vanquis

Delivering caring banking so our customers can make the most of life's opportunities

Vanquis Banking Group plc
Annual Report and Accounts
for the year ended 31 December 2025

Our purpose is to deliver caring banking so our customers can make the most of life's opportunities

Making the most of life's opportunities means different things to different people. It might be borrowing for a car when it matters most, improving a credit score to unlock better options, or simply feeling more in control during tighter months. Our role is to support customers with care and clarity at every stage of their journey.

Our purpose

Delivering caring banking

Customers are at the heart of everything we do. Caring banking means that:

- We care about our customers' needs
- We earn our customers' trust
- We empower customers to make healthy financial choices
- We support our customers when it matters most

Read more on page 14

Our ambition

Helping customers on the path to financial resilience

Striving to become the UK's most trusted and inclusive specialist bank will enable Vanquis to unlock financial opportunity for underserved customers and help them thrive.

Read more on page 14

Our values

Our values in action

Our values and ACT Culture (Ambitious, Caring, Together), guides our decision making and how we work with customers, communities and each other.

- We care about people
- We pull together as a team
- We find a better way
- We get the right things done

Read more on page 73

Our strategy

Serve More, Serve Responsibly, Scale Profitably.

Our strategy guides how we deliver on our purpose and ambition, balancing wider access to credit with strong customer outcomes, disciplined risk management and sustainable returns.

Read more on page 14

Strategic report

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Find out more on our website: vanquis.com/investors

Headlines

2025: Building the foundations for sustainable, profitable growth

In 2025, Vanquis Banking Group returned to profitability, strengthened its balance sheet and advanced its strategic priorities.

Backed by strong credit quality, disciplined cost control, and continued transformation, the Group delivered accelerated growth in interest-earning balances, strengthening its platform for long-term value creation.

With a clear strategy, focused execution and an experienced leadership team, Vanquis is creating enduring value for customers, colleagues and shareholders.

Statutory ROTE

2.3%

FY24: (32.1)%

Net interest margin

16.8%

FY24: 18.5%

Cost: income

58.4%

FY24: 89.4%

Common Equity Tier 1 ratio

16.5%

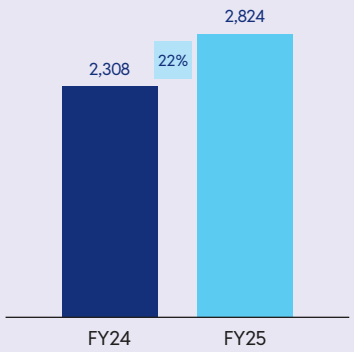
FY24: 18.8%

Customer proposition

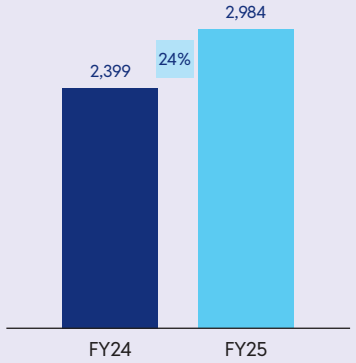
Credit, savings and money management products

Credit			Savings	Money management
Credit Cards	Vehicle Finance	Second Charge Mortgages	Savings	Snoop
Number of customers				
1,339k FY24: 1,267k	**103k** FY24: 110k	**9.9k** FY24: 3.7k	**81k** FY24: 57k	**328k** FY24: 293k
Gross customer interest earning balances			**Retail deposits**	
£1,518m FY24: £1,278m	**£706m** FY24: £765m	**£599m** FY24: £217m	**£2,984m** FY24: £2,399m	

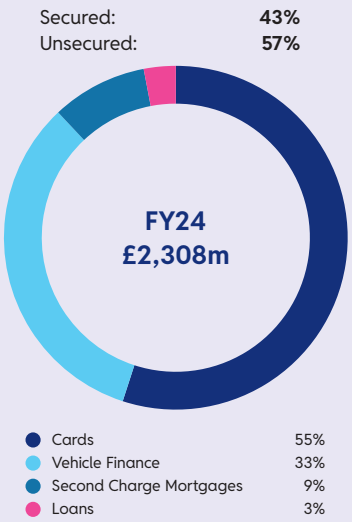
Gross customer interest-earning balances (£m)

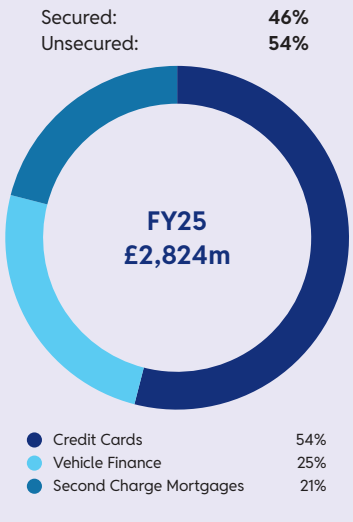


Retail deposits (£m)



Gross customer interest-earning balances composition (£m)





Who we are

Vanquis Banking Group is a specialist bank with a strong social purpose, focused on widening access to credit for customers underserved by mainstream lenders

Our purpose

To deliver caring banking so our customers can make the most of life's opportunities.

Read more on pages 14 and 15

Our ambition

To be the UK's most trusted and inclusive specialist bank by unlocking financial opportunity for underserved customers and helping them thrive.

Read more on page 14

Our strategy

Serve More,
Serve Responsibly,
Scale Profitably.

Read more on pages 14 and 15

Our business model and core propositions

We combine deep customer insight, disciplined risk management, efficient funding and modern digital capabilities to serve customers responsibly and deliver sustainable returns.

Credit

Savings

Money management

How we create value:

- We put our customers at the heart of everything we do.
- We create differentiated solutions that meet customer needs.
- We meet customers where they are on their financial journey.
- We serve customers efficiently and consistently.
- We create sustainable value for all our stakeholders.

Read more on pages 16 and 17

Our customers' core needs

Help me borrow healthily

Help me build a financial safety net

Help me feel in control of my everyday spending

Read more on page 16

Our ESG priorities

- **Customers**
- **Colleagues**
- **Communities**
- **The environment**

Read more on page 24

Who we are continued

Vanquis

The bank that's got your back.

"The greatest experience ever. The process was smooth and straightforward – completely hassle-free. You apply today and drive in a couple of days. I'd recommend Moneybarn to everyone!"

Moneybarn customer

"Excellent upgrade! The new app is clean and modern and makes navigating my account details effortless."

Vanquis customer

"Brilliant app to use – great for budgeting. I would highly recommend it."

Snoop customer

"The Vanquis Card helped me get my credit score back to normal."

Vanquis customer

"An absolute game changer for managing my finances all in one place!"

Snoop customer

"I got financial support when I most needed it."

Vanquis customer

Find out more on our website: vanquis.com

Our customer proposition

Credit Cards

We provide Credit Cards tailored to customer needs, offering a range of APRs and credit limits.

Vehicle Finance

We finance used vehicles through Conditional Sale Agreements with fixed APRs.

Second Charge Mortgages

Through partnerships we enable homeowners to borrow against their property.

Savings

We offer a range of competitive, easy-to-manage savings accounts.

Snoop

Snoop leverages AI and Open Banking to help customers save on household bills, targeting up to £1,500 in annual savings.

Chairman's statement

Building a leading bank for customers who need us most

Sir Peter Estlin
Chairman

Overview

Over the past two and a half years as Chairman, I have worked closely with the Board and executive team to guide the business through a period of significant change and transformation, ensuring the Group remained focused on its strategic priorities and stayed true to our purpose: to deliver caring banking so our customers can make the most of life's opportunities.

I am pleased to report that in 2025 the Group returned to statutory profitability, strengthened its balance sheet and delivered accelerated, disciplined growth. Vanquis now serves 1.77 million customers and is building a purpose-led, technology-enabled bank with increasing resilience and scale. With approximately half of UK adults with an active credit profile underserved, the need for fair and accessible financial services has never been greater. This structural market dynamic presents a compelling long-term opportunity for Vanquis, guided by responsible lending, prudent capital deployment and a clear focus on improving financial resilience across the UK.

Strategic transformation

Having built strong foundations in 2024, 2025 marked a decisive shift from stabilisation to delivery as we embedded our customer-led, needs-driven strategy across the Group. We committed to reducing costs, strengthening risk management and driving resilient returns; and we delivered.

The Group simplified products, enhanced affordability assessments and expanded support for customers seeking to regain control of their finances, helping them borrow responsibly and manage their money with greater confidence. At the same time, we progressed the Gateway technology programme, which is already delivering benefits and will underpin future scale, efficiency and stronger operational control. Collectively, these developments were instrumental in supporting the Group's return to statutory profitability.

In UK retail banking, Vanquis stands apart by focusing on customers often excluded by high street lenders. Unlike many mainstream banks that compete primarily for the strongest credit profiles, Vanquis serves customers on a journey, helping them access credit responsibly and build financial resilience over time. This perspective underpins our refreshed brand, new technology platform and mobile app, and remains central to our ambition to be a purpose-led specialist bank for underserved customers.

With a more efficient, resilient and customer-focused operating model, the Group enters 2026 with growing momentum and a clear path to long-term value creation for shareholders.

Strategic priorities

Our strategy is to build a resilient, efficient and scalable business that delivers strong returns while widening access to credit for the UK's large and structurally underserved population. In 2025, we embedded the strategic articulation 'Serve More, Serve Responsibly, Scale Profitably', providing a clear framework for disciplined execution and capital allocation.

Chairman's statement continued

Strategic priorities continued

We will continue to optimise our product mix, maintain credit quality and harness advanced data, Open Banking and our Gateway platform to enhance decisioning, control and affordability outcomes. Backed by a growing digital ecosystem, a digital-first ambition and disciplined capital deployment, the Group is well positioned to grow in attractive markets where our share remains modest.

This strategy is designed to deliver income growth, minimal cost inflation, rising capital generation and returns on tangible equity consistently above our cost of capital. As the portfolio matures and operating leverage builds, returns will strengthen, giving the Group flexibility to accelerate growth or increase shareholder distributions over time.

Under Ian McLaughlin's leadership, Vanquis moves into the next phase of its evolution from a position of strength, underpinned by robust risk management, improving returns and a clear purpose focused on serving the UK's underserved population. While approximately half of UK adults with an active credit profile face barriers to mainstream credit, Vanquis currently serves only a small proportion of this sizeable and persistent market, presenting a significant long-term opportunity.

Our priorities centre on broadening access to credit across channels, optimising capital deployment and gradually shifting towards lower-risk segments such as Second Charge Mortgages. While this will naturally moderate net interest margin over time, the Board believes it will deliver stronger risk-adjusted returns, improved credit quality and a more resilient business model.

Gateway and Snoop are transforming how we manage risk, deepen customer relationships and deliver better outcomes. As Gateway completes in 2026, these capabilities will increase efficiency, strengthen controls and support higher capital generation, reinforcing the Group's ability to generate durable, long-term value.

For more information see Strategy and Market Overview on pages 10 to 15

Commitment to customers

Our customers rely on us because they are often not well served by high street lenders, and we take that responsibility seriously. Their needs are evolving and meeting them with fairness and clarity remains central to our purpose.

That commitment is reflected in our customer satisfaction score of 83.7, ahead of the industry average of 81.1. This level of advocacy strengthens the foundations on which we are building a more scalable and resilient bank, and we will continue to invest in enhancing customer experience as we grow.

Industry developments

The Supreme Court's ruling on motor finance commission disclosures provided welcome clarity for the industry. The FCA's subsequent consultation on motor finance redress (CP25/27) prompted the Group to recognise a £3.0m provision based on probability-weighted scenarios.

Vanquis did not operate discretionary or tied commission arrangements, and our approach has always been grounded in transparent customer disclosures and responsible lending. We engaged constructively with the FCA throughout the consultation, emphasising the need for a fair and proportionate approach that differentiates between business models.

Financial inclusion

The Government's Financial Inclusion Strategy, published in November, reinforced what we have long believed: that access to fair, transparent and well-designed financial products is fundamental to opportunity. As a bank with purpose at its core, Vanquis is well placed to contribute positively to this agenda, helping people build financial confidence, access fair credit and participate fully in the economy.

Capital management and shareholder distributions

In 2025, we allocated capital to support profitable growth in customer interest-earning balances. The successful £60m issuance of Additional Tier 1 (AT1) Notes in October further optimised our capital structure to support growth.

With this priority, the Board has decided not to declare a dividend for FY25 (2024: no dividend).

The Board expects to continue deploying capital for growth in the near term and intends to reset the capital allocation framework and distribution policy following full delivery of the strategy in 2026.

Building a strong culture

Our cultural transformation has been as important as our technological and financial transformation. In 2025, we introduced our ACT Culture (Ambitious, Caring and Together) to reinforce the Values needed for a modern, customer-led bank. Our ACT Culture and Values are now becoming firmly embedded across the organisation, strengthening accountability, collaboration and customer focus. Culture is increasingly a clear enabler of our strategy and a critical foundation for the next phase of growth.

We continued to invest in our communities, signing the Armed Forces Covenant, supporting Bradford's City of Culture programme and advancing social mobility through the Vanquis Foundation. We remain committed to a workplace where colleagues can grow, celebrate success and contribute to delivering caring banking.

Our remuneration framework continues to reinforce alignment between performance, risk and sustainable shareholder returns.

For more information see pages 95 to 122

Governance and directors

Following the Board refresh in 2024, Paul Hewitt and Angela Knight retired from the Board in January 2025. The composition of the Board has remained unchanged since their departure. The current Board brings extensive expertise across banking, financial services, governance and risk management, ensuring strong oversight and constructive challenge as the Group delivers on its strategic objectives. I would like to thank my fellow Board members for their engagement, challenge and insight throughout the year.

Chairman's statement continued

Independent Board evaluation

An independent external evaluation conducted in 2025 by Independent Audit concluded that financial oversight, risk management and stakeholder consideration were notable Board strengths, facilitated by a strong committee structure and approach to continuous development.

There was an overarching theme of a much-improved position, combined with an acknowledgement that key development areas remained, in particular for the Board to step back from operational detail and increase its strategic focus, within the context of the Group's return to profitability after a challenging period. The Board has agreed an action plan and will monitor progress during 2026.

For more information see pages 82 and 83

Summary

We are encouraged by the Group's progress in 2025. Returning to profitability, strengthening the balance sheet and delivering strong but controlled growth reflect significant effort across the organisation. As we move into 2026, the Board's confidence is grounded in clear evidence of progress and delivery, supported by a modern, scalable technology platform and effective credit risk management.

On behalf of the Board, I thank our colleagues for their dedication and our shareholders for their continued confidence. Vanquis has a clear and disciplined strategy and is well positioned to deliver enduring growth and long-term value, while continuing to support customers who need us most.

Sir Peter Estlin
Chairman
25 February 2026

Capital management

Management and the Board endeavour to optimise the allocation of capital in the long-term best interests of the Group. This near-term focus of the Board is on the following two areas:

1 Ensuring the Group maintains a robust capital position above its regulatory minimum requirements*

The Group has updated its capital guidance to a Common Equity Tier 1 (CET1) ratio following capital optimisation executed in 2025. This included the issuance of £60m of AT1 capital in 4Q25, meaning the Group is no longer bound by Tier 1 capital requirements.

Capital guidance has been reducing in recent years, reflecting a cleaner and more stable financial position and lower-risk mix of business. The Group's capital requirements were also reviewed by the PRA in 2H25 as part of the triennial CSREP review.

This has given management and the Board confidence to reduce the Group CET1 ratio guidance to >14.5%.

This guidance remains subject to changes in regulatory requirements.

December 2025 CET1 ratio:
16.5%

CET1 ratio guidance:
>14.5%

2 Driving long-term sustainable profitable growth

Vanquis continues to build scale in the near term to deliver its ROTE guidance of low double digits in 2026 and mid-teens in 2027, at which point the Group becomes meaningfully capital accretive.

As such, following capital deployment for growth in 2025 resulting in a 22% increase in gross customer interest-earning balances to £2,824m, the Group is guiding to >£3.3bn of balances in 2026 and >£3.7bn of balances in 2027.

December 2025 gross customer interest-earning balances:
£2,824m

2026 guidance:
>£3.3bn

2027 guidance:
>£3.7bn

* This includes confidential and management buffers, as appropriate.

The Board intends to reset the capital allocation framework and distribution policy following full delivery of the strategy in 2026.

Chief Executive Officer's review

The foundations for sustainable, profitable growth

Ian McLaughlin
Chief Executive Officer

Introduction

2025 marked a significant milestone for Vanquis. The Group returned to statutory profitability and we demonstrated that our transformation is delivering results, with strong but disciplined growth in interest-earning balances, strong and resilient credit quality, continued progress on Gateway and tight cost control. Most importantly we continued improving our customer experience.

This performance reflects the disciplined execution of our strategy to build a scalable, digital-first and customer-led bank. With strong foundations now in place, we are focused on sustained, profitable growth that creates long-term value for customers, colleagues and shareholders.

Customer proposition

In 2025, we strengthened and diversified our customer proposition, reflecting our commitment to help customers borrow responsibly, manage money confidently and build financial resilience. This sits at the heart of our 'Serve Responsibly' pillar, ensuring access to credit is balanced with strong affordability, good customer outcomes and long-term portfolio quality, while enabling us to 'Serve More' customers who are underserved elsewhere.

We continued to help customers build a healthier relationship with credit. Credit Card balances grew 19% to £1,518m, supported by new product launches, higher utilisation from existing customers and strong retention. This growth was achieved within risk appetite, underpinned by enhanced affordability assessments, resilient margins and consistently strong credit performance. Vanquis was recognised at the 2025 Moneyfacts Consumer Awards as Credit Builder Card Provider of the Year and Credit Card App of the Year, reflecting the trust customers place in our propositions and brand.

In Vehicle Finance we reduced balances in line with our plan ahead of the launch of our new onboarding and servicing platform as part of the Gateway transformation in 2026. This deliberate moderation reflects a disciplined approach to growth as we prepare to scale on a modernised platform. Many of our Vehicle Finance customers come to us for access to a reliable vehicle when it matters most, and we continue to enhance our credit decisioning capabilities to improve the speed, accuracy and consistency of lending decisions while lending responsibly.

Our Second Charge Mortgages proposition, which our customers mainly use for debt consolidation, continued to perform strongly. Balances increased to £599m (December 2024: £217m), supported by long-term origination partnerships that deliver high-quality, predictable growth and attractive returns.

Retail deposits remain the cornerstone of our funding strategy. During the year we broadened our Savings product suite with the addition of ISAs and the Snoop-branded Easy Access account, further strengthening our stable and cost-efficient funding base. Vanquis was recognised at the 2025 Moneyfacts Awards as Best Notice Savings Account Provider and received Highly Commended in the Best Monthly Savings Account and Best Bank Savings Provider categories, underlining the strength of our proposition.

Snoop continues to play a vital role in our customer ecosystem, with active users rising 12% to 328k, including 43k Vanquis customers. The platform deepens engagement, supports financial wellbeing and serves as an efficient acquisition channel. During the year, Snoop introduced Variable Recurring Payments to make saving simpler and more flexible and was named in the FinTech 50 as one of the UK's most innovative financial technology creators for 2025. The business also received recognition for Best Innovation in Product at The Financial Services Forum Awards and was a Finalist for Best Use of Technology in Personal Finance at the Moneyfacts Awards.

For more information see the Operating Review on pages 47 to 51

Chief Executive Officer's review continued

Financial inclusion

At Vanquis, financial inclusion and opportunity go hand in hand. Our partnership with Fair Finance, part of our 'not yet' approach to credit, helps customers who are not currently eligible for our products access affordable loans and unclaimed benefits. Together, we have supported 20k people to identify £34m in entitlements and access £307k in loans.

Ahead of the Government's Financial Inclusion Strategy announced in November, we launched the Vanquis Benefits Checker, a digital tool that helps customers find unclaimed benefits and social tariffs. By helping customers maximise income before borrowing, these initiatives strengthen financial resilience and reduce reliance on credit, reinforcing our commitment to responsible inclusion.

Customer feedback

Customer feedback is the clearest reflection of our purpose: "delivering caring banking". Across Vanquis, Moneybarn and Snoop, thousands of customer reviews highlight how we help people rebuild credit and access fair, affordable finance when it matters most. In 2025, we introduced a new customer satisfaction measure, giving us a consistent, data-driven view of customer experience and enabling us to track progress as we evolve our products and services. Our satisfaction score, measured in partnership with the Institute of Customer Service, stands at 83.7, ahead of the industry average of 81.1. We will continue to build on this validation and strive to deliver even better outcomes for our customers.

Financial performance

Gross customer interest-earning balances increased 22% to £2,824m, ahead of our guidance, reflecting disciplined lending with strong credit quality. Risk-adjusted income rose 5% to £273.8m, supported by a lower cost of risk of 7.3% (2024: 8.4%). The cost-to-income ratio improved to 58.4% (2024: 89.4%) through transformation savings, efficiency gains, reduced complaint costs and the non-repeat of prior year notable items. As a result, the Group delivered a statutory profit before tax from continuing operations of £8.3m (2024: loss of £138.0m) and achieved a statutory return on tangible equity of 2.3% (2024: (32.1)%).

For more information see the Financial Review on pages 44 to 46

Technology, operational efficiency and risk management

Technology and data remain central to our strategy. During 2025, we made significant progress on the Gateway transformation, selecting Fiserv's Vision Next platform to support a scalable, cloud-based infrastructure. Our partnership with Zoot was recognised with the Best Technology Partnership Award, reflecting the impact of advanced decisioning on speed, accuracy and customer outcomes.

Building on the risk management enhancements made in 2024, we further strengthened data and analytics capabilities, enhancing portfolio monitoring, credit risk decisioning and affordability assessments. These improvements are supporting better decision making, tighter risk control and responsible growth at scale. Gateway is a core enabler of this, providing the modern operating platform required to deliver productivity, efficiency and capital accretion over time.

During the year, over 30 billion rows of customer, product and decisioning data were migrated to a new IT platform as part of Gateway, enabling improved analytics, automation and personalisation across customer journeys.

Across operations, digital and AI-led improvements in fraud prevention, debt sales and complaints handling delivered measurable efficiency gains and better outcomes for customers. Combined with a leaner property footprint, these initiatives contributed to £28.8m in transformation savings during the year.

Vanquis: The bank that's got your back

In June, we launched our refreshed brand identity, *Vanquis: The bank that's got your back*. Developed in house and successfully tested with customers, it brings our purpose to life and reflects our commitment to caring banking and the financially underserved. Together with our technology transformation, it positions Vanquis as a modern, customer-led specialist bank serving the heart of working Britain.

Complaints and regulatory update

We welcomed the Financial Ombudsman Service's introduction of a case-fee structure for claims management companies (CMCs). The reform has had a clear and positive impact, reducing the volume of unmerited complaints, indicating that the reform is working as intended.

We engaged constructively with the FCA's consultation on motor finance redress (CP25/27), helping to shape a fair and proportionate approach that reflects the low risk of detriment in our portfolio. While the final scope of the scheme remains subject to change, we remain comfortable with our £3.0m provision in relation to this matter.

Our people and culture

As Peter notes, we have made good progress with culture, and our achievements in 2025 were made possible by the professionalism and efforts of colleagues across the Group. Our ACT Culture (Ambitious, Caring and Together) and Values are now shaping how we work and reinforcing the execution discipline required to deliver a modern, customer-led bank.

Our progress is underscored by us achieving Great Place to Work® certification in 2025, reflecting the commitment we made last year to strengthen culture across the Group. We were also recognised by the Financial Times as one of the UK's Best Employers, demonstrating deeper engagement and alignment with our purpose.

As we move into the next phase of our strategy, we will continue to embed our values deeply, ensuring they guide decisions and drive sustainable growth.

Advancing our strategic priorities

In 2026, we will complete the Gateway transformation and re-platform the business onto a modern, cloud-based architecture. This will enable a digital-first operating model, accelerate innovation and deliver a structurally lower cost base.

We will broaden our offering across lending, money management and savings, creating a more integrated digital customer experience. This will include new flexible credit solutions, tailored propositions for different customer segments and deeper personalisation.

We will further enhance credit decisioning through improved data, analytics and automation, strengthening our ability to lend responsibly while improving outcomes for customers. Gateway will provide real-time insights and more accurate affordability assessments across all products, including a transformed Vehicle Finance proposition launching in 2026. In addition, we are introducing Agentic AI capabilities to deliver faster, more efficient support, enhancing service while reducing cost-to-serve.

Together, these initiatives will support growth, improve retention and drive stronger returns across the business.

Chief Executive Officer's review continued

Summary and outlook

Disciplined delivery of our strategy in 2025 enabled us to deploy available capital to deliver accelerated balance growth while returning to statutory profitability. We strengthened the balance sheet, improved credit quality and made significant progress in our transformation, laying the foundations for long-term scalability and efficiency.

We enter 2026 with greater momentum, a more predictable performance profile and a clear pathway to higher returns as recent balance growth seasons and translates into improved profitability. Our focus remains on completing the Gateway transformation, maintaining strong credit discipline, deploying capital effectively and improving operational efficiency.

We remain on track to deliver a double-digit return on tangible equity in 2026, and mid-teens return in 2027. While encouraged by our progress, we recognise there is still more to do. We will continue to invest in our capabilities, drive continuous improvement and remain mindful of the responsibility we hold to customers, colleagues and shareholders.

I would like to thank our shareholders for their trust and our colleagues across the Group for their care, skill and commitment. Together, we are building a stronger, more resilient Vanquis with a clear purpose and a compelling future.

Ian McLaughlin
Chief Executive Officer
25 February 2026

Investment case

Our strategy is guided by a clear understanding of what sets us apart and how we will harness these strengths to deliver growth and sustainable profitability.

What sets us apart

1

Serving customers in a large, underserved part of the UK consumer lending market

Over half of UK adults face barriers to mainstream credit. Vanquis has a significant opportunity to grow market share of these consumers in our core products and is digitally evolving and expanding our product propositions to attract and retain customers.

Read more on pages 10 to 13

UK consumers with an active credit profile, whose credit needs are not fully met by mainstream lenders

24.2m

Source: Experian (Ascend tool). This figure is the number of individuals aged 18+ in the UK whose credit profiles mean they are not well served by mainstream lenders.

2

A customer proposition to build financial resilience

Vanquis offers lending, savings and money management solutions to address three core customer needs: healthy borrowing, controlled spending and the ability to build a financial safety net.

Existing products enable customers to build their financial resilience while, at the same time, improving their credit profiles via Snoop, 'not yet' partners and the Vanquis Foundation.

Read more on page 16

Customer numbers

1.77m

3

A cost-effective funding model as we build scale

The Group's banking licence provides a structural funding advantage over competitors by leveraging our deposit franchise to drive scalable growth. Retail deposits provide stable, low-cost funding.

Read more on page 17

Funded by retail deposits

90%

4

A modern, efficient and scalable technology platform

Through Gateway, we are building a modern, efficient and scalable technology platform that enables digital-first offerings and customer engagement. It will provide the catalyst for long-term growth and innovation.

Read more on page 15

Transformation cost savings from Gateway

£23m-£28m

What this should deliver

Sustainable long-term value for shareholders

We are guiding to an increase in gross customer interest-earning balances to >£3.3bn in 2026 and >£3.7bn in 2027 and an improvement in ROTE from low single digits in 2025 to low double digits in 2026 and mid-teens in 2027.

Read more on pages 14 to 20

2027 gross customer interest earning balance guidance

>£3.7bn

2027 ROTE guidance

'mid-teens'

Market overview

UK economy

Operating context

Vanquis operates exclusively within the United Kingdom (UK), generating all revenue from UK customers. As a result, the Group's performance is closely tied to the health of the UK economy. The Group operates within a regulatory framework overseen by the Financial Conduct Authority (FCA) and the Prudential Regulation Authority (PRA), which continues to evolve in response to economic and policy developments.

Economic review

In 2025, UK economic growth remained subdued, with real GDP rising by just 0.1% in the three months to December, following small declines in the previous two rolling quarters.

Monetary policy continued to shape financial conditions, with the Bank of England reducing the Bank Rate from 4.75% to 3.75% over the course of the year through a sequence of cuts in February, May, August and December.

Inflation continued to moderate from its October 2022 peak of 11.1%, with the Consumer Prices Index (CPI) easing from 3.7% in January 2025 to 3.4% in December. Labour market conditions also softened, with unemployment rising to 5.2% in the three months to December, its highest level in five years. Real household disposable income growth was uneven, with middle income households continuing to face pressure from rising essential costs.

Looking ahead to 2026, the economic outlook is expected to improve gradually. Forecasters anticipate GDP growth of around 1.4%, supported by easing financial conditions and stabilising consumer sentiment. Inflation is projected to fall further, with CPI expected to average 3.4%, helping real incomes recover modestly. Labour market conditions are likely to remain cooler than in recent years, with unemployment forecast to stabilise at around 5.1%, consistent with an economy still adjusting to slower underlying demand. Overall, the near-term environment signals a shift towards lower inflation, steady but modest growth, and a labour market that is normalising after several years of volatility.

The Vanquis Financial Wellbeing Index (VFWI) provided further insight into consumer resilience. Among UK workers earning up to £40,000, the average financial buffer was 11% of monthly income in 3Q25, down slightly from 12% in 2Q25 but up from 9% a year earlier. However, persistently low savings rates continue to constrain long-term financial security. These trends underscore the importance of inclusive banking models and financial education initiatives that build financial confidence and improve long-term financial capability.

Regulatory and policy environment

The UK financial services sector enters 2026 amid active regulatory and policy reform aimed at promoting growth and competitiveness. The Government's Financial Services Growth and Competitiveness Strategy sets out a 10-year roadmap to modernise the sector, including proposals to streamline regulation, return the Financial Ombudsman Service (FOS) to its intended role as a focused dispute resolution service, review ring-fencing rules, and integrate the Payment Systems Regulator into the FCA. The quarterly Industrial Strategy update reinforces financial services as a priority growth sector, introducing measures to attract investment, deepen international collaboration, and ease regulatory burden.

The FCA's motor finance redress consultation highlighted the complexity of designing fair redress frameworks that reflect diverse customer journeys and business models. Regulatory focus also remained strong on operational resilience, data protection, and Consumer Duty compliance. Consultations on cross-cutting reforms, changes to the Senior Managers and Certification Regime, and the expected Fraud Strategy suggest that the regulatory agenda will remain active through 2026 and beyond.

Vanquis response

We welcomed the revised FOS case fee structure, which has reduced unmerited complaints and improved redress efficiency. We remain committed to operational resilience and delivering fair value under the Consumer Duty.

Vanquis supports reforms that distinguish between business models, improve regulatory clarity, and enable responsible growth. These principles reinforce our belief that streamlined regulation can unlock innovation while maintaining high standards of consumer protection.

Looking ahead, we will continue to engage constructively with policymakers and regulators to ensure that reforms deliver benefits for customers and the wider financial ecosystem.

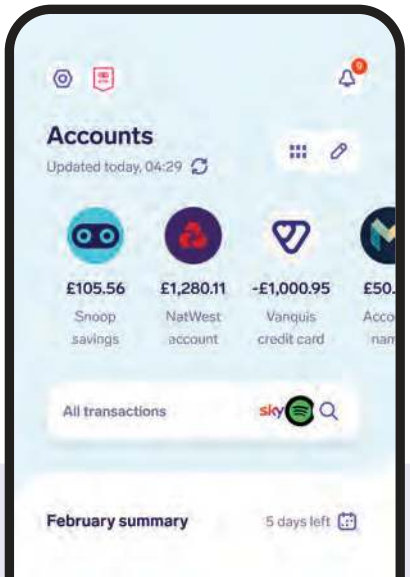
Market overview continued

Digital transformation

Digital transformation continues to redefine consumer finance. Advances in Open Banking, Artificial Intelligence, and real-time data analytics are enabling more personalised customer experiences and more accurate lending decisions. Nearly half of UK consumers now rely on mobile platforms to manage their finances, with growing demand for tools that support budgeting, saving and wider financial wellbeing.

Vanquis response

We are investing in digital solutions that turn insight into action. Through Snoop and our expanding suite of capabilities, we help customers make informed money choices. Real-time insights support financial planning and build confidence. Innovation remains central to our strategy, and we continue to invest in technology that enhances engagement and improves customer outcomes.



Financial inclusion

The UK's Financial Inclusion Strategy, published in November 2025, outlines a cross-sector plan to improve access to banking, savings, affordable credit, and financial literacy. It recognises that fair and affordable credit is essential to financial resilience, particularly for households managing essential costs or unexpected expenses, and that financial education is critical to long-term wellbeing. The Government's decision to make financial education compulsory in all primary and secondary schools from 2028 marks a significant step forward in building a more financially capable society.

Vanquis response

We are delivering practical solutions that help people unlock entitlements, access credit, and build financial confidence. Our partnership with Fair Finance has helped 20,000 people identify £34m in unclaimed benefits and access £307,000 in affordable loans. In 2025, we launched the Vanquis Benefits Checker, a digital tool that helps customers identify unclaimed benefits and social tariffs. These initiatives align with the Government's income maximisation agenda and reflect our belief that financial inclusion requires both access to credit and the confidence to use it effectively.

We strongly support the integration of financial education into the national curriculum and contributed to the Department for Education's 2023 call for evidence. We believe that equipping young people with financial skills from an early age improves resilience and decision making in adulthood.

Unlocking credit access through Open Banking

Open Banking is transforming how lenders assess affordability and creditworthiness. By enabling customers to share real-time transaction data securely, it improves the accuracy of lending decisions and expands access to credit for those with thin or impaired credit files.

Vanquis response

We are harnessing Open Banking to extend responsible, personalised credit solutions to more customers. We are leveraging richer data to strengthen affordability assessments, reduce reliance on traditional credit scoring, and support individuals who might otherwise be excluded from mainstream credit.

As adoption accelerates, we will ensure Open Banking plays a central role in delivering fairer outcomes and widening access to credit, helping customers build financial confidence and resilience.

"I've been with them for over five years now, and I can honestly say they're an amazing company. Their customer service is top-notch – super friendly and always ready to help."

Vanquis customer

Market overview continued

Market snapshot

Market trends	Challenges	Opportunities	Vanquis response
Macro conditions remain subdued: modest GDP growth in 2025; interest rates easing; inflation moderating.	Cost-of-living pressures are increasing the need for flexible, responsible credit solutions.	Gradual improvement in financial conditions expected from 2026, supporting higher demand for responsible credit.	Strengthened underwriting using Open Banking and real-time analytics to assess affordability more precisely.
Digital adoption accelerating, with half of UK consumers managing finances primarily via mobile.	Consumers expect integrated money management tools, frictionless onboarding and proactive support.	Wider reach through digital channels and ability to engage customers more frequently and personally.	Launch of a new integrated Vanquis app – a digital-first, mobile-led platform that will bring Snoop's capabilities into a single experience, advancing self-service at scale and underpinning our shift to a lower-cost, more efficient operating model.
Regulatory reform intensifying across Consumer Duty, motor finance redress, and broader competitiveness agenda.	Operating requirements becoming more complex; continued scrutiny on fair value, resilience, and redress.	Streamlining of regulation and improved clarity expected to increase innovation and reduce operational burden.	Active engagement with FCA and government consultations; strengthened Consumer Duty governance; operational resilience enhancements.
Financial inclusion prioritised by government through Financial Inclusion Strategy and compulsory financial education from 2028.	Millions lack access to affordable credit, savings buffers or financial capability.	Significant market need for responsible lending, financial tools, and income-maximising support.	Expansion of benefits-checking tools; decline referral partnerships; inclusive product design to improve access and resilience.
Open Banking gaining scale as a mainstream affordability-assessment mechanism.	Thin-file and low-score consumers remain underserved by traditional credit scoring.	Ability to widen credit access and better serve customers with non-traditional financial footprints.	Use of real-time transaction data to expand access, personalise credit limits, and improve outcomes.

"Vanquis serves the UK's financially underserved population. These are consumers who face barriers to mainstream credit because of limited credit histories, lower incomes or lower levels of financial resilience."

Market overview continued

Addressable market and customer opportunity

We serve the UK's financially underserved population. These are consumers who face barriers to mainstream credit because of limited credit histories, lower incomes or lower levels of financial resilience. This group represents one of the largest and most persistent structural markets in UK consumer finance, offering significant potential for responsible and sustainable growth.

A significant and growing underserved population

The scale of the UK's underserved market highlights the depth of unmet need:

- c.48.2 million UK adults have an active credit profile.
- c.24.2 million, or over one in two, are underserved by mainstream lenders.
- Within this group, our prudent risk appetite extends across a large proportion of consumers seeking unsecured credit or Vehicle Finance.

We currently serves c.1.3 million Credit Card customers and, via the Moneybarn brand, serves approximately 103,000 Vehicle Finance customers.

This sizeable pool of potential additional customers reinforces the structural importance of specialist lenders that can responsibly bridge the gap between consumer demand and mainstream availability.

Market opportunity supports our growth plans

Despite our established presence in the underserved market, our penetration remains low relative to the scale of the opportunity.

Our overall share is modest and offers room for meaningful growth. Even modest gains in share translate into material and sustainable growth, particularly as some mainstream providers continue to reduce exposure to higher-friction customer segments. This creates a long-term growth runway in a market where consumers actively seek fair access, digital simplicity and personalised support, and where our strengths are well aligned to evolving customer expectations.

Structural trends supporting market growth

Demand from underserved consumers continues to be shaped by long-term trends that are embedded in the UK economy:

- Financial resilience remains low and uneven, with many households maintaining only limited savings buffers.
- Non-standard and flexible employment continues to expand, creating income profiles that traditional credit models often struggle to assess.
- An estimated £22.7bn in unclaimed benefits each year highlights persistent income vulnerability across a broad population.
- Digital adoption is accelerating, with around half of UK consumers now managing their finances primarily through mobile channels.

These structural forces are creating a sustained and growing need for inclusive, technology-enabled and affordability-focused credit solutions. They also reinforce the long-term relevance of specialist lenders who can navigate complexity and provide responsible access for customers underserved elsewhere.

Positioned to capture long-term value

We are well placed to meet this demand responsibly and profitably. Our strengths include:

- advanced data capabilities, including Open Banking insights, to enable more inclusive, precise and real-time affordability assessments;
- a developing digital ecosystem, with the new mobile app and Snoop's personalised financial tools to enhance engagement and strengthen customers' financial resilience;
- an evolving digital Credit Card proposition, designed to attract underserved consumers and retain customers as they build financial resilience;
- income-maximisation and support tools, such as the Benefits Checker and our 'not yet' partnership with Fair Finance, helping customers access entitlements and improve financial wellbeing;
- deep customer insight, gained from extensive research and data analysis, ensuring every decision, from product development to in-life management, delivers clear customer benefit; and
- proven expertise in serving consumers outside mainstream lender criteria, underpinned by long-standing experience and responsible lending practices.

We continue to enhance our digital platform, combining credit, savings and personalised money-management tools in a single unified ecosystem. This deepens engagement, extends our reach and supports customers as they improve their financial confidence and resilience.

With a clear purpose and a scalable digital platform, we are well positioned to grow our presence in a structurally robust and societally important market, helping more people build financial confidence while delivering sustainable returns for shareholders.

Strategy

Serve More, Serve Responsibly, Scale Profitably

Serve More, Serve Responsibly, and Scale Profitably captures the three core pillars of our strategy:

Serve More

Widen access to healthy, affordable credit for customers underserved elsewhere and deepen long-term customer relationships.

Serve Responsibly

Ensure strong affordability, disciplined risk management and consistently good customer outcomes across credit cycles.

Scale Profitably

Build a modern, efficient and scalable digital bank that converts growth into sustainable returns.

Together, these pillars provide a clear strategic framework for decision making, capital allocation and execution across the Group. They sit at the heart of our customer-led strategy, guiding how we translate our purpose into both commercial and societal value.

Customer-led

Our strategy is grounded in a deep and continually evolving understanding of the lives and needs of the customers we serve.

We help customers:

- borrow healthily;
- feel in control of everyday spending; and
- build a financial safety net.

These insights underpin every element of our strategy and reflect our purpose: to deliver caring banking so that customers can make the most of life's opportunities. They inform product design, risk management, customer journeys and how we support customers throughout their relationship with us.

Our strategic ambition

Our strategic ambition is to be the UK's most trusted and inclusive specialist bank by unlocking financial opportunity for underserved customers and helping them thrive.

This means building a resilient, efficient and scalable business that delivers strong long-term returns while serving one of the UK's largest and most persistent underserved markets.

Underpinned by a strong capital position, modern technology and advanced data capabilities, we are positioned to grow in a disciplined manner while delivering improved customer outcomes over time.

For more information on the strategic themes underpinning our strategy, see page 15

"A lifesaver! Really helpful to see everything in one place. It gives access to my credit report, tips on how to improve my score, and well-written articles explaining how inflation and interest rates affect us – plus advice on saving and making money."

Snoop customer

Strategy continued

Our five strategic themes and objectives

Strategic themes	2025 highlights	Focus for 2026
Customer-led	› Launched new credit products and expanded savings (ISAs, Snoop Easy Access), improving financial wellbeing and customer choice. › Achieved a customer satisfaction score of 83.7, above the industry benchmark of 81.1. › Recognised by Moneyfacts as Credit Builder Card Provider of the Year and Credit Card App of the Year. › Strengthened affordability checks and simplified products to support responsible lending.	› Broaden our integrated lending, money management and savings offering, including new flexible credit solutions tailored to underserved segments. › Deliver deeper personalisation using enhanced data and Snoop ecosystem capabilities. › Improve end-to-end customer experience and retention as Gateway capabilities mature.
Insightful risk management	› Enhanced data, analytics and modelling to improve portfolio insight, strengthen affordability assessments and optimise credit decisions. › Delivered consistently strong credit performance across products. › Migrated over 30 billion rows of customer, product and decisioning data onto a new IT platform, enabling improved analytics, real-time risk management, automation and personalisation.	› Use Gateway and advanced analytics for real-time affordability insights and sharper credit decisioning across all products. › Maintain strong risk-adjusted returns while responsibly increasing access to credit. › Differentiate through superior risk insight, across Credit Cards, Vehicle Finance and Second Charge Mortgages.
Efficient organisation	› Delivered £28.8m of transformation savings in 2025, exceeding the committed target of £15m. › Digital and AI improvements (fraud prevention, debt sales, complaints handling) contributed to cost savings and better customer outcomes. › Reduced physical footprint, modernising the operating model and lowering structural costs.	› Deploy Agentic AI to accelerate service delivery, reduce cost-to-serve and improve customer experience. › Continue operational excellence focus on collections, fraud and service performance. › Ensure costs remain well controlled relative to rising revenues as Gateway completes.
Digital, tech, data and analytics	› Advanced Gateway transformation with selection of Fiserv's Vision Next platform for scalable, cloud-based infrastructure. › Enabled stronger analytics, automation and personalisation through 30 billion data point migration. › Award-winning technology partnerships (e.g. Zoot) which will improve accuracy and speed of decisioning.	› Complete re-platforming onto modern cloud architecture, enabling a digital-first operating model and structurally lower cost base. › Launch our new Vehicle Finance proposition. › Integrate Snoop capabilities to accelerate data-driven insight and customer engagement. › Drive continuous automation and innovation to support scalable growth.
A great people proposition	› Achieved Great Place to Work® certification, reflecting a stronger culture and engagement. › Introduced our ACT Culture (Ambitious, Caring and Together), and continued to reinforce our Values, embedding behaviours needed for a modern, customer-led bank. › Recognised by the Financial Times as one of the UK's Best Employers.	› Deepen ACT Culture and Values across all teams, strengthening accountability and collaboration as strategic enablers of growth. › Enhance capability development to support digital, analytical and customer-led transformation. › Continue building an inclusive culture aligned to our purpose: caring banking.

Our 2025 strategic themes remain the foundations of our operating model. From 2026, these are brought together under a single, clear strategic framework: Serve More, Serve Responsibly, and Scale Profitably.

Collectively, these themes guide how we Serve More with empathy, Serve Responsibly with clarity and fairness, and Scale Profitably through simplicity, efficiency and disciplined execution.

Strategic outcomes

Our strategy directly informs our business model.

By understanding customer needs deeply, lending responsibly and scaling efficiently through technology, we turn our strategic priorities into a resilient model that generates long-term value for all stakeholders.

Disciplined execution of our strategy will deliver:

- sustainable income growth;
- a structurally lower cost base as Gateway completes;
- robust credit quality and affordability outcomes;
- return on tangible equity consistently above our cost of capital, driving meaningful capital generation; and
- flexibility to accelerate growth or increase shareholder distributions.

How our strategy creates value

Our strategy creates value by combining customer insight, disciplined risk management, operational efficiency and modern technology to deliver responsible customer outcomes, resilient shareholder returns, meaningful work and opportunities for colleagues, and greater financial inclusion across the UK.

Creating value through a customer-focused business model

Understanding our customers

Our business model puts our strategy into practice and is underpinned by the key inputs that drive value creation: deep customer insight, disciplined risk management, efficient and diversified funding, modern digital capabilities and the experience and commitment of our people.

Together, these inputs widen access to credit, support prudent growth and enable strong, sustainable outcomes for all stakeholders.

Everything we do begins with a clear understanding of our customers' needs, preferences and financial behaviours. Through extensive research, data analysis and insight from our digital ecosystem, we have identified three core needs that guide our proposition design and in-life management.

1 Help me borrow healthily

Customers value clear, jargon-free communication and predictable products that help them manage borrowing over time. We support this through transparent propositions, enhanced affordability assessments and early engagement when circumstances change.

2 Help me feel in control of everyday spending

Many customers manage tight budgets or complex financial situations. Tools such as Snoop provide personalised insights and budgeting support, helping customers make informed day-to-day decisions and build confidence in managing their money.

3 Help me build a financial safety net

A large proportion of customers have limited savings. We help them build resilience through accessible savings products, personalised nudges and guidance that highlights opportunities to save and prepare for unexpected expenses.

This needs-led approach enables us to build tailored propositions, deepen customer relationships and position Vanquis as a trusted long-term partner for customers traditionally underserved by mainstream lenders.

These insights shape our strategic priorities, inform product design and enhance risk management across the Group.

Our customer proposition

Our purpose, to deliver caring banking so customers can make the most of life's opportunities, shapes every part of our proposition. We aim to earn customers' trust, support financial confidence and provide solutions that are fair, accessible and easy to use.

Customer journey

Each stage of the journey is designed to ensure we reach more customers, support them responsibly and create a scalable, efficient model for long-term growth.

1 Awareness
Reaching customers whose needs are not met by mainstream lenders.

2 Consideration
Offering a differentiated, needs-led value proposition rather than a product-led approach.

3 Conversion and onboarding
Providing a streamlined, digital-first onboarding experience enabled by our evolving technology capabilities.

4 Meeting core needs
Helping customers borrow healthily, feel in control of everyday spending and build a financial safety net.

5 Support when needed
Offering empathetic, tailored support for customers experiencing financial difficulty.

Our values: We care about people | We pull together as a team | We find a better way | We get the right things done

These values ensure we deliver on our purpose and create positive outcomes for all stakeholders.

Business model continued

6 Deepening relationships

Presenting relevant solutions that build long-term engagement.

7 Advocacy

Delivering outcomes that encourage customers to recommend Vanquis.

Our target market spans a wide income range but shares common characteristics: lower financial resilience, limited savings buffers and a focus on short-term financial stability. These customers typically seek stability, predictability and peace of mind, needs our proposition is specifically designed to meet.

Our products and ecosystem

We serve customers through a broad range of complementary products:

- Credit Cards – under the Vanquis brand;
- Vehicle Finance – under the Moneybarn brand;
- Second Charge Mortgages – through forward-flow partnerships;
- Savings – including fixed-term products, notice accounts, cash ISAs and Easy Access Accounts; and
- budgeting and money management – via Snoop, our financial wellbeing platform.

We are also expanding our marketplace capabilities by partnering with organisations such as Fair Finance to support customers not yet eligible for credit, and through white-label partnerships where Vanquis acts as introducer rather than lender.

Together, this ecosystem enables deeper engagement, cross-purchase opportunities and more predictable risk outcomes.

Our competitive strengths

Our competitive strengths give us a durable advantage and support sustainable, risk-adjusted returns.

1 Efficient funding

A strong retail deposit base provides lower and more stable funding costs than many competitors, improving price competitiveness and supporting long-term financial resilience.

2 Financial efficiency

We can align lower-cost deposits with lending volumes, helping us manage the balance sheet efficiently and maintain attractive unit economics.

3 Risk-based pricing and deep credit experience

We have extensive expertise serving customers with non-mainstream credit profiles. This underpins our risk-based pricing approach and supports disciplined, responsible lending across credit cycles.

4 Broad, complementary product suite

Our diversified portfolio allows us to meet a wide range of customer needs and creates opportunities for cross-purchase and deeper engagement.

5 Snoop: a differentiated digital capability

Snoop provides personalised insights that help customers manage money, reduce outgoings and improve financial resilience. It also acts as an efficient engagement and acquisition channel across the Group.

6 Continuous enhancement of our model

We continue to strengthen our business model through investment in technology, data, analytics and customer experience. The Gateway transformation will provide a modern, scalable and cloud-based platform, enabling a digital-first operating model, enhanced decisioning, increased automation and structural cost efficiencies.

By combining customer insight, responsible lending, efficient funding and modern technology, we are building a differentiated and resilient business that delivers value for customers and sustainable, long-term returns for shareholders.

These strengths enable us to Serve More customers with confidence, Serve Responsibly across credit cycles, and Scale Profitably as Gateway and our broader ecosystem mature.

How our business model creates value

Our business model creates value by bringing together the key inputs that power our organisation – our people, data, digital platforms, risk expertise and diversified funding – and transforming them through a disciplined set of activities.

These include understanding customer needs, designing tailored credit propositions, assessing affordability and risk, delivering digital customer journeys and managing lending throughout the lifecycle. Through this integrated model, we convert our resources into access to credit for underserved customers, stable and sustainable returns for shareholders, rewarding careers for colleagues, and positive outcomes for wider society. For details of how we measure the value created through our business model, see our Key Performance Indicators on pages 18 to 20.

Underpinned by our culture: **Our ACT culture (Ambitious, Caring, Together) anchors the behaviours needed for a modern, customer-led bank.**

Key Performance Indicators

The Key Performance Indicators (KPIs) represent the principal metrics reported to Group management on a monthly basis to support the strategic decision making. Key Performance Indicators have been updated to better align with areas of guidance.

Key

Certain alternative performance measures (APMs) have been used in this report.

See pages 196 to 198 for an explanation of their relevance, definition and method of calculation. In the current year, the updated management team has revised its focus to the APMs presented below; there have been no changes to these APMs in the year.

Trend arrows indicate the direction of movement year on year, not whether this is favourable or unfavourable.

FY23 and FY24 KPIs for cost of risk, net interest margin, risk-adjusted margin and cost: income ratio have not been updated to reflect the impact of the sale of the Personal Loans portfolio as a discontinued operation.

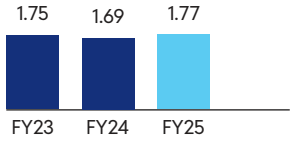
FY23 and FY24 cost: income ratio and ROTE have also not been adjusted for the move to statutory reporting in FY25 and exclude previous adjusting items (transformation costs, exceptional costs and amortisation of acquisition intangibles).

Strategic Pillar 1: Serve More

Widen access to credit and grow our customer base with consistently good customer outcomes.

1 Number of customers (m)

1.77m ↑



Definition

Total customers across Credit Cards, Vehicle Finance, Second Charge Mortgages, Savings and Snoop.

Strategic focus

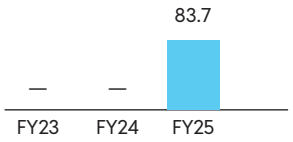
Drive sustainable growth by expanding reach in underserved markets, deepening engagement, and building long-term customer relationships that support profitability and resilience.

Principal risk

Customer risk and business performance risk – Failure to attract and retain customers in target segments undermines growth, erodes trust, and limits strategic diversification.

2 Customer satisfaction index (CSI)

83.7 ↑



Definition

Weighted average customer satisfaction score across Credit Cards, Vehicle Finance and Savings.

Strategic focus

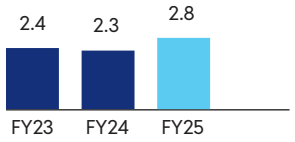
Strengthen advocacy and retention through consistently positive experiences.

Principal risk

Customer risk – Poor experiences harm retention and outcomes.

3 Gross customer interest-earning balances (£bn)

£2.8bn ↑



Definition

Interest-earning amounts receivable from customers.

Strategic focus

Grow high-quality lending in target segments to deepen financial engagement and deliver asset growth within prudent risk appetite.

Guidance

2026: >£3.3bn

2027: >£3.7bn

Principal risk

Market risk and credit risk – Changes in demand, economic conditions or underwriting quality may reduce portfolio growth or asset quality, impacting income and returns.

Customer satisfaction index

In 2025, we introduced a new customer satisfaction measure to provide a consistent, data-driven view of customer experience across our products and services. Our priority is to use this insight to continually raise standards and deliver improved outcomes for customers. With a current weighted average Customer Satisfaction Index (CSI) score of 83.7 ahead of the industry average of 81.1, we are building on a strong foundation for future progress.

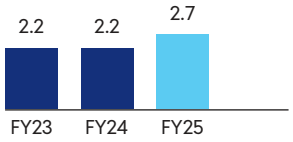
Key Performance Indicators continued

Strategic Pillar 2: Serve Responsibly

Maintain strong affordability, disciplined risk management and consistently good customer outcomes, supported by an engaged workforce and positive community impact.

4 Net receivables (£bn)

£2.7bn ↑



Definition

Gross receivables less impairment, reflecting the net value of customer lending.

Strategic focus

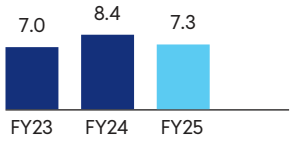
Grow and maintain high-quality receivables to support long-term profitability, while staying within risk appetite.

Principal risk

Credit risk – Failure to manage asset quality and customer affordability increases impairments, erodes earnings, and limits capacity for future growth.

5 Cost of risk (%)

7.3% ↓



Definition

Impairment as a % of average gross customer interest-earning balances.

Strategic focus

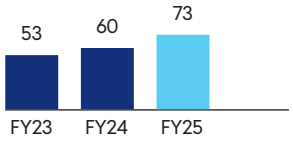
Maintain disciplined underwriting and affordability standards to protect asset quality and preserve earnings as we grow.

Principal risk

Credit risk – Rising impairments from poor affordability or economic stress erode profitability, weaken capital resilience, and constrains future lending capacity.

6 Colleague engagement (%)

73% ↑



Definition

A metric used to gauge colleagues' engagement, motivation and commitment towards their work.

Strategic focus

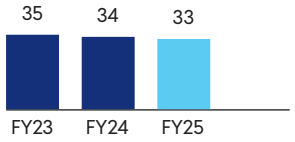
Foster a high-performance, values-led culture where colleagues are motivated, supported and empowered, driving the delivery of our strategy.

Principal risk

People risk – Low engagement undermines culture, reduces productivity, and increases attrition, limiting our ability to deliver strategic objectives.

7 Senior management gender diversity (%)

33% ↓



Definition

The percentage of the Group's senior management who identify as female.

Strategic focus

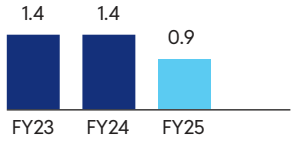
Committed to the Women in Finance Charter by achieving a 40% target by 2026 through delivering signatory actions to create a more equal, inclusive and gender diverse workplace.

Principal risk

People risk – Gender balance improves culture and diversity of thought, enhancing our ability to deliver strategic objectives.

8 Community investment (£m)

£0.9m ↓



Definition

The cash cost of contributions provided to community projects or charities.

Strategic focus

Investments through our Foundation partners to address the wide range of social and financial inclusion issues that are relevant to our customers and the communities where we operate.

Principal risk

Customer risk – By investing in the communities we serve we help to improve our customers' lives.

"Moneybarn made financing my car quick and easy. I was back on the road in no time!"

Moneybarn customer

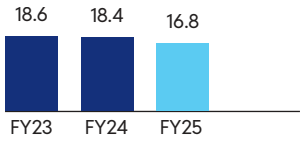
Key Performance Indicators continued

Strategic Pillar 3: Scale Profitably

Drive efficiency, capital discipline and sustainable returns.

9 Net interest margin (%)

16.8% ↓



Definition

Interest income less interest expense as a % of average gross customer interest-earning balances.

Strategic focus

Drive income growth through disciplined pricing while balancing risk and delivering fair customer outcomes.

Guidance

2026: c.15.5%

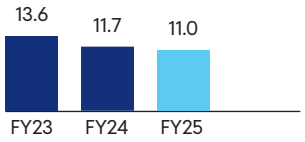
2027: c.14.5%

Principal risk

Business performance risk – Failure to grow income sustainably limits profitability, constrains investment capacity, and undermines long-term strategic objectives.

10 Risk-adjusted margin (%)

11.0% ↓



Definition

Income after impairment as a % of average gross customer interest-earning balances.

Strategic focus

Protect earnings quality by maintaining disciplined pricing, managing impairments and adapting to market conditions.

Guidance

2026: >9.5%

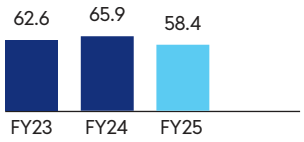
2027: >9.0%

Principal risk

Market risk and credit risk – Rising impairments or margin compression erode returns, weaken resilience, and restrict future growth.

11 Cost: income ratio (%)

58.4% ↓



Definition

Operating costs as a % of total income.

Strategic focus

Enhance operational efficiency to safeguard profitability, enable reinvestment, and maintain competitiveness.

Guidance

2026: High 40s

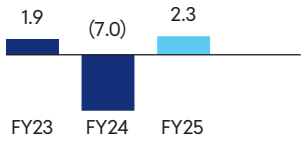
2027: Mid 40s

Principal risk

Operational risk – Failure to manage costs effectively reduces profitability, limits investment capacity and undermines long-term competitiveness.

12 ROTE (%)

2.3% ↑



Definition

Profit attributable to shareholders as a % of average tangible equity.

Strategic focus

Deliver returns on tangible equity to support long-term value creation, resilience and investor confidence.

Guidance

2026: Low double digits

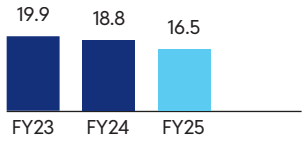
2027: Mid-teens

Principal risk

Business performance risk – Failure to deliver sustainable profitability undermines strategic investment, resilience and long-term value creation.

13 Common Equity Tier 1 (CET1) ratio (%)

16.5% ↓



Definition

CET1 capital as a % of risk-weighted assets measured in accordance with the Capital Requirements Regulation (CRR).

Strategic focus

Maintain strong capital resources to support growth and meet regulatory requirements.

Guidance

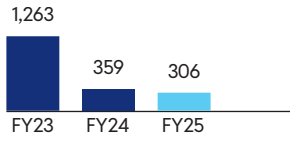
>14.5%

Principal risk

Capital risk – Insufficient capital limits growth capacity and strategic flexibility.

14 Liquidity coverage ratio (%)

306% ↓



Definition

A regulatory measure that assesses net 30-day cash outflows as a proportion of high quality liquid assets (HQLA).

Strategic focus

Ensure robust liquidity to meet obligations and enable strategic growth within risk appetite.

Principal risk

Funding and liquidity risk – Insufficient liquidity threatens resilience and operational continuity.

"When I needed to build my credit score after some money problems, Vanquis was there to help. I've been with them 10+ years without a problem. Their customer service is excellent – always keen to listen and help. Thank you, Vanquis."

Vanquis customer

Stakeholder engagement

How we listen and respond to our stakeholders

Effective engagement with stakeholders is fundamental to how Vanquis operates and how we make decisions across the business. It informs not only the products and services we provide to customers, but also how we respond to stakeholder expectations around sustainability performance and ESG matters.

We define stakeholders as individuals or groups who have an interest in, or are affected by, our business activities. We have identified six key stakeholders groups that we prioritise for engagement. These are: customers, colleagues, suppliers, investors, government and regulators, and our communities and wider society, including the environment.

Customers

Our customer strategy is built on a deep understanding of our customers' lives and needs. This insight informs how we design and deliver our products and services, how we use technology, and how we meet our strategic priorities and commitments. Customers choose Vanquis for inclusive, reliable products and services that help them build confidence and make the most of life's opportunities.

Colleagues

Our colleagues are central to the success of Vanquis. We focus on attracting and retaining talented and engaged people who can innovate and help deliver our strategic priorities and technology-led transformation. In return, we aim to provide meaningful career development, fair reward and recognition, and a diverse, inclusive and healthy working environment that offers flexibility and choice.

Investors

Our existing and future investors provide the capital that enables us to deliver our strategy and grow sustainably. In return, they expect disciplined financial performance, efficient operations, strong governance and risk management, and clear, timely and high-quality corporate information.

Communities and wider society

Our work in communities and wider society helps bring our purpose to life. By investing and generating positive social impacts in long-term partnerships, supporting colleague volunteering and considering our environmental impact we aim to create positive and lasting social outcomes.

Suppliers

Our suppliers play an important role in delivering our strategy and supporting the long-term success of our business. A strong and resilient supply chain enables us to provide responsible and sustainable products and services for our customers. In return, suppliers expect fair contractual and payment terms, robust supply chain standards and a commitment to positive social, environmental and ethical impacts.

Government and regulators

Government and regulators are key stakeholders for Vanquis. Through open and proactive dialogue, we work to ensure policymakers understand the customers we serve and the important role responsible, regulated credit plays in supporting financial inclusion.

A range of engagement mechanisms, as set out in the table below, are utilised by us for each of our key stakeholder groups and include opportunities for effective dialogue and feedback from stakeholders. Further information on how the Board monitors the effectiveness of stakeholder engagement and ensures that it, where appropriate, influences its decision making is set out on page 52 of this report.

Sustainability continued

Stakeholder	Engagement approach	Results of engagement
Customers	› Customer surveys, focus groups and market research on a range of topics. › Regular use of communication channels such as applications and websites. › Use of review platforms (e.g. Trustpilot) and complaints processes. › Engagement with, and feedback from, debt and money advice sector organisations. › Inclusive design sessions to inform product and service development.	› New brand was launched in June. › Customer stories published demonstrating how Vanquis products have helped customers manage their personal financial situations. › We received customer input in the design of its new app and customers were involved in the beta and roll-out phases to capture further improvements and report any issues. › In conjunction with inbest.ai, we launched a benefits checker to help customers identify if they are missing out on financial support they are entitled to. Customer research completed ensured the calculator met real needs. › A roundtable session held in March brought experts, charities and customers together to share experiences of financial inclusion and access to credit. Four key recommendations were shared with the Financial Inclusion Committee, which focused on financial education and numeracy, access to benefits, early indication of financial distress, and effective decline referrals.
Colleagues	› There are a range of colleague-led groups in place that enable our teams to connect and network, and support the creation of an inclusive workplace culture, including our Colleague Forum and five diversity and inclusion affinity groups. › We use several communication channels, with regular updates on the Company and colleague-related news delivered via Viva Engage, digital newsletters, in-person events and regular livestream sessions, which enable colleagues to engage in two-way dialogue.	› The Company was accredited as a 'Great Place to Work®' in November following completion of the Colleague Survey. › 21 colleagues celebrated as 'culture makers' from 143 nominations across the business. › ExCo Open Doors launched in August providing colleagues the opportunity to have one-to-one sessions with ExCo members. › Seven live-streamed Stay Connected events were held during 2025 sharing business updates and successes, and answering colleague questions. › Save As You Earn scheme offered to eligible colleagues in September 2025. › New colleague benefits announced in July, including workation and buy and sell holiday. › In February, the Financial Times UK's Best Employer survey ranked Vanquis at seventh in the banking and finance services sectors and within the top 50 employers nationwide. › Colleagues provided 302 continuous improvement ideas, 56 of which have been put into action. › Across the year, webinars were held on a range of different topics (from building resilience to avoiding burnout) via the inclusion and diversity wellbeing webinars.
Investors	› Regular trading updates are provided to investors via our refreshed Company website. › Investor roadshows, meetings and attendance and participation at investor conferences. › There were regular discussions and briefings for investors and analysts. › FY24 and 1H25 results presentations were held online and included a Q&A session.	› New investors joined the register during the year. › Increased industry press coverage. › Familiarity with the Group's strategy and greater understanding of the Group's business case. › Increased likelihood to attract overseas investment.

Sustainability continued

Stakeholder	Engagement approach	Results of engagement
Communities and wider society	› Regular meetings and calls with charity and community partners. › Participation in seminars and conferences that relate to key issues (e.g. financial inclusion). › Internal communication channels used to inform colleagues and provide ways that they can get involved in the communities we serve.	› We signed the Armed Forces Covenant to help veterans transition into meaningful careers after their military service. › A roundtable session held in March brought experts, charities and customers together to share experiences of financial inclusion and access to credit. Four key recommendations were shared with the Financial Inclusion Committee. › Colleagues were involved in numerous events to support local charities including the donation of Christmas presents, supporting reading skills online, painting community centres, championing improved numeracy skills and volunteering at foodbanks – the target of >2,400 hours volunteering achieved.
Suppliers	› Supplier onboarding process for new suppliers. › Ongoing due diligence process for new and existing suppliers. › Regular operational supplier meetings to review KPIs, as well as raise and resolve any issues.	› Gold standard award under the Fair Payment Code. › Enhanced operational resilience framework. › Board-approved operational resilience self-assessment. › The Third-Party Risk Management Policy was updated in September 2025 approved by the Risk Committee. › Updated Modern Slavery Statement approved in March 2025. › Material contracts signed.
Government and regulators	› Regular meetings and calls with both the FCA and PRA and other policymakers. › Engagement with regulators takes place via membership of trade associations (e.g. UK Finance) and advisors. › Participation in consultation exercises that relate to proposed regulatory changes.	› Contributed to Consumer Credit Act consultation. › CEO met FCA in June to provide input in the vehicle finance commission redress scheme and the Group's response to the consultation submitted in December. › CEO participated in an FCA panel discussion on 'Regulating for Growth'. › CEO is on the Board of UK Finance. › CSREP completed during the year. › The Group participated in PRA's thematic review of UK retail unsecured credit in July. › Chairman attended mid/small cap bank roundtable in October.

Sustainability continued

Delivering caring banking

Our purpose to deliver caring banking so that our customers can make the most of life's opportunities is supported by our sustainability strategy, which is organised under the following five key priorities and underpinned by our commitment to ensure that we will conduct our business activities by acting with integrity and in a responsible and ethical manner.

Customers

Helping our customers to be financially included through the provision of responsible and sustainable products and services.

Colleagues

Maintaining an inclusive workplace culture that is safe and engaging, and provides opportunities for growth and development.

Communities and wider society

Engaging with the communities we serve by supporting financial and social inclusion and improving numeracy and employability skills.

Suppliers

Ensuring we pay our suppliers promptly, and supporting and respecting human rights in our supply chains.

The environment

Minimising our impact on the environment and working with others to act on the issue of climate change.

"A clear and strong purpose is fundamental to the long-term success of our business. It guides our decision-making processes and ensures we deliver simple, affordable and flexible products that meet customers' needs and support financial inclusion. It also shapes how we work with partners in the communities we serve, how we create an inclusive workplace, and how we seek to minimise our impact on the environment."

Ian McLaughlin
Chief Executive Officer

Sustainability governance

Our sustainability strategy is aligned with our purpose to deliver caring banking and ensures that we conduct our business responsibly and manage our ESG priorities (see page 25). Our Board has oversight of the Vanquis Sustainability programme and reviews it once a year. It also delegates responsibility for aspects of sustainability performance monitoring (e.g., in relation to climate change-related risk reporting) to the Audit Committee. Our Remuneration Committee also ensures that a range of sustainability metrics are included in the Annual Bonus Plan for the Group's executives. Additional information on our governance can be found on pages 64 to 128.

Our Executive Committee plays an important role in supporting the delivery of the Group's sustainability strategy and routinely discusses sustainability activities and ESG issues that are material to the business and its key stakeholders. In doing so, it is supported by our Climate Risk Committee (see page 33) and Inclusion Community (see page 28). It also reviews and approves the Group's programme of activities and its budget.

The day-to-day delivery of the programme and our response to the ESG agenda are carried out by our in-house sustainability team, which is supported by colleagues from across the business. This includes the colleagues who sit on the various working groups we have in place and oversee the management of environmental and community investment matters.

Sustainability continued

Our 2025 sustainability performance at a glance

Stakeholder	Measure	Performance in 2025	Status	Focus for 2026
Customers	Level of customer satisfaction	Customer satisfaction across all products: 83.7	Achieved	› Improve customer satisfaction levels across our products and services. › Use customer insight to continually raise standards and deliver improved outcomes for customers.
	Total number of customer complaints	Total number of complaints: 52,919 (2024: 87,561)	Partially achieved	› Continue to reduce the volume of customer complaints by improving customer outcomes. › Continue to reduce complaint handling costs.
Colleagues	Workplace culture and colleague engagement	Great Place to Work® Colleague Survey participation rate: 87% (2024: 81%) Great Place to Work® Trust Index score: 73% (2024: 60%)	Achieved	› Maintain Great Place to Work® certification. › Continue to identify opportunities to improve colleague engagement and workplace culture in line with our commitment to create a workplace where people feel valued.
Communities	Amount invested to support our communities	£929,125 invested to support our Foundation (2024: £1.4m)	Achieved	› Continue to invest in the communities we serve by supporting financial and social inclusion and improving numeracy and employability skills. › Continue to engage with colleagues to support their local communities with their skills and talents through volunteering.
Suppliers	Prompt payment of suppliers	98% of suppliers paid within 30 days (2024: 97%)	Achieved	› Continue to ensure that all suppliers are paid within 30 days. › Review and update our supplier due diligence process to embed new diversity and inclusion questions within the questionnaires we use.
The environment	Absolute scope 1 and 2 GHG emissions 2025	Total scope 1 and 2 GHG emissions: 469 tCO_2e (2024: 500 tCO_2e), a reduction of 6%. Total scope 1 and 2 (and associated scope 3) GHG emissions: 584 tCO_2e (2024: 647 tCO_2e), a reduction of 10%	Achieved	› Continue to identify opportunities to improve the energy efficiency of the Group's operations. › Conduct an internal review of our ability to meet the new expectations set by PRA supervisory statement 5/25 – Enhancing banks' and insurers' approaches to managing climate-related risks.

Key

Achieved | Partially achieved | Not achieved

Sustainability continued

Customers

Supporting the financial inclusion of its customers is at the heart of what Vanquis does.

We do this by offering a range of credit cards that are designed to suit different needs and saving products through our Vanquis brand, specialist Vehicle Finance through Moneybarn, Second Charge Mortgages via origination partners and free and easy-to-use money management support via our Snoop app. We also know that this commitment to support the financial inclusion of our customers extends to being there for them should health issues, financial instability and other life events impact their ability to manage their finances.

Measures in this pillar

- Level of customer satisfaction
- Total number of customer complaints

Customer satisfaction

83.7

Customer numbers by product

- Credit Cards: 1,339k (2024: 1,267k)
- Vehicle Finance: 103k (2024: 110k)
- Second Charge Mortgage: 9.9k (2024: 3.7k)
- Savings: 81k (2024: 57k)
- Snoop: 328k (2024: 293k)

Snoop money management app

We continue to actively promote the Snoop app to our customer base. Snoop uses Open Banking to analyse the spending of customers and suggest ways to save money across a number of areas of personal finance. This helps our customers to improve their creditworthiness and their borrowing and debt management. It also tracks customers' regular bills and flags up when they are higher than usual, sometimes offering up cheaper providers they can switch to.

Benefits Checker

In 2025, in recognition that over £24bn of income-related benefits and social tariffs in Great Britain go unclaimed every year, we launched the Vanquis Benefits Checker. This new digital tool is designed to help customers quickly and easily identify benefits and social tariffs they may be entitled to, ensuring fewer households miss out on vital financial support. The launch of the Vanquis Benefits Checker follows a successful partnership with Fair Finance, which has helped 20,000 people identify and claim over £34m in entitlements since December 2024. The tool, which is powered by an Artificial Intelligence platform, makes use of a simple, guided questionnaire to identify potential benefit entitlements, including Universal Credit, Pension Credit, Disability and Carer's Allowances, and more. This enables users to answer straightforward questions about their household, income, and living situation, and they are then directed to official pages where they can apply for relevant benefits.

Supporting our vulnerable customers

We have a duty to support customers if they experience financial difficulties, and our colleagues play a vital role in providing this support in the first instance. As such, all our frontline colleagues are trained to recognise characteristics of vulnerability and respond appropriately to customer needs. This enables our colleagues to respond appropriately when a customer shares a need or shows clear signs of vulnerability, exercise judgement to adapt to customer needs and take prompt action to prevent harm and refer customers to in-house or third-party specialists when necessary.

This is why a key pillar of the Vanquis Foundation focuses on working with specialist partners to address issues such as customer vulnerability and financial difficulties. By supporting these organisations, our customers can access independent and personal financial advice and support if they encounter financial challenges.

Sustainability continued

Customers continued

Working with StepChange and Christians Against Poverty

While we work to collect outstanding debt, customers sometimes enter debt agreement plans with leading free debt and support charities such as StepChange and Christians Against Poverty (CAP). We continue to accept the offers of payment when customers have sought advice from these charities, and a financial assessment has been made of their circumstances. Through the 'fair share' agreements we have with these charities, we contribute almost 12% of any payment we receive from a customer who has entered a debt agreement plan with the charities. These contributions mean our business pays for the debt advice received by the customer. They provide the charities with financial support so that they can continue to provide free, independent advice. During 2025, we paid £198,335 (2024: £254,777) to StepChange and CAP in 'fair share' contributions.

IncomeMax support

We continue to support customers who are experiencing financial difficulties by making referrals to IncomeMax, a community interest company that helps people to maximise their household income by providing them with independent advice and support to navigate the complex welfare system. The income maximisation process carried out by IncomeMax involves the organisation completing an assessment with customers who have been referred to it, either by our frontline colleagues or through the IncomeMax chatbot, and using that information to assess whether the customer is entitled to any additional benefits, grants, or schemes, and how these can be claimed.

IncomeMax has also developed a toolkit which provides our customers with access to valuable, comprehensive signposting and self-serve support where a formal referral is necessary.

Plain Numbers

Through our work with Plain Numbers, we are working to improve the way we communicate and explain important financial information to our customers, so that they can fully understand their financial situation and are able to make better financial decisions and deal with the challenges that life may throw at them. Since we started working with Plain Numbers in 2023, we have used our partnership to support our customer communications and to improve content for educational videos to explain some of the terms that crop up in financial communications and are often misunderstood by consumers. Throughout 2025, we have used our partnership to inform the development of the new mobile app that we are launched in January 2026.

Case study

The Money Charity

Vanquis has partnered with The Money Charity, a charity that provides information, advice and guidance to people of all ages so that they can manage their money well and increase their financial wellbeing, since 2013.

Throughout the year, our support for The Money Charity enabled it to deliver 200 workshop hours to over 4,300 young people. The aim of these workshops is to provide young people with building blocks to sound money management, helping them to develop the skills, knowledge, attitudes and behaviours they will need so they can make the most of their money throughout their lives. In addition, during 2025 we provided funding to enable The Money Charity to continue publishing The Money Statistics Report, which is widely used by financial services companies, third sector organisations and the media. This report, which is published monthly, is a round-up of financial facts and figures that relate to consumer confidence and whether challenges, such as cost-of-living and energy crises, high interest rates and the economic policies of the new US administration, have affected the lives and finances of many people across the UK.

"At Vanquis, we're proud of our partnership with The Money Charity, which helps to support people from across the UK to build the skills and confidence they need to manage their money and improve their financial wellbeing."

Ian McLaughlin
Vanquis CEO

Sustainability continued

Colleagues

We are committed to being an employer of choice and creating a workplace where people feel valued, empowered and inspired to grow together.

We know that by creating an inclusive workplace culture, we will be well placed to attract and retain the best people and create a sustainable pipeline of engaged and diverse colleagues, capable of innovating and developing the products and services for the customers we have now, as well as address any future challenges and opportunities.

Measures in this pillar

- Workplace culture and colleague engagement

Great Place to Work® score

73%

FY24: 60%

Key Great Place to Work® results

- Response rate: 87% (2024: 81%)
- Colleagues agree that Vanquis is a Great Place to Work®: 77% (2024: 51%)
- Average score across all Great Place to Work® statements: 75% (2024: 62%)

Shaping our culture

We recognise that the culture at Vanquis should be positive, supportive and dynamic, where innovation thrives, personal growth is supported, and colleagues feel valued, safe and motivated. By having a culture that is informed by our purpose and values, we can ensure that it shapes our leadership, our ways of working and the experiences we create for all our colleagues. Ultimately, it builds an innovative, high-performing and inclusive community where colleagues feel motivated, valued and elect to stay and develop their careers.

Throughout the year, colleagues from across our business took part in a series of workshops to help define the culture we want to build and how it can be embedded across Vanquis. We've created a simple, memorable culture statement to guide the future of Vanquis - summed up in the acronym ACT (see below).

Ambitious

Be ambitious and bold in our goals and decisions, moving with pace and curiosity, and embracing innovation.

Caring

Care for each other and our customers, creating an inclusive, supportive and enjoyable place to work where people can thrive.

Together

Together as one team, built on trust, transparency and collaboration – challenging each other to succeed together.

Inclusion and diversity

The ambition of our Inclusion and Diversity Policy is to build and sustain an inclusive culture and diverse workforce, which will help us to respond to our diverse customer base. It underlines our commitment to treating all colleagues with respect and dignity and prohibiting discrimination. It reflects our commitment to recruit, train, develop, promote and provide conditions of employment without regard to race, colour, creed, religion, national origin, gender, gender identity or expression, sexual orientation, marital status, age, disability, or any other characteristic.

The activities that are delivered in support of our Inclusion and Diversity Policy continue to be driven by our affinity groups, which are colleague-led and sit at the heart of Vanquis' Inclusion Community. The affinity group's focus on the following themes: disability, LGBTQ+, gender balance, ethnicity and social mobility. Our Inclusion Community and affinity groups celebrated their five-year anniversary in 2025. During this time, approximately 180 colleagues who are actively involved in these groups helped shape a range of policies and processes, supported mentoring and peer circles, and enabled colleagues from across the business to celebrate and raise awareness of specific events and milestones. During 2025, our affinity groups influenced the creation of new policies on carer's leave and neonatal care leave, helped introduce flexible bank holidays, continued to enhance our Reasonable Adjustments Policy, helping us better support colleagues' individual needs. They also ensured that we achieved the Silver Standard in LGBT Great's Inclusion Index Benchmarking Tool for three years running and supported colleagues, through their volunteering, to take part in initiatives that facilitate social mobility in the communities we serve.

Sustainability continued

Colleagues continued

Inclusion and diversity continued

We made a commitment to improve gender diversity across the Group via the HM Treasury Women in Finance Charter in March 2019. As part of this, we set a target to have 40% female representation in the Group's senior management population by December 2026. As of 31 December 2025, we had the following gender balance:

	Total	No. of women	% of women	No. of men	% of men
Vanquis Banking Group plc Board	8	3	38	5	62
Executive Committee	9	3	33	6	67
Senior leadership population	89	30	34	59	66
All Vanquis colleagues	**1,293**	**627**	**49**	**666**	**51**

We also engage with our colleagues on an annual basis to collect information on other diversity and inclusion categories.[1] This information is summarised below:

- 13% (2024: 16%) of colleagues informed us that they had a disability or long-term health condition.
- 18% (2024: 17%) of colleagues informed us that they come from a Black, Asian, other White or minority ethnic background.
- 7% (2024: 9%) of colleagues informed us that they were part of the LGBTQ+ community.
- 14% (2024: 15%) of colleagues have caring responsibilities.

1 This data is based on colleagues' voluntary self-declaration via our October 2025 Great Place to Work® Colleague Engagement Survey, which accounts for 87% of the Vanquis Banking Group workforce.

Further diversity and inclusion information that relates to the FCA's Listing Rules 6.6.6(9) and 6.6.6(10) is set out in the Nomination and Governance Committee Report on pages 84 and 85.

Employee engagement

We continue to measure engagement to show how well we are doing at retaining the best talent and to build our culture through our annual Colleague Engagement Surveys. In 2023, we changed the way we conducted Colleague Engagement Surveys and started using the Great Place to Work® model. We also set an ambition to become certified as a Great Place to Work®, which required us to achieve a response rate to its core statements of 65% or more. In 2025, 87% of our colleagues responded to our annual Great Place to Work® survey, with 73% (2024: 60%) of colleagues rating the core Great Place to Work® statements as "almost always true" or "often true". This means that we have earned Great Place to Work® certification for the first time, an achievement that reflects our commitment to invest in leadership, engagement and collaboration, and create a working environment where all colleagues can thrive and make a difference for our customers.

"Great Place to Work® certification is the result of the effort, passion and collaboration of colleagues across the business, building a culture we can be proud of."

Elli Michaelides, Chief People Officer

Training and development

We care about our colleagues' career journeys and ensure that they are supported to take ownership of their development and provided with resources, guidance and opportunities to develop new skills and grow. Since 2024, we have provided all colleagues with free access to LinkedIn Learning, a development platform that offers video-based courses on a variety of topics including business, technology, and people management. By having access to these resources, our colleagues can develop new skills, enhance their existing skills, or simply stay up to date on the latest trends.

To support our HM Treasury Women in Finance Charter target mentioned above, we have a Women in Leadership programme that supports women from across Vanquis to develop their leadership and people management skills, and work towards an associated Level 3 or Level 5 apprenticeship qualification. Since we launched this programme in 2025, 21 women have participated in this programme.

For the emerging leaders in our business, we have our Aspiring Leader development programme, which enables colleagues who are new to leadership and people management to work towards a Level 3 Team Leader apprenticeship qualification, and build the skills, knowledge and confidence they need when applying for new roles within Vanquis.

Colleague wellbeing

At Vanquis, we know that wellbeing is a key part of our culture and supports our ambition to attract, retain and empower the best people. This is why we are committed to supporting our colleagues by being flexible and empathetic, and offering a wide range of tools and resources to help them feel their best.

The wellbeing support package we have in place includes access to digital support, which enables colleagues to arrange convenient online health consultations, our Employee Assistance Programme phone line and a range of health and wellbeing support services through the Bank Workers Charity. We also have a network of Mental Health First Aiders who have the skills to spot the signs of a person experiencing poor mental health, and the confidence to start a conversation about how their wellbeing can be supported. We also engage and consult with our colleagues to create family friendly policies that reflect our values and promote flexible working options. In 2025, this saw us develop and launch new policies and guidance on neo-natal care, paid carers leave and flexible bank holidays.

Sustainability continued

Communities

We believe that Vanquis has a role to play in having a positive impact in the communities we serve, which is why we established the Vanquis Foundation almost three years ago.

Through our Foundation, we aim to improve the lives of children and young people in the communities where our customers live and work by providing them with access to education, social and financial inclusion, and economic development opportunities.

Measures in this pillar

- Amount invested to support our communities

Cash	£784,125
Management costs	£54,792
Value of colleague time	£90,208
Total	£929,125

Cash	£1,171,597
Management costs	£114,549
Value of colleague time	£77,271
Total	£1,363,417

Our Foundation supports initiatives and activities across three key areas:

- **financial inclusion advice** – partnering with organisations that provide money advice and debt support;
- **education** – backing programmes that improve literacy, numeracy and career skills; and
- **community** – supporting social and financial inclusion in the areas where we're based.

In 2025, we invested £929,125 in the communities we serve via the Vanquis Foundation.

Supporting the numeracy agenda

At Vanquis we know how important numeracy skills are in supporting financial wellbeing and enabling people of all ages to use everyday maths to help with budgeting, saving, shopping smart, and planning for the future. This is why we were delighted to be a lead supporter of National Numeracy Day 2025, which focused on the theme of money. During National Numeracy Day on 21 May 2025, our colleagues volunteered to support the delivery of a 'My Maths Story Assembly' in several schools local to our offices, and inspired pupils by sharing personal stories about how numeracy has shaped their careers and everyday lives, helping children see the real-life value of maths. They also supported the delivery of 'Maths in the Real World' classroom sessions, which brought numeracy to life by showing pupils how maths is used in a variety of jobs and day-to-day situations.

In partnership with National Numeracy, we published our Financial Wellbeing Index, which revealed that workers earning up to £40,000 are saving just 1% of their income, highlighting widespread number confidence issues, low financial resilience, and the urgent need for improved financial capability across the UK. We also partnered with the Professional Darts Corporation's Bullseye Maths initiative to deliver a special National Numeracy Day event. Featuring darts player Nathan Aspinall and his daughter Milly, the session engaged children through fun, accessible numeracy activities that promoted positive attitudes towards maths and everyday number use.

Supporting children and young people to develop employability skills

In 2025, we have continued to work with the Ahead Partnership, School-Home Support and Social Mobility Business Partnership, and the relationships we have with schools and colleges in the communities surrounding our offices in Bradford, Chatham, London and Petersfield, to deliver sessions that engage with young people who face barriers or are underrepresented within our workforce, to build their aspirations, skills and careers knowledge and support them to think about what steps they could take towards realising their future job prospects.

Sustainability continued

Communities continued

Supporting children and young people to develop employability skills continued

During the year, over 59 colleagues supported almost 150 schoolchildren and students by working with our partners to deliver sessions on the roles that exist within our sector, goal setting and action planning, interview preparation and practice and CV writing. This included working with the Ahead Partnership to host a 'Step into Tech' workshop at our Bradford head office on 4 November 2025. During the day, 46 students from the Co-op Academy Grange, Carlton Keighley, and Dixons McMillan Academy took part in workshop activities that were supported by our colleagues and were designed to inspire young women to explore exciting careers in technology and digital.

Investing in Bradford's communities

We continue to support local community groups in Bradford to address a wide range of social and financial inclusion issues. We do this via the Manjit Wolstenholme Fund, named after our former Chair of the Board, which is managed on our behalf by the Bradford District Community Foundation. Through this fund, we provide grants to grass roots community organisations that work with children and young people to increase their aspirations and empowerment, develop confidence, resilience and life skills, and address low education attainment and inequity of opportunity. In 2025, we provided £50,000 of grant funding to five community organisations including:

- **Mary Magdalene** – Using our grant funding, the organisation will support 24 disadvantaged young people in Bradford to access the Duke of Edinburgh's Award, enabling them to develop essential skills, confidence and resilience. The grant will fund a dedicated Duke of Edinburgh Coordinator and cover essential costs including camp fees, venues, transport, equipment, training, and resources. This project will ensure that young people who are often excluded from mainstream provision are given the chance to thrive, grow, and be recognised for their achievements.
- **UpCycle** – Through our grant funding, UpCycle will deliver a five-day, hands-on employability placement for 10 trainees. Each trainee will complete 25 hours of paid work experience in UpCycle's Community Bike Shop and carry out repairs, serve customers and manage stock, while staff will help them log technical and transferable skills (such as teamwork, customer service and mechanic skills). Trainees will be paid the Real Living Wage for every placement hour, recognising their contribution and removing financial barriers to participation.

Supporting the Bradford 2025 City of Culture

We were proud to be a major supporter of the Bradford district in its capacity as the UK's City of Culture during 2025. Through our support, the Royal Ballet and Opera, Opera North, and Northern Ballet, delivered the Sing, Dance, Leap! project. The aim of this mass participation project was to help children to express how they feel about themselves, and their city, through ballet, opera, and the arts. It culminated with more than 2,400 Bradford schoolchildren performing a ballet and opera with professional dancers, singers, and musicians at the newly refurbished Bradford Live in June 2025.

Colleague volunteering

We are committed to harnessing the heart and spirit of our colleagues to support their local communities with their skills and talent, through impactful and meaningful volunteering. This is why all our colleagues can take two days off work, fully paid, every year to volunteer for their charity and local community causes. They can also take time off to support Company-led initiatives with one of our partners. As at 31 December 2025, our colleagues volunteered 3,061 hours (2024: 2,586 hours) to support a range of good causes, an 18% increase when compared with FY24.

Throughout the year, our colleagues have used their two days, volunteering to be charity trustees and school governors, and provide technical support to local community initiatives. The Company-led volunteering initiatives we delivered during 2025 included team challenges at community organisations near our offices, tree planting, and other hands-on activities, as well as online reading support for disadvantaged children, sharing career advice with students entering the workforce, and delivering maths-themed assemblies to local primary schools.

Supporting children's literacy with online reading

Throughout the 2024/25 academic year, our dedicated team of 35 volunteers has provided more than 200 hours of one-to-one online reading support to help children from disadvantaged backgrounds develop a lifelong love of reading and break the cycle of low literacy.

"It is an easy way to make a positive impact on a child's life by giving up just 30 minutes per week during term time and listening to an infant school pupil read online. It is great to be able to give something back, especially when you see the positive effect you are having when a shy child comes out of their shell and is happy to read and chat to you."

Product Development Manager

Fundraising

During the year, our colleagues went above and beyond to support charities and causes close to their hearts, from running marathons and climbing the Yorkshire three peaks, to having cake bake sales and running a charity golf day. At Vanquis, we are committed to enabling them to make a difference in their communities through their fundraising activities. This is why we match their fundraising up to a maximum of £500 per year, per organisation. In 2025, we provided matched funding donations that amounted to £10,199 to charities such as Alzheimer's Research UK, the Thames Hospice, RNLI, the Dogs Trust and many more.

Sustainability continued

Conduct

At Vanquis, we are committed to acting with integrity and conducting our business activities and relationships in a responsible and ethical manner. Our aim is to create and maintain a culture of transparency and trust, where colleagues feel valued, safe and motivated (see pages 28 and 29 of this report), and which takes account of issues that matter to stakeholders such as customers and suppliers, and our impact on the environment (see pages 21 to 23 and 74 to 78 of this report).

Our Corporate Policy Statement

Our Corporate Policy Statement sets out our commitments to operating responsibly, ethically, legally and compliantly. It reflects our purpose and values and encapsulates the minimum standards of conduct and policy requirements for all our colleagues.

For further information on this statement and the other policies referred to on this page go to our website: vanquis.com.

Anti-bribery and anti-corruption

Our policy on anti-bribery and anti-corruption sets out the Group's zero-tolerance approach to bribery and corruption and our commitment to acting professionally, fairly and with integrity in all its business dealings and relationships, wherever it operates, and implementing and enforcing effective systems and controls to counter bribery and corruption. The policy applies to all colleagues, contractors and directors in relation to the business activities undertaken by, or on behalf of, Vanquis.

Whistleblowing

Our Whistleblowing Policy and accompanying programme includes an external third-party helpline facility which enables colleagues and third parties to confidentially report concerns. The Vanquis Board oversees the integrity of the Group's arrangements on whistleblowing, including policies and procedures.

"I've been with Vanquis for a few years now and have found them to be very good. Their mobile app is easy to use and makes it simple to keep track of your spending."

Vanquis customer

Protecting human rights

Vanquis is committed to supporting and respecting human rights and, as such, is opposed to slavery and human trafficking in both its direct operations and in the indirect operations of its supply chains. As such, the Company will not knowingly support or do business with any organisation involved in slavery or human trafficking. Our statement on the Modern Slavery Act 2015, along with our Human Rights and Modern Slavery Policy and Supplier Code of Conduct, can be found on our website.

Technology, information security and data

Technology, information security and data is a principal risk for Vanquis (see page 60) and we are committed to protecting our infrastructure and assets, as well as handling personal information responsibly, securely and transparently.

Our tax strategy

We are committed to ensuring that we pay the tax we are legally required to pay in all the territories in which we operate, we comply with all tax rules and regulations in those territories and we safeguard our reputation as a responsible taxpayer. Our tax strategy, which was last updated and approved by our Board in December 2025, can be accessed on our website.

2025 climate-related financial disclosure

Compliance statement

The climate-related financial disclosure, which relates to the year ended 31 December 2025, set out in the following section of our Annual Report complies with UK Listing Rule 6.6.6(8). It is therefore consistent with the four pillars and 11 recommended disclosures of the Task Force on Climate-related Financial Disclosures (TCFD). The disclosures made by Vanquis Banking Group plc also comply with the Climate-related Financial Disclosure (CFD) Regulations 2022 and the UK Companies Act (that is, sections 414CB(2A) (a to h)). The text and tables below and overleaf outline how these recommendations and recommended disclosures have been addressed.

Governance

The Vanquis Banking Group plc Board has ultimate responsibility for identifying, managing and reporting climate-related risks and opportunities and does this through an annual ESG update. It also has overall accountability for the delivery of the Group's ESG strategy and regularly reviews performance in accordance with this strategy. The Board delegates elements of its responsibilities to its committees (see below) to review and approve our climate-related disclosures and to review the effectiveness of climate-related risks and opportunities in line with our risk management and internal control framework (see pages 54 to 56).

Audit Committee	Remuneration Committee	Risk Committee
The Audit Committee supports the Board in reviewing the climate-related disclosures made by the Group annually in its Annual Report and Financial Statements.	The Remuneration Committee assists the Board in its oversight of its remuneration policies and practices in relation to any ESG-related metrics, including those that relate to the climate change agenda.	The Risk Committee assists the Board by taking an active role in defining risk appetite and monitoring the risk management and internal control systems across the Group. This includes any climate-related risks.

Executive Committee

The Group's CEO is accountable for management oversight in relation to the progress being made by the Group in managing its strategic ESG objectives, including those that relate to climate change. He is supported by the ExCo which is responsible for the day-to-day management of the business and supports the operation of the business and informs decision making on matters not reserved for the Board or its committees. The Executive Committee ensures climate-related matters are considered and factored, where appropriate, into strategic decisions across the Group, which includes ensuring the delivery of our ESG framework.

Climate Risk Committee

The Climate Risk Committee (CRC) is co-chaired by our Group Treasurer and Head of Strategic Planning & Analysis who, along with colleagues from a range of different functions, provide guidance and executive oversight of Vanquis' climate risk management and reporting activities.

Internal audit

The Vanquis Internal Audit function will review the controls that are in place to manage and/or mitigate climate-related risks as necessary. This was last done in 2023. It is anticipated that an internal audit of our climate risk-related controls will take place over the next 12 to 18 months.

Strategy

Our strategy continues to relate to ensuring that climate-related risks are integrated into our business strategy and decision making in areas such as operational resilience, customer service, and supply chain management, and, where appropriate, capital allocation.

Climate-related risks are identified, assessed, managed and monitored in line with our risk management and internal control framework, described on pages 54 to 56. When assessing climate-related risks and opportunities, we use the time horizons set out below, which we updated last year to better align with our budgeting and planning cycles. This enables us to continue to consider the material climate-related risks and opportunities that relate to the current and future products and services we provide to our customers, as well as those that are relevant to our operations and infrastructure (including our supply chain).

Sustainability continued

2025 climate-related financial disclosure continued

Strategy continued

Climate-related risks and opportunities assessment periods and time horizons		
Short term	**Medium term**	**Long term**
0–1 year	**1–5 years**	**5 years or more**
This aligns with our annual reporting cycle and associated operational activities.	This aligns with the financial and operational planning we use and provides in-sight into developing risks and opportunities.	This enables us to consider the impact of changing climate-related transition and physical risks on our business over the long term.

The climate-related physical and transition risks and opportunities we have factored into our strategy are set out in the table below. These have been identified through our impact assessment and scenario analysis (refer to page 35 for further information on the scenarios and financial impact analysis ranges used). The risks are categorised as physical (which include acute, extreme weather events, and chronic, long-term climate shifts in the UK), and transition risks (which relate to regulatory changes, technological innovations and customer demand changes), and the opportunities relate to meeting the needs of our customers as climate-related policies are implemented and continuing to improve the energy efficiency of our operations and infrastructure.

Risk/opportunity type	Risk/opportunity description	Business impact	Time horizon(s)
Physical risk (acute)	There is a risk of increased severity of extreme weather events such as heatwaves, hurricanes and flooding that disrupts our own operations and supply chains, and those of our customers, colleagues and communities.	These events could have an impact on infrastructure, causing damage to buildings and other assets, leading to wide-scale disruption to service delivery. They could also impact the secured properties of our Second Charge Mortgage customers, which could have credit risk implications.	Short and medium term
Physical risk (chronic)	There is a risk that events, such as rising sea levels, coastal changes and higher average temperatures and rainfall, impact regions and infrastructure that are material to our own facilities/business premises, as well as the operations of the organisations in our direct and indirect supply chains.	Such physical risks could lead to indirect economic and social impacts through supply chain disruptions, subsequent impacts from infrastructure damage (e.g. in relation to transport, communication and manufacturing processes) or market shifts (such as increases in insurance premiums). They could also have credit risk implications for the Group's Second Charge Mortgage customers.	Long term
Transition risk (policy/legal)	There is a risk that new or additional climate-related laws, regulations or contractual commitments (e.g. in relation to energy usage or the manufacture of internal combustion energy (ICE) vehicles) may result in increased compliance costs, taxes on emissions, penalties or restrictions that relate to our business models and our stakeholders.	Such transition risks could impact both our operating costs and ability to meet the demands of our current and future customers. The introduction of taxes designed to improve energy efficiency could also have cost-of-living implications for our customers, which has potential to expose the business to credit risks. These could have implications for our revenue growth opportunities.	Medium and long term
Transition risk (reputation)	By failing to deliver on our public net zero commitments there is a risk that we could be exposed to reputational damage (e.g. that arises from greenwashing allegations) and increased scrutiny from our customers, regulators, investors and colleagues.	Damage to our reputation because of poor environmental performance, including the failure to meet any climate-related commitments or regulatory expectations, could result in negative media attention and may impact customer or investor demand or result in a loss of existing talent or the inability to attract new talent. This could lead to financial impacts on revenues and/or financial penalties, legal challenges or fraud investigations.	Short, medium and long term
Opportunity – products and services	There is an opportunity to develop and introduce new products and services that meet both the needs of our customers and the requirements of emerging climate-related policies (e.g. in relation to the financing of battery electric vehicles (BEVs)).	This could lead to increases in our competitiveness and the offerings we deliver to customers, resulting in increased revenue growth opportunities.	Medium and long term
Opportunity – resource efficiency and resilience	There is an opportunity to integrate low-carbon solutions into our operations and infrastructure to further improve energy efficiency and reduce our carbon intensity.	Such opportunities could positively impact both our operating costs and ability to meet the demands of our current and future customers. This could have implications for our revenue growth opportunities.	Short, medium and long term

Sustainability continued

2025 climate-related financial disclosure continued

The scenarios used to test our business strategy and financial planning

We continue to undertake an annual scenario analysis to test whether our business strategy is sensitive to financial impacts associated with climate-related risks and opportunities. The approach we take to undertaking our scenario analysis is reviewed annually. We have noted no material changes during FY25 and have made no updates to the scenarios used or the analysis carried out in the current year.

By undertaking an annual scenario analysis, we are able to identify the actual and potential impacts of climate-related risks and opportunities on our business, strategy and financial planning. In doing so, we use the Group's financial forecasts, operational footprint, customer data, supply chain information and environmental data, to create a representation of Vanquis. We also continue to use the following three climate scenarios developed by the Network for Greening the Financial System (NGFS): Orderly, Disorderly, and Hot House World (further details on these scenarios are set out below). These scenarios have been used because they provide a plausible representation of future climate based on potential trajectories of future levels of greenhouse gas emissions. The NGFS scenarios also couple climate risk assessment models with macroeconomic and financial models to enable us to determine what climate change impacts and policies mean for the real economy and the financial system.

NGFS scenarios

Orderly	Disorderly	Hot House World
NGFS Net Zero 2050	**NGFS Fragmented World**	**NGFS Current Policies**
Description: › Climate policies are introduced early and become increasingly more stringent. › Global temperature is limited to 1.5°C.	Description: › Climate policies introduced are delayed and divergent leading to high physical and transition risks. › Warming can be limited to <2°C resulting in lower physical risks, but may result in higher transition risks.	Description: › Some climate policies are introduced but accompanying global efforts are not sufficient. › Global warming predicted to increase within a range of 3°C to 5°C.
Key scenario factors: › Carbon/energy taxes/levies continue to be used and increase in use during the next five years. › Investment in energy efficiency measures, renewable energy and carbon, capture and storage are significant. › Physical risks are relatively low, but transition risks are high.	Key scenario factors: › Countries without net zero targets follow current policies, while other countries achieve them only partially (e.g. 80% of the target). › Investment in energy efficiency measures, renewable energy and carbon, capture and storage is patchy. › Some countries may experience low physical risks. › Higher transition risks compared to the Orderly scenario.	Key scenario factors: › Climate policies currently in place not maintained. › Higher dependence on fossil fuel extraction and use. › Transition risks are initially relatively low as limited action is taken. › Physical risks are severe, leading to irreversible changes.

In analysing the results of our scenario analysis, we continue to use a financial impact analysis to represent the estimated loss to the Group's revenues over the next five years assuming that no mitigating action is taken. The methodology used, which is based on our internal risk management processes, is rated in the following way: high (a loss impacting the income statement by more than 20% and/or by more than £20m); medium (a loss impacting the income statement by between 10% and 20% and/or between £5m and £20m); and low (a loss impacting the income statement by between 5% and 10% and/or by between £1m and £5m).

Sustainability continued

2025 climate-related financial disclosure continued

The impact of climate-related risks and opportunities on our business, strategy and financial planning

Physical risks	Acute risks		Chronic risks
Scenario	**Orderly**	**Disorderly**	**Hot House World**
	NGFS Net Zero 2050	**NGFS Fragmented World**	**NGFS Current Policies**
NGFS risk rating	Low	Medium	High
Financial impact/ risk to Group	Low	Low	Medium
Time horizon	Short and medium term	Medium and long term	Long term
Impact	In this scenario, there is likely to be more instances of extreme weather events, such as heavy rain, high wind and heatwaves. For Vanquis, the impacts of these events are likely to be minimal.	While climate-related physical risks also increase in this scenario, the impact caused by, for example, extreme weather patterns, is much smaller than in the Hot House World scenario. Under this scenario, it is likely that more vulnerable parts of the world will be exposed to the impacts of long-term changes in climate and weather patterns. In the UK, there is likely to be significant regional variability in flooding impacts, with large areas of the country not materially impacted by flood risk. However, it is anticipated that there will be more instances of extreme weather events, such as heatwaves, heavy rainfall and high winds, which could disrupt our work environments and routines.	The greatest impact in physical risk is seen in this scenario as the cost of damage caused by inland and coastal flooding, high winds and subsidence is expected to increase as the global mean temperature rises. This could pose a threat to the Group's properties and infrastructure, which, in turn, could impact our insurance or reinsurance costs, as insurance companies could face higher payouts due to climate-related damages. This scenario could also have the greatest consequences in terms of colleagues' productivity as extreme weather events may disrupt work environments and routines, which could have implications for our customers.
Mitigation measures	Vanquis continues to adopt the following actions in order to mitigate against the physical risks described above: continuing to maintain and test business continuity plans to ensure the continuity of our operations in a range of situations, including those where an extreme weather event occurs; implementing measures to improve energy efficiency across the Group on an ongoing basis; and shifting to more sustainable, low-impact resources and having a series of targets to achieve this aim (for example, to ensure that we use 100% renewable energy across the Group). In terms of Vanquis' exposure to physical risks, although it is accepted that extreme weather events may increase in number and severity compared to the present, they are unlikely to be as severe as those expected under the Hot House World scenario. Further, the direct financial impacts associated with these events are considered to be minimal for Vanquis because our four main offices in Bradford, Chatham, London and Petersfield are leased, and insurance is in place to help mitigate the impacts of such physical risks. We will continue to monitor the exposure of our main offices to surface water flooding and river/sea flooding using resources made available by the Environment Agency. According to the Agency's National Flood Risk Assessment (NaFRA) data (updated August 2025), which uses bespoke software to integrate detailed local flood risk models into a national picture, the long-term flood risk relating to our four main properties is as follows:		

	Surface water flooding		River and sea flooding	
Property	Yearly chance of flooding	Yearly chance of flooding between 2040 and 2060	Yearly chance of flooding	Yearly chance of flooding between 2036 and 2069
Bradford	Very low	Very low	Very low	Very low
Chatham	Very low	Very low	Very low	Very low
London	Very low	Very low	Very low	Very low
Petersfield	Very low	Very low	Very low	Very low

We will continue to monitor the Environment Agency's NaFRA data to assess the exposure of the Group's main premises to long-term surface water, and river and sea flood risk.

Sustainability continued

2025 climate-related financial disclosure continued

The impact of climate-related risks and opportunities on our business, strategy and financial planning continued

Physical risks	Acute risks		Chronic risks
Scenario	Orderly	Disorderly	Hot House World
	NGFS Net Zero 2050	NGFS Fragmented World	NGFS Current Policies

Mitigation measures continued

We have also used the NaFRA data, along with available data from the Scottish Environmental Protection Agency and Natural Resources Wales, to assess the exposure of the Group's Second Charge Mortgage customers to flood hazards and risks. This assessment used publicly available data to determine the flood risk of the land around the houses of our customers, not the houses themselves. It enables us to assess the susceptibility of the secured properties of our Second Charge Mortgage customers to incidents of both surface water and river/sea flooding, which could have credit risk implications for these customers. This analysis is set out below:

	Surface water flooding		River and sea flooding	
% of Second Charge Mortgage customers	Yearly chance of flooding	Yearly chance of flooding between 2040 and 2060	Yearly chance of flooding	Yearly chance of flooding between 2036 and 2069
High	4%	5%	1%	1%
Medium	4%	5%	1%	1%
Low	8%	9%	3%	1%
Very low	84%	81%	95%	93%
Data not available	0%	0%	0%	2%

The scores set out above are weighted by risk level and type and take account of the efficacy of any flood defences that are in place. A significant proportion of the properties of our Second Charge Mortgage customers are in areas where there is either a very low or low risk of surface water and/or river and sea flooding. Current contractual terms at origination require properties in areas with high chance of flooding to have specific flood insurance.

Flood risk impacts on our Second Charge Mortgage portfolio will continue to be monitored, with exploration as to how they can be reflected in the origination partnership agreements with Interbridge Mortgages and Selina Finance.

Sustainability continued

2025 climate-related financial disclosure continued

The impact of climate-related risks and opportunities on our business, strategy and financial planning continued

Transition risks	Policy and legal risks		
Scenario	**Orderly**	**Disorderly**	**Hot House World**
	NGFS Net Zero 2050	**NGFS Fragmented World**	**NGFS Current Policies**
NGFS risk rating	Medium	High	Low
Financial impact/ risk to Group	Low	Low	Low
Time horizon	Medium and long term	Long term	Medium and long term
Impact	This scenario assumes a decline in total global GHG emissions, with advanced economies leading the way, met through a combination of policy and legal interventions resulting in the rapid deployment of clean energy technologies, energy efficiency and consumer demand reduction for carbon-intensive products and services. In this scenario, it is anticipated that carbon removal costs are predicted to be volatile, which could have implications for Vanquis in terms of our ability to achieve our net zero by 2040 ambition. As such, the uptake and costs associated with carbon removal will continue to be monitored. Further, if the price of carbon increases as expected in this scenario, there is scope for the costs associated with our operations and travel and transport to increase, which could have implications for the Group's revenues. Our current analysis (see page 39) indicates that the Group's exposure to this risk is low as, despite the anticipated increasing carbon price, the costs associated with our scope 1 and 2 GHG emissions remain well below the loss impacting the profit and low statement threshold described above.	This scenario assumes delayed and divergent climate policy response among countries globally. This sees countries with net zero targets partially achieving them and the other countries continuing with current policy and legal interventions. In these circumstances, carbon prices and amounts of investment are different across geographies, with some countries' ambitious efforts being undermined by limited action in some others. At the same time, climate policies differ significantly across sectors; the transport and buildings sectors experience carbon prices three times as high as the rest of the economy. The combination of these misaligned efforts across countries and sectors leads to higher transition risks, which could contribute to decreasing the Group's revenues. However, our analysis indicates that the Group's exposure to this risk is low.	In this scenario, we would not see the impact of transition risks, but we would expect to see the impact of physical risk in the long term. However, as discussed above, we would expect an adverse overall economic outcome, but do not consider it possible to accurately quantify these impacts at this stage.
Mitigation measures	The measures we will adopt in order to mitigate against these transition risks and ensure that our strategy responds to any potential opportunities include: continuing to analyse the impact of the price of carbon on our operations and travel and transport activities annually to determine whether there are any revenue implications; continuing to engage with our customers on the benefits of using our Vehicle Finance products to purchase battery electric vehicles (BEVs)/hybrid vehicles, and at the same time, engaging with our stakeholders to gain further insight into the used BEV market and the current state of the charging infrastructure in the UK; and continuing to monitor customer default rates due to increased costs (e.g. as a result of cost-of-living increases).		

Sustainability continued

2025 climate-related financial disclosure continued

Carbon price analysis

By applying carbon prices from the Department for Energy Security and Net Zero's 'traded carbon values used for modelling purposes' research and analysis (December 2024) in the range of £78 per tonne of carbon (the anticipated price of carbon in 2030 in a Net Zero Strategy Aligned scenario) to £154 per tonne of carbon (the anticipated price of carbon in 2050 in a Hot House World scenario) to our 2025 scope 1, scope 2 and associated scope 3 GHG emissions of 584 tonnes of CO_2e, our analysis indicates a carbon price risk of between circa £45k and £90k. This falls well below the minimum financial impact threshold of £5m described on page 35.

Transition risks	Reputational risks		
Scenario	**Orderly**	**Disorderly**	**Hot House World**
	NGFS Net Zero 2050	**NGFS Fragmented World**	**NGFS Current Policies**
NGFS risk rating	Low	Low	Medium
Financial impact/ risk to Group	Low	Low	Low
Time horizon	Short, medium and long term	Medium and long term	Medium and long term
Impact	Failure to act in a proportionate way to the climate change agenda has potential to damage the Group's reputation, which could impact customer or investor demand or result in a loss of existing talent or the inability to attract new talent. This, in turn, could result in adverse revenue implications in the short, medium and long term. To help mitigate this risk, the Group is committed to reaching net zero by 2040 by equalising or lessening the emissions that are emitted into the atmosphere and has also set SBTi-approved carbon reduction targets. In addition, the Group remains committed to sharing information on its environmental performance generally, and the climate risk agenda specifically, with stakeholders through its annual disclosures and submissions to, for example, the CDP.	In this scenario, it is anticipated that the potential reputational damage described in relation to the 'Net Zero 2050' scenario could apply leading to negative media attention or changes in consumer, colleague, investor and other stakeholder preferences, which could contribute to reducing the Group's revenue and/or market share. As such, the Group will continue to deliver on its net zero by 2040 ambition and SBTi-approved carbon reduction targets, as well as engage with its stakeholders.	In this scenario, as mentioned above, it is expected that global climate policy ambition would be severely delayed. This could lead to negative media attention or changes in consumer, colleague, investor and other stakeholder preferences, which could contribute to reducing the Group's revenue and/or market share. However, it is anticipated that these impacts could take longer to be realised or could be generated by specific stakeholders or in specific locations (e.g. within the Group's supply chain).
Mitigation measures	The actions the Group will adopt in order to mitigate against this transition risk and ensure that our strategy responds to any potential opportunities include: continuing our net zero target by 2040 journey by continuing to adopt sustainable energy sources, implement energy efficiency measures and engage with our suppliers to encourage them to reduce their own carbon emissions; delivering on our SBTi-approved carbon reduction targets; and ensuring that the remuneration of the executive directors is partly linked to our progress in meeting the Group's ESG-related goals and targets.		

Sustainability continued

2025 climate-related financial disclosure continued

Analysis of climate-related opportunities

We continue to review opportunities that will enable us to introduce new products to our customers that accommodate their needs and meet emerging climate-related policy and regulatory changes. This includes opportunities that relates to enabling our Vehicle Finance customers to use their loans to purchase battery electric vehicles (BEVs) or hybrid electric vehicles.

However, the affordability of BEVs continues to be the main barrier to ownership for the Group's Vehicle Finance customers. The average loan amount for our Vehicle Finance customers stood at £8,924 in 2025. This compares to the average price of a used BEV which, in August 2025, was £22,162 (source: Marketcheck – UK Automotive Sales Data).

Of the 103,036 'live' customers that are currently served by our Vehicle Finance business, 3.4% of these have used their loan to purchase a BEV car or light commercial vehicle (see tables below for further information).

Further, the lack of access to private charging at home continues to be a barrier and contributes to a two-tier society when it comes to the cost of EV charging. According to Zapmap, the average price of the slower public charging options in January 2026 was 17p per mile compared to the 7p per mile average for at-home charging.

New/used vehicle	% of Vehicle Finance customers
New vehicle	0.59% (2024: 0.66%)
Used vehicle	99.41% (2024: 99.34%)
Total	100%

Fuel type	% of Vehicle Finance customers
Diesel	55.76% (2024: 58.19%)
Petrol	37.88% (2024: 37.47%)
BEV	3.40% (2024: 1.09%)
Hybrid electric	0.67% (2024: 2.33%)
Electric diesel	2.07% (2024: 0.14%)
Gas bi-fuel	0.19% (2024: 0.03%)
ND	0.03% (2024: 0.75%)
Total	100%

We are now also continuing to report on the carbon intensity of the vehicles that we finance through our finance products (see table below).

CO_2 classification of vehicles (kg of CO_2 per mile)	% of Vehicle Finance customers
0 = > x < 50	5.62% (2024: 4.09%)
50 > = x < 100	8.20% (2024: 9.77%)
100 > = x < 110	12.35% (2024: 13.38%)
110 > = x < 120	15.36% (2024: 15.86%)
120 > = x < 130	14.53% (2024: 14.87%)
130 > = x < 140	12.79% (2024: 12.73%)
140 > = x < 150	8.33% (2024: 8.09%)
150 > = x < 200	19.28% (2024: 18.07%)
> 200	3.35% (2024: 2.89%)
ND	0.20% (2024: 0.25%)
Total	100%

The resilience of our strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario

Through our scenario analysis we consider our business to be resilient to the risks we have identified. This assessment is supported by the mitigating actions described on pages 36 to 39.

In preparing the Group's financial statements (see pages 137 to 198), we have considered the impact of the results of our scenario analysis and climate-related risks on our financial performance, and while the effects of climate change represent a source of uncertainty, there has not been a material impact on our financial judgements and estimates due to the physical and transition climate-related risks in the short to medium term.

Risk management

The process for identifying, assessing and managing climate-related risks is performed at a Group level and follows our risk management and internal control framework described on pages 54 to 56.

Identifying and assessing climate-related risks

Our risk management and internal control framework allows for the ongoing identification, assessment and reporting of the climate-related risks and opportunities we face as a business. We continue to use this framework to identify potential exposure to climate-related risks via the associated physical risks and transition risks. In doing so, we use the time horizons described above to classify the climate-related opportunities and risks, aligned to our strategy and business plans.

As with all the principal risks, and any Level 1 risks, this framework sets out the high-level policy requirements and control principles that are in place and those responsible for managing both the overall risk and the relevant mitigating controls for further information. The effectiveness of the framework is underpinned by four key attributes: a strong risk culture, clearly defined risk appetite, robust risk governance, and a three lines of defence approach to risk management (see page 56 for more information).

Climate risk is a Level 1 risk within the Group's risk taxonomy and is included within the regulatory principal risk (P2) (see page 57 for further detail). All risks are subject to ongoing monitoring and annual review to identify changes that may affect the Group's risk profile.

Monitoring and managing climate-related risks

To ensure the climate-related risks referenced above and their potential financial impact on our business are monitored and managed on an ongoing basis throughout the year we use several processes. These include: monthly risk appetite reporting using metrics that relate to carbon pricing; customer default rates; operational impacts associated with extreme weather events and the progress being made in relation to our net zero target; and a Risk and Control Self-Assessment (RCSA) process for climate risk, which enables us to identify, analyse and understand the related controls that are in place, and to evaluate these against our risk appetite and the desired risk levels, to determine whether any improvements need to be made. Regular updates are also provided to the Board's Risk Committee on the progress made in terms of delivering mitigating activities that relate to the Group's climate risk.

The CRC supports the embedding of the risk management approach for identifying and assessing climate-related risks and mitigating controls. Based on the monitoring that has been undertaken during 2025, the CRC continues to recommend that a 'risk cautious' appetite for exposure to climate risk is adopted and supports the implementation of a control framework that prevents significant customer or stakeholder detriment, regulatory non-compliance and/or reputational damage as a result of climate change.

Sustainability continued

2025 climate-related financial disclosure continued

Integrating climate-related risks into our risk management policies and processes

The climate-related risks and opportunities we have integrated within our risk management and internal control framework are continually monitored. This enables us to evaluate the significance of our risks based on their likelihood and impact, and to prioritise their management on an ongoing basis. Through this framework, we also monitor the environment for new and emerging risks and keep up to date with any evolving regulatory requirements. For example, through the CRC meetings that took place during 2025, we have been able to monitor and discuss developments regarding the draft UK Sustainability Reporting Standards (UK SRS) that were published for comment by the UK Government's Department for Business and Trade in June 2025.

Metrics and targets

The following section summarises the metrics we use to manage climate-related risks and to realise the climate-related opportunities described above, and to measure our scope 1, scope 2 and scope 3 GHG emissions, as well as to track overall progress including against our ambitions and initiatives. These metrics are associated with a specific risk and opportunity category and ensure that any progress made towards mitigating a risk or realising an opportunity is recorded and reported.

Risk/opportunity category	Aspect	Metric	Target	Progress/explanation
Physical risk	Extreme weather	Disruptions due to extreme weather events: Number of insurance claims	Keep insurance claims at 0.	0 (2024: 0).
Transition risk – policy/legal	Net zero challenge	Reduce scope 1, 2 and 3 GHG emissions reporting	Net zero by 2040 (relating to the Scope 1, 2 and 3 emissions that arise from our operations).	See GHG emissions table on page 42 and the ESG data table on the Group's website.
	Science-based targets	Carbon reduction	Reduce scope 1 and 2 GHG emissions by 39.9% by 2028 from a 2021 base year. 78% of suppliers by spend covering purchased goods and services will have science-based targets by 2027.	Our scope 1 and scope 2 GHG emissions have reduced by 62% from a 2021 base year. Currently, c. 45% of our suppliers by spend have set science-based targets.
	Energy usage	Renewable energy use	Continue to use 100% renewable electricity across our business premises.	We continue to use 100% renewable electricity across the business premises where we have full control of utility usage.
Transition risk – reputation	Supplier engagement	Monitor suppliers in line with the Group's ESG commitments	See SBTi-approved target above.	All materially significant suppliers continue to be engaged on the climate risk agenda via our due diligence process.
	Investor Relations	Investor sentiment and perception regarding the Group's ESG performance	Continue to participate in the CDP, FTSE4Good Index and S&P Global Corporate Sustainability Assessment.	During the year, we engaged with the CDP, FTSE4Good Index and S&P Global Corporate Sustainability Assessment.
Transition opportunity – market opportunities	Customer engagement	Customer sentiment and perception regarding their ability to transition to a low-carbon economy as well as the Group's ESG performance	Number of Group customers using our Vehicle Finance products to purchase BEVs and hybrid electric vehicles.	3.4% of the 103,036 'live' customers currently served by our Vehicle Finance business have used their loan to purchase a BEV car or LCV.
			Customer attitudes and perceptions towards buying BEVs.	See page 40.
			Engagement with policymakers to support the uptake of BEVs by consumers in the mid-cost and near-prime parts of the consumer credit market.	We have continued to monitor developments in the BEV market regarding their affordability and access to at-home charging points.

Sustainability continued

2025 climate-related financial disclosure continued

GHG emissions inventory (SECR reporting)

We report our GHG emissions and energy usage data in accordance with the UK SECR Policy that has been implemented through the Companies (Directors' Report) and Limited Liability Partnership (Energy and Carbon Report) Regulations 2018. The table below covers the Group's performance for 2024 and 2025. The scope 1 and scope 2 GHG emissions, and energy use figures relate to the UK.

Year	FY2025	FY2024
Scope 1 GHG emissions (tonnes of CO_2e)	**196**	111
Gas use	**53**	107
Diesel and petrol use	**0.5**	4
Fugitive emissions from air conditioning systems[1]	**142**	—
Scope 2 GHG emissions (tonnes of CO_2e)		
Electricity use (market-based emissions)[2]	**59**	371
Electricity use (location-based emissions)	**273**	388
Scope 3 GHG emissions (tonnes of CO_2e)		
Scope 3 associated category 3 'well-to-tank' emissions	**115**	275
Scope 3 category 1 – purchased goods and services[3, 4]	**31,333**	23,440
Scope 3 category 3 – fuel and energy-related activities (not included in scope 1 and 2)	**325**	147
Scope 3 category 5 – waste generated in operations	**2**	2
Scope 3 category 6 – business travel	**1,050**	1,080
Scope 3 category 7 – employee commuting[5]	**952**	1,124
Scope 3 category 15 – investments[6]	**114,272**	262,417
Total energy consumed (kilowatt hours)	**1,544,320**	1,877,843
Scope 1 and 2 (and associated scope 3 GHG emissions intensity ratio (kg of CO_2e per customer)	**0.33**	0.43

1 The fugitive GHG emissions that arise from the use and maintenance of the air conditioning systems and units in our offices are reported for the first time in FY25. This is why there is no comparable data for FY24.

2 The market-based emission factor from one of our two electricity suppliers, which provides electricity to our London office, are in CO_2 and not CO_2e (i.e. do not include non-CO_2 emissions). The emission factor used in the market-based method for this supplier covers the period 1st April 2024–31st March 2025 only. The electricity provided to our other offices in Bradford, Chatham and Petersfield is 100% renewable and therefore has a market-based emission factor of 0.

3 When calculating the suppliers' carbon emissions using the spend-based method, we have used the US Environmental Protection Agency Economically Extended Input-Output methodology which uses the North American Industry Classification System (NAICS) emission factors. These emission factors were published in 2023 and provide kg of carbon dioxide equivalents per 2022 US dollar (USD). As such, our supplier spend figures have been converted into USD using an exchange rate of GBP 1 to USD 1.34. In addition, an inflation rate of £1.15 has been implemented to ensure accuracy and transparency. Specific GHG emission factors that relate to specific NAICS code categories have been applied to 80% of the Group's suppliers by spend, with a NAICS code average emission factor applied to the remaining 20% of suppliers by spend.

4 In the absence of wastewater treatment volume data for some offices, we have assumed that the wastewater treatment volume figures are the same as the water supply volume figures; this approach results in an overestimate of the total water treatment volumes.

5 Employee commuting to work GHG emissions are calculated using feedback from our 2025 colleague travel survey.

6 The GHG emissions from the vehicles that are financed by the Group are based on the number of live vehicle finance agreements for the 2025 reporting period. The methodology used to calculate these emissions aligns with the PCAF Standard which relates to measuring and reporting scope 3 category 15 emissions. In calculating these emissions, we have assumed an average mileage of 7,100 miles per annum (2024: 12,000 per annum) based on the UK Government's Department for Transport National Travel Survey (August 2025) and used real-world category average emission factors published by Department for Energy Security and Net Zero.

Year on year changes in GHG emissions

The increase in the scope 1 GHG emissions we have reported is due to our reporting of fugitive emissions from the air conditioning systems and units in our business premises for the first time in 2025. The reduction in our scope 2 emissions is due to the energy efficiency measure we continued to introduce in our offices during 2025. Finally, our use of the more accurate US Environmental Protection Agency Economically Extended Input-Output methodology and Partnership for Carbon Accounting Financials (PCAF) standard has resulted in our reported scope 3 category 1 and scope 3 category 15 GHG emission increasing and reducing respectively.

Energy efficiency measures

Initiatives undertaken during 2025 to improve energy efficiency include the relocation of the Bradford head office into smaller premises in September 2025, which has reduced energy consumption and resource use; amending the heating and cooling parameters in all other offices in line with accommodation rates; and reducing the business travel to our outsource partners in South Africa.

Data dependencies and limitations

Calculating our scope 3 upstream GHG emissions

Our scope 3 upstream emissions for category 1 (purchased goods and services) are calculated using a spend-based methodology, which involves estimating these emissions based on the value of the goods and services that we purchase from our suppliers. This has been done this year by calculating the economic value of the goods and services we procure and multiplying this figure by the Economically Extended Input-Output (EEIO) emission factors that have been published by the US Environmental Protection Agency (EPA). The most up-to-date US EPA EEIO emission factors were published in 2023. As a result, an inflation rate has been added to our economic value figure. While these factors are more granular and regularly updated than the ones previously used, they can lead to some volatility in the scope 3 category 1 GHG emissions data that is reported because of its reliance on estimates and average emission factors. Also, our ability to identify, analyse, and monitor GHG emissions reduction efforts related to purchased goods and services is restricted when the spend-based method is employed. This is because the main way to reduce GHG emissions when a spend-based method is used is to reduce spending, which is not a viable option and may not align with our wider business goals.

Calculating our scope 3 downstream emissions

Our scope 3 category 15 GHG emissions, which relate to the vehicles financed by the Group are calculated using a methodology that is aligned with the GHG Protocol and PCAF standard. This methodology: considers only vehicles with outstanding loans that appear on the year-end balance sheet; calculates an attribution factor (%) for each vehicle based on outstanding loan amount at year end divided by the value of the vehicle at origination and is applied to the estimated annual emissions of that vehicle to calculate the emissions that should be reported by the Group; and uses an average mileage per year assumption of 7,100 miles which is based on the most recent National Travel Survey carried out by the UK Government's Department for Transport.

Sustainability continued

2025 climate-related financial disclosure continued

Data dependencies and limitations continued

Limitations of climate scenario analysis

An important aspect of our climate-related financial disclosure involves undertaking an analysis using prescribed scenarios. It should be noted that these scenarios are not forecasts and do not seek to predict future outcomes. Rather, they are forward-looking projections of risk outcomes that focus on: identifying physical and transition risk scenarios; linking the impacts of these scenarios to financial risks; assessing any sensitivities to those risks; and extrapolating the impacts of those sensitivities to calculate an aggregate measure of exposure and potential losses. They do not and cannot reflect all potential future pathways. Furthermore, the NGFS scenarios that are used in our analysis may overestimate or underestimate systemic climate-related risks.

Cautionary statement

This disclosure is presented for information and reference purposes only and should not be treated as giving any form of advice. Its preparation is based on reviews and analysis of our internal data, which is from management systems separate from those that form part of our financial reporting internal controls framework.

Whilst statements made within the disclosure are presented in good faith and based upon sources expected to be reliable, their accuracy is not guaranteed. For certain information within the disclosure, preparation has included various key judgements, assumptions, and estimates, some of which are summarised above. Where information is presented from a public or third-party source, it has not been assured in accordance with the International Standard on Assurance Engagement (ISAE) 3000 (Assurance Engagements other than Audits or Reviews of Historical Financial Information) and the relevant subject matter specific ISAE standard for GHG data (ISAE 3410, Assurance Engagements on Greenhouse Gas Statements). Any third-party opinion or views disclosed in this report are those of the third parties themselves, and not of Vanquis Banking Group. The Group recognises that climate-related reporting is not yet subject to the same standardised disclosure framework as traditional financial reporting which has potential to result in non-comparable information or measures between companies and between reporting periods as disclosure frameworks continue to evolve.

Financial review

Disciplined execution driving balance growth and a return to profitability

Dave Watts
Chief Financial Officer

Disciplined strategic execution in 2025 meant the Group was able to deploy capital to deliver accelerated balance growth, while returning to profitability. This resulted in gross customer interest-earning balances increasing 22% to £2,824m.

The Group delivered a profit before tax from continuing operations of £8.3m (2024: loss of £138.0m) and a ROTE of 2.3% (2024: (32.1)%).

The Group optimised its capital structure through a successful Additional Tier 1 (AT1) issuance, which enabled the accelerated growth in interest-earning balances.

Net interest margin reduced 1.7% to 16.8% as planned, driven by the mix effect of growing lower-margin, lower-risk Second Charge Mortgages.

Performance was supported by strong credit quality, with customers demonstrating financial resilience.

Management has continued to demonstrate strong cost discipline, delivering £28.8m of transformation cost savings in 2025.

The transformation of Vanquis continues to be delivered and the Group has a credible pathway to deliver low double-digit ROTE in 2026 and mid-teens ROTE in 2027.

Income statement

	2025 £m	2024 (re-presented)[1] £m	Change %
Interest income	**567.2**	549.9	3
Interest expense	**(148.8)**	(142.0)	5
Net interest income	**418.4**	407.9	3
Non-interest income	**36.5**	38.5	(5)
Total income	**454.9**	446.4	2
Impairment charges	**(181.1)**	(185.3)	(2)
Risk-adjusted income	**273.8**	261.1	5
Operating costs	**(265.5)**	(399.1)	(33)
Profit/(loss) before tax from continuing operations	**8.3**	(138.0)	
Tax (charge)/ credit	**(0.3)**	17.4	
Profit/(loss) after tax from continuing operations	**8.0**	(120.6)	
Profit after tax from discontinued operations	**0.7**	1.3	(46)
Statutory profit/ (loss) after tax	**8.7**	(119.3)	
AT1 distributions (gross of tax)	**(0.5)**	—	100
Statutory profit/ (loss) attributable to shareholders	**8.2**	(119.3)	

1 The presentation of the income statement and selected key metrics in this report is consistent with that in the Annual Report and Accounts for 31 December 2024, with the exception of the impact of the sale of the Personal Loans portfolio, which is now recognised as a discontinued operation and the re-segmentation of interest income, interest expense and operating costs by product. Further details are included in the 2024 re-presentation document at the following link: Vanquis-Banking-Group-2024-Re-presentation-Document.pdf.

Financial review continued

Income statement continued

Certain alternative performance measures (APMs) have been used in this report. See pages 196 to 198 for an explanation of their relevance as well as their definition.

The Group has rationalised its use of APMs, which are summarised on pages 196 to 198, including an explanation of their relevance as well as their definition.

Income

Total income increased 2% to £454.9m and net interest income increased 3% to £418.4m, reflecting balance growth and a disciplined approach to pricing.

Interest income rose 3% to £567.2m, driven by a 13% increase in average gross customer interest-earning balances to £2,495m. This was partly offset by the mix effect of higher growth in lower-risk, lower-margin Second Charge Mortgages.

Asset yield decreased 1.8% to 21.0%, reflecting the lower yield on Second Charge Mortgages. Credit Cards yield reduced marginally due to growth in 0% balance transfer and promotional products, while Vehicle Finance yield improved.

Interest expense increased 5% to £148.8m, reflecting increased funding requirements for balance growth, partially offset by the lower Bank of England (BoE) base rate, reduced rate outlook and maturing fixed-term deposits being refinanced with lower interest rate savings products. Net interest margin reduced to 16.8% (2024: 18.5%). Excluding Second Charge Mortgages, NIM increased 0.5% to 19.4%, evidencing continued pricing discipline.

Non-interest income decreased 5% to £36.5m, reflecting lower late-fee income on Credit Cards.

Impairment

Impairment charges decreased 2% to £181.1m, driven by the non-repeat of the prior year £15.1m Vehicle Finance receivables review, partially offset by increased impairment due to the 22% increase in gross customer interest-earning balances. Credit quality remained strong, with gross charge-offs reducing 5% to £253.2m.

Net charge-offs post recoveries decreased 5% to £203.2m.

Net risk movements resulted in a net impairment increase of £171.4m, compared with £200.0m in FY24. The improvement reflected continued enhancements in underwriting and model performance, movements in the macroeconomic outlook and the changing portfolio mix. Releases from write-offs and debt sales reduced impairment by £183.5m (2024: £224.2m).

Cost of risk reduced 1.1% to 7.3%.

Risk-adjusted income increased 5% to £273.8m, with risk-adjusted margin reducing 0.8% to 11.0%.

Operating costs

Operating costs decreased 33% to £265.5m.

The reduction reflected the non-repeat of £111.7m of prior year notable items, including a £71.2m goodwill write-off, £24.1m of transformation and other exceptional costs, and £10.2m relating largely to the legacy mobile app write-off. The only notable item in 2025 was the £3.0m provision for motor finance compensation.

Operating costs excluding notable items reduced 9% to £262.5m, driven by transformation savings of £28.8m and £20.8m lower complaint costs. These efficiencies more than offset growth and inflation-related cost increases and higher discretionary staff costs, having not paid bonuses to staff in 2023 or 2024.

The cost-to-income ratio improved to 58.4% (2024: 89.4%).

Profits

Profit before tax from continuing operations was £8.3m (2024: loss of £138.0m).

Tax charge was £(0.3)m (2024: credit of £17.4m).

Profit after tax from continuing operations was £8.0m (2024: loss of £120.6m).

Profit after tax from discontinued operations was £0.7m (2024: £1.3m), reflecting the performance of the Personal Loans portfolio in 1Q25 and a small gain on sale. The sale completed at the end of 1Q25.

Statutory profit after tax was £8.7m (2024: loss of £119.3m).

Statutory profit after tax attributable to shareholders was £8.2m (2024: loss of £119.3m), after £0.5m of AT1 distributions (2024: £nil), resulting in a statutory ROTE of 2.3% (2024: (32.1)%).

Summarised balance sheet

	2025 £m	2024 £m	Change %
Assets			
Cash and cash equivalents	**805**	1,004	(20)
Investment securities	**255**	—	100
Amounts receivable from customers[2]	**2,692**	2,154	25
Pension asset	**6**	28	(79)
Goodwill and other intangibles	**66**	63	5
Other assets	**118**	126	(6)
	3,942	3,375	17
Liabilities			
Retail deposits	**3,020**	2,428	24
Bank and other borrowings[3]	**348**	410	(15)
Trade and other payables	**52**	46	13
Other liabilities	**34**	50	(32)
	3,454	2,934	18

2 Amounts receivable from customers are presented net of £0.2m (2024: £(0.9)m) fair value adjustment for portfolio hedged risk. Underlying net receivables were £2,691.3m (2024: £2,154.6m).

3 Bank and other borrowings in 2024 are presented net of £0.2m (2024: £2.5m) fair value adjustment for hedged risk. Underlying bank and other borrowings were £347.7m (2024: £412.5m).

Total assets increased 17% to £3,942m, reflecting the 25% increase in net receivables.

Cash and cash equivalents decreased 20% to £805m, reflecting the reduction in BoE deposits and replacement with purchases of UK Government securities within the Liquid Asset Buffer, as part of the strategy to diversify High Quality Liquid Assets (HQLA). This drove the increase in investment securities to £255m (2024: £nil).

Net receivables increased 25% to £2,692m, driven by growth in gross customer interest-earning balances and a 7% reduction in expected credit losses (ECL) to £244m.

Gross customer interest-earning balances increased 22% to £2,824m, comprising:

- **Credit Cards:** Balances increased 19% to £1,518m, reflecting credit line increases for existing customers and new customer growth supported by the launch of new product variants.
- **Vehicle Finance:** Balances declined 8% to £706m, reflecting the proactive management of new business growth ahead of the 2026 launch of the new onboarding and servicing platform under the Gateway transformation.
- **Second Charge Mortgages:** Balances grew to £599m (December 2024: £217m), driven by forward-flow origination agreements with partners.
- **Personal Loans:** Balances reduced to £nil (December 2024: £49m) following the sale of the portfolio at the end of 1Q25.

Financial review continued

Summarised balance sheet continued

The pension asset reduced to £6m (December 2024: £28m), reflecting the results of the latest scheme valuation and updated market assumptions.

Liabilities increased 18% to £3,454m, driven by a 24% increase in retail deposits (inclusive of accrued interest) to £3,020m, supported by continued optimisation of the retail funding mix, broader product range including Individual Savings Accounts (ISAs), and increased distribution through the Snoop brand.

Bank and other borrowings decreased 15% to £348m, due to the redemption of £58.5m of Tier 2 capital securities.

Capital

The CET1 capital ratio decreased 2.3% to 16.5%, reflecting capital deployed to support accelerated balance growth following the optimisation of the Group's capital structure through the successful issuance of £60m of AT1 securities. Capital accretion from statutory profit attributable to shareholders, together with a 40bps benefit from the sale of the Personal Loans portfolio, was more than offset by a 13% increase in RWAs to £2,073m.

The Tier 1 capital ratio increased 0.5% to 19.3%, reflecting the £60m AT1 issuance, partially offset by the movement in the CET1 ratio.

The total capital ratio decreased 3.6% to 26.1%, mainly due to the reduction in the CET1 ratio, as the AT1 issuance was largely offset by the redemption of £58.5m of Tier 2 capital.

The Group's leverage ratio was 12.1% (December 2024: 13.9%), remaining comfortably above the minimum requirement.

Liquidity

The liquidity buffer totalled £998m (December 2024: £947m), including approximately £250m invested in UK gilts, with the remainder held in the BoE reserve account. This resulted in excess liquidity of £653m above the 100% liquidity coverage ratio (LCR) minimum (December 2024: £667m) and an LCR of 306% (December 2024: 359%).

Funding

Retail deposits increased 24% to £2,984m, providing a stable source of funding at an attractive cost relative to wholesale alternatives, supported by a broader product range designed to optimise the cost of funds.

The Group remains primarily funded by retail deposits, representing 89.7% of total funding including Tier 2 capital (December 2024: 85.6%).

Funding diversification continues to be supported by Tier 2 capital, modest levels of private securitisation secured by Vehicle Finance assets, and access to central bank facilities collateralised by Credit Card receivables.

Pillar 3 disclosures

Pillar 3 disclosure requirements are set out within the Disclosure (CRR) part of the PRA rulebook. The consolidated disclosures of the Group, for the 2025 financial year, have been issued concurrently with the Annual Report and Accounts and can be found on the Group's website, www.vanquis.com.

Summary balance sheet and financial metrics

Balance sheet	2025 £m	2024 £m	Change %
Gross customer interest-earning balances	**2,824**	2,308	22
Average gross customer interest-earning balances (excluding Personal Loans)	**2,495**	2,207	13
Gross receivables	**2,935**	2,416	21
Net receivables	**2,691**	2,155	25
Closing tangible equity	**358**	358	
Average tangible equity	**360**	372	(3)

Selected key metrics	2025 %	2024 (re-presented) %	Change %
Asset yield	**21.0%**	22.8%	(1.8)
Net interest margin (NIM)	**16.8%**	18.5%	(1.7)
Total income margin (TIM)	**18.2%**	20.2%	(2.0)
Cost of risk	**(7.3)%**	(8.4)%	(1.1)
Risk-adjusted margin (RAM)	**11.0%**	11.8%	(0.8)
Cost: income ratio	**58.4%**	89.4%	(31.0)
Statutory ROTE	**2.3%**	(32.1)%	34.4

Selected per share metrics	Pence	Pence	%
Basic earnings per share (EPS)	**3.2**	(46.7)	
Dividend per share (DPS)	**—**	—	—
Tangible Net Asset Value (TNAV) per share	**143**	140	2

Capital, liquidity and funding metrics	2025 %	2024 %	Change %
Common Equity Tier 1 (CET1) capital ratio	**16.5**	18.8	(2.3)
Risk-weighted assets (RWAs) (£m)	**2,073**	1,835	13
High-quality liquid assets (HQLA) (£m)	**998**	947	5
Liquidity coverage ratio (LCR)	**306**	359	(53)

Dave Watts
Chief Financial Officer
25 February 2026

Operating review

Product trading performance

Detailed analysis of the product contribution to the trading results of the Group can be found on page 48 for Credit Cards, page 49 for Vehicle Finance, page 50 for Second Charge Mortgages, and page 51 for Corporate Centre.

Segment analysis – Product contribution

2025 £m	Credit Cards	Vehicle Finance	Second Charge Mortgages	Corporate Centre	Total
Interest income	370.8	123.9	28.4	44.1	567.2
Interest expense	(51.6)	(28.2)	(17.8)	(51.2)	(148.8)
Net interest income	319.2	95.7	10.6	(7.1)	418.4
Non-interest income	33.3	—	1.0	2.2	36.5
Total income	352.5	95.7	11.6	(4.9)	454.9
Impairment charges	(139.6)	(41.5)	(0.7)	0.7	(181.1)
Risk-adjusted income	212.9	54.2	10.9	(4.2)	273.8
Operating costs	(174.7)	(66.9)	(5.5)	(18.4)	(265.5)
Profit/(loss) before tax from continuing operations	38.2	(12.7)	5.4	(22.6)	8.3

2024 (re-presented[1]) £m	Credit Cards	Vehicle Finance	Second Charge Mortgages	Corporate Centre	Total
Interest income	365.7	133.1	4.8	46.3	549.9
Interest expense	(53.2)	(31.4)	(3.4)	(54.0)	(142.0)
Net interest income	312.5	101.7	1.4	(7.7)	407.9
Non-interest income	35.0	—	—	3.5	38.5
Total income	347.5	101.7	1.4	(4.2)	446.4
Impairment charges	(123.9)	(60.4)	(0.2)	(0.8)	(185.3)
Risk-adjusted income	223.6	41.3	1.2	(5.0)	261.1
Operating costs	(193.5)	(80.1)	(0.6)	(124.9)	(399.1)
Profit/(loss) before tax from continuing operations	30.1	(38.8)	0.6	(129.9)	(138.0)

1 The presentation of the income statement and selected key metrics in this report is consistent with that in the Annual Report and Accounts for 31 December 2024, with the exception of the impact of the sale of the Personal Loans portfolio, which is now recognised as a discontinued operation and the re-segmentation of interest income, interest expense and operating costs by product. Further details are included in the 2024 re-presentation document at the following link: Vanquis-Banking-Group-2024-Re-presentation-Document.pdf.

Operating review continued

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 each of the last three years, Vanquis has 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. While previously the business offered a single credit card product, customers are now offered a range of product choices.

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. We aim to make our customer experience effortless, and these results demonstrate the progress we have made.

Vanquis Trustpilot rating:

4.3 Excellent

The Vanquis Card helped me to rebuild my credit rating, which went from fair to excellent over three years. The app is very good and user friendly. No hesitation in recommending Vanquis."

Vanquis customer

12 months ended 31 December	2025 £m	2024 (re-presented) £m	Change %
Total customer numbers ('000)	**1,339**	1,267	6
Gross customer interest-earning balances	**1,518**	1,278	19
Average gross interest-earning balances[2]	**1,367**	1,313	4
Gross receivables	**1,554**	1,310	19
Net receivables	**1,384**	1,150	20
Interest income	**370.8**	365.7	1
Interest expense	**(51.6)**	(53.2)	(3)
Net interest income	**319.2**	312.5	2
Non-interest income	**33.3**	35.0	(5)
Total income	**352.5**	347.5	1
Impairment charges	**(139.6)**	(123.9)	13
Risk-adjusted income	**212.9**	223.6	(5)
Operating costs	**(174.7)**	(193.5)	(10)
Profit before tax contribution	**38.2**	30.1	27
Asset yield[3]	**27.1%**	27.9%	(0.8)
Net interest margin[4]	**23.3%**	23.8%	(0.5)
Total income margin[5]	**25.8%**	26.5%	(0.7)
Cost of risk[6]	**(10.2)%**	(9.4)%	(0.8)
Risk-adjusted margin[7]	**15.6%**	17.0%	(1.4)
Cost: income ratio[8]	**49.6%**	55.7%	(6.1)

2 Average of gross customer interest-earning balances for the 12 months ended 31 December using a 13-point month-end average.
3 Interest income from customer receivables for the 12 months ended 31 December as a percentage of average gross customer interest-earning balances.
4 Net interest income for the 12 months ended 31 December as a percentage of average gross customer interest-earning balances.
5 Total income for the 12 months ended 31 December as a percentage of average gross customer interest-earning balances.
6 Impairment charges for the 12 months ended 31 December as a percentage of average gross customer interest-earning balances.
7 Total income less impairment charges for the 12 months ended 31 December as a percentage of average gross customer interest-earning balances.
8 Operating costs as a percentage of total income for the 12 months ended 31 December.

Financial performance

Total customer numbers increased 6% to 1,339k, 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.

Gross customer interest-earning balances increased 19% to £1,518m, reflecting both credit line increases of existing customers and new customer growth following the release of new product variants.

Net receivables increased 20% to £1,384m, reflecting the growth in gross customer interest-earning balances and a smaller 6% increase in ECL to £170m, 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% to £352.5m. Net interest income rose 2% to £319.2m, with non-interest income decreasing 5% to £33.3m. Net interest margin decreased 0.5% to 23.3% and total income margin decreased 0.7% to 25.8%.

Interest income increased 1% to £370.8m, relative to a 4% rise in average gross customer interest-earning balances to £1,367m. Asset yield reduced 0.8% to 27.1%, driven by growth in 0% balance transfers (BTs) and promotional products, partially offset by risk-based repricing initiatives.

Interest expense decreased 3% to £51.6m, 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% to £33.3m, reflecting lower late-fee income.

Impairment charges increased 13% to £139.6m, driven by the 19% growth in gross customer interest-earning balances. Gross charge-offs reduced 19% to £174.2m and net charge-offs post recoveries reduced 20% to £132.3m, reflecting the better quality of the portfolio. Cost of risk increased 0.8% to 10.2%.

Risk-adjusted income decreased 5% to £212.9m and risk-adjusted margin reduced 1.4% to 15.6%.

Operating costs decreased 10% to £174.7m, driven by transformation cost savings and lower complaint costs, more than offsetting growth and inflation-driven cost increases and an accrual for discretionary staff costs.

Profit before tax contribution increased 27% to £38.2m.

Find out more on our website: vanquis.com

Operating review continued

Vehicle Finance – Proactively managed new business growth in 2025 while we build the new onboarding and serving platform

12 months ended 31 December	2025 £m	2024 (re-presented) £m	Change %
Total customer numbers ('000)	103	110	(6)
Gross customer interest-earning balances	706	765	(8)
Average gross customer interest-earning balances	737	825	(11)
Gross receivables	762	832	(8)
Net receivables	689	735	(6)
Interest income	123.9	133.1	(7)
Interest expense	(28.2)	(31.4)	(10)
Net interest income	95.7	101.7	(6)
Non-interest income	—	—	—
Total income	95.7	101.7	(6)
Impairment charges	(41.5)	(60.4)	(31)
Risk-adjusted income	54.2	41.3	31
Operating costs	(66.9)	(80.1)	(17)
Loss before tax contribution	(12.7)	(38.8)	(67)
Asset yield	16.8%	16.1%	0.7
Net interest margin	13.0%	12.3%	0.7
Total income margin	13.0%	12.3%	0.7
Cost of risk	(5.6)%	(7.3)%	1.7
Risk-adjusted margin	7.4%	5.0%	2.4
Cost: income ratio	69.9%	78.8%	(8.9)

The Group's Vehicle Finance business, Moneybarn, is a significant player in the non-prime UK vehicle finance market.

The business consists of experts in helping customers to access finance when they might have struggled to get approval from mainstream lenders. Vehicle Finance customers represent one in five UK adults who have a poor credit history but need a reliable car, motorbike or van to suit their lifestyle and financial situation. Our core product is a Conditional Sale Agreement, which is a type of vehicle finance that helps spread the cost of a used vehicle over time, instead of paying for it all upfront. This is different to the other types of vehicle finance, like Hire Purchase (HP) or Personal Contract Purchase (PCP), as a Conditional Sale Agreement has no additional fee to own the vehicle; once the customer has made the final repayment, they legally own the vehicle. A Conditional Sale Agreement uses a fixed APR, so monthly payments are predictable and remain the same for the duration of the agreement, which is typically between 36 and 60 months.

Good customer outcomes are important to us, and once a customer is with us, we're focused on helping them to achieve the best outcomes possible, whether that's simply paying their finance each month until they own their used vehicle, or by supporting them if they're able to settle their agreement early. We also understand that customers may experience difficulties during their agreement, and we're focused on supporting them should that happen. We have a range of options that allow us to help customers get back on track, or to otherwise exit the agreement in the 'best way possible'. From a service rating perspective, Moneybarn is rated excellent on Trustpilot, based on nearly 16k reviews.

Financial performance

Total customer numbers decreased 6% to 103k, reflecting proactively managed new business growth in the near term in advance of the new onboarding and servicing platform being delivered in 2026 as part of the Gateway technology transformation programme. A new lending decision engine was introduced in 2025, enabling a more granular level of portfolio segmentation and delivering a stronger platform to optimise higher-margin customer segments.

Gross customer interest-earning balances decreased 8% to £706m, driven by the proactive management of new business growth.

Net receivables decreased 6% to £689m, reflecting the reduction in interest-earning balances and a 25% reduction in ECL to £73m. ECL reduced across stages given the reduction in balances.

Total income decreased 6% to £95.7m, which represented all net interest income. Net interest margin and total income margin both increased 0.7% to 13.0%.

> **"Contacted Moneybarn about finance. Got a decision in minutes. After four days I had my car sitting in my drive. Excellent service 10/10."**
>
> **Moneybarn customer**

Interest income decreased 7% to £123.9m, consistent with an 11% reduction in average gross customer interest-earning balances to £737m. The asset yield increased 0.7% to 16.8%, driven by repricing initiatives.

Interest expense reduced 10% to £28.2m, driven by the lower funding need and lower cost of funds, as the reduced rate outlook and maturing fixed-term deposits were refinanced with lower interest rate savings products.

Impairment charges decreased 31% to £41.5m, reflecting the non-repeat of the £15.1m prior year impact of the Vehicle Finance receivables review and reduced impairment from the 8% reduction in gross customer interest-earning balances. Cost of risk reduced 1.7% to 5.6%.

Risk-adjusted income increased 31% to £54.2m and risk-adjusted margin improved 2.4% to 7.4%.

Operating costs decreased 17% to £66.9m, driven by transformation cost savings, more than offsetting growth and inflation-driven cost increases and an accrual for discretionary staff costs.

Loss before tax contribution was £12.7m (2024: £38.8m).

Moneybarn Trustpilot rating:

4.4 Excellent

Find out more on our website: vanquis.com

Operating review continued

Second Charge Mortgages – Continued strong growth in a growing market in 2025

12 months ended 31 December	2025 £m	2024 (re-presented) £m	Change %
Total customer numbers ('000)	9.9	3.7	
Gross customer interest-earning balances	599	217	
Average gross customer interest-earning balances	391	69	
Gross receivables	619	226	
Net receivables	619	225	
Interest income	28.4	4.8	
Interest expense	(17.8)	(3.4)	
Net interest income	10.6	1.4	
Non-interest income	1.0	—	
Total income	11.6	1.4	
Impairment charges	(0.7)	(0.2)	
Risk-adjusted income	10.9	1.2	
Operating costs	(5.5)	(0.6)	
Profit before tax contribution	5.4	0.6	
Asset yield	7.3%	7.0%	0.3
Net interest margin	2.7%	2.0%	0.7
Total income margin	3.0%	2.0%	1.0
Cost of risk	(0.2)%	(0.3)%	0.1
Risk-adjusted margin	2.8%	1.7%	1.1
Cost: income ratio	47.4%	42.9%	4.5

The Group's 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 help complete a project.

Financial performance

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

> **"I cannot praise highly enough the service that I received from the Interbridge team. From the initial introduction to final completion the process has been nothing but positive. The communication was clear, and the options clearly explained. Highly recommended."**
>
> **Interbridge Mortgages customer**

Gross customer interest-earning balances increased to £599m (December 2024: £217m) and net receivables increased to £619m (December 2024: £225m), which includes deferred acquisition costs.

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

Interest income increased to £28.4m (2024: £4.8m) with an asset yield of 7.3%. 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% and risk-adjusted margin was 2.8%.

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).

Interbridge Mortgages Trustpilot rating:

4.9 Excellent

Selina Finance Trustpilot rating:

4.7 Excellent

> **"Fantastic service. Super easy and helpfully guided application process. Kept informed of progress at every step. All queries promptly, cheerfully and knowledgeably responded to. I couldn't have asked for a more positive and pleasant experience."**
>
> **Selina Finance customer**

Find out more on our website: vanquis.com

Operating review continued

Corporate Centre

12 months ended 31 December	2025 £m	2024 (re-presented) £m	Change %
Interest income	44.1	46.3	(5)
Interest expense	(51.2)	(54.0)	(5)
Net interest income	(7.1)	(7.7)	(8)
Non-interest income	2.2	3.5	(37)
Total income	(4.9)	(4.2)	(17)
Impairment charges	0.7	(0.8)	(188)
Risk-adjusted income	(4.2)	(5.0)	(16)
Operating costs	(18.4)	(124.9)	(85)
Loss before tax contribution	(22.6)	(129.9)	(83)

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

Financial performance

Total income was a net expense of £(4.9)m (2024: £(4.2)m), with net interest income being a net expense of £(7.1)m (2024: £(7.7)m) and non-interest income decreasing to £2.2m (2024: £3.5m).

Interest income of £44.1m (2024: £46.3m) represented returns from the liquid asset buffer (LAB), including UK gilts and interest on cash reserves in the BoE reserve account.

Interest expense of £51.2m (2024: £54.0m) represented residual funding costs not allocated to the respective businesses, including unallocated Tier 2 capital.

Operating costs reduced to £18.4m (2024: £124.9m), reflecting the non-repeat of £111.7m of prior year notable items. The only notable item in 2025 was the £3.0m provision for motor finance compensation.

Loss before tax contribution was £(22.6)m (2024: £(129.9)m).

Snoop – helping customers track spend, budget and save money

Snoop is an award-winning fintech that uses Open Banking and Expand AI to help users save money and manage their finances more effectively. The app helps customers build their financial capability and targets annual savings of up to £1,500. Snoop demonstrably improves financial wellbeing with over 13k four and five-star reviews. As such, it is an important part of the Group's customer proposition.

Leveraging Snoop's innovative technology and data capabilities is also unlocking valuable opportunities for the Group. This included the launch of an Easy Access Savings proposition embedded within the Snoop app at the end of 2024. The Group also continues to actively promote Snoop to the Vanquis customer base. This helps position the Group as a relevant presence in their daily lives, drive improved creditworthiness and support improved borrowing and debt management.

Snoop's impact extends beyond individual users, offering businesses valuable insights into evolving consumer spending behaviours. Further scaling the business will enrich Snoop's data insight proposition and enhance the Group's overall data capabilities.

Vanquis is also significantly leveraging the capabilities and skills of the acquired Snoop team to lead various aspects of the Group's transformation programme.

Snoop App Store rating:

4.6

Snoop Google Play rating:

4.5

"I'm so glad I switched to Snoop! This app offers much better features, more powerful spend tracking and analysis, excellent weekly and monthly insight reports and I love the bill protector feature. If you want spend tracking and insights, this is without a doubt the best app I've used!"

Snoop customer

"My wife and I recently opened cash ISAs with Vanquis, which involved transfers from another provider. The whole process was simple and straightforward with good communication throughout. Interest rates offered were very competitive. Highly recommended."

Savings customer

Find out more on our website: vanquis.com

Section 172(1) statement

The Board of Directors confirms that in performing its duties during 2025 it has acted in good faith, in a manner which would be most likely to promote the success of the Company for the benefit of its members, and with regard to the matters set out in section 172(a)–(f) of the Companies Act 2006 (s.172).

Board decision making

Reports being presented to the Board for a decision are required to consider and document the impact on the Group's stakeholders. Building this requirement into the Board reporting helps ensure that Board directors assess proposals in line with their duties under s.172 consistently, as well as supporting management to ensure that it has considered all stakeholder implications with each proposal being put forward, recognising that stakeholder interests are not always aligned. Principal decisions taken by the Board are detailed on pages 70, 75 and 77; these showcase the decision-making process and the Board's considerations when reaching its conclusion.

The Board adopted different approaches to perform its duties including: establishing the long-term strategic direction and affirming the Group's purpose; receiving reports from corporate advisors and brokers; considering strategic reports and macroeconomic updates; and considering the colleague value proposition to attract and retain talent.

Our stakeholders, how we've engaged with them during 2025 and the outcomes of this engagement can be found on pages 21 to 23.

Further examples of how the directors have discharged their responsibilities under s.172 are integrated throughout the Strategic Report and Governance Report; please see the table opposite for references.

Section 172 provision	Relevant disclosure	Pages
(a) The likely consequences of any decision in the long term	Chairman's Statement	4–6
	Strategy	14–15
	Non-financial and sustainability information statement	53
	Risk management and principal risks	54–61
	Viability statement	62
	Board focus areas during 2025	71–72
(b) The interests of the Company's employees	CEO's Review	7–9
	Sustainability	21–31
	Board focus areas during 2025	71–72
	The Board: our culture	73
	Stakeholder engagement and decision making	74
(c) The need to foster the Company's business relationships with suppliers, customers and others	Who we are	2–3
	Strategy	14–15
	Sustainability	21–32
	Stakeholder engagement and decision making	74–77
	Engagement with shareholders	78
(d) The impact of the Company's operations on the community and the environment	Strategy	14–15
	Sustainability	21–43
	Non-financial and sustainability information statement	53
	Risk management and principal risks	54–61
(e) The desirability of the Company maintaining a reputation for high standards of business conduct	Chairman's Statement	4–6
	Market overview	10–13
	Sustainability	21–43
	Risk management and principal risks	54–61
	Audit Committee Report	86–90
	Risk Committee Report	91–94
(f) The need to act fairly as between members of the Company	Setting our strategy	70
	Stakeholder engagement and decision making	74–77
	Board focus areas during 2025	71–72
	Directors' Remuneration Report	95–122

Non-financial and sustainability information statement

The following table summarises where you can find further information on each of the key areas of disclosure required by sections 414CA and 414CB of the Companies Act 2006.

Reporting requirement	Description	Relevant Vanquis policies and further information	Page references
Business model	The Group's purpose is to deliver caring banking so our customers can make the most of life's opportunities.	Not applicable.	Our business model: pages 16 and 17
Principal risks and impact of business activity	Our risk management and internal control framework sets out how we manage risk consistently across the Group, including the governance structures and roles and responsibilities that support effective oversight.	The risk management and internal control framework, Credit Risk Policy, Customer Risk Policy, Environmental and Climate Change Risk Policy, Funding and Liquidity Risk Policy, Wholesale Counterpart Credit Risk Policy, and Third-Party Risk Management Policy.	Risk management and principal risks: pages 54 to 61 Audit Committee Report: pages 86 to 90 Risk Committee Report: pages 91 to 94
Non-financial KPIs	A range of non-financial KPIs are reported to Group management on a monthly basis to support strategic decision making.	Not applicable.	Strategy: pages 14 and 15 Key Performance Indicators: pages 18 to 20 Sustainability: pages 21 to 43
Our colleagues	We are committed to building and sustaining an inclusive workplace culture, where all our colleagues can be themselves and thrive. This ensures that we are best placed to deliver for the diverse customer base we serve.	People Policy, Inclusion and Diversity Policy, Family Friendly Policy, Mental Health and Wellbeing Policy, Health and Safety Policy, Modern Slavery and Human Rights Policy, and Whistleblowing Policy.	Sustainability: pages 21 to 43 Stakeholder engagement and decision making: pages 74 to 78 Nomination and Governance Committee Report: pages 84 and 85 Directors' Remuneration Report: pages 95 to 122
Respect for human rights	The Group is committed to supporting and respecting human rights and, as such, is opposed to slavery and human trafficking in both its direct operations and in the indirect operations of its supply chains.	Modern Slavery and Human Rights Policy, Supplier Code of Conduct, Third-Party Risk Management Policy and Modern Slavery Act Statement (pursuant to section 54(1) of the UK Modern Slavery Act 2015, Vanquis produces a Modern Slavery Statement, see www.vanquis.com).	Sustainability: pages 21 to 43 Directors' Report: pages 123 to 128
Social matters	Through the Vanquis Foundation, we are committed to improving the lives of children and young people by providing educational and social development opportunities which support financial and social inclusion.	People Policy, Community Involvement Policy and Volunteering and Matched Funding Policy.	Sustainability: pages 21 to 43
Anti-bribery and anti-corruption	The Group has a zero-tolerance approach to acts of bribery and corruption. We also always seek to protect our customers, colleagues and other key stakeholders from financial crime.	Anti-Bribery and Corruption Policy, Corporate Hospitality Policy, Whistleblowing Policy.	Directors' Report: pages 123 to 128
Environmental matters, including climate-related disclosures	We seek to minimise our environmental impacts and work with others to take action on the globally important issue of climate change.	Environmental and Climate Change Risk Policy and Supplier Code of Conduct.	Sustainability: pages 21 to 43 Directors' Report: pages 123 to 128

Risk management and principal risks

A robust risk management framework and culture

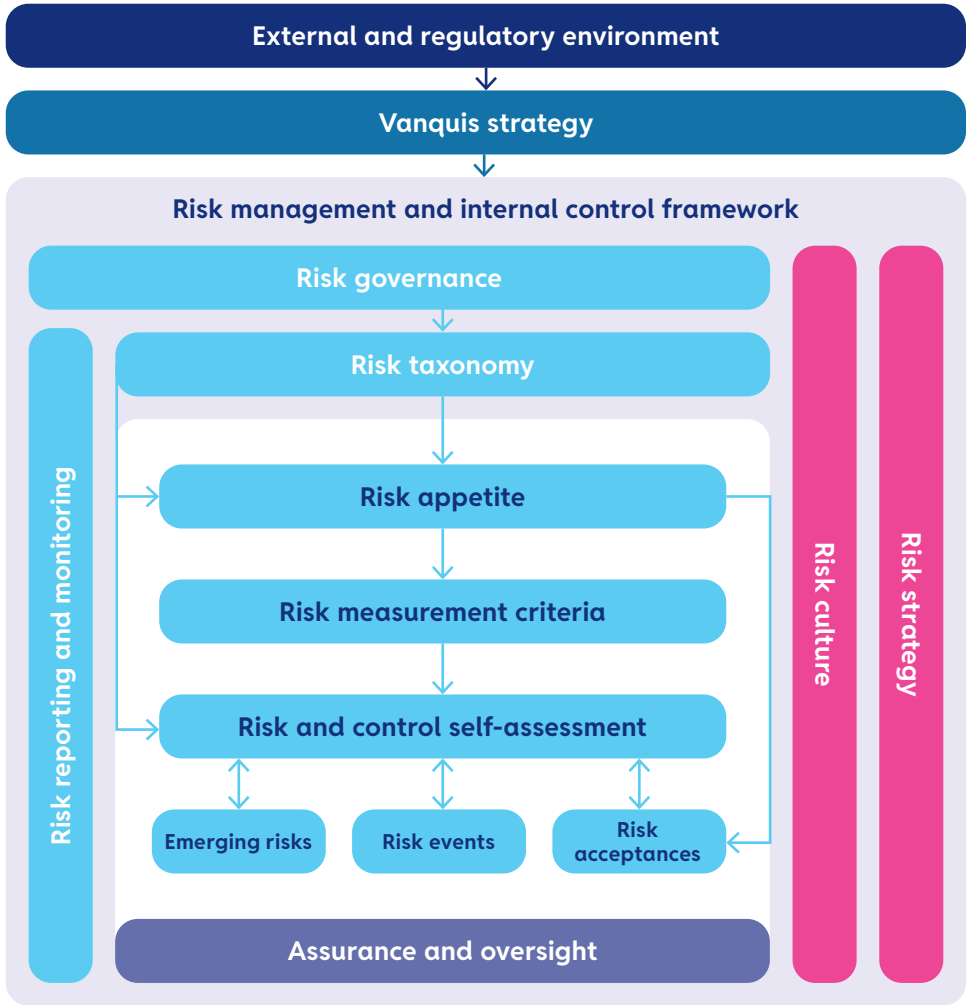
Risk management and internal control framework

The risk management and internal control framework (RM&ICF) sets out how we manage risk consistently and compliantly across the Group, including the governance structures, roles and responsibilities that support effective oversight. Its components operate together to provide the architecture through which we monitor our risk exposures and gain assurance over the strength of our control environment.

The RM&ICF supports timely escalation of material risks and aggregated reporting to the Group's Board, Risk Committee and executive management, ensuring that the most significant implications for the Group's strategy and operations are clearly understood and to inform decision making.

The new Provision 29 requirements introduced by the UK Corporate Governance Code 2024 have emphasised the need for the Board to establish and maintain the effectiveness of the RM&ICF, including the Group's material controls (see the Risk Committee Report on pages 91 to 94). Material controls form a key part of the RM&ICF, supporting the Group's ability to manage risk and ensuring the integrity of both financial and non-financial reporting.

Annually, the Risk function assesses the effectiveness of the RM&ICF and seeks to enhance it to enable proactive risk management and embed a risk-aware culture. The fundamental components are illustrated:



"We have continued to embed a strong risk-aware culture and a well-established control environment across Vanquis. As we move into the next phase of growth, our focus is on converting our transformation progress into sustainable long-term value for shareholders."

Joe Sweeney
Chief Risk Officer

Risk management and principal risks continued

Risk strategy

Managing risk is critical to enable us to optimise our shareholder return whilst maximising our business opportunities, achieving our strategic objectives and delivering positive outcomes for all our key stakeholders, which include shareholders, customers, colleagues and regulators. It is underpinned by six strategic risk objectives:

1 – Maintaining a secure and efficient capital and funding structure.

2 – Delivering sustainable growth and returns to our shareholders.

3 – Optimising our reputation and becoming the most trusted and inclusive bank for our target customers.

4 – Establishing a strong risk and customer-led culture.

5 – Managing execution risk associated with strategic and operational change activity.

6 – Maintaining operational resilience and business capabilities.

Risk culture

Our risk culture is imperative in driving the right outcomes as a business for all our key stakeholders. The RM&ICF places significant emphasis not just on what we deliver, but how it is delivered in the level of risk we are willing to take.

The following components assist in promoting a strong risk culture within our Group:

Culture driver	Description
The Group's business model	Alignment between the Group's profit incentives and good customer and stakeholder outcomes.
The Vanquis Way	The Vanquis Way reflects the unique culture and working environment we want to create for the Group. It guides our decisions and reminds us of what is important when we work with customers, communities and colleagues.
Individual accountability and performance management	Colleagues are aware of their accountabilities in managing risk and these are embedded in role descriptions and performance objectives (financial and non-financial).
Remuneration	Senior leaders are incentivised consistently with the Board's stated risk culture to drive fair customer and other risk outcomes. A risk adjustment process is in place, reinforced through the Senior Managers and Certification Regime (SMCR).
Skills and capabilities	There are sufficient skilled and trained resources to deliver against business expectations.

Risk appetite

The Group defines its risk appetite as the amount and type of risk it is prepared to seek, accept or tolerate as we pursue our goals without threatening our safety. Setting this clearly helps us make decisions aligned with our strategic vision and within prescribed boundaries, such as our regulatory and legal landscape.

We have refreshed our Board-approved Risk Appetite Framework (RAF) for 2026 to strengthen alignment between strategic oversight, resilience and operational execution. Board-level metrics define the overarching risk boundaries, while management-level metrics and supporting early warning indicators translate them into actionable controls and support accountability and consistent risk taking. If these are breached, we are prompted to review and potentially adjust our approach. Together, these mechanisms create a structured escalation framework, promote early intervention, support consistent decision making and help maintain stakeholder confidence.

Risk taxonomy

Our risk taxonomy captures our principal risks and their corresponding level 1 risks across our four risk pillars, which support the delivery of our strategic risk objectives. Each risk is allocated an executive owner, in line with the process risk ownership and reinforcing operational and regulatory responsibilities. Our risk taxonomy is reviewed on an annual basis to ensure that the risks remain up to date, comprehensive and reflective of our high-level exposures.

During the year, we have simplified our risk universe to remove duplication and improve efficiency. We introduced a clearer, owner-led framework that strengthens accountability and supports more forward-looking risk discussions. This gives the Executive better oversight of level 1 risks, with the Executive Risk Committee focused on changes in risk profile, emerging pressures and future priorities. The approach directs attention to the most material risks, guided by data-driven assessment and a proactive view of the evolving risk landscape.

Emerging risks

We recognise the changing landscape we operate in so capture our emerging risks in a radar to anticipate adverse scenarios from potential threats and proactively prepare, recover and adapt. We consider external factors, such as political, economic, social and technological, which complement existing regulatory and prudential horizon scanning processes. Each emerging risk is assessed for its proximity and velocity and the radar presented through the risk governance structure.

"In 2025, we provided robust oversight and strategic guidance to our transformation programmes, building on the stabilisation and efficiency gains achieved in 2024. Our efforts have supported the delivery of improved operational performance, sustainable customer growth, enhanced customer experience and disciplined capital allocation."

Joe Sweeney
Chief Risk Officer

Risk management and principal risks continued

Risk and control assessment, monitoring and reporting

We apply a standardised and consistent approach to identify, assess, measure and regularly review the risks and supporting control environment, driven by the Risk and Control Self-Assessment (RCSA), risk event and risk acceptance processes.

Ongoing monitoring allows us to track shifts in risk levels and see how effective our controls are. Reporting these findings at all levels supports transparency, enabling quick, informed decision making. This approach supports prioritisation of risks requiring enhanced management attention.

Risk governance

The Group maintains a governance committee structure that underpins effective risk management and oversight. Our refreshed risk governance framework strengthens our ability to identify, assess, manage and report risks, while enabling a proactive response to evolving internal, external and regulatory environments.

The Executive Risk Committee plays a central role in supporting the Risk Committee by overseeing the management of current and emerging risks. The Board retains overall responsibility for effective risk management.

Supporting these, specialist committees are in place to monitor principal risks and uncertainties, ensure the strength of the control environment and escalate matters appropriately through the risk governance structure.

Integrated assurance and accountability

The Group applies a three lines of defence model to support effective risk management and internal control. This clarifies accountability and supports a consistent approach to identifying, managing and assuring risks.

The first line of defence is responsible for owning and managing risks on a day-to-day basis, including the design and operation of controls within agreed risk appetite. The second line establishes the RM&ICF and provides independent oversight and challenge, while the third line delivers independent and objective assurance to the Board and management.

Together, the three lines provide a structured basis for accountability and oversight, supporting the Board's understanding of the effectiveness of the Group's control environment and alignment with good governance practice.

An Integrated Assurance Framework (IAF) operates across the Group to coordinate assurance activity, aligning the planning, execution and issue management activities of assurance providers across the three lines of defence. This approach is designed to reduce duplication, focus assurance on the most material risks and controls and improve the clarity of assurance reporting to management and the Risk Committee.

Material controls form a key input to the IAF. They provide a foundation for proportionate, risk-based assurance activities, supporting the Board in forming a view on control effectiveness.

The IAF is supported by an integrated risk management system, which facilitates visibility of risks, controls, issues and assurance activity. This approach supports informed decision making, early identification of control weaknesses and timely remediation where required.

Principal risks and uncertainties

Our top current and emerging risks and how we are managing these are summarised over the next few pages.

Risk Pillar 1: Customer and conduct

We deliver fair customer outcomes and meet the expectations of our regulators.

Principal risk

P1 Customer

The risk that failing to understand or address customer needs could lead to dissatisfaction, poor customer outcomes, reduced loyalty, and reputational damage, impacting revenue and long-term business sustainability.

Links to strategic themes

Links to KPIs

1 2 8

Key considerations

The 2025 annual Consumer Duty Board Report demonstrates continued progress in embedding Consumer Duty across the Group. We are committed to continuously monitoring and improving customer outcomes, better understanding our target market and serving the needs of our customers, intrinsic to its strategy and culture. This focus is emphasised by the retention of Consumer Duty Champion to maintain strong Board-level oversight and engagement on this topic.

Complaints related to responsible lending have declined since the implementation of the FOS fee-charging structure with a negligible amount of Vanquis-related claims management company complaints referred to FOS. Following the FCA's consultation on motor finance redress, the business still faces potential customer complaints.

Mitigating actions

- Customer outcomes monitoring continues to be enhanced through clearer, segmented data insights across all products.
- Customer support strategies and arrears and forbearance approaches have been revised to comply with revised FCA regulation to ensure customers with additional needs or financial difficulty receive timely, appropriate support.
- Fair value assessments are conducted at least annually, or when triggered by specific events, as a core element of product reviews to ensure pricing and value remain appropriate, transparent and aligned to customer interests.
- A strengthened complaints framework has improved first point resolution and deepened root cause analysis, driving more effective long-term customer solutions.

P2 Regulatory

The risk that non-compliance with all regulatory and legal requirements and expectations could lead to financial penalties, legal action, operational disruptions and long-term damage to reputation.

Links to strategic themes

Key considerations

The FCA published a consultation on a Scheme of Arrangement to redress customers affected by potentially unfair motor finance commission practices. Moneybarn has never participated in discretionary commission arrangements or operated tied arrangements. A provision of £3.0m has been recognised (see the provisions note regarding motor finance redress on page 180), which has been reviewed by the Audit Committee (see pages 86 to 90).

Our request for a judicial review, along with other credit providers, on the FOS interpretation of out of jurisdiction complaints has been accepted and we await hearing dates.

We have responded to the consultations underway to simplify and modernise aspects of the regulatory handbook and amend the Consumer Credit Act. While these reforms are designed to be beneficial, they may nevertheless require significant implementation effort over the next 12 to 24 months.

Mitigating actions

- We are actively involved in the Scheme of Arrangement consultation, lobbying for significant improvements to reduce our exposure and the operational costs in delivering the Scheme.
- We maintain strong and proactive regulatory relationships with regular lines of communication established with both the FCA and PRA. The regulators have been kept informed of our strategic initiatives, key risk management activities and responses to evolving regulatory developments.
- The SMCR framework has been updated to align Vanquis and Moneybarn entities, creating a consistent approach to the allocation of Senior Management Functions (SMFs) and responsibilities. This alignment strengthens process risk ownership within the RM&ICF, supported by the Group Delegated Authorities Manual. SMFs have formally attested to these responsibilities.
- The new legislation arising from the Data (Use and Access) Bill, due to come into effect over the next 12 months, is under review to assess material changes and potential opportunities.
- The Group continues to use scenario analysis to assess the potential impact of climate change on our business. Findings indicate that our strategy remains resilient to climate-related risks and opportunities. Further detail on the governance, management of the climate-related risks and opportunities and our Task Force on Climate-related Financial Disclosures (TCFD) summary can be found from page 33.

Strategic themes

Customer-led | Insightful risk management | Efficient organisation | Digital, tech, data and analytics | A great people proposition

KPIs

Find our KPIs on pages 18 to 20

Principal risks and uncertainties continued

Risk Pillar 1: Customer and conduct continued

We deliver fair customer outcomes and meet the expectations of our regulators.

Principal risk

P3 Financial crime

The risk that failure to detect and prevent financial crime and fraud could result in customer detriment, regulatory fines, reputational damage and financial loss.

Links to strategic themes

Key considerations

The financial services industry continues to suffer from high levels of fraud. We have dedicated fraud and financial crime strategic and operational teams, which monitor, investigate and report suspicious activity to meet regulatory obligations and protect us and our customers.

Focus during 2025 has been on progressing delivery of the new financial crime risk management system, as part of Gateway, to strengthen surveillance, enhance customer screening and improve the financial crime control environment.

Mitigating actions

- Application fraud detection systems have been upgraded with Machine Learning (ML) models and targeted behavioural rules. This has already increased our capability to identify fraudulent applications and reduced fraud rates. Implementation for Vehicle Finance is underway, building on the success achieved in Cards.
- The mobile app has been enhanced with functionality to detect suspicious activity providing customers with stronger protection.
- Know Your Customer and onboarding controls have been strengthened through greater use of electronic and biometric checks, ensuring strengthened verification of new customers.
- We are fully compliant with the new failure to prevent fraud offence, effective from 1 September, ensuring accountability where internal fraud could benefit large organisations.

Risk Pillar 2: Financial

We manage our credit risk exposures, supported by financial strength and liquidity in normal and stressed conditions.

Principal risk

P4 Capital

The risk that inadequate capital resources or poor capital planning could result in an inability to meet financial obligations, regulatory breaches and financial instability, potentially threatening the long-term viability of the Group.

Links to strategic themes

Links to KPIs

13

Key considerations

The Group and Bank maintain sufficient capital resources, both in terms of amount and quality, to support the business strategy and meet the stressed scenarios identified in the Internal Capital Adequacy Assessment Process (ICAAP). Throughout the year, the Group and Bank have maintained capital ratios in excess of regulatory requirements (see the capital risk section on pages 154 and 155 for the Group's capital position). The Group has strengthened and optimised its capital position during 2025 through the £60m Additional Tier 1 Notes issuance and early repurchase of £58.5m of Tier 2 Notes, supported by a regulatory review of our capital requirements. The Group will continue to monitor its capital allocation in 2026 to support its future growth.

As a Small Domestic Deposit Taker (SDDT), the Group is eligible for the simplified capital regime under the PRA's strong and simple framework (Policy Statement 20/25).

Mitigating actions

- The capital framework is reviewed by the Board as part of the annual ICAAP. The Assets and Liabilities Committee (ALCO) is responsible for managing the balance sheet structure, including the capital plan and its risks.
- Capital risk appetite metrics are reported monthly at ALCO meetings and quarterly to the Risk Committee and Board.
- The Group and Bank maintain capital resources to meet Pillar 1 and Pillar 2 capital requirements as identified through the ICAAP, the most significant elements being credit and operational risks.
- We have constructive engagement with the PRA regarding our approach to capital management.

Strategic themes

Customer-led | Insightful risk management | Efficient organisation | Digital, tech, data and analytics | A great people proposition

KPIs

Find our KPIs on pages 18 to 20

Principal risks and uncertainties continued

Risk Pillar 2: Financial continued
We manage our credit risk exposures, supported by financial strength and liquidity in normal and stressed conditions.

Principal risk

P5 Funding and liquidity

The risk that the Group has insufficient financial resources to meet its obligations (cash or collateral requirements) as they fall due, resulting in the failure to meet regulatory liquidity requirements, or is only able to secure such resources at excessive cost.

Links to strategic themes

Links to KPIs
14

Key considerations

The Group and the Bank maintain sufficient liquid assets, both in terms of amount and quality, to meet daily cash flow needs and stressed scenarios driven by the Group's own risk assessment and regulatory requirements. Throughout the year, the Group and Bank have maintained funding and liquidity ratios in excess of regulatory requirements. Liquid assets have been diversified to comprise reserves held with the Bank of England and UK Government bonds (gilts) (see the counterparty risk on page 152 and funding and liquidity risk section on pages 152 and 153).

The Group has in place a Core UK Group (CUG) waiver, which enables the Group to lend retail deposit funding raised in Vanquis Bank Ltd to Moneybarn.

As an SDDT, the changes to the regulatory framework under the strong and simple framework have not had a material impact on the Group's liquidity requirements.

Mitigating actions

- The funding and liquidity framework is reviewed by the Board as part of the annual Internal Liquidity Adequacy Assessment Process (ILAAP). The ALCO is responsible for managing the balance sheet structure, including the funding plan and its risks.
- Funding and liquidity metrics are monitored through daily liquidity reporting and reported monthly at ALCO meetings and quarterly to the Risk Committee and Board.
- The Group and Bank maintain liquid assets in excess of the anticipated outflows and management buffers as assessed under internal stress test scenarios (90-day stress) and the regulatory prescribed liquidity coverage ratio (30-day stress).
- Funding diversification has been strengthened through the launch of new retail deposit products, while retained OBAN notes continue to provide a source of contingent liquidity following repayment of TFSME drawings. The financial performance of Moneybarn is monitored to ensure that the conditions of the CUG waiver continue to be met.

P6 Market

The risk that fluctuations in market prices, such as interest rates, could negatively impact the Group's financial performance, resulting in losses or disruptions.

Links to strategic themes

Links to KPIs
3 10

Key considerations

The Group and Bank are primarily exposed to Interest Rate Risk in the Banking Book (IRRBB) and do not take significant unmatched positions or operate trading books. The Group and Bank have remained within risk appetite throughout the year (see the market risk section on page 154).

Mitigating actions

- The market risk framework is reviewed by the Board as part of the annual market risk assessment process. The ALCO is responsible for managing the balance sheet structure, including the methodology for assessing and managing market risks.
- Market risk appetite metrics are reported monthly at ALCO meetings and quarterly to the Risk Committee and Board. Metrics are set for earnings at risk, market value sensitivity, economic value of equity and basis risk. This includes the risk under different interest rate risk scenarios as prescribed by regulation.
- The Group continues to enhance its approach to market risk management, including commencing a project to implement a new assets and liabilities management system. As the Group navigates the changing and competitive interest rate environment, pricing actions and behavioural profiles will be reviewed in the IRRBB assessment.

P7 Credit

The risk that customers may default on their obligations, leading to financial losses, impaired asset quality and reputational damage.

Links to strategic themes

Links to KPIs
3 4 5 10

Key considerations

Credit risk is fundamental to achieving our strategic objectives, with exposure arising at all stages of the customer lifecycle and varying in response to customer behaviour and macroeconomic factors (see the credit risk section on page 152).

Following a change in leadership, a comprehensive credit risk programme was established in 4Q24 to optimise lending and support responsible growth across the portfolio. The programme is designed to be resilient, compliant and aligned to Gateway transformation. The Risk Committee has been kept fully informed of progress, ensuring strong oversight and alignment with the Group's risk appetite.

Mitigating actions

- Specialist credit risk expertise has been recruited in the first and second lines of defence, strengthening capability and oversight. A dedicated programme manager has been appointed to support effective credit risk programme delivery.
- Portfolio credit risk is governed through the Credit Risk Committee, supported by regular monitoring against risk appetite and timely escalation where required.
- The credit risk programme has been expanded to capture opportunities for improving collections and recoveries strategies. Enhancement include strengthening forbearance capabilities, optimising delinquency collections and maximising post-charge-off recoveries.
- Credit and affordability strategies continue to be enhanced to keep pace with changing market and economic conditions. These origination and existing customer management decisions are underpinned by data with an increased use of internal behavioural scores to ensure ongoing fit for purpose credit offerings for the Vanquis customer.

Principal risks and uncertainties continued

Risk Pillar 3: Operational

We ensure operational risk is minimised through effective people, processes and systems aligned to our strategic goals.

Principal risk

P8 People

The risk that poor recruitment practices, insufficient employee training or low engagement levels, caused by poor culture and compliance, could lead to operational inefficiencies and reputational damage.

Links to strategic themes

Links to KPIs

6 7

Key considerations

We have continued to deliver on our Great Place to Work® action plan to strengthen colleague engagement, recognising its importance in achieving our strategic objectives. This commitment was reflected in our certification as a Great Place to Work® following the independent Colleague Survey conducted in October 2025. Our overall engagement score rose to 73%, up from 60% at the end of 2024, demonstrating significant progress and highlighting our focus on flexibility, development and creating a workplace where colleagues feel valued, particularly during a year of substantial change activity, underscoring the resilience of our culture and the effectiveness of our engagement initiatives. Further details can be found on page 28.

Mitigating actions

- We launched 'Your Vanquis', our colleague offering that brings together our culture, values and purpose. It demonstrates how we support, recognise and invest in our teams, ensuring colleagues feel connected and valued.
- Quarterly talent reviews are held with each ExCo member to address key retention risks and identify succession planning opportunities. These reviews are supported by management responsibilities maps and succession plans for executive management and senior colleagues, ensuring clarity of accountability, resilience in leadership and continuity across the Group.
- The LEAD Forum, comprising our most senior leaders across the business, is now embedded to champion and drive strategy implementation, foster our culture and help us provide agility in shaping and adjusting our direction.
- The Development Centre is established to enhance colleagues' skills, performance and career progression through a suite of online learning and development tools.

P9 Technology, information security and data

The risk that inadequate technological, security and data infrastructure, and failure to upgrade systems, could lead to operational inefficiencies, data breaches, service disruptions, a lack of scalability and reputational damage.

Links to strategic themes

Key considerations

We have been making positive progress to deliver Gateway to implement a single, strategic technology platform, which addresses the risks associated with operating across three segregated and ageing technology stacks. Delivery of the platform will provide a basis for technological growth and support wider strategic delivery, whilst securing the environment and reducing our technical debt. As our reliance on legacy technology reduces, the number of incidents causing significant operational disruption has moderated and they predominantly impact legacy systems.

As we continue to explore the use of AI, ML and large language models, we need to utilise them responsibly, balancing capability with ethical practices, data security and process integrity to enhance customer and colleague experiences. Failing to adopt these technologies risks competitive disadvantage and increased vulnerability to AI-driven cyber threats due to insufficient knowledge or protection.

As part of our annual risk taxonomy review, we have expanded this principal risk title to encompass data. Given our increasing reliance on digital platforms, AI-enabled processes and data-driven decision making, the underlying drivers of these exposures are fundamentally technological, making technology and information security the appropriate principal risk category for effective oversight and control.

Mitigating actions

- A gap analysis against the Cyber Governance Code of Practice published by the Department for Science, Innovation and Technology (DSIT) is underway to enhance Board focus on cyber risk governance, including resilience testing and supply chain oversight.
- Cyber security controls continue to be strengthened through enhancements to endpoint protection, ransomware defences, additional tooling, monitoring and incident response capabilities.
- The AI policy and framework continue to develop as we explore and integrate AI and ML technology into our processes to manage our risk exposure, including against data, security, regulatory and compliance standards.
- The data transformation programme is progressing to simplify and consolidate all data across the business, resulting in a centralised and consistent dataset, improving the customer journey and operational efficiency.

P10 Operational

The risk that failures in processes, systems or human error could result in business disruptions, financial loss, regulatory action, poor customer outcomes and reputational damage.

Links to strategic themes

Links to KPIs

11

Key considerations

Operational risk is inherent to our activities and remains a key area of focus as we execute our strategy. We balance internal expertise with trusted, strategically selected outsourcing partners and third-party suppliers to ensure resilient service delivery, while progressing transformation programmes that will establish a fit for purpose technology platform to support our operations. These initiatives strengthen operational resilience and enhance customer outcomes.

Mitigating actions

- Assurance activities encompass the delivery of key strategic programmes and their interdependencies, which are consistently managed through adherence to the change delivery framework.
- Our operational resilience tool continues to embed, prioritising the supporting processes and infrastructure that underpin our Important Business Services (IBS) while advancing enterprise-wide response and recovery planning.
- Scenario testing is ongoing to identify vulnerabilities, with findings informing the 2026 operational resilience self-assessment and remediation plans as continuous improvement.
- Oversight of material outsourcers and critical third parties and suppliers, who directly impact IBS, remains a priority. These relationships are subject to ongoing monitoring and performance programmes in line with the third-party risk management framework.
- Speech analytics have been enhanced to analyse calls at scale, driving operational efficiencies and increasing oversight across high-risk customer processes.

Principal risks and uncertainties continued

Risk Pillar 4: Strategic
We seek new business opportunities, which are aligned to our customer, regulatory and commercial objectives.

Principal risk

P11 Model

The risk that incorrect assumptions, poor design or outdated data within models used for decision making could lead to unintended outcomes, financial loss or operational inefficiencies.

Links to strategic themes

Key considerations

Models are widely used across the Group and play an important role in helping achieve key business decisions, risk management and strategic objectives. The use of models carries inherent risk to the Group due to their underlying assumptions, methodologies and complexities. Effective model governance, oversight and validation are key in mitigating model risk across the Group.

Mitigating actions

- Specialist model risk expertise has been recruited in the second line of defence to strengthen validation and assurance, with a particular focus on Tier 1 models, including IFRS 9, credit and pricing models.
- Each model is assigned a tier based on its quantitative and qualitative impact to inform governance and independent validation, with Tier 1 models prioritised for validation given their significant business impact.
- The Model Risk Committee meets monthly, with representation across all three lines of defence, to oversee model risk and ensure effective approval and governance processes are in place for all models and covered tools.
- Sub-working groups have been established to monitor the development, implementation, use and performance of all live models in the model inventory. Escalation routes are in place to the Model Risk Committee.
- The Model Risk Policy has been refreshed to set out the key guiding principles for appropriate and effective model risk management across the lifecycle and strengthens alignment with PRA's model risk management principles in Supervisory Statement (SS) 1/23.

P12 Business performance

The risk that poor performance of key business processes, such as financial planning, operations or customer service, could lead to financial losses, reduced market share, threat to the Group's long-term viability and reputational damage.

Links to strategic themes

Links to KPIs

1 9 12

Key considerations

In 2025, Vanquis returned to profitability and achieved growth in gross customer interest-earning balances. The business also benefited from the revised FOS fee structure (see customer risk) and greater clarity on its exposure to motor finance redress following the FCA consultation on a Scheme of Arrangement (see regulatory risk).

Uncertainties in the macroeconomic, regulatory (including as an SDDT) and competitive environment remain key drivers of business performance risk. To mitigate these risks, we continue to focus on improving technology and business efficiency and maintaining attractive customer propositions, which support the needs of our customers.

Mitigating actions

- The Group monitors strategic risk by conducting regular forecasts, stress testing and scenario analysis, including those undertaken in the ICAAP and ILAAP.
- Performance is monitored monthly against internal forecasts and key indicators. The Executive Risk Committee considers emerging risks and takes appropriate action to ensure risks are managed and strategic goals are met.
- The product leads monitor demand for products to ensure that the Group continues to deliver against its strategy and customer needs.
- The pricing framework in place supports disciplined pricing decisions, balancing growth, margin, affordability and customer outcomes.
- Ongoing assessment of market positioning and competitive dynamics informs product design, pricing and distribution decisions.
- The Group's Future Bank Strategy provides a clear roadmap for sustainable growth, cost efficiency and capability enhancement, with delivery overseen through established governance committees.

Strategic themes

Customer-led | Insightful risk management | Efficient organisation | Digital, tech, data and analytics | A great people proposition

KPIs

Find our KPIs on pages 18 to 20

Viability statement

In accordance with the 2024 UK Corporate Governance Code, the directors confirm that they have a reasonable expectation that the Group will be able to continue to operate and meet its liabilities as they fall due over the next three years to 31 December 2028 (the Viability Period). The Viability Period represents the period over which the Board has a reasonable degree of confidence over anticipated events, including prospects for the macroeconomy, and also provides an appropriate outlook over the medium to long term.

In making the Group viability statement, the directors have made an assessment of the Group's current financial position and prospects, as outlined within the Strategic Report, together with the principal risks and other factors likely to affect the Group's future performance and development. This assessment is made following consideration of a wide range of information, including:

- the Group's corporate plan, updated in 4Q25 to capture latest outer year projections, which sets out financial, capital, liquidity and funding projections, together with an overview of relevant risks;
- the principal and emerging risks which could impact the performance of the Group;
- a severe but plausible stress testing scenario, which is designed to assess the potential impact of certain underlying risks on the Group's capital and funding resources, together with the availability and effectiveness of mitigating actions; and
- reverse stress testing analysis, which is designed to assess the point at which the Group is no longer a viable concern.

The Group's corporate plan was approved by the Board in January 2026. In doing so, the Board has reviewed detailed forecasts for the three-year period to December 2028 and considered less detailed forecasts for 2029 and 2030. These higher-level, outer year forecasts do not contain any information which would cause different conclusions to be reached over the longer-term viability of the Group.

The Group's annual planning process takes into account the Group's strategic objectives and business model. The business model focuses on relatively short-term lending to consumers and operates conservative underwriting. The plan makes certain assumptions about the regulatory environment, future economic conditions and anticipated changes within the markets in which the Group operates and also makes an assessment of the Group's ability to fund new business growth. The Board obtains independent assurance from Group Risk over the alignment of the corporate plan with the Group's strategy and the Board's risk appetite. Specific focus is placed on capital risk as well as liquidity and funding risk. The assessment also considers the key risks which may impact delivery of the Group's operating plan. The Group's principal risks are included on pages 57 to 61.

The corporate plan is based on a macroeconomic scenario which was in line with market consensus estimates, and which assumes that the UK economy remains constant, with expectations of moderate levels of GDP through 2026 with expected reductions in the Bank Rate in 2026. Inflation is expected to fall through 2026 c.2.6% and continue to reduce thereafter towards the 2% BoE target. The plan assumes that the UK unemployment rate remain broadly stable in 2026 and decreases from 2027.

The Board conducts a number of specific reviews of the corporate plan provided by Group and functional management, alongside other regular briefings on and discussion of new strategies, business developments and current financial performance. These reviews consider a range of market opportunities and developments, together with associated risks from within the Board's risk appetite framework.

The Group manages its liquidity to meet the Overall Liquidity Adequacy Rule (OLAR) and to ensure that it can meet its liabilities as they fall due. The level of liquidity required by the OLAR is determined by the Internal Liquidity Adequacy Process Assessment (ILAAP) and is based on an analysis of the Group's business as usual forecast cash requirements but also considers their predicted behaviour in stressed conditions. In recognition of the waiver renewed in October 2025, which allows Vanquis Bank Limited to fund the vehicle finance business, the ILAAP also includes an assessment of the liquidity needs of the wider Non-Bank Group. The Group has sufficient access to liquidity resources, including retail deposits, secured funding on its assets and access to wholesale markets. Furthermore, the Group has plausible options available to it, should the need arise, to either reduce the liquidity requirements or increase the amount of liquidity it has (or can raise).

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. These management actions could include but are not restricted to restricting variable pay, reducing lending growth, and/or changing the dividend payout. The corporate plan has also been reverse stress tested to the point of non-viability after reflecting available mitigating actions. The viability assessment concluded that the Group's viability only comes into question under an unprecedented macroeconomic scenario.

The Group has an established operational resilience and business continuity policy and framework which define the approach to continuity and resilience to meet regulatory expectations involving scenario exercising and vulnerability remediation. Third Party Risk Management is a key consideration when evaluating the overall resilience of the Group with contingency and exit planning a core focus enabling us to mitigate the impact of material third-party failure.

The directors also considered it appropriate to prepare the financial statements on the going concern basis, as set out on page 142.

Dave Watts
Chief Financial Officer
25 February 2026

VISA
Credit

Chairman's introduction to governance

Robust governance to underpin the delivery of our strategy

Sir Peter Estlin
Chairman

Dear Shareholder,

On behalf of the Board, I am pleased to introduce the 2025 Corporate Governance Report.

Board activity and oversight of strategy

Board activity during the year (pages 71 to 72) was heavily focused on the Group's ongoing transformation and the achievement of key objectives that resulted in a return to profitability. The Board received two substantive updates on the strategic plan for growth to 2027, including at an offsite meeting with the Executive Committee in June and during a visit to our Chatham site in September, which also provided opportunities for wider colleague engagement.

The Group's strategy centres on product expansion and diversification to meet our customers needs, the development of partnership opportunities, and a digital-first approach supported by continuous efficiency improvements. Our technology transformation programme remains pivotal to delivery of these, and I am pleased to report that progress remained substantively on track during 2025.

The Board also continued to oversee enhancements to our risk management and internal control framework in preparation for the requirements of the refreshed UK Corporate Governance Code. In September, we approved the issuance of Additional Tier 1 capital and the buyback of Tier 2 capital (page 70), strengthening the Group's capital position and ensuring our continued ability to deploy capital effectively.

> **"Our governance framework and Board composition are designed to ensure rigorous oversight of strategy, risk and culture, enabling the Group to create sustainable long-term value."**
>
> **Sir Peter Estlin**
> Chairman

Culture

The Board recognises the importance of embedding a Group culture that reflects our purpose and values (page 73). A highlight this year was achieving Great Place to Work® accreditation, which reflects meaningful progress in colleague engagement. Through site visits and colleague events, the Board gained valuable insight into colleague sentiment and heard directly from teams across the Group (page 74).

Board composition and governance

Following the Board reorganisation during 2024 and January 2025, composition remained stable throughout the year. The Board continued to draw on its broad expertise to provide constructive challenge and support to the Executive. As part of our three-year cycle, an external evaluation was undertaken by Independent Audit (pages 82 and 83), which commended the Board's diversity, commitment and positive dynamic.

The Board remains committed to the highest standards of governance to underpin the delivery of our strategy. Further detail on the work of our committees is set out on pages 84 to 97, including our preparations for the new requirements under the UK Corporate Governance Code 2024 (page 94).

I am pleased to confirm that our 2026 AGM will take place in our new Bradford head office on 6th May 2026 at 10am. I hope you will be able to join us.

Sir Peter Estlin
Chairman
25 February 2026

Chairman's introduction to governance continued

Governance highlights

- Continued development and embedding of the Group's strategic priorities (71)
- Continued simplification of the Group's corporate structure to achieve further efficiencies (77)
- Optimisation of our capital structure (70)
- GPTW accreditation demonstrating the continued embedding of our culture (73)

During 2025, the 2024 updates to the UK Corporate Governance Code were embedded and complied with.

Key changes (non-exhaustive)	Our response
Principle C: embedding an outcomes focus in governance reporting in the context of the Group's strategy and objectives	Our Annual Report continues to link all key decisions and activities to the Group's strategic objectives.
Provision 2: reporting on how the Group's culture has been embedded	Our culture reporting (page 73) outlines the ways in which the Board oversaw the embedding of the Group's desired culture.
Principle J: the requirement for a formal and transparent Board appointment process and updates to the articulation of diversity characteristics	You can read about our approach to Board appointments on page 84. Our Inclusion and Diversity Policy was updated to mirror the language used in the Code.
Principle O: makes the Board responsible for maintaining the effectiveness of the risk management and internal control framework	You can read about our progress on developing our risk management and internal control framework in our Risk Committee Report (page 93).
Provision 25: extends the requirement to adhere to the Audit Committee Minimum Standards to all premium listed companies	The Audit Committee updated its terms of reference and forward agenda planner to ensure compliance with the Minimum Standard. The most significant area of change relates to the audit tender process. You can read about our approach to this on page 87. When the Company launches the next tender process, the Minimum Standard requirements will be adhered to.
Provision 28: requires an explanation of the procedures in place to manage and identify emerging risks	You can read about our approach to emerging risks on page 93.
Provision 29: in addition to Principle O, the Board must identify and attest to the effectiveness of its material controls (for Financial Years commencing after 1 January 2026)	You can read about the Group's work on material controls in our Risk Committee report on page 94.

The Board confirms that, for the year ended 2025, the Group has complied with the provisions and consistently applied the principles of the UK Corporate Governance Code 2024.

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You can read about our progress against the new Provision 29 requirements introduced by the UK Corporate Governance Code 2024 in our Risk Committee Report (94).

Board of Directors

Our Board

Sir Peter Estlin
Chairman

N

Appointed as Chairman: 15 September 2023

Joined the Board: 19 April 2023

Tenure: 2 years

Career and experience:
Peter is a senior finance professional with a 35-year career in banking and finance with PwC, Citigroup and Barclays. Peter was knighted in 2020 for his services to international business, skills and inclusion. He also served as the 691st Lord Mayor of the City of London from 2018 to 2019 and has been an Alderman for the City since 2013. Having qualified as a Chartered Accountant with Coopers & Lybrand in 1993, where he later became a Partner, he held the role of CFO for the Asia Pacific and, latterly, the Global Corporate and Investment Bank businesses at, Citigroup. From 2008 Peter held senior roles at Barclays plc, including Group Financial Controller, CFO of the Retail and Business banking division and acting Group CFO.

Peter's contribution to the Board, key strengths, skills and reasons for re-election:
Peter is a commercially and strategically astute CFO and non-executive director who brings both breadth and depth of banking experience, including retail banking, and is an experienced chairman.

- A strong leader with significant finance and accounting experience gained in professional services and banking, further complemented by expertise across systems management, financial reporting and accounting, investor relations, treasury management, and mergers and acquisitions.
- Extensive governance experience, across the private, public and charitable sectors.
- Wealth of knowledge of the financial markets and experience of implementing strategy and delivering significant corporate transactions, and transformation projects.

Current external appointments:
- Non-Executive Director of NM Rothschild Ltd, Supervisory Board member at Rothschild WAM Co and Rothschild & Co and of the Institute for Apprenticeships and Technical Education (IfATE).
- Chair of FutureDotNow and Association of Apprentices.
- Trustee at Ironmongers Trust Company.
- Director at Revolut Newco UK Ltd.

Ian McLaughlin
Chief Executive Officer

D

Appointed: 1 August 2023

Tenure: 2 years

Career and experience:
Ian has extensive banking experience across mortgages, wealth management, savings, insurance and motor finance. From 2019, Ian was the CEO of Bank of Ireland (UK) Plc. He has served as a non-executive director on bank and technology company boards, and from 2012, held senior retail banking roles at Royal Bank of Scotland (now NatWest Group), including developing specialist consumer and commercial financial services propositions.

Ian's contribution to the Board, key strengths, skills and reasons for re-election:
Ian is a highly experienced chief executive officer and board director. He has a strong track record of delivering growth through improving customer service and enhancing distribution volumes and channels, through the recruitment and development of high-performing teams.

- A deep knowledge of the financial services industry and regulatory environment.
- Experience in managing complex transformation programmes, providing clarity on strategy, purpose and culture, whilst overseeing successful operational delivery.
- Delivering market-leading customer propositions that provide excellent customer outcomes.
- Leading brand, product and proposition development.
- Non-executive director experience.

Current external appointments:
- Non-Executive Director of UK Finance Limited.

Michele Greene
Senior Independent Non-Executive Director

N Ri

Appointed: 9 March 2023

Tenure: 2 years

Career and experience:
Michele is a highly experienced finance professional at executive and board level. She has held senior roles at Virgin Money and MBNA Europe Bank and, prior to that, she worked across various finance functions at Goldman Sachs, Credit Lyonnais and KPMG Dublin. At Virgin Money, Michele was Director of Strategic Development, where she was responsible for establishing a credit card business on a newly built IT platform, and was subsequently appointed as the Managing Director of the Virgin Money Digital Bank. In 2018 Michele co founded Mololo Limited, a boutique advisory company specialising in helping companies in the payments and unsecured lending space.

Michele's contribution to the Board, key strengths, skills and reasons for re-election:
Michele has over 25 years' experience of financial services and retail banking, particularly in the areas of payments and digital innovation. Michele has built significant experience in the development and growth of successful banking businesses.

- Chartered Accountant and experienced business executive and finance professional with a strong track record as a CFO and MD.
- Deep knowledge within the consumer credit, card payments and digital banking sector.
- Proven ability to build effective working relationships with key stakeholders, including regulators, investors and analysts.
- Non-executive director and chair experience.

Current external appointments:
- Executive Director and co-founder of Mololo Limited.
- Non-Executive Director of Bank of Ireland Group plc, J&E Davy Unlimited and, East End Fair Finance Limited.
- Trustee of Bank of Ireland Staff Pension Fund.

Dave Watts
Chief Financial Officer

D

Appointed: 1 November 2023

Tenure: 2 years

Career and experience:
Dave is a highly experienced banking CFO who worked for HSBC for nearly 30 years in a variety of roles at the global, regional and business levels. He notably was part of the team that established the UK ring fence bank of HSBC and was subsequently the CFO and an Executive Director of HSBC UK Bank plc from 2017-2021. Most recently, Dave served as CFO and Executive Director of HSBC Bank plc, which managed HSBC's business in Europe (ex. UK). Between 2015 and 2018, he was the CFO of HSBC Bank plc. Dave's prior roles were outside of personal banking and wealth, including global CFO roles for commercial banking, global banking, operations and technology. Dave qualified as a Chartered Accountant with KPMG and is a qualified treasurer.

Dave's contribution to the Board, key strengths, skills and reasons for re-election:
With over 35 years of financial services experience, Dave has a proven track record of executing strategy and delivering on significant challenging multi-year transformations and projects.

- A highly experienced finance leader with extensive banking experience.
- A strong treasury background with experience in challenging liquidity, funding and capital matters, in entities with differing regulatory requirements.
- A proven track record of enhancing engagement and relationships with various external stakeholders, including regulators.
- A strong cost management capability having led numerous cost management and reporting initiatives.
- Non-executive director experience.

Current external appointments:
- Non-Executive Director of CAF Bank.

Committee key:

A Audit Committee
D Disclosure Committee
N Nomination and Governance Committee
Re Remuneration Committee
Ri Risk Committee
Committee Chair

Board of Directors continued

Our Board continued

Graham Lindsay
Independent
Non-Executive Director

A N Re

Appointed: 1 April 2019

Tenure: 6 years

Career and experience:
Graham held a number of senior executive roles at Lloyds Banking Group over a 40-year period, including responsibility for the Lloyds branch network, HR Director of the Retail Bank and as Group Responsible Business Director. Graham joined the Wonga UK board in 2016 as part of the new leadership team engaged to improve the business and deliver change following regulatory approval.

Graham has been a Board member of the Institute of Banking & Financial Services and sat on the Professional Standards Board. He is Senior Independent Director at One Family, a Trustee of Break Charity and an Emeritus Trustee of The Brain Tumour Charity.

Graham's contribution to the Board, key strengths, skills and reasons for re-election:
Graham brings to the Board extensive experience in commercial, private and retail banking and a deep understanding across all distribution channels. Graham has had demonstrable success in focusing organisations on their customers, ensuring they are at the heart of decision making and product design. Graham also has a strong appreciation of the Group's regulatory environment.

- Extensive customer knowledge, strong customer focus and a track record of enabling and overseeing businesses to ensure that they put the customer at the heart of what they do.
- Significant stakeholder engagement experience.

Current external appointments:
- Senior Independent Director at OneFamily and Chair of the Pension Trustee Board.
- Trustee of Break Charity.
- Emeritus Trustee of The Brain Tumour Charity.
- Director at Family Assurance Staff Pension Scheme Trustees Ltd.
- Vice Chair of Skipton Group.

Karen Briggs
Independent
Non-Executive Director

A N Ri

Appointed: 27 March 2024

Tenure: 1 year

Career and experience:
Karen is a qualified accountant with over 30 years' experience, having held many senior leadership roles at KPMG UK, including as Head of Risk Consulting and Head of Tax, Pensions and Legal Services. Throughout her career she has had a focus on financial services, AI, big data and technology. She was a Board member for K Capital, KPMG's global technology investment fund, where she led the development and management of AI, cyber, data and other solutions. In 2020 she led the Forensic & Litigation Consulting and Technology practices of FTI in EMEA and focused on strategic leadership to drive transformational growth.

Karen's contribution to the Board, key strengths, skills and reasons for re-election:
In addition to her financial services expertise, Karen has also been a senior banking regulator and worked on the highest profile banking investigations globally. Karen is a highly experienced leader focused on leading complex global regulatory, forensic and financial crime assignments for financial institutions, other regulated entities and regulators.

- Extensive experience of working with audit committees, and familiarity with accounting and assurance.
- Brings extensive experience of designing, implementing and overseeing large-scale remediation programmes across a variety of sectors covering risk, assurance, compliance, conduct, regulation, and data/technology.
- Non-executive director experience.

Current external appointments:
- Chair of Audit & Risk Committee and Independent Council Member of Imperial College London.
- Non-Executive Director and Trustee of Invictus Games Foundation Board and IGF Trading Ltd.
- Advisory Council Member for Elevate City, a women's leadership network.
- Chair of Audit Committee and Non-Executive Director of SMBC Bank International plc.
- Chair of Audit & Risk Committee and Non-Executive Director of Chubb Underwriting Agencies Limited and Happold LLP.
- Non-Executive Director of Chubb European Group SE.

Oliver Laird
Independent
Non-Executive Director

A N Re

Appointed: 27 March 2024

Tenure: 1 year

Career and experience:
Oliver is a highly experienced board level chief finance officer and non-executive director with extensive finance and regulatory experience in financial services, manufacturing and consultancy having been CFO at Lookers plc (£4bn revenue car retailer, 6,500 employees), CFO at First Direct, Director of Central Finance at Lloyds Banking Group and Finance Director of Co-op Insurance. He has held non-executive director and audit committee chair roles across a range of sectors.

Oliver's contribution to the Board, key strengths, skills and reasons for re-election:
Oliver is financially literate and will be able to confirm the integrity of internal controls and financial reporting and determine how risk will be evaluated, calibrated, and managed. He displays an engaging leadership style with effective communication skills and is objective and independently minded, prepared both to challenge and support management yet still be a team player.

- A highly experienced finance leader with extensive banking experience.
- A strong CFO background with experience in financial analysis and planning, statutory regulatory reporting, investment and capital structure decisions, and group tax and treasury management.
- A commercially focused executive with a proven track record of building business and delivering strategic change and improvements that drive uplifts in profits, increase shareholder value and improve the control environment.
- Non-executive director experience.

Current external appointments:
- Chair of Audit Committee and Board member of Beverley Building Society.
- Non-Executive Director and Audit Committee Chair of the Shepherds Friendly Society.
- Non-Executive Director and Audit Committee Chair of the UK Board of Paysafe Limited.

Jackie Noakes
Independent
Non-Executive Director

N Ri Re

Appointed: 27 March 2024

Tenure: 1 year

Career and experience:
Jackie is a senior leader with extensive experience in large-scale business and technology transformation across banking and insurance. She has significant executive experience at board level having performed roles as CEO, COO and CIO. Jackie has non-executive experience in mutual and listed plc businesses. In September 2018 she joined the Bank of Ireland as Group Chief Operating Officer and played a key role in delivering bank-wide transformation. This included enhancements to the group's information security management and cyber risk protection measures. Jackie held several roles at Legal & General including leading the company's £105bn savings business.

Jackie's contribution to the Board, key strengths, skills and reasons for re-election:
Jackie works at executive level to lead, shape and deliver strategic business change, undertaking the management of acquisitions and divestments as well as designing and implementing enterprise-wide transformation and regulatory compliance.

- A strong customer focus, leveraging data and insights to drive continuously improved experiences and customer journeys.
- Has specific skills and experience across payments, technology, operations, information security, and strategic data transformation.
- Extensive experience in financial services and a strong track record in delivering on business transformation.
- Non-executive director experience.

Current external appointments:
- Director at SLFC Services Company (UK) Limited.
- Director at The Scottish Mutual Assurance Society.
- Director at Pearl Group Services Limited.
- Director at PGMS (Glasgow) Limited and PGS 2 Limited.
- Director at Reassure UK Services Limited.
- Group Chief Operating Officer of the Phoenix Group.

Division of responsibilities

The Group's governance framework supports the appropriate allocation of accountability and compliance with best practice. It facilitates the Board's role in setting the strategy, challenging management on the execution of strategy and overseeing effective risk management and internal controls.

The structure detailed opposite is underpinned by committee terms of reference, matters reserved for the Board (www.vanquis.com/investors/board-corporate-governance) and the Group's Delegated Authorities Manual. Whilst maintaining best practice, the governance framework allows for agile decision making and responsiveness.

Governance framework

The Board

The Board is primarily responsible for setting the Group's strategy for delivering long-term value to our shareholders and other stakeholders, providing effective challenge to management concerning the execution of the strategy and ensuring the Group maintains an effective risk management and internal control system.

Our strategy see page 70

Board composition see page 79

Managing risks see page 91

Section 172(1) Statement see page 52

Board activities see pages 71 and 72

The Board delegates certain matters to its committees

Audit Committee

See page 86 for the Committee's role and responsibilities

Risk Committee

See page 91 for the Committee's role and responsibilities

Remuneration Committee

See page 95 for the Committee's role and responsibilities

Nomination and Governance Committee

See page 84 for the Committee's role and responsibilities

Disclosure Committee

Executive directors

The Group's executive directors – the CEO and CFO – are responsible for all matters pertaining to the Group's performance and day-to-day management. The executive directors are assisted by the Executive Committee, which supports the operation of the business and informed decision making on matters not reserved for the Board or Board committees.

The Executive Committee is supported by two senior executive management committees, the Executive Risk Committee and the Group and Bank ALCO.

Shareholders and other stakeholders

Division of responsibilities continued

Clearly defined roles and responsibilities

We define the separate roles and responsibilities of our Chairman, CEO and Senior Independent Non-Executive Director in writing and they are available on our website, www.vanquis.com.

Chairman, Sir Peter Estlin

- Builds and leads an effective and appropriately skilled Board, which challenges management on the execution of strategy.
- Promotes best practice Board behaviours through effective chairing and the encouragement of constructive challenge and openness.
- Ensures that the Board promotes high standards of corporate governance and models Company culture.
- Engages with stakeholders to inform decision making.

Chief Executive Officer, Ian McLaughlin

- Manages the day-to-day operations of the Group to execute the Board agreed strategy and deliver the Group's purpose.
- Leads executive management in the implementation of Board decisions and promoting Company culture.
- Manages the Group's risk profile in accordance with Board direction.
- Demonstrates ethical leadership and models accountability and transparency.

Senior Independent Non-Executive Director, Michele Greene

- Acts as a sounding board for the Chairman and an intermediary for other NEDs, as required.
- Leads the performance review of the Chairman.
- Is available to shareholders outside of the normal communication channels.

Non-executive directors

- Provide independent and constructive challenge.
- Scrutinise the performance of management.
- Develop strategy using their experience and expertise from other sectors.
- Chair the Remuneration, Nomination and Governance, Risk and Audit Committees.

General Counsel and Company Secretary, Michael Mustard

- Advises on legal, governance, and Board procedural matters.
- Ensures the Board has high-quality information, and the resources required to function effectively.
- Facilitates discussion between the Board and executive management.
- Leads on delivery of corporate governance requirements and the Board effectiveness evaluation.

Chief Financial Officer, Dave Watts

- Leads the Group Finance function in the delivery of Group strategy.
- Is responsible for capital management, financial reporting and effective. financial processes and controls.
- Liaises with investors alongside the CEO.

Designated Non-Executive Colleague Champion, Graham Lindsay

- Seeks to understand the views of colleagues.
- Attends Colleague Forums and other colleague engagement events.
- Articulates the views of colleagues at Board meetings.

Executive Leadership Team

- Supports the CEO in the development and implementation of strategy, and the embedding of culture.
- The Executive Committee is comprised of the Chief Executive Officer, Chief Financial Officer, Chief Risk Officer, Chief People Officer, Director of Customer and Products, Chief Operating Officer, Internal Audit Director, Chief Digital and Analytics Officer, and Group General Counsel and Company Secretary.

Independence of the NEDs and conflicts of interest

The Board and Nomination and Governance Committee review the independence and time commitment of NEDs on appointment and thereafter annually, taking into account the requirements of the Code. Time commitment is also reviewed where an additional external appointment for a director is proposed. During 2025, the Board approved the appointments of:

- Oliver Laird as NED and Audit Committee Chair of Paysafe Limited;
- Karen Briggs as Director of Invictus Games Foundation Trading Limited (IGF Trading); and
- Graham Lindsay as Vice Chair of Skipton Group.

Independence of the Board

Independent	71%
Executive	29%

All Directors are required to disclose to the Board any interests that may pose a conflict in relation to their duty to promote the best interests of the Group.

The Board concluded that all directors continue to be independent and have sufficient time to discharge their duties to the Company. As a result, all are recommended for re-election at the 2026 AGM.

Setting our strategy

The Board's oversight of strategy and the alignment of major decisions with strategic direction is underpinned by the Group's strategic themes and the generation of long-term value for all stakeholders.

During the year, the Board oversaw the execution of strategy through the monitoring of KPIs and updates from the Executive. In June, the Board and Executive met for a strategy focused day of meetings, the output of which was refined further throughout the second half of the year, culminating in an agreed strategy for growth to 2027. Vanquis remains committed to serving the underserved though a diverse product offering based primarily on Cards and Vehicle Finance, complemented by partnerships to serve other lending needs. A strong capital position is imperative for sustainable growth; this was enhanced by the issuance of £60m in Additional Tier 1 Notes and a tender of Tier 2 Notes in October. You can read about the Board's role in this strategic decision below.

Principal Decision: Issuance of Inaugural Additional Tier 1 (AT1) Notes and Tender of Tier 2 Notes

On 1st October, the Group announced that it had successfully issued £60m in Additional Tier 1 Notes at a coupon of 10.875% and tendered £58.5m of its Fixed Rate Reset Subordinated Tier Notes (the "transaction"). This aligned with the Group's strategic aim to optimise its capital structure to enhance its lending ability for the benefit of customers and to maximise capital efficiency for long-term value creation.

Decision-making process

The Board considered the proposal in July 2025, receiving a detailed overview of the proposed transaction from the CFO, supported by documentation produced by the Group Treasury team. The Board noted the key benefits of the proposal: enhanced and efficient capital structure, facilitation of receivables growth, and improved clarity of capital position for investors. The Board was asked to approve the transaction within clear parameters and delegate authority for execution to the CEO and CFO.

Considerations and challenges

In response to Board challenge, the Executive confirmed that the transaction would not be executed until the outcome of the Vehicle Finance Commissions Supreme Court judgment, which represented a significant external variable for the Group; any change resulting from the judgment would have necessitated a return to the Board for amended authority to execute. The Board also sought and received confirmation that the regulator agreed with the proposal and additional clarity on the terms of the instrument. The Board noted the second line of defence risk assessment, which supported the proposal.

Stakeholder impact analysis

The Board noted the impact of the transaction on all stakeholder groups, noting in particular the regulator's support for a strengthened capital structure, the direct benefit to existing investors seeking to exit the Tier 2 instrument, the long-term benefit to investors from capital optimisation and resulting receivables growth, and the benefit to customers from enhanced lending capability and operational efficiency. The Board concluded that the transaction was in the best interests of the Group's stakeholders.

Links to stakeholders

Links to strategic themes

Links to risks

P2 P4 P5

Links to s.172

a f

Key

Links to stakeholders

- Customers
- Colleagues
- Government and Regulators
- Shareholders
- Communities
- Suppliers

Links to strategic themes

- Customer-led
- Insightful risk management
- Efficient organisation
- Digital, tech, data and analytics
- A great people proposition

Links to risks

P Find our key risks on pages 57 to 61

Links to s.172

- a The likely consequences of any decision in the long term
- b The interests of the Company's employees
- c The need to foster the Company's business relationships with suppliers, customers and others
- d The impact of the Company's operations on the community and the environment
- e The desirability of the Company maintaining a reputation for high standards of business conduct
- f The need to act fairly as between members of the Company

Promoting long-term sustainable success: Board focus areas during 2025

Board meeting agendas are informed by annual requirements, the Group's Delegated Authorities Matrix, and responsiveness to both business need and macroeconomic and external factors. The Chairman and the General Counsel and Company Secretary seek to ensure the focus of the meetings is appropriately balanced between performance review, assurance, strategic direction and cultural issues.

Strategy

	Links to s.172	Links to stakeholders
Received and challenged regular updates on strategy throughout the year, with substantive strategy sessions being held in June and September.	a b c d e f	
Reviewed peer and competitor analysis in November.	a e f	
Approved the issuance of AT1 capital and repurchase of Tier 2 (page 70) to optimise the Group's capital position to facilitate the execution of strategy in July.	a e f	
Approved the continued rationalisation of the Group's legal entity structure page 77.	a b c	
Approved the Group's long and near-term property strategy in November.	a b c d e	
Approved several key contracts aligned with the execution of strategy.	a c d	
Continued its scrutiny of the Group's 'turnaround priorities', receiving updates at each meeting.	a b e f	

Budget, financing and performance

	Links to s.172	Links to stakeholders
Scrutinised and challenged the 2026 Budget.	a b c d e f	
Reviewed and approved the half and full-year results, and quarterly market updates.	a b c d e f	
Reviewed and approved the CUG Waiver renewal application in April.	a b e f	
Received performance updates from the CEO and CFO at each meeting and scrutinised product performance and the continued cost efficiency programme.	a b c d e f	

IT, cyber and resilience

	Links to s.172	Links to stakeholders
Received a substantive update from the Group's Chief Information Security Officer, challenging and requesting more information as required.	a b c d e	
Oversaw the continued development of the Gateway IT infrastructure, challenging on reporting format and granularity throughout the year and noting key risks as implementation drew nearer.	a b c e	
Reviewed and approved the Group's ICAAP and ILAAP in May and June.	a f	
Received a demonstration of the new mobile app and update on the roll-out.	a b c e	
Received training on the market-wide impact of Artificial Intelligence and an update on Group use cases in November.	a b c d	
Approved the 2025 Operational Resilience Self-Assessment in March.	a b c d e f	

Promoting long-term sustainable success: Board focus areas during 2025 continued

Governance and risk

	Links to s.172	Links to stakeholders
Received regular updates from the CRO and the Risk Committee Chair.	a b c d e f	
Approved revised financial and treasury risk appetite measures, on the recommendation of the Risk Committee in December.	a e f	
Received and challenged regular updates from the 'External Threats' workstream, primarily relating to complaints and the FCA's Vehicle Finance Commission Scheme consultation.	a b c d e f	
Received an Investor Relations update, including analysis of the share register, investor perception and market comparison in November.	a e f	
Approved the SMCR allocation and responsibilities in November.	a e f	
Approved the Group Financial Lines and cyber insurance renewal in March.	a c d	

People and culture

	Links to s.172	Links to stakeholders
Reviewed the results, themes emerging and action plan arising from the annual Great Place to Work® survey in November.	b e	
Received and challenged updates on culture and inclusion and diversity in November and December.	a b e	
Received annual updates on whistleblowing and health and safety.	a b e	
Received regular updates from the Designated Non-Executive Colleague Champion on key issues relating to people and culture.	b e	
Participated in colleague engagement events throughout the year, structured around Board meetings across our office locations.	a b	

Customer and regulatory

	Links to s.172	Links to stakeholders
Received and challenged updates on the embedding of the FCA's Consumer Duty.	a c e	
Listened to customer calls to gain further customer insight and suggest improvements to the customer experience.	c e	
The impact of the Supreme Court judgment on Vehicle Finance commissions, and subsequent FCA Scheme consultation, was regularly debated throughout the year.	a c e	
During 2025, the Board discussed ensuring more granularity of insight into the Group's customer base and the merits of different metrics to track complaints and customer satisfaction.	a c	

Areas of focus in 2026 include:

- the delivery of the Gateway transformation programme;
- continued profitability and maximisation of efficiency;
- the long-term future strategy; and
- the further embedding of the aspired culture.

The Board: our culture

Our culture is derived from our purpose to deliver caring banking and ambition to unlock financial opportunities for underserved customers. The Board assesses, monitors and embeds the Group's desired culture. The achievement of the GPTW accreditation during 2025 demonstrated that cultural transformation has aligned with the Group's strategic progress from a colleague perspective. The Board takes action if it has any cultural concerns; no action was taken during 2025. Our culture extends to all of our stakeholders; you can read more about how we engage with our stakeholders on pages 74 to 78.

Monitoring culture and values:

- The Board monitored culture, through updates received in January, July and November, overseeing progress during the year. Key feedback mechanisms were Colleague Surveys, gender pay gap disclosures, and the escalation of whistleblowing cases as required.
- The Board supported the executive's development of a new Group colleague culture statement: ACT: Ambitious, Caring and Together.
- The Group's Colleague Forum, acts as a workforce panel. Graham Lindsay, Chair of the Remuneration Committee and Designated Non-Executive Colleague Champion, regularly attended sessions during 2025 enabling dialogue with colleagues, which was reported back to the Board. Sir Peter Estlin and Karen Briggs also attended during the year.
- Board site visits provide an opportunity for colleagues to ask questions or raise issues with the Board. In 2025, these included whole Board visits to the Bradford and Chatham sites, which included informal colleague drinks, a Board 'speed dating' session, the Chairman's visit to the new Bradford head office, and NED visits to our Petersfield site.
- Remuneration is subject to risk-based assessment and adjustment where necessary. The Remuneration Committee scrutinises management proposals, from a cultural lens, and challenges matters that may indicate a cultural issue.

Embedding culture and values:

- During the year we embedded a culture of belonging through diversity-focused programmes. Our I&D agenda, supported by our Inclusion Community and Affinity Groups, strives to foster an environment where everyone, irrespective of their backgrounds, abilities, or identities, feels valued, respected, and empowered to participate fully. The Board received an I&D update in December 2025.
- 'Culture Makers' from the senior leadership team conducted eight culture workshops across all four sites, the results of which informed the 'ACT' culture statement.
- Our regular 'Stay Connected' all-colleague virtual events and intranet articles seek to embed the Group culture and clearly indicate the 'tone from the top'.
- Linked to the work to identify and assess the Group's material controls, a full review and refresh of the Group's policy governance framework was completed during the year. The policy hierarchy and directory were enhanced to ensure the Group had established and communicated a clear, consistent approach towards, policy implementation and management. The work has helped promote a positive risk culture of clarity and accountability across the Group.

Culture metrics

Metric	2025	2024
Employee engagement	87%	81%
Diversity representation: Male Female	 51% 49%	 54% 46%
Colleague turnover (% of colleagues who left voluntarily)	7.5%	47%
Absenteeism (average number of absence days per colleague)	5	6
Colleague volunteering hours	3,061	2,546
Trust Index	73%	60%
Payment practices (% of invoices paid within 30 days)	98%	97%

Employee wellbeing

At Vanquis, we care about the health and wellbeing of our colleagues, inside and outside of work. We aim to support our colleagues by being flexible and empathetic and offering a range of health and wellbeing resources.

All colleagues have access to the following wellbeing services, resources, and support through our external partnerships and internal support networks:

- an Employee Assistance Programme (EAP) provided by Legal and General;
- support services available through the Bank Workers Charity;
- Mental Health First Aiders working right across the Group, trained and ready to listen and support;
- the Denplan scheme, offering dental insurance; and
- Bupa Well+, which offers expert, confidential medical advice when needed – 24 hours a day, 7 days a week.

Our values

We care about people

We pull together as a team

We find a better way

We get the right things done

Stakeholder engagement and decision making

Effective stakeholder communication

The Board recognises the importance of effective stakeholder engagement to the long-term success of the Group. Our key stakeholder groups remained consistent during 2025, and the Board focused on understanding its key stakeholders in a more granular and data-driven way. Their areas of interest, our mechanisms in place to engage with them and outcomes of the engagement are set out on pages 21 to 23 in the Strategic Report. Below are some specific examples of the Board's engagement and consideration of each stakeholder group, demonstrating how the Board integrated stakeholder concerns into the decisions it made.

Customers

Customer feedback, gathered through the engagement approaches set out on page 22, is reported to the Board through reports regarding products, product performance, customer service and customer experience, including customer call listening.

The Board champions continual improvement across Group operations and seeks ways to improve customer outcomes. All Board decisions include a consideration of stakeholder impact (pages 70, 75 and 77– principal decisions). In both June and September, the Board's strategy discussions centred on gaining a deeper understanding of the Group's customer base and how to best serve our customers through product design. Vanquis measures customer satisfaction (CSI) in partnership with the Institute of Customer Service. The survey, the results of which are reported to the Board, enables the Group to benchmark its customer satisfaction performance against a UK banks and building societies average. In 2025 Vanquis undertook three surveys, and achieved a weighted average CSI score of 83.7, which is above the last industry benchmark of 81.1 (published in July 2025).

During 2025, the Board oversaw, via reports from the Chief Operations Officer, the introduction of new technology to enhance quality assurance checking in the form of a speech analytics scorecard. The platform significantly enhanced the Group's monitoring capability, improving the ability to identify customer interactions with potential indicators of financial difficulty, aligned with both regulatory expectation and the customer-led strategy. All customer interactions within high-risk segments have been monitored since April 2025, and the Board has scrutinised the output of this via complaints reporting. The Operations function continues to build on progress and introduce refinements and enhanced colleague training through the introduction of an Outcomes Optimisation programme.

Jackie Noakes leads the Board's engagement on Consumer Duty and recognised the improvements delivered in customer understanding and expanded customer characteristics for referral to the Operational Specialist Support Team. The Board approved the Group's Consumer Duty annual attestation.

Links to strategic themes

Links to s.172

a b c e

Colleagues

The Board regularly seeks direct feedback from colleagues in various ways. This includes attendance at the Colleague Forum and informal networking events. In addition to regular attendance by the Non-Executive Director Colleague Champion, the Chairman, and Karen Briggs, Non-Executive Director, attended Colleague Forum sessions to strengthen Board engagement. The Chairman attended a colleague stand-up. A colleague networking event took place at our Chatham site where colleagues spoke to all members of our Board. The executive directors participate in the 'Open Door' initiative, allowing colleagues to book a one-to-one meeting with any ExCo member to discuss their own agenda. The Board formally receives colleague feedback through the Great Place To Work® survey, in which colleague verbatim comments are shared and themes analysed. The Board supported the introduction of the Group's colleague culture statement 'Ambitious, Caring and Together' (ACT) as part of the cultural transformation work, which received strong support from the Colleague Forum. The Chief People Officer reported to the Board on workforce engagement, detailing the work of the Colleague Forum in its capacity as advisory panel to the Board.

The Board, through its Remuneration Committee, approved a grant under the Group's Save As You Earn (SAYE) Savings Related Share Option Scheme. An SAYE grant, not possible in 2024, was welcomed by the Board as an opportunity for colleagues to share in the long-term success of the Company. Almost one-third of colleagues joined the scheme.

Designated Non-Executive Director Colleague Champion

The Board has appointed a Designated Non-Executive Colleague Champion. Graham Lindsay continued in this role and regularly attended Colleague Forum meetings during the year. The Directors' Remuneration Report and executive and colleague remuneration were tabled for discussion at the Forum. The Board benefits from Graham's engagement with colleagues, providing unique insight into colleague perspective.

Investing and rewarding our workforce

'Your Vanquis', our colleague benefit framework, was launched in 2025, bringing together the colleague benefits under four pillars: Your Voice, Your Wellbeing, Your Career, Your Reward. Your Vanquis builds upon the Group's values. The majority of colleagues were migrated to a new HR and payroll management system during the year, improving and standardising the colleague experience. Performance management has also been migrated to the HR system to help colleagues track their objectives and performance management discussions. To support colleague wellbeing, flexibility and choice, the ability to buy and sell holiday was introduced alongside 'workations', carer's leave, birthday leave and flexible bank holidays. The Board was pleased to note the achievement of the 'Great Place to Work® accreditation, indicating a significant development in the Group's workforce engagement.

Links to strategic themes

Links to s.172

a b c d e

Stakeholder engagement and decision making continued

Effective stakeholder communication continued

Government and regulators

We are committed to communicating proactively, openly and honestly with our regulators. Our strategy, purpose and values support delivery of a positive and effective risk culture that is focused on good conduct and outcomes. Please see pages 54 and 55 for more information.

The Board communicated directly with its regulators across areas of common interest. During the reporting period, the FRC reviewed the Group's FY24 Annual Report and Accounts as part of its regular review and assessment of the quality of reporting in the UK. All correspondence was approved by the Audit Committee (see page 87). Selected Board members participated in the Capital Supervisory Review and Evaluation Review Process, meeting with the PRA to discuss the Group's capital arrangements, governance and regulatory documents. You can read more about the outcome of this engagement and the Group's capital on page 6. The Group received its Periodic Summary Meeting letter and the Board considered the response, ensuring that it addressed the PRA's designated areas of supervisory focus. Ian McLaughlin met with the FCA to discuss a range of topics including claims management companies, the market and the Group's issuance of Additional Tier 1 Notes and tender of Tier 2 Notes. More information in our principal decision on page 70.

The Board oversaw the active contribution by the Group to regulatory consultations including the Consumer Credit Act reform, complaints reporting and the FOS's consultation regarding compensation interest rates. The Board considered in detail the Group's response to the FCA's consultation on its proposed Vehicle Finance redress scheme, providing detailed feedback on the FCA's proposals. The Group's Chief Executive Officer remained a member of the Board of UK Finance and contributes regularly to industry discussions.

Links to strategic themes

Links to s.172

a b c d e f

Principal Decision: Closure of Cheque Exchange

The Board approved the closure of Cheque Exchange Limited, effective 31 March 2026.

Strategy and business model

Cheque Exchange Limited (CEL) is a subsidiary of the Group, its primary purpose being the provision of cheque cashing services to customers since 1994. Classified as a business-to-business service provider, CEL offered cheque cashing through high street agents and scrap metal dealers. Demand for the service, the agent network, and consequently the revenue have reduced over time and this, coupled with the Group's reset of strategic direction in March 2024 to focus on its core products, resulted in a review of the business.

Effective Board challenge

The Board explored different options for CEL including its continued operation, sale or closure. The Board assessed the stakeholder impact and outcomes of each option, recognising that the best interests of all stakeholders would not necessarily be aligned and that it was therefore important to achieve a balanced view. The Board agreed that a sale was not feasible due to the legacy corporate structure and intra-group legal arrangements. The Board noted that continuing to operate CEL benefited CEL's customers, but that there was little prospect of future growth in the market, which would enable CEL to contribute to the overall long-term success of the Group, and declining demand reduced CEL's ability to serve existing customers effectively or competitively. The Board acknowledged that cheque cashing did not form part of the chosen target business model and was not a primary area of customer need and agreed that resources would be better directed in pursuing the Group's priority areas of focus.

Agents, colleagues and customers

The Board discussed the proposed arrangements for the closure from a stakeholder perspective. The Board agreed that any agent and supplier contract termination periods would be extended, allowing third parties to make alternative arrangements. The Board noted that for end user customers an alternative cheque cashing service was available on the high street and that alternative payment methods were available for the agents to continue to offer the service. CEL colleagues were considered similarly, with the lengthy closure period facilitating optionality for colleagues to explore internal and external opportunities, with skills development opportunities offered to those affected.

The Board approved the closure of CEL, acknowledging that it would benefit the long-term success of the Group in support of executing the Group's strategy and the negative stakeholder impact could be minimised. The Board oversaw orderly arrangements for the closure of CEL noting that a working group with key personnel from Legal, Tax, and Risk had been enlisted to execute the project. The Board noted that regulatory engagement had been built into the plan and the extended run-off period served to mitigate reputational risks arising from the closure.

Links to stakeholders

Links to strategic themes

Links to risks

P1 P2 P10

Links to s.172

a b c d e

Stakeholder engagement and decision making continued

Effective stakeholder communication continued

Communities

We recognise the importance of supporting our communities through colleague volunteering, community investment and long-term charitable and community organisation partnerships.

The Board oversees the Group's sustainability programme and supported the Group's continued focus on financial education, social mobility and inclusion and addressing the root causes of social or financial exclusion through the Vanquis Foundation.

Colleagues receive two days per year paid volunteering time and any colleague fundraising is matched pound for pound up to £500 per year. A total of 3,061 volunteering hours were recorded by colleagues in 2025 and £0.9m has been invested in our community support programmes.

The Chairman was present when the Group signed the Armed Forces Covenant alongside the Lady Mayoress of London. The commitment pledges support for service members and veterans regarding fair treatment, career support, internal resource and community engagement initiatives.

The Group partners with programmes and projects that focus on financial literacy and inclusion. During the reporting period the Group has sponsored Bullseye Maths, an initiative that enhances numeracy skills through darts. The Group has continued to work with the Ahead Partnership, School-Home Support, Plain Numbers and National Numeracy to promote financial inclusion and build career aspirations. You can read more about our community engagement on page 23. In November, CEO Ian McLaughlin contributed to the Step into Tech workshop held in November which seeks to inspire young women to explore careers in technology and digital. CFO Dave Watts used his volunteering time to undertake his role as Independent Non-Executive Director of the Charities Aid Foundation Bank.

During 2025, Bradford was the UK City of Culture. As a major supporter, the Group contributed to the Sing, Dance, Leap! project for Bradford schoolchildren.

Links to strategic themes

Links to s.172

a b c d e

Suppliers

We have an established procurement and supplier governance framework that supports us to form positive relationships with our suppliers. We are a reliable partner and appreciate that our suppliers enable us to deliver good quality services and products to our customers and other stakeholders.

The Board recognises that risk management, sustainable business and contract performance are key areas of interest to suppliers and consequently oversaw enhancements to the operational resilience and business continuity and third-party risk management (TPRM) frameworks during the year. The TPRM framework was refreshed and the TPRM policy approved by the Risk Committee in November. The Board approved the Group's annual Operational Resilience Self-Assessment and the Board Risk Committee received a progress update in September, noting that the delivery plan for meeting the regulatory requirement was on track. A supplier conference was held in November to strengthen material third-party relationships. Activities were also completed to educate and raise colleague awareness of the framework expectations and responsibilities.

The Board welcomed the achievement of gold standard by the Group under the Fair Payment Code, which is the highest achievement awarded and is recognised accreditation for the prompt payment and fair treatment of our third-party suppliers. The Group's payment terms are aligned to the Fair Payment Code (30 days).

The Board Risk Committee considered suppliers in it's oversight of cyber risk and operational risk. The Risk Committee commissioned a review of the National Security Strategy 2025: Security for the British People in a Dangerous World, published by the UK Government in June 2025, which confirmed the Group was positioned to withstand the threats identified. You can read more about this in the Risk Committee Report on pages 92 and 93.

The Board considered material contracts and received performance updates regarding the Group's material suppliers, including those providing services linked to the Gateway IT programme.

Links to strategic themes

Links to s.172

a c d e f

Stakeholder engagement and decision making continued

Effective stakeholder communication continued

Environment

The Group remains committed to minimising its environmental impacts. Our climate-related financial disclosure is consistent with the four pillars and 11 recommended disclosures of the Task Force on Climate-related Financial Disclosures (TCFD), the requirements of the Climate-related Financial Disclosure (CFD) Regulations 2022 and the UK Companies Act (that is, sections 414CB(2A) (a to h)). See pages 33 to 43 of our Sustainability Report for more information.

The Board oversees the Group's ESG strategy and received a performance report during the reporting period. The Board noted the Group's focus on UK regulatory compliance and that the Group had moved away from carbon offsetting in favour of improving energy efficiency across the Company's estate.

The Board and Audit Committee approved the Group's TCFD content in the FY24 Annual Report and Accounts.

The risk management and internal control framework is overseen by the Audit and Risk Committee and reports received by the committees have supported the Board to ensure that climate-related risks have been identified, categorised and assessed and are well managed.

The Board recognised the opportunity to engage with policymakers in support of ensuring electric and hybrid vehicles were available to consumers in the mid-cost and near-prime consumer credit market.

Links to strategic themes

Links to s.172

a b c d e

> **Everything we do is focused on delivering better outcomes for customers and learning from insight to improve our services."**
>
> **Ian McLaughlin**

Principal Decision: One Vanquis legal entity project

Background: The Board noted that the current legal entity structure was not reflective of the current operating model and was inefficient, resulting in additional cost and administrative burden.

Decision-making process

In late November 2024, the Board received a detailed proposal from the CFO to rationalise and simplify the legal entity structure of the Group to better reflect the current operating model, reduce costs, reduce the complexities of intra-group funding arrangements and mirror other Group simplification projects already in progress. Phase 1 of the project completed on 31 December 2024. In July 2025, the Board approved Phase 2 of the project, to align Group servicing activities, including the transfer of related assets, liabilities, supplier contracts and colleagues. In November 2025, Phase 3, which involved the elimination of the Group's dormant legal entities, was approved. After careful consideration at each stage, the Board concluded the proposal was in line with the Group's strategic objectives and conveyed clear long-term benefit to the Group as a whole.

Considerations and challenges

Considerable due diligence was undertaken by a working group, under delegated authority from the Board, tasked with identifying all issues, risks and mitigations resulting in the intra-group novation of 221 supply contracts and 388 employee contracts to facilitate the rationalisation process. The colleague impact and messaging of the required Transfer of Undertakings (Protection of Employment) regulation (TUPE) arrangements was a key Board consideration. A detailed step-plan was formulated and scrutinised by the Board to ensure the transfer of assets and liabilities within the Group was completed accurately, avoiding any unintended exposure to risk from a regulatory, tax and legal perspective.

Stakeholder impact analysis

It was recognised colleagues would be impacted by the TUPE consultation process to move their employment contracts to the Bank and similarly suppliers, some critical to the business, would be consulted as part of the novation process. The Board concluded that the cost savings and efficiency benefits resulting from the project would be in the best interest of all Group stakeholders.

Links to stakeholders

Links to strategic themes

Links to risks

P12

Links to s.172

a b c

Stakeholder engagement and decision making continued

Effective engagement with shareholders: Investor Relations

There has been consistent active dialogue with shareholders during 2025 in line with the Group's Investor Relations engagement strategy. Various meetings throughout the year, attended by the Chief Executive Officer, Chief Financial Officer and Chairman, served to build positive relationships with new and existing shareholders. The Chairman hosted a governance roadshow in May 2025, meeting institutional shareholders. The Annual General Meeting took place in May, with all shareholders encouraged to attend the meeting and participate through voting on the resolutions.

The Group's share price increased by 169% in 2025, following a return to profitability and sustained balance growth. The uncertainty around complaint costs and the motor finance Court of Appeal judgment depressed the share price during the first part of the year, but the trajectory was largely positive following the announcement of the 1Q25 trading update in May 2025 and subsequent updates during the year. This reflected the market recognition of management delivery against the strategy and financial guidance and the risk associated with external factors receding.

Key communication touchpoints with investors are:

The Group's website

The corporate and customer-facing websites were combined during the year, enhancing user experience. Investors can find information about our Board and governance framework and explore the products offered to our customers in one place. A full history of the Group's market announcements and presentations is available on the website.

The Annual Report and Accounts

This document provides shareholders with a detailed description of the Group's purpose, strategy, products, performance and initiatives taken throughout the year to deliver long-term sustainable success.

The Annual General Meeting

Shareholders are invited to attend the AGM each year to meet directly with the Board. Participation and shareholder questions are welcome at the AGM, and there is an opportunity for informal conversation after the meeting. In 2026 the AGM will be held in Bradford at the Group's newly refurbished head office.

Shareholders

The Board spent time during the year deepening its understanding of the Group's shareholders. The Board considered the composition of the share register and discussed opportunities for investor engagement and diversification. Regular direct engagement took place between the Board and our shareholders throughout the year, including following the announcement of our quarterly results, at investor conferences and other events and at our Annual General Meeting. As a result of the Group's efforts to connect and communicate clearly with investors, the Group attracted new investment. The Board would like to develop wider stakeholder relationships, through the refresh of the Group's communications strategy, designed to communicate our customer-first and inclusive approach to banking.

The Chair of our Remuneration Committee, Graham Lindsay, wrote to major investors regarding proposed changes to the Group's Directors' Remuneration Policy, which will be voted on by shareholders in May at the AGM. The communication received engagement and consideration was given by the Remuneration Committee to the feedback received.

The Group's commercial and corporate websites were combined and refreshed under the new brand, bringing investors and customers closer together.

Please see page 9 for our investment case.

Links to strategic themes

Links to s.172

a b c e

Composition, succession and evaluation

Board composition (as at 31 December 2025)

- Male 5
- Female 3

- White 90%
- Ethnically diverse 10%

- 0-2 years 7
- 2-5 years 0
- 5-9 years 1

- Male 64%
- Female 36%

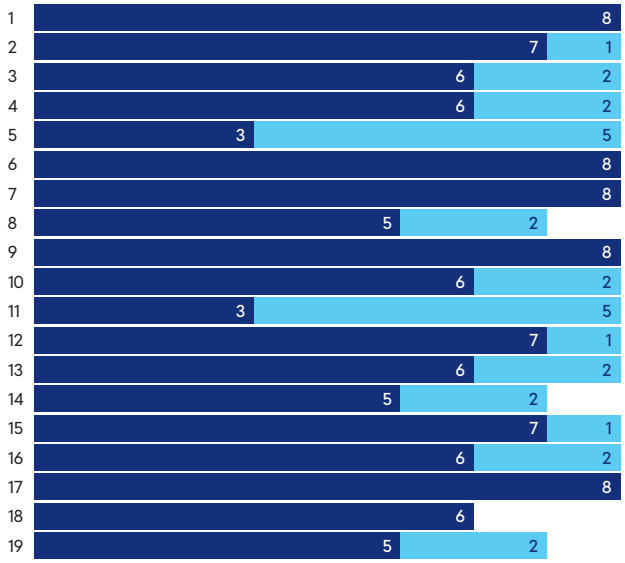
Member attendance at Board and committee meetings in 2025

The table below sets out the Board and committee attendance during the year. Attendance is shown as the number of meetings attended out of the total number of meetings possible for each individual director. Attendance was very strong during the year at both scheduled and additional meetings. The Board continues to be satisfied that each director is able to allocate sufficient time to the Company. The Chair of each committee reports regularly to the Board on how that committee has discharged its responsibilities. The absences shown below were a result of an urgent personal matter or a pre-arranged commitment. All non-executive directors have an open invite to attend all the committees, numbers that have a * next to them represent their attendance at a committee they are not a member of.

Board member	Board	Ad hoc	Audit Committee	Ad hoc	Nomination and Governance Committee	Ad hoc	Remuneration Committee	Ad hoc	Risk Committee	Ad hoc
Total number of meetings	8	3	6	—	3	—	3	1	5	2
Sir Peter Estlin	8/8	3/3	6*	—	3/3	—	3*	1*	5*	2*
Ian McLaughlin	8/8	3/3	6*	—	3*	—	3*	1*	5*	2*
Michele Greene	8/8	3/3	2*	—	3/3	—	1*	—	5/5	2/2
Dave Watts	8/8	3/3	6*	—	—	—	3*	1*	5*	2*
Graham Lindsay	8/8	3/3	6/6	—	3/3	—	3/3	1/1	2*	2*
Karen Briggs	8/8	3/3	5/6	—	3/3	—	1/1 2*	1*	3/4	2/2
Oliver Laird	8/8	3/3	6/6	—	3/3	—	3/3	1/1	1*	2*
Jackie Noakes	8/8	3/3	1*	—	3/3	—	2/2 1*	1/1	5/5	2/2

Board Skills Matrix

This Board Skills Matrix represents the number of directors with core or supplemental capability in areas that are relevant to the Group's business model and strategy. A core capability is one of the strongest areas of a director's skill and expertise, where they bring significant value to Board discussions. A supplemental capability is an area where the director has enough knowledge and experience to carry out their role. This Board Skills Matrix, together with the biographies on pages 66 and 67, shows the combined strength of our Board in areas central to delivering the Group's strategy.



● Core capability ● Supplemental capability

Category

1. Leadership
2. Strategy, oversight and implementation.
3. Audit and financial reporting
4. Customers and Consumer Duty/ customer vulnerability
5. Product development
6. Banking
7. UK banking regulation
8. Shareholder engagement
9. Change management
10. Secured loans
11. Cards (near to sub-prime)
12. HR, talent and employee engagement
13. IT strategy and digital initiatives
14. Capital management and treasury
15. Risk management
16. M&A transactions
17. Regulatory landscape and engagement
18. Cyber crime, cyber security and risk
19. Environmental impact

Director induction and training

Director induction process

Our induction programme is designed to give directors an in-depth understanding of the business and its purpose, culture, and values. The induction, designed and arranged by the Chief People Officer in consultation with the Chair and General Counsel and Company Secretary, includes meetings with existing directors, members of the Group Executive Committee and other key stakeholders, which may include the Group external auditor, external advisors, our brokers, and representatives from the FCA and PRA. All new directors are provided with access to our secure Board meeting software, which provides induction materials including Group policies, structure charts, terms of reference, the Delegated Authorities Manual, and past Board and committee meeting papers and minutes. No new directors joined the business in 2025.

Ongoing director training

It is important that our directors are made aware of any upcoming developments and receive training tailored to their roles at the Company, given the ever-changing economic and regulatory environment.

Directors undertake training both as a whole Board and based on individual requirements to assist them in carrying out their duties and responsibilities. At least annually, the Chairman discusses with each director his or her contribution to the work of the Board and personal development needs, with each member being required to retain a record of their continuous professional development. The Group Secretariat maintains a record of all training undertaken by directors during the year.

During 2025, the directors were provided with deep dives, teach-ins, briefings and presentations on a range of key subjects, including the following:

- cyber and ransomware;
- bid defence and takeover code;
- UK MAR and directors duties;
- take over simulation; and
- Artificial Intelligence – landscape and issues for banks.

Director training schedule 2026

Examples of the training expected to form part of the 2026 training programme include:

- cyber security and operational resilience;
- Artificial Intelligence;
- Basel 3.1;
- ESG; and
- brand and marketing.

The director training is overseen by the General Counsel and Company Secretary and can be internally or externally facilitated, with sessions typically originating from technical Board discussions or an identified training opportunity. Directors are requested to refresh their understanding of current obligations and recent developments in areas pertinent to their role. They are also given access to an external online academy tool, which provides a wide array of briefings, education and bespoke training. The General Counsel and Company Secretary is reactive to any emerging training needs in response to the wider business environment.

Each year management carries out a fit and proper assessment for all senior managers and certified colleagues under the SMCR process. This process involves requesting annual learning and development plans that are forward looking for our executive team members. The Talent Team is also engaged in the process to ensure all annual mandatory training has also been completed.

Board Performance Review

During 2025, the Board implemented the actions identified during the 2024 Board evaluation and reported last year:

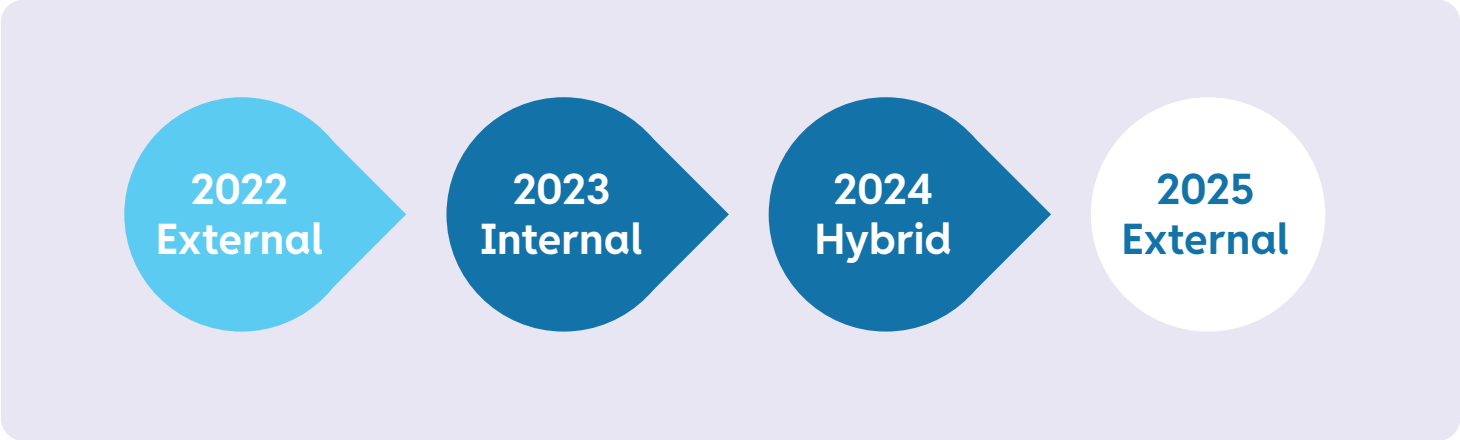
Maintain the ongoing review of Board skills and composition.	The Board skills and composition remained under review throughout 2025. You can read about this in the Nomination and Governance Committee Report on page 84. The Committee concluded that, following Board changes in January 2025, the Board composition remains optimal and a diverse pipeline remains the focus of succession planning. The Board training plan (page 80) reflects the development needs identified by the Board skills assessment.
Consider reducing the size of the Board, relative to the reduced size of the business.	The size of the Board reduced during the year, following the departure of Paul Hewitt and Angela Knight in January 2025. The Board agreed that its size is now commensurate with that of the business and further reduction may result in increased skills gaps in key areas and isn't recommended.
Consider whether the governance structure could be streamlined and optimised to avoid unnecessary duplication.	During the year, invites to all Board committees were open to all non-executive directors, which minimised unnecessary duplication.
Consider extending the remit of the Nomination and Governance Committee to include governance, freeing space on the Board agenda for more strategic matters.	During 2025, the Nomination Committee extended its remit to include governance, and focus was given to agreeing which items were best tabled at the Committee meeting or required whole Board discussion (see page 84), given the largely parallel membership.
Encourage more informal engagement between the Board members and the wider workforce.	Throughout 2025, informal engagement with colleagues was a Board focus (see pages 22 and 74 for full details and outcomes of this engagement).

"The Board remains committed to continuous improvement and strives to ensure effective leadership for the sustainable success of the Company."

Sir Peter Estlin
Chairman

Board Performance Review continued

In line with the three-year cycle reported last year, the 2025 Board Performance Review was externally facilitated by Independent Audit Limited (Independent Audit). Independent Audit was selected following its facilitation of a hybrid review in 2024. Aside from in its capacity as independent facilitators of the Board Performance Review, there is no other contractual connection between the Company and its directors and Independent Audit and its employees. The contents of this section of the Annual Report have been reviewed and approved for publication by Independent Audit. Independent Audit uses its effectiveness model, which looks at what the Board does and how it does it, 'RAG' rating each area, to reach a conclusion on effectiveness and development areas.



2025 Board Performance Review process

Process	Independent Audit was approved as external facilitators of the Performance Review.	Independent Audit had an initial meeting with the Chairman followed by a more extensive scoping meeting with the General Counsel and Company Secretary and Deputy Company Secretary.	A combination format was agreed, comprising an anonymous questionnaire followed by a one-on-one interview with Independent Audit, the output of which remained anonymous and would be reported to the Board thematically. Each Board committee and a meeting of the Board would be attended, observed and assessed by Independent Audit.	The General Counsel and Company Secretary reviewed the proposed format of the questionnaire and agreed that it be extended to senior management and regular Board attendees.	Observations of each Board committee (except Disclosure) and the Board took place between June and September 2025.	The final report was discussed with the Chairman ahead of final presentation to the Board in December. Independent Audit attended the December meeting for an in-depth discussion with the Board, following which an action plan was developed.	Independent Audit offered all directors the opportunity for a private discussion on the output of the review.	Group Company Secretariat developed an action plan, based on the report, Board discussion thereof, and individual director input (see page 83).

Board Performance Review continued

Conclusions

The Board Performance Review concluded that financial oversight, risk management and stakeholder consideration were notable Board strengths, facilitated by a strong committee structure and approach to continuous development. The diversity, engagement and supportive approach of the Board members were commended, particularly in the challenging transformational environment. The range of Board skills and experience was also noted, despite the smaller size of the Board. The strengthened Executive Committee and improved quality and flow of Board information were cited as key positives. There was an overarching theme of a much-improved position, combined with an acknowledgement that key development areas remained, in particular for the Board to step back from operational detail and increase its strategic focus, within the context of the Group's return to profitability after a challenging period. These development areas are reflected in the agreed 'action plan', see right.

Committees

The review concluded that the Audit Committee was managed well, facilitating good challenge from all NEDs within a positive atmosphere, under the leadership of an accessible Chair. Suggestions were made to improve clarity of action articulation and review the cadence and number of meetings. The Remuneration Committee was described as equally well run, inclusive and effectively led by the personable Chair. Similarly, the Risk Committee was described as being thorough, constructively challenging and led by an insightful Chair, with a deep knowledge of the business. Suggestions were made to ensure more systematic committee reporting to the Board and to prioritise the input of committee members over other attendees.

Chairman

The Review noted the Chairman's drive, determination and clarity of vision, complemented by an accessible approach and openness to feedback. The Review suggested that thought be given to a private NED session ahead of each meeting to enhance the flow of the meeting and facilitate equality of contribution across all members.

An action plan for implementation during 2026 was developed based on the thematic feedback and areas for development identified in the Review. Although not exhaustive, the below table shows the key actions agreed.

Theme	Action agreed
Strategic focus and horizon scanning	Improve Board reporting to allow the Board to step back from the operational detail and therefore increase focus on the long-term strategic plan.
	Ensure that product deep dives and Board training have a future-focused element.
Administrative/meeting management	Develop the Board paper template to ensure it is focused on the 'ask' from the Board and grounded in the execution of strategy.
	Develop the agenda format to facilitate private NED sessions and sufficient time for strategic discussion.
	Standardise committee reporting to the Board.
Board dynamic, culture, and interaction with management	Expand opportunities for Board engagement with senior management.
	Facilitate post-meeting reflection sessions.

Nomination and Governance Committee Report

Ensuring effective leadership for sustainable success

"The Committee seeks to ensure effective leadership and an optimal skills balance on the Board through continuous assessment and identification of development needs, alongside succession planning to position the Group for long-term success."

Sir Peter Estlin
Nomination and Governance Committee Chair

The Committee's Terms of Reference are available at: www.vanquis.com/investors

Role of the Committee

The Nomination and Governance Committee is responsible for overseeing:

- the evaluation of the Board and its committees which includes overseeing the Board's composition, size and structure, including the Board committees, so that it remains appropriate and effective in order to deliver the Company's strategy;
- the Board appointment and succession planning processes;
- the Group's talent management framework and senior management succession planning to ensure the Group's leadership needs are met now and in the future;
- the diversity of the Board and the Group's talent pipeline to meet the Group's diversity objectives; and
- the Group's governance framework.

Diversity	11%
Succession and talent	44%
Board composition and appointments	12%
Governance	33%

Dear shareholder

I am pleased to present an overview of the work of the Nomination and Governance Committee during 2025. All non-executive directors continue to be members of the Committee (biographies on pages 66 and 67, and meeting attendance on page 79) and the Committee's operation was deemed effective by the recent Board Performance Review.

As reported last year, Paul Hewitt and Angela Knight stepped down from the Board on 29th January 2025, representing the final stage of the transition to a smaller Board, aligned with the Group's size and greater need for agility. Since January, the Board has remained unchanged and the Committee views the current size and composition of the Board as optimal. The Board Performance Review confirmed a strong and collaborative Board dynamic. It is therefore recommended that all directors be reappointed at the forthcoming AGM.

In line with its expanded remit, reported last year, in December 2025 the Committee reviewed the Group's compliance with the UK Corporate Governance Code (page 65) and the wider Group governance framework covering senior management functions, which was found to be operating effectively.

Board appointments, succession planning and diverse pipeline

Following significant change to Board composition during 2024, the Board has remained stable during 2025, facilitating the Group's transformation agenda to return to profitability.

Board composition remains under constant assessment, informed by the Board Skills Matrix (page 79), Board Performance Review (pages 82 and 83) and succession needs. Whilst there was no need to conduct a formal recruitment process during 2025, the Committee considered Board succession planning in September 2025 and agreed to continue its approach of maintaining a continuous pipeline of candidates, identified by our in-house executive search team. The search team, in conjunction with the Chair, seeks to identify suitable candidates, intentionally looking beyond 'the usual suspects' to consider candidates with varied transferable skills to achieve Board diversity objectives and optimal skills mix. This agile approach to succession planning and recruitment allows quick response to any evolution of the Group's strategy or external landscape and consequent leadership needs. The majority of the Board being relatively newly appointed, the Committee agreed that succession planning for Graham Lindsay, currently serving his third term, was the immediate priority and would include the transition of the Remuneration Committee Chair role.

In June 2025, the Committee discussed senior management talent and succession planning, recognising the role of a strong executive team for both the long-term success of the Company and to facilitate the Board's effective oversight of strategy. The focus of Committee discussion was the need to ensure both a healthy internal pipeline for pivotal roles, but also to ensure an ability to react to external factors, which may influence future skill set requirements.

Nomination and Governance Committee Report continued

Evaluation of Board effectiveness, skills, and composition

The outcome of the Board Performance Review was considered by the Board, rather than the Committee, in December 2025, given alignment with the membership of the Committee and to ensure sufficient agenda time was available. You can read about the conclusions and see the resulting action plan on page 83. The Committee was pleased to note the Performance Review's recognition of the Board's diversity, engagement and insight.

In December 2025, the Committee reviewed Board committee membership, concluding that committee composition continued to be effective and compliant with the UK Corporate Governance Code. The outcome of the 2025 Board skills assessment was debated, the matrix having been refreshed during the year. The Committee concluded that whilst the Board maintained a positive mix of skills and there was evidence that targeted training during the year had increased scores in some key areas, technology and, specifically, Artificial Intelligence, remained the lowest scoring areas. These findings will inform the Board training plan for 2026 (page 80) and pipeline succession planning. The Committee has acknowledged the need for technology expertise to be a key factor in succession planning across the organisation, especially given the planned Gateway delivery during 2026 and embedding of our digital-first approach.

The Committee also considered the effectiveness and performance of the executive directors, the Executive Committee and the Chairman during the year, utilising private sessions as required. The SID communicates the outcome of the Chairman's performance review to the Chairman and agrees a development plan as required. The Committee provided input to the CEO on Executive Committee performance.

Inclusion and diversity

You can read about our approach to inclusion and diversity (I&D) on pages 28 and 29 and in December the Committee agreed that the annual I&D Policy review should be tabled at the Board meeting to allow sufficient time for discussion. The Board recognises the need for diversity across the organisation, facilitating a mix of ideas and perspectives to better execute our inclusive strategy (pages 14 and 15) and serve the needs of our diverse customer base. The Board equally continues to support the creation and embedding of an inclusive culture, allowing all colleagues the opportunity to contribute to the delivery of strategy.

In reviewing the Group's progress against its diversity objectives, the Board noted continued compliance with the Parker Review target for at least one director to be from an ethnic minority background and approximate compliance with the FCA Listing Rule requirement for the Board to be 40% female, this now being 37.5% due to the reduction in the size of the Board during the year (see below). The Group is a signatory to the Women in Finance Charter and continues to work towards the target of 40% female representation in senior leadership (December 2025: 33%). As detailed previously, inclusion and diversity is embedded into our recruitment and succession planning processes to facilitate continued achievement against our objectives.

Key I&D highlights

- Ian McLaughlin recognised in Involve's Outstanding Advocates Role Model List 2025.
- Read and Write software introduced to support neurodiverse colleagues.
- Expansion of the Women's Network, with clear action plans articulated.
- Awarded, for the third year running, the Silver Standard for LGBTQ+ excellence in financial services by LBGT Great.
- Continued partnership with National Numeracy.
- Regular 'wellbeing' webinars for colleagues hosted throughout the year.

Explanation against UKLR 6.6.6(9) and data under UKLR 6.6.6 (10)

As at the Company's chosen reference date, 31 December 2025, and at the time of publishing this report, and in line with FCA UK Listing Rule 6.6.6(9), the Group confirms it has 37.5% female representation on the Board (three out of eight directors) which approximately meets the target for at least 40% female representation on the Board. The Group also confirms that it meets the target that one of the senior positions of Chair, SID, Chief Executive or Finance Director is held by a woman, with Michele Greene appointed as SID on 29 January 2025, replacing Angela Knight. As explained in last year's Annual Report, the Group previously met the 40% target and the percentage has reduced to 37.5% due to the reduction in the size of the overall Board. The Board believes that eight directors is an appropriate-sized board for the Group and, accordingly, has no plans to appoint further directors to the Board at present. However, in accordance with its Board Diversity Policy, the Group will take diversity factors into account in future Board succession planning. The Company also confirms that it has met the target for one director to be of an ethnic minority background.

Our approach to the accurate collection of gender and ethnic diversity data is robust; the data collection process involved issuing a survey via a secure platform designed in collaboration with our data protection team, which was preceded by a briefing to all participants.

Gender representation as at 31 December 2025

	Board			Executive Committee	
	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in executive management	Percentage of executive management
Men	5	62.5%	3	6	67%
Women	3	37.5%	1	3	33%
Prefer not to say/other/unspecified	—	—	—	—	—

Ethnic representation as at 31 December 2025

	Board			Executive Committee	
	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in executive management	Percentage of executive management
White British or other White (including minority-White groups)	7	87.5%	3	8	88.9%
Mixed/multiple ethnic groups	—	—	—	—	—
Asian/Asian British	—	—	—	1	11.1%
Black/African/Caribbean/Black British	1	12.5%	—	—	—
Other ethnic group	—	—	—	—	—
Not specified/prefer not to say	—	—	—	—	—

Sir Peter Estlin
Nomination and Governance Committee Chair
25 February 2026

Audit Committee Report

Audit, assurance and internal control

"Robust conversations and constructive challenge during meetings helps safeguard our control environment."

Oliver Laird
Audit Committee Chair

Role of the Committee

The Committee is responsible for overseeing the Group's risk management and internal control framework, in conjunction with the Risk Committee, and has key duties in respect of financial reporting, external audit and internal audit.

Financial reporting

- The Committee monitors the integrity of all published financial information, including significant judgements. The Committee advises the Board regarding the Group's ongoing viability and going concern status, alongside confirming that the Annual Report and Accounts is fair, balanced and understandable.

Governance	11%
Internal audit	24%
External audit and financial reporting	53%
Management reporting	12%

External audit

- The Committee assesses the performance and effectiveness of the external auditor, including its independence and objectivity. The Committee is responsible for overseeing the Group's policy on non-audit services.

Internal Audit

- The Committee approves the Internal Audit Plan and oversees the effectiveness of the Internal Audit function.

The role and responsibilities of the Committee are set out in full in the terms of reference, which were last reviewed and updated in October 2025 and are available on our website. The Committee completed a self-assessment of compliance with its terms of reference and has fully complied with its duties and responsibilities in 2025.

Dear shareholder

I am pleased to present a report on the activities of the Audit Committee during 2025.

Following the resignation of Paul Hewitt and Angela Knight on 29 January 2025, Committee membership has remained consistent throughout 2025. I chair the Committee and Graham Lindsay and Karen Briggs are members (biographies on pages 66 and 67). The Committee has recent and relevant financial experience and expertise that meet the criteria set out in the UK Corporate Governance Code and FCA Disclosure and Transparency Rules (DTRs).

The Chairman of the Board, Chief Financial Officer, Chief Executive Officer, Internal Audit Director, Chief Risk Officer and the external auditor are standing attendees. The Committee met six times during 2025, and member attendance is on page 79. The Committee has held private sessions with both the internal and external auditors without management present during the year.

The Board Performance Review was facilitated externally as per the Group's three-year cycle, and concluded that the Audit Committee had operated effectively with good challenge from members. The report regarding the full Board evaluation is on pages 82 to 83.

The Committee's Terms of Reference are available at: www.vanquis.com/investors

Audit Committee Report continued

Key Committee activities

Some key focus areas for the Committee during 2025 were:

Accounting policies

The Committee oversaw the enhancements made to the Effective Interest Rate (EIR) accounting during the year following growth of balance transfers in the Cards business. The Committee approved the Group Accounting Policy, noting the inclusion of EIR accounting and that the Group's policy was in compliance with applicable International Financial Reporting Standards (IFRS). The Committee noted management's preparations, implementation approach and timeline for the adoption of IFRS 18 which will be progressed during 2026 and in advance of the reporting requirement from January 2027. A gap analysis of current reporting practices will be completed and new reporting templates designed, built and tested. Adopting a proactive and structured approach will help ensure the Group is well positioned to meet the standard effectively.

Vehicle Finance commissions accounting judgement

The Committee scrutinised the accounting judgement made relating to the UK Supreme Court ruling regarding motor finance commissions. The ruling was handed down in August 2025 following which the FCA announced its consultation on an industry-wide motor finance compensation scheme. The Committee considered in detail the Group's basis for its accounting judgement both before and after the Supreme Court ruling, taking into consideration legal and other independent views, including that of the external auditor. The Committee reviewed the Vehicle Finance Compensation Scheme accounting judgement, including the application of the IAS 37 assessment and resulting provision calculation. The Committee has encouraged active engagement with the FCA on the key proposals within the consultation and regarding scheme administration and the approach to customer communication.

Financial Reporting Council review

The FRC completed a review of the Group's Annual Report and Accounts FY24 as part of its regular review and assessment of the quality of corporate reporting in the UK. The Committee received the correspondence and oversaw provision of the Group's responses, ensuring any enquiries raised were addressed. The FRC has confirmed that its enquiries have been closed. More information about the review, including the output, can be found in note 35 on page 192.

Other Committee activities in FY25 have included:

- review and approval of the Internal Audit Plan, including approval of any changes to the plan;
- consideration of regular reports from the Internal Audit Director, including updates regarding Internal Audit resource, audit reports and findings;
- receipt of Internal Audit's year-end opinion, statement of independence and objectivity and approval of the Internal Audit Charter;
- discussions regarding IFRS 9 model implementation, embedding and performance including as part of the key accounting judgements;
- consideration of the impact of climate-change on the financial statements and the Group's climate-related disclosures;
- review and recommendation to the Board the half-year and year-end financial statements, including the going concern assumption and viability statement at the year end;
- considering feedback from External Audit regarding management responses to the IT and non-IT control observations raised by the external auditor;
- assessed the effectiveness of the external auditor and quality of the audit and scrutinised feedback from the FY24 audit; and
- considered a review of the Finance function, noting the structure, operating effectiveness, future priorities and opportunities.

At the end of 2024, the Committee's terms of reference were updated to ensure compliance with the updated UK Corporate Governance Code Provisions 25 and 26. The most significant area of update related to the tender process for the appointment of a new auditor. Whilst this was not an area of focus for the Audit Committee during 2025, given the incumbent auditor's tenure, the new requirements will be factored into the next tender process, with the Finance function aware of the need to start the transition process early to facilitate the transition of any non-audit services currently provided by any potential tendering firm.

Committee priorities in 2026 are:

- to oversee delivery of the assets and liabilities management system;
- implementation of IFRS 18; and
- continued focus on internal controls, ensuring compliance with the UK Corporate Governance Code including tracking improvements in IT controls as the IT platform modernisation progresses to delivery.

Audit Committee Report continued

Fair, balanced and understandable

Having regard to Provision 25 of the Code, and the Board's responsibilities therein, the Committee considered whether the 2025 Annual Report and financial statements, when taken as a whole, was fair, balanced and understandable.

The Committee adopted a robust process as in prior years to justify the statement. This included:

- reviews to provide input, and feedback incorporated into subsequent drafts;
- oversight of the process, evaluation and verification by Group senior management;
- external evaluations of the Remuneration and Governance Reports respectively; and
- private sessions with the external auditor.

As part of the year-end processes, the Committee considered management's areas of significant judgements, estimation, and uncertainty and emerging issues as set out in the financial statements on pages 148 to 151, and with the external auditor, scrutinised and challenged the going-concern assumptions.

In assessing compliance with the Code, the Committee considered the following criteria:

Is the report fair?

- Is it a full reflection of events throughout the year and consistent with messages communicated throughout the year?

Is the report balanced?

- Is the narrative reporting consistent with the financial reporting?

Is the report understandable?

- Is it presented in a logical order and using clear language?
- Are important messages clearly highlighted as such?
- Is information shown in tabular or graphic form where this would assist the reader?

Conclusion: The Committee concluded that, in its opinion, the 2025 Annual Report and financial statements, when taken as a whole, was fair, balanced, and understandable, and recommended this assessment to the Board.

Financial reporting process, internal control and risk management systems

The Committee receives regular reports regarding the effectiveness of risk management systems and internal controls. Overseen by the Committee, Internal Audit has carried out a Transformation Assurance programme throughout the year which comprises three ongoing audits focused on business controls, IT controls and change delivery. Reports from the Transformation Assurance programme are reviewed by the Committee regularly, enabling close monitoring of the progress of the IT control modernisation and resolution of control issues on legacy IT systems.

In addition, Internal Audit has completed bespoke audits on material controls and key financial controls which have been reported to the Committee. The Committee noted that the material controls audit concluded that the second line assurance team had established a reliable and repeatable approach to testing the material controls.

The Committee has worked in conjunction with the Risk Committee, noting that members regularly attend both committees, to oversee execution of the integrated assurance plan. Work continues to mature the Group's capability for Risk and Control Self-Assessment, with actions underway being reported to and tracked by the Risk Committee. You can read more about this on page 93.

2026 Internal Audit year-end opinion

The Committee received the Internal Audit year-end opinion in January 2026, which confirmed that the overall control environment has remained broadly stable. Internal Audit considered six key questions on the effectiveness of governance, risk and control and concluded that:

- the Group control environment had remained stable throughout the sustained period of transformation, with consistent audit outcomes;
- senior leadership had set a positive tone on risk and control;
- change delivery had matured during the year;
- activity to evolve the risk management and internal control framework had been undertaken; and
- the Risk, Compliance and Finance functions had strengthened capability.

Internal Audit

The Internal Audit function, led by the Internal Audit Director, provides independent, risk-based and objective assurance to the Board, reported through the Audit Committee. This expert advice and insight supports the Board to protect and sustain value over the long term. The Internal Audit Director reports to the Committee at each meeting and is a standing attendee. Internal Audit has full access to all functions, data, records, information, physical property, and personnel required to carry out its responsibilities. Internal Audit is supported by specialist third parties, where required, under the terms of the Group's Non-Audit Services Policy. The Committee approves an annual Internal Audit plan, which has been designed in conjunction with business activity, emerging risks and second line assurance activity. The Committee tracks delivery of the audit plan and approves any amendments to the plan where necessary.

The Committee is satisfied that Internal Audit is both independent and effective and has the appropriate skills, experience and resources, either in house or through specialist third parties, to fulfil its mandate.

Independence

As required under the Institute of Internal Auditors Code of Practice, the Internal Audit Director has no responsibilities outside of oversight of the Internal Audit function, and reports directly to the Chair of the Committee, with an administrative reporting line to the Group Chief Executive. The Committee holds regular private sessions with the Internal Audit Director, who also meets privately with the Chair quarterly or upon request. Independence of the Internal Audit function is confirmed by the Internal Audit Director through an annual attestation.

Effectiveness

The Internal Audit Charter is approved annually, and the Committee regularly monitors progress against the plan. Confirmation is also provided that the function remains appropriately resourced and has sufficient expertise to carry out its mandate. The Internal Audit Director is actively encouraged to raise any concerns during each private session with the Committee.

Audit Committee Report continued

External Audit

Appointment and tenure

Deloitte LLP was appointed as external auditor in 2022 following a formal tender process in 2020, for a maximum period of 10 years. The Committee is authorised to instigate a formal tender process at any time. The Committee Terms of Reference have been enhanced to incorporate the end-to-end participation of all Committee members in the Group's next tender process, as required by the Audit Committees and the External Audit: Minimum Standard. Transitional arrangements would be made before the end of the incumbent auditor's tenure and monitoring of the provision of significant non-audit services commences at least three years in advance of any invitation to tender being issued.

Having assessed the performance and independence of the external auditor, the Committee resolved that Deloitte LLP continued to be independent and effective and will be recommended to shareholders for reappointment at the AGM on 6 May 2026.

Effectiveness

The Committee assessed the performance of the external auditor in May 2025 against the following criteria: quality of service, timely and insightful communication, technical expertise, team engagement, governance and regulation. Overall performance ratings decreased marginally for the FY24 audit compared to FY23. The Committee noted that the outcome of the review had been shared with the external auditor, and an action plan had been agreed. Improvements to timely, insightful communication and early engagement on additional requirements were delivered in the year.

The Committee holds private sessions with the external auditor without management present during which Deloitte is invited by the Committee to raise any concerns and comment on any ongoing matters. The Committee has noted the external auditor acting objectively and challenging management such as regarding the Vehicle Finance commission judgement and in the audit of the IFRS 9 models.

Independence and objectivity

The Committee is responsible for maintaining adequate safeguards to ensure the independence and objectivity of external audit. These include:

- a policy that restricts the recruitment of individuals employed by the external auditor into positions that provide financial reporting oversight or exercise influence over financial and regulatory statements;
- non-audit work is subject to the policy detailed below and the non-audit team does not prepare anything that would be relied upon in the Group audit;
- work performed is subject to an independent professional standards review and engagement quality control review process;
- the Committee considers the reappointment of the external auditor, including the rotation of the audit partner, annually. The review considers both independence and effectiveness, primarily using a scorecard system. The lead audit partner, Kieren Cooper, has been in place since May 2022; and
- the external auditor attests its independence and objectivity to the Committee on an annual basis.

Non-audit work

The Committee approved an updated Non-Audit Fee Policy in December 2025. The policy, which complies with the FRC's Guidance on Audit Committees (2023), the EU Audit Directive and Regulations 2025 and the FRC's Revised Ethical Standard (2024), states that the external audit firm may only be engaged for permitted non-audit services where it is the most appropriate provider and provided there is no threat to independence or objectivity. Total non-audit fees are capped in the policy and must not exceed 70% of the average statutory audit fees over the most recent three-year period. The award of non-audit work to the external auditor is monitored by the Committee, and the Chair of the Audit Committee must approve, in advance, any single award, or programme of non-audit work in excess of £50,000 per annum. Approval by quorum of the Audit Committee is required to approve non-audit work in excess of £250,000. Deloitte LLP's fees for non-audit work during the year were £0.4m (2024: £0.4m). The ratio of audit to non-audit fees was 7.6:1.

Audit Committee Report continued

Significant issues and areas of judgement

The Committee considers the critical accounting assumptions and key sources of estimation and uncertainty regarding the Annual Report and financial statements 2025, which are on pages 148 to 151. The Committee discussed the issues set out in the table below with the external auditor throughout the year, in addition to the Going Concern Statement.

Issue	Judgement	Actions
IFRS 9 and model developments including post-charge-off asset (PCOA) valuation	Judgement is applied to the impairment allowance required. This includes whether past performance provides a reasonable estimate of future losses implicit within the PD, LGD and EAD. A number of PMAs were recognised reflecting model refinements and calibrations in the IFRS 9 models. The macroeconomic model has been redeveloped in the year. The models predict industry level write-off rates using a combination of interest rates, unemployment rate, debt to income ratios and earnings forecasts.	The Committee continued its work to oversee implementation, embedding and operation of the IFRS 9 models during the year. The Committee has considered the work performed by Deloitte to independently recode and robustly examine model outputs to validate management assumptions.
Provision for Vehicle Finance commissions	An assessment against IAS 37 to determine if a provision should be recognised was performed. Following the announcement of the FCA Scheme Consultation, a provision was recognised. Prior to that a contingent liability was disclosed.	The Committee reviewed and challenged the key assumptions used in the calculations and scrutinised legal and other independent advice at both the half year and year end to ascertain with as much precision as possible the judgement being made.

Compliance Statement

The Group has fully complied with the Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014 throughout the 2025 financial year.

Oliver Laird
Audit Committee Chair
25 February 2026

Risk Committee Report

Sustainable growth underpinned by insightful risk management

"The Committee used its oversight of the risk management and internal control framework to improve risk identification and management, strengthening resilience as the Group evolves."

Michele Greene
Risk Committee Chair

The Committee's Terms of Reference are available at: www.vanquis.com/investors

Role of the Committee

The Committee is responsible for overseeing risk on behalf of the Board and is accountable for ensuring the effective management of risk, regulatory reporting and compliance across the Group.

- **Risk management and internal control:** The Committee oversees the design and ongoing operation of the Group's risk management and internal control framework and, in conjunction with the Audit Committee, assesses its effectiveness. The Committee ensures that the principal and emerging risks have been identified and considered in the context of the Group's strategy, business model and culture. The Committee considers risk appetite and holds management to account for performance against agreed metrics.

Risk management and internal control	25%
Principal and emerging risks	23%
Risk appetite, framework and policy	19%
Compliance and conduct	13%
Governance	6%
Regulatory and prudential risk reporting	14%

- **Regulatory reporting:** The Committee critically reviews and challenges the Group's ICAAP, ILAAP, Solvent Exit Plan and Recovery Plan and provides informed recommendations to the Board for their approval.
- **Compliance:** The Committee oversees the Group's compliance arrangements, including the Group's SMCR responsibilities map, regulatory conduct and engagement. The Committee ensures that effective arrangements are in place for data protection, anti-money laundering arrangements and operational resilience.

The Committee's role and responsibilities are set out in full in its terms of reference, last reviewed and updated in September 2025 and available on the Group's website.

During the year, the Committee conducted a formal self-assessment against its terms of reference and confirms that it has fully discharged its duties and responsibilities.

Dear shareholder

I am pleased to report on the work of the Risk Committee during 2025.

Following the resignations of Paul Hewitt and Angela Knight on 29 January 2025, the membership of the Committee remained unchanged for the remainder of the year. I chair the Committee, alongside Committee members Jackie Noakes and Karen Briggs. Karen Briggs is also a member of the Audit Committee, supporting effective alignment across the Board's governance and assurance responsibilities.

The Chairman of the Board, Chief Risk Officer (CRO), Internal Audit Director, Chief Executive Officer, Chief Financial Officer and General Counsel are standing attendees, enabling open dialogue, effective challenge and timely escalation of matters where appropriate.

The Committee met seven times during 2025. Members' meeting attendance is on page 79. Two meetings were specifically focused on the Group's ICAAP and ILAAP.

The performance of the Risk Committee was assessed as part of the Board evaluation, which concluded that the Committee had operated effectively with thorough and active participation from members. A full report on the Board evaluation is on pages 82 and 83.

At each regular meeting the Committee reviewed the Group's risk profile including principal and emerging risks. Standing agenda items include the CRO's Report, minutes and actions.

Risk Committee Report continued

During the year the Committee also received regular updates on complaints trends and the delivery of the credit risk programme supporting the Committee's oversight of conduct, customer outcomes and risk management capability.

Key Committee activities

During the year, the Committee oversaw enhancements to the risk management and internal control framework, strengthening the Group's alignment with Provision 29 of the UK Corporate Governance Code 2024. Further information on the Group's risk management arrangements, including its principal and emerging risks, is provided on pages 54 to 61 and in the material controls section on page 94 of this report.

Credit Risk Enhancement programme

The Committee oversaw significant activity to optimise credit risk management, aligned with the delivery of enhanced technology through the IT transformation programme (Gateway). This included developments across lending, customer targeting and collections. The Committee reviewed management's plans and closely monitored the pace and quality of delivery, applying its expertise and top-down perspective to identify interdependencies and areas of risk. The programme will continue into 2026 and will remain a key area of focus for the Committee.

Solvent Exit Analysis

The Committee oversaw the development and approval of the Group's first Solvent Exit Analysis ("SEA") in response to the PRA requirement effective from 1 October 2025 under Capital Requirements Regulation SS2/24. The Committee scrutinised the design, governance and execution of the SEA, ensuring it was developed with appropriate subject-matter expertise, incorporated all mandatory components and reflected proportionate rigour and balanced professional judgement. The Committee ensured that independent second- and third-line assurance was obtained and that an external benchmarking exercise was undertaken to assess alignment with market practice. Committee members and key executives also attended an externally facilitated training workshop covering the regulatory context, core requirements and practical considerations of the SEA.

On this basis, the Committee concluded that the SEA met regulatory expectations and was comparable with peers in terms of quality, depth and length.

Risk fundamentals including policy governance

The Committee monitored the effectiveness of the Group's risk management capability. The policy governance framework was reviewed and updated to strengthen consistency in the development, implementation and management of Group policies, including the introduction of a standard policy template and refreshed policy hierarchy.

Risk culture and maturity remain areas of ongoing focus. First-line Risk and Control Self-Assessments ("RCSAs") continued to mature, and a third-line audit completed during the year identified opportunities for further improvement.

Risk appetite refresh

The Committee oversaw the refresh of the Group's risk appetite framework. The Committee scrutinised the design and structure of the framework, including the clear articulation of Board-owned risk appetite statements and the supporting management-level metrics used to monitor adherence. The work enhanced early warning capability and bolstered the Committee's oversight of principal risks.

The Committee focused on ensuring the refreshed framework was aligned with the Group's strategic priorities and regulatory expectations, ahead of its implementation and ongoing monitoring from January 2026.

Principal risk activities

The Committee ensures there is full coverage across and sufficient time spent overseeing the Group's principal and emerging risks facilitated by the regular reporting from the CRO. Committee activities within principal risk areas have included:

Financial crime risk

The Committee provided oversight and challenge on financial crime risk management during the year, considering twice-yearly reports from the MLRO covering fraud and financial crime risks and the effectiveness of controls across all products. The Committee approved key financial crime policies and oversaw the implementation of enhanced financial crime systems including an automated transaction monitoring system delivered through the Gateway IT transformation programme.

Capital risk

The Committee oversaw and scrutinised the Group's Internal Capital Adequacy Assessment Process (ICAAP) and recommended it to the Board for approval. The Committee challenged management on the methodology, assumptions and outputs to ensure the ICAAP was prepared on a sound, well-evidenced basis and appropriately reflected the Group's evolving business model, risk profile and operating environment.

The Committee received independent assurance from second- and third-line functions and noted improvements in the clarity, precision and regulatory compliance of the ICAAP. Following submission, the Capital Supervisory Review and Evaluation Process was completed during the year, and I met with the Prudential Regulation Authority (PRA) to discuss the Committee's oversight, challenge and contribution to the ICAAP. The Committee will oversee and monitor the impact of Basel 3.1 for the Group ahead of the framework taking effect on 1 January 2027.

Funding and liquidity risk

The Committee oversaw and scrutinised the Group's Internal Liquidity Adequacy Assessment Process (ILAAP) and recommended it to the Board for approval. The Committee challenged management on the methodology, assumptions and outputs of the ILAAP, and reviewed associated updates to the treasury risk appetite to ensure alignment with the Group's funding strategy, risk profile and regulatory expectations.

Technology and information security risk

The Committee monitored progress of the Gateway IT transformation programme and its impact on the Group's technology and information security risk profile, supported by regular reporting from the CRO and updates from the IT Director. The Committee noted that legacy technology and associated technical debt were being actively managed and had reduced during the year, and that Gateway will remain a key area of focus throughout 2026. In response to cyber attacks at several major retailers, the Committee commissioned an assessment of the Group's information security arrangements from the Group Chief Information Security Officer and supported actions to increase colleague awareness and vigilance.

Operational risk

The Committee oversaw a stable and improving risk profile reflecting enhancements to the Group's operational risk arrangements. This included a refreshed third-party risk management framework and strengthened operational resilience governance and policy arrangements. As part of its horizon scanning activities, the Committee commissioned and considered a review of the National Security Strategy 2025:

Risk Committee Report continued

Principal risk activities continued

Operational risk continued

Security for the British People in a Dangerous World published by the UK Government in June 2025. The Committee recognised that the Group was positioned to withstand the threats identified and noted the actions already taking place across operational resilience, third-party risk management and cyber security resilience. The Committee encouraged a continual improvement mindset and will continue to oversee that the Group's approach remains proactive in strengthening resilience, in line with regulatory expectations and for the benefit of all stakeholders.

Model risk

The Committee received regular updates on the Group's model risk management position and oversaw continued improvements to the effectiveness of the model risk framework. This included enhancements to model monitoring and validation, clearer first-line accountability for model risk ownership, and the recruitment of specialist expertise to strengthen independent oversight. The Committee noted improvements in model risk governance following the introduction of a formal working group structure, supporting clearer escalation, issue management and regulatory alignment. As a result, the overall RAG status of model risk improved during the year.

Business performance risk

The Committee scrutinised performance against internal forecasts, key financial metrics and stress testing outputs, including those informing the ICAAP and ILAAP, and noted that business performance risk remained stable with no material adverse trends identified.

Market risk

The Committee reviewed market risk exposures against approved limits and risk appetite through established governance forums and concluded that market risk remained stable and appropriately managed throughout the reporting period.

People risk

The Committee provided oversight and challenge on people risk, with particular focus on the cultural and colleague wellbeing impacts of the Group's turnaround and transformation activities. The Committee considered risks relating to colleague engagement, attrition and burnout and the potential implications for delivery, resilience and control effectiveness.

Customer risk

The Chief Operating Officer is a standing attendee at each regular Committee meeting, supporting effective oversight of customer risk. During the year, the Committee scrutinised quarterly complaints reporting, with particular focus on historically elevated volumes of responsible lending complaints originating from claims management companies. The Committee noted a reduction in this risk following the introduction of Financial Ombudsman Service referral fees.

The Committee challenged the quality and sufficiency of complaints management information to ensure it enabled effective oversight of customer outcomes in line with Consumer Duty expectations. Other areas of focus included the potential implications of the Supreme Court judgment on Vehicle Finance commissions and the adequacy of complaints handling arrangements operated by offshore service partners.

Regulatory risk

The Committee received an update from the Compliance Director and Data Protection Officer. The Committee oversaw the Group's regulatory engagement, liaison and consultation activity, including into the FCA's proposed Vehicle Finance commission disclosures compensation scheme. The Committee recommended the SMCR Map to the Board for approval, supporting clear accountability and regulatory compliance.

Risk management and internal control framework

The Committee supports the Board to assess the Group's overall risk profile and considers risks that may impact the Group's strategy and operations. The risk management and internal control framework (RM&ICF) defines how risk is managed across the Group and facilitates consistent management of risk. The Committee has overseen the annual review of the Group's RM&ICF which assessed its effectiveness. The Committee has also received an assessment of the Group's maturity against the fundamental components of an effective risk function to enable pro-active risk management and informed decision making. Based on the work undertaken during the year, the Committee is satisfied that the Group's RM&ICF is robust, proportionate, and operating effectively.

The Committee supports the Board to ensure principal and emerging risks are identified and adequately assessed. The Committee received regular principal risk assessments during the period which included a current assessment of each risk, trajectory, and its projected outlook. The CRO provides an opinion of the overall risk profile at each regular meeting, and the Committee has considered any areas of heightened risk. The Committee oversaw the introduction of an emerging risks radar which has helped assess the Group's risk exposure, including proximity and velocity of emerging risks. The Committee is satisfied that the RM&ICF provides assurance that principal and emerging risks are being identified, assessed and managed.

Material control definition: An internal control that is critical for managing risks to our business model, future performance, future solvency, liquidity or reputation.

The Group has defined nine material control categories:

Risk Committee Report continued

Material controls

The Committee directed and monitored the programme of work to identify and assess the effectiveness of the Group's material controls in response to Provision 29 of the UK Corporate Governance Code 2024. The Committee received and challenged updates on material controls at each regular meeting; a timeline of the Committee's work is set out below. The Committee oversaw the material control identification exercise, which commenced in November 2024, and scrutinised the assessment criteria to ensure that material controls were comprehensively and appropriately identified and mapped to the Group's principal risks and Level 1 risks.

In conjunction with the Audit Committee, the Committee commissioned a third-line review of the material control work. The review concluded that the work to identify material controls had been completed in a reliable and consistent manner, providing assurance over the robustness of the approach taken. The Committee will continue to oversee the ongoing testing, monitoring and enhancement of material controls to ensure their effectiveness as the Group's risk profile and operating environment evolves.

Effectiveness of material controls

The Committee has prepared for the Board attestation regarding the effectiveness of material controls, required under Provision 29 of the UK Corporate Governance Code 2024, from FY26. The effectiveness of all material controls and their supporting key controls was assessed by the second-line assurance function, with consideration given to both design and operating effectiveness. The results of these assessments were reported to the Committee, together with any actions arising and associated delivery dates. The work has positioned the Group well in advance of reporting next year.

Committee priorities for 2026

Looking ahead, the Committee will continue to support the Board in overseeing the effective management of principal and emerging risks as the Group progresses through its next phase of delivery and transformation.

Particular focus will remain on the continued embedding of the risk management and internal control framework, the ongoing effectiveness of material controls, the completion of the Gateway programme, and maintaining resilience in a dynamic regulatory, technological and economic environment, while also strengthening oversight of emerging and cross-cutting risks, including the responsible adoption of Artificial Intelligence.

Through continued emphasis on strong risk culture, clear accountability, proactive horizon scanning and a continuous improvement mindset, the Committee will ensure that the Group's risk and control arrangements continue to evolve in line with its strategy and operating environment, supporting sustainable outcomes for customers, colleagues and shareholders.

Michele Greene
Risk Committee Chair
25 February 2026

Committee priorities in 2026 are:

- oversight of the Credit Risk Enhancement programme;
- Gateway programme delivery and legacy IT risk reduction;
- collections and recoveries strategy;
- embedding of the Group's risk culture;
- oversight of the effectiveness of the Group's material controls; and
- emerging risks including AI.

Committee material control assessment timeline

Date	November 2024	January 2025	May 2025	July 2025	September 2025	November 2025
Committee activity	Considered the definition of a material control, material control assessment criteria and mapping of controls to principal risks.	Reviewed and approved first-line assessment of material controls, commissioning second- and third-line reviews. Ensured integration of material controls into the risk adjustment framework to support cultural alignment.	Oversaw the addition of one more material control and received a progress update regarding the second- and third-line material control assurance work. Noted the use of the Group's risk management system to track material and key control assessments and actions.	Scrutinised the output from the second-line assurance work, noting actions arising and associated delivery dates. Approved the integrated assurance plan for 2H25 ensuring it had been appropriately mapped to the Group's risk taxonomy.	Received a further progress update on the second-line assurance work and the status of material control assessments. The Committee confirmed that both the design and execution of controls were being assessed.	Received a deep-dive report into a specific material control area to oversee the process undertaken by first-line following on from the second-line material control assessment. Critiqued a draft of the Board's material controls attestation.

Directors' Remuneration Report

Annual Statement by the Chair of the Remuneration Committee

"In 2025, the Committee remained focused on aligning executive remuneration with Company performance as the business repositioned for sustainable, profitable growth."

Graham Lindsay
Remuneration Committee Chair

The Committee's terms of reference detailing the responsibilities are available at: https://www.vanquis.com/investors

Committee members (attendance)

Graham Lindsay (Chair)	(3/3 plus 1/1 ad hoc)
Oliver Laird	(3/3 plus 1/1 ad hoc)
Jackie Noakes (joined February 2025)	(2/2 plus 1/1 ad hoc)
Karen Briggs (stepped down January 2025)	(1/1)

Role of the Committee

The Chairman, the Group Chief Executive Officer (CEO), Chief Finance Officer (CFO), the Chief People Officer, the Head of Reward and the Committee's independent advisor (PwC) attend Committee meetings by invitation. No person is in attendance when their own remuneration is being discussed.

The report complies with the provisions of the Companies Act, the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 and the Listing Rules of the FCA. The Company also follows the requirements of the UK Corporate Governance Code (the Code) updated in January 2024.

Remuneration governance	27%
Annual bonus	27%
Share plans	26%
Risk	20%

Dear shareholder

On behalf of the Remuneration Committee (the Committee), I am delighted to present the Directors' Remuneration Report for the year ended 31 December 2025. I would like to extend my thanks to Karen Briggs, who stepped down from the Committee on 29 January 2025. I was delighted to welcome Jackie Noakes as a new Committee member from 1 February 2025. The report sets out how the Committee carried out its responsibilities during the year and our approach to remuneration in 2025 and explains the rationale for our decision making.

2025 Group performance

2025 was a defining year for Vanquis – a year of strategic clarity, transformation and continuing progress in repositioning the business for sustainable, profitable growth.

Our financial performance at the end of the year in key metrics was as follows:

- Profit before tax (PBT) incl discontinued operations of £9.2m (2024: Loss before tax £136.3m);
- Return on Tangible Equity (ROTE) of 2.3% (2024: (32.1%)); and
- cost-income ratio (C:I) of 58.4% (2024: 89.4%).

For full financial details please refer to pages 44 to 51

Wider workforce pay during 2025

Whilst remaining cognisant of the challenges that the Group continued to face through the year and on the back of a difficult year in 2024, the Committee has been mindful of the need to retain and motivate our wider staff population for the future stability of the business. Our pay review in early 2025 focused on our lower paid colleagues and a number of initiatives were implemented:

- an overall pay budget of 3% for salary increases effective 1 January 2025;
- average increases of over 4.2% for colleagues who were in roles at the lower levels and relatively lower paid; and
- no increase for the executive directors or the non-executive directors.

In 2026, we intend to continue our focus on our colleagues who are employed at the lower levels, and from April 2026, the minimum full-time salary will be £28,000. We have updated our minimum salary (above the Living Wage for all) by level (and location) and actively distribute a larger percentage of our salary review pool to those colleagues.

Directors' Remuneration Report continued

Annual Statement by the Chair of the Remuneration Committee continued

2025 Group bonus pool

The financial elements of the annual bonus scheme comprised statutory PBT, statutory ROTE and cost-income ratio and the non-financial elements comprised of Strategy, Customer and People measures. The threshold on the financial elements was achieved, permitting a payout. Both the risk overlay and Tier 1 capital ratio were assessed as satisfactory. On this basis, the formulaic outcome of the annual bonus was 78.3% of maximum (2024: 24.1% of maximum, reduced to nil following application of discretion).

In determining the final bonus outcome, the Committee acknowledged that 2025 marked an important milestone in laying the foundations for sustainable, profitable growth, but that the transformation of the business and delivery of the Group's longer term strategic and returns targets remain in progress. The Committee was minded to reflect this in bonus outcomes for 2025 and therefore exercised its discretion to apply a downward adjustment to the formulaic bonus payouts for the executive directors. The adjustment reduced the payout to 25% of the maximum opportunity, consistent with the approach applied for all colleagues. We have set out in more detail the annual bonus results for 2025 on pages 111 and 112.

Executive director remuneration in 2025

Given the 2025 financial results of the Group, the focus of the Committee was to ensure that this was appropriately reflected in the remuneration decisions made, and outcomes were aligned to the wider stakeholder experience.

RSP 2025 award grant

As reported in last year's report, in light of the performance delivered in 2024 and the Group's financial position, the Committee decided not make any RSP awards in April 2025 but reserved the right to reconsider this decision following the announcements of the 2025 half-year results, taking into consideration the Group's financial performance in the first half of 2025 as well as the shareholder experience.

At the half year, the Committee conducted a detailed assessment of the Group's performance and noted the improvement in financial performance of the business in the first half of 2025, as the Group returned to profit, with growth in customer balances and return to robust interest margins. There was also strong growth in the company share price, which more than doubled in the first six months of the year. Against this backdrop, the Committee determined that it would be appropriate to award the full RSP grant in September 2025 in line with the Policy. No adjustment was determined to be necessary for any potential windfall gains at the time of grant. As per our internal Policy, a further assessment on windfall gains will be carried out at vest as per the RSP underpin requirements. Further details are shared on page 112 and 113.

RSP 2022 award vesting

Prior to vesting in April 2025, the Committee reviewed the interim assessment disclosed in last year's report and remained of the view that the proposed level of downwards adjustment of 12.8% was appropriate. Further details are shared on page 113.

RSP 2023 award vesting

The RSP 2023 awards granted to the previous CEO and CFO (Malcolm Le May and Neeraj Kapur) are scheduled to vest on 11 April 2026 and the RSP award granted to our CEO on appointment on 8 September 2023 will vest on 8 September 2026. As for the 2022 RSP, the Committee reviewed performance against the underpin over each of the three years of the performance period. With respect to performance year 2023 and 2025, the Committee was satisfied that the underpin was met. With respect to performance year 2024, as disclosed last year, the Committee concluded that a total downwards adjustment of 30% should be applied equally across the three RSP awards (RSP 2022, RSP 2023 and RSP 2024) and hence a 10% downwards adjustment will be applied to the RSP 2023 award.

In addition, the Committee carried out an assessment of dividend equivalents applied to this award vesting in April 2026 and determined that an additional downwards reduction of 9.1% should be made to the vesting outcomes to reflect the actual dividends paid over the vesting period as compared to those anticipated when granted. The initial dividend equivalent adjustment for the award vesting in September 2026 is 26.2%. Any final change to this adjustment will be disclosed in the 2026 Directors' Remuneration Report. Further details are shared on page 113 and 114.

Deferred Bonus Plan (DBP) 2023

The Committee carried out an assessment of dividend equivalents applied to the DBP 2023 award (which is due to vest on 11 April 2026) and determined that a downwards reduction of 9.1% should be made to the vesting outcomes of the previous CEO and CFO. Further details are shared on page 114.

Single Figure of Remuneration

In 2025, the CEO's total single figure of remuneration was £1,875k (2024: £910k) reflecting the outcome of the 2025 annual bonus and the 2023 RSP. The CFO's was £789k (2024: £616k) reflecting the outcome of the 2025 annual bonus.

Directors' Remuneration Report continued

Annual Statement by the Chair of the Remuneration Committee continued

Directors' Remuneration Policy (the Policy) in 2026

The current Directors' Remuneration Policy ("Policy") was renewed at the May 2023 AGM, with minor amendments to align to market and regulatory expectations, whilst retaining the broader structure and no proposed changes to quantum. The Policy received strong support from shareholders with 94.8% votes in favour and operated as intended with continued support from shareholders reflected in the voting outcomes (over 97% votes in favour) for the Directors' Remuneration Report in each of the last two years.

During 2025, as a part of the three year renewal cycle, the Committee carried out a detailed review of the Policy to ensure that it continues to support the Group's strategy as well as the attraction, retention, and motivation of key executive talent, while remaining responsive to evolving regulatory requirements and best practices across the financial services sector.

The Committee concluded that the current Policy, which includes a market standard bonus and a Restricted Share Plan (RSP), remains fit for purpose. It is therefore proposed to retain the overall structure under the Policy with two minor amends to align with emerging practice and provide clarity over the implementation of the Policy going forward.

- Removal of the Role Based Allowance (RBA): The RBA was introduced in 2020 in line with the approach taken by UK banks at that time to remain competitive in response to the 2:1 bonus cap. The only recipient of the RBA under the Policy was the previous CEO, who left the business in January 2024. The current CEO and CFO have not received an RBA in any year since their appointments. Given that the RBA is not in use, the Committee proposes to remove it from the Policy in order to simplify the structure. This approach also aligns with emerging practice in the wider sector, as a number of banks who were previously subject to the 2:1 cap are removing the RBA element, as a part of rebalancing their fixed and variable pay following the removal of the bonus cap by the UK regulators.
- Clarification of target payout under Annual Bonus Plan: As disclosed in our Remuneration Reports, over this Policy cycle the annual bonus has been calibrated such that achievement of 'on target' performance results in a payout of 60% of maximum. For clarity, the Policy wording will be updated to reflect the fact that the Committee intends to continue with this approach over the next three-year cycle.

In carrying out this review, we wrote to our major shareholders and main shareholder representative bodies on the specifics of our proposals, to understand their perspectives and to factor those into our proposed Policy changes. The time shareholders took to review our proposals and share their views was greatly appreciated. The feedback was positive and therefore no changes were made to the original proposals. I hope that shareholders will therefore be supportive of these minor changes to the Policy at the AGM to ensure that it operates effectively.

Implementation of the Policy in 2026

2026 salary increases

For the 2025 financial year, the Committee has agreed to apply 1.5% salary increases to the CEO and CFO. These increases are effective 1st April and are below the average increase of 2.5% awarded to the wider workforce and are the first increases awarded since they joined Vanquis in 2023.

2026 annual bonus

There are no changes to the annual bonus opportunity which is 150% of base salary and 125% of salary for the CEO and CFO respectively, in line with our Policy.

- statutory PBT (25%), statutory ROTE (25%), and cost-income ratio (10%); and
- non-financial metrics (40%).

The metrics within the non-financial scorecard will continue to align with our strategic priorities.

RSP 2026 grant

After considering 2025 performance, RSP awards of 100% and 75% of base salary will be granted to the CEO and CFO respectively – in line with our Policy. Subject to underpin criteria, as set out in our Policy, awards will vest in three years with an additional retention period of two years after vesting.

2026 non-executive director (NED) fees

As reported last year, the NEDs took a significant reduction in their fees from 2024 and NED base fees remained flat in 2025. During the year, fees for the Senior Independent Director were reviewed and increased from £15,000 to £25,000, effective from 29 January 2025. A further review of all fees was undertaken and the Committee (for the Chairman) and the Board (for the NEDs) determined that there would be no other changes to the fees for 2026

Conclusion

We recognise that it's been another challenging year for the business. The Committee believes that the decisions made appropriately reflect the shareholder experience over the course of the year. In the rest of this report, we present the disclosures required by regulations, as well as additional information to explain how our executive remuneration aligns with our strategy, our shareholder interests and with our wider workforce.

I sincerely thank our colleagues for their hard work throughout the year and our shareholders for their continued support. I will be available at the Company's 2026 AGM to answer any questions in relation to this Remuneration Report.

Graham Lindsay
Remuneration Committee Chair
25 February 2026

Directors' Remuneration Report continued

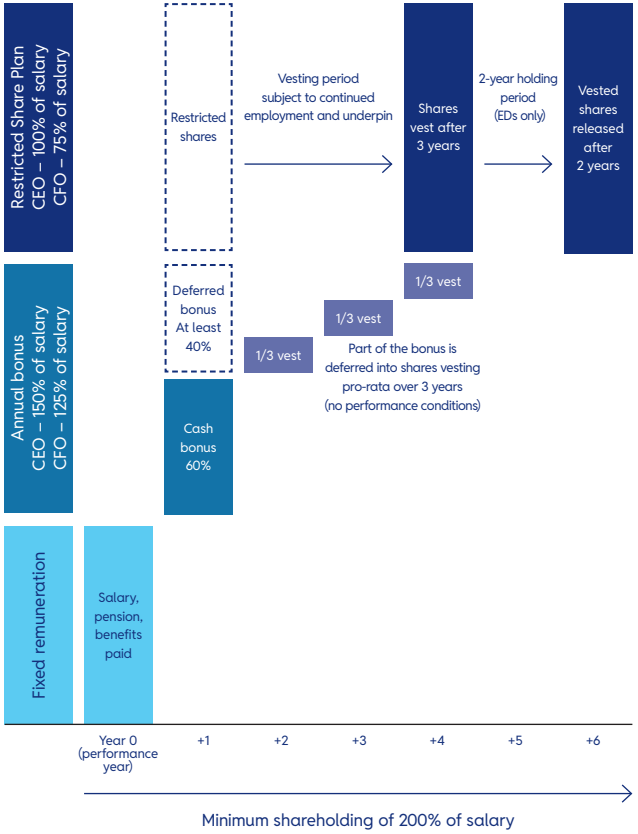
Remuneration at a glance

The following section sets out:

- an illustration of the operation of the Policy for 2026;
- a summary of the executive directors' single total remuneration figures, and outcomes under the 2025 Annual Bonus Plan and the RSP 2023 award; and
- an overview of executive directors' shareholdings.

Full details of the Policy can be found under the Shareholder Hub section of our website.

Illustration of the Policy in 2026



Salary: 1st April Salary increase of 1.5%.
- CEO: Ian McLaughlin: £736,000 (2025: £725,000).
- CFO: Dave Watts: £558,000 (2025: £550,000).

Pension: No change from 2025.
- All EDs: cash payment of 10% of salary (in line with the wider workforce).

Benefits: Removal of temporary travel allowance, no other change from 2025.
- All EDs: Car allowance £10,000 (2025: £10,000). Eligible for life assurance, private medical insurance and permanent health insurance (no change).
- Transitionary temporary travel allowance on joining, for Ian McLaughlin only of £100,000 per annum will no longer be operated (and expired on 26 July 2025).

Annual bonus:
- Maximum opportunity:
  - CEO: 150% of salary.
  - CFO: 125% of salary.
- Performance measures:
- 60% financial:
  - statutory PBT 25% (2025: 25%);
  - statutory ROTE 25% (2025: 25%); and
  - cost-income ratio 10% (2025: 10%).
- 40% non-financial will align to the 2026 strategy (Customer & Colleague) and will be disclosed in the 2026 Directors' Remuneration Report.
- Risk overlay and Tier 1 capital ratio underpin.
- Deferral: At least 40% deferred, vesting pro-rata over three years in company shares.

RSP:
- Award level:
  - CEO: Maximum 100% of base salary.
  - CFO: Maximum 75% of base salary.
- As a part of grant process, the Committee will consider individuals' personal and business performance for the prior year and determine whether the proposed level of grant remains appropriate.
- Underpins: The Committee will consider the following factors (amongst others) when determining whether to exercise its discretion to adjust the number of shares vesting:
  - whether threshold performance levels have been achieved for the performance conditions for the Annual Bonus Plan for each of the three years covered by the vesting period;
  - the underlying financial performance progression over the vesting period;
  - whether there have been any sanctions or fines issued by a Regulatory Body (participant responsibility may be allocated collectively or individually);
  - whether there has been material damage to the reputation of the Company (participant responsibility may be allocated collectively or individually);
  - the potential for windfall gains;
  - the level of colleague and customer engagement over the vesting period; and
  - the level of achievement of our approach to ESG as set out by the Board.
- Vesting: Three years with a two-year holding period post-vesting.

Shareholding requirement:
- CEO/CFO: 200% of salary.
- Full requirement to be held for two years post-cessation.

Further details on the implementation of the Policy, have been set out later in this report under the 'Directors' Remuneration Policy in 2026' section on pages 100 and 108.

Directors' Remuneration Report continued

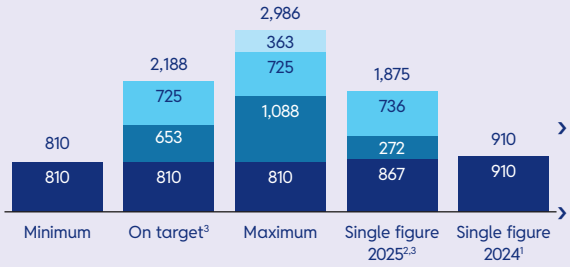
Remuneration at a glance continued

Executive director 2025 remuneration outcomes

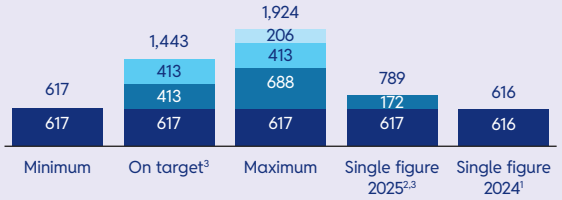
The charts below show an estimate of the remuneration that could be received by executive directors under the Policy and how our performance has flowed through to the remuneration provided to our executive directors. The full explanatory notes for each element of remuneration are detailed on pages 100 to 107 in the Annual Report on Remuneration.

Remuneration (£'000)

Ian McLaughlin, CEO



Dave Watts, CFO



- Fixed
- Annual bonus
- RSP
- Share price

1 Single figure for 2024 pro-rated to time served as executive director.
2 No bonus has been paid for 2024, see pages 111 to 112 for details of the 2025 bonus.
3 CEO and CFO joined in 2023, therefore no RSP has vested.

Assumptions

- Minimum pay is fixed pay only, i.e. salary + benefits + pension (excluding travel allowance).
- On-target pay includes fixed pay (excluding travel allowance), 60% of the maximum bonus (with maximum equal to 150% of salary for the CEO and 125% for the CFO) and 100% vesting of the RSP awards (with grant levels of 100% of salary for the CEO and 75% for CFO).
- Maximum pay includes fixed pay (excluding travel allowance) and assumes 100% vesting of both the annual bonus and the RSP awards.
- The illustration of 'maximum' assumes a 50% share price increase on the RSP award over the vesting period and is shown as 'share price'.
- All amounts have been rounded to the nearest £1,000.

2025 annual bonus outcome

The table below summarises performance against the targets set for the 2025 bonus and the outcome, before and after Committee discretion.

	Threshold 75%	Target 100%	Maximum 125%	Actual	Weighting	Outcome CEO (IM)	Outcome CFO (DW)
Financial targets					**60%**	**47.8%**	**47.8%**
Statutory PBT	£6.6m	£8.8m	£11.0m	£9.2m	25%	16.8%	16.8%
Statutory ROTE	1.3%	1.7%	2.1%	2.3%	25%	25%	25%
Cost-income ratio	61.9%	58.4%	54.9%	58.4%	10%	6%	6%
Non-financial metrics					**40%**	**30.5%**	**30.5%**
Risk overlay						Met	Met
Tier 1 ratio		The Group achieved a Tier 1 capital ratio of 19.3%					
Scorecard outcome (as a % of maximum bonus)						78.3%	78.3%
Final outcome (as a % of maximum bonus) after Committee discretion						**25%**	**25%**

Link between remuneration and equity of the executive directors

We believe that equity has an important part to play in the remuneration of the executive directors. There is a need for the executive directors to understand from first-hand experience the position of the shareholders and our RSP (and deferred bonus schemes) are structured to support that understanding. We monitor regularly that the directors are on track to meet their obligations under the Share Ownership Policy, and we confirm, although they are early in tenure, that the current CFO and CEO are both currently on track. To ensure that our executive directors are incentivised to take a long-term, sustainable view of the performance of the Company, when we look at the remuneration paid in the year, we also look at the total equity they hold, and its value based on the performance of the Company.

The table below sets out the number of shares beneficially owned and unvested share options subject to performance awarded to the executive directors at the beginning and end of the financial year, and the impact on the value of these shares taking the opening and closing price for the year.

	2025 single figure £'000[1]	Shares held at the start of the year	Shares held at the end of the year[4]	Value of shares at the start of the year[2] £'000	Value of shares at the end of the year[3] £'000	Difference £'000
CEO (Ian McLaughlin)	**1,875**	1,895,865	2,541,802	843.7	3,040.0	2,196.3
CFO (Dave Watts)	**789**	704,893	1,115,298	313.7	1,333.9	1,020.2

1 Based on amount shown in the single figure of remuneration table.
2 Based on a closing share price on 29 December 2024 of £0.445.
3 Based on a closing share price on 31 December 2025 of £1.196.
4 Shares held at the end of the year include both shares owned outright and unvested share options subject to performance (number of shares at grant) see page 114.

Directors' Remuneration Report continued

Vanquis Banking Group plc Directors' Remuneration Policy 2026 to 2029

The section sets out the proposed Vanquis Banking Group Directors' Remuneration Policy, (the 'Policy'), which will apply for a period of three years beginning the date of the 6 May 2026 AGM, subject to shareholder approval. A copy of this policy can be reviewed in the Vanquis Banking Group plc Annual Report and financial statements 2025 (pages 100 to 108) as found on our website.

Changes made to the Policy since the 2023 shareholder vote

The current Directors' Remuneration Policy for executive directors, the Chairman and independent non-executive directors was approved at the AGM held on 25 May 2023 and received the support of 94.8% of shareholders.

The Committee conducted a review of the Policy in 2025 considering the views of stakeholders, the strategic objectives of the Group, the remuneration framework applicable to all colleagues, as well as market practice, regulatory and corporate governance developments.

Following careful consideration, the Committee decided to retain a broadly unchanged Policy, with some minor changes in order to align with market practice and reinforce sustained long-term focus on our strategic goals. The proposed changes include removal of the Role Based Allowance (RBA) and amendment of the target payout under the annual bonus from 50% to 60% of maximum. Further details of the rationale for changes, including consideration of shareholder views, can be found on page 97 of this report. The Committee believes that the proposed Policy will continue to support the delivery of the Group's business strategy and alignment to the interests of our shareholders.

Remuneration Policy – executive directors

Element and link to strategy	Operation	Maximum	Performance conditions and recovery provisions
Salary Provides a base level of remuneration to support recruitment and retention of executive directors with the necessary experience and expertise to deliver the Group's strategy.	An executive director's salary is set on appointment and reviewed annually or when there is a change in position or responsibility. When determining an appropriate level of salary, the Committee considers a broad assessment of individual and business performance including: › pay increases for other colleagues; › remuneration practices within the Group; › any change in scope, role and responsibilities; › the general performance of the Group and each individual; › the experience of the relevant director; and › the economic environment. Individuals who are recruited or promoted to the Board may, on occasion, have their salaries set below the targeted Policy level until they become established in their role. In such cases, subsequent increases in salary may be higher than the general rises for colleagues until the target positioning is achieved.	There is no set maximum increase; however, any increases will normally be no higher than the increase awarded to the overall colleague population. A greater salary increase may be appropriate in certain circumstances, such as a new appointment made on a salary below a market-competitive level, where phased increases are planned, or where there has been an increase in the responsibilities of an individual. Where increases are awarded in excess of the wider colleague population, the Committee will provide an explanation in the relevant Annual Report on Remuneration. The Committee ensures that maximum salary levels are positioned in line with companies of a similar size to Vanquis Banking Group and validated against an appropriate comparator group, so that they are competitive against the market. The Committee intends to review the comparators each year and will add or remove companies from the groups as it considers appropriate. In general, salary increases for executive directors will be in line with the increase for colleagues. However, larger increases may be offered if there is a material change in the size and responsibilities of the role (which covers significant changes in Group size and/or complexity). The Company will set out, in the section headed Implementation of Directors' Remuneration Policy, in the following financial year, the salaries for that year for each of the executive directors.	No recovery provisions apply.
Pension Provides a fair level of pension provision for all colleagues.	The Company provides a pension contribution allowance that is fair, competitive and in line with corporate governance best practice. Pension contributions will be a non-consolidated allowance and will not impact any incentive calculations.	The maximum value of the pension contribution allowance for executive directors will be aligned to that of the wider workforce (currently 10% of salary per annum). Where there is any change to this rate then the executive directors will be entitled to receive the same contribution, or cash equivalent payment, which, for the avoidance of doubt, could be more than 10% of salary. The Company will set out in the section headed Implementation of Remuneration Policy, in the following financial year, the pension contributions for that year for each of the executive directors.	No performance or recovery provisions applicable.

Directors' Remuneration Report continued

Vanquis Banking Group plc Directors' Remuneration Policy 2026 to 2029 continued

Remuneration Policy – executive directors continued

Element and link to strategy	Operation	Maximum	Performance conditions and recovery provisions
Benefits Provides a market standard level of benefits.	Benefits include market standard benefits. The Committee recognises the need to maintain suitable flexibility in the benefits provided to ensure it is able to support the objective of attracting and retaining personnel in order to deliver the Group strategy. Additional benefits that are available to other colleagues on broadly similar terms may therefore be offered such as relocation allowances on recruitment.	The maximum is the cost of providing the relevant benefits which includes pension allowance, car allowance, life assurance, permanent health insurance and medical insurance.	No performance or recovery provisions applicable.
Annual Bonus Plan The Annual Bonus Plan provides a significant incentive to the executive directors linked to achievement in delivering goals that are closely aligned with the Company's strategy and the creation of value for shareholders. In particular, the Annual Bonus Plan supports the Company's objectives allowing the setting of annual targets based on the business strategic objectives at that time, meaning that a wider range of performance metrics can be used that are relevant and achievable.	Annual bonuses are discretionary and the Committee will determine the maximum annual participation in the Annual Bonus Plan for each year based on a mix of financial and other strategic measures. Details of the performance measures, targets and their level of satisfaction for the year being reported on will be set out in the Annual Report on Remuneration. The Committee can determine that part of the bonus earned under the Annual Bonus Plan is provided as an award of shares under the Deferred Share Bonus Plan (DBP) element. The minimum level of deferral is 40% of the bonus; however, the Committee may determine that a greater portion or in some cases the entire bonus be paid in deferred shares. The main terms of these awards are: › minimum deferral period of three years; › deferred bonus will vest in equal amounts over the three-year period; and › the participant's continued employment at the end of the deferral period unless he/she is a good leaver. Where regulations prevent the payment of dividend equivalents over the vesting period, the number of shares awarded will be calculated by reference to a discounted share price reflecting the lack of entitlement to dividends or dividend equivalents. In such circumstances, the Committee has discretion to reduce (not increase) the number of shares that vest if actual dividends paid over the period are materially lower than the original dividend assumption.	The maximum Annual Bonus opportunity for each year will not exceed 150% of salary. Percentages of bonus maximum typically earned for different levels of performance are: › minimum: 0%; › threshold: up to 25%; › target: 60%; and › maximum: 100%.	The Annual Bonus Plan is based on a mix of financial and strategic/operational conditions and is measured over a period of one financial year. The financial measures will account for no less than 50% of the bonus opportunity. The Company will set out in the section headed 'implementation of the Directors' Remuneration Policy', in the following financial year, the nature of the targets and their weighting for each year. The Committee retains discretion in exceptional circumstances to change performance measures and targets and the weightings attached to performance measures part-way through a performance year if there is a significant and material event that causes the Committee to believe the original measures, weightings and targets are no longer appropriate. Discretion may also be exercised in cases where the Committee believes that the bonus outcome is not a fair and accurate reflection of business, individual and wider Company performance. The exercise of this discretion may result in a downward or upward movement in the amount of bonus earned resulting from the application of the performance measures. Any adjustments or discretion applied by the Committee will be fully disclosed in the following year's Remuneration Report. The Committee is of the opinion that given the commercial sensitivity arising in relation to the detailed financial targets used for the annual bonus, disclosing precise targets for the Annual Bonus Plan in advance would not be in shareholder interests. Actual targets, performance achieved and awards made will be published at the end of the performance periods so shareholders can fully assess the basis for any pay-outs under the annual bonus. Both the Annual Bonus Plan and the DBP contain malus provisions. In addition, the Annual Bonus Plan contains clawback provisions. Further detail is set out in the Malus and clawback table on page 103.

Directors' Remuneration Report continued

Vanquis Banking Group plc Directors' Remuneration Policy 2026 to 2029 continued

Remuneration Policy – executive directors continued

Element and link to strategy	Operation	Maximum	Performance conditions and recovery provisions
Restricted Share Plan (RSP) Awards are designed to incentivise the executive directors over the longer term to successfully implement the Company's strategy.	Awards are granted annually to executive directors in the form of conditional awards or options. Awards vest at the end of a three-year period subject to: › the executive director's continued employment at the date of vesting; and › the satisfaction of an underpin as determined by the Committee whereby the Committee can adjust vesting for business, individual and wider Company performance. A two-year holding period will apply following the three-year vesting period for all awards granted to the executive directors. Upon vesting, sufficient shares may be sold to pay tax on the shares. Where regulations prevent the payment of dividend equivalents over the vesting period, the number of shares awarded will be calculated by reference to a discounted share price reflecting the lack of entitlement to dividends or dividend equivalents. In such circumstances, the Committee has discretion to reduce (not increase) the number of shares that vest if actual dividends paid over the period are materially lower than the original dividend assumption. Authority is given for the Committee to make minor amendments to the Restricted Share Plan to ensure compliance with any regulatory changes the Company may become subject to over the life of the Policy.	The maximum value of RSP awards is 100% of salary per annum based on the market value at the date of grant set in accordance with the rules of the RSP. There are no performance conditions on grant; however, the Remuneration Committee will consider prior year business and personal performance to determine whether the level of grant remains appropriate.	No specific performance conditions are required for the vesting of restricted shares, but there will be an underpin as the Committee will have the discretion to adjust vesting, taking into account business, individual and wider Company performance. The Committee will take into account the following factors (amongst others) when determining whether to exercise its discretion to adjust the number of shares vesting: › whether threshold performance levels have been achieved for the performance conditions for the Annual Bonus Plan for each of the three years covered by the vesting period for the restricted shares; › whether there have been any sanctions or fines issued by a regulatory body, participant responsibility may be allocated collectively or individually; › whether there has been material damage to the reputation of the Company, participant responsibility may be allocated collectively or individually; › the potential for windfall gains; › the level of colleague and customer engagement over the period; and › the level of achievement of our approach to ESG as set out by the Board. The Committee retains discretion to change the factors being considered. Awards are subject to clawback and malus provisions. Further detail is set out in the Malus and clawback table below.

The Committee will operate the Bonus Plan and the RSP within the Policy detailed above and in accordance with their respective rules. In relation to the discretions included within the Plan rules, these include, but are not limited to: (i) who participates in the Plans; (ii) testing of the relevant performance targets; (iii) undertaking an annual review of performance targets and weightings; (iv) the determination of the treatment of leavers in line with the Plan rules; (v) adjustments to existing performance targets and/or share awards under the Plans if certain relevant events take place (e.g. a capital restructuring, a material acquisition/divestment, etc.) with any such adjustments to result in the revised targets being no more or less challenging to achieve; and (vi) dealing with a change of control.

In addition to the operational discretions that the Committee can exercise in the performance of its duties (including those set out in the Plan rules), the Committee reserves the right to make either minor or administrative amendments to the Policy to benefit its operation or to make more material amendments in order to comply with new laws, regulations and/or regulatory guidance. The Committee would only exercise this right if it believed it was in the best interests of the Company to do so and where it is not possible, practicable or proportionate to seek or await shareholder approval in a General Meeting.

Legacy remuneration arrangements

This Policy permits honouring any commitments with current or former directors entered into prior to the approval and implementation of the Policy (such as the grandfathering of past deferred remuneration awards), provided that such commitments complied with any applicable Remuneration Policy in effect at the time they were entered into. Authority is also given to honour arrangements agreed with an employee prior to appointment as an executive director that may have different terms or performance conditions.

Directors' Remuneration Report continued

Vanquis Banking Group plc Directors' Remuneration Policy 2026 to 2029 continued

Shareholding requirement

The Committee already has in place strong shareholding requirements (as a percentage of salary) that encourages executive directors to build up their holdings over a five-year period from the date of their appointment as executive director with a requirement of 200% of salary.

Adherence to these guidelines is a condition of continued participation in the equity incentive arrangements. This policy ensures that the interests of executive directors and those of shareholders are closely aligned.

In addition, executive directors will be required to retain 50% of the post-tax amount of vested shares from the Company incentive plans until the minimum shareholding requirement is met and maintained.

Upon stepping down, executive directors are required to hold shares of a value equal to the lower of their shareholding requirement immediately prior to departure and the actual shareholding on departure, for a period of two years.

Malus and clawback

Malus is the adjustment of the Bonus Plan payments or unvested long-term incentive awards (including RSP awards) or the imposition of additional conditions because of the occurrence of one or more circumstances listed below. The adjustment may result in the value being reduced to nil.

Clawback is the recovery of payments made under the Bonus Plan or vested long-term incentive awards (including RSP awards) as a result of the occurrence of one or more circumstances listed below.

Clawback may apply to all or part of a participant's payment under the Bonus Plan or RSP award and may be affected, among other means, by requiring the transfer of shares, payment of cash or reduction of awards or bonuses. The circumstances in which malus and clawback could apply are as follows:

- discovery of a material misstatement resulting in an adjustment in the audited accounts of the Group or any Group company;
- the assessment of any vesting condition or condition in respect of an award under the Plan was based on error, or inaccurate or misleading information;
- the discovery that any information used to determine the award was based on error, or inaccurate or misleading information;
- action or conduct of a participant that amounts to fraud or gross misconduct;
- events or the behaviour of a participant have led to the censure of a Group company by a regulatory authority or have had a significant detrimental impact on the reputation of any Group company provided that the Committee is satisfied that the relevant participant was responsible for the censure or reputational damage and that the censure or reputational damage is attributable to the participant;
- failure of risk management including but not limited to a material breach of risk appetite and regulatory standards;
- material downturn in business performance as determined by the Committee; or
- corporate failure.

	Annual bonus (cash)	Annual bonus (deferred shares)	Restricted shares
Malus	Up to the date of the cash payment.	To the end of the three-year vesting period.	To the fifth anniversary of the award date.
Clawback	Two years post the date of any cash payment. The total malus and clawback period may be extended to ten years where there is an ongoing internal or regulatory investigation.	Clawback applies in line with the regulations, current for a period of seven years, extendable up to one year. The total malus and clawback period may be extended to ten years where there is an ongoing internal or regulatory investigation.	Two years following the fifth anniversary of the award date. The total malus and clawback period may be extended to ten years where there is an ongoing internal or regulatory investigation.

The Committee believes that the rules of the plans provide sufficient powers to enforce malus and clawback where required.

Directors' Remuneration Report continued

Vanquis Banking Group plc Directors' Remuneration Policy 2026 to 2029 continued

Loss of Office Policy

When considering compensation for loss of office, the Committee will always seek to minimise the cost to the Company whilst applying the following philosophy.

Remuneration element	Treatment on cessation of employment		
General	The Committee will honour executive directors' contractual entitlements. Service contracts do not contain liquidated damages clauses. If a contract is to be terminated, the Committee will determine such mitigation as it considers fair and reasonable in each case. There are no contractual arrangements that would guarantee a pension with limited or no abatement on severance or early retirement. There is no agreement between the Company and its directors or colleagues, providing for compensation for loss of office or employment that occurs because of a takeover bid. The Committee reserves the right to make additional payments where such payments are made in good faith in discharge of an existing legal obligation (or by way of damages for breach of such an obligation), or by way of settlement or compromise of any claim arising in connection with the termination of an executive director's office or employment.		
Salary, benefits and pension	These will be paid over the notice period. The Company has discretion to make a lump sum payment in lieu.		
Bonus cash	**Good leaver reason** Performance conditions will be measured at the bonus measurement date. Bonus will normally be pro-rated for the period worked during the financial year.	**Other reason** No bonus payable for the year of cessation.	**Discretion** The Committee has discretion to determine: › that an executive director is a good leaver. It is the Committee's intention to only use this discretion in circumstances where there is an appropriate business case, which will be explained in full to shareholders; and › whether to pro-rate the bonus to time. The Committee's normal policy is that it will pro-rate bonus for time. It is the Committee's intention to use discretion to not pro-rate in circumstances where there is an appropriate business case, which will be explained in full to shareholders.
Bonus deferred share awards	**Good leaver reason** All subsisting deferred share awards will vest.	**Other reason** Lapse of any unvested deferred share awards.	**Discretion** The Committee has discretion to: › determine that an executive director is a good leaver. It is the Committee's intention to only use this discretion in circumstances where there is an appropriate business case, which will be explained in full to shareholders; › vest deferred shares at the end of the original deferral period or at the date of cessation. The Committee will make this determination depending on the type of good leaver reason resulting in the cessation; and › determine whether to pro-rate the maximum number of shares to the time from the date of grant to the date of cessation. The Committee's normal policy is that it will not pro-rate awards for time. The Committee will determine whether or not to pro-rate based on the circumstances of the executive director's departure.

Directors' Remuneration Report continued

Vanquis Banking Group plc Directors' Remuneration Policy 2026 to 2029 continued

Loss of Office Policy continued

Remuneration element	Treatment on cessation of employment		
Restricted Share Plan *For the year of cessation*	**Good leaver reason** The award will normally be pro-rated for the period worked during the financial year.	**Other reason** No award for year of cessation.	**Discretion** The Committee has discretion to determine: › that an executive director is a good leaver. It is the Committee's intention to only use this discretion in circumstances where there is an appropriate business case, which will be explained in full to shareholders; › whether to pro-rate the Company award to time. The Committee's normal policy is that it will pro-rate for time. It is the Committee's intention to use discretion to not pro-rate in circumstances where there is an appropriate business case, which will be explained in full to shareholders; and › whether the awards vest on the date of cessation or the original vesting date. The Committee will make its determination based, amongst other factors, on the reason for the cessation of employment.
Restricted Share Plan *Subsisting awards*	**Good leaver reason** Awards will be pro-rated to time and will vest on their original vesting dates and remain subject to the holding period.	**Other reason** Unvested awards will be forfeited on cessation of employment. Vested awards will remain subject to the holding period.	**Discretion** The Committee has discretion to determine: › that an executive director is a good leaver. It is the Committee's intention to only use this discretion in circumstances where there is an appropriate business case, which will be explained in full to shareholders; › whether to pro-rate the award to the date of cessation. The Committee's normal policy is that it will pro-rate. The Committee will determine whether to pro-rate based on the circumstances of the executive director's departure; › whether the awards vest on the date of cessation or the original vesting date. The Committee will make its determination based, amongst other factors, on the reason for the cessation of employment; and › whether the holding period for awards applies in part or in full. The Committee will make its determination based, amongst other factors, on the reason for the cessation of employment.
Other contractual obligations	There are no other contractual provisions other than those set out above agreed prior to 27 June 2012.		

The following definition of leavers will apply to all the above incentive plans. A good leaver reason is defined as cessation in the following circumstances:

- death;
- ill health;
- injury or disability;
- retirement with agreement of the employing Group company;
- employing company ceasing to be a Group company;
- transfer of employment to a company that is not a Group company; and
- at the discretion of the Committee (as described above).

Cessation of employment in circumstances other than those set out is cessation for other reasons.

Directors' Remuneration Report continued

Vanquis Banking Group plc Directors' Remuneration Policy 2026 to 2029 continued

Change of Control Policy

Name of incentive plan	Change of control	Discretion
Cash awards	Pro-rated to time and performance to the date of the change of control.	The Committee has discretion regarding whether to pro-rate the bonus to time. The Committee's normal policy is that it will pro-rate the bonus for time. It is the Committee's intention to use its discretion to not pro-rate in circumstances only where there is an appropriate business case.
Deferred share awards	The number of shares subject to subsisting deferred share awards will vest on a change of control pro-rated for time and performance against any underpins.	The Committee has discretion regarding whether to pro-rate the RSP awards for time. The Committee's normal policy is that it will pro-rate the restricted share awards for time. It is the Committee's intention to use its discretion to not pro-rate in circumstances only where there is an appropriate business case. The Committee also has discretion to consider attainment of any underpins.
Restricted shares	The number of shares subject to subsisting RSP awards will vest on a change of control prorated for time and performance against any underpins.	The Committee has discretion regarding whether to pro-rate the RSP awards for time. The Committee's normal policy is that it will pro-rate the restricted share awards for time. It is the Committee's intention to use its discretion to not pro-rate in circumstances only where there is an appropriate business case. The Committee also has discretion to consider attainment of any underpins.

Recruitment and Promotion Policy

The Company's principle is that the remuneration of any new recruit will be assessed in line with the same principles as for the executive directors, as set out in the Directors' Remuneration Policy table. The Committee is mindful that it wishes to avoid paying more than it considers necessary to secure a preferred candidate with the appropriate calibre and experience needed for the role. In setting the remuneration for new recruits, the Committee will have regard to guidelines and shareholder sentiment regarding one-off or enhanced short-term or long-term incentive payments as well as giving consideration for the appropriateness of any performance measures associated with an award. The Company's policy when setting remuneration for the appointment of new directors is summarised in the table below:

Remuneration element	Recruitment Policy
Salary, benefits, and pension	Salary, benefits, and pension can be set up to and in line with the Policy for existing executive directors. Maximum pension contribution will be aligned to that of the majority of colleagues.
Annual bonus	Maximum annual participation will be set in line with the Company's policy for existing executive directors and will not exceed 150% of salary.
Restricted shares	Maximum annual participation will be set in line with the Company's policy for existing executive directors and will not exceed 100% of salary for restricted shares.
Maximum variable remuneration	The maximum variable remuneration which may be granted is the sum of the annual bonus and restricted shares award (excluding the value of any buyouts). For the proposed Policy under the Restricted Share Plan, the maximum variable remuneration will be 250% of salary.

Directors' Remuneration Report continued

Vanquis Banking Group plc Directors' Remuneration Policy 2026 to 2029 continued

Recruitment and Promotion Policy continued

Remuneration element	Recruitment Policy
'Buyout' of incentives forfeited on cessation of employment	Where the Committee determines that the individual circumstances of recruitment justifies the provision of a buyout, the equivalent value of any incentives that will be forfeited on cessation of an executive director's previous employment will be calculated taking into account the following: › the proportion of the performance period completed on the date of the executive director's cessation of employment; › the performance conditions attached to the vesting of these incentives and the likelihood of them being satisfied; and › any other terms and conditions having a material effect on their value ('lapsed value'). The Committee may then grant up to the same value as the lapsed value, where possible, under the Company's incentive plans. To the extent that it was not possible or practical to provide the buyout within the terms of the Company's existing incentive plans, a bespoke arrangement would be used.
Relocation policies	In instances where the new executive director is required to relocate or spend significant time away from their normal residence, the Company may provide one-off compensation to reflect the cost of relocation for the executive director. The level of the relocation package will be assessed on a case-by-case basis, but will take into consideration any cost of living differences/housing allowance and schooling and will not exceed a period of two years from recruitment.

Where an existing colleague is promoted to the Board, the Policy set out above would apply from the date of promotion, but there would be no retrospective application of the Policy in relation to subsisting incentive awards or remuneration arrangements. Accordingly, prevailing elements of the remuneration package for an existing colleague would be honoured and form part of the ongoing remuneration of the person concerned. These would be disclosed to shareholders in the Directors' Remuneration Report for the relevant financial year.

The Company's policy when setting fees for the appointment of a new Chairman or non-executive directors is to apply the policy that applies to current Chair or non-executive directors.

Service contracts and letters of appointments

The Committee's policy for setting notice periods is that normally they will be a maximum of 12 months. The Committee may in exceptional circumstances arising on recruitment, allow a longer period, which would in any event reduce to 12 months following the first year of employment. The non-executive directors of the Company do not have service contracts. The non-executive directors are appointed by letters of appointment. Each independent non-executive director's term of office runs for a three-year period.

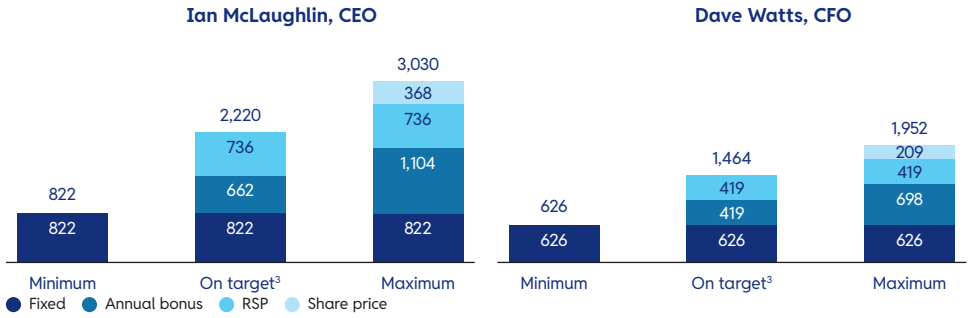
The Company follows the UK Corporate Governance Code's recommendation that all directors be subject to annual reappointment by shareholders.

Illustrative scenarios for executive directors' remuneration under the new Policy

The charts below show the potential value in respect of the operation of the Directors' Remuneration Policy in 2026, showing potential split between different elements of remuneration under different performance scenarios, as outlined below:

- 'Minimum' (fixed pay i.e. salary, pension and benefits);
- 'On target' (i.e. fixed pay and 60% of the maximum bonus that may be awarded);
- 'Maximum' (fixed pay and the maximum variable pay that may be awarded); and
- 'Maximum with illustrative share price increase applied to RSP. ('Maximum' scenario, assuming share price appreciation of 50% on the RSP).

These charts assume a constant share price, except for the illustrative share price appreciation scenario applied to the RSP value only in the latter scenario.



Assumptions

- Minimum pay is fixed pay only, i.e. salary + benefits + pension.
- On-target pay includes fixed pay, 60% of the maximum bonus (with maximum equal to 150% of salary for the CEO and 125% for the CFO) and 100% vesting of the RSP awards (with grant levels of 100% of salary for the CEO and 75% for CFO)).
- Maximum pay includes fixed pay and assumes 100% vesting of both the annual bonus and the RSP awards.
- The illustration of 'maximum' assumes a 50% share price increase on the RSP award over the vesting period and is shown as 'share price'.
- All amounts have been rounded to the nearest £1,000.
- The value of taxable benefits is the cost of providing those benefits in the year ended 31 December 2025.

Directors' Remuneration Report continued

Vanquis Banking Group plc Directors' Remuneration Policy 2026 to 2029 continued

Policy on other appointments

- Executive directors are permitted to hold non-executive directorships but may only hold one non-executive directorship in a listed company – and may retain the fees from their appointment, provided that the Board considers that this will not adversely affect their executive responsibilities.

Remuneration Policy – non-executive directors

Element and link to strategy	Operation	Maximum	Performance conditions and recovery provisions
Fees Provides a competitive level of fees to support recruitment and retention of a Chairman (and NEDs) with the necessary experience to advise, and assist, the executives with establishing and monitoring the Group's strategic objectives.	The Board is responsible for setting the remuneration of the non-executive directors. The Committee is responsible for setting the Chairman's fees. Non-executive directors are paid an annual fee and additional fees for chairing of committees. The Company retains the flexibility to pay fees for the membership of committees. The Chairman does not receive any additional fees for membership of committees. Fees are reviewed annually based on equivalent roles in the comparator group used to review salaries paid to the executive directors. Non-executive directors and the Chairman do not participate in any variable remuneration or benefits arrangement.	The fees for non-executive directors and the Chair are broadly set at a competitive level against the comparator group. In general, the level of fee increase for the non-executive directors and the Chairman will be set taking account of any change in responsibility and will take into account the general rise in salaries across the UK workforce. The Company shall pay to the directors (but not alternate directors) for their services as directors such aggregate amount of fees as the Board decides (not exceeding £1,400,000 per annum or such larger amount as the Company may by ordinary resolution decide). The Company will pay reasonable expenses incurred by the non-executive directors and Chairman and may settle any tax incurred in relation to these.	No performance or recovery provisions applicable.

Consideration of employment conditions elsewhere in the Group

Each year, prior to reviewing the remuneration of the executive directors and the members of the executive team, the Committee considers a report prepared by the Head of Reward detailing base pay, benefits and share scheme practice across the Company. The report provides an overview of how colleague pay compares to the market and any material changes during the year and includes detailed analysis of basic pay and variable pay changes within the UK.

While the Company does not directly consult with colleagues as part of the process of reviewing executive pay and formulating the Remuneration Policy, the Company does receive an update and feedback from the broader colleague population on an annual basis using an engagement survey, which includes a section relating to remuneration. In addition, the Company receives feedback from the Colleague Forum.

The Group aims to provide a remuneration package for all colleagues that is market competitive and operates the same core structure as for the executive directors. The Group operates colleague share and variable pay plans, with pension provisions provided for all executive directors and colleagues. In addition, any salary increases for executive directors are expected to be generally in line with those for UK-based colleagues. The Committee annually publishes a section on fairness, diversity and wider workforce considerations as part of the Directors' Remuneration Report.

Directors' Remuneration Report continued

Annual Report on Remuneration

Remuneration principles and cascade of pay

We strongly believe in fair and transparent reward throughout the organisation and when making decisions on executive remuneration the Committee considers the context of wider workforce remuneration. This section shows our remuneration principles and how, in 2025, they are cascaded throughout the organisation. The Executive Directors' Remuneration Policy is cascaded down the organisation ensuring that there are common goals. The elements of the Executive Directors' policy are aligned for the wider workforce and the Executive Directors. Differences in policy implementation between seniority levels reflect our remuneration philosophy. For instance, the balance between fixed and variable pay is shifted toward fixed pay for our colleagues in more-junior roles and towards variable pay for those in more-senior roles. A large proportion of variable pay for senior employees, and the majority of variable pay for the Executive Directors, is delivered in shares over multiple years – aligning their interests more closely with those of shareholders.

Our strategy (2025)

During the year we made significant strides in transforming Vanquis into a more customer-focused, efficient, and resilient business. We are shifting from a product-led approach to a needs-driven, integrated model that better serves customers and supports sustainable growth.

Our remuneration principles

- Support delivery of the Group's business strategy, realise our vision and be customer champion within our sector.
- Have flexibility in delivering total remuneration outcomes in changing market, economic, commercial and regulatory circumstances.
- Maintain a competitive reward and recognition offering in the markets in which we compete, thereby supporting our talent attraction, engagement and retention aims.
- Ensure remuneration outcomes are fair and consistent, reflect pay for performance and are clear and transparent for all our colleagues.
- Support and mitigate any conflicts of interests.
- Manage remuneration opportunities and outcomes for regulated colleagues under the SMCR and material risk takers under the Remuneration Code.
- Support the effectiveness of the risk management and internal control framework and incentivise the delivery of the business strategy within risk appetite via a controls-based framework and positive risk conduct culture.
- Drive the Group's ESG strategy, including diversity, equality and inclusion agenda.
- Align the interests of our colleagues with those of our customers, regulators and shareholders.

Remuneration governance

The Committee held three scheduled meetings in 2025 plus one ad hoc meetings. The following schematic sets out the key considerations for the Remuneration Committee during 2025:

	Governance		Annual bonus		Share plans			All colleague matters	Shareholders
	General	DRR	Design	Review	Grant	Review	Risk		
January	●	●	●	●		●	●	●	●
March	●	●		●	●	●	●	●	●
July (ad hoc)	●				●	●			
December	●	●	●			●	●	●	

The CEO, CFO, CPO and Head of Reward also attend meetings by invitation, to provide advice and respond to specific questions. The CRO attends several meetings throughout the year to provide updates, where necessary. The General Counsel and Company Secretary acts as secretary to the Committee. In no case is any individual present when their own remuneration is discussed.

Advisors to the Committee

To ensure that the Company's remuneration practices are in line with best practice, the Remuneration Committee has appointed independent external remuneration advisors, PricewaterhouseCoopers LLP (PwC). This appointment in 2020 followed a competitive tender process. PwC attends meetings of the Committee. The Committee reviewed the performance of PwC during 2025 and determined that it was strong, and that the appointment should continue into 2026.

Fees, on a time-spent basis, for the advice provided by PwC to the Committee during 2025 were £106,565 excluding VAT (2024: £98,751). Other than in relation to advice on remuneration, PwC provides subject matter expertise support to management on specific projects when requested. In 2025, this has included support in relation to regulatory consulting and accounting advice. The Committee is satisfied that PwC engagement partners and teams that provided remuneration advice to the Committee do not have connections with the Group or the executive directors that may impair their objectivity and independence.

Directors' Remuneration Report continued

Annual Report on Remuneration continued

Single total figure of remuneration (audited)

The table below sets out a single total figure of remuneration for each director for the year ended 31 December 2025 and the prior year:

		Salary/fees £'000	Role Based Allowance (RBA) £'000	Taxable benefits[1] £'000	Annual bonus[2] £'000	RSP[3] £'000	Pension[4] £'000	Total £'000	Total fixed remuneration £'000	Total variable remuneration £'000
Executive directors										
Ian McLaughlin	**2025**	**725**	**n/a**	**69**	**272**	**736**	**73**	**1,875**	**867**	**1,008**
	2024	725	n/a	112	—	—	73	910	910	—
Dave Watts,	**2025**	**550**	**n/a**	**12**	**172**	**—**	**55**	**789**	**617**	**172**
	2024	550	n/a	11	—	—	55	616	616	—
Non-executive directors										
Sir Peter Estlin	**2025**	**275**	**n/a**	**1**	**n/a**	**n/a**	**n/a**	**276**	**276**	**n/a**
	2024	275	n/a	1	n/a	n/a	n/a	276	276	n/a
Michele Greene	**2025**	**112**	**n/a**	**2**	**n/a**	**n/a**	**n/a**	**114**	**114**	**n/a**
	2024	75	n/a	—	n/a	n/a	n/a	75	75	n/a
Graham Lindsay	**2025**	**95**	**n/a**	**3**	**n/a**	**n/a**	**n/a**	**98**	**98**	**n/a**
	2024	90	n/a	5	n/a	n/a	n/a	95	95	n/a
Oliver Laird[5]	**2025**	**95**	**n/a**	**2**	**n/a**	**n/a**	**n/a**	**97**	**97**	**n/a**
	2024	61	n/a	—	n/a	n/a	n/a	61	61	n/a
Karen Briggs[5]	**2025**	**80**	**n/a**	**1**	**n/a**	**n/a**	**n/a**	**81**	**81**	**n/a**
	2024	61	n/a	—	n/a	n/a	n/a	61	61	n/a
Jackie Noakes[5]	**2025**	**80**	**n/a**	**—**	**n/a**	**n/a**	**n/a**	**80**	**80**	**n/a**
	2024	57	n/a	—	n/a	n/a	n/a	57	57	n/a
Angela Knight[6]	**2025**	**9**	**n/a**	**—**	**n/a**	**n/a**	**n/a**	**9**	**9**	**n/a**
	2024	109	n/a	1	n/a	n/a	n/a	110	110	n/a
Paul Hewitt[6]	**2025**	**8**	**n/a**	**4**	**n/a**	**n/a**	**n/a**	**12**	**12**	**n/a**
	2024	95	n/a	5	n/a	n/a	n/a	100	100	n/a

1 Executive directors receive standard market comparable benefits such as medical insurance. For the current CEO, the temporary travel allowance of £100,000 per annum that ended 26 July 2025 is included here. NEDs have travel expenses reimbursed and, to the extent that those are taxable, grossed up for tax and NIC.

2 40% of any annual bonus earned is deferred into shares for an additional three years (subject to continued service, in normal circumstances).

3 2023 RSP that will vest in September 2026 has been adjusted by 36.2% to account for an estimate of dividends not paid over the period, Based on a closing share price on 31 December 2025 of £1.196.

4 Pension participation is via a defined contribution plan (or cash alternative) with no executive director having a prospective entitlement under a defined benefit plan.

5 Appointed 27 March 2024.

6 Left 29 January 2025.

Payments made to past directors

Previous CEO (Malcolm Le May)

Following the announcement of Malcolm's retirement on 24 January 2023, he was considered a good leaver. His RSP 2022 award, which was adjusted downwards by 12.8% (see page 113), vested on 7 April 2025 with a value of £90,529. His unvested RSP 2023 will vest on its normal vesting dates in line with the relevant rules and the Policy. RSP awards will be time pro-rated to his last day of employment and subject to the performance underpin any dividend equivalent adjustments. The shareholding requirement will continue to apply for a period of two years from his date of cessation of employment in line with the Policy.

Previous CFO (Neeraj Kapur)

As previously reported, on 7 August 2023 Neeraj informed the Board that he would be stepping down from his role and as an executive director with immediate effect for personal reasons and Neeraj left employment on 23 February 2024. His RSP 2022 award, which was adjusted downwards by 12.8% (see page 113), vested on 7 April 2025 with a value of £66,565. His unvested RSP 2023 will vest on its normal vesting dates in line with the relevant rules and the Policy. RSP awards will be time pro-rated to his last day of employment and subject to the performance underpin any dividend equivalent adjustments. The shareholding requirement will continue to apply for a period of two years from his date of cessation of employment in line with the Policy.

No payments for loss of office were made in 2025.

Directors' Remuneration Report continued

Annual Report on Remuneration continued

2025 bonus outcome calculation (audited)

The bonus is based 60% on financial performance measures and 40% on non-financial performance measures. The tables below set out performance against the targets set for the 2025 bonus and the outcome.

Details of the financial assessment

	Performance range						
Financial targets	Threshold 75%	Target 100%	Maximum 125%	Actual	Weighting	Outcome as % of max	Weighted outcome
Statutory (L)/PBT	£6.6m	£8.8m	£11.0m	9.2m	25%	67%	16.8%
Statutory ROTE	1.3%	1.7%	2.1%	2.3%	25%	100%	25%
Cost-income ratio	61.9%	58.4%	54.9%	58.4%	10%	60%	6%

Details of the non-financial assessment

The non-financial element was assessed at 76.2% of maximum (30.5% Weighted) achievement with this broken down, in 2025, as follows:

Strategic pillars	Metric	Assessment of non-financial metrics	Rating
Strategy	*Cards Priority Operating Group*	We are growing the Cards book in a measured way, prioritising long-term profitability. In 2025 we have broadened distribution across more channels, introduced product variants to reach a wider mix of customers, and expanded tailored campaigns for our existing base to support appropriate usage and deliver value to customers and the bank. We built momentum throughout 2025 and continue to balance sustainable new acquisition with deepening relationships across the portfolio, with a clear focus on lifetime value and disciplined risk.	On target (plus) 75%
	Deliver a Future Bank Strategy	**Our strategy is built on three pillars: Serve More, Serve Responsibly and Scale Profitably.** Over the course of 2025, we developed the Future Bank Strategy with input from the Board, the Audit Committee, the executive team and other key stakeholders. On 26 February 2026, we set out our ambition to become the UK's most trusted and inclusive specialist bank by unlocking financial opportunity for underserved customers and helping them thrive. We will deliver this ambition by: › **Serving More** – reaching more customers and deepening relationships across the underserved UK adult population. › **Serving Responsibly** – ensuring our lending is affordable for customers, enabling them to build financial resilience, whilst supporting financial inclusion; and › **Scaling Profitably** – growing efficiently, optimising capital deployment and enhancing long-term returns.	On target (mid) 60%
Strategy continued	*Delivery of five key tech transformation programmes progressing to plan*	**Gateway** – is substantively delivered and will complete in 2026. Gateway is already improving decisioning, speed and consistency, and will be a key enabler of scale, efficiency and enhanced customer experience in the years ahead including the adoption of Agentic AI, which is already underway. It is on track to deliver £23–£28m of future cost savings across Operations and Technology. **Digital transformation** – we entered customer beta testing for our new mobile app at the end of 2025, launching on general release in app stores in early January, with a phased move of customers from old to new app during Q1 2026 and ongoing new feature development through the year. **Data transformation** – continued good progress building out our new data and analytics platforms, including the successful implementation of the first production use-cases covering FCA Product Sales Data reporting and customer credit limit increase data processes. Development of priority features aligned to our Gateway transformation roadmap will continue throughout 2026. **One Vanquis (modern workplace)** – we continued to enhance the single IT platform for colleagues, which was introduced in 2024, by providing all staff with new laptops and Windows 11. Plans to roll out Microsoft Co-pilot to all staff are in place. **HR transformation** – a new HR system was launched with all staff now in a single system for all HR processes and payroll.	Above target (mid) 90%
Customer	*Customer satisfaction (CSAT)*	The measurement of customer satisfaction (CSI) is undertaken in partnership with the Institute of Customer Service. The survey enables Vanquis to benchmark its customer satisfaction performance against the UK banks and building societies average. Vanquis finished the year on a CSI score of 81.3 (Average across year 83.7%), above the industry benchmark of 81.1 (July 2025).	Above target (minus) 80%
	Complaints Complaints handling time (excluding responsible lending)	Our operations teams delivered a strong performance throughout 2025 resolving 99.41% of applicable complaints within the 56 day requirement.	Above target (plus) 100%
	Operational resilience	New metrics to support the embedding of operational resilience was approved for inclusion in the business scorecard by RemCo in July. It aims to measure how our frameworks and processes have been adopted and are being applied across our broader business. The measures are culture indicators for operational resilience and track three key areas: People (e.g. completion of mandatory training); Risk Management (e.g. effective controls); and Incident & Change Management (e.g. faster responses to incidents). A good level of adherence has been seen since the introduction.	On target (mid) 60%

Directors' Remuneration Report continued

Annual Report on Remuneration continued

2025 bonus outcome calculation (audited) continued

Details of the non-financial assessment continued

Strategic pillars	Metric	Assessment of non-financial metrics	Rating
Colleague and community	*Colleague engagement* Great Place To Work® Trust Index	Our Great Place To Work® Trust Index increased 13 points to 73% in October 2025 from 60% in December 2024. Vanquis was officially certified as a Great Place To Work® for the first time and was significantly above the 65% threshold required for certification. Our strong performance was supported by a range of initiatives that were delivered in 2025 including: › Leadership and development: an enhanced performance management approach, delivery of a leadership programme, and stand-ups and open-door sessions with the executive team. › Policies and benefits: a range of new initiatives including birthday leave, paid carer's leave, flexible bank holidays, buy/sell holiday, signing of the Armed Forces Covenant, discounted health assessments, working abroad, and enhanced neonatal leave. › Systems and tools: a new HR system and new laptops for colleagues. › Culture and inclusion: a range of inclusion and diversity initiatives as we celebrated five years of our inclusion community. › Communication: launched a new, digital platform for colleagues to interact and share achievements and regular, all colleague townhalls.	Above target (plus) 100%
	Diversity in leadership Meeting the Women in Finance Charter's gender diversity targets in senior management by making progress towards having 40% female representation in our senior management population by the end of 2027	The proportion of female representation in our senior leadership population decreased marginally in 2025, mainly due to the mix of leavers and starters. In 2025, we delivered a range of initiatives to support our Women in Finance Charter commitment of achieving 40% female representation in our senior leadership population by 2026. These initiatives included: › Launching leadership apprenticeships to help high potential, senior women to progress their careers. › Establishing a mentoring programme to support the wider female talent pipeline. › Expansion of our Women's Network with more regular sessions and guest speakers. › Introducing a monthly gender data pack to provide the executive team with greater oversight and accountability. › Enhanced talent attraction via partnerships with female-focused job boards.	Below threshold 0%
	Colleague volunteering Volunteering hours delivered to support the communities we serve	Throughout 2025, colleagues contributed 3,061 volunteering hours to a range of charitable and community causes. This is above our stated target for the year. This figure comprised 2,369 hours that were volunteered to support Company-led initiatives (e.g. team challenges, employability skills workshops for local schools and colleges, assisted reading from primary school pupils and numeracy skills sessions) and 691 hours to support the specific causes that were of interest to individual colleagues.	Above target (plus) 100%

Risk overlay

A risk overlay approach was used for potential risk adjustment with a range of factual criteria for assessment agreed with the Committee. This forms the basis of our Group variable risk adjustment framework and allows for a more flexible and holistic approach to be adopted, which considers not only the business outcomes (quantitative), but also how these have been achieved (qualitative).

After discussion with the Group CRO, and the Chair of the Group Risk Committee, the Committee concluded that, overall, the risk position has remained stable in 2025.

Remuneration Committee discretion – final outcome for 2025

In determining the final bonus outcome, The Committee exercised its discretion to apply a downward adjustment to the formulaic bonus payouts for the executive directors. The adjustment reduced the payout to 25% of the maximum opportunity, consistent with the approach applied for all colleagues

Scheme interests awarded in the year (audited)

Deferred Bonus Plan (DBP)

There were no DBP awards made during 2025 as a result of there being no bonus for performance year 2024 (as reported last year).

RSP 2025 award grant

The RSP awards made during 2025 are set out below. As reported in last year's report, in light of the performance delivered in 2024 and the Group's financial position, the Committee determined that it would not be appropriate to make any RSP awards in April 2025. The Committee had reserved the right to reconsider this following the announcements of the 2025 half-year results and taking into account the Group's financial performance in the first half of 2025, as well as the shareholder and employee experience. The Committee noted the improvement in financial performance of the business in the first half of 2025, as the Group returned to profit, with growth in customer balances and return to robust interest margins, and the strong growth in share price, which more than doubled in the first six months of the year. Against this backdrop, the Committee determined that it would be appropriate to award the full RSP grant in September 2025 in line with the Policy. No adjustment was determined to be necessary for any potential for windfall gains as per our internal policy, a further assessment on windfall gains will be carried out at the time of vesting as per the RSP underpin requirements. The face value is based on the Company's share price on 9 September 2025 of £1.1224. The grant price is calculated using the average price of a Vanquis Banking Group share for the five dealing days prior to grant and discounted from that price at grant to reflect the absence of dividend equivalents during the vesting period.

Executive director	Date of award	RSP award (share options)	Face value of award	Date of vesting	End of holding period
Ian McLaughlin	9 Sept 2025	645,937	£725,000	9 Sept 2028	9 Sept 2030
Dave Watts	9 Sept 2025	367,516	£412,500	9 Sept 2028	9 Sept 2030

Directors' Remuneration Report continued

Annual Report on Remuneration continued

Scheme interests awarded in the year (audited) continued

RSP 2025 award grant continued

These awards are conditional share awards without any performance targets. However, they are subject to underpins that will apply over the initial three-year vesting period. The Committee will take into account the following factors (amongst others) when determining whether to exercise its discretion to adjust the number of shares vesting:

- whether threshold performance levels have been achieved for the performance conditions for the bonus for each of the three years in the vesting period;
- the underlying financial performance progression of the Group over the vesting period;
- whether there have been any sanctions or fines issued by a regulatory body, participant responsibility may be allocated collectively or individually;
- whether there has been material damage to the reputation of the Company, participant responsibility may be allocated collectively or individually;
- the potential for windfall gains;
- the level of colleague and customer engagement over the vesting period; and
- the level of achievement of our approach to ESG as set out by the Board.

In all cases, vesting is subject to the Committee's holistic assessment based on business performance, individual performance or wider Group considerations. The RSP awards on vesting must be held (subject to sales to meet PAYE and NIC liabilities) for a period of two years following vesting.

RSP 2022 award vesting (audited)

As noted in last year's report, the Committee's interim assessment as at 31 December 2025 suggested that a downwards adjustment of 12.8% would be required for the RSP 2022 awards. The Committee reassessed the potential for windfall gains and decided that no further adjustment was required.

RSP 2023 award vesting (audited)

The vesting of the RSP 2023 award is subject to an underpin, which provides discretion for the Committee to consider whether any adjustment to vesting should be made. The underlying desire was (and remains) to ensure that participants have been positive custodians of: (i) the underlying financial health of the business; (ii) maintaining our reputation; (iii) making progress on our strategic imperative of 'being a leading specialist bank focused on underserved markets'; (iv) ensuring that we meet our ESG commitments (and, in particular, our social commitments); and (v) appropriately focused on our agreed risk appetite. The Committee reviewed performance against the underpin attached to the RSP 2023 awards (and the underlying desire as set out above) as at 31 December 2025 (the end of the last full performance year prior to vesting), and took into account a number of factors, including:

- formulaic threshold performance levels were exceeded overall for the performance conditions for the Bonus Plan for one of the three years in the vesting period, i.e. 2025. The threshold was not met for the financial year 2023 or 2024;
- the financial performance progression of the Group over the vesting period was not in line with expectation;
- the regulatory position of the Company remains positive and there have been no sanctions or fines issued by a regulatory body;
- the potential for windfall gains (see below);
- there has been material damage to the reputation of the Group (as viewed by our investors) following the announcement of the interim results for the six months ended 30 June 2023. The Committee noted that this was considered and fully reflected in the RSP 2020 award vesting as previously disclosed; and
- the level of colleague and customer engagement over the vesting period remains satisfactory.

The Committee also took into account the decisions made in relation to the previous annual bonuses (2023 and 2024), RSP 2021 and RSP 2022 award vestings:

- the poor financial performance of 2023 and 2024 meant that there was no bonus payout for the 2023 and 2024 performance years respectively for the RSP 2023 award recipients;
- the significant reduction in share price over the vesting period; and
- the adjustment for the previous RSP 2020, RSP 2021 and RSP 2022 awards to reflect the damage to the reputation of the Group (as viewed by our investors), and the significant fall in share price in 2023 (underpinned by poor financial performance of 2023).

With respect to performance in 2024, the Committee needed to determine how best to apportion the issues that created the loss, given that they spanned the RSP's three-year period, these being the Vehicle Finance receivables review, other one-off items and the in-year 2024 trading loss. After careful consideration, the Committee concluded that a total downwards adjustment of 30% should be applied, which is in line with decisions taken on previous RSP's but that it would be unreasonable to adjust fully in any one year. As a result, the decision was taken to apply equally across the three years and hence a 10% downwards adjustment will be made to the RSP's issued in 2022, 2023 and 2024.

This results in a 10% downwards adjustment to the RSP 2023 for the CEO, previous CEO and the previous CFO, as well as to all other RSP 2023 award recipients.

The RSP 2023 award is subject to a dividend equivalent review at vest because the RSP 2023 award price was adjusted downwards at grant to take into account forecast consensus dividends during the vesting period. The Committee has reviewed the actual dividends paid during the vesting period (which were lower) and has exercised discretion and made an additional downwards adjustment of 9.1% to the RSP 2023 award for the previous CEO, the previous CFO and all other RSP 2023 award recipients. The RSP awarded to the CEO in September 2023 is subject to a provisional downwards adjustment of 26.2% to reflect dividend equivalents not paid over the vesting period. Any change in the final adjustment will be disclosed in the 2026 Directors' Remuneration Report.

Directors' Remuneration Report continued

Annual Report on Remuneration continued

Deferred Bonus Plan (DBP) 2023 award vesting (audited)

The DBP 2023 award is subject to a dividend equivalent review at vest because the DBP 2023 award price was adjusted downwards at grant to take into account forecast consensus dividends during the vesting period. The Committee has reviewed the actual dividends paid during the vesting period (which were lower) and have exercised discretion and made an additional downwards adjustment of 9.1% to the RSP 2023 award for the previous CEO (Malcolm Le May) and the previous CFO (Neeraj Kapur).

Statement of directors' shareholding and share interests (audited)

The table below shows the interests of the directors and connected persons in shares (owned outright or unvested) as at 31 December 2025. There has been a change to Dave Watts' shares of 310 owned outright due to Buy as you Earn, and no further changes in any other of the directors' interests in the period between 31 December 2025 and 28 February 2026.

	Shares owned outright	Unvested shares not subject to performance	Unvested share options subject to performance	Vested but unexercised options	Total scheme interests	Shareholding guideline % of salary	Current shareholding % of salary[1]	Guideline met?
Executive directors								
Ian McLaughlin[3]	29,327	—	1,866,538	—	1,866,538	200%	2%	No
Dave Watts	104,776	—	1,010,522	—	1,010,522	200%	11%	No
Non-executive directors								
Sir Peter Estlin[2]	300,000	—	—	—	—	n/a	n/a	n/a
Michele Greene	—	—	—	—	—	n/a	n/a	n/a
Graham Lindsay[3]	65,405	—	—	—	—	n/a	n/a	n/a
Oliver Laird	13,900	—	—	—	—	n/a	n/a	n/a
Karen Briggs	—	—	—	—	—	n/a	n/a	n/a
Jackie Noakes		—	—	—	—	n/a	n/a	n/a
Angela Knight	—	—	—	—	—	n/a	n/a	n/a
Paul Hewitt	106,502	—	—	—	—	n/a	n/a	n/a

1 Rounded to the nearest whole per cent. Shares owned outright and unvested shares not subject to performance are included when assessing current compliance to shareholding guideline. Based on a closing share price on 31 December 2025 of £0.455.

2 Includes 50,000 shares held by a person closely associated with Sir Peter Estlin.

3 In addition to ordinary shares acquired during the financial year and those shares disclosed in previously Annual Reports, Graham Lindsay's shareholding includes an additional 3,617 ordinary shares, which he acquired under a Dividend Reinvestment Plan between Sept 2019 and May 2025 and Ian McLaughlin's shareholding includes an additional 876 ordinary shares, which he acquired under a Dividend Reinvestment Plan between Sept 2024 and May 2025.

The shareholding guidelines for the current executive directors have not yet been met, but the Policy provides for sufficient time to be compliant (within five years of joining). A breakdown of the journey to compliance can be seen below.

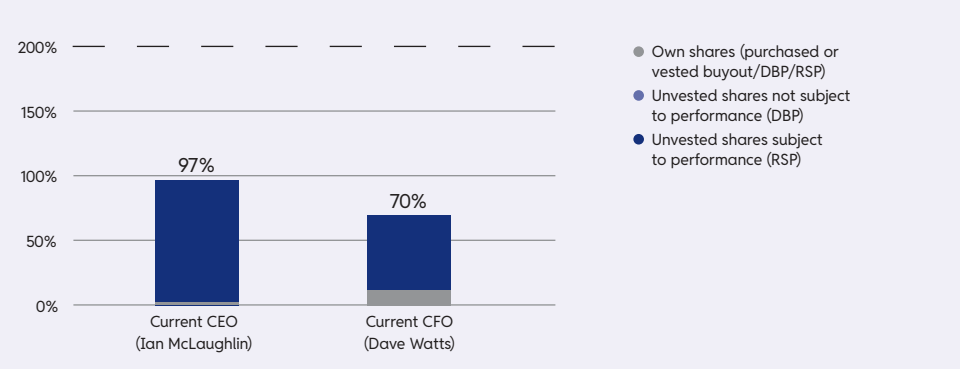
Fees from other directorships

Ian McLaughlin has been on the Board of UK Finance since May 2024. Dave Watts has been a non-executive director for CAF Bank since 23 August 2021. No fees are received from these appointments.

Statement of directors' compliance with the Share Ownership Policy

The following sets out the expected level of share ownership that the executive directors will acquire over the period 2025 to 2027. The current executive director holding requirement is 200% of base salary.

Forecast executive director shareholding position



Assumptions

1 Only share awards held on 31 December 2025 are included. Future RSP and DBP awards yet to be granted are not included.

2 A 63.8% vesting outcome for RSP 2023 has been applied. A 100% vesting outcome for RSPs 2024 and 2025 (interim assessment of 10% reduction for RSP 2024 is not yet reflected).

3 Figures are 'net of tax' and a personal tax rate of 47% over the period of vest.

4 Rounded to the nearest whole per cent. Share price remains static, based on a closing share price on 31 December 2025 of £1.196.

Directors' Remuneration Report continued

Annual Report on Remuneration continued

Relative importance of spend on pay

The table below shows how the Company's performance metrics compare to total colleague pay expenditure for the financial years ended 31 December 2024 and 31 December 2025.

Relative importance of spend on pay	2025	2024[1]	Year-on-year change
Shareholder distributions[2]	—	£2.5m	(100)%
Net income	£454.9m	£446.4m	2%
Statutory (L)/PBT	£8.3m	£(138.0)m	
Statutory EPS	3.2p	(46.7)p	
All remuneration costs[3]	£101.7m	£99.1m	3%

1 The Group sold its loan portfolio in 1H25 and this business segment is now presented as discontinued operations. Certain FY24 metrics in the table above are represented accordingly.

2 Distributions to ordinary shareholders.

3 Remuneration costs include aggregate gross wages and salaries paid to the Group's employees and share-based payment charges as referred to in the employment cost table (Note 11b) on page 161.

Service contracts

The executive directors are employed under contracts of employment with the Company. The principal terms of the executive directors' service contracts are as follows:

Executive director	Position	Date of contract	Notice period	
			From Company	From director
Ian McLaughlin	Chief Executive Officer	26 July 2023	12 months	12 months
Dave Watts	Chief Financial Officer	1 November 2023	12 months	12 months

The Chairman and non-executive directors have letters of appointment. Dates of the directors' letters of appointment are set out below:

Name	Date of original appointment	Date and actual date of expiry
Sir Peter Estlin[1]	19 April 2023	5 May 2026
Michele Greene	9 March 2023	5 May 2026
Graham Lindsay	1 April 2019	30 June 2028
Oliver Laird	27 March 2024	30 June 2027
Karen Briggs	27 March 2024	30 June 2027
Jackie Noakes	27 March 2024	30 June 2027
Angela Knight	31 July 2018	29 January 2025
Paul Hewitt	31 July 2018	29 January 2025

1 Sir Peter Estlin was appointed as director on 19 April 2023 and as Chairman on 15 September 2023.

Implementation of the Directors' Remuneration Policy in 2026

The Policy was approved at the AGM on 15 May 2023 and with some minor amends will be presented to the 2026 AGM. The table at the beginning of the document on page 98. Remuneration at a glance summarises the key features of the Policy and how we plan to implement it in 2026. Full details can be found on pages 100 to 108.

Element of remuneration	Key features of Policy	Implementation in 2026
Salary	An executive director's base salary is set on appointment and reviewed annually or when there is a change in position or responsibility. When determining an appropriate level of base salary, the Committee considers: › pay increases for other colleagues; › remuneration practices within the Group; › any change in scope, role and responsibilities; › the general performance of the Group and each individual; › the experience of the relevant director; and › the economic environment.	1st April salary increase of 1.5% **Ian McLaughlin** 2026: £736,000 2025: £725,000 **Dave Watts** 2026: £558,000 2025: £550,000
Benefits	Benefits include market standard benefits (including medical and health insurances).	No change from 2025.
Pension	The Company provides a pension contribution allowance that is fair, competitive and in line with corporate governance best practice.	No change from 2025. CEO and CFO: cash allowance, 10% of salary. 10% is the norm for the Group's Pension Plan.

Directors' Remuneration Report continued

Annual Report on Remuneration continued

Implementation of the Directors' Remuneration Policy in 2026 continued

Element of remuneration	Key features of Policy	Implementation in 2026
Annual bonus	The Committee will determine the maximum annual participation in the Annual Bonus Plan for each year, which will not exceed 150% of base salary. The Annual Bonus Plan is based on a mix of financial and strategic/operational conditions and is measured over a period of one financial year. The financial measures will account for no less than 50% of the bonus opportunity.	There is no change from 2025. Maximum opportunity: › CEO: 150% of base salary. › CFO: 125% of base salary. Financial performance measures: › statutory reported PBT (25%); › statutory reported ROTE (25%); and › cost-income ratio (10%). 40% non-financial will align to the 2026 business plan. In addition, there is a risk overlay and Tier 1 capital ratio gateway. **Deferral:** At least 40% of the bonus is deferred, vesting pro-rata over three years, in company shares.
Restricted Share Plan (RSP)	Awards are granted annually to executive directors in the form of conditional awards or options. Awards vest at the end of a three-year period subject to: › the executive director's continued employment at the date of vesting; and › the satisfaction of an underpin as determined by the Committee whereby the Committee can adjust vesting for business, individual and wider Company performance. A two-year holding period will apply following the three-year vesting period for all awards granted to the executive directors. Upon vesting, sufficient shares may be sold to pay tax on the shares.	No change from 2025. Maximum opportunity: › CEO: 100% of base salary. › CFO: 75% of base salary. Subject to satisfaction of an underpin. Further details are set out on page 97.
Shareholding requirements	Normal shareholding requirement of 200% of salary. Additional requirement to hold 200% of salary for two years following cessation of employment. Executive directors have agreed to be bound by the terms of the requirements and Company Secretariat will monitor compliance.	No change from 2025. CEO and CFO: 200% of salary. The previous executive directors (Malcolm Le May and Neeraj Kapur) will remain subject to the post-employment shareholding requirements in line with the Policy.
Malus and clawback	Standard market practice (and regulatory requirements) and malus and clawback provisions as at the time the Policy was adopted. (see below).	No change from 2025.
Chairman and NED fees	Provides a competitive level of fees to support recruitment and retention of a Chairman (and NEDs) with the necessary experience to advise, and assist, the executives with establishing and monitoring the Group's strategic objectives.	No change from 2025 for NEDs or Chairman fees.

Directors' Remuneration Report continued

Annual Report on Remuneration continued

Implementation of the Directors' Remuneration Policy in 2026 continued

Malus and clawback

The Policy contains malus and clawback provisions, which are aligned to the requirements set out in the FCA and PRA regulations for a Tier 3 bank. Malus is the adjustment of the Bonus Plan payments or unvested long-term incentive awards (including RSP awards) or the imposition of additional conditions because of the occurrence of one or more circumstances.

Clawback is the recovery of payments made under the Bonus Plan or vested long-term incentive awards (including RSP awards) as a result of the occurrence of one or more circumstances. Clawback may apply to all or part of a participant's payment under the Bonus Plan or RSP award and may be effected, among other means, by requiring the transfer of shares, payment of cash or reduction of awards or bonuses.

The circumstances in which malus and clawback could apply are as follows:

- discovery of a material misstatement resulting in an adjustment in the audited accounts of the Group or any Group company;
- the assessment of any vesting condition or condition in respect of an award under the Plan was based on error, or inaccurate or misleading information;
- the discovery that any information used to determine the award was based on error, or inaccurate or misleading information;
- action or conduct of a participant that amounts to fraud or gross misconduct;
- events or the behaviour of a participant have led to the censure of a Group company by a regulatory authority or have had a significant detrimental impact on the reputation of any Group company provided that the Committee is satisfied that the relevant participant was responsible or is attributable for the censure or reputational damage;
- failure of risk management including but not limited to a material breach of risk appetite and regulatory standards;
- material downturn in business performance as determined by the Committee; or
- corporate failure.

The table below sets out the periods for malus and clawback that align to the FCA and PRA regulations. The Committee believes that the rules of the plans and the Group's Malus and Clawback Policy provide sufficient powers to enforce malus and clawback where required. In 2025 the provisions set out under the Malus and Clawback Policy were not exercised.

	Annual bonus (cash)	Annual bonus (deferred shares)	Restricted shares
Malus	Up to the date of the cash payment.	To the end of the three-year vesting period.	To the fifth anniversary of the award date.
Clawback	Clawback applies for a period of seven years, extendable up to one year. The total malus and clawback period may be extended to ten years where there is an ongoing internal or regulatory investigation.	Clawback applies for a period of seven years, extendable up to one year. The total malus and clawback period may be extended to ten years where there is an ongoing internal or regulatory investigation.	Two years following the fifth anniversary of the award date. The total malus and clawback period may be extended to ten years where there is an ongoing internal or regulatory investigation.

NED fees for 2026

Both NED fees and the Chairman fees were reviewed with no change by the Board in December 2025 and the Committee in January 2026.

	2026	2025
Chairman of the Board	**£275,000**	£275,000
Board fee[1]	**£70,000**	£70,000
Senior independent director[2]	**£25,000**	£25,000
Committee Chair	**£20,000**	£20,000
Committee members	**£5,000**	£5,000

1 Board fee covers all duties, including service on the Company's and Vanquis Bank Limited Nomination Committees (NomCo) or Company subsidiaries.

2 During the year, fees for the Senior Independent Director were reviewed and increased from £15,000 to £25,000, back dated to the start date of 29 January 2025.

Directors' Remuneration Report continued

Additional remuneration disclosures

Our approach to fairness and wider workforce considerations

This section of the report brings visibility of remuneration across the entire workforce together in one place. In this section, we provide context to our director pay by explaining our colleague policies and our approach to fairness, including the following:

- the report received by the Committee on wider workforce pay policies and whether the approach to executive remuneration is consistent and the alignment of the incentives operated by the Company with its culture and strategy;
- general pay and conditions in the Group;
- gender diversity and pay gap; and
- comparison metrics on executive and colleague remuneration.

In order for the Committee to carry out its oversight review of wider workforce pay, policies and incentives, the Committee receives a report annually from the Group setting out key details of remuneration throughout the Group.

Details of the information reviewed by the Committee and findings are set out below.

Overview of workforce remuneration and the Committee's review

The table illustrates how the Remuneration Policy for executive directors in 2025 cascaded throughout the colleague population.

	% of workforce	Average increase in base salaries[1]	Variable pay[2]		Share plans[3]	Pension[4]	Benefits[5]
			Commission schemes	Annual bonus			
Executive directors	0.2%	0.0%	No	All	Yes	Yes	Yes
Senior management	3.3%	5.6%	No	All	Yes	Yes	Yes
Management	29.7%	5.2%	No	All	Yes	Yes	Yes
All other colleagues	66.8%	5.4%	No	All	Yes	Yes	Yes

1 Base salaries:
- Base salaries are market competitive and determined with reference to role type, location, responsibility (level), experience and market practice.
- Annual salary increases are applied on an equitable and objective basis dependent on role type.
- Includes 2025 pay review and compares 31 December 2024 with 31 December 2025 data.

2 Variable pay:
- In line with our approach to executive director remuneration, a proportion of the remuneration for the wider workforce is in the form of variable pay, linked to the achievement of stretching targets that align with the Company's strategic goals.
- All colleagues are eligible for variable pay provided they have joined before 1 October of the previous performance year, are performing satisfactorily, and are not under notice of termination. Variable pay is linked to the Group's performance in the form of annual bonuses. Variable pay is determined with reference to financial performance and/or the achievement of non-financial objectives which are aligned to the Group's strategic priorities.

3 Share plans:
- Only some management, and all senior management and executive directors participate in the RSP.
- Historically, participation in the long-term incentive schemes has been limited since the Group's variable pay arrangements provide the strong linkage between workforce remuneration and the Group's financial performance and/or strategic priorities.
- All colleagues have access to share ownership schemes (SAYE (an all-employee plan enabling colleagues to save monthly and receive an option to purchase Group shares at a discount following a minimum of three years) and SIP (an all-employee plan enabling the colleagues to purchase Group shares on a monthly basis out of deductions from salaries, also receiving some Matching Awards from the Group).

4 Pension:
- Maximum employer contributions are consistent across the Group (maximum 10% employer contribution for the Group Defined Contribution arrangements), with minor deviations appropriate for role type or for historical reasons, which were actively addressed in 2025. There also exists a NEST pension arrangement.

5 Benefits:
- Consistent approach applied and determined with reference to role type, market practice and seniority.

The levels of remuneration and the types offered will vary across the Company depending on a colleague's location, level of seniority and role. The Committee is not looking for a homogeneous approach; when conducting its review, it is paying particular attention to:

- whether the element of remuneration is consistent with the Company's remuneration principles;
- if there are differences, whether they are appropriate; and
- whether the approach is fair and equitable in the context of other colleagues.

The key findings of the Committee's holistic review for 2025 have been set out in the following table.

Element	Findings
Salary	Average salary increases for colleagues across the Company are being applied on an equitable and objective basis. All colleagues, whatever their age, are paid above the National Living Wage (on a full-time basis).
Pensions	All colleagues are eligible for enrolment in a defined contribution pension arrangement and all colleagues are now eligible to join our main pension provider with the same terms and conditions across the Group.
Benefits	Benefits are offered according to the level of seniority of the role in line with market practice and policy. Our bespoke benefits offering is broadly in line with similar companies.
Incentives	All of our colleagues have the ability to share in the success of the Company through incentive compensation in the form of variable pay linked to performance.

The Committee is satisfied that the approach to remuneration across the Company is broadly consistent with the Company's principles of remuneration and pay. Further, in the Committee's opinion the approach to executive remuneration aligns with the wider Group Remuneration Policy and there are no anomalies specific to the executive directors that are outside of Policy.

Directors' Remuneration Report continued

Additional remuneration disclosures continued

Communication and engagement with colleagues

The Board is committed to ensuring there is an open dialogue with our colleagues and the Committee has the authority to ask for additional information from the Company in order to carry out its responsibilities.

The Colleague forum is an established arrangement to facilitate effective engagement between the Board and the workforce and to encourage workforce participation in shaping strategic initiatives and seek views on key decisions. It supports the Group in satisfying Provision 5 of the UK Corporate Governance Code 2024, as well as capturing meaningful input and feedback from colleagues.

Our Colleague Forum has colleague representatives from across all areas and all levels of the business and meets quarterly. The Designated non-executive Colleague Champion (who is also the Chair of the Remuneration Committee) works closely with the Colleague Forum in his capacity as engagement sponsor on behalf of the Board to agree a rhythm of dialogue and meeting attendance to further cement the link between the Colleague Forum and the Board.

Alongside the Colleague Forum, we commission an annual Colleague Engagement Survey, which is independently administered by Great Place To Work®, as a channel for colleague voice and feedback. The output from each Colleague Engagement Survey is reviewed by the Board and appropriate actions are taken in response to any findings.

This is the fourth year that a consistent performance management framework was used fully across the Group to assess colleagues' performance and determine bonus allocations in line with the Group's values. Work has continued on harmonising pay and benefits opportunities for equivalent roles across all areas of the business through the reward framework and the alignment of pension schemes across the Group was completed in 2025. We have also published the minimum pay levels by level and location in our move to greater pay transparency.

Living Wage, equal opportunities and diversity initiatives

A summary of the Company's general policies in relation to Living Wage, equal opportunities and diversity initiatives as follows:

Policy	Description
Living Wage employer	The National Living Wage is the amount of money all colleagues aged over 25 are legally entitled to. Our policy is to ensure that all colleagues, whatever their age, are paid above the National Living Wage.
Equal opportunities and diversity initiatives	We foster an environment of equal opportunity across all employment practices – from hiring and training to performance evaluations and career advancement. By embracing inclusion and diversity, we harness the unique perspectives, experiences, and insights of our team members to better serve both our customers and communities. We demonstrate our commitment to inclusion & diversity through several key initiatives: our participation in the Women in Finance Charter, our journey towards Disability Confident certification, and our achievement of Silver Status from LGBT Great for LGBTQ+ DE&I excellence within Financial Services. We encourage continuous development and training by offering a variety of learning opportunities that cater to the diverse learning styles of our colleagues. In 2025, we continued to focus on developing a data-driven approach to improve the quality of our diversity data and analysis. This has allowed us to set gender diversity targets at a more granular level. Furthermore, we continue to nurture our established partnerships with membership organisations to stay up to date with industry standards and align our policies and processes with best practices. Through collaboration, we can continuously improve our approach to inclusion, diversity and wellbeing, to create an inclusive and supportive workplace for all.

Gender pay gap

We feel strongly about the importance of having a workforce that represents the customers we serve and the communities we live and work in. We hire from diverse backgrounds, employing (as at 31 December 2025) 51.5% men and 48.5% women across our business, and our recruitment policies, salary and bonus structures are designed to be gender neutral.

Whilst the gender pay gap has improved in 2025 at a Group level, there is still further improvement needed. The Group recognises that the key driver behind both our hourly rate and bonus gap is a higher proportion of male colleagues in senior roles, and so we continue to remain focused on initiatives to increase female representation at senior management and leadership level. This is evidenced further by our commitment to the Women in Finance Charter.

The Group Gender Pay Gap Reports, which are communicated internally to our colleagues, can also be found on our website.

Directors' Remuneration Report continued

Additional remuneration disclosures continued

CEO pay ratio

For the purposes of calculating the CEO pay ratio, we have used Option A, which takes into consideration the full-time equivalent basis of all UK employees and provides representative results of the employee pay conditions across the Company. The table shows that the CEO pay ratio has been improving (i.e. decreasing) since 2021. The main reasons for this are: (1) no salary increase for the CEO since 2022, (2) salary reviews since 2024 focused on the lower paid population, and (3) structural changes made to the business.

The volatility in this ratio is caused by the fact that the CEO pay is made up of a higher proportion of incentive pay than that of our colleagues, in line with the expectations of our shareholders. This introduces a higher degree of variability in his pay each year which affects the ratio.

In order to normalise the impact year-on-year changes to short and long-term incentive payments, the information also shows the normalised CEO pay Ratio when 'on-target' bonus payouts are used in the calculation. In assessing our pay ratio versus likely ratios from industry peers with a similar headcount, we believe that we are comparable but note that annual and long-term incentive payments have varied considerably amongst this group. We also recognise that ratios will be influenced by levels of colleague pay and, in the sector, colleague pay will be lower than in many other sectors of the economy.

Year	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2026 (actual) Option A	**50:7:1**	**31.8:1**	**21.1:1**
2025 (actual) Option A[2]	26.7:1	17.4:1	11.1:1
2024 (actual) Option A[3]	34.7:1	23.8:1	13.1:1
2023 (actual) Option A	55.1:1	36.7:1	20.3:1
2022 (actual)[1] Option B	79.6:1	66.3:1	44.1:1
2026 (incl. target bonus) Option A	**40.0:1**	**24.9:1**	**16.2:1**
2025 (incl. target bonus) Option A[2]	43.3:1	27.1:1	17.1:1
2024 (incl. target bonus) Option A[3]	56:1	37.3:1	20.7:1
2023 (incl. target bonus)1 Option A	60.1:1	44.2:1	24.2:1
2022 (incl. target bonus) Option B	64.5:1	53.8:1	36.8:1

1 Restated (downwards) for 2022 due to the single figure of remuneration for 2022 being reduced as a result of the downwards adjustment to the CEO's RSP 2020 which vested on 9 November 2024.

2 For 2025 only the current CEO (Ian McLaughlin) has been used.

3 The CEO pay used in these calculations was the pro-rated blend of remuneration of the current CEO (Ian McLaughlin) and previous CEO (Malcolm Le May).

Base salary and total pay and benefits for CEO and colleague percentiles

	2025
Base salary (£'000)	**725**
Total pay and benefits (£'000)	**1,875[1]**
Colleague headcount at 31 December 2025	**1,294[2]**
Base salary (£'000)	
Colleague at the 25th percentile	**34**
Colleague at the 50th percentile	**52**
Colleague at the 75th percentile	**74**
Total pay and benefits (£'000)	
Colleague at the 25th percentile	**37**
Colleague at the 50th percentile	**59**
Colleague at the 75th percentile	**89**

1 Includes all benefits including those that are not taxable benefits (Life Assurance/PHI).

2 Excludes 10 NEDs. Colleagues included in the CEO pay ratio are 1,430.

Total remuneration for each colleague was calculated on a full-time equivalent basis and the lower quartile, median and upper quartile colleagues were identified as at 31 December 2025. Colleague total remuneration includes: basic salary, pension, maternity/paternity pay, annual cash bonus and benefits. The total remuneration for the relevant colleagues was compared to that of the CEO.

The Company believes that the median pay ratio for 2025 is consistent with the pay, reward and progression policies for the Company's colleagues. We also considered the pay composition of the colleagues who represent the median, lower and upper quartiles and were comfortable that it fairly represents pay in the Company.

Directors' Remuneration Report continued

Additional remuneration disclosures continued

Percentage change in directors' and colleagues' remuneration

The Committee monitors the changes year on year between our directors' pay and average colleague pay. As per our Policy, salary increases applied to executive directors will typically be in line with those of the wider workforce. In accordance with the Companies (Directors' Remuneration Policy and Directors' Remuneration Report) Regulations 2019, the table below shows the percentage change from this financial year to previous financial year in executive director and NED total remuneration compared to the change for the average of the percentage change for colleagues within the Company. The comparator group is based on all colleagues.

	Salary/fees					Taxable benefits					Short-term variable pay				
	2025[3]	2024	2023	2022	2021	**2025**[3]	2024	2023	2022	2021	**2025**[3]	2024	2023	2022	2021[1]
Executive directors															
Ian McLaughlin[2]	**0%**	0%	n/a	n/a	n/a	**-38%**	0%	n/a	n/a	n/a	**n/a**	n/a	n/a	n/a	n/a
Dave Watts[2]	**0%**	0%	n/a	n/a	n/a	**9%**	0%	n/a	n/a	n/a	**n/a**	n/a	n/a	n/a	n/a
Non-executive directors															
Sir Peter Estlin[5]	**0%**	67%	n/a	n/a	n/a	**0%**	n/a	n/a	n/a	n/a	**n/a**	n/a	n/a	n/a	n/a
Michele Greene	**49%**	-14%	n/a	n/a	n/a	**n/a**	n/a	n/a	n/a	n/a	**n/a**	n/a	n/a	n/a	n/a
Graham Lindsay	**6%**	-20%	0%	9%	8%	**-40%**	150%	-60%	150%	-50%	**n/a**	n/a	n/a	n/a	n/a
Oliver Laird	**17%**	n/a	n/a	n/a	n/a	**n/a**	n/a	n/a	n/a	n/a	**n/a**	n/a	n/a	n/a	n/a
Karen Briggs	**-2%**	n/a	n/a	n/a	n/a	**n/a**	n/a	n/a	n/a	n/a	**n/a**	n/a	n/a	n/a	n/a
Jackie Noakes	**5%**	n/a	n/a	n/a	n/a	**n/a**	n/a	n/a	n/a	n/a	**n/a**	n/a	n/a	n/a	n/a
Paul Hewitt	**0%**	-3%	0%	9%	5%	**-100%**	0%	67%	0%	50%	**n/a**	n/a	n/a	n/a	n/a
Angela Knight	**0%**	-15%	0%	9%	2%	**-20%**		n/a	0%	n/a	**n/a**	n/a	n/a	n/a	n/a
Average colleague	**5.4%**	8%	10%	8%	3%	**35.9%**[4]	24%[4]	14%	59%	0%	**—**[1]	n/a	-100%	-5%	—[1]

1 No bonus was paid in 2020 or 2024 and therefore there is no meaningful comparison with 2021 or 2025.
2 Reflects pro-ration for time as executive director in 2024.
3 2024 data is annualised for IM/DW/PE.2024. 2025 data is annualised for KB/OL/JN/PH/AK.
4 Extension of the medical insurance benefits to all colleagues during 2024, ad increase of participate in PMI was also seen in 2025.
5 Sir Peter Estlin was appointed as director on 19 April 2023 and as Chairman on 15 September 2023.

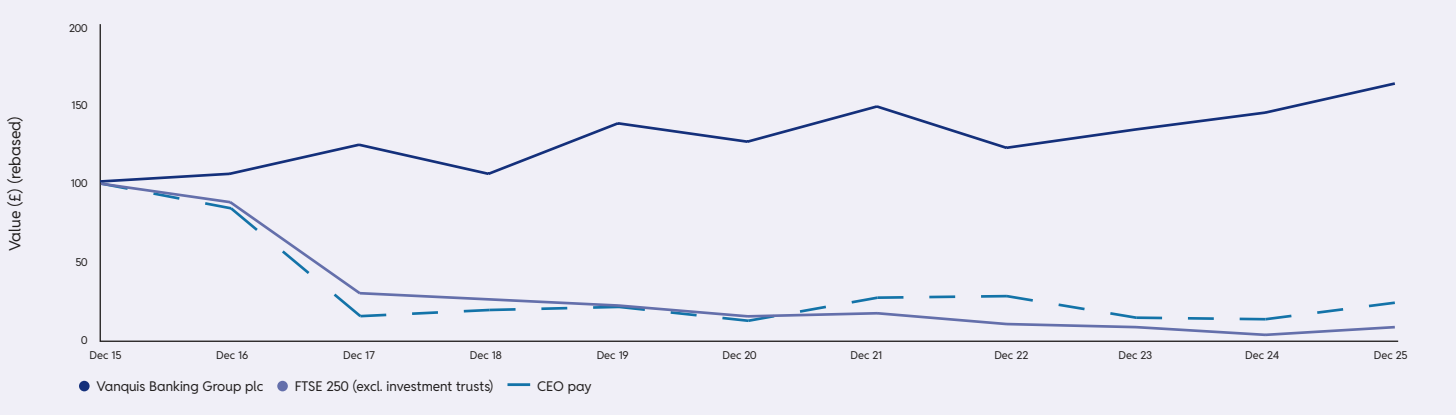
Directors' Remuneration Report continued

Additional remuneration disclosures continued

CEO pay against total shareholder return (TSR)

The chart below shows the single figure of remuneration for our CEO over time rebased to 2015. We have also included our TSR performance over this period against the FTSE 250, based on £100 invested. The FTSE 250 was chosen as, in the opinion of the Committee, the size and complexity of the Company make this an appropriate basis for comparison.

Pay performance: TSR chart



	2016	2017	2018		2019	2020	2021	2022	2023		2024	2025
CEO[1]	PC	PC	MLM	MLM	MLM	MLM	MLM	MLM[2]	MLM	IM	IM	IM
CEO single figure of remuneration (£'000)	6,315	962	71	1,387	1,507	818	1,972	2,056[3]	551[4]	910	393	1,875
Annual bonus/earning (% of maximum)	100	—	—	69	53	—	96	78	—	—	—	25
LTIS/RSP vesting (% of maximum)	100	—	—	—	—	—	—	65	75	n/a	n/a	63.8

1 Peter Crook (PC), Malcolm Le May (MLM) and Ian McLaughlin (IM).

2 The single figure of remuneration for 2022 has been restated (see 3 below).

3 The RSP 2020 award (which formed part of the CEO single figure of remuneration for 2022) is restated to reflect the 35% downwards adjustment applied in November 2024.

4 The RSP 2021 award (which forms part of the CEO single figure of remuneration for 2023) reflects a 25% downwards adjustment as determined as part of the assessment of the RSP 2021 award performance underpin.

5 The RSP 2023 September award (which forms part of the CEO single figure of remuneration for 2025) reflects a 36.2% downwards adjustment as determined as part of the interim assessment of the RSP 2023 award performance underpin and adjustment for payment of dividends over the vesting period. Final vesting and any changes to the above assessment will be disclosed in the 2026 Directors' Remuneration Report.

The greater volatility of our CEO pay is due to the higher proportion of incentive pay in his package compared with that of our colleagues, which introduces a higher degree of variability in his pay each year versus colleagues.

All data rounded to the nearest whole per cent.

Statement of shareholder voting

The table below shows shareholder voting results in respect of our 2024 Remuneration Report approved at the AGM held on 14 May 2025, and Directors' Remuneration Policy approved at the AGM held on 25 May 2023.

Vote on 2024 Annual Remuneration Report at the 2025 AGM.

	Number of shares	Percentage
For	197,478,136	99.9%
Against	190,612	0.1%
Withheld	17,491	n/a

Vote on Directors' Remuneration Policy at the 2023 AGM.

	Number of shares	Percentage
For	203,831,473	95%
Against	11,098,605	5%
Withheld	4,604	n/a

Graham Lindsay
Remuneration Committee Chair
25 February 2026

Directors' Report

Our responsibilities as a listed business

In accordance with section 414C(11) of the Companies Act 2006, the directors present their report for the year ended 31 December 2025. Information relevant to the Directors' Report that has been covered in the Strategic Report has been listed below alongside its location. Both the Strategic Report and the Directors' Report have been prepared and presented in accordance with, and in reliance upon, applicable company law. The liabilities of the directors in connection with both the Directors' Report and the Strategic Report shall be subject to the limitations and restrictions provided by company law.

Other statutory information (including that required by Listing Rule 6.6.1(13))

Agreements with controlling shareholders	Not applicable
Contracts of significance	190
Details of long-term incentive schemes	112 to 114
Directors' indemnities	123
Dividends	125
Engagement with employees	74
How we had regard to suppliers, customers and others in a business relationship with the Group	74 to 78
Events post-balance sheet	194
Risk management including principal risks	54 to 61
Future business developments	4 to 15
Going concern and viability statement	62 and 142
Greenhouse gas emissions, energy consumption and efficiency	42
Interest capitalised	Not applicable
Non-pre-emptive issues of equity for cash in relation to major subsidiary undertakings	Not applicable
Non-pre-emptive issues of equity for cash	Not applicable
No political donations	127
Parent participation in a placing by a listed subsidiary	Not applicable
Provision of services by a controlling shareholder	Not applicable
Publication of unaudited financial information	Not applicable
Purchase of own shares	Not applicable
Research and development	127 and 171
Share capital – structure, voting and other rights	124
Share capital – employee share plan voting rights	125
Shareholder waivers of dividends	125
Shareholder waivers of future dividends	125
Waiver of emoluments by a director	112 to 113
Waiver of future emoluments by a director	112 to 113

Articles of association

The directors' powers are conferred on them by UK legislation and by the articles of association. Changes to the articles of association must be approved by shareholders passing a special resolution and must comply with the provisions of the Companies Act and the FCA's Disclosure Guidance and Transparency Rules.

Corporate governance statement

The Board considers that the Company was compliant with all the provisions of the 2024 UK Corporate Governance Code (the Code) throughout 2025.

The Group's Corporate Governance Report is set out on pages 64 to 128.

Directors

The membership of the Board and biographical details of the directors at the year end are given on pages 66 and 67 and are incorporated into this report by reference. Commentary about the Board's composition and Board tenure can be found on page 79.

All directors were present throughout 2025 and up to the date of signing the Annual Report and financial statements 2025.

Angela Knight and Paul Hewitt stepped down after the Board meeting on 29 January 2025.

Appointment and replacement of directors

Rules about the appointment and replacement of directors are set out in the Company's articles of association. In accordance with the recommendations of the Code, all directors will offer themselves for appointment or reappointment, as appropriate, at the 2026 AGM.

Directors' indemnities

The articles of association permit the Company to indemnify directors of the Company (or of any associated company) in accordance with section 234 of the Companies Act.

The Company may fund expenditure incurred by directors in defending proceedings against them. If such funding is by means of a loan, the director must repay the loan to the Company, if they are convicted in any criminal proceedings or judgment is given against them in any civil proceedings. The Company may indemnify any director of the Company or of any associated company against any liability.

However, the Company may not provide an indemnity against:

1. any liability incurred by the director to the Company or to any associated company;
2. any liability incurred by the director to pay a criminal or regulatory penalty;
3. any liability incurred by the director in defending criminal proceedings in which they are convicted;
4. any liability incurred by the director in defending any civil proceedings brought by the Company (or an associated company) in which judgment is given against them; or
5. in connection with certain court applications under the Companies Act, no indemnity was provided and no payments pursuant to these provisions were made in 2025 or at any time up to the date of this report.

There were no other qualifying indemnities in place during this period. The Company maintains both a deed of indemnity in favour of the directors and directors' and officers' liability insurance, which gives appropriate cover for any legal action brought against its directors.

Directors' Report continued

Directors' powers

Subject to the articles of association, UK legislation and any directions given by special resolution, the business of the Company is managed by the Board. The directors currently have powers in relation to the issuing and buying back of the Company's shares, which were granted by shareholders at the 2025 AGM along with the right to disapply pre-emption rights in certain circumstances. The Board is seeking renewal of these powers at the 2026 AGM.

Conflicts of interest

The Companies Act and the articles of association require the Board to consider any potential conflicts of interest of its members. The Board has a formal policy and operates formal procedures regarding conflicts of interest in order to identify and manage conflicts and to maintain independent judgement. All members of the Board have completed conflict of interest forms, which are reviewed annually. All directors have an ongoing duty to notify the Company of any changes and to ensure that appropriate authorisation is sought where required and are required to renew and confirm their external interests annually. The Board (excluding the director concerned) considers and, if appropriate, authorises each director's reported actual and potential conflict of interest, taking into consideration what is in the best interests of the Company and whether the director's ability to act in accordance with his or her duties is affected. The Board will refer to the Conflict of Interest Policy for the most appropriate mitigating control. Records and Board minutes of all authorisations granted by the Board and the scope of any approvals given are held and maintained by the General Counsel and Company Secretary.

Share capital

The Company's issued ordinary share capital comprises a single class of ordinary shares. The rights attached to the ordinary shares are set out in the articles of association. Each share carries the right to one vote at general meetings of the Company. No new shares were issued to satisfy awards made under the Long Term Incentive Scheme 2015 (LTIS), the Restricted Share Plan (RSP) or the Deferred Bonus Plan (DBP).

Rights of ordinary shares

All of the Company's issued ordinary shares are fully paid up and rank equally in all respects and there are no special rights with regard to control of the Company. The rights attached to them, in addition to those conferred on their holders by law, are set out in the articles of association. There are no restrictions on the transfer of ordinary shares or on the exercise of voting rights attached to them, except:

1. where the Company has exercised its right to suspend its voting rights or to prohibit their transfer following the omission by their holder or any person interested in them to provide the Company with information requested by it in accordance with Part 22 of the Companies Act; or
2. where their holder is precluded from exercising voting rights by the FCA's Listing Rules or the City Code on Takeovers and Mergers.

Directors' interests in shares

The below interests include those held by connected persons and interests in shares through the Company's share schemes.

	Number of shares	
	31 December 2025	31 December 2024
Ian McLaughlin	**2,541,802**	1,895,865
Dave Watts	**1 ,134,712**	704,893
Sir Peter Estlin[1]	**300,000**	300,000
Paul Hewitt[2]	**106,502**	106,502
Jackie Noakes	**—**	—
Karen Briggs	**—**	—
Oliver Laird	**13,900**	26,900
Angela Knight[2]	**—**	—
Graham Lindsay	**65,405**	65,405
Michele Greene	**—**	—

1 Shareholding includes 50,000 shares held by a connected person.

2 Paul Hewitt and Angela Knight stepped down from the Board on 29 January 2025.

Between 31 December 2025 and 17 February 2026, being the latest practicable date prior to publication, there has been a change to Dave Watts' shares of 310 owned outright due to Buy as you Earn. There have been no further changes in any other of the directors' interests in the period.

Dividend waiver

Information on dividend waivers currently in place can be found overleaf.

Substantial shareholdings

In accordance with the Disclosure Guidance and Transparency Rules (DTR 5), the Company has been notified that the following persons hold directly or indirectly 3% or more of the voting rights of the Company:

Interests as at 31 December 2025 Holders (descending %)		Interests as at 18/02/2026 (being the latest practicable date before publication of the report) Holders (descending %)	
Redwood Capital Management LLC	13.45%	Redwood Capital Management	13.45%
Schroders Investment Management	13.17%	Schroders Investment Management	12.83%
Artemis Investment Management	9.44%	Artemis Investment Management	9.46%
Janus Henderson Investors	5.79%	Janus Henderson Investors	5.79%
Norges Bank Investment Management	4.50%	Stichting Value Partners	4.36%
Harwood Capital LLP	3.90%	Harwood Capital LLP	3.90%
Stichting Value Partners	3.82%	Norges Bank Investment Management	3.78%

All interests disclosed to the Company in accordance with DTR 5 that have occurred since 18/02/26 can be found on the Group's website: www.vanquis.com.

Directors' Report continued

Profit and dividends

The Group delivered a profit before tax from continuing operations of £8.3m (2024: loss of £138m). As at the date of this report, the directors have declared dividends as follows:

Ordinary shares (p per share)	
Interim dividend	
2025	£nil
2024	£nil
Proposed final dividend	
2025	£nil
2024	£nil
Total ordinary dividend	
2025	£nil
2024	£nil

All-employee share schemes

The current schemes for employees resident in the UK are the Vanquis Banking Group Savings-Related Share Option Scheme 2022 (SAYE) and the Vanquis Banking Group Share Incentive Plan 2022 (SIP). Share schemes are a long-established and successful part of the total reward package offered by the Company, encouraging and supporting employee share ownership. The Company's schemes aim to encourage employees' involvement and interest in the financial performance and success of the Group through share ownership. The Company's SIP offers employees the opportunity to further invest in the Company and to benefit from the Company's offer to match that investment on the basis of one matching share for every four partnership shares purchased.

Scheme title	**Total participants as at 31 December 2025**	Total participants as at 31 December 2024
SAYE	**453**	284
SIP	**141**	133

Executive share incentive schemes

Awards are also outstanding under the RSP, LTIS and DBP. DBP awards were not granted during the year as no bonus was paid for 2024. RSP options were granted under the RSP on 9th September 2025. Further information is set out on pages 112 and 113.

Vanquis Banking Group 2007 Employee Benefit Trust (EBT)

The EBT, a discretionary trust for the benefit of executive directors and employees, was established in 2007. The trustee, JTC Trust Company (CI) Limited, is not a subsidiary of the Company. The EBT operates in conjunction with the LTIS, RSP, and DBP and either purchases shares in the market or subscribes for the issue of new shares. The EBT is funded by loans from the Company which are then used to acquire, either via market purchase or subscription, ordinary shares to satisfy awards granted under the LTIS, RSP and DBP.

For the purpose of the financial statements, the EBT is consolidated into the Company and Group. As a consequence, the loans are eliminated and the cost of the shares acquired is deducted from equity as set out in note 31 on page 187 of the financial statements. In 2025, the EBT agreed to satisfy awards granted during the year under the RSP in relation to options over 2,920,840 shares in the Company.

As at 31 December 2025, the EBT held the non-beneficial interest in 6,161,954 shares in the Company (2024: 1,020,669). The EBT may exercise or refrain from exercising any voting rights in its absolute discretion and is not obliged to exercise such voting rights in a manner requested by the beneficiaries. The EBT waives its right to dividends in relation to shares held in the trust.

Provident Financial Employee Benefit Trust (the PF Trust)

The PF Trust, a discretionary trust for the benefit of executive directors and employees, was established in 2003 and operated in conjunction with the PSP. The trustee, Provident Financial Trustees (Performance Share Plan) Limited, is a subsidiary of the Company. The PF Trust has not been operated with the Performance Share Plan (PSP) since 2012, when the previous PSP expired. The PF Trust was wound up in 2024, and the trustee, Provident Financial Trustees (Performance Share Plan) Limited, was dissolved on 9th April 2025.

Vanquis Banking Group BAYE Trust (the BAYE Trust)

The BAYE Trust is a discretionary trust that was established in 2013 to operate in conjunction with the SIP. Equiniti Share Plan Trustee is trustee of the BAYE Trust. It is not a subsidiary of the Company. The BAYE Trust is funded by loans from the Company which are then used to acquire ordinary shares via market purchase to satisfy the Matching Awards for participants of the SIP.

For the purposes of the financial statements, the BAYE Trust is consolidated into the Company and Group. Participants in the SIP can direct the trustee on how to exercise its voting rights in respect of the shares it holds on behalf of the participant. As at 31 December 2025, the BAYE Trust held the non-beneficial interest in 454,226 shares (2024: 384,809 shares).

Colleague engagement and investing in our workforce

We invest in our colleagues through recognition, reward, development, wellbeing, the working environment and culture. Colleagues are recognised through our 'Way to Go' recognition platform and our 'Perks at Work' scheme, where you can recognise colleagues for outstanding work, providing support and generally exhibiting behaviours that show they are demonstrating the Vanquis Way, the Group's values. The site can be used to learn new hobbies and skills through the Perks Community Online Academy and save money on a wide range of expenses.

During 2025 the Company introduced further perks including workations, which allows colleagues to combine travel abroad for leisure purposes with working, paid birthday leave, paid carer's leave and dental insurance. The Company launched the 'Culture Makers' campaign to recognise colleagues who embody the Vanquis values and shape the culture; 21 colleagues were recognised as culture makers from a total pool of 143 colleagues.

We have a learning and development hub, which provides colleagues with an online portal to enhance their skills, performance and career. Colleagues are also provided access to LinkedIn Learning, which helps to support the building of softer and technical skills.

We have a Group reward framework that enables clear career progression and movement around the Group. We have established mechanisms for colleague engagement, which includes a Designated Non-Executive Colleague Champion, a Colleague Forum, 'Stay Connected' and the GPTW survey (see pages 28, 29, 73 and 74).

Directors' Report continued

Colleague engagement and investing in our workforce continued

Information relevant to how we invest in our colleagues and where it can be found:

Information	Location
Reward and recognition	95 and 118
Learning and development – management programmes, apprenticeships, mandatory e-learning and mentoring	19 and 74
Culture – equal opportunities, gender diversity, other diversity and inclusion and Colleague Survey results	5, 8, 28 to 29, 64, 73, 74 and 85
Health and wellbeing – support and initiatives	73 and 85
Engagement – internal communication, Colleague Survey, workforce panels and Designated Non-Executive Colleague Champion	19, 21, 22, 24, 25, 28, 29, 73 and 74

Equal opportunities and diversity

The Group is committed to employment policies that follow best practice, based on equal opportunities for all colleagues irrespective of gender, pregnancy, race, colour, nationality, ethnic or national origin, disability, sexual orientation, age, marital or civil partner status, gender reassignment, religion or belief. The Group gives full and fair consideration to applications for employment from disabled persons, having regard to their aptitudes and abilities. To read about our approach to diversity and inclusion see pages 28 to 29.

Vanquis Banking Group plc is a member of the Government's Disability Confident Scheme for employers. Appropriate arrangements are made for the continued employment and training, career development and promotion of disabled persons employed by the Group, including making reasonable adjustments where required. If a member of staff becomes disabled, every effort is made by the Group to ensure their continued employment, either in the same or an alternative position, with appropriate retraining being given if necessary.

Pensions

The Group operates two pension schemes in the UK. Employee involvement in the Group defined benefit pension scheme is achieved by the appointment of member-nominated trustees and by regular newsletters and communications from the trustees to members. In addition, there is a website dedicated to pension matters. The trustees manage the assets of the defined benefit pension scheme, which are held under trust separately from the assets of the Group. Each trustee is encouraged to undertake training, and regular training sessions on current issues are carried out at meetings of the trustees by the trustees' advisors. The trustees have a business plan and, at the start of each year, review performance against the plan and objectives from the previous year. In addition, they agree objectives and a budget for the current year. The trustees have a risk register and an associated action plan and a Conflicts of Interest Policy, both of which are reviewed at least annually. The trustees have implemented a de-risking investment strategy, which has been agreed with the Company and is kept under close review. The objective of the strategy is to reduce the risk that the assets would be insufficient in the future to meet the liabilities of the scheme. The Company has put Pension Trustee Indemnity Insurance in place to cover all the Group's pension schemes where individuals act as trustees. The trustees are also protected by an indemnity within each scheme's rules and this insurance effectively protects the Group against the cost of potential claims impacting on the solvency of the pension schemes. The Group operates a Group Personal Pension Plan for employees who joined the Group from 1 January 2003. Employees in both these plans have access to websites that provide information about their funds and general information about the plan.

Compliance

The Risk and Audit Committees oversee compliance and work together to review the systems and controls for the prevention of bribery.

Health and safety (H&S)

The Group remains dedicated to upholding rigorous health and safety standards across all working environments for our colleagues, contractors, suppliers, and visitors. The Group continues to place the highest priority on health, safety, and wellbeing by clearly defining roles, responsibilities, and delegated authority to ensure effective management. During 2025, high levels of assurance in our health and safety performance have been achieved with ongoing improvement remaining an essential component of our health and safety strategy. The Group has maintained strong focus on health and safety training, achieving excellent compliance and empowering colleagues to proactively identify and address risks. This commitment was further demonstrated through robust risk management throughout the year. Continued tailored health and safety support has continued for our hybrid working approach. Significant activity was undertaken in support of our Bradford office move, and numerous initiatives were launched to foster a more inclusive, safe, and supportive workplace for all. In the last quarter, the roll-out of DSE (Display Screen Equipment) training and risk assessments have commenced, as a fundamental part of protecting colleagues' health and wellbeing.

Anti-bribery and corruption

The Group has a policy on anti-bribery and corruption, which reflects the requirements of the Bribery Act 2010.

The policy sets out the Group's zero-tolerance approach to bribery and corruption and its commitment to acting professionally, fairly and with integrity in all its business dealings and relationships, wherever it operates, and implementing and enforcing effective systems and controls to counter bribery and corruption. The policy applies to all employees, contractors and directors in relation to the business activities undertaken by, or on behalf of, the Group. It also applies to any third party that is undertaking business for, or on behalf of the Group, which must comply with the policy or maintain equivalent standards and safeguards to prevent bribery and corruption. Under the policy, all employees, contractors, directors and relevant third parties of the Group and its divisions must comply with the following minimum requirements:

- they must not directly or indirectly engage in bribery or corruption in any form; and
- they also must not accept, solicit, agree to receive, promise, offer or give a bribe, or facilitate payment, kickback or other improper payment.

The policy also states that if an employee, contractor, director or relevant third party of the Group or its divisions becomes aware of a breach of the above minimum requirements, they must immediately comply with applicable reporting protocols and procedures. The Group MLRO is the responsible person within the Group for receiving reports. The Group provides anti-bribery and corruption training to all colleagues on an annual basis.

Directors' Report continued

Related policies

Gifts and Corporate Hospitality Policy

The Group has a Gifts and Corporate Hospitality Policy, which sets out the requirements for the review, approval and documentation of any gifts or corporate hospitality that are accepted, offered or provided. The Risk Committee oversees the Gifts and Corporate Hospitality Policy.

Whistleblowing Policy

The Group has a Whistleblowing Policy, which is overseen by the Board. The Group is committed to fostering a culture of openness, honesty and accountability and requires the highest possible standards of professional and ethical conduct. Should any Group colleagues have any reportable concerns, these can be raised anonymously either internally or through the Group's external third-party helpline facility as detailed in the Group Whistleblowing Policy. The Group has appointed a Whistleblowing Champion, being a non-executive director with responsibility for ensuring and overseeing the integrity of the Group's arrangements on whistleblowing, including policies and procedures. A Group Whistleblowing Forum is in place, which reviews management information on whistleblowing disclosures and grievances and agrees on escalations to the Board. It also considers any concerns regarding persistent trends and shares best practice. The Group provides whistleblowing training to all colleagues, including executive directors.

Overseas branches

The Group has no overseas branches.

Political donations

The Group neither made any political donations nor incurred any political expenditure during the year.

Research and development

The Group's research and development activities have predominantly related to the Gateway technology transformation and the launch of new product variants as set out in note 20 on page 171 of the financial statements.

Environment and greenhouse gas emissions

The Group's greenhouse gas (GHG) and energy use reporting is undertaken in accordance with our obligations under both the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 and 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. These emissions are reported in accordance with WRI/WBCSD GHG Protocol. For more information, please refer to pages 33 to 43.

The Group's total GHG emissions, in tonnes of CO_2 equivalent (CO_2e), along with details of our energy use and an intensity ratio, are reported in the table on page 42. SLR Consulting Limited has provided limited level ISAE 3000 (Revised) assurance in respect of this data. Its full, independent assurance statement is available online at: www.vanquis.com/sustainability. Where challenges have occurred in obtaining data, estimates have been used and assured by SLR Consulting.

The Group's Climate Risk Committee, which is co-chaired by the Group Treasurer and Head of Strategic Planning and Analysis, and includes senior representatives from functions such as Finance, Risk, Operations and Sustainability, continues to support the business to assess, manage and report material climate-related risks and opportunities, and ensure that we continue to meet the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). This is done through the production of a climate-related financial disclosure that is structured in such a way that that it is fully consistent with the four pillars and 11 recommended disclosures of the TCFD, and therefore 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)). The Group's 2025 climate-related financial disclosure is set out on pages 33 to 43.

To help us to manage and reduce our wider impacts on the environment, the Group continues to have in place an Environmental Management System (EMS). Our EMS helps us to identify, assess and reduce key environmental risks and impacts; set and deliver against environmental targets; and ensure our legal compliance. This EMS is independently audited each year against the requirements of the international management standard ISO 14001:2015. Following the environmental audits carried out in 2025, all the Group's business premises in Bradford, London, Chatham in Kent and Petersfield in Hampshire were re-certified to comply with the international standard ISO 14001:2015.

Important events since the end of the financial year (31 December 2025)

See note 37 on page 194.

Financial instruments

Details of the financial risk management objectives and policies of the Group and the exposure of the Group to credit risk, liquidity risk and market risk are included on pages 152 to 154 of the financial statements.

Significant agreements

There are no agreements between any Group company and any of its employees or any director of any Group company that provide for compensation to be paid to an employee or a director on termination of employment or for loss of office as a consequence of a takeover of the Company.

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 chosen to prepare both the Group and parent company financial statements under UK 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 is 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.

Directors' Report continued

Directors' responsibilities continued

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 UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' responsibility statement

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.

The directors are also required by the FCA's Disclosure Guidance and Transparency Rules (DTR) to include a management report containing a fair review of the business of the Group and the Company and a description of the principal risks, emerging risks and uncertainties facing the Group and Company.

The Directors' Report and the Strategic Report constitute the management report for the purposes of DTR 4.1.5R and DTR 4.1.8R. The directors are responsible for keeping proper accounting records that are sufficient to:

- show and explain the Company's transactions;
- disclose with reasonable accuracy at any time the financial position of the Company and Group; and
- enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Act and, as regards the Group financial statements, Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Company and the Group and taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Annual Report and financial statements 2025 will be published on the Group's website in addition to the paper version.

The directors are responsible for the maintenance and integrity of the Group's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility statement

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors are required to prepare the Group financial statements in accordance with relevant IFRS and IFRIC interpretations and the Companies Act 2006.

The directors who held office during the financial year and to the date of this report were as follows:

Sir Peter Estlin	Chairman
Ian McLaughlin	Chief Executive Officer
Dave Watts	Chief Financial Officer
Michele Greene	Senior Independent Non-Executive Director
Graham Lindsay	Independent Non-Executive Director
Karen Briggs	Independent Non-Executive Director
Oliver Laird	Independent Non-Executive Director
Jackie Noakes	Independent Non-Executive Director
Paul Hewitt	Stepped down 29 January 2025
Angela Knight	Stepped down 29 January 2025

Disclosure of information to auditor

In accordance with section 418 of the Act, each person who is a director as at the date of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the Company's external auditor is unaware; and
- they have taken all steps that ought to have been taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's external auditor is aware of that information.

Auditor

Deloitte LLP, the external auditor for the Company, was first appointed in 2012 and, following a tender process in 2020, a resolution proposing its reappointment was passed at the 2025 AGM. The reappointment of Deloitte LLP as the Company's external auditor is proposed at the 2026 AGM.

2026 AGM

The 2026 AGM will be held at Vanquis head office, Fairburn House, 5 Godwin Street, Bradford BD1 2AH, on Wednesday 6th May at 10.00 am. The Notice of AGM, together with an explanation of the items of business, will be contained in the circular to shareholders dated 25 February 2026, and will be available on our website, www.vanquis.com.

Approved by the Board on 25 February 2026 and signed by order of the Board.

Michael Mustard
General Counsel and Company Secretary
25 February 2026

Independent auditor's report to the members of Vanquis Banking Group plc

Report on the audit of the financial statements

1. Opinion

In our opinion:

- the financial statements of Vanquis Banking Group plc (the 'parent company') and its subsidiaries (the 'Group') give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2025 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated income statement;
- the consolidated statement of comprehensive income;
- the consolidated and parent company balance sheets;
- the consolidated and parent company statements of changes in equity;
- the consolidated and parent company cash flow statements;
- the material accounting policy information; and
- the related notes 1 to 38.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom adopted international accounting standards and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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 Group and the parent 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 listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services provided to the Group and parent company for the year are disclosed in note 6 to the financial statements. We confirm that we have not provided any non-audit services prohibited by the FRC's Ethical Standard to the Group or the parent company.

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

3. Summary of our audit approach

Key audit matters	The key audit matter that we identified in the current year was the estimation of expected credit losses in Credit Cards and Vehicle Finance.	Within this report, key audit matters are identified as follows: Newly identified Increased level of risk Similar level of risk Decreased level of risk
Materiality	The materiality that we used for the Group and parent company financial statements was £4.34m and £4.12m respectively which was determined on the basis of approximately 1% of net assets, with the parent company materiality being capped at 95% of Group materiality.	
Scoping	The Group has four operating segments, being Credit Cards, Second Charge Mortgages, Vehicle Finance and Corporate Centre. In addition, the Personal Loans operating segment was discontinued in the year following the sale of the loan portfolio and is recognised as a discontinued operation in the current year. Our Group audit scope focused on Credit Cards, Second Charge Mortgages and Vehicle Finance, which, together with the parent and corporate centre entities, account for 100% of the Group's net assets.	
Significant changes in our approach	In the prior year, the appropriateness of the contingent liability for Vehicle Finance Commissions was identified as a key audit matter. This was due to the high degree of estimation uncertainty and judgement involved, resulting from the Court of Appeal ruling, over whether a provision or contingent liability should be recognised. In the current year, following the Financial Conduct Authority's (FCA) consultation on the motor finance commission redress scheme issued in October 2025, management has recognised a provision of £3m as disclosed in note 26. As a result, Vehicle Finance Commissions is not considered to be a key audit matter.	

Independent auditor's report to the members of Vanquis Banking Group plc continued

Report on the audit of the financial statements continued

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 Group's and parent 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 to identify events or conditions that may affect the Group'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 Group's and parent 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.

In relation to the reporting on how the Group has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

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

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.

5.1. Estimation of expected credit losses in Credit Cards and Vehicle Finance	
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. The Group holds portfolios of receivables from credit card, second charge mortgages and vehicle financing arrangements, totalling £2,691.5m (2024: £2,154.6m), net of the expected credit loss provision. The Group's provision for impairment against amounts receivable from customers is £244.7m (2024: £261.8m). We have pinpointed our key audit matter to two specific areas that require significant judgement in Credit Cards and Vehicle Finance: › 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 page 148 to 150, the amounts receivables from customers in note 14 of the financial statements and also within the Audit Committee report in page 90.

Independent auditor's report to the members of Vanquis Banking Group plc continued

Report on the audit of the financial statements continued

5. Key audit matters continued

5.1. Estimation of expected credit losses in Credit Cards and Vehicle Finance continued	
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 involved benchmarking management's macroeconomic scenario forecasts against market data, 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.

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:

	Group financial statements	Parent company financial statements
Materiality	£4.34m (2024: £4.41m)	£4.12m (2024: £4.19m)
Basis for determining materiality	Approximately 1% of net assets (2024: 1% of net assets)	Approximately 1% of net assets capped at 95% of Group materiality (2024: 1% of net assets capped at 95% of Group materiality)
Rationale for the benchmark applied	Our benchmark upon which materiality is determined is consistent with the prior period. 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 Group and parent company as well as the importance of net assets to the Group's regulatory capital position.	

Independent auditor's report to the members of Vanquis Banking Group plc continued

Report on the audit of the financial statements continued

6. Our application of materiality continued

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.

	Group financial statements	Parent company financial statements
Performance materiality	65% (2024: 65%) of Group materiality	65% (2024: 65%) of parent company materiality
Basis and rationale for determining performance materiality	In determining performance materiality, we considered a number of factors, including: our understanding of the control environment and controls reliance obtained, our understanding of the business, and the number of uncorrected misstatements identified in the prior year. We have assessed the performance materiality threshold to 65% of materiality in the current year to incorporate the broader control environment and the continuing controls issues identified by our IT specialists which prevented us from taking a controls reliance approach (see section 7.2 of our report).	

6.3. Error reporting threshold

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £0.22m (2024: £0.22m), 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. Identification and scoping of components

The Group has four operating segments in the current year being: Credit Cards, Second Charge Mortgages, Vehicle Finance and Corporate Centre. The Corporate Centre includes Snoop, Operations, Technology & Change, and support Functions which collectively serve the needs of the wider Group.

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including Group-wide controls, and assessing the risks of material misstatement at the Group level.

Our Group audit scope focused on all the operating segments which account for 100% of the Group's net assets and are all led by the Group audit engagement partner.

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 This has been discussed within the Audit Committee Report set out on page 88.

7.3. Our consideration of climate-related risks

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

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 year), medium term (one to five years) and long term (five or more years) time horizons within the strategic report on page 34.

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 Group's financial statements. Management has identified there to be no material impact arising from climate change on the judgements and estimates made in the financial statements as explained in the material accounting policy information disclosure on page 148.

We performed our own qualitative risk assessment of the potential impact of climate change material misstatement. Our procedures included reading disclosures included in the Strategic Report 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.

Independent auditor's report to the members of Vanquis Banking Group plc continued

Report on the audit of the financial statements continued

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 Group's and the parent 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 Group or the parent company or to cease operations, or have no realistic alternative but to do so.

10. Auditor's 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 Group's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets;
- the Group's own assessment of the risks that irregularities may occur either as a result of fraud or error that was approved by the board;
- 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 Group's sector;
- any matters we identified having obtained and reviewed the Group'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;

Independent auditor's report to the members of Vanquis Banking Group plc continued

Report on the audit of the financial statements continued

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

11.1. Identifying and assessing potential risks related to irregularities continued

- the matters discussed among the audit engagement team and relevant internal specialists, including tax, valuations, 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 estimation of expected credit losses in Credit Cards and Vehicle Finance. 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 Group 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, Listing Rules, pensions legislation, 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 Group'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 Group's regulatory capital and liquidity requirements.

11.2. Audit response to risks identified

As a result of performing the above, we identified the estimation of expected credit losses in Credit Cards and Vehicle Finance as a key audit matter related to the potential risk of fraud. The key audit matters section of our report explains the matters 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 Prudential Regulation Authority, the Financial Conduct Authority and HMRC;
- 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.

Independent auditor's report to the members of Vanquis Banking Group plc continued

Report on other legal and regulatory requirements

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

In our opinion the part of the directors' remuneration report to be audited has been properly prepared in accordance with 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 Group and the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

13. Corporate Governance Statement

The Listing Rules require us to review the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Group's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- the directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 142;
- the directors' explanation as to its assessment of the Group's prospects, the period this assessment covers and why the period is appropriate set out on page 62;
- the directors' statement on fair, balanced and understandable set out on page 86;
- the board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on pages 92 and 93;
- the section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 93; and
- the section describing the work of the audit committee set out on pages 86 to 90.

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

In our opinion the information given in note 36 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.

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

15.1. 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

15.2. 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 or the part of the directors' remuneration report to be audited is not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

Independent auditor's report to the members of Vanquis Banking Group plc continued

Report on other legal and regulatory requirements continued

16. Other matters which we are required to address

16.1. 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 ended 31 December 2022 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 14 years, covering the years ending 31 December 2012 to 31 December 2025.

16.2. 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).

17. 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.

As required by the Financial Conduct Authority (FCA) Disclosure Guidance and Transparency Rule (DTR) 4.1.15R – DTR 4.1.18R, these financial statements form part of the Electronic Format Annual Financial Report filed on the National Storage Mechanism of the FCA in accordance with DTR 4.1.15R – DTR 4.1.18R. This auditor's report provides no assurance over whether the Electronic Format Annual Financial Report has been prepared in compliance with DTR 4.1.15R – DTR 4.1.18R.

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

Consolidated income statement

For the year ended 31 December

	Note	Group 2025 £m	Group 2024[1] £m
Interest income	3	**567.2**	549.9
Interest expense	4	**(148.8)**	(142.0)
Net interest income		**418.4**	407.9
Fee and commission income	5	**38.3**	38.3
Fee and commission expense	5	**(2.5)**	(1.9)
Net fee and commission income	5	**35.8**	36.4
Other income		**0.7**	2.1
Total income		**454.9**	446.4
Impairment charges	14	**(181.1)**	(185.3)
Risk-adjusted income		**273.8**	261.1
Operating costs		**(265.5)**	(399.1)
Statutory profit/(loss) before taxation from continuing operations	1, 6	**8.3**	(138.0)
Tax (charge)/credit from continuing operations	7	**(0.3)**	17.4
Statutory profit/(loss) after taxation from continuing operations		**8.0**	(120.6)
Profit after taxation from discontinued operations	2	**0.7**	1.3
Statutory profit/(loss)		**8.7**	(119.3)
Statutory profit/(loss) attributable to ordinary shareholders		**8.2**	(119.3)
Statutory profit attributable to other equity holders		**0.5**	—

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

Consolidated statement of comprehensive income

For the year ended 31 December

	Note	Group 2025 £m	Group 2024 £m
Profit/(loss) for the year attributable to equity shareholders		**8.2**	(119.3)
Items that will not be reclassified subsequently to the income statement:			
– actuarial movements on retirement benefit asset	22	**(22.1)**	(11.6)
– tax on items taken directly to other comprehensive income	7	**5.5**	2.9
Other comprehensive expense for the year		**(16.6)**	(8.7)
Total comprehensive expense for the year		**(8.4)**	(128.0)

Earnings per share

For the year ended 31 December

	Note	Group 2025 pence	Group 2024 pence
Basic	8	**3.2**	(46.7)
Diluted	8	**3.1**	(46.7)

Dividends per share

For the year ended 31 December

	Note	Group 2025 pence	Group 2024 pence
Interim dividend	9	**—**	—
Final dividend	9	**—**	—

The total cost of dividends paid in the year was £nil (2024: £2.5m).

Balance sheets

	Note	Group At 31 December 2025 £m	Group At 31 December 2024 £m	Company At 31 December 2025 £m	Company At 31 December 2024 £m
Assets					
Cash and cash equivalents	12	**804.5**	1,003.9	**4.3**	10.5
Investment securities	13	**254.6**	—	**—**	—
Amounts receivable from customers	14	**2,691.5**	2,153.7	**—**	—
Trade and other receivables	15	**61.2**	72.5	**769.8**	768.4
Investments held at fair value through profit and loss	16	**2.4**	2.3	**—**	—
Current tax asset		**0.9**	3.9	**—**	—
Property, plant and equipment	17	**8.0**	7.1	**—**	0.5
Right of use assets	18	**12.1**	16.4	**—**	7.4
Goodwill	19	**1.2**	1.2	**—**	—
Other intangible assets	20	**65.0**	61.5	**—**	1.4
Investment in subsidiaries	21	**—**	—	**301.0**	247.9
Retirement benefit asset	22	**6.4**	27.8	**6.4**	27.8
Derivative financial instruments	23	**3.9**	—	**3.7**	0.6
Deferred tax assets	24	**30.0**	25.0	**—**	—
Total assets	1	**3,941.7**	3,375.3	**1,085.2**	1,064.5
Liabilities and equity					
Liabilities					
Trade and other payables	25	**51.8**	46.1	**13.2**	20.9
Current tax liabilities		**—**	—	**13.9**	8.2
Provisions	26	**7.9**	15.5	**1.1**	5.6
Lease liabilities	27	**21.2**	32.5	**—**	11.3
Retail deposits	28	**3,019.9**	2,428.2	**—**	—
Bank and other borrowings	28	**347.5**	410.0	**146.6**	204.7
Derivative financial instruments	23	**6.1**	1.8	**0.4**	1.7
Deferred tax liabilities	24	**—**	—	**1.0**	5.6
Total liabilities	1	**3,454.4**	2,934.1	**176.2**	258.0
Equity					
Share capital	30	**53.2**	53.2	**53.2**	53.2
Share premium		**276.3**	276.3	**276.3**	276.3
Merger reserve		**278.2**	278.2	**280.5**	280.5
Other reserves		**9.2**	10.8	**8.4**	10.0
Retained earnings		**(188.2)**	(177.3)	**232.0**	186.5
Other equity instruments	32	**58.6**	—	**58.6**	—
Total equity	1	**487.3**	441.2	**909.0**	806.5
Total liabilities and equity		**3,941.7**	3,375.3	**1,085.2**	1,064.5

In accordance with the exemption allowed by section 408 of the Companies Act 2006, the Company has not presented its own income statement or statement of other comprehensive income. The retained profit for the financial year reported in the financial statements of the Company was £65.8m (2024: £62.3m).

The financial statements on pages 137 to 198 were approved and authorised for issue by the Board of Directors on 25 February 2026 and signed on its behalf by:

Ian McLaughlin
Chief Executive Officer

Dave Watts
Chief Financial Officer

Company Number – 668987

Statements of changes in equity

		Attributable to ordinary shareholders									
					Other reserves						
Group	Note	Share capital £m	Share premium £m	Merger reserve[1] £m	Profit retained by subsidiary £m	Capital redemption reserve[2] £m	Share-based payment reserve[3] £m	Retained earnings £m	Total £m	Other equity instruments £m	Total £m
At 1 January 2024		53.2	276.3	278.2	0.8	3.6	7.7	(50.7)	569.1	—	569.1
Loss for the year		—	—	—	—	—	—	(119.3)	(119.3)	—	(119.3)
Other comprehensive (expense)/income:											
– actuarial movements on retirement benefit asset	22	—	—	—	—	—	—	(11.6)	(11.6)	—	(11.6)
– tax on items taken directly to other comprehensive income	7	—	—	—	—	—	—	2.9	2.9	—	2.9
Other comprehensive expense for the year		—	—	—	—	—	—	(8.7)	(8.7)	—	(8.7)
Total comprehensive expense for the year		—	—	—	—	—	—	(128.0)	(128.0)	—	(128.0)
Dividends	9	—	—	—	—	—	—	(2.5)	(2.5)	—	(2.5)
Share-based payment charge	31	—	—	—	—	—	2.7	—	2.7	—	2.7
Transfer of share-based payment reserve on vesting of share awards		—	—	—	—	—	(4.0)	4.0	—	—	—
Purchase of shares for share awards		—	—	—	—	—	—	(0.1)	(0.1)	—	(0.1)
At 31 December 2024		53.2	276.3	278.2	0.8	3.6	6.4	(177.3)	441.2	—	441.2
At 1 January 2025		**53.2**	**276.3**	**278.2**	**0.8**	**3.6**	**6.4**	**(177.3)**	**441.2**	**—**	**441.2**
Profit for the year		**—**	**—**	**—**	**—**	**—**	**—**	**8.2**	**8.2**	**0.5**	**8.7**
Other comprehensive (expense)/income:											
– actuarial movements on retirement benefit asset	22	**—**	**—**	**—**	**—**	**—**	**—**	**(22.1)**	**(22.1)**	**—**	**(22.1)**
– tax on items taken directly to other comprehensive income	7	**—**	**—**	**—**	**—**	**—**	**—**	**5.5**	**5.5**	**—**	**5.5**
Other comprehensive expense for the year		**—**	**—**	**—**	**—**	**—**	**—**	**(16.6)**	**(16.6)**	**—**	**(16.6)**
Total comprehensive (expense)/income for the year		**—**	**—**	**—**	**—**	**—**	**—**	**(8.4)**	**(8.4)**	**0.5**	**(7.9)**
Share-based payment charge	31	**—**	**—**	**—**	**—**	**—**	**2.2**	**—**	**2.2**	**—**	**2.2**
Transfer of share-based payment reserve on vesting of share awards		**—**	**—**	**—**	**—**	**—**	**(3.8)**	**3.8**	**—**	**—**	**—**
Purchase of shares for share awards		**—**	**—**	**—**	**—**	**—**	**—**	**(6.3)**	**(6.3)**	**—**	**(6.3)**
Issuance of other equity instruments	32	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**58.6**	**58.6**
Distributions on other equity instruments	32	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(0.5)**	**(0.5)**
At 31 December 2025		**53.2**	**276.3**	**278.2**	**0.8**	**3.6**	**4.8**	**(188.2)**	**428.7**	**58.6**	**487.3**

1 The full merger reserve is considered distributable.

2 The capital redemption reserve represents profits on the redemption of preference shares arising in prior years, together with the capitalisation of the nominal value of shares purchased and cancelled, net of the utilisation of this reserve to capitalise the nominal value of shares issued to satisfy scrip dividend elections.

3 The share-based payment reserve reflects the corresponding credit entry to the cumulative share-based payment charges made through the income statement as there is no cash cost or reduction in assets from the charges. When options and awards vest, the element of the share-based payment reserve relating to those awards and options is transferred to retained earnings.

Statements of changes in equity continued

		Attributable to ordinary shareholders								
					Other reserves					
Company	Note	Share capital £m	Share premium £m	Merger reserve[1] £m	Capital redemption reserve[2] £m	Share-based payment reserve[3] £m	Retained earnings £m	Total £m	Other equity instruments £m	Total £m
At 1 January 2024		53.2	276.3	280.5	3.6	7.7	133.8	755.1	—	755.1
Profit for the year		—	—	—	—	—	62.3	62.3	—	62.3
Other comprehensive (expense)/income:										
– actuarial movements on retirement benefit asset	22	—	—	—	—	—	(11.6)	(11.6)	—	(11.6)
– tax on items taken directly to other comprehensive income	7	—	—	—	—	—	2.9	2.9	—	2.9
Other comprehensive expense for the year		—	—	—	—	—	(8.7)	(8.7)	—	(8.7)
Total comprehensive income for the year		—	—	—	—	—	53.6	53.6	—	53.6
Dividends	9	—	—	—	—	—	(2.5)	(2.5)	—	(2.5)
Share-based payment charge	31	—	—	—	—	1.5	—	1.5	—	1.5
Transfer of share-based payment reserve on vesting of share awards		—	—	—	—	(1.7)	1.7	—	—	—
Share-based payment movement in investment in subsidiaries		—	—	—	—	(1.1)	—	(1.1)	—	(1.1)
Purchase of shares for share awards		—	—	—	—	—	(0.1)	(0.1)	—	(0.1)
At 31 December 2024		53.2	276.3	280.5	3.6	6.4	186.5	806.5	—	806.5
At 1 January 2025		**53.2**	**276.3**	**280.5**	**3.6**	**6.4**	**186.5**	**806.5**	**—**	**806.5**
Profit for the year		**—**	**—**	**—**	**—**	**—**	**65.3**	**65.3**	**0.5**	**65.8**
Other comprehensive (expense)/income:										
– actuarial movements on retirement benefit asset	22	**—**	**—**	**—**	**—**	**—**	**(22.1)**	**(22.1)**	**—**	**(22.1)**
– tax on items taken directly to other comprehensive income	7	**—**	**—**	**—**	**—**	**—**	**5.5**	**5.5**	**—**	**5.5**
Other comprehensive expense for the year		**—**	**—**	**—**	**—**	**—**	**(16.6)**	**(16.6)**	**—**	**(16.6)**
Total comprehensive income for the year		**—**	**—**	**—**	**—**	**—**	**48.7**	**48.7**	**0.5**	**49.2**
Share-based payment charge	31	**—**	**—**	**—**	**—**	**1.2**	**—**	**1.2**	**—**	**1.2**
Transfer of share-based payment reserve on vesting of share awards		**—**	**—**	**—**	**—**	**(3.1)**	**3.1**	**—**	**—**	**—**
Share-based payment movement in investment in subsidiaries		**—**	**—**	**—**	**—**	**0.3**	**—**	**0.3**	**—**	**0.3**
Purchase of shares for share awards		**—**	**—**	**—**	**—**	**—**	**(6.3)**	**(6.3)**	**—**	**(6.3)**
Issuance of other equity instruments	32	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**58.6**	**58.6**
Distributions on other equity instruments	32	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(0.5)**	**(0.5)**
At 31 December 2025		**53.2**	**276.3**	**280.5**	**3.6**	**4.8**	**232.0**	**850.4**	**58.6**	**909.0**

1 The full merger reserve is considered distributable.

2 The capital redemption reserve represents profits on the redemption of preference shares arising in prior years, together with the capitalisation of the nominal value of shares purchased and cancelled, net of the utilisation of this reserve to capitalise the nominal value of shares issued to satisfy scrip dividend elections.

3 The share-based payment reserve reflects the corresponding credit entry to the cumulative share-based payment charges made through the income statement as there is no cash cost or reduction in assets from the charges. When options and awards vest, the element of the share-based payment reserve relating to those awards and options is transferred to retained earnings.

Statements of cash flows

For the year ended 31 December

	Note	Group 2025 £m	Group 2024 (restated)[1] £m	Company 2025 £m	Company 2024 (restated)[1] £m
Cash flows from operating activities					
Cash generated from/(used in) operations	35	**89.0**	444.5	**(14.3)**	(38.6)
Tax received		**4.0**	8.2	**—**	—
Net cash generated from/(used in) operating activities		**93.0**	452.7	**(14.3)**	(38.6)
Cash flows from investing activities					
Purchase of intangible assets	20	**(15.2)**	(12.5)	**—**	—
Purchase of property, plant and equipment	17	**(3.3)**	(2.2)	**(1.9)**	—
Proceeds from sale of available for sale investment		**—**	4.3	**—**	—
Purchase of investment securities		**(291.8)**	—	**—**	—
Proceeds from maturity of investment securities		**40.0**	—	**—**	—
Dividends received from subsidiaries	33	**—**	—	**20.0**	40.0
Net cash (used in)/generated from investing activities		**(270.3)**	(10.4)	**18.1**	40.0
Cash flows from financing activities					
Proceeds from bank and other borrowings		**—**	5.0	**—**	—
Repayment of bank and other borrowings		**(63.7)**	(174.0)	**(58.5)**	—
Payment of lease liabilities		**(10.0)**	(9.7)	**(3.3)**	(3.0)
Dividends paid to Company shareholders		**—**	(2.5)	**—**	(2.5)
Distributions on other equity instruments	32	**(0.5)**	—	**(0.5)**	—
Proceeds from issue of other equity instruments	32	**58.6**	—	**58.6**	—
Purchase of own shares for share awards		**(6.3)**	(0.1)	**(6.3)**	(0.1)
Net cash used in financing activities		**(21.9)**	(181.3)	**(10.0)**	(5.6)
Net (decrease)/increase in cash, cash equivalents and overdrafts		**(199.2)**	261.0	**(6.2)**	(4.2)
Cash, cash equivalents and overdrafts at beginning of year		**1,002.8**	741.8	**10.5**	14.7
Cash, cash equivalents and overdrafts at end of year		**803.6**	1,002.8	**4.3**	10.5
Cash, cash equivalents and overdrafts at end of year comprise:					
Cash at bank and in hand	12	**804.5**	1,003.9	**4.3**	10.5
Overdrafts (held in bank and other borrowings)	28	**(0.9)**	(1.1)	**—**	—
Total cash, cash equivalents and overdrafts		**803.6**	1,002.8	**4.3**	10.5

1 Refer to note 35 for details on restatement.

In the Group, interest received was £619.2m (2024: £637.8m) and interest paid was £94.6m (2024: £103.0m). This is all included within cash generated from/(used in) operations.

In the Company, interest received was £9.1m (2024: £8.5m) and interest paid was £27.0m (2024: £21.7m). 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 asset buffer, including other liquidity resources, held by Vanquis Bank Limited in accordance with the PRA's liquidity regime.

Material accounting policy information

General information

The Company is a public limited company incorporated and domiciled in the UK. The address of its registered office is Fairburn House, 5 Godwin Street, Bradford, England BD1 2AH. The Company is listed on the London Stock Exchange.

Basis of preparation

The financial statements of the Group and Company are prepared in accordance with International Accounting Standards and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board and adopted by the UK; 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.

In assessing whether the Group is a going concern, the directors' review has been made on the basis that the Group continues to operate for the 12 months from the date of the approval of the financial statements. The directors considered the appropriateness of the going concern basis, the period of assessment, any reporting requirements, and solvency and liquidity risks, and included a variety of factors – forecasts and budgets, timing of cash flows and funding, the Group's primary market and any contingent liabilities. When considering the appropriateness of going concern, the directors have also considered the Group's ability to 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 Group for the purposes of the Annual Report and financial statements considered the following factors:

- The 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 Group, with a focus on capital and liquidity.
- The severe but plausible downside scenario, which is designed to assess the potential impact of certain underlying risks on the Group's capital and funding resources, together with the availability and effectiveness of mitigating actions.
- Reverse stress testing analysis, which is designed to assess the point at which the Group is no longer a going concern.

Having considered the Group's forecasts, the regulatory capital and liquidity of the Group and the regulatory outlook, the directors have a reasonable expectation that the Group will continue as a going concern for a period of at least 12 months from the date of approving these financial statements. Accordingly, the financial statements of the Group have been prepared on the going concern basis.

Change in accounting policies

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

Exceptional items

The Group has transitioned to reporting solely on a statutory basis, removing adjustments for goodwill write-offs, transformation and other exceptional costs, and amortisation of acquisition intangibles. This follows actions taken in 2024 that resulted in a cleaner, lower-risk balance sheet and improved transparency at both Group and product levels. Adjusted performance is now expected to closely align with statutory results. The accounting policy for exceptional items is therefore no longer in place. As this is a change in accounting policy, the comparatives have been represented; however, there is no impact on recognition, measurement or total profit and loss in any period presented in this report. The change reflects a change in presentation of the income statement and associated metrics.

Representation of items

Discontinued operations

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

Cash flow statement

The Group and Company cash flow statements have been restated. Refer to note 35 for details.

The impact of new standards not yet effective and not adopted by the Group 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.

Material accounting policy information continued

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

IFRS 18 Presentation and Disclosures in Financial Statements continued

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

There are no other new standards not yet effective and not adopted by the Group from 1 January 2026 that are expected to have a material impact on the Group.

Basis of consolidation

The consolidated income statement, consolidated statement of comprehensive income, consolidated statement of financial position, statement of changes in shareholders' equity, statement of cash flows and notes to the financial statements include the financial statements of the Company and all of its subsidiary undertakings drawn up from the date control passes to the Group until the date control ceases.

Control is achieved when the Group:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect returns.

All intra-group transactions and balances and unrealised gains on transactions between Group companies are eliminated on consolidation.

The accounting policies of subsidiaries are consistent with the accounting policies of the Group.

A full list of the Group's subsidiaries is set out in note 37, together with further information on the basis on which they are considered to be controlled by the Company.

Interest income

Interest income is earned from Credit Cards, Vehicle Finance and Second Charge Mortgages products. It also includes interest received from Vanquis Bank Limited's liquid asset buffer, interest on gilts, interest on balances held in the Bank of England central reserve account, net fair value gains recognised in relation to the Group's derivative financial instruments, and other minor interest income.

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

Within Vehicle Finance, interest income is recognised in line with IFRS 16. Refer to Leases accounting policy for details value.

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.

Group interest income excludes intra-group transactions.

Company interest income includes intra-group transactions.

Interest expense

Interest expense principally comprises the interest on retail deposits, senior and public bonds, securitisations and lease liability interest. For the Company, it also includes intra-group loan arrangements, and is recognised on an effective interest rate basis.

Fee and commission income

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

Group fee income excludes intra-group transactions.

Dividend income

Dividend income is recognised in the income statement when the Company's right to receive payment is established.

Goodwill

All acquisitions are accounted for using the purchase method of accounting.

Goodwill is an intangible asset and is measured as the excess of the fair value of the consideration over the fair value of the acquired identifiable assets, liabilities and contingent liabilities at the date of acquisition. Gains and losses on the disposal of a subsidiary include the carrying amount of goodwill relating to the subsidiary sold.

Goodwill is allocated to cash-generating units for the purposes of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

Goodwill is tested annually for impairment and is carried at cost less accumulated impairment losses. Impairment is tested by comparing the carrying value of the asset to the discounted expected future cash flows from the relevant cash-generating unit. Expected future cash flows are derived from the Company's latest budget projections and the discount rate is based on the Company's risk-adjusted cost of equity at the balance sheet date.

Any goodwill impairment or write-off is charged to the income statement as part of operating costs.

Material accounting policy information continued

Investments in subsidiaries

The Company's investments in subsidiaries are stated at cost less provisions for impairment where required. Impairment provisions reflect the shortfall between the carrying value of the investment with the higher of: (i) fair value less costs to sell; and (ii) value in use of the subsidiary.

Employee benefit trust

The employee benefit trust (EBT) has been set up to hold shares in the Company in conjunction with the Group's employee share ownership arrangements, the assets, liabilities and transactions of the trust are accounted for within the accounts of the Company. Shares in Vanquis Banking Group plc held by the trustee of the Group's EBT are shown on the balance sheet as a deduction in arriving at total equity. Own shares are stated at cost.

Leases

The Group and Company as a lessee

The Group and Company assess whether a contract contains a lease at inception of a contract. A right of use asset and a corresponding liability are 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 payment is recognised within 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. This rate could not be readily determined; therefore, the incremental borrowing rate has been 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 Vanquis Bank Limited, this would represent an average retail deposit rate; for all other companies this would be based on the assessment of their funding rate at the time.

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 the carrying amount to reflect the lease payments made.

The lease liability is remeasured whenever:

- the lease term has changed, in which case the lease liability is remeasured 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 remeasured by discounting the revised lease payments using the initial discount rate; and
- the lease contract is modified and the modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

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.

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 operating costs respectively.

The Group and Company as a lessor

Vehicle Finance is considered a lessor for its Conditional Sale Agreements to customers. Finance lease income is presented within interest income. It is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases. Finance lease income is calculated with reference to the gross carrying amount of the lease receivables, except for credit-impaired financial assets for which interest income is calculated with reference to their amortised cost (i.e. after a deduction of the loss allowance).

Refer to the accounting policy for the amounts receivable from customers for further detail.

The Group sub-leases a portion of its office space and accounts for it as a finance lease.

Other intangible assets

Other intangible assets include acquisition intangibles in respect of the technology and brand of Snoop, standalone computer software and development costs of intangible assets across the Group.

The fair value of Snoop's technology was estimated using multi-period excess earnings methodology. The fair value of Snoop's brand valuation was estimated using an income approach based on the Relief from Royalties Methodology. The estimated useful life of the technology was deemed to be nine years and of the brand was deemed to be five years. The assets are being amortised on a straight-line basis over their useful life.

Computer software and computer software development assets represent the costs incurred to acquire or develop 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 three and 10 years. The residual values and economic lives of intangible assets are reviewed by management at each balance sheet date.

Material accounting policy information continued

Other intangible assets continued

Other intangible assets are valued at cost less subsequent amortisation and impairment. Amortisation and impairment are 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 IFRS 9 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 the 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 unlikeliness to pay factors arise (like customer bankruptcy proceedings).

Accounts are charged off when they meet certain criteria set out in the Group'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.

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 EAD, which adjusts the current card balance for future expected spend and interest. It does not include any future credit line increases.

Vehicle Finance

Vehicle Finance amounts receivable from customers includes finance leases. Finance leases are initially measured at an amount equal to the net investment in the lease, using the interest rate implicit in the finance lease.

Direct costs are included in the initial measurement of the net investment in the lease and reduce the amount of income recognised over the lease term. Interest income is recognised over the lease term, based on a pattern reflecting a constant periodic rate of return on the net investment in the lease.

Subsequent to initial recognition, the Group applies the impairment requirements of IFRS 9, recognising an allowance for expected credit losses on the finance lease receivables.

Losses are recognised on inception of a loan based on the probability of a customer defaulting within 12 months. This is determined with reference to historical customer data and outcomes.

An account moves from Stage 1 to Stage 2 when there has been a SICR. Lifetime losses are recognised for all accounts in Stages 2 and 3.

A customer is deemed to have defaulted when they become three monthly payments in arrears or enter into a forbearance arrangement. Customer agreements that have been terminated, either voluntarily by the customer settling their agreement early and where a balance remains, or through the agreement being default terminated, are also included within Stage 3.

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 LTV 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 that are expected to be incurred.

Material accounting policy information continued

Amounts receivable from customers continued

Macroeconomic scenarios continued

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 and write off rates were also considered.

Property, plant and equipment

Property, plant and equipment is shown at cost less accumulated depreciation and impairment, except for land, which is shown at cost less 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 values over their useful economic lives.

The following principal bases are used:

	%	Method
Land	Nil	—
Leasehold improvements	Over the lease period	Straight line
Equipment (including computer hardware)	10 to 33 1/3	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, other than land, are tested for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Land is subject to an annual impairment test. 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.

Investments

Investment securities

The Group'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 Group's right to receive the dividends is established.

Derivative financial instruments and hedge accounting

As permitted by IFRS 9, the Group 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, which includes amounts invested in the Bank of England reserve account held in accordance with the Prudential Regulation Authority's (PRA's) liquidity regime. Cash held as part of securitisations is not immediately available due to the terms of the arrangements. Bank overdrafts are presented in borrowings to the extent that there is no right of offset with cash balances.

Amounts owed by or to group companies

In the accounts of the Company, balances owed by other group companies are carried at amortised cost less impairment provisions. 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. In the absence of any other factors, SICR will be considered after a payment is 30 days past due. The PDs and LGDs are determined for each loan based on the subsidiary's available funding and cash flow forecasts.

Balances owed to other group companies are carried at amortised cost.

Borrowings

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

Retail deposits are recognised initially at fair value, being the cash received from the customer. Interest payable to the customer is recognised in the income statement over the deposit term on an effective interest rate basis.

Material accounting policy information continued

Dividends paid

Dividend distributions to the Company's shareholders are recognised in the Group and the Company's financial statements as follows:

- final dividend: when approved by the Company's shareholders at the AGM; and
- interim dividend: when paid by the Company.

Retirement benefits

Defined benefit pension schemes

The charge in the income statement in respect of defined benefit pension schemes comprises the actuarially assessed current service cost of working employees up to when the scheme was closed, together with the interest on pension liabilities offset by the interest on pension scheme assets. All charges are recognised within operating costs in the income statement.

The retirement benefit asset recognised in the balance sheet in respect of defined benefit pension schemes is the fair value of the schemes' assets less the present value of the defined benefit obligation at the balance sheet date. A retirement benefit asset is recognised to the extent that the Group and Company have an unconditional right to a refund of the asset or if it will be recovered in future years as a result of reduced contributions to the pension scheme.

The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised immediately in the statement of comprehensive income.

Past service costs are recognised immediately in the income statement.

Defined contribution pension schemes

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.

Merger reserve

The merger reserve was created following a rights issue and is considered distributable.

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 October 2025.

Share-based payments

Equity-settled schemes

The 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 Group and Company employees is charged to the income statement of the entity over the vesting period of the related options and awards. The corresponding credit is made to a share-based payment reserve within equity. The grant by the Company of options and awards over its equity instruments to the employees of subsidiary undertakings is treated as an investment in the Company's financial statements. The fair value of employee services received, measured by reference to the fair value at the date of grant, is recognised over the vesting period as an increase in investments in subsidiary undertakings, with a corresponding adjustment to the share-based payment reserve within equity.

For LTIS schemes, performance conditions are based on share price, a risk underpin assessment (which may include items such as relationships with key regulatory stakeholders, and the demonstration of improved operational risk effectiveness and controls) and the overall assessment of the Group's performance by the Remunerations Committee. The fair value of awards is determined using a Market-Based FV Adjustment method. The value of the charge is adjusted at each balance sheet date to reflect lapses and expected or actual levels of vesting.

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 Group 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.

Material accounting policy information continued

Taxation continued

Current tax

Current tax is calculated based on taxable profit for the year using tax rates that have been enacted or substantively 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 substantively 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 is also provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the future.

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.

Provisions for liabilities

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group 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, its 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.

Securitisations

The Group has two securitisations in issue. The Group 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. The transfers of the beneficial interest of amounts receivable from customers to the securitisations are not treated as sales by the Group and the assets not derecognised. The Group continues to recognise these assets within its own balance sheet after as it retains substantially all the risks and rewards through the receipt of interest income and deferred consideration from the securitisations for the transfer of the beneficial interest.

The securitisations are fully consolidated into the Group accounts in accordance with IFRS 10.

Critical accounting judgements and key sources of estimation uncertainty

In applying the accounting policies set out above, the Group and Company make judgements (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.

The estimates and judgements are based on historical experience; actual results may differ from these estimates.

In preparing the Group's financial statements, the Group has considered the impact of the results of our scenario analysis and climate-related risks on our financial performance, and while the effects of climate change represent a source of uncertainty, there has not been a material impact on our financial judgements and estimates due to the physical and transition climate-related risks in the short to medium term.

Due to the impact of any estimates in relation to Goodwill no longer being considered material, it is no longer included as a critical source of estimation uncertainty. Investment in subsidiaries is also no longer considered to be a critical source of estimation uncertainty for the Company.

Amounts receivable from customers (note 14)
Group: £2,691.5m (2024: £2,153.7m)

Critical accounting judgements

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

Material accounting policy information continued

Critical accounting judgements and key sources of estimation uncertainty continued

Amounts receivable from customers (note 14) continued
Group: £2,691.5m (2024: £2,153.7m) continued

Critical accounting judgements continued

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

Limitations in the Group's impairment models or data inputs may be identified through the ongoing assessment and validation of the output of the models. In these circumstances, management makes appropriate adjustments to the Group's allowance for impairment losses to ensure that the overall provision adequately reflects all material credit risks. These adjustments are determined by considering the particular attributes of exposures that 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 14.

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

Macroeconomic impairment provision adjustments are recognised in the core model to reflect an increased PD, based on future macroeconomic scenarios.

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 £5.4m 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 that 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 14, which shows the impact of a 1% movement of gross exposure into Stage 2 from Stage 1 on the allowance accounts.

Vehicle Finance Stage 3 review in 2024

During 2024, a review was undertaken of the Vehicle Finance Stage 3 assets. Vehicle Finance had been exhibiting an ever-growing Stage 3 gross receivable balance, with a corresponding large and increasing ECL provision being held. As part of that review, receivables eligible for a potential debt sale were fully charged off, resulting in a post-charge-off asset (PCOA) being recognised. The charge-off process led to a partial write-off, with a reduction in gross receivables of c.£261m and a release of impairment provision of £237m. This resulted in a net charge of £24m, which was recognised in the income statement within impairment charges.

Macroeconomic assumptions

The macroeconomic forecasts and scenarios used are provided by Oxford Economics. 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 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 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.

Material accounting policy information continued

Critical accounting judgements and key sources of estimation uncertainty continued

Amounts receivable from customers (note 14) continued
Group: £2,691.5m (2024: £2,153.7m) continued

Macroeconomic assumptions continued

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

Scenario for 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.

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 £18.5m.

Provision: Vehicle finance compensation (note 26): £3.0m (2024: £nil)

The FCA is consulting on an industry-wide scheme to compensate motor finance customers who were treated unfairly between 2007 and 2024. The scheme would cover regulated motor finance agreements taken out between 6 April 2007 and 1 November 2024 where commission was payable by the lender to the broker.

The FCA has defined these as cases involving an undisclosed contractual tie and commission equal to, or greater than, 50% of the total cost of credit and 22.5% of the loan.

For all other cases, the FCA proposes consumers are compensated the average of what the FCA estimates the consumer has overpaid, or lost, and the commission paid, plus interest.

The FCA's consultation outlines a presumption of unfairness for motor finance agreements between 6 April 2007 and 1 November 2024 where:

- discretionary commission arrangements (DCAs) were used;
- high commission (where the commission is equal to or greater than 35% of the total cost of credit and 10% of the loan) was paid; and
- there was an exclusive or tied broker-lender relationship.

The Group did not participate in DCAs, nor did it enter into any exclusive or tied broker-lender relationships (from initial review). The Group would therefore not be in scope for these elements of the proposed FCA motor finance compensation scheme.

Key sources of estimation uncertainty

Significant challenge is expected to the consultation; therefore, a number of scenarios have been included in the provision calculation and these have been probability weighted to determine an appropriate provision to recognised.

The estimated provision represents management's best estimate of the potential redress based on current information available and using a range of potential scenarios. The final calculation may vary due to the need to perform a detailed calculation once the final outcome of the scheme is known.

If the scheme proposals and assumptions included in the consultation are to be fully implemented, an additional liability of £4.0m may arise, primarily due to increased operating costs associated with customer outreach.

The provision assessment also excludes any potential costs in relation to FOS referrals. At this stage it is not possible to reliably determine the number of customers that would go to FOS or the approach FOS will take in applying their fees.

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 that reflects the value of interest recorded.

The Group'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 Group reported an EIR adjustment in relation to Credit Cards loans and advances to customers in respect of interest-free periods and upfront fees of £10.0m (2024: £2.1m).

Material accounting policy information continued

Other accounting judgements continued

Intangibles (note 20)

Group: £65.0m (2024: £61.5m)

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

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

In 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 1H24 results.

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

No impairment was recognised in continuing operations in FY25.

Provisions: Customer remediation complaints (note 26)

Over the past two years, the Group has experienced elevated levels of customer compensation claims submitted by claims management companies (CMCs). The majority of these claims were speculative in nature, largely driven by unmerited CMC activity, and related to a wide range of different matters primarily related to aspects of the lending process, with no common theme or systemic issue identified. While lending related complaints represented most cases through 2024 and into early 2025, changes in CMC behaviour following the introduction of the new FOS charging structure led to a shift in the overall mix. By the end of the year a greater proportion of complaints fell within BAU/service categories in 2025. During 2024, the increase in costs and provision resulted from higher than expected FOS fees for cases not upheld by us, which were or were expected to subsequently be submitted to FOS for adjudication.

Since the change in the FOS fee charging structure from 1 April 2025, the Group has seen negligible CMC referrals to the FOS. This element of the provision has therefore been reduced in the year.

The total cost to the Group of customer remediation costs, including resource and FOS fees, which relate to a wide range of different matters, amounts to £26.6m in 2025 (2024: £47.4m), with FOS fees reducing £24.8m to £6.4m.

A provision of £1.8m (2024: £7.4m) is held at the balance sheet date for: (i) customer compensation claims received where compensation may be paid but that have not yet been assessed, upheld or compensation amounts agreed (£1.1m) (2024: £5.1m); and (ii) expected FOS fees for future claims that may be referred (£0.7m) (2024: £2.3m).

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

Financial and capital risk management

Financial risk management

The Group'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 Group's risk management and internal control framework is to identify and assess the risks facing the Group and to minimise the potential adverse effects of these risks on the Group'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 Assets and Liabilities Committee (ALCO) both of which met 10 times during 2025.

Further details of the risk management and internal control framework are described on pages 54 to 61.

(a) Credit risk

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

(i) Amounts receivable from customers

The Group's maximum exposure to credit risk on amounts receivable from customers as at 31 December 2025 was £2,691.5m (2024: £2,153.7m).

The Risk Committee has delegated responsibility to the Credit Risk Committee (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 lines 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, proposed loan size and vehicle type (where applicable), are also assessed in the decisioning process, as well as affordability checks to ensure that, at the time of application, the loan 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 bureaux each month to refresh a customer's 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 and retaining use of the vehicle (where applicable). These include appropriate forbearance arrangements, or where the contract has become unsustainable for the customer, an appropriate exit strategy is implemented.

(ii) Counterparty risk

Counterparty credit risk arises as a result of cash deposits and collateral placed with banks, reserves held with the Bank of England (BoE) and exposures to UK Government bonds (gilts).

The Group's maximum exposure to credit risk on bank and Government counterparties as at 31 December 2025 was £1,078.6m (2024: £1,017.7m).

Counterparty credit risk is managed by the ALCO and is governed by a Wholesale Counterparty Credit Risk Policy, which ensures that the Group'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 Group's regulatory capital base, in line with the Group's regulatory reporting requirements on large exposures to the PRA.

(b) Funding and liquidity risk

Funding and liquidity risk is the risk that the Group 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 Group's ability to meeting regulatory requirements, to ensure that the Group is able to continue to fund the growth of the business and meet retail deposit and wholesale funding outflows.

The Group and Vanquis Bank are PRA-regulated institutions. They are required to maintain a liquid asset portfolio of high-quality liquid assets (HQLA), a Liquid Asset Buffer (LAB) and other liquid resources, determined by daily stress tests detailed in the Group and Bank ILAAP. The ILAAP determines the liquid resources that must be maintained by the Group to meet the Overall Liquidity Adequacy Rule (OLAR) and to ensure that it can meet its liabilities as they fall due.

Both the Group and Vanquis Bank are required to meet the liquidity coverage ratio (LCR). The LCR requires institutions to hold a buffer of HQLA to meet net liquidity outflows during a 30-day period. The Group and Vanquis Bank have developed systems and controls to monitor the LCR and report to the PRA. As at 31 December 2025, the Group, on a consolidated basis, and Vanquis Bank, on an individual basis, had an LCR of 306% (2024: 359%) and 271% (2024: 338%) respectively.

Financial and capital risk management continued

Financial risk management continued

(b) **Funding and liquidity risk** continued

As at 31 December 2025, the liquid asset portfolio, comprised of cash at the Bank of England and investment securities (gilts), amounted to £1,001.2m (2024: £948.7m). HQLA have been in significant surplus to the minimum regulatory requirements throughout 2025.

Whilst the Group has diversified its liquid assets to comprise reserves held with the Bank of England and gilts, it continues to be significantly funded by its retail deposits, at 89.7% (December 2024: 92%) of total funding, of which its offering has 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 Group's financial liabilities is shown below:

Financial liabilities

2025 – Group	Repayable on demand £m	<1 year £m	1–2 years £m	2–5 years £m	Over 5 years £m	Total £m
Retail deposits	530.7	1,929.6	494.3	132.0	—	3,086.6
Bank and other borrowings:						
– bank facilities	0.9	—	—	—	—	0.9
– securitisation	—	82.8	129.9	—	—	212.7
– Tier 2 capital	—	12.6	12.6	37.7	157.3	220.2
Total bank and other borrowings	0.9	95.4	142.5	37.7	157.3	433.8
Trade and other payables	—	45.1	—	—	—	45.1
Lease liabilities	—	5.0	6.3	8.7	3.2	23.2
Derivative financial instruments	—	0.5	1.5	0.7	(0.1)	2.6
Total	531.6	2,075.6	644.6	179.1	160.4	3,591.3

2024 – Group	Repayable on demand £m	<1 year £m	1–2 years £m	2–5 years £m	Over 5 years £m	Total £m
Retail deposits	780.9	1,165.2	414.6	144.2	—	2,504.9
Bank and other borrowings:						
– bank facilities	1.1	—	—	—	—	1.1
– securitisation	—	11.2	78.6	127.2	—	217.0
– Tier 2 capital	—	17.8	17.8	53.3	244.4	333.3
– central bank facilities	—	5.1	—	—	—	5.1
Total bank and other borrowings	1.1	34.1	96.4	180.5	244.4	556.5
Trade and other payables	—	41.0	—	—	—	41.0
Lease liabilities	—	12.5	4.5	9.2	9.0	35.2
Derivative financial instruments	—	5.8	(0.7)	0.1	—	5.2
Total	782.0	1,258.6	514.8	334.0	253.4	3,142.8

The unutilised Credit Card commitments are included in note 14.

2025 – Company	Repayable on demand £m	<1 year £m	1–2 years £m	2–5 years £m	Over 5 years £m	Total £m
Bank and other borrowings:						
– Tier 2 capital	—	12.6	12.6	37.7	157.3	220.2
Trade and other payables	—	13.0	—	—	—	13.0
Derivative financial instruments	—	(2.2)	(0.6)	—	—	(2.8)
Total	—	23.4	12.0	37.7	157.3	230.4

2024 – Company	Repayable on demand £m	<1 year £m	1–2 years £m	2–5 years £m	Over 5 years £m	Total £m
Bank and other borrowings:						
– Tier 2 capital	—	17.8	17.8	53.3	244.4	333.3
Trade and other payables	—	18.0	—	—	—	18.0
Lease liabilities	—	4.7	0.8	2.4	4.8	12.7
Derivative financial instruments	—	5.8	(0.5)	0.1	—	5.4
Total	—	46.3	18.1	55.8	249.2	369.4

Financial and capital risk management continued

Financial risk management continued

(c) Market risk

Market risk is the risk of financial loss associated with adverse changes in the value of assets and liabilities held by the Group 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 Group 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 BoE base rate and Sterling Overnight Index Average (SONIA); 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 Group is at risk of a change in external interest rates, which leads to an increase in the Group'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. This is achieved through a combination of diversified funding sources, including issuing fixed-rate debt and using derivative financial instruments, such as interest rate swaps, to manage its exposures within approved limits. Derivative financial instruments are not used for speculative purposes. The Group elects to apply fair value hedge accounting for the majority of its risk management activity that uses derivatives.

The Group'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 Group measures market risks through a combination of economic value and earnings-based measures:

- economic value (EV) – 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 (NII) – impact on earnings from a range of interest rate stresses.

The Group monitors these measures on at least a monthly basis, which were as follows at 31 December:

	2025 £m	2024 £m
Economic value sensitivity		
+200bps parallel shift in yield curve	**(2.1)**	0.7
-200bps parallel shift in yield curve	**10.7**	8.2
Net interest income sensitivity (over 12-month period)		
+100bps parallel shift in yield curve	**(1.2)**	1.1
-100bps parallel shift in yield curve	**3.8**	1.6

Exposures to structured entities

At 31 December 2025, the Group has in issue two securitisations to diversify its sources of funding. As at the end of 2025, the Group has securitised a total £796.7m of receivables (2024: £839.1m), in exchange for receiving £200.0m (2024: £200.0m) of funding from external sources, including £480.2m of receivables in a wholly retained securitisation which is pledged as collateral with the BoE to provide access to the Sterling Monetary Framework.

The Group 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 Group 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.

	2025		2024	
Vehicle	Receivables secured £m	Notes in issue £m	Receivables secured £m	Notes in issue £m
Oban Cards 2021-1 Holdings Limited	**480.2**	**453.1**	518.2	453.1
Moneybarn Financing Limited	**316.5**	**316.5**	320.9	320.9

(d) Capital risk

To support the delivery of the Group's purpose, the Group operates a financial model that is founded on investing in customer-led businesses offering attractive returns, which aligns an appropriate capital structure focused on optimising shareholder value, in a safe and sustainable manner. The Group's objective in respect of capital risk management is to maintain an efficient and secure capital structure and adequate buffer over the regulatory capital requirements set by the PRA.

Financial and capital risk management continued

Financial risk management continued

(d) Capital risk continued

The Group's Capital Risk Policy helps to ensure capital resources are sufficient to support planned levels of growth. It also sets out the framework in which the Group aims to maintain a secure funding and capital structure and establishes defined capital risk appetite. Adherence to the policy ensures that the Group maintains minimum capital levels and the capital held at business levels is adequate to support underlying requirements and growth in that business. Internal capital is allocated to business lines and risk categories, calibrated to maximise return on equity while remaining within the risk appetite. The distribution of dividends is aligned with the Group's growth targets, whilst continuing to meet the required capital levels in line with regulatory requirements and internal risk appetite.

The Group is subject to supervision by the PRA on a consolidated basis, as a group containing an authorised bank. For regulatory purposes, the Company is designated as a CRR consolidation entity, as defined by the PRA rulebook. As part of this supervision, the regulator will issue a total capital requirement (TCR) setting the amount of regulatory capital which the Group is required to hold at all times, in order to safeguard depositors from loss in the event of severe losses being incurred by the Group. The minimum regulatory capital requirement imposed by the PRA on firms is the sum of the TCR, the combined Capital Requirements Directive (CRD) buffer requirements as applicable and the PRA buffer requirements as applicable. This requirement is set in accordance with the international Basel 3 rules, issued by the Basel Committee on Banking Supervision (BCBS), which, following the implementation of the Financial Services Act 2021 on 1 January 2022, are implemented through the PRA rulebook.

Regulatory capital is monitored by the Board, the Risk Committee and ALCO. The Group 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 minimum amount of regulatory capital held by the Group and Vanquis Bank Limited represents the higher of the imposed requirement and their respective internal assessments of minimum capital requirements based upon an assessment of risks facing the Group. As required by the PRA, under the Basel III regulatory framework, the Company undertakes an Internal Capital Adequacy Assessment Process (ICAAP). This 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 Group complied with its externally imposed capital requirements during the current and prior year.

The following table reconciles the Group's equity to the regulatory capital resources for the Group.

Regulatory capital (unaudited)	2025 £m	2024 £m
Total equity	**487.3**	441.2
Retirement benefit asset	**(6.4)**	(27.8)
Deferred tax on retirement benefit asset	**1.6**	7.0
Goodwill	**(1.2)**	(1.2)
Intangible assets	**(65.0)**	(61.5)
Deferred tax on intangible asset	**4.5**	4.9
Deferred tax assets not arising from temporary differences	**(20.1)**	(18.3)
Other financial instruments	**(58.6)**	—
Foreseeable distributions on other financial instruments	**(0.8)**	—
Common Equity Tier 1 capital	**341.3**	344.3
Additional Tier 1 capital	**58.6**	—
Tier 1 capital	**399.9**	344.3
Tier 2 capital	**141.5**	200.0
Total regulatory capital	**541.4**	544.3
Risk-weighted exposures	**2,073.5**	1,834.8
CET1 ratio	**16.5%**	18.8%
Total capital ratio	**26.1%**	29.7%

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 complement Basel's Pillar 1 and Pillar 2 frameworks. These disclosures set out information on the Group's regulatory capital, risk exposures and risk management processes. Pillar 3 disclosures for the Group, for the year ended 31 December 2025, are published as a separate document and are available on the Group's website.

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 Group's chief operating decision maker is deemed to be the Group ExCo, whose primary responsibility is to support the CEO in managing the Group's day-to-day operations and analyse trading performance. The Group's segments are set out below, which are the segments reported in the Group's management accounts used by the Group ExCo as the primary means for analysing trading performance. The Group ExCo assesses profit performance using profit before tax measured on a basis consistent with the disclosure in the Group 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 Vanquis' ongoing commitment to enhance disclosures and to provide a more transparent reporting of the Group's continuing operations by product.

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

To more accurately reflect the interest income and funding costs of each lending product, the Group 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 within the Corporate Centre, has been partially reallocated to individual products and the cost of the Vehicle Finance securitisation, previously allocated solely to Vehicle Finance, has been spread across all products, reflecting shared benefit from the funding structure.
- Operating costs that were not directly attributable to a product and previously held in the Corporate Centre have been reallocated, based on either business size using a blended average of credit risk-weighted assets (RWAs), to reflect capital consumption, or total income, to reflect revenue contribution or service usage.

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

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

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

	2025				
	Credit Cards £m	Vehicle Finance £m	Second Charge Mortgages £m	Corporate Centre £m	Total £m
Interest income	370.8	123.9	28.4	44.1	567.2
Interest expense	(51.6)	(28.2)	(17.8)	(51.2)	(148.8)
Net interest income	319.2	95.7	10.6	(7.1)	418.4
Fee and commission income	35.6	—	1.0	1.7	38.3
Fee and commission expense	(2.3)	—	—	(0.2)	(2.5)
Net fee and commission income	33.3	—	1.0	1.5	35.8
Other income	—	—	—	0.7	0.7
Total income	352.5	95.7	11.6	(4.9)	454.9
Impairment charges	(139.6)	(41.5)	(0.7)	0.7	(181.1)
Risk-adjusted income	212.9	54.2	10.9	(4.2)	273.8
Operating costs	(174.7)	(66.9)	(5.5)	(18.4)	(265.5)
Statutory profit/(loss) before taxation from continuing operations	38.2	(12.7)	5.4	(22.6)	8.3
Taxation					(0.3)
Statutory profit after taxation from continuing operations					8.0
Statutory profit after taxation from discontinued operations					0.7
Statutory profit after taxation					8.7

Notes to the financial statements continued

1 Segment reporting continued

	2024[1]				
	Credit Cards £m	Vehicle Finance £m	Second Charge Mortgages £m	Corporate Centre £m	Total £m
Interest income	365.7	133.1	4.8	46.3	549.9
Interest expense	(53.2)	(31.4)	(3.4)	(54.0)	(142.0)
Net interest income	312.5	101.7	1.4	(7.7)	407.9
Fee and commission income	36.7	—	—	1.6	38.3
Fee and commission expense	(1.7)	—	—	(0.2)	(1.9)
Net fee and commission income	35.0	—	—	1.4	36.4
Other income	—	—	—	2.1	2.1
Total income	347.5	101.7	1.4	(4.2)	446.4
Impairment charges	(123.9)	(60.4)	(0.2)	(0.8)	(185.3)
Risk-adjusted income	223.6	41.3	1.2	(5.0)	261.1
Operating costs	(193.5)	(80.1)	(0.6)	(124.9)	(399.1)
Statutory profit/(loss) before taxation from continuing operations	30.1	(38.8)	0.6	(129.9)	(138.0)
Taxation					17.4
Statutory loss after taxation from continuing operations					(120.6)
Statutory profit after taxation from discontinued operations					1.3
Statutory loss after taxation					(119.3)

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

Revenue between business segments is not material.

	Segment assets		Segment liabilities		Net assets/(liabilities)	
Group	**2025 £m**	2024 £m	**2025 £m**	2024 £m	**2025 £m**	2024 £m
Credit Cards, Personal Loans and Second Charge Mortgages	**3,165.4**	2,514.8	**(2,727.4)**	(2,161.8)	**438.0**	353.0
Vehicle Finance	**728.8**	775.5	**(615.4)**	(646.4)	**113.4**	129.1
Corporate Centre	**(41.2)**	(2.6)	**(22.9)**	(38.3)	**(64.1)**	(40.9)
Total before intra-group elimination	**3,853.0**	3,287.7	**(3,365.7)**	(2,846.5)	**487.3**	441.2
Intra-group elimination	**88.7**	87.6	**(88.7)**	(87.6)	**—**	—
Total Group	**3,941.7**	3,375.3	**(3,454.4)**	(2,934.1)	**487.3**	441.2

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

The Group's businesses operate principally in the UK.

	Capital expenditure		Depreciation		Amortisation	
Group	**2025 £m**	2024 £m	**2025 £m**	2024 £m	**2025 £m**	2024 £m
Credit Cards, Personal Loans and Second Charge Mortgages	**16.0**	12.7	**1.7**	1.4	**8.7**	8.2
Vehicle Finance	**—**	0.8	**0.2**	0.9	**—**	0.1
Corporate Centre	**2.5**	1.2	**0.2**	0.6	**1.8**	8.6
Total Group	**18.5**	14.7	**2.1**	2.9	**10.5**	16.9

Capital expenditure comprises expenditure on intangible assets of £15.2m (2024: £12.5m) and property, plant and equipment of £3.3m (2024: £2.2m).

2 Discontinued operations

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

	Group	
	2025 £m	2024 £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 after taxation	**0.7**	1.3

Notes to the financial statements continued

2 Discontinued operations continued

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. The Group completed the sale of the Personal Loans portfolio in March 2025. On completion, the net receivables disposed of totalled £34.8m, and the Company received net consideration of £37.8m.

A gain on disposal of £0.5m has been recognised, reflecting the difference between the consideration received, the carrying amount of the net assets derecognised and disposal costs of £2.5m, including a write down of associated intangible assets of £1.2m. The gain is presented within impairment credits, partly offset by operating costs in the income statement for discontinued operations.

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.

3 Interest income

	Group	
Interest receivable from:	**2025 £m**	2024[1] £m
Customer receivables (note 14)	**523.0**	502.8
Cash balances held on deposit and other (note 12)	**37.9**	44.8
Investment securities (note 13)	**5.8**	—
Net fair value gains on derivative financial instruments (note 23)	**0.5**	2.3
Total income from continuing operations	**567.2**	549.9
Total income from discontinued operations	**1.4**	15.5
Total interest income	**568.6**	565.4

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

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

Interest income from Credit Cards and Second Charge Mortgage 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 that 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).

Vehicle Finance interest income from customer receivables of £123.9m (2024: £133.1m) is recognised in line with IFRS 16.

4 Interest expense

	Group	
Interest payable on:	**2025 £m**	2024 £m
Retail deposits	**115.6**	97.5
Tier 2	**19.1**	21.0
Securitisation	**12.5**	14.3
Bank of England facility	**0.9**	6.2
Lease liabilities finance costs	**0.7**	3.0
Total interest expense from continuing operations	**148.8**	142.0
Total interest expense from discontinued operations	**0.3**	3.4
Total interest expense	**149.1**	145.4

5 Net fee and commission income

Fee income is recognised at the time the charges are made to the customer on the basis the performance obligation is complete.

	Group	
	2025 £m	2024 £m
Fee and commission income	**38.3**	38.3
Fee and commission expense	**(2.5)**	(1.9)
Net fee and commission income	**35.8**	36.4

Fee income predominantly relates to Credit Cards and reflects default and overlimit fees as well as other ancillary income streams and interchange income.

Notes to the financial statements continued

6 Profit before taxation

Profit before taxation is stated after charging/(crediting):	Group 2025 £m	Group 2024[1] £m
Amortisation of other intangible assets:		
– computer software (note 20)	9.1	9.3
– acquisition intangibles (note 20)	1.3	6.2
Depreciation of property, plant and equipment (note 17)	2.1	2.9
Loss on disposal of property, plant and equipment (note 17)	0.3	0.3
Loss on disposal of intangibles (note 20)	—	—
Depreciation of right of use assets (note 18)	4.3	4.6
Impairment of right of use assets (note 18)	—	3.5
Lease liability finance costs (note 4)	0.7	3.0
Impairment of amounts receivable from customers (note 14)	181.8	184.1
Employment costs (note 11 (b))	119.7	121.7

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

All of the above activities relate to continuing activities.

Auditor's remuneration	Group 2025 £m	Group 2024 £m
Fees payable to the Company's auditor for the audit of Company and consolidated financial statements	0.4	0.5
Fees payable to the Company's auditor and its associates for other services:		
– audit of Company's subsidiaries pursuant to legislation	2.0	1.8
– other non-audit services	0.4	0.4
Total auditor's remuneration	2.8	2.7

7 Tax

Tax (charge)/credit in the income statement	2025 £m	2024 £m
Continuing operations:		
Current tax – UK	0.2	3.7
Deferred tax (note 24) – UK	(0.5)	13.7
Total tax (charge)/credit in relation to continuing operations	(0.3)	17.4
Discontinued operations:		
Current tax – UK	(0.2)	(0.4)
Deferred tax (note 24) – UK	—	—
Total tax charge in relation to discontinued operations	(0.2)	(0.4)
Total tax (charge)/credit	(0.5)	17.0

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

	2025			2024		
	Continuing operations £m	Discontinued operations £m	Total £m	Continuing operations £m	Discontinued operations £m	Total £m
Profit/(loss) on ordinary activities before tax	8.3	0.9	9.2	(138.0)	1.7	(136.3)
Profit/(loss) before tax multiplied by standard rate of corporation tax in the UK of 25%	(2.1)	(0.2)	(2.3)	34.5	(0.4)	34.1
Effect of:						
– impairment of deferred tax assets (note (a))	0.8	—	0.8	(0.3)	—	(0.3)
– adjustments in respect of prior years (note (b))	0.3	—	0.3	1.3	—	1.3
– amounts recognised in equity (note (c))	0.5	—	0.5	—	—	—
– non-taxable income (note (d))	0.5	—	0.5	—	—	—
– non-deductible general expenses (note (e))	(0.3)	—	(0.3)	(18.4)	—	(18.4)
– benefit of capital losses (note (f))	—	—	—	1.1	—	1.1
– non-deductible asset write-off (note (g))	—	—	—	(0.8)	—	(0.8)
Total tax (charge)/credit	(0.3)	(0.2)	(0.5)	17.4	(0.4)	17.0

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

(a) Impairment of deferred tax assets

In 2024, the tax charge in respect of the impairment of deferred tax assets of £0.3m related to share scheme awards where future deductions were expected to be lower than previously anticipated and other deferred tax assets that were not recognised. In 2025, the tax credit of £0.8m relates to the reversal of previous impairments of deferred tax assets in respect of share scheme awards where future deductions are now expected to be greater than previously anticipated.

(b) Adjustment in respect of prior years

In 2025, the tax credit of £0.3m (2024: tax credit of £1.3m) in respect of prior years comprises (a) a tax charge of £0.8m 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 unpresented 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.

Notes to the financial statements continued

7 Tax continued

(b) Adjustment in respect of prior years continued

In 2024, the tax credit of £1.3m in respect of prior years comprises: (a) a £0.9m reinstatement of deferred tax assets in respect of tax losses of discontinued operations previously written off that have now been used to shelter prior year tax liabilities; (b) a £0.8m tax credit from claiming capital allowances super deductions in prior years; (c) a tax charge of £0.8m due to lower tax deductions in respect of share scheme awards as a result of a lower than anticipated share price on vesting; and (d) a tax credit of £0.4m related to the finalisation of tax liabilities for prior periods.

(c) Amounts recognised in equity

The tax credit of £0.5m (2024: £nil) in respect of amounts recognised in equity represents the tax benefit of interest on the AT1 notes and associated issue costs that have been recognised in equity but that are deductible for tax purposes.

(d) Non-taxable income

The tax credit of £0.5m (2024: £nil) relates to non-taxable releases of unpresented 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.

(e) Non-deductible general expenses

In 2025, these relate primarily to depreciation of assets that do not qualify for capital allowances and other non-deductible costs. In 2024, they primarily relate to the write-off of goodwill on consolidation and the adjustment to the consideration in respect of the acquisition of Snoop, neither of which are deductible for tax purposes.

(f) 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.

(g) Non-deductible asset write-offs

In 2024, a tax charge of £0.8m arose in respect of some of the write-offs of various assets and legacy balance sheet items which are non-deductible for tax purposes.

The tax credit on items taken directly to other comprehensive income is as follows:

	Group	
	2025 £m	2024 £m
Deferred tax credit on actuarial movements on retirement benefit asset	**5.5**	2.9
Total tax credit on items taken directly to other comprehensive income	**5.5**	2.9

8 Earnings/(loss) per share

Basic earnings/(loss) per share EPS/(LPS) is calculated by dividing the profit/(loss) for the year attributable to equity shareholders by the weighted average number of ordinary shares outstanding during the year less the number of shares held by the Employee Benefit Trust, which are used to satisfy the Group's share awards. Diluted EPS/(LPS) calculates the effect on EPS/(LPS) assuming conversion of all dilutive potential ordinary shares. Dilutive potential ordinary shares are calculated as follows:

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

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

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

Notes to the financial statements continued

8 Earnings/(loss) per share continued

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

	2025			2024		
Continuing operations	Earnings £m	Weighted average number of shares m	Per share amount pence	Loss £m	Weighted average number of shares m	Per share amount pence
Basic earnings/(loss) per share	**7.5**	**254.0**	**3.0**	(120.6)	255.5	(47.2)
Dilutive effect of share options and awards		**12.4**			—	
Diluted earnings/(loss) per share	**7.5**	**266.4**	**2.8**	(120.6)	255.5	(47.2)

	2025			2024		
Group	Earnings £m	Weighted average number of shares m	Per share amount pence	Loss £m	Weighted average number of shares m	Per share amount pence
Basic earnings/(loss) per share	**8.2**	**254.0**	**3.2**	(119.3)	255.5	(46.7)
Dilutive effect of share options and awards		**12.4**			—	
Diluted earnings/(loss) per share	**8.2**	**266.4**	**3.1**	(119.3)	255.5	(46.7)

The EPS for discontinued operations in 2025 was 0.3p (2024: 0.5p) and diluted EPS was 0.3p (2024: 0.5p).

9 Dividends

	Group	
	2025 £m	2024 £m
2023 – final 1.0p per share	—	2.5
Dividends paid	—	2.5

The directors are not recommending a final dividend in respect of the financial year ended 31 December 2025.

10 Directors' remuneration

The remuneration of the directors, who are the key management personnel of the Group, is set out below in aggregate for each of the categories specified in IAS 24 Related Party Disclosures.

	Group and Company	
	2025 £m	2024 £m
Salary and other benefits	**2.7**	2.4
Share-based payment charge	**1.2**	1.0
Total directors' remuneration	**3.9**	3.4

Salary and other benefits comprise salary/fees, bonus, benefits earned in the year and pension salary supplements for executive directors.

The share-based payment charge reflects the expected vesting of the Group's share-based incentives.

11 Employee information

(a) Average monthly number of employees in the Group

	Group		Company	
	2025	2024	2025	2024
Full time	**1,151**	1,248	**107**	162
Part time	**128**	127	**11**	11
Total	**1,279**	1,375	**118**	173

(b) Employment costs

	Group		Company	
	2025 £m	2024[1] £m	2025 £m	2024[1] £m
Aggregate gross wages and salaries paid to the Group's employees	**99.5**	96.4	**14.2**	16.1
Employer's National Insurance contributions	**11.8**	10.0	**1.3**	2.1
Pension charge	**5.8**	6.4	**2.7**	1.6
Share-based payment charge (note 31)	**2.2**	2.7	**1.2**	1.5
Redundancy costs	**0.4**	6.2	**—**	3.0
Total employment costs from continuing operations	**119.7**	121.7	**19.4**	24.3
Total employment costs from discontinued operations	**—**	1.1	**—**	—
Total employment costs	**119.7**	122.8	**19.4**	24.3

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

The pension charge comprises the retirement benefit charge for defined benefit schemes and contributions to the stakeholder pension plan.

The share-based payment charge relates entirely to equity-settled schemes.

Notes to the financial statements continued

12 Cash and cash equivalents

Cash and cash equivalents includes cash at bank and held in short-term deposits and Vanquis Bank Limited's liquid asset buffer, including other liquid resources.

	Group		Company	
	2025 £m	2024 £m	**2025 £m**	2024 £m
Central bank reserves	**746.8**	948.7	**—**	—
Cash at bank	**57.7**	55.2	**4.3**	10.5
Total cash and cash equivalents	**804.5**	1,003.9	**4.3**	10.5

In addition to cash and cash equivalents, the Group had £0.9m of bank overdrafts at 31 December 2025 (2024: £1.0m) and the Company had £nil bank overdrafts (2024: £nil), both of which are disclosed within bank and other borrowings (see note 28).

All cash and cash equivalents are held with investment grade rated banks and are held in Pound sterling.

Vanquis Bank Limited's total liquid asset buffer is held in the Bank of England central reserve account and amounted to £746.8m at 31 December 2025 (2024: £948.7m).

Cash and cash equivalents of £51.1m (2024: £45.1m), held as part of securitisations, is not immediately available due to the terms of the arrangements.

Cash and cash equivalents are non-interest bearing other than in respect of the cash held on deposit and the amounts held by Vanquis Bank Limited as a liquid asset buffer and other liquid resources that bear interest at rates linked to the Bank of England base rate.

13 Investment securities

The Group's investment securities comprise UK Government securities (gilts) which are held as part of Vanquis Bank's liquidity buffer.

	Principal amount		Carrying value	
	2025 £m	2024 £m	**2025 £m**	2024 £m
UK Government securities	**250.0**	—	**253.3**	—
Fair value adjustment for portfolio hedged risk (note 23)	**—**	—	**1.3**	—
	250.0	—	**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 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 23.

14 Amounts receivable from customers

	2025			2024		
	Due within one year £m	**Due in more than one year £m**	**Total £m**	Due within one year £m	Due in more than one year £m	Total £m
Credit Cards	**1,384.3**	**—**	**1,384.3**	1,149.9	—	1,149.9
Vehicle Finance	**213.4**	**475.1**	**688.5**	227.5	507.9	735.4
Second Charge Mortgages	**—**	**618.5**	**618.5**	—	225.3	225.3
Total	**1,597.7**	**1,093.6**	**2,691.3**	1,377.4	733.2	2,110.6
Discontinued operations	**—**	**—**	**—**	9.7	34.3	44.0
Fair value adjustment for portfolio hedged risk (note 23)	**(0.2)**	**0.4**	**0.2**	(0.8)	(0.1)	(0.9)
Total reported amounts receivable from customers	**1,597.5**	**1,094.0**	**2,691.5**	1,386.3	767.4	2,153.7

The fair value adjustment for the portfolio hedged risk relates to the Second Charge Mortgages receivable and the unamortised hedged accounting adjustment in relation to the balance guaranteed swap, where hedge accounting has been discontinued (see note 23).

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

	2025					
Group	**Credit Cards £m**	**Vehicle Finance £m**	**Second Charge Mortgages £m**	**Total continuing £m**	**Discontinued operations £m**	**Group £m**
Gross amounts receivable from customers	**1,553.8**	**761.6**	**619.4**	**2,934.8**	**—**	**2,934.8**
Allowance account	**(169.5)**	**(73.1)**	**(0.9)**	**(243.5)**	**—**	**(243.5)**
Reported amounts receivable from customers	**1,384.3**	**688.5**	**618.5**	**2,691.3**	**—**	**2,691.3**

	2024					
Group	Credit Cards £m	Vehicle Finance £m	Second Charge Mortgages £m	Total continuing £m	Discontinued operations £m	Group £m
Gross amounts receivable from customers	1,309.9	831.9	225.5	2,367.3	49.1	2,416.4
Allowance account	(160.0)	(96.5)	(0.2)	(256.7)	(5.1)	(261.8)
Reported amounts receivable from customers	1,149.9	735.4	225.3	2,110.6	44.0	2,154.6

The Group has pledged £796.7m (2024: £839.1m) of receivables as collateral under the securitisation funding arrangements described in note 28.

Notes to the financial statements continued

14 Amounts receivable from customers continued

Credit Cards

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

Credit Cards	2025 Stage 1 £m	2025 Stage 2 £m	2025 Stage 3 £m	2025 Total £m	2024 (represented)[1] Stage 1 £m	2024 (represented)[1] Stage 2 £m	2024 (represented)[1] Stage 3 £m	2024 (represented)[1] Total £m
Gross carrying amount								
At 1 January	1,136.6	99.8	73.5	1,309.9	1,199.5	161.2	114.1	1,474.8
Originations	116.9	—	—	116.9	21.9	—	—	21.9
Drawdowns	2,131.0	64.7	5.1	2,200.8	2,000.2	76.5	8.5	2,085.2
Net transfers and changes in credit risk:								
– from Stage 1 to Stage 2	(333.8)	333.8	—	—	(376.7)	376.7	—	—
– from Stage 1 to Stage 3	(41.2)	—	41.2	—	(44.9)	—	44.9	—
– from Stage 2 to Stage 1	187.3	(187.3)	—	—	290.1	(290.1)	—	—
– from Stage 2 to Stage 3	—	(122.9)	122.9	—	—	(158.6)	158.6	—
– from Stage 3 to Stage 1	10.7	—	(10.7)	—	16.7	—	(16.7)	—
– from Stage 3 to Stage 2	—	3.5	(3.5)	—	—	5.9	(5.9)	—
Write-offs	(14.6)	(12.4)	(19.2)	(46.2)	(11.7)	(9.6)	(36.4)	(57.7)
Write-offs (debt sale)	—	—	(127.2)	(127.2)	—	—	(157.7)	(157.7)
Repayments	(2,212.9)	(82.4)	(24.9)	(2,320.2)	(2,320.5)	(107.1)	(31.1)	(2,458.7)
Interest and fee income	360.7	44.2	1.5	406.4	352.9	46.6	2.9	402.4
Other movements	10.8	(1.9)	4.5	13.4	9.1	(1.7)	(7.7)	(0.3)
At 31 December	1,351.5	139.1	63.2	1,553.8	1,136.6	99.8	73.5	1,309.9
Allowance account								
At 1 January	(73.3)	(44.7)	(42.0)	(160.0)	(84.7)	(57.5)	(54.9)	(197.1)
Movements through income statement:								
Originations	(21.1)	—	—	(21.1)	(4.8)	—	—	(4.8)
Drawdowns and net transfers and changes in credit risk:								
– from Stage 1 to Stage 2	57.7	(57.7)	—	—	66.2	(66.2)	—	—
– from Stage 1 to Stage 3	6.0	—	(6.0)	—	7.0	—	(7.0)	—
– from Stage 2 to Stage 1	(66.0)	66.0	—	—	(94.3)	94.3	—	—
– from Stage 2 to Stage 3	—	76.3	(76.3)	—	—	108.5	(108.5)	—
– from Stage 3 to Stage 1	(3.8)	—	3.8	—	(5.1)	—	5.1	—
– from Stage 3 to Stage 2	—	(1.2)	1.2	—	—	(2.5)	2.5	—
– remeasurements within existing stage	8.6	(102.3)	(28.4)	(122.1)	21.7	(107.5)	(35.7)	(121.5)
– post-model overlays	2.6	9.8	3.2	15.6	19.0	(20.1)	(2.5)	(3.6)
– write-offs	(13.3)	(5.8)	(5.7)	(24.8)	(9.9)	(3.3)	(6.6)	(19.8)
– debt sales	—	—	4.7	4.7	—	—	16.1	16.1
– derecognition of Stage 3 interest	—	—	2.2	2.2	—	—	3.3	3.3
– recoveries	—	—	3.7	3.7	—	—	3.1	3.1
– revaluations	—	—	2.6	2.6	—	—	3.2	3.2
– other movements	—	—	(0.4)	(0.4)	—	—	0.1	0.1
Total movements through income statement	(29.3)	(14.9)	(95.4)	(139.6)	(0.2)	3.2	(126.9)	(123.9)
Movements through allowance account:								
– write-offs (regular)	14.9	12.4	19.2	46.5	12.0	9.7	36.4	58.1
– write-offs (debt sale)	—	—	130.1	130.1	—	—	173.2	173.2
– debt sale proceeds	—	—	(38.4)	(38.4)	—	—	(60.6)	(60.6)
– derecognition of Stage 3 interest	—	—	(2.2)	(2.2)	—	—	(3.3)	(3.3)
– other	—	—	(5.9)	(5.9)	(0.4)	(0.1)	(5.9)	(6.4)
Allowance account at 31 December	(87.7)	(47.2)	(34.6)	(169.5)	(73.3)	(44.7)	(42.0)	(160.0)
Reported amounts receivable from customers at 31 December	1,263.8	91.9	28.6	1,384.3	1,063.3	55.1	31.5	1,149.9
Reported amounts receivable from customers at 1 January	1,063.3	55.1	31.5	1,149.9	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.

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 £370.8m (2024: £365.7m) interest income and £35.6m (2024: £36.7m) 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.

Notes to the financial statements continued

14 Amounts receivable from customers continued

Credit Cards continued

A breakdown of the in-model and post-model overlays for Credit Cards is shown below:

Credit Cards	2025 £m	2024 £m
Core model	173.2	155.6
Post-model overlays	(3.7)	4.4
Total allowance account	**169.5**	160.0

	2025 £m	2024 £m
Post-model overlays:		
Persistent debt (note (a))	(2.8)	—
Balance transfer new originations (note (b))	(2.3)	—
Loss Given Default calibration (note (c))	1.4	—
Macroeconomic model redevelopment (note (d))	—	4.0
Other	—	0.4
Total post-model overlays	(3.7)	4.4

(a) 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.

(b) 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.

(c) Loss Given Default (LGD) calibration

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

(d) Macroeconomic model redevelopment

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

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

	2025				2024 (represented)[1]			
Credit Cards	Stage 1 £m	Stage 2 £m	Stage 3 £m	Total £m	Stage 1 £m	Stage 2 £m	Stage 3 £m	Total £m
Good	1,170.5	104.4	—	1,274.9	995.9	70.0	—	1,065.9
Satisfactory	181.0	34.7	—	215.7	140.7	29.8	—	170.5
Lower quality	—	—	63.2	63.2	—	—	73.5	73.5
Total	1,351.5	139.1	63.2	1,553.8	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.

Vehicle Finance

Amounts receivable from customers for Vehicle Finance can be reconciled as follows:

	2025				2024 (represented)[1]			
Vehicle Finance	Stage 1 £m	Stage 2 £m	Stage 3 £m	Total £m	Stage 1 £m	Stage 2 £m	Stage 3 £m	Total £m
Gross carrying amount								
At 1 January	606.3	120.1	105.5	831.9	391.7	224.8	527.7	1,144.2
Originations	295.2	—	—	295.2	311.1	—	—	311.1
Transfers due to changes in credit risk:								
– from Stage 1 to Stage 2	(303.1)	303.1	—	—	(63.6)	63.6	—	—
– from Stage 1 to Stage 3	(16.2)	—	16.2	—	(22.0)	—	22.0	
– from Stage 2 to Stage 1	173.4	(173.4)	—	—	125.8	(125.8)	—	—
– from Stage 2 to Stage 3	—	(95.7)	95.7	—	—	(15.9)	15.9	—
– from Stage 3 to Stage 1	1.7	—	(1.7)	—	38.3	—	(38.3)	—
– from Stage 3 to Stage 2	—	11.4	(11.4)	—	—	41.7	(41.7)	—
Write-offs	(7.9)	(3.1)	(74.5)	(85.5)	—	—	(374.9)	(374.9)
Repayments	(308.8)	(63.7)	(57.3)	(429.8)	(279.8)	(97.8)	(74.7)	(452.3)
Interest and fee income	88.9	30.4	4.6	123.9	72.2	30.3	30.6	133.1
Other movements	26.9	0.3	(1.3)	25.9	32.6	(0.8)	38.9	70.7
At 31 December	556.4	129.4	75.8	761.6	606.3	120.1	105.5	831.9
Allowance account								
At 1 January	(18.2)	(21.5)	(56.8)	(96.5)	(18.2)	(27.0)	(322.9)	(368.1)
Movements through income statement:								
– originations	(25.9)	—	—	(25.9)	(40.0)	—	—	(40.0)
Drawdowns and net transfers and changes in credit risk:								
– from Stage 1 to Stage 2	16.4	(16.4)	—	—	15.9	(15.9)	—	—
– from Stage 1 to Stage 3	0.6	—	(0.6)	—	1.9	—	(1.9)	—
– from Stage 2 to Stage 1	(24.1)	24.1	—	—	(38.8)	38.8	—	—
– from Stage 2 to Stage 3		23.6	(23.6)	—	—	27.3	(27.3)	—
– from Stage 3 to Stage 1	(0.1)	—	0.1	—	(11.1)	—	11.1	—
– from Stage 3 to Stage 2	—	(1.0)	1.0	—	—	(20.1)	20.1	—
– remeasurements within existing stage	37.5	(31.7)	(17.6)	(11.8)	72.7	(23.6)	(73.5)	(24.4)
– post-model overlays	0.2	3.2	0.1	3.5	(0.6)	(1.0)	(3.9)	(5.5)
– write-offs	—	—	(14.0)	(14.0)	—	—	(30.4)	(30.4)
– debt sales	—	—	(0.3)	(0.3)	—	—	0.1	0.1

Notes to the financial statements continued

14 Amounts receivable from customers continued

Vehicle Finance continued

Vehicle Finance	2025 Stage 1 £m	2025 Stage 2 £m	2025 Stage 3 £m	2025 Total £m	2024 (represented)[1] Stage 1 £m	2024 (represented)[1] Stage 2 £m	2024 (represented)[1] Stage 3 £m	2024 (represented)[1] Total £m
– derecognition of Stage 3 interest	—	—	6.0	6.0	—	—	18.5	18.5
– recoveries	—	—	(2.7)	(2.7)	—	—	(0.2)	(0.2)
– revaluations	—	—	3.7	3.7	—	—	21.7	21.7
– other movements	—	—	—	—	—	—	0.2	0.2
Total amount recorded in impairment charges	4.6	1.8	(47.9)	(41.5)	—	5.5	(65.5)	(60.0)
Movements through allowance account:								
– write-offs	—	—	71.7	71.7	—	—	374.9	374.9
– debt sale proceeds	—	—	(11.9)	(11.9)	—	—	(6.7)	(6.7)
– derecognition of Stage 3 interest	—	—	(6.0)	(6.0)	—	—	(18.5)	(18.5)
– other changes	—	—	11.1	11.1	—	—	(18.1)	(18.1)
Allowance account at 31 December	(13.6)	(19.7)	(39.8)	(73.1)	(18.2)	(21.5)	(56.8)	(96.5)
Reported amounts receivable from customers at 31 December	542.8	109.7	36.0	688.5	588.1	98.6	48.7	735.4
Reported amounts receivable from customers at 1 January	588.1	98.6	48.7	735.4	373.5	197.8	204.8	776.1

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.

In the amounts receivable from customers reconciliation above:

- other movements to gross carrying amount primarily relate to recognition of broker costs; and
- remeasurements within existing stage capture both allowance changes arising from stage transfers and those driven by balance movements.

Total Vehicle Finance interest and fee income from customers of £123.9m (2024: £133.1m) comprises £123.9m (2024: £133.1m) interest income and £nil (2024: £nil) of other 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 £0.7m (2024: £0.9m) 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 Vehicle Finance is shown below:

Vehicle Finance	2025 £m	2024 £m
Core model	73.3	93.3
Post-model overlays	(0.2)	3.2
Total allowance account	73.1	96.5

	2025 £m	2024 £m
Post-model overlays:		
LGD recalibration (note (a))	2.3	(0.6)
Forced sale discount model calibration (note (b))	(1.1)	—
Stage 2 SICR recalibration (note (c))	(1.0)	—
12-month PD recalibration (note (d))	—	2.8
Macroeconomic LGD implementation (note (e))	—	(0.9)
Macroeconomic model redevelopment (note (f))	—	1.4
Other	(0.4)	0.5
Total post-model overlays	(0.2)	3.2

(a) LGD recalibration

Following the introduction of the charge-off process and the revised definition of default during 2024, calibrations were required to components of the LGD model. A PMA has been recognised until the model can be updated.

(b) Forced sale discount (FSD) model calibration

The external car valuations used in the FSD model were revised at the end of 2025. The input data used in the model therefore needs to be calibrated to the revised valuations. A PMA has been recognised until the model can be updated.

(c) Stage 2 SICR recalibration

A new acquisition scorecard was implemented during the year, the SICR threshold therefore need to be calibrated to appropriately move accounts into Stage 2 when they breach the SICR thresholds. A PMA has been recognised until the model can be updated.

(d) 12-month PD recalibration

Monitoring of the 12-month PD model indicated a recalibration was required for the 'up-to-date' segment. The PMA was removed as the changes were reflected into the models.

Notes to the financial statements continued

14 Amounts receivable from customers continued

(e) Macroeconomic LGD implementation

Refinements were made to the macroeconomic LGD model implementation to: (i) reflect an upside scenario; (ii) refine the shape of the scenarios; and (iii) enhance how the scenarios were being applied. The PMA was released as the changes were reflected into the models.

(f) Macroeconomic model redevelopment

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

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

	2025				2024			
Vehicle Finance	Stage 1 £m	Stage 2 £m	Stage 3 £m	Total £m	Stage 1 £m	Stage 2 £m	Stage 3 £m	Total £m
Good quality	486.2	25.1	—	511.3	516.9	11.1	—	528.0
Satisfactory quality	69.6	36.9	—	106.5	78.9	35.8	—	114.7
Lower quality	0.6	35.5	—	36.1	10.4	39.7	—	50.1
Below standard	—	31.9	75.8	107.7	0.1	33.5	105.5	139.1
Gross carrying amount	556.4	129.4	75.8	761.6	606.3	120.1	105.5	831.9

Internal credit risk rating is based on the internal credit score of a customer at the balance sheet date.

Vehicle Finance accounts for its lease receivables under IFRS 16. As a result a maturity analysis of the amounts receivable under the finance leases is required and is shown below:

	2025 £m	2024 £m
Due within one year	370.7	397.7
Due within one to two years	300.9	316.1
Due within two to three years	222.8	255.6
Due within three to four years	137.6	146.2
Due between four to five years	45.1	45.8
Total	1,077.1	1,161.4
Unearned finance cost	(315.5)	(329.5)
Total lease receivable	761.6	831.9

No finance agreements entered into have a term greater than five years (2024: none over five years).

Second Charge Mortgages

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

	2025			
	Stage 1 £m	Stage 2 £m	Stage 3 £m	Total £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 stages	—	(0.4)	(0.1)	(0.5)
Total movement 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

Notes to the financial statements continued

14 Amounts receivable from customers continued

Second Charge Mortgages continued

	2024			
	Stage 1 £m	Stage 2 £m	Stage 3 £m	Total £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:	—	—	—	—
– from Stage 1 to 2	—	(0.1)	—	(0.1)
Total movement 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 predominantly relate to the capitalisation of deferred acquisition costs.

Total Second Charge Mortgages interest and fee income from customers of £29.4m (2024: £4.8m) comprises solely of interest 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 in the current or prior year.

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

	2025			
	Stage 1 £m	**Stage 2 £m**	**Stage 3 £m**	**Total £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**

	2024			
	Stage 1 £m	Stage 2 £m	Stage 3 £m	Total £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 of non-defaulted accounts in arrears; high-quality receivables consist of accounts not in arrears.

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

	2025				2024			
Group	**Credit Cards £m**	**Vehicle Finance £m**	**Second Charge Mortgages £m**	**Total Continuing £m**	Credit Cards £m	Vehicle Finance £m	Second Charge Mortgages £m	Total Continuing £m
Brought forward	**25.5**	**49.7**	**8.4**	**83.6**	32.3	56.0	0.1	88.4
Capitalised	**11.6**	**28.1**	**16.2**	**55.9**	5.8	31.6	9.2	46.6
Amortised	**(8.6)**	**(28.5)**	**(4.6)**	**(41.7)**	(12.6)	(31.4)	(0.9)	(44.9)
Written off	**—**	**(3.8)**	**—**	**(3.8)**	—	(6.5)	—	(6.5)
Carried forward	**28.5**	**45.5**	**20.0**	**94.0**	25.5	49.7	8.4	83.6
DAC asset (discontinued operations)				**—**				0.4
Total DAC asset				**94.0**				84.0

Notes to the financial statements continued

14 Amounts receivable from customers continued

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

	Group	
Impairment charge on amounts receivable from customers	**2025 £m**	2024 £m
Credit Cards	**139.6**	123.9
Vehicle Finance	**41.5**	60.0
Second Charge Mortgages	**0.7**	0.2
Total impairment charge from continuing operations	**181.8**	184.1
Total impairment (credit)/charge from discontinued operations	**(3.1)**	5.7
Total impairment charge	**178.7**	189.8

The impairment in the income statement of £181.1m (2024: £185.3m) includes £0.7m credit (2024: £0.8m charge) in relation to loans held within trade and other receivables (note 15).

The average effective interest rate for the year ended 31 December 2025 was 26.6% for Credit Cards (2024: 28.3%), 23% for Vehicle Finance (2024: 24%) and 8.1% for Second Charge Mortgages (2024: 8.9%).

The average period to maturity of the amounts receivable from customers within Vehicle Finance is 33 months (2024: 34 months) and 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.

15 Trade and other receivables

	Group		Company	
	2025 £m	2024 £m	**2025 £m**	2024 £m
Trade and other receivables	**2.6**	—	**—**	**—**
Collateral	**23.2**	15.9	**3.0**	9.4
External counterparty loans	**—**	18.3	**—**	—
Stock	**2.1**	2.0	**—**	—
Finance lease receivable (note (a))	**5.2**	6.2	**—**	—
Amounts placed on deposit by Group undertaking	**—**	—	**39.0**	23.0
Amounts owed by Group undertakings	**—**	—	**726.3**	731.2
Prepayments	**26.9**	28.9	**1.5**	4.8
Accrued income	**1.2**	1.2	**—**	—
Total trade and other receivables	**61.2**	72.5	**769.8**	768.4

Amounts placed on deposit by Group undertaking represents funds placed on deposit via Vanquis Bank with the Bank of England. On a Group basis these amounts are presented within cash and cash equivalents.

Collateral represents cash collateral the Group has provided to its banking counterparties as security against the mark-to-market exposure on its derivative financial instruments of £11.8m (2024: £9.4m) 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 Group's Second Charge Mortgage originators that was repaid during the year.

Stock represents vehicles held by Moneybarn where customer agreements have been terminated and Credit Card plastics held by Vanquis Bank.

There are £nil amounts past due in respect of trade and other receivables (2024: £nil). An impairment provision of £nil (2024: £1.2m) is held against external counterparty loans.

Amounts owed by Group undertakings are unsecured and repayable on demand or within one year, and generally accrue interest at rates linked to SONIA. The Company has assessed the estimated credit losses for these intercompany loans and an impairment provision of £nil (2024: £nil) has been recognised. Amounts owed by Group undertakings consist of £726.3m (2024: £731.2m) 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.

Notes to the financial statements continued

15 Trade and other receivables continued

(a) Finance lease receivable

In 2022, the Group entered into a finance lease arrangement to sub-lease 50% of the existing floor space of its London office. As a result, the Group recognises a lease receivable, representing the amount of the Group's net investment outstanding in respect of the finance lease; 50% of the corresponding right of use asset was also derecognised (see note 18).

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

	Group	
	2025 £m	2024 £m
Due within one year	**1.0**	1.0
Due within one to two years	**1.0**	1.0
Due within two to three years	**1.0**	1.0
Due within three to four years	**1.0**	1.0
Due within four to five years	**1.0**	1.0
After five years	**0.4**	1.5
	5.4	6.5
Unearned finance costs	**(0.2)**	(0.3)
Total lease receivable	**5.2**	6.2

Undiscounted lease payments analysed as:

	2025 £m	2024 £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 £m	2024 £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 approximates to 1.1% per annum.

No impairment provision has been recognised against the lease receivable.

16 Investments

	Group	
	2025 £m	2024 £m
Visa shares	**2.4**	2.3
Total investments	**2.4**	2.3

Visa shares

The Visa Inc shares represent preferred stock in Visa Inc held by Vanquis Bank Limited. 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 that could affect the valuation of the stock prior to conversion.

17 Property, plant and equipment

Group	**Leasehold land and buildings £m**	**Equipment and vehicles £m**	**Total £m**
Cost			
At 1 January 2025	**8.1**	**21.8**	**29.9**
Additions	**2.1**	**1.2**	**3.3**
Disposals	**(0.2)**	**(12.0)**	**(12.2)**
At 31 December 2025	**10.0**	**11.0**	**21.0**
Accumulated depreciation and impairment			
At 1 January 2025	**2.6**	**20.2**	**22.8**
Charged to the income statement – depreciation	**0.8**	**1.3**	**2.1**
Reclassification between asset classes	**2.5**	**(2.5)**	**—**
Disposals	**(0.2)**	**(11.7)**	**(11.9)**
At 31 December 2025	**5.7**	**7.3**	**13.0**
Net book value at 31 December 2025	**4.3**	**3.7**	**8.0**
Net book value at 1 January 2025	**5.5**	**1.6**	**7.1**

The loss on disposal of property, plant and equipment in 2025 amounted to £0.3m (2024: £0.3m). The loss comprised proceeds received of £nil (2024: £nil) less the net book value of disposals of £0.3m (2024: £0.3m).

Notes to the financial statements continued

17 Property, plant and equipment continued

Additions in 2025 and 2024 principally comprise expenditure in respect of the routine replacement of IT equipment.

A review of accumulated depreciation categorisation as part of a transfer of assets within the Group led to reclassifications between asset classes to ensure accumulated depreciation and cost categorisations were aligned. These changes did not affect total PPE balance presented on the balance sheet in either 2025 and 2024.

Group	Leasehold land and buildings £m	Equipment and vehicles £m	Total £m
Cost			
At 1 January 2024	8.3	21.9	30.2
Additions	—	2.2	2.2
Disposals	(0.2)	(2.3)	(2.5)
At 31 December 2024	8.1	21.8	29.9
Accumulated depreciation and impairment			
At 1 January 2024	2.0	20.1	22.1
Charged to the income statement – depreciation	0.8	2.1	2.9
Disposals	(0.2)	(2.0)	(2.2)
At 31 December 2024	2.6	20.2	22.8
Net book value at 31 December 2024	5.5	1.6	7.1
Net book value at 1 January 2024	6.3	1.8	8.1

Company	Leasehold land and buildings £m	Equipment and vehicles £m	Total £m
Cost			
At 1 January 2025	**0.2**	**12.2**	**12.4**
Additions	**1.9**	**—**	**1.9**
Transfers to Group companies	**(1.9)**	**(0.9)**	**(2.8)**
Disposals	**(0.2)**	**(11.3)**	**(11.5)**
At 31 December 2025	**—**	**—**	**—**
Accumulated depreciation			
At 1 January 2025	**0.1**	**11.8**	**11.9**
Charged to the income statement – depreciation	**0.1**	**0.1**	**0.2**
Transfers to Group companies	**—**	**(0.6)**	**(0.6)**
Disposals	**(0.2)**	**(11.3)**	**(11.5)**
At 31 December 2025	**—**	**—**	**—**
Net book value at 31 December 2025	**—**	**—**	**—**
Net book value at 1 January 2025	**0.1**	**0.4**	**0.5**

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

A review of the Company's fixed asset register as part of a transfer of assets within the Group identified a number of assets that were fully depreciated and had been disposed of.

Company	Leasehold land and buildings £m	Equipment and vehicles £m	Total £m
Cost			
At 1 January 2024	0.2	12.2	12.4
Additions	—	—	—
Disposals	—	—	—
At 31 December 2024	0.2	12.2	12.4
Accumulated depreciation			
At 1 January 2024	0.1	11.6	11.7
Charged to the income statement	—	0.2	0.2
Disposals	—	—	—
At 31 December 2024	0.1	11.8	11.9
Net book value at 31 December 2024	0.1	0.4	0.5
Net book value at 1 January 2024	0.1	0.6	0.7

18 Right of use assets

	Group		Company	
Group	**2025 £m**	2024 £m	**2025 £m**	2024 £m
Cost				
At 1 January	**74.1**	72.8	**24.5**	23.8
Additions and revaluations	**—**	1.3	**—**	0.7
Transfers to Group companies	**—**	—	**(9.7)**	—
Disposals	**(14.8)**	—	**(14.8)**	—
At 31 December	**59.3**	74.1	**—**	24.5
Accumulated depreciation and impairment				
At 1 January	**57.7**	49.6	**17.1**	12.9
Disposals	**(14.8)**	—	**(14.8)**	—
Transfers to Group companies	**—**	—	**(3.6)**	—
Charged to the income statement – continuing operations	**4.3**	4.6	**1.3**	1.3
Charged to the income statement – impairment	**—**	3.5	**—**	2.9
At 31 December	**47.2**	57.7	**—**	17.1
Net book value at 31 December	**12.1**	16.4	**—**	7.4
Net book value at 1 January	**16.4**	23.2	**7.4**	10.9

Lease liabilities are disclosed in note 27.

Notes to the financial statements continued

18 Right of use assets continued

Disposals in both the Group and the Company amounted to £14.8m (2024: £nil) and relate to the cessation of a property lease for the Bradford Head Office which has been relocated.

The additions and revaluations in 2024 related to a revaluation of a property leases.

19 Goodwill

	Group	
	2025 £m	2024 £m
Cost		
At 1 January	**3.3**	74.5
Additions	**—**	—
Write-off	**(2.1)**	(71.2)
At 31 December	**1.2**	3.3
Accumulated impairment		
At 1 January	**2.1**	2.1
Write-off	**(2.1)**	—
At 31 December	**—**	2.1
Net book value at 31 December	**1.2**	1.2
Net book value at 1 January	**1.2**	72.4

Goodwill with a net book value of £1.2m in 2025 relates to the acquisition of Usnoop Limited in 2023.

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

Management adopts pre-tax discount rates that reflect the time value of money and the risks specific to the business.

The cash flow forecasts are based on the most recent financial budgets approved by the Group Board for the next five years and extrapolate cash flows for the following five years using a terminal growth rate of 1.5% (2024: 2%). The rate used to discount the forecast cash flows is 13.1% (2024: 13.5%); this represents the Company's risk-adjusted cost of capital. The pre-tax equivalent rate is 17.5% (2024: 18%).

Moneybarn goodwill was impaired in full in 2024 due to lower cash flows in the latest budget as the Group prioritises capital deployment for growth into Second Charge Mortgages and Credit Cards in the near term.

During 2025 the £2.1m of cost and accumulated impairment in relation to Cheque Exchange Limited was written off following the decision to close the business.

20 Other intangible assets

	2025			2024		
Group	**Acquisition intangibles £m**	**Computer software £m**	**Total £m**	Acquisition intangibles £m	Computer software £m	Total £m
Cost						
At 1 January	**86.1**	**82.1**	**168.2**	86.1	85.1	171.2
Additions	**—**	**15.2**	**15.2**	—	12.5	12.5
Adjustment	**—**	**(0.6)**	**(0.6)**	—	—	—
Disposals	**—**	**(5.7)**	**(5.7)**	—	(15.5)	(15.5)
At 31 December	**86.1**	**91.0**	**177.1**	86.1	82.1	168.2
Accumulated amortisation and impairment						
At 1 January	**76.6**	**30.1**	**106.7**	70.4	26.4	96.8
Charged to the income statement – amortisation	**1.3**	**9.2**	**10.5**	6.2	10.7	16.9
Charged to the income statement – impairment	**—**	**—**	**—**	—	8.5	8.5
Adjustment	**—**	**(0.6)**	**(0.6)**	—	—	—
Disposals	**—**	**(4.5)**	**(4.5)**	—	(15.5)	(15.5)
At 31 December	**77.9**	**34.2**	**112.1**	76.6	30.1	106.7
Net book value at 31 December	**8.2**	**56.8**	**65.0**	9.5	52.0	61.5
Net book value at 1 January	**9.5**	**52.0**	**61.5**	15.7	58.7	74.4

Acquisition intangibles represent the fair value of the broker relationships arising on the acquisition of Moneybarn in 2014 and internally generated Platform and technology in relation to Snoop in 2023.

The Moneybarn acquisition intangible asset was being amortised over an estimated useful life of 10 years; the asset was fully amortised in 2024.

The Snoop intangible asset comprised £10.1m of internally generated core platform and technology, and £1.0m in relation to the 'Snoop' brand name arising on the acquisition of Snoop in 2023. These are being amortised over nine and five years respectively.

Research and development expenditure recognised within operating costs during 2025 was £0.7m (2024: £0.7m).

Additions to computer software in the year of £15.2m (2024: £12.5m) comprise £15.2m (2024: £12.5m) of internally generated assets and £nil (2024: £nil) of externally purchased software.

Computer software amortisation charges of £9.2m (2024: £10.7m) include £0.2m (2024: £1.4m) which relate to the discontinued Personal Loans portfolio.

The computer software loss on disposal of £1.2m (2024: £nil) related entirely to the discontinued Personal Loans portfolio where the assets were written off in full and disposed. The loss comprised proceeds received of £nil (2024: £nil) less the net book value of disposals of £1.2m (2024: £nil).

Notes to the financial statements continued

20 Other intangible assets continued

The £15.2m (2024: £12.5m) of internally generated assets predominantly relates to the development of the Gateway platform. The net book value of this asset is £50.7m as at 31 December 2025 and it is being amortised over an estimated useful life of 10 years from the date each component is available for use.

A review of costs and accumulated amortisation as part of a transfer of assets within the Group led to an adjustment of £0.6m between costs and accumulated amortisation. These changes did not affect the total other intangible assets balance presented on the balance sheet in either 2025 and 2024.

21 Investment in subsidiaries

	Company	
	2025 £m	2024 £m
Cost		
At 1 January	**349.7**	265.3
Additions	**70.3**	85.9
Disposals	**(78.4)**	(1.5)
At 31 December	**341.6**	349.7
Accumulated impairment losses		
At 1 January	**101.8**	23.7
Charge to the income statement	**17.2**	78.5
Disposals	**(78.4)**	(0.4)
At 31 December	**40.6**	101.8
Net book value at 31 December	**301.0**	247.9
Net book value at 1 January	**247.9**	241.6

The additions in 2025 relate to: (i) a £60m subscription for Additional Tier 1 (AT1) capital issued by Vanquis Bank Limited following the Group's external issuance of AT1 in October 2025 which has been accounted for as a £60m contribution made by the Company in Provident Financial Holdings Limited; (ii) £10m due the transfer of the investment in Provfin Limited from another Group company as part of a Group reorganisation, in advance of those companies being placed into members' voluntary liquidation; and (ii) £0.3m additions (2024: disposal £1.1m) in relation to the movement in share options/awards provided to the subsidiary employees. Under IFRS 2, the fair value of the share options/awards issued is required to be treated as a capital contribution and an investment in the relevant subsidiary, net of any share options/awards that have vested.

The movements in 2024 reflect steps taken to make two non-trading companies solvent in advance of them entering members' voluntary liquidation. This included the subscription of £3.2m of shares in Yes Car Credit Limited and £75.2m of shares in Provident Yes Car Credit Limited, both of which were subsequently impaired based on the value of the underlying assets of the companies.

Additions in 2024 also included steps taken to increase the investment value of Provident Financial Holdings Limited by £7.5m as part of the transfer of trade and assets of its subsidiary, PFG Corporate Services Limited, to Vanquis Bank Limited.

Due to indicators of impairment, an investment valuation review was performed at the balance sheet date for the investment held in Provident Financial Holdings Limited utilising the higher of the discounted future cash flow forecasts of the underlying business or fair value. Whilst no impairment is required, sensitivity analysis has been performed based on the assumptions used in the cash flow valuations. A 100 bps movement in the discount rate would move the valuations by £84m. Sufficient headroom would remain to not require impairment.

Impairment of £17.2m was recognised in relation to non-trading companies as part of the Group reorganisation.

The cost, accumulated impairment losses and carrying value of investments at 31 December 2025 are shown below:

Company	**Cost £m**	**Accumulated impairment losses £m**	**Carrying value £m**
Provident Financial Holdings Limited	**298.6**	**—**	**298.6**
Provident Financial Group Limited	**29.9**	**(29.9)**	**—**
Provfin Limited	**10.1**	**(10.1)**	**—**
Other	**3.0**	**(0.6)**	**2.4**
Net book value at 31 December	**341.6**	**(40.6)**	**301.0**

The following are the subsidiary undertakings, which, in the opinion of the directors, principally affect the profit or assets of the Group or are a guaranteeing subsidiary of the Group's certain borrowings. A full list of subsidiary undertakings in included in note 38. All subsidiaries are consolidated and held directly by the Company except for those noted below, which are held by wholly owned intermediate companies.

Company	Activity	Country of incorporation	Class of capital	% Holding
Vanquis Bank Limited	Financial services	England	Ordinary	100[1]
Moneybarn No. 1 Limited	Financial services	England	Ordinary	100[1]
Provident Financial Holdings Limited	Intermediate holding company	England	Ordinary	100

1 Shares held by wholly owned intermediate companies.

The above companies operate principally in their country of incorporation.

Notes to the financial statements continued

22 Retirement benefit asset

(a) Pension schemes – defined benefit

The retirement benefit asset reflects the difference between the present value of the Group's obligation to current and past employees to provide a defined benefit pension and the fair value of assets held to meet that obligation. As at 31 December 2025, the fair value of the assets exceeded the obligation and hence a net pension asset has been recorded.

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

The scheme provides pension benefits that were accrued on a final salary and, more recently, on a cash balance basis. It was fully closed to future accrual in 2021 and benefits are no longer linked to final salary, although accrued benefits are subject to statutory inflationary increases.

The scheme is a UK registered pension scheme under UK legislation. The scheme is governed by a Trust Deed and Rules, with trustees responsible for the operation and governance of the scheme. The trustees work closely with the Group on funding and investment strategy decisions. The most recent actuarial valuation of the scheme was carried out as at 1 June 2024 by a qualified independent actuary. The valuation used for the purposes of IAS 19 Employee Benefits has been based on the results of the 2024 valuation to take account of the requirements of IAS 19 in order to assess the liabilities of the scheme at the balance sheet date. Scheme assets are stated at fair value as at the balance sheet date.

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

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

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

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

	Group and Company			
	2025		2024	
	£m	**%**	£m	%
Equities	**45.0**	**10**	63.7	14
Corporate bonds	**152.1**	**34**	46.6	10
Government bonds	**241.8**	**54**	316.8	70
Cash and money market funds	**7.1**	**2**	26.6	6
Total fair value of scheme assets	**446.0**	**100**	453.7	100
Present value of funded defined benefit obligation	**(439.6)**		(425.9)	
Net retirement benefit asset recognised in the balance sheet	**6.4**		27.8	

The Company and the pension trustees have agreed a low-risk investment strategy that involves hedging the inflation and interest rate risks associated with the liabilities of the pension scheme, whilst also holding a modest allocation to growth funds, such as equities. This position is reviewed periodically by the trustees, which consult the Company as part of this process.

The valuation of the retirement benefit asset has decreased from £27.8m at 31 December 2024 to £6.4m at 31 December 2025. A high-level reconciliation of the movement is as follows:

	Group and Company	
	2025 £m	2024 £m
Pension asset as at 1 January	**27.8**	38.2
Cash contributions made by the Group	**0.8**	0.8
Return on assets being held to meet pension obligations in excess of discount rate	**(5.5)**	(54.6)
Change in demographic assumptions	**(9.2)**	(0.9)
(Decrease)/increase in discount rate used to discount future liabilities	**(1.7)**	48.2
Change in inflation rate used to forecast pensions	**5.8**	(4.5)
Actuarial/membership experience	**(11.5)**	0.2
Other	**(0.1)**	0.4
Pension asset as at 31 December	**6.4**	27.8

Notes to the financial statements continued

22 Retirement benefit asset continued

(a) Pension schemes – defined benefit continued

The amounts recognised in the income statement were as follows:

	Group and Company	
	2025 £m	2024 £m
Administration costs and taxes	**(1.6)**	(1.3)
Interest on scheme liabilities	**(23.0)**	(21.7)
Interest on scheme assets	**24.5**	23.4
(Charge)/credit recognised in the income statement	**(0.1)**	0.4

The (charge)/credit recognised in the income statement of the Group and the Company has been included within operating costs.

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

	Group and Company	
	2025 £m	2024 £m
Fair value of scheme assets at 1 January	**453.7**	512.9
Interest on scheme assets	**24.5**	23.4
Actuarial movement on scheme assets	**(5.5)**	(54.6)
Contributions by the Group/Company	**0.8**	0.8
Net benefits paid out	**(27.5)**	(28.8)
Fair value of scheme assets at 31 December	**446.0**	453.7

The Group contributions over 2026 are expected to be £1.3m.

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

	Group and Company	
	2025 £m	2024 £m
Present value of the defined benefit obligation at 1 January	**(425.9)**	(474.7)
Administration costs and taxes	**(1.6)**	(1.3)
Interest on scheme liabilities	**(23.0)**	(21.7)
Actuarial movement – experience	**(11.5)**	0.2
Actuarial movement – demographic assumptions	**(9.2)**	(0.9)
Actuarial movement – financial assumptions	**4.1**	43.7
Net benefits paid out	**27.5**	28.8
Present value of the defined benefit obligation at 31 December	**(439.6)**	(425.9)

The liabilities of the scheme are based on the current value of expected benefit payments over the next 80 years. The weighted average duration of the scheme liabilities is approximately 11 years (2024: 12 years).

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

	Group and Company	
	2025 %	2024 %
Price inflation – RPI	**2.85**	3.20
Price inflation – CPI	**2.30**	2.75
Rate of increase to pensions in payment	**2.80**	3.00
Inflationary increases to pensions in deferment	**2.20**	2.75
Discount rate	**5.50**	5.55

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

The mortality assumptions are based on the Self-Administered Pension Scheme (SAPS) series 4 tables (2024: SAPS series 3 tables):

- female non-pensioners: 110% of the 'Middle' table (2024: 105% of the 'Middle' table);
- male non-pensioners: 113% of the 'Middle' table (2024: 105% of the 'Middle' table);
- female pensioners: 110% of the 'Middle' table (2024: 102% of the 'Middle' table); and
- male pensioners: 99% of the 'All' table (2024: 99% of the 'All' table).

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

Future improvements in mortality are based on the Continuous Mortality Investigation (CMI) 2024 model with a long-term trend of 1.00% p.a., the core parameters for the initial addition and smoothing parameter. All other available parameters for the mortality improvements model were adopted at the default (core) level.

Under these mortality assumptions, the life expectancies of members are as follows:

	Male		Female	
Group and Company	**2025 years**	2024 years	**2025 years**	2024 years
Current pensioner aged 65	**21.5**	21.2	**23.0**	23.0
Current member aged 45 from age 65	**21.5**	21.2	**24.2**	24.0

Notes to the financial statements continued

22 Retirement benefit asset continued

(a) Pension schemes – defined benefit continued

The table below shows the sensitivity on the defined benefit obligation (not including any impact on assets) of changes in the key assumptions. Depending on the scenario, there would also be compensating asset movements.

	Group and Company	
	2025 £m	2024 £m
Discount rate decreased by 0.5%	**24.3**	24.4
Inflation increased by 0.1%	**2.1**	2.2
Life expectancy increased by one year	**18.4**	16.4

The actual return on scheme assets compared to the expected return is as follows:

	Group and Company	
	2025 £m	2024 £m
Interest on scheme assets	**24.5**	23.4
Actuarial movement on scheme assets	**(5.5)**	(54.6)
Actual return on scheme assets	**19.0**	(31.2)

Actuarial gains and losses are recognised through other comprehensive income in the period in which they occur.

An analysis of the amounts recognised in the statement of other comprehensive income is as follows:

	Group and Company	
	2025 £m	2024 £m
Actuarial movement on scheme assets	**(5.5)**	(54.6)
Actuarial movement on scheme liabilities	**(16.6)**	43.0
Total movement recognised in other comprehensive income in the year	**(22.1)**	(11.6)
Cumulative movement recognised in other comprehensive income	**(182.0)**	(159.9)

The experience adjustments for the net retirement benefit asset is as follows:

	Group and Company	
	2025 £m	2024 £m
Fair value of scheme assets	**446.0**	453.7
Present value of funded defined benefit obligation	**(439.6)**	(425.9)
Retirement benefit asset recognised in the balance sheet	**6.4**	27.8
Experience (losses)/gains on scheme assets:		
– amount (£m)	**(5.5)**	(54.6)
– percentage of scheme assets (%)	**(1.2)**	(12.0)
Experience losses/(gains) on scheme liabilities:		
– amount (£m)	**11.5**	(0.2)
– percentage of scheme liabilities (%)	**2.6**	—

In June 2023, the UK High Court issued a ruling in the case of Virgin Media Limited v NTL Pension Trustees II Limited and others relating to the validity of certain historical pension changes. This was subject to appeal in 2024 and the original ruling was upheld. The Group has determined there to be no impact on the pension scheme as a result of the ruling.

(b) Pension schemes – defined contribution

The Group operates a Group Personal Pension Plan into which Group companies contribute a proportion of pensionable earnings of the member (typically ranging between 5.1% and 10.6%) dependent on the proportion of pensionable earnings contributed by the member through a salary sacrifice arrangement (typically ranging between 3% and 8%). The assets of the scheme are held separately from those of the Group and Company.

The Group also operates a separate pension scheme for auto-enrolment into which the Company and subsidiaries contribute a proportion of qualifying earnings of the member of 4%. The assets of the scheme are held separately from those of the Group or the Company. The pension charge in the consolidated income statement represents contributions paid by the Group in respect of these plans and amounted to £5.7m for the year ended 31 December 2025 (2024: £6.9m). Contributions made by the Company amounted to £0.9m (2024: £2.0m). £0.8m of contributions were payable to the fund at the year end (2024: £nil).

The Group contributed £nil in 2025 into individual personal pension plans in the year (2024: £nil).

Notes to the financial statements continued

23 Derivative financial instruments

The Group 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 Group does not engage in derivative trading.

The Group is counterparty to 24 (2024: 10) derivative financial instruments.

All derivatives are recognised on the balance sheet at fair value using valuation techniques based on observable market data. The Group 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 Group designates:

- Portfolio fair value hedges of interest rate risk
- Fair value hedges of specific financial assets or liabilities

In 2025, the Group 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 Group began purchasing UK Government Bonds (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 Mortgage portfolio, the Group entered into six interest rate swaps to manage the associated interest rate risk.
3) The Group also transacted two external deposit swaps to manage interest rate risk arising from retail customer deposit balances.

As result of AT1 issuance in October 2025, £58.5m of Tier 2 capital was repaid and the notional of the Tier 2 swap was reduced by the same amount.

During the year, 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 income statement.

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

	Group				Company			
	2025		2024		**2025**		2024	
Fair value of derivatives	**Assets £m**	**Liabilities £m**	Assets £m	Liabilities £m	**Assets £m**	**Liabilities £m**	Assets £m	Liabilities £m
Derivatives in hedge accounting relationships								
Fair value portfolio hedges								
Interest rate swaps								
Fixed to floating	**—**	**(0.5)**	—	—	**—**	**—**	—	—
Floating to fixed	**0.2**	**—**	—	—	**—**	**—**	—	—
Total derivatives in portfolio fair value hedging relationships	**0.2**	**(0.5)**	—	—	**—**	**—**	—	—
Individual fair value hedges								
Fixed to floating	**0.1**	**(3.0)**	—	—	**—**	**(0.4)**	—	—
Floating to fixed	**1.5**	**—**	—	(1.3)	**1.5**	**—**	—	(1.3)
Total derivatives in hedge accounting relationships	**1.8**	**(3.5)**	—	(1.3)	**1.5**	**(0.4)**	—	(1.3)
Other derivatives								
Interest rate swaps	**2.1**	**(2.6)**	—	(0.5)	**2.2**	**—**	0.6	(0.4)
Total recognised derivative assets/ (liabilities)	**3.9**	**(6.1)**	—	(1.8)	**3.7**	**(0.4)**	0.6	(1.7)

Notes to the financial statements continued

23 Derivative financial instrument continued

Notional value of derivatives	Group 2025 Assets £m	Group 2025 Liabilities £m	Group 2024 Assets £m	Group 2024 Liabilities £m	Company 2025 Assets £m	Company 2025 Liabilities £m	Company 2024 Assets £m	Company 2024 Liabilities £m
Derivatives in hedge accounting relationships								
Fair value portfolio hedges								
Interest rate swaps								
Fixed to floating	—	59.0	—	—	—	—	—	—
Floating to fixed	150.0	—	—	—	—	—	—	—
Total derivatives in portfolio fair value hedging relationships	150.0	59.0	—	—	—	—	—	—
Individual fair value hedges								
Fixed to floating	35.0	273.5	—	—	—	58.5	—	—
Floating to fixed	200.0	—	—	200.0	200.0	—	—	200.0
Total derivatives in hedge accounting relationships	385.0	332.5	—	200.0	200.0	58.5	—	200.0
Other derivatives								
Interest rate swaps	289.2	297.7	—	296.4	400.0	58.5	70.0	356.4
Total derivative notional	674.2	630.2	—	496.4	600.0	117.0	70.0	556.4

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

Fair value adjustment for hedged risk	Group 2025 £m	Group 2024 £m	Company 2025 £m	Company 2024 £m
On amounts receivable from customers (note 14)	0.2	(0.9)	—	—
On bank and other borrowings (note 28)	0.2	2.5	0.2	2.5
On investment securities (note 13)	1.3	—	—	—
On retail deposits (note 28)	(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	Group 2025 Assets £m	Group 2025 Liabilities £m	Group 2024 Assets £m	Group 2024 Liabilities £m	Company 2025 Assets £m	Company 2025 Liabilities £m	Company 2024 Assets £m	Company 2024 Liabilities £m
Monetary amount of risk relating to								
Fair value portfolio hedges								
Second Charge Mortgages	59.0	—	—	—	—	—	—	—
Retail deposits	—	(150.0)	—	—	—	—	—	—
Total hedged items in portfolio hedges	59.0	(150.0)	—	—	—	—	—	—
Individual fair value hedges								
Gilts	250.0	—	—	—	—	—	—	—
Tier 2	—	(141.5)	—	(200.0)	—	(141.5)	—	(200.0)
Total derivatives in hedge accounting relationships	250.0	(141.5)	—	(200.0)	—	(141.5)	—	(200.0)

Macro fair value hedges

The Group 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 Group 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.

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;
- differences in yield curve construction or interpolation methodologies used in the valuation of hedged items and hedging instruments.

Notes to the financial statements continued

23 Derivative financial instrument continued

Micro fair value hedges

The Group designates individual fixed-rate instruments in micro fair value hedge relationships. These include Tier 2 borrowings and 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 Group 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;
- differences in yield curve construction or interpolation methodologies.

The total Group hedge ineffectiveness in 2025 was £nil (2024: £nil).

Had hedge accounting not been applied, the Group would have recognised a total charge of £0.5m (2024: £1.3m) in the income statement reflecting the movement in the derivative.

Swaps not designated in hedge accounting relationships

The Group also holds certain interest rate swaps that are not currently designated in hedge accounting relationships.

The securitisation Balance Guarantee Swap (front BGS) was originally entered into to hedge interest rate risk within the securitisation special purpose vehicle (SPV). It resized in line with changes in the size and expected maturity profile of the underlying loan portfolio.

The front BGS was previously designated in a portfolio fair value hedge relationship under IAS 39. Hedge accounting was discontinued in September 2022. Since discontinuation, the swap has not been designated in a hedge relationship and changes in fair value are recognised directly in the income statement.

The cumulative fair value hedge adjustment recognised up to the date of discontinuation is being amortised over the remaining life of the underlying receivables. The unamortised balance of £0.2m (2024: £0.9m) is included within amounts receivable from customers (note 14).

The Group entered into a corresponding Balance Guarantee Swap (back BGS) specifically to offset the front BGS on consolidation. The front BGS addressed a risk present in the SPV financial statements that does not exist at consolidated Group level. Accordingly, no hedge accounting is applied to either instrument in the consolidated financial statements.

24 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. No expiry date applies to these losses.

Deferred tax arises primarily in respect of: (a) property, plant and equipment that is depreciated on a different basis for tax purposes; (b) the Group's retirement benefit asset; (c) Vanquis Bank's investment in the preference shares in Visa Inc, which are recognised at fair value for accounting purposes but which are taxed only on disposal; (d) the opening balance sheet adjustments to restate the IAS 39 balance sheet to an IFRS 9 basis for which tax deductions are typically available over 10 years; and (e) other temporary differences including: (i) deductions for employee share awards that are recognised differently for tax purposes; (ii) certain cost provisions for which tax deductions are only available when the costs are paid; (iii) the opening balance sheet adjustment in respect of the change of accounting treatment of directly attributable acquisition costs in Vanquis Bank, which is taxable over 10 years; (iv) 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; (v) the balance guaranteed swap entered into as part of the Vehicle Finance securitisation; and (vi) certain intangible fixed asset additions where tax deductions have been accelerated.

Notes to the financial statements continued

24 Deferred tax continued

In addition, a deferred tax liability is recognised in respect of the acquisition of Snoop relating to the intangible asset in respect of software development costs, which are amortised in future periods but for which tax deductions are not available. The deferred tax liability recognised at 31 December 2023 relating primarily to the broker relationships intangible asset acquired as part of the Vehicle Finance purchase unwound during 2024.

Deferred tax balances have been measured at the mainstream corporation tax rate of 25% except to the extent the temporary differences of the Cards business on which deferred tax has been calculated are expected to reverse when profits from Cards 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%.

The movement in the deferred tax balance during the year can be analysed as follows:

	Group		Company	
Asset/(liability)	**2025 £m**	2024 £m	**2025 £m**	2024 £m
At 1 January	**25.0**	8.4	**(5.6)**	(7.8)
(Charge)/credit to the income statement	**(0.5)**	13.7	**(0.6)**	(0.7)
Transfer to other Group companies	**—**	—	**(0.3)**	—
Credit to other comprehensive income	**5.5**	2.9	**5.5**	2.9
At 31 December	**30.0**	25.0	**(1.0)**	(5.6)

	2025						
Group – asset/(liability)	**Accelerated capital allowances £m**	**Visa shares £m**	**Tax losses £m**	**IFRS 9 £m**	**Retirement benefit obligations £m**	**Other temporary differences £m**	**Total £m**
At 1 January	**2.7**	**(0.5)**	**19.5**	**14.6**	**(7.0)**	**(4.3)**	**25.0**
Credit/(charge) to the income statement	**0.5**	**(0.1)**	**1.6**	**(4.9)**	**(0.1)**	**2.5**	**(0.5)**
Credit to other comprehensive income	**—**	**—**	**—**	**—**	**5.5**	**—**	**5.5**
At 31 December	**3.2**	**(0.6)**	**21.1**	**9.7**	**(1.6)**	**(1.8)**	**30.0**

	2024						
Group – asset/(liability)	Accelerated capital allowances £m	Visa shares £m	Tax losses £m	IFRS 9 £m	Retirement benefit obligations £m	Other temporary differences £m	Total £m
At 1 January	1.4	(1.4)	1.9	19.6	(9.6)	(3.5)	8.4
Credit/(charge) to the income statement	1.3	0.9	17.6	(5.0)	(0.3)	(0.8)	13.7
Credit to other comprehensive income	—	—	—	—	2.9	—	2.9
At 31 December	2.7	(0.5)	19.5	14.6	(7.0)	(4.3)	25.0

There was no impact on the deferred tax asset in 2025 or 2024 due to changes in UK tax rates.

Deferred tax assets on losses and other temporary differences

Deferred tax assets comprise deferred tax assets on carried forward losses of £21.1m (2024: £19.5m) and deferred tax assets on temporary differences of £8.9m (2024: £5.5m). These have been recognised on the basis that the Group's detailed forecasts for the three years to 31 December 2028 and the less detailed forecasts for 2029 and 2030 in the corporate plan approved by the Board in January 2026 show that there are expected to be sufficient taxable profits available in future periods against which the carry forward of losses can be utilised after taking into account the reversal of the temporary differences and the Group loss restriction rules, which restrict the extent to which carried forward losses can be offset against Group taxable profits in any particular accounting period. No expiry date applies to these losses.

At 31 December 2025, there were £31.7m (2024: £31.7m) of pre-acquisition carried forward UK tax losses in Snoop for which a deferred tax asset has not been recognised as there are restrictions that apply to the utilisation of pre-acquisition tax losses and therefore the offset against future profits is not sufficiently certain at this stage.

No deferred tax asset has been recognised in respect of the Group's capital losses carried forward of £378.0m (2024: £123.0m) as it is not probable that future chargeable gains will be realised against which these losses can be utilised. No expiry date applies to these losses.

Notes to the financial statements continued

24 Deferred tax continued

Deferred tax assets on losses and other temporary differences continued

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

Company – asset/(liability)	2025 Accelerated capital allowances £m	2025 Other temporary differences £m	2025 Retirement benefit obligations £m	2025 Total £m
At 1 January	0.4	1.0	(7.0)	(5.6)
(Charge)/credit to the income statement	—	(0.5)	(0.1)	(0.6)
Transfer to other Group companies	(0.4)	0.1	—	(0.3)
Credit to other comprehensive income	—	—	5.5	5.5
At 31 December	—	0.6	(1.6)	(1.0)

Company – asset/(liability)	2024 Accelerated capital allowances £m	2024 Other temporary differences £m	2024 Retirement benefit obligations £m	2024 Total £m
At 1 January	0.3	1.5	(9.6)	(7.8)
(Charge)/credit to the income statement	0.1	(0.5)	(0.3)	(0.7)
Transfer to other Group companies	—	—	—	—
Credit to other comprehensive income	—	—	2.9	2.9
At 31 December	0.4	1.0	(7.0)	(5.6)

There was no impact on the deferred tax liability in 2025 or 2024 due to the changes in UK tax rates.

25 Trade and other payables

	Group 2025 £m	Group 2024 £m	Company 2025 £m	Company 2024 £m
Trade payables	17.3	6.1	1.5	0.5
Amounts owed to Group undertakings	—	—	9.7	14.5
Other payables including taxation and social security	6.7	5.1	0.2	2.9
Accruals	27.8	34.9	1.8	3.0
Total trade and other payables	51.8	46.1	13.2	20.9

The amounts owed to Group undertakings are unsecured and accrue interest at rates linked to SONIA.

Included within accruals are £1.8m (2024: £8.1m) of Finance Ombudsman Service (FOS) case fees for amounts payable on cases.

26 Provisions

Provisions	Group – 2025 Vehicle Finance redress £m	Customer compliance £m	Dilapidations £m	Redundancy £m	Others £m	Total £m
At 1 January	—	7.4	6.4	1.3	0.4	15.5
Created in the year	3.0	12.7	0.2	—	—	15.9
Reclassified in the year	—	0.4	—	—	(0.4)	—
Utilised in the year	—	(15.8)	(1.0)	(1.0)	—	(17.8)
Released in the year	—	(2.9)	(2.6)	(0.2)	—	(5.7)
At 31 December	3.0	1.8	3.0	0.1	—	7.9

Provisions	Group – 2024 Customer compliance £m	Dilapidations £m	Redundancy £m	Scheme £m	Legal settlement £m	Others £m	Total £m
At 1 January	3.5	0.2	—	1.0	—	1.1	5.8
Created in the year	16.0	6.2	6.2	—	1.5	0.1	30.0
Reclassified in the year	—	—	—	—	(1.4)	—	(1.4)
Utilised in the year	(12.1)	—	(4.9)	—	—	(0.6)	(17.6)
Released in the year	—	—	—	(1.0)	(0.1)	(0.2)	(1.3)
At 31 December	7.4	6.4	1.3	—	—	0.4	15.5

Provisions	Company 2025 Redundancy £m	2025 Dilapidations £m	2025 Total £m	2024 Redundancy £m	2024 Dilapidations £m	2024 Total £m
At 1 January	0.3	5.3	5.6	—	—	—
Created in the year	—	0.2	0.2	2.5	5.3	7.8
Transferred in the year	(0.2)	(0.7)	(0.9)			
Utilised in the year	—	(1.1)	(1.1)	(2.2)	—	(2.2)
Released in the year	(0.1)	(2.6)	(2.7)	—	—	—
At 31 December	—	1.1	1.1	0.3	5.3	5.6

Notes to the financial statements continued

26 Provisions continued

Vehicle Finance redress: £3.0m (2024: £nil)

The Group Vehicle Finance redress provision relates to the FCA consultation on a motor finance compensation scheme announced in October 2025. This provision is the result of several probability weighted scenarios and includes the operational cost of outreach, implementation and execution of the scheme. Assuming the proposed base case redress calculation within the consultation, including an estimate of 85% of eligible consumers taking part in the scheme and simple interest applied at 1% above the base rate, the estimated costs would be £7.0m. Refer to material accounting policy information on page 150 for further details.

Customer compliance: £1.8m (2024: £7.4m)

The customer remediation provision reflects expected costs associated with general customer compliance matters, encompassing both customer redress obligations and related FOS fees. The provision increased temporarily during 2024 due to a rise in unmerited claims submitted by CMCs however, the implementation of the revised FOS charging structure in 2025 has resulted in a material reduction in such claims and associated costs.

Dilapidations: £3.0m (2024: £6.4m); Company: £1.1m (2024: £5.3m)

Dilapidations provisions being held for all properties. The £2.6m (2024: £nil) release relates to the cessation of the No1 Godwin Street lease where lower expected costs were incurred when the property was vacated.

Redundancy: £0.1m (2024: £1.3m); Company: £nil (2024: £0.3m)

Costs expected to be paid out as part of redundancy programmes during the year.

Other: £nil (2024: £0.4m)

This predominantly relates to smaller provisions held.

Legal settlement: £nil (2024: £nil)

Amounts were recognised in 2024 for an expected settlement with a third party. The amount was agreed and the provision transferred to accruals in advance of being settled in early 2025.

The Scheme of Arrangement (the Scheme): Group: £nil (2024: £nil); Company: £nil (2024: £nil)

Customer settlements in relation to the Scheme of Arrangement commenced in 2022. All remaining provision was released in 2024 and the Scheme closed.

27 Lease liabilities

A maturity analysis of the lease liabilities is shown below:

	Group		Company	
	2025 £m	2024 £m	**2025 £m**	2024 £m
Due within one year	**5.0**	12.5	**—**	4.7
Due between one and five years	**15.0**	13.7	**—**	3.2
Due in more than five years	**3.2**	9.0	**—**	4.8
Total	**23.2**	35.2	**—**	12.7
Unearned finance cost	**(2.0)**	(2.7)	**—**	(1.4)
Total lease liabilities	**21.2**	32.5	**—**	11.3

Right of use assets are disclosed in note 18.

Lease payments for the Group of £10.7m (2024: £12.7m) include: (i) capital repayments of £10.0m (2024: £9.7m); (ii) interest of £0.7m (2024: £3.0m); and (iii) short-term lease cash outflows of £nil (2024: £nil). At 31 December 2025, the Group is also committed to £nil (2024: £nil) for short-term leases. Total cash outflows for the Company amounted to £3.5m (2024: £5.2m) and include: (i) capital repayments of £3.3m (2024: £3.0m); and (ii) interest of £0.2m (2024: £2.2m).

Notes to the financial statements continued

28 Borrowings

	Group		Company	
	2025 £m	2024 £m	**2025 £m**	2024 £m
Retail deposits	**3,019.7**	2,428.2	**—**	—
Fair value adjustment for hedged risk (note 23)	**0.2**	—	**—**	—
Total retail deposits	**3,019.9**	2,428.2	**—**	—
Bank and other borrowings	**347.7**	412.5	**146.8**	207.2
Fair value adjustment for hedged risk (note 23)	**(0.2)**	(2.5)	**(0.2)**	(2.5)
Total	**347.5**	410.0	**146.6**	204.7
Total reported retail deposits and borrowings	**3,367.4**	2,838.2	**146.6**	204.7

(a) Facilities and borrowings

A breakdown of retail deposits and borrowings is shown below:

	Group	
	2025 £m	2024 £m
Retail deposits:	**2,985.9**	2,398.9
– accrued interest	**33.6**	29.3
Total retail deposits (note (b))	**3,019.7**	2,428.2
Bank and other borrowings:		
– Vehicle Finance securitisation (note (e))	**200.0**	200.0
– Tier 2 (note (f))	**141.5**	200.0
– central bank facilities (note (g))	**—**	5.0
– bank overdrafts	**0.9**	1.1
– accrued interest	**5.9**	8.5
– arrangement fees	**(0.6)**	(2.1)
Total bank and other borrowings	**347.7**	412.5
Total retail deposits and borrowings	**3,367.4**	2,840.7

(b) Retail deposits

Vanquis Bank Limited is a PRA-regulated bank and is majority funded through retail deposits. As at 31 December 2025, £3,019.7m (2024: £2,428.2m) of term, ISA, notice and Easy Access account deposits had been taken. The deposits in issue at 31 December 2025 have been issued at rates of between 0.4% and 6.2%.

A reconciliation of the movement in retail deposits is set out below:

Group	**2025 £m**	2024 £m
At 1 January	**2,428.2**	1,950.5
Funds received	**1,627.2**	1,107.5
Capitalised and accrued interest	**64.8**	51.9
Withdrawals	**(1,100.5)**	(681.7)
At 31 December	**3,019.7**	2,428.2

(c) Maturity profile

The maturity of retail deposits and borrowings, together with the maturity of facilities, is as follows:

	2025		2024	
Group	**Borrowing facilities available £m**	**Borrowings £m**	Borrowing facilities available £m	Borrowings £m
Repayable:				
On demand (uncommitted)	**531.4**	**531.4**	377.1	377.1
In less than one year	**1,860.0**	**1,860.0**	1,462.9	1,462.9
Between one and two years	**672.4**	**672.4**	621.4	621.4
Between two and five years	**123.2**	**123.2**	143.6	143.6
In more than five years	**141.5**	**141.5**	200.0	200.0
Accrued interest	**—**	**39.5**	—	37.8
Arrangement fees	**—**	**(0.6)**	—	(2.1)
Total Group	**3,328.5**	**3,367.4**	2,805.0	2,840.7

Retail deposits and borrowings are stated after deducting £0.6m (2024: £2.1m) of unamortised arrangement fees and the addition of accrued interest of £39.5m (2024: £37.8m).

	2025		2024	
Company	**Borrowing facilities available £m**	**Borrowings £m**	Borrowing facilities available £m	Borrowings £m
Repayable:				
On demand (uncommitted)	**—**	**—**	—	—
In less than one year	**—**	**—**	—	—
Between one and two years	**—**	**—**	—	—
Between two and five years	**—**	**—**	—	—
In more than five years	**141.5**	**141.5**	200.0	200.0
Accrued interest	**—**	**5.9**	—	8.2
Arrangement fees	**—**	**(0.6)**	—	(1.0)
Total Company	**141.5**	**146.8**	200.0	207.2

Notes to the financial statements continued

28 Borrowings continued

(c) Maturity profile continued

As at 31 December 2025, the weighted average period to maturity of the Group's committed facilities, including retail deposits, was 0.9 years (2024: 1.3 years) and for the Company's committed facilities was 6.0 years (2024: 7.0 years). Excluding retail deposits, the weighted average period to maturity of the Group's committed facilities was 3.4 years (2024: 4.7 years).

(d) Interest rate and currency profile

The interest rate exposure on retail deposits and borrowings is as follows:

	Group		Company	
	2025 £m	2024 £m	**2025 £m**	2024 £m
Fixed	**1,669.6**	1,644.7	**146.8**	207.2
Floating	**1,697.8**	1,196.0	**—**	—
Total	**3,367.4**	2,840.7	**146.8**	207.2

All retail deposits and borrowings are in sterling; therefore, there is no foreign exchange exposure in the current or prior year.

(e) Vehicle Finance securitisation

The Group renegotiated the bilateral securitisation facility in December 2024; the facility has a 12-month amortisation period (if not refinanced) commencing in June 2026 and an ultimate maturity date in June 2027.

(f) Tier 2

On 7 October 2021, the Group issued Tier 2 subordinated bonds for a total amount of £200m. The bonds have a 10.25-year maturity that is callable at the Group's discretion between five and 5.25 years, and that pays a coupon of 8.875%. The issuance was written from the Group's £2bn EMTN programme. On 2 October 2025 following a tender offer, £58.5m of the Tier 2 subordinated bonds were purchased by the Company for cash and subsequently cancelled leaving a total remaining in aggregate principal amount of £141.5m outstanding.

(g) Central bank facilities

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

The Group makes drawings under the Indexed Long-Term Repo (ILTR) programme from time to time for liquidity purposes. Drawings under the ILTR have a maturity of six months on drawdown and a rate of interest set in an auction process. At 31 December 2025 the Group had no (2024: £5.0m) ILTR drawings.

(h) Undrawn committed borrowing facilities

The Group and Company had no undrawn committed borrowing facilities at the end of 2025 or 2024.

(i) Weighted average interest rates and periods to maturity

The weighted average interest rate and the weighted average period to maturity of the Group and Company's fixed-rate retail deposits and borrowings are as follows:

	Group				Company			
	2025		2024		**2025**		2024	
	Weighted average interest rate %	**Weighted average period to maturity years**	Weighted average interest rate %	Weighted average period to maturity years	**Weighted average interest rate %**	**Weighted average period to maturity years**	Weighted average interest rate %	Weighted average period to maturity years
Sterling	**4.8**	**1.4**	5.0	1.2	**8.9**	**6.0**	8.9	7.0

(j) Fair values

The fair values of the Group and Company's retail deposits and borrowings are compared to their book values as follows:

	Group 2025		**Company 2025**	
	Book value £m	**Fair value £m**	**Book value £m**	**Fair value £m**
Retail deposits	**3,019.9**	**2,986.3**	**—**	**—**
Bank loans and overdrafts	**0.9**	**0.9**	**—**	**—**
Securitisation	**200.0**	**202.7**	**—**	**—**
Tier 2	**146.6**	**150.0**	**146.6**	**150.0**
Central bank facilities	**—**	**—**	**—**	**—**
Total	**3,367.4**	**3,339.9**	**146.6**	**150.0**

	Group 2024		Company 2024	
	Book value £m	Fair value £m	Book value £m	Fair value £m
Retail deposits	2,428.2	2,400.4	—	—
Bank loans and overdrafts	1.1	1.1	—	—
Securitisation	200.0	199.1	—	—
Tier 2	204.7	168.8	204.7	168.8
Central bank facilities	4.2	4.2	—	—
Total	2,838.2	2,773.6	204.7	168.8

All the above numbers include interest, fees and fair value adjustment for hedged risk.

Notes to the financial statements continued

29 Financial instruments

(a) Classification and measurement

The following table sets out the carrying value of the Group'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			
Group	Items held at FVTPL £m	Amortised cost £m	Non-financial assets/liabilities £m	Total £m
Assets				
Cash and balances at central banks	—	804.5	—	804.5
Investment securities	—	254.6	—	254.6
Amounts receivable from customers	—	2,691.5	—	2,691.5
Trade and other receivables	—	32.2	29.0	61.2
Investments	2.4	—	—	2.4
Current tax asset	—	—	0.9	0.9
Property, plant and equipment	—	—	8.0	8.0
Right of use assets	—	—	12.1	12.1
Goodwill	—	—	1.2	1.2
Other intangible assets	—	—	65.0	65.0
Derivative financial instruments	3.9	—	—	3.9
Retirement benefit asset	—	—	6.4	6.4
Deferred tax assets	—	—	30.0	30.0
Total assets	6.3	3,782.8	152.6	3,941.7
Liabilities				
Trade and other payables	—	45.1	6.7	51.8
Provisions	—	—	7.9	7.9
Lease liabilities	—	21.2	—	21.2
Retail deposits	—	3,019.9	—	3,019.9
Bank and other borrowings	—	347.5	—	347.5
Derivative financial instruments	6.1	—	—	6.1
Total liabilities	6.1	3,433.7	14.6	3,454.4

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

The Group has pledged £796.7m (2024 £839.1m) of receivables as collateral under the securitisation funding arrangements described in note 28. Trade receivables includes cash placed with banking counterparties as security against the mark to market exposure on its derivative financial instruments of £11.8m (2024: £9.4m) and collateral required by Visa to support settlement activity of £11.4m (2024: £6.5m).

No other assets were pledged as collateral at 31 December 2025 or 31 December 2024.

	2024			
Group	Items held at FVTPL £m	Amortised cost £m	Non-financial assets/liabilities £m	Total £m
Assets				
Cash and cash equivalents	—	1,003.9	—	1,003.9
Investment securities	—	—	—	—
Amounts receivable from customers	—	2,153.7	—	2,153.7
Trade and other receivables	—	41.6	30.9	72.5
Investments	2.3	—	—	2.3
Current tax asset	—	—	3.9	3.9
Property, plant and equipment	—	—	7.1	7.1
Right of use assets	—	—	16.4	16.4
Goodwill	—	—	1.2	1.2
Other intangible assets	—	—	61.5	61.5
Retirement benefit asset	—	—	27.8	27.8
Deferred tax assets	—	—	25.0	25.0
Total assets	2.3	3,199.2	173.8	3,375.3
Liabilities				
Trade and other payables	—	41.0	5.1	46.1
Provisions	—	—	15.5	15.5
Lease liabilities	—	32.5	—	32.5
Retail deposits	—	2,428.2	—	2,428.2
Bank and other borrowings	—	410.0	—	410.0
Derivative financial instruments	1.8	—	—	1.8
Total liabilities	1.8	2,911.7	20.6	2,934.1

Notes to the financial statements continued

29 Financial instruments continued

(a) Classification and measurement continued

Assets and liabilities outside the scope of IFRS 9 are shown within non-financial assets/liabilities:

Company	2025 Items held at FVTPL £m	Amortised cost £m	Non-financial assets/ liabilities £m	Total £m
Assets				
Cash and cash equivalents	—	4.3	—	4.3
Trade and other receivables	—	768.3	1.5	769.8
Property, plant and equipment	—	—	—	—
Right of use assets	—	—	—	—
Other intangible assets	—	—	—	—
Investment in subsidiaries	—	—	301.0	301.0
Retirement benefit asset	—	—	6.4	6.4
Derivative financial instruments	3.7	—	—	3.7
Total assets	3.7	772.6	308.9	1,085.2
Liabilities				
Trade and other payables	—	13.0	0.2	13.2
Provisions	—	—	1.1	1.1
Lease liabilities	—	—	—	—
Bank and other borrowings	—	146.6	—	146.6
Derivative financial instruments	0.4	—	—	0.4
Current tax liabilities	—	—	13.9	13.9
Deferred tax liabilities	—	—	1.0	1.0
Total liabilities	0.4	159.6	16.2	176.2

Company	2024 Items held at FVTPL £m	Amortised cost £m	Non-financial assets/ liabilities £m	Total £m
Assets				
Cash and cash equivalents	—	10.5	—	10.5
Trade and other receivables	—	763.6	4.8	768.4
Property, plant and equipment	—	—	0.5	0.5
Right of use assets	—	—	7.4	7.4
Other intangible assets	—	—	1.4	1.4
Investment in subsidiaries	—	—	247.9	247.9
Retirement benefit asset	—	—	27.8	27.8
Derivative financial instruments	0.6	—	—	0.6
Total assets	0.6	774.1	289.8	1,064.5
Liabilities				
Trade and other payables	—	18.0	2.9	20.9
Provisions	—	—	5.6	5.6
Lease liabilities	—	11.3	—	11.3
Bank and other borrowings	—	204.7	—	204.7
Derivative financial instruments	1.7	—	—	1.7
Current tax liabilities	—	—	8.2	8.2
Deferred tax liabilities	—	—	5.6	5.6
Total liabilities	1.7	234.0	22.3	258.0

Notes to the financial statements continued

29 Financial instruments continued

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

The Group and Company hold 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:

	Group					
	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:						
– Securitisation balance guarantee swap	—	—	(2.7)	—	—	(0.3)
– Group balance guarantee swap	—	—	2.1	—	—	(0.2)
– Tier 2 swap	—	1.1	—	—	(1.3)	—
– Investment securities swaps	—	(2.5)	—	—	—	—
– Second Charge Mortgage swaps	—	(0.5)	—	—	—	—
– Deposit swaps	—	0.2	—	—	—	—
Total	—	(1.7)	1.8	—	(1.3)	1.8

	Company					
	2025			2024		
	Level 1 £m	Level 2 £m	Level 3 £m	Level 1 £m	Level 2 £m	Level 3 £m
Derivatives held at fair value through P&L:						
– Group balance guarantee swap	—	—	2.1	—	—	(0.2)
– Tier 2 swap	—	1.1	—	—	(1.3)	—
– Internal deposit swaps	—	—	—	—	0.4	—
Total	—	1.1	2.1	—	(0.9)	(0.2)

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

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. The Tier 2, Investment securities, 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). Visa Inc shares and the balance guarantee swaps are classified as Level 3 instruments.

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.

Balance guarantee swaps

The securitisation and Group balance guarantee swaps are classed as Level 3 instruments as, whilst the swaps are linked to SONIA, they have a non-standard repayment curve that is tailored to match the expected repayment profile of the Vehicle Finance receivables. This is a combination of the remaining contractual term and an assumption about prepayment rates. Both of these are deemed to be unobservable inputs with the prepayment rate being the significant input.

A 5% movement on the prepayment rate would not have a material impact on the Group's and Company's profit before tax.

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 significant unobservable inputs.

The following table sets out their movement during the year:

	Group	
	2025 £m	2024 £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 for the shares still held has been estimated at around 6% and the expected future litigation costs have been estimated at 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 Group's profit before tax.

Notes to the financial statements continued

29 Financial instruments continued

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

Interest rate swaps

The Group is counterparty to 24 external swaps. These swaps are detailed below:

- Tier 2 swap: transacted to hedge the interest rate risk on the Tier 2 capital;
- Securitisation balance guarantee swap: transacted to manage the interest rate risk on the Vehicle Finance securitisation; and
- Group balance guarantee swap: transacted to reverse the interest rate risk position in the Group accounts created by the securitisation balance guarantee swap.
- Investment securities swaps: transacted to hedge interest rate risk of UK government bonds (Gilts);
- Second Charge Mortgage swaps: transacted to hedge interest rate risk of second-charge mortgages portfolio;
- Deposit swaps: transacted to hedge interest rate risk of retail deposits.

The Group balance guarantee swap was transacted at historical rates and, in compensation, the Group received cash consideration for taking on a liability.

The following table sets out the movement during the year:

	Group		Company	
	2025 £m	2024 £m	**2025 £m**	2024 £m
At 1 January	**(1.8)**	(0.5)	**(1.1)**	(2.0)
Fair value (loss)/gain recognised in income statement	**(0.4)**	(1.3)	**4.4**	0.9
At 31 December	**(2.2)**	(1.8)	**3.3**	(1.1)

The fair value loss recognised in the Group's income statement of £0.4m (2024: loss of £1.3m) is before the application of hedge accounting. The effect of applying hedge accounting resulted in a loss of £0.5m (2024: gain of £0.2m). The fair value gain recognised in the Company's income statement of £4.4m (2024: loss of £0.9m) is before the application of hedge accounting. The effect of applying hedge accounting resulted in a loss of £2.3m (2024: gain of £2.4m).

The Company accounts do not include the securitisation balance guarantee swap, and therefore do not benefit from the natural hedging that is achieved on consolidation.

(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	
Group	**Fair value £m**	**Book value £m**	Fair value £m	Book value £m
Assets				
Cash and cash equivalents	**804.5**	**804.5**	1,003.9	1,003.9
Investment securities	**254.3**	**254.6**	—	—
Amounts receivable from customers	**2,808.0**	**2,691.5**	2,488.5	2,153.7
Trade and other receivables	**32.2**	**32.2**	41.6	41.6
Total assets	**3,899.0**	**3,782.8**	3,534.0	3,199.2
Liabilities				
Retail deposits	**2,986.3**	**3,019.9**	2,400.4	2,428.2
Bank and other borrowings	**353.6**	**347.5**	373.2	410.0
Trade and other payables	**45.1**	**45.1**	41.0	41.0
Lease liabilities	**21.2**	**21.2**	32.5	32.5
Total liabilities	**3,406.2**	**3,433.7**	2,847.1	2,911.7

	2025		2024	
Company	**Fair value £m**	**Book value £m**	Fair value £m	Book value £m
Assets				
Cash and cash equivalents	**4.3**	**4.3**	10.5	10.5
Trade and other receivables	**768.3**	**768.3**	763.6	763.6
Total assets	**772.6**	**772.6**	774.1	774.1
Liabilities				
Bank and other borrowings	**150.0**	**146.6**	168.8	204.7
Trade and other payables	**13.0**	**13.0**	18.0	18.0
Lease liabilities	**—**	**—**	11.3	11.3
Total liabilities	**163.0**	**159.6**	198.1	234.0

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.

Notes to the financial statements continued

29 Financial instruments continued

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

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.

Within bank and other borrowings, the Tier 2 capital is classed as Level 1 as it is valued with quoted market prices. Central bank facilities are floating rate instruments with a fair value equivalent to book value. The fair value of the securitisation notes was calculated using a discounted cash flow and is classed as Level 3. Whilst it uses publicly available information for the discount rate, the cash flow forecast is not publicly available.

30 Share capital

Group and Company		2025 Issued and fully paid	2024 Issued and fully paid
Ordinary shares of 20 8/11p each	– £m	53.2	53.2
	– number (m)	256.5	256.5

The movement in the number of shares in issue during the year was as follows:

Group and Company	2025 m	2024 m
At 1 January	256.5	256.5
Shares issued pursuant to the exercise/vesting of options and awards	—	—
At 31 December	256.5	256.5

There were 10,870 shares issued under the 2023 SAYE scheme in 2025. There were no shares issued in 2024.

Vanquis Banking Group plc sponsors the Vanquis Banking Group plc 2007 Employee Benefit Trust (EBT), which is a discretionary trust established for the benefit of the employees of the Group. The Company has appointed JTC Trust Company (CI) Limited to act as trustee of the EBT. The trustee has waived the right to receive dividends on the shares it holds. As at 31 December 2025, the EBT held 6,161,954 (2024: 1,020,669) shares in the Company with a nominal value of £1.3m (2024: £0.2m) and a market value of £7.4m (2024: £0.5m). The shares have been acquired by the EBT to meet obligations under the Vanquis Banking Group Deferred Bonus Plan and the Vanquis Banking Group Restricted Share Plan.

31 Share-based payments

The Group issues share options and awards to employees as part of its employee remuneration packages. The Group operates four equity-settled share schemes: the Long Term Incentive Scheme (LTIS); the Restricted Share Plan (RSP) and 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 the SAYE (2024: awards/options have been granted under the RSP scheme).

Equity-settled schemes

The charge to the income statement in 2025 for equity-settled schemes was £2.3m for the Group (2024: £2.7m) and £1.0m for the Company (2024: £1.5m).

The fair value per award/option granted and the assumptions used in the calculation of the equity-settled share-based payment charges for the Group and the Company are as follows:

	2025		2024
Group	SAYE	RSP	RSP
Grant date	9 Oct 2025	9 Sep 2025	7 May 2024
Share price at grant date (£)	1.25	1.09	0.50
Exercise price (£)	0.94	—	—
Vesting period (years)	3 & 5	3	3
Expected volatility	58.5%–63.2%	—	—
Award/option life (years)	3 or 5	3	3
Expected life (years)	3 or 5	3	3
Risk-free rate	3.7%–3.8%	—	—
Expected dividends expressed as a dividend yield	4.8%–5.9%	—	—
Fair value per award/option (£)	0.29–0.30	1.12	0.48

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.

Notes to the financial statements continued

31 Share-based payments continued

Equity-settled schemes continued

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

	RSP/CSOP[1]	DBP/PSP[1]	LTIS[1]	SAYE	
Group	Number	Number	Number	Number	Weighted average exercise price £
Outstanding at 1 January 2025	9,155,405	664,572	2,821,336	3,331,381	0.93
Awarded/granted	2,920,840	—	—	2,522,601	0.94
Lapsed	(1,881,296)	—	—	(801,004)	1.05
Vested	—	(348,911)	—	—	—
Exercised	(1,077,049)	—	—	(10,870)	0.87
Outstanding at 31 December 2025	9,117,900	315,661	2,821,336	5,042,108	0.91
Exercisable at 31 December 2025	82,938	—	—	—	—

1 The RSP/CSOP, DBP/PSP and LTIS schemes all carry a £nil value exercise price.

	RSP/CSOP[1]	DBP/PSP[1]	LTIS[1]	SAYE	
Group	Number	Number	Number	Number	Weighted average exercise price £
Outstanding at 1 January 2024	6,479,601	664,572	2,821,336	5,795,672	1.04
Awarded/granted	5,093,207	—	—	—	—
Lapsed	(1,660,998)	—	—	(2,464,291)	1.19
Vested	—	—	—	—	—
Exercised	(756,405)	—	—	—	—
Outstanding at 31 December 2024	9,155,405	664,572	2,821,336	3,331,381	0.93
Exercisable at 31 December 2024	166,038	—	—	86,387	1.01

1 The RSP/CSOP, DBP/PSP and LTIS scheme awards have a £nil value exercise price.

The amounts included in the RSP/CSOP table reflect the total amount of shares awarded under both schemes.

Share awards outstanding under the LTIS at 31 December 2025 had an exercise price of £nil (2024: £nil) and a weighted average remaining contractual life of 1.7 years (2024: 2.7 years). Share options outstanding under the SAYE schemes at 31 December 2025 had exercise prices ranging from 87p to 284p (2024: 87p to 284p) and a weighted average remaining contractual life of 2.4 years (2024: 0.9 years). Share awards outstanding under the DBP schemes at 31 December 2025 had an exercise price of £nil (2024: £nil) and a weighted average remaining contractual life of 0.3 years (2024: 0.7 years). Share awards outstanding under the RSP at 31 December 2025 have an exercise price of £nil (2024: £nil) and a weighted average remaining contractual life of 1.5 years (2024: 1.6 years). Share awards outstanding under the CSOP schemes at 31 December 2025 had exercise prices of 259p (2024: 48p to 296p) and a weighted average remaining contractual life of 0.3 years (2024: 1.6 years).

	RSP/CSOP[1]	DBP/PSP[1]	SAYE	
Company	Number	Number	Number	Weighted average exercise price £
Outstanding at 1 January 2025	6,140,869	571,865	733,350	0.93
Awarded/granted	2,098,150	—	247,004	0.94
Lapsed	(1,159,963)	—	(402,017)	0.99
Vested	—	(256,204)	—	—
Exercised	(778,873)	—	—	—
Transferred	(2,246,002)	—	(578,337)	0.92
Outstanding at 31 December 2025	4,054,181	315,661	—	—
Exercisable at 31 December 2025	18,215	—	—	—

1 The RSP/CSOP and DBP/PSP scheme awards have a £nil value exercise price.

Notes to the financial statements continued

31 Share-based payments continued

Equity-settled schemes continued

	RSP/CSOP[1]	DBP/PSP[1]	SAYE	
Company	Number	Number	Number	Weighted average exercise price £
Outstanding at 1 January 2024	4,286,055	571,865	1,019,026	1.10
Awarded/granted	3,513,681	—	—	—
Lapsed	(1,190,461)	—	(285,676)	1.15
Vested	—	—	—	—
Exercised	(468,406)	—	—	—
Outstanding at 31 December 2024	6,140,869	571,865	733,350	0.93
Exercisable at 31 December 2024	107,486	—	12,587	1.43

1 The RSP/CSOP and DBP/PSP scheme awards have a £nil value exercise price.

There were no share options outstanding under the SAYE schemes at 31 December 2025. The awards had an exercise price of £nil (2024: 87p to 284p) and a weighted average remaining contractual life of nil years (2024: 0.9 years). Share awards outstanding under the DBP/PSP schemes at 31 December 2025 had an exercise price of £nil (2024: £nil) and a weighted average remaining contractual life of 0.3 years (2024: 0.8 years). 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 1.3 years (2024: 1.6 years). Share awards outstanding under the CSOP schemes at 31 December 2025 had exercise price of 259p (2024: 48p to 296p) and a weighted average remaining contractual life of 0.3 years (2024: 1.6 years).

32 Other equity instruments

	Group	
	2025 £m	2024 £m
At 1 January	**—**	—
Issued in the year	**58.6**	—
Profit attributable to other equity holders	**0.5**	—
Distributions on other equity instruments	**(0.5)**	—
At 31 December	**58.6**	—

On 1 October 2025, the Group issued Additional Tier 1 (AT1) capital securities with a nominal value of £60m. 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 Group 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 Group 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 Group's Common Equity Tier 1 ratio falling below 7%), the securities will be either written down or converted into ordinary shares, as specified in the terms and conditions.

The carrying amount of the AT1 instruments at 31 December 2025 was £58.6m (2024: £nil), which represents the £60m issuance less directly attributable issue costs of £1.4m. There were no other equity instruments outstanding in the prior year.

33 Related party transactions

The Company recharges the pension scheme referred to in note 22 with a proportion of the costs of administration and professional fees incurred by the Company. The total amount recharged during the year was £0.3m (2024: £0.3m) and the Company amount payable to the pension scheme at 31 December 2025 was £nil (2024: £nil).

Details of the transactions between the Company and its subsidiary undertakings, which comprise management recharges and interest charges on intra-group balances, along with any balances outstanding at 31 December, are set out below:

	2025			2024		
Company	**Management recharge £m**	**Interest credit £m**	**Outstanding balance £m**	Management recharge £m	Interest credit £m	Outstanding balance £m
Vanquis Bank	**9.5**	**(1.0)**	**33.8**	37.5	(1.9)	23.2
Moneybarn	**15.0**	**—**	**—**	18.1	—	—
Provident Financial Holdings	**—**	**(79.9)**	**726.3**	—	(63.7)	729.2
Other central companies	**—**	**0.2**	**(4.5)**	(14.1)	0.3	(12.7)
Total related party transactions	**24.5**	**(80.7)**	**755.6**	41.5	(65.3)	739.7

The outstanding balance represents the gross intercompany balance receivable to/(payable by) the Company. The amounts receivable from Vanquis Bank include £39.0m (2024: £23.0m) in relation to amounts placed on deposit via Vanquis Bank, with the Bank of England and the year-end management recharges.

A facility of £100m is provided from the Company via Provident Financial Holdings (PFH), the intermediate holding company, to its subsidiary Moneybarn No. 1 Limited and £50m and £114m of facilities were provided directly to PFH from the Company. During 2024 and up to December 2025 a facility of £85m facility was provided via PFH to PFG Corporate Services Limited until it was placed in members' voluntary liquidation. The intercompany loans accrue interest at the Company's monthly weighted average cost of funds plus a margin.

Notes to the financial statements continued

33 Related party transactions continued

The net charge to the income statement for both intercompany and investment provisions in 2025 is £17.2m (2024: £0.2m).

Dividends were received totalling £18.4m (2024: £1.7m) in relation to non-trading and dormant companies as part of the pre-liquidation steps before the companies were placed into members' voluntary liquidation. Additionally, PFH approved and paid dividends to the Company totalling £20.0m (2024: £40.0m) and PFH received equivalent dividends from Vanquis Bank.

There are no transactions with directors other than those disclosed in the Directors' Remuneration Report.

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.

35 Reconciliation of profit/(loss) after taxation to cash generated from/(used in) operations

		Group[1]		Company[1]	
	Note	**2025 £m**	2024 £m	**2025 £m**	2024 £m
Profit/(loss) after taxation		**8.7**	(119.3)	**65.8**	62.3
Adjusted for:					
– tax charge/(credit)	7	**0.5**	(17.0)	**14.5**	10.0
– dividends received	33	**—**	—	**(38.3)**	(41.7)
– share-based payment charge	31	**2.2**	2.7	**1.2**	1.5
– retirement benefit charge/(credit)	22	**0.1**	(0.4)	**0.1**	(0.4)
– amortisation of intangible assets	20	**10.5**	16.9	**0.2**	0.3
– impairment of intangible assets	20	**—**	8.5	**—**	—
– provisions created in the year	26	**15.9**	30.0	**0.1**	7.8
– provisions released in the year	26	**(5.7)**	(1.3)	**(2.7)**	—
– provisions utilised in the year	26	**(17.8)**	(17.6)	**(1.1)**	(2.2)
– depreciation of property, plant and equipment and right of use assets	17, 18	**6.4**	7.5	**1.5**	1.5
– impairment of right of use assets	18	**—**	3.5	**—**	2.9
– loss on disposal of property, plant and equipment	17	**0.3**	0.3	**—**	—
– loss on disposal of intangible assets	20	**1.2**	—	**—**	—
– provision for investment impairment	21	**—**	—	**17.2**	78.5
– provision for intercompany impairment	15	**—**	—	**—**	(78.3)
– non-cash interest expense		**(4.0)**	(1.8)	**(2.9)**	0.5
– derivatives and hedging movements	23	**0.4**	(2.5)	**(2.1)**	(2.4)
– fair value movements on Visa shares	16	**(0.1)**	(1.2)	**—**	—
– contributions into the retirement benefit scheme	22	**(0.8)**	(0.8)	**(0.8)**	(0.8)
– goodwill write-off	19	**—**	71.2	**—**	—
Changes in operating assets and liabilities:					
– amounts receivable from customers	14	**(536.6)**	4.4	**—**	—
– trade and other receivables	15	**10.6**	(16.9)	**(61.0)**	136.4
– trade and other payables	25	**5.7**	0.6	**(6.0)**	(214.5)
– movement in retail deposits	28	**591.5**	477.7	**—**	—
Cash generated from/(used in) operations		**89.0**	444.5	**(14.3)**	(38.6)

1 Detail on restatement set out below.

Notes to the financial statements continued

35 Reconciliation of profit/(loss) after taxation to cash generated from/(used in) operations continued

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 (2024: Group: £637.8m; Company: £9.1m) and interest paid (2024: Group: £103.0m; Company: £8.5m) in the year is now disclosed as a memo item underneath the statement of cash flows. The Group's 2024 disclosed total interest received has increased significantly as it now includes £588.9m of interest received on amounts receivable from customers; £2.3m has also been removed from this disclosure as it related to non-cash items.
- As part of this representation, any non-cash interest is now presented as a separate reconciling item between loss 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.
- The derivatives and hedging movements line within the reconciliation between loss after tax and cash generated from operations now solely represents the non-cash movement in the year on derivatives and hedge accounting adjustments.
- Group 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 affected financial statement line items are as follows:

	Group			Company		
	As previously presented £m	Adjustment £m	Restated £m	As previously presented £m	Adjustment £m	Restated £m
Reconciliation of profit/(loss) after tax						
Finance costs	145.4	(145.4)	—	28.0	(28.0)	—
Finance income	(47.2)	47.2	—	(69.1)	69.1	—
Internally generated intangible additions	(12.5)	12.5	—	—	—	—
Non-cash interest expense	—	(1.8)	(1.8)	—	0.5	0.5
Derivatives and hedging movement	1.2	(3.7)	(2.5)	(4.7)	2.3	(2.4)
Trade and other payables	—	—	—	195.4	(59.0)	136.4
Movement in retail deposits	425.8	51.9	477.7	—	—	—
Statement of cash flows						
Cash flow from operating activities:						
Cash generated from/(used in) operations	483.8	(39.3)	444.5	(23.5)	(15.1)	(38.6)
Finance costs paid	(103.0)	103.0	—	(31.0)	31.0	—
Finance income received	51.2	(51.2)	—	15.9	(15.9)	—
Cash flows from investing activities:						
Purchase of intangible assets	—	(12.5)	(12.5)	—	—	—

There is no impact on the income statement, statement of comprehensive income, earnings per share or balance sheet as a result of these changes.

The above changes were identified following an enquiry from the Corporate Reporting Review Team of the FRC, as part of its regular review and assessment of the quality of corporate reporting in the UK. The FRC has confirmed that its enquiries have now been closed.

Notes to the financial statements continued

35 Reconciliation of profit/(loss) after taxation to cash generated from/(used in) operations continued

When reviewing the 2024 Annual Report and Accounts, the FRC has made clear the limitations of its review as follows:

- its review is based on the 2024 Annual Report and Accounts and does not benefit from detailed knowledge of the Group's business or an understanding of the underlying transactions entered into;
- communications from the FRC provide no assurance that the Group's 2024 Annual Report and Accounts are correct in all material respects and are written on the basis that the FRC (including its officers, employees and agents) accepts no liability for reliance on them by the Group or any third party, including but not limited to investors and shareholders; and
- the FRC's role is not to verify the information provided to it but to consider compliance with reporting requirements.

The increase in amounts receivable from customers of £536.6m (2024: £4.4m decrease) includes the non-cash movement in the impairment provision as set out below.

Group	2025 £m	2024 £m
Cash movement in amounts receivable from customers	(518.4)	322.9
Non-cash provision movement – allowance account	(18.2)	(318.5)
Net movement in amounts receivable from customers	(536.6)	4.4

The table below details changes in the Group and 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.

Group	Bank and other borrowings (note 28) £m	Lease liabilities (note 27) £m	Total £m
1 January 2025	(410.0)	(32.5)	(442.5)
Cash changes			
Financing cash flows	63.5	—	63.5
Lease payments	—	10.0	10.0
Non-cash changes			
Amortised fees	(1.5)	—	(1.5)
Interest paid	2.6	0.7	3.3
Included within overdrafts	0.2	—	0.2
Derivatives	(2.3)	—	(2.3)
Lease additions and disposals	—	0.6	0.6
31 December 2025	(347.5)	(21.2)	(368.7)

Group	Bank and other borrowings (note 28) £m	Lease liabilities (note 27) £m	Total £m
1 January 2024	(582.5)	(40.9)	(623.4)
Cash changes			
Financing cash flows	169.0	—	169.0
Lease payments	—	12.7	12.7
Non-cash changes			
Amortised fees	(0.7)	—	(0.7)
Interest paid	2.3	(3.0)	(0.7)
Included within overdrafts	0.4	—	0.4
Derivatives	1.5	—	1.5
Lease additions and disposals	—	(1.3)	(1.3)
31 December 2024	(410.0)	(32.5)	(442.5)

Notes to the financial statements continued

35 Reconciliation of profit/(loss) after taxation to cash generated from/(used in) operations continued

Company	Bank and other borrowings (note 28) £m	Lease liabilities (note 27) £m	Total £m
1 January 2025	(204.7)	(11.3)	(216.0)
Cash changes			
Financing cash flows	58.5	—	58.5
Lease payments	—	3.3	3.3
Non-cash changes			
Amortised fees	(0.4)	—	(0.4)
Interest paid	2.3	0.2	2.5
Included within overdrafts	—	—	—
Derivatives	(2.3)	—	(2.3)
Lease additions and disposals	—	7.8	7.8
31 December 2025	(146.6)	—	(146.6)

Company	Bank and other borrowings (note 28) £m	Lease liabilities (note 27) £m	Total £m
1 January 2024	(205.7)	(13.6)	(219.3)
Cash changes			
Financing cash flows	—	—	—
Lease payments	—	3.4	3.4
Non-cash changes			
Amortised fees	(0.5)	—	(0.5)
Interest paid	—	(0.4)	(0.4)
Included within overdrafts	—	—	—
Derivatives	1.5	—	1.5
Lease additions and disposals	—	(0.7)	(0.7)
31 December 2024	(204.7)	(11.3)	(216.0)

36 Country-by-Country Reporting

The Capital Requirements (Country-by-Country Reporting) Regulations 2013 came into effect on 1 January 2014 and place certain reporting obligations on financial institutions as defined by EU Regulation No. 575/2013 (the capital requirements regulation). The objective of the country-by-country reporting requirements is to provide increased transparency regarding the source of the financial institution's income and the locations of its operations.

Vanquis Banking Group plc is a UK registered entity. Details of its subsidiaries are given in note 38 and the activities of the Group are described in the Strategic Report on pages 1 to 17.

The activities of the Group, described as required by the Regulations for the year ended 31 December 2025 were:

	United Kingdom	
Interest payable on:	2025 £m	2024 £m
Total operating income (including discontinued operations)	456.0	458.6
Profit/(loss) before tax (including discontinued operations)	9.2	(136.3)
Corporation tax received	4.0	8.2
Public subsidies received	—	—
Average number of employees	1,279	1,375

37 Post-balance sheet events

There have been no significant events since the balance sheet date that require disclosure in these financial statements.

Notes to the financial statements continued

38 Details of subsidiary undertakings

The subsidiary undertakings of the Group at 31 December 2025 are shown below. The Company is the parent or ultimate parent of all subsidiaries and they are all 100% owned by the Group.

Company name	Company number
Registered at No. 5 Godwin Street, Bradford BD1 2AH:	
Provident Financial Holdings Limited	13061852
Provident SPV Limited[1,2]	12988335
Vanquis Bank Limited[1]	2558509
N&N Simple Financial Solution Limited[1]	3803565
Cheque Exchange Limited[1]	2927947
PFG Corporate Services Limited[1,2]	13423666
Provfin Limited[2]	1879771
Provident Financial Group Limited[2]	194214
Aquis Cards Limited	7036307
Registered at Athena House, Bedford Road, Petersfield, Hampshire GU32 3LJ:	
Moneybarn No. 1 Limited[1]	4496573
Duncton Group Limited[1]	6308608
Moneybarn Group Limited[1,2]	4525773
Moneybarn Limited[1,2]	2766324
Registered at 10 Norwich Street, London EC4A 1BD:	
Usnoop Limited[1]	11797870
Registered at C/O DWF LLP, 2 Semple Street, Edinburgh EH3 8BL:	
Lawson Fisher Limited	SC004758

1 Companies whose immediate parent is not Vanquis Banking Group plc.

2 As part of the continued rationalisation of the Group these companies have been placed into members' voluntary liquidation.

The following companies act as a vehicle to allow the securitisation of the Moneybarn customer receivables and Vanquis Bank Limited's drawings under central bank facilities. These companies are not owned by Vanquis Banking Group plc but form part of the consolidated Group due to meeting the requirements of IFRS 10 Consolidated Financial Statements.

Company name	Company number
Registered at 8th Floor, 100 Bishopsgate, London, England EC2N 4AG:	
Moneybarn Financing Limited	12323134

Company name	Company number
Registered at 10th Floor, 5 Churchill Place, London, England E14 5HU:	
Oban Cards 2021-1 Holdings Limited	12754762
Oban Cards 2021-1 PLC	12757121
Oban Cards Receivables Trustee Limited	12756504

The following subsidiaries are taking an audit exemption and are therefore exempt from the requirement to the audit of accounts under section 479A of the Companies Act 2006.

Company name	Company number
N&N Simple Financial Solution Limited	3803565
Usnoop Limited	11797870
Duncton Group Limited	6308608
Cheque Exchange Limited	2927947
Lawson Fisher Limited	SC004758

Alternative performance measures

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

Definitions, numerical reconciliations and relevance of APMs presented within this report are set out below. The definition of these non-statutory measures may not be comparable to similarly titled measures reported by other companies. All the below APMs are on a continuing operations basis.

2024 KPIs have been represented where required. Refer to material accounting policy information for details.

APM	Method of calculation	Relevance
Net interest margin (NIM)	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.

	2025 £m	2024 £m
Interest income	**567.2**	549.9
Interest expense	**(148.8)**	(142.0)
Net interest income	**418.4**	407.9
Average gross receivables	**2,495.3**	2,207.0
NIM (%)	**16.8%**	18.5%

APM	Method of calculation	Relevance
Net interest margin excluding Second Charge Mortgages (2CM)	Interest income less interest expense for the 12 months ended 31 December (excluding 2CM) as a percentage of average gross receivables (excluding 2CM).	This measure shows the returns generated from customers (excluding 2CM customers) to allow comparison to other banks and banking groups.

	2025 £m	2024 £m
Net interest income	**418.4**	407.9
Less: 2CM net interest income	**(10.6)**	(1.4)
Net interest income (excluding 2CM)	**407.8**	406.5
Average gross receivables	**2,495.3**	2,207.0
Less: 2CM average gross receivables	**(390.6)**	(69.0)
Average gross receivables	**2,104.7**	2,138.0
NIM (excluding 2CM) (%)	**19.4%**	19.0%

APM	Method of calculation	Relevance
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.

	2025 £m	2024 £m
Total income	**454.9**	446.4
Average gross receivables	**2,495.3**	2,207.0
Total income margin (%)	**18.2%**	20.2%

APM	Method of calculation	Relevance
Risk-adjusted margin	Total income less impairment charges for the 12 months ended 31 December as a percentage of average gross receivables.	This measure shows the returns from customers after impairment charges.

	2025 £m	2024 £m
Total income	**454.9**	446.4
Impairment	**(181.1)**	(185.3)
Risk-adjusted income	**273.8**	261.1
Average gross receivables	**2,495.3**	2,207.0
Risk-adjusted margin (%)	**11.0%**	11.8%

APM	Method of calculation	Relevance
Asset yield	Interest income received from customers 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.

	2025 £m	2024 £m
Interest income	**567.2**	549.9
Less: non-customer interest income	**(44.1)**	(47.2)
Customer interest income	**523.1**	502.7
Average gross receivables	**2,495.3**	2,207.0
Asset yield (%)	**21.0%**	22.8%

Alternative performance measures continued

APM	Method of calculation	Relevance
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.

	2025 £m	2024 £m
Impairment charges	**181.1**	185.3
Average gross receivables	**2,495.3**	2,207.0
Cost of risk (%)	**7.3%**	8.4%

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 align the receivables movement to the same period in which the income statement measures are generated in calculating performance KPIs.

	2025 £m	2024 £m
Credit Cards	**1,367.4**	1,312.5
Vehicle Finance	**737.3**	825.4
Second Charge Mortgages	**390.6**	69.0
Total average gross receivables	**2,495.3**	2,207.0

APM	Method of calculation	Relevance
Cost: income ratio	Operating costs as a percentage of total income for the 12 months ended 31 December.	This ratio is a measure of the efficiency of the Group's cost base.

	2025 £m	2024 £m
Operating costs	**265.5**	399.1
Total income	**454.9**	446.4
Cost: income ratio	**58.4%**	89.4%

APM	Method of calculation	Relevance
Return on tangible equity (ROTE)	Statutory profit/(loss) attributable to ordinary shareholders for the 12 months ended 31 December as a percentage of average tangible equity for the 13 months ended 31 December. Average tangible equity is stated as equity after deducting the Group's pension asset, net of deferred tax, intangible assets, goodwill and AT1 notes net of issue costs.	This demonstrates how well the Group's returns are generated from its tangible equity, removing the impact of whether development has occurred through organic or inorganic growth.

	2025 £m	2024 £m
Profit/(loss) attributable to ordinary shareholders	**8.2**	(119.3)
Average tangible equity		
Average equity as per balance sheet	**451.2**	529.5
Average pension asset	**(18.0)**	(33.7)
Average deferred tax on pension asset	**4.5**	8.4
Average adjusted equity	**437.7**	504.2
Average intangible assets	**(62.5)**	(65.7)
Average goodwill	**(1.2)**	(66.9)
Average AT1 notes	**(13.5)**	—
Average tangible equity	**360.5**	371.6
ROTE	**2.3%**	(32.1)%

Alternative performance measures continued

APM	Method of calculation	Relevance
Funding headroom	Committed bank and debt facilities less borrowings on those facilities and amounts committed to further syndicated bank facility reduction, plus available cash and liquid resources (see note 28 for more details).	This represents the difference between the total amount of committed contractual debt facilities provided by banks, bond holders and other lenders and the amount of funds drawn on those facilities plus cash held on deposit.
Liquidity coverage ratio (LCR)	A regulatory measure that assesses net 30-day cash outflows as a proportion of high-quality liquid assets (HQLA).	This demonstrates the Group's ability to meet its short-term liabilities.
Customer satisfaction	The rate at which surveyed customers were satisfied (or more than satisfied) with the service they have been provided.	
Tier 1 ratio	The ratio of the Group's Tier 1 capital to the Group's risk-weighted assets measured in accordance with the Capital Requirements Regulation (CRR).	The CET1 ratio is a key measure of whether a firm has adequate CET1 to cover the risks associated with its assets.
Total capital ratio (TCR)	The ratio of the Group's total regulatory capital (own funds) to the Group's risk-weighted assets measured in accordance with the CRR.	The Tier 1 ratio is a key measure of whether a firm has adequate capital resources to cover the risks associated with its assets.
Regulatory capital	Common Equity Tier 1 (CET1) capital is the sum of the Group's equity as calculated in accordance with IFRS, an accrued foreseeable dividend and regulatory adjustments. Tier 2 is the sum of capital instruments meeting the criteria for Tier 2 as set out in the Capital Requirements Regulation (CRR). Total available regulatory capital is the sum of these two elements for the Group (as the Group does not hold any Additional Tier 1 instruments). The calculation is set out under capital risk management on page 155.	

Information for shareholders

Share price

The Company's shares are listed on the London Stock Exchange under share code 'VANQ'. The share price is quoted daily in a number of national newspapers and is available on the Group's website at www.vanquis.com/investors.

Tax on dividends

Please refer to HMRC guidance regarding the taxation of dividends paid by the Company.

Registrar

The Company's registrar is:

MUFG Pension & Market Services
Central Square
29 Wellington Street
Leeds
LS1 4DL

Shareholder helpline

For information relating to your shares call: +44 (0)371 664 0300

Calls to 0371 are charged at the standard geographic rate and will vary by provider.

Calls outside the United Kingdom are charged at the applicable international rate.

The office is open between 09:00 -17:30, Monday to Friday excluding public holidays in England and Wales.

Investor Centre

The Investor Centre is tailored to meet the specific needs of shareholders and investors. Through the Investor Centre shareholders can easily access and manage their holdings overseen by MUFG Corporate Markets. The Investor Centre is available both as a web portal and a mobile app, allowing users to manage their holdings form any device at any time. For further information please visit https://uk.investorcentre.mpms.mufg.com/Login/Login

Dividend Reinvestment Plan (DRIP)

MUFG Corporate Markets Trustees (UK) Limited offers a Dividend Reinvestment Plan (DRIP) where shareholders can acquire shares in the Company by using cash dividends to purchase additional shares.

For further information write to:

Dividend Reinvestment Plans
MUFG Corporate Markets
Central Square
29 Wellington Street
Leeds LS1 4DL

Or Telephone: 0371 664 0381

Calls are charged at the standard geographic rate and will vary by provider. Calls outside the UK will be charged at the applicable international rate. Lines are open between 9.00am and 5.30pm, Monday to Friday excluding public holidays in England and Wales.

Or email: DRIP.Enquiries@cm.mpms.mufg.com

Or visit the website uk.investorcentre.mpms.mufg.com

Special requirements

A PDF version of the full Annual Report and Financial Statements is available on our website.

Information for shareholders continued

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Vanquis Banking Group plc Annual Report and Accounts 2025