internal Audit function and to oversee the relationship with the Bank's external auditors.

The Audit Committee is responsible for assessing the independence and recommending the selection, appointment, reappointment and removal of the external auditors to the Board for approval. It is responsible for approving the audit fee on an annual basis and for pre-approving any fees in respect of non-audit services provided by the external auditors and ensuring that the provision of non-audit services does not impair the independence or objectivity of the external auditors. It is also responsible for reviewing the annual financial statements and any formal announcements relating to the Company’s financial performance for compliance with financial reporting requirements, accounting policies and judgemental audit issues before submission to the Board for approval.

Corporate Governance

Nomination & Corporate Governance Committee

The Nomination & Corporate Governance Committee is chaired by the Chair of the Board. The CEO, Chief People Officer and Company Secretary ordinarily attend committee meetings at the invitation of the Chair of the Committee.

The role of the Nomination & Corporate Governance Committee is to assist the Board by:

- leading the process for Board appointments.
- ensuring plans are in place for orderly succession to both the Board and senior management positions.
- approving the recruitment of senior management roles, including the remuneration package to be offered on appointment.
- overseeing the development of a diverse pipeline for succession.
- overseeing the Bank's corporate governance arrangements.
- reviewing and overseeing the Bank's approach to strategies, goals, policies, procedures, performance and disclosures related to sustainability, environmental, social and governance matters and Equality, Diversity and Inclusion.

Remuneration Committee

The Remuneration Committee is chaired by an independent Non-Executive Director. The chairs of the Audit Committee and Risk Committee are members of the Remuneration Committee.

The Chair of the Board, CEO, Chief People Officer and certain other Non-Executive Directors who are not members of the committee ordinarily attend committee meetings at the invitation of the Chair of the Committee.

The role of the Remuneration Committee is to assist the Board by ensuring that:

- the remuneration policy and practices of the Bank are designed to support its strategy and promote long-term sustainable success, reward fairly and responsibly, with a clear link to corporate and individual performance, having regard to statutory and regulatory requirements and expectations and applicable good practice on remuneration and corporate governance.
- executive remuneration is aligned to the Bank's purpose and values and linked to delivery of the Bank's long-term strategy.

Corporate Governance

Risk Committee

All Non-Executive Directors are members of the Risk Committee and the committee is chaired by an independent Non-Executive Director. The CEO, CRO, CFO and certain other senior managers ordinarily attend committee meetings at the invitation of the Chair of the Committee.

The role of the Committee is to assist the Board in its oversight of risk-related matters, the risks impacting the Bank, future risk strategy and the effectiveness of the Bank's Enterprise Risk Management Framework (ERMF). The Committee receives relevant reports and management information, including ERMF risk indicators and independent risk opinions, to assess the risks detailed in the ‘Principal Risks and Uncertainties’ section. Those include Cyber Risk, Operational Resilience, Economic Crime, Conduct Risk and Financial Risk.

The Committee is further responsible for the approval of key items such as new or material changes to credit risk policy and strategy, Business Continuity and Disaster Recovery plans and the Vulnerable Customers Policy.

Section 172 Companies Act 2006

The Directors of the Bank, as those of all UK companies, are required to act in accordance with a general set of duties. These are set out in section 172(1) of the Companies Act 2006, under which a director of a company must act in the way that 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 and, in doing so, have regard (amongst other matters) to:

- The likely consequences of any decision in the longer term.
- The interests of the Bank's employees.
- The need to foster the Bank's business relationships with suppliers, customers and others.
- The impact of the Bank's operations on the community and environment.
- The desirability of the Bank maintaining a reputation for high standards of business conduct.
- The need to act fairly as between members of the Bank.

As part of their inductions, newly appointed directors of the Bank receive a briefing on their duties from the Company Secretary.

The Directors are mindful of the requirements of section 172(1) when performing their duties and the table below shows the key stakeholder groups identified and summarises how the Board has adhered to the requirements of section 172(1).

Stakeholder Group	*How the Bank adheres to the Section 172 requirements*
Employees	• The Bank actively monitors colleague engagement through regular anonymous surveys hosted by an external provider, with results directly informing Executive Committee and Board discussions. • Feedback from these engagement surveys is shared with colleagues during the monthly 'All Colleague' meeting hosted by the CEO. These meetings are also used to provide colleagues with updates on business performance and key initiatives and, as part of this, colleagues have the opportunity to provide immediate and anonymous feedback to the CEO. • Workforce engagement is further strengthened by the appointment of a designated Non-Executive Director whose role is to facilitate and develop communication between the workforce and the Board and ensure that employee perspectives or concerns are represented at Board level. Additionally, a Non-Executive Director serves as the Bank's whistleblowing champion. • The Bank operates a Hybrid Working policy that is intended to help colleagues achieve a healthy work -life balance and support diversity and inclusion by enabling people from across the UK to work for Zempler, regardless of location. • Regular social events, such as monthly drinks and seasonal parties, are held to help foster a sense of community and strengthen colleague relationships.

Section 172 Companies Act 2006

Stakeholder Group	How the Bank adheres to the Section 172 requirements
Customers	• The Bank places customers at the centre of its strategy, proactively gathering customer feedback through regular surveys. Insights and proposed actions in response to the feedback are reviewed by the Board and are used to inform decisions relating to product development, service delivery and customer experience improvements. • Guided by its mission to provide customers with easy-to-access and simple-to-use banking solutions that helps customers succeed, Zempler ensures that customer needs and perspectives drive every aspect of the Bank's operations.
Investors	Following completion of the recent acquisition, the Bank has one shareholder, ABUK, with which a close and continuous relationship is maintained through regular dialogue. In addition, two of the Non-Executive Directors are also Directors of ABUK.
Suppliers	Zempler recognises the importance that its suppliers play in the ongoing success of the Bank. Regular meetings are held with key suppliers to review service performance and foster strong, collaborative relationships.
Environment	Zempler is committed to enhancing its sustainability and minimising its environmental footprint wherever feasible and practical through proportionate and practical initiatives aligned with its business model. Further information regarding sustainability and environmental matters can be found in the Directors' Report.

An example of a key decision taken by the Board during the year was the decision to recommend the offer made by ABUK to the Bank's shareholders.

In reaching its decision, the Board had regard to its statutory duty under section 172 of theCompanies Act 2006 to act in a way that it considers, in good faith, would be most likely to promote the success of the Bank for the benefit of its members as a whole.

In doing so, the Board considered the interests of key stakeholders, including the Bank's deposit holders, employees and shareholders, and the likely impact of the transaction on these groups.

Particular consideration was given to the security and continuity of service for deposit holders, the implications for employees, and the value and certainty delivered to shareholders. The Board concluded that the proposed transaction represented the most favourable outcome for the Bank and its stakeholders as a whole.

The Strategic Report, including the section 172 statement, was approved by the Board on 18 June 2026 and signed on its behalf by:

Leo Nuttall
Company Secretary
24 June 2026

Zempler Bank Annual Report 2026

Directors' Report

Directors' Report

The Directors present their annual report and the audited financial statements for the year ended 31 March 2026.

The directors are required under section 414 of the Companies Act 2006 to present a strategic report in the Annual Report. This can be found on pages 6 to 35. Zempler has chosen, in accordance with section 414C(11) of the Companies Act 2006, to include certain matters in the strategic report that would otherwise be disclosed in this Directors' Report.

Directors' responsibilities statement

The Directors are responsible for preparing the Strategic Report, the 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 have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the Company's financial statements and then apply them consistently.
- Make judgments and accounting estimates that are reasonable and prudent.
- State whether applicable UK Accounting Standards comprising FRS102 have been followed, subject to any material departures disclosed and explained in the financial statements.
- 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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Results and dividends

The profit for the year, after taxation, amounted to £2.8m (2025: £3.4m).

The Directors do not recommend the payment of a dividend (2025: £nil).

Directors

The names of those individuals who served as Directors of the Company during the year are listed below.

- Mark Sismey-Durrant
- Stephen Clark (appointed on 27 February 2026)
- Peter Elcock
- Barbara Gottardi (resigned on 27 February 2026)
- Jim Jones (resigned on 27 February 2026)

Directors' Report

- Vikas Monawer (appointed on 27 February 2026)
- Francesca Shaw
- Jamie Simmonds (appointed on 27 February 2026)
- Dominic Wade
- Richard Wagner (resigned on 3 March 2026)
- Julia Warrack (resigned on 27 February 2026)

Post Balance Sheet Events

There have been no material events affecting the Bank between 31 March 2026 and the date of approval of the financial statements other than those disclosed in the financial statements.

Environmental, social and governance review

The Directors aim to create positive environmental and social change through the actions they take. The Bank's approach to environmental, social and governance (ESG) matters focuses on understanding the impact of each decision in these areas.

The Board oversees ESG priorities and is responsible for setting the overall strategy. The Executive Committee, led by the CEO, is accountable for managing and implementing these priorities.

The Bank has a range of ESG priorities, supported by policies and procedures that are regularly reviewed and updated to ensure these considerations are appropriately reflected. These include:

Suppliers

Zempler is committed to developing long-term business relationships with key suppliers through its Third-Party Risk Policy and associated supplier management practices. It is important to the Directors that the Bank works with suppliers who uphold its values, and this consideration starts at the procurement stage and is maintained throughout the entire life cycle of the business relationship. The Bank continually reviews the controls implemented by suppliers, including those designed to prevent data security breaches, bribery, corruption and modern slavery. The Bank also conducts regular meetings and supplier assurance reviews with its most critical suppliers to ensure the required standards continue to be upheld.

Customers

Zempler takes the need to treat customers fairly and ensure good outcomes are delivered for our customers very seriously and considers the needs of its customers in all of its business decisions. The Bank also aims to ensure all of its product offerings are clear and easy to understand and supports this with high quality customer service.

Colleagues

At 31 March 2026 the Bank employed 285 colleagues across its London and Liverpool offices. Voluntary turnover for the year was approximately 10%, broadly in line with financial services norms during a year that included the acquisition by ABUK.

The Bank operates a Hybrid Working Policy designed to balance colleague wellbeing with the connection and collaboration needed to deliver for customers. The Bank invests intentionally in culture-building across both offices, including monthly all-colleague meetings, listening sessions, and a year-round programme of cross-team initiatives. Colleague engagement is monitored through the annual Best Companies survey, in which the Bank retained its one-star accreditation and was ranked 54th in the Best Large Companies to Work For and 17th in the Best Financial Services Companies.

The Wellbeing Matters programme delivered a full calendar of activity across physical, mental, social, financial and emotional wellbeing in both offices. Colleagues have access to a network of trained Mental Health First Aiders, an Employee Assistance

Directors' Report

Programme and a 24/7 virtual GP service. During the year the Bank also rolled out mandatory mental health training for all managers. Mandatory training completion stood at 99% at year end.

The Bank is committed to fair treatment of all colleagues, regardless of sex, age, sexual orientation, gender reassignment, marital and civil partnership status, pregnancy and maternity, religion or belief, race, or disability. Inclusion initiatives delivered during the year included balanced shortlists for senior roles, the launch of a reverse mentoring programme, and the formation of a Women's Employee Resource Group. Anonymous reporting routes are available to all colleagues.

It is the Bank's policy to give full and fair consideration to applications for employment made by disabled persons, having regard to their particular aptitudes and abilities; to continue the employment of, and to arrange appropriate training for, employees who have become disabled persons during the period when they were employed by the Bank; and otherwise to support the training, career development and promotion of disabled persons employed by the Bank. Reasonable adjustments are made to support colleagues' individual needs.

In connection with the acquisition by ABUK, the Bank's Executive and Colleague Share Option Schemes were exercised and subsequently closed during the year, with payouts made to participating current and former colleagues.

Other stakeholders

The Bank's commitment to the consideration given to stakeholders is disclosed within the Section 172 Statement of the Strategic Report.

Sustainability and the Environment

Zempler is committed to playing its part in supporting the UK's transition to a net-zero carbon economy, based on two key strands: (i) how it can identify and manage the inherent risks that climate presents to its business model, and (ii) how it can make a positive impact through the decisions it makes and the products and services it provides to its customers.

(i) Climate Related Risk Management

Climate-related risks arise through two primary channels: physical risks (relating the effects of weather events and longer-term shifts in the climate) and transitional risks (arising from adjustment towards a low or net-zero carbon economy, and which extend to the potential reputational risks that could arise from certain action/in-action. The risks are not simply focused on the future climate state and therefore extend to threats managed under a broader selection of risk categories including credit risk and operational resilience.

Zempler Bank routinely assesses both physical and transitional risk exposures through quantitative assessments which include an indirect assessment against its unsecured lending portfolios and concentrations risks within its deposit base. A summary rating based on these Indicators is provided to the (Board) Risk Committee each month. Following updates to PRA related regulation, Zempler Bank's approach is being enhanced to identify and assess the materiality of climate-related risks – with assumptions, approaches and outcome of the assessment to be reviewed by the CRO annually and approved by the Board's Risk Committee biennially, or sooner where the assessment materially changes.

The methodology and assumptions used in assessing climate-related risk materiality are

Directors’ Report

subject to governance review through the Bank’s Enterprise Risk Management Framework.

For Zempler Bank, the materiality of climate-related risks is currently assessed to be ‘low’. Zempler Bank is a small, microbusiness-focused bank without a secured lending portfolio and no significant concentration in high carbon-intensive industries (e.g. energy, transport, mining). Nevertheless, it remains a key focus; as Zempler Bank grows, its portfolio develops, and the volatility in climaterelated threats increases, its level of risks may increase to the point where they become material. We therefore keep climate-related risk and our exposure to it, under regular review, considering how we might respond and adapt to longer-term changes which may expose sensitivities in existing business plans.

Directors' Report

Risk component of climate change	*Impact assessment*	*Outlook*
Credit Risk	Zempler has no collateral-based secured lending exposed to lower values from severe weather events and no significant geographic or sectoral concentration in its lending portfolios.	Quantitative metrics are used to assess exposures to physical risks including flooding and subsidence, within the Bank's customer base as its lending book grows. If Zempler was to enter secured lending the impacts would be greater but still low in absolute terms until the portfolio was much bigger.
Operational Risk	Zempler has no major exposure, but potential exposures are considered in its operational resilience planning, such as decisions on the location of its data centres.	Risks may increase for the Bank's operational activities which need to provide resiliency over increasingly severe weather patterns and events, and which could be seen both directly (e.g. impacts to employee operations) and indirectly (e.g. loss of third-party services/systems).
Market Risk	Zempler has a strong liquidity position that can help to mitigate against potential market volatility. Its treasury assets are conservatively held in UK T-bills, Gilts and AAA-rated Supranational bonds.	Exposure through treasury assets is not projected to change materially over the medium term as a result of climate-related risks.
Other Risk (e.g. conduct, legal, reputational)	Zempler has no major exposures but also seeks to engage with customers and suppliers, both directly and through third parties, to support the transition to net zero.	Environmental factors form part of Supplier Management governance and due diligence considerations across our supplier base. We monitor the extent to which suppliers publish ESG assessments, and where these include net zero targets.

Directors' Report

Zempler has taken proactive steps to embed climate-related risks within its governance and risk management processes. A specific climate risk register is included within the Bank's ERMF, with the Chief Risk Officer responsible for its development and reporting to ExCo and the Board's Risk Committee.

(ii) Environmental Impact and Energy & Carbon Reporting (ESG)

Zempler is a digital bank that seeks to enhance sustainability across its operations and minimise its environmental footprint.

The following disclosures are made in accordance with the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 (SECR), using DEFRA 2024 emission conversion factors and aligned to the GHG Protocol Corporate Accounting and Reporting Standard.

The disclosures cover the Bank's UK operations and are prepared on the basis of operational control. Energy consumption relates primarily to leased office space within managed property in London and Liverpool. Where energy consumption data is not directly available, landlord-provided usage for the property as a whole has been apportioned based on floor space data or reasonable estimates have been used.

Directors' Report

Energy Consumption (kWh)

	FY 2026	FY2025
Electricty	164,257	149,134
Heat	110,003	97,065
Toal Energy Consumption	274,260	246,199

Greenhouse Gas Emissions (tCO2e)

	FY 2026	FY2025
Scope 1	0	0
Scope 2 (Electricity & Energy)[1]	49.2	36.2
Total Emissions	49.2	36.2

[1] Conversion factors used to determine emissions by approximating the Landlord's supply of heat to the London office assumes a ratio of 31.66 CuFt to kWh and 0.177kg CO2e per kWh.

Scope 1 emissions are nil. Scope 2 emissions relate to purchased electricity consumption across both sites. Natural gas consumption within leased premises is managed and controlled by the landlord.

Intensity Metric

	FY 2026	FY2025
tCO2e per FTE	0.167	0.107

The intensity metric is based on total emissions per average number of employees during the year. A significant contributor to the increase in intensity metric was the reduction in FTE over the period.

Energy performance and efficiency

Total emissions reflect a combination of higher overall energy consumption and reduced employee numbers partially offset by the continued benefits of energy-efficient infrastructure.

The owner of the Cottons Centre in which the London HQ is situated utilises renewable-backed electricity, continues to introduce initiatives to improve energy and water efficiency, and have plans to reduce the Scope 1 emissions.

Directors' Report

The Liverpool site, based at The Spine, is one of the world's healthiest buildings and incorporates a number of energy efficiency features including smart building management systems, LED lighting and optimised use of natural light. The building has achieved WELL Core Platinum certification.

These structural features contribute to overall operational efficiency but are not solely responsible for year-on-year movements in emissions.

Renewable Electricity

Scope 2 emissions are reported on a location-based basis using UK Government (DEFRA) emission factors, in line with SECR requirements. Electricity at both sites is sourced from renewable-backed supply arrangements; however, these are not used to adjust reported emissions under the location-based methodology.

Methodology

Emissions have been assessed in accordance with the GHG Protocol Corporate Accounting and Reporting Standard and DEFRA Environmental Reporting Guidelines (2024).

All energy consumption has been standardised into kilowatt hours (kWh) and emissions into tonnes of carbon dioxide (tCO_2e). Where first-hand energy consumption data was unavailable, estimation techniques have been applied.

Future developments

Zempler seeks to execute its 5-year strategic plan to grow the business sustainably through both further ABUK investment and internally generated capital.

Branches

Zempler does not have any branches inside or outside of the UK.

Qualifying third party indemnity provisions

Qualifying third party indemnity arrangements (as defined in section 234 of the Companies Act 2006) were in force for the benefit of the Directors of the Company during the year and remain in place at the date of approval of this report.

Disclosure of information to auditor

So far as each of the Directors is aware, there is no relevant audit information (as defined in the Companies Act 2006) of which the Bank's auditor is unaware, and each of the Directors has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information (as defined) and to establish that the Bank's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418(2) of the Companies Act 2006.

Financial Instruments

Zempler finances its activities through a combination of equity, as disclosed in Notes 22 and 23, and through cash deposits held as disclosed in Note 11. The Bank holds customer deposits classified as a financial liability, and issues overdrafts and loans to customers which are classified as financial assets. The Bank holds treasury investments in UK Government Debt and supranational securities. Other financial assets and liabilities including trade creditors that are derived from the Bank's operating activities. Notes 27, 28 and 29 contain information on managing risks related to financial assets and liabilities.

Directors' Report

Risk Management
Risk management including financial, credit and market (including price) risk is detailed in the Strategic Report as part of the Principal Risks and Uncertainties. Further information can also be found in the notes to the financial statements: Credit risk (Note 27), Liquidity risk (Note 28) and Market risk (Note 29).

Political Donations
The Bank has not made any donations or incurred any expense to any registered political party or other political organisation.

Research and Development
Zempler invests in the development of applications and products and therefore applies to claim Research & Development (R&D) relief from HMRC, which are recognised through the Statement of Comprehensive Income on receipt. During the year £176k (2025: £176k) Research & Development expenditures were expensed to the income statement.

Directors' statement
The Directors as at the date of this Directors' Report, confirm that, to the best of their knowledge:

- the financial statements, prepared in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company;
- the Annual Report, including the Strategic Report, includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that they face; and
- the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for users (who have a reasonable knowledge of business and economic activities) to assess the Company's position, performance, business model and strategy.

Going Concern
In preparing these financial statements the Directors are required to satisfy themselves that the Bank can continue operating as a going concern for a period of at least 12 months from the date of signing these financial statements, so that the going concern basis of accounting remains appropriate. In assessing this, the Directors have considered the appropriate risks, including macroeconomic conditions, the interest rate environment and mitigating actions.

The Directors have considered the recent volatility in financial markets and uncertainty in the economic outlook and the impact this has on the near-term economic outlook and interest rate yield curves. Zempler is robust and resilient to external shocks through the diversity of its income streams and the stability of its deposit funding. This has been considered as part of the review of the Bank's long-term strategic financial plan including capital adequacy and liquidity projections along with macroeconomic stress scenarios, which include impacts on profitability from interest rate shocks, increases in unemployment and inflationary pressures, along with strategic and tactical mitigating actions.

Zempler has set out a sustainable growth trajectory focused on optimising, diversifying and scaling its business. Following its acquisition by ABUK, Zempler

Directors' Report

is also exploring new strategic opportunities that build on its existing strategic foundations and leverage group-wide resources and capabilities. Zempler maintains sufficient capital to meet minimum regulatory requirements and absorb severe but plausible stress events.Zempler also has a strong liquidity position with a loan-to-deposit ratio of c.5% (i.e. a customer deposit base that is significantly higher than its lending portfolio) and a Liquidity Coverage Ratio and Net Stable Funding Ratio well above the regulatory minimum levels.

Based on the considerations above the going concern basis of accounting remains appropriate and has been adopted in the preparation of the financial statements.

Change in ownership

On 27 February 2026, 100% of the issued ordinary share capital of Zempler was acquired by ABUK, following which the Bank became a wholly owned subsidiary of ABUK.

The ABUK UK Limited is a wholly owned subsidiary of Access Bank Plc, which is incorporated in Nigeria and is itself a subsidiary of Access Holdings Plc, a publicly listed company in Nigeria. Access Holdings Plc is therefore the ultimate controlling party of the Bank as at the reporting date.

Prior to the acquisition, the Bank was ultimately controlled by Trident Capital Management VI, LLC, acting as the General Partner of Trident Capital Fund VI LP, entities incorporated in the United States of America.

The acquisition did not change the principal activities of the Bank. Further details of the transaction are set out in Note 33 to the Financial Statements.

Auditors

Independent auditors MHA Audit Services LLP served as auditors throughput the year. They have indicated their willingness to continue in office and will be deemed to have been re-appointed at the end of the period of 28 days following circulation of copies of these financial statements in accordance with section 487 of the Companies Act 2006.

The Directors' Report was approved by the Board on 18 June 2026 and signed on its behalf by:

Leo Nuttall
Company Secretary
24 June 2026
Registered Number: 04947027

Zempler Bank Annual Report 2026

Independent Auditor's Report

Independent Auditor's Report to the members of Zempler Bank Limited

For the purpose of this report, the terms "we" and "our" denote MHA in relation to UK legal, professional and regulatory responsibilities and reporting obligations to the members of Zempler Bank Limited. For the purposes of the table on pages 50 to 53 that sets out the key audit matters and how our audit addressed the key audit matters, the terms "we" and "our" refer to MHA. The "Bank" is defined as Zempler Bank Limited. The relevant legislation governing the Bank is the United Kingdom Companies Act 2006 ("Companies Act 2006").

Opinion

We have audited the financial statements of Zempler Bank Limited for the year ended 31 March 2026. The financial statements that we have audited comprise:

- the Statement of Comprehensive Income
- the Statement of Financial Position
- the Cash Flow Statement, and
- the Statement of Changes in Equity
- Notes 1 to 35 of the financial statements, including material accounting policies.

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

In our opinion the financial statements:

- give a true and fair view of the state of the Bank's affairs as at 31 March 2026 and of the Bank's 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.

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

Basis for opinion

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

Conclusions relating to going concern

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

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

- Considering the inherent risks to the Bank's operations and, specifically, its business model.
- Evaluating how those risks might impact the Bank's available financial resources.
- Reviewing the Internal Liquidity Adequacy Assessment Process (ILAAP) and Internal Capital Adequacy Assessment Process (ICAAP) for compliance with regulatory requirements.
- Reviewing the financial forecasts for the Bank covering a minimum of 12 months from the date of signing the financial statements, and considering the period beyond, to ensure that assumptions

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were reasonable and calculations were accurate.
- Reviewing the going concern disclosures included in the financial statements to ensure that they are sufficient and appropriate.

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

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

Overview of our audit approach

Scope	Our audit was scoped by obtaining an understanding of the Bank and its environment, including the Bank's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the directors that may have represented a risk of material misstatement.		
Materiality	2026	2025	
Company	£670k	£709k	1% (2025: 1%) of revenue
Key audit matters			
Recurring	• Valuation of the expected credit loss allowance		

Independent Auditor's Report to the members of Zempler Bank Limited

Key Audit Matters

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

Independent Auditor's Report to the members of Zempler Bank Limited

Valuation of the expected credit loss allowance				
At 31 March 2026 the Bank reported the following:				
Financial Statement Elements Company	**2026**		**2025**	
	Gross Exposure	ECL	Gross Exposure	ECL
Loans and advances to customers (note 11)	£42.2m	£7.1m	£30.2m	£4.8m
Undrawn commitments (note 31)	£46.6m	£0.9m	£28.1m	£0.5m
Key audit matter description	The Bank has elected to apply the recognition and measurement requirements of IFRS 9 to its financial instruments and, consequently, recognises an Expected Credit Loss ("ECL") allowance in respect of its portfolio of overdraft and credit card balances. The calculation of the IFRS 9 ECL involves a number of complex, judgmental and highly sensitive assumptions that involve significant management estimation and judgement. The following areas have greater levels of management judgements and estimations involved and are therefore classified as fraud and significant risk areas in the estimation of ECL; • Probability of Default (PD") models' estimation – the PD model is considered a significant risk due to the sensitivity and assumptions involved in the probability of default using Abacus Calculator, and Equifax ratings involving quantitative and qualitative factors for credit ratings, which requires management judgment. Therefore, there is subjectivity in the determination of PD. • Significant increase in credit risk ("SICR") – the criteria selected to identify a significant increase in credit risk and staging is a key judgement in the Bank's ECL model as the criteria determine whether 12-month or a lifetime provision is recorded. • Macroeconomic scenarios ("MES") – MES is considered significant due to the level of subjectivity and estimation uncertainties involved in the macroeconomic variables and weightages assigned the scenarios.			

Independent Auditor's Report to the members of Zempler Bank Limited

Valuation of the expected credit loss allowance	
How the scope of our audit responded to the key audit matter	**Our procedures included but were not limited to:** Evaluation of design, implementation and testing on internal controls around ECL model • We evaluated the design and implementation of key controls across the processes relevant to ECL, including the judgments and estimates noted. Where we planned to rely on them, we tested their operating effectiveness and concluded that we could place reliance on the controls for the purposes of our audit. These were mainly in relation to automated system feeds and IT application controls to ensure the completeness and accuracy of data. • Tested the process in place to allocate loans to the respective risk categories ("staging") and the application of the SICR criteria. • Reviewed the appropriateness of the Bank's impairment policy against the requirements of IFRS 9. We also assessed the appropriateness of SICR criteria determined by management in relation to loans and advances to customers. **Test of details – Expected Credit Losses** • We tested the appropriateness of the staging of the exposures by reperforming the staging calculations and applying the relevant assumptions. Our work included validating the quantitative and qualitative criteria assigned to exposures to ensure that the exposure had been correctly classified as either stage 1, 2 or 3. • Tested the process of allocation of customer loan repayments and identification of missed payments. Including testing on a sample basis that receipts are allocated to the correct loan accounts and missed payments are identified on a timely basis and appropriately reported. • Selecting a sample of customers and agreeing key data elements identified for these customers to supporting evidence and systems; • Identifying sources of external standing data and agreeing these to independent sources; • Reconciling the ECL model output to the general ledger and financial statements; • Challenged management around the completeness and accuracy of PMAs and independently assessed if any PMAs were necessary; and • Performed standback procedures to assess the overall reasonableness of the ECL allowance in light of current macroeconomic conditions. • Assessed Bank's elevated and low risk models (EAD and LGD models) used for ECL estimation and assessed the appropriateness and compliance with IFRS9; and.

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Valuation of the expected credit loss allowance	
How the scope of our audit responded to the key audit matter	**Use of third-party modelling and credit experts - Expected Credit Losses** • We engaged with and instructed third party modelling and credit risk experts to test the assumptions judgements, inputs and formulae used in relation to models used for computing ECL provisions. This included evaluation and challenge of economic scenarios considered by management and comparing these to other scenarios from a variety of external sources. • Evaluated the criteria used by the Bank in determining SICR and tested the appropriateness to allocate the financial assets into stages 1, 2 or 3 in accordance with IFRS 9; • Critically assessed the ECL methodology applied in the context of the model to ensure the approved methodology is appropriately implemented in the IFRS 9 model; • Reviewed and challenged key assumptions used in the ECL model in relation to PD and macroeconomic scenarios and weightings used by the Bank; • Evaluated changes to the model from the prior year through review of the updates to the methodology and assessment of the implementation in the model itself; • Reperformed the calculation of the ECL model; • Performed sensitivity analysis in relation to key management assumptions and judgements to assess the impact of these on the ECL provisions as at year-end; • Tested the appropriateness of the staging of exposures including the determination of the PD, EAD and LGD considered by management in the calculation of ECL; and • Tested post model adjustments and overlays. This included assessing the completeness and appropriateness of these adjustments. **Disclosures** • We assessed the appropriateness of the disclosures in the financial statements for the year ended 31 March 2026. • We confirmed that the output of the model, specifically any ECL charge, or reversal was correctly reflected in the general ledger and ultimately the financial statements. • We tested the data flows used to populate the disclosures and assess the adequacy of the disclosures for compliance with the accounting standards.
Key observations	Nothing has come to our attention that would indicate that the assumptions and judgements applied by management in determining the expected credit loss allowance as at 31 March 2026 are unreasonable, or that the resulting allowance is materially misstated in accordance with the requirements of IFRS 9.

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Overall Materiality	***£670,200 (2025: £709,000)***
• **Basis of determining overall materiality**	We determined materiality based on 1% (2025: 1%) of the bank’s total revenue. Revenue, as presented in the financial statements, comprises income generated from interest income and commission income streams. Interest income is derived from lending activities and other financial assets. Commission income arises from customer card transaction fees, payment and related services fees. This was deemed to be the appropriate benchmark for the calculation of materiality as revenue serves as a key performance indicator with which the users of the financial statements are principally concerned, as it reflects the Bank’s performance and expansion progress. As the Bank continues to grow, revenue remains a primary measure of operational success and an indicator of future sustainability.
Performance materiality	***£402,100 (2025: £425,400)***
• **Basis of determining overall performance materiality**	We set performance materiality based on 60% (2025: 60%) of overall materiality. Performance materiality is the application of materiality at the individual account or balance level, set at an amount to reduce, to an appropriately low level, the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole. The determination of performance materiality reflects our assessment of the risk of undetected errors existing, the nature of the systems and controls and the level of misstatements arising in previous audits.
• **Error reporting threshold**	We agreed to report any corrected or uncorrected adjustments exceeding £33,500 (2025: £35,000) to the Audit Committee as well as differences below this threshold that in our view warranted reporting on qualitative grounds.

Independent Auditor’s Report to the members of Zempler Bank Limited

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

The control environment
We evaluated the design and implementation of those internal controls of the Bank which are relevant to our audit, such as those relating to the financial reporting cycle, lending and customer deposits transactions. We also tested operating effectiveness and placed reliance on certain controls.

We deployed our internal IT audit specialists to get an understanding of the general IT environment and test the operating effectiveness of certain IT application controls.

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

Through our audit work performed, we did not identify any material risk relating to the impact on climate change on the financial statements of the Bank for the year-ended 31 March 2026.

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

We have nothing to report in this regard.

Strategic report and directors report
In our opinion, based on the work undertaken in the course of the audit:

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

In the light of the knowledge and understanding of the Bank and its environment obtained in the

Independent Auditor's Report to the members of Zempler Bank Limited

course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

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

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

Responsibilities of directors

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

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

Auditor responsibilities for the audit of the financial statements

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

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

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

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

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

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

Independent Auditor's Report to the members of Zempler Bank Limited

Identifying and assessing potential risks arising from irregularities, including fraud

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

- We considered the nature of the industry and sector the control environment, business performance including remuneration policies and the Bank's own risk assessment that irregularities might occur as a result of fraud or error. From our sector experience and through discussion with the directors, we obtained an understanding of the legal and regulatory frameworks applicable to the Bank focusing on laws and regulations that could reasonably be expected to have a direct material effect on the financial statements, such as provisions of the Companies Act 2006, UK tax legislation or those that had a fundamental effect on the operations of the Bank including the regulatory and supervisory requirements of the Prudential Regulation Authority (PRA) and the Financial Conduct Authority (FCA).
- We enquired of the directors and management concerning the Bank's policies and procedures relating to:
  - identifying, evaluating and complying with the laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they had any knowledge of actual or suspected fraud; and
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.

We assessed the susceptibility of the Bank's financial statements to material misstatement, including how fraud might occur by evaluating management's incentives and opportunities for manipulation of the financial statements. This included utilising the spectrum of inherent risk and an evaluation of the risk of management override of controls. We determined that the principal risks were related to posting inappropriate journal entries to increase revenue or reduce costs, creating fictitious transactions to hide losses or to improve financial performance, and management bias in accounting estimates particularly in determining expected credit losses.

Audit response to risks identified

In respect of the above procedures:

- we corroborated the results of our enquiries through our review of the minutes of the Bank's Board of Directors, Audit Committee and Board Credit Committee meetings, inspection of the complaints register, inspection of legal and regulatory correspondence and correspondences from the regulators PRA and the FCA;
- audit procedures performed by the engagement team in connection with the risks identified included:
  - reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations expected to have a direct impact on the financial statements;
  - testing the cut-off of commission income by selecting a sample of transactions recorded near the year-end and agreeing these to underlying documentation to confirm that income was recognised in the appropriate accounting period;
  - testing journal entries including those

Independent Auditor’s Report to the members of Zempler Bank Limited

processed late for financial statements preparation, those posted by infrequent or unexpected users, those posted to unusual account combinations;
  - evaluating the business rationale of significant transactions outside the normal course of business, and reviewing accounting estimates for bias;
  - enquiry of management around actual and potential litigation and claims.
  - challenging the assumptions and judgements made by management in its significant accounting estimates, in particular those relating to the determination of the expected credit losses as reported in the key audit matter section of our report; and
  - obtaining confirmations from third parties to confirm existence of a sample of transactions and balances.

- the Bank operates in a highly regulated banking industry. As such, the Senior Statutory Auditor considered the experience and expertise of the engagement team to ensure that the team had the appropriate competence and capabilities; and
- we communicated relevant laws and regulations and potential fraud risks to all engagement team members, including experts, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Other requirements

We were appointed by the Directors on 16 May 2024. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 3 years, initially under the legal entity MacIntyre Hudson LLP and subsequently under MHA Audit Services LLP.

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

Use of our report

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

Ahmer Khan
(Senior Statutory Auditor)
for and on behalf of MHA, Statutory Auditor
London, United Kingdom
25 June 2026

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

Financial Statements

Statement of Comprehensive Income

For the year ended 30 June 2026

Statement of Comprehensive Income

	Notes	31 Mar 2026 £'000	31 Mar 2025 £'000
Interest income	3	36,810	36,899
Interest expense	3	(2,131)	(2,178)
Net interest income	3	34,679	34,721
Fee and commission income	4	31,161	31,282
Fee and commission expense	4	(8,165)	(7,993)
Net fee and commission income	4	22,996	23,289
Total operating income		57,675	58,010
Other income	5	1,184	2,118
Loss on derivatives		–	(121)
Impairment charges and charge-offs		(6,527)	(3,771)
Net operating income		52,332	56,236
Administrative expenses	6	(48,107)	(51,019)
Profit before taxation		4,225	5,217
Taxation charge	7	(1,445)	(1,791)
Profit after taxation		2,780	3,426
Total comprehensive income		2,780	3,426

All results for the year relate to continuing operations. The Bank had £nil (2025: £nil) other comprehensive income during the year.

Financial Statements

Statement of Financial Position

As at 31 March 2026

Statement of Financial Position

Assets	Notes	31 Mar 2026 £'000	31 Mar 2025 £'000
Cash and balances at banks	9	396,832	369,088
Investment securities	10	332,687	266,859
Loans and advances to customers	11	35,122	25,452
Deferred tax	12	1,781	3,051
Intangible assets	14	4,420	5,827
Tangible fixed assets	15	1,247	2,177
Other assets	16	6,199	7,480
Prepayments and accrued income		1,870	1,989
Total assets		780,158	681,923

Statement of Financial Position

Liabilities	Notes	31 Mar 2026 £'000	31 Mar 2025 £'000
Customer deposits	17	(713,291)	(624,600)
Debt securities and borrowing	18	(3,000)	(3,000)
Other liabilities	19	(21,719)	(16,520)
Accruals and deferred income	20	(5,357)	(5,024)
Total liabilities		(743,367)	(649,144)
Net assets		36,791	32,779
Equity			
Share capital	22	11	9
Share premium account	23	44,565	43,335
Other reserves	24	–	4,880
Accumulated losses	24	(7,785)	(15,445)
Total equity		36,791	32,779

The notes on pages 70 to 127 form an integral part of the financial statements.
The financial statements on pages 61 to 69 were approved and authorised for issuance by the Board on 18 June 2026 and were signed on its behalf by:

Dominic Wade
Chief Executive Officer
24 June 2026

DWade

Financial Statements

Cash Flow Statement

As at 31 March 2026

Cash Flow Statement

Cash flow from operating activities	Notes	31 Mar 2026 £'000	31 Mar 2025 £'000
Profit for the financial year before taxation		4,225	5,217
Interest income from non-operating activities		(12,548)	(9,944)
Operating loss		(8,323)	(4,727)

Adjustment for non-cash items			
Amortisation and depreciation / write offs		2,991	2,987
Changes in fair value of derivatives		–	137
Share based payment charge	6	–	887
Amortisation of discount for investment securities		196	772

Cash Flow Statement

Working capital movements	Notes	31 Mar 2026 £'000	31 Mar 2025 £'000
Net (increase) / decrease in loans and advances to customers		(9,670)	2,773
Net decrease in other assets		1,281	11,992
Net decrease in prepayments and accrued income		119	303
Net increase in customer deposits		88,691	82,431
Net increase / (decrease) in other liabilities		5,024	(20,913)
Net increase / (decrease) in deferred income		333	(772)
Net cash flow generated from operating activities		80,642	75,570
Cash flow from investing activities			
Purchase of intangible assets	14	(593)	(1,712)
Purchase of tangible fixed assets	15	(61)	(181)
Purchase of investment securities	10	(287,687)	(316,715)
Maturity of investment securities	10	221,859	216,929
Interest received on investment securities		12,844	9,663
Net cash used in investing activities		(53,638)	(92,016)

Cash Flow Statement

Cash flow from financing activities	Notes	31 Mar 2026 £'000	31 Mar 2025 £'000
Proceeds from issue of ordinary shares	22	1,232	–
Interest paid		(492)	(491)
Net cash used in financing activities		(740)	(491)
Net increase / (decrease) in cash and cash equivalent		27,744	(16,937)
Cash and cash equivalents at beginning of period	9	369,088	386,025
Cash and cash equivalents at end of period	9	396,832	369,088

Financial Statements

Statement of Changes in Equity

As at 31 March 2026

Statement of Changes in Equity

	Share capital £'000	Share premium account £'000	Other reserves £'000	Retained earnings £'000	Total equity £'000
As at 31 March 2024	***9***	***43,335***	***3,993***	***(18,871)***	***28,466***
Issue of shares	–	–	–	–	–
Total comprehensive profit for the period	–	–	–	3,426	3,426
Employee share-based payments	–	–	887	–	887
As at 31 March 2025	***9***	***43,335***	***4,880***	***(15,445)***	***32,779***
Settlement of employee share scheme	2	1,230	–	–	1,232
Total comprehensive profit for the period	–	–	–	2,780	2,780
Transfer on exercise of share option (Note 24)	–	–	(4,880)	4,880	–
As at 31 March 2026	***11***	***44,565***	***-***	***(7,785)***	***36,791***

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Notes to the Financial Statements

Notes to the Financial Statements

1. General information

Zempler Bank Limited is a private company limited by shares incorporated in England and Wales with registered number 04947027 and domiciled in the United Kingdom. Its registered office is located at the Cottons Centre, Cottons Lane, London, SE1 2QG. The principal activity of the Bank is to provide current accounts, revolving credit products, loans and credit cards to smaller businesses and consumers.

2. Accounting policies

i) Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention, unless otherwise specified within these accounting policies and in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including the Companies Act 2006 and the Financial Reporting Standard 102 (FRS 102) The Financial Reporting Standard applicable in the UK and Republic of Ireland. The Company has applied IFRS 9 in relation to the classification, measurement and impairment of financial instruments.

ii) Going concern

In preparing these financial statements the Directors are required to satisfy themselves that the Bank can continue operating as a going concern for a period of at least 12 months from the date of signing these financial statements, so that the going concern basis remains appropriate. In assessing this, the Directors have considered the appropriate risks, including macroeconomic conditions and the interest rate environment and mitigating actions.

The Directors have considered the recent volatility in financial markets and uncertainty in the economic outlook but believe that the Bank is robust and resilient to external shocks through the diversity of its income streams and the stability of its deposit funding. This has been considered as part of the review of the Bank's long-term strategic financial plan including capital adequacy and liquidity projections along with macroeconomic stress scenarios, which include geopolitical uncertainty, impacts on interest rates, increases in unemployment and inflationary pressures, along with strategic and tactical mitigating actions. Zempler has set out these plans for continued sustainable growth that the Directors expect will drive the future profitability of the Bank.

On the basis of the considerations above the going concern basis of accounting remains appropriate and has been used as the basis of preparing the financial statements.

iii) Foreign Currency Translation

The financial statements are presented in pound sterling and rounded to thousands. The Bank's functional and presentation currency is the pound sterling. Pounds sterling is considered the functional currency as it is the currency of the primary economic environment in which the Bank operates.

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated to GBP using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income.

iv) Fee and commission income and expense

Notes to the Financial Statements

Fees and commission income is recognised to the extent that it is probable that economic benefits will flow to the Bank and the revenue can be reliably measured. Income is reported as the fair value of the consideration received or receivable, excluding value added tax and other sales taxes.

Fee and commission income is recognised when the service is provided, or when transactions are processed on an accruals basis. Fees and commissions receivable are generated from the normal operation of the customer accounts in the period. Initial fees are recognised after the first customer deposit and monthly fees are recognised in the month raised where there is available credit on the customer's account.

Fees relating to a commitment to provide a service for a fixed period, such as initial account acquisition and any subsequent renewal are deferred and released over 12 months starting in the month of acquisition.

Fee and commission expenses incurred as a result of customer transactions and from the normal operation of customer accounts in the period, which are not an integral part of the EIR, are recognised in the Statement of Comprehensive Income in the month incurred.

Fee and commission expenses that are directly attributable upfront transaction costs relating to the onboarding of a customer, such as affiliate fees, credit checks and verification costs, are considered integral to the acquisition, issue or disposal of a financial asset or liability. In accordance with the EIR method, these costs are deferred and recognised through interest income on an effective interest basis over 2 years, reflecting the expected average life of the underlying asset or interest expense for the underlying liability.

Costs relating to sales and marketing promotions such as the refund of initial card fees also form part of the EIR but are only deferred over 12 months.

v) Interest income and interest expense

Interest income is generated from a range of credit products:

- Loans and advances to customers consist of credit cards and overdraft facilities which charge interest at an effective interest rate on the outstanding balance recognised in the month to which it relates. In accordance with the EIR method, directly attributable upfront costs incurred that are considered integral to the acquisition, issue or disposal of a financial asset, are deferred and recognised through Interest Income or on an effective interest basis over the expected average life of the underlying asset.
- Cash and balances with other banks earn interest income that is recognised in the Statement of Comprehensive Income using the effective interest rate of the financial assets to which they relate. Cash left on demand at central banks earns the bank base rate.
- Debt securities recognise interest income using the effective yield to maturity method, which approximates the effective interest rate method. Costs associated with the custody of financial assets are recognised in the income statement as they are incurred.

Interest expense is incurred on the following:

- Interest expense on customer accounts relates to directly attributable upfront costs incurred that are considered integral to the acquisition, creation or disposal of a financial liability (customer deposits). These costs are deferred and recognised through Interest Expense on an effective interest basis over the expected average life of the underlying financial liability.
- Cost of borrowing relating to the Bank's Tier 2 debt and is recognised in the income statement using the effective interest rate method.

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The effective interest rate is the rate that discounts estimated future cash receipts or payments through the expected average life of the financial instrument to the gross carrying amount of the financial asset or liability. The effective interest rate method calculates the amortised cost of a financial asset or liability and allocates the interest income or expense over the relevant year. The Bank estimates cash flows considering all contractual terms of the financial instruments but does not consider future credit losses. In accordance with the EIR method, directly attributable upfront costs incurred and fees paid or received, that are considered integral to the EIR, are deferred and recognised through Interest Income or on an effective interest basis over the life of the underlying asset or liability.

vi) Government grants

Government grants are defined as assistance by government in the form of a transfer of resources to an entity in return for past or future compliance with specified conditions relating to the operating activities of the entity. Government refers to government, government agencies and similar bodies whether local, national or international.

Recognition and measurement

Recognition of the Capability and Innovation Fund "CIF" grant income in the Statement of Comprehensive Income was dependent upon the Bank satisfying certain criteria. The grant was initially recognised as deferred income on the Statement of Financial Position. When the criteria for retention are satisfied, the deferred income balance is being released as follows:

- **Capital approach**
  Expenditure incurred in the development of software to support the Bank's obligations under the CIF award is capitalised as an intangible asset, where it is considered that the asset created will generate future economic benefit for the Bank. The related CIF grant capital expenditure is maintained in deferred income, being released to Other Income in the Statement of Comprehensive Income in line with the amortisation of the eligible assets over their useful economic life.

- **Income approach**
  CIF grant revenue is released from deferred income as the related costs are incurred and included as Other Income in the Statement of Comprehensive Income.

vii) Operating leases

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the Statement of Comprehensive Income on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

viii) Cash and balances at banks

Cash and balances at banks includes cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours, as well as deposits held with central banks, some of which are encumbered deposits as disclosed in Note 9.

Cash equivalents are unrestricted, highly liquid investments that have an original maturity of no more than three months from the date of acquisition, that are readily convertible to known amounts of cash and are subject to an insignificant risk of change in value.

In the Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are

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repayable on demand and form an integral part of the Bank's cash management.

ix) Financial assets and financial liabilities
As permitted by Section 11 of FRS 102, the Bank has elected to apply IFRS 9 to recognise, classify, measure and de-recognise financial assets and financial liabilities and to record any impairment on those financial assets.

Financial assets assessment
The financial assets of the Bank have been assessed as required by IFRS 9 and classified into one of three categories (Amortised Cost, Fair Value through Other Comprehensive Income (FVOCI) or Fair Value through Profit and Loss (FVTPL)).

To classify each of the various financial assets, the Bank assesses:

- The objective of the business model in which the financial asset is held; and
- Whether the contractual cash flows of the financial asset are 'solely payments of principal and interest' (SPPI).

Business model assessment
The Bank's business model assessment is made at a category level in line with the information provided to management and represents the way the instrument is managed. The information considered includes:

- The stated policies and objectives of the asset and the operation of those policies day to day. This considers whether the strategy is to earn contractual interest income or the matching of the life of the financial assets to the period of related liabilities;
- How the performance of the asset category is evaluated and reported to management; and
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed.

SPPI assessment
When making a judgment of the financial assets or liabilities in the solely payments of principal and interest (SPPI) assessment, the principal is defined as the fair value of the financial asset or liability on initial recognition. Interest is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during the observation period. Further consideration is given to other credit risks and costs such as capital risk, liquidity risk, admin costs and required margin.

When conducting the assessment of whether the contractual cash flows are solely payments of principal and interest, the Bank considers the contractual terms of the instrument. This includes assessing whether the financial assets contain contractual terms that would alter the timing or amount of contractual cash flows, thereby not meeting this condition. In making this assessment, the Bank considers:

- Terms that may adjust the contractual interest rate;
- Contingent events that would change the amount or timing of cash flows;
- Prepayment and extension features; and
- Terms that limit the Bank's claim to cash flows.

Recognition
The Bank's policy is to hold all financial assets to collect or pay contractual cash flows, rather than to sell the instrument before maturity. The contractual terms of all financial assets held by the Bank give rise to cash flow that are solely payments of principal and interest. Therefore, all financial assets and liabilities are held at amortised cost using the effective interest rate method. Categories of financial assets that pass the SPPI test are:

- Cash and balances with banks;
- Debt and investment securities;
- Loans and advances to customers; and

Notes to the Financial Statements

- Trade receivables and other financial assets included within other assets

The Bank's financial assets measured at amortised cost are initially recognised at fair value less any directly attributable transaction costs. The assets are subsequently measured at amortised cost using the effective interest method, less impairment. For financial assets that are not credit-impaired, interest revenue is calculated by applying the effective interest rate to the gross carrying amount of the asset. However, for financial assets that have become credit-impaired after initial recognition, interest revenue ceases to be recognised, except for a limited portfolio of loans in which interest revenue is calculated by applying the effective interest rate to the amortised cost of the asset less the impairment charge.

Financial assets held at amortised cost are subject to expected credit loss (ECL) provisions, in accordance with IFRS 9.

Derecognition
The Bank derecognises a financial asset, or a part of it, from the balance sheet when the contractual rights to cash flows from the asset have either expired, transferred or have been sold, along with substantially all the risks and rewards of the asset. Financial liabilities are derecognised when they are settled, have expired or have been extinguished.

Impairment
The Bank assesses impairment for Expected Credit Losses (ECL), on the following financial assets:

- Cash and balances with banks;
- Debt and investment securities;
- Loans and advances to customers; and
- Trade receivables and other financial assets included within other assets

For loans and advances to customers the Bank applies impairment based on ECL. The measurement of ECL and key inputs into the calculation including Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD) are defined separately in the Credit Provisioning Policy.

The Bank's investment securities are all deemed to meet the regulatory definition of zero risk weighted investment grade assets and are therefore recorded without any impairment applied.

Cash and balances at banks are all short term in nature and placed with institutions with credit ratings of A or above. Management have assessed the expected credit loss on these balances to be immaterial and therefore no impairment has been recognised.

Trade receivables and other financial assets are largely short term in nature or held with institutions with credit ratings of A or above. Management have assessed the risk on these balances to be immaterial, so no impairment is recognised.

Loans and advances to customers
Amounts receivable from customers are assessed for impairment with reference to IFRS 9 stages. Under IFRS 9, "Stage 1" applies to accounts that are not credit impaired at initial recognition on origination. An account will move to "Stage 2" when there has been a significant increase in credit risk since origination either through a missed payment or an adverse change in behavioural risk score. The measure of significant increase has been set using statistical analysis based on standard deviations from the mean of the original risk score. An account will move into "Stage 3" and considered credit impaired if it is over 90 days in arrears (default) or when one or more events that negatively affect the estimated future flows have occurred e.g. special status (bankrupt, individual voluntary arrangement, deceased

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or insolvent) or on a forbearance treatment such as repayment plans. Accounts that also have been credit impaired in the last 12 months, but are now up to date, are also classified as Stage 3.

Impairment provisions are recognised by establishing an ECL based on assessing the PD, EAD and the typical LGD with the following applying to accounts at each stage:

- **Stage 1** - Based on a 12-month ECL
- **Stage 2** - Based on a lifetime ECL
- **Stage 3** - Based on a lifetime ECL

IFRS 9 requires the incorporation of adjustments to the ECL parameters of forward-looking macroeconomic information that is reasonable, supportable and independently sourced. To capture the effect of changes to the economic environment, the ECL models incorporate forward-looking information and assumptions linked to economic variables that impact losses in each product group over the 5-year lifetime horizon. Zempler utilises outputs from a multivariate macroeconomic model, incorporating factors such as the unemployment rate, Bank of England base rate, house price index, and real household disposable income to overlay and calibrate probability of default (PD) estimates, thereby capturing the impact of alternative macroeconomic scenarios.

Charge-offs

Loans and advances are charged off when the Bank judges there to be no reasonable expectation that the amount can be recovered in full. Charge-offs typically occur once accounts are 210 days past due, defined as being seven instalments behind the agreed monthly minimum payment, unless forbearance has been applied. Accounts are also charged-off in special circumstances relating to bankruptcy, individual voluntary arrangements (IVAs) and deceased customers.

Derivative financial instruments

The Bank has previously entered into a variety of derivative financial instruments to manage its exposure to interest rate risks, including interest rate options and interest rate swaps. Notional amounts of the contracts are not recorded on the balance sheet.

Derivatives are recognised initially at fair value at the date at which a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in net operating income. The Bank has not applied hedge accounting for any of its economic hedges.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. Derivatives are not offset in the financial statements unless the Bank has both a legally enforceable right and intention to offset. Currently the Bank has no master netting agreement. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not due to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

x) Intangible assets

Intangible assets include software development costs and purchased software. Intangible assets are individually assessed to determine the duration of their useful economic life and amortised over that period. Software development costs are capitalised in accordance with the criteria set out in FRS 102, with all research phase expenditure being recognised as an expense and any expenditure incurred in the development phase (or from the development phase of an internal project) being recognised only if it can be demonstrated that all the of the following criteria have

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been met:

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

Other development expenditure that does not meet the criteria above is recognised as an expense as incurred. Costs associated with maintaining computer software are recognised as expenses as incurred.

Acquired intangible assets are initially recognised at cost. Acquired software licences are expensed with the exception of perpetual licences, which are capitalised.

After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses. The carrying values of intangible assets are reviewed whenever there are indicators of impairment and both internal and external factors are considered. If any such indication exists, the Bank estimates the recoverable amount of the intangible asset and recognises an impairment loss for any shortfall below the carrying amount.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed 10 years and is amortised using the straight-line method from the month when the asset is available for use. The estimated useful life for other intangible assets is 5 years.

Intangible asset arising from recognition of the CIF Grant
Where expenditure on software assets to support the Bank's obligations under the CIF award is considered to generate future economic benefit for the Bank, the expenditure is capitalised as an intangible asset. Grants related to intangible assets are released from Deferred Income to Other Income on a systematic basis over the expected economic useful life of the asset (5 years for internally developed software).

Costs incurred to establish technological feasibility or to maintain existing levels of performance are recognised as an Administrative Expense in the Statement of Comprehensive Income.

xi) Tangible fixed assets
Tangible fixed assets are stated at historical cost less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the item to its working condition for its intended use, major alterations and refurbishments for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method:

- **Leasehold improvements** – 5 years
- **Fixtures and fittings** – 5 years
- **Office equipment** – 3 years
- **Computer equipment** – 3 years
- **Data centre equipment** – 5 years

The assets' residual values, useful lives and depreciation methods are reviewed and adjusted if appropriate. The effect of any change is accounted for prospectively.

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Tangible assets are derecognised on disposal or when no future economic benefits are expected. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

At each reporting date tangible fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount and an impairment loss is recognised immediately in the Statement of Comprehensive Income.

xii) Other assets
Deferred tax and corporation tax are treated as per xiv. Stocks are stated at cost and consist of plastic card stock, strong customer authentication tokens and paper stock which are provided to customers as part of our account offering. Prepayments are payments made for goods or services that will be received in the future and they are amortised over time as the benefit of the expense is realised. Accrued income corresponds to the revenue earned during the period but not yet billed to the customer. All other assets including trade debtors are initially recognised at fair value and subsequently measured at amortised cost.

xiii) Fair value of financial assets and liabilities recognised at amortised cost
The fair value of financial assets and liabilities is the amount for which an asset could be exchanged, a liability settled, or an equity instrument granted could be exchanged, between knowledgeable, willing parties in an arm's length transaction.

Fair value hierarchy
To ensure consistency for the measurements at fair value is consistent and comparable, financial assets and liabilities are categorised according to the hierarchy of the inputs used to measure them. These categories from Level 1 to Level 3 are based on the degree to which the fair value is observable.

- **Level 1** – Quoted prices in active markets for identical assets or liabilities which the Bank can access at the date of measurement.
- **Level 2** – Inputs other than quoted market prices included in Level 1 that are observable either directly or indirectly.
- **Level 3** – Inputs that are not based on observable market data.

The Bank's accounting policy is to value its financial assets and liabilities at amortised cost except derivatives which are marked to market.

xiv) Taxation
Taxation expense for the period comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. Current or deferred taxation assets and liabilities are not discounted.

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.

Corporation tax recoverable from losses accumulated in prior years is determined using tax rate and legislation in force in the UK at the reporting date and is carried forward for future recovery when not fully utilised in the current period.

Deferred tax
Deferred tax arises from timing differences between

Notes to the Financial Statements

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

Deferred tax assets are recognised to the extent that there is reasonable certainty that taxable losses can be offset in the foreseeable future and to the extent it is probable that future taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax liabilities are generally recognised for all taxable temporary differences.

Deferred tax is determined using tax rates and legislation in force at the reporting date and those expected to apply when the deferred tax asset is realised, or the deferred tax liability is settled.

xv) Customer deposits

Customer deposits are measured at amortised cost using the effective interest rate method in line with the requirements of IFRS 9. Deposits are initially measured at fair value and subsequently measured at amortised cost.

xvi) Contingent liabilities

Contingent liabilities arise as a result of past events when:

- it is not probable that there will be an outflow of resources or that the amount cannot be reliably measured at the reporting date; or
- when the existence will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the Bank's control.

Contingent liabilities occur during the normal course of business and are reviewed regularly with external advisors to determine the likelihood of incurring a liability. Any potential liability that has been assessed as remote is not reported in the financial statements.

xvii) Employee benefits

The Bank provides a range of benefits to employees including paid holiday and defined contribution pension plans.

i. Short-term employee benefits

Short term employee benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the related service is provided. A liability is recognised for the amount expected to be paid if the Bank has a present legal or constructive obligation to pay the amount as a result of past service provided by the employee and the obligation can be estimated reliably.

ii. Defined contribution pension plan

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

Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Bank in independently administered funds.

iii. Share based payments

The Bank makes discretionary awards of share options to employees which are valued at fair value at the date of the grant. The fair value is expensed on a straight-line basis over the vesting period. The Bank does not have access to an observable market price for its shares and therefore measurement is undertaken using a Black Scholes methodology when calculating the options value at the point of issue. The share price at the issue of the option uses an estimation of the value of the business which has been based on a combination of

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an external valuation exercise and the value used for issues of shares in the period. The determined share value is then discounted to take into account the non-tradability of the instrument. The amount recognised as an expense is adjusted to reflect the actual number of shares/options that will vest.

xviii) Related party transactions
Transactions with related parties have been disclosed in the financial statements in accordance with FRS 102 Section 33. Related parties comprise any person or entity that is related to the Bank, but not wholly owned within the same group, who has significant control, influence or is a member of the key management personnel. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the Directors, separate disclosure is necessary to understand the effect of the transactions on the financial statements.

xix) Abandoned funds
Abandoned funds arise when customers holding a positive balance with Zempler fail to provide satisfactory proof of identity or address in response to the Bank's anti-money laundering (AML) and know your customer (KYC) requests or, they closed their accounts without removing the funds. At this point in time the customer relationship is treated as terminated unless the requested documentation is provided. From the six to the thirty-sixth month following the initial AML request, if no adequate response is received, the Bank recognises 'Blocked Account Accrued Income' based on historical customer behaviour and recognises a proportion of the balance relating to the AML non-compliance related customer deposits in the Statement of Comprehensive Income each month. If, after thirty-six months, no satisfactory documentation has been provided, the Bank considers the customer deposits balance no longer attributable to the customer and the relationship is confirmed to be terminated. At this point, any Blocked Account Accrued Income previously recognised between months six and thirty-six is reversed and the balance is removed from customer deposit liabilities on the Statement of Financial Position. The Bank remains committed to honouring legitimate claims for a period of up to six years, provided the required documentation is subsequently submitted.

xx) Other liabilities and accruals
Costs and liabilities from an obligation that are the result of business transactions are recognised in the financial statements using the accruals methodology, which ensures transactions are recorded when they are incurred. These are initially measured at fair value and subsequently valued at cost.

xxi) Deferred income
The residual amount received from the Capability and Innovation Fund ("CIF"), that has not been recognised in the Statement of Comprehensive Income, or eligible spend on intangible software assets that have yet to be amortised at the reporting date. The CIF grant can only be recognised as income once certain qualifying expenditure has occurred.

CIF income is recognised in the Statement of Comprehensive Income in the period in which the related costs have been incurred by the Bank. The Bank presents its financial information in relation to the CIF grant on a gross basis.

xxii) Debt instruments and borrowings
Debt instruments and borrowings, are measured initially at fair value, net of transaction costs and are measured subsequently at amortised cost using the effective interest method.

Borrowing costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount.

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xxiii) Share capital
Ordinary shares are classed as equity. Incremental costs associated to the issue of new ordinary shares are shown in equity as a deduction of the share premium.

xxiv) Reserves
The Bank's reserves are made up of the following:

- **Share capital** – The nominal value of the called up and issued share capital.
- **Share premium account** – The premium on shares issued, net of any related costs.
- **Other reserves** – The fair value of options granted to employees.
- **Retained earnings** – The cumulative profit or losses of the Bank.

xxv) Judgments and estimates
The preparation of these financial statements, in compliance with the requirements of FRS102, requires the Bank's management to exercise judgment in applying the Bank's accounting policies and to use accounting estimates and assumptions that affect the reported amounts of:

- assets and liabilities at the date of the financial statements; and
- revenues and expenses during the year.

These judgments and estimates are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable at the time.

The following are the areas in which judgments have been made in the process of applying accounting policies that have the most material effect on the amounts recognised in the financial statements:

Treatment of transaction costs
The Bank defers a percentage of the transaction costs from the successful creation of a financial asset or liability. The percentage deferral is based on a behavioural analysis of the customer's economic contribution over time. This is amortised over the expected economic life of the related financial instrument, prudently capped at two years due to forward-looking macroeconomic uncertainty given actual economic life is longer in some cases. Due to the short-dated nature management considers this as an appropriate approximation of the IFRS9 EIR methodology and that the difference in methodology between EIR and amortisation is deemed to be immaterial.

Recognition of deferred tax asset
Deferred tax is recognised on the temporary difference between taxable profits and income/expenses in the Statement of Comprehensive Income. Deferred tax assets are recognised to the extent it is probable that future taxable profits will be available against which the asset can be utilised and to the extent that there is reasonable certainty that taxable losses can be offset within a reasonable forecast period. The Directors use judgments based on future forecasts to assess this probability and the level of deferred tax assets that can be recognised in its financial statements. See Notes 7 and 12.

Impairment of assets
The Bank assesses assets for impairment using several methods that can be used to calculate the fair value less cost to sell and value in use of the assets, the higher amount being the recoverable amount. All methods use elements of judgment to calculate expected values which can be subjective, based on information available at the time. These calculations regularly include cash flow projections, assumptions on future economic conditions, discount rates and estimates on the sale value of assets.

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Capitalisation of intangible assets
The Bank assesses spend on intangible assets to determine whether it should be expensed or capitalised in accordance with the requirements of FRS102.

Impairment of loans and advances to customers
The Bank recognises impairment loss allowances on Loans and Advances to Customers using the recognition and measurement criteria detailed in IFRS 9. Loans and Advances to Customers consists of overdrafts and credit cards. This requires the use of an ECL model to calculate an unbiased probability-weighted estimate of the present value of credit losses. The ECL model takes into account forward-looking information over a range of possible economic outcomes, estimating the amount and timing of expected future cashflows. The ECL is calculated at an individual account level by multiplying the probability of each customer defaulting by the expected exposure at the time of default and the loss that is expected to arise at default, discounting expected cash flows using the current effective interest rate. The key inputs into the measurement of ECL are:

Probability of default ("PD")
The PD is the likelihood of an account defaulting over the next 12 months for accounts that are in stage 1 and over the lifetime for accounts in stage 2 and 3, where significant increases in credit risk have been identified. Credit scores, using internal historical loss data and external bureau information, are used to make estimations of the probability of default.

Exposure at default ("EAD")
EAD is the amount expected to be owed at the time of default, estimated using historical data. This includes changes in balance and relevant revenue that may be applied between the balance sheet measurement point and the time of default.

Loss given default ("LGD")
LGD is the net value of loss that would be incurred in the event of default. LGD is expressed as a percentage of EAD, representing the loss adjusted for recoveries including cash recoveries made following credit collection activities. This percentage is also estimated using historic customer behaviour and the Bank's historic loss data.

The ECL for both loan amounts and undrawn loan commitments is calculated using the same methodology. This approach ensures consistency in the assessment of credit risk and the estimation of potential losses across all loan-related exposures.

The impact of climate risk on the accounting judgments and estimates
The Bank makes use of reasonable and supportable information to make accounting judgments and estimates in relation to the impact of climate risk. This includes information about the observable effects of the physical and transition risks of climate change on the current creditworthiness of borrowers, asset values and market indicators, where relevant.

Many of the effects arising from climate change will be longer term in nature, with an inherent level of uncertainty and have limited effect on accounting judgments and estimates for the current period. Some physical and transition risks can manifest in the shorter term.

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3. Net interest income

Interest income	31 Mar 2026 £'000	31 Mar 2025 £'000
Cash and balances at banks	15,058	18,076
Investment securities	13,040	10,435
Loans and advances to customers	8,712	8,388
Total interest income	36,810	36,899

Interest expense		
Interest expense on customer accounts	(1,632)	(1,677)
Interest expense on Tier 2 debt instrument	(492)	(491)
Other interest expense[1]	(7)	(10)
Total interest expense	(2,131)	(2,178)
Net interest income	34,679	34,721

[1]Other interest expense relates to variation margin held during the year with Investec of £nil (2025: £3.6k) and interest unwind of £6.9k (2025: £6.6k) on the dilapidation provision.

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4. Net fee and comission income

Fee and commission income	31 Mar 2026 £'000	31 Mar 2025 £'000
Customer card transaction revenue	26,192	25,530
Payment and related services	4,486	5,252
Other	483	500
Total	31,161	31,282

Fee and commission expense		
Customer card transaction costs	(5,977)	(5,654)
Payment services and related costs	(2,188)	(2,339)
Total	(8,165)	(7,993)
Net fee and commission income	22,996	23,289

Notes to the Financial Statements

5. Other income

	31 Mar 2026 £'000	31 Mar 2025 £'000
CIF eligible spend on staff costs	-	-
CIF eligible spend on other administrative expenses	176	176
CIF grant release to income[1]	176	176
Blocked account accrued income[2]	1,008	1,942
Total	1,184	2,118

[1] The CIF grant is released to income as the eligible spend on staff and administrative expenses is incurred. Included within the CIF grant release to income for the year is £176k relating to software amortisation (2025: £176k). Software is amortised over the expected economic useful life of the software assets whereby each month an equivalent amount is released from deferred income to offset the amortisation charge.

[2] Blocked account accrued income represents the income recognised in respect of customers who have failed to provide satisfactory proof of identity or address in response to the Bank's anti-money laundering (AML) and know your customer (KYC) requests, in accordance with the policy outlined in Note 2(xix).

Notes to the Financial Statements

6. Administrative expenses

	31 Mar 2026 £'000	31 Mar 2025 £'000
Staff costs	26,874	29,137
Technology costs	5,265	5,303
Facilities and utilities	1,760	1,893
Depreciation of tangible assets	991	1,060
Amortisation of intangible assets	2,000	1,855
Marketing expenses	3,344	4,857
Call centre and telephony expenses	251	284
Other administrative expenses[1]	7,622	6,630
Total administrative expenses	48,107	51,019

[1] This includes legal, advisory, and other professional costs of £1.6m (2025: nil) incurred by Zempler in connection with the acquisition of the Company by ABUK. These costs were borne by Zempler in accordance with the transaction arrangements, under which the Company settled certain costs arising from the shareholders' disposal of their shares.

Included within staff costs are the following:		
Salaries and similar costs	22,683	24,649
Social security costs	3,463	2,765
Employee share-based payments	–	887
Pension contributions	527	711
Other staff costs and benefits	201	125
Total	26,874	29,137

The average number of people employed by the Bank (including Directors) during the year was 289 (2025: 338). The split of the total average number of people employed by the Bank is shown below.

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6. Administrative expenses (continued)

	31 Mar 2026	31 Mar 2025
Operations and front office	123	181
Back-office functions	149	138
Management	17	19
Total number of employees	289	338

Directors' costs	31 Mar 2026 £'000	31 Mar 2025 £'000
Salaries	1,688	1,335
Pension contributions	21	22
Total	1,709	1,357

Highest paid director		
Salaries	787	397
Pension contributions	11	11
Total	798	408

During the year retirement benefits accrued to directors in respect of defined contribution pension schemes was £nil (2025: £nil) and in respect of defined benefit pension schemes was £nil (2025: £nil).

Notes to the Financial Statements

During the year, share options granted to certain directors, including highest paid director, in prior financial years were exercised in connection with the acquisition of the Company by ABUK. The highest paid director received a benefit of £695k arising from the exercise of these share options (2025: £nil). The exercise of the options resulted in an increase in the number of issued shares, as disclosed in Note 22.

In addition, the acquisition resulted in the transfer of shares held by certain directors in their capacity as shareholders. No consideration relating to the acquisition was paid by the Zempler, andaccordingly no amounts arising from the transaction are included within directors' remuneration.

7. Taxation charge

Current tax	31 Mar 2026 £'000	31 Mar 2025 £'000
UK corporation tax	197	112
Adjustments in respect of prior periods	(22)	–
Total current tax charge	175	112
Deferred tax		
Origination and reversal of timing differences & losses	1,293	1,216
Adjustment in respect of prior years	(23)	463
Effect of tax rate changes on opening balances	–	–
Total deferred tax charge	1,270	1,679
Tax charge recognised in the income statement	1,445	1,791

Notes to the Financial Statements

7. Taxation charge (continued)

Reconciliation of tax charge:
The tax assessed for the year differs from the standard UK rate of corporation tax of 25% (2025: 25%). The differences are explained below:

	31 Mar 2026 £'000	31 Mar 2025 £'000
Profit on ordinary activities before tax	***4,225***	***5,217***
Tax on profit on ordinary activities at the standard rate	1,056	1,304
Effects of:		
Fixed asset differences	6	(7)
Expenses not deductible for tax purposes	428	71
Income not taxable for tax purposes	–	(40)
Deferred tax adjustment relating to timing differences	–	–
Recognition of previously unrecognised deferred tax balances	–	–
Adjustments in respect of prior period – current tax	(22)	–
Adjustments in respect of prior period – deferred tax	(23)	463
Remeasurement of deferred tax for changes in tax rates	–	–
Tax charge for the period	1,445	1,791

Notes to the Financial Statements

8. Auditors' remuneration

	31 Mar 2026 £'000	31 Mar 2025 £'000
Fees payable to the Bank's auditor for the audit of the financial statements	452	435
Total	452	435

9. Cash and balances at banks

	31 Mar 2026 £'000	31 Mar 2025 £'000
Cash at central banks	394,023	366,157
Cash and balances at other banks	2,809	2,931
Total	396,832	369,088

Cash and balances at banks are held at amortised cost and comprise balances placed with central banks and regulated financial institutions for operational purposes.

Of the amounts held with the central bank, £18.3m at 31 March 26 (2025: £17.4m) is encumbered (see Note 13), this relates to real-time gross settlement (RTGS) collateral. The unencumbered balance of £378.5m (2025: £352.0m) held with central banks is included within the Bank's high quality liquid assets (HQLA).

Notes to the Financial Statements

10. Investment securities

	31 Mar 2026 £'000	31 Mar 2025 £'000
Investment securities	332,687	266,859

All investment securities are held at amortised cost and are UK Government and Supranational securities, qualifying as HQLA items held for liquidity management purposes.

Investment securities include £15.4m (2025: £10.5m) of collateral placed in a custodian account at Citi Bank which comprises security deposits placed at the request of the Bank's card scheme provider to support customer transaction volumes.

	Opening balance 2026 £'000	Additions 2026 £'000	Disposals 2026 £'000	Closing balance 2026 £'000
Investment securities	266,859	287,687	(221,859)	332,687

Of the £221m of disposals in 2026, £221m matured and £nil were sold prior to maturity for risk management purposes.

	Opening balance 2025 £'000	Additions 2025 £'000	Disposals 2025 £'000	Closing balance 2025 £'000
Investment securities	167,073	316,715	(216,929)	266,859

Of the £217m of disposals in 2025, £217m matured and £nil were sold prior to maturity for risk management purposes.

Notes to the Financial Statements

10. Investment securities (continued)

Investment securities	31 Mar 2026 £'000	31 Mar 2025 £'000
Treasury bills	60,000	69,368
UK government issued gilts	135,000	125,000
SSA Bonds	140,000	75,000
Unamortised interest and discount	(2,313)	(2,509)
Total	332,687	266,859

Notes to the Financial Statements

11. Loans and advances to customers

	31 Mar 2026 £'000	31 Mar 2025 £'000
Customer overdrafts consumer	2,770	2,605
Customer overdrafts microbusiness	4,282	2,362
Credit cards	34,204	24,731
Other lending[1]	392	456
Gross loans and advances to customers	41,648	30,154
Effective interest rate adjustment	542	74
Total gross carrying amount including valuation adjustments	42,190	30,228
Less Impairment for overdrafts – consumer	(554)	(432)
Less Impairment for overdrafts – microbusiness	(1,024)	(548)
Less Impairment for credit cards	(5,320)	(3,572)
Less Impairment for other lending[1]	(170)	(224)
Total impairment[2]	(7,068)	(4,776)
Net loans and advances to customers	35,122	25,452

[1] Other lending consists of customers with an unarranged negative balance position

[2] See Note 27 for impairment details

Notes to the Financial Statements

12. Deferred tax

	31 Mar 2026 £'000	31 Mar 2025 £'000
Balance brought forward	3,051	4,730
Current year deferred tax	(1,270)	(1,679)
Deferred tax recognised	1,781	3,051
Deferred tax asset made up of:		
Fixed asset timing differences	(636)	(853)
Short term timing differences[1]	187	249
Losses and other deductions	2,230	3,655
Total deferred tax asset	1,781	3,051

[1]This represents the IFRS 9 transitional adjustment

The Bank has recognised a deferred tax asset of £1.8m as at 31 March 2026 (2025: £3.1m) relating to carried forward tax losses of £2.2m (based on gross losses of £8.9m), other short term timing differences of £0.2m (gross £0.7m) and fixed asset timing differences of £(0.6m) (gross £2.5m). The deferred tax asset has been calculated at a corporation tax rate of 25% and has been recognised on the basis that there is sufficient evidence from profit forecasts that it is probable that future taxable profit would be available against which the asset could be utilised.

Deferred tax assets expected to reverse over the coming years and primarily relates to reversal of timing differences of fixed assets and carry forward losses.

Notes to the Financial Statements

13. Assets pledged as collateral / encumbered assets

	Encumbered		Unencumbered		Total	
	31 Mar 2026 £'000	31 Mar 2025 £'000	31 Mar 2026 £'000	31 Mar 2025 £'000	31 Mar 2026 £'000	31 Mar 2025 £'000
Cash and balances at banks	18,297	17,377	378,535	351,711	396,832	369,088
Gilts and Government Bonds	15,386	10,542	317,301	256,317	332,687	266,859
Other assets	–	–	50,639	45,976	50,639	45,976
Assets pledged / unpledged	33,683	27,919	746,475	654,004	780,158	681,923

Cash and balances at banks include balances with the Bank of England of £18.3m (2025: £17.4m) which are held as collateral for RTGS (Real-Time Gross Settlement) payment schemes and are encumbered.

Currently, £15.4m of Gilts and Government bonds are held as collateral in a custodian account to support customer transactions at the request of the card scheme provider.

Notes to the Financial Statements

14. Intangible assets

2026	Software Development £'000	Other Intangible Fixed Assets[1] £'000	Total £'000
Cost			
As at 1 April 2025	10,456	108	10,564
Additions	593	–	593
Disposals	–	–	–
As at 31 March 2026	11,049	108	11,157
Depreciation and amortisation			
As at 1 April 2025	(4,718)	(19)	(4,737)
Charge for the year	(1,979)	(21)	(2,000)
Disposals	–	–	–
As at 31 March 2026	(6,697)	(40)	(6,737)
Net book value	4,352	68	4,420

[1] Other Intangible assets relate to perpetual software licences acquired which includes software. During the year £nil (2025: £ nil) Research and Development expenditures were recognised in the Statement of Comprehensive Income.

Notes to the Financial Statements

14. Intangible assets (continued)

2025	Software Development £'000	Other Intangible Fixed Assets £'000	Total £'000
Cost			
As at 1 April 2025	17,274	2,465	19,739
Additions	1,712	–	1,712
Disposals	(8,530)	(2,357)	(10,887)
CIF intangible additions	-	-	-
As at 31 March 2025	10,456	108	10,564
Depreciation and amortisation			
As at 1 April 2024	(11,388)	(2,365)	(13,753)
Charge for the year	(1,845)	(11)	(1,856)
Disposals	8,530	2,357	10,887
Adjustment	(15)	–	(15)
As at 31 March 2025	(4,718)	(19)	(4,737)
Net book value	5,738	89	5,827

Notes to the Financial Statements

14. Intangible assets (continued)

The Bank has individually material intangibles as follows:

	Carrying amount		Weighted average remaining amortisation period	
	31 Mar 2026 £'000	31 Mar 2025 £'000	31 Mar 2026 #	31 Mar 2025 #
Payment system[1]	844	1,147	2	3
Mobile app[3]	642	745	3	3
API system[2]	354	541	2	3
Digital system[3]	565	574	3	3
BCR software[4]	247	414	2	3
Decision engine[5]	452	656	3	3
Credit system[6]	264	419	2	3

[1] The Payment system allows the management of Mastercard, Faster Payments, BACS, International payments and other payment methods that might be adopted in the future.
[2] The API system oversees the open banking system and related APIs, including Zempler's commercial API offerings.
[3] Digital system and the Mobile app are related to the development of the native mobile app, web browser version and mobile banking platform.
[4] BCR is related to software for which the Bank has received a grant under the Capability and Innovation Fund.
[5] Decision engine is a development of AI technology giving the ability to make accurate customer lifecycle decisions. Streamlined end-to-end processes to create a world-class user experience.
[6] The Credit system is the development of scorecard and algorithms used to underwrite and monitor the credit offering of Zempler in relation to the provision of credit cards and current account overdrafts.

Development to the above intangibles continue each year. Where new features are added to enhance the technology or the customer's experience of the different platforms or systems, the associated costs are capitalised.

Notes to the Financial Statements

15. Tangible fixed assets

2026	Leasehold improvements £'000	Computer equipment £'000	Other tangible fixed assets £'000	Total £'000
Cost				
As at 1 April 2025	614	4,514	426	5,554
Additions	11	48	2	61
Disposals	–	–	–	–
As at 31 March 2026	625	4,562	428	5,615
Depreciation and amortisation				
As at 1 April 2025	(492)	(2,673)	(212)	(3,377)
Charge for the year	(33)	(893)	(65)	(991)
Disposals	–	–	–	–
As at 31 March 2026	(525)	(3,566)	(277)	(4,368)
Net book value	100	996	151	1,247

Notes to the Financial Statements

15. Tangible fixed assets (continued)

2025	Leasehold improvements £'000	Computer equipment £'000	Other tangible fixed assets £'000	Total £'000
Cost				
As at 1 April 2024	648	4,686	495	5,829
Additions	138	43	–	181
Disposals	(172)	(215)	(69)	(456)
As at 31 March 2025	614	4,514	426	5,554
Depreciation and amortisation				
As at 1 April 2024	(630)	(1,877)	(210)	(2,717)
Charge for the year	(32)	(957)	(71)	(1,060)
Disposals	172	215	69	456
Adjustments	(2)	(54)	–	(56)
As at 31 March 2025	(492)	(2,673)	(212)	(3,377)
Net book value	122	1,841	214	2,177

Notes to the Financial Statements

16. Other assets

	31 Mar 2026 £'000	31 Mar 2025 £'000
Trade debtors	62	112
Stock	407	297
Payments awaiting settlement from schemes	3,318	4,454
Corporation tax	–	63
Sundry debtors	2,412	2,554
Total	6,199	7,480

Notes to the Financial Statements

17. Customer deposits

	31 Mar 2026 £'000	31 Mar 2025 £'000
Customer deposits	714,854	626,155
Blocked account reserve	(1,563)	(1,555)
Total	713,291	624,600

Zempler Bank is a member of the Financial Services Compensation Scheme (FSCS), the UK Deposit Guarantee Scheme. Eligible customer deposits are guaranteed up to £120,000 per customer.

18. Debt securities and borrowing

	31 Mar 2026 £'000	31 Mar 2025 £'000
Tier 2 debt	3,000	3,000
Total debt instruments	3,000	3,000

In November 2022 the maturity of the existing tier 2 debt was extended by 2 years from December 2025 to December 2027 with a fixed coupon of 16% per annum.

Notes to the Financial Statements

19. Other liabilities

	31 Mar 2026 £'000	31 Mar 2025 £'000
Trade creditors	417	70
Corporation tax	287	112
Other taxation and social security	3,140	757
Payment awaiting settlement with the schemes	2,888	3,548
Customer transactions awaiting allocation	5,208	4,719
Sundry creditors[1]	9,779	7,314
Total	21,719	16,520

[1] Sundry creditors comprise of £1,776k (2025: £2,493k) relating to dissolved companies awaiting repayments, and £4,856k (2025: £2,380k) in account closure administrative provisions. The balance also includes an impairment provision of £906k (2025: £537k) under IFRS 9 for undrawn overdraft and credit card facilities, refer Note 27.

Notes to the Financial Statements

20. Accruals and deferred income

	31 Mar 2026 £'000	31 Mar 2025 £'000
CIF grant spend on software intangibles	223	399
Deferral of annual fee charges	1,690	1,594
Accruals and other deferred income	3,444	3,031
Total	5,357	5,024

Deferred income – CIF grant – represents the £5m grant received from the Capability and Innovation Fund, that was recognised in the Statement of Comprehensive Income as certain qualifying expenditure occurred. Income was recognised in the Statement of Comprehensive Income in the period in which the Bank recognised the CIF related costs for which the grant was intended to compensate. The terms of the grant were that all expenditure had to be incurred by 31 December 2022, so all monies were utilised by this date.

CIF grant spend on software intangibles – the CIF grant that was spent on the development of capitalised software intangibles, less amortisation to date. The balance is amortised through the Statement of Comprehensive Income over the expected useful life of the asset.

Deferral of annual fee charges – annual fees on bank accounts and credit products that are recognised over the life of the product to which the fee relates. These costs are net of any refund of fees offered under promotional schemes in which the first-year cost of the bank account or credit product is refunded to the customer.

Notes to the Financial Statements

21. Operating leases

	31 Mar 2026 £'000	31 Mar 2025 £'000
Less than one year	703	703
Between one and five years	1,353	2,055
Greater than 5 years	–	–
Total	2,056	2,758

This represents the Bank's future minimum lease payment commitments under non-cancellable operating leases on its premises.

	31 Mar 2026 £'000	31 Mar 2025 £'000
Lease expense on premises	703	703
Total	703	703

Notes to the Financial Statements

22. Share capital

	Share numbers #	Value £
As at 31 March 2024	9,226,709	9,227
Ordinary shares issued of £0.001	–	–
As at 31 March 2025	9,226,709	9,227
Ordinary shares issued of £0.001	1,321,195	1,321
As at 31 March 2026	10,547,904	10,548

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

During the year, 1,321,195 ordinary shares (2025: nil) were issued following the exercise of share options. The exercised options comprised 48,250 options at a strike price of £0.45 per share and 1,272,945 options at a strike price of £0.95 per share, resulting in an aggregate exercise price of £1,231,010.

The exercise of these options occurred in connection with the acquisition of Zempler by ABUK, under which ABUK acquired both existing shares and newly issued shares arising from the exercise of share options. ABUK paid consideration for these shares based on the agreed Company valuation to Zempler, and Zempler settled the option holders directly, with the applicable option exercise price and employment taxes deducted from the proceeds.

Notes to the Financial Statements

23. Share premium account

	Value £'000
As at 31 March 2024	43,335
Issue of shares	–
As at 31 March 2025	43,335
Issue of shares	1,230
As at 31 March 2026	44,565

Notes to the Financial Statements

24. Other reserves

	Other reserves £'000	Retained earnings £'000	Total reserves £'000
As at 31 March 2024	3,993	(18,871)	(14,878)
Employee share-based payments	887	–	887
Total comprehensive income for the period	–	3,426	3,426
As at 31 March 2025	4,880	(15,445)	(10,565)
Employee share-based payments	(4,880)	4,880	–
Total comprehensive income for the period	–	2,780	2,780
As at 31 March 2026	–	(7,785)	(7,785)

Notes to the Financial Statements

25. Share based payment - Share options

Zempler previously operated two equity settled share option schemes for the benefit of employees:

- **An Executive Share Option Scheme, established in 2005;** and
- **An All-Colleague Share Option Scheme, established in 2021** as part of a long-term incentive plan for all employees.

Under the terms of both schemes, options were granted with an exercise price determined at the date of grant and a typical vesting period of four years. Options granted under the All-Colleague Share Option Scheme were exercisable only on the occurrence of a defined liquidity event. Options under both schemes were settled in ordinary shares upon exercise and were classified as equity-settled share-based payment arrangements in accordance with FRS 102.

During the year ended 31 March 2026, following the acquisition of 100% of the issued share capital of Zempler by ABUK, a liquidity event occurred in accordance with the scheme rules. As a result, outstanding and vested share options under both schemes were exercised and converted into ordinary shares during the year.

Accordingly, no share options were outstanding at the reporting date (2025: 1,341,925 share options outstanding). The share-based payment reserve recognised in prior periods has been fully transferred to retained earnings following the exercise of all outstanding awards.

The total charge recognised in the income statement in respect of share-based payment arrangements for the year ended 31 March 2026 was £nil (2025: £887k). No further charges will arise in future periods in relation to these schemes as no share options remain outstanding.

Notes to the Financial Statements

26. Analysis of net debt

	Brought forward 2025 £'000	Cash flow 2026 £'000	New debt issued 2026 £'000	Non cash movement 2026 £'000	Balance 2026 £'000
Cash and balances at banks	369,088	27,744	–	–	396,832
Tier 2 debt	(3,000)	492	–	(492)	(3,000)
Total net debt	366,088	28,236	–	(492)	393,832

27. Credit Risk Management

Credit risk

Credit risk is the risk associated with losses arising from current or potential inability or failure of a borrower of Zempler to meets its contractual obligations.

Zempler's credit risk primarily arises from the lending facilities i.e. credit cards and overdrafts, that the bank offers to its retail and SME customers. While Credit Cards are acquired both directly through Zempler's own acquisition channels and indirectly through our partners, Personal Overdrafts are offered by invite only to our existing current account customers and Business Overdrafts can be opened at the time of opening the Business Current Account or by invite to our existing Business Current Account Customers. There is no fixed term for repayment of balances other than a general requirement for credit card customers to make a monthly minimum repayment towards their outstanding balance.

Zempler recognises that it is geographically concentrated in the UK but seeks to limit its exposure to a single counterparty and to maintain a broad geographical, industrial sector and counterparty diversification to reduce concentration risk.

Established governance and risk management committees oversee the Bank's credit strategies and programmes. The initial assessment of credit risk is managed through lending decisions that utilise developed underwriting standards in combination with application, current account and credit bureau information. Subsequent to the initial decision, risk is managed through reviewing and monitoring of the portfolio through management information and bespoke credit assessment algorithms.

Zempler aims to lend responsibly to microbusinesses and consumers, recognising that their credit risk to the business is influenced by the customers' ability to pay, macroeconomic factors, concentration risk, model risk (or underwriting risk) and portfolio management risk.

The Credit Policies and procedures sets out the risk management processes and controls that

Notes to the Financial Statements

27. Credit Risk Management (continued)

Zempler utilises to ensure it is making reasonable and proportionate risk assessments that meet FCA creditworthiness and affordability rules, as well as ensuring the lending is within the risk appetite that has been approved by the Bank's Governance structure. The mitigating controls implemented by the Bank are created, operated and monitored to reduce the risk to maintain within the Bank's risk appetite, to which there is zero tolerance for a breach. Zempler will continuously review this policy to ensure that it is creating good lending and customer outcomes.
Zempler acknowledges that customer risk must include not only a point in time assessment but also the probability that the credit risk for the customer increases in the immediate future.

Loans and Advances to Customers	31 Mar 2026 £'000	31 Mar 2025 £'000
Overdrafts	7,052	4,967
Credit cards	34,204	24,731
Other lending[1]	392	456
Gross loans and advances to customers	41,648	30,154
Effective interest rate adjustment	542	74
Total gross carrying amount including valuation adjustments	42,190	30,228
Provisions for expected credit loss	(6,898)	(4,552)
Provisions for other lending[1]	(170)	(224)
Net loans and advances to customers	35,122	25,452

[1] Other lending consists of customers with an unarranged negative balance position.

Notes to the Financial Statements

27. Credit Risk Management (continued)

Measurement of Credit Risk
Zempler reduces the value of the assets on the balance sheet using a provision for ECL under the IFRS 9 accounting standard. To measure credit risk under IFRS 9, the Bank uses statistical models that incorporate economic input variables, alongside internal and external behavioural data, to derive the ECL.

Credit risk management (continued)
In line with industry practices the Bank's IFRS 9 methodology considers three estimates in order to calculate the ECL:

- **Probability of Default (PD):** which estimates the likelihood of an asset moving to default in the next 12 months, or over the remainder of its life, depending on the stage;
- **Exposure at Default (EAD):** which estimates the exposure of the asset at the point it is expected to default; and
- **Loss Given Default (LGD):** which estimates the financial amount that the Bank expects to lose in the event of default of the asset.

IFRS 9 requires a higher level of ECL to be recognised for underperforming loans, this is based on a three-stage model:

Stage 1: Applies to accounts that are not credit impaired at initial recognition on origination and have not experienced a Significant Increase in Credit Risk (SICR) since it was originated. Interest income is calculated on gross balance.

Stage 2: Occurs when there has been a significant increase in credit risk either through a missed payment or an adverse change in behavioural risk score. The measure of significance increase has been set using statistical analysis based on standard deviations from the mean of the original risk score which is different across products. Stage 2 also includes assets where the credit risk has improved and has been moved back from Stage 3. For assets in Stage 2, a lifetime ECL is recognised.

Stage 3: An account moves into Stage 3 and considered credit impaired when it is over 90 days in arrears (default) or when one or more events that negatively affect the estimated future cash flows have occurred e.g. special status (bankrupt, individual voluntary arrangement, deceased or insolvent), or on a forbearance treatment such as repayment plans. Accounts that also have been credit impaired in the last 12 months, but are now up to date, are also classified as Stage 3. Interest income is calculated on net balance.

Definition of Arrears
Loans and Advances to Customers are classified as in arrears if:

- Either a scheduled payment for a credit card or overdraft has failed or has not been paid when due by a customer; or
- Exceeded their authorised overdraft limit due to either a payment or due to bank interest or any other fee being applied.

Significant Increase in Credit Risk
Under the IFRS 9 standard, we must determine if there has been a significant increase in credit risk since initial recognition for assets that don't meet the defaulted (Stage 3) criteria. The impairment model uses relative criteria to identify increases in credit based on how many standard deviations has the monthly risk score changed as compared to the risk score at origination. The standard deviation threshold is established at a product level and any changes to these criteria are considered model changes and are approved and governed under the model governance framework.

Notes to the Financial Statements

27. Credit Risk Management (continued)

Definition of Default

Loans and Advances to Customers are classified as in default if any of the following criteria has been met:

- The account is overdue for more than 90 days; or
- If the customer is bankrupt or has proposed an Individual Voluntary Arrangement or a Debt Relief Order
- If the customer has deceased

Forbearance

Forbearance is considered to have been applied when Zempler offers a temporary relief to a customer who is experiencing financial difficulties by adjusting their monthly payment and/or applying reduced interest rates. The approach taken to forbearance is defined within Zempler's policies and procedures.

IFRS 9 requires the incorporation of adjustments to the ECL parameters of forward-looking macroeconomic information that is reasonable, supportable and independently sourced. To capture the effect of changes to the economic environment, the ECL models incorporate forward-looking information and assumptions linked to economic variables that impact losses in each product group over the 5-year lifetime horizon.

Zempler utilises outputs from a multivariate macroeconomic model, incorporating factors such as the unemployment rate, Bank of England base rate, house price index, and real household disposable income to overlay and calibrate probability of default (PD) estimates, thereby capturing the impact of alternative macroeconomic scenarios. To achieve this, the economic forecast uses four macroeconomic scenarios.

- **Baseline Scenario** with 40% weighting
- **Upside Scenario** with 25% weighting
- **Downside Scenario** with 30% weighting
- **Severe Downside Scenario** with 5% weighting

All of the scenarios and associated weightings were sourced from an independent, widely recognised external provider who offers a robust, stable and industry aligned macroeconomic outlook, ensuring that the bank's forward-looking assumptions are consistent with market practice and reflective of standards adopted across comparable financial institutions.

Statistical techniques are used to combine these elements and estimate the relative change in default expectations across different scenarios. These relative changes are then applied to adjust the ECL parameters for each scenario accordingly. The goal of using multiple scenarios is to capture the non-linear effects of macroeconomic assumptions on ECL. The following table shows the sensitivity of modelled ECL for different scenarios.

The ECL is assessed regularly to incorporate changes arising from movement between stages, as well as reassessment of credit quality due to change in behaviour, usage of the product, risk score and changes in the macroeconomic environment.

The ECL calculations are performed at individual product level ensuring that product specific value proposition and performance history at leveraged to determine the exact parameters for each of the product's IFRS9 model constituents. The model is reviewed on an annual basis and the parameters are adjusted as necessary to align the predicted ECL with observed losses. Any changes to the IFRS9 model are discussed and approved through appropriate governance before these are implemented. Where deficiencies or weaknesses in models are known to

Notes to the Financial Statements

27. Credit Risk Management (continued)

[1]As at 31 December 2026

	Economic Scenarios				Multiple Economic Scenario
	Base	Upside	Downside	Downside	
Scenario Probability Weights	40%	25%	30%	5%	
Unemployment Rate[1] (%)	5.6%	4.6%	6.1%	7.1%	
House Price Index[1] (%)	0.1%	5.4%	-4.4%	-9.4%	
Real Household Disposable Income[1] (%)	-0.8%	1.9%	-3.0%	-5.2%	
Bank of England Base Rate[1] (%)	3.8%	2.8%	5.8%	7.9%	
Total impairment allowance (£)	7,662,573	6,936,862	8,399,592	9,650,347	7,801,640

exist, or historic data trends do not reflect current circumstances or the future direction of economic input parameters is unclear, Post Model Adjustments are applied to ensure that the resultant ECL remains appropriate. However, currently Zempler does not have any Post Model Adjustments. As part of enhancing and strengthening the IFRS9 methodology Zempler conducted a comprehensive review of its IFRS9 model and introduced the following changes to the model framework:

- Implemented a macroeconomic multivariate model that considers a range of macroeconomic variables to forecast various macroeconomic scenarios
- Enhancements to the model methodology for Stage 3 exposures resulting in more accurate assessment of ECL
- Implemented a macroeconomic multivariate model that considers a range of macroeconomic variables to forecast various macroeconomic scenarios
- Enhancements to the model methodology for Stage 3 exposures resulting in more accurate assessment of ECL
- Refinements to the cure rate and recovery rate assumptions during the period between default and write off
- Reviewed and rationalised all historic assumptions and parameters with the objective of validating each of these assumptions empirically
- Reversed increase in provision to counter climate change risk as impact of climate change on Zempler portfolio is likely to be negligible

Zempler regularly conducts sensitivity analysis to understand the differences in ECL that are caused by changes to the individual constituents of the IFRS9 model i.e. PD, EAD and LGD. The results of the latest sensitivity analysis are as follows:

- Increase in probability of default by 5% increased the ECL by £255K and a decrease in probability of default by 5% decreased the ECL by £264K
- Increase/decrease in undrawn parameter for EAD calculation by 5% increased/decreased the ECL by £45K.
- Increase/decrease in loss given default (LGD) calculation by 5% increased/decreased the ECL by £92K.

Notes to the Financial Statements

27. Credit Risk Management (continued)

The gross receivable and provision for expected credit losses which form the net amounts from customers is as follows:

	Stage 1 £'000	Stage 2 £'000	Stage 3 £'000	Total £'000
Provisions as at 31 March 2025	1,373	966	2,974	5,313
Provisions on new loans and advances[1]	1,124	638	408	2,170
Decreases due to derecognition[2]	(87)	(55)	(144)	(286)
Transfers between stages[3]**:**				
Stage 1	(169)	75	94	–
Stage 2	216	(379)	163	–
Stage 3	164	23	(187)	–
Change due to movement between stages[4]	(322)	760	1,577	2,015
Change due to reassessment[5]	10	(148)	46	(92)
Change due to model methodology[6]	317	223	109	649
Release of provision on settled/written off accounts[7]	(36)	(345)	(1,360)	(1,741)
Other credit provisions[8]	(54)	–	–	(54)
Total provisions as at 31 March 2026	2,536	1,758	3,680	7,974
Provisions on undrawn commitment	(728)	(157)	(21)	(906)
Provisions on loans and advances to customer as at 31 March 2026	1,808	1,601	3,659	7,068

[1] Increase in ECL resulting from loans and advances that have been newly originated, purchase or renewed.
[2] Decrease in ECL due to derecognition of loans and advances.
[3] Represents the impact of stage transfers prior to any ECL remeasurements.
[4] Change in ECL due to movement between stages resulting from a change in its behaviour, risk score or usage of the product.
[5] Change in ECL due to reassessment of an account based on change in its utilisation or risk score of the product, where the account has not changed stage.
[6] Change in ECL resulting from change in regulatory requirements, change in product construct, or change in the macro environment.
[7] Decrease in ECL resulting from loans and advances that have been fully repaid, sold or written off.
[8] Movement in non-IFRS 9 credit provisions.

Notes to the Financial Statements

27. Credit Risk Management (continued)

Provision Movement as at 31 March 2025	Stage 1 £'000	Stage 2 £'000	Stage 3 £'000	Total £'000
Provisions as at 31 March 2024	1,780	1,206	4,059	7,045
Provisions on new loans and advances[1]	62	43	58	163
Decreases due to derecognition[2]	(78)	(44)	(50)	(172)
Transfers between stages[3]:				
Stage 1	(230)	109	121	–
Stage 2	255	(432)	177	–
Stage 3	95	20	(115)	–
Change due to movement between stages[4]	(296)	575	1,562	1,841
Change due to reassessment[5]	(5)	(9)	(191)	(205)
Change due to model methodology[6]	(54)	42	268	256
Release of provision on settled/written off accounts[7]	(104)	(675)	(1,946)	(2,725)
Other credit provisions[8]	(52)	131	(969)	(890)
Total provisions as at 31 March 2025	1,373	966	2,974	5,313
Provisions on undrawn commitment	(389)	(108)	(40)	(537)
Provisions on loans and advances to customer as at 31 March 2025	984	858	2,934	4,776

Notes to the Financial Statements

27. Credit Risk Management (continued)

Credit quality as at 31 March 2026	Stage 1 £'000	Stage 2 £'000	Stage 3 £'000	Total £'000
Low risk	21,087	22	25	21,134
Medium risk	7,676	546	137	8,359
High risk	1,375	1,012	2,685	5,072
Delinquent	–	2,776	975	3,751
Defaulted	–	–	2,940	2,940
Other lending[1]	–	–	392	392
Gross loans and advances to customers	30,138	4,356	7,154	41,648
Effective interest rate adjustment	–	–	–	542
Provision allowance	(1,808)	(1,601)	(3,659)	(7,068)
Net loans and advances to customers	28,330	2,755	3,495	35,122
Coverage ratio (%)	6.00%	36.75%	51.15%	16.97%

Notes to the Financial Statements

27. Credit Risk Management (continued)

Credit quality as at 31 March 2025	Stage 1 £'000	Stage 2 £'000	Stage 3 £'000	Total £'000
Low risk	17,557	28	15	17,600
Medium risk	2,813	324	143	3,280
High risk	323	1,025	2,526	3,874
Delinquent	–	1,759	954	2,713
Defaulted	–	–	2,231	2,231
Other lending[1]	–	–	456	456
Gross loans and advances to customers	20,693	3,136	6,325	30,154
Effective interest rate adjustment	–	–	–	74
Provision allowance	(984)	(858)	(2,934)	(4,776)
Net loans and advances to customers	19,709	2,278	3,391	25,452
Coverage ratio (%)	4.76%	27.36%	46.39%	15.84%

[1]Other lending consists of customers with an unarranged negative balance position.

Notes to the Financial Statements

27. Credit Risk Management (continued)

Credit quality definitions

Quality	12 Month PD	Description
Low risk	0% to 7.99%	Up to date – very high likelihood of full recovery
Medium risk	8% to 19.99%	Up to date – high likelihood of full recovery
High risk	20% to 99.99%	Up to date – low likelihood of full recovery
Delinquent		Up to three payments in arrears but have not defaulted
Defaulted		At least four payments in arrears, insolvent, bankrupt or forbearance

28. Liquidity Risk Management

Liquidity risk is the risk that the Bank is unable to meet its obligations as they fall due or can only do so at exceptional cost. This requires the Bank to have sufficient funds at all times, available as needed. The Board's liquidity risk appetite is to meet all liabilities as they fall due. The contractual maturities of assets and liabilities are calculated based on the contractual cashflows. The undiscounted contractual maturities are shown below.

The contractual maturity may differ from the observed maturity. Loans and advances to customers may be repaid earlier in line with the contractual terms and conditions. Investment securities may not be held to maturity in accordance with the Treasury strategies adopted. Customer deposits, whilst they are repayable on demand, show a behavioural maturity which is usually longer than their contractual maturity.

Notes to the Financial Statements

28. Liquidity Risk Management (continued)

Contractual maturity of financial assets and liabilities - As at 31 March 2026

Financial assets	On demand £'000	Less than 3 months £'000	Between 3 and 6 months £'000	Between 6 months and one year £'000	Over one year £'000	Total £'000
Cash and balances at banks	378,535	–	–	–	18,297	396,832
Loans and advances to customers	–	415	–	–	34,580	34,995
Investment securities	–	46,269	46,778	55,041	207,223	355,311
Other financial assets	3,761	403	–	–	1,396	5,560
Total financial assets	382,296	47,087	46,778	55,041	261,496	792,698
Financial liabilities						
Customer deposits	714,031	–	–	–	–	714,031
Other financial liabilities	9,779	3,861	–	–	6,976	20,616
Debt instruments and borrowing	–	120	121	239	3,341	3,821
Total financial liabilities	723,810	3,981	121	239	10,317	738,468
Net financial assets	(341,514)	43,106	46,657	54,802	251,179	54,230

Notes to the Financial Statements

28. Liquidity Risk Management (continued)

Contractual maturity of financial assets and liabilities - As at 31 March 2025

Financial assets	On demand £'000	Less than 3 months £'000	Between 3 and 6 months £'000	Between 6 months and one year £'000	Over one year £'000	Total £'000
Cash and balances at banks	351,711	–	–	–	17,377	369,088
Loans and advances to customers	–	328	–	–	25,377	25,705
Investment securities	–	30,881	75,784	62,397	111,738	280,800
Other financial assets	4,636	624	–	–	1,804	7,064
Derivative financial assets	–	–	–	–	–	–
Total financial assets	356,347	31,833	75,784	62,397	156,296	682,657
Financial liabilities						
Customer deposits	625,776	–	–	–	–	625,776
Other financial liabilities	10,571	3,105	–	–	3,927	17,603
Debt instruments and borrowing	–	120	121	239	3,821	4,301
Total financial liabilities	636,347	3,225	121	239	7,748	647,680
Net financial assets	(280,000)	28,608	75,663	62,158	148,548	34,977

Liquidity risk is managed by the Bank's treasury team. Reporting and management of liquidity risk is monitored by ALCO, which meets on a monthly basis. The Bank holds its surplus assets in overnight deposits with the central bank and in Treasury bills, Gilts and Supranational bonds which can be liquidated on demand to provide liquidity. The key metric used to monitor liquidity risk is the liquidity coverage ratio (LCR). At year end and at all times throughout the year, the Bank was significantly in excess of all liquidity targets.

Notes to the Financial Statements

29. Market Risk Management

Market risk is the risk that changes in market conditions may adversely impact the Bank's capital or earnings.

The Bank does not operate a Trading Book and does not take trading positions. However, its primary exposure to market risk is through interest rate risk in its banking book (IRRBB). IRRBB is the risk of losses arising from exposures to absolute and relative movements in interest rates where there is a mismatch between interest rate sensitive assets and liabilities. These losses can arise from financial assets or liabilities being adversely affected by the movement in market prices, interest rates or exchange rates. It can be reflected in near term earnings or in the longer-term capital because of changes in the economic value of future cashflows.

The Bank has a policy to manage IRRBB within set parameters, using a combination of hedging strategies and instruments including managing maturity mismatches through its portfolio of fixed rate Gilts, T-Bills and Supranational bonds. The Bank measures and assesses IRRBB primarily through potential changes in the economic value of equity (EVE) under six prescribed interest rate shock scenarios. The largest ΔEVE from the six scenarios as at 31 March 2026 is £(749)k (2025: £(1,152k). The bank also monitors its gross exposure to a change in net interest income (ΔNII) over 12 months from a 100 basis points movement in interest rates.
The Bank is not materially impacted by other market risks such as currency exchange.

30. Regulatory Capital

A reconciliation of shareholders funds shown in the Statement of Financial Position to regulatory capital is presented below. Zempler has met all regulatory capital requirements during the period.

The level of capital held by the Bank is measured against the regulatory framework, defined by the Capital Requirement Directive and Regulation (CRR & CRD IV), as implemented in the UK by the PRA.
Full details of the Bank's regulatory capital and calculation of its regulatory total capital requirement are included in the Pillar 3 report published on the Bank's website.

The Bank maintains its capital at a level that supports the future plans of the business. The Board manages its capital levels for both current and future activities as well as its risk appetite and capital requirements under stress scenarios as part of the ICAAP. The ICAAP defines the Board's view of the Bank's risk appetite and forms the Bank's capital plan for use by management to assess the resilience of the Bank against economic and idiosyncratic shock events.

Notes to the Financial Statements

30. Regulatory Capital (continued)

	31 Mar 2026 £'000	31 Mar 2025 £'000
Shareholders' funds	36,791	32,779
Regulatory deductions:		
Intangible assets	(4,420)	(5,827)
Deferred tax deduction	(1,643)	(2,856)
Other deductions	–	–
Tapered allowance for impact of IFRS9	–	632
Common equity tier 1 (CET1) capital	30,728	24,728
Tier 2 debt	3,000	3,000
Adjustments to tier 2	(1,973)	(1,373)
Tier 2 capital	1,027	1,627
Total regulatory capital	31,755	26,355

Note: Regulatory deductions and adjustments to Tier 2 have not been subject to audit. CET1 capital is calculated based on the audited financial statements figures.

Notes to the Financial Statements

30. Regulatory Capital (continued)

	31 Mar 2026 £'000	31 Mar 2025 £'000
Credit risk exposure	33,364	29,569
Operational risk exposure	107,953	98,418
Other	–	–
Total risk weighted assets	141,317	127,987
Common equity tier 1 ratio	21.7%	19.3%
Total capital ratio	22.5%	20.6%
Leverage ratio (UK definition)	8.0%	8.0%

Note: Risk weighted assets and ratio calculations have not been subject to audit.

Notes to the Financial Statements

31. Undrawn commitment and contingent liabilities

Loans and advances to customers commitments	**31 Mar 2026** £'000	**31 Mar 2025** £'000
Undrawn credit card commitments	23,559	18,880
Undrawn overdraft commitments	15,898	9,225
Total commitment	39,457	28,105

Customer credit commitments are granted as part of normal product facilities which are offered to customers. Customer credit commitments comprise undrawn facilities granted on credit cards and overdraft facilities. Even though these obligations are not recognised on the balance sheet, they do contain credit risk and an allowance for ECL is calculated and recognised for them (see Note 19 and 27). When these commitments are drawn down or called upon and meet the recognition criteria as detailed in Note 2(ix), these are recognised within loans and advances to customers.

The Bank had no contingent liabilities as of 31 March 2026 (31 March 2025: £nil).

32. Related Party Transactions

Key management personnel are deemed to be the Directors and their remuneration is disclosed in Note 6.

	31 Mar 2026 £'000	**31 Mar 2025** £'000
Recognised through the Statement of Comprehensive Income		
Directors' remuneration	1,709	1,357

Notes to the Financial Statements

33. Controlling party

On 27 February 2026, 100% of the issued ordinary share capital of Zempler Bank Limited (“Company” or “Bank”) was acquired by The Access Bank UK Limited (ABUK).

ABUK is a wholly owned subsidiary of Access Bank Plc, which is incorporated in Nigeria and is itself a subsidiary of Access Holdings Plc, a publicly listed company in Nigeria. Access Holdings Plc is therefore the ultimate controlling party of Zempler Bank Limited as at the reporting date.

The Company is a member of a group of undertakings whose ultimate parent is Access Holdings Plc, a financial services holding company incorporated in Nigeria. This is the largest group of undertakings for which consolidated financial statements are prepared. The consolidated financial statements of Access Holdings Plc are publicly available on the Group’s website at www.theaccesscorporation.com

The smallest group of undertakings for which consolidated financial statements are prepared and of which the Company is a member is The Access Bank UK Limited, whose registered office is at 4 Royal Court, Gadbrook Park, Northwich, Cheshire, CW9 7UT, United Kingdom. The consolidated financial statements of The Access Bank UK Limited are publicly available on its website at www.theaccessbankukltd.co.uk.

Prior to the acquisition, the Zempler was ultimately controlled by Trident Capital Management VI, LLC, which acts as the General Partner of Trident Capital Fund VI LP, a fund that previously held a majority shareholding in Zempler. Both Trident Capital Management VI, LLC. and Trident Capital Fund VI LP. are entities incorporated in the United States of America.

At the reporting date, Zempler is a member of the Access Bank group. However, the most recent consolidated financial statements of the parent undertakings, prepared to 31 December 2025, do not include Zempler, as the acquisition occurred on 27 February 2026. Zempler will be included in the consolidated financial statements of both The Access Bank UK Limited and Access Holdings Plc for the year ending 31 December 2026.

Notes to the Financial Statements

34. Post Balance Sheet Events

There have been no material events affecting the Bank between 31 March 2026 and the date of approval of the financial statements.

35. Gross Revenue

	31 Mar 2026 £'000	31 Mar 2025 £'000
Interest income	36,810	36,899
Fee and commission income	31,161	31,282
Total	67,971	68,181

Gross revenue has been included as an alternative performance measure note to the statements to allow transparency of the underlying revenue items before charges.

ZEMPLER BANK