

TEN YEARS OF
EMPOWERING ENTREPRENEURS

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EMPOWERING ENTREPRENEURS, DELIVERING IMPACT

DELIVERING FOR OUR COMMUNITIES

70,000

Jobs created or supported¹

40,500

Creation of new homes supported, predominantly affordable²

BY DELIVERING FOR OUR CUSTOMERS

£15.1bn

Credit granted since inception³

64+

Net Promoter Score⁴

80%+

New credit originated via referrals, repeat customers or OakNorth network⁵

WITH RECOGNISED OUTPERFORMANCE ON A GLOBAL SCALE

Top 1%

% of banks globally in terms of Return on Assets⁶

¹ Number of jobs created or supported across multiple sectors in the economy ranging from industrials, hospitality & leisure, healthcare, education, real estate, professional services, consumer goods & retail, lender finance. Estimates leverage UK and US National Accounts data, applying GVA, employment figures, and sector revenue to OakNorth's lending customers' incremental revenue to assess their impact.

² New homes build supported across the UK and US, tracked through individual transactions funded since inception. Affordable housing is defined as dwellings priced below or within a reasonable deviation of the regional average House Price Index (HPI).

³ Gross facilities (committed and uncommitted) funded since inception.

⁴ Net Promoter Score measures customer loyalty and satisfaction based on survey responses about recommending OakNorth's deposit products and services, rated out of 100.

⁵ New lending facilities extended during the year that were originated through direct client relationships, repeat borrowers or the OakNorth network, and excludes any facilities where a referral or introducer fee was paid to a third-party intermediary.

⁶ OakNorth ranks among the top 5 banks in Western Europe and top 90 globally for Return on Assets, per The Banker's Top 1000 World Banks (July 2025), out of approximately 6,317 banks in the BIS LBS database (2024). The exact positioning of the ROA ranking is at 1.4%.

RECORD ORIGINATIONS; UK HOLDS FIRM, US SCALES AT PACE

£15.1bn

Gross facilities originated since inception

Cumulative to FY2025

+33%

Year-on-year growth in gross facilities originated

FY2024 → FY2025

+18%

Year-on-year growth in total facilities outstanding

FY2024 → FY2025

~40%

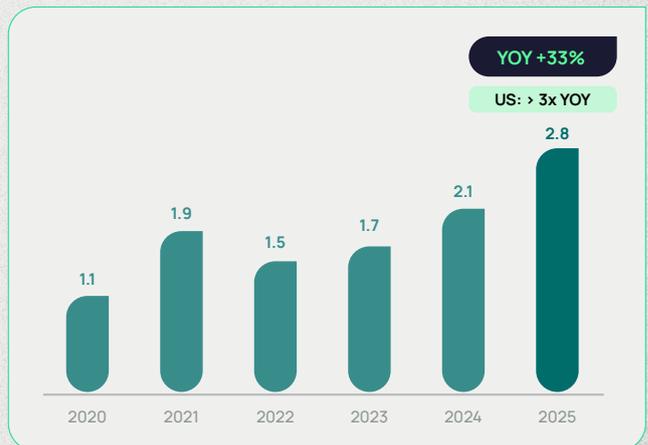
Of new facilities originated sourced from the US

2025 facilities originated by geography

Cumulative gross facilities originated since inception (£bn)
£15bn milestone reached, compounding at pace



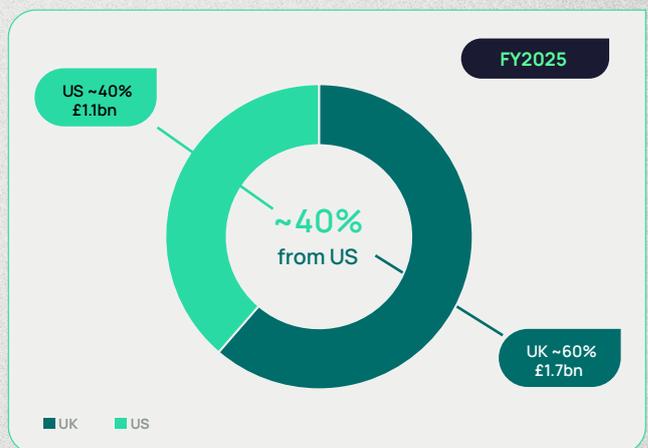
Gross facilities originated during the year (£bn)
Accelerating momentum, record deployment in 2025



Facilities outstanding (£bn)
Sustained portfolio expansion with growing US contribution



Facilities originated by geography
US facilities originated represented ~40% of new deployment, reflecting accelerating transatlantic scale



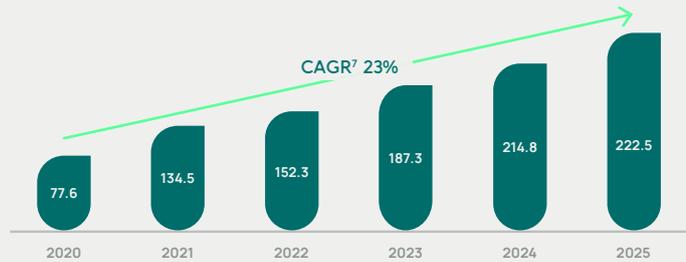
Facilities include both committed and uncommitted facilities. Gross facilities originated represents new lending facilities extended during the year. Facilities outstanding represents the closing balance of drawn and undrawn committed and uncommitted facilities.

ROBUST & CONSISTENT GROWTH & PROFITABILITY

HIGH GROWTH



Profit before tax for the year (£mn)



HIGH RETURNS

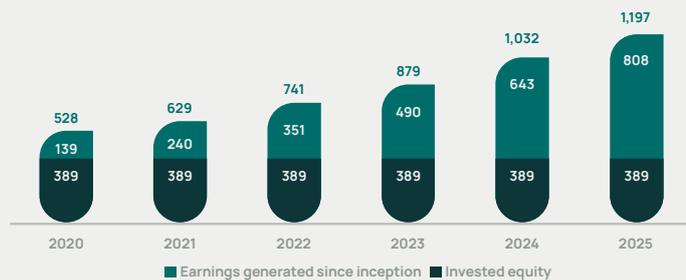


ROE/ adj. ROE⁸

	2020	2021	2022	2023	2024	2025
ROE	12%	17%	16%	17%	17%	16%
adj. ROE	19%	30%	26%	22%	22%	22%

RESULTING IN COMPOUNDED EQUITY GENERATION

Equity (£mn)⁹



	2020	2021	2022	2023	2024	2025
Cumulative dividends	-	-	-	-	20	140
Statutory equity ¹⁰	528	629	741	879	1,012	1,057

⁷ CAGR is Compound Annual Growth Rate over five years.

⁸ ROE is Return on equity, computed as profit after tax attributable to ordinary shareholders expressed as a percentage of average equity capital excluding minority interest. Adjusted ROE is based on average required regulatory equity capital excluding surplus.

⁹ Equity comprises total capital and reserves attributable to ordinary shareholders, excluding minority interest. This is stated pre dividend payments.

¹⁰ Statutory equity comprises total capital and reserves attributable to ordinary shareholders as at the end of reporting period, excluding minority interest.

AWARDS

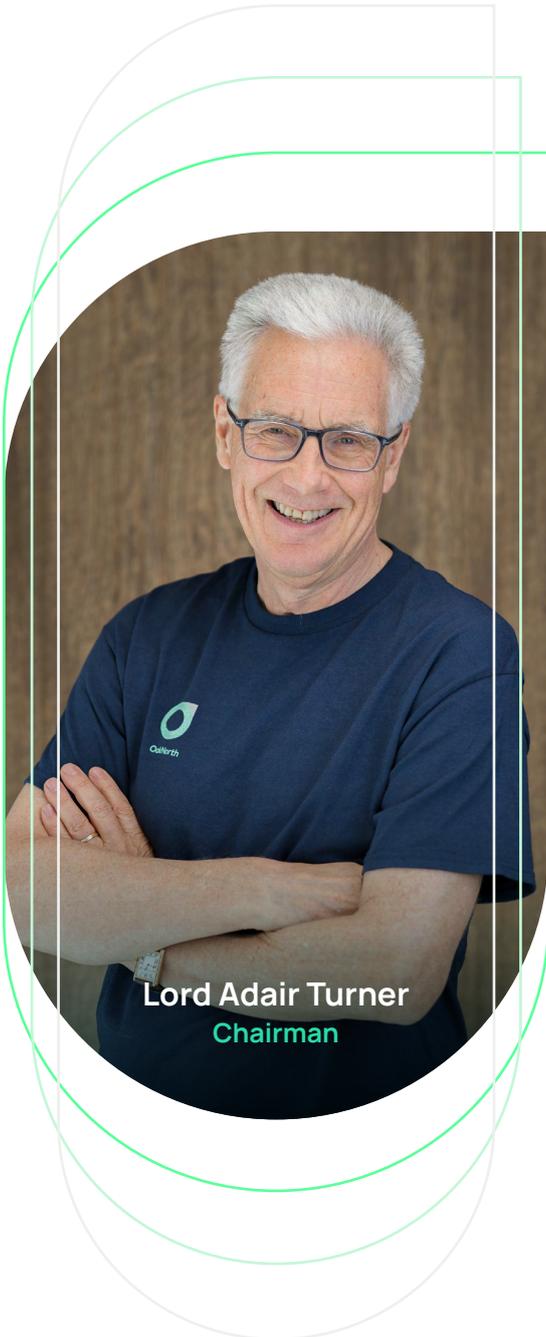
2025 was a standout year for recognition at OakNorth, reflecting the strength of our strategy, culture and continued impact across the UK economy. We were proud to be named Best Bank in the UK at The Banker's Bank of the Year Awards, one of the most prestigious accolades in global banking. This milestone was complemented by OakNorth being recognised by CNBC as one of the UK's top fintechs, underscoring our position at the forefront of innovation and responsible banking. Together, these honours highlight the growing influence of OakNorth and the dedication of our people in delivering sustainable growth for our customers and communities.



Being named as one of the UK's Top 250 Fintechs by CNBC and Statista

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REPORT 2025

W CHAIRMAN'S FOREWORD



Lord Adair Turner
Chairman

CHAIRMAN'S FOREWORD

Since its founding in 2015, OakNorth has demonstrated a full decade of rapid but disciplined and profitable growth. We have extended a cumulative £15.1 billion of loan facilities¹ to middle-market businesses and received £7.9 billion in loan repayments, with credit losses amounting to just £6.9 million of principal² (equal to 4.5 basis points of cumulative facilities granted). We closed 2025 with £7.2 billion of facilities outstanding, an annual profit of £165.2 million³, and a total capital ratio of 18.4%. This is a remarkable achievement and a huge credit to the leadership of Rishi Khosla and the rest of the OakNorth team.

Until 2023, OakNorth's business was simple to describe: we lent money to proven entrepreneurial businesses in the lower-mid-market, who are too often overlooked by traditional banks, and funded these loans with retail deposits. Over the last two years we have begun a journey to a more diversified business, and that change will continue in 2026. But the essence of our approach will remain the same: disciplined credit extension, excellent execution, distinctive use of technology, and a strong balance sheet in terms of both capital and liquidity.

¹ Includes both committed and uncommitted facilities.

² Gross cash lent to the borrowers excluding any interest dues.

³ Consolidated profit after tax. Profit attributable to ordinary shareholders was £162.1 million (2024: £157.8 million).

2025 was a year of strong and broad-based lending growth. Total facilities grew 18% from £6.1 billion to £7.2 billion, driven by new originations that increased 33% from £2.1 billion to £2.8 billion – supported by our expansion into the US.

In the UK, we extended £1.7 billion of new loan facilities during the year, with half of those supporting commercial companies – reflecting the continued broadening of our lending franchise beyond initial focus on real estate. While the UK macro environment has remained subdued – with only gradual Bank of England rate reductions from the peak of 5.25% and ongoing uncertainty around the government's approach to a significant fiscal gap – we remain confident that substantial opportunities exist within our target segments, both through new customer acquisition and the development of deeper, longer-lasting relationships with existing borrowers.

Our US business made significant progress in 2025. New facilities extended reached \$1.4 billion, more than trebling from \$0.4 billion in 2024. US originations represented 40% of all new lending, reflecting the Board's strategic decision, made in 2023, to build a US lending business of significant scale. This decision reflected our assessment that the total addressable market for lower middle market companies in the US is a multiple of that in the UK, and even a modest share of it represents a substantial opportunity for OakNorth. Our experience to date has validated that judgment: the loans we have extended have been of strong credit quality and attractive pricing.

We are very aware of the danger that new entrants to lending markets can make costly credit mistakes which only emerge slowly over time; and we are monitoring carefully how the evolution of US credit markets, and in particular the growing role of various forms of private credit provision, creates risks as well as opportunities. We are confident that a disciplined and focused approach will enable us to achieve significant growth at good margin while maintaining high credit standards and low credit losses.

As we enter 2026, some industry experts are raising concerns about an impending credit crisis; this could arise as ample liquidity chases loan volumes at the expense of credit quality and margins. As in previous years, OakNorth in 2025 has prioritised credit discipline and pricing, and we are confident about our portfolio quality should any stresses emerge in the wider market.

The other strategic decision taken in 2023 was to invest in the development of an operational Business Banking capability, and 2025 has been another year of steadily growing capability. New features added during the past year include notice accounts, multi company /entity accounts, accounting integrations with Xero, Sage and NetSuite, bulk payments, adding new members via app/website, improved mobile app and cards experience, and payment approvals and global recipient lists, scam warnings in payments, and card

spend limits and controls. Customer feedback makes us confident that we are delivering superior service compared to competitors. During 2026 we will continue to invest in what we believe can become both a profitable business and a significant additional service to our lending customers. We are also continuing to invest in the systems which support our Personal Savings business.

As our business mix evolves, the core strengths of OakNorth will remain unchanged. Our success depends on:

- **A distinctive, disciplined and creative approach to lending.** We focus on lending to companies which are too small to be served well by large legacy banks but too large and complex to allow a fully automated credit scoring approach. To assess credit quality in this segment we combine deep quantitative assessment of macro-economic trends and client financial information, with site visits and face-to-face meetings, building a highly granular understanding of the businesses and the business leaders to whom we lend. We developed this approach in the UK and are now applying it in the US. Maintaining it will enable us to achieve strong profitable growth with low credit losses.
- **Excellent customer service.** In our lending relationships, we make and communicate credit assessment decisions faster than incumbent banks, providing the rapid certainty which entrepreneurs need when building a business. In Business Banking we open accounts far faster than our competition. In deposit raising, we provide excellent user experience (UX), enabling customers to open and manage their accounts with us quickly and easily. Our customer service is rated 4.8/5 stars on Trustpilot from over 18.2k reviews.
- **Using technology to keep operational costs low, enable excellent customer service and support good decision making.** With no physical branches, we avoid the property costs which incumbent competitors (and some new challengers) incur; our sister entity OakNorth Global Private Limited (ONGPL) in India provides excellent analytical and operational support: and we began 10 years ago with none of the legacy systems which increase cost and slow the pace of change in many traditional banks. But we will need to invest in core systems to enhance our capabilities. For instance in our "digital lending" capabilities we are actively incorporating Artificial Intelligence to streamline processes and improve decision making.
- **A strong balance sheet.** We ended 2025 with a total capital ratio of 18.4%, which is 3.3% above our regulatory required capital of 15.1%. Our liquidity ratios are also significantly above regulatory minimum; and our high profitability enables us to fund capital growth in line with asset growth almost entirely from internal funds.

These distinctive approaches and strengths leave the board confident that OakNorth can develop new businesses which deliver strong and profitable growth while limiting risks to prudent levels. We continue to assess carefully the macro environment in which we operate. Current US economic growth depends primarily on the consumption of higher income groups which has been underpinned by rising equity prices and personal wealth; it may therefore be susceptible to a significant equity price correction. UK growth projections for the next five years are subdued. Geopolitical risks across the world remain high and could impact our business in numerous indirect and unexpected ways. Almost no one in 2021 projected that Russia's invasion of Ukraine would drive an increase in energy costs and inflation which helped drive the Bank of England base rate from 0.1% to 5.25% in less than two years. More recently, escalating tensions across the Middle East reinforce that such risks can materialise with little warning.

But while the most important risks are often unknowable in advance, a balance sheet which remains strong even under extreme stress scenarios will enable us to weather unexpected storms and grasp the opportunities which we see before us. The Board is confident that we will be able to do that in 2026.

Lord Adair Turner

CHAIRMAN

10 March 2026



OAKNORTH
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A large, stylized letter 'A' graphic composed of two overlapping, slanted rectangular shapes. The top-left shape is a lighter shade of green, and the bottom-right shape is a darker shade of green, creating a 3D effect. The letter 'A' is positioned on the left side of the page, with the text 'CHIEF EXECUTIVE'S LETTER' centered within its right-hand side.

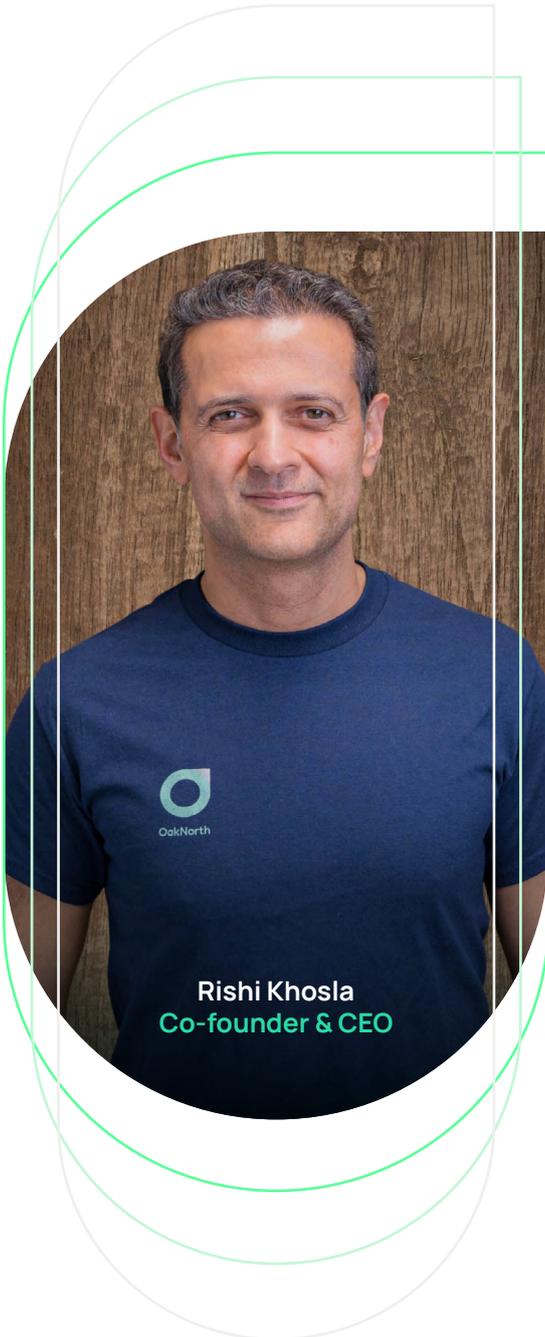
CHIEF EXECUTIVE'S LETTER

CHIEF EXECUTIVE'S LETTER

To our community,

It's been 10 years since we launched OakNorth - the bank for entrepreneurs, by entrepreneurs. Inspired by our own negative experience of trying to secure debt capital for our previous business⁴ from traditional banks, we sought to build something different.

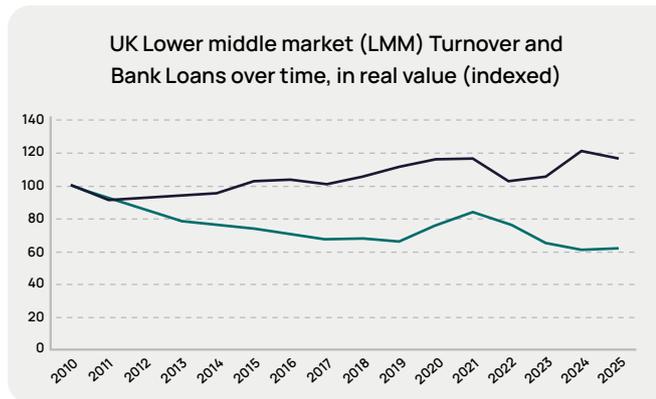
Our vision was to build a neobank which focuses on supporting proven entrepreneurs to scale their businesses, in the lower mid-market. These businesses tend to be the most productive organisations in economies and therefore are the key drivers of employment and GDP growth. The largest friction point for these businesses, and the one with the most impact on their ability to scale, is access to finance. In the decade following the Global Financial Crisis, regulation and risk appetite shifts reshaped bank behaviour – and lower mid-market businesses bore much of the cost.



Rishi Khosla
Co-founder & CEO

⁴ Copal Amba, now Acuity Analytics.

In the UK, lending to these businesses⁵ has contracted by -38% overall in real terms, at a -3.2% CAGR over the past 15 years⁶, even as the segment revenues have grown 17% overall over 15 years (11% CAGR) – to £2Tn and are equivalent to ~70% of UK GDP.



The picture in the US is similar: bank loan stock to LMM businesses is now 8% below pre-COVID levels in real terms and declined at -1.3% CAGR since 2019, despite these businesses⁷ accounting for \$12Tn in revenues equivalent to nearly half of US GDP. Capital hasn't followed the growth. The financing gap is not just about declining supply – it is about businesses losing faith that finance is even available to them. SME Finance Monitor (Feb-26)⁸ highlights only 56% of UK SME loan applications now result in a successful outcome, down from 71% before the pandemic. Confidence that a bank would approve a loan has fallen from 56% in 2019 to just 39% today. And three-quarters of UK SMEs (76%) have stopped seeking external finance altogether – not because they don't need it, but because they no longer expect to get it as per the report. This is the market OakNorth was built to serve.

Addressing the needs of an underserved and overlooked segment

The funding gap to the lower mid-market exists and persists because traditional banks take a manual policy-driven approach to commercial credit, focusing on a business' historical performance, as opposed to its future potential. This approach may suffice for low or no growth businesses, but for a business which is say scaling at 20% year-on-year, the focus needs to be on where they're going, not where they've been – as the company is a different business if you go back 12 months vs looking forward 12 months.

The firms which have disrupted bank lending in the last decade are fintechs and private credit asset managers. Fintechs typically focus their propositions on retail and small business customers whose needs can be more easily standardised and therefore met with full automation. Private credit has had a major impact on lending to larger companies - mid-market and corporates. Private credit provides highly customised lending for specific situations. It does this by deploying investment teams to run a highly manual process.

As we established OakNorth, we were clear that the right solution for our customer segment would not be a fully automated one, but one which has the right level of automation with a human in the loop to enable us to provide the right customised solutions for our customers who aren't borrowing hundreds of millions but are borrowing millions / tens of millions. We therefore combined the innovation and scalability of fintech, the credit expertise and structuring capabilities of private credit, along with the discipline and balance sheet strength of commercial banking - to create the right solution for the lower mid-market.

A decade of impact

The results speak for themselves...

Over the last decade, we've lent over £15.1 billion⁹ (c.\$20 billion) to the lower mid-market, helping thousands of proven entrepreneurs scale their businesses, creating and supporting over 70,000 jobs and over £40 billion (c.\$52 billion) of economic value¹⁰ in the process. We've continued lending and supporting our customers through a decade of unprecedented disruption in the UK and globally - Brexit, Covid, the supply chain crisis, five Prime Ministers, a rate-raising cycle, inflationary pressures, persistent low economic growth, and a period of heightened tension in global geopolitics. We've done this whilst maintaining a highly disciplined approach to credit - with just 0.045% of cumulative principal¹¹ losses over 10 years. Our performance metrics place us amongst the top 1% of commercial banks globally¹² in terms of return on assets, with an efficiency ratio of 26%¹³, and adj. ROE of 22%¹⁴. And by consistently delivering on our promise of a superior experience, we've turned our customers into our strongest advocates - creating a powerful flywheel for growth.

⁵ Business Population Estimates for the UK and Regions 2025, ONS (published October 2025); Bank of England statistical series RPMZ8YH, Bankstats, February 2026; Inflation adjustment using ONS CPI series; Data on firms with 5-249 employees to represent low-mid market businesses.

⁶ Loans to SMEs data starts from Apr 2011 by Bank of England.

⁷ Federal Reserve FRED, BUSLOANS and CREACBM027NBOG series (December 2025). US Census Bureau, Statistics of US Businesses (SUSB), 2023; Data on firms with 5-249 employees to represent low-mid market businesses.

⁸ SME Finance Monitor (published February 2026), Commissioned by UK Finance, BVA BDRC / Ipsos. Statistics drawn from pp. 45 (loan application success rates), 49 (confidence in bank approval), and 46 (anticipated borrowing profile / "future happy non-seekers").

⁹ Includes both committed and uncommitted facilities. USD equivalent is stated using average USD/ GBP foreign exchange rate of 1.3.

¹⁰ Aggregate Economic Value Supported represents the cumulative economic scale of lending facilitated since inception. For property-collateralised facilities, this reflects collateral values at origination. For other collateralised facilities, enterprise or asset collateral values are used. For non-collateralised facilities, economic value is estimated using an implied enterprise value based on OakNorth's average Enterprise Value/ Debt multiple over the past five years. Figures are not adjusted for subsequent changes in valuations or repayments, and do not represent outstanding balances.

¹¹ Gross cash lent to the borrowers excluding any interest dues. 0.045% is computed as £6.9 million of principal losses divided by £15.1 billion cumulative facilities granted since inception.

¹² OakNorth ranks among the top 5 banks in Western Europe and top 90 globally for Return on Assets (ROA) per The Banker's Top 1000 World Banks (July 2025), out of approximately 6,317 banks in the BIS LBS database (2024). The exact positioning of the ROA ranking is at 1.4%.

¹³ Excluding strategic investment costs. See details in section "2025 Financial Review" on page 21 to page 23.

¹⁴ Adjusted Return on equity (ROE) is computed as profit after tax attributable to ordinary shareholders expressed as a percentage of average regulatory equity capital excluding surplus.



In a highly competitive market, [OakNorth] has shown time and again that they're one of the best banks for high-growth businesses like ours – responsive, strategic, and relationship-led. Their speed, flexibility, and deep understanding of what we're trying to achieve have made them a critical partner for us."

Toni Kilby
Chief Financial Officer at Happy Days Nurseries



We are excited to take this next step with OakNorth. Throughout the process to date, they have been commercially-minded, responsive, and fully aligned with our long-term vision. As we continue to develop the Whittard brand and expand our footprint both domestically and overseas, it's essential we work with partners who understand the nuances of a global, multi-channel retail business, and who can support us with tailored funding solutions."

Nathan Smith
CEO of Whittard of Chelsea



OakNorth has played a pivotal role in our journey over the past five years, helping us accelerate our growth considerably. We're hugely grateful for OakNorth's support and the partnership we've built."

Tom Walsh
CEO and co-founder of Staycity Group

Growth in 2025: expanding horizons

In 2025, we continued to build on this momentum with a 33% increase in gross originations (2025: £2.8 billion / 2024: £2.1 billion) and an 18% increase in year-end loan facilities (2025: £7.2 billion / 2024: £6.1 billion). Notably, 40% of our gross originations came from the US – a market we only entered in 2023 at the time of the commercial banking crisis. Our US growth is very significant for us, as it shows that our model translates to one of the world's largest and most competitive markets. It has also opened up the ability to successfully service businesses which are operating across the US and UK – such as F1 Arcade, Ultimate Performance, and Mamas & Papas. The total addressable market in the US is approximately eight times that of the UK (c.\$4.4trn), so we have huge runway for continued disciplined and sustainable growth. Our Group's acquisition of a US Bank, Community Unity Bank

(pending regulatory approval), will only enable us to service these customers better.

Our key marketing strategy from the time we started the business was to focus our effort on delivering for our customers, and have them be our biggest proponents. We have built the business on this basis, where delivering for a customer helps us win the next. As a result, 80% of our business is driven by referrals from clients and their advisors and our network.



The OakNorth team was thoughtful, fast-moving, and genuinely interested in our vision. Their flexible capital structure and collaborative approach made them the ideal funding partner."

Dan Kipp
Co-Founder & CEO of Uncommon Equity



The support from OakNorth will allow us to bring much needed high-quality, attainable housing to a location that's walkable, transit-connected, and rich in opportunity for future residents."

Daniel Matian
Managing Director of Investments & Capital Markets at GoodHomes



We keep returning to OakNorth due to their deep expertise, strong track record, and speed in executing complex real estate transactions. Their continued trust and partnership reflect our shared focus on disciplined underwriting and delivering high-quality developments in key markets."

Joshua Crane
Co-Founder at S3 Capital

Our growth and investments in the last year haven't only been in our geographical footprint – throughout 2025, we continued to develop and invest in our business banking offering which now covers operating accounts, savings, payments, cards and supports multi-entity, multi-user, multi-authorisation lower mid-market businesses. The average customer deposit size of c.£155,000 demonstrates that the offering also works for more complex and larger lower mid-market businesses than what is typical for neobanks. In October 2025, we acquired the intellectual property (IP) of Monite, the all-in-one financial management platform for businesses. This will enable us to integrate robust AR/AP functionality to help our clients reduce the amount of time they need to spend on financial tasks such as invoicing, expense management, and bulk and single payments. This will go live in our business banking offering in Q2 2026.

Investing in technology: the role of AI

There is a lot of talk and excitement around AI, in our view rightly so. We have been busy across a number of areas with respect to AI.

AI Credit Impact: Lenders have been lending as if AI isn't going to change things, but our view is that it will. Therefore, in Q4 2024, we began developing our AI disruption framework within ONCI (our proprietary risk platform). We were clear that AI is going to reshape industries, and wanted a consistent way to assess and directionally quantify the impact to ensure that we continue to build a robust credit book. The speed of evolution of AI tools including the recent Claude 4.6 model means that the framework is continually being adapted – but the directional impact on industries is consistent. This framework has been used since early 2025 on new credits, as well as across our portfolio. As a function of this approach, we have not proceeded with certain prospective customers, where other lenders have. Our AI credit impact module sits alongside our climate assessment framework as part of our overall risk framework within ONCI. The output of ONCI on any credit is a Forward-Looking Rating (FLR) which factors in our industry scenarios (based on historic correlations with fundamental overlays), AI credit impact, and climate scenarios. We run this on each new credit and then as part of a 'lite' re-underwrite on a monthly basis across our whole portfolio at the loan level.

Adopting AI: We think about the impact of adopting AI on the basis of how we improve our customer proposition and experience, as well as how we get more operating leverage. For example, through leveraging Claude Projects and Custom GPTs, we've been able to materially speed up analytical processes, driving even faster credit decisions for our customers; and despite a 33% increase in gross loan originations in 2025, our headcount across our credit analytics team which manages new credits was flat. So, we're quicker for our customers *and* more efficient.

Overall, we achieved a 10% improvement in operating leverage in the business - our efficiency ratio¹⁵ improved from 29% to 26% in 2025. We announced a strategic partnership with OpenAI in May 2025, and today, use ChatGPT, Claude and Gemini across the business. All teams within the business are users of AI, with many processes being moved from humans to agents with a human in the loop. We are aware that large language models work by predicting the most statistically likely next word or phrase based on patterns

of training data. They don't 'look things up' or reason from first principles – they interpolate and extrapolate. When a question falls outside what they have seen before, they can generate something that sounds right but isn't. There's no internal fact-checker flagging uncertainty – hence the need to keep a human in the loop, and not using AI as a sole source of truth.

The difference between recently released products and last year's state of the art is stark. The next decade will look very different to the one that has just been. So, throughout 2026 and beyond, we will continue to evolve our AI Credit Impact framework, adopt AI, and spend time with our customers to help them understand the possibilities and impact of AI on their businesses.

These investments in geographic buildout in the US, offering buildout with Business Banking, and continued tech investment were made while maintaining our robust financial discipline, with operating profit before tax (ex-Tier-2 spreads) increasing to £235.2¹⁶ million.

10 years on, we are as excited and focused as ever on our mission to empower entrepreneurs in their scale up journeys, and in doing so, enable them to continue powering the communities and economies in which they operate. We are doing this from an incredibly robust position where today, over 67%¹⁷ of our equity base has been generated through retained profits, and the last time we raised primary capital was seven years ago in early 2019.

Over a period of 10 years, we have become the leading disruptor for lower mid-market businesses, and the only provider that has truly scaled with £605.9 million¹⁸ of gross revenue in 2025.

I am incredibly grateful to all our community who has made the achievements of these last 10 years possible, and look forward to continuing this journey together in the years to come.

Rishi Khosla
CO-FOUNDER
& CHIEF EXECUTIVE OFFICER

10 March 2026

¹⁵ Cost to income ratio excluding strategic investment costs. See details in section "2025 Financial Review" on page 21 to page 23.

¹⁶ Comprises statutory profit before tax of £222.5 million plus the spread on Tier 2 capital instruments of £12.7 million, being gross Tier 2 interest net of hedging swap costs (£18.9 million) less the Bank of England base rate component (£6.2 million).

¹⁷ Computed as cumulative earnings since inception attributable to ordinary shareholders of £808 million divided by total equity attributable to ordinary shareholders of £1,197 million (comprising £808 million of retained earnings and £389 million of invested equity). All figures exclude minority interests. Pre-dividend ratio is 67.5%; post-dividend ratio is 63%, reflecting dividends paid to ordinary shareholders.

¹⁸ Computed as sum of interest and fee income. Please see Consolidated Statement of Profit or Loss on page 94.

OUR UK CUSTOMERS

THIRD SPACE

"OakNorth has been a consistently supportive and engaged partner – quick to understand our model, agile in execution, and committed to our long-term vision. With their support, we're well-positioned to bring the Third Space experience to even more communities."

Colin Waggett
CEO of Third Space



HONEST

"With this funding from OakNorth, we're unlocking a significant phase of growth – not only expanding our footprint, but also continuing to invest in our people, technology, and franchising model. OakNorth has been a pragmatic and thoughtful partner throughout this process, and their confidence in our strategy is a strong endorsement of the team's vision."

Matt Brandon
CEO of Honest Burgers

FLAT IRON

"OakNorth has been a flexible and thoughtful partner throughout this process, and their support gives us the confidence and capital to continue delivering 'Remarkable Steak' to more guests across the UK."

Tom Byng
CEO of Flat Iron





“With the backing of dedicated banking partners like OakNorth, we continue to strive towards creating inclusive, high-quality educational environments where every child can thrive.”

Tracey Storey
CEO of Melrose Education



totalfitness

“Our experience with OakNorth was hugely exciting – we found them to be dynamic and entrepreneurial, but with an appreciation for rich insight and considerate decision-making. Total Fitness creates spaces and opportunities for members to achieve more than they thought possible through fitness – we operate superscale health clubs in the North of England and Wales although our ambitions expand way beyond that model of club, and we’re delighted to have OakNorth partner with us for the future.”

Sophie Lawler
CEO of Total Fitness



“OakNorth’s ability to structure and deliver capital efficiently has been instrumental in enabling EAG Bioenergy to continue expanding its footprint at pace, while maintaining a disciplined approach to risk and value creation.”

Peder Bratt
Director of EAG Bioenergy and Partner
at OrbeNovo Capital



OUR US CUSTOMERS



“The OakNorth team immediately understood the region’s hotel market and our vision, whilst also providing a flexible financing solution that allows us to continue growing our portfolio and delivering value to our investors and guests alike.”

Alex Rizk
CEO of Pro Hospitality Group



INNESS

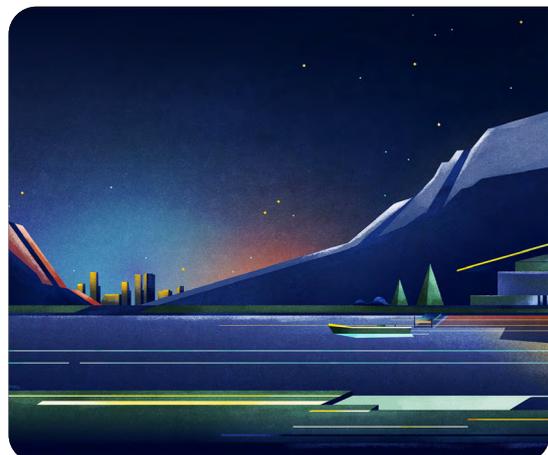
“With the support of the OakNorth team, we can continue to invest in enhancing our offering, from expanding room capacity to further developing the guest experience. We value OakNorth’s partnership and their clear understanding of the region’s hospitality and commercial real estate sectors.”

Michael Barry
Principal at Ironstate Development and co-founder of INNESS

EQUITYMULTIPLE

“Despite this being a highly complex transaction, the OakNorth team remain a trusted lending partner, always highly transparent in the process. We look forward to partnering with them on future loan opportunities throughout the rest of 2025 and beyond.”

Peter Paladino
Director of Credit Investments at EquityMultiple



OAKNORTH
ANNUAL
REPORT 2025

STRATEGIC REPORT

Our Strategy, Business Model and Performance Review

OakNorth Bank Plc (referred to as 'OakNorth,' 'OakNorth Bank,' 'the Bank,' or 'the Company') is a founder-led organisation dedicated to empowering ambitious entrepreneurs and businesses. Founded in September 2015, our mission is to serve proven, entrepreneur-led businesses in the lower mid-market – companies scaling fast enough to outgrow standardised lending products, but not yet large enough to access institutional or corporate debt markets. A decade of lending to this segment has demonstrated both the depth of the opportunity and the discipline required to serve it well: £15.1 billion of credit extended, and an economic footprint – in jobs supported and homes built – set out in the Business section of this report. The businesses behind those numbers are the clients OakNorth exists to serve.

In 2025, OakNorth was named Best Bank in the UK at The Banker's Bank of the Year Awards. A selection of the businesses we supported during the year, across more than a dozen sectors from fitness and hospitality to education and healthcare, is set out in the Customer Stories section of this report.

We provide flexible, structured debt financing from a million pounds to tens of millions, across a wide range of purposes including growth capital, acquisitions, management buyouts, and property development and investment. We fund this lending primarily through our award-winning digital savings platform,

which offers competitive, FSCS-protected products to retail savers across the UK.

Since 2023, we have expanded our lending into the US, where the same structural gap exists at significantly greater scale. Our approach in both markets is consistent: rigorous credit analysis, deep engagement with borrowers, and disciplined underwriting across a carefully selected range of sectors and sub-segments, monitored continuously through sophisticated stress-testing to ensure resilient portfolio quality through the cycle.

The sections below set out the financial results, operating environment, and risk framework that underpin the performance described above.

Our values, vision, and culture

The way OakNorth operates – across two markets, a growing range of products, and a team that spans multiple geographies – is shaped by a set of values that define how we work and hold us accountable to our mission. Our leadership team and the Board take the lead in establishing a strong culture and are committed to living these values and setting the tone across the organisation. Our values are observable in how we operate day to day, from the speed at which we make credit decisions to the directness with which we engage borrowers, savers, and regulators alike.

These values shape not only how we work, but how we show up for our customers, communities, and the businesses we back.

The seven values of OakNorth



One team

We work together to achieve our goals, whether it's across teams, countries, departments or people in a room.



Right ambition

Success is better shared. We channel the right ambition as individuals to meet our collective goals.



Customer delight

Our customers drive everything we do. We go beyond satisfaction to deliver delight at every opportunity.



10X

Better is good, ten times better is great. We set ambitious goals and work to deliver outsized results.



Momentum

We're go-getters so we take decisive action, at pace. It helps us turn ambitions into accomplishments.



Zero base

We always apply strong first-principles thinking.



Say it how it is

We're open and transparent with our stakeholders and encourage honest and constructive input from our team.

The impact behind the numbers

Sustainability and responsibility are embedded in how OakNorth lends, operates, and engages with the communities around us. By integrating environmental and social considerations into our lending and operations, we support the entrepreneurs and innovators driving solutions to major societal challenges.

Our 1+1% initiative – now in its sixth year – commits 1% of group profits and 1% of our team's time to charitable causes. To date, this has supported dozens of organisations across the UK, US,

and India, positively impacting tens of thousands of lives across entrepreneurship education, financial literacy, and STEAM skills.

On climate, OakNorth has offset and reduced Scope 1 and 2 emissions since 2019 and continues to work toward reducing Scope 3 emissions, including supplier and financed emissions, with a net zero target of 2045. In 2025, further progress was made across emissions measurement, customer engagement, and the integration of climate risk into credit decisions.

Full details are set out in our Environmental, Social and Governance Review.

2025 Financial Review

Strong financial performance through a year of investment

The 2025 financial results reflect three dynamics central to understanding the business: strong origination growth driven by the rapid scaling of US lending; compression in net interest margin as funding costs normalised with the rate environment; and continued investment in the businesses being built for the next phase of growth. Together, these yielded profit before tax of £222.5 million – a 4% increase on the prior year and a fifth consecutive year of profit growth. Adjusted for Tier 2 spreads, the underlying increase was 7%, with adjusted return on equity maintained at 22% consistent with 2024. The table below summarises the key financial and non-financial metrics for the year.

Key metrics for the year ended (unaudited)	2025	2024	Year-on-year variance
Gross new facilities granted during the year (£ billion) ¹	2.8	2.1	+33%
Total facilities outstanding (£ billion) ¹	7.2	6.1	+18%
Loans and advances to customers (£ billion) ²	4.9	4.4	+11%
Profit before tax excluding Tier-2 spread (£ million) ³	235.2	219.1	+7%
Profit before tax (£ million)	222.5	214.8	+4%
Profit after tax (£ million)	165.2	159.3	+4%
Profit after tax attributable to ordinary shareholders (£ million)	162.1	157.8	+3%
Return on equity ⁴	16%	17%	-1%
adj. Return on equity ⁴	22%	22%	-
Net Interest Margin (%) ⁵	6.7%	7.3%	-0.6%
Total capital ratio (%) ⁶	18.4%	20.5%	-2.1%
Customer satisfaction & 'fly-wheel' effect measures (Non-financial metrics)			
Net Promoter Score ⁷	64+	70+	-6
New lending originated via referrals, repeat customers or OakNorth network ⁸	80%+	80%+	-

¹ Includes both committed and uncommitted facilities.

² Gross drawn loans and advances to customers outstanding.

³ Tier 2 spread is computed as gross Tier 2 interest cost net of swap costs and less Bank of England base rate (2025: £18.9 million less £6.2 million ; 2024: £7.4 million less £3.1 million).

⁴ Return on equity (ROE) is computed as profit after tax attributable to ordinary shareholders expressed as a percentage of average equity capital excluding minority interest. Adjusted ROE is based on average required regulatory equity capital excluding surplus.

⁵ All net interest income and fees for Bank, including proportionate share of A.S.K Partners Limited, stated as a percentage of average loan balances.

⁶ Regulatory capital expressed as a percentage of risk weighted assets. The ratios are presented for OakNorth Bank on a consolidated basis, including A.S.K Partners Limited. Details are available as part of the Bank's Pillar 3 disclosures published separately on the Bank's website at www.oaknorth.co.uk, typically within three months following publication of this Annual Report.

⁷ Net Promoter Score measures customer loyalty and satisfaction based on survey responses about recommending OakNorth's deposit products and services, rated out of 100.

⁸ New lending facilities extended during the year that were originated through direct client relationships, repeat borrowers or the OakNorth network, and excludes any facilities where a referral or introducer fee was paid to a third-party intermediary.

Strong origination growth across the UK and US

Total new originations grew 33% to £2.8 billion; resulting in total facilities 18% higher at £7.2 billion (2024: £6.1 billion) and the drawn loan book 11% higher at £4.9 billion (2024: £4.4 billion). Growth was broad-based and increasingly transatlantic in character, with the US now representing 19% of total facilities outstanding (2024: 8%), reflecting the rapid build-out of a relatively new lending franchise.

In the US, new facilities extended increased more than threefold from 2024 volumes, reflecting the scale of the opportunity in the lower mid-market and the pace at which we have been able to build a high-quality book from a standing start. In the UK, new originations of £1.7 billion were in line with the prior year – with H1 marked by irrational market behaviour on price and leverage, and over 65% of volumes completing in a stronger H2. Subdued business sentiment weighed on market confidence, coupled with significant liquidity in the market – which also drove elevated repayment volumes. As in previous years, we prioritised disciplined credit and pricing over volume – a discipline that we believe will hold us in good stead through cycles.

The depth of our customer relationships is captured in the fact that more than 80% of new lending in 2025 was originated via referrals, repeat customers and our network. Examples of those relationships and feedback from our customers are set out in the Customer Stories section of this report.

A stable and growing deposit base

OakNorth's deposit base is a core competitive advantage, providing stable, largely retail, FSCS-protected funding that supports our ability to lend through varying conditions. The deposit book grew 7% to £6.5 billion, with over 90% FSCS-protected at year end.

Our award-winning, digital-only savings platform continued to attract and retain customers, offering flexible, customer-friendly products rated 4.8/5 on Trustpilot from over 18,200 reviews – placing us among the top-rated banks in the UK on the platform. We maintained a strong Net Promoter Score of 64 – well above the financial services sector average – reflecting the consistent quality of service our customers experience. The modest movement from the prior year reflects the broader market-wide repricing of savings rates as the interest rate environment normalised, a dynamic experienced across the sector, rather than any change in service standards, which continued to improve throughout the year. Our continued focus on delivering positive customer outcomes helped sustain a low level of complaints relative to total deposits, with issues resolved efficiently – often ahead of FCA timelines – and minimal escalation to the Financial Ombudsman Service.

Resilient profitability through a period of investment

Excluding Tier 2 spreads, profit before tax grew 7% to £235.2 million (2024: £219.1 million). Including Tier 2 spreads, profit before tax was

£222.5 million (2024: £214.8 million), with profit after tax of £165.2 million (2024: £159.3 million). Adjusted return on equity, based on required regulatory capital, was 22%, consistent with the prior year.

These results were delivered while absorbing the cost of building two significant new businesses and mitigating the P&L effects of the normalisation of funding costs and the annualisation of costs related to the October 2024 Tier 2 issuance. That profit growth was sustained through all three headwinds reflects the underlying earnings power of the model.

The key factors that characterised 2025 earnings are set out below.

- **Net interest margin (NIM)** declined to 6.7% (2024: 7.3%), reflecting three factors: the reversal of deposit pricing tailwinds, as the margin benefit from lagged repricing during the rising rate environment diminished with the onset of falling interest rates; margin pressure in UK lending from competitive market conditions driven by excess liquidity; and the full year impact of Tier 2 issuance from the prior year. Net interest income nonetheless grew in absolute terms, as loan book expansion more than offset compression at the margin level.
- **Credit costs.** A net provision charge of £0.1 million was recorded during the year (2024: net release of £4.4 million), representing a normalisation of credit costs. Credit quality remained strong throughout, as detailed in the Credit Risk section below.
- **Strategic investment.** As described in the Chairman's foreword and CEO's letter, OakNorth is mid-way through building two businesses that are central to its next decade of growth: US lending and Business Banking. Both require material investment in people, infrastructure, and operational capability ahead of the returns they will generate – and both are developing in line with our expectations. Excluding these strategic costs, the efficiency ratio¹⁸ improved to 26% (2024: 29%), reflecting the operating leverage of a branchless, technology-led model with no legacy infrastructure. Including all technology investment, the efficiency ratio was 29% for 2025 (2024: 31%).

Portfolio quality maintained across both markets

Credit quality remained strong throughout the year across both the UK and US portfolios. Stage 2 and Stage 3 loans declined to 8% of the book (2024: 10%), driven by resolution of Stage 3 cases in 2024 and successful workout and recovery efforts. The ECL coverage ratio of 0.4% (2024: 0.5%) reflects disciplined underwriting standards, an improved macroeconomic outlook, and the changing mix within Stage 3, where improved workout outcomes and higher collateralisation on new additions resulted in lower loss provisions relative to gross Stage 3 balances.

¹⁸ Cost to income ratio computed as operating expenses as a percentage of net interest and fee income. Including all technology investments, this was 29% for 2025 (2024: 31%). A.S.K Partners Limited contributed to 1% of the total ratio at a consolidated level, which has remained unchanged for both the reporting periods.

The quality of our loan book is the product of a consistent approach to underwriting that combines deep quantitative analysis of borrower financials and macroeconomic scenarios with direct engagement with the businesses and business leaders to whom we lend. That approach has been applied in the UK for a decade, and we are applying the same rigour as we build our US book.

Forward-looking credit analysis: assessing AI impact across our portfolio

One dimension of that rigour that has developed materially in 2025 is our assessment of AI disruption risk. As the CEO's letter sets out in detail, we developed a proprietary AI Disruption Framework within OakNorth Credit Intelligence (ONCI) to systematically assess and directionally quantify AI's implications at the borrower and sector level – and as a result have not proceeded with certain credits where other lenders have. What the framework produces, within ONCI, is a Forward-Looking Rating (FLR) that incorporates AI credit impact alongside industry scenarios and climate assumptions, applied to each new credit and re-run monthly across the portfolio. The FLR framework – and how these inputs are translated into borrower-level cash flow, default probability, and loss potential – is described in the Credit Risk section of this report.

Technology, AI and operational resilience

Our cloud-based technology and cybersecurity infrastructure performed with strength and resilience throughout the year. There were no material system downtimes, operational disruptions, or cybersecurity incidents. Investment continued in our enterprise data architecture and automation initiatives to drive operational efficiency across the business.

Deploying AI across the organisation. As our CEO's letter sets out, 2025 was a year of significant AI deployment across OakNorth – from credit analytics to legal execution, compliance, and operations. Beyond the lending platform, we continued to embed AI into the operational and functional fabric of the organisation in ways that are changing how transactions are executed and how our internal systems are built.

As an example, in legal and transaction execution, AI is now being used to resolve complex regulatory compliance queries, to automate the analysis of indemnity and liability clauses in legal agreements, and to assist in drafting specialised facility agreements – compressing review cycles and reducing execution risk in areas that have historically been time-intensive. In lending operations, we have developed infrastructure that intelligently pre-filters and structures large datasets from our core systems before AI processing – an architectural choice that reflects a commitment to embedding AI at the infrastructure level rather than layering it on top of existing platforms. We are also running exploratory workstreams designed to identify novel applications from first principles, ensuring that our AI programme continues to surface opportunities that would not emerge from incremental improvement alone.

Across our lending and Business Banking platforms, continued development of digital capabilities streamlined customer onboarding, credit decisioning, and payment processing, supporting faster and more seamless service delivery for a growing and increasingly diverse customer base. The technology investments made in 2025 underpin both the operational resilience of the business today and the scalability required to support the next phase of growth across the UK and US.

Capital and liquidity strength maintained, with surplus above regulatory requirements

The total capital ratio stood at 18.4% at 31 December 2025 (2024: 20.5%), with the CET1¹⁹ ratio at 15.5% (2024: 17.3%). Surplus capital was maintained above regulatory requirements and internal risk appetite limits throughout the year, underpinned by prudent risk management and strong internal capital generation – as both the Chairman's foreword and CEO's letter note. Consistent with our capital management framework, £120 million of dividends were paid during the year – comprising a £40 million dividend approved in 2024 and an £80 million special dividend; this optimises the Bank's capital stack whilst also supporting the wider Group's ability to fund its strategic initiatives and providing liquidity to long standing investors in the group. In December 2025, the PRA confirmed a further 2.2% reduction in our regulatory capital requirement effective January 2026, providing additional headroom for the next phase of growth.

As at 31 December 2025, we held £2.2 billion of unencumbered high-quality liquid assets at the Bank of England (2024: £2.7 billion). The reduction from the prior year reflects reallocation of a portion of liquid assets into longer-duration investments including long-term UK Gilts and senior CLO tranches; and a shift in the composition of our deposit base toward notice and term deposits, which carry a lower immediate withdrawal profile. The average Liquidity Coverage Ratio during 2025 was 478% (2024: 489%) and the Net Stable Funding Ratio was 190% (2024: 190%), both well above the regulatory minimum of 100%.

Business and economic review and outlook

The macroeconomic and geopolitical backdrop

2025 was a year shaped by the interaction of three significant forces: a global economy still navigating the aftermath of the post-pandemic rate cycle, a geopolitical environment that remained unpredictable, and the accelerating impact of AI on industries, capital markets, and competitive dynamics. Across our two markets, these forces played out differently – and that divergence defined both the opportunities and challenges we navigated through the year.

Geopolitically, the year was unsettled. The escalation of US trade policy – including broad tariff measures and the legal challenges

¹⁹ Regulatory common equity Tier 1 capital expressed as a percentage of risk weighted assets. Details are available as part the Bank's Pillar 3 disclosures published separately.

that followed – created sustained uncertainty for global supply chains and business investment. The conflict in Ukraine and tensions in the Middle East continued to affect energy markets and shipping routes, reinforcing an environment in which the range of plausible economic outcomes remained wide.

AI added a further dimension of complexity to the macro picture. The pace of model development accelerated markedly through the year, driving significant capital reallocation toward AI infrastructure and prompting questions about asset valuations, concentration risk, and the timing of broader productivity gains. Across industries, reactions were mixed – some businesses began to see genuine efficiency transformation, while others faced growing uncertainty about competitive positioning, demand resilience, and long-term business model viability. These dynamics are still working through the economy, and their ultimate impact on growth, employment, and sector performance remains one of the more consequential – and difficult to forecast – variables in the outlook.

In the UK, economic activity was positive but modest, falling below expectations. GDP growth of approximately 1.5% in 2025 masked a significant deceleration in the second half of the year, with Q4 growth of just 0.1% reflecting weakness in construction and flat services output. Persistent inflationary pressures kept the Bank of England cautious, cutting Bank Rate only gradually from its peak. The labour market loosened materially over the year and business sentiment remained subdued amid fiscal uncertainty and the forthcoming rise in employer National Insurance contributions from April 2026. Near-term sentiment in construction and real estate remained weak, though expectations for a gradual recovery later in 2026 have improved as rate pressures begin to ease.

In the US, economic momentum was considerably more resilient. Real GDP grew at 4.4% annualised in Q3 2025, supported by strong consumer spending, robust business investment – particularly in AI infrastructure and data centre construction – and a labour market that, while cooling, remained broadly stable. The Federal Reserve cut policy rates during the year before pausing in January 2026. Mid-market credit demand remained resilient, particularly in underbanked regions and specialist lending segments in which OakNorth operates.

OakNorth's positioning within this environment

The three forces described above – economic divergence, geopolitical uncertainty, and AI disruption – each played out directly in how OakNorth operated and how we managed risk in 2025, as the Chairman's foreword and CEO's letter describe in detail. The UK's subdued environment created a more challenging lending backdrop than anticipated, while the US provided both growth opportunity and the need for careful navigation of a credit market that is evolving rapidly. The AI-driven uncertainty reshaping our customers' industries required us to develop new analytical tools to ensure our credit assessments remain forward-looking.

Portfolio credit quality remained strong across both markets. Loan-to-value ratios and net leverage on cash flow-based business

loans remained prudent, underpinned by active risk monitoring and disciplined underwriting standards. Our risk management framework was further strengthened in 2025, with macro-aligned stress testing and forward-looking metrics enhanced to reflect evolving credit, climate, operational, and geopolitical risks. Capital and liquidity buffers were maintained well above regulatory requirements throughout the year.

The sector-level implications of AI disruption – affecting demand patterns, competitive dynamics, and in some cases the long-term viability of business models – are embedded in our credit assessment process through the AI Disruption Framework described in the Financial Review above, ensuring these shifts are assessed at the borrower level rather than treated as background noise.

We continued to develop our approach to climate risk during the year, with climate considerations embedded in credit decisions and our ON Climate tool enabling forward-looking assessment of transition and physical risks across the portfolio. Regulatory expectations in this area continue to evolve across both the UK and US, and our investment in AI-assisted surveillance of climate disclosure standards and transition pathway research – described further in the Outlook section below – is designed to ensure our frameworks keep pace with that evolution, rather than responding to it retrospectively.

Outlook for 2026

The macro and geopolitical environment described in the section above sets the backdrop against which we enter 2026. We are not expecting it to be materially easier than 2025: trade policy uncertainty persists, AI disruption is still accelerating ahead of the productivity gains that would justify current valuations, and the UK growth picture remains subdued. What has changed is that we are better positioned for it. Our portfolio is more diversified, our frameworks for assessing AI and climate risk are operational across the book, and our capital and liquidity headroom provide genuine optionality.

For OakNorth specifically, 2026 is the year in which several of the investments made over the prior two years begin to move from build to run. US lending should continue to scale, reflecting the impact of the investments made. Business Banking will add AR/AP functionality through the Monite IP integration, completing the core product set for lower mid-market operating accounts. And the full-year effect of the PRA's December 2025 regulatory capital reduction – a 2.2 percentage point reduction in our TCR requirement effective January 2026 – provides additional room to deploy capital in line with loan book growth.

On climate, continued investment in AI-assisted regulatory surveillance and scientific literature synthesis will support more timely integration of evolving disclosure standards into our ON Climate modelling and scenario design.

OakNorth enters 2026 with a strong capital base, a growing transatlantic franchise, and the same credit discipline that has defined the business since its founding.

Risk Management Framework and overview

OakNorth's growth — across two markets, a growing product range, and an increasingly complex balance sheet — makes disciplined risk management not just a regulatory requirement but a core enabler of the strategy. As we scale, the frameworks and capabilities that protect the business must scale with it.

At the heart of our approach is a proportionate, Board-approved Risk Management Framework (RMF) that ensures the key risks facing OakNorth are identified, measured, monitored, and managed within defined risk appetite limits. Our strategy is articulated through a detailed Risk Appetite Statement (RAS), which sets out the type and quantum of risk we are prepared to accept to achieve our strategic business objectives. The RAS is operationalised through a suite of policies and standard operating procedures (SOPs) used by our staff. Detailed policies and frameworks approved by the Board and its committees define the governance framework that ensures OakNorth's activities are consistent with the Board-approved risk appetite. Central to the operational risk management is a Risk and Controls Self-Assessment (RCSA) framework, through which risks and controls are documented and assessed process by process, providing management with assurance that controls are appropriately designed and effective. First line Business Assurance Testing and second line assurance testing are undertaken regularly.

OakNorth operates a Three Lines of Defence model. The first line — business and operational teams — owns and manages risk directly through the execution of controls and adherence to policies. The second line — Risk and Compliance functions — provides independent oversight, guidance, and challenge, including monitoring and assurance over risk frameworks. The third line — Internal Audit — provides independent assurance to the Board and senior management on the effectiveness of the overall control environment, governance, and risk management practices.

As OakNorth scales and extends its geographic footprint — most notably with growth in US lending — we have ensured the RMF remains fit for purpose by recalibrating the RAS, refreshing the policy suite, aligning standards with US jurisdictional requirements, embedding training and attestations across new locations, enhancing stress testing to capture cross-border and multi-currency capital and liquidity dynamics, and expanding first and second line assurance to validate operating effectiveness. These measures ensure the framework scales with growth, remains compliant across jurisdictions, and supports controlled, sustainable expansion.

Detailed information on the RMF and review of key risks is provided in the Risk Management section of this report.

Credit risk remains the most significant risk OakNorth faces, given the emphasis of our business model on lending. Our Credit Risk Management Framework (CRMF) governs credit policies and procedures, credit and concentration risk appetite limits,

key risk indicators, the credit decisioning process including delegated authorities, portfolio performance and management, risk rating frameworks, the risk-weighted assets approach, portfolio provisioning, stress testing frameworks, and climate risk assessment and management within the loan book.

Central to our approach is our proprietary credit risk platform - ONCI, which produces a Forward-Looking Rating for each borrower that reflects macroeconomic, climate and AI disruption considerations in a single, integrated output. The FLR combines statistical and fundamental models to generate granular, sub-sector level forecasts of how macroeconomic conditions and structural shifts may affect each borrower's cash flow, default likelihood, and loss potential. **The AI Disruption Framework**, developed in 2024 and further embedded in 2025 within the FLR, enables systematic assessment of AI-driven risk at the borrower and sector level. Applied monthly across both UK and US portfolios, the FLR enables early identification of emerging risks and supports continuous stress testing of the loan book.

Climate transition assumptions are integrated into the FLR framework, ensuring that the risks and opportunities associated with the low-carbon transition are reflected in credit assessments for both new and existing borrowers. Our 2025 climate scenario analysis under the Bank of England's Climate Biennial Exploratory Scenario framework identified no material expected credit losses across the portfolio under any of the scenarios modelled.

Provision adequacy is overseen by the Reserve Adequacy Working Group (RAWG), operating under a mandate from the Board Audit Committee and comprising the Head of Credit Risk, CFO, and CRO. The RAWG is responsible for reviewing and confirming the adequacy of provision calculations, overseeing the staging approach, validating scenarios and weightings, and assessing the appropriateness of provision overlays and exceptions. Credit model performance, including back-testing and effectiveness, is overseen by the Model Risk Working Group (MRWG) in line with the Bank's Model Risk Policy.

Capital, liquidity and interest rate risk. OakNorth's capital risk appetite framework ensures sufficient capital is maintained — with appropriate buffers — to meet regulatory requirements under both baseline and stressed conditions. Capital adequacy is assessed through the annual Internal Capital Adequacy Assessment Process (ICAAP), covering credit, interest rate, operational, and other material risks across multi-year projections, including portfolio growth, concentration risk, and borrower quality. Stress testing determines whether capital exceeds the Total Capital Requirement and regulatory buffers under severe but plausible scenarios.

As at 31 December 2025, OakNorth maintained a total capital ratio of 18.4% (2024: 20.5%) and a CET1 ratio of 15.5% (2024: 17.3%), with a surplus above regulatory requirements. In December 2025, the PRA confirmed a 2.2% reduction in our regulatory capital requirement effective January 2026, reflecting improved portfolio diversification and lower portfolio concentration.

For liquidity, we maintain sufficient high-quality liquid assets and liquidity buffers to meet financial and regulatory commitments across all currencies, in line with the Board's risk appetite and the PRA's ILAAP expectations. Unencumbered high-quality liquid assets included £2,184 million held at the Bank of England (2024: £2,689 million) and £300 million in long-term UK Gilts. The average Liquidity Coverage Ratio during 2025 was 478% (2024: 489%) and the Net Stable Funding Ratio was 190% (2024: 190%), both well above the regulatory minimum of 100%. As at 31 December 2025, over 90% of deposit balances were protected under the Financial Services Compensation Scheme, following the increase in the FSCS limit to £120,000 effective 1 December 2025 (2024: 91%).

USD lending through cross-currency swaps introduces additional liquidity complexity – including variation margin and roll-over requirements – which is managed prudently through liquidity resources held in both GBP and USD. Structural FX risk, primarily from net USD exposures, is assessed through sensitivity analysis and remains under active monitoring, though it is not currently material.

Interest rate risk in the banking book is managed by ALCO through a dual hedging approach using natural portfolio offsets and interest rate swaps, addressing timing mismatches in the repricing of assets, liabilities, and off-balance-sheet exposures. All IRRBB metrics remained within risk appetite throughout the year.

Operational risk is managed through a framework of clearly defined policies, thresholds, early warning indicators, and risk-based assurance, with first and second line reviews conducted at defined intervals. A Business Continuity and Crisis Management Plan (BCP) and an annual Business Impact Analysis (BIA) support prevention and recovery strategies. OakNorth maintains a low risk appetite for operational loss and has not incurred any material losses to date.

Our cloud-based infrastructure, combined with our branchless operating model and the support of OakNorth Global Private Limited in India, provides a resilient and cost-efficient operational foundation. OakNorth achieved full compliance with PRA and FCA operational resilience requirements in March 2025, including scenario testing to validate that important business services can remain within defined impact tolerances under severe but plausible disruption scenarios.

Cyber risk. Safeguarding our systems and our customers' data against increasingly sophisticated threats is a critical priority.

Our defence-in-depth approach incorporates firewalls, VPNs, encryption, advanced monitoring, and an in-house 24/7 Security Operations Centre. We align to the NIST Risk Management Framework, conduct regular maturity assessments via the Bank of England's CQUEST tool, comply with US requirements including NYCRR 500, and hold ISO/IEC 27001:2022 certification from the British Standards Institution. There were no material cybersecurity incidents during 2025.

Artificial intelligence risk. The rapid expansion of AI across OakNorth's operations and analytical processes introduces a category of risk that is distinct from – though related to – both operational and model risk. The primary dimensions of this risk are the potential for material error or bias in AI-assisted outputs, the misuse of AI by malicious actors to circumvent financial crime and security controls, and the challenge of maintaining appropriate oversight as the breadth and pace of AI deployment evolves. These risks are managed through a structured human oversight model applied across all material AI use cases, ensuring that outputs are reviewed by appropriately qualified individuals before action is taken. Complementary controls include technology-led security measures, model retraining protocols, and second-line assurance testing. The Board receives regular updates on AI adoption and has identified generative AI as a horizon risk subject to ongoing monitoring. Further detail is provided in the Risk Review section of this report.

Conduct, compliance, and financial crime. OakNorth has zero tolerance for any breach of law, regulation, or code of conduct. An independent Financial Crime and Compliance function provides expert oversight through a structured, risk-based Compliance Monitoring Plan, supported by comprehensive policies covering anti-money laundering, sanctions, fraud prevention, anti-bribery, and tax evasion. Reputational risk – the potential for damage to the Bank's brand or market standing due to adverse opinions or events – is actively managed as part of this framework. Compliance training is mandatory for all staff, and regulatory developments are actively monitored through an automated horizon scanning tool to ensure timely implementation across the business.

Detailed information on the RMF and review of key risks is provided in our "Risk Management" report [from page 51 to page 53](#).

Section 172 statement

Board engagement and consideration of stakeholder interests in the board's decision-making processes

In overseeing the delivery of OakNorth Bank's strategy, the Directors are mindful of their duties under the Companies Act 2006, including those set out in section 172, which require them to promote the success of the Company for the benefit of its members as a whole, while considering the interests of key stakeholders and the long-term consequences of their decisions.

The Board's principal duty is to create and deliver a sustainable business model by setting OakNorth's strategy and overseeing its implementation. It does so with regard to the interests of key stakeholders including investors, customers, communities, employees, the environment, regulators, and suppliers.

The Board considers, reviews, and provides robust and independent challenge to the reports and management information that it receives, ensuring that the impact on OakNorth's operations and the interests of key stakeholders are fully understood. The Board monitors progress on the delivery of strategic initiatives through regular information packs, enterprise-wide risk assessments and monitoring metrics it receives from across the business. Deep dive sessions are held on critical agenda items to support deeper engagement.

The Board sets clear expectations of conduct for the Executive Leadership Team (ELT) of OakNorth. These are formally captured in our mission, vision, and our Objectives and Key Results (OKRs) framework. The OKRs set out our annual and quarterly priorities, connected to our vision, mission, and commercial plan, and are cascaded across the organisation. The Board typically holds monthly calls and convenes in-person once a quarter to discuss standing agenda items, including business performance, and to consider strategic matters or hold deep-dive sessions with various functions covering a range of topics.

Directors' key engagements with stakeholders

Investors

The Board continued to monitor the health and performance of the loan book through regular reviews of portfolio metrics, capital and liquidity positions, stress testing outcomes, and business and economic environment. The Board approved plans for and maintained close oversight of acquisition activities, new product launches, expansion into new markets, change management, and the governance procedures associated with these initiatives.

Throughout the year, Executive Directors engaged with investors through periodic meetings and updates, including the Annual General Meeting, to discuss financial performance and strategic initiatives.

The Board undertook a review of the Bank's key strategic priorities and reaffirmed the strategic plan to ensure it continues to deliver sustainable business growth for investors. The Board also reviewed, challenged, and approved the ICAAP and ILAAP, ensuring that OakNorth had adequate liquidity to survive under a combined severe stress scenario.

The Board maintained close oversight of new business growth, credit quality and the performance of the loan book, including regular review of outputs from the ONCI platform, the macroeconomic scenario assumptions and weightings applied, and the outcomes of monthly stress tests conducted across both the UK and US portfolios. It also reviewed sector limits and risk appetite thresholds, and approved enhancements to the Credit Risk Management Framework to reflect changes in the business profile and enhancements to the credit risk infrastructure.

The Board approved the Bank's dividend policy and payments, reinforcing confidence in OakNorth's long-term growth strategy.

Employees

During the year, the Board maintained a strong focus on People and Culture, receiving periodic updates on organisational and risk culture and holding deep-dives on employee engagement, culture, and organisational health. These sessions included reviews of engagement survey outcomes, management information, key people metrics, and whistleblowing reports. The Board noted continued progress in areas such as employee engagement, benefits optimisation, talent development, and organisational scalability, which align with OakNorth's broader strategic growth objectives.

The Executive Directors maintained active and ongoing engagement with employees through OakNorth's regular communication channels, including the weekly 'All-Party' calls, town halls and other internal updates. The weekly All-Party call brings together employees from across the OakNorth Group, providing updates on business progress and strategy, as well as a forum for employees to ask questions and share feedback directly with senior leadership.

In addition, the Board considered senior management appointments and succession planning for key leadership roles to ensure a strong and sustainable talent pipeline across the organisation.

Customers

The Board reviewed OakNorth's engagement with customers through customer satisfaction metrics, including survey data, complaints analysis and outcomes from the Annual Product Review and Fair Value Assessments.

The Board monitored progress under OakNorth's operational resilience programme and approved the Operational Resilience Self-Assessment, including definitions of Important Business Services and associated Impact Tolerances, and the Operational Resilience Policy.

The Board continued to oversee the Bank's ongoing compliance with the FCA's Consumer Duty rules and associated improvement

initiatives, led by the Board's Consumer Duty Champion, Ted Berk, ensuring that fair outcomes for customers remained central to all decisions.

The Executive Directors maintained engagement with customers via events, and periodic focus groups and surveys.

Suppliers

The Board continued to receive regular reports on supplier management. Executive management maintained close engagement with OakNorth's key suppliers throughout the year supported by a robust Supplier Management Policy, which serves to actively manage relationships with, and performance of, all material service providers. This includes support provided by other entities within the OakNorth Group with the culture of 'One Team' being promoted across the group.

OakNorth's dedicated supplier management function strengthened third-party risk management practices and drove greater consistency in vendor engagement, including regular performance reviews, feedback mechanisms, and engagement on regulatory and compliance matters with critical vendors. OakNorth's commitment to responsible procurement ensures fair treatment, transparent contract terms, and timely payments, supporting supplier financial stability.

The Board also approved material outsourcing arrangements, supplier management frameworks and policies and reviewed the outcomes of the annual supplier risk assessment.

Regulators

The Board and Executive Leadership Team (ELT) continued to maintain open and cooperative engagement with OakNorth's regulators including the Prudential Regulation Authority (PRA), Financial Conduct Authority (FCA), Federal Reserve and NYDFS. Engagement was proactive and ongoing through scheduled meetings and regular updates on strategic initiatives, business and operational performance and material risks.

The Board reviewed management information to ensure that regulatory requirements were identified, tracked, and addressed promptly and that regulatory matters were fully considered across operations.

OakNorth continued to contribute to policy consultations to ensure that future regulation is proportionate and risk-based and supports

both financial stability and the regulators' secondary objectives on competition and growth.

Communities and the environment

The Board continued to oversee OakNorth's progress on climate-related initiatives and commitments, including the embedding of climate risk into the broader risk management framework and reviewing results of climate stress tests on the loan book.

During the year, AI tools were increasingly used to support climate risk management – including monitoring evolving global climate disclosure standards, synthesising regulatory and scientific literature into operational implications, and ensuring consistency in emissions metrics and scenario definitions across the Bank's modelling frameworks. This supports more timely and rigorous climate risk assessment across the loan book, complementing the work of the ON Climate framework described in the ESG Review.

The Board engaged with industry leaders to discuss climate initiatives, risks, and opportunities for commercial lenders. Executive management contributed to several cross-industry forums to explore how the sector can support the UK's net zero ambitions through finance and policy.

The Board continued to support participation in community initiatives such as the Mentorpreneurship Programme and OakNorth employees' involvement in pro bono, fundraising, and volunteering activities.

It also maintained oversight of policies and updates relating to anti-bribery and corruption, financial crime, conduct and compliance, human rights and modern slavery.

Rishi Khosla
CO-FOUNDER
& CHIEF EXECUTIVE OFFICER

10 March 2026

OAKNORTH
ANNUAL
REPORT 2025

ENVIRONMENT & SOCIAL REVIEW

ENVIRONMENT

Climate

Transitioning to net zero requires collective action, with banks playing a key role. At OakNorth, we use technology and data to support businesses in building a sustainable future. Our lending model evaluates climate risks and opportunities, helping clients adapt to a changing economy.

Since 2019, we've achieved net zero for Scope 1 and 2 emissions and are working to reduce Scope 3. While not required from a regulatory perspective, we voluntarily publish TCFD disclosures in our 2025 Annual Report, reflecting our commitment to transparency in the net zero journey.

Task Force on Climate-related Financial Disclosures (TCFD)

Our climate strategy and goals

OakNorth remains firmly committed to achieving net zero and to maintaining transparency in how we get there. Our original 2035 target, set in 2022, reflected a strong desire to lead by example. Since then, however, both our business and the wider environment have evolved.

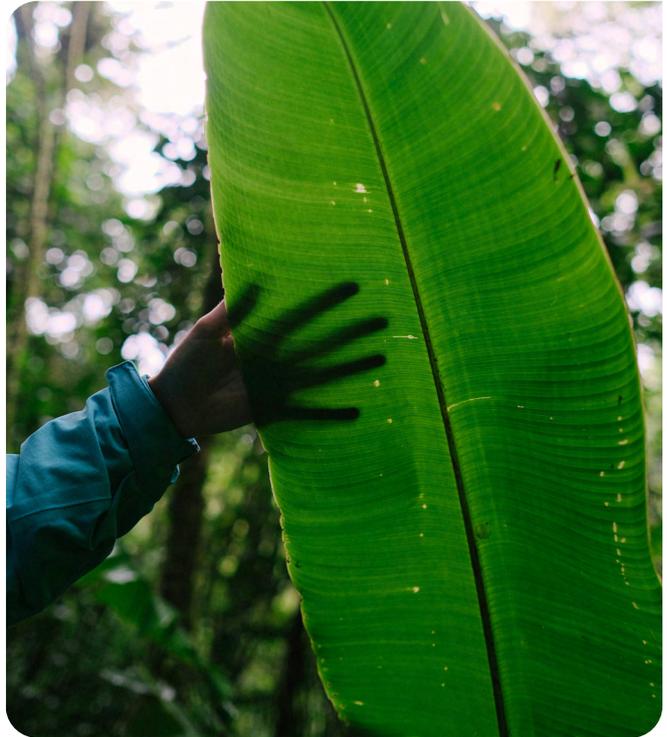
We've expanded into new geographies, introduced business banking, and adapted to shifting regulatory expectations and political priorities. Many of our suppliers have also revised their climate targets, which has direct implications for our own value chain and emissions profile.

In this context, we have revised our net zero target to 2045 - reflecting a credible, evidence-based pathway that allows us to make lasting progress where we have the greatest influence, while continuing to support sectors critical to the broader transition. This is to ensure our actions remain realistic and accountable. We will continue investing in innovation, data-driven insights, and partnerships that help accelerate decarbonisation, and we remain aligned with evolving regulatory and industry standards.

Reducing our emissions: targeting net zero by 2045

OakNorth has been net zero for Scope 1 and 2 emissions since 2019 through high-quality, verified offsets, and we will continue to strengthen our approach by prioritising purer, high-impact carbon credits and using Sustainable Aviation Fuel (SAF) for business travel where available.

While we no longer maintain a formal interim target for a net zero supply chain, we continue to prioritise working with suppliers that have net zero commitments and actively encourage others to do the same. For operational Scope 3 emissions, we aim to offset



50% by 2035 and 100% by 2040, scaling efforts as data quality and supplier engagement improve.

For financed emissions - where our direct influence is more limited - we focus on engagement and enablement rather than blanket exclusion. We will continue to assess the feasibility of offsetting financed emissions by 2045, subject to business growth and market conditions.

Integrating climate into our business model

Climate considerations are embedded across our lending strategy, our own operations, and our supply chain, ensuring sustainability and financial resilience are aligned throughout the business. In our own operations, we continue to reduce our direct Scope 1 and 2 footprint at source, including through renewable energy and energy-efficient design across our offices. Across our supply chain, we actively engage suppliers on their net zero commitments and prioritise partners with credible transition plans. In our lending, we assess climate transition and physical risks at the point of credit origination, monitor exposures on an ongoing basis, and incorporate climate metrics directly into our risk appetite. We also support clients in understanding their own emissions profiles and decarbonisation options, and we continue to build internal capability through data-driven credit tools, targeted training, and active participation in industry working groups. For a full account of how these activities are structured and governed, see the ON Climate Framework, Risk Management, Collective Efforts toward Net Zero, and Metrics and Targets sections below.

Our updated net zero targets

Phase 1 – Short-term: 2023-2026

- Build on our progress to date in measuring, reducing, and disclosing climate impact.
- Refine Scope 3 emissions calculations through deeper customer and industry engagement.
- Maintain a credible, high-integrity decarbonisation approach, aligned to best practices and tailored to our business model, growth plans, and client needs.
- Continue climate and net zero education for both employees and customers.
- Enhance and monitor climate-related credit risk appetite metrics and KPIs.
- Develop a strategic approach to the targeted use of robust, independently verified carbon offsets.

Phase 2 – Medium-term: 2027-2035

- Ensure all new UK property finance transactions achieve an

Energy Performance Certificate (EPC) B rating by 2035.

- Continue encouraging our business loan customers in adopting net zero targets, with the ambition that 75% of such customers set targets by 2035.
- Reduce financed Scope 3 emissions intensity across the UK and US portfolios by 60% by 2035, relative to a 2022 baseline—assuming projected grid decarbonisation trajectories in the UK and US hold.

Long-term: 2036-2045

- Offset 50% of operational Scope 3 emissions by 2035 and 100% by 2040, scaling efforts as data quality and supplier engagement improve.
- Continue efforts to reduce financed emissions; if material reductions are not achieved, we will increase offsetting to 50% by 2040 and 100% by 2045. The feasibility of financed emission offsets will be reviewed regularly, considering business growth and broader market conditions.

Progress against TCFD recommendations

The following table summarises our progress in embedding climate considerations across governance, strategy, risk management, and metrics & targets.

Framework element	Recommendation	Highlights
Governance Disclose the organisation's governance around climate-related risks and opportunities	a. Describe the board's oversight of climate-related risks and opportunities b. Describe management's role in assessing and managing climate-related risks and opportunities	<ul style="list-style-type: none"> • Governance of our climate strategy is integrated at every level - from the Board through to Executive leadership - ensuring strong oversight, clear accountability, and alignment with our long-term business goals. • Our Board, chaired by Lord Adair Turner, is deeply engaged in ESG issues, providing strategic direction in climate-related risks and opportunities, as well as overseeing the setting and ongoing development of our net zero commitments.
Strategy Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material	a. Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term b. Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning	<ul style="list-style-type: none"> • We are aligned with the Paris Agreement goals, targeting net zero across all Scope 1, 2, and 3 emissions by 2045. • Our strategy is built around three core pillars: reducing our emissions, supporting the transition to a low-carbon economy, and embedding climate considerations into our business model and decision-making. • We have integrated key physical climate risks into selected lending decisions as part of our broader risk management framework.

Framework element	Recommendation	Highlights
	c. Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	<ul style="list-style-type: none"> • We conduct climate transition risk scenario analysis across our loan book using UK and US sector-specific models aligned with the Network for Greening the Financial System (NGFS) and the Partnership for Carbon Accounting Financials (PCAF) - of which OakNorth is an active member. • The findings from our climate scenario analysis directly inform our ICAAP. Based on the most recent assessment, no material climate-related exposures have been identified. • Our approach to lending within the property sector is designed to support decarbonisation of the built environment, through partnerships, educational initiatives, and practical tools that help borrowers reduce their emissions. • We advance climate advocacy for SMEs and growth businesses through active participation in industry groups, including Bankers for Net Zero (B4NZ), where we contribute to the SME Sustainability Data Taskforce, and PCAF.
Risk Management Disclose how the organisation identifies, assesses, and manages climate-related risks	a. Describe the organisation's processes for identifying and assessing climate-related risks b. Describe the organisation's processes for managing climate-related risks c. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management	<ul style="list-style-type: none"> • Climate risk is embedded within OakNorth's Board-approved Risk Appetite Statement, as well as in core bank-wide processes and policies - including loan origination and supplier management. • Our climate risk appetite explicitly prohibits any direct lending to the exploration, extraction, or refinement of coal, oil, gas, or mining activities. • Climate risk assessment is an integral component of our lending process, undertaken both at origination and during ongoing portfolio reviews. • We draw on ON Climate (part of OakNorth Credit Intelligence (ONCI)), sector-specific forecasts, customer disclosures, and key climate data - including EPC ratings, flood risk, storm, and wildfire vulnerability - to inform our analysis. • Where elevated risk is identified, we undertake enhanced due diligence and borrower engagement, applying tailored mitigants (e.g., insurance, sustainability support or EPC improvements), with higher-risk exposures subject to additional valuation and structural review. • We undertake climate stress testing and scenario analysis (CSA) in line with NGFS scenarios, assessing both short- and long-term risks to strengthen the resilience of our business model. • We estimate Scope 1, 2, and 3 emissions using PCAF methodologies (scores 3/4) and work closely with suppliers and borrowers to enhance data quality and improve measurement accuracy over time.

Framework element	Recommendation	Highlights
<p>Metrics and Targets</p> <p>Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material</p>	<p>a. Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process</p> <p>b. Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks</p> <p>c. Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets</p>	<ul style="list-style-type: none"> • We measure and disclose our Scope 1, 2, and 3 emissions annually, covering both operational and financed activities. • We continue to refine our methodologies and enhance data quality each year. • OakNorth was among the first banks to estimate the majority of its financed Scope 3 emissions using PCAF methodologies, and we are further extending our approach to include embodied carbon emissions. • All lending activities incorporate climate transition and physical risk ratings, which are generated through ON Climate, our proprietary climate analytics framework. • Key risk indicators (KRIs) related to climate strategy, governance, and transition are embedded within our climate risk appetite metrics, ensuring that climate considerations remain central to our risk management approach. • These indicators are continuously monitored and updated, feeding into our evolving risk assessment frameworks and supported by active engagement with customers on their climate-related objectives and priorities. • Within our property-related lending, we conduct granular unit-level EPC assessments to ensure compliance with both current and forthcoming Minimum Energy Efficiency Standards (MEES). • We aim to offset 50% of operational Scope 3 emissions by 2035 and 100% by 2040. For financed emissions, we prioritise engagement-led reductions and will evaluate offsetting feasibility by 2045, subject to business and market conditions.

Our customer strategy

Our aim is to facilitate a credible transition to net zero for both our operations and our clients. Since 2019, we've eliminated and fully offset our residual Scope 1 and 2 emissions, actively seeking further reductions without relying on offsets. We leverage robust data and collaboration to drive progress while sharing insights with peers in the financial sector.

As a bank supporting high-growth businesses, we help clients navigate climate impacts on their risk profiles and creditworthiness while encouraging sustainable investments. Recognizing our significant influence on Scope 3 financed emissions, we integrate climate considerations into all lending decisions, assessing risks throughout the loan lifecycle.

We are dedicated to enhancing energy efficiency in properties across sectors such as real estate and healthcare, encouraging clients to adopt sustainable practices. For existing properties, we support retrofits that improve EPC ratings, leading to better rental yields and tenant satisfaction. For new developments, we finance projects that meet high energy standards and collaborate on sustainable materials to future-proof assets.

Many of our clients are not yet required to disclose emissions, so we guide them in recognizing decarbonization opportunities and risks, helping them create effective transition plans. We discuss climate considerations during onboarding and emphasize the financial benefits of early action.

SOME OF OUR CUSTOMERS WITH STRONG SUSTAINABILITY CREDENTIALS



A Scotland-based agribusiness specialising in precision nutrition and sustainable livestock feed. Serving 8,000+ farms, it offers mobile milling services and collaborates globally on R&D to improve supply chain efficiency.

HEARTWOOD

COLLECTION

A sustainably focused UK hospitality group recognised by the Sustainable Restaurant Association. It champions ethical sourcing, long-term supplier partnerships, seasonal low-waste menus, and responsible seafood and meat procurement.



A clean-energy platform operating across emissions reduction, hydrogen, power resilience, and carbon capture. With 4,000+ employees across 70 sites, it supports industrial decarbonisation and emerging energy infrastructure.



Europe's largest indoor go-karting operator with 43 sites, driving a strategy focused on full electrification by 2027, alongside EV charging, solar power, and broader sustainability initiatives.

Being a facilitator in our customers' ESG journeys

Positive partnerships

This year, we forged a number of impactful partnerships designed to help businesses advance on their ESG journeys and accelerate progress toward a more sustainable economy.

- **Greenbackers:** Connecting cleantech entrepreneurs with investors and fostering a collaborative community to accelerate climate innovation.
- **Bright Tide and its Sustain.ai accelerator:** Driving the development of sustainability solutions through the power of AI.
- **Sustainable Ventures:** Launching a strategic partnership to deliver tailored lending and business banking services to their ecosystem of climate tech innovators—deepening our commitment to support green businesses.

Working with Bankers for NetZero (B4NZ)

OakNorth is a founding member of the SME Sustainability Data Task Force, established by Bankers for Net Zero (B4NZ) and The Broadway Initiative, to create the UK's first SME Voluntary Emission Standard (UK SME-VES). The Standard aims to enhance the quality and reliability of emissions data from SMEs by promoting activity-based data and a "create once, share many" approach, reducing duplication and increasing accuracy.

Through this effort, OakNorth contributes to a trusted data ecosystem that strengthens risk management and transparency in the low-carbon economy, aligning with its broader ESG strategy to support entrepreneurs in decarbonizing and succeeding.

Connecting customers with climate-centric businesses

In 2025, OakNorth hosted two "Green-dating" events, connecting SME property developers and investors with innovative businesses across the sustainability ecosystem. These events enable customers to identify partners aligned with their decarbonisation goals and regulatory requirements, including EPC improvements, MEES compliance, and Biodiversity Net Gain.

Governance

The Board, led by Lord Adair Turner, oversees ESG matters, including climate risks and opportunities vital to OakNorth's strategy. Climate considerations are central, with regular reviews and updates throughout the year. The Board Risk and Compliance Committee (BRCC) aids in climate risk oversight, ensuring ESG priorities are

integrated into the overall risk strategy. Daily management is handled by the Executive Leadership Team (ELT), responsible for incorporating climate factors into business strategy, credit policies, and compliance. The Advisory Board, featuring sustainability experts, enhances OakNorth's climate governance.

The ON Climate Framework

The ON Climate Framework, part of OakNorth Credit Intelligence (ONCI), operationalises climate risk management through forward-looking, borrower-level analysis across Commercial & Industrial (C&I) and Commercial Real Estate (CRE) portfolios. It integrates transition and physical risk assessment directly into credit origination, monitoring, stress testing and portfolio decision-making.

The framework comprises three components:

C&I Transition Risk – assesses the financial implications of decarbonisation pathways on commercial and industrial borrowers, including the impact of policy, carbon pricing, technology shifts and energy transition dynamics on revenues, costs and capital expenditure.

CRE Transition Risk – evaluates the effect of regulatory and market-driven decarbonisation requirements on property assets, including EPC improvements, capital investment needs and potential implications for asset values and income resilience.

Physical Risk – measures borrower- and asset-level exposure to acute and chronic climate hazards (e.g., flood, storm and heat risk), assessing potential impacts on asset integrity, operating costs and collateral performance.

ON Climate is aligned with NGFS scenarios and the Bank of England's Climate Biennial Exploratory Scenarios (CBES), supporting climate scenario analysis, ICAAP integration and regulatory reporting.

The framework also supports financed emissions measurement in line with PCAF methodologies and embeds climate-adjusted metrics into credit analysis, strengthening risk appetite monitoring and portfolio resilience.

Risk Management

OakNorth's approach to climate risk management is designed to **identify, assess, monitor and mitigate** climate-related risks across our operations and portfolios. Climate risk encompasses both transition risks - arising from **regulatory, market and technological shifts** associated with the move to a low-carbon economy and physical risks - stemming from **acute and chronic climate impacts**.

These considerations are integrated into lending, portfolio oversight and strategic planning processes. We also recognise that proactive adaptation can create **opportunities** to enhance resilience and long-term competitiveness.

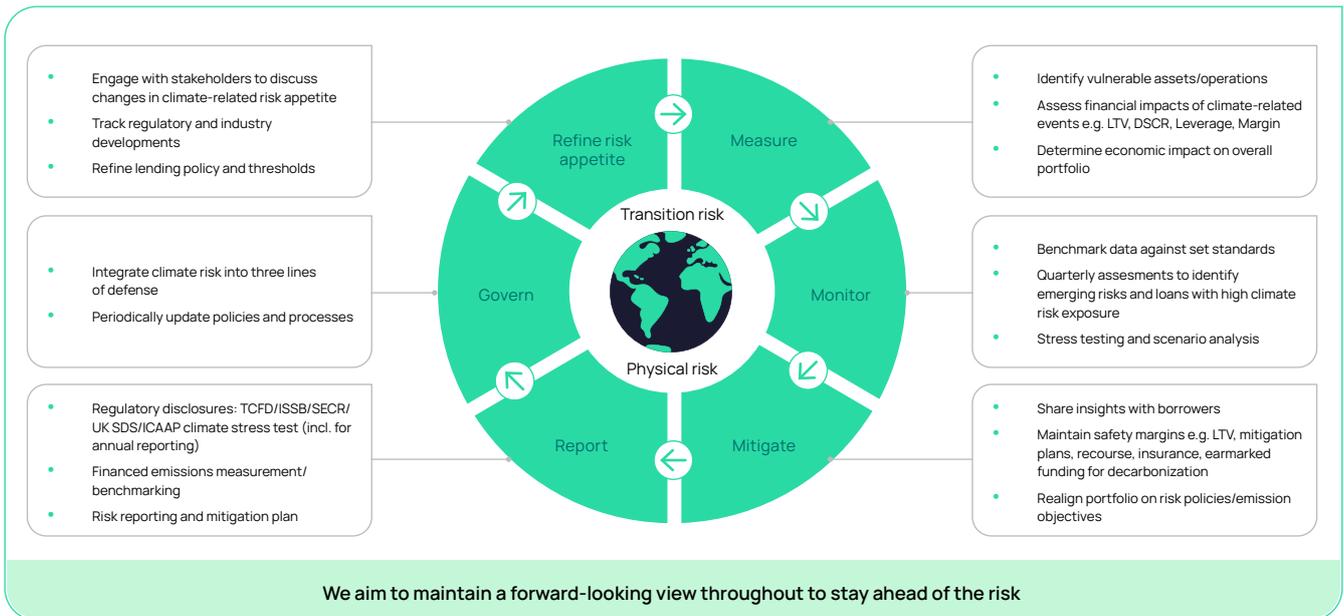
Risk Management Framework (RMF)

OakNorth's Board-approved RMF provides a consistent, enterprise-wide approach for identifying and managing material risks, including climate risk, which is fully integrated into this framework. Climate risk is managed using the same Three Lines of Defence model applied across all risk types.

The first line - comprising business units such as lending and origination - holds primary responsibility for identifying and managing climate risks, supported by the Executive Leadership

Team and the Board. The second line, led by the Risk and Credit Risk functions, provides independent oversight through monitoring, control evaluation, and tracking of climate-related key risk indicators (KRIs), with the Chief Risk Officer accountable for this function. The third line, Internal Audit, provides independent assurance on the effectiveness of climate and ESG risk management practices through the annual audit plan. The RMF is reviewed and updated regularly to ensure continued alignment with regulatory expectations and the evolving risk landscape.

Our target framework to manage climate risk:



Climate risk appetite

Our climate risk strategy is underpinned by a detailed risk appetite statement, which defines the level of climate risk the Group is willing to accept in pursuit of its strategic objectives. Recognising climate change as a material, system-wide risk, OakNorth has developed a comprehensive programme to embed climate considerations across its risk management frameworks, governance structures, and operational processes.

To enhance our climate risk oversight, we have introduced climate-specific KRIs into credit assessments to monitor both transition and physical risks that may affect counterparties. Our lending approach remains deliberately cautious, with minimal exposure to fossil fuel-related sectors and limited financing of high-risk properties, such as those with low energy efficiency or located in flood-prone areas.

We also regularly measure and report financed emissions, ensuring alignment with OakNorth's net zero objectives and supporting data-driven decisions that contribute to a more resilient, sustainable portfolio.

Forward-looking forecasts and climate scenario analysis

We use forward-looking forecasts to evaluate the impact of climate transition and physical risks on our loan portfolio under a range of plausible climate scenarios. In our 2025 assessment, none of the Bank of England's CBES scenarios - **Early Action, Late Action or No Additional Action** - indicated any expected credit losses, demonstrating the resilience of OakNorth's portfolio to climate-related transition and physical risks.

Integrating climate risk into credit risk management

Climate risk is embedded within OakNorth's credit risk management framework, guiding how we assess, price, and monitor exposures. We have established risk appetite metrics that promote climate-conscious lending and have excluded financing for fossil fuel extraction or processing activities. Both transition and physical risks are now integral to our credit evaluation processes.

Transition Risk

- **Assessment:** Building on the ON Climate Framework (see [page 35](#)), climate and refinancing risks are assessed across Commercial & Industrial (C&I), Investment, and Development loans, with outputs integrated into credit papers to ensure consistency and transparency. We assess transition risk across the entire loan book—including exposures with negligible or residual sensitivity—using granular, sector-specific forecasts generated through ON Climate.
- **Engagement:** Beyond modelled risk scores, we regularly engage with higher-risk borrowers to understand their decarbonisation strategies, support credible transition planning, and identify mitigation measures.
- **EPC Monitoring:** EPC ratings are captured for each property and monitored quarterly as part of ongoing portfolio oversight.

Physical Risk

- **Assessment:** In addition to property-level physical risk modelling through ON Climate, we apply practical oversight measures to manage exposures. These include collaboration with insurers and legal counsel to understand evolving insurance coverage terms for climate-related perils.
- **Early warning signals:** Borrowers with elevated physical risk and limited mitigants are subject to quarterly monitoring. Where risks remain high and remediation plans are insufficient, alerts and escalation protocols are triggered.
- **Due diligence:** For high-risk loans, we work with civil engineering specialists to conduct in-depth inspections and integrate physical climate risk analysis into property valuations.

Emission Measurement

- **Financed emissions calculation:** Financed emissions are estimated using a top-down approach based on sectoral emission intensity averages, achieving a PCAF data quality score of 3/4.
- **Ongoing monitoring:** Financed emissions are tracked on a quarterly basis to monitor portfolio trends and support ongoing risk management and reporting.
- **Data quality improvement:** The Bank actively seeks borrower-level emissions data where available to progressively replace proxy estimates and improve PCAF data quality scores over time.

Path to Net Zero

OakNorth's transition planning is guided by multiple NGFS climate pathways, calibrated to borrower-level Scope 1 and Scope 2 emissions as well as UK and US sector-specific decarbonisation trajectories. The NGFS Net Zero 2050 and Delayed Transition scenarios are used to model Scope 1 reductions and project Scope 2 emissions based on electricity grid decarbonisation in each geography. These pathways enable comparative scenario analysis

and support client engagement, credit risk assessments, and forward-looking strategic planning toward our net zero objectives.

Climate Risk in Capital Planning and ICAAP

As part of our ICAAP, OakNorth applies the Bank of England's CBES framework to assess climate-related financial risks and their potential impact on our business model and credit portfolio. We model outcomes under three CBES scenarios—Early Action, Late Action, and No Additional Action—capturing a range of transition and physical risks. Using the ON Climate Framework, we generate borrower-level forecasts and credit metrics under each scenario. This approach enables us to identify, quantify, and manage the financial implications of a low-carbon transition, integrating these insights directly into ICAAP stress testing, capital allocation, and strategic planning. The results inform our assessment of expected losses and capital adequacy, ensuring the portfolio remains resilient under long-term climate pathways.

Summary of impacts in the CBES scenarios

Our analysis of transition and physical climate risks under the Bank of England's Climate Biennial Exploratory Scenarios (CBES) indicates that, while certain borrowers may experience sensitivity to climate-related risk drivers, exposures remain well supported by collateral and existing financial safeguards.

Based on current modelling, no material credit losses are expected across the loan portfolio through 2050 under Early Action, Late Action or No Additional Action pathways.

The role of AI in our climate approach

Artificial intelligence is increasingly supporting how we assess and manage climate-related risks across our portfolio. Within the ON Climate Framework, AI-enabled tools are used to synthesise large volumes of publicly available sector-specific data, regulatory developments, and scientific literature into structured credit insights, supporting more timely and consistent climate risk assessment than would be possible through manual processes alone. During 2025, AI tools were used to assist in monitoring evolving global climate disclosure standards and summarizing their potential implications for our modelling frameworks, helping ensure consistency in emissions metrics and scenario definitions across the loan book.

We are also exploring AI's potential to improve the quality and coverage of our financed emissions data, including more efficient processing of borrower-reported emissions disclosures as these become more widely available. As with all AI applications across OakNorth, human oversight remains central; outputs are reviewed by our credit and risk teams rather than applied automatically. We regard AI as a tool that enhances the rigour and speed of our climate analysis, not one that replaces the judgement that sound risk management requires.

Streamlined Energy and Carbon Reporting (SECR)

Our approach to climate-related disclosures aligns with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations and continues to evolve in line with our broader sustainability commitments. The following information is provided in accordance with the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 ("the 2018 Regulations"), which implement the UK Government's policy on Streamlined Energy and Carbon Reporting (SECR). These disclosures are unaudited.

Organisational boundary

These disclosures relate to OakNorth Bank Plc. For completeness, we have also included the environmental impact of our sister company, OakNorth Global Private Limited (ONGPL) in India, to the extent that its services are consumed by OakNorth Bank.

Reporting period

The reporting period covered is 1 January to 31 December.

Metrics and Targets

Over the past year, we have continued to strengthen our data collection and reporting processes, with particular focus on improving the accuracy and completeness of our Scope 3 emissions estimates across all categories.

OakNorth is committed to full transparency in understanding and managing its total emissions footprint. We recognise that comprehensive Scope 3 reporting is critical to developing a credible and measurable pathway to net zero. Accordingly, we have dedicated substantial resources to estimating our Scope 3 footprint, ensuring our disclosures reflect the full spectrum of emissions associated with our operations and value chain.

Methodology for quantification and reporting

Our energy consumption and greenhouse gas (GHG) emissions are calculated in alignment with the Greenhouse Gas (GHG) Protocol, which provides the foundation for our reporting approach and ensures consistency with international best practice.

Scope 1 and 2 Emissions

Scope 1 and 2 emissions are calculated using energy consumption data supplied directly by our building energy providers. Where complete data is unavailable for the final quarter of the reporting year, monthly averages are applied to estimate annual totals.

To convert energy use into carbon emissions, we apply the latest country-specific electricity grid emissions factors from carbonfootprint.com, translating kilowatt-hours (kWh) into kilograms of carbon dioxide equivalent (kgCO_{2e}).

Scope 3 Emissions – Categories 1-13

For most supply chain categories, emissions are estimated using a spend-based Environmentally Extended Input-Output (EEIO)

model based on World Input-Output Database (WIOD) outputs, with supplier-specific emissions data used where available. OakNorth will explore the use of more granular EEIO datasets, such as EXIOBASE, over time.

Business travel emissions - including mileage for personal vehicles, as well as train and air travel - are consolidated from internal systems. Employee commuting and remote work emissions are estimated based on data collected from employee surveys, enabling extrapolation to the full workforce.

For Scope 3 categories 1-8, we apply emissions factors from the UK Government's GHG Conversion Factors (published by the Department for Energy Security and Net Zero), alongside internationally recognised datasets from the World Resources Institute (WRI) and the World Input-Output Database (WIOD) to enhance estimation accuracy.

While we primarily use a spend-based methodology for supply chain emissions, we directly engage with suppliers representing higher-emission categories to obtain activity-based data, improving precision and data quality.

Scope 3 Emissions – Category 15: Investments (Financed Emissions)

Category 15 includes emissions arising from OakNorth's lending activities and represents the largest share of our total Scope 3 footprint, consistent with financial industry norms. These financed emissions are calculated in accordance with the PCAF methodology, which attributes emissions based on the proportion of outstanding funds at a given point in time.

We use 2022 as the baseline year for financed emissions, providing a consistent reference point for tracking progress toward our net zero objectives. As data quality, modelling capabilities, and reporting standards continue to evolve, we will refine our methodology and update the baseline to ensure ongoing accuracy and transparency.

For estimation, we apply sector-specific approaches based on the nature of the loan:

- For business trading loans, we apply standardised emissions factors per revenue unit according to each borrower's sector or activity, resulting in a PCAF data quality score of 4.
- For property investment loans (excluding construction), we estimate operational carbon emissions using EPC ratings and floor area, allocating OakNorth's attributable share of emissions according to its financing proportion. This approach yields a PCAF data quality score of 3.
- For property development loans, we calculate embodied carbon emissions using the PCAF guidance on embodied emissions for buildings and the associated emissions intensity datasets. This results in a PCAF data quality score of 3.
- Where borrower-reported emissions data is available, we incorporate these directly into our calculations, achieving the PCAF data quality score of 2 for those exposures.

Across approximately 90% of our drawn loan book (excluding specialty finance), these approaches produce a weighted average PCAF data quality score of 3.3.

Energy Performance Certificates (EPCs)

EPC ratings are central to our property investment emissions calculations and transition strategy. Approximately 83%²⁰ of our property investment portfolio is rated EPC C or above, and all new-build developments financed by OakNorth achieve EPC C or higher upon completion. We aim to remain aligned with evolving minimum

energy standards and encourage clients, where feasible, to exceed regulatory requirements.

We monitor developments in the UK energy performance framework and reflect anticipated improvements in EPC performance and continued grid decarbonisation in our transition planning, both of which are expected to reduce portfolio emissions over time. While EPCs provide a useful proxy for energy efficiency, we continue to enhance borrower engagement and data collection to improve the accuracy of emissions estimates.

GHG Emissions and Energy Use Summary

(Unaudited)

GHG Emissions and Energy Use Summary OakNorth Bank Plc (standalone)

	2025 (Tonnes CO ₂ e)	2024 (Tonnes CO ₂ e)
Emissions from activities for which the company own or control including combustion of fuel & operation of facilities	-	-
Total Scope 1 emissions	-	-
Emissions from purchase of electricity, heat, steam, and cooling purchased for own use ⁶	55	30
Total Scope 2 emissions	55	30
Category 1: Purchased goods and services ¹	4,465	3,492
Category 2: Capital goods ¹	345	223
Category 3: Fuel and energy activity	101	75
Category 4: Upstream transportation and distribution	-	-
Category 5: Waste generated in operations	1	1
Category 6: Business travel ²	340	829
Category 7: Employee commuting ³	661	967
Category 8: Upstream leased assets	316	322
Category 13: Downstream leased assets	-	-
Total reported Scope 3 supply chain emissions⁴	6,229	5,909
Category 15: Investments, including financed emissions	96,901	106,112
Total reported Scope 3 emissions	103,130	112,021
Scope 2 + Scope 3 emissions	103,185	112,051
Operational Scope 1 and 2 tonnes CO₂e per employee⁵	0.08	0.04
Operational Scope 1, 2 and 3 tonnes CO₂e per employee⁵	9.56	8.70
Financed emissions tonnes CO₂e per £million	22.6	27.7
Energy consumption used in calculated emissions (kWh)⁶	500,923	436,902

¹ Emissions from purchased goods and services and Capital goods increased in line with higher overall procurement activity during the year.

² Emissions from business travel decreased due to reduced air travel and the application of updated UK government aviation emission factors, which reflect improvements in aircraft efficiency and changes in average passenger load assumptions.

³ This category includes the impact of both commuting and remote working. In 2025, increased office attendance across our UK and India offices resulted in lower emissions from home energy use, partially offset by a rise in commuting-related emissions. Overall, combined emissions from these activities declined compared to the prior year.

⁴ Emissions are calculated using the Greenhouse Gas Protocol Corporate Standard and include all greenhouse gases converted to tonnes of CO₂ equivalent (tCO₂e). Scope 3 categories 9 to 12 and 14 are not applicable to OakNorth's business activities and are reported as having nil emissions.

⁵ The employee intensity ratio is based on the average number of employees during 2025: 249 for OakNorth Bank (2024: 257) and 409 for OakNorth Global Private Limited (ONGPL) (2024: 426). These numbers exclude consultants, contractors, interns and employees from the Bank's subsidiary A.S.K. Partners Limited.

⁶ Reported energy use includes kilowatt-hours (kWh) from Scope 2 purchased electricity, as required under SECR standards. Energy consumption at OakNorth offices increased during the year, primarily due to a higher number of employees returning to in-office work. The 2024 comparative has been restated to reflect allocation adjustments between Group entities.

²⁰ Excludes properties that are exempt from EPC requirements and those associated with loans in default.

Collective efforts toward net zero

Our transition plan reflects not only OakNorth's internal ambitions but also the broader regulatory and systemic changes shaping the UK's path to net zero - including rising minimum EPC standards and the national Net Zero Strategy. As the UK electricity grid continues to decarbonise, our clients' Scope 2 emissions are expected to decline accordingly, contributing to a gradual reduction in OakNorth's overall Scope 3 financed emissions.

While lending represents the largest share of our emissions footprint, we also focus on reducing operational emissions to embed sustainability across the organisation.

Our operations

Our London head office holds a BREEAM Excellent certification and operates entirely on renewable electricity, supported by energy-efficient design and building management systems. Across our UK and US offices, we maintain zero waste to landfill and work with landlords to enhance environmental performance. For our sister company in India, we will explore renewable energy procurement once eligibility thresholds are met.

Our suppliers

We engage proactively with suppliers to understand and support their net zero commitments. Approximately 40% of our suppliers²¹ have formal net zero targets by 2050. We continue to assess their transition plans and strengthen data transparency through engagement and third-party risk management partnerships to support a lower-carbon supply chain.

Use of offsetting

Since 2019, OakNorth has maintained carbon neutrality for Scope 1 and 2 emissions through high-quality, verified carbon offsets. Our priority remains reducing emissions at source, with offsets used only for residual emissions. We are exploring structured offtake agreements and potential investments in high-integrity carbon projects to enhance long-term impact and cost efficiency, recognising that credible offsets play a role in supporting the global transition to net zero.

SOCIAL

As a bank dedicated to serving and empowering the lower mid-market, we are driven by a strong social purpose. Though scale-up businesses tend to represent a very small proportion of total SMEs, their impact on economies and communities is disproportionately large. In the US, they represent just 3.4% of all SMEs but account for around 25% of total SME revenue. Similarly, in the UK, while scale-up businesses represent just 1% of all SMEs, they account for 22% of SME turnover and 8% of SME employment. These businesses are powerful engines of progress – creating jobs, boosting productivity, driving innovation and helping increase GDP. By ensuring they have the right support at every stage of their growth journey, we can help maximise their chance of success, and in doing so, enable them to bring immense value to their communities and the wider economy. To date, the £15.1 billion we have lent over the past decade has supported the creation of over 70,000 jobs and 40,500 new homes – the majority of the latter being affordable housing – underscoring the tangible, positive impact of our lending on communities across the UK and US.

Our 1 + 1% commitment

At OakNorth, our mission is to empower entrepreneurs - the change-makers, innovators, and visionaries who drive productivity, create opportunity, and make the world a more dynamic and diverse place to live.

While giving back has always been central to who we are, this year marks the sixth anniversary of our 1+1% Commitment - a pledge to donate 1% of our group profits and 1% of our team's time to charitable initiatives aligned with our purpose.

Over the years, this commitment has enabled us to donate millions of pounds and partner with dozens of organisations and charities, positively impacting tens of thousands of lives. Our giving is primarily focused on initiatives that help build the next generation of entrepreneurs and enterprising talent, and that help address the social mobility gap. We place a particular emphasis on mentorship, financial literacy, and STEAM (science, technology, engineering, arts, and mathematics) education.

Through OakNorth-backed initiatives - from school mentoring schemes and youth sports teams, to reading clubs and unique adventure programmes - our aim is to equip young people with skills and experiences that serve them whether they choose to launch their own venture, join a scale-up, or contribute to a large corporate or public institution in the future.

²¹ Based on responses and public disclosures from Tier 1, 2 and 3 suppliers to date, excluding one-off transactions and expired contracts.

BELOW ARE SOME EXAMPLES OF THE INITIATIVES WE'RE SUPPORTING WITH

OUR 1+1% COMMITMENT



'Mentorpreneurship' Schools Programme in partnership with the London School of Economics

The 'Mentorpreneurship' Schools Programme, delivered in partnership with the London School of Economics (LSE), inspires entrepreneurial thinking by placing mentorship at the heart of innovation. The initiative empowers young entrepreneurs to connect across generations - creating a unique "life-cycle of mentoring" that links past, present, and future changemakers. It is the first university-led programme of its kind, with LSE alumni mentoring student founders, who in turn mentor primary and secondary school innovators through the award-winning Find Your Cause initiative. Since its launch in 2021, the programme has reached over 11,000 participants across 130 schools in four continents, from London to Mexico City, Mumbai, New York, and Angola. Its inclusive and scalable approach to entrepreneurship education has been recognised with two UK and global awards, celebrating its pioneering impact and inclusivity. In recognition of her leadership and innovation in entrepreneurship education, LJ Silverman, Head of LSE Generate, was awarded an MBE in 2024, with a large part of the honour linked to the success and global reach of the Mentorpreneurship Programme.

The team delivered their first Summer Bootcamps this year, which received exceptional feedback from students and educators alike. Building on this success, they will



"The evolution of Mentorpreneurship has been extraordinary. What began as a local experiment in connecting mentors and young innovators has grown into a global movement of shared learning and social impact. With the continued support of partners like OakNorth for a further five years, we're proving that mentorship can truly transform futures, and for that I cannot thank Rishi, Joel and the team enough."

LJ Silverman, MBE
Head of LSE Generate

expand the series with new Summer Entrepreneurship Camps in London, India, and the US in 2026. Responding to global demand, the team is also developing Train-the-Trainer modules that will enable schools worldwide to embed the programme within their own curricula - creating a sustainable, long-term teaching model.



Bookmark Reading

Bookmark Reading Charity is an entrepreneurial and tech-led charity delivering essential reading support and resources to the children who need them most. It reaches children by partnering with primary schools and community groups in disadvantaged areas, alongside growing its network of volunteers, partners, and

supporters. Its ambition is to reach 500,000 children in disadvantaged communities across the country by August 2027, and OakNorth in its second year of partnership, is proud to be playing a part in helping Bookmark achieve this.

“OakNorth went above and beyond this year, dedicating 59 hours of hands-on support to our partner schools, from delivering urgent one-to-one reading sessions for children at risk of falling behind, to revamping libraries. We can’t thank your people enough for also raising funds for Bookmark by running the London Landmarks Half Marathon and donating over 300 pre-loved children’s books, enriching school libraries, and helping to spark a vibrant, whole-school reading culture. And you didn’t stop there! OakNorth opened up its network, hosting us for a panel event with Boardwave as its chosen charity and introducing us to over 30 new corporations. Thank you OakNorth, for tackling literacy inequalities head-on and helping us reach more than 1,200 children with the power of reading.”

Victoria Kocheva
Corporate Partnerships Executive at Bookmark



Ootiboo’s Why Money Matters programme

OakNorth continued to support Ootiboo’s Why Money Matters programme, significantly expanding its reach and influence in 2025. OakNorth’s funding enabled Ootiboo to deliver 54 workshops across 24 schools, engaging 1,430 students. This backing also allowed the programme to extend beyond its southern base in Kent, London, and Essex, with sessions delivered in Manchester schools for the first time. Since the partnership began in 2023, OakNorth’s contribution has helped Ootiboo bring



vital financial education to 3,944 young people across the UK. The workshops’ interactive format - complete with earning, spending, and saving using Ootiboo’s own currency - helped more than half of participating students (53%) choose to save some of their money, demonstrating the programme’s real behavioural impact.

“This was a fantastic workshop that was enjoyed by all the children who attended and the staff too. It provided an insight into how money relates to the world and how children respond in situations when they are given money, plus behaviours around trying to earn money. All children took part and had the opportunity to be both customers and market sellers. This enabled pupils to gain an accurate insight into how buying and selling works. The idea of the ‘ootibloons’ as money, meant the ideas had been really well thought through to appeal to children on their level. Children were given the opportunity to find out about more obscure job roles and then picked one that they felt most appealed to them. This also provided interesting insight into the choices and decisions of the children, as well as their interests. We thoroughly enjoyed the workshop and very much hope you will be able to visit again to deliver this workshop to future children in the school. A thoroughly insightful experience, thank you.”

Teacher
The John Wesley School, Ashford



CERN Teacher Programmes

CERN, the European Laboratory for Particle Physics, offers various professional development programmes for teachers to keep up-to-date with the latest developments in particle physics and related areas, and experience a dynamic, international research environment. All programmes are facilitated by experts in the field of physics, engineering, and computing and include an extensive lecture and visit itinerary. Every year, up to 1000 high-school science teachers from all around the world take part in CERN's teacher programmes. Among the many national teacher programmes is the UK Teacher Programme, which is targeted at UK teachers



and takes place twice a year, with up to 36 teachers joining each programme. Thanks to the generous support from OakNorth, 58 teachers have received funding for their participation in the programme already, and up to 72 teachers will benefit from this sponsorship every year.

“We are extremely grateful for the tremendous support of OakNorth to fund the participation of UK teachers in CERN’s UK Teacher Programmes. Having all living costs covered is an essential support for our teachers, who can thus fully enjoy and focus on the programme. This way, they leave CERN highly motivated and full of excitement to introduce their students to the fascinating world of particle physics and engineering. Thanks to the great partnership with OakNorth, we look forward to welcoming up to 72 teachers every year in CERN’s UK Teacher Programmes.”

Dr. Jeff Wiener
CERN Teacher Programmes Manager

BELOW ARE SOME EXAMPLES OF THE INITIATIVES WE’RE SUPPORTING WITH

OUR 1+1% COMMITMENT IN THE US



UChicago’s OakNorth Young Entrepreneurs Programme

UChicago’s OakNorth Young Entrepreneurs Programme is a one-year immersive program focused on fostering the next generation of entrepreneurs. The program prepares students who are passionate about entrepreneurship with the skills, frameworks, and connections needed to fast track their potential ventures into concrete ideas. Students are engaged in a year-long startup development project, culminating in a pitch competition. The cohort participates in regular workshops and events to learn the foundations of entrepreneurship and develop their founder’s toolkit.

“The OakNorth Young Entrepreneurs program is a game changer for the University of Chicago. Many students come into college with an interest in entrepreneurship, but aren’t sure how to get started. This program will help students translate their ideas into action. Its unique ‘mentorpreneurship’ model will help our students learn from experienced alumni and pay it forward by mentoring younger students. In this way, OakNorth Young Entrepreneurs will accelerate innovation at the College and beyond.”

Meredith Daw, Associate Vice President; Executive Director, Career Advancement, University of Chicago

This cohort experience also includes a life-cycle mentoring program, enabling students to learn from experienced entrepreneurs while also providing guidance to high school-age emerging founders. All OakNorth Young Entrepreneurs will also benefit from summer funding to support working on their own startup or interning with a startup. In its inaugural year, the program welcomed 35 UChicago students, 20 local high school students, and 27 mentors representing consulting, venture capital, major technology firms, and startups.



"Being part of the OakNorth Young Entrepreneurship program has been an incredible opportunity to connect with a diverse network of people: from high school mentees full of curiosity, to like-minded first-year students eager to build ventures, to industry professionals who have navigated the realities of scaling companies. These interactions have given me a holistic view of entrepreneurship, showing how ideas can evolve to commercialization. Through mentorship and hands-on guidance, I have learned not only what defines a strong business idea, but the importance of raising capital, building meaningful networks, and thinking strategically about long-term growth. The program has turned abstract concepts about startups into tangible lessons grounded in real-world experience, transforming my curiosity into the confidence to create lasting change through entrepreneurship."

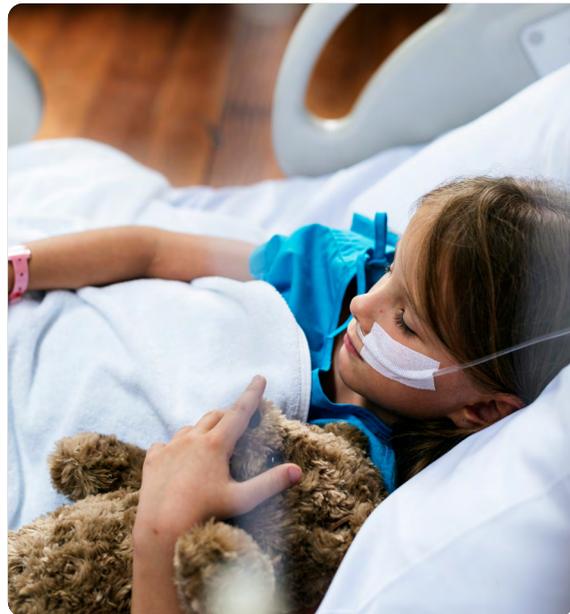
Audrey Krajewski
University of Chicago, Class of 2029



Boston Children's Hospital

Boston Children's Hospital

OakNorth's support for Boston Children's Hospital's Rare Disease Diagnostic Surveillance System is helping to pioneer a new era in paediatric precision medicine. The initiative - led by Dr. Wendy Chung and Dr. Ken Mandl - aims to transform how rare diseases are identified by using AI-driven phenotypic screening and whole genome sequencing to detect rare conditions in patients who initially present with common symptoms. Rare diseases collectively affect an estimated 25-30 million Americans, yet patients often wait 5-7 years for an accurate diagnosis due to overlapping symptoms with more prevalent conditions. OakNorth's funding is helping to shorten this "diagnostic odyssey" by enabling earlier identification and treatment through the integration of



multimodal data, advanced computation, and genomic testing within the hospital's clinical systems.

BELOW ARE SOME EXAMPLES OF THE INITIATIVES WE'RE SUPPORTING WITH

OUR 1+1% COMMITMENT IN INDIA



"Seva Mandir deeply values the partnership with OakNorth. What makes this partnership truly unique is OakNorth's genuine commitment to organizational growth. It creates learning spaces, networking, and continuous reflection. The partnership sustains the belief that real change happens in working together. The impact of the program has been remarkable - it enhanced community awareness on early childcare, and contributed to a reduction in malnutrition prevalence."

Ronak Shah
CEO, Seva Mandir



"Since 2022, Buddy4Study has been a proud implementation partner for the OakNorth STEM Scholarship Programme. Together, we have been able to reach deserving girls in regions such as Uttarakhand, Bihar, and Haryana - helping them not only continue their education but also strengthen their confidence to pursue long-term opportunities in science and technology. Our partnership stands as a testament to what collaboration can achieve when purpose and execution align."

Ashutosh Burnwal
Founder and CEO, Buddy4Study

BuzzWomen

"We are delighted to be partners with OakNorth whose support is helping with income uplift and wealth creation among the marginalised. In 2025, we reached over 10,000 women with our Self Shakti/Financial literacy programme, 160 with our Spoorthi/Inspiration fellowship for nurturing women community leaders, 500 women have become Hasiru prerakis/ Green motivators under Buzz Green to take climate action, and 650 existing female entrepreneurs have been strengthened under Buzz Vyapar."

Uthara Narayanan
Chief Changemaker and Co-Founder, Buzz Women



"OakNorth's steadfast support has been instrumental in advancing Room to Read's literacy efforts in Chhattisgarh, India. Over the past three years, their partnership has empowered children in 30 government primary schools across Mahasamund district to build strong foundational literacy skills and develop a lifelong habit of reading."

Sotonye Oye-Somefun
Director, Global Partnerships, Room to Read

Developing young talent

We are committed to supporting young people in building successful careers, particularly in fintech and STEM fields. Through a range of early career programmes, we provide exposure to diverse roles, hands-on experience, and access to senior leaders across the business. Our key initiatives include:

Insight Week (1 week): Aimed at students aged 15–20, Insight Weeks introduce participants to career paths in STEM and provide an overview of OakNorth's operations, including credit, product development, operations, and leadership.

Work Experience (2–4 weeks): Rolling placements for university students aged 18–22 to apply their academic knowledge in practical business contexts across different teams.

Internships (4–12 weeks, with some roles up to 12 months): Paid internships offered across departments, with a focus on attracting candidates from disadvantaged backgrounds through partnerships with educational institutions.

Graduate Rotational Programme (1 year): A competitive programme offering rotations across multiple business areas, providing broad exposure and the opportunity for high-performing graduates to transition into permanent roles. In 2025, over 3,000 applications were received for six places.

Apprenticeships: Introduced in 2022, our apprenticeship programme provides an alternative career pathway for individuals from diverse and non-traditional backgrounds, offering structured learning, on-the-job training, and income from day one.

Our responsibility to our team

Our employees are at the heart of OakNorth's success and play a central role in fostering a culture of responsibility, inclusion, and sustainability across the organisation. We are committed to investing in our people through programmes that promote growth, learning, and well-being—ensuring every team member has the tools and support to thrive both personally and professionally.

We offer a range of curated learning and development opportunities, including courses on communication, leadership, teamwork, sales, and marketing. These are complemented by knowledge-sharing sessions, technical onboarding bootcamps, leadership training for new managers, and soft-skills workshops covering areas such as presentation, time management, and negotiation.

Our commitment to continuous learning extends beyond the workplace. Many employees pursue professional qualifications and certifications, including ACCA, RICS membership, and credentials from the Association of Certified Anti-Money Laundering Specialists (ACAMS). These investments reflect our belief in lifelong learning and our ambition to build a high-performing organisation grounded in expertise and integrity.

This year, we were proud to achieve an employee engagement score of 7.64/10 across the OakNorth Group, with 84.4% of employees rating us highly for inclusivity. Furthermore, 78.4% indicated they would recommend OakNorth as a great place to work—demonstrating the strength of our culture and people-first values.

Diversity, equity, and inclusion

We are committed to cultivating a diverse, equitable, and inclusive workplace that values a wide range of backgrounds, perspectives, and experiences. Our recruitment approach focuses on identifying talent based on skills, values, and potential—regardless of gender, ethnicity, religion, sexual orientation, disability, or social background. Led by founders of Asian and Hispanic heritage, OakNorth brings together a highly skilled and diverse team united by a shared mission.

Human Rights and the Modern Slavery Act

Our supply chain primarily comprises software partners and office services providers within the UK and US, supplemented by selected global suppliers. We uphold strict standards to ensure full compliance with the UK Modern Slavery Act, requiring all suppliers to provide clear anti-slavery and anti-human trafficking statements or policies.

Our Supplier Relationship Management team enforces a rigorous supplier risk management process, regularly seeking assurances that our suppliers maintain effective controls and ethical practices. Periodic reviews are conducted to address any operational or compliance changes.

OakNorth's Code of Conduct reinforces our zero-tolerance approach to modern slavery, and all employees complete mandatory annual training on human rights and ethical conduct. We assess our supply chain as low risk for modern slavery and have not identified any non-compliant suppliers.

Conduct and compliance principles

We maintain robust systems and controls to effectively manage conduct and compliance risks. Our Whistleblowing Policy provides employees with a secure and confidential channel to raise concerns, ensuring that all reports are investigated promptly and fairly.

A comprehensive Compliance Manual and related policies guide employees on expected standards of behaviour, while our compliance monitoring programme ensures that risks are reviewed on a regular basis.

All team members complete annual compliance training to stay informed and uphold OakNorth's commitment to transparency, accountability, and ethical business practices.

Financial crime prevention

We operate with a zero-tolerance approach to financial crime and have implemented comprehensive policies to prevent and detect bribery, corruption, money laundering, terrorist financing, fraud, and sanctions evasion. These controls are embedded across all business areas, actively overseen by senior management, and embedded into our day-to-day operations.

OakNorth is committed to conducting business with integrity, fairness, and professionalism. Through continuous monitoring, strong governance, and regular staff training, we maintain effective systems and processes to safeguard our operations and uphold the highest standards of ethical conduct.

OAKNORTH
ANNUAL
REPORT 2025

GOVERNANCE REVIEW

GOVERNANCE REVIEW

Committees

OakNorth is not required to comply with the UK Corporate Governance Code ('the Code'). In developing and operating its governance framework, OakNorth has regard to the principles of the Code, taking into account the size, complexity and nature of the business.

The Board's primary duty is to create and deliver a sustainable business model by setting and overseeing a strategy that delivers long-term value. It is responsible for ensuring that a system of internal controls is designed, implemented, maintained, and tested. It is responsible for approving the Risk Management Framework ('RMF'), understanding major risks, ensuring that appropriate limits are set against those risks and that they are adequately controlled and monitored.

The Board generally holds monthly calls and convenes in-person once a quarter to discuss standing agenda items, including business performance, and to consider strategic matters. In addition, the Board holds deep-dive sessions with various functions covering a range of topics on a quarterly basis. There are further monthly Board meetings to review and discuss matters such as the ICAAP, ILAAP, Solvent Exit Analysis and Recovery Plan, business strategy, financial and operating plans, and annual statutory accounts.

The Board maintains oversight of all areas of the business through the Board Committees and undertakes a formal review annually of its own effectiveness and that of its committees. The Head of Internal Audit is a standing invitee in all committee meetings (except Remuneration and Nomination), and other individuals may be invited to attend all or part of any meeting as and when appropriate and necessary at the invitation of the Committee Chairman.

The Board Nomination Committee assists the Board in determining the optimum Board size at any point in time within the legal and regulatory framework. The Board believes that its current membership, comprising of three Executive and six Non-Executive Independent Directors, is balanced given the current scale of operations and the desired competencies of the Board members.

The governance framework is summarised in OakNorth's Firm Management Responsibilities Map.

The table below summarises the responsibilities of the various Committees:

Committees	Responsibility
Board	The Board sets the Bank's strategic direction and oversees its implementation. It reviews performance having regard to the Bank's purpose, values, strategy, objectives and culture. It has oversight of the Bank's operations including ensuring that management maintains an effective RMF with appropriate oversight processes and that the principles of safety and soundness are embedded across the culture of the organisation.
Board Remuneration Committee (REMCO)	REMCO is responsible for ensuring that remuneration arrangements support the strategic aims of the Bank, promote long-term sustainable success, and are aligned to the Bank's purpose and values. It has delegated authority from the Board for the review and approval of the Remuneration Policy and is responsible for setting remuneration for all Executive Directors, NEDs, the Chairman, and senior management, including pension arrangements and fixed and variable compensation.
Board Nomination Committee (NOMCO)	NOMCO is responsible for reviewing the structure, size and composition of the Board, and ensuring that there are succession plans in place considering the challenges and opportunities facing the Bank. In the event of a Board vacancy, the Committee will evaluate the balance of skills, knowledge, experience and diversity on the Board together with the capabilities required for the role, to enable them to identify and nominate suitable candidates to fill the vacancy.

Committees**Responsibility****Board Risk & Compliance Committee (BRCC)**

BRCC takes delegated authority from the Board to oversee the entire risk agenda, excluding Credit risk. It oversees the overall risk framework, appetite, tolerance, and strategy including the impact of key risks materialising and the risks related to changes in strategy or strategic transactions. It seeks assurance in respect of the risk exposures of the Bank, including the adequacy and effectiveness of the Bank's processes and procedures to identify and manage current and emerging risks and the associated internal control framework. It oversees the operational risks facing the Bank and assesses the adequacy and effectiveness of the Bank's anti-money laundering systems and controls and its whistleblowing arrangements. It safeguards the independence of the CRO and the second-line Risk and Compliance function and oversees its performance and resourcing.

Board Audit Committee (BAC)

BAC takes delegated authority from the Board for the review and approval of the Internal Audit Plan, Charter and Methodology, Accounting Policy, including matters related to expected credit loss provisions, and Tax Strategy. It monitors the integrity of financial statements and public disclosures; recommends the Annual Report and Financial Statements to the Board for approval; appoints the external auditors and approves their remuneration; appoints/removes the Head of Internal Audit; and reviews the effectiveness of both the external and Internal Audit functions.

Board Credit Committee (BCC)

BCC takes delegated authority from the Board to oversee all Credit Risk related matters for the Bank and ratifies larger credit exposures. BCC reviews and monitors the status of the lending portfolio, including the Watchlist, and receives reports concerning the progress on any material Workouts and Recoveries. BCC also reviews and approves credit risk appetites and lending limits to be imposed against industry sectors, geographies, concentrations, and other areas of emerging risk and considers reports from the Credit Quality Assurance function.

Executive Leadership Team (ELT)

The ELT takes delegated authority from the Board and is responsible for developing and implementing the Bank's strategy and financial plan, reviewing overall and business line financial performance against the financial plan, developing and monitoring the Bank's culture, organisational structure and people strategy as well as reviewing the operational performance of the Bank.

Management Committees reporting to ELT**Responsibility****Asset & Liability Committee (ALCO)**

Operating under mandate from the ELT, ALCO provides strategic oversight of the Bank's Asset & Liability Management (ALM) policies and practices, including active management of liquidity and funding risk, capital risk, interest rate risk, funds transfer pricing, market & investment risk. The Committee provides oversight of the annual Capital and Liquidity assessment exercises, including stress testing, to produce the ICAAP and ILAAP on an annual basis, for approval by the Board.

Credit Risk Management Committee (CRMC)

Operating under mandate from the ELT and BCC, the purpose of the Committee is to oversee, monitor and control credit risk on a day-to-day basis, and to approve facilities under a delegated authority. It ensures that the RMF is implemented as it relates to Credit Risk, and that all credit control processes are fit for purpose and operative to ensure credit risk is mitigated through: Identification; Evaluation; Mitigation; Reporting; Management and Challenge.

Operations Committee (OPCO)

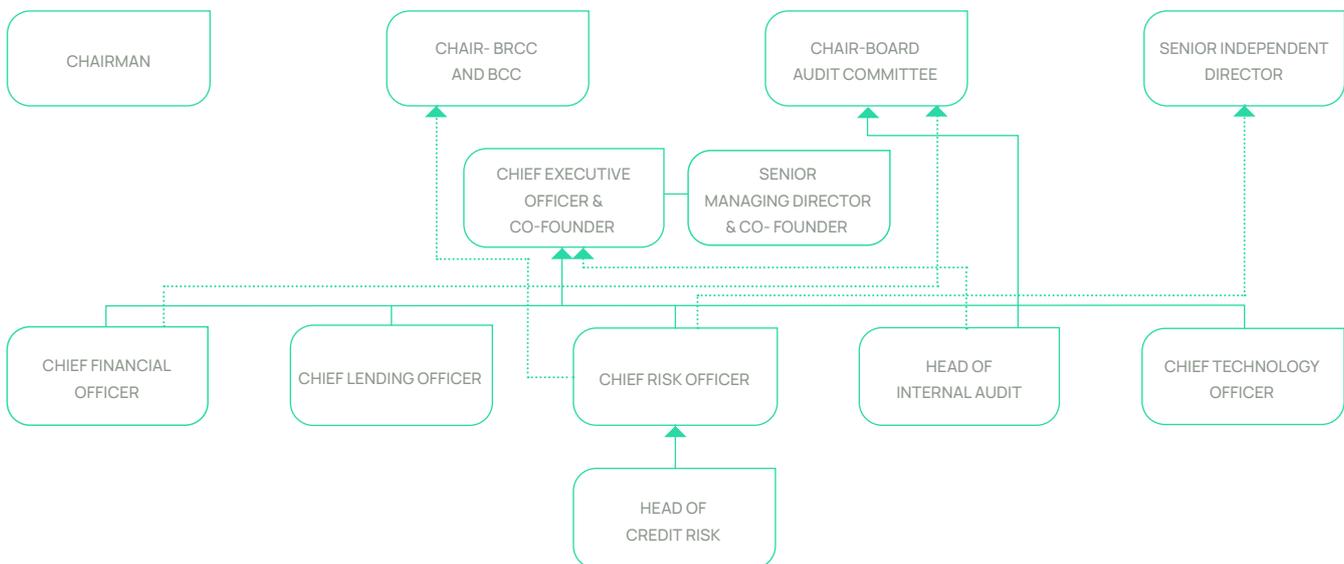
Operating under mandate from the ELT, OPCO's main objective is to ensure the operational resilience of the Bank, reviewing the performance of all businesses operational activities and the performance of outsourced service providers. The Committee also oversees the design and review of the IT platform and operating procedures and oversees resourcing and change management. The Committee reviews, in depth, any operational issues to promote efficiency and manage operational risk across the Bank, while identifying areas for improvement.

Executive Risk Committee (ERC)

Operating under mandate from the ELT and BRCC, the purpose of the ERC is to oversee, monitor and control the Risk agenda. It ensures that the RMF is properly implemented and that all control processes are fit for purpose and operative so that all risks to the Bank – aside from Credit Risk, which is the mandate of CRMC and BCC, and ALM which is the mandate of ALCO and Board – are mitigated via identification, evaluation, mitigation, reporting, management, and challenge.

Reporting structure

Business risk is managed by the Executive Leadership Team with oversight from the Board. The CRO reports to the Board in respect of oversight and challenge for the risk agenda and performance against the risk appetite statements. Capital, liquidity, and interest rate risks are managed on a day-to-day basis by the CFO with oversight from the ALCO. Credit risk policy, management and reporting are managed by the Head of Credit Risk under report to the Credit Risk Management Committee and the Board Credit Committee.



Three lines of defence model

At OakNorth, we use a Three Lines of Defence ('3LOD') operating model for risk management, in line with the standard industry practice. This model clearly defines roles and responsibilities for managing risks across the organisation, ensuring that they are properly identified, assessed, addressed, and monitored. The 3LOD principles are built into all role profiles emphasising that risk management is within everyone's responsibility. The model is reviewed on a continuous basis by the ELT and the Board to ensure that it remains aligned with, and evolves alongside, the development and strategic direction of the business.

Ownership and Accountability – the first line of defence (1LOD) comprises business line management, including the client-facing 'front office' Debt Finance and Customer Services teams, as well as all operational units that generate risk, such as Operations, Product, Technology, and Finance. Sound risk governance recognises that business line management owns and is responsible for identifying and managing all the risks inherent in the products, activities, processes, and systems it creates and for which it is accountable, in line with the agreed risk appetite.

Independent Oversight and Challenge – the second line of defence (2LOD), comprising the Risk and Credit Risk functions, is responsible for monitoring the operation of the RMF and providing advice, oversight, and challenge to the first line to ensure that risk management policies and practices remain appropriate for the business environment. The 2LOD also interprets performance against Risk Appetite. The CRO maintains a fully independent perspective and supporting oversight of the first line risk-taking activities, offering independent advice and challenge whilst participating in collective ELT decision-making and providing a second independent oversight of credit risk. The Risk function operates under a Risk Charter defining its scope and mandate.

Independent Assurance – the third line of defence (3LOD) is responsible for independently assessing the effectiveness of the Bank's governance, risk management, and internal control frameworks. It identifies and evaluates key current and emerging risks, leads the audit process, and oversees the development and execution of the annual Internal Audit Plan. Internal Audit performs these reviews, supplemented by independent audits conducted by qualified external parties, including the Bank's external auditors. In addition, the Independent NEDs provide robust oversight and challenge to ensure transparency and accountability.

Financial reporting internal controls and governance process

We have established robust internal control and risk management processes to support the integrity of our financial reporting. Our accounting and reporting processes are governed by clearly defined and established policies and procedures, which are subject to periodic reviews conducted by the Internal Audit function to ensure both design and operating effectiveness.

All reporting processes within Finance, including the preparation and review of the annual financial statements, are subject to appropriate maker-checker controls, reconciliations, and management reviews and oversight. The annual financial statements and accompanying disclosures are reviewed and approved both by the ELT and the Board.

Management actively monitors developments in accounting standards and similar reporting frameworks, assesses their impact to OakNorth's financial statements, adopts relevant amendments and new standards, and implements necessary changes to financial reporting processes and controls. The Board Audit Committee receives regular updates on all relevant developments and significant matters impacting OakNorth's accounting and reporting processes.

OAKNORTH
ANNUAL
REPORT 2025

RISK MANAGEMENT FRAMEWORK & RISK REVIEW

RISK MANAGEMENT

Approach

OakNorth aligns its risk strategy with its business objectives, employing a systematic and disciplined approach to managing inherent risks. By quantifying risks and implementing appropriate mitigation measures, we aim to deliver sustainable, long-term value. Our commitment to continuous improvement ensures that risk management policies, processes, and controls are consistently enhanced to adapt to evolving challenges and opportunities.

During the current year, we focused on fully operationalising and integrating across all business operations, management information systems and governance processes the new Risk Taxonomy and impact/likelihood scoring matrix, implemented in the previous year. Significant progress was made on the Bank-wide critical controls programme where we have identified and documented critical controls for all material risks. The next phase will focus on further embedding control ownership and effectiveness testing and integrating these into the assurance and reporting processes. These developments have strengthened the practical application of the framework and improved consistency on how risks are assessed, monitored, and managed across the Bank.

Culture

Our risk appetite framework aligns with our risk culture and business model. The Board plays a pivotal role in fostering a robust risk management culture, establishing clear standards and incentives to promote professional and responsible behaviour. Both the Board and management are committed to embodying OakNorth's values, setting the tone for the organisation's culture.

These values reflect our dedication to delivering positive customer outcomes, maintaining transparency, and managing risk responsibly to achieve long-term value through steady, sustainable, risk-adjusted returns. Risk outcomes and behaviours are integral to compensation decisions, evaluated through a balanced scorecard approach. All incentive schemes for material risk takers are governed by malus and clawback provisions, reinforcing accountability and alignment with our risk management principles.

Risk Appetite framework

Our strategy is guided by a comprehensive Risk Appetite Statement, which defines the types and levels of risk we are willing to accept to achieve our strategic objectives. This statement is aligned with clear limits and triggers that support day-to-day decision-making. It is directly linked to the business's key risks, which are dynamically assessed and revised as needed to reflect changes in the operating environment and risk outlook. The framework informs both operational management decisions and business planning, ensuring alignment with our strategic goals.

Risk appetite metrics are monitored at least monthly, with management initiating appropriate actions if any risk tolerances move into the "amber" or "red" zones.

In 2025, we have continued to strengthen the way we assess, articulate, and monitor key risks across the bank. Our five principal (Level 1) risks – Credit Risk, Operational Risk, Legal and Regulatory Risk, Financial Risk, and Strategic Risk – remain the foundation of our risk taxonomy, supported by 29 Level 2 and 87 Level 3 risks that capture the key exposures within each category. These form the basis for our Risk Appetite metrics and Key Risk Indicators, ensuring clear alignment between risk oversight and business activity.

In addition, we made significant progress in our critical controls programme, identifying and documenting relevant key controls for all material Level 3 risks and commencing our systematic assessment of their design and operating effectiveness. Further work in 2026 will focus on further incorporating control ownership within the first line and integrating control performance insights into risk reporting and assurance activities.

Risk Management Framework (RMF)

Our enterprise-wide Risk Management Framework (RMF) defines how we assess, manage, monitor, and mitigate the key risks to which the organisation is exposed. Approved by the Board Risk & Compliance Committee, the RMF is supported by comprehensive policies, procedures, controls, and risk measurement indicators, ensuring each risk is effectively managed within our defined Risk Appetite.

The Board delegates oversight of the RMF to the Board Risk & Compliance Committee, Board Credit Committee, and Board Audit Committee. These Committees provide supervision and assurance, supported by independent oversight from the Chief Risk Officer (CRO), Head of Credit Risk, and Head of Internal Audit, ensuring their independence is preserved. Roles and responsibilities are clearly outlined in the Firm Management Responsibilities Map (FMRM).

The RMF continues to evolve to reflect the dynamic challenges of our operating environment, including regulatory developments, industry best practice, and emerging risks. During the year, we have further strengthened our assurance framework through the implementation of the Combined Assurance Plan, which we use to coordinate and evidence assurance programmes across the three lines of defence. We have also refined our assurance planning and reporting to enhance the transparency and clarity of our reporting of control effectiveness and assurance outcomes to the Board and senior management.

Risk policies and controls

OakNorth's governance framework is defined by comprehensive policies and frameworks approved by the Board and its Committees, ensuring all activities align with the Board-approved risk appetite. These policies encompass a broad range of areas, including but not limited to the Credit Risk Management Framework, Stress Testing, Interest Rate and Market Risk, Financial Controls and Tax Framework, Compliance, Code of Conduct, Conduct Risk, Anti-

Money Laundering (AML), Counter-Terrorist Financing (CTF) and Sanctions Policy, Fraud Prevention, Anti-Facilitation of Tax Evasion, Operational Risk, and Data Protection. Operational processes are further detailed where appropriate in Standard Operating Procedures.

We have amended these frameworks to reflect our growing US presence by incorporating relevant US regulatory requirements across our policies and SOPs, strengthening governance and oversight on key management information (MI) and tailoring local training, assurance and controls surrounding our US portfolio and operations.

A key element of our risk management framework is the Risk & Controls Self-Assessment (RCSA) process. This tool documents and evaluates risks and controls, providing management with assurance that controls are appropriately designed and effective. The RCSA process is supported by first-line Business Assurance Testing and second-line assurance via the Risk and Compliance Assurance Monitoring plan.

Risk Review

Principal risks and uncertainties

OakNorth's principal risks and uncertainties are identified and addressed by the Executive Leadership Team (ELT), with oversight from the Executive Risk Committee and the Board Risk & Compliance Committee. A comprehensive risk review is conducted quarterly, during which each risk is assessed, and mitigation actions are assigned to ensure effective management.

The table below provides a summary of the key risks, the inherent impact and likelihood²², the corresponding mitigation strategies, and the risk appetite metrics used to monitor and manage these risks. The key risk themes for 2025 are highlighted as follows:

Principal Risks	Risk mitigation
<p>Strategic Risk of internal or external events impacting the delivery of the strategy.</p> <p>Key Level 2 risks include: Conduct, People & Culture and Climate Change & ESG risks</p> <p>Inherent Impact: High</p> <p>Inherent Likelihood: Likely</p> <p>This risk has remained stable during the year.</p>	<ul style="list-style-type: none"> The strategy is set and approved by the Board following a detailed assessment of the risks and opportunities to the business model over the planning period. Performance is monitored monthly against these strategic objectives. OakNorth places customers at the center of its business model and strategic priorities. We prioritise transparency in our interactions and are firmly committed to delivering positive outcomes for our customers. Customer outcomes are monitored via Net Promoter Score (NPS), survey feedback, and complaints data, with insights reviewed regularly through a quarterly Conduct Dashboard, to ensure continued delivery of high standards of service and customer satisfaction. The Bank closely monitors the evolving macroeconomic, geopolitical and AI landscape as part of its enterprise-wide risk management framework. External factors—such as interest rate volatility, inflation, trade tensions, geopolitical developments and AI disruption risks—are assessed for their potential impact on credit quality, customer demand, and strategic delivery. These risks are regularly incorporated into stress testing, scenario analysis, and Board-level risk reviews to ensure appropriate monitoring and mitigation. The Bank recognises that its expansion in the US through the New York Representative Office introduces a distinct set of strategic risks. These include differing market dynamics and increased operational complexity as cross-border activities grow. To mitigate these risks, the Bank has embedded robust governance and oversight arrangements, including enhanced Board and executive-level monitoring of US activities, clear accountability structures, and regular reassessment of the strategic rationale and performance of the expansion. These measures help ensure that the Bank's US presence remains aligned with its long-term objectives, risk appetite, and regulatory obligations. Climate and ESG risks are fully integrated into OakNorth's Enterprise Risk Management Framework and embedded within our credit and strategic risk appetites. We assess both transition and physical climate risks at loan origination and during periodic reviews, supported by robust credit and stress-testing processes. OakNorth does not carry a legacy portfolio in high-risk sectors and has been committed to supporting climate transition since inception. We have set a net zero target, including Scope 3 financed emissions, ahead of the UK government timeline. Our TCFD report outlines our approach to managing climate-related financial risks, progress on climate goals, stakeholder engagement, and efforts to improve emissions data quality and coverage across the loan book.

²² OakNorth employs a detailed impact and likelihood matrix to assess risks across key areas, including customers, operations, compliance, financials, and strategy. Impact is classified as severe, high, medium, low, or negligible, based on the likelihood of breaching risk appetite limits over the immediate, medium, or long term. Likelihood is categorised as rare, unlikely, likely, probable, or almost certain, ensuring a structured evaluation of risk exposure. This framework enables systematic risk identification, measurement, and mitigation, supporting proactive decision-making across all business areas.

Principal Risks

Credit

Risk of loss when counterparties fail to fulfil their contractual obligations in full and on time. While this risk is assessed at the individual counterparty level, it can also aggregate across portfolios, potentially increasing overall exposure.

Inherent Impact: Severe

Inherent Likelihood: Probable

This risk has remained stable during the year

Risk mitigation

- We have established detailed and prudent lending guidelines and policies, covering key areas such as Gross leverage, Interest coverage, Debt Service Coverage and Loan-to-Value ratios. Credit Risk Appetite limits are also defined, including parameters for average probability of default, loss given default, and both sectoral and single-name concentration within the loan book.
- Credit assessments are conducted by experienced credit risk professionals, supported by advanced credit analytics provided by ONCI.
- A dedicated and experienced Portfolio Monitoring function implements robust monitoring processes to proactively identify and address borrower-specific risks.
- Macroeconomic risks are fully integrated into our credit origination policies and portfolio monitoring processes to support a comprehensive and forward-looking credit risk approach.
- Monthly stress tests, utilising the proprietary ONCI FLR, provide a granular assessment of macroeconomic risks across various sectors. This enables early identification of vulnerabilities and informs risk mitigation actions.
- Our proprietary AI Disruption Framework, developed in 2024 and further embedded in 2025, systematically evaluates AI-driven risk at the borrower and sector level. Where impact is assessed as material, findings are escalated to the Credit Risk Management Committee and incorporated into the underwriting paper. Borrowers are also engaged in active dialogue to identify appropriate mitigants.

Operational

Risk of loss or the inability of the Bank to achieve its objectives may arise from inadequate or failed internal processes, people, systems, or external events, excluding strategic and reputational risks.

Key Level 2 risks include:

Cybersecurity, Operational Resilience, Model and Data Quality, Records Management, and People Risks.

Inherent Impact: Severe

Inherent Likelihood: Likely

This risk has remained stable during the year.

- Processes and controls are regularly updated and validated through the ongoing Risk and Control Self-Assessment (RCSA) process, which is continually enhanced to align with evolving risk requirements.
- Our cybersecurity strategy combines robust preventive measures with advanced detection capabilities to safeguard against unauthorised access and breaches. This strategy aligns with NIST, NYCRR 500, and CQUEST standards, supported by regular internal and external evaluations. Key components include stringent access controls, continuous monitoring, encryption protocols, vulnerability management, 24/7 oversight by an in-house Security Operations Centre, and anti-malware protections.
- Our operational resilience is underpinned by a modern, cloud-based IT infrastructure; clearly defined Standard Operating Procedures (SOPs) with specified controls and accountabilities; extensive automation; and partnerships with reliable third-party and intragroup service providers. Important business services have defined impact tolerances and recovery plans. The Bank successfully transitioned to full compliance with the PRA/FCA operational resilience requirements as of March 2025, including scenario testing to validate that important business services can remain within tolerance during severe but plausible disruption scenarios. The Bank continues to evolve and enhance its resilience framework on an annual basis and in response to emerging risks.
- A technology risk framework governs risk across the technology lifecycle, setting clear roles and responsibilities. Service and asset owners are accountable for secure design, controlled change, operational resilience, and third-party oversight.
- A comprehensive model risk policy framework is in place to oversee and mitigate risks across the model lifecycle. This defines roles and responsibilities, with model owners accountable for compliance with policy, including correct development, implementation, and use. The second-line Risk function provides assurance through independent validations of high-materiality models during development, significant changes, or periodic reviews. This ensures that weaknesses are identified and addressed promptly.
- Data accuracy remains critical to our operations. We have strengthened our data governance framework to improve data quality risk management, with a focus on identifying and defining critical data elements (CDEs) and implementing consistent controls across key use cases. This work is ongoing and will continue through 2026.

Principal risks**Regulatory and Legal**

Risk of financial loss, reputational damage, or operational disruption resulting from non-compliance with applicable laws, regulations, or legal obligations.

Key Level 2 risks include: AML & Financial Crime, Fraud, Legal and Regulatory Compliance risks.

Inherent Impact: High

Inherent Likelihood: Likely

This risk has remained stable during the year.

Risk mitigation

- Comprehensive policies have been established for Anti-Money Laundering, Sanctions, Fraud Prevention, Anti-Facilitation of Tax Evasion, and Anti-Bribery and Corruption. These policies are supported by controls embedded in processes and systems, managed by first-line staff such as during client onboarding. Oversight is provided by first-line management and second-line assurance.
- We utilise advanced fraud prevention tools to enhance the efficiency and effectiveness of risk management. Fraud controls continue to evolve alongside Business Banking products, including enhancements to customer onboarding and transaction monitoring. Dynamic, enterprise-wide risk assessments are conducted across all areas, and controls are subject to a continuous improvement programme.
- A comprehensive suite of policies and processes supports full regulatory and legislative compliance across all jurisdictions in which we operate, with regular updates. Regulatory developments are actively monitored through an automated horizon scanning tool, analysed, and implemented across the business. Compliance training is conducted for all staff. In line with our geographic expansion, including into the US, we undertook a comprehensive review of internal policies and procedures to ensure alignment with relevant federal, state, and international regulatory expectations.
- We maintain robust controls and governance for tax compliance, statutory obligations, financial reporting, and regulatory reporting. Processes are guided by clear policies, maker-checker controls, reconciliations, and management reviews. Material tax compliance is independently reviewed by third-party firms. The Regulatory Reporting Working Group (RRWG) provides oversight over regulatory reporting, and Annual Accounts and Financial Statements are audited externally, reviewed by the Board Audit Committee, and approved by the Board.
- The second line of defence continuously executes a Compliance Monitoring Plan (CMP) as part of the wider Risk and Compliance Assurance Plan, covering all business areas on an ongoing basis.
- The inherent risks related to AML, Financial Crime, and Fraud within Business Banking remain elevated. However, we believe the controls in place are appropriate given the size, scale, and complexity of the product. Steady business growth has helped mitigate significant increases in risk. Financial crime risk across other areas of the business has remained stable.

Financial

Risk of financial loss or adverse impact on the Bank's financial position resulting from capital, liquidity, funding, market, and interest rate fluctuations.

Key Level 2 risks include: Liquidity Risk, Capital Adequacy Risk, and Interest Rate Risk in the Banking Book (IRRBB)

Inherent Impact: Severe

Inherent Likelihood: Likely

This risk has remained stable during the year.

- A comprehensive set of forward-looking risk appetite metrics has been established to ensure the Bank can meet its liabilities under stressed conditions. These metrics, monitored daily, cover areas such as minimum required liquidity (aligned with internal risk appetite and regulatory requirements), funding concentrations, the proportion of deposits protected under FSCS, and deposit maturities. Risk appetite is reviewed annually through the ILAAP. The 2025 ILAAP fully incorporates the liquidity and funding risks associated with the US lending strategy, which is funded through cross-currency swaps.
- Internal capital planning aligns with the Bank's growth strategy, risk profile, market expectations, and regulatory obligations, as determined through the annual ICAAP. Forward-looking risk appetite limits for capital ratios are set and closely monitored, enabling proactive capital management actions to support business growth. The 2025 ICAAP fully reflects capital adequacy risks related to the US lending strategy.
- The Bank maintains a conservative risk appetite for IRRBB exposure. This is actively measured, monitored, and managed using sensitivity analyses, including Economic Value (EV) as the primary measure, supplemented by Economic Value of Equity (EVE) and Net Interest Income (NII) simulations.

Principal risks**Risk mitigation**

- The Bank continues to navigate a challenging operating environment characterised by cost pressures, intensifying competition in the lending market, and evolving regulatory requirements. The forthcoming implementation of Basel 3.1 will impact capital requirements and influence lending strategy. The ongoing US expansion adds further complexity, requiring investment in governance, compliance infrastructure, and resource allocation to support sustainable growth. The Bank remains focused on balancing prudent cost management with strategic investment in capabilities, technology, and talent to maintain resilience, competitiveness, and compliance in a changing environment.

In addition, the following risks are identified as 'emerging risks' due to their increasing impact on our business model and strategy.

Horizon risks**Risk description and mitigation****Macroeconomic and geopolitical risks**

- OakNorth is exposed to macroeconomic and geopolitical risks that may impact credit quality, customer behaviour, and business performance. These risks include interest rate volatility, persistent inflation, global trade frictions, and broader geopolitical tensions. Such factors may influence borrower affordability, sector outlooks, and market sentiment, posing challenges to both strategic execution and operational stability.
- The Bank actively monitors these risks as part of its enterprise-wide risk management framework. Regular macroeconomic assessments, stress testing, and scenario analysis are conducted to evaluate potential impacts under both baseline and adverse conditions. These are reviewed at Board level to inform decision-making. Strong capital and liquidity buffers, alongside prudent underwriting and diversified portfolio management, further support resilience against adverse macroeconomic developments.

Generative Artificial Intelligence (Gen AI)

- During 2025, OakNorth significantly expanded its use of Gen AI across the Bank, with deployment spanning credit analytics, legal and compliance workflows, lending operations, and broader business processes – as described in the Financial Review. While Gen AI offers significant opportunities to enhance controls, accelerate decision-making, and improve efficiency through automation, it also presents risks that require active and evolving management.
- The primary threats relate to the potential misuse of Gen AI by malicious actors seeking to bypass security and financial crime controls, the risk of model bias or output error in AI-assisted analytical processes, and the broader challenge of maintaining appropriate oversight as adoption scales and model capabilities continue to develop rapidly. The pace of change in this area – including the speed of evolution of foundation models – means that the risk landscape itself is not static.
- Our current control framework is deemed adequate and proportionate to our existing Gen AI use cases. Central to this is a structured human oversight model: all material AI outputs are reviewed by appropriately qualified individuals before action is taken, reflecting our recognition that AI systems generate outputs based on patterns in training data rather than reasoning from first principles. Complementary controls include continuous awareness training, regular model retraining protocols, technology-led security controls, and ongoing enhancements to financial crime detection capabilities. As the breadth and complexity of our Gen AI deployment evolves, we will continue to develop our control framework proportionately, with second-line assurance providing independent oversight of the overall control environment.

Group Risk

- The wider OakNorth Group is in the advanced stages of purchasing a US bank, subject to regulatory approval. This transaction would introduce additional regulatory and structural complexity, as the Group would come under the oversight of multiple regulators with differing prudential, conduct, and reporting requirements. This increases the risk of conflicting or duplicative regulatory expectations, additional capital and liquidity ring-fencing, and potential challenges in managing intra-group exposures.

The following sections provide further details on the material risks associated with OakNorth's operations.

Credit Risk

Credit risk is the risk of default and financial loss arising from a borrower or counterparty failing to meet their contractual financial obligations. This is one of the most significant risks faced by OakNorth, given the Bank's business model emphasis on lending. OakNorth does not actively trade in financial instruments, except for liquidity and risk management purposes. During 2025, the Board approved a programme to invest in senior AAA-rated Collateralised Loan Obligations (CLOs) managed under a discretionary mandate; these investments are held at amortised cost, are limited to AAA senior tranches and are subject to the Bank's credit, liquidity and market risk management frameworks.

This section includes enhanced disclosures aligned with the recommendations of the FCA, PRA, and FRC joint taskforce as outlined in "Recommendations on a comprehensive set of IFRS 9 Expected Credit Loss disclosures." Disclosures presented herein are proportionate and appropriate for OakNorth's balance sheet size and complexity. We continue to improve disclosure quality on an ongoing basis.

Credit risk review

During 2025, geopolitical instability and economic challenges continued to shape market conditions. In the UK, the credit environment remained unpredictable, influenced by various factors affecting both consumers and businesses. While inflation showed signs of stabilising through the year, external cost factors and supply constraints kept upward pressure alive longer than anticipated. Consumer confidence remained low, while businesses remained cautious, delaying their investment decisions ahead of the Autumn Budget in November 2025. The labour market loosened materially over the year, with rising unemployment tempering the wage growth that had previously supported consumer spending and house prices. Inflationary pressures and higher energy costs continued to impact cost-of-living concerns and consumer behaviour. Real estate development continued to face challenges, with an expected upturn in the residential development sector further constrained by labour shortages, material supply issues, and the lagged effect of elevated interest rate conditions on project economics. Rate cuts, while anticipated, are being transmitted gradually – affecting both debt repayment dynamics and borrowers' willingness to take on new debt.

In the US, the banking sector faced significant challenges, particularly in the commercial real estate market, with office assets experiencing substantial pressure. Despite this, lending activity persisted, with some stabilisation in underwriting standards after earlier tightening. Multifamily residential remained a robust segment, attracting investment as vacancy rates improved and rent growth accelerated. Other bespoke asset classes continued to present favourable opportunities and exits through refinancing to agencies remained robust. Our lending strategy, primarily focused

on senior co-lending and maintaining a conservative average LTV of approximately 44%, supported strong growth in our loan book while preserving credit quality.

We continued to grow our portfolio cautiously, maintaining strong credit metrics supported by robust FLR assessments for new transactions, and diversifying our lending across sectors and geographies in both the UK and US. While market spreads in the US continue to tighten due to concerns over potential corrections in private credit and equity valuations, we remain committed to prudent growth – expanding direct lending in the C&I sectors and selectively continuing our senior real estate lending across multiple asset classes.

Asset quality remained stable. ECL coverage declined to 0.4% at 31 December 2025 (2024: 0.5%), reflecting improved macroeconomic outlook and a reduction in Stage 2 and Stage 3 exposures. A net provision charge of £0.1m was recognised (2024: £4.4m release). Cash-flow-based loans maintained a conservative net leverage of 1.98x, while the average LTV on collateralised loans remained at 51% (property-backed loans: 51%), with 85% of the portfolio secured by collateral.

In 2025, we implemented internally developed Through-The-Cycle (TTC) and Point-In-Time (PIT) Probability of Default (PD) and Loss Given Default (LGD) models for our US real estate loan book. The models, similar to our existing models, integrate FLR approach with macroeconomic variables, scenarios, and weightings to compute PIT PDs. There were no changes to the Stage 3 specific assessment methodology and to the Bank's staging policy during 2025.

All of our internally developed models undergone external independent validation and are tailored to align more closely with the portfolio characteristics, risk management criteria, and historical default experience of the Bank. Their performance is also subject to ongoing monitoring under the oversight of the Model Risk Governance Working Group (MRGWG).

Looking ahead to 2026, while the economic outlook for the UK has improved, we continue to take a balanced approach to macroeconomic scenarios and scenario weightings. These scenarios, alongside case-specific considerations for individually assessed Stage 3 exposures, are integrated into our ECL provision models to ensure a comprehensive assessment.

Additional details on IFRS 9 provisions are provided in subsequent sections of this report. The movement in loan book staging and the ECL allowances is detailed in Table 2 in the "Credit Quality Classification" section.

OakNorth's approach to Credit Risk Management

At OakNorth, we adopt a data-driven and forward-looking approach to risk assessment for both potential and existing clients. This process involves a comprehensive evaluation of the client's business, sector, financial capacity, and transaction-specific risks, with all assessments conducted in alignment with OakNorth's lending policy. Central to this approach is our proprietary ONCI Forward-Looking Rating (FLR), which

not only evaluates the impact of known risks but also anticipates the potential impact of emerging risks. Updated monthly and applied to both new and existing borrowers across our UK and US portfolios, the FLR was a key focus throughout 2025 — enabling continuous stress testing of the loan book in response to ongoing economic challenges and evolving market conditions, and supporting early identification of emerging trends or specific cases of concern.

The ONCI platform combines statistical and fundamental models to generate granular, forward-looking insights at the sub-sector level. It divides the economy into detailed sub-sectors and generates cost and revenue curves based on statistical regression of macroeconomic forecasts and historical sector performance. These curves are adjusted for forward-looking structural factors not fully captured in headline macroeconomic data. The model establishes elasticity coefficients for cost and working capital projections by analysing correlations between revenue changes and related financial line items over time. Regional sub-sector curves are developed using micro-level data, sector-specific KPIs, high-frequency indicators, and alternative datasets, enabling the tool to reflect local market conditions across both UK and US markets. The resulting forecasts are applied at the individual borrower level to assess potential impacts on cash flow, default likelihood, and loss potential. Climate transition assumptions are also integrated into the FLR framework, as described further below.

Climate risk remains a critical priority within OakNorth's credit risk framework. Our approach is guided by defined risk appetite metrics and statements, including limits on exposure to carbon-intensive sectors and businesses with elevated climate risk. Climate assessments are embedded across credit underwriting and portfolio monitoring: all borrowers complete a climate risk questionnaire providing qualitative inputs into our Probability of Default models, with outputs supported by the ONCI FLR sector-specific climate scenario analysis covering both transition and physical risks.

During 2025, we continued to refine our climate measurement methodologies. We began collecting Scope 1, 2, and 3 emissions data from borrowers to support climate impact projections and adopted an embodied emissions approach for development loans aligned with the latest NGFS guidance. Our evaluation of physical risks — particularly flooding and storm exposure — was enhanced through collaboration with a specialist provider. Climate impact is also integrated into a simplified impact table assessing both transition and physical risk effects on borrower financial metrics, informing credit decisions and capital planning under NGFS and Bank of England CBES pathways. Our 2025 assessment concluded that no material credit losses are expected under any of the CBES transition scenarios. Further detail is set out in the ESG section of this report.

Alongside macroeconomic and climate inputs, the FLR now incorporates AI disruption assessment as a distinct analytical component. Drawing on the AI Disruption Framework described in the Financial Review, each borrower's sector is evaluated for its exposure to AI-driven competitive shifts, cost structure changes, and demand disruption — with the output feeding directly into the forward-looking rating. This ensures that AI-related risk is assessed systematically at the borrower level rather than treated as a qualitative overlay, and that

the monthly re-underwrite process captures changes in AI impact trajectories as model capabilities and adoption patterns evolve.

Our approach to credit risk management continues to evolve alongside our growth in both the UK and the US, underpinned by a robust framework with clear policies and guidance. While our overall lending appetite remains unchanged, the credit risk framework was enhanced in 2025 to reflect OakNorth's expansion. As our US presence grows, the framework now includes a dedicated risk appetite for US lending, along with refinements to broader Group-level risk appetite metrics. The sector and single-name concentration limits were also strengthened, incorporating capital-based measures to support more effective and dynamic risk management.

Credit Risk Governance framework

OakNorth has established a robust Credit Risk Management Framework (CRMF), which functions as a sub-framework within the enterprise-wide Risk Management Framework. Operating under the mandate of the Board and Board Credit Committee, the CRMF provides a comprehensive structure for managing credit risk. Its scope includes the establishment and monitoring of credit policies and procedures, credit and concentration risk appetite limits, and key risk indicators. It also encompasses the credit risk decisioning process, including delegated authorities, portfolio performance and management, risk rating frameworks, the approach to risk-weighted assets, portfolio provisioning, stress testing, and climate risk assessment and management within the loan book.

The effectiveness of credit risk policies and processes is periodically reviewed by the Credit Quality Assurance (CQA) function, which operates independently and reports directly to the CRO. During the year, a number of additional independent reviews were conducted, including model validations and assessments of cases under intensive monitoring.

In addition to the CRMF governance, the RAWG is tasked with developing and maintaining the IFRS 9 provisioning framework and its associated governance. This working group operates under the mandate of the Board Audit Committee and includes the Head of Credit Risk, CFO, and CRO as members. Its responsibilities include reviewing and confirming the adequacy of provision calculations, overseeing the staging approach applied, evaluating scenarios and weightings, assessing the appropriateness of any provision overlays and exceptions, and reviewing matters related to model accuracy, such as back-testing and model effectiveness. The RAWG ensures that the IFRS 9 provisioning and overlays approach aligns with the Provisions Policy and maintains compliance with governance standards.

Credit risk appetite

The CRMF is underpinned by a Board-approved risk appetite and credit risk strategy, which provides a robust foundation for managing credit risk and supporting OakNorth's safe, sustainable growth. The risk appetite is operationalised through measurable Key Risk Indicators (KRIs), ensuring alignment with the Bank's strategic objectives.

Specific credit KRIs include monitoring concentration risk at both individual borrower and sector levels. To mitigate the risk of significant exposure, concentration limits are established to ensure adherence to defined thresholds, thereby preventing an excessive build-up of credit risk across any one sector, product or asset class, and/or single name (aggregated exposures). These measures ensure that credit risk is effectively managed within the Bank's defined risk parameters.

Committees and delegated authorities

Portfolio oversight and lending decisions are managed through the CRMC and its delegated subsidiary Committee: the Medium Deals Committee (MDC). Each Committee operates within defined delegated authority limits, structured around a matrix of key credit risk measures, including exposure quantum, product type, collateral, policy exceptions, and watchlist status. Higher-risk transactions, such as single-name exposures exceeding £50 million, are subject to additional review and challenge by the Board Credit Committee (BCC), ensuring robust oversight and governance of significant credit risks.

Credit risk management and monitoring

Our Portfolio Monitoring Team conducts continuous, loan-level monitoring of the performance of all loans. Monthly FLR stress tests are applied at the loan level, generating early warning indicators to identify potential credit quality deterioration under both short- and long-term scenarios. This proactive approach enables the team to prioritise portfolio actions and work effectively with borrowers to address emerging risks.

Early warning indicators are reviewed weekly, and a formal portfolio review is conducted monthly. The outcomes of this review are presented to the Credit Risk Management Committee (CRMC). Both the CRMC and the Board Credit Committee (BCC) oversee the performance of the overall portfolio on at least a monthly

basis, supported by comprehensive management information. This includes lending volumes, key credit model performance outputs, rating downgrades, concentration risk (including large exposures), impairments, material recoveries, and performance against established credit risk appetite limits. During the year, a number of enhancements were made to monthly credit MI for better capture of portfolio information. Property development loans are closely monitored by OakNorth's in-house monitoring and surveying team, ensuring specialised oversight and management of these exposures.

Credit risk rating

(Audited)

OakNorth assigns credit ratings based on Probability of Default (PD) scores calibrated using internally developed models. These models are tailored to the Bank's portfolio and loss experience and are used to support ECL calculations. Model performance is continuously monitored to ensure alignment with internal credit classifications.

The internal ratings are presented in descending order of credit quality:

- Ratings 1–2 represent high-quality exposures with strong credit characteristics.
- Ratings 3–4 reflect moderate credit risk and may exhibit speculative elements.
- Ratings 5–7 indicate higher credit risk and a greater degree of speculation.
- Ratings 8–10 represent low to poor credit quality, with a high risk of default.

Table 1: Summary of loans and facilities grouped by internal credit risk rating

The table below summarises the Bank's gross on-balance sheet loans and advances to customers, excluding ECL provisions and fair value adjustments. It also includes committed undrawn loan facilities, grouped by OakNorth's internal credit rating. The figures include loans and advances classified at fair value through profit or loss (FVTPL), comprising gross on-balance sheet exposure of £67.7 million (2024: £nil) (Note 15) and off-balance sheet undrawn commitments of £0.8 million (2024: £nil) (see Note 31). These amounts exclude outstanding balances of the Bank's subsidiary, A.S.K Partners Limited, which had loan balances of £6.9 million as at 31 December 2025 (2024: £2.8 million).

Bank's PD Rating Scale	2025		2024	
	Loan	Undrawn Facility	Loan	Undrawn Facility
	£'000	£'000	£'000	£'000
1 – 2	13,131	-	6,554	1,036
3 – 4	4,072,390	619,685	3,413,728	481,864
5 – 7	416,622	19,639	569,021	12,341
8-10	401,118	4,828	423,116	8,983
Total	4,903,261	644,152	4,412,419	504,224

Credit quality classification

(Audited)

Based on portfolio monitoring triggers, the loan book is classified into five credit risk categories: Standard, Early Warning Signs (EWS), Intensive Monitoring (IM), Watchlist (WL), and Default. 'Watchlist' triggers align with IFRS 9 Stage 2 classification for Significant Increase in Credit Risk (SICR). In addition to the IFRS 9 backstop trigger of 30 days past due (DPD) for Stage 2, these also include a combination of quantitative indicators—such as breaches of risk limits for interest cover or debt service cover ratios, LTV, and loan-to-gross development value—and qualitative indicators, performance deviations from plan, deterioration in guarantee quality, failure of a key contracted party, project delays, or risks related to planning permissions. Borrowers subject to forbearance measures are also classified as Stage 2. For Stage 3, the assessment includes identifying objective impairment triggers, such as significant financial difficulty of the borrower, a high probability of bankruptcy, breaches of contractual terms, material litigation, or any other relevant factors identified by the CRMC that may render the borrower unlikely to pay, in addition to the IFRS 9 backstop trigger of 90 days past due for Stage 3. This classification also aligns with European Banking Authority (EBA) guidelines on the definition of default. Accounts under EWS and IM remain within IFRS 9 Stage 1.

Each loan is assessed and monitored individually; OakNorth does not apply portfolio-level staging adjustments. The criteria for triggering a risk classification or staging review are reviewed periodically by the CRMC. Higher-risk loans, as defined under the Customers in Financial Difficulty (CIFD) Policy, are recommended for classification as Watchlist/Stage 2 or Default/Stage 3 by

the Head of Portfolio Monitoring or Senior Director, Workout & Restructuring. These recommendations are reviewed and approved by the Head of Credit and/or the CRMC.

Transfers from Stage 3 or Stage 2 to Stage 1 occur only when the exposure demonstrates improvement, falling back within standard credit metrics and lending policy appetite, and following a period of sustained performance (typically a minimum of three months of standard trading), as determined by the CRMC. In specific cases, exceptions to staging may be applied where there is sufficient evidence that credit risk has not materially increased since initial recognition. No such exceptions were applied to any loans as at 31 December 2025 (2024: nil).

All staging changes—including exceptions—are reviewed and ratified by the RAWG quarterly to ensure governance and risk framework alignment.

Staging classification of loan book: The classification of the loan book across different IFRS 9 stages and the corresponding expected credit loss charge allowance is provided in Table 5. Please refer to the accounting policy section for guidelines on loan staging classification (Note 1.14.6) and write-offs (Note 1.14.7).

Forbearance

(Audited)

OakNorth prioritises supporting customers in overcoming financial challenges and restoring financial stability as efficiently as possible. Through its Customers in Financial Difficulty (CIFD) and Forbearance Policies, OakNorth may implement forbearance measures designed to achieve better outcomes for both the customer and the Bank.

Forbearance involves concessions provided to borrowers who are facing, or are likely to face, difficulties in meeting their financial commitments. These concessions, which deviate from standard lending terms, may include payment or covenant-related forbearance. Such measures are granted only when they are expected to restore sustainable repayment capacity and align with the mutual goal of returning the borrower to non-forborne status. Payment-related forbearance is offered only if the borrower is expected to meet the revised terms of the loan.

All forbearance cases are classified under the appropriate internal risk category—EWS, IM, WL, or Default—and require approval through restructuring strategies presented to the Credit Risk Management Committee (CRMC). Cases with a significant increase in credit risk are managed via the Watchlist process. Borrowers showing signs of actual or potential financial stress are categorised accordingly, and mandatory actions are implemented to ensure a defined remediation strategy is in place.

From an IFRS 9 perspective, loans under forbearance are automatically classified as Stage 2, reflecting a significant increase in credit risk; and borrowers in default are automatically classified as Stage 3.

Transfers back to Stage 1 are permitted once the borrower has completed the Stage 2 probation period, as defined in the staging policy, and is performing under the revised terms. However, the forbearance flag remains in place for a minimum of two years.

Loans in default or classified as Non-Performing Forborne Exposures—including those restructured on substantially different terms—remain flagged as forborne for at least three years, even if the borrower is no longer considered financially distressed. This period consists of one year as non-performing forborne and two years as performing forborne, in accordance with the EBA Guidelines on the Management of Non-Performing and Forborne Exposures.

Forbearance disclosures: As at 31 December 2025, 24 loans had been subject to forbearance measures during the year (2024: 16 loans), with a combined gross carrying value before provisions of £296.8 million (2024: £193.3 million). These are classified across IFRS 9 stages as follows:

- Stage 1: Intensive Monitoring: 1 loan - £5.2 million (2024: 1 loan - £4.7 million)
- Stage 2: 13 loans - £151.2 million (2024: 8 loans - £117.5 million)
- Stage 3: 10 loans - £140.4 million (2024: 7 loans - £71.0 million)

Credit risk mitigation

(Audited)

OakNorth actively mitigates credit risk through various measures, including the use of eligible collateral. The CRMF specifies the types of collateral that may be accepted for risk mitigation purposes. These include, but are not limited to, debentures or charges over

fixed and floating assets, charges on freehold land or property, personal and corporate guarantees, and cash reserves or deposits. Policy guidance outlines the conditions and methods for collateral valuation to ensure consistency and accuracy.

We maintain a Valuer Panel Management Policy that governs the selection and oversight of external valuation firms and quantity surveyors eligible to be part of the Bank's valuation panel.

Collateral reviews (assessments of whether the security pledged by a borrower remains sufficient in value and legally enforceable to cover the loan exposure) are conducted as part of the scheduled credit review cycle. For real estate assets, a professional revaluation is conducted every three years, with internal indexation permitted for performing exposures below £2.5 million (also aligned with EBA guidelines). All valuations must be carried out by a firm on OakNorth's approved panel, independently of any firm used by the client or introducer. Any exceptions to the use of an approved firm are subject to sign-off by the Head of Credit Risk, in line with the Bank's Valuation Policy.

Loan book collateralisation: As at 31 December 2025, 76% of loan facilities were collateralised by fixed assets (property-backed lending) (2024: 79%), and 9% were secured with charges or debentures over underlying asset portfolios (2024: 11%). In total, 85.1% of loan facilities were collateralised (2024: 91%). These figures exclude floating asset charges and guarantees not supported by fixed asset security.

Weighted average LTV of the loan book: The weighted average LTV for loan facilities collateralised by property was 51% (2024: 51%). The weighted average LTV for the overall property-backed loan book was 51% (2024: 52%).

LTV distribution of collateralised facilities^{1,2}

	2025	2024
< 25%	5%	1%
25%-40%	12%	13%
40%-50%	38%	35%
50%-60%	24%	28%
60%-70%	17%	20%
70%-80%	2%	1%
80%-90%	2%	1%
> 90%	0%	1%
Total	100%	100%

Note:

¹ All calculations based on total facilities including committed and uncommitted

² Excludes loans in default

Maximum exposure to credit risk

(Audited)

Maximum exposure to credit risk represents OakNorth's risk of financial loss if a counterparty defaults, without considering any collateral held or other credit enhancements that could mitigate such risk. The measurement of a financial asset's maximum exposure to credit risk varies depending on their classification (Note 114.2).

Financial assets classified as amortised cost or FVOCI (subject to ECL requirements) have a maximum credit risk exposure equal to their gross carrying amount, before ECL provisions. For financial assets classified as FVTPL and FVOCI (not subject to ECL), the maximum exposure is the asset's carrying amount, which reflects its fair value. For off-balance sheet exposures, such as undrawn commitments, the maximum exposure equals the total undrawn amount.

Maximum exposure to credit risk for loans and advances to customers

OakNorth's loans and advances to customers include both drawn and undrawn portions of its customer loan facilities. The drawn portion is generally classified as financial assets at amortised

cost, with maximum credit exposure corresponding to the gross carrying amount. For irrevocable loan commitments, the maximum exposure is equal to the total undrawn commitment. Where loans and advances are classified as FVTPL, the maximum exposure corresponds to their carrying amount.

Regardless of classification, OakNorth mitigates credit risk through its robust Credit Risk Management Framework (CRMF), which incorporates controls throughout the loan lifecycle—from origination and disbursement to servicing and closure.

Drawdowns are permitted only after all conditions precedent are satisfied. For property development facilities, this includes cost and progress verification by an independent monitoring surveyor. OakNorth also secures collateral, where available, as part of its credit risk mitigation strategy.

Under the CRMF, OakNorth closely monitors changes in borrower credit risk, including collateral revaluation and progress on underlying property development.

Details of the maximum exposure to credit risk associated with OakNorth's loan book are provided in the table below:

Table 2: Maximum exposure to credit risk in the loan book, ECL provisions and Staging

(Audited)

2025	On balance sheet - Loans and advances to customers	Allowance for ECL	Net carrying amount	% ECL allowance of on-balance sheet exposures	Off-balance sheet - Undrawn Loan Commitments	Allowance for ECL	Net carrying amount
	£'000	£'000	£'000	%	£'000	£'000	£'000
Stage 1	4,514,265	7,088	4,507,177	0.2%	638,323	500	637,823
Stage 2	242,557	4,303	238,254	1.8%	2,093	42	2,051
Stage 3	146,439	6,368	140,071	4.3%	3,736	-	3,736
Total	4,903,261	17,759	4,885,502	0.4%	644,152	542	643,610

Maximum exposure to credit risk as at 31 December 2025 includes loans and advances to customers classified at FVTPL with gross on-balance sheet exposure of £67.7 million (2024: £nil) (Note 15) and off-balance sheet exposure on undrawn commitment of £0.8 million (2024: £nil) (Note 31).

Allowance for ECL as at 31 December 2025 for on-balance sheet exposure includes £194k attributable to loans and advances to customers classified at FVTPL (2024: £nil) (Note 31).

Uncommitted loan facilities: As at 31 December 2025, OakNorth had £1,668 million of uncommitted facilities (2024: £1,251.1 million). These facilities are unconditionally cancellable. This balance includes a facility of £52.8 million provided to the subsidiary A.S.K Partners Limited (2024: £14.8 million).

The three largest gross drawn loan exposures represented 1.9%, 1.7%, and 1.7% of OakNorth's total drawn loan book as at 31 December 2025 (2024: 2.0%, 1.8%, and 1.8%). There were no other material concentrations of customer credit risk.

A.S.K Partners Limited loans and advances to customers: The subsidiary had outstanding loan balances of £6.9 million as of 31 December 2025 (2024: £2.8 million). These are not included in the disclosures above. There were £1.6 million provision against these loans as per the individual assessments applied to each facility (2024: Nil). The loan book is fully secured by property collaterals and there are no undrawn and committed facilities as at 31 December 2025 (2024: nil).

2024	On balance sheet- Loans and advances to customers	Allowance for ECL	Net carrying amount	% ECL allowance of on-balance sheet exposures	Off- balance sheet – Undrawn Loan Commitments	Allowance for ECL	Net carrying amount
	£'000	£'000	£'000	%	£'000	£'000	£'000
Stage 1	3,976,861	6,838	3,970,023	0.2%	494,609	183	494,426
Stage 2	358,650	6,292	352,358	1.8%	5,815	55	5,760
Stage 3	76,908	8,949	67,959	11.6%	3,800	-	3,800
Total	4,412,419	22,079	4,390,340	0.5%	504,224	238	503,986

Maximum exposure to credit risk for other financial assets

(Audited)

Other financial assets subject to credit risk held by OakNorth include cash and balances at central banks, loans and advances to other banks, cash in banks held as collateral margins on derivatives, investment securities, derivatives financial assets held for risk management, and other receivables.

Cash held at central banks and other financial institutions

The maximum exposure to credit risk associated with cash and balances at central banks and loans and advances to other banks corresponds to their carrying amount. These balances are generally considered to have minimal risk of default, as the counterparties are either the Bank of England (BoE) or other highly rated financial institutions.

Investment securities

OakNorth's investment securities comprise money market funds (primarily US and Euro funds), short-term UK Gilts, and Treasury Bills held for liquidity management purposes and classified as financial assets at FVOCI. The Bank also holds long-term UK Gilts, Treasury Bills, and senior tranches of collateralised loan obligations (CLOs) within a hold-to-collect business model, which are classified as financial assets measured at amortised cost. As these instruments are subject to expected credit loss (ECL) requirements, their maximum exposure to credit risk corresponds to their gross carrying amount.

All of OakNorth's investment securities are considered investment-grade and low credit risk. UK Gilts and Treasury Bills are backed by the UK government, while the majority of money market fund holdings are placed with highly rated financial institutions. A

portion of the Euro-denominated money market funds supports investment in CLOs, which are also transacted exclusively with counterparties that meet OakNorth's stringent credit criteria.

CLO investments are exclusively composed of highly rated AAA senior tranches, which receive the highest priority in the CLO waterfall structure and are subject to ongoing monitoring under OakNorth's investment mandate. The credit risk in our CLO portfolio is primarily linked to the quality and performance of the underlying leveraged loan collateral. We monitor credit risk exposure through ongoing assessments of tranche credit ratings and adherence to structural tests, including a minimum senior tranche ratio of 90% and obligor industry diversification within the underlying pool, as part of our investment mandate.

Derivative financial assets held for risk management

Derivative financial assets held for risk management arise from swaps and forward contracts to mitigate OakNorth's exposure to various risks such as interest and foreign exchange risks. These instruments are classified as financial assets at FVTPL and their maximum exposure to credit risk represents their carrying amount which are stated at fair value and incorporate credit valuation adjustments (CVA) to reflect counterparty non-performance risk. OakNorth mitigates its credit risk exposure on these assets by only dealing with highly rated financial institutions, monitoring positions closely, and ensuring that the transactions are in line with the Group's risk management's objectives.

Other assets

Other assets, including deposits, collateral for derivative transactions and other receivables measured at amortised cost, have maximum exposure to credit risk corresponding to their gross carrying amount. Where related to loans and advances to customers, they fall within the credit risk governance framework; otherwise, they are monitored individually on a case-by-case basis.

Table 3: Maximum exposure to credit for other financial assets

(Audited)

Details of the maximum exposure to credit risk associated with other financial assets are outlined in the following table:

Bank Group	2025			2024		
	Maximum exposure	Loss allowance	Net carrying amount	Maximum exposure	Loss allowance	Net carrying amount
	£'000	£'000	£'000	£'000	£'000	£'000
At amortised cost						
Cash and balances at central banks	2,184,464	-	2,184,464	2,689,013	-	2,689,013
Loans and advances to banks	96,776	-	96,776	80,632	-	80,632
Long-term UK Gilts & Treasury bills	299,979	-	299,979	-	-	-
Investments in CLOs	111,965	-	111,965	-	-	-
Other financial assets at amortised cost	27,134	(8,295)	18,839	50,188	(4,447)	45,741
At FVOCI						
Investment in short-term UK Gilts & Treasury bills	-	-	-	207,231	-	207,231
Investment in Money Market Funds	187,492	-	187,492	124,007	-	124,007
At FVTPL						
Derivative assets held for risk management ¹	33,742	-	33,742	2,809	-	2,809
Total	2,941,552	(8,295)	2,933,257	3,153,880	(4,447)	3,149,433

¹ Maximum exposure for derivatives is shown as net fair value on derivative assets as per the financial statements.

Bank	2025			2024		
	Maximum exposure	Loss allowance	Net carrying amount	Maximum exposure	Loss allowance	Net carrying amount
	£'000	£'000	£'000	£'000	£'000	£'000
At amortised cost						
Cash and balances at central banks	2,184,464	-	2,184,464	2,689,013	-	2,689,013
Loans and advances to banks	90,607	-	90,607	75,477	-	75,477
Long-term UK Gilts & Treasury bills	299,979	-	299,979	-	-	-
Investments in CLOs	111,965	-	111,965	-	-	-
Other financial assets at amortised cost	6,929	-	6,929	36,775	-	36,775
At FVOCI						
Investment in short-term UK Gilts & Treasury bills	-	-	-	207,231	-	207,231
Investment in Money Market Funds	187,492	-	187,492	124,007	-	124,007
At FVTPL						
Derivative assets held for risk management ¹	33,742	-	33,742	2,809	-	2,809
Total	2,915,178	-	2,915,178	3,135,312	-	3,135,312

¹ Maximum exposure for derivatives is shown as net fair value on derivative assets as per the financial statements.

There were no off-balance sheet items related to guarantees or other non-customer loan transactions for the comparative years presented. Apart from the loss allowance associated with the Bank Group's other financial assets, there were no additional items that offset the maximum exposure to credit risk for the above assets.

Credit risk concentration for loans and advances to customers

Concentration risk within the loan book arises when multiple borrowers or exposures share similar characteristics, such that their collective ability to meet contractual obligations may be adversely affected by changes in the operating environment. We continue to enhance our concentration limit-setting approach by adopting forward-looking and dynamic methodologies.

To mitigate this risk, we employ a range of control measures, including the establishment and monitoring of concentration limits at the single-name level, as well as across granular sectors, subsectors, and product types.

Table 4: Concentration of credit risk by sector and geographic distribution

Sector distribution ²	2025	2024
Real estate	52%	51%
Business trading loans ³	48%	49%
Total	100%	100%

Note:

¹ All calculations based on total facilities including committed and uncommitted. These include loans at fair value through P&L and exclude loan balances of the Bank's subsidiary, A.S.K Partners Limited.

² All real estate categories were 100% collateralised. Business trading loans were 69.2% collateralised (2024: 81%).

³ Business trading loans are loans where reliance is on operations of the business and not on property. It includes Lender Finance deals (Loan on Loan deal) where underlying loan is trading in nature.

Geographic distribution ¹	2025	2024
London	25%	35%
South of England	8%	13%
North & Midlands	22%	16%
National multi-site	26%	28%
Total UK ²	81%	92%
US	19%	8%
Total	100%	100%

¹ All calculations based on total facilities including committed and uncommitted. These include loans at fair value through P&L and exclude loan balances of the Bank's subsidiary, A.S.K Partners Limited.

² Reduction in the proportion of UK loans primarily reflects the growth of lending activities in the US during the year.

ECL allowance assessment and impairment methodology

(Audited)

As detailed in [Note 1.14.6](#), in accordance with IFRS 9, expected credit losses (ECL) is recognised on all financial assets classified at amortised cost and FVOCI, as well as on undrawn loan commitments. The Bank's ECL model incorporates unbiased, probability-weighted, forward-looking information based on historical, current, and forecast macroeconomic data, evaluated using a range of possible outcomes.

OakNorth calculates ECL as a function of Exposure at Default (EAD) × Probability of Default (PD) × Loss Given Default (LGD), discounted using the effective interest rate (EIR) where applicable.

Internally developed PD and LGD models are used to calculate ECL for Stage 1 and Stage 2 loans. These models incorporate industry default data, OakNorth's historical loss experience, borrower financial information, and qualitative factors to estimate borrower-level PDs and LGDs. Through-the-cycle (TTC) PDs are generated and converted to point-in-time (PIT) PDs using statistical tools. Forecast macroeconomic variables from external providers are combined with the ONCI FLR sector-specific outputs – including revenue, cost, and rental yield projections for both UK and US geographies – to inform these calculations. A full description of the FLR framework is provided in the 'OakNorth's Approach to Credit Risk Management' section of this report.

A 12-month ECL is calculated for Stage 1 loans, and a lifetime ECL for Stage 2 loans. All models and assumptions are reviewed by the Model Risk Governance Working Group (MRGWG), the Reserve Adequacy Working Group (RAWG), the Board Credit Committee, and the Board Audit Committee. The impact of the new models on total ECL provisions was not material.

Macroeconomic scenarios are sourced from external forecasters. The RAWG reviews and recommends the applicable scenarios and weightings at least annually, which are then approved by the Board Audit Committee.

For Stage 3 loans, case-specific assessments are performed using multiple recovery scenarios with assigned weightings to estimate ECL. The RAWG reviews the assumptions and approves the weightings. Overlay provisions may also be recommended to account for model limitations or emerging macroeconomic risks not fully captured in the standard scenarios.

The movements in gross exposure and loss provisions for each Stages of the Bank's loans and advances to customers and off-balance sheet undrawn loan commitments are outlined in [Table 5](#) and [Table 6](#), respectively.

Table 5: Movement in gross exposures and impairment allowance including provisions for loans and advances to customers
(OakNorth Bank Plc)
(Audited)

Bank	Gross carrying amount (on balance sheet)				Allowance for ECL			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
As at 1 January 2025	3,976,861	358,650	76,908	4,412,419	6,838	6,292	8,949	22,079
Transfers between stages during the year								
- Transfers to Stage 1	137,277	(137,277)	-	-	1,978	(1,978)	-	-
- Transfers to Stage 2	(141,664)	141,664	-	-	(450)	450	-	-
- Transfers to Stage 3	(20,168)	(79,548)	99,716	-	(9)	(2,360)	2,369	-
Lending to new customers	1,589,972	-	-	1,589,972	2,133	-	-	2,133
Net impact of further lending, repayments (including write-offs) and ECL remeasurement on existing customers ¹	(1,028,013)	(40,932)	(30,185)	(1,099,130)	(3,402)	1,899	(4,950)	(6,453)
As at 31 December 2025	4,514,265	242,557	146,439	4,903,261	7,088	4,303	6,368	17,759
Net change in ECL balances					250	(1,989)	(2,581)	(4,320)
Of which net impact through P&L					588	2,780	(3,011)	357
Of which net impact through balance sheet (including staging transfers & write-offs)					(338)	(4,769)	430	(4,677)

¹ Includes a £0.65 million impact from the adoption of the new US ECL model for the real estate loan book.

Stage 2 comments: Of the total outstanding loans in Stage 2 as at 31 December 2025, £151.2 million were past due and/or subject to forbearance measures (2024: £284.3 million), and the remaining were in breach of OakNorth's other staging criteria. £205.7 million of the loans as at 31 December 2025 were collateralised by real estate (2024: £347.8 million).

Stage 3 comments: Of the total outstanding loans in Stage 3 as at 31 December 2025, £144.4 million were collateralised by real estate (2024: all loans). All the loans were either past due, or in forbearance or under administration.

Bank	Gross carrying amount (on balance sheet)				Allowance for ECL			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
As at 1 January 2024	3,397,765	357,847	91,089	3,846,701	13,260	5,082	12,219	30,561
Transfers between stages during the year								
- Transfers to Stage 1	76,734	(65,832)	(10,902)	-	5,927	(867)	(5,060)	-
- Transfers to Stage 2	(202,909)	202,909	-	-	(415)	415	-	-
- Transfers to Stage 3	(19,076)	(28,220)	47,296	-	(166)	(427)	593	-
Lending to new customers	1,198,389	2,454	2,106	1,202,949	1,014	6	-	1,020
Net impact of further lending, repayments (including write-offs) and ECL remeasurement on existing customers	(474,042)	(110,508)	(52,681)	(637,231)	(12,782)	2,083	1,197	(9,502)
As at 31 December 2024	3,976,861	358,650	76,908	4,412,419	6,838	6,292	8,949	22,079
Net change in ECL balances					(6,422)	1,210	(3,270)	(8,482)
Of which net impact through P&L					(11,768)	2,089	5,840	(3,839)
Of which net impact through balance sheet (including staging transfers & write-offs)					5,346	(879)	(9,110)	(4,643)

Table 6: Movement in gross exposures and impairment allowance including provisions for undrawn loan commitments (OakNorth Bank Plc) (Audited)

Bank	Nominal exposure (off-balance sheet)				Allowance for ECL			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
As at 1 January 2025	494,609	5,815	3,800	504,224	183	55	-	238
Transfers between stages during the year								
- Transfers to Stage 1	2,102	(2,102)	-	-	4	(4)	-	-
- Transfers to Stage 2	(1,093)	1,093	-	-	(39)	39	-	-
- Transfers to Stage 3	-	-	-	-	-	-	-	-
Lending to new customers	358,222	-	-	358,222	298	-	-	298
Net impact of further lending, repayments (including write-offs) and ECL remeasurement on existing customers	(215,517)	(2,713)	(64)	(218,294)	54	(48)	-	6
As at 31 December 2025	638,323	2,093	3,736	644,152	500	42	-	542
Net change in ECL balances					317	(13)	-	304
Of which net impact through P&L					386	(47)	-	339
Of which net impact through balance sheet (including staging transfers & write-offs)					(69)	34	-	(35)

Bank	Nominal exposure (off-balance sheet)				Allowance for ECL			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
As at 1 January 2024	373,439	7,139	3,902	384,480	773	53	-	826
Transfers between stages during the year								
- Transfers to Stage 1	3,850	(3,850)	-	-	26	(26)	-	-
- Transfers to Stage 2	-	-	-	-	-	-	-	-
- Transfers to Stage 3	(489)	-	489	-	(5)	-	5	-
Lending to new customers	301,011	-	-	301,011	106	-	-	106
Net impact of further lending, repayments (including write-offs) and ECL remeasurement on existing customers	(183,202)	2,526	(591)	(181,267)	(717)	28	(5)	(694)
As at 31 December 2024	494,609	5,815	3,800	504,224	183	55	-	238
Net change in ECL balances					(590)	2	-	(588)
Of which net impact through P&L					(611)	28	(5)	(588)
Of which net impact through balance sheet (including staging transfers & write-offs)					21	(26)	5	-

Measurement uncertainty and sensitivity analysis of ECL estimates

(Audited)

The recognition and measurement of ECL involves the use of significant judgement and estimation, including the estimation of PDs, LGDs, and EAD; consideration of a range of future economic scenarios and interpretation of their potential impacts; assignment of probability weightings to different scenario ECL outcomes to determine an unbiased estimate; expert credit judgements in assessing significant increases in credit risk; and management adjustments for data limitations, model deficiencies, and other limitations.

Macroeconomic scenario selection and scenario probabilities

We reviewed macroeconomic scenarios provided by third-party forecasters to assess the range of economic projections and determine which were most appropriate for use in both base and stress-test forecasting.

Four scenarios were applied in the ECL provision calculations: a baseline, one upside and two downside scenarios, as detailed in the section "Description of Economic Scenarios."

Economic outlook and uncertainties

In management and the Board's view, the UK baseline reflects a slow and modest recovery following prolonged weak growth, with activity constrained by fiscal tightening, elevated borrowing costs, and subdued demand. Inflation has peaked but remains elevated

in the near term due to lagged energy and regulated price effects, before easing toward target as demand softens and labour market conditions loosen, with unemployment expected to rise and wage pressures to moderate. The Bank of England is expected to cut rates cautiously, with easing slowing as rates near neutral, while gilt yields are projected to decline only gradually amid public finance concerns. The outlook remains subject to significant uncertainty from global trade tensions, U.S. tariffs (albeit less severe for the UK than for peers), geopolitical risks, and supply-chain pressures, alongside longer-term structural drags from weak productivity, high debt, and adverse demographics.

Meanwhile, the Board's view of the U.S. economy aligns with the baseline outlook for continued but below-trend expansion, supported in the near term by resilient demand, AI-related investment, and additional fiscal support, while job growth gradually slows. Inflation is expected to ease steadily, allowing the Federal Reserve to cut rates gradually toward a lower terminal level, though Treasury yields are likely to remain elevated due to persistent fiscal deficits and inflation stickiness. Trade policy uncertainty has eased modestly, with some tariff-related pressures softening through exemptions and policy adjustments. However, risks remain from sector-specific trade measures, which could affect business sentiment and investment flows. Additional downside risks include more persistent inflation, energy price shocks, and renewed financial or labour market stress.

In previous years, the RAWG deemed it appropriate to include the baseline and downside scenarios when incorporating macroeconomic uncertainties in the IFRS 9 ECL modelling process for our UK loan book. During 2025, as a result of continuous

performance assessment of our internal models, the RAWG approved the inclusion of an upside scenario in the ECL model, incorporating all relevant baseline improvements and downside risks. In addition, as our US loan book continues to grow, RAWG has adopted a similar set of macroeconomic scenarios for use in the US ECL model.

The baseline scenarios reflect the most probable economic outlook, while the upside and downside scenarios represent plausible stress conditions, aligned with our internal capital planning and stress testing framework. Scenario weightings are determined through management judgment, based on informed risk assessments and their relative likelihood. Sensitivity analyses across various scenario weighting combinations did not result in material deviations in ECL outcomes. Given the emerging risks highlighted above, we will continue to monitor and integrate relevant adjustments into our stress testing assumptions where appropriate.

The allocation of weights across these scenarios aligns with our view of the deviation and likelihood of economic outcomes. This approach reflects a balanced view of forward-looking forecasts and captures non-linearities in the ECL calculation.

The assignment of probability weightings to the scenarios used in our internal PD and LGD models for our UK and US loan books are as follows:

Scenario	2025 weightings	2024 weightings
Baseline	65%	60%
Downside 1	25%	35%
Downside 2	5%	5%
Upside	5%	0%
	100%	100%

UK scenarios

Table 7.1: UK key macroeconomic variables forecast (Audited)

The following tables summarise the selected key macroeconomic variables used in each scenario along with the scenario weightings.

2025 UK Scenarios	BASELINE			DOWNSIDE 1			DOWNSIDE 2			UPSIDE		
Scenario weightings	65%			25%			5%			5%		
Key Macroeconomic variables	2026	2027	2028	2026	2027	2028	2026	2027	2028	2026	2027	2028
GDP change	1.1	1.5	1.6	(3.2)	0.7	2.8	(3.9)	(0.5)	3.6	3.9	2.1	1.6
ILO Unemployment Rate	4.8	4.8	4.9	6.5	7.6	7.6	7.4	8.7	8.5	4.3	4.0	4.0
Official Discount Rate, BoE	3.5	2.8	2.8	2.4	1.1	1.2	1.8	0.7	0.7	3.7	3.2	2.9
Average Nominal House Price change	1.7	2.7	1.8	(7.5)	(7.3)	(0.1)	(12.3)	(12.2)	(0.1)	13.3	7.7	(0.1)
CPI change	2.5	2.1	2.0	(0.1)	0.4	1.5	(0.8)	(0.5)	1.2	2.6	2.2	2.0

2024 UK Scenarios	BASELINE			DOWNSIDE 1			DOWNSIDE 2		
Scenario weightings	60%			35%			5%		
Key Macroeconomic variables	2025	2026	2027	2025	2026	2027	2025	2026	2027
GDP change	1.8	1.7	1.6	(1.7)	(0.7)	3.0	(2.3)	(2.1)	3.3
ILO Unemployment Rate	4.2	4.5	4.6	5.3	7.1	7.3	6.0	8.3	8.2
Official Discount Rate, BoE	4.2	3.0	2.5	3.5	1.4	1.2	3.0	1.0	0.6
Average Nominal House Price change	2.0	3.6	3.4	(4.5)	(7.9)	(0.4)	(7.8)	(14.0)	(11)
CPI change	2.6	2.2	2.2	0.7	(0.0)	1.7	0.1	(0.5)	1.5

Description of UK economic scenarios

UK Baseline scenario key assumptions/risks

The UK baseline assumes a slower, more modest recovery, as economic growth is held back by higher borrowing costs, US tariffs on UK exports, albeit the effective rate remains lower than that faced by other European economies, and a tighter fiscal stance driven primarily by tax increases, partly offset by higher planned spending. Inflation remains elevated in the near term, reflecting lagged energy and regulated price effects, before easing towards the 2% target as demand softens. The BoE cuts rates cautiously, with the pace of easing slowing as rates approach neutral. Energy markets are assumed to remain broadly stable, with oil prices trending sideways and gas prices near or below current levels, while supply chains face ongoing pressure from erratic tariff policies but avoid severe strains; unemployment edges higher with risks of a sharper deterioration, and longer-term growth remains constrained by high public debt, a shrinking working-age population, and weak productivity.

UK alternative upside scenario

The UK upside scenario assumes that the trade war quickly de-escalates and the intensive phase of the war in Ukraine ends. This results in a boost to aggregate demand and expansion of aggregate supply. On the demand side, these positive developments relieve recession concerns, causing an uptick in consumer and business sentiment. On the supply side, improved energy security, a substantial easing of supply bottlenecks, and efficiency gains driven by the government's regulatory reforms and green investment program usher in a period of

stronger productivity growth than in the baseline. The resulting improvement in economic performance strengthens support for the government, facilitating continued reforms and investment.

UK alternative downside scenario 1

This UK scenario sees sentiment in Europe turn down sharply amid increasing concerns around global growth, largely driven by a renewed phase of the trade war. Geopolitical tensions rise on fears that the war in Ukraine will spill over into neighbouring states and tensions between China and the U.S. increase, leading to temporary barriers to shipping along the Taiwan Strait. Political risks in Europe intensify and pressure sovereign balance sheets and borrowing costs. The resulting increase in risk aversion results in a sell-off in global financial markets that sets the scene for a moderate but lengthy recession. The BoE does not act fast enough to accommodate the slumping economy.

UK alternative downside scenario 2

The severe UK downside envisions the global economy falls into a sharp recession thanks to the escalating trade war. The risk that the war in Ukraine will escalate to the point where NATO is forced to enter the conflict becomes acute and heightened geopolitical tensions between the U.S. and China lead to major disruptions to global shipping routes. In response, the U.S. hikes tariffs on China. Domestic political risks rise rapidly as populist parties seek to take advantage of disenchanted voters. This severe increase in geopolitical risk, along with a complete lack of confidence in the economy, leads to a broad-based and severe selloff across global financial and sovereign debt markets.

US scenarios

(Audited)

Table 7.2: US key macroeconomic variables forecast

The following table summarise the selected key macroeconomic variables used in each scenario along with the scenario weightings.

2025 US Scenarios	BASELINE			DOWNSIDE 1			DOWNSIDE 2			UPSIDE		
Scenario weightings	65%			25%			5%			5%		
Key Macroeconomic variables	2026	2027	2028	2026	2027	2028	2026	2027	2028	2026	2027	2028
GDP change	1.7	1.7	2.1	(1.5)	0.9	2.7	(2.6)	(0.6)	2.7	3.3	2.2	2.3
Unemployment Rate	4.6	4.7	4.4	8.0	7.8	6.3	8.6	9.3	8.9	3.7	4.0	3.8
Federal funds rate	3.3	2.8	3.0	2.6	1.1	1.3	2.3	0.7	0.5	3.3	2.8	3.0
Median Existing-Home Price change	0.3	1.4	3.4	(12.5)	3.3	5.7	(16.3)	(0.5)	5.5	4.4	4.3	4.1
CPI change	3.5	2.7	2.1	2.9	1.5	1.7	3.0	0.7	1.1	3.7	2.8	2.1

Description of US economic scenarios

US baseline scenario

In the baseline scenario, the US economy is expected to expand at a pace below historical averages through 2027, supported in the near term by resilient consumer demand, solid but slowing job gains, and strong AI-driven investment. The Federal Reserve is projected to gradually reduce rates in half by 2027, before stabilising near neutral. 10-year Treasury yields are expected to remain elevated, reflecting persistent inflation and ongoing fiscal pressures. Deficits are forecast to remain high due to tax relief extensions and increased defence and immigration spending, partly offset by modest spending cuts. The effective tariff rate is projected to rise by early 2026, though exemptions help limit the inflation impact. Energy prices are expected to remain moderate, and the dollar stays strong by historical standards. Key risks include greater-than-expected tariff impacts, slower-than-expected rate cuts, and renewed financial or labour market strains.

US alternative upside scenario

The US upside scenario assumes the impacts of tariffs and deportations are less severe than in the baseline, with tariffs gradually rolling back from 2027 as trade tensions ease rapidly, and immigration outcomes being more favourable. This boosts both aggregate demand and supply: on the demand side, reduced trade friction and recession fears lift consumer and business confidence, while on the supply side, easing supply bottlenecks, a more stable labour force, and accelerated AI-driven productivity gains support stronger output growth. The robust economy garners political support for sustained investment-friendly reforms, amplifying equipment spending and overall expansion above baseline levels.

US alternative downside scenario 1

This scenario assumes that sentiment deteriorates sharply amid rising concerns over global growth, driven by more severe-than-expected tariff impacts and deportations, with the effective tariff rate rising to around 19% and remaining elevated through 2028. Geopolitical tensions escalate as fears grow that Russia's invasion of Ukraine could widen, the Hamas-Israel conflict spreads, and US-China frictions lead to Taiwan Strait shipping disruptions, affecting semiconductor supply. Political risks intensify alongside renewed fiscal and legislative disruptions, including government shutdown risks, sparking a broad risk-off selloff in financial markets and triggering a moderate but prolonged recession. The Federal Reserve is initially slow to ease policy sufficiently to offset the downturn.

US alternative downside scenario 2

The severe downside envisions the global economy entering a sharp recession, triggered by an escalating trade war. The effective tariff rate rises as the US sharply increases duties on China amid growing fears of NATO entanglement in Ukraine and intensifying US-China geopolitical conflict, resulting in widespread shipping blockades. Domestic political instability worsens as populist pressures rise amid economic dislocation, triggering a

collapse in confidence and a severe, broad-based selloff across financial markets. Credit conditions tighten abruptly, investment contracts sharply, and unemployment increases significantly as the downturn deepens.

Post-balance sheet developments – US tariff policy and implications for ECL scenario assessment

Subsequent to the balance sheet date, on 20 February 2026, the US Supreme Court ruled in *Learning Resources, Inc. v. Trump* that the International Emergency Economic Powers Act (IEEPA) does not authorise the President to impose tariffs, invalidating the tariff regime underpinning the trade policy assumptions in the scenarios above. The President responded immediately by imposing a temporary 10% (and the intention to raise it further) flat import surcharge on most US imports, effective 24 February 2026 for 150 days, with sectoral tariffs (section 232) including those on steel, aluminium, copper, lumber, automobiles and certain motor vehicles remaining in place. Also, goods qualifying for duty-free treatment under the United States-Mexico-Canada Agreement (USMCA) remain exempt from the surcharge. The ruling also opens the possibility of refunds of an estimated \$175–200 billion of IEEPA tariff payments collected from importers since early 2025, the timing and administration of which remain unresolved.

Implications for US scenarios

The resulting trade-weighted effective tariff rate is broadly comparable to the pre-ruling level, such that the near-term inflationary and trade-friction dynamics assumed in the US scenarios are largely preserved. The US baseline is subject to increased uncertainty given the temporary nature of the replacement tariff regime and the administration's intent to pursue further tariff actions. The US upside scenario remains valid given the partial tariff reversal already underway, with the potential prompt administration of tariff refunds providing an additional positive catalyst not present at year-end. Under US downside scenario 1, the assumed effective tariff rate remains achievable through the combination of replacement and existing product-specific tariffs, though the risk of Congressional non-extension of the temporary surcharge beyond July 2026 adds new fiscal and policy volatility. Under US downside scenario 2, the ruling introduces an additional risk channel through the potential breakdown of existing trade agreements, with the EU and Japan having already raised concerns that the replacement surcharge may breach agreed terms.

Implications for UK scenarios

The direct impact on the UK scenario assumptions is more limited. The UK's direct goods exposure to US represents approximately 2% of GDP, and the replacement surcharge broadly preserves the trade friction environment assumed in the UK baseline and downside scenarios. The ambiguity persists around application

of bilateral trade agreements vs new surcharge. This sustains the relevance of the UK upside scenario which assumes rapid trade war de-escalation and tariffs to be lower than baseline. The UK downside scenarios retain their validity, as the administration's signalled intent to pursue further tariff actions under alternative authorities maintains the conditions for trade-driven sentiment deterioration assumed in both scenarios.

Impact on ECL assessment

Reflecting the probability weightings applied – baseline 65%, downside 1 25%, downside 2 5% and upside 5% – the dominant weight sits with the baseline scenarios for both portfolios, where the post-ruling effective tariff rate is largely comparable to the earlier assumption and the potential refund to US importers represents a positive stimulus not captured at year-end. Despite uncertainty on statutes to be implemented for tariffs, the weighted downside scenarios might benefit modestly from the removal of the uncapped tariff authority of IEEPA, which eases the most severe tail risk in downside scenario 2 and reduces the likelihood of the most adverse tariff assumptions in downside scenario 1 being reached.

While increased policy uncertainty and the temporary nature of the replacement measures introduce new risks, the Board considers the net effect of these post-balance sheet developments to be modestly positive relative to the ECL assumptions as at 31 December 2025. No adjustment to the ECL provision has been made, and the evolving tariff environment will be incorporated into the next ECL assessment.

Modelling limitations in the ECL process and approach to Post Model Adjustments (PMA)

PMAs are considered as part of the ECL governance process to account for risks that may not be fully captured by existing models. These may arise from data limitations, emerging macroeconomic or sector-specific risks, temporary calibration gaps, pending model enhancements, stress testing insights, or borrower-specific characteristics requiring additional overlays.

While our internally developed PD and LGD models are calibrated to reflect OakNorth's historical loss experience and portfolio characteristics, their performance is continuously monitored to ensure ongoing robustness and alignment with current risk conditions. The RAWG regularly reviews model limitations and challenges key assumptions within the ECL framework, including scenario weightings, economic variable sensitivities, and the consistency of outputs with observed credit trends. Following assessment and governance review by the RAWG on the models and extensive discussions on Stage 3 cases, no PMAs were applied in 2025 (2024: £1.8 million).

Sensitivity analysis of ECL on the loan book under different scenarios

Table 8.1: Key scenario sensitivities

(Audited)

Sensitivity	2025 (£ million)	2024 (£ million)
Reported ECL ¹	18.3	22.3
Increase/ (decrease)		
100% Baseline scenario	(5.1)	(6.3)
100% Downside 1 scenario	7.5	5.7
100% Downside 2 scenario	12.4	8.6
100% Upside scenario	(14.2)	N/A

¹ Includes ECL on drawn and undrawn committed loan facilities but excludes ECL balance of £1.6 million on loan book of the Bank's subsidiary, A.S.K Partners Limited.

The primary driver of changes in ECL outputs across different scenarios is the variation in PDs and LGDs under the macroeconomic assumptions applied to Stage 1 and Stage 2 exposures. Provisions for Stage 3 exposures remain unchanged, as those are based on borrower-specific recovery scenarios.

Capital management

(Unaudited)

OakNorth's capital risk appetite statement and framework are designed to ensure the Bank maintains sufficient capital, with appropriate buffers, to meet regulatory requirements while supporting its growth projections, even under stressed conditions. This is achieved through an annual ICAAP, a formal internal capital planning exercise conducted in accordance with the PRA ICAA rules. The ICAAP includes forecasts over a three-to-five-year horizon, during which the Board assesses all material capital risks faced by OakNorth and determines the quantity, type, and distribution of capital required to mitigate these risks effectively.

As part of the ICAAP, the Bank conducts stress testing to evaluate whether additional capital may be required beyond the Total Capital Requirement (TCR) and regulatory buffers. Capital adequacy is continuously monitored against the projected growth of the loan book, with regular reporting of capital adequacy and surplus over capital buffers (both forecasted and actual) provided to ALCO, ELT, and ERC on a monthly basis, and to the BRCC on a quarterly basis.

The Bank uses key risk appetite metrics to monitor and measure capital risk, including minimum CET1, Tier 1, and Total Capital ratios, changes in surplus capital under stress scenarios, leverage ratio, and large exposures. These metrics are governed by risk appetite limits defined for business-as-usual conditions, early warning indicators, and internal thresholds.

OakNorth applies the Standardised Approach for calculating capital requirements for Pillar 1 credit risk and the Basic Indicator Approach for Pillar 1 operational risk. The Bank's Tier 1 capital resources include ordinary share capital, Fair Value through Other Comprehensive Income (FVOCI) revaluation reserves, Employee Share Scheme valuation reserves, and retained earnings, with regulatory

deductions such as intangible assets and deferred tax balances. The cash flow hedge reserve is excluded from regulatory capital. Tier 2 capital comprises subordinated debt issued by OakNorth.

Further details on capital resources and requirements are provided in the Bank's Pillar 3 disclosures, published separately on the Bank's website at www.oaknorth.co.uk, typically within three months following publication of this Annual Report.

As at 31 December 2025, OakNorth maintained a consolidated total capital ratio of 18.4% (2024: 20.5%) and a CET1 ratio of 15.5% (2024: 17.3%), with the reduction primarily reflecting growth in the loan book.

During the year, OakNorth paid total dividends of £120 million—comprising a £40 million dividend disclosed as a post-balance sheet event in the 2024 financial statements and a further £80 million special dividend—consistent with the Bank's capital management framework and strategy to optimise capital efficiency, while continuing to support future growth and funding diversification initiatives. A final dividend of £45 million for 2025 was approved by the Board on 5 March 2026.

In December 2025, the Prudential Regulation Authority approved a 2.2% reduction in the Bank's regulatory capital requirement, effective January 2026, providing additional capital headroom to support future growth. The Bank remains well-capitalised, with total capital requirements, including buffers, of 15.1% as at 31 December 2025 (2024: 15.2%), marginally lower due to the increased share

of US lending exposures not subject to countercyclical buffers.

OakNorth consistently met all regulatory capital requirements and maintained a strong capital surplus of c.£211 million, equivalent to 3.3% of total risk-weighted assets (2024: £288 million; 5.2%). This capital strength is underpinned by the Bank's 2025 ICAAP and Board assessments, confirming sufficient buffers to support its growth strategy and withstand severe stress conditions.

Capital Deployment – CLO Investment Programme

During the year, the Board approved a programme to deploy a portion of the Bank's excess capital into a portfolio of senior, AAA-rated Collateralised Loan Obligations (CLOs) under a discretionary mandate. The programme is designed to optimise the Bank's capital utilisation and enhance returns on surplus funds while remaining within risk appetite and regulatory capital constraints.

The programme is being implemented in phases, beginning with a small initial investment to test market conditions and operational processes. At year end, capital earmarked for further investment in the CLO programme was temporarily placed in MMFs prior to deployment. All investments are subject to the Bank's credit, liquidity, and market-risk management frameworks, with capital treatment applied in accordance with the PRA Rulebook provisions on securitisation and collective investment undertakings (Articles 132–132a).

Regulatory capital

(Audited)

	2025	2024
Bank Group	(£ million)	(£ million)
Regulatory capital		
Share capital	389	389
Retained earnings	668	625
Dividend approved post balance sheet date not paid (Note 32)	(45)	(40)
Other reserves	-	(3)
Deductions for Goodwill and other Intangible assets	(26)	(21)
Deferred tax liabilities/(assets)	3	(1)
Deductions for cash flow hedge reserve	-	3
Total Common Equity Tier 1 (CET1) capital	989	953
Total Tier 1 capital	989	953
Total Tier 2 capital (Subordinated debt)	180	180
Total regulatory capital	1,169	1,133

Capital & leverage ratios

(Unaudited)

	2025	2024
Bank Group	(£ million)	(£ million)
Risk weighted assets¹		
Credit risk (including Credit Value Adjustment, (CVA))	5,856	5,090
Operational risk	507	428
Total risk weighted assets	6,363	5,518
Total Common Equity Tier 1 (CET1) capital	989	953
Total Tier 1 capital	989	953
Total regulatory capital	1,169	1,133
Capital ratios		
Common Equity Tier 1 capital ratio	15.5%	17.3%
Tier 1 capital ratio	15.5%	17.3%
Total capital ratio	18.4%	20.5%
Leverage ratio		
Leverage ratio exposure measure (excluding claims on central banks)	6,177	5,262
Leverage ratio excluding claims on central banks	16.0%	18.1%

¹ The risk weighted assets, leverage ratio exposures and the capital and leverage ratios are computed and presented in accordance with the UK CRD and CRR guidelines and PRA's leverage ratio framework. Details are available as part of the Bank's Pillar 3 disclosures.

The UK implementation of the Basel 3.1 reforms, which introduce revisions to the calculation of risk-weighted assets under the Standardised Approach for credit risk and update the operational risk capital framework, is expected to take effect from 1 January 2027. The PRA has published its final rules, and OakNorth has been actively engaged in industry forums and working groups to understand the implications of the reforms and contribute to the broader implementation dialogue across the sector. Preliminary analysis of the final rules, informed by our internal assessment, indicates that the changes are not expected to have a material adverse impact on OakNorth's capital position or risk-weighted assets. The Bank will continue to refine its analysis as implementation approaches and will provide updated disclosure in future reporting periods where relevant.

Interest rate risk

OakNorth Bank carries interest rate risk in the banking book - the risk of loss arising from changes in the interest rates associated with banking book exposures. Interest rate risk may arise in the following forms:

Gap risk, which arises from disparities in the maturity (for fixed rates) and repricing (for floating rates) of assets, liabilities, and off-balance-sheet positions, as well as from changes in the slope and shape of the yield curve; or

Basis risk, which arises when exposures to one interest rate are hedged using exposures to another rate that reprices under slightly different conditions. This risk arises due to discrepancies in the behaviour of different interest rates; or

Option or prepayment risk, which arises from options where the institution or its customers have the ability to modify the level and timing of cash flows. This includes embedded options, such as customers redeeming fixed-rate products when market rates fluctuate. Optionality can be either automatic, where exercise is highly probable if it's financially advantageous, or behavioural, where the decision to exercise depends on both interest rates and client behaviour which can change with interest rate shifts.

OakNorth has an interest rate risk management policy which defines, measures, sets hedging policy statements, and details the governance process around management and reporting of interest rate risk in the banking book. Our interest rate strategy is to optimise earnings predictability and stability. This is achieved through day-to-day management of assets and liabilities, for

example, adjusting the deposit product mix origination and pricing in response to the prevailing commercial environment, and hedging residual interest rate risk positions through natural hedges or interest rate swaps for residual positions. Since 2023, we have been lending in the US, which is primarily funded with cross-currency swaps, introducing cross-currency basis risk. This risk is assessed as immaterial.

OakNorth's ALCO is responsible for monitoring the risk appetite and risk metrics related to interest rate risk, including Economic Value (EV) sensitivity to a 200 basis point (bps) parallel shift in the yield curve, application of prescribed European Banking Authority (EBA) shock scenarios, and Earnings at Risk (EaR) assessments.

The EV measures presented below provide an assessment of repricing exposure on notional positions across assets,

liabilities, and derivatives, segmented by time buckets, under an instantaneous 200 bps upward and downward shift in all yield curves. This analysis offers a comprehensive view of how the net present value of the Bank's notional balance sheet would be affected by such a shock. The assessment incorporates the impact of interest rate floors embedded in OakNorth's lending contracts, the average gap to these floors before activation during falling rate environments, and the potential for early repayments when floors are triggered. For GBP-denominated positions, forward rate curves based on the Sterling Overnight Index Average (SONIA) are used to calculate future net interest income, while Secured Overnight Financing Rate (SOFR) forward rate curves are used for USD-denominated positions. Cash flows are discounted using spot curves derived from these respective benchmarks to ensure a consistent and robust analysis of potential interest rate impacts.

Economic value sensitivity to changes in interest rates

(Unaudited)

	2025	2024
	(£ million)	(£ million)
EV Sensitivity to +2% shift (including rate floors)	19.4	14.2
EV Sensitivity to -2% shift (including rate floors)	23.2	12.1

During 2025, the IRRBB metrics remained within OakNorth's risk appetite.

Liquidity risk

Liquidity risk is the risk that OakNorth will be unable to meet its contractual financial obligations as they fall due, and funding risk is the risk that OakNorth will be unable to fund future lending growth opportunities or will be able to do so only at significantly higher funding costs. The main liquidity risk faced by OakNorth is a retail deposit liquidity stress such that retail deposits may be withdrawn by customers at their earliest contractual maturity. As at 31 December 2025, 90% of our total deposit balances continued to be protected under the updated Financial Services Compensation Scheme (FSCS) limit of £120,000 which came into effect from 1 December 2025. OakNorth does not currently have direct USD funding sources, such as USD deposits in the US and therefore, continues to use cross currency interest rate swaps (CCIRS) to fund the US loan book from UK sterling deposits at present. Use of CCIRS as a single source of funding and the limited number of OakNorth derivative counterparties introduces additional potential concentration risk which is currently under review.

We adopt a prudent approach to liquidity management, ensuring the maintenance of sufficient high-quality liquid assets and liquidity buffers to meet both financial and regulatory commitments over an extended period. This aligns with the Board's risk appetite and the PRA's ILAA and SS24/15 requirements, both of which are detailed in the Bank's ILAAP document.

Key risk metrics used to monitor and measure liquidity risk include the LCR, NSFR and levels of High-Quality Liquid Assets (HQLA) under stress scenarios, among others. Risk appetite limits are established for each metric, incorporating 'business as usual' thresholds, early warning indicators, and internal limits.

Stress testing forms a critical component of OakNorth's liquidity risk management and governance framework. As part of the ILAAP process, liquidity stress testing evaluates potential outflows and the adequacy of liquidity resources under 'severe but plausible' stress scenarios, incorporating both idiosyncratic risks and macroeconomic factors. The ALCO and Board review, challenge, and approve the stress scenarios and their outcomes, ensuring OakNorth's ability to maintain sufficient liquidity under such conditions while validating the appropriateness of liquidity risk appetite limits.

OakNorth held unencumbered HQLA as of 31 December 2025, including £2,184.5 million in the Bank of England reserve account (2024: £2,689.0 million). Throughout 2025, OakNorth fully complied with all regulatory liquidity requirements, maintaining a surplus over the minimum thresholds. The Bank's average LCR during the year was 478% (2024: 489%), while the NSFR was 190% (2024: 190%).

There were no material changes to the liquidity risk management policy or strategy compared to the previous year, and all liquidity metrics remained within OakNorth's established risk appetite limits.

Table 9: Maturity analysis of financial assets and liabilities

(Audited)

The table below summarises the contractual maturity of OakNorth's financial assets and liabilities.

Bank Group	2025					2024				
	On demand	Within 1 year	1-5 years	Over 5 years	Total carrying amount	On demand	Within 1 year	1-5 years	Over 5 years	Total carrying amount
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Financial assets										
Cash and balance at central banks	2,184,464	-	-	-	2,184,464	2,689,013	-	-	-	2,689,013
Loans and advances to banks	96,776	-	-	-	96,776	80,632	-	-	-	80,632
Loans and advances to customers at amortised cost (Gross)	-	1,733,011	3,033,731	75,693	4,842,435	-	1,607,734	2,730,388	77,057	4,415,179
Loans and advances to customers at FVTPL (Gross)	-	-	67,741	-	67,741	-	-	-	-	-
Investment securities at amortised cost	-	-	-	411,944	411,944	-	-	-	-	-
Investment securities at FVOCI	-	187,492	-	-	187,492	-	331,238	-	-	331,238
Other financial assets at amortised cost (Gross)	-	27,134	-	-	27,134	-	50,188	-	-	50,188
Total financial assets	2,281,240	1,947,637	3,101,472	487,637	7,817,986	2,769,645	1,989,160	2,730,388	77,057	7,566,250
Financial liabilities										
Customer deposits	1,717,941	4,686,191	109,116	-	6,513,248	3,161,737	2,758,509	182,800	-	6,103,046
Borrowings under BoE facilities	-	5,031	-	-	5,031	-	202,445	-	-	202,445
Tier 2 subordinated debt	-	-	-	188,076	188,076	-	-	-	180,949	180,949
Intercompany borrowings	6,007	-	-	-	6,007	8,345	-	-	-	8,345
Trade creditors and accruals	-	16,240	-	-	16,240	-	22,935	-	-	22,935
Collateral liabilities for derivatives	-	16,225	-	-	16,225	-	-	-	-	-
Lease liabilities	-	1,209	2,366	1,000	4,575	-	1,030	2,994	-	4,024
Total financial liabilities	1,723,948	4,724,896	111,482	189,076	6,749,402	3,170,082	2,984,919	185,794	180,949	6,521,744

The financial liabilities are presented at carrying value as a proxy for undiscounted cash flows, except when held for trading or designated fair value through profit or loss

The maturity analysis for derivatives held for risk management are outlined in [Note 16](#).

Bank	2025					2024				
	On demand	Within 1 year	1-5 years	Over 5 years	Total carrying amount	On demand	Within 1 year	1-5 years	Over 5 years	Total carrying amount
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Financial assets										
Cash and balance at central banks	2,184,464	-	-	-	2,184,464	2,689,013	-	-	-	2,689,013
Loans and advances to banks	90,607	-	-	-	90,607	75,477	-	-	-	75,477
Loans and advances to customers at amortised cost (Gross)	-	1,729,246	3,030,581	75,693	4,835,520	-	1,605,231	2,730,131	77,057	4,412,419
Loans and advances to customers at FVTPL (Gross)	-	-	67,741	-	67,741	-	-	-	-	-
Investment securities at amortised cost	-	-	-	411,944	411,944	-	-	-	-	-
Investment securities at FVOCI	-	187,492	-	-	187,492	-	331,238	-	-	331,238
Other financial assets at amortised cost (Gross)	-	6,929	-	-	6,929	-	36,775	-	-	36,775
Total financial assets	2,275,071	1,923,667	3,098,322	487,637	7,784,697	2,764,490	1,973,244	2,730,131	77,057	7,544,922
Financial liabilities										
Customer deposits	1,717,941	4,686,191	109,116	-	6,513,248	3,161,737	2,758,509	182,800	-	6,103,046
Borrowings under BoE facilities	-	5,031	-	-	5,031	-	202,445	-	-	202,445
Tier 2 subordinated debt	-	-	-	188,076	188,076	-	-	-	180,949	180,949
Intercompany borrowings	6,007	-	-	-	6,007	8,345	-	-	-	8,345
Trade creditors and accruals	-	15,475	-	-	15,475	-	20,815	-	-	20,815
Collateral liabilities for derivatives	-	16,225	-	-	16,225	-	-	-	-	-
Lease liabilities	-	1,209	2,366	1,000	4,575	-	1,030	2,994	-	4,024
Total financial liabilities	1,723,948	4,724,131	111,482	189,076	6,748,637	3,170,082	2,982,799	185,794	180,949	6,519,624

Foreign exchange risk

OakNorth undertakes USD-denominated lending to support borrowers, including exposures to both US and UK counterparties. These activities are funded and managed with the Bank maintaining appropriate levels of USD liquidity and using derivative instruments to manage foreign exchange risk. The majority of the Bank's USD exposures are hedged via cross-currency swaps and FX forwards.

Table 10: Foreign currency denominated monetary assets and liabilities

(Audited)

The table below summarises OakNorth's foreign currency denominated monetary assets and liabilities presented in their GBP equivalents.

Bank Group and Bank	2025			2024		
	USD	EUR	Total	USD	EUR	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Assets						
Loans and advances to banks	6,485	287	6,772	5,166	-	5,166
Loans and advances to customers	841,468	40,332	881,800	327,789	-	327,789
Investment in money market funds	151,164	36,328	187,492	124,007	-	124,007
Investment in CLOs	35,995	75,970	111,965	-	-	-
Total	1,035,112	152,917	1,188,029	456,962	-	456,962
Liabilities						
Customer deposits	11,469	-	11,469	5,381	-	5,381
Intercompany borrowings	6,007	-	6,007	8,345	-	8,345
Trade and other payables	562	-	562	560	-	560
Total	18,038	-	18,038	14,286	-	14,286
Notional of cross-currency swaps	1,027,199	151,885	1,179,084	448,302	-	448,302
Notional of FX currency forwards	54,241	-	54,241	11,964	-	11,964
Net exposure	(64,366)	1,032	(63,334)	(17,590)	-	(17,590)

The Bank uses USD and EUR denominated cross-currency interest rate swaps to hedge open balance sheet positions and USD denominated foreign exchange forwards to hedge future cash flows on its interest income (Note 1.27). The amounts presented represent the gross notional values of these hedging instruments (Note 16).

The residual foreign exchange risk exposure in relation to the above items is not considered material, resulting in a net foreign exchange gain of £187k for the year ended 31 December 2025 (2024: loss of £88k). As a result, the Group's sensitivity to FX rate fluctuations post hedging is assessed to be minimal.

Operational Risk

OakNorth has an established Operational Risk Policy and a robust framework of risk mitigation processes. The first line of defence is responsible for assessing and mitigating operational risks within their areas through clearly defined and continuously updated Standard Operating Procedures (SOPs). The control framework is developed, monitored, and reviewed via the Risk and Controls Self-Assessment (RCSA) process, which is also subject to continuous refinement.

The second-line and third-line functions conduct thematic reviews and monitoring to provide independent challenge and assurance. Risk limits, thresholds, and early warning indicators are established, and key processes undergo effectiveness reviews through first-line and second-line assurance testing, guided by a risk-based approach. Key management information (MI) on process effectiveness, incidents, near misses, and root cause analysis is reported monthly to senior management. Oversight of this risk area is provided by the OpCo, ERC, and BRCC.

We maintain a comprehensive Business Continuity and Crisis Management Plan (BCP), designed to ensure operational continuity and recovery in response to potential threats. An annual Business Impact Analysis (BIA) is conducted to quantify operational and financial impacts from potential crisis events. The BIA identifies critical dependencies, including partners, applications, infrastructure, personnel, and business processes, while setting Recovery Time Objectives (RTOs) and Recovery Point Objectives (RPOs) that are used to inform contingency planning and backup arrangements.

Our ongoing Operational Resilience programme emphasises continuous improvement by identifying and addressing vulnerabilities through periodic testing. In alignment with PRA and FCA guidelines, the Bank has defined its important business services and set impact tolerances, all of which were successfully met during the year. These services are comprehensively mapped, with documented controls and contingencies in place. Regular testing, including individual component tests and more complex multi-component drills, ensures vulnerabilities are identified and addressed, enhancing the Bank's overall resilience.

Conduct, compliance, and financial crime

OakNorth is firmly committed to adhering to all applicable regulatory rules, guidance, and expectations, with a particular focus on Conduct, Compliance, and Financial Crime. The Bank prioritises delivering positive customer outcomes and maintaining the integrity of the markets in which it operates, aligning its practices with these objectives. OakNorth has a zero tolerance approach for any breach of law, regulation, code, or standard of conduct and compliance.

Reputational risk, defined as the potential for damage to the Bank's brand or market standing due to adverse or negative opinions, is also carefully managed. This includes meeting the expectations of a diverse range of stakeholders, such as customers, investors, employees, suppliers, government agencies, regulators, and group companies.

To support these efforts, the Bank has an independent and specialised Financial Crime and Compliance function that provides expert advice, guidance, and assurance through a structured and risk-based Risk and Compliance Assurance Plan. In addition to monitoring, the team delivers training, supports new business initiatives, oversees policy implementation, and engages in other risk management activities to ensure full compliance with legal and regulatory requirements. Adequate controls are embedded within first-line business operations to maintain a strong compliance framework.

Tailored management information on compliance-related themes is reported monthly to senior management, ensuring continuous oversight and informed decision-making. These activities are subject to governance and oversight by the Executive Risk Committee (ERC) and the Board Risk & Compliance Committee (BRCC), ensuring accountability and effective risk management

Climate Risk

Climate risk represents the potential impact of climate change on OakNorth's business model—through financial or strategic risks associated with the transition to a low-carbon economy, or through direct exposure to physical climate hazards. It also includes risks from failing to capture emerging opportunities related to climate-focused innovation and regulation.

The banking sector is broadly exposed to climate-related risks, and OakNorth is actively enhancing its risk management framework to ensure climate risk is integrated across credit, operational, and strategic risk domains.

Our approach includes embedding climate considerations into credit underwriting and monitoring, incorporating forward-looking climate scenarios into stress testing and capital planning, and refining emissions measurement across Scope 1, 2, and 3 categories. We also use our proprietary ON Climate Framework to assess both transition and physical risks at the borrower level, enhancing risk visibility and portfolio resilience

Comprehensive details of our climate risk management programmes and the impact assessment on our loan book are discussed in the "Environment and Social Review" from [page 29](#) to [page 45](#) and "OakNorth's Approach to Credit Risk Management" from [page 57](#) to [page 58](#).

Cyber Risk

At OakNorth, safeguarding information and systems against increasingly sophisticated cyber threats is a critical priority. Our comprehensive and proactive cyber risk management programme enables us to mitigate emerging risks effectively, ensuring the resilience of our operations and the protection of our customers.

We leverage advanced cloud services and cybersecurity solutions to sustain a robust and secure IT infrastructure. Our 'Defence in Depth' strategy incorporates multiple layers of protection, including firewalls, VPNs, encryption, and advanced monitoring tools. This is complemented by our in-house 24/7 Security Operations Centre (SOC), which provides continuous monitoring and response to potential threats, and regular independent penetration testing to validate the effectiveness of our security framework.

To maintain alignment with industry best practices, we adhere to the NIST Risk Management Framework (RMF) and comply with applicable US cybersecurity regulations, including NYCRR 500. We conduct regular cybersecurity maturity assessments, benchmarked against the Bank of England's Cyber Resilience Questionnaire (CQUEST), developed in collaboration with the PRA and FCA, as well as the NIST framework. This commitment to rigorous evaluation and continuous improvement underscores our dedication to staying ahead of evolving cyber risks across all jurisdictions in which we operate.

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W DIRECTORS REPORT

EXECUTIVE DIRECTORS



Rishi Khosla
CO-FOUNDER
& CHIEF EXECUTIVE OFFICER

APPOINTED: DEC 2013



Joel Perlman
CO-FOUNDER
& SENIOR MANAGING DIRECTOR

APPOINTED: DEC 2013



Rajesh Gupta
EXECUTIVE DIRECTOR,
CHIEF FINANCIAL OFFICER

APPOINTED: FEB 2021

NON-EXECUTIVE DIRECTORS



Lord Adair Turner
CHAIRMAN

APPOINTED: JAN 2024



Robert Burgess
NON-EXECUTIVE DIRECTOR,
CHAIR OF THE BOARD CREDIT
COMMITTEE,
CHAIR OF THE BOARD RISK &
COMPLIANCE COMMITTEE

APPOINTED: JAN 2015



Carolyn Schuetz
NON-EXECUTIVE DIRECTOR,
CHAIR OF THE BOARD AUDIT
COMMITTEE

APPOINTED: JUN 2021



Edward Barry Berk
SENIOR INDEPENDENT
DIRECTOR,
CHAIR OF BOARD
REMUNERATION COMMITTEE,
CHAIR OF BOARD NOMINATION
COMMITTEE

APPOINTED: MAY 2017



Timo Boldt
NON-EXECUTIVE DIRECTOR

APPOINTED: AUG 2022



Nilan Hilarion Peiris
NON-EXECUTIVE DIRECTOR

APPOINTED: SEPT 2024

The Directors present their Annual Report on the affairs of OakNorth Bank Plc (registered number: 08595042), together with the audited consolidated financial statements, for the year ended 31 December 2025.

General information, principal activities & business overview

OakNorth Bank Plc (registered number: 08595042), herein referred to as 'OakNorth', 'the Bank', or 'the Company', is a public limited company under the United Kingdom (UK) Companies Act of 2006, incorporated in England and Wales, with registered office at 57 Broadwick Street, W1F 9QS London, UK. The Bank is a wholly owned subsidiary of OakNorth Holdings Limited ('OakNorth Holdings' or 'the Holding Company'), a limited company incorporated in Jersey.

OakNorth is a financial technology (FinTech) company and a banking institution authorised by the Prudential Regulation Authority (PRA) and regulated by both the Financial Conduct Authority (FCA) and the PRA. The Bank is primarily engaged in providing financial services, including lending, and banking solutions, to small and medium enterprises (SMEs) across various industries.

Results

The consolidated statements of profit or loss, comprehensive income, balance sheet, and cash flows can be found from [page 94](#) to [page 103](#). Analysis of business performance and metrics are detailed from [page 21](#) to [page 23](#).

Going concern

The Directors are satisfied that the Bank and its subsidiary have the resources to continue in business for the foreseeable future, considering at least 12 months from the date of this report, and that there are no material uncertainties to disclose. In making this assessment, the Directors have considered – OakNorth and its subsidiary's current available capital and liquidity resources, the credit quality of the loan book and overall balance sheet; the business financial projections (including profitability, liquidity and capital resources and requirements), long term strategy and the resilience and adaptability of the operational and IT infrastructure and that of its staff.

- OakNorth continues to deliver strong profitability, supported by steady income growth and loan book growth across different sectors and geographies. This performance is underpinned by effective risk management, operating leverage, and the successful implementation of the Bank's strategic priorities. Key profitability and risk metrics and indicators as detailed in the Strategic Report remain robust, demonstrating the resilience of the Bank's operations.

- OakNorth continues to maintain surplus over the minimum regulatory capital and liquidity requirements, including after considering any proposed dividend payments. Credit and operational performance measures also remain well within risk appetite metric limits. All metrics are monitored through monthly and bi-monthly MI reports reviewed by the Board.
- During the year, the Board approved the Bank's 3-year strategy and business plan, capital plan and financial forecasts with consideration to the Risk Management Framework and Risk Appetite. Capital and Liquidity planning and stress testing was performed as part of the ICAAP and ILAAP which was approved by the Board and submitted to the PRA. The stress tests considered the adequacy of capital and liquidity resources available under 'severe but plausible' potential stress scenarios, which are based on the both the key risks in the business (idiosyncratic risks) and the macro environment.
- During the year, the Bank paid total dividends of £120 million to its parent company. Following these payments, the Bank continued to maintain a surplus over all minimum regulatory capital and liquidity requirements throughout the year and at the balance sheet date, with a total capital ratio of 18.4% against a requirement of 15.1%. The post-balance sheet dividend of £45 million, approved on 5 March 2026, has been assessed against the Bank's capital forecasts and stress scenarios, and the Directors are satisfied that the Bank will continue to maintain an adequate capital surplus following payment.
- The ECL assessment based on OakNorth's internally developed PD and LGD models for Stage 1 and Stage 2 loans, consideration of macroeconomic scenarios and scenario weightings, and specific assessments for loans in Stage 3, provide the Board with the comfort that the credit risks have been appropriately assessed and quantified.
- OakNorth's staff have been able to effectively continue working in a hybrid environment. No material disruptions or operational risk events or service disruptions were noted during the year and the IT and cybersecurity infrastructure proved to be robust and compliant with relevant regulatory frameworks in both the UK and US.
- OakNorth's subsidiary, A.S.K Partners Limited, has adequate cash resources to fund its business operations. The subsidiary does not take material credit risk on its own balance sheet and has no standalone regulatory capital nor liquidity requirements, which are assessed at the consolidated group level. An impairment assessment has also been completed, with no indicators of impairment identified as at year-end.

Corporate governance

OakNorth is not required to comply with the UK Corporate Governance Code. It, however, voluntarily applies and reports on certain aspects of the Code, consistent with the level of complexity and scale of the business.

The list of OakNorth's Executive and Non-Executive directors is provided from [page 81](#) to [page 82](#). The "Governance" section of the Annual Report and Financial Statements outlines the governance structure, including the roles and responsibilities of the Board and its Committees, as well as the frequency of their meetings. The "Risk Management Framework and Risk Review" section details the Bank's risk management strategies across key risk areas. The "Section 172 Statement" highlights how the Board engages with stakeholders and incorporates their interests into its decision-making.

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, along with measurement of these risks, sensitivities (as applicable) and governance and monitoring frameworks and processes, are detailed in the 'Risk Management Framework & Risk Review' from [page 51](#) to [page 56](#). The accounting policies and disclosures in relation to derivatives held for risk management are detailed in [Note 1.27](#) and [Note 16](#) of the financial statements, respectively.

The Pillar 3 disclosures, including disclosures on OakNorth's remuneration policy are published separately on the Bank's website at www.oaknorth.co.uk, typically within three months following publication of this Annual Report.

Stakeholder engagement

The disclosures required in respect of OakNorth's engagement with its key stakeholders including the investors, customers, suppliers, regulators, wider community, and the environment – are provided in the section "Board engagement and consideration of stakeholder interests in the board's decision-making processes- Section 172 statement" of the Strategic Report from [page 27](#) to [page 28](#).

Streamlined Energy and Carbon Reporting (SECR)

The SECR disclosures are provided in the "Environment & social review" section from [page 37](#) to [page 38](#).

Dividends

The Directors approved special dividends of £120 million during the year to the ordinary shareholders of the Bank.

Directors' indemnities

OakNorth has made qualifying third-party indemnity provisions for the benefit of its Directors which were made during the year and remain in force at the date of this report.

Political contributions

No political contributions were made during the year.

Post balance sheet events

The Directors approved a £45 million dividend payment to the Bank's ordinary shareholders on 5 March 2026. The decision was made after evaluating the Bank's business plan, capital forecasts, and capital buffers under various sensitivity scenarios.

Strategic Report review

This Strategic Report was reviewed and approved by the Board on 5 March 2026 as part of the approval of Annual Report and Financial Statements.

Current developments, uncertainties, and outlook

Refer to the Strategic Report from [page 19](#) to [page 28](#) for the outlook and current developments, and to the Risk Review from [page 53](#) to [page 56](#) for principal and emerging risks.

Independent Auditors

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

- So far as the Director is aware, there is no relevant audit information of which the Bank's auditors are unaware; and
- the Director has taken all the steps that he/ she ought to have taken as a Director to make himself/ herself aware of any relevant audit information, and to establish that OakNorth's auditors are aware of that information.

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

PricewaterhouseCoopers LLP (PWC) were appointed as OakNorth's auditors on 6 September 2018. There are no proposed changes to the appointment.

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the OakNorth Annual Report 2025 and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group and the company financial statements in accordance with UK-adopted international accounting standards. In preparing the group and company financial statements, the directors have also elected to comply with International Financial Reporting Standards issued by the International Accounting Standards Board (IFRSs as issued by IASB).

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted international accounting standards and IFRSs issued by IASB have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006.

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

Directors' confirmations

Each of the directors, whose names and functions are listed in OakNorth Annual Report 2025 confirm that, to the best of their knowledge:

- the group and company financial statements, which have been prepared in accordance with UK-adopted international accounting standards and IFRSs issued by IASB, give a true and fair view of the assets, liabilities and financial position of the group and company, and of the profit of the group; and
- the OakNorth Annual Report 2025 includes a fair review of the development and performance of the business and the position of the group and company, together with a description of the principal risks and uncertainties that it faces.

In the case of each director in office at the date the directors' report is approved:

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

The financial statements from [page 86](#) to [page 147](#) were approved by the Board on 5 March 2026 and signed on its behalf by:

Rishi Khosla

CO-FOUNDER

& CHIEF EXECUTIVE OFFICER

10 March 2026



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FINANCIAL STATEMENTS

Independent auditors’ report to the members of OakNorth Bank Plc

Report on the audit of the financial statements

Opinion

In our opinion, OakNorth Bank Plc’s group financial statements and company financial statements (the “financial statements”):

- give a true and fair view of the state of the group’s and of the company’s affairs as at 31 December 2025 and of the group’s profit and the group’s and company’s cash flows for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise:

- the consolidated balance sheet as at 31 December 2025;
- the company balance sheet as at 31 December 2025;
- the consolidated statement of profit or loss for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the company statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, comprising material accounting policy information and other explanatory information.

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (“ISAs (UK)”) and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors’ responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

Other than those disclosed in Note 7, we have provided no non-audit services to the company or its controlled undertakings in the period under audit.

Our audit approach

Overview

Audit scope

- We performed a full scope audit of the consolidated and company financial statements of OakNorth Bank Plc. As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.
- The scope of the audit and the nature, timing and extent of audit procedures were determined with consideration of our risk assessment, the financial significance of account balances and other qualitative factors.
- Audit procedures were performed over all account balances and disclosures which are considered material and/or represent a risk of material misstatement to the financial statements.

Key audit matters

- Impairment of loans and advances to customers (group and company)

Materiality

- Overall group materiality: £11.1m (2024: £10.4m) based on 5% of profit before tax.
- Overall company materiality: £10.5m (2024: £9.9m) based on approximately 5% of profit before tax.
- Performance materiality: £8.3m (2024: £7.8m) (group) and £7.8m (2024: £7.4m) (company).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the 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) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, 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.

This is not a complete list of all risks identified by our audit.

The key audit matters below are consistent with last year.

Key audit matter***Impairment of loans and advances to customers (group and company)***

Refer to the credit risk section of the risk management framework and risk review section of the annual report, note 1 (accounting policies), and note 15 (loans and advances to customers).

Credit loss allowances represent management's best estimate of expected credit losses (ECL) at the balance sheet date. The determination of these allowances is complex, inherently judgemental and relies on a combination of assumptions and judgements to comply with IFRS 9.

Specific assessments are performed for credit-impaired loans and advances classified as Stage 3 within the loan portfolio. These assessments require significant management judgement in determining the appropriate level of expected credit loss allowance. Accordingly, we considered the specific assessments to be a key audit matter due to the judgements involved in estimating the recoverability of specifically assessed Stage 3 loans. In particular, the risk arises from the judgements around possible asset recovery strategies. These estimates are based on future expected cash flows, which may include recovery from collateral and/or other recovery strategies, increasing the level of uncertainty and subjectivity involved.

How our audit addressed the key audit matter

For a sample of specifically assessed credit impaired loans;

We evaluated the specific circumstances of the borrower and determined if key judgements were appropriate;

We assessed the significant assumptions used to estimate the discounted cash flow projections, and where appropriate we involved experts to assess the underlying collateral or recovery strategy assumed;

We tested the collateral value using the valuation reports, sales offers and confirmation of offers completion where applicable.

We assessed scenarios and weightings assigned for measuring the expected credit loss allowance and whether key judgements were appropriate. This included considering the impact of possible alternative scenarios on the allowance.

We re-computed management's impairment calculations and tested key inputs.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group and the company, the accounting processes and controls, and the industry in which they operate.

The group comprises OakNorth Bank Plc and A.S.K. Partners Limited. Each entity is located in the UK and is considered to be a financial reporting component.

In establishing the overall approach to our audit of the financial statements, we determined the type of work that was required to be performed over each component. OakNorth Bank Plc is considered significant due to risk and size in the context of the group's consolidated financial statements and hence a full scope audit component.

We considered the individual financial significance of A.S.K. Partners Limited in relation to primary statement account balances. We considered the presence of any significant audit risks and other qualitative factors (including history of misstatements through fraud or error). A.S.K. Partners Limited was identified as a non-significant component of the Group.

All audit work was performed in the UK and by the same engagement team.

The scope of the OakNorth Bank Plc company audit and the nature, timing and extent of our audit procedures were designed, planned and executed with consideration of our risk assessment, the financial significance of account balances, and other qualitative factors (e.g. history of error or misstatements). We performed audit procedures over all account balances and disclosures which we considered to be material and/or represent a risk of material misstatement to the financial statements.

The impact of climate risk on our audit

As part of our audit we made enquiries of management to understand the extent of the potential impact of climate risk on the group's and company's financial statements, and we remained alert when performing our audit procedures for any indicators of the impact of climate risk. Our procedures did not identify any material impact as a result of climate risk on the group's and company's financial statements.

Materiality

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

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

	Financial statements - group	Financial statements - company
<i>Overall materiality</i>	£11.1m (2024: £10.4m).	£10.5m (2024: £9.9m).
<i>How we determined it</i>	5% of profit before tax	Approximately 5% of profit before tax
<i>Rationale for benchmark applied</i>	Profit before tax is a key measure used by management and stakeholders in assessing performance of the group and is a generally accepted auditing benchmark.	Profit before tax is a key measure used by management and stakeholders in assessing performance of the company and is a generally accepted auditing benchmark.

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The materiality allocation to the significant component was £10,500,000.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2024: 75%) of overall materiality, amounting to £8.3m (2024: £7.8m) for the group financial statements and £7.8m (2024: £7.4m) for the company financial statements.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the Board Audit Committee that we would report to them misstatements identified during our audit above £600,000 (group audit) (2024: £500,000) and £500,000 (company audit) (2024: £495,000) as well as misstatements below those amounts that,

in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

Our evaluation of the directors' assessment of the group's and the company's ability to continue to adopt the going concern basis of accounting included:

- Assessing and challenging key assumptions used by the directors in their determination of the going concern status of the group and company;
- Assessing the liquidity, capital and profitability forecasts prepared by management to support the going concern assessment, with stress testing performed to challenge their reasonableness ;
- Corroborating legal and regulatory correspondence with audit procedures performed to ensure that there are no compliance issues which may impact the going concern of the group and company;
- Consideration as to whether our audit procedures have identified events or conditions which may impact the going concern status of the group and company; and
- Critically evaluating the adequacy of the disclosures made in the financial statements in relation to going concern.

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

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

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the company's ability to continue as a going concern.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 December 2025 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

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

Auditors' 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 auditors' 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to relevant Financial Conduct Authority ('FCA') and Prudential Regulation Authority ('PRA') regulations and guidance, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006 and relevant tax legislation. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the posting of manual journal entries to manipulate financial performance and the application of management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Enquiries of management, internal audit and those charged with governance, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Reviewing key correspondence with regulatory authorities (such as the PRA and the FCA);
- Assessing matters reported through whistleblowing and reviewing management's consideration of matters raised, and their results;
- Applying risk-based criteria to journal entries posted in the audit period, including consideration of those involving an unusual combination of general ledger accounts;
- Challenging assumptions and judgements made by management in their accounting estimates, in particular in relation to impairment of loans and advances to customers; and
- Incorporating unpredictability into the nature and/or extent of our testing.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

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

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Appointment

We were first appointed by the company for the financial year ended 31 December 2018. Our uninterrupted engagement covers 8 financial years.

Other matter

The company is required by the Financial Conduct Authority Disclosure Guidance and Transparency Rules to include these financial statements in an annual financial report prepared under the structured digital format required by DTR 4.1.15R - 4.1.18R and filed on the National Storage Mechanism of the Financial Conduct Authority. This auditors' report provides no assurance over whether the structured digital format annual financial report has been prepared in accordance with those requirements.

Lawrence Wilkinson (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors London
10 March 2026

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 DECEMBER 2025

	Note	2025 (£'000)	2024 (£'000)
Interest income	3	568,469	568,925
Interest expense	3	(287,872)	(285,202)
Net interest income	3	280,597	283,723
Fee and commission income	4	37,403	29,027
Other gains / (losses) from financial instruments	5	47	(2,899)
Net interest and fee income		318,047	309,851
Administrative expenses	6	(88,007)	(93,307)
Depreciation and amortisation	17, 18	(3,572)	(2,659)
(Charge) / reversal of provision for credit impairment losses	9	(91)	4,427
Charge on provision for other assets	9	(3,848)	(3,518)
Operating expenses and provisions		(95,518)	(95,057)
Profit before tax		222,529	214,794
Taxation	10	(57,318)	(55,460)
Profit for the year		165,211	159,334
Profit attributable to:			
Holdings of ordinary shares of the Bank		162,087	157,823
Non-Controlling Interest		3,124	1,511
Profit for the year		165,211	159,334

The notes on [page 104](#) to [page 147](#) are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2025

	Note	2025 (£'000)	2024 (£'000)
Profit for the year		165,211	159,334
Other comprehensive income / (loss)			
Items that may be reclassified to profit or loss (net of tax):			
Fair value changes on financial assets at FVOCI		17	(48)
Changes in cash flow hedge reserve	16	2,746	(5,046)
Changes in cost of hedging reserve	16	-	56
Total other comprehensive income / (loss) for the year		2,763	(5,038)
Total comprehensive income for the year		167,974	154,296
Total comprehensive income attributable to:			
Holders of ordinary shares of the Bank		164,850	152,785
Non-controlling Interest		3,124	1,511
Total comprehensive income for the year		167,974	154,296

The notes on [page 104](#) to [page 147](#) are an integral part of these financial statements.

CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 2025

		2025 (£'000)	2024 (£'000)
Assets			
Cash and balances at central bank	13	2,184,464	2,689,013
Loans and advances to banks	13	96,776	80,632
Investment securities	14	599,436	331,238
Loans and advances to customers	15	4,889,874	4,393,100
Derivative assets held for risk management	16	33,742	2,809
Other assets	20	22,609	47,056
Current tax assets	10	785	4,886
Tangible fixed assets		116	79
Right of use ("ROU") assets	17	3,202	2,323
Deferred tax assets (net)	10	-	1,409
Intangible assets	18	14,238	8,967
Goodwill	19	11,647	11,647
Total assets		7,856,889	7,573,159
Liabilities			
Customer deposits	21	6,513,248	6,103,046
Borrowings under BoE facilities	22	5,031	202,445
Derivative liabilities held for risk management	16	7,898	14,411
Trade and other payables	23	35,558	22,935
Intercompany borrowings	30	6,007	8,345
Current tax liabilities	10	745	58
Other liabilities	24	30,042	21,389
Deferred tax liabilities (net)	10	2,754	-
Tier 2 subordinated debt	25	188,076	180,949
Total liabilities		6,789,359	6,553,578

CONSOLIDATED BALANCE SHEET (CONT.)

AS AT 31 DECEMBER 2025

		2025 (£'000)	2024 (£'000)
Capital and reserves			
Called up share capital	26	389,320	389,320
Share-based payments		146	176
Retained earnings	27	667,507	625,420
Fair value reserve	16	25	8
Cash flow hedge reserve	16	(39)	(2,785)
Non-controlling interests ('NCI')		10,571	7,442
Total equity		1,067,530	1,019,581
Total liabilities and equity		7,856,889	7,573,159

The notes on [page 104](#) to [page 147](#) are an integral part of these financial statements.

The separate financial statements of OakNorth Bank Plc and the consolidated financial statements of OakNorth Bank Group were approved by the Board of Directors and authorised for issue on 5 March 2026.

They were signed on 10 March 2026 on its behalf by:

Rishi Khosla
CO-FOUNDER
& CHIEF EXECUTIVE OFFICER

Joel Perlman
CO-FOUNDER &
SENIOR MANAGING DIRECTOR

Rajesh Gupta
CHIEF FINANCIAL OFFICER

COMPANY BALANCE SHEET

AS AT 31 DECEMBER 2025

		2025 (£'000)	2024 (£'000)
Assets			
Cash and balances at central bank	13	2,184,464	2,689,013
Loans and advances to banks	13	90,607	75,477
Investment securities	14	599,436	331,238
Loans and advances to customers	15	4,884,600	4,390,340
Derivatives assets held for risk management	16	33,742	2,809
Other assets	20	10,573	37,982
Current tax assets	10	785	4,886
Tangible fixed assets		22	40
Right of use ("ROU") assets	17	3,202	2,323
Deferred tax assets (net)	10	-	1,409
Intangible assets	18	14,238	8,967
Investment in subsidiary	28	14,250	14,250
Total assets		7,835,919	7,558,734
Liabilities			
Customer deposits	21	6,513,248	6,103,046
Borrowings under BoE facilities	22	5,031	202,445
Derivative liabilities held for risk management	16	7,898	14,411
Trade and other payables	23	33,858	20,815
Intercompany borrowings	30	6,007	8,345
Other liabilities	24	30,030	21,389
Deferred tax liabilities	10	2,754	-
Tier 2 subordinated debt	25	188,076	180,949
Total liabilities		6,786,902	6,551,400

COMPANY BALANCE SHEET (CONT.)

AS AT 31 DECEMBER 2025

		2025 (£'000)	2024 (£'000)
Capital and reserves			
Called up share capital	26	389,320	389,320
Share-based payments		146	176
Retained earnings	27	659,565	620,615
Fair value reserve	16	25	8
Cash flow hedge reserve	16	(39)	(2,785)
Total equity		1,049,017	1,007,334
Total liabilities and equity		7,835,919	7,558,734

OakNorth Bank Plc standalone profit for the year ended 31 December 2025 amounted to £158.9 million (2024: £156.3 million).

The notes on [page 104](#) to [page 147](#) are an integral part of these financial statements.

The separate financial statements of OakNorth Bank Plc and the consolidated financial statements of OakNorth Bank Group were approved by the Board of Directors and authorised for issue on 5 March 2026.

They were signed on 10 March 2026 on its behalf by:

Rishi Khosla
CO-FOUNDER
& CHIEF EXECUTIVE OFFICER

Joel Perlman
CO-FOUNDER &
SENIOR MANAGING DIRECTOR

Rajesh Gupta
CHIEF FINANCIAL OFFICER

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2025

	Called up Share Capital	Retained earnings	Fair value reserve	Cash flow hedge reserve	Cost of hedging reserve	Share-based payment	Equity attributable to holders of ordinary shares of the Bank	NCI	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
As at 1 January 2024	389,320	487,565	56	2,261	(56)	149	879,295	5,835	885,130
Profit for the year	-	157,823	-	-	-	-	157,823	1,511	159,334
Other comprehensive loss for the year	-	-	(48)	(5,046)	56	-	(5,038)	-	(5,038)
Total comprehensive income for the year	-	157,823	(48)	(5,046)	56	-	152,785	1,511	154,296
Employee share-based payments	-	-	-	-	-	27	27	-	27
Issue of growth shares	-	-	-	-	-	-	-	64	64
Payment of dividend to parent	-	(20,000)	-	-	-	-	(20,000)	-	(20,000)
Unwinding of investments in A.S.K Group entities	-	32	-	-	-	-	32	32	64
As at 31 December 2024	389,320	625,420	8	(2,785)	-	176	1,012,139	7,442	1,019,581
As at 1 January 2025	389,320	625,420	8	(2,785)	-	176	1,012,139	7,442	1,019,581
Profit for the year	-	162,087	-	-	-	-	162,087	3,124	165,211
Other comprehensive income for the year	-	-	17	2,746	-	-	2,763	-	2,763
Total comprehensive income for the year	-	162,087	17	2,746	-	-	164,850	3,124	167,974
Employee share-based payments	-	-	-	-	-	58	58	-	58
ESS settlement	-	-	-	-	-	(88)	(88)	-	(88)
Issue of growth shares	-	-	-	-	-	-	-	5	5
Payment of dividend to parent	-	(120,000)	-	-	-	-	(120,000)	-	(120,000)
As at 31 December 2025	389,320	667,507	25	(39)	-	146	1,056,959	10,571	1,067,530

The notes on [page 104](#) to [page 147](#) are an integral part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2025

	Called up Share Capital	Retained earnings	Fair value reserve	Cash flow reserve hedge	Cost of hedging reserve	Share- based payment	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
As at 1 January 2024	389,320	484,309	56	2,261	(56)	149	876,039
Profit for the year	-	156,306	-	-	-	-	156,306
Other comprehensive loss for the year	-	-	(48)	(5,046)	56	-	(5,038)
Total comprehensive income for the year	-	156,306	(48)	(5,046)	56	-	151,268
Employee share-based payments	-	-	-	-	-	27	27
Payment of dividend to parent	-	(20,000)	-	-	-	-	(20,000)
As at 31 December 2024	389,320	620,615	8	(2,785)	-	176	1,007,334
As at 1 January 2025	389,320	620,615	8	(2,785)	-	176	1,007,334
Profit for the year	-	158,950	-	-	-	-	158,950
Other comprehensive income for the year	-	-	17	2,746	-	-	2,763
Total comprehensive income for the year	-	158,950	17	2,746	-	-	161,713
Employee share-based payments	-	-	-	-	-	58	58
ESS Settlement	-	-	-	-	-	(88)	(88)
Payment of dividend to parent	-	(120,000)	-	-	-	-	(120,000)
As at 31 December 2025	389,320	659,565	25	(39)	-	146	1,049,017

The notes on [page 104](#) to [page 147](#) are an integral part of these financial statements.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2025

	Note	Bank Group		Bank	
		2025 (£'000)	2024 (£'000)	2025 (£'000)	2024 (£'000)
Profit before tax		222,529	214,794	214,246	210,737
Adjustments for non-cash items	29.1	20,707	11,139	15,184	7,590
Changes to operating assets & liabilities					
Increase in loan receivables		(496,341)	(573,437)	(492,186)	(571,881)
(Increase)/decrease in derivatives assets & liabilities held for risk management		(29,903)	7,655	(29,903)	7,655
Increase in customer deposits		408,891	1,463,663	408,891	1,463,663
Net change in other assets and liabilities	29.2	41,185	4,665	48,397	9,656
Income taxes paid	10	(49,351)	(57,333)	(48,016)	(56,432)
Net cash flows generated from operating activities		117,717	1,071,146	116,613	1,070,988
Increase in intangible assets	18	(7,832)	(5,279)	(7,832)	(5,279)
Purchase of tangible assets		(299)	(75)	(209)	(56)
Purchase of Short-term UK Gilts at FVOCI		(206,990)	(820,024)	(206,990)	(820,024)
Proceeds from sale of Short-term UK Gilts at FVOCI		409,522	830,700	409,522	830,700
Interests received from Short-term UK Gilts at FVOCI		12,260	-	12,260	-
Purchase of Long-term UK Gilts at amortised cost		(303,299)	-	(303,299)	-
Interest received Long-term UK Gilts at amortised cost		8,892	-	8,892	-
Purchase of Senior CLO tranches at amortised cost		(111,652)	-	(111,652)	-
Net cash flows (used in)/generated from investing activities		(199,398)	5,322	(199,308)	5,341
Increase in borrowings from BOE facilities	22	15,000	-	15,000	-
Repayment of borrowings from BOE facilities	22	(210,000)	-	(210,000)	-
Interest paid on borrowings from BOE facilities		(9,082)	(10,445)	(9,082)	(10,445)
Increase in subordinated debt	25	-	150,000	-	150,000
Interest paid on subordinated debt		(15,084)	(4,387)	(15,084)	(4,387)
Increase in intercompany borrowings	30	4,541	6,326	4,541	6,326
Repayment of intercompany borrowings	30	(7,041)	(9,772)	(7,041)	(9,772)
Interest paid on intercompany borrowings	30	(117)	(706)	(117)	(706)

STATEMENT OF CASH FLOWS (CONT.)

FOR THE YEAR ENDED 31 DECEMBER 2025

	Note	Bank Group		Bank	
		2025 (£'000)	2024 (£'000)	2025 (£'000)	2024 (£'000)
Repayment of lease liabilities	17	(1,077)	(852)	(1,077)	(852)
Interest paid on lease liabilities	17	(379)	(556)	(379)	(556)
Payment of dividend to Parent	27	(120,000)	(20,000)	(120,000)	(20,000)
Net cash flows (used in) / generated from financing activities		(343,239)	109,608	(343,239)	109,608
Net increase in cash and cash equivalents		(424,920)	1,186,076	(425,934)	1,185,937
Cash and cash equivalents as at 1 January	13	2,893,652	1,707,576	2,888,497	1,702,560
Cash and cash equivalents as at 31 December	13	2,468,732	2,893,652	2,462,563	2,888,497

The notes on [page 104](#) to [page 147](#) are an integral part of these financial statements.

OAKNORTH
ANNUAL
REPORT 2025

NOTES TO THE FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED
31 DECEMBER 2025

NOTES TO THE FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2025

1. Material accounting policies

The material accounting policies are summarised below. They have all been applied consistently throughout the year and to the preceding reporting year, unless stated otherwise.

1.1 General information

OakNorth Bank Plc (registered number: 08595042), herein referred to as 'OakNorth', 'the Bank', or 'the Company', is a public limited company under the United Kingdom (UK) Companies Act of 2006, incorporated in England and Wales, with registered office at 57 Broadwick Street, W1F 9QS London, UK. The Bank is a wholly owned subsidiary of OakNorth Holdings Limited ('OakNorth Holdings' or 'the Holding Company'), a limited company incorporated in Jersey.

OakNorth is a financial technology (FinTech) company and a banking institution authorised by the Prudential Regulation Authority (PRA) and regulated by both the Financial Conduct Authority (FCA) and the PRA. The Bank is primarily engaged in providing financial services, including lending, and banking solutions, to small and medium enterprises (SMEs) across various industries.

1.2 Basis of preparation

The consolidated financial statements of the Bank and its subsidiary (collectively, 'the Group' or 'the Bank Group'), and the separate financial statements of the OakNorth Bank have been prepared in accordance with the UK-adopted International Accounting Standards (IAS) as defined by the UK Endorsement Board (UKEB) and with the requirements of the Companies Act 2006.

These financial statements have been prepared on a historical cost convention, as modified by the revaluation of certain financial assets and liabilities measured at fair value, including derivative financial instruments held for risk management.

No individual 'Statement of profit and loss and comprehensive income' or related disclosures are presented for OakNorth Bank as permitted by Section 408 of the Companies Act 2006.

1.3 Functional and reporting currency

The Bank Group's functional currency is considered to be Pound Sterling (GBP) as that is the currency of the primary economic environment in which the Group operates. The consolidated and separate financial statements are presented in GBP and rounded to thousands, unless otherwise indicated.

1.4 Going concern

These financial statements are prepared on a going concern basis as the Directors are satisfied that OakNorth Bank and its subsidiary have adequate resources to continue operating in the foreseeable future, considering at least 12 months from the date of this report.

In making this assessment, the Directors have considered:

- the available capital and liquidity resources and surplus over the requirements- the levels of which remain sufficiently robust;
- the credit quality of the loan book and overall balance sheet. The Board reviews the monthly credit MI packs to enable review and monitoring of the performance of the loan book and portfolio metrics as measured against the risk appetite limits;
- the adequacy of ECL provisions. The Board considers the macroeconomic assumptions, scenarios and weightings applied under OakNorth's PD framework, supplemented with the granular, sub-sector level forward-looking scenarios and ratings generated by the proprietary ONCI platform and applied across the full loan book in both the UK and US;
- the business strategy and its short term (12 month) and mid-range (3 year) financial plan which has considered the implications of the macroeconomic outlook. The Board regularly monitors performance vs the plan to ensure that the business model assumptions are operating as expected and there are no material changes to the business operating environment that may materially impact the Bank's growth and performance;
- the risk appetite limits. The Board reviewed OakNorth's performance against the metrics across all the risk areas remained well within limits;
- the stress testing and capital and liquidity planning performed as a part of the ICAAP and ILAAP, which indicate adequate capital and liquidity buffers and ability to effectively manage stresses and resources.
- the resilience and adaptability of the Bank's operational and IT infrastructure. OakNorth's operational and IT infrastructure proved robust with no material issues noted.
- OakNorth's Bank's subsidiary, A.S.K Partners has adequate cash to fund its business operations. The subsidiary is subject to regulatory consolidation with the Bank, however

there is no material impact to the overall consolidated capital or liquidity requirements.

Information on OakNorth's business strategy, performance and outlook are detailed in the Chairman's Statement, Chief Executive's Review, and the Strategic Report. The Strategic Report further details the key risks faced by OakNorth and mitigants and provides an overview of the Bank's Risk Management Framework.

1.5 New standards, amendments, and interpretations

1.5.1 Standards, amendments, and interpretations issued applicable for 2025

The IASB issued a number of new standards, amendments to existing standards, and interpretations effective for the financial reporting periods commencing on or after 1 January 2025. Their impact to OakNorth's financial statements and accounting policies are summarised below:

- Lack of exchangeability (Amendments to IAS 21, The Effects of Changes in Foreign Exchange Rates) - effective for annual reporting periods beginning on or after 1 January 2025 and aims to provide guidance for accounting for transactions denominated in currencies which exchange rates are not readily available. This has no significant impact to OakNorth as the Bank primarily deals with transactions in GBP, USD, and EUR.

1.5.2 Standards, amendments, and interpretations not yet adopted

Certain number of new standards, amendments to existing standards, and interpretations have been published that are not mandatory for reporting periods beginning on or after 1 January 2025. These include:

- Classification and measurement of financial instruments (Amendment to IFRS 9 and IFRS 7) - settling financial liabilities using electronic payment systems and assessing contractual cash flows characteristics of financial assets, including those with sustainability-linked features. The requirements will be effective for annual reporting periods beginning on or after 1 January 2026.
- IFRS 18 Presentation and disclosure in Financial Statements - IFRS 18, effective for annual reporting periods beginning on or after 1 January 2027, will replace IAS 1 (Presentation of Financial Statements), introducing following key new requirements:
 - Entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to present a newly defined operating profit subtotal. Entities' net profit will not change.
 - Management-defined performance measures (MPMs)

are disclosed in a single note in the financial statements.

- Enhanced guidance is provided on how to group information in the financial statements.
- IFRS 19 Subsidiaries without Public Accountability: Disclosures - Effective for annual reporting periods beginning on or after 1 January 2027, this is a non-mandatory new standard that aims to provide reduced disclosure requirements for financial statements of subsidiaries with no listed securities that meet certain criteria.

The Group is in the process of assessing the impact and has not early adopted these standards, amendments and interpretations for its financial statements as at and for the year ended 31 December 2025.

1.6 Basis of Consolidation

The consolidated financial statements consist of the financial statements of OakNorth Bank and its subsidiaries, over which the Bank exercises control. The Bank considers that control exists where it is exposed to, or has rights to, variable returns from its involvement with an investee and has the ability to affect those returns through its power to direct the activities of the investee.

OakNorth primarily considers that a majority voting right in an entity indicates the existence control. Where it has less than majority holdings or in cases where it is unclear whether control exists, OakNorth considers all relevant facts and circumstances surrounding the investee's relevant activities and whether OakNorth has the practical ability to direct decision making over those activities through its contractual rights, representation in senior management, or any special relationship and dependencies it has with the investee. The Group reassess whether it still controls an investee if facts and circumstances indicate changes to the control elements.

Consolidation of a subsidiary begins when the Group obtains control and ceases when the Group loses control.

Assets, liabilities, income and expenses of a subsidiary are included in the Group's consolidated financial statements on a line-by-line basis from the date when the Group obtains control of the subsidiary.

All intercompany transactions and balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated, unless the transaction provides evidence of an impairment of the transferred asset. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with OakNorth's accounting policies.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the Group's consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and balance sheet, respectively.

In the event of loss of control, OakNorth derecognises the subsidiary's assets (including attributable goodwill) and liabilities, as well as any non-controlling interest and other components of equity attributable to the former subsidiary. Any investment retained is recognised in accordance with the applicable IFRS standards and any resulting gain or loss is recognised immediately in profit or loss.

A change in the ownership interest of a subsidiary without a loss of control is accounted for as an equity transaction.

1.7 Foreign currency translation

Transactions in foreign currencies are translated into the functional currency using the exchange rates at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency using exchange rates as at the period end date. Foreign exchange gains and losses resulting from the translation and settlement of such balances are recognised in profit or loss unless they relate to qualifying cash flow hedges, in which case they are deferred in other comprehensive income (OCI) and accumulated in equity.

Foreign currency denominated non-monetary items measured at fair value are translated using the exchange rates at the date when the fair value was determined. Foreign currency denominated non-monetary items that are measured in terms of historical cost are not retranslated.

1.8 Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to OakNorth's Executive Leadership Team ('ELT'), who is responsible for allocating resources and assessing the Group's performance and hence identified as OakNorth's chief operating decision maker ('CODM').

While OakNorth provides lending products and banking solutions to customers across various sectors within the UK and US, the Group's revenue, profitability and net assets are all dominated by the Bank's lending business, with all other functions such as deposits, liquidity management, other auxiliary functions, and even the Bank's subsidiary ASK Partners, which provides bespoke lending solutions, operating as a single integrated unit to support the growth of the lending business, rather than as separate individual business units or operating segments.

1.9 Interest income and expense

Interest income and interest expense are recognised in profit or loss using the effective interest rate (EIR) method. Interest income and interest expense are calculated by applying the EIR to the financial assets' gross carrying amount, before any loss allowances, or to the amortised cost of financial liabilities. For credit-impaired financial assets, interest income is calculated by applying the EIR to their net carrying amount, after loss allowances.

The EIR is the rate that exactly discounts the estimated future cash flows over the expected life of the financial instrument to the gross carrying amount of the financial asset or the amortised cost of the financial liability. The future cash flows are estimated taking into account all the contractual terms of the instrument.

The EIR calculation includes all fees, transferred or to be transferred between parties to the contract, that are integral to the issuance or modification of the financial instrument, as well as premiums or discounts on issuance and directly attributable transaction costs of financial instruments not measured at FVTPL.

The EIR is determined at initial recognition and is not subsequently revised, unless the underlying financial asset or liability is reclassified or substantially modified.

1.10 Fees and commissions

Fees and commission income arise from loans and advances to customers and includes fees other than those that are an integral part of EIR. These fees are recognised when the related performance obligation has been satisfied, either over time or at a point in time, at the amount that reflects the consideration to which OakNorth expects to be entitled to for satisfying such performance obligations.

Fees where the customer simultaneously benefits from the services performed by OakNorth as the services are being performed, such as loan servicing fees are recognised over time throughout the term of the loan.

Fees that pertain to specific transactions within the term of the loan such as amendment, extension and late payment fees are recognised as revenue at the point in time when the transaction is completed and when OakNorth's underlying performance obligation is satisfied.

Fees and interest received in advance are deferred into other liabilities until revenue recognition criteria are met. Those that pertain to undrawn loan commitments are recognised as revenue over the term of the commitment period if it remains undrawn or as part of interest income for loans to customers, calculated using the EIR method, if the underlying facilities are drawn.

1.11 Other gains and losses from financial instruments

Other gains and losses from financial instruments includes all gains and losses recognised in profit or loss and arise from the initial measurement, modification, reclassification and derecognition of a financial asset or liability, and fair value gains and losses arising from financial instruments at FVTPL, including derivative financial instruments held for economic hedging that are not designated in a qualifying hedge accounting relationship.

1.12 Employee benefits

1.12.1 Short-term employee benefits

Short-term employee benefits are those that the Group expects to settle wholly within 12 months after the end of the reporting period in which the employees render the related services. OakNorth recognises a liability for the amount expected to be paid when the liabilities are settled.

Short-term employee benefits, including wages and salaries, non-monetary benefits, annual leave and cash bonuses, are recognised as expense in profit or loss as the related services are provided.

1.12.2 Post-employment benefits

OakNorth's post-employment benefit schemes for its employees are limited to defined contribution plans where OakNorth's obligations are limited to its fixed recurring contributions to such plans. Any contributions made to defined contribution plans are recognised as expense in profit or loss as the related services are provided.

1.12.3 Share-based payments

The Bank's share-based payment plans are provided to its employees under the restricted employee share scheme (ESS) and an employee stock option scheme (ESOP).

The vesting of both the issued growth shares (ESS) and the share options (ESOP) is conditional upon employees remaining with OakNorth for a specified period of time. Some awards are also subject to certain business performance conditions.

In case of ESS, shares with restrictions such as vesting are issued to the employees. In case of ESOP, options are granted whereby the employee can buy ordinary shares of the Holding company at a later date on a pre-agreed price. Both the schemes are equity settled, and the economic benefit will flow to the employees on an exit event i.e., share sale or listing.

The shares under these schemes vest over a period of five to six years. For the five-year scheme, vesting is 20% per annum. For the six-year scheme, vesting commences only from year three at 50%, thereafter, increasing equally per annum. If an employee leaves, the unvested shares are forfeited.

Granted growth shares and share options are measured at their grant date fair value and recognised as expense over the vesting period, taking into account forfeiture rates and estimated shares that will vest based on the underlying performance conditions, where applicable.

1.13 Taxation

Current tax comprises expected tax payable or receivable on the taxable income or loss for the year and any adjustments to the tax payable or receivable in respect of previous years.

Deferred tax is recognised in respect of temporary timing differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for temporary differences arising from the initial recognition of goodwill or from the initial

recognition of assets and liabilities that will never give rise to a future taxable income or a future deductible expense.

Deferred tax assets are recognised only to the extent that, based on all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Current and deferred taxes are measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date and any adjustments. In the UK, this includes additional levies such as the Banking Corporation Tax Surcharge of 3% which are levied on a bank's taxable profits over £100 million.

Tax assets and liabilities are netted off when the Group has a legally enforceable right to do so and when the tax is levied by the same tax authority on the same taxable entity or, in the case of deferred taxes, the different taxable entities intend to settle the amounts on a net basis or simultaneously.

1.14 Financial instruments

1.14.1 Recognition and initial measurement

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

Financial assets arising from regular way of purchase transactions such as OakNorth's investments in UK Gilts and treasury bills, money market funds and CLOs, whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned, are initially recognised using settlement date accounting while derivative financial instruments held for trading are recognised using trade date accounting when OakNorth committed to the trade. All other financial assets, including loan and advances to customers and other receivables are recognised at their origination date.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than those measured at FVTPL) are added to or deducted from the fair value of the financial assets or liabilities on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or liabilities measured at FVTPL are recognised immediately in profit or loss.

1.14.2 Classification and subsequent measurement of financial assets

At initial recognition, OakNorth classifies its financial assets into the following categories under IFRS 9:

- Financial asset at amortised cost - subsequently measured at initial measurement minus principal repayments, plus or minus any cumulative amortisation using the EIR method, less loss allowances, if any.
- Financial asset at fair value through other comprehensive

income (FVOCI) – subsequently measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income.

- Financial asset at fair value through profit or loss (FVTPL) – subsequently measured at fair value with gains and losses arising from changes in fair value recognised in profit or loss.

Derivative financial assets are classified as FVTPL.

Non-derivative financial assets that are equity instruments are classified as FVTPL unless irrevocably designated as FVOCI at recognition date. OakNorth does not have any financial assets that are equity instruments as at the periods presented within the consolidated and separate financial statements.

Non-derivative financial assets that are debt instruments are classified based on the characteristics of their contractual cash flows and the business model OakNorth applies in managing such financial assets to generate cash flows.

Regardless of the result of the solely payments of principal and interest (SPPI) and business model tests, non-derivative financial assets that are debt instruments may be irrevocably classified as at FVTPL. OakNorth does not have any financial assets that are debt instruments which have been irrevocably designated as FVTPL as at the periods presented within the consolidated and separate financial statements.

Subsequent to initial recognition, OakNorth only reassess reclassification of financial assets from one category to another when there is a significant and demonstrable change in the portfolio's business model and that the assets involved are non-derivative financial assets that are debt instruments.

1.14.2.1 Solely payment of principal and interest (SPPI) test

OakNorth assesses whether the contractual cash flows of a financial asset are SPPI, consistent with basic lending arrangements.

When applying the SPPI test, OakNorth considers all possible contractual cash flows over the term of the financial instrument, including those arising from contingent events, that have other than de minimis effect to the instrument's total contractual cash flows. This assessment is performed on an instrument-by-instrument basis.

For contractually linked instruments, such as its investment in collateralised loan obligations (CLOs), OakNorth considers that each tranche passes the SPPI test if both the contractual cash flows of the tranche and the tranche's underlying pool are SPPI, and the tranche does not have a disproportionate credit risk exposure relative to the CLO as a whole.

Financial assets that fail the SPPI test are automatically classified as FVTPL.

1.14.2.2 Business model test

In addition to the SPPI test, OakNorth further assesses its business model for each portfolio of financial asset, taking into account the Group's objectives, intent and past experiences in managing the

portfolios in order to generate cash flows therefrom.

Financial assets that are held for the purpose of collecting contractual cash flows over the term of the instrument through maturity have 'hold to collect' business model and are classified and subsequently measured at amortised cost.

Financial assets that are held for the purpose of both collecting contractual cash flows over the term of the instrument and selling such assets if the need arises for liquidity and capital risk management purposes have a 'hold to collect and sell' business model and are classified and subsequently measured at FVOCI.

Financial assets with business models that do not align with either the 'hold to collect' or the 'hold to collect and sell' business models are classified and subsequently measured at FVTPL.

1.14.3 Classification and subsequent measurement of financial liabilities

At initial recognition, OakNorth classifies derivative financial liabilities and other liabilities held for trading at FVTPL, which are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in profit or loss.

All other financial liabilities are classified and carried at amortised cost, which are subsequently measured at initial measurement less principal repayments, plus or minus any cumulative amortisation using the EIR method.

Financial liabilities are not reclassified to other categories subsequent to initial recognition.

1.14.4 Modification of financial instruments

Modification of financial instruments occur when there are changes to the contractual cash flows or economic characteristics associated with a financial asset or liability as a result of renegotiations, extensions, restructuring or other amendments.

OakNorth assesses whether the modification is substantial, resulting in a change in the economic characteristics or the contractual cash flows of the financial instrument that is deemed so significant that the holder has effectively swapped the instrument with a different instrument.

When the modification results in substantial modification, OakNorth derecognises the old financial asset or liability and recognises the new financial asset or liability, and where applicable, determines a new EIR, in line with the requirements of IFRS 9. The difference between the carrying amount of the old instrument derecognised and the initial measurement of the new instrument is recognised immediately in profit or loss as derecognition gain or loss.

When the modification does not result in substantial modification, the carrying amount of the financial asset or liability is adjusted to reflect the present value of the modified cash flows discounted at the original EIR. The difference between the carrying amount of the instrument before and after modification is recognised immediately in profit or loss as modification gain or loss.

1.14.5 Offsetting

Financial assets and liabilities are offset and presented on a net basis only when the Group currently has a legally enforceable right to do so and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

1.14.6 Expected credit losses (ECL)

The Group is required to recognise expected credit losses (ECL) for all of its financial assets that are debt instruments classified at amortised cost and FVOCI, and for its undrawn loan commitments. Under IFRS 9, the model for estimating ECL must be based on unbiased, probability-weighted, and forward-looking factors using all reasonable and supportable information, including historical, current, and forecast macroeconomic data, evaluated using a range of possible outcomes.

ECL is calculated as the present value of all expected cash shortfalls expected occur within a given period of time, weighted by the probability of default and discounted at the original effective interest rate. Credit loss represents the cash shortfalls or the difference between the contractual cash flows due to be received and the cash flows expected to be received from the borrower.

OakNorth calculates ECL as a function of the estimated Exposure at Default (EAD) x Probability of Default (PD) x Loss Given Default (LGD), and where applicable, discounted using the instrument's EIR. The ECL recognised for an asset can be based on a 12-month or lifetime model based on credit risk and staging of the asset.

Further details on OakNorth's PD and LGD modelling, including the inputs, scenario assumptions, selection of relevant macroeconomic scenarios, and probability weightings are outlined within the Credit risk subsection: "ECL allowance assessment and impairment methodology" from [page 65](#) to [page 72](#).

1.14.6.1 Exposure at default (EAD)

Exposure at default (EAD) is an estimate of the amount that a lender expects to be exposed to a counterparty at the moment of default, taking into account all expected cash flows from the asset. This includes all current outstanding balances, interest due and judgement-based estimates of drawdowns on undrawn loan commitments.

For OakNorth, the EAD is determined based on contractual cash flows discounted at original EIR. The maximum period to consider when measuring expected credit losses is the maximum contractual period (including extension options) over which the entity is exposed to credit risk.

1.14.6.2 Probability of default (PD)

Probability of default (PD) is the likelihood that a borrower will fail to pay back a debt.

OakNorth uses its internally developed models to calibrate the PD for each of the loans. These PD and LGD models leverage historic industry default data and process borrower financial information and qualitative factors to estimate borrower PDs and LGDs.

The models consider both quantitative and qualitative assessment of each individual exposure, which includes (but is not limited to) information on key financial metrics, business performance, the quality of collaterals, business, and borrower profile. The additional risk analysis results in calculation and application of 'qualitative adjustment' factors, that are applied in calculation of the final PD score.

In accordance with the IFRS 9 requirements, point-in-time (PIT) scenario-weighted PDs are applied in the ECL calculations. We use statistical analysis of the through-the-cycle (TTC) PDs under a combination of macroeconomic variables, to obtain PIT PDs. The latest available scenario weighted Macro-Economic Variables are then overlaid to derive a forward-looking PD at a point in time.

For our UK loan book, PD model calibration is informed by OakNorth's internal default experience, supplemented with external benchmarks where appropriate to ensure alignment with the Central Default Tendency (CDT) and the long-run portfolio risk profile. For the US portfolio, where internal default history is more limited, calibration relies primarily on relevant external data and market benchmarks to reflect local credit dynamics.

1.14.6.3 Loss given default (LGD)

Loss Given Default (LGD) represents the loss a lender incurs when a borrower defaults, after accounting for any recoveries such as collateral liquidation.

Similar to PD, OakNorth calibrates LGD using its internally developed models. The solution incorporates the assumptions of impact on the collateral values, factoring any costs of sales. Limited judgement-based haircuts have been applied on certain eligible collateral for the business trading loan book.

The primary collateral type for OakNorth's lending exposures is real estate and the haircut applied reflects loss in collateral value including costs of realising the collateral.

The LGD is calibrated based on OakNorth loss data since inception, with scenario-based adjustments applied in determining final LGD. The floor values are dependent on the collateral type (secured / unsecured) and are used in the calculation of provisions and impairments.

1.14.6.4 Three-stage model

Depending on their associated credit risks, financial assets are categorised into three stages. OakNorth determines the staging of its financial assets considering both quantitative and qualitative factors in accordance with its Credit Risk Management Framework summarised as follows:

- Stage 1 includes financial assets that are not credit impaired at initial recognition and those that have not experienced a significant increase in credit risk (SICR) since initial recognition. Assets in Stage 1 require a 12-month ECL, considering default events occurring within the next 12 months.

- Stage 2 includes assets where SICR has occurred but are not yet considered to be credit impaired. Assets in Stage 2 require a lifetime ECL, considering default events occurring within the remaining life of the asset.

SICR is presumed to have occurred when the asset is already 30 days past due or in cases that include forbearance, significant deterioration to key lending ratios (i.e. loan-to-value and loan-to-cost ratios), underperformance in the borrowers profitability, significant overruns and project delays in the loan funded project, management or regulatory issues faced by the borrower, and other cases where OakNorth's EWS process has raised a flagged new qualitative information about the borrower.

- Stage 3 includes assets that are deemed credit impaired. Assets in Stage 3 also require a lifetime ECL, considering default events occurring within the remaining life of the asset.

OakNorth assumes that an asset is credit impaired when it is already 90 days past due or in those cases where the borrower experiences significant financial difficulties, faces potential bankruptcy or has triggered material breach in key contractual terms. Similarly, credit impairment is also triggered by a significant deterioration in collateral valuation where loan repayment is solely dependent on the sale of such collateral and in other circumstances that deters a borrower's ability to meet their obligations.

OakNorth does not have any purchased or originated credit-impaired (POCI) assets or those assets that are objectively identified as non-performing or credit-impaired at the point of purchase.

The assessment of whether SICR has occurred or whether the asset is credit impaired is performed for each individual asset, with each staging and changes thereof subject to OakNorth's Credit Risk Management Committee (CRMC) approvals.

1.14.7 Derecognition of financial instruments

Financial assets are derecognised when the rights to receive cash flows have expired or when substantially all the risks and rewards of ownership or control of the financial assets have been transferred.

Financial liabilities are derecognised when OakNorth's contractual obligations are discharged, cancelled or expired.

The difference between the carrying amount of the financial asset or liability derecognised and the amount of consideration received or paid, if any, is recognised immediately in profit or loss as a gain or loss on derecognition.

1.14.7.1 Write-off

Loans and advances to customers and other financial assets that are debt securities may be written off either partially or fully when there is no realistic prospect of recovery.

For loans and advances to customers, this is generally after receipt of any proceeds from the realisation of security and can also be in cases where, based on the assessment of the

net realisable value of the collateral, there is no reasonable expectation of further recovery.

A write-off constitutes a derecognition event. The Group may apply enforcement activities to financial assets written off. Recoveries, if any, are recognised as gains and are netted off against loss allowance on the underlying financial in profit or loss.

1.15 Cash and cash equivalents

Cash and cash equivalents include unrestricted balances held with the central bank and other financial institutions and highly liquid investment securities with original maturities of three months or less from the date of acquisition that are readily convertible to known amount of cash and are subject to an insignificant risk of change in value. OakNorth's cash and cash equivalents include its cash and balances at central banks, loans and advances to banks, and investment in short-term UK Gilts and money market funds.

1.16 Loans and advances to customers

Loans and advances to customers are generally classified as financial assets at amortised cost based on their contractual cash flow characteristics that are mainly SPPI and OakNorth's business model to hold and collect principal and interest payments from the loans to maturity. Loans and advances to customers that have contractual cash flows that have non-SPPI components that are more than de minimis are classified as FVTPL.

Loans and advances to customers are recognised when OakNorth becomes a party to the loan contract and the customer draws down from the loan facilities. They are initially measured at fair value plus any directly attributable transaction costs, unless they are classified as FVTPL, in which case, all transactions costs are expensed directly in profit or loss.

Subsequent to initial measurement, loans and advances to customers at amortised cost are carried their gross carrying amounts, determined using the EIR method, net of their ECL loss allowances. Loans and advances to customers at FVTPL are subsequently measured at their fair values with gains and losses from changes in fair value recognised in profit or loss.

1.17 Investment securities

The Group's investment securities comprise short-term and long-term UK Gilts and treasury bills, money market funds, and senior tranches in collateralised loan obligations (CLOs), which are all debt instruments.

1.17.1 Short-term UK Gilts and money market funds

Short-term UK Gilts and treasury bills and money market funds have contractual cash flow characteristics that are mainly SPPI and are subject to the hold to collect and sell business model, hence are classified as FVOCI.

In addition, because of their short-term and highly liquid nature, the money market funds also meet the definition of cash equivalents as shown in the statement of cash flows.

These instruments are initially measured at fair value plus any directly attributable transaction costs and subsequently measured at fair value with gains and losses from changes in fair value recognised in other comprehensive income.

The short-term UK gilts and treasury bills and money market funds are both investment-grade securities backed by the UK and US governments, respectively, and both have a strong history of meeting their sovereign debt obligations. OakNorth considers that these assets as low credit risk instruments with insignificant risk of default resulting to negligible ECL. At each reporting period, the Group performs an assessment on whether there are indicators that SICR has occurred for these instruments and assesses the impact to the ECL loss allowances accordingly.

1.17.2 Long-term UK Gilts and treasury bills

Long-term UK Gilts and treasury bills have contractual cash flow characteristics that are mainly SPPI and are subject to the hold to collect business model, hence are classified as at amortised cost.

They are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial measurement, they are measured at amortised cost using the EIR method.

Similar to short-term gilts, the Group also considers that the long-term UK Gilts to be investment-grade securities with low credit risk and insignificant risk of default resulting to negligible ECL. At each reporting period, the Group performs an assessment on whether there are indicators that SICR has occurred for the Long-term UK gilts and assesses the impact to the ECL loss allowances accordingly.

1.17.3 Collateralised loan obligations (CLOs)

The Group holds investments in CLOs, which are structured finance instruments comprising pools of leveraged loans managed by third-party collateral managers.

OakNorth's investment in CLOs comprises a portfolio of senior tranches which are classified as financial assets at amortised cost as they are subject to a hold to collect business model and their contractual cash flow are mainly SPPI when considering the contractual flow characteristics of both the tranche and the tranches' underlying pool. In addition, the senior tranches' credit risk profile is considerably lower than their respective CLOs as a whole.

They are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial measurement, they are carried at their gross carrying amounts, determined using the EIR method, net of their ECL loss allowances.

The ECL for CLOs is determined on a collective basis for tranches sharing similar credit risk characteristics, tranche subordination, collateral quality, and the CLOs' structural features. As OakNorth only invests in the highest rated senior tranches, the resulting ECL is negligible as a result of low credit risk. At each reporting period, the Group performs an assessment on whether there are indicators that SICR has occurred on its investments in CLOs and assesses the impact to the ECL loss allowances accordingly.

1.18 Investment in subsidiary

Investment in subsidiary is presented in the Company's separate financial statements at cost less accumulated impairment losses, if any.

Dividends from subsidiaries are recognised in profit or loss of the separate financial statements of the Company when the entity's right to receive the dividend is established.

1.19 Tangible fixed assets

Tangible fixed assets are stated at cost, which includes direct and incremental acquisition costs, less accumulated depreciation and accumulated impairment losses, if any.

Subsequent costs are capitalised if they result in enhancement of the asset. All other expenditures relating to repairs and maintenance of the asset are expensed to profit or loss during the reporting period in which they are incurred.

The cost of a tangible fixed asset, less any estimated residual value, is depreciated and charged to profit or loss over the asset's estimated useful life on a straight-line basis from the date it is available for use.

The estimated useful lives of OakNorth's tangible fixed assets are as follows:

Fixtures, fittings, and office equipment: 5 years

Computers and IT equipment: 3 – 5 years

Leasehold improvements: lesser of the lease term or useful life

The estimated useful lives, residual values and depreciation method are reviewed annually with any changes applied prospectively.

A tangible fixed asset is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The difference between the consideration received, if any, and the net book value of the asset disposed or scrapped is recognised as a gain or loss on disposal in profit or loss.

1.20 Leases

The Group's lease agreements comprise OakNorth's leased office premises. At contract inception, the Group assesses whether a contract contains a lease, where the lessor conveys to OakNorth the right to control the use of an identified asset for a period of time in exchange for consideration.

At the commencement date of the lease, the Group recognises a lease liability and a corresponding right-of-use (ROU) asset, unless the lease is a short-term lease, with a lease term of 12-months or less and does not contain any purchase option, or a low value lease in accordance with OakNorth's lease capitalisation policy.

When determining the lease term, OakNorth considers facts and circumstances surrounding extension and termination options, including any economic incentives to exercise or not exercise such options, including the expected business need for the underlying asset, the costs associated with replacing or reconfiguring the

asset, termination penalties relative to remaining lease payments. They are factored into determining the lease term when it is reasonably certain that such options will be exercised.

The lease liability is initially measured at the present value of all future lease payments, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the lessee's incremental borrowing rate.

Subsequent to initial measurement, the lease liability is measured at amortised cost. Lease payments decrease the lease liability balance and is presented within financing activities in the statement of cash flows. Interest costs arising from unwinding the discounting of lease liability is recognised as a finance cost in profit or loss. This increases the lease liability balance and is presented as an adjustment to profit before taxes in the statement of cash flows.

The lease liability is remeasured as a result of reassessments in the amount of estimated future lease payments, such as change index or rates, with a corresponding adjustment to the ROU asset. No reassessment gain or loss is recognised unless the ROU asset is reduced to nil. In such case, any further remeasurement is recognised in profit or loss.

The ROU asset is initially measured at cost, which includes the initial amount of lease liability recognised plus any payments made before or at the commencement of the lease, initial direct costs and estimated costs of dismantling or restoration costs, if any, less any incentives received.

ROU asset is subsequently measured at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation on ROU asset is recognised as expense in profit or loss over the lease term.

Lease modifications arising from the change in the scope of the lease is accounted for as a separate lease if it results in additional ROU assets with a proportionate increase in the lease consideration.

When the lease modification does not result in a separate lease, the lease liability is remeasured at the modification date using a revised discount rate. If the modification resulted in an increase in scope, the ROU asset is adjusted for the same amount as the change in lease liability. If the modification resulted in a decrease in scope, it is accounted for as a partial derecognition and a portion of ROU asset's carrying amount is derecognised. The difference between the modified lease liability and ROU asset is recognised as a gain or loss on modification in profit or loss.

1.21 Intangible assets

Intangible assets with finite useful life are stated at cost less accumulated amortisation and accumulated impairment losses, if any.

Separately acquired intangible assets such as purchased software are recognised at cost, which includes direct and incremental acquisition costs.

The cost of internally developed software comprises capitalised expenditure during the development phase when the asset's technical and commercial feasibility, as well as the Group's intention and ability to complete the asset are established.

Intangible assets, other than goodwill, acquired as part of a business combination are separately recognised at their fair values at acquisition date if they are separately identifiable, or arise from contractual or legal rights.

Subsequent costs are capitalised if they result in enhancement of the asset. All other expenditures relating to maintenance of the asset are expensed to profit or loss during the reporting period in which they are incurred.

The cost of an intangible asset with finite useful life, less any estimated residual value, is amortised over the asset's estimated useful life on a straight-line basis from the date it is available for use.

The useful life of OakNorth's intangible assets is estimated to be between 3 to 5 years.

The estimated useful lives, residual values and amortisation method of OakNorth's intangible assets are reviewed annually with any changes applied prospectively.

An intangible asset is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The difference between the consideration received, if any, and the net book value of the asset disposed or scrapped is recognised as a gain or loss on disposal in profit or loss.

1.22 Goodwill

Goodwill represents the excess of the total consideration transferred over the aggregate amount of the fair value of the identifiable assets acquired and liabilities assumed plus any non-controlling interests recognised in a business combination accounted for using the acquisition method.

Goodwill is not amortised but is tested for impairment at least annually, and is stated at cost less accumulated impairment losses, if any.

OakNorth recognised goodwill from its acquisition of its subsidiary ASK Partners, which is also identified as the cash-generating unit (CGU) to which the goodwill pertains to for impairment testing purposes.

Goodwill is derecognised when the CGU to which it relates to is disposed of or when it is no longer probable that it would provide future economic benefits to the entity, in which case, the goodwill is considered to be fully impaired, written off and charged to impairment in profit or loss.

1.23 Impairment of non-financial assets

At each reporting period, the Group considers all relevant facts and circumstances and assesses whether there are any indicators that any of its non-financial assets, including its tangible fixed assets, ROU assets, intangible assets and the Company's investment in subsidiary, maybe impaired. If any impairment indicators are identified, OakNorth performs an impairment test on the asset's carrying amount. This impairment test is performed for goodwill at least on an annual basis regardless of whether there are any such indicators of impairment.

When performing an impairment test, OakNorth identifies the relevant cash-generating unit (CGU), which represents the smallest identifiable asset or group of assets that generate cash inflows largely independent of the cash of inflows from other assets of group of assets.

OakNorth compares the asset's or the CGU's carrying amount with its recoverable amount, which is the higher of its fair value less costs to sell and value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or the CGU.

Impairment losses are recognised in profit or loss as the excess of the asset or the CGU's carrying amount over its recoverable amount.

Reversal for impairment is recognised when there is objective evidence that the estimated service potential of an asset, either from use or sale, has increased since the impairment. A gain on impairment reversal is recognised in profit or loss only to the extent of the asset's or CGU's carrying amount had such impairment never occurred, considering depreciation and amortisation.

1.24 Borrowings

OakNorth's long-term borrowings comprise its borrowing under various BoE facilities, Tier 2 subordinated debt and intercompany borrowings, which are all financial liabilities at amortised cost.

These instruments are recognised when OakNorth becomes a party to the contract and are initially measured at fair value, adjusted for any premium or discount on issuance, minus any directly attributable transaction costs. Subsequent to initial measurement, they are measured at amortised cost determined using the EIR method.

1.24.1 Borrowings under Bank of England (BoE) Facilities

OakNorth has access to various loan facilities under the Bank of England, which includes the Term Funding scheme for SMEs (TSFME), Short-term Repo (STR), and Indexed Repo (ILTR) facilities.

Some of the borrowings under these BoE facilities are collateralised against OakNorth's UK gilts and Treasury bills. As

OakNorth retains legal title, all the associated risks and rewards of ownership and the ability to direct the use of such collateralised assets for risk management purposes, hence, OakNorth continues to recognise such collateral assets on its balance sheet.

1.24.2 Tier 2 subordinated debt

OakNorth's Tier 2 subordinated debts are issued as unsecured, subordinated notes forming part of regulatory capital structure. These instruments are designed to provide additional loss-absorbing capacity and are a required component of a bank's Total Capital under Basel regulations.

The debt is non-convertible to OakNorth's own equity instruments or shares and contains no write-down features unless triggered by a regulatory intervention under the point of non-viability rules established under the UK Banking Act.

The debts are subordinated, ranking below senior creditors but are above shareholders and any Tier 1 capital instrument in case of insolvency, but have fixed maturity date and includes a periodic payment of interest based on a coupon rate.

1.25 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the entity prior to the end of the financial year which are unpaid. These usually consist of trade payables and accruals.

Trade and other payables are generally classified as financial liabilities at amortised cost, except those that are settled through non-cash exchanges.

1.26 Provision for liabilities

Provision for liabilities is recognised when the Group has a present obligation, legal or constructive, as a result of a past event, and it is probable that OakNorth will be required to settle that obligation.

The amount recognised as a provision for liabilities is the best estimate of the consideration required to settle the obligation at reporting date, considering any risks and uncertainties surrounding the obligation. Where the effect of time value of money is considered material, provision for liabilities is measured as the present value of cash flows estimated to settle the obligation discounted using an appropriate discount rate.

Provision for liabilities are reviewed at each reporting date and adjusted to reflect the Group's current best estimate, with changes in the estimated settlement amount, net of any partial settlements, utilisations and unwinding of discounting effect, recognised as a gain or loss in profit or loss.

1.27 Derivatives held for risk management purposes

OakNorth enters into derivative transactions for risk management purposes. All derivatives are measured at fair value (Level 2) in the statement of financial position.

Where possible, the Bank designates derivatives held for risk management as hedging instruments in qualifying hedging relationships. On initial designation of the hedge, OakNorth documents the relationship between the hedging instruments and hedged items, including the risk management objective and strategy for undertaking the hedge, together with the method that will be used to assess the effectiveness of the hedging relationship. Below is a summary of current hedging strategies and risk management objectives of the Bank:

Strategy	Hedged risk and underlying hedged items	Objective of strategy
Macro cash flow hedges	Interest rate risk on floating rate assets	<p>Macro cash flow hedges of interest rate risk relate to exposures to the variability in future interest receipts due to the movement of benchmark interest rates. This variability in cash flows is hedged by interest rate swaps, which convert variable cash flows into fixed. For these macro cash flow hedge relationships, the hedged items are variable interest rate cash flows arising from floating rate financial assets with interest rates linked to the official BoE base rate. The variability in cash flows due to movements in BoE base rate is hedged.</p> <p>Each interest rate swap is designated in a cash flow hedge with an amount of variable interest rate cash flows.</p> <p>The Bank determines the existence of an economic relationship between the hedging instrument and hedged item based on the reference interest rates, tenure, repricing dates, and maturities and the notional or par amounts.</p> <p>The Bank assesses whether the derivative designated in each hedging relationship is expected to be effective in offsetting changes in cash flows of the hedged item under the hypothetical derivative method.</p> <p>In accordance with its hedging strategy, the Bank matches the principal of the hedging instruments to the principal of the hedged items. The Bank applies a hedge ratio of 1:1.</p>
Micro fair value hedge	Interest rate risk on fixed rate borrowings	<p>The Bank uses interest rate swaps to hedge its exposure to changes in the fair value of its fixed rate borrowings due to changes in benchmark interest rates. The Bank designates the benchmark interest rate component of the fixed interest rate on these borrowings and uses pay floating and receive fixed interest rate swaps to convert fixed cash flows to variable.</p> <p>Each interest rate swap is designated in a fair value hedge relationship with a single fixed rate borrowing. The Bank determines whether an economic relationship between the hedged item and the hedging instrument exists based on an evaluation of the qualitative characteristics of hedged item and hedging instruments. The Bank considers whether the critical terms of the hedged item and hedging instrument closely align and whether the fair value of the hedged item and the hedging instrument are expected to move in opposite directions with changes in market interest rates. In accordance with its hedging strategy, the Bank matches the principal of the hedging instruments to the principal of the hedged items. The Bank applies a hedge ratio of 1:1.</p>

Strategy	Hedged risk and underlying hedged items	Objective of strategy
Micro fair value hedge	Interest rate risk on variable rate Long-term Gilts	<p>The Bank uses interest rate swaps to hedge its exposure to changes in the fair value of its investment in long-term UK Gilts and Treasury bills due to changes in benchmark interest rates. The Bank designates the benchmark interest rate component of the variable interest rate on these Gilts and uses pay fixed and receive floating interest rate swaps to convert variable cash flows to fixed.</p> <p>Each interest rate swap is designated in a fair value hedge relationship with a single fixed rate. The Bank determines whether an economic relationship between the hedged item and the hedging instrument exists based on an evaluation of the qualitative characteristics of hedged item and hedging instruments. The Bank considers whether the critical terms of the hedged item and hedging instrument closely align and whether the fair value of the hedged item and the hedging instrument are expected to move in opposite directions with changes in market interest rates. In accordance with its hedging strategy, the Bank matches the principal of the hedging instruments to the principal of the hedged items. The Bank applies a hedge ratio of 1:1.</p>
Micro fair value hedge	Interest rate risk on fixed rate deposits	<p>The Bank uses interest rate swaps to hedge its exposure to changes in the fair value of its fixed rate deposits due to changes in benchmark interest rates. The Bank designates the entire fixed interest rate on these deposits and uses pay floating and receive fixed interest rate swaps to convert fixed cash flows to variable.</p> <p>Each interest rate swap is designated in a fair value hedge relationship with a group of fixed rate deposits. The Bank determines whether an economic relationship between the hedged item and the hedging instrument exists based on an evaluation of the qualitative characteristics of hedged item and hedging instruments. The Bank considers whether the critical terms of the hedged item and hedging instrument closely align and whether the fair value of the hedged item and the hedging instrument are expected to move in opposite directions with changes in market interest rates.</p> <p>In accordance with its hedging strategy, the Bank matches the principal of the hedging instruments to the principal of the hedged items. The Bank applies a hedge ratio of 1:1.</p>
Macro Cash Flow Hedges	Foreign exchange risk on USD denominated interest income	<p>The Bank uses FX forwards to hedge its exposure to variability in the GBP value of its USD denominated interest income cash flows due to changes in foreign exchange rates. The Bank designates the forward foreign exchange risk and uses FX forwards to sell USD for GBP at an agreed rate in the future.</p> <p>Each FX forward is designated in a cash flow hedge relationship with an amount of USD denominated interest income cash flows. The Bank determines whether an economic relationship between the hedged item and the hedging instrument exists based on an evaluation of the qualitative characteristics of hedged item and hedging instrument. The Bank considers whether the critical terms of the hedged item and hedging instrument closely align and whether the fair value of the hedged item and the hedging instrument are expected to move in opposite directions with changes in market FX rates.</p> <p>In accordance with its hedging strategy, the Bank matches the principal of the hedging instruments to the principal of the hedged items. The Bank applies a hedge ratio of 1:1.</p>

CCIRS do not meet the technical criteria for hedge accounting. However, this affects only the accounting treatment and does not impact the underlying economic risk management strategy. The Bank continues to use CCIRS to hedge FX risk on its USD balance sheet, which includes cash held at other banks, short-term money market funds, and loans and advances to customers.

The main sources of hedge ineffectiveness for interest rate risk hedges are:

Interest rate basis (cash flow hedges only): The floating interest benchmark rate on the hedging instrument is SONIA while that of the hedge item is BoE base rate.

Embedded interest rate floor (cash flow hedges only): Some floating rate assets include embedded floors that are not present in the hedging instruments. If interest rates were to go below the floor rate, it may cause some hedge ineffectiveness.

Amount and timing of cash flows: There are differences in the amount and timing of cash flows between the hedged item and hedging instrument due to differences in interest rates and maturity dates.

The main sources of hedge ineffectiveness for foreign exchange risk are:

Amount and timing of cash flows: If USD interest income hedged is no longer highly probable or is now expected to be recognised in a different month.

Cross currency basis: Impacts changes in fair value of the FX forwards, but not the hedged item.

1.28 Fair value measurement

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction, on the measurement date. This is determined by reference to the quoted bid price or asking price (as appropriate) in an active market wherever possible.

When there is no quoted price available in an active market, the Group uses valuation techniques that maximises the use of relevant observable inputs and minimise the use of unobservable inputs.

The chosen valuation techniques can vary on a case-to-case basis but nonetheless incorporate all of the factors that the market participants would take into account in pricing a transaction.

Fair values are measured using the following hierarchy, which reflects the significance of the inputs used in determining the valuation.

- Level 1 – Inputs that are based on unadjusted quoted market prices in active markets for identical or similar assets or liabilities.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable either directly (actual prices) or indirectly (derived from actual prices). This may include quoted market prices for similar instruments in active

markets, quoted prices for identical or similar instruments in inactive markets and or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.

- Level 3 – Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs that are not observable, and the unobservable inputs have a significant effect on the valuation.

1.29 Share capital and reserves

1.29.1 Called-up share capital

Called-up share capital comprises OakNorth's issued ordinary shares. The difference between the fair value of the consideration received, net of any incremental costs directly attributable to the share issue, and the nominal or par value of the shares are recognised as share premium.

1.29.2 Dividend distribution

Dividend distributions are recognised as reduction in retained earnings in the period in which they are approved by the Board of Directors. A liability is recognised for any amount of unpaid dividends at the end of the reporting period.

1.29.3 Non-Controlling Interests

Non-controlling interests (NCI) is measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Post acquisition, profit or loss and each component of other comprehensive income are attributed to NCI, even if this results in the non-controlling interests having a deficit balance.

1.29.4 Fair value reserves

Fair value reserves comprise the cumulative net change in the fair value of investment securities measured at FVOCI.

1.29.5 Cash flow hedge reserves

The cash flow hedge reserve comprises the effective portion of changes in the fair value of a financial instrument designated as a hedging instrument in a qualifying cash flow hedge accounting relationship. Amounts accumulated in the cash flow hedge reserve are reclassified to profit or loss in the period in which the hedged cash flows affect profit or loss.

1.29.6 Cost of hedging reserve

The cost of hedging reserve includes the effects of changes in fair value of the foreign currency basis spread of a financial instrument when the foreign currency basis spread of a financial instrument is excluded from the designation of that financial instrument as the hedging instrument.

The changes in fair value of the currency basis spread of a financial instrument, in relation to a time-period related hedged item accumulated in the cost of hedging reserve, are amortised to profit or loss on a proportionate basis over the term of the hedging relationship.

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of OakNorth's accounting policies, 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 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 estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements and estimation uncertainty, that the Directors have made in the process of applying the accounting policies and that have the most significant effect on the amounts recognised in financial statements.

2.1.1 Areas of judgement impacting measurement of ECL

These include the determination of the criteria for SICR, in addition to the backstop triggers specified under IFRS 9; choosing appropriate PD/LGD framework and models, including underlying qualitative and quantitative variables and factors that are used to calibrate these models; selection of macroeconomic forecasts; and, selecting and applying weightings to recovery strategies and estimating recoverable cash flows for impaired loans.

2.1.2 Areas of accounting estimates in measurement of ECL

These include the forward looking macroeconomic scenarios weightings. The sensitivity analysis of these weightings is provided in [Table 8.1 on page 72](#).

3 Net interest income

	2025 (£'000)	2024 (£'000)
Interest income		
Loans and advances to customers at amortised cost	437,380	438,467
Loans and advances to customers at FVTPL	2,052	-
Cash and balances at Central bank and other banks	110,299	112,915
Investment securities at amortised cost	5,460	-
Investment securities at FVOCI	13,278	17,543
Total interest income calculated using the effective interest method	568,469	568,925
Interest expense		
Customer deposits	259,931	263,766
Borrowings under BoE facilities	6,668	10,244
Tier 2 subordinated debt	18,891	7,370
Intercompany borrowings	279	547
Derivatives held for risk management	2,103	3,275
Total interest expense	287,872	285,202
Net interest income	280,597	283,723

4 Gross interest and fees on loans to customers

OakNorth derives revenue from external customers mainly from interest income and fees and commissions from its loans and advances to customers in the following geographic regions:

	2025			2024		
	UK	US	Total	UK	US	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Interest income from loans to customers ¹	395,039	44,393	439,432	415,871	22,596	438,467
Fees and commissions	35,594	1,809	37,403	27,721	1,306	29,027
Total	430,633	46,202	476,835	443,592	23,902	467,494

¹Includes interest income from loans and advances to customers at amortised cost and FVTPL (Note 3)

No customer accounted for 10% or more of OakNorth's revenues from external customers for the comparative years presented.

All of OakNorth's non-current assets, including tangible fixed assets and intangible assets, are located in the Bank's country of domicile in the UK.

5 Other gains/(losses) from financial instruments

	2025 (£'000)	2024 (£'000)
From financial instruments at FVTPL		
Ineffective portion of derivatives held for risk management		
Interest rate swaps	78	32
Cross currency interest rate swaps	(649)	(672)
FX forwards	94	2
Unwinding of Interest rate swap	-	(153)
Fair value gain on loans and advances to customers at FVTPL (Note 12.2)	946	-
	469	(791)
From financial instruments at amortised cost		
Loss on loan modifications	(422)	(2,108)
	(422)	(2,108)
Other gains/(losses) from financial instruments	47	(2,899)

In 2024, OakNorth recognised a fair value adjustment on restructuring of a financial asset held at amortised cost to reflect a lower interest rate compared to similar instruments.

6. Administrative expenses

	2025 (£'000)	2024 (£'000)
Staff cost (Note 8)	42,687	47,947
Professional, legal and consultancy	28,553	28,680
Technology cost	8,602	7,408
Office and premises cost	2,006	3,249
Levies	437	886
Foreign exchange (gain)/loss	(187)	88
Other expenses	5,909	5,049
Total	88,007	93,307

Professional, legal and consultancy cost includes cost recharges from group entities.

Levies include payments made by OakNorth Bank to regulatory levies mandated by UK financial regulations, including the FSCS for protecting deposit holders up to £120,000, the BoE levy introduced in 2024, and the Economic Crime Levy levied on companies supervised under the Money Laundering Regulation (MLR) which is a fixed fee based on UK revenues.

During the year, OakNorth incurred a total of £10.7 million worth of research and development costs (2024: £9.3 million), of which £7.1 million was capitalised as development costs within intangible assets (Note 18) (2024: £5.2 million).

7 Auditors' remuneration

The analysis of the Auditors' remuneration (excluding VAT) is as follows. The expense is included in Professional, legal and consultancy cost.

	2025 (£'000)	2024 (£'000)
Fees payable to the Bank's auditors for the audit of the consolidated financial statements	684	666 ¹
Total audit fees	684	666
Audit of the financial statements of the Company's subsidiary	-	224 ²
Fees payable to Bank's auditors for Client Assets Sourcebook (CASS) audit	-	13
Fees payable to Bank's auditors for Tier-2 comfort letter	-	122
Fees payable to Bank's auditors for Interim profit verification	-	37
Total assurance related fees	-	396
Total fees to auditors	684	1,062

¹ Includes £24K fees in relation to 2023 audit
² Includes £25K in relation to 2023 audit

The Group's auditors have not been engaged in the audit of OakNorth's subsidiary ASK nor in other assurance-related services for the year ended 31 December 2025.

8. Staff costs

The average number of employees (including executive and non-executive Directors) was:

	2025 (HC)	2024 (HC)
Average number of employees	266	278

Their aggregate remuneration comprised:

	2025 (£'000)	2024 (£'000)
Wages and salaries	34,326	39,994
Social security costs	5,617	6,031
Other pension costs	1,526	1,102
Share-based payment	58	26
Other costs & statutory levies	1,160	794
Total	42,687	47,947

The above remuneration costs are stated net of cost recharge to other OakNorth companies and net of software capitalisation costs.

9. Provision for losses

	2025 (£'000)	2024 (£'000)
Charge/(reversal) for provision for credit impairment losses		
On loans and advances	91	(4,427)
Charge for provision on other assets		
On other receivables	3,848	3,518
Total	3,939	(909)

The provision on other assets includes loss provisions recognised against other receivables (trade debtors) in the financial statements of A.S.K Partners Limited.

10. Taxation

Bank Group	2025 (£'000)	2024 (£'000)
Tax charge for the current year		
Total current and deferred tax	57,318	55,460
Factors affecting tax charge for the current year		
Profit before tax	222,529	214,794
Tax at standard UK corporation tax rate of 25% (2024: 25%)	55,633	53,699
Tax at standard UK corporate tax rate (19% and 23.5%)	(215)	-
Effects of:		
Expenses not deductible for tax purposes	748	226
Adjustments in respect of prior years	(428)	(874)
R&D credit	(1,873)	(936)
US Rep office tax impact	12	-
Timing differences at 25% for current tax (2024:25%) and 28% for deferred tax (2024: 28%)	195	(23)
Bank surcharge tax	3,246	3,368
Total tax charge for the year	57,318	55,460
Analysis of tax charge on ordinary activities		
UK corporation tax	55,925	56,551
Adjustment in respect of prior years	(1,681)	(2,008)
Deferred tax (refer movement below)		
Current year – profit or loss and other comprehensive income	1,626	(194)
Adjustment in respect of prior years	1,253	1,134
Effect of rate changes in respect of prior years	195	(23)
Total tax charge – profit or loss and other comprehensive income	57,318	55,460
Total tax credit – Equity	(1,088)	1,959

Bank Group	2025 (£'000)	2024 (£'000)
Balance sheet provision for taxes payable	55,925	101,908
Balance sheet provision for tax recoverable on behalf of group entities	(5,535)	(29,199)
Advance tax paid	(50,430)	(77,537)
Net tax recoverable	(40)	(4,828)
Net Deferred tax asset	(2,754)	1,409
To be recovered within twelve months	(585)	1,494
To be recovered after twelve months	(2,169)	(85)

Bank Group	Movement during the year			At 31 December 2025		
2025	Net deferred tax asset (liabilities) at 1 January (£'000)	Recognised in profit or loss (£'000)	Recognised in OCI (£'000)	Deferred tax assets (£'000)	Deferred tax liabilities (£'000)	Net deferred tax asset (liabilities) (£'000)
Movement in deferred tax balances						
Tangible fixed assets and intangible assets	270	(49)	-	221	-	221
Investment securities at FVOCI	(3)	-	(20)	-	(23)	(23)
Unpaid bonus and pension	736	(370)	-	366	-	366
Share-based payments	16	(16)	-	-	-	-
Allowance for ECL	48	(12)	-	36	-	36
Allowance for IFRS transitional adjustment	93	(28)	-	65	-	65
Adjustment for Research & Development Expenditure Credit (RDEC)	(835)	(2,600)	-	-	(3,435)	(3,435)
Cash flow hedge reserve	1,084	-	(1,068)	16	-	16
Total	1,409	(3,075)	(1,088)	704	(3,458)	(2,754)

Bank Group	Movement during the year			At 31 December 2024		
2024	Net deferred tax asset (liabilities) at 1 January (£'000)	Recognised in profit or loss (£'000)	Recognised in OCI (£'000)	Deferred tax assets (£'000)	Deferred tax liabilities (£'000)	Net deferred tax asset (liabilities) (£'000)
Movement in deferred tax balances						
Tangible fixed assets and intangible assets	329	(59)	-	270	-	270
Investment securities at FVOCI	(22)	-	19	-	(3)	(3)
Unpaid bonus and pension	1,013	(277)	-	736	-	736
Share-based payments	9	7	-	16	-	16
Allowance for ECL	60	(12)	-	48	-	48
Allowance for IFRS transitional adjustment	120	(27)	-	93	-	93
Adjustment for Research & Development Expenditure Credit (RDEC)	(286)	(549)	-	-	(835)	(835)
Cash flow hedge reserve	(878)	-	1,962	1,084	-	1,084
Cost of hedging reserve	22	-	(22)	-	-	-
Total	367	(917)	1,959	2,247	(838)	1,409

The effective tax rate for the year 31 December 2025 was 26% (2024: 26%). The Bank Group primarily operates in the UK and US and does not meet the threshold criteria under the Global Minimum Tax Rules (Pillar Two of the OECD's BEPS framework). As a result, these rules have no impact on the Bank Group's tax position as of the reporting date.

There are no known tax legislation changes as at the date of signing of the financial statements.

11. Classification of financial assets and liabilities

Bank Group	2025				2024			
	FVPL	FVOCI	Amortised cost	Total carrying amount	FVPL	FVOCI	Amortised cost	Total carrying amount
Financial assets								
Cash and balance at central banks	-	-	2,184,464	2,184,464	-	-	2,689,013	2,689,013
Loans and advances to banks	-	-	96,776	96,776	-	-	80,632	80,632
Loans and advances to customers	66,645	-	4,823,229	4,889,874	-	-	4,393,100	4,393,100
Investment securities	-	187,492	411,944	599,436	-	331,238	-	331,238
Other financial assets at amortised cost	-	-	18,839	18,839	-	-	45,741	45,741
Derivative assets held for risk management	33,742	-	-	33,742	2,809	-	-	2,809
Total financial assets	100,387	187,492	7,535,252	7,823,131	2,809	331,238	7,208,486	7,542,533
Financial liabilities								
Customer deposits	-	-	6,513,248	6,513,248	-	-	6,103,046	6,103,046
Borrowings under BoE facilities	-	-	5,031	5,031	-	-	202,445	202,445
Tier 2 subordinated debt	-	-	188,076	188,076	-	-	180,949	180,949
Intercompany borrowings	-	-	6,007	6,007	-	-	8,345	8,345
Trade creditors and accruals	-	-	16,240	16,240	-	-	22,935	22,935
Collateral liabilities for derivatives	-	-	16,225	16,225	-	-	-	-
Lease liabilities	-	-	4,575	4,575	-	-	4,024	4,024
Derivative liabilities held for risk management	7,898	-	-	7,898	14,411	-	-	14,411
Total financial liabilities	7,898	-	6,749,402	6,757,300	14,411	-	6,521,744	6,536,155

Bank	2025				2024			
	FVTPL	FVOCI	Amortised cost	Total carrying amount	FVTPL	FVOCI	Amortised cost	Total carrying amount
Financial assets								
Cash and balance at central banks			2,184,464	2,184,464			2,689,013	2,689,013
Loans and advances to banks			90,607	90,607			75,477	75,477
Loans and advances to customers	66,645		4,817,955	4,884,600			4,390,340	4,390,340
Investment securities	-	187,492	411,944	599,436	-	331,238	-	331,238
Other financial assets at amortised cost	-	-	6,929	6,929	-	-	36,775	36,775
Derivative assets held for risk management	33,742	-	-	33,742	2,809	-	-	2,809
Total financial assets	100,387	187,492	7,511,899	7,799,778	2,809	331,238	7,191,605	7,525,652
Financial liabilities								
Customer deposits	-	-	6,513,248	6,513,248	-	-	6,103,046	6,103,046
Borrowings under BoE facilities	-	-	5,031	5,031	-	-	202,445	202,445
Tier 2 subordinated debt	-	-	188,076	188,076	-	-	180,949	180,949
Intercompany borrowings	-	-	6,007	6,007	-	-	8,345	8,345
Trade creditors and accruals	-	-	15,475	15,475	-	-	20,815	20,815
Collateral liabilities for derivatives	-	-	16,225	16,225	-	-	-	-
Lease liabilities			4,575	4,575			4,024	4,024
Derivative liabilities held for risk management	7,898			7,898	14,411			14,411
Total financial liabilities	7,898	-	6,748,637	6,756,535	14,411	-	6,519,624	6,534,035

12. Fair value measurement

The fair value measurement basis of OakNorth's financial assets and liabilities are outlined within this section.

The detailed descriptions of each fair value hierarchy are described within [Note 1.28](#). There were no transfers in between the fair value measurement hierarchy levels for any of OakNorth's financial assets and liabilities for comparative years presented.

12.1 Fair value hierarchy for financial assets and liabilities measured at fair value

Bank Group and Bank	2025			2024		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets at FVOCI						
Investment in short-term UK GILTS and treasury bills	-	-	-	207,231	-	-
Investment in money market funds	187,492			124,007	-	-
Financial assets at FVTPL						
Loans and advances to customers at FVTPL	-	-	66,645	-	-	-
Derivative assets held for risk management	-	33,742	-	-	2,809	-
Financial liabilities at FVTPL						
Derivative liabilities held for risk management	-	7,898	-	-	14,411	-

12.2 Fair value measurement of Loans to customers at FVTPL categorised at Level 3

The following table presents the changes in OakNorth's loans and advances to customers at FVTPL categorised within Level 3 on the fair value hierarchy during the year:

Bank Group and Bank	2025 (£'000)	2024 (£'000)
At 1 January	-	-
Modifications resulting in reclassification to FVTPL	54,165	-
Drawdowns during the year	11,269	-
Interests and fees accrued	265	-
Settlements	-	-
Fair value gains recognised in profit or loss	946	-
At 31 December	66,645	

During the year, certain loan facilities were restructured and included contractual cash flows that are other than solely payments of principal and interests, which resulted in their reclassification from amortised cost to FVTPL measurement.

The fair value of these loans is calculated using a discounted cash flow model using Level 3 inputs. In this model, the expected future cash flows are discounted using a rate comprising the interest margin and fees integral to the yield of recently signed comparable loan facilities with the current reference BOE rates used as the base rate. For any contingent considerations, OakNorth uses a probability-weighted calculation to determine the amount that is added into the expected future cash flows.

The following table summarises the range of inputs and the relationship of unobservable inputs used in determining the fair value of OakNorth's loans and advances to customers at FVTPL.

Bank Group and Bank		
2025	Range of inputs	Relationship of unobservable inputs to fair value
Discount rate	8.1% to 9.2%	50 basis points increase (+) in discount rate will decrease FV by £1.2m. 50 basis points decrease (-) in discount rate will increase FV by £1.1m.
Contingent consideration	£1.1m to £4.6m	10% increase in contingent cash flows will increase FV by £0.4m 10% decrease in contingent cash flows will decrease FV by £0.5m

12.3 Fair value hierarchy for financial assets and liabilities at amortised cost

Bank Group	Level 1	Level 2	Level 3	Total fair value	Total carrying amount
2025	£'000	£'000	£'000	£'000	£'000
Financial assets					
Cash and balances at central bank	2,184,464	-	-	2,184,464	2,184,464
Loans and advances to banks	-	96,776	-	96,776	96,776
Loans and advances to customers at amortised cost	-	-	4,910,374	4,910,374	4,823,229
Investment in long-term UK Gilts and treasury bills	296,627	-	-	296,627	299,979
Investment in CLOs	-	111,014	-	111,014	111,965
Other financial assets at amortised cost	-	-	18,839	18,839	18,839
Financial liabilities					
Customer deposits	-	-	6,507,696	6,507,696	6,513,248
Borrowings under BoE facilities	-	5,031	-	5,031	5,031
Tier 2 subordinated debt	-	180,124	-	180,124	188,076
Intercompany borrowings	-	-	6,007	6,007	6,007
Trade creditors and accruals	-	-	16,240	16,240	16,240
Collateral liabilities for derivatives	-	-	16,225	16,225	16,225

Bank Group	Level 1	Level 2	Level 3	Total fair value	Total carrying amount
2024	£'000	£'000	£'000	£'000	£'000
Financial assets					
Cash and balances at central bank	2,689,013	-	-	2,689,013	2,689,013
Loans and advances to banks	-	80,632	-	80,632	80,632
Loans and advances to customers at amortised cost	-	-	4,391,733	4,391,733	4,393,100
Other financial assets at amortised cost	-	-	45,741	45,741	45,741
Financial liabilities					
Customer deposits	-	-	6,086,705	6,086,705	6,103,046
Borrowings under BoE facilities	-	202,445	-	202,445	202,445
Tier 2 subordinated debt	-	172,687	-	172,687	180,949
Intercompany borrowings	-	-	8,345	8,345	8,345
Trade creditors and accruals	-	-	22,935	22,935	22,935

Bank	Level 1	Level 2	Level 3	Total fair value	Total carrying amount
2025	£'000	£'000	£'000	£'000	£'000
Financial assets					
Cash and balances at central bank	2,184,464	-	-	2,184,464	2,184,464
Loans and advances to banks	-	90,607	-	90,607	90,607
Loans and advances to customers at amortised cost	-	-	4,903,260	4,903,260	4,817,955
Investment in long-term UK Gilts and treasury bills	296,627	-	-	296,627	299,979
Investment in CLOs	-	111,014	-	111,014	111,965
Other financial assets at amortised cost	-	-	6,929	6,929	6,929
Financial liabilities					
Customer deposits	-	-	6,507,696	6,507,696	6,513,248
Borrowings under BoE facilities	-	5,031	-	5,031	5,031
Tier 2 subordinated debt	-	180,124	-	180,124	188,076
Intercompany borrowings	-	-	6,007	6,007	6,007
Trade creditors and accruals	-	-	15,475	15,475	15,475
Collateral liabilities for derivatives	-	-	16,225	16,225	16,225

Bank	Level 1	Level 2	Level 3	Total fair value	Total carrying amount
2024	£'000	£'000	£'000	£'000	£'000
Financial assets					
Cash and balances at central bank	2,689,013	-	-	2,689,013	2,689,013
Loans and advances to banks	-	75,477	-	75,477	75,477
Loans and advances to customers at amortised cost	-	-	4,388,973	4,388,973	4,390,340
Other financial assets	-	-	36,775	36,775	36,775
Financial liabilities					
Customer deposits	-	-	6,086,705	6,086,705	6,103,046
Borrowings under BoE Term funding scheme	-	202,445	-	202,445	202,445
Tier 2 subordinated debt	-	172,687	-	172,687	180,949
Intercompany borrowings	-	-	8,345	8,345	8,345
Trade creditors and accruals	-	-	20,815	20,815	20,815

Loans and advances to customers

Fair value for loans and advances to customers, apart from those that are measured at amortised cost and FVTPL, is calculated by reference to the most recently disbursed loans with comparable product, industry, location, term and risk staging.

Loans and advances to banks

For cash held with other banks on a short-term basis, the fair value approximates to the carrying value as the balances are held on immediately withdrawable basis.

Investment securities

Fair values of investment securities, including those that are measured at amortised cost (Long-term UK Gilts and CLOs) and FVOCI (Short-term UK Gilts and money market funds) are determined using quoted market prices as at the balance sheet date.

Derivative assets and liabilities

The Group enters into interest rate swaps, cross currency interest rate swaps and foreign exchange forward contracts and values them using valuation techniques that employ the use of market observable inputs. The valuation techniques include forward pricing and swap models using present value calculations. The models incorporate various inputs including foreign exchange spot and forward rates, yield curves of the respective currencies, currency basis spreads between the respective currencies and interest rate curves.

Customer deposits

Fair values for customer deposits are calculated by reference to the current rates offered for deposits of similar remaining maturities. The fair value of a deposit repayable on demand is approximated by its carrying value.

Borrowings under BoE facilities

Fair value for borrowings under BOE facilities approximates to the carrying value because of low credit risk and frequent repricing to reflect market rates.

Subordinated debt and Intercompany borrowings

For subordinated debt and intercompany borrowings, fair value is calculated by discounting using market rates.

Fair value disclosures are not required for lease liabilities in accordance with IFRS 7.

13. Cash and cash equivalents

	Bank Group		Bank	
	2025 (£'000)	2024 (£'000)	2025 (£'000)	2024 (£'000)
Cash and balances at central bank	2,184,464	2,689,013	2,184,464	2,689,013
Balances held with other banks	96,776	80,632	90,607	75,477
Money market funds	187,492	124,007	187,492	124,007
Total	2,468,732	2,893,652	2,462,563	2,888,497

Cash and balances at central bank include £3.1 million accrued interest for 2025 (2024: £4.5 million).

14. Investment securities

	Bank Group and Bank	
	2025 (£'000)	2024 (£'000)
At amortised cost		
Long-term UK Gilts & Treasury bills	299,979	-
Senior tranches in CLOs	111,965	-
Investment securities at amortised cost	411,944	-
At FVOCI		
Short-term UK Gilts & Treasury bills	-	207,231
Money Market funds	187,492	124,007
Investment securities at FVOCI	187,492	331,238
Total	599,436	331,238

The long-term UK Gilts & treasury bills have maturity dates between 2030 to 2035. As at 31 December 2025, its carrying amount includes a cumulative fair value basis adjustment of £426k (2024: Nil), representing changes in its interest rate risk component and as a consequence of its designation as a hedged item in a qualifying fair value hedge (Note 16). Of these long-term gilts, £5m collateralised against the outstanding BOE Repo facilities (Note 22) and £10m are pledged with the London Clearing House as initial margin on derivative deals (2024: Nil).

The investment in CLOs have maturity dates between 2030 to 2040 and only includes highly rated AAA senior tranches which receive the highest priority within the underlying CLOs' waterfall structure.

The net mark to market through OCI for the short-term UK Gilts and money market funds was nil as at 31 December 2025 (2024: £11K). There was no market to market on money market fund. All the short-term UK Gilts & Treasury bills as at 31 December 2024 were collateralised against the then outstanding BOE TFSME borrowings. There were no BOE TFSME facility outstanding as at 31 December 2025 (Note 22).

No ECL loss allowance was recognised for the any of the investments in debt securities as at 31 December 2025 (2024: Nil).

15. Loans and advances to customers

	Bank Group		Bank	
	2025 (£'000)	2024 (£'000)	2025 (£'000)	2024 (£'000)
At amortised cost				
Gross carrying amount	4,842,435	4,415,179	4,835,520	4,412,419
Allowance for ECL	(19,206)	(22,079)	(17,565)	(22,079)
Loans and advances to customers at amortised cost	4,823,229	4,393,100	4,817,955	4,390,340
At FVTPL				
Gross carrying amount	67,741	-	67,741	-
Cumulative fair value adjustment	(1,096)	-	(1,096)	-
Loans and advances to customers at FVTPL	66,645	-	66,645	-
Total	4,889,874	4,393,100	4,884,600	4,390,340

Details on the ECL by staging of the loans is outlined within the Credit risk subsection: "ECL allowance assessment and impairment methodology" from [page 65](#) to [page 72](#).

16. Derivatives held for risk management

All disclosures within this section apply to both the consolidated and separate financial statements of the Bank Group and the Bank, respectively.

Bank Group and Bank 2025	Assets		Liabilities	
	Notional amount	Carrying amount	Notional amount	Carrying amount
	£'000	£'000	£'000	£'000
Instruments not designated in accounting hedging relationship				
Cross currency interest rate swaps	876,855	28,360	302,229	2,514
Instruments designated in cash flow hedge accounting relationship				
Interest rate swaps	1,307,747	1,408	1,100,000	224
FX forwards	18,979	87	35,262	305
Instruments designated in fair value hedge accounting relationship				
Interest rate swaps	1,652,900	3,062	295,940	3,852
Total	3,856,481	32,917	1,733,431	6,895
Accrued interest		825		1,003
Carrying amount of derivative financial instruments		33,742		7,898

Bank Group and Bank 2024	Assets		Liabilities	
	Notional amount	Carrying amount	Notional amount	Carrying amount
	£'000	£'000	£'000	£'000
Instruments not designated in accounting hedging relationship				
Cross currency interest rate swaps	100,247	1,397	348,055	7,015
Instruments designated in cash flow hedge accounting relationship				
Interest rate swaps	827,000	817	2,857,116	3,207
FX forwards	-	-	11,964	72
Instruments designated in fair value hedge accounting relationship				
Interest rate swaps	747,000	595	757,621	4,117
Total derivative financial instruments	1,674,247	2,809	3,974,756	14,411

Carrying amounts of derivative financial instruments in 2024 exclude accrued interests on derivative assets of £nil and accrued interests on derivative financial liabilities of £ 1,682k.

16.1 Cash flow hedge

Hedged risk- Interest rate risk

Instruments- Interest rate swap and FX forwards

16.1.1 Maturity profile and average price/rate of hedging instrument

Bank Group and Bank 2025	Up to 1 month	1-3 Months	3 months - 1 year	1 - 5 years	> 5 years	Total
Interest rate swaps						
Notional (£'000)	1,576,800	560,959	237,988	32,000	-	2,407,747
Average interest rate	4.118%	4.035%	3.906%	4.223%	-	4.079%
FX Forwards						
Notional (£'000))	-	-	-	54,241	-	54,241
Average USD/ GBP foreign exchange rate	-	-	-	1.349	-	1.349

Bank Group and Bank 2024	Up to 1 month	1-3 Months	3 months - 1 year	1 - 5 years	> 5 years	Total
Interest rate swaps						
Notional (£'000)	7,725	299,491	1,964,753	1,412,147	-	3,684,116
Average interest rate	4.716%	4.912%	4.339%	4.163%	-	4.319%
FX Forwards						
Notional (£'000))	996	1,993	8,975	-	-	11,964
Average USD/ GBP foreign exchange rate	1.255	1.254	1.254	-	-	1.254

16.1.2 Impact of the hedging instruments on the statement of financial position

Bank Group and Bank 2025	Notional amount (£'000)	Carrying amount (£'000)	Line item in statement of financial position	Fair value change for hedge effectiveness test (£'000)
Interest rate swaps	1,307,747	1,408	Derivative assets	579
	1,100,000	(224)	Derivative liabilities	3,326
FX Forwards	18,979	87	Derivative assets	169
	35,262	(305)	Derivative liabilities	(298)

Bank Group and Bank 2024	Notional amount (£'000)	Carrying amount (£'000)	Line item in statement of financial position	Fair value change for hedge effectiveness test (£'000)
Interest rate swaps	827,000	817	Derivative assets	(2,199)
	2,857,116	(3,207)	Derivative liabilities	(4,833)
FX Forwards	11,964	(72)	Derivative liabilities	(78)

16.1.3 Analysis of the cash flow hedge reserve from continuing and de-designated hedges

Bank Group and Bank Bank	2025 (£'000)	2024 (£'000)
Continuing		
Interest rate risk- floating rate assets	1,297	(2,505)
Interest rate risk- floating rate liabilities	-	-
FX risk- Foreign currency income	(315)	(73)
De-designated		
Interest rate risk- floating rate assets	(1,036)	(1,290)
Net book value as at 31 December	(54)	(3,868)

16.1.4 Change in fair value of hedging instruments used for measuring hedge ineffectiveness

Bank Group and Bank 2025	Total fair value change (£'000)	Effective portion- recognised in OCI (£'000)	Hedge ineffectiveness recognised in the income statement in profit or loss	Line item in profit or loss that includes hedge ineffectiveness	Reclassified into income statement into interest expenses
Interest rate swaps	3,904	3,802	102	Other gain or loss from financial instruments	(254)
FX Forwards	(129)	(241)	113	Other gain or loss from financial instruments	-

Bank Group and Bank 2024	Total fair value change (£'000)	Effective portion-recognised in OCI (£'000)	Hedge ineffectiveness recognised in the income statement in profit or loss	Line item in profit or loss that includes hedge ineffectiveness	Reclassified into income statement into Interest expenses
Interest rate swaps	(7,032)	(6,993)	(39)	Other gain or loss from financial instruments	(58)
FX Forwards	(78)	(73)	(5)	Other gain or loss from financial instruments	-

16.1.5 Reconciliation of cash flow hedge reserve by risk component

Bank Group and Bank 2025	2025 (£'000)	2024 (£'000)
As at 1 January	2,785	(2,261)
Effective portion of changes in fair value arising from interest rate and FX risk	(3,560)	7,066
Net amount reclassified to profit or loss (interest income)	(254)	(58)
of which due to hedged cash flows no longer occurring	-	-
of which when hedged item is affecting the income statement	(254)	(58)
Tax impact on above	1,068	(1,962)
As at 31 December	39	2,785

16.2 Fair value hedge

Hedged risk- Interest rate risk

Instrument- Interest rate swap

16.2.1 Maturity profile and average price/rate of hedging instrument

Bank Group and Bank 2025	Up to 1 month	1-3 Months	3 months - 1 year	1-5 years	> 5 years	Total
Notional (£'000)	96,600	279,300	1,097,000	297,188	178,752	1,948,840
Average interest rate	4.277%	4.006%	3.853%	3.748%	4.209%	3.913%

Bank Group and Bank 2024	Up to 1 month	1-3 Months	3 months - 1 year	1-5 years	> 5 years	Total
Notional (£'000)	95,498	333,123	839,000	87,000	150,000	1,504,621
Average interest rate	5.039%	5.006%	4.562%	4.296%	3.544%	4.574%

16.2.2 Impact of the hedging instruments on the statement of financial position

Bank Group and Bank 2025	Notional amount (£'000)	Carrying amount (£'000)	Line item in statement of financial position	Change in fair value used for measuring ineffectiveness for the period (£'000)
Interest rate swaps	1,652,900	3,062	Derivative assets	5,196
	295,940	(1,821)	Derivative liabilities	(465)

Bank Group and Bank 2024	Notional amount (£'000)	Carrying amount (£'000)	Line item in statement of financial position	Change in fair value used for measuring ineffectiveness for the period (£'000)
Interest rate swaps	747,000	595	Derivative assets	686
	757,621	(4,117)	Derivative liabilities	(2,754)

16.2.3 Change in fair value of hedging instruments used for measuring hedge ineffectiveness

Bank Group and Bank 2025	Ineffectiveness recognised in profit or loss (£'000)	Line item in profit or loss that includes hedge ineffectiveness
Interest rate swaps	276	Other gain or loss from financial instruments

Bank Group and Bank 2024	Ineffectiveness recognised in profit or loss (£'000)	Line item in profit or loss that includes hedge ineffectiveness
Interest rate swaps	18	Other gain or loss from financial instruments

16.2.4 Impact of hedged items on the statement of financial position

Bank Group and Bank 2025	Carrying amount (£'000)	Accumulated fair value adjustments (£'000)	Line item in statement of financial position	Change in fair value used for measuring ineffectiveness for the period (£'000)	Impact on hedged items ceased to be adjusted for hedging gains or losses (£'000)
Long-term UK Gilts and Treasury bills	(299,979)	426	Investment securities	426	-
Fixed rate customer deposits	1,503,686	(1,342)	Customer deposits	(1,311)	-
Tier 2 subordinated debt	188,076	(1,146)	Tier 2 subordinated debt	(3,570)	-

Bank Group and Bank 2024	Carrying amount (£'000)	Accumulated fair value adjustments (£'000)	Line item in statement of financial position	Change in fair value used for measuring ineffectiveness for the period (£'000)	Impact on hedged items ceased to be adjusted for hedging gains or losses (£'000)
Fixed rate customer deposits	1,362,665	(31)	Customer deposits	(31)	-
Tier 2 subordinated debt	180,949	2,175	Tier 2 subordinated debt	2,117	-

16.3 Instrument- Cross currency interest rate swap

16.3.1 Maturity profile and average price/rate of hedging instrument

Bank Group and Bank 2025	Up to 1 month	1-3 Months	3 months - 1 year	1 - 5 years	> 5 years	Total
Notional (£'000)-USD CCIRS	18,942	34,377	101,143	872,737	-	1,027,199
Average USD/GBP foreign exchange rate	1.267	1.236	1.259	1.318	-	1.308
Notional (£'000)-EUR CCIRS	-	-	-	151,885	-	151,885
Average interest rate	-	-	-	1.146	-	1.146

Bank Group and Bank 2025	Up to 1 month	1-3 Months	3 months - 1 year	1 - 5 years	> 5 years	Total
Notional (£'000))	-	20,347	47,643	368,212	12,100	448,302
Average USD/GBP foreign exchange rate	-	1.268	1.254	1.271	1.289	1.270

16.3.2 Reconciliation of cost of hedging reserve by risk component

Bank Group and Bank Bank	2025 (£'000)	2024 (£'000)
As at 1 January	-	56
Changes in fair value of the cross-currency basis spread in relation to time-period related hedged items during the period	-	-
Amortisation to profit or loss of changes in fair value of cross currency basis spread in relation to time-period related hedged items	-	-
Reclassified to profit or loss on discontinuation of hedge accounting on cross currency interest rate swaps	-	(78)
Tax impact on above	-	22
As at 31 December	-	-

17. Leases

17.1 ROU asset movement analysis

Bank Group and Bank	2025 (£'000)	2024 (£'000)
Cost		
As at 1 January	4,097	3,371
Additions	1,628	342
Modifications and remeasurements	-	384
As at 31 December	5,725	4,097
Accumulated depreciation		
As at 1 January	1,774	1,113
Charge for the year	749	661
As at 31 December	2,523	1,774
Net book value as at 31 December	3,202	2,323

17.2 Lease liabilities

Bank Group and Bank	2025 (£'000)	2024 (£'000)
Within one year	1,209	1,030
1 to 5 years	2,366	2,994
After 5 years	1,000	-
Total	4,575	4,024

17.3 Amounts recognised in the statement of profit or loss

Bank Group and Bank	2025 (£'000)	2024 (£'000)
Depreciation charge of ROU assets	749	661
Interest on lease liabilities	379	556
Expense relating to short term leases	41	101
Expense relating to low-value leases	367	350
Total	1,536	1,668

17.4 Amounts presented in the statement of cash flows

Bank Group and Bank	2025 (£'000)	2024 (£'000)
Total cash outflows for leases (principal payment)	1,077	852
Total cash outflows for leases (interest payment)	379	556

18. Intangible assets

Bank Group and Bank 2025	Purchased Software (£'000)	Internally developed Software (£'000)	Total (£'000)
Cost			
As at 1 January 2025	-	11,974	11,974
Additions	759	7,074	7,833
Write-off and disposals	-	-	-
As at 31 December 2025	759	19,048	19,807
Accumulated amortisation			
At 1 January 2025	-	3,007	3,007
Charge for the year	-	2,562	2,562
Write-off and disposals	-	-	-
As at 31 December 2025	-	5,569	5,569
Net book value as at 31 December 2025	759	13,479	14,238

Bank Group and Bank 2024	Purchased Software (£'000)	Internally developed Software (£'000)	Total (£'000)
Cost			
As at 1 January 2024	-	6,695	6,695
Additions	-	5,279	5,279
Write-off and disposals	-	-	-
As at 31 December 2024	-	11,974	11,974
Accumulated amortisation			
At 1 January 2024	-	1,056	1,056
Charge for the year	-	1,951	1,951
Write-off and disposals	-	-	-
As at 31 December 2024	-	3,007	3,007
Net book value as at 31 December 2024	-	8,967	8,967

The internally developed software includes banking platforms for OakNorth's loans and deposit customers. The remaining useful life of the Intangible assets at year ended 31 December 2025 was 3.6 years (2024: 2.7 years).

19. Goodwill

Bank Group and Bank	2025 (£'000)	2024 (£'000)
As at 1 January	11,647	11,647
Additions	-	-
Disposals	-	-
Impairment	-	-
As at 31 December	11,647	11,647

For impairment testing, Goodwill is allocated to CGU, which is identified as Bank's subsidiary. The recoverable amount for CGU was determined by a value in use (VIU) calculation. The VIU calculation is based on management plan which covers the three-year period from 2026 to 2028 inclusive. The management plan is developed based on historical trends, prevailing market conditions, and the company's business strategy, incorporating the best estimate of future performance. It includes commercially sensitive assumptions, such as income growth rates, cost of sales projections, and expenditure forecasts over the planning period, ensuring a comprehensive and forward-looking approach.

Three years of forecast cash flows (post-tax profits) are included in the discounted cash flow model. A terminal value growth rate of 1% is then applied into perpetuity to extrapolate cash flows beyond the cash flow period (2024: 1%). A discount rate of 10% (pre-tax) and 7.5% (post-tax) (2024: 10% pre-tax and 7.5% post-tax) has been used for the VIU calculation which reflects Bank's incremental borrowing rate.

The VIU is most sensitive to changes in the projected profitability per the management plan and the discount rate. If adjusted independently of all other variables, reasonable changes to the assumption in either of these factors would not cause the recoverable amount of the CGU to fall below its carrying amount.

20. Other assets

	Bank Group		Bank	
	2025 (£'000)	2024 (£'000)	2025 (£'000)	2024 (£'000)
Other financial assets at amortised cost				
Deposits with other parties	558	529	474	444
Collateral assets for derivatives	5,817	33,328	5,817	33,328
Other receivables	12,464	11,884	638	3,003
Total other financial assets at amortised cost	18,839	45,741	6,929	36,775
Prepayments	3,637	3,177	3,512	3,069
Other assets	133	(1,862)	132	(1,862)
Total	22,609	47,056	10,573	37,982

Other assets mainly include funds received for loans pending appropriation as at the end of the reporting year, which have been subsequently settled.

Bank Group's other receivables are stated net of loss allowance of £8.3 million (2024: £4.4 million). There is no loss allowance for the Bank's other receivables as at 31 December 2025 (2024: Nil).

21. Customer deposits

Bank Group and Bank	2025 (£'000)	2024 (£'000)
Notice and term deposits	4,793,964	2,941,309
Withdrawable deposits (Easy access, ISAs & current accounts)	1,717,942	3,161,706
Cumulative fair value basis adjustment	1,342	31
Total	6,513,248	6,103,046

The cumulative fair value basis adjustment represents changes in interest rate risk component associated with the amortised cost instrument designated as a hedged item in a qualifying fair value hedge. This basis adjustment is recognised directly in profit or loss, offset by changes in the fair value of its designated hedging instrument (Note 16).

22. Borrowings under BoE facilities

Bank Group and Bank	2025 (£'000)	2024 (£'000)
BoE Term Funding Scheme		
Principal	-	200,000
Accrued interest	-	2,445
	-	202,445
BoE Indexed Long-Term Repo Facility		
Principal	5,000	-
Accrued interest	31	-
	5,031	-
Total borrowings under BoE facilities	5,031	202,445

During 2025, OakNorth entered into various BOE facilities, including a £10m short-term repo (STR) facility which has a maturity of 7 days and has been fully paid prior to 31 December 2025, and the indexed long-term repo facility (ILTR) which has a maturity of 6 months. £5m of the Bank's outstanding long-term UK gilts as at 31 December 2025 are collateralised against these repo loan facilities (2024: Nil).

Bank of England's (BoE) Term Funding scheme for SME (TFSME) facility was fully settled in October 2025. All of OakNorth's short-term UK Gilts & Treasury Bills portfolio as at 31 December 2024 (Note 14) were collateralised against the TFSME borrowings prior to their settlement.

All of the BOE facilities have interest repayments linked to the BoE base rate, which was 375 bps in 2025 (2024: 475 bps).

There were no payment defaults or other breaches with respect to any of its borrowings under the above BoE facilities during the year ended 31 December 2025 (2024: Nil).

23. Trade and other payables

	Bank Group		Bank	
	2025 (£'000)	2024 (£'000)	2025 (£'000)	2024 (£'000)
Trade creditors and accruals	16,240	20,530	15,475	18,859
Collateral liabilities for derivatives	16,225	-	16,225	-
Payroll taxes and social security	2,835	2,295	1,900	1,846
Payable to group entities - Corporation tax on group losses	258	110	258	110
Total	35,558	22,935	33,858	20,815

Payable to group entities in respect of passthrough of tax credit arise from the surrender of tax losses to the Bank as part of the UK Corporation Tax Group.

24. Other liabilities

	Bank Group		Bank	
	2025 (£'000)	2024 (£'000)	2025 (£'000)	2024 (£'000)
Lease liabilities (Note 17)	4,575	4,024	4,575	4,024
Unamortised fees on undrawn loan commitments	7,211	4,897	7,211	4,897
Interest reserves maintained pursuant to lending agreements	14,174	11,945	14,161	11,945
Other liabilities	3,540	285	3,541	285
Provision on undrawn loan commitments	542	238	542	238
Total	30,042	21,389	30,030	21,389

Other liabilities mainly include funds received for deposits pending appropriation as at the end of the reporting year, which have been subsequently settled.

The expected credit loss allowance on undrawn loan commitments is calculated in accordance with the policies as outlined within the Credit risk subsection: "ECL allowance assessment and impairment methodology" from [page 65](#) to [page 72](#).

25. Tier 2 subordinated debt

Bank Group and Bank	2025 (£'000)	2024 (£'000)
Subordinated debt instrument	180,000	180,000
Accrued interest and unamortised debt issue cost	6,930	3,124
Cumulative fair value basis adjustment	1,146	(2,175)
Total	188,076	180,949

In December 2023, the Bank issued 10-year £30.0 million subordinated notes with coupon of 12.987%. The notes are callable at the option of OakNorth in March 2029 and mature in March 2034. Subsequently, in October 2024, the Bank issued another 10-year £150.0 million subordinated notes with coupon of 10%. The notes are callable at the option of OakNorth in January 2030 and mature in January 2035. The instruments are non-convertible and there are no contractual write-down features. Write-down can only be triggered at point of non-viability under the Banking Act.

There were no payment defaults or other breaches with respect to its subordinated liabilities during the year ended 31 December 2025 (2024: Nil).

The cumulative fair value basis adjustment represents changes in interest rate risk component associated with the amortised cost instrument designated as a hedged item in a qualifying fair value hedge. This basis adjustment is recognised directly in profit or loss, offset by changes in the fair value of its designated hedging instrument (Note 16).

26. Called up share capital

Bank Group and Bank	2025 (£'000)	2024 (£'000)
Authorised, allotted, called up and fully paid		
Ordinary shares at £1 par value	389,320	389,320
Movement during the year		
As at 1 January 2024	389,320	389,320
Issue of shares during the year	-	-
As at 31 December 2024	389,320	389,320
Issue of shares during the year	-	-
As at 31 December 2025	389,320	389,320

OakNorth only has fully paid-up ordinary shares in issue. There are no restrictions in the articles on distribution of dividends or repayment of capital- however these are subject to regulatory approvals from the PRA.

27. Retained earnings

	Bank Group		Bank	
	2025 (£'000)	2024 (£'000)	2025 (£'000)	2024 (£'000)
Brought forward as at 1 January	625,420	487,565	620,615	484,309
Profit during the year	165,211	159,334	158,950	156,306
Payment of dividend to Parent	(120,000)	(20,000)	(120,000)	(20,000)
Non-Controlling Interest share in profits	(3,124)	(1,511)	-	-
Unwinding of investment in group entities ¹	-	32	-	-
As at 31 December	667,507	625,420	659,565	620,615

¹ The unwinding of A.S.K Partners Limited's investment in its group entities led to an increase of nil (2024: £32k) in retained earnings, as reflected in the statement of changes in equity. This adjustment represents the realised gain arising from the unwinding of the investment.

The retained earnings form part of the distributable reserves of OakNorth Bank Group and OakNorth Bank Plc.

28. Investment in subsidiaries

The table below summarises OakNorth Bank's subsidiary holdings as at 31 December.

Bank	Principal place of business/ Country of incorporation	Bank's ownership interest	
		2025 (in %)	2024 (in %)
A.S.K Partners Limited	35 Harley Street London W1G 9QU, United Kingdom	50.1%	50.1%
ONB Lendco 1 Limited	57 Broadwick Street, Soho, London W1F 9QS, United Kingdom	-	100%

All of the subsidiary's transactions and balances have been included in the Bank Group's consolidated financial statements. ONB Lendco 1 Limited was fully liquidated in November 2025.

29. Notes to statement of cash flows

29.1 Adjustments to profit before tax for non-cash items

	Note	Bank Group		Bank	
		2025	2024	2025	2024
		£'000	£'000	£'000	£'000
Depreciation and amortisation	17, 18	3,572	2,659	3,538	2,628
Fair value gain on loans to customers at FVTPL	5	(946)	-	(946)	
Loss on loan modifications	5	422	2,108	422	2,108
Ineffective portion of derivatives held for risk management	5	477	638	477	638
Charge/(reversal) for provision for credit impairment losses	9	91	(4,427)	(1,550)	(4,427)
Provision for other assets	9	3,848	3,518	-	-
Interest income on Short-term UK Gilts and treasury bills at FVOCI	3	(7,572)	(12,101)	(7,572)	(12,101)
Interest income from Long-term UK Gilts and treasury bills at amortised cost	3	(5,147)	-	(5,147)	-
Interest income from CLOs at amortised cost	3	(313)	-	(313)	-
Interest expense on borrowings under BoE facilities	3	6,668	10,244	6,668	10,244
Interest expense on subordinated debt	3	18,891	7,370	18,891	7,370
Interest expense on intercompany borrowings	3	279	547	279	547
Interest expense on lease liabilities	17	379	556	379	556
Share-based payment to employees		58	27	58	27
Total		20,707	11,139	15,184	7,590

29.2 Net change in other assets and liabilities

	Note	Bank Group		Bank	
		2025	2024	2025	2024
		£'000	£'000	£'000	£'000
Net change in prepayments and other assets		20,603	1,545	27,409	6,935
Net change in trade and other payables		12,476	3,253	12,896	2,818
Net change in other liabilities		8,106	(133)	8,092	(97)
Total		41,185	4,665	48,397	9,656

30. Related party transactions

30.1 Controlling party

The Bank is a wholly owned subsidiary of OakNorth Holdings Limited, a limited company incorporated in Jersey, with registered office at Ordnance House, 31 Pier Road, St. Helier, Jersey JE4 8PW. The Bank's immediate and ultimate controlling party is OakNorth Holdings Limited.

30.2 Transactions and balances

Bank Group and Bank	Net payments to/ (recharges from)	Balance due to/(by)	Intercompany deposits/ borrowings (net movement)
2025	£'000	£'000	£'000
Immediate and ultimate parent			
OakNorth Holdings Limited	120,140	49	57,324
Subsidiary			
A.S.K Partners Limited	(219)	(31)	-
Entities under common control			
OakNorth Global Private Limited	22,139	2,049	170
OakNorth (India) Private Limited	523	39	-
OakNorth (UK) Limited	1,800	56	(5,140)
OakNorth International (UK) Limited	166	60	(2,149)
OakNorth Global (US) Inc.	7	-	(222)
OakNorth Americas (US) Inc.	324	(21)	177
OakNorth (Jersey) Limited	15	14	37
OakNorth Ventures Limited	(106)	65	-

Bank Group and Bank	Net payments to/ (recharges from)	Balance due to/(by)	Intercompany deposits/ borrowings (net movement)
2024	£'000	£'000	£'000
Immediate and ultimate parent			
OakNorth Holdings Limited	20,957	(38)	(18,096)
Subsidiary			
A.S.K Partners Limited	(261)	(19)	-
Entities under common control			
OakNorth Global Private Limited	23,660	1,557	133
OakNorth (India) Private Limited	544	47	-
OakNorth (UK) Limited	14,791	(1,297)	9,322
OakNorth International (UK) Limited	660	31	3,855
OakNorth Global (US) Inc.	(52)	(459)	(7,398)
OakNorth Americas (US) Inc.	433	24	-
OakNorth Finance Limited	-	-	(42)
OakNorth (Jersey) Limited	2	-	35
Fluidly Limited	7	-	-

Amounts outstanding with OakNorth Holdings and subsidiaries under common control as at 31 December:

Bank Group and Bank	2025 (£'000)	2024 (£'000)
OakNorth Holdings Limited		
Deposits placed	74,251	18,286
Intercompany borrowings	5,940	4,024
Equity holding	389,320	389,320
OakNorth Global (US) Inc		
Intercompany borrowings	-	235
OakNorth Global Private Limited, India		
Deposits placed	1,229	1,034
OakNorth (UK) Limited		
Deposits placed	5,146	10,078
OakNorth (Jersey) Limited		
Deposits placed	-	37
OakNorth International (UK) Limited		
Deposits placed	1,770	34
Intercompany borrowings	65	4,087
OakNorth Americas (US) Inc.		
Intercompany borrowings	2	-

Other off balance sheet items: As at 31 December 2025, OakNorth Bank has provided £52.8 million uncommitted loan facilities to A.S.K Partners Limited (2024: £14.8 million).

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No provisions have been made for doubtful debts in respect of the amounts owed by related parties.

30.3 Key management personnel compensation

OakNorth's key management personnel comprises OakNorth's Executive Leadership Team, including its Board of Directors.

Bank Group and Bank	2025 (£'000)	2024 (£'000)
Short-term employee benefits	8,211	8,891
Post-employment benefits	31	11
Long-term benefits	419	403
Termination benefits	-	-
Share-based payments	8	15
	8,669	9,320

As at 31 December 2025, key management personnel and their close family members had placed £892k of deposits with OakNorth Bank (2024: £699k).

There were no loans, credits or guarantees issued to OakNorth's key management personnel, including directors during the year (2024: Nil). The share-based payments provided to key management personnel consist of equity-settled options.

30.4 Directors' remuneration and transactions

Bank Group and Bank	2025 (£'000)	2024 (£'000)
Directors' remuneration		
Emoluments ¹	4,704	5,671
Share-based payment	2	11
Other taxable benefits	111	89
Net amount expensed to profit or loss	4,817	5,771
Remuneration of highest paid Director:		
Emoluments	1,891	2,676
Other taxable benefits	87	69
Net amount expensed to profit or loss	1,978	2,745

¹ £13.87K was paid for two directors to whom, retirement benefits are accruing under money purchase pension schemes in respect of qualifying services (2024: £2.3K paid for one director)

The remunerations above reflect amounts reported for OakNorth's key management personnel, including directors, net of any cost recharges for time spent on other group companies. In 2025, no share-based payments were granted to the Directors (2024: Nil shares), and no shares were forfeited during the year (2024: Nil shares). The expense recognised is allocated over the vesting period.

31. Contingent liabilities and commitments

As on 31 December 2025, OakNorth had undrawn loan commitments outstanding for £644.2 million (2024: £504.2 million). OakNorth also had £1,615.2 million of uncommitted facilities outstanding as at 31 December 2025 (2024: £1,236.3 million). This excludes £52.8 million uncommitted facility provided to A.S.K Partners Limited (2024: £14.8 million). OakNorth had no other contingent liabilities as on 31 December 2025 (2024: Nil). OakNorth allows for drawdowns under property development facilities only where our monitoring surveyor has verified the costs and progress of the development as well as the provision of any other condition precedent for drawdown. For other business lending, OakNorth always stipulates conditions precedent for drawdown.

32. Post balance sheet events

The Board approved a £45 million dividend payment to the Bank's ordinary shareholders on 5 March 2026.



OakNorth

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