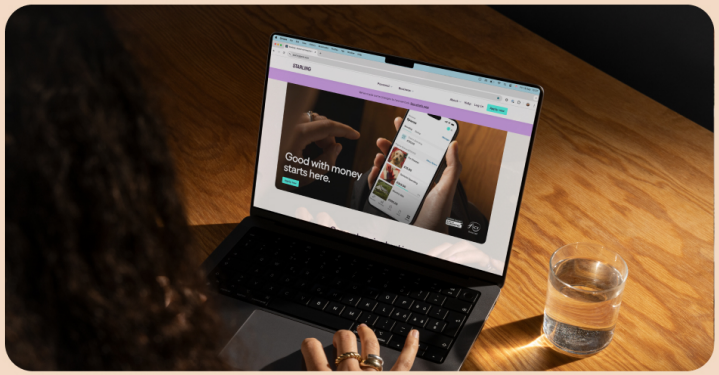
STARLING GROUP

Annual Report and Accounts 2026











STARLING | engine

Starling Group Holdings Limited

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Starling Group

During the year, Starling Group Holdings Limited was inserted as the ultimate parent holding company of Starling Bank Limited and the Starling Group.

The consolidated financial statements of Starling Group Holdings Limited presented in this document are prepared as a continuation of the consolidated financial statements of the previous parent, Starling Bank Limited. The comparative numbers in this Annual Report and Accounts were reported in the consolidated Annual Report and Accounts of Starling Bank Limited for the year ended 31 March 2025 which can be found at www.starlingbank.com.

More information on the Group restructure can be found on page 166.

References

Throughout this document, Starling, Starling Group and the Group are used interchangeably and refer to Starling Group Holdings Limited and all of its direct and indirect subsidiaries. Starling Bank and Bank are used interchangeably and refer to Starling Bank Limited. We use the term Company or parent company to refer to Starling Group Holdings Limited.

References to the Regulatory Group and Liquidity Group relate to the consolidated group of entities regulated by the PRA. The Regulatory Group includes: Starling Group Holdings Limited, Starling Intermediary Holdings Limited, Starling Bank Limited, Starling FS Services Limited and Ember by Starling Limited. The Liquidity Group includes: Starling Group Holdings Limited, Starling Intermediary Holdings Limited, Starling Bank Limited, Starling FS Services Limited, Ember by Starling Limited and Fleet Mortgages Limited.

References to 2026 relate to the financial year ended 31 March 2026. Similarly, 2025 relates to the financial year ended 31 March 2025.

Abbreviations and acronyms are used throughout this document. Full definitions of any abbreviated terms can be found on page 233.

Alternative performance measures (non-IFRS) referenced in the strategic report are defined on page 229.

Strategic Report

Who we are

Hi, we're Starling.

We're a financial technology group on a mission to empower people and small business owners around the world to be good with money. By putting powerful financial tools, AI-driven features and actionable, data-backed insights at their fingertips, we're encouraging our users to build effortless, everyday habits. From daily spending to budgeting for bills and saving for the next big project, our customers are taking active control of their finances with greater confidence than ever before.

Our name was inspired by the collective intelligence, agility and beautiful simplicity of a starling murmuration. A unified force, able to change course with speed and precision and to win new territories.

The idea of Starling emerged from a desire to disrupt the status quo by reimagining an outdated industry. We knew it had to start with technology. Our engineers crafted a proprietary, cloud-native core banking platform, designed to challenge industry-wide issues by being agile, resilient, and by always putting customers first. Starling spread its wings in 2016, UK banking license at the ready. This was about more than building a bank - Starling's mission was to change banking for good.

As we grew, we realised our home-grown technology was too good not to share. Through Engine by Starling, our software as a service business, we are exporting that same flexible, full-featured banking software to financial institutions across the globe.

Today - nearly ten years on - that early mission still resonates. Starling is now in its seventh year as a Which? Recommended current account provider, and Engine has secured four global clients. Across our platforms, we are serving over 6 million accounts worldwide. Starling has been a pioneer, introducing innovations such as our connected cards, gambling block and bills manager that have since been widely copied across the industry. This year we took greater strides, launching the UK's first agentic AI financial assistant. We are already defining the next wave of banking.



Key: S Starling Bank SG Starling Group

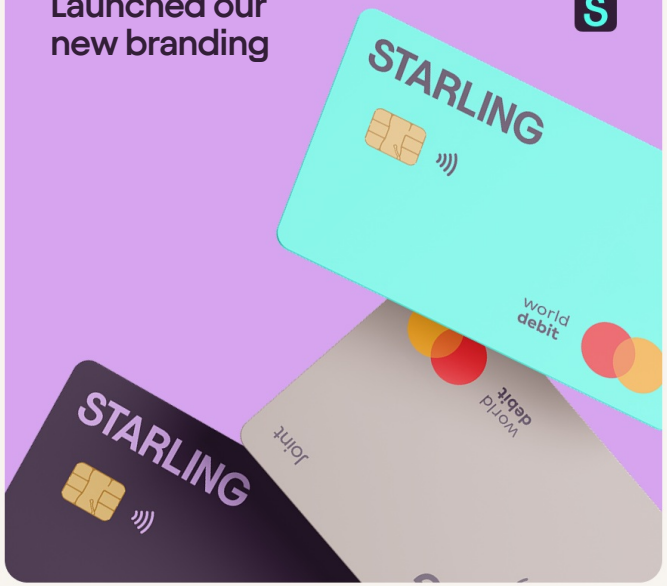
Group platform accounts

SG

2025	2026
5.3m	6.2m

Launched our new branding

S



£887m

SG

Revenue 2025: £940m

24.9%

SG

ROCE (post-tax) 2025: 26.7%

34.5%

S

Primary relationships 2025: 34.9%

ARPAU

S

2025	£302
2026	£275

6x Winner at RFI Global Awards

S



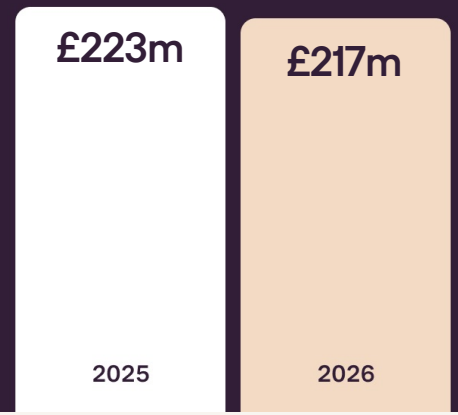
Acquired Ember in August 2025 to enhance our accounting and tax offering for SMEs.

S



Profit before taxation

SG

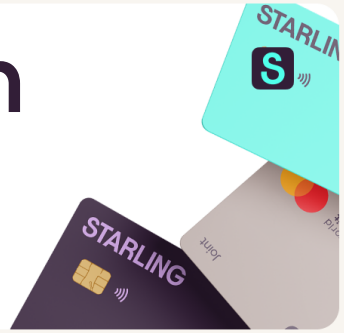


Key: Starling Bank | Engine

£217bn

2025: £197bn

Total transaction value



Average deposit balance



A Which? Recommended Provider for the seventh year in a row.



Net Promoter Scores

Current Account

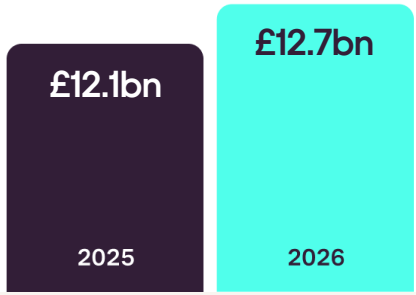
1	STARLING	62
	Industry average	38

Savings Account

1	STARLING	43
	Industry average	23

Third party survey - question "Thinking about your overall personal experience with the product, on a scale of 0 to 10, how likely would you be to recommend your bank to a colleague, friend, and/or family member", Starling tied for first.

Customer deposits

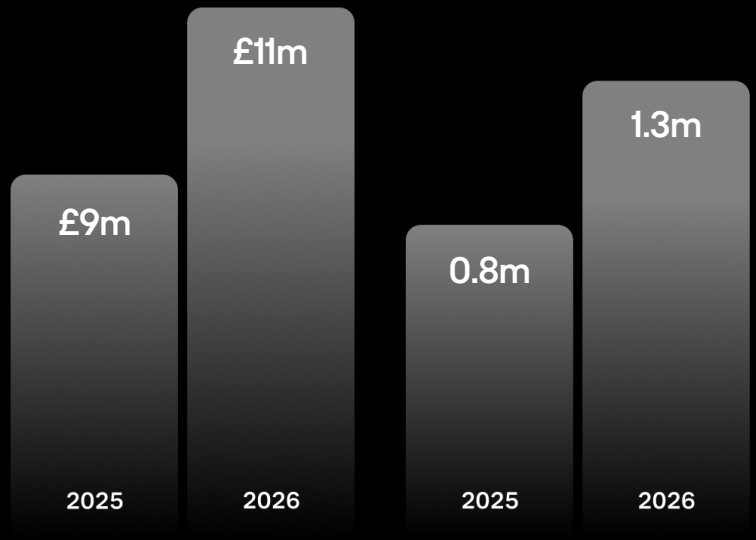


Revenue growth

+25%

Underlying accounts

+68%



Two new clients

Canada

Tangerine

New Zealand

sbs BANK

Chair's statement

A new era as a global business

This was the year in which SGHL became the ultimate parent company of SBL and the Group. At one level this change was structural. The introduction of a 'holdco' parent supports Starling's strategy, growth and readiness to meet evolving regulatory obligations, as well as enabling effective governance, decision-making and oversight. At another level, however, it represents an important transition in how we think, diversify and grow as a global business.

Geopolitical risk is no longer considered primarily for its impact on SBL; it is now an integral part of our planning as a Group that operates across multiple continents. The most significant macroeconomic development affecting the Group as I write is the conflict in the Middle East, which escalated towards the end of the financial year. While the direct impact of elevated oil prices varies by country, the secondary effects are being felt widely through markets and regions.

In the UK, the Bank of England was undertaking a cycle of base rate cuts before pausing in response to inflationary pressures, including those linked to energy prices. At the same time, a more fragmented political landscape has brought forward a wide range of policy proposals, some of which could have implications for the banking sector. Against this backdrop, we enter a new financial year recognising that uncertainty remains a key consideration in our forward planning.

"Our commitment to solving customer problems with empathy remains core to our strategy."

David Sproul
Chair of the Board
May 2026



Strategic governance for future growth

At Starling, effective governance is central to how we operate, underpinning our strategy and supporting long term, sustainable success for our shareholders, customers, employees, regulators, suppliers and the communities in which we operate.

The Board's role is to ensure the highest standards in governance across the organisation, and to take a long term view on how we can responsibly achieve success for the Group, through our oversight and constructive partnership with the Group CEO and broader Executive team.

This year we have completed a multi-year programme to enhance our risk management and governance frameworks so we are ready to scale our business at pace. We have strengthened our regulatory relationships, significantly improved our risk maturity, and remediated historical control gaps. This foundational work gives us the stability and strength to accelerate customer growth in the years ahead.

A fundamental pillar of that strength has always been our unwavering commitment to game-changing banking; a commitment based on advanced technology, fair service and honest values. Starling has continued to deliver excellent customer service this year, evidenced by our 'Which?' recommended status for a seventh straight year and consistently high rankings in CMA service quality surveys.

Our commitment to solving customer problems with empathy remains core to our strategy as we strive to help our customers be 'Good with money'. Because an organisation's culture is never in a complete or static state, the Board is clear that cultural maturity requires perpetual leadership focus. It also requires investment to ensure that the risks of emerging opportunities and threats are well understood, from our pioneering agentic AI tool, Starling Assistant, to changes in the way that fraudsters target our customers.

Fostering our culture

Our development of a high care, high performance culture will enable us to deliver better products faster. We are focused on ensuring that our values are managed actively and integrated into our strategy, with leadership setting a clear and transparent example for the rest of the firm.

In parallel, it is essential that every colleague understands how to escalate issues should they arise. Our whistleblowing procedure gives employees the ability to raise concerns anonymously and to be sure that they will be investigated thoroughly. To ensure regular Board oversight, we track a range of key cultural indicators, and the results of employee engagement surveys, through our Culture Dashboard and regular People team updates to the SGHL and SBL Boards.

A representative and inclusive workplace is fundamental to Starling's identity, so we are proud of the diversity of our team, which reflects the customers we serve. Building on this remains a priority as we grow, ensuring that our leadership and workforce continue to bring a broad range of perspectives to the way we run our business.

During the year, we streamlined our Group governance model by integrating the responsibilities of our Board Ethics and Sustainability Committee into our other Board committees, resulting in the disbandment of the Board Ethics and Sustainability Committee in September 2025. This reflects our strengthened commitment to embedding ESG priorities in Board-level decision making.

In implementing our new holding company structure, we carefully defined the responsibilities of the SGHL and SBL Boards to ensure robust and rigorous but non-duplicative oversight. Further details about this are set out in the governance report. We will continue to monitor the effectiveness of this structure, both by design and operationally, to ensure it remains appropriate as non-SBL businesses become increasingly material contributors to the Group.

Refreshing our leadership

Membership of the SGHL and SBL Boards has continued to evolve over the last two years, reflecting our focus on maintaining the right balance of skills, experience and perspectives to support the Group's continued growth.

I wish to express my deepest thanks to Marian Martin and Ian Jenkins, who stepped down from our SGHL and SBL Boards during the year. Their contributions and leadership as members of the Boards, our Board committees, Chair of the BRCs and Interim Chair of the SBL BAC, respectively, have been instrumental to our growth and readiness for future success.

I would also like to thank Lazaro Campos, Investor Non-Executive Director, and Tracy Clarke, Senior Independent Director and Chair of the SGHL and SBL RemCos, who will step down from the Boards this summer. Their expertise and insights have been greatly valued by all Board members. Ahead of identifying a permanent successor for Tracy, her responsibilities will transition on an interim basis to Julie Chakraverty and Darren Pope.

As announced in March, I intend to step down as Chair of both Boards following five years of significant expansion and transformation for the Group. It has been a great honour for me to be part of Starling's evolution from a founder-led challenger to the diversified, global financial services organisation that it is today. I will remain in role until a successor is appointed, ensuring a smooth and orderly transition.

Looking to the future, we have strengthened our Boards with a number of new appointments. In October 2025, Colin Bell joined as a new Independent Non-Executive Director of SGHL and SBL, and Chair of both entities' BRCs from January 2026. Colin brings extensive retail banking and leadership experience, with particular expertise in compliance, operational risk and controls.

In December 2025, we welcomed Richard Watts to both Boards as an Investor Non-Executive Director. As a Managing Partner at Chrysalis Investment Partners, a significant shareholder of SGHL, Richard adds valuable shareholder insight and investment skills.

Following a review of our collective Board capabilities, we identified opportunities to further enhance our international and technology expertise. We look forward to Dan Olley joining the SGHL and SBL Boards this summer, bringing deep proficiency in successfully leading complex, regulated businesses, enhancing client experience and scaling digital and technology platforms.

As we enter a new financial year with a clear strategy and global momentum, I remain very confident in the Group's ability to execute its strategy and to safely deliver sustainable, long term growth for investors. I wish everyone in the organisation, from its brilliant software engineers to its passionate customer service specialists, a sensational year ahead.

David Sproul
Chair of the Board, May 2026

Group Chief Executive Officer's statement

Pioneering through innovation

The last financial year was a year in which the Starling Group truly came into its own, not just as a successful and resilient UK bank, but as a globally-relevant technology company. We navigated a complex economic environment marked by rising geopolitical instability and falling interest rates, yet we emerged stronger by sharpening our focus on customer relationships and transformative innovation.

I am proud to report that our Group made a substantial profit for a fifth year in a row. Profit before tax was £217.1m compared to £223.4m in the previous year after interest income dropped to £759.2m from £811.7m on lower rates. As more customers used us as their primary bank, transaction volumes jumped to £216.7bn from £197.1bn.

Critically, our dedication to meeting customer needs meant we saw average deposits rise by 7.9% to £4,241. At £275, our average revenue per active user (ARPAU) remains significantly ahead of our global neobank peers, validating our focus on relationship quality rather than chasing volume at any price.

"We are continuing to lead the industry by developing solutions that put the power of AI into customers' hands for the first time."

Raman Bhatia
Group Chief Executive Officer
May 2026



AI in your hand

For me, this year was defined by our leadership in technology. Since 2019, innovation at Starling has been underpinned by our early adoption of proprietary machine learning models and artificial intelligence. These tools were built to scale our operations efficiently without the headcount needed by incumbent banks, and they now form the foundation of our operational excellence, spanning everything from global payments infrastructure to fraud prevention. Our teams benefit from automated workflows, allowing them to focus entirely on providing high quality customer service.

Now, we are continuing to lead the industry by developing solutions that put the power of AI into customers' hands for the first time. In June we launched an in-app feature called Spending Intelligence, which allows customers to ask questions about their money, such as "How much did I spend on groceries last week?" or "How much did I donate to charity last year?" before receiving instant analysis. Our objective is to help them overcome a key roadblock in money management: knowing exactly where their money goes.

Four months later we followed up with our Scam Intelligence tool, which lets customers upload images of items and ads from online marketplaces, then analyses them for signs of fraud before serving personalised guidance in seconds. It can also analyse screenshots of texts and messages from potential scammers who are asking customers to transfer money, making it an invaluable new weapon in the fight against Authorised Push Payment (APP) fraud.

More recently, in March, we made our most significant leap in customer utility with the launch of the Starling Assistant into our app. Unlike traditional assistants, ours is agentic - designed to take action on the customer's behalf by autonomously executing tasks, managing complex workflows, and solving problems. Its rollout marked the debut of agentic AI tools in UK banking as we set the pace in this exciting new field of user experience.

As well as launching these innovative features, we expanded our product ecosystem by organic and inorganic means. In the summer, for example, we introduced a Cash ISA to give customers a flexible, tax-efficient savings vehicle to complement our Easy Saver and Fixed Saver options.

We also bought Ember, an all-in-one accounting and tax platform for small business owners, marking our first acquisition since Fleet Mortgages in 2021. Within six months we were able to launch an HMRC-recognised 'Making Tax Digital for Income Tax' tool for sole traders and landlords, as well as upgrades to our Accounting tools package. We could do this because Ember's team worked collaboratively and at pace with Starling's engineering and product teams to embed their software seamlessly into our accounts.

Brand positioning

Of course, to be able to capitalise on our work to develop market-leading products and features, we want to attract more customers to our Bank. To help achieve this we have invested in a strategic brand relaunch with a new visual identity, including a bold new logo and a more vibrant colour palette drawing on the colours of starling birds. This is underpinned by a new brand mission to help Britons become 'Good with money'. We see this mission as a direct response to research showing that more than half of UK adults are worried about their finances, and an affirmation of our belief that everyone should have a healthy relationship with their money.

Towards the end of the year we stepped up to champion our business customers through a proprietary research report that we launched at the House of Lords. This contains recommendations to policymakers on how helping SMEs adopt digital financial tools could catalyse their growth and add billions to the economy. As HM Treasury's AI Champion for Financial Services, Harriet Rees, our Group Chief Information Officer, is continuing discussions about technology at the heart of Government.

Our commitment to our customers is not only reflected in the face we show to the world, but in the recognition we receive from others. I am delighted, therefore, that we have retained our Which? recommended provider status for a seventh year running and that we continue to lead the neobanks in service, ranking #6 across all industries in the ICS UK Customer Satisfaction Index. Our Net Promoter Scores remain industry leading - reading 62 for current accounts (ranked #1) and 43 for savings accounts (ranked #1) - far exceeding the industry average of 38 and 23 respectively.

On behalf of everyone at Starling, I'd like to thank our UK customers for their confidence in us and I'd like to thank our staff for the hard work and commitment that makes Starling such a great company to bank with.

SaaS footprint

Beyond the UK, our global platform, Engine by Starling, elevated its growth trajectory. Engine's first two clients, Salt Bank in Romania and AMP Bank in Australia, helped grow total accounts served by the Group to 6.2m from 5.3m a year earlier, despite headwinds from modest customer growth in the UK Bank.

Engine's proven ability to deliver client transformations at pace attracted two more partnerships during the year, including a significant 10-year agreement with Tangerine, a subsidiary of Canada's Scotiabank, that's our first in North America. This agreement alone will see more than 2m accounts migrate onto the Engine platform once the implementation is complete.

With the recent announcement of SBS in New Zealand as a fourth overseas client, our technology is now live or being implemented in five countries across three continents. To sustain this momentum, we have appointed Jody Bhagat as Engine's President for North America to lead teams in New York and Toronto. Representative offices in Sydney and Dubai complete Engine's global footprint for now, while Engine CEO Sam Everington and his team have moved into new head offices in London that will give them the space they need for the future.

Future direction

We may be a technology-first organisation, but to excel we need great people to lead our business and to underpin our digital offering with human service. This year we continued to invest in Engine and in the people and processes we need to ensure we have robust risk management and governance controls.

We have started financial year 2027 knowing that we will soon have a new Chair of our Board. David Sproul should be proud of his leadership in helping to grow and diversify our business, develop our governance infrastructure and enhance our culture. He will leave Starling stronger and I thank him warmly for that.

Early in 2026 we welcomed Keith Algie as our new Group Chief Risk Officer, bringing with him over two decades of international risk management experience. I would also like to thank Cyrille Salle de Chou, who stepped down as Starling Bank's Chief Risk Officer after successfully leading a programme to scale our risk controls.

Although we have started the new year with another war in the Middle East, increasing uncertainty for our customers and making the future direction of the rate curve even harder to predict, I am very excited by the Group's prospects at home and overseas. In Fleet and now Ember, we have proven our ability to integrate acquisitions effectively, so we will use our capital strength to pursue selective acquisitions which in turn enable us to deploy our liquidity to create additional value.

We will explore organic and inorganic entry into the US, where we see opportunities to win business in the underserved small business market and to prove Engine's value through a live American case study.

Our ARPAU already puts us at the forefront of our global neobank peers. Following a period of control remediation and positive regulatory engagement, the Bank is now returning to more material levels of growth. April 2026 saw retail account openings rise by more than 70% year-on-year and business account openings more than triple.

I am delighted that many thousands of new customers are now joining Starling every week, while thousands more join our platform through our Engine partners. And we will go for more growth through a UK-wide advertising programme using our 'Good with money' brand platform, designed to increase our visibility to prospective customers over the coming months.

I am confident that the combination of high customer engagement, growth momentum and AI-enabled operating leverage will deliver sustained value for all our stakeholders in 2027 and beyond.

Raman Bhatia
Group Chief Executive Officer, May 2026

Our financial key performance indicators

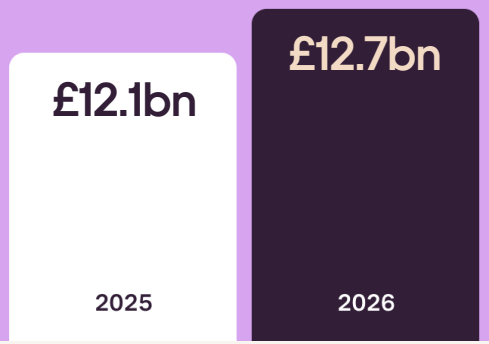
Key: S Starling Bank | SG Starling Group

ARPAU (S)

£275

2025: £302

Customer deposits (S)

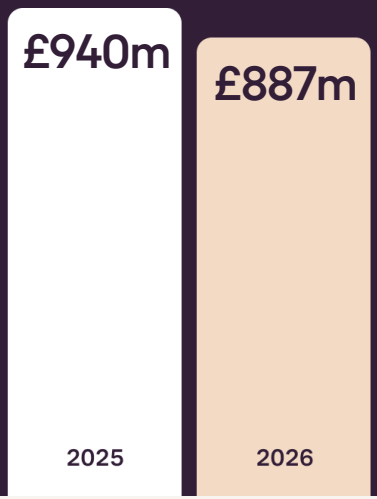


Group platform accounts (SG)

6.2m

2025: 5.3m

Revenue (SG)



ROCE (post-tax) (SG)

24.9%

2025: 26.7%

Net interest margin (SG)

3.61%

2025: 4.12%

Cost-income-ratio (SG)

66.4%

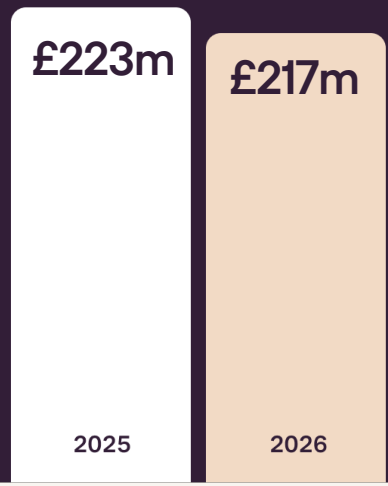
2025: 67.4%

Gross profit margin (SG)

72.7%

2025: 72.7%

Profit before tax



Starling's results are prepared in accordance with IFRS as detailed in the financial statements starting on page 151. To measure the performance, a range of metrics are considered. These include a combination of financial (IFRS and non-IFRS based) and non-financial metrics. Other key performance indicators can be found on page 6 and in the "our business model and strategy" section starting on page 22. Further information on how these metrics are calculated can be found on page 229. The method for calculating total revenue has been revised in the current year to exclude interest expense. Comparatives have been restated to align to the current year's presentation. Total revenue reported in the prior year's report was £714m, see note 3 for more details.

Group Chief Financial Officer's review

Deploying capital for the next stage of growth

In a year defined by the normalisation of the interest rate environment, Starling has delivered a PBT for the year to 31 March 2026 of £217.1m. While this represents a 2.8% YoY reduction, we have successfully transitioned from a period of passive, rate-driven tailwinds to a phase of active capital deployment with already measurable payback.

First, we committed £19.7m into Engine, our international SaaS platform. This investment has already scaled to four global clients totalling £70m in committed annual recurring revenue, validating the exportability of our proprietary tech stack. Second, the strategic acquisition and integration of Ember has allowed us to continue to expand the breadth and sophistication of our SME offering by launching Accounting Plus and Making Tax Digital. This will both deepen customer loyalty as well as provide higher-quality, diversified fee income. We continue to spend time assessing further inorganic opportunities both in our home market and further afield.

Our deposit base increased to £12.7bn (+5.2% YoY), demonstrating the robustness of the Starling brand amidst intensifying competition for liquidity, whilst our primary relationship rate of 34.5% (-40bps YoY) reinforces our drive as the primary account of choice. Our ability to attract high-quality, low-cost funding remains a core competitive advantage, although customer growth has been constrained in recent years. This year, modest front-book growth in SME was offset by a number of controlled account closures following a programme of remediation. Following positive remediation the Bank has recently begun to return to grow more materially, and the early results have been promising, with SME onboarding volumes more than tripling compared to the same period last year. Encouragingly, customer quality as measured by activity rates and average balance positions appears to be as consistently strong as our historical cohorts.

"Despite modest in-year growth, the fundamentals of Starling's business remain robust and capital generative, providing the platform to accelerate momentum in the UK and diversify internationally"

Declan Ferguson
Group Chief Financial Officer
May 2026



Leading value per user on a global basis

High customer quality rather than indiscriminate growth has always been the critical driver of our long-term profitability. By focusing on share of wallet rather than total users, we are building a more sustainable, high-margin business model.

The evidence of this strategy is clear as our average deposit per customer climbed 7.9% YoY to £4.2k, as customers increasingly consolidate their financial lives onto our platform. Similarly, for 2026, the Group reported an ARPAU of £275 (-8.9% YoY) which places Starling at the forefront of neo-banking peers.

Delivering measurable efficiencies through technological enhancements

This year we deployed a series of AI advancements - both to our customers, with the launch of Spending Intelligence, Scam Intelligence and Starling Assistant, and also throughout our customer operations workflows, to drive efficiency gains. We are seeing a variety of measurable benefits including a 6.1% reduction in time spent on wrap ups to 232 seconds and a 5.0% increase in vulnerable customer identification. A wholesale re-architecture of our onboarding system to a modern, task-based workflow has led to a 14.0% uplift in approval rates for standard applications. Both our internal and customer-facing tools are having a notable impact in tackling fraud - users of our Scam Intelligence feature are four times more likely to cancel a payment, while in customer operations our proprietary AI victim fraud detection model has delivered a 41.0% improvement in prevention of APP fraud and an 81.0% reduction in the value of card not present fraud.

Revenue diversification

Revenue performance remained fundamentally resilient despite a 91bps average decline in the Bank of England base rate. While headline revenue contracted by a modest 5.6%, proactive asset and liability management limited NIM compression to just 51bps, effectively capturing 40bps of relative margin protection. This performance was underpinned by our disciplined structural hedging program and sophisticated liability management, which optimised the Group's cost of funds in an uncertain rate environment.

Beyond interest-led income, we continue to progress our strategy of diversifying our revenue mix to ensure longer term earnings sustainability. Key highlights include a 24.5% growth in SaaS revenue YoY, validating our Engine business model. At a Group level, non-interest income also continues to gain share, with fees and commissions now representing 14.4% of total revenue (+80bps YoY). This shift ensures our earnings profile is increasingly decoupled from interest rate volatility.

Balance sheet strength and liquidity management

Our balance sheet strategy is focused on maximising capital efficiency through our asset strategy while deepening customer primacy in our liability base. The successful launch of our Cash ISA, which bridges the gap between instant liquidity and tax-efficient savings, was a catalyst for growth and, alongside our Easy Saver, contributed to a 5.2% rise in deposits to £12.7bn.

We maintain a disciplined lending strategy focused on premium asset classes. Our lending book scaled to £5.2bn (+10.5% YoY) with an LDR of 41.2% (+174bps YoY). This growth was led by £1.0bn in new originations through our specialist BTL lending business, Fleet Mortgages, which more than offset the scheduled run-off of closed mortgage portfolios and government-backed lending schemes. This continued advancement into high-quality, specialist lending reinforces our commitment to a superior risk-adjusted return profile supported by rigorous return targets.

Starling maintains a highly liquid, capital-light balance sheet. We proactively optimised our liquidity mix this year, expanding our debt securities portfolio by 73.9% to £6.8bn. This portfolio, combined with £4.2bn in cash reserves, provides a robust liquidity buffer that significantly exceeds regulatory mandates.

By maintaining high liquidity levels, we have built resilience into our business but also preserved strategic flexibility to expand as both organic and inorganic opportunities arise.

Unlocking capital to support future growth

Starling's capital position was significantly enhanced this year by the Bank of England's January 2026 update to the MREL framework. By raising the 'transfer firm' asset threshold to £25bn, the Group's MREL is now calibrated at its Minimum Capital Requirement (Pillar 1 and 2A). This change has contributed to a capital surplus that now sits at more than £525m as at May 2026. This robust capital base provides a clear runway for the disciplined pursuit of inorganic growth.

Landmark partnerships in Engine

In 2026, Engine continued to expand globally and the wider Group now has presence in four other countries following its entry into Canada and New Zealand. The platform's global momentum was punctuated by two landmark partnerships - the first, with Tangerine Bank in Canada that represents a 10-year strategic partnership to deploy Engine's next-generation platform to millions of customers and most recently, SBS Bank, a core banking transformation to migrate the New Zealand-owned mutual bank to our secure, cloud-native architecture.

These milestones demonstrate the universal appeal and technical maturity of our stack. The platform is outperforming our forecast expectations with underlying accounts scaling to 1.3m (+67.6% YoY) as of March 2026. This operational success translated into £10.9m in fee revenue, a 24.5% increase YoY. With a robust pipeline of demand building behind these landmark sales, Engine is now beginning to establish itself as a longer term source of diversified revenue for the Group and most importantly, a key proof point that Starling is able to take its business internationally.

Proven resilience. Global ambition

2026 marks the point where Starling began to execute on its global ambitions, proving that our model is built for both long-term resilience and rapid scale. While the macro environment shifted, our business model has remained broadly resilient. With our capital surplus exceeding £525m as at May 2026, we have secured a position of significant strategic optionality and we will continue to seek opportunities to deploy this further through disciplined capital allocation.

As we look toward 2027, the maturity of our UK franchise provides the launchpad for our global software ambitions. The accelerating momentum of Engine, now scaling across multiple international markets, represents a shift in our valuation profile. We are exporting the world's most enviable banking stack to the global stage. Starling is the blueprint for a digital-first global financial system, and we enter the new year with the capital, the technology, and the velocity to lead.



Group income statement

	2026	2025
	£'000	£'000
Interest income	**759,202**	811,695
Fee and commission income	**128,153**	128,306
Total revenue	**887,355**	940,001
Interest expense	**(189,263)**	(221,533)
Fee expense and cost of services	**(46,579)**	(38,648)
Impairment (charge)/release	**(6,649)**	3,243
Cost of revenue	**(242,491)**	(256,938)
Gross profit	**644,864**	683,063
Other income/(expense)	**14,209**	(4,546)
Operating expenses	**(441,955)**	(455,104)
Statutory profit before taxation	**217,118**	223,413
Regulatory fine and other operational provisions	**–**	57,199
Corporate restructuring and other one-off costs	**9,965**	–
Adjusted profit before taxation	**227,083**	280,612

Net interest margin	**3.6 %**	4.1 %
Average interest-earning assets	**15,781,350**	14,339,465
Average interest-earning liabilities	**14,690,442**	13,401,408

Basis of Preparation

The statutory results are set out in the financial statements on page 162 to 165. The statutory numbers are adjusted to provide management's view of the Group's performance excluding notable items. A reconciliation can be found above and further detail of the notable items on page 19.

As Starling matures into a diversified global financial services and technology group, our view on how we measure and present our performance to better reflect our strategy and business model has also evolved. This year, we have introduced Gross Profit within our Group Income statement. This shift acknowledges that our value is now driven by a powerful combination of our UK banking business and our SaaS proposition. By distinguishing our Cost of Revenue from our Operating Expenses, we provide a clearer view of the inherent scalability and the profitability of our business model.

Gross Profit

Despite a modest reduction in gross profit to £644.9m (-5.6% YoY) driven by lower interest rates, our gross margin remained stable at 72.7% (+1bps YoY) underpinned by the robust unit economics of the UK bank business, bolstered by the early momentum from our SaaS proposition, Engine. While we remain in a period of intensive strategic investment, the performance of our first platform partners provides a clear proof-of-concept for our long-term economics. As we move past this foundational investment phase, we expect to see significant operating leverage as our technology footprint expands globally.

The Group delivered a resilient performance in 2026 with revenue at £887.4m (-5.6% YoY). While the UK markets transitioned into lower base rates (91bps YoY), we remained focused on protecting margins (NIM was 3.6%, -51bps YoY) and optimising the yield profile of our £15.8bn (+10.1% YoY) interest-earning balance sheet. A central pillar of our resilience was our structural hedge programme, which we increased to £6.0bn (+20.0% YoY). This programme provided 18bps of favourable impact on NIM, generating £16.0m income (+227.1% YoY) in 2026 whilst interest expense decreased by 14.6% YoY to £189.3m. Our average interest-earning liabilities growing by £1.3bn to £14.7bn (+9.6% YoY), whilst we successfully reduced cost of funds to 1.3% (-36bps YoY), contributing +9bps to NIM.

The Group maintained stable fee and commission income of £128.2m (-0.1% YoY). Total transaction value increased to £216.7bn (+10.0% YoY) reflecting a high level of customer engagement and platform utility. Gross card transaction revenue moderated slightly to £97.5m, with reduced average card spend per customer (£30 YoY) as we saw a more subdued consumer spending environment. This resilience was underpinned by the continued scaling of our SaaS business which delivered an increase in revenue to £10.9m (a +24.5% YoY). An increase in fee expenses to £46.6m (+20.5% YoY) reflects a deliberate and strategic investment scaling our SaaS proposition internationally. The Group increased fees as a percentage of total revenue from 13.65% to 14.44%, and enhancing our structural resilience against interest rate volatility.

Our SaaS proposition, Engine, achieved significant operational milestones this year. Our inaugural clients, Salt Bank (Romania) and AMP Bank (Australia), continued to scale rapidly and, across the Group, we reached a total of 1.3m underlying accounts (+67.6% YoY). This momentum was further bolstered by the signing of two major new contracts with Tangerine Bank in Canada and SBS Bank in New Zealand. The SaaS revenue of £10.9m (+24.5% YoY) represents 8.5% (+167bps YoY) of our total fee and commission income.

Operating Expenses

Overall, on a statutory basis operating expenses decreased by 2.9% YoY to £442.0m. Operating expenses for the year, excluding notable items, were £432.0m (+8.6% YoY). Notable items include costs for £10.0m in relation to changes in strategic evolution of our corporate structure - such as the placement of Starling Group Holdings Limited as the ultimate parent company - and other restructuring initiatives. These one-off costs include a provision raised at year end for operational efficiency initiatives, specifically the migration of several functions from our London headquarters to our expanded regional offices, with the aim to optimise our cost-to-serve and leverage the diverse talent pools across our regional hubs.

The increase in costs were primarily in technology and talent. Investment in our cloud infrastructure was instrumental to the UK-first launch of our AI tools and the scaling of our SaaS proposition. These strategic objectives require talent and consequently staff costs, the primary component of operating expenses, increased by 16.8% to £354.9m driven by headcount increases to 4,158 (average +219 heads YoY) and salary inflation.

Overall, on a statutory basis operating expenses decreased by 2.9% YoY.

Impairment

Starling's total impairment provision on loans and advances to customers stood at £24.5m as of 31 March 2026, a modest increase of £2.6m (+11.7% YoY). This increase was primarily driven by a £6.6m impairment charge (2025: £3.2m release), partially offset by £4.1m (-78.1% YoY) in SME provision write-offs.

Of the annual impairment charge, £5.4m is attributable to the adoption of more cautious forward-looking economic variables within our ECL models due to the ongoing economic uncertainty and the impact of the Middle East conflict. The Group's impairment provision is calculated using a probability-weighted view of future economic scenarios, with the weightings at 31 March 2026 remaining unchanged from the prior year.

The Group continues to apply rigorous expert judgement to refine modelled outputs where specific risks may not be fully captured by historical data. Judgemental adjustments to the ECL on loans and advances remained stable at £3.8m (+0.6% YoY) and are mostly due to the increased sensitivity of the BTL mortgage book to the current economic outlook.

Further detail on critical estimates and judgements related to ECL can be found in note 5 to the financial statements.

2026	**Exposure after government guarantee £'000**	**Impairment provision £'000**	**Coverage ratio %**	**Loans in stage 2 %**	**Loans in stage 3 %**
Mortgages	**4,988,947**	**15,759**	**0.3 %**	**4.8 %**	**3.1 %**
SME	**17,699**	**3,671**	**20.7 %**	**24.0 %**	**20.0 %**
Retail	**18,248**	**3,461**	**19.0 %**	**35.8 %**	**15.3 %**
Undrawn	**252,779**	**1,586**	**0.6 %**	**1.6 %**	**0.1 %**
Total	**5,277,673**	**24,477**	**0.5 %**	**4.8 %**	**3.1 %**
of which Stage 2	**252,112**	**5,471**	**2.2 %**		
of which Stage 3	**163,254**	**11,239**	**6.9 %**		

2025	Exposure after government guarantee £'000	Impairment provision £'000	Coverage ratio %	Loans in stage 2 %	Loans in stage 3 %
Mortgages	4,300,822	9,771	0.2 %	4.9 %	3.5 %
SME	42,435	7,382	17.4 %	25.9 %	11.3 %
Retail	20,176	3,703	18.4 %	32.9 %	14.4 %
Undrawn	190,376	1,057	0.6 %	1.0 %	0.1 %
Total	4,553,809	21,913	0.5 %	5.0 %	3.5 %
of which Stage 2	228,850	5,166	2.3 %		
of which Stage 3	159,469	10,403	6.5 %		

Group statement of financial position and liquidity

	2026 £'000	2025 £'000
Cash and balances at central banks and deposits at banks	**4,225,338**	6,717,177
Loans and advances to customers	**5,161,359**	4,670,567
Mortgages	**4,988,947**	4,300,822
SME	**222,299**	441,387
Retail	**18,248**	20,176
Impairment, accrued interest and adjustment for hedged risk	**(68,135)**	(91,818)
Debt securities	**6,843,426**	3,934,922
Other assets[1]	**409,811**	375,006
Total assets	**16,639,934**	15,697,672
Customer deposits	**12,691,991**	12,066,650
Current accounts	**10,084,768**	10,265,753
Savings accounts	**2,607,254**	1,800,656
Adjustment for hedged risk	**(31)**	241
Deposits from banks	**2,539,524**	2,278,221
Other liabilities[2]	**203,474**	306,749
Total liabilities	**15,434,989**	14,651,620
Equity	**1,204,945**	1,046,052
Total liabilities and equity	**16,639,934**	15,697,672
Loan deposit ratio (LDR)	**41 %**	39 %
Liquidity coverage ratio (LCR)	**570 %**	574 %
Eligible liquidity buffer	**6,365,924**	7,207,863

1 Other assets include derivative assets, other assets, property, plant and equipment and right of use assets, intangible assets, goodwill and tax assets from the statement of financial position.
2 Other liabilities include derivative liabilities, other liabilities, deferred income, provisions and tax liabilities from the statement of financial position.

The Group's balance sheet remains strong, liquid, and well-capitalised. Total assets grew by 6.0% to £16.6bn.

Asset allocation and liquidity

During the year, the Group took a strategic approach to managing its liquidity in a shifting interest rate environment. We reallocated capital from cash held at central banks into HQLAs, resulting in a 73.9% increase in our debt securities portfolio to £6.8bn. This shift allowed us to optimise yields while maintaining a robust liquidity profile. Our liquidity position remains a standout feature of the Group's resilience with an LCR of 570.2% (2025: 574.2%) and an eligible liquidity buffer of £6.4bn (-£0.8bn YoY). The liquidity levels are closely managed by senior management and have remained well in excess of regulatory minimums throughout the year. Our liquidity buffer uses cash and assets capable of generating liquidity within a short period with little or no loss of value.

Our lending activities remained resilient, with loans and advances to customers growing by 10.5% to £5.2bn, while maintaining high credit quality. This was driven by the continued growth of our BTL mortgage book by net £0.8bn (2025: £0.8bn) which helped to offset the expected run-off of our closed mortgage portfolios and government-backed lending schemes. This lower risk, government-secured lending accounted for 4.2% of total lending at 31 March 2026 down from 9.2% in the prior year.

The quality of our lending portfolio remains a priority. At year-end, impairment provisions for drawn balances (before the impact of UK government guarantees) stood at £22.9m (+9.8% YoY). This represents a stable and prudent provision coverage ratio of 0.5% (-2bps YoY). The marginal decrease in coverage is due to on-going change in asset mix in the lending portfolio as mortgages with a lower coverage rate replace other lending.

Deposits and funding

Starling continues to build its position as an established retail and SME deposit franchise. During the year, Starling grew total open accounts by 7.1% to 4.9m accounts, a result of our user experience innovations and highly-rated 24/7 customer service. This expanding footprint has directly fuelled the growth of our funding base, with customer deposits increasing to £12.7bn (+5.2% YoY). A key driver of this performance was our enhanced savings proposition: the launch of our Cash ISA alongside the Easy Saver product resulted in a 44.8% increase in Savings deposits to £2.2bn. This strategic shift towards an enhanced deposit range deepened customer engagement and further diversified our funding mix. Crucially, this mix ensures a stable and highly efficient cost of funds, which remained resilient at 1.3% (2025: 1.7%) despite the competitive rate environment.

To complement our retail and SME funding, Starling maintains active access to the BoE's Sterling Monetary Framework, including the maintenance of a reserves account. During the year, the Group demonstrated its robust liquidity position by repaying £0.6bn of TFSME funding. As of 31 March 2026, our remaining drawdowns stood at £1.6bn (2025: £2.2bn). These facilities carry residual maturities ranging from less than one year to five years (2025: less than one year to six years).

The Group's key funding ratios remain exceptionally strong. At 31 March 2026, the Group's LDR was 41.2% (2025: 39.5%), LCR was 570.2% (2025: 574.2%) and NSFR which measures the long-term stability of our funding sources stood at 221.2% (2025: 245.5%). These metrics, alongside other critical liquidity indicators, are closely monitored by senior management. The LCR and NSFR have remained substantially in excess of regulatory minimums throughout the year, reflecting our conservative approach to liquidity risk and the structural stability of our balance sheet.

Capital

	2026	2025
	£'000	£'000
CET1 capital	**1,123,254**	1,000,231
RWAs	**3,930,308**	3,170,032
Total regulatory capital ratio	**28.58 %**	31.55 %
UK leverage ratio	**8.91 %**	11.14 %

Throughout the year, the Group maintained a strong capital position, in excess of its minimum capital requirements. The Group's CET1 ratio decreased to 28.58% (-297bps YoY). The Group generated £176.5m of retained earnings that qualify as CET1 capital, whilst RWAs increased by £0.8bn in the year to £3.9bn (+24.0% YoY). The RWA increase was a result of the growth in the Group's mortgage lending and debt securities portfolio and increased operational risk RWAs. Starling currently meets its binding MREL requirements with CET1 capital.

In December 2025, the BoE finalised a significant package of updates to the MREL framework, which came into effect on 1 January 2026. These changes were designed to make the UK's resolution regime more proportionate for mid-tier banks. The most critical changes were the increase in the total assets threshold that determine a firm's resolution strategy, with the threshold for 'transfer firms' raised from £15bn to £25bn, and MREL set at minimum capital requirements only (Pillar 1 plus Pillar 2A). Therefore, from 1 January 2026 the Group MREL equals its TCR with the timing determined by its asset growth.

As at 31 March 2026, the Group's TCR was £411.9m giving a headroom over TCR of £711.4m, excluding the impact of any Pillar 2b buffers.

The increase in capital resources and cash deposits placed with the BoE led to a decrease in the Group's UK leverage ratio to 8.9% (2025: 11.1%) but the ratio remained significantly in excess of the PRA statutory minimum requirement of 3.25%.

Starling monitors its capital adequacy on an ongoing basis, which includes undertaking regular stress testing and preparing an ICAAP annually in accordance with the PRA's regulatory requirements. Based on the Group's assessment of internal and external risks underpinning its business model and strategy, the Board remains satisfied that the Group has sufficient capital resources to meet its ongoing obligations over the current planning horizon.

Further detail on regulatory capital is included in the Group's Pillar 3 Report available on Starling's website.

Declan Ferguson
Group Chief Financial Officer, May 2026

Our business model and strategy

Our mission is to use technology and a human-centric approach to help customers gain active control of their finances through effortless everyday habits

Our foundations

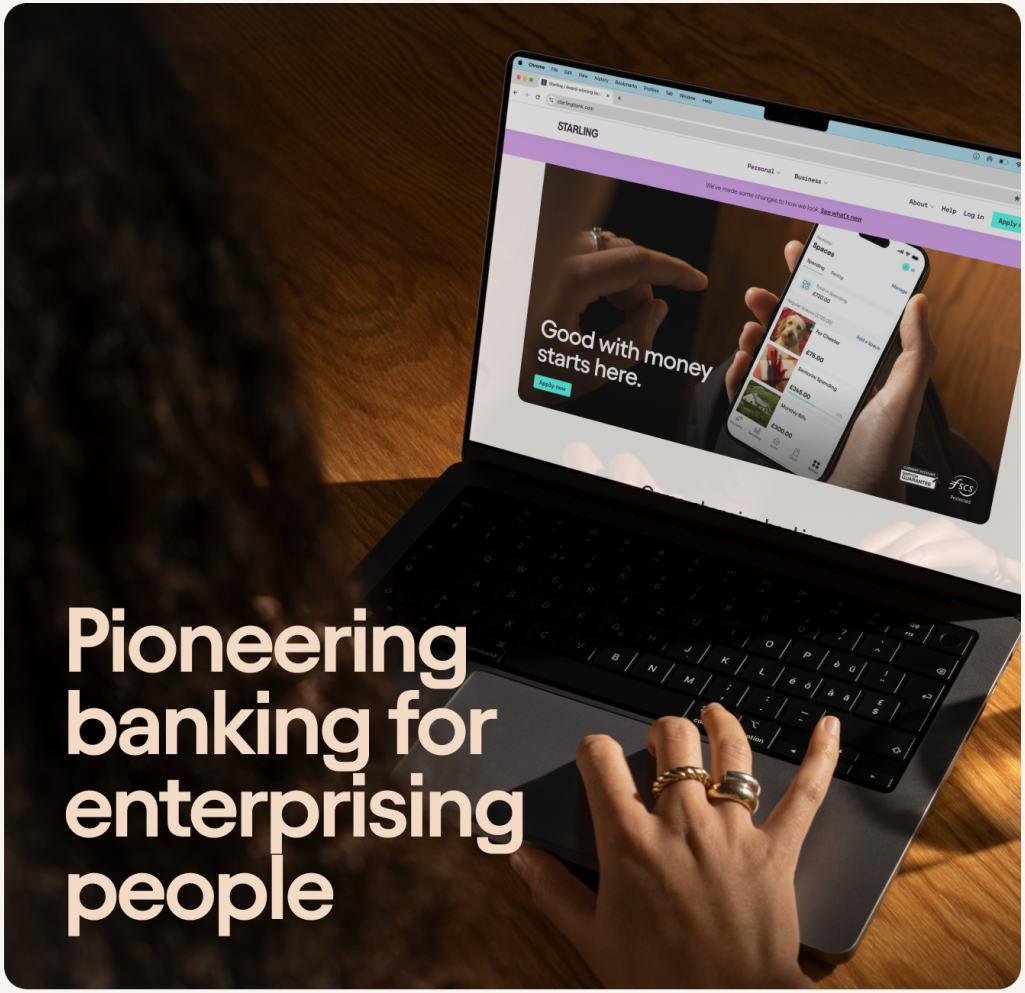
Our customers 23
Our technology 24
Our people 25

Our business model

Customer-focused product innovation 26
Industry-leading customer service 27
Powerful deposit franchise 28
Unique global SaaS offering 29

Our strategy

30



Our customers

Here at Starling, we're not shy to admit that we're customer-obsessed. From the first spark of a new feature idea, through to perfecting the user experience and getting it in the palm of their hands, our customers and their ever-evolving needs are always front of mind. This deep empathy and understanding enables us to solve real, everyday problems for the enterprising individuals and small business owners who bank with Starling in the UK or with one of Engine's clients around the world. Our customers are why we're here.

And our obsession has translated into a growing and global user base. We reached 6.2m (+15.8% YoY) Group platform accounts in the year and we welcomed new Engine clients in Canada and New Zealand.







Our technology

Proprietary cloud-native infrastructure engineered for scale

Starling is powered by a world-class technology stack, designed and built from the ground up by our own engineers. While traditional banks struggle with the "spaghetti code" of ageing legacy systems, we operate on a proprietary, cloud-native core banking platform engineered to deliver agility, efficiency, scalability and resilience.

By foregoing monthly sprint cycles in favour of continuous delivery, we average 50-55 code releases every single day. This relentless pace of deployment allows us to move from the spark of an idea to a live feature in rapid time, all while maintaining a stable, bug-free environment that adapts as our customers' needs change.

Our "build-first" philosophy has created a lean, high-performance service model that is a key driver of financial strength. By bringing critical components entirely in-house - including building our own card processor and CRM platform - we have systematically reduced our reliance on costly third-party vendors. This vertical integration has allowed us to drive down non-staff cost-to-serve even as we scale globally.

Our systems are architected to adopt AI at scale, embedding intelligent automation across our internal processes to deliver further measurable efficiencies while also putting sophisticated, data-driven tools directly into the hands of our users.

Central to delivering operational efficiency is our Management Portal, an intuitive, browser-based interface that provides our teams with a 360° view of the customer. This "single pane of glass" provides a unified view of everything from onboarding and financial crime prevention to product configuration and our in-built contact centre. The platform enables our people to manage the entire customer lifecycle with precision, and ensures that decision-making and high-speed innovation is supported by rigorous oversight, integrated workflows, and real-time data.

As we began our journey as a fully regulated bank, we view operational resilience as a non-negotiable foundation. We have deep-coded reliability into our architecture, resulting in industry-leading performance with 100% API availability and no customer downtime. For our customers, this means the peace of mind that comes with zero outages; for Starling, it provides the robust framework required to maintain absolute trust while we continue to push the boundaries of what a bank can do.



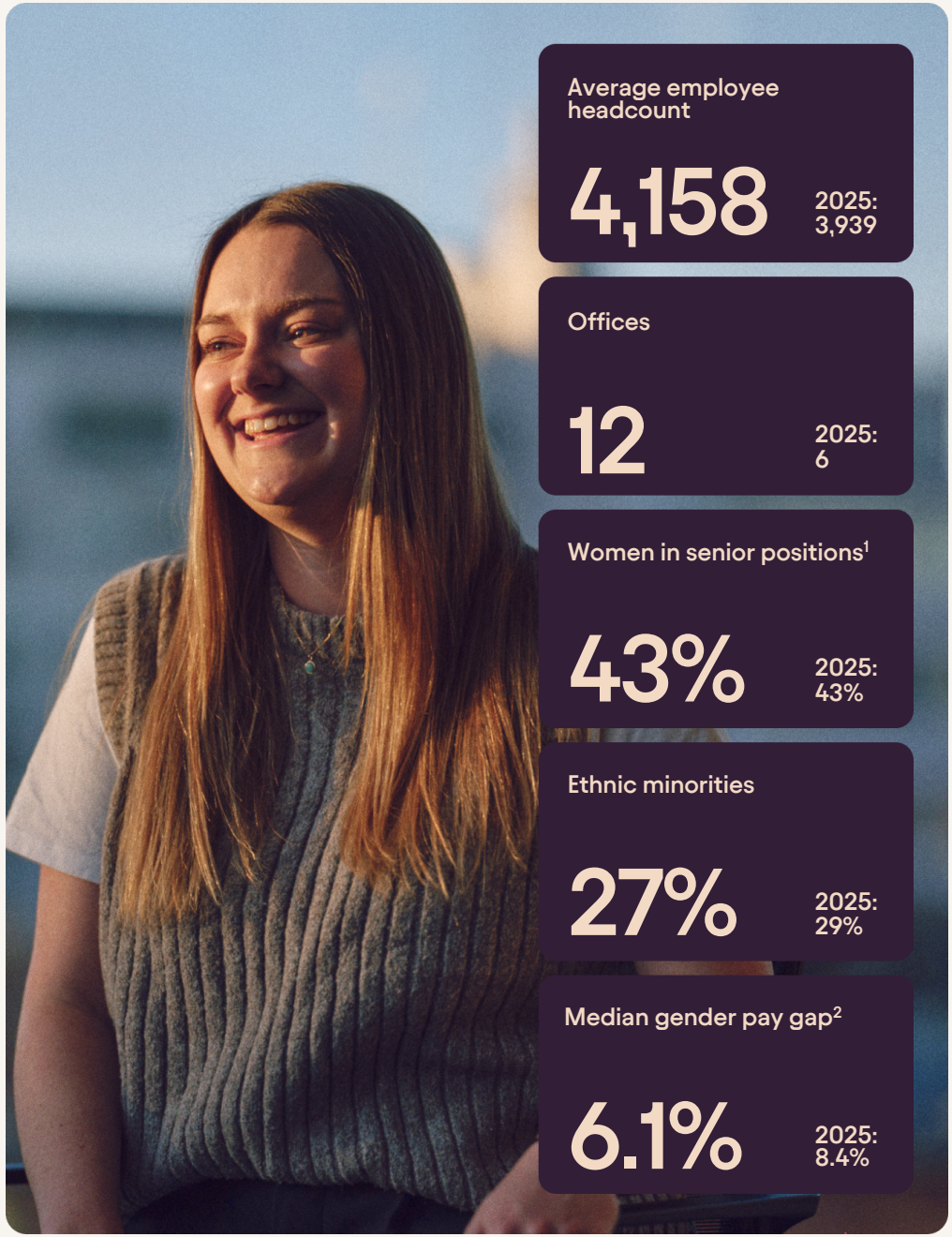
Our people

Through focused talent acquisition and development, Starling attracts and nurtures people with diverse mindsets, experience and skills

Core to our success is an inclusive and collaborative culture, bridging the gap between traditional banking expertise and modern digital entrepreneurship. Together we work with open and transparent communication and a relentless curiosity, reflecting our values-driven culture.

We believe that effective leadership is the key to unlocking scalable growth. It transforms company culture into a strategic asset, fuelling innovation, elevating performance, and creating lasting customer value. We enable our leaders to build high-performing teams from purpose-driven individuals, on a foundation of inspiration, support and care.

Further detail on our people initiatives and policies can be found on page 39.



Our values

- Aim for greatness
- Keep it simple
- Listen
- Do the right thing
- Own it

1 Women in senior positions refers to legal gender. This statistic is only representative of the Bank and Engine.
2 Gender pay gap reviews are conducted on a calendar year basis. Figures shown for the current financial year reflect the results of the 2025 review and 2024 review respectively.

Customer-focused product innovation

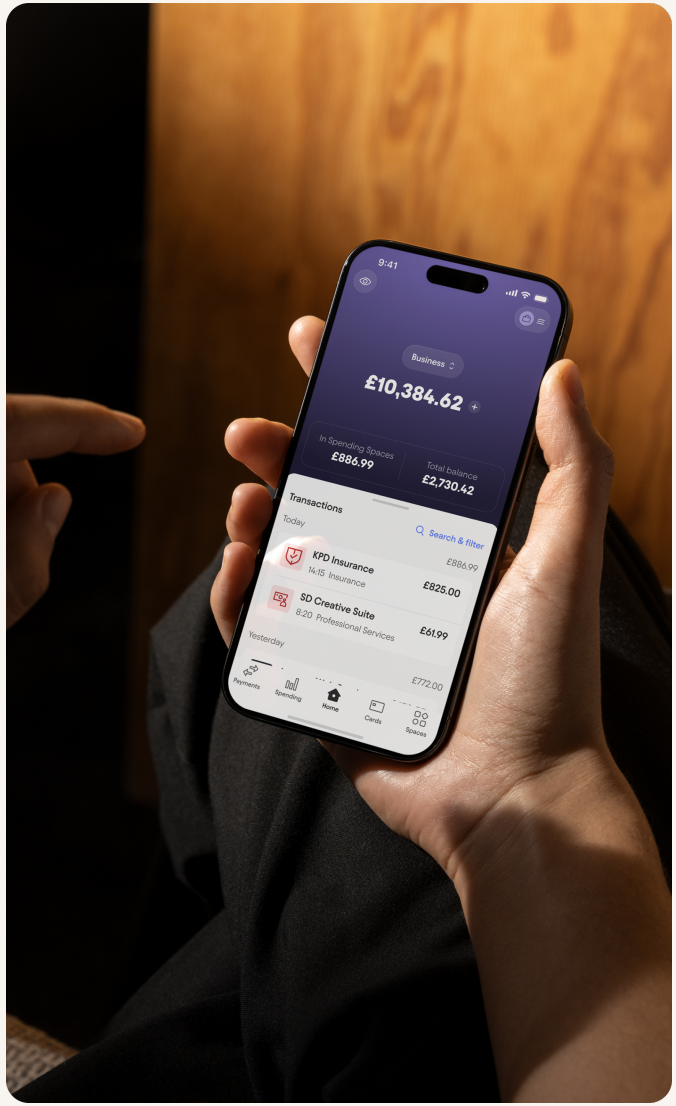
Effortless banking, intelligently designed
Starling has delivered an award-winning current account purpose-built for retail customers, sole traders and limited companies. Our platform is engineered to remove administrative friction, offering a holistic suite of products and intuitive tools that help our users take total control of their spending and manage their money with confidence. From real-time transaction notifications and fee-free overseas spending to AI-powered insights and industry-leading app security, the digital experience we provide is seamless, sophisticated, and secure. And while we are a technology-led business, we remain deeply human; we are one of the few banks to offer 24/7 UK-based customer service, ensuring there is always a friendly expert on hand when it matters most.

Keeping our customers connected, confident and in control
Our retail proposition focuses on providing a smarter, more intuitive way to manage daily finances and encourage positive financial habits. Spending and budgeting tools like Spaces, Bills Manager and Virtual Cards make it easy for customers to ring-fence money for specific goals or monthly outgoings, while Starling Assistant, our pioneering agentic AI assistant, can provide clear spending insights and complete everyday banking tasks on a customer's behalf. Customers can build long-term financial resilience by choosing from a range of savings products, from our Easy Saver, where funds can be accessed at any time, to more structured options like our tax-wrapped Cash ISA or our Fixed Saver. We also keep households connected through shared and delegated banking; by offering Joint Accounts, Connected Cards for trusted carers, and Starling Kite for children alongside our dedicated Teen Accounts, we provide a safe, unified environment for families to manage their collective finances.

Fuelling the SME economy
For the UK's small businesses and sole traders, Starling offers a feature-rich business account with zero monthly fees, designed to deliver less admin and more control. We understand that time is a business owner's most precious resource, which is why we've integrated essential tools directly into the app and online banking. We streamline the back-office tasks that traditionally slow businesses down through features such as digital receipt capture, mobile cheque deposits, bulk payments, automated invoicing and accounting software integrations. With built-in Making Tax Digital capability, multiple director access, Tap to Pay merchant acquiring, and premium features like multi-currency accounts and automated VAT tooling, we are building the "office of the CFO" for small businesses, providing a modern financial ecosystem that scales alongside our enterprising customers.

A global blueprint for better banking
The strength of our product roadmap does more than benefit Starling customers; it serves as the blueprint for our global partners. Through Engine, we enable financial institutions worldwide to leverage our full suite of configurable products to build their own modern financial ecosystems with unmatched speed and flexibility, benefiting from our continuous cycle of innovation.

Looking ahead
Building upon our solid foundations of pioneering the banking experience in the AI era, our future roadmap centres on a new cycle of innovation to our core propositions. We are focused on the development of enhanced tiers and value-added services for both retail and SME customers, utilising our most advanced proprietary technology to provide deeper levels of protection, financial insight, and a tailored experience that further bridges the gap between everyday banking and comprehensive financial management.



Industry-leading customer service

Human led, AI empowered

Starling strives to offer a unique and high quality customer experience. We understand that achieving this requires more than delivery of an exceptional product and streamlined app experience. Since the beginning, we have prioritised providing our customers with personalised support wherever they need it, building trust through a service model that feels, and is, human.

We are proud to offer 24/7 customer service from our UK based support agents. Whether a customer has lost their card in Cartagena, is concerned about a curious transaction or just wants to chat about Making Tax Digital, our Cardiff and Southampton based agents are on hand to support customers through in-app chat, email or phone, at a time that's convenient to them. Our Enhanced Customer Care teams are also available when extra support is needed, such as at times of bereavement or for help with debt.

In this year's CMA survey for overall service quality[2], Starling ranked #2 for Retail with 77%, and #3 for SME with 81%. We are also proud to have retained our Which? recommended provider status for the 7th year running, and continue to shine brightly in the ICS UK Customer Satisfaction Index, coming in at #6 across all industries and leading the neobanks.

We are continuing to make advancements in AI adoption, empowering our human agents to excel with intelligent tools. StarAI allows our agents to search our knowledge base while on calls with customers in natural language, enabling front-line staff to handle a wider range of queries and access solutions quickly. Vulnerable customer detection prompts our human agents where in-call disclosures suggest a customer may be vulnerable. Our tools are delivering real-time, measurable efficiencies, allowing us to serve more customers better and faster.



1 Wrap ups are defined as summarising a call with a user after the fact, and are required as part of the customer service process.
2 CMA Overall Service Quality for Great Britain awarded in February 2026. Percentage represents the proportion of customers who said they would recommend their current account provider to friends and family (for personal current accounts) or other small and medium-sized enterprises (for business current accounts).

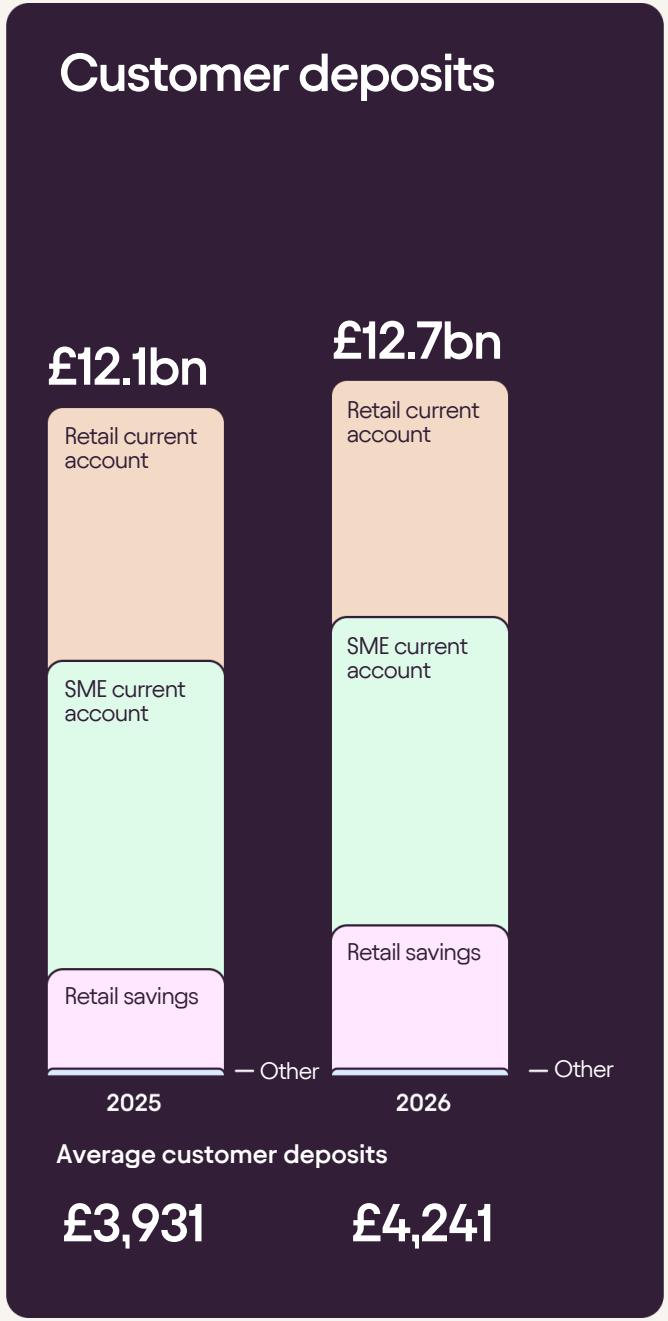
Powerful deposit franchise

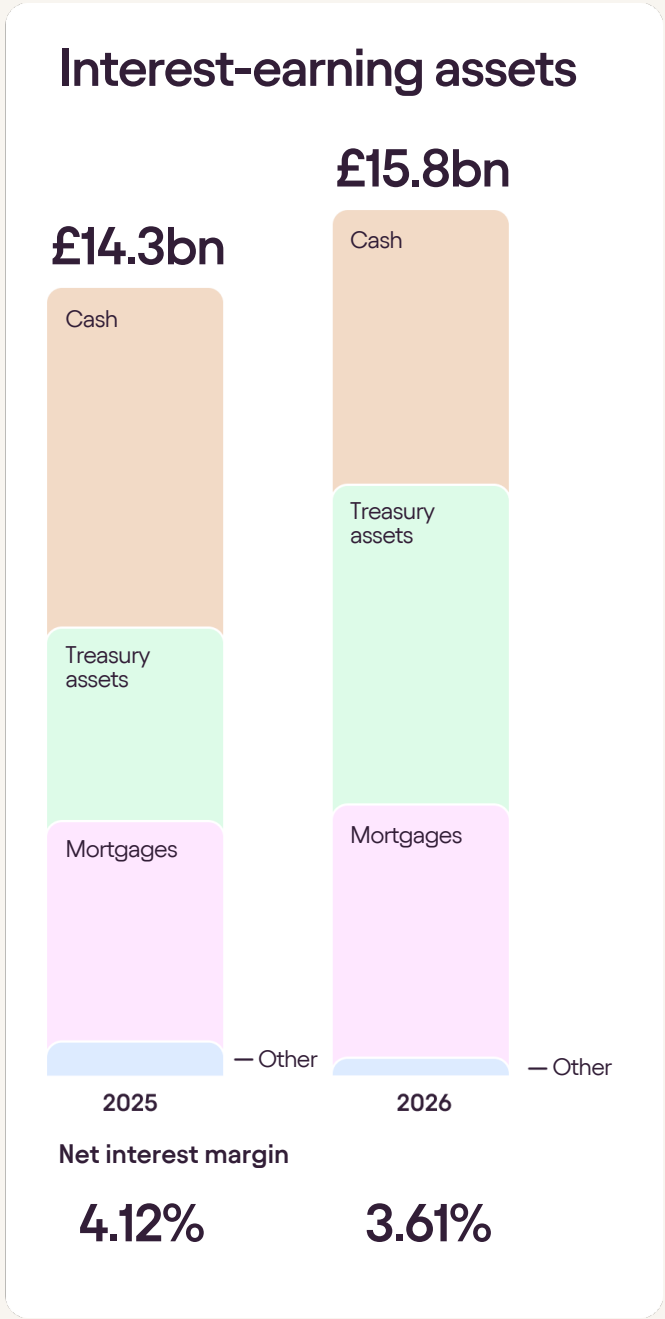
Starling's business model is liability-led, with a strong and sustainable deposit franchise generating yield through a range of interest-earning assets

Starling's total customer deposits grew to £12.7bn (+5.2% YoY) in 2026, with retail customers increasing their holdings in Starling's savings products. Our customer deposits provide a sustainable source of low-cost funding and liquidity, with a cost of deposits of 0.67% (-11bps YoY). This subdued growth was primarily due to certain onboarding restrictions that were in place during the year.

We deploy this funding into interest-earning assets that generate revenue in the form of interest income. These interest earning assets vary from cash we hold at the Bank of England, to investment bonds, to mortgages and other lending. Today, we have an asset mix that is capital-light, as we focus on prudently selecting assets based on their ability to generate strong risk-adjusted returns on capital.

As we develop our lending capability in the coming years, we expect to introduce additional types of interest-bearing assets that can generate higher yields and therefore, reduce our sensitivity to interest rates. This gradual shift will continue to be underpinned by a focus on ensuring our asset mix remains well-balanced to protect Starling's financial performance throughout the rate cycle.





Unique global SaaS offering

More than just the core. Engine is the complete digital banking platform

Engine is taking Starling's proprietary technology global with a SaaS offering that goes far beyond core banking. Engine's unique offering simplifies global banking with a seamless, pre-integrated alternative to fragmented software suites, with built-in capabilities including CRM, card processing, payments and digital enablement.

With Starling Bank representing "client zero" and demonstrating the success of Engine's technology in the UK, Engine's target client base ranges from established banks looking to replace legacy architecture to greenfield projects seeking to bring new and innovative banking offerings to market.

Exporting the best of British fintech

Engine's first two partners, Salt Bank in Romania and AMP in Australia, have continued to onboard new users. Including Starling, Engine now powers over 6m accounts globally.

2026 was a transformational year. Engine signed a 10-year partnership with Tangerine in Canada - our first North American client, which will involve the migration of a further 2.5m accounts. In March we were delighted to announce SBS as Engine's fourth client, in New Zealand.

Engine's technology is now live or in implementation in five countries across three continents, serving clients from its offices in London, New York, Dubai, Sydney and Toronto. A global business, built to serve clients no matter the geography.

During the year, Engine's revenue grew by 25% to £10.9m. We see a credible runway to achieve £100m committed annual recurring revenue within the next 12 months.

United Kingdom

STARLING

Australia

AMP Bank GO

Canada

Tangerine

Romania

Salt

New Zealand

sbs BANK

Our Strategy

Reflecting on our priorities for the year

Leveraging our AI advantage to drive efficiency

We have streamlined our internal operations by re-architecting our onboarding into a microservices-based workflow and deploying proprietary AI to automate transcript analysis and fraud detection. These advancements allow our teams to move away from manual monitoring and focus on delivering high-quality, proactive support, positioning us to scale efficiently without the need for traditional headcount growth.

See further detail on page 31.

Maturing our risk and control environment

During the year, Starling successfully delivered the second phase of the Bank's risk management maturity programme, which focused on the continued enhancement and embedding of risk management, practices, systems and controls. We continued to make significant investment to enhance risk resources and capabilities across all three lines of defence.

Our risk management overview is on page 59.

Continuing to innovate in banking

Starling has positioned itself as a demonstrated leader in AI innovation as we became the first UK bank to put AI in the hands of customers, with three pioneering features: Spending Intelligence to provide instant, conversational insights into our users' financial habits, Scam Intelligence to offer real-time protection against evolving threats, and Starling Assistant, our very own in-app agentic financial companion. We also released a suite of new tools including our Cash ISA, spaces for Easy Saver and a spending tracker, to give our retail users better ways to spend and save.

Supporting SMEs across the UK remains a key priority for the Group, and this year we launched a suite of new tools to support small business owners with tax, accounting, invoicing and payments. Our acquisition of Ember during the year demonstrates a continued focus in this area and accelerates the product roadmap. After successfully integrating Ember's product into Starling's app and online bank, Starling now offers an all-in-one solution for SMEs to manage their finances, from bank transactions to tax submission using our HMRC-recognised Making Tax Digital software.

See further detail on page 33.

Exploring international expansion

Engine by Starling is seeing continued success, contributing increasing value to the Group. This year saw another milestone agreement as Tangerine Bank entered into a 10 year partnership with Engine to serve over 2 million customers in Canada. The firm represents Engine's first North American client, having also announced offices in New York and Toronto, incorporation in Delaware and the hiring of a new President of North America, Jody Bhagat, earlier this year. Starling Bank is also actively pursuing expansion into the US through a potential bank acquisition.

Our strategy for sustainable growth

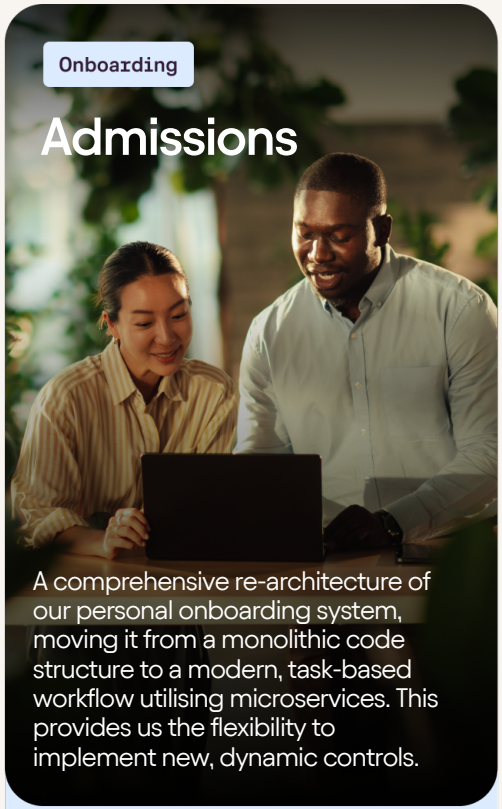
Starling's strategy leverages our tech-first foundations to deliver intelligently designed and award-winning products alongside a high quality and scalable service model. We have built a household brand that cultivates high-quality primary banking relationships and deep user engagement, driving both strong unit value and a significant low-cost funding advantage. By combining this with a capital-light asset strategy, revenue diversification through SaaS, and targeted inorganic growth, we are positioned to deliver long-term, sustainable profitability and robust returns for our stakeholders.

See further detail on page 36.

Leveraging our AI advantage to drive efficiency

Great customer experiences start with great internal tools

Innovation at Starling has been underpinned by our early adoption of proprietary machine learning models and artificial intelligence since 2019. Originally built to scale operations efficiently without the high headcount of incumbents, these tools - spanning everything from global payments infrastructure to fraud prevention - form the foundation of our operational excellence. Our teams benefit from automated workflows, allowing them to focus entirely on providing a high quality service to customers. This year, we deepened our use of advanced AI across operations to further refine our service model.

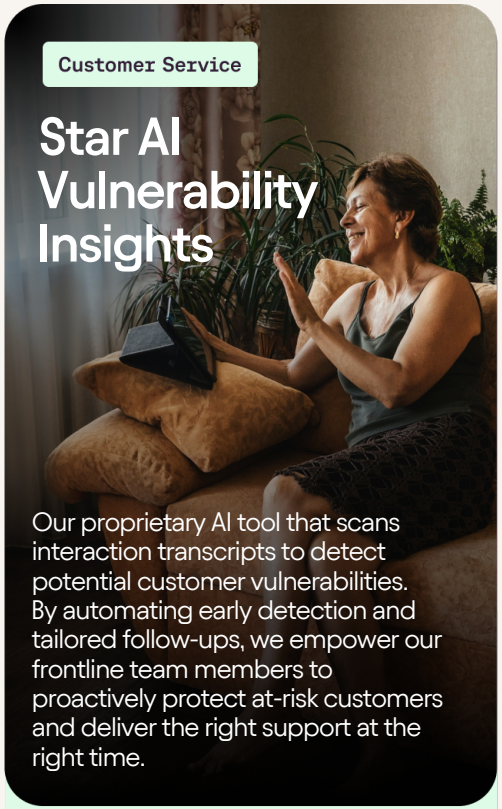


Onboarding

Admissions

A comprehensive re-architecture of our personal onboarding system, moving it from a monolithic code structure to a modern, task-based workflow utilising microservices. This provides us the flexibility to implement new, dynamic controls.

14% uplift in approval rates for standard applications

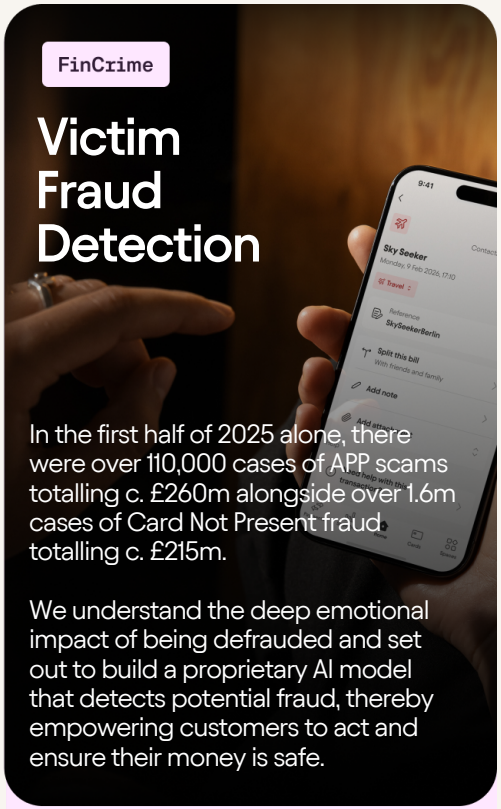


Customer Service

Star AI Vulnerability Insights

Our proprietary AI tool that scans interaction transcripts to detect potential customer vulnerabilities. By automating early detection and tailored follow-ups, we empower our frontline team members to proactively protect at-risk customers and deliver the right support at the right time.

5% uplift in vulnerable customer detection



FinCrime

Victim Fraud Detection

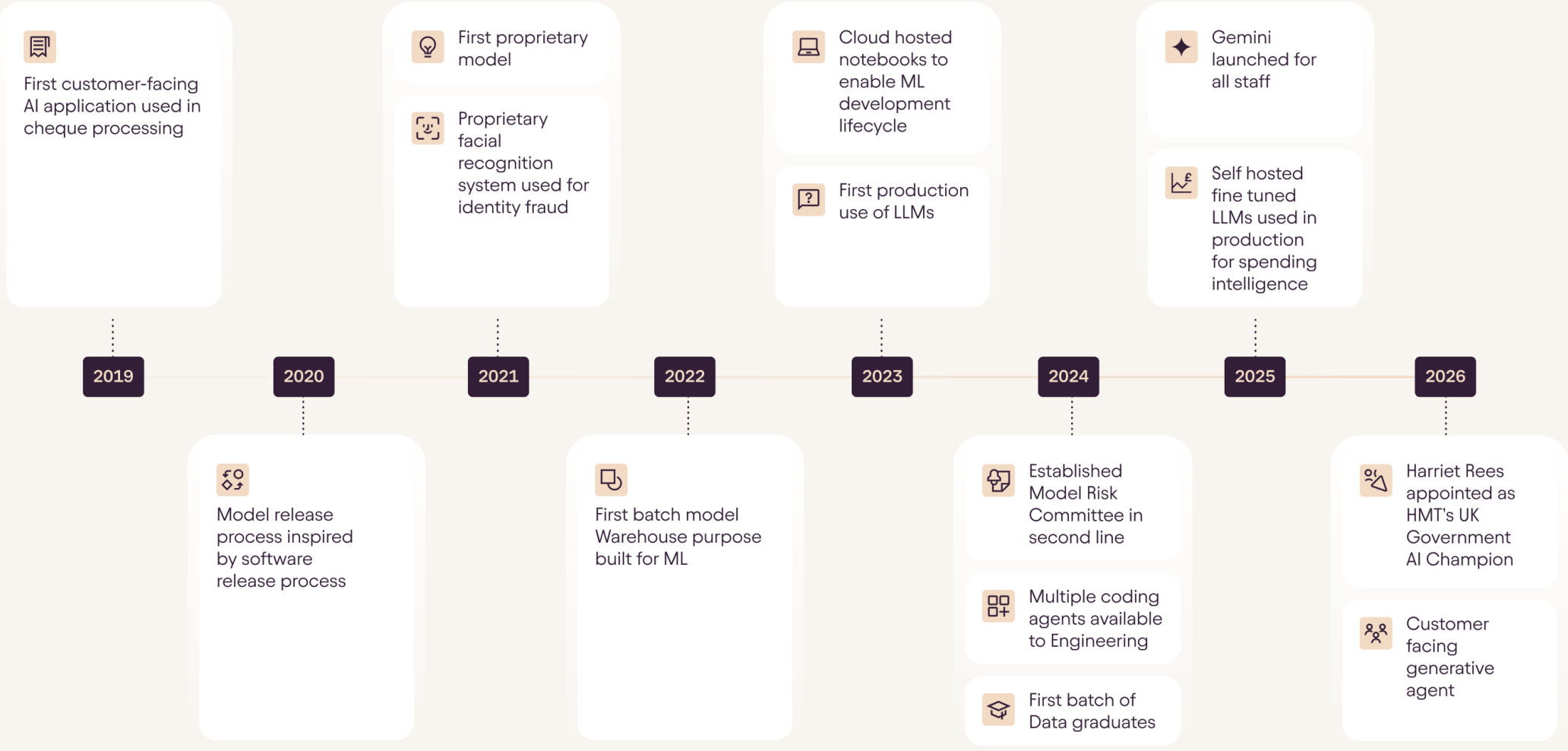
In the first half of 2025 alone, there were over 110,000 cases of APP scams totalling c. £260m alongside over 1.6m cases of Card Not Present fraud totalling c. £215m.

We understand the deep emotional impact of being defrauded and set out to build a proprietary AI model that detects potential fraud, thereby empowering customers to act and ensure their money is safe.

41% uplift in APP fraud prevented by value (+36.7% YoY)

81% reduction in Card Not Present fraud by value

Adoption of machine learning and AI at Starling since 2019



Continuing to innovate in banking

Pioneering a new generation of financial features

While our AI journey began by perfecting the "hygiene" of resilience and operational efficiency, we have reached a pivotal inflection point. We are now executing our primary strategic differentiator: defining the blueprint for banking in the AI era and putting the power of AI directly in the hands of customers.

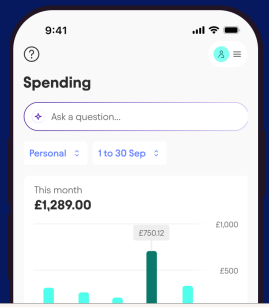
At Starling, AI is not a peripheral feature but is seamlessly infused throughout the entire app ecosystem. We are proud to have been the first in the market to launch a dedicated suite of AI-driven utilities including Spending Intelligence and Scam Intelligence.

Representing our most significant leap in customer utility is the Starling Assistant. Unlike assistants that can only surface information, our assistant is agentic. It is designed to take action on the customer's behalf - executing tasks, managing complex workflows and solving customer problems autonomously.

We have moved beyond the experimental phase and are now deploying these tools with the confidence of a market leader. This is the beginning of our next chapter. We are not participants in the AI revolution; we are the pioneers of what a bank looks like when it is built for the AI era - empowering every customer to be truly “Good with money”.

Spending Intelligence

Powered by Google’s Gemini, Spending Intelligence allows users to navigate their finances through natural language. Our in-house AI tool uncovers deep insights into spending habits, transforming the app into a conversational partner that provides actionable clarity.

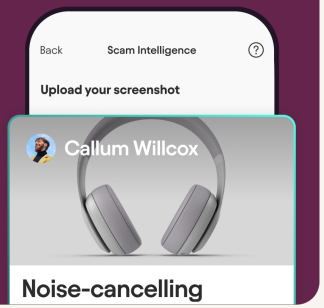


85%

of users interacted with 5+ times

Scam Intelligence

Praised by Lord Hanson for its innovation, our pioneering AI-powered tool allows users to upload marketplace photos to analyse for signs of fraud. By detecting social engineering tactics in real time, it empowers users to protect themselves against increasingly sophisticated scams.

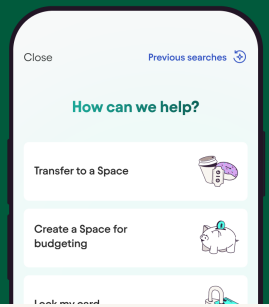


4x

more likely to cancel a payment when Scam Intelligence was used

Starling Assistant

The next frontier of the user interface, reimagining account management through natural language. By enabling customers to orchestrate tasks, from security controls to balance transfers, we are delivering a frictionless self-service that redefines the digital banking experience.

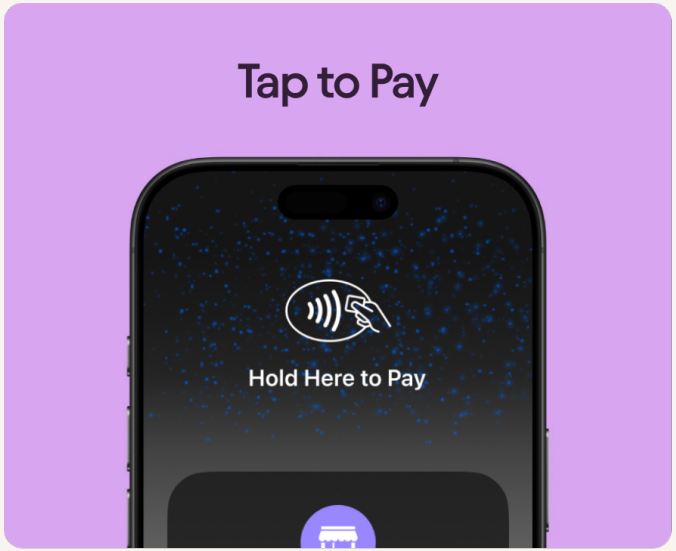


>75%

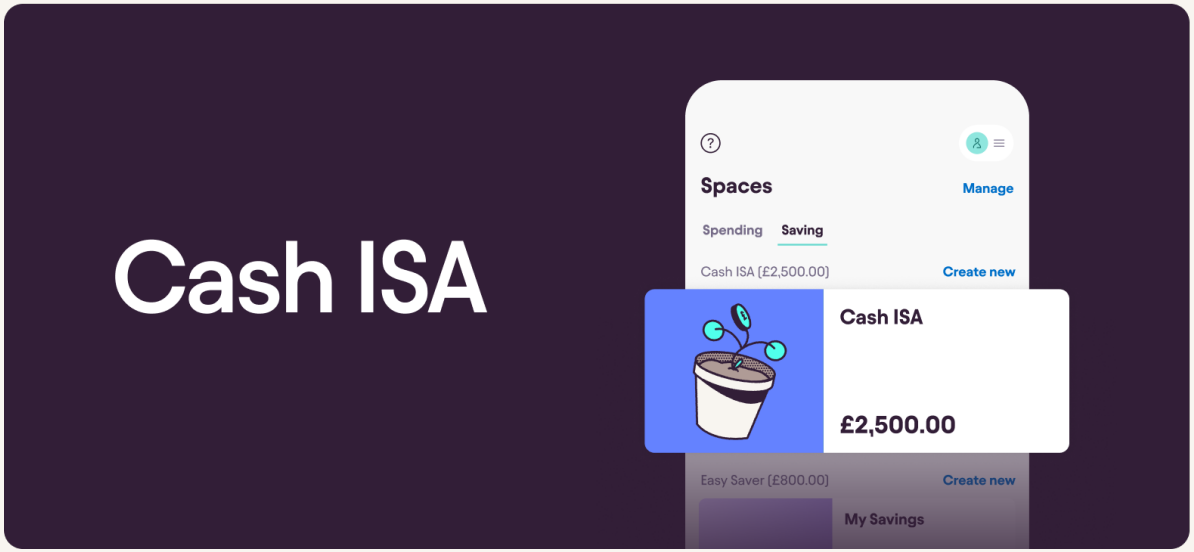
User confirmation rate for agentic tasks

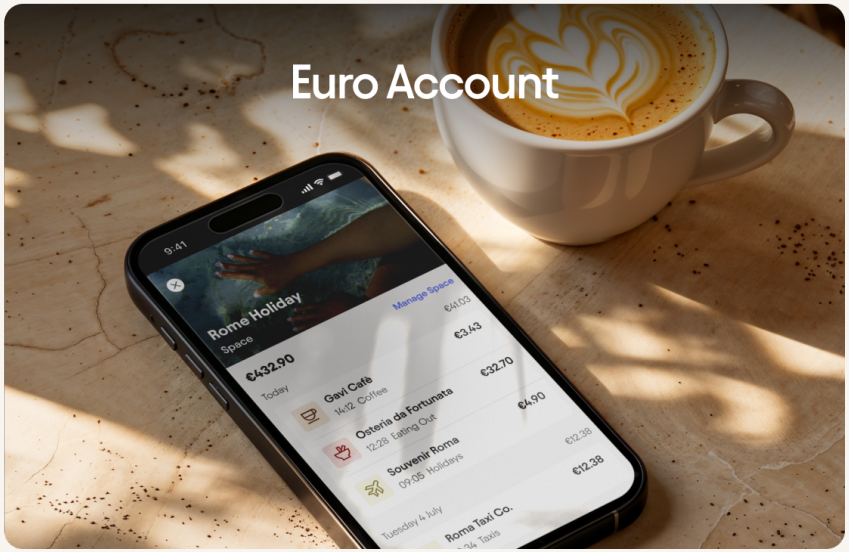
Building features that build good habits

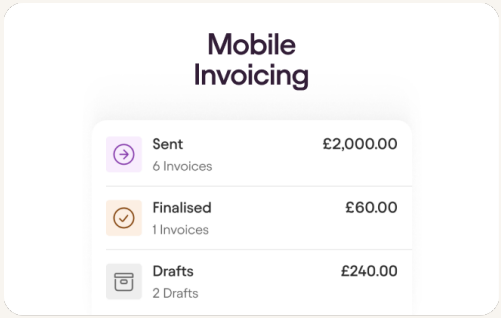
This year we launched a suite of new tools to support small business owners with tax, accounting, invoicing and payments and give our retail users better ways to spend and save.



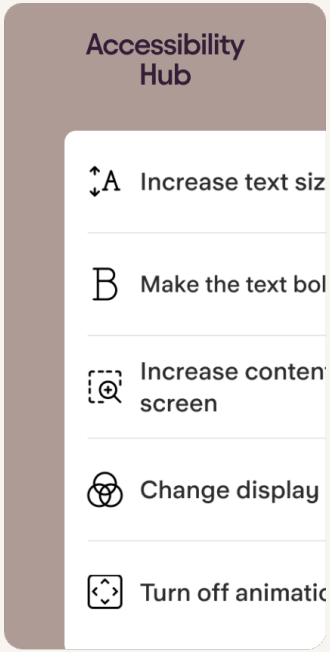


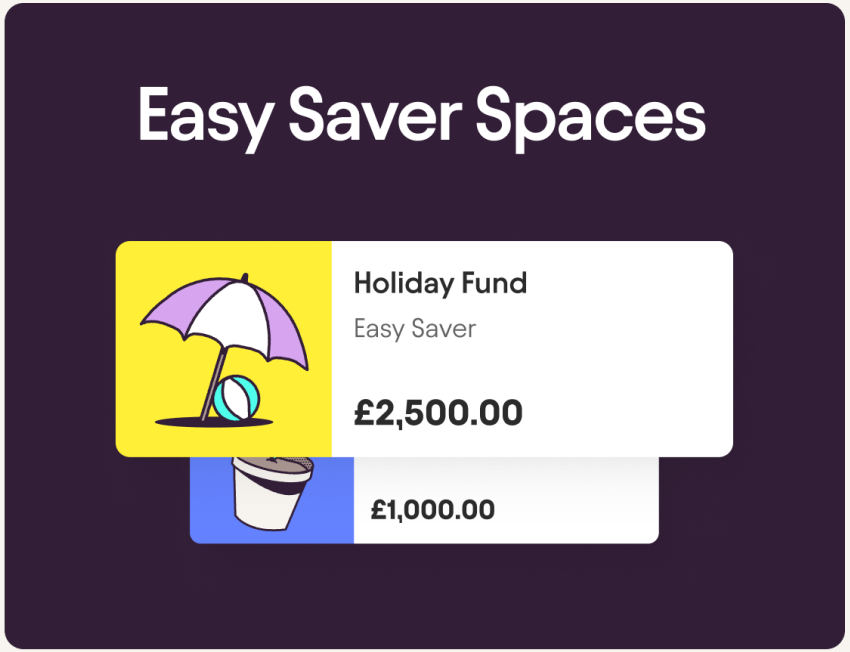


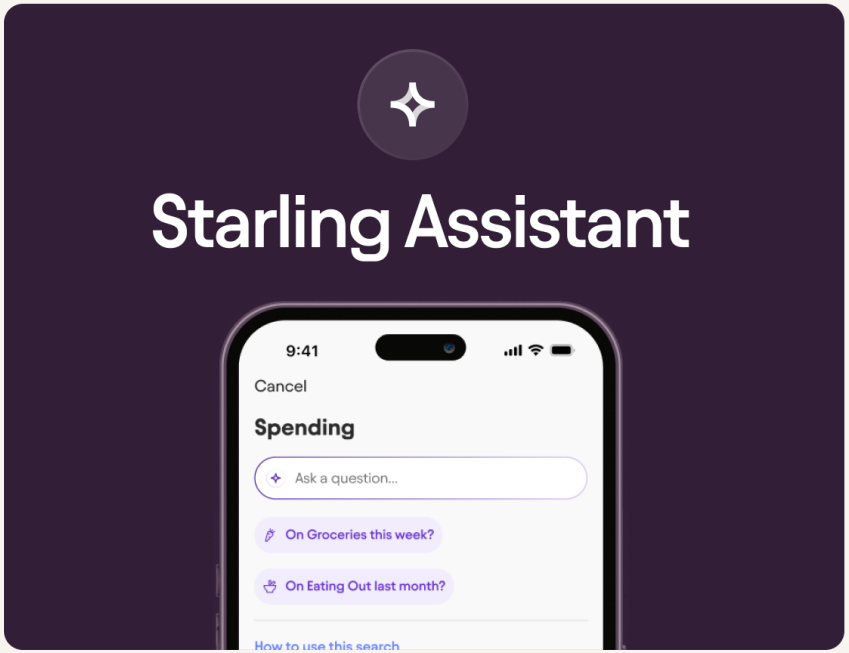


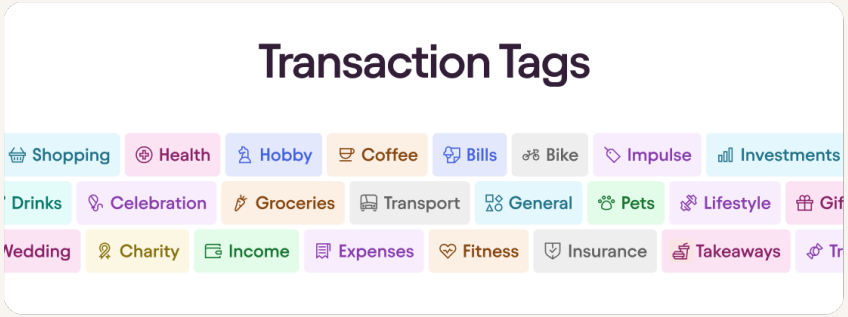

Mobile Invoicing
Sent
6 Invoices
£2,000.00
Finalised
1 Invoices
£60.00
Drafts
2 Drafts
£240.00

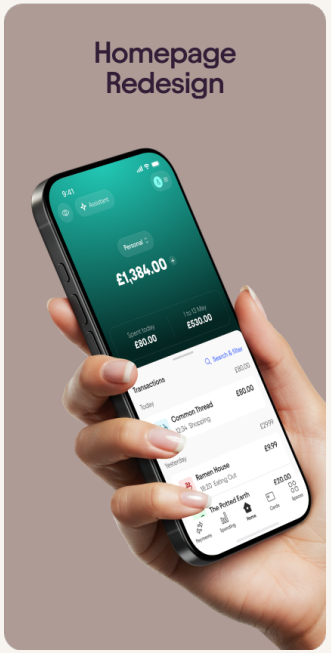

Card Hub
STARLING
STARLING


Accessibility Hub
Increase text siz
Make the text bol
Increase conten screen
Change display
Turn off animatic

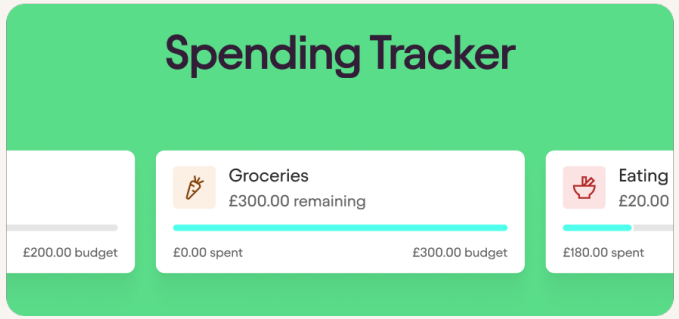

Easy Saver Spaces
Holiday Fund
Easy Saver
£2,500.00
£1,000.00

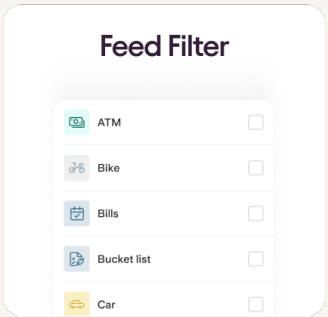

Starling Assistant
9:41
Cancel
Spending
Ask a question...
On Groceries this week?
On Eating Out last month?
How to use this search

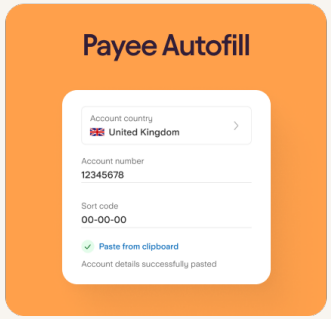

Transaction Tags
Shopping
Health
Hobby
Coffee
Bills
Bike
Impulse
Investments
Drinks
Celebration
Groceries
Transport
General
Pets
Lifestyle
Wedding
Charity
Income
Expenses
Fitness
Insurance
Takeaways


Homepage Redesign


Widgets
Last Digit Widget
£103.00
Updated: 28 Jan 12:26


Spending Tracker
£200.00 budget
Groceries
£300.00 remaining
£0.00 spent
£300.00 budget
Eating
£20.00
£180.00 spent


Feed Filter
ATM
Bike
Bills
Bucket list
Car


Payee Autofill
Account country
United Kingdom
Account number
12345678
Sort code
00-00-00
Paste from clipboard
Account details successfully pasted

A strategy that drives top-tier revenue per user and resilient returns

2.8m retail active users and 393k SME active users are engaging with Starling for its innovative financial tools, seamless user experience and top tier service quality. Yet, more remarkable than our headline user numbers is the individual user value generated by our business model.

Starling's average revenue per active user of £275 (-9% YoY) is a clear outlier among our global neo-banking peers, driven by the quality and engagement of our user base. We estimate 34.5% (-40bps YoY) are using us as their primary bank account. A holistic and user-friendly financial ecosystem that encourages primary banking behaviours, a focus on the SME market and the continued expansion of our savings product offering has resulted in a competitive average user balance of £4.2k (+8% YoY).

Our £6.0bn structural hedge underpins NIM throughout the rate cycle while revenue is bolstered by fee income generated through interchange, FX, subscriptions and SaaS.

The Group delivered post-tax ROCE of 24.9% (-180bps YoY) demonstrating resilience against challenging macroeconomic headwinds and during a period of modest user growth due to regulatory constraints and consciously limited marketing. ROCE represents our return on capital when adjusted for our healthy capital surplus of more than £525m as at May 2026, which has continued to grow over five years of consecutive profitability and will be deployed through our capital allocation framework to support future growth.

Starling reaffirmed its M&A capability in August 2025 with the acquisition of Ember - a leading UK fintech that provides SMEs with tax and accounting solutions. Having successfully integrated the product into Starling's app and online bank, Starling now offers an all-in-one solution for SMEs to manage their finances, from bank transactions to tax submission. With Accounting Essentials, Starling makes it easy for SMEs to comply with HMRC's "Making Tax Digital" legislation, which is expected to impact millions of UK SMEs.

Key: S Starling Bank | SG Starling Group

ARPAU (S)

2025	£302
2026	£275

Primary relationships (S)

34.5%

2025: 34.9%

Average deposit balance (S)

£4,241

2025: £3,931

ROCE (post-tax) (SG)

24.9%

2025: 26.7%

Capital surplus[1] (SG)

>£525m

2025: >£400m

1 Capital surplus as at May 2026.

The next chapter



Returning to growth in the UK

As we move into the next financial year, our focus is shifting from risk maturity and foundational resilience to accelerated, sustainable growth.

Having emerged from a period of modest account growth, we are now poised to invest in the next phase of our evolution - deepening market share through a combination of strategic marketing investment and the delivery of next-generation product and feature enrichment.

The early indicators are promising; we have seen a significant surge in momentum. Weekly SME onboarding volumes have increased more than 3x year on year, representing a strong organic baseline before the deployment of our upcoming SME marketing campaign.

Diversifying our revenue streams

Meanwhile, we continue to diversify our revenue streams, reducing reliance on net interest income through the launch of chargeable premium products, merchant acquiring tools and a refreshed FX strategy over the coming years.

Following the successful acquisition of Ember, Starling continues to pursue selective acquisitions which enhance our product ecosystem or balance sheet strategy, and support the long-term financial health of the Group.

Going global

Beyond the UK, we are executing on our global ambitions through both Starling Bank and Engine. While Starling Bank is actively targeting expansion into the US SME banking market, Engine is focused on scaling its global footprint with prospective clients across Europe, North America, Asia-Pacific and the Gulf at the same time as delivering its first large-scale migration with Tangerine.

Our commitment to responsible growth

At Starling, we believe that banking should be a force for good. As a digital-first business, we are green by design, leveraging our technology to support the UK's transition toward a more inclusive, equitable, and low-carbon economy. We achieve this by using our platform to dismantle traditional barriers to banking, using data-driven insights to foster a culture of true belonging, and partnering with organisations that drive financial resilience in our communities.

This year, we have continued to bridge deep industry expertise with digital entrepreneurship to build the scalable, transparent infrastructure necessary to ensure that as we grow, we do so responsibly - supporting our customers, our people, and the planet. The past twelve months have seen steady progress across our key ESG pillars. From becoming the first digital bank to achieve a Gold Award for prompt supplier payments to expanding our nature and football community programmes, our progress is rooted in tangible action.

This section outlines how we are embedding ESG principles into the fabric of our business to create a lasting, positive impact for the millions of people and small businesses we serve.

The environment

Starling serves millions of people and more than half a million small businesses across the UK and strives to create meaningful and lasting impact. We are green by design. Our branchless business model has an inherently lower impact on the environment, and our debit cards are made from 95% recycled plastic, 5% chip.

We recognise the importance that our products and services play in supporting the UK's transition to a low carbon economy. Each year we purchase carbon removal and avoidance credits equal to the prior year's emissions from our own operations and supply chain. While our focus is on minimising our emissions as much as possible, we recognise the importance of offsetting our Scope 1 and Scope 2 emissions, along with our Scope 3 emissions (other than Financed Emissions).

During the year, we originated £498.5m of new mortgages to properties with an EPC rating of C or above, bringing our total lending book for properties with an EPC of C or above to £1.8bn.

During the year, Fleet offered their innovative cashback product, rewarding landlord borrowers with £1,000 cash back if they improved the energy efficiency of their property to a C or above during their initial fixed rate period. Fleet also offered EPC A-C Products across three product ranges for both 2 and 5 year mortgages which are priced 10bps below their equivalent products.

Starling's climate-related financial disclosures are set out from page 49.





Social

Our people

At Starling, our culture is defined by inclusion and a relentless commitment to excellence for ourselves and our customers. With a team of over 4,000 diverse professionals, we leverage that expertise and knowledge to create pioneering banking for enterprising people.

By bridging deep industry knowledge with digital entrepreneurship, we continue to deliver market-leading innovation and a place that people can thrive. With a People strategy that centres on high performance, anchored in support and care.

Belonging and Engagement

We operate on the principle that inclusion is a catalyst for performance. When our employees feel a genuine sense of belonging and value, they deliver better outcomes for our customers and results for their teams. We maintain our approach to measuring sentiment using Peakon (our employee engagement survey tool) bi-annually. This ensures a continuous stream of data-driven cultural insights to proactively refine our engagement strategies. We want every individual to feel that they have a voice. We are actively building a culture of openness and challenge where employees can speak up, with psychological safety at its core. We provide multiple ways for employees to speak up throughout their employee journey from onboarding (through new joiner surveys), all-hands meetings ('The Quarterly with the CEO') and more. But we also have very clear lines of escalation when needed.

Our commitment to equity is reflected in our Inclusion and Diversity Peakon scores, which consistently rank as our highest-performing sentiment category and remain ahead of industry benchmarks. We support several employee-driven networks. These are governed by 'Always Open', our overarching inclusion framework that makes sure equity, diversity and inclusion initiatives are at the heart of our culture:

- Bend the Bank: Advocating for our LGBTQIA+ community.
- EmbRace: Celebrating cultural, ethnic, and religious heritage.
- Mental Health Positive: Prioritising psychological wellbeing and resilience.
- United Abilities: Driving disability advocacy and holistic accessibility.
- With Women: Accelerating professional growth for women.

These groups are instrumental in building a strong sense of belonging and community and serve as a vital forum in which employees can escalate concerns or advocate for change. The Culture Champion network is also a representative group spanning our key Starling Group (currently excludes Fleet) sites in the UK (London, Cardiff, Manchester, and Southampton) and Australia (Engine). The Network acts as a dual-purpose bridge: listening to colleague feedback and advocating between staff and leadership to drive cultural initiatives.

Social

Our people

As the only UK bank founded by a woman, gender parity is embedded in our DNA. We continue to make measurable strides toward a more balanced leadership team and ensure comparable representation within the technical workforce:

- Senior position: Women represent 43% of senior positions. We have increased female representation at the Executive level from 30% to 37.5%.
- Talent diversity: Our Technology leadership now has a 50/50 gender split and a focus on gender diversity recruitment continues across both Engine and Bank Technology. Partnerships are in place with Empower Women In Tech, FutureCodeHers and Engine welcomed their first Code First Girls hires. 2026 saw 40% of hires being female with an increase to 42% in our technology teams.

We believe in the power of visible leadership to shape both Starling and the wider financial services industry. The appointment of Harriet Rees, Group Chief Information Officer to HM Treasury as one of two AI Champions underscores our commitment to supporting and elevating top-tier talent when we can.

We have also invested in tangible development. Our recent With Women Mentorship Programme saw record engagement with 477 applicants. The impact was definitive: 90% of participants reported that the program directly accelerated their progress toward their professional career goals.

This year we have spent time building out new ways for our employees to engage with leaders. We have introduced an Executive Visibility initiative to bridge the gap between high-level strategy and frontline execution. For example, in 'Exchange Sessions' across all of our offices, our most senior leaders ensure that our strategic vision is understood at every level of the organisation. Crucially, these visits include 'customer-closeness' sessions, where Executives sit directly with our service teams. This dual approach ensures our leadership remains grounded in the customer experience while fostering a culture where feedback flows directly from the front line to the board level.



Social

Our people

Reward and benefits

We want to attract and retain the industry's best talent by offering competitive and fair rewards. Significant steps to improve our benefits package, initiated late last year, were fully realised during this reporting period. Most notably, following a comprehensive employee consultation, we made a multi-million pound investment into our pension scheme. At Starling, we champion a healthy relationship with money and this change made sure that we live by that - supporting our people by looking out for their long-term future plans, whatever they may be. To ensure these enhancements were understood and accessible, we launched our first national 'Benefits Roadshow,' engaging employees across all UK sites to drive awareness and maximise the impact of our total reward offering.

Beyond financial security, we view psychological health as a core benefit. We maintain a robust internal support ecosystem, including a network of Mental Health First Aiders who provide peer-to-peer signposting. We have further strengthened this by increasing our Vitality outpatient cover limits for mental health treatment, providing tangible financial support for professional care. This integrated approach ensures that Starling remains a workplace where people can perform at their peak, backed by a benefits package that supports the "whole person" and a sustainable career. Underpinning this, Starling remains a proud Accredited Living Wage Employer. We believe that fair compensation is a fundamental pillar of an inclusive culture and a prerequisite for high performance.

Supporting colleagues to be their best

In response to employee feedback, we have invested deeply in the Starling Career Framework - a robust infrastructure that provides the transparency and roadmap for progression our people have requested. This framework codifies our expectations through two distinct Individual Contributor and People Leader pathways. These pathways are unmistakably aligned with our values - Listen, Keep it Simple, Do the Right Thing, Own It, and Aim for Greatness - ensuring that as our people grow, they do so in a way that protects our culture and delivers excellence for our customers.

Development and learning at Starling is a continuous cycle. Throughout the year, we deliver targeted technical, regulatory and leadership training. A core focus remains on conduct and inclusive role-modelling to make sure our leaders and managers showcase the behaviours that keep our culture and customers safe.

We continue to support a mix of in-office and home working reflecting our belief that optimal creativity, collaboration, problem solving and engagement is achieved through in-person connections. Our approach empowers employees and leaders to balance where they spend their time in a way that works for them and enhances their performance.

Strategic Infrastructure: Human Resources Information System (HRIS)

A foundational milestone this year was the beginning of deployment of our new HRIS. This is a strategic investment in our people infrastructure, moving us beyond legacy administrative silos into a scalable data-driven ecosystem. This ecosystem will serve as our digital people foundation, enabling us to deliver a personalised, self-service employee experience that scales as we grow.

People policies

Starling maintains a comprehensive suite of policies designed to uphold high standards of conduct. These policies are refreshed and available to all employees through the Starling Hub, our digital workplace. Our Staff Handbook serves as the guide on how we expect employees to behave and conduct themselves. We also have an Equal Opportunities and Respect at Work policy that supports our culture where everyone can thrive in a safe and respectful workplace.

Social

Community and Charity

Smart Works

Smart Works is the UK's leading employment charity for women. Our partnership is dedicated to bringing about positive change for women in disadvantaged circumstances, helping to break the cycle of poverty and confidence-loss caused by unemployment. The Smart Works service equips women with the confidence and practical skills necessary to succeed in interviews and secure employment. Since its inception, Smart Works has supported over 50,000 women. They experienced their busiest year on record, assisting over 10,000 women across the UK on their journey to employment.

Key developments in the year included the opening of a centre in Bristol, supporting the Southwest, and the launch of Smart Works Futures, a free and inclusive recruitment service designed to place clients directly into jobs. By working together, we aim to transform the lives of women and their families across the UK, helping them achieve financial independence, which in turn positively impacts their families and contributes to the wider local economy. Our staff actively support Smart Works through volunteering at their centres and assisting with fundraising sales in London.

Action for Children

Action for Children is a charity driven by love, taking action so children do not miss out on a safe and happy childhood. Their commitment to providing children and families with the protection and practical help they deserve mirrors our own values, which is why we entered into a partnership with them three years ago. Since then, together we have supported 285,295 children, young people and their families with the advice they need. Our partnership continues to focus on helping families manage rising financial pressures. Through Parent Talk, Action for Children's free online advice service, we have co-created clear, practical money-management guidance that has now been read more than 100,000 times.

We also fund a part-time Parenting Coach so parents and carers can access personalised 1:1 support when they are facing financial or emotional difficulties. Starling's support is strengthening Parent Talk for the long term by increasing organic traffic and deepening our understanding of what families need most. These learnings will shape the resources we create together in future, and the guidance already published through the partnership will remain online to support even more parents and carers in the years ahead.





Social

Community and Charity

National Trust

In April 2026, we closed our third and final year in partnership with the National Trust. Over the past 3 years, our partnership has supported programmes designed to broaden children and young people's access to nature while also protecting the environment.

Our partnership has enabled the expansion of a nature programme specifically designed to bring the outdoors to those who might not otherwise have access to it. By the end of its second year, the Next Generation Nature programme - delivered by the Trust thanks to funding from Starling - supported more than 15,000 children and young people, surpassing its two-year target of 12,000. Additionally, we are proud to have provided over 16,000 free lunches to children who visited Summer of Play since the beginning of the seasonal programme that encourages families to reconnect with nature through the magic of play.

Another key element of our partnership focused on peat restoration, a crucial step in combating climate change and protecting our precious ecosystems. Through our annual donations and support from other partners, National Trust will be able to restore and protect approximately 400 hectares of peatland.

Social

Community and Charity

Kick On with Starling
This year, we sponsored £429,700 worth of kits, equipment, and coaching tools to women's and girls' football teams through our 'Kick On With Starling' initiative, in partnership with Gift of Kit. Supported by Jill Scott MBE, this year's campaign aimed to inspire and recruit the next generation of female coaches.

Arsenal in the Community: The Girls Play League, Proudly Supported by Starling
In conjunction with our club sponsorship, this year we are supporting Arsenal in the Community's 'Football Plus Girls League.' Recognising a lack of beginner-friendly, competitive football opportunities for local girls, Arsenal created their own league. To build the girls' confidence and help them learn the game in a safe environment, the league features games played to music, pitch-side workshops for the children, and classroom sessions for parents.

Southampton FC Women
We continued our work with Southampton FC Women. By the end of the 2025-26 season, Southampton FC and Starling will have introduced 95 new coaches and 75 new scouts to women's and girls' football, while also providing approximately 280 children with the opportunity to play at Southampton's elite facilities free of charge.

Charitable donations during the year
For the year ended 31 March 2026, Starling made charitable donations totalling £202k with the most substantial donations to three of its main charity partners.



Social

Business Practices

Supplier management
Starling recognises that suppliers are integral to the long-term success of the Group. Our supplier relationships are managed in a way that promotes resilience, compliance, and innovation across our technology and operational ecosystem. We have strengthened cross-business commercial engagement and risk coverage, and bolstered capability through recruitment.

Fair Payment Code
Our primary contracting entity, SBL was among the first cohort of companies to sign up to the Fair Payment Code launched in December 2024 by the UK government's Small Business Commissioner and Starling continues to be committed to paying our suppliers promptly. Healthy cash flow is vital for small businesses. Late payments disrupt this flow, hindering bill payments and potentially leading to failure. Under the new Code, SBL was the first digital bank to achieve a Gold Award, given to firms paying at least 95% of all invoices within 30 days.

Human rights, anti-slavery and trafficking measures
Starling is committed to protecting human rights. We do not tolerate any form of modern slavery or human trafficking in our business operations or supply chains. Our approach to due diligence, risk assessment and governance oversight is set out in our Modern Slavery and Human Trafficking Statement, which is published separately and available on our website, in accordance with the Modern Slavery Act 2015.

Anti-bribery and anti-corruption
Our Anti-Bribery & Corruption Policy sets out our approach to managing bribery and corruption risks. We take a zero-tolerance approach to bribery and corruption. We will act fairly and with integrity in all business dealings and relationships. We are also committed to implementing and enforcing effective systems and controls to detect and prevent bribery and corruption.

Governance

Effective corporate governance underpins our long-term success, guided by the principles of accountability, transparency, integrity and compliance.

Our Group Corporate Governance Framework sets out clear roles, responsibilities and decision-making authority across the Group, including in respect of the Board, its committees, and executive committees. This supports informed, collaborative and accountable decision-making, while ensuring appropriate consideration of stakeholder interests. The framework is designed to remain responsive to evolving regulatory expectations and emerging best practice.

Additional information on our Group Corporate Governance Framework is included in the governance report, from page 68.

Our Section 172(1) statement

In accordance with the Companies Act, Directors are required to act in good faith to promote the long-term success of the Company for the benefit of its members as a whole. In doing so, the Board has regard to a range of stakeholders to ensure their interests are integrated into the Group's strategic planning. The Board seeks to understand the perspectives of these stakeholders and considers their interests as part of its decision-making processes. Engagement with stakeholders is supported through a combination of direct interaction, Board reporting and established governance processes.

The following table provides examples of how the Board has had regard to the matters set out in Section 172(1)(a) to (f) in its decision-making for the year ended 31 March 2026, aligned to stakeholder priorities and our values. Further information on how the Board and its committees considered the diverse needs of Starling's stakeholders during the year as set out in Section 172(1)(a) to (f) are illustrated throughout this Annual Report and Accounts, specifically within the strategic report on pages 4 to 67 and the governance report on pages 68 to 93.

Section 172(1) statement

Why does this stakeholder matter to us?	How do we engage at a Board level?	What were the key impacts of the engagement?	Link to stakeholder priorities	Link to Starling values
Employees				
Our employees are central to delivering our strategy, supporting customers, developing our innovative technology, and maintaining a strong risk culture.	The Board receives regular updates from the Group CPO, covering areas such as culture, employee engagement, diversity and inclusion, reward, and learning and development. Workforce sentiment is monitored through employee surveys and updates from the recently established Culture Champion Network, which provides additional insight into colleague feedback. The BAC receives regular updates on whistleblowing matters, including thematic reviews of the cases received and a formal bi-annual report. Oversight of this area is led by the Chair of the BAC as Starling's nominated Whistleblowing Champion.	During the year, a Group-wide career framework was introduced to support professional development by providing clarity on role expectations and paths to progression.	Growth and development	Listen Aim for greatness Do the right thing Own it
		The Group also introduced two all-employee forums to enhance transparency and engagement: The Quarterly, led by the Group CEO and Question Time, an open forum with the Executive team. These interactions, and other Executive Visibility initiatives outlined on page 40, serve to build employees' common understanding of the Group's strategic direction and financial performance.	Clear and transparent communications	Listen Aim for greatness
		During the year, the Group maintained its approach to employee participation in Starling's performance through its established all-employee LTIP and broader employee share schemes. Further details regarding these arrangements are set out in Note 28 to the financial statements.	Recognition and Reward	Do the right thing
Customers				
Customers are at the heart of our strategy. Understanding and responding to their needs supports sustainable growth and innovation.	The Board reviews the Group's product strategy, including the development of Retail and SME offerings ahead of the initiation of the robust product governance process, to ensure they continue to meet customer needs. It also oversees the technology strategy, including demonstrations of new features and tools designed to enhance customer experience and support vulnerable customers in line with the Bank's Consumer Duty obligations, with insight into how customer feedback informs development.	Engine has continued to evolve to meet the needs of many different banking models by broadening its product suite, securing engagements with Canadian and New Zealand banks.	Innovative products and features	Listen Aim for greatness Keep it simple
		Starling continued to develop customer focused banking tools as part of its AI strategy, including Starling Assistant, the UK's first agentic AI financial assistant, providing a conversational interface to help customers manage their day-to-day finances, complementing other recently launched tools such as Spending Intelligence and Scam Intelligence.	Innovative products and features	Listen Aim for greatness Do the right thing

Section 172(1) statement

Why does this stakeholder matter to us?	How do we engage at a Board level?	What were the key impacts of the engagement?	Link to stakeholder priorities	Link to Starling values
Regulatory bodies				
Constructive engagement with regulators is fundamental to maintaining trust, financial stability and effective oversight.	Throughout the year, the Board and senior management maintained an open and transparent dialogue with the FCA and PRA. Discussions covered strategy, business developments, risk and control maturity, operational resilience, the use of AI, conduct risk and organisational culture and governance. Regulators have also been well sighted on leadership changes at Board and Executive levels.	This engagement, alongside ongoing monitoring of regulatory developments, has supported continued alignment with supervisory expectations. The year also saw progress in key remediation programmes, including enhancements to financial crime controls, collections, risk management and internal audit. Ensuring the FCA and PRA have been well sighted on Starling's strategic initiatives has contributed to an open and constructive supervisory relationship.	Clear and transparent communications and a strong and stable financial system	Listen Do the right thing Own it
Shareholders				
Our shareholders provide the capital that supports our long-term growth. Maintaining open and constructive engagement is a key priority.	The Chair, Group CEO and Group CFO engaged regularly with major shareholders during the year, enabling direct dialogue on performance, strategy and governance. Communication with the wider shareholder base is maintained on key matters requiring approval. Aligned to our shareholders' agreement, major shareholder perspectives are considered in Board decision-making through Board representation and the appointment of Investor Non-Executive Directors, who are also members of RemCo, NomCo and/or BRC.	During the year, the Board evaluated M&A opportunities aligned to the Group's business plan and strategic objectives, and established a Capital Deployment Framework to support disciplined capital allocation decisions.	Long-term growth and capital efficiency	Aim for greatness Listen
		Following NomCo review and recommendation, major shareholder perspectives have been sought on proposed Board changes, to ensure alignment on the skills and experience required at Board level to drive long-term success.	Effective corporate governance and succession planning	Aim for greatness Listen
Communities and environment				
Supporting communities and managing environmental impact are important to our long-term sustainability.	The Board oversees the Group's corporate responsibility and ESG strategy, including periodic review of related objectives. The Board monitors key partnerships to ensure alignment with the Group's strategy and values, while the BAC oversees developments in non-financial reporting and the integrity of climate-related disclosures.	During the year, the Group offset its prior year operations and supply chain emissions (excluding our financed emissions) through selected carbon offsetting projects, focused on reducing or removing greenhouse gases.	Sustainability	Own it
		The Group also continued its 'Kick On with Starling' initiative, supporting grassroots sport and community participation through the provision of equipment and resources.	Inclusivity	Do the right thing

Section 172(1) statement

Why does this stakeholder matter to us?	How do we engage at a Board level?	What were the key impacts of the engagement?	Link to stakeholder priorities	Link to Starling values
Suppliers				
Strong relationships with suppliers support the Group's operational resilience and our ability to scale.	The Board oversees key supplier relationships and receives updates on strategic renewals. This is supported by the BRC, which monitors third-party risk trends. To actively mitigate third-party concentration risk, the Board oversees Starling's strategic multi-cloud programme, supported by 2L and 3L assurance, enhancing operational resilience.	With a focus on operational resilience, strong progress has been made in establishing secondary providers for critical services to reduce concentration risk.	Operational resilience	Aim for greatness Own it
		The Group's primary contracting entity, SBL, is committed to fair payment practices. During the year, SBL paid over 95% of supplier invoices within 30 days. It has been recognised with a Gold award from the Small Business Commissioner for its approach to fair payment practices.	Fair and timely payments	Aim for greatness Do the right thing

Climate-related financial disclosures

The section has been prepared in order to comply with Section 414CB of the Companies Act. These disclosures cover the Company and its direct and indirect subsidiaries. These disclosures also consider the expectations set out in the PRA's Supervisory Statement 5/25 'Enhancing banks' and insurers' approaches to managing climate-related risks', which replaced SS3/19 as they apply to Starling's regulated banking activities. Starling is actively reviewing its frameworks against these updated supervisory expectations ahead of the required transition timelines.

Companies Act 414 (CB)	Page reference	Our progress
(a) A description of the governance arrangements of the company or LLP in relation to assessing and managing climate-related risks and opportunities;	See governance section from page 51	The Board and Executives work together to oversee, assess and manage climate-related issues. The governance section outlines our environment and climate-related governance approach, including examples of key discussions and/or approvals that took place during the year. Starling's governance structure chart is described in further detail on page 71.
(b) A description of how the company or LLP identifies, assesses, and manages climate related risks and opportunities;	See risk management section on page 54	Starling undertakes an annual risk assessment looking at both physical risks and transition risks relevant for Starling's business and considers how these risks could impact credit, operational and market risk under different scenarios.
	See opportunities and strategy section from page 53	Starling undertakes an annual strategic review which involves identifying a range of potential climate-related opportunities across a number of categories that are applicable to Starling's business model.
(c) A description of how processes for identifying, assessing, and managing climate-related risks are integrated into the overall risk management process in the company or LLP;	See risk management section on page 54	Climate risk has been incorporated into Starling's risk taxonomy and a climate risk policy has been implemented. Starling has incorporated climate-related financial risks into the terms of reference of key governing committees.

Companies Act 414 (CB)	Page reference	Our progress
(d) A description of— (i) the principal climate-related risks and opportunities arising in connection with the operations of the company or LLP, and (ii) the time periods by reference to which those risks and opportunities are assessed;	See risk management section on page 54	Climate-related financial risks are considered low for Starling. Transitional and physical risk impacting credit risk in Starling's mortgage portfolios is the area where this risk is most material. However, Starling does not expect this risk to have a significant impact on its profitability or capital position in the short to medium term.
	See opportunities and strategy section from page 53	Starling has identified opportunities to support its customers in their transition to net zero, offering a £1,000 cashback payment to customers who improve the EPC level of their property to C or above during the initial fixed rate period. Starling also aims to improve its energy efficiency, reduce emissions from its supply chain and build its reputation as a sustainable choice.
(e) A description of the actual and potential impacts of the principal climate-related risks and opportunities on the business model and strategy of the company or LLP;	See opportunities and strategy section from page 53 and risks from page 59	The largest potential climate-related financial risks for Starling are flood risk impacting credit risk, and transition risk impacting credit risk. The latter results from the recent government consultation on changes to legislation for a minimum EPC rating of C for BTL properties. However, from the results of scenario analysis undertaken, these should not lead a significant impact on Starling's profitability or capital. The potential impact of climate-related opportunities has been assessed during the annual sustainability strategic review, and are not anticipated to result in a material impact to Starling's business model.
(f) An analysis of the resilience of the business model and strategy of the company or LLP, taking into consideration different climate-related scenarios;	See risk management section on page 54	Starling assesses its climate risks and carries out scenario analysis on the highest potential risk areas which are physical and transition risks impacting credit risk. For example, Starling has carried out scenario analysis to look at the increase in capital requirements if properties transitioned to an EPC rating of C and considered the costs for enhancing the energy efficiency of the homes. The impact on Starling's ECLs, profit and capital was not significant now and over the next 5 years. Starling will continue to incorporate climate risk scenarios in its stress testing for potential high-risk areas.
(g) A description of the targets used by the company or LLPs to manage climate-related risks and to realise climate-related opportunities and of performance against those targets; and	See metrics and targets on page 57	As Starling transitions into a global financial services group, we remain dedicated to achieving Net Zero by 2050. We continue to meet our commitment to purchasing certified carbon offsets equivalent to the previous year's operational and supply chain emissions. However, our rapid growth and supply chain complexities has made our initial target to reduce absolute emissions by one-third by 2030 exceptionally challenging. Consequently, In 2027 we will be reviewing our targets to ensure they remain ambitious and credible.
(h) The key performance indicators used to assess progress against targets used to manage climate-related risks and realise climate-related opportunities and a description of the calculations on which those key performance indicators are based.	See metrics and targets on page 57	We report separately on carbon and energy efficiency measures as part of our SECR requirements on page 58. Key risk indicators are in place to monitor Starling's exposure to potential EPC ratings and flood risk exposure. These are monitored monthly and a trigger and limits against these have been calibrated.

Governance

This section outlines Starling's climate-related governance. Our detailed report on overall governance can be found on page 68.

Our climate-related governance structure

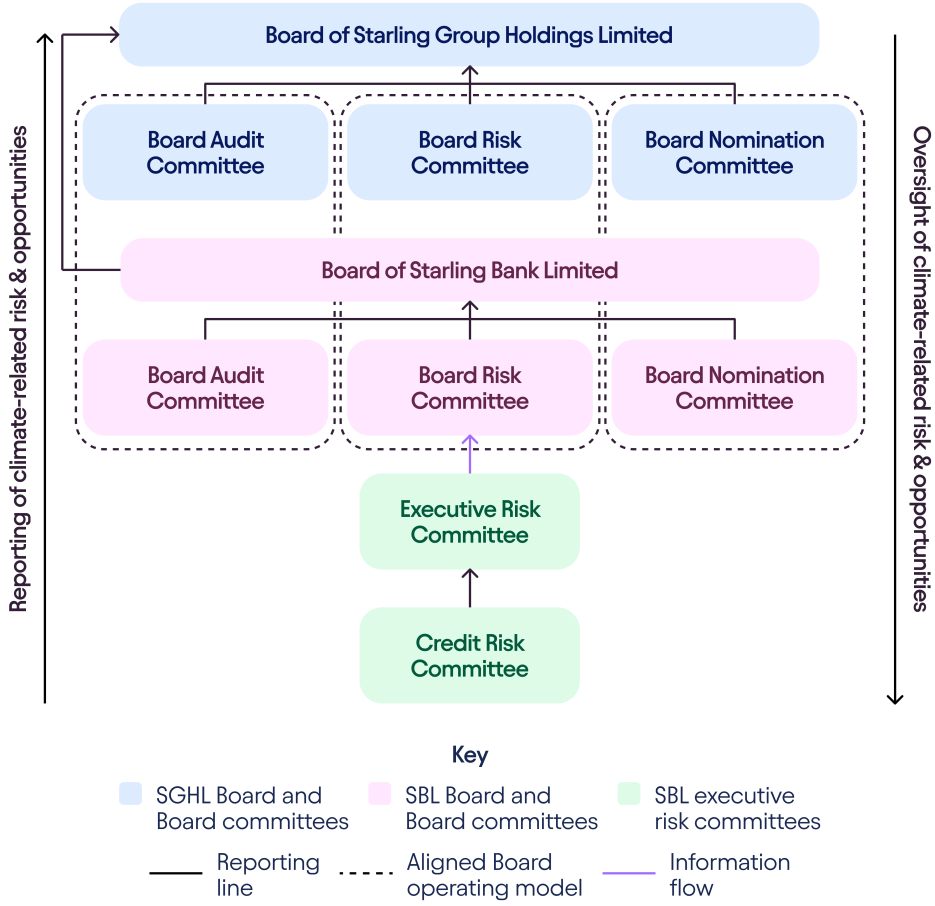
The adjacent chart is an extract of Starling's governance structure as at 31 March 2026, which illustrates how climate-related risks and opportunities are assessed and managed. A principal change during the year was the disbandment of the Group Ethics and Sustainability Committee[1]. Its responsibilities were transitioned to other Board committees and integrated into existing corporate governance processes to streamline oversight.

The Board

The Board acts as the principal governing body for all significant matters affecting Starling and is accountable to shareholders for delivering long-term sustainable value. The Board sets Starling's overall strategy and oversees the Group's corporate responsibility and ESG strategy, including review of related objectives.

Directors participate in ongoing learning and development through a programme of strategic deep-dive discussions with the Executive and briefings from external advisers on emerging developments. Information on how the Board and its committees considered the stakeholder needs of Starling's communities and environment can be found in the Section 172(1) statement on pages 45 to 48.

The BAC, NomCo and BRC oversee specific areas of climate-related risks and opportunities, supporting the Board in making informed decisions regarding Starling's strategy, objectives and risk appetite.



1 The Ethics and Sustainability Committee operated as a committee of the SBL Board until 27 June 2025, when it was restructured to become a Group committee reporting into the SGHL Board until its disbandment on 9 September 2025.

Board Audit Committee
The BAC reviews and monitors the integrity of the financial statements and certain non-financial reporting requirements of Starling, including climate-related disclosures. This includes reviewing the key internal controls associated with the preparation of the Annual Report and Accounts.

The BAC assesses whether the Annual Report and Accounts, including climate-related disclosures, are fair, balanced, and understandable. The BAC recommends the Annual Report and Accounts to the Board for approval. During the year, the BAC received insight from Starling's external auditor on the ESG regulatory landscape and considered Starling's current and prospective ESG and climate-related disclosure requirements.

Board Nomination Committee
NomCo oversees a robust and transparent process for the appointment of Non-Executive Directors and, following recommendation from the Group CEO, approves the suitability of candidates for SMF roles. This ensures appointments to senior and Executive positions bring valuable expertise and capabilities to Starling aligned with SMF responsibilities. NomCo also annually reviews the Board's Learning and Development Plan, which periodically includes training sessions on climate risk.

Board Risk Committee
The BRC supports the Board by overseeing and monitoring current and potential future risk exposures, including climate risks. In accordance with regulatory requirements, the Bank undertakes an annual climate-related financial risk assessment. During the year the SBL BRC monitored and discussed the findings of that assessment. This provided detailed analysis of potential financial losses our Regulatory group might suffer as a result of physical and transitional climate risk crystallising under different scenarios. The conclusion of the assessment, regarding the impact on capital, was included in the Bank's 2025 ICAAP and approved by its Board following recommendation by its BRC.

The following executive committees monitor SBL climate-related risks and opportunities.

Executive Risk Committee
The ERC ensures that the Bank maintains an appropriate risk and control environment and reviews and approves the Climate Risk Policy annually.

Credit Risk Committee
The CRC oversees the management of credit risk across SBL. The CRC reviews and monitors the physical and transitional risk impact regarding credit risk with reference to all lending exposures. The CRC reviews relevant parts of the ICAAP, including climate risk, prior to submission to the ALCO and BRC.

Implementation and compliance
During the year, the following roles and business units were responsible for the day-to-day management of climate-related risk and opportunities:

- **Group CEO:** responsible for ensuring the Group effectively executes the Board approved strategy. The Group CEO was supported by the Strategy function who were responsible for developing Starling's strategy, including environmental matters, and by the Group Management Forum who oversaw the implementation of the Group objectives and strategy.
- **Group CFO:** the risk owner for climate risk regarding wholesale credit and market risk. The Group CFO was supported by the Finance function, who were responsible for including all material exposures relating to financial risks from climate change in the ICAAP and climate-related financial disclosures in the Annual Report and Accounts. The Treasury function supported the Group CFO by monitoring climate risk and its impact on wholesale exposures.
- **Group CRO:** SMF holder for climate risk for the Bank and the owner of the Climate Risk Policy. The Group CRO was supported by the Risk function (including the Financial Risk and Credit Risk teams), who authored the Climate Risk Policy, undertook the annual climate risk assessment and monitored physical and transitional risk impacts regarding wholesale exposures.
- **Customer and Banking function:** reported and monitored the physical and transition risk impact of climate change on retail and SME lending assets.

Opportunities and strategy

Starling monitors for climate-related opportunities on an ongoing basis. These opportunities, alongside the likelihood of materialising and potential impact, are reported to the BRC.

The following time horizons have been used when considering when climate-related opportunities are likely to impact the business: Short: 0-1 years, Medium: 1-5 years, Long: 5+ years. None of these opportunities are expected to have a material impact within our five-year planning cycle.

Opportunity	Description	Potential impact on Starling	Time horizon
Supporting our customers in their transition to net zero	Through Fleet, Starling offers various products to support mortgage customers in improving the energy efficiency of their properties. There is opportunity to both expand our suite of sustainable mortgage products as well as exploring new forms of sustainable products and services to support non-mortgage customers in their net zero transition.	Offering a greater suite of green products can enable us to help both existing and new customers meet their sustainability goals, which in turn leads to deposit and lending growth.	Long
Improving our own energy efficiency	We make continuous effort to reduce energy consumption in our own operations, supported by development and adoption of more efficient technologies.	Improved energy efficiency will reduce our emissions and operating costs.	Medium
Reducing emissions from our supply chain	We will work with our suppliers to encourage their sustainability progress, and incorporate sustainability considerations in our procurement decisions.	A sustainable supply chain has knock-on effects of reducing Starling's Scope 3 carbon footprint, helping us in our mission to do the right thing.	Long
Building our reputation as a sustainable choice	Customers are increasingly looking for financial service providers with a lower carbon footprint. Starling's decision not to invest in fossil fuels, our branchless operating model, and commitment to offsetting our emissions, help us attract and retain these customers.	Our reputation is an important aspect of our brand values and contributes to our ability to attract and retain customers.	Long
Colleague Engagement	Our people are highly engaged with environmental matters. Communicating with and listening to our team members helps create a positive employee experience.	This year we hosted a webinar with two of our chosen offsetting partners, outlining the projects that we supported. The feedback was highly positive, and we believe this type of engagement activities help to reaffirm our Starling value of “do the right thing”.	Medium

Risk Management

Risk assessment

Starling's climate risk policy sets out roles and responsibilities for the identification and management of climate-related financial risks. On at least an annual basis, Starling's Risk team works with the business to undertake an impact assessment of physical and transition risk on credit, operational and market risk. In the current year the results of this analysis indicated that the largest potential climate-related financial risk is the physical and transition risk impacts on the credit risk in Starling's mortgage portfolio. Scenario analysis was undertaken which determined that these risks would not have a significant impact on Starling's profitability or capital position now or over the next 5 years. The results of this analysis were presented to the BRC in September 2025 and in line with their review on an at least an annual basis.

See tables on page 55 and 56 for detailed analysis of physical and transition risks with the following risks and time horizons.

- **Low risk** – there is a low probability that this risk crystallising will impact the Starling's financial position.
- **Medium risk** – the risk crystallising could impact the Starling's financial position but will not have a significant impact on capital.
- **High risk** – the risk crystallising could have a significant impact on the Starling's capital position.

The following time horizons have been used when considering when climate-related risks are likely to impact the business: Short: 0-1 years, Medium: 1-5 years, Long: 5+ years.

Scenario analysis

Starling has undertaken scenario analysis on transition risk which considers the potential impact under the scenario where the transition risk crystallises whereby BTL properties below an EPC rating of C are not able to be let. This could impact credit risk and hence profitability and capital. Starling considered the increase in capital requirements if all properties had to transition to a minimum EPC rating of C and the costs of enhancing the energy efficiency of the homes was added to the current loan balance. The BoE's Climate Biennial Exploratory Scenario methodology has been adapted and used for this analysis. It considered possible increases in expected credit losses, and the additional capital required for loans where the LTV increased. The conclusion was that the impact on capital and profitability was not significant now or over the next 5 years. There has been no material impact identified on the financial statements, including ECL estimates and judgements, in the current period from this transition risk.

The physical risk scenario analysis considered the impact of flood risk, the physical risk areas most likely to impact Starling's credit risk. This looked at the impact on ECLs under three scenarios, by factoring the impact to both PD and LGDs. Haircuts to property valuations were applied according to the flood risk category and severity of the scenarios, with haircuts set at 50% for very high/high flood risk properties in the most severe scenario. This was a conservative analysis as it assumed that flooding impacted all of these properties at the same time, whereas the properties are spread around the country. Under the most severe scenario run, the impact was not significant in terms of profitability and capital. There has been no material impact identified on the financial statements, including ECL estimates and judgements, in the current year from this physical risk.

Risk management and monitoring

Starling regularly monitors its exposure to high flood risk areas, its split of EPC ratings for its mortgages and annually its Scope 1, 2 and certain 3 emissions. There are early warning indicators trigger and limits in place and any concerning trends are escalated to the CRC. At least annually Starling performs analysis to consider the totality of climate-related risks and considers whether mitigation is required. Gap analysis against the PRA's updated supervisory statement on climate-related risks (SS 5/25) is being undertaken and an action plan is being put in place to ensure full compliance with the PRA's expectations.

Change in the year

Inherent climate risk is increasing for Starling as its asset mix is changing, primarily driven by the growth in its BTL mortgage portfolio. Transition risk is expected to increase as the Government's recent decision to raise minimum energy efficiency standards for privately rented homes in England and Wales takes effect in 2030.

Physical risks

Physical risks	Description of potential risks	Potential impact on Starling	Time horizon
Credit risks arising from mortgage portfolios	Extreme weather events could potentially cause significant losses for homeowners, reducing their ability to repay their loan and damaging the value of the property. This might increase credit risks from loans as both the PD and LGD could increase. Flood risk is usually insured. However, during the lifetime of a mortgage, homeowners might fail to renew their policy, leaving themselves, and eventually Starling, exposed to the financial risk of flooding. Insurance may decrease in availability or the price may rise to become unaffordable.	Medium risk All properties need to have flood insurance at the time of underwriting. Starling engaged with an external data provider to assess key physical risks such as heat waves, floods, wildfires and storms impacting properties. Flooding is the primary physical risk to Starling's mortgage portfolio. Starling's mortgage flood risk exposure to high and very high flood risk categories is in line with industry averages. Starling also reviews its flood risk exposure by LTV band and geographical area. The inherent risk increases as Starling's mortgage portfolio grows.	Medium/Long
Operational risks	Severe weather events could impact business continuity.	Low risk Starling has demonstrated its workforce has the ability to effectively work from home if damage is caused to any of its offices. With six Starling offices located across the UK, and several small office spaces internationally, this further diversifies Starling's ability to be more resilient to severe local weather events to maintain customer services in the event of any disruptions. Starling's platform host is built so that its services are distributed across three or more geographically distinct data centres.	Medium/Long
Risks from the treasury asset portfolio	Increased credit risk where physical changes from climate change materialise to impact different countries causing a negative credit environment for global sovereign and supranational organisations. Other physical changes could directly impact the value of underlying assets in securitised products such as covered bonds and residential mortgage-backed securities. Both these scenarios could cause ratings downgrades.	Low risk The treasury portfolio has strong credit protection, is considered stable and consists of highly liquid assets. Starling does not invest in sectors which are considered carbon intensive which are expected to be more vulnerable to losses from climate change.	Medium

Transition risks

Transition risks	Description of potential risks	Potential impact on Starling	Time horizon
Credit risks arising from mortgage portfolios	The Warm Homes Plan published in January 2026 outlines the Government approach for upgrading the energy efficiency of UK homes, introducing significant new regulatory requirements for the Private Rental Sector, with a minimum EPC C required by October 2030. Starling monitors the potential EPC ratings of its mortgages and this escalates this to the CRC, if the risk metrics are close to its trigger point. Starling's BTL EPC ratings are in line with national averages. The potential risk is that if properties below an EPC rating of C cannot be let from 2030, this could impact the credit risk of the Bank.	Medium risk Starling's main climate transition risk is from legal requirements for BTL properties to have a minimum EPC rating of C by 2030. This could manifest itself in credit risk from: An increase in PDs: • The increased cost to landlords improving the energy efficiency of their homes may inhibit their ability to repay, increasing PDs; and • Landlords not being able to let their properties if they can't afford to upgrade them, thereby increasing default rates. An increase in LGDs: • A possible increase in losses from homes that do not meet minimum energy efficiency standards reducing in value; • Owner demand for D and below rated properties reducing thus reducing collateral value of these homes, increasing loss given defaults; and • Landlords exiting the buy to let market where the rental yield doesn't justify the cost of retrofitting. The value of these homes may fall and the market size for BTL loans may decrease, inhibiting the Bank's desired origination volume forecasts.	Medium
Credit risk to SMEs	Potential credit exposures to companies with business models that are not aligned with a 2°C scenario. These companies face a higher risk of reduced corporate earnings and business disruption from a low-carbon transition.	Low risk There is diversity in Starling's SME loans in terms of customer sectors. Financial risk from this exposure is currently low as a significant amount of these loans are government guaranteed.	Medium
Risks from the treasury asset portfolio	Firms could be left with stranded assets if the market reallocates capital away from carbon intensive assets or businesses.	Low risk Starling's treasury portfolio largely consists of Government Bonds and Supranational Bonds, a large amount of which are issued by Multilateral Development Banks along with Covered Bonds and RMBS. Starling does not expect these assets to become stranded in the short or medium term Starling has no direct exposure to carbon intensive sectors which are expected to experience more losses due to climate factors.	Medium

Metrics and Targets

As Starling transitions into a global financial services group, we remain dedicated to achieving Net Zero by 2050. Our branchless Bank is green by design and in the UK we support the transition to a low-carbon economy. We take responsibility for our environmental impact by offsetting 100% of our Scope 1, 2, and 3 (operational and supply chain) emissions. This supports global climate solutions and helps limit temperature rise.

Most of our emissions fall under Scope 3 (purchased goods, services, and the financed emissions associated with our residential mortgage lending) and remain outside our direct control. Decarbonising these sectors depends on broader systemic change. Our rapid growth since our 2021 baseline and supply chain complexities has made our initial target to reduce absolute emissions by one-third by 2030 exceptionally challenging.

Consequently, we will be reviewing our sustainability strategy in 2027 to ensure our targets remain ambitious and credible as we scale globally. While our emissions decreased last year, we expect absolute emissions to rise in the future as our customer base and workforce expand.

Our use of carbon offsets

We carefully select our offsetting projects to ensure their impacts are robustly measured, minimising double-counting and negative side effects. We only fund projects that would not go ahead without the revenue from carbon credits, and we prioritise those that deliver significant benefits for the local environment and community as well as reducing or avoiding emissions.

We maintain our commitment to purchasing certified carbon offsets equivalent to the previous year's operational and supply chain emissions, prioritising removal-type projects. Following the completion of our 31 March 2026 emissions audit, we will acquire credits to cover the reported volumes. While we do not currently offset financed emissions, we continue to monitor and adhere to evolving industry standards.

Streamlined energy and carbon reporting (SECR)

The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 implement the government's policy on SECR. Starling meets the mandatory reporting criteria for SECR legislation. The disclosure includes all of the Group companies except Fleet, who are exempt from this disclosure requirement. The operating subsidiaries with relevant carbon and energy data included in this disclosure are SBL, Engine and MFSL.

Reporting has been conducted in accordance with the methodology set out in the GHG Protocol Corporate Standard, and using the Department for Energy Security and Net Zero emissions factors to calculate emissions. Calculation of our SECR energy consumption and GHG emissions figures was completed by Orbis Advisory, a third-party sustainability advisor.

The following table presents our Scope 1, Scope 2, and Scope 3 emissions (related to business travel in rental cars or employee-owned vehicles where Starling is responsible for purchasing or expensing the fuel costs) for the year to 31 March 2026 and prior year. Our Scope 1 and 2 emissions came from gas and electricity consumption in our offices. Our Scope 3 emissions came from fuel consumption in employee-owned vehicles used for business purposes. Primary energy and fuel consumption data was collected to calculate our emissions, to the extent possible. Where data was unavailable, reasonable extrapolations were put in place using existing consumption data from the last and previous reporting years.

	Unit	2026	2025
Scope 1 emissions	tCO2e	40.94	40.45
Scope 2 emissions (location-based)	tCO2e	203.43	214.61
Scope 3 category 6 emissions[1]	tCO2e	40.33	48.17
Total gross organisational emissions	tCO2e	284.70	303.23
Total energy consumption used to calculate carbon emissions (location-based)	kWh	1,538,888	1,446,320
Carbon intensity ratio - carbon emissions per full-time employee (location-based) [kgCO2e/full-time employee]		73.39	80.39
Alternative measures (market-based):			
Scope 2 emissions (market-based)	tCO2e	–	–
Total organisational emissions (market-based)	tCO2e	81.27	88.62
Carbon intensity ratio - carbon emissions per full-time employee (market-based) [kgCO2e/full-time employee]		20.95	23.49

1 Scope 3 emissions relate solely to category 6, emissions from business travel, in rental cars or employee-owned vehicles where the company is responsible for purchasing the fuel.

Carbon and energy efficiency measures

Starling has used the data collected as well as independent on-site audits to inform our plans to decarbonise the business. As a group offering digital banking services and a cloud-native SaaS platform to customers, Starling's baseline operational carbon footprint is low. However, we are still determined to play our part in fighting climate change and protecting the environment through energy and resource efficiency, along with appropriate recycling and waste management, to reduce our impact even further.

Starling's offices in London, Southampton, Cardiff, Dublin and Manchester continue to operate on 100% renewable electricity, supporting our commitment to reducing operational emissions. During the reporting period, we relocated our Southampton office, with sustainability forming a central part of the decision-making process. The new office is situated in a more energy-efficient building, benefiting from enhanced lighting and upgraded building systems. As a result, electricity consumption per square foot at the Southampton office has decreased by approximately 70% following the relocation.

Starling offers employees a number of schemes to help them make greener choices outside of work. This includes an EV (electric vehicle) leasing scheme as well as a Cycle to Work scheme, both of which operate through "salary sacrifice". Additionally, continued sponsorship of the Greater Manchester bike hire scheme enables people to opt for a more active and environmentally friendly mode of transport.

Risk management overview

Risk approach

Starling defines risk as any unexpected future event that could damage Starling's ability to achieve its strategic, financial or business objectives. This includes poor customer outcomes or damage to earnings capacity, capital positioning, reputation or cash flows.

Risk taking is fundamental to Starling's business model and therefore prudent risk management and mitigation form an integral part of the governance structure. The Board has ultimate responsibility for setting the strategy, risk appetite, risk and control frameworks and for ensuring that Starling's risk management approach and risk governance structure operate as expected.

The Board's overarching direction for risk management is to take risk consciously and methodically in order to deliver Starling's strategic and business objectives, while demonstrating management of material risks to levels that preserve financial and operational resilience, and which ensure the ongoing confidence of customers, regulators and investors.

Key developments

Ensuring that Starling has a risk infrastructure that is commensurate with its growth and future strategic ambitions is a priority for the Board and Senior management. Substantial investment has been made in strengthening risk capabilities in this financial year, with the Group having now completed its two year risk management maturity programme (RMMP), This has been supported by a significant increase in risk skills and resources in both first line management and second line Risk function to provide a solid platform for Starling to evolve.

Phase 2 of RMMP was completed during the year, which built upon the foundations of Phase 1 with operational embedding of RCSAs and further developing risk practices. This includes enhancements to the GRMF and risk reporting to provide robust executive and board level monitoring. We have also concluded our three year Economic Crime Enhancement Plan, providing a fundamental redesign of our financial crime controls, assurance activity and risk reporting. Both have delivered a further uplift to Starling's approach to risk and control oversight, with corresponding increases in risk management capability and capacity. This has been supported by risk training to continue to develop a strong risk culture and set expectations on risk ownership.

Other notable enhancements include the development of our product governance processes to both support our continued commitment to Consumer Duty requirements and support the organisations growth strategy. We also continue to invest in our operational resilience, an area of strength but also of strategic importance for a digital bank.

Throughout the year, Starling has maintained a cautious approach to financial risk, with a strong capital position, ample liquidity and a low risk appetite in its lending book. Starling continues to actively manage the risks attached to legacy government-backed lending. Customer redress settlement commenced during the year to address legacy issues and is expected to conclude in the next financial year.

Starling established a risk infrastructure during the year to support the Group structure and risk decision making. Risk policies, appetite and frameworks have been adapted to support the Group Board discharge its responsibilities effectively and integrate the growing Engine business into the risk governance framework. Starling's Governance, Risk & Compliance infrastructure will continue to be strategically developed and its use embedded across all three lines, supporting the growth of the Bank as well as the Engine business. Particular attention will continue to be paid to further develop a healthy speak-up culture and ensuring that risk remains adequately reflected in our performance management and remuneration policies.

Principal risks

At Starling, the establishment of a robust risk management framework is essential for the attainment of our strategic objectives and the sustained viability of our business model. As we expand our core UK banking operations and accelerate the deployment of our Engine SaaS platform into new jurisdictions, the risk exposures we encounter will continue to evolve.

The Board is responsible for the principal risks to which the Group is exposed. These risks encompass all the different types of risk which are relevant to the Group's business and the achievement of its strategic objectives. This ensures we understand and manage all risks in a comprehensive and consistent way. Our GRMF identifies ten principal risks namely: strategic risk, credit risk, model risk, liquidity risk, market risk, capital risk, operational risk, financial crime risk, conduct risk and legal and compliance risk.

We adopt a proactive and adaptive stance toward risk management, classifying our risk profile into material current and emerging risks. Material current risks are defined as those specific risks that are currently being actively addressed, which could result in events or circumstances that might threaten Starling's business model, future performance, solvency or liquidity and reputation. Emerging risks are newly developing or changing risks which may crystallise over a longer time horizon, and which could have a material impact on Starling's ability to achieve its long-term strategy. Emerging risks are typically highly uncertain, but if they were to crystallise they would cause Starling to adjust its strategic risk assessment and to react accordingly. Starling takes a proactive approach to horizon scanning and regularly assesses the potential impact of both current and emerging risks.

Starling's principal risk assessment is prepared by combining the key risks identified through bottom-up registers and reporting with top-down analysis from the Executives and Board as well as drawing on external sources (e.g. risk analysis prepared at an industry level by consultants, regulators and government agencies). We have evolved the approach this year to utilise our enhanced RCSA data, providing a more comprehensive evaluation of our risks across our risk taxonomy. This has enabled us to present a holistic perspective on our inherently most material current risks, the mitigants and controls in place and the trend in risk exposure. The material current risks have been mapped to Starling's risk taxonomy, but are more dynamic and specific in nature than the taxonomy risks; spanning multiple categories.

For emerging risks, Starling considers the timeframe within which the risk might occur and the potential impact on the strategic direction of Starling. This enables Starling to decide which risks to take action on and which may shape business planning decisions.

Starling's 2026 risk landscape has been framed by the need to safely execute and conclude our risk management enhancement initiatives, managing the business-as usual risks and supporting the strategic growth agenda.

Whilst some of our risk exposures have remained largely stable, mitigants have continued to be developed to manage the dynamic nature of the risks. Starling's resilience is subject to an evolving cyber threat and reliance on a relatively small critical set of third parties, but we have continued to invest in both our technical capabilities and information security controls to maintain customer outcomes.

Concluding the Economic Crime Enhancement Plan through enhanced mitigations and controls has enabled Starling to consider the related risk exposure to be reducing, but acknowledge that the external threat continues to evolve.

Starling is executing a growth strategy that will diversify its interest focussed income, but the acquisition of new customers and the cultivation of stable deposits remains important and is reflected in our principal risks. To mitigate the dependency of our earnings on interest rate fluctuations, we have increased our structural hedge to £6.0bn and have diversified our wholesale credit risk exposure, whilst maintaining strong liquidity. Our conduct framework has also been broadened to encompass potential harm to customers, partners, and the broader market. This necessitates the consistent assurance of good outcomes from our expanding product suite and the alignment of the behaviour of both Starling and our global partners.

Starling is growing its international presence through Engine SaaS service expansion, which will change the nature of risk type exposure, but currently our risk exposure remains significantly linked to the UK macroeconomic position. Some stability returned to the UK economy with lower inflation levels, but geopolitical instability has dramatically increased in 2026, which has secondary impacts on macroeconomic stability. As a result, we have added macroeconomic stability/ geopolitical risks to our emerging risks.

Starling's significant growth agenda and international expansion strategy will require additional financial resources and executive management support to deliver it successfully. We recognise the need to manage this carefully, resulting in an emerging strategic execution risk. Our strategic response involves the evolution of our group operating model, ensuring a continued, dedicated focus on our domestic business while integrating the risks of international considerations into our ICAAP and ILAAP frameworks.

Summary of material current risks

Principal risk	Trend	Current status	Material controls
Strategic risk	Increasing	The primary strategic risk for Starling lies in the effective execution of its business plan. The risk is increasing as Starling transitions into a diversified global fintech group, which places heightened demands on resource allocation and management bandwidth. The increased breadth of the strategy must be balanced against core UK operations in a highly competitive market. Furthermore, a more complex geopolitical environment impacting macroeconomy factors presents escalating challenges to achieving growth targets and reducing reliance on deposit-led income.	The Board and Senior Management actively monitor the execution and effectiveness of the strategy, with clear accountability for tracking strategic benefits and maintaining a robust risk infrastructure to support all strategic initiatives. A key mitigation is the strategic objective to diversify the balance sheet and developing an international presence, principally through the acceleration of our Engine (SaaS) platform.
Third party risk	Increasing	Inadequate management of Starling's Material suppliers introduces Third Party and Outsourcing Risk. This risk is defined as the potential for material business or service disruption, which could result in regulatory non-compliance, financial loss, or a significant impact on Starling's operational resilience due to a service breach. Starling is reliant on cloud service providers and financial market infrastructure to deliver its important business services effectively.Third-party risk is trending upward as Starling's dependency on cloud service providers and financial market infrastructure grows to support its strategy. The potential for material business disruption or service breaches becomes more significant as the Group scales, requiring targeted enhancements to monitoring and evaluation controls.	Starling conducts initial and annual due diligence of material outsource providers, which includes a thorough risk assessment. All third-party relationships are subject to ongoing monitoring and regular reviews. To ensure ongoing best practice, Starling is undertaking a comprehensive evaluation of its approach to managing its material suppliers, with a targeted enhancement of monitoring and evaluation controls underway.
Liquidity risk	Stable	Liquidity risk is the risk that Starling fails to meet its obligations as they fall due. There are a number of different sources of liquidity risk to Starling, however customer funding risk remains the most significant. This risk is inherent due to the composition of our balance sheet, with a high proportion of the deposit base contractually available on demand.	To protect itself against a liquidity stress, Starling maintains a liquidity buffer of cash and balances at central banks and liquid assets. The size of the liquidity buffer is calibrated in accordance with risk appetite metrics. This requires Starling to hold sufficient liquid assets to survive a severe but plausible simultaneous market wide and idiosyncratic stress event. Starling is able to sell or repo securities that form part of its liquidity buffer with market participants, and has pre-positioned assets with the BoE which it can use as part of the BoE's Sterling Monetary Framework operations. Starling maintains a liquidity contingency plan as part of its Recovery Plan, which includes details of the actions Starling could take to recover from a liquidity stress event. Resolution planning is undertaken to understand the liquidity requirements if a resolution were to occur.

Principal risk	Trend	Current status	Material controls
Capital risk	Stable	Capital risk is the risk that Starling does not have sufficient capital to withstand unexpected losses, meet regulatory requirements and support its growth plans. Financial resource stretch could also occur either through inorganic growth outstripping capital supply or the evolving capital allocation requirements between the Bank and Engine as the Group scales.	The capital position is measured against Board-approved capital risk appetite triggers and limits. Capital stress testing is undertaken at least annually as part of the ICAAP and the Recovery Plan. For the ICAAP, Pillar 2a stress and scenario testing is undertaken for credit risk, operational risk, IRRBB and climate related financial risk to consider whether additional capital is required over and above Pillar 1. Starling also undertakes a range of severe but plausible stress scenarios including macroeconomic stress tests, idiosyncratic stresses and combined stresses to understand the impact of different situations on the capital position.
Credit risk	Stable	Starling faces credit risk through the potential for customer or counterparty default on contractual obligations. BTL lending, including through its Fleet subsidiary, currently represents a high proportion of Starling Retail lending. As a result, a downturn in the UK housing market remains a primary driver for expected credit losses. Starling also holds an investment portfolio consisting of HQLA eligible and other liquid assets resulting in exposures to counterparties.	Starling's Board, advised by the BRC, approves the credit risk appetite, which is governed by quantitative limits on portfolio quality for retail, SME, and wholesale counterparty exposures. Starling is a responsible lender and will not lend to borrowers or fund forward flow arrangements where it will cause financial difficulty, the lending facility is unaffordable or will cause a deterioration in the customer's financial position. This is monitored through regular oversight. The investment portfolio is subject to a well defined and controlled investment mandate to manage credit risk within appetite. Assets have a credit rating of CQS2 or better and the portfolio is limited to bonds from well established and liquid markets.
Operational resilience	Stable	As a digital-only banking platform, Starling is particularly exposed to the risk of material business disruption or service failure resulting from sophisticated cyberattacks, critical third-party cloud provider outages, or major internal system errors. Our model relies on "always-on" availability, making resilience a core strategic priority.	Starling's operational resilience uses a robust, internally developed, fully cloud-based, multi-region architecture without legacy systems. A key initiative is developing multi-cloud capability to reduce reliance on a single provider. Comprehensive, regularly tested Disaster Recovery covering all critical services, leveraging direct access to major UK payment schemes. Enhanced Incident Management procedures ensure robust coverage and timely service restoration. Starling also continues to demonstrate compliance with the Operational Resilience regulations, with a 2026 annual assessment confirming we expect all important business services to remain within impact tolerances.

Principal risk	Trend	Current status	Material controls
Cyber & information security	 Stable	Starling is continuously exposed to Cyber and Information Security risk, which represents the potential for its critical systems and sensitive customer information to be compromised by unauthorised access, disclosure, modification, or loss due to increasingly sophisticated external and internal threats. The cyber threat landscape has recently accelerated with the proliferation of AI capabilities and increasing geopolitical tensions. A significant security breach could result in major financial losses, regulatory penalties, and ultimately threaten Starling's operational continuity and strategic objectives.	Starling employs industry-standard controls for data confidentiality, integrity, and availability, including encryption, and resilient multi-availability zone backups. We continually evaluate these systems through penetration testing and vulnerability scanning. Unauthorised access is mitigated through an Identity and Access Management (IAM) framework, including mandatory multifactor authentication, Single Sign-On (SSO), and Role-Based Access Controls across all cloud environments. All employees are required to complete mandatory security training and phishing simulations.
Legal & regulatory compliance	 Stable	Starling is exposed to the risk of financial loss or sanctions stemming from a failure to comply with legal, contractual, and regulatory obligations. This includes meeting formal commitments and industry codes of conduct to protect the Bank's license to operate.	Starling manages Regulatory Compliance via a formal framework of policies, procedures, and mandatory annual staff training. The Compliance function actively monitors the regulatory landscape via continuous horizon scanning to report upcoming changes and guide business implementation. A risk based compliance monitoring plan is in place which is approved by the BRC. Significant investments were made throughout 2026, supported by recruitment, to enhance our legal and regulatory compliance capabilities.
Conduct risk	 Decreasing	Starling aims to prevent harm to customers, counterparties, or the market caused by its practices or individual misconduct. This is achieved through the effective operation of appropriate controls to manage the risk of developing or distributing products that fail to deliver positive customer outcomes, or engaging in unfair practices that undermine market integrity. A key priority, particularly as Starling scales globally and enters new jurisdictions, is to ensure partner conduct aligns with Starling's standards and that products consistently meet evolving regulatory requirements.	Conduct Risk is managed through a framework of policies and sub-policies, designed to ensure consistently good customer outcomes in line with FCA requirements, covering the full customer journey from product design to service delivery. New products and changes follow a robust governance process, including 2LoD oversight and risk committee review. The Consumer Duty embedding programme is complete and forms an integrated part of the Bank's normal business practice, with clear metrics reporting to the Board.

Principal risk	Trend	Current status	Material controls
Financial crime	Decreasing	Starling is exposed to evolving financial crime threats driven by increased technological sophistication utilised by criminal actors and geopolitical volatility creating increasingly complex multilateral sanctions regimes. The key risks arise from the potential misuse of Starlings products, services or internal systems for illicit purposes, by both internal and external persons. This includes, but is not limited to money laundering, terrorist financing, tax evasion, bribery & corruption and fraud.	Starling's primary mitigation is a comprehensive Financial Crime Risk Management Framework which mandates continuous control improvements across prevention, detection, and reporting. Following the successful completion of historical regulatory remediation programmes, the Bank continues to transition to a mature, steady-state control environment. This is characterised by substantial investment in specialist resources, assurance and oversight activities and data-led infrastructure. Starling continues to make ongoing enhancements to its financial crime frameworks, policies, systems and controls. Within this, Starling continues to scale its use of machine learning and network analytics to transition to proactive, intelligence led monitoring where possible, with examples of this being the launch of Scam Intelligence in October 2025.

Summary of emerging risks

Risk	Risk detail	Horizon	Impact	Management response
Group expansion and strategic execution	As Starling looks to transition into a diversified international fintech group, the increased scale and breadth of the expansion strategy (including M&A and global SaaS scaling) requires sophisticated resource allocation. The primary risk is ensuring that the pace of international growth is balanced with the continued investment and focus required for our core UK banking operations.	1 - 3 years	High	The Board and Senior Management actively monitor the execution. This includes management's ability to deliver key initiatives within the time frames set out. The Change Management Committee, as an executive subcommittee provides oversight of key enterprise change initiatives, tracking completion and timeliness to support Starling's strategy and identify delivery risk. Group governance frameworks have been enhanced to ensure clear oversight across all entities, ensuring that resource allocation supports both the UK bank and the global expansion of the Engine platform.
Macroeconomic & geopolitical instability	Escalating macroeconomic and geopolitical instability presents a prolonged shock to the global economy. For Starling, a return to "higher-for-longer" inflationary and interest rate environment creates a dual pressure on our UK banking franchise. Firstly, sustained pressure on household disposable incomes and SME profit margins increases the long-term risk of credit deterioration across our mortgage and business lending portfolios. Persistent macroeconomic uncertainty may also dampen the investment climate for international fintech expansion, but the return from higher interest rates in the bank may offset this risk.	1 - 3 years	Medium	Starling closely monitors the geopolitical risk outlook and undertakes regular scenario analysis to understand the potential impacts and takes mitigating actions as required. This is supported by a detailed business plan, capital plan, risk appetite statements, recovery plan, resolution framework as well as a skilled and experienced Executive team.
Poorly controlled AI usage	Starling is currently investigating how to integrate Artificial Intelligence (AI) more deeply into its operational procedures, including those that directly interact with customers. Rapid advancements in AI, such as the development of agentic AI, have the potential to significantly transform and disrupt customer behaviour and the financial industry. While leveraging AI offers opportunities for greater efficiency, there is a corresponding risk. If the expansion and management of AI within Starling is poorly executed, it could intensify existing risks.	1 - 3 year	Unknown	A comprehensive AI Governance Framework has been developed to ensure all AI deployments remain within appetite. Starling's AI governance components include a full risk assessment of AI usage and consideration of mitigating controls to mitigate risks within appetite.

Risk management overview

Risk	Risk detail	Horizon	Impact	Management response
Fiscal policy and central bank reserves	There is increasing scrutiny from various political stakeholders regarding the remuneration of central bank reserves. Proposals have been discussed in the public domain that could, if implemented, change the interest treatment on reserves in excess of core liquidity requirements.	1 - 3 years	High	Maintaining the current approach to remunerated central bank reserves is a core advocacy priority for Starling. Through private bilateral engagement with the Government and opposition parties, we recommend the current approach to remunerated central bank reserves is maintained.
Emerging buy-to-let legislation	Following the 2025 consultation on its proposals to raise Minimum Energy Efficiency Standards (MEES) for privately rented homes in England and Wales, the Government published its official response on January 21, 2026. It has confirmed that all privately rented homes in England and Wales will be required to meet a minimum energy efficiency standard of EPC C by October 1, 2030. The Government has also confirmed that landlords will be required to invest up to a maximum of £10,000 per property (the 'cost cap') to meet the new EPC C standard by 2030.	1 - 3 years	Low/ Medium	Starling has implemented measures to monitor the EPC ratings for the mortgage portfolio that would be impacted by the legislation. The Government has published the Warm Homes Plan, which confirms implementation of revised MEES standards from October 2030 and an update to the EPC regime. A cross-functional project team has been established to monitor legislative changes and ensure the mortgage portfolio remains compliant with upcoming energy efficiency standards.

Further detail on our risk categories and risk mitigation can be found on page 94.

Non-financial and sustainability information

The non-financial and sustainability reporting requirements (including the climate-related financial disclosures) contained in Sections 414CA and 414CB of the Companies Act 2006 have been addressed by cross-referencing to other sections of the Annual Report to deliver clear, concise and transparent reporting.

Reporting requirements	Reference	Policies and standards which govern Starling's approach
Environmental matters	ESG review, page 38	• Climate risk policy.
Employees	ESG review, page 38	• Code of conduct and FCA Conduct Rules including Senior Managers Certifications regime. • Equal opportunities and Respect at Work policy. • Family friendly policies; Maternity, Paternity, Shared Parental Leave. • Wellbeing and support policies: Stress at work, Sickness, Compassionate Leave, Carers leave. • Flexible working, Hybrid working, Remote working policies. • Compliance training and competence policy. • Performance management policy. • Remuneration policy. • Health and safety policy. • Whistleblowing policy. • Volunteering policy. • Grievance and Disciplinary policies.
Social matters	ESG review, page 38	• Ethics statement. • Charity and community policy.
Respect for human rights	ESG review, page 38	• Modern slavery and human trafficking policy. • Vulnerable customer policy. • Data protection policy.
Anti-corruption and anti-bribery matters	ESG review, page 38	• Anti-bribery and corruption policy. • Fraud risk policy. • Sanctions policy. • Anti-money laundering policy. • Anti tax evasion policy. • Market abuse policy. • Conflicts of interest policy.
Climate-related financial disclosures	Climate-related financial disclosures, page 49	• Climate risk policy.
Description of business model	Our business model and strategy, page 22	
Description of principal risks and impact of business activity	Risk management overview, page 59	
Non-financial key performance indicators	This year at Starling, page 6 Our business model and strategy, page 22 ESG review page 38 Climate-related financial disclosures, page 49	

The strategic report was approved by the Board of Directors on 20 May 2026 and signed on its behalf by:

Declan Ferguson
Group Chief Financial Officer
Director

Governance

Corporate governance statement

Prepared pursuant to The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Starling has applied the Wates Corporate Governance Principles for Large Private Companies (available at www.frc.org.uk) as an appropriate framework for its corporate governance practices for the year ended 31 March 2026. Details on Starling's application of these principles are set out below.

Principle One: Purpose and Leadership

An effective board develops and promotes the purpose of a company, and ensures that its values, strategy and culture align with that purpose.

Our mission is to use technology and a human-centric approach to help customers gain active control of their finances through effortless, everyday habits. We are also expanding our Engine technology internationally, to power the banks of the future. During the year, the Board engaged regularly with the Executive team and monitored progress against the Group's strategic priorities. Further detail on our business model and strategy is set out on pages 22 to 37.

The delivery of our strategy is supported by a strong organisational culture, underpinned by five core values: listen, keep it simple, do the right thing, own it and aim for greatness. These values guide decision-making and behaviours across the business.

Our Section 172(1) statement on pages 45 to 48 explains how the Board has had regard to key stakeholders in its decision-making, and how this aligns with their priorities and our values. Further information on how the Board monitors culture is included in the Chair's statement on page 9, and in the Board activities section on page 77.

Principle Two: Board Composition

Effective board composition requires an effective chair and a balance of skills, backgrounds, experience and knowledge, with individual directors having sufficient capacity to make a valuable contribution. The size of a board should be guided by the scale and complexity of the company.

The Board is led by an experienced Chair, who is responsible for the Board's overall effectiveness, fostering an open and constructive culture, and facilitating balanced and well-informed discussion.

Directors are expected to commit sufficient time to their roles and to contribute actively, providing constructive challenge and applying their skills and experience to Board discussions.

The Chair, supported by NomCo, regularly reviews the Board's composition, including its collective skills, experience and diversity. Individual Director performance is assessed annually, informing succession planning and the ongoing Board Learning and Development Plan. These processes support the maintenance of an appropriate balance of skills and experience, aligned to the Group's current and future requirements.

Further details on Board composition are set out on page 72, with full Director biographies available on Starling's website.

Principle Three: Director Responsibilities

The board and individual directors should have a clear understanding of their accountability and responsibilities. The board's policies and procedures should support effective decision-making and independent challenge.

The Board is Starling's governing body, accountable to shareholders for the creation and delivery of long-term sustainable value. Acting within the authority of its articles of association, shareholders' agreement and schedule of matters reserved, the Board sets the Group's strategy and oversees its execution. In doing so, it ensures alignment with regulatory requirements and the Board's approved risk appetite.

All Directors share collective responsibility for the decisions of the Board, and are individually accountable for their contribution. The roles of the Chair, Senior Independent Director, Group CEO and Group CFO are clearly defined in Starling's Group Corporate Governance Framework. Non-Executive Directors provide independent oversight, constructive challenge and strategic guidance, while Executive Directors are responsible for the day-to-day management of the Group.

The Board discharges its responsibilities both directly and through its committees: the BAC, BRC, RemCo and NomCo, as described on pages 80 to 89. Each committee operates under clearly defined terms of reference and is chaired by an Independent Non-Executive Director, who reports on its activities to the Board.

Principle Four: Opportunity and Risk

A board should promote the long-term sustainable success of the company by identifying opportunities to create and preserve value, and establishing oversight for the identification and mitigation of risks.

The Board's approach is to take risk in a considered and disciplined manner, managing material risks within defined appetite to support financial and operational resilience. This underpins the confidence of customers, regulators and investors.

As the business continues to scale, the BRC regularly reviews Starling's risk profile and the Board is responsible for approving updates to risk appetite limits to support growth in a controlled and sustainable way.

Starling operates a three lines model to support effective risk management, oversight and assurance. 1L is responsible for the identification, assessment, management and monitoring of risks. 2L provides independent oversight and constructive challenge. 3L, through the Group Internal Audit function, provides independent assurance to the Board on the effectiveness of governance, risk management and internal controls.

The BRC receives regular reporting from 1L and 2L while the BAC receives reporting from 1L, 3L and Starling's external auditors. Key matters arising are reported to and considered by the Board. Further details on the work of the BRC and BAC are set out on pages 80 to 84, and our approach to risk management, including principal and emerging risks, is described in the risk report from page 94.

Principle Five: Remuneration

A board should promote executive remuneration structures aligned to the long-term sustainable success of a company, taking into account pay and conditions elsewhere in the company.

Starling's remuneration framework is designed to support long-term sustainable performance and align with Starlings's purpose, values, business strategy and risk appetite.

RemCo is responsible for approving the remuneration of the Executive team (taking into account pay and employment conditions across the Group), and for determining the fixed and variable remuneration of senior management, in line with regulatory requirements.

Remuneration outcomes are aligned to a balanced assessment of performance, including a combination of financial and non-financial measures against defined objectives, ensuring that outcomes reflect both business performance and appropriate risk behaviours.

Further details on the activities of RemCo are set out on pages 85 to 87.

Principle Six: Stakeholder Relationships and Engagement

Directors should foster effective stakeholder relationships aligned to the company's purpose. The board is responsible for overseeing meaningful engagement with stakeholders, including the workforce, and having regard to their views when taking decisions.

The Board recognises the importance of effective engagement with key stakeholders and take their views into account in its decision-making processes. Further detail on stakeholder engagement, including how the Board has had regard to stakeholder interests, is set out in the Section 172(1) statement on pages 45 to 48. This includes how stakeholder perspectives inform the development of the Group's strategy.

Starling is committed to conducting business with honesty and integrity, supported by a robust Whistleblowing Policy. This enables concerns of any suspected wrongdoing to be raised confidentially and investigated appropriately, with remediation actions taken where necessary.

The Board, through the BAC, oversees the operation and effectiveness of the whistleblowing framework and monitors any reports and resulting actions. The BAC Chair is the Board's nominated Whistleblowing Champion, providing independent oversight of the framework. During the year, the policy and procedures were operated by the Group Head of Internal Audit.

Governance structure

A structure designed to support continued growth

During the year, the Group's governance structure evolved to support Starling's continued growth and increasing scale, while maintaining a strong and effective governance and control environment. In June 2025, SGHL was introduced as the new ultimate parent company of the Group, and in September 2025 SIHL was introduced as an intermediate holding company. Further information on the Group reorganisation is set out in Note 2 on page 166 of the notes to the financial statements. The revised structure is designed to support strategic growth and the delivery of long-term sustainable success, readiness to meet evolving statutory and regulatory requirements, and to maintain clear accountability, oversight and robust decision-making across the Group.

Coordinated Board oversight

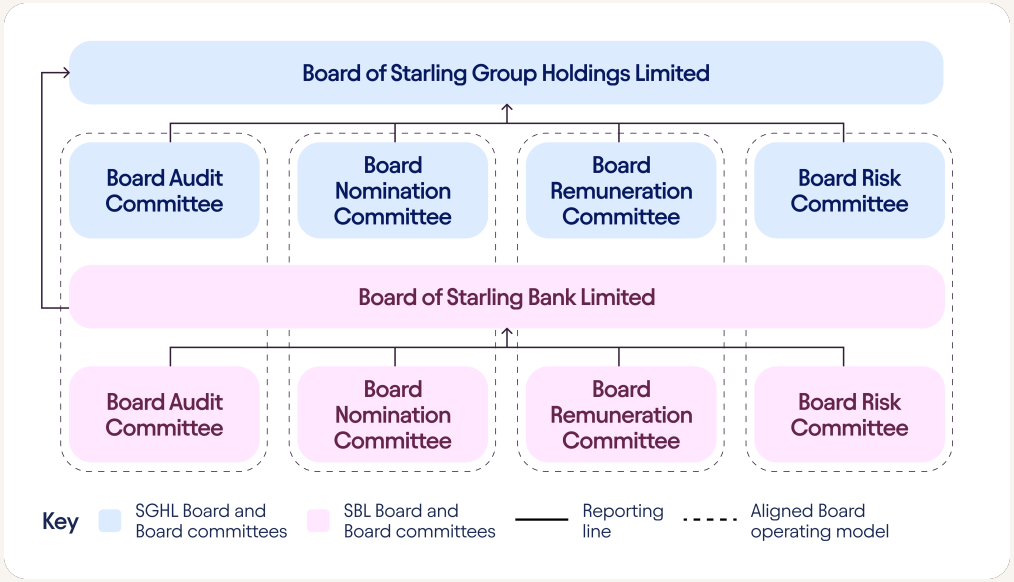
With the introduction of SGHL, the SGHL and SBL Boards adopted an aligned Board operating model. As illustrated in the adjacent chart, the Boards (and their committees) operate as 'mirror boards', with common membership and aligned meeting schedules.

This approach supports consistent governance, enabling clear oversight, timely decision-making and transparency across the Group. The model is also designed to preserve appropriate independence, support constructive challenge and ensure that the Boards discharge their respective duties effectively. Any conflicts of interest are identified, recorded and actively managed in accordance with Starling's Conflicts of Interest Policy, with oversight from the Boards. Further details on the roles and responsibilities of the Board are set out on page 76. Additional information is provided in the Corporate Governance Statement on page 69.

Executive governance

The Group's executive committee structure facilitates effective decision-making, supporting the Boards in maintaining effective oversight and control. The structure ensures matters are considered at the appropriate level, with clear escalation where required. Starling's principal executive committees are as follows:

- **Group Management Forum:** Accountable to the Group CEO and operating under Board oversight, this forum supports the delivery of Group strategy by optimising the allocation of capital, people and technology.
- **Executive Committee:** Accountable to the Group CEO and reporting into the SBL Board, the Executive Committee is responsible for executing the Bank's strategy, managing day-to-day operations and ensuring delivery within Board approved risk appetite. It delegates specific matters to its sub-committees: the Finance, Asset & Liability, Executive Risk, Pricing and Change Management Committees.
- **Executive Risk Committee:** Oversees SBL's Enterprise Risk Management Framework, including monitoring its risk profile against Board approved risk appetite, and ensuring the effective identification, assessment and management of risks. It delegates responsibility for specific risk areas to its sub-committees: the Credit Risk, Customer & Conduct, Economic Crime Risk, Impairment, Model Risk and Operational Risk Committees.



Subsidiary governance

In addition to SBL, key operating entities within the Group include Engine and Fleet. The boards of these entities are comprised of Group and business representatives (including the Group CEO and/or Group CFO), and are responsible for the day-to-day management of each entity, operating with clear accountability.

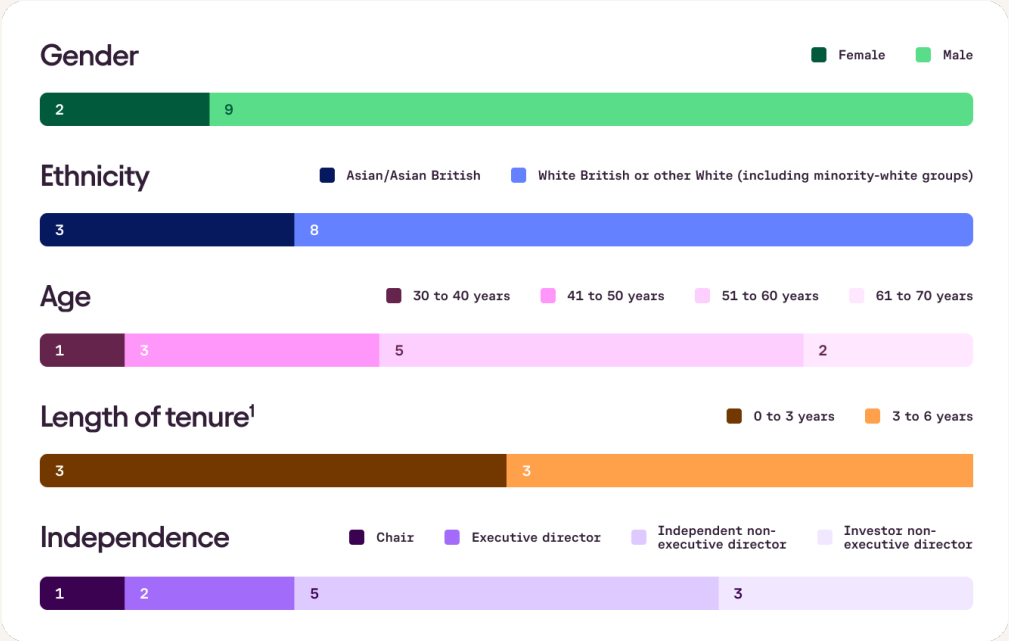
The SGHL and SBL Boards maintain formal oversight of these entities via established governance and reporting arrangements including, as applicable, through the Group Management Forum or Executive Committee.

Starling Board

The composition of the Board is designed to ensure that Directors bring varied professional backgrounds and experience to enable effective decision-making and valuable contributions to Board discussions. The Board has a clear understanding of its compliance obligations, markets and the regulatory frameworks within which Starling operates, whilst considering the needs of its stakeholders.

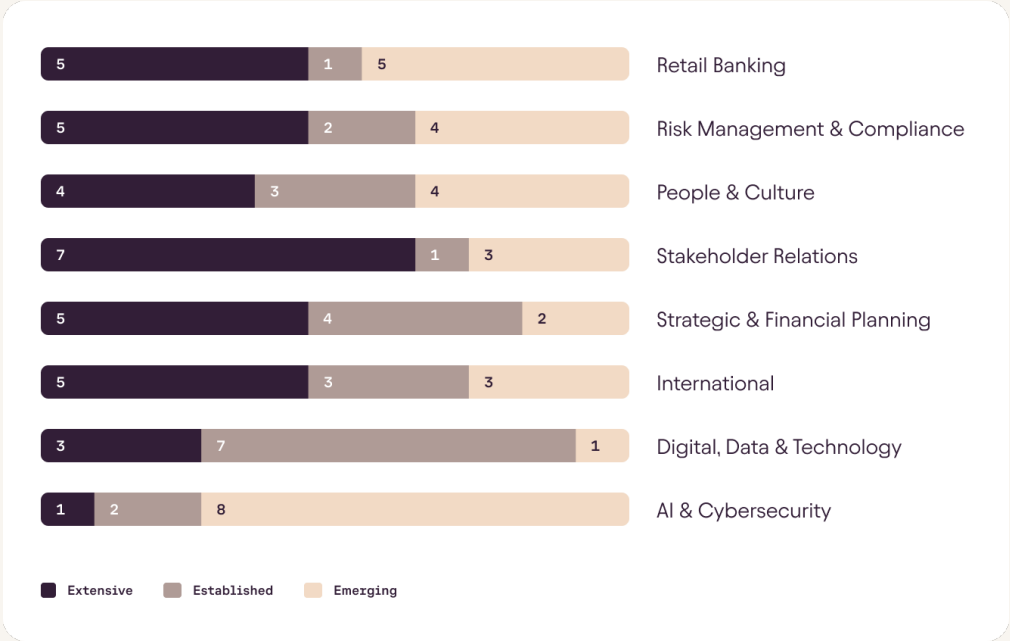
Biographical information of the Directors as at 31 March 2026, and their Board committee memberships, are summarised on pages 73 to 75. References to tenure and appointment date in this governance report refer to a Director's SBL Board appointment date, if prior to their SGHL Board appointment.

Board composition
The chart below shows the composition of the Board by gender, ethnicity, age, length of tenure and independence as at 31 March 2026.



Board skills
The Board maintains an effective balance of skills, knowledge and diversity which assists it in making informed decisions that promote the long-term success of the Group and the delivery of Starling's strategic objectives. To ensure these capabilities remain fit for purpose, the Board's composition is proactively assessed, ensuring that its progressive refreshing remains aligned with Starling's strategic direction. Additional information is provided in the NomCo Report on pages 88 to 89.

The skills chart below summarises the Directors' experience levels across key areas of Board oversight and decision-making, which support the delivery of Starling's strategy.



1 Length of tenure for the Chair and Independent Non-Executive Directors.

Our Board

The following pages list our Board members (and their Board committee memberships) as at 31 March 2026. Board committee chairs and members are denoted by the following key:

Key	Board committee
A	Board Audit Committee
N	Board Nomination Committee
R	Board Remuneration Committee
Ri	Board Risk Committee

Key	Role
■	Board committee chair
●	Board committee member

Director changes during the year, and up to the date of this report, are detailed on page 90.

The Directors' full biographies, including details of their key external appointments, are available on Starling's website.



David Sproul
Chair of the Board

Appointed: June 2021

Skills and experience:
David brings over 30 years' experience in key leadership roles across the financial and professional services sectors. He holds a wealth of expertise in strategy, risk management, M&A and organisational and operational transformation.

David served as Global Deputy Chief Executive of Deloitte following his eight-year term as Chief Executive and Senior Partner of Deloitte UK and North West Europe. During this time, he led the firm's globalisation, transformation of its market positioning to be a leading professional services firm, and drove changes to create a more inclusive culture focused on opportunity for all.

Board committee memberships:
N R



Tracy Clarke
Senior Independent Director

Appointed: May 2021

Skills and experience:
Tracy brings considerable international banking and financial services experience to the Board, following a 35 year career with Standard Chartered Bank where she held a portfolio of leadership positions across compliance, human resources, corporate affairs, brand and marketing positions, culminating in the roles of Chief Executive Officer, Europe and Americas and Global Chief Executive Officer, Private Banking.

Tracy has a deep understanding in a wide range of areas from organisational culture to risk management and compliance. She has extensive experience as a remuneration committee chair, having held this position in various companies across a diverse range of sectors, including media and financial markets infrastructure.

Board committee memberships:
R N Ri



Colin Bell
Independent Non-Executive Director

Appointed: October 2025

Skills and experience:
As a former Chief Executive Officer of HSBC Bank and HSBC Europe, Colin combines commercial experience with a specialised background in compliance, risk and controls.

Over his nine-year career with HSBC, Colin served as a member on the boards of HSBC Bank, HSBC Singapore and Quantexa. He has extensive expertise in leadership, risk management and financial crime prevention, having served as the Group Chief Compliance Officer and Group Head of Financial Crime Risk at HSBC, and Head of Compliance and Operational Risk Control at UBS.

Previously, Colin spent 16 years in the British Army, holding a variety of command and staff appointments, including operational service and roles within the UK Ministry of Defence and NATO.

Board committee memberships:
Ri A

Starling Board



Julie Chakraverty
Independent Non-Executive Director

Appointed: March 2024

Skills and experience:
Julie brings more than 30 years of financial services and technology leadership experience to the Board. She built her executive career at UBS where she held multiple leadership roles, and created an award-winning portfolio risk management platform.

Previously, Julie was Senior Independent Director and Board Risk Committee Chair at aberdeen, and served on the boards of Santander UK, the insurer Amlin and the hospitality company Spirit Pubs (now Greene King). She was also the founder and Chief Executive Officer of the employee engagement platform Rungway.

Board committee memberships:
A N Ri



Faisal Galaria
Independent Non-Executive Director

Appointed: June 2022

Skills and experience:
Faisal has over 25 years' experience growing and leading teams in global consumer technology companies including Spotify, and Skype. He has expertise in strategy, international growth and digital transformation, and has been involved in several tech and Web3 IPOs in the UK and the US.

In 2022, Faisal stepped down as Chief Executive Officer of Blippar, one of the UK's first tech unicorns and more recently as Chief Growth Officer at Magic Leap, a leading enterprise computer vision and AI company. In addition to his executive roles, he previously served as Senior Partner at Alvarez & Marsal, where he led the digital and media practices across EMEA.

Board committee memberships:
A



Darren Pope
Independent Non-Executive Director

Appointed: October 2024

Skills and experience:
Darren brings over 30 years of experience in the retail banking and financial services sectors primarily in publicly listed companies. He has held a range of senior and board-level positions. He is skilled in board governance with an in-depth understanding of M&A, financial and risk matters, including managing investor and regulatory relations.

Darren previously served as Senior Independent Director and Chair of the Audit Committee at Network International Holdings and Equiniti Group. He chaired the Remuneration Committee and the Audit Committee at Virgin Money UK, chaired the Audit Committee at Hargreaves Lansdown, and was Chair of Silicon Valley Bank UK (now HSBC Innovation Banking). His executive career included several finance roles at Lloyds Banking Group and serving as Chief Financial Officer of TSB Bank where he led its IPO.

Board committee memberships:
A Ri



Lazaro Campos
Investor Non-Executive Director

Appointed: June 2018

Skills and experience:
Lazaro is a fintech investor and entrepreneur with over 30 years' experience in global finance. He co-founded and is the Chair of FinTechStage, a company specialising in innovation programmes for the financial services sector. Prior to this, Lazaro was the Chief Executive Officer of SWIFT, the global banking network, where he led the company through a major transformation and its re-positioning as a commercially driven, innovative, and customer-centric cooperative.

Lazaro is a highly-experienced Non-Executive Director having served as the Senior Independent Director of the Bank of England's RTGS/CHAPS Board and the Chair of DirectID, an open banking platform.

Board committee memberships:
N R

Starling Board



Marcus Traill
Investor Non-Executive Director

Appointed: December 2015

Skills and experience:
Marcus is a venture capital and private equity fund manager with a focus on driving value in high-growth technology businesses. As a founding partner at Altered Capital, he combines deep financial acumen with expertise in quantitative trading to identify and scale innovative tech-led enterprises. Prior to Altered Capital, Marcus held key leadership positions at QuantRes and McPike Global Family Office (MGFO). His tenure at QuantRes focused on managing quantitative trading strategies and global operations, while at MGFO he co-led the private investments division, overseeing strategic capital allocation across diverse asset classes.

Board committee memberships:
Ri



Richard Watts
Investor Non-Executive Director

Appointed: December 2025

Skills and experience:
Richard is Managing Partner at Chrysalis Investment Partners, where he helps oversee the investment portfolio of Chrysalis Investments, a listed company that invests predominately in later stage private companies. Richard focuses on technology, financial services, and consumer businesses, drawing on over 25 years of experience across both listed and private markets.

Before co-founding Chrysalis Investment Partners, Richard spent more than 20 years at Jupiter Asset Management, where he was Co-Head of Strategy for UK Small & Mid Cap Equities and Lead Manager of the Jupiter UK Mid Cap Fund. Richard was also a board member of Merian Global Investors (UK) and Merian Global Investors. He has worked across a wide range of market conditions and company stages, including corporate transactions, IPOs, and private-market funding rounds in the UK and internationally.

Board committee memberships:
R



Raman Bhatia
Executive Director - Group CEO

Appointed: June 2024

Skills and experience:
Raman brings significant leadership experience across the financial services, energy and technology sectors. He offers a deep understanding of digital transformation, large-scale operational management, and strategic innovation, with extensive experience of navigating complex regulatory environments to drive sustainable growth.

Before joining Starling in 2024, Raman was the Chief Executive Officer of OVO, where he led the company's acceleration into green and sustainable technology and successfully campaigned for government support for customers during the energy and cost-of-living crisis.

Prior to OVO, Raman was the Head of Digital Bank for HSBC Retail Banking and Wealth Management in the UK and Europe. As a member of the Executive Committee, he led innovation, new digital ways of working, and the commercialisation of digital platforms across the region.



Declan Ferguson
Executive Director - Group CFO

Appointed: July 2022

Skills and experience:
As Group Chief Financial Officer, Declan manages the Group's overall financial operations and is responsible for its financial management. He also has responsibility for the Group's strategic growth both in the UK and internationally as well as leading M&A and corporate development activity, capital raising and allocation, investor relations as well as longer term financial and business planning.

Declan joined Starling in 2017 as Head of Strategy, later becoming Chief Strategy Officer. Prior to this, Declan trained as a chartered accountant (ICAEW) at PricewaterhouseCoopers, where he focused on financial services and gained experience across a range of business lines from audit, valuation and corporate finance. Latterly he spent time leading engagements in the turnaround and restructuring of European banks, as well as on a range of large loan portfolio and credit-related transactions involving UK and European banks.

Corporate governance review

Role of the Board
The Board is the principal decision-making body for all significant matters affecting the Group and is accountable to shareholders for creating and delivering long-term sustainable value. Having regard to the interests of all stakeholders, the Directors drive informed, collaborative and accountable decision-making and provide constructive challenge, advice and support to the Executive.

Further information on how the Board engaged with its key stakeholder groups to inform its strategy and decision-making in the year can be found in our Section 172(1) statement on pages 45 to 48.

The Board is responsible for promoting high standards of corporate governance and ensuring Starling has the necessary people, technology, capital and liquidity resources to deliver on its strategy, purpose and values without taking undue risk. The Board sets and monitors the Group's strategic goals, Group risk appetite and organisational culture.

Division of responsibilities
A clear division of responsibilities exists between the roles of the Chair, the Senior Independent Director, the Group CEO and Group CFO.

The Chair has overall responsibility for the leadership of the Board and its effectiveness. They are responsible for promoting a culture of openness and inclusion and facilitation of constructive challenge and debate between all Directors. They are responsible for ensuring the Board maintains effective engagement with stakeholders.

The Senior Independent Director acts as an experienced sounding board for the Chair and serves as a trusted intermediary for shareholders and other Directors.

Responsibility for Starling's Executive leadership and day-to-day management of the business is delegated to the Group CEO. Developed by the Group CEO and Group CFO, Starling's strategy is proposed to the Board for review, challenge, and approval. Following approval, the Group CEO oversees the implementation and delivery of this strategy through the Executive team, supported by the Group Management Forum. The Group CEO is supported in his role by the Group Management Forum and Executive team.

All Directors have access to the advice and services of the Company Secretariat, led by the Company Secretary, who ensures that Board procedures and applicable rules are followed.

The Company Secretary works closely with the Chair on Board governance matters, and with the Group CEO, Group CFO, Board committee chairs and Executive to set Board and Board committee agendas. The Company Secretary supports adherence to the Group's governance framework and processes and is responsible for ensuring the timely provision of high-quality information to the Boards and its committees.

All Board members are collectively and individually accountable for the actions and decisions of the Board.

Meetings[1]
The Board held eight scheduled meetings during the year, including the annual board strategy day. At each scheduled meeting, the Executive Directors provided high-level strategic, operational and financial updates, presented the key challenges, opportunities and actions taken during the reportable period, and reviewed upcoming priorities. The Board benefited from holding the majority of its scheduled meetings in person. This facilitated Non-Executive Directors' engagement with the Executive and constructive challenge on senior management thinking. It also enabled a broader range of session formats, including deep-dives and briefings, strengthening the Board's oversight role. The Board also held an additional meeting to consider the Group ICAAP.

1 References in this governance report to the number of Board and Board committee meetings include those convened by SGHL as well as those convened by SBL as ultimate parent company of the Group, prior to SGHL assuming this position on 27 June 2025.

Key Board activities - During the year ended 31 March 2026, the Board's key activities included:

Theme	Board activity
Strategy	• Engaging in regular strategy discussions, featuring Executive presentations on the delivery of core strategic priorities, and a dedicated Board Strategy Day held in October 2025 to review, challenge and optimise choices for Starling's 2027 strategy. • Reviewing organic and inorganic growth opportunities, approving the key terms for a significant international Engine SaaS client and establishing ongoing Board-level assurance reporting for that engagement. • Reviewing Starling's marketing plan and new brand strategy to drive customer acquisition and support long-term growth initiatives.
Financial performance, capital and prudential oversight	• Considering Starling's financial reporting, key performance indicators, regulatory capital and cost base, and approving the 2025 Annual Report and Accounts and the 2027 budget and 5-year plan. • Evaluating financing options to support Starling's capital base and fund future strategic initiatives, and reviewing Starling's approach to strategic capital allocation and criteria for evaluating future investment opportunities, which resulted in the adoption of a new capital deployment framework. • Reviewing Starling's capital adequacy, resilience and planning, and approved the consolidated Group ICAAP.
Technology and operations	• Overseeing the delivery of key technology priorities, including the strategic deployment of AI to enhance both customer experience and operational efficiency. • Monitoring strategic enhancements to Starling's cloud infrastructure to increase operational resilience and mitigate third-party concentration risk. • Discussing a strategic redesign of the Operations functions to establish a scalable target operating model and monitoring the transformation of core customer journeys, which has significantly reduced application processing times and facilitated automated controls.
Risk and operational resilience	• Discussing overarching Group risk management and oversight principles that maintain appropriate governance while ensuring that any decisions that could impact the Bank are identified and escalated in an agile manner, and approving the GRMF and the Group Risk Appetite Framework. • Considering comprehensive reviews of Starling's current and emerging risk profile and recalibrating risk appetite limits to safely support strategic growth, alongside monitoring the ongoing maturity of the control environment and operational resilience to ensure core 1L and 2L policies kept pace with regulatory expectations and Starling's scale. • Monitoring the embedment of robust risk management capabilities across Starling, which culminated in the delivery of the second and final phase of the risk management maturity programme.
Culture, engagement and talent	• Monitoring Starling's evolving culture and employee experience, overseeing key areas such as learning and development, recognition and reward, and equity and inclusion. • Discussing Starling's talent pipeline and overseeing capability investments and targeted recruitment across functions including Risk, Technology and Information Security to ensure adequate capacity to execute Starling's strategy, and approving the Executive Succession Plan. • Monitoring Starling's key cultural metrics and the findings of bi-annual employee engagement surveys to ensure that the desired culture is embedded.
Governance and regulatory matters	• Overseeing changes to the Group corporate structure, including the insertion of SGHL as the Group's ultimate parent company. • Upon the recommendation of the Board Nomination Committee, considering succession planning and approving Board appointments, resulting in the appointments of Colin Bell as an Independent Non-Executive Director and BRC Chair, and Richard Watts as an Investor Non-Executive Director. • Streamlining the governance structure by disbanding the Group Ethics and Sustainability Committee through integrating its responsibilities into existing Board committees and processes.

Stakeholder impact key Employees | Customers | Regulatory bodies | Shareholders | Communities and environment | Suppliers

Directors' induction

Following appointment, each Director receives a comprehensive induction to Starling that is tailored to their background, experience, knowledge and skill set. The programme, managed by the Company Secretary, introduces Starling's operations, strategic priorities, people, culture and stakeholders. It aims to provide a new Director with the information they need to become as effective as possible in their role in the shortest practicable time and typically lasts between one and six months. The key stages of the induction are outlined in the table below.

Directors appointed to Group subsidiary boards receive a briefing on subsidiary directors' roles and responsibilities, with specialist training arranged as required.

Key stages	Summary
Programme materials and resource library	Information on Starling's foundations, purpose, values, culture and strategy. An overview of Starling, governance principles, director duties and board responsibilities. Access to past Board and committee minutes and papers, annual work plans, constitutional documents, operational policies and key business documents.
Initial briefing with the Company Secretary	An initial briefing meeting is held with the Company Secretary and Deputy Company Secretary, providing a new director with an overview of key governance matters.
Technical briefings and introductory meetings	Meetings with the Chair, Group CEO, Group CFO, Board committee chairs, and other leaders. These meetings cover Starling's business model, strategy, performance, customers, operations, risk and compliance. Further topics include regulatory relationships, AI and cyber resilience, brand, whistleblowing and employee engagement. Where relevant to a new director's board committee participation, introductory meetings with Starling's external auditor and regulators. To illustrate our tailored approach in practice, Colin Bell's introductory meetings included an extensive session with Management focused on risk management maturity. Meanwhile, Richard Watts' briefing focused on statutory and compliance obligations, as his previous long-term role as a Board Observer provided him with deep familiarity with Starling's business, the Board and the Executive.
Feedback session	Directors are invited to provide feedback following completion of the programme to ensure their induction was useful and well-targeted.

Independence

To balance valuable Executive and shareholder input with robust, independent governance, the Board ensures that at least half of its members, excluding the Chair, are Independent Non-Executive Directors. The Board's annual independence review considers external appointments, Starling shareholdings, potential conflicts of interest, and length of service. Aside from the three SGHL investor-appointed Directors, Lazaro Campos, Marcus Traill and Richard Watts, the Board has determined that all current Non-Executive Directors, including the Chair, are independent in judgement and character. The Board keeps this balance under close review.

Time commitment
To ensure Directors have sufficient time to adequately discharge their duties, they must inform the Chair before accepting any proposed external directorships. New Directors are required to disclose their other significant commitments prior to appointment, and periodically confirm their external appointments and, the associated time commitments.

Conflicts of interest
The Board has established procedures for recording and monitoring Director level conflicts of interest. Directors must avoid actual or potential conflict of interest and inform the Chair and the Company Secretary of any change in their status. Under the Companies Act and the Company's articles of association, the Board can authorise conflict situations when they arise. The Company Secretary maintains records of these authorisations which are reviewed quarterly. In line with internal policy, conflicts of interest are only permitted where they can be monitored and managed within the Group's risk appetite.

Learning and development
Directors participate in ongoing learning and development through a programme of strategic deep-dive discussions with the Executive and briefings from external advisers on emerging developments. The programme is designed to support the Board in providing effective challenge and oversight across key areas, including Group strategy, risk and control, and finance performance. It also ensures that the Board remains well informed about changes to the external environment and benefits from independent perspectives on industry trends.

Each year, following review by NomCo, the Board approves a comprehensive Board Learning and Development Plan aligned to Starling's strategy and stakeholder priorities. Directors are encouraged to request additional sessions on topics where they would benefit from further insight, and the programme is updated as needed in response to market and regulatory developments.

During the year, the Board received training from external advisers on:
- the economic environment, covering themes including UK and US market volatility and revised UK growth and inflation outlooks;
- risk management in an evolving risk landscape, including the capabilities required to adapt; and
- changing regulatory perspectives, including in relation to digital assets.

The Board also participated in a resolvability simulation exercise.

Board performance
In the second half of the year, we conducted internal performance reviews for all Board committees. These evaluations confirmed that the committees are well-led and strategically aligned, with existing and new Board committee members bringing appropriate skills and experience to committee discussions. Identified areas for improvement included enhancing the clarity and timely delivery of meeting papers, increasing Board committee agenda time for strategic risks and horizon-scanning, and delivering targeted technical training to Board committee members.

An externally facilitated Board and Board committee review is scheduled for the year ahead. Following input from NomCo, the review will focus on oversight of organisational culture, the composition, independence and dynamics of the Board, risk governance effectiveness, governance processes and information flow.

Board Audit Committee report



"I am delighted to report the completion of the programme of work to enhance the capabilities of our Internal Audit function and the ongoing improvement to our annual reporting."

Members[1]:
- Darren Pope (Chair)
- Colin Bell
- Julie Chakraverty
- Faisal Galaria

Further information on the skills and experience of the committee members can be found on pages 72 to 75.

1 Ian Jenkins and Marian Martin stepped down from the committee on 30 September 2025. Colin Bell was appointed a member of the committee on 6 October 2025. Julie Chakraverty was appointed a member of the committee on 1 January 2026.

Dear Stakeholder
I am pleased to present the Board Audit Committee report for the year ended 31 March 2026. We were pleased to welcome Colin Bell and Julie Chakraverty as members of the committee during the year. We thank Ian Jenkins and Marian Martin for their valuable contributions during their tenure.

The Board delegates responsibility to the committee to review and monitor the integrity of financial and non-financial reporting; the independence and effectiveness of the internal and external audit functions; the effectiveness of internal controls, risk management systems and risk culture; and the effectiveness of whistleblowing arrangements.

I am delighted to report the completion of the programme of work to enhance the effectiveness of our Internal Audit function and the ongoing improvement to our annual reporting. We are now more confident in the quality, capability, resourcing and overall effectiveness of the Internal Audit function. This follows the committee's close oversight of Internal Audit's progress against their enhancement programme. The function effectively fulfils its mandate by providing independent and risk-based insights, advice and assurance to strengthen the Group's control processes.

The committee also paid particular attention to the effectiveness of Starling's whistleblowing arrangements and thematic reviews of the cases received. The committee oversaw the processes for investigation and ensuring reporter protection. We are satisfied that the arrangements are effective, albeit further enhancements are planned for the next financial year with a particular focus on manager training.

The committee monitored the effectiveness of internal controls and risk management systems, particularly as they relate to the integrity of Starling's financial reporting. We reviewed the external reporting landscape and the mechanisms Starling has in place to issue timely and accurate disclosures. We also received assessments of internal controls over financial reporting, including the risks and controls in place to prevent fraud. Following the consideration of the assessment from Finance and opinions on the design and effectiveness of Starling's internal control environment from the second line Risk team and Internal Audit, the committee was satisfied that internal controls over financial reporting were appropriately designed and operating effectively in all material respects as at 31 March 2026.

The committee has reviewed several accounting judgements during the year, including those related to expected credit loss, measurement of intangible assets, provisions and SaaS revenue recognition. Further details on key judgements can be found in notes 5, 18, 24 and 35 to the financial statements. Following the Company's insertion as the ultimate parent company of the Group, we considered Management's approach to Group funding, capital allocation, and transfer pricing. Following its review, the committee advised the Board that the Annual Report and Accounts for the year ended 31 March 2026, taken as a whole, is fair, balanced, and understandable, and provides the information necessary for stakeholders to assess the company's performance, business model, and strategy.

In February 2026, we received a letter from the FRC informing us that they had carried out a review of SBL's Annual Report and Accounts for the year ended 31 March 2025. I am very pleased to report that the FRC letter noted there were no questions or queries they wished to raise with SBL at this stage. The FRC outlined two minor matters it believed could be presented differently for the benefit of users. Their findings have been considered and incorporated into the financial statements for the year ended 31 March 2026 for both SBL and SGHL, as applicable. The limited scope review was based solely on the SBL Annual Report and Accounts for the year ended 31 March 2025. The FRC's review does not provide any assurance that the SBL Annual Report and Accounts to 31 March 2025 are correct in all material respects; the FRC's role is to consider

compliance with reporting requirements, not to verify the information disclosed. This is a great endorsement of the hard work of the Finance team, the committee and our external auditors.

We monitored the ongoing transition toward greater automation in regulatory reporting, aimed at enhancing the integrity and consistency of submissions. The committee oversaw preparatory work for the Basel 3.1 framework and reviewed the 2026 Pillar 3 disclosures following a review by Internal Audit.

The committee has kept abreast of the evolving ESG reporting landscape, including the UK Government's endorsement of the ISSB's Standards, to assess Starling's preparedness for potential future sustainability disclosures. This will be an area of additional attention in the next 12 months as we review both our targets and plans.

KPMG was formally appointed as the Company's first external auditor during the year. Michael McGarry was appointed as lead audit partner of Starling's engagement. Mr McGarry and the KPMG engagement team will bring valuable capabilities and experience, consistent with Starling's medium-term growth aspirations. The committee reviewed KPMG's audit plan for the year ended 31 March 2026. Fees relating to services proposed to be performed by the external auditor are presented to the committee for approval. In assessing the appropriateness of a non-audit service, we adhere to regulatory frameworks. The committee is satisfied with KPMG's independence and effectiveness, and confirms that the approved non-audit services do not compromise KPMG's independence. Details of fees paid to KPMG in relation to the 2026 audit and non-audit services can be found in note 10.

I thank my fellow committee members for their continued diligence and support throughout the year. The committee remains committed to ensuring that the integrity of Starling's financial disclosures and the effectiveness of its internal control environment maintain the ability to provide continued support for Starling's growth agenda.

Darren Pope
Board Audit Committee Chair

Operation of the committee

The committee held seven scheduled meetings during the year ended 31 March 2026, and one ad-hoc meeting. We set an annual work plan, developed from the committee terms of reference, with standing items to consider at each meeting, in addition to areas identified for detailed review and matters arising during the year.

The committee as a whole continues to possess recent and relevant financial experience and competence relevant to the banking sector. More information on our skills and experience can be found on page 72 to 75.

Regular attendees at committee meetings include the Group CEO, Group CFO, Group CRO, Group Head of Internal Audit, the External Audit Lead Partner and members of Company Secretariat. We invite other senior finance and internal audit representatives to attend and present specialist technical knowledge, as required. To facilitate open discussions, the committee holds private sessions with the Group Head of Internal Audit and KPMG's lead audit partner without management present to discuss any issues arising from audits and the factors that could affect audit quality.

Focus areas for 2027

Monitoring Internal Audit enhancements in BAU	• Ensure that the Internal Audit quality and capabilities fully embed following the closure of the programme of work to enhance the capabilities of the Internal Audit function.
Basel 3.1	• Continue to oversee the Bank's preparatory work to comply with the Basel 3.1 framework.
Financial reporting	• Oversee the development of financial and tax reporting across the increasingly complex corporate and international structure. • Oversee the review of Starling's sustainability targets to ensure they remain ambitious and credible as we scale globally.
Internal controls	• Oversee internal controls with a specific focus on the effectiveness of material internal controls and the impacts of rapid growth and strategic expansion.

Stakeholder engagement and considerations in 2026

Shareholders	• Upheld high standards of financial reporting relied on by shareholders to assess the Company's performance through its key activity, including:
	  • Monitoring the integrity of financial statements, systems and processes supporting the 2026 Annual Report and Accounts and other material financial disclosures.
	  • Reviewing and challenging significant accounting policies, judgements and other accounting matters.

Employees	• Received whistleblowing reports from the Group Head of Internal Audit covering employee reports of instances of non-compliance with policies and procedures, and monitored developing themes. • Through oversight of the Finance and Internal Audit functions, resourcing and capability of both teams were monitored.
Regulatory bodies	• Considered arrangements established by Management to ensure compliance with regulatory financial reporting and best practice requirements. • In consideration of the FRC's review of SBL's Annual Report and Accounts for the year ended 31 March 2025, minor updates were made to the Company's financial statements for the year ended 31 March 2026 to incorporate the FRC's observations.

Board Risk Committee report



"As Starling advances its growth strategy, the committee remains focused on maintaining both momentum and discipline in applying strengthened risk management and control frameworks."

Members[1]:
- Colin Bell (Chair)
- Julie Chakraverty
- Tracy Clarke
- Darren Pope
- Marcus Traill

Further information on the skills and experience of the committee members can be found on pages 72 to 75.

Dear Stakeholder
I am pleased to present my first Board Risk Committee report as Chair, having been appointed to the role on 1 January 2026. I thank Marian Martin for her stewardship whilst serving as Chair of the committee and Julie Chakraverty for her leadership as interim Chair of the committee.

The Board delegates responsibility to the committee to evaluate Starling's risk strategy, make risk appetite recommendations and provide robust oversight of Starling's current and potential future risk exposures. We actively monitor the effectiveness of Starling's compliance and risk management practices, ensuring that robust control frameworks and a strong risk culture are embedded across the organisation. In doing so, the committee is pleased to recognise that Starling's risk culture has matured considerably over the past year.

Following the Company's insertion as the ultimate parent of the Group, the committee has overseen Management's development and implementation of the Group risk operating model. As part of this restructure, the committee has overseen the alignment of risk policies and appetites to a Group level and made recommendations to the Board on the adoption of consolidated risk appetites and frameworks to manage financial and non-financial risks, as well as potential conflicts of interest across the Group.

During the year, the committee actively engaged with Group subsidiaries to monitor the overall risk management and control environment, and undertook periodic assessments of Starling's principal and emerging risks. This engagement supported the committee's understanding of the Group's risk profile, the delivery of effective and proportionate risk oversight of the Bank and Engine and enabled comprehensive review and challenge by the committee. The committee monitored the delivery of several Bank-led programmes which supported the embedment of robust risk management capabilities across Starling and culminated in the delivery of the second and final phase of the risk management maturity programme.

The committee maintained close oversight of key prudential matters throughout the year. Notably, we reviewed the ICAAP, which marked the first time discrete capital requirements were assessed for both the Group and the Bank. Furthermore, the committee was pleased to note the enhancements to Starling's resolvability capabilities, achieved through a resolvability assessment embedding programme.

Another area of focus during the year was cyber and information security risk. The committee oversaw Starling's strong and evolving security posture, which was validated by an internal 2L led review, with reference to industry best practice guidance, and the successful detection and defence of a simulated cyber attack exercise.

The committee oversaw and challenged the risk assessments underpinning new growth opportunities, setting clear gating criteria that must be met before any prospective acquisition can progress. As Starling advances its growth strategy, the committee remains focused on maintaining both momentum and discipline in applying strengthened risk management and control frameworks. In the year ahead, the committee will continue to monitor the effectiveness and embeddedness of these enhancements, ensuring the control environment evolves safely and proportionately as Starling scales.

I am grateful for the hard work and commitment of the committee members during the year and the dedication of Starling's teams. I look forward to continuing our work in the year ahead, ensuring Starling's risk and control frameworks remain robust and aligned with our strategic ambitions.

Colin Bell
Board Risk Committee Chair

1 Marian Martin stepped down from the committee on 30 September 2025. Colin Bell was appointed a member of the committee on 6 October 2025.

Operation of the committee

The committee held six scheduled meetings during the year ended 31 March 2026.

The committee sets an annual work plan, developed from its terms of reference, with standing items to consider at each meeting, in addition to areas identified for further review and matters arising during the year.

Regular attendees at BRC meetings include the Group CRO, Group CEO, Group CFO, Group Head of Internal Audit, the External Audit Lead Partner and members of Company Secretariat. Other members of senior management and 2L are invited to attend and present, as required.

Stakeholder engagement and considerations in 2026

Customers	• Reviewed Engine's Annual Risk Review, focusing on safeguarding outcomes for Engine and its clients.
Regulatory bodies	• Oversaw preparations for new regulatory frameworks impacting the Group, recommending the Step-In Risk Policy for Board approval.
Shareholders	• The committee includes one Investor Non-Executive Director. This ensures that shareholder perspectives can be taken into account in committee discussions and decision-making. • Oversaw the Group's consolidated capital adequacy through the review of the Group ICAAP.

Focus areas for 2027

Growth and scaling	• Supporting safe and sustainable growth by overseeing Starling's organic and inorganic expansion opportunities and ensuring the risk management framework continues to act as a key strategic enabler, providing a scalable platform that maintains its effectiveness as the business grows.
Engine's risk management	• Evaluating Engine's newly defined risk management model and overseeing the execution of its combined assurance plan.

Board Remuneration Committee report



"This year, we prioritised a comprehensive review of our reward philosophy to ensure alignment with Group strategy, balancing sustainable growth and rigorous cost management with our steadfast commitment to risk management."

Members[1]:
- Tracy Clarke (Chair)
- Lazaro Campos
- David Sproul
- Richard Watts

Further information on the skills and experience of the committee members can be found on pages 72 to 75.

Dear Stakeholder
I am pleased to present this year's Board Remuneration Committee report, outlining the committee's work in support of the Group's long-term growth and success.

During the year, we welcomed a new committee member, Richard Watts, Investor Non-Executive Director who replaced Marcus Traill. We thank Marcus for his insights and support to the committee over a number of years.

The committee is responsible for overseeing the Group's remuneration strategy, framework and policy. We review the total compensation of the Executive team (taking into account our wider reward principles, market competitiveness, pay and employment conditions across the Group). We determine fixed and variable remuneration for senior management, as required by regulation, with variable remuneration aligned to clear strategic, financial, leadership and risk-based performance outcomes. We periodically assess our designated Material Risk Taker (MRT) population (including our MRT identification methodology). No individual is involved in discussions relating to their own remuneration.

This year, we prioritised a comprehensive review of our reward philosophy to ensure alignment with Group strategy, balancing sustainable growth and rigorous cost management with our steadfast commitment to risk management. We also want to ensure that our approach to remuneration and reward remains competitive in the market, for our leaders and the wider employee population.

As part of this review, we have provided guidance to management in evaluating a range of structural models to optimally balance Executive accountability, pay transparency and employee incentivisation. We considered how variable pay models and pay mix may be flexed between different core business areas, to ensure alignment with the respective growth and risk management strategies of those businesses, and in response to market sector norms. The outcomes of this review, which will be finalised later in the year, will bring clarity, consistency and sustainability to the Group's reward strategy and support our recently established Career Development Framework, to deliver a clear connection for employees between career development, leadership and remuneration outcomes.

During the year, we also approved amendments to the Group's employee incentive schemes to facilitate exchanging existing awards over SBL shares for equivalent awards over SGHL shares (in connection with our new UK holding company structure). We approved revised incentive arrangements for Ember employees joining the Group, and supported strengthening the Bank and Engine senior leadership teams by approving the remuneration packages for key strategic hires.

In line with our commitments to transparency and diversity, we reviewed the Bank's annual gender pay gap reporting, noting a positive reduction in both the mean (16.6%) and median (6.1%) hourly pay gaps versus prior year. Key drivers for these outcomes have been the introduction of a structured pay review process for all employees, and our continued focus on building our female talent pipeline; specifically, we recently achieved a 50% gender split in our senior Technology team, a significant milestone in our diversity efforts.

1 Marcus Traill stepped down from the committee on 1 December 2025. Richard Watts was appointed a member of the committee on 1 December 2025.

Other key focus areas in the year have included:

- Following feedback from our investors, rebalancing our 2026 Executive and senior management performance scorecard to place a greater emphasis on cost management.
- Receiving input from the Group CFO on financial performance and cost management.
- Approving the Risk Adjustment on Remuneration Standard Operating Policy and Procedure applicable to major events, enhancing accountability.
- An internal review of committee effectiveness which highlighted strengths in the committee's skills and engagement, alongside areas for development in committee materials and training.
- Annual review of the Board Chair fee.

Finally, in line with market practice, we conducted a formal tender process for our independent remuneration advisors. Following a detailed evaluation of shortlisted candidates, including a series of meetings with committee and Executive members, we approved the appointment of PwC as the committee's new independent remuneration advisors, effective 1 June 2026.

The committee is grateful to our incumbent advisors, Deloitte, for their advice and support to the committee during their tenure. I also thank my fellow committee members for their insights and commitment throughout the year.

Tracy Clarke
Board Remuneration Committee Chair

Operation of the committee

The committee held six scheduled meetings during the year ended 31 March 2026, and three ad-hoc meetings.

The committee's terms of reference are reviewed annually by the Board. The committee sets an annual work plan, developed from its terms of reference, with standing items to consider at each meeting, in addition to areas identified for further review and matters arising during the year.

Standing attendees at committee meetings comprise the Group CEO, Group CPO, Head of Reward, and the Company Secretary. Other members of senior management, including the Group CFO and Group CRO, and the committee's independent remuneration advisers, are invited to attend and present, as required. These advisers provide input on regulatory expectations, market practice and remuneration benchmarking.

Stakeholder engagement and considerations in 2026

Shareholders	• The committee membership includes two Investor Non-Executive Directors, which since December 2025 includes representation from JTC and Chrysalis. • During the year, the committee incorporated investor feedback into the 2026 performance year scorecard, specifically increasing focus on cost-saving targets and refining diversity and inclusion metrics.
Employees	• The committee reviewed employee remuneration to stay competitive and attract top talent. • In response to employee feedback, the committee is supporting a holistic review of the Group's remuneration reward and philosophy. • Analysed insights from the Bank's gender pay gap report and standardised reporting procedures.
Regulatory bodies	• Adapted our policies to new rules and guidelines for Level 3 firms, following the publication of the PRA and FCA's Remuneration Reforms. • Continued alignment of Executive and senior management pay decisions with regulatory expectations.

Focus areas for 2027

Performance and pay	• Implementing recommendations from an external review of the Group's remuneration philosophy and structure to balance the interests of our employee population with long-term strategy and shareholder interests.
Retention and attraction of talent	• Continuing to benchmark Executive roles against bespoke appropriate peer groups to ensure transparent, competitive total pay comparisons, and ensuring reward structures support the recruitment of key hires and development of talent.
Culture, conduct and values	• Embedding culture and responsible behaviours into pay decisions, ensuring non-financial metrics are given due and credible weight as part of balanced remuneration scorecards.

Board Nomination Committee report



"The committee continues to proactively assess capabilities and align Board recruitment activity with Starling's current and future strategic objectives."

Members[1]:
- David Sproul (Chair)
- Lazaro Campos
- Julie Chakraverty
- Tracy Clarke

Further information on the skills and experience of the committee members can be found on pages 72 to 75.

Dear Stakeholder
I am pleased to present the Board Nomination Committee report for the year ended 31 March 2026.

The committee ensures the Board and Executive leadership have the appropriate mix of skills, experience and diversity to guide Starling through its continued growth journey.

Following Marian Martin and Ian Jenkins' decisions to step down from the Board last year, the committee oversaw a series of changes at Board and Board committee level. Based on the depth of her skills and experience, it was agreed that Julie Chakraverty would become a member of the committee and BAC, enhancing the breadth of the latter committee's financial capabilities.

We welcomed Colin Bell as an Independent Non-Executive Director, Chair of the BRC and member of the BAC. The committee oversaw a rigorous appointment process for Colin, which involved a specialist, independent search consultancy, several committee discussions on potential candidates and an assessment of candidates' credentials against the qualities, capabilities and time commitment of the BRC Chair role.

In addition, we welcomed Richard Watts as an Investor Non-Executive Director, and RemCo member in December 2025. Following his nomination by shareholders, the committee reviewed Richard's experience (as part of collective Board skills) and the Board's balance of independence. The committee recommended Richard's appointment to the Board, recognising the importance of diverse shareholder perspectives in Board and RemCo discussions. Details on the induction process can be found on page 78.

The committee continues to proactively assess capabilities and align Board recruitment activity with Starling's current and future strategic objectives. During the year, we identified opportunities to further enhance our international and technology expertise and, as a result, recommended the appointment of Dan Olley as an Independent Non-Executive Director and BAC member for approval. We look forward to Dan joining the Board this summer, bringing deep proficiency in successfully leading complex, regulated businesses, enhancing client experience and scaling digital and technology platforms.

Following the announcement of my intention to step down as Chair of both Boards, our Senior Independent Director has been leading the committee's search for a new Chair, supported by an external search firm. This process is now well advanced with a strong shortlist identified and the final stages of the selection process underway.

At an Executive level, the committee recognised the need for holistic risk management oversight across the Group and recommended the appointment of Keith Algie as Starling's first Group Chief Risk Officer. Further, to foster Executive coordination, manage risk and other resource allocation from a Group perspective, the committee supported the creation of the Group Management Forum, established in July 2025.

The committee has also advanced several Board frameworks, including the Board Succession Plan, which outlines emergency and secondary cover arrangements for key board roles. To ensure a comprehensive range of qualities is considered in appointments, a new board diversity and inclusion policy was adopted. This has been a theme throughout our Director searches this year and will continue to be so.

I would like to thank my fellow committee members for their insights and commitment throughout the year. It has been a pleasure working closely with each of them, and I look forward to following Starling's continued success.

David Sproul
Board Nomination Committee Chair

1 Marian Martin stepped down from the committee on 30 September 2025. Julie Chakraverty was appointed a member of the committee on 1 October 2025.

Operation of the committee

The committee held four scheduled meetings during the year ended 31 March 2026 and one ad-hoc meeting.

The committee sets an annual work plan, developed from its terms of reference, with areas identified for detailed review and matters arising during the year.

The committee's terms of reference are reviewed annually by the Board. Standing attendees at NomCo meetings comprise the Group CEO, Group CPO and Company Secretary.

Stakeholder engagement and considerations in 2026

Shareholders	• The committee membership includes an Investor Non-Executive Director. This ensures that shareholder perspectives can be taken into account in committee discussions and decision-making.
Employees	• The committee reviewed both Board and Executive succession arrangements, to support a strong pipeline for key leadership roles.
Regulatory bodies	• Open and transparent communication was maintained with the PRA and FCA regarding Board transitions.

Focus areas for 2027

Board and Executive succession planning	• Overseeing Management's further development of the Executive Succession Plan with external insights, where applicable.
Board and Board committee performance	• Overseeing the implementation of recommendations arising from the externally facilitated 2027 Board Performance Review. • Supporting targeted learning and development for Board members, including strategic, regulatory and industry best practice updates.
Board and Board committee composition	• Overseeing the appointment of a new Chair of the Board, Senior Independent Director and RemCo Chair, while ensuring an orderly transition. • Ensuring Board committee structure and membership remain fit for purpose.

Directors' report

Other statutory information

Set out below is additional statutory information that the Company is required to disclose in its directors' report pursuant to the Companies Act and The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008. Some of the matters normally included in the directors' report have instead been incorporated elsewhere in the Annual Report and can be found within:

Matter	Report section	Page(s)/note
Corporate governance statement	Governance/Corporate governance statement	69 - 70
Employee engagement	Strategic report/ESG review	38 - 45
	Strategic report/Section 172(1) statement	45 - 48
	Governance/Corporate governance statement	69 - 70
Fostering business relationships with suppliers, customers and others	Strategic report/Section 172(1) statement	45 - 48
Future developments	Strategic report/Chair statement	8 - 10
	Strategic report/Group Chief Executive Officer statement	11 - 13
	Strategic report/Our business model and strategy	22 - 37
Subsidiary undertakings and related party transactions	Financial statements/Notes to the financial statements	Notes 30 and 37

Directors

The following Directors of the Company held office throughout the financial year ended 31 March 2026 and up to the date of signing the financial statements: David Sproul, Tracy Clarke, Julie Chakraverty, Faisal Galaria, Darren Pope, Lazaro Campos, Marcus Traill, Raman Bhatia and Declan Ferguson.

The following Director changes occurred during the year:

Ian Jenkins	Resigned 30 September 2025
Marian Martin	Resigned 30 September 2025
Colin Bell	Appointed 6 October 2025
Richard Watts	Appointed 1 December 2025

Details of the Directors of the Company as at 31 March 2026, together with their biographies, can be found on pages 73 to 75.

Dividends

The Directors do not propose the payment of any dividend for the year (2025: Nil).

Directors' indemnities

Qualifying third party indemnity provisions (as defined in Section 234 of the Companies Act) were in force during the year and remain in force at the date of this report, for the benefit of all directors of the Group in relation to certain losses and liabilities which they may incur when acting in their capacity as a director or officer of any Group company.

The Group holds directors' and officers' liability insurance to indemnify the directors against loss arising from any claim made against them jointly or severally for any failure of duty of care in their capacity as a director. Neither the indemnity nor the insurance provides any protection in the event of a director being found to have acted fraudulently or dishonestly in respect of any Group company.

Employment policies
Starling believes that diverse teams make better teams. Starling builds high performing teams by attracting and recruiting talented people, irrespective of race, ethnicity, sex, sexual orientation, religious belief, disability, age or background and providing those talented people with an inclusive workplace with the right environment, tools, and training to ensure they thrive.

The Group's primary employing entity, SBL, achieved Level 1 Disability Confident status in 2022, certifying that its hiring practices are accessible and equitable for applicants with disabilities and is committed to playing a role in positively changing attitudes, behaviours and cultures. Starling supports employees with a disability or long-term health condition through providing adjustments at recruitment stages, when employees are onboarded and throughout their career at Starling, including when employees' circumstances change. Starling has invested in intuitive technologies and tools to support employees with disabilities including: Grammarly, a writing assistant tool; and Microlink, which helps identify bespoke workplace adaptions. By proactively addressing barriers experienced by employees with disabilities through these tools and technologies, Starling aims to create an equitable career path that encourages every employee to excel.

Starling recognises that fostering an inclusive environment is a collective responsibility. To cultivate a culture of genuine belonging, all employees complete mandatory equity, diversity, and inclusion training annually. There is also an active employee-led network to support employees with disabilities, or those who develop disabilities whilst working at Starling. Our employment policies are updated regularly to ensure they align with Starling's aspirations.

Streamlined energy and carbon reporting
The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 implement the UK government's policy on SECR. Starling meets the mandatory reporting criteria for SECR legislation. Starling has disclosed SECR information as part of the strategic report, for further information see page 58.

Donations
During the year the Group made charitable donations amounting to £202k (2025: £331k). Details of these donations are set out on page 44 of the strategic report. During the year the Group made no political donations nor incurred any political expenditure in the UK or outside of the UK (2025: Nil).

Research and development
Starling is dedicated to the research and development of innovative digital banking and the enhancement of its leading technology platform. Research and development costs recognised for the year ended 31 March 2026 can be found in note 10 with capitalised expenditure in note 18 of the financial statements.

Financial instruments
Starling enters into numerous material financial instruments as part of its business operations, further details of which are set out in note 29 of the financial statements. Details of Starling's risk management framework and practices for managing the principal risks of the business are set out from page 95 of the risk report. Details of hedging strategies using financial instruments are set out in note 14.

Subsequent events
There have been no significant events between 31 March 2026 and the date of approval of these accounts, which would require a change to or additional disclosure in the accounts.

Going concern

In assessing the Group and Company's going concern position as at 31 March 2026, the Directors considered a wide range of information relating to the present and future conditions, including the Group current financial position and future projections of profitability, cash flows and capital resources and requirements, which all form part of the business plan. Base case forecast projections are based on detailed financial planning by management that take account of the current and expected economic environment. The Directors also considered the impact of key existing risks and emerging risks on the Group business model and plan (see pages 61 to 65). The Directors have assessed the outlook for the Group and Company for at least 12 months from the signing of these financial statements as required under IFRS.

The Directors have reviewed a range of severe but plausible stresses that have been applied to the base case business plan with the impact assessed against the Group's profits, capital and liquidity resources. The Group has modelled a severe low interest rate stress downside scenario calibrated to the most recent ICAAP, as well as considering the impact of a number of single-variable stress tests in order to test the limits and vulnerabilities of the business plan and strategy. The impact of management actions that might be taken to mitigate the impact of these stresses is also assessed. The projections under these stress scenarios show that the Group and Company will be able to operate at adequate levels of both capital and liquidity resources whilst remaining in excess of PRA minimum capital requirements and using its buffers to execute recovery actions to replenish its capital resources, if needed. On this basis, the Group and Company will meet their future obligations for at least 12 months from the signing of these financial statements.

Stress testing is performed regularly throughout the year to support the business planning cycle and re-forecasting as well as to monitor business performance and also to inform and support management's decision making. It also forms a fundamental part of the annual production of the ICAAP, ILAAP and recovery and resolution planning.

As a result of this assessment, the Directors have a reasonable expectation that the Group and Company have adequate capital, liquidity and other resources to continue in operational existence for at least 12 months from the signing of these financial statements and that the Group has adequate capital and liquidity resources to meet minimum regulatory requirements as prescribed by the PRA. Accordingly, the going concern basis of accounting has been adopted to prepare these financial statements.

Disclosure of information to the auditor

The Directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which Starling's auditor is unaware and each Director has taken all the steps that he or she ought to have taken as a Director to make himself or herself aware of any relevant information and to establish that the Starling's auditor is aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of the Companies Act.

Auditor

The Group's auditors, KPMG, have indicated their willingness to continue in office for the Group. Pursuant to Section 485 of the Companies Act, an ordinary resolution for the reappointment of KPMG will be proposed to the Company's shareholders for approval within the prescribed statutory timeframe.

By order of the Board

Raman Bhatia
Group Chief Executive Officer
Starling Group Holdings Limited
Company number 13871603
20 May 2026

Declan Ferguson
Group Chief Financial Officer
Starling Group Holdings Limited
Company number 13871603
20 May 2026

Statement of Directors' responsibilities in respect of the Annual Report and the financial statements

The directors are responsible for preparing the Annual Report and the Group and parent company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare Group and parent company financial statements for each financial year. Under that law they have elected to prepare the Group and parent company financial statements in accordance with UK-adopted IAS 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 Group and parent company and of the Group's and parent company's profit or loss for that period. In preparing each of the Group and parent company 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 IAS;
- Assess the Group and parent 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 Group or the parent 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 parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act. 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 Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a strategic report and a directors' report that complies with that law and those regulations.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By order of the Board

Raman Bhatia
Group Chief Executive Officer
Starling Group Holdings Limited
Company number 13871603
20 May 2026

Declan Ferguson
Group Chief Financial Officer
Starling Group Holdings Limited
Company number 13871603
20 May 2026

Risk Report

Risk management

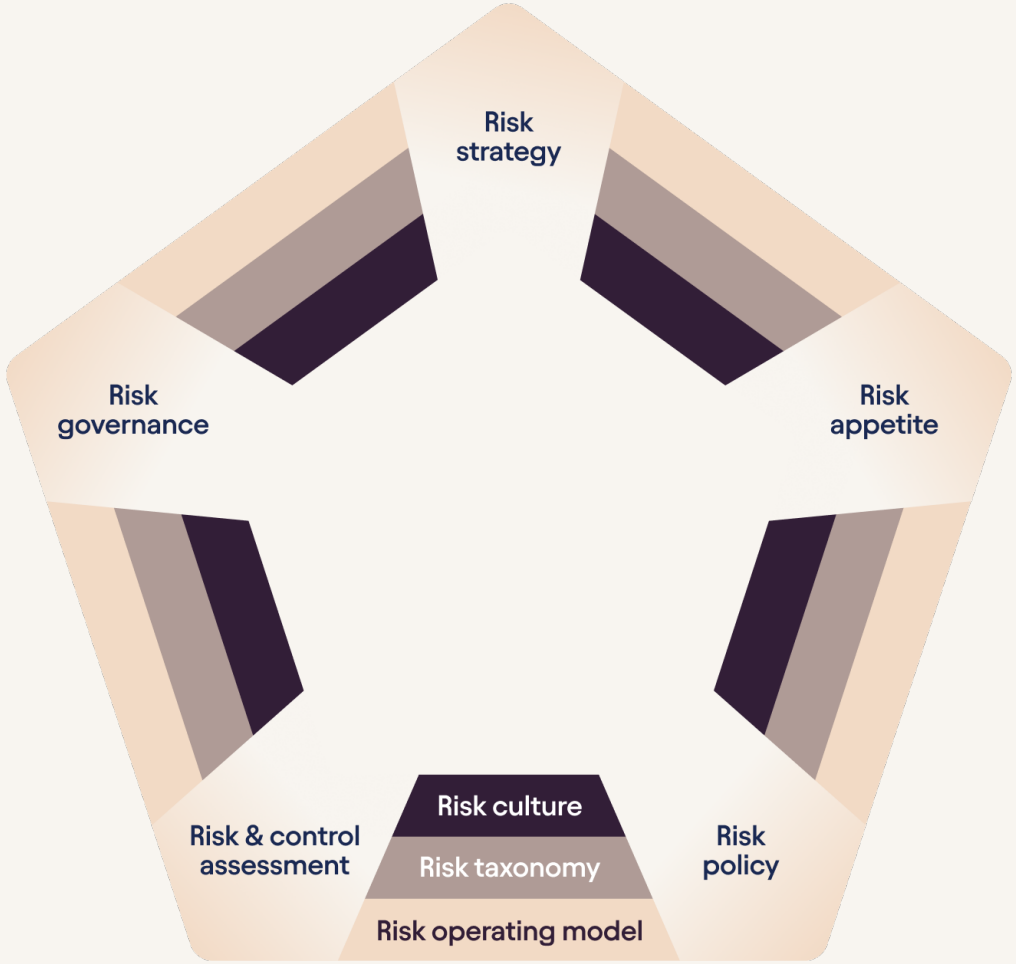
The overview of Starling's risk management arrangements including the approach to risk and details of principal and emerging risks can be found on page 59 of the strategic report.

Starling's risk culture is founded on and reinforced by Starling's purpose and core values, which have at their heart a belief in transparency, fairness and inclusion. A strong risk culture promotes effective risk management which, in turn, facilitates informed, risk-aware decision-making at all levels within the parameters set by the Board.

Starling's GRMF outlines its approach to risk management across its 10 principal risk categories. It lays the foundation for a sound approach to risk identification, assessment, control, monitoring and reporting within an agreed risk appetite and risk governance structure. The GRMF is underpinned by risk policies, standards and processes that direct each category of risk and are subject to regular, periodic review. Risk management is governed through Starling's risk committee structure.

The GRMF is further underpinned by a risk taxonomy that supports the consistent identification and management of risks. Starling's principal risk categories are the highest level of categorisation used to support the identification, assessment, monitoring and mitigation of material risks inherent to Starling's business. These are subject to regular reporting, evaluation and challenge through the risk governance structure to ensure Starling remains within risk appetite and implements timely mitigating actions when limits are breached.

The key components of the GRMF are illustrated in the following diagram.



Risk strategy

The Board's overarching direction for risk management is to take risk consciously and methodically in order to deliver Starling's strategic and business objectives, while demonstrating management of material risks to levels that preserve financial and operational resilience, and which ensure the ongoing confidence of customers, regulators and investors.

This risk management strategy is reviewed and approved by the Board on an annual basis to ensure it remains consistent with the Board's requirements and Starling's overarching business strategy.

Risk appetite

Starling's risk appetite is set by the Board and defines the types and aggregate level of risk it is willing to accept, as well as those it seeks to avoid, in pursuit of its strategic objectives, in alignment with its overarching risk strategy. Risk appetite is expressed through quantitative measures and qualitative statements that provide direction to the business and set clear tolerances for activities that are both within and outside risk appetite.

Adherence to risk appetite is monitored using a range of indicators to ensure that the business is managed within the set limits for each risk category. This facilitates the identification of potential breaches in appetite and ensures they are promptly escalated and managed appropriately.

The Risk Appetite Framework sets out the approach through which risk appetite is established, communicated, managed, monitored against and reported.

Starling's risk appetite in relation to each risk category is detailed in the risk categories and risk mitigation section from page 98.

Risk policy

Starling's risk frameworks and policies communicate its risk management philosophy and operationalise its risk appetite. They set out the high-level governing principles, roles and responsibilities and mandatory requirements pertaining to the management of each risk category. They are the foundation on which granular standards and procedures are built.

Risk and control assessment

The RCSA process is used to identify, assess, control, monitor and report on risks across Starling. The effectiveness of controls in place to manage risks is regularly assessed.

Risk governance

Starling's risk governance is the architecture within which risks are monitored and reported. Regular reporting of Starling's risks and controls ensures senior management, the Executive and the Board are fully aware of Starling's risk position, which enables better decisions to be made.

The Board has ultimate responsibility for ensuring that Starling's risk management approach and risk governance structure are applied in practice and operate as expected. To do this, the Board regularly receives reports on Starling's risk and control processes and recommendations from the BRC on matters related to all risk categories.

The BRC is the primary committee to receive and review risk-related information and provides its advice to the Board.

The Risk function is responsible for facilitating risk governance and for reporting the aggregate risk profile to risk committees. Business areas also maintain local risk forums as needed to monitor their local risk profile.

The overall governance structure and risk management governance structure can be seen on page 71.

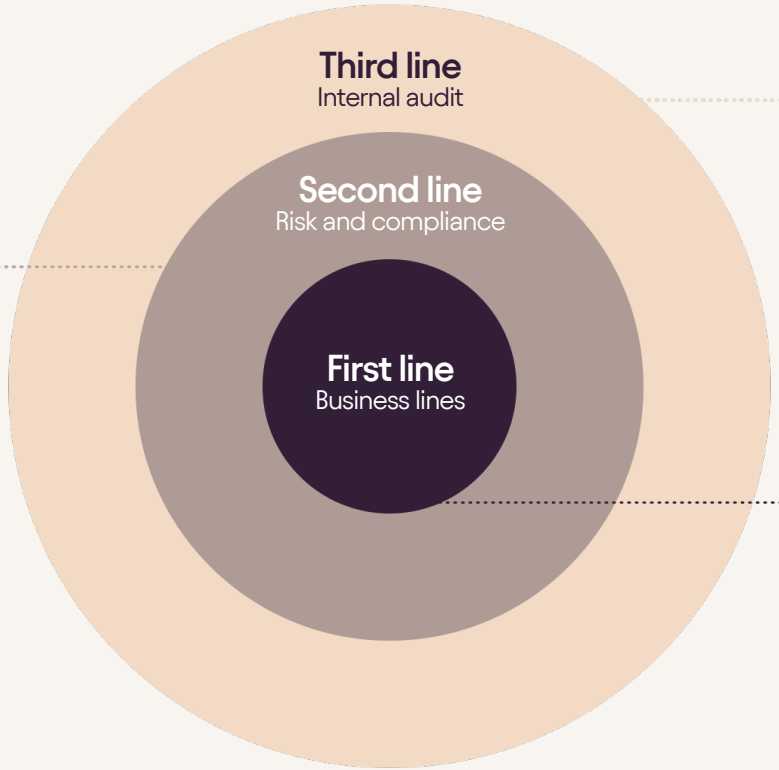
The specific roles of the Board and its sub-committees including ExCo are detailed in the corporate governance review from page 76.

Risk operating model

Starling operates within the principles of a three lines risk operating model, which distinguishes between risk ownership and management (1L), risk oversight (2L) and risk assurance (3L). The respective roles of the three lines are described on the right.

Starling's risk operating model has been further enhanced in 2026, through the RMMP, to embed the roles and responsibilities across the three lines and to in particular, reinforce the first line ownership of risk.

As Starling continues to expand, it continues to invest in developing risk management capabilities across each of the three lines. In the 1L, control teams have improved their assessment of the effectiveness of controls; in the 2L, the Group has expanded its capacity and capability to oversee and provide assurance in relation to risk and control; and in the 3L, the Group has further strengthened its Internal Audit function.



Second line: The Risk function

- Develop, implement and maintain the risk management frameworks and policies;
- Develop an appropriate risk appetite for Board approval;
- Provide independent, expert advice, guidance and oversight;
- Facilitate effective risk governance;
- Support and challenge first line risk management;
- Provide assurance on regulatory compliance and effectiveness of key controls;
- Report aggregate risk profile to risk committees; and
- Own regulatory relationships.

Third line: Internal audit

- Provide independent assurance on the effectiveness of risk management and control arrangements;
- Assess whether risk management is implemented and operating effectively across both first and second lines; and
- Review the overall risk management approach to ensure alignment to regulatory requirements and industry standards.

First line: The business

- Manage risks within appetite via proactive identification, assessment, control, monitoring and reporting;
- Notify on heightened risks and issues;
- Embed risk appetite into decision-making;
- Adhere to risk management frameworks and policies;
- Comply with relevant laws and regulations; and
- Establish effective risk culture.

Risk categories and risk mitigation

The following sections set out how Starling assesses each of the principal risk categories identified in the GRMF, sets risk appetite, manages and controls risk and how it monitors, mitigates and reports each risk.

Strategic risk

Page 99

Credit risk

Page 100

Model risk

Page 136

Liquidity risk

Page 137

Market risk

Page 142

Capital risk

Page 144

Operational risk

Page 146

Financial crime risk

Page 148

Conduct risk

Page 149

Legal & regulatory compliance risk

Page 150

Strategic risk

Risk assessment
Strategic risk is the risk that Starling does not deliver the expected financial and non-financial benefits to its customers, shareholders and wider stakeholders. This may be as a result of poor decision making, substandard execution of decisions, inadequate resource allocation or from a failure to effectively respond to changes in the business and/or market environment.

Risk appetite
Starling seeks to strike a balance between risk and opportunity in pursuit of its strategic objectives. It has a Board-defined strategic risk appetite statement that is underpinned by a series of quantitative limits to monitor key strategic risk exposures. This sets out that Starling will:

- Pay due consideration to the effective management and control of risks relating to strategic decision-making and execution as it continues to innovate and disrupt to bring greater benefits to customers;
- Manage ESG risks in consideration of the long-term value of Starling to its customers, shareholders and wider stakeholders;
- Strike a balance between the financial risks arising from physical and transitional climate risk and its strategy to grow its lending book; and
- Maintain Starling's positive reputation as the organisation grows through actively managing customers, shareholders and investors perceptions.

Risk management
Starling has a clearly defined Board-approved strategy and has adopted a corporate governance framework with a Board of experienced Executive and Non-Executive Directors, supported by sub-committees, to oversee and address strategic issues as they arise. This is supported by a detailed business plan, capital plan, risk appetite statements, recovery plan, resolution framework as well as a skilled and experienced Executive team.

The strategy is translated into a 5 year business plan which identifies the financial parameters of the strategic options. This is based on Starling's core purpose, operating environment and opportunities, and Starling's current and prospective resources and capabilities, including capital, forecasted funding and deposit raising capabilities and expected asset generation capabilities. Prospective market share, profitability, shareholder value, rates of growth and capital requirements are assessed in the context of Starling's risk capacity and risk appetite.

Risk measurement and monitoring
Starling conducts regular risk assessments on strategic initiatives. Assessments consider the proposed strategy against each of Starling's key risk categories to identify where action may be required to maintain risk within appetite and to review the appropriateness of risk capabilities to achieve the plan. The assessment is reviewed at least annually, but more often where there is a material new business opportunity. This enables Starling to adjust its strategy and/or introduce additional mitigants in a timely manner.

Change in the year
The Board regularly reviews the material principal and emerging risks that could pose a threat to Starling's strategy. The nature of these risks changes over time and an assessment of those prevalent at 31 March 2026, including changes in the year, has been set out on page 61.

Credit risk

Starling's credit risk subdivides into two distinct categories: exposure to the risks arising from customer lending balances, covered in detail from page 103; and exposure to the risks arising from an institutional borrower failing to make required payments, covered from page 134.

Starling is exposed to credit risk across all of its financial asset classes. The maximum exposure to credit risk on financial assets, undrawn facilities and commitments (audited) is shown below:

	2026	2025
	£'000	£'000
Cash and balances at central banks	**4,188,830**	6,686,688
Loans and advances to banks	**36,508**	30,489
Debt securities	**6,874,909**	3,964,018
Derivative assets	**110,908**	156,615
Loans and advances to customers	**5,229,494**	4,762,385
Undrawn facilities and commitments	**252,779**	190,376
Exposure to credit risk	**16,693,428**	15,790,571
UK government guarantee	**(204,600)**	(398,952)
Exposure after guarantee	**16,488,828**	15,391,619

Included in loans and advances to customers are BBLS, CBILS and RLS lending which benefit from additional credit enhancement from guarantees received from BBB (backed by HM Government) as part of the schemes' features. Guarantees are set against the outstanding balance of a defaulted facility after any recoveries have been made. At 31 March 2026, an ECL provision of £0.7m (2025: £0.8m) was held in relation to certain loans provided by Starling under the BBLS, where the guarantee provided under the BBLS guarantee agreement is no longer available to Starling.

No impairment has been recognised against the carrying value of cash and balances at central banks or loans and advances to banks as both are amounts placed with institutions rated CQS2 or above and considered low risk.

No impairment has been recognised against debt securities as they are considered to have low credit risk with credit ratings equivalent to the globally understood definition of investment grade.

Credit quality of drawn and undrawn financial assets (audited)

The following table shows the credit quality of financial assets, undrawn facilities and commitments:

2026	Exposure to credit risk £'000	UK government guarantee £'000	Exposure after guarantee £'000	Impairment provision £'000	Net exposure £'000	% of total net exposure
Cash and balances at central banks[1]						
Cash and balances with central banks - CQS1	4,188,830	–	4,188,830	–	4,188,830	25.4 %
Loans and advances to banks[1]						
Loans and advances to banks - CQS1	5,088	–	5,088	–	5,088	<0.1%
Loans and advances to banks - CQS2	31,420	–	31,420	–	31,420	0.2 %
Debt securities[1]						
Debt securities - CQS1	6,792,126	–	6,792,126	–	6,792,126	41.3 %
Debt securities - CQS2	82,783	–	82,783	–	82,783	0.5 %
Derivative assets[1]						
Derivative assets - CQS1	110,908	–	110,908	–	110,908	0.7 %
Mortgages[2]						
Low risk (Stage 1)	4,594,943	–	4,594,943	(6,532)	4,588,411	27.9 %
Medium risk (Stage 2)	237,307	–	237,307	(2,962)	234,345	1.4 %
Higher risk (Stage 3)	156,697	–	156,697	(6,265)	150,432	0.9 %
SME lending[2]						
Low risk (Stage 1)	169,321	(159,403)	9,918	(301)	9,617	<0.1%
Medium risk (Stage 2)	25,261	(21,012)	4,249	(576)	3,673	<0.1%
Higher risk (Stage 3)	27,717	(24,185)	3,532	(2,794)	738	<0.1%
Retail lending[2]						
Low risk (Stage 1)	8,933	–	8,933	(77)	8,856	<0.1%
Medium risk (Stage 2)	6,531	–	6,531	(1,204)	5,327	<0.1%
Higher risk (Stage 3)	2,784	–	2,784	(2,180)	604	<0.1%
Undrawn facilities and commitments[3]	252,779	–	252,779	(1,586)	251,193	1.5 %
Total	16,693,428	(204,600)	16,488,828	(24,477)	16,464,351	100.0 %

1 Credit Quality Steps of CQS1 and CQS2 are assigned in accordance with the Standardised Approach to credit risk. This scale goes from CQS1 (highest quality and very low credit risk) to CQS6 (lowest quality and very high credit risk). Both CQS1 and CQS2 are considered investment grade.
2 Low to High Risk, Stages 1 to 3 relate to IFRS 9 ECL staging allocation.
3 Undrawn facilities and commitments are predominately stage 1, with £4.0m in stage 2 and £0.2m in stage 3. Impairment provisions of £0.7m and £nil were held against stage 2 and stage 3 undrawn exposures respectively.

Credit quality of drawn and undrawn financial assets (audited)

The following table shows the credit quality of financial assets, undrawn facilities and commitments:

2025	Exposure to credit risk £'000	UK government guarantee £'000	Exposure after guarantee £'000	Impairment provision £'000	Net exposure £'000	% of total net exposure
Cash and balances at central banks[1]						
Cash and balances with central banks - CQS1	6,686,688	–	6,686,688	–	6,686,688	43.5 %
Loans and advances to banks[1]						
Loans and advances to banks - CQS1	7,677	–	7,677	–	7,677	<0.1%
Loans and advances to banks - CQS2	22,812	–	22,812	–	22,812	0.1 %
Debt securities[1]						
Debt securities - CQS1	3,964,018	–	3,964,018	–	3,964,018	25.8 %
Derivative assets[1]						
Derivative assets - CQS1	156,615	–	156,615	–	156,615	1.0 %
Mortgages[2]						
Low risk (Stage 1)	3,939,958	–	3,939,958	(4,290)	3,935,668	25.6 %
Medium risk (Stage 2)	209,239	–	209,239	(1,868)	207,371	1.3 %
Higher risk (Stage 3)	151,625	–	151,625	(3,613)	148,012	1.0 %
SME lending[2]						
Low risk (Stage 1)	342,469	(315,838)	26,631	(1,255)	25,376	0.2 %
Medium risk (Stage 2)	54,853	(43,851)	11,002	(1,612)	9,390	<0.1%
Higher risk (Stage 3)	44,065	(39,263)	4,802	(4,515)	287	<0.1%
Retail lending[2]						
Low risk (Stage 1)	10,638	–	10,638	(135)	10,503	<0.1%
Medium risk (Stage 2)	6,634	–	6,634	(1,313)	5,321	<0.1%
Higher risk (Stage 3)	2,904	–	2,904	(2,255)	649	<0.1%
Undrawn facilities and commitments[3]	190,376	–	190,376	(1,057)	189,319	1.2 %
Total	15,790,571	(398,952)	15,391,619	(21,913)	15,369,706	100.0 %

1 Credit Quality Steps of CQS1 and CQS2 are assigned in accordance with the Standardised Approach to credit risk. This scale goes from CQS1 (highest quality and very low credit risk) to CQS6 (lowest quality and very high credit risk). Both CQS1 and CQS2 are considered investment grade.
2 Low to High Risk, stages 1 to 3 relate to IFRS 9 ECL staging allocation.
3 Undrawn facilities and commitments are predominately stage 1, with £2.0m in stage 2 and £0.1m in stage 3. Impairment provisions of £0.4m and £20k were held against stage 2 and stage 3 undrawn exposures respectively.

Credit risk – lending

Risk assessment

Credit risk from customer lending is the risk that a customer defaults on their contractual obligations, or fails to perform their obligations in a timely manner.

Credit risk arises through the lending facilities that Starling offers to its mortgage, SME and retail customers, both through its own origination channels and through third parties. Starling's lending credit risk is categorised into three components:

- Mortgage lending – the mortgage portfolio comprises owner occupied, BTL and a small number of second charge mortgages. During the year, Starling continued to originate BTL mortgages through its Fleet subsidiary;
- SME lending – the SME portfolio predominantly comprises UK government-backed term loans under the BBLS, CBILS and RLS programmes. Some non-guaranteed facilities are also held as well as a small number of overdrafts; and
- Retail lending – the retail portfolio predominantly comprises overdrafts linked to a personal current account.

Risk appetite

Starling's credit risk appetite is approved by the Board on the recommendation of the BRC. It is further underpinned by a series of quantitative limits that control the overall quality of the portfolios. Authority is delegated to the CRC, as a sub-committee of ERC, to monitor the lending portfolio against the Board-approved credit risk appetite, subject to Starling's risk escalation protocols.

Starling aims to be a responsible lender and seeks to only originate and fund lending facilities to applicants who are not over-indebted and who can evidence an ability to service their lending. All new lending is provided to customers in accordance with responsible lending requirements. Starling monitors this through regular oversight activities.

Starling's lending is limited to the UK and aims to be diversified across a range of factors, including property type, risk profile and regional locations to avoid excessive risk concentration. Starling mitigates concentration risk by monitoring exposure to different segments to identify and mitigate any adverse trends.

Starling ensures all new lending is subject to underwriting checks that include eligibility criteria and affordability tests.

In addition, Starling has arrangements with third parties who service the Group's beneficially owned mortgage portfolios. Each third party has extensive experience in managing portfolios through the credit lifecycle. Each engagement is assessed under various stressed scenarios, and the expected risk exposure of each arrangement is assessed and monitored against Starling's risk appetite. Starling ensures there is sufficient expertise to oversee the management of its portfolios.

Risk management

All material credit risk decisions are managed through Starling's Board and risk committee structures, as set out from page 71.

Measurement of credit risk

In order to measure credit risk under IFRS 9, Starling uses statistical models that incorporate economic input variables and loan level data points to derive the ECL arising from a financial asset.

Where deficiencies or weaknesses in models are known to exist, historical data trends do not reflect current circumstances or the future direction of economic input parameters is unclear, judgemental adjustments are applied to ensure the resultant ECL remains appropriate.

Full statistical models incorporating forward-looking economic assumptions have been developed, except for:

- Organic government-backed lending (BBLS, CBILS and RLS), where Starling utilises an internal assessment of credit risk that captures the latest monthly arrears and forbearance to stage the exposures; and
- The retail overdraft book, where the approach to provisions has been revised during the year and is now driven by an interim approach while a full model re-development takes place. The interim solution uses a staged coverage approach, with ECL based on historically observed coverage rates specific to each IFRS 9 stage.

Starling's IFRS 9 methodology considers three estimates in order to calculate the ECL:

- EAD - which estimates the exposure of the asset at the point it is expected to default;
- PD - which estimates the likelihood of an asset moving to default in the next 12 months, or over the remainder of its life, depending on the stage; and
- LGD - which estimates the financial amount that Starling expects to lose in the event of default of the asset.

Based on their status, assets are assigned to one of three stages:

- Stage 1 - where the asset is not credit-impaired at origination, and has not experienced a SICR since it was originated;
- Stage 2 - where the asset has experienced a SICR since the point it was originated, but is not yet credit-impaired; or
- Stage 3 - where the asset is credit-impaired.

In addition, POCI financial assets are those that are assessed as being credit-impaired upon initial recognition. Once a financial asset is classified as POCI, it remains there until derecognition irrespective of any changes to its credit quality.

Assets in stage 1 are assigned a 12-month PD, whereas assets in stage 2 use PDs based on the remaining life of the asset. Stage 3 assets are assigned a PD of 100%.

Measurement of credit risk

Significant increase in credit risk

In determining whether there has been a SICR, Starling uses quantitative tests and qualitative indicators, such as behaviours observed on individual customers' accounts.

For mortgage, unsecured retail lending, and organic SME lending (except BBLS), Starling includes a rebuttable presumption that credit risk has significantly increased from the point of origination or acquisition when arrears have increased by one month or loans are more than 30 DPD. For third party SME lending, Starling includes a presumption that credit risk has significantly increased when contractual payments are past due by 10 or more days. For BBLS lending, credit risk is considered to significantly increase when contractual payments are past due by one day or more.

Additionally, an increase in other observable data points that might point to a SICR, such as a material deterioration in credit bureau score, is amongst other factors taken into consideration. The criteria vary across portfolios, as set out in the table.

In order to determine the appropriate stage for each asset, Starling applies a range of criteria:

- Those assets which are deemed unlikely to pay, with a backstop of 90 DPD or three MIA, are deemed credit-impaired and placed into stage 3; and
- For assets which are not in stage 3, a combination of change in credit risk as measured by statistical models, and other criteria such as forbearance are used to determine SICR which drives accounts into stage 2.

The SICR criteria are shown in the table below:

Portfolio	SICR criteria
Mortgages	• 1+ MIA • Term expired by less than 3 months • Forbearance (portfolio dependent) • 100% increase in PD since origination (portfolio dependent) • Suspected fraud (portfolio dependent) • Unpaid service charges paid by lender (portfolio dependent)
SME – Third party	• 10+ days in arrears • Forbearance • 100% increase in PD since origination based on bureau score
SME - Organic CBILS and RLS	• 30+ days in arrears • Forbearance
SME - Organic BBLS	• 1+ days in arrears • Forbearance
Retail – Overdrafts and term loans	• 100% increase in PD since origination based on bureau score • Potential financial difficulty trigger (retail overdrafts only) • Forbearance • 1+ MIA or 30 DPD

Measurement of credit risk

Definition of arrears

Loans and advances to customers are classified as in arrears if:

- Either a scheduled payment for a mortgage or term loan has failed or has not been paid when due by a customer; or
- The customer has exceeded their authorised overdraft limit due to either a payment or bank interest being applied.

Definition of default

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

- The outstanding balance is overdue for more than 90 days or the account is three or more MIA;
- Any security or personal guarantee has been taken into Starling's possession;
- If the customer is bankrupt or has proposed an Individual Voluntary Arrangement;
- The customer is subject to a debt relief order; or
- The customer has undergone a distressed restructure.

For mortgages, accounts are also deemed to be defaulted if any of the following criteria has been met:

- They are term expired for three or more months;
- The property is subject to litigation;
- Evidence of fraud is received;
- The customer is deceased; or
- An LPA receiver has been appointed for a BTL mortgage.

For arrears-based defaults where a customer cures from an arrears default position and makes six consecutive contractual monthly payments, the customer will cure to stage 1 or stage 2. For distressed restructures, 12 consecutive repayments must be observed before the customer can cure to stage 1 or stage 2. For default criteria other than arrears and distressed restructures, the default criteria are deemed to be absorbing, and the customer cannot cure from stage 3.

Credit-impaired financial assets

Starling assesses on an on-going basis whether its financial assets are credit-impaired.

Loans and advances to customers are considered to be credit impaired and included in stage 3 when there is objective evidence of credit impairment which is consistent with the definition of default.

Forbearance

Forbearance is a qualitative indicator of a SICR applied to some portfolios. It may provide an early indication of an exposure being credit-impaired before reaching the arrears backstop.

Write-offs

A financial asset is written off in full when Starling judges there to be no reasonable expectation that the asset can be recovered in full. This is typically the case when Starling determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to write-off. This assessment is judgemental.

The loan is written off against its related impairment loss allowance once all the necessary procedures have been completed and the loss amount has crystallised. Financial assets that are written off could still be subject to enforcement activities. Subsequent recoveries of amounts previously written off would be recognised in the income statement.

For certain portfolios, including some which are managed by third parties, accounts may not always be closed at the point that it is determined the borrower meets the conditions where the remaining amounts should be subject to write-off. To address this, Starling operates thresholds at which point a loan will be written off for accounting purposes, even if the account is not closed. These are as follows:

- For Retail and SME overdrafts, 180 DPD; and
- For SME loans, 12 months after the date of default.

For mortgages there is no time threshold, instead the point of write-off is when all avenues for recovery have been exhausted.

Post Model Adjustments
Starling may choose to apply certain judgemental adjustments to ECL, e.g. to account for uncertainty, or where there is reason to believe that there are model limitations or inaccuracies in the input data. This can be as a result of model monitoring showing potential discrepancies between assumptions and the actual observed performance, or where material uncertainty exists in forward-looking adjustments.

Stress testing
Starling uses a range of statistical models to measure the credit risk within its portfolios. These models are developed on internal data, supplemented by external data where it is available and where internal historical data is limited. The models are used to assess Starling's ECL in line with IFRS 9 requirements.

Whilst Starling is not required to take part in the BoE's annual stress testing exercise, it does undertake stress testing as part of its ICAAP and to support its wider business planning and decision-making. In addition to using scenarios provided by the BoE, Starling uses an external third party to assist with the development of economic scenarios for forecasting and stress testing purposes. As part of the stress test, Starling's IFRS 9 models are utilised to provide an estimate of ECL under each scenario.

Risk mitigation
At the highest level, Starling mitigates credit risk through the operation of a Credit Risk Appetite Statement and supporting limits, which are operationalised through credit risk policies and procedures designed to target a lending profile in line with Starling's appetite for credit related losses.

In particular, Starling employs a number of risk mitigation techniques to manage and control its exposure to credit risk:

Credit policy
Starling operates detailed credit policies and procedures setting out requirements for credit approvals, responsible lending, collections and recoveries in order to manage credit risk throughout the credit life cycle. Policies are reviewed and either approved by the ERC or the Board, depending on materiality.

A specialist Quality Assurance and Outcome Testing team in the 1L reviews individual cases in the organic lending book to check for adherence to policy and procedures to ensure good customer outcomes. In addition, 2L undertakes regular assurance reviews of 1L activity and reports any issues identified to senior management.

Credit assessment
Applications for new or increased credit lines are assessed in accordance with Starling's credit and lending policies and procedures, which includes affordability assessments for all applications.

Starling uses manual underwriting and statistical models, where appropriate, to make or inform credit decisions. The statistical models take into account the past payment performance of the customer, as evidenced by information declared as part of the application, and supplemented by credit bureau, internal and customer supplied information.

Starling's credit policies allow for decisions on cases to be automated through the use of decisioning models and policy rules. Where the automated decisioning triggers certain policy rules that drive the requirement for a manual referral of the underwriting to occur, Starling utilises specialist underwriters in order to make the final decision. Similarly, lending decision appeals are assessed by specialist underwriters.

Within the Fleet subsidiary, skilled credit underwriters support BTL mortgage lending. Each underwriter is required to reach the appropriate level of competence before being allocated a lending mandate. Cases can be referred to more senior specialists where required.

For lending undertaken and/or serviced through third parties, Starling undertakes regular assurance activity.

Credit Risk Monitoring
Starling's statistical credit risk models are developed and maintained by a dedicated Credit Risk Modelling team, with independent oversight and validation of models being undertaken in accordance with Starling's Model Risk Policy. All model developers and validators are appropriately skilled, and Starling also uses external third parties to support modelling activity if required.

Starling performs monthly model monitoring of key model components and outputs, including PD, LGD, EAD, staging, and mortgage valuations. Further sub-segments such as arrears, owner occupied vs BTL, and fixed term vs variable are also included in this monitoring.

Regular detailed credit risk and impairment monitoring is reviewed by senior management, with key highlights shared at the CRC. This includes a full assessment against risk limits, supported by a series of key risk and early warning indicators, and consideration of any judgemental adjustments to ECL, across individual portfolios and in aggregate for Starling's lending portfolios.

The performance of the ECL estimation process is assessed on a qualitative basis through a number of methods, including assessments of the overall levels of staging within the portfolios, benchmarking to peer lenders where appropriate, and continuous review and challenge by Management within the committees to ensure Starling has adequate levels of provision coverage.

Portfolio oversight
MI on credit performance for all portfolios is reviewed by senior management, with summary information shared at CRC meetings. This includes:

- Position against risk limits;
- Levels of arrears;
- New lending and portfolio quality metrics; and
- Any other information assessed as key in the management of the portfolio.

The CRC acts as the main forum for discussion of portfolio performance, credit risk management and credit strategy changes. Discussions are underpinned by the portfolio MI provided, which includes details on levels of portfolio impairment. It is a decision making forum in relation to credit strategy. The Impairment Committee acts as the decision making forum in relation to economic scenario weightings, which feed into Starling's ECL calculation, and post model adjustments in relation to the impairment models. Material matters are escalated for decision to the ERC and BRC as appropriate.

Forbearance
Forbearance is considered to have been applied when Starling, Fleet or one of its third party servicers, offers a customer who is experiencing financial difficulties a temporary or permanent reduction in interest or restructuring of their facility. The approach taken to forbearance is defined within Starling's policies and procedures.

Forbearance - Mortgages
Starling's subsidiary, Fleet, originates and services BTL lending on behalf of Starling. Fleet operates policies which set out the situations under which forbearance will be offered to borrowers in financial difficulty. Outside of Fleet, Starling's other mortgage portfolios are serviced by third parties who are also responsible for offering appropriate forbearance solutions to customers. Each third party servicer operates their own forbearance and collections policies, which are reviewed by Starling at the outset and adherence is confirmed throughout the relationship through assurance activities, periodic audits and regular monitoring.

Promise to pay and ability to pay options are typically the primary forbearance measures used, with each borrower's needs assessed and managed on a case-by-case basis. In certain circumstances, the third party servicer may agree to one-off forbearance measures, such as term extensions or interest rate adjustments, where these are deemed appropriate.

Forbearance - SME BBLS

UK government-backed BBLS PAYG options have been designed by HM Treasury and the BBB to support and provide customers with the majority of the forbearance they need.

PAYG is designed to support customers in, or approaching, financial difficulty. These options recognise that many borrowers may face potential liquidity challenges and, as such, under PAYG all qualifying borrowers are able to utilise the following options, either individually or in combination. These options can be used consecutively or at different stages during the life of the loan, and the term extension can be offered at the same point in time as either of the other two options. Under the scheme, borrowers can instruct Starling that they would like to utilise the options up to three months prior to when they would like to make use of the PAYG option:

- Payment holiday for six months – borrowers can choose to pause both principal and interest repayments on the loan entirely, for a period of up to six months. This option can be used back-to-back with interest only periods. Interest will continue to accrue during this payment holiday;
- Interest only payments for six months – borrowers can choose to move to interest only payments for a period of up to six months. This option can be used up to three times throughout the lifetime of the loan, and can be used back-to-back, totalling eighteen months; or
- Term extension for up to ten years – borrowers can choose to extend the term of their loan to ten years. Borrowers also retain the option to repay the ten year loan early, without any early repayment fees. The interest rate would remain at 2.5% throughout the entire length of the loan.

While PAYG options designed by HM Treasury and the BBB provide customers with forbearance alternatives, Starling also offers forbearance and other options above and beyond PAYG both pre and post default, depending on customer circumstances. The other options include, but are not limited to:

- Breathing space, either within or outside the Debt Respite Scheme dependent upon business type;
- Stopping the charging of interest;
- Promise to pay based on a discussion with the customer and a commitment to make the next payment;
- Ability to pay based on a discussion of what is sustainable for the customer given their incomings and outgoings; and
- Arrangements with third parties, such as debt management plans.

Forbearance - SME lending through third parties

For SME loans offered under the various COVID-19 schemes, the forbearance measures available to customers are similar to what is offered to Starling customers as outlined above. Term extensions of up to ten years are offered on BBLS loans, with payment holidays and temporary interest only payments available across all SME lending.

Forbearance - Retail

The following forbearance and other options are possible considerations to support customers who are experiencing financial difficulties:

- Breathing space, either within or outside the Debt Respite Scheme;
- Stopping the charging of interest;
- Promise to pay or ability to pay based on a discussion of what is sustainable for the customer given their incomings and outgoings; or
- Arrangements with third parties, such as debt management plans.

Where assets are serviced through a third party, similar forbearance options to the above are offered based on an individual assessment of the customer's needs.

Collections

Mortgages

Mortgage collections are either undertaken by Fleet, or by Starling's third party servicers. The activities vary dependent upon mortgage type i.e. owner occupied or buy-to-let. In all scenarios, either Fleet or the servicer will work with the borrower to determine the cause of non-payment and, where appropriate, will agree to implement a forbearance option. Where forbearance measures are inappropriate or ineffective, and all other possible avenues have been explored with the borrower to assist them to fulfil their contractual obligations, further collections activity will be undertaken.

For BTL mortgages, a LPA receiver may be appointed to act in the best interests of the borrower by servicing the mortgage debt, either through continued receipt of rent or through sale of the property, with the proceeds being used to repay the mortgage.

For owner occupied mortgages, should a borrower be unwilling or unable to pay, dependent upon individual customer circumstances and once all other options have been exhausted, litigation proceedings will likely begin. During this process, the borrower will be fully informed and given the opportunity to repay arrears or the full debt, at which point litigation will cease. Should this not be the case, the third party servicer will apply for a possession order to generate proceeds from a sale in order to repay the debt.

In certain circumstances, where a property is sold to repay the mortgage, there may be a shortfall resulting in a portion of the loan remaining outstanding. Starling, either in discussion with Fleet or the third party servicer, may decide to write off this shortfall, or pursue it through other means. This will be considered on a case-by-case basis.

SME and retail

When a customer requires forbearance or is in arrears on their organic lending facility, Starling's dedicated Financial Assistance function will attempt to contact the customer and support them, wherever possible, to clear all arrears and to bring their lending facility back into order.

Starling assesses the individual circumstances of any customer or business in financial difficulties or arrears and treats them fairly and in accordance with regulatory requirements.

For Starling's BBLS portfolio, post default recovery activity is supported by third party debt collection agencies who are regulated to undertake this activity and ensure that all regulatory and legal requirements are met, as well as ensuring that customers are treated fairly at all times. BBLS customers in discussion with the third party debt collection agencies will have access to forbearance options in line with the those available through Starling. PAYG options are only available prior to default.

All Financial Assistance team members receive initial and ongoing training on how to support customers in financial difficulty, with additional specialist support available where a customer is identified as having additional or complex needs. If a customer enters default on their lending facility, the Financial Assistance function will issue the required legal and regulatory documentation to demand repayment from the borrower.

Starling operates policies and procedures which set out its treatment of customers who show signs of financial difficulty, including Starling's approach to forbearance. Ongoing quality assurance and outcome testing is undertaken on the Financial Assistance function to monitor the function's performance, with 2L also undertaking regular assurance activity.

For third party originated loans, collections activity is undertaken by the contracted third party. As with lending originated organically, Starling expects all of its third party providers to undertake collections activities in line with regulatory requirements and monitors their service levels regularly.

Customers in vulnerable circumstances

Starling operates a vulnerable customer policy, which sets out how Starling will support customers in vulnerable circumstances or who have additional or complex needs and ensures they are treated appropriately in accordance with Starling's values as well as applicable regulatory requirements, including the Consumer Duty.

Starling ensures that all staff that are directly in contact with customers are trained to identify customers in vulnerable circumstances, provide additional support and have the ability to escalate to a specialist team if needed.

Starling undertakes monitoring and assurance work to ensure that its vulnerability policies, procedures and processes, along with supporting controls are designed and operating effectively. For portfolios of customers who have been outsourced to a third party, Starling assesses the servicer's vulnerable customer policies to satisfy itself that they are aligned to market expectations and regulatory requirements. Adherence to these policies is monitored through regular oversight.

Credit risk exposures

Given the relative significance of customer lending exposures to the overall Group's credit risk position the following pages are principally focused on customer lending.

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Lending exposure and impairment provision, by stage and coverage (audited)

The following table outlines lending exposures and impairment provision by stage and coverage.

2026	Stage 1 £'000	Stage 2 £'000	Stage 3[1] £'000	Total £'000
Exposure after guarantee				
Mortgage lending	4,594,943	237,307	156,697	4,988,947
Mortgage pipeline (undrawn)	173,306	–	–	173,306
SME lending after UK government guarantee	9,918	4,249	3,532	17,699
SME lending	169,321	25,261	27,717	222,299
Of which subject to UK government guarantee	(159,403)	(21,012)	(24,185)	(204,600)
SME overdraft facilities (undrawn)	4,688	–	–	4,688
Retail lending	8,933	6,531	2,784	18,248
Retail overdraft facilities (undrawn)	70,519	4,025	241	74,785
Total exposure after guarantee	4,862,307	252,112	163,254	5,277,673
Of which on balance sheet	4,613,794	248,087	163,013	5,024,894
Of which off balance sheet	248,513	4,025	241	252,779
Impairment provision				
Mortgage lending	6,532	2,962	6,265	15,759
Mortgage pipeline (undrawn)	227	–	–	227
SME lending	301	576	2,794	3,671
SME overdraft facilities (undrawn)	64	–	–	64
Retail lending	77	1,204	2,180	3,461
Retail overdraft facilities (undrawn)	566	729	–	1,295
Total impairment provision	7,767	5,471	11,239	24,477
Of which on balance sheet	6,910	4,742	11,239	22,891
Of which off balance sheet	857	729	–	1,586
Exposure net of impairment provision				
Mortgage lending	4,588,411	234,345	150,432	4,973,188
Mortgage pipeline (undrawn)	173,079	–	–	173,079
SME lending	9,617	3,673	738	14,028
SME overdraft facilities (undrawn)	4,624	–	–	4,624
Retail lending	8,856	5,327	604	14,787
Retail overdraft facilities (undrawn)	69,953	3,296	241	73,490
Net exposure	4,854,540	246,641	152,015	5,253,196
Of which on balance sheet	4,606,884	243,345	151,774	5,002,003
Of which off balance sheet	247,656	3,296	241	251,193
% Coverage	0.2 %	2.2 %	6.9 %	0.5 %

1 Included in stage 3 mortgage exposures are POCI loans of £11.5m with an impairment provision of £0.4m.

2025	Stage 1 £'000	Stage 2 £'000	Stage 3[1] £'000	Total £'000
Exposure after guarantee				
Mortgage lending	3,939,958	209,239	151,625	4,300,822
Mortgage pipeline (undrawn)	111,303	–	–	111,303
SME lending after UK government guarantee	26,631	11,002	4,802	42,435
SME lending	342,469	54,853	44,065	441,387
Of which subject to UK government guarantee	(315,838)	(43,851)	(39,263)	(398,952)
SME overdraft facilities (undrawn)	4,841	–	–	4,841
Retail lending	10,638	6,634	2,904	20,176
Retail overdraft facilities (undrawn)	72,119	1,975	138	74,232
Total exposure after guarantee	4,165,490	228,850	159,469	4,553,809
Of which on balance sheet	3,977,227	226,875	159,331	4,363,433
Of which off balance sheet	188,263	1,975	138	190,376
Impairment provision				
Mortgage lending	4,290	1,868	3,613	9,771
Mortgage pipeline (undrawn)	84	–	–	84
SME lending	1,255	1,612	4,515	7,382
SME overdraft facilities (undrawn)	66	–	–	66
Retail lending	135	1,313	2,255	3,703
Retail overdraft facilities (undrawn)	514	373	20	907
Total impairment provision	6,344	5,166	10,403	21,913
Of which on balance sheet	5,680	4,793	10,383	20,856
Of which off balance sheet	664	373	20	1,057
Exposure net of impairment provision				
Mortgage lending	3,935,668	207,371	148,012	4,291,051
Mortgage pipeline (undrawn)	111,219	–	–	111,219
SME lending	25,376	9,390	287	35,053
SME overdraft facilities (undrawn)	4,775	–	–	4,775
Retail lending	10,503	5,321	649	16,473
Retail overdraft facilities (undrawn)	71,605	1,602	118	73,325
Net exposure	4,159,146	223,684	149,066	4,531,896
Of which on balance sheet	3,971,547	222,082	148,948	4,342,577
Of which off balance sheet	187,599	1,602	118	189,319
% Coverage	0.2 %	2.3 %	6.5 %	0.5 %

1 Included in stage 3 mortgage exposures are POCI loans of £14.0m with an impairment provision of £0.3m.

Change in the year

As of 31 March 2026, overall ECL totalled £24.5m (2025: £21.9m) an increase of £2.6m across all lending portfolios. This increase was primarily driven by a £6.6m impairment charge (2025: £3.2m release), partially offset by £4.1m in provision write-offs.

Economic scenario weightings remain unchanged from the prior year, with scenario weightings on downside and severe outcomes at 30.0% each, reflecting the high levels of uncertainty in the global outlook, and the impact of the ongoing conflict in the Middle-East. The change in economic outlook within economic scenarios contributed additional provisions of £5.4m, driven by emerging stress within the economy, such as higher than originally forecast unemployment rates, and slower growth in house prices, both of which drive worsening in the outlook.

Refinements to the ECL provisioning methodology have contributed further increases in ECL of £1.5m, such as changes to use regional HPI for valuation indexation increasing overall LTV and adding pressure to LGD, Unlikeliness to Pay indicators in Fleet increasing the stock of stage 3 exposures, and the switch to an interim impairment solution in Retail slightly inflating stage 2 exposures.

The remaining factors impacting the impairment charge for the year such as the emergence of new default or arrears on closed portfolios offset releases due to a change in asset mix from increased concentration of higher quality Fleet lending in the mortgage portfolio.

Mortgages

During the year, Starling continued to originate BTL mortgages through Fleet. Acquired portfolios and mortgages originated through forward flow agreements continued to run-off. Total on balance sheet mortgage lending increased to £5.0bn (2025: £4.3bn). Additionally, undrawn mortgage balances were £173.3m (2025: £111.3m), relating to committed future mortgage lending through Fleet.
At year end, impairment provision for the drawn mortgage portfolio was £15.8m (2025: £9.8m) and impairment provision on the committed future lending was £0.2m (2025: £0.1m). This results in an overall coverage ratio of 0.3% (2025: 0.2%).

The increase in the coverage ratio was largely driven by worsening of economic outlook, which contributes £5.4m to the overall £6.0m impairment charge for the year. This was as a result of actual economic outcomes performing worse than previously forecast at the start of the year. Higher unemployment rates, have left the economy in a higher level of stress relative to last year and there has also been a slower house price growth leading to a downward pressure on LGD. Additionally, a judgemental adjustment to modelled ECL has been raised to mitigate emerging economic risks related to the Middle-East conflict above those considered in the Base economic scenario, such as increased inflation & interest rates, contractions in GDP, and further worsening of unemployment.

During the year, there have been refinements made to the property valuation methodology. A switch to use regional HPI for the purposes of LTV indexation, in tandem with the ingestion of unlikeliness to pay indicators in Fleet increasing default balances, led to an ECL charge of £1.3m.

The remaining £0.7m of ECL release to the income statement is due to changes in the underlying portfolio quality, such as the combined effects of new, or cured, defaults & arrears and the run-off and redemptions of higher risk assets in acquired portfolios outweighing increases in ECL from new high-quality Fleet-originated lending.

SME

During the year the drawn SME portfolio reduced to £222.3m (2025: £441.4m). In addition, SME undrawn balances, relating to SME overdraft facilities, increased to £4.7m (2025: £4.8m).

At the year end, the impairment provision for the drawn SME portfolio was £3.7m (2025: £7.4m). The impairment provision on undrawn SME overdraft facilities was £64k (2025: £66k). This results in an overall coverage ratio of 16.7% (2025: 15.8%). The increase in coverage ratio is largely driven by the continued repayment of the government backed portfolio, where performing balances have repaid, increasing the concentration towards non-performing coverages. The main driver of the decrease in ECL comes from write-offs that have taken place during the year. Generally, ECL decreases due to redemptions and repayment are largely offset by increases seen due to the continued emergence of defaults & arrears, which is reflected by a small ECL release to the income statement of £0.1m.

The SME portfolio includes the following UK government-backed lending schemes:

Government lending schemes (audited)	2026	2025
	£'000	£'000
BBLS	**182,612**	314,660
CBILS	**5,468**	64,723
RLS	**32,144**	59,269
Government lending schemes	**220,224**	438,652

Government lending schemes include BBLS, CBILS and RLS lending which benefit from additional credit enhancement from guarantees received from BBB (backed by HM government) as part of the schemes' features. Guarantees are set against the outstanding balance of a defaulted facility after any recoveries have been made. Starling participated in certain government-backed COVID-19 pandemic lending schemes, including the BBLS. This required Starling to operationalise the BBLS and release funds to customers quickly and efficiently in accordance with the overarching aims of the BBLS and the specific terms of the BBLS guarantee agreement and supporting documentation. In this context, Starling may be exposed to certain risks arising from the requirements of the BBLS guarantee agreement, which in turn could affect Starling's ability to claim under the guarantee agreement in respect of certain loans made to customers. At 31 March 2026, an ECL provision of £0.7m (2025: £0.8m) was held in relation to certain loans provided by Starling under the BBLS, where the guarantee provided under the BBLS guarantee agreement may no longer be available to Starling.

The BBLS scheme offers a range of forbearance options. As these options are a feature of the BBLS rather than a concession granted by Starling, these features are not automatically considered a SICR indicator and therefore, a stage 2 trigger. Starling relies on existing credit monitoring procedures to identify significant financial difficulties. When credit deterioration is confirmed, the loan is transferred to stage 2.

Retail

The drawn unsecured retail portfolio decreased in the year to £18.2m (2025: £20.2m). The retail undrawn balances, relating to retail overdraft facilities, increased to £74.8m (2025: £74.2m).

At the year end, the impairment provision for the drawn retail portfolio decreased to £3.5m (2025: £3.7m). In addition, a further provision of £1.3m (2025: £0.9m) was held on undrawn retail overdraft facilities. This results in an overall coverage ratio of 5.1% (2025: 4.9%) driven by an increase in Stage 2 balances.

Staging profile of customer lending (audited)

The following table provides additional information on the staging profile of Starling's customer lending, after UK government guarantees, which is key for understanding the asset quality of those portfolios:

2026	Mortgage £'000	SME £'000	Retail £'000	Undrawn £'000	Total £'000
Loans and advances to customers					
Stage 1	**4,594,943**	**9,918**	**8,933**	**248,513**	**4,862,307**
Stage 2	**237,307**	**4,249**	**6,531**	**4,025**	**252,112**
Stage 2 – =<30 DPD[1]	**195,826**	**4,012**	**6,413**	**4,025**	**210,276**
Stage 2 – >30 DPD	**41,481**	**237**	**118**	**–**	**41,836**
Stage 3[2]	**156,697**	**3,532**	**2,784**	**241**	**163,254**
Exposure after guarantee	**4,988,947**	**17,699**	**18,248**	**252,779**	**5,277,673**
Impairment provision					
Stage 1	**6,532**	**301**	**77**	**857**	**7,767**
Stage 2	**2,962**	**576**	**1,204**	**729**	**5,471**
Stage 2 – =<30 DPD[1]	**1,835**	**411**	**1,178**	**729**	**4,153**
Stage 2 – >30 DPD	**1,127**	**165**	**26**	**–**	**1,318**
Stage 3[2]	**6,265**	**2,794**	**2,180**	**–**	**11,239**
Total impairment provision	**15,759**	**3,671**	**3,461**	**1,586**	**24,477**
Coverage					
Stage 1	**0.1 %**	**3.0 %**	**0.9 %**	**0.3 %**	**0.2 %**
Stage 2	**1.2 %**	**13.6 %**	**18.4 %**	**18.1 %**	**2.2 %**
Stage 2 – =<30 DPD	**0.9 %**	**10.2 %**	**18.4 %**	**18.1 %**	**2.0 %**
Stage 2 – >30 DPD	**2.7 %**	**69.6 %**	**22.0 %**	**– %**	**3.2 %**
Stage 3	**4.0 %**	**79.1 %**	**78.3 %**	**– %**	**6.9 %**
Coverage ratio	**0.3 %**	**20.7 %**	**19.0 %**	**0.6 %**	**0.5 %**

1 For certain SME exposures and impairment provisions, =<30 DPD includes loans >10 DPD, in line with relevant SME SICR criteria.
2 Included in mortgages stage 3 exposures are POCI loans of £11.5m with an impairment provision of £0.4m.

2025	Mortgage £'000	SME £'000	Retail £'000	Undrawn £'000	Total £'000
Loans and advances to customers					
Stage 1	3,939,958	26,631	10,638	188,263	4,165,490
Stage 2	209,239	11,002	6,634	1,975	228,850
Stage 2 – =<30 DPD[1]	164,928	10,091	6,516	1,975	183,510
Stage 2 – >30 DPD	44,311	911	118	–	45,340
Stage 3[2]	151,625	4,802	2,904	138	159,469
Exposure after guarantee	4,300,822	42,435	20,176	190,376	4,553,809
Impairment provision					
Stage 1	4,290	1,255	135	664	6,344
Stage 2	1,868	1,612	1,313	373	5,166
Stage 2 – =<30 DPD[1]	1,305	920	1,289	373	3,887
Stage 2 – >30 DPD	563	692	24	–	1,279
Stage 3[2]	3,613	4,515	2,255	20	10,403
Total impairment provision	9,771	7,382	3,703	1,057	21,913
Coverage					
Stage 1	0.1 %	4.7 %	1.3 %	0.4 %	0.2 %
Stage 2	0.9 %	14.7 %	19.8 %	18.9 %	2.3 %
Stage 2 – =<30 DPD	0.8 %	9.1 %	19.8 %	18.9 %	2.1 %
Stage 2 – >30 DPD	1.3 %	76.0 %	20.3 %	– %	2.8 %
Stage 3	2.4 %	94.0 %	77.7 %	14.5 %	6.5 %
Coverage ratio	0.2 %	17.4 %	18.4 %	0.6 %	0.5 %

1 For certain SME exposures and impairment provisions, =<30 DPD includes loans >10 DPD, in line with relevant SME SICR criteria.
2 Included in mortgages stage 3 exposures are POCI loans of £14.0m with an impairment provision of £0.3m.

Stage 2 balances (audited)

There are a number of reasons why a loan could be subject to a stage 2 lifetime impairment provision. For the purpose of this table where a loan satisfies more than one stage 2 criteria, the loan is included in one category only and in order of the categories presented. Over 30 DPD, therefore, includes all stage 2 loans which are now over 30 DPD as at year end, including where this was not the initial reason for being classified as stage 2.

2026	Exposure after guarantee	Impairment provision	Coverage
	£'000	£'000	%
>30 DPD	**41,481**	**1,127**	**2.7 %**
Forbearance	**26,660**	**80**	**0.3 %**
PD deterioration and other[1]	**169,166**	**1,755**	**1.0 %**
Mortgage	**237,307**	**2,962**	**1.2 %**
>30 DPD	**237**	**165**	**69.6 %**
Forbearance	**108**	**12**	**11.1 %**
PD deterioration and other[1, 2]	**3,904**	**399**	**10.2 %**
SME	**4,249**	**576**	**13.6 %**
>30 DPD	**118**	**26**	**22.0 %**
Forbearance	**64**	**42**	**65.6 %**
PD deterioration and other[1]	**6,349**	**1,136**	**17.9 %**
Retail	**6,531**	**1,204**	**18.4 %**
Total drawn	**248,087**	**4,742**	**1.9 %**
Forbearance	**19**	**12**	**63.2 %**
PD deterioration and other	**4,006**	**717**	**17.9 %**
Total undrawn	**4,025**	**729**	**18.1 %**
Total Stage 2	**252,112**	**5,471**	**2.2 %**

1 PD deterioration and other includes loans in stage 2 that are in their cure period. As of 31 March 2026 this included £94.6m of mortgages, £1.4m of SME and £1.8m of retail.
2 For SME exposures and impairment provisions, PD deterioration and other includes loans > 10 DPD, in line with SME SICR criteria.

2025	Exposure after guarantee	Impairment provision	Coverage
	£'000	£'000	%
>30 DPD	44,311	563	1.3 %
Forbearance	27,160	97	0.4 %
PD deterioration and other[1]	137,768	1,208	0.9 %
Mortgage	209,239	1,868	0.9 %
>30 DPD	911	692	76.0 %
Forbearance	192	17	8.9 %
PD deterioration and other[1, 2]	9,899	903	9.1 %
SME	11,002	1,612	14.7 %
>30 DPD	118	24	20.3 %
Forbearance	117	49	41.9 %
PD deterioration and other[1]	6,399	1,240	19.4 %
Retail	6,634	1,313	19.8 %
Total drawn	226,875	4,793	2.1 %
Forbearance	42	33	78.6 %
PD deterioration and other	1,933	340	17.6 %
Total undrawn	1,975	373	18.9 %
Total Stage 2	228,850	5,166	2.3 %

1 PD deterioration and other includes loans in stage 2 that are in their cure period. As of 31 March 2025 this included £58.8m of mortgages, £7.7m of SME and £1.3m of retail.
2 For SME exposures and impairment provisions, PD deterioration and other includes loans > 10 DPD, in line with SME SICR criteria.

Sectoral concentration (audited)

The following table provides information on the sectoral concentration of total drawn exposures before UK government guarantees:

2026	Total £'000	Total %
Mortgage		
Buy-to-let	**4,342,428**	**83.0 %**
Owner occupied	**646,519**	**12.4 %**
SME		
Agriculture, forestry, mining and water supply	**2,055**	**<0.1%**
Manufacturing	**12,931**	**0.2 %**
Construction	**23,811**	**0.5 %**
Wholesale and retail trade	**34,472**	**0.7 %**
Transportation and storage	**7,619**	**0.1 %**
Accommodation and food service activities	**12,390**	**0.2 %**
Information and communication	**24,259**	**0.5 %**
Financial, insurance and real estate activities	**24,902**	**0.5 %**
Professional, scientific and technical activities	**30,002**	**0.6 %**
Administrative and support service activities	**21,064**	**0.4 %**
Education, human health and social work	**12,229**	**0.2 %**
Arts, entertainment and other service activities	**16,565**	**0.3 %**
Retail		
Households	**18,248**	**0.3 %**
Exposure before impairment provision and UK government guarantee	**5,229,494**	**100 %**

2025	Total £'000	Total %
Mortgage		
Buy-to-let	3,521,088	73.9 %
Owner occupied	779,734	16.4 %
SME		
Agriculture, forestry, mining and water supply	2,952	0.1 %
Manufacturing	34,648	0.7 %
Construction	55,975	1.2 %
Wholesale and retail trade	66,843	1.4 %
Transportation and storage	17,605	0.4 %
Accommodation and food service activities	24,630	0.5 %
Information and communication	45,476	1.0 %
Financial, insurance and real estate activities	38,840	0.8 %
Professional, scientific and technical activities	50,255	1.1 %
Administrative and support service activities	44,427	0.9 %
Education, human health and social work	25,495	0.5 %
Arts, entertainment and other service activities	34,241	0.7 %
Retail		
Households	20,176	0.4 %
Exposure before impairment provision and UK government guarantee	4,762,385	100 %

Geographic concentration (audited)

The table below provides information on the geographic concentration of total mortgage lending.

Mortgage region 2026	Stage 1 £'000	Stage 2 £'000	Stage 3 £'000	Total £'000
Scotland	14,801	5,916	5,082	25,799
East Midlands	274,873	13,391	7,392	295,656
South West	268,866	16,350	15,526	300,742
West Midlands	332,665	16,512	12,073	361,250
Greater London	1,669,925	79,847	46,446	1,796,218
East England	409,687	11,430	7,075	428,192
North West	393,981	19,567	14,649	428,197
South East	765,225	46,487	31,711	843,423
North East	331,151	19,816	10,567	361,534
Wales	132,734	7,925	5,285	145,944
Northern Ireland	1,035	66	891	1,992
Total mortgage lending before impairment provision	4,594,943	237,307	156,697	4,988,947

Mortgage region 2025	Stage 1 £'000	Stage 2 £'000	Stage 3 £'000	Total £'000
Scotland	18,745	7,208	4,479	30,432
East Midlands	233,769	13,375	9,124	256,268
South West	235,046	17,964	13,678	266,688
West Midlands	291,758	16,086	16,344	324,188
Greater London	1,467,347	64,618	42,730	1,574,695
East England	358,978	13,262	16,956	389,196
North West	339,188	20,278	15,987	375,453
South East	626,631	35,213	18,536	680,380
North East	253,128	13,268	7,414	273,810
Wales	114,115	7,830	5,432	127,377
Northern Ireland	1,253	137	945	2,335
Total mortgage lending before impairment provision	3,939,958	209,239	151,625	4,300,822

Movement in loans and advances to customers and impairment provision (audited)

The following table shows the movement in total impairment provision and lending exposure after UK government guarantees, during the period. The first two tables outline drawn balance sheet positions. The tables thereafter provide information at asset class level. The final two tables detail movement in undrawn and off balance sheet positions.

Total drawn	Exposure after guarantee				Impairment provision			
	Stage 1	Stage 2	Stage 3[5]	Total	Stage 1	Stage 2	Stage 3[5]	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
As at 1 April 2025	**3,977,227**	**226,875**	**159,331**	**4,363,433**	**5,680**	**4,793**	**10,383**	**20,856**
Movements								
Originations[1]	**892,269**	**53,247**	**320**	**945,836**	**1,405**	**544**	**111**	**2,060**
Repayments and other movements	**(186,609)**	**(36,534)**	**(25,361)**	**(248,504)**	**(486)**	**(522)**	**(840)**	**(1,848)**
Changes in credit risk[2]	**–**	**–**	**–**	**–**	**3,761**	**998**	**1,152**	**5,911**
Impairment charge/(release) recognised					**4,680**	**1,020**	**423**	**6,123**
Write-offs[3]	**–**	**–**	**(4,087)**	**(4,087)**	**–**	**–**	**(4,088)**	**(4,088)**
Stage transfers[4]								
To stage 1	**45,866**	**(45,321)**	**(545)**	**–**	**151**	**(150)**	**(1)**	**–**
To stage 2	**(60,513)**	**73,174**	**(12,661)**	**–**	**(1,568)**	**1,752**	**(184)**	**–**
To stage 3	**(23,434)**	**(22,695)**	**46,129**	**–**	**(2,033)**	**(2,673)**	**4,706**	**–**
As at 31 March 2026	**4,644,806**	**248,746**	**163,126**	**5,056,678**	**6,910**	**4,742**	**11,239**	**22,891**
Re-presentation of deferred fees[6]	**(31,012)**	**(659)**	**(113)**	**(31,784)**	**–**	**–**	**–**	**–**
As at 31 March 2026[7]	**4,613,794**	**248,087**	**163,013**	**5,024,894**	**6,910**	**4,742**	**11,239**	**22,891**
Coverage ratio					**0.1 %**	**1.9 %**	**6.9 %**	**0.5 %**

1 Includes loans at reporting date stage, rather than stage at origination or acquisition.
2 Includes changes to the impairment provision arising from stage transfers and other changes to risk parameters.
3 In order to comply with Starling's procedures for recovery of amounts due, lending written-off during the year of £4.1m is still subject to enforcement activities.
4 ECL on stage transfers represents the ECL of the stage that the assets are transferred from.
5 Included in stage 3 are POCI loans of £11.5m with an impairment provision of £0.4m. There were no POCI loans acquired during the year. Repayments in the year totalled £2.5m.
6 More details on the re-presentation of deferred fees can be found in note 3.
7 Included within stage 2 and stage 3 in the above table are £97.8m and £19.1m of exposures in their cure period. The related ECL is £1.0m and £1.1m respectively.

Staging movements are driven by factors at individual asset class level, with further detail provided in the following pages.

Movement in loans and advances to customers and impairment provision (audited)

Total drawn	Exposure after guarantee				Impairment provision			
	Stage 1	Stage 2	Stage 3[4]	Total	Stage 1	Stage 2	Stage 3[4]	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
As at 1 April 2024	3,521,938	265,406	159,993	3,947,337	8,457	9,792	28,714	46,963
Movements								
Originations[1]	816,609	21,781	483	838,873	1,322	586	269	2,177
Repayments and other movements	(304,516)	(76,353)	(17,213)	(398,082)	(3,103)	(2,323)	(1,521)	(6,947)
Changes in credit risk[2]	–	–	–	–	(2,360)	(14)	3,753	1,379
Impairment charge/(release) recognised					(4,141)	(1,751)	2,501	(3,391)
Disposals	(1,924)	(171)	(3,912)	(6,007)	(15)	(114)	(3,899)	(4,028)
Write-offs	–	–	(18,688)	(18,688)	–	–	(18,688)	(18,688)
Stage transfers[3]								
To stage 1	80,747	(79,927)	(820)	–	2,386	(2,355)	(31)	–
To stage 2	(112,472)	123,826	(11,354)	–	(701)	1,254	(553)	–
To stage 3	(23,155)	(27,687)	50,842	–	(306)	(2,033)	2,339	–
As at 31 March 2025[5]	3,977,227	226,875	159,331	4,363,433	5,680	4,793	10,383	20,856
Coverage ratio					0.1 %	2.1 %	6.5 %	0.5 %

1 Includes loans at reporting date stage, rather than stage at origination or acquisition. Includes loans acquired in the year. See note 15, on page 199.
2 Includes changes to the impairment provision arising from stage transfers and other changes to risk parameters.
3 ECL on stage transfers represents the ECL of the stage that the assets are transferred from.
4 Included in stage 3 are POCI loans of £14.0m with an impairment provision of £0.3m. There were no POCI loans acquired during the year. Repayments in the year totalled £2.5m.
5 Included within stage 2 and stage 3 in the above table are £67.9m and £14.1m of exposures in their cure period. The related ECL is £0.9m and £0.7m respectively.

Movement in loans and advances to customers and impairment provision - mortgages (audited)

Mortgages - drawn	Exposure				Impairment provision			
	Stage 1	Stage 2	Stage 3[5]	Total	Stage 1	Stage 2	Stage 3[5]	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
As at 1 April 2025	3,939,958	209,239	151,625	4,300,822	4,290	1,868	3,613	9,771
Movements								
Originations[1]	892,057	53,180	219	945,456	1,403	529	30	1,962
Repayments and other movements	(170,796)	(30,069)	(24,648)	(225,513)	(177)	(217)	(381)	(775)
Changes in credit risk[2]	–	–	–	–	2,926	515	1,394	4,835
Impairment charge/(release) recognised					4,152	827	1,043	6,022
Write-offs[3]	–	–	(34)	(34)	–	–	(34)	(34)
Stage transfers[4]								
To stage 1	43,636	(43,105)	(531)	–	105	(105)	–	–
To stage 2	(56,561)	69,026	(12,465)	–	(836)	983	(147)	–
To stage 3	(22,339)	(20,305)	42,644	–	(1,179)	(611)	1,790	–
As at 31 March 2026	4,625,955	237,966	156,810	5,020,731	6,532	2,962	6,265	15,759
Re-presentation of deferred fees[6]	(31,012)	(659)	(113)	(31,784)	–	–	–	–
As at 31 March 2026[7]	4,594,943	237,307	156,697	4,988,947	6,532	2,962	6,265	15,759
Coverage ratio					0.1 %	1.2 %	4.0 %	0.3 %

1 Includes loans at reporting date stage, rather than stage at origination or acquisition.
2 Includes changes to the impairment provision arising from stage transfers and other changes to risk parameters.
3 In order to comply with Starling's procedures for recovery of amounts due, lending written-off during the year of £–m is still subject to enforcement activities.
4 ECL on stage transfers represents the ECL of the stage that the assets are transferred from.
5 Included in stage 3 are POCI loans of £11.5m with an impairment provision of £0.4m. There were no POCI loans acquired during the year. Repayments in the year totalled £2.5m.
6 More details on the re-presentation of deferred fees can be found in note 3.
7 Included within stage 2 and stage 3 in the above table are £94.6m and £18.5m of exposures in their cure period. The related ECL is £0.6m and £0.5m respectively.

Analysis of movements during the year

Drawn exposures increased by £719.9m (16.7%) in the year and ECL increased by £6.0m (61.3%). Whilst the increase in ECL is partially associated with the increased exposure, the greater percentage shift relative to exposure is due to additional factors. Stage 3 ECL has increased by £2.7m, this is attributable to both stage transfers, caused by a change to include unlikeness to pay indicators in our open BTL portfolio, and overall coverage rate increase due to LGD outlook deterioration. Exposure in stage 2 has increased by £28.7m (13.7%) with the ECL increase of £1.1m (58.6%) being mostly driven by the impacts of a worsened economic outlook and some lesser impact due to stage migrations. The £2.2m growth in stage 1 ECL is primarily caused by a change in asset mix over the last 12 months as high quality loans originated by Fleet £945.5m (2025: £832.2m) more than offset the repayments in closed portfolios.

Movement in loans and advances to customers and impairment provision - mortgages (audited)

Mortgages - drawn	Exposure				Impairment provision			
	Stage 1	Stage 2	Stage 3[4]	Total	Stage 1	Stage 2	Stage 3[4]	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
As at 1 April 2024	3,455,639	238,814	134,950	3,829,403	4,631	3,677	4,576	12,884
Movements								
Originations[1]	811,841	20,343	52	832,236	1,262	239	2	1,503
Repayments and other movements	(276,142)	(67,399)	(17,218)	(360,759)	(666)	(1,078)	(1,109)	(2,853)
Changes in credit risk[2]	–	–	–	–	(1,898)	380	(187)	(1,705)
Impairment charge/(release) recognised					(1,302)	(459)	(1,294)	(3,055)
Write-offs	–	–	(58)	(58)	–	–	(58)	(58)
Stage transfers[3]								
To stage 1	73,505	(72,722)	(783)	–	1,187	(1,187)	–	–
To stage 2	(103,513)	114,513	(11,000)	–	(102)	397	(295)	–
To stage 3	(21,372)	(24,310)	45,682	–	(124)	(560)	684	–
As at 31 March 2025[5]	3,939,958	209,239	151,625	4,300,822	4,290	1,868	3,613	9,771
Coverage ratio					0.1 %	0.9 %	2.4 %	0.2 %

1 Includes loans at reporting date stage, rather than stage at origination or acquisition.
2 Includes changes to the impairment provision arising from stage transfers and other changes to risk parameters.
3 ECL on stage transfers represents the ECL of the stage that the assets are transferred from.
4 Included in mortgage stage 3 exposures are POCI loans of £14.0m with an impairment provision of £0.3m. There were no POCI loans acquired during the year. Repayments in the year totalled £2.5m.
5 Included within stage 2 and stage 3 in the above table are £58.8m and £13.5m of exposures in their cure period. The related ECL is £0.3m and £0.2m respectively.

Movement in loans and advances to customers and impairment provision - SME (audited)

SME - drawn	Exposure after guarantee				Impairment provision			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
As at 1 April 2025	26,631	11,002	4,802	42,435	1,255	1,612	4,515	7,382
Movements								
Originations[1]	25	–	–	25	–	–	–	–
Repayments and other movements	(15,717)	(5,183)	(251)	(21,151)	(299)	(138)	(282)	(719)
Changes in credit risk[2]	–	–	–	–	195	465	(42)	618
Impairment charge/(release) recognised					(104)	327	(324)	(101)
Disposals	–	–	–	–	–	–	–	–
Write-offs[3]	–	–	(3,610)	(3,610)	–	–	(3,610)	(3,610)
Stage transfers[4]								
To stage 1	1,117	(1,106)	(11)	–	36	(36)	–	–
To stage 2	(1,323)	1,324	(1)	–	(256)	256	–	–
To stage 3	(815)	(1,788)	2,603	–	(630)	(1,583)	2,213	–
As at 31 March 2026[5]	9,918	4,249	3,532	17,699	301	576	2,794	3,671
Coverage ratio					3.0 %	13.6 %	79.1 %	20.7 %

1 Includes loans at reporting date stage, rather than stage at origination.
2 Includes changes to the impairment provision arising from stage transfers and other changes to risk parameters.
3 In order to comply with Starling's procedures for recovery of amounts due, lending written-off during the year of £3.6m is still subject to enforcement activities.
4 ECL on stage transfers represents the ECL of the stage that the assets are transferred from.
5 Included within stage 2 in the above table are £1.4m of exposures in their cure period. The related ECL is £0.1m.

Analysis of movements during the year

Exposure on SME portfolios reduced by 58.3% across the year due to the run-off of government-backed lending portfolios and total write-offs of £3.6m. Write-offs make up the majority of the reduction in impairment provisions, which decreased by 50.3% to £3.7m. Staging proportions have remained largely stable across the year, as the run-off and write-offs leave the book with approximately the same composition. All stages have seen a decrease in ECL over the year, with decreases in stages 1 and 2 relating to repayments or where loans have transferred into a higher stage, and the decrease in stage 3 ECL is driven by write-offs though this is offset by the transfers in from stage 1 and stage 2.

Movement in loans and advances to customers and impairment provision - SME (audited)

SME - drawn	Exposure after guarantee				Impairment provision			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
As at 1 April 2024	51,635	19,634	18,249	89,518	3,652	4,821	17,995	26,468
Movements								
Originations[1]	908	1	3	912	11	1	1	13
Repayments and other movements[2]	(22,775)	(7,560)	663	(29,672)	(2,201)	(1,088)	(29)	(3,318)
Changes in credit risk[3]	–	–	–	–	(279)	(531)	3,352	2,542
Impairment charge/(release) recognised					(2,469)	(1,618)	3,324	(763)
Disposals	–	–	–	–	–	–	–	–
Write-offs[4]	–	–	(18,323)	(18,323)	–	–	(18,323)	(18,323)
Stage transfers[5]								
To stage 1	4,694	(4,693)	(1)	–	803	(800)	(3)	–
To stage 2	(6,394)	6,394	–	–	(556)	556	–	–
To stage 3	(1,437)	(2,774)	4,211	–	(175)	(1,347)	1,522	–
As at 31 March 2025[6]	26,631	11,002	4,802	42,435	1,255	1,612	4,515	7,382
Coverage ratio					4.7 %	14.7 %	94.0 %	17.4 %

1 Includes loans at reporting date stage, rather than stage at origination.
2 Other movements include the voluntary removal of the guarantee on certain BBLS loans, which has resulted in an increase in exposure after guarantee.
3 Includes changes to the impairment provision arising from stage transfers and other changes to risk parameters.
4 In order to comply with Starling's procedures for recovery of amounts due, lending written-off during the year of £18.3m is still subject to enforcement activities.
5 ECL on stage transfers represents the ECL of the stage that the assets are transferred from.
6 Included within stage 2 in the above table are £7.7m of exposures in their cure period. The related ECL is £0.2m.

Movement in loans and advances to customers and impairment provision - retail (audited)

Retail - drawn	Exposure				Impairment provision			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
As at 1 April 2025	10,638	6,634	2,904	20,176	135	1,313	2,255	3,703
Movements								
Originations[1]	188	68	101	357	2	15	81	98
Repayments and other movements	(96)	(1,283)	(462)	(1,841)	(9)	(169)	(176)	(354)
Changes in credit risk[2]	–	–	–	–	642	17	(201)	458
Impairment charge/(release) recognised					635	(137)	(296)	202
Write-offs[3]	–	–	(444)	(444)	–	–	(444)	(444)
Stage transfers[4]								
To stage 1	1,112	(1,110)	(2)	–	9	(9)	–	–
To stage 2	(2,629)	2,824	(195)	–	(478)	514	(36)	–
To stage 3	(280)	(602)	882	–	(224)	(477)	701	–
As at 31 March 2026[5]	8,933	6,531	2,784	18,248	77	1,204	2,180	3,461
Coverage ratio					0.9 %	18.4 %	78.3 %	19.0 %

1 Includes loans at reporting date stage, rather than stage at origination.
2 Includes changes to the impairment provision arising from stage transfers and other changes to risk parameters.
3 In order to comply with Starling's procedures for recovery of amounts due, lending written-off during the year of £0.4m is still subject to enforcement activities
4 ECL on stage transfers represents the ECL of the stage that the assets are transferred from.
5 Included within stage 2 and stage 3 in the above table are £1.8m and £0.6m of exposures in their cure period. The related ECL is £0.3m and £0.5m respectively.

Analysis of movements during the year

During the year total retail exposure decreased by 9.6% whilst the impairment provision correspondingly decreased by 6.5%. However, portfolio coverage has slightly increased to 19.0% from 18.4% reflecting a reduced proportion of stage 1 exposures.

Movement in loans and advances to customers and impairment provision - retail (audited)

Retail - drawn	Exposure				Impairment provision			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
As at 1 April 2024	14,664	6,958	6,794	28,416	174	1,294	6,143	7,611
Movements								
Originations[1]	3,859	1,436	428	5,723	48	347	266	661
Repayments and other movements	(5,599)	(1,393)	(657)	(7,649)	(236)	(157)	(383)	(776)
Changes in credit risk[2]	–	–	–	–	(183)	137	588	542
Impairment charge/(release) recognised					(371)	327	471	427
Disposals[3]	(1,924)	(171)	(3,912)	(6,007)	(15)	(114)	(3,899)	(4,028)
Write-offs[4]	–	–	(307)	(307)	–	–	(307)	(307)
Stage transfers[5]								
To stage 1	2,549	(2,511)	(38)	–	395	(369)	(26)	–
To stage 2	(2,565)	2,918	(353)	–	(42)	300	(258)	–
To stage 3	(346)	(603)	949	–	(6)	(125)	131	–
As at 31 March 2025[6]	10,638	6,634	2,904	20,176	135	1,313	2,255	3,703
Coverage ratio					1.3 %	19.8 %	77.7 %	18.4 %

1 Includes loans at reporting date stage, rather than stage at origination.
2 Includes changes to the impairment provision arising from stage transfers and other changes to risk parameters.
3 Disposals include the sale of a legacy lending portfolio of £6.0m. A minimal gain was recognised on the disposal and is included in note 9.
4 In order to comply with Starling's procedures for recovery of amounts due, lending written-off during the year of £0.3m is still subject to enforcement activities.
5 ECL on stage transfers represents the ECL of the stage that the assets are transferred from.
6 Included within stage 2 and stage 3 in the above table are £1.3m and £0.6m of exposures in their cure period. The related ECL is £0.3m and £0.5m respectively.

Movement in loans and advances to customers and impairment provision - undrawn (audited)

Total undrawn	Exposure				Impairment provision			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
As at 1 April 2025	**188,263**	**1,975**	**138**	**190,376**	**664**	**373**	**20**	**1,057**
Movements								
Approvals, drawdowns or expirations[1]	61,802	474	127	62,403	(34)	(25)	3	(56)
Changes in credit risk[2]	–	–	–	–	696	(104)	(7)	585
Impairment charge/(release) recognised					**662**	**(129)**	**(4)**	**529**
Stage transfers[3]								
To Stage 1	1,153	(1,148)	(5)	–	11	(11)	–	–
To Stage 2	(2,680)	2,770	(90)	–	(480)	496	(16)	–
To Stage 3	(25)	(46)	71	–	–	–	–	–
As at 31 March 2026	**248,513**	**4,025**	**241**	**252,779**	**857**	**729**	**–**	**1,586**
Coverage ratio					**0.3 %**	**18.1 %**	**– %**	**0.6 %**

1 Includes loans at reporting date stage, rather than stage at origination.
2 Includes changes to the impairment provision arising from stage transfers and other changes to risk parameters.
3 ECL on stage transfers represents the ECL of the stage that the assets are transferred from.

Analysis of movements during the year

The increase in undrawn exposures in the year was driven by a £62.0m increase in pipeline mortgages, driving the increase in ECL.

Movement in loans and advances to customers and impairment provision - undrawn (audited)

Total undrawn	Exposure				Impairment provision			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
As at 1 April 2024	203,823	968	174	204,965	717	182	8	907
Movements								
Approvals, drawdowns or expirations[1]	(13,827)	(547)	(215)	(14,589)	(101)	108	7	14
Changes in credit risk[2]	–	–	–	–	26	98	12	136
Impairment charge/(release) recognised					(75)	206	19	150
Stage transfers[3]								
To Stage 1	414	(403)	(11)	–	59	(57)	(2)	–
To Stage 2	(1,937)	1,986	(49)	–	(34)	47	(13)	–
To Stage 3	(210)	(29)	239	–	(3)	(5)	8	–
As at 31 March 2025	188,263	1,975	138	190,376	664	373	20	1,057
Coverage ratio					0.4 %	18.9 %	14.5 %	0.6 %

1 Includes loans at reporting date stage, rather than stage at origination.
2 Includes changes to the impairment provision arising from stage transfers and other changes to risk parameters.
3 ECL on stage transfers represents the ECL of the stage that the assets are transferred from.

Credit risk exposure and impairment provision by internal IFRS 9 PD rating and IFRS 9 stage allocation - drawn (audited)

The distribution of Starling's credit risk exposures, after UK government guarantees, by internal PD rating is analysed below:

2026	Exposure after guarantee				Impairment provision			
Probability of default	Stage 1 £'000	Stage 2 £'000	Stage 3 £'000	Total £'000	Stage 1 £'000	Stage 2 £'000	Stage 3 £'000	Total £'000
Mortgage								
<0.25%	64,975	5	–	64,980	8	–	–	8
0.25% - <0.5%	409,732	724	–	410,456	252	–	–	252
0.5% - <1.0%	3,563,471	1,541	–	3,565,012	5,034	3	–	5,037
1.0% - <2.5%	328,084	3,616	–	331,700	798	12	–	810
2.5% - <10.0%	203,402	70,501	–	273,903	283	358	–	641
10.0% - <100%	25,279	160,920	–	186,199	157	2,589	–	2,746
Default	–	–	156,697	156,697	–	–	6,265	6,265
Total mortgage	4,594,943	237,307	156,697	4,988,947	6,532	2,962	6,265	15,759
Coverage					0.1 %	1.2 %	4.0 %	0.3 %
SME								
<0.25%	38	11	–	49	–	–	–	–
0.25% - <0.5%	76	39	–	115	–	–	–	–
0.5% - <1.0%	96	32	–	128	(5)	–	–	(5)
1.0% - <2.5%	5,627	384	–	6,011	67	4	–	71
2.5% - <10.0%	3,889	2,221	–	6,110	217	57	–	274
10.0% - <100%	192	1,562	–	1,754	22	515	–	537
Default	–	–	3,532	3,532	–	–	2,794	2,794
Total SME	9,918	4,249	3,532	17,699	301	576	2,794	3,671
Coverage					3.0 %	13.6 %	79.1 %	20.7 %
Retail								
<0.25%	210	80	–	290	2	15	–	17
0.25% - <0.5%	340	72	–	412	3	13	–	16
0.5% - <1.0%	1,730	304	–	2,034	14	55	–	69
1.0% - <2.5%	3,482	1,260	–	4,742	29	228	–	257
2.5% - <10.0%	3,020	2,987	–	6,007	28	550	–	578
10.0% - <100%	151	1,828	–	1,979	1	343	–	344
Default	–	–	2,784	2,784	–	–	2,180	2,180
Total retail	8,933	6,531	2,784	18,248	77	1,204	2,180	3,461
Coverage					0.9 %	18.4 %	78.3 %	19.0 %
Total drawn	4,613,794	248,087	163,013	5,024,894	6,910	4,742	11,239	22,891
Coverage					0.1 %	1.9 %	6.9 %	0.5 %

2025	Exposure after guarantee				Impairment provision			
Probability of default	Stage 1 £'000	Stage 2 £'000	Stage 3 £'000	Total £'000	Stage 1 £'000	Stage 2 £'000	Stage 3 £'000	Total £'000
Mortgage								
<0.25%	163,237	367	–	163,604	83	1	–	84
0.25% - <0.5%	1,045,984	192	–	1,046,176	832	1	–	833
0.5% - <1.0%	2,172,038	1,388	–	2,173,426	2,545	2	–	2,547
1.0% - <2.5%	412,734	3,908	–	416,642	575	10	–	585
2.5% - <10.0%	132,504	53,565	–	186,069	162	275	–	437
10.0% - <100%	13,461	149,819	–	163,280	93	1,579	–	1,672
Default	–	–	151,625	151,625	–	–	3,613	3,613
Total mortgage	3,939,958	209,239	151,625	4,300,822	4,290	1,868	3,613	9,771
Coverage					0.1 %	0.9 %	2.4 %	0.2 %
SME								
<0.25%	–	19	–	19	–	–	–	–
0.25% - <0.5%	347	105	–	452	1	–	–	1
0.5% - <1.0%	618	170	–	788	4	2	–	6
1.0% - <2.5%	5,824	881	–	6,705	85	15	–	100
2.5% - <10.0%	18,483	5,240	–	23,723	706	196	–	902
10.0% - <100%	1,359	4,587	–	5,946	459	1,399	–	1,858
Default	–	–	4,802	4,802	–	–	4,515	4,515
Total SME	26,631	11,002	4,802	42,435	1,255	1,612	4,515	7,382
Coverage					4.7 %	14.7 %	94.0 %	17.4 %
Retail								
<0.25%	34	–	–	34	–	–	–	–
0.25% - <0.5%	994	100	–	1,094	2	12	–	14
0.5% - <1.0%	1,401	223	–	1,624	4	29	–	33
1.0% - <2.5%	3,222	373	–	3,595	20	63	–	83
2.5% - <10.0%	4,903	729	–	5,632	98	164	–	262
10.0% - <100%	84	5,209	–	5,293	11	1,045	–	1,056
Default	–	–	2,904	2,904	–	–	2,255	2,255
Total retail	10,638	6,634	2,904	20,176	135	1,313	2,255	3,703
Coverage					1.3 %	19.8 %	77.7 %	18.4 %
Total drawn	3,977,227	226,875	159,331	4,363,433	5,680	4,793	10,383	20,856
Coverage					0.1 %	2.1 %	6.5 %	0.5 %

Credit risk exposure and impairment provision by internal IFRS 9 PD rating and IFRS 9 stage allocation - undrawn (audited)

2026	Exposure after guarantee				Impairment Provision			
Probability of default	Stage 1 £'000	Stage 2 £'000	Stage 3 £'000	Total £'000	Stage 1 £'000	Stage 2 £'000	Stage 3 £'000	Total £'000
Undrawn								
<0.25%	**174,984**	**39**	**–**	**175,023**	**12**	**7**	**–**	**19**
0.25% - <0.5%	**7,172**	**39**	**–**	**7,211**	**64**	**7**	**–**	**71**
0.5% - <1.0%	**25,066**	**251**	**–**	**25,317**	**391**	**47**	**–**	**438**
1.0% - <2.5%	**31,827**	**958**	**–**	**32,785**	**313**	**173**	**–**	**486**
2.5% - <10.0%	**8,918**	**1,863**	**–**	**10,781**	**73**	**336**	**–**	**409**
10.0% - <100%	**546**	**875**	**–**	**1,421**	**4**	**159**	**–**	**163**
Default	**–**	**–**	**241**	**241**	**–**	**–**	**–**	**–**
Total undrawn	**248,513**	**4,025**	**241**	**252,779**	**857**	**729**	**–**	**1,586**
Coverage					**0.3 %**	**18.1 %**	**– %**	**0.6 %**

2025	Exposure after guarantee				Impairment Provision			
Probability of default	Stage 1 £'000	Stage 2 £'000	Stage 3 £'000	Total £'000	Stage 1 £'000	Stage 2 £'000	Stage 3 £'000	Total £'000
Undrawn								
<0.25%	111,539	–	–	111,539	84	–	–	84
0.25% - <0.5%	14,613	9	–	14,622	29	–	–	29
0.5% - <1.0%	18,362	31	–	18,393	57	4	–	61
1.0% - <2.5%	27,310	44	–	27,354	197	8	–	205
2.5% - <10.0%	16,404	85	–	16,489	294	16	–	310
10.0% - <100%	35	1,806	–	1,841	3	345	–	348
Default	–	–	138	138	–	–	20	20
Total undrawn	188,263	1,975	138	190,376	664	373	20	1,057
Coverage					0.4 %	18.9 %	14.5 %	0.6 %

Forbearance (audited)

Forbearance is offered when a customer experiences long-term financial difficulty. In such circumstances Starling uses judgement in assessing whether a SICR indicator, impairment or default event has occurred and applies forbearance measures to support the customer.

The main arrangements offered to customers are: payment arrangement (payment plan with a reasonable timeframe); concessionary arrangement (payment plan for demonstrably temporary financial difficulties); extension (increased product term) and reduced interest. During the year, Starling continued to support its retail and SME customers through a comprehensive range of flexible measures. SME lending predominantly represents lending under BBLS, CBILS and RLS programmes. Starling continued to offer PAYG forbearance measures, as outlined under the BBLS, during the year.

2026	Loans subject to forbearance			
	Total	Of which Stage 2	Of which Stage 3	Coverage rate
	£'000	£'000	£'000	%
Retail	961	80	881	73.7 %
SME	160	108	52	38.9 %
Mortgages	77,637	35,345	42,292	1.9 %
Total loans in forbearance	**78,758**	**35,533**	**43,225**	**2.9 %**

2025	Loans subject to forbearance			
	Total	Of which Stage 2	Of which Stage 3	Coverage rate
	£'000	£'000	£'000	%
Retail	1,215	132	1,083	75.5 %
SME	192	192	–	9.4 %
Mortgages	70,371	36,013	34,358	1.1 %
Total loans in forbearance	71,779	36,337	35,441	2.4 %

2026	Loans subject to forbearance				
	No. of loans	Exposure after guarantee	% of portfolio	Impairment allowance	Coverage as %
		£'000		£'000	
Formal arrangements	76	1,351	<0.1%	90	6.7 %
Payment arrangement	1,905	76,349	1.5 %	2,079	2.7 %
Legal	5	1,058	<0.1%	101	9.5 %
Total loans in forbearance	**1,986**	**78,758**	**1.6 %**	**2,270**	**2.9 %**

2025[1]	Loans subject to forbearance				
	No. of loans	Exposure after guarantee	% of portfolio	Impairment allowance	Coverage as %
		£'000		£'000	
Formal arrangements	131	74	<0.1%	19	25.7 %
Payment arrangement	1,933	71,705	1.6 %	1,675	2.3 %
Legal	–	–	– %	–	– %
Total loans in forbearance	2,064	71,779	1.6 %	1,694	2.4 %

1 Prior year forbearance classifications have been updated to reflect the latest definitions used by management and have been re-stated to provide a like-for-like comparison.

Modifications of forborne loans

There were no modifications to loans and advances to customers subject to forbearance that resulted in substantial modification to the asset.

Collateral (audited)

Within loans and advances to customers, Starling obtains collateral for its exposures in the mortgage portfolio. Amounts may be secured by a first or second charge over residential property. The quality of Starling's mortgage portfolio can be considered with reference to the average LTV, as set out in the tables below:

Mortgage LTV 2026	Owner Occupied[1] £'000	Buy-to-let £'000	Total £'000	Total as %
Less than 50%	369,229	216,622	585,851	11.7 %
50% to 60%	130,463	436,865	567,328	11.4 %
60% to 70%	93,262	1,274,937	1,368,199	27.4 %
70% to 80%	42,393	2,371,137	2,413,530	48.4 %
80% to 90%	6,481	35,185	41,666	0.8 %
90% to 100%	1,907	2,819	4,726	<0.1%
Greater than 100%	2,784	4,863	7,647	0.2 %
Total mortgage lending before impairment provision	646,519	4,342,428	4,988,947	100.0 %

Mortgage LTV 2026	Stage 1 £'000	Stage 2 £'000	Stage 3 £'000	Total £'000	Total as %
Less than 50%	433,860	89,932	62,059	585,851	11.7 %
50% to 60%	496,373	41,777	29,178	567,328	11.4 %
60% to 70%	1,284,899	50,227	33,073	1,368,199	27.4 %
70% to 80%	2,339,186	51,650	22,694	2,413,530	48.4 %
80% to 90%	34,433	1,997	5,236	41,666	0.8 %
90% to 100%	2,423	1,561	742	4,726	<0.1%
Greater than 100%	3,769	163	3,715	7,647	0.2 %
Total mortgage lending before impairment provision	4,594,943	237,307	156,697	4,988,947	100.0 %

1 Includes £20.0m of mortgage lending secured by a second charge over residential property.

Mortgage LTV 2025	Owner Occupied[1] £'000	Buy-to-let £'000	Total £'000	Total as %
Less than 50%	433,905	199,602	633,507	14.7 %
50% to 60%	156,739	378,877	535,616	12.5 %
60% to 70%	123,333	1,277,828	1,401,161	32.6 %
70% to 80%	52,981	1,644,135	1,697,116	39.5 %
80% to 90%	8,356	17,863	26,219	0.6 %
90% to 100%	3,187	1,854	5,041	0.1 %
Greater than 100%	1,233	929	2,162	<0.1%
Total mortgage lending before impairment provision	779,734	3,521,088	4,300,822	100.0 %

Mortgage LTV 2025	Stage 1 £'000	Stage 2 £'000	Stage 3 £'000	Total £'000	Total as %
Less than 50%	477,581	87,895	68,031	633,507	14.7 %
50% to 60%	456,487	42,290	36,839	535,616	12.5 %
60% to 70%	1,326,258	50,375	24,528	1,401,161	32.6 %
70% to 80%	1,657,715	24,952	14,449	1,697,116	39.5 %
80% to 90%	18,445	2,898	4,876	26,219	0.6 %
90% to 100%	2,315	656	2,070	5,041	0.1 %
Greater than 100%	1,157	173	832	2,162	<0.1%
Total mortgage lending before impairment provision	3,939,958	209,239	151,625	4,300,822	100.0 %

1 Includes £26.0m of mortgage lending secured by a second charge over residential property.

Mortgage credit performance (audited)

During the year, Starling continued to originate BTL mortgages through Fleet. The mortgage portfolios contain a mix of customers on fixed-rate repayment terms where the customers' rates of interest are fixed for periods of up to five years, and those on variable rates.

For the portfolio of interest only mortgages, customers are only required to make payments of interest. The customer is responsible for repaying the principal outstanding at the end of the loan term.

2026	Stage 1 £'000	Stage 2 £'000	Stage 3 £'000	Total £'000
Mortgage lending				
Buy-to-let	**4,202,054**	**108,895**	**31,479**	**4,342,428**
Of which interest only	**4,009,596**	**100,708**	**30,328**	**4,140,632**
Owner occupied	**392,889**	**128,412**	**125,218**	**646,519**
Of which interest only	**142,932**	**52,265**	**84,251**	**279,448**
Total mortgage lending	**4,594,943**	**237,307**	**156,697**	**4,988,947**
Of which interest only	**4,152,528**	**152,973**	**114,579**	**4,420,080**

2025	Stage 1 £'000	Stage 2 £'000	Stage 3 £'000	Total £'000
Mortgage lending				
Buy-to-let	3,435,217	70,690	15,181	3,521,088
Of which interest only	3,289,924	64,040	14,826	3,368,790
Owner occupied	504,741	138,549	136,444	779,734
Of which interest only	180,412	58,181	93,494	332,087
Total mortgage lending	3,939,958	209,239	151,625	4,300,822
Of which interest only	3,470,336	122,221	108,320	3,700,877

Interest only contractual maturity profile	2026 £'000	2025 £'000
< 1 year	**10,270**	18,834
1 to 5 years	**174,345**	134,533
5 to 15 years	**610,275**	578,957
>15 years	**3,601,828**	2,948,620
Term expired	**23,362**	19,933
Interest only	**4,420,080**	3,700,877

Credit risk - wholesale

Risk assessment

Wholesale credit risk is the risk of loss that may arise from an institutional borrower failing to make required payments. Counterparty credit risk is the risk that the counterparty to a market transaction defaults before the final settlement of the transaction's cash flows. An economic loss would occur if the transactions or portfolio of transactions with the counterparty has a positive economic value at the time of default.

Starling's wholesale credit risk arises from balance sheet management and investments in highly rated debt securities. Counterparty credit risk arises from hedging balance sheet risks with market counterparties. Interest rate swaps are cleared through the LCH and counterparty credit risk also results from FX swap and spot transactions.

Risk appetite

Starling's wholesale credit risk appetite is set by the Board. Starling aims never to become reliant upon any wholesale counterparty to the extent that a failure by that counterparty would have a severe detrimental impact upon Starling.

Risk mitigation

Starling's counterparties are established market makers in the swap and FX markets and are highly rated by independent rating agencies. Starling has ISDA Master Agreements and CSA and Global Master Repurchase agreements for two-way daily collateral margining. Interest rate swaps are cleared via clearing house members with margin held in a segregated account.

Exposures are managed through credit analysis in line with methodologies agreed by the ALCO. Exposures are managed within limits. Ongoing monitoring uses market and rating agency data.

Risk monitoring

Starling's exposures to wholesale counterparties are measured and monitored daily and maintained within risk appetite. Any breaches to limits or trigger levels are escalated in line with policies to senior management. Limits are set for overall large exposures, single name, geographic and product exposures.

ALCO monitors wholesale credit risk exposures, reviews changes to models and methodologies for measuring the risk, and recommends any changes in risk appetite to the Board.

Change in the year

Over the last year the treasury investment portfolio has grown and expanded into different asset classes. This has entailed further enhancements being made to the wholesale credit risk framework in order to manage the risk. Investments remain conservative and the outlook for this part of the balance sheet is viewed as stable.

Credit quality of debt securities held

The following tables set out information about Starling's credit quality of its debt securities portfolio. Ratings of all debt securities are assigned in accordance with the standardised approach to credit risk.

	CQS1	**CQS2**	**2026**
	£'000	**£'000**	**£'000**
UK gilts and T-bills	**1,145,493**	**–**	**1,145,493**
Sub-sovereign, supranational and agency bonds	**1,815,696**	**82,783**	**1,898,479**
Covered bonds	**1,867,695**	**–**	**1,867,695**
Residential mortgage-backed securities	**1,963,242**	**–**	**1,963,242**
Total debt securities	**6,792,126**	**82,783**	**6,874,909**

	CQS1	CQS2	2025
	£'000	£'000	£'000
UK gilts and T-bills	399,319	–	399,319
Sub-sovereign, supranational and agency bonds	1,312,305	–	1,312,305
Covered bonds	1,258,616	–	1,258,616
Residential mortgage-backed securities	993,778	–	993,778
Total debt securities	3,964,018	–	3,964,018

Each asset is measured at amortised cost and Starling considers that full repayment will occur. Starling purchased £82.8m of CQS2 securities in the year. CQS2 securities are within wholesale credit risk appetite set by the Board.

Each asset within Starling's debt securities portfolio was reviewed at the reporting date to ensure that each remained of at least investment grade. At year end the impact of ECL impairment requirements on Starling's debt securities was immaterial.

Credit quality of cash and balances at central banks and loans and advances to banks

See page 101 for credit quality of cash and balances at central banks and loans and advances to banks. All are amounts placed are with institutions rated CQS2 or above and the PD has been assessed to be remote. At year end the impact of ECL impairment requirements on Starling's cash and balances at central banks and loans and advances to banks is immaterial.

Offsetting of financial assets and liabilities (audited)

Starling reports both derivative assets and derivative liabilities on its statement of financial position. While these derivatives are subject to enforceable master netting agreements and variation margin collateral requirements, they do not meet the strict criteria for netting under IAS 32. Under IAS 32, assets and liabilities can only be offset if there is a legally enforceable, unconditional right to net the amounts, and the intention to settle them on this basis. As Starling's right to net settle is conditional upon certain future events, the derivative assets and liabilities are therefore presented on a gross basis. To illustrate the underlying risk, the table below shows in the netting column the value of contracts that could be offset and the cash collateral column represents the actual cash held or placed against these positions to minimise credit risk.

Derivatives collateral placed with swap counterparties

Starling addresses the credit risk associated with derivative activities by placing/receiving initial margin and variation margin. The counterparty credit exposure is monitored daily requiring additional collateral to be posted or returned as necessary. The only form of collateral accepted by Starling in respect of derivatives is cash. Both cash and debt securities are placed by Starling as derivative collateral. Collateral margining is conducted under both SwapClear member bank client clearing agreements in accordance with the LCH rulebook, and ISDA counterparty credit support annexes.

2026	**As reported**	**Netting agreements**	**Cash collateral[1]**	**Net amounts after netting**
	£'000	**£'000**	**£'000**	**£'000**
Derivative assets	**110,908**	**(35,032)**	**(73,167)**	**2,709**
Derivative liabilities	**(39,098)**	**35,032**	**–**	**(4,066)**
Amounts subject to netting	**71,810**	**–**	**(73,167)**	**(1,357)**

1 Cash collateral includes variation margin received but excludes initial margin placed with counterparties.

2025	As reported	Netting agreements	Cash collateral[1]	Net amounts after netting
	£'000	£'000	£'000	£'000
Derivative assets	156,615	(48,309)	(107,584)	722
Derivative liabilities	(49,052)	48,309	–	(743)
Amounts subject to netting	107,563	–	(107,584)	(21)

1 Cash collateral includes variation margin received but excludes initial margin placed with counterparties.

Model risk

Risk assessment
Model risk is the potential for adverse consequences from model errors or the inappropriate use of modelled outputs to inform business decisions. These adverse consequences could include a deterioration in the prudential position, non-compliance with applicable laws and/or regulations, customer detriment, damage to Starling's reputation or financial loss.

Starling operates a wide range of models to support its business activities, the use of which give rise to the potential for adverse consequences arising from model risk. As such, model risk is considered a key risk category, underpinned by a policy and standards which set out Starling's approach to its management.

Risk appetite
Starling has developed a series of risk appetite limits and key risk indicators in relation to model risk, which provide an assessment of the level of risks associated with the model estate. The model risk appetite is approved by the Board on recommendation of the BRC.

Starling is committed to ensuring that models are robust, reliable and used appropriately and that all models are developed, governed and maintained in accordance with internal policy and standards.

In order to avoid the use of models that are unsuitable for their proposed use due to risks relating to limitations, technical factors, assumptions or errors, Starling seeks to ensure that:
- Both model design and build reflect the model's intended purposes, employ sound methodology and produce reliable outputs; and
- Models are always used for their intended purposes, and not in a way that could lead to biased, misleading or inappropriate results.

Risk measurement
The risk is measured by tracking the status of models against the requirements set out in Starling's Model Risk Policy.

Risk management
Starling has established a MRC, as a sub-committee of ERC, with responsibility for overseeing model risk, including monitoring Starling's model estate against the Board-approved model risk appetite. The MRC reviews adherence to model risk management requirements to ensure that Starling's models are subject to effective oversight, control and governance.

Day-to-day management of model risk is overseen by a dedicated team in 2L. This team is responsible for validating Starling's most material models, in order to provide an independent view of their suitability prior to use, and on an ongoing basis.

Risk monitoring
Risk management oversight of adherence to the Model Risk Policy is exercised through the MRC, with reporting to the ERC, BRC and the Board as appropriate.

Change in the year
Over the past year, Starling has developed a Deterministic Quantitative Methods (DQM) policy to establish clear and consistent standards for management of risks associated with the DQM.

Liquidity risk

Risk assessment
Liquidity risk is the risk that Starling does not have sufficient available financial resources to enable it to meet its obligations as they fall due. This includes failure to have the right type and quantity of funds, in the right place, at the right time and in the correct currency.

Funding risk is Starling's principal form of liquidity risk. Funding risk is the risk that Starling does not have stable sources of funding in the medium- and long-term to enable it to meet its financial obligations as they fall due.

Starling's sources of (non-equity) funding are from current accounts, savings accounts, Starling payment services accounts and from BOE central bank facilities. These BoE facilities that result from maintaining access to the BoE's Sterling Monetary Framework and TFSME drawdowns, alongside some short-term repurchase agreements are the only forms of wholesale funding that Starling currently utilises. There were no repurchase agreements outstanding as at 31 March 2026 (2025: none).

The primary drivers of liquidity risk for Starling are:

- Customer funding risk: the risk that customer deposit balances fall; and
- Future balance sheet growth: the risk that Starling's deposit liabilities do not grow as planned while its assets grow according to, or faster than, the business plan.

Risk appetite
Starling's Board-approved risk appetite limits ensure compliance with the PRA's Overall Liquidity Adequacy Rule (OLAR). Starling has a comprehensive suite of metrics that not only cover minimum regulatory requirements (LCR and NSFR)[1], but also ensure that liquid assets are maintained to cover both a short- and a longer-term stress. Additionally, Starling sets limits on asset encumbrance.

Starling ensures that it will, at all times:

- Maintain sufficient liquidity to enable it to successfully meet its financial obligations as they fall due;
- Maintain sufficient liquid assets to keep liquidity metrics above their required internal and regulatory minimum levels; and
- Maintain its compliance with the OLAR.

The Board's risk appetite is underpinned by a suite of risk appetite metrics, key risk indicators and early warning indicators.

Risk measurement
Liquidity risk is measured in accordance with the PRA's OLAR. Liquidity risk stress testing is undertaken as part of the annual ILAAP refresh, the recovery plan and on an ad-hoc basis to analyse any proposed changes to the business plan. Key risk drivers are identified and severe but plausible stress tests are developed based on these. Idiosyncratic, market, combined and reverse stress tests are undertaken.

Risk management
To protect itself against a liquidity stress, Starling maintains a liquidity buffer of cash and balances at central banks and liquid assets. The size of the liquidity buffer is calibrated in accordance with risk appetite metrics. This requires Starling to hold sufficient liquid assets to survive a severe but plausible simultaneous market wide and idiosyncratic stress event.

Starling is able to sell or repo securities that form part of its liquidity buffer with market participants, and has pre-positioned assets with the BoE which it can use as part of the BoE's Sterling Monetary Framework operations.

Starling maintains a liquidity contingency plan as part of its recovery plan, which includes details of the actions Starling could take to recover from a liquidity stress event. Resolution planning is undertaken to understand the liquidity requirements if a resolution were to occur.

Details of the key liquidity risks and how they are managed are set out in the ILAAP, which is approved by the Board. Liquidity risk exposures are subject to assessment under both regulatory and internal requirements.

Risk monitoring
Monitoring and reporting of liquidity risk metrics and early warning indicators is provided to senior management daily, ALCO and ERC monthly, and regularly to BRC and the Board.

The treasury function escalates breaches of limits/triggers to senior management and to ALCO. 2L reports on Starling's liquidity position to ERC and escalates breaches to BRC and to the Board as appropriate.

1 Funding and liquidity regulatory requirements apply to the Starling Bank Limited only.

Change in the year

Starling's liquidity position remained comfortably in excess of its risk appetite limits throughout the year. As at 31 March 2026, the Liquidity Group's LCR was 570.2% (2025: 574.2%) and the deposit base continued to grow from £12.1bn to £12.7bn. As at 31 March 2026, the Liquidity Group had an NSFR of 221.2% (2025: 245.5%). The NSFR measures the stability of funding sources and has remained comfortably above the minimum regulatory requirement of 100% throughout the year.

Both the LCR and NSFR remained relatively stable year on year.

Liquidity coverage ratio

The following table shows the LCR for the Liquidity Group as at 31 March 2026:

	2026	2025
	£'000	£'000
Total liquid assets	**6,365,924**	7,207,863
Net cash outflows	**(1,116,528)**	(1,255,263)
Liquidity coverage ratio	**570.2 %**	574.2 %

The table below shows the composition of the Liquidity Group's total liquid assets by asset type, this consists of total LCR-eligible HQLA, held after LCR haircuts.

	2026	2025
	£'000	£'000
Balances with BoE	**3,449,728**	5,938,050
Central government assets	**432,773**	208,152
Multilateral development bank and international organisations assets	**921,468**	59,182
Covered bonds	**709,747**	348,520
RMBS	**852,208**	653,959
Total liquid assets	**6,365,924**	7,207,863

Sources of funding (audited)

The following table shows the composition of Starling's total funding as at 31 March 2026:

	2026		2025	
	£'000	**%**	£'000	%
SME current accounts	**5,645,060**	**37.3 %**	5,558,783	39.1 %
Personal current accounts	**4,320,733**	**28.5 %**	4,584,232	32.3 %
Savings accounts	**2,598,571**	**17.2 %**	1,790,749	12.6 %
Payment services accounts	**118,894**	**0.8 %**	122,692	0.9 %
Customer deposits	**12,683,258**	**83.7 %**	12,056,456	84.9 %
Bank of England - central bank facilities	**2,468,123**	**16.3 %**	2,150,000	15.1 %
Total funding[1]	**15,151,381**	**100.0 %**	14,206,456	100.0 %

1 Total funding balances do not include accrued interest.

Encumbered assets by asset class (audited)

Starling manages the level of asset encumbrance to ensure appropriate volumes of assets are maintained to support future planned and potential stressed funding requirements.

	Encumbered		**Unencumbered**		**Total**	
	2026	2025	**2026**	2025	**2026**	2025
	£'000	£'000	**£'000**	£'000	**£'000**	£'000
Cash and balances at central banks	**760,200**	670,100	**3,428,630**	6,016,588	**4,188,830**	6,686,688
Debt securities	**3,042,338**	2,244,305	**3,801,088**	1,690,617	**6,843,426**	3,934,922
Loans and advances to customers	**–**	285,116	**5,161,359**	4,385,451	**5,161,359**	4,670,567
Total encumbered assets	**3,802,538**	3,199,521	**12,391,077**	12,092,656	**16,193,615**	15,292,177

These transactions are conducted under terms that are usual and customary to collateralised transactions. The amount of assets pledged to secure liabilities may be greater than the book value of assets utilised as collateral.

Included in debt securities are amounts pledged as eligible collateral to secure funding under BoE central bank facilities. For BoE facilities, Starling utilises debt securities as eligible collateral under the BoE's Sterling Monetary Framework. Also included in encumbered debt securities are amounts pledged as collateral for initial margin with derivative counterparties and to card schemes in order to support customer's transaction volumes. In the prior year BBLS loans balances, included in loans and advances to customers were also pledged as collateral.

Included within encumbered cash and balances at central banks are balances with the BoE of £760.2m (2025: £670.1m) held as collateral for payment schemes.

Financial assets and liabilities by maturity (audited)

The following table represents a breakdown of Starling's financial assets and liabilities by contractual maturity. Repayment profiles of assets and observed maturity of liabilities may differ from their contractual maturity.

2026	Total	On demand	Up to 3 months	3 – 12 months	1 – 3 years	3 – 5 years	Over 5 years	Undated
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cash and balances at central banks	4,188,830	4,188,830	–	–	–	–	–	–
Loans and advances to banks	36,508	36,508	–	–	–	–	–	–
Debt securities	6,843,426	–	65,848	661,655	2,925,592	2,987,388	202,943	–
Derivative assets	110,908	–	11,620	18,254	50,137	22,771	8,126	–
Interest rate swaps	109,492	–	10,204	18,254	50,137	22,771	8,126	–
FX swaps	1,416	–	1,416	–	–	–	–	–
Loans and advances to customers	5,161,359	15,159	36,566	33,488	92,273	306,208	4,677,665	–
Other assets - financial assets[1]	39,124	–	17,738	14,592	3,571	2,447	478	298
Total financial assets	16,380,155	4,240,497	131,772	727,989	3,071,573	3,318,814	4,889,212	298
Customer deposits	12,691,991	12,481,245	56,013	154,733	–	–	–	–
Deposits from banks	2,539,524	71,401	318,123	1,690,000	–	460,000	–	–
Derivative liabilities	39,098	–	2,633	2,589	19,816	14,060	–	–
Interest rate swaps	39,069	–	2,604	2,589	19,816	14,060	–	–
FX swaps	29	–	29	–	–	–	–	–
Other liabilities	86,228	–	82,299	1,829	1,732	270	98	–
Lease Liabilities	20,092	–	1,440	4,451	11,191	3,010	–	–
Total financial liabilities	15,376,933	12,552,646	460,508	1,853,602	32,739	477,340	98	–

1 Includes other assets (note 16) except prepayments.

Financial assets and liabilities by maturity (audited)

The following table represents a breakdown of Starling's financial assets and liabilities by contractual maturity:

2025	Total	On demand	Up to 3 months	3 – 12 months	1 – 3 years	3 – 5 years	Over 5 years	Undated
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cash and balances at central banks	6,686,688	6,686,688	–	–	–	–	–	–
Loans and advances to banks	30,489	30,489	–	–	–	–	–	–
Debt securities	3,934,922	–	189,905	630,337	1,058,199	1,881,182	175,299	–
Derivative assets	156,615	–	12,850	19,016	87,336	31,486	5,927	–
Interest rate swaps	156,189	–	12,424	19,016	87,336	31,486	5,927	–
FX swaps	426	–	426	–	–	–	–	–
Loans and advances to customers	4,670,567	16,735	33,733	55,526	199,797	140,670	4,224,106	–
Other assets - financial assets[1]	40,054	–	18,165	9,753	8,266	3,801	55	14
Total financial assets	15,519,335	6,733,912	254,653	714,632	1,353,598	2,057,139	4,405,387	14
Customer deposits	12,066,650	11,812,779	55,272	198,599	–	–	–	–
Deposits from banks	2,278,221	103,835	24,386	600,000	1,090,000	–	460,000	–
Derivative liabilities	49,052	–	5,761	2,452	16,365	23,371	1,103	–
Interest rate swaps	48,091	–	4,800	2,452	16,365	23,371	1,103	–
FX swaps	961	–	961	–	–	–	–	–
Other liabilities	131,241	–	127,041	350	735	–	–	3,115
Lease Liabilities	14,376	–	1,064	2,449	7,078	3,785	–	–
Total financial liabilities	14,539,540	11,916,614	213,524	803,850	1,114,178	27,156	461,103	3,115

1 Includes other assets (note 16) except prepayments.

Cash flows payable under liabilities by contractual maturity (audited)

The following table is an analysis of undiscounted gross contractual cash flows of financial liabilities and lease liabilities. The analysis of gross contractual cash flows differs from the analysis of residual maturity due to the inclusion of projected interest flows until maturity payable on the amounts outstanding as at 31 March 2026.

2026

As at March 2026	Total	On demand	Up to 3 months	3 – 12 months	1 – 3 years	3 – 5 years	Over 5 years
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Customer deposits	**12,695,754**	**12,481,245**	**56,250**	**158,259**	**–**	**–**	**–**
Deposits from banks	**2,644,881**	**71,401**	**323,051**	**1,721,429**	**34,500**	**494,500**	**–**
Derivative liabilities	**41,986**	**–**	**4,246**	**12,977**	**19,893**	**4,870**	**–**
Lease liabilities	**21,337**	**–**	**1,602**	**4,867**	**11,792**	**3,076**	**–**
Total cashflows	**15,403,958**	**12,552,646**	**385,149**	**1,897,532**	**66,185**	**502,446**	**–**

2025

As at March 2025	Total	On demand	Up to 3 months	3 – 12 months	1 – 3 years	3 – 5 years	Over 5 years
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Customer deposits	12,071,905	11,812,779	56,520	202,606	–	–	–
Deposits from banks	2,473,878	103,835	48,574	658,219	1,161,850	41,400	460,000
Derivative liabilities	51,844	–	9,407	11,122	22,652	7,722	941
Lease liabilities	15,229	–	1,163	2,714	7,488	3,864	–
Total cashflows	14,612,856	11,916,614	115,664	874,661	1,191,990	52,986	460,941

Market risk

Market risk is the risk of loss due to changes in market prices. This covers risks such as FX and interest rate risk.

Foreign exchange risk

Risk assessment

FX risk is the risk of loss due to adverse changes in FX rates.

Risk appetite

Starling executes customer related activities but will not take any proprietary (own account) trading positions. Starling will, wherever possible, operate a matched book basis for individual currency exposures and, where an unhedged net exposure position arises, will seek to hedge the resulting amount. Starling only carries limited net open currency exposures.

Risk measurement

This risk is measured daily by calculating the net open position, per currency and in aggregate, across all currencies.

FX risk is also assessed annually in the ICAAP for capital allocation. We remain below the regulatory de minimis threshold for holding capital for this exposure.

Risk management

FX risk is managed through the execution of spot and forward FX transactions with counterparty banks to reduce open positions. Currency exposures are managed on an aggregate basis.

Risk monitoring

FX risk is monitored daily by the treasury function. Positions are reported daily to senior management and 2L. Monthly reporting is provided to ALCO, ERC and to the Board, with analysis also presented regularly to the BRC.

Change in year

Starling does not seek to take FX risks. The net open position remains within risk appetite.

Starling's international activities through Engine is leading to an increased exposure to foreign currency fluctuations. While the financial impact in the current period is immaterial, the Group will continue to monitor the FX risk as the business scales.

Net foreign exchange exposure (audited)

The following table provides further detail of Starling's material net FX positions. Sensitivities to Euro and US dollar fluctuations, as presented, are deemed immaterial, relative to Starling's overall financial position, based on the exposure levels held at year-end.

2026	**Euro**	**US Dollar**	**Total**
	£'000	**£'000**	**£'000**
Loans and advances to banks	**3,732**	**2,349**	**6,081**
Debt securities	**32,629**	**19,026**	**51,655**
Loans and advances to customers	**78**	**2**	**80**
Other assets	**3,063**	**2,284**	**5,347**
Total FX assets	**39,502**	**23,661**	**63,163**
Customer deposits	**(209,426)**	**(44,617)**	**(254,043)**
Other liabilities	**(2,457)**	**(2,402)**	**(4,859)**
Total FX liabilities	**(211,883)**	**(47,019)**	**(258,902)**
Gross FX exposure	**(172,381)**	**(23,358)**	**(195,739)**
Derivatives[1]	**174,198**	**24,638**	**198,836**
Net FX exposure	**1,817**	**1,280**	**3,097**

2025	Euro	US Dollar	Total
	£'000	£'000	£'000
Loans and advances to banks	4,548	1,818	6,366
Debt securities	2,109	31,161	33,270
Loans and advances to customers	76	2	78
Other assets	1,669	3,022	4,691
Total FX assets	8,402	36,003	44,405
Customer deposits	(260,710)	(46,767)	(307,477)
Other liabilities	(1,710)	(1,076)	(2,786)
Total FX liabilities	(262,420)	(47,843)	(310,263)
Gross FX exposure	(254,018)	(11,840)	(265,858)
Derivatives[1]	254,093	10,483	264,576
Net FX exposure	75	(1,357)	(1,282)

1 FX swaps pay and receive legs are shown on a gross basis to reflect economic hedge.

Interest rate risk in the banking book

Risk assessment

IRRBB is the risk of a realised or unrealised loss as a consequence of adverse changes in interest rates. The key sub-elements of interest rate risk most relevant to Starling are:

- Repricing risk – the risk arising from the timing mismatch on the repricing of assets, liabilities and off balance sheet items. Losses may arise from both parallel and non-parallel shifts in the yield curve;
- Basis risk – the risk arising from relative changes in interest rates on items that are priced using different interest rate indices. Starling is exposed to basis risk as some of its assets and liabilities are linked to different indices; and
- Optionality risk – the risk arising from customer behaviour differing from contractual arrangements. Starling is exposed to this risk from the ability of customers to prepay fixed term loans, to choose when to repay overdrafts, and to withdraw deposits at a timing of their choice.

Risk appetite

Starling minimises its interest rate risk, and does not seek to profit from speculation. Risk appetite is set by the Board and is defined via limits placed on the EVE based on worst case loss under the six prescribed PRA shock scenarios, and on the change in NII due to a 100bp shock over a 12-month horizon, assuming a static balance sheet.

Additional management limits, agreed by ALCO, are in place to monitor different basis risks and sensitivities across the balance sheet.

Risk measurement

Stress testing is carried out on a monthly basis including:

- Starling's EVE sensitivity to parallel and non-parallel yield curve transformations, including steepening and flattening of the curve; and
- the impact on NII of a 100bp parallel change in rates.

NII sensitivity (audited)	**2026**	2025
	£'000	£'000
+100 bps parallel shift	**+55,118**	+58,400
-100 bps parallel shift	**-55,523**	-59,600

EVE sensitivity[1]	**2026**	2025
	£'000	£'000
+250 bps parallel shift[2]	**-4,779**	-5,229
-250 bps parallel shift[2]	**-4,865**	-3,030

1 The EVE based metric was adopted by the Board during the current year, under Starling's risk appetite framework. Previously, the metric was a 250bp economic value shift. The 2025 EVE sensitivity in the table has been presented on the updated EVE basis for comparability purposes.

2 Sensitivities disclosed are for parallel shock scenarios to ensure period-on-period comparability. These may not include the worst case loss reported to the Board under the six PRA scenarios. For March 2026, the worst case scenario was the "short rates down" scenario, resulting in an impact of -5,372.

Risk management

The treasury function manages Starling's interest rate risk within the risk appetite set by the Board. Starling executes interest rate derivatives to manage exposures. The swaps executed are all centrally cleared, with the counterparty risk being to the LCH.

Structural Hedge

Starling maintains a structural hedge programme on its core non-interest bearing deposits to mitigate its exposure to earnings volatility arising from interest rate changes. These core liabilities are in the form of non-maturing deposits.
The forecast behavioural life of these core deposits are reviewed and approved by ALCO, and challenged by the Risk function. At year end, the structural hedge notional was £6.0bn (2025: £5.0bn), with a weighted average duration of 2.5 years (2025: 2.5 years), and had a locked-in average fixed yield of 4.00% (2025: 4.33%).

Risk monitoring

ALCO and ERC monitor interest rate risk on a monthly basis and it is regularly reported to the BRC and Board. In addition to the aforementioned risk appetite metrics, ALCO also monitors the impact of basis risk stresses and other adhoc scenarios on Starling's interest rate risk profile.

Change in the year

The decrease in Starling's NII sensitivity is driven primarily by the increase in size of the structural hedge. The movement in Starling's EVE sensitivity relates to small mismatches between assets and liabilities on the balance sheet.

Capital risk

Risk assessment
Capital risk is the risk that Starling does not have sufficient capital to withstand unexpected losses, meet regulatory requirements, and support the growth plans of the business. The risk arises from unexpected losses impacting profitability, an increase in the riskiness of lending and/or higher lending volumes than planned increasing RWAs. Starling holds capital to absorb these losses and to support the strategic growth in its business. The key risks assessed relevant to Starling's business model are credit risk, operational risk and IRRBB.

Pillar 1 risks are calculated for credit risk (including counterparty credit risk), operational risk and market risk. The standardised approach is used for credit risk and counterparty credit risk, and the basic indicator approach for operational risk.

Pillar 2 risks are assessed to determine whether any additional capital is required over and above Pillar 1.

Starling's capital consists solely of CET1 capital.

Risk appetite
Starling will, at all times, maintain sufficient capital resources to cover its risk profile and associated risk exposures. As a minimum, the Regulatory Group's capital resources are maintained above total capital requirements plus buffers at all times.

The Board approves the capital risk appetite annually, defining the minimum level of capital above the regulatory minimum that the Regulatory Group needs to hold across several metrics. Quantitative risk appetite metrics are set on a point in time and forward-looking basis with reference to the Regulatory Group's total capital ratio and MREL requirements plus buffers and the UK leverage ratio.

Risk measurement
The capital position is measured against Board-approved capital risk appetite triggers and limits. Should the capital position reach the trigger level, the Board would consider a range of management actions as set out in the recovery plan.

Capital stress testing is undertaken at least annually as part of the ICAAP and the Recovery Plan. For the ICAAP, Pillar 2a stress and scenario testing is undertaken for credit risk, operational risk, IRRBB and climate related financial risk to consider whether additional capital is required over and above Pillar 1.

Starling also undertakes a range of severe but plausible stress scenarios including macroeconomic stress tests, idiosyncratic stresses and combined stresses to understand the impact of different situations on the capital position pre and post management actions. These are documented in the ICAAP and Recovery Plan. Stress testing is also used to inform Starling's capital risk appetite.

Risk management
The capital position grows as verified or audited profits are added to the CET1 resources.

Starling undertakes recovery planning to understand how it would recover from a stress event and is in scope of the BoE's RAF.

In line with regulations, Starling assesses its capital adequacy needs in its ICAAP which is reviewed, challenged and approved by the Board at least annually.

Risk monitoring
The capital position is monitored by the finance function. A monthly report is provided to ALCO, ERC and to the Board, with regular analysis provided to the BRC.

A capital plan is approved by the Board at least annually, and in advance of strategic transactions. Stress testing is carried out at least annually and in advance of strategic decisions being taken by the Board.

Change in the year

The Regulatory Group's capital position has remained comfortably in excess of its risk appetite limits and regulatory capital requirements over the course of the year. As at 1st January 2026 Starling's MREL requirements are now equal to its Total Capital Requirement. As at 31 March 2026, the Regulatory Group's total capital ratio was 28.58% (2025: 31.55%).

Total regulatory capital increased year to date from £1.0bn in 2025 to £1.1bn in 2026. Total RWAs have increased from £3.2bn in 2025 to £3.9bn in 2026, driven mainly by increasing our exposure to RWA-intensive mortgage lending and increased operational risk RWAs.

Applicable regulatory capital developments in the year

The regulatory capital regime continues to evolve. Starling actively monitors changes and implements regulatory announcements in a timely manner. Key regulatory developments during the year of relevance to the Regulatory Group were:

- **Basel 3.1:** In January 2026 the PRA published PS1/26 – Implementation of Basel 3.1: Final rules. The implementation of the final rules will become effective on 1 January 2027. The amendments include material changes to the standardised approaches to credit and operational risks. Starling is in the process of implementing the Basel 3.1 requirements and considers this impact in its capital plan.
- **MREL:** The BoE published its revised MREL SoP in July 2025 and which was effective from 1 January 2026. As a result Starling's MREL requirements are now equal to its Total Capital Requirements.

Regulatory capital and ratios

	2026	2025
	£'000	£'000
Total equity as per the statement of financial position (audited)	**1,204,945**	1,046,052
Equity adjustments for regulatory group[1]	**77,021**	57,971
CET1 capital before regulatory adjustments	**1,281,966**	1,104,023
Regulatory deductions:		
Intangible assets	**(147,210)**	(90,505)
Deferred tax asset	**(8,479)**	(4,947)
Other deductions	**(3,023)**	(10,239)
IFRS 9 transitional provision	**–**	1,899
CET1 capital	**1,123,254**	1,000,231
Total regulatory capital	**1,123,254**	1,000,231

1 The regulatory group relates to the consolidated group of entities regulated by the PRA for capital adequacy, leverage ratio and large exposures. The full definition is included in the defined terms section of the report, which can be found on page 232.

	2026	2025
	£'000	£'000
Credit risk exposure	**2,705,056**	2,097,576
Operational risk exposure	**1,223,928**	1,072,432
Credit valuation adjustment	**1,324**	24
Total risk-weighted assets	**3,930,308**	3,170,032
CET1 ratio	**28.58 %**	31.55 %
Total Tier 1 ratio	**28.58 %**	31.55 %
UK leverage ratio	**8.91 %**	11.14 %

Full detail of the Regulatory Group's capital position is provided in the Group's Pillar 3 report published on Starling's website.

Operational risk

Risk assessment
Operational risk is the risk of loss to Starling from ineffective or failed internal processes, people, systems, or external events that disrupt the flow of business operations.

Risk appetite
Starling accepts that there are operational risks associated with fulfilling its business objectives, but will seek to continually manage those risks through the implementation of effective operational controls, and aim to minimise incidents, potential losses and adverse customer impacts that might arise from them.

Starling has a risk appetite statement for each part of operational risk, underpinned by metrics that measure performance against risk appetite.

Risk measurement
Operational incidents and events are identified, reviewed and evaluated in line with the GRMF and operational risk standards. Losses are recorded and actions plans established to prevent recurrence.

Starling performs operational risk scenario analysis exercises for the ICAAP and important business service testing for operational resilience assessment on at least an annual basis. Scenarios are based on severe, but plausible events underpinned by the outputs of strategic and emerging risk analysis, process vulnerabilities identified, external event data and the latest external developments.

The scenario impacts are modelled using internal data and relevant industry events analysis. The outcomes are evaluated by subject matter experts from relevant areas across the business. Variables arising from the scenarios are subject to management judgement and experience to determine the influence on the drivers of risk and the ultimate impact on Starling. This enables us to quantify potential losses and hold sufficient capital.

Risk management
Starling has an overarching operational risk policy and a suite of risk policies that covers the material areas of each part of the risk. Standards and procedures are also in place covering the identification, management and reporting of all risk categories and align with the GRMF. These require all business areas to identify and assess their operational risks and evaluate the effectiveness of controls to mitigate those risks through the RCSA process. This process allows management to demonstrate that all significant risks are identified, assessed, owned and appropriately managed through the application of controls. Management must accept, mitigate or avoid each risk, and determine how each risk exposure should be managed.

Operational resilience
Operational resilience and its technology capabilities have been a key consideration of Starling's proposition from the start. Starling's operational resilience strategy is to develop and consistently maintain a business that remains able to carry out its mission despite operational stresses, disruption and growth, through its ability to manage and effectively respond to internal and external factors that may hinder it from functioning. Supplier management forms an critical part of our resilience and posture, with ongoing monitoring of suppliers providing supporting services to our important business services. We expect to further mature our supplier and outsourcing oversight capabilities as the organisation grows.

Starling has been conducting operational resilience self-assessment since 2021 and has continued to evolve the maturity of test scenarios to demonstrate recoverability within impact tolerances.

Cyber & Information Security
Cyber risk remains a key industry threat as perpetrators continue to become more sophisticated and as geo-political tensions have risen. As a result, the risk of a cyber attack and its potential to lead to critical information loss and disruption to services remains high. Starling has created a strong security posture across the organisation which is underpinned by security-conscious staff, consistent and agile configuration management and continuous security testing. This is underpinned by dedicated capability to detect and respond to threats and performance metrics.

Risk monitoring

Adherence to operational risk policies is monitored by 1L, with oversight and assurance reviews by 2L. Operational risk management oversight is exercised through the Operational Risk Committee, as a sub-committee of the ERC, with regular reporting to the ERC, BRC and the Board. Key risk indicators are in place to monitor operational risk exposures against the overarching risk appetite and are escalated to ERC and BRC when appropriate.

Change in the year

Starling as an organisation continues to grow through customer volumes, product proposition and new territories through its Engine business. This results in increased operational activity, which is being managed by maturing the capability and management of the operational functions.

Enhancements to RCSA process

Starling's risk management approach continues to evolve to ensure that risk management capability builds commensurately with Starling's strategic growth. This has been driven by a firm-wide risk maturity programme with oversight and support from the Board. A key focus in this financial year has been to further embed the RCSA process within the 1L and a number of operational and enterprise risk practices such as a business wide incident management response approach. Starling formally completed the RMMP demonstrating its ability to utilise operational risk management practices that can evolve with the changing dynamic of the Group.

Financial crime risk

Risk assessment
This category of risk covers two underlying threats to Starling and its customers:

- The risk of customer harm or operational losses arising from external dishonest behaviour, with the intent to make a gain or cause a loss to others; and
- Failure to identify and appropriately mitigate money laundering, terrorist financing, sanctions, tax evasion and anti-bribery and corruption risks arising from Starling's operations.

Risk appetite
Starling is committed to detecting and disrupting financial crime and ensuring that its products and services are not misused for any type of financial crime, through the sound operation of the appropriate control standards.

Starling will seek to avoid conducting business with entities or individuals engaged or suspected to be engaged in unlawful activities and has no appetite to undertake any activity in breach of sanctions regulations.

Starling and its employees are prohibited from engaging in or facilitating any form of bribery and corruption and have a zero tolerance approach to the deliberate facilitation of tax evasion or fraud.

Starling accepts that external fraud represents a cost of doing business and will seek to find the appropriate balance between fraud losses, fraud mitigation costs and the reputational/long-term impact that fraud can have on Starling's business model. Starling takes action to reduce fraud losses through the constant review and enhancement of control standards.

The effective prevention, detection and management of financial crime is critical to the integrity of the UK Financial system and ensuring consumer confidence.

Risk management
Starling maintains a comprehensive financial crime risk management framework and continuously improves its policies and processes to allow for the identification, assessment and control of fraud and financial crime risks.

Fraud risk management encompasses the establishment, maintenance and operation of systems and controls to detect and prevent fraud.

All applications for an account are assessed for financial crime risk prior to approval. This includes carrying out relevant risk assessments and checks against external databases.

Starling engages with relevant cross-industry efforts to combat all forms of fraud and financial crime such as data sharing initiatives, active engagement with law enforcement, regulators, financial services trade associations and membership organisations.

While it is impossible to completely eliminate fraud and financial crime, Starling seeks to mitigate the risk through continuous improvement to its financial crime systems and controls.

Risk monitoring
Starling seeks to ensure that it has controls in place to detect and prevent fraud or financial crime, whether from the activity of new or existing customers, staff or third parties. Starling continues to invest in prevention and detection systems and controls, throughout the lifecycle of a product or customer relationship. Where Starling identifies deficiencies in its controls it seeks to remediate and improve its control environment to deter such fraud or financial crime risk materialisation.

Risk management oversight is monitored and exercised through the Economic Crime Risk Committee, as a sub-committee of the ERC, with regular reporting to the ERC, BRC and the Board.

Change in the year
In December 2025, Starling concluded its detailed remediation programme in respect of the contraventions detailed in the FCA's 2024 Final Notice. This programme was supported by a significant programme of investment in its controls and financial crime resource, across all three lines of defence.

Starling has continued to make ongoing enhancements to its financial crime policies, systems and controls, in its efforts to prevent and detect financial crime. In October 2025, Starling launched 'Scam Intelligence', a UK-first AI tool to combat scams. This new tool allows customers to upload images of items and ads from online marketplaces, and analyses them for signs of fraud before serving personalised guidance in seconds. Starling continues to scale its use of machine learning and network analytics to transition from reactive monitoring to proactive, intelligence led monitoring where possible.

Conduct risk

Risk assessment
Conduct risk is the risk of creating harm to a customer, counterparty or market arising from inappropriate behaviour by Starling or its partners in the execution of business activities.

Risk appetite
Starling will seek to avoid any instances where its practices or inappropriate individual behaviour create harm to a customer, counterparty or market, through the sound operation of appropriate controls to prevent and detect any such risks.

Starling is committed to providing the level of service, support and information needed and expected by customers throughout the lifecycle of their relationship with Starling to ensure good customer outcomes are achieved.

Starling will seek at all times to provide products and services to customers that are designed to meet their needs, that are distributed appropriately, that perform in the way the customer expects and that provide customers with fair value.

Risk management
Starling's conduct risk framework and policies set out the approach for the delivery of good outcomes for consumers, as well as ensuring appropriate conduct by staff in line with Starling's expectations and the FCA's Conduct Rules. Starling has policies and procedures covering all parts of the customer journey (new products, marketing, complaints and vulnerable customers), with specified key risks and controls, and key metrics for the Board.

Starling continuously improves its policies and processes to allow for the identification, assessment and control of conduct risks.

All of Starling's business functions and risk management teams are required to complete RCSA analysis in respect of their conduct risks. This acts as a specific control through which management validates that all significant risks are identified, assessed, allocated to owners and appropriately managed through the application of controls.

All communications are reviewed and approved by appropriate 1L subject matter experts to ensure that they are clear, fair and not misleading and that they explain any product limitations.

All new product initiatives and significant changes to existing products are required to follow a prescribed product governance process. Through this process, key risks are identified across all key risk categories - including conduct risk - and subject to appropriate 2L oversight and challenge and risk committee review. The CCC, as a sub-committee of the ERC, reviews initiatives in relation to potential conduct risks, and reports to the ERC and ExCo on any residual conduct risk concerns. Compliance also conducts second line risk assessments on all new products and any significant changes to existing products.

Oversight and assurance of the management of conduct risk is performed by the 2L, with regular reporting also provided to the CCC, ERC, BRC and to the Board.

Risk monitoring
Adherence to the conduct risk policies is monitored by 1L with oversight and assurance by 2L. Risk management oversight is exercised through Starling's internal governance (CCC with regular reporting to the ERC, BRC and the Board).

A monthly conduct risk dashboard captures a range of key conduct metrics and thresholds covering Starling's management of conduct risk across the customer journey and this is discussed at the CCC and monitored at the ERC with regular reporting to the BRC and to the Board.

Change in the year
As Starling continues to diversify its product lines and deepen its relationship with customers, the conduct risk profile of Starling also grows. This year saw the launch of the cash ISA product and Tap to Pay, the conduct risks associated with which were subject to robust oversight and challenge at the CCC prior to launch.

The Consumer Duty embedding programme was closed, following successful transition into business operations.

Starling has leveraged its AI capabilities to help deliver good customer outcomes through technology-led innovation, where features such as AI-driven Spending Intelligence and Scam Intelligence demonstrate our continued commitment to supporting customers to pursue their financial objectives, while protecting them from potential harm.

Starling has also continued work to enhance its support for vulnerable customers, with the launch of a self-disclosure tool, enabling customers to make disclosures during onboarding and also in-life via the app.

Lastly, Starling has continued its remediation programme to address identified cases of customer detriment. Further information is provided in note 24 of the financial statements.

Legal & regulatory compliance risk

Risk assessment
Legal & Regulatory Compliance risk is the risk of financial loss, regulatory sanctions, or reputational damage arising from a failure to comply with legal, contractual, or regulatory obligations.

Risk appetite
Starling will not accept unmitigated risk in pursuit of its strategic objectives. Starling has no appetite for deliberate or systemic breaches of its legal or contractual obligations or applicable regulations, and will seek to avoid inadvertent breaches by maintaining a robust control environment. In the event that regulatory breaches are identified, Starling will promptly remediate the situation and ensure that Starling's regulators are notified on a timely basis, operating in a transparent manner.

Risk management
Starling manages legal and regulatory compliance under a framework and series of policies and procedures, alongside a mandatory staff training programme.

The compliance function undertakes horizon scanning, which enables Starling to keep track of all upcoming regulatory changes and report them to the relevant business areas. The Compliance function also provide guidance and support in respect of any required revisions being made to ensure compliance.

All employees are provided with relevant compliance training upon joining Starling and on an ongoing annual basis. This is tracked and reported as a key metric in the monthly reporting to committees.

Risk monitoring
Adherence to compliance policies is monitored by 1L with oversight and assurance by the 2L. Committee oversight is exercised through the ERC with regular reporting also provided to the BRC and Board. The Compliance Monitoring Plan is reviewed and approved by the BRC, and includes risk-based monthly, quarterly, event driven and thematic monitoring.

Change in the year
Significant investments have continued to be made through 2026 to uplift capabilities and ensure that Starling continues to meet its legal and regulatory obligations. This has been further supported by hiring talent with extensive banking experience.

Following identification of historical cases where Starling did not meet its regulatory obligations, it has continued its remediation programme. Starling identified some legacy breaches to the CMA Retail Banking Market Order. These have been reported to the CMA and action taken to address these issues, including those required as set out in the Binding Directions.

Starling will continue to make investment in its risk management and regulatory compliance capabilities by ensuring that it has the right systems and controls in place.

Financial Statements

Independent auditor's report to the members of Starling Group Holdings Limited

1. Our opinion is unmodified

We have audited the financial statements of Starling Group Holdings Limited ("the parent company") for the year ended 31 March 2026 which comprise the Consolidated statement of comprehensive income, Consolidated and the parent company statements of financial position, the Consolidated and the parent company cash flow statements and the Consolidated and the parent company statements of changes in equity, and the related notes, including the accounting policies in note 4.

In our opinion:

- The financial statements give a true and fair view of the state of the Group's and of the Company's affairs as at 31 March 2026 and of the Group's profit for the year then ended;
- The Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- The parent company financial statements have been properly prepared in accordance with UK-adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and
- The financial statements 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 have fulfilled our ethical responsibilities under, and are independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Overview	
Materiality: Group financial statements as a whole	£9m 4.1% profit before tax
Key audit matters	
	Expected Credit Loss ('ECL') provision on loans and advances to customers
	Recoverability of investment in subsidiary (the Company only)

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 matters, in decreasing order of audit significance, in arriving at our audit opinion above, together with our key audit procedures to address those matters and our findings ("our results") from those procedures in order that the parent company's members, as a body, may better understand the process by which we arrived at our audit opinion. These matters were 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
Expected credit loss (ECL) provision on loans and advances to customers (£24.5m; 2025: £21.9m) Refer to: • pages 100 to 134 (credit risk disclosures); • pages 173 to 175 (accounting policy); and • pages 181 to 190 (critical estimates)	**Subjective estimate:** The valuation of the ECL provision on loans and advances to customers involves significant judgement and estimates. The key areas where we identified significant judgement and therefore increased levels of audit focus in the Group's estimation of ECLs are: **Model estimation and subjectivity of assumptions:** Inherently judgemental and complex modelling is used to estimate ECLs, particularly in determining the Loss Given Default ('LGD') relating to the mortgage portfolio. As such this model is considered the most significant aspect of the Group's ECL modelling approach. **Significant Increase in Credit Risk ('SICR'):** The criteria selected to identify a significant increase in credit risk ('SICR') for the mortgage portfolio is a key area of judgement within the Group's ECL calculation, as these criteria determine whether a 12 month or lifetime ECL provision is recorded. **Macroeconomic forecasts and scenarios:** Significant judgement is applied in determining the economic scenarios used, and the probability weightings assigned to each scenario particularly in the context of the current uncertain economic environment.	We performed the tests below rather than seeking to rely on any of the Group's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described. **Our credit risk modelling expertise:** We involved our own credit risk modelling team who assisted us in the following: • Evaluating the Group's impairment methodologies for compliance with IFRS 9; • Evaluating the models which were changed or updated during the year as to whether the changes were appropriate by assessing the updated methodology for compliance with IFRS 9; • Evaluating the model output for a selection of models by inspecting the corresponding model code functionality and independently implementing the model by rebuilding the model code and comparing our output with the Group's output; • Independently recalculating model assumptions for a selection of models using recent data and comparing our independent output to that of the Group; and • Independently assessing and applying the Group's staging methodology and inspecting the Group's model code for the calculation of the ECL to assess the consistency of the code with the Group's approved staging criteria and the output of the model.

	The risk	Our response
Expected credit loss (ECL) provision on loans and advances to customers (continued)	**Qualitative adjustments:** Adjustments to the model-driven ECL results are made by the Group to address known ECL model limitations or emerging trends not captured by the models. The identification of a complete set of adjustments is inherently subjective, and significant judgement is involved in estimating these amounts. As a consequence of the inherent estimation uncertainty arising from the economic scenarios and qualitative adjustments elements of the above risk, we have identified both these areas to have a specific fraud risk. Refer to section 5 for more details on our ability to detect fraud and breaches of laws and regulation. The effect of these matters is that, as part of our risk assessment, we determined that the impairment of loans and advances to customers has a high degree of uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole, and possibly many times that amount. **Disclosure quality:** The disclosures regarding the Group's application of IFRS 9 are important in explaining the key judgements and material inputs to the IFRS 9 ECL results, as well as sensitivity of the ECL results.	**Our economics expertise:** We involved our own economic specialists who assisted us in: • assessing the reasonableness of the Group's methodology and models for determining the economic scenarios used and the probability weightings applied to them; • assessing key economic variables by comparing the economic variables to external sources; and • assessing the overall reasonableness of the economic forecasts by comparing the Group's forecasts to our own modelled forecasts. **Test of details:** Other aspects of our testing in addition to those set out above involved: • selecting a sample of key data inputs used in the ECL calculations, such as customer data, and agreeing them to underlying source documentation; • selecting a sample of qualitative adjustments to assess the reasonableness of those adjustments by challenging key assumptions, inspecting the calculation methodology; and • assessing the completeness of qualitative adjustments identified based on our knowledge gained from other risk-assessment and substantive audit procedures. **Assessing transparency:** We assessed whether the disclosures appropriately disclose and address the uncertainty which exists when determining the ECL provision. In addition, we assessed whether the disclosure of the key judgements and assumptions was sufficiently clear. **Our results:** Based on the risk identified and our procedures performed we considered the Group's ECLs on loans and advances to customers and related disclosures to be acceptable.

	The risk	Our response
Recoverability of investment in subsidiary **(the Company only)** (£1,147m) Refer to: • Note 8 (in note to the parent company financial statements)	**Low risk, high value** During the year, a group reorganisation resulted in the parent company becoming the new ultimate holding company of the Starling Group. The parent company has one direct subsidiary, Starling Intermediate Holdings Limited, which in turn has one direct subsidiary, Starling Bank Limited, the former parent company of the Starling Group. The carrying amount of the parent company's investment in Starling Bank Limited, held through Starling Intermediate Holdings Limited, was £1,147 million and is significant to the Company. The recoverability of the investment is not at a high risk of material misstatement or subject to significant judgement. However, due to their materiality in the context of the parent company financial statements, this is considered to be the area that had the greatest effect on our overall parent company audit.	We performed the following procedures rather than seeking to rely on the Group's 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:** • considering the results of our work on Starling Bank Limited's profits and net assets in evaluating the parent company's assessment of recoverability; • utilising our business understanding to evaluate the reasonableness of management's assessment that no triggering events are present to require a detailed impairment assessment; and • comparing the carrying amount of the parent company's investment in its subsidiary, with the net assets of the Bank to evaluate if there are events or conditions that indicate an impairment exists. **Our results** We found the parent company's conclusion that there is no impairment of its investment in subsidiary to be acceptable.

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

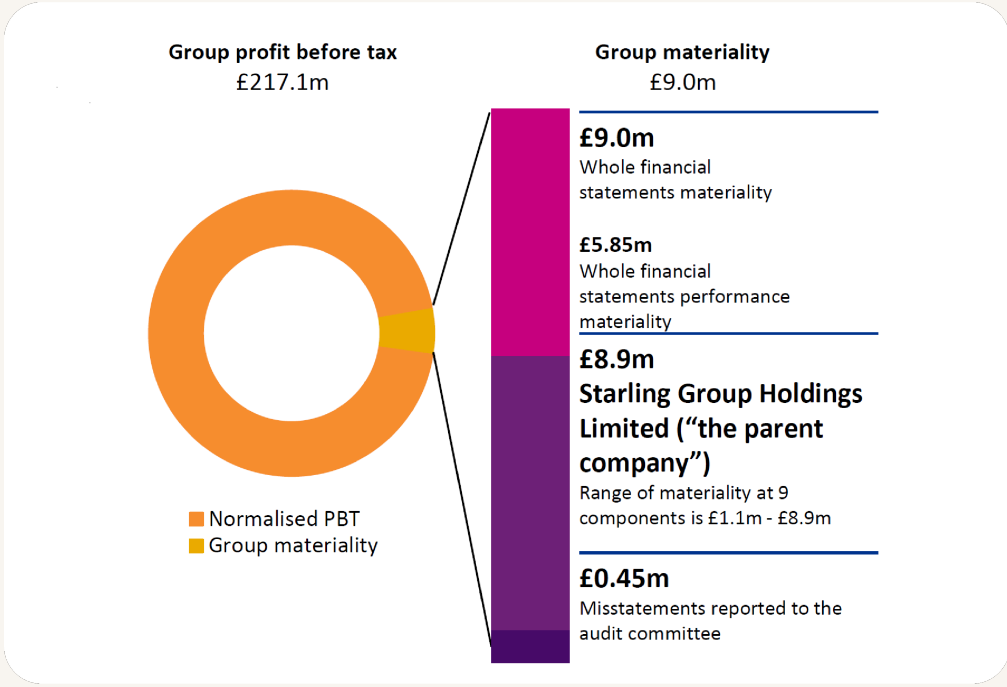
Our application of materiality
Materiality for the Group financial statements as a whole was set at £9m, determined with reference to a benchmark of Group profit before tax, of which it represents 4.1%.

Materiality for the parent company financial statements as a whole was set at £8.9m, determined with reference to a benchmark of total assets, limited to be less than materiality for Group materiality as a whole. It represents 0.78% of the stated benchmark. Prior year figures are not presented given this is the first year of the parent company being audited as a result of a group restructuring during the year.

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 65% of materiality for the financial statements as a whole, which equates to £5.85m for the Group and £5.78m for the parent company. We applied this percentage in our determination of performance materiality based on the level of identified misstatements and control deficiencies identified during the prior period audit of Starling Bank Limited, the previous parent company of the Group.

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £450k for the Group or £445k for the parent company, in addition to other identified misstatements that warranted reporting on qualitative grounds.



3. Our application of materiality and an overview of the scope of our audit (cont.)

Overview of the scope of our audit
We performed risk assessment procedures to determine which of the Group's components are likely to include risks of material misstatement to the Group financial statements and which procedures to perform at these components to address those risks.

In total, we identified nine components, having considered our evaluation of the Group's operational structure, legal structure, geographical locations, other audit specific factors and our ability to perform audit procedures centrally.

Of those, we identified one quantitatively significant component which contained the largest percentages of both total revenue or total assets of the Group, for which we performed audit procedures.

Additionally, we selected four components with accounts contributing to the specific risks to the Group financial statements.

Accordingly, we performed audit procedures on five components. We did not involve component auditors on this audit.

We set the component materialities, ranging from £1.1m to £8.9m, having regard to size and risk profile.

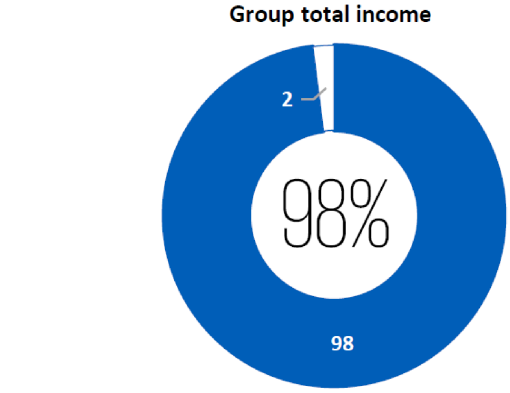
Our audit procedures covered 98% of Group income.

We performed audit procedures in relation to components that accounted for 99% of Group profit before tax and 99% of Group total assets.

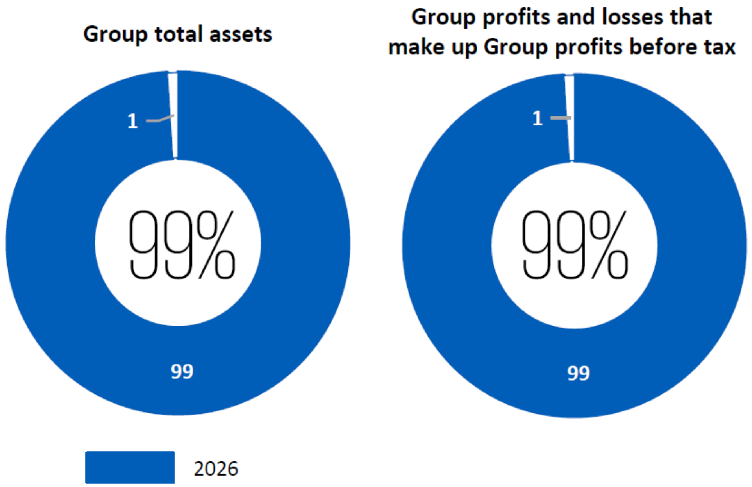
For the remaining components, no component represented more than 1% of Group total income, Group profits and losses that make up Group profits before tax nor Group total assets. We performed analysis at a Group level to re-examine our assessment that there is not a risk of material misstatement relating to these components.

Impact of controls on our group audit
We were able to rely upon the Group's internal control over financial reporting in several areas of our audit, where our controls testing supported this approach, which enabled us to reduce the scope of our substantive audit work; in the other areas the scope of the audit work performed was fully substantive.

Our audit procedures covered the following percentage of Group Total Income:



We performed audit procedures in relation to components that accounted for the following percentages of the total profits and losses that make up Group profit before tax and Group total assets:



4. Going concern

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the parent company or to cease their operations, and as they have concluded that the Group and the parent 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 their 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 Group's and parent company's business model and analysed how those risks might affect the Group's and parent 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;
- 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 Group's or parent 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 Group or the parent 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:

- Enquiry of Directors, the Board Audit Committee, internal audit and inspection of policy documentation as to the Group's policies and procedures to prevent and detect fraud, including the internal audit function, and the Group's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board and Board Audit Committee and Risk Committee minutes.
- Consideration of remuneration incentive schemes and performance targets for management and Directors.
- Performance of analytical procedures to identify any unusual or unexpected relationships.
- Identification of key fraud risks with the support of our forensics specialists; this included attending the Risk Assessment and Planning Discussion, holding a discussion with the engagement partner, engagement manager and engagement quality control reviewer, and assisting with designing and executing relevant audit procedures to respond to the identified fraud risks.
- Inspection of correspondence with the Financial Conduct Authority and the Prudential Regulation Authority.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards and taking into account our overall knowledge of the control environment, 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 judgments such as the expected credit loss provision on loans and advances. We do not believe there is a fraud risk related to revenue recognition because there is limited complexity in the calculation and recognition of revenue.

We identified a fraud risk related to estimation of expected credit losses, specifically relating to the possibility of management bias due to the inherent uncertainty and subjective judgement involved within the calculation of this estimate.

Further detail in respect of the expected credit loss provision on loans and advances to customers is set out in the key audit matter disclosures in section 2 of this report.

5. Fraud and breaches of laws and regulations – ability to detect (cont.)

We performed procedures including:

- Identifying journal entries to test at the Group level and for selected components based on high-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, journals posted to seldom used accounts and those including specific descriptors.
- Assessing whether the judgements made in making significant accounting estimates are indicative of a potential bias.

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, and through discussion with the Directors and other management (as required by auditing standards), and from inspection of the Group's regulatory and legal correspondence. We also discussed with the Directors and other management the policies and procedures regarding compliance with laws and regulations.

As the Group 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 Group 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 Group 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 Group's license to operate. We identified the following areas as those most likely to have such an effect: specific areas of regulatory capital and liquidity requirements, conduct (including consumer duty) regulations, money laundering, financial crime, sanctions and certain aspects of company legislation, recognising the financial and regulated nature of the Group's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry with 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.

In relation to the financial crime matters and suspected sanction breaches disclosed in note 35, we performed audit procedures which included making enquiries of the Group's internal counsel, inspection of regulatory correspondence and independent enquiry of the Group's main regulators, obtaining legal confirmations from the Group's external counsel and involving Forensic Specialists.

In respect of regulatory matters relating to conduct, as disclosed in note 24 our procedures included inspection of regulatory correspondence, independent enquiry of the Group's main regulators, obtaining legal confirmations from external counsel, as well as analysing legal fees and customer complaints. We have also performed audit procedures to respond to risks of material misstatement identified for the customer remediation provision related to customer redress as disclosed in note 24, with support from our Risk and Regulatory Advisory Specialists.

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 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.

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 parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- The parent company 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 93, 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 Group and parent 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 Group or the parent 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 International Standards on Auditing (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 parent company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and the terms of our engagement by the Company. Our audit work has been undertaken so that we might state to the parent company's members those matters we are required to state to them in an auditor's report, and the further matters we are required to state to them in accordance with the terms agreed with the Company, and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the parent company and the parent company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

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

20 May 2026

Consolidated statement of comprehensive income

For the year ended 31 March	Note	2026 £'000	2025[1] £'000
Income statement			
Interest income	6	**759,202**	811,695
Interest income calculated using the EIR method		**720,712**	740,645
Other interest income		**38,490**	71,050
Fee and commission income	7	**128,153**	128,306
Revenue		**887,355**	940,001
Interest expense	6	**(189,263)**	(221,533)
Interest expense calculated using the EIR method		**(177,436)**	(202,118)
Other interest expense		**(11,827)**	(19,415)
Fee expense and cost of services	8	**(46,579)**	(38,648)
Impairment (charge)/release	15	**(6,649)**	3,243
Cost of revenue		**(242,491)**	(256,938)
Gross profit		**644,864**	683,063
Other income/(expense)	9	**14,209**	(4,546)
Operating expenses	10	**(441,955)**	(455,104)
Profit before taxation		**217,118**	223,413
Tax charge	11	**(61,075)**	(72,691)
Profit after taxation		**156,043**	150,722
Other comprehensive income			
Items that may subsequently be reclassified to profit or loss:			
Translation of subsidiary companies	27	**(11)**	7
Cash flow hedges		**(9,407)**	(7,299)
Net gains/(losses) from changes in fair value		**(6,016)**	(9,440)
Transfers to the income statement		**(7,050)**	(697)
Taxation	19	**3,659**	2,838
Other comprehensive income/(loss), net of tax		**(9,418)**	(7,292)
Total comprehensive income, net of tax		**146,625**	143,430

1 Comparative amounts have been re-presented to align to the current year's presentation in accordance with IAS 1.41. There is no impact on the previously reported profit before taxation, profit after taxation or total comprehensive income. See note 3 for more information.

All amounts are attributable to the equity holders.

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated statement of financial position

As at 31 March	Note	2026 £'000	2025[1] £'000
Assets			
Cash and balances at central banks	12	**4,188,830**	6,686,688
Loans and advances to banks	12	**36,508**	30,489
Debt securities	13	**6,843,426**	3,934,922
Derivative assets	14	**110,908**	156,615
Loans and advances to customers	15	**5,161,359**	4,670,567
Other assets	16	**63,120**	54,474
Property, plant and equipment and right of use assets	17	**26,726**	18,388
Intangible assets	18	**169,008**	108,891
Goodwill	18	**38,347**	35,890
Current tax asset		**–**	748
Deferred tax asset	19	**1,702**	–
Total assets		**16,639,934**	15,697,672
Liabilities			
Customer deposits	20	**12,691,991**	12,066,650
Deposits from banks	21	**2,539,524**	2,278,221
Derivative liabilities	14	**39,098**	49,052
Other liabilities	22	**106,320**	145,617
Deferred income	23	**17,245**	59,980
Provisions	24	**33,775**	51,396
Current tax liability		**7,036**	–
Deferred tax liability	19	**–**	704
Total liabilities		**15,434,989**	14,651,620
Equity			
Share capital	25	**12**	12
Share premium	26	**–**	608,833
Merger reserve	26	**623,833**	15,000
Other reserves	27	**(18,593)**	(21,443)
Retained earnings		**599,693**	443,650
Total equity		**1,204,945**	1,046,052
Total liabilities and equity		**16,639,934**	15,697,672

1 During the year the Group re-presented its consolidated statement of financial position, see note 3 for more information.

The accompanying notes are an integral part of the consolidated financial statements.

These financial statements were approved by the Board of Directors on 20 May 2026 and signed on its behalf by:

Raman Bhatia
Group Chief Executive Officer
Director

Declan Ferguson
Group Chief Financial Officer
Director

Consolidated statement of changes in equity

	Note	Share capital	Share premium	Merger reserve	Other reserves[1] Cash flow hedging reserve	Other reserves[1] Own shares held reserve	Other reserves[1] Share awards reserve	Other reserves[1] Sundry reserves	Retained earnings	Total equity
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
As at 31 March 2024		12	608,833	15,000	17,133	(56,465)	12,170	159	292,928	889,770
Total comprehensive income										
Profit for the year	27	–	–	–	–	–	–	–	150,722	150,722
Other comprehensive income										
Cash flow hedge	27	–	–	–	(7,299)	–	–	–	–	(7,299)
Translation of subsidiary companies	27	–	–	–	–	–	–	7	–	7
Transactions with equity holders										
Cost of share award schemes, net of tax	27	–	–	–	–	–	12,852	–	–	12,852
As at 31 March 2025		12	608,833	15,000	9,834	(56,465)	25,022	166	443,650	1,046,052
Total comprehensive income										
Profit for the year	**27**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**156,043**	**156,043**
Other comprehensive income										
Cash flow hedge	**27**	**–**	**–**	**–**	**(9,407)**	**–**	**–**	**–**	**–**	**(9,407)**
Translation of subsidiary companies	**27**	**–**	**–**	**–**		**–**	**–**	**(11)**	**–**	**(11)**
Transactions with equity holders										
Merger reserve on Group reorganisation		**–**	**(608,833)**	**608,833**	**–**	**–**	**–**	**–**	**–**	**–**
Warrants issued		**–**	**–**	**–**	**–**	**–**	**–**	**1,372**	**–**	**1,372**
Cost of share award schemes, net of tax	**27**	**–**	**–**	**–**	**–**	**–**	**10,896**	**–**	**–**	**10,896**
As at 31 March 2026		**12**	**–**	**623,833**	**427**	**(56,465)**	**35,918**	**1,527**	**599,693**	**1,204,945**

1 Comparative amounts in the consolidated statement of changes in equity have been re-presented to disaggregate 'other reserves' into their constituent components, providing more detail on the nature of Starling's equity and has no impact on total equity. See note 3 for more information.

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated cash flow statement

For the year ended 31 March	Note	2026 £'000	2025 £'000
Cash flows from operating activities			
Profit for the period after taxation		**156,043**	150,722
Adjustments for:			
Non-cash movements	31	**109,080**	165,605
Movement in operating assets	31	**(541,473)**	(35,422)
Movement in operating liabilities	31	**505,769**	793,034
Taxation paid		**(46,085)**	(61,999)
Net cash flows from operating activities		**183,334**	1,011,940
Cash flows from investing activities			
Purchase of property, plant and equipment		**(6,034)**	(3,167)
Purchases of debt securities		**(4,462,187)**	(1,373,971)
Proceeds from maturity and sale of debt securities		**1,575,165**	735,088
Net cash on acquisition of subsidiary		**(2,205)**	–
Purchase and development of intangible assets		**(75,792)**	(56,997)
Net cash flows from investing activities		**(2,971,053)**	(699,047)
Cash flows from financing activities			
Drawdown of funding from central banks		**900,000**	–
Repayment of funding from central banks		**(600,000)**	(50,000)
Repayment of lease liabilities		**(4,120)**	(2,710)
Net cash flows from financing activities		**295,880**	(52,710)
Net Increase in cash and cash equivalents		**(2,491,839)**	260,183
Cash and cash equivalents at beginning of year		**6,717,177**	6,456,994
Cash and cash equivalents at end of year	12	**4,225,338**	6,717,177

Total interest received by the Group was £738.2m (2025: £823.7m) and total interest paid by the Group was £184.8m (2025: £234.0m).

The accompanying notes are an integral part of the consolidated financial statements.

Notes to the consolidated financial statements.

1. General information

The consolidated financial statements are prepared for Starling Group Holdings Limited and its subsidiaries. Starling Group Holdings Limited, is a private company limited by shares, incorporated in England and Wales under the Companies Act 2006. The Company's registered office is 5th floor, Fruit and Wool Exchange, Duval Square, London E1 6PW. The principal activity of Starling Group Holdings Limited is to act as a holding company for the Group. The Group's principal activities are outlined in the strategic report on page 4.

2. Group reorganisation

In June 2025, a non-trading holding company, SGHL, was inserted as the ultimate parent company of SBL and the Starling Group. This transaction was effected as a share-for-share exchange, whereby SBL's shareholders received shares in SGHL in exchange for their shares in SBL. In September 2025, SGHL's shares in SBL were transferred to an intermediate holding company, SIHL, also by way of a share-for-share exchange. As the sole shareholder of SIHL, SGHL holds a 100% indirect ownership of all companies in the Starling Group, including SBL.

The insertion of SGHL was treated as a business combination under common control, with the Group controlled by the same parties both before and after the transaction. Business combinations of entities under common control are outside the scope of IFRS 3. The insertion was not recognised at fair value and no goodwill or fair value acquisition adjustments have been recognised. The Group instead applied predecessor accounting, which was considered to reflect more appropriately the substance of the transaction. The reorganisation was implemented to support the Starling Group's strategy, growth, and readiness to meet evolving regulatory obligations, as well as to enable effective governance, decision-making and oversight. In applying predecessor accounting, the Group used the carrying amounts in SBL's financial statements at the date of the share-for-share exchange to determine the value of the assets and liabilities transferred. A merger reserve has been recognised to reflect the difference between the share capital issued by SGHL and the share capital and premium of SBL at the date of the share-for-share exchange.

3. Basis of preparation

The consolidated financial statements have been prepared in accordance with the Companies Act 2006 and with IFRS and interpretations issued by the IASB as adopted by the UK. The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets and liabilities at FVTPL and other comprehensive income. The accounting policies have been applied consistently throughout the year except as otherwise noted.

The financial statements are presented in British pounds sterling (sterling, GBP or £) and all values rounded to the nearest thousand (£'000) except as otherwise indicated. The amounts expected to be recovered or settled for assets and liabilities in the financial statements are due no more than 12 months after the reporting year unless specifically stated.

Other disclosures

Certain disclosures required under IFRS 7 have been included within the risk report that make up the financial statements, as follows:

- Credit risk on pages 100 to 102 and 112 to 133.
- Liquidity risk on pages 138 to 141.
- Market risk on page 142 to 143.

These disclosures are covered by the audit opinion, where referenced as audited.

Basis of consolidation

The consolidated financial statements consolidate the assets, liabilities and results of SGHL and its subsidiaries (see note 37). Consistent accounting policies are used by the Group, the parent company and the subsidiaries. All subsidiaries have financial years ending on 31 March, co-terminus with the parent company's year-end.

SIHL (registration number 16240204), MFSL (registration number 14999160) and Ember (registration number 11822163) subsidiaries of SGHL, will take the exemption from audit under s479A of the Companies Act 2006 for the year ended 31 March 2026. In order to allow these subsidiaries to take the exemption, SGHL will issue a statutory guarantee of their outstanding liabilities as at 31 March 2026 pursuant to s479C of the Companies Act 2006.

3. Basis of preparation

Comparative information
As a result of the Group organisation (see note 2) the consolidated financial statements of SGHL are presented as a continuation of the consolidated financial statements of SBL. The comparative numbers in these financial statements are those reported by SBL in their consolidated financial statements for the year ended 31 March 2025.

Change in accounting policy
Consolidated statement of comprehensive income
During the year, Starling has re-presented the consolidated statement of comprehensive income to include subtotals for revenue, cost of revenue and gross profit. This new presentation ensures the financial information provided is relevant to stakeholders as our SaaS proposition scales alongside our core banking operations.

Under this revised format, net interest income and net fee income are no longer presented on the face of the income statement but in a separate disclosure note (see note 6). Instead, interest and fee expenses are reported within cost of revenue, while the corresponding income streams are included in revenue. Comparative figures have been re-presented accordingly, with no effect on the previously reported interest income, interest expense, fee income, fee expense or profit after tax.

In addition, direct costs associated with SaaS revenue have been reclassified from operating expenses to fee expense and cost of services. This change aligns with the revised income statement presentation, ensuring that direct service delivery costs are captured within the cost of revenue. In accordance with IAS 1, comparative figures for the year ended 31 March 2025 have been re-presented, resulting in the reclassification of £5.1m from operating expenses to cost of services. This reclassification has no impact on the previously reported profit after tax.

Changes in presentation
Consolidated statement of comprehensive income
In accordance with IAS 1, the Group has re-presented its consolidated statement of comprehensive income to disclose interest income and expense calculated using the effective interest method as separate line items. Prior year comparatives for the year ended 31 March 2025 have been re-presented on a consistent basis. This change relate solely to presentation and has no impact on the previously reported interest income, expense, profit after tax or cash flows.

Consolidated statement of financial position
In accordance with IAS 1, Starling has re-presented the consolidated statement of financial position to separately disclose the merger reserve as part of total equity due to its increased materiality. In the prior year, the merger reserve was included in other reserves. Prior year comparatives have been re-presented with no effect on the previously reported total equity.

Additionally, for the year ended 31 March 2026, the Group has updated its presentation of loans and advances to customers to include deferred lending fees (note 15). In prior years deferred lending fee income was included as part of deferred income while deferred lending fee expense was included within other assets (note 23 and 16). Comparatives have not been restated as the impact is not considered material to the financial statements taken as a whole.

Consolidated statement of changes in equity
The Group has disaggregated 'other reserves' in the consolidated statement of changes in equity to disclose individual reserve components. Previously, these were presented as a single aggregate total. Comparative figures have been re-presented accordingly, with no effect on the previously reported total other reserves or total equity.

3. Basis of preparation

Going concern

In assessing the Group's going concern position as at 31 March 2026, the Directors considered a wide range of information relating to the present and future conditions, including the Group current financial position and future projections of profitability, cash flows and capital resources and requirements, which all form part of the business plan. Base case forecast projections are based on detailed financial planning by management that take account of the current and expected economic environment. The Directors also considered the impact of key existing risks and emerging risks on the Group business model and plan (see pages 61 to 66). The Directors have assessed the outlook for the Group for at least 12 months from the signing of these financial statements as required under IFRS.

The Directors have reviewed a range of severe but plausible stresses that have been applied to the base case business plan with the impact assessed against the Group's profits, capital and liquidity resources. The Group has modelled a severe low interest rate stress downside scenario calibrated to the most recent ICAAP, as well as considering the impact of a number of single-variable stress tests in order to test the limits and vulnerabilities of the business plan and strategy. The impact of management actions that might be taken to mitigate the impact of these stresses is also assessed. The projections under these stress scenarios show that the Group will be able to operate at adequate levels of both capital and liquidity resources whilst remaining in excess of PRA minimum capital requirements and using its buffers to execute recovery actions to replenish its capital resources, if needed. On this basis, the Group will meet its future obligations for at least 12 months from the signing of these financial statements.

Stress testing is performed regularly throughout the year to support the business planning cycle and re-forecasting as well as to monitor business performance and also to inform and support management's decision making. It also forms a fundamental part of the annual production of the ICAAP, ILAAP and recovery and resolution planning.

As a result of this assessment, the Directors have a reasonable expectation that the Group have adequate capital, liquidity and other resources to continue in operational existence for at least 12 months from the signing of these financial statements and that the Group has adequate capital and liquidity resources to meet its minimum regulatory requirements as prescribed by the PRA. Accordingly, the going concern basis of accounting has been adopted to prepare these financial statements.

New accounting standards or amendments

Standards issued but not yet adopted

A number of new standards and amendments to standards are effective for accounting periods beginning on or after 1 January 2026; the Group has not yet applied those new or amended standards in preparing these financial statements. The following amended standards and interpretations are not expected to have a significant impact on the Group's financial statements:

- Amendments to IFRS 9 and IFRS 7— Classification and Measurement of Financial Instruments.
- Annual Improvements to IFRS Accounting Standards—Volume 11.

Standards issued but not yet effective

A number of standards have been issued but are not yet effective. The following standards will be effective for accounting periods beginning on or after 1 January 2027:

- IFRS 18 Presentation and Disclosure in Financial Statements
- IFRS 19 Subsidiaries without Public Accountability: Disclosures

An assessment of the impact of IFRS 18 on the Group's income statement presentation will be completed ahead of the standards' implementation.

IFRS 19 is not yet endorsed for use in the UK. It is not expected to have a significant impact on the Group's financial statements.

In February 2026, the UK government officially endorsed the UK Sustainability Reporting Standards (UK SRS S1 and S2) for voluntary use, though they remain optional for private companies until further government consultation later this year determines the timeline for mandatory adoption.

The Group continues to monitor developments in new accounting standards and will assess impact as further guidance is issued.

4. Material accounting policies

a) Consolidation
Subsidiaries are entities over which Starling has control. The Group has control over another entity when it has power over the entity, is exposed to, or has rights to, variable returns from its involvement with the entity, and has the ability to affect those returns through the exercise of its power. The assessment of control is based on consideration of all facts and circumstances. Subsidiaries are fully consolidated from the date on which control is transferred to the Group, which for most subsidiaries coincides with the date of incorporation. Upon consolidation, intercompany transactions and balances are eliminated.

The acquisition method of accounting is used to account for business combinations by the Group, other than those under common control. The consideration for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair value at the date of acquisition. Goodwill is recognised where there is an excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree, over the fair value of the Group's share of the identifiable net assets acquired.

b) Foreign currency translation
The consolidated financial statements are presented in sterling, which is the functional currency of the Group. Foreign currency transactions are translated into sterling using the exchange rate prevailing on the dates of transactions.

Monetary items denominated in foreign currencies are retranslated at the exchange rate prevailing at the reporting date. FX gains and losses resulting from the retranslation of these items are recognised in the income statement. Non-monetary assets and liabilities denominated in foreign currencies that are measured at historical cost are translated using the exchange rate at the transaction date.

Items included in the financial statements of each of the Group's entities are measured using their financial functional currency, which may differ to the Group. On consolidation, the results and financial position of all foreign operations that have a functional currency different from the Group's functional currency are translated into the Group's functional currency as follows:

- Assets and liabilities are translated at the closing rates of exchange prevailing on the date of the statement of financial position;
- Income and expense items are translated at average exchange rate for the year, to the extent that such average rates approximate to actual rates; and
- Any resulting gain or loss on translation is recognised in other comprehensive income (OCI).

c) Interest income and interest expense
Interest receivable and similar income on financial assets that are classified as cash and balances at central banks, loans and advances to banks, debt securities and loans and advances to customers, and interest payable on financial liabilities that are classified as deposits from banks and customer deposits, are recognised as interest income and interest expense respectively in the income statement, using the EIR of the financial assets or financial liabilities to which they relate. Interest on derivatives designated in hedging relationships is recognised in interest income when the derivative hedges an asset and interest expense when the derivative hedges a liability. Interest on derivatives not designated in a hedge relationship is recognised in interest income or interest expense as appropriate.

The EIR is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument to the gross carrying amount of the financial asset or liability. The effective interest method calculates the amortised cost of a financial asset or liability and allocates the interest income or expense over the relevant period. The Group estimates cash flows considering all contractual terms and behavioural expectations of the financial instruments but does not consider future credit losses. The Group monitors the actual cash flows of financial instruments and resets estimated cashflows when a significant change is observed. These revised cashflows are discounted at the EIR to derive a new asset carrying value with changes taken to profit or loss as interest income. For variable rate assets or assets with a variable rate period in their contractual period, the EIR is revised where there is a significant movement in a variable interest rate which will impact future expected cashflows. The revised EIR is the rate which exactly discounts the revised cash flows to the net carrying value of the assets.

In accordance with IFRS 9, directly attributable upfront costs incurred and fees paid or received, that are considered integral to the EIR, are deferred and recognised through interest income or expense on an effective interest basis over the life of the underlying asset or liability.

Where assets have become credit-impaired, interest revenue is subsequently calculated by applying the EIR to the amortised cost less impairment provisions of the asset.

For POCI financial assets the interest income is calculated using the credit-adjusted EIR applied to the amortised cost of the financial asset from initial recognition.

4. Material accounting policies

d) Fees and commissions
The Group recognises fees and commissions income in accordance with IFRS 9 Financial Instruments or IFRS 15 Revenue from Contracts with Customers.

As above, in accordance with IFRS 9, fees paid or received that are considered integral to the EIR of a financial instrument are deferred and recognised through interest income or expense on an effective interest basis over the life of the underlying asset or liability.

Fees and commissions which are not an integral part of the EIR of a financial instrument but are instead received for a distinct service, are recognised in line with IFRS 15. Card transaction and payment fees are generally recognised at a point in time as the transaction occurs and the performance obligations is considered satisfied.

For SaaS contracts with clients, the Group applies the 5 step model under IFRS 15:

Step 1; Identify the contract with a customer
A contract is recognised where both parties have agreed the terms, that the rights of each party are identifiable, the payment terms are identifiable, the contract has commercial substance, and that it is probable that the consideration is collectable.

Where the Group enters into multiple contracts with a customer at or around the same time the contracts are combined and assessed as a single contract if they have a single commercial outcome or are not distinct from one another.

Step 2; Identify the performance obligations in the contract
In identifying performance obligations in contracts, consideration is given to whether services are both capable of being distinct (i.e. the customer can benefit from the services alone or in combination with other resources that are readily available to the customer) and distinct within the context of the contract (i.e. the services are separately identifiable from the other performance obligations in the contract). Professional services fees, licence fees and subscription fees are generally considered distinct from each other unless the services involve significant integration or customisation of another offering.

Step 3; Determines the transaction price which takes into account estimates of variable consideration and the time value of money
Starling determines the total transaction price it is entitled to, in return for providing the promised obligations to the client, based on terms of the relevant agreement. This includes determining the expected total variable consideration. Where consideration is payable to the customer the consideration is deducted when determining the transaction price.

Variable consideration in the SaaS contracts include usage-based pricing calculated using the number and size of customer accounts. Additional performance-related payments may be due throughout the contract and are recognised once certain, with the contractual minimum recognised over time and any variable payments recognised once known.

Measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Variable consideration in the SaaS agreements include usage-based pricing which is calculated using the number, size or product type of customer accounts.

Step 4; Allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered;
Where a combined or standalone contract contains multiple performance obligations, the transaction price is allocated between the identified obligations according to the relative standalone selling prices of the obligations. The Group determines the standalone selling price through the cost plus or adjusted market value method.

Step 5; Recognise revenue when or as each performance obligation is satisfied in a manner that matches the transfer to the customer of the services promised.
Fees generated from SaaS contracts include service, licensing and subscription fees. These are disclosed as software as a service revenue under fee and commission income.

- Professional service fees represent revenue from advisory and technical support services provided to clients to facilitate their independent implementation and development of the SaaS proposition. Revenue is recognised either at a point in time or over time, as performance obligations are satisfied through the delivery of specific project milestones or advisory hours.
- Licence fees are initial fees charged where the client makes use of a software development pack. These are recognised at a point in time or over time depending on whether the service has significant stand-alone functionality or is part of a larger performance obligation performed over time.
- Subscription fees for ongoing access to the SaaS proposition as well as support and maintenance and are recognised over time as the client simultaneously receives and consumes the benefit of these activities as they occur.

4. Material accounting policies

e) Cash and cash equivalents

Cash and cash equivalents comprise current bank balances, unrestricted deposits held with central banks, and highly liquid financial assets with an original maturity of less than three months. These are classified respectively as loans and advances to banks, cash and balances at central banks and debt securities on the statement of financial position.

f) Financial assets

In accordance with IFRS 9, the financial assets of Starling are classified into one of three categories:

- Assets measured at amortised cost;
- Assets measured at FVOCI; or
- Assets measured at FVTPL.

In classifying each financial asset, Starling assesses:

- The objective of the business model in which the financial asset is held; and
- Whether the contractual cash flows of the financial asset are SPPI.

Financial assets are reclassified when, and only when, Starling changes its business model for managing the assets.

Business model assessment

Starling's business model assessment is made at a portfolio level as this best reflects the way the business is managed and how information is provided to management. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice; these include whether management's strategy focuses on earning contractual interest income, matching the duration of the financial assets to the duration of any related liabilities or realising cash flows through the sale of the assets;
- How the performance of the portfolio is evaluated and reported to Starling's management; and
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed.

SPPI assessment

Where contractual cash flows are consistent with a basic lending arrangement, these are considered to represent solely payments of principal and interest. Where contractual terms introduce additional volatility, such cash flows would not be considered to solely represent principal and interest.

In assessing whether the contractual cash flows are SPPI, Starling considers the contractual terms of the instrument and whether these could change the timing or amount of contractual cash flows, such as;

- Leverage features which would amplify returns;
- Contingent events that would change the amount or timing of cash flows;
- Non-recourse features - and whether the amount on default derives from the residual value of underlying assets;
- Make whole provisions; and
- Prepayment and extension features.

Classification:

- Financial assets in portfolios where the business model is to hold the assets to collect the contractual cash flows and where those cash flows represent SPPI are measured at amortised cost;
- Financial assets in portfolios where the business model is to hold the assets to collect the contractual cash flows and to generate cash flows from subsequent sale, and where those assets' cash flows represent SPPI would be measured at FVOCI; and
- Financial assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL.

As a result of the assessments outlined above, the financial assets of Starling have been classified as follows:

Assets measured at amortised cost	The following have been assessed by Starling to be in a 'held to collect' business model and to have cash flows that pass the SPPI test: • Cash and balances at central banks; • Loans and advances to banks; • Debt securities; • Loans and advances to customers; and • Other assets. Starling's financial assets measured at amortised cost are initially recognised at fair value less any directly attributable transaction costs. The assets are subsequently measured at amortised cost using the effective interest method less impairment loss allowances. Where financial guarantees are in place and are considered an integral part of the asset, any amounts due against the guarantee would be accounted for as a component of the underlying asset.
Assets measured at FVOCI	Starling has not classified any financial assets as measures at FVOCI.
Assets at FVTPL	Starling holds derivative financial assets which are measured at FVTPL.

4. Material accounting policies

f) Financial assets

Derivative financial instruments

Derivatives are recognised initially at fair value, and subsequently remeasured at FVTPL. Derivatives are classified as assets when their fair value is positive or as liabilities when their fair value is negative. Starling uses derivative financial instruments primarily to hedge its exposure to interest rate risk arising from its banking activities. Starling does not hold or issue derivative financial instruments for trading purposes and swaps which are not in a hedge accounting relationship have been executed as economic hedges. Changes in the fair value of derivatives are recognised immediately in the income statement under other income. For derivatives designated in a cash flow hedge, the effective portion of the change in fair value is recognised in OCI until the point at which the hedged item affects profit or loss.

Interest on derivatives is included within interest income or expense in the income statement as appropriate, with classification based on whether the derivative is designated in a hedge accounting relationship.

Starling continues to apply the hedge accounting requirements as permitted by IAS 39. At the inception of the hedge relationship, formal documentation is drawn up specifying the hedging strategy, the hedged item and the hedging instrument, the prospective and retrospective testing approaches, and any sources of ineffectiveness. The effectiveness of hedging relationships is tested both at inception and monthly throughout the life and if effectiveness falls outside the 80% - 125% threshold, hedge accounting is discontinued from this point. There are two types of hedging strategy undertaken:

Fair value hedges

A key hedge accounting strategy undertaken by Starling is portfolio hedge of interest rate risk. As permitted under IFRS 9, Starling continues to apply the requirements of IAS 39 for derivatives designated in a portfolio fair value hedge of interest rate risk. This strategy is applied to the swaps hedging loans, mortgages and fixed rate debt securities which are primarily pay fixed, receive float swaps. It is also applied to swaps hedging fixed term customer deposits which are receive fixed, pay float swaps.

Starling also designates individual fixed rate debt securities in micro fair value hedge relationships with the associated interest rate swaps.

Under the fair value hedge relationship, the changes in fair value of derivatives used to hedge interest rate risk are offset in other income in the income statement against the changes in the fair value of the hedged items attributable to the hedged risk, reducing volatility in the income statement. Any residual fair value hedge ineffectiveness is recognised in the income statement under other income. If a hedge relationship no longer meets the criteria for hedge accounting, then hedge accounting is discontinued and the cumulative adjustment to the carrying amount of the hedged item is amortised to the income statement. The adjustment is amortised on a straight-line basis over the period to maturity of the hedged item or, in the case of a portfolio hedge of interest rate risk, to the next repricing period. If the hedged item has been derecognised, the adjustment is recycled to the income statement immediately.

Cash flow hedges

Cash flow hedge accounting is currently applied to receive fixed- pay float interest rate swaps hedging floating rate cash at central banks and debt securities. Where a derivative is designated in a cash flow hedge, the effective portion of changes in it's fair value is recognised in OCI in the cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in the income statement.

The effective portion recognised in OCI is limited to the cumulative change in fair value of the hedged item. Amounts accumulated in equity are reclassified to the income statement in the periods when the hedged item affects profit or loss. When a hedge no longer meets the criteria for hedge accounting, the associated amount in OCI will only be recognised in the income statement when the previously hedged cash flows affect the income statement.

g) Financial liabilities

In accordance with IFRS 9, the financial liabilities of Starling are classified as liabilities measured at either amortised cost or FVTPL. A financial liability is classified as FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in the income statement. Starling carries derivative financial liabilities classified as FVTPL. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with any interest expense being recognised in the income statement. Any gain or loss on derecognition is also recognised in the income statement.

4. Material accounting policies

h) Impairment of financial assets

The Group recognises impairment loss allowances for ECL, where appropriate, on financial assets that are not measured at FVTPL.

Measurement of ECL

ECLs are an unbiased probability-weighted estimate of the present value of credit losses, taking account of forward-looking information that includes a range of possible economic outcomes. ECLs are measured as the difference between contractual cash flows and expected cash flows, discounted at the asset's EIR.

When measuring ECL, the Group assesses the probability of default, the expected exposure at the time of default, and the loss that is expected to arise on default. The maximum period considered is the maximum contractual period over which the Group is exposed to credit risk. The probabilities of default are adjusted to take account of expected customer redemptions.

ECL is calculated such that ECL = PD x LGD x EAD. Key inputs into the measurement of ECL for loans and advances to customers are:

- PD which estimates the likelihood of default within the next 12 months or over the remainder of its life, depending on the stage.

The Group has calibrated portfolio default rates based on observed default rates where outcome date is available and PD curves are segmented by relevant risk profiles for that portfolio, e.g. credit grade or sector. Some portfolios currently use expert judgemental approaches due to a lack of empirical evidence, given the immaturity of the portfolio.

- LGD is the proportion of the exposure that is expected to be lost in the event of default.

LGD is typically expressed as a % of EAD. Observed losses in the event of default are based on a combination of historical experience of customer behaviour, industry benchmark data and product criteria.

For mortgage lending the Group has used historical experience where available, however this data is largely limited due to limited volumes. Therefore, the LGD is largely driven by the underlying value of the collateral, as well as expert judgement assumptions of other components like probability of possession given default, forced sale discount and recovery costs which are based on a combination of industry benchmark data and historical information, in the absence of sufficient observable performance. For SME lending the Group has used an LGD that reflects the UK government guarantee where applicable, as well as observed historical cure and recovery rates. For retail lending, the Group has used an LGD based on observed customer behaviour and resulting losses.

- EAD is an estimate of the gross value of the loan at point of default.
  For lending products, other than revolving products, the EAD is calculated as the expected amount outstanding at the current and future reporting date. For revolving products such as overdrafts, utilisation can vary over time. Where unutilised balances exist, in the example of overdrafts, then the EAD is calculated as the sum of the drawn balance and the undrawn balance adjusted by a credit conversion factor.

IFRS 9 requires an impairment loss allowance to be recognised at an amount equal to either the 12-month ECL or the lifetime ECL. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial asset. 12-month ECLs are the portion of lifetime ECLs that result from default events that are possible within the 12 months after the reporting date.

Impairment losses for loans and advances to customers are assessed for both a 12-month ECL and a lifetime ECL where the credit risk on a financial asset has increased significantly since initial recognition or the account has defaulted. For overdraft facilities, where the commitment relates to the undrawn component of the overdraft facility, it is assigned to the same stage as the drawn component.

Impairment loss allowance for other assets is measured at an amount equal to 12-month ECL as follows:

- Debt securities that are determined to have low credit risk at the reporting date. The Group considers debt securities to have low credit risk when its credit rating is equivalent to the globally understood definition of 'investment grade'; and
- Other financial assets on which credit risk has not increased significantly since their initial recognition (except trade receivables without a financing component, for which the Group will always recognise lifetime ECLs in accordance with the simplified approach in IFRS 9).

When assessing for impairment on intercompany balances that are repayable on demand, it is considered whether the Group counterparty has sufficiently available liquid assets to repay the balance at the reporting date. If it does not, the balance is assessed for impairment assuming the Group counterparty defaulted on its intercompany balance as at that date.

4. Material accounting policies

h) Impairment of financial assets

Measurement of ECL depends on the 'stage' of the financial asset, based on changes in credit risk occurring since initial recognition, as described below:

- Stage 1: when a financial asset is first recognised it is assigned to stage 1. If there is no SICR from initial recognition the financial asset remains in stage 1. Stage 1 also includes financial assets where the credit risk has improved and the financial asset has been reclassified back from stage 2 or 3. For financial assets in stage 1, a 12-month ECL is recognised;
- Stage 2: when a financial asset shows a SICR from initial recognition it is moved to stage 2. Stage 2 also includes financial assets where the credit risk has improved and the financial asset has been reclassified back from stage 3. For financial assets in stage 2, a lifetime ECL is recognised; or
- Stage 3: when there is objective evidence of impairment and the financial asset is considered to be in default, or otherwise credit-impaired, it is moved to stage 3. For financial assets in stage 3, a lifetime ECL is recognised.

POCI financial assets are those that are assessed as being credit-impaired upon initial recognition. At initial recognition, POCI assets do not carry an impairment allowance; instead, lifetime ECLs are incorporated into the calculation of the EIR. All changes in lifetime ECL subsequent to the assets' initial recognition are recognised as an impairment charge.

Significant increase in credit risk

The Group monitors all financial assets and loan commitments that are subject to IFRS 9's impairment requirements to assess whether there has been a SICR since initial recognition of the asset.

In determining whether there has been a SICR, Starling uses quantitative tests and qualitative indicators, such as behaviours observed on individual customers' accounts.

For mortgage, unsecured retail lending, and organic SME lending (except BBLS), Starling includes a rebuttable presumption that credit risk has significantly increased from the point of origination or acquisition when arrears have increased by one month or loans are more than 30 DPD. For third party SME lending, Starling includes a presumption that credit risk has significantly increased when contractual payments are past due by 10 or more days. For BBLS lending, credit risk is considered to significantly increase when contractual payments are past due by one day or more.

Additionally, an increase in other observable data points that might point to a SICR, such as a material deterioration in credit bureau score, is amongst other factors taken into consideration.

Forward-looking information

The Group incorporates forward-looking information into its measurement of ECLs. The time period over which the Group assesses forward-looking information is the maximum period over which the Group is exposed to credit risk. The Group determines a range of representative scenarios for the possible future direction of key economic variables. The scenarios are derived by reference to external information where this is publicly available and appropriate, together with internally generated views. A probability-weighting, based on management judgement, is assigned to each scenario.

The Group has a base case view of the future direction of relevant economic variables and a representative range of other possible forecast scenarios based on market data and internal management experience and expert judgement. The process involves developing additional economic scenarios and considering the relative probabilities of each outcome. These scenarios include economic data and forecast published by governmental bodies, such as the BoE and selected private sector and academic forecasters.

The Group's base case scenario represents a view of the most likely outcome and is aligned with the information used by the Group for other purposes such as monitoring and maintaining regulatory capital, strategic planning and budgeting. The selection of alternative scenarios is intended to model the non-linear impact of economic factors on ECLs for the Group's financial assets.

The Group uses credit risk metrics that reflect its assessment of the PD of individual exposure level. The credit risk of each exposure is assessed at initial recognition, based on the available information about the borrower.

Definition of arrears

Loans and advances to customers are classified as in arrears if:

- Either a scheduled payment for a mortgage or term loan has failed or has not been paid when due by a customer; or
- The customer has exceeded their authorised overdraft limit due to either a payment or bank interest being applied.

4. Material accounting policies

h) Impairment of financial assets

Definition of default

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

- The outstanding balance is overdue for more than 90 days or the account is three or more MIA;
- Any security or personal guarantee has been taken into Starling's possession;
- If the customer is bankrupt or has proposed an Individual Voluntary Arrangement;
- The customer is subject to a debt relief order; or
- The customer has undergone a distressed restructure.

For mortgages, accounts are also deemed to be defaulted if any of the following criteria has been met:

- They are term expired for three or more months;
- The property is subject to litigation;
- Evidence of fraud is received;
- The customer is deceased; or
- An LPA receiver has been appointed for a BTL mortgage.

Credit-impaired financial assets

At each reporting date, the Group assesses whether its financial assets are credit-impaired.

Loans and advances to customers are considered to be credit impaired and included in stage 3 when there is objective evidence of credit impairment which is consistent with the definition of default.

To assess whether sovereign and corporate debt securities are credit-impaired, the Group considers factors such as bond yields, credit ratings and the ability of the borrower to raise funding.

Forbearance

Forbearance is a qualitative indicator of a SICR applied to some portfolios. It may provide an early indication of an exposure being credit-impaired before reaching the arrears backstop.

Forbearance is granted on a selective basis to support customers who are in financial difficulty. Collections activity commences immediately after a customer moves into a position of arrears.

Where appropriate, the following types of forbearance are then made available to customers: Payment arrangement (payment plan with a reasonable timeframe); concessionary arrangement (payment plan for demonstrably temporary financial difficulties); extension (increased product term); reduced interest; deferment/ capitalisation of arrears; and full and final offers (where the Bank may accept less than full settlement of balance). Where relevant, the Group has applied the FCA requirements on overriding the classification of customers who entered into a payment plan as in default.

Write-offs

A financial asset is written off in full when Starling judges there to be no reasonable expectation that the asset can be recovered in full. This is typically the case when Starling determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to write-off. This assessment is judgemental.

The loan is written off against its related impairment loss allowance once all the necessary procedures have been completed and the loss amount has crystallised. Financial assets that are written off could still be subject to enforcement activities. Subsequent recoveries of amounts previously written off would be recognised in the income statement.

i) Financial assets and liabilities – recognition, modification, derecognition and offsetting

Recognition

Recognition is the point at which the Group begins to recognise a financial asset or financial liability on its statement of financial position. Transactions in which the Group acquires assets and liabilities, portions of them, or financial risks associated with them can be complex and it may not be obvious whether substantially all of the risks and rewards have been transferred. It is often necessary to perform a quantitative analysis. Such an analysis summarises the Group's exposure to variability in asset cash flows as a result of the acquisition. A cash flow analysis of this nature may require judgement. In particular, it is necessary to estimate the asset's expected future cash flows as well as potential variability around these cash flows.

4. Material accounting policies

i) Financial assets and liabilities – recognition, modification, derecognition and offsetting

Modifications

The Group sometimes renegotiates or otherwise modifies the contractual cash flows of a financial instrument. When this happens, the Group assesses whether the new terms are substantially different to the original terms. The Group does this by considering, among others, the following factors:

- If the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flows to amounts the borrower is expected to be able to pay;
- Whether any substantial new terms are introduced that substantially affects the risk profile of the loan;
- Significant extension of the loan term when the borrower is not in financial difficulty;
- Significant change in the interest rate, such as from floating to fixed; and
- Insertion of collateral, other security or credit enhancements that significantly affect the credit risk associated with the loan.

If the terms and cash flows of the modified instrument are not deemed to be substantially different, the loan carrying value will be adjusted to reflect the present value of modified cash flows discounted at the original EIR, with any resulting gain or loss recognised immediately within the income statement as a modification gain or loss.

If the terms and cash flows of the modified instrument are deemed to be substantially different, the contractual rights to cash flows from the original financial instrument are deemed to have expired. This meets the derecognition criteria outlined below.

If the borrower's change in cash flows is the result of forbearance measures, these are typically not considered substantially different except in exceptional circumstances.

Derecognition

Derecognition is the point at which the Group ceases to recognise a financial asset or financial liability on its statement of financial position.

The Group derecognises a financial asset (or a part of a financial asset) when:

- The contractual rights to the cash flows from the financial asset have expired;
- The Group transfers the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred to a third party; or
- The Group transfers the financial asset in a transaction in which the Group neither transfers nor retains substantially all the risks and rewards of ownership and it does not retain control of the asset. If the Group retains control of the asset it continues to recognise the transferred asset only to the extent of its continuing involvement and derecognises the remainder.

On derecognition of a financial asset the difference between the carrying amount (or the carrying amount allocated to the portion being derecognised) and the sum of the consideration received (including any new asset obtained less any new liability assumed) is recognised in the income statement.

The Group derecognises a financial liability (or a part of a financial liability) when its contractual obligations are extinguished (i.e. discharged, cancelled, or expired). On derecognition of a financial liability, the difference between the carrying amount (or the carrying amount allocated to the portion being derecognised) and the sum of the consideration paid (including any new asset obtained less any new liability assumed) is recognised in the income statement.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legally enforceable right to offset the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously. There are no financial assets or liabilities which are offset within the statement of financial position and all financial assets and liabilities are presented on a gross basis. Income and expense are presented on a net basis only when permitted under IFRS.

j) Issued debt and equity instruments

Issued financial instruments are classified as liabilities if the contractual arrangement results in the Group having an obligation to either deliver cash or another financial asset, or a variable number of equity shares, to the holder of the instrument. Issued instruments classified as equity therefore include instruments that will be settled by exchanging a fixed number of equity instruments for a fixed amount of cash or another financial asset.

Equity instruments issued by the Group are recognised at their fair value at the date of issuance.

4. Material accounting policies

k) Property, plant and equipment
Fixtures, fittings and equipment are included as property, plant and equipment in the statement of financial position at historical cost less accumulated depreciation and any accumulated impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items, major alterations and refurbishments. Depreciation on property, plant and equipment is included in operating expenses in the income statement according to the type:

- Fixtures and fittings: Straight line over 3 year expected life.
- IT equipment: Straight line over 3 year expected life.
- Leasehold improvements: Straight line over 5 year expected life.

Gains and losses on disposals are included in operating expenses in the income statement.

l) Intangible assets
The Group applies IAS 38 Intangible Assets to the recognition and measurement of intangible assets. Capitalisation occurs only when the specific criteria of IAS 38 are met, including the technical feasibility of the asset and the probability of future economic benefits. Intangible assets acquired in a business combination may also be recognised. Intangible assets are carried at cost less accumulated amortisation and impairment.

The carrying values of intangible assets are reviewed whenever there are indicators of impairment, or at least annually for intangible assets with indefinite life, and thus the carrying amount may not be recoverable. The Group considers both internal and external factors when determining whether there are indicators that the intangible asset is impaired.

If there are no indicators of impairment, then there are no requirements to perform recoverable amount calculations. Where the carrying amount is not recoverable the asset is written down immediately to the estimated recoverable amount. The recoverable amount is the higher of its fair value less costs to sell and its VIU (the present value of expected future cash flows).

Software development
Software development costs are capitalised as intangible assets if it is probable that the asset created will generate future economic benefits. Software costs, including the design, specification, build, testing and implementation of the Group's banking software and mobile application, are recognised in the statement of financial position as intangible assets and amortised using the straight-line method over their estimated useful lives from the date the software becomes operational and available for use. The estimated useful life is currently considered to be ten years (2025: 7 years). Costs associated with maintaining the software are recognised as an expense as incurred. Impairment losses are recognised immediately as an expense.

Intangible assets arising from a business combination
Intangible assets are recognised, separately from goodwill, when as part of a business combination an asset is identifiable. An asset is identifiable if it either is separable, i.e. capable of being separated or divided from the entity and sold, transferred, licensed, rented or exchanged; or arises from contractual or other legal rights, regardless of whether those rights are transferable or separable from the entity or from other rights or obligations. Intangible assets acquired as part of business combinations are recognised at fair value at acquisition date and are amortised on a straight-line basis over the estimated life of the underlying contractual arrangement. The estimated useful life is currently considered to be seven years.

m) Goodwill
Goodwill arises on the acquisition of a subsidiary and represents the excess of the consideration transferred over the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree at the date of acquisition. Goodwill is stated at cost less accumulated impairment losses.

For the purpose of impairment assessment, goodwill acquired in a business combination is allocated to each of the CGU that is expected to benefit from the combination. Each unit to which goodwill is allocated represents the lowest level at which goodwill is monitored for internal management purposes. Goodwill is not amortised, however, it is tested for impairment at the end of each reporting period. The recoverable amount of a CGU is the higher of its fair value less costs to sell and its VIU. VIU is the present value of the CGU's expected future cash flows. If the recoverable amount is less than the carrying value, an impairment loss is charged to the income statement. Any impairment is recognised immediately as an expense and is not subsequently reversed.

4. Material accounting policies

n) Other assets
Payment scheme collateral, funds in the course of collection and other assets are financial assets which are initially recognised at fair value and subsequently measured at amortised cost.

Payment scheme collateral is recognised at the value of the amount placed with nominated banks.

o) Leases
The Group has entered into leases for all its premises. Lease liabilities are recognised in respect of the Group's obligations to make future lease payments and 'right of use' assets are recognised that represent the Group's right to use the underlying assets.

Amounts expensed to the income statement represent the interest costs on lease liabilities (presented within operating expenses) and the depreciation charge on right of use assets (presented within operating expenses). Right of use assets are depreciated over the lease term on a straight-line basis.

The Group applies the short-term lease recognition exemption to leases with an original term not exceeding twelve months. Lease payments on these leases are recognised as an expense on a straight line basis over the lease term unless another systematic basis is more appropriate.

p) Taxation including deferred tax
Taxation in the income statement comprises current tax and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in shareholders' equity, in which case it is recognised in equity.

Current tax
Current tax is the tax expected to be payable on the taxable profit, calculated using tax rates enacted or substantively enacted by the reporting date, and any adjustment to tax payable in respect of previous years.

RDEC is recognised as income in the year in which the R&D qualifying expenditure is recognised.

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

Deferred tax
Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and the amounts attributed to such assets and liabilities for tax purposes. Deferred tax assets are recognised for the carry forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and losses can be utilised. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax is determined using tax rates and legislation in force at the reporting date and those expected to apply when the deferred tax asset is realised, or the deferred tax liability is settled. Deferred tax assets and deferred tax liabilities are presented net in the statement of financial position where there is a legal right to offset and intention to settle on a net basis.

Each legal entity of the Group has applied the mandatory temporary exception (as referred to in Paragraph 4A of IAS 12) which allows each entity to not recognise or disclose information about deferred tax assets and liabilities relating to Pillar Two income taxes.

q) Deposits from banks and customer deposits
Deposits from banks and customer deposits are measured at amortised cost using EIR, in accordance with IFRS 9. Deposits are initially recognised at fair value and are subsequently measured at amortised cost.

r) Other liabilities
Other liabilities include funds in the course of collection for customers' accounts, settlement balances arising from the acquisition of debt securities, deferred consideration payable on loan book acquisitions, lease liabilities, employee taxes payable and accrued expenses. Accrued expenses include amounts incurred but unpaid for goods and services provided to the Group prior to the end of financial year. Deferred consideration is measured using the EIR method.

4. Material accounting policies

s) Deferred income
Deferred income represents RDEC claims received and other payments received which have not yet been recognised in the income statement. RDEC claims are recognised in accordance with IAS 20.

t) Provisions
Provisions other than impairment provisions (see 4(h) above) are recognised when it is probable that an outflow of economic benefits will be required to settle a current legal or constructive obligation as a result of past events and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting year. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Provision is made for ECL in respect of irrevocable undrawn loan commitments in accordance with IFRS 9 (see 4(h) above).

u) Contingent liabilities
Contingent liabilities occur during the ordinary course of business if the Group is subject to threatened or actual legal proceedings and a present obligation exists but payment is not probable or the amount cannot be measured reliably; or if there exists a possible obligation dependant on the occurrence of an uncertain future event. All such material cases are periodically assessed, with the assistance of external professional advisers where appropriate, to determine the likelihood of incurring a liability. The Group does not disclose amounts in relation to contingent liabilities associated with such claims or present obligations where the likelihood of any payment is remote or where such disclosure could be seriously prejudicial to the conduct of the claims.

v) Related party transactions
Transactions with related parties have been included in the financial statements in accordance with IAS 24. Related parties comprise persons or a person, a company or a group of companies and/or an unincorporated entity or a group of unincorporated entities who either has individual or joint control of the Group or can exercise significant influence over the Group or is a member of the key management personnel. Related parties also include another entity over which the reporting entity has control or significant influence, or another entity that is under common control with the reporting entity.

Key management personnel is defined as the Board, their spouses or partners and children and other dependents over whom the Board member can exert influence.

w) Employee benefits
The Group applies IAS 19 employee benefits in its accounting for direct staff costs.

Short-term employee benefits
Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Defined contribution plans
Obligations for contributions to defined contribution plans are expensed as the related service is provided and recognised as staff costs in operating expenses in the income statement. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

Discretionary incentive schemes
Starling runs two employee discretionary incentive schemes to attract, retain and incentivise certain senior staff and key talent, and align their interests with the creation of shareholder value and risk management. Awards made on an annual basis under one of these schemes are subject to the satisfaction of performance conditions, delivered in a combination of cash and share awards and are subject to deferral, in line with regulatory requirements.

4. Material accounting policies

w) Employee benefits

Share-based payments

The Group applies IFRS 2 in accounting for share-based payments. The Group has the following share based payment arrangements:

Joint share ownership schemes	Under the four JSOPs certain employees of the Group's subsidiary undertakings were awarded a beneficial interest in shares of the Company therefore aligning the interests of key employees with the interests of shareholders. To fund the purchase, employees were granted a bonus (grossed up for income tax and national insurance) that was used by the employees to subscribe for the right to the beneficial interest at each award date.
Senior employee incentive schemes	Under the two SEIS schemes certain senior employees of the Group's subsidiary undertakings are awarded a beneficial interest in shares of the Company therefore aligning the interests of key employees with the interests of shareholders. The interest awarded is funded by the Group at nil cost to the employees.
Long-term incentive plan	Under the LTIP scheme, eligible employees of the Group's subsidiary undertakings are awarded a beneficial interest in shares of the Company therefore aligning their interests with the interests of shareholders. The interest awarded is funded by the Group at nil cost to the employees.
Share options	Under the discretionary incentive schemes, eligible employees of the Group's subsidiary undertakings have been granted share options by the Company that can be exercised at nil cost or at a predetermined price.

The award of beneficial interests in the above schemes are classified as equity-settled. The fair values of equity-settled share-based payments are calculated at each grant date and recognised over a vesting period that matches the most likely date of a realisation event in line with the conditions of the awards. For awards with a grading vesting feature each instalment is recognised separately over the vesting period. The charge is recognised in staff costs in operating expenses in the income statement and adjusted for tax, where relevant, with a corresponding entry through the share awards reserves in equity within the statement of financial position.

x) Employee benefit trust

Two separate EBTs have been created to facilitate the efficient transfer of the beneficial interests in shares of the Company to its employees, as a reward to those individuals that contribute to the growth of Starling, therefore aligning the interests of key employees with the interests of shareholders.

The assets and liabilities of the EBTs have been included within these financial statements in accordance with IFRS 2 and are accounted for as an extension of Starling's own business.

5. Critical estimates and judgements

The preparation of these financial statements, in conformity with IFRS, requires the Directors to make judgements, estimates and assumptions that affect the reported amounts of: (i) assets and liabilities at the date of the financial statements and (ii) revenues and expenses during the year. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant, although the amount, event or action, and ultimate result may differ from the estimates used. Sources of estimation uncertainty relate to assumptions and estimates at the end of the current reporting year that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

a) Impairment of loans and advances to customers

Critical judgement: Determining an appropriate definition of default (see note 4(h) above) against which PD, LGD and EAD can be evaluated.

Determining whether credit risk has significantly increased since the loan was initially recognised (see note 4(h) above).

The use of judgemental adjustments based on management expert judgement to adjust inputs, parameters and outputs used in ECL models to reflect risks not captured. These include adjustments to address (i) model deficiencies, and (ii) uncertainty over the impact of future economic forecasts.

Critical estimate: Use of forward-looking adjustments and multiple economic scenarios including probability of impact.

The appropriateness of the models is kept under constant review and certain empirical data is used to refine the key estimates and judgements. Starling is exposed to credit risk across all of its financial asset classes, however its principal exposure to credit risk arises on loans and advances to customers.

Starling has considered the impact of climate change on credit risk and ECL. There has been no material impact identified on the ECL estimates and judgements in the current period. See risk management in climate-related financial disclosures on page 54 for further detail.

Definition of default, PD, LGD and EAD

Management has judged that an account is regarded as being in default by reference to certain qualitative and quantitative criteria. See note 4(h) above for definition of default, and evaluation of PD, LGD and EAD.

Starling has portfolios of loans outstanding to SME customers under the BBB coronavirus support schemes that were designed to support businesses dealing with the impact of COVID-19. Starling has provided lending under the three UK government-backed lending schemes organically by the Bank and also non-organically via forward flow transactions. These UK government-backed lending schemes are covered by guarantees from the BBB (a wholly owned subsidiary of HM Treasury) that are to be set against the outstanding balance of a defaulted facility after the proceeds of the business assets have been applied. The guarantee is 100% for BBLS, 80% for both CBILS and RLS (where RLS facility was committed before January 2022) and 70% for RLS facilities committed after January 2022. Lower LGDs are recognised for these UK government-backed lending schemes.

Forward-looking information and multiple economic scenarios including probability of impact

Starling incorporates forward-looking information into its assessment of measurement of ECL. The measurement of ECL is required to reflect an unbiased probability-weighted range of possible future outcomes. The time period over which Starling assesses forward-looking information is the maximum period over which Starling is exposed to credit risk. Starling determines a range of representative scenarios for the possible future direction of key economic variables. The scenarios are derived by reference to external information where this is publicly available and appropriate, together with internally generated views. These scenarios include economic data and forecasts published by governmental bodies, such as the BoE's Monetary Policy Committee and selected private sector and academic forecasters. A probability-weighting, based on management's judgement, is assigned to each scenario. Starling has a base case view of the future direction of relevant economic variables and a representative range of other possible forecast scenarios.

5. Critical estimates and judgements

a) Impairment of loans and advances to customers

Starling's 'base case' scenario is aligned with the information used by Starling for other purposes such as monitoring and maintaining regulatory capital, strategic planning and budgeting. The selection of alternative scenarios is intended to model the non-linear impact of economic factors on ECL for Starling's lending.

Scenarios and weightings are subject to formal approval through the IFRS 9 provisioning governance at IC, with oversight at year end by BAC.

Starling currently uses four economic scenarios:

- Base case - The conflict in the Middle East is short-lived however regional tensions stay elevated for some time after, with the US largely withdrawing support for the war in Ukraine. The Middle East conflict (and the resulting jump in energy prices) have a minimal impact on the real economy, but U.S. tariffs and weaker global growth continue to weigh on UK GDP growth. The end of the conflict triggers a rapid decline in oil and gas prices. By June 2026, prices are only slightly above the pre-conflict baseline as a residual geopolitical risk premium lingers for a few quarters, leading the BoE to delay interest rate cuts until a drop in the base rate to 3.25% at the end of 2026. Economic growth is slow, with a GDP growth rate of 0.8% by mid-2026 before recovering to 1.4% in early 2027. The weaker economy pushes unemployment to 5.3% by the end of 2026. Inflation falls from 3.1% at the start of 2026 to the 2% target by early 2027. The housing market is constrained by high mortgage rates, limiting house price growth to a peak of 2.5% in mid-2027.

- Upside - Global trade and geopolitical tensions ease, and the intensive phase of the Ukraine war ends. The conflict in the Middle East resolves at the same pace as in the Base scenario. US tariffs revert to pre-2025 levels over the course of a year. These improvements boost confidence, energy security, and lead to growth in productivity. As a result, the economy thrives, with real GDP growth peaking at 4.9% in early 2027 and unemployment falling to 4.1% by early 2028. Strong demand creates mild initial inflation pressures compared to the baseline, but inflation still trends back toward 2% by mid-2027. With robust growth, the Bank of England lowers rates more gradually, reaching 3.2% by late 2027. The booming economy also revitalises the housing market, with price growth peaking at 16.8% in mid-2027.

- Downside - Global growth is weak and sentiment in Europe worsens due to tensions over global trade and geopolitical disputes. The Middle East conflict resolves, enabling the Strait of Hormuz to reopen. Persistent uncertainty over tariffs, sanctions and geopolitics causes firms to scale back investment plans and cut their workforce, pushing the economy into a mild recession, to which the BoE does not react fast enough. The economy contracts, with GDP growth falling to a low of -2.5% in early 2027, and unemployment climbing to 5.8% by late 2026. Weak consumer demand quickly offsets any initial energy price spikes, causing inflation to plummet near zero (0.1% in mid-2027). In response, the BoE cuts interest rates to 1.5% in mid-2028 to stimulate growth. Tighter credit availability also stalls the housing market, with prices declining by 5.1% year-on-year in early 2027.

- Severe downside - The global economy falls into a sharp recession amid a breakdown in ties between the U.S. and its traditional allies and an escalating global trade war. Despite heightened geopolitical tensions in the Middle East, the conflict resolves, enabling the Strait of Hormuz to reopen. There are risks that the war in Ukraine will require NATO intervention, and increased concern over shipping disruptions in the Taiwan Strait. The severe increase in geopolitical risk leads to a sharp selloff in the financial markets. Real GDP contracts sharply to a low of -4.8% in early 2027, and widespread layoffs drive unemployment to 9.1% by late 2027. This severe economic downturn triggers falling prices, with inflation dropping to -2.4% by mid-2027. To combat the crisis, the BoE drops rates to 0.7% in early 2028. The housing market faces a severe correction, with prices plummeting 17.2% in mid-2027 due to restricted credit availability and increases in household debt.

The four economic scenarios above were incorporated into ECL models at the reporting date. A judgemental adjustment was made to reflect late-breaking events in Middle East. This post model adjustment assumes that the Strait of Hormuz remains closed until mid-June, with an almost complete cessation of exports of oil and gas from the region during this period. Moreover, shipping through the strait does not recover to pre war levels immediately after reopening. This results in more persistent inflationary pressures, alongside increasing interest rates, elevated unemployment pressures, and a short recession relative to the base case outlook. See page 188 for further detail.

Further detail on the key economic variables for each modelled scenario can be found in the following tables.

5. Critical estimates and judgements

a) Impairment of loans and advances to customers

The following table shows the base case average for key macroeconomic variables used in the calculation of ECL. GDP and HPI represent the annual change in the year ending on 31 March. Unemployment rate is the average rate in the year ending on 31 March.

31 March 2026	2026 %	2027 %	2028 %	2029 %
GDP	**0.66**	**1.38**	**1.51**	**1.70**
Unemployment rate	**4.84**	**5.28**	**5.11**	**4.95**
HPI	**1.03**	**2.27**	**2.01**	**1.59**

31 March 2025	2025 %	2026 %	2027 %	2028 %
GDP	0.93	1.33	1.54	1.78
Unemployment rate	4.30	4.45	4.52	4.63
HPI	3.41	3.64	3.98	1.92

The following table shows the weights applied to each scenario, the peak position of each macroeconomic variable and the 4 year average macroeconomic variable. Worst point is the most negative quarter in the 4 years, which is calculated relative to the start point for GDP and HPI. Peak rate is the highest quarterly figures for unemployment over the 4 years.

31 March 2026	Upside	Base case	Downside	Severe downside
Scenario weighting	**10.0 %**	**30.0 %**	**30.0 %**	**30.0 %**
GDP – worst point	**1.41**	**0.31**	**(2.47)**	**(5.31)**
GDP – 4 year average	**2.25**	**1.31**	**0.75**	**0.10**
Unemployment rate – peak rate	**5.24**	**5.30**	**5.76**	**9.07**
Unemployment rate – 4 year average	**4.57**	**5.05**	**5.26**	**7.15**
HPI – worst point	**2.22**	**0.35**	**(5.62)**	**(25.00)**
HPI – 4 year average	**5.46**	**1.73**	**(0.15)**	**(6.03)**

31 March 2025	Upside	Base case	Downside	Severe downside
Scenario weighting	10.0 %	30.0 %	30.0 %	30.0 %
GDP – worst point	1.48	0.38	(2.52)	(5.94)
GDP – 4 year average	2.33	1.39	0.83	0.10
Unemployment rate – peak rate	4.42	4.67	4.95	8.57
Unemployment rate – 4 year average	3.99	4.47	4.69	6.57
HPI – worst point	2.59	0.72	(4.08)	(22.25)
HPI – 4 year average	7.03	3.24	1.33	(4.64)

5. Critical estimates and judgements

a) Impairment of loans and advances to customers

The following table shows the macroeconomic variables used in the calculation of ECL. Annual paths show quarterly averages for the year ending on 31 March (unemployment) or change in the year ending on 31 March (GDP and HPI):

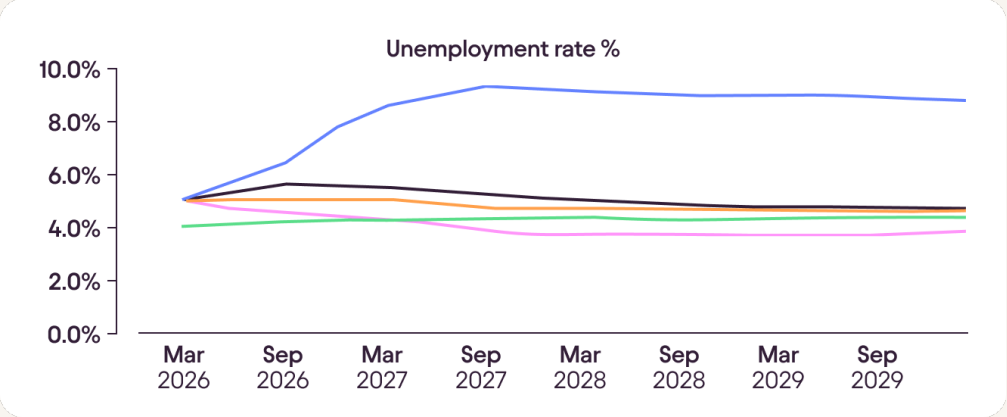
31 March 2026		Upside %	Base case %	Downside %	Severe downside %
GDP	2026	0.66	0.66	0.66	0.66
	2027	4.92	1.38	(2.47)	(4.82)
	2028	1.76	1.51	2.73	0.56
	2029	1.65	1.70	2.07	4.00
Unemployment rate	2026	4.84	4.84	4.84	4.84
	2027	4.98	5.28	5.57	6.28
	2028	4.35	5.11	5.52	8.79
	2029	4.09	4.95	5.13	8.66
HPI	2026	1.03	1.03	1.03	1.03
	2027	16.65	2.27	(5.09)	(15.18)
	2028	5.10	2.01	1.23	(11.23)
	2029	(0.94)	1.59	2.21	1.27

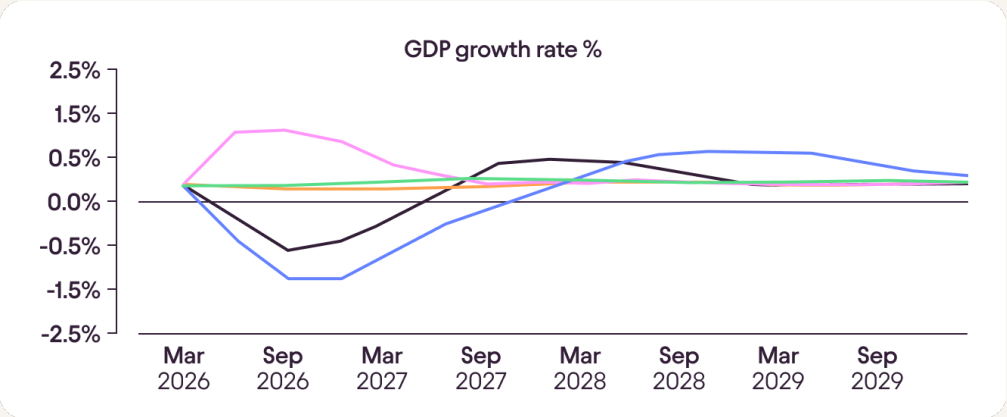
31 March 2025		Upside %	Base case %	Downside %	Severe downside %
GDP	2025	0.93	0.93	0.93	0.93
	2026	4.87	1.33	(2.52)	(5.31)
	2027	1.79	1.54	2.75	0.51
	2028	1.73	1.78	2.15	4.26
Unemployment rate	2025	4.30	4.30	4.30	4.30
	2026	4.16	4.45	4.74	5.45
	2027	3.76	4.52	4.93	8.20
	2028	3.76	4.63	4.81	8.33
HPI	2025	3.41	3.41	3.41	3.41
	2026	18.22	3.64	(3.82)	(14.04)
	2027	7.13	3.98	3.19	(9.52)
	2028	(0.62)	1.92	2.54	1.59

5. Critical estimates and judgements

a) Impairment of loans and advances to customers

The following graphs show the forecast unemployment rate and quarterly percentage change in GDP for Starling's four economic scenarios along with prior year end base scenario for context.





Key: Upside | Base | Downside | Severe | Prior year base

ECL sensitivity to economic assumptions

The calculation of credit impairment provisions is sensitive to changes in chosen weightings. The following tables summarise the impact on the credit impairment provisions from the use of alternative scenario weightings. These tables consider the impact on modelled impairment provisions only; judgemental adjustments of £3.8m (2025: £3.8m) are excluded. See page 188 for further detail of judgemental adjustments.

The probability-weighted modelled credit impairment provision of £20.7m (2025: £18.1m) is 37.6% (2025: 18.7%) higher than if it had been measured using only the base case scenario assumptions which result in an impairment provision of £15.0m (2025: £15.3m).

The effect on the modelled provision of each portfolio as a result of applying 100.0% weighting to each scenario is disclosed in the following tables. Stage 3 exposure is not materially sensitive to each scenario weighting.

5. Critical estimates and judgements

a) Impairment of loans and advances to customers

Total lending 2026	Scenario	Exposure £'000	ECL £'000	Coverage %
Total	Weighted	5,024,894	20,704	0.41 %
	Upside	5,024,894	11,453	0.23 %
	Base case	5,024,894	15,046	0.30 %
	Downside	5,024,894	18,194	0.36 %
	Severe downside	5,024,894	32,196	0.64 %
Stage 1	Weighted	4,636,988	5,542	0.12 %
	Upside	4,638,239	1,498	0.03 %
	Base case	4,637,789	2,746	0.06 %
	Downside	4,637,789	4,030	0.09 %
	Severe downside	4,632,485	11,115	0.24 %
Stage 2	Weighted	225,060	4,296	1.91 %
	Upside	223,808	2,387	1.07 %
	Base case	224,259	3,010	1.34 %
	Downside	224,259	3,566	1.59 %
	Severe downside	229,563	7,269	3.17 %

Retail 2026	Scenario	Exposure £'000	ECL £'000	Coverage %
Total	Weighted	18,248	4,722	25.88 %
	Upside	18,248	4,089	22.41 %
	Base case	18,248	4,388	24.05 %
	Downside	18,248	4,606	25.24 %
	Severe downside	18,248	5,468	29.96 %
Stage 1	Weighted	8,933	635	7.11 %
	Upside	8,933	430	4.81 %
	Base case	8,933	523	5.85 %
	Downside	8,933	604	6.76 %
	Severe downside	8,933	846	9.47 %
Stage 2	Weighted	6,531	1,907	29.20 %
	Upside	6,531	1,479	22.65 %
	Base case	6,531	1,685	25.80 %
	Downside	6,531	1,822	27.90 %
	Severe downside	6,531	2,441	37.38 %

Mortgage 2026	Scenario	Exposure £'000	ECL £'000	Coverage %
Total	Weighted	4,988,947	12,247	0.25 %
	Upside	4,988,947	3,645	0.07 %
	Base case	4,988,947	6,961	0.14 %
	Downside	4,988,947	9,869	0.20 %
	Severe downside	4,988,947	22,919	0.46 %
Stage 1	Weighted	4,618,137	4,518	0.10 %
	Upside	4,619,388	679	0.01 %
	Base case	4,618,938	1,841	0.04 %
	Downside	4,618,938	3,037	0.07 %
	Severe downside	4,613,634	9,868	0.21 %
Stage 2	Weighted	214,280	1,817	0.85 %
	Upside	213,028	353	0.17 %
	Base case	213,479	783	0.37 %
	Downside	213,479	1,189	0.56 %
	Severe downside	218,783	4,194	1.92 %

SME[1] 2026	Scenario	Exposure £'000	ECL £'000	Coverage %
Total	Weighted	17,699	3,735	21.10 %
	Upside	17,699	3,719	21.01 %
	Base case	17,699	3,697	20.89 %
	Downside	17,699	3,719	21.01 %
	Severe downside	17,699	3,809	21.52 %
Stage 1	Weighted	9,918	389	3.92 %
	Upside	9,918	389	3.92 %
	Base case	9,918	382	3.85 %
	Downside	9,918	389	3.92 %
	Severe downside	9,918	401	4.04 %
Stage 2	Weighted	4,249	572	13.46 %
	Upside	4,249	555	13.06 %
	Base case	4,249	542	12.76 %
	Downside	4,249	555	13.06 %
	Severe downside	4,249	634	14.92 %

1 SME modelled exposure staging is not sensitive to economic scenarios as SICR criteria is largely specific to the underlying customer.

5. Critical estimates and judgements

a) Impairment of loans and advances to customers

Total lending 2025	Scenario	Exposure £'000	ECL £'000	Coverage %
Total	Weighted	4,363,433	18,117	0.42 %
	Upside	4,363,435	12,990	0.30 %
	Base case	4,363,435	15,261	0.35 %
	Downside	4,363,435	17,420	0.40 %
	Severe downside	4,363,435	28,939	0.66 %
Stage 1	Weighted	3,999,447	4,588	0.11 %
	Upside	4,004,560	2,401	0.06 %
	Base case	4,003,954	3,228	0.08 %
	Downside	4,003,947	4,166	0.10 %
	Severe downside	3,932,355	9,278	0.24 %
Stage 2	Weighted	205,636	3,616	1.76 %
	Upside	200,526	2,396	1.19 %
	Base case	201,132	2,811	1.40 %
	Downside	201,139	3,189	1.59 %
	Severe downside	272,730	7,311	2.68 %

Retail 2025	Scenario	Exposure £'000	ECL £'000	Coverage %
Total	Weighted	20,176	4,476	22.18 %
	Upside	20,178	3,915	19.40 %
	Base case	20,178	4,226	20.94 %
	Downside	20,178	4,448	22.04 %
	Severe downside	20,178	5,578	27.64 %
Stage 1	Weighted	11,109	1,179	10.61 %
	Upside	11,124	858	7.71 %
	Base case	11,121	1,040	9.35 %
	Downside	11,116	1,179	10.61 %
	Severe downside	10,718	1,565	14.60 %
Stage 2	Weighted	6,981	1,023	14.65 %
	Upside	6,969	783	11.24 %
	Base case	6,972	912	13.08 %
	Downside	6,977	995	14.26 %
	Severe downside	7,374	1,738	23.57 %

Mortgage 2025	Scenario	Exposure £'000	ECL £'000	Coverage %
Total	Weighted	4,300,822	6,261	0.15 %
	Upside	4,300,822	1,931	0.04 %
	Base case	4,300,822	3,790	0.09 %
	Downside	4,300,822	5,630	0.13 %
	Severe downside	4,300,822	15,488	0.36 %
Stage 1	Weighted	3,961,707	2,110	0.05 %
	Upside	3,966,805	296	0.01 %
	Base case	3,966,202	911	0.02 %
	Downside	3,966,200	1,674	0.04 %
	Severe downside	3,895,006	6,349	0.16 %
Stage 2	Weighted	187,653	935	0.50 %
	Upside	182,555	139	0.08 %
	Base case	183,158	355	0.19 %
	Downside	183,160	587	0.32 %
	Severe downside	254,354	3,487	1.37 %

SME[1] 2025	Scenario	Exposure £'000	ECL £'000	Coverage %
Total	Weighted	42,435	7,380	17.39 %
	Upside	42,435	7,144	16.84 %
	Base case	42,435	7,245	17.07 %
	Downside	42,435	7,342	17.30 %
	Severe downside	42,435	7,873	18.55 %
Stage 1	Weighted	26,631	1,299	4.88 %
	Upside	26,631	1,247	4.68 %
	Base case	26,631	1,277	4.80 %
	Downside	26,631	1,313	4.93 %
	Severe downside	26,631	1,364	5.12 %
Stage 2	Weighted	11,002	1,658	15.07 %
	Upside	11,002	1,474	13.40 %
	Base case	11,002	1,544	14.03 %
	Downside	11,002	1,607	14.61 %
	Severe downside	11,002	2,086	18.96 %

1 SME modelled exposure staging is not sensitive to scenarios weightings as SICR criteria is largely specific to the underlying customer.

5. Critical estimates and judgements

a) Impairment of loans and advances to customers

ECL sensitivity to individual economic assumptions

The impact of changes in HPI and the UK unemployment rate on credit impairment provisions has also been assessed. The assessment has been made against the modelled base case provisions and therefore excludes judgemental adjustments to modelled ECL with the reported staging unchanged.

The following table shows the potential impact on Starling's credit impairment provision resulting from a 10% decrease in HPI:

Mortgage lending	2026	2025	2026	2025
Single factor sensitivity - 10% decrease in HPI	**£'000**	£'000	**%**	%
Increase in modelled ECL under the base scenario	**3,620**	2,397	**52.0**	63.2

The following table shows the impact on Starling's credit impairment provision resulting from a 1% increase in the UK unemployment rate:

SME lending	2026	2025	2026	2025
Single factor sensitivity - 1% increase in unemployment rate	**£'000**	£'000	**%**	%
Increase in modelled ECL under the base scenario	**71**	302	**1.9**	4.2

Retail lending	2026	2025	2026	2025
Single factor sensitivity - 1% increase in unemployment rate	**£'000**	£'000	**%**	%
Increase in modelled ECL under the base scenario	**198**	204	**4.5**	4.8

Changes to modelled ECL for judgemental adjustments

The IFRS 9 ECL models are subject to Starling's model governance framework with model monitoring and periodic validation.

Judgemental adjustments to modelled ECL consist of post model adjustments and overlays to impairment model outputs which are applied in order to account for certain late breaking events, known model limitations or where management judges they are necessary, to ensure an adequate level of overall ECL provision to cover material, or known and perceived risks.

As at 31 March 2026, impairment of drawn and undrawn loans and advances to customers balances includes £3.8m (2025: £3.8m) of judgemental adjustments presented by type in the following table:

Total impairment provisions	2026			
	Mortgage	Retail[1]	SME	Total
	£'000	£'000	£'000	£'000
ECL modelled impairment provisions	**12,246**	**4,723**	**3,735**	**20,704**
Total judgemental adjustments	**3,740**	**34**	**–**	**3,774**
Economic uncertainty adjustments	**2,835**	**34**	**–**	**2,869**
Other performance adjustments	**905**	**–**	**–**	**905**
Total impairment provisions[2]	**15,986**	**4,757**	**3,735**	**24,478**

1 Retail includes £1k of economic uncertainty adjustments, being an increase to modelled ECL, on undrawn ECL balances. All other adjustments relate to ECL on drawn balances.
2 Includes provisions for loans and advances to customers (note 15) and for undrawn facilities and loan commitments (note 24).

Total impairment provisions	2025			
	Mortgage[1]	Retail[2]	SME[1]	Total
	£'000	£'000	£'000	£'000
ECL modelled impairment provisions	6,261	4,476	7,380	18,117
Total judgemental adjustments	3,594	134	68	3,796
Economic uncertainty adjustments	2,260	138	68	2,466
Other performance adjustments	1,334	(4)	–	1,330
Total impairment provisions[3]	9,855	4,610	7,448	21,913

1 Mortgage and SME other performance adjustments and economic uncertainty adjustments only relate to ECL on drawn balances.
2 Retail includes £(381)k of other performance adjustments, being a decrease to modelled ECL, and £83k of economic uncertainty adjustments, on undrawn balances. All other adjustments relate to ECL on drawn balances.
3 Includes provisions for loans and advances to customers (note 15) and for undrawn facilities and loan commitments (note 24).

5. Critical estimates and judgements

a) Impairment of loans and advances to customers

Changes to modelled ECL for judgemental adjustments

The total impact of judgemental adjustments to modelled ECL outcomes have remained largely unchanged in the current year. Whilst the value of judgemental adjustments related to economic uncertainty has increased under the current economic climate, this has been offset by management has continued to develop and refine their ECL models and retire other performance adjustments which have been incorporated into the ECL model or have become insignificant.

Judgemental adjustment methodologies are subject to regular oversight and their outputs are reviewed, challenged and, where applicable, incorporated into future model development. All judgemental adjustments were subject to formal approval through the IFRS 9 provisioning governance at IC, with oversight at year-end by BAC.

Judgemental adjustments to ECL include:

Economic uncertainty adjustments	Relate to two types of adjustment: • Late-breaking changes in economics: These are required to be included within provision estimates when the economic environment significantly diverges from agreed upon base case model inputs, close to the reporting date. In the current year this reflects where the expectation of a resolution to the conflict in the Middle East has reduced and a further sensitivity was calculated and applied to incorporate the impact of more persistent inflationary pressures, alongside increasing interest rates, elevated unemployment pressures, and a short recession, relative to the base case outlook. In 2025, an adjustment was made due to increased global economic uncertainty due to protectionist trade policies with the adjustment altering the weightings attributed to each economic scenario. These weightings were subsequently calibrated in the current year model. • BTL sensitivity: Mortgage models are largely based on owner occupied historic performance, and do not capture additional risk associated with BTL exposure (as observed during financial crisis). An adjustment is maintained to uplift BTL provisions under IFRS9 downside scenarios, to ensure provision adequacy.
Other performance adjustments	Relate to two types of adjustment: • Deferred calibrations: These are judgemental adjustments where modelled estimates, such as PD, differ to the observed underlying portfolio performance over time. This includes a reduction to ECL on overdrafts where observed default rates are lower than the model estimate therefore an adjustment is required to better reflect the ECL until the model is next calibrated. As calibrations took place on all models during the year the amount of this adjustment has significantly reduced. • Other post model performance adjustments: This includes an adjustment to ensure appropriate levels of SICR are maintained in the BTL portfolio, utilising benchmarking and internal data. Prior year adjustments in the overdraft portfolio have been released following model developments to mitigate the underlying risks.

6. Interest income and expense

	2026 £'000	2025 £'000
Interest income calculated using the EIR method[1]		
Cash and balances at central banks	**209,229**	302,660
Loans and advances to banks	**138**	1,720
Debt securities	**248,671**	170,872
Loans and advances to customers	**262,674**	265,393
Other interest income		
Economic hedging derivatives[2]	**38,490**	71,050
Interest income	**759,202**	811,695
Interest expense calculated using the EIR method[1]		
Customer deposits	**(83,091)**	(85,861)
Deposits from banks	**(94,345)**	(116,257)
Other interest expense		
Economic hedging derivatives[2]	**(11,827)**	(19,415)
Interest expense	**(189,263)**	(221,533)
Net interest income	**569,939**	590,162

1 Includes interest on swaps entered to hedge the interest rate risk of the underlying item in designated hedge relationships.
2 Economic hedging derivatives relates to interest on derivatives which are economically hedging interest-bearing assets or liabilities but which are not in designated hedge relationships.

The EIR is determined at initial recognition based on Starling's best estimate of the future cash flows of the financial instrument over its expected life. For mortgage lending, estimates are required of expected future payments of interest and capital, based on the early redemption behaviour of customers. This involves assumptions on customer behaviour when a fixed rate period comes to an end and a loan reverts to the applicable SVR. On a regular basis, Starling reviews and, where necessary, updates its view of future behaviours across its various lending portfolios. This is not considered a critical estimate in the current year as, following a previous significant update to expected behavioural curves, the amortised cost of loan balances is not materially sensitive to reasonable changes in expected behaviour.

7. Fee and commission income

	2026 £'000	2025 £'000
Customer card transaction revenue	**97,455**	101,528
Payment and platform services	**1,838**	2,268
Other fees and commission income	**15,055**	12,160
Loan origination and servicing fee income	**2,945**	3,630
Software as a service revenue	**10,860**	8,720
Fee and commission income	**128,153**	128,306

Software as a service revenue includes professional services fees and subscription fees of £10.6m (2025: £6.5m) recognised over the life of the underlying service. The remaining licensing fees of £0.2m (2025: £2.3m) are recognised at a point in time. Usage-based fees are recognised when the constraining principle has been met and it is highly probable that a reversal of revenue will not occur.

8. Fee expense and cost of services

	2026 £'000	2025 £'000
Loan service and other loan related fees	**(6,337)**	(9,666)
Customer card transaction costs	**(13,367)**	(14,401)
Payment systems and other related costs	**(20,116)**	(9,472)
Software as a service costs[1]	**(6,759)**	(5,109)
Fee expense and cost of services	**(46,579)**	(38,648)

1 See note 10 for further detail of expenses by nature.

9. Other income/(expense)

	2026	2025
	£'000	£'000
Net fair value gain/(loss) from hedging	9,077	(6,772)
Ineffectiveness arising from fair value hedges	(4,771)	(6,467)
Ineffectiveness arising from cash flow hedges	(454)	23
Other hedging movements	14,302	(328)
Net loss from foreign exchange	(2,733)	(3,992)
Net gain from sale of financial assets	403	533
Other operating income	7,462	5,685
Other income/(expense)	**14,209**	(4,546)

Net fair value gain/(loss) from hedging
The net fair value gain from hedging of £9.1m (2025: £6.8m loss) arises from hedge ineffectiveness on designated hedges, amortisation of hedge adjustments on de-designated hedge relationships, and residual gains/(losses) on derivatives in economic hedge relationships that do not qualify for hedge accounting.

Ineffectiveness
Ineffectiveness arising from fair value hedges relates to differences in the fair values of designated interest rate risk exposures and the derivatives executed to hedge these.

Ineffectiveness arising from cash flow hedges relates to the excess of derivative movement over the movement of the hedged item. The effective portion of the hedging swap is recognised in other comprehensive income, and the ineffective portion is recognised in other income/(expense).

Other hedging movements
Other hedging movements include the amortisation of fair value hedge adjustments due to the reallocation of hedging swaps into a matched book on the introduction of the structural hedge and Starling's on-going monthly hedge strategy. The matched book is also utilised for economic hedges with a minimal residual income/(expense) impact.

A significant population of pay fixed swaps were de-designated from hedge accounting relationships on execution of the structural hedge (refer to note 14 for further detail), and the swaps were matched against receive fixed swaps in the matched book. The fair value of these swaps on de-designation unwinds on an effective yield basis, but the corresponding hedge adjustments unwind on a straight line basis. This means that although the life-to-date impact will offset, there are timing difference as these different unwind bases progress, with significant gains of £7.6m recognised in the current year compared to £8.7m losses in the prior year.

Additionally when the structural hedging swaps were executed, there were intraday curve moves, meaning that the swaps had a significant day 1 value. This amount continues to amortise to nil over the life of these swaps, and could bring volatility to income across periods. The size of this amount and the shape of the curve on execution led generated gains in the current year of £3.9m (2025: £15.5m gains).

Other hedging movements additionally include a £3.6m gain (2025: £7.3m loss) on the unwind of fair value adjustments for redesignated hedge relationships over the remaining term of the underlying hedged item. These swaps are generally re-designated the next month, and so these differences are rarely significant and offset over the life of the hedged item, but will persist year on year.

Other hedging movements include residual losses of £0.8m (2025: £0.2m gain) from derivatives which are economically hedging fixed interest rate risk, but have not been designated in a hedge relationship because a derivative with an offsetting risk position is held. These offsetting derivatives are held in a 'matched book' with minimal net gains / losses incurred. Receive fixed swaps hedge fixed rate liabilities and more significantly, receive fixed swaps were entered into as part of the structural hedge. Pay fixed swaps hedge fixed rate assets (refer to note 14 for further detail).

Other operating income
Other operating income includes RDEC income recognised. See note 23.

10. Expenses

	2026	2025
	£'000	£'000
Staff costs	**354,915**	303,741
Marketing	**17,631**	12,980
Professional services	**23,379**	21,273
Card and onboarding costs	**12,876**	17,944
Technology	**41,414**	33,148
Premises[1]	**8,282**	5,351
Depreciation and amortisation	**20,575**	23,988
Impairment of intangible assets	**2,629**	1,608
Regulatory fines and penalties	**–**	28,959
Other operational provisions	**–**	28,240
Customer remediation	**8,557**	9,401
Other expenses	**34,199**	30,505
Expenses qualifying for capitalisation	**(75,743)**	(56,925)
Total expenses	**448,714**	460,213
Of which operating expenses	**441,955**	455,104
Of which software as a service costs	**6,759**	5,109

1 Includes interest expense on lease liabilities of £0.6m (2025: £0.5m) and expense on short-term leases of £0.3m (2025: £0.2m).

Expenses qualifying for capitalisation of £75.7m (2025: £56.9m) relate primarily to costs incurred during the year in the development of Starling's banking app and core banking system either for direct use or to licence to Engine customers. Expenses were capitalised in accordance with IAS 38 as intangible assets (see note 18).

For further detail on customer remediation and other operational provisions see note 24.

Depreciation and amortisation

Included within expenses are depreciation and amortisation expenses, which contain the following amounts:

	2026	2025
	£'000	£'000
Amortisation of intangible assets[1]	**13,045**	18,021
Depreciation of tangible fixed assets	**3,226**	2,979
Depreciation of right to use assets	**4,304**	2,988
Depreciation and amortisation	**20,575**	23,988

1 During the current year, Starling has revised its estimate of the UEL for its banking software, see note 18 for more information.

Audit fees

Included within expenses are the following amounts for audit and non-audit fees:

	2026[1]	2025
	£'000	£'000
Audit of consolidated financial statements	**215**	2,863
Audit of financial statements of the subsidiaries	**3,127**	135
Total audit fees	**3,342**	2,998
Non-audit - other assurance services	**203**	72
Total non-audit fees	**203**	72

1 A significant portion of audit fees relates to Starling Bank Limited. These are included within consolidated financial statements for the prior year and within subsidiary financial statements for the current year in line with the Group reorganisation.

Staff costs

Included within expenses are the following amounts for staff costs:

	2026	2025
	£'000	£'000
Salaries, wages and other costs	**285,057**	250,002
Social security costs	**34,535**	22,236
Performance-based compensation	**18,484**	24,624
Pension contributions	**16,839**	6,879
Staff costs	**354,915**	303,741

A restructuring provision was recognised in the year under salaries, wages and other costs (2025: Nil) related to operational efficiency initiatives, specifically the migration of several functions from our London headquarters to our expanded regional offices (see note 24 for further information).

The total average number of employees by function is shown below:

	2026	2025
Operations and front office	**2,928**	2,918
Back office functions	**1,184**	990
Management	**46**	31
Total average number of employees	**4,158**	3,939

10. Expenses

Discretionary incentive schemes

Starling runs two employee discretionary incentive schemes to attract, retain and incentivise certain senior staff and key talent, and align their interests with the creation of shareholder value and risk management. Awards are made on an annual basis subject to the satisfaction of performance conditions, delivered in a combination of cash and share awards and are subject to deferral, in line with regulatory requirements. The following table shows the reconciliation of total cash awarded to the income statement charge recognised under performance-based compensation staff costs.

	2026	2025
	£'000	£'000
Total cash incentive awards approved for the current year	**10,511**	8,566
Less; deferred cash incentives awarded, expected to be recognised in future years	(2,205)	(1,846)
Total cash incentives awarded and recognised in the current year	**8,306**	6,720
Add: current year charges for deferred cash incentives from previous years	738	185
Income statement charge for cash incentives awards	**9,044**	6,905

Director emoluments

The table below are prepared in accordance with the requirements of The Large and Medium-sized Companies (Accounts and Reports) Regulations 2008.

	2026	2025
	£'000	£'000
Wages and salaries	**2,990**	3,200
Performance-based compensation	**983**	936
Pension contributions	**163**	95
Total director emoluments	**4,136**	4,231

Highest paid director

	2026	2025
	£'000	£'000
Wages and salaries	**1,251**	1,097
Performance-based compensation	**613**	600
Total highest paid director	**1,864**	1,697

The Director's of the Group are employed and remunerated by the Group subsidiary, SBL.

No employees (2025: no employees) who served as executive directors during the year have a right to amounts under any final salary pension scheme for their services. Two directors (2025: two directors) participate in SBL's defined contribution pension arrangements.

The Directors did not exercise share options during the current or prior year. During the year there were no awards to directors (2025: none) under a long-term incentive plan.

11. Taxation

	2026	2025
	£'000	£'000
Current tax		
Corporation tax	**59,729**	72,712
Adjustments in respect of prior period	**(987)**	5,464
Tax expense	**58,742**	78,176
Deferred tax		
Deferred taxes recognised in income statement	**1,721**	47
Adjustments in respect of prior period	**612**	(5,532)
Total deferred tax (charge)/credit	**2,333**	(5,485)
Tax charge recognised in income statement	**61,075**	72,691

Reconciliation of tax charge	**2026**	2025
	£'000	£'000
Profit before taxation	**217,118**	223,413
Tax expense at the standard rate of 25% (2025: 25%)	**54,279**	55,853
Effects of:		
Surcharge	**4,060**	4,998
Non-taxable income	**(176)**	(581)
Expenses not deductible for tax purposes	**4,057**	12,485
Tax losses where no deferred tax recognised	**98**	2
Deferred tax recognised on tax losses	**(241)**	–
Share based payment awards	**(644)**	–
Tax rate differences	**17**	2
Prior period adjustment	**(375)**	(68)
Tax charge recognised in income statement	**61,075**	72,691
Effective tax rate	**28 %**	33 %

The standard rate of corporation tax for the year was 25% (2025: 25%). Within the Group, the main operating entity SBL is subject to the bank surcharge with an additional 3% corporation tax applied to surcharge profits in excess of £100m.

Expenses not deductible for tax purposes largely relate to share-based payments and customer remediation costs. Included within adjustments to prior periods, are adjustments relating to prior year R&D claims and other non-deductible expenditure.

The Organisation for Economic Co-operation and Development has published Pillar Two Model Rules, which include a minimum 15% tax rate by jurisdiction. Various countries have enacted or intend to enact tax legislation to comply with these rules.

Starling became in scope of the rules with effect from the current financial year, beginning 1 April 2025, and has performed an assessment of the Group's potential exposure to Pillar Two taxes.

This assessment was based on the most recent tax filings, country-by-country report and financial statements for the constituent entities in the Group. Based on this assessment, the Pillar Two effective tax rates in all jurisdictions in which the Group operates either exceed 15%, or the revenue and profits in the jurisdiction are below the applicable safe harbour thresholds. Management is not currently aware of any circumstances under which this might change, therefore, the Group does not expect a potential exposure to Pillar Two top-up taxes to arise.

12. Analysis of cash and cash equivalents

	2026	2025
	£'000	£'000
Cash and balances at central banks	**4,188,830**	6,686,688
Loans and advances to banks	**36,508**	30,489
Cash and cash equivalents	**4,225,338**	6,717,177

Cash and cash equivalents comprise cash and non-mandatory deposits held with central banks and amounts due from other banks with an original maturity of less than three months that are available to finance the Group's day-to-day operations.

13. Debt securities

	2026	2025
	£'000	£'000
Issued by governments and supranational bodies	**3,043,972**	1,711,624
Covered bonds issued by banks and building societies	**1,867,695**	1,258,616
RMBS issued by banks and building societies	**1,963,242**	993,778
Gross debt securities	**6,874,909**	3,964,018
Fair value adjustment for hedged risk	**(31,483)**	(29,096)
Debt securities	**6,843,426**	3,934,922

The impact of ECL impairment requirements on debt securities is immaterial. Each asset within the debt securities portfolio has been reviewed to ensure that the underlying assets remains of at least investment grade quality (see credit quality disclosures on page 101 of the risk report) and that there have been no breaches of covenants within the individual instruments.

Starling has interests in unconsolidated structured entities not controlled by the Group and established by a third party. Starling is exposed to variable returns arising from the performance of the entities. Such interests relate to holdings of RMBS debt securities. The maximum exposure to loss related to interests in unconsolidated structured entities is £1,963.2m (2025: £993.8m). No impairment charge has been recognised in relation to these RMBS securities. Starling does not sponsor any of the unconsolidated structured entities.

14. Derivatives

2026	Fair value of assets	Fair value of liabilities	Notional amount
	£'000	£'000	£'000
Hedge accounting derivatives			
Fair value hedges - interest rate swaps	**52,392**	**(6,229)**	**3,172,900**
Cash flow hedges - interest rate swaps	**10,397**	**(6,032)**	**1,634,000**
Derivatives not in hedge accounting relationships			
Interest rate swaps	**46,703**	**(26,808)**	**5,792,000**
FX forwards	**1,416**	**(29)**	**212,785**
Derivative assets/(liabilities) and notional	**110,908**	**(39,098)**	**10,811,685**

2025	Fair value of assets	Fair value of liabilities	Notional amount
	£'000	£'000	£'000
Hedge accounting derivatives			
Fair value hedges - interest rate swaps	49,823	(8,888)	2,060,100
Cash flow hedges - interest rate swaps	16,761	(3,854)	1,848,000
Derivatives not in hedge accounting relationships			
Interest rate swaps	89,605	(35,349)	7,038,000
FX forwards	426	(961)	287,549
Derivative assets/(liabilities) and notional	156,615	(49,052)	11,233,649

Derivatives are used primarily to mitigate Starling's interest rate risk. These derivatives are either designated in a hedge accounting relationship, or allocated to a matched book.

The matched book contains economic hedging derivatives which have been excluded from a hedge relationship because an offsetting derivative has been identified, such that the net volatility from these derivatives is minimal. Starling does not take trading positions.

In addition to interest rate swaps, other non-hedge accounted derivatives are forward FX transactions that are executed to manage Starling's short-term liquidity in Euro, US dollar and other non-functional currencies.

Within Starling, derivatives are currently only held by the Bank.

14. Derivatives

Derivatives and hedge accounting
Starling hedges its fixed rate lending, fixed rate debt securities and fixed rate term deposits, and additionally maintains a structural hedge of core deposits. Starling monitors interest rate risk dynamically and executes hedging derivatives if there remains a net exposure at the end of each month.

Economic hedges
Prior to the current approach of hedging net exposures, when economic hedging swaps were executed which offset each other, these swaps were not designated in a hedge relationship and instead were allocated to a matched book, where minimal net risk ensures minimal income statement volatility.

Macro fair value hedge accounting – fixed rate lending/deposits and debt securities
The interest rate risk arising from fixed rate loan books, fixed rate term deposits and certain debt securities is managed by entering into interest rate swaps. The level of exposure from the loan books changes frequently due to new product originations, and repayments/defaults by customers.

Starling applies a portfolio hedge of interest rate risk, using fair value changes in the interest rate risk of the hedged portfolio to offset the volatility from the hedging derivatives.

Starling assesses the hedges prospectively at the start of each month using the dollar-offset method, and assesses the retrospective effectiveness at the end of each month using regression analysis. Starling de-designates and re-designates the portfolio fair value hedges on a monthly basis.

Starling assesses hedge ineffectiveness on an ongoing basis. Hedge ineffectiveness is recognised as other income /(expense) in the income statement. The main sources of ineffectiveness in the portfolio fair value hedge are maturity mismatch and cash flow timing mismatch between the hedged item and the hedging instrument.

Micro fair value hedge accounting - fixed rate debt securities
Starling also executes transactions where a fixed rate debt security is hedged individually with an interest rate swap, and is designated in a fair value hedge for the life of the trade. Starling assesses the prospective and retrospective effectiveness on a monthly basis, using the dollar-offset method. The main source of ineffectiveness is the cash flow timing mismatches between the interest rate swap and the debt security, although the trades are executed such that differences are minimal.

Cash flow hedge accounting – cash and balances at central bank and debt securities
Starling maintains as structural hedge programme for non-maturing customer deposits that are not sensitive to interest rate changes. These deposits may have a natural offset against existing assets or be hedged with gilts or an interest rate swap. Where used, these interest rate swaps are designated as a hedge of variable rate cash at central banks and floating rate debt securities. The underlying interest rate on the designated cash at central banks is base rate, and on the debt securities it is the Sterling overnight rate. As at 31 March 2026, the hedged forecast cash flows continued to be considered highly probable over the five year length of the hedge relationships.

Starling assesses effectiveness prospectively at the start of each month on a dollar offset basis, and retrospectively at the end of each month using a statistical regression analysis. The main sources of ineffectiveness in these hedges of interest rate risk arise from basis mismatch and cash flow timing mismatch between the hedged item and the hedging instrument.

Hedging instruments
The following table sets out the maturity profile and average fixed interest rate of the hedging instruments used in Starling's hedge accounting strategies.

2026	Up to 3 months	3-12 months	1-3 years	3-5 years	Over 5 years
Fair value hedges: Interest rate swaps					
Notional (£'000)	**29,000**	**519,900**	**1,792,600**	**622,400**	**209,000**
Average fixed interest rate %	**2.7**	**2.8**	**3.7**	**3.8**	**4.3**
Cash flow hedges: Interest rate swaps					
Notional (£'000)	**151,000**	**488,800**	**582,700**	**411,500**	**–**
Average fixed interest rate %	**4.9**	**4.6**	**4.6**	**3.9**	**–**

2025	Up to 3 months	3-12 months	1-3 years	3-5 years	Over 5 years
Fair value hedges: Interest rate swaps					
Notional (£'000)	33,000	198,000	1,160,000	603,100	66,000
Average fixed interest rate %	5.0	4.0	3.3	3.5	4.0
Cash flow hedges: Interest rate swaps					
Notional (£'000)	149,000	414,000	765,000	520,000	–
Average fixed interest rate %	5.2	5.0	5.0	4.0	–

14. Derivatives

The following tables provide further detail on Starling's hedging instruments used in fair value hedge relationships and cash flow hedge relationships:

2026	Notional amount	Fair value of assets[1]	Fair value of liabilities[1]	Change in fair value charge/ (credit)[2]
	£'000	£'000	£'000	£'000
Fair value hedge - interest rate swaps	3,172,900	52,392	(6,229)	(10,544)
Cash flow hedge - interest rate swaps	1,634,000	10,396	(6,033)	13,639

2026	Hedge ineffectiveness gain/(loss) during the year	Fair value gain/ (loss) recognised in OCI during the year	Gain/(loss) reclassified from OCI to income statement during the year
	£'000	£'000	£'000
Fair value hedge - interest rate swaps	(4,771)	N/A	N/A
Cash flow hedge - interest rate swaps	(454)	(6,015)	7,048

1 Included in the derivative assets/derivative liabilities lines in the statement of financial position.
2 The change in fair value during the year that was used as the basis for calculating hedge ineffectiveness.

2025	Notional amount	Fair value of assets[1]	Fair value of liabilities[1]	Change in fair value charge/ (credit)[2]
	£'000	£'000	£'000	£'000
Fair value hedge - interest rate swaps	2,060,100	49,822	(8,889)	5,559
Cash flow hedge - interest rate swaps	1,848,000	16,760	(3,855)	9,261

2025	Hedge ineffectiveness gain/(loss) during the year	Fair value gain/ (loss) recognised in OCI during the year	Gain/(loss) reclassified from OCI to income statement during the year
	£'000	£'000	£'000
Fair value hedge - interest rate swaps	(6,467)	N/A	N/A
Cash flow hedge - interest rate swaps	23	(9,439)	696

1 Included in the derivative assets/derivative liabilities lines in the statement of financial position.
2 The change in fair value during the year that was used as the basis for calculating hedge ineffectiveness.

14. Derivatives

The tables below provide further detail on Starling's hedged items:

2026	Carrying amount of hedged item asset/(liability)	Fair value adjustment on hedged item asset/(liability)	Amount remaining on items de-designated from hedge relationships[5]	Change in value of hedged item used to determine hedge ineffectiveness[6]
	£'000	£'000	£'000	£'000
Fair value hedges				
Portfolio hedged risk:				
Fixed rate loans and advances to customers[1]	**1,787,000**	**49,137**	**28,237**	**2,823**
Fixed rate debt securities[2]	**551,100**	**15,734**	**5,494**	**213**
Fixed term deposits[3]	**(49,900)**	**(31)**	**60**	**173**
Individual hedged risk:				
Fixed rate debt securities[2]	**784,900**	**15,749**	**–**	**12,107**
Total fair value hedges	**3,073,100**	**80,589**	**33,791**	**15,316**
Cash flow hedges				
Cash and balances at central banks[4]	**1,449,000**	**–**	**–**	**11,927**
Floating rate debt securities[2]	**185,000**	**–**	**–**	**1,057**
Total cash flow hedges	**1,634,000**	**–**	**–**	**12,984**

1 Included within loans and advances to customers line in statement of financial position.
2 Included within debt securities line in statement of financial position.
3 Included within customer deposits line in statement of financial position.
4 Included within cash and balances with central banks line in statement of financial position.
5 The accumulated amount of fair value hedge adjustments remaining in the statement of financial position for any hedged items to have ceased to be adjusted for hedging gains and losses.
6 The change in fair value during the year that was used as the basis for calculating hedge ineffectiveness.

2025	Carrying amount of hedged item asset/(liability)	Fair value adjustment on hedged item asset/(liability)	Amount remaining on items de-designated from hedge relationships[5]	Change in value of hedged item used to determine hedge ineffectiveness[6]
	£'000	£'000	£'000	£'000
Fair value hedges				
Portfolio hedged risk:				
Fixed rate loans and advances to customers[1]	1,203,000	75,697	74,210	(4,217)
Fixed rate debt securities[2]	569,100	25,453	24,038	1,286
Fixed term deposits[3]	(203,000)	241	257	196
Individual hedged risk:				
Fixed rate debt securities[2]	85,000	3,643	–	3,643
Total fair value hedges	1,654,100	105,034	98,505	908
Cash flow hedges				
Cash and balances at central banks[4]	1,485,000	–	–	8,869
Floating rate debt securities[2]	363,000	–	–	436
Total cash flow hedges	1,848,000	–	–	9,305

1 Included within loans and advances to customers line in statement of financial position.
2 Included within debt securities line in statement of financial position.
3 Included within customer deposits line in statement of financial position.
4 Included within cash and balances with central banks line in statement of financial position.
5 The accumulated amount of fair value hedge adjustments remaining in the statement of financial position for fair value hedges or in the cash flow hedging reserve for cash flow hedges, for any hedged items to have ceased to be adjusted for hedging gains and losses.
6 The change in fair value during the year that was used as the basis for calculating hedge ineffectiveness.

See note 27 for further detail on the cash flow reserve movement.

15. Loans and advances to customers

	2026	2025
	£'000	£'000
Mortgage lending	**4,988,947**	4,300,822
Owner occupied	**646,519**	779,734
Buy-to-let	**4,342,428**	3,521,088
SME lending	**222,299**	441,387
BBLS	**182,612**	314,660
CBILS	**5,468**	64,723
RLS	**32,144**	59,269
SME term loans	**1,351**	1,899
Overdrafts	**724**	836
Retail lending	**18,248**	20,176
Term loans	**355**	582
Overdrafts	**17,893**	19,594
Gross loans and advances to customers[1]	**5,229,494**	4,762,385
Less total impairment provisions	**(22,891)**	(20,856)
Impairment provisions for mortgage lending	**(15,759)**	(9,771)
Impairment provisions for SME lending	**(3,671)**	(7,382)
Impairment provisions for retail lending	**(3,461)**	(3,703)
Net loans and advances to customers	**5,206,603**	4,741,529
Accrued interest	**3,893**	4,735
Fair value adjustment for hedged risk	**(49,137)**	(75,697)
Loans and advances to customers[2]	**5,161,359**	4,670,567

1 In the current year, gross loans and advances to customers includes deferred fees on mortgages. In total, a deferred fee net liability of £31.8m has been included as part of the gross loans and advances to customers. See note 3 for further detail. Comparatives have not been restated. In the prior year these fees were included on a gross basis in other assets and deferred income, see note 16 and 23.

2 Included within loans and advances to customers, are loans acquired from third parties under forward flow arrangements of £0.3bn (2025: £0.4bn), loan portfolios acquired not under forward flow arrangements of £0.9bn (2025: £1.0bn) and organic loans of £4.0bn (2025: £3.3bn).

SME lending includes gross balances of £204.6m (2025: £399.0m) guaranteed by the BBB (backed by HM government). In 2020, the Bank began participating in two UK government-backed lending schemes: BBLS and CBILS, followed by RLS In April 2021. All of these schemes closed in previous years.

15. Loans and advances to customers

Provisions for impairment on loans and advances to customers

The following table shows the movement on provisions for impairments on loans and advances to customers:

	Impairment provisions
	£'000
As at 31 March 2024	46,963
Release for the year[1]	(3,391)
Disposals	(4,028)
Amounts written off[2]	(18,688)
As at 31 March 2025	20,856
Charge for the year[1]	**6,123**
Amounts written off[2]	**(4,088)**
As at 31 March 2026	**22,891**

1 The £6.6m charge (2025: £3.2m release) for impairment release/charge shown in the income statement also includes a £0.5m charge (2025: £0.2m charge) in respect of impairment provision on undrawn facilities and loan commitments, which are presented as part of provisions balances (note 24).
2 In order to comply with the Group's procedures for recovery of amounts due, lending written-off during the year is still subject to enforcement activities.

See note 5(a) and pages 100 to 133 of the risk report for further information on the Group's provision for impairment on loans and advances to customers.

Off balance sheet loan commitments

Starling has the following off balance sheet loan commitments:

	2026	2025
	£'000	£'000
Mortgage commitments	**173,306**	111,303
Undrawn credit facilities	**79,473**	79,073
Loan commitments	**252,779**	190,376

Under IFRS 9, an impairment provision is calculated on undrawn credit facilities and irrevocable loan commitments, see note 24, which as at 31 March 2026 was £1.6m (2025: £1.1m).

16. Other assets

	2026	2025
	£'000	£'000
Prepayments	**23,996**	14,420
Deferred lending fee expense[1]	**–**	15,994
Settlement balances in the course of collection	**8,351**	10,208
RDEC receivable	**13,594**	5,513
Accounts receivable and other debtors	**17,179**	8,339
Other assets	**63,120**	54,474

1 In the current year, deferred lending fee expense has been re-presented and included as part of loans and advances to customers. See note 15. and note 3 for further detail. Comparatives have not been restated.

Other assets have been assessed for impairment with no provision considered necessary (2025: no impairment).

17. Property, plant, equipment and right of use assets

Cost	Property, plant and equipment £'000	Right of use assets £'000	Total tangible assets £'000
As at 1 April 2025	**14,271**	**21,041**	**35,312**
Acquired on purchase of subsidiary	**86**	**–**	**86**
Additions	**6,034**	**10,626**	**16,660**
Disposals	**(86)**	**(1,980)**	**(2,066)**
As at 31 March 2026	**20,305**	**29,687**	**49,992**
Depreciation			
1 April 2025	**8,174**	**8,750**	**16,924**
Acquired on purchase of subsidiary	**62**	**–**	**62**
Charge for the year	**3,226**	**4,304**	**7,530**
Disposals	**(69)**	**(1,181)**	**(1,250)**
As at 31 March 2026	**11,393**	**11,873**	**23,266**
Net book value	**8,912**	**17,814**	**26,726**

Cost	Property, plant and equipment £'000	Right of use assets £'000	Total tangible assets £'000
As at 1 April 2024	11,104	18,588	29,692
Additions	3,167	2,453	5,620
As at 31 March 2025	14,271	21,041	35,312
Depreciation			
As at 1 April 2024	5,195	5,770	10,965
Charge for the year	2,979	2,988	5,967
Disposals	–	(8)	(8)
As at 31 March 2025	8,174	8,750	16,924
Net book value	6,097	12,291	18,388

Right of use assets

As at 31 March 2026 the Group has twelve (2025: thirteen) leases. During the year, the Group entered into three new leases: one for additional space in its existing London office, another for a new London location, and a new office in Southampton. The new office resulted in the early termination of four existing leases for office space in Southampton. Leases held by the Group cover locations in London, Cardiff, Southampton, Hampshire and Manchester.

The leases exist independently of each other and have different lease terms. Lease break provisions and rent-free years are included in all the lease arrangements. There are no options to purchase any of the premises at the completion of the lease terms or to extend the lease years.

18. Intangible assets and goodwill

Cost	Intangible assets £'000	Goodwill £'000	Intangible assets and goodwill £'000
As at 1 April 2025	**155,350**	**35,890**	**191,240**
Impairment	**(3,894)**	**–**	**(3,894)**
Additions	**75,792**	**2,457**	**78,249**
As at 31 March 2026	**227,248**	**38,347**	**265,595**
Amortisation			
As at 1 April 2025	**46,459**	**–**	**46,459**
Impairment	**(1,264)**		**(1,264)**
Charge for the year	**13,045**	**–**	**13,045**
As at 31 March 2026	**58,240**	**–**	**58,240**
As at Net book value	**169,008**	**38,347**	**207,355**

Cost	Intangible assets £'000	Goodwill £'000	Intangible assets and goodwill £'000
As at 1 April 2024	104,401	35,890	140,291
Impairment	(6,048)	–	(6,048)
Additions	56,997	–	56,997
As at 31 March 2025	155,350	35,890	191,240
Amortisation			
As at 1 April 2024	32,878	–	32,878
Impairment	(4,440)	–	(4,440)
Charge for the year	18,021	–	18,021
As at 31 March 2025	46,459	–	46,459
Net book value	108,891	35,890	144,781

Intangible assets
Included in intangible assets are capitalised expenditure on banking software and an intangible asset recognised on acquisition of Fleet.

Banking software
Starling continued to capitalise expenditure incurred on the design, specification, build, test and implementation of its banking software developed for internal use and for Engine SaaS proposition. As at 31 March 2026 the net book value of the capitalised expenditure was £167.1m (2025: £106.4m).

In the current year, Starling has revised its estimate of the UEL for its banking software. Following an annual review the UEL was extended from 7 to 10 years. The change in UEL has been applied prospectively from 1 April 2025 and the impact of this change was a reduction in the amortisation charge of £8.8m in the current year. Due to change in UEL, the average remaining amortisation period of capitalised software as at 31 March 2026 has increased to 7 years (2025: 5 years).

The Directors have reviewed both internal and external indicators of impairment, including evidence of obsolescence. An net impairment of £2.6m (2025: £1.1m) has been recognised during the year as a result of this assessment, with the related intangible assets being fully impaired.

Fleet intangible
Included under intangible assets is an intangible asset recognised on the acquisition of Fleet in July 2021. In accordance with IFRS 3, Starling recognised, separately from goodwill, an identifiable intangible asset acquired as part of Fleet acquisition. The intangible asset arose from existing lending servicing contractual arrangements at the date of acquisition. As at 31 March 2026 the carrying value of the intangible asset was £1.6m (2025: £2.3m). No impairment was recognised during the year (2025: £0.5m impairment).

18. Intangible assets and goodwill

Goodwill

Goodwill arose on the acquisition of Fleet in July 2021 and of Ember by Starling Limited (previously Ember Digital Limited) in August 2025. It represents the excess in the fair value of the total consideration paid over the fair value of net identifiable assets at the date of acquisition. Goodwill is an asset representing the future economic benefits arising from other assets acquired as part of those acquisitions which are not individually identified or separately recognised. Goodwill is assessed annually for impairment by measuring the recoverable amount of the CGU. The CGU is the smallest identifiable group of assets that generates cash inflows independent of the cash inflows of other assets. A group of CGUs were identified as benefiting from the acquisition and allocated to goodwill.

The calculation of a VIU contains a high degree of uncertainty in estimating the future cash flows, the rates used to discount them and the long-term growth rate. The CGUs are sensitive to changes in the below key assumptions that support the recoverable amount.

- Forecasted cash flows - involve judgement and are based upon a view of the market and the market conditions applicable to the CGU at the point in time when the assessment is prepared. The estimation of cash flows is sensitive to the periods for which detailed forecasts are available and assumptions regarding the long-term pattern of steady cash flows thereafter. Management has used 5 years of forecasted cash flows in the VIU calculations.
- Discount rate - The rate applied to the future cash flows also involve judgement as they can have a significant impact on valuation. A discount rate of 12.5% was used (2025: 12.5%) based on the cost of equity assigned to a single CGU. The discount rates used are compared to peers to ensure that they are appropriate.
- Long-term growth rate - The long-term growth rate applied was 1.5% (2025: 1.5%). The long-term growth rate was compared to the long-term inflation rate of the UK for reasonableness.

Fleet Mortgages Limited

As at 31 March 2026 the carrying value of Starling's goodwill, which arose on the acquisition of Fleet, was £35.9m (2025: £35.9m). As the recoverable amount is higher than the carrying value of the goodwill, no impairment charge was recognised for the year (2025: no impairment).

Management has performed a sensitivity analysis on the key assumptions used in the VIU calculation. Given the extent by which the VIU exceeds the carrying value, no reasonably possible change in the discount rate or terminal growth rate would cause the CGU's carrying amount to exceed its recoverable amount. The VIU was not sensitive to a decrease of the long-term growth rate to zero. It would require a reduction in cash flows of more than 50% or the discount rate to increase to more than 50% to reduce the headroom to zero.

Ember by Starling Limited

On the 28th August 2025, Starling Bank acquired a 100% interest in Ember by Starling Limited (previously Ember Digital Limited), a company that provides a digital tax and bookkeeping services application. Starling recognised goodwill of £2.5m at the acquisition date, which represents the excess in the fair value of the total consideration paid of £5.5m over the fair value of net identifiable assets of £3.0m. Net assets included cash acquired of £3.3m. Goodwill is primarily attributable to the anticipated synergies expected from combining the operations of Starling and Ember. Specifically the value of Ember's skilled workforce, which cannot be recognised as a separately identifiable intangible asset. This integration enhances the Group's value proposition for SME customers and is expected to drive future revenue growth through increased user engagement and feature adoption.

Acquisition-related costs amounting to £0.4m have been recognised as an expense in the year and are included within operating expenses.

Since the acquisition date, total income of £0.4m and loss after tax of £1.4m in relation to Ember has been included in the consolidated statement of comprehensive income for the reporting period.

As at 31 March 2026 the carrying value of Starling's goodwill, which arose on the acquisition of Ember, was £2.5m (2025: £nil). As the recoverable amount is higher than the carrying value of the goodwill, no impairment charge was recognised for the year (2025: no impairment).

Management has performed a sensitivity analysis on the key assumptions used in the VIU calculation. It would require a reduction in cash flows of more than 50%, and a discount rate to increase to more than 50% to reduce the headroom to zero.

19. Deferred tax

The movement in the deferred tax balance is shown in the following table:

	PPE/intangible asset timing differences	Temporary differences	Employee incentive schemes	Carry forward losses	Cash flow hedging reserve	Share awards	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Deferred tax asset/(liability) as at 1 April 2024	(14,948)	9,687	–	171	(6,663)	2,558	(9,195)
(Charge)/credit to income statement	1,074	1,831	1,075	(171)	–	1,676	5,485
Transfers to current tax liability for RDEC credits	(554)	–	–	–	–	–	(554)
(Charge)/credit to OCI	–	–	–	–	2,838	–	2,838
(Charge)/credit to equity reserves	–	–	–	–	–	722	722
Deferred tax asset/(liability) as at 31 March 2025	(14,428)	11,518	1,075	–	(3,825)	4,956	(704)
(Charge)/credit to income statement	**(7,642)**	**1,794**	**167**	**241**	**–**	**3,107**	**(2,333)**
(Charge)/credit to OCI	**–**	**–**	**–**	**–**	**3,659**	**–**	**3,659**
(Charge)/credit to equity reserves	**–**	**–**	**–**	**–**	**–**	**1,080**	**1,080**
Deferred tax asset/(liability) as at 31 March 2026	**(22,070)**	**13,312**	**1,242**	**241**	**(166)**	**9,143**	**1,702**

The movement in the year from a deferred tax liability of £0.7m to a deferred tax asset of £1.7m was as a result of changes in short term timing differences recognised between the tax base and carrying value of intangible assets, as well as the movement in deferred tax relating to both the cash flow hedging reserve and share awards reserve.

From 1 April 2025, each legal entity in the Starling Group applied the mandatory temporary exception (as referred to in Paragraph 4A of IAS 12) allowing each entity not to recognise nor disclose information about deferred tax assets and liabilities relating to Pillar Two taxes.

PPE/intangible asset timing differences
The majority of the deferred tax liability relates to accelerated capital allowances on PPE and intangible assets. Also included in PPE/intangible asset timing differences is a £4.3m deferred tax asset (2025: £2.9m) relating to the timing differences of RDEC deferred income. The RDEC claim is recognised in other income/(expense) in the income statement, see note 23 for further detail.

Temporary differences
The deferred tax balance relating to temporary differences primarily arises from deferred income recognised under the EIR method. This temporary difference reflects instances where certain fees and income are subject to taxation upon receipt for statutory tax purposes, but are deferred and recognised in the income statement over the expected life of the financial assets.

Employee incentive schemes
The deferred tax balance relating to employee incentive schemes primarily arises due to timing differences on deferred cash incentives and pension contributions accrued but unpaid at the year end. These amounts are expected to reverse in future periods when the payments are made.

Cash flow hedging reserve
Starling recognises a deferred tax liability on its cash flow hedging reserve to reflect the timing difference on recognition of fair value movements on cash flow derivatives into the income statement. The tax credit recognised in the cash flow hedging reserve was £3.7m (2025: £2.8m).

Share awards
Deferred tax assets in relation to Starling's LTIP and share option schemes are recognised to reflect the Group's entitlement to a tax deduction based on the value of the shares delivered to employees upon a future realisation event. The total tax credit related to share based payment schemes recognised in the income statement was £3.1m (2025: £1.7m) and the total tax credit recognised in other reserves was £1.1m (2025: £0.7m).

20. Customer deposits

	2026	2025
	£'000	£'000
SME current accounts	**5,645,060**	5,558,783
Personal current accounts	**4,320,814**	4,584,278
Savings accounts	**2,607,254**	1,800,656
Payment services accounts	**118,894**	122,692
Gross customer deposits	**12,692,022**	12,066,409
Fair value adjustment for hedged risk	**(31)**	241
Customer deposits	**12,691,991**	12,066,650

The Bank is a member of the Financial Services Compensation Scheme, the UK deposit guarantee scheme. Its eligible customer deposits are guaranteed up to £120k (2025: £85k) per individual customer.

21. Deposits from banks

	2026	2025
	£'000	£'000
Bank of England – central bank facilities	**2,468,123**	2,174,386
Deposits from other banks	**71,401**	103,835
Deposits from banks	**2,539,524**	2,278,221

Starling maintains access to the BoE's Sterling Monetary Framework, including a reserves account. Starling also continues to access the BoE's TFSME. Detail on the contractual maturity of this funding can be found on page 139. TFSME funding can be repaid early with two days' notice.

For BoE facilities, Starling utilises debt securities as eligible collateral under the BoE's Sterling Monetary Framework as disclosed on page 138 of the risk report.

Deposits from other banks represent cash collateral received from counterparty banks, for margining purposes in relation to derivative transactions.

22. Other liabilities

	2026	2025
	£'000	£'000
Customer transactions in course of settlement	**23,407**	45,121
Unsettled debt securities	**–**	36,898
Lease liabilities	**20,092**	14,376
Accruals	**36,655**	26,615
PAYE and NIC payable	**8,018**	5,996
Deferred consideration	**863**	2,345
Sundry creditors	**17,285**	14,266
Other liabilities	**106,320**	145,617

23. Deferred income

	2026	2025
	£'000	£'000
Deferred lending fee income[1]	**–**	47,886
Deferred RDEC income	**17,163**	11,413
Other deferred income	**82**	681
Deferred income	**17,245**	59,980

1 In the current year, deferred lending fee income has been re-presented and included as part of loans and advances to customers. See note 15. and note 3 for further detail. Comparatives have not been restated.

Deferred RDEC income are residual amounts received from the RDEC scheme, that have not been recognised in the income statement at the reporting date. Starling has adopted IAS 20, and consequently, the RDEC claim is recognised in other income/(expense) in the income statement over the periods in which the relevant qualifying expenses are recognised or on a systemic basis in line with the amortisation cost of the related intangible asset The qualifying expenditure relates to staff, data licence and cloud computing costs incurred in connection with banking software development activities and is directly expensed when incurred or capitalised where it relates to an intangible asset. In accordance with IAS 20, Starling presents its financial information in relation to the RDEC claim on a gross basis.

24. Provisions

	Customer remediation	Legal and other provisions	Impairment provision on undrawn facilities and loan commitments	Total provisions
	£'000	£'000	£'000	£'000
As at 1 April 2024	8,400	2,200	907	11,507
Provisions utilised	–	(1,399)	–	(1,399)
Provisions released or transferred		(301)		(301)
Provisions recognised	10,801	30,638	150	41,589
As at 31 March 2025	19,201	31,138	1,057	51,396
Provisions utilised	**(4,839)**	**(30,410)**	**–**	**(35,249)**
Provisions released or transferred	**228**	**(728)**	**–**	**(500)**
Provisions recognised	**12,345**	**5,254**	**529**	**18,128**
As at 31 March 2026	**26,935**	**5,254**	**1,586**	**33,775**

Customer remediation
Customer remediation refers to activities to compensate customers for losses or damages associated with a failure to comply with applicable laws and regulations or to deliver good outcomes. Customer remediation activities are often initiated by Starling as a result of its own internal reviews, customer feedback or complaints, or industry-wide initiatives and developments, and is not necessarily only as a result of regulatory action.

Provisions for customer remediation require judgements to be made based on specific facts and circumstances and, as a result, the recognised amount remains sensitive to the assumptions used in the estimate. Therefore, it is often not practicable to make meaningful estimates or to quantify a range of possible outcomes but Starling does not expect any of these outcomes to have a material impact as the redress settlement programme has commenced. Consequently, Starling believes that the current provision is appropriate based on the information available at the time of reporting.

In the year, a further provision of £12.3m (2025: £10.8m) for customer remediation related to unsecured lending was recognised. Of this £8.6m (2025: £10.8m) was recognised in operating expenses, while the remainder related to interest capitalised, not recognised in the income statement. £4.8m (2025: £–m) of the customer remediation provision was utilised in the year as the redress settlement programme commenced. The programme is expected to conclude in the next financial year, with the remaining provision held at 31 March 2026 to cover the final stages of settlement.

Legal and other provisions
Starling receives complaints brought by or on behalf of current and former employees, customers and other third parties and is subject to a number of other enquiries and examinations, requests for information, investigations and reviews by various tax authorities, regulators, competition and law enforcement authorities, as well as legal proceedings, in connection with various matters arising out of its businesses and operations.

The recognition of provisions is determined in accordance with the accounting policies set out in note 4(u). Provisions for legal and other matters are highly judgemental and sensitive to inputs used in their estimation. Starling believes that any range of possible outcomes would not have a material impact. As such, the provisions made are considered appropriate.

The Group may undertake from time to time restructuring programmes to ensure the continued efficient delivery of its strategy and to realign our operational model with its long-term growth objectives. Included in Legal and other provisions is a restructuring provision recognised in the year which is expected to be fully utilised within the next financial year when the restructuring concludes.

In addition, the £28.2m provision held in the prior year in relation to certain loans provided by Starling under the BBLS programme which potentially did not comply with the guarantee requirement was utilised in full in the current year.

Impairment provision on undrawn facilities and loan commitments
Under IFRS 9 an impairment provision is recognised on undrawn overdraft facilities and irrevocable loan commitments. The charge/(release) for the year is recognised under impairments and write-offs in the income statement.

25. Share capital

In June 2025, a non-trading holding company, SGHL, was inserted as the ultimate parent company of SBL and the Starling Group (see note 2). As part of the Group reorganisation, SGHL acquired 100% of the shares of SBL through a share-for-share exchange of newly issued SGHL shares for SBL shares. As such, at the Group reorganisation date, 1,168m shares were issued at £0.00001 each on a like for like basis to the shareholders of SBL in exchange for their existing shares.

	Nominal Value		Number of Shares	
	2026	2025	**2026**	2025
	£	£	**#**	#
Ordinary Shares	**607**	607	**60,698,288**	60,698,288
A Shares	**1,705**	1,705	**170,507,528**	170,507,528
B Shares	**3,542**	3,542	**354,180,458**	354,180,458
C Shares	**2,901**	2,901	**290,134,255**	290,134,255
D Shares	**2,929**	2,929	**292,878,631**	292,878,631
TOTAL	**11,684**	11,684	**1,168,399,160**	1,168,399,160

All shares have a nominal value of £0.00001 each and are fully paid. The ordinary shares, B shares, C shares and D shares have voting rights. The ordinary A shares have no voting rights.

In 2025 there were no movements in the nominal value of share capital or number of shares of SBL.

26. Merger reserve

Merger reserve and share premium

As part of the Group reorganisation the difference between the new nominal share capital issued by SGHL and the share capital and premium of SBL at the date of the share-for-share exchange was recognised as a merger reserve. The amount recognised totalled £608.8m, being the equivalent of the share premium previously held by SBL.

The merger reserve also includes the historical merger relief generated by the prior acquisition in 2021 of Fleet £15.0m In 2021 SBL acquired 100% of the issued share capital of Fleet for a consideration which included the issue of 11.6m shares. As the Group acquired more than 90% of the shares in Fleet, Section 612 of the Companies Act 2006 applies, and accordingly the Group set up a merger relief reserve for £15.0m (2025: £15.0m) on the issue of those shares.

27. Other reserves

	2026	2025
	£'000	£'000
Cash flow hedging reserve	**427**	9,834
Own shares held reserve	**(56,465)**	(56,465)
Share awards reserve	**35,918**	25,022
Sundry reserves	**1,527**	166
Other reserves	**(18,593)**	(21,443)

Cash flow hedging reserve

The cash flow hedging reserve represents the effective portion of cumulative post-tax gains or losses on cash flow hedging derivatives that will be recycled to the income statement when the hedged transactions affect profit or loss. See note 14 for further detail.

The following table provides an analysis of the movements in the cash flow hedging reserve during the period:

	2026	2025
Cash flow hedging reserve	**£'000**	£'000
As at 1 April	**9,834**	17,133
Effective portion of changes in fair value of interest rate swaps	**(6,016)**	(9,440)
Amounts reclassified from reserves to income statement	**(7,050)**	(697)
Taxation	**3,659**	2,838
As at 31 March	**427**	9,834

Own shares held reserve

Starling operates two EBTs for the benefit of Group employees, EBT 1 and EBT 2. As at 31 March 2026 the balance in the own shares held reserve was £56.5m (2025: £56.5m), which represents the consideration paid and associated transaction costs for share purchased by EBT 2 from current and former employees in previous financial years. The shares acquired are intended to be used by the EBT 2 in future share awards under the Group's employee incentive schemes.

Share awards reserve

The share award reserve represents the cumulative cost of employee share awards schemes, net of tax.

On the same date that SGHL was inserted as the ultimate parent of the Starling Group (see note 2), existing interests in SBL shares under Starling Group's employee share schemes were exchanged for the same number of equivalent interests in SGHL shares.

Consequently, the share awards reserve was derecognised by SBL and recognised by SGHL. As the terms of the replacement awards were equivalent to the original grants, no modification gain or loss arose from this transaction, and the total Group share awards reserve remained unchanged.

Further information of Starling's share awards incentive schemes can be found in note 28.

	2026	2025
	£'000	£'000
As at 1 April	**25,021**	12,169
Cost of share award schemes, net of tax	**10,897**	12,852
As at 31 March	**35,918**	25,021

Sundry reserves

Sundry reserves include warrants reserve and foreign currency translation reserve.

28. Share award schemes

As part of the Group reorganisation, existing interests in SBL shares under Starling Group's employee share schemes were exchanged for the same number of equivalent interests in SGHL shares, ensuring continuity of the schemes' value and vesting conditions for participants. From June 2025, SGHL is the awarding entity of share awards while other Group entities may bear the costs of the underlying employee services.

At 31 March 2026 Starling had four distinct share based payment arrangements; JSOP/SEIS schemes, an LTIP scheme and two discretionary incentive schemes.

Starling operates two EBTs for the benefit of Group employees, referred to as EBT 1 and EBT 2. The EBTs are treated as an extension of the Group. Where the EBTs purchase the Company's equity share capital directly or from employees, the consideration paid is deducted from equity in the own shares held reserve (see note 27).

Shares held by EBT 1 and EBT 2 in aggregate at the reporting date are shown in the following table:

	Shares Number	Nominal Value
	#	£
As at 31 March 2025	134,769,650	1,348
As at 31 March 2026	**134,769,650**	**1,348**

Employee share schemes

JSOP and SEIS schemes

Shares held under EBT 1 have been used to satisfy JSOP/SEIS awards (JSOP - scheme 1 ,2, 3 and 4 were created in May 2016, December 2016, December 2017 and October 2018 respectively; and SEIS - scheme 5 and 6 were created in May 2020 and September 2021).

Under scheme 1, certain employees purchased a beneficial interest in shares from EBT 1, including capital interest on vested shares, and the right to receive dividends.

Under schemes 2, 3, and 4, certain employees purchased from EBT 1 a beneficial interest in shares, including capital interest on vested shares above a hurdle, as well as the right to receive dividends on vested shares.

Under schemes 5 and 6, certain employees were awarded a beneficial interest in shares, including capital interest on vested shares above a hurdle, as well as the right to receive dividends on vested shares.

Under each scheme the legal title of the shares (and the capital interest in sums below the hurdle in the case of shares awarded under schemes 2, 3 and 4), remains with EBT 1 throughout the lifetime of the schemes.

Long term incentive plan

Under the LTIP scheme, eligible employees are granted conditional share awards, which represent a right to receive a beneficial interest in shares in the future, subject to vesting conditions being met. LTIP conditional share awards are subject to continued employment and a four-year time vesting condition. The delivery of the beneficial interest under an LTIP conditional share award would happen on the occurrence of a transaction event.

Discretionary incentive schemes: Share options

Starling operates two discretionary incentive schemes:

- Under the first scheme, eligible employees receive cash and/or share options, subject to performance conditions, which (in some cases) are partly deferred. The options are granted at nil cost.
- Under the second scheme, eligible employees receive share options (either nil-cost options or market value options) which may be subject to performance conditions.

Shares held under EBT 1 and EBT2 will be used to satisfy share option awards.

28. Share award schemes

Valuation assumptions

For JSOP and SEIS schemes Starling uses a Black-Scholes option pricing model and a contingency claims analysis to allocate and calculate Starling's equity value between the different share classes, reflecting each class's preferential return and subscription prices at which each converts and participates in the equity proceeds.

For the LTIP scheme and share options, Starling uses a Black-Scholes option pricing valuation models.

The fair values are based on a valuation carried out for Starling by an independent valuer at each grant date. In accordance with IFRS 2 the shares and share options awards are classified as equity-settled and the fair value of shares and share options at the grant date is charged to staff costs under performance-based compensation in the income statement over the vesting period with a corresponding credit to reserves (see note 27).

The cost of share awards is recognised in the income statement using a graded method for awards that vest in instalments over the relevant vesting period, or straight-line for awards that vest in full at the end of the relevant vesting period.

Highly subjective assumptions are used in the pricing models to determine the fair value of JSOP/ SEIS and market value options. Changes in the assumptions, shown below, can significantly affect the fair value estimates.

	Share options		JSOP/SEIS & LTIP	
Year of grant:	**2026**	2025	**2026**	2025
Expected volatility:	**30.00 %**	30.00 %	**30.00 %**	30.00 %
Risk free interest rate:	**4.10 %**	4.50 %	**4.10 %**	4.10 %
Dividend yield:	**– %**	– %	**– %**	– %

JSOP and SEIS schemes

The balance below recognised within share awards reserves represents the cumulative cost for awards made under the JSOP and SEIS schemes, which are recognised using a graded method over the relevant vesting period.

	2026	2025
	£'000	£'000
As at 1 April	**9,553**	7,385
Charge for the year	**565**	2,168
As at 31 March	**10,118**	9,553

The following tables provide details of the beneficial interest in shares under EBT 1 awarded to employees, their weighted average fair value and cumulative IFRS 2 charges per award scheme:

2026	**Number of shares**	**Weighted Average Number of elapsed months**	**Percentage applied**	**Weighted Average Fair Value per Scheme**	**Amount recognised Gross of Tax**
	#	**#**	**%**	**£**	**£'000**
JSOP Scheme 1	**1,360,555**	**48**	**100**	**0.001**	**1**
JSOP Scheme 2	**4,841,088**	**48**	**100**	**0.040**	**194**
JSOP Scheme 3	**4,154,083**	**48**	**100**	**0.134**	**558**
JSOP Scheme 4	**1,598,220**	**48**	**100**	**0.226**	**361**
SEIS Scheme 5	**57,835,376**	**48**	**100**	**0.044**	**2,559**
SEIS Scheme 6	**32,161,688**	**45**	**99**	**0.203**	**6,445**
Total	**101,951,010**	**47**	**100**	**0.100**	**10,118**

2025	Number of shares	Weighted Average Number of elapsed months	Percentage applied	Weighted Average Fair Value per Scheme	Amount recognised Gross of Tax
	#	#	%	£	£'000
JSOP Scheme 1	1,360,555	48	100	0.001	1
JSOP Scheme 2	4,841,088	48	100	0.040	194
JSOP Scheme 3	4,154,083	48	100	0.134	558
JSOP Scheme 4	1,598,220	48	100	0.226	361
SEIS Scheme 5	57,841,626	47	98	0.045	2,573
SEIS Scheme 6	33,016,063	37	76	0.233	5,866
Total	102,811,635	44	91	0.102	9,553

28. Share award schemes

Long term incentive plan

The cumulative cost of awards made under the LTIP scheme are shown in the share awards reserves in accordance with IFRS 2 (see note 27).

	2026	2025
	£'000	£'000
As at 1 April	**8,659**	4,785
Charge for the year	**2,481**	3,168
Deferred tax credit	**683**	706
As at 31 March	**11,823**	8,659

The following table provides details of shares awarded to employees under the LTIP scheme, the number of shares, their weighted average number of elapsed months, their fair value and cumulative IFRS 2 charges per year awarded:

2026	**Number of shares**	**Weighted Average Number of elapsed months**	**Percentage applied**	**Weighted Average Fair Value per Scheme**	**Amount recognised Gross of Tax**
	#	#	%	£	£'000
2020 - total shares allocated	**1,896,000**	**48**	**100**	**0.823**	**1,560**
2021 - total shares allocated	**1,006,000**	**48**	**100**	**0.601**	**605**
2022 - total shares allocated	**764,000**	**45**	**93**	**1.334**	**958**
2023 - total shares allocated	**2,144,000**	**32**	**66**	**2.666**	**3,871**
2024 - total shares allocated	**1,378,000**	**21**	**44**	**2.757**	**1,749**
Total	**7,188,000**	**38**	**78**	**1.552**	**8,743**

2025	Number of shares	Weighted Average Number of elapsed months	Percentage applied	Weighted Average Fair Value per Scheme	Amount recognised Gross of Tax
	#	#	%	£	£'000
2020 - total shares allocated	1,900,000	48	100	0.821	1,560
2021 - total shares allocated	1,020,000	45	93	0.588	559
2022 - total shares allocated	828,000	33	68	1.282	725
2023 - total shares allocated	2,358,000	20	41	2.643	2,555
2024 - total shares allocated	1,568,000	9	19	2.905	862
Total	7,674,000	29	61	1.338	6,261

A deferred tax asset is recognised on the LTIP scheme to reflect Starling's entitlement to a tax deduction based on the value of the shares delivered to employees upon a future vesting event. The tax credit recognised in the income statement was £0.7m (2025: £0.9m) and the tax credit recognised in share award reserve was £0.7m (2025: £0.7m).

28. Share award schemes

Share options

Starling has granted share options to certain employees. The cost of share options is recognised in the income statement using a graded method for awards that vest in instalments over the relevant vesting period, or straight-line for awards that vest in full at the end of the relevant vesting period.

	2026	2025
	£'000	£'000
As at 1 April	**6,810**	–
Charge for the year	**6,770**	6,794
Deferred tax credit	**397**	16
As at 31 March	**13,977**	6,810

A deferred tax asset is recognised on the share options scheme to reflect Starling's entitlement to a tax deduction based on the value of the shares delivered to employees upon a future vesting event. The tax credit recognised in the income statement was £2.4m (2025: £0.8m) and the tax credit recognised in the share awards reserve was £0.4m (2025: £16k).

Further information on the share options outstanding at year end can be found in the following table:

	Number of share options	Weighted average exercise price
	#	£
Outstanding at 1 April 2024	–	–
Granted during the year	5,818,039	0.77
Outstanding at 31 March 2025	5,818,039	0.77
Granted during the year	4,064,260	2.58
Forfeited during the year	(142,660)	(3.20)
Outstanding at 31 March 2026	**9,739,639**	**1.54**
- of which exercisable	**–**	**–**

	2026	2025
Weighted average remaining contractual life (years)	**1.83**	2.51
Weighted average fair value of share options at the reporting date	**£2.23**	£2.61
Range of exercise price	**£0 - £3.56**	£0 - £2.96

29. Financial instruments

The accounting policies in notes 4(f) and 4(g) describe how different classes of financial instruments are measured. The following table summarises the classification of Starling's financial assets and liabilities by category:

2026	At fair value through profit or loss	Held at amortised cost	Total
	£'000	£'000	£'000
Cash and balances at central banks	–	4,188,830	4,188,830
Loans and advances to banks	–	36,508	36,508
Debt securities	–	6,843,426	6,843,426
Derivative assets	110,908	–	110,908
Loans and advances to customers	–	5,161,359	5,161,359
Financial assets	110,908	16,230,123	16,341,031
Customer deposits	–	12,691,991	12,691,991
Deposits from banks	–	2,539,524	2,539,524
Derivative liabilities	39,098	–	39,098
Financial liabilities	39,098	15,231,515	15,270,613

2025	At fair value through profit or loss	Held at amortised cost	Total
	£'000	£'000	£'000
Cash and balances at central banks	–	6,686,688	6,686,688
Loans and advances to banks	–	30,489	30,489
Debt securities	–	3,934,922	3,934,922
Derivative assets	156,615	–	156,615
Loans and advances to customers	–	4,670,567	4,670,567
Financial assets	156,615	15,322,666	15,479,281
Customer deposits	–	12,066,650	12,066,650
Deposits from banks	–	2,278,221	2,278,221
Derivative liabilities	49,052	–	49,052
Financial liabilities	49,052	14,344,871	14,393,923

Valuation of financial instruments

IFRS 13 fair value measurement requires Starling to classify its financial assets and liabilities according to a hierarchy that reflects the observability of significant market inputs. The three levels of the fair value hierarchy are defined below:

- Level 1 fair value measurements are those derived from unadjusted quoted prices in active markets for identical assets and liabilities;
- Level 2 valuations are those where quoted market prices are not available, or valuation techniques are used to determine fair value and the inputs are based significantly on observable market data. Level 2 assets also include those where unadjusted quoted prices are used for valuation but the underlying market is not considered active; and
- Level 3 portfolios 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.

29. Financial instruments

Valuation of financial instruments carried at fair value through profit or loss

Derivative assets and liabilities are classified as level 2. Interest rate swaps are valued using discounted cash flow models; the most significant inputs into those models are interest rate yield curves which are developed from quoted readily available rates. FX forwards are priced using rates available from publicly quoted sources. Derivative financial instruments are the only instruments carried at FVTPL.

2026	Carrying value £'000	Fair value £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000
Interest rate swaps	**109,492**	**109,492**	**–**	**109,492**	**–**
FX forwards	**1,416**	**1,416**	**–**	**1,416**	**–**
Financial assets carried at fair value	**110,908**	**110,908**	**–**	**110,908**	**–**
Interest rate swaps	**39,069**	**39,069**	**–**	**39,069**	**–**
FX forwards	**29**	**29**	**–**	**29**	**–**
Financial liabilities carried at fair value	**39,098**	**39,098**	**–**	**39,098**	**–**

2025	Carrying value £'000	Fair value £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000
Interest rate swaps	156,189	156,189	–	156,189	–
FX forwards	426	426	–	426	–
Financial assets carried at fair value	156,615	156,615	–	156,615	–
Interest rate swaps	48,091	48,091	–	48,091	–
FX forwards	961	961	–	961	–
Financial liabilities carried at fair value	49,052	49,052	–	49,052	–

All financial assets and liabilities in the table above that are held as FVTPL, are mandatorily held as such.

Valuation of financial instruments carried at amortised cost

Cash and balances at central banks and loans and advances to banks

These represent amounts placed with the BoE or other banks where adjustments to fair value in respect of the credit risk of counterparty are not considered necessary. The interest received on all amounts is floating market rate. The fair value of cash and balances at central banks and loans and advances to banks is considered to be the carrying value and Starling has not recognised an impairment provision. These are classified as level 2 assets.

Debt securities

The majority of debt securities are held for liquidity management purposes and are valued using quoted market prices. Starling considers it is able to liquidate such investments at short notice with little or no loss of value. These securities are classified as level 1 where the underlying market is considered active and level 2 where sufficient market activity has not been observed to deem the market active.

Securities that are not held for liquidity purposes and where quoted market prices are not available are valued using a discounted cash flow model. This is designed to appropriately reflect the credit and liquidity risk of the instrument. These securities are all currently classified as level 2 as unobservable inputs are not considered significant.

The fair value of securities is impacted by changes in the market-implied rate of interest and future credit risk of the individual issuers. For fixed rate bonds and to a lesser extent, floating rate bonds, the fair value is impacted by changes in interest rates. Most fixed rate bonds are hedged with interest rate swaps to mitigate the risk of adverse movements in interest rates.

29. Financial instruments

Loans and advances to customers

Starling holds loans to customers at both fixed and variable interest rates. For fixed rate lending, the fair value is calculated based on the present value of the anticipated future principal and interest cash flows, discounted at market rate for similar loans at the reporting date. Expected cash flows are adjusted for expected repayment profiles in line with those used internally for liquidity management and hedge accounting purposes. Market rates used are those for similar loans of maturity equal to the remaining fixed rate loan period. For variable rate lending, including drawn overdrafts and undrawn overdrafts, the fair value is considered to be the carrying value. The carrying and fair value of loans and advances to customers are also stated net of any credit impairment provision. These are classified as level 3 assets.

Customer deposits

The majority of deposits from customers are repayable on demand. Accordingly, the fair value of these customer deposits is considered to be the carrying value. For on demand deposits, the fair value is based on contractual maturity and does not reflect the behavioural modelling or duration assumptions applied in the structural hedging programme. For fixed rate fixed term deposits, fair values are estimated using discounted cash flows, applying SONIA swap rates for similar maturity. Fixed rate deposits are hedged with interest rate swaps to mitigate the risk of adverse movements in interest rates eroding the Starling's NIM. Through the application of hedge accounting, the carrying value of the hedged fixed rate deposits is adjusted to reflect the current value of hedged items adjusted for interest rate risk. . These are classified as level 2 liabilities.

Deposits from banks

The central bank facilities include floating rate funding, with an initial maturity of four years, a portion of which has been extended for a further ten years.The fair value of central bank facilities has been determined as the gross carrying value. These are classified as level 2 liabilities.

2026	**Carrying value**	**Fair value**	**Level 1**	**Level 2**	**Level 3**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Cash and balances at central banks	**4,188,830**	**4,188,830**	**–**	**4,188,830**	**–**
Loans and advances to banks	**36,508**	**36,508**	**–**	**36,508**	**–**
Debt securities	**6,843,426**	**6,846,851**	**4,836,647**	**2,010,203**	**–**
Loans and advances to customers	**5,161,359**	**5,252,891**	**–**	**–**	**5,252,891**
Financial assets carried at amortised cost	**16,230,123**	**16,325,080**	**4,836,647**	**6,235,541**	**5,252,891**
Customer deposits	**12,691,991**	**12,691,991**	**–**	**12,691,991**	**–**
Deposits from banks	**2,539,524**	**2,539,524**	**–**	**2,539,524**	**–**
Financial liabilities carried at amortised cost	**15,231,515**	**15,231,515**	**–**	**15,231,515**	**–**

2025	Carrying value	Fair value	Level 1	Level 2	Level 3
	£'000	£'000	£'000	£'000	£'000
Cash and balances at central banks	6,686,688	6,686,688	–	6,686,688	–
Loans and advances to banks	30,489	30,489	–	30,489	–
Debt securities	3,934,922	4,121,477	2,914,222	1,207,255	–
Loans and advances to customers	4,670,567	4,700,385	–	–	4,700,385
Financial assets carried at amortised cost	15,322,666	15,539,039	2,914,222	7,924,432	4,700,385
Customer deposits	12,066,650	12,066,650	–	12,066,650	–
Deposits from banks	2,278,221	2,278,221	–	2,278,221	–
Financial liabilities carried at amortised cost	14,344,871	14,344,871	–	14,344,871	–

30. Related parties

Parent and controlling entities

No person or entity is considered to have control or joint control over SGHL, the ultimate parent company of the Group.

Entities with significant influence

As at 31 March 2026, JTC Starling Holdings Limited held 37.5% (2025: 36.3%) of the total SGHL shares in issue and 40.9% (2025: 36.3%) of SGHL's voting rights. Accordingly, JTC Starling Holdings Limited has significant influence over the Group. JTC's shareholding in the prior year was shares in SBL. In June 2025, a non-trading holding company, SGHL, was inserted as the ultimate parent company of SBL and the Starling Group. This transaction was effected as a share-for-share exchange, whereby SBL's shareholders received shares in SGHL in exchange for their shares in SBL. See note 2. Balances on deposit accounts held by individuals associated with JTC Starling Holdings Limited with Starling as at 31 March 2026 were £42k (2025: £11k).

Group undertakings

Details of the Group's subsidiaries are set out in note 37. In accordance with IFRS 10 Consolidated Financial Statements, transactions and balances with subsidiaries have been eliminated on consolidation

Key management personnel transactions

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of an entity; Key management personnel of Starling is defined as the Board, their spouses or partners and children and other dependents over whom the Board member can exert influence.

Deposits balances held by key management personnel with Starling comprised:

	2026	2025
	£'000	£'000
Balances on deposit accounts	**1,025**	885

The terms and conditions applied to the above balances are the same as those applied to customers.

Key management personnel compensation	2026	2025
	£'000	£'000
Wages and salaries	**2,990**	3,200
Performance-based compensation	**3,435**	5,425
Pension contributions	**163**	95
Total key management personnel compensation	**6,588**	8,720

The compensation table above shows performance-based compensation as recognised in the year in accordance with IFRS 2 and IAS 19. Performance-based compensation includes the vesting charge of share awards and share options granted to key management personnel. See note 28 for detail of the share award schemes.

Two directors (2025: two directors) participate in the Bank's defined contribution pension arrangement.

The Group pays each Investor Non-Executive Director £12,500 per annum for the purpose of covering reasonable out of pocket expenses incurred in carrying out their roles as Investor Non-Executive Director.

31. Notes to the cash flow statement

Changes in non-cash movements, operating assets and operating liabilities

	2026	2025
	£'000	£'000
Non-cash movements		
Depreciation and amortisation	**20,575**	23,988
Performance-based compensation	**16,401**	24,624
Net change in derivatives and fair value adjustments on hedged items	**(9,077)**	6,772
Impairment charge/ (release)	**6,649**	(3,243)
Provisions recognised	**18,128**	41,288
Taxation charged to the income statement	**61,075**	73,244
Other non-cash items	**(4,671)**	(1,068)
Total non-cash movements	**109,080**	165,605
Net (increase)/decrease in operating assets		
Loans and advances to customers	**(502,774)**	(79,028)
Debt securities	**(23,869)**	(4,433)
Other assets	**(14,830)**	48,039
Total net (increase)/decrease in operating assets	**(541,473)**	(35,422)
Net increase/(decrease) in operating liabilities		
Customer deposits	**625,613**	1,095,656
Deposits from banks	**(38,697)**	(92,250)
Provisions	**(35,749)**	(1,399)
Other liabilities	**(51,815)**	(234,255)
Deferred income	**(903)**	514
Derivative financial instruments	**7,320**	24,768
Total net increase/(decrease) in operating liabilities	**505,769**	793,034

Movements in liabilities arising from financing activities

	Central Bank facilities[1]	Lease liabilities
	£'000	£'000
As at 31 March 2024	2,228,796	14,633
Cash flows		
Repayments of principal and interest	(161,610)	(3,167)
Non-cash flows		
Additions to lease liabilities	–	2,453
Interest recognised in the year	107,200	457
As at 31 March 2025	2,174,386	14,376
Cash flows		
Drawdown of funding	**900,000**	**–**
Repayments of principal and interest	**(696,984)**	**(4,739)**
Non-cash flows		
Additions to lease liabilities	**–**	**10,626**
Disposals of lease liabilities	**–**	**(790)**
Interest recognised in the year	**90,721**	**619**
As at 31 March 2026	**2,468,123**	**20,092**

1 Cashflows associated with central bank facilities include additional borrowings of £900.0m and repayments of principal of £600.0m classified as cash flows from financing activities in the consolidated cash flow statement. Repayments of interest are classified within cash flows from operating activities in the consolidated cashflow statement.

33. Capital commitments

As at 31 March 2026, Starling has no committed capital expenditure that has not been provided for in these accounts (2025: £–m).

34. Financial commitments

As at 31 March 2026, Starling has committed to future mortgage lending of £173.3m (2025: £111.3m). These commitments represent agreements to lend in the future, subject to certain conditions.

35. Contingent liabilities

From time to time, Starling may become subject to enquiries and examinations, requests for information, audits, enquiries, investigations, and other proceedings by regulators, governmental and other public bodies in connection with (but not limited to) compliance with applicable contracts, laws and regulations, such as those relating to consumer protection, business conduct, systems and controls, anti-money laundering and sanctions, historic misconduct and other areas of banking and business activities.

Certain matters including, but not limited to, suspected sanctions breaches and Starling's on-going review of legacy financial crime practices, may give rise to a potential future outflow of economic benefit. The potential impact of any of these matters are currently unquantifiable but could give rise to a material outflow of future economic benefit, remediation of systems and controls, restriction of Starling's business activities and/or fines. Starling will continue to evaluate such matters on an ongoing basis.

36. Events after reporting year

There have been no significant events between 31 March 2026 and the date of approval of these accounts, which would require a change to or additional disclosure in the accounts.

37. Group Undertakings

Subsidiary undertakings

SGHL directly or indirectly holds 100 per cent of shares in the following undertakings. All share classes are ordinary. All subsidiaries are registered in the United Kingdom to 5th Floor, London Fruit and Wool Exchange, 1 Duval Square, London E1 6PW unless otherwise indicated.

Company Name	Registered number	Country of incorporation
Starling Intermediate Holdings Limited	16240204	United Kingdom
Starling Bank Limited	9092149	United Kingdom
Starling FS Services Limited	10091094	United Kingdom
Fleet Mortgages Limited[1]	8663979	United Kingdom
Ember by Starling Limited	11822163	United Kingdom
MFSI Holdings Limited[2,4]	709388	Republic of Ireland
Murmur Financial Services International DAC[2,4]	648846	Republic of Ireland
Murmur Financial Services Limited	14999160	United Kingdom
Engine by Starling Limited	13925405	United Kingdom
Engine by Starling Services Limited	16200786	United Kingdom
Engine by Starling Services US LLC[3]	10151411	United States

1 Registered address is 2nd Floor Flagship House, Reading Road North, Fleet, Hampshire, GU51 4WP, United Kingdom.
2 Registered address is Riverside One, Sir John Rogerson's Quay, Dublin 2, Dublin, D02 X576, Ireland.
3 Registered address is 251 Little Falls Drive, Wilmington, County of New Castle, Delaware 19808, USA.
4 Company entered members' voluntary liquidation on 10 December 2025 and is no longer included in the Group consolidated financial statements.

The results of these subsidiaries are fully consolidated into the Group's Financial Statements unless otherwise noted.

Overseas Branches

Subsidiary undertakings include the following overseas branches of operations.

Company name	Registered number	Country of operation
Murmur Financial Services Limited	910039	Republic of Ireland
Engine by Starling Limited	677 153 810	Australia
Engine by Starling Services Limited	688 071 721	Australia
Engine by Starling Services Limited	1001341591	Canada
Engine by Starling Services Limited	7696-01	Dubai, United Arab Emirates
Engine by Starling Services Limited	9429053466778	New Zealand

Parent company financial statements

Parent company statement of financial position

As at 31 March	Note	2026 £'000 Audited	2025 £'000 Unaudited
Assets			
Loans and advances to banks[1]		–	–
Intercompany assets[1]	8	–	–
Investment in subsidiary	8	1,146,694	–
Total assets		1,146,694	–
Liabilities			
Intercompany liabilities[1]	8	–	–
Total liabilities		–	–
Equity			
Share capital[2]	6	12	–
Share premium[2]		–	–
Merger reserve	2	1,167,229	–
Other reserves	7	(20,547)	–
Total equity[3]		1,146,694	–
Total liabilities and equity		1,146,694	–

1 For the current year, intercompany assets are £250 (2025: £250 presented as loans and advances to banks) and intercompany liabilities are £1 (2025: £1) and as such are presented as nil when rounded to thousands.
2 In the prior year, investment in subsidiary was £1, share capital was £0.001 and share premium was £249.999 and as such these comparatives balances are presented as nil when rounded to thousands. See note 6 for further detail.
3 The parent company recorded a result after tax for the year of £nil (2025: £nil).

The accompanying notes are an integral part of the parent company financial statements.

The financial statements and accompanying notes from page 220 to 226 were approved by the Board of Directors on 20 May 2026 and signed on its behalf by:

Raman Bhatia
Group Chief Executive Officer
Director

Declan Ferguson
Group Chief Financial Officer
Director

Parent company statement of changes in equity

	Note	Share capital	Share premium	Merger reserve	Other reserves[2]	Total equity
		£'000	£'000	£'000	£'000	£'000
As at 31 March 2024		–	–	–	–	–
As at 31 March 2025[1]		–	–	–	–	–
Transactions with equity holders						
Issuance of share capital	6	12	–	–	–	12
Group reorganisation	2, 7	–	–	1,167,229	(20,547)	1,146,682
As at 31 March 2026		12	–	1,167,229	(20,547)	1,146,694

1 In the previous years, share capital was £0.001 and Share premium was £249.999 and as such these comparatives balances are presented as nil when rounded to thousands. See note 6 for further detail.
2 Other reserves includes the own shares held reserve and share awards reserve. For further detail see note 7.

The accompanying notes are an integral part of the parent company financial statements.

Parent company cash flow statement

A cash flow statement has not been presented for the Company as there were no cash transactions during the year ended 31 March 2026. All transactions during the year, including the Group reorganisation executed through the issuance of share capital and the share-for-share exchange, were non-cash in nature. Consequently, the Company's opening and closing cash and cash equivalents balances remains unchanged at £250. Cash and cash equivalents relates to an amount held on trust by SBL on incorporation of the Company and is presented as intercompany assets in the financial statements (2025: presented as loans and advances to banks).

Notes to the parent company financial statements

1. General information

The Company, Starling Group Holdings Limited, is a private company limited by shares, incorporated in England and Wales under the Companies Act 2006. The Company's registered office is 5th floor, Fruit and Wool Exchange, Duval Square, London E1 6PW. The principal activity of the Company is to act as a non-trading holding company for the Starling Group.

2. Group reorganisation

In June 2025, SGHL became the ultimate parent holding company of SBL and the Starling Group, through acquiring 100% of SBL's share capital via a share-for-share exchange, whereby SGHL issued shares with a total nominal value of £11,684 to SBL's shareholders, in exchange for their shares held in SBL.

SGHL recognised its investment in SBL at the net asset value of SBL's assets and liabilities at the date of the share exchange, totalling £1,134.9m.

As SGHL acquired more than 90% of the shares in SBL via a share transaction, section 612 of the Companies Act 2006 was applied, resulting in SGHL recognising a merger relief reserve of £1,167.2m.

At the same time, existing interests in SBL shares under Starling Group's employee share schemes were exchanged for the same number of equivalent interests in SGHL shares. The £24.1m carrying value of the share awards reserve transferred from SBL to SGHL as at that date. As the terms of the replacement awards were equivalent to the original grants, no modification gain or loss arose from this transaction, and the total Group share awards reserve remained unchanged.

At the same date, the £56.5m own shares reserve for the historic cost of shares purchased by the Starling Group EBTs from employees was also transferred from SBL to SGHL.

Subsequently, in September 2025, SGHL transferred its shares in SBL to an intermediate holding company, SIHL, also by way of a share-for-share exchange. SGHL's investment in SBL was transferred to SIHL at book value.

3. Basis of preparation

The financial statements have been prepared in accordance with the Companies Act 2006 and with UK-adopted International Financial Reporting Standards and Interpretations issued by the International Accounting Standards Board as adopted by the United Kingdom. The financial statements have been prepared under the historical cost convention.

The financial statements are presented in British Pounds Sterling (Sterling, GBP or £) which is also the functional currency of the Company, and all values are rounded to the nearest thousand except where otherwise indicated. The amounts expected to be recovered or settled for assets and liabilities in the financial statements are due no more than 12 months after the reporting year unless specifically stated.

These financial statements represent the company's first year under a statutory audit requirement. Comparative figures for the period ended 2025 are unaudited. To the extent that accounting policies were applicable in the previous year, they have been applied consistently in the current year.

Where relevant, equivalent disclosures have been referenced in the consolidated financial statements of SGHL.

Parent company income statement

No income statement or statement of comprehensive income has been shown for the Company, as permitted by section 408 of the Companies Act 2006.

3. Basis of preparation

Going concern

In June 2025, the Company became the ultimate parent of the Starling Group. Its principal activity is to act as a non-trading holding company for the Starling Group.

In assessing the Company's going concern position as at 31 March 2026, the Directors considered a wide range of information relating to present and future conditions, including the Group current financial position and future projections of profitability, cash flows and capital resources and requirements, which all form part of the Group business plan. These projections, made together with the Group's significant operating entity and other subsidiaries in the Group, were based on management's detailed financial planning. The business plan takes account of the current and expected economic environment and is also stress tested for a range of severe but plausible stresses.

The Directors have assessed the outlook for the Company for at least 12 months from the signing of these financial statements as required under IFRS.

On the basis of the above assessment, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least 12 months from the signing of these financial statements . Accordingly, the going concern basis of accounting has been adopted to prepare these financial statements.

Use of estimates and judgements

The preparation of these financial statements, in conformity with IFRS, requires the Directors to make judgements, estimates and assumptions that affect the reported amounts of: (i) assets and liabilities at the date of the financial statements and (ii) revenues and expenses during the year. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant, although the amount, event or action, and ultimate result may differ from the estimates used. Sources of estimation uncertainty relate to assumptions and estimates at the end of the current reporting year that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

The principal area where estimates have been considered is impairment of investment in subsidiary. The carrying value of SGHL's investment in SIHL at 31 March 2026 is £1,146.7m. At the end of each reporting period or whenever there are indicators of impairment, an impairment review is undertaken in respect of investment in subsidiaries. Impairment is recognised when the investment exceeds the recoverable amount. The recoverable amount is calculated as a VIU which is derived from the present value of future cash flows expected to be received from the investment.

The VIU calculation uses future years forecast profits from Starling Group financial budgets and plans approved by management as an approximation of future cash flows. As at 31 March 2026, the recoverable amount is higher than the carrying value of the investment in SIHL ordinary shares held by SGHL. Consequently, no impairment is noted at the reporting date.

There have been no judgements applied in the current year.

4. Material accounting policies

Accounting policies applied in preparing the financial statements of the Company are consistent with those applied in preparing the consolidated financial statements of the Group, as outlined from page 169. The following additional accounting policies are also applied in the financial statements of the Company:

a) Investment in subsidiary

Investment in subsidiaries are carried at historical cost, less any provision for impairment. The carrying values of investment in subsidiaries are reviewed whenever there are indicators of impairment, or at least annually on each reporting date. Impairment arises when the carrying value of the investment exceeds the recoverable amount.

The recoverable amount is calculated as a VIU which is derived from the present value of future cash flows expected to be received from the investment.

If there are no indicators of impairment, then there are no requirements to calculate the recoverable amount. Where the carrying amount is not recoverable the asset is written down immediately to the estimated recoverable amount, based on VIU calculations.

5. Directors' remuneration and staff costs

SGHL does not have any employees and as such has not incurred any staff costs in the year (2025; nil).

The Director's are employed and remunerated by the Group subsidiary, SBL. The relevant director remuneration disclosures are given in note 10 of the consolidated financial statements of the Group.

6. Share capital and share premium

During the year, the Group reorganisation and the insertion of SGHL as parent of the Group (see note 2) resulted in the follow transactions in share capital:

	Ordinary Shares	A Shares	B Shares	C Shares	D Shares	Total
Number of Shares						
As at 31 March 2025	100	–	–	–	–	100
Shares Issued	**60,698,288**	**170,507,428**	**354,180,458**	**290,134,255**	**292,878,631**	**1,168,399,060**
Shares redesignated	**(100)**	**100**	**–**	**–**	**–**	**–**
As at 31 March 2026	**60,698,288**	**170,507,528**	**354,180,458**	**290,134,255**	**292,878,631**	**1,168,399,160**
Nominal Value £						
As at 31 March 2025	–	–	–	–	–	–
Shares Issued	**607**	**1,705**	**3,542**	**2,901**	**2,929**	**11,684**
Shares redesignated	**–**	**–**	**–**	**–**	**–**	**–**
As at 31 March 2026	**607**	**1,705**	**3,542**	**2,901**	**2,929**	**11,684**

All shares have a nominal value of £0.00001 each and are fully paid. The ordinary shares, B shares, C shares and D shares have voting rights. The ordinary A shares have no voting rights.

Ordinary share capital issued at 31 March 2025 had a nominal value of £0.001 which is rounded to nil in the above table.

Share premium at 31 March 2026 is £249.999 (2025: £249.999).

7. Other reserves

	Own shares reserve	Share based payment reserve	Total
	£'000	£'000	£'000
As at 31 March 2025	–	–	–
Group reorganisation	(56,465)	24,112	(32,353)
Cost of share awards	–	11,806	11,806
As at 31 March 2026	(56,465)	35,918	(20,547)

Share based payments

	JSOP	LTIP	Share options	Total
	£'000	£'000	£'000	£'000
As at 31 March 2025	–	–	–	–
Recognition on Group reorganisation	(9,335)	(9,129)	(5,648)	(24,112)
Charge for the year	(783)	(2,694)	(8,329)	(11,806)
As at 31 March 2026	(10,118)	(11,823)	(13,977)	(35,918)

At the date that SGHL was inserted as ultimate parent of SBL, existing interests in SBL shares under Starling Group's employee share schemes were exchanged for the same number of equivalent interests in SGHL shares. As a non-beneficial modification of the share options, the fair value of the awards and options at initial recognition by SGHL was equal to the carrying value of the awards and options at the point of transfer.

All awards are to subsidiary employees. The fair value of awards is recognised by SGHL as a debit to its investment in subsidiaries as a capital contribution, with a corresponding credit recorded in the share awards reserve, within equity.

A full breakdown of the share based payment awards is available in note 28 of the consolidated financial statements of the Group.

Own shares reserve
At the date that SGHL was inserted as ultimate parent of SBL, the own shares reserve for the historic cost of shares purchased by the Starling Group EBTs from employees was transferred from SBL to SGHL. The reserve of £56.5m at date of transfer, represents the historic cost of shares purchased by the Starling Group EBTs from employees in previous financial years. The shares acquired are intended to be used by the EBT 2 in future share awards under the Group's employee incentive schemes.

8. Related party transactions

Parent and controlling entities
No person or entity is considered to have control or joint control over the Company.

Entities with significant influence
As at 31 March 2026, JTC Starling Holdings Limited held 37.5% (2025: none) of the total Company shares in issue and 40.9% (2025: none) of the Company's voting rights. Accordingly, JTC Starling Holdings Limited has significant influence over the Company. Balances on deposit accounts of £42k were held with the Company's subsidiary, SBL by individuals associated with JTC Starling Holdings Limited as at 31 March 2026 (2025: £11k).

No other person or entity is considered to have significant influence over the Company.

Key management personnel
The key management personnel of the Group and the Company are the same. The relevant disclosures are given in note 30 to the consolidated financial statements.

Investment in subsidiaries

	2026	2025[1]
	£'000	£'000
As at 1 April	–	–
Recognition of investment in SBL	1,134,889	–
Capital contribution to SBL	902	–
Transfer of SBL to SIHL	(1,135,791)	–
Recognition of investment in SIHL	1,135,791	–
Capital contribution to SIHL	10,903	–
As at 31 March	1,146,694	–

1 In the prior year, the Company had an investment in subsidiary of £1 and as such is presented as nil when rounded to thousands.

Details of the Group reorganisation in the year are available in note 2.

SGHL recognised the cost of share based payment schemes that relate to services provided by SBL employees initially as a capital contribution to SBL and following the transfer of the SGHL's shares in SBL to SIHL, as a capital contribution to SIHL. Further detail is available in note 7.

A list of all the Company's direct and indirect subsidiaries is available in note 37 of the consolidated financial statements of the Group.

Intercompany assets and liabilities
SGHL has a £250 intercompany asset due from SBL (2025: £250 Loans and advances to banks) relating to amounts received on issuance of share capital which have been placed on trust in a bank account with SBL.

SGHL has a £1 intercompany liability due to SIHL (2025: £1 intercompany liability due to SIHL) relating to amounts due for the Company's subscription for SIHL's share capital at incorporation.

Impairment of intercompany assets
Intercompany assets are all held at amortised cost. The impact of ECL impairment requirements on the intercompany assets is immaterial.

There was no intercompany income or expense in the current or prior year.

9. Capital commitments

As at 31 March 2026, the Company had no committed capital expenditure that had not been provided for in the financial statements (2025: nil).

10. Financial commitments

SGHL guarantees to third parties certain liabilities of its subsidiary undertakings to support their on-going commercial activities. As at 31 March 2026, the carrying amount of these financial guarantee contracts is considered immaterial, as the probability of a default requiring the Company to perform under the guarantees has been assessed as remote. Consequently, no significant liability has been recognised in the financial statements.

11. Contingent liabilities

As at 31 March 2026, the Company had no contingent liabilities (2025: nil).

12. Events after the reporting year

There have been no significant events between 31 March 2026 and the date of approval of these accounts, which would require a change to or additional disclosure in the accounts.

Other Information

Country by country reporting

The capital requirements (country by country reporting) regulation 2013 places reporting obligations on relevant financial institutions. The requirements originate from Article 89 of the Capital Requirements Directive (CRD IV). Starling meets this obligation on behalf of its subsidiary and institution, SBL, by disclosing information on a consolidated basis, and therefore it includes the activities of the holding companies, subsidiaries, and branches within the Group.

The objective of the country by country reporting requirements is to provide increased transparency regarding the source of the financial institution's income and locations of its operations. Starling is a UK registered entity. Further details of all Starling subsidiaries are detailed on page 218.

Jurisdictions in which operated	Function	Turnover (£'000)[1]	Profit/(loss) before tax (£'000)	Corporation tax paid (£'000)	Average number of employees on full time equivalent basis	Public subsidy amounts received (£'000)
UK	Entities established to provide regulated banking services, hold and manage the banking platform IP and deliver the SaaS proposition.	**887,355**	**216,852**	**46,085**	**4,122**	**–**
Ireland	A branch established as a service entity to the Group employing European based staff	**3,454**	**892**	**–**	**22**	**–**
Other[2]	Branches and a subsidiary established to support Engine in its business in Canada, Australia and the United States	**818**	**(626)**	**–**	**14**	**–**
Intra-group eliminations		**(4,272)**	**–**	**–**	**–**	**–**
Total		**887,355**	**217,118**	**46,085**	**4,158**	**–**

1 Turnover is defined as total revenue for the UK and total intercompany income for Ireland and other.
2 Includes countries where turnover is less than £0.5m on an individual basis.

Alternative performance measures

Throughout this report a range of metrics are used to measure the performance of the Group. Some of these metrics are the Group's KPIs, which are a set of quantifiable metrics used to evaluate the Group's performance and track progress over time. Others are not referred as KPIs but are still useful metrics to aid comparability with peers. The metrics below are non-IFRS based, also known as alternative performance measures (APMs).

ARPAU

KPI: Yes

Definition: The sum of interest income, card income, other fees and commission income and loan origination and servicing fee income, as a total value over the average number of active users in the year. This does not include SaaS income generated through the subsidiary Engine.

Calculation

	Page	2026	2025
Interest income (a)	190	**£759.2m**	£811.7m
Customer card transaction revenue (b)	190	**£97.5m**	£101.5m
Other fees and commission income (c)	190	**£15.1m**	£12.2m
Loan origination and servicing fee income (d)	190	**£2.9m**	£3.6m
Gross ARPAU: [(a) + (b) + (c) + (d)]		**£874.7m**	£929.0m
Average number of active users (e)		**3,178,310**	3,074,905
ARPAU: [(a) + (b) + (c) + (d)] / (e)		**£275**	£302

CET1 ratio

KPI: Yes

Definition: CET1 capital (which comprises common shares issued and related share premium, retained earnings and other reserves less specified regulatory adjustments) as a percentage of total risk-weighted assets.

Calculation

	Page	2026	2025
CET1 capital (a)	145	**£1,123.3m**	£1,000.2m
Total risk-weighted assets (b)	145	**£3,930.3m**	£3,170.0m
CET1 ratio: (a) / (b)		**28.58 %**	31.55 %

Cost of deposits

KPI: No

Definition: Interest expense on customer deposits as a percentage of the average customer deposits for the year (calculated using the average monthly closing balance).

Calculation

		2026	2025
Interest expense on customer deposits (a)	190	**£83.1m**	£85.9m
Average customer deposits (b)		**£12,345.0m**	£11,051.2m
Cost of deposits: (a) / (b)		**0.67 %**	0.78 %

Cost of funds

KPI: Yes

Definition: Interest expense as a percentage of the average customer deposits and deposits from banks for the year (calculated as the average monthly closing balance).

Calculation

	Page	2026	2025
Interest expense (a)	190	**£189.3m**	£221.5m
Average customer deposits (b)		**£12,345.0m**	£11,051.2m
Average deposits from banks (c)		**£2,345.4m**	£2,350.2m
Cost of funds: (a) / [(b) + (c)]		**1.29 %**	1.65 %

Alternative performance measures

Cost-income-ratio (CIR)

KPI: Yes

Definition: Total cost as a percentage of income. Where, total cost is equal to operating expenses and total income is equal to revenue and other income, net of interest expense, fee expense and cost of services. This is used by Starling to monitor and manage its overall cost position and understand how efficient Starling is at generating income.

Calculation

	Page	2026	2025
Operating expenses	192	**£442.0m**	£455.1m
Total cost (a)[1]		**£442.0m**	£455.1m
Revenue	162	**£887.4m**	£940.0m
Interest expense	190	**£(189.3)m**	£(221.5)m
Fee expense and cost of services	190	**£(46.6)m**	£(38.6)m
Other income/(expense)	191	**£14.2m**	£(4.5)m
Total income (b)[1]		**£665.7m**	£675.4m
Cost-income-ratio: (a) / (b)[1]		**66.4 %**	67.4 %

1 Comparatives have been restated due to software as a service costs of £5.1m being remapped from operating expenses to fee expense and cost of services, see note 3 for more information. The impact on the prior year ratio was negligible from 67.6% in the 2025 report, to 67.4% in the current year report's comparative.

Gross margin

KPI: Yes

Definition: Gross profit as a percentage of revenue. This is used by Starling to measure and monitor the profitability of its products and services.

Calculation

	Page	2026	2025
Gross profit (a)	162	**£644.9m**	£683.1m
Revenue (b)	162	**£887.4m**	£940.0m
Gross margin: (a) / (b)		**72.7 %**	72.7 %

Group platform accounts

KPI: Yes

Definition: Includes all open accounts served by Starling Bank (current accounts, joint accounts, savings accounts, multi-currency accounts) as well as underlying accounts managed through our B2B Engine partnerships.

Calculation

	Page	2026	2025
Starling Bank open accounts (a)		**4.9m**	4.6m
Engine underlying accounts (b)		**1.3m**	0.8m
Total Group platform accounts: (a) + (b)		**6.2m**	5.3m

Liquidity coverage ratio (LCR)

KPI: Yes

Definition: A liquidity metric which aims to ensure that a firm maintains an adequate level of liquidity to meet its needs for a 30 calendar day time horizon under a stress scenario.

Calculation

	Page	2026	2025
Eligible liquidity buffer (a)	138	**£6,365.9m**	£7,207.9m
Net stress outflows (b)	138	**£(1,116.5)m**	£(1,255.3)m
Liquidity coverage ratio: (a) / (b)		**570.2 %**	574.2 %

Loan to deposit ratio (LDR)

KPI: Yes

Definition: Gross loans and advances to customers expressed as a percentage of total customer deposits.

Calculation

	Page	2025	2024
Gross loans and advances to customers (a)	199	**£5,229.5m**	£4,762.4m
Customer deposits (b)	205	**£12,692.0m**	£12,066.4m
Loan to deposit ratio: (a) / (b)		**41.2 %**	39.5 %

Net interest margin (NIM)

KPI: Yes

Definition: Net interest income as a percentage of average interest-earning assets, which are calculated as the average monthly closing balance of assets that generate interest income.

Calculation

	Page	2026	2025
Net interest income (a)	190	**£569.9m**	£590.2m
Average interest-earning assets (b)		**£15,781.3m**	**£14,339.5m**
Net interest margin: (a) / (b)		**3.61 %**	4.12 %

Alternative performance measures

Metric	KPI	Definition	Calculation
Return on capital employed (ROCE)	Yes	Profit after taxation as a percentage of the total average minimum regulatory capital requirements for the year (calculated as the average yearly closing balance).	

	Page	2026	2025
Profit after taxation (a)	162	**£156.0m**	£150.7m
Average regulatory capital requirements (b)		**£627.9m**	£565.2m
Return on capital employed (ROCE): (a) / (b)		**24.9 %**	26.7 %

Metric	KPI	Definition
Revenue	Yes	The sum of interest income and fees and commissions income.

	Page	2026	2025[1]
Interest income (a)	190	**£759.2m**	£811.7m
Fees and commissions income (b)	190	**£128.2m**	£128.3m
Revenue: (a) + (b)		**£887.4m**	£940.0m

1 The method for calculating revenue has been revised in the current year to exclude interest expense. Comparatives have been restated to align to the current year's presentation. Total revenue reported in the 2025 report was £713.9m, see note 3 for more details.

Defined terms

Active users	refers to users with a non-zero total closing balance in any of their accounts.
Average deposit balance	refers to the average Starling Bank deposit balance, calculated as total deposits minus payment servicing settlement balances over the number of accounts with a positive balance.
Board	refers to the Board of Directors of Starling Group Holdings Limited.
Boards	refers to Board of Directors of Starling Group Holdings Limited and Starling Bank Limited.
Chair	is the Chair of the Board.
Companies Act	refers to the Companies Act 2006.
Directors	refers to the Directors of Starling Group Holdings Limited.
Executive	refers to the Starling senior leadership team.
Gross lending	refers to loans and advances to customers before impairment provisions and other accounting adjustments.
Group	refers to Starling Group Holdings Limited and all of its direct and indirect subsidiaries.
HQLA	refers to assets which can be easily and immediately converted into cash at little or no loss of value. HQLAs should be unencumbered, liquid in markets during a time of stress and, ideally, be central bank eligible.
Investment grade	refers to a credit rating in the range of CQS1 to CQS3 following the standardised approach to credit risk under Capital Requirements Regulation.
Investor Non-Executive Director	refers to Lázaro Campos, Marcus Traill and Richard Watts.
Liquidity group	is the consolidated group of entities regulated by the PRA for liquidity purposes. This includes; Starling Group Holdings Limited, Starling Intermediary Holdings Limited, Starling Bank Limited, Starling FS Services Limited and Ember by Starling Limited and Fleet Mortgages Limited.
MREL	is the minimum requirements a financial institution must hold to meet the loss absorption and recapitalisation components if an institution were to fail.
Net zero	refers to a target to reduce emissions by at least 90% and counterbalance the remaining residual emissions with durable or permanent carbon removals. The term "residual" refers to emissions that cannot technically be eliminated. Such residual emissions shall not exceed 10% of baseline emissions - as measured in 2021.
NSFR	measures the stability of funding sources relative to assets requiring funding. The ratio is defined as the available stable funding (capital and certain liabilities which are treated as stable sources of funding) relative to the required stable funding (assets on balance sheet and certain off balance sheet exposures).
Group platform accounts	includes all open accounts served by Starling Bank (current accounts, joint accounts, savings accounts, multi-currency accounts) as well as underlying accounts managed through our B2B Engine partnerships.
Primary relationship	Users using Starling as their main bank account, represented as the percentage of users with > £500 of credit transactions per month.
Regulatory group	is the consolidated group of entities regulated by the PRA for capital adequacy, leverage ratio, and large exposures. This includes; Starling Group Holdings Limited, Starling Intermediary Holdings Limited, Starling Bank Limited, Starling FS Services Limited and Ember by Starling Limited.
Required capital	is calculated as the minimum amount of eligible regulatory capital the Bank must hold, excluding firm specific components of Pillar 2B capital. This figure includes Pillar 1 and Pillar 2A requirements as well as capital conservation and countercyclical buffers.
RWA	is a regulatory measure that adjusts the value of assets to reflect their level of risk when calculating capital requirements.
Tier 1 capital	is the sum total of CET1 and Additional Tier 1 capital.
Tier 1 ratio	is the ratio of Tier 1 capital to RWAs.
Tier 2 capital	includes subordinated liabilities and provisions for collective impairment, less regulatory adjustments.
UK leverage ratio	is calculated by dividing Tier 1 capital resources by the leverage exposure which is a defined measure of on balance sheet assets and off balance sheet items. On balance sheet assets are adjusted to exclude Central Bank reserves.
Users	refers to GBP-denominated personal current accounts, sole trader current accounts and business current accounts.
Web3	refers to a new iteration of the World Wide Web which incorporates concepts such as decentralisation, blockchain technologies, tokenomics, and privacy-enhancing technologies.

Abbreviations and acronyms

1L	First line (of the three lines model)
2L	Second line (of the three lines model)
3L	Third line (of the three lines model)
AI	Artificial intelligence
ALCO	Asset and Liability Committee
API	Application programming interface
APP	Authorised push payment
ARPAU[1]	Average revenue per active user
B2B	Business-to-business
BAC	Board Audit Committee
BAU	Business as usual
BBB	British Business Bank
BBLS	Bounce Back Loan Scheme
BoE	Bank of England
BRC	Board Risk Committee
BTL	Buy-to-let
CBILS	Coronavirus Business Interruption Loan Scheme
CCC	Customer and Conduct Committee
CEO	Chief Executive Officer
CET1	Common Equity Tier 1
CFO	Chief Financial Officer
CGU	Cash generating unit
CHAPS	Clearing house automated payment system
CMA	Competition and Markets Authority
CPO	Chief People Officer
CQS	Credit Quality Step
CRC	Credit Risk Committee
CRM	Customer relationship management
CRO	Chief Risk Officer
CSA	Credit support annex
C-SREP	Capital Supervisory Review and Evaluation Process
DAC	Designated activity company
DPD	Days past due
EAD	Exposure at default
EBT	Employee benefit trust
ECL	Expected credit loss
EIR	Effective interest rate
Ember	Ember by Starling Limited
Engine	Engine by Starling Limited
EPC	Energy performance certificate
ERC	Executive Risk Committee
ESG	Environmental, social and governance
EVE	Economic value of equity
ExCo	Executive Committee
FCA	Financial Conduct Authority
Fleet	Fleet Mortgages Limited
FRC	Financial reporting council
FVOCI	Fair value through other comprehensive income
FVTPL	Fair value through profit or loss
FX	Foreign exchange
GDP	Gross domestic product
GHG	Greenhouse gas
GRMF	Group Risk Management Framework
HM	His Majesty's
HPI	House price index
HQLA	High-quality liquid assets
IAS	International Accounting Standards
IASB	International Accounting Standards Board
IC	Impairment Committee
ICAAP	Internal Capital Adequacy Assessment Process
IFRS	International Financial Reporting Standards
ILAAP	Internal Liquidity Adequacy Assessment Process
IPO	Initial public offering
IRRBB	Interest rate risk in the banking book
ISA	Individual Savings Account
ISDA	International Swaps and Derivatives Association
ISSB	International Sustainability Standards Board
IT	Information technology
JSOP	Joint Share Ownership Plan
KPI	Key performance indicator
LCH	London Clearing House

1 The calculation of alternative performance measures are included on page 229.

Abbreviations and acronyms

LCR[1]	Liquidity coverage ratio
LDR[1]	Loan-to-deposit ratio
LGD	Loss given default
LLC	Limited liability company
LLP	Limited liability partnership
LPA	Law of Property Act
L-SREP	Liquidity Supervisory Review and Evaluation Process.
LTIP	Long term incentive plan
LTV	Loan-to-Value
M&A	Mergers & acquisitions
MEES	Minimum energy efficiency standards
MFSL	Murmur Financial Services Limited
MI	Management information
MIA	Months in arrears
MRC	Model Risk Committee
MREL	Minimum Requirement for own funds and Eligible Liabilities
NATO	North Atlantic Treaty Organization
NIC	National Insurance Contributions
NII	Net interest income
NIM[1]	Net interest margin
NomCo	Board Nomination Committee
NPS	Net Promoter Score
NSFR	Net stable funding ratio
OCI	Other comprehensive income
OLAR	Overall liquidity adequacy rule
PAYE	Pay as you earn
PAYG	Pay as you grow
PBT	Profit before tax
PD	Probability of default
POCI	Purchased or originated credit-impaired
PPE	Property, plant and equipment
PRA	Prudential Regulation Authority
PS	Policy statement
R&D	Research and development
RAF	Resolvability Assessment Framework
RCSA	Risk and Control Self Assessment
RDEC	Research and Development Expenditure Credit
RemCo	Board Remuneration Committee
RLS	Recovery Loan Scheme
RMBS	Residential Mortgage Backed Securities
RMMP	Risk management maturity programme
ROCE[1]	Return on capital employed
RTGS	Real-time gross settlement
RWA	Risk-weighted assets
SaaS	Software as a service
SBL	Starling Bank Limited
SECR	Streamlined Energy and Carbon Reporting
SEIS	Senior Employee Incentive Scheme
SGHL	Starling Group Holdings Limited
SICR	Significant increase in credit risk
SIHL	Starling Intermediate Holdings Limited
SME	Small and medium-sized enterprise
SMF	Senior Management Function
SoP	Statement of Policy
SPPI	Solely Payments of Principal and Interest
SVR	Standard variable rate
TCR	Total capital requirement
TFSME	Term Funding Scheme with additional incentives for SMEs
UEL	Useful economic life
U.S	United States
UK	United Kingdom
VIU	Value-in-use
YoY	Year-on-year

1 The calculation of alternative performance measures are included on page 229.

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