Vanquis Banking Group first quarter 2026 trading statement

"Continued delivery"

London – 6 May 2026 - Vanquis Banking Group plc ('the Group' or 'Vanquis'), today published its first quarter trading statement for the three months to 31 March 2026.

Ian McLaughlin, Chief Executive Officer, commented:

"In the first quarter of 2026, we continued to build scale, with gross customer interest-earning balances increasing 4%. Margins remained resilient, with the trajectory in line with our expectations, and the Group delivered a statutory profit, demonstrating sustained momentum. We remain on track to deliver a low double-digit statutory Return on Tangible Equity (ROTE) for the full year.

The benefits of our transformation are increasingly evident in our performance, efficiency and customer proposition. We continue to maintain strong cost discipline, while Gateway, our technology modernisation programme, remains on course for completion in 2026.

Credit quality remains strong, with customers continuing to demonstrate financial resilience. Against an uncertain external backdrop, we remain focused on delivering sustainable, profitable growth for all stakeholders."

Key metrics

Three months ending (£m)	31 Mar 26	31 Dec 25	QoQ % Change	31 Mar 25	YoY % Change
Gross customer interest-earning balances[1]	**2,932**	2,824	4%	2,313	27%
Net receivables	**2,802**	2,691	4%	2,176	29%
Net interest margin (NIM)[2]	**15.6%**	16.1%	(0.5)	17.8%	(2.2)
Risk adjusted margin (RAM)[3]	**9.4%**	9.4%	-	13.2%	(3.8)
Common Equity Tier 1 (CET1) capital ratio[4]	**15.9%**	16.5%	(0.6)	19.0%	(3.1)

Financial highlights

- **Gross customer interest earning balances** grew 4% in the quarter and 27% year-on-year to £2,932m.
    - **Credit Card** balances increased for the fourth consecutive quarter, driven by higher utilisation, strong retention and continued new customer growth. As expected, growth was lower than in 2025.
    - **Vehicle Finance** balances were in line with expectations and are forecast to reduce in 1H26, reflecting disciplined portfolio management ahead of the launch of the new onboarding and servicing platform under the Gateway transformation.
    - **Second Charge Mortgage** balances continued to grow at a steady rate, reaching c.£680m at 31 March 2026.
- **Net receivables** increased 4% in the quarter and 29% year-on-year to £2,802m, consistent with the growth in interest-earning balances.
- **NIM** reduced by 50bps quarter-on-quarter and 220bps year-on-year to 15.6%, reflecting a portfolio mix shift towards lower-yield, lower-risk Second Charge Mortgages and continued growth in 0% balance transfer and promotional Credit Card products. This impact was partially offset by improved Vehicle Finance yields and a lower cost of funds. The proportion of 0% Credit Card products is expected to increase in the near term before moderating later in the year, supporting delivery of FY26 NIM guidance of c.15.5%.
- **RAM** was stable at 9.4%, reflecting disciplined portfolio mix and a lower cost of risk driven by growth in lower-risk Second Charge Mortgages. RAM is expected to increase slightly for the remainder of the year, in line with guidance.

- **CET1 capital ratio** reduced 60bps in the quarter to 15.9%, reflecting the continued deployment of capital for growth, partially offset by profits generated in the quarter.

Operational highlights: Serve More, Serve Responsibly, Scale Profitably

- **Serve More:** Credit Card customers increased to 1.37m, and active Snoop users grew 7% year-on-year to 344k, including 44k Vanquis customers. Snoop continues to enhance customer engagement through money management tools and provides an additional source of funding through its savings proposition.
  - **Customer proposition:** The Group received ServiceMark accreditation from the Institute of Customer Service, reflecting continued progress in customer experience and service quality.
- **Serve Responsibly:** Credit quality remained strong, supported by disciplined underwriting and effective risk management. Customers continued to demonstrate resilience, with stable performance across Credit Cards and Vehicle Finance.
  - **External environment:** The Group remains alert to the potential impact of ongoing geopolitical developments and higher fuel, energy and household cost pressures on consumer confidence and affordability. Leading indicators continue to be monitored closely.
- **Scale Profitably:** The Group delivered a statutory profit for the quarter ended 31 March and remains on track to achieve a low double-digit statutory ROTE for 2026. Gateway-driven transformation savings of £23m–£28m are expected across 2026 and 2027, supported by further funding optimisation, operational efficiency and AI-enabled, technology-driven servicing improvements.
  - **Technology transformation:** Strong customer adoption of the new mobile app, with over 800k customers migrated. The new app provides a strong customer engagement platform, delivering measurable improvements in customer experience, efficiency and a scalable foundation for future growth.

FCA motor finance compensation schemes

- Vanquis did not participate in discretionary commission arrangements (DCAs) and did not operate tied selling arrangements. Therefore, the Group is not in scope for these elements of the FCA motor finance compensation schemes.
- The FCA has published two industry-wide schemes. Vanquis is only exposed to potential redress under Scheme 2, which covers agreements entered into between 1 April 2014 and 1 November 2024.
- The Group has 4,338 credit agreements where commissions paid were above 39% of the total charge for credit and 10% of the total amount of credit.
- The Group continues to review the implementation requirements of the scheme, and the implications for response rates and related operational costs.
- As previously disclosed, the Group has recognised a provision of £3.0m in respect of this matter, which remains unchanged.
- Vanquis remains committed to ensuring customers receive appropriate redress where detriment has occurred.

Outlook and Guidance

All financial guidance remains unchanged.

	2026 Statutory Guidance	2027 Statutory Guidance
Gross customer interest-earning balances	>£3.3bn	>£3.7bn
NIM	c.15.5%	c.14.5%
RAM	>9.5%	>9.0%
Cost: income ratio	High 40s	Mid 40s
ROTE	Low double-digits	Mid-teens
CET1 ratio	>14.5%	

Footnotes

1. *Gross customer interest earning balances exclude post charge off assets and deferred acquisition costs, which are included in gross and net receivables.*
2. *NIM is calculated as interest income less interest expense for the three-month periods to 31 March and 31 December respectively, as a percentage of average gross customer interest earning balances for the three months to the period end, using 4-point month end averages.*
3. *RAM is calculated as total income less impairment charges for the three-month periods to 31 March and 31 December respectively, as a percentage of average gross customer interest earning balances for the three months to the period end, using 4-point month end averages.*
4. *The CET1 capital ratio is calculated as the ratio of the Group's CET1 capital as a percentage of the Group's risk-weighted assets (RWAs) measured in accordance with the UK Capital Requirements Regulation. This includes unverified 1Q26 profits.*

Enquiries

Analysts and shareholders

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

Media

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

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

Forward looking statements

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