VONQUIS
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FULL YEAR 2024 RESULTS

14 MARCH 2025
9am

Agenda

Summary of 2024 for Vanquis Banking Group	Ian McLaughlin
FY 2024 Performance	Dave Watts
Updated Financial Guidance for 2025 & 2026	Dave Watts
Strategic Agenda for 2025 & 2026	Ian McLaughlin
Q&A	Ian McLaughlin & Dave Watts

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SUMMARY OF 2024 FOR VANQUIS BANKING GROUP

IAN MCLAUGHLIN

Chief Executive Officer

Strategic transformation of the bank on track

2024 – a pivotal year for the bank, despite headwinds

We have:

1. Implemented changes required for sustainable performance.
2. Refreshed our strategy, enhanced our customer proposition and simplified the organisation.
3. Managed new business growth.
4. Delivered more transformation cost savings than committed.
5. Seen customers remain resilient, with improving underlying credit quality.

2024 Performance vs. Commitments

Financial performance impacted by challenges, but achieved guidance from 1H24 results

	Guidance and Commitments	Performance
Net Interest Margin (NIM)[16] (Including Second Charge Mortgages (2CM))	>18%	18.4% (18.9% excluding 2CM)
Adjusted cost: income ratio[20]	62-65%	65.9% (64.2% ex. fraud costs transfer*)
Adjusted Return on Tangible Equity (ROTE)[9]	Loss for 2024	Loss (7.0)%
Tier 1 ratio[10]	18.5–19.5%	18.8%
Retail funding (% of all funding)[13]	>85%	92.1%

* *Adjusted operating costs include a full year representation of £6.0m of fraud costs from impairment in Q424. Excluding this, adjusted cost: income ratio would have been 64.2%.*

2024 Highlights

Increased diversification of customer proposition with enhancements to risk management

Initiatives	What we have delivered
Customer proposition	• Measured approach to Credit Cards growth. • Cleaned up the Vehicle Finance (VF) balance sheet. • Strong growth in 2CM and Savings. • Snoop as a strategic enabler including launch of easy access savings product. • Enhanced the "not yet" proposition for customers. • Improved customer experience through better digital statement functionality.
Insightful risk management	• Replaced VF lending decision engine. • Established VF debt sale programme.

Key metrics

Gross customer interest earning balances[2]
£2,308m (FY23: £2,401m[1])

Retail deposits
£2,399m (FY23: £1,925m)

Customer numbers
1.69m (FY23: 1.75m)

Snoop active users ('000)
293 (FY23: 234)

Vanquis customer satisfaction (Trustpilot score)
4.2/5 stars

Moneybarn customer satisfaction (Trustpilot score)
4.4/5 stars

2024 Highlights

Focused on technology transformation and operational efficiency with a strong team

Initiatives	What we have delivered
Technology transformation	“Gateway” technology transformation programme on track. AI used to improve complaints logging efficiency and customer solutions.
Operational efficiency	Extensive Operations outsourcing programme. Over £64m transformation cost savings delivered.
People	Streamlined Executive Management team and made strategic senior level hires. 7% points improvement in colleague engagement survey.

Key metrics

Technology and operations cash investment spend
£23.2m (FY23: £33.1m)

Group headcount (FTE)[36]
1,215 (FY23: 1,483)

Transformation cost savings
£48.9m (FY23: £15.4m)

Great Place To Work Trust Index (Colleague engagement)
60% (FY23: 53%)

Update on external factors

Welcome FOS charging CMCs

Complaint costs

- **FY24 complaint costs £47m** - 66% higher YoY (16% of Group adjusted operating costs).
    - **Financial Ombudsman Service (FOS) fees trebled YoY to £25m** - over half of total complaint costs in 2024.
    - Driven by an increase in unmerited claims from Claims Management Companies (CMCs) with a FOS uphold rate of only 11%.
    - Not provided for Vehicle Finance commission complaints.*
    - See slide 20 for further details of financial impacts of complaints.

New FOS fee charging structure

- Welcome revised FOS fees charging proposals, expected to reduce unmerited CMC complaint referrals to the FOS.
- **Implementation on 1 April 25.**

Previous charging structure

Lenders paid **£750** per claim

Current charging structure

Lenders pay **£650** per claim

New charging structure

CMCs pays **£250** per claim upfront, reducing to £75 if upheld
Lender pays **£475** for claims not upheld (£650 only if claims upheld)

Regulatory engagement and legal proceedings

- Continue to engage with regulators to address complaints issues on an industry wide basis.
- Legal proceedings ongoing against the CMC responsible for the most unmerited claims.

* c.4.4k VF commission complaints received as at DEC24 following the FCA extension for handling these complaints until 4 December 2025. c.80% of these complaints are from CMCs.

Update on external factors

Awaiting clarity on VF commissions matter

Update on Court of Appeal Judgment on VF commission disclosures

- **Did not participate in discretionary commission arrangements (DCAs)** - subject of the current FCA Motor Commissions Review.
- The future application of the Judgment remains **highly uncertain** - the Supreme Court has agreed to hear the appeal of the two lenders involved.
  - Appeal being heard on 1 – 3 April 2025.
- **Vanquis position differentiated** on a number of grounds vs the three cases subject to the Court of Appeal Judgment and all customers signed a pre-contractual document that confirmed a commission 'will' be paid.
- From January 2013 to October 2024, only **c.10% of VF commission payments** to intermediaries were to **dealer brokers** (subject to the Judgment) to whom **£23m was paid out as commissions.**
- In accordance with IAS37, **the Group has not provided for this matter**, but has recognised a contingent liability.
- **FCA extension for handling VF commission complaints until 4 December 2025*** to align with rules for firms dealing with DCA complaints.

* c.4.4k VF commission complaints received as at DEC24 following the FCA extension for handling these complaints until 4 December 2025. c.80% of these complaints are from CMCs.

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FY 2024 Performance

DAVE WATTS
Chief Financial Officer

2024 key messages

Deliberate actions taken in 2024 position the Group for sustainable, profitable growth in 2025

1. Results impacted by **substantial balance sheet clean-up in 1H24**, completed in 2H24.
2. Prior year benefited from impairment releases. Underlying credit quality improved and **greater clarity** is emerging across portfolios.
3. A **measured approach to growth**.
4. Higher complaint costs including a **trebling of FOS fees**, largely driven by a rise in unmerited CMC claims, remained a drag on performance.
5. Disciplined approach to costs with **committed cost transformation savings delivered**, and on track to meet our additional £15m of cost savings commitment by the end of 2025.
6. Our **retail funding** strategy favouring customer deposits is creating an improved liquidity risk profile coupled with deeper customer engagement. **Remains a core strength**.
7. Exited 2024 with **a cleaner** <u>and</u> **lower risk balance sheet** to grow our business in 2025.
8. Continue to remain **highly liquid** and **capital levels** support our planned future growth.

FY24 Group performance

Performance reflects the operational turnaround of the business

Receivables	DEC24 £m	DEC23[1] £m	Change %
Gross customer interest earning balances[2]	2,308	2,401	(4)%
Gross receivables[7]	2,416	2,739	(12)%
Net receivables[8]	2,155	2,159	-

Income Statement	FY24 £m	FY23[1] £m	Change %
Net interest income	420.0	442.6	(5)%
Non-interest income	38.5	46.2	(17)%
Total income	**458.5**	**488.8**	**(6)%**
Impairment charges	(191.0)	(165.5)	15%
Risk-adjusted income	**267.5**	**323.3**	**(17)%**
Adjusted operating costs[3]	(302.3)	(306.0)	(1)%
Adjusted (loss)/profit before tax[4]	**(34.8)**	**17.3**	
Adjusting items[5]	(101.5)	(29.3)	
Statutory loss before tax	**(136.3)**	**(12.0)**	
Tax credit	17.0	0.3	
Statutory loss after tax	**(119.3)**	**(11.7)**	

One-off items[6]	1H24 £m	2H24 £m	FY24 £m	FY23[1] £m
Vehicle Finance receivables review	**(12.8)**	**(6.8)**	**(19.6)**	**(7.6)**
Other one-off items:				
Fixed and intangible asset write-off	(8.8)	-	**(8.8)**	-
Property dilapidations	(5.0)	-	**(5.0)**	-
Sundry balances	2.3	(0.6)	**1.7**	-
One-off items	**(11.5)**	**(0.6)**	**(12.1)**	**-**
Total one-off items	**(24.3)**	**(7.4)**	**(31.7)**	**(7.6)**

- **Gross customer interest earning balances** reduction reflected volume management in unsecured products partially offset by 2CM growth.
- **Stable net receivables** given greater proportion of Stage 1 VF receivables and lower-risk 2CM growth.
- **Cleaner, derisked balance sheet** following VF receivables review and addressing one-off items (£31.7m adjusted loss before tax impact).
- **Net interest income** impacted by higher funding costs and lower balances, partially offset by repricing and increased Liquid Asset Buffer (LAB) income.
- **Impairment charges** impacted by VF receivables review and non-repeat of £74.5m of prior year releases. Underlying credit quality improved.
- **Adjusted operating costs** reduced, with transformation cost savings partially offset by higher complaints and one-off items.
- **Adjusted loss before tax** also impacted by a £18.8m YoY rise in complaint costs driven by a three-fold increase in FOS fees to £24.8m, largely from a rise in unmerited CMC claims.
- **Statutory loss before tax** included £(101.5)m of adjusting items, incorporating a £(71.2)m goodwill write-off (no capital impact).
  - Goodwill write-off related to strategic capital allocation decisions in the near-term.

FY24 Group key performance metrics

Profitability metrics impacted by the operational turnaround, with strong balance sheet metrics

	FY24 £m	FY23[1] £m	Change %
Selected key metrics			
Asset yield[14]	22.7%	22.1%	0.6%
Net interest margin (NIM)[16]	**18.4%**	**18.6%**	**(0.2)%**
Total income margin (TIM)[17]	20.1%	20.6%	(0.5)%
Cost of risk[18]	(8.4)%	(7.0)%	1.4%
Risk-adjusted margin (RAM)[19]	11.7%	13.6%	(1.9)%
Adjusted cost: income ratio[20]	**65.9%**	**62.6%**	**3.3%**
Average tangible equity (£)	377	418	(10)%
Adjusted ROTE[9]	**(7.0)%**	**1.9%**	
Adjusted earnings per share (EPS) (p)[21]	(9.7)	4.5	
Dividend per share (p)	-	6.0	(100)%

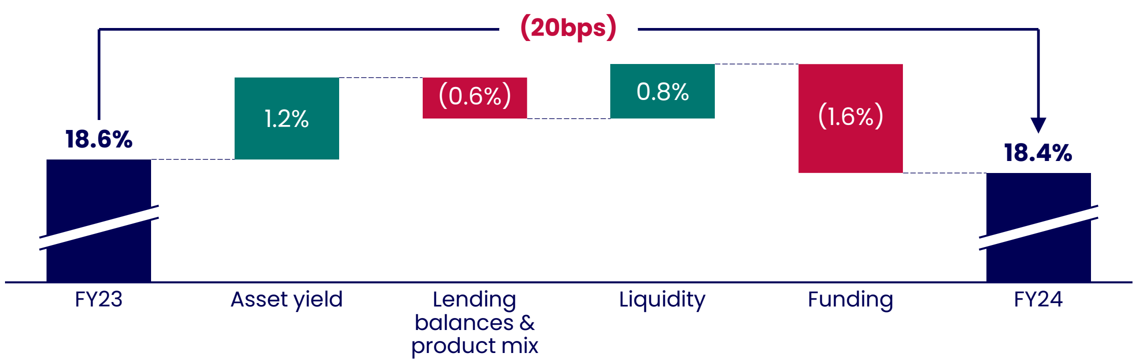
	DEC24 £m	DEC23[1] £m	Change %
Capital, liquidity, funding and balance sheet metrics			
Tier 1 ratio[10]	**18.8%**	**19.9%**	**(1.1)%**
Risk weighted assets (RWA)[41]	1,835	1,976	(7)%
High quality liquid assets (HQLA) (£m)[11]	947	682	39%
Liquidity coverage ratio (LCR)[39]	359%	1,263%	
Retail deposits	2,399	1,925	25%
Retail funding (% of all funding)[13]	**92.1%**	**83.7%**	**8.4%**
Tangible net asset value (TNAV)	359	394	(9)%
TNAV per share (p)[22]	140	155	(10)%

- **Asset yield** increased from Credit Cards and VF repricing to improve profitability of certain customer cohorts.
- **NIM** impacted by growth in 2CM, partially offset by repricing.
- **Excluding 2CM, NIM** increased to 18.9% (2023: 18.6%).
- **Adjusted ROTE** impacted by the VF receivables review, one-off items and higher complaint costs.
- **Tier 1 capital ratio** reduction due to the statutory loss, partially offset by a 7% RWA reduction.
- **Liquidity and funding** remained strong, with increased retail funding and early settlement of all TFSME debt.
- **Retail deposits** growth driven by more flexible notice and easy access accounts.

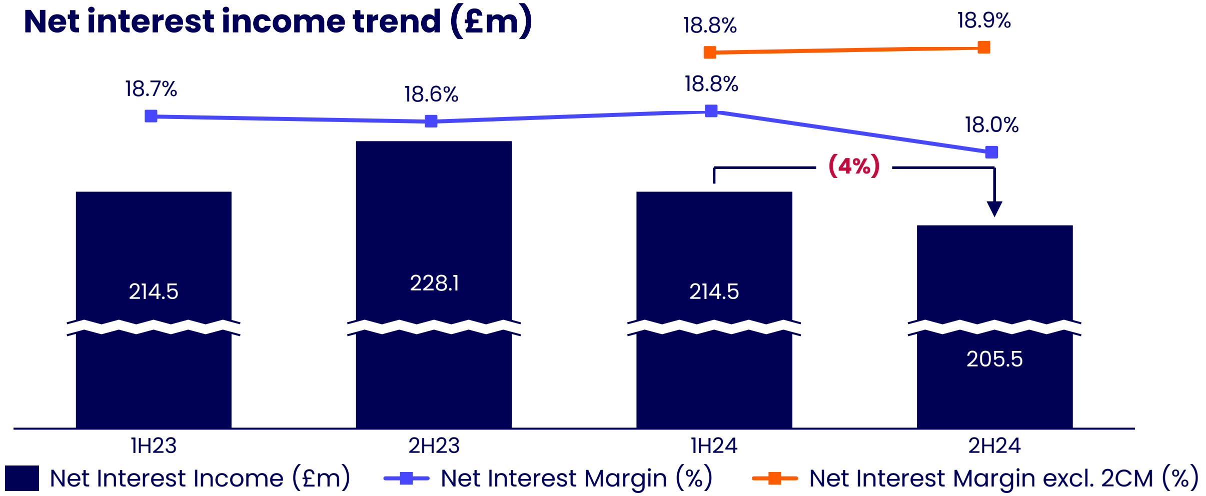
Net Interest Margin

NIM of 18.4% for FY24 vs. guidance of >18%

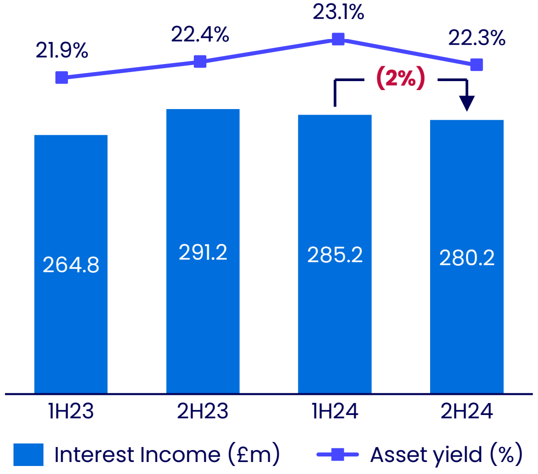
NIM drivers (%)[16]



Net interest income trend (£m)



Interest income trend (£m)[27]

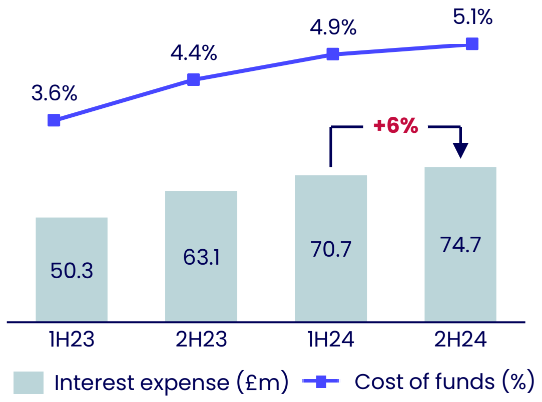


Average gross customer interest earning balances [2, 24]

(1%)

1H23	2H23	1H24	2H24
2,318	2,433	2,298	2,271

Interest expense trend (£m)



Average customer deposits [25]

12%

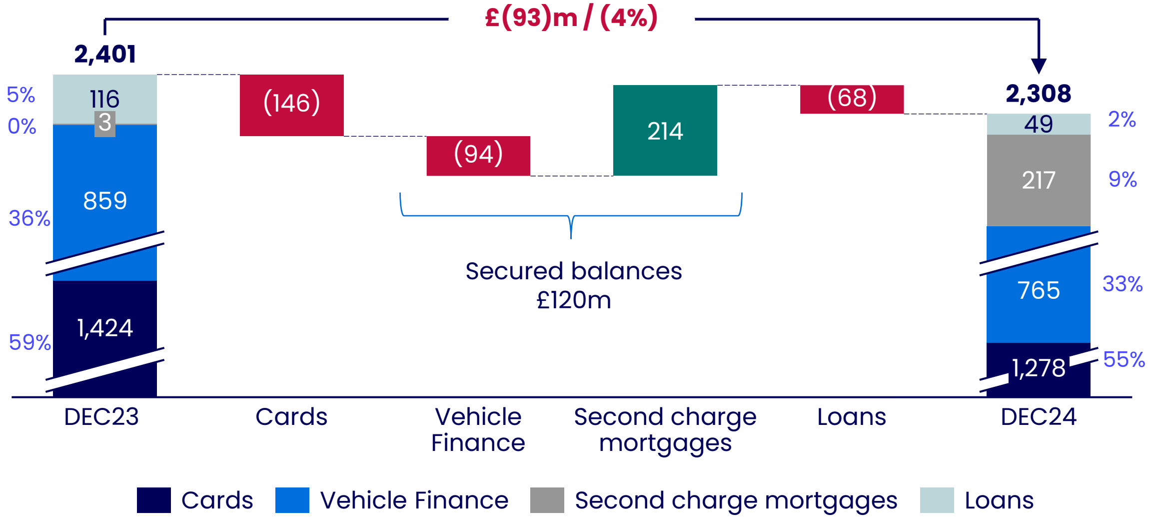
1H23	2H23	1H24	2H24
1,299	1,723	1,948	2,176

- **Interest income** +2% YoY, as repricing in Credit Cards and VF, and increased LAB income, more than offset the balances reduction.
- **Interest expense** (28)% YoY, as historical maturing fixed-term deposits were refinanced at higher current rates.
- **NIM** (20)bps, due to higher funding costs and growth in lower-margin, but lower-risk 2CM, partially offset by repricing and LAB income.

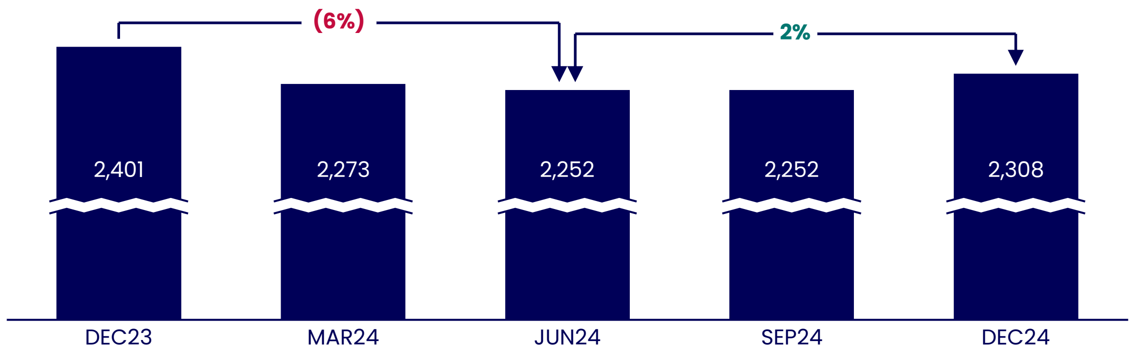
Gross customer interest earning balances

Volume management in unsecured products, with growth in 2CM

Gross customer interest earning balances movement (£m)[2]



Gross customer interest earning balances trend (£m)[2]

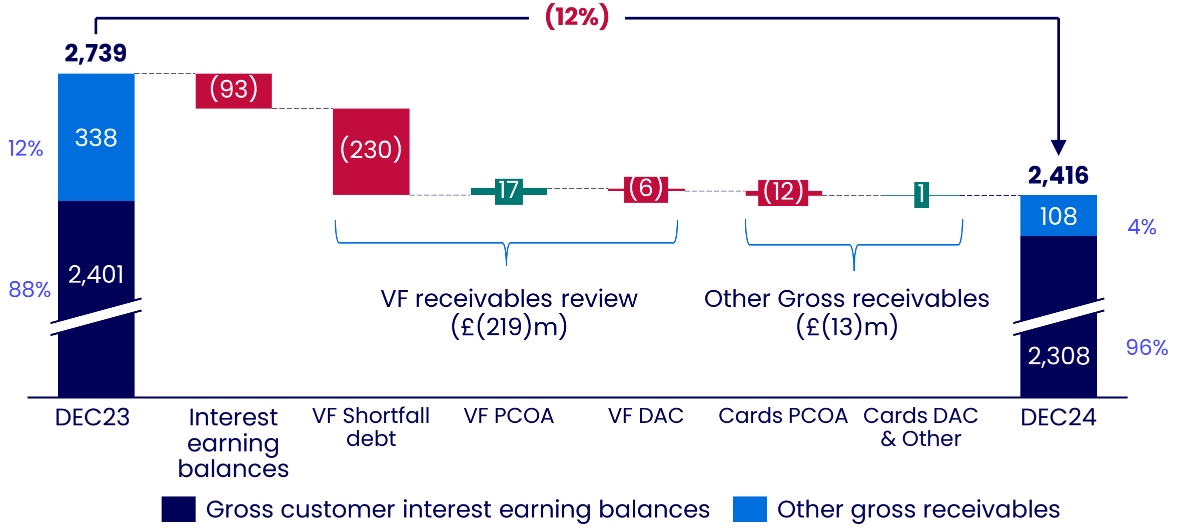


- **Gross customer interest earning balances** (4)% YoY, but grew 2% in 2H24, driven by stabilising Credit Card balances and strong 2CM growth.
- **Credit Card balances** (10)%, as repayments, lower spend and outward balance transfers (BTs) outweighed originations.
- Credit Card balances stabilised in 2H24.
- **VF balances** (11)%, driven by increased charge-offs, following the updated policy communicated with 1H24 results.
- **2CM balances** grew meaningfully following the successful launch of the Interbridge Mortgages forward flow agreement.
- **Personal Loan balances** reduced due to the run-off of the portfolio.
  - Portfolio sale agreed. Expected to to generate a small gain on sale, with a proforma Tier 1 capital ratio benefit of c.25bps. Expected to complete by the end of 1Q25.
- Overall, **increasing proportion of secured vs unsecured balances.**

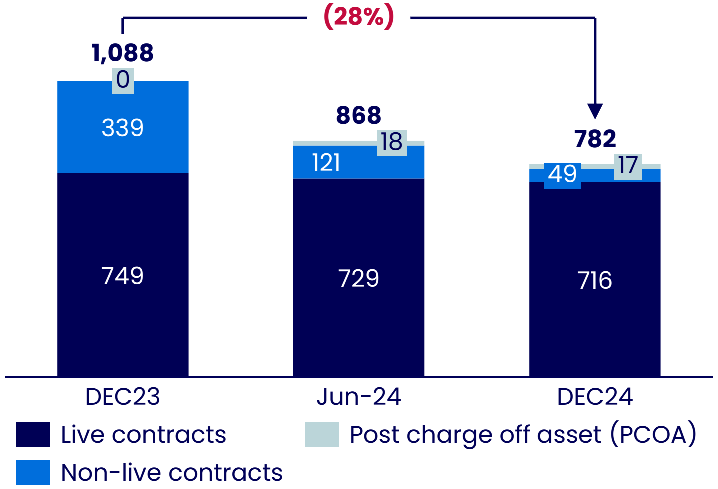
Gross receivables

Cleaned up and lower risk balance sheet

Gross receivables movement (£m)[7]

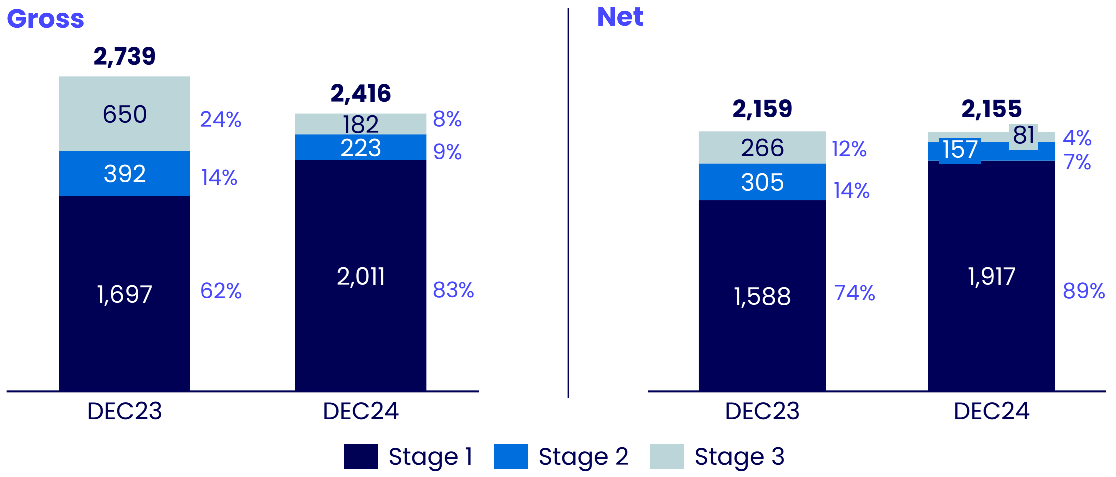


Vehicle Finance receivables clean-up (£m)[7]



PCOA	**£m**
JUN24	**17.8**
Additions	10.3
Revaluation	(4.0)
Debt sales	(6.6)
Write-off	(0.2)
DEC24	**17.3**

Receivables by stage (£m)[7, 8]

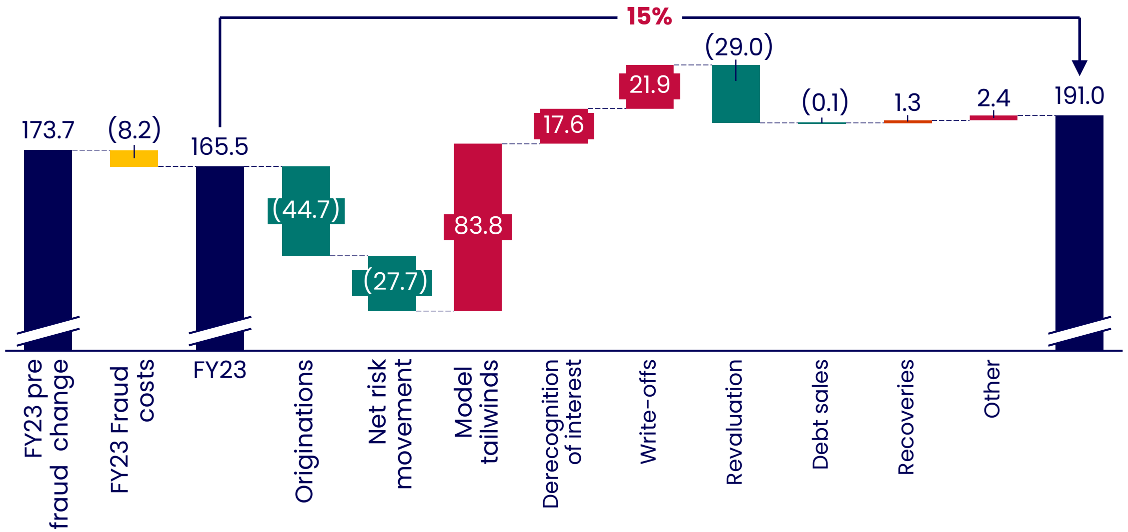


- **Gross receivables** (12)%, (8)% due to the VF receivables review.
- **VF shortfall debt** removed after establishing a post-charge-off asset (PCOA) population in 1H24, changing the approach to write-offs and launching a debt sales programme (two debt sales completed in 2H24).
- **Other gross receivables** reduced as Credit Card PCOA declined to £6m (DEC23: £18m) following increased debt sales.
- **Revised VF definition of default** reclassified £127m from Stage 3 to Stage 1 and £73m from Stage 2 to Stage 1.
- **Net receivables** remained stable, reflecting a higher proportion of Stage 1 VF receivables and growth in lower-risk 2CM.

Impairment charges

Underlying credit quality improvements, with prior years benefiting from provision releases

Impairment charge movement (£m)



Impairment charge (£m)

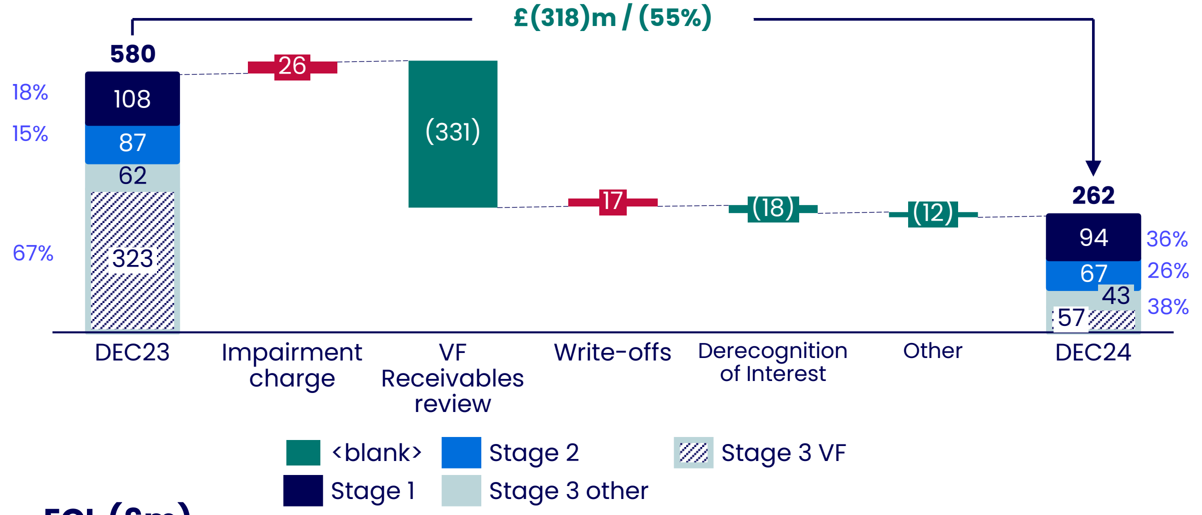
	FY24 £m	FY23[1] £m	Change %
Originations	45.7	90.4	(49)%
Net risk movement	150.3	178.0	(16)%
PMA & model redevelopment[29]	9.3	(74.5)	(112)%
Derecognition of Stage 3 interest[28]	(22.5)	(40.1)	(44)%
Write-offs[31]	57.1	35.2	62%
Revaluation of PCOA[32]	(25.0)	4.0	
Debt sales[30]	(17.5)	(17.4)	1%
Recoveries	(6.1)	(7.4)	(18)%
Other[33]	(0.3)	(2.7)	(39)%
Impairment charge	**191.0**	**165.5**	**15%**
Cost of risk[18]	8.4%	7.0%	1.4%

- **Non-repeat of provision releases** following profitable tailwinds from IFRS9 model enhancements and PMA releases in 2023 (£74.5m) and earlier years.
- **Lower origination charges** due to reduced, better-quality new business volumes.
- **Credit risk** in the underlying back-book improved with positive stage migrations.
- **Reduced Stage 3 interest derecognition** and **higher write-offs** reflected the new VF PCOA policy, lowering the risk profile of the portfolio.
- **FY24 Revaluation of PCOA** included the creation of the new VF PCOA policy at 1H24.
- Following the VF receivables review and clearer understanding of the portfolios**, expected cost of risk** by product is:
  - Credit Cards: 10-14%
  - Vehicle Finance: 4-6%
  - 2CM: <1%

Expected Credit Losses (ECL)

Lower ECL required following the VF receivables review

ECL movement (£m)



ECL (£m)

	DEC24 £m	DEC23[1] £m	Change %
ECL brought forward	**580**	**604**	**(4)%**
Impairment charge	191	166	15%
Impairment charge movements not impacting ECL:			
VF receivables review	(331)	-	-
Write-off[31]	(209)	(226)	(7)%
Derecognition of Stage 3 interest[28]	23	40	(43)%
Other[33]	8	(4)	
ECL carried forward	**262**	**580**	**(55)%**
Gross receivables[7]	2,416	2,739	(12)%
Net receivables[8]	2,155	2,159	-
Coverage ratio[23]	10.8%	21.2%	(10.4)%

Gross receivables and coverage ratios by stage

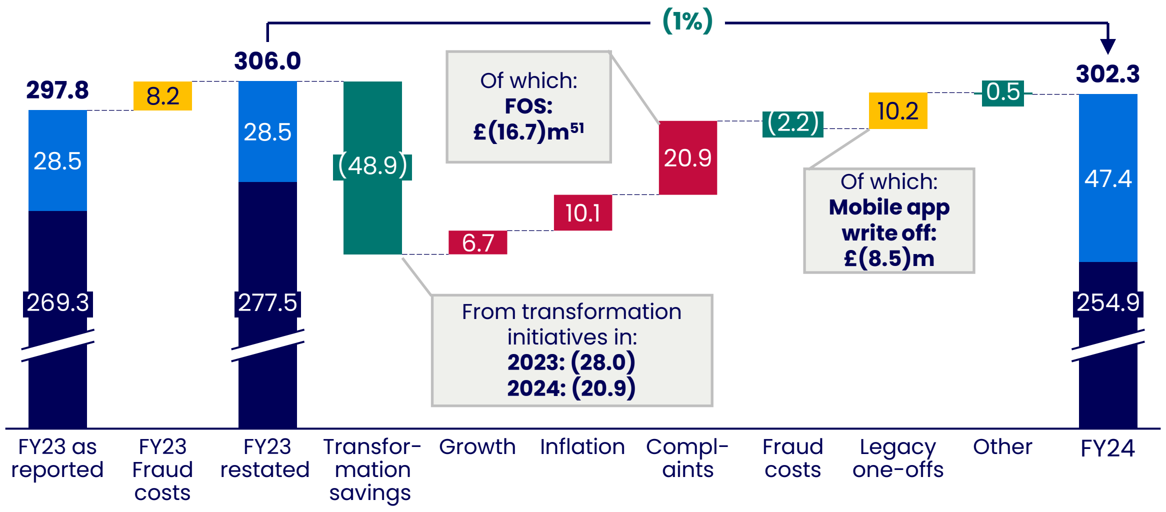
	Gross receivables[7]			Coverage ratio[23]		
	DEC24 £m	DEC23[1] £m	Change %	DEC24 %	DEC23[1] %	Change %
Credit Cards	***1,310***	***1,475***	***(11)%***	***12.2***	***13.4***	***(1.2)%***
Stage 1	*1,136*	*1,200*	*(5)%*	*6.4*	*7.1*	*(0.7)%*
Stage 2	*100*	*161*	*(38)%*	*44.8*	*35.7*	*9.1%*
Stage 3	*74*	*114*	*(35)%*	*57.1*	*48.1*	*9.0%*
Vehicle Finance	***832***	***1,144***	***(27)%***	***11.6***	***32.2***	**(20.6)%**
Stage 1	*607*	*391*	*55%*	*3.0*	*4.6*	*(1.6)%*
Stage 2	*120*	*225*	*(47)%*	*17.9*	*12.0*	*5.9%*
Stage 3	*105*	*528*	*(80)%*	*53.8*	*61.2*	*(7.4)%*
Total	**2,416**	**2,739**	**(12)%**	**10.8**	**21.2**	**(10.4)%**
Stage 1	2,011	1,697	19%	4.7	6.4	(1.7)%
Stage 2	223	392	(43)%	30.1	22.2	7.9%
Stage 3	182	650	(72)%	55.2	59.1	(3.9)%

- **VF Stage 3 ECL** reduced to 21% of total ECL (DEC23: 56%).
- **Other Stage 3 ECL** fell due to increased Credit Card debt sales.
- **Total coverage ratio** reduced given lower Stage 2 and 3 gross receivables, and greater clarity on the ECL of VF and Credit Cards.
- Comfortable with current coverage ratios based on a clearer understanding of the portfolios.

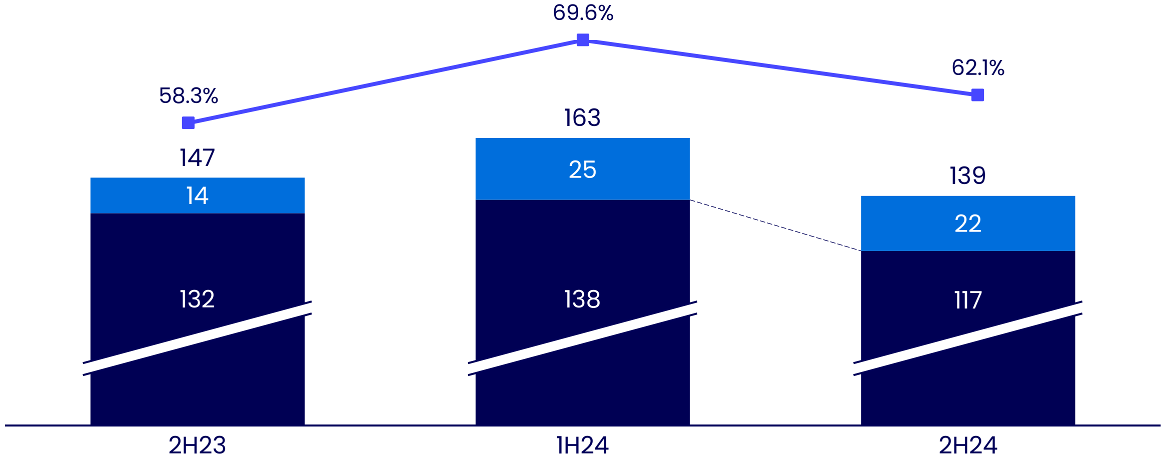
Adjusted operating costs

Below £305-320m guided range, delivering >£60m of transformation savings by end 2024

Adjusted operating costs movement (£m)[3]



Adjusted operating costs trend (£)[3]



Costs by type (£m) & Full-time equivalent headcount (FTE) (#)

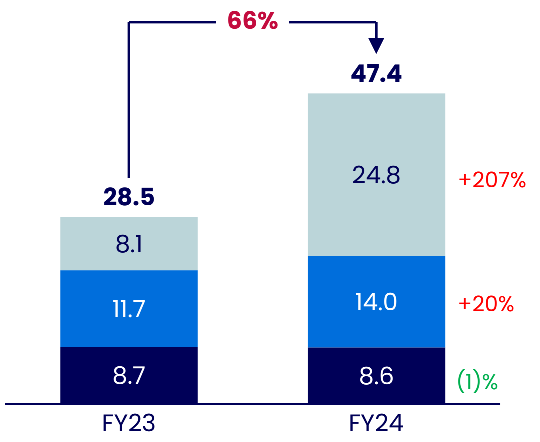
	FY24 £m	FY23[1] £m	Change %
Cost by type (£m)			
Staff and outsourced people costs[34]	129.7	154.4	(17)%
Administrative[35]	142.5	131.2	9%
Depreciation, amortisation and write-offs	30.1	19.4	55%
Total adjusted operating costs[3]	**302.3**	**306.0**	(1)%
Of which complaint costs (see slide 20)	*47.4*	*28.5*	*66%*
Of which fraud costs	*11.9*	*14.1*	*(16)%*
FTEs by area (#)[36]			
Customer facing & support	552	735	(25)%
Technology & Change	400	409	(2)%
Operations, Functions & Other	263	339	(22)%
Total FTE	**1,215**	**1,483**	(18)%

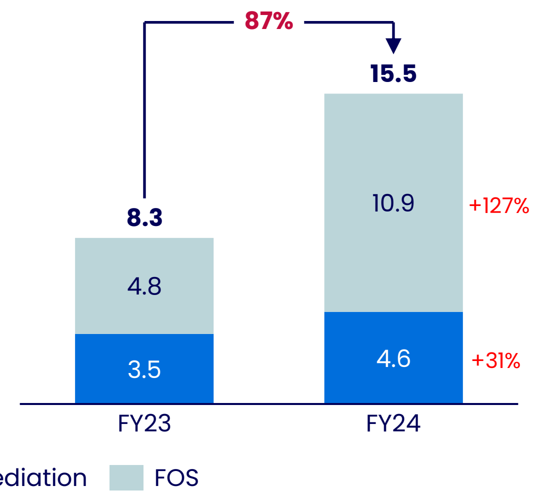
- **£64.3m of transformation cost savings** delivered by the end of 2024 (2024: £48.9m, 2023: £15.4m), with an additional £15m of savings on track by the end of 2025.
- **18% reduction in staff and outsourced people costs**, by rightsizing headcount, outsourcing roles to cheaper locations and simplifying the Group.
- **Growth** +£6.7m, primarily related to a full year of Snoop costs (acquired AUG23).
- **No bonuses** paid to staff in 2023 or 2024.

Complaint costs

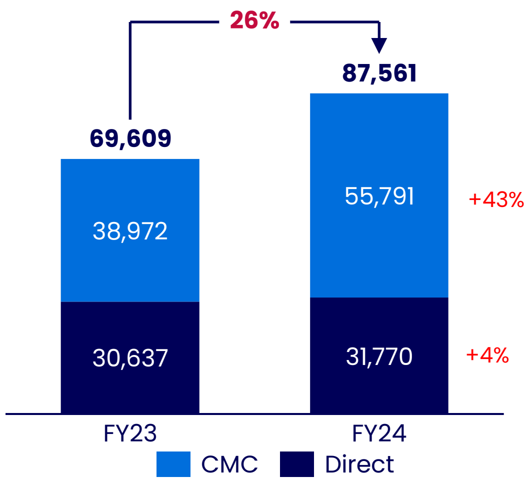
Up 66% YoY driven by elevated FOS fees, which trebled in 2024

Complaint costs (£m)[37]

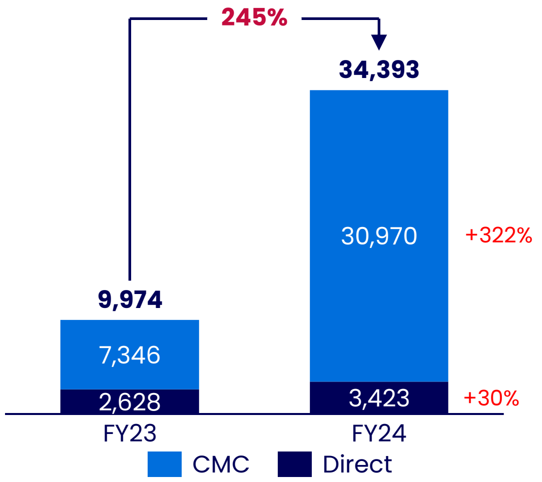




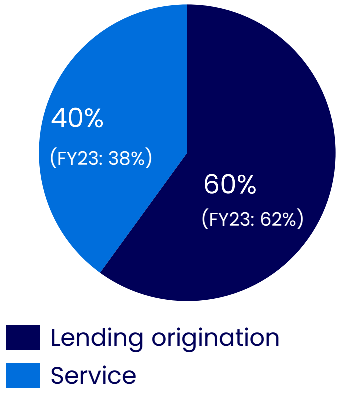
Total complaints volumes*



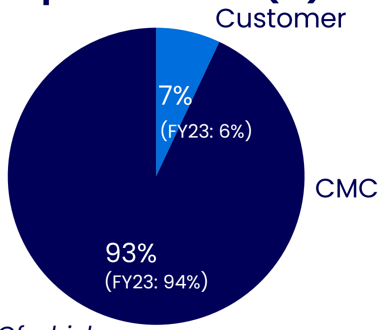
FOS referral volumes



Complaint type (%)

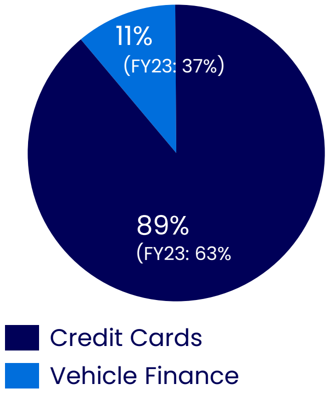


Lending origination complaint source (%)



Of which:
CMC 1 - 43% *(FY23: 67%)*
CMC 2 - 26% *(FY23: 1%)*
All other - 30% *(FY23: 32%)*

Lending origination product breakdown (%)



Vanquis complaints uphold rates (%)

	FY23 (%)	**FY24 (%)**
CMC	11%	**6%****
Direct	35%	**30%**
Total	**22%**	**15%**

FOS referral uphold rates (%)

	FY23 (%)	**FY24 (%)**
CMC	6%	**11%****
Direct	31%	**31%**
Total	**14%**	**13%**

*Excludes c.4.4k VF commission complaints received as at DEC24 following the FCA extension for handling these complaints until 4DEC25 (c.80% of these complaints are from CMCs).

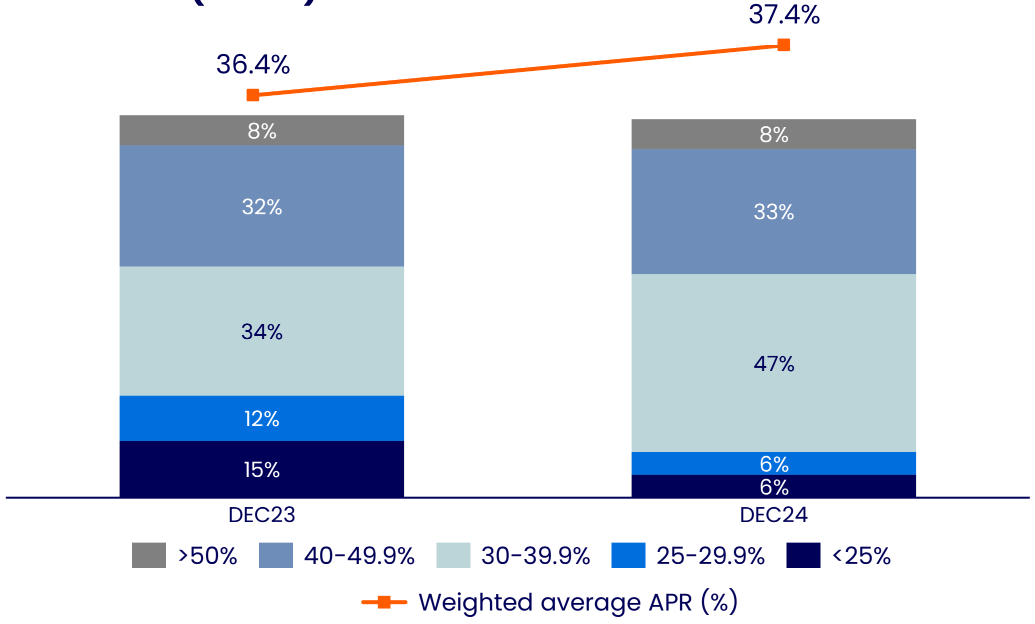
** 11% uphold rate of FOS referrals are higher than prior year due to elevated complaints handling back log in early 2024, which meant that complaints were not processed before being referred to FOS.

Credit Cards

Proactive volume management. Positioned for profitable growth in 2025

	FY24 £m	FY23[1] £m	Change %
Interest income[27]	406.3	371.0	10%
Interest expense	(79.6)	(51.6)	54%
Net interest income	**326.7**	**319.4**	**2%**
Non-interest income	35.3	43.8	(19)%
Total income	**362.0**	**363.2**	**-**
Impairment charges	(123.9)	(125.5)	(1)%
Risk-adjusted income	**238.1**	**237.7**	**-**
Receivables and key metrics			
Gross customer interest earning balances[2]	1,278	1,424	(10)%
Avg. gross customer interest earning balances[24]	1,313	1,416	(7)%
Gross receivables[7]	1,310	1,475	(11)%
Expected Credit Losses	(160)	(197)	(19)%
Net receivables[8]	1,150	1,278	(10)%
Asset yield (%)[14]	27.9	24.7	3.2%
Net interest margin (%)[16]	24.9	22.6	2.3%
Cost of risk (%)[18]	(9.4)	(8.9)	0.5%
Risk adjusted margin (%)[19]	18.1	16.8	1.3%
RWAs[41]	944	1,049	(10)%
Customers ('000)	1,267	1,376	(8)%
Average balance (£)	990	1,019	(3)%
Average customer limit (£)	2,156	2,005	8%

Portfolio mix (APR %)[38]



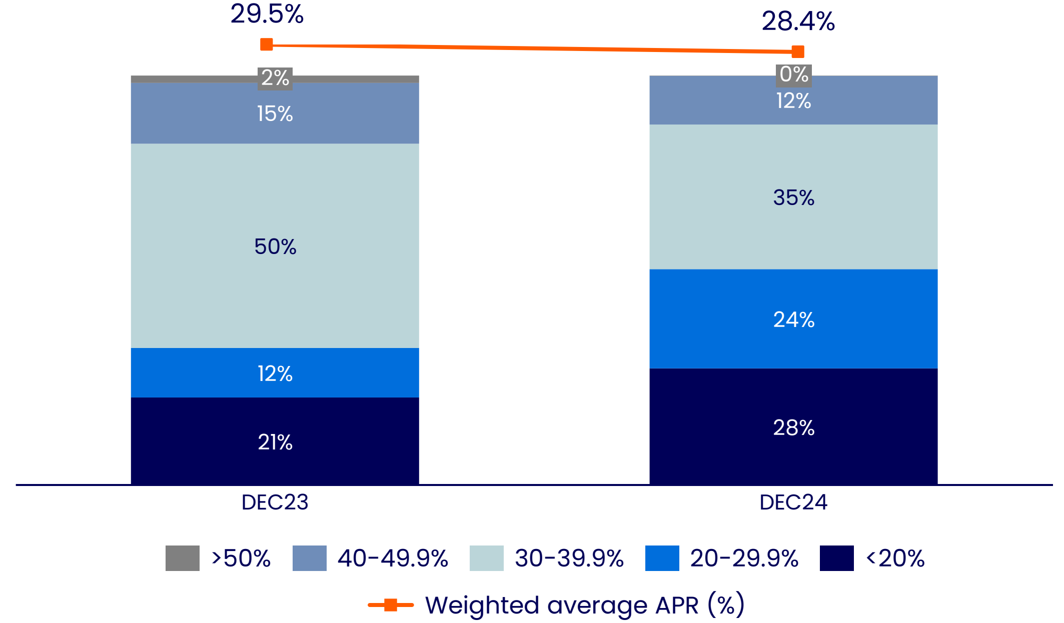
- **Asset yield** +3.2% to 27.9% driven by **weighted average APR** +1.0% to 37.4%, reflecting higher yielding portfolio mix and repricing.
- **Gross customer interest earning balances** (10)%, as higher repayments, lower spend and outward BTs more than offset originations. Balances stabilised in 2H24.
- **Customer numbers** (8)%, following a review of cohorts by risk profile, vintage and acquisition channel to ensure future sustainable profitability of the portfolio.
- **Product expansion** delivered in JAN25.

Vehicle Finance (VF)

FY24 impacted by Stage 3 receivables review, enabling future optimisation of the portfolio

	FY24 £m	FY23[1] £m	Change FY vs FY%
Interest income[27]	133.1	150.3	(11)%
Interest expense	(38.5)	(28.7)	34%
Net interest income	**94.6**	**121.6**	**(22)%**
Non-interest income	-	2.0	(100)%
Total income	**94.6**	**123.6**	**(23)%**
Impairment charges	(60.4)	(20.4)	196%
Risk-adjusted income	**34.2**	**103.2**	**(67)%**
Receivables and key metrics			
Gross customer interest earning balances[2]	765	859	(11)%
Avg. gross customer interest earning balances[24]	825	836	(1)%
Gross receivables[7]	832	1,144	(27)%
Expected Credit Losses	(96)	(368)	(74)%
Net receivables[8]	735	776	(5)%
Asset yield (%)[14]	16.1	18.0	(1.9)%
Net interest margin (%)[16]	11.5	14.5	(3.0)%
Cost of risk (%)[18]	(7.3)	(2.4)	4.9%
Risk adjusted margin (%)[19]	4.1	12.3	(8.2)%
RWAs[41]	615	683	(10)%
Customers ('000)	110	112	(2)%
Average loan value (£)	6,573	6,493	1%

Portfolio mix (APR %)[38]



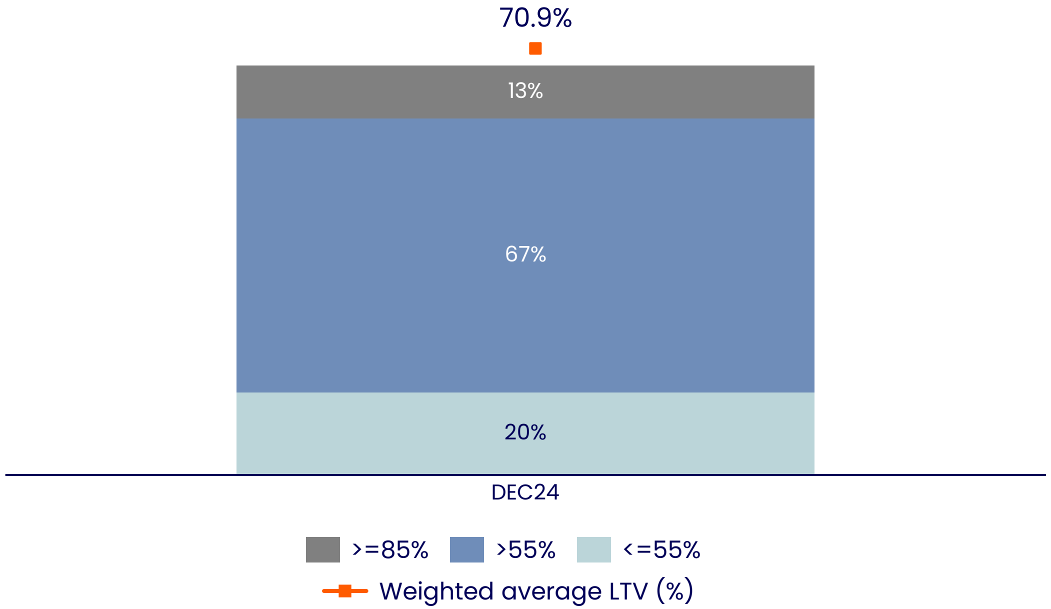
- **Asset yield** (1.9)% to 16.1%, reflecting **weighted average APR** (1.1)% to 28.4%, due to reduced higher-margin Stage 3 balances and credit tightening, partially offset by repricing.
- Weighted average APR improved in 4Q24 despite growth in better quality customers, with new business APR returning to c.29.5%.
- **Gross customer interest earning balances** (11)%, as an updated charge-off policy reclassified Stage 3 impaired loans to PCOA, resulting in a clearer cost of risk outlook.
- **VF commissions matter** had no material impact in 4Q24, with originations continuing via broker channels.

Second Charge Mortgages (2CM)

Strong growth in a growing market, following successful expanded launch in MAY24

	FY24 £m	FY23 £m
Interest income[27]	4.8	0.4
Interest expense	(2.9)	(0.2)
Net interest income	**1.9**	**0.2**
Non-interest income	-	-
Total income	**1.9**	**0.2**
Impairment charges	(0.2)	-
Risk-adjusted income	**1.7**	**0.2**
Receivables and key metrics		
Gross customer interest earning balances[2]	217	2.7
Avg. gross customer interest earning balances[24]	69	0.4
Gross receivables[7]	226	2.8
Expected Credit Losses	(0.2)	(0.0)
Net receivables[8]	225	2.8
Asset yield (%)[14]	7.0	
Net interest margin (%)[16]	2.8	
Cost of risk (%)[18]	(0.3)	
Risk adjusted margin (%)[19]	2.5	
RWAs[41]	93	12
Customers ('000)	3.7	0.1
Average origination loan value (£'000)	59.1	53.6

Loan to value (LTV) (%)



- **Gross customer interest earning balances** grew meaningfully, driven by long-term forward flow origination agreements with partners. Growth expected be at a similar monthly run rate in 2025.
- **Low cost of risk** given secured lending and weighted average LTV of c.70%.
- Most customers using 2CM for **debt consolidation.**
- **Asset yield** expected to be marginally higher once the portfolio matures.
- **Capital efficient**, being a secured product with a lower risk weighting.

Liquidity & Funding

Increased deposit funding, creating improved liquidity profile and customer engagement

Liquidity (£m)

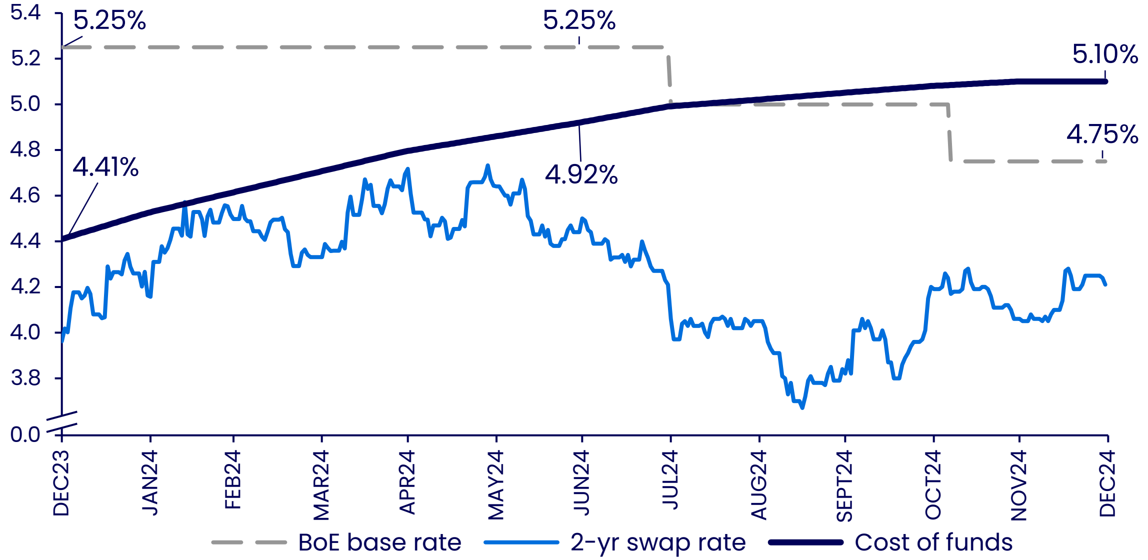
	DEC24 £m	DEC23 £m	Change %
HQLA[11]	947	682	39%
LCR[39]	359%	1,263%	
Excess HQLA over LCR[12]	667	627	6%

Funding (£m)[40]

	DEC24 £m	%	DEC23 £m	%
Fixed-term products	1,415	54.3%	1,883	81.9%
Retail notice accounts	608	23.3%	42	1.8%
Easy access accounts	376	14.4%	-	-
Retail Deposits	**2,399**	**92.1%**	**1,925**	**83.7%**
Vehicle Finance securitisation	200	7.7%	200	8.7%
Term Funding Schemes for SMEs (TFSME)	-	-	174	7.6%
Indexed Long Term Repo (ILTR)	5	0.2%	-	-
Total committed facilities	**2,604**		**2,299**	

- **Over 96% of retail deposit balances covered** by the Financial Services Compensation Scheme (FSCS).
- **Vehicle Finance securitisation extended** 18 months to JUN26.
- **TFSME fully repaid** early utilising strength of retail deposit franchise.
- **Established ILTR capability** with the Bank of England (BoE).

Group cost of funds[15] vs benchmark interest rates (%)[26]

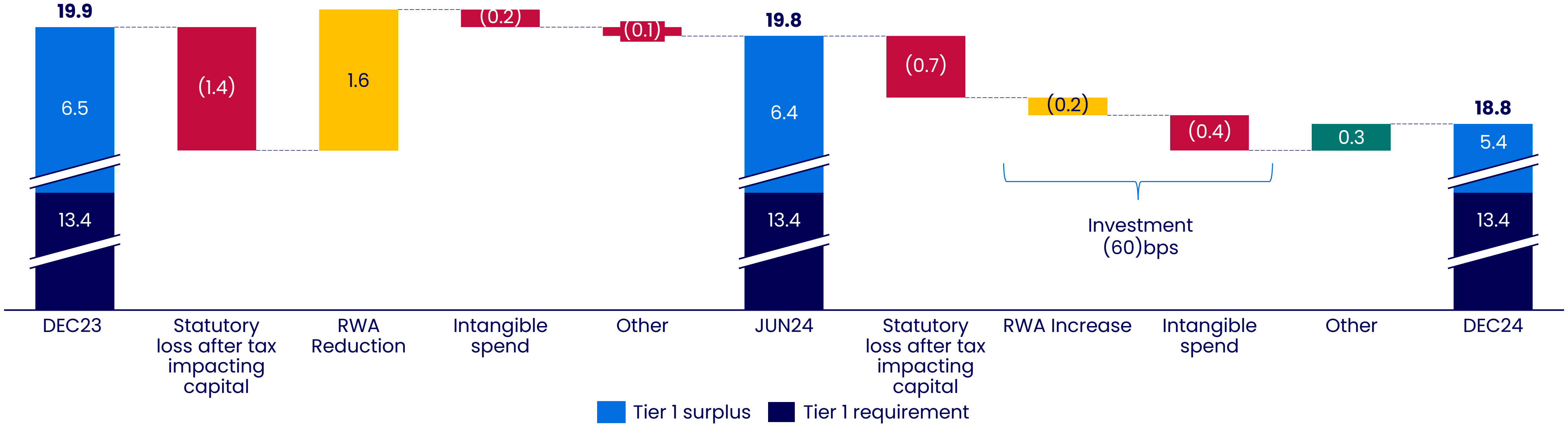


- **Highly liquid** with surplus held in the BoE reserve account.
- First deployment of **LAB** into higher-returning UK Gilts in 1Q25 (c.£75m purchased).
- **Cost of funds** rose above base rate as historical maturing fixed-term products, although reducing in volume, were refinanced at current higher rates.
- **Growth in notice and easy access accounts** are closer aligned to BoE base rate, but will lower funding costs over time and enable faster repricing.

Tier 1 capital

DEC24 ratio of 18.8%, which increased from 18.7% as at SEP24

Tier 1 ratio (%)[10]



	DEC23	Statutory loss after tax impacting capital	RWA Reduction	Intangible spend	Other	JUN24	Statutory loss after tax impacting capital	RWA Increase	Intangible spend	Other	DEC24
Tier 1 Capital (£m)	393	(29)		(4)	(1)	359	(12)		(8)	5	344
RWAs (£m)	1,976		(163)			1,813		22			1,835
Surplus Tier 1 Capital (£m)	129					116					99

- **Tier 1 ratio 5.4% above the 13.4% regulatory minimum (£99m surplus)**, despite 120bps impact of VF receivables review.
- **Reduced statutory loss after tax in 2H24 (70bps impact)** versus 1H24 (140bps).
- **No impact from goodwill and intangibles write-off**, and intangibles amortisation, as deducted from capital.
- **RWA reduction of 140bps despite stable net receivables,** driven by growth in lower RWA density 2CM.
- **2H24 investment to drive future profitability (60bps impact)** from RWA growth and technology intangibles spend.
- **Potential capital optimisation opportunities** exist (non-utilised AT1 capacity and excess Tier 2 capital issued).

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Updated financial guidance for 2025 & 2026

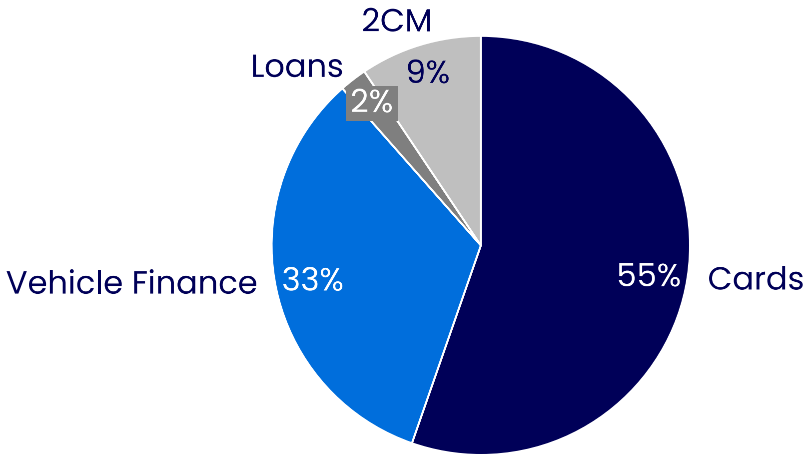
DAVE WATTS
Chief Financial Officer

Capital deployment and Tier 1 ratio outlook

Guidance of >17.5% in 2025, as capital is deployed for sustainable profitable growth

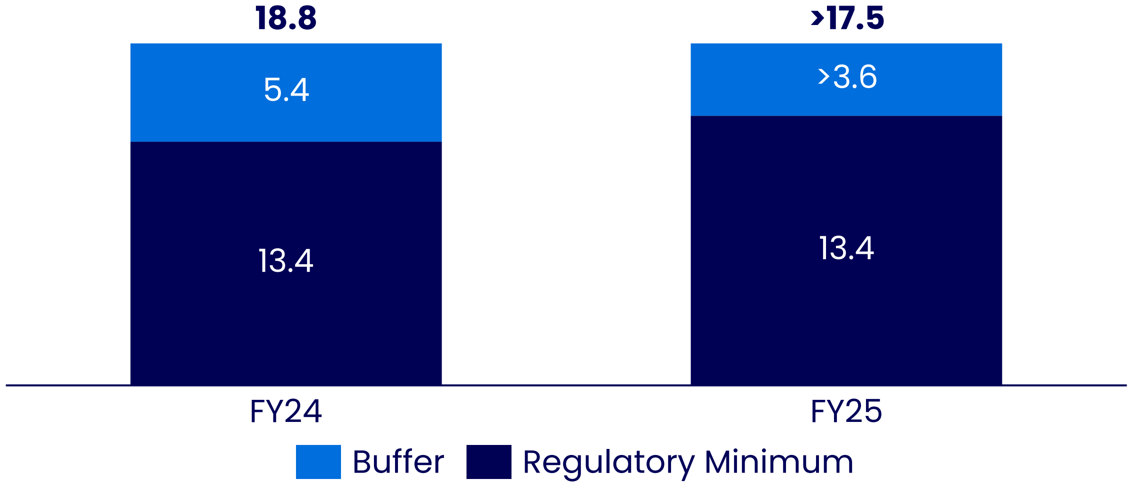
Gross customer interest earning balances composition (£m)[2]

FY24: £2.3bn



- **Guiding to c.£2.6bn in balances at FY25 and c.£3.0bn at FY26** (c.14% CAGR over next two years) driven by:
  - Credit Cards and 2CM growth.
  - Measured near-term new business growth in VF.
- **Reducing NIM guidance to >17% for FY25 and >16% for FY26** driven by mix effect from increased growth in lower-risk 2CM.

Tier 1 ratio trend (%)[10]

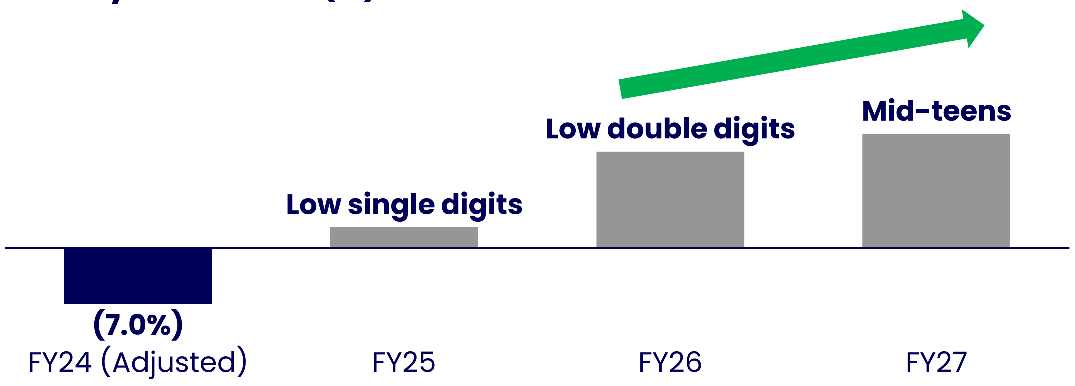


- **Capital guidance** reflects:
  - Cleaner and more stable financial position.
  - Lower risk mix of business.
- **Increased capital to be deployed in 2025 to build interest earning balances,** enabling the growth required to deliver an appropriately scaled business in the medium to long-term.
- **Regulatory capital requirements will potentially be re-evaluated in 2026.**
- Board review of the capital allocation framework and dividend policy in 2026.

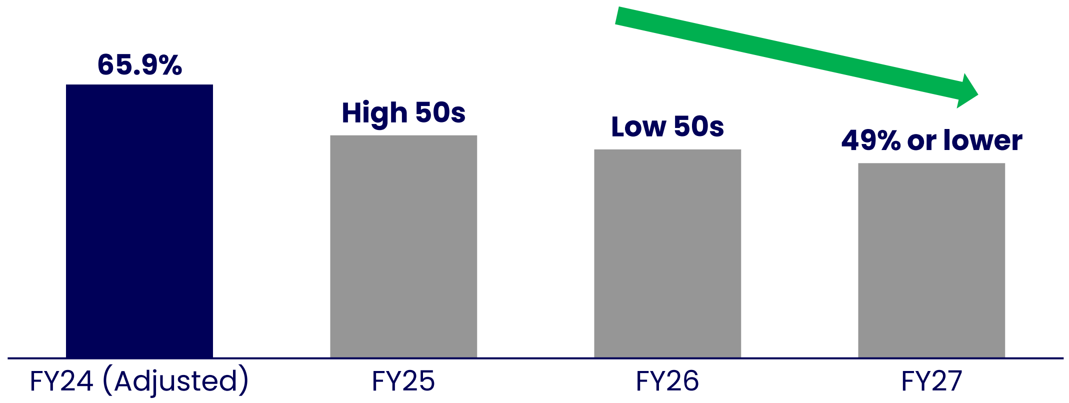
Statutory ROTE and cost: income ratio outlook

ROTE and cost: income ratio improvement driven by income growth and further cost savings

Statutory ROTE trend (%)[9]



Statutory cost: income ratio trend (%)[20]



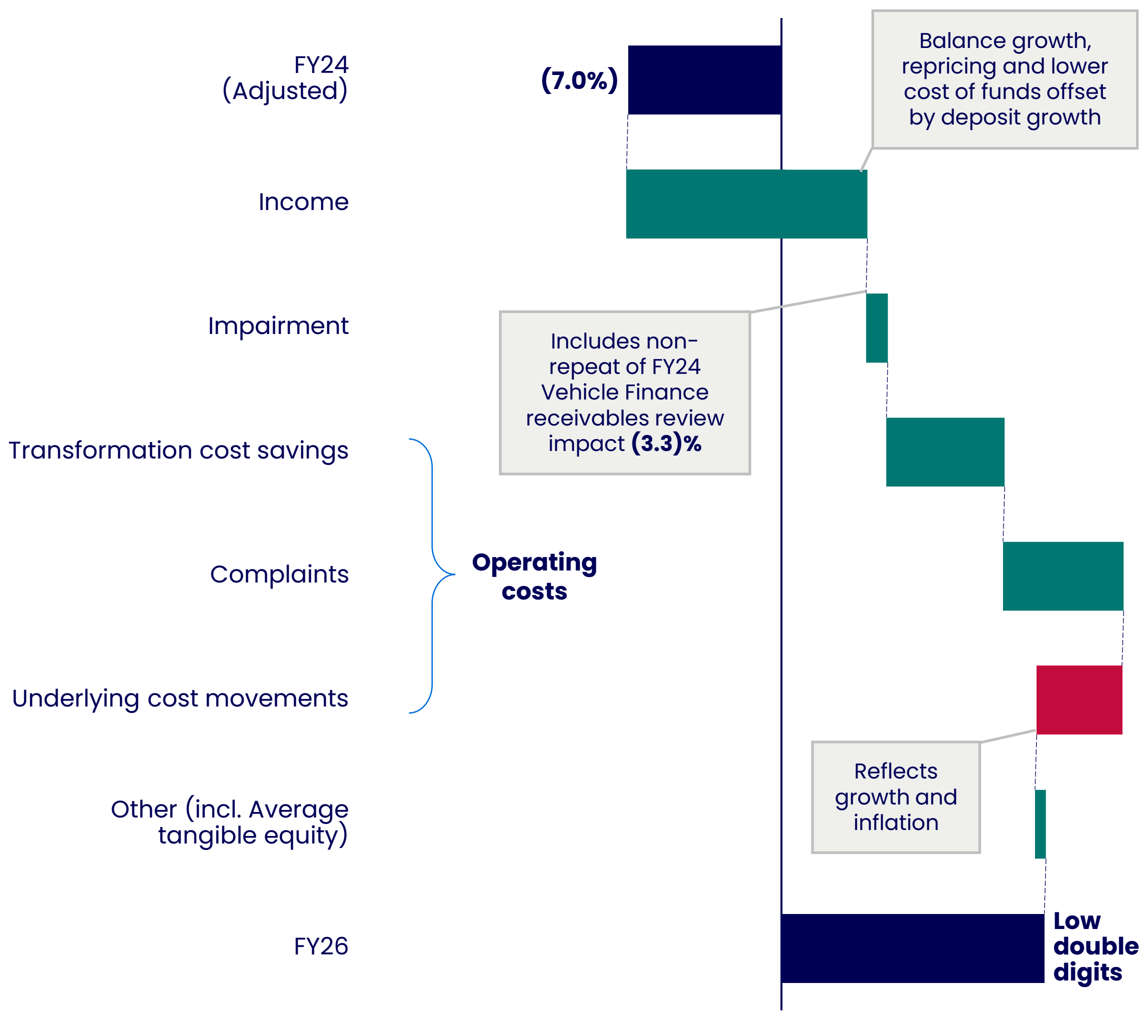
Transformation cost savings (£m)

£64.3m*	£15m	£23-£28m**

** Across FY23-24*

*** Across FY26-27*

Statutory ROTE outlook FY24-26 (%)[9]



Guidance summary

*All guidance will be on a statutory reported basis going forward**

	FY24 Performance		Statutory Reported Guidance	
	Adjusted	Statutory	FY25	FY26
Gross customer interest earning balances[2]	£2.3bn		c.£2.6bn	c.£3.0bn
ROTE[9]**	(7.0)%	(31.7)%	Low single digits	Low double digits
NIM (incl. Second Charge Mortgages)[16]	18.4%		>17%	>16%
Cost: income ratio[20]***	65.9%	88.1%	High 50s	Low 50s
Tier 1 ratio[10]	18.8%		>17.5%	

* Adjusted performance expected to be much closer aligned with statutory reported performance. FY24 adjusted performance excluded exceptional costs, amortisation of acquisition intangibles and goodwill write-off.

** Guiding to mid-teens ROTE in FY27.

*** Guiding to a cost: income ratio 49% or lower in FY27.

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Strategic Agenda for 2025 & 2026

IAN MCLAUGHLIN
Chief Executive Officer

Our purpose, proposition and initiatives is unchanged

Our Purpose

'To deliver caring banking so our customer can make the most of life's opportunities'

Our customers' core needs

Help me borrow healthily	Help me build a financial safety net	Help me feel in control of my everyday spending

Our Proposition

To offer our chosen target customers differentiated credit, savings and money management solutions, with lending predominately funded by retail deposits.

Credit	Savings	Money management

Key Initiatives

Customer proposition	Insightful risk management	Technology transformation	Operational efficiency	Great place to work

Product proposition

We have developed a core product suite and marketplace partnerships to serve customers

Core existing product proposition

Credit
- Credit Cards
- Vehicle Finance
- 2nd Charge Mortgages

Savings
- Savings

Money mgmt.
- Snoop

Channels of origination

Credit Cards	Vehicle Finance	2nd Charge Mortgages	Savings	Snoop
• Direct • Price comparison websites	• Independent Brokers • Dealer Brokers	• Partnerships*	• Direct • Price comparison websites • Snoop	• Direct • Partnerships**

Focused on sustainable returns accretive balance growth

Credit Cards	Vehicle Finance	2nd Charge Mortgages	Savings
Growth through new product launches & deeper engagement and retention strategies.	Measured new business growth in the near term until new 'Gateway' IT platform is developed by mid-2026.	Growth expected to continue at broadly similar levels.	Growth in cheaper and more flexible notice and easy access accounts.

** Vanquis underwrites the credit risk but does not have in-house cost of customer acquisition.*
*** Generate a commission for referrals.*

Technology transformation & Operational efficiency

Remain on track to complete 'Gateway' programme by mid-2026, enabling long term growth

What we have delivered to date

- Genesys telephony system serving all customers
- New IT platform to store and manage customer details
- AI complaint logging
- c.130k customers migrated to digital statements
- All colleagues consolidated onto one IT platform
- New Vehicle Finance onboarding decisioning engine

What we still need to deliver

- New mobile app launch mid-2025
- Snoop style money management features in new mobile app
- New Credit Cards onboarding & decisioning platform mid-2025
- New onboarding & servicing for Vehicle Finance mid-2026
- Digital first approach to all comms through new platform
- New data platform providing all insights and reporting

Benefits being realised

Transformation cost savings: £23-£28m

Technology: £15-£17m

- 3rd party legacy system cost reduction – switching off old Credit Cards, Vehicle Finance and Personal Loans systems

Operations: £8 -£11m

- Reduced manual operations
- Reduced complaint logging costs
- Lower customer fulfilment costs

Reduced risk

- Improved data quality & governance
- Greater application acceptances & reduced credit losses

Faster speed to market

- Faster introduction of new products
- Increased straight through processing
- Better analytics

Improved agility

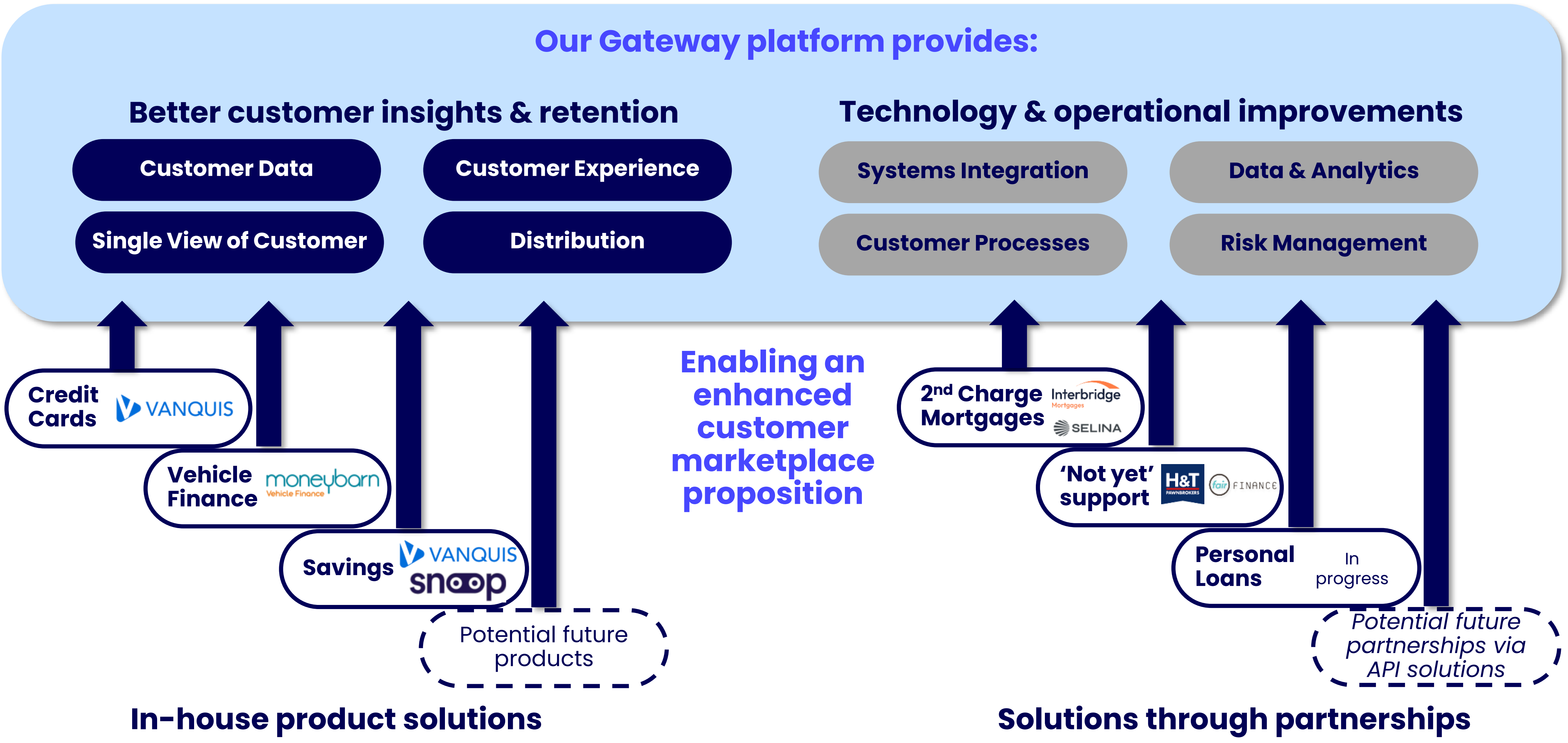
- Greater colleague collaboration
- More efficient operations
- Enabler for AI

Improved customer experience

- More in app self service & personalisation
- Better contact centre experience

Proposition of the future powered by Gateway

Gateway - enabler of improved customer proposition, operations & marketplace solutions



Group well positioned for growth

Focused on creating long-term shareholder value

Three key priorities:

1. Sustainably grow balances and optimise mix to maximise return on capital deployed.
2. Deliver Gateway technology transformation programme.
3. Further develop our products, ensuring customers remain at the heart of everything we do.

Our purpose

'Delivering caring banking so our customers can make the most of life's opportunities'

Our customers – why Vanquis matters

“Vanquis Credit Card is an excellent choice for rebuilding or improving your credit score. With a simple application process and a focus on helping customers with limited credit history, it provides a solid starting point.”

Vanquis customer

“Second time I’ve had finance with Moneybarn, on both occasions they have been brilliant. Kept me up to date with the application and explained everything. ”

Moneybarn customer

“Fantastic app! Brilliant company! Thanks so much for helping me with all my finances! ”

Snoop customer

Vanquis

4.2/5 Trustpilot score

- **>36k reviews**
  - "Great" rating
  - 80% **5-star** | 9% **4-star**

Moneybarn

4.4/5 Trustpilot score

- **>14k reviews**
  - "Great" rating
  - 82% **5-star** | 6% **4-star**

Snoop

4.6/5 App Store rating

4.5/5 Google Play rating

- **>13k 4 and 5-star reviews**

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APPENDIX

Financial Performance Reporting

Exceptional items excluded from adjusted (loss)/profit before tax

	2H24 £m	1H24 £m	2H23[1] £m	1H23[1] £m
Adjusted (loss)/profit before tax	**(8.0)**	**(26.8)**	**30.2**	**(12.9)**
Strategy consultancy costs	(0.1)	(7.8)	(3.5)	-
Redundancy - outsourcing and other staff exits	(4.0)	(2.2)	(4.9)	(2.3)
Other outsourcing costs	(0.6)	(2.9)	(1.6)	(0.6)
Property exit costs	(0.4)	(3.1)	(4.1)	-
Total transformation costs	**(5.1)**	**(16.0)**	**(14.1)**	**(2.9)**
Other exceptional costs:				
Snoop acquisition costs	(1.7)	-	(3.0)	-
Legal and other advice	(0.3)	(0.5)	(1.0)	-
Repayment Option Plan (ROP) provision release	-	-	2.0	-
CCD liquidation/Scheme costs	(0.1)	1.0	-	(2.4)
Third party settlement	(1.4)	-	-	-
Total exceptional costs	**(8.6)**	**(15.5)**	**(16.1)**	**(5.3)**
Amortisation of acquisition intangibles[43]	**(2.0)**	**(4.2)**	**(4.2)**	**(3.7)**
Goodwill write-off	**(71.2)**	**-**	**-**	**-**
Statutory (loss)/profit before tax	**(89.8)**	**(46.5)**	**9.9**	**(21.9)**

- Our financial performance in 2024 and prior years was **measured and managed on an adjusted PBT basis**, and ultimately on a ROTE basis (see slides 12 and 13).

- **Exceptional items** are disclosed separately to enable a full understanding of the Group's results. Examples include, but are not limited to, costs arising from redundancy, acquisition or restructuring activities, and meet at least two of three criteria:
  i) the financial impact is material;
  ii) it is one-off and not expected to recur; and
  iii) it is outside the normal course of business.

- **Transformation costs** for future rightsizing of the business continued in 2H24, but at a significantly lower level. These transformation costs are expected to be minimal in 2025.

- **Amortisation of acquisition intangibles** reduced in 2H24 following full amortisation of Moneybarn intangibles.

- **Goodwill write-off** related to the Moneybarn business.

- Going forwards, **in 2025 all reporting and measures will be on a statutory reported basis** as adjusted performance is expected to be much closer aligned with statutory performance.

Product Contribution

Asset driven products	Cards		Vehicle Finance		2CM		Personal Loans		Corporate Centre incl. Snoop		Total	
	FY24 £m	FY23[1] £m	**FY24 £m**	FY23[1] £m	**FY24 £m**	FY23 £m	**FY24 £m**	FY23[1] £m	**FY24 £m**	FY23 £m	**FY24 £m**	FY23[1] £m
Interest income[27]	406.3	371.0	133.1	150.3	4.8	0.4	15.4	25.9	5.8	8.4	565.4	556.0
Interest expense	(79.6)	(51.6)	(38.5)	(28.7)	(2.9)	(0.2)	(3.4)	(4.0)	(21.0)	(28.9)	(145.4)	(113.4)
Net interest income	**326.7**	**319.4**	**94.6**	**121.6**	**1.9**	**0.2**	**12.0**	**21.9**	**(15.2)**	**(20.5)**	**420.0**	**442.6**
Non-interest income	35.3	43.8	-	2.0	-	-	-	-	3.2	0.4	38.5	46.2
Total income	**362.0**	**363.2**	**94.6**	**123.6**	**1.9**	**0.2**	**12.0**	**21.9**	**(12.0)**	**(20.1)**	**458.5**	**488.8**
Impairment charges	(123.9)	(125.5)	(60.4)	(20.4)	(0.2)	-	(5.7)	(19.6)	(0.8)	-	(191.0)	(165.5)
Risk-adjusted income	**238.1**	**237.7**	**34.2**	**103.2**	**1.7**	**0.2**	**6.3**	**2.3**	**(12.8)**	**(20.1)**	**267.5**	**323.3**
Adjusted operating costs[3]	(185.3)	(172.3)	(42.2)	(51.9)	(0.2)	(0.7)	(10.5)	(17.3)	(64.1)	(63.8)	(302.3)	(306.0)
Adjusted (loss) / profit contribution	**52.8**	**65.4**	**(8.0)**	**51.3**	**1.5**	**(0.5)**	**(4.2)**	**(15.0)**	**(76.9)**	**(83.9)**	**(34.8)**	**17.3**
Exceptional Items									(24.1)	(21.4)	(24.1)	(21.4)
Amortisation of acquisition intangibles									(6.2)	(7.9)	(6.2)	(7.9)
Goodwill write off									(71.2)	-	(71.2)	-
Statutory (loss) / profit before taxation									**(178.4)**	**(113.2)**	**(136.3)**	**(12.0)**
Gross customer interest earning balances[2]	1,278	1,424	765	859	217	2.7	49	116	-	-	2,308	2,401
Net interest margin (%)[16]	24.9	22.6	11.5	14.5	2.8		15.2	17.8	-	-	18.4	18.6
RWAs[41]	944	1,049	615	687	93	12	38	82	145	151	1,835	1,976
Customers ('000)[44]	1,267	1,376	110	112	3.7	0.1	24	44	293	234	1,686	1,751

Liability driven products	Savings	
	DEC24	DEC23
Retail deposits (£m)[50]	2,428	1,951
Balance covered by FSCS (%)	96.2	97.7
Number of customers ('000)	57.1	47.8

- **Corporate Centre** funding and operating costs are not allocated to the products (see slides 19, 20 and 24).
- **Total Group customer numbers** de-duplicatated for customers with more than one product.

Receivables Reconciliation (see slides 15 and 16)

Asset driven products	Cards		Vehicle Finance		2CM		Personal Loans		Total	
	DEC24 £m	DEC23 £m	DEC24 £m	DEC23[1] £m	DEC24 £m	DEC23 £m	DEC24 £m	DEC23 £m	DEC24 £m	DEC23[1] £m
Gross customer interest earning balances[2]	**1,278**	**1,424**	**765**	**859**	**217**	**3**	**49**	**116**	**2,308**	**2,401**
Adjustments:										
Shortfall debt	-	-	-	230	-	-	-	-	-	230
Post charge off assets	6	18	17	-	-	-	-	-	23	18
Deferred acquisition costs	25	32	50	56	8	-	-	1	84	90
Other	1	1	-	-	-	-	-	-	1	1
Gross amounts receivable from customers (Gross receivables)	**1,310**	**1,475**	**832**	**1,144**	**226**	**3**	**49**	**117**	**2,416**	**2,739**
Expected Credit Losses	(160)	(197)	(96)	(368)	(0.2)	-	(5)	(15)	(262)	(580)
Reported amounts receivable from customers (Net receivables)	**1,150**	**1,278**	**735**	**776**	**225**	**3**	**44**	**102**	**2,155**	**2,159**

- **Gross customer interest earning balances** are the customer receivables on which the Group charges interest to customers. These balances are used by the business for forecasting and the calculation of performance KPIs.
- **Post-charge-off assets** are balances previously impaired which continue to hold value.
- **Deferred acquisition costs** are capitalised under IFRS 9 upon origination of a loan (e.g. broker commissions, affiliate and partnership spend), which are then amortised over the duration of the loan (VF, 2CM and Personal Loans) or modelled revenue curve (Credit Cards).
- **Other** comprises card holder plastic, chargebacks and late fee accruals, offset by amounts received but not applied to customer balances.

ROTE, EPS, TNAV Calculation

	FY24 £m	FY23[1] £m
Adjusted (loss) / profit before tax	(34.8)	17.3
Adjusted tax credit / (charge)	10.0	(5.9)
Adjusted (loss) / profit after tax (A)	**(24.8)**	**11.4**
Net fair value gains	(2.3)	(4.7)
Deferred tax on Fair value gains	0.6	1.2
Adjusted (loss) / profit net of fair value gains (B)	**(26.5)**	**7.9**
Ave. equity as per balance sheet	530	573
Ave. pension asset	(34)	(29)
Ave. deferred tax on pension asset	8	7
Ave. derivative financial instruments	7	8
Ave. deferred tax on derivative financial instruments	(2)	(2)
Ave. adjusted equity	509	558
Ave. intangible assets	(66)	(68)
Ave. goodwill	(67)	(72)
Average tangible equity (C)	**377**	**418**
Closing tangible net asset value (D)	**358**	**394**
ROTE (%) (B/C)	**(7.0)**	**1.9**
Weighted average number of shares (#m)(E)	255.5	253.0
Closing number of shares (#m)(F)	255.5	254.6
Average EPS (p) (A/E)	**(9.7)**	**4.5**
TNAV per share (p) (D/F)	**140**	**155**

- Returns are based on adjusted results for the 12 months ended 31 December.
- **Balance sheet** item averages are based on average month end balances for the 12 months ending 31 December, using a 13 point average.
- **Deferred tax** assumed at 25.0%.
- **Derivative financial instruments** comprise of balance guarantee swaps and Tier 2 swaps to manage interest rate risk.

Summary Balance Sheet

	DEC24 £m	DEC23[1] £m	Change %
Assets			
Cash and balances at central banks	1,004	743	35%
Amounts receivables from customers[45]	2,154	2,156	-
Pension asset	28	38	(26)%
Intangibles	62	74	(16)%
Goodwill	1	72	(99)%
Derivative financial assets	-	1	-
Other assets	126	111	17%
Total assets	**3,375**	**3,195**	6%
Liabilities and equity			
Retail deposits[50]	2,428	1,951	24%
Bank and other borrowings[46]	410	583	(30)%
Trade and other payables	46	44	5%
Derivative financial liabilities	2	2	-
Other liabilities	48	46	2%
Total liabilities	**2,934**	**2,626**	12%
Share capital	53	53	-
Share premium	276	276	-
Reserves	112	240	(53)%
Total equity	**441**	**569**	(22)%
Total liabilities and equity	**3,375**	**3,195**	6%

- **Cash** includes the Liquid Asset Buffer held at the Bank of England.
- **Amounts receivables from customers** represent net receivables (see slide 16).
- **Pension asset** reduction due to changes in discount rate and inflation rate assumptions.
- **Derivative financial assets and liabilities** relate to the Group's VF securitisation and Tier 2 debt.
- **Goodwill** relates to the acquisition of Snoop.
- **Other assets** include right of use assets, tax and other smaller items.
- **Retail deposits** are managed in line with Group funding requirements.
- **Bank and other borrowings** comprise the various non-retail funded balances, including Tier 2 debt, VF securitisation and other bonds. The reduction relates to the repayments of TFSME and greater proportion of retail deposits in funding mix.
- **Trade and other payables** relates to accruals including FOS fees expected to be paid out.
- **Reserves** decreased due to statutory loss and pension movements net of tax.

Capital Composition

	DEC24 £m	JUN24 £m	DEC23[1] £m
Total equity	**441**	**530**	**569**
Retirement benefit asset	(28)	(34)	(38)
Deferred tax on retirement benefit asset	7	9	10
Goodwill	(1)	(72)	(72)
Intangible assets	(62)	(60)	(74)
Deferred tax on intangible assets	5	3	4
Deferred tax asset from losses	(18)	(15)	(2)
Foreseeable dividend	-	-	(3)
CET1/Tier 1 capital[10]	**344**	**359**	**393**
Tier 2 capital	200	200	200
Total regulatory capital	**544**	**559**	**593**
Tier 1 requirement[42]	246	243	265
Tier 1 surplus	**99**	**116**	**129**
Total capital requirement[47]	300	297	323
Total capital surplus	244	263	270
Risk-weighted assets	**1,835**	**1,813**	**1,976**
CET1/Tier 1 ratio (%)[10]	**18.8%**	**19.8%**	**19.9%**
Total capital ratio (%)[11]	29.7%	30.8%	30.0%
Leverage exposure[48]	2,483	2,339	2,474
Leverage ratio (%)[49]	13.9%	15.4%	15.9%

- **Tier 1 requirement** is 13.4% of RWAs, being 75% of the Group's Total Capital Requirement (TCR) plus combined buffers of 4.5%, but excluding any confidential or management buffers, if applicable

Glossary

AI	Artificial Intelligence
APR	Annual Percentage Rate
AT1	Additional Tier 1
AVE / Ave.	Average
BoE	Bank of England
CAGR	Compound Annual Growth Rate
CCD	Consumer Credit Division
CET1	Common Equity Tier 1
CMCs	Claims Management Companies
DAC	Deferred Acquisition Costs
DCA	Discretionary Commission Arrangements
ECL	Expected Credit Loss
EPS	Earnings Per Share
FCA	Financial Conduct Authority
FOS	Financial Ombudsman Service
FSCS	Financial Services Compensation Scheme
FTE	Full-time equivalent
FY	Financial Year
Group	Vanquis Banking Group plc and its subsidiary undertakings
HQLA	High-Quality Liquid Assets
IAS37	International Accounting Standard 37 provisions, contingent liabilities, and contingent assets
IFRS	International Financial Reporting Standards
ILTR	Indexed Long Term Repo
KPI	Key Performance Indicator
LAT	Loss After Tax
LAB	Liquid Asset Buffer
LBT	Loss Before Tax
LCR	Liquidity Coverage Ratio
Mgmt.	Management
NIM	Net Interest Margin
P&L	Profit & Loss Account
PBT	Profit Before Tax
PCOA	Post Charge Off Assets
PMA	Post Model Adjustment
PRA	Prudential Regulation Authority
RAM	Risk-adjusted Margin
ROTE	Return On Tangible Equity
RWA	Risk-Weighted Assets / Exposure Amounts
SRA	Solicitors Regulation Authority
TCR	Total Capital Requirement
TFSME	Term Funding Scheme with additional incentives For Small and Medium-sized Enterprises
TIM	Total Income Margin
TNAV	Tangible Net Asset Value
Vanquis	Vanquis Banking Group plc
VF	Vehicle Finance (Group's Moneybarn entity)
YoY	Year on Year
2CM	Second Charge Mortgages

Footnotes

1	**2023 restatements** As part of the review of the Vehicle Finance Stage 3 portfolio, it was identified that: • Cash flows expected to be received from contracts identified for debt sale were being included beyond the expected sale date. This led to a lower core model provision being recognised. As a result, Management consider that a prior period restatement is appropriate and has retrospectively restated its results, leading to: o An increase in the Group's Financial Year 2023 statutory loss before tax of c.£8m, a decrease in the tax charge of c.£2m and a reduction in Vehicle Finance net receivables of c.£16m; and o An adjustment to the opening balance sheet as at 1 January 2023 (for Prior Periods) amounting to a c.£8m reduction in retained earnings, and c.£8m reduction in net receivables. o There were no changes to gross customer interest earning balances as a result of this change. o 31 December 2023 Tier 1 ratio disclosed at 20.5% is 19.9% on a restated basis. • Gross customer interest earning balances were being incorrectly understated by £51.6m. This has been represented in the 31 December 2023 gross customer interest earning balances. KPIs using this metric have therefore been retrospectively represented for all periods presented in this presentation. There was no impact to total gross receivables or on the reported balance sheet or income statement numbers as a result of this change. • All KPI's and metrics within this presentation have been restated. In addition, Financial Year 2023 has been restated for the representation of fraud costs from impairment to adjusted operating costs.
2	Gross customer interest earning balances excludes post charge off assets and deferred acquisition costs, which are included in gross receivables.
3	Adjusted operating costs are operating costs excluding exceptional items, amortisation of acquisition intangibles, and goodwill write-off, but includes certain one-off items.
4	Adjusted loss before tax is stated before amortisation of acquisition intangibles, exceptional items and goodwill write-off.
5	Adjusting items are exceptional items, amortisation of acquisition intangibles and goodwill write-off.
6	One-off items comprise impacts of the Vehicle Finance receivables review and one-off items. These are not recurring in nature of the £(11.5)m posted in 1H24, £(10.2)m impact adjusted costs, £(1.6)m impact Net Interest Income and £(0.7)m impairment charge, with a £1.0m credit to exceptional items. £0.6m of one-off items were recognised in 2H24.
7	Gross receivables on a statutory basis includes all balances outstanding from customers, including directly attributable acquisition costs and post charge off assets.
8	Net receivables are gross receivables less allowance account (ECL) provision.
9	ROTE is calculated as profit after tax net of fair value gains for the 12 months ended 31 December as a percentage of average adjusted tangible equity for the 12 months ended 31 December. Adjusted tangible equity is stated as equity after deducting the Group's pension asset, net of deferred tax, the fair value of derivative financial instruments, net of deferred tax, less intangible assets and goodwill.
10	The Tier 1 ratio is calculated as the ratio of the Group's Tier 1 capital as a percentage of the Group's risk-weighted assets measured in accordance with the CRR.
11	Liquid assets (HQLA) are unencumbered assets, that are liquid in markets during a time of stress.
12	Excess liquid assets are those HQLA in excess of the regulatory minimum requirement to meet the Liquidity Coverage Ratio of 100% of regulatory net cash outflows, calculated in accordance with regulation.
13	Retail funding is calculated as total retail savings and deposit balances, excluding accrued interest, as a percentage of total committed funding.
14	Asset yield is calculated as interest income received from customers for the period as a percentage of average gross customer interest earning balances for the 12 months ended 31 December using a 13 point month end average.
15	Cost of funds is calculated as interest expense as a percentage of weighted average volume of funding drawn (excl. fees, IFRS16, swaps and Tier 2 interest), on an annualised basis.
16	Net interest margin is calculated as interest income less interest expense for the period as a percentage of average gross customer interest earning balances for the 12 months ended 31 December using a 13 point month end average.
17	Total income margin is calculated as total income for the period as a percentage of average gross customer interest earning balances for the 12 months ended 31 December using a 13 point month end average.
18	Cost of risk is calculated as impairment charges for the period as a percentage of average gross customer interest earning balances for the 12 months ended 31 December using a 13 point month end average.
19	Risk-adjusted margin is defined as risk-adjusted income for the period as a percentage of average gross customer interest earning balances for the 12 months ended 31 December using a 13 point month end average.
20	Adjusted cost: income ratio is calculated as, adjusted operating costs as a percentage of total income for the 12 months ended 31 December.

Footnotes

21	Adjusted basic earnings per share is calculated as adjusted profit after tax for the 12 months ended 31 December, divided by the weighted average number of shares in issue.
22	TNAV per share is calculated as closing adjusted tangible net asset value, divided by the period end number of shares in issue. Adjusted tangible net asset value is stated as equity after deducting the Group's pension asset, net of deferred tax, the fair value of derivative financial instruments, net of deferred tax, less intangible assets and goodwill.
23	Coverage ratio is calculated as expected credit loss allowance divided by gross receivables (including DAC and PCOA).
24	Average gross customer interest earning balances is based on the average of 13 months of gross customer interest earning balances.
25	Average customer deposits is based on the average of 13 months of customer deposit balances.
26	2-year swap is taken from UK OIS spot curve data published by the BoE.
27	Includes interest income from balances held on deposit including at the BoE and net fair value gains on derivative financial instruments.
28	Under IFRS 9, Interest income is recognised on the gross receivable when accounts are in IFRS 9 stages 1 and 2 and on the net receivable for accounts in stage 3.
29	PMAs and model redevelopment comprise, updated model methodology impacts and other post model adjustments.
30	Debt sales comprise income from both forward flow sales and one-of debt sales, including PCOA sales.
31	Write-offs comprise all balances that are written–off or sold as part of debt sales (incl. debt sale proceeds) and balances written off as a result of the vehicle finance stage 3 review.
32	Revaluations primarily consist of revaluation of the PCOA. PCOAs are recognised for assets which have been written off but expected to be sold through a debt sale at a later date.
33	Other consists of various small items such as customer balance remediation, and impairment release on closed good accounts.
34	Staff and outsourced people costs include all costs in relation to employees and outsourced/resource, including wages, pensions, benefits, training and recruitment.
35	Administrative costs include, amongst other items: complaints, fraud, outsourcing, marketing, IT, property, legal, FCA and PRA levies, and customer management related costs
36	Number of people working for the Group under contracts of employment (employee numbers).
37	Complaints resource expenses are not split by complaint type.
38	Distribution of balance on book by banded APR.
39	The liquidity coverage ratio (LCR) refers to the proportion of highly liquid assets to net 30-day cash outflows, calculated in accordance with regulatory guidance.
40	Excludes Tier 2 debt capital, accrued interest, arrangement fees, overdrafts and fair value adjustments for hedged risk.
41	Risk-weighted assets are calculated by assigning a degree of risk expressed as a percentage (risk weight) to the on and off-balance sheet assets of the Group, an exposure representing the degree of operational risk of the Group's activities and any exposure amount required for market risk. RWAs are calculated in accordance with the applicable rules set out in CRR and the PRA Rulebook.
42	Tier 1 requirement is 13.4% of risk-weighted assets (RWAs), being 75% of the Group's Total Capital Requirement (TCR) plus combined buffers of 4.5%, but excluding any confidential or management buffers, if applicable.
43	Amortisation of acquisition intangibles is in relation to the intangible assets acquired as part of the Moneybarn and Snoop acquisitions. The Moneybarn acquisition intangible had a UEL of 10 years, which ended in 3Q24. The Snoop intangible comprises technology and its brand which have a UEL of 5-9 years, running off in 2032 and 5 years, ending in 2028 respectively.
44	Total customer numbers are presented net of cross product holding. Customer numbers by product are presented on a gross holding basis.
45	Amounts receivables from customers are presented net of £1m (DEC23: £3m) fair value adjustment for portfolio hedged risk.
46	Bank and other borrowing are presented net of £3m (DEC23: £1m) fair value adjustment for hedged risk.
47	Total capital required is 16.4%, being the Group's TCR (11.9%) plus the countercyclical capital buffer (2.0%) and capital conservation buffer (2.5%), but excluding any confidential or management buffers, if applicable.
48	Leverage exposure is a regulator-defined quantity that measures a bank's total assets and certain of off-balance sheet items including derivatives and undrawn commitments on credit cards. Leverage metrics exclude central bank claims in accordance with the PRA's UK leverage framework.
49	Leverage ratio is the Tier 1 regulatory capital expressed as a proportion of the leverage exposure, which allows the PRA to assess the risk of excessive leverage in financial institutions.
50	Retail deposits on the balance sheet include principal and accrued interest
51	Total complaint costs were down £(18.9)m YoY, which included £(2.0)m of Transformation cost savings associated with complaints handling.

Disclaimers

Important notice

The information in this presentation may include forward-looking statements. Forward looking statements, by their nature involve risk and uncertainty as they relate to future events and circumstances. Forward looking statements can be identified from the fact that they do not relate only to historical or current facts and , which they are based on assumptions, expectations, valuations, targets, estimates, forecasts and projections about future events. These can be identified by the use of words such as 'short term', 'medium term', 'long term', 'expects', 'aims', 'targets', 'seeks', 'anticipates', 'plans', 'intends', 'prospects' 'outlooks', 'projects', 'forecasts', 'believes', 'estimates', 'potential', 'possible', 'will', 'may', 'should' and similar words or phrases (including the negatives thereof). Forward looking statements can be made in writing but may also be made verbally by directors, officers or employees of the Group (including during management presentations) in connection with this presentation. These forward looking statements speak only as at the date they are made, reflect, at the time made, the Company's beliefs, intentions and current targets/aims and are inherently subject to significant known and unknown risks, uncertainties and assumptions about the Company and its subsidiaries (which together comprise the "Group") and its securities, investments and the environment in which it operates, which are difficult or impossible to predict and are beyond the Company's control. Forward looking statements may be affected by a number of factors including, without limitation the development of its the Group's business and strategy, any corporate activity undertaken by the Group, trends in its operating industry, changes to customer behaviours and covenant, macroeconomic and/or geopolitical factors, changes to its board and/ or employee composition, exposures to terrorist activity, IT system failures, cyber-crime, fraud and pension scheme liabilities, changes to law regulation and the interpretation thereof and/or changes to the policies and practices of the Bank of England, the PRA, the FCA, and/or other regulatory and governmental bodies, changes to accounting standards, the outcome of current and future legal proceedings and regulatory investigations inflation, deflation, interest rates, exchange rates, changes in the liquidity, capital, funding and/ or asset position and/or credit ratings of the Group, future capital expenditures and acquisitions.

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