



Vanquis Banking Group
First quarter trading statement
25 May 2023

Vanquis Banking Group plc ('the Group'), a leading specialist banking group with a focus on customers in the mid-cost and near-prime credit markets, today publishes a trading update covering the three months to the end of March 2023, unless otherwise stated.

Malcolm Le May, Chief Executive Officer, commented:

"The Group has made a positive start to the year. Our strong competitive position, supported by the Group's access to capital and funding markets, is further strengthened by our strategic repositioning as a specialist banking group, focused on customers in the mid-cost and near-prime credit markets. These strengths enable the Group to keep supporting our customers' credit requirements responsibly and, as a result, grow our receivables sustainably. Furthermore, we continue to support our customers during the prevailing macroeconomic conditions of high inflation and cost of living challenge.

For the remainder of 2023, we will focus on growing our businesses and continuing to deploy the capital at our disposal to generate attractive and sustainable returns for our shareholders over the medium-term."

First quarter trading

During the first quarter of the year, the Group continued to trade in-line with management's expectations. The Group also continued to see opportunities for growth in its addressable markets enabled by its competitive advantages across capital, funding, and credit risk management. Whilst the Group continued to prudently analyse for any signs of customer distress given the macroeconomic backdrop, it has made no material changes to its underwriting criteria in any of its products. During the remainder of 2023, given the backdrop of rising interest rates and persistent inflation, the Group will continue to focus on maintaining strong asset quality and risk adjusted returns. If required, the Group will consider tightening underwriting criteria at the margins.

Performance by business:

- The Group's credit card business started 2023 positively. New customer acquisition rates increased year-on-year, with no change to underwriting standards. Delinquency trends remained consistent with those reported over the last 12 months, and customer behavioural traits were in keeping with previously seen seasonal trends regarding spend and repayment rates. Therefore, receivables at the end of the quarter were broadly flat versus 31 December 2022 but increased by approximately 18% year-on-year.
- The Group's vehicle finance business continued to see strong levels of new business and receivables growth during the first quarter of the year. New business volumes in March represented the highest monthly result ever and, reflecting the repositioning towards lower risk customers in recent years, the arrears rate continued to improve during the period. As a result, receivables at the end of the quarter were approximately 8% higher versus 31 December 2022.
- The Group's personal loans business also had a strong start to the year. New customer acquisition volumes and total active customer numbers tracked ahead of expectations during the period and, as a result, receivables as at the end of March 2023 increased by approximately 40% versus 31 December 2022. Overall, approximately 25% of new loans are now being written on the Group's new IT platform, Gateway.

- Towards the end of the period, the Group's second charge mortgage business entered a Heads of Agreement for its first forward flow agreement to acquire between £5m and £10m of existing second charge loans per month via an established market intermediary. This marks an important first step for this business and the Group will update the market as to how it is progressing in due course.

Enquiries:

Analysts and shareholders:

Owen Jones, Group Head of Investor Relations
Owen.jones@vanquisbankinggroup.com

07341 007842

Media:

Richard King, Vanquis Banking Group
Nick Cosgrove/Simone Selzer, Brunswick
vanquisbankinggroup@brunswickgroup.com

07919 866876

0207 4045959