Vanquis Banking Group HY 2025 Results

Analyst and Investor Conference Call Speech

Ian McLaughlin, Chief Executive Officer

Dave Watts, Chief Financial Officer

Ian McLaughlin, Chief Executive Officer

Good morning, everyone. I'm Ian McLaughlin, Chief Executive of Vanquis Banking Group.

Thanks for joining us for our 2025 half-year results webcast and conference call.

As usual, I'm pleased to be joined by our Chief Financial Officer, Dave Watts.

Dave, good morning and welcome.

Dave Watts, Chief Financial Officer: Thanks Ian and good morning, everyone.

Agenda

Summary of 1H25	Ian McLaughlin
1H25 Performance	Dave Watts
Q&A	Ian & Dave

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Ian McLaughlin, Chief Executive Officer

As you can see on slide 2, I'm going to start with an overview of our performance for the first half of the year.

Dave will then take you through the numbers in more detail.

And after that, we'll be happy to take your questions.

So, if I can take you straight to slide 4.

Profit delivered in 1H25

Two consecutive quarters of profitability and three consecutive quarters of balance growth

While the strategic transformation of the bank continues, we have:

1. **Sustainably grown interest-earning balances** and optimised mix to maximise return on deployed capital.
2. **Made strong progress on the Gateway technology transformation programme,** which remains on track for delivery in mid-2026.
3. **Delivered ongoing transformation cost savings**, with all necessary actions already taken to meet our commitment of an additional £15 million in savings for 2025.
4. **Seen continued customer resilience**, with robust credit quality reflecting responsible lending.
5. **Continued to develop our award-winning proposition** to meet customer needs.

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Let me start by briefly looking back. This is the last time I will mention 2024, but you know, for us it was a challenging year. One where we addressed the issues of the past, reset the business and laid the foundations for sustainable, profitable growth in the future.

We also had external factors we had to deal with in the form of CMC Complaints and Vehicle Finance commissions. I will update you on both of those in a moment.

Importantly, that reset is now behind us, and the progress we're making shows that our plan is working profitability in both Quarter 1 and Quarter 2 obviously means we have returned to profit in the first half of the year.

And we have now delivered three consecutive quarters of balance growth. Q4 last year, followed by Q1 and Q2 this year. All products were profitable, and overall customer balances have grown by 7%.

We still have much to do though.

Gateway, our tech transformation programme, is fully mobilized and remains on track for completion in mid-2026. It is a critical aspect of our plan, so I'll also come back to more detail on that shortly.

Cost control remains a top priority for the management team. With over half the £15 million of the cost saving we committed to already delivered, we are on track to deliver the savings we committed to for 2025.

On credit quality - customers continue to show resilience, with risk performance reflecting our responsible lending practices across all of our products.

And finally, while there's more work ahead, we are making strong progress in modernising our franchise and strengthening our customer proposition - as shown by our customer ratings and the market recognition that you can see at the bottom of the slide.

1H25 Performance vs. FY25 Guidance

On track to deliver our FY25 Guidance, with higher balance growth than previously expected

	1H25 Performance	FY25 Guidance
Gross customer interest earning balances[1]	£2,459m	>£2.6bn
Net Interest Margin (NIM)[2]	17.4%	>17%
Cost: Income ratio[3]	62.5%	High 50s
Return on Tangible Equity (ROTE)[4]	**3.1%**	**Low single digits**
Tier 1 ratio[5]	18.5%	>17.5%

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On slide 5, we have the headlines on our financial performance and how we're tracking against the guidance that we set out for 2025. You can see the side-by-side view.

In short, we believe we will achieve all areas of guidance for full year 2025.

Gross customer interest-earning balances ended the first half at £2.46 billion, giving us confidence to upgrade our guidance for the year-end to 'greater than' £2.6 billion.

Net interest margin was 17.4%, and we expect it to stay above 17% for the full year. As we evolve our product mix, we're focused on deploying capital for growth in the highest-returning opportunities. Our core priority is to deliver a strong return on tangible equity and that has not changed.

Our cost: income ratio was 62.5% at the half year. While that is a substantial improvement year-on-year, it remains above our guidance of high 50s for full year 25. We expect to close this gap in the second half through higher income, further transformation cost savings and lower complaint costs. Again, I will touch on those in more detail shortly.

Profit after tax of £5.6 million delivered a 3.1% return on tangible equity, so within our low single-digit guidance range for the full year.

And finally, we have the capital required to deliver on our plan.

1H25 Highlights

Improving customer proposition with enhancements to risk management

Initiatives	What we have delivered
Customer proposition Insightful risk management	• Launched new Credit Card product variants. • Enhanced credit decisioning in Vehicle Finance. • Maintained strong growth in Second Charge Mortgages. • Expanded our flexible savings product range, including ISAs. • Achieved a 7% increase in Snoop active users, including a 12% increase in Vanquis customers using the app. • Positive experiences for 'Not Yet' customers through the Fair Finance referral programme. • Introduced a new customer service platform. • Rebranded Vanquis as 'the bank that's got your back'.

Key metrics

Metric	1H25	FY24
Gross customer interest earning balances[1]	£2,459m	(FY24: £2,308m)
Retail deposits	£2,424m	(FY24: £2,399m)
Customer numbers	1.70m	(FY24: 1.69m)
Snoop active users ('000)	313k	(FY24: 293k)
Vanquis customer satisfaction (Trustpilot score)	4.1/5 stars	(FY24: 4.2/5 stars)
Moneybarn customer satisfaction (Trustpilot score)	4.4/5 stars	(FY24: 4.4/5 stars)

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Let's now look at some of the operational highlights across the five key initiatives we've shared with you in previous presentations - starting with our customer proposition and risk management approach that you can see on slide 6.

In our cards business we launched more flexible, tailored products - supporting 6% balance growth in the first half.

In Vehicle Finance, our upgraded decisioning engine helped improve our risk-adjusted margin to 9.7%.

Our Second Charge Mortgage book continues to grow well, with balances reaching over £370 million.

And we've broadened our savings range to give customers more flexibility - including new ISA products and launching the Snoop easy access savings account.

Speaking of Snoop, it continues to be a real strategic enabler, not just growing its user base, but also helping us improve customer engagement and enhance the overall customer experience as we deploy both the Snoop team and technology more broadly across the business. Active Snoop users were up 7% in the first six months, with a 12% increase in Vanquis customers using the app.

Snoop also plays a key role in our 'Not Yet' customer strategy - you'll remember that's supporting customers who might not qualify for credit from us today, but who could do so in the future.

Instead of turning them away, we give them money management tools through Snoop which support them to build financial confidence. Where appropriate, we also refer them to trusted partners like Fair Finance.

And our partnership approach with Fair Finance is delivering real impact. In the first half of the year alone, we referred some 2,600 customers who Fair Finance helped to access affordable credit and unlocked almost £10 million in unclaimed benefits for them – in some cases transforming their financial position.

By offering these kinds of solutions, we're helping people improve their financial wellbeing and resilience - which in turn builds trust, loyalty, and long-term relationships with Vanquis.

Supporting a better overall customer experience, in February we created a single customer view in our new service platform. This combined 15 separate legacy data sources, enabling our colleagues to deliver faster, more tailored, more accurate support to our customers.

And in June, we brought that same commitment to life in our rebrand - reintroducing Vanquis to our customers as "the bank that's got your back." It's more than a logo or campaign. It reflects how we show up for our customers and support them day in and day out in ways that other lenders either can't or won't.

And that approach is making a difference. Our Trustpilot score remains rated "Great," with over 80% of our reviews being at 5 stars - reflecting the real value customers place on the products, service, and support that we provide to them.

1H25 Highlights

Technology transformation and operational efficiency on track, supported by a strong team

Initiatives

Technology transformation

Operational efficiency

People

What we have delivered

- Centralised customer data on a new IT platform.
- Launching a new mobile app and Credit Card onboarding and decisioning platform in the next 3 months.
- Delivered operational efficiency improvements across key processes through expanded use of digital tools, AI, and self-service
  - Debt sale programmes
  - Fraud
  - Complaints
- Rationalised property footprint.
- Improved colleague engagement, with a 5% increase in the mid-year score to 65%.

Key metrics

Metric	1H25	Comparative
Technology and Operations cash investment spend	£13.4m	(2H24: £13.6m)
Group headcount (Full Time Equivalent)[6]	1,224	(FY24: 1,215)
Transformation cost savings	£7.9m	(2H24: £27.4m)
Mid-year Pulse Survey (Colleague engagement)	65%	(FY24: 60%)

Turning to slide 7, I will cover three key areas you can see in the left-hand column: Technology transformation, Operational efficiency, and our People agenda.

Let’s start with technology. As I mentioned earlier, our Gateway technology transformation programme remains on track.

A recent milestone saw us load 30 billion rows of customer, product and decisioning data onto our new IT platform - significantly enhancing our ability to generate insights and make smarter, faster decisions.

This foundation is paving the way for upcoming launches, including our new mobile app and smarter credit card onboarding and decisioning tools, which will be launched over the next three months.

We have had a significant amount of technical debt to address, and introducing this modern infrastructure now sets the stage for a more digital, customer-focused experience.

And while we’re enhancing customer experience, we’ve also been driving operational efficiency across the business, expanding digital self-service, integrating AI, and strengthening our control frameworks to make our processes more efficient.

We’re seeing the impact through reduced complaints, tighter fraud controls and expanded debt sales - all of which are contributing to our cost transformation.

Alongside that, we’ve reshaped our operating model. In 2024, we completed a significant outsourcing programme that reduced our staffing costs by £25 million, and our headcount by 18%, year-over-year.

As a result, our UK headcount has remained broadly flat over the last six months.

Encouragingly, colleague engagement has continued to improve, with our mid-year pulse survey showing a 5-point increase, rising to 65%.

We believe that reflects growing confidence from our colleagues and while there's more to do, there's a real sense that we've turned a corner and we're now heading in the right direction.

Update on external factors

New FOS fee structure resulting in meaningfully reduced CMC referrals

New FOS fee charging structure

- The revised FOS fee structure, implemented on 1 April 25, has reduced unmerited CMC complaint referrals to the FOS.

Charging structure pre 1 April 2024
Lenders paid **£750** per claim

Charging structure pre 1 April 2025
Lenders paid **£650** per claim

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

Complaint costs

- Since the revised FOS fee structure was implemented on 1 April 25 negligible Vanquis related CMC complaints have been referred to the FOS.
- CMC complaint volumes submitted directly to Vanquis have also reduced.
- **1H25 complaint costs £16m** - 36% lower YoY (1H25 vs 1H24).
- 1Q25 complaint costs were in line with expectations, with a lower run rate from 2Q25, as expected.
- Expect 2H25 complaint costs to be lower than 1H25.
- See slide 20 for further details of financial impacts of complaints.

Regulatory engagement and legal proceedings

- Support the Government's planned changes to reform the FOS.
- Continue to engage with regulators to address complaints issues on an industry-wide basis.
- Successful strike out hearing outcome in court case against The Money Solicitor (TMS Legal Ltd.), the CMC responsible for the most unmerited claims in recent years. Legal proceedings now progress to trial.

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While we've been focused on turning around the business, there have been two external challenges that we have talked to you about before and that you know have weighed on the bank - these are CMC complaint volumes, and motor finance commissions.

Let's start with complaints and the recent positive developments on this. You can see the detail on slide 8.

As we flagged in our Q1 trading update, complaint costs were tracking in line with our expectations. Since the FOS fee reforms which came into effect in April, we've seen a sharp drop in unmerited referrals from Claims Management Companies.

I'm pleased to say that trend has continued. CMC complaints referred to the FOS remain negligible, and we've also seen a fall in the volume of CMC complaints submitted directly to us.

As a result, complaint costs in the first half were £16 million, which is 36% lower year-on-year ....and with a lower run rate in Q2 than in Q1. This supports our expectation that complaint costs in the second half will be lower again.

We do recognise the importance of the FOS in resolving customer disputes. But it's critical that that process works fairly for all parties. That's why we support the Government's planned review aimed at reforming the FOS.

More broadly, we continue to engage with regulators on industry-wide solutions, particularly around proper oversight of CMCs and their practices.

And finally, a quick update on our High Court case against The Money Solicitor (TMS) – they're the claims management company behind the largest number of unmerited complaints against us. Following success at the recent strike-out hearing, we're now continuing to progress our case to the High Court.

Update on external factors

Clear distinction from Johnson case supports limited liability on motor finance commissions

Update following Supreme Court Judgment and FCA's intention to consult on a compensation scheme

- The Group believes any **liability is limited**.
  - Under IAS 37, no provision has been made, but we have disclosed a contingent liability.
- **Vanquis did not participate in discretionary commission arrangements (DCAs)** - not in scope for this element of any scheme.
- **The FCA intend to consult on the inclusion of certain non-DCAs** following the unfair relationship Supreme Court decision in the Johnson case.
- **Vanquis' position is clearly differentiated from the facts in the Johnson case**. This is on a number of grounds, including, but not limited to:
  - **Size of commission:** Averaged £695 and c.13% of the total credit charge* vs 55% in *Johnson*.
  - **Nature of commission:** Were a flat fee or fixed percentage of the loan.
  - **Lending arrangements:** Vanquis did not operate "right of first refusal" arrangements.**
  - **Extent and manner of commission disclosure considering characteristics of the consumer:** Customers signed pre-contractual documentation confirming that they understood a commission *will* be paid.*
  - **Compliance with regulatory rules:** Disclosures exceeded regulatory requirements.

* Period 26 October 2013 to 25 October 2024.
**Based on a review of introducer agreements.

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Turning to the second external overhang - the Supreme Court judgment on motor finance commission disclosures, and the FCA's intention to consult on a compensation scheme. We are on slide 9 now.

Firstly, we welcome the clarity provided by the judgment from the Supreme Court, and the conclusion that dealer brokers did not owe fiduciary duties to their customers.

We believe our liability in relation to this matter is limited, and as a result, we haven't taken a provision. However, in line with accounting standards - and with agreement from our auditors and Board – we have disclosed a contingent liability.

While we continue to work closely with the FCA, I wanted to share the number of reasons why we believe Vanquis' exposure is less than others.

Importantly, as we have said many times before, Vanquis never operated discretionary commission arrangements (DCAs), and we are therefore not in scope for this element of any FCA redress scheme.

However, the FCA have said they intend to consult on whether certain non-DCAs should be included as part of a redress scheme.

They list the factors they intend to consider, which are consistent with those the Supreme Court took into account when assessing an unfair relationship in the Johnson case.

Against each of these factors, Vanquis' position is clearly differentiated.

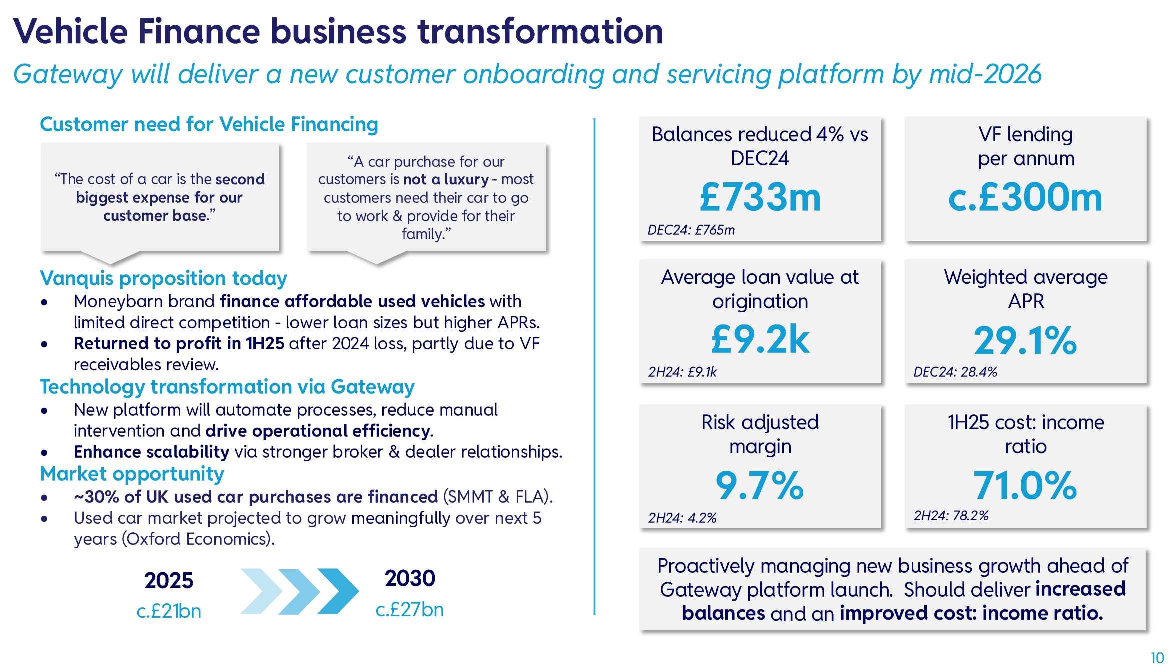
We have outlined the rationale for this on the slide, but I would emphasise the following.

Our average, Vehicle Finance commissions as a percentage of the total credit charge were around 13% - much lower than the Johnson case, which, as you know, was 55%.

We did not operate "right of first refusal" arrangements with brokers or dealers, and in fact, in a number of cases we were more like the "lender of last resort".

Customers signed pre-contractual documentation confirming that they understood a commission would be paid.

As a result of all this, we do feel our position is clearly differentiated and look forward to more clarity emerging through the FCA consultation process.



Vanquis remains committed to the Vehicle Finance market and we're confident in the continued strategic transformation of the business for the reasons that we show on slide 10.

Through our Moneybarn subsidiary, we support an underserved customer segment – in line with our overall purpose as a bank. We help customers finance affordable, often older, vehicles that are essential to their daily lives. The most common type of car we finance is a nine-year-old Ford Focus with some 70,000 miles on the clock. We finance essential travel for our customers, not luxuries.

This end of the market is resilient, with strong demand and limited direct competition, allowing us to price appropriately for risk, and maintain a broader credit appetite.

And, although the average loan size is lower at around £9,200, our weighted average APR is over 29%, reflecting the risk profile and that supports strong unit economics.

After resolving the well-documented challenges in the Vehicle Finance book that we shared in 2024, I'm pleased to report that our Vehicle Finance business returned to marginal profitability in the first half. It's a positive step, though we have more to do, and scaling and cost-to-serve remain key focus areas.

To support this, we're investing in a new onboarding and servicing platform through Gateway. It will reduce manual work, lower costs, and improve both the customer and the broker experience.

In the near term, we're managing new lending carefully as we complete the IT platform build. Balances are down 4% year-to-date, but improved portfolio visibility has enabled sharper pricing, lifting our risk-adjusted margin to 9.7%.

The long-term opportunity here remains compelling: the market is expected to grow by £6 billion over the next five years, creating a financing need of around £9 billion by 2030.

We’re positioning this business for sustainable, profitable growth with a clear roadmap, a large addressable market, and a differentiated model for us that plays to our strengths.

Right, that wraps up my section for now. I’ll be back later for the Q&A session, but in the meantime, let me hand you over to Dave, who’ll walk you through our financials in more detail.

Dave.

1H25 Group performance

Return to profitability alongside continued balance growth

Receivables	JUN25 £m	DEC24[7] £m	Change %	JUN24[7] £m	Change %
Gross customer interest earning balances[1]	2,459	2,308	7%	2,252	9%
Average gross customer interest earning balances (excluding Personal Loans)	2,339	2,208	6%	2,201	6%
Net receivables[8]	2,325	2,155	8%	2,010	16%
Income Statement	**1H25 £m**	**2H24[1] £m**	**Change %**	**1H24 £m**	**Change %**
Net interest income	202.2	200.6	1%	207.3	(2)%
Non-interest income	17.5	19.0	(8)%	19.5	(10)%
Total income	**219.7**	219.6	-	226.8	(3)%
Impairment charges	(76.1)	(92.3)	(18)%	(93.0)	(18)%
Risk-adjusted income	**143.6**	127.3	13%	133.8	7%
Operating costs	(137.4)	(219.2)	(37)%	(179.9)	(24)%
Profit/(loss) before tax from continuing operations	**6.2**	(91.9)		(46.1)	
Tax (charge)/credit	**(1.3)**	6.8		10.6	
Profit/(loss) after tax from continuing operations	**4.9**	(85.1)		(35.5)	
Profit/(loss) after tax from discontinued operations	0.7	1.6		(0.3)	
Statutory profit/(loss) after tax	**5.6**	(83.5)		(35.8)	
Notable items	**1H25 £m**	**2H24[7] £m**		**1H24[7] £m**	
Goodwill write-off	-	(71.2)		-	
Transformation & other exceptional costs	-	(8.6)		(15.5)	
Amortisation of acquisition intangibles	-	(2.0)		(4.2)	
Vehicle Finance receivables review	-	**(6.8)**		**(12.8)**	
Income	-	*(1.4)*		*(3.1)*	
Impairment	-	*(5.4)*		*(9.7)*	
Other one-off cost items	-	-		(10.2)	
Total notable items	-	**(88.6)**		**(42.7)**	

- **Gross customer interest earning balances** increased 7% HoH (JUN25 vs DEC24), reflecting increased balances in Credit Cards and Second Charge Mortgages (2CM).
- **Net receivables** increased 8%, reflecting lower-risk 2CM growth.
- **Net interest income** increased 1%, reflecting a 6% increase in average balances offset by lower NIM from 2CM growth.
- **Impairment charges** decreased 18%, reflecting an underlying improvement in credit quality and the non-repeat of the impact of the VF receivables review.
- **Risk adjusted income** improved 13% HoH (1H25 vs 2H24).
- **Operating costs** reduced 37% reflecting the non-repeat of £81.8m of notable items, with underlying costs flat.
    - Further transformation cost savings and reduced complaint costs were offset by growth, inflation and accruals for discretionary staff costs.
- **Profit before tax from continuing operations** of £6.2m.
- **Profit after tax from discontinued operations** relates to the Personal Loans portfolio. The sale completed at the end of 1Q25.
- **No notable items** in 1H25.

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Dave Watts, Chief Financial Officer

Thanks, Ian.

Slide 12 summarises the Group's financial performance for the first half of 2025.

I will comment mainly on our performance versus the second half of 2024.

In the first half, we generated a profit in both quarters supported by a 7% growth in gross customer interest-earning balances and a 13% increase in risk-adjusted income as impairments reduced.

Along with significantly lower operating costs, reflecting the absence of 2024's one-off items, profit before tax from continuing operations was £6.2 million.

After factoring in tax and the profit from discontinued operations, related to the now sold Personal Loans business, profit after tax was £5.6 million.

These results are on a statutory basis. Following last year's notable items linked to the business turnaround, there were no notable items in the first half of 2025.

1H25 Group key performance metrics

Improving risk adjusted margin driving low single digits ROTE

	1H25 %	2H24[7] %	Change	1H24[7] %	Change
Selected key metrics					
Asset yield[9]	21.8	22.4	(0.6)	23.2	(1.4)
Net interest margin (NIM)[2]	**17.4**	18.1	(0.7)	18.9	(1.5)
Total income margin (TIM)[10]	18.9	19.8	(0.9)	20.7	(1.8)
Cost of risk[11]	(6.6)	(8.3)	(1.7)	(8.5)	(1.9)
Risk adjusted margin (RAM)[12]	12.4	11.5	0.9	12.2	0.2
Statutory cost: income ratio[3]	**62.5**	99.8	(37.3)	79.3	(16.8)
Average tangible equity (£m)	361	362	-	382	(5)%
Statutory ROTE[4]	**3.1%**	(45.9)		(18.9)	
Basic earnings per share (EPS) (p)[13]	2.2	(32.6)		(14.1)	
Dividend per share (p)	-	-		-	

	JUN25 £m	DEC24[7] £m	Change	JUN24[7] £m	Change
Capital, liquidity, funding and balance sheet metrics					
Tier 1 ratio[5]	**18.5%**	18.8%	(0.3)	19.8%	(1.3)
Risk weighted assets (RWA)[14]	1,883	1,835	3%	1,813	4%
High quality liquid assets (HQLA) (£m)[15]	873	947	(8)%	717	22%
Liquidity coverage ratio (LCR)[16]	366%	359%	(7)	557%	(191)
Retail deposits	2,424	2,399	1%	1,912	27%
Retail funding (% of all funding)[17]	84.6%	85.6%	(1.0)	79.3%	5.3
Tangible net asset value (TNAV)	362	358	1%	371	(3)%
TNAV per share (p)[18]	142	140	1%	146	(3)%

- **Asset yield** decreased 60bps HoH, reflecting lower yield on 2CM. Credit Cards yield reduced marginally, reflecting growth in 0% balance transfers (BTs) and promotional products, while VF yield improved.
- **NIM** reduced 70bps, driven by the lower margin in 2CM, partially offset by lower cost of funds.
- **RAM** increased 0.9%, driven by a 1.7% reduction in **cost of risk**, reflecting meaningfully lower impairment in VF.
- **Cost: income ratio** improvement reflects the non-repeat of notable items.
  - Neutral underlying cost: income jaws HoH.
- **ROTE** of 3.1%, in line with FY25 guidance of low single digits.
- **Tier 1 capital ratio** reduced 30bps, with earnings and the 40bps benefit from the Personal Loans portfolio sale more than offset by growth driving a 3% increase in RWAs.
- **Liquidity and funding** remained strong, while being more dynamically managed.
- **Retail deposits** growth driven by a broader product range, including ISAs and the Snoop Easy Access branded product.

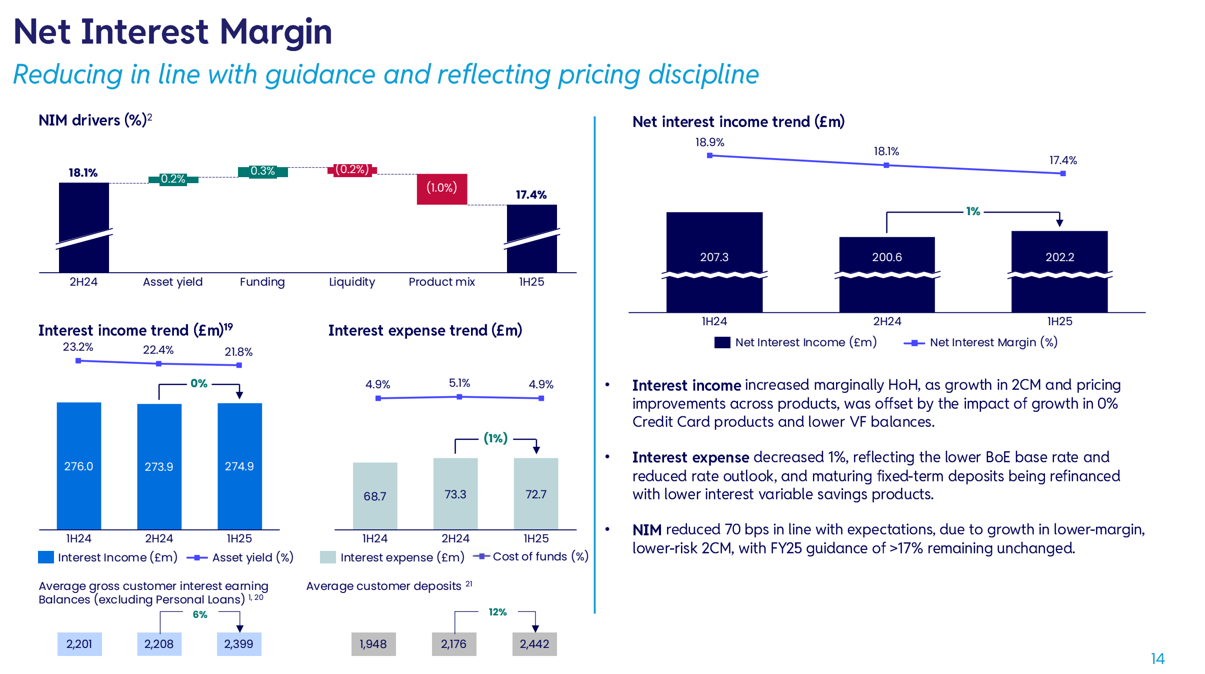
Our key performance metrics are set out on Slide 13.

Our statutory return on tangible equity was 3.1%, in line with our 2025 guidance of low single digits.

Asset yield, NIM and total income margin reduced as expected, driven by a greater proportion of lower risk Second Charge Mortgages.

However, our risk-adjusted margin increased by 90 basis points to 12.4%, reflecting a 170-basis point reduction in the cost of risk.

With greater clarity on the cost of risk across the portfolios, we intend to focus on risk-adjusted margin, as a core metric going forward.



The NIM drivers are set out on Slide 14.

Underlying asset yield improvements added 20 basis points, reflecting pricing discipline across portfolios.

Lower funding costs contributed to a further 30 basis points improvement.

These positives were offset by a 20-basis point reduction from a smaller Liquid Asset Buffer and most significantly, a 100-basis point dilution due to a shift in mix toward Second Charge Mortgages.

As a result, NIM decreased to 17.4% as expected.

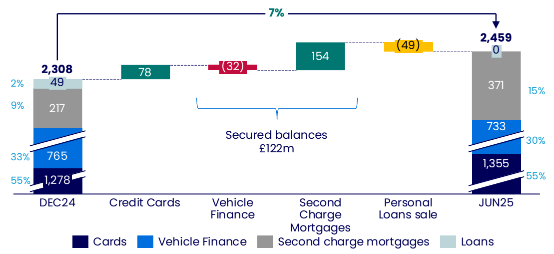
Despite this, due to balance growth, net interest income rose 1%.

Full year NIM guidance remains unchanged at greater than 17%.

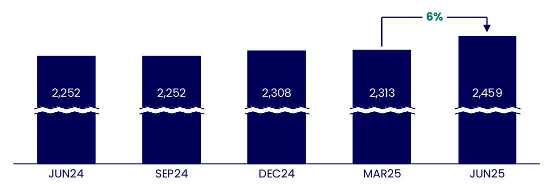
Gross customer interest earning balances

Strong growth in Credit Cards and 2CM. Proactively managing new business growth in VF

Gross customer interest earning balances movement (£m)[1]



Gross customer interest earning balances trend (£m)[1]



- **Gross customer interest earning balances** increased 7% since DEC24, of which 6% in 2Q25.
- **Credit Card balances** increased 6%, all in 2Q25, reflecting both new customer acquisitions and increased card utilisation of existing customers following credit line extensions and risk-based repricing.
- **VF balances** decreased 4%, as new business growth was proactively managed while the new onboarding and servicing platform is developed.
- **2CM balances** continued to grow meaningfully via forward flow agreements with Interbridge Mortgages and Selina Finance.
- **Personal Loans portfolio sale** completed at the end of 1Q25.
- Overall, **increasing proportion of secured vs unsecured balances.**

Slide 15 details our gross customer interest earning balances which increased to £2.46 billion.

Credit Card balances increased 6% all in the second quarter.

This reflected both new customer acquisitions and increased card utilisation by existing customers.

Vehicle Finance balances reduced 4%, as we managed new business growth while we develop the new IT platform that Ian has already talked about.

Second Charge Mortgages continued to grow strongly, increasing by over £150 million in the first half.

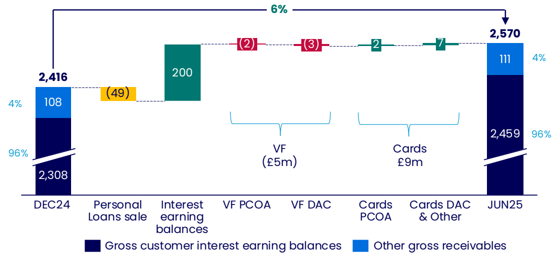
This more than offset the reduction from the Personal Loans sale.

As Ian has mentioned, we are now confident that we will outperform our previous guidance on balances. We are now guiding to greater than £2.6 billion of balances by the end of the year.

Gross and net receivables

Increase driven by interest earning balances growth, with improved asset quality

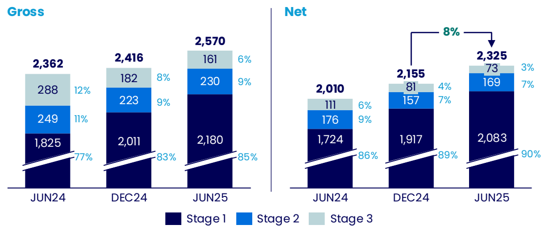
Gross receivables movement (£m)[22]



Post Charge Off Assets (PCOA) (£m)

	Credit Cards	Vehicle Finance	Total
DEC24	***5.9***	***17.3***	***23.2***
Additions	2.6	3.3	5.9
Revaluation	-	0.5	0.5
Debt sales	(1.0)	(4.6)	(5.6)
Write-off	-	(1.2)	(1.2)
JUN25	**7.5**	**15.3**	**22.8**

Receivables by stage (£m)[8,22]



- **Gross receivables** increased 6% in 1H25.
- **Other gross receivables** were broadly stable, with established debt sale programmes from both the Credit Cards and VF PCOA populations.
- **Further debt sales** from PCOA populations expected in 2H25.
- **Net receivables** increased 8%, with an improved proportion of receivables by stage.

Slide 16 highlights a much cleaner gross and net receivables position.

The 6% increase in gross receivables was driven by the £200 million growth, in interest-earning balances.

Other movements were small reflecting the now mature debt sale programmes.

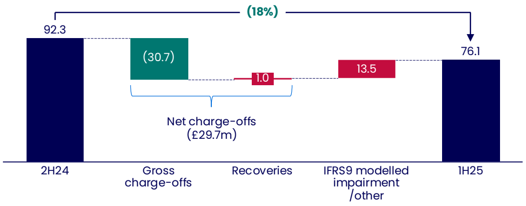
We expect to transact more debt sales in the second half of the year.

Net receivables rose by 8% supported by improved asset quality.

Impairment charges

Reduced gross and net charge-offs reflecting customer resilience

Impairment charge movement (£m)



Impairment charge (£m)

	1H25 £m	2H24[7] £m	Change %	1H24[7] £m	Change %
Gross charge-offs	(122.1)	(152.8)	(20)%	(113.6)	7%
Recoveries	28.6	29.6	(3)%	23.4	22%
Net charge-offs	**(93.5)**	**(123.2)**	**(24)%**	**(90.2)**	**4%**
Originations[23]	(25.7)	(23.7)	8%	(21.3)	21%
Net risk movements	(51.9)	(72.6)	(29)%	(82.4)	(37)%
Releases due to write-offs & debt sales	89.4	126.9	(30)%	97.3	(8)%
Other incl. non repeat of VF review	5.6	0.3		3.6	56%
IFRS9 modelled impairment/other	**17.4**	**30.9**	**(44)%**	**(2.8)**	
Impairment charge	**(76.1)**	**(92.3)**	**(18)%**	**(93.0)**	**(18)%**
Group cost of risk[11]	**(6.6)%**	**(8.3)%**	**(1.7)%**	**(8.5)%**	**(1.9)%**
Credit Cards	(10.0)%	(9.4)%	0.6%	(9.5)%	0.5%
Vehicle Finance	(3.4)%	(7.7)%	(4.3)%	(7.0)%	(3.6)%
Second Charge Mortgages	(0.1)%	(0.3)%	(0.2)%	n/m	

- **Net charge-offs** reduced 24% HoH, reflecting continued customer resilience.
- **IFRS9 modelled impairment** benefit reduced HoH.
  - **Origination charges** increased 8%, consistent with the growth in gross customer interest earning balances.
  - **Net risk movements** reflect stage migrations and changes in post model adjustments (PMAs).
- **Other** in 1H24 and 2H24 included the net impact of the gross charge-offs, ECL release and creation of the PCOA related to the prior year VF receivables review.
- **1H25 cost of risk** across products lower than previously guided expectations.
  - Credit Cards: 10.0% against guidance of 10-14%.
  - VF: 3.4% against guidance of 4-6%.
  - 2CM: 0.1% against guidance of <1%.
- **Expect impairment to increase in 2H25**, driven by increased origination charges on new gross customer interest earning balances.

17

Slide 17 summarises the year-on-year impairment charge movement.

We have restructured the presentation of impairment drivers to separately show gross charge-offs and recoveries from IFRS9 modelled movements.

Bottom line, impairment reduced 18% largely driven by a 20% reduction in gross charge-offs, reflecting continued customer resilience.

Impairment on new originations increased 8% in line with balance growth.

Back-book credit risk improved with fewer negative stage migrations and lower impairment releases from write-offs and debt sales.

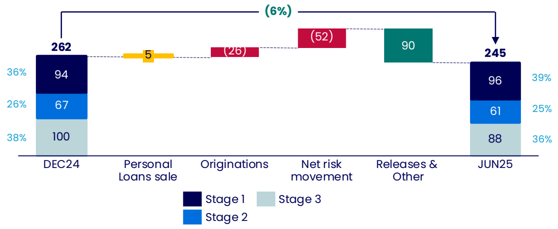
In summary, the overall Group cost of risk has reduced to 6.6%, with all products coming in below guided expectations reflecting our responsible approach to lending.

We do, however, expect impairment to increase in the second half, driven by new origination charges and therefore, the full year cost of risk by product should be within previously guided ranges.

Expected Credit Losses (ECL)

Reduced ECL despite growing receivables, reflecting responsible credit risk lending

ECL movement (£m)



ECL (£m)

	JUN25 £m	DEC24[7] £m	Change %
ECL brought forward	**(262)**	**(351)**	
Personal Loans sale	5	10	(50)%
Originations	(26)	(24)	(8)%
Net risk movement	(52)	(73)	(29)%
Releases due to write-offs, debt sales & other	90	181	(50)%
ECL carried forward	**(245)**	**(262)**	**(6)%**
Gross receivables[22]	2,570	2,416	6%
Net receivables[8]	2,325	2,155	8%
Coverage ratio[24]	9.5%	10.8%	(1.3)

Gross receivables and coverage ratios by stage

	Gross receivables[22]			Coverage ratio[24]		
	JUN25 £m	DEC24 £m	Change %	JUN25 %	DEC24 %	Change
Total	**2,570**	**2,416**	**6%**	**9.5**	**10.8**	**(1.3)**
Stage 1	2,180	2,011	8%	4.4	4.7	(0.3)
Stage 2	230	223	3%	26.4	30.1	(3.7)
Stage 3	161	182	(12)%	54.4	55.2	(0.8)
Of which Credit Cards	***1,390***	***1,310***	***6%***	***11.4***	***12.2***	**(0.8)**
Stage 1	*1,219*	*1,137*	*7%*	*6.7*	*6.8*	(0.1)
Stage 2	*110*	*100*	*10%*	*38.2*	*40.4*	(2.2)
Stage 3	*62*	*74*	*(16)%*	*56.3*	*57.1*	(0.8)
Of which Vehicle Finance	***795***	***832***	***(4)%***	***10.8***	***11.6***	**(0.8)**
Stage 1	*579*	*606*	*(4)%*	*2.5*	*3.0*	(0.5)
Stage 2	*117*	*120*	*(3)%*	*16.0*	*17.9*	(1.9)
Stage 3	*99*	*106*	*(7)%*	*53.5*	*53.9*	(0.4)

- **ECL** reduced 5%, as originations and net risk movements were more than offset by releases due to charge-offs and debt sales.
- **Total coverage ratios** reduced, reflecting increased balances in Stage 1 and 2, and a reduction in Stage 3 balances.
- **Comfortable with current coverage ratios** based on a clearer understanding of the credit risk of the portfolios.

Slide 18 summarises Expected Credit Losses, noting that we have changed their presentation to be more logical.

ECL reduced 6% as originations and net risk movements outweighed releases.

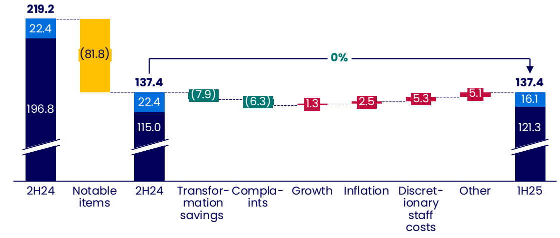
Our coverage ratio fell 1.3% to 9.5%, reflecting increased stage 1 and stage 2 balances, and a reduction in stage 3.

Fundamentally, we are comfortable with the current coverage, based on a clearer understanding of the credit risk of the portfolios.

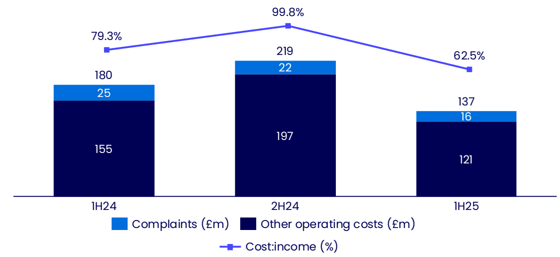
Operating costs

Continued cost discipline, delivering on committed transformation cost savings

Operating costs movement (£m)



Operating costs trend (£)



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

	1H25 £m	2H24[7] £m	Change %	1H24[7] £m	Change %
Cost by type (£m)					
Staff and outsourced people costs[25]	(66.4)	(62.2)	7%	(66.4)	-
Administrative[26]	(63.7)	(67.4)	(5)%	(74.9)	(15)%
Depreciation, amortisation and write-offs	(7.3)	(7.7)	(5)%	(8.8)	(2)%
Notable items	-	(81.8)	(100)%	(29.9)	(100)%
Total operating costs	**(137.4)**	**(219.2)**	(37)%	**(179.9)**	(24)%
Of which complaint costs (see slide 20)	*(16.1)*	*(22.4)*	(28)%	*(24.9)*	(36)%
Of which fraud costs	(5.8)	(5.5)	6%	(6.5)	(10)%
FTEs by area (#)[6]					
Customer facing & support	575	559	3%	595	(3)%
Technology & Change	394	400	(2)%	406	(3)%
Operations, Functions & Other	255	257	(1)%	290	(12)%
Total FTE	**1,224**	**1,215**	1%	**1,291**	(5)%

- All actions taken to deliver **an additional £15m of committed savings by the end of 2025.**
- **Taking actions to realise saves from Gateway technology transformation in 2025** (previously expected in later years), primarily in Operations.
- **Discretionary staff costs includes bonus accrual in 1H25** after no bonuses paid to staff in 2023 or 2024.

Turning to operating costs on Slide 19.

Total operating costs fell 37% primarily due to the absence of 2024's notable items.

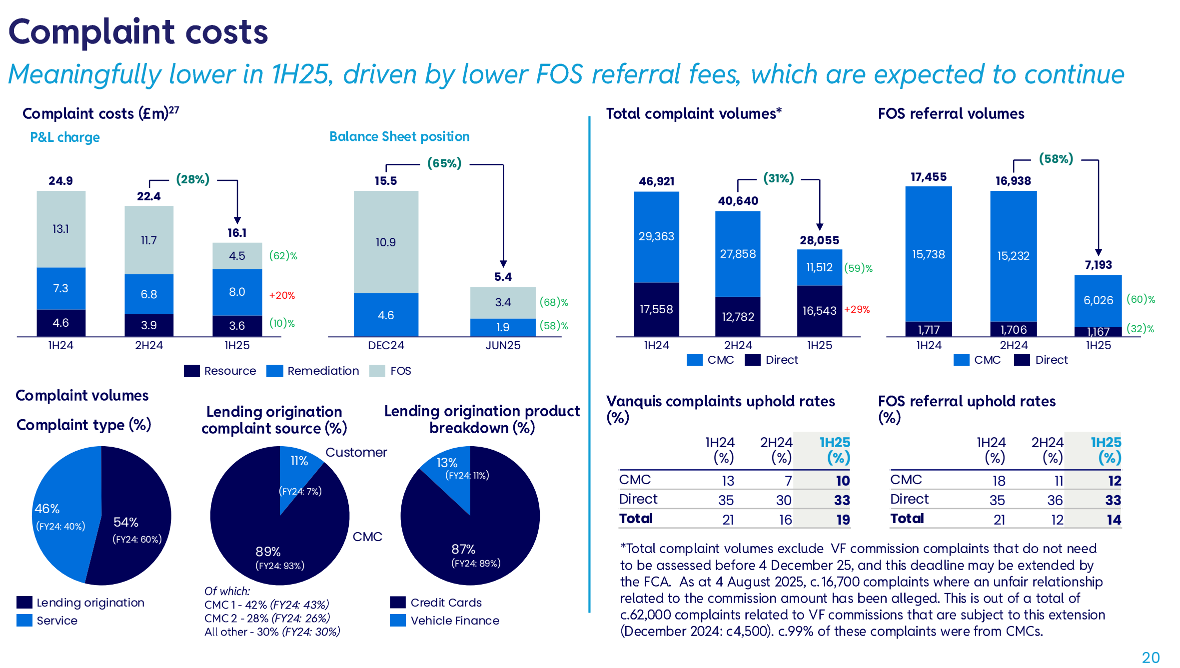
Underlying costs were flat half-on-half with transformation savings and lower complaint costs, offset by inflation and growth-related increases.

We also accrued discretionary staff costs, having not paid bonuses to colleagues for the last two years.

As Ian mentioned, we have embedded cost discipline across the business.

We are on track to deliver £15 million in committed savings this year and we are accelerating some Gateway technology driven savings into 2025.

Our cost: income ratio was 62.5% in the first half, however, we remain committed to our full-year guidance of high 50's.



Vanquis complaints uphold rates (%)

	1H24 (%)	2H24 (%)	1H25 (%)
CMC	13	7	**10**
Direct	35	30	**33**
Total	21	16	**19**

FOS referral uphold rates (%)

	1H24 (%)	2H24 (%)	1H25 (%)
CMC	18	11	**12**
Direct	35	36	**33**
Total	21	12	**14**

*Total complaint volumes exclude VF commission complaints that do not need to be assessed before 4 December 25, and this deadline may be extended by the FCA. As at 4 August 2025, c.16,700 complaints where an unfair relationship related to the commission amount has been alleged. This is out of a total of c.62,000 complaints related to VF commissions that are subject to this extension (December 2024: c4,500). c.99% of these complaints were from CMCs.

Slide 20 illustrates in detail the drivers of the reduction in complaint costs in the first half.

Complaint costs fell 28% driven by a 62% reduction in FOS fees due to a 58% fall in referrals.

This shift came primarily in the second quarter, following the new FOS fee charging structure.

Remediation costs increased due to timing of payouts while higher direct complaints partly reflect an increase in low-value servicing claims.

The reduced balance sheet position is consistent with our expectation that the significant overhang from elevated complaint costs is receding.

Product segmentation

A more transparent reporting of the Group's continuing operations by product

1H25 £m	Cards	Vehicle Finance	2CM	Corporate Centre	Total
Interest income[19]	179.0	62.9	11.0	22.0	274.9
Interest expense	(24.7)	(14.3)	(6.7)	(27.0)	(72.7)
Net interest income	**154.3**	**48.6**	**4.3**	**(5.0)**	**202.2**
Non-interest income	16.0	-	0.2	1.3	17.5
Total income	**170.3**	**48.6**	**4.5**	**(3.7)**	**219.7**
Impairment charges	(64.0)	(12.7)	(0.2)	0.8	(76.1)
Risk-adjusted income	**106.3**	**35.9**	**4.3**	**(2.9)**	**143.6**
Operating costs	(93.7)	(34.5)	(1.9)	(7.3)	(137.4)
Profit before tax	**12.6**	**1.4**	**2.4**	**(10.2)**	**6.2**
Receivables and key metrics					
Gross customer interest earning balances[1]	1,355	733	371	-	2,459
Net interest margin (%)[2]	24.0	13.1	3.0	-	17.4
Cost of risk (%)[11]	(10.0)	(3.4)	(0.1)	-	(6.6)
Risk adjusted margin (%)[12]	16.5	9.7	3.0	-	12.4
Cost: income ratio (%)[3]	55.0	71.0	42.2	-	62.5

- Transitioned to reporting solely on a **statutory basis**.
- Following the sale of the Personal Loans portfolio, the Group now comprises **four segments**:
  - Credit Cards
  - Vehicle Finance
  - Second Charge Mortgages
  - Corporate Centre
- **Reallocated Treasury interest income and expense, and operating costs** across products.
  - Now more accurately reflects the interest income and funding costs of each lending product.
  - Operating costs now more closely aligned to service usage and reflective of business size to enable a better assessment of product profitability.
- **No changes to the overall Group consolidated financial position.**

In July, we published our 2024 results re-presented by product.

Slide 21 shows our first half 2025 product results on the same basis, offering greater transparency into each business line.

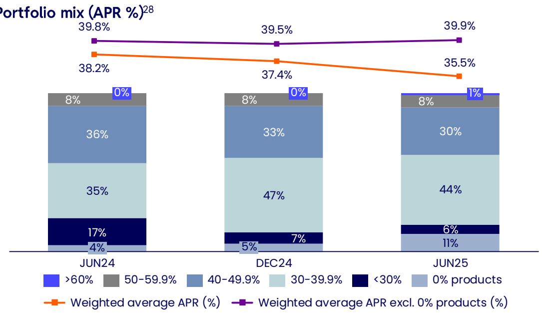
Importantly, all three lending products were profitable in the first half, as I will cover next.

Credit Cards

Returned to balance growth in 2Q25, while adopting a risk-based pricing approach

	1H25 £m	2H24[7] £m	Change %	1H24[7] £m	Change %
Interest income	179.0	182.1	(2)%	183.6	(3)%
Interest expense	(24.7)	(26.3)	(6)%	(26.9)	(8)%
Net interest income	**154.3**	155.8	(1)%	156.7	(2)%
Non-interest income	16.0	16.4	(2)%	18.6	(14)%
Total income	**170.3**	172.2	(1)%	175.3	(3)%
Impairment charges	(64.0)	(60.4)	6%	(63.5)	1%
Risk-adjusted income	**106.3**	111.8	(5)%	111.8	(5)%
Operating costs	**(93.7)**	(93.0)	1%	(100.5)	(7)%
Profit before tax	**12.6**	18.8	(33)%	11.3	12%
Receivables and key metrics					
Gross customer interest earning balances[1]	1,355	1,278	6%	1,295	5%
Avg. gross customer interest earning balances[20]	1,296	1,284	1%	1,339	(3)%
Gross receivables[22]	1,390	1,310	6%	1,331	4%
Expected credit losses	(158)	(160)	(1)%	(181)	(13)%
Net receivables[8]	1,232	1,150	7%	1,151	7%
Asset yield (%)[9]	27.8	28.2	(0.4)%	27.6	0.2%
Net interest margin (%)[2]	24.0	24.1	(0.1)%	23.5	0.5%
Cost of risk (%)[11]	(10.0)	(9.4)	0.6%	(9.5)	0.5%
Risk adjusted margin (%)[12]	16.5	17.3	(0.8)%	16.8	(0.3)%
Cost: income ratio (%)[3]	55.0	54.0	1.0%	57.3	(2.3)%
RWAs[14]	1,005	944	6%	1,029	(2)%
Customers ('000)	1,290	1,267	2%	1,321	(2)%
Average balance (£)	1,033	991	4%	966	7%
Average customer limit (£)	2,357	2,156	9%	2,044	15%

Portfolio mix (APR %)[28]



- **Gross customer interest earning balances** increased 6%, all in 2Q25, (following stable balances in 1Q25), reflecting both credit line increases of existing customers, and new customer growth following the release of new product variants.
  - **Customer numbers** increased 2%, while average customer limits and drawn balances also increased.
- **Asset yield and NIM** were broadly stable HoH despite growth in 0% products driving a reduction in **weighted average APR** to 35.5%.
  - Weighted average APR excl. 0% products increased to 39.9%, driven by risk-based repricing.
- **Expanded APR** ranges as a result of risk-based repricing, including >60% APR products.

22

Turning to Credit Cards, on slide 22.

The business delivered a profit of £12.6 million in the first half and all of the 6% growth in balances came in the second quarter.

Headline asset yield declined 40 basis points to 27.8%, driven by the increased take-up of balance transfers and 0% promotional offers, which increased to 11% of the portfolio from 5% in December 2024.

As a result, the weighted average APR of the portfolio reduced to 35.5%. These product offers are effective acquisition tools that are expected to drive further interest income over time.

Excluding these offers, the portfolio's weighted average APR increased by 40 basis points to 39.9%, reflecting our risk-based repricing strategy.

As part of this strategy, we have expanded our range to include cards with 60% plus APRs. Combined with lower funding costs, NIM remained stable at 24%.

Overall, we are well-positioned for more profitable growth through the remainder of 2025 and beyond with continued focus on customer mix and pricing discipline.

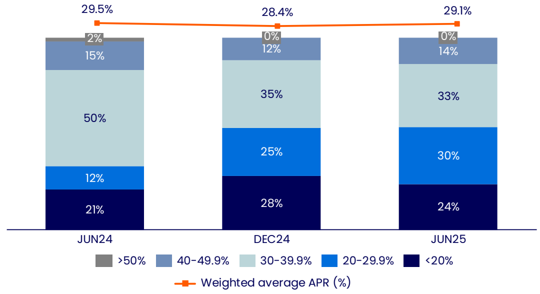
Vehicle Finance (VF)

Proactively managing new business growth, while product profitability improved

	1H25 £m	2H24[7] £m	Change %	1H24[7] £m	Change %
Interest income	62.9	63.4	(1)%	69.7	(10)%
Interest expense	(14.3)	(15.7)	(9)%	(15.7)	(9)%
Net interest income	**48.6**	47.7	2%	54.0	(10)%
Total income	**48.6**	47.7	2%	54.0	(10)%
Impairment charges	(12.7)	(30.9)	(59)%	(29.5)	(57)%
Risk-adjusted income	**35.9**	16.8	114%	24.5	47%
Operating costs	(34.5)	(37.3)	(8)%	(42.8)	(19)%
Profit before tax	**1.4**	(20.5)		(18.3)	
Receivables and key metrics					
Gross customer interest earning balances[1]	733	765	(4)%	850	(14)%
Avg. gross customer interest earning balances[20]	750	803	(7)%	851	(12)%
Gross receivables[24]	795	832	(4)%	921	(14)%
Expected credit losses	(86)	(96)	(10)%	(160)	(46)%
Net receivables[8]	709	735	(4)%	760	(7)%
Asset yield (%)[9]	16.9	15.7	1.2%	16.5	0.4%
Net interest margin (%)[2]	13.1	11.8	1.3%	12.8	0.3%
Cost of risk (%)[11]	(3.4)	(7.7)	(4.3)%	(7.0)	(3.6)%
Risk adjusted margin (%)[12]	9.7	4.2	5.5%	5.8	3.9%
Cost: income ratio (%)[3]	71.0	78.2	(7.2)%	79.3	(8.3)%
RWAs[14]	595	615	(3)%	678	(12)%
Customers ('000)	106	110	(4)%	110	(4)%
Average loan value at origination (£)	9,229	9,097	1%	8,724	6%

Notable items	1H25 £m	2H24[7] £m	1H24[7] £m
Vehicle Finance receivables review	-	**(6.8)**	**(12.8)**
Income	-	(1.4)	(3.1)
Impairment	-	(5.4)	(9.7)

Portfolio mix (APR %)[28]



- **Gross customer interest earning balances** reduced 4%, in line with expectations, before the delivery of the new Gateway platform.
- **Asset yield and NIM** both improved HoH, driven by the weighted average APR improving to 29.1%.
- **RAM** improved to 9.7%, including a **cost of risk** of 3.4%, reflecting better credit quality in the portfolio.
  - Much more clarity on the cost of risk following the VF receivables review last year.
- **Cost: income ratio** improved to 71% - focus going forward on improving the operational efficiency of the business through technology transformation.

Slide 23 covers Vehicle Finance.

Balances reduced by 4%, as we managed new business volumes ahead of the Gateway IT platform launch in 2026.

The portfolio delivered a modest profit of £1.4 million in the first half with profitability improving year-on-year.

Repricing actions lifted the weighted average APR to 29.1%, boosting both asset yield and NIM.

Risk-adjusted margin increased to 9.7%, reflecting improved credit quality and the absence of last year's receivables review impact.

That said, the cost: income ratio remains too high at 71%.

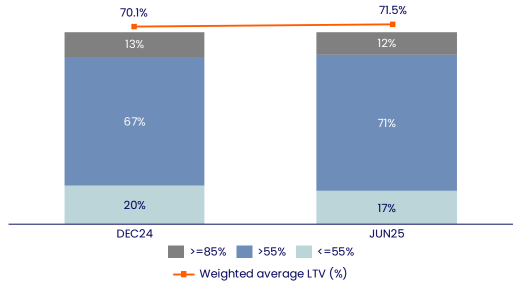
As Ian noted, building scale and automating processes enabled by the new IT platform will be key to improving efficiency.

Second Charge Mortgages (2CM)

Continued strong growth in a growing market

	1H25 £m	2H24[7] £m	Change %	1H24[7] £m
Interest income	11.0	4.6	139%	0.2
Interest expense	(6.7)	(3.1)	116%	(0.3)
Net interest income	**4.3**	1.5	187%	(0.1)
Non-interest income	0.2	-	100%	-
Total income	**4.5**	1.5	200%	(0.1)
Impairment charges	(0.2)	(0.2)	-	-
Risk-adjusted income	**4.3**	1.3	231%	(0.1)
Operating costs	**(1.9)**	(0.4)	375%	(0.2)
Profit before tax	**2.4**	0.9	167%	(0.3)
Receivables and key metrics				
Gross customer interest earning balances[1]	371	217	71%	30
Avg. gross customer interest earning balances[20]	293	121	142%	11
Gross receivables[22]	385	226	70%	32
Expected credit losses	(0.4)	(0.2)	100%	-
Net receivables[8]	385	225	71%	32
Asset yield (%)[9]	7.6	7.6	-	n/m
Net interest margin (%)[2]	3.0	2.5	0.5%	n/m
Cost of risk (%)[11]	(0.1)	(0.3)	0.2%	n/m
Risk adjusted margin (%)[19]	3.0	2.1	0.9%	n/m
Cost: income ratio (%)[3]	42.2	26.7	15.5%	n/m
RWAs[14]	157	93	69%	39
Customers ('000)	6.3	3.7	70%	0.6
Average loan value at origination (£'000)	61.3	59.7	3%	55.1

Loan to value (LTV) (%)



- **Gross customer interest earning balances** continued to grow at a similar monthly run rate, driven by long-term forward flow origination agreements with partners.
- **NIM** increased 0.5%, driven by lower cost of funds, with asset yield stable.
- **Low cost of risk** given secured lending and weighted average LTV in the low 70s%.
- Most customers using 2CM for **debt consolidation.**
- **Capital efficient**, being a secured product with a lower risk weighting.

24

Second Charge Mortgages continued their strong growth in the first half, as shown on Slide 24.

Balances reached £371 million, NIM increased to 3%, and the business delivered a profit of £2.4 million.

With a weighted average loan-to-value of just over 70%, the cost of risk remains low.
As a secured product, Second Charge Mortgages have a low RWA density, driving attractive returns on capital.

We've rapidly become a market leader in this space. Through strong origination partnerships, we remain excited about its growth potential with the overall market originations growing annually at mid-teens percentages in recent years.

Corporate Centre

Streamlined following reallocation of funding and operating costs to products

	1H25 £m	2H24[7] £m	Change %	1H24[7] £m	Change %
Interest income[19]	22.0	23.8	(8)%	22.5	(2)%
Interest expense	(27.0)	(28.2)	(4)%	(25.8)	5%
Net interest income	**(5.0)**	(4.4)	14%	(3.3)	52%
Non-interest income	1.3	2.6	(50)%	0.9	44%
Total income	**(3.7)**	(1.8)	106%	(2.4)	54%
Impairment charges	0.8	(0.8)		-	
Risk-adjusted income	**(2.9)**	(2.6)	12%	(2.4)	21%
Operating costs	(7.3)	(88.5)	(92)%	(36.4)	(80)%
Loss before tax	**(10.2)**	(91.1)	(89)%	(38.8)	(74)%
Key metrics					
RWAs[14]	124	145	(15)%	67	85%
Snoop Customers ('000)	313	293	7%	290	8%

Notable items	1H25 £m	2H24[7] £m	1H24[7] £m
Goodwill write-off	-	(71.2)	-
Transformation & other exceptional costs	-	(8.6)	(15.5)
Amortisation of acquisition intangibles	-	(2.0)	(4.2)
Other one-off cost items	-	-	(10.2)
Total notable items	-	(81.8)	(29.9)

- Corporate Centre includes:
  - **Unallocated Treasury result** after product allocations
    - Interest income primarily reflects returns from the Group's Liquid Asset Buffer
    - Interest expense from unallocated Tier 2 capital is retained in Corporate Centre
  - **Retail Savings business costs**
  - **Snoop** income and costs
  - Immaterial or central items.
- The reduced Corporate Centre drag reflects the non-repeat of notable items.

Slide 25 shows the streamlined Corporate Centre, following the reallocation of both funding and costs to product lines.

Excluding notable items, the Corporate Centre has consistently reported a circa £10 million loss across the last three halves.

It includes returns from the Liquid Asset Buffer, interest costs on unallocated Tier 2 capital, operating costs from Retail Savings, and Snoop.

Liquidity & Funding

Dynamically managing liquidity and funding

Liquidity (£m)

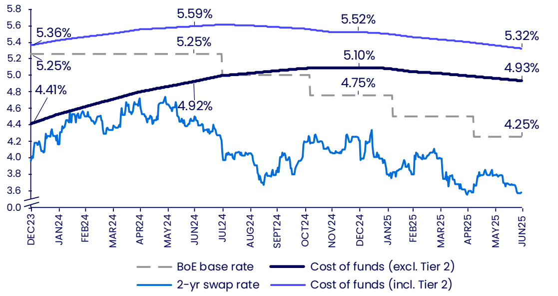
	JUN25 £m	DEC24 £m	Change
HQLA[15]	873	947	(8)%
LCR[16]	366%	359%	(7)
Excess HQLA over LCR[29]	619	667	(7)%

Funding (£m)[30]

	JUN25 £m	%	DEC24 £m	%
Fixed-term products	1,285	44.9%	1,415	50.5%
Retail notice accounts	544	19.0%	602	21.5%
Easy access accounts	329	11.5%	376	13.4%
Individual Savings Accounts (ISAs)	265	9.3%	6	0.2%
Retail Deposits	**2,424**	**84.6%**	**2,399**	**85.6%**
Vehicle Finance securitisation	200	6.9%	200	7.0%
Tier 2 capital	200	6.9%	200	7.0%
Indexed Long-Term Repo (ILTR)	40	1.4%	5	0.2%
Total on-balance sheet funding	**2,864**		**2,604**	

- **97% of retail deposit balances covered** by the Financial Services Compensation Scheme (FSCS).
- **Vehicle Finance securitisation** due for renewal in JUN26.
- Maintained regular access to the **Sterling Monetary Framework via the ILTR facility**.
- **Contingent liquidity** with Credit Card collateral pre-positioned with the BoE.

Group cost of funds[31] vs benchmark interest rates (%)[32]



- **Highly liquid** with most of the surplus liquidity held in the BoE reserve account.
- **Liquid asset buffer** diversified into higher-returning UK Gilts (c.£115m purchased).
- **Continued optimisation of retail funding** through a broader product range, including ISAs, and distribution reach through the Snoop brand.
- **Decreased cost of funds** reflecting the lower BoE base rate, reduced rate outlook and maturing fixed-term deposits being refinanced with lower interest rate savings products.

26

Liquidity and funding remain core strengths, as shown on Slide 26.

We hold £619 million of excess high-quality liquid assets and we continue to improve returns from the Liquid Asset Buffer, with £115 million now invested in UK gilts.

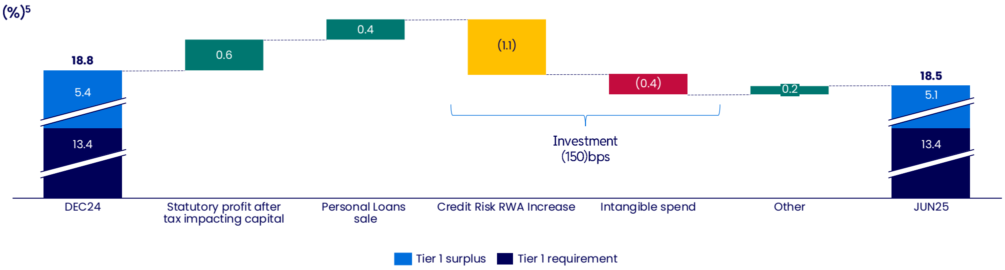
Retail deposits have grown to over £2.4 billion, now representing 85% of total funding including Tier 2 capital.

We have diversified our deposit mix. This has provided more pricing flexibility and has contributed to a 20 basis point reduction in the cost of funds over the past six months.

Tier 1 capital

Capital accretive in 1H25, with sufficient capital to deliver our growth plans

Tier 1 ratio (%)[5]



	DEC24	Statutory profit after tax impacting capital	Personal Loans sale	Credit Risk RWA Increase	Intangible spend	Other	JUN25
Tier 1 Capital (£m)	344	11	1		(7)	(1)	348
RWAs (£m)	1,835		(38)	104		(19)	1,883
Surplus Tier 1 Capital (£m)	99						96

- **Tier 1 ratio 5.1% above the 13.4% regulatory minimum** (£96m surplus).
- **Statutory profit after tax in 1H25** (60bps benefit).
- 40bps benefit from the **Personal Loans portfolio sale**.
- **Credit Risk RWA increase of 110bps reflects the 8% increase in net receivables,** driven by growth in Credit Cards and lower RWA density 2CM.
- **1H25 investment to drive future profitability (150bps impact)** from RWA growth and technology intangibles spend.
- **Potential capital optimisation opportunities** exist (non-utilised AT1 capacity and excess Tier 2 capital issued).
- **The Group's capital requirements are expected to be reviewed by the PRA in 2H25** as part of the triennial CSREP.

27

As shown on Slide 27, our Tier 1 capital ratio stands at 18.5%, equating to £96 million in surplus capital over disclosed regulatory requirements.

The Group was capital accretive in the first half, reflecting a return to profitability.
The ratio reduced 30 basis points, driven by over £100 million of Credit Risk RWA growth.

This and tech investment-related intangibles, reduced the ratio by 150 basis points.
First half profits and the capital benefit from the Personal Loans sale partially offset this reduction.

We have enough capital to deliver our growth plans and expect the ratio to reduce in the second half towards our guidance of greater than 17.5% by the end of the year.

We continue to explore options to optimise our capital stack and we expect the Group's capital requirements to be reviewed by the PRA in the second half of the year.

Guidance summary

Remain on track to achieve FY25 and FY26 guidance, with higher balance growth in 2025

	1H25 Performance	Statutory Guidance	
	Statutory	FY25	FY26
Gross customer interest earning balances[5]	£2,459m	>£2.6bn (up from c.£2.6bn)	c.£3.0bn
Net Interest Margin[2]	17.4%	>17%	>16%
Cost: Income ratio[3]*	62.5%	High 50s	Low 50s
ROTE[4]**	**3.1%**	**Low single digits**	**Low double digits**
Tier 1 ratio[5]	18.5%	>17.5%	

* Guiding to a cost: income ratio of 49% or lower in FY27.
** Guiding to mid-teens ROTE in FY27.

28

Slide 28 reiterates our guidance from the start of the year, which remains unchanged apart from the increase in balance growth expectations.

We look forward to sharing a more in-depth strategy update, including our financial goals beyond 2026 alongside our full year 2025 results next year.

Focused on creating long-term shareholder value

Delivering for our customers to drive ongoing sustainable, profitable growth

1. **Profitable in 1H25** driven by balance growth and improved risk adjusted margin.
2. **Sufficient capital** to achieve growth plans.
3. **Credit quality remains robust**, reflecting continued customer resilience and responsible lending practices.
4. **Disciplined focus on costs**, delivering cost savings while investing in technology transformation via Gateway.
5. **Complaint costs meaningfully lower,** following new FOS fee charging structure, with this trend expected to continue.
6. **Limited liability on motor finance commissions,** supported by clear distinction from Johnson Supreme Court unfair relationship case.
7. **Dynamically managing liquidity and funding**.
8. **Driving operational efficiency** and **deploying capital in the most accretive opportunities** to generate higher returns.

29

Slide 29 summarises our eight key messages in our pursuit of creating long-term shareholder value.

While each is important, I would highlight three:

Firstly, we are profitable and growing, now;

Secondly, our strategic transformation is on track with a focus firmly on execution and delivery; and

Lastly, and most importantly, we are delivering for our customers to create long-term sustainable and profitable growth.

And with that, I will hand you back to Ian.

Ian McLaughlin, Chief Executive Officer

Dave, thank you for that, as always, detailed walk through.

Look, if I come up a level, as I said at the outset, we're pleased with the progress we're making across the business.

The summary points are on this slide you can see, but the main messages are that we are back to profitability and growth. Costs are well controlled, all product lines are profitable, and we're transforming the business through improved technology and processes.

We're particularly encouraged by the return to growth in our Credit Card business and by the continued momentum in our Second Charge Mortgage portfolio.

As I said, the external factors that have weighed on us are either falling away or at least becoming clearer.

We have momentum now, but we still have much to do.

Our progress is the result of the incredible efforts of our colleagues, and I'd like to take a moment to thank them for their huge commitment and hard work.
Ian McLaughlin, Chief Executive Officer

We're now happy to move to your questions.

While we get organized for that, I will leave you with a few quotes from our customers on the screen.

In their own words, you can see how we're helping people every day supporting them to make the most of life's opportunities.

With that, Operator, over to you for questions.