



**Northern Trust (Guernsey) Limited**

**Directors' Report and Financial Statements**

**For the year ended 31 December 2025**

---

**Company Information**

<b>Directors</b>	L. Barnett N. Gilbert N. Leale D. Sauvarin A. Tautscher
<b>Company secretary</b>	T. Clarke (resigned 25 March 2025) K. Lenfestey (appointed 25 March 2025)
<b>Registered number</b>	2651
<b>Registered office</b>	P.O. Box 71 Trafalgar Court Les Banques St Peter Port Guernsey GY1 3DA
<b>Independent Auditor</b>	KPMG Audit Limited (formerly KPMG Channel Islands Limited) Gategny Court Gategny Esplanade St Peter Port Guernsey GY1 1WR

---

**Contents**

	Page
<b>Directors' Report</b> (does not form part of the statutory financial statements)	1 - 2
<b>Directors' Responsibilities Statement</b> (does not form part of the statutory financial statements)	3
<b>Independent Auditor's Report</b>	4 - 6
<b>Profit and Loss Account</b>	7
<b>Statement of Comprehensive Income</b>	8
<b>Balance Sheet</b>	9
<b>Statement of Changes in Equity</b>	10
<b>Notes to the Financial Statements</b>	11 - 45
The following pages do not form part of the statutory financial statements:	
<b>Statement of Financial Resources</b>	46

---

## Directors' Report For the Year Ended 31 December 2025

The Directors are pleased to present their report and the Financial Statements for the year ended 31 December 2025.

### Principal activity

Northern Trust (Guernsey) Limited ("NTGL" or the "Company") carries on the business of banking and related financial services (including custody and depository activities). In the normal course of business, the Company holds assets in a fiduciary or agency capacity for its clients. In accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"), the assets are not those of the Company and are not included in its balance sheet.

### Dividends paid

There were no dividends paid in the year under review (2024: £Nil).

### Results

The Profit and Loss Account for the year is set out on page 7.

### Directors

The Directors who served during the year and up to the date of signing were:

- L. Barnett
- C. Bellows (resigned 18 February 2026)
- D. Dyke (resigned 24 February 2026)
- N. Gilbert
- N. Leale
- D. Sauvarin
- A. Tautscher

### Strategic priorities

Our strategy remains aligned with the Northern Trust Corporation's (the "Group") One Northern Trust approach, which provides a disciplined and integrated framework to support sustainable performance. Consistent with this ethos, our strategic objective is to remain a trusted financial partner to our clients by delivering high-quality banking, custody, credit and depository services, underpinned by strong risk management, operational resilience and financial discipline.

Our strategy is structured around three interdependent pillars:

- **Optimising growth**, focusing on selectively deepening relationships within defined client segments, enhancing our client experience and pursuing scalable, sustainable organic growth aligned to our core capabilities and target markets;
- **Driving financial performance**, achieved through continued productivity improvements, operating model evolution and the increasing use of technology and automation to enhance efficiency, consistency and accountability; and
- **Strengthening resiliency and managing risk**, which remains fundamental, with ongoing investment in controls, governance and technology infrastructure to maintain financial strength, regulatory confidence and operational stability.

Together, these pillars support the Company's leading local market position, enable effective leverage of the Group's global operating model and position the Company to deliver consistent performance and long-term value in an evolving operating environment.

### Climate change

Climate risk continues to be an evolving strategic risk for the Company. The Group defines climate risk as "the negative impacts of climate change on an organisation that manifest through physical and transition channels". **Physical channels** include acute climate events such as floods, hurricanes, and wildfires which may disrupt operations, resilience capabilities and the valuation of assets. Over time, chronic climate events such as rising sea levels and temperature shifts may affect asset valuations, insurance coverage, and client creditworthiness. **Transition risks** may result from shifts in policy, technology, and market preferences toward a lower-carbon economy and can impact asset valuations, core costs and client demand. Regulatory expectations, government policy and stakeholder scrutiny can increase compliance costs and reputational exposure.

The Company actively seeks to mitigate the impact of climate-related risks through its enterprise risk management framework. A dedicated Climate and Sustainability Risk Unit has been established within the Group Risk Management function to monitor, oversee and take account of the increasing impact that climate change has, or may in the future have, on financial risk, non-financial risk, and regulatory compliance across the globe. This function is led by the Chief Climate and Sustainability Risk Officer, reporting to the Chief Risk Officer. Methodologies and data are being used to conduct more robust climate-related risk analyses to help ensure that the Group and the Company meet the expectations of stakeholders, including clients, suppliers, counterparties and external agencies.

---

**Directors' Report**  
**For the Year Ended 31 December 2025 (continued)**

**Strategic priorities (continued)**

The Company has acknowledged that climate change poses a potential systemic risk, which if not managed properly could lower asset prices, disrupt general economic activity, as well as impact our business and operations. Management is committed to increasing transparency on the management of sustainability risks, inclusive of climate-related risks and opportunities.

**Financial performance**

The Company posted a profit for the year of £12.5m (2024: £9.8m) with net interest income £2.7m lower and fees and commission income £0.55m higher than the previous year. Administrative expenses were £65m (2024: £71.1m) for the year.

The customer deposits balance decreased to £2,304m (2024: £2,321m) and customer loans increased to £188m (2024: £73m) at the end of the year. Total capital and reserves stood at £262m (2024: £250m).

**Going concern**

The Company's Board monitors capital and liquidity requirements for the Company and risk management framework in relation to risks faced by the Company including its going concern status on a regular basis.

The Company's business activities are set out in the Principal Activity section above and other factors likely to affect its future development and position are outlined within the Strategic Priorities. The Company has made a profit of £12.5m (2024: £9.8m) and is projected to continue to generate profits in the medium term. Consideration has been given to the financial position of the Company's ultimate parent Northern Trust Corporation, as reported in quarterly earnings releases and the annual Internal Capital Adequacy Assessment Process ("ICAAP") presented to the Directors.

On the basis of their assessment of the Company's financial position and assurance from the Group that it expects to support the Company's liquidity and funding needs, the Company's Directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future. The Directors have therefore agreed to adopt the going concern basis of accounting in preparing the annual financial statements.

**Disclosure of information to the auditor**

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- so far as the Directors are aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the Directors have taken all the steps that ought to have been taken as Directors in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

**Independent Auditor**

On 1 October 2025, KPMG Channel Islands Limited changed its name to KPMG Audit Limited. KPMG Audit Limited will be proposed for reappointment in accordance with the Companies (Guernsey) Law, 2008. This report was approved by the board and signed on its behalf on 25 March 2026.



**N. Leale**  
Director



**N. Gilbert**  
Director

---

**Directors' Responsibilities Statement  
For the Year Ended 31 December 2025**

The Directors are responsible for preparing the Directors' Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the Financial Statements in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework and applicable law.

The Financial Statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy, at any time, the financial position of the Company and enable them to ensure that the financial statements comply with the Companies (Guernsey) Law, 2008, The Banking Supervision (Bailiwick of Guernsey) Law, 2021 and the Protection of Investors (Bailiwick of Guernsey) Law, 2020. Further, they are responsible for ensuring that the Company complies with the applicable financial resources requirement under The Licensees (Capital Adequacy) Rules, 2022 and The Licensees (Conduct of Business) Rules 2021. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information relating to the Bank included on the Company's website, and for the preparation and dissemination of the Bank's financial statements. Legislation in Guernsey governing the preparation and dissemination of financial statements may differ from legislation in different jurisdictions.

---

**Independent Auditor's Report to the Members of Northern Trust (Guernsey) Limited*****Our opinion is unmodified***

We have audited the financial statements of Northern Trust (Guernsey) Limited (the "Company"), which comprise the Balance Sheet as at 31 December 2025, the Profit and Loss Account, the Statement of Comprehensive Income, and the Statement of Changes in Equity for the year then ended, and notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying financial statements:

- give a true and fair view of the financial position of the Company as at 31 December 2025, and of the Company's financial performance for the year then ended;
- are prepared in accordance with United Kingdom accounting standards, including FRS 101 Reduced Disclosure Framework;
- comply with the Companies (Guernsey) Law, 2008; and
- have been properly prepared in accordance with The Banking Supervision (Bailiwick of Guernsey) Law, 2020.

***Basis for opinion***

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including FRC Ethical Standards. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

***Going concern***

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements (the "going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate; and
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

***Fraud and breaches of laws and regulations - ability to detect******Identifying and responding to risks of material misstatement due to fraud***

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- enquiring of management as to the Company's policies and procedures to prevent and detect fraud as well as enquiring whether management have knowledge of any actual, suspected or alleged fraud;
- reading minutes of meetings of those charged with governance; and
- using analytical procedures to identify any unusual or unexpected relationships.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because the Company's revenue streams are simple in nature with respect to accounting policy choice, and are easily verifiable to external data sources or agreements with little or no requirement for estimation from management. We did not identify any additional fraud risks.

We performed procedures including

- Identifying journal entries and other adjustments to test based on risk criteria and comparing any identified entries to supporting documentation; and
- incorporating an element of unpredictability in our audit procedures.

---

**Independent Auditor's Report to the Members of Northern Trust (Guernsey) Limited (continued)***Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations*

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our sector experience and through discussion with management (as required by auditing standards), and from inspection of the Company's regulatory and legal correspondence, if any, and discussed with management the policies and procedures regarding compliance with laws and regulations. As the Company is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

The Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

The Company is subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or impacts on the Company's ability to operate. We identified financial services regulation as being the area most likely to have such an effect, recognising the regulated nature of the Company's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

*Context of the ability of the audit to detect fraud or breaches of law or regulation*

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remains a higher risk of non-detection of fraud, as this may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

**Other information**

The directors are responsible for the other information. The other information comprises the information included in the directors' report but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

***We have nothing to report on other matters on which we are required to report by exception***

We have nothing to report in respect of the following matters where the Companies (Guernsey) Law, 2008 requires us to report to you if, in our opinion:

- the Company has not kept proper accounting records; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations, which to the best of our knowledge and belief are necessary for the purpose of our audit.

**Respective responsibilities***Directors' responsibilities*

As explained more fully in their statement set out on page 3, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; 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; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

---

**Independent Auditor's Report to the Members of Northern Trust (Guernsey) Limited (continued)**

*Auditor's responsibilities*

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

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

***The purpose of this report and restrictions on its use by persons other than the Company's members, as a body***

This report is made solely to the Company's members, as a body, in accordance with section 262 of the Companies (Guernsey) Law, 2008. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

***Report on Regulatory Requirements***

We have examined the statement of financial resources set out on page 46 and in our opinion the financial resources requirement specified in Part 2 of the Licensees (Capital Adequacy) Rules and Guidance, 2021 was satisfied at 31 December 2025.

*KPMG Audit Limited*

**KPMG Audit Limited**

*Chartered Accountants*

*Guernsey*

25 March 2026

**Profit and Loss Account**  
**For the Year Ended 31 December 2025**

	Note	2025 £	2024 £
Interest income	3	<b>93,063,450</b>	113,476,666
Interest expense	4	<b>(33,773,030)</b>	(51,499,136)
<b>Net interest income</b>		<b>59,290,420</b>	61,977,530
Fees and commission income	5	<b>19,898,568</b>	19,350,309
Other operating income	6	<b>246,557</b>	401,002
Administrative expenses	7	<b>(64,955,791)</b>	(71,085,454)
<b>Profit before taxation</b>		<b>14,479,754</b>	10,643,387
Tax on profit	9	<b>(1,950,601)</b>	(811,880)
<b>Profit for the year</b>		<b>12,529,153</b>	9,831,507

The notes on pages 11 to 45 form part of these financial statements.

**Statement of Comprehensive Income**  
**For the Year Ended 31 December 2025**

	2025	2024
Note	£	£
Profit for the year	<u>12,529,153</u>	<u>9,831,507</u>
<b>Other comprehensive income:</b>		
<b>Items that will not be reclassified to profit or loss:</b>		
Actuarial gain on defined benefit schemes	27 <b>390,915</b>	3,044,943
Return on defined pension scheme assets	27 <b>(234,823)</b>	<b>(3,000,765)</b>
	<u>156,092</u>	44,178
Tax relating to components of other comprehensive income	9 <b>(12,945)</b>	<b>(3,615)</b>
<b>Other comprehensive income net of tax</b>	<u><b>143,147</b></u>	<u>40,563</u>
<b>Total comprehensive income for the year</b>	<u><u><b>12,672,300</b></u></u>	<u><u>9,872,070</u></u>

The notes on pages 11 to 45 form part of these financial statements.

**Balance Sheet**  
**As at 31 December 2025**

	Note	2025 £	2024 £
<b>Assets</b>			
Cash and cash equivalents		27,705,100	49,635,782
Loans and advances to group banks	11	2,533,357,176	2,574,156,897
Loans and advances to customers	12	187,574,309	72,804,875
Derivative assets	13	35,786,643	95,871,384
Prepayments and accrued income	14	6,949,077	6,837,435
Corporation tax recoverable		-	1,695,315
Deferred tax asset	10	833,239	1,059,385
Other assets	15	12,483,360	12,615,074
Tangible fixed assets	16	5,678,197	6,906,224
Intangible assets	17	-	231
Investment in subsidiary	18	100	100
<b>Total assets</b>		<b>2,810,367,201</b>	<b>2,821,582,702</b>
<b>Liabilities</b>			
Deposits by group affiliates		177,793,963	124,836,794
Deposits by customers	19	2,304,467,729	2,320,980,556
Corporation tax payable		1,243,532	-
Deferred tax liability	10	1,114,273	1,330,795
Other liabilities	20	23,542,248	24,501,332
Derivative liabilities	13	35,798,142	95,859,761
Provisions	21	2,368,173	2,350,566
Accruals	22	1,801,329	2,157,386
<b>Total liabilities</b>		<b>2,548,129,389</b>	<b>2,572,017,190</b>
<b>Equity</b>			
Called up share capital	23	10,000,000	10,000,000
Retained earnings		252,237,812	239,565,512
<b>Total equity</b>		<b>262,237,812</b>	<b>249,565,512</b>
<b>Total liabilities and equity</b>		<b>2,810,367,201</b>	<b>2,821,582,702</b>

The notes on pages 11 to 45 form part of these financial statements.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 25 March 2026.



**N. Leale**  
Director



**N. Gilbert**  
Director

**Statement of Changes in Equity  
For the Year Ended 31 December 2025**

	Called up share capital £	Profit and loss account £	Total equity £
At 1 January 2025	10,000,000	239,565,512	249,565,512
<b>Comprehensive income for the year</b>			
Profit for the year	-	12,529,153	12,529,153
Actuarial gain on defined benefit scheme	-	390,915	390,915
Return on defined pension scheme assets	-	(234,823)	(234,823)
Tax relating to components of other comprehensive income	-	(12,945)	(12,945)
<b>Other comprehensive income for the year</b>	-	143,147	143,147
<b>Total comprehensive income for the year</b>	-	12,672,300	12,672,300
<b>At 31 December 2025</b>	<b>10,000,000</b>	<b>252,237,812</b>	<b>262,237,812</b>

**Statement of Changes in Equity  
For the Year Ended 31 December 2024**

	Called up share capital £	Profit and loss account £	Total equity £
At 1 January 2024	10,000,000	229,693,442	239,693,442
<b>Comprehensive income for the year</b>			
Profit for the year	-	9,831,507	9,831,507
Actuarial gain on defined benefit scheme	-	3,044,943	3,044,943
Return on defined pension scheme assets	-	(3,000,765)	(3,000,765)
Tax relating to components of other comprehensive income	-	(3,615)	(3,615)
<b>Other comprehensive income for the year</b>	-	40,563	40,563
<b>Total comprehensive income for the year</b>	-	9,872,070	9,872,070
<b>At 31 December 2024</b>	<b>10,000,000</b>	<b>239,565,512</b>	<b>249,565,512</b>

The notes on pages 11 to 45 form part of these financial statements.

---

**Notes to the Financial Statements**  
**For the Year Ended 31 December 2025****1. Accounting policies****1.1 Basis of preparation of financial statements**

Northern Trust (Guernsey) Limited ("NTGL" or the "Company") is a private limited company, limited by shares, incorporated and domiciled in Guernsey. The registered number is 2651 and the registered address is P.O. Box 71, Trafalgar Court, Les Banques, St Peter Port, Guernsey, GY1 3DA.

The Company carries on the business of banking and related financial services (including custody and depositary activities). In the normal course of business, the Company holds assets in a fiduciary or agency capacity for its clients.

The Financial Statements give a true and fair view and have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"), The Banking Supervision (Bailiwick of Guernsey) Law, 2020, and comply with the Companies (Guernsey) Law, 2008.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see Note 2).

The financial statements are separate financial statements and present information about the Company as an individual undertaking and not about its group. The exemption from preparing consolidated financial statement has been used. The Company is a wholly owned subsidiary of Northern Trust Guernsey Holdings Limited, which is registered in Guernsey. The ultimate holding company is Northern Trust Corporation (the "Group"), incorporated in The United States of America. The results of the Company are consolidated within the ultimate holding company. The consolidated financial statements can be obtained through the Corporation's website at [www.northerntrust.com](http://www.northerntrust.com).

**1.2 New standards and amendments**

The Company has adopted the following IAS amendment for the annual period beginning on January 1, 2025:

- Amendments to IAS 21 - Lack of Exchangeability

The adoption of this amendment to accounting standards and interpretations did not result in substantial changes to the Company's accounting policies and had no material effect on the amounts reported for the current and prior financial years.

**1.3 Financial reporting standard 101 - reduced disclosure exemptions**

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share-based Payment;
- the requirements of paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of :
  - paragraph 79(a)(iv) of IAS1;
  - paragraph 73(e) of IAS 16 Property, Plant and Equipment; and
  - paragraph 118(e) of IAS 38 Intangible Assets.
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D and 111 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member;
- the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets;
- the requirements of paragraphs 113(a), 114, 115, 118, 119(a), 119(b), 119(c), 120(a), 120(b), 121, 122, 123, 124, 125, 126(a), 126(b), 126(c), 126(d), 127 and 129 of IFRS 15 Revenue from Contracts with Customers; and
- the requirements of paragraph 52 of IFRS 16 Leases.

---

**Notes to the Financial Statements  
For the Year Ended 31 December 2025****1. Accounting policies (continued)****1.4 Going concern**

The Company's Board monitors capital and liquidity requirements for the Company and risk management framework in relation to risks faced by the Company including its going concern status on a regular basis.

The Company's business activities are set out in the Principal activity section of the Directors' Report and other factors likely to affect its future development and position are outlined within the Strategic priorities section. The Company has made a profit of £12.5m (2024: £9.8m) and is projected to continue to generate profits in the medium term. Consideration has been given to the financial position of the Company's ultimate parent Northern Trust Corporation, as reported in quarterly earnings releases and the annual ICAAP presented to the Directors.

On the basis of their assessment of the Company's financial position and assurance from the Group that it expects to support the Company's liquidity and funding needs, the Company's Directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future. The Directors have therefore agreed to adopt the going concern basis of accounting in preparing the annual financial statements.

**1.5 Measurement convention**

The financial statements are prepared on the historical cost basis except that derivative financial instruments, defined benefit pension scheme and cash settled share based payments are stated at their fair value. The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price (i.e. the fair value of the consideration given or received).

**1.6 Interest income and expense**

Interest income and expense for all interest-bearing financial instruments are recognised in 'Interest income' and 'Interest expense' in the Profit and Loss Account using the effective interest rates of the financial assets or financial liabilities to which they relate.

The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments earned or paid on a financial asset or liability through its expected life or where appropriate, a shorter period, to the gross carrying amount of the financial asset or financial liability. The effective interest rate includes all estimated cash flows considering the contractual terms of the financial instrument, but excludes the risk of future credit losses.

Interest resulting from negative effective interest rates on a financial asset does not meet the definition of interest income because it reflects a gross outflow, instead of a gross inflow, of economic benefits. The expense arising on a financial asset because of a negative effective interest rate is presented as interest expense. The opposite presentation is applied to the income arising on financial liabilities.

**1.7 Fees and commission income**

Fee and commission income from contracts with customers is measured based on the consideration specified in a contract with a customer. The Company recognises revenue when it transfers control over a service to a customer. Such revenue is recognised over time as the services are provided.

Once the Company determines that a performance obligation is satisfied over time, it measures its progress toward completion to determine the timing of revenue recognition. Revenue from each identified performance obligation is recognised over time using the output method. The output method recognises revenue on the basis of direct measurements of the value to the customer of the goods or services transferred to date, relative to the remaining goods or services promised under the contract.

**1.8 Leases**

The Company recognises a "right-of-use" ("ROU") asset and a lease liability at lease commencement date for all leases. The lease liability is initially measured at the present value of the lease payments that are not paid at lease commencement and discounted using the Company's incremental borrowing rate. Subsequently, the lease liability is increased to reflect interest accretion and reduced by lease payments made over the lease term. The ROU asset is initially measured at an amount equal to the lease liability, adjusted for any initial direct costs incurred and any lease payments made or incentives received before the commencement date.

The Company presents the interest expense on the lease liability and depreciation charge for the ROU asset separately in the Profit and Loss Account. The ROU asset is depreciated using the straight-line method from the commencement date.

## Notes to the Financial Statements For the Year Ended 31 December 2025

### 1. Accounting policies (continued)

#### 1.8 Leases (continued)

The Company presents ROU assets in "Long-term leasehold property" within "Tangible Fixed Assets" and lease liabilities in "Lease liability" within "Other liabilities" on the Balance sheet.

No balance sheet recognition takes place for leases with terms of less than 12 months.

Where the Company acts as an intermediate lessor, the sub lease is classified by reference to the ROU asset arising from the head lease rather than the underlying asset. The Company classifies a sublease as a finance lease if the term of the sub lease is for all or a major portion of the remaining term of the head lease.

The Company recognises a finance sub lease by recording a net investment in the lease, measured at the present value of the lease payments less any lease incentives that are not paid at that date. The discount rate used is the same discount rate used for the head lease. The ROU asset in relation to the head lease transferred under a finance sub lease arrangement is derecognised and any difference between the ROU asset and the net investment in the sublease is recognised in profit or loss. The net investment in sublease is presented in other assets.

During the term of the sublease the Company recognises both finance income on the sublease and interest expenses on the head lease.

#### 1.9 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

The estimated useful life for software is 7 years.

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

#### 1.10 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

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

Depreciation is provided on the following basis:

Leasehold improvements	- 15 years (or remaining lease term if shorter)
Fixture and fittings	- 10 years
Plant and machinery	- 7 years
Computer hardware	- 5 years
Office equipment	- 5 years
Personal computers	- 4 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Profit and Loss Account.

---

**Notes to the Financial Statements**  
**For the Year Ended 31 December 2025****1. Accounting policies (continued)****1.11 Investment in subsidiary**

Investments in subsidiaries are measured at cost less accumulated impairment. These financial statements are separate financial statements and present information about the Company as an individual undertaking and not about its group. The exemption from preparing consolidated financial statement has been used.

**1.12 Foreign currency translation****Functional and presentational currency**

The Company's functional and presentational currency is Sterling, the currency of the primary economic environment in which the Company operates.

**Transactions and balances**

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

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

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

Foreign exchange gains and losses are presented in the Profit and Loss Account within 'Other operating income'.

**1.13 Financial instruments****Classification**

On initial recognition, a financial asset is classified and measured at amortised cost, fair value through other comprehensive income ("FVOCI"), or fair value through profit or loss ("FVTPL"). It is measured at amortised cost if it meets both of the following conditions and is not designated at FVTPL:

- the asset is held in a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the asset give rise to cash flows that are solely payments of principal and interest.

A financial asset is measured at FVOCI if it meets both of the following conditions and is not designated at FVTPL:

- the asset is held in a business model whose objective is both to hold assets to collect contractual cash flows and sell financial assets; and
- the contractual terms of the asset give rise to cash flows that are solely payments of principal and interest.

All financial assets are measured at FVTPL. The Company may also designate a financial asset as FVTPL if doing so eliminates or significantly reduces an accounting mismatch. The Company has made no such designations.

Financial liabilities are measured at amortised cost except for financial liabilities at FVTPL. Such liabilities include derivatives.

**Business model assessment**

The Company utilises the Group framework when assessing the business model. This assessment is done at the portfolio level in the same manner that performance is reported. Information considered in this assessment includes stated policies and objectives for the portfolio and Group strategy; how performance is evaluated and reported; risks that impact the business model and how those risks are managed; and the frequency, volume, timing and reasons for sales in prior periods. Instruments are not reclassified unless a business model for managing the assets has changed.

---

**Notes to the Financial Statements**  
**For the Year Ended 31 December 2025****1. Accounting policies (continued)****1.13 Financial instruments (continued)**

The Group's Asset and Liability Management Policy governs the management of different portfolios of financial assets. Per the Asset and Liability Management Policy, investments are made primarily for the purpose of maintaining high quality securities, managing interest rate risk, providing a temporary investment of excess funds, or providing interest income. The Asset and Liability Management Policy states that the assets considered as held to collect contractual cash flows can only consist of those investments purchased with the intent and ability to hold to maturity in order to meet one or more of the previously listed portfolio objectives. The Company determined the business model's objective is satisfied by holding investments to collect contractual cash flows. All financial instruments fall within this business model.

**Solely payments of principal and interest assessment**

Principal is defined as the fair value of the financial asset at initial recognition. Interest is defined as consideration for the time value of money, credit risk, other basic lending risks and costs, and a reasonable profit margin. The evaluation of whether cash flows are solely payments of principal and interest is based on the contractual terms of the instrument. The Company considers whether contractual terms could change the timing or amount of cash flows so they are not solely payments of principal and interest. These features may include leverage features, prepayment or extension features, non-recourse arrangements, and periodic resets of interest rates.

All of the Company's financial instruments have contractual terms that produce cash flows that are solely payments of principal and interest. The Company considered interest rates, call options, redemption prices, seniority rankings, etc. in this evaluation before concluding instruments pass the solely payments of principal and interest test.

**Cash and cash equivalents**

Cash and cash equivalents comprise cash balances and call deposits.

**Loans and advances**

Loans and advances to banks and customers include loans and advances and repurchase agreements originated by the Company which are not intended to be sold in the short term and have not been classified as held for trading or designated at fair value. Loans and advances are recognised when cash is advanced to borrowers and are derecognised when either borrowers repay their obligations, or the loans are written off. They are measured initially at fair value, plus for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue are subsequently measured at amortised cost using the effective interest rate method after receipt of any proceeds, less any impairment losses (refer to Note 1.14 Impairment excluding deferred tax assets).

*Classification of financial assets*

The assessment of the business model in which financial assets are held and the assessment of whether payments on the financial assets are solely payments of principal and interest are judgements that impact the classification of financial instruments.

**Trade and other debtors**

Trade and other debtors, included within prepayments and accrued income, are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses (refer to Note 1.14 Impairment excluding deferred tax assets).

**Trade and other creditors**

Trade and other creditors, included within other liabilities, are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

**Interest-bearing borrowings**

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method.

---

**Notes to the Financial Statements**  
**For the Year Ended 31 December 2025****1. Accounting policies (continued)****1.13 Financial instruments (continued)****Deposits**

Deposits by group affiliates and deposits by customers are initially measured at fair value, net of transaction costs, at trade date. Subsequently, they are measured at amortised cost using the effective interest rate.

**Derivatives**

Derivatives are initially measured at fair value and any directly attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, these are measured at fair value through profit and loss with changes in fair value recognised in the Profit and Loss Account. These are carried in the balance sheet at fair value with changes in fair value recognised in the Profit and Loss Account.

**Offsetting**

Financial assets and liabilities are offset and the net amount reported in the balance sheet when, and only when, the Company has a legal right to set-off the recognised amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

**1.14 Impairment excluding deferred tax assets****Financial assets (including trade and other debtors)**

The Company recognises loss allowances for Expected Credit Losses ("ECLs") on the following financial instruments that are not measured at FVTPL:

- Cash and cash equivalents;
- Loans and advances to group banks;
- Loans and advances to customers;
- Trust fee receivables; and
- Loan commitments and financial guarantees.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured using 12-month ECLs:

- Loans and advances that have low credit risk at the reporting date; and
- Other financial instruments (except trust and custody fees receivable) that have not experienced a significant increase in credit risk since initial recognition.

12 month ECLs refer to the portion of ECLs that result from default events on a financial instrument that are possible within 12 months of the reporting date. Lifetime ECLs result from all possible default events over the expected life of a financial instrument.

**Credit impaired financial assets**

At each reporting date, the Company assesses whether financial assets at amortised cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired include observable data about the following events:

- Significant financial difficulty of the issuer or the borrower;
- A breach of contract, such as a default or past due event;
- The Company has granted to the borrower a concession that it would not otherwise consider;
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- The disappearance of an active market for that financial asset because of financial difficulties; or
- The purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

It may not be possible to identify a single discrete event and the combined effect of several events may have caused financial assets to become credit-impaired.

---

**Notes to the Financial Statements**  
**For the Year Ended 31 December 2025****1. Accounting policies (continued)****1.14 Impairment excluding deferred tax assets (continued)****Determining significant increases in credit risk**

In determining whether an instrument has experienced a significant increase in credit risk, the Company considers reasonable and supportable information available without undue cost or effect. This includes historical experience and forward-looking information.

The Company assigns an internal borrower rating to each of its counterparties which reflects the creditworthiness of the counterparty. Borrower ratings are assigned according to the Credit Policy and account for quantitative and qualitative aspects of the counterparty's financial health. A borrower rating of one is the strongest and of nine is the weakest. Borrower ratings of 1 to 5 are equivalent to IFRS 9 stage 1; borrower ratings 6 to 8 are equivalent to IFRS 9 stage 2; and borrower rating 9 is equivalent to IFRS 9 stage 3.

Borrower ratings are assigned at the time an obligor or obligation is approved and are reviewed and updated, if necessary, no less than annually for each counterparty and sooner if material information on a counterparty becomes available. The Company determines a significant increase in credit risk has occurred if a borrower rating that previously fell inside a generally understood definition of high credit quality is updated to fall outside that range. Debt securities with borrower ratings between one and three (inclusive) are mapped to external agencies investment grade and are determined to have low credit risk (Moody's rating of Baa3 or higher or S&P rating of BBB- or higher). Loans and general custody overdrafts with borrower ratings between one and five (inclusive) are mapped to Federal Deposit Insurance Corporation's loan classification ratings that are not adversely classified and are determined to have low credit risk.

For non-investment grade exposures that do not meet the investment grade low credit risk simplifications, indicators of a significant increase in credit risk may include an increase in a counterparty's borrower rating, whether the exposure is over 30 days past due, or if the counterparty is on the Company's watch list. Quantitative and qualitative criteria include a significant increase in the credit spread; significant adverse changes in the business, financial, or economic conditions in which the obligor operates; actual or expected forbearance or restructuring; significant change in the collateral value which is expected to increase the risk of default; or early signs of cash flow or liquidity issues.

The Company utilises a separate assessment process under a simplified approach for credit losses related to its trust fee receivables. Under this simplified approach, the Company applies a matrix whereby reserves are calculated based on ratios specific to defined aging buckets. These ratios are developed based on an analysis of historical data and are reviewed and updated to reflect changes in data and collectability of future cash flows with separate forward looking adjustments for individual client circumstances on a case by case basis. There is a rebuttable presumption that exposures that are more than 30 days past due have experienced a significant increase in credit risk, however the Company applies a 0% reserve provision for trust fee receivables outstanding less than 150 days as they historically have never experienced a credit loss, and delays in payment are operational in nature and not due to credit deterioration of clients.

The Company considers a financial asset to be in default when one or more of the following events occur:

- The borrower is unlikely to pay any of its obligations to the Company in full;
- Any of the borrower's obligations is impaired or placed on non-accrual status;
- A credit loss event associated with any obligation occurs (e.g. charge-off, distressed restructuring involving forgiveness or postponement of principal, interest or fees);
- The obligor has filed for bankruptcy or similar protection;
- The obligor is more than 90 days past due on any exposure greater than USD\$1,000 (except trust fee receivables as noted above);
- The obligor's borrower rating is downgraded to eight or nine; or
- A debt obligation or portion thereof is sold for a material discount to carrying value due to credit deterioration (5% or more of the amortised carrying value).

**Measuring ECLs - explanations of inputs, assumptions and estimation techniques**

The key inputs into the measurement of the ECLs are the probability of default, loss given default, and exposure at default. Probability of default and loss given default vary by the type of exposure, asset class and geography of the financial instruments. Probability of default and loss given default are estimated based on historical data from external sources and internal subject matter expertise. These factors are derived by applying quarterly macroeconomic projections using models developed from historical data on macroeconomic factors and financial assets with similar factors. Exposure at default represents the current exposure amount in the case of a default (for financial assets, this is the carrying value of the asset).

---

**Notes to the Financial Statements**  
**For the Year Ended 31 December 2025****1. Accounting policies (continued)****1.14 Impairment excluding deferred tax assets (continued)****Measuring ECLs - explanations of inputs, assumptions and estimation techniques (continued)**

For off-balance sheet liability exposures, this is the estimated future amounts that may be drawn under the contract.

Subject to using a maximum 12-month probability of default for financial assets where credit risk has not significantly increased, the Company calculates ECLs considering the risk of default over the maximum contractual period it is exposed to credit risk.

The Company determines an asset is credit impaired when factors described above lead to a lowering of the counterparty's borrowing rating to 9 (default levels). These assets are considered credit-impaired and are measured at lifetime ECLs.

**Presentation of ECL allowances**

Loss allowances on financial assets measured at amortised cost are presented as a deduction from the gross carrying amount of the assets. Loss allowances on off-balance sheet financial liabilities are generally recognised as a liability.

**Write-off of loans and advances**

Loans (and the related impairment allowance accounts) are normally written off, either partially or in full, when there is no realistic prospect of recovery. Where loans are secured, this is generally after receipt of any proceeds from the sale of collateral.

**Non-financial assets**

The carrying amounts of the Company's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

**1.15 Dividends**

Equity dividends are recognised when they become legally payable.

**1.16 Pensions****Defined contribution pension plan**

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid, the Company has no further payments obligations.

The contributions are recognised as an expense in the Profit and Loss Account within administrative expenses when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet (within Other Liabilities). The assets of the plan are held separately from the Company in independently administered funds.

---

**Notes to the Financial Statements**  
**For the Year Ended 31 December 2025****1. Accounting policies (continued)****1.16 Pensions (continued)****Defined benefit pension plan**

The Company operates a defined benefit plan for certain employees and former employees. The scheme closed to the future accrual of benefits with effect from 31 July 2010. All remaining active members were treated as having left Pensionable Service with effect from that date but with special benefit provisions. The scheme does not incur service cost. A defined benefit plan defines the pension benefit that the member will receive on retirement, usually dependent upon several factors including but not limited to age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

The asset recognised in the Balance Sheet (within Other Assets) in respect of the defined benefit plan is the fair value of plan assets at the balance sheet date less the present value of the defined benefit obligation at the balance sheet date. The Company recognises a net defined benefit asset only to the extent permitted by IAS 19 and IFRIC 14. Any recognised surplus is limited to the lower of the plan surplus and the asset ceiling, defined as the present value of economic benefits available in the form of refunds or reductions in future contributions.

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

The fair value of plan assets is measured in accordance with the IFRS 13 fair value hierarchy and in accordance with the Company's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions, and returns on pension scheme assets are charged or credited to 'Other comprehensive income'.

The cost of the defined benefit plan, recognised in profit or loss, except where included in the cost of an asset, comprises:

- the increase in net pension benefit liability arising from employee service during the period; and
- the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in profit or loss as an 'Administrative expense'.

**1.17 Provisions**

A provision is recognised in the Balance Sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability. Any unwinding of the discount is recognised in Administrative expenses in the Profit and Loss Account.

**1.18 Taxation**

Tax is recognised in the Profit and Loss Account, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

---

**Notes to the Financial Statements**  
**For the Year Ended 31 December 2025****1. Accounting policies (continued)****1.18 Taxation (continued)**

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax is not recognised for temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; or for temporary differences related to investments in subsidiaries to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Legislation implementing the Pillar II Global Minimum Tax rules was implemented in Guernsey as part of the Income Tax (Approved International Agreements) (Implementation) (OECD Pillar Two GloBE Model Rules) Regulations, 2024 with the rules becoming effective from 1 January 2025.

The Company has determined that the Pillar II Global Minimum Tax is an income tax in the scope of IAS 12. The Company accounts for the tax as a current tax when it is incurred.

Where the liability for discharging the Pillar II Top-up Tax rests with a different entity to that which earned the corresponding profits, it is Group policy that the Top-up Tax charge is re-charged to the entity which has earned the relevant profits, and accounted for as an Income Tax charge in that profit-earning entity.

The Company has adopted International Tax Reform – Pillar Two Model Rules (Amendments to IAS 12) upon their release on 23 May 2023. The amendments provide a temporary mandatory exception from deferred tax accounting for the top-up tax, which is effective immediately, and require new disclosures about the Pillar Two exposure.

**1.19 Share based payments**

Where the Company grants rights to its parent's equity instruments to its employees, the Company accounts for these share-based payments as cash-settled. The fair value is initially measured at grant date and spread over the period during which the employees become unconditionally entitled to payment. The fair value is measured based on an option pricing model taking into account the terms and conditions upon which the instruments were granted. The liability is revalued at each balance sheet date and settlement date with any changes to fair value being recognised in the Profit and Loss Account within staff costs within Administrative expenses.

**2. Judgments in applying accounting policies and key sources of estimation uncertainty**

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

The following judgements, assumptions and estimation uncertainties have had the most significant effect on amounts recognised:

**Transfer pricing**

The determination of transfer pricing is made using an "arm's-length" standard that tests what would have occurred in comparable circumstances between comparable, unrelated taxpayers. Judgement is required with regards to the appropriate methodology and verification of reasonableness. Further details are contained in Note 8.

**Taxation**

Management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and an assessment of the availability of future taxable profits against which deductible temporary differences can be utilised together with an assessment of the effect of future tax planning strategies.

**Defined benefit pension scheme**

Management judgement is required to determine the value of assets and liabilities recognised within this scheme. Note 27 provides full details of this scheme.

**Notes to the Financial Statements  
For the Year Ended 31 December 2025**
**2. Judgments in applying accounting policies and key sources of estimation uncertainty (continued)**
**Provision for dilapidations**

Management judgement is required to determine the value of the provision for dilapidations. This represents management's obligation to remove, dismantle, and restore certain long term leasehold property. Further details are provided in Note 21.

**Financial instruments**
*Impairment of financial instruments*

The assessment of whether financial assets have experienced significant increases in credit risk since initial recognition and determination of inputs including incorporating forward-looking information (contractual balance projections and macroeconomic factors (market volatility; Corporate BBB spread; UK unemployment; UK GDP; UK Equities)) into the impairment assessment are judgements that impact the impairment estimate. Note 1.14 provides further details on classification and impairment of financial assets.

*ECL measurement model*

Determination of inputs into the ECL measurement model, including key assumptions used estimating recoverable cash flows and incorporation of forward looking information. Note 1.14 provides further details on the explanation of inputs, assumptions and estimation techniques.

**Functional and presentation currency**

Judgment is applied in determining the functional and presentation currency of the Company, which is GBP, despite conducting operations in other currencies. GBP is considered to be the functional and presentational currency due to it being the principal currency in which the Company's activities are conducted and the currency in which shareholders' funds were received.

**3. Interest income**

	2025	2024
	£	£
Loans and advances to group banks	<b>84,293,519</b>	104,129,986
Cash and cash equivalents	<b>198,754</b>	156,342
Loans and advances to customers	<b>8,198,310</b>	8,910,771
Interest income on liabilities	<b>214,574</b>	56,568
Finance income from subleasing right-of-use assets (Note 24)	<b>158,293</b>	222,999
	<b><u>93,063,450</u></b>	<u>113,476,666</u>

**4. Interest expense**

	2025	2024
	£	£
Deposits by customers	<b>29,691,061</b>	46,113,169
Deposits by group affiliates	<b>3,724,563</b>	4,961,682
Interest expense on assets	<b>33,889</b>	3,702
Interest on lease liabilities (Note 24)	<b>323,517</b>	420,583
	<b><u>33,773,030</u></b>	<u>51,499,136</u>

**Notes to the Financial Statements  
For the Year Ended 31 December 2025**
**5. Fees and commission income**

	2025	2024
	£	£
Custody and depositary fees	16,001,074	15,607,647
Investment risk and analytical services fees	1,261,776	1,030,823
Banking fees	2,635,718	2,711,839
	<u>19,898,568</u>	<u>19,350,309</u>

Custody and depositary fees arise from trust and other fiduciary activities resulting in holding/investing of assets of others.

**6. Other operating income**

	2025	2024
	£	£
Rental expense	(167,732)	(64,120)
Foreign exchange gains	414,289	465,122
	<u>246,557</u>	<u>401,002</u>

**7. Administrative expenses**

	2025	2024
	£	£
Staff costs	19,491,284	18,321,542
Operating lease rentals	117,489	147,293
Depreciation and amortisation	1,922,542	2,676,273
Transfer pricing (Note 8)	35,552,101	41,696,553
Defined contribution pension plan	1,790,533	1,780,958
Other	6,081,842	6,462,835
	<u>64,955,791</u>	<u>71,085,454</u>

**8. Transfer pricing**

Transfer pricing generally refers to the determination of compensation for transactions conducted between commonly controlled taxpayers. The determination of an appropriate level of compensation is relevant for all transactions between affiliates for the provision of services, the utilisation of intellectual property and/or intercompany financing. This determination is made using an "arm's-length" standard that tests what would have occurred in comparable circumstances between comparable, unrelated taxpayers. The Northern Trust Corporation's ("the Group") global transfer pricing methodology uses a residual profit split approach that allocates profit by providing appropriate recognition of each entity's contribution, revenues and expenses, its function in the Group, and its assets and risk profile. The framework also accounts for the fact that each Group service line may engage multiple affiliates to perform functions of varying complexity and value.

The residual profit split methodology framework starts with Group global revenue which is first used to reimburse most direct costs of affiliates with a routine mark-up. The remaining profit is then split into product related profit pools which are in turn allocated to affiliates, such as the Company, using product specific allocation keys. The allocation keys are reflective of the economics of the Group's lines of business. The determination of the allocation keys begins with a valuation of the metrics that represent contributions made by the various entities with respect to each product line. Allocation keys are reassessed periodically to ensure that these continue to be representative.

**Notes to the Financial Statements  
For the Year Ended 31 December 2025**
**8. Transfer pricing (continued)**

	2025	2024
	£	£
<b>Profit and Loss Account</b>		
Amounts transferred to global transfer pricing pool	79,763,533	81,989,756
Reimbursement of expenses, plus mark-up	(33,595,432)	(33,604,975)
Profit pool allocation	(10,616,000)	(6,688,228)
	<u>35,552,101</u>	<u>41,696,553</u>

**9. Taxation**

The Company is taxed at a combination of the company standard rate of 0% and the company intermediate rate of 10% under Income Tax (Guernsey) Law, 1975.

	2025	2024
	£	£
<b>Corporation tax</b>		
Current tax on profits for the year	1,200,845	870,909
Adjustments in respect of previous periods	43,373	(25,552)
<b>Total corporate tax charge</b>	<u>1,244,218</u>	<u>845,357</u>
<b>Pillar II top-up tax</b>		
Current Pillar II top-up tax charge	709,704	-
<b>Total Pillar II top-up tax charge</b>	<u>709,704</u>	<u>-</u>
<b>Total current tax charge</b>	<u>1,953,922</u>	<u>845,357</u>
<b>Deferred tax</b>		
Fixed assets	(92,995)	7,524
Defined benefit pension scheme	16,765	12,565
Defined contribution pension scheme	9,860	29,580
Leases	62,427	(86,868)
IFRS 9	622	622
Adjustments in respect of prior periods	-	3,100
<b>Total deferred tax charge</b>	<u>(3,321)</u>	<u>(33,477)</u>
<b>Total tax charge</b>	<u>1,950,601</u>	<u>811,880</u>

**Notes to the Financial Statements  
For the Year Ended 31 December 2025**
**9. Taxation (continued)**
**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2024: higher than) the standard rate of corporation tax in Guernsey of 0% (2024: 0%). The differences are explained below:

	2025 £	2024 £
Profit before taxation	<u>14,479,754</u>	<u>10,643,387</u>
Profits on ordinary activities multiplied by standard rate of corporation tax in Guernsey of 0% (2024: 0%)	-	-
Profits on banking and custody activities multiplied by the higher rate of corporation tax in Guernsey of 10% (2024: 10%)	1,447,975	1,064,339
<b>Effects of:</b>		
Profits taxable at 0%	(93,219)	(114,669)
Non-taxable items	(169,124)	(155,586)
Defined benefit pension scheme	(3,450)	(2,790)
Non-deductible expenses	15,342	43,038
Adjustment in respect of previous periods	43,373	(22,452)
Pillar II top-up tax charge	<u>709,704</u>	-
<b>Total tax charge for the year</b>	<u><u>1,950,601</u></u>	<u><u>811,880</u></u>

**Factors that may affect future tax charges**
**Deferred tax charged to other comprehensive income:**

Pension scheme	<u>12,945</u>	<u>3,615</u>
<b>Total deferred tax charged to other comprehensive income</b>	<u><u>12,945</u></u>	<u><u>3,615</u></u>

**OECD Pillar II - Global Minimum Tax**

The Group operates in Guernsey, which has enacted domestic legislation to implement the global minimum top-up tax applicable under OECD Pillar II. This legislation includes a domestic top-up tax ("DMTT") and is effective from 1 January 2025. The Group is expected to be subject to the top-up tax in relation to its operations in Guernsey, where the statutory rate is 10 percent for regulated financial services activity and 0 percent for other activity, which is below the Pillar II minimum tax rate of 15 percent.

The total Pillar II top-up tax charge calculated for the Company for 2025 is £709,704.

The Company has been registered as the domestic filing and paying entity for all Group entities in Guernsey. As a result, all Group liabilities are due recognised as a liability on the Company's balance sheet with a receivable due from each relevant Group entity for their portion of the liability.

The Company has applied a temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax and accounts for it as a current tax when it is incurred.

**Notes to the Financial Statements  
For the Year Ended 31 December 2025**
**10. Deferred tax assets and liabilities**

Recognised deferred tax assets and liabilities.

	Assets 2025	Liabilities 2025	Net 2025	Assets 2024	Liabilities 2024	Net 2024
	£	£	£	£	£	£
Tangible fixed assets	(69,117)		(69,117)		23,878	23,878
Right of use and sub-lease assets		801,433	801,433		1,023,787	1,023,787
Lease liabilities	(762,877)		(762,877)	(1,047,658)		(1,047,658)
Defined benefit pension plan		312,840	312,840		283,130	283,130
Defined contribution pension scheme	-		-	(9,860)		(9,860)
IFRS 9	(1,245)		(1,245)	(1,867)		(1,867)
	<u>(833,239)</u>	<u>1,114,273</u>	<u>281,034</u>	<u>(1,059,385)</u>	<u>1,330,795</u>	<u>271,410</u>

Movement in deferred tax during the year	1 January 2025	Recognised in income	Recognised in OCI	31 December 2025
	£	£	£	£
Tangible fixed assets	23,878	(92,995)	-	(69,117)
Right of use and sub-lease assets	1,023,787	(222,354)	-	801,433
Lease liabilities	(1,047,658)	284,781	-	(762,877)
Defined benefit pension plan	283,130	16,765	12,945	312,840
Defined contribution pension scheme	(9,860)	9,860	-	-
IFRS 9	(1,867)	622	-	(1,245)
	<u>271,410</u>	<u>(3,321)</u>	<u>12,945</u>	<u>281,034</u>

Movement in deferred tax during the year	1 January 2024	Recognised in income	Recognised in OCI	31 December 2024
	£	£	£	£
Tangible fixed assets	13,254	10,624	-	23,878
Right of use and sub-lease assets	1,387,128	(363,341)	-	1,023,787
Lease liabilities	(1,324,132)	276,474	-	(1,047,658)
Defined benefit pension plan	266,950	12,565	3,615	283,130
Defined contribution pension scheme	(39,440)	29,580	-	(9,860)
IFRS 9	(2,488)	621	-	(1,867)
	<u>301,272</u>	<u>(33,477)</u>	<u>3,615</u>	<u>271,410</u>

**11. Loans and advances to group banks**

	2025	2024
	£	£
Loans and advances to group banks	1,642,467,015	1,790,476,337
Reverse sale-and-repurchase agreements	890,890,161	783,680,560
	<u>2,533,357,176</u>	<u>2,574,156,897</u>

Loans and advances to group banks were 93% (2024: 75%) collateralised at 31 December 2025. See Note 26 (c) for details. All loans and advances to group banks mature within 3 months.

**Notes to the Financial Statements  
For the Year Ended 31 December 2025**
**12. Loans and advances to customers**

	2025	2024
	£	£
Due from customers	<u>187,574,309</u>	<u>72,804,875</u>

The Company has not had any defaults of principal or interest or other breaches with respect to its loans and advances to customers. 97% of the loans and advances to customers were secured at 31 December 2025 (2024: 75%).

**13. Derivatives**

	2025	2024
	£	£
<b>Forward foreign exchange contract assets</b>		
Under 1 year	<u>35,786,643</u>	<u>95,871,384</u>
<b>Forward foreign exchange contract liabilities</b>		
Under 1 year	<u>(35,798,142)</u>	<u>(95,859,761)</u>

**14. Prepayments and accrued income**

	2025	2024
	£	£
Prepayments	909,137	789,740
Trust fees (accrued income)	<u>6,039,940</u>	<u>6,047,695</u>
	<u>6,949,077</u>	<u>6,837,435</u>

Balances included within prepayments and accrued income are all defined as current assets.

**15. Other assets**

	2025	2024
	£	£
Net investment in sublease (Note 24)	4,340,893	5,966,060
Pension asset (Note 27)	3,968,075	3,609,832
Other debtors	<u>4,174,392</u>	<u>3,039,182</u>
	<u>12,483,360</u>	<u>12,615,074</u>

Balances included within other debtors are current assets and the pension asset is non-current.

**Notes to the Financial Statements  
For the Year Ended 31 December 2025**
**16. Tangible fixed assets**

	Long-term leasehold property*	Plant and machinery	Fixtures and fittings	Office equipment	Computer equipment	Total
	£	£	£	£	£	£
<b>Cost or valuation</b>						
At 1 January 2025	18,761,184	177,344	612,844	374,664	732,168	20,658,204
Additions	229,036	33,770	25,126	366,071	40,281	694,284
Disposals	-	-	-	(1,026)	(386,453)	(387,479)
<b>At 31 December 2025</b>	<b>18,990,220</b>	<b>211,114</b>	<b>637,970</b>	<b>739,709</b>	<b>385,996</b>	<b>20,965,009</b>
<b>Depreciation</b>						
At 1 January 2025	12,576,089	159,975	374,769	128,205	512,942	13,751,980
Depreciation charge for the year	1,646,020	9,156	61,243	119,579	86,313	1,922,311
Disposals	-	-	-	(1,026)	(386,453)	(387,479)
<b>At 31 December 2025</b>	<b>14,222,109</b>	<b>169,131</b>	<b>436,012</b>	<b>246,758</b>	<b>212,802</b>	<b>15,286,812</b>
<b>Net book value</b>						
<b>At 31 December 2025</b>	<b>4,768,111</b>	<b>41,983</b>	<b>201,958</b>	<b>492,951</b>	<b>173,194</b>	<b>5,678,197</b>
At 31 December 2024	6,185,095	17,369	238,075	246,459	219,226	6,906,224

\*Long-term leasehold property includes "right-of-use" assets amounting to a carrying value of £3,673,446 (2024: £4,271,814). Refer to Note 24 for details of "right-of-use" assets held under lease agreements.

**17. Intangible assets**

	Software £
<b>Cost</b>	
At 1 January 2025	5,893
Disposals	(1,571)
<b>At 31 December 2025</b>	<b>4,322</b>
<b>Amortisation</b>	
At 1 January 2025	5,662
Charge for the year	231
On disposals	(1,571)
<b>At 31 December 2025</b>	<b>4,322</b>
<b>Net book value</b>	
<b>At 31 December 2025</b>	<b>-</b>
At 31 December 2024	231

**18. Investment in subsidiary**

	2025 £	2024 £
Barfield Nominees Limited	100	100

The Company holds an investment of £100 (2024: £100) in Barfield Nominees Limited, a company incorporated in Guernsey and whose principal activity is that of a nominee. Barfield Nominees Limited is beneficially wholly owned and in the opinion of the Directors the net asset value is not less than cost.

**Notes to the Financial Statements  
For the Year Ended 31 December 2025**
**19. Deposits by customers**

	2025	2024
	£	£
Due to customers	<u><u>2,304,467,729</u></u>	<u><u>2,320,980,556</u></u>

Balances included within deposits by customers are all defined as current liabilities. See Note 26(c) for further details.

**20. Other liabilities**

	2025	2024
	£	£
Lease liability	7,628,782	10,476,588
Other	14,821,451	11,084,630
Interest payable	1,092,015	2,940,114
	<u><u>23,542,248</u></u>	<u><u>24,501,332</u></u>

Balances included within other and interest payable are all defined as current liabilities.

**21. Provisions**

	2025 Dilapidation	2025 Total	2024 Dilapidation	2024 Total
	£	£	£	£
Balance at 1 January	2,350,566	2,350,566	2,299,311	2,299,311
Provisions made during the year	-	-	229,100	229,100
Provisions used during the year	(11,180)	(11,180)	(12,600)	(12,600)
Provisions reversed during the year	(83,479)	(83,479)	(250,389)	(250,389)
Unwinding of discounted amount	112,266	112,266	85,144	85,144
	<u><u>2,368,173</u></u>	<u><u>2,368,173</u></u>	<u><u>2,350,566</u></u>	<u><u>2,350,566</u></u>

Dilapidations - The estimated present value of the obligation arising from the contractual requirement to yield up in repair at the end of the term is recognised at the lease's inception. This amount is booked as an increase to the cost basis of the related assets at the date of asset acquisition. The increased cost basis of the leasehold improvement is depreciated annually based on the estimated life of the leasehold improvement. The obligation is increased annually to reflect the passage of time and inflation and the estimate is reassessed regularly and updated for any change in the expected future obligation. Upward revisions to the obligation are recognised by increasing the carrying amount of leasehold improvements in tangible fixed assets, and the dilapidation obligation. Downward revisions are recognised by decreasing the carrying amount of leasehold improvements and the dilapidation obligation. The amount of any reduction to leasehold improvements cannot exceed the carrying amount of the asset.

**22. Accruals**

	2025	2024
	£	£
Wages and salaries	1,337,921	1,246,407
Other	463,408	910,979
	<u><u>1,801,329</u></u>	<u><u>2,157,386</u></u>

**Notes to the Financial Statements  
For the Year Ended 31 December 2025**
**23. Share capital**

	2025	2024
	£	£
<b>Allotted, called up and fully paid</b>		
10,000,000 Ordinary shares of £1.00 each	<u>10,000,000</u>	<u>10,000,000</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

**24. Leases**

The Company leases floor space at the office building at Trafalgar Court, St. Peter Port, GY1 3DA, Guernsey. It entered into the lease agreement on 1 July 2002. These leases expire on 28 September 2028.

	2025	2024
	£	£
<b>Right of Use assets</b>		
Balance as at 1 January	4,271,814	6,734,663
Additions during the year	704,655	-
Disposals during the year	-	(333,224)
Depreciation charge for the year	(1,303,023)	(2,129,625)
<b>Carrying amount of Right of Use assets as at 31 December</b>	<u>3,673,446</u>	<u>4,271,814</u>

	2025	2024
	£	£
<b>Maturity analysis of lease liabilities</b>		
Less than 1 year	3,185,318	3,185,318
1 to 5 years	4,777,977	7,963,295
<b>Total undiscounted lease liabilities at 31 December</b>	<u>7,963,295</u>	<u>11,148,613</u>

	2025	2024
	£	£
<b>Amounts recognised in profit and loss</b>		
Interest on lease liabilities	323,517	420,583
Finance income from subleasing right-of-use assets	(158,293)	(222,999)
Depreciation charge for right-of-use assets	1,303,023	2,129,625
<b>Total amounts recognised in the Profit and Loss at 31 December</b>	<u>1,468,247</u>	<u>2,327,209</u>

The Company had cash outflows for leases of £3,298,034 in 2025 (2024: £3,185,318). The Company also subleases certain floors of office space, classified as finance leases. These leases expire on 28 September 2028. The following table sets out the maturity analysis of lease receivables, showing the undiscounted lease payments to be received after the reporting date.

**Notes to the Financial Statements  
For the Year Ended 31 December 2025**
**24. Leases (continued)**

<b>Maturity analysis of sublease payment receivable</b>	<b>2025</b>	2024
	<b>£</b>	<b>£</b>
Less than 1 year	1,566,056	1,566,056
1 to 5 years	2,349,083	3,915,139
More than 5 years	-	-
<b>Total undiscounted sublease payments receivable</b>	<b>3,915,139</b>	<b>5,481,195</b>
Unearned finance income	(172,106)	(330,399)
Unguaranteed residual value	597,860	815,264
<b>Net investment in the sublease</b>	<b>4,340,893</b>	<b>5,966,060</b>

**25. Financial instruments**

The following table provides a reconciliation between line items in the balance sheet and categories of financial statements;

**For the year ended 31 December 2025**

	<b>Amortised cost £'000</b>	<b>FVTPL £'000</b>	<b>Total carrying amount £'000</b>
<b>Financial assets</b>			
Loans and advances to group banks	2,533,357	-	2,533,357
Loans and advances to customers	187,574	-	187,574
Derivative assets	-	35,787	35,787
<b>Total financial assets</b>	<b>2,720,931</b>	<b>35,787</b>	<b>2,756,718</b>
<b>Financial liabilities</b>			
Deposits by group affiliates	177,794	-	177,794
Deposits by customers	2,304,468	-	2,304,468
Derivative liabilities	-	35,798	35,798
<b>Total financial liabilities</b>	<b>2,482,262</b>	<b>35,798</b>	<b>2,518,060</b>

**For the year ended 31 December 2024**

	<b>Amortised cost £'000</b>	<b>FVTPL £'000</b>	<b>Total carrying amount £'000</b>
<b>Financial assets</b>			
Loans and advances to group banks	2,574,157	-	2,574,157
Loans and advances to customers	72,805	-	72,805
Derivative assets	-	95,871	95,871
<b>Total financial assets</b>	<b>2,646,962</b>	<b>95,871</b>	<b>2,742,833</b>
<b>Financial liabilities</b>			
Deposits by group affiliates	124,837	-	124,837
Deposits by customers	2,320,981	-	2,320,981
Derivative liabilities	-	95,860	95,860
<b>Total financial liabilities</b>	<b>2,445,818</b>	<b>95,860</b>	<b>2,541,678</b>

All financial assets are classified as amortised cost under IFRS 9 except for derivative assets which are classified as fair value through profit or loss.

**Notes to the Financial Statements  
For the Year Ended 31 December 2025**
**25. Financial instruments (continued)**

All financial liabilities are classified as amortised cost under IFRS 9 except for derivative liabilities which are classified as fair value through profit or loss.

The carrying amounts of the financial assets and liabilities at amortised cost approximate the fair values.

The table below analyses financial instruments into a hierarchy based on the inputs used to determine fair value;

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the assets or liability that are not based on observable market data (unobservable inputs).

**Classes of financial assets and liabilities:**

	2025					
	Carrying amount	Fair value	Notional amount	Level 1	Level 2	Level 3
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Financial assets</b>						
Measured at FVTPL						
Forward exchange contracts	35,787	35,787	4,573,177	-	35,787	-
Total measured at FVTPL	<u>35,787</u>	<u>35,787</u>	<u>4,573,177</u>	<u>-</u>	<u>35,787</u>	<u>-</u>
Total	<u><u>35,787</u></u>	<u><u>35,787</u></u>	<u><u>4,573,177</u></u>	<u><u>-</u></u>	<u><u>35,787</u></u>	<u><u>-</u></u>
<b>Financial liabilities</b>						
Measured at FVTPL						
Forward exchange contracts	35,798	35,798	4,573,174	-	35,798	-
Total measured at FVTPL	<u>35,798</u>	<u>35,798</u>	<u>4,573,174</u>	<u>-</u>	<u>35,798</u>	<u>-</u>
Total	<u><u>35,798</u></u>	<u><u>35,798</u></u>	<u><u>4,573,174</u></u>	<u><u>-</u></u>	<u><u>35,798</u></u>	<u><u>-</u></u>

Derivative contracts are valued internally using widely accepted income-based models that incorporate inputs readily observable in actively quoted markets and reflect the contractual terms. Observable inputs include foreign exchange rates and interest rates. The Company evaluates the impact of counterparty credit risk and its own credit risk on the valuation of its derivative instruments. Factors considered include the likelihood of default by the Company and its counterparties, the remaining maturities of the instruments, net exposures after giving effect to master netting arrangements or similar agreements, available collateral, and other credit enhancements in determining the appropriate fair value of derivative instruments.

**Classes of financial assets and liabilities:**

	2024					
	Carrying amount	Fair value	Notional amount	Level 1	Level 2	Level 3
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Financial assets</b>						
Measured at FVTPL						
Forward exchange contracts	95,871	95,871	3,239,308	-	95,871	-
Total measured at FVTPL	<u>95,871</u>	<u>95,871</u>	<u>3,239,308</u>	<u>-</u>	<u>95,871</u>	<u>-</u>
Total	<u><u>95,871</u></u>	<u><u>95,871</u></u>	<u><u>3,239,308</u></u>	<u><u>-</u></u>	<u><u>95,871</u></u>	<u><u>-</u></u>
<b>Financial liabilities</b>						
Measured at FVTPL						
Forward exchange contracts	95,860	95,860	3,138,070	-	95,860	-
Total measured at FVTPL	<u>95,860</u>	<u>95,860</u>	<u>3,138,070</u>	<u>-</u>	<u>95,860</u>	<u>-</u>
Total	<u><u>95,860</u></u>	<u><u>95,860</u></u>	<u><u>3,138,070</u></u>	<u><u>-</u></u>	<u><u>95,860</u></u>	<u><u>-</u></u>

---

**Notes to the Financial Statements  
For the Year Ended 31 December 2025****26. Financial risk management****(a). Introduction and overview**

The Company has a conservative attitude towards financial risk with a long-term objective of stability. Credit, liquidity and market risk are key components of the financial risk profile of the Company.

The Company's Board is responsible for monitoring compliance with the Company's risk management framework in relation to risks faced by the Company. Audit Services undertakes both periodic and ad-hoc reviews of risk management controls and procedures, the results of which are reported to senior management.

This note presents information about the Company's exposure to each of the above financial risks, the Company's objectives, policies and processes for measuring and managing financial risk and the Company's management of capital.

**Risk management framework**

The Group has established a risk management framework to define, measure, monitor and control risk. It provides a comprehensive overview of how risk is managed across the Group and the risk expectations for all partners. The NTGL Risk Function implements the Corporation's risk management framework and this is overseen by the NTGL Management Risk Committee and Board. The NTGL Risk Function presents legal entity risk policies and periodic risk reporting to the Company Board for review and approval. The Board has executive members who report on their activities.

At Group level, there are thirteen risk committees which report into the Global Enterprise Risk Committee. These include six Corporate Risk (Category) Committees, two Corporate Function Risk Committees and three Business Unit Risk Committees. The six Corporate Risk (Category) Committees are the Enterprise Compliance Risk Committee, Operational Risk Committee, Credit Risk Committee, Fiduciary Risk Committee, Information Technology Risk Committee and Market & Liquidity Risk Committee

The Risk Oversight Bodies set out detailed policies which are reviewed regularly to reflect changes in market conditions, products and services offered. The committees and Northern Trust Corporation's Board, through training, management standards and procedures, aim to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

In addition to the above, there is an EMEA Executive Management Committee which is responsible for the daily management of the EMEA Entities' businesses (including the Company) and execution of the agreed strategies.

The Company's activities expose it to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. Taking risk is core to a financial business and operational risks are an inevitable consequence of being in business. The Company aims to achieve an appropriate balance between risk and return, and to minimise potential adverse effects on the Company's financial performance.

The Company has an approved and established Risk Appetite Statement which identifies the types of risk the Company's Board of Directors and management are willing to assume to achieve its strategic objectives and business plan, consistent with the prudent management of risk and applicable capital, liquidity and regulatory requirements. The Risk Appetite Statement complies with the Group's risk management framework and is adjusted as required to meet characteristics of the Company's specific locale or business activities.

**(b). Credit risk**

The Group defines credit risk as the risk to interest income and principal from the failure of a borrower or counterparty to perform an obligation.

**Credit risk management**

The Company has a conservative and prudent approach to credit risk. The Company has adopted the Corporate Credit Policy, Corporate Credit Risk Frameworks and Programs, and Corporate Credit Risk Standards of the Group. The Company's Board has approved the Northern Trust (Guernsey) Limited Credit Policy which details the Company's implementation of the Corporate Credit Policy. The Company's business activities give rise to both counterparty credit risk and client credit risk.

The Company is subject to the Guernsey Financial Services Commission's ("GFSC") Banking Supervision (Large Exposure) Rules and Guidance, 2021.

**Notes to the Financial Statements  
For the Year Ended 31 December 2025**
**26. Financial risk management (continued)**
**Counterparty credit risk**

Counterparty exposures are primarily intercompany, the most material of which is with The Northern Trust Company, London Branch (within cash and cash equivalents, and loans and advances to group banks), with limited exposure to third party banks and counterparties (within cash and cash equivalents) via money market activities, nostro balances and the purchase of securities. Funds are upstreamed to The Northern Trust Company, London Branch, pursuant to the NTGL Upstreaming Policy. Limit changes are communicated to the NTGL Management Risk Committee.

**Client credit risk**

The Company's client credit risk is primarily derived from short-term 'incidental' overdrafts on client custody accounts or from a very limited number of formal overdraft facilities with custody clients, majority of which are uncommitted (within loans and advances to customers). Formal client facilities are approved in accordance with Corporate Credit governance documents. Any client facility would be reviewed and approved at the relevant Corporate Credit Risk Committee.

**Geographical sector**

The following table breaks down the Company's maximum credit exposure at their carrying amounts, as categorised by geographical region. The table allocates exposures to regions based on the country of domicile of individual counterparties.

	UK & CI	Europe	North America	Asia Pacific	Other Regions	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cash and cash equivalents	22,290	4,513	60	829	13	27,705
Loans and advances to group banks	1,873,839	-	659,518	-	-	2,533,357
Loans and advances to customers	135,038	326	52,204	-	6	187,574
Financial guarantees	4	2,038	-	-	-	2,042
Loan commitments	133,732	-	-	-	-	133,732
<b>As at 31 December 2025</b>	<b>2,164,903</b>	<b>6,877</b>	<b>711,782</b>	<b>829</b>	<b>19</b>	<b>2,884,410</b>

	UK & CI	Europe	North America	Asia Pacific	Other Regions	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cash and cash equivalents	47,184	1,839	6	589	18	49,636
Loans and advances to group banks	2,082,420	-	491,737	-	-	2,574,157
Loans and advances to customers	51,076	1,674	20,055	-	-	72,805
Financial guarantees	4	2,012	-	-	-	2,016
Loan commitments	68,729	-	-	-	-	68,729
<b>As at 31 December 2024</b>	<b>2,249,413</b>	<b>5,525</b>	<b>511,798</b>	<b>589</b>	<b>18</b>	<b>2,767,343</b>

**Industry sector**

The following table breaks down the Company's exposures at their carrying amounts, as categorised by the industry sectors of individual counterparties.

	Corporate £'000	Total £'000
Cash and cash equivalents	27,705	27,705
Loans and advances to group banks	2,533,357	2,533,357
Loans and advances to customers	187,574	187,574
Financial guarantees	2,042	2,042
Loan commitments	133,732	133,732
<b>As at 31 December 2025</b>	<b>2,884,410</b>	<b>2,884,410</b>

**Notes to the Financial Statements  
For the Year Ended 31 December 2025**
**26. Financial risk management (continued)**

	<b>Corporate £'000</b>	<b>Total £'000</b>
Cash and cash equivalents	49,636	49,636
Loans and advances to group banks	2,574,157	2,574,157
Loans and advances to customers	72,805	72,805
Financial guarantees	2,016	2,016
Loan commitments	68,729	68,729
<b>As at 31 December 2024</b>	<u><u>2,767,343</u></u>	<u><u>2,767,343</u></u>

**Offsetting financial assets and financial liabilities**

There were no financial assets and financial liabilities offset in the Company's balance sheet.

**Impairment allowance**

The following table breaks down the closing balances of impairment allowances by class of financial instrument:

	<b>2025 £</b>	<b>2024 £</b>
Cash and cash equivalents	369	28
Loans and advances to group banks	202	12,835
Loans and advances to customers	791	16,488
Trust fee receivables	37,816	59,508
Loan commitments and financial guarantees	10,779	-
	<u><u>49,957</u></u>	<u><u>88,859</u></u>

The following tables show reconciliations from the opening to the closing balance of the loss allowance by class of financial instrument:

<b>For the year ended 31 December 2025</b>	<b>Stage 1 £</b>	<b>Stage 2 £</b>	<b>Stage 3 £</b>
<b>Cash and cash equivalents</b>			
Loss allowance at beginning of period - 1 January 2025	28	-	-
(Charge)/Release to the profit and loss	341	-	-
Loss allowance at end of period - 31 December 2025	<u><u>369</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
<b>Loans and advances to group banks</b>			
Loss allowance at beginning of period - 1 January 2025	12,835	-	-
(Charge)/Release to the profit and loss	(12,633)	-	-
Loss allowance at end of period - 31 December 2025	<u><u>202</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
<b>Loans and advances to customers</b>			
Loss allowance at beginning of period - 1 January 2025	16,488	-	-
(Charge)/Release to the profit and loss	(15,697)	-	-
Loss allowance at end of period - 31 December 2025	<u><u>791</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
<b>Trust fee receivables</b>			
Loss allowance at beginning of period - 1 January 2025	59,508	-	-
(Charge)/Release to the profit and loss	(21,692)	-	-
Loss allowance at end of period - 31 December 2025	<u><u>37,816</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
<b>Loan commitments and financial guarantees</b>			
Loss allowance at beginning of period - 1 January 2025	-	-	-
(Charge)/Release to the profit and loss	10,779	-	-
Loss allowance at end of period - 31 December 2025	<u><u>10,779</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

**Notes to the Financial Statements  
For the Year Ended 31 December 2025**
**26. Financial risk management (continued)**

For the year ended 31 December 2024	Stage 1 £	Stage 2 £	Stage 3 £
<b>Cash and cash equivalents</b>			
Loss allowance at beginning of period - 1 January 2024	20	-	-
(Charge)/Release to the profit and loss	8	-	-
Loss allowance at end of period - 31 December 2024	<u>28</u>	<u>-</u>	<u>-</u>
<b>Loans and advances to group banks</b>			
Loss allowance at beginning of period - 1 January 2024	108	-	-
(Charge)/Release to the profit and loss	12,727	-	-
Loss allowance at end of period - 31 December 2024	<u>12,835</u>	<u>-</u>	<u>-</u>
<b>Loans and advances to customers</b>			
Loss allowance at beginning of period - 1 January 2024	129,020	-	-
(Charge)/Release to the profit and loss	(112,532)	-	-
Loss allowance at end of period - 31 December 2024	<u>16,488</u>	<u>-</u>	<u>-</u>
<b>Trust fee receivables</b>			
Loss allowance at beginning of period - 1 January 2024	6,016	-	-
(Charge)/Release to the profit and loss	53,492	-	-
Loss allowance at end of period - 31 December 2024	<u>59,508</u>	<u>-</u>	<u>-</u>
<b>Loan commitments and financial guarantees</b>			
Loss allowance at beginning of period - 1 January 2024	-	-	-
(Charge)/Release to the profit and loss	-	-	-
Loss allowance at end of period - 31 December 2024	<u>-</u>	<u>-</u>	<u>-</u>

Cash and cash equivalents are of very short duration, therefore determining whether there is a significant increase in credit risk is not necessary for these exposures. They are therefore measured at 12 month ECLs. Loans and advances to group banks and loans and advance to customers all fall within the low to fair counterparty credit risk when internal borrower ratings are assigned by the Company and are measured at 12 month ECLs.

The following table discloses the maximum exposure to credit risk at the reporting date for financial assets with significant exposure to credit risk, without taking account of collateral held or other credit risk mitigation, and includes the Stage classification in line with the three-stage model for impairment under IFRS 9 (all exposures fall within Stage 1 ECL):

Borrower rating (BR)	Stage 1 ECL					Total £'000
	BR1 £'000	BR2 £'000	BR3 £'000	BR4 £'000	BR5 £'000	
Cash and cash equivalents	14,192	13,500	-	-	14	27,706
Loans and advances to group banks	2,520,640	12,718	-	-	-	2,533,358
Loans and advances to customers	-	139	-	56,909	130,527	187,575
Loan commitments and financial guarantees	4	99,527	-	34,204	2,038	135,773
<b>As at 31 December 2025</b>	<u>2,534,836</u>	<u>125,884</u>	<u>-</u>	<u>91,113</u>	<u>132,579</u>	<u>2,884,412</u>

**Notes to the Financial Statements  
For the Year Ended 31 December 2025**
**26. Financial risk management (continued)**

Borrower rating (BR)	Stage 1 ECL					Total £'000
	BR1 £'000	BR2 £'000	BR3 £'000	BR4 £'000	BR5 £'000	
Cash and cash equivalents	42,980	6,637	-	-	18	49,635
Loans and advances to group banks	2,563,482	10,687	-	-	-	2,574,169
Loans and advances to customers	-	11,554	9	40,483	20,775	72,821
Loan commitments and financial guarantees	-	46,554	-	22,180	2,012	70,746
<b>As at 31 December 2024</b>	<b>2,606,462</b>	<b>75,432</b>	<b>9</b>	<b>62,663</b>	<b>22,805</b>	<b>2,767,371</b>

For trust fee receivables the simplified approach to recognising impairment is applied. The trust fee receivables ageing is laid out in the following table.

Trust fee receivables	2025	2025	2025	2024
	Lifetime ECL not credit- impaired £	Lifetime ECL credit- impaired £	Total £	Total £
Ageing				
0-149 days	4,658,289	-	4,658,289	5,461,726
150-364 days	564,108	-	564,108	554,874
365+ days	14,164	-	14,164	-
	<b>5,236,561</b>	<b>-</b>	<b>5,236,561</b>	<b>6,016,600</b>
Impairment allowance	<b>(37,816)</b>	<b>-</b>	<b>(37,816)</b>	<b>(59,508)</b>
Carrying amount	<b>5,198,745</b>	<b>-</b>	<b>5,198,745</b>	<b>5,957,092</b>

**Sensitivity of ECL to future economic conditions**

The ECLs are sensitive to judgments and assumptions made regarding formulation of forward-looking scenarios and how such scenarios are incorporated into the calculations. Management performs a sensitivity analysis on the ECLs recognised for all in scope financial instruments except trust and custody fees receivables. The total probability weighted ECLs recognised under the baseline and alternative scenario is £11,350 (2024: £29,351). Had a 100% weighting been used in each scenario, ECLs of £11,782 (2024: £12,577) would have been recognised under the 100% baseline scenario, and ECLs of £11,782 (2024: £34,258) would have been recognised under the 100% alternative scenario.

**Collateral and credit enhancements**

The amounts that best represent the maximum exposure to credit risk without taking account of any collateral or other credit enhancements are the gross amounts of financial assets and maximum exposure amounts of off-balance sheet liabilities.

Loans and advances to group banks, including reverse repurchase agreements, were 93% (2024: 75%) collateralised at 31 December 2025. Nearly all of the Company's counterparties have strong credit ratings, but the Company still collateralises these credit exposures to further reduce credit risk.

The Company holds collateral and other credit enhancements against general custody overdrafts (within loans and advances to customers). The Company has a contractual lien on client assets as an ultimate form of remedy for overdrafts. In most cases, cash or marketable securities (typically investment grade) fully collateralise the credit exposure.

The Company has not recognised a loss allowance on any collateralised credit exposure because of the collateral. No financial assets were credit-impaired at the reporting date.

**Collateral**

The Company has not pledged any financial assets as collateral for liabilities or contingent liabilities.

**Notes to the Financial Statements  
For the Year Ended 31 December 2025**
**26. Financial risk management (continued)**

The Company holds collateral that it is permitted to sell or repledge upon default by the owner. This collateral has fair value of £2,353,756,690 (2024: £1,939,060,205) and no assets have been sold or repledged. All collateral held at 31 December 2025 is against Loans and advances to group banks split between market loans (89% collateralised by marketable securities) and reverse sale-and-repurchase agreements (99% collateralised by marketable securities). At 31 December 2024, all collateral held was against Loans and advances to group banks split between market loans (65% collateralised by marketable securities) and reverse sale-and-repurchase agreements (99% collateralised by marketable securities).

**(c). Liquidity risk**
**Liquidity risk management and monitoring**

Under the Group's risk framework, liquidity risk is governed from a first line of defence perspective by the Asset and Liability Committee and from a second line of defence perspective by the Market and Liquidity Risk Committee. The Chief Financial Officer (International) is a member of the Asset and Liability Committee.

On an operating basis, the Company's activities are managed by the International Treasury function, and overseen by the NTGL Finance Function. Second line of defence oversight is provided by the NTGL Risk Function and Corporate Risk Teams.

The Company's liquidity risk is managed according to the Company's 'Liquidity and Investment Policy'. This sets out the governance, risk appetite, monitoring and reporting framework, including stress testing and contingency funding plans. The Directors believe this policy satisfies the liquidity risk system and control requirements of the GFSC and complies with their requirements for liquidity stress testing and contingency funding planning. The Company has received approval from the GFSC to operate under its Liquidity Management Ratio regime. The Company monitors this ratio each business day.

Overall, the Group manages liquidity on a consolidated basis with scenario analysis and stress testing used to assess vulnerability to liquidity runs caused by a host of different scenarios. These include short-term and protracted scenarios for institution specific and market-wide shocks, as well as a combination of these. Liquidity stress testing is performed at the Company level. The Company primarily invests excess funds with The Northern Trust Company, London Branch. The source of funding for the Company is diversified across its client base.

**Residual contractual maturities of financial assets**

	Carrying amount £'000	Gross nominal inflow £'000	Less than one month £'000	One to three months £'000	Three months to one year £'000	Greater than one year £'000
Cash and cash equivalents	27,705	27,705	27,705	-	-	-
Loans and advances to group banks	2,533,357	2,533,357	2,533,357	-	-	-
Loans and advances to customers	187,574	187,574	4,858	-	56,795	125,921
Derivative assets	35,787	35,787	7,477	23,825	4,485	-
<b>As at 31 December 2025</b>	<b>2,784,423</b>	<b>2,784,423</b>	<b>2,573,397</b>	<b>23,825</b>	<b>61,280</b>	<b>125,921</b>

**Residual contractual maturities of financial assets**

	Carrying amount £'000	Gross nominal inflow £'000	Less than one month £'000	One to three months £'000	Three months to one year £'000	Greater than one year £'000
Cash and cash equivalents	49,636	49,636	49,636	-	-	-
Loans and advances to group banks	2,574,157	2,574,157	2,574,157	-	-	-
Loans and advances to customers	72,805	72,805	5,105	-	21,531	46,169
Derivative assets	95,871	95,871	25,480	65,707	4,684	-
<b>As at 31 December 2024</b>	<b>2,792,469</b>	<b>2,792,469</b>	<b>2,654,378</b>	<b>65,707</b>	<b>26,215</b>	<b>46,169</b>

**Notes to the Financial Statements  
For the Year Ended 31 December 2025**
**26. Financial risk management (continued)**
**Residual contractual maturities of financial liabilities**

	Carrying amount £'000	Gross nominal outflow £'000	Less than one month £'000	One to three months £'000	Three months to one year £'000	Greater than one year £'000
Deposits by group affiliates	177,794	177,794	177,794	-	-	-
Deposits by customers	2,304,468	2,304,468	2,296,021	8,447	-	-
Interest payable on deposits by group affiliates	-	-	-	-	-	-
Interest payable on deposits by customers	1,070	1,070	998	72	-	-
Lease liabilities	7,963	7,963	-	796	2,389	4,778
Derivative liabilities	35,798	35,798	7,477	23,826	4,495	-
Financial guarantees	2,042	2,042	-	-	-	2,042
Loan commitments	133,732	133,732	-	-	59,360	74,372
<b>As at 31 December 2025</b>	<b>2,662,867</b>	<b>2,662,867</b>	<b>2,482,290</b>	<b>33,141</b>	<b>66,244</b>	<b>81,192</b>

	Carrying amount £'000	Gross nominal outflow £'000	Less than one month £'000	One to three months £'000	Three months to one year £'000	Greater than one year £'000
Deposits by group affiliates	124,837	124,837	124,837	-	-	-
Deposits by customers	2,320,981	2,320,981	2,255,716	24,679	40,586	-
Interest payable on deposits by group affiliates	2	2	2	-	-	-
Interest payable on deposits by customers	2,938	2,938	2,374	428	136	-
Lease liabilities	11,149	11,149	-	797	2,389	7,963
Derivative liabilities	95,860	95,860	25,480	65,698	4,682	-
Financial guarantees	2,016	2,016	-	-	-	2,016
Loan commitments	68,729	68,729	-	-	28,791	39,938
<b>As at 31 December 2024</b>	<b>2,626,512</b>	<b>2,626,512</b>	<b>2,408,409</b>	<b>91,602</b>	<b>76,584</b>	<b>49,917</b>

**(d). Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates or equity prices will affect the Company's income or the value of its holdings of financial instruments.

Market risk has two risk sub-categories:

*i. Interest Rate Risk in the Banking Book ("IRRBB")*

IRRBB is the potential for movements in interest rates to cause changes in earnings.

NTGL's interest rate risk is currently measured using the Cumulative Net GAP limits. Regular reporting is produced and distributed to key stakeholders. Limits and thresholds are specified in the "Liquidity and Investment Policy".

*ii. Trading Risk*

Trading risk is the potential for movements in market variables such as foreign exchange and interest rates to cause changes in the value of trading positions. The Group considers the full universe of trading risk types in assessing the presence and magnitude of trading risks.

NTGL operates within a back-to-back model with the Northern Trust Company, London Branch for FX trades. For a client trade with NTGL, there would be a back-to-back deal with The Northern Trust Company, London Branch. The third party Mark-to-Market ("MTM") on the asset side matches the intercompany MTM on the liability side, and vice versa. NTGL does not undertake any trading activities other than Foreign Exchange.

**Notes to the Financial Statements  
For the Year Ended 31 December 2025**
**26. Financial risk management (continued)**

Trading market risk is measured using the following metrics; FX Net Overnight Positions and FX Value at Risk. These limits are specified in the Company's "FX and Trading Book Policy".

<b>Interest rate gap analysis As at 31 December 2025</b>	<b>Less than three months £'000</b>	<b>Three to six months £'000</b>	<b>More than six months £'000</b>	<b>Non- interest bearing £'000</b>	<b>Total £'000</b>
Cash and cash equivalents	20,714	-	-	6,991	27,705
Loans and advances to group banks	2,533,357	-	-	-	2,533,357
Loans and advances to customers	145,633	27,067	14,874	-	187,574
Derivative assets	-	-	-	35,787	35,787
Prepayments and accrued income	-	-	-	6,949	6,949
Deferred tax asset	-	-	-	833	833
Other assets	-	-	-	12,483	12,483
Fixed assets	-	-	-	5,678	5,678
<b>Total assets</b>	<b>2,699,704</b>	<b>27,067</b>	<b>14,874</b>	<b>68,721</b>	<b>2,810,366</b>
Deposits by group affiliates	177,794	-	-	-	177,794
Deposits by customers	1,954,844	-	-	349,624	2,304,468
Corporation tax liability	-	-	-	1,244	1,244
Deferred tax liability	-	-	-	1,114	1,114
Other liabilities	-	-	-	23,542	23,542
Derivative liabilities	-	-	-	35,798	35,798
Provisions and accruals	-	-	-	4,170	4,170
<b>Total liabilities</b>	<b>2,132,638</b>	<b>-</b>	<b>-</b>	<b>415,492</b>	<b>2,548,130</b>
<b>Overall interest rate gaps</b>	<b>567,066</b>	<b>27,067</b>	<b>14,874</b>	<b>(346,771)</b>	<b>262,236</b>
<b>As at 31 December 2024</b>	<b>Less than three months £'000</b>	<b>Three to six months £'000</b>	<b>More than six months £'000</b>	<b>Non- interest bearing £'000</b>	<b>Total £'000</b>
Cash and cash equivalents	38,872	-	-	10,764	49,636
Loans and advances to group banks	2,574,170	-	-	(13)	2,574,157
Loans and advances to customers	54,191	2,894	15,735	(15)	72,805
Derivative assets	-	-	-	95,871	95,871
Prepayments and accrued income	-	-	-	6,837	6,837
Corporation tax recoverable	-	-	-	1,695	1,695
Deferred tax asset	-	-	-	1,059	1,059
Other assets	-	-	-	12,615	12,615
Fixed assets	-	-	-	6,906	6,906
<b>Total assets</b>	<b>2,667,233</b>	<b>2,894</b>	<b>15,735</b>	<b>135,719</b>	<b>2,821,581</b>
Deposits by group affiliates	124,837	-	-	-	124,837
Deposits by customers	2,213,511	40,586	-	66,884	2,320,981
Deferred tax liability	-	-	-	1,331	1,331
Other liabilities	-	-	-	24,501	24,501
Derivative liabilities	-	-	-	95,860	95,860
Provisions and accruals	-	-	-	4,508	4,508
<b>Total liabilities</b>	<b>2,338,348</b>	<b>40,586</b>	<b>-</b>	<b>193,084</b>	<b>2,572,018</b>
<b>Overall interest rate gaps</b>	<b>328,885</b>	<b>(37,692)</b>	<b>15,735</b>	<b>(57,365)</b>	<b>249,563</b>

**Notes to the Financial Statements  
For the Year Ended 31 December 2025**
**26. Financial risk management (continued)**
**Sensitivity analysis**

A unilateral 100 basis points (2024: 100 basis points) increase in all interest rates worldwide would increase projected net interest income by the amounts shown below. This calculation assumes that the change occurred on 31 December 2025 and had been applied to all interest bearing assets and liabilities at that date. This analysis assumes that all other variables, in particular exchange rates and the balance sheet position, remain constant. The analysis was performed on the same basis for 31 December 2024.

	2025	2024
	£	£
Increase in projected net interest income	<u>5,817,198</u>	<u>3,121,264</u>

A unilateral 100 basis points (2024: 100 basis points) decrease in all interest rates worldwide at 31 December 2025 would have had the equal but opposite effect on the projected net interest income shown above, on the basis that all other variables remain constant.

**Net currency position analysis**

The table below summarises the Company's exposure to foreign exchange risk. Included in the table are the Company's financial instruments at carrying amounts, categorised by currency.

	EUR	GBP	USD	Other
	£'000	£'000	£'000	£'000
<b>As at 31 December 2025</b>				
Cash at bank and in hand	8,974	8,249	12	10,470
Loans and advances to group banks	289,265	636,090	1,554,445	53,557
Loans and advances to customers	44,966	35,216	107,336	56
Derivative assets	-	35,787	-	-
Prepayments and accrued income	331	1,649	4,952	17
Deferred tax asset	-	832	1	-
Other assets	190	11,636	502	155
Tangible fixed assets	-	5,677	1	-
Intangible assets	-	-	1	(1)
<b>Total assets</b>	<u>343,726</u>	<u>735,136</u>	<u>1,667,250</u>	<u>64,254</u>
Deposits by group affiliates	18,691	76,221	73,449	9,433
Deposits by customers	323,998	342,047	1,588,801	49,622
Corporation tax payable	-	1,244	-	-
Deferred tax liability	-	1,114	-	-
Other liabilities	1,031	12,313	5,004	5,194
Derivative liabilities	-	35,798	-	-
Provisions	-	2,368	-	-
Accruals	-	1,776	26	-
<b>Total liabilities</b>	<u>343,720</u>	<u>472,881</u>	<u>1,667,280</u>	<u>64,249</u>
<b>Net statement of financial position exposure</b>	<u>6</u>	<u>262,255</u>	<u>(30)</u>	<u>5</u>
<b>Total forward exposure</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net currency position</b>	<u>6</u>	<u>262,255</u>	<u>(30)</u>	<u>5</u>

**Notes to the Financial Statements  
For the Year Ended 31 December 2025**
**26. Financial risk management (continued)**

	EUR	GBP	USD	Other
<b>As at 31 December 2024</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Cash at bank and in hand	5,726	4,264	26,279	13,367
Loans and advances to group banks	449,304	666,519	1,413,607	44,727
Loans and advances to customers	6,097	2,375	64,136	197
Derivative assets	-	95,871	-	-
Prepayments and accrued income	393	1,135	5,287	22
Corporation tax recoverable	-	1,694	1	-
Deferred tax asset	-	1,058	1	-
Other assets	98	11,801	601	115
Tangible fixed assets	-	6,906	-	-
Intangible assets	-	-	1	(1)
<b>Total assets</b>	<b>461,618</b>	<b>791,623</b>	<b>1,509,913</b>	<b>58,427</b>
Deposits by group affiliates	17,165	83,184	24,447	41
Deposits by customers	443,774	344,562	1,478,345	54,300
Deferred tax liability	-	1,331	-	-
Other liabilities	496	13,018	6,897	4,090
Derivative liabilities	-	95,860	-	-
Provisions	-	2,351	-	-
Accruals	176	1,724	257	-
<b>Total liabilities</b>	<b>461,611</b>	<b>542,030</b>	<b>1,509,946</b>	<b>58,431</b>
<b>Net statement of financial position exposure</b>	<b>7</b>	<b>249,593</b>	<b>(33)</b>	<b>(4)</b>
<b>Total forward exposure</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net currency position</b>	<b>7</b>	<b>249,593</b>	<b>(33)</b>	<b>(4)</b>

**Sensitivity analysis**

A 20 percent weakening of the following currencies against the pound sterling at 31 December 2025 would have increased profit or loss by the amounts shown below. This calculation assumes that the change occurred at the balance sheet date and had been applied to risk exposures existing at that date. This analysis assumes that all other variables, in particular other exchange rates and interest rates, remain constant. The analysis was performed on the same basis for 31 December 2024.

	2025	2024
	£	£
<b>Foreign exchange gain/(loss)</b>		
EUR	1,237	1,048
USD	(6,774)	(7,634)

A 20 percent strengthening of the above currencies against the pound sterling at 31 December would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

**(e). Capital management**

The Company's lead regulator, the GFSC, sets and monitors capital requirements for the Company as a whole. The ultimate parent company is directly supervised by its local regulator.

The Company's regulatory capital is comprised entirely of Tier 1 capital, which includes ordinary share capital and retained earnings less net pension scheme asset.

	2025	2024
	£	£
Tier 1 capital	<u>258,269,771</u>	<u>245,955,680</u>

---

**Notes to the Financial Statements**  
**For the Year Ended 31 December 2025****26. Financial risk management (continued)****Total capital**

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Company has complied with all externally imposed capital requirements throughout 2025.

There have been no material changes to the Company's management of capital during the period.

**27. Pension commitments****Nature of the scheme**

The Northern Trust (Guernsey) Limited Pension Scheme ("the Scheme") operated by the Company is a funded defined benefit arrangement which provides retirement benefits based on Final Pensionable Salary. The scheme closed to the future accrual of benefits with effect from 31 July 2010. All remaining active members were treated as having left Pensionable Service with effect from that date but with special benefit provisions.

The Scheme is an approved scheme in both Guernsey and Jersey. Approval in Guernsey is under Article 150 of the Income Tax (Guernsey) Law, 1975, as amended, and approval in Jersey is under Article 131 of the Income Tax (Jersey) Law, 1961 as amended. The Scheme must comply with the relevant legislation in Guernsey and Jersey. There is no pensions regulator or minimum funding requirement in these jurisdictions and no requirement for an independent trustee.

The Scheme is approved in the Isle of Man by the Assessor of Income Tax under the Income Tax (Retirement Benefit Schemes) Act, 1978 and is an authorised scheme with the Isle of Man Financial Services Authority under the Retirement Benefits Scheme Act, 2000. The Scheme is subject to regulation by the Insurance and Pensions Authority and by the Income Tax Department.

The Trustee, Northern Trust Pension Plan (Guernsey) Limited, is responsible for the Scheme's investment policy and for the exercise of discretionary powers in respect of the Scheme's benefits. The Trustee determines the level of contributions payable to the Scheme following agreement from the Company and advice of the Scheme's Actuary in accordance with the Funding Agreement from the Company and Guarantee from the Group.

**Exposure to risk**

The Company is exposed to the risk that additional contributions will be required in order to fund the Scheme as a result of poor experience. Some of the key factors that could lead to shortfalls are:

- investment performance - the return achieved on the Scheme's assets may be lower than expected;
- mortality - members could live longer than foreseen. This would mean that benefits are paid for longer than expected, increasing the value of the related liabilities; and
- options for members - members may exercise options resulting in unanticipated extra costs.

The Scheme currently holds a modest level of its investments in equities. This exposes the Company to the risk of a general downturn in equity markets.

In order to assess the sensitivity of the Scheme's pension asset to these risks, sensitivity analyses have been carried out. Each sensitivity analysis is based on changing one of the assumptions used in the calculations, with no change in the other assumptions. The same method has been applied as was used to calculate the original pension liability and the results are presented in comparison to that liability. It should be noted that in practice it is unlikely that one assumption will change without a movement in the other assumptions; there may also be some correlation between some of these assumptions. It should also be noted that the value placed on the liabilities does not change on a straight line basis when one of the assumptions is changed. For example, a 2% change in an assumption will not necessarily produce twice the effect on the liabilities of a 1% change.

The Scheme currently operates a dynamic asset management strategy, including automatic strategic de-risking from growth to matching assets, in order to reduce investment risk.

**Restriction of Assets**

The Company's interpretation of the Scheme's Rules is that the Company would have an unconditional right to a refund if there were any surplus assets on wind-up. Therefore, no IFRIC 14 adjustments are made to the balance sheet items and any balance sheet assets which may arise are recognised in full.

**Notes to the Financial Statements  
For the Year Ended 31 December 2025**
**27. Pension commitments (continued)**
**Scheme Amendments**

There have been no past service costs or settlements in the financial year ending 31 December 2025 (2024: Nil).

**Funding policy**

Following the cessation of accrual of benefits with effect from 31 July 2010, regular contributions to the Scheme are no longer required. However, additional contributions are still made to cover any shortfalls that arise following each valuation. The funding method employed to calculate the value of previously accrued benefits is the Projected Unit Method. The Trustee determines the level of contributions payable to the Scheme following agreement from the Company and advice of the Scheme's Actuary in accordance with the Funding Agreement from the Company, and Guarantee from the Group. All of the Scheme's assets have a quoted market price in an active market. The Scheme holds no financial instruments issued by the Company or by the Group (other than incidentally through investment in pooled funds), nor does it hold any property or other assets used by the Company or by the group.

The Company does not expect to contribute to the Scheme in 2026.

**Composition of plan assets:**

The assets of the Scheme can be categorised as follows:

	2025	2024
	£	£
Equities	2,441,616	2,300,848
Gilts	18,516,296	18,000,448
Corporate Bonds	619,978	679,730
Property	373,297	371,727
Cash and net current assets	1,406,152	1,869,969
<b>Total plan assets</b>	<b>23,357,339</b>	<b>23,222,722</b>

	2025	2024
	£	£
Fair value of plan assets	23,357,339	23,222,722
Present value of plan liabilities	(19,389,264)	(19,612,890)
<b>Net pension scheme asset</b>	<b>3,968,075</b>	<b>3,609,832</b>

The amounts recognised in profit or loss are as follows:

	2025	2024
	£	£
Interest expense on obligation	1,072,963	997,800
Interest income on assets	(1,275,114)	(1,151,345)
<b>Total</b>	<b>(202,151)</b>	<b>(153,545)</b>

The actual return on scheme assets are as follows:

<b>Actual return on scheme assets</b>	<b>1,040,291</b>	<b>(1,849,420)</b>
---------------------------------------	------------------	--------------------

**Notes to the Financial Statements  
For the Year Ended 31 December 2025**
**27. Pension commitments (continued)**
**Reconciliation of fair value of plan liabilities were as follows:**

	2025	2024
	£	£
Opening defined benefit obligation	19,612,890	22,686,630
Interest on obligation	1,072,963	997,800
Experience losses	133,275	55,657
(Gains) from changes in financial assumptions	(624,735)	(2,958,649)
Losses/(gains) from changes in demographic assumptions	100,545	(141,951)
Benefits paid (pensions in payment and withdrawals)	(905,674)	(1,026,597)
Closing defined benefit obligation	<u>19,389,264</u>	<u>19,612,890</u>

**Reconciliation of fair value of plan assets were as follows:**

	2025	2024
	£	£
Opening fair value of scheme assets	23,222,722	26,098,739
Interest on assets	1,275,114	1,151,345
Return on assets (not included in interest)	(234,823)	(3,000,765)
Benefits paid (pensions in payment and withdrawals)	(905,674)	(1,026,597)
	<u>23,357,339</u>	<u>23,222,722</u>

The cumulative amount of actuarial gains and losses recognised in the Statement of Comprehensive Income is £5,358,478 loss (2024: £5,514,570 loss).

	2025	2024
	£	£
<b>Analysis of actuarial gain in Other Comprehensive Income</b>		
Actuarial gain on defined benefit schemes	390,915	3,044,943
Return on defined pension scheme assets (not included in interest)	(234,823)	(3,000,765)
	<u>156,092</u>	<u>44,178</u>

**Principal actuarial assumptions at the Balance Sheet date (expressed as weighted averages):**

	2025	2024
	%	%
Discount rate at the end of the year	5.6	5.6
Discount rate at the start of the year	5.6	4.5
Inflation	3.1	3.4
Rate of Increase in Baring Asset Management (CI) Limited individuals and former active members as at 31 July 2010 Deferred Pensions	3.1	3.4
Rate of Increase in Manx Deferred Pensions (in excess of GMPs)	2.6	2.9
Rate of increase in Guernsey, Jersey and Baring Asset Management (CI) Limited Pensions in Payment	2.4	2.6
Rate of Increase in Manx Pensions in Payment - pre 6 April 1997 Service	2.4	2.6
Rate of Increase in Manx Pensions in Payment - post 6 April 1997 Service	<u>2.6</u>	<u>2.8</u>

The mortality assumptions are based on standard mortality tables which allow for future mortality improvements. The assumptions are that a member aged 60 will live on average until age 88 if they are male and until age 89 if they are female. For a member currently aged 50 the assumptions are that if they attain age 60 they will live on average until 88 if they are male and until age 90 if female.

**Notes to the Financial Statements  
For the Year Ended 31 December 2025**
**27. Pension commitments (continued)**

The following table illustrates the sensitivity of the Defined Benefit Obligation at 31 December 2025 to changes in the significant actuarial assumptions.

	Impact on defined benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	0.5 %	Decrease by 6.4%	Increase by 7.2%
Inflation	0.5 %	Increase by 3.5%	Decrease by 3.8%
Scaling factor applied to base mortality table		<b>Change to 105%</b> Decrease by 1.1%	<b>Change to 95%</b> Increase by 1.1%

**28. Financial guarantees and loan commitments**

The Company has provided credit guarantees to certain third parties with respect to default on behalf of a number of clients. These guarantees amount to £2,042,366 (2024: £2,015,732). In addition, undrawn amounts on committed loan facilities amount to £133,732,275 (2024: £68,729,021).

**29. Post balance sheet events**

There have been no significant events affecting the Company since the year end.

**Statement of Financial Resources**  
**As at 31 December 2025**

	<b>2025</b>
	<b>£</b>
<b>Net assets:</b>	
<b>Gross capital per the balance sheet</b>	<b>262,237,812</b>
<b>less:</b>	
Investments in subsidiaries	(100)
Intercompany debtors	(3,243,278)
Pension asset	(3,968,075)
Tangible fixed assets	(5,678,197)
Intangible assets	-
Loans and advances to customers (3-12 months)	(56,795,404)
	<hr/>
<b>Net assets after adjustments</b>	<b>192,552,758</b>
<b>less:</b>	
Contingent liabilities	(2,042,366)
	<hr/>
<b>Net assets after adjustments, contingent liabilities and risks</b>	<b>190,510,392</b>
Financial resources requirement (The Licensees (Capital Adequacy) Rules, 2021)	4,000,000
	<hr/>
<b>Excess financial resources</b>	<b>186,510,392</b>
	<hr/> <hr/>