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HALF YEAR RESULTS 2024

01 AUGUST 2024

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OVERVIEW

IAN MCLAUGHLIN
Chief Executive Officer

Focus for today

1. Progress on delivering the strategy we set out on 27 March

2. Impact of one-off items announced on 16 July

3. Updating our plans

Transforming our business

Key initiatives

Outlined at Strategy Seminar

- Customer proposition
- Insightful risk management
- Operational efficiency
- Technology transformation
- Sustainable growth

What we have delivered

1. Increasingly diversified customer proposition
   - **Comprehensive action plan** to drive volume growth at the right margin
   - **Cards** balance transfers; **Vehicle Finance** asset expansion; new **Savings** products
   - Second charge mortgages **ahead of plan**
2. Snoop as a strategic enabler
   - **91% yoy growth** in overall customer numbers
   - **24,000** new Vanquis customers in H1
   - **80,000 users** of new credit score facility
   - Snoop bill switching built into Vanquis app
3. Enhanced "not yet" proposition for customers

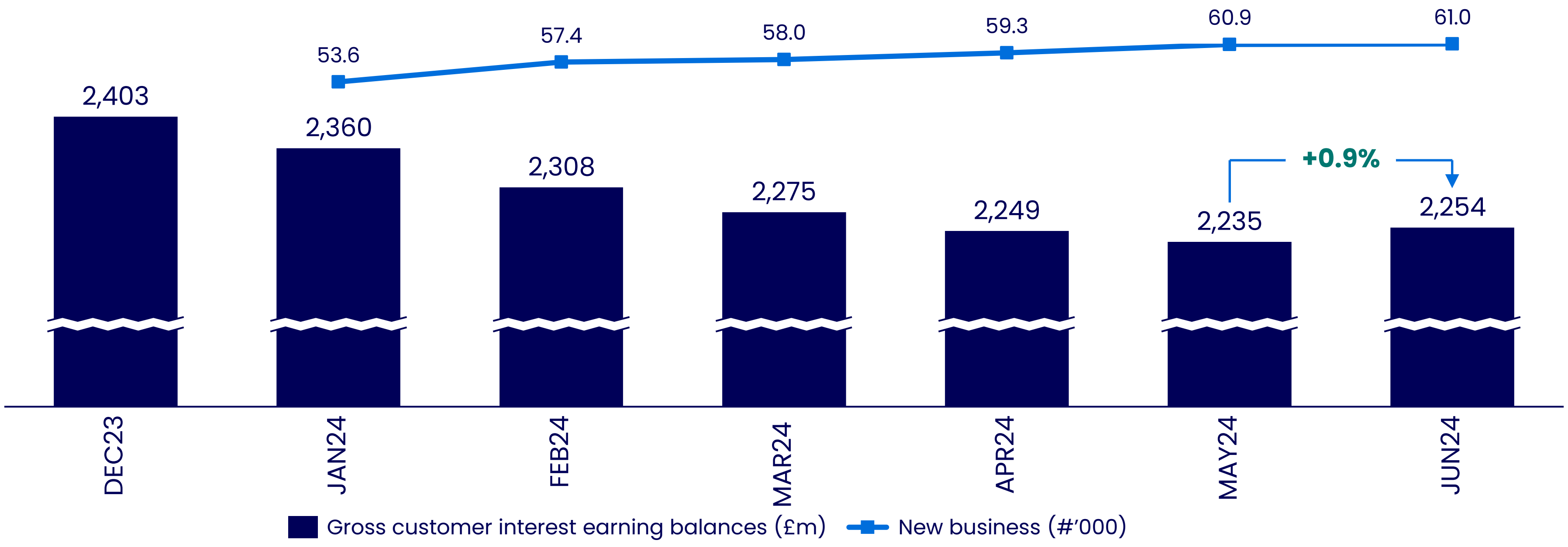
   snoop H&T pawnbrokers fair FINANCE
4. Continued focus on driving operational efficiency
   - Operations outsourcing programme materially complete on 1 July
   - Enhanced self-service functionality launched for customers
   - On track for **£60m cost savings by end 2024**
5. Technology transformation ("Gateway") delivering to plan
   - **First key milestone achieved**: single customer-centric contact centre platform servicing multiple products
   - Developing our digital bank model
   - AI automation of complaints logging to manage backlog and reduce processing fees

Update on complaints

- Complaints volumes and costs remain in line with budgeted expectations
- FOS consultation on charging CMCs for filing complaints could deliver fairer distribution of financial responsibility and improve outcomes for customers
- SRA action to reduce CMC commission from 26 July
- Developing industry-wide solutions

Evidence of improved trading performance

Monthly gross customer interest earning balances (£m)[1, 2] & new business volumes (#'k)



c.£1.5m adjusted loss before tax for 1H24 before one-off items

Updating our strategic plan

What stays the same…

- Purpose and strategy
- Development of customer proposition
- Gateway transformation programme

What new initiatives…

- Further streamlining to deliver an additional £15m of cost savings by end 2025
- Revenue optimisation in Cards

Return to modest receivables growth in 2H24
Remain on track for low single digit ROTE in 2025 and mid-teens ROTE in 2026

Our customers – why Vanquis matters

"Yours is the best credit card so far without a doubt! I've been trying to build my credit, but other providers are so unfair to people like me. They won't even give us a chance. I've had another card for many years, but it never helped my credit. I've been a Vanquis customer for just over a year and I recently received a credit limit increase, which has significantly improved my credit score. Thanks Vanquis!"

Grace – Vanquis customer

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1H 2024 RESULTS

DAVE WATTS

Chief Financial Officer

1H24 Results Summary

1H24 loss mainly driven by Vehicle Finance Stage 3 Review and legacy one-off items

	JUN24 £m	DEC23[1] £m	Change %
Gross customer interest earning balances[2]	2,254.2	2,402.8	(6%)

	1H24 £m	1H23[1] £m	Change %
Net interest income	214.5	214.5	-
Non-interest income	19.5	22.6	(14%)
Total income	**234.0**	**237.1**	(1%)
Impairment charges	(101.3)	(93.0)	9%
Adjusted operating costs[3]	(159.5)	(157.0)	2%
Adjusted (loss) before tax[4]	**(26.8)**	**(12.9)**	108%
Adjusting items[5]	(19.7)	(9.0)	119%
Tax credit	10.7	6.0	78%
Statutory (loss)	**(35.8)**	**(15.9)**	125%

One-off items (£m)[6]

	1H24 £m	FY23 £m	Before FY23 £m
Vehicle Finance receivables review	**(12.8)**	**(7.6)**	**(8.5)**
Other one-off items:			
Fixed and intangible asset write-off	(8.8)	-	-
Property dilapidations	(5.0)	-	-
Sundry balances	2.3	-	-
Legacy one-off	**(11.5)**	**-**	**-**
Total one-off items	**(24.3)**	**(7.6)**	**(8.5)**

- **Adjusted loss before tax of £(26.8)m** impacted by the Vehicle Finance receivables review and legacy one-off items.
- **Detailed Vehicle Finance receivables review** resulted in £(28.9)m loss, of which £(12.8)m included in 1H24, with the remainder related to prior periods.
- **£(11.5)m Legacy one-off items,** including a £(8.5)m mobile app write down. Of this, £(10.2)m impacted adjusted operating costs, £(1.6)m Net Interest Income, £(0.7)m impairment charge, and a +£1.0m credit to exceptional items.
- **Stable Net Interest Income** YoY due to re-pricing initiatives in 4Q23 and 1H24, offset by reduced customer balances.
- **IFRS9 model enhancements complete**; with underlying impairment charges in line with expectations (excl. Vehicle Finance review).
- **Adjusted operating expenses increased** due to legacy one-off items and complaints, offset by cost savings.
- **Cost savings on track** to deliver £60m by the end of 2024 and a further £15m planned by the end of 2025.

1H24 Metrics & Key Ratios

Receivables decrease and legacy one-off items impact other metrics

	JUN24 £m	DEC23[1] £m	Change %
Receivables			
Gross customer interest earning balances[2]	2,254.2	2,402.8	(6%)
Gross receivables (statutory)[7]	2,363.1	2,740.9	(14%)
Net receivables[8]	2,010.4	2,159.0	(7%)
Selected Key Ratios[9]			
ROTE[10]	**(11.5%)**	**1.9%**	
Total capital ratio[11]	30.8%	30.0%	
CET1 / Tier 1 ratio[12, 13]	19.8%	19.9%	
Liquid assets (HQLA) (£m)[14]	716.6	682.0	
Excess HQLA over LCR (£m)[15]	599.8	627.0	
Retail funding (%)[16]	86.5%	83.7%	

	1H24 £m	1H23[1] £m
Asset yield[17]	23.1%	21.9%
Cost of funds[18]	4.9%	3.6%
Net interest margin (NIM)[19]	**18.8%**	**18.7%**
Cost of risk[20]	8.9%	8.1%
Risk-adjusted margin (RAM)[21]	11.6%	12.5%
Cost: income[22]	**68.2%**	**66.2%**
Selected per share metrics		
Adjusted LPS (p)[23]	(8.3)	(3.6)
Dividend (p)	n/a	5.0
Average Net assets (£)	2.2	2.3
Average TNAV (£)[24]	1.5	1.7

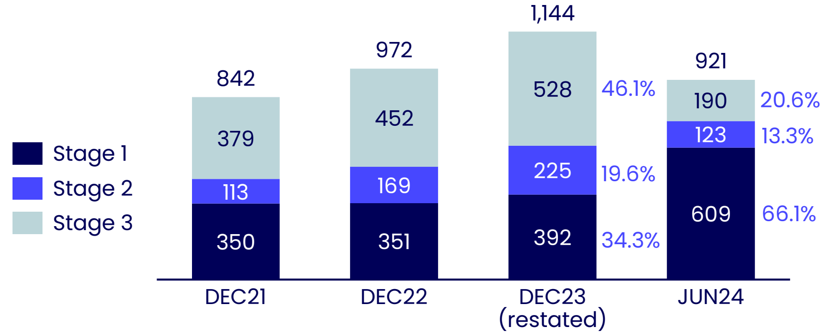
- **Reduction in gross customer interest earning balances** by 6.2% vs DEC23, due to volume management in 4Q23, as well as higher repayments and lower spend by existing customers in 1H24.
- **Receivables reduction slowed** in 2Q24, with JUN24 receivables being marginally higher vs MAY24.
- **1H24 ROTE of (11.5)%** driven by loss from Vehicle Finance receivables review and legacy one-off items.
- **Reduced Tier 1 capital (19.8%)** due to statutory loss, of which c.120bps from Vehicle Finance receivables review.
- **Strong liquidity and funding** position with increased retail funding (>86%) and partial early settlement of £75m TFSME debt.
- **Stable 1H24 NIM at 18.8%.** Over time we expect planned growth of second charge mortgage book to dilute NIM.

Vehicle Finance Stage 3 Receivables Review

£(28.9)m loss following a detailed review of VF balances

	DEC23 (reported) £m	Representation £m	Re-statement £m	**DEC23 (restated) £m**	BAU £m	Review £m	**JUN24 £m**
Gross customer interest earning balances	**807.1**	**51.6**	**-**	**858.7**	**22.3**	**(30.7)**	**850.3**
Adjustments:							
Shortfall debt	281.1	(51.6)	-	229.5	-	(229.5)	-
Post charge off asset (PCOA)	-	-	-	-	-	17.8	17.8
Deferred acquisition costs	56.0	-	-	56.0	(0.1)	(3.1)	52.8
Gross amounts receivable from customers (Gross receivables)	**1,144.2**	**-**	**-**	**1,144.2**	**22.2**	**(245.5)**	**920.9**
Allowance Account (ECL)	(371.8)	-	(16.1)	(387.9)	(25.0)	252.5	(160.4)
Assets held for sale	19.8	-	-	19.8	-	(19.8)	-
Reported amounts receivable from customers (Net receivables)	**792.2**	**-**	**(16.1)**	**776.1**	**(2.8)**	**(12.8)**	**760.5**
Vehicle Finance NIM (%)	15.5%	-	-	14.5%	-	-	11.8%
Group NIM (%)	19.0%	-	-	18.6%	-	-	18.8%
Group RAM (%)	13.9%	-	-	13.3%	-	-	11.6%

Analysis of Vehicle Finance receivables (£m)



	DEC21	DEC22	DEC23 (restated)	JUN24
Coverage ratio[25]	29.3%	32.6%	32.2%	17.4%
Stage 3 Only	57.1%	60.9%	61.1%	62.9%

VF Stage 3 Vintage Analysis

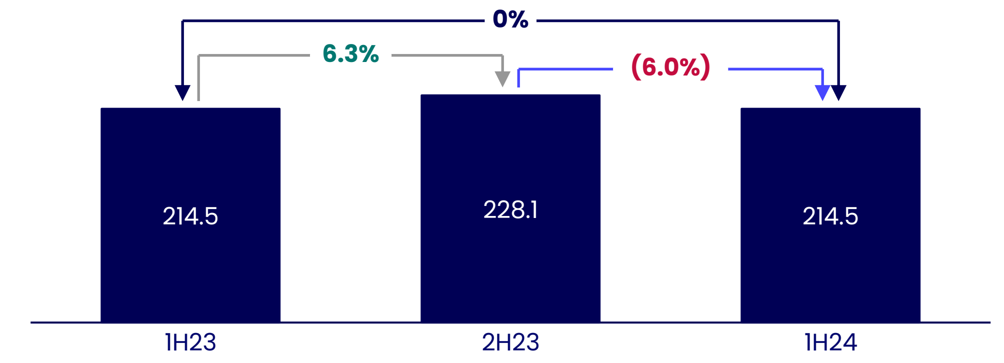
Contract Year	Gross receivable £m	ECL Coverage (%)
<1 year	19.1	55%
1-2 years	45.0	60%
2-3 years	31.8	64%
3-4 years	24.0	68%
>4 years	57.6	88%
PCOA and other	12.0	N/A
Total	**189.5**	**62.9%**

- **New charge-off policy** Introduced in JUN24 with a newly established PCOA valued at £17.8m, based on recent indicative debt sale pricing.
- **Re-assessment and revaluation** of PCOA previously presented (comprising "shortfall debt, vehicle recovered and sold"), reducing Stage 3 gross receivables by £229.5m, of which £15m were written off (<£1m P&L impact).
- **Two further key items** identified by the review:
  - **(1) 'Double count'** from cash collections from expected-to-be-sold assets not removed from the ECL allowance account. This has built up over time, requiring prior period restatements of £7.6m (FY23) and £8.5m (earlier periods).
  - **(2) Incorrect classification** dating back to 2022 suppressed gross interest earning balances by £51.6m, impacting previously reported metrics (including NIM and RAM).
- **Revised definition of default criteria** implemented in 2Q24, resulted in a re-classification of c.£127m from Stage 3 to Stage 1, and c.£73m from Stage 2 to Stage 1.
- **Stage 3 balances reduced** to £190m at JUN24 (DEC23: £528m) with a higher in ECL coverage level of 62.9% (DEC23: 61.1%).

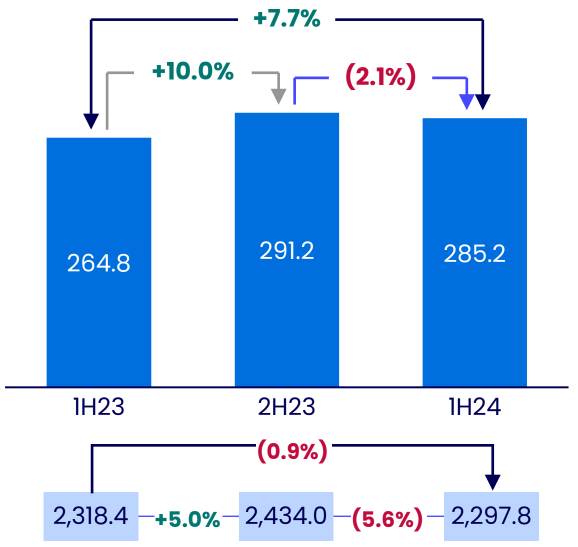
Net Interest Income

1H24 stable vs 1H23

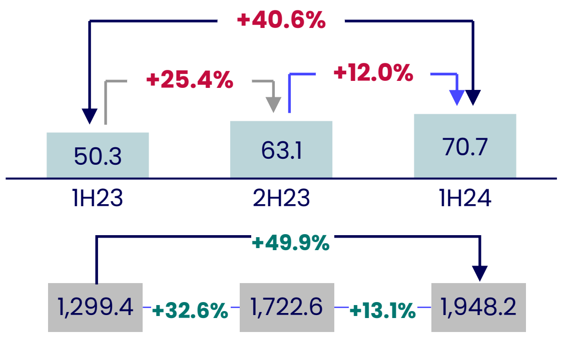
Net interest income (£m)



Interest income (£m)



Interest expense (£m)



Average gross interest earning balances[26]

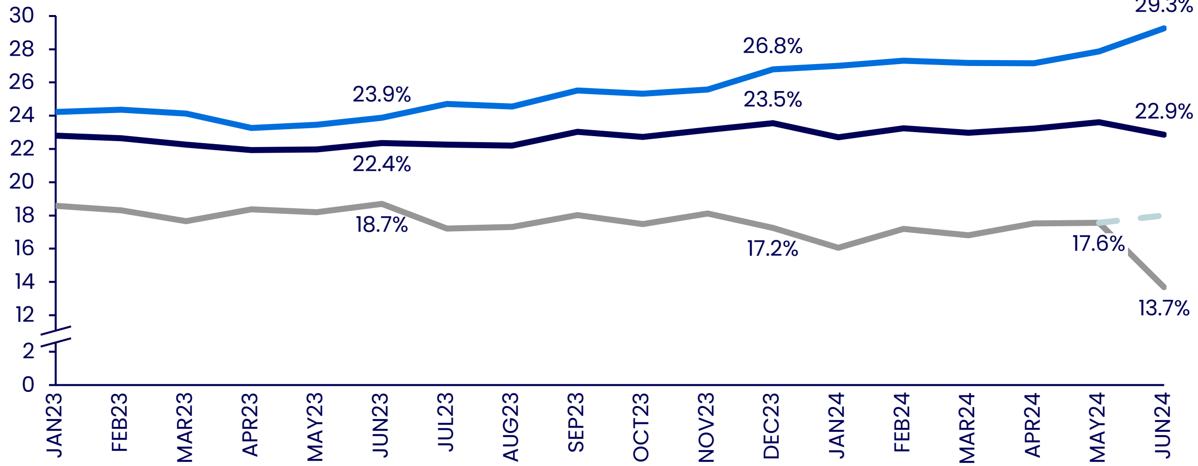
Average customer deposits[27]

- **Re-pricing initiatives implemented** in Cards and Vehicle Finance during 4Q23 and 1H24, resulting in interest income growth (vs 1H23) more than offsetting reduction in receivables.
- **1H24 interest income includes a £(3.1)m** adjustment to deferred acquisition costs as part of the Vehicle Finance receivables review.
- **Interest expense increased** due to maturing fixed pricing deposits being refinanced at higher market rates.

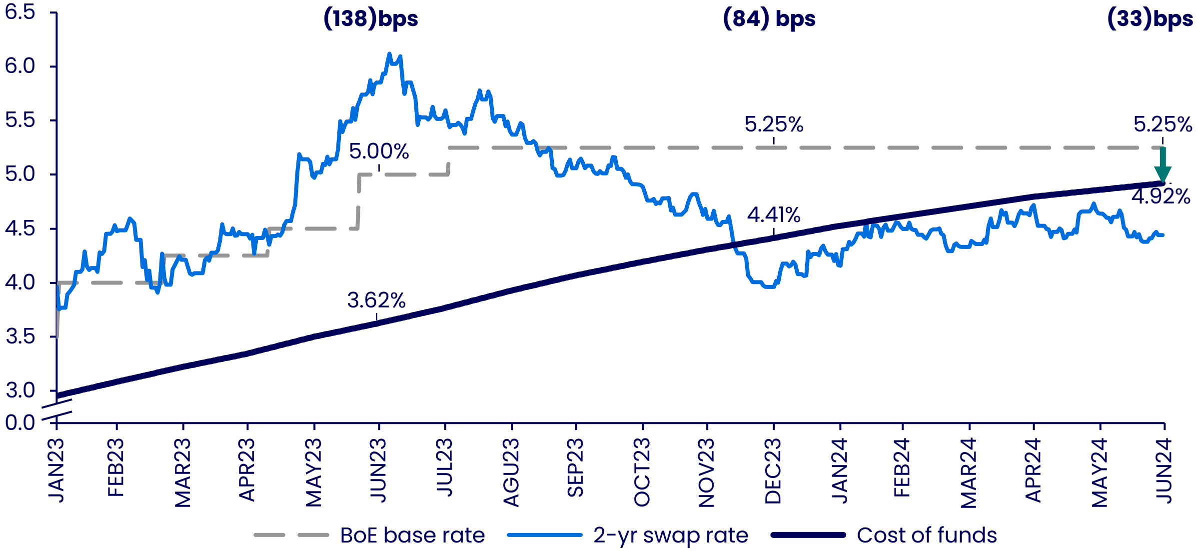
Net Interest Margin

NIM remains stable

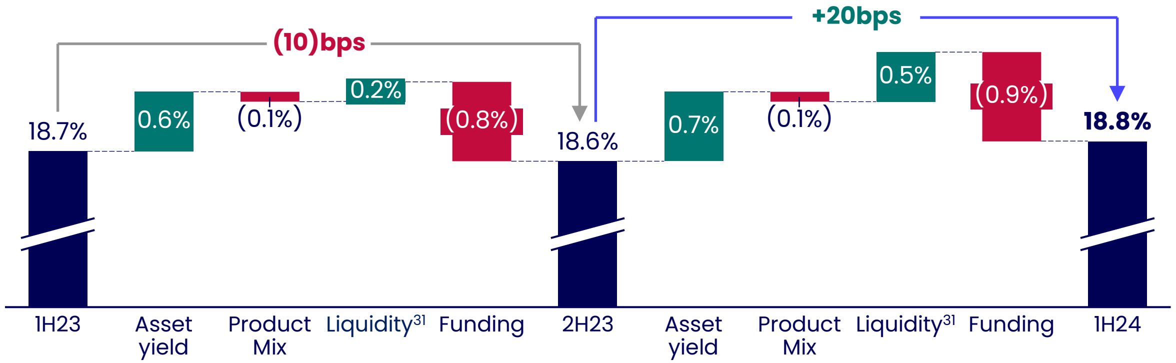
Asset yield by key product (%)[28]



Group cost of funds[18] vs benchmark interest rates (%)[29]



NIM trend (%)[19, 30]

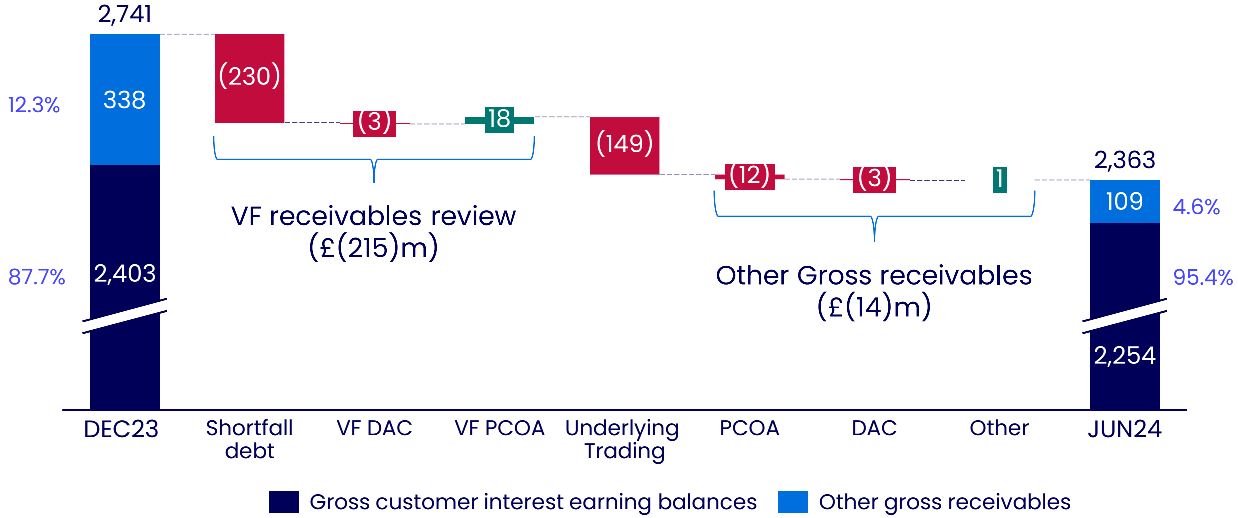


- **1H24 NIM remained stable** at 18.8%, driven by re-pricing in Cards, offset by increased cost of funding.
- **Improved asset yields** from re-pricing initiatives in Cards (4Q23 and 1H24) and Vehicle Finance (1H24).
- **JUN24 Vehicle Finance asset yield impacted** by £3.1m deferred acquisition costs write-off from Stage 3 Receivables review.
- **Cost of funds remains below BoE base rate** and continue to reflect expectation of BoE base rate, but at a lag.
- **Future NIM dilution expected** due to planned growth in second charge mortgages.

Receivables (statutory)

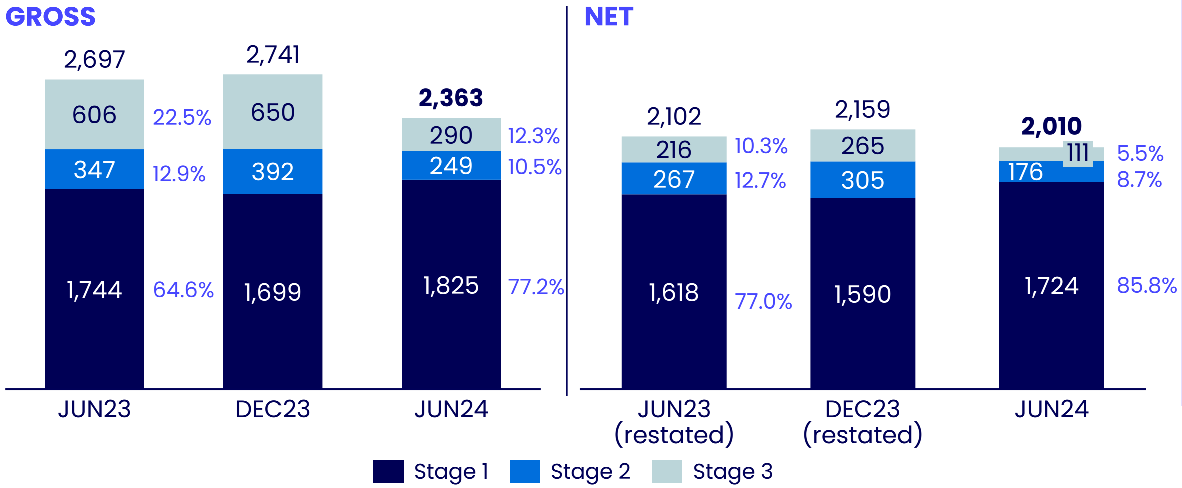
Reduction driven by Vehicle Finance Stage 3 Review and underlying trading

Gross receivables (statutory) trend (£m)[7]

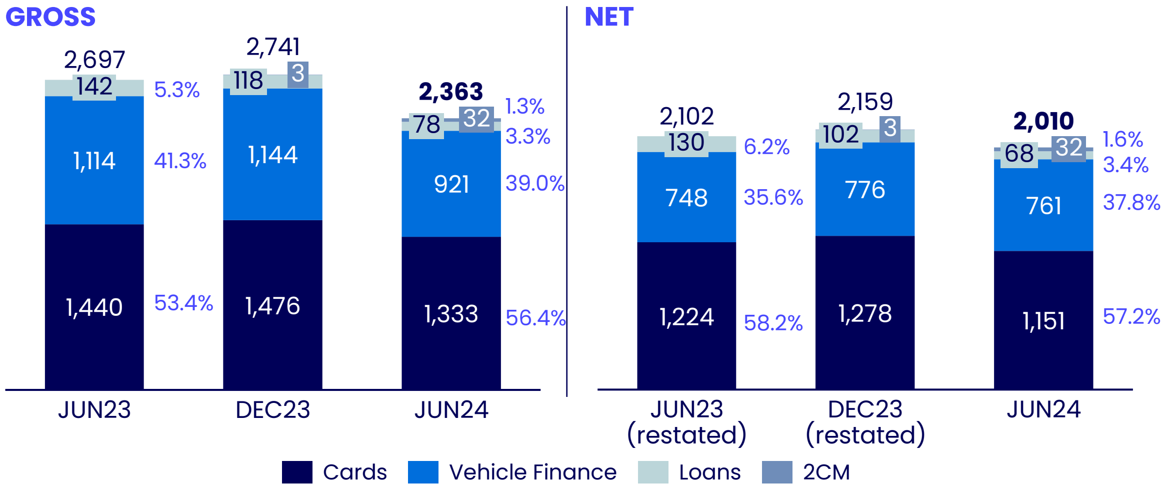


- **Reductions in underlying trading receivables** in Cards c.£(129)m, Loans c.£(39)m, and Vehicle Finance c.£(8)m, offset by growth in second charge mortgages c.+£28m.
- **£(14)m reduction in Other gross receivables** mainly due to the maturing Cards debt sales programme.
- **Default criteria alignment across products** and IFRS9 model enhancements implemented in 2Q24. Highest impact in Vehicle Finance leading to a re-classification of c.£127m from Stage 3 to Stage 1 and c.£73m from Stage 2 to Stage 1.
- **Reduction in gross receivables** from Vehicle Finance review and underlying trading is not mirrored in net receivables movement.

Receivables by stage (£m)[7, 8]



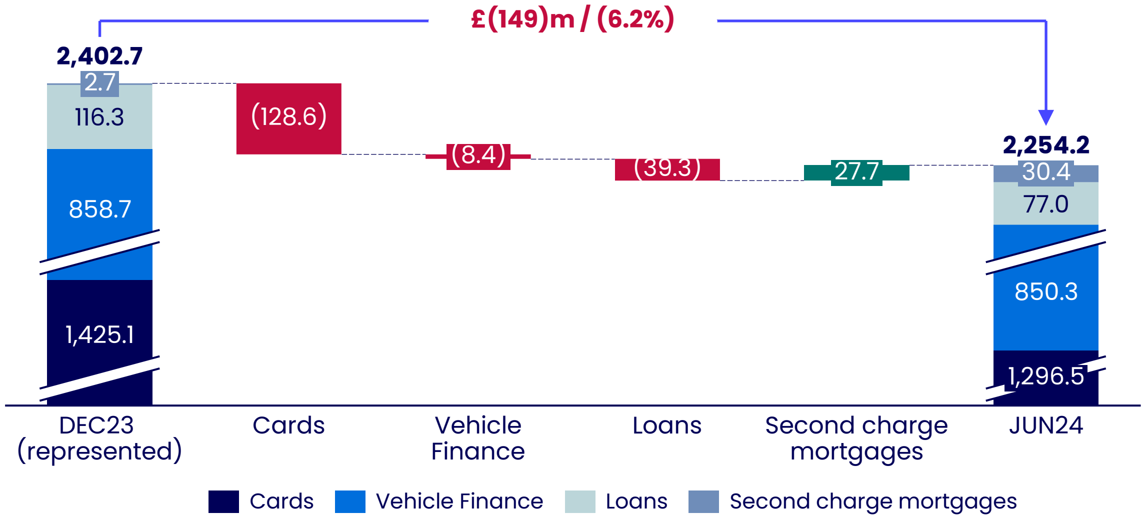
Receivables by product (£m)[7, 8]



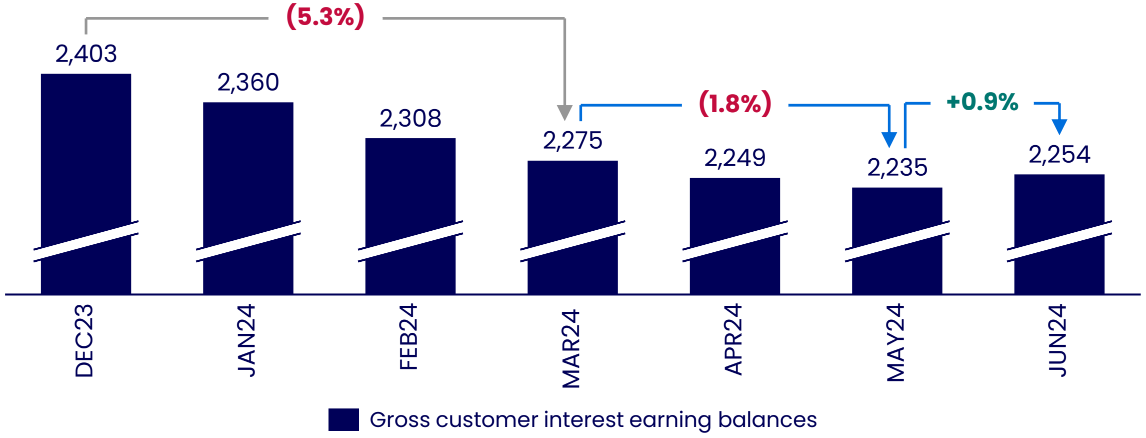
Interest Earning Balances

Rate of decline slowed in 2Q24 & successful launch of second mortgage product

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



Monthly gross customer interest earning balances (£m)[1, 2]

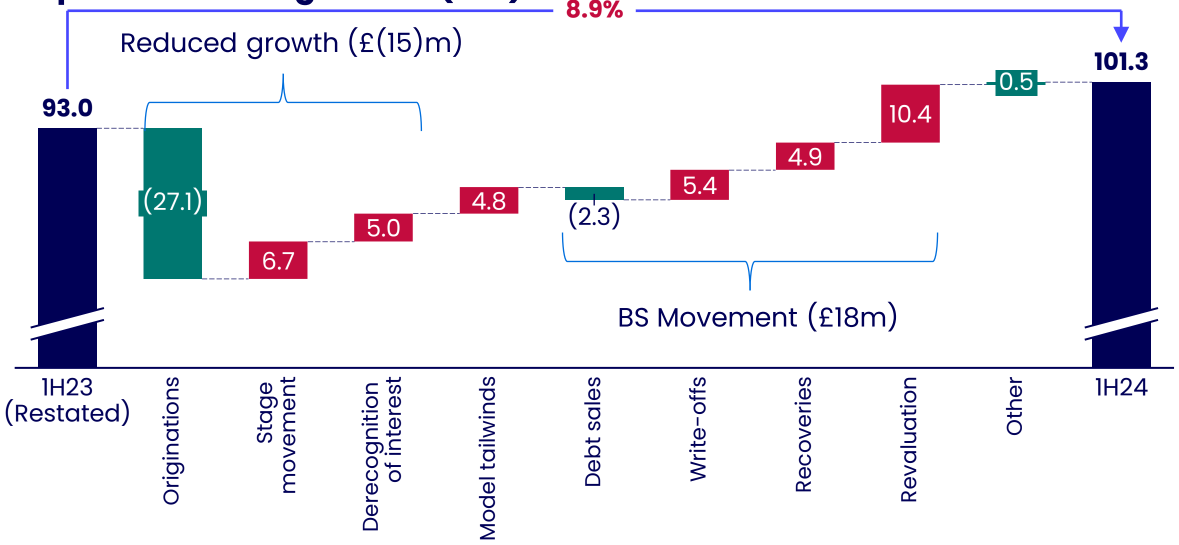


- **Reduction of receivables (6.2%)** due to volume management in 4Q23, lower customer spend, and higher repayments in Cards.
- **This decline slowed to (1.8%)** in April and May post the 27MAR24 strategy reset, with modest growth of +0.9% in June.
- **Cards receivables increased marginally** by +0.1% in JUN24 vs. MAY24 due to new customer acquisition and growth initiatives (incl. Balance Transfer re-launch).
- **Reduction in Loans** receivables from run-off of existing book, with new lending restricted to existing customers.
- **Notable second charge mortgages volumes** from MAY24 (+£17m in JUN24), following a new forward flow agreement going "live".
- **Planned growth in second charge mortgages** expected to form a higher mix of receivables than previously guided on 27MAR24.

Impairment Charges

Impacted by Vehicle Finance review, underlying impairment in line with expectation

Impairment charge trend (£m)



Impairment charge (£m)

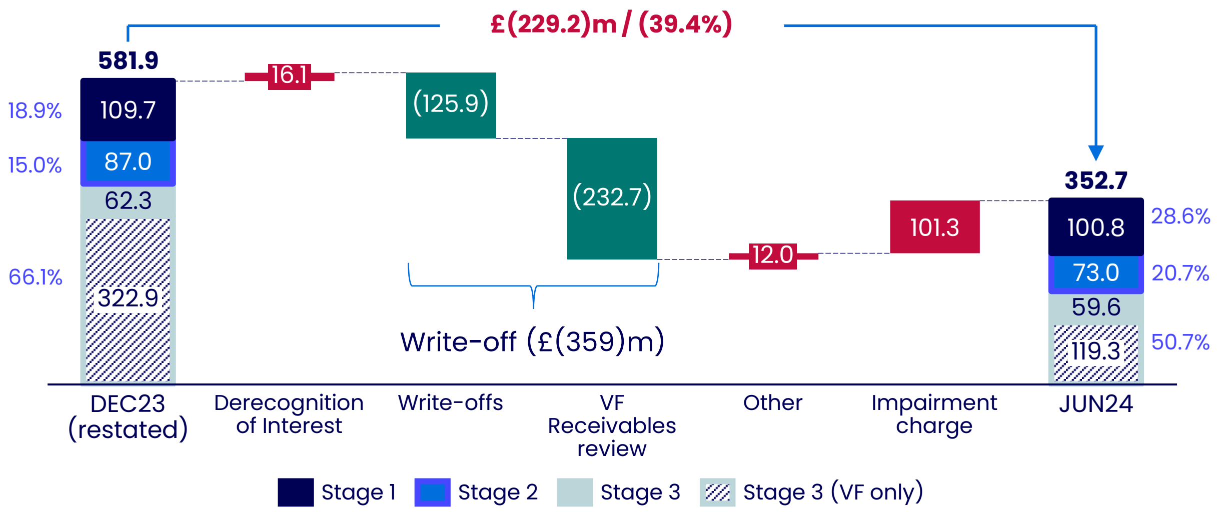
	1H24 £m	2H23[1] £m	1H23[1] £m
Originations	34.2	44.4	61.3
Modelled Stage movement	70.1	99.3	63.4
Derecognition of Stage 3 interest[32]	(16.1)	(19.0)	(21.1)
PMA & model redevelopment[33]	(4.6)	(65.1)	(9.4)
Debt sales[34]	(13.0)	(6.7)	(10.7)
Write-offs[35]	27.5	20.7	22.1
Recoveries	(1.5)	(1.0)	(6.4)
Revaluation[36]	1.5	5.3	(8.9)
Other[37]	3.2	2.8	2.7
Impairment charges	**101.3**	**80.7**	**93.0**

- **Lower origination charges** in line with reduced new business volumes.
- **Credit risk remains broadly stable** in the underlying book.
- **IFRS9 model enhancements completed,** with reduced level of tailwinds compared to 2H23.
- **Cards debt sales programme delivering** a lower post charge off asset of £6.3m (DEC23: £18.9m).
- **Recoveries continue to decline** due to Cards debt sale activity.
- **2H24 Impairment charges** expected to align more with business performance and receivables growth rather than legacy clean-up, historic debt sales, and IFRS9 model enhancements.
- **The Vehicle Finance Stage 3 receivables review** (£12.8m loss per slide 12) inflated 1H24 write-offs by £7.7m and revalued impaired assets by £2.0m. Deferred acquisition costs of £3.1m were written off through interest income.

Expected Credit Losses

Significant reduced ECL driven by Vehicle Finance Stage 3 review

ECL balance movement (£m)



Expected Credit Losses (£m)

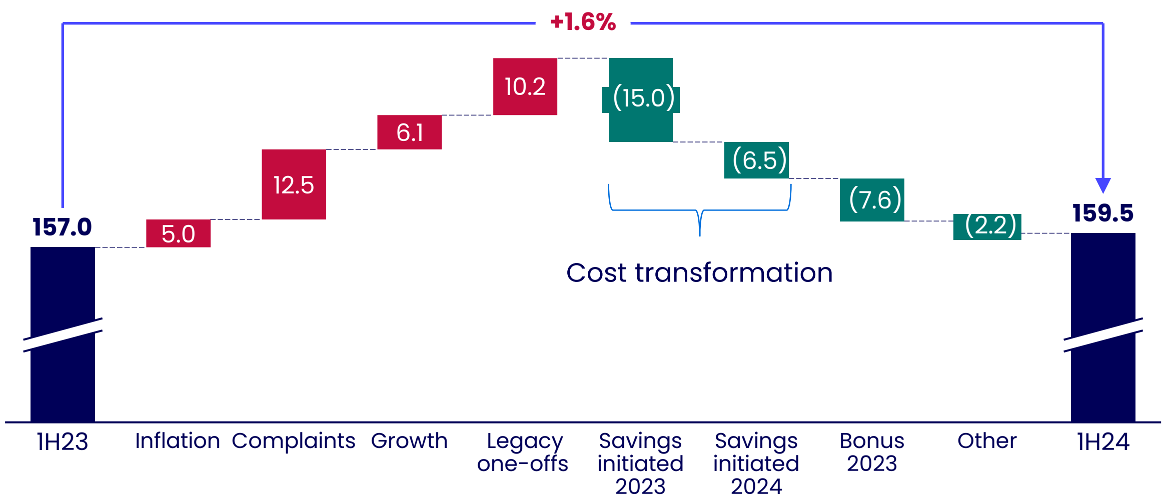
	JUN24 £m	DEC23[1] £m
ECL brought forward	**581.9**	**605.0**
Derecognition of Stage 3 interest[32]	16.1	40.1
Write-off[35]	(358.6)	(226.3)
Other[37]	12.0	(10.6)
Total movement BS only	**(330.5)**	**(196.8)**
Impairment charge – P&L	101.3	173.7
ECL carried forward	**352.7**	**581.9**
Gross receivables (statutory)[7]	2,363.1	2,740.9
Net receivables[8]	2,010.4	2,159.0
Coverage ratio[25]	14.9%	21.2%

- **ECL reduced by £(229.2)m** due to a £(232.7)m write-off as a result of the Vehicle Finance Stage 3 receivables review.
- **£(203.6)m reduction in Vehicle Finance Stage 3 provision** driven by both the review and normal trading. This represents 33.8% of the ECL at JUN24 (DEC23: 55.5%), with a coverage ratio of 62.9% (DEC23: 61.1%).
- **Other Stage 3 receivables reduction** from ongoing Cards debt sales, but at a lower rate due to reduced PCOA.
- **Stage 1 and 2 provisions in line** with new originations and stable underlying credit quality.

Adjusted Operating Costs

2024 cost saves on track; further cost saves planned by the end of 2025

Cost Drivers (£m)[38]



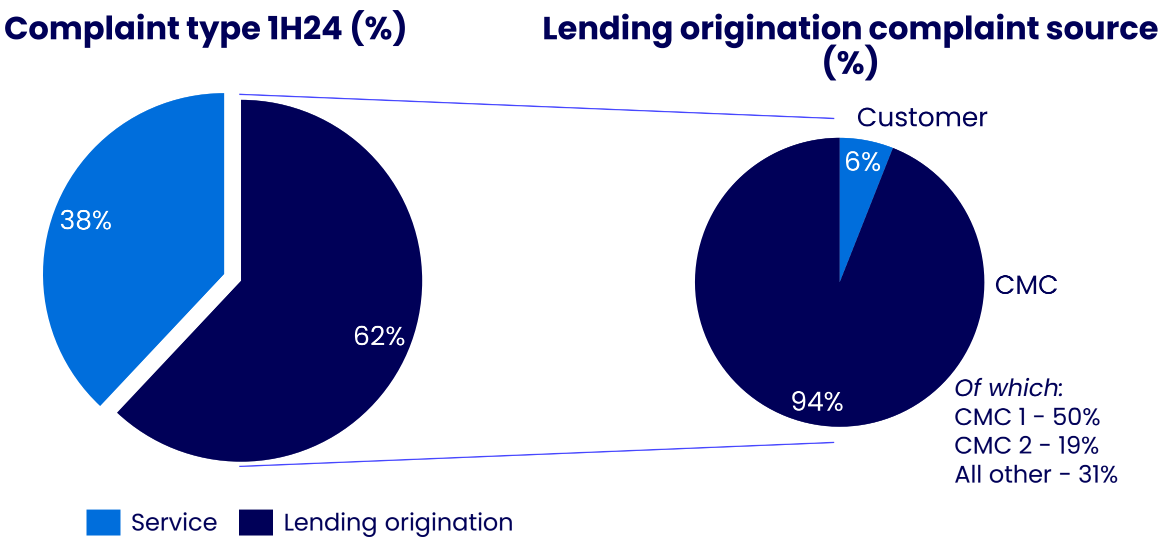
Costs by type (£m)[39] & FTEs (#)[40]

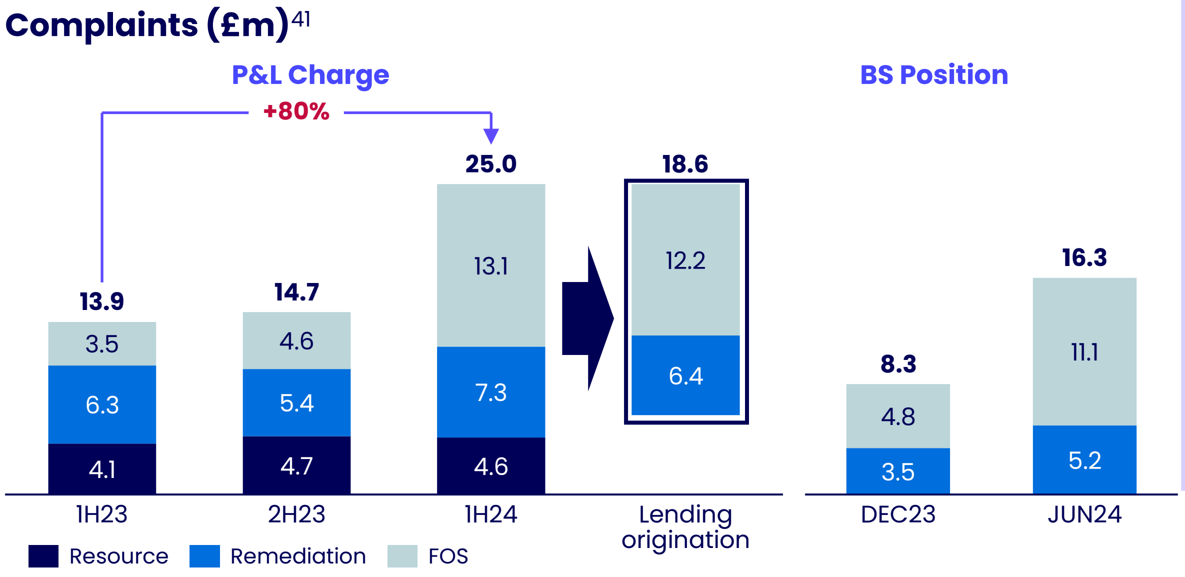
	1H24 £m	2H23 £m	1H23 £m	Change 1H vs 1H%
Cost by type (£m)				
Staff	69.5	71.6	88.6	(21%)
Administrative	70.4	63.2	61.5	14%
Accounting	19.6	6.0	6.9	184%
Total costs	**159.5**	**140.8**	**157.0**	2%
FTEs by function(#)				
Customer	110	135	133	(17%)
Operations and Technology	877	999	1,345	(35%)
Support functions	304	349	429	(29%)
Total FTE	**1,291**	**1,483**	**1,907**	(32%)

- **Adjusted operating costs increased marginally** (+1.6%) vs 1H23 due to higher complaints costs and legacy one-off items.
- **£10.2m legacy one-off** cost impact in 1H24, including mobile app and other IT write-offs and property strategy related costs. The majority of these are included in "accounting costs".
- **Inflation headwinds** (c.3.5%) eased in 1H24 (1H23: c.8%).
- **Significant complaint costs** from elevated CMC activity (see slide 20).
- **Cost relating to growth in 1H24** (+£6.1m) related to additional cost base from Snoop acquisition (AUG23) and higher level of customer servicing costs.
- **No bonus** has been accrued for during 1H24.
- **On track to deliver £60m** of transformation cost savings by the end of 2024 (including of £15.4m already recognised in 2023).
- **Additional £15m cost savings** planned by the end of 2025.

Complaints Activity

Elevated CMC activity continues with outstanding complaints reduced in 1H24



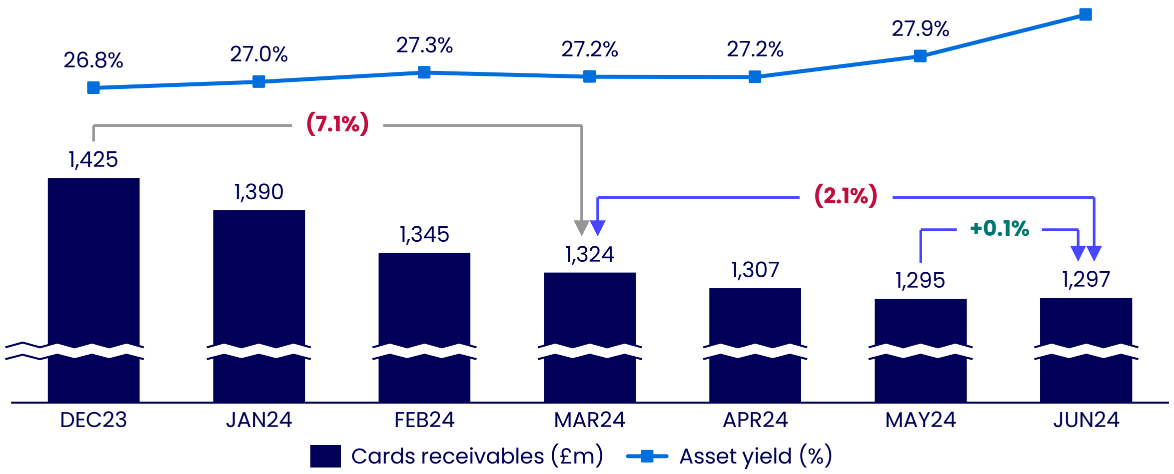


- **Elevated complaints level continued** with increasing majority being Cards Lending origination complaints received from CMCs (4x increase 1H24 vs 1H23; c.1.2x increase 1H24 vs 2H23).
- **Outstanding complaints almost halved** to 7.9k (Dec23: 14.4k) from increased operational efficiency.
- **CMC complaint uphold rates remain low** at c.7% internally (FY23: 11%) and c.12% at FOS (FY23: 6%)[42].
- **Provision increased** in line with CMC FOS referrals; partially offset by lower uphold rates for Cards lending origination.
- **FOS fee consultation is expected to reduce** referral volumes; CMC behaviour remains uncertain for 2H24 until proposals are finalised and enacted.
- **FY24 complaints cost outlook in line** with management guidance; total complaints costs expected to decrease in FY25.
- **Lending origination complaint** costs relate to a wide range of discrete matters with no common theme.
- **Service-related** complaint costs remained broadly flat.
- **Cards related complaints represented c.73%** of all claims (FY23: 61%) due to CMC re-focus on Cards. Vehicle Finance complaints have returned to normal levels.

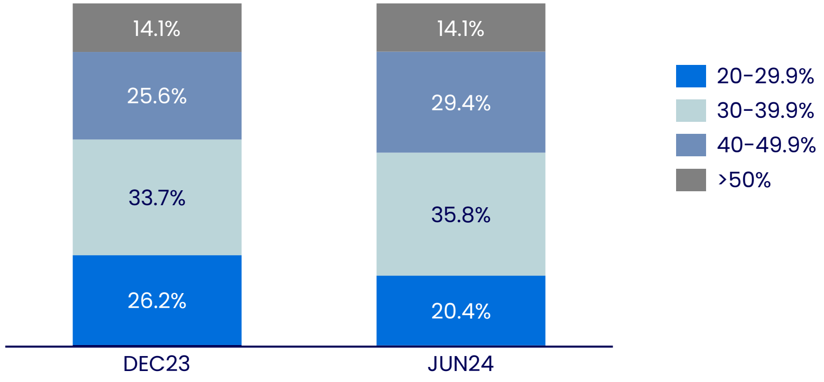
Cards

Receivables decline slowed in 2Q24, with marginal growth in JUN24

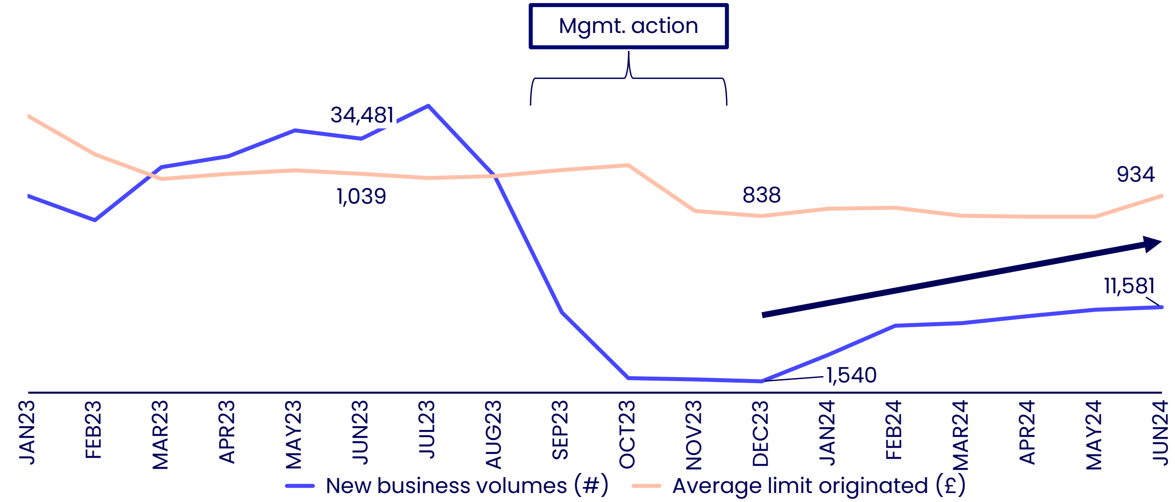
Gross customer interest earning balances (£m)[2, 17]



Portfolio mix (APR %)[43]



Average limit originated (£)[44] vs New business (#)

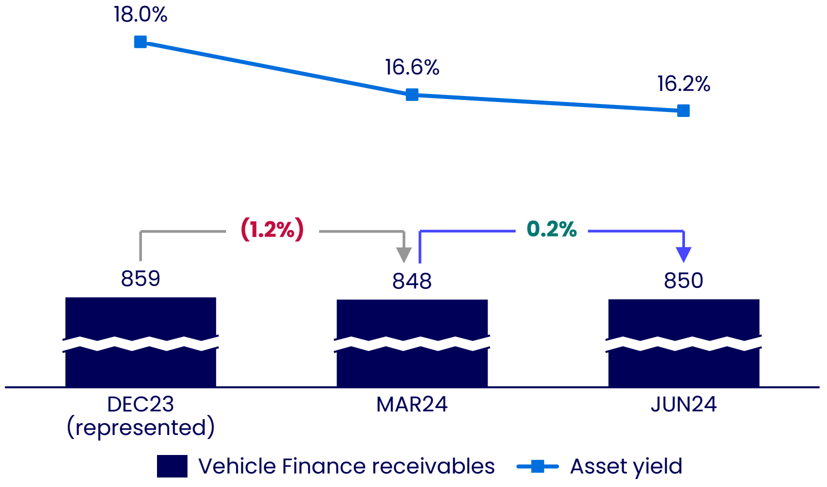


- **Receivables reduction slowed** in 2Q24, with marginal increase in JUN24 due to new customer acquisition and growth initiatives, including Balance Transfers re-launch.
- **1H24 receivables growth affected** by higher customer re-payments relative to customer expenditure.
- **Asset yield improved** due to re-pricing initiatives, with majority of the book now attracting APRs between 30% and 49.9%.
- **Continued upward trend** in new customer growth following volume management in 4Q23.

Vehicle Finance

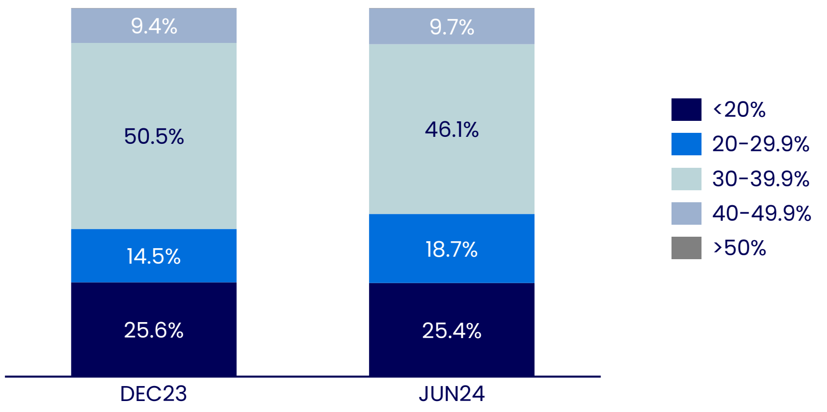
Interest earning receivables stable in 2Q24

Gross customer interest earning balances (£m)[2, 45]



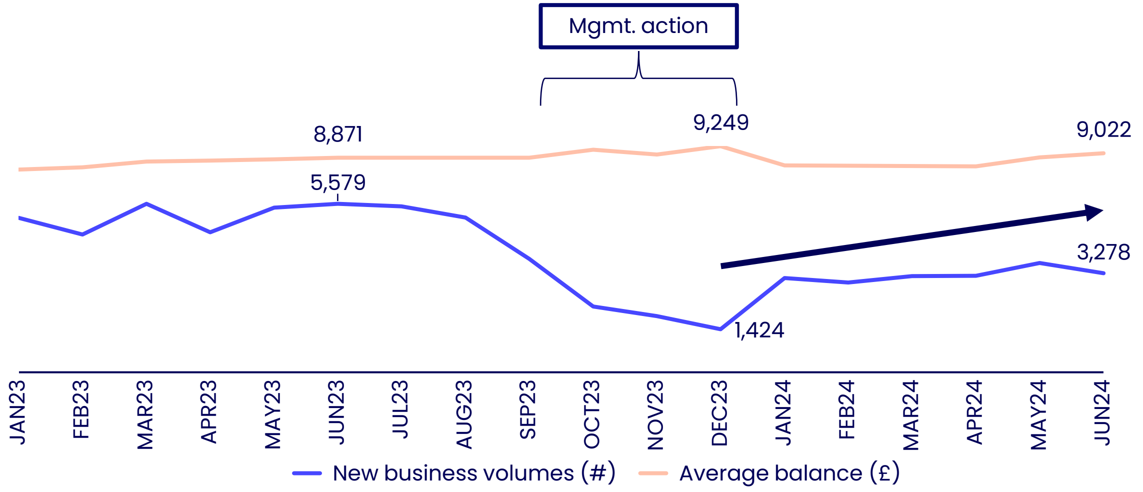
1Q24 and 2Q24 Asset Yields impacted by accounting adjustments

Portfolio mix (APR %)[46]



Vehicle Finance Loans with APR of >50% make up c.0.1% of portfolio

Average balance (£)[47] vs New business



- **Receivables growth** in 2Q24 (+0.2%) driven by new customer lending and targeted product improvements.
- **Growth offset** by increased Voluntary, Default Terminations and contracts reaching maturity.
- **New business pricing and enhanced credit strategies** implemented in 1H24 to improve returns in specific cohorts.
- **New business growth** includes an increase in near-prime customers, coupled with higher loan values.

Liquidity & Funding

Retail deposits >86% of Group funding

Liquidity (£m)

	JUN24 £m	DEC23 £m
HQLA[14]	716.6	682.0
LCR[48]	557%	1,263%
Excess HQLA over LCR[15]	599.8	627.0

Funding (£m)[49]

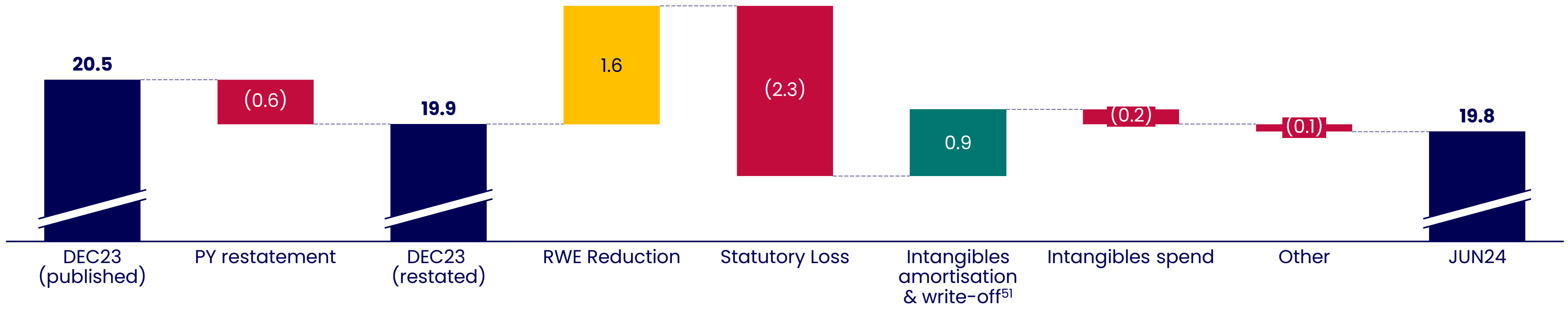
	JUN24 £m	%	DEC23 £m	%
Fixed term savings products	1,670.2	75.6%	1,883.2	81.9%
Notice accounts	234.0	10.6%	41.7	1.8%
Easy access	7.4	0.3%	-	-
ISA/Other[50]	0.4	-	-	-
Retail Deposits	**1,912.0**	**86.5%**	**1,924.9**	**83.7%**
VF securitisation	200.0	9.0%	200.0	8.7%
TFSME	99.0	4.5%	174.0	7.6%
Total committed facilities	**2,211.0**		**2,298.9**	

- **High levels of liquidity** and surplus maintained (liquidity £802m at 25JUL24).
- **Early partial repayment of £75m TFSME** funding in 1H24, reducing reliance on wholesale funding.
- **Expanded savings proposition** in 2Q24, including easy access and ISAs, enabling additional funding flexibility.
- **Increased deposits held in notice accounts** in 1H24, lowering dependency on fixed-term savings as primary funding source.
- **Over 97% of retail deposit balances covered** by the Financial Services Compensation Scheme (FSCS).

Capital

Lower capital but within existing Tier 1 Target Operating Range (19.5%-20.5%)

Tier 1 ratio (%)[1, 13]



	DEC23 (published)	PY restatement	DEC23 (restated)	RWE Reduction	Statutory Loss	Intangibles amortisation & write-off[51]	Intangibles spend	Other	JUN24
Tier 1 (£m)	409.0	(15.9)	393.1		(46.5)	17.6	(4.0)	(1.0)	359.2
Surplus Tier 1 (£m)	142.5	(13.7)	128.8	21.5	(46.5)	17.6	(4.0)	(1.0)	116.4
RWE (£m)	1,990.6	(16.1)	1,974.5	(161.1)					1,813.4

- **Reduction of Tier 1 capital** due to statutory loss from Vehicle Finance receivables review and legacy one-off losses.
- **Tier 1 ratio of 19.8%,** reduced by c.120bps from Vehicle Finance Stage 3 receivables review.
- **Reset of Target range to 18.5%-19.5%,** reflecting a clearer and more stable financial position with a lower risk mix of business and a more predictable future P&L.
- **Risk-weighted exposures**[52] **reduced** in line with lower receivables as of 30JUN24.
- **Surplus Tier 1 capital** of 6.4% (£116.4m) versus Tier 1 requirement of 13.4% (£242.8m)[53].
- **Potential Capital optimisation opportunities** exist in relation to non-utilised AT1 capacity[54] and excess Tier 2 capital issued.

Key messages

1. **Clearer and more stable financial position following** Vehicle Finance Stage 3 receivables review and addressing legacy one-off items that impacted 1H24 results.
2. **Re-pricing initiatives completed** in Cards and Vehicle Finance, with further re-pricing targeted at specific segments and customers based on improved risk insights.
3. **The rate of receivables reduction slowed** in 1H24 with a marginal increase in JUN24, supported by successful launch of second charge mortgages. We expect modest receivables growth in 2H24.
4. **Impairment charges in line with new business growth** (excluding Vehicle Finance Stage 3 receivables review) and credit quality stable. IFRS9 model enhancements completed in 1H24.
5. **Complaints** remains an area of uncertainty due to CMC activity as we approach proposed new FOS fee structure, expected later this year. Overall forecast for 2025 improved based on proposed FOS changes.
6. **On track to deliver £60m** transformation cost savings by the end of 2024, with a further £15m cost savings planned by the end of 2025.
7. **Continue to remain highly liquid and adequality capitalised** for our planned future growth.
8. **We reiterate our medium-term targets.**

Guidance Summary*

2024 guidance updated to reflect VF receivables review and legacy one-off losses

	FY24 Target (MAR24)	Revised FY24 Guidance
NIM (inc. second charge mortgages)	**>18%**	No change
Cost: Income ratio	**60-63%**	**62-65%**
Retail funding (% of all funding)	**>85%**	No change
Tier 1 ratio	**19.5% – 20.5%**	**18.5% - 19.5%** **
ROTE	**Low single digits**	**A loss for 2024**

We expect to **return to modest receivables growth in 2H24**
We remain on track to deliver **low single digit ROTE in 2025** and **mid-teens ROTE in 2026**

* *All measures are on an adjusted basis*

*** Based on current regulatory requirements*

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APPENDIX

Financial Performance Reporting

Exceptional items excluded from adjusted PBT

	1H24 £m	2H23 £m	1H23 £m
Strategy consultancy costs	7.8	3.5	-
Redundancy - outsourcing and other staff exits	2.8	4.9	2.3
Other outsourcing costs	2.3	1.6	0.6
Property exit costs	3.1	4.1	-
Total transformation costs	**16.0**	**14.1**	**2.9**
Other exceptional costs:			
Snoop acquisition costs	-	3.0	-
Legal and other advice	0.5	1.0	-
Repayment Option Plan (ROP) provision release	-	(2.0)	-
CCD liquidation/Scheme costs	(1.0)	-	2.4
Total exceptional costs	**15.5**	**16.1**	**5.3**
Amortisation of acquisition intangibles[55]	**4.2**	**4.2**	**3.7**

- Our financial performance is **measured and managed on an adjusted PBT basis**, and ultimately on a ROTE basis (see page 37).
- Exceptional items, and amortisation of acquisition intangibles are excluded from both **adjusted PBT** and **ROTE**.
- **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 **continued in 1H24** as part of transformation and reset of our business.
- In **2H24** we expect transformation costs to be lower, however, there will be a mid-single digit expense for future right sizing of the business.

Profit & Loss

	1H24 £m	2H23[1] £m	1H23[1] £m	Change 1H vs 1H%
Interest income	285.2	291.2	264.8	8%
Interest expense	(70.7)	(63.1)	(50.3)	41%
Net interest income	**214.5**	**228.1**	**214.5**	-
Fee and commission income	20.1	22.7	21.5	(7%)
Fee and commission expenses	(0.8)	(1.0)	(0.7)	14%
Net Fee and commission income	**19.3**	**21.7**	**20.8**	(7%)
Other income	0.2	1.9	1.8	(89%)
Total income	**234.0**	**251.7**	**237.1**	(1%)
Impairment charges	(101.3)	(80.7)	(93.0)	9%
Risk-adjusted income	**132.7**	**171.0**	**144.1**	(8%)
Operating costs	(179.2)	(161.1)	(166.0)	8%
Statutory (loss)/profit before tax	**(46.5)**	**9.9**	**(21.9)**	112%
Tax credit/(charge)	10.7	(5.7)	6.0	78%
Statutory (loss)/profit	**(35.8)**	**4.2**	**(15.9)**	125%
Add back				
Taxation	(10.7)	5.7	(6.0)	78%
Amortisation of acquisition intangibles[55]	4.2	4.2	3.7	14%
Exceptional items[56]	15.5	16.1	5.3	192%
Adjusted (loss)/profit before tax	**(26.8)**	**30.2**	**(12.9)**	108%
Adjusted operating costs[3]	*(159.5)*	*(140.8)*	*(157.0)*	2%

- **Statutory loss before tax of £(46.5)m** impacted by Vehicle Finance receivables review, legacy one-off items and exceptional items.

Non-Interest Income

Non-interest income (£m)

	1H24 £m	2H23 £m	1H23 £m	Change 1H vs 1H%
Fee and commission income	20.1	22.7	21.5	(7%)
Fee and commission expense	(0.8)	(1.0)	(0.7)	14%
Net fee and commission income	**19.3**	**21.7**	**20.8**	(7%)
Other income	0.2	1.9	1.8	(89%)
Non-interest income	**19.5**	**23.6**	**22.6**	(14%)

- **Fees and commission** income includes late, overlimit, cash advance and merchant acquiring fees.
- **The decrease** in Fee and commission income is due to lower cash advances and late fees in Cards.
- **Other income** includes income generated by Snoop from AUG23. The reduction includes a revaluation of VISA shares held by the Group.

Product Contribution

Asset driven products	Cards		Vehicle Finance		Loans		Snoop & Mortgages		Corporate Centre		Total	
	1H24 £m	1H23 £m	**1H24 £m**	1H23[1] £m	**1H24 £m**	1H23 £m	**1H24 £m**	1H23 £m	**1H24 £m**	1H23 £m	**1H24 £m**	1H23[1] £m
Interest income	202.6	175.1	69.8	72.8	9.2	12.3	1.0	-	2.6	4.6	285.2	264.8
Interest expense	(38.4)	(20.7)	(19.9)	(12.3)	(2.0)	(1.9)	(0.4)	-	(10.0)	(15.4)	(70.7)	(50.3)
Net interest income	**164.2**	**154.4**	**49.9**	**60.5**	**7.2**	**10.4**	**0.6**	**-**	**(7.4)**	**(10.8)**	**214.5**	**214.5**
Non-interest income	18.5	21.0	-	1.6	-	-	1.0	-	-	-	19.5	22.6
Total income	**182.7**	**175.4**	**49.9**	**62.1**	**7.2**	**10.4**	**1.6**	**-**	**(7.4)**	**(10.8)**	**234.0**	**237.1**
Impairment charges	(66.1)	(55.4)	(30.3)	(26.6)	(4.9)	(11.0)	-	-	-	-	(101.3)	(93.0)
Risk-adjusted income	**116.6**	**120.0**	**19.6**	**35.5**	**2.3**	**(0.6)**	**1.6**	**-**	**(7.4)**	**(10.8)**	**132.7**	**144.1**
Adjusted operating costs[3]	(96.4)	(86.1)	(22.9)	(27.3)	(6.1)	(8.7)	(5.2)	(0.3)	(28.9)	(34.6)	(159.5)	(157.0)
Adjusted (LBT) / PBT Contribution	**20.2**	**33.9**	**(3.3)**	**8.2**	**(3.8)**	**(9.3)**	**(3.6)**	**(0.3)**	**(36.3)**	**(45.4)**	**(26.8)**	**(12.9)**
Exceptional Items									(15.5)	(5.3)	(15.5)	(5.3)
Amortisation of acquisition intangibles									(4.2)	(3.7)	(4.2)	(3.7)
Statutory (loss) / profit before taxation									**(56.0)**	**(54.4)**	**(46.5)**	**(21.9)**
Gross customer interest earning balances[2]	1,296.5	1,376.1	850.3	854.6	77.0	140.0	30.4	-	-	-	2,254.2	2,370.7
Net interest margin (%)[19]	24.6%	22.2%	11.8%	15.2%	15.2%	18.2%	n/a	-	-	-	18.8%	18.7%
RWE	1,028.6	1,104.8	677.6	699.2	55.4	97.0	39.3	-	14.3	48.0	1,813.4	1,949.0
Customers ('000)[57]	1,320.9	1,617.3	109.9	110.9	33.1	50.1	290.0	-	-	-	1,753.9	1,778.3

Liability driven products	Savings	
	JUN24	DEC23
Retail deposits (£m)	1,912	1,951
Balance covered by FSCS (%)	97.5%	97.7%
Number of customers ('000)	47.9	47.8

- **Increased majority (76.6%)** of income contribution from Cards (1H23: 72.0%).
- Launch of second charge mortgages in 2Q24 with **notable increase in receivables during 2Q24** (see page 38).
- **Corporate Centre** funding and operating costs are not allocated to the products (see page 34).

Receivables Reconciliation (see slides 15 & 16)

Asset driven products	Cards		Vehicle Finance		Loans		Mortgages		Total	
	JUN24 £m	DEC23 £m	**JUN24 £m**	DEC23[1] £m	**JUN24 £m**	DEC23 £m	**JUN24 £m**	DEC23 £m	**JUN24 £m**	DEC23[1] £m
Gross customer interest earning balances	**1,296.5**	**1,425.1**	**850.3**	**858.7**	**77.0**	**116.3**	**30.4**	**2.7**	**2,254.2**	**2,402.8**
Adjustments:										
Shortfall debt	-	-	-	229.5	-	-	-	-	-	229.5
Post charge off asset	6.3	18.1	17.8	-	-	-	-	-	24.1	18.1
Deferred acquisition costs	28.7	32.3	52.8	56.0	0.7	1.2	1.1	0.1	83.3	89.6
Other	1.5	0.9	-	-	-	-	-	-	1.5	0.9
Gross amounts receivable from customers (Gross receivables)	**1,333.0**	**1,476.4**	**920.9**	**1,144.2**	**77.7**	**117.5**	**31.5**	**2.8**	**2,363.1**	**2,740.9**
Allowance account (ECL)	(182.4)	(198.7)	(160.4)	(387.9)	(9.9)	(15.1)	-	-	(352.7)	(601.7)
Assets held for sale	-	-	-	19.8	-	-	-	-	-	19.8
Reported amounts receivable from customers (Net receivables)	**1,150.6**	**1,277.7**	**760.5**	**776.1**	**67.8**	**102.4**	**31.5**	**2.8**	**2,010.4**	**2,159.0**

- **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.
- **Shortfall debt** was previously presented as PCOA. Following the Vehicle Finance Receivables review this has been re-assessed and where appropriate included in the new PCOA.
- **Post charge off asset** includes 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 (Vehicle Finance and Personal Loans) or modelled revenue curve (Cards).
- **Other** comprises card holder plastic, chargebacks and late fee accruals, offset by amounts received but not applied to customer balances.
- **Reported amounts receivable** from customers (or net receivables) are gross receivables (statutory) less Expected Credit Losses.

Corporate Centre[58]

	1H24 £m	2H23 £m	1H23 £m	Change 1H vs 1H%
Interest income	2.6	3.8	4.6	(43%)
Interest expense	(10.0)	(13.5)	(15.4)	(35%)
Net interest income	**(7.4)**	**(9.7)**	**(10.8)**	(31%)
Non-interest income	-	-	-	-
Total income	**(7.4)**	**(9.7)**	**(10.8)**	(31%)
Impairment charges	-	-	-	-
Risk-adjusted income	**(7.4)**	**(9.7)**	**(10.8)**	(31%)
Staff	(19.9)	(18.5)	(26.7)	(25%)
Administrative	(7.7)	(11.0)	(13.4)	(43%)
Accounting	(1.3)	3.2	5.5	(124%)
Adjusted operating costs[3, 39]	**(28.9)**	**(26.3)**	**(34.6)**	(16%)
Adjusted LBT Contribution	**(36.3)**	**(36.0)**	**(45.4)**	(20%)

Staff costs of total Group (%)	29%	26%	30%
Admin costs of total Group (%)	11%	17%	22%
Corporate centre vs Product split (%)	18%	17%	22%

- **Group funding activities** are reported under the Corporate Centre, with the resulting NII not allocated to the products.
- **Interest income primarily** represents income on BoE balances, which reduced during 1H24, resulting in lower income vs 1H23.
- **Interest expense relates** largely to the Tier 2 capital which is not recharged across the Group. Decrease due to lower charge being retained centrally.
- Corporate Centre includes **Operations, Technology & Change, and support functions** (including Risk, Finance, HR) collectively serving the wider Group, but whose costs are not allocated at product level.
- **Adjusted operating costs** are down 16% vs 1H23 driven by transformation and other cost management initiatives.

Summary Balance Sheet

	JUN24 £m	DEC23[1] £m	Change %
Assets			
Cash and balances at central banks	772.8	743.3	4%
Amounts receivables from customers[59]	2,008.5	2,155.8	(7%)
Pension asset	34.4	38.2	(10%)
Intangibles	60.2	74.4	(19%)
Goodwill	72.4	72.4	-
Derivative financial assets	1.1	1.3	(15%)
Other assets	135.7	109.3	24%
Total assets	**3,085.1**	**3,194.7**	(3%)
Liabilities and equity			
Retail deposits	1,937.5	1,950.5	(1%)
Bank and other borrowings[60]	504.1	582.5	(13%)
Trade and other payables	49.6	44.1	12%
Derivative financial liabilities	9.6	1.8	433%
Other liabilities	54.6	46.7	17%
Total liabilities	**2,555.4**	**2,625.6**	(3%)
Share capital	53.2	53.2	-
Share premium	276.3	276.3	-
Reserves	200.2	239.6	(16%)
Total equity	**529.7**	**569.1**	(7%)
Total liabilities and equity	**3,085.1**	**3,194.7**	(3%)

- **Cash includes** liquid asset buffers that are held at the BoE.
- **Amounts receivables from customers** comprise gross receivables (statutory) offset by the ECL (See page 15).
- **Derivative financial asset and liabilities** relate to the Group's Vehicle Finance securitisation and Tier 2 debt.
- **Goodwill** relates to the acquisition of Moneybarn (£71.2m) and Snoop (£2.1m).
- **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, TFSME, Vehicle Finance securitisation and other bonds. The reduction relates to the repayments of TFSME and updated funding mix.
- **Trade and other payables** relates to accruals including FOS fees expected to be paid out.
- **Other liabilities** increased due to higher provisions offset by lower lease liabilities.

Capital Composition

	JUN24 £m	DEC23 Restated £m	DEC23 Published £m
Total equity	**529.7**	**569.1**	**583.1**
Retirement benefit asset	(34.4)	(38.2)	(38.2)
Deferred tax on retirement benefit asset	8.6	9.6	9.6
Goodwill	(72.4)	(72.4)	(72.4)
Intangible assets	(60.2)	(74.4)	(74.4)
Deferred tax on intangible asset	2.9	3.9	3.9
Deferred tax asset from losses	(15.0)	(1.9)	-
Foreseeable dividend	-	(2.6)	(2.6)
CET1/Tier 1 capital	**359.2**	**393.1**	**409.0**
Tier 2 capital	200.0	200.0	200.0
Total regulatory capital	**559.2**	**593.1**	**609.0**
Tier 1 required[53]	242.8	264.3	266.5
Tier 1 surplus	**116.4**	**128.8**	**142.5**
Total capital required[61]	296.5	322.8	325.5
Total capital surplus	262.7	270.3	283.5
Risk-weighted exposures	**1,813.4**	**1,974.5**	**1,990.6**
CET1/Tier 1 ratio (%)[12]	**19.8%**	**19.9%**	**20.5%**
Total capital ratio (%)[11]	30.8%	30.0%	30.6%
Leverage exposure[62]	2,338.9	2,476.7	2,489.5
Leverage ratio (%)[63]	15.4%	15.9%	16.4%

- **Tier 1 required** is 13.4% of risk-weighted exposures (RWE), 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.

ROTE Calculation

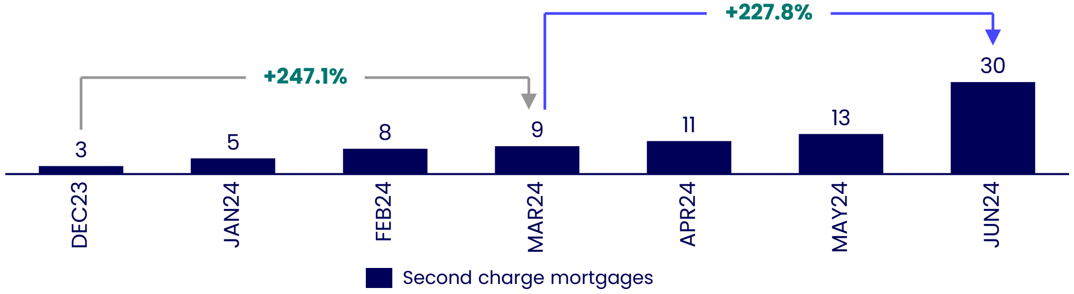
	1H24 £m	1H23 £m
Annualised Adjusted LBT	(53.9)	(26.0)
Annualised Adjusted Tax credit	11.5	7.6
Annualised Net fair value gains	(2.8)	(5.5)
Annualised deferred tax on Fair value gains	0.7	1.3
Annualised Adjusted LAT net of fair value gains (A)	**(44.5)**	**(22.6)**
Average tangible equity / average TNAV		
Ave. equity as per balance sheet	549.8	588.1
Ave. pension asset	(34.0)	(29.7)
Ave. deferred tax on pension asset	8.5	7.4
Ave. derivative financial instruments	6.9	7.3
Ave. deferred tax on derivative financial instruments	(1.7)	(1.8)
Ave. adjusted equity	529.5	571.3
Ave. intangible assets	(70.3)	(62.8)
Ave. goodwill	(72.4)	(71.2)
Average tangible equity / average TNAV (B)	**386.8**	**437.3**
ROTE (%) (A/B)	**(11.5%)**	**(5.2%)**
Weighted average number of shares (#m)(C)	254.7	251.0
Average TNAV per share (£)[24] (B/C)	**1.5**	**1.7**

- Returns are based **on adjusted results** for the 6 months ended 30 June, multiplied by an annualisation factor.
- **Balance sheet** item averages are based on average month end balances for the 7 months ending 30 June.
- **Deferred tax** assumed at 25.0%.
- **Derivative financial instruments** comprise of balance guarantee swaps and Tier 2 swap to manage interest rate risk.

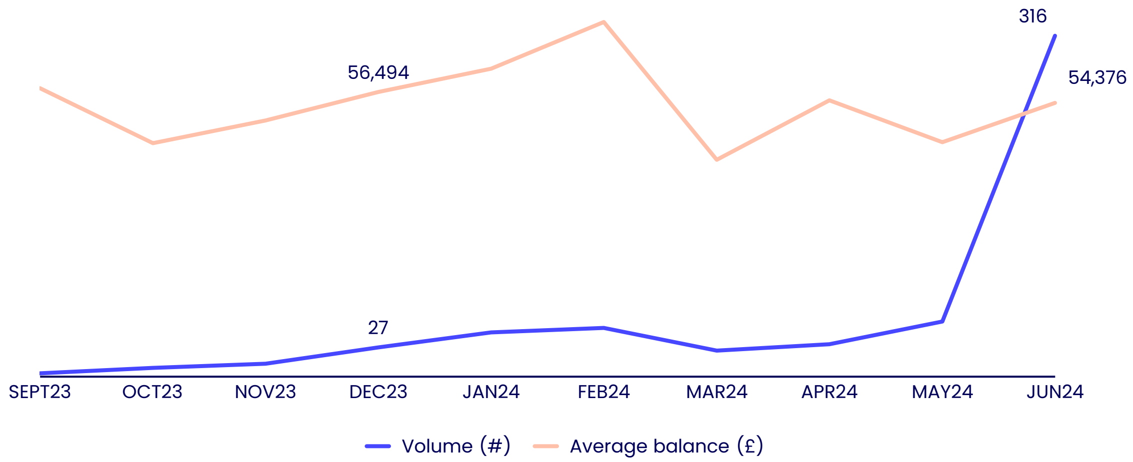
Second Charge Mortgages

Successful launch with notable volumes coming through from 2Q24

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



Average loan value (£)[64] and volume (#)

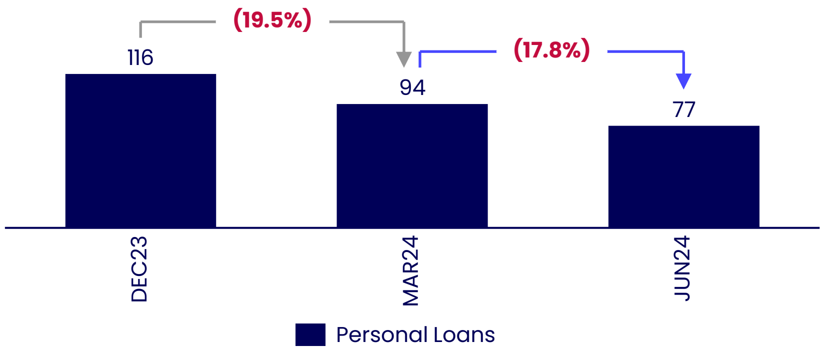


- **Successfully launched second charge mortgage proposition,** growing receivables to c£30m (DEC23: £3m), with JUN24 balances up £17m compared to MAY24.
- **Notable volumes from MAY24** from the partnership with Interbridge Mortgages going "live".
- **Additional capacity agreed** with Selina in MAY24, with volumes expecting to come through from 3Q24.
- Going forward proposition will likely have a **significant impact on our product and receivables mix**, and ultimately our NIM.

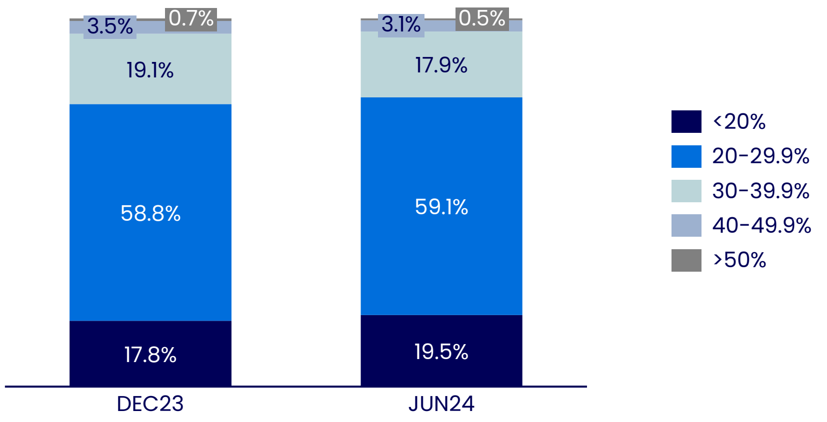
Personal Loans

Re-launch to existing customers during 2Q24

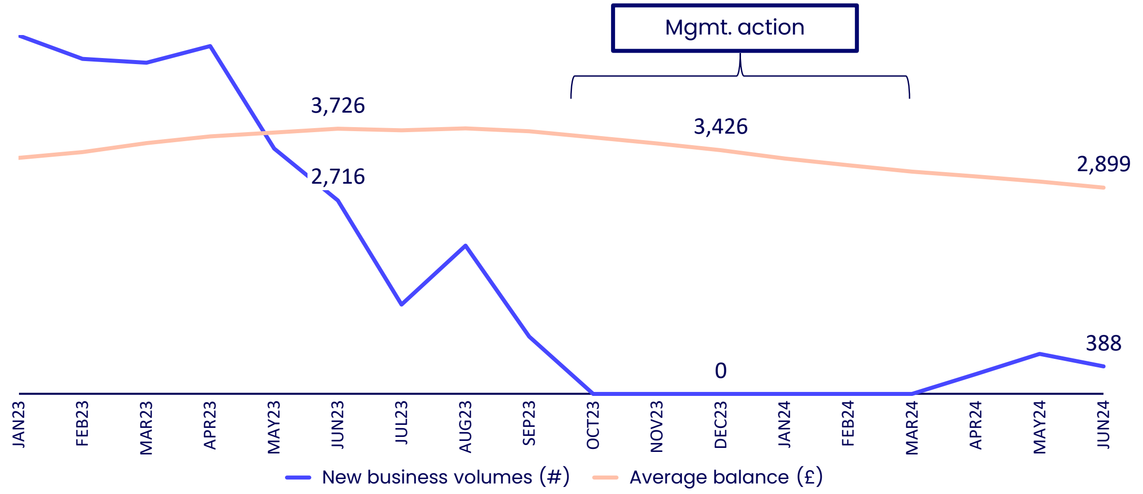
Gross customer interest earning balances (£m)[2]



Portfolio mix (APR %)[65]



Average balance (£)[66] vs New business



- Re-commenced new Personal Loans lending on a **sustainable and profitable basis** to existing customers in APR24.
- Loans reduction due to run-off of existing book, **with new lending restricted** to existing customers.

Glossary

APR	Annual Percentage Rate
AT1	Additional Tier 1
AVE / Ave.	Average
BAU	Business As Usual
BoE	Bank of England
BS	Balance Sheet
CCD	Consumer Credit Division
CET1	Common Equity Tier 1
CMCs	Claims Management Companies
DAC	Deferred acquisition costs
ECL	Expected Credit Loss
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
IFRS	International Financial Reporting Standards
ISA	Individual Savings Account
KPI	Key Performance Indicator
LAT	Loss After Tax
LBT	Loss Before Tax
LCR	Liquidity Coverage Ratio
LPS	Loss per share
Mgmt.	Management
NII	Net interest income
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
PY	Prior Year
RAM	Risk-adjusted Margin
ROP	Repayment Option Plan
ROTE	Return On Tangible Equity
RWE	Risk-Weighted Exposure
SRA	Solicitors Regulation Authority
TCR	Total Capital Requirement
TFSME	Term Funding Scheme with additional incentives For Small and Medium-sized Enterprises
TNAV	Tangible Net Asset Value
Vanquis	Vanquis Banking Group plc
VF	Vehicle Finance (Group's Moneybarn entity)
YoY	Year on Year

Footnotes

Evidence of improved trading	
1	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: ○ 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 ○ An adjustment to the opening balance sheet as at 1 January 2023 (for Prior Periods) amounting to c.£7m reduction in retained earnings, a £2m increase in the corporation tax asset and £9m reduction in net receivables. ○ There were no changes to gross customer interest earning balances as a result of this change. ○ 31 March 2024 CET1 ratio disclosed at 20.8% in the first quarter trading statement is 19.6% on a restated basis; and 31 December 2023 CET1 ratio disclosed at the year end results presentation is 19.9% on a restated basis. • Gross customer interest earning balances were being incorrectly reduce by 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.
2	Gross customer interest earning balances excludes post charge off assets and deferred acquisition costs, which are included in gross receivables.
1H24 Results Summary	
3	Adjusted operating costs are operating costs excluding exceptional items and amortisation of acquisition intangibles, but including certain legacy one-off items.
4	Adjusted loss before tax is stated before amortisation of acquisition intangibles and exceptional items.
5	Adjusting items are exceptional items and amortisation of acquisition intangibles.
6	One-off items comprise impacts of the Vehicle Finance receivables review and legacy 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.

1H24 Metrics & Key Ratios	
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. Please refer to footnote 59 for a reconciliation to the amount recorded on our statutory balance sheet.
9	The selected key ratios represent the principal metrics, amongst others, reported to Group management on a monthly basis to support the strategic decision making across the Group.
10	Adjusted ROTE is defined as adjusted (loss) / profit after tax net of fair value gains for the period multiplied by 365/181 as a percentage of average adjusted tangible equity for the 7 months ended 30 June. 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.
11	Total capital ratio is defined as the ratio of the Group's total regulatory capital (own funds) to the Group's risk-weighted assets measured in accordance with the CRR.
12	The CET1 ratio is defined as the ratio of the Group's CET1 to the Group's risk-weighted assets measured in accordance with the CRR.
13	The 30 June 2024 CET 1 ratio of 19.7% stated in the market announcement on 16 July 2024 has been updated to 19.8% based on the final statutory balance sheet position as at 30 June 2024. The 31 December 2023 restated CET1 ratio of 20.0% stated in the market announcement on 16 July 2024 has been updated to 19.9% to reflect the final tax position for FY23.
14	Liquid assets (HQLA) are unencumbered assets, that are liquid in markets during a time of stress. All HQLA held are deposited with the Bank of England (BoE).
15	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.
16	Retail funding is calculated as total retail savings and deposit balances as a percentage of total committed funding.
17	Asset yield is calculated as interest income received from customers for the period multiplied by 365/181 as a percentage of average gross receivables for the 7 months ended 30 June.
18	Cost of funds is calculated as interest expense as a percentage of weighted average volume of funding drawn (excl. fees, swaps and Tier 2 capital), on an annualised basis.
19	Net interest margin is calculated as interest income less interest expense for the period multiplied by 365/181 as a percentage of average gross receivables for the 7 months ended 30 June.

Footnotes

20	Cost of risk is defined as impairment charges for the period multiplied by 365/181 as a percentage of average gross receivables for the 7 months ended 30 June.
21	Risk-adjusted margin is defined as risk-adjusted income for the period multiplied by 365/181 as a percentage of average gross receivables for the 7 months ended 30 June.
22	Cost to income ratio is defined as operating costs, including certain one-off items and excluding exceptional items as a percentage of total income, for the 6 months ended 30 June.
23	Adjusted loss per share is calculated as loss after tax from continuing operations, excluding the amortisation of acquisition intangibles and exceptional items for the 6 months ended 30 June, divided by the weighted average number of shares in issue.
24	TNAV per share is calculated as average adjusted tangible equity, divided by the weighted average number of shares in issue during the period.
Vehicle Finance Stage 3 Receivables Review	
25	Coverage ratio is calculated as expected credit loss allowance divided by gross receivables (including DAC and PCOA).
Net Interest Income	
26	Average gross receivable is based on the average of 7 months of gross customer interest earning balances.
27	Average customer deposits is based on the average of 7 months of customer deposit balances.
Net Interest Margin	
28	Asset yield presented is a monthly KPI, calculated as annualised month to date interest income received from customers as a percentage of average month to date gross interest earning receivables.
29	2-year swap is taken from UK OIS spot curve data published by the BoE.
30	NIM for the 6 months ended 30 June 2023 and the 6 months ended 31 December 2023 have been restated in line with footnote 1.
31	Includes interest income from balances held on deposit including at the BoE and net fair value gains on derivative financial instruments.
Impairment Charges	
32	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.
33	PMAs and model redevelopment comprise, updated model methodology impacts and other post model adjustments.

34	Debt sales comprise income from both forward flow sales and one-of debt sales, including PCOA sales.
35	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.
36	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.
37	Other consists of various smaller items such as accounting adjustments for fraud losses, customer balance remediation, and impairment release on closed good accounts.
Adjusted Operating Costs	
38	All costs presented are on an adjusted operating cost basis (see footnote 3).
39	• Staff costs include all costs in relation to employees, including wages, pensions, benefits, training, recruitment; • Administrative costs include, amongst other items: outsourcing, marketing, IT, complaints, property, legal, FCA and PRA levies, customer management related costs; and • Accounting costs comprises depreciation, amortisation, and recharges (incl. capitalisation of internal project costs).
40	Number of people working for the Group under contracts of employment (employee numbers).
Complaints Activity	
41	Complaints resource expenses are not split by complaint type.
42	As a result of the bulk CMC referrals, cases that would have been upheld internally were referred to the FOS, resulting in an increased FOS uphold rate. Excluding this impact, we expect FOS uphold rates to be in line with internal uphold rates.
Cards	
43	Distribution of accounts on book at each month end by banded APR.
44	Average of limits originated for all new customers that month.
Vehicle Finance	
45	Quarterly asset yield is defined is calculated as interest income received from customers for the period multiplied by an annualisation factor as a percentage of average gross receivables for the 4 months ended the period.
46	Distribution of accounts on book at each month end by banded APR.

Footnotes

47	Average balance calculated as average loan amount of all the deals originated within a particular month.
Liquidity & Funding	
48	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.
49	Excludes Tier 2 debt capital, accrued interest, arrangement fees, overdrafts and fair value adjustments for hedged risk. Including Tier 2 debt capital, accrued interest, arrangement fees, overdrafts and fair value adjustments for hedged risk, total borrowings of the Group are 2,441.6m (Dec23: £2,534.0m).
50	Includes ISA offering which was introduced in 2Q24.
Capital	
51	Intangibles write-off predominantly relates to the impairment of the mobile phone app.
52	Risk-weighted exposures 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. Exposures are calculated in accordance with the applicable rules set out in CRR and the PRA Rulebook.
53	Tier 1 required is 13.4% of risk-weighted exposures (RWE), 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.
54	The Group retains AT1 capacity of £40m (2.2%) as at June 2024, which provides further opportunities for capital optimisation.
Financial Performance Reporting	
55	Amortisation of acquisition intangibles is in relation to the intangible assets acquired as part of the Moneybarn and Snoop acquisitions. The Moneybarn acquisition intangible has a UEL of 10 years, ending 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.
Profit & Loss	
56	Exceptional items are items which the directors consider should be disclosed separately to enable a full understanding of the Group's results. An exceptional item needs to meet at least two of the following criteria: – the financial impact is material; – it is one-off and not expected to recur; and – it is outside the normal course of business.

Product Contribution	
57	Total customer numbers of 1.74m at Jun24 (Dec23: 1.75m) are presented net of cross product holding. Customer numbers by product are presented on a gross holding basis.
Corporate Centre	
58	Central costs are not fully allocated on a product level.
Summary Balance Sheet	
59	Amounts receivables from customers are presented net of £1.9m (DEC23: £3.2m) fair value adjustment for portfolio hedged risk.
60	Bank and other borrowing are presented net of £3.7m (DEC23: £1.0m) fair value adjustment for hedged risk.
Capital Composition	
61	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.
62	Leverage exposure is a regulator-defined quantity that measures a bank's total assets and a variety 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.
63	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.
Second Charge Mortgages	
64	Average loan balance on book in month, calculated as total loan balance at origination divided by number of accounts.
Personal Loans	
65	Distribution of accounts on book at each month end by banded APR.
66	Average initial loan (excluding interest) to customers within the booking month.

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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Unless otherwise stated, information in this presentation was prepared as at 31 July 2024.

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Banking with heart

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