Vanquis Banking Group interim results for the six months ended 30 June 2025
Profitable and growing

London – 7 August 2025 - Vanquis Banking Group plc ('the Group' or 'Vanquis') today published its interim results for the six months to 30 June 2025.

Ian McLaughlin, Chief Executive Officer, commented: "The turnaround of Vanquis remains firmly on track and is gaining momentum. The Group delivered two consecutive quarters of profitability in the first half and has grown gross customer interest-earning balances over the last three quarters.

Credit quality remains robust, with customers continuing to demonstrate financial resilience. Risk-adjusted income improved, supported by a lower cost of risk.

Operating costs remained well controlled, with all necessary actions taken to deliver the additional £15 million in transformation savings committed by year-end 2025. Our technology transformation programme, Gateway, is progressing as planned—enhancing efficiency, scalability, and unlocking long-term cost benefits.

Complaint costs were meaningfully lower year-on-year, partly reflecting the revised Financial Ombudsman Service (FOS) fee structure implemented on 1 April 2025. Since then, negligible Vanquis-related Claims Management Company (CMC) complaints have been referred to the FOS.

The recent Supreme Court judgment provides much-needed clarity, and we acknowledge the FCA's decision to consult on a motor finance compensation scheme. Vanquis did not participate in discretionary commission arrangements. Our position is clearly differentiated from the unfair relationship decision in the Johnson case, supported by stronger disclosures, much lower average commissions and clear customer consent.

Vanquis plays an important role in UK banking, and I am pleased with the momentum we are building. We remain focused on supporting our customers while delivering sustainable and profitable growth for all stakeholders."

Executive Summary

The Group returned to profit in 1H25, while delivering balance growth to drive long-term sustainable profitability. Management remains focused on operational efficiency and deploying capital in the most accretive opportunities to generate higher returns.

- **Profitability:** The Group was profitable in both quarters of 1H25, delivering a statutory profit before tax from continuing operations of £6.2m (1H24: loss of £46.1m) and was capital accretive with a statutory return on tangible equity (ROTE) of 3.1% (1H24: (18.9)%), in line with the guidance of low single digit ROTE for 2025.
- **Balance growth:** Gross customer interest-earning balances grew 7% in 1H25 to £2,459m and the Group now expects to achieve greater than £2.6bn of balances by the end of 2025 (c.£2.6bn previously).
- **Increased risk adjusted income:** Improved credit quality drove a reduction in cost of risk to 6.6% (1H24: 8.5%), resulting in a 7% increase in risk adjusted income to £143.6m.
- **Cost discipline:** Further transformation cost savings, lower complaint costs and the non-repeat of notable items improved the statutory cost: income ratio to 62.5% (1H24: 79.3%), and the Group remains on track to achieve a high 50s percent cost: income ratio for FY25.
- **Complaints:** Complaint costs reduced 36% year-on-year to £16.1m, with FOS fees reducing £8.6m to £4.5m. 1Q25 complaint costs were in line with expectations, with a lower run rate from 2Q25, as expected following the implementation of the revised FOS fee structure. The Group expects 2H25 complaint costs to be lower than 1H25.
- **Vehicle Finance commission disclosures:** Vanquis did not participate in discretionary commission arrangements (DCAs), so the Group would not be in scope for this element of any Financial Conduct Authority (FCA) motor finance compensation scheme. Whilst the FCA intends to consult on the inclusion of certain non-discretionary commission arrangements following the unfair relationship Supreme Court decision in the Johnson case, Vanquis believes its position is clearly differentiated on a number of grounds. These include, but are not limited to, the fact the Group provided significantly better commission disclosures than those in Johnson, with substantially lower average commissions relative to the charge for credit. Vehicle Finance customers also signed pre-contractual documentation confirming that a commission would be paid. As a result, and in accordance with IAS 37, the Group has not provided for this matter but has disclosed a contingent liability.
- **Robust liquidity, funding and capital:** The Group remained highly liquid, with a Liquidity Coverage Ratio (LCR) of 366% (December 2024: 359%), was 84.6% (December 2024: 85.6%) retail funded, a core strength of the Group, and had a Tier 1 capital ratio of 18.5% (December 2024: 18.8%), with sufficient capital for future growth.

Group financial results

Income Statement (£m)	1H25	2H24 (Re-presented[1])	1H24 (Re-presented[1])	HoH Change %	YoY Change %
Interest income	**274.9**	273.9	276.0	-	-
Interest expense	**(72.7)**	(73.3)	(68.7)	(1)	6
Net interest income	**202.2**	200.6	207.3	1	(2)
Non-interest income	**17.5**	19.0	19.5	(8)	(10)
Total income	**219.7**	219.6	226.8	-	(3)
Impairment charges	**(76.1)**	(92.3)	(93.0)	(18)	(18)
Risk-adjusted income	**143.6**	127.3	133.8	13	7
Operating costs	**(137.4)**	(219.2)	(179.9)	(37)	(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)		
Balance Sheet (£m)	**Jun-25**	Dec-24	Jun-24	HoH Change %	YoY Change %
Gross customer interest-earning balances	**2,459**	2,308	2,252	7	9
Average gross customer interest-earning balances (excluding Personal Loans)	**2,339**	2,208	2,201	6	6
Gross receivables	**2,570**	2,416	2,361	6	9
Net receivables	**2,325**	2,155	2,010	8	16
Closing tangible net asset value (TNAV)[10]	**362**	358	371	1	(3)
Average tangible equity[8]	**361**	362	382	(-)	(5)
Selected key metrics (%)	**1H25**	2H24 (Re-presented[1])	1H24 (Re-presented[1])	HoH Change	YoY Change
Asset yield[2]	**21.8**	22.4	23.2	(0.6)	(1.4)
Net interest margin (NIM)[3]	**17.4**	18.1	18.9	(0.7)	(1.5)
Total income margin (TIM)[4]	**18.9**	19.8	20.7	(0.9)	(1.8)
Cost of risk[5]	**(6.6)**	(8.3)	(8.5)	1.7	1.9
Risk-adjusted margin (RAM)[6]	**12.4**	11.5	12.2	0.9	0.2
Statutory cost: income ratio[7]	**62.5**	99.8	79.3	(37.3)	(16.8)
Statutory ROTE[8]	**3.1**	(45.9)	(18.9)		
Selected per share metrics (p)				HoH Change %	YoY Change %
Basic earnings per share (EPS)[9]	**2.2**	(32.6)	(14.1)		
Dividend per share	**-**	-	-	-	-
TNAV per share[10]	**142**	140	146	1	(3)

Notable items (£m)	Account line	Jun-25	Dec-24	Jun-24
Goodwill write-off	Operating costs	-	(71.2)	-
Transformation and other exceptional costs	Operating costs	-	(8.6)	(15.5)
Amortisation of acquisition intangibles	Operating costs	-	(2.0)	(4.2)
Vehicle Finance receivables review	Income	-	(1.4)	(3.1)
	Impairment	-	(5.4)	(9.7)
Other one-off cost items	Operating costs	-	-	(10.2)
Total notable items		-	**(88.6)**	**(42.7)**

1H25 Financial Highlights

Income Statement

All commentary relates to year-on-year performance unless otherwise stated.

Income

- Net interest income decreased 2% to £202.2m and total income reduced 3% to £219.7m, driven largely by higher year-on-year cost of funds.
    - Interest income was broadly flat at £274.9m, reflecting a 6% increase in average gross customer interest-earning balances to £2,339m offset by the mix effect of growing lower-risk and lower-margin Second Charge Mortgages.
        - Asset yield decreased 140bps to 21.8%, reflecting the lower yield on Second Charge Mortgages. Credit Cards yield reduced marginally, reflecting growth in 0% balance transfer (BT) and promotional products, while Vehicle Finance yield improved.
    - Interest expense increased 6% year-on-year to £72.7m, but reduced 1% half-on-half, reflecting a peak in cost of funds in 2H24 when maturing fixed term deposits were refinanced at higher market rates.
    - The combination of these factors drove a reduction in NIM to 17.4% (1H24: 18.9%).
    - Non-interest income reduced 10% to £17.5m reflecting lower fee and commission income.

Impairment

- Impairment charges reduced 18% to £76.1m driven by the non-repeat of the £9.7m prior year impact of the Vehicle Finance receivables review. Credit risk in the underlying book improved, with reduced adverse stage migrations.
    - Net charge-offs, calculated as gross charge-offs less recoveries, increased 4% to £93.5m.
    - Impairment charges driven by originations increased 21% to £25.7m, reflecting growth in new gross customer interest-earning balances.
    - Net risk movements from stage migrations and changes in post model adjustments (PMAs) resulted in a lower net increase in impairment of £51.9m (1H24: £82.4m). This was partially offset by lower releases from write-offs and debt sales, reducing impairment by £89.4m (1H24: £97.3m).
    - Cost of risk reduced 190bps to 6.6%.
- As a result, risk adjusted income improved 7% to £143.6m, driving a 20bps improvement in risk adjusted margin to 12.4%.

Operating costs

- Operating costs decreased 24% to £137.4m.
    - This reflected the non-repeat of £29.9m of prior year cost notable items, including £15.5m of transformation and other exceptional costs and £10.2m of other one-off costs largely relating to the write-off of a legacy mobile app.

    - The remaining £12.6m reduction reflected £8.9m lower complaint costs, and continued transformation savings of £7.9m, more than offsetting growth and inflation driven cost increases and accruals for discretionary staff costs.
    - This delivered a statutory cost: income ratio of 62.5% (1H24: 79.3%).

Profits

- Profit before tax from continuing operations was £6.2m (1H24: loss of £(46.1)m).
- The tax charge of £1.3m (1H24: credit of £10.6m) broadly reflected the mainstream UK corporation tax rate of 25.0% on the profit before tax from continuing operations.
- Profit after tax from continuing operations was £4.9m (1H24: loss of £(35.5)m).
- Profit after tax from discontinued operations was £0.7m (1H24: loss of £(0.3)m), related to the Personal Loans portfolio, the sale of which completed at the end of 1Q25.
- Statutory profit after tax was £5.6m (1H24: loss of £(35.8)m) and ROTE was 3.1% (1H24: (18.9)%).

Balance Sheet

£m	**Jun-25**	Dec-24	Jun-24	HoH Change %	YoY Change %
Assets					
Cash and balances at central banks	**805**	1,004	773	(20)	4
Amounts receivable from customers (net receivables)	**2,325**	2,154	2,009	8	16
Pension asset	**13**	28	34	(54)	(62)
Goodwill and other intangibles	**64**	63	133	2	(52)
Other assets	**240**	126	136	90	76
Total assets	**3,447**	3,375	3,085	2	12
Liabilities					
Retail deposits	**2,464**	2,428	1,938	1	27
Bank and other borrowings	**448**	410	504	9	(11)
Trade and other payables	**56**	46	50	22	12
Other liabilities	**44**	50	63	(12)	(30)
Total liabilities	**3,012**	2,934	2,555	3	18

All commentary is relative to the December 2024 balance sheet, unless otherwise stated.

- Gross customer interest-earning balances increased 7% to £2,459m:
    - Credit Card balances increased 6% to £1,355m, 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.
    - Vehicle Finance balances declined 4% to £733m, in line with expectations, ahead of the launch of our new onboarding and servicing platform in mid-2026 as part of the Gateway technology transformation.
    - Second Charge Mortgage balances grew to £371m (December 2024: £217m) driven by long-term forward flow origination agreements with partners.
    - Personal Loan balances reduced to nil (December 2024: £49m) following the sale of the portfolio at the end of 1Q25.
- Net receivables increased 8% to £2,325m, driven by growth in interest-earning balances and a 5% reduction in expected credit losses (ECL) to £245m, reflecting a clearer understanding of the credit risk of the portfolios.
- Total assets increased 2% to £3,447m, driven by the 8% increase in net receivables.
- Cash and balances at central banks reduced 20% to £805m, driven largely due to increased purchases of UK Government securities, as part of our strategy to diversify the Liquid Asset Buffer beyond Bank of

England (BoE) deposits. This drove the 90% increase in other assets, which rose to £239m. Most of the remaining cash continued to represent high quality liquid assets (HQLA) placed with the BoE.

- The pension asset reduced to £13m (December 2024: £28m), reflecting the preliminarily results from the most recent Scheme valuation and updated market assumptions.
- Liabilities increased 3% to £3,012m, as retail deposits, inclusive of accrued interest, increased 1% to £2,464m, driven by continued optimisation of retail funding through a broader product range, including Individual Savings Accounts (ISAs), and distribution reach through the Snoop brand.
- Bank and other borrowings increased 9% to £447m driven by increased utilisation of the Indexed Long-Term Repo (ILTR) facility as part of the Sterling Monetary Framework.

Capital, Liquidity and Funding

	Jun-25	Dec-24	Jun-24	HoH Change	YoY Change
Tier 1 ratio (%)[11]	**18.5**	18.8	19.8	(0.3)	(1.3)
Risk weighted assets (RWAs) (£m)	**1,883**	1,835	1,813	3%	4%
High quality liquid assets (HQLA) (£m)	**873**	947	717	(8)%	22%
Liquidity coverage ratio (LCR) (%)	**366**	359	557	(7)	(191)
Retail deposits (£m)	**2,424**	2,399	1,912	1%	27%
Retail funding (% of all funding)[12]	**84.6**	85.6	79.3	(1.0)	5.3

All commentary is relative to the December 2024 capital liquidity and funding positions, unless otherwise stated.

Capital

- Tier 1 capital ratio reduced 30bps to 18.5%. Capital accretion from the statutory profit after tax and a 40bps improvement from the Personal Loans portfolio sale was more than offset by growth driving a 3% increase in RWAs to £1,883m.
  - This represented a surplus of £96m of Tier 1 capital above the Group's disclosed Tier 1 capital requirement and regulatory combined buffers of 13.4%.
  - Tier 1 capital increased to £348m (December 2024: £344m).
  - The reduction in the ratio included the deployment of £104m of Credit Risk RWAs, including in Credit Cards and lower RWA density Second Charge Mortgages, in addition to intangible spend of £7m. This capital investment reduced the ratio by 150bps.
- The Group's leverage ratio of 12.5% (December 2024: 13.9%) remains comfortably above the minimum requirement.

Liquidity

- The liquidity buffer of £873m (December 2024: £947m) included c.£115m invested in UK gilts, with the remainder held in the BoE reserve account. This resulted in excess liquidity over the LCR 100% minimum of £619m (December 2024: £667m), reflecting an LCR of 366% (December 2024: 359%).

Funding

- Retail deposits increased 1% to £2,424m, delivering funding at an attractive cost of funds compared to wholesale alternatives. Within the retail deposit base, fixed-term products reduced 9% to £1,285m, retail notice accounts reduced 10% to £544m and easy access accounts reduced 12% to £329m. These reductions were replaced by £265m of Individual Savings Accounts (ISAs) (December 2024: £6m), as the Group broadened its product range to optimize the cost of funds.
- The Group remains primarily funded by retail deposits, at 84.6% (December 2024: 85.6%) of total funding including Tier 2 capital.

- Ongoing funding diversification is provided by Tier 2 capital, modest levels of private securitisation secured by Vehicle Finance assets, and access to Central Bank facilities collateralised using Credit Card assets.
- The Group's cost of funds reduced to 5.3% (December 2024: 5.5%), reflecting the reduced rate outlook and maturing fixed-term deposits being refinanced with lower interest rate savings products.

Outlook and Guidance

The Group's financial guidance for 2025 and 2026 remains unchanged, except for gross customer interest-earning balances in 2025. The Group now expects to achieve greater than £2.6bn of balances by the end of 2025 (c.£2.6bn previously).

	2025 Statutory Guidance	2026 Statutory Guidance
Gross customer interest-earning balances	>£2.6bn	c.£3.0bn
ROTE	Low single digits	Low double digits
NIM	>17%	>16%
Cost: income ratio	High 50s	Low 50s
Tier 1 ratio	>17.5%	

In 2027, continue to guide to mid-teens ROTE and a cost: income ratio of 49% or lower.

As announced with FY24 results, the Group has transitioned to reporting solely on a statutory basis. Accordingly, the guidance outlined above is on a statutory basis.

Capital Management and Dividend

- With the focus on deploying capital to support growth initiatives, the Board of Directors has decided not to declare a dividend for 1H25 (1H24: no dividend).
- The Board intends to revisit the capital allocation framework and dividend policy following full delivery of the strategy in 2026.

1H25 Operational Highlights

Customer proposition and insightful risk management update

- **Credit Cards:** Launched new product variants, offering customers more tailored options to meet diverse financial needs.
- **Vehicle Finance:** Enhanced credit decisioning, improving the speed and accuracy of lending decisions.
- **Second Charge Mortgages:** Maintained strong growth, supporting more customers through a forward flow agreement with Interbridge Mortgages and a partnership with Selina Finance.
- **Savings:** Strengthened cost-effective funding capabilities with an expanded product range, including ISAs and the Snoop-branded easy access product.
- **Snoop:** Active users rose 7% to 313k, with Vanquis customers up 12% to 42k. Snoop remains a cost-effective acquisition channel, with origination costs around 10% of other channels, while offering valuable money management tools.
- **Fair Finance:** Delivered positive outcomes for 'Not Yet' customers through the referral programme, helping them access affordable credit and nearly £10 million in unclaimed government benefits.
- **Customer experience:** Introduced a new service platform, enabling faster, more personalised support and improving overall customer satisfaction.

Technology transformation, operational efficiency and people update

- **Gateway transformation on track:** A major milestone saw 30 billion rows of customer, product, and decisioning data loaded onto our new IT platform, significantly enhancing insight generation and decision-making capabilities.
- **Upcoming launches:** Preparing to launch a new mobile app and a smarter credit card onboarding and decisioning platform within the next three months.
- **Operational efficiency:** Delivered improvements across debt sales, fraud controls, and complaints handling through expanded use of digital tools, AI, and self-service, and rationalised property footprint.
- **Colleague engagement:** Mid-year engagement score rose by 5 percentage points to 65%.

Update on External Factors

Complaints update

- Complaint costs reduced 36% year-on-year to £16.1m, with FOS fees reducing £8.6m to £4.5m. 1Q25 complaint costs were in line with expectations, with a lower run rate from 2Q25, as expected following the implementation of the revised FOS fee structure. The Group expects 2H25 complaint costs to be lower than 1H25.
- Since the revised FOS fee structure was implemented on 1 April 2025, Vanquis related CMC complaints referred to the FOS have been negligible.
    - CMCs are charged an upfront fee of £250 for each claim submitted, reducing to £75 for upheld cases.
    - Lender fees have reduced from £650 per case to £475 for each case not upheld.
- Vanquis continues to engage with regulators to address complaints issues on an industry-wide basis.
- The Group supports the Government's planned changes to reform the FOS.
- Following the successful strike out hearing outcome in the 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.

Motor finance commission disclosures update

- The Group welcomes the clarity provided by the recent Supreme Court Judgment regarding motor finance commission disclosure practices. The Supreme Court concluded that motor dealers, when acting as credit brokers, do not owe fiduciary duties to their customers.
- In the *Johnson* case, the Supreme Court found that an unfair relationship existed between the lender and the borrower under section 140A of the Consumer Credit Act 1974. However, the Court emphasized that the test for unfairness is highly fact-sensitive, requiring assessment across a broad range of circumstances.
- The Group acknowledges the FCA's intention to consult on a motor finance compensation scheme. The FCA propose the scheme covers discretionary commission arrangements (DCAs). Vanquis did not participate in DCAs and would therefore not be in scope for this element of any scheme.
- Whilst the FCA also intend to consult on the inclusion of certain non-discretionary commission arrangements following the unfair relationship Supreme Court decision in the Johnson case, Vanquis believes its position is clearly differentiated on a number of grounds. These include, but are not limited to, the fact the Group provided significantly better commission disclosures than those in *Johnson,* with substantially lower average commissions relative to the charge for credit. Vehicle Finance customers also signed pre-contractual documentation confirming that a commission will be paid.
- As a result, the Group believes that any liability is limited and, as such, in accordance with IAS 37, has not made a provision for this matter, but has disclosed a contingent liability.
- The FCA has extended the timeline on Vehicle Finance commission complaints, currently running until 4 December 2025, which is subject to further extension.

- As of 4 August 2025, the Group had received approximately 16,700 complaints alleging an unfair relationship related to the commission amount — out of around 62,000 total complaints under the extension. This marks an increase from around 4,500 at the end of 2024, driven by heightened public awareness following recent legal and regulatory developments.
- Around 99% of these complaints have been submitted by CMCs.
- The Group has successfully defended 46 out of 49 Vehicle Finance commission court cases. Additionally, over 400 decisions at the FOS Adjudicator level have been in the Group's favour, with no adverse outcomes to date.
- Vanquis remains confident in its position and continues to assess each complaint on its individual merits.

Results webcast

Ian McLaughlin, CEO, and Dave Watts, CFO, will host a results webcast at 09:00 today. To register your attendance, please use this link: https://webcast.openbriefing.com/vanquis-2025/

Materials for the results presentation have been published at: Results, Reports and Presentations | Vanquis

Enquiries

Investors and analysts
James Cranstoun, Head of Investor Relations
james.cranstoun@vanquis.com
+44 (0) 7766 937 406

Media
Scott Mowbray, Head of External Communications
scott.mowbray@vanquis.com
+44 (0) 7834 843 384

Victoria Ainsworth, Senior Director (Hawthorn Advisors)
vanquis@hawthornadvisors.com
+44 (0) 7894 995 886

Footnotes

1. *The presentation of the income statement and selected key metrics in this report is consistent with that in the Annual Report and Accounts for 31 December 2024, with the exception of the impact of the sale of the Personal Loans portfolio, which is now recognised as a discontinued operation and the re-segmentation of interest income, interest expense and operating costs by product. Further details are included in the 2024 re-presentation document at the following link: Vanquis-Banking-Group-2024-Re-presentation-Document.pdf.*
2. *Asset yield is calculated as interest income received from customers for the period as a percentage of average gross customer interest-earning balances for the 6 months ended 30 June and 31 December using a 7 point month end average.*
3. *Net interest margin is calculated as interest income less interest expense for the period as a percentage of average gross customer interest-earning balances for the 6 months ended 30 June and 31 December using a 7 point month end average.*
4. *Total income margin is calculated as total income for the period as a percentage of average gross customer interest-earning balances for the 6 months ended 30 June and 31 December using a 7 point month end average.*
5. *Cost of risk is calculated as impairment charges for the period as a percentage of average gross customer interest-earning balances for the 6 months ended 30 June and 31 December using a 7 point month end average.*
6. *Risk-adjusted margin is defined as risk-adjusted income for the period as a percentage of average gross customer interest-earning balances for the 6 months ended 30 June and 31 December using a 7 point month end average.*
7. *Cost: income ratio is calculated as operating costs as a percentage of total income for the 6 months ended 30 June and 31 December.*

8. *ROTE is calculated as annualised statutory profit after tax for the 6 months ended 30 June and 31 December as a percentage of average tangible equity for the 6 months ended 30 June and 31 December. Tangible equity is stated as equity after deducting the Group's pension asset, net of deferred tax, less intangible assets and goodwill.*
9. *Basic earnings per share is calculated as statutory profit after tax for the 6 months ended 30 June and 31 December, divided by the weighted average number of shares in issue.*
10. *TNAV per share is calculated as closing tangible net asset value, divided by the period end number of shares in issue. Tangible net asset value is stated as equity after deducting the Group's pension asset, net of deferred tax, less intangible assets and goodwill.*
11. *The Tier 1 ratio is calculated as the ratio of the Group's Tier 1 capital as a percentage of the Group's risk-weighted assets measured in accordance with the CRR.*
12. *Retail funding as a percentage of all funding has been restated to include Tier 2 capital within the total on-balance sheet funding of the Group.*

Forward looking statements

This report may contain certain "forward looking statements" regarding the financial position, business strategy or plans for future operations of Vanquis Banking Group. All statements other than statements of historical fact included in this document may be forward looking statements. Forward looking statements also often use words such as "believe", "expect", "estimate", "intend", "anticipate" and words of a similar meaning. By their nature, forward looking statements involve risk and uncertainty that could cause actual results to differ from those suggested by them. Much of the risk and uncertainty relates to factors that are beyond Vanquis Banking Group's ability to control or estimate precisely, such as future market conditions and the behaviours of other market participants, and therefore undue reliance should not be placed on such statements which speak only as at the date of this report. Vanquis Banking Group does not assume any obligation to, and does not intend to, revise or update these forward-looking statements, except as required pursuant to applicable law or regulation. No statement in this announcement is intended as a profit forecast or estimate for any period. No statement in this announcement should be interpreted to indicate a particular level of profit and, as a consequence, it should not be possible to derive a profit figure for any future period from this report.

Operating review

Segmental product performance

1H25 £m	Credit Cards	Vehicle Finance	Second Charge Mortgages	Corporate Centre	Total
Interest income	**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/(loss) before tax from continuing operations	**12.6**	**1.4**	**2.4**	**(10.2)**	**6.2**

2H24 (Re-presented) £m	Credit Cards	Vehicle Finance	Second Charge Mortgages	Corporate Centre	Total
Interest income	182.1	63.4	4.6	23.8	273.9
Interest expense	(26.3)	(15.7)	(3.1)	(28.2)	(73.3)
Net interest income	155.8	47.7	1.5	(4.4)	200.6
Non-interest income	16.4	-	-	2.6	19.0
Total income	172.2	47.7	1.5	(1.8)	219.6
Impairment charges	(60.4)	(30.9)	(0.2)	(0.8)	(92.3)
Risk-adjusted income	111.8	16.8	1.3	(2.6)	127.3
Operating costs	(93.0)	(37.3)	(0.4)	(88.5)	(219.2)
Profit/(loss) before tax from continuing operations	18.8	(20.5)	0.9	(91.1)	(91.9)

1H24 (Re-presented) £m	Credit Cards	Vehicle Finance	Second Charge Mortgages	Corporate Centre	Total
Interest income	183.6	69.7	0.2	22.5	276.0
Interest expense	(26.9)	(15.7)	(0.3)	(25.8)	(68.7)
Net interest income	156.7	54.0	(0.1)	(3.3)	207.3
Non-interest income	18.6	-	-	0.9	19.5
Total income	175.3	54.0	(0.1)	(2.4)	226.8
Impairment charges	(63.5)	(29.5)	-	-	(93.0)
Risk-adjusted income	111.8	24.5	(0.1)	(2.4)	133.8
Operating costs	(100.5)	(42.8)	(0.2)	(36.4)	(179.9)
Profit/(loss) before tax from continuing operations	11.3	(18.3)	(0.3)	(38.8)	(46.1)

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

Six months ended (£m)	Jun-25	Dec-24 (Re-presented)	Jun-24 (Re-presented)	HoH Change %	YoY Change %
Total customer numbers (‘000)	**1,290**	1,267	1,321	2	(2)
Gross customer interest-earning balances	**1,355**	1,278	1,295	6	5
Average gross customer interest-earning balances[1]	**1,296**	1,284	1,339	1	(3)
Gross receivables	**1,390**	1,310	1,331	6	4
Net receivables	**1,232**	1,150	1,151	7	7
Interest income	**179.0**	182.1	183.6	(2)	(3)
Interest expense	**(24.7)**	(26.3)	(26.9)	(6)	(8)
Net interest income	**154.3**	155.8	156.7	(1)	(2)
Non-interest income	**16.0**	16.4	18.6	(2)	(14)
Total income	**170.3**	172.2	175.3	(1)	(3)
Impairment charges	**(64.0)**	(60.4)	(63.5)	6	1
Risk adjusted income	**106.3**	111.8	111.8	(5)	(5)
Operating costs	**(93.7)**	(93.0)	(100.5)	1	(7)
Profit before tax contribution	**12.6**	18.8	11.3	(33)	12
Asset yield (%)[2]	**27.8**	28.2	27.6	(0.4)	0.2
Net interest margin (%)[3]	**24.0**	24.1	23.5	(0.1)	0.5
Total income margin (%)[4]	**26.5**	26.7	26.3	(0.2)	0.2
Cost of risk (%)[5]	**(10.0)**	(9.4)	(9.5)	(0.6)	(0.5)
Risk adjusted margin (%)[6]	**16.5**	17.3	16.8	(0.8)	(0.3)
Cost: income ratio (%)[7]	**55.0**	54.0	57.3	1.0	(2.3)

[1] Average of gross customer interest-earning balances for the 6 months ended 30 June and 31 December using a 7 point month end average.
[2] Interest income from customer receivables for the 6 months ended 30 June and 31 December as a percentage of average gross customer interest-earning balances.
[3] Net interest income for the 6 months ended 30 June and 31 December as a percentage of average gross customer interest-earning balances.
[4] Total income for the 6 months ended 30 June and 31 December as a percentage of average gross customer interest-earning balances.
[5] Impairment charges for the 6 months ended 30 June and 31 December as a percentage of average gross customer interest-earning balances.
[6] Total income less impairment charges for the 6 months ended 30 June and 31 December as a percentage of average gross customer interest-earning balances.
[7] Operating costs as a percentage of total income for the 6 months ended 30 June and 31 December.

All commentary relates to year-on-year performance unless otherwise stated.

Total customer numbers decreased 2% to 1,290k, but increased 2% from December 2024, reflecting a return to growth in 2Q25 following a comprehensive review of customer cohorts by risk profile, vintage and acquisition channel to ensure the future sustainable profitability of the portfolio.

Gross customer interest-earning balances increased 5% to £1,355m, 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.

Net receivables increased 7% to £1,232m, reflecting the growth in interest-earning balances and a 12% reduction in ECL to £158m, driven by a better quality portfolio, with increased balances in Stage 1 and 2 and a reduction in Stage 3 balances.

Total income decreased 3% to £170.3m. Net interest income reduced 2% to £154.3m, with non-interest income decreasing 14% to £16.0m. Net interest margin increased 0.5% to 24.0% and total income margin increased 0.2% to 26.5%.

Interest income decreased 3% to £179.0m, consistent with a 3% reduction in average gross customer interest-earning balances to £1,296m. Asset yield increased 0.2% to 27.8%, driven by risk-based repricing initiatives and despite growth in 0% balance transfers (BTs) and products.

Interest expense reduced 8% to £24.7m, driven by the lower funding need and lower cost of funds, as the reduced rate outlook and maturing fixed-term deposits were refinanced with lower interest rate savings products.

Impairment charges were broadly stable at £64.0m (1H24: £63.5m), reflecting increased origination charges in line with growth in new gross customer interest earning balances offset by an increased IFRS9 modelled impairment benefit, as underlying credit quality improved. Cost of risk increased 0.5% to 10.0%.

Risk adjusted income decreased 5% to £106.3m, driving a 0.3% reduction in risk adjusted margin to 16.5%.

Operating costs decreased 7% to £93.7m, driven by transformation cost savings and lower complaint costs, more than offsetting growth and inflation driven cost increases and an accrual for discretionary staff costs.

Profit before tax contribution increased 12% to £12.6m.

Vehicle Finance – Moderated new business growth, while product profitability improved

Six months ended (£m)	**Jun-25**	Dec-24 (Re-presented)	Jun-24 (Re-presented)	HoH Change %	YoY Change %
Total customer numbers (‘000)	**106**	110	110	(4)	(4)
Gross customer interest-earning balances	**733**	765	850	(4)	(14)
Average gross customer interest-earning balances[1]	**750**	803	851	(7)	(12)
Gross receivables	**795**	832	921	(4)	(14)
Net receivables	**709**	735	760	(4)	(7)
Interest income	**62.9**	63.4	69.7	(1)	(10)
Interest expense	**(14.3)**	(15.7)	(15.7)	(9)	(9)
Net interest income	**48.6**	47.7	54.0	2	(10)
Total income	**48.6**	47.7	54.0	2	(10)
Impairment charges	**(12.7)**	(30.9)	(29.5)	(59)	(57)
Risk adjusted income	**35.9**	16.8	24.5	114	47
Operating costs	**(34.5)**	(37.3)	(42.8)	(8)	(19)
Profit/(loss) before tax contribution	**1.4**	(20.5)	(18.3)		
Asset yield (%)[2]	**16.9**	15.7	16.5	1.2	0.4
Net interest margin (%)[3]	**13.1**	11.8	12.8	1.3	0.3
Total income margin (%)[4]	**13.1**	11.8	12.8	1.3	0.3
Cost of risk (%)[5]	**(3.4)**	(7.7)	(7.0)	4.3	3.6
Risk adjusted margin (%)[6]	**9.7**	4.2	5.8	5.5	3.9
Cost: income ratio (%)[7]	**71.0**	78.2	79.3	(7.2)	(8.3)

[1] Average of gross customer interest-earning balances for the 6 months ended 30 June and 31 December using a 7 point month end average.
[2] Interest income from customer receivables for the 6 months ended 30 June and 31 December as a percentage of average gross customer interest-earning balances.
[3] Net interest income for the 6 months ended 30 June and 31 December as a percentage of average gross customer interest-earning balances.
[4] Total income for the 6 months ended 30 June and 31 December as a percentage of average gross customer interest-earning balances.
[5] Impairment charges for the 6 months ended 30 June and 31 December as a percentage of average gross customer interest-earning balances.
[6] Total income less impairment charges for the 6 months ended 30 June and 31 December as a percentage of average gross customer interest-earning balances.
[7] Operating costs as a percentage of total income for the 6 months ended 30 June and 31 December.

All commentary relates to year-on-year performance unless otherwise stated.

Total customer numbers decreased 4% to 106k, reflecting moderated new business growth in the near-term in advance of the new onboarding and servicing platform being delivered by mid-2026 as part of the Gateway technology transformation. A new lending decision engine was introduced in 2024 enabling a more granular level of portfolio segmentation and delivered a stronger platform to optimise higher-margin customer segments in 1H25.

Gross customer interest-earning balances decreased 14% to £733m, driven by the combination of the prior year impact of the Vehicle Finance receivables review resulting in an updated charge-off policy reclassifying Stage 3 impaired loans to post-charge-off assets, and the moderating of new business growth.

Net receivables decreased 7% to £709m, reflecting the reduction in interest-earning balances and a 46% reduction in ECL to £86m. ECL reduced across stages given the reduction in balances, but particularly in Stage 3 driven by the reduction in impaired loans following the receivables review.

Total income decreased 10% to £48.6m, which represented all net interest income. Net interest margin and total income margin increased 0.3% respectively to 13.1%.

Interest income decreased 10% to £62.9m, consistent with a 12% reduction in average gross customer interest-earning balances to £750m. The asset yield increased 0.4% to 16.9%, driven by repricing initiatives.

Interest expense reduced 9% to £14.3m, driven by the lower funding need and lower cost of funds, as the reduced rate outlook and maturing fixed-term deposits were refinanced with lower interest rate savings products.

The prior year Vehicle Finance receivables review drove elevated impairment in 2024, resulting in a clearer cost of risk outlook for the portfolio. Impairment charges decreased 57% to £12.7m, reflecting reduced origination charges in line with the reduction in new gross customer interest-earning balances and an increased IFRS9 modelled impairment benefit, as underlying credit quality improved. Cost of risk reduced 3.6% to 3.4%.

Risk adjusted income increased 47% to £35.9m and risk adjusted margin improved 3.9% to 9.7%.

Operating costs decreased 19% to £34.5m, driven by transformation cost savings, more than offsetting growth and inflation driven cost increases and an accrual for discretionary staff costs.

Profit before tax contribution was £1.4m (1H24: loss contribution of £18.3m).

Second Charge Mortgages – Continued strong growth in a growing market

Six months ended (£m)	**Jun-25**	Dec-24 (Re-presented)	Jun-24 (Re-presented)	HoH Change %
Total customer numbers ('000)	**6.3**	3.7	0.6	70
Gross customer interest-earning balances	**371**	217	30	71
Average gross customer interest-earning balances[1]	**293**	121	11	142
Gross receivables	**385**	226	32	70
Net receivables	**385**	225	32	71
Interest income	**11.0**	4.6	0.2	139
Interest expense	**(6.7)**	(3.1)	(0.3)	116
Net interest income	**4.3**	1.5	(0.1)	187
Non-interest income	**0.2**	-	-	100
Total income	**4.5**	1.5	(0.1)	200
Impairment charges	**(0.2)**	(0.2)	-	-
Risk adjusted income	**4.3**	1.3	(0.1)	231
Operating costs	**(1.9)**	(0.4)	(0.2)	375
Profit/(loss) before tax contribution	**2.4**	0.9	(0.3)	167
Asset yield (%)[2]	**7.6**	7.6	n/m	-
Net interest margin (%)[3]	**3.0**	2.5	n/m	0.5
Total income margin (%)[4]	**3.1**	2.5	n/m	0.6
Cost of risk (%)[5]	**(0.1)**	(0.3)	n/m	0.2
Risk adjusted margin (%)[6]	**3.0**	2.1	n/m	0.9
Cost: income ratio (%)[7]	**42.2**	26.7	n/m	15.5

[1] Average of gross customer interest-earning balances for the 6 months ended 30 June and 31 December using a 7 point month end average.
[2] Interest income from customer receivables for the 6 months ended 30 June and 31 December as a percentage of average gross customer interest-earning balances.
[3] Net interest income for the 6 months ended 30 June and 31 December as a percentage of average gross customer interest-earning balances.
[4] Total income for the 6 months ended 30 June and 31 December as a percentage of average gross customer interest-earning balances.
[5] Impairment charges for the 6 months ended 30 June and 31 December as a percentage of average gross customer interest-earning balances.
[6] Total income less impairment charges for the 6 months ended 30 June and 31 December as a percentage of average gross customer interest-earning balances.
[7] Operating costs as a percentage of total income for the 6 months ended 30 June and 31 December.

All commentary relates to year-on-year performance unless otherwise stated.

Total customer numbers increased to 6.3k (June 2024: 0.6k) following the successful growth of the forward flow agreement with Interbridge Mortgages and expanded partnership with Selina Finance.

Gross customer interest-earning balances increased to £371m (June 2024: £30m) and net receivables increased to £385m (June 2024: £32m), which includes deferred acquisition costs.

Total income increased to £4.5m (1H24: £(0.1)m). Net interest margin was 3.0% and total income margin was 3.1%.

Interest income increased to £11.0m (1H24: £0.2m) with an asset yield of 7.6%. Interest expense was £6.7m (1H24: £0.3m).

Risk adjusted income increased to £4.3m (1H24: £(0.1)m), including impairment charges of £0.2m (1H24: £0.0m). Cost of risk was 0.1% and risk adjusted margin was 3.0%.

Operating costs were £1.9m (1H24: £0.2m), reflecting the limited fixed costs associated with the business given the origination partnership arrangements in place.

Profit before tax contribution was £2.4m (1H24: loss contribution of £(0.3)m).

Corporate Centre

Six months ended (£m)	**Jun-25**	Dec-24 (Re-presented)	Jun-24 (Re-presented)	HoH Change %	YoY Change %
Interest income	**22.0**	23.8	22.5	(8)	(2)
Interest expense	**(27.0)**	(28.2)	(25.8)	(4)	5
Net interest income	**(5.0)**	(4.4)	(3.3)	14	52
Non-interest income	**1.3**	2.6	0.9	(50)	44
Total income	**(3.7)**	(1.8)	(2.4)	106	54
Impairment charges	**0.8**	(0.8)	-		100
Risk adjusted income	**(2.9)**	(2.6)	(2.4)	12	21
Operating costs	**(7.3)**	(88.5)	(36.4)	(92)	(80)
Loss before tax contribution	**(10.2)**	(91.1)	(38.8)	(89)	(74)

Corporate Centre includes the retail savings business, including related costs, unallocated Treasury result after product allocations, Snoop income and costs and other immaterial or central items.

All commentary relates to year-on-year performance unless otherwise stated.

Total income was a net expense of £(3.7)m (1H24: £(2.4)m), with net interest income being a net expense of £(5.0)m (1H24: £(3.3)m) and non-interest income increasing to £1.3m (1H24: £0.9m) driven by fees and commissions income from Snoop.

Interest income of £22.0m (1H24: £22.5m) represented returns from the Liquid Asset Buffer (LAB), including UK gilts and interest on cash reserves in the BoE reserve account.

Interest expense of £27.0m (1H24: £25.8m) represented residual funding costs not allocated to the respective businesses, including unallocated Tier 2 capital.

Operating costs reduced to £7.3m (1H24: £36.4m), reflecting the non-repeat of £29.9m of prior year notable items.

Loss before tax contribution was £(10.2)m (1H24: £(38.8)m).

Notable items

Six months ended (£m)	Account line	Segment	**Jun-25**	Dec-24	Jun-24
Goodwill write-off	Operating costs	Corporate Centre	**-**	(71.2)	-
Transformation and other exceptional costs	Operating costs	Corporate Centre	**-**	(8.6)	(15.5)
Amortisation of acquisition intangibles	Operating costs	Corporate Centre	**-**	(2.0)	(4.2)
Vehicle Finance receivables review	Income	Vehicle Finance	**-**	(1.4)	(3.1)
	Impairment	Vehicle Finance	**-**	(5.4)	(9.7)
Other one-off cost items	Operating costs	Corporate Centre	**-**	-	(10.2)
Total notable items			**-**	**(88.6)**	**(42.7)**

Principal Risks and Uncertainties

The Group's principal risks are those most critical to the alignment and delivery of its Strategy. Principal risk categories and associated risk appetite statements, metrics and thresholds are reviewed and approved by the Board on an annual basis, effectively defining the Group's overall risk appetite.

Customer Risk

This is defined as the risk that failing to understand or address customer needs could lead to dissatisfaction, poor customer outcomes, reduced loyalty and reputational damage, impacting revenue and long-term business sustainability. The Group closely monitors customer outcomes to ensure the fair treatment of customers, particularly for customers requiring early intervention strategies or those with vulnerable characteristics, and address customer detriment. Complaints related to responsible lending have declined since the implementation of the FOS fee-charging structure. However, following the recent Supreme Court ruling, the Group continues to await the outcome of the FCA's consultation on a proposed compensation scheme for motor finance customers.

Regulatory Risk

This is defined as the risk that non-compliance with all regulatory and legal requirements and expectations could lead to financial penalties, legal action, operational disruptions and long-term damage to reputation. The Group aims to avoid material regulatory breaches and, in the event that they do occur, they are promptly corrected and lessons learned from mistakes made. Strong and proactive regulatory relationships are in place with the FCA and PRA, who remain up to date with the Group's strategic initiatives, key risk management activities and responses to regulatory developments.

Financial Crime Risk

This is defined as the risk that failure to detect and prevent financial crime and fraud could result in customer detriment, regulatory fines, reputational damage and financial loss. The Group has dedicated fraud and financial crime strategic and operational teams, which monitor, investigate and report suspicious activity to meet regulatory obligations, remain vigilant of evolving external emerging threats and protect the Group and our customers from financial crime and fraud. The Group continues to strengthen its financial and fraud control environment through Gateway development.

Capital Risk

This is defined as the risk that inadequate capital resources or poor capital planning could result in an inability to meet financial obligations, regulatory breaches and financial instability, potentially threatening the long-term viability of the Group. The Group and Bank operate within a defined capital risk appetite, with performance and capital position reported to and closely monitored by the Risk Committee and Board. Sufficient capital resources, both in terms of amount and quality, are maintained to support the business strategy and meet the stressed scenarios identified in the Internal Capital Adequacy Assessment Process (ICAAP). The Group and Bank have remained above regulatory buffer requirements throughout 2025.

Funding and Liquidity Risk

This is defined as the risk that the Group has insufficient financial resources to meet its obligations (cash or collateral requirements) as they fall due, resulting in the failure to meet regulatory liquidity requirements, or is only able to secure such resources at excessive cost. Funding and liquidity metrics are monitored through daily liquidity reporting and reported to the Risk Committee and Board. The Group's current funding strategy seeks to maintain a secure and diverse funding structure by maintaining access to the liquid retail deposits market and committed facilities to meet the Group's liquidity and funding requirements. Throughout 2025, the Group and Bank have maintained funding and liquidity ratios in excess of regulatory requirements.

Market Risk

This is defined as the risk that fluctuations in market prices, such as interest rates, could negatively impact the Group's financial performance, resulting in losses or disruptions. The Group and Bank are primarily exposed to Interest Rate Risk in the Banking Book (IRRBB) and do not take significant unmatched positions or operate trading books. The Group and

Bank have remained within risk appetite throughout 2025. Market risk appetite metrics include the risk under different interest rate risk scenarios, as prescribed by regulation, which are reported to the Risk Committee and Board.

Credit Risk

This is defined as the risk that customers may default on their obligations, leading to financial losses, impaired asset quality and reputational damage. The credit risk programme, initiated during 2024 to optimise the Group's credit decisioning capability and enhance its credit and affordability strategies, is progressing to plan, ensuring credit risk is at the forefront of business decisioning and keeps pace with changing market and economic conditions. The Credit Risk Committee meets monthly to oversee the programme and monitor portfolio performance against key credit risk metrics.

People Risk

This is defined as the risk that poor recruitment practices, insufficient employee training or low engagement levels caused by poor culture and compliance could lead to operational inefficiencies and reputational damage. To effectively manage people risk, adequate controls exist across the colleague lifecycle covering onboarding, development and management of our colleagues. The Group's operating model is reviewed to ensure it has sufficient operational capacity and colleagues with the right skills to meet the Group's financial, customer and regulatory responsibilities. The Pulse Survey completed in June saw the engagement score rise to 65% since the Colleague Survey conducted in December 2024, providing further insight to advocate the Group as a great place to work.

Technology and Information Security Risk

This is defined as the risk that inadequate technological, security and data infrastructure and failure to upgrade systems could lead to operational inefficiencies, data breaches, service disruptions, a lack of scalability and reputational damage. Additional focus has been placed on technological advancements, such as artificial intelligence and machine learning, of which supporting governance structures are maturing. The Group's technology and information security risk is being significantly strengthened through the delivery of the Gateway technology and Data & Analytics transformation programmes, which are progressing to plan

Operational Risk

This is defined as the risk that failures in processes, systems or human error could result in business disruptions, financial loss, regulatory action, poor customer outcomes and reputational damage. Operational risk is inherent to our Group's activities and heightened as we deliver our activities, utilising in-house capability and third-party and outsourced business support, and deliver transformation programmes. The application of the integrated assurance framework, inclusive of the Group's material controls, seeks to complement the assurance activities of each the three lines of defence.

Model Risk

This is defined as the risk that incorrect assumptions, poor design or outdated data within models used for decision making could lead to unintended outcomes, financial loss or operational inefficiencies. All models and covered tools are required to be added and managed through the model inventory, which is reviewed monthly for completeness and accuracy. The model risk classification is in place reflecting the PRA's Model Risk Management Principles with clear delineation of responsibilities across the three lines of defence and oversight from the Model Risk Committee and supported by formals sub-working groups.

Business Performance Risk

This is defined as the risk that poor performance of key business processes, such as financial management, operations or customer service, could lead to financial losses, reduced market share, threat to the Group's long-term viability and reputational damage. The Group continues to deliver against its strategic priorities, grow the business and maintain its existing commitments in a safe and controlled way, adopting an effective risk management, strong risk culture and remaining aware of emerging external threats.

Consolidated financial statements

Consolidated income statement for the six months ended 30 June

	Note	2025 unaudited £m	2024[1] unaudited £m
Interest income	3	**274.9**	276.0
Interest expense		**(72.7)**	(68.7)
Net interest income		**202.2**	207.3
Fee and commission income		**18.4**	20.1
Fee and commission expense		**(1.5)**	(0.8)
Net fee and commission income		**16.9**	19.3
Other income and net fair value gains		**0.6**	0.2
Total income		**219.7**	226.8
Impairment charges	9	**(76.1)**	(93.0)
Risk-adjusted income		**143.6**	133.8
Operating costs		**(137.4)**	(179.9)
Profit/(loss) before taxation from continuing operations	4	**6.2**	(46.1)
Tax (charge)/credit	6	**(1.3)**	10.6
Profit/(loss) for the period from continuing operations		**4.9**	(35.5)
Profit/(loss) after tax for the period from discontinued operations	5	**0.7**	(0.3)
Statutory profit/(loss) for the period attributable to equity shareholders		**5.6**	(35.8)

Consolidated statement of comprehensive income for the six months ended 30 June

	Note	2025 unaudited £m	2024 unaudited £m
Statutory profit/(loss) for the period attributable to equity shareholders		**5.6**	(35.8)
Items that will not be reclassified subsequently to the income statement:			
– actuarial movements on retirement benefit asset	12	**(15.4)**	(4.5)
– tax on items taken directly to other comprehensive income		**3.9**	1.1
Other comprehensive expense for the period		**(11.5)**	(3.4)
Total comprehensive expense for the period attributable to equity shareholders		**(5.9)**	(39.2)

Earnings/(loss) per share

	Note	2025 unaudited pence	2024 unaudited pence
Basic – continuing operations	7	**1.9**	(13.9)
Diluted - continuing operations	7	**1.9**	(13.9)
Basic – Group	7	**2.2**	(14.1)
Diluted - Group	7	**2.1**	(14.1)

Dividends per share

	Note	2025 unaudited pence	2024 unaudited pence
Interim dividend	8	**-**	-
Paid in the period – 2023 final	8	**-**	**1.0**

The total amount of dividends paid in the period was £nil (1H24: £2.5m).

[1] Refer to accounting policies for details of representation

Consolidated balance sheets

	Note	30 June 2025 unaudited £m	31 December 2024 audited £m	30 June 2024 unaudited £m
ASSETS				
Cash and cash equivalents		**805.3**	1,003.9	772.8
Investments held at amortised cost		**116.5**	-	-
Amounts receivable from customers	9	**2,325.1**	2,153.7	2,008.5
Trade and other receivables		**67.0**	72.5	82.7
Investments held at fair value through profit and loss		**2.3**	2.3	5.1
Current tax asset		**3.7**	3.9	-
Property, plant and equipment		**6.7**	7.1	7.4
Right of use assets		**14.2**	16.4	18.9
Goodwill	10	**1.2**	1.2	72.4
Other intangible assets	11	**62.5**	61.5	60.2
Retirement benefit asset	12	**12.7**	27.8	34.4
Derivative financial instruments		**2.0**	-	1.1
Deferred tax assets		**27.5**	25.0	21.6
TOTAL ASSETS	4	**3,446.7**	3,375.3	3,085.1
LIABILITIES AND EQUITY				
Liabilities				
Trade and other payables		**56.0**	46.1	49.6
Provisions	14	**9.2**	15.5	16.3
Lease liabilities		**28.3**	32.5	37.1
Current tax liability		**-**	-	1.2
Retail deposits		**2,463.8**	2,428.2	1,937.5
Bank and other borrowings		**447.7**	410.0	504.1
Derivative financial instruments		**7.0**	1.8	9.6
Total liabilities		**3,012.0**	2,934.1	2,555.4
Equity attributable to owners of the parent				
Share capital		**53.2**	53.2	53.2
Share premium		**276.3**	276.3	276.3
Merger reserve		**278.2**	278.2	278.2
Other reserves		**8.6**	10.8	14.5
Retained earnings		**(181.6)**	(177.3)	(92.5)
Total equity	4	**434.7**	441.2	529.7
TOTAL LIABILITIES AND EQUITY		**3,446.7**	3,375.3	3,085.1

Consolidated statement of changes in shareholders' equity

	Share capital £m	Share premium £m	Merger reserve £m	Other reserves £m	Retained Earnings £m	Total £m
At 1 January 2024 (audited)	53.2	276.3	278.2	12.1	(50.7)	569.1
Loss for the period	-	-	-	-	(35.8)	(35.8)
Other comprehensive (expense)/income:						
– actuarial movements on retirement benefit asset (note 12)	-	-	-	-	(4.5)	(4.5)
– tax on items taken directly to OCI	-	-	-	-	1.1	1.1
Other comprehensive expense for the period	-	-	-	-	(3.4)	(3.4)
Total comprehensive expense for the period	-	-	-	-	(39.2)	(39.2)
Share-based payment charge	-	-	-	2.4	-	2.4
Purchase of shares for share awards				-	(0.1)	(0.1)
Dividends	-	-	-	-	(2.5)	(2.5)
At 30 June 2024 and 1 July 2024 (unaudited)	53.2	276.3	278.2	14.5	(92.5)	529.7
Loss for the period					(83.5)	(83.5)
Other comprehensive (expense)/income:						
– actuarial movements on retirement benefit asset (note 12)	-	-	-	-	(7.1)	(7.1)
– tax on items taken directly to OCI	-	-	-	-	1.8	1.8
Other comprehensive expense for the period	-	-	-	-	(5.3)	(5.3)
Total comprehensive expense for the period	-	-	-	-	(88.8)	(88.8)
Share-based payment charge	-	-	-	0.3	-	0.3
Transfer of share-based payment reserve on vesting of share awards	-	-	-	(4.0)	4.0	-
At 31 December 2024 (audited)	53.2	276.3	278.2	10.8	(177.3)	441.2
At 1 January 2025 (audited)	**53.2**	**276.3**	**278.2**	**10.8**	**(177.3)**	**441.2**
Profit for the period	**-**	**-**	**-**	**-**	**5.6**	**5.6**
Other comprehensive (expense)/income:						
- actuarial movements on retirement benefit asset (note 12)	**-**	**-**	**-**	**-**	**(15.4)**	**(15.4)**
- tax on items taken directly to OCI	**-**	**-**	**-**	**-**	**3.9**	**3.9**
Other comprehensive expense for the period	**-**	**-**	**-**	**-**	**(11.5)**	**(11.5)**
Total comprehensive expense for the period	**-**	**-**	**-**	**-**	**(5.9)**	**(5.9)**
Share-based payment charge	**-**	**-**	**-**	**0.7**	**-**	**0.7**
Transfer of share-based payment reserve on vesting of share awards	**-**	**-**	**-**	**(2.9)**	**2.9**	**-**
Purchase of shares for share awards	**-**	**-**	**-**	**-**	**(1.3)**	**(1.3)**
At 30 June 2025 (unaudited)	**53.2**	**276.3**	**278.2**	**8.6**	**(181.6)**	**434.7**

The full merger reserve is considered distributable.

Consolidated statement of cash flows for the period ended 30 June

	Note	Six months ended 30 June 2025 unaudited £m	2024 unaudited £m
Cash flows from operating activities			
Cash (used in)/generated from operations	15	**(81.0)**	142.4
Finance costs paid		**(46.8)**	(46.5)
Finance income received		**22.8**	21.1
Tax received		**0.1**	8.1
Net cash (used in)/generated from operating activities		**(104.9)**	125.1
Cash flows from investing activities			
Purchase of intangible assets	11	**(7.3)**	(5.7)
Purchase of property, plant and equipment		**(0.9)**	(4.5)
Purchase of financial investments		**(114.8)**	-
Net cash used in investing activities		**(123.0)**	(10.2)
Cash flows from financing activities			
Proceeds from bank and other borrowings		**35.0**	-
Repayment of bank and other borrowings		**-**	(75.0)
Payment of lease liabilities		**(4.2)**	(7.0)
Dividends paid to Company shareholders		**-**	(2.5)
Purchase of own shares for share awards		**(1.3)**	(0.1)
Net cash generated from/(used in) financing activities		**29.5**	(84.6)
Net (decrease)/increase in cash, cash equivalents and overdrafts		**(198.4)**	30.3
Cash, cash equivalents and overdrafts at beginning of period		**1,002.8**	741.8
Cash, cash equivalents and overdrafts at end of year		**804.4**	772.1
Cash, cash equivalents and overdrafts at end of period comprise:			
Cash at bank and in hand		**805.3**	772.8
Overdrafts (held in bank and other borrowings)		**(0.9)**	(0.7)
Total cash, cash equivalents and overdrafts		**804.4**	772.1

In line with FY24 reporting, cash generated from operations in 1H24 has been represented to include movement in retail deposits which is no longer considered a financing cash flow.

Cash at bank and in hand includes £758.4m (1H24: £716.6m) in respect of the liquidity buffer, including other liquidity resources, held by Vanquis Bank Limited in accordance with the PRA's liquidity regime.

Notes to the financial information

1. Basis of preparation

The company is a public limited company, incorporated and domiciled in the UK. The address of its registered office is No. 1 Godwin Street, Bradford, BD1 2SU. The company is listed on the London Stock Exchange.

The unaudited condensed interim financial statements do not constitute the statutory financial statements of the Group within the meaning of section 434 of the Companies Act 2006. The statutory financial statements for the year ended 31 December 2024 were approved by the board of directors on 13 March 2025 and have been delivered to the Registrar of Companies. The report of the auditor on those financial statements was unqualified, did not draw attention to any matters by way of emphasis and did not contain any statement under section 498(2) or (3) of the Companies Act 2006.

The unaudited condensed interim financial statements for the six months ended 30 June 2025 have been reviewed, not audited, and were approved by the board of directors on 6 August 2025.

The unaudited condensed interim financial statements for the six months ended 30 June 2025 have been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the UK. The unaudited condensed interim financial statements should be read in conjunction with the statutory financial statements for the year ended 31 December 2024.

The interim financial statements have been prepared on a going concern basis under the historical cost convention, as modified by the revaluation of derivative financial instruments and investments held at fair value through profit and loss.

In assessing whether the Group is a going concern, the directors' review has been made on the basis that the Group continues to operate for the twelve months from the date of the approval of the financial statements. The directors considered the appropriateness of the going concern basis, the period of assessment, any reporting requirements, and solvency and liquidity risks, and included a variety of factors – forecasts and budgets, timing of cashflows and funding, the Group's primary market and any contingent liabilities. When considering the appropriateness of going concern the directors have also considered the Group's ability to meets its regulatory requirements (both capital and liquidity) at all times and not just a positive net asset measure.

The assessment of going concern for the Group considered the following factors:

- The Group's corporate plan as approved in December 2024, and the latest 18 months forecast approved in July 25 which sets out financial, capital, liquidity and funding projections, together with an overview of relevant risks;
- The principal and emerging risks which could impact the performance of the Group, with a focus on capital and liquidity;
- The severe but plausible downside scenario, which is designed to assess the potential impact of certain underlying risks on the Group's capital and funding resources, together with the availability and effectiveness of mitigating actions;
- An idiosyncratic downside scenario assessing Vehicle Finance Commission outcomes; and
- Reverse stress testing analysis, which is designed to assess the point at which the Group is no longer a going concern;

Having considered the Group's forecasts, the regulatory capital and liquidity of the Group, the regulatory outlook and the impact of the Supreme Court judgment and FCA's intention to consult on Vehicle Finance commission, the directors have a reasonable expectation that the Group will continue as a going concern for a period of at least 12 months from the date of approving these financial statements. Accordingly, the financial statements of the Group have been prepared on the going concern basis.

2. Accounting policies

Group principal accounting policies under IFRS have been consistently applied to all the years presented, except where set out below.

Change in accounting policies

Exceptional items

The Group has transitioned to reporting solely on a statutory basis, removing adjustments for goodwill write-offs, transformation and other exceptional costs, and amortisation of acquisition intangibles.

This follows actions taken in 2024 that resulted in a cleaner, lower-risk balance sheet and improved transparency at both Group and product levels. Adjusted performance is now expected to closely align with statutory results.

The accounting policy for exceptional items is therefore no longer in place. As this is a change in accounting policy the comparatives have been represented however there is no impact on recognition, measurement or total profit and loss in any period presented in this report. The change reflects a change in presentation of the income statement and associated metrics.

Representation of items

Discontinued operations

The Group sold its Loan portfolio in MAR25. In accordance with IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations' this business segment is now presented as discontinued operations. See note 5.

Segmental reporting

During 1H25, following the sale of the Personal Loans business, the Group now comprises four segments: the three core lending products - Credit Cards, Vehicle Finance, and Second Charge Mortgages - and the Corporate Centre. The Corporate Centre includes the residual performance of the Retail Savings business, Treasury results after product allocations, Snoop, and other immaterial or central items. As a result, all previous periods have been represented onto a consistent basis. These changes do not constitute a change in accounting policy and there is no impact on recognition, measurement or profit and loss in any period presented in this report. See note 4.

Fraud costs reclassification

In FY24 fraud costs were represented from impairment to within operating costs and the comparative numbers for 2023 restated. As part of this change, the reduction in customer receivables for Cards for fraud accounts was represented from allowance account to gross receivables.

The 1H24 comparatives presented in this report have been retrospectively re-presented. This change does not constitute a change in accounting policy and there is no impact on recognition, measurement or profit and loss in any period presented in this report. The impact of this change in 1H24 was a £3.5m reduction in the total impairment charge and a corresponding increase in costs.

There was no impact on net receivables as a result of this change. These changes do not constitute a change in accounting policy and there is no impact on recognition, measurement or profit and loss in any period presented in this report.

Critical accounting judgements and key sources of estimation uncertainty

The significant accounting judgements exercised by management and key sources of estimation uncertainty in the interim financial statements are consistent with those adopted in the statutory financial statements for the year ended 31 December 2024 with the exception of Goodwill. Due to the impact of any judgement in relation to goodwill no longer being considered material, it is no longer included as a critical accounting judgement.

Amounts receivable from customers (note 9)

Critical accounting judgements

The Group reviews amounts receivable from customers for impairment at each balance sheet date. For the purposes of assessing the impairment, customers are categorised into IFRS 9 stages and cohorts which are considered to be the most reliable indication of future payment performance.

2. Accounting policies (continued)

The determination of expected credit losses involves complex modelling techniques and requires management to apply significant judgements to calculate expected credit losses. The most critical judgements are outlined below.

The determination of the Significant Increase in Credit Risk (SICR) thresholds to be used in the models for Credit Cards and Vehicle Finance requires management judgement to optimise the performance and therefore effectiveness of the staging methodology. Assessments are made to determine whether there is objective evidence of an SICR which indicates whether there has been an adverse effect on Probability of Default (PD). An SICR for customers is when there has been a significant increase in behavioural score or when one contractual monthly payment has been missed.

For the purpose of IFRS 9, default is assumed when three contractual repayments have been missed.

The Group's impairment models are subject to periodic monitoring, independent validation and back testing performed on model components (where appropriate), including PD, EAD, and LGD to ensure management judgements remain appropriate.

Limitations in the Group's impairment models or data inputs may be identified through the ongoing assessment and validation of the output of the models. In these circumstances, management makes appropriate adjustments to the Group's allowance for impairment losses to ensure that the overall provision adequately reflects all material credit risks. These adjustments are determined by considering the particular attributes of exposures which have not been adequately captured by the impairment models and range from changes to model inputs and parameters, at account level, through to more qualitative post-model overlays. Those changes applied to model inputs and parameters are deemed to be in-model overlays; more qualitative changes that have a higher degree of management judgement are deemed to be post-model overlays. All adjustments are reviewed quarterly and are subject to internal review and challenge to ensure that amounts are appropriately calculated. A breakdown of the in-model and post-model overlays is included within note 9.

Credit performance across the Group remains stable and internal analysis shows no obvious signs of credit quality deterioration.

Macroeconomic impairment provision adjustments are recognised in the core model to reflect an increased PD, based on future macroeconomic scenarios. Management judgement was required to determine the appropriate macroeconomic indicators to be used in the model by assessing their correlation with credit losses incurred by the business.

In FY24 a model overlay of £5.4m was recognised which looked at Credit Card write-off rates, utilising data from a third party. This third party model predicts industry level write-off rates using a combination of interest rates on Credit Cards, unemployment rate, debt to income ratio and a measure of macroeconomic volatility. The outputs from this model are calibrated to the VBG entry to default rate which is in turn used to derive the scalars applied to the lifetime probability of default model.

During 1H25 the third party model was incorporated in the core model and an overlay is no longer held. The redeveloped internal model is expected to be implemented in 2H25.

Key sources of estimation uncertainty

The level of impairment recognised is calculated using models which utilise historical payment performance to generate the estimated amount and timing of future cash flows from each cohort of customers in each arrears stage.

The models are regularly monitored to ensure they retain sufficient accuracy. Sensitivity analysis has been performed in note 9 which shows the impact of a 1% movement of gross exposure into Stage 2 from Stage 1 on the allowance accounts.

Macroeconomic assumptions

The following table shows the scenario five-year peak and average third party model Credit Card write off rates. These estimates are used to derive base case, upside, downside and severe scenarios.

2. Accounting policies (continued)

	30 June 2025				31 December 2024			
	Base	**Upside**	**Downside**	**Severe**	Base	Upside	Downside	Severe
Weighting	**60%**	**15%**	**20%**	**5%**	60%	15%	20%	5%
2025	0.46%	0.40%	0.51%	0.52%	0.46%	0.44%	0.47%	0.47%
2026	0.48%	0.28%	0.64%	0.69%	0.50%	0.36%	0.61%	0.64%
2027	0.47%	0.22%	0.74%	0.80%	0.52%	0.27%	0.71%	0.78%
2028	0.45%	0.20%	0.76%	0.82%	0.49%	0.22%	0.75%	0.83%
2029	0.44%	0.20%	0.74%	0.80%	0.45%	0.20%	0.73%	0.81%
Five year peak	0.48%	0.45%	0.77%	0.83%	0.52%	0.46%	0.76%	0.84%

The unemployment data used in the macroeconomic provisions held at 1H24 were compiled from a consensus of sources including the Bank of England, HM Treasury, the Office for Budget Responsibility (OBR), Bloomberg and a number of prime banks. These estimates are used to derive base case, upside, downside and severe scenarios.

The table below shows the scenario five-year peak and average unemployment assumptions adopted and the weightings applied to each

	30 June 2024			
	Base	**Upside**	**Downside**	**Severe**
Weighting	**60%**	**15%**	**20%**	**5%**
2024	4.4%	4.3%	4.5%	4.8%
2025	4.5%	3.9%	5.8%	7.2%
2026	4.5%	4.1%	6.3%	8.0%
2027	4.5%	4.1%	5.5%	6.4%
2028	4.5%	4.3%	5.0%	5.6%
Five year peak	4.5%	4.4%	6.5%	8.3%

There has been no change in the weightings from 2024.

<u>Contingent liability: Vehicle Finance Commission (note 16)</u>
<u>Critical accounting judgement</u>
Management has considered the requirements of IAS 37 to determine if a provision or contingent liability is required in relation to the outcome of the Supreme Court judgment regarding motor finance commission disclosure practices. It has also considered the FCA's intention to consult on a motor finance compensation scheme. The Group believes its position is differentiated on a number of grounds and in accordance with IAS 37, the Group has not provided for this matter but has disclosed a contingent liability (see note 16).

<u>Other accounting judgements:</u>
<u>Intangibles (note 11)</u>
All intangible assets have been reviewed for impairment under IAS 36.

Following the sale of the Personal Loans business in 1H25, the assets associated with that product were reviewed for impairment and subsequently written off. A charge of £1.2m has therefore been recognised within discontinued operations.

In 1H24 the Credit Cards mobile app was written off in full following a decision to rebuild this functionality using a more efficient design and build approach leading to an overall better customer experience. The resulted in a cost of £8.5m being recognised in 1H24 results.

In addition, assets expected to be replaced by the Gateway platform in 2026 were reviewed: a small number of these assets were written off, and the useful economic lives of other assets were reassessed in light of their expected retirement by the Gateway platform. The impact of these in FY24 results was not material.

2. Accounting policies (continued)

Provisions: Customer remediation complaints (note 14)
Over the past two years Group has experienced elevated levels of customer compensation claims from claims management companies. The majority of these claims were speculative in nature, primarily driven by unmerited CMC activity, and related to a wide range of different matters, primarily in respect of the lending process but with no common theme or systemic issue. During 2024, the increase in costs and provision resulted from higher than expected FOS fees for cases not upheld by us which were expected to subsequently be submitted to FOS for adjudication.

Since the change in the FOS fee charging structure from 1 April 2025, the Group has seen negligible CMC referrals to the FOS. This element of the provision has therefore been reduced, resulting in a £2.9m release in the period.

The total cost to the Group of customer remediation costs, including resource, which relate to a wide range of different matters, amounts to £16.1m in 1H25 (FY24:£47.4m, 1H24 £25.0m), with FOS fees reducing £8.6m to £4.5m (FY24:£24.8m, 1H24 £13.1m).

A provision of £2.5m (FY24:£7.4m, 1H24 :£8.2m) is held at the balance sheet date for: (i) customer compensation claims received where compensation may be paid but which have not yet been assessed, upheld or compensation amounts agreed (£2.0m) (FY24: £5.1m, 1H24 £5.2m) ; and (ii) expected FOS fees for future claims which may be referred (£0.5m) (FY24: £2.3m, 1H24: £3.0m).

The provision is determined based on the complaints volume pipeline at the period end, estimated uphold complaint rates, and average compensation amounts for each complaint type based on historical data.

3. Interest income

	Six months ended 30 June	
Interest receivable from:	**2025 unaudited £m**	2024[1] unaudited £m
Customer receivables	**252.9**	254.3
Cash balances held on deposit and other interest	**22.3**	20.3
Net fair value gains on derivative financial instruments	**(0.3)**	1.4
Total income – continuing operations	**274.9**	276.0
Discontinued operations	**1.4**	9.2
Total income - Group	**276.3**	285.2

[1] Refer to accounting policies for details of representation

4. Segment reporting

During 1H25 the Group reviewed and reallocated interest income, interest expense and costs to different product segments as reported under IFRS 8. As a result, all previous periods have been represented onto a consistent basis. These changes do not constitute a change in accounting policy and there is no impact on recognition, measurement or profit and loss in any period presented in this report. This re-presentation is a further step in Vanquis' on-going commitment to enhance disclosures and to provide a more transparent reporting of the Group's continuing operations by product.

Following the sale of the Personal Loans business, the Group now comprises four segments: the three core lending products - Credit Cards, Vehicle Finance, and Second Charge Mortgages - and the Corporate Centre. The Corporate Centre includes the residual performance of the Retail Savings business, Treasury results after product allocations, Snoop, and other immaterial or central items.

4. Segment reporting (continued)

To more accurately reflect the interest income and funding costs of each lending product, the Group has reallocated:

- Interest income from non-product Treasury items has been moved from Credit Cards to the Corporate Centre.
- Interest expense reallocation to better represent the cost of funding across products using funds transfer pricing, allowing for duration matching of assets and natural hedging across exposures. Interest expense related to Tier 2 capital, previously reported entirely in Corporate Centre, has been partially reallocated to individual products and the cost of the Vehicle Finance securitisation, previously allocated solely to Vehicle Finance, has been spread across all products, reflecting shared benefit from the funding structure.
- Operating costs that were not directly attributable to a product and previously held in the Corporate Centre have been reallocated, based on either business size using a blended average of Credit risk-weighted assets (RWAs), to reflect capital consumption or Total income, to reflect revenue contribution, or service usage.

The Group has transitioned to reporting solely on a statutory basis. This follows actions taken in 2024 that resulted in a cleaner, lower-risk balance sheet and improved transparency at both Group and product levels. Adjusted performance is now expected to closely align with statutory results.

Accordingly, the 2024 income statement and key metrics have been re-presented on a statutory basis, removing adjustments for goodwill write-offs, transformation and other exceptional costs, and amortisation of acquisition intangibles. The 2024 adjusting items comprising the goodwill write-off, transformation and other exceptional costs, and amortisation of acquisition intangibles, in addition to other-one off cost items, have remained within the Corporate Centre.

The impact of the 2024 Vehicle Finance receivables review, affecting both income and impairment, has remained within the Vehicle Finance segment.

	Six months ended 30 June 2025 unaudited				
	Credit Cards	Vehicle Finance	Second Charge Mortgages	Corporate Centre	Total
	£m	£m	£m	£m	£m
Interest income	**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**
Fee and commission income	**17.4**	**-**	**0.2**	**0.8**	**18.4**
Fee and commission expense	**(1.4)**	**-**	**-**	**(0.1)**	**(1.5)**
Net fee and commission income	**16.0**	**-**	**0.2**	**0.7**	**16.9**
Other income	**-**	**-**	**-**	**0.6**	**0.6**
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)**
PBT/(LBT) from continuing operations	**12.6**	**1.4**	**2.4**	**(10.2)**	**6.2**

4. Segment reporting (continued)

	Six months ended 30 June 2024[1] unaudited				
	Credit Cards	Vehicle Finance	Second Charge Mortgages	Corporate Centre	Total
	£m	£m	£m	£m	£m
Interest income	183.6	69.7	0.2	22.5	276.0
Interest expense	(26.9)	(15.7)	(0.3)	(25.8)	(68.7)
Net interest income	**156.7**	**54.0**	**(0.1)**	**(3.3)**	**207.3**
Fee and commission income	19.3	-	-	0.8	20.1
Fee and commission expense	(0.7)	-	-	(0.1)	(0.8)
Net fee and commission income	**18.6**	**-**	**-**	**0.7**	**19.3**
Other income	-	-	-	0.2	0.2
Total income	**175.3**	**54.0**	**(0.1)**	**(2.4)**	**226.8**
Impairment charges	(63.5)	(29.5)	-	-	(93.0)
Risk-adjusted income	**111.8**	**24.5**	**(0.1)**	**(2.4)**	**133.8**
Operating costs	(100.5)	(42.8)	(0.2)	(36.4)	(179.9)
PBT/(LBT) from continuing operations	**11.3**	**(18.3)**	**(0.3)**	**(38.8)**	**(46.1)**

[1] Refer to accounting policies for details of representation

Revenue between business segments is not material.

	Segment assets			Net assets/(liabilities)		
	30 June 2025 unaudited £m	31 December 2024 audited £m	30 June 2024 unaudited £m	**30 June 2025 unaudited £m**	31 December 2024 audited £m	30 June 2024 unaudited £m
Credit cards, personal loans and second charge mortgages	**2,628.2**	2,514.8	2,101.6	**358.6**	353.0	360.6
Vehicle finance	**749.3**	775.5	875.3	**128.0**	129.1	189.3
Central	**(54.2)**	(2.6)	47.6	**(51.9)**	(40.9)	(20.2)
Intra-group elimination	**123.4**	87.6	60.6	**-**	-	-
Total Group	**3,446.7**	3,375.3	3,085.1	**434.7**	441.2	529.7

The presentation of segment net assets reflects the statutory assets, liabilities and net assets of each of the Group's divisions. This results in an intra-group elimination reflecting the difference between the central intercompany funding provided to the divisions and the external funding raised centrally. Credit cards, personal loans and second charge mortgages are recognised within Vanquis Bank Limited and are therefore combined for balance sheet reporting purposes.

5. Discontinued operations

The Group sold its Loan portfolio in March 2025, in accordance with IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations' this business segment is now presented as discontinued operations.

The 1H24 results have been re-presented to reflect this change:

- The operating costs included in the profit or loss after tax from discontinued operations reflect only those costs directly attributable to the Personal Loans business.
- The business continued to be reported as discontinued in 1Q25 until the sale completed.
- The 1H25 results includes a gain on sale of £0.5m.

The results from discontinued operations, which are included in the Group income statement, are set out below.

	Six months ended 30 June	
	2025 unaudited £m	2024 unaudited £m
Interest income	**1.4**	9.1
Interest expense	**(0.3)**	(1.9)
Net interest income	**1.1**	7.2
Total income	**1.1**	7.2
Impairment	**3.1**	(4.8)
Risk-adjusted income	**4.2**	2.4
Operating costs	**(3.3)**	(2.8)
Profit/(loss) before taxation	**0.9**	(0.4)
Tax (charge)/credit	**(0.2)**	0.1
Profit/(loss) from discontinued operations	**0.7**	(0.3)
Basic earnings/(loss) per share (p)	**0.3**	(0.1)
Diluted earnings/(loss) per share (p)	**0.3**	(0.1)

6. Tax (charge)/credit

The tax (charge)/credit in the income statement is as follows:

	Six months ended 30 June	
	2025 unaudited £m	2024 unaudited £m
Tax (charge)/credit on profit/(loss) from continuing operations	**(1.3)**	10.6
Tax (charge)/credit on profit/(loss) from discontinued operations	**(0.2)**	0.1
Total tax (charge)/credit	**(1.5)**	10.7

The tax (charge)/credit on profit/(loss) before tax has been calculated by:

- calculating the best estimate of the effective tax rate for each business for the financial year, excluding revaluations of deferred tax assets;
- applying this to the profit/(loss) before tax for the relevant business for the period and aggregating the resultant amount; and
- adding to this the revaluations of deferred tax assets in respect of share scheme awards where tax deductions are expected to be higher than (1H24: lower than) previously expected.

6. Tax (charge)/credit (continued)

The tax (charge)/credit reflects:

- the beneficial (1H24: adverse) impact of revaluing deferred tax assets in respect of share scheme awards where tax deductions are expected to be higher than (1H24: lower than) previously expected; and
- the recognition of deferred tax assets in respect of carried forward tax losses, apart from pre-acquisition losses in Snoop, and other temporary differences on the basis the Group expects to have sufficient taxable profits in the future to enable such deferred tax assets to be recovered.

7. Earnings/(Loss) per share

Basic earnings/(loss) per share EPS/(LPS) is calculated by dividing the profit/(loss) for the year attributable to equity shareholders by the weighted average number of ordinary shares outstanding during the year less the number of shares held by the Employee Benefit Trust which are used to satisfy the Groups share awards.

Diluted EPS/(LPS) calculates the effect on EPS/(LPS) assuming conversion of all dilutive potential ordinary shares. Dilutive potential ordinary shares are calculated as follows:

(i) For share awards outstanding under performance-related share incentive schemes such as the Deferred Bonus Plan (DBP), the Long Term Incentive Scheme (LTIS), the Restricted Share Plan (RSP) and the Company Share Option Plan (CSOP), the number of dilutive potential ordinary shares is calculated based on the number of shares which would be issuable if: (i) the end of the reporting period is assumed to be the end of the schemes' performance period; and (ii) the performance targets have been met as at that date.

(ii) For share options outstanding under non-performance-related schemes such as the Save As You Earn scheme (SAYE), a calculation is performed to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated is compared with the number of share options outstanding, with the difference being the dilutive potential ordinary shares.

Potential ordinary shares are treated as dilutive when, and only when, their conversion to ordinary shares would decrease earnings per share or increase loss per share.

Reconciliations of basic and diluted EPS/(LPS) for the continuing operations and the Group are set out below:

	Six months ended 30 June unaudited					
	2025			2024		
Continuing operations	**Earnings £m**	**Weighted average number of shares m**	**Per share amount pence**	Loss £m	Weighted average number of shares m	Per share amount pence
Basic earnings/(loss) per share	**4.9**	**254.5**	**1.9**	(35.5)	254.7	(13.9)
Dilutive effect of share options and awards	**-**	**7.7**	**-**	-	-	-
Diluted earnings/(loss) per share	**4.9**	**262.2**	**1.9**	(35.5)	254.7	(13.9)

	Six months ended 30 June unaudited					
	2025			2024		
Group	**Earnings £m**	**Weighted average number of shares m**	**Per share amount pence**	Loss £m	Weighted average number of shares m	Per share amount pence
Basic earnings/(loss) per share	**5.6**	**254.5**	**2.2**	(35.8)	254.7	(14.1)
Dilutive effect of share options and awards	**-**	**7.7**	**(0.1)**	-	-	-
Diluted earnings/(loss) per share	**5.6**	**262.2**	**2.1**	(35.8)	254.7	(14.1)

8. Dividends

	Six months ending 2025 unaudited £m	2024 unaudited £m
2023 final – 1.0p per share	-	2.5
Total dividends paid	-	2.5

The directors are not recommending an interim dividend in respect of the period ended 30 June 2025 (1H24: nil).

9. Amounts receivable from customers

	30 June 2025 unaudited £m	31 December 2024 audited £m	30 June 2024[1] unaudited £m
Credit cards	**1,231.9**	1,149.9	1,150.6
Vehicle finance	**709.0**	735.4	760.5
Second charge mortgages	**384.5**	225.3	31.5
Total – continuing operations	**2,325.4**	**2,110.6**	1,942.6
Discontinued operations	-	44.0	67.8
Fair value adjustment for portfolio hedged risk	**(0.3)**	(0.9)	(1.9)
Total group	**2,325.1**	**2,153.7**	**2,008.5**

[1] Refer to accounting policies for details of representation

The fair value adjustment for the portfolio hedge risk relates to the unamortised hedge accounting adjustment in relation to the balance guaranteed swap, where hedge accounting has been discontinued and in 1H25, the hedge accounting adjustment in relation to second charge mortgages.

An analysis of continuing operations receivables by IFRS 9 stages is set out below:

	30 June 2025 unaudited			
	Stage 1 £m	**Stage 2 £m**	**Stage 3 £m**	**Total £m**
Gross receivables				
Credit cards	1,219.2	109.5	61.6	1,390.3
Vehicle finance	579.0	117.1	98.8	794.9
Second charge mortgages	381.5	2.9	0.5	384.9
Total	**2,179.7**	**229.5**	**160.9**	**2,570.1**
Allowance account				
Credit cards	(81.9)	(41.8)	(34.7)	(158.4)
Vehicle finance	(14.3)	(18.7)	(52.9)	(85.9)
Second charge mortgages	(0.2)	(0.2)	-	(0.4)
Total	**(96.4)**	**(60.7)**	**(87.6)**	**(244.7)**
Net receivables				
Credit cards	1,137.3	67.7	26.9	1,231.9
Vehicle finance	564.7	98.4	45.9	709.0
Second charge mortgages	381.3	2.7	0.5	384.5
Total	**2,083.3**	**168.8**	**73.3**	**2,325.4**

9. Amounts receivable from customers (continued)

	31 December 2024 audited			
	Stage 1	Stage 2	Stage 3	Total
	£m	£m	£m	£m
Gross receivables				
Credit cards	1,136.6	99.8	73.5	1,309.9
Vehicle finance	606.3	120.1	105.5	831.9
Second charge mortgages	224.2	1.2	0.1	225.5
Personal loans (discontinued operation)	44.2	2.4	2.5	49.1
Total	**2,011.3**	**223.5**	**181.6**	**2,416.4**
Allowance account				
Credit cards	(73.3)	(44.7)	(42.0)	(160.0)
Vehicle finance	(18.2)	(21.5)	(56.8)	(96.5)
Second charge mortgages	(0.1)	(0.1)	-	(0.2)
Personal loans (discontinued operation)	(2.8)	(0.9)	(1.4)	(5.1)
Total	**(94.4)**	**(67.2)**	**(100.2)**	**(261.8)**
Net receivables				
Credit cards	1,063.3	55.1	31.5	1,149.9
Vehicle finance	588.1	98.6	48.7	735.4
Second charge mortgages	224.1	1.1	0.1	225.3
Personal loans (discontinued operation)	41.4	1.5	1.1	44.0
Total	**1,916.9**	**156.3**	**81.4**	**2,154.6**

	30 June 2024 unaudited			
	Stage 1	Stage 2	Stage 3	Total
	£m	£m	£m	£m
Gross receivables				
Credit cards[1]	1,115.8	122.0	93.5	1,331.3
Vehicle finance	608.6	122.8	189.5	920.9
Second charge mortgages	31.5	-	-	31.5
Personal loans (discontinued operation)	68.8	4.0	4.9	77.7
Total	**1,824.7**	**248.8**	**287.9**	**2,361.4**
Allowance account				
Credit cards[1]	(76.0)	(49.9)	(54.8)	(180.7)
Vehicle finance	(19.7)	(21.4)	(119.3)	(160.4)
Second charge mortgages	-	-	-	-
Personal loans (discontinued operation)	(5.1)	(1.7)	(3.1)	(9.9)
Total	**(100.8)**	**(73.0)**	**(177.2)**	**(351.0)**
Net receivables				
Credit cards	1,039.8	72.1	38.7	1,150.6
Vehicle finance	588.9	101.4	70.2	760.5
Second charge mortgages	31.5	-	-	31.5
Personal loans (discontinued operation)	63.7	2.3	1.8	67.8
Total	**1,723.9**	**175.8**	**110.7**	**2,010.4**

[1] Refer to accounting policies for details of representation of fraud costs.

9. Amounts receivable from customers (continued)

An increase of 1% of the gross exposure into stage 2 from stage 1 would result in an increase in the allowance account of £4.8m (FY24: £5.1m; 1H24: £4.3m) based on applying the difference between the coverage ratios from stage 1 to stage 2 to the movement in gross exposure.

A breakdown of the post-model (under)/overlays for Credit Cards is shown below:

Credit Cards	**30 June 2025 unaudited £m**	31 December 2024 audited £m	30 June 2024[1] unaudited £m
Core model	**158.5**	155.6	180.4
Post Model (under)/overlays	**(0.1)**	4.4	0.3
Total allowance account	**158.4**	160.0	180.7

	30 June 2025 unaudited £m	31 December 2024 audited £m	30 June 2024[1] unaudited £m
Post model (under)/overlays:			
Scorecard (note (a))	**(0.8)**	-	-
Macroeconomic model (note (b))	**-**	4.0	-
Other	**0.7**	0.4	0.3
Total post model (under)/overlays	**(0.1)**	4.4	0.3

[1] Refer to accounting polices for details of representation of fraud costs.

a) Scorecard

A new acquisition scorecard used to determine a customer's credit risk has been implemented in 1H25. The new scorecard required a calibration to the IFRS 9 Definition of Default. A model underlay has been recognised until the model can be updated in 2H25.

b) Macroeconomic model

The macroeconomic model was redeveloped in 2024 using an external third party macroeconomic data provider. As it was not fully embedded at FY24, a PMA was recognised reflecting the difference between the incumbent macroeconomic model and the new output. During 1H25 the third party model was incorporated in the core model and an overlay is no longer held. An internally redeveloped model is expected to be implemented in 2H25.

9. Amounts receivable from customers (continued)

A breakdown of the post-model (under)/overlays for vehicle finance is shown below:

Vehicle Finance	**30 June 2025 unaudited £m**	31 December 2024 audited £m	30 June 2024[1] unaudited £m
Core model	**87.6**	93.3	160.4
Post Model (under)/overlays	**(1.7)**	3.2	-
Total allowance account	**85.9**	96.5	160.4

	30 June 2025 unaudited £m	31 December 2024 audited £m	30 June 2024 unaudited £m
Post model (under)/overlays:			
Origination PD (note (a))	**(3.0)**	-	-
Unsecured recoveries (note (b))	**1.0**	2.5	-
12-month PD (note (c))	**-**	2.8	-
Macroeconomic model (note (d))	**-**	1.4	-
Macro LGD(note (e))	**-**	(0.9)	-
LGD recalibration (note (f))	**-**	(3.1)	-
Other	**0.3**	0.5	-
Total post model (under)/overlays	**(1.7)**	3.2	-

[1] Refer to accounting polices for details of representation of fraud costs

(a) Origination PD recalibration
Monitoring of the origination 12-month Probability of Default indicated a recalibration was required. A model underlay has been recognised until the model can be updated in 2H25.

(b) Unsecured recoveries
The LGD model requires updating to reflect the charge-off policy implemented in 2024. A model overlay has been recognised to until the model can be updated in 2H25.

(c) 12-month PD recalibration
Monitoring of the 12-month PD model indicated a recalibration was required for the 'up to date' segment. A model overlay was recognised in 2H24 and updated in the core model in 2025.

(d) Macroeconomic model redevelopment
Refer to Cards section for details.

(e) Macroeconomic LGD implementation
Refinements have been made to the macroeconomic LGD model implementation to: (i) reflect an upside scenario; (ii) refine the shape of the scenarios; and (iii) enhance how the scenarios were being applied. A model underlay was recognised in 2H24 and updated in the core model in 2025.

(f) LGD recalibration
Following the introduction of the charge-off process and the revised definition of default during 2024, calibrations were required to components of the LGD model. A model underlay was recognised in 2H24 and updated in the core model in 2025.

9. Amounts receivable from customers (continued)

The impairment charge/(credit) in respect of amounts receivable from customers can be analysed as follows:

	Six months ended	
	2025 unaudited £m	2024[1] unaudited £m
Credit cards	**64.0**	63.5
Vehicle finance	**12.7**	29.5
Second Charge Mortgages	**0.2**	-
Total impairment charge – continuing operations	**76.9**	**93.0**
Discontinued operations	**(3.1)**	4.8
Total impairment charge	**73.8**	**97.8**

[1] Refer to accounting policies for details of representation

The impairment charge in the income statement of £76.1m includes a credit of £0.8m (FY24: charge of £1.2m; 1H24: £nil) in relation to loans held within trade and other receivables. One of the loans was repaid in 1H25 and the impairment provision released.

The movement in directly attributable acquisition costs included within continuing operations amounts receivable from customers can be analysed as follows:

	Credit Cards £m	Vehicle Finance £m	Second Charge Mortgages £m	Total £m
Brought forward 1 January 2024 (audited)	32.3	56.0	0.1	88.4
Capitalised	3.2	15.8	1.2	20.2
Amortised	(6.8)	(15.8)	(0.1)	(22.7)
Written off	-	(3.1)	-	(3.1)
Carried forward 30 June 2024 (unaudited)	**28.7**	**52.9**	**1.2**	**82.8**
Brought forward 1 July 2024	28.7	52.9	1.2	82.8
Capitalised	2.6	15.8	8.0	26.4
Amortised	(5.8)	(15.6)	(0.8)	(22.2)
Written off	-	(3.4)	-	(3.4)
Carried forward 31 December 2024 (audited)	**25.5**	**49.7**	**8.4**	**83.6**
Brought forward 1 January 2025 (audited)	**25.5**	**49.7**	**8.4**	**83.6**
Capitalised	**5.5**	**13.4**	**7.1**	**26.0**
Amortised	**(4.1)**	**(14.4)**	**(1.7)**	**(20.2)**
Written off	**-**	**(1.9)**	**-**	**(1.9)**
Carried forward 30 June 2025 (unaudited)	**26.9**	**46.8**	**13.8**	**87.5**

10. Goodwill

	30 June 2025 unaudited £m	31 December 2024 audited £m	30 June 2024 unaudited £m
Cost			
At 1 January	**3.3**	74.5	74.5
Additions	**-**	-	-
Write off	**-**	(71.2)	-
At 30 June/31 December	**3.3**	3.3	74.5
Accumulated impairment			
At 1 January and 31 December	**2.1**	2.1	2.1
Net book value at 30 June/31 December	**1.2**	1.2	72.4
Net book value at 1 January	**1.2**	72.4	72.4

Goodwill with a net book value of £71.2m was written off in 2H24 in relation to the acquisition of Moneybarn in August 2014. The goodwill was written off in full due to lower cash flows in the latest budget as the Group prioritises capital deployment for growth into Second Charge Mortgages and Credit Cards in the near-term.

The remaining £1.2m goodwill relates to the acquisition of Snoop in 2023.

Goodwill is tested annually for impairment, or more frequently if there are any indications that goodwill might be impaired. The recoverable amount is determined from a value in use calculation. The key assumptions used in the value in use calculation relate to the cash flows of the cash generating unit, discount rates and growth rates adopted. Management adopts pre-tax discount rates which reflect the time value of money and the risks specific to the business.

There were no indications of impairment in relation to the Snoop goodwill in 1H25.

11. Other intangible assets

	30 June 2025 unaudited			31December 2024 audited		
	Acquisition intangibles £m	Computer Software £m	Total £m	Acquisition intangibles £m	Computer Software £m	Total £m
Cost						
At 1 January	**86.1**	**82.1**	**168.2**	86.1	85.1	171.2
Additions	**-**	**7.3**	**7.3**	-	12.5	12.5
Disposals	**-**	**(5.7)**	**(5.7)**	-	(15.5)	(15.5)
At 30 June/31 December	**86.1**	**83.7**	**169.8**	86.1	82.1	168.2
Accumulated amortisation and impairment						
At 1 January	**76.6**	**30.1**	**106.7**	70.4	26.4	96.8
Charged to the income statement	**0.6**	**4.5**	**5.1**	6.2	10.7	16.9
Impairment	**-**	**-**	**-**	-	8.5	8.5
Disposals	**-**	**(4.5)**	**(4.5)**	-	(15.5)	(15.5)
At 30 June/31 December	**77.2**	**30.1**	**107.3**	76.6	30.1	106.7
Net book value						
At 30 June/31 December	**8.9**	**53.6**	**62.5**	9.5	52.0	61.5
At 1 January	9.5	52.0	61.5	15.7	58.7	74.4

11. Other intangible assets (continued)

	30 June 2024 unaudited		
	Acquisition intangibles £m	Computer software £m	Total £m
Cost			
At 1 January	86.1	85.1	171.2
Additions	-	4.5	4.5
Disposals	-	(14.2)	(14.2)
At 30 June	**86.1**	**75.4**	**161.5**
Accumulated amortisation and impairment			
At 1 January	70.4	26.4	96.8
Charged to the income statement	4.2	6.0	10.2
Impairment	-	8.5	8.5
Disposals	-	(14.2)	(14.2)
At 30 June	**74.6**	**26.7**	**101.3**
Net book value			
At 30 June	**11.5**	**48.7**	**60.2**
At 1 January	15.7	58.7	74.4

Acquisition intangibles represent the fair value of the broker relationships arising on the acquisition of Moneybarn in August 2014 and the platform, technology and brand name in relation to Snoop in 2023.

The Moneybarn intangible asset was being amortised over an estimated useful life of 10 years, the asset was fully amortised in 2024. The Snoop intangible asset comprised £10.1m of internally generated core platform and technology, and £1.0m in relation to the 'Snoop' brand name arising on the acquisition of Snoop in 2023. These are being amortised over 9 and 5 years respectively.

Additions to computer software of £7.3m (FY24: £12.5m; 1H24: £4.5m) comprise costs associated with the Gateway platform development.

Included with discontinued operations is amortisation of £0.2m (FY24: £1.4m; 1H24: £0.7m) and the loss on disposal of £1.2m (FY24: £nil; 1H24: £nil). The disposal relates to the write down of redundant IT systems used to support the loans business.

In 1H24 and FY24 £8.5m of impairment relates to the write down of development costs for a mobile app which was considered redundant.

12. Retirement benefit asset

The Group operates a defined benefit scheme: the Provident Financial Staff Pension Scheme. The scheme is of the funded, defined benefit type. It is now also closed to future accrual.

The scheme provides pension benefits which were accrued on a final salary and, more recently, on a cash balance basis. With effect from 1 August 2021, it was fully closed to future accrual and benefits are no longer linked to final salary, although accrued benefits are subject to statutory inflationary increases.

The scheme is a UK registered pension scheme under UK legislation. The scheme is governed by a Trust Deed and Rules, with trustees responsible for the operation and governance of the scheme. The trustees work closely with the Group on funding and investment strategy decisions. The most recent completed actuarial valuation of the scheme was carried out as at 1 June 2021 by a qualified independent actuary. The 1 June 2024 actuarial valuation is ongoing and expected to be completed in 2H25.

12. Retirement benefit asset (continued)

The valuation used for the purposes of IAS 19 'Employee Benefits' has been based on the preliminary results of the 2024 valuation to take account of the requirements of IAS 19 in order to assess the liabilities of the scheme at the balance sheet date. Scheme assets are stated at fair value as at the balance sheet.

The Group is entitled to a refund of any surplus, subject to tax, if the scheme winds up after all benefits have been paid. As a result, the Group recognises surplus assets under IAS 19.

The Group is exposed to a number of risks, the most significant of which are as follows:

- Investment risk – the liabilities for IAS 19 purposes are calculated using a discount rate set with reference to corporate bond yields. If the assets underperform this yield a deficit will arise. The scheme has a long-term objective to reduce the level of investment risk by investing in assets that better match liabilities.
- Change in bond yields – a decrease in corporate bond yields will increase the liabilities, although this will be partly offset by an increase in matching assets.
- Inflation risk – some of the liabilities are linked to inflation. If inflation increases then liabilities will increase, although this will be partly offset by an increase in assets. As part of a long-term de-risking strategy, the scheme has increased its portfolio in inflation matched assets.
- Life expectancies – the scheme's final salary benefits provide pensions for the rest of members' lives (and for their spouses' lives). If members live longer than assumed, then the liabilities in respect of final salary benefits increase.

The net retirement benefit asset recognised in the balance sheet of the Group is as follows:

	30 June 2025 unaudited £m	31 December 2024 audited £m	30 June 2024 unaudited £m
Fair value of scheme assets	**447.5**	453.7	481.0
Present value of defined benefit obligation	**(434.8)**	(425.9)	(446.6)
Net retirement benefit asset recognised in the balance sheet	**12.7**	27.8	34.4

The amounts recognised in the income statement were as follows:

	2025 unaudited £m	2024 unaudited £m
Administration costs and taxes	**(0.9)**	(0.5)
Interest on scheme liabilities	**(11.5)**	(10.9)
Interest on scheme assets	**12.3**	11.7
Net (charge)/credit recognised in the income statement	**(0.1)**	0.3

The net (charge)/credit recognised in the income statement has been included within operating costs.

Movements in the fair value of scheme assets were as follows:

	30 June 2025 unaudited £m	31 December 2024 audited £m	30 June 2024 unaudited £m
Fair value of scheme assets at 1 January	**453.7**	512.9	512.9
Interest on scheme assets	**12.3**	23.4	11.7
Actuarial movements on scheme assets	**(6.8)**	(54.6)	(31.4)
Contributions by the Group	**0.4**	0.8	0.4
Net benefits paid out	**(12.1)**	(28.8)	(12.6)
Fair value of scheme assets at period end	**447.5**	453.7	481.0

12. Retirement benefit asset (continued)

Movements in the present value of the defined benefit obligation were as follows:

	30 June 2025 unaudited £m	31 December 2024 audited £m	30 June 2024 unaudited £m
Present value of defined benefit obligation at 1 January	**(425.9)**	(474.7)	(474.7)
Current service cost	**(0.9)**	(1.3)	(0.5)
Interest on scheme liabilities	**(11.5)**	(21.7)	(10.9)
Actuarial movement – experience	**(11.1)**	0.2	26.9
Actuarial movement – demographic assumptions	**(5.1)**	(0.9)	-
Actuarial movement – financial assumptions	**7.6**	43.7	-
Net benefits paid out	**12.1**	28.8	12.6
Present value of defined benefit obligation at period end	**(434.8)**	(425.9)	(446.6)

The principal actuarial assumptions used at the balance sheet date were as follows:

	30 June 2025 unaudited %	31 December 2024 audited %	30 June 2024 unaudited %
Price inflation – RPI	**2.95**	3.20	3.25
Price inflation – CPI	**2.45**	2.75	2.75
Rate of increase to pensions in payment	**2.90**	3.00	3.00
Inflationary increases to pensions in deferment	**2.45**	2.75	2.75
Discount rate	**5.65**	5.55	5.25

The pension increase assumption shown above applies to pensions increasing in payment each year in line with RPI up to 5%. Pensions accrued prior to 2000 are substantially subject to fixed 5% increases each year. In deferment increases prior to retirement are linked to CPI.

The mortality assumptions are based on the self-administered pension scheme (SAPS) series 4 tables (FY24 and 1H24: SAPS series 3 tables):

- female non-pensioners: 110% of the 'All' table (FY24 and 1H24: 105% of the 'Middle' table);
- male non-pensioners: 113% of the 'All' table (FY24 and 1H24: 105% of the 'Middle' table);
- female pensioners: 110% of the 'All' table (FY24 and 1H24: 102% of the 'Middle' table); and
- male pensioners: 99% of the 'All' table (FY24 and 1H24: 99% of the 'All' table).

The above multipliers and table types were chosen following a study of the scheme's membership. Where the multiplier is greater than 100%, this reflects a shorter life expectancy within the scheme compared to average pension schemes, with the opposite being true where the multiplier is less than 100%.

Future improvements in mortality are based on the Continuous Mortality Investigation (CMI) 2023 model with a long-term trend of 1.00% pa, the core parameters for the initial addition and smoothing parameter but with a weighting of 0%, 0%, 25% and 25% on 2020, 2021, 2022 and 2023 experiences respectively. All other available parameters for the mortality improvements model were adopted at the default (core) level. Under these mortality assumptions, the life expectancies of members are as follows:

If the discount rate decreased by 0.5% (FY24: 0.5%, 1H24: 0.5%), the defined benefit obligation (not including any impact on assets) would have been increased by approximately £24m (FY24: £24m, 1H24: £27m).

12. Retirement benefit asset (continued)

	Male			Female		
	30 June 2025 unaudited Years	31 December 2024 audited Years	30 June 2024 unaudited Years	**30 June 2025 unaudited Years**	31 December 2024 audited Years	30 June 2024 unaudited years
Current pensioner aged 65	**21.1**	21.2	21.2	22.9	23.0	23.0
Current member aged 45 from age 65	**21.1**	21.2	21.1	24.0	24.0	23.9

An analysis of amounts recognised in the statement of comprehensive income is set out below:

	30 June 2025 unaudited £m	31 December 2024 audited £m	30 June 2024 unaudited £m
Actuarial movements on scheme assets	**(6.8)**	(54.6)	(31.4)
Actuarial movements on scheme liabilities	**(8.6)**	43.0	26.9
Total movement recognised in other comprehensive income in the year	**(15.4)**	(11.6)	(4.5)
Cumulative movement recognised in other comprehensive income	**(175.3)**	(159.9)	(152.8)

13. Fair value disclosures

The Group holds the following financial instruments at fair value:

	30 June 2025 unaudited £m	31 December 2024 audited £m	30 June 2024 unaudited £m
Financial assets			
Derivatives	**2.0**	-	1.1
Visa Inc. shares	**2.3**	2.3	5.1
	4.3	2.3	6.2
Financial liabilities			
Derivatives	**(7.0)**	(1.8)	(9.6)

The Group is counterparty to ten (FY24: three, 1H24: three) derivative financial instruments.

The securitisation balance guarantee swap (front BGS) of £2.5m liability (FY24: £0.3m liability, 1H24: £1.1m asset) manages the market risk associated with movements in interest rates in the accounts of the securitisation. The front BGS is a bespoke over-the-counter interest rate swap that resizes in line with changes to the size and expected maturity profile of the loans in the securitisation. Only the interest rate risk on the portfolio is hedged; other risks such as credit risk are managed but not hedged.

The Group balance guarantee swap (back BGS) of £2.0m asset (FY24: £0.2m liability, 1H24: £1.6m liability) eliminates the front BGS on consolidation in the Group accounts. The front BGS manages a risk that exists in the SPV accounts, but does not exist upon consolidation. The back BGS was transacted at historical rates and in compensation the Group received cash consideration for taking on a liability.

The front and back BGS naturally hedge and no hedge accounting is applied. Hedge accounting was discontinued on the front BGS in September 2022 with the hedging adjustment amortising over the remaining life of the receivables. Until termination, the hedging arrangement was accounted for under IAS 39 under the portfolio hedging rules.

13. Fair value disclosures (continued)

The Tier 2 swap of £3.7m liability (FY24: £1.3m, 1H24: £8.0m) is a vanilla unamortising swap that manages the Group's sensitivity to changes in interest rates arising from long-dated fixed-rate Tier 2 capital and short-dated Bank of England reserves. The Tier 2 swap pays annually a floating rate of daily compounded SONIA and receives a fixed annual rate of 3.521% bi-annually. The swap matures in October 2026.

During 1H24 the Group entered into 7 additional swaps for hedging interest rate risk in the Second Charge Mortgages portfolio and the Financial Investments (UK Gilts) purchased during the period.

The 3 interest rate swaps for hedging the Second Charge Mortgages portfolio are collectively valued at £0.1m liability (FY24: none) with maturities in May 2028, May 2029 and May 2030. The swaps pay a fixed rate and receive a floating daily compounded SONIA.

The 4 interest rate swaps for hedging the Financial Investments (UK Gilts) are collectively valued at £0.7m liability (FY24: none) with maturities in March 2027, March 2028, June 2028, July 2029. The swaps pay a fixed rate and receive a floating daily compounded SONIA.

Except as detailed in the following table, the directors consider that the carrying value of financial assets and financial liabilities recorded at amortised cost in the financial statements are approximately equal to their fair values:

	Carrying value			Fair value		
	30 June 2025 unaudited £m	31 December 2024 audited £m	30 June 2024 unaudited £m	**30 June 2025 unaudited £m**	31 December 2024 audited £m	30 June 2024 unaudited £m
Financial assets						
Amounts receivable from customers	**2,325.1**	2,153.7	2,008.5	**2,738.4**	2,488.5	2,332.5
Financial liabilities						
Retail deposits	**(2,463.8)**	(2,428.2)	(1,937.5)	**2,424.6**	(2,400.4)	(1,908.7)
Bank and other borrowings	**(447.7)**	(410.0)	(504.1)	**431.1**	(373.2)	(483.0)
Total	**(2,911.5)**	(2,838.2)	(2,441.6)	**2,855.7**	(2,773.6)	(2,391.7)

14. Provisions

	Customer compliance £m	Dilapidations £m	Redundancy £m	Settlement £m	Scheme £m	Others £m	Total £m
At 1 January 2024	3.5	0.3	-	-	1.0	1.0	5.8
Created in the period	9.6	4.9	2.5	-	-	0.1	17.1
Utilised in the period	(4.9)	-	-	-	-	(0.5)	(5.4)
Released in the period	-	-	-	-	(1.0)	(0.2)	(1.2)
At 30 June 2024 (unaudited)	8.2	5.2	2.5	-	-	0.4	16.3
At 1 July 2024	8.2	5.2	2.5	-	-	0.4	16.3
Created in the period	6.4	1.2	3.7	1.5	-	-	12.8
Reclassified in the period	-	-	-	(1.4)	-	-	(1.4)
Utilised in the period	(7.2)	-	(4.9)	-	-	-	(12.1)
Released in the period	-	-	-	(0.1)	-	-	(0.1)
At 31 December 2024 (audited)	7.4	6.4	1.3	-	-	0.4	15.5
At 1 January 2025	**7.4**	**6.4**	**1.3**	-	**-**	**0.4**	**15.5**
Created in the period	**4.7**	**-**	**-**	-	**-**		**4.7**
Reclassified in the period		**-**	**(0.3)**	-	**-**	**(0.2)**	**(0.5)**
Utilised in the period	**(6.7)**	**-**	**(0.9)**	-	**-**	**-**	**(7.6)**
Released in the period	**(2.9)**			-	**-**	**-**	**(2.9)**
At 30 June 2025 (unaudited)	**2.5**	**6.4**	**0.1**	-	**-**	**0.2**	**9.2**

Customer compliance: £2.5m (FY24: £7.4m: 1H24; £8.2m)

The customer remediation provision relates to general customer compliance matters. This included the costs of processing a temporary uplift in unmerited customer claims from CMCs up until the revised FOS fee structure was implemented in2Q25. An amount for expected FOS fees is also included in the provision.

Dilapidations: £6.4m (FY24: £6.4m; 1H24: £5.2m)
Additional dilapidations costs recognised in 2024 and provisions now being held for all properties.

Redundancy £0.1m (FY24: £1.3m; 1H24: £2.5)
Costs expected to be paid out as part of redundancy programmes during the year.

Legal Settlement £nil (FY24: £nil: 1H24: £nil)
Amounts were recognised in the year for an expected settlement with a third party. The amount was agreed and the provision transferred to accruals in advance of being settled in early 2025.

The Scheme of Arrangement (the Scheme): £nil (FY24: £nil: 1H24: £nil)
The Scheme of Arrangement was sanctioned on 30 July 2021 with the objective to ensure all CCD customers with redress claims were treated fairly and outstanding claims are treated consistently for all customers who submit a claim under the Scheme. The remaining Scheme provision was fully released in 1H24.

Other: £0.2m (FY24: £0.4m; 1H24: £0.4m)
This predominantly relates to smaller provisions held.

15. Reconciliation of profit/loss after tax to cash (used in)/generated from operations

		Six months ended 30 June	
		2025	2024[1]
		unaudited	unaudited
	Note	**£m**	£m
Profit/(loss) after taxation		**5.6**	(35.8)
Adjusted for:			
– tax charge/(credit)	6	**1.5**	(10.7)
– finance costs		**73.0**	70.7
– finance income		**(21.7)**	(21.7)
– share-based payment charge		**0.7**	2.4
– retirement benefit charge/(credit)	12	**0.1**	(0.3)
– impairment of ROU asset		**-**	2.4
– additions of ROU assets		**-**	1.2
– provisions created in the year	14	**4.7**	17.1
– provisions released in the year	14	**(2.9)**	(1.2)
– provisions utilised in the year	14	**(7.6)**	(5.4)
– depreciation of property, plant and equipment and right of use assets		**3.3**	8.2
– loss on disposal of property, plant and equipment		**0.2**	0.1
– amortisation of intangible assets	11	**5.1**	10.2
–loss on disposal of intangible assets	11	**1.2**	8.5
– net fair value movement on derivative financial instruments		**2.2**	8.8
– fair value movements on Visa shares		**-**	0.3
– contributions into the retirement benefit scheme	12	**(0.4)**	(0.4)
Changes in operating assets and liabilities:			
– amounts receivable from customers	9	**(171.1)**	148.6
– trade and other receivables		**5.5**	(27.5)
– trade and other payables		**9.4**	5.5
– retail deposits[1]		**10.2**	(38.6)
Cash (used in)/generated from operations		**(81.0)**	142.4

[1] In line with FY24 reporting, the classification of certain cash flows has been represented in 1H24, impacting £264.8m in proceeds and £303.4m in repayments related to bank and other borrowings. These amounts, which are no longer considered to be financing cashflows, are now reported within cash generated from operations as a £38.6m movement in retail deposits.

16. Contingent liabilities

During the ordinary course of business the Group is subject to other complaints and threatened or actual legal proceedings (including class or group action claims) brought by or on behalf of current or former employees, customers, investors or third parties. This extends to legal and regulatory reviews, challenges, investigations and enforcement actions combined with tax authorities taking a view that is different to the view the Group has taken on the tax treatment in its tax returns. It also extends to tax authorities taking the view that VAT exempt supplies received by the Group from UK-based suppliers should be subject to VAT.

Vehicle Finance Commissions

On 25 October 2024, the Court of Appeal ruled against two other lenders in three cases involving commission disclosures related to payments to motor finance dealers. The judgment redefined the legal duties of dealers acting as credit brokers, requiring clear disclosure of, and consent to, the existence, nature and amount of any commission paid. The lenders successfully applied for permission to appeal to the Supreme Court, which was heard in early April 2025, with the outcome on 1 August 2025.

16. Contingent liabilities (continued)

The Supreme Court rejected the Court of Appeal's finding that car dealers were fiduciaries. Dealers arranging finance as part of a car sale were acting in their own commercial interest, not in single minded loyalty to the customer. Without a fiduciary duty, commission payments could not amount to secret bribes, and claims based on both fiduciary duty and bribery were rejected.

In one case (Johnson), the relationship was deemed unfair due to a range of factors, including a disproportionately large commission (55% of finance charge) which was not brought to his attention and a "first refusal" arrangement despite messaging to the customer that a panel was being used to find the best deal for them.

On 3 August 2025 the Financial Conduct Authority (FCA) announced its intention to consult on a compensation scheme. The FCA will publish its full consultation by early October 2025, and the consultation will be open for six weeks. The scope is proposed to cover unfair relationships based on the Supreme Court judgment. Any scheme will cover discretionary commission arrangements (DCAs) and may extend to non-DCAs. The FCA will consider what size of commission may point to unfairness if not disclosed. The methodology for calculating redress will be informed by the degree of harm suffered by the customer. The scheme is proposed to cover agreements going back to 2007.

As previously stated, the Group has never entered into any discretionary commission arrangements on our Vehicle Finance products.

The Group's position is differentiated from the Johnson case on a number of grounds, including, but not limited to:

1. The average commission of £695 paid as a percentage of the credit charge, at c.13% for the period 26 October 2013 to 25 October 2024 was much lower than the 55% in the Johnson case.
2. All historical commissions were aligned with regulatory requirements with them being a flat fee or fixed percentage of the loan.
3. Vanquis did not operate "right of first refusal" arrangements based on a review of introducer agreements.
4. Customers were provided with signed pre-contractual documents, written in clear language, confirming a commission would be paid.
5. Disclosures were better than regulatory requirements, including customers providing express consent to most credit agreements.

For the period 26 October 2013 to 25 October 2024, the Group had an immaterial number of cases where the commission paid as a percentage of the total credit exceeded 50%. Taking all factors into consideration, any payout on these contracts is still not considered probable.

The Group has assessed the requirement for a provision and as at 30 June 2025 no amounts have been recognised. This is due primarily to the conclusion of the review undertaken at 31 December 2024 for which the Supreme Court rulings on fiduciary duty and bribery have clarified the legal position on these matters. It also reflects the parameters referenced by the FCA in their consultation on a compensation scheme relating to unfair relationships. Vanquis consider its circumstances to be materially different and that any outflow is not considered probable.

17. Post Balance Sheet events

The outcome from the Supreme Court judgment regarding motor finance commission disclosure practices on 1 August 2025 and the FCA's intention to consult on a motor finance compensation scheme announced on the 3 August 2025 have been considered in note 16.

Directors' responsibility statement

The directors confirm that, to the best of their knowledge, the unaudited condensed interim financial statements have been prepared in accordance with IAS 34 as contained in UK adopted IFRS, and that the interim report includes a fair review of the information required by DTR 4.2.4R, DTR 4.2.7R and DTR 4.2.8R, namely:

- An indication of important events that have occurred during the first six months of the financial year and their impact on the unaudited condensed interim financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- Material related party transactions that have occurred in the first six months of the financial year and any material changes in the related party transactions described in the last annual report and financial statements.

A list of current directors is maintained on the Vanquis Banking Group plc website: www.vanquis.com. All directors were present throughout the six months ended 30 June 2025.

The maintenance and integrity of the Vanquis Banking Group website is the responsibility of the directors. The work carried out by the auditor does not involve consideration of these matters and, accordingly, the auditor accept no responsibility for any changes that may have occurred to the unaudited condensed interim financial statements since they were initially presented on the website.

Legislation in the United Kingdom governing the preparation and dissemination of unaudited condensed interim financial statements may differ from legislation in other jurisdictions.

By order of the board

Ian McLaughlin – Chief Executive Officer Dave Watts – Chief Financial Officer
6 August 2025