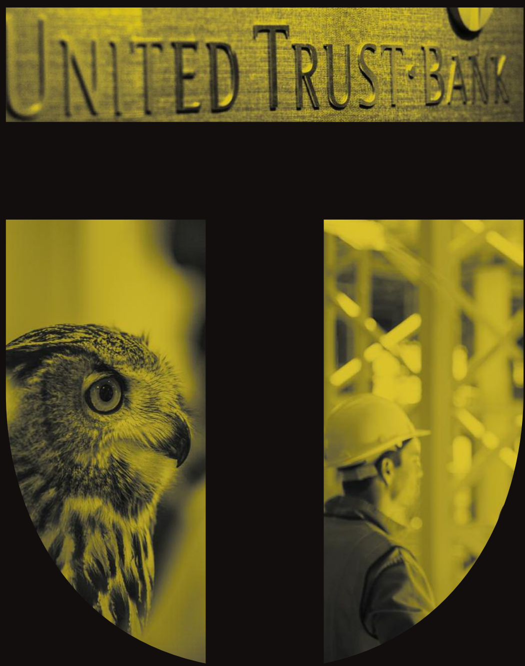


Report & Accounts 2018


UNITED TRUST BANK
TEAMWORK
SERVICE
INTEGRITY
TENACITY

CONTENTS

CHAIRMAN'S REPORT

2018 was another year of growth in which United Trust Bank expanded, diversified and delivered an excellent return on equity, whilst managing risk and investing for future growth.

The global economic uncertainty which I noted last year has, if anything, increased. Economic growth in the UK continues to be slow, with the economy dominated by the lack of clarity over how the UK leaves the EU. Retail sales have been sluggish, investors are holding back and there have been a number of high profile business insolvencies. In general UK property prices have softened, but the picture varies according to region and property value, with high value properties in London and the South East being most affected. Nonetheless, the UK continues to have a shortfall of core housing stock and, whilst we remain cautious about high end properties, we are very much open for business and have a healthy pipeline of new loans.

The competitive environment continues to put downward pressure on margins and returns with new entrants entering the market and some departures. However, as an established fully regulated Bank with a highly experienced management team, United Trust Bank is well placed to maintain its growth trajectory. We aim to deliver sustainable superior returns on equity whilst carefully controlling the risks we take.

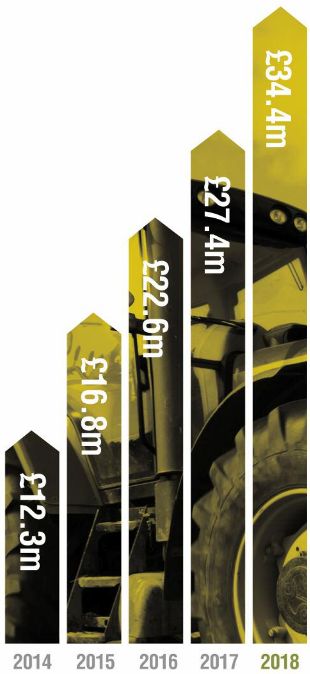
A particular highlight of the year was the launch of our new Motor Finance division, which required new staff, a new office, a new system, and all the associated governance and credit policies and processes to enter a new sector. This was accomplished in a remarkably short time, thanks to intense and effective collaboration between teams across the Bank, and launched in October.

I would like to thank my colleagues on the Board for their valuable contributions throughout the year and also to thank the whole team at United Trust Bank for their exceptional drive, focus and hard work. Notwithstanding the political impasse that exists as I write, the balanced structure of the business and its approach to risk allow me to look forward to 2019 with confidence.

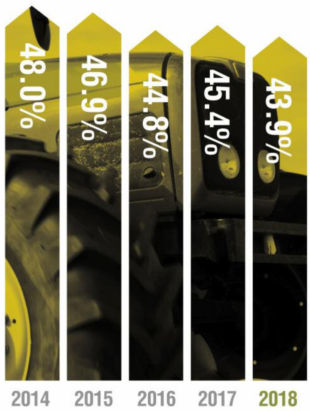
Richard Murley
Chairman
28 February 2019

HIGHLIGHTS

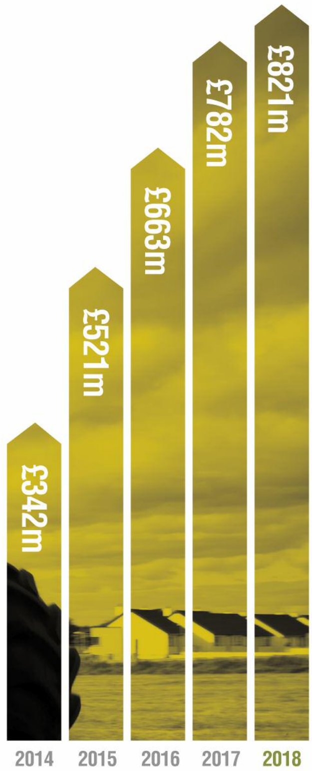
22% ^ £61.2m
OPERATING INCOME



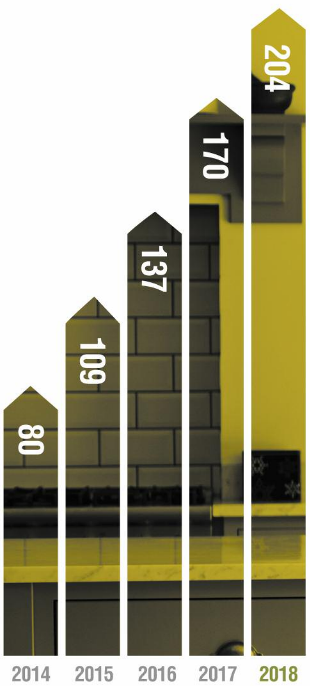
25% ^ £34.4m
OPERATING PROFIT*



43.9%
COST INCOME RATIO*



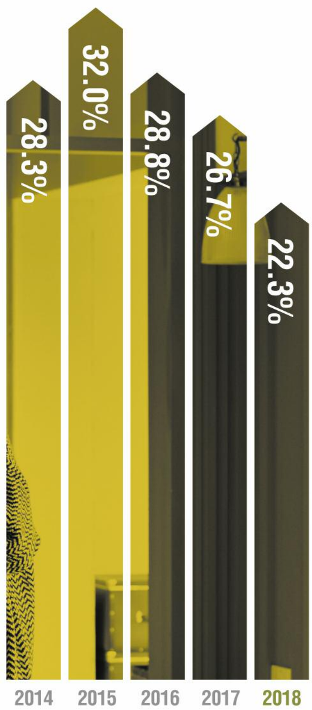
5% ^ £821m
GROSS NEW LENDING



20% ^ 204
STAFF NUMBERS

20% ^ £1034m
LOAN BOOK

16% ^ £1009m
DEPOSIT BOOK



22.3%
RETURN ON EQUITY

* Excludes provision for impairment losses (see page 26).

STRATEGIC REPORT

It is with great pleasure that we report another year of solid growth at United Trust Bank ("the Bank" or "the Company"), with our loan and deposit books both exceeding £1bn for the first time. Profit before tax grew 19.3% to £31.4m and return on equity was 22.3%.

The increase in profits was driven by growth in the balance sheet combined with good cost management, which lowered the cost to income ratio.

Product diversification continued in 2018 with the launch of a new Motor Finance division, the expansion of our mortgage products into first charges, the introduction of savings accounts for new ISA subscriptions and the provision of savings products to customers on the Hargreaves Lansdown Active Savings platform. We are in the process of introducing a number of system innovations which will improve customers' and brokers' experiences when interacting with the Bank.

In 2018 the Bank once again won a number of awards across its lending and deposit businesses. The sheer range of awards in 2018 exceeded anything in the Bank's history as can be seen from the list below. It is clear that the work done over many years has been recognised and appreciated by customers and brokers right across our product range.

Staff numbers increased once again and we opened our first office outside of London, where the new Motor Finance team is based. This also provides a convenient base for staff who operate in the Midlands and North.

The economic environment

Last year we noted that political and economic risks across the world were high. During 2018 these risks have increased in many ways: with the US imposing new tariffs on trade with China; the US government shutdown across the year end; Chinese exports falling; rising populist factions in a number of countries; and, of course Brexit, in the UK, which has dominated the political agenda and economic outlook, all increasing uncertainty.

Off the back of rising inflation, the Bank of England increased its Base Rate to 0.75% from 0.50% in August. This was signalled as the start of a series of rises, but uncertainty around Brexit has dampened expectations that a subsequent rise is imminent, at least until the uncertainty has been resolved. A weak government and arguably weak opposition add to the uncertainty.

Against this backdrop, the UK still suffers from a shortfall of housing and there is significant political support for residential construction to address this shortfall. As an experienced lender to property developers, we believe the Bank is well placed to fund developers and help houses to be built. The British Business Bank's Enable Guarantee, which we entered into in late 2017, provides additional funding capacity to our property development team and helps implement Government policy to improve funding access for SME developers.

Principal activities and business model

The Bank operates as a credit institution, raising capital and deposits and lending these funds to a range of borrowers. It does not provide advice. Focus has been on developing expertise in a set of niche markets so that the Bank's market position is defensible. The Bank concentrates on providing excellent service and specialised lending products of a size that is generally smaller than that which clearing banks consider, so that the Bank has a strong value adding offering to its customers.

The Bank has continued to extend its range of products and the duration of its lending and plans to maintain this path. Its policy is to take sufficient deposits to meet its lending and liquidity appetite and to tailor its growth to its ability to manage capital, liquidity and operational requirements comfortably.

The Bank has continued to invest in systems that improve efficiency and enable relatively unconstrained growth. It has been a steady employer of experienced career credit bankers with considerable market knowledge and practical expertise, augmented with a growing number of staff who are earlier in their careers and to whom the Bank offers appropriate training and development opportunities.

Specialist Bank of the Year Bridging and Commercial Awards
Secured Loan Lender of the Year Specialist Finance Introducer
Best Business Savings Fixed Rate Moneynet Awards
Best Charity Savings Account Provider Savings Champion
Best Customer Service Savings Champion
Best Second Mortgage Lender What Mortgage Awards
Best Second Charge Mortgage Lender Financial Reporter Awards
Best Secured Loan Lender Mortgage Strategy Awards
Deal of the Year Leasing World Awards
Development Lender of the Year Specialist Finance Introducer

Review of operations
Profit before taxation for the year ended 31 December 2018 was £31.4m (2017: £26.4m) equating to growth of 19.3%. The cost income ratio fell from 45.4% to 43.9%, despite the costs associated with the launch of the Motor Finance division. This reduction in the cost income ratio reflects increasing scale effects throughout the business and the Mortgage division in particular. Our projections indicate that the cost income ratio will continue to fall as scale increases further and we invest in systems to improve efficiency.

Interest receivable and similar income was £80.6m, an increase of 23.6% over the previous year. Operating income, comprising net interest income and net fees, increased by 21.9% to £61.2m (2017: £50.2m). Impairment losses equated to 0.30% of average loan balances (2017: 0.15%). The increase over last year was due to specific circumstances relating to a few loans, rather than as a consequence of any systemic issues arising across the book as a whole.

Total assets reached £1,186m, an increase of 17.0%, which was driven by growth in loan balances across all divisions. Total customer loan assets increased by 20.0% to £1,034m, while customer deposit balances increased by 15.5% to reach £1,009m. The lower deposit growth increased the efficiency of the balance sheet which helps support net interest margins.

In line with the sector, we continue to experience some margin compression in certain lending products, while deposit costs increased slightly from 1.78% to 1.85%.

We expect aggregate margin reduction to continue as our mortgage products become a greater proportion of the overall loan book. These generate lower interest margins and fees than our traditional lending divisions, but have longer duration, remaining on the books for many years, while requiring significantly lower capital. Accordingly, whilst the Bank's average margin will reduce, the mortgage lending business provides a good balance to the loan book by diversifying risk, underpinning earnings and reducing payment flow volatility. The newly launched Motor Finance business adds an additional medium term book, with higher margins and predictable and regular cash flows.

Treasury
Customer deposits exceeded £1bn for the first time growing by 15.5%, across 23,000 accounts. The FSCS deposit guarantee scheme covers over 89% of aggregate deposit balances. The majority of our deposit customers are retail, but we are increasing the proportion of SME customers. During the year we extended our ISA offering to take on new ISA subscriptions and further developed our relationship with Hargreaves Lansdown. We are in the final stages of a project to introduce online self-service facilities to enable our deposit customers to maintain their accounts directly.

We continue to maintain a high level of liquidity with buffer and surplus balances held in a Reserve Account at the Bank of England. Operational balances are held with UK clearing banks. The Bank continues to participate in the Bank of England's Funding for Lending scheme ("FLS"), which we entered into in 2016 and will mature in 2022. Given the limited scale of our FLS participation, we consider the refinance risk in 2021 to be negligible.

Principal risks and uncertainties
The Bank classifies the risks it faces into various categories. Further detail on these categories and the Bank's approach to risk management can be found in the Risk Management Report set out on pages 9 to 14.

At present, the principal risks and uncertainties which the Bank is faced with are:

- Economic environment: we consider economic risk to be elevated at present due to the potential impact of Brexit on the UK economy, and weakness in the UK housing and commercial property market. On Brexit, the Bank only operates in the UK and in Sterling, so is relatively isolated from any direct consequences of separating from the rest of the EU. Nonetheless, a poor Brexit outcome would impact the UK economy and / or housing market, which could reduce the Bank's future growth and increase loan impairments, if property sale prices fall materially or sales are significantly delayed. However, the Bank has, for some considerable time, reduced its risk appetite for lending secured against prime London properties, arguably one of the most volatile sectors, and primarily funds family homes, where we believe there is a shortage of supply, and thus more support for prices. We have also undertaken stress testing to assess the financial and operational resilience of the Bank under an extreme but plausible no deal Brexit scenario. As part of the stress testing, we identified a number of management actions, including reducing lending volumes and an increased focus on cost control, which could be implemented to mitigate the impact of a no deal Brexit and ensure the Bank remains profitable, liquid and adequately capitalised.
- Credit: credit risk is the risk that the Bank's counterparties will be unwilling or unable to meet their obligations to the Bank as they fall due. It is the Bank's most significant risk. It is mitigated through strict underwriting standards and a pro-active approach to managing arrears and defaults. Credit risk is currently elevated due to the uncertainties around the outlook for the UK economy and UK housing market, as noted above.
- Interest rates: interest rate risk is the risk that the value of the Bank's assets and liabilities or its profitability will fluctuate due to changes in interest rates. Whilst the base rate remains at historic lows, the Bank of England has guided that it is likely to increase rates gradually over the coming years, but timing is not clear. The withdrawal of the FLS and the Term Funding Scheme ("TFS") will mean that all new lending will need to be funded by the market, which may increase deposit rates, and in due course, the FLS and TFS funding will itself need to be refinanced. Less than 3% of the Bank's current requirements are funded via FLS. The Bank does not have any TFS funding.
- Cyber security: Cyber risk is a form of operational risk and is the risk of the Bank's systems being penetrated to steal data or otherwise

The Bank's Total Capital Ratio was 17.2% (2017: 14.6%)

cause harm or disruption. Mitigating this risk is an ongoing and increasing challenge for any institution. The Bank has dedicated cyber security staff and resources who manage a range of preventative and detective measures. Nonetheless, we remain vigilant and plan to continue enhancing our arrangements to counter this increasingly complex and evolving threat.

- Regulatory requirements: Prudential regulation of banks has now stabilised whilst conduct regulation and risk continues to evolve at a fast pace. Requirements are often highly prescriptive and cover a wide range of topics, such as capital, liquidity and conduct. To manage the Bank's compliance with new and existing requirements, the Bank employs experienced professionals in the relevant areas, conducts continuous quality assurance work, has a mature and comprehensive governance framework and maintains an active and open relationship with its regulators.

Regulation

The Bank's Common Equity Tier 1 ("CET1") ratio was 13.1% (2017: 10.4%) at the end of the year, and its Total Capital Ratio was 17.2% (2017: 14.6%), comfortably exceeding the Bank's Total Capital Requirement ("TCR") (excluding regulatory buffers) of 10.23% (2017: 10.80%).

In June the Bank issued £10m of new equity, increasing regulatory CET1 resources by the same amount.

In November the previously announced increase in the Countercyclical Capital Buffer requirement to 1% took place. The Capital Conservation Buffer also increased, by 0.625% to 1.875% on 1 January 2018, and by the same amount again on 1 January 2019 to a total of 2.5%. This completes the phasing in of these regulatory buffer requirements. The total amount committed to these regulatory buffers of 3.5% consumes £30.7m CET1 capital.

The Bank successfully updated its policies, procedures and systems to comply with the General Data Protection Regulation which was introduced in May.

Environment and society

The Bank takes its environmental and societal responsibilities seriously. We support a staff-nominated charity each year and match donations of staff.

Staffing and management

Staff numbers exceeded 200 for the first time, a 20% increase from 2017. We expanded our office in London and added a regional office near Manchester. This provides a base for our Motor Finance originations team and for other staff whose customers are in the Midlands and North of the country.

New staff joined across all areas of the Bank and we expanded our senior management and control functions to ensure an appropriate control culture is maintained as the Bank grows.

During the year, to help support the Bank's culture, we introduced individual staff value awards, to identify and reward staff whose behaviour exemplified the Bank's values.

Future developments

Looking ahead, we aim to continue to extend our presence in the sectors we operate within, whilst managing credit risk and controlling costs and margins. We judge that significant market share growth can be achieved in our existing product sets.

We aim to continue to introduce technology solutions which will improve the customer and broker experience and increase the efficiency of the Bank's processes.

We recognise the importance of preserving the Bank's culture and values as staff numbers grow. To support this we have been enhancing our staff performance and objectives setting processes, promoted awareness of the Bank's values, and continue to refine and enhance our training programmes for staff. Our staffing projections include a balanced mix of employees, with front line customer facing staff supported by appropriate systems and appropriately staffed control and oversight functions.

Summary

The Bank has completed another year of significant growth and diversification whilst maintaining profitability and return on equity at high levels. We operate in large growing markets where the clearing banks are less active. We have experience of developing and building business units, and of collecting loans in less benign markets.

We begin 2019 with our loan and deposit books over £1bn, well capitalised and highly liquid, with a balanced, experienced and highly effective team. Notwithstanding the uncertain economic and political environment, we are planning for another year of growth and solid returns for our shareholders, but will review our plans as the future of the UK's relationship with Europe evolves.

On behalf of the Board and Management team, we extend our thanks to our customers and brokers for their support and to all our staff, across all departments, for their contribution towards achieving these results. It is our staff's dedication, consistent hard work, focus and passion for getting things right that makes the Bank what it is. It is a privilege to work with such a talented team.

We look forward with confidence to the years ahead.

Approved by the Board and signed on its behalf by:

Graham Davin
Chief Executive Officer
28 February 2019

CORPORATE GOVERNANCE REPORT

United Trust Bank Limited is an unlisted company and therefore the UK Corporate Governance Code (2016) does not apply. The Board has sought to comply with a number of the provisions of the UK Corporate Governance Code in so far as it considers them to be appropriate to a company of the Bank's size and nature.

The Board

The Board of Directors includes the non-executive chairman, five non-executive directors and four executive directors, as listed on pages 17 to 18. The Board is chaired by Richard Murley who is responsible for its effectiveness. The size and composition of the Board is kept under review to ensure an appropriate balance of skills and experience is maintained.

The Board meets at least six times during a year, based on a defined timetable, and additionally when required. The Board is responsible for establishing and monitoring the Bank's strategy and risk appetite and approving related policy statements. These policy statements establish the Bank's overall appetite for risk and set out the control environment within which it operates. Implementation of the strategy and these policies is the responsibility of the Management Committee who report to the Board.

The Board has oversight of how management implement the Bank's strategy and retains control through challenge at Board and committee meetings. All members of the Board receive accurate and timely information to enable them to effectively participate in discussions.

The Board is responsible for ensuring that management fulfils its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements.

The Board approves the level of risk that the Bank is willing to accept and is responsible for maintaining a sufficient control environment to manage the key risks. The Board is also responsible for ensuring the capital and liquidity resources are adequate to achieve the Bank's objectives. The Board also maintains close oversight of current and future activities through Board reports which include a combination of financial results, operational reports, budgets, forecasts and reviews of the main risks as documented in the Internal Capital Adequacy Assessment Process ("ICAAP") and Internal Liquidity Adequacy Assessment Process ("ILAAP") reports.

The performance of the Board is kept under review through an evaluation process. Regular training is also provided to members of the Board to ensure they are kept up to date with any changes to the regulatory environment within which the Bank operates.

Audit Committee

The Audit Committee is chaired by Andrew Herd, a non-executive director, and includes Stephen Lockley, another non-executive director; both are chartered accountants. The committee reviews the effectiveness of the Bank's internal controls, approves the internal audit programme and examines completed internal and external audit reports. It considers the major findings and ensures, via management, that recommendations are implemented and reported to the Board where necessary. Any significant judgements and accounting policies in relation to financial reporting are reviewed and challenged by the committee. The committee assesses Internal Audit resources and confirms that these are sufficient to fulfil their responsibilities.

The committee ensures the financial statements give a true and fair view, and provide the reader with sufficient information to assess the Bank's performance. The committee also appraises the performance of the internal audit function and the independence of the external auditors. The committee reviews the appointment of external auditors at intervals of not more than three years and approves the audit fees.

Risk Committee

The Risk Committee is chaired by Stephen Lockley, a non-executive director, and includes Andrew Herd, a non-executive director.

Alice Altemaire, also a non-executive director, joined the committee on 1 January 2019. The Risk Committee is responsible for advising the Board on the Bank's risk management framework.

The committee considers the Bank's risk profile relative to current and future strategy and risk appetite and identifies any risk trends, concentrations of exposures and any requirements for policy change. The risk profile of the Bank is reviewed and monitored through a continuous process of identification, evaluation and management of all material risks including any longer term strategic threats to the Bank.

The committee also reviews, challenges and recommends to the Board for approval, the risk appetite, risk measures and risk limits, taking into account the Bank's capital and liquidity adequacy, the Bank's operational capabilities and the external financial environment. It considers, oversees, challenges and advises the Board on the Bank's exposure to all significant risks to the business. It ensures that current and forward looking aspects of risk exposure are considered, especially for risks that could undermine the strategy, reputation or long term viability of the Bank.

The Risk Committee is also responsible for monitoring and reviewing the effectiveness of the Compliance function including its independence, objectivity and resourcing.

Remuneration Committee

The Remuneration Committee is chaired by Michael Lewis, a non-executive director, and includes Richard Murley, the Chairman of the Board. The role of this committee is to consider remuneration policy, regulatory obligations and specifically to approve the remuneration and other terms of service of executive directors and senior managers.

The committee ensures that the remuneration policy is managed in a way which is appropriate to the Bank's size, internal organisation and the nature, scope and complexity of the Bank's activities. This policy provides a framework to attract, retain and motivate employees to achieve the objectives of the Bank within its stated risk appetite and risk management framework. The committee also ensures the remuneration policy is in accordance with the regulatory framework as set out in the Remuneration Code.

The Chairman of the Board, together with the Chief Executive Officer recommends the fees payable to the non-executive directors. The Remuneration Committee approves the annual salary and bonus proposals for executive directors and staff. The committee meets semi-annually and additionally when required.

Management Committee

The Management Committee is chaired by the Chief Executive Officer, Graham Davin, and includes the executive directors of the Bank, the Chief Risk Officer, the Chief Credit Officer, the director of the Mortgage Division and the Head of Human Resources. The executive directors provide a direct link to the Board. The committee meets monthly to discuss and implement the strategy of the Bank, as approved by the Board, and to oversee the effective monitoring and control mechanisms within the Bank.

The committee considers the major projects of the Bank, its response to market conditions, key personnel and significant events. It does not focus on day-to-day operations which are delegated to other committees and are the responsibility of line managers. It considers all exceptional items and reviews the risk profile, capital, liquidity and performance of the business.

RISK MANAGEMENT REPORT

Risk is inherent in all aspects of the Bank's business. The Bank's risk management framework is designed to support business activities within the Board's defined risk appetite. The risk management framework and the governance arrangements are designed to ensure that there is a clear organisational structure with defined lines of responsibility and appropriate processes to identify, manage, monitor and report the risks which the Bank is or may become exposed to. It also ensures that the risks which the Bank is or may become exposed to are appropriately identified and that those which the Bank decides to assume, are managed so that the Bank is not subject to material unexpected loss.

Risk management framework
The Bank's risk management framework incorporates its approach to risk management and covers the risk management strategy, risk appetite, risk culture and risk governance. It details the risk management process and how different elements of the risk framework such as the risk appetite, stress testing, the ICAAP, the ILAAP and recovery planning link to each other.

The risk management framework:

- is the overarching framework under which all risk frameworks, policies, and procedures are developed;
- sets out the standards under which risk is managed and applies to all risks taken and managed by the Bank;
- sets out the roles of the Board as ultimately responsible for the risk and control environment of the Bank, as well as the executive management committee structures, roles and responsibilities with respect to risk management;
- confirms that the Bank follows the three lines of defence model and sets out the role of each line; and
- recognises the importance of having a robust risk aware culture.

Risk management strategy
The purpose of the risk management strategy is to:

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

Risk appetite statement
The Bank creates value by assuming risk. As part of its annual strategy and budget setting process the Board considers its key objectives and defines how much risk the Bank is willing to assume in relation to its business strategy. The level of risk that the Bank can assume and the strategy are informed by:

- the results of stress tests and scenario analysis that are performed by the finance and risk departments; and
- the Bank's risk capacity.

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

The Board expresses the risk that can be assumed in each risk category as follows:

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

The Bank's Board approved risk appetite is documented in the risk appetite statement which is maintained and updated by the Chief Risk Officer.

The risk appetite statement details monitoring and escalation levels for risk metrics, including capital and liquidity, as follows:

- Appetite Early Warning Level
- Appetite Level
- Recovery Early Warning Level
- Recovery Level

The escalation levels ensure that the Bank can promptly identify a deteriorating position and take corrective action.

The risk appetite statement is reviewed at least annually or whenever there is a material change in the Bank's risk appetite, its activities or the market or economic environment within which it operates.

Management is responsible for proposing and the Board is responsible for reviewing and approving the risk appetite statement.

Business units are responsible for adhering to the risk appetite. The risk appetite statement is communicated to all business units and cascaded to all staff.

The Bank's risk management framework is designed to support business activities within the Board's defined risk appetite.

Risk culture

The Board requires that a sound risk management culture is embedded throughout the Bank in all business operations so that when business decisions are made they:

- take account of risks (i.e. they are "risk-informed");
- are compliant with approved policies;
- are within the defined risk appetite;
- can be monitored; and
- are reported to the appropriate level for oversight.

The Bank's risk culture can be illustrated through the following:

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

The above means that all staff contribute to the implementation of the framework, and that they are aware of the need for risk management and their part in it. All staff are encouraged to identify, address and report risk incidents promptly.

We translate risk strategy into operational objectives and assign risk management responsibilities throughout the organisation.

We have defined values which are communicated to all staff and form part of the annual staff performance and remuneration process.

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

We avoid conflicts of interest in reward structures and develop compensation structures that encourage and promote "prudent" risk taking.

We monitor business decisions and processes to ensure that they continue to be compliant with regulatory requirements.

Risk governance

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

Any material breaches of the Bank's risk management policies, controls and procedures are reported to the Bank's Risk Committee and the Board and Audit Committee where appropriate. The Audit Committee is assisted by Internal Audit, which undertakes regular and ad-hoc reviews of risk management controls and procedures.

Committee responsibilities

Details of the Bank's Board and main committees (Audit Committee, Risk Committee, Remuneration Committee and Management Committee) are set out on pages 7 to 8.

Details of the Bank's other committees are listed below:

Credit Committee	The Credit Committee is responsible for overseeing all credit decisions, including those sanctioned by delegated authority. It ensures credit risk is mitigated to an acceptable level. It regularly reviews loan performance, large exposures and adequacy of provisions. Its role is to ensure that the credit policy is prudent, taking into account changing market trends. In respect of loans sanctioned by delegated authority, the Bank's credit department provides oversight to ensure such sanctioning complies with the Bank's credit policies and procedures.
Asset & Liability Committee ("ALCO")	ALCO meets monthly and ensures that the Bank adheres to the capital, liquidity and interest rate risk appetites and policies, as approved by the Board. It is also responsible for ensuring that the policies that are implemented are in line with regulatory requirements. The committee is also responsible for the effective management of the Bank's assets and liabilities mix and profile, anticipating the impact of future business activity and management actions.
Compliance Committee	The Compliance Committee is responsible for overseeing compliance with non-prudential regulatory requirements and conduct risk.
Operations Committee	The Operations Committee reviews business performance, operations and key issues. It is a forum for business units to share information.

Three lines of defence

The Bank's risk management framework relies on the "three lines of defence" model. All three lines of defence contribute towards the effective management of risk.

First line of defence

The first line of defence comprises the business units that "own" the risk and are responsible for identifying and managing the risks arising within their areas of responsibility. Business units manage risks by operating within approved policies and implementing and maintaining appropriate and effective systems and controls. Policies are approved by authorised committees in line with their terms of reference and are reviewed at least annually with any material changes requiring approval at committee level.

Business units have their own operational process and procedure manuals that document how they conform to approved policies and controls. Similarly they have their own quality control programmes to monitor and assess their adherence to approved procedures. Employees within business units are considered as the first line of defence and are expected to be aware of and own the risks relating to their activities. Face to face training provided by the second line of defence and online training ensures that first line of defence staff are risk aware at all times. The first line of defence is also responsible for maintaining and updating their own departmental risk registers.

Second line of defence

The second line of defence comprises governance and oversight and includes the credit, compliance and risk committees and departments. The second line of defence is responsible for communicating the risk strategy, risk framework and defined risk appetite to the business units, and independently monitors and reviews the activities of the first line of defence against the defined risk appetite. The second line of defence also performs stress testing to assess the Bank's risk exposures and their potential impact under a range of adverse scenarios. The second line of defence prepares reports and analyses the risks faced by the Bank for each key risk. The main functions of the second line of defence are in relation to financial, capital, credit, liquidity, interest rate, operational, conduct and compliance risk. Compliance is led by the Head of Compliance while the Risk department is led by the Chief Risk Officer who reports to the Chief Executive Officer and the Chairman of the Risk Committee.

The second line of defence does not have volume or sales targets, which are specifically excluded from their objectives. The second line of defence develops assurance programmes to review the results of the first line's quality control programmes and also adherence to and effectiveness of policies and controls. Proposals to the Board and the Risk Committee are reviewed and commented on by the second line of defence.

The second line of defence promotes a close working relationship with the first line of defence based on mutual trust, and the ability to support and challenge. The risk function works proactively with business units to identify, challenge, measure, manage, monitor and report the risks arising within the business.

This is achieved by:

- analysing portfolio characteristics, loss drivers, assumptions and internal and external factors to determine the impact and likelihood of potential risks;
- performing scenario analysis to determine best and worst case outcomes, challenging assumptions, considering the interrelationships between risks and changes in expectations; and
- examining events, potential weaknesses in systems, processes and governance arrangements and proposing early warning signals, trigger levels and controls.

Third line of defence

The third line of defence comprises Internal Audit, who provide independent assurance, and is overseen by the Audit Committee. The Head of Internal Audit reports directly to the non-executive Chair of the Audit Committee and administratively to the Chief Executive Officer, and is independent of the first and second lines of defence. The third line sets its own programme of work and has access to the activities of both the first and second lines. It can review adherence to policy and controls in the first line, the monitoring of activity in the second line, and the setting of policy and controls in the second line.

The third line of defence's scope and programme of work is agreed with the Audit Committee to provide an independent assessment of the internal control framework of the Bank.

Stress testing

The Board takes a forward-looking view of strategic, capital and liquidity planning as part of the ICAAP and ILAAP processes. One of the approaches used to facilitate this forward looking perspective in risk management is sensitivity analysis, scenario analysis and reverse stress testing.

Stress testing and scenario analysis are forward-looking risk management techniques used to evaluate the potential effects on the Bank's financial resources, following a specific event and/or movement in a set of risk drivers. They focus on low probability but plausible events that may have actually happened in the past.

Stress testing and scenario analysis is used to understand potential vulnerabilities to exceptional events and potential actions that could be taken to mitigate against the effects of those events. Stress scenarios cover a range of drivers that can create extraordinary losses in banking book positions that may arise as a result of a market event, a credit event or any other risk such as concentration or operational risk. These drivers include low-probability high-impact events in all major risk categories.

Stress testing and scenario analysis help identify and analyse the impact of risks on the Bank's financial resources, and provide context when reviewing and setting risk appetite.

The Bank's stress testing policy includes:

- sensitivity analysis of specific risk drivers;
- scenario analysis which refers to varying a range of parameters at the same time; and
- reverse stress testing which identifies the conditions and severity of a stress event that would result in the Bank's business model becoming unviable or would result in the Bank reaching the point of failure.

Stress testing is used as part of:

- ICAAP to assess the adequacy of the Bank's capital;
- ILAAP to assess the adequacy of the Bank's liquidity reserves;
- recovery planning to assess the effectiveness and adequacy of recovery options; and
- to support strategic decision making.

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

Key risk categories

Key risk categories are determined by reviewing the risk register and identifying the risks that could threaten the achievement of the Bank's strategic objectives, its business model or financial performance. For each key risk category a risk appetite is defined and the Bank's exposure to this risk category is managed and reported against the defined risk appetite.

In the table opposite, we present a summary of the key risks together with their mitigation and a status update for 2018.

Training provided by the second line of defence ensures that staff are risk aware at all times.

Risk category	Mitigation	Status update
Business performance and strategic risk The risk arising from business decisions and improper implementation of decisions	• Well established planning, budgeting and stress testing processes • Regular reporting of performance against budget • Monitoring of economic metrics, developments, industries and economic outlook • Annual review and update of business plan • Regular assessment of risks inherent in strategic decisions.	**Stable** The Bank continues to achieve its business objectives
Capital risk The risk of having insufficient capital to meet regulatory requirements and to support the Bank's growth plans	• The Bank maintains a prudent capital base and has a consistent record of profitability • Regular stress testing and forward looking management of capital requirements • Annual assessment of capital adequacy through the ICAAP process • Maintenance of prudent levels of capital buffers • Active monitoring of changing regulatory requirements	**Decreased risk** As a result of the Bank strengthening its capital base through retained profits and capital raising
Liquidity and funding risk The risk of the Bank being unable to meet its obligations as they fall due or do so only at excessive cost	• The Bank is funded through the stable retail deposit market with most deposits covered by the Financial Services Compensation Scheme • Regular liquidity stress testing performed and forward looking management of liquidity requirements • Annual assessment of liquidity adequacy through the ILAAP process • Maintenance of prudent levels of liquidity • Established policies and detailed limits to manage liquidity risks • Diverse funding profile • Limited wholesale funding (FLS only) • Access to the Discount Window Facility	**Stable** The Bank continues to maintain a stable funding base and prudent levels of liquidity

Risk category	Mitigation	Status update
Credit risk (including concentration risk to groups of borrowers, industry sectors or geographic regions) The risk of financial loss from borrowers who are unable or unwilling to meet their financial obligations to the Bank	• The Bank operates in markets where it has a good understanding and significant expertise • Established policies and procedures that are regularly reviewed and updated • Diversified and fully secured exposures • Well defined risk-based delegated underwriting authorities • Verified borrower credit worthiness and track record • Regular review of portfolio performance and risk appetite • Forward looking assessment of market dynamics • Conservative lending criteria expressed through credit risk rating scores • Established detailed limits to manage exposures including concentration risks	**Stable to increased risk** Although the Bank's markets continue to perform well, the economic environment remains uncertain, the housing market has recently slowed down and the prices of high-value properties in London and the South East have been decreasing
Interest rate risk The risk of loss arising from interest rate changes and the use of different reference rates for pricing assets and liabilities	• Regular ALCO meetings to review the structure of the balance sheet and results of interest rate stress testing • Management of interest rate risk through careful management of the repricing profile of assets and liabilities • Management of basis risk through the management of the structure of the balance sheet	**Decreased risk** The Bank's exposure to interest rate changes reduced during the year and is positioned to benefit from potential interest rate rises
Operational risk The risk of loss arising from inadequate or failed processes, people and systems or from external events	• Established policies and procedures that are regularly reviewed and updated • Experienced staff employed • Formal and on the job training provided • Ongoing Risk and Control Self Assessment process to ensure that risks are identified and managed effectively • Independent assurance testing • Regular risk incident reporting • Specialist cyber risk tools deployed across the Bank • Phishing and cyber training provided to all staff • New governance risk and control system deployed across the Bank • Established and regularly tested Disaster Recovery and Business Continuity Plan arrangements	**Increased risk** As a result of increased scale of operations, reliance on third party service providers and increased threat of cyber crime
Compliance risk The risk of financial loss, regulatory sanctions, or loss of reputation as a result of failure to comply with applicable laws and regulations and standards of good practice	• Regular monitoring of risks by the Compliance Committee • Effective horizon scanning process to identify regulatory change • Straight forward and uncomplicated products • Regular monitoring of customer outcomes through assurance testing and metric reviews • Regular conduct risk reporting • Regular staff training provided • Established processes for anti-money laundering, sanctions and fraud checking at relationship inception and in-life	**Increased risk** As a result of the introduction of Motor Finance lending and the ongoing regulatory change

Emerging risks

Emerging risks refer to those forward-looking risks whose impact and/or likelihood cannot be readily quantified and which have not yet crystallised.

Our key emerging risks are:

Risk event	Description	Our response
Brexit	Until the outcome of Brexit is clearer, including the conclusion of negotiations in relation to the future trading relationship, uncertainty will be significant and may result in reduced economic activity, reduced investment, reduced consumer spending and a slow-down in the property market. As the Bank only operates in the UK, the potential impact is likely to be through second order effects on the UK economy	We closely monitor negotiations and the potential impact on the business. The Bank only operates in Sterling within the UK but is exposed to second order effects of Brexit on the UK economy
Economic environment	A government with an extreme socialist agenda is likely to have an adverse impact on the UK economy	We monitor closely the political situation and UK economic environment and are well funded and capitalised
Cyber attack	Cyber incidents continue to be reported across all industries. A cyber attack on the Bank would be likely to attract bad publicity and cause reputational damage and potentially a regulatory fine	We have strengthened the Bank's cyber defences, deployed cyber risk tools and trained our staff to minimise the likelihood of a cyber incident
Geo-political crisis	Negative political and economic developments across the globe (e.g. increased tension between China and the US) could indirectly have an adverse impact on the UK economy. The Bank is potentially affected indirectly via the influence on trade, inflation and consumer demand	We monitor global economic developments and ensure that we are properly funded and capitalised to withstand potential adverse impacts. We have performed various stress scenarios and understand how the Bank performs under stress and have developed metrics to promptly identify changes in the economic environment

DIRECTORS' REPORT

The directors present their annual report, together with the financial statements and auditor's report for the year ended 31 December 2018.

Principal activities
The Bank's primary activity is the provision of credit on a secured basis in niche markets within the United Kingdom. The Bank provides short to medium-term property loans for both the development of residential dwellings and the bridging of and investment in completed properties and property portfolios, as well as regulated mortgage products. The Bank finances plant, machinery and wheeled assets to small and medium sized enterprises ("SMEs") and motor finance to retail customers. All of the lending activities are funded by the Bank's capital base and a range of fixed and notice period deposit products offered to individuals and SMEs.

Directors
All directors served through the full year. A full list of the directors can be found on pages 17 to 18.

Dividend
No dividend has been declared or paid during the current or prior year.

Auditor and directors' confirmation
Each person who is a director at the date of the approval of this report confirms that:

- So far as each of the directors is aware, there is no relevant audit information of which the Company's auditor is not aware; and
- The director has taken all the steps that he/she ought to have taken to make himself/herself aware of any relevant audit information and to establish the Company's auditor is aware of that information.

This confirmation is given and shall be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006. Pursuant to Section 386 of the Companies Act 1985, an elective resolution was passed on 25 March 2004 dispensing with the requirement to appoint auditors annually. This election was in force immediately before 1 October 2007. Accordingly, Deloitte LLP are deemed to continue as auditor.

Going concern
The directors have, as is appropriate, adopted the going concern basis in preparing the financial statements. Further details regarding the going concern basis can be found in the accounting policies in the notes to the financial statements.

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

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

Future developments
Likely future developments have been covered in the Strategic Report on page 4 to 6.

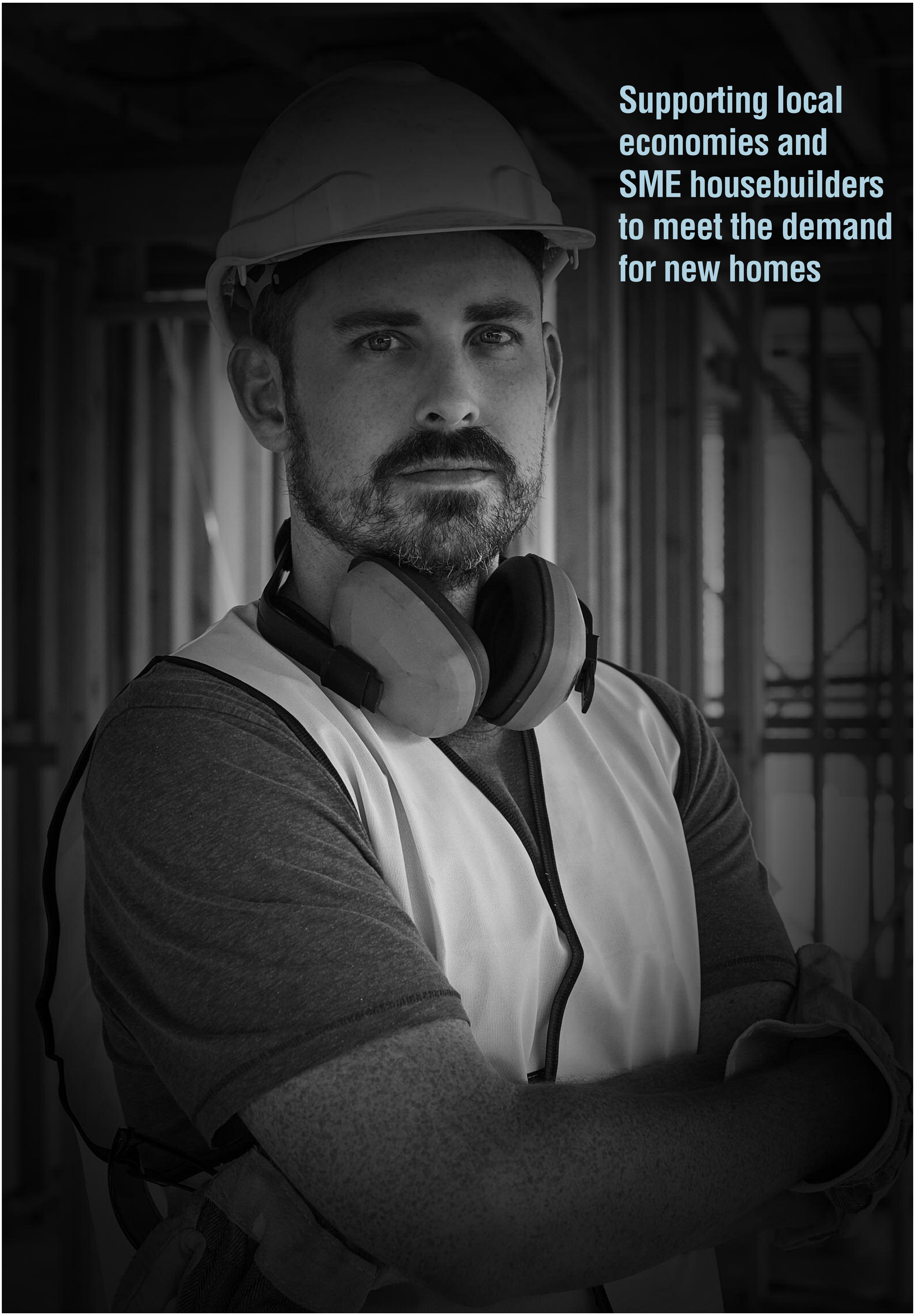
Financial risk management
The disclosures required to be included in the Directors' Report in respect of the Company's exposure to financial risk and its financial risk management policies are given in note 26 to the accounts.

The Bank's Pillar 3 disclosures and Modern Slavery Act statement are available on the Bank's website at www.utbank.co.uk.

Events after the date of the Statement of Financial Position
There have been no significant events after the date of the Statement of Financial Position.

Approved by the Board and signed on its behalf by:

Graham Davin
Chief Executive Officer
28 February 2019



Supporting local economies and SME housebuilders to meet the demand for new homes

BOARD OF DIRECTORS AND COMMITTEE MEMBERSHIP

Richard Murley

Chairman

Richard Murley studied law at Oxford University and began his career at Linklaters & Paines before moving into investment banking with Kleinwort Benson and Goldman Sachs. Following a two-year secondment as Director General of The Takeover Panel, he joined NM Rothschild & Son where he is an Executive Vice Chairman. Richard recently stood down as Chairman of the University College London Hospitals Foundation Trust and is a trustee of Crisis UK, the Royal Society for Medicine, Macmillan Cancer Support and Epilepsy Society, and is a member of the Medical Research Council and The Takeover Panel.

Jonathan Ayres

Executive Director

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

Harley Kagan

Executive Director

Harley Kagan is the Group Managing Director of United Trust Bank, and a chartered accountant. He was previously the Finance Director of United Trust Bank and the UK Operations of Insinger de Beaufort. He has worked extensively in banking and corporate finance, concentrating on acquisitions and disposals, and as a strategy consultant with Cap Gemini.

Graham Davin

Chief Executive Officer

Graham Davin is the principal stakeholder of United Trust Bank. He began his career at Arthur Andersen and was previously Chief Financial Officer and Head of Corporate Finance of Investec Bank and a main board director of Investec for 16 years. He was a founding partner of the Insinger de Beaufort Group and a director of its listed parent and its Dutch bank. He is a non-executive director of The Foschini Group, a listed multi-brand retailing group.

C

Noel Meredith

Executive Director

Noel Meredith is a career banker. He joined Midland Bank after graduating from Cambridge University. He was previously at County Bank and Svenska Handelsbanken and has been at United Trust Bank for 19 years. He has extensive experience in corporate and property lending and heads the Development Finance team.

Management Committee | Risk Committee | Remuneration Committee | Audit Committee | C Chair

Alice Altemaire

Non-Executive Director

Alice Altemaire is Vice President of Group Renault's global financing arm and an executive committee member of RCI Bank and Services. Between 2012 and 2016 Alice was the CFO and Head of the deposit and savings business for RCI Bank UK where she was instrumental in the successful launch of this new savings bank in the UK. Alice also has considerable experience of the global motor finance sector.

Michael Lewis

Non-Executive Director

Michael Lewis has been involved in investment management since 1983, having worked at Ivory & Sime and Lombard Odier. He is Chairman of Strandbags Holdings Pty Limited (Australia), The Foschini Group Limited and Oceana Investment Corporation Limited (UK). He is also a Director of Histogenics Corporation (US) and a Partner of Oceana Investment Partners (UK).

Andrew Herd

Non-Executive Director

Andrew Herd is the Managing Director of Lancashire Court Capital Limited, a London-based investment and consultancy business and of VGC Developments Limited a UK leisure and gaming operator. He is a Non-Executive Director of Nexus Group Limited and Noble Group Holdings Limited. He is a chartered accountant and worked as a merchant banker for many years. He was Managing Director and Head of Financial Institutions at SG Hambros and held senior roles with Paribas Capital Markets and Morgan Grenfell.

Tracy Blackwell

Non-Executive Director

Tracy Blackwell is Chief Executive Officer and a director at Pension Insurance Corporation ("PIC"). Tracy is also CEO and a director of PIC's parent company, Pension Insurance Corporation Group. Prior to joining PIC, Tracy spent 10 years at Goldman Sachs, including as Head of Risk Management (EMEA) at Goldman Sachs Asset Management, working with pension fund and insurance company clients on investment, risk and strategic issues. Tracy is an Advisory Council member on the Diversity Project and a Trustee and Honourable Treasurer of the Elton John Aids Foundation.

Stephen Lockley

Non-Executive Director

Stephen Lockley is Chief Administrative & Finance Officer of the international development organisation World Vision International. He is a chartered accountant with many years of experience in financial services and investment banking. During his career, Stephen has been the Group Finance Director of Arbuthnot Banking Group PLC, CEO of Arbuthnot Latham Private Bankers, CFO of VisionFund International, a director at Charterhouse Bank and a Non-Executive Director of an investment fund and an insurance company.

Management Committee · Risk Committee · Remuneration Committee · Audit Committee · C Chair

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 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 and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and 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 hence 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 corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Funding critical assets provides vital support for the UK's SME businesses

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF UNITED TRUST BANK LIMITED

Report on the audit of the financial statements

Opinion
In our opinion the financial statements of United Trust Bank Limited (the "Company"):

- give a true and fair view of the state of the Company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the income statement;
- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity; and
- the related notes 1 to 29.

The financial reporting framework that has been applied in their preparation 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).

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council (the "FRC's") Ethical Standard as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We confirm that the non-audit services prohibited by the FRC's Ethical Standard were not provided to the Company.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Summary of our audit approach

Key audit matters	The key audit matter that we identified in the current year was loan impairment and provisioning. This is consistent with the key audit matter identified in the prior year.
Materiality	The materiality that we used in the current year was £2.2m which was determined by reference to profit before tax.
Scoping	Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team.

Conclusions relating to going concern
We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

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 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.

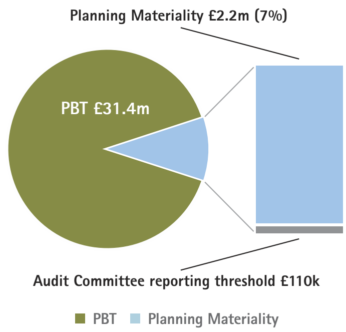
These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Loan impairment and provisioning	
Key audit matter description	The Company has a significant loan portfolio to customers of £1,034m (2017: £861m). There is a risk arising from the possibility that the Company will incur losses from the failure of customers to meet their obligations. Impairment and provisioning is one of the most significant estimates made by the Company's directors and management in preparing financial statements. Refer to the summary of significant accounting policies in relation to the impairment of assets on page 30, judgements in applying accounting policies and critical accounting estimates on page 30 and provision for impairment losses on loans and advances note 10 on page 35. The judgements are dependent on whether an impairment is required or not and also the level of provision required for loans that are considered to be impaired. These are considered on a case-by-case basis and therefore there is an inherent degree of subjectivity, and a corresponding risk of material misstatement. The audit committee reviews significant judgements in relation to financial reporting. We focused our significant risk on the valuation and completeness of individual provisions in relation to certain Development Finance, Bridging and Structured Finance loans, specifically: loans that are impaired; loans for which management have identified an impairment trigger; or loans that are on management's "watch list". The valuation of impairment in these loan categories is more susceptible to misstatement, whether due to fraud or error. The increased risk arises from complexities in the nature of the loan facilities and reliance on valuation of collateral, and the fact that these loans tend to be individually larger in value than in other categories. The total provision balance as at 31 December 2018 was £5.4m (2017: £2.6m), of which £4.5m (2017: £1.8m) related to individual impairments. These are disclosed in note 10 of the accompanying financial statements.
How the scope of our audit responded to the key audit matter	• We reviewed the Company's loan impairment provisioning policy to assess whether it was in compliance with the requirements of Financial Reporting Standard 102. • We assessed the design and implementation of relevant controls around individual loan impairment. • For Development Finance, Bridging and Structured Finance, we tested all loans that were impaired, all loans for which management have identified an impairment trigger and all loans that were on management's "watch list". These were reviewed on a case by case basis to assess the reasonableness of management's assumptions, including an assessment of underlying security valuations where relevant and challenging other evidence supporting the forecast recoverability. • We selected a sample of loans across the loan portfolio where no impairment indicators had been identified by management to assess they were appropriately accounted for. • We also considered the impact of Brexit on the estimation uncertainty inherent in individual loan impairment.
Key observations	We consider management's judgements in relation to the individual impairment provision of £4.5m as at 31 December 2018 to be reasonable. We did not identify any material differences between our assessment and the provision recognised by management.

Our application of materiality
We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

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

Materiality	£2.2m (2017: £1.9m)
Basis for determining materiality	Materiality has been determined on the basis of 7% of profit before tax. This also equates to 1.6% of equity. The approach is consistent with the prior year.
Rationale for the benchmark applied	The Company is wholly owned by UTB Partners Limited, which holds its shares in United Trust Bank Limited with a view to realising returns on its investment. The Company is profit generating and as such profit before tax is a key benchmark for assessing the Company's performance.



We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £110k (2017: £95k), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

An overview of the scope of our audit
Our audit was scoped by obtaining an understanding of the entity and its environment, including internal control, and assessing the risks of material misstatement. Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team.

Our risk assessment included considering the size, composition and qualitative factors relating to account balances, classes of transactions and disclosures.

This includes risks identified by us, by management and by internal audit, and those driven by changes in the business environment and new or complex accounting requirements.

Other information
The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon.

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.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

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

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

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

Details of the extent to which the audit was considered capable of detecting irregularities including fraud are set out below.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council website at: 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
We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

Identifying and assessing potential risks related to irregularities
In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with provisions of laws and regulations, our procedures included the following:

- enquiring of management, internal audit and the audit committee, including obtaining and reviewing supporting documentation, concerning the Company's policies and procedures relating to:
  - identifying, evaluating and complying with provisions of 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 have knowledge of any actual, suspected or alleged fraud; and
  - the internal controls established to mitigate risks related to fraud or non-compliance with provisions of laws and regulations;
- discussing among the engagement team and involving relevant internal specialists, including tax, IT and industry specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, we identified potential for fraud in the following area:
  - loan impairment and provisioning as set out in the key audit matters section of our report; and
- obtaining an understanding of the legal and regulatory frameworks that the Company operates in, focusing on those provisions of laws and regulations that had a direct effect on the financial statements. The key provisions of laws and regulations we considered in this context included the relevant provisions of the UK Companies Act 2006, the Prudential Regulation Authority Rulebook and tax legislation. In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the Company's ability to continue as a going concern or to avoid material penalties, such as capital, liquidity and conduct requirements.

Audit response to risks identified
As a result of performing the above, we identified loan impairment and provisioning as a key audit matter. The key audit matters section of our report explains the matter in more detail and also describes the specific procedures we performed in response to that key audit matter.

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant provisions of laws and regulations discussed above;
- enquiring of management, the audit committee and external legal counsel concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with the Prudential Regulation Authority and HMRC; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other

adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified provisions of laws and regulations and potential fraud risks to all engagement team members including internal specialists and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

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

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

Matters on which we are required to report by exception
Adequacy of explanations received and accounting records
Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have nothing to report in respect of these matters

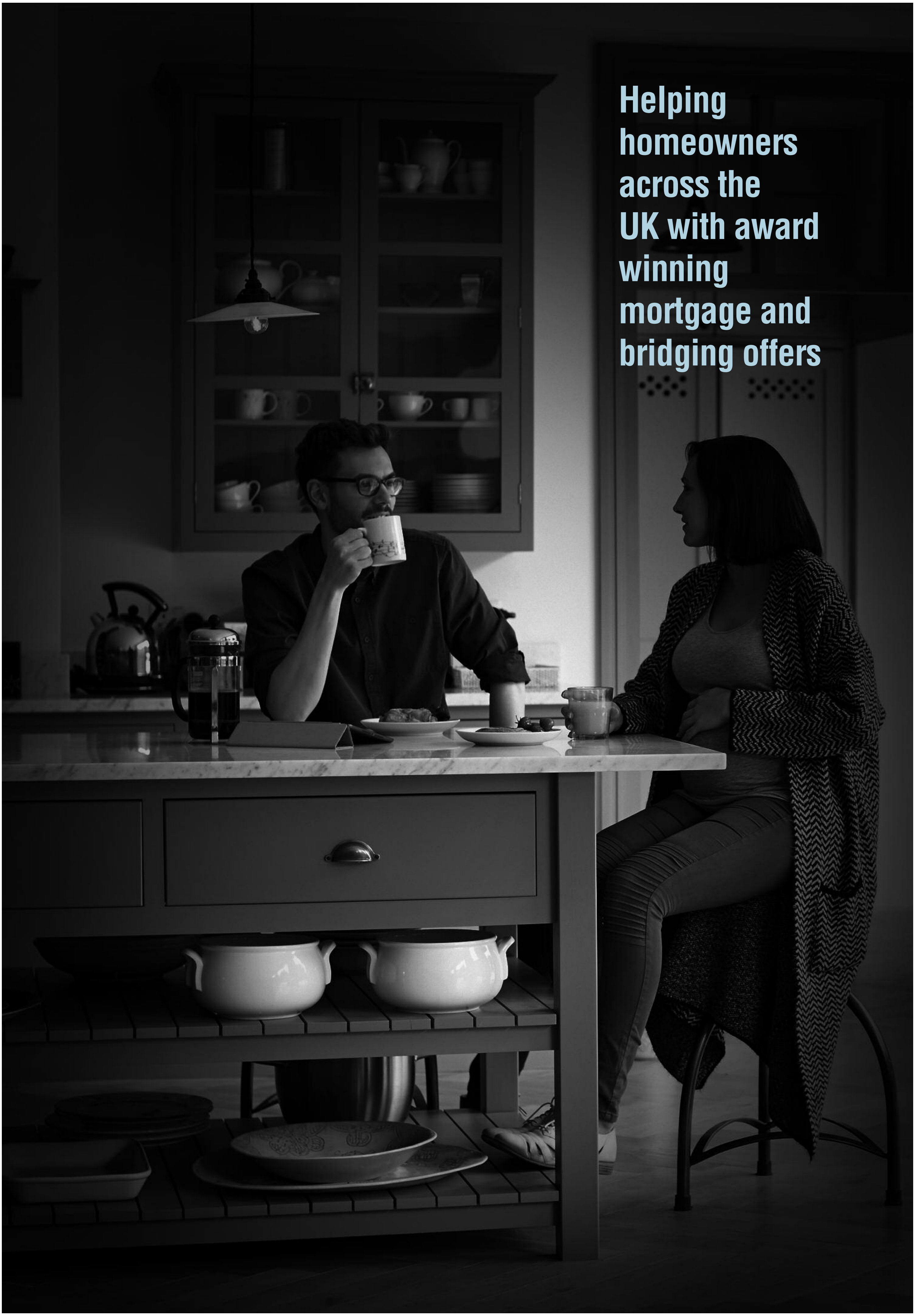
Directors' remuneration
Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made.

We have nothing to report in respect of this matter.

Other matters
Auditor tenure
Following the recommendation of the audit committee, we were appointed by the Board of Directors to audit the financial statements for the year ending 2001 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 18 years, covering the years ending 2001 to 2018.
Consistency of the audit report with the additional report to the audit committee
Our audit opinion is consistent with the additional report to the audit committee we are required to provide in accordance with ISAs (UK).

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

Ben Jackson (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
28 February 2019


Helping homeowners across the UK with award winning mortgage and bridging offers

INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 £'000	2017 £'000
Interest receivable and similar income	2	80,550	65,188
Interest payable and similar charges		(19,377)	(15,027)
Net interest income		61,173	50,161
Other income		47	66
Operating income		61,220	50,227
Administrative expenses	3	(26,355)	(22,351)
Depreciation and amortisation	5	(511)	(443)
Provision for impairment losses	10	(2,919)	(1,082)
Operating profit on ordinary activities before tax		31,435	26,351
Tax charge for the year	6	(6,265)	(5,080)
Profit after tax retained for the financial year		25,170	21,271

The above results are derived wholly from continuing operations. The notes on pages 29 to 43 form an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 £'000	2017 £'000
Profit for the financial year		25,170	21,271
Interest paid on contingent convertible securities		(1,858)	(919)
Tax relating to components of other comprehensive expense	6	376	177
Other comprehensive expense		(1,482)	(742)
Total comprehensive income		23,688	20,529

STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2018

	Note	2018 £'000	2017 £'000
Assets			
Loans and advances to banks	8	**138,438**	140,703
Loans and advances to customers	9	**1,033,858**	861,427
Tangible fixed assets	12	**774**	825
Intangible assets	13	**2,200**	1,528
Other assets	14	**11,151**	9,416
Total assets		**1,186,421**	1,013,899
Liabilities			
Deposits from customers	15	**1,008,509**	872,861
Loans from group companies	16	**34**	54
Other liabilities	17	**19,948**	16,621
Long-term subordinated debt	19	**18,077**	18,048
Total Liabilities		**1,046,568**	907,584
Capital and reserves			
Share capital	20	**10,350**	9,850
Share premium		**25,680**	16,330
Contingent convertible securities	21	**16,851**	16,851
Retained earnings		**86,972**	63,284
Total capital and reserves		**139,853**	106,315
Total equity and liabilities		**1,186,421**	1,013,899
Memorandum items			
Guarantees and assets pledged as security		**33**	33
Commitments	22	**281,446**	256,437

The notes on pages 29 to 43 form an integral part of these financial statements.

The financial statements of United Trust Bank Limited were approved by the Board of Directors and authorised for issue on 28 February 2019. They were signed on its behalf by:

Harley Kagan
Group Managing Director
28 February 2019

Jonathan Ayres
Chief Financial Officer
28 February 2019

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2018

	Share capital £'000	Share premium £'000	Contingent convertible securities £'000	Retained earnings £'000	Total £'000
At 31 December 2016	**9,692**	**13,488**	**4,700**	**42,755**	**70,635**
Profit for the financial year	–	–	–	21,271	21,271
Other comprehensive expense	–	–	–	(742)	(742)
Total comprehensive income	**–**	**–**	**–**	**20,529**	**20,529**
Issue of share capital	158	2,842	–	–	3,000
Issue of contingent convertible securities	–	–	12,200	–	12,200
Expenses of capital issue	–	–	(49)	–	(49)
At 31 December 2017	**9,850**	**16,330**	**16,851**	**63,284**	**106,315**
Profit for the financial year	–	–	–	25,170	25,170
Other comprehensive expense	–	–	–	(1,482)	(1,482)
Total comprehensive income	**–**	**–**	**–**	**23,688**	**23,688**
Issue of share capital	500	9,500	–	–	10,000
Expenses of capital issue	–	(150)	–	–	(150)
At 31 December 2018	**10,350**	**25,680**	**16,851**	**86,972**	**139,853**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

1. Accounting policies

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

a. General information and basis of accounting

United Trust Bank Limited ("the Bank" or "the Company") is a company incorporated in the United Kingdom under the Companies Act. The address of the registered office is given on page 44. The nature of the Bank's operations and principal activities are set out in the Strategic Report on pages 4 to 6 and Directors Report on pages 15.

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

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

The functional currency of the Bank is Pounds Sterling, as that is the currency of the primary economic environment in which the Bank operates and the currency of the transactions the Bank undertakes.

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

b. Going concern

The Bank's business activities, together with the factors likely to affect its future development and performance are set out in the Strategic Report. The Bank currently has considerable liquid financial resources with approximately 12% of total assets in cash or cash equivalents. The directors continue to keep the Bank's loan book under review and take action where necessary to recover debts. The directors believe that the Bank is well placed to manage risks set out in the Strategic Report and the Risk Management Report.

After considering the review of the Bank's operations included in the Strategic Report and having made suitable enquiries, the directors have a reasonable expectation that the Bank has adequate resources to continue in operational existence for the foreseeable future. Thus the Bank continues to adopt the going concern basis of accounting in preparing the annual financial statements.

c. Income recognition

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

The EIR calculation includes all fees paid or received between parties to a contract that are an integral part of the interest rate, and are shown as interest income.

d. Taxation

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

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

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

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

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

e. Tangible fixed assets

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

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

Leasehold improvements
- over the remaining life of the lease

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

f. Intangible assets

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

Software is amortised on a straight-line basis in profit or loss over its estimated useful life, which is generally 10 years. Intangible assets are reviewed for impairment on an annual basis.

g. Leases: the Bank as lessee

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

h. Financial instruments

Financial assets and financial liabilities are recognised when the Bank becomes a party to the contractual provisions of the instrument.

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

(i) Financial assets and liabilities

All of the Bank's financial assets and liabilities are initially measured at transaction value (including transaction costs).

Financial assets and liabilities are only offset in the statement of financial position when there exists a legally enforceable right to set off the recognised amounts and the Bank intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

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

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

(ii) Equity instruments

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

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

(iii) Participation in the Bank of England's Funding for Lending Scheme

The Company is a participant in the Bank of England's Funding for Lending Scheme. This scheme allows participants to borrow treasury bills from the Bank of England against collateral, in the form of certain eligible loans and advances, which is placed with the Bank of England. The treasury bills received under the scheme can subsequently be used by the Bank to raise liquidity and they may be sold by the Bank or placed under a sale and repurchase agreement.

In the former case, when only treasury bills have been borrowed, the transactions are accounted for off balance sheet, since the Bank retains substantially all of the risks and rewards of ownership of the loans pledged as collateral and, similarly, the Bank of England retains the risks and rewards of the borrowed treasury bills.

Should the treasury bills be the subject of a sale and repurchase agreement, the cash received and liability to the counterparty under the agreement will be recorded on the balance sheet.

i. Impairment of assets

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

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

j. Pension costs and other post-retirement benefits

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

k. Share-based payments

The Bank's parent company, UTB Partners Limited, issues equity-settled share options to certain directors and employees of the Bank. Equity-settled share option payments are measured at fair value (excluding the effect of non-market based vesting conditions) at the date of grant. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the Bank's estimate of shares that will eventually vest and adjusted for the effect of non-market based vesting conditions.

The fair value of any options granted is assessed based on the net asset value of the Bank's parent company and the option price, and is compared to the Black Scholes pricing model.

The expected life used in the model is based on management's best estimate, which considers non-transferability, exercise restrictions and behavioural factors. The volatility measure is also based on management's best estimate, as the shares are unlisted and there is no trading.

l. Capital and subordinated debt raising expenses

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

m. Judgements in applying accounting policies and critical accounting estimates

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

Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period.

(i) Loan book impairments:

Specific provision assessments for individually significant loans involve estimation in relation to the future cash flow timings, future sale proceeds, expected costs associated with sales and any rental income to be received. In particular, given the uncertainty around Brexit, there is a risk that there may be changes to these estimates that could lead to a material adjustment to the individual provision in the next financial year. The individual impairments provision was £4.5m as at 31 December 2018, as disclosed in note 10.

All assets that are not considered for a specific provision are assessed collectively. Collective provisions are calculated using agreed rates based on historic experience. Judgement is exercised in deciding how to apply historic experience to current market conditions and the current profile of the book.

(ii) Classification of contingent convertible securities:

The classification of the contingent convertible securities is a judgement made by management. The Bank had £17.2 million of Fixed Rate Reset Additional Tier 1 Perpetual Subordinated Contingent Convertible Securities in issue at 31 December 2018 (the "AT1 Securities", see note 21 for further details).

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

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

2. Interest receivable and similar income

	2018 £'000	2017 £'000
Interest income	**69,212**	55,907
Fees and commissions received subject to EIR	**14,439**	12,072
Fees and commissions paid subject to EIR	**(3,101)**	(2,791)
	80,550	65,188

"EIR" represents the Effective Interest Rate described in note 1c.

3. Administrative expenses

	2018 £'000	2017 £'000
Staff costs:		
- Wages and salaries	**15,430**	13,119
- Social security costs	**2,047**	1,607
- Other pension costs	**493**	621
Fees payable to the Company's auditor:		
- Audit of Company's annual accounts	**108**	91
- Audit of parent company's annual accounts	**8**	8
Total audit fee	**116**	99
- Other assurance services	**52**	63
Total non-audit fee	**52**	63
Total fees payable to Company's auditor	**168**	162
Other administrative expenses	**8,217**	6,842
	26,355	22,351

The average number of people employed by the Bank (including executive directors) during the year was 186 (2017: 155). At the end of the year, the Bank employed 204 people (2017: 170). Staff costs include directors' remuneration set out in note 4.

The average number of people employed by the Bank is analysed below:

	2018 Average No.	2017 Average No.
Lending	**123**	100
Treasury and Central Services	**63**	55
	186	155

4. Directors' remuneration

	2018 £'000	2017 £'000
The remuneration of the directors was as follows:		
- Emoluments	**2,580**	2,372
- Company contribution to money purchase pension schemes	**15**	50

	2018 No.	2017 No.
The number of directors who are members of money purchase pension schemes	**2**	2

	2018 £'000	2017 £'000
The above amounts for remuneration include the following in respect of the highest paid director:		
- Emoluments and incentive schemes	**813**	742
- Other pension costs	**6**	36

During the year to 31 December 2018, the Bank's holding company, UTB Partners Limited, did not issue any options over its shares to the directors of the Company (2017: nil).

5. Operating profit on ordinary activities

Operating profit on ordinary activities is stated after charging:

	2018 £'000	2017 £'000
Auditor's remuneration (note 3)	**168**	162
Depreciation and amortisation	**511**	443
Operating leases: property	**1,041**	851

6. Tax on profit on ordinary activities

Analysis of tax charge on ordinary activities

	2018 £'000	2017 £'000
Current tax on profit on ordinary activities	**6,744**	5,486
Adjustments in respect of prior year:		
- UK corporation tax	**(114)**	29
Total current tax	**6,630**	5,515
Deferred tax:		
- Origination and reversal of timing differences	**(273)**	(231)
- Effect of (increase)/decrease in tax rate on opening asset	**(92)**	(204)
Total deferred tax for the year (note 14)	**(365)**	(435)
Total tax on profit on ordinary activities	**6,265**	5,080
Total current and deferred tax relating to items of other comprehensive expense	**(376)**	(177)

Changes to the UK corporation tax rates were substantively enacted as part of Finance Act 2015 (on 26 October 2015) and Finance Act 2016 (on 7 September 2016). These included a reduction in the UK corporation tax rate to 19 per cent with effect from 1 April 2017 and a further reduction to 17 per cent from 1 April 2020.

In 2018, the Bank's taxable profits exceeded £25m. The UK's Bank Surcharge Levy of 8 per cent applies to the Bank's profits above this level, leading to an additional £479k (2017: £146k) of tax payable for the year.

The standard rate of tax applied to reported profit on ordinary activities for the year is 19.00 per cent (2017: 19.25 per cent). Deferred taxes at the balance sheet date have been measured using enacted tax rates, including the UK's Bank Surcharge Levy, to the extent it is expected to apply.

During the year beginning 1 January 2018, the net increase of deferred tax assets and liabilities decreased the corporation tax charge for the year by £365k (2017: £435k).

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

	2018 £'000	2017 £'000
Profit on ordinary activities before tax	**31,435**	26,351
Tax charge at 19.00% (2017: 19.25%) thereon:	**5,973**	5,073
Effects of:		
- Expenses and provisions not deductible for tax purposes	**27**	36
- Tax rate changes on deferred tax balances	**(100)**	(204)
- Bank Surcharge Levy	**479**	146
- Prior year adjustment	**(114)**	29
Total tax charge for the period	**6,265**	5,080

7. Share-based payments

Equity-settled share option schemes

The Bank's parent company has a share option scheme for a number of the Bank's directors and employees. The vesting period is between one to four years. If the options remain unexercised after a period of ten years from the date of grant, the options expire. Unexercised options are forfeit if the employee leaves the Bank before the options vest.

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

	2018		2017	
	Number of share options	**Weighted average exercise price (£)**	Number of share options	Weighted average exercise price (£)
Outstanding at beginning of period	**428,500**	**6.80**	434,500	6.79
Granted during the period	**61,750**	**38.00**	-	-
Lapsed during the period	**(32,000)**	**5.25**	(6,000)	4.17
Outstanding at the end of the period	**458,250**	**11.12**	428,500	6.80
Exercisable at the end of the period	**359,500**		345,750	

The options outstanding at 31 December 2018 had a weighted average exercise price of £11.12 and a weighted average remaining contractual life of seven years. 61,750 options were granted in the year, with an exercise price of £38.

The inputs into the Black Scholes model were as follows:

	2018	2017
Weighted average share price	**£38.00**	-
Weighted average exercise price	**£38.00**	-
Expected volatility	**20%**	-
Expected life	**10 Years**	-
Risk-free rate at date of grant	**0.75%**	-

Expected volatility was determined at a nominal 20%, based on management's best estimate, as the shares are unlisted and there is no trading. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

8. Loans and advances to banks

	2018	2017
	£'000	£'000
Amounts falling due within one year:		
- Loans and advances to central banks	**116,929**	115,220
- Loans and advances to other banks	**21,509**	25,483
	138,438	140,703

9. Loans and advances to customers

	2018	2017
	£'000	£'000
Loan receivables	937,699	772,555
Finance lease and hire purchase receivables	96,159	88,872
	1,033,858	861,427

Loan receivables	2018	2017
	£'000	£'000
Amounts falling due:		
- within one year	588,178	507,480
- over one year but less than five years	149,821	125,793
- more than five years	204,886	141,582
	942,885	774,855
Less: provision for impairment losses (see note 10)	(5,186)	(2,300)
	937,699	772,555
Of which repayable on demand or short notice	65,578	46,459

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

Finance leases and hire purchase receivables	2018	2017
	£'000	£'000
Gross investment in receivables falling due:		
- within one year	44,956	42,520
- over one year but less than five years	63,344	57,728
- more than five years	111	7
	108,411	100,255
Less: unearned future finance income	(12,062)	(11,082)
Net investment in finance leases and hire purchase receivables	96,349	89,173

Net investment in finance leases and hire purchase receivables:		
- within one year	38,203	36,497
- over one year but less than five years	58,039	52,670
- more than five years	107	6
Net investment in finance leases and hire purchase receivables	96,349	89,173
Less: provision for impairment losses on loans and advances (see note 10)	(190)	(301)
	96,159	88,872

Net receivable under finance leases and hire purchase contracts comprises:		
- Finance leases	12,435	14,090
- Hire purchase	83,914	75,083
	96,349	89,173

10. Provision for impairment losses on loans and advances

The charge for impairment losses is made up as follows:

Impairment losses taken to income statement

	2018	2017
	£'000	£'000
Individual impairments	**3,354**	1,704
Collective impairment	**68**	(528)
Recovery of loans previously written-off	**(503)**	(94)
	2,919	1,082

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

Individual impairments provision

	2018	2017
	£'000	£'000
Balance at 1 January	**1,765**	1,906
Charged	**3,891**	1,716
Released	**(537)**	(12)
Increase recognised in income statement	**3,354**	1,704
Utilised during the year	**(647)**	(1,845)
At 31 December	**4,472**	1,765

Collective impairment provision

	2018	2017
	£'000	£'000
Balance at 1 January	**836**	1,364
Increase / (reduction) recognised in income statement	**68**	(528)
At 31 December	**904**	836

Total impairment provisions

	2018	2017
	£'000	£'000
Individual impairments provision	**4,472**	1,765
Collective impairment provision	**904**	836
At 31 December	**5,376**	2,601

11. Debt securities

At 31 December 2018 the Bank held £35m (2017: £30m) of treasury bills under the Bank of England's Funding for Lending Scheme. These are held off balance sheet.

12. Tangible fixed assets

Tangible fixed assets comprise:	**Leasehold improvements**	**Computer and office equipment**	**Total**
	£'000	**£'000**	**£'000**
Cost:			
At 1 January 2018	515	1,029	1,544
Additions	46	141	187
At 31 December 2018	561	1,170	1,731
Depreciation:			
At 1 January 2018	93	626	719
Charge	52	186	238
At 31 December 2018	145	812	957
Net book value:			
At 31 December 2017	422	403	825
At 31 December 2018	**416**	**358**	**774**

13. Intangible assets

	2018	2017
	£'000	£'000
Cost:		
At 1 January	**2,201**	1,857
Additions	**945**	344
At 31 December	**3,146**	2,201
Amortisation:		
At 1 January	**673**	461
Charge	**273**	212
At 31 December	**946**	673
Net book value:		
At 31 December	**2,200**	1,528

Intangible assets consist of purchased computer software.

14. Other assets

	2018	2017
	£'000	£'000
Deferred tax asset	**2,091**	1,726
Accrued interest receivable	**1,103**	1,054
Prepayments, deferred expenses and other debtors	**7,957**	6,636
	11,151	9,416
Deferred tax asset:		
As at 1 January	**1,726**	1,291
Effect of increase in tax rate on opening asset	**92**	201
Origination and reversal of timing differences	**273**	234
As at 31 December	**2,091**	1,726

A deferred tax asset of £2,091k has been recognised at 31 December 2018 (2017: £1,726k) mainly representing timing differences on finance lease receivables, share based payments and collective provisions. The directors are of the opinion, based on recent and forecast performance of the Bank, that when these timing differences reverse, the expected level of future profits will be sufficient to recover the tax benefit deferred.

15. Deposits from customers

	2018	2017
	£'000	£'000
Amounts falling due:		
- within one year	**725,222**	542,827
- over one year but less than five years	**283,287**	330,034
	1,008,509	872,861
Of which repayable on demand or short notice	**13,729**	22,487

16. Loans from group companies

	2018	2017
	£'000	£'000
Repayable on demand:		
- Payable to parent	**34**	54

17. Other liabilities

	2018	2017
	£'000	£'000
Accrued interest payable	**9,294**	7,354
Accruals and deferred income	**10,654**	9,267
	19,948	16,621

18. Financial instruments

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

	2018 £'000	2017 £'000
Financial assets		
Measured at amortised cost:		
- Cash and balances at central banks	**116,929**	115,220
- Loans and advances to other banks	**21,509**	25,483
- Loans and advances to customers	**1,033,858**	861,427
	1,172,296	1,002,130
Financial liabilities		
Measured at amortised cost:		
- Deposits from customers	**1,008,509**	872,861
- Long-term subordinated debt	**18,077**	18,048
	1,026,586	890,909

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

	2018 £'000	2017 £'000
Interest income and expense		
Total interest income for financial assets at amortised cost	**80,550**	65,188
Total interest expense for financial liabilities at amortised cost	**(19,377)**	(15,027)
	61,173	50,161
Impairment losses		
On financial assets measured at amortised cost	**2,919**	1,082
	2,919	1,082

19. Long-term subordinated debt

	2018 £'000	2017 £'000
2013 Subordinated debt	**11,608**	11,608
2014 Subordinated debt	**2,500**	2,500
2016 Subordinated debt	**3,969**	3,940
	18,077	18,048

The 2013 subordinated debt bears interest between 8% and 9% payable semi-annually and is callable at the Bank's option from 30 April 2019, with a final redemption date of 30 April 2024.

The 2014 subordinated debt bears interest at 9% payable semi-annually and is callable at the Bank's option from 30 April 2020, with a final redemption date of 30 April 2025.

The 2016 subordinated debt bears interest at 8.5% payable semi-annually and is callable at the Bank's option from 30 October 2021, with a final redemption date of 30 October 2026.

20. Called up share capital

	2018	2017
	£'000	£'000
Value of shares		
Issued, allotted, called up and fully paid:		
At 1 January (Ordinary shares of £1 each)	**9,850**	9,692
Ordinary shares issued during the year	**500**	158
31 December (Ordinary shares of £1 each)	**10,350**	9,850

	2018	2017
	'000	'000
Number of shares:		
Issued, allotted, called up and fully paid:		
At 1 January (Ordinary shares of £1 each)	**9,850**	9,692
Ordinary shares issued during the year	**500**	158
31 December (Ordinary shares of £1 each)	**10,350**	9,850

The Bank issued 500,000 shares of £1 each on 1 June 2018 for a total aggregate amount of £9,850,000 (net of transaction costs). The premium arising is reflected in Reserves (see Statement of Changes in Equity).

The Bank's other reserves are as follows:

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

21. Contingent convertible securities

	2018	2017
	£'000	£'000
2015 Contingent convertible securities	**4,700**	4,700
2017 Contingent convertible securities	**12,151**	12,151
	16,851	16,851

The 2015 Fixed Rate Reset Additional Tier 1 Perpetual Subordinated Contingent Convertible Securities ("AT1 Securities") bear interest at an initial rate of 11.85% per annum until 31 July 2020 and thereafter at a fixed margin over the 1-year mid-swap rate as provided in the Securities Certificate.

The 2017 AT1 Securities bear interest at an initial rate of 10.375% per annum until 20 November 2022 and thereafter at a fixed margin over the 1-year mid-swap rate as provided in the Securities Certificate.

The AT1 securities are convertible into ordinary shares of the Company in the event of the CET1 ratio of the Bank falling below 7 per cent.

22. Commitments

	2018	2017
	£'000	£'000
Conditional commitments to lend	**281,446**	256,437

Commitments to lend comprise lending approvals subject to conditional performance undertakings by customers. These can be cancelled if the customer is in breach of the terms and conditions of their facilities. Property Development facilities may only be drawn subject to certification of construction work by independent parties.

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

	2018	2017
	£'000	£'000
Commitments under annual operating leases for leased property expiring in:		
- less than one year	**1,219**	822
- one to two years	**1,198**	1,198
- two to five years	**3,593**	3,593
- greater than five years	**1,297**	2,495

23. Employee benefits

The Bank operates defined contribution retirement benefit schemes for all qualifying employees. The total expense charged to profit or loss for this benefit in the period ended 31 December 2018 was £493k (2017: £621k).

24. Related party transactions

Under FRS 102 Section 33 the Company is exempt from the requirement to disclose intragroup transactions with related parties on the grounds that the Bank is wholly owned by the parent company, UTB Partners Limited, whose consolidated accounts are publicly available. Details of the directors' remuneration are stated in note 4.

25. Segmental information

The Company operates in one segment of business which is lending; all income on loans granted arises in the United Kingdom.

26. Risk management

Risk is inherent in all aspects of the Bank's business and effective risk management is a core objective for the Bank. Further details of the Bank's risk management framework can be found in the Risk Management Report on pages 9 to 14.

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

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

Further details on the Bank's principal risks are considered below. The Bank does not have a trading book and as such exposure to market risk is immaterial.

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

The Bank seeks to mitigate credit risk by:

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

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

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

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

Distribution of loans and advances by credit quality

	At 31 December 2018		At 31 December 2017	
	Loans and advances to customers	**Loans and advances to banks**	Loans and advances to customers	Loans and advances to banks
	£'000	**£'000**	£'000	£'000
Neither past due nor impaired	**963,132**	**138,438**	816,423	140,703
Past due but not impaired				
Loans and receivables at amortised cost:				
- less than three months	**19,137**	**-**	12,996	-
- three to twelve months	**16,277**	**-**	15,278	-
- one to five years	**170**	**-**	-	-
Impaired	**2,957**	**-**	3,844	-
Repossessions	**37,561**	-	15,487	-
Less: provisions	**(5,376)**	**-**	(2,601)	-
	1,033,858	**138,438**	861,427	140,703

The past due loans are subject to close oversight. In the main they relate to transactions that have reached maturity and the Bank has decided not to extend the facility, even though the loan to value may remain at an acceptable level.

Concentration risk

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

The Bank assesses and monitors its exposure to a range of criteria, including sector, region, counterparty and concentration in security type. Concentration risk is managed and controlled through the use of appropriate limits for each business area. Reported exposures against concentration limits are regularly monitored and reviewed.

Concentration risk of treasury assets and interbank deposits is managed and controlled through policies and limits.

Liquidity risk

Liquidity risk is the risk that the Bank is not able to meet its financial obligations as they fall due, or can do so only at excessive cost. ALCO recommends to the Board the policies to mitigate this risk and regularly reviews the profile of the Bank's assets and liabilities to ensure that it is positioned prudently and in compliance with agreed policies and limits, taking into account prevailing market conditions, and projections for business growth.

The Bank maintains a liquid asset buffer consisting of deposits at the Bank of England. This buffer is in excess of the minimum set by the PRA's liquidity framework.

Interest rate risk

Interest rate risk is the risk that the value of the Bank's assets and liabilities or profitability will fluctuate in response to changes in interest rates.

A positive interest rate sensitivity gap existed at 31 December 2018, meaning more assets than liabilities re-price during a given period. A positive gap tends to benefit net interest income in an environment where interest rates are rising. However, the actual effect will depend on a number of factors including actual repayment dates and interest rate sensitivity within the re-pricing period.

The vast majority of loans and advances dealt with in the following table are made at fixed rates or benefit from interest rate floors. Due to their non-linear nature, the effect of interest rate floors cannot be accurately shown in the following table. Where appropriate, loans with interest rate floors have been shown in the column matching their re-pricing date.

At 31 December 2018, the Bank's interest rate gap sensitivity, being the potential benefit on the Bank's economic value, resulting from a +/- 200bps parallel shift in the yield curve, was £1.3m and £16.0m respectively, on the basis that rates can go below 0.0%. Assuming a 0.0% interest rate floor, the benefit was £1.3m and £12.2m respectively. This takes into account appropriate behavioural adjustments.

Interest rate re-pricing table

2018	**Not more than three months**	**More than three months but not more than six months**	**More than six months but not more than one year**	**More than one year but less than five years**	**More than five years**	**Non-interest bearing**	**Total**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Loans and advances to customers	305,366	160,655	185,563	313,736	68,112	426	1,033,858
Loans and advances to banks and financial institutions	136,435	2,003	–	–	–	–	138,438
Other assets	–	–	–	–	–	14,125	14,125
	441,801	162,658	185,563	313,736	68,112	14,551	1,186,421
Deposits from customers	272,122	133,062	320,556	282,769	–	–	1,008,509
Other liabilities	–	–	–	–	–	19,948	19,948
Long-term subordinated debt	2,257	–	9,351	6,469	–	–	18,077
Loans from group companies	34	–	–	–	–	–	34
Total Capital and Reserves	–	–	–	16,851	–	123,002	139,853
	274,413	133,062	329,907	306,089	–	142,950	1,186,421
Interest rate sensitivity gap	167,388	29,596	(144,344)	7,647	68,112	(128,399)	
Cumulative gap	**167,388**	**196,984**	**52,640**	**60,287**	**128,399**	**–**	

2017	**Not more than three months**	**More than three months but not more than six months**	**More than six months but not more than one year**	**More than one year but less than five years**	**More than five years**	**Non-interest bearing**	**Total**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Loans and advances to customers	200,214	162,076	178,687	256,397	63,753	300	861,427
Loans and advances to banks and financial institutions	140,703	–	–	–	–	–	140,703
Other assets	–	–	–	–	–	11,769	11,769
	340,917	162,076	178,687	256,397	63,753	12,069	1,013,899
Deposits from customers	254,543	84,977	224,515	308,826	–	–	872,861
Other liabilities	–	–	–	–	–	16,621	16,621
Long-term subordinated debt	2,257	–	–	15,791	–	–	18,048
Loans to group companies	54	–	–	–	–	–	54
Total Capital and Reserves	–	–	–	16,851	–	89,464	106,315
	256,854	84,977	224,515	341,468	–	106,085	1,013,899
Interest rate sensitivity gap	84,063	77,099	(45,828)	(85,071)	63,753	(94,016)	
Cumulative gap	**84,063**	**161,162**	**115,334**	**30,263**	**94,016**	**–**	

The fair values of financial assets and liabilities are approximately equal to their book values.

27. Capital management

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

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

Pillar 3 requires firms to publish a set of disclosures which allow market participants to assess information on that firm's capital, risk exposures and risk management process. The Bank's Pillar 3 disclosures can be found on its website at www.utbank.co.uk.

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

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

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

Regulatory capital resources

	2018	2017
	£'000	£'000
Common equity tier 1 capital		
Called up share capital	**10,350**	9,850
Share premium	**25,680**	16,330
Retained earnings	**86,972**	63,284
Deductions from common equity tier 1 capital		
Intangible assets	**(1,738)**	(1,234)
Other deductions	**(6,554)**	-
Common equity tier 1 capital	**114,710**	88,230
Additional tier 1 capital	**16,851**	16,851
Total tier 1 capital	**131,561**	105,081
Tier 2 capital		
Subordinated debt	**18,077**	18,048
Collective provisions	**904**	836
Total tier 2 capital	**18,981**	18,884
Total regulatory capital resources	**150,542**	123,965

Other deductions from common equity tier 1 capital relates to the first loss element of the British Business Bank's Enable Guarantee that became effective in 2018.

28. Ultimate controlling company

UTB Partners Limited is the Bank's immediate parent, owns 100% of the Bank and is recognised by the directors as the Bank's ultimate controlling company. Financial statements for UTB Partners Limited, which is the smallest and largest group into which the Bank is consolidated, can be obtained from UTB Partners Limited, One Ropemaker Street, London EC2Y 9AW. The directors have no interests in the shares of any group company other than UTB Partners Limited.

29. Subsequent events

There have been no significant events after the date of the Statement of Financial Position.

COMPANY INFORMATION

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Lloyds Bank Plc

Auditor
Deloitte LLP

Legal Advisors
CMS Cameron McKenna
Nabarro Olswang LLP

Company Secretary
Shane Bannerton

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Registered Number
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Country of Incorporation
United Kingdom