VANQUIS Banking Group

Vanquis Banking Group

2023 full year results

27 March 2024

VANQUIS Banking Group

Performance overview

Ian McLaughlin

Chief Executive Officer

Challenges in 2H23

1. **Under investment** in key capabilities for a number of years.
2. **IFRS 9 impairment model enhancements** contributing disproportionately to profitability.
3. Need to **refocus on sustainable and profitable** growth in both customer numbers and receivables.
4. **Updated pricing strategy** needed to cover cost of funds, cost of risk and operating costs.
5. **Simplification required** to remove operational silos, reduce duplication and manage costs.

2023 highlights

Management	• **Significant changes in senior management** in 2H23 (CEO, CFO)[1]; a New Chair[1] ; and Executive Committee refresh
Business profile / strategy	• **Swift action** in 2H23 to manage volume growth, pricing and costs • Future strategic direction being announced later today
Financial performance	• Adjusted PBT[2] of £24.9m, **in line with 3Q23 management guidance** (£25-30m) • **Volume management** contained net receivables growth at 14% to £2,175m, with a net reduction in receivables in 4Q23 • **Net interest margin stabilised** at 19.0%[3], supported by upwards repricing in Cards in 4Q23 • **Adjusted operating costs**[4] of £297.8m (FY22: £288.0m). **On track to deliver c.£60m of cost savings**, in line with 3Q23 management guidance • **Complaint costs** increased YoY to £28.5m in FY23, with increases continuing in 2024 • **Adjusted ROTE**[5] **of 3.2%**
Capital	• **CET1 ratio**[6] **of 20.5%** maintained within the Group's updated CET1 target range (19.5%-20.5%) • The **PRA's CSREP** review of the Group's **capital requirements** in 1Q23 resulted in a 6.4% Total Capital Requirement reduction (from 18.3% to 11.9%)
Funding	• **Balance sheet now >80% retail deposit funded**; all senior unsecured wholesale funding extinguished
Dividend	• **Final dividend proposed of 1.0p per share** to give a total dividend for the year of 6.0p

2023 Full year results

Dave Watts

Chief Financial Officer

2023 Results Summary

Positive management actions in 2H23

	FY23 £m	FY22 £m[3]	Change %
Gross Receivables[7]	2,740.9	2,509.8	**9%**
Net interest income	442.6	432.7	2%
Non-interest income	46.2	48.0	(4%)
Total income	**488.8**	**480.7**	**2%**
Impairment charges	(166.1)	(66.1)	151%
Adjusted operating costs[4]	(297.8)	(288.0)	3%
Adjusted profit before tax	**24.9**	**126.6**	(80%)
Adjusting items[8]	(29.3)	(21.4)	37%
Tax (charge)	(1.6)	(27.8)	(94%)
Statutory (loss)/profit for the year	**(6.0)**	**77.4**	(108%)

- **Growth in gross receivables, mostly in 1H23,** not matched by growth in net interest income due to increased interest expense.
- Increase in FY23 **impairments** reflects lower model enhancement tailwinds, originations growth (+9%), lower debt sale profits and lower recoveries.
- Adjusted operating costs increased due to speculative **complaints** activity, and **continued IT and customer proposition investment,** offset by **cost reductions.**

2023 Metrics & Key Ratios

Metrics & ratios lag management action

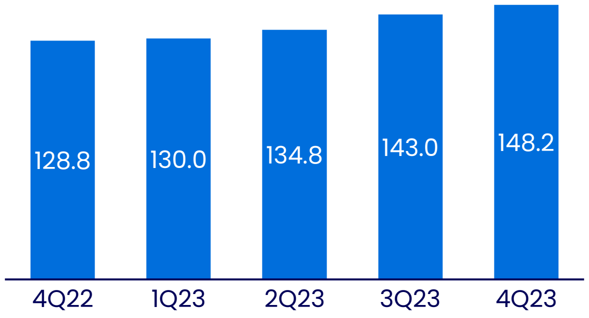
	DEC23 £m	DEC22 £m	Change %
Receivables			
Gross receivables[7]	2,740.9	2,509.8	9%
Net Receivables[9]	2,175.1	1,913.3	14%
Per share metrics			
Adjusted EPS (p)[10]	6.8	38.7	(82%)
Dividend (p)	6.0	15.3	(61%)
Net assets (£)	2.3	2.5	(8%)
Selected Key Ratios[11]			
ROTE[12]	**3.2%**	**21.8%**	
Asset yield[13]	22.6%	23.7%	
Cost of funds[14]	4.4%	2.8%	
Net interest margin (NIM)[15]	19.0%	21.2%	
Cost of risk[16]	7.1%	3.2%	
Risk-adjusted margin (RAM)[17]	13.9%	20.3%	
Cost: income[18]	**60.9%**	**59.9%**	
Total capital ratio[19]	30.6%	37.5%	
CET1 ratio[6]	20.5%	26.4%	
Liquid assets (HQLA) (£m)[20]	682	421	
Excess HQLA over LCR (£m)[21]	627	384	

- **Gross receivables up 9% YoY** driven by 12.8% growth in 1Q23 to 3Q23, followed by a 3.2% reduction in 4Q23 due to volume management.
- **Comparatively higher net receivables YoY growth** of 14% relative to gross receivables due to a mix of IFRS 9 model provision releases and debt sales.
- Lower **Adjusted ROTE** driven by significantly lower Adjusted PAT in FY23.
- **Strong capital position** maintained following actions to manage new business volume growth in 4Q23.
- **Strong liquidity** and **funding** position to support growth.
- FY23 **NIM stabilised at 19.0%** following management actions on card pricing and volume growth in 2H23.

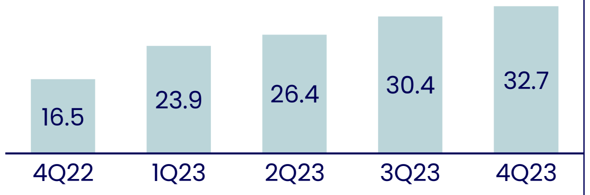
Net Interest Income

Change in management prioritisation in 4Q23

Interest income (£m)[3]



Interest expense (£m)



Net Interest income (£m)[3]

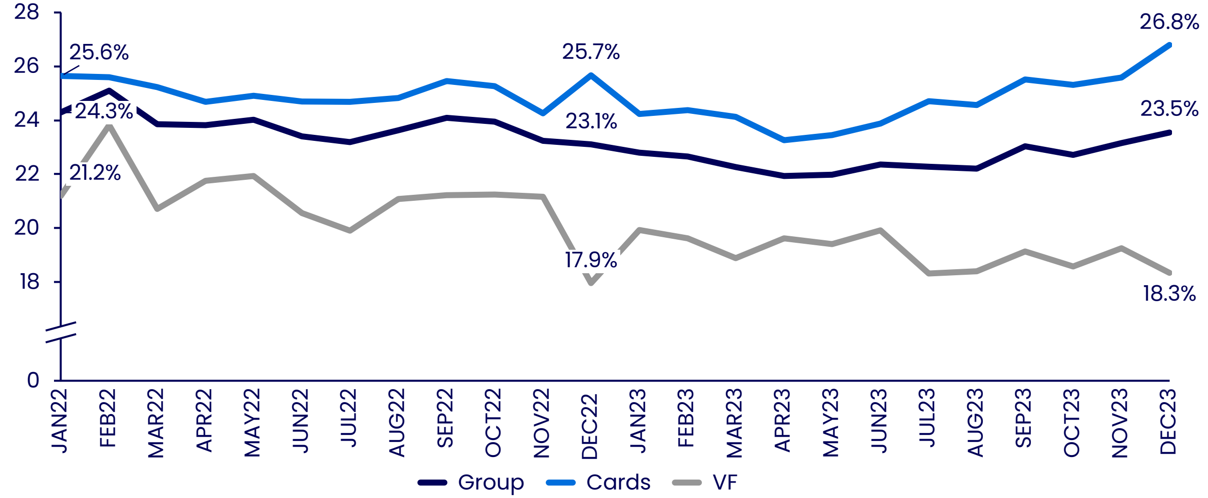
Quarterly average gross receivable[22]

- Over 90% of Group's Total income driven by **Net interest income (NII).**
- **Interest expense increased** due to higher market interest rates and higher funding balances. Cost of funds **remains below** the BoE base rate.
- **1Q23** Interest income remained stable, with **2Q23** and **3Q23** NII increases driven by continued focus on receivables growth across all products.
- **4Q23** NII increased primarily due to Cards upward re-pricing initiatives reflecting increased cost of funding and servicing costs.

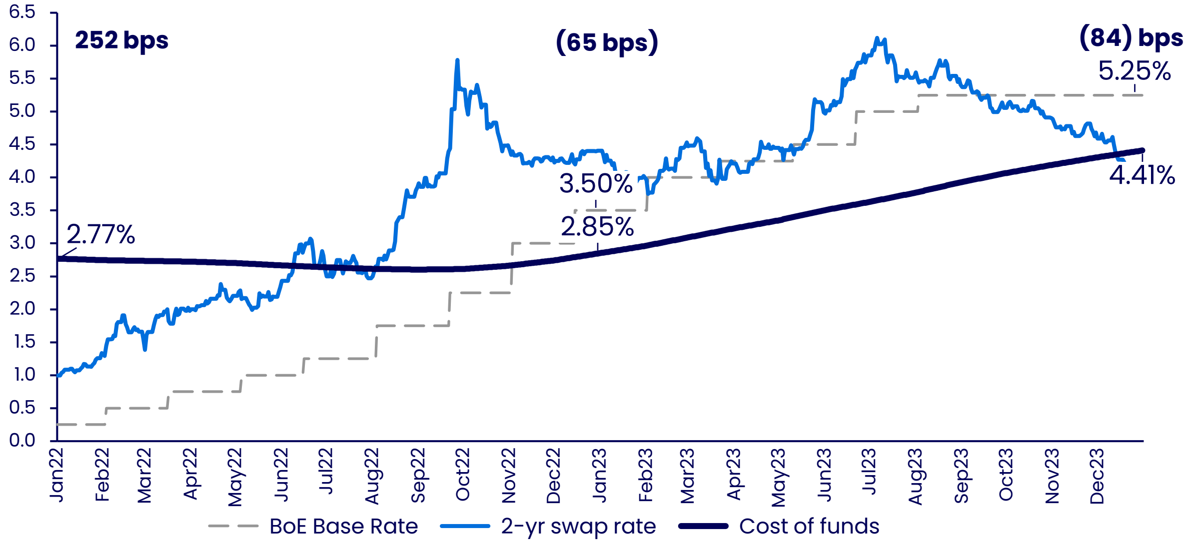
Net Interest Margin

Stabilisation due to management action

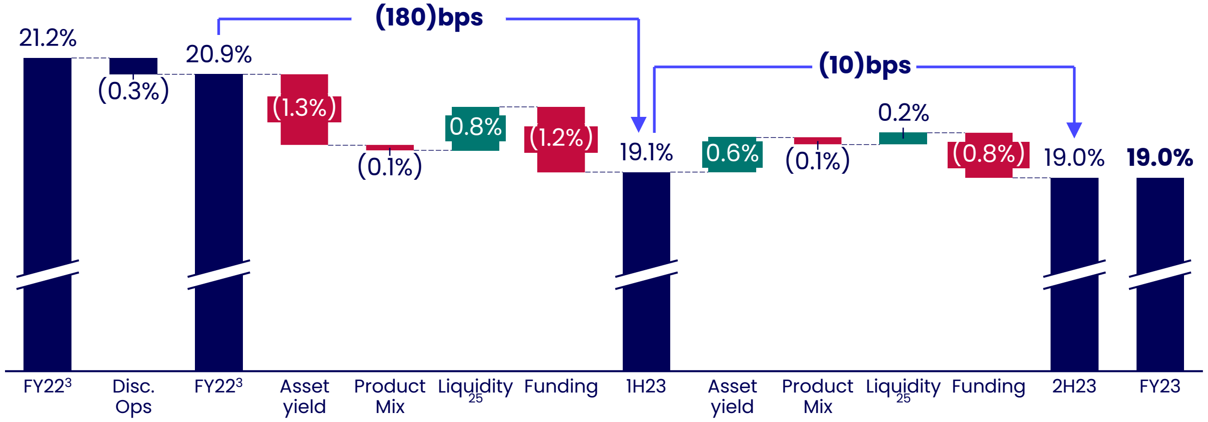
Asset yield by key product (%)[23]



Group cost of funds[14] vs benchmark interest rates (%)[24]



NIM development current basis (%)[3,15]

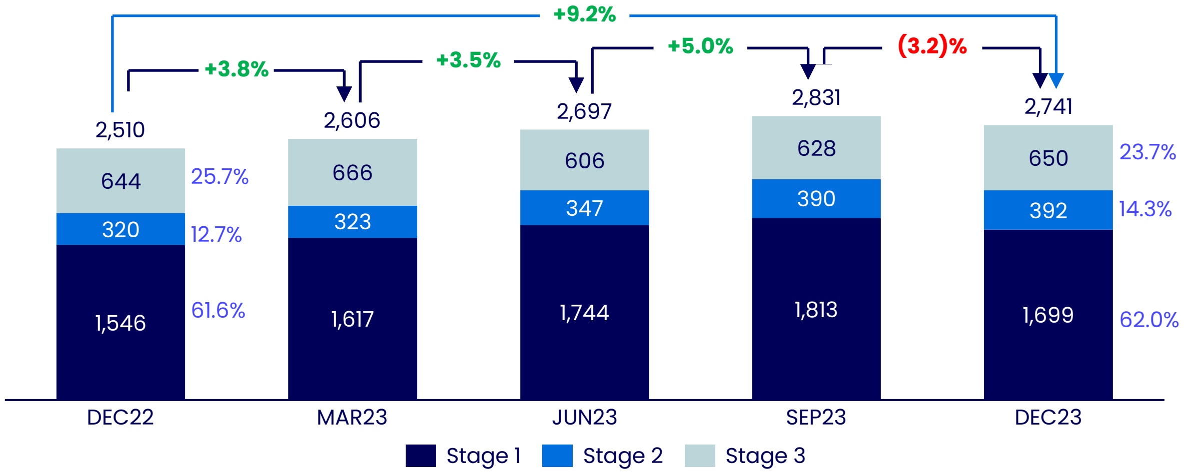


- **NIM stabilised at 19%** in 2H23 **due to Management actions** including Cards re-pricing strategy and volume management.
- 1H23 NIM reduction of 180bps due to **increased cost of funding and focus on receivables growth.**
- **Income from liquidity** increased in 1H23 mostly due to higher interest rates received and higher balances held at the BoE.
- **Cost of funds remains below** BoE base rate (DEC23: 84bps lower; DEC22: 65bps lower) compared to 252bps higher two years earlier.
- **Benefit of CUG waiver significantly reduced spread** vs benchmark interest rates. Cost of funds expected to reflect expectation of BoE base rate, but at a lag.

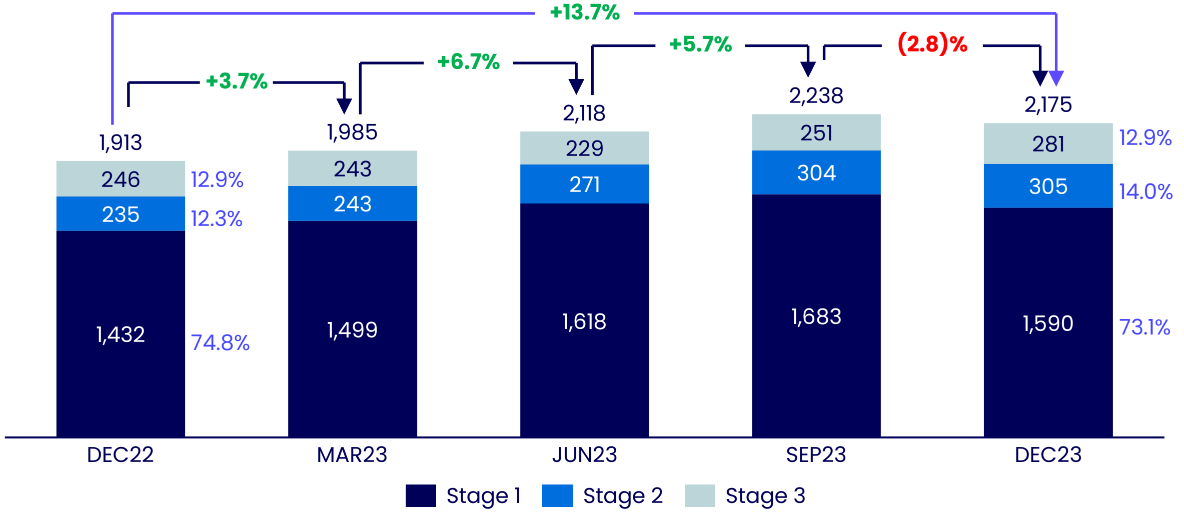
Receivables

Improvement in book quality

Gross receivables by Stage (£m)[7]

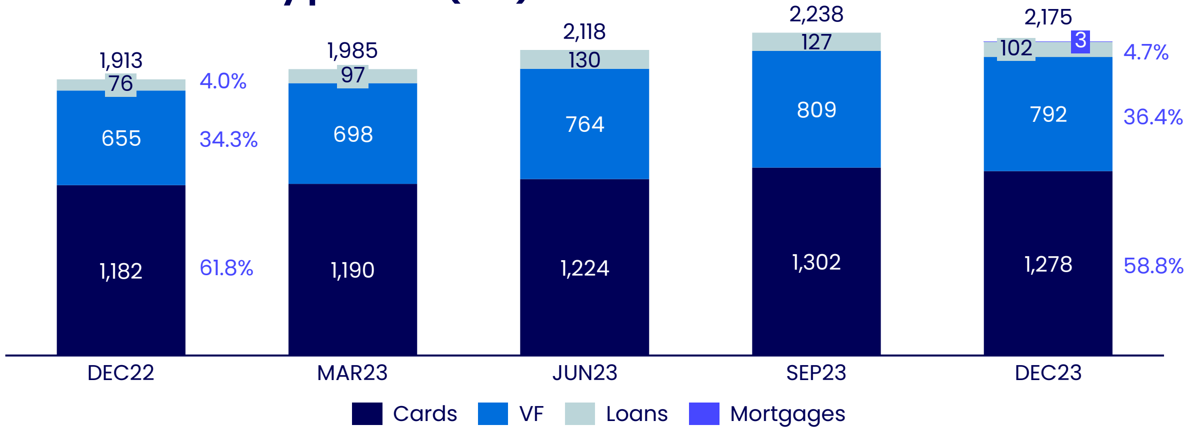


Net receivables by Stage (£m)[9]



- Quarterly receivables increased throughout 2023, noting **active volume management** resulted in a drop in 4Q23 gross receivables.
- Gross receivables increased **in 1Q23-3Q23** vs DEC22 driven by: VF, up £195m (+20.1%); Cards, up £71m (+4.9%); and Loans, up £55m (+64.8%).
- **Improved quality of Gross receivables** with a higher proportion of book in Stages 1 and 2 (DEC23: 76.3% vs DEC22: 74.3%) partly driven by newly developed acquisition scorecards in Cards and Vehicle Finance.
- Proportion of **Stage 3 net receivables** broadly stable vs DEC22, also driven by card debt sales.

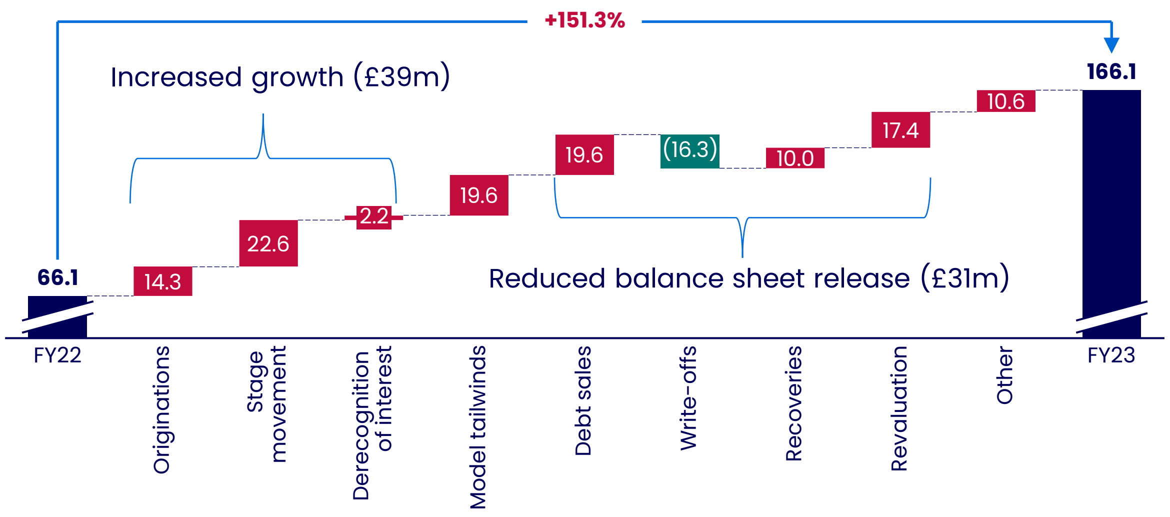
Net receivables by product (£m)[9]



Impairment charges

Driven by new business origination & reduced level of ECL release

£100m YoY impairment charge increase (£m)



Impairment trend (£m)

	FY23 £m	FY22 £m	FY21 £m
Originations	105.7	91.4	67.0
Modelled Stage movement	162.7	140.1	184.3
Derecognition of Stage 3 interest[26]	(40.1)	(42.3)	(49.9)
PMA & model redevelopment[27]	(74.5)	(94.1)	(149.6)
Debt sales[28]	(17.4)	(37.0)	(8.9)
Write-offs[29]	35.2	51.5	54.0
Recoveries	(7.4)	(17.4)	(22.4)
Revaluation[30]	(3.6)	(21.0)	(12.0)
Other[31]	5.5	(5.1)	(12.1)
Impairment charges	**166.1**	**66.1**	**50.4**

- **New origination charges** correlates with receivables volume growth.
- Excluding a FY23 movement in Loans (£7.7m), the risk on the back book **remained broadly stable YoY.**
- Multi-year **IFRS 9 impairment model enhancements** are expected to conclude in 2024, with a significantly smaller benefit anticipated in 2024.
- Covid–19 related **provision now fully released**, following releases in 2021 (£68.3m) and 2022 (£29.6m).
- **Derecognition of interest** (EIR adjustment) in line with underlying book movements. YoY reductions due to lower adjustments required in Cards, as a result of debt sales (smaller ECL).
- Maturing **Cards debt sales** programme, with active forward flow agreements in place, limiting future one off debt sales. Focus turning to potential **Vehicle Finance debt sales**.
- **Write-offs & Recovery credits** reducing YoY due to increased volume of debt sales.
- **Revaluation** of Post Charge Off Assets (PCOA) stabilised and methodology refined in FY23; Covid-19 unwind inflated FY22.

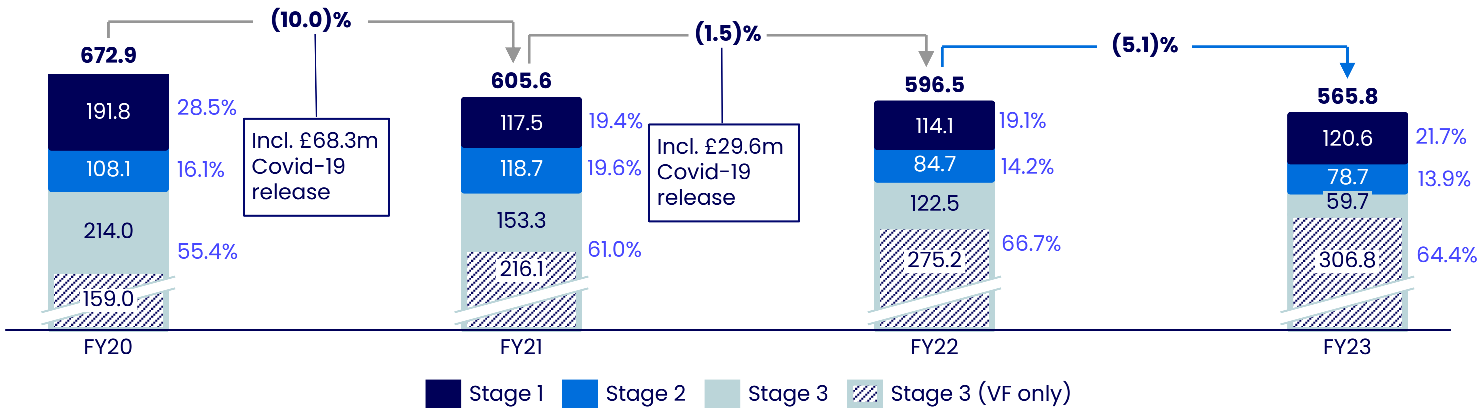
Expected Credit Losses

Potential debt sales in Vehicle Finance to be evaluated in 2024

Expected Credit Losses (£m)

	FY23 £m	FY22 £m	FY21 £m
ECL brought forward	**596.5**	**605.6**	**672.9**
Derecognition of Stage 3 interest[26]	40.1	42.3	49.9
Write-off[29]	(226.3)	(131.1)	(183.9)
Other[31]	(10.6)	13.6	7.0
Prior period restatement[32]	-	-	9.3
Total movement BS only	**(196.8)**	**(75.2)**	**(117.7)**
impairment charge – P&L	166.1	66.1	50.4
ECL carried forward	**565.8**	**596.5**	**605.6**
Gross receivables[7]	2,740.9	2,509.8	2,292.6
Net Receivables[9]	2,175.1	1,913.3	1,687.0
Coverage ratio[33]	20.6%	23.7%	26.4%

ECL balance movement (£m)[32]

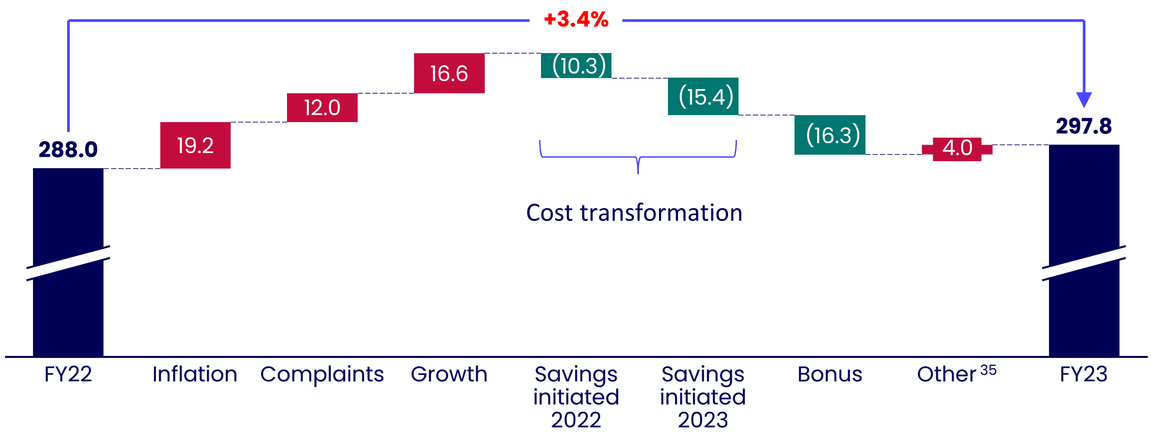


- Reduction in ECL provision due to debt sales in Cards, resulting in a **reduction in Cards Stage 3 ECL**.
- Proportion of **Stage 3** increased due to minimal Vehicle Finance debt sales.

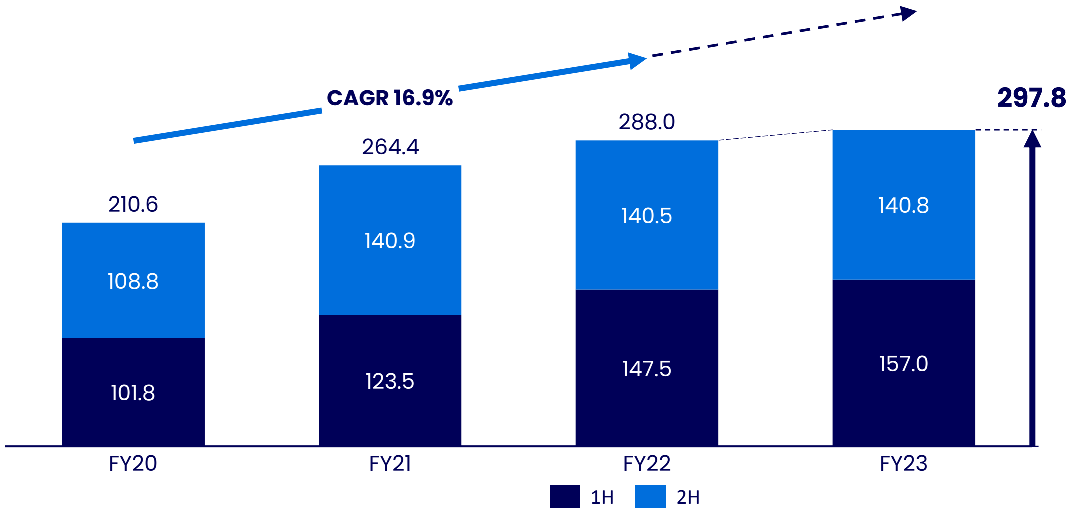
Adjusted Operating Costs

Management action delivers early benefit in 2023

Cost Drivers YoY (£m)[34]



Cost trend (£m)

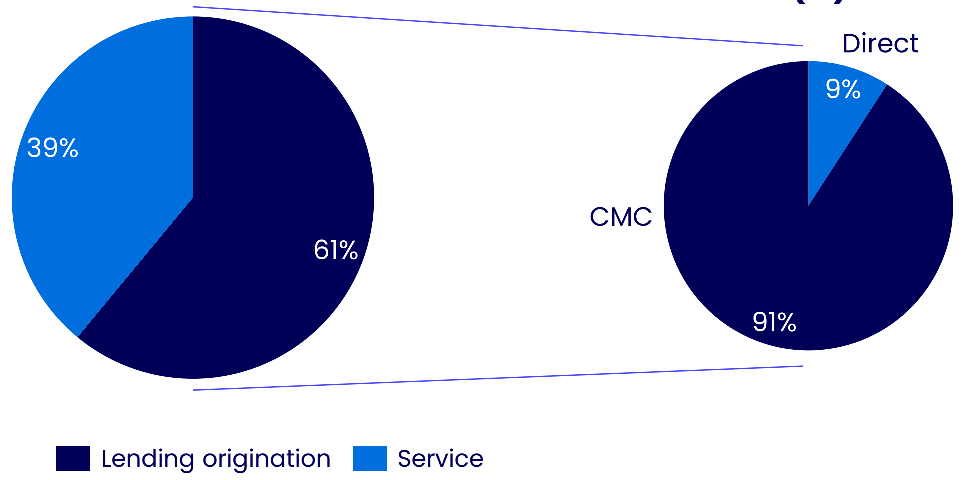


- **Upward projected increase in 2023 costs**, mitigated by one-off cost saves (e.g. no bonus) and initiation of new transformation cost savings programme.
- **Headwinds in inflation** (c.5-8%) albeit easing in 2H23.
- **Complaint** costs increase driven by heightened (speculative) Claims Management Companies (CMCs) activities (see slide 14).
- **Continued investment in the diversification of customer propositions** (new retail deposit products, Snoop), **Partnerships** (2nd charge mortgages) and **investments in IT** (Gateway).
- **£60m transformation savings** initiated with c.£15m of benefits to the FY23 results, including:
  - Reduction in headcount, including Contractor spend
  - Operational efficiencies, including offshoring initiatives
  - Reduced 3rd party spend
- **Remain on track to** deliver total cost savings of £60m.
- **Cost management** is being embedded as a core discipline throughout Vanquis to identify further cost saving opportunities.

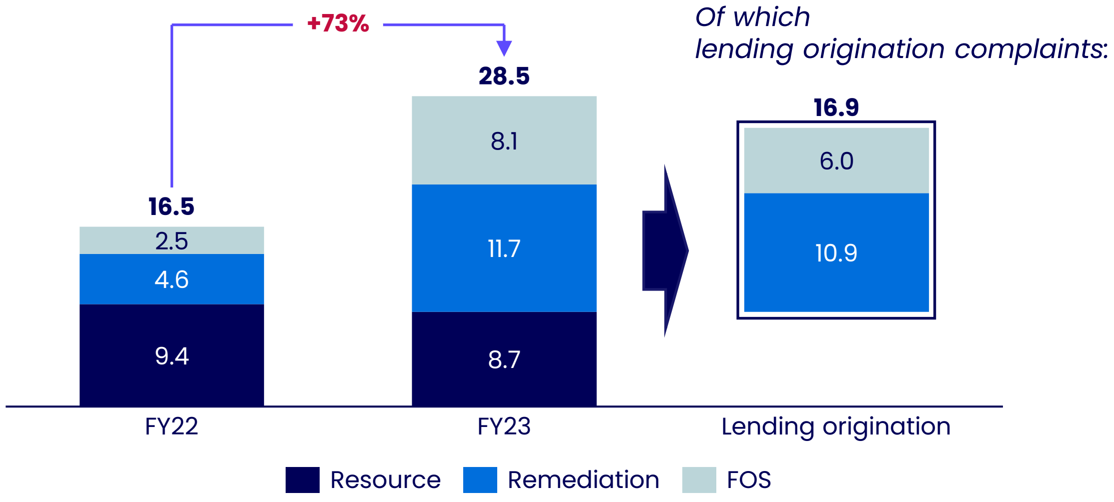
Complaints Activity

Significant ramp up of CMC activity in Cards in 4Q23

Complaint type 2023 (%) **Lending origination complaint source (%)**



Complaints expenses YoY (£m)[36]

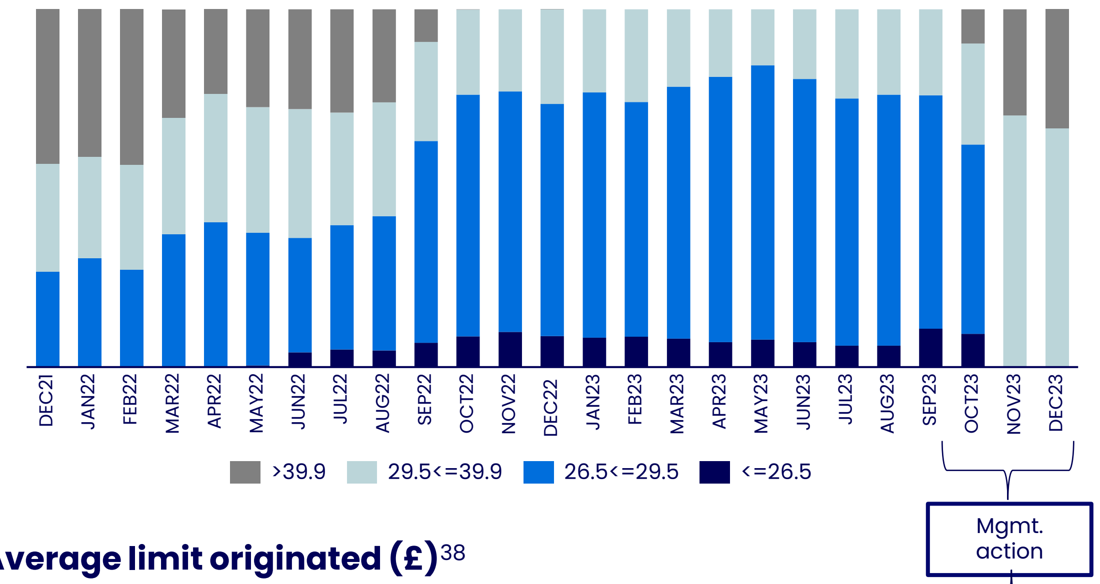


- A **c.2.5x increase** in complaints volume in 2023, which is continuing in 2024.
- This is driven by **significant CMC activity** targeting lending origination complaints, **increasing by c.7x** in 2023.
- **Many cases are speculative** in nature, and **the majority** of claims received in 2023 relate to one CMC. This one CMC referred complaints to FOS regardless of outcome.
- **CMC complaint uphold rates** were c.11% internally, and c.6% at FOS.
- As a result of the inbound volume, **significant increase in total complaints costs** including FOS case fees (charge £750 per case).
- **Lending origination complaint** costs relate to a wide range of discrete matters with no common theme.
- **Service-related complaint** costs remained broadly flat YoY.
- **Cards related cases represented c.61%** of all claims received in 2023.

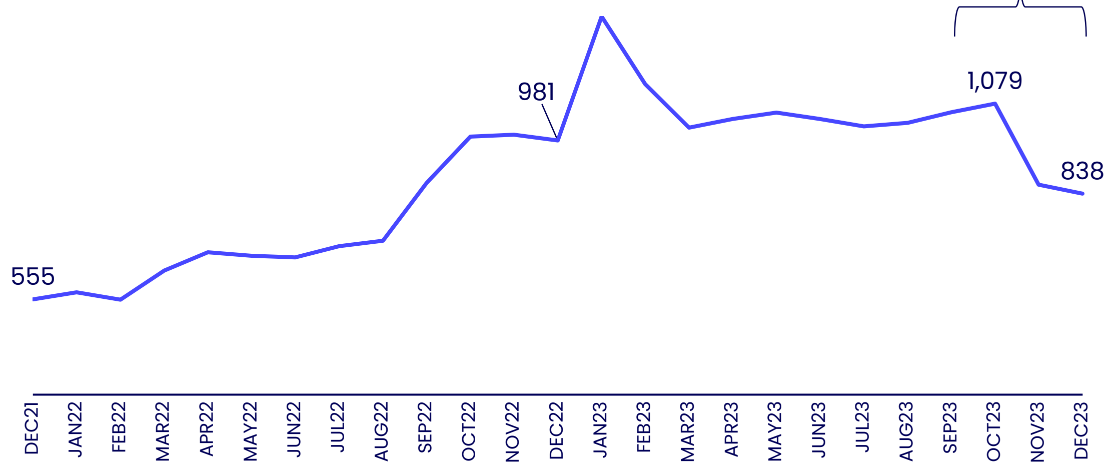
Cards

Management action drove change in APR % booking mix

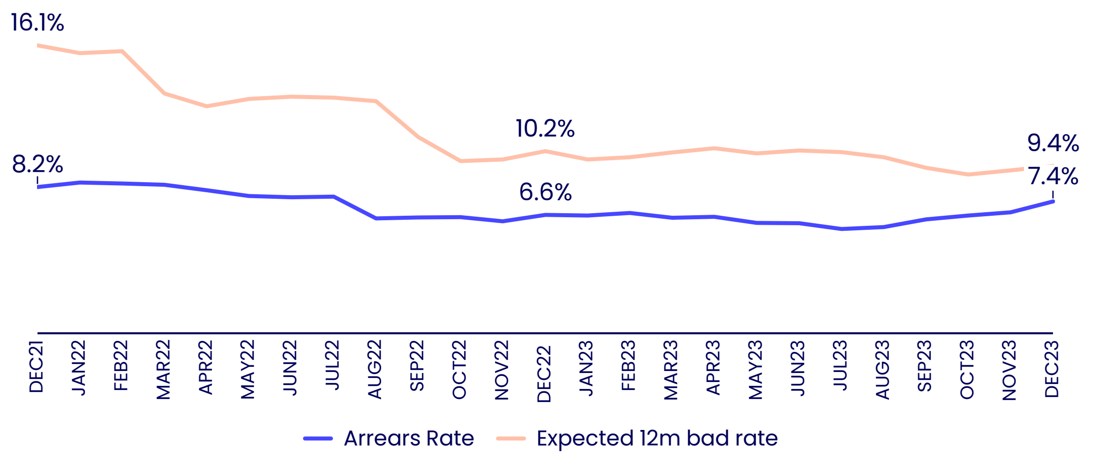
Pricing booking mix (APR %)[37]



Average limit originated (£)[38]



Arrears rate[39] **& expected 12m bad rate (%)**

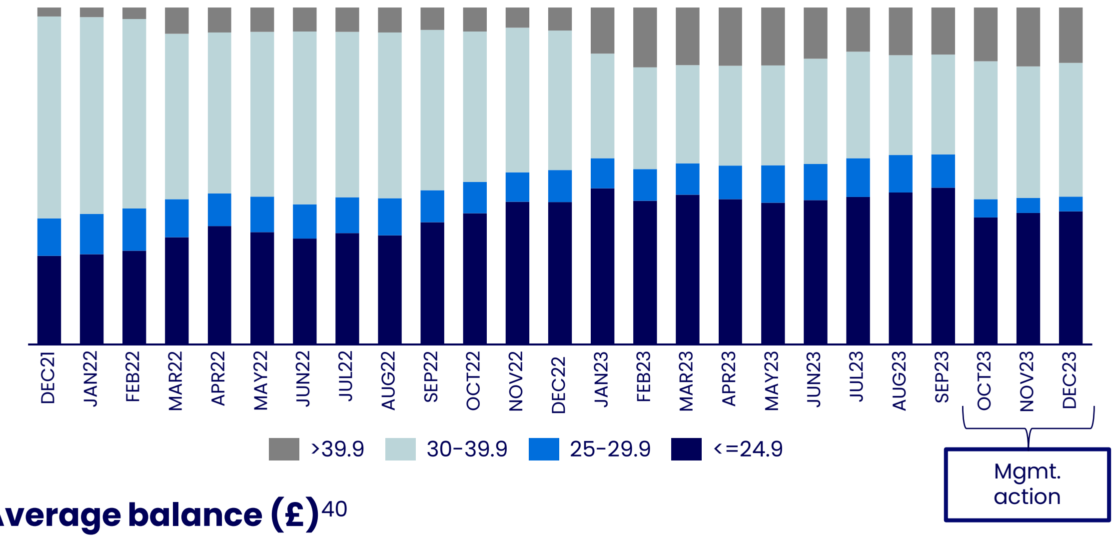


- **Upwards re-pricing in 4Q23** to reflect increased cost of funds and administration.
- **New business volume management** (incl. distribution channels) in 4Q23 vs receivables growth in the year to SEP23.
- The slight increase in **arrears rate in 4Q23** is a consequence of lower volumes and a resultant lower YE23 receivable.
- In addition, **lower average credit limits** were offered in 4Q23.

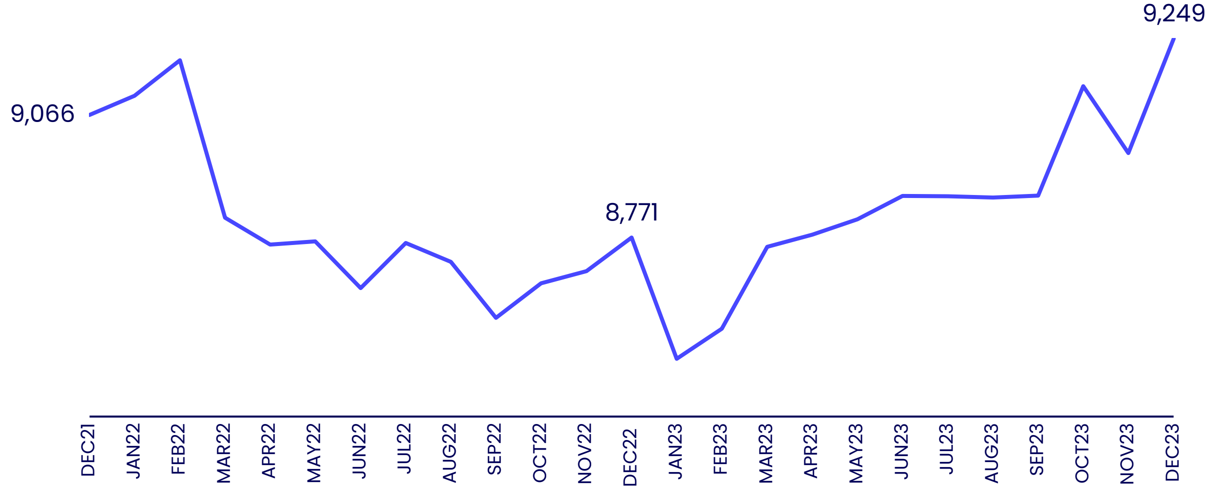
Vehicle Finance

Benefit of 3Q23 price review in 2024

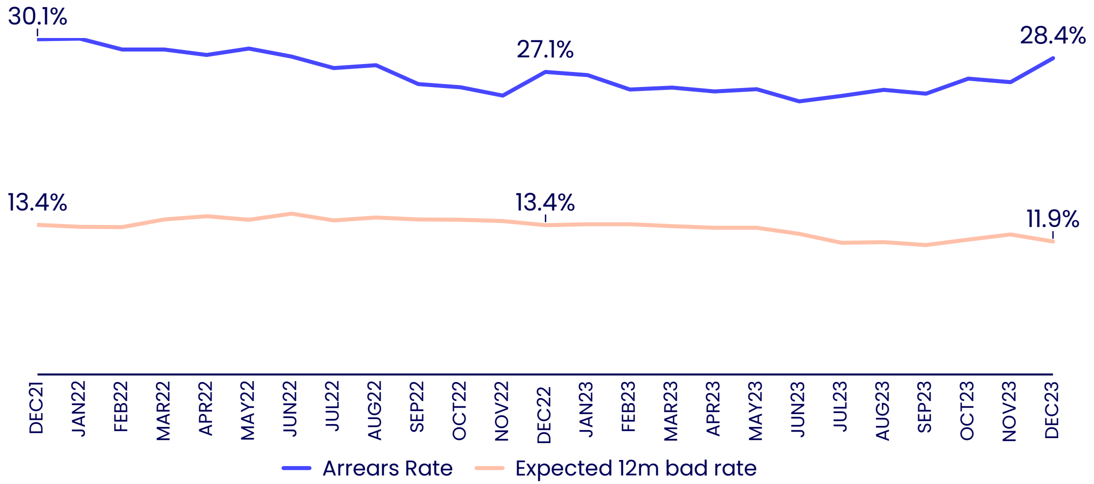
Pricing booking mix (APR %)[37]



Average balance (£)[40]



Arrears rate[41] & expected 12m bad rate (%)



- **No impact** from FCA announcement on variable commission.
- Change in booking mix in 4Q23 driven by impact of re-pricing, offset by reduction in lending volumes.
- **Increase in arrears rates in 4Q23** driven by:
  - Operational challenges in 2H23;
  - Reduction in new business lending; and
  - Expected seasonality.
- **Average balance increased** due to slight shift to near prime customers in FY23.

Liquidity & Funding

Competitive advantage from retail funding

Liquidity (£m)

	DEC23 £m	DEC22 £m
HQLA[20]	682	421
LCR[42]	1,263%	1,139%
Excess HQLA over LCR[21]	627	384

Funding (£m)[43]

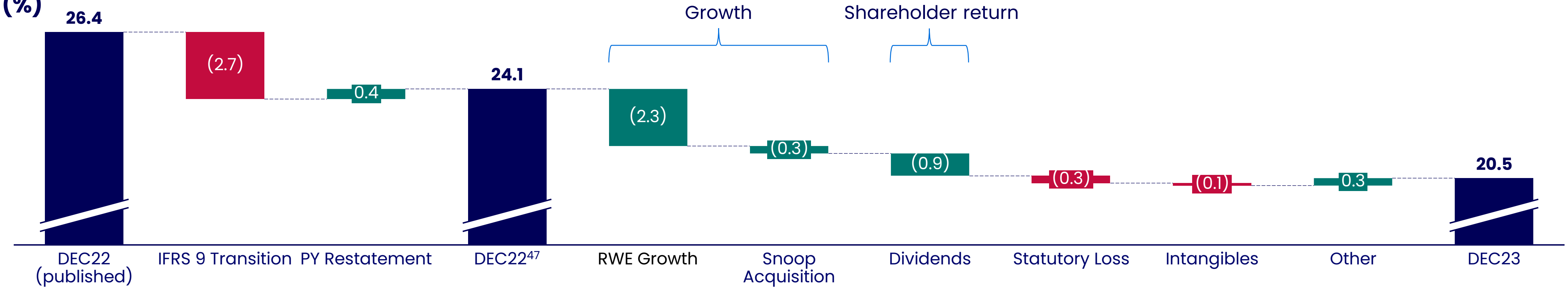
	DEC23 £m	%	DEC22 £m	%
Fixed term savings products	1,883.2		1,089.6	
Notice accounts/ other[44]	41.7		2.6	
Retail Deposits	**1,924.9**	**84%**	**1,092.2**	**64%**
VF securitisation	200.0	9%	275.0	16%
TFSME	174.0	7%	174.0	10%
Senior & retail bonds	-	-	163.5	10%
Total funding drawn	**2,298.9**	**100%**	**1,704.7**	**100%**
Undrawn committed facilities[45]	-		50.0	
Total committed facilities	**2,298.9**		**1,754.7**	

- **High levels of liquidity** and surplus maintained (liquidity £784m at 21 MAR 24).
- **Significantly increased retail funding** replacing senior wholesale and retail bonds – no wholesale maturities in 2024.
- **VF securitisation** facility reduced with extended maturity, leveraging the CUG large exposure waiver to extend retail deposits sourced from the bank to our Vehicle Finance subsidiary.[46]
- The Group is now funded by **retail deposits, securitisation funding and modest BoE funding** from Vanquis Bank (to be re-financed ahead of contractual maturity).
- **Over 97%** of retail depositors are covered under the Financial Services Compensation Scheme (FSCS).
- Potential **funding resource optimisation** opportunities exist.

Capital

Strong capital position with a CET1 ratio of 20.5%

Tier 1 ratio (%)



	DEC22 (published)	IFRS 9 Transition	PY Restatement	DEC22[47]	RWE Growth	Snoop Acquisition	Dividends	Statutory Loss	Intangibles	Other	DEC23
Tier 1 (£m)	478.8	(54.1)	7.5	432.1		(6.3)	(6.0)	(15.3)	(1.8)	6.3	409.0
RWE (£m)	1,810.8	(17.0)	(0.6)	1,793.2	197.4						1,990.6

- The **PRA's CSREP review**[47] of the Group's capital requirements in 1Q23, resulted in a **6.4% Total Capital Requirement reduction** (from 18.3% to 11.9%) and a corresponding Overall Capital Requirement reduction from 22.8% to 16.4%.[48]
- **Risk-weighted exposures**[49] increased by 11.0% in FY23, broadly in line with receivables growth.
- **Surplus Tier 1** of 7.1% (£142.5m) vs a Tier 1 requirement of 13.4% (£266.5m).[50]
- The Group remains **well capitalised** at its current CET1 /Tier 1 target level (19.5-20.5% range).
- **Potential Capital optimisation opportunities** exist in relation to non-utilised AT1 capacity[51] and excess Tier 2 capital issued.

Key messages

1. **Transformative action** by the new team delivered significant benefit in 2023.
2. Our **product pricing** will reflect our cost of funds, our cost of risk, our cost of administration, and in time be sufficient to generate an appropriate return for our shareholders.
3. Our **cost of funds** needs to be flexible to changes in interest rates.
4. Our **Vehicle Financing Stage 3 receivables** will be addressed in 2024.
5. The remaining enhancements to our **IFRS9 impairment models** will be implemented in 2024.
6. The remaining **transformation cost saves** from our £60m target.
7. We will remain **highly liquid** and **strongly capitalised** for future growth.
8. While progress will not be linear, these actions set us on a **better trajectory** from 2024 onwards.

Guidance Summary*

Transition to mid-teens ROTE in 2026

	FY23	FY24 Guidance
NIM (inc. 2nd charge mortgages)	**19.0%**	**>18%**
Cost: income Ratio	**60.9%**	**60-63%****
Retail funding (% of all funding)	**83.7%**	**>85%**
CET1 ratio	**20.5%**	**19.5% – 20.5%*****
ROTE	**3.2%**	**Low single digits**

* All measures are on an adjusted basis

** Adjusted operating costs broadly flat compared to 2023 excluding complaint costs

*** Based on current regulatory requirements

Appendix

Financial Performance Reporting

- Our financial performance is measured and managed on an **adjusted PBT** basis, and ultimately on a **ROTE** basis (see page 32).

- Exceptional items, Amortisation of acquisition intangibles and Discontinued Operations 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[52].

- In **2024**, we would anticipate further transformation costs to be incurred, albeit at a lower level compared to 2023.

Items excluded from adjusted PBT

	1H23 £m	2H23 £m	**FY23 £m**	FY22 £m
Strategy Consultancy costs	-	3.5	3.5	3.8
Redundancy - outsourcing and other staff exits	2.3	4.9	7.2	1.5
Other outsourcing costs	0.6	1.6	2.2	-
Property exit costs	-	4.1	4.1	-
Total transformation costs	**2.9**	**14.1**	**17.0**	**5.3**
Other exceptional costs:				
Snoop acquisition costs	-	3.0	3.0	-
Legal and other advice	-	1.0	1.0	-
Repayment Option Plan (ROP) provision release	-	(2.0)	(2.0)	-
CCD liquidation/Scheme costs	2.4	-	2.4	3.7
Total exceptional costs	**5.3**	**16.1**	**21.4**	**9.0**
Amortisation of acquisition intangibles[53]	**3.7**	**4.2**	**7.9**	**7.5**
Discontinued Operations[54]	**-**	**-**	**-**	**4.9**

Income & NIM Reconciliation

Re-presented income (£m)

	FY22 (published)	VF Other income	Liquidity	FY22[3]
Interest income	486.9	(2.9)	7.5	491.5
Interest expense	(58.8)		-	(58.8)
Net interest income	**428.1**	**(2.9)**	**7.5**	**432.7**
Net fees & commissions income	44.2	-	-	44.2
Other income	8.4	2.9	(7.5)	3.8
Total income	**480.7**	**-**	**-**	**480.7**

Re-presented NIM (%)[3,15]

	FY22 %	1H23 %	2H23 %	**FY23 %**
Basis as disclosed in FY22 results	**21.0%**	**-**	**-**	**-**
Non-interest income	(0.2%)	-	**-**	**-**
Basis as disclosed in 1H23 interim results	**20.8%**	**18.0%**	**17.7%**	**17.8%**
Liquidity	0.4%	1.1%	1.3%	1.2%
Current basis	**21.2%**	**19.1%**	**19.0%**	**19.0%**
Discontinued operations	(0.3%)	-	-	-
Current basis (including Disc. Ops)	**20.9%**	**19.1%**	**19.0%**	**19.0%**

- FY22 was **re-presented in the 1H23 interim results** to reflect a small movement of certain elements of Vehicle Finance other income from interest income.
- 1H23 NIM calculation (18.0%) included the cost of funding liquidity held mostly at the BoE as interest expense, however, this excluded the **income earned on liquid resources**. This has now been included and re-presented for FY23.
- The FY23 re-presented NIM of 19.0%, equates to **17.8%** if calculated on the same basis as that used in the 1H23 interim results (i.e. near the top of the **17-18% management guidance** provided at 3Q23).

Profit & Loss

	1H23 £m	2H23 £m	FY23 £m	FY22 £m[3]	Change %
Interest income	264.8	291.2	556.0	491.5	13%
Interest expense	(50.3)	(63.1)	(113.4)	(58.8)	93%
Net interest income	**214.5**	**228.1**	**442.6**	**432.7**	2%
Fee and commission income	21.5	22.7	44.2	47.0	(6%)
Fee and commission expenses	(0.7)	(1.0)	(1.7)	(2.8)	(39%)
Net Fee and commission income	**20.8**	**21.7**	**42.5**	**44.2**	(4%)
Other income	1.8	1.9	3.7	3.8	(3%)
Total income	**237.1**	**251.7**	**488.8**	**480.7**	2%
Impairment charges	(85.6)	(80.5)	(166.1)	(66.1)	151%
Risk-adjusted income	**151.5**	**171.2**	**322.7**	**414.6**	(22%)
Operating costs	(166.0)	(161.1)	(327.1)	(304.5)	7%
Statutory (loss)/profit before tax from cont. ops	**(14.5)**	**10.1**	**(4.4)**	**110.1**	(104%)
Tax credit/(charge)	4.1	(5.7)	(1.6)	(27.8)	(94%)
(Loss)/profit after tax from cont. ops	**(10.4)**	**4.4**	**(6.0)**	**82.3**	(107%)
Loss after tax from disc. Ops[54]	-	-	-	(4.9)	(100%)
Statutory (loss)/profit for the year	**(10.4)**	**4.4**	**(6.0)**	**77.4**	(108%)
Add back					
Taxation	(4.1)	5.7	1.6	27.8	(94%)
Amortisation of acquisition intangibles[53]	3.7	4.2	7.9	7.5	5%
Exceptional items[55]	5.3	16.1	21.4	9.0	138%
Loss after taxation from disc. Ops	-	-	-	4.9	(100%)
Adjusted profit/(loss) before tax	**(5.5)**	**30.4**	**24.9**	**126.6**	(80%)
Adjusted operating costs[4]	**(157.0)**	**(140.8)**	**(297.8)**	**(288.0)**	3%

Non-interest Income

Non-interest income (£m)

	FY23 £m	FY22 £m[3]	Change %
Repayment Option Plan (ROP)	-	5.5	(100%)
Other Fees and Commissions	44.2	41.5	6%
Fee and commission income	**44.2**	**47.0**	(6%)
Fee and commission expense	(1.7)	(2.8)	(39%)
Net fee and commission income	**42.5**	**44.2**	(4%)
Other income[56]	3.7	3.8	(3%)
Non-interest income	**46.2**	**48.0**	(4%)

- **Fees and commission income** includes late, overlimit, cash advance and merchant acquiring fees.
- Excluding discontinued income from the ROP product, fees and commission **income increased by 6%.**
- **Other income remained broadly stable**, and includes income generated by Snoop from AUG23.

Product contribution

Asset driven products	Cards		Vehicle Finance		Loans		Snoop & mortgages		Corporate Centre		Total	
	FY23 £m	FY22 £m[3]	**FY23 £m**	FY22 £m[3]	**FY23 £m**	FY22 £m	**FY23 £m**	FY22 £m	**FY23 £m**	FY22 £m[3]	**FY23 £m**	FY22 £m[3]
Interest income	371.0	337.4	150.3	137.7	25.9	13.1	0.4	-	8.4	3.3	556.0	491.5
Interest expense	(51.6)	(22.4)	(28.7)	(22.1)	(4.0)	(1.2)	(0.2)	-	(28.9)	(13.1)	(113.4)	(58.8)
Net interest income	**319.4**	**315.0**	**121.6**	**115.6**	**21.9**	**11.9**	**0.2**	**-**	**(20.5)**	**(9.8)**	**442.6**	**432.7**
Non-interest income	43.8	45.1	2.0	2.9	-	-	0.4	-	-	-	46.2	48.0
Total income	**363.2**	**360.1**	**123.6**	**118.5**	**21.9**	**11.9**	**0.6**	**-**	**(20.5)**	**(9.8)**	**488.8**	**480.7**
Impairment charges	(130.0)	(16.8)	(15.2)	(40.8)	(20.9)	(8.5)	-	-	-	-	(166.1)	(66.1)
Risk-adjusted income	**233.2**	**343.3**	**108.4**	**77.7**	**1.0**	**3.4**	**0.6**	**-**	**(20.5)**	**(9.8)**	**322.7**	**414.6**
Adjusted operating costs	(167.8)	(164.8)	(49.5)	(39.7)	(16.0)	(19.1)	(3.6)	-	(60.9)	(64.4)	(297.8)	(288.0)
Adjusted PBT Contribution	**65.4**	**178.5**	**58.9**	**38.0**	**(15.0)**	**(15.7)**	**(3.0)**	**-**	**(81.4)**	**(74.2)**	**24.9**	**126.6**
Exceptional Items									(21.4)	(9.0)	(21.4)	(9.0)
Amortisation of acquisition intangibles									(7.9)	(7.5)	(7.9)	(7.5)
Statutory (loss) / profit before taxation									**(110.7)**	**(90.7)**	**(4.4)**	**110.1**
Gross receivables	1,476.4	1,452.0	1,144.2	972.3	117.5	85.5	2.8	-	-	-	2,740.9	2,509.8
Net interest margin	22.5%	23.7%	15.5%	17.6%	17.8%	23.4%	n/a	-	-	-	19.0%	21.2%
RWE	1,127.4	1,089.3	732.0	609.8	78.3	57.5	13.3	-	39.7	54.2	1,990.6	1,810.8
Customers ('000)[57]	1,375.5	1,540.8	111.7	100.0	43.7	34.4	234.0	-	-	-	1,750	1,675

Liability driven products	Savings	
	FY23 £m	FY22 £m
Retail deposits	1,951	1,101
Balance covered by FSCS (%)	97.7%	97.6%
Number of customers ('000)[57]	47.8	26.9

- **Product income contribution** remains broadly unchanged in 2023.
- The Group diversified its product offering with the **Snoop** acquisition in 2H23 and **2nd Charge Mortgages** product added in 2023.
- **Corporate Centre** funding and operating costs are not allocated to the products (see page 28).

Receivables reconciliation (see slide 10)

Asset driven products	Cards		Vehicle Finance		Loans		Mortgages		Total	
	DEC23 £m	DEC22 £m	**DEC23 £m**	DEC22 £m	**DEC23 £m**	DEC22 £m	**DEC23 £m**	DEC22 £m	**DEC23 £m**	DEC22 £m
Gross customer interest earning balances	**1,425.1**	**1,392.4**	**807.1**	**700.8**	**116.3**	**84.2**	**2.7**	**-**	**2,351.2**	**2,177.4**
Adjustments:										
Post Charge Off Asset	18.1	27.4	281.1	227.2	-	-	-	-	299.2	254.6
Deferred Acquisition Costs	32.3	30.3	56.0	44.3	1.2	1.3	0.1	-	89.6	75.9
Other	0.9	1.9	-	-	-	-	-	-	0.9	1.9
Gross amounts receivable from customers (Gross receivables)	**1,476.4**	**1,452.0**	**1,144.2**	**972.3**	**117.5**	**85.5**	**2.8**	**-**	**2,740.9**	**2,509.8**
Allowance account (ECL)	(198.7)	(270.4)	(352.0)	(316.9)	(15.1)	(9.2)	-	-	(565.8)	(596.5)
Reported amounts receivable from customers (Net receivables)	**1,277.7**	**1,181.6**	**792.2**	**655.4**	**102.4**	**76.3**	**2.8**	**-**	**2,175.1**	**1,913.3**

- **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 Asset** includes balances previously impaired which continue to hold value. This includes a Vehicle Finance balance for which limited debt sales have occurred.
- **Deferred Acquisition Costs** are costs capitalised under IFRS 9 upon the 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 less Expected Credit Losses.

Corporate centre[58]

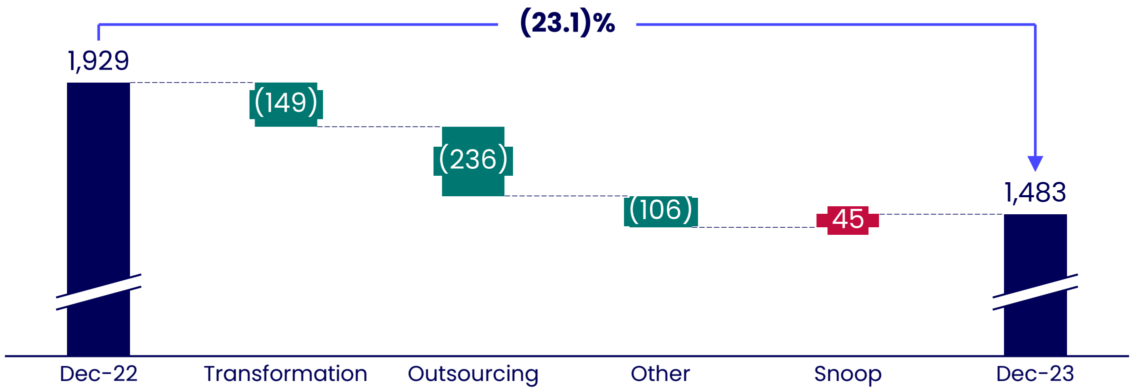
	FY23 £m	FY22 £m[3]	Change %
Interest income	8.4	3.3	155%
Interest expense	(28.9)	(13.1)	121%
Net interest income	**(20.5)**	**(9.8)**	109%
Other income	-	-	-
Total income	**(20.5)**	**(9.8)**	109%
Impairment charges	-	-	-
Risk-adjusted income	**(20.5)**	**(9.8)**	109%
Staff	(45.2)	(56.2)	(20%)
Administrative	(24.4)	(31.5)	(23%)
Accounting	8.8	23.2	(62%)
Adjusted operating costs	**(60.9)**	**(64.4)**	(5%)
Adjusted PBT Contribution	**(81.4)**	**(74.2)**	10%

Staff costs of total Group (%)	28%	32%
Admin costs of total Group (%)	20%	29%
Corporate centre vs Product split (%)	26%	29%

- **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 has increased in line with YoY base rate increases.
- **Interest expense** relates largely to the Tier 2 capital which is not recharged across the Group.
- 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 by (5%),** driven by transformation and other cost management initiatives.

FTE & Cost type analysis

Full-Time Equivalent (FTE)[59]



Cost by type[60]

	1H23 £m	2H23 £m	FY23 £m	FY23 %	FY22 £m	FY22 %
Staff	88.6	71.6	160.2	54%	175.2	61%
Administrative	61.5	63.2	124.7	42%	109.1	38%
Accounting	6.9	6.0	12.9	4%	3.7	1%
Total	**157.0**	**140.8**	**297.8**		**288.0**	

- **FTE reduction** due to transformation and outsourcing initiatives, offset by increased headcount from Snoop acquisition.
- **Majority of Group's operating cost base relate to staff**; opportunities exist to improve administrative costs which is currently being explored.
- No **bonus** for staff in 2023; 1H23 accrual reversed in 2H23.

Summary balance sheet

	DEC23 £m	DEC22 £m	Change %
Assets			
Cash and balances at central banks	743.3	464.9	60%
Amounts receivables from customers[9, 61]	2,171.9	1,905.4	14%
Pension asset	38.2	30.7	24%
Intangibles	74.4	63.3	18%
Goodwill	72.4	71.2	2%
Derivative financial assets	1.3	11.3	(88%)
Other assets	107.2	116.5	(8%)
Total assets	**3,208.7**	**2,663.3**	20%
Liabilities and equity			
Retail deposits	1,950.5	1,100.6	77%
Bank and other borrowings[62]	582.5	815.4	(29%)
Trade and other payables	44.1	62.8	(30%)
Derivative financial liabilities	1.8	15.3	(88%)
Other liabilities	46.7	54.5	(14%)
Total liabilities	**2,625.6**	**2,048.6**	28%
Share capital	53.2	52.6	1%
Share premium	276.3	273.5	1%
Reserves	253.6	288.6	(12%)
Total equity	**583.1**	**614.7**	(5%)
Total liabilities and equity	**3,208.7**	**2,663.3**	20%

- **Cash includes** liquid asset buffers that are held at the BoE.
- **Retail deposits increased** as the Group is moving to an increased level of retail funding.
- **Derivative financial asset and liabilities** relate to the Group's Vehicle Finance securitisation and Tier 2 debt.
- **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 updated funding mix.

Capital composition

	DEC23 £m	DEC22 £m
Total equity[63]	**583.1**	**607.2**
IFRS 9 transitional arrangements	–	54.2
Retirement benefit asset	(38.2)	(30.7)
Deferred tax on retirement benefit asset	9.6	7.7
Goodwill	(72.4)	(71.2)
Intangible assets	(74.4)	(63.3)
Deferred tax on intangible asset	3.9	3.1
Foreseeable dividend	(2.6)	(26.1)
Other regulatory adjustments	–	(2.1)
CET1/Tier 1 capital	**409.0**	**478.8**
Tier 2 capital	200.0	200.0
Total regulatory capital	**609.0**	**678.8**
Tier 1 required[50]	266.5	242.4
Tier 1 surplus	**142.5**	**236.4**
Total capital required[48]	325.5	296.1
Total capital surplus	283.5	382.7
Risk-weighted exposures	**1,990.6**	**1,810.8**
CET1/Tier 1 ratio (%)[6]	**20.5%**	**26.4%**
Total capital ratio (%)[19]	30.6%	37.5%
Leverage exposure[64]	2,489.5	2,284.8
Leverage ratio (%)[65]	16.4%	21.0%

- **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. DEC 2022 requirement is shown on this basis therefore after the CSREP reduction to requirement and the increase in Countercyclical Buffer to 2% in JUL 2023.

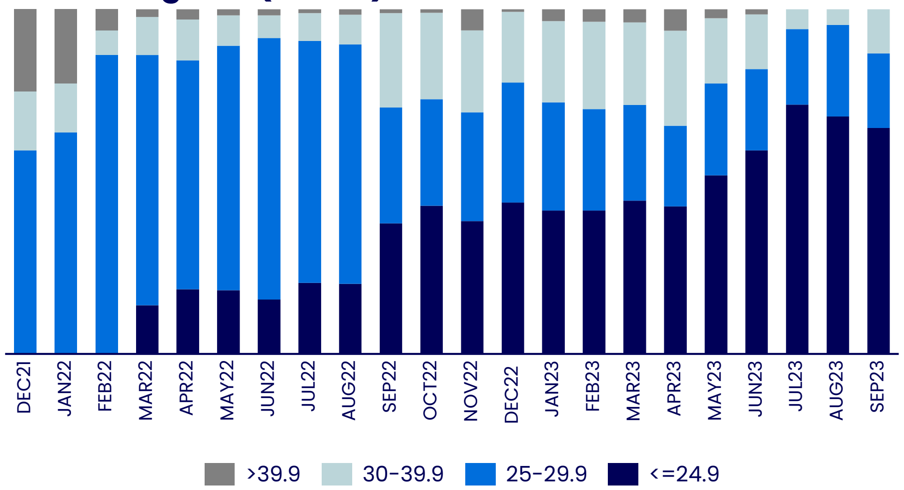
ROTE Calculation[5]

	FY23 £m	FY22 £m
Adjusted PBT	24.9	126.6
Tax charge	(7.7)	(29.4)
Net fair value gains	(4.7)	(3.7)
Fair value gains (net of tax)	1.2	0.7
Adjusted PAT net of fair value gains	**13.7**	**94.2**
Average tangible equity		
Ave. equity as per balance sheet	585.2	617.8
Ave. pension asset	(28.5)	(75.9)
Ave. deferred tax on pension asset	7.1	19.0
Ave. derivative financial instruments	8.2	(2.6)
Ave. deferred tax on derivative financial instruments	(2.1)	0.7
Ave. adjusted equity	569.9	559.0
Ave. intangible assets	(67.7)	(55.8)
Ave. goodwill	(71.7)	(71.2)
Average tangible equity	**430.5**	**432.0**
ROTE (%)	**3.2%**	**21.8%**

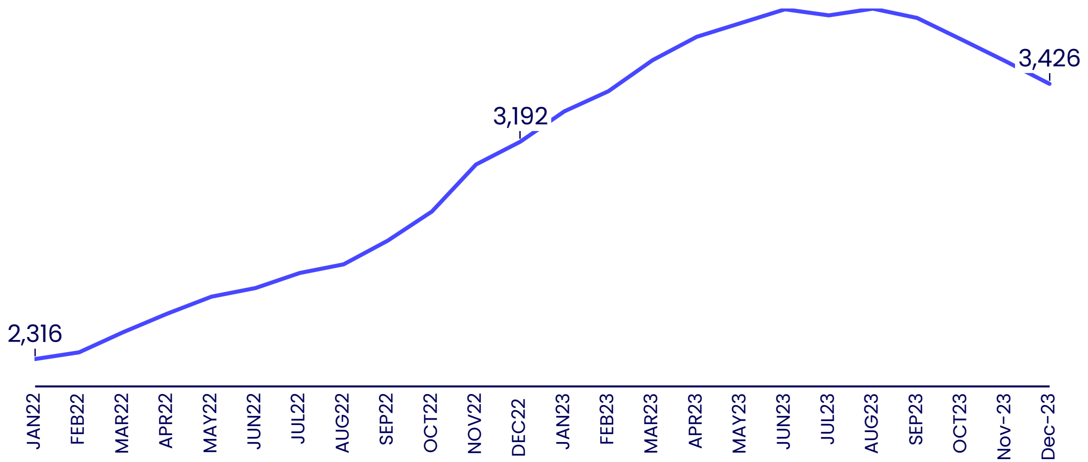
- Returns are based on **results** for the 12 months ended 31 December, where Adjusted PAT is adjusted PBT less tax (i.e. before exceptionals & amortisation of intangibles).
- **Balance sheet** item averages are based on average month end balances for the 13 months ending 31 December.
- **Derivative financial instruments** comprise of balance guarantee swaps and Tier 2 swap to manage interest rate risk.

Personal Loans

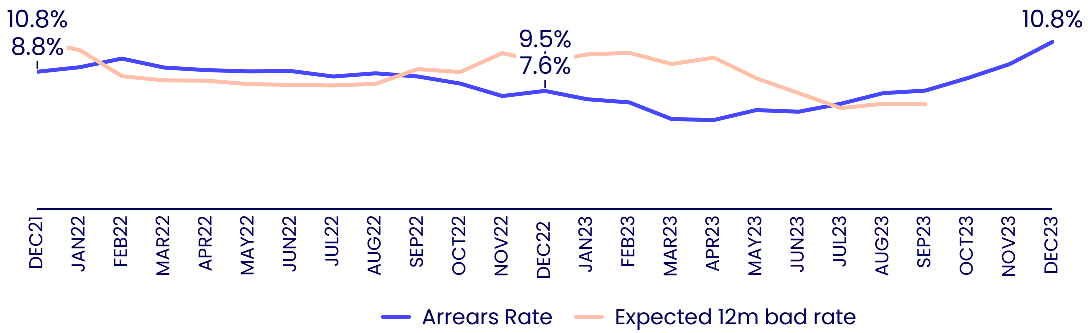
Price booking mix (APR %)[37]



Average balance (£)[67]



Arrears rate & expected 12m bad rate (%)



- **Existing customer-only** proposition extended into **Open Market** "test and learn" in late 2021 as a pilot in the near prime market, now utilising new Gateway technology.
- Challenges faced in achieving hurdle return levels, resulted in decision in September 2023 to take the Open Market loan product **off sale** for the foreseeable future.
- Consequently, the booking mix has changed and **average balances are decreasing**.
- **Active marketing** of loans to existing customers was paused in September 2023 pending a review of the proposition, expected to re-launch later in 2024.

Glossary

APR	Annual Percentage Rate
AT1	Additional Tier 1
AVE / Ave.	Average
BAU	Business As Usual
BoE	Bank of England
BS	Balance Sheet
CUG	Core UK Group
CSREP	Capital Supervisory Review and Evaluation Process
CCD	Consumer Credit Division
CET1	Common Equity Tier 1
CMCs	Claims Management Companies
Cont. Ops	Continuing Operations
CRD IV	Capital Requirements Directive IV
CRR	Capital Requirement Regulation
DAC	Deferred Acquisition Costs
Disc. Ops	Discontinued Operations
ECL	Expected Credit Loss
EIR	Effective interest rate
EMTN	Euro Medium-Term Note
EPS	Earnings per share
FCA	Financial Conduct Authority
FSCS	Financial Services Compensation Scheme
FTE	Full-time equivalent
FV	Fair value
FY	Financial Year
Group	Vanquis Banking Group plc and its subsidiary undertakings
HQLA	High-Quality Liquid Assets

IFRS	International Financial Reporting Standards
KPI	Key Performance Indicator
LCR	Liquidity Coverage Ratio
NED	Non-Executive Director
NII	Net interest income
NIM	Net interest margin
OIS	Overnight Index Swap
P&L	Profit & Loss Account
PAT	Profit after tax
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
SONIA	Sterling Over Night Indexed Average
TCR	Total Capital Requirement
TFSME	Term Funding Scheme with additional incentives For Small and Medium-sized Enterprises
UEL	Useful Economic Life
Vanquis	Vanquis Banking Group plc
VF	Vehicle Finance (Group's Moneybarn entity)
YE	Year End
YoY	Year on Year

Footnotes

2023 Highlights	
1	Sir Peter Estlin appointed to the Board as a NED (19 April) and then as Chair (effective 15 September), Ian McLaughlin appointed as CEO (1 August), Dave Watts appointed as CFO (1 November) and Michele Greene appointed to the Board as a NED (9 March).
2	Adjusted profit before tax is stated before amortisation of acquisition intangibles, discontinued operations and exceptional items.
3	The presentation of the income statement in this report is consistent with that in the Annual Report and Accounts for 31 December 2022, with the exception of interest received from Vanquis Bank Limited's liquid asset buffer and net fair value gains recognised in relation to the Group's derivative financial instruments previously reported in other income now being recognised within interest income, and certain elements of vehicle finance income, which were previously reported in interest income now being recognised in other income.
4	Adjusted operating costs are operating costs excluding exceptional items and amortisation of acquisition intangibles.
5	Adjusted ROTE is defined as adjusted 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 13 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.
6	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.
2023 Results Summary	
7	Gross receivables includes all balances outstanding from customers, including directly attributable acquisition costs and Post Charge Off Assets.
8	Adjusting items are exceptional items, amortisation of acquisition intangibles and loss from discontinued operations.
2023 Metrics & Key Ratios	
9	Net receivables are Gross Receivables less allowance account (ECL) provision. Please refer to note 61 for a reconciliation to the amount recorded on our statutory balance sheet.
10	Adjusted EPS is calculated as profit after tax from continuing operations, excluding the amortisation of acquisition intangibles and exceptional items for the 12 months ended 31 December, divided by the weighted average number of shares in issue.
11	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. Where applicable, these take into account the presentation from note 3. Average gross receivables for KPI purposes relate to customer interest earning balances (e.g. excl. PCOA and DAC).

12	ROTE is presented on an adjusted basis (see note 5).
13	Asset yield is calculated as interest income received from customers for the 12 months ended 31 December as a percentage of average gross receivables for the 13 months ended 31 December.
14	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.
15	*Annual*: Net interest margin is calculated as interest income less interest expense for the 12 months ended 31 December as a percentage of average gross receivables for the 13 months ended 31 December. *Half year*: Net interest margin is calculated as interest income less interest expense for the 6 months on an annualised basis as a percentage of average gross receivables for the 7 months ending the period.
16	Cost of risk is defined as impairment charges for the 12 months ended 31 December as a percentage of average gross receivables for the 13 months ended 31 December.
17	Risk-adjusted margin is defined as risk-adjusted income for the 12 months ended 31 December as a percentage of average gross receivables for the 13 months ended 31 December.
18	Operating costs, excluding exceptional items as a percentage of total income, for the 12 months ended 31 December.
19	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.
20	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.
21	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.
Net Interest Income	
22	Average quarterly receivable is based on the average of 4 months of gross receivables, being customer interest earning balances.
Net Interest Margin	
23	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 receivables.
24	2-year swap is taken from UK OIS spot curve data published by the BoE.
25	Includes interest income from balances held on deposit including at the BoE and net fair value gains on derivative financial instruments.

Footnotes

Impairment charges	
26	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.
27	PMAs & model redevelopment comprise mostly of Covid 19 releases (in FY21 and FY22 only), Cost of living provision adjustments, and updated model methodologies.
28	Debt sales comprise income from both forward flow sales and one-of debt sales, including PCOA sales.
29	Write-offs comprise all balances that are written–off or sold as part of debt sales (incl. debt sale proceeds).
30	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.
31	Other consists of various smaller items such as accounting adjustments for fraud losses, customer balance remediation, and impairment release on closed good accounts.
Expected Credit Losses	
32	In the current year, as part of the Group's continual focus on improving the precision of its IFRS 9 impairment models, it was identified within vehicle finance that recovery cash flows were being discounted to the date of default rather than the reporting date. This led to cash flows being discounted too heavily and therefore a higher core model impairment provision being historically recognised. In 2021, this would have resulted in a reduction in Group loss after tax of £7.5m, an increase in vehicle finance receivables of £9.3m and a reduction in the current tax asset of £1.8m. Management considers that a prior period restatement is appropriate and has retrospectively restated the 2022 balance sheet which has resulted in an increase in vehicle finance receivables of £9.3m, a reduction in the current tax asset of £1.8m and a corresponding increase of £7.5m through retained earnings.
33	Calculated as expected credit loss allowance divided by gross receivables (including DAC and PCOA).
Adjusted Operating Costs	
34	All costs presented are on an adjusted operating cost basis (see note 4).
35	Other includes accounting adjustments related to timing differences and reclassifications, and items such as write-offs, provision movements, Visa share revaluation movement and reclassification of Fraud, Complaints from Operating expenses to Impairment charges.
Complaints Activity	
36	Complaints resource expenses are not split by complaint type.

Cards	
37	Volume booking mix by acquisition APR band.
38	Average of limits originated for all customers that month.
39	Balance of accounts in arrears / total balance of live portfolio (excludes charge-offs).
Vehicle Finance	
40	Calculated as average loan amount of all the deals originated within a particular month.
41	Volume of accounts in any arrears / total accounts for live portfolio (excludes defaults).
Liquidity & Funding	
42	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.
43	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 £2,534.0m (2022: £1,920.6m).
44	Comprising of various notice accounts (i.e. 90 & 120 days) and small other retail offerings.
45	Undrawn commitment in FY22 on the Vehicle Finance securitisation.
46	Levels of Moneybarn securitisation reduced from £325m committed facility to £200m by Dec-23, thereby reducing levels of encumbrance and reducing SONIA linked funding balances.
Capital	
47	Post application of PRA conclusion on CSREP, PY restatement and the scheduled unwind of the final £54m IFRS 9 transition relief was absorbed on 1 January 2023. There is no further transitional relief outstanding.
48	The PRA concluded its Capital Supervisory Review and Evaluation Process (CSREP) of the Group's capital requirements and the Group's TCR reduced by more than a third, from 18.3% to 11.9%. Including the current regulatory combined buffers of 4.5% (post July 2023), the Group's overall capital requirement reduced by 6.4% from 22.8% to 16.4% (excluding any confidential and management buffers).
49	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.

Footnotes

50	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. December 2022 requirement is shown on this basis therefore after the C-SREP reduction to requirement and the increase in Countercyclical Buffer to 2% in July 2023.
51	The Group retains AT1 capacity of £44m (2.2%) as at December 2023, which provides further opportunities for capital optimisation.
Financial Performance Reporting	
52	Further one-off costs, meeting these definitions, are anticipated in 2024.
53	Amortisation of acquisition intangibles is in relation to the intangible assets acquired as part of the Moneybarn and Snoop acquisition. The Moneybarn acquisition intangible has a UEL of 10 years, ending in 2024. The Snoop intangible comprises technology and its brand which have a UEL of 9 years, running off in 2032 and 5 years, ending in 2028 respectively.
54	Loss after tax from discontinued operations relates to the CCD business which was closed in 2021.
Profit & Loss	
55	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.
Non-Interest Income	
56	Other income includes various smaller income items, including Snoop, the revaluation of Visa shares held in Cards and profit on vehicle termination (sale) in VF.
Product Contribution	
57	Total customer numbers of 1.75m at Dec23 (Dec22: 1.67m) 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.
FTE & Cost type analysis	
59	Number of people working for the Group at year end under contracts of employment (employee numbers).
60	• 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 • Accounting costs comprises depreciation, amortisation and recharges.
Summary Balance Sheet	
61	Amounts receivables from customers are presented net of £3.2m (2022: £7.9m) fair value adjustment for portfolio hedged risk.
62	Bank and other borrowing in 2023 are presented net of £1.0m (2022: £4.6m) fair value adjustment for hedged risk.
Capital composition	
63	Total equity is based on published FY22 results and was not updated for PY restatement, see note 32.
64	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.
65	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.
Personal Loans	
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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No statement in this presentation is intended as a profit forecast or estimate for any period. No statement in this presentation should be interpreted to indicate a particular level or expectation of profit and, therefore, it should not be possible to derive a profit figure for any future period from this presentation.

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