



**First quarter trading statement**  
**Performance in line with expectations**

London – 15 May 2024 - Vanquis Banking Group plc ('the Group'), the specialist bank, today published its first quarter trading statement for the three months to 31 March 2024.

**Ian McLaughlin, Chief Executive Officer, commented:** "Since launching our new strategy on 27 March we have moved at pace from strategy definition to implementation of key initiatives. We still have challenges to address as we have previously described, but we are making good progress in building our customer proposition and risk management capabilities to meet growing customer needs. In parallel, we are improving operational efficiency and continuing our investment in technology. I am pleased with the way colleagues have embraced our new strategy and committed to realising the potential of our business."

**Key metrics**

	<b>31 March 24</b>	<b>31 Dec 23</b>
Gross customer interest earning balances <sup>1</sup>	<b>£2,223.3m</b>	£2,351.2m
Net interest margin <sup>2</sup>	<b>19.3%</b>	19.0%
CET1 ratio	<b>20.8%</b>	20.5%
Retail funding	<b>84.1%</b>	83.7%

**Financial highlights**

- New customer acquisitions grew in line with expectations in Q1.
- Gross customer interest earning balances declined due to the action taken at the end of 2023 to moderate unprofitable lending growth, as well as customers spending less in the current economic environment and paying down more debt than forecast.
- Increase in NIM was driven largely by the re-pricing in Cards at the end of 2023.
- Underlying credit quality remains stable.
- Focus on efficiency and simplification continues, with costs in line with expectations.
- Vanquis remains well capitalised with strong levels of liquidity and funding.
- £50m of TFSME funding was repaid early in the interests of prudent liquidity management.

**Customer proposition update**

- Personal loans relaunched to existing customers in April.
- Second charge mortgage forward flow agreements signed with Selina Finance and Interbridge Mortgages, enabling Vanquis to purchase loans originated by them.
- H&T Pawnbrokers partnership live in April, presenting a "not yet" alternative to declined credit card customers.
- New savings products launched in April, including a 90-day notice cash ISA and easy access deposits.
- Snoop customer acquisition continued to perform well, with c.10,000 Vanquis customers added in the first quarter and new credit score feature launched in April.

## Operational efficiency, complaints management and better use of technology

- Focus on delivering “brilliant basics”, such as optimising collections while helping customers manage their finances.
- Complaint volumes from a single complaints management company remain unacceptably high.
- Flexible and more cost-effective complaint handling capability built offshore, with artificial intelligence being deployed to automate the logging of complaints.
- Legal proceedings continue against the complaints management company responsible for submitting the majority of spurious complaints.
- Continued proactive engagement with regulators to address complaints issues on an industry-wide basis, with the best interests of customers at the forefront.

## Footnotes

1. *Gross customer interest earning assets excludes post charge off assets and deferred acquisition costs, which are included in Gross Receivables.*
2. *Net interest margin is calculated as Interest income less interest expense for the 3 month period to 31 March 2024 and the 12 month period to 31 December 2023, as a percentage of average gross receivables for the 4 and 13 months to the period end.*
3. *CET1 ratio is defined as the ratio of the Group’s CET1 to the Group’s risk-weighted assets measured in accordance with the CRR.*

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## Forward looking statements

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