Registered Number 15473385

Duncan Funding 2024-1 plc

Annual Report and Financial Statements

Year ended 31 December 2025

Directors
CSC Directors (No.1) Limited
CSC Directors (No.2) Limited
Catherine McGrath

Company secretary
CSC Corporate Services (UK) Limited

Registered office
10th Floor 5 Churchill Place
London
E14 5HU

Company number
Registered Number 15473385

Independent auditor
KPMG LLP
15 Canada Square
London
E14 5GL

Strategic report

The directors present their strategic report for Duncan Funding 2024-1 plc (the "Company") for the year ended 31 December 2025.

Principal activities

The Company, a public limited company, was incorporated on 7 February 2024 in the United Kingdom and registered in England and Wales under the Companies Act 2006. The Company was established as a special purpose vehicle to support TSB Bank plc's ("TSB" or the "Originator") securitisation of residential mortgage loans (the "Transaction"). The principal activities of the Company are to issue notes with an expected maturity of October 2029 and a final legal repayment date of July 2071 (the "Notes") and use the proceeds of the Notes issuance to acquire an interest in a portfolio of mortgage loans from TSB secured on residential properties in England, Wales and Scotland and also to enter into related financial arrangements.

The activities of the Company are conducted primarily by reference to a series of securitisation transaction documents (the "Transaction Documentation"). The securitisation structure has been established as a means of raising finance for TSB.

Business review

On 23 May 2024 (the "Closing Date"), the Company issued two classes of Notes, comprising:

- the AAA/Aaa rated Class A Notes at a balance of £500 million; and
- the unrated Subordinated Note at a balance of £61.8 million.

Of these, the Class A Note of £500m were issued into the market and the unrated Subordinated Note of £61.8m was retained, and still is held, by TSB.

The Class A Notes have been admitted to trading on the regulated market of the London Stock Exchange.

Payments on the Notes are required to be made from receipts of payments made on the mortgage loans and as set out in the Transaction Documentation. During the period the Company repaid £20m (2024: £5m) of the A notes, reducing the A notes balance to £475m (2024: £495m).

The Company made all necessary payments on the Notes in accordance with the Transaction Documentation for the year ended 31 December 2025.

TSB provided a Start-up Loan to the Company of £7m. The Start-up Loan comprised of funds to cover payment of costs and expenses incurred by the Company in connection with the issue of the Notes, and to provide an initial liquidity reserve fund equal to 1 per cent of the sterling equivalent Class A Notes at the Closing Date. The Start-up Loan Agreement also provides the Company with the option to request for an advance to be used as available revenue receipts. The balance of the Start-up Loan outstanding at the end of the period was £7 million (2024: £7 million).

In relation to the mortgage portfolio transferred to the Company, accounting derecognition was considered to be inappropriate for TSB's own financial statements, as TSB retained substantially all of the risks and rewards associated with the transferred assets and the pass-through criteria of International Financial Reporting Standard 9 (IFRS 9) have not been met. The Company recognises a 'deemed loan' to TSB on its statement of financial position to represent its interests in the underlying mortgage portfolio.

The Transaction features a revolving structure allowing the Company to use principal receipts received from the mortgages to replenish the portfolio with additional mortgages purchased from TSB subject to certain eligibility criteria. The revolving period continues to October 2029 (the "Revolving Period End Date" or "Step Up Date") and is subject to certain criteria.

Profits for the Company are pre-determined on a cash flow basis under the Transaction Documentation. Under the terms of the Transaction, the Company has the right to retain £1,250 at each Interest Payment Date ("IPD") from available revenue receipts which is recorded as profit.

The results for the period are set out on page 11. The profit after taxation for the year amounted to £4,050 (2024: £1,794).

The directors do not anticipate any changes to the present level of activity, or the nature of, the Company's business.

Strategic report

Key performance indicators ("KPIs")

A defined set of KPIs for the Transaction are set out in the Transaction Documentation and are monitored by the directors. The directors consider key performance indicators of the Company to be:

- the performance of the underlying mortgage loans – specifically the level of arrears and repossessions;
- the level of excess revenue receipts ("Excess Spread"); and
- the performance against the triggers set out in the Transaction Documentation

The performance of the portfolio is outlined in note 11(a), and none of the triggers have been breached in the year to 31 December 2025 and up to the date of signing the financial statements.

At the time of issue, the rated Note was assigned a credit rating which reflect the likelihood of full and timely payment of interest to the holders of the Note on each IPD and the full repayment of principal by the final legal repayment date. A rating may be subject to revision, suspension or withdrawal at any time by the rating agencies if the Company's circumstances change.

Any change in the credit rating assigned to a Note would be used as an indicator as to the performance of the Company. No changes in credit ratings have been applied to the Notes in the year under review and subsequently up to the date of approval of these financial statements.

Risk management

The majority of the Company's assets and liabilities have been classified as financial instruments in accordance with IAS 32 "Financial Instruments: Presentation". The Company's financial instruments comprise a deemed loan to TSB, as the seller of the mortgages, equivalent to the value of its net investment in the mortgages, cash and liquid resources, Notes issued in the capital markets, derivative contracts and various other receivables and payables.

The principal risks arising from the Company's financial instruments are credit risk, interest rate risk and liquidity risk. These and other risks which may affect the Company's performance are detailed below. Further analysis of the risks facing the Company in relation to its financial instruments and the Company's financial risk management policies is provided in note 11.

Credit risk

Credit risk arises on the individual loans within the mortgage loan portfolio which are in turn secured on UK residential properties. The performance of these mortgage loans is therefore influenced by the economic climate and the UK housing market.

To mitigate this risk, credit enhancement is provided in the form of a Subordinated Note issued to TSB and the ability of the Company to use Excess Spread to cover principal losses.

Interest rate risk

Interest rate risk is the possibility that changes in interest rates will result in higher financing costs and/or reduced income from the Company's interest-bearing financial assets and liabilities.

Interest rate risk exists where assets and liabilities have interest rates set under a different basis or which reset at different times. The Company minimises its exposure to interest rate risk by ensuring that the interest rate characteristics of the underlying mortgage assets, as represented in the deemed loan to TSB, and the Notes (its principal assets and liabilities) are similar; where this is not possible the Company uses derivative contracts to mitigate any residual interest rate risk.

The Company's liabilities consist of compounded SONIA Notes. Interest rate risk is therefore managed through a derivative contract, which hedges the interest rate basis of the underlying fixed rate mortgages against compounded SONIA.

The interest rate derivative contract provider is TSB Bank plc ('TSB'), As TSB does not hold the required credit rating to provide the interest rate swap without support, as part of this agreement, the Company has entered into a Back-up interest rate swap facility with Lloyds Bank Corporate Markets plc which incurs a fee to the Back-up swap provider. Only TSB is required to post collateral to the issuer in line with the mark to market of the swap. The Issuer is not required to post collateral with TSB under any circumstances.

Strategic report (continued)

Liquidity risk

The ability of the Company to meet its obligations to make principal and interest payments on the Notes and to meet its operating and administrative expenses is dependent on the amount and timing of the interest and principal repayments on the mortgage loans which underlie the deemed loan to TSB.

Liquidity support comes from the Company's ability to use the liquidity reserve fund to mitigate interest shortfalls on the Class A Notes, as well as to pay expenses classed as senior expenses by the Transaction Documentation. The Company is also able to use principal receipts to mitigate interest shortfalls on the Class A Notes and senior expenses.

Operational risk

The Company is exposed to operational risks through a number of contracts with third parties who have agreed to provide operational support to the Company in accordance with the Transaction Documentation. TSB has been appointed servicer and cash manager on behalf of the Company. BNY Mellon Corporate Trustee Services Limited has been appointed as Note trustee and Security trustee. CSC Corporate Services (UK) Limited has been appointed to provide corporate services in accordance with a corporate services agreement. Bank of New York Mellon, London Branch has been appointed to act as account bank and principal paying agent.

Business risk

The principal business risks of the Company are set out in a number of trigger events in the Transaction Documentation. These trigger events deal with issues such as the solvency of TSB and the performance of underlying mortgage assets. The occurrence of a trigger event may lead to a different priority of payments on the Notes or a termination of the revolving period prior to October 2029.

There have been no such trigger events since the inception of the Transaction.

Capital management

The Company is not subject to any external capital requirements, except for the minimum requirement under the Companies Act 2006. The Company has not breached this minimum requirement.

Section 172(1) statement

As an SPV, the governance structure of the Company is such that the key policies have been predetermined at the time of issuance. The directors have had regards to the matters set out in section 172(1) of the Companies Act 2006 as follows:

- with reference to subsection (a) concerning the likely consequences of any decision in the long term: Transaction Documentation has been set up to achieve the Company's purpose and business objectives, safeguard the assets and promote the success of the Company with a long term view and as disclosed in Note 5 in accordance with relevant securitisation legislation the Company is only permitted to retain minimal profit.

- the matters set out in subsections (b)–(f) have limited or no relevance to the Company and therefore they are not strategically important.

In accordance with section 426b of the Companies Act 2006, a copy of this statement is available at https://www.tsb.co.uk/investors/debt-investors/securitisation-programmes/.

On behalf of the board

Orey Salu
Per pro CSC Directors (No.1) Limited
Director
10 February 2026

Registered office
10th Floor 5 Churchill Place
London, E14 5HU

Directors' report

The directors present their annual report and audited financial statements for the Company for the year to 31 December 2025.

Directors and their interests

The directors who served during the year to 31 December 2025 and up to the date of signing the financial statements were as follows:

CSC Directors (No.1) Limited
CSC Directors (No.2) Limited
Catherine McGrath

None of the directors have any beneficial interest in the shares of the Company.

None of the directors had any interest during the period in any material contract or arrangement with the Company.

The directors do not recommend the payment of a dividend in respect of the year ended 31 December 2025 (2024: nil).

Statement of directors' responsibilities in respect of the annual report, strategic report, the directors' report and the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations. Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK-adopted international accounting standards and applicable law.
Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of its profit or loss for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with UK-adopted international accounting standards;
- 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 adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act 2006. 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.

Under applicable law and regulations, the directors are also responsible for preparing a Strategic Report, Directors' Report, and Corporate Governance Statement that complies with that law and those regulations.

Disclosure of information to auditors

So far as the directors are each aware, there is no relevant audit information of which the Company's auditors are unaware. The directors have each taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of the information.

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

Directors' indemnities

As permitted by the Articles of Association, the directors have the benefit of an indemnity which is a qualifying third-party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the financial period and remains in force at the date of approval of the annual report and financial statements.

Company secretary

CSC Corporate Services (UK) Limited acted as the company secretary during the year and up to the date of signing the financial statements.

Directors' report (continued)

Employees

The Company had no employees during the year ended 31 December 2025 (2024: no employees). Services required are contracted from third parties. None of the directors received any emoluments from the Company in the current year (2024: nil).

Corporate governance

The Directors are responsible for governance in accordance with the Transaction Documentation detailing the structure and operation of the Transaction. The governance structure of the Company is such that the key policies have been predetermined at the time of issuance, and the operational roles have been assigned to third parties with their roles strictly governed by the Transaction Documentation.

The Transaction Documentation provides for procedures that have been designed for safeguarding assets against unauthorised use or disposition; for maintaining proper accounting records; and for the reliability and usefulness of financial information used within the business or for publication. Such procedures are designed to manage, rather than eliminate, the risk of failure to achieve business objectives whilst enabling them to comply with regulatory obligations.

Due to the nature of the securities which have been issued on the London Stock Exchange, the Company is largely exempt from the requirements of the Financial Conduct Authority Disclosure Guidance and Transparency Rules Sourcebook 7.1 Audit Committees and 7.2 Corporate Governance Statements (save for the rule 7.2.5 requiring description of the features of the internal control and risk management systems) which would otherwise require the Company respectively to have an audit committee in place and include a corporate governance statement in the report of the directors. The directors are therefore satisfied that there is no requirement for an audit committee or a supervisory body entrusted to carry out the functions of an audit committee or to publish a corporate governance statement.

The Company outsources its operational internal controls and risk management systems to TSB in its role as servicer. Additional information may be found in the section "Principal Risks and uncertainties", on pages 14 to 24 of the 2025 Annual Report and Accounts of TSB Banking Group plc, which does not form part of this report.

Independent auditors

KPMG LLP have been appointed by the directors as the auditors of the Company during the period under review. Having expressed their willingness to continue in office, a resolution for the re-appointment of KPMG LLP will be proposed at the forthcoming annual general meeting of the Company, pursuant to section 489 of the Companies Act 2006. KPMG will serve until completion of the anticipated acquisition of TSB by Santander

Environment and emerging risk - climate change

TSB has effective control of the entity through the design of the structure, therefore its environmental policy and response to the emerging risk of climate change is set by TSB. Full details can be found in TSB's Annual Report and Accounts on their website at tsb.co.uk

Statement of going concern

The directors are satisfied that the Company has adequate resources to continue to operate for the foreseeable future and is financially sound. In addition, the Notes are limited recourse obligations of the Company. Should there be insufficient funds to pay in full any amounts due and payable on the Notes, following the realisation of assets and after payments in accordance with the priority of payments, then such outstanding amounts cease to be due and payable by the Company. For this reason, the directors continue to adopt the going concern basis in preparing the financial statements.

On behalf of the board

Orey Salu
Per pro CSC Directors (No.1) Limited
Director
10 February 2026

Registered office
10th Floor, 5 Churchill Place
London
E14 5HU

Independent auditors' report to the directors of Duncan Funding 2024-1 plc

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF Duncan Funding 2024-1 PLC

1 Our opinion is unmodified

We have audited the financial statements of Duncan Funding 2024-1 PLC ("the Company") for the year ended 31 December 2025 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Cash Flow Statement, and the related notes, including the accounting policies in note 1.

In our opinion the financial statements:
- give a true and fair view of the state of the Company's affairs as at 31 December 2025 and of its profit for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the Board of Directors.

We were first appointed as auditor by the directors for the period ended 31 December 2024. The period of total uninterrupted engagement is for the two financial years ended 31 December 2025. We have fulfilled our ethical responsibilities under, and we remain independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities. No non-audit services prohibited by that standard were provided.

2 Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We summarise below the key audit matter unchanged from 2024, in arriving at our audit opinion above, together with our key audit procedures to address the matter and, as required for public interest entities, our results from the procedures. This matter was addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.

	The risk	Our response
Recoverability of deemed loan to the Originator £nil provision (2024: £nil) Refer to note 1 of the accounting policy for details	**Deemed loan to TSB Bank Plc ("the Originator") is not appropriately identified for a loss allowance based on expected credit losses ("ECL")** **Subjective estimate** The company has a deemed loan to the Originator. The loan is collateralised on a portfolio of mortgages sold to the Company by the Originator. There is substantial credit enhancement in the structure via a subordinated loan and deferred consideration arrangement. IFRS 9 requires the Company to recognise an ECL on financial instruments which involve significant judgement and estimation. The risk is that the Company has not recorded an ECL in the financial statements at the year-end due to management's assertion that the credit enhancements available means that the risk of future credit losses is negligible. Therefore, the recoverability of the deemed loan to the Originator, does not have a high risk of significant misstatement, nor is it subject to significant judgement, however, due to its size in the context of the Company's financial statements it is the area that had the greatest effect on our overall audit.	We performed the following procedures below rather than seeking to rely on any of the controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described. Our procedures included: • **Test of detail:** We tested the existence of the subordinated loan by obtaining a third-party confirmation. We tested the accuracy of the deferred consideration by recalculating the movements in the period. We compared the ECL in the underlying mortgages to the credit enhancements that exist at the year end to assess whether the credit enhancements mean that the risk of future credit losses is negligible. • **Assessing transparency:** Assessed whether the disclosure appropriately disclose and address the uncertainty which exists when determining the ECL. **Our results:** The results of our testing were satisfactory and we considered a nil ECL at the period end and related disclosures made, to be acceptable (2024: acceptable).

Independent auditors' report to the directors of Duncan Funding 2024-1 plc (continued)

3 Our application of materiality and an overview of the scope of our audit

Materiality for the financial statements as a whole was set at £5 million (2024: £5 million) determined with reference to a benchmark of total assets, of which it represents 1% (2024: 1%).

In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole.

Performance materiality was set at 75% (2024: 75%) of materiality for the financial statements as a whole, which equates to £3.75 million (2024: £3.75 million). We applied this percentage in our determination of performance materiality because we did not identify any factors indicating an elevated level of risk.

We agreed to report to the Board of Directors any corrected or uncorrected identified misstatements exceeding £0.25 million (2024: £0.25 million), in addition to other identified misstatements that warranted reporting on qualitative grounds.

4 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").

We used our knowledge of the Company, its industry, and the general economic environment to identify the inherent risks to its business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

We evaluated those risks and concluded that they were not significant enough to require us to perform additional audit procedures.

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;
- 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; and
- we found the going concern disclosure in note 1 to be acceptable.

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.

5 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 directors and inspection of TSB Banking Group PLC's ("Group") policy documentation as to the Company's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud;
- Reading Board meeting minutes; 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 and the risk of bias in accounting estimates and judgements such as provision impairment. On this audit we do not believe there is a fraud risk related to revenue recognition because the risk of possible pressures to meet profit targets is remote and there are limited judgements involved in the calculation of revenue.

We did not identify any additional fraud risks.

Independent auditors' report to the directors of Duncan Funding 2024-1 plc (continued)

In determining the audit procedures, we took into account the results of our evaluation and testing of the operating effectiveness of the Group-wide fraud risk management controls.

We also performed procedures including:

Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted by senior finance management/ those posted and approved by the same user/ those posted to unusual accounts.

Identifying and responding to risks of material misstatement related to 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 general commercial and sector experience, through discussion with the directors and others management (as required by auditing standards), and discussed with the directors and other 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.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits 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.

Secondly, the Company is subject to many 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 the loss of the Company's license to operate. We identified the following areas as those most likely to have such an effect: money laundering, financial crime, certain aspects of company legislation and various requirements governing securitization transactions recognizing the financial 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 the directors and other 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.

C*ontext 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 remained a higher risk of non-detection of fraud, as fraud 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.

6 We have nothing to report on the other information in the Annual Report

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Independent auditors' report to the directors of Duncan Funding 2024-1 plc (continued)

Strategic report and directors' report

Based solely on our work on the other information:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

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

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

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

We have nothing to report in these respects.

8 Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 5, 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.

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.

9 The purpose of our audit work and to whom we owe our responsibilities

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

K. G. Pountney

Karl Pountney (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
KPMG LLP
15 Canada Square
London
E14 5GL

10 February 2026

Duncan Funding 2024-1 plc

Statement of comprehensive income

for the year ended 31 December 2025

	Note	Year to 31 December 2025 £'000	Period from incorporation to 31 December 2024 £'000
Interest receivable and similar income	2	**23,955**	**17,433**
Interest payable and similar charges	3	**(23,802)**	**(17,313)**
Net interest income		**153**	**120**
Operating expenses	4	**(148)**	**(118)**
Profit before tax		**5**	**2**
Taxation	5	**(1)**	**-**
Profit after taxation		**4**	**2**
Other comprehensive income:			
Other comprehensive income for the period, net of taxation		**-**	**-**
Total comprehensive income for the period		**4**	**2**

All profits are incurred through continuing obligations.

The accompanying notes on pages 15 to 25 are an integral part of the financial statements.

Duncan Funding 2024-1 plc

Company Number: 15473385

Statement of financial position

at 31 December 2025

	Note	2025 £'000	2024 £'000
Assets			
Cash and cash equivalents		**27,646**	22,985
Deemed loan to TSB	6	**450,547**	475,820
Other assets	7	**37**	24
Total assets		**478,230**	498,829
Equity and liabilities			
Debt securities in issue	9	**478,072**	498,683
Current tax liability		**1**	-
Other payables	8	**138**	131
Total liabilities		**478,211**	498,814
Called up share capital	10	**13**	13
Retained earnings		**6**	2
Total equity		**19**	15
Total equity and liabilities		**478,230**	498,829

The accompanying notes on pages 15 to 25 are an integral part of the financial statements.

The financial statements on pages 11 to 25 were approved by the Board of Directors on 10 February 2026 and signed on their behalf by

Orey Salu
Per pro CSC Directors (No.1) Limited
Director

Duncan Funding 2024-1 plc

Statement of changes in equity

for the year ended 31 December 2025

	Share capital £'000	Retained earnings £'000	Total equity £'000
Balance at 01 January 2025	**13**	**2**	**15**
Profit for the period	**-**	**4**	**4**
Balance at 31 December 2025	**13**	**6**	**19**

	Share capital £'000	Retained earnings £'000	Total equity £'000
Share capital issued during the period from incorporation	**13**	**-**	**13**
Profit for the period	**-**	**2**	**2**
Balance at 31 December 2024	**13**	**2**	**15**

The accompanying notes on pages 15 to 25 are an integral part of the financial statements.

Duncan Funding 2024-1 plc

Cash flow statement

for the year ended 31 December 2025

	Year to 31 December 2025 £'000	Period from incorporation to 31 December 2024 £'000
Operating activities		
Operating expenses paid	**(153)**	(44)
Tax paid	**-**	-
Net cash flows used in operating activities	**(153)**	(44)
Investing activities		
Increase in deemed loan to originator	**(34,975)**	(517,799)
Principal receipts from deemed loan to originator	**60,117**	36,547
Interest receipts from deemed loan to originator	**16,969**	10,688
Receipt of start-up loan within deemed loan to originator	**(642)**	6,270
Payment of start-up loan interest	**(379)**	(179)
Deferred consideration	**(3,691)**	(845)
Bank interest received	**926**	715
Net cash flows generated from investing activities	**38,325**	(464,603)
Financing activities		
Proceeds from issue of debt securities	**-**	499,270
Principal repayments on debt securities in issue	**(20,000)**	(5,000)
Interest on debt securities in issue	**(24,241)**	(11,827)
Proceeds from issue of share capital	**-**	13
Swap interest received	**10,903**	6,216
Payment of issue costs	**-**	(967)
Payment of back-up swap facility fee	**(173)**	(73)
Net cash flows generated from financing activities	**(33,511)**	487,632
Change in cash and cash equivalents	**4,661**	22,985
Cash and cash equivalents at start of the period	**22,985**	-
Cash and cash equivalents at end of the period	**27,646**	22,985

The accompanying notes on pages 15 to 25 are an integral part of the financial statements.

Notes to the financial statements

for the year ended 31 December 2025

1. Significant accounting policies

Duncan Funding 2024-1 plc (the "Company") is a public company with limited liability incorporated in the United Kingdom and registered in England and Wales under the Companies Act 2006.

1(a) Basis of preparation

The financial statements of the SPV for the year ended 31 December 2025 have been prepared in accordance with UK adopted international accounting standards.

The financial statements have been prepared under the historical cost convention as modified by the recognition of certain financial instruments, including derivative contracts, at fair value through profit or loss. There have been no changes to accounting policies during the reporting period.

Going Concern

The financial statements have been prepared using the going concern basis. The directors have reviewed the potential risks posed to the Company and expected future cash flows and believe they are adequate to meet the anticipated payments due in accordance with the securitisation transaction documents (the "Transaction Documentation") for at least the next 12 months. The directors believe that the Company has additional safeguards in place to cover any unexpected issues which may arise in light of market turbulence including the liquidity reserve fund, the ability to make additional drawings from the Start-up loan and the ability to defer payment in certain circumstances.

In addition, the issued notes ("Notes") are limited recourse obligations of the Company. Should there be insufficient funds to pay in full any amounts due and payable on the Notes, following the realisation of assets and after payments in accordance with the priority of payments, then such outstanding amounts cease to be due and payable by the Company.

Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below and have been applied consistently in the financial statements.

The financial statements are presented in Sterling, which is the Company's functional and presentational currency, and have been prepared on the historical cost basis.

1(b) Interest receivable and interest payable

Interest receivable and similar income and interest payable and similar charges have been calculated using the effective interest rate ("EIR") method. The EIR method is a method of calculating the amortised cost of a financial asset or liability and of allocating the interest income or interest expense over the expected life of the financial instrument. The EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability. When calculating the EIR, the future cash flows are estimated after considering all the contractual terms of the instrument but not future credit losses.

1(c) Accrued interest

Accrued interest has been incorporated within the deemed loan to TSB Bank plc ("TSB") and within the outstanding balance of debt securities in issue on the statement of financial position.

1(d) Taxation

Current tax which is payable on taxable profits is recognised as an expense in the period in which the profits arise. The Company's tax charge is based on the permanent tax regime for securitisation companies within the meaning of the Finance Act 2005 ("the Finance Act") and the secondary legislation enacted in 2006 ("the secondary legislation") which ensures that, subject to certain conditions being met and an election being made, for periods commencing on or after 1 January 2007, corporation tax for a securitisation company will be calculated by reference to the profit required to be retained in accordance with the relevant capital market arrangement.

The directors are satisfied that this Company meets the definition of a securitisation company as defined by both the Finance Act and the secondary legislation and that no incremental unfunded tax liabilities will arise. Additionally, no deferred tax amounts are recognised by the Company.

1. Significant accounting policies (continued)

1(e) Financial instruments

Financial instruments comprise a deemed loan to TSB, cash and liquid resources, Notes issued, derivative contracts, and other receivables and payables that arise directly from its operations. The main purpose of these financial instruments is to raise finance for TSB. These financial instruments are classified in accordance with the principles of IFRS 9 as described below.

1(e)(i) Deemed loan to TSB

Financial assets are de-recognised when a transferor meets the pass-through requirements combined with the transfer of sufficient risk and rewards test. Where a transferor retains substantially all the risks and rewards associated with transferred assets, the transfer is accounted for as a financing transaction, notwithstanding that it is a sale transaction from a legal perspective. In such a case the transferee would not recognise the assets on its statement of financial position but rather a deemed loan to TSB as originator, where recourse to TSB is limited to the cash flows from the mortgage loans and any additional credit enhancement provided.

This is the treatment which has been adopted on the transfer of the mortgage loans from TSB to the Company. The Company has determined that the transfer of the contractual rights to cash flows is not affected by TSB retaining the cash manager and servicer roles and the revolving feature of the transaction introduces a material delay between the original cash collection and its final remittance to investors. As a result of this, the pass-through arrangement is failed, and TSB continues to recognise the mortgage assets on its statement of financial position.

Had the pass-through arrangement conditions been met, the mortgages would still not be eligible for de-recognition because TSB has provided credit enhancement which is used to absorb initial losses in the portfolio, and also receives Excess Spread, exposing it to the variability of rewards of the underlying mortgage portfolio.

In accordance with IFRS 9, the deemed loan to TSB is measured at amortised cost, as the members consider that the business model for the deemed loan is to hold the assets to collect the contractual cashflows, representing solely payments of principal and interest, in order to service the Company's liabilities.

1(e)(ii) Impairment of deemed loan to TSB

At initial recognition, an impairment allowance is required for expected credit losses (ECL) resulting from default events expected within the next 12 months (12-month ECL).

At each reporting date an assessment is made as to whether, as a result of one or more events occurring after initial recognition, there is objective evidence that the deemed loan to TSB has had a significant increase in credit risk.

In the event of a significant increase in credit risk, allowance is required for ECL resulting from default events expected over the estimated life of the financial instrument (lifetime ECL). IFRS 9 requires the financial asset to be allocated to one of three 'stages' as follows:

- Stage 1 - Financial assets which have not experienced a significant increase in credit risk since they were originated. Recognition of a 12-month ECL is required. Interest income on stage 1 financial assets is calculated on the gross carrying amount of the financial asset;
- Stage 2 – Financial assets which have experienced a significant increase in credit risk. For financial assets in stage 2, recognition of a lifetime ECL impairment allowance is required. Interest income on stage 2 financial assets is calculated on the gross carrying amount of the financial asset; and
- Stage 3 - Financial assets which have experienced one of more events that have had a detrimental impact on the estimated future cash flows and are considered to be credit impaired. Like stage 2, recognition of a lifetime expected ECL impairment allowance is required. However, interest income on stage 3 loans is calculated on the financial asset balance net of the impairment allowance.

In assessing the deemed loan to TSB for impairment, the directors consider both impairments on the underlying mortgage assets and the overcollateralisation required in the transaction which provides credit enhancement in excess of the ECL of the underlying mortgage assets.

Taking into account these factors, the directors conclude that there is no significant increase in credit risk of the deemed loan since inception and therefore record it as Stage 1. The allowance for impairment losses on loans and receivables is management's best estimate of losses incurred in the portfolio at the reporting date. At 31 December 2025, impairment allowances against the deemed loan totalled £nil (2024: £nil).

Notes to the financial statements (continued)

1. Significant accounting policies (continued)

1(e)(iii) Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash and amounts due from banks with a maturity of less than three months. The cash can only be used to meet certain specific liabilities, as per the priority of payments set out in the programme documentation and is not available to be used at the Company's discretion.

1(e)(iv) Debt securities in issue

Debt securities in issue are recognised initially at fair value, being their issue proceeds net of transaction costs incurred. These instruments are subsequently stated at amortised cost using the effective interest rate (EIR) method.

1(e)(v) Derivative financial instruments

The company uses derivative financial instruments to hedge its exposure to interest rate risk arising from investment activities.

The interest rate derivative contract used to manage the interest rate risk is not recognised separately on the balance sheet as a financial instrument as the amounts payable under the derivative contract reflect the interest flows from the mortgage loans which are not recognised by the company for accounting purposes. Instead, the deemed loan to TSB is recognised with an effective interest rate (EIR) which reflects the amount received or paid under the derivative contract.

1(e)(vi) Effective interest rate method

In calculating the EIR of financial instruments, the Company takes into account interest received or paid, fees and commissions paid or received and premiums and discounts on acquisition or issue that are integral to the yield as well as incremental transaction costs.

1(e)(vii) Fair value measurement

Fair value is defined as the value at which assets, liabilities or positions could be closed out or sold in a transaction with a willing and knowledgeable counterparty. Fair value is based, where available, on quoted market prices and upon cash flow models which use, wherever possible, independently sourced market parameters such as interest rate yield curves. Other factors are also considered, such as counterparty credit quality and liquidity.

All assets and liabilities of the Company are recognised on an amortised cost basis.

2. Interest receivable and similar income

	Year to 31 December 2025 £'000	**Period from incorporation to 31 December 2024 £'000**
Deemed loan – interest income	**14,033**	8,693
Deemed loan – start-up loan interest	**(368)**	(258)
Deemed loan – servicer fee	**(531)**	(336)
Deemed loan – cash manager fee	**(106)**	(67)
Deemed loan - swap interest income	**10,001**	8,686
Bank interest receivable	**926**	715
Total	**23,955**	17,433

The Company accounts for the interest due on the deemed loan by capping it at a level which covers its liabilities, including the retention of a notional profit and liabilities to TSB on the Start-up loan, effectively netting down deferred consideration within the interest income of the Company.

Notes to the financial statements (continued)

for the year ended 31 December 2025

3. Interest payable and similar charges

	Year to 31 December 2025 £'000	Period from incorporation to 31 December 2024 £'000
Interest payable on debt securities in issue	**23,630**	17,207
Back up swap facility fee	**172**	106
Total	**23,802**	17,313

The back up swap provider fee of 3.35 basis points is payable to Lloyds Bank Corporate Markets plc and is calculated on the average performing fixed mortgage balance during the period.

4. Operating expenses

	Year to 31 December 2025 £'000	Period from incorporation to 31 December 2024 £'000
Administration charges	**108**	78
Audit fees	**40**	40
Total	**148**	118

The Company had no employees during the period.

The audit fees for the Company and its parent, Duncan Holdings 2024-1 Limited ("Holdings"), are paid for by the Company and relate to the statutory audit. The fee for the period exclusive of VAT is £32,000 (2024: £32,000) for the Company and £8,000 (2024: £8,000) for Holdings.

5. Taxation

Current tax	Year to 31 December 2025 £'000	Period from incorporation to 31 December 2024 £'000
Taxable profit for the reporting period	**5**	2
Corporation tax charge for the period at a rate of 19%	**(1)**	-
	4	2

For UK corporation tax purposes, the Company has been considered as a securitisation company under the 'Taxation of Securitisation Companies Regulations 2006 (SI 2006/3296)'. Therefore, the Company is not required to pay corporation tax on its accounting profit or loss. Instead, the Company is required to pay tax on its retained profits as specified in the Transaction Documentation.

The Company retains £1,250 per Interest Payment Period from available revenue receipts, which is recorded as profit and taxable at 19% UK corporation tax for small companies. For 2025, £5,000 (2024: £2,215) of profit was recognised with a corresponding tax charge of £950 (2024: £421).

Notes to the financial statements (continued)

for the year ended 31 December 2025

6. Deemed loan to TSB

	2025	2024
	£'000	£'000
Deemed loan principal	**513,524**	536,941
Subordinated Note principal	**(61,798)**	(61,798)
Start-up loan principal	**(7,000)**	(7,000)
Deemed loan interest accrual	**4,320**	5,285
Start-up loan interest accrual	**(68)**	(79)
Interest rate swap interest accrual	**1,569**	2,471
Total	**450,547**	475,820

The directors of the Company have concluded that TSB has retained substantially all the risks and rewards of the pool of mortgage loans underlying the deemed loan and as a consequence, the Company does not recognise the mortgage loans on its statement of financial position but rather a deemed loan to TSB, where recourse is limited to the cash flows from the mortgage loans and any additional credit enhancement provided by TSB.

The initial amount of the deemed loan to TSB corresponds to the consideration paid by the Company for the mortgage loans less the start-up loan granted by TSB and the Subordinated Note held by TSB. The Company recognises principal and interest cash flows from the underlying pool of mortgage loans, and the associated interest rate swap, only to the extent that it is entitled to retain such cash flows. Cash flows attributable to TSB are not recognised by the Company.

Additionally, the directors of the Company consider that the start-up loan does not meet the definition of a liability as the Company will repay the start-up loan to TSB only if it first receives an equivalent amount from TSB.

The deemed loan to TSB is stated at amortised cost using the EIR method. The effective interest on the deemed loan is calculated with reference to the interest earned on the beneficial interest in the mortgage portfolio less the residual interest due to TSB as described above.

The mortgage portfolio in which the Company holds a beneficial interest is held by TSB. The mortgage loans are secured on residential property in England, Wales and Scotland. Mortgages in the pool have to fulfil certain criteria. If they fail to do so they are removed from the pool and the pool may be replenished. There is a revolving period until October 2029, during which the Company can use principal receipts to replenish the portfolio with additional mortgages purchased from TSB, subject to certain eligibility criteria.

The loan is expected to be repaid on the expected maturity date of the Notes and is therefore deemed to be a non-current asset.

As 31 December 2025, TSB had posted collateral with a value of £23.9 million (2024: £32.6 million) with the Company in respect of the interest rate swap.

7. Other assets

	2025	2024
	£'000	£'000
Administration charges prepayment	**37**	**24**

8. Other payables

	2025	2024
	£'000	£'000
Administration fees	**66**	**58**
Audit fee accrual	**40**	**40**
Back-up swap facility fee	**32**	**33**
Total	**138**	**131**

Notes to the financial statements (continued)

for the year ended 31 December 2025

9. Debt securities in issue

	Coupon rate	Expected maturity date	Legal maturity date	2025 £'000	2024 £'000
Principal:					
A Notes	Compounded daily SONIA + 0.55%	October 2029	July 2071	**475,000**	495,000
Interest payable:					
A Notes				**4,181**	5,154
Deferred issuance costs				**(1,109)**	(1,471)
Total				**478,072**	498,683

The Notes are expected to be repaid on the expected maturity date. At 31 December 2025, interest payable was due within one year.

10. Share capital

	2025 £'000	2024 £'000
Issued 50,000 ordinary shares of £1 each, of which:	**50**	50
1 ordinary share, fully paid on 7 February 2024	**-**	-
49,999 ordinary shares, one quarter paid on 4 March 2024	**13**	13
Total	**13**	13

11. Management of risk

The principal risks arising from the Company's financial instruments are credit risk, interest rate risk and liquidity risk. However, the Company directs TSB to expend considerable resource to maintaining effective controls to manage, measure and mitigate each of these risks in its role as servicer. Further detailed analysis of the risks facing the Company in relation to its financial instruments is provided below.

The directors do not consider that the Company is exposed to capital management risk as the Notes issued are limited recourse obligations of the Company.

The Company's exposure to risk on its financial instruments and the management of such risk is largely determined at the inception of the Transaction. The Company's activities and the role of each party to the Transaction are clearly defined and documented. Cash flow modelling, including multiple stress scenarios, is carried out as part of the structuring of the Transaction, and is required by the credit rating agencies.

11(a) Credit risk

Credit risk is the risk of financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The ability of the Company to meet its obligations to make principal and interest payments on the Notes and to meet its operating and administrative expenses is dependent on funds being received on the deemed loan. The primary credit risk of the Company therefore relates to the credit risk associated with the securitised pool of mortgages originated by TSB.

The underlying mortgage assets of the securitisation are all secured on residential properties in England, Wales and Scotland. The nature of the residential mortgage portfolio means there is no significant individual counterparty credit risk in relation to the underlying mortgage pool.

11. Management of risk (continued)

11(a) Credit risk (continued)

The likelihood of defaults in the mortgage pool and the amounts that may be recovered in the event of default are related to a number of factors and may vary according to characteristics of the customer and the product type. Significant changes in the economy, or in the health of a particular geographical area that represents a concentration in the securitised assets, could also affect the cash flows from the mortgage pool.

To mitigate the risk, credit enhancement is provided to the Company in the form of Excess Spread, and the unrated Subordinated Notes. Taking this credit enhancement into account, the income on the mortgage pool is expected to exceed the interest payable on the rated Notes and the Company's other expenses.

An impairment charge on the deemed loan will only be considered when the entire credit enhancement available has been, or is expected to be, utilised to cover the mortgage losses.

TSB also have an obligation under the Transaction Documentation to repurchase any further advances or product switches which are not compliant with the representations and warranties of the transaction, and they have made such repurchases throughout the period.

The losses in the mortgage pool in the period to 31 December 2025 were £nil (2024: £nil).

The Company assesses its counterparties for credit risk before contracting with them. The counterparty credit rating is the main method used to measure credit risk. In accordance with the rating scale of the credit rating agencies that rate the Notes, the Transaction Documentation contains various rating triggers linked to each counterparty, which require certain actions to be taken if triggers are breached.

Counterparty	Rating	Required Rating (Fitch/ Moody's)	Rating at 31 Dec 2025 (Fitch/ Moody's)	Rating at 31 Dec 2024 (Fitch/ Moody's)	Rating at date of approval of the financial statements (Fitch/ Moody's)
Bank of New York Mellon., London branch:					
In capacity as account bank and custodian	Short Term	F1/P-1	**F1+/P-1**	F1+/P-1	**F1+/P-1**
In capacity as account bank and custodian	Long Term	A/A1	**AA-/A1**	AA-/A1	**AA-/A1**
TSB Bank plc					
In capacity as interest rate swap provider	Long Term	- /A3(cr)	**- /A2(cr)**	- /A2(cr)	**- /A2(cr)**
Lloyds Bank Corporate Markets					
In capacity as back up swap provider	Long Term	A/A3(cr)	**A+/Aa3(cr)**	A+/Aa3(cr)	**A+/Aa3(cr)**

Financial assets subject to credit risk

The maximum exposure to credit risk arising on the Company's financial assets at the reporting date is disclosed in the table below and equates to carrying value. At the reporting date, no financial assets subject to credit risk were past due or impaired.

Assets held at amortised cost	2025 £'000	2024 £'000
Deemed loan to TSB	**450,547**	475,820
Cash and cash equivalents	**27,646**	22,985
Other assets	**37**	24
Total	**478,230**	498,829

The Company meets its obligations on the Notes from the cash flows it receives from the pool of mortgage loans. Consequently, the credit quality of the mortgage loans indicates the capacity of the Company to service its payments, although the mortgages remain on the balance sheet of TSB and the structure of the securitisation provides for other credit enhancements.

There has been no significant increase in credit risk of the deemed loan since inception and there are sufficient cash flows from the deemed loan for the Company to meet its liabilities and therefore it is recorded as Stage 1 with no impairment.

Notes to the financial statements (continued)

for the year ended 31 December 2025

11. Management of risk (continued)

11(a) Credit risk (continued)

Securitised mortgage assets

For the purposes of the Company's disclosures regarding credit quality, securitised mortgage loans subject to credit risk have been analysed as follows:

Stage 1 - Financial assets which have not experienced a significant increase in credit risk since they were originated.

Stage 2 – Financial assets which have experienced a significant increase in credit risk

Stage 3 - Financial assets which have experienced one or more events that have had a detrimental impact on the estimated future cash flows and are considered to be credit impaired. Financial assets are considered to be credit impaired and included in stage 3 when there is objective evidence of credit impairment. TSB assesses a loan as stage 3 when contractual payments of either principal or interest are past due for more than 90 days, the debtor is assessed as unlikely to pay, or the loan is otherwise considered to be in default.

December 2025	**Mortgage Balance £'000**	**Number of Accounts**
Stage 1	**485,412**	**2,878**
Stage 2	**31,838**	**202**
Stage 3	**1,131**	**7**
Total	**518,381**	**3,087**

December 2024	**Mortgage Balance £'000**	**Number of Accounts**
Stage 1	540,356	3,150
Stage 2	2,888	20
Stage 3	249	2
Total	543,493	3,172

Collateral held against mortgage lending comprises residential properties.

The notable increase of the securitised mortgage assets reported in Stage 2 is primarily attributable to a change in TSB's criteria for determining a significant increase in credit risk, as agreed with the regulator.

11(b) Interest rate risk

Interest rate risk is the possibility that changes in interest rates will result in higher financing costs and/or reduced income from the Company's interest-bearing financial assets and liabilities and arises where assets and liabilities have interest rates set under a different basis or which reset at different times.

The securitised mortgage loans comprise loans which are subject to both fixed and variable rates of interest set by TSB based on general interest rates and competitive considerations, or loans which track the Bank of England Base Rate.

The deemed loan to TSB (which include the mortgage loans as described above), the Notes and the cash and cash equivalents are exposed to interest rate risk caused by floating interest rates that are linked to the compounded SONIA rate.

Interest rate risk on the fixed rate mortgages is managed through the use of an interest rate derivative contract with TSB Bank plc ('TSB').

As the deemed loan to TSB and the GBP Notes are floating rate, the directors believe it is unnecessary to calculate any sensitivity analysis to movements in GBP interest rates.

Notes to the financial statements (continued)

for the year ended 31 December 2025

11. Management of risk (continued)

11(c) Liquidity risk

The Company's ability to make payments on the Notes is dependent on the receipt of funds from the deemed loan to TSB which will vary due to the level of repayments on the underlying mortgage portfolio.

The table below analyses the financial liabilities of the Company by relevant maturity grouping on an undiscounted future cash flow basis based on the remaining periods at the reporting date.

The table reflects the expectation that the Notes will be called at the step-up date in October 2029. However, this may not be the case in practice. The final legal maturity date of the Notes is July 2071.

December 2025	Carrying Value £'000	Contractual repayment value £'000	<1 month £'000	1-3 months £'000	3 months - 1 year £'000	1-5 years £'000	>5 years £'000
Debt securities in issue:							
Principal	**473,891**	**475,000**	**5,000**	**-**	**39,000**	**431,000**	**-**
Interest payable	**4,181**	**64,657**	**5,359**	**-**	**13,958**	**45,340**	**-**
Other payables	**138**	**138**	**98**	**-**	**40**	**-**	**-**
Total	**478,210**	**539,795**	**10,457**		**52,998**	**476,340**	**-**

December 2024	Carrying Value £'000	Contractual repayment value £'000	<1 month £'000	1-3 months £'000	3 months - 1 year £'000	1-5 years £'000	>5 years £'000
Debt securities in issue:							
Principal	493,529	495,000	5,000	-	15,000	475,000	-
Interest payable	5,154	95,683	6,663	-	18,117	70,903	-
Other payables	131	131	91	-	40	-	-
Total	498,814	590,814	11,754	-	33,157	545,903	-

11(d) Prepayment risk

In the normal course of business, a proportion of borrowers repay their loan in advance of their contractual maturity. As a result, the weighted average life of the deemed loan, and of the Notes, is likely to be significantly less than that implied by the contractual maturity dates of the mortgage pool.

The rate of prepayment of loans is influenced by a wide variety of economic, social and other factors, including prevailing mortgage market interest rates, local and regional economic conditions and homeowner mobility. In the event that prepayment rates on the mortgage pool reduce, principal repayments on the deemed loan and on the Notes may be spread over a longer period.

The Principal Prepayment Rate ("PPR") for the underlying mortgage pool as detailed within the Investor Report is as follows:

	Monthly %	1-month annualised %	3-month annualised %	Transaction to Date annualised %
31 December 2025	**1.46**	**16.23**	**11.60**	**10.02**
31 December 2024	0.73	8.40	9.42	9.00

11. Management of risk (continued)

11(e) Fair values

The Company uses the following hierarchy for determining the fair value of financial instruments by valuation technique:

Level 1 fair value measurements are those derived from unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 valuations are those where quoted market prices are not available, for example where the instrument is traded in a market that is not considered to be active or valuation techniques are used to determine fair value and where these techniques use inputs that are based significantly on observable market data.

Level 3 valuations are those where at least one input which could have a significant effect on the instrument's valuation is not based on observable market data.

The fair values of the Company's main financial instruments are detailed below:

Deemed loan to TSB

The deemed loan to TSB is comprised of a failed sale of mortgages from TSB, a start-up loan, the Subordinated Note held by TSB and a return of deferred consideration to TSB. This is considered to be a single financial instrument which is carrying a market rate of interest. Therefore, the fair value is considered to be a close approximation to the carrying value.

Debt securities in issue

The fair value of the A Notes is determined based on observable market data for an active market and classified as level 1.

Fair values table

December 2025	Note	Level 1 £'000	Level 2 £'000	Level 3 £'000	Fair Value £'000	Carrying Value £'000
Deemed loan to TSB	6	-	-	450,547	450,547	450,547
Debt securities in issue A Notes	9	(480,326)	-	-	(480,326)	(479,181)

December 2024	Note	Level 1 £'000	Level 2 £'000	Level 3 £'000	Fair Value £'000	Carrying Value £'000
Deemed loan to TSB	6	-	-	475,820	475,820	475,820
Debt securities in issue A Notes	9	(500,510)	-	-	(500,510)	(500,154)

Notes to the financial statements (continued)

for the year ended 31 December 2025

12. Related party transactions

The Company has entered into related party transactions with CSC Capital Markets UK Limited and TSB.

CSC Capital Markets UK Limited is the corporate services provider for the Transaction. The Company incurred a corporate services fee of £**21,939** (2024: £12,983) from CSC Capital Markets UK Limited in relation to the Company and a corporate services fee for Holdings of £5,488 (2024: £3,247).

CSC Capital Markets UK Limited holds the proceeds from the issuance of the Company's share capital of £12,500 in a client account.

TSB is the sponsor of the Transaction, being the originator of mortgages, and is also paid cash management and mortgage loan servicing fees by the Company in connection with its provision of services defined under the Transaction Documentation. TSB is the holder of the Subordinated Note issued by the Company. TSB is also the provider of the Interest Rate Swap.

Although TSB has no direct ownership interest in the Company, it is considered to exert control over its activities by virtue of its various roles in the Transaction. Therefore, the results of the Company are included in the consolidated financial statements of TSB Bank plc.

During the period the Company undertook transactions, and carried balances, as set out below, with TSB:

	2025 **£'000**	**2024** **£'000**
Interest receivable and similar income:		
Income from deemed loan to TSB	**14,033**	8,693
Interest on start-up loan	**(368)**	(258)
Cash manager and servicing fees	**(637)**	(404)
Interest on interest rate swap	**10,001**	8,686
Assets		
Deemed loan to TSB	**450,547**	475,820

13. Parent undertaking and controlling party

The Company is a wholly owned subsidiary of Duncan Holdings 2024-1 Limited. The issued share capital of the Company comprises 50,000 ordinary shares of £1 each (49,999 shares quarter paid and one share fully paid).

The shares of Duncan Holdings 2024-1 Limited are held by CSC Corporate Services (UK) Limited as the Share Trustee for the benefit of certain discretionary purposes (which do not include TSB or any entity connected with TSB).

For accounting purposes, at 31 December 2025 the Company's ultimate controlling party was Banco de Sabadell S.A., which is the parent undertaking of the largest group to consolidate these financial statements. Copies of the consolidated annual report and accounts of Banco Sabadell S.A. are available from www.grupbancsabadell.com/en/. TSB Bank plc is the parent undertaking of the smallest group to consolidate these financial statements. Copies of the consolidated financial statements of TSB Bank plc may be downloaded via www.tsb.co.uk.