

VANQUIS BANK LIMITED
(Company Number 2558509)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

VANQUIS BANK LIMITED
(Company Number 2558509)

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VANQUIS BANK LIMITED
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DIRECTORS' REPORT

Vanquis Bank Limited ('the Company') is a wholly-owned subsidiary of Provident Financial Holdings Limited, which is wholly-owned by Vanquis Banking Group plc, the ultimate parent. Vanquis Banking Group plc, together with its subsidiaries, forms the Vanquis Banking Group ('the Group'). Vanquis Banking Group plc is a public limited company, listed on the London Stock Exchange.

The following provisions, which the directors are required to report in the Directors' Report, have been included in the Strategic Report:

- How the directors have engaged with colleagues, how they have had regard to colleague interests and the effect of that regard, including on the principal decisions taken by the Company in the financial year (page 12); and
- How the directors have had regard to the need to foster the Company's business relationship with suppliers, customers and others, and the effect of that regard, including on the principal decisions taken by the Company in the financial year (pages 9 to 19).

Principal Activities

The principal activity of the Company is to provide Credit Cards and Second Charge Mortgages to underserved consumers, funded by a combination of retail deposits, share capital and retained reserves. The Company sold its Personal Loans portfolio in March 2025 and in accordance with IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations' this business is presented as discontinued operations - see note 2.

On 31 October 2025, the Company acquired substantially all of the intragroup service providing trade and the associated assets and liabilities of Vanquis Banking Group plc, the ultimate parent undertaking. At the effective date, the respective assets and liabilities were transferred for an amount equal to their net book value. Net liabilities of £1.6m were transferred for a consideration of £1.6m comprising trade and other receivables (£1.6m), property, plant and equipment (£2.2m), right-of-use assets (£6.1m), other intangible assets (£1.2m), deferred tax asset (£0.3m), trade and other payables (£5.3m), provisions (£0.8m) and lease liabilities (£6.9m).

On 31 December 2024, the Company acquired the trade undertaking and the associated assets and liabilities of PFG Corporate Services Limited, a fellow subsidiary of the immediate parent undertaking. At the effective date, the respective assets and liabilities were transferred for an amount equal to their net book value. Net assets of £18.3m were transferred for a consideration of £18.3m comprising trade and other receivables (£4.2m), property, plant and equipment (£0.3m), right-of-use assets (£0.3m), other intangible assets (£15.0m), trade and other payables (£1.3m) and lease liabilities (£0.2m).

On 31 December 2024, the Company acquired the trade undertaking and the associated assets and liabilities of Moneybarn Limited, a fellow subsidiary of the ultimate parent undertaking. At the effective date, the respective assets and liabilities were transferred for an amount equal to their net book value. Net assets of £0.8m were transferred for a consideration of £0.8m comprising trade and other receivables (£1.1m), property, plant and equipment (£0.5m), right-of-use assets (£0.6m), other intangible assets (£1.2m), trade and other payables (£1.4m) and lease liabilities (£1.2m).

Profit

The income statement for the year is set out on page 29. The profit after tax for the year of £35.7m (2024: £7.5m) has been added to retained earnings. The Company's profit before tax from continuing operations increased by £39.5m to £44.5m in 2025 (2024: £5.0m) reflecting higher income and lower costs, partially offset by higher impairment charges. The results have been discussed on page 7.

Dividends

In 2025, an interim dividend of £nil was paid (2024: £10.0m, 8.1 pence per share). The directors are not recommending the payment of a final dividend in respect of the financial year ended 31 December 2025 (2024: £20.0m).

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DIRECTORS' REPORT (CONTINUED)

Directors

A common Board structure operated during the year for Vanquis Banking Group plc and the Company. The directors of the Company during the year ended 31 December 2025, all of whom were directors for the whole year then ended and to the date of this report, except where stated, were:

I McLaughlin	Chief Executive Officer
D Watts	Chief Financial Officer
P Estlin	Chairman and Independent Non-executive Director
M Greene	Independent Non-executive Director and appointed Senior Independent Director (appointed 29 January 2025)
G Lindsay	Independent Non-executive Director
K Briggs	Independent Non-executive Director
O Laird	Independent Non-executive Director
J Noakes	Independent Non-executive Director
M Mustard	Company Secretary
A Knight	Independent Non-executive Director and Senior Independent Director (resigned 29 January 2025)
P Hewitt	Independent Non-executive Director (resigned 29 January 2025)

Principal risks and uncertainties and financial risk management

The Company operates a 'three lines of defence' model to articulate key accountabilities and responsibilities for managing risk and to support effective embedding of risk management across the business. The 'first line' consists of line management across the Company, who are responsible for identifying, assessing, monitoring and reporting risk within their respective areas whilst ensuring that appropriate internal controls, processes and systems are in place to deliver against business strategy and objectives.

The Risk function of the Company act as the 'second line', who establish the Risk Management and Internal Control Framework. This function provides independent oversight of governance, risk management and controls to ensure risks are identified, measured, managed and reported appropriately. The 'third line' consists of the Internal Audit function, which provides independent and objective assurance on the design adequacy and operational effectiveness of internal controls and overall effectiveness of the Company and Group's risk governance and risk management practices.

Credit risk

Credit risk is the risk that the Company will suffer loss in the event a customer or counterparty fails to meet their contractual financial obligations.

The Credit Risk Committee (CRC) is responsible for setting the Credit Risk Policy, of which the Risk Committee has delegated the day-to-day management of credit risk. The CRC is responsible for ensuring that the approach to lending is within sound risk and financial parameters and that key metrics are reviewed to ensure compliance with policy. The CRC met ten times in 2025.

The Company credit quality has remained broadly stable year on year. Enhancement of new and existing customer strategies, credit decisioning processes and model insight has allowed the Company to strengthen credit risk management in response to market and regulatory changes.

Further information on the management of specific credit risks facing the Company can be found on page 44.

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DIRECTORS' REPORT (CONTINUED)

Principal risks and uncertainties and financial risk management (continued)

Funding and Liquidity risk

Funding and liquidity risk is the risk that the Company will have insufficient financial resources available to fulfil its operational plans and/or to meet its financial obligations as they fall due.

The Company's Funding Plan, Internal Liquidity Adequacy Assessment Process (ILAAP), Recovery Plan and Solvent Exit Analysis are approved by the Board with day-to-day management delegated to the Treasury function, which discharges and informs the decision-making through the Group and Company Assets and Liabilities Committee (ALCO). The ALCO is responsible for approving the Funding and Liquidity Risk Policy. The ALCO meets at least ten times per year and reports to the Board (via the Executive Committee). The ALCO is chaired by the Chief Financial Officer, the Chief Executive Officer and Chief Risk Officers are members and the Treasurer is deputy chair.

Throughout the year, the Company has diversified its liquid assets to comprise reserves held with the Bank of England and UK Government bonds (gilts). The Company continues to have access to the retail deposit market through its retail deposits product offering, which have been diversified further to include easy access accounts. The Company will continue to ensure it has sufficient and diverse access to retail deposit markets.

Further information on the management of specific liquidity risks facing the Company can be found on page 45.

Market risk

Market risk is the risk of financial loss due to adverse market movements leading to a reduction in the Company's earnings or overall value.

The Company's primary market risk exposure is to changes in interest rates. The Company uses interest rate sensitivity gap analysis to identify any significant unmatched positions. The interest rate risk position is reported on a monthly basis to the ALCO and includes risk appetite metrics set for both earnings at risk (EaR), market value sensitivity (MVS), economic value of equity and basis risk. The ALCO is responsible for approving the Market Risk Policy.

Capital risk

The Company's objective in respect of capital risk management is to maintain an efficient and secure capital structure and maintain an adequate buffer over the regulatory capital requirements set by the PRA. The Group's Capital Risk Policy helps to ensure capital resources are sufficient to support planned levels of growth.

The Company is subject to prudential regulation and supervision by the PRA. As part of this supervision, it is required to maintain a certain level of regulatory capital in order to mitigate against unexpected losses. Regulatory capital is monitored by the Board, the Risk Committee and ALCO. The ALCO is responsible for approving Capital Risk Policy.

The Company regularly forecasts regulatory capital requirements as part of its budgeting and strategic planning process and the Company and the Group are required to report quarterly to the PRA on their level of regulatory capital. The Company's 2025 Internal Capital Adequacy Assessment Process (ICAAP) demonstrated that the business is adequately capitalised.

Further information on the management of specific financial risks is provided on pages 44 to 47.

Corporate governance arrangements

Information on corporate governance arrangements is provided in strategic reported on pages 15 to 19.

Consolidation exemption

The Company is not required to produce consolidated financial statements, as set out in note 33.

DIRECTORS' REPORT (CONTINUED)

Employee involvement

The Company systematically provides employees with information on matters of concern to them, consulting with them or their representatives regularly, so that their views may be taken into account when making decisions that are likely to affect their interests. Employee involvement in the Company is encouraged as a common awareness amongst all employees of the financial and economic factors affecting the Company and Group plays a major role in maintaining its competitive position. The Company encourages the involvement of employees by means of live "stay connected" all colleague question and answer sessions, weekly CEO Video blogs, newsletters, performance updates and regular management team briefings. The Company also carries out regular employee engagement surveys. In addition, the Group operates Buy As You Earn (BAYE) and Save As You Earn (SAYE) share schemes to encourage employee ownership and support staff involvement in the Group's progress. These schemes are open to all permanent employees with more than six months' service.

Equal opportunities

Everyone at the Company is committed to removing all discrimination and encouraging diversity amongst the workforce. Open, honest and fair interaction is how we treat our people. We've worked hard and continue to work hard to create a positive, inclusive atmosphere, based on respect for people's differences. We're committed to equality of opportunity and treatment for all those who work for us.

The Company is committed to employment policies, which follow best practice, based on equal opportunities for all employees, irrespective of gender, pregnancy, race, colour, nationality, ethnic or national origin, disability, sexual orientation, age, marital or civil partner status, gender reassignment or religion or belief. The Company gives full and fair consideration to applications for employment from disabled persons, having regard to their particular aptitudes and abilities. Appropriate arrangements are made for the continued employment and training, career development and promotion of disabled persons employed by the Company including making reasonable adjustments where required. If members of staff become disabled, every effort is made by the Company to ensure their continued employment, either in the same or an alternative position, with appropriate retraining being given if necessary.

Social and community matters

The Company's approach to community investment is aligned with the Group's Purpose to deliver caring banking so our customers can make the most of life's opportunities. Community investment activities are delivered through a Group-wide Social Impact Programme. The programme's strategy is to invest in activities and initiatives that tackle the barriers to social mobility and support greater financial inclusion. This programme delivers community investment activities under the following three workstreams:

- **Customer and vulnerability** – working with charities and specialist partners to provide support which addresses issues such as customer vulnerability, product accessibility and financial difficulties;
- **Education** – supporting children, young people and adults to boost their education, skills and aspirations in order to participate in society and secure a brighter financial future; and
- **Community** – supporting Community Foundations and other partners to address the wide range of social inclusion and social mobility issues that are relevant to our customers and the communities where the Group operates. Colleagues are encouraged to engage with the volunteering programme which encourages participation in company-led volunteering, as well as offering one day per year to volunteer for a voluntary organisation of their choice. Matched funding of up to £500 per annum towards colleagues' own fundraising activities is also available.

Health and safety

Health and safety standards and benchmarks have been established and compliance is monitored by the Board. An annual health & safety report is reviewed and approved by the Board each year. During 2025 management reported to the Board on the key measures that had been implemented to ensure the health and safety of employees.

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DIRECTORS' REPORT (CONTINUED)

Climate change

Disclosures are made in the Group's Annual Report and Financial Statements 2025 on pages 33 to 43 which includes:

- Scope 1 and 2 greenhouse gas (GHG) emissions in tonnes of carbon dioxide equivalent;
- GHG emissions which related to material scope 3 categories in tonnes of carbon dioxide equivalent;
- Compliance with four recommendations and eleven recommended disclosures of the Taskforce on Climate related Financial Disclosures (TCFD);
- A relevant intensity ratio (i.e. kilograms of carbon dioxide equivalent per customer); and
- Information on underlying energy use for 2025 calendar year.

The disclosures are produced in accordance with the UK Government's Streamlined Energy and Carbon Reporting (SECR) policy that has been implemented through the Companies (Directors' Report) and Limited Liability Partnership (Energy and Carbon Report) Regulations 2018. This disclosure covers the GHG emissions and energy use for the Group and its operating divisions incorporating the Company. In addition, by including a climate-related financial report in the Group's Annual Report and Financial Statements 2025 that is fully consistent with the four pillars and element recommended disclosures of the TCFD, the Group complies with the FCA's Listing Rule 9.8.6R(8) and meets the requirements of the Climate-related Financial Disclosure (CFD) Regulations 2022 and the UK Companies Act (that is, sections 414CB(2A)(a to h).

Anti-bribery and corruption

The Group's Anti-Bribery and Corruption Policy and supporting Gifts and Hospitality Policy, which are applicable to the Company, reflects the requirements of the Bribery Act 2010 and a corporate hospitality register is maintained using a risk-based approach. Although the risks for the Company arising from the Bribery Act 2010 continue to be assessed as low, all employees are, nevertheless, required to undergo appropriate training and instruction to ensure that there is effective awareness of anti-bribery and corruption policies and procedures. Compliance is regularly monitored by the Group Risk Committee and is subject to periodic review by the Company's internal audit function.

Supply chain responsibility

In accordance with the requirements of the Modern Slavery Act 2015, the Group's most recent statement on modern slavery and human trafficking, dated March 2025, sets out the actions that the Group is taking to ensure instances of modern slavery or human trafficking are not occurring directly in its businesses as well as indirectly in the supply chains the Group uses to procure goods and services. The statement also communicates the measures the Group has taken to improve internal understanding and awareness around modern slavery and human trafficking.

The statement can be found on the Company's website (www.vanquis.com).

Key performance indicators

Further disclosure of non-financial Key Performance Indicators (KPIs) can be found in the Strategic Report on pages 18 to 20 and the Group's Annual Report and Financial Statements 2025.

Indemnities

The Company has made qualifying third-party indemnity provisions for the benefit of its Directors which were in place during the year and remain in force at the date of this report. The Company maintains directors' and officers' liability insurance for its Directors and officers.

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DIRECTORS' REPORT (CONTINUED)

Auditor information

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Approved by the Board and signed on its behalf by:



I McLaughlin
Chief Executive Officer
25 February 2026

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STRATEGIC REPORT

Review of business

Following the sale of the Personal Loans business, the Company now comprises three segments: the two core lending products - Credit Cards 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, and other immaterial or central items.

Financial performance

The Company's profit before tax from continuing operations increased by £39.5m to £44.5m in 2025 (2024: £5.0m) reflecting higher income and lower costs, partially offset by higher impairment charges. An analysis of the Company's income statement result and KPIs by reporting segment for 2025 and 2024 is set out below.

Certain alternative performance measures (APMs) have been used in this report. See page 86 for an explanation of relevance as well as their definition.

Credit Cards - balances returned to above 2023 levels, having improved the quality of the portfolio

The Group's Credit Cards business is a leading player in the non-prime Credit Card market. In the last three years, Vanquis received the Moneyfacts Consumer Award for Best Credit Builder Card Provider of the Year.

The business offers credit card products to a broad spectrum of customers but is focused particularly on providing access to credit card customers who may struggle to obtain one from a mainstream provider. Customers are offered four different credit card products – the Credit Builder Card, Balance Transfer Card, Purchase Card or Balance Transfer and Purchase Card.

Customers are supported through great service whether it be in app or via our customer service teams. From a service rating perspective, Vanquis Credit Cards is rated excellent on Trustpilot, based on over 40k reviews. The aim is to make our customer experience effortless, and these results demonstrate the progress made.

Total customer numbers increased 6% to 1,339.2k (2024: 1,267.2k) reflecting a return to growth from 2Q25 following a comprehensive review of customer cohorts by risk profile, vintage and acquisition channel to ensure the future sustainable profitability of the portfolio. Full-year credit card bookings of 232k were 132k higher than 2024.

Period-end gross customer balances increased 18.6% to £1,553.8m (2024: £1,309.9m) reflecting both credit line increases of existing customers, and new customer growth following the release of new product variants.

Period-end net receivables increased 20.4% to £1,384.3m (2024: £1,149.9m), reflecting the growth in gross customer balances and a smaller increase in expected credit loss allowances, driven by a better quality portfolio, with increased balances in Stage 1 and 2 and a reduction in Stage 3 balances.

Total income increased 1.4% to £352.5m (2024: £347.6m). Net interest income rose 2.1% to £319.2m (2024: £312.5m), with non-interest income decreasing 5.2% to £33.3m (2024: £35.1m). Net interest margin decreased 0.5% to 23.3% (2024: 23.8%) and total income margin decreased 0.7% to 25.8% (2024: 26.5%).

Interest income increased 1.4% to £370.8m (2024: £365.7m), relative to a 4.2% rise in average gross customer interest earning balances to £1,367.4m (2024: £1,312.5m). Asset yield reduced 0.7% to 27.1% (2024: 27.9%), driven by growth in 0% balance transfers (BTs) and promotional products, partially offset by risk-based repricing initiatives.

Interest expense decreased 3.1% to £51.6m (2024: £53.2m), driven by lower cost of funds as the reduced rate outlook and maturing fixed-term deposits were refinanced with lower interest rate savings products.

Non-interest income decreased 5.2% to £33.3m (2024: £35.1m), reflecting lower late-fee income.

Impairment charges increased 12.7% to £139.6m (2024: £123.9m), driven by the 18.8% growth in gross customer interest earning balances. Gross charge-offs reduced 19.3% to £174.2m (2024: £215.8m) and net charge-offs post recoveries reduced 19.5% to £132.3m (2024: £164.4m), reflecting the better quality of the portfolio. Cost of risk increased 0.8% to 10.2% (2024: 9.4%).

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STRATEGIC REPORT (CONTINUED)

Financial performance (continued)

Risk adjusted income decreased 4.8% to £212.9m (2024: £223.7m) and risk adjusted margin reduced 1.5% to 15.6% (2024: 17.0%).

Operating costs decreased 9.7% to £174.7m (2024: £193.5m), 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 26.4% to £38.2m (2024: £30.2m).

Second Charge Mortgages - continued strong growth in a growing market in 2025

The Second Charge Mortgages business offers this product to customers via origination partnership agreements with Interbridge Mortgages and Selina Finance. The launch of these partnership arrangements occurred in May 2024.

A second charge mortgage, sometimes referred to as a homeowner loan, is a way for customers to borrow additional money when they already have a mortgage. They can then use the additional loan to make home improvements, consolidate debts, or to help complete a project.

Total customer numbers increased to 9.9k (2024: 3.7k) following the successful growth of the forward flow agreement with Interbridge Mortgages and an expanded partnership with Selina Finance.

Period-end gross customer balances were £619.4m (2024: £225.5m) and period-end net receivables were £618.9m (2024: £225.3m).

Total income increased to £11.6m (2024: £1.4m). Net interest margin was 2.7% (2024: 2.1%) and total income margin was 3.0% (2024: 2.1%).

Interest income increased to £28.4m (2024: £4.8m) with an asset yield of 7.3% (2024: 7.0%). Interest expense was £17.8m (2024: £3.4m).

Risk adjusted income increased to £10.9m (2024: £1.2m), including impairment charges of £0.7m (2024: £0.2m). Cost of risk was 0.2% (2024: 0.3%) and risk adjusted margin was 2.8% (2024: 1.9%).

Operating costs were £5.5m (2024: £0.6m), reflecting the limited fixed costs associated with the business given the origination partnership arrangements in place.

Profit before tax contribution was £5.4m (2024: £0.6m).

Corporate centre

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

Total income was a net income of £10.2m (2024: £17.3m), with net interest income of £9.9m (2024: £15.9m) and non-interest income decreasing to £0.3m (2024: £1.4m).

Interest income of £61.6m (2024: £64.3m) represented returns from the Liquid Asset Buffer (LAB), including UK gilts and interest on cash reserves in the BoE reserve account, and interest income from the loan to fellow subsidiary undertaking, Moneybarn No.1 Limited.

Interest expense of £51.7m (2024: £48.4m) represented residual funding costs not allocated to the respective businesses.

Operating costs reduced to £10.4m (2024: £42.5m), largely driven by the non-repeat of transformation and other one-off cost items in 2024.

Profit before tax contribution was £0.9m (2024: loss before tax of £25.8m).

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STRATEGIC REPORT (CONTINUED)

Review of business (continued)

Savings

The Company enhanced its ability to provide cost effective funding with an expanded product range that included Individual Savings Accounts (ISAs), and increased distribution through the Snoop brand. Deposit balances grew 24% to £3.0bn (2024: £2.4bn) by the end of 2025, providing a stable source of funding at an attractive cost relative to wholesale alternatives, supported by the broader product range designed to optimise the cost of funds. The Group is significantly funded by retail deposits, at 89.7% (2024: 92%) of total funding that includes a range of retail products from fixed term to easy access accounts.

The Company's principal risks and uncertainties are detailed in the Directors' Report on pages 2 to 3.

Balance sheet

At the end of 2025, the Company had regulatory capital of £385m (2024: £303m), equating to a total capital ratio of 25.9% (2024: 26.4%) and a surplus above overall capital requirement of approximately £97m (2024: £91m) on an accrued profit basis. In December 2025, the Company issued £60m of AT1 capital securities (£59.9m net of directly attributable issue costs) to ultimate parent undertaking, Vanquis Banking Group plc. The Company's stock of High-Quality Liquid Assets amounted to £1,001m at the end of 2025, up from £949m at the end of 2024, including £253m of UK gilts (2024: £nil). Retail deposits amounted to £3.0bn (2024: £2.4bn) at the end of 2025.

On 31 October 2025, the Company acquired substantially all of the intragroup service providing trade and the associated assets and liabilities of Vanquis Banking Group plc, the ultimate parent undertaking. At the effective date, the respective assets and liabilities were transferred for an amount equal to their net book value. Net liabilities of £1.6m were transferred for a consideration of £1.6m comprising trade and other receivables (£1.6m), property, plant and equipment (£2.2m), right-of-use assets (£6.1m), other intangible assets (£1.2m), deferred tax asset (£0.3m), trade and other payables (£5.3m), provisions (£0.8m) and lease liabilities (£6.9m).

On 31 December 2024, the Company acquired the trade undertaking and the associated assets and liabilities of PFG Corporate Services Limited, a fellow subsidiary of the immediate parent undertaking. At the effective date, the respective assets and liabilities were transferred for an amount equal to their net book value. Net assets of £18.3m were transferred for a consideration of £18.3m comprising trade and other receivables (£4.2m), property, plant and equipment (£0.3m), right-of-use assets (£0.3m), other intangible assets (£15.0m), trade and other payables (£1.3m) and lease liabilities (£0.2m).

On 31 December 2024, the Company acquired the trade undertaking and the associated assets and liabilities of Moneybarn Limited, a fellow subsidiary of the ultimate parent undertaking. At the effective date, the respective assets and liabilities were transferred for an amount equal to their net book value. Net assets of £0.8m were transferred for a consideration of £0.8m comprising trade and other receivables (£1.1m), property, plant and equipment (£0.5m), right-of-use assets (£0.6m), other intangible assets (£1.2m), trade and other payables (£1.4m) and lease liabilities (£1.2m).

Statement regarding section 172 Companies Act 2006

The directors have acted in a way that they considered, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, having regard to the matters set out in section 172(a)-(f) of the Companies Act 2006.

Our purpose to deliver caring banking, as part of the Vanquis Banking Group (the "Group"), is predicated on our customers and is underpinned by our ambition to help customers on the path to financial resilience, our strategy and our values. These aim to deliver an appropriate balance between the needs of our customers, our regulators, investors and our colleagues, in order to ensure that we are successful and sustainable for our stakeholders.

We adopt stakeholder engagement processes that encourage meaningful dialogue and effective collaboration with our stakeholders. We recognise that our stakeholders have differing interests and have a variety of preferred methods of engagement, and we respond to these accordingly. Culturally we seek to embed the principles of s.172 in our decision-making process and work to identify the impact and likely consequences of our decisions on our stakeholders, facilitated by our approach to reporting.

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STRATEGIC REPORT (CONTINUED)

Statement regarding section 172 Companies Act 2006 (continued)

Our stakeholders are those individuals or groups with an interest in, or who are affected by, our business activities. Our stakeholders and the ways in which we engage with them are detailed on the following pages. The

Company's Board and Committees work in conjunction with the Board and Committees of Vanquis Banking Group plc. Additional discussion of Company and Group Board alignment can be found on page 15. Further information on engagement with the Group's stakeholders is available in the Vanquis Banking Group plc Annual Report and Financial Statements on pages 21 to 23 and 74 to 78. You can read about how we have generated and preserved value over the long term in the Strategic report. By balancing the interests of our stakeholders, lending responsibly, contributing to wider society and ensuring the appropriate corporate governance arrangements are in place, we can maintain a reputation for high standards of business conduct.

Customers

s.172 (c)

Helping our customers to be financially included through the provision of responsible and sustainable products and services. For more information about who our customers are and the products we provide please refer to pages 7 to 8.

How we engage and monitor	Outcome
<ul style="list-style-type: none"> - The regular utilisation of engagement methods including customer satisfaction surveys and complaints monitoring. Customer panels to obtain insight into customer outcomes and covering a variety of themes. - During the year our Board reviewed the quality and outcome of customer calls and customer KPIs. - Our Group Risk Committee oversees performance across the principal risks and monitors adherence with the Group's risk appetite, including conduct and customer risk. - The Board and Risk Committee oversee compliance with the regulatory framework as it pertains to customer interests. - The Board and Risk Committee approved the Group's Consumer Duty Annual Report and monitored customer service and complaints performance. - The Board oversaw the continued evolution of the Group's strategy and customer proposition. Customers, potential customers and community partners have been involved in the inclusive design of products and services. - Customer hub on the intranet and regular Customer Wrap educational webinars for colleagues. 	<ul style="list-style-type: none"> - Promotion of the Snoop money management app to our customer base to help them analyse spending and identify ways to save money across various areas of personal finance, thereby building financial resilience. - Launched the Vanquis Benefits Checker tool in partnership with Fair Finance, a tool to help customers identify benefits and social tariffs they may be entitled to. - Continued partnership with IncomeMax to offer customers access to one-to-one expert advice to help manage their income. - Enhanced customer outcomes scorecard. - Continued enhancement of forbearance options to support customers. - Development and launch of the Vanquis App with comprehensive usability testing. - Significantly enhanced the customer journey for Savings customers.

Further information on our relationship with customers is set out on pages 26 and 27 of the Group's Annual Report and Financial Statements.

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STRATEGIC REPORT (CONTINUED)

Statement regarding section 172 Companies Act 2006 (continued)

Investors

s. 172 (a) (e) (f)

The Company is a wholly owned subsidiary of Vanquis Banking Group plc, and therefore has no direct external shareholders. The Company and its activities, however, are of paramount importance to the Group and the delivery of its purpose, and the Company recognises that investors are the source of capital which facilitate the success of the Group as a whole. The Company is committed to the Group's aim to ensure return on investment and long-term growth.

How we engage and monitor	Outcome
<ul style="list-style-type: none"> - The common Board structure ensures that the Company's directors receive regular updates on investor perceptions and feedback, which are taken into account during any decision-making process. - The Company's senior management proactively engage with the Group's investors at investor days, analyst meetings, industry conferences and roadshow programmes. - The Head of Investor Relations engages with investors and responds to queries. 	<ul style="list-style-type: none"> - The Board received the investor plan and an update on shareholder engagement and competitor analysis. - The combined Board structure facilitates the alignment of the Company's strategy, purpose, values and operations with those of the Group. - The combined Board oversaw the shareholder engagement activity undertaken. - The Group's commercial and corporate websites were combined and refreshed under the new brand, bringing investors and customers closer together.

Further information on our relationship with investors is set out on pages 22 and 78 of the Group's Annual Report and Financial Statements.

VANQUIS BANK LIMITED
(Company Number 2558509)

STRATEGIC REPORT (CONTINUED)

Statement regarding section 172 Companies Act 2006 (continued)

Colleagues

s.172 (b)

Our colleagues are integral to delivering our customer-centric purpose. The Company, as part of the Group, aims to maintain an inclusive workplace culture which is safe, engaging and provides opportunities for growth and development.

How we engage and monitor	Outcome
<ul style="list-style-type: none"> - Regular Colleague Forums take place and members of the Company Board attend periodically. - There is a designated non-executive 'Colleague Champion' of the Group Board, who is also a director of the Company, and who provides feedback to the Board on colleague matters. - Direct colleague engagement by Board directors took place during the year, including informal colleague networking events. - The Non-executive Colleague Champion and Head of Reward met with the Colleague Forum to hold a session on how Executive pay aligned with the wider workforce. This engagement takes place annually. - Colleagues regularly receive intranet and email updates on important Company updates. - The CEO, and wider Executive leadership team, participated in open doors, where colleagues can book a 1-2-1 with a member of the ExCo to discuss their own agenda. - The CEO and wider Executive team held regular live Q&A sessions for the whole Group, including updates on strategy. - The Great Place to Work culture survey took place, the results of which were reported to the Board. - Affinity groups are utilised to gain colleague input and feedback, as well as supporting our Inclusion and Diversity ('I&D') agenda. - The Nomination and Governance Committee oversees Talent Management and succession planning at a senior management level. - An independent Whistleblowing line is available for colleagues to raise concerns and the Board reviews whistleblowing annually. 	<ul style="list-style-type: none"> - The Group earned the Great Place to Work certification with 87% of colleagues completing the survey. - Launched the Group's culture: ACT – Ambitious, Caring, Together. - Vanquis 'Culture makers' nominated by colleagues and recognised by the Group. - Launch of Your Vanquis bringing together colleague voice, wellbeing, reward and career in one place. - Consolidation of payroll systems for for the majority of Group colleagues, enhancing and unifying the colleague experience. - Action plans were developed on the basis of Colleague survey and Culture survey results. - Matters arising from the colleague forums are tracked by the People function. - The Board received an update on people-related policies. - The Risk Committee receive regular updates on all principal risks including people risk. - Executive sponsorship of the I&D Affinity groups. - The Board approve the updated Whistleblowing Policy and have appointed a new Whistleblowing Champion.

Further information on our relationship with colleagues is set out on pages 28 and 29 of the Group's Annual Report and Financial Statements.

VANQUIS BANK LIMITED
(Company Number 2558509)

STRATEGIC REPORT (CONTINUED)

Statement regarding section 172 Companies Act 2006 (continued)

Environment

s.172 (d)

The Company supports and participates in actions related to ensuring that the Group submits reports that are fully consistent with the recommendations and recommended disclosures of the Taskforce on Climate-Related Financial Disclosures ('TCFD'). The Company aims to operate a sustainable business and is committed to tackling climate change.

How we engage and monitor	Outcome
<ul style="list-style-type: none"> - The Group utilises the Group Environmental Management System (EMS). - The Group-wide environmental matters are overseen by the Board. - The Group has had targets accepted by the Science Based Target Initiative. - The Board oversees management's sustainability strategies. - The Board has oversight, via management reports, on the reporting of greenhouse gas emissions and other environmental metrics. 	<ul style="list-style-type: none"> - The Company's supplier management framework and due diligence process assesses suppliers for exposure to material climate-related risks. - Continued certification of the Group's environmental management system to ISO14001. - Climate risk management and reporting that is consistent with UK regulatory requirements. - Continued development of the Group's carbon approach moving from carbon offsetting to carbon efficiency. - Reporting of Science Based Targets.

Further information on the Group's approach to the environment and progress made during the year is set out on pages 33 to 43 of the Group's Annual Report and Financial Statements.

Regulators

s.172(e)

The maintenance of a positive relationship with our regulators and aiming for the highest standard of conduct is of vital importance to the Company and impacts all stakeholders.

How we engage and monitor	Outcome
<ul style="list-style-type: none"> - The Company's Chairman, CEO, CFO and CRO engage in regular meetings with our regulators. - The CRO reports on regulatory interaction and areas of regulatory focus to the Board via the CRO report. - The Remuneration Committee is responsible for ensuring Company remuneration complies with regulatory requirements and aligns with performance in the context of conduct and risk. - The Board approved the Operational Resilience self assessment attestation. - Board approved the Consumer Duty annual Board report. - The Board's Risk Committee oversaw emerging risks and monitored upcoming regulatory change through the CRO report. 	<ul style="list-style-type: none"> - The Company operates a Risk Adjustment Framework which has been enhanced during the year. - The PRA completed a Capital Supervisory Review Process of the Group in the second half of 2025. - The Group received its Periodic Summary Meeting letter and responded to the PRA. - Board members have met with senior leaders at the FOS and the SRA to discuss CMC complaints and behaviours and the impact on the Group's customers and other stakeholders. - Updated Risk Management and Internal Control Framework and completion of the identification and assessment of material controls to enable compliance with the updated UK Corporate Governance Code 2024.

Further information on the relationship with our regulators is set out on pages 23 and 75 of the Group's Annual Report and Financial Statements.

VANQUIS BANK LIMITED
(Company Number 2558509)

STRATEGIC REPORT (CONTINUED)

Statement regarding section 172 Companies Act 2006 (continued)

Suppliers

s.172 (c)

Our trusted suppliers enable us to deliver high quality, efficient services for all of our stakeholders and we are committed to fostering positive business relationships.

How we engage and monitor	Outcome
<ul style="list-style-type: none"> – The Board approved the 2025 Human Rights and Modern Slavery Policy. – Consistent engagement through the Group-wide procurement and supplier Governance Framework. – Third-Party Risk Management framework and policy. – Operational Resilience Self-Assessment. – There is a robust supplier due diligence process. – A supplier conference was held in November 2025. – Gold standard accreditation for the Fair Payment Code. – Cyber arrangements overseen by the Risk Committee. – The Board considered major contracts and received performance updates regarding the Company's material suppliers. 	<ul style="list-style-type: none"> – Published the 2025 Modern Slavery Statement. – Standard payment terms aligned to the Fair Payment Code. – Strengthened relationships with material suppliers. – Board approval of material contracts and oversight of supplier performance.

Further information on the relationship with our suppliers is set out on pages 23 and 76 of the Group's Annual Report and Financial Statements.

Communities

s.172 (d)

We are committed to aid financial inclusion and support social mobility in the communities we serve. You can read more about our Foundation at www.vanquis.com/about-us/foundation

How we engage and monitor	Outcome
<ul style="list-style-type: none"> – The CEO participated in a step-into tech session for female students aimed at motivating young women to develop careers in technology. – The CFO uses his volunteering time to undertake his role as INED of the Charities Aid Foundation Bank. – The Company participates in the activities of the Vanquis Banking Group. – The Group engages with community partners including Ahead Partnership, School-Home Support, Plain numbers and National Numeracy. 	<ul style="list-style-type: none"> – The Company encourages colleague volunteering and facilitates several programmes to enable this. – The Company continued to engage with the Group's Community Foundation partners. – Matched funding is provided to colleagues to support their charity fundraising. – A relationship with IncomeMax refers customers who meet the criteria for income maximisation and debt advice support. – The Group signed up to the Armed Forces Covenant to support service members and veterans regarding fair treatment, career support, internal resource and community engagement.

Further information on our relationship with our communities is set out on pages 30 to 31 of the Group's Annual Report and Financial Statements.

VANQUIS BANK LIMITED
(Company Number 2558509)

STRATEGIC REPORT (CONTINUED)

Statement regarding section 172 Companies Act 2006 (continued)

In making the following principal decision, the Board took into account its duties under s.172 of the Companies Act 2006:

Principal decision: the Board approved a material contract advancing the Company's digital first strategy	
The Board approved a material contract for the provision of fully digitised and API enabled technology; a key enabler of achieving the Group's strategy.	
<p>In January 2025 the Board considered a proposal to approve a material contract for the provision of fully digitised and API enabled technology to the Company. The technology would act as a key enabler of the Group's customer centric digital first strategy and was expected to deliver multiple improvements and advantages for product design and deployment. The Company had an existing, positive and long-term relationship with the proposed supplier, who had provided technology services to the Company since its inception.</p> <p>The Board discussed the proposed contract noting the value and length of the contract was such that it was considered material to the Group as a whole. The Board noted that customers would interact with the technology regularly and therefore it was of critical importance to the Company's operations for the provision of banking services to its customers. The Board recognised the value of stability and reliability of service for customers and the potential risks to the Company's reputation should there be issues or interruptions to the service provided via the technology.</p> <p>The Board discussed the Group's strategy to build a modern, efficient, and scalable digital bank. The Group had begun to execute a large-scale IT transformation programme known as Gateway and had recognised a genuine and urgent need to upgrade the Group's technology and platforms in order to deliver the strategy and address the risks associated with outdated legacy IT systems.</p>	<p>The Board explored whether the Company had performed a suitable risk assessment and had reliably assessed the potential stakeholder impact.</p> <p>The Board considered the benefits of achieving certainty of long-term supply, and of being an early adopter of the technology. The Board sought and received assurance that a suitable tender process had taken place and there was sufficient in-house expertise to assess and execute the agreement. It was noted that alternative suppliers and technology solutions had been considered and independent external expertise had been engaged to provide an additional layer of rigour in the procurement process, given the material value of the contract. The Board recognised that complexity and risks were inherent in transitioning supplier, however this was to be balanced with the suitability of the existing suppliers technology meeting the Company's needs.</p> <p>The Board carefully considered the risks and benefits of approving the contract as it pertained to its stakeholders. The Board noted that the introduction of up-to-date technology helped the Company to provide the modern, efficient and scalable digital services to its customers. Customers were expected to benefit from the improved usability of the modernised functionality. The Group expected the technology to deliver improved capability for change allowing product design improvements to be deployed to customers more promptly.</p> <p>In making this decision, the Board expected the contract to contribute to the long-term success of the Company to the benefit of its customers and shareholder.</p>

The Company's Board membership aligns with the membership of the Board of its ultimate parent company Vanquis Banking Group plc (the 'Group'), a public company with a premium listing on the London Stock Exchange. This alignment seeks to support the Group's strategy to reinforce its position as a leading specialist bank with a focus on the financially underserved, and to provide a simpler, more efficient Group governance structure whilst streamlining and enhancing both the Group and Company's corporate governance arrangements. The Boards and Board committees of the Group and the Company sit jointly on most occasions but may also meet separately as required. Accordingly, the Company's Board and Board committees work in conjunction with the Vanquis Banking Group's Board and Board committees in undertaking their responsibilities, as appropriate.

In accordance with the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended by the Companies (Miscellaneous Reporting) Regulations 2018), for the year ended 31 December 2025, the Company has in its corporate governance arrangements applied the Wates Corporate Governance Principles for Large Private Companies (the 'Wates Principles'), which are available at www.frc.org.uk. The following section explains the Company's approach to corporate governance and its application of the Wates Principles.

VANQUIS BANK LIMITED
(Company Number 2558509)

STRATEGIC REPORT (CONTINUED)

Statement regarding section 172 Companies Act 2006 (continued)

The Board recognises that effective corporate governance is fundamental to the successful operation of the Company and the delivery of its strategy and of long-term sustainable value to its shareholders and other stakeholders, particularly as a regulated bank. The Board remains committed to clear and transparent reporting on the Company's corporate governance arrangements. A corporate governance framework is used across the Group ensuring a consistent and proportionate corporate governance approach is in place, meeting the different needs of the entities within the Group, including the Company. The framework includes the matters reserved to the Board, and the matters the Board has chosen to delegate to its committees and management. The Group's corporate governance framework is reviewed periodically to ensure it remains fit for purpose.

Principle One (Purpose and Leadership)

The Board is collectively responsible for the Company's purpose, culture and values which are aligned to and agreed with the wider Group. You can read about our strategy on page 7. The Board believes that the Company's purpose, 'to deliver caring banking so our customers can make the most of life's opportunities', positions the business well for sustainable and long-term success.

Our values seek to promote a culture in which colleagues are empowered and motivated to make a real difference to customers, the Company and the wider community in which it operates. The Company monitors culture through the annual 'Great Place to Work' colleague survey. Results are analysed and reported to the Board. Recommendations to improve culture and so drive the behaviours required to promote the long-term success of the Company are followed up by functional groups and teams. To ensure our customers remain at the heart of the Company's purpose, the Board receives customer insights through regular call listening and analysis of customer feedback and complaints reports from the Chief Customer Officer.

The Company keeps colleagues updated about strategic and cultural issues through regular internal communications. The Company has a Designated Non-Executive Colleague Champion who engages with colleagues via the Colleague Forum, reporting back to the Board to inform decision making. The Board also receives reports on whistleblowing and health and safety.

Inclusion and diversity are integral to the Company's culture and are overseen by the Nomination and Governance Committee and Board. Oversight of our customer-focused culture is managed via the Risk Committee; a key metric is the assessment of conduct risk against risk appetite. Our performance frameworks, for both Executive Directors and colleagues ensure performance is assessed against culture and values as well as performance. And together with our Risk Adjustment Framework, which is overseen by the Remuneration Committee, seeks to align reward with performance and culture. To further strengthen oversight of business integrity, the Audit Committee receives regular reports from the Internal Audit function on the outcome of internal audits, including issues to be addressed and progressed in addressing such issues, and oversees financial reporting controls.

Principle Two (Board Composition)

The Company's board comprises a Non-Executive Chair, five independent Non-Executive Directors and two Executive Directors; the CEO and CFO.

The Nomination and Governance Committee supports the Board by reviewing the Board's composition regularly to ensure it has the appropriate balance of skills, experience, independence, diversity and a succession pipeline. Whilst there were no new appointments to the Board during the year, the Nomination and Governance Committee endorsed an approach of proactive pipeline development, facilitated by our internal search team. The search process – and ultimately any appointment – focuses on ensuring an optimum balance of skills and experience, whilst considering the Board diversity in the broadest sense. The Company has a diversity and inclusion policy which covers both board and colleague appointments. The Board Skill Matrix is reviewed annually to identify immediate training and development needs but is also used strategically to identify key skills required in new appointments to the board. As required by the regulatory framework, Board and Executive directors must pass a 'fit and proper' assessment prior to appointment. The Company and Group Boards are subject to an annual effectiveness review; in 2025 an externally facilitated review concluded the Board operated effectively, noting the positive dynamic, balance of skills and depth of experience. The evaluation identified opportunities to improve the performance of the Board, and an agreed action plan was developed. A full report on the evaluation can be found in the Group Annual Report and Accounts.

VANQUIS BANK LIMITED
(Company Number 2558509)

STRATEGIC REPORT (CONTINUED)

Statement regarding section 172 Companies Act 2006 (continued)

Principle Three (Director Responsibilities)

The Board has responsibility for ensuring robust controls and corporate governance frameworks are in place, including arrangements for the effective delegation of the day-to-day running of the Company. A Conflict of Interest policy and accompanying processes are in place. The Chairman is responsible for leadership of the Board and promoting a culture of openness and constructive debate and was considered to be independent upon his appointment. The role of Chairman, and the clear separation of duties between the Chair and the CEO, is set out in the Company's formal Board Governance Manual. The role of the Senior Independent Director is also documented.

The Company has well established and effective Audit, Remuneration and Risk Committees comprised of non-executive directors to support the Company to discharge its responsibilities. Each Committee has its own Terms of Reference, whilst the Matters Reserved for the Board are clearly documented. Committee adherence to the Terms of Reference is reviewed annually.

Standard board paper reporting templates, which include requirements to report on s.172 Companies Act 2006 for board decisions, are used across the Board and its committees to enable the provision of high-quality information to inform decision-making.

All Directors have access to the support and advice of the Company Secretary and can seek independent professional advice, at the expense of the Group, where it is considered necessary to discharge their duties. Non-Executive Directors hold private sessions, without Executive Directors present, to discuss any matters deemed salient in enabling them to properly discharge their Non-Executive Director duties.

The Group's Delegated Authority Manual provides clarity regarding authorities and responsibilities throughout the Group and is periodically reviewed and refreshed. Risk management frameworks are also in place, including Group Risk Policies, and are overseen by the Risk Committee and Board. You can read more about risk management on pages 44 to 47. In the event that the Internal Audit function identifies matters requiring further investigation or control weaknesses, such matters and actions are escalated promptly to the Audit Committee and Board as appropriate. The Board also annually reviews and confirms the effectiveness of the Internal Audit function and External Audit.

Principle Four (Opportunity and Risk)

The Board oversees the development and deployment of the Company's strategy, which operates in line with the wider Group's strategy. The Board considers external opportunities along with internal developments, including technological innovations, to improve and or expand the business in line with the strategy. All new opportunities are assessed against the Company's risk appetite and compatibility with the Group's purpose.

Effective risk management is key to the success of the Company. The Company is dual regulated by both the FCA and PRA and as such has in place a dedicated Risk Committee, the role of which is to ensure there is an effective risk management and internal control framework in operation which enables the effective oversight of the Company's risk position.

The risk management and internal control framework has been evolved to take account of the changes to the 2024 Corporate Governance Code. The Risk Committee regularly measures and monitors Company performance against risk appetite. The effectiveness of the Group's risk management and internal control framework is reviewed annually by the Board. In addition, the Board and Risk Committee agree the Group's principal and emerging risks. The Risk Committee regularly reviews the management of current and forward-looking risk exposures, including notifying the Board of any changes in the status and control of material risks. The Chief Risk Officer attends the Risk Committee meetings and regularly attends Board meetings to ensure there are appropriate discussions about risk and if necessary escalated within the Group. A remuneration-related Risk Adjustment Framework is in place and regular updates in relation to the framework are provided to the Remuneration Committee. A Model Governance framework and assessment for the Company is reported to both the Company's Audit and Risk Committees by the Group Risk function.

VANQUIS BANK LIMITED
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STRATEGIC REPORT (CONTINUED)

Statement regarding section 172 Companies Act 2006 (continued)

The Board also regularly reviews and approves the Company's Internal Liquidity and Capital Adequacy Assessment processes ('ILAAP' and 'ICAAP' respectively) and monitors Company performance against those processes, thereby ensuring the Company retains sufficient capital and liquidity to achieve its strategic objectives and mitigate key risks.

The Board approves the annual Budget and Plan which sets out the resources required by the Company, as part of the wider Group, including capital and funding resources to meet its objectives, seize strategic opportunities and manage risk. As noted earlier, the Board agrees the Company's purpose and oversees its culture, which are important foundations of long-term success, guiding and informing the identification of opportunities and supporting risk management.

The Company has a dedicated Audit Committee with appropriate skills which assists the Board in fulfilling its oversight responsibilities by monitoring the integrity of the Company's financial statements and other financial information prior to its publication, and reviewing significant judgements contained within them. In addition, the Committee also reviews the system of internal financial and operational controls and the accounting and financial reporting processes on a continuing basis, along with the effectiveness of both the Company's Internal Audit function and external auditor. The Group Internal Audit function reports regularly to the Company's Audit Committee on its progress against the annual internal audit plan. It provides the Committee with updates on any findings and the status of remedial actions. The Audit Committee also reviews and approves the External Audit plan and monitors the progress and outcomes of that plan, ensuring remedial actions identified are implemented as appropriate.

On behalf of the Board, the Company's Audit Committee undertakes an annual assessment of the effectiveness of Internal and External Audit and, similarly, the Company's Risk Committee carries out an annual assessment of the adequacy of the Company's risk resource. In conjunction with the Group, the Company undertakes an annual assessment of principal and emerging risks, which are reported within the Group Annual Report. The Audit Committee considers the reappointment of the external auditor, including the rotation of the audit partner, annually. This includes an assessment of the independence of the external auditor and an assessment of its performance in the previous year. To further ensure external audit independence and objectivity, the Company has agreed a policy on the appointment of staff from the external auditor which makes it clear that staff from our engagement partners, quality review partners, other key audit partners, and senior members of the audit engagement team may not be employed in senior finance roles within the Company.

Principle Five (Remuneration)

The Company's Remuneration Committee in conjunction with the Group Remuneration Committee, assumes responsibility for the Company's approach to remuneration. This includes oversight of the remuneration of colleagues where a specific remuneration approach is required by regulation, such as Senior Managers and other material risk takers. The Remuneration Committee is comprised entirely of Non-Executive Directors. Remuneration policies and practices are designed to support the Company's strategy and culture and deliver long-term sustainable success. Executive Director variable pay is set based upon an assessment against the Group's and individuals' performance in relation to a balanced business scorecard of financial and non-financial objectives and measures. This balanced business scorecard sets out the priorities to deliver tactical and strategic priorities and also includes objectives relating to customer outcomes, regulatory risk and risk control measures, investor outcomes, culture and colleagues. The Group Risk Adjustment Framework seeks to ensure effective alignment exists between risk management and variable remuneration outcomes.

The Group's long-term share incentive schemes are used by the Remuneration Committee to align variable pay outcomes and investor interests. Prior to the vesting of awards under the Group's main discretionary share incentive scheme (the Restricted Share Plan), the Remuneration Committee is required to assess performance against a performance underpin evaluation. This assessment provides an opportunity to adjust any share price-related gains against performance in relation to, amongst other matters, the investor experience, risk management, culture and ESG matters. The Remuneration Committee's discretionary authority to determine the value of long-term awards at vesting enables the full spectrum of performance and conduct risk factors to be reviewed and in so doing encourages executives to demonstrate behaviours which promote the long-term success of the Company and Group. PricewaterhouseCoopers is appointed by the Company's Remuneration Committee as the independent remuneration adviser.

STRATEGIC REPORT (CONTINUED)

Statement regarding section 172 Companies Act 2006 (continued)

Principle Six (Stakeholder Relationships and Engagement)

The Company and Group's purpose affirm the business's societal role. The Board is responsible for overseeing meaningful engagement with stakeholders, including the workforce, and having regard to their views when taking decisions.

The Group's stakeholder engagement strategy provides a framework for effective stakeholder communication enabling the Board to adopt effective engagement methods that help to deliver well considered and balanced decisions. The approach of the Board in respect of its key stakeholders and the other aspects of its s.172 duties are set out in our separate statement on pages 10 to 14.

Going concern

In preparing the Financial Statements, the directors are required to determine that the Company has adequate resources to continue to operate for the foreseeable future. The review has been made on the basis that the Company continues to operate as a going concern for the twelve months from the date the financial statements are approved.

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 cash flows and funding, the Company's primary market and any contingent liabilities. When considering the appropriateness of going concern the directors have also considered the Company's ability to meet 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 Company for the purposes of the Annual Report and Financial Statements considered the following factors:

- the Company and Group's corporate plan as approved in January 2026, 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 Company and Group, with a focus on capital and liquidity;
- a severe but plausible downside scenario, which is designed to assess the potential impact of certain underlying risks on the Company's and Group's capital and funding resources, together with the availability and effectiveness of mitigating actions; and
- reverse stress testing analysis, which is designed to assess the point at which the Company is no longer a going concern.

Having considered the Company's forecasts, the regulatory capital and liquidity of the Company and the regulatory outlook, the directors have a reasonable expectation that the Company will meet its liabilities as they fall due for the twelve months from the date the financial statements are approved. Accordingly, the Financial Statements of the Company have been prepared on the going concern basis.

A further review of the business, results and future prospects of the Company and Group is set out in the Group Annual Report and Financial Statements which are available at www.vanquis.com.

Approved by the Board and signed on its behalf by:



I McLaughlin
Chief Executive Officer
25 February 2026

VANQUIS BANK LIMITED
(Company Number 2558509)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

The directors have also chosen to prepare the parent company financial statements under United Kingdom adopted International Accounting Standards. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements of the financial reporting framework are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole;
- the Strategic Report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- the Annual Report and Financial Statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position, performance, business model and strategy.

Approved by the Board and signed on its behalf by:



I McLaughlin
Chief Executive Officer
25 February 2026

VANQUIS BANK LIMITED
(Company Number 2558509)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VANQUIS BANK LIMITED

Report on the audit of the financial statements

1. Opinion

In our opinion the financial statements of Vanquis Bank Limited (the 'Company'):

- **give a true and fair view of the state of the Company's affairs as at 31 December 2025 and of its profit for the year then ended;**
- **have been properly prepared in accordance with United Kingdom adopted international accounting standards; and**
- **have been prepared in accordance with the requirements of the Companies Act 2006.**

We have audited the financial statements which comprise:

- the income statement;
- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in shareholder's equity;
- the statement of cash flows;
- the material accounting policy information;
- the related notes 1 to 34.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom adopted international accounting standards.

2. Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.





We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services provided to the company for the year are disclosed in note 5 to the financial statements. We confirm that we have not provided any non-audit services prohibited by the FRC's Ethical Standard to the company.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

VANQUIS BANK LIMITED
(Company Number 2558509)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VANQUIS BANK LIMITED (CONTINUED)

3. Summary of our audit approach

Key audit matters	<p>The key audit matter that we identified in the current year was the estimation of the Expected Credit Losses (ECL) in Credit Cards</p> <p>Within this report, key audit matters are identified as follows:</p> <ul style="list-style-type: none"> Newly identified Increased level of risk Similar level of risk Decreased level of risk
Materiality	The materiality that we used for the company financial statements was £3.3m which represents approximately 1% of net assets.
Scoping	Audit work to respond to the risks of material misstatements was performed directly by the audit engagement team, with the support of appropriate specialists.
Significant changes in our approach	There are no significant changes in our audit approach.

4. Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included:

- obtaining an understanding of relevant controls around management's going concern assessment;
- assessing the reasonableness of key assumptions, such as cash flows, capital, and liquidity used in the forecasts used to inform management's going concern assessment, including the effect of current and forecast macro-economic conditions, and any implications of the transformation strategy;
- reviewing regulatory correspondence and key committee and board meeting minutes and identify events or conditions that may affect the Company's ability to continue as a going concern;
- assessing the information supporting the liquidity and capital forecasts, with support from our prudential regulation specialists, including the stress testing and reverse stress testing performed by management;
- assessing the historical accuracy of forecasts prepared by management by comparing these to actual results; and
- assessing the appropriateness of the disclosures in respect of going concern.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VANQUIS BANK LIMITED (CONTINUED)

5. Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Estimation of expected credit losses in Credit Cards 

Key audit matter description IFRS 9 Financial Instruments, requires that an impairment assessment should be the best estimate of expected credit losses, and that reasonable forward-looking information should be incorporated into the calculation as at the balance sheet date. The expected credit loss provision estimate is driven by account-specific estimation of probability of default ('PD'), loss given default ('LGD') and exposure at default ('EAD') which represent the key areas of judgement.

Within Credit Cards, management has recognised a total expected credit losses provision of £169.5m (2024: £160.0m) on gross receivables of £1,553.8m (2024: £1,309.9m). We have pinpointed our key audit matter to two specific areas that require significant judgement:

- Macroeconomic scenarios: The uncertainties in the macroeconomic environment mean there exists a wide range of scenarios with different loss outcomes. There is significant judgement in determining the probability weighting of the scenarios adopted by management and the macroeconomic forecast; and
- Economic Response Model: Management has redeveloped the economic response model in the current year which is used to generate an appropriate response to the change in the macroeconomic scenarios. This involves significant judgements in relation to the redeveloped methodology and underlying assumptions.

Given the material impact of the significant judgements involved, we also consider there is a risk of potential fraud due to the potential ability of management to introduce inappropriate bias to judgements made in the estimation process.

Further detail in respect of these is set out in the material accounting policy information, including the critical accounting judgements and key sources of estimation uncertainty on pages 40 to 43, the amounts receivables from customers in note 12 of the financial statements.

How the scope of our audit responded to the key audit matter We performed the following procedures over the key audit matter:

- Obtained an understanding of the relevant controls over model governance, including development, recalibration, and monitoring activities and review and challenge of the year-end macro-economic scenarios;
- With support from our credit risk modelling specialists, assessed whether the Economic Response Model development was based on appropriate data, considering the build period, data sampling, and exclusions applied;
- Performed an independent recode of the Economic Response Model to test its accuracy;
- With support from our economics specialists, challenged and evaluated economic forecasts and their respective weightings through comparison to independent economic outlooks, other external and market data; and
- Conducted an overall stand-back assessment which, in conjunction with our direct procedures on this key audit matter, specifically involving benchmarking management's macroeconomic scenario forecasts against market data, allowed us to consider whether sufficient appropriate audit evidence had been obtained.

Key observations We considered the redevelopment of the Economic Response Model and the associated forward looking macroeconomic assumptions to be appropriate.

VANQUIS BANK LIMITED
(Company Number 2558509)

INDEPENDENT AUDITOR’S REPORT TO THE MEMBERS OF VANQUIS BANK LIMITED (CONTINUED)

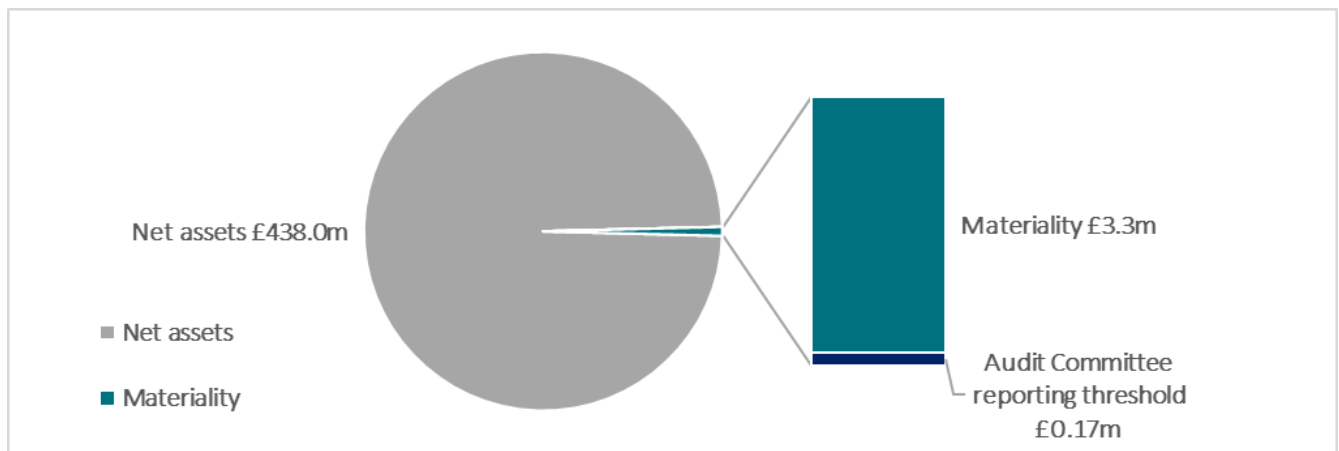
6. Our application of materiality

6.1 Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Materiality	£3.3m (2024: £3.6m)
Basis for determining materiality	Approximately 1% of Net assets (2024: 1% of Net assets)
Rationale for benchmark applied	Our benchmark upon which materiality is determined is consistent with the prior year being net assets. We determined that net assets continue to be a more stable and relevant measure used by investors, regulators and stakeholders when assessing the performance and longer-term prospects of the Company, as well as the importance of net assets to the company’s regulatory capital position.



6.2 Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole. Performance materiality was set at 65% of materiality for the 2025 audit (2024: 65%). In determining performance materiality, we considered the following factors:

- our understanding of the business;
- the continuing controls issues identified by our IT specialists which prevented us from taking a controls reliance approach over the credit card cycles; and
- the nature, volume and size of misstatements (corrected and uncorrected) in the previous year end audit.

6.3 Error reporting threshold

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £0.17m (2024: £0.18m), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7. An overview of the scope of our audit

7.1 Scoping

Our audit was scoped by obtaining an understanding of the Company and its environment, including internal control, and assessing the risks of material misstatement. Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team, with the support of appropriate specialists.

VANQUIS BANK LIMITED
(Company Number 2558509)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VANQUIS BANK LIMITED (CONTINUED)

7.2 Our consideration of the control environment

We identified the financial reporting, lending, and deposit business cycles as the most relevant to the audit, including the identification, valuation and recording of expected credit losses. Due to continuing control deficiencies including those relating to the legacy IT systems, we only planned and successfully executed a controls reliance approach for a segment of retail deposits. The known control issues within the legacy IT systems are expected to be fixed strategically through the IT platform modernisation.

7.3 Our consideration of climate-related risks

In planning our audit, we have considered the potential impact of climate change on the company's business and its financial statements.

The company contributes as a subsidiary of a wider group as the group continues to develop its assessment of the potential impacts of climate change which is currently being considered over the short-term (zero to one years), medium term (one to five years) and long -term (five or more years) time horizons.

As part of our audit, we have obtained management's climate-related risk assessment and held enquiries with the Head of Sustainability, the Chief Risk Officer and Finance team to understand the process of identifying climate-related risks, the determination of mitigating actions and the impact on the financial statements.

We performed our own qualitative risk assessment of the potential impact of climate change material misstatement. Our procedures included reading disclosures with the involvement of our climate change and sustainability specialists and audit team consideration as to whether they are materially consistent with the financial statements and our knowledge obtained in the audit. We also evaluated whether appropriate disclosures have been made in the financial statements.

8. Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

9. Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VANQUIS BANK LIMITED (CONTINUED)

10. Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

11. Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

11.1 Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the company's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets;
- results of our enquiries of management, internal audit, the directors and the Audit Committee about their own identification and assessment of the risks of irregularities, including those that are specific to the company's sector;
- any matters we identified having obtained and reviewed the company's documentation of their policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
 - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team and relevant internal specialists, including tax, pensions, financial instruments, share-based payments, data analytics, information technology, prudential regulatory, conduct risk and regulatory, climate change and sustainability, macroeconomic and credit risk modelling specialists, regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas: the estimation of ECL on Credit Cards. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the company operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act and tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These included the regulation set by the Financial Conduct Authority and the Prudential Regulation Authority relating to the company's regulatory capital and liquidity requirements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VANQUIS BANK LIMITED (CONTINUED)

11.2 Audit responses to risks identified

As a result of performing the above, we identified the estimation of ECL on Credit Cards as a key audit matter related to the potential risk of fraud. The key audit matters section of our report explains the matter in more detail and also describes the specific procedures we performed in response to that key audit matter.

In addition to the above our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management, the Audit Committee and in-house legal counsel concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with the Prudential Regulation Authority, the Financial Conduct Authority and HMRC; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Report on other legal and regulatory requirements

12. Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- **the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and**
- **the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report or the Directors' Report.

13. Opinion on other matter prescribed by the Capital Requirements (Country-by-Country Reporting) Regulations 2013

In our opinion the information given in note 31 to the financial statements for the financial year ended 31 December 2025 has been properly prepared, in all material respects, in accordance with the Capital Requirements (Country-by Country Reporting) Regulations 2013.

14. Matters on which we are required to report by exception

14.1 Adequacy of explanations received and accounting records

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

VANQUIS BANK LIMITED
(Company Number 2558509)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VANQUIS BANK LIMITED (CONTINUED)

14.2 Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made.

We have nothing to report in respect of this matter.

15. Other matters which we are required to address

15.1 Auditor tenure

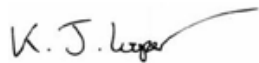
Following the recommendation of the audit committee, we were appointed by the directors on 30 June 2021 to audit the financial statements for the year ending 31 December 2022 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 14, covering the years ending 31 December 2022 to 31 December 2025.

15.2 Consistency of the audit report with the additional report to the audit committee

Our audit opinion is consistent with the additional report to the audit committee we are required to provide in accordance with ISAs (UK).

16. Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Kieren Cooper (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Birmingham, United Kingdom
25 February 2026

VANQUIS BANK LIMITED
(Company Number 2558509)

INCOME STATEMENT

For the year ended 31 December	Note	2025 £m	2024 ¹ £m
Interest income	3	460.8	434.8
Interest expense	4	(121.1)	(105.0)
Net interest income		339.7	329.8
Fee and commission income		36.7	36.8
Fee and commission expense		(2.4)	(1.7)
Net fee and commission income		34.3	35.1
Other income		0.3	1.4
Total income		374.3	366.3
Impairment charges	12	(139.2)	(124.7)
Risk-adjusted income		235.1	241.6
Operating costs		(190.6)	(236.6)
Statutory profit before taxation from continuing operations	5	44.5	5.0
Tax (charge)/credit from continuing operations	6	(9.5)	1.2
Statutory profit after taxation from continuing operations		35.0	6.2
Profit after taxation from discontinued operations		0.7	1.3
Statutory profit		35.7	7.5
Statutory profit attributable to ordinary shareholders		35.7	7.5
Statutory profit attributable to other equity holders		–	–

¹ Refer to material accounting policy information for detail of representation.

There is no other comprehensive income for the year.

VANQUIS BANK LIMITED
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STATEMENT OF FINANCIAL POSITION

	Note	At 31 December 2025 £m	At 31 December 2024 £m
ASSETS			
Cash and cash equivalents	10	745.8	945.0
Investment securities	11	254.6	–
Amounts receivable from customers	12	2,003.2	1,419.2
Trade and other receivables	14	121.2	83.5
Loan to related party	13	359.2	379.7
Investments	15	2.4	2.3
Property, plant and equipment	16	7.2	5.4
Right-of-use assets	18	12.1	9.0
Intangible assets	17	55.4	49.5
Derivative financial instruments	19	4.4	0.2
Current tax assets		–	3.8
Deferred tax assets	20	8.5	9.8
Total assets		3,574.0	2,907.4
LIABILITIES AND EQUITY			
Liabilities			
Trade and other payables	24	76.7	82.6
Current tax liabilities		8.1	–
Provisions	25	3.0	9.1
Lease liabilities	23	21.2	21.1
Retail deposits	22	3,019.9	2,428.1
Derivative financial instruments	19	7.1	0.6
Central bank facilities	22	–	4.2
Total liabilities		3,136.0	2,545.7
Equity attributable to owners of the parent			
Share capital	26	124.2	124.2
Share based payment reserve	27	1.7	1.6
Retained earnings		252.2	235.9
Other equity instruments	28	59.9	–
Total equity		438.0	361.7
Total liabilities and equity		3,574.0	2,907.4

The financial statements on pages 29 to 86 were approved by the Board of directors on 25 February 2026 and signed on its behalf by:



I McLaughlin
Chief Executive Officer



D Watts
Chief Financial Officer

VANQUIS BANK LIMITED
(Company Number 2558509)

STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY

	Note	Attributable to ordinary shareholders					Total
		Share capital	Share-based payment reserve	Retained earnings	Total	Other equity instruments	
		£m	£m	£m	£m	£m	£m
At 31 December 2023		124.2	1.8	267.7	393.7	–	393.7
At 1 January 2024		124.2	1.8	267.7	393.7	–	393.7
Profit for the year		–	–	7.5	7.5	–	7.5
Other comprehensive income for the year		–	–	–	–	–	–
Total comprehensive income for the year		–	–	7.5	7.5	–	7.5
Share-based payment charge	27	–	0.5	–	0.5	–	0.5
Transfer of share-based payment reserve	27	–	(0.7)	0.7	–	–	–
Dividends	7	–	–	(40.0)	(40.0)	–	(40.0)
At 31 December 2024		124.2	1.6	235.9	361.7	–	361.7
At 1 January 2025		124.2	1.6	235.9	361.7	–	361.7
Profit for the year		–	–	35.7	35.7	–	35.7
Other comprehensive income for the year		–	–	–	–	–	–
Total comprehensive income for the year		–	–	35.7	35.7	–	35.7
Share-based payment charge	27	–	0.7	–	0.7	–	0.7
Transfer of share-based payment reserve	27	–	(0.6)	0.6	–	–	–
Issuance of other equity instruments	28	–	–	–	–	59.9	59.9
Dividends	7	–	–	(20.0)	(20.0)	–	(20.0)
At 31 December 2025		124.2	1.7	252.2	378.1	59.9	438.0

VANQUIS BANK LIMITED
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STATEMENT OF CASH FLOWS

For the year ended 31 December 2025	Note	2025 £m	2024 ¹ £m
Cash flows from operating activities			
Cash generated from operations	30	15.5	460.8
Tax received		4.1	8.2
Net cash generated from operating activities		19.6	469.0
Cash flows from investing activities			
Purchase of property and equipment	16	(1.4)	(1.2)
Purchase of intangible assets	17	(14.6)	(11.6)
Purchase of investment securities	11	(291.8)	–
Proceeds from maturity of investment securities	11	40.0	–
Proceeds from sale of investments	21	–	4.3
Net cash used in investing activities		(267.8)	(8.5)
Cash flows from financing activities			
Payment of lease liabilities		(6.8)	(5.5)
Financing of loan to related party	13	(163.0)	(140.0)
Repayment of loan to related party	13	183.9	158.9
Proceeds from borrowings		–	5.0
Repayment of borrowings		(5.0)	(174.0)
Proceeds of issuance of other equity instruments	28	59.9	–
Dividends paid to company shareholder	7	(20.0)	(40.0)
Net cash generated/(used in) financing activities		49.0	(195.6)
Net (decrease)/increase in cash and cash equivalents		(199.2)	264.9
Cash and cash equivalents at beginning of year		945.0	680.1
Cash and cash equivalents at end of year		745.8	945.0
Cash and cash equivalents at end of year comprise:			
Cash and cash equivalents	10	745.8	945.0
Total cash and cash equivalents		745.8	945.0

¹ Refer to note 30 for details on restatement.

Interest received was £474.7m (2024: £468.6m) and interest paid was £52.2m (2024: £53.9m). This is all included within cash generated from/(used in) operations.

Cash at bank and in hand includes £746.8m (2024: £948.7m) in respect of the liquid assets buffer, including other liquidity resources, held by the Company in accordance with the PRA's liquidity regime.

VANQUIS BANK LIMITED
(Company Number 2558509)

MATERIAL ACCOUNTING POLICY INFORMATION

General information

The Company is a private company limited by shares and is incorporated and domiciled in England, United Kingdom. The address of its registered office is Fairburn House, 5 Godwin Street, Bradford, BD1 2AH. The Company is authorised and regulated by the PRA and regulated by the FCA.

Basis of preparation

The financial statements of the Company are prepared in accordance with International Accounting Standards as adopted by the UK, International Financial Reporting Standards (IFRS) and the Companies Act 2006. The 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.

On 31 October 2025, the Company acquired substantially all of the intragroup service providing trade and the associated assets and liabilities of Vanquis Banking Group plc, the ultimate parent undertaking. At the effective date, the respective assets and liabilities were transferred for an amount equal to their net book value. Net liabilities of £1.6m were transferred for a consideration of £1.6m comprising trade and other receivables (£1.6m), property, plant and equipment (£2.2m), right-of-use assets (£6.1m), other intangible assets (£1.2m), deferred tax asset (£0.3m), trade and other payables (£5.3m), provisions (£0.8m) and lease liabilities (£6.9m).

On 31 December 2024, the Company acquired the trade undertaking and the associated assets and liabilities of PFG Corporate Services Limited, a fellow subsidiary of the immediate parent undertaking. At the effective date, the respective assets and liabilities were transferred for an amount equal to their net book value. Net assets of £18.3m were transferred for a consideration of £18.3m comprising trade and other receivables (£4.2m), property, plant and equipment (£0.3m), right-of-use assets (£0.3m), other intangible assets (£15.0m), trade and other payables (£1.3m) and lease liabilities (£0.2m).

On 31 December 2024, the Company acquired the trade undertaking and the associated assets and liabilities of Moneybarn Limited, a fellow subsidiary of the ultimate parent undertaking. At the effective date, the respective assets and liabilities were transferred for an amount equal to their net book value. Net assets of £0.8m were transferred for a consideration of £0.8m comprising trade and other receivables (£1.1m), property, plant and equipment (£0.5m), right-of-use assets (£0.6m), other intangible assets (£1.2m), trade and other payables (£1.4m) and lease liabilities (£1.2m).

Going concern

In preparing the Financial Statements, the directors are required to determine that the Company has adequate resources to continue to operate for the foreseeable future. The review has been made on the basis that the Company continues to operate as a going concern for the twelve months from the date the financial statements are approved.

In assessing whether the Company is a going concern, the directors have reviewed the Company and Group's corporate plan as approved in January 2026. The assessment included consideration of the principal risks and uncertainties and emerging risks of both the Company and the Group, with a focus of capital and liquidity and the going concern assessment covers a period of 12 months from the accounts approval date.

The directors have also reviewed the Company's and the Group's stress testing projections which are based on a severe scenario. The corporate plan has been stress tested using a severe macroeconomic scenario which is broadly consistent with the "rates up" scenario, with the UK unemployment rate rising to approximately 7.8%. The stress test scenario takes into account the availability and effectiveness of mitigating actions which could be taken by management to avoid or reduce the impact of the macroeconomic stress. The corporate plan has also been reverse stress tested to the point of nonviability after reflecting available mitigating actions. The assessment concluded that the Company and the Group's going concern only comes into question under an unprecedented macroeconomic scenario.

Having considered the Company's forecasts, the regulatory capital and liquidity of the Company, the principal risks and uncertainties of the Company, and the regulatory outlook, the directors have a reasonable expectation that the Company will meet its liabilities as they fall due for the twelve months from the date the financial statements are approved. Accordingly, the Financial Statements of the Company have been prepared on the going concern basis.

MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Change in accounting policies

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

Exceptional items

The Company has transitioned to reporting solely on a statutory basis, removing adjustments for exceptional items. This follows actions taken in 2024 that resulted in a cleaner, lower-risk balance sheet and improved transparency. 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 Company sold its Personal Loans 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 - see note 2.

Segmental reporting

Following the sale of the Personal Loans business, the Company now comprises three segments: the two core lending products - Credit Cards 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, 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 1.

Cashflow statement

The cashflow statements have been restated. Refer to note 30 for details.

The impact of new standards not yet effective and not adopted by the Company from 1 January 2026

IFRS 18 Presentation and Disclosures in Financial Statements

IFRS 18 replaces IAS 1, carrying forward many of the requirements in IAS 1 unchanged and complementing them with new requirements. In addition, some IAS 1 paragraphs have been moved to IAS 8 and IFRS 7. Furthermore, the IASB has made minor amendments to IAS 7 and IAS 33 Earnings per Share.

IFRS 18 introduces new requirements to:

- present specified categories and defined subtotals in the statement of profit or loss;
- provide disclosures on management-defined performance measures (MPMs) in the notes to the financial statements; and
- improve aggregation and disaggregation.

An entity is required to apply IFRS 18 for annual reporting periods beginning on or after 1 January 2027, with earlier application permitted. The amendments to IAS 7 and IAS 33, as well as the revised IAS 8 and IFRS 7, become effective when an entity applies IFRS 18. IFRS 18 requires retrospective application with specific transition provisions.

The Company's assessment is ongoing and anticipates that the application of these amendments may have an impact on the presentation of its financial statements in future periods.

There are no other new standards not yet effective and not adopted by the Company from 1 January 2025 which are expected to have a material impact on the Company.

MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Interest income

Interest income is earned from Credit Cards, Second Charge Mortgages, intragroup revenue and interest from cash held at external institutions.

Interest is calculated on credit card advances to customers and Second Charge Mortgages balances using the effective interest rate on the daily balance outstanding.

Interest income is recognised on the gross receivable when accounts are in IFRS 9 stages 1 and 2 and on the net receivable for accounts in stage 3.

Directly attributable acquisition costs are capitalised as part of receivables and amortised over the life of the loan as a deduction to interest income.

Interest expense

Interest expense principally comprises the interest on retail deposits and are recognised on an effective interest rate basis.

Fee and commission income

Fee and commission income is earned from Credit Cards and Second Charge Mortgages, and is recognised at the time the charges are made to customers on the basis that the performance obligation is complete.

Leases

The Company as a lessee

The Company assesses whether a contract contains a lease at inception of a contract. A right-of-use asset and a corresponding liability is recognised with respect to all lease arrangements where it is a lessee, except for short term leases (leases with a lease term of 12 months or less) and leases of low value assets (less than £5,000). For these leases, the lease payments are recognised within administrative and operating expenses on a straight-line basis over the lease term.

The lease liability is initially measured at the present value of the lease payments at the commencement date, discounted using the rate implicit in the lease. If this rate cannot be readily determined, the incremental borrowing rate is used. This is defined as the rate of interest that the lessee would have to pay to borrow, over a similar term and with similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. For the Company, this would represent an average retail deposit rate.

The lease payments included in the measurement of the lease liability comprise:

- fixed lease payments;
- variable lease payments; and
- payment of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease, using the effective interest rate method, and reducing to reflect the lease payments made.

The lease liability is re-measured whenever:

- the lease term has changed, in which case the lease liability is re-measured by discounting the revised lease payments using a revised discount rate;
- the lease payments change due to changes in an index or rate, in which case the lease liability is re-measured by discounting the revised lease payments using the initial discount rate;
- the lease contract is modified and the modification is not accounted for as a separate lease, in which case the lease liability is re-measured by discounting the revised lease payments using a revised discount rate.

The Company did not make any such adjustments during the year.

The right-of-use asset comprises the initial measurement of the corresponding lease liability and is subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset.

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MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Leases (continued)

The lease liability and right-of-use asset are presented as separate line items on the balance sheet. The interest on the lease and depreciation are charged to the income statement and presented within interest expense and administrative and operating costs respectively.

The Company as a lessor

The Company sub-leases a portion of its office space and accounts for it under finance leases.

Intangible assets

Intangible assets, which comprise computer software and computer software development costs, represent the costs incurred to acquire or develop the specific software and bring it into use.

Directly attributable costs incurred in the development of software are capitalised as an intangible asset if the software will generate future economic benefits. Directly attributable costs include the cost of software development, employees, and an appropriate portion of relevant directly attributable overheads.

Computer software and computer software development costs are amortised on a straight-line basis over their estimated useful economic life which is generally estimated to be between 3 and 10 years. The residual values and economic lives of intangible assets are reviewed by management at each balance sheet date. Amortisation is charged to the income statement as part of operating costs. An impairment loss is recognised for the amount by which the asset's carrying value exceeds the higher of the asset's value in use and its fair value less costs to sell.

Amounts receivable from customers

Customer receivables under IFRS9 are initially recognised at fair value, which represents the amount advanced to the customer plus directly attributable issue costs less an impairment provision for expected losses. The receivables are originated under a business model that intends to collect the contractual cash flows and includes only elements of principal and interest, so are subsequently measured at amortised cost less impairment provisions. The impairment provision recognised is based on the probability of default (PD), the loss given default (LGD) and the exposure at default (EAD).

IFRS 9 requires a three-stage ECL approach for measuring impairment:

- Stage 1 – a 12-month ECL allowance is recognised where there is no significant increase in credit risk (SICR) since initial recognition.
- Stage 2 – a lifetime ECL allowance is recognised for receivables where a SICR is identified since initial recognition.
- Stage 3 – requires objective evidence that the receivable is credit impaired, at which point a lifetime ECL allowance is recognised.

On initial recognition, all accounts are recognised in IFRS 9 stage 1.

The account moves to stage 2 when a SICR becomes evident, such as a missed payment or a significant increase in PD but has not defaulted. In absence of other factors indicating SICR, this will occur at 30 days past due.

An account moves to stage 3 and is deemed to have defaulted at 90 days past due, or when a payment arrangement is initiated, or when other unlikelihood to pay factors arise (like customer bankruptcy proceedings).

Accounts are charged off when they meet certain criteria set out in the Company's charge-off policy and are generally expected to be sold to debt collection agencies. This is largely linked to the number of customer missed payments. A post-charge-off asset (PCOA) is recognised based on expected future cash flows. When an account is charged off both the reduction in gross receivable and the release of the impairment provision is recognised in the income statement, within impairment. In line with IFRS 9 5.5.4 this reflects a partial write off of the gross receivable, with a corresponding release in the associated impairment provision. Any additional charge as a result of the partial write off is also recognised within impairment in the income statement. The accounts remain held at amortised cost as the business model is unchanged.

A customer's debt is written off when it is sold to debt collection agencies or when there is no further expectation of collections. Any subsequent recoveries are recognised as a credit to impairment when received.

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MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Amounts receivable from customers (continued)

Credit Cards

On inception an expected loss impairment provision is recognised using PD/LGD/EAD models which forecast customer behaviour to calculate losses.

For Credit Cards, the PD is determined by utilising a customer's behavioural score used for underwriting the credit card. The LGD discounts the exposure at default (EAD) which adjusts the current card balance for future expected spend and interest. It does not include any future credit line increases.

Second Charge Mortgages

For Second Charge Mortgages, the PD is determined on a portfolio-basis and applied at account level. The PD will increase if an account misses a payment and enters stage 2 and will default at the point three payments are missed. The LGD uses the whole loan-to-value capturing the first and second charge outstanding balances. The EAD reflects the estimated balance when three payments are missed.

Customers under forbearance

Customers are moved to IFRS 9 Stage 3 and lifetime losses are recognised in all products where forbearance is provided to the customer or alternative payment arrangements are established. Customers under temporary payment arrangements are separately identified according to the type of arrangement. The carrying value of receivables under each type of payment arrangement is calculated using historical cash flows under that payment arrangement, discounted at the original effective interest rate.

Macroeconomic scenarios

Macroeconomic provisions are part of the core model and are recognised to reflect the expected impact of future economic events on a customer's ability to make payments on their agreements and the losses which are expected to be incurred.

The provisions consider the relationship between hazard rate, the number of people who were employed last month but who are unemployed the following month (derived from unemployment). In 2024, debt to income ratio, default rates and write off rates were also considered.

Property, plant and equipment

Property, plant and equipment is shown at cost less accumulated depreciation and impairment. Cost represents invoiced cost plus any other costs that are directly attributable to the acquisition of the items. Repairs and maintenance costs are expensed as incurred.

Depreciation is calculated to write down assets to their estimated realisable value over their useful economic lives.

	%	Method
Leasehold land and buildings	Over the lease period	Straight-line
Equipment (including computer hardware)	10 to 33.3	Straight-line
Motor vehicles	25	Reducing balance

The residual values and useful economic lives of all assets are reviewed, and adjusted if appropriate, at each balance sheet date.

All items of property, plant and equipment are tested for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying value exceeds the higher of the asset's value in use and its fair value less costs to sell.

Gains and losses on disposal of property, plant and equipment are determined by comparing any proceeds with the carrying value of the asset and are recognised within operating costs in the income statement. Depreciation is charged to the income statement as part of operating costs.

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MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Investments

Investment securities

The Company's investments in securities are held as part of its liquidity buffer, with the intention to collect the contractual cash flows. These securities are carried at amortised cost, with income recognised on an effective interest rate (EIR) basis.

Investments held at fair value through profit and loss

Visa Inc shares are measured at fair value in the balance sheet as a reliable estimate of the fair value can be determined. Valuation adjustments arising as a result of routine mark-to-market revaluation are recognised in the income statement.

Fair value changes including any impairment losses and foreign exchange gains or losses are recognised within other income in the income statement. The fair value of monetary assets denominated in foreign currency is determined through translation at the spot rate at the balance sheet date.

Dividends on equity instruments are recognised in the income statement when the Company's right to receive the dividends is established.

Derivative financial instruments and hedge accounting

As permitted by IFRS 9, the Company continues to apply the requirements of IAS 39 to its hedging relationships.

Derivatives are recognised at fair value with changes recognised in the income statement. Hedge accounting allows the derivative to be designated as a hedge of another financial instrument. At the inception of the hedge relationship, formal documentation is drawn up specifying the hedging strategy, the hedged item, the hedging instrument and the methodology that will be used to measure the effectiveness of the hedge relationship in offsetting changes in the fair value or cash flow of the hedged risk. The effectiveness of the hedging relationship is tested both at inception and throughout its life and if at any point it is concluded that it is no longer highly effective in achieving its documented objective, hedge accounting is discontinued.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand including amounts held within a Bank of England reserve account held in accordance with the Prudential Regulation Authority's (PRA's) liquidity regime. Bank overdrafts are presented in current liabilities to the extent that there is no right of offset with cash balances.

Intercompany

Balances owed by other group companies are carried at the current amount outstanding less any provision. Expected credit losses on intercompany balances are assessed at each balance sheet date. In assessing SICR, both quantitative and qualitative indicators are considered including payment behaviour and the financial position of the borrower. This include any non-payments of capital or interest due and negative equity.

The PDs and LGDs are determined for each loan based on the fellow subsidiary's available funding and cash flow forecasts.

Borrowings

Retail deposits are recognised initially at fair value, being their issue proceeds net of any transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between proceeds net of transaction costs and the redemption value is recognised in the income statement over the expected life of the borrowings using the effective interest rate.

Dividends

Dividend distributions to the Company's shareholder are recognised in the financial statements when paid.

Retirement Benefits

Cash contributions to defined contribution pension schemes are charged to the income statement on an accruals basis.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Other equity instruments

Other equity instruments is made up of the principal issuance amount net of issue costs of Additional Tier 1 capital issued by the Company in December 2025.

Share-based payments

Equity-settled schemes:

The ultimate parent company grants options under employee savings-related share option schemes (typically referred to as Save As You Earn schemes (SAYE)) and makes awards under the Deferred Bonus Plan (DBP), the Long Term Incentive Scheme (LTIS), the Restricted Share Plan (RSP) and the Company Share Option Plan (CSOP). All of these schemes are equity settled.

The cost of providing options and awards to employees is charged to the income statement of the Company over the vesting period of the related options and awards. The corresponding credit is made to a share-based payment reserve within equity.

The cost of options and awards is based on their fair value. A binomial model is used for calculating the fair value of SAYE options which have no performance conditions attached and the RSP for which vesting is based on the discretion of the Remuneration Committee. No charge has been recognised for the CSOP as it is linked to the RSP awards granted at the same time. Any gains made by an employee in relation to the CSOP reduce the number of shares exercisable under the RSP award.

The value of the charge is adjusted at each balance sheet date to reflect lapses and expected or actual levels of vesting, with a corresponding adjustment to the share-based payment reserve.

Cancellations by employees of contributions to the Group's SAYE plans are treated as non-vesting conditions and the Company recognises, in the year of cancellation, the amount of the expense that would have otherwise been recognised over the remainder of the vesting period.

Modifications are assessed at the date of modification and any incremental charges are recognised in the income statement.

A transfer is made from the share-based payment reserve to retained earnings when options and awards vest, lapse or are cancelled. In respect of the SAYE options, the proceeds received, net of any directly attributable transaction costs, are credited to share capital and share premium when the options are exercised.

Taxation

The tax charge represents the sum of current and deferred tax.

Current tax

Current tax is calculated based on taxable profit for the year using tax rates that have been enacted or substantially enacted by the balance sheet date. Taxable profit differs from profit before taxation as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the related temporary differences or carried forward tax losses can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, the carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

Contingent liabilities

Contingent liabilities are possible obligations arising from past events, whose existence will be confirmed only by uncertain future events, or present obligations arising from past events that are not recognised because either an outflow of economic benefits is not probable or the amount of the obligation cannot be reliably measured. Contingent liabilities are not recognised in the balance sheet but information about them is disclosed unless the possibility of any economic outflow in relation to settlement is remote.

Critical accounting judgements and key sources of estimation uncertainty

In applying the accounting policies set out above, the Company makes judgments (other than those involving estimates) that have a significant impact on the amounts recognised and make estimates and assumptions that affect the reported amounts of assets and liabilities as follows:

Amounts receivable from customers (note 12) – £2,003.2m (2024: £1,419.2m)

Critical accounting judgements

The Company 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. 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 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 a SICR which indicates whether there has been an adverse effect on probability of default (PD). A SICR for customers is when there has been a significant increase in behavioural score, other qualitative triggers 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 Company's impairment models are subject to periodic monitoring, independent validation and back testing performed on model components (where appropriate), including probability of default, exposure at default and loss given default to ensure management judgements remain appropriate.

Limitations in the Company'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 Company'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 12.

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

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MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Critical accounting judgements and key sources of estimation uncertainty (continued)

Macroeconomic impairment provision adjustments are recognised in the core model to reflect an increased PD, based on future macroeconomic scenarios. The macroeconomic models have been redeveloped in 2025. The models use the following variables: hazard rate, debt to income ratio, real earnings and for Cards only real base rate.

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. Unemployment, linked to hazard rate and debt to income ratio are judged to be a key macroeconomic indicator as analysis has clearly evidenced a correlation between these metrics and credit losses incurred by the business.

In 2024, a model overlay of £4.0m was recognised that looked at Credit Card write-off rates, utilising data from a third party, Oxford Economics (OE). The OE model predicted 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 the OE model was calibrated to the Company's entry to default rate, which was in turn used to derive the scalars applied to the lifetime Probability of Default model.

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 12 which shows the impact of a 1% movement of gross exposure into stage 2 from stage 1 on the allowance accounts.

Macroeconomic assumptions

The macroeconomic forecasts and scenarios used are provided by OE. The base case, upside, downside and severe scenarios are utilised in the model calculate a Multiple Economic Scenario weighted ECL provision.

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

Scenario for the year ended 2025	Base	Upside	Downside	Severe
Weighting	60%	20%	15%	5%
2026	5.0%	4.6%	5.8%	6.0%
2027	4.8%	3.9%	6.5%	7.0%
2028	4.5%	3.6%	6.9%	7.4%
2029	4.4%	3.6%	6.7%	7.2%
2030	4.2%	3.6%	6.4%	6.9%
Five-year peak	5.1%	4.8%	6.9%	7.4%

Scenario for the year ended 2024	Base	Upside	Downside	Severe
Weighting	60%	15%	20%	5%
2025	4.4%	4.0%	5.0%	5.5%
2026	4.5%	4.1%	6.3%	7.6%
2027	4.5%	4.2%	5.9%	7.9%
2028	4.5%	4.2%	5.3%	6.8%
2029	4.5%	4.2%	5.1%	6.4%
Five-year peak	4.5%	4.3%	6.5%	8.3%

The debt to income variables, across all scenarios, ranged from 12.5% at the start of 2026 to 13.7% at the end of 2030.

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MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Critical accounting judgements and key sources of estimation uncertainty (continued)

The table below shows the scenario five-peak and average expected entry to default rate from the Oxford Economics model, used as an overlay in 2024.

Scenario for the year ended 2024	Base	Upside	Downside	Severe
Weighting	60%	15%	20%	5%
2025	1.14%	1.08%	1.19%	1.20%
2026	1.15%	0.96%	1.32%	1.37%
2027	1.15%	0.90%	1.41%	1.48%
2028	1.13%	0.88%	1.44%	1.50%
2029	1.12%	0.88%	1.42%	1.48%
Five-year peak	1.16%	1.13%	1.45%	1.51%

Weightings applied to the macroeconomic assumptions were approved at the December 2025 Assumptions Committee meeting. Following review of the inputs into the newly implemented macroeconomic model, the weightings were updated to increase the upside from 15% to 20% with a corresponding reduction in the downside. The revised weightings are considered to reflect a more appropriate range given the current economic outlook and the relatively severity of the inputs provided for the downside and upside scenarios.

Sensitivity analysis has been performed on the weightings, which shows that applying a 100% weighting to the severe scenario would increase the ECL provision by £11.5m.

Other accounting judgements

EIR on loans and advances to customers - interest free or promotional periods

In accordance with IFRS 9, interest income is recognised in the income statement using the EIR method for loans and advances to customers, including throughout interest-free promotional periods when these are offered to customers.

The EIR is determined on inception as management's best estimate of future cash flows based on historical information, where available, and considers the repayment activity and the retention of the customer interest-free balance after the end of the promotional period. As such the EIR method introduces estimation uncertainty which, if the actual cash flows differ from that estimate, could result in an adjustment to the carrying value of the asset which reflects the value of interest recorded.

The Company's best estimate of the future cash flows is a profile running off over a period of seven years. The interest-free promotional period is the most sensitive element of the total EIR methodology.

As at 31 December 2025, the Company reported an EIR adjustment to Credit Card loans and advances to customers in respect of interest-free periods and upfront fees of £10.0m (2024: £2.1m).

Intangibles (note 17) – £55.4m (2024: £49.5m)

All intangible assets have been reviewed for impairment under IAS 36.

Following the sale of the Personal Loans business in March 2025, 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 2024 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. This resulted in a cost of £8.5m being recognised in 2024. 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.

MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Critical accounting judgements and key sources of estimation uncertainty (continued)

Provisions: Customer remediation complaints (note 25) - £0.7m (2024: £7.0m)

Over the past two years the Company experienced elevated levels of customer compensation claims from claims management companies. The majority of these claims are 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 expected FOS fees for cases not upheld which are expected to subsequently be submitted to FOS for adjudication.

Since the change in the FOS fee charging structure from 1 April 2025, the Company 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 cost to the Company of customer remediation costs, which relate to a wide range of different matters, amounts to £7.9m in 2025 (2024: £9.3m). A provision of £0.7m (2024: £7.0m) 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 (£0.3m); and (ii) expected FOS fees for future claims which may be referred (£0.4m). 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 historic data.

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FINANCIAL AND CAPITAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks, which can be categorised as credit risk, funding and liquidity risk, market risk and capital risk. The objective of the Company's risk management and internal control framework is to identify and assess the risks facing the Company and to minimise the potential adverse effects of these risks on the Company's financial performance. Financial risk management is overseen by the Risk Committee with day-to-day management delegated to the Credit Risk Committee (CRC) and Group and Company Asset-Liability Committee (ALCO), both of which met ten times during 2025.

(a) Credit risk

Credit risk is the risk that the Company will suffer loss in the event a customer or counterparty fails to meet their contractual financial obligations.

(i) Amounts receivable from customers

The Company's maximum exposure to credit risk on amounts receivable from customers as at 31 December 2025 is the carrying value of amounts receivable from customers of £2,003.2m (2024: £1,419.2m).

The Risk Committee has delegated responsibility to the CRC for day-to-day credit risk management. The CRC is responsible for setting the Credit Risk Policy and ensuring that the approach to lending is within sound risk and financial parameters and key metrics are reviewed to ensure compliance with policy.

A customer's risk profile and credit line are evaluated at the point of application and, for revolving limits, at various times during the agreement. Internally generated scorecards based on historical payment patterns and other behavioural characteristics of customers are used to assess the applicant's potential default risk and their ability to manage a specific credit line. For new customers, the scorecards incorporate data from the applicant and sourced from external credit bureaux. Certain policy rules, including customer profile, are also assessed in the decisioning process, as well as affordability checks to ensure that, at the time of application, repayments are affordable. For existing customer lending, the scorecards also incorporate data on actual payment performance and product utilisation, together with data sourced from an external credit bureau each month to refresh customers' payment performance position with other lenders. Credit lines can go up as well as down according to risk assessment.

Arrears management is conducted by way of a combination of letters, inbound and outbound telephony, SMS, email and outsourced debt collection agency activities. Contact is made with the customer to discuss the reasons for non-payment and specific strategies are employed to support the customer in returning to a good standing. These include appropriate forbearance arrangements, or where the contract has become unsustainable for the customer, then an appropriate exit strategy is implemented.

(ii) Loan to related party

The Company's maximum exposure to a related party is an intercompany loan from the Company to Moneybarn No. 1 Limited, as at 31 December 2025 is the carrying value of the loan of £359.2m (2024: £379.7m). An assessment of the appropriate amount of the loan is made annually, with performance against a suite of risk measures assessed monthly and before any loan drawdowns are approved. The latest annual assessment concluded that the financial health of the related party, and its ability to generate cash flows, was sufficient to service the loan. The Company continues to undertake detailed risk assessments at least annually, and more frequently if the counterparty's financial performance requires it.

(iii) Counterparty risk

Counterparty credit risk arises as a result of cash deposits and collateral placed with banks, reserves held with the Bank of England and exposures to UK government bonds (Gilts). The Company's maximum exposure to credit risk on the Company's, the Bank of England and UK government counterparties as at 31 December 2025 was £1,039.1m (2024: £980.0m).

Counterparty credit risk is managed by ALCO and is governed by a Wholesale Counterparty Credit Risk Policy, which ensures that the Company's exposures are to high-quality counterparties with the level of permitted exposure to a counterparty firmly linked to the strength of its credit rating. In addition, there is a maximum exposure limit for all institutions, regardless of credit rating. This is linked to the Company's regulatory capital base in line with the Group's regulatory reporting requirements on large exposures to the PRA.

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FINANCIAL AND CAPITAL RISK MANAGEMENT (CONTINUED)

(b) Funding and Liquidity risk

Funding and liquidity risk is the risk that the Company will have insufficient financial resources available to fulfil its operational plans and/or to meet its financial obligations as they fall due.

The Funding Plan, Internal Liquidity Adequacy Assessment Process (ILAAP), Recovery Plan and Solvent Exit Analysis are approved by the Board with day-to-day management delegated to the Treasury function, who discharges and informs the decision-making through the ALCO. The ALCO is responsible for approving the Funding and Liquidity Risk Policy and monitoring funding and liquidity risk metrics against limits set by the Board, including the Company's ability to meeting regulatory requirements, to ensure that the Company is able to continue to fund the growth of the business and meet retail deposit and wholesale funding outflows.

The Company is a PRA-regulated institutions. They are required to maintain a Liquid Asset Buffer (LAB), and other liquid resources, based upon daily stress tests detailed in the ILAAP. The ILAAP determines the liquid resources that must be maintained by the Company to meet the Overall Liquidity Adequacy Rule (OLAR) and to ensure that it can meet its liabilities as they fall due. It is based on an analysis of its business as usual forecast cash requirements but also considers their predicted behaviour in stressed conditions.

As at 31 December 2025, the liquid assets buffer, including other liquid resources and the operational buffer, held by the Company, including £39.0m of intra-group funds placed on demand deposit with the Company by its ultimate parent (2024: £23.0m) amounted to £746.8m (2024: £948.7m).

The Company is required to monitor and report the liquidity coverage ratio (LCR) to the PRA. The LCR requires institutions to match net liquidity outflows during a 30 day period with a buffer of 'high-quality' liquid (HQLA) assets, to a minimum of 100%. The Company has developed systems and controls to monitor the LCR and report to the PRA. As at 31 December 2025, the Company's LCR was 271% (2024: 338%).

Throughout the year, the Company has diversified its liquid assets to comprise reserves held with the Bank of England and gilts. It continues to have access to the retail deposit market through its retail deposits product offering, which have been diversified further to include easy access accounts, as well fixed term.

Balances with central banks are immediately available, while investment securities can be readily monetised, including by use of Bank of England liquidity facilities.

A maturity analysis of the undiscounted contractual cash flows of the Company's financial liabilities is shown below. This shows the future cash payable under current drawings and reflects both the interest payable and the repayment of the borrowing on maturity.

	2025					
	Repayable on demand	<1 year	1-2 years	2-5 years	>5 years	Total
	£m	£m	£m	£m	£m	£m
Retail deposits	530.7	1,929.6	494.3	132.0	–	3,086.6
Trade and other payables	–	76.7	–	–	–	76.7
Lease liabilities	–	5.0	6.3	8.7	3.2	23.2
Derivative financial instruments	–	0.9	1.4	0.7	–	3.0
Total	530.7	2,012.2	502.0	141.4	3.2	3,189.5

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FINANCIAL AND CAPITAL RISK MANAGEMENT (CONTINUED)

(b) Funding and Liquidity risk (continued)

	2024					
	Repayable on demand	<1 year	1-2 years	2-5 years	>5 years	Total
	£m	£m	£m	£m	£m	£m
Retail deposits	780.9	1,165.2	414.6	144.2	–	2,504.9
Index Long-Term Repo Scheme	–	5.0	–	–	–	5.0
Trade and other payables	–	82.6	–	–	–	82.6
Lease liabilities	–	7.8	3.6	6.8	4.2	22.4
Derivative financial instruments	–	0.6	–	–	–	0.6
Total	780.9	1,261.2	418.2	151.0	4.2	2,615.5

(c) Market risk

Market risk is the risk of loss associated with adverse changes in the value of assets and liabilities held by the Company due to movements in market factors such as foreign exchange risk, interest rates (duration risk), customer behaviour (optionality risk), and the movement in rate spreads across types of assets or liabilities (basis risk and credit spread risk).

The Company does not have a trading book and therefore is only exposed to non-traded market risk. Market risk principally arises through Interest Rate Risk in the Banking Book (IRRBB), and the management of assets to support liquidity requirements, including Credit Spread Risk in the Banking Book (CSRBB). It comprises the sensitivity of the current and future net interest income and economic value to movements in market interest rates. The major contributors to interest rate risk are:

- the mismatch, or duration, between repricing dates of interest-bearing assets and liabilities;
- basis risk or assets and liabilities repricing to different reference rates, for example, customer asset and liability products repricing against Bank of England base rate; and
- customer optionality, for example the right to repay borrowing in advance of contractual maturity dates.

Interest rate risk

Interest rate risk is the risk of potential loss through unhedged or mismatched asset and liability positions that are sensitive to changes in interest rates. Primarily, the Company is at risk of a change in external interest rates, which leads to an increase in the Company's cost of borrowing without an offsetting increase in revenue. The Group's exposure to foreign exchange risk is de minimis.

Day-to-day management of market risk is delegated to the Treasury function, who discharges and informs the decision-making through the ALCO. The ALCO is responsible for approving the Market Risk Policy and monitoring the interest rate risk position, including the risk appetite metrics set for both earnings at risk (EaR), market value sensitivity (MVS), economic value of equity and basis risk. Treasury seeks to limit its net exposure to changes in interest rates by using derivative financial investments such as interest rate swaps to manage its exposures within approved limits. Derivative financial instruments are not used for speculative purposes. The Company elects to apply fair value hedge accounting for its derivatives position.

The Company's risk management and internal control framework for IRRBB continues to evolve in line with updates in regulatory guidance on methods expected to be used by banks to measure, manage, monitor and control such risks.

The Company measures market risks through a combination of economic value and earnings-based measures, including:

- economic value – a range of parallel and non-parallel interest rate stresses are applied to assess the change in market value from assets, liabilities and off-balance sheet items repricing at different times; and
- net interest income – impact on earnings from a range of interest rate stresses.

FINANCIAL AND CAPITAL RISK MANAGEMENT (CONTINUED)

(d) Capital risk

The Company's objective in respect of capital risk management is to maintain an efficient and secure capital structure and maintain an adequate buffer over the regulatory capital requirements set by the PRA. The Group's Capital Risk Policy helps to ensure capital resources are sufficient to support planned levels of growth.

The Company is subject to prudential regulation and supervision by the PRA. As part of this supervision, it is required to maintain a certain level of regulatory capital (known as its Overall Capital Requirement (OCR)) in order to mitigate against unexpected losses. Regulatory capital is monitored by the Board, the Risk Committee and ALCO. The Company regularly forecasts regulatory capital requirements as part of its budgeting and strategic planning process and the Company is required to report quarterly to the PRA on its level of regulatory capital.

As required by the PRA, under the Basel III regulatory framework, the Company also undertakes an Internal Capital Adequacy Assessment Process (ICAAP). This documents considers all risks facing the business, including credit, operational, counterparty, conduct, pension and market risks, and assesses the capital requirement for such risks in the event of downside stresses should such requirement exceed that set out under the Pillar 1 framework. The ICAAP is approved by the Risk Committee and the Board. The Company's 2025 ICAAP demonstrated that the business is adequately capitalised.

As part of the supervision by the PRA, the Group, consistent with other regulated financial institutions, is required to make annual Pillar 3 disclosures which set out information on the Group's regulatory capital, risk exposures and risk management processes. Where necessary the disclosures separate out the exposures and processes for the Company.

The Group's full Pillar 3 disclosures can be found on the Group's website, www.vanquis.com.

(e) Exposures to structured entities

As at the end of 2025, the Company has securitised £508.7m of receivables (2024: £518.2m). The Company has used the retained notes in the securitisation vehicle to access funding from the Bank of England, through its Sterling Monetary Framework operations. There were no drawings on central bank facilities at 31 December 2025 (2024: £5.0m).

The Company holds an exposure to the performance of these vehicles in the form of retained notes and has a contractual right to the variable returns of the vehicles. This risk is limited to the performance of the underlying assets, which have not been derecognised in the financial statements. The Company has no exposure to other contractual risks associated with the vehicles; no additional credit enhancements have been provided beyond the exposure created by the retained notes.

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NOTES TO THE FINANCIAL STATEMENTS

1 Segment reporting

IFRS 8 requires segment reporting to be based on the internal financial information reported to the chief operating decision maker. The Company's chief operating decision maker is deemed to be the Company and Group executive committee (ExCo), whose primary responsibility is to support the Chief Executive Officer in managing the Company's day-to-day operations and analyse trading performance. The Company's segments are set out below, which are the segments reported in the Company's management accounts as the primary means for analysing trading performance. The ExCo assesses profit performance using profit before tax measured on a basis consistent with the disclose in the Company's financial statements.

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 representation is a further step in the Group's 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 Company now comprises three segments: the two core lending products - Credit Cards 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, and other immaterial or central items.

To more accurately reflect the interest income and funding costs of each lending product, the Company has updated the following:

- Interest income from non-product Treasury items has been moved from Credit Cards to the Corporate Centre.
- Interest expense 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 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.

In line with the Group, the Company 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 product levels. Adjusted performance is now expected to closely align with statutory results. Accordingly, the 2024 income statement and key metrics have been represented on a statutory basis, removing adjustments for exceptional items.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1 Segment reporting (continued)

	2025				2024 ¹			
	Credit Cards	Second Charge Mortgages	Corporate Centre	Total	Credit Cards	Second Charge Mortgages	Corporate Centre	Total
	£m							
Interest income	370.8	28.4	61.6	460.8	365.7	4.8	64.3	434.8
Interest expense	(51.6)	(17.8)	(51.7)	(121.1)	(53.2)	(3.4)	(48.4)	(105.0)
Net interest income	319.2	10.6	9.9	339.7	312.5	1.4	15.9	329.8
Fee and commission income	35.6	1.0	0.1	36.7	36.8	–	–	36.8
Fee and commission expense	(2.3)	–	(0.1)	(2.4)	(1.7)	–	–	(1.7)
Net fee and commission income	33.3	1.0	–	34.3	35.1	–	–	35.1
Other income	–	–	0.3	0.3	–	–	1.4	1.4
Total income	352.5	11.6	10.2	374.3	347.6	1.4	17.3	366.3
Impairment (charges)/credit	(139.6)	(0.7)	1.1	(139.2)	(123.9)	(0.2)	(0.6)	(124.7)
Risk-adjusted income	212.9	10.9	11.3	235.1	223.7	1.2	16.7	241.6
Operating costs	(174.7)	(5.5)	(10.4)	(190.6)	(193.5)	(0.6)	(42.5)	(236.6)
Statutory profit before taxation from continuing operations	38.2	5.4	0.9	44.5	30.2	0.6	(25.8)	5.0
Tax (charge)/credit from continuing operations				(9.5)				1.2
Statutory profit after taxation from continuing operations				35.0				6.2
Statutory profit after taxation from discontinued operations				0.7				1.3
Statutory profit after taxation				35.7				7.5

¹ Refer to material accounting policy information for detail of representation.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2 Discontinued operations

The Company sold its Personal Loans portfolio in March 2025 and in accordance with IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations' this business is presented as discontinued operations. The results from discontinued operations, which are included in the Company income statement, are set out below.

	2025	2024
For the year ended 31 December	£m	£m
Interest income	1.4	15.5
Interest expense	(0.3)	(3.4)
Net interest income	1.1	12.1
Fee and commission income	–	–
Fee and commission expense	–	–
Net fee and commission income	–	–
Other income	–	–
Total income	1.1	12.1
Impairment credit/(charges)	3.1	(5.7)
Risk-adjusted income	4.2	6.4
Operating costs	(3.3)	(4.7)
Statutory profit before taxation	0.9	1.7
Tax charge	(0.2)	(0.4)
Statutory profit for the year attributable to ordinary shareholders	0.7	1.3

Following the Group's strategy update in March 2024, management announced that the Personal Loans business was under review and the loan portfolio was placed into run-off during the year. The Company completed the sale of the Personal Loans portfolio in March 2025 to Link Financial Limited. On completion, the net receivables disposed of totalled £35m, and the Company received net consideration of £38m.

A gain on disposal of £0.5 million has been recognised, reflecting the difference between the consideration received, the carrying amount of the net assets derecognised and related transaction costs, including a loss on disposal of intangible assets of £1.2m. The gain is presented within impairment credit, partly offset by operating costs in the income statement for discontinued operations.

A reconciliation is provided below:

	£m
Consideration received	37.8
Net receivables disposed	(34.8)
Loss on disposal of intangibles	(1.2)
Other costs	(1.3)
Gain on disposal	0.5

Cash generated from operations includes £9.1m (2024: £60.4m) from discontinued operations, reflecting net cash generated from customer receivables and associated costs, and £37.8m of consideration received on completion of the sale of the Personal Loans portfolio in March 2025. There were no investing or financing cash flows relating to discontinued operations.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3 Interest income

	2025	2024 ¹
	£m	£m
Customer receivables (note 12)	399.2	370.4
Cash balances held on deposit (note 10)	36.2	40.6
Investment securities (note 11)	5.8	–
Interest income on loan from fellow subsidiary undertakings (note 13)	18.5	21.9
Other interest	1.1	1.9
Total interest income from continuing operations	460.8	434.8
Total interest income from discontinued operations	1.4	15.5
Total interest income	462.2	450.3

¹ Refer to material accounting policy information for detail of representation.

Interest income from: (i) customer receivables; (ii) cash balances held on deposit; (iii) investment securities; and (iv) income from discontinued operations is calculated using the EIR method.

Interest income from customer receivables is recognised by applying the effective interest rate (EIR) to the carrying value of a loan. The EIR is calculated at inception and represents the rate which exactly discounts the future contractual cash receipts from a loan to the amount of cash advanced under that loan, plus directly attributable issue costs (e.g. aggregator/broker fees).

4 Interest expense

	2025	2024
	£m	£m
Interest payable on retail deposits	115.6	97.5
Interest payable on lease liabilities	0.5	0.7
Interest payable on central bank facilities	1.4	6.2
Interest payable to ultimate parent undertaking	1.0	–
Other interest expense	2.6	0.6
Total interest expense from continuing operations	121.1	105.0
Total interest expense from discontinued operations	0.3	3.4
Total interest expense	121.4	108.4

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5 Profit before taxation

	2025	2024¹
	£m	£m
Profit before taxation from continuing operations is stated after charging:		
Amortisation of other intangibles:		
– Computer software (note 17)	8.5	6.8
Depreciation of property, plant and equipment (note 16)	1.7	1.3
Loss on disposal of property, plant and equipment (note 16)	0.1	0.1
Depreciation of right-of-use asset (note 18)	3.0	2.7
Lease liability finance cost (note 4)	0.5	0.7
Loss on disposal of intangible assets (note 17)	–	8.5
Employment costs (note 9)	94.1	67.4
Impairment of amounts receivable from customers (note 12)	139.2	124.7

¹ Refer to material accounting policy information for detail of representation.

	2025	2024
	£m	£m
Auditor's remuneration:		
Fees payable to the Company's auditor for the audit of the financial statements	1.6	1.3
Total	1.6	1.3

An additional £20,000 was due to the Company's auditor in respect of non audit-related assurance services (2024: £nil).

The ultimate parent undertaking recharges certain administrative costs to the Company in respect of services provided totalling £9.5m (2024: £37.5m).

6 Tax charge

	2025	2024
	£m	£m
Tax (charge)/credit in the income statement		
Continuing operations:		
Current tax (charge)/credit	(7.9)	3.2
Deferred tax (note 20)	(1.6)	(2.0)
Total tax (charge)/credit in relation to continuing operations	(9.5)	1.2
Discontinued operations:		
Current tax charge	(0.2)	(0.4)
Total tax charge in relation to discontinued operations	(0.2)	(0.4)
Total tax (charge)/credit	(9.7)	0.8

As the Company's profits in the current and prior years are below the bank corporation tax surcharge allowance, being the threshold below which banking profits are not subject to the surcharge, the tax charge for the current and prior years has been reconciled to the mainstream corporation tax rate of 25% (2024: 25%), and not the combined corporation tax and surcharge rate of 28% (2024: 28.0%). The rate of tax charge on the profit before taxation for the year is lower than (2024: lower than) the average rate of mainstream corporation tax of 25% (2024: 25%). This can be reconciled as follows:

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6 Tax charge (continued)

	2025			2024		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
	£m	£m	£m	£m	£m	£m
Profit before taxation	44.5	0.9	45.4	5.0	1.7	6.7
Profit before taxation multiplied by the average standard rate of corporation tax and bank corporation tax surcharge of 25% (2024: 25%)	(11.1)	(0.2)	(11.3)	(1.3)	(0.4)	(1.7)
Effect of:	–	–	–	–	–	–
– impairment of deferred tax assets (note (a))	0.2	–	0.2	–	–	–
– non-taxable income (note (b))	0.4	–	0.4	–	–	–
– impact of permanent differences (note (c))	0.1	–	0.1	–	–	–
– benefit of capital losses (note (d))	–	–	–	1.1	–	1.1
– adjustment in respect of prior years (note (e))	0.9	–	0.9	1.4	–	1.4
Total tax (charge)/credit	(9.5)	(0.2)	(9.7)	1.2	(0.4)	0.8

(a) Impairment of deferred tax assets

The tax credit of £0.2m (2024: £nil) relates to the reversal of previous impairments of deferred tax assets in respect of share scheme awards where future tax deductions are now expected to be greater than previously anticipated.

(b) Non-taxable income

The tax credit of £0.4m (2024: £nil) relates to non-taxable releases of unrepresented cheque accruals in respect of the Repayment Option Plan remediation programme for which tax deductions were previously not available due to the application of the bank compensation provisions.

(c) Impact of permanent differences

The credit of £0.1m (2024: £nil) predominantly relates to the reversal of impairments of intercompany loans which are not taxable.

(d) Benefit of capital losses

The conversion and subsequent sale in 2024 of a further tranche of the preferred stock in Visa Inc gave rise to capital gains which were significantly offset by brought forward capital losses in respect of which a deferred tax asset was not previously recognised. This gave rise to a beneficial impact on the tax charge in 2024 of £1.1m.

(e) Adjustment in respect of prior years

The tax credit in respect of prior years of £0.9m comprises: (a) a tax charge of £0.2m due to a lower share price on vesting of share awards than originally anticipated, net of (b) a tax credit of £1.1m relating to non-taxable releases of unrepresented cheque accruals in respect of the Repayment Option Plan remediation programme for which tax deductions were previously not available due to the application of the bank compensation provisions.

In 2024 the tax credit in respect of prior years of £1.4m comprises (a) a £0.8m credit in respect of prior year tax losses of Group companies which were discontinued, which were surrendered as group relief to the Company and which the Company paid for at a discounted price; (b) a tax credit of £0.7m from claiming capital allowances super deductions in prior years; and (c) a tax charge of £0.1m due to lower tax deductions in respect of share scheme awards as a result of a lower than anticipated share price of vesting as well as the finalisation of tax liabilities for prior periods.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7 Dividends

	2025	2024
	£m	£m
2023 final - 24.2 pence per share	–	30.0
2024 interim - 8.1 pence per share	–	10.0
2024 final - 16.1 pence per share	20.0	–
Dividends paid	20.0	40.0

The directors are not recommending the payment of a final dividend in respect of the financial year ended 31 December 2025 (2024: £20.0m).

8 Directors' remuneration

Following the alignment of the Company and Group Boards, the emoluments of the directors are paid by the ultimate parent company, Vanquis Banking Group plc, and recharged to the Company as part of a management charge. The management charge amounted to £9.5m in 2025 (2024: £37.5m). This management charge also includes a recharge of administrative costs borne by the ultimate parent company on behalf of the Company and it is not possible to identify separately the amount relating to each director's emoluments. The emoluments of these directors are disclosed in the Annual Report and Financial Statements of Vanquis Banking Group plc.

9 Employee information

(a) The average monthly number of persons employed by the Company (including directors) was as follows:

	2025	2024
	Number	Number
Analysed as:		
Full time	984	688
Part time	117	90
Total	1,101	778

The increase in 2025 primarily relates to the TUPE transfer of employees to the Company from PFG Corporate Services Limited and Moneybarn Limited, fellow subsidiaries of the immediate parent undertaking, on 31 December 2024.

(b) Employment costs – all employees (including directors) were as follows:

	2025	2024 ¹
	£m	£m
Aggregate gross wages and salaries paid to the Company's employees	80.2	56.5
Employers' National Insurance contributions	8.6	5.1
Pension charge	4.4	2.7
Share-based payment charge	0.7	0.6
Redundancy costs	0.2	2.5
Total employment cost from continuing operations	94.1	67.4
Total employment costs from discontinued operations	–	1.1
Total employment costs	94.1	68.5

¹ Refer to material accounting policy information for detail of representation.

The pension charge comprises contributions to the stakeholder pension scheme.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 Cash and cash equivalents

	2025	2024
	£m	£m
Cash and cash equivalents	745.8	945.0

Cash and cash equivalents include £746.8m in Bank of England Central reserve account (2024: £948.7m) held in accordance with the PRA's liquidity regime together with an operational buffer. The cash and cash equivalents amount also includes a current bank account balance of £3.0m (2024: £2.3m), and unrepresented cheques and other timing differences of £4.0m (2024: £6.0m) reducing the reported balance.

To ensure that sufficient liquid resources are available to fulfil operational plans and meet financial obligations as they fall due in a stress event, the PRA requires that all regulated entities maintain a liquid assets buffer held in the form of high-quality, unencumbered assets. The total liquid resources required to be held is calculated in line with the Overall Liquidity Adequacy Rule (OLAR) and is set out in the ILAAP undertaken by the Company. Liquid resources must be maintained based upon daily stress tests linked to the key drivers of liquidity risk. This results in a dynamic liquid resources requirement.

11 Investment securities

Investments at amortised cost comprise UK Government securities ('gilts') which are held as part of the Company's liquidity buffer.

	2025	2024
	£m	£m
UK Government securities	253.3	–
Fair value adjustment for portfolio hedged risk (note 19)	1.3	–
Total investment securities	254.6	–

All the gilts bear credit risk and are classified as Stage 1 exposures for IFRS 9 impairment purposes. As the securities are UK sovereign exposures, the probability of default has been assessed to be so low that no material significant impairment provision is required.

The gilts bear interest at a fixed rate, the average maturity of the gilts is 2.9 years (2024: n/a), and the average fixed rate coupon is 4.15% (2024: n/a). Hedging arrangements in respect of these securities are described in note 19.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12 Amounts receivable from customers

The Company's receivables from continuing operations comprise £1,384.3m (2024: £1,149.9m) in respect of Credit Cards and £618.5m (2024: £225.3m) in respect of Second Charge Mortgages.

All of the Company's card receivables are due within one year. There is no fixed term for repayment of credit card balances other than a general requirement for customers to make a monthly minimum repayment towards their outstanding balance. For the majority of customers, this is currently the greater of 1% of the amount owed, plus any fees and interest charges in the month, or £10.

The Company's Second Charge Mortgages receivables are reported as non-current for amounts due in greater than 12 months.

The gross receivable and allowance account which form the net amounts receivable from customers is as follows:

	2025			2024		
	£m			£m		
Net receivable	Credit Cards	Second Charge Mortgages	Total continuing	Credit Cards	Second Charge Mortgages	Total continuing
Gross amounts receivable from customers	1,553.8	619.4	2,173.2	1,309.9	225.5	1,535.4
Allowance account	(169.5)	(0.9)	(170.4)	(160.0)	(0.2)	(160.2)
Reported amounts receivable from customers from continuing operations	1,384.3	618.5	2,002.8	1,149.9	225.3	1,375.2
Reported amounts receivable from customers from discontinued operations	–	–	–	–	–	44.0
Fair value adjustment for portfolio hedged risk	–	0.4	0.4	–	–	–
Reported amounts receivable from customers	1,384.3	618.9	2,003.2	1,149.9	225.3	1,419.2

The fair value adjustment for the portfolio hedge risk relates to the Second Charge Mortgages receivable (see note 19).

The Company has pledged £508.7m (2024 £518.2m) of receivables as collateral under the securitisation funding arrangements described in note 22. No assets of other classes were pledged as collateral at 31 December 2025 or 31 December 2024.

Amounts receivable from customers in 2024 included £44.0m in relation to Personal Loans. The portfolio was sold in March 2025.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12 Amounts receivable from customers (continued)

Amounts receivable from customers for Credit Cards can be reconciled as follows:

	2025			
	Stage 1	Stage 2	Stage 3	Total
	£m	£m	£m	£m
Gross carrying amount				
At 1 January	1,136.6	99.8	73.5	1,309.9
Originations	116.9	–	–	116.9
Drawdowns	2,131.0	64.7	5.1	2,200.8
Net transfers and changes in credit risk:				
- From stage 1 to 2	(333.8)	333.8	–	–
- From stage 1 to 3	(41.2)	–	41.2	–
- From stage 2 to 1	187.3	(187.3)	–	–
- From stage 2 to 3	–	(122.9)	122.9	–
- From stage 3 to 1	10.7	–	(10.7)	–
- From stage 3 to 2	–	3.5	(3.5)	–
Write-offs (regular)	(14.6)	(12.4)	(19.2)	(46.2)
Write-offs (debt sale)	–	–	(127.2)	(127.2)
Repayments	(2,212.9)	(82.4)	(24.9)	(2,320.2)
Interest and fee income	360.7	44.2	1.5	406.4
Other movements	10.8	(1.9)	4.5	13.4
At 31 December	1,351.5	139.1	63.2	1,553.8
Allowance account				
At 1 January	(73.3)	(44.7)	(42.0)	(160.0)
Movements through income statement:				
Originations	(21.1)	–	–	(21.1)
Drawdowns, net transfers and changes in credit risk:				
- From stage 1 to 2	57.7	(57.7)	–	–
- From stage 1 to 3	6.0	–	(6.0)	–
- From stage 2 to 1	(66.0)	66.0	–	–
- From stage 2 to 3	–	76.3	(76.3)	–
- From stage 3 to 1	(3.8)	–	3.8	–
- From stage 3 to 2	–	(1.2)	1.2	–
- Remeasurements within existing stage	8.6	(102.3)	(28.4)	(122.1)
Post model overlays and model recalibration	2.6	9.8	3.2	15.6
Write-offs (regular)	(13.3)	(5.8)	(5.7)	(24.8)
Write-offs (debt sale)	–	–	4.7	4.7
Derecognition of stage 3 interest	–	–	2.2	2.2
Recoveries	–	–	3.7	3.7
Revaluations	–	–	2.6	2.6
Other movements	–	–	(0.4)	(0.4)
Total movements through income statement	(29.3)	(14.9)	(95.4)	(139.6)
Movements through allowance account:				
Write-offs (regular)	14.9	12.4	19.2	46.5
Write-offs (debt sale)	–	–	130.1	130.1
Debt sale proceeds	–	–	(38.4)	(38.4)
Derecognition of stage 3 interest	–	–	(2.2)	(2.2)
Other	–	–	(5.9)	(5.9)
Allowance account at 31 December	(87.7)	(47.2)	(34.6)	(169.5)
Reported amounts receivable from customers at 31 December	1,263.8	91.9	28.6	1,384.3
Reported amounts receivable from customers at 1 January	1,063.3	55.1	31.5	1,149.9

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12 Amounts receivable from customers (continued)

	Stage 1	Stage 2	Stage 3	2024 (represented) ¹
	£m	£m	£m	Total £m
Gross carrying amount				
At 1 January	1,199.5	161.2	114.1	1,474.8
Originations	21.9	–	–	21.9
Drawdowns	2,000.2	76.5	8.5	2,085.2
Net transfers and changes in credit risk:				
- From stage 1 to 2	(376.7)	376.7	–	–
- From stage 1 to 3	(44.9)	–	44.9	–
- From stage 2 to 1	290.1	(290.1)	–	–
- From stage 2 to 3	–	(158.6)	158.6	–
- From stage 3 to 1	16.7	–	(16.7)	–
- From stage 3 to 2	–	5.9	(5.9)	–
Write-offs (regular)	(11.7)	(9.6)	(36.4)	(57.7)
Write-offs (debt sale)	–	–	(157.7)	(157.7)
Repayments	(2,320.5)	(107.1)	(31.1)	(2,458.7)
Interest and income fee	352.9	46.6	2.9	402.4
Other movements	9.1	(1.7)	(7.7)	(0.3)
At 31 December	1,136.6	99.8	73.5	1,309.9
Allowance account				
At 1 January	(84.7)	(57.5)	(54.9)	(197.1)
Movements through income statement:				
Originations	(4.8)	–	–	(4.8)
Drawdowns, net transfers and changes in credit risk:				
- From stage 1 to 2	66.2	(66.2)	–	–
- From stage 1 to 3	7.0	–	(7.0)	–
- From stage 2 to 1	(94.3)	94.3	–	–
- From stage 2 to 3	–	108.5	(108.5)	–
- From stage 3 to 1	(5.1)	–	5.1	–
- From stage 3 to 2	–	(2.5)	2.5	–
- Remeasurements within existing stage	21.7	(107.5)	(35.8)	(121.6)
Post model overlays and model recalibration	19.0	(20.1)	(2.5)	(3.6)
Write-offs (regular)	(9.9)	(3.3)	(6.6)	(19.8)
Write-offs (debt sale)	–	–	16.1	16.1
Derecognition of stage 3 interest	–	–	3.3	3.3
Recoveries	–	–	3.1	3.1
Revaluations	–	–	3.3	3.3
Other movements	–	–	0.1	0.1
Total movements through income statement	(0.2)	3.2	(126.9)	(123.9)
Movements through allowance account:				
Write-offs (regular)	12.0	9.7	36.4	58.1
Write-offs (debt sale)	–	–	173.2	173.2
Debt sale proceeds	–	–	(60.6)	(60.6)
Derecognition of stage 3 interest	–	–	(3.3)	(3.3)
Other	(0.4)	(0.1)	(5.9)	(6.4)
Allowance account at 31 December	(73.3)	(44.7)	(42.0)	(160.0)
Reported amounts receivable from customers at 31 December	1,063.3	55.1	31.5	1,149.9
Reported amounts receivable from customers at 1 January	1,114.8	103.7	59.2	1,277.7

¹ Drawdowns, net transfers and changes in credit risk in the allowance account reconciliation have been represented to show direct ECL transfers between stages at point of transfer, with remeasurements within existing stage reflecting subsequent allowance changes and balance movements.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12 Amounts receivable from customers (continued)

In the amounts receivable from customers reconciliation above:

- originations relate to the closing gross carrying and allowance amounts in the first month of being a new customer;
- other movements to gross carrying amount primarily relate to recognition of deferred acquisition costs; and
- remeasurements within existing stage capture both allowance changes arising from stage transfers and those driven by balance movements.

Total Credit Cards interest and fee income from customers of £406.4m (2024: £402.4m) comprises of £370.8m (2024: £365.7m) interest income and £35.6m (2024: £36.8m) of fee and commission income.

As at 31 December 2025 unutilised credit card commitments were £1,871.5m (2024: £1,476.3m).

An increase of 1% of the gross exposure into stage 2 from stage 1 would result in an increase in the allowance account of £3.7m (2024: £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 in-model and post-model overlays for Credit Cards is shown below:

	2025	2024
	£m	£m
Core model	173.2	155.6
Post model (under)/overlays	(3.7)	4.4
Total	169.5	160.0
	2025	2024
	£m	£m
Post model (under)/overlays:		
Loss given default calibration (note (a))	1.4	–
Persistent debt (note (b))	(2.8)	–
Balance transfer new originations (note (c))	(2.3)	–
Macroeconomic model redevelopment (note (d))	–	4.0
Other	–	0.4
Total post model (under)/overlays	(3.7)	4.4
Total (under)/overlays	(3.7)	4.4

(a) Loss given default (LGD) calibration

A LGD refresh was performed to calibrate expected cash recoveries to latest available data.

(b) Persistent debt

As part of ongoing model enhancements, a review of persistent debt accounts at 36 months was undertaken. The exposure at default (EAD) framework was recalibrated to better reflect expected balance and utilisation at default for these accounts

(c) Balance transfer (BT) new originations

A calibration was required for newer lower risk BT accounts as the observed default rates were lower than the model was predicting. The overlay adjusts the 12-month probability of default for these accounts in Stage 1.

(d) Macroeconomic redevelopment

The macroeconomic model has been redeveloped and the model overlay released.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12 Amounts receivable from customers (continued)

A breakdown of the gross credit card receivable by internal credit risk rating is shown below:

				2025
	Stage 1	Stage 2	Stage 3	Total
	£m	£m	£m	£m
Good	964.6	14.2	11.6	990.4
Satisfactory	373.1	89.5	18.0	480.6
Lower quality	13.8	35.4	33.6	82.8
Total	1,351.5	139.1	63.2	1,553.8

				2024 (represented) ¹
	Stage 1	Stage 2	Stage 3	Total
	£m	£m	£m	£m
Good	809.8	5.7	14.2	829.7
Satisfactory	316.2	63.4	27.6	407.2
Lower quality	10.6	30.7	31.7	73.0
Total	1,136.6	99.8	73.5	1,309.9

¹ 2024 represented to align with internal credit risk ratings adopted in 2025

Internal credit risk rating is based on probability of default metrics, aligned to internal management reporting.

Amounts receivable from customers for Second Charge Mortgages can be reconciled as follows:

				2025
	Stage 1	Stage 2	Stage 3	Total
	£m	£m	£m	£m
Gross carrying amount				
At 1 January	224.2	1.2	0.1	225.5
Originations	440.7	–	–	440.7
Net transfers and changes in credit risk:				
- From stage 1 to 2	(5.4)	5.4	–	–
- From stage 1 to 3	(1.4)	–	1.4	–
Repayments	(91.5)	(0.6)	(0.2)	(92.3)
Interest income	28.1	0.3	–	28.4
Other movements	16.9	0.2	–	17.1
At 31 December	611.6	6.5	1.3	619.4
Allowance account				
At 1 January	(0.1)	(0.1)	–	(0.2)
Movements through income statement:				
Originations	(0.2)	–	–	(0.2)
Net transfers and changes in credit risk:				
- Remeasurements within existing stage	–	(0.4)	(0.1)	(0.5)
Total movements through income statement	(0.2)	(0.4)	(0.1)	(0.7)
Allowance account at 31 December	(0.3)	(0.5)	(0.1)	(0.9)
Reported amounts receivable from customers at 31 December	611.3	6.0	1.2	618.5
Reported amounts receivable from customers at 1 January	224.1	1.1	0.1	225.3

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12 Amounts receivable from customers (continued)

	Stage 1	Stage 2	Stage 3	2024 Total
	£m	£m	£m	£m
Gross carrying amount				
At 1 January	2.8	–	–	2.8
Originations	217.7	–	–	217.7
Net transfers and changes in credit risk:				
- From stage 1 to 2	(1.2)	1.2	–	–
- From stage 1 to 3	(0.1)	–	0.1	–
Repayments	(8.9)	–	–	(8.9)
Interest income	4.8	–	–	4.8
Other movements	9.1	–	–	9.1
At 31 December	224.2	1.2	0.1	225.5
Allowance account				
At 1 January	–	–	–	–
Movements through income statement:				
Originations	(0.1)	–	–	(0.1)
Net transfers and changes in credit risk:				
- Remeasurements within existing stage	–	(0.1)	–	(0.1)
Total movements through income statement	(0.1)	(0.1)	–	(0.2)
Allowance account at 31 December	(0.1)	(0.1)	–	(0.2)
Reported amounts receivable from customers at 31 December	224.1	1.1	0.1	225.3
Reported amounts receivable from customers at 1 January	2.8	–	–	2.8

Other movements in gross receivables relates to the capitalisation of deferred acquisition costs.

Total Second Charge Mortgages interest and fee income from customers of £28.4m (2024: £4.8m) comprises of £28.4m (2024: £4.8m) interest income and £1.0m (2024: £nil) of fee and commission income.

An increase of 1% of the gross exposure into stage 2 from stage 1 would result in an increase in the allowance account of £0.5m (2024: £nil) based on applying the difference between the coverage ratios from stage 1 to stage 2 to the movement in gross exposure.

There are no post-model overlays for Second Charge Mortgages (2024: none).

A breakdown of the gross Second Charge Mortgages receivable by internal credit risk rating is shown below:

	Stage 1	Stage 2	Stage 3	2025 Total
	£m	£m	£m	£m
Good	611.6	–	–	611.6
Satisfactory	–	6.5	–	6.5
Lower quality	–	–	1.3	1.3
Total	611.6	6.5	1.3	619.4

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12 Amounts receivable from customers (continued)

	Stage 1	Stage 2	Stage 3	2024 Total
	£m	£m	£m	£m
Good	224.2	–	–	224.2
Satisfactory	–	1.2	–	1.2
Lower quality	–	–	0.1	0.1
Total	224.2	1.2	0.1	225.5

Low-quality receivables relate to defaulted accounts and are therefore assigned as stage 3; satisfactory receivables consist non-defaulted accounts in arrears; high-quality receivables consist of accounts not in arrears.

The movement in directly attributable acquisition costs (DAC) included within amounts receivable from customers can be analysed as follows:

	2025			2024		
	Credit Cards	Second Charge Mortgages	Total continuing	Credit Cards	Second Charge Mortgages	Total continuing
	£m			£m		
DAC asset						
Brought forward from continuing operations	25.5	8.4	33.9	32.3	0.1	32.4
Capitalised	11.6	16.2	27.8	5.8	9.2	15.0
Amortised	(8.6)	(4.6)	(13.2)	(12.6)	(0.9)	(13.5)
Carried forward from continuing operations	28.5	20.0	48.5	25.5	8.4	33.9
DAC asset from discontinued operations			–			0.4
Total DAC asset			48.5			34.3

The impairment in the income statement of £139.2m (2024: £124.7m) includes a credit of £1.1m (2024: charge of £0.6m) in relation to the loan to related party (note 13) and loans held within trade and other receivables (note 14).

The average effective interest rate for the year ended 31 December 2025 was 26.6% for Credit Cards (2024: 28.3%) and 8.5% for Second Charge Mortgages (2024: 8.9%).

The average period to maturity of the amounts receivable from customers within Second Charge Mortgages is 18.5 years (2024: 18.4 years). Within Credit Cards, for the majority of customers, there is no fixed term for repayment other than a general requirement for customers to make a monthly minimum repayment towards their outstanding balance. This is currently the greater of 1% of the amount owed plus any fees and interest charges in the month and £10.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13 Loan to related party

At 31 December 2025, the Company had extended loans to Moneybarn No.1 Limited, with a carrying amount of £361.0m (2024: £381.9m), categorised as Stage 1 against which an ECL impairment provision of £1.8m (2024: £2.2m) is recognised. The fair value of the loan is approximately equal to the book value. Movements in this impairment provision are recognised within impairment charges. As at 31 December 2025, the amount expected to be recovered after more than 12 months is £199.0m (2024: £202.5m).

The interest rates applicable on the loan tranches are fixed at the point of drawdown and are based on the Company's average cost of retail funds (for the weighted average life) plus a margin and range from 2.43% to 6.48%. The Company recognised income on the loan to Moneybarn No.1 Limited of £18.5m in 2025 (2024: £21.9m). Accrued interest is repaid to the Company on the last business day of the month and is not compounded.

14 Trade and other receivables

	2025	2024
	£m	£m
Current assets		
Trade and other receivables	1.2	2.2
Collateral	23.2	6.5
External counterparty loans	–	18.3
Stock	0.3	0.2
Finance lease receivable (note (a))	5.2	6.2
Intercompany account	66.0	26.1
Prepayments	24.1	22.8
Accrued income	1.2	1.2
Total	121.2	83.5

Collateral represents cash collateral the Company has provided to its banking counterparties as security against the mark-to-market exposure on its derivative financial instruments of £11.8m (2024: £nil), and collateral required by Visa to support settlement activity of £11.4m (2024: £6.5m).

External counterparty loans represents the loan made to one of the Company's Second Charge Mortgage originators that was repaid during the year.

There are £nil amounts past due in respect of trade and other receivables (2024: £nil). An impairment provision of £nil (2024: £0.8m) is held against external counterparty loans.

Amounts owed on intercompany accounts of £66.0m (2024: £26.1m) are categorised as Stage 1 against which no provision is recognised. No amounts have been categorised as Stage 2 or Stage 3. No provision has been recognised as the loan entities have sufficient expected cash flow to service their obligations and/or sufficient realisable net assets to sell in the event of a default. There has also been no quantitative or qualitative indicators of SICR.

Amounts owed by Group undertakings are unsecured and repayable on demand or within one year, and generally accrue interest at rates linked to SONIA.

Stock represents plastic card stock.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14 Trade and other receivables (continued)

(a) Finance lease receivable analysis

A maturity analysis of the amounts receivable under the finance lease is shown below:

	2025	2024
	£m	£m
Due within one year	1.0	1.0
Due between one and two years	1.0	1.0
Due between two and three years	1.0	1.0
Due between three and four years	1.0	1.0
Due between four and five years	1.0	1.0
Due in more than five years	0.4	1.5
Total	5.4	6.5
Unearned finance cost	(0.2)	(0.3)
Total lease receivable	5.2	6.2

Undiscounted lease payments analysed as:

	2025	2024
	£m	£m
Recoverable after 12 months	4.4	5.5
Recoverable within 12 months	1.0	1.0
Total	5.4	6.5

Net investment in the lease analysed as:

	2025	2024
	£m	£m
Recoverable after 12 months	4.3	5.3
Recoverable within 12 months	0.9	0.9
Total	5.2	6.2

The finance lease arrangement does not include variable payments. The average effective interest rate contracted is approximately 1.1% per annum. No impairment has been raised against the lease receivable.

15 Investments

Investments comprise preferred shares in Visa, Inc. held by the Company which had a fair value of £2.4m as at 31 December 2025 (2024: £2.3m). Visa shares comprised preferred stock only.

The Visa Inc. shares represent preferred stock in Visa Inc. held by the Company. The valuation of the preferred stock has been determined using the common stock's value as an approximation as both classes of stock have similar dividend rights. However, adjustments have been made for: (i) illiquidity, as the preferred stock is not tradeable on an open market and can only be transferred to other Visa members; and (ii) future litigation costs which could affect the valuation of the stock prior to conversion.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16 Property, plant and equipment

	2025			2024		
	Leasehold land and buildings	Equipment and vehicles	Total	Leasehold land and buildings	Equipment and vehicles	Total
	£m			£m		
Cost						
At 1 January	7.1	8.9	16.0	4.9	7.2	12.1
Additions	0.2	1.2	1.4	–	1.2	1.2
Transfers	2.7	–	2.7	2.2	1.0	3.2
Disposals	–	(0.5)	(0.5)	–	(0.5)	(0.5)
At 31 December	10.0	9.6	19.6	7.1	8.9	16.0
Accumulated depreciation						
At 1 January	4.5	6.1	10.6	2.1	5.1	7.2
Charged to the income statement	0.7	1.0	1.7	0.6	0.7	1.3
Transfers	0.5	–	0.5	1.8	0.6	2.4
Impairment	–	–	–	–	0.1	0.1
Disposal	–	(0.4)	(0.4)	–	(0.4)	(0.4)
At 31 December	5.7	6.7	12.4	4.5	6.1	10.6
Net book value at 31 December	4.3	2.9	7.2	2.6	2.8	5.4
Net book value at 1 January	2.6	2.8	5.4	2.8	2.1	4.9

The loss on disposal of property, plant and equipment in 2025 amounted to £0.1m (2024: £0.1m). The loss comprised proceeds received of £nil (2024: £nil) less the net book value of disposals of £0.1m (2024: £0.1m).

On 31 October 2025, the Company acquired substantially all of the intragroup service providing trade and the associated assets and liabilities of Vanquis Banking Group plc, the ultimate parent undertaking. At the effective date, property, plant and equipment of £2.2m were transferred for an amount equal to their net book value.

On 31 December 2024, the Company acquired the trade undertaking and the associated assets and liabilities of PFG Corporate Services Limited and Moneybarn Limited, fellow subsidiaries of the ultimate parent undertaking. At the effective date, property, plant and equipment of £0.3m from PFG Corporate Services Limited and £0.5m from Moneybarn Limited were transferred for an amount equal to their net book value.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

17 Intangible assets

	2025			2024		
	£m			£m		
	Computer software	Computer software under development	Total	Computer software	Computer software under development	Total
Cost						
At 1 January	51.9	25.8	77.7	44.8	15.6	60.4
Additions	–	14.6	14.6	–	11.6	11.6
Transfers	18.2	(16.2)	2.0	22.2	(1.4)	20.8
Disposals	(5.7)	–	(5.7)	(15.1)	–	(15.1)
At 31 December	64.4	24.2	88.6	51.9	25.8	77.7
Accumulated amortisation						
At 1 January	28.2	–	28.2	22.0	–	22.0
Charged to the income statement	8.7	–	8.7	8.2	–	8.2
Transfer	0.8	–	0.8	4.6	–	4.6
Disposal	(4.5)	–	(4.5)	(6.6)	–	(6.6)
At 31 December	33.2	–	33.2	28.2	–	28.2
Net book value at 31 December	31.2	24.2	55.4	23.7	25.8	49.5
Net book value at 1 January	23.7	25.8	49.5	22.8	15.6	38.4

The loss on disposal of computer software in 2025 amounted to £1.2m (2024: £8.5m) and represented proceeds received of £nil (2024: £nil) less the net book value of disposals of £1.2m (2024: £8.5m). The loss on disposal in 2025 related to discontinued operations (2024: continuing operations).

The Computer software are internally generated assets. The additions of £14.6m (2024: £11.6m) are all internally generated assets.

On 31 October 2025, the Company acquired substantially all of the intragroup service providing trade and the associated assets and liabilities of Vanquis Banking Group plc, the ultimate parent undertaking. At the effective date, intangible assets of £1.2m were transferred for an amount equal to their net book value.

On 31 December 2024, the Company acquired the trade undertaking and the associated assets and liabilities of PFG Corporate Services Limited and Moneybarn Limited, fellow subsidiaries of the ultimate parent undertaking. At the effective date, intangible assets of £15.0m from PFG Corporate Services Limited (predominantly Gateway platform related) and £1.2m from Moneybarn Limited were transferred for an amount equal to their net book value.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

18 Right of use assets

	2025	2024
	£m	£m
Cost		
At 1 January	41.2	36.7
Additions	–	0.5
Transfers	9.7	4.0
At 31 December	50.9	41.2
Accumulated depreciation		
At 1 January	32.2	26.3
Charged to the income statement	3.0	2.7
Transfers	3.6	3.2
At 31 December	38.8	32.2
Net book value at 31 December	12.1	9.0
Net book value at 1 January	9.0	10.4

All right-of-use assets relate to property leases.

On 31 October 2025, the Company acquired substantially all of the intragroup service providing trade and the associated assets and liabilities of Vanquis Banking Group plc, the ultimate parent undertaking. At the effective date, right-of-use assets of £6.1m were transferred for an amount equal to their net book value.

On 31 December 2024, the Company acquired the trade undertaking and the associated assets and liabilities of PFG Corporate Services Limited and Moneybarn Limited, fellow subsidiaries of the ultimate parent undertaking. At the effective date, right of use assets of £0.3m from PFG Corporate Services Limited and £0.6m from Moneybarn Limited were transferred for an amount equal to their net book value.

19 Derivative financial instruments

The Company enters into derivative financial instruments, primarily interest rate swaps, exclusively for risk management purposes. These instruments are used to mitigate specifically identified interest rate risks arising from recognised assets and liabilities. The Company does not engage in derivative trading.

All derivatives are recognised on the balance sheet at fair value using valuation techniques based on observable market data. The Company applies standard discounted cash flow methodologies, using externally sourced SONIA yield curves and OIS discount factors. Where the criteria under IAS 39 are met, hedge accounting is applied. Where derivatives form part of an economic hedging strategy but do not qualify for hedge accounting, they are measured at fair value through profit or loss.

The Company designates:

- portfolio fair value hedges of interest rate risk; and
- fair value hedges of specific financial assets or liabilities.

The Company is party to 26 (2024: 6) internal rate swap contracts. As at 31 December 2025, 20 of these swaps were designated within qualifying hedging relationships.

In 2025, the Company entered into three new categories of interest rate swaps, all of which are designated in hedge accounting relationships.

1. To diversify excess liquidity investments, the Company began purchasing UK Gilts. Interest rate risk arising from these holdings was managed through par-to-par interest rate swaps with terms aligned to the underlying Gilts. As at 31 December 2025, 12 such swaps were in place.
2. Following growth in the Second Charge Mortgages portfolio, the Company entered into 6 interest rate swaps to manage the associated interest rate risk.
3. The Company also transacted 2 external deposit swaps to manage interest rate risk arising from retail customer deposit balances.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

19 Derivative financial instruments (continued)

During the period, all internal retail deposit swaps were fully settled. All externally facing derivatives held by Vanquis Banking Group plc were novated to Vanquis Bank Limited in December 2025 at the prevailing market value on the date of transfer, resulting in no impact to the profit and loss statement.

The analysis below distinguishes between derivatives accounted for as fair value hedges and those measured at fair value through profit or loss.

	2025		2024	
	Assets £m	Liabilities £m	Assets £m	Liabilities £m
Fair value of derivatives				
Derivatives in hedge accounting relationships				
<i>Fair value portfolio hedges</i>				
Interest rate swaps				
Fixed to floating	–	(0.5)	–	–
Floating to fixed	0.2	–	0.2	(0.6)
Total derivatives in portfolio fair value hedging relationships	0.2	(0.5)	0.2	(0.6)
<i>Individual fair value hedges</i>				
Fixed to floating	0.1	(2.5)	–	–
Floating to fixed	–	–	–	–
Total derivatives in hedge accounting relationships	0.3	(3.0)	0.2	(0.6)
Other derivatives				
Interest rate swaps	4.1	(4.1)	–	–
Total recognised derivative assets/(liabilities)	4.4	(7.1)	0.2	(0.6)

	2025		2024	
	Assets £m	Liabilities £m	Assets £m	Liabilities £m
Notional of derivatives				
Derivatives in hedge accounting relationships				
<i>Fair value portfolio hedges</i>				
Interest rate swaps				
Fixed to floating	–	59.0	–	–
Floating to fixed	150.0	–	60.0	70.0
Total derivatives in portfolio fair value hedging relationships	150.0	59.0	60.0	70.0
<i>Individual fair value hedges</i>				
Fixed to floating	35.0	215.0	–	–
Floating to fixed	–	–	–	–
Total derivatives in hedge accounting relationships	185.0	274.0	60.0	70.0
Other derivatives				
Interest rate swaps	547.7	547.7	–	–
Total derivative notional	732.7	821.7	60.0	70.0

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

19 Derivative financial instruments (continued)

The associated fair value adjustment for hedged risk and balance sheet balance this is included against is outlined below.

	2025		2024	
	FV adjustment for hedged risk	Hedge effectiveness	FV adjustment for hedged risk	Hedge effectiveness
	£m	£m	£m	£m
Gilt swaps (note 11)	1.3	–	–	–
Second Charge Mortgages swaps (note 12)	0.4	–	–	–
External retail deposit swaps (note 22)	(0.2)	–	–	–
Internal retail deposit swaps (note 22)	–	0.1	(0.1)	0.2
Total at 31 December	1.5	0.1	(0.1)	0.2

The tables below set out the carrying amounts of hedged items in fair value hedge relationships at year end. The amounts represent the monetary exposure to interest rate risk designated as the hedged item for each relationship.

Hedged items	2025		2024	
	Assets	Liabilities	Assets	Liabilities
	£m	£m	£m	£m
Monetary amount of risk relating to				
<i>Fair value portfolio hedges</i>				
Second Charge Mortgages	59.0	–	–	–
Retail deposits	–	(150.0)	–	(130.0)
Total hedged items in portfolio hedges	59.0	(150.0)	–	(130.0)
<i>Individual fair value hedges</i>				
Gilts	250.0	–	–	–
Total hedged items in individual hedges	250.0	–	–	–

Macro fair value hedges

The Company applies macro fair value hedge accounting to portfolios of fixed-rate Second Charge Mortgages and fixed-rate retail deposits.

The hedged items represent designated portions of these portfolios allocated to defined repricing time buckets. The hedged risk is exposure to changes in fair value attributable to movements in the designated benchmark interest rate (SONIA).

Interest rate swaps are used as hedging instruments.

The hedge ratio is determined by reference to the interest rate risk position within each repricing time bucket. The amount designated as hedged reflects the proportion of the interest rate risk exposure that the Company chooses to hedge in line with its asset and liability management strategy.

An economic relationship exists because changes in the fair value of the designated portion of the portfolios attributable to movements in the benchmark rate are expected to be offset by changes in the fair value of the swaps.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

19 Derivative financial instruments (continued)

Sources of hedge ineffectiveness may include:

- behavioural assumptions, including mortgage prepayment risk and early withdrawal of deposits;
- differences between expected and actual repricing profiles;
- basis differences between contractual product rates and the designated benchmark rate;
- yield curve shape changes; and
- differences in yield curve construction or interpolation methodologies used in the valuation of hedged items and hedging instruments.

Micro fair value hedges

The Company designates individual fixed-rate instruments in micro fair value hedge relationships. These include UK Government bonds (Gilts).

The hedged risk is exposure to changes in fair value attributable to movements in the designated benchmark interest rate (SONIA).

Interest rate swaps are used as hedging instruments.

The hedge ratio is determined by aligning the nominal amount of the swap with the principal amount of the hedged instrument. The Company generally applies a 1:1 hedge ratio, consistent with its risk management strategy.

An economic relationship exists because changes in the fair value of the hedged instrument attributable to the benchmark rate are expected to be offset by changes in the fair value of the swap. This relationship is assessed using discounted cash flow modelling based on observable market yield curves.

Sources of hedge ineffectiveness may include:

- differences between the contractual coupon and the designated benchmark rate;
- timing differences in cash flows or reset dates; and
- differences in yield curve construction or interpolation methodologies.

The total Company hedge ineffectiveness in 2025 was £0.1m (2024: £0.3m).

Hedge ineffectiveness is recognised in line with interest from the underlying hedged item (interest income or interest expense). Had hedge accounting not been applied, the Company would recognise a total debit to the income statement of £1.6m (2024: debit of £0.5m).

Swaps not designated in hedge accounting relationships

The Company also holds 5 interest rate swaps that are not currently designated in hedge accounting relationships. These swaps were structured to offset one another in order to transfer the derivative positions from the external counterparty to Vanquis Banking Group plc.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

20 Deferred tax

Deferred tax is a future tax liability or asset resulting from temporary differences between the accounting value of assets and liabilities and their value for tax purposes or from tax losses carried forward at the reporting date.

Deferred tax arises primarily in respect of: (a) property, plant and equipment which is depreciated on a different basis for tax purposes (accelerated capital allowances); (b) the opening balance sheet adjustments to restate the IAS 39 balance sheet onto an IFRS 9 basis for which tax deductions are available over 10 years; (c) the investment in the preference shares in Visa Inc which are recognised at fair value for accounting purposes but which are taxed only on disposal; and (d) other temporary differences, which include: (i) the opening balance sheet adjustment in respect of the change of accounting treatment of directly attributable acquisition costs which is taxable over 10 years; (ii) the opening balance sheet adjustment in respect of the adoption of IFRS 16 (Leases) which is deductible over the average period of the relevant leases; (iii) deductions for employee share awards which are recognised differently for tax purposes; (iv) certain cost provisions for which tax deductions are only available when the costs are paid; (v) certain intangible fixed asset additions where tax deductions have been accelerated, and (vi) tax losses carried forward for offset against future group profits.

Deferred tax balances have been measured at the mainstream corporation tax rate of 25% except to the extent the temporary differences on which deferred tax has been calculated are expected to reverse when profits are forecast to be above the bank corporation tax surcharge threshold of £100m, in which case deferred tax will be measured at the combined mainstream corporation tax rate (25%) and bank corporation tax surcharge rate (3%) of 28%.

Asset	2025	2024
	£m	£m
At 1 January	9.8	12.1
Charge to the income statement (note 6)	(1.6)	(2.0)
Transferred in from other group companies	0.3	(0.3)
At 31 December	8.5	9.8

An analysis of the deferred tax asset for the Company is set out below:

	2025					
	Accelerated capital allowances	IFRS 9	Visa Inc	Other temporary differences	Losses	Total
	£m	£m	£m	£m	£m	£m
At 1 January	2.1	11.3	(0.5)	(3.7)	0.6	9.8
(Charge)/credit to the income statement	0.4	(3.7)	–	2.3	(0.6)	(1.6)
Transferred in from other group companies	0.5	–	–	(0.2)	–	0.3
At 31 December	3.0	7.6	(0.5)	(1.6)	–	8.5

	2024					
	Accelerated capital allowances	IFRS 9	Visa Inc	Other temporary differences	Losses	Total
	£m	£m	£m	£m	£m	£m
At 1 January	1.0	15.0	(1.3)	(2.6)	–	12.1
(Charge)/credit to the income statement	0.5	(3.7)	0.8	(0.2)	0.6	(2.0)
Transferred in from other group companies	0.6	–	–	(0.9)	–	(0.3)
At 31 December	2.1	11.3	(0.5)	(3.7)	0.6	9.8

No deferred tax asset is provided in respect of capital losses carried forward of £2.8m (2024: £3.1m) as it is not probable that future chargeable gains will be realised against which these losses can be utilised.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

21 Financial instruments

(a) Classification and measurement

The following table sets out the carrying value of the Company's financial assets and liabilities in accordance with the categories of financial instruments set out in IFRS 9. Assets and liabilities outside the scope of IFRS 9 are shown within non-financial assets/liabilities:

	2025			
	Investments held at fair value	Amortised cost	Non- financial assets/ liabilities	Total
	£m	£m	£m	£m
Assets				
Cash and cash equivalents	–	745.8	–	745.8
Investment securities	–	254.6	–	254.6
Amounts receivable from customers	–	2,003.2	–	2,003.2
Loan to related party	–	359.2	–	359.2
Trade and other receivables	–	95.9	25.3	121.2
Investments	2.4	–	–	2.4
Property, plant and equipment	–	–	7.2	7.2
Intangible assets	–	–	55.4	55.4
Right-of-use assets	–	–	12.1	12.1
Derivative financial instruments	4.4	–	–	4.4
Deferred tax assets	–	–	8.5	8.5
Total assets	6.8	3,458.7	108.5	3,574.0
Liabilities				
Retail deposits	–	3,019.9	–	3,019.9
Lease liabilities	–	21.2	–	21.2
Trade and other payables	–	76.7	–	76.7
Provisions	–	–	3.0	3.0
Derivative financial instruments	7.1	–	–	7.1
Current tax liabilities	–	–	8.1	8.1
Total liabilities	7.1	3,117.8	11.1	3,136.0

The carrying value for all financial assets represents the maximum exposure to credit risk.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

21 Financial instruments (continued)

2024

	Investments held at fair value £m	Amortised cost £m	Non-financial assets/ liabilities £m	Total £m
Assets				
Cash and cash equivalents	–	945.0	–	945.0
Amounts receivable from customers	–	1,419.2	–	1,419.2
Loan to related party	–	379.7	–	379.7
Trade and other receivables	–	59.5	24.0	83.5
Investments	2.3	–	–	2.3
Property, plant and equipment	–	–	5.4	5.4
Intangible assets	–	–	49.5	49.5
Right-of-use assets	–	–	9.0	9.0
Current tax assets	–	–	3.8	3.8
Derivative financial instruments	0.2	–	–	0.2
Deferred tax assets	–	–	9.8	9.8
Total assets	2.5	2,803.4	101.5	2,907.4
Liabilities				
Retail deposits	–	2,428.1	–	2,428.1
Central bank facilities	–	4.2	–	4.2
Lease liabilities	–	21.1	–	21.1
Trade and other payables	–	82.6	–	82.6
Provisions	–	–	9.1	9.1
Derivative financial instruments	0.6	–	–	0.6
Total liabilities	0.6	2,536.0	9.1	2,545.7

(b) Fair values of financial assets and liabilities held at fair value

The Company holds certain financial assets and liabilities at fair value, grouped into levels 1 to 3 of the fair value hierarchy on the degree to which the fair value is observable. The following financial assets and liabilities are held at fair value:

	2025			2024		
	Level 1 £m	Level 2 £m	Level 3 £m	Level 1 £m	Level 2 £m	Level 3 £m
Investments held at fair value through P&L:						
– Visa Inc. shares	–	–	2.4	–	–	2.3
Derivatives held at fair value through P&L:						
– Gilt swaps	–	(2.4)	–	–	–	–
– Second Charge Mortgages swaps	–	(0.5)	–	–	–	–
– External deposit swaps	–	0.2	–	–	–	–
– Internal deposit swaps	–	–	–	–	(0.4)	–
Total assets/(liabilities)	–	(2.7)	2.4	–	(0.4)	2.3

Level 1 fair value measurements are those derived from quoted market prices in active markets for identical assets and liabilities.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

21 Financial instruments (continued)

Level 2 fair value measurements are those derived from inputs other than quoted market prices included in level 1 that are observable for the asset or liability either directly or indirectly. Gilts, Second Charge Mortgage and external deposit swaps, which are over-the-counter vanilla swaps that are not publicly traded, are classified as Level 2 instruments as their valuation can be easily reproduced with publicly available information.

Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs). The Company holds Visa preferred stock in level 3.

Transfers between the different levels of the fair value hierarchy would be made when the inputs used to measure the fair value no longer satisfy the conditions required to be classified in a certain level within the hierarchy.

Visa Inc shares

The valuation has been determined using a combination of observable and non-observable inputs. As the common stock share price of Visa Inc. is readily available, this input is deemed to be observable. However, certain assumptions have been made in respect of the illiquidity adjustment to the share price and the likelihood of future litigation costs. These inputs are therefore deemed to be a significant unobservable input.

The following table sets out their movement during the year:

	2025	2024
	£m	£m
At 1 January	2.3	5.4
Gain recognised in income statement	0.1	1.2
Disposal of investment	–	(4.3)
At 31 December	2.4	2.3

The illiquidity adjustment has been estimated at around 6% and the expected future litigation costs have been estimated around 15% of the Visa Inc. share price. These assumptions are consistent with 2024.

The higher the illiquidity and future litigation costs the lower the fair value. A sensitivity to the unobservable inputs, in isolation, would not have a material impact on the Company's profit before tax.

Interest rate swaps

The Company is counterparty to 23 external swaps and 2 intercompany swaps. These swaps include:

- Investment securities swaps: transacted to hedge interest rate risk of UK government bonds (Gilts);
- Second Charge Mortgages swaps: transacted to hedge interest rate risk of Second Charge Mortgages portfolio;
- Deposit swaps: transacted to hedge interest rate risk of retail deposits.

The following table sets out the movement during the year:

	2025	2024
	£m	£m
At 1 January	(0.4)	(0.2)
Fair value loss recognised in income statement	(2.3)	(0.2)
At 31 December	(2.7)	(0.4)

The fair value loss recognised in the Company's income statement of £2.3m (2024: £0.2m) is before the application of hedge accounting. The effect of applying hedge accounting resulted in a loss of £0.5m (2024: loss of £0.2m).

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

21 Financial instruments (continued)

(c) Fair values of financial assets and liabilities not held at fair value

The table below shows the fair value of financial assets and liabilities not presented at fair value in the balance sheet:

	2025		2024	
	Fair value £m	Book value £m	Fair value £m	Book value £m
Assets				
Cash and cash equivalents	745.8	745.8	945.0	945.0
Investment securities	254.3	254.6	–	–
Amounts receivable from customers	2,120.2	2,003.2	1,501.9	1,419.2
Trade and other receivables	121.2	121.2	83.5	83.5
Total assets	3,241.5	3,124.8	2,530.4	2,447.7
Liabilities				
Retail deposits	2,986.3	3,019.9	2,400.4	2,428.1
Central bank facilities	–	–	4.2	4.2
Trade and other trade payables	76.7	76.7	82.6	82.6
Lease liabilities	21.2	21.2	21.1	21.1
Total liabilities	3,084.2	3,117.8	2,508.3	2,536.0

Key considerations in the calculation of fair values of those financial assets and liabilities not presented at fair value in the balance sheet are set out below. Where there is no significant difference between carrying value and fair value no additional information has been presented.

The fair value of investment securities is classed as Level 1 as it has been derived using quoted market prices

The fair value of amounts receivable from customers has been derived by discounting expected future cash flows (net of collection costs) at the credit risk-adjusted discount rate at the balance sheet date. They are categorised within Level 3 as the expected future cash flows and discount rate are deemed to be significant unobservable inputs.

The fair value of retail deposits has been calculated by discounting the expected future cash flows at the relevant market interest rate yield curves prevailing at the balance sheet date and they are categorised within Level 3 of the fair value hierarchy as the expected future cash flows are deemed to be significant unobservable inputs.

22 Bank and other borrowings

(a) Borrowing facilities

A breakdown of borrowings is shown below:

	2025 £m	2024 £m
Retail deposits:	2,986.1	2,398.9
– accrued interest	33.6	29.2
– fair value adjustment for hedged risk (note 19)	0.2	–
Total retail deposits	3,019.9	2,428.1
Bank and other borrowings:		
– centralised bank facilities	–	5.0
– arrangement fees	–	(0.8)
Total bank and other borrowings	–	4.2
Total borrowings	3,019.9	2,432.3

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

22 Bank and other borrowings (continued)

(b) Retail deposits

As at 31 December 2025, £3,019.9m (2024: £2,428.1m) of term, ISA, notice and easy access account deposits had been taken. The deposits were issued at rates of between 0.5% and 6.1% (2024: 0.4% and 6.2%).

Term Funding Scheme for SMEs and Indexed long-Term Repo Scheme

In January 2021, Vanquis Bank Limited, via a special purpose entity, issued a series of asset backed floating rate notes as part of the securitisation of credit card receivables. The senior notes issued in the transaction have been rated AAAsf/Aaa(sf)/AAAsf by Fitch Ratings, Kroll Bond Rating Agency and Standard & Poor's, respectively, and the bonds are listed on the London Stock Exchange.

During the year, the Company has utilised facilities provided by the Bank of England through its Sterling Monetary Framework. These facilities enable either funding or off-balance sheet liquidity to be provided to the Company on the security of eligible collateral, currently in the form of designated pools of the Company's notes described above, with the amount available based on the value of the security given, subject, where appropriate, to a haircut.

The Company makes drawings from central bank facilities from time-to-time for liquidity purposes - there were no drawings outstanding at the year end (2024: £5.0m).

(c) Maturity profile of borrowings and facilities

The maturity profile of borrowings is as follows:

	2025 £m	2024 £m
Repayable:		
In less than one year	2,417.6	1,860.4
Between one and two years	477.8	426.5
Between two and five years	124.5	145.4
Total	3,019.9	2,432.3

As at 31 December 2025, the weighted average period to maturity of committed facilities was 0.7 years (2024: 0.7 years).

(d) Fair value of liabilities

The fair value of the Company's borrowings is compared to their book values as follows:

	2025		2024	
	Book value £m	Fair value £m	Book value £m	Fair value £m
Retail deposits	3,019.9	2,986.3	2,428.1	2,400.4
Central bank facilities	–	–	4.2	4.2
Total	3,019.9	2,986.3	2,432.3	2,404.6

Fair value has been calculated by discounting the expected future cash flows at the relevant market interest rate yield curves prevailing at the balance sheet date and are categorised within level 3 of the fair value hierarchy.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

23 Lease liabilities

A maturity analysis of the lease liabilities is shown below:

	2025	2024
	£m	£m
Due within one year	5.0	7.7
Due between one and five years	15.0	10.5
Due in more than five years	3.2	4.2
Total	23.2	22.4
Unearned finance costs	(2.0)	(1.3)
Total lease liabilities	21.2	21.1

The total cash outflow for leases in the year amounted to £7.2m (2024: £6.2m).

24 Trade and other payables

	2025	2024
	£m	£m
Current liabilities		
Trade payables	14.1	6.2
Other payables including taxation and social security	2.3	2.2
Accruals and deferred income	21.3	22.8
Amounts held on deposit for ultimate parent undertaking	39.0	23.0
Intercompany trading account	–	28.4
Total	76.7	82.6

The fair value of trade, other payables, amounts held on deposit and intercompany trading account equates to their book value (2024: fair value equated to book value).

Included within accruals are £0.5m (2024: £7.2m) of Finance Ombudsman Service (FOS) case fees for amounts payable on cases.

25 Provisions

	2025	2024
	£m	£m
Provision		
At 1 January	9.1	2.7
Created	10.0	17.5
Utilised	(13.9)	(11.9)
Transferred	0.7	0.8
Released	(2.9)	–
At 31 December	3.0	9.1
Analysed as: - due within one year	3.0	9.1
- due in more than one year	–	–
Total	3.0	9.1

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

25 Provisions (continued)

(a) Customer compliance: £0.7m (2024: £7.0m)

The customer compliance provision relates to general customer compliance matters. This includes the costs of processing a temporary uplift in unmerited customer claims from CMCs. An amount for expected FOS fees is also included in the provision.

(b) Other: £2.3m (2024: £2.1m)

Other provisions primarily relate to dilapidations (2024: dilapidations and redundancy).

26 Share capital

		2025	2024
		Issued and fully paid	Issued and fully paid
Ordinary shares of £1 each	- £m	124.2	124.2
Ordinary shares of £1 each	- number (m)	124.2	124.2

There are no shares issued and not fully paid at the end of the year (2024: no shares).

27 Share-based payments

Vanquis Banking Group plc issues share options and awards to employees as part of its employee remuneration packages, and operates the following equity-settled share schemes: the Long Term Incentive Scheme (LTIS), the Restricted Share Plan (RSP), the Company Share Option Plan (CSOP), employees' savings-related share option schemes typically referred to as Save As You Earn schemes (SAYE), and the Deferred Bonus Plan (DBP).

When an equity-settled share option or award is granted, a fair value is calculated based on the share price at grant date, the probability of the option/award vesting, the Group's recent share price volatility, and the risk associated with the option/award. A fair value is calculated based on the value of awards granted and adjusted at each balance sheet date for the probability of vesting against performance conditions.

The fair value of all options/awards is charged to the income statement on a straight-line basis over the vesting period of the underlying option/award.

During 2025, awards/options have been granted under the RSP scheme and SAYE (2024: awards/options have been granted under the RSP scheme).

The charge to the income statement during the year was £0.7m (2024: £0.5m) for equity-settled schemes. The fair value per award/option granted and the assumptions used in the calculation of the equity settled share-based payment charges are as follows:

	2025		2024
	RSP	SAYE	RSP
Grant date	09-Sep-25	09-Oct-25	07-May-24
Share price at grant date (£)	1.09	1.25	0.50
Exercise price (£)	–	0.94	–
Shares awarded / under option	675,251	2,198,616	942,737
Vesting period (years)	3	3 & 5	3
Expected volatility	–	58.5%-63.2%	–
Award / option life (years)	3	3 to 5	3
Expected life (years)	3	3 to 5	3
Risk-free rate	–	3.7%-3.8%	–
Expected dividends expressed as a dividend yield	n/a	4.8%-5.9%	n/a
Fair value per award / option (£)	1.12	0.29-0.30	0.48

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

27 Share-based payments (continued)

The expected volatility is based on historical volatility over the last three or five years depending on the length of the option/award. The expected life is the average expected period to exercise. The risk-free rate of return is the yield on zero coupon UK Government bonds of a similar duration to the life of the share option.

A reconciliation of share option movements during the year is shown below:

	RSP		SAYE		DBP/PSP
	Number	Weighted average exercise price £	Number	Weighted average exercise price £	Number
2025					
Outstanding at 1 January	2,804,848	–	2,339,595	0.93	92,707
Granted	675,251	–	2,198,616	0.94	
Lapsed	(696,499)	–	(394,723)	1.09	
Exercised	(298,176)	–	(10,870)	0.87	
Vested	–	–	–	–	(92,707)
Transferred	2,246,002	–	578,337	0.92	
Outstanding at 31 December	4,731,426	–	4,710,955	0.92	–
Exercisable at 31 December	64,723	–	–	–	–

	RSP		SAYE		DBP/PSP
	Number	Weighted average exercise price £	Number	Weighted average exercise price £	Number
2024					
Outstanding at 1 January	1,213,201	–	2,635,454	1.04	92,707
Granted	942,737	–	–	–	–
Lapsed	(249,005)	–	(1,215,970)	1.15	–
Exercised	(139,360)	–	–	–	–
Transferred	1,037,275	–	920,111	0.93	–
Outstanding at 31 December	2,804,848	–	2,339,595	0.93	92,707
Exercisable at 31 December	34,838	–	86,387	0.95	–

Share awards outstanding under the RSP schemes at 31 December 2025 had an exercise price of £nil (2024: £nil) and a weighted average remaining contractual life of 1.6 years (2024: 1.6 years).

Share options outstanding under the SAYE schemes at 31 December 2025 had exercise prices ranging from 87p to 284p (2024: 87p to 182p) and a weighted average remaining contractual life of 2.4 years (2024: 0.9 years).

There were no share awards outstanding under the DPB schemes at 31 December 2025. The awards had an exercise price of £nil (2024: £nil) and a weighted average remaining contractual life of nil years (2024: 0.3 years).

Share awards outstanding under the CSOP schemes at 31 December 2025 had an exercise price of 259p (2024: ranging from 48p to 296p) and a weighted average remaining contractual life of 0.3 years (2024: 1.6 years).

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

28 Other equity instruments

	2025	2024
	£m	£m
At 1 January	–	–
Issued in the year	59.9	–
At 31 December	59.9	–

On 10 December 2025, the Company issued Additional Tier 1 (AT1) capital securities with a nominal value of £60m, which were wholly subscribed for by the ultimate parent company, Vanquis Banking Group plc. These instruments are perpetual, subordinated and classified as equity in accordance with IAS 32 as they do not contain any contractual obligation to deliver cash or another financial asset.

The AT1 securities carry discretionary, non-cumulative coupons, which are payable semi-annually at a fixed rate of 10.875% per annum. The Company may elect, at its sole discretion, to cancel any coupon payment without constituting an event of default. The instruments do not have a fixed maturity date; however, the Company has an option to redeem them after 1 November 2030, subject to regulatory approval.

The AT1 instruments include a loss absorption feature whereby, upon the occurrence of a trigger event (being the Company's Common Equity Tier 1 ratio falling below 7%), the securities will be written down, as specified in the terms and conditions.

The carrying amount of the AT1 instruments at 31 December 2025 was £59.9m (2024: £nil), which represents the £60m issuance less directly attributable issue costs of £0.1m. There were no other equity instruments outstanding in the prior year.

29 Related party transactions

(a) Receipt of services from related parties

During the year, the Company was charged £38.3m (2024: £64.3m) by its ultimate parent, Vanquis Banking Group plc, in relation to the provision of various head office and central support services. The Company was also charged the following from fellow subsidiaries for the provision of support services, £nil (2024: £5.4m) from PFG Corporate Services Limited and £nil (2024: £4.4m) from Moneybarn Limited.

(b) Provision of services and other charges to related parties

The Company charged its ultimate parent, Vanquis Banking Group plc, £28.8m (2024: £26.8m) in respect of seconded employees. The Company also charged fellow subsidiaries Moneybarn No. 1 Limited £29.4m (2024: £nil) and Moneybarn Limited £nil (2024: £8.0m) in respect of operations management support respectively.

(c) Loan to related party

At 31 December 2025, the Company had extended loans to Moneybarn No.1 Limited, with a carrying amount of £359.2m (2024: £379.7m), net of the ECL impairment provision of £1.8m (2024: £2.2m). The fair value of the loan is approximately equal to the book value.

The interest rates applicable on the loan tranches are fixed at the point of drawdown and are based on the Company's average cost of retail funds (for the weighted average life) plus a margin and range from 2.43% to 6.48%. The Company recognised income on the loan to Moneybarn No.1 Limited of £18.5m in 2025 (2024: £21.9m). Accrued interest is repaid to the Company on the last business day of the month and is not compounded.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

29 Related party transactions

(d) Amounts held on deposit for ultimate parent undertaking

Funds are placed on deposit on behalf of the ultimate parent Company, with the Bank of England. The deposit amount as at 31 December 2025 of £39.0m (2024: £23.0m) is included within trade and other payables. The deposit is repayable on demand to Vanquis Banking Group plc.

The Company pays interest on the deposit at a rate of Bank of England Bank Rate less 0.125% and is calculated on a daily basis and on the basis of a 365-day year. Accrued interest is paid to Vanquis Banking Group on the date of each meeting of the Bank of England's Monetary Policy Committee.

(e) Securitisation

In January 2021 the Company entered into a securitisation structure over £453m of receivables. Special purpose vehicles (SPVs) were established, including Oban Cards 2021-1 plc and Oban Cards Receivables Trustee Limited. Both SPVs are controlled by the Company.

Oban Cards Receivables Trustee Limited acquired a beneficial interest in the transferred receivables in the structure. Oban Cards 2021-1 plc, which holds an interest in Oban Cards Receivables Trustee Limited, issued notes which currently serve as collateral for borrowings made under the Bank of England Sterling Monetary Framework funding schemes.

(f) Related party balances outstanding

Details of the Company's related party balances outstanding at 31 December are set out below:

	2025	2024
	£m	£m
Vanquis Banking Group plc	(33.8)	(23.3)
PFG Corporate Services Limited	–	(21.8)
Provident Financial Holdings Limited	3.5	3.3
Moneybarn Limited	–	(6.3)
Moneybarn No. 1 Limited	392.0	379.7
Oban Cards Receivables Trustee Limited	24.5	22.8
Related party balances outstanding	386.2	354.4

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

30 Reconciliation of profit after taxation to cash generated from operations

	2025	2024 ¹
	£m	£m
Profit after taxation	35.7	7.5
Adjusted for:		
– tax charge/(credit)	9.7	(0.8)
– share-based payment charge	0.7	0.5
– impairment charge	136.1	130.3
– purchase of right-of-use asset	–	(0.5)
– amortisation of intangible assets	8.7	8.2
– depreciation of property, plant and equipment	1.7	1.3
– depreciation of right-of-use asset	3.0	2.7
– impairment of property, plant and equipment	–	0.1
– loss on disposal of intangible assets	1.2	8.5
– loss on disposal of property, plant and equipment	0.1	0.1
– provisions	(6.1)	6.4
– revaluation of investment	(0.1)	(1.2)
– movement in intercompany loan provision	(0.4)	(0.2)
– non cash expenses related to central bank facilities	(0.5)	(1.5)
– derivatives and hedging movements	0.8	0.7
Changes in operating assets and liabilities		
– amounts receivable from customers	(720.2)	(166.8)
– trade and other receivables	(41.6)	(32.8)
– trade and other payables	(4.9)	20.6
– movement in retail deposits	591.6	477.7
Cash generated from operations	15.5	460.8

¹ Detail on restatement set out below

The following changes have been made to the line items presented in the statement of cash flows, with corresponding restatement of the cash flows for the comparative period:

- Finance income and finance costs are no longer separately disclosed within operating cash flows. The total amount of interest received of £474.7m (2024: £468.6m) and interest paid of £52.2m (2024: £53.9m) in the year is now disclosed as a memo item underneath the statement of cash flows on page 32.
- As part of this representation, any non-cash interest is now presented as a separate reconciling item between profit after tax and cash generated from operations. In addition, capitalised interest on retail deposits is now included as part of the movement in retail deposits line within this reconciliation.
- Company cash outflows in relation to internally generated intangibles have been represented from operating cash flows to investing cash flows, in line with the nature of the expenditure.
- The derivatives and hedging movements line within the reconciliation between profit after tax and cash generated from operations now solely represents the non-cash movement in the year on derivatives and hedge accounting adjustments.
- Cash flows relating to the loan to related party have been represented from operating activities to financing activities to better reflect their substance as financing transactions.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

30 Reconciliation of profit after taxation to cash generated from operations (continued)

The affected financial statement line items are as follows:

	As previously presented £m	Adjustment £m	Restated £m
Reconciliation of profit after tax			
Interest expense	107.7	(107.7)	–
Interest on lease liability	0.7	(0.7)	–
Internally generated intangible assets	(11.6)	11.6	–
Derivatives and hedging movement	–	0.7	0.7
Repayment of loan to related party	18.9	(18.9)	–
Movement in retail deposits	425.8	51.9	477.7
Statement of cash flows			
<i>Cash flow from operating activities</i>			
Cash generated from operations	523.9	(63.1)	460.8
Funding costs paid	(55.1)	55.1	–
<i>Cash flows from investing activities</i>			
Purchase of intangible assets	–	(11.6)	(11.6)
<i>Cash flows from financing activities</i>			
Payments on lease liabilities	(6.2)	0.7	(5.5)
Financing of loan to related party	–	(140.0)	(140.0)
Repayment of loan to related party	–	158.9	158.9

There is no impact on the income statement or balance sheet as a result of these changes.

The table below details changes in the Company's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the cash flow statement as cash flows from financing activities.

	2025						
	Cash changes			Non-cash changes			
	1 January 2025 £m	Financing cash flows £m	Lease payments £m	Interest £m	Amortised fees £m	Transfer from fellow subsidiary undertakings £m	31 December 2025 £m
Bank and other borrowings	(4.2)	5.0	–	–	(0.8)	–	–
Lease liabilities	(21.1)	–	7.2	(0.4)	–	(6.9)	(21.2)
Total	(25.3)	5.0	7.2	(0.4)	(0.8)	(6.9)	(21.2)
	2024						
	Cash changes			Non-cash changes			
	1 January 2024 £m	Financing cash flows £m	Lease payments £m	Interest £m	Amortised fees £m	Transfer from fellow subsidiary undertakings £m	31 December 2024 £m
Bank and other borrowings	(174.7)	169.0	–	1.6	(0.1)	–	(4.2)
Lease liabilities	(25.3)	–	6.2	(0.6)	–	(1.4)	(21.1)
Total	(200.0)	169.0	6.2	1.0	(0.1)	(1.4)	(25.3)

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 Country-by-country reporting

The Company provides Credit Cards and Second Charge Mortgages to underserved consumers and operates solely in the United Kingdom.

	UK 2025	UK 2024
Average number of employees (number)	1,101	778
Turnover including discontinued operations (£m)	462.2	450.3
Pre-tax profit including discontinued operations (£m)	45.4	6.7
Corporation tax paid/(received) (£m)	(4.1)	(8.2)
Public subsidies received (£m)	–	–

32 Ultimate parent undertaking and controlling party

The immediate parent undertaking of the Company is Provident Financial Holdings Limited.

The ultimate parent undertaking and controlling party is Vanquis Banking Group plc, a company incorporated in the United Kingdom, which is the smallest and largest group to consolidate these financial statements. Copies of the consolidated financial statements of Vanquis Banking Group plc may be obtained from the Company Secretary, Vanquis Banking Group plc, Fairburn House, 5 Godwin Street, Bradford, BD1 2AH.

33 Subsidiary undertakings and exemption from presenting consolidated financial statements

In January 2021, the Company entered into a securitisation structure over £453m of receivables. Three special purpose vehicles, which the Company does not own, but does control and therefore recognises as its subsidiaries, were established under this securitisation structure.

The Company's subsidiaries are:

- Oban Cards 2021-1 Holdings Limited;
- Oban Cards 2021-1 PLC; and
- Oban Cards Receivables Trustee Limited

All three subsidiaries are registered at 10th Floor, 5 Churchill Place, London, England, E14 5HU.

The Company has not prepared consolidated financial statements and has elected to take the exemption from presenting consolidated financial statements for a parent that is itself a subsidiary, as it meets all of the following conditions:

- the Company is itself a wholly-owned subsidiary and its ultimate parent, Vanquis Banking Group plc, does not object to the Company not presenting consolidated financial statements;
- the Company's debt or equity instruments are not traded in a public market;
- the Company does not file its financial statements with a securities commission or other regulatory organisation for the purpose of issuing any class of instruments in a public market; and
- the ultimate parent, Vanquis Banking Group plc, produces financial statements available for public use that comply with IFRS standards, in which subsidiaries are consolidated in accordance with IFRS 10.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

34 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.

All such material matters are periodically assessed, with the assistance of external professional advisors, where appropriate, to determine the likelihood of the Group incurring a liability.

In those instances where it is concluded that it is more likely than not that a payment will be made, a provision is established for management's best estimate of the amount required at the relevant balance sheet date.

In some cases it may not be possible to form a view, for example because the facts are unclear or because further time is needed to properly assess the merits of the case, and no provisions are held in relation to such matters. However, the Group does not currently expect the final outcome of any such case to have a material adverse effect on its financial position, operations or cash flows.

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ALTERNATIVE PERFORMANCE MEASURES

In addition to statutory results and key performance indicators (KPIs) reported under International Financial Reporting Standards (IFRS), the Company provides certain alternative performance measures (APMs). These APMs are used internally by management and are also deemed helpful in understanding the Company's underlying performance. These non-statutory measures should not be considered as replacements for IFRS measures.

The definition of these non-statutory measures may not be comparable to similarly titled measures reported by other companies.

APM	Method of calculation	Relevance
Average gross receivables	Average of gross customer interest earning balances for the 13 months ended 31 December	This is used to better reflect the seasonality of receivables in calculating performance KPIs
Asset yield (%)	Interest income for the 12 months ended 31 December as a percentage of average gross receivables	This measure shows the returns generated from customer receivables to allow comparison to other banks and banking groups
Net interest margin (%)	Interest income less interest expense for the 12 months ended 31 December as a percentage of average gross receivables	This measure shows the returns generated from customers to allow comparison to other banks and banking groups
Total income margin (%)	Total income for the 12 months ended 31 December as a percentage of average gross receivables	This measure shows the returns from customers before impairment charges
Risk-adjusted margin (%)	Total income less impairment charge for the 12 months ended 31 December as a percentage of average gross receivables	This measure shows the returns from customers after impairment charges
Cost of risk (%)	Impairment charges for the 12 months ended 31 December as a percentage of average gross receivables	This measure shows the cost of impairment charges on customer receivables to allow comparison to other banks and banking groups