Capital Optimisation – AT1 Issuance and Tier 2 Tender

Investor Meet Company Presentation

17 October 2025

Agenda

Transaction overview	Dave Watts
Capital benefits	Steve Grainger
Q&A	Dave & Steve

AT1 issuance and Tier 2 tender transaction overview

Dave Watts
Chief Financial Officer

AT1 issuance overview

Optimising the Group's capital structure by utilising AT1 capacity in Tier 1 capital ratio

AT1 issuance

- **Issued £60m of Additional Tier 1 (AT1) securities on 1 October 2025.**
- It is a perpetual instrument with a 5.5 year call window – i.e. an option to call in the six-month period prior to and including the first reset date in May 2031.
- It pays semi-annual, discretionary, non-cumulative coupons of 10.875% per annum in November and May each year - an annual cost of £6.525m.
- The instrument would convert to equity if the Common Equity Tier 1 (CET1) capital ratio falls below 7.0%. Vanquis's CET1 ratio was 18.5% as at Jun-25 – an 11.5% headroom.

Rationale

- Pre-the transaction, the Group fulfilled its Tier 1 requirement purely with CET1 capital.
- The Group had **unutilised AT1 capacity of c.2.2% in the Tier 1 capital ratio**, which equated to c.£41m.
- £60m of AT1 provides a buffer over the minimum capacity to support growth and provide liquidity in the instrument.

Use of proceeds

- **The CET1 capital released will be used for general corporate purposes, including growing balances.** Having delivered two consecutive quarters of profitability and three consecutive quarters of balance growth as at Jun-25, the Group needs to continue to grow to build scale in order to deliver long-term sustainable profitability.
- Gross customer interest earning balances were £2,459m as at Jun-25.
- Guiding to >£2.6bn of balances as at Dec-25 and c.£3bn of balances as at Dec-26.
- While capital is fungible, continued growth expected in:
    - **Second Charge Mortgages (2CM)** - £154m of growth in 1H25; and
    - **Credit Cards** – 6% growth in 2Q25.
    - Proactively managing new business growth in **Vehicle Finance** in the near-term, while the new onboarding and servicing platform is built.

Tier 2 tender overview

Optimising the Group's capital structure by reducing excess Tier 2 capital

Tier 2 tender

- Concurrently with the £60m AT1 issuance, the Group has **tendered £58.5m of Tier 2 capital.**
- While the Tier 2 bond has a first call date in October 2026, the Group had regulatory permission to tender the bond if replacing with higher quality capital – i.e. AT1 (under CRR Article 77/78).
- Pre the tender, the Group had £200m of Tier 2 outstanding with a coupon of 8.875%, resulting in an annual interest expense of £17.75m (pre-swap costs).
- Following the successful tender, **Tier 2 outstanding reduced to £141.5m**, resulting in a lower annual interest expense of £12.56m (pre-swap costs) – a £5.19m reduction.

Rationale

- The Group currently has **c.£56m of eligible Tier 2 capital** to meet its Total Capital requirement.
- c.£144m of the £200m outstanding remained a source of funding but had no capital benefit.
- This transaction reduces the ineligible Tier 2 capital to c.£85.5m.

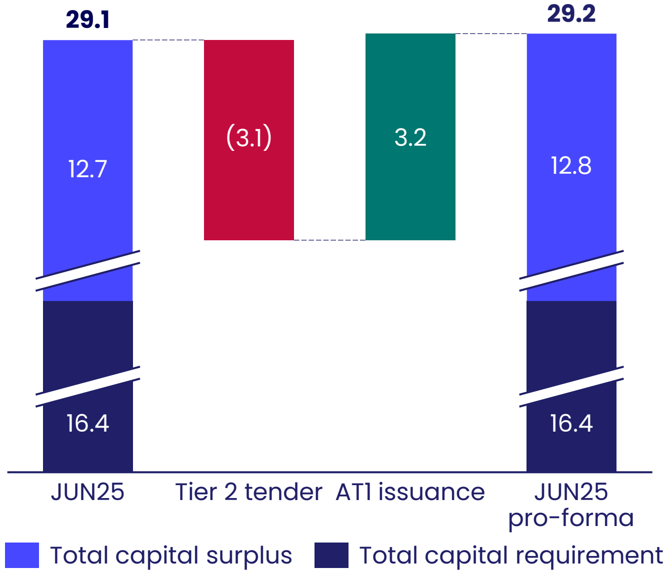
Capital benefits of the transaction

Steve Grainger
Group Treasurer

Capital optimisation

Utilising AT1 capacity in Tier 1 ratio and reducing excess Tier 2 capital

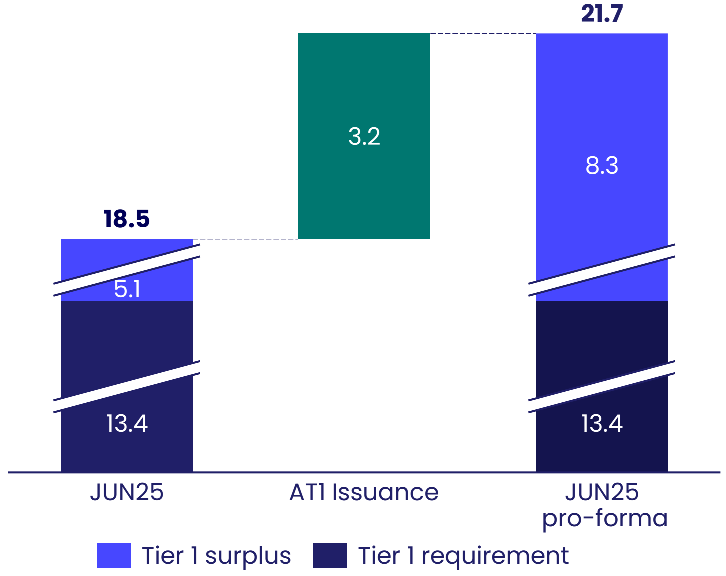
Total capital ratio (%)*



	JUN25	Tier 2 tender	AT1 issuance	JUN25 pro-forma
Total Capital (£m)	548	(58.5)	60	550
RWAs (£m)	1,883			1,883
Surplus Total Capital (£m)	240			242

- Total capital ratio remains broadly unchanged, with Tier 2 being replaced by AT1

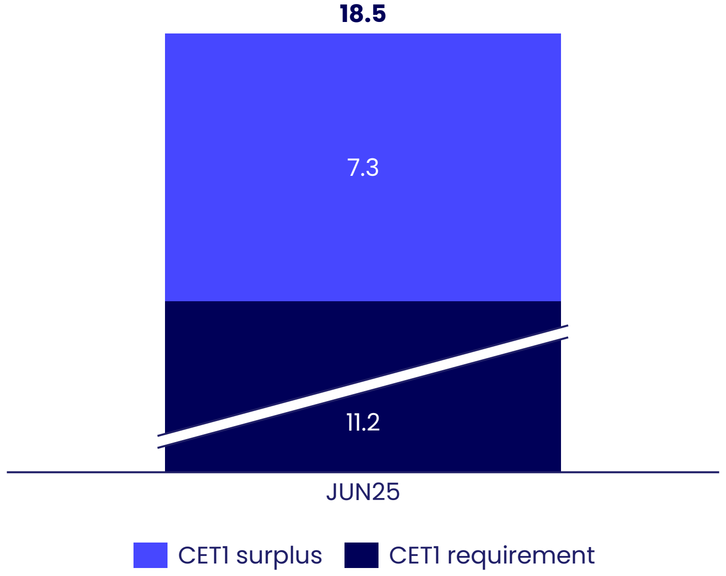
Tier 1 ratio (%)*



	JUN25	AT1 Issuance	JUN25 pro-forma
Tier 1 Capital (£m)	348	60	408
RWAs (£m)	1,883		1,883
Surplus Tier 1 Capital (£m)	96		156

- The Group's JUN25 pro-forma surplus Tier 1 capital increases from £96m to £156m

CET1 ratio (%)*



	JUN25
CET1 Capital (£m)	348
RWAs (£m)	1,883
Surplus CET1 Capital (£m)	137

- The Group has a JUN25 CET1 capital surplus of 7.3% (£137m)

*JUN25 pro-forma ratios do not include the £0.29m CET1 capital impact of the £58.5m Tier 2 tender slightly above par at 100.5.

Appendix

Capital Composition

	JUN25 pro-forma £m*	JUN25 £m	DEC24 £m	JUN24 £m
Total equity	**435**	**435**	**441**	**530**
Retirement benefit asset	(13)	(13)	(28)	(34)
Deferred tax on retirement benefit asset	3	3	7	9
Goodwill	(1)	(1)	(1)	(72)
Intangible assets	(63)	(63)	(62)	(60)
Deferred tax on intangible assets	4	4	5	3
Deferred tax asset from losses	(18)	(18)	(18)	(15)
CET1 capital	**348**	**348**	**344**	**359**
AT1 capital	60	-	-	-
Tier 1 capital	**408**	**348**	**344**	**359**
Tier 2 capital	142	200	200	200
Total regulatory capital	**550**	**548**	**544**	**559**
Tier 1 requirement	252	252	246	243
Tier 1 surplus	**156**	**96**	**99**	**116**
Total capital requirement	308	308	300	297
Total capital surplus	242	240	244	263
Risk-weighted assets	**1,883**	**1,883**	**1,835**	**1,813**
CET1 ratio (%)	**18.5%**	**18.5%**	**18.8%**	**19.8%**
Tier 1 ratio (%)	21.7%	18.5%	18.8%	19.8%
Total capital ratio (%)	29.2%	29.1%	29.7%	30.8%
Leverage exposure	2,779	2,779	2,483	2,339
Leverage ratio (%)	12.5%	12.5%	13.9%	15.4%

- **CET 1 requirement** is 11.2% of RWAs, being 56.25% of the Group's Total Capital Requirement (TCR) plus the countercyclical capital buffer (2.0%) and capital conservation buffer (2.5%), but excluding any confidential or management buffers, if applicable.
- **Tier 1 requirement** is 13.4% of RWAs, being 75% of the Group's TCR plus combined buffers of 4.5%, but excluding any confidential or management buffers, if applicable.
- **Total capital requirement** is 16.4%, being the Group’s TCR (11.9%) plus the countercyclical capital buffer (2.0%) and capital conservation buffer (2.5%), but excluding any confidential or management buffers, if applicable.

*JUN25 pro-forma does not include the £0.29m CET1 capital impact of the £58.5m Tier 2 tender slightly above par at 100.5.

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