PFG

FY'21 Results

Provident Financial Group

31st March, 2022

Today's presentation

Highlights and Overview
Malcolm Le May

Financial Review
Neeraj Kapur

Strategy and Outlook
Malcolm Le May

Questions
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Contacts

Malcolm Le May, CEO

Neeraj Kapur, CFO

PFG

Highlights and Overview

Malcolm Le May
Chief Executive Officer

2021 was an important year for PFG:

Strategic

CCD closed on schedule and within budget:
- Scheme of Arrangement sanctioned by the High Court
- The Group no longer operates in any ‘high-cost’ credit market segments

Personal Loans business established:
- Combination of Vanquis Bank loans and Sunflower loans
- Diversifies PFG’s product offering to meet strong demand from customers in this segment

New IT platform developed, initially to support the personal loans business:
- Brand new IT platform
- Platform is capable of supporting more than one product in the future

Financial

Returned to receivables growth:
- Customer spending and customer bookings resulted in receivables growth momentum returning

Funding & capital improvements:
- Tier 2 subordinated bond issued; 2x oversubscribed
- Senior 2023 bond tender
- Waiver to facilitate retail deposit funding of vehicle finance

Reinstated a dividend for shareholders:
- 30% dividend pay-out for FY’21
- The Board intends to move towards a pay-out ratio of c.40% from FY’22 onwards, subject to market conditions and on a sustainable basis

ESG

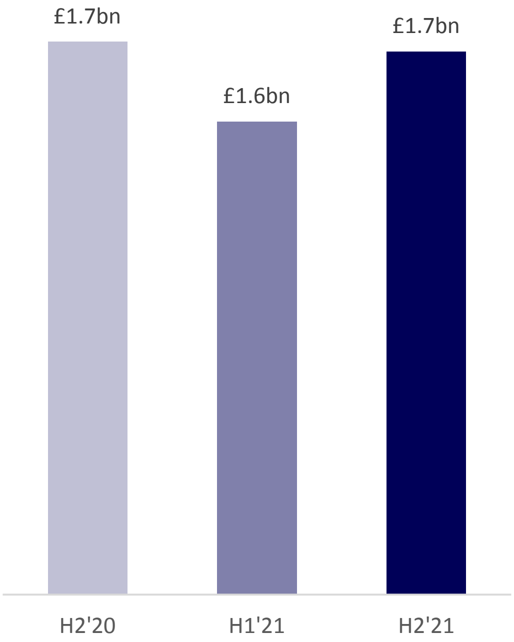
Streamlined corporate governance:
- PRA approval to substantially align Vanquis Bank and PFG Boards
- Group CEO, CFO and Chairman now have responsibility for Vanquis Bank

PFG is focused on customers in underserved markets:
- Our customers are not well served by mainstream lenders
- PFG offers mid-cost products across credit cards, vehicle finance and personal loans

Continued to meet our TCFD reporting obligations:
- Established a Climate Risk Committee led by our CRO
- Climate change recognised as a principal risk

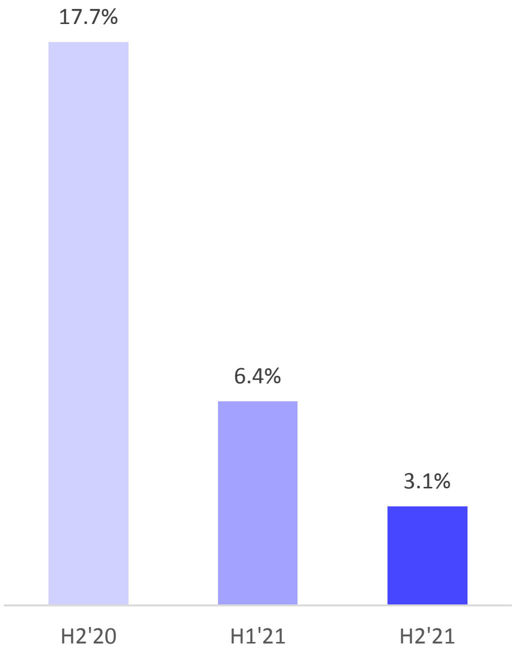
FY’21 established a platform for growth

Receivables Recovery



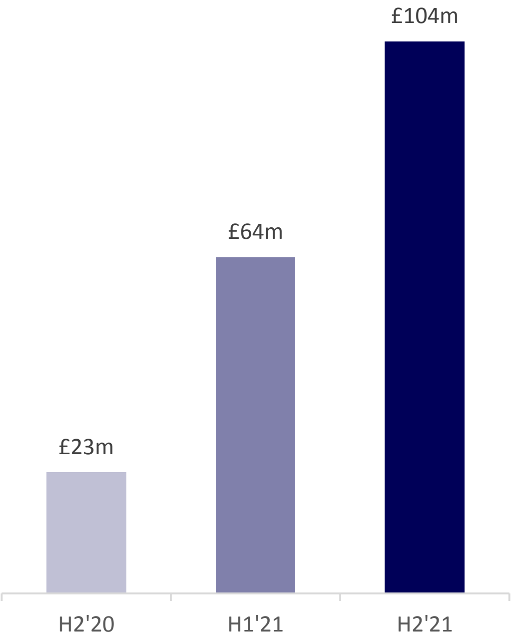
Net Receivables

Lower Risk



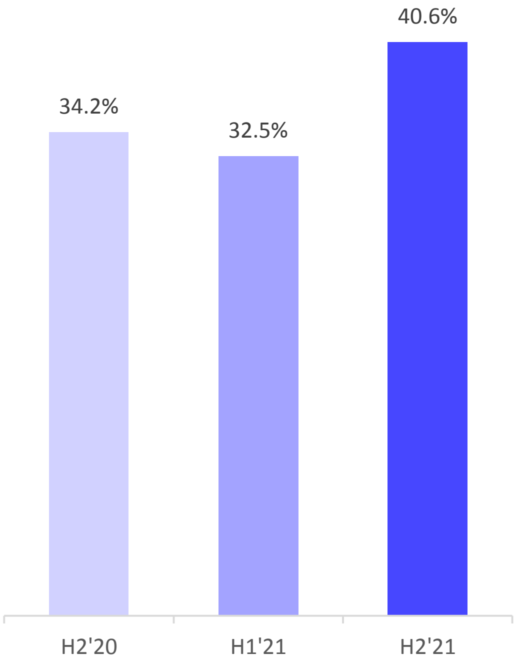
Impairment Rate

Increasing Profitability



Adj. Profit Before Tax

Strong Capital Position[1]



Total Capital Ratio (TCR)

[1] Capital position includes CCD, whereas all other financials are on a continuing operations basis.

Strong demand evident across the product lines

Credit Cards
(21% Market Share[1])

Net Receivables	H2'20	£1,075m
	H1'21	£977m
	H2'21	£1,063m
Adjusted Profit Before Tax	H2'20	£28.1m
	H1'21	£57.0m
	H2'21	£116.9m
Impairment Rate	FY'20	19.3%
	H1'21	5.8%
	FY'21	0.3%

Over 1 million app users

Vehicle Finance
(9% Market Share)

Net Receivables	H2'20	£567m
	H1'21	£602m
	H2'21	£586m
Adjusted Profit Before Tax	H2'20	£8.6m
	H1'21	£15.5m
	H2'21	£13.4m
Impairment Rate	FY'20	13.6%
	H1'21	6.8%
	FY'21	7.6%

>30% lending to Key Workers

Personal Loans
(1% Market Share)

Net Receivables	H2'20	£19m
	H1'21	£16m
	H2'21	£28m
Adjusted Profit Before Tax	H2'20	(£1.9m)
	H1'21	£0.1m
	H2'21	(£8.8m)
Impairment Rate	H1'21	21.4%
	FY'21	11.1%

c.20k customers

[1]Market share based on PFG analysis of TransUnion data (debt outstanding) as at Dec'21. Personal loan losses increased by investment in Gateway during the period

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Financial Review

Neeraj Kapur
Chief Finance Officer

Summary financials

- Group adjusted PBT from continuing operations of £167.8m (FY’20: £27.8m) excluding CCD
- Group adjusted PBT of £72.3m (FY’20 adjusted loss before tax: £47.1m) includes CCD
- Group statutory PBT of £4.1m (FY loss before tax: £113.5m)
- Total Group receivables increased marginally year-on-year, reflecting the easing of Covid-19 restrictions and the improvement in customer spend, which has continued into 2022
- The Group has maintained its sector leading capital and liquidity positions, including the issuance of a Tier 2 subordinated bond during the year
- Coverage ratios across the Group remain robust, reflecting our prudent approach to any increases in unemployment or household stress as a result of the higher inflationary environment
- The improvement in profitability reflects the release of Covid-19 macroeconomic provisions reflecting a more benign H2’21 macroeconomic backdrop

Continuing Group	**FY’21**	FY’20
Net interest margin (£m)	**486**	554
Impairment charge (£m)	**(51)**	(313)
Risk-adjusted NIM (£m)	**435**	242
Adjusted continuing PBT	**168**	28
Net receivables (£m)	**1,678**	1,661
Coverage ratio	**26.8%**	28.8%
Annualised RORE[1] (%)	**32.6%**	6.3%
Capital headroom[2] (£m)	**344**	264
Liquidity headroom (£m)	**687**	948

[1]Return on average required regulatory capital (RORE) reflects adjusted profit before tax for the period, excluding CCD, divided by the average regulatory capital requirement for the period.
[2] Headroom above total capital requirement and combined buffer.

Group results

	FY'21 £m	FY'20 £m	Change %
Credit cards	**174**	40	340
Vehicle finance	**29**	11	165
Personal loans	**(9)**	(2)	-
Central costs	**(26)**	(21)	(25)
Adjusted continuing profit before tax	**168**	28	504
Amortisation of acquired intangibles	**(8)**	(8)	-
Exceptional items – continuing operations	**(18)**	(57)	68
Continuing PBT	**142**	(37)	484
Discontinued operations (CCD) - including exceptionals	**(138)**	(77)	(80)
Profit before tax/(loss before tax)	**4**	(114)	104
Total receivables	**1,678**	1,800	7
Total borrowings including retail deposits	**1,864**	2,203	(15)

- Receivables growth in H2'21 impacted by restrictions in Q4
  - Good momentum in 2022 year to date; expected to pick up across travel and non-discretionary spend
- 2021 impairments included a c.£47m release of macroeconomic provision overlay
- Impairment trends into 2022 will benefit from:
  - Further release of provision overlays; remaining overlays of c.£60m
  - Business mix change towards lower risk credit
- 2021 cost growth reflected investments in:
  - Regulatory change
  - A new IT platform known as 'Gateway'
  - Other growth initiatives, e.g. Mobile app, Open Market loans
  - The Group's Treasury capabilities
  - Resumption of discretionary bonus
- Cost to income ratio of 55.1%, excluding CCD, reflecting business investment

Key performance indicators[1] ('KPIs')

Shareholder KPIs	FY'21	FY'20	FY'19
EPS (basic)	53.7	(14.6)	39.9
EPS (adjusted)[2]	57.5	11.7	49.2
RORE[2]	32.6%	6.3%	25.7%
ROTE[2]	27.7%	5.2%	20.9%
ROA[2]	11.5%	5.4%	9.3%

Revenue KPIs[2]	FY'21	FY'20	FY'19
Revenue yield	33.1%	34.8%	36.2%
Net-interest margin	30.0%	31.4%	33.0%
Risk-adjusted net-interest margin	26.9%	13.7%	20.1%

Cost KPIs[2]	FY'21	FY'20	FY'19
Cost of risk	3.1%	17.7%	12.9%
Cost of funding	3.0%	3.5%	3.2%
Cost to income ratio	55.1%	38.6%	33.9%

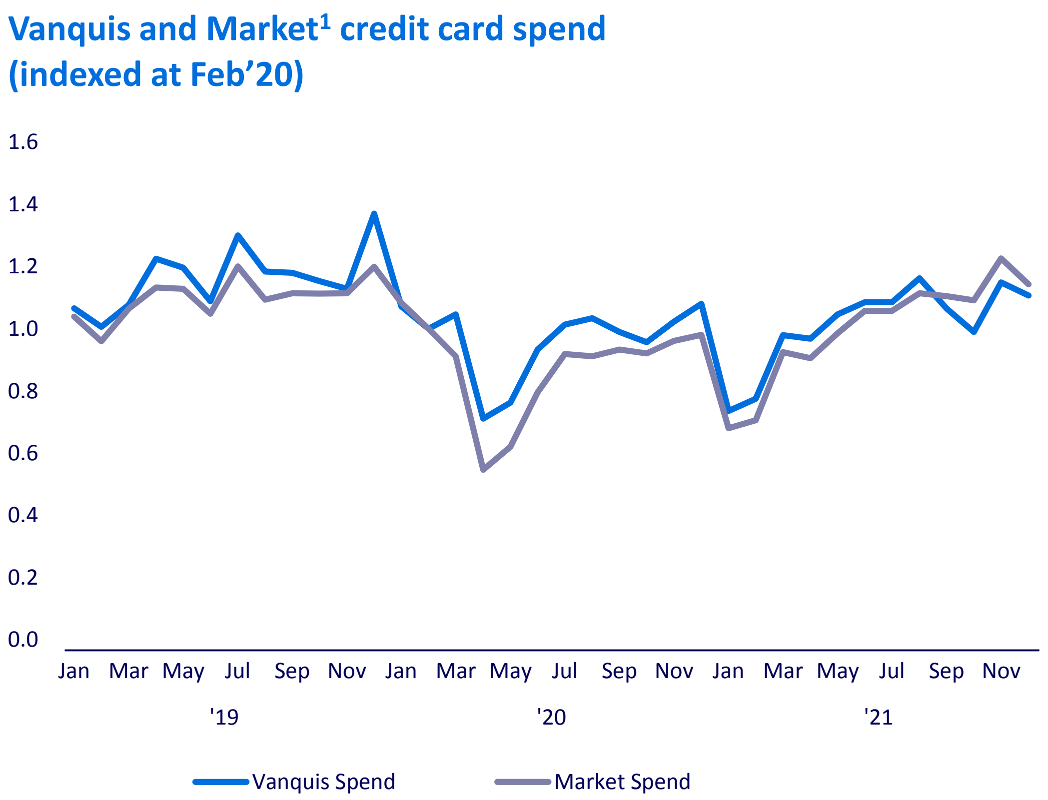
Capital & Liquidity KPIs	FY'21	FY'20	FY'19
CET1	29.1%	34.2%	31.1%
Total Capital Ratio	40.6%	34.2%	31.1%
Total liquidity (£m)	707	977	417
Liquidity headroom (£m)	687	948	273

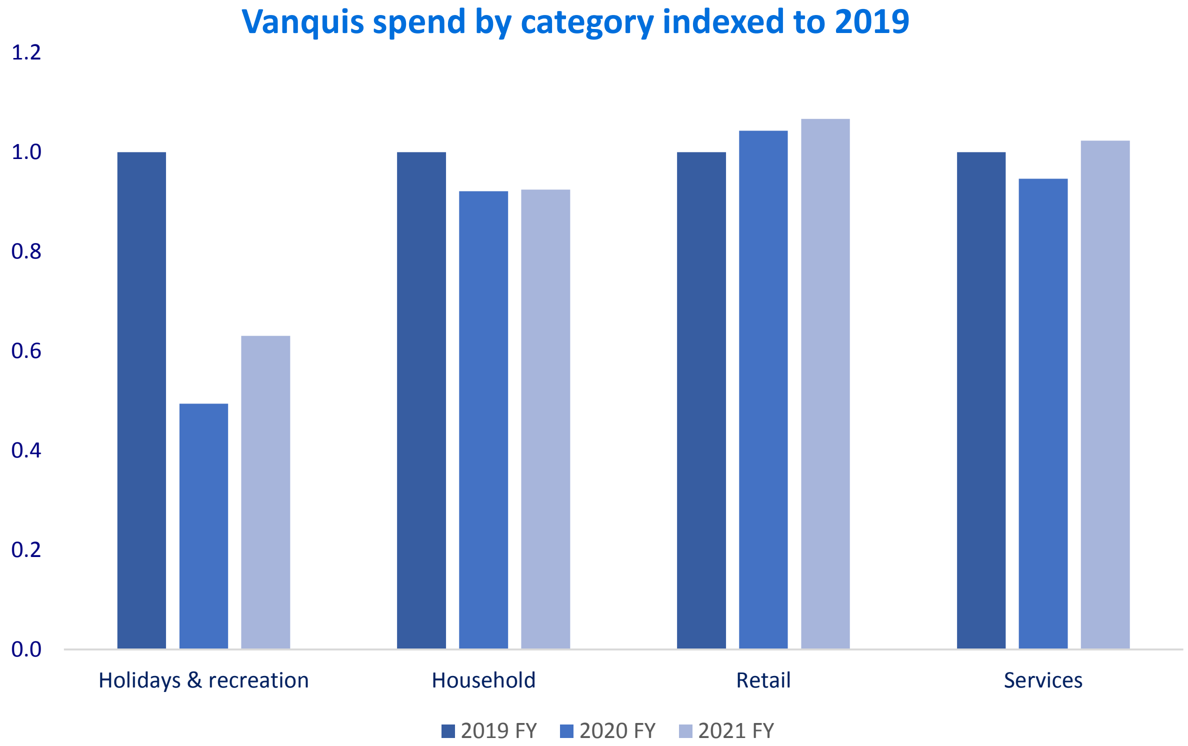
[1] KPIs reflect the continuing business only [2] Adjusted measures

Product Snapshot

Primary Products	Brands		Average receivables (£m)	Customer numbers ('k)	Net interest margin (£m)	Impairment (£m)	Risk-adjusted net interest margin (£m)	Adjusted PBT/(LBT) (£m)
Credit Cards	VANQUIS	FY'21	1,003	1,541	365	(4)	361	174
		FY'20	1,207	1,667	439	(233)	205	40
Vehicle Finance	moneybarn Vehicle Finance	FY'21	594	94	111	(45)	66	29
		FY'20	533	91	109	(73)	37	11
Personal Loans	VANQUIS	FY'21	19	20	6	(2)	4	(9)
	Sunflower	FY'20	27	19	8	(7)	2	(2)

Credit card spending is back to 2019 levels





- Credit card spend per active customer returned to 2019 levels during the year
- Spend per category is also back to 2019 levels apart from holiday and recreational spend

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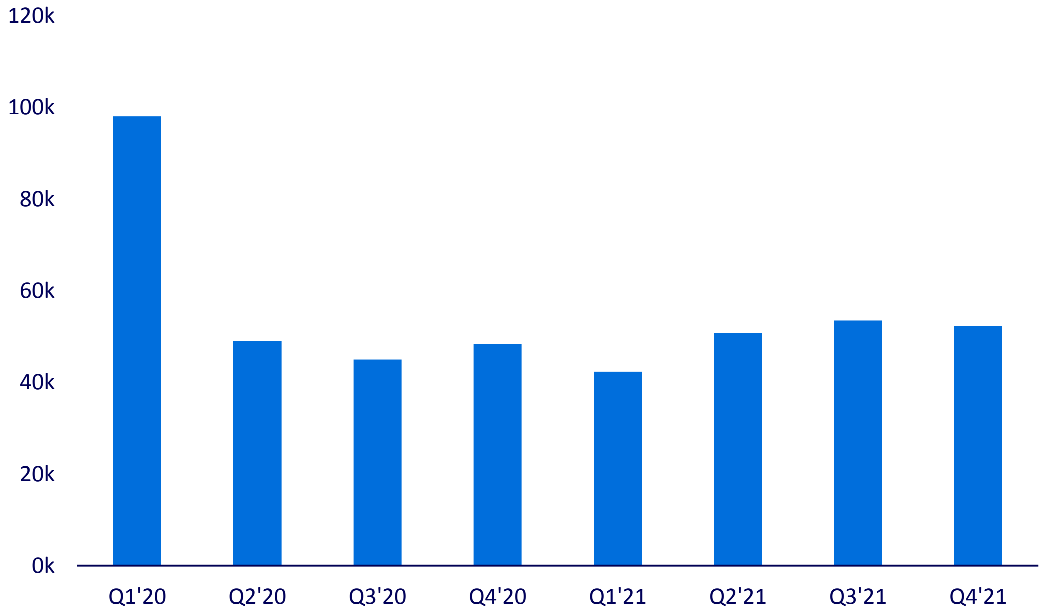
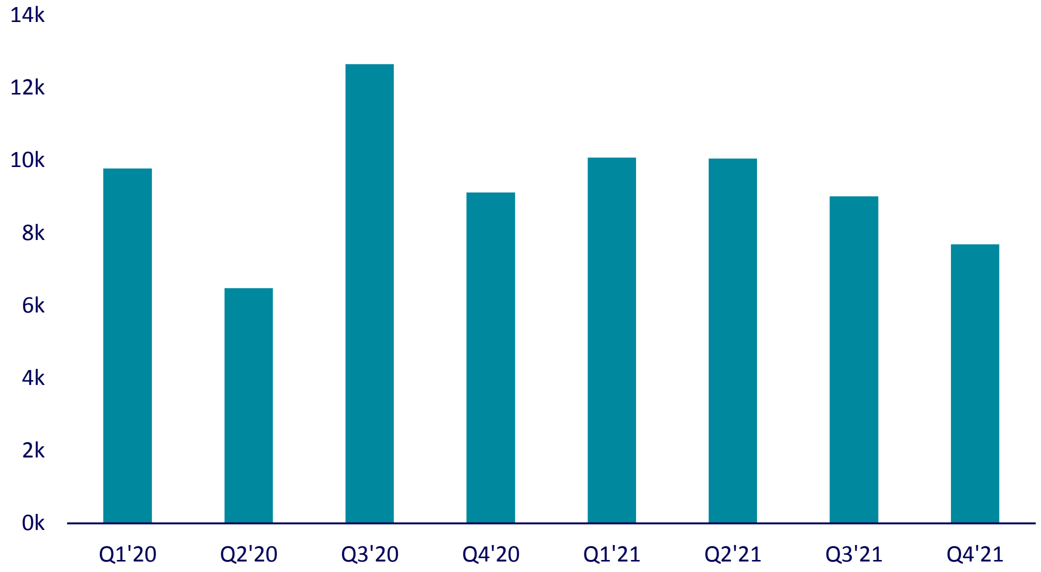
[1] UK Finance Total Market Credit Card Statistics Sept 2021.

Customer bookings

Credit card new bookings by quarter trend



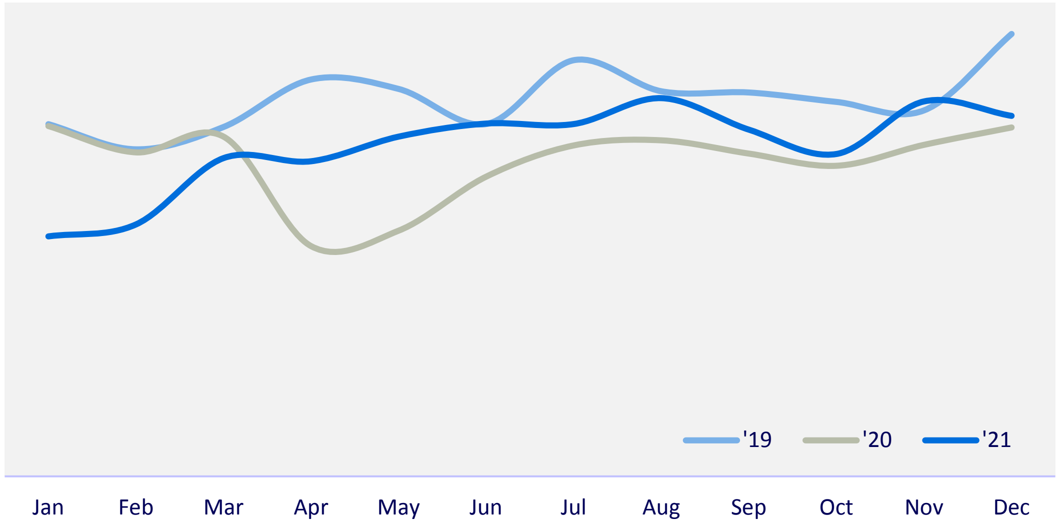
Vehicle finance new bookings by quarter trend



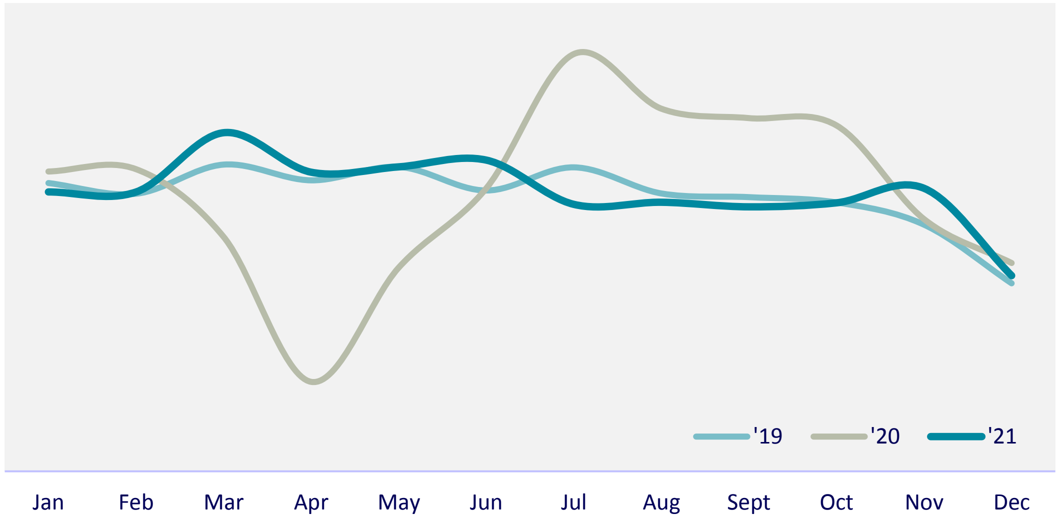
- We continued to take a cautious view on new card bookings through 2021 whilst monitoring end of furlough impacts and the macro-economic situation.
- Vehicle finance new bookings have remained robust since the onset of Covid-19, with strong market demand across 2021.

Credit issued recovered to 2019 levels

Credit card spend returned to around pre-Covid levels



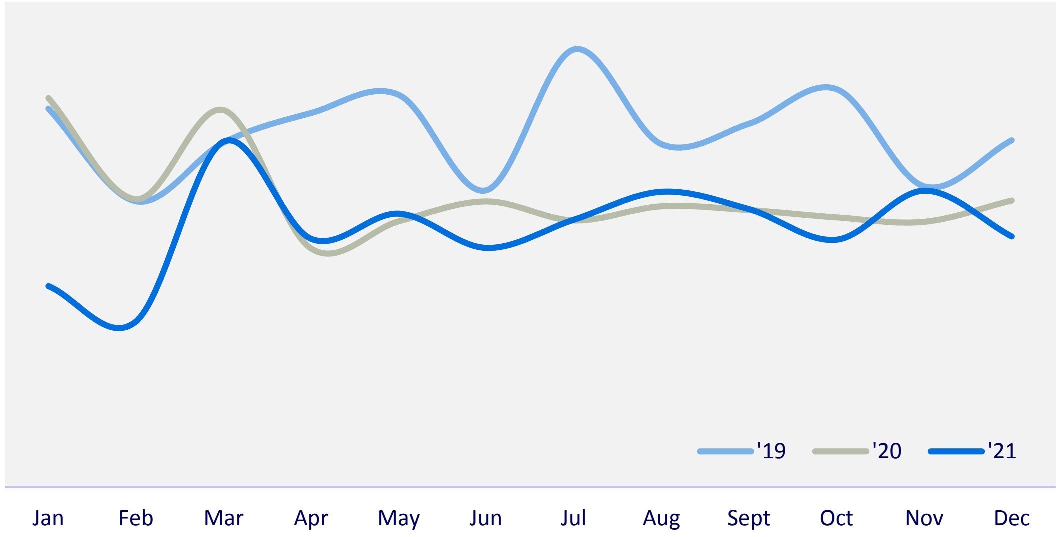
Vehicle finance credit issued in-line with pre-Covid levels



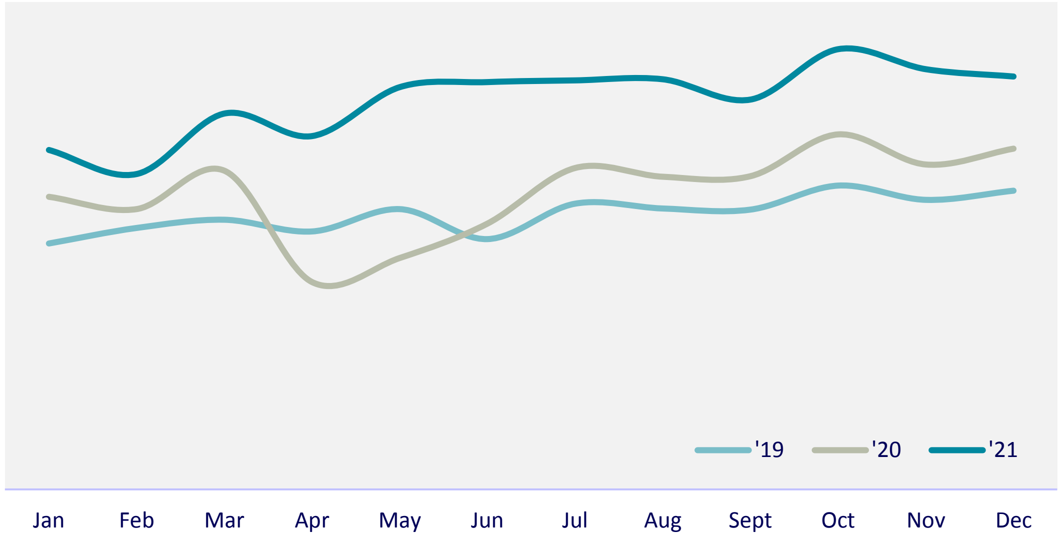
- As Covid restrictions eased during 2021, credit card spend responded favourably but this was impacted by restrictions in December 2021
- Vehicle finance credit issued tracked 2019 levels closely as underlying customer demand remained strong and the pricing environment remained robust

Collections performance robust overall

Credit card collections remain below pre-Covid levels due to reductions in loan book size



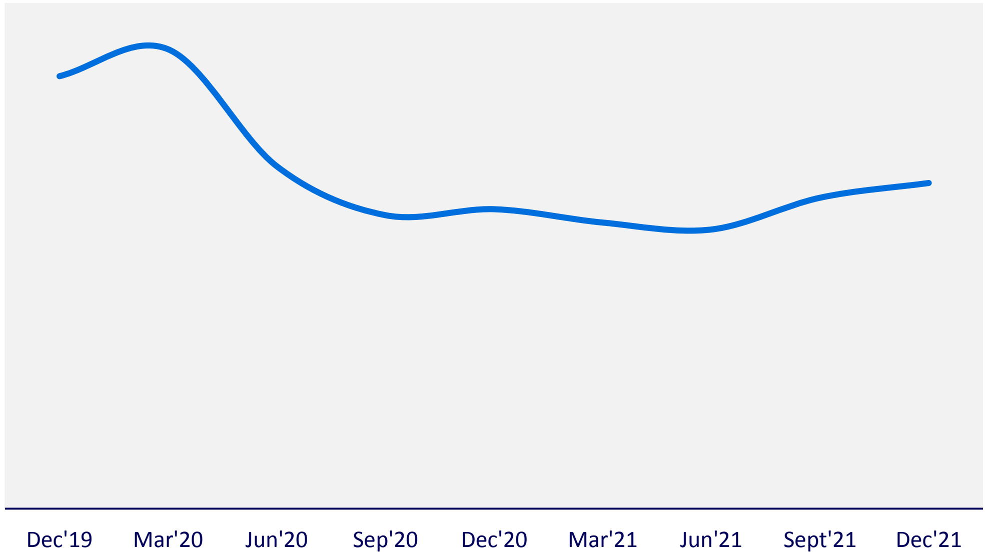
Vehicle finance collections notably above pre-Covid levels



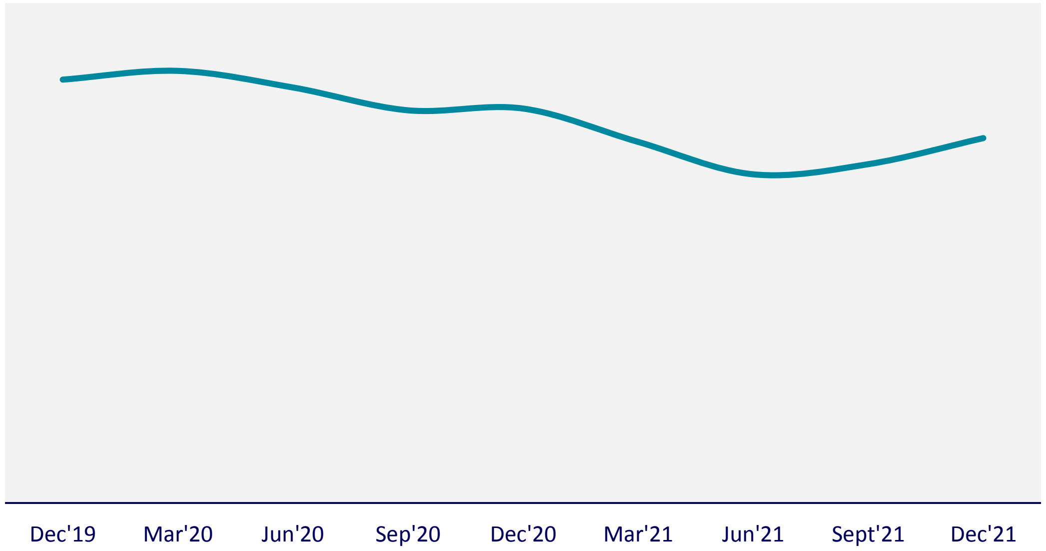
- Credit card collections decreased year-on-year in 2021, driven by a reduction in receivables outstanding. However, on a per active customer basis they remain in-line
- Vehicle finance collections improved significantly year-on-year and are above 2019 levels driven by growth in customers throughout 2020 and 2021

Delinquency rates improving

Credit card delinquency rates have normalised



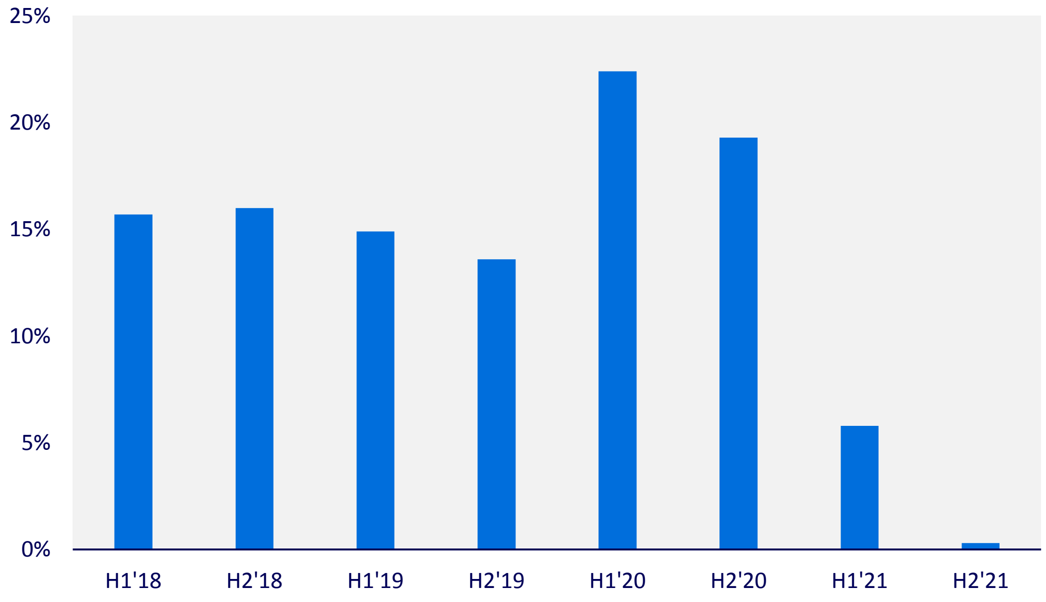
Vehicle finance delinquency rates have improved and stabilised



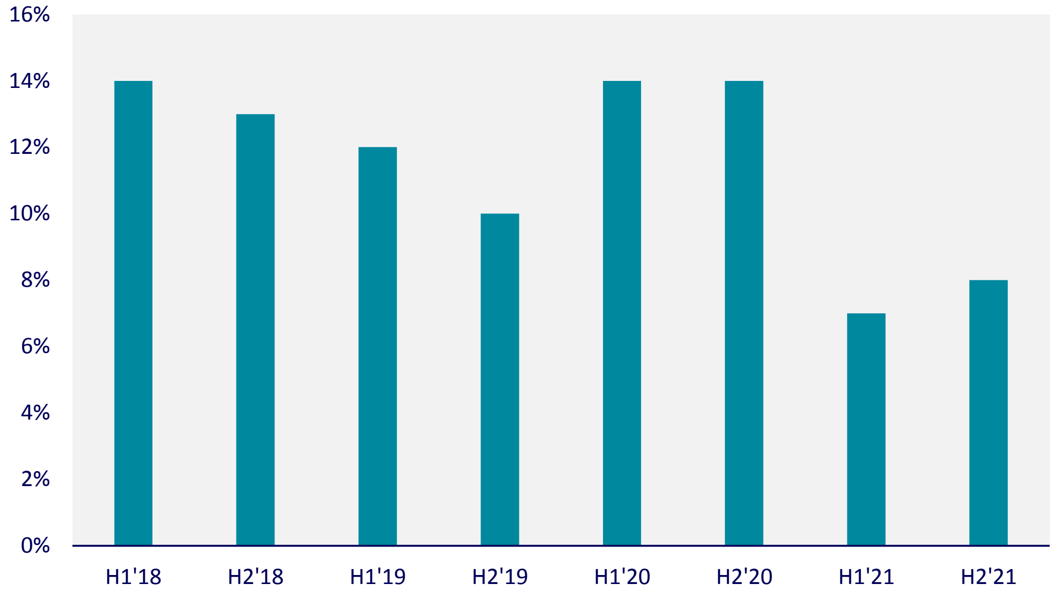
- Credit card delinquency trends remain broadly stable at levels seen since June 2020 but consistently better than pre-Covid
- Vehicle finance delinquency rates have continued to improve following a tightening of lending criteria at the onset of Covid

Falling impairment trends

Credit card impairment rates



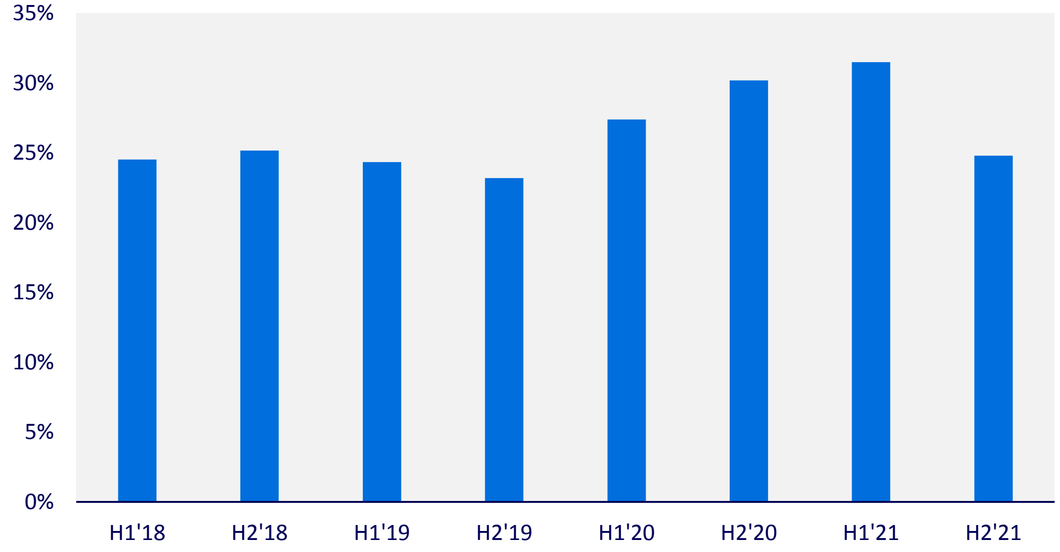
Vehicle finance impairment rates



- Credit card impairment rates reduced materially year-on-year as delinquency rates remained favourable and as impairment provisions were released
- Vehicle finance impairment rates were also below historical trends driven by impairment provisions

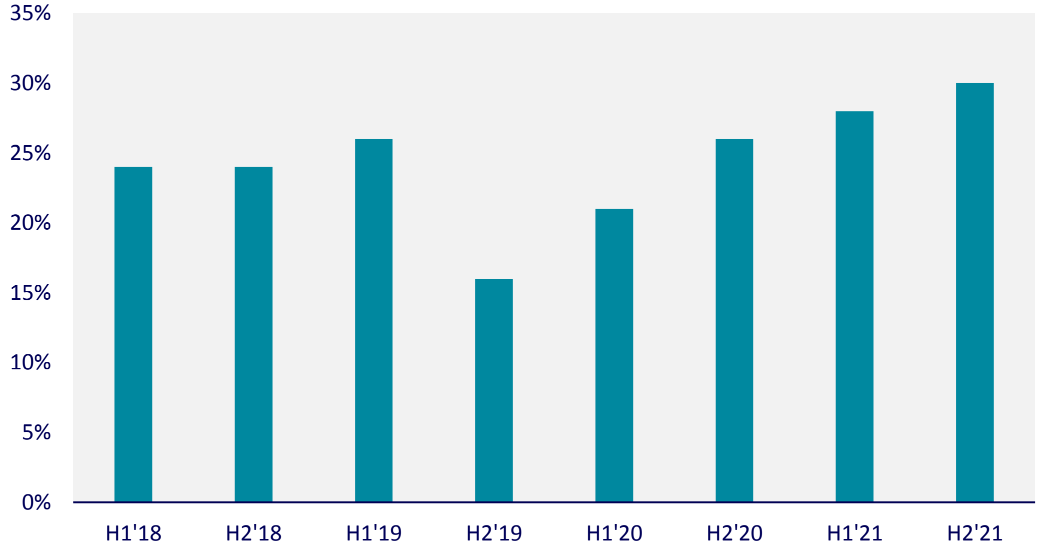
Coverage ratios remain robust

Credit card coverage ratios



1,432	1,495	1,465	1,433	1,174	1,075	977	1,063
Net receivables							

Vehicle finance coverage ratios

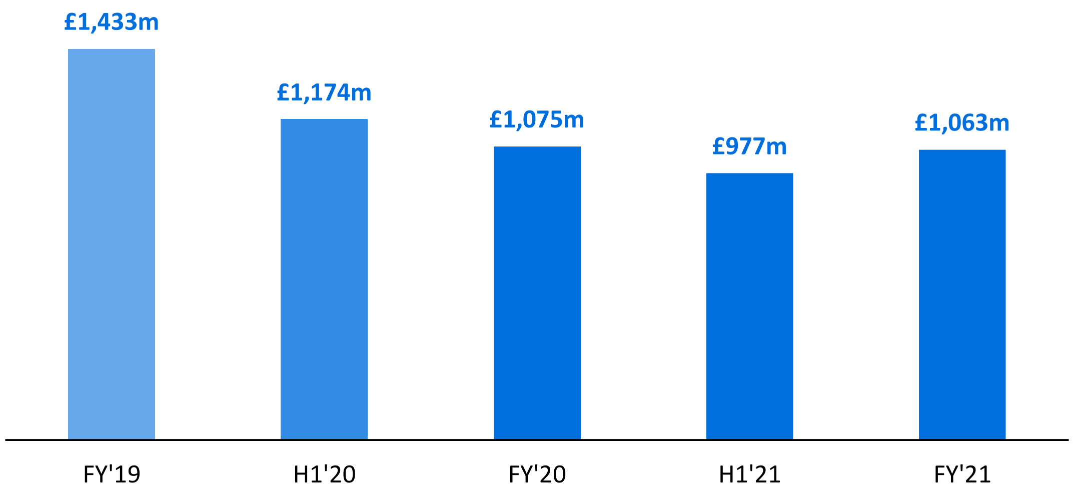


360	413	462	489	516	566	602	586
Net receivables							

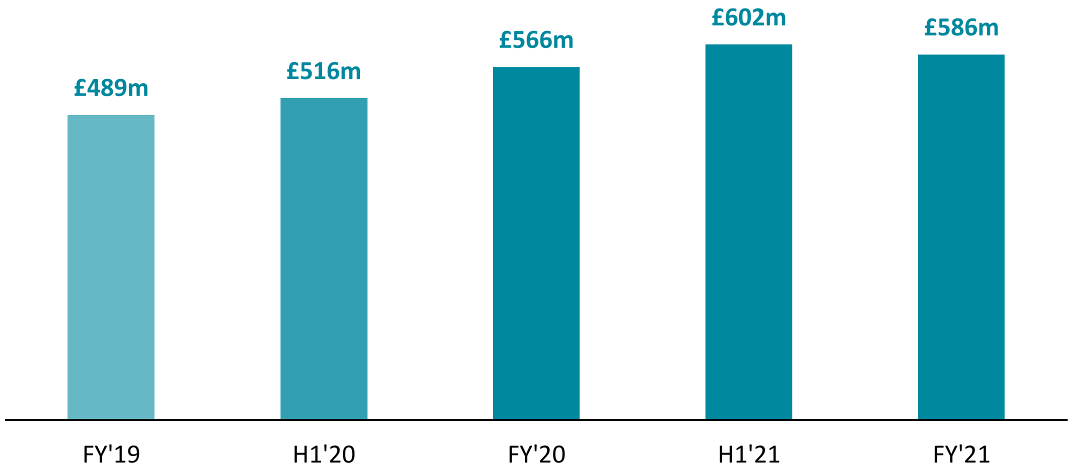
- The coverage ratio of the credit card business reduced during 2021 as impairment provisions were released following a more favourable macroeconomic backdrop
- The vehicle finance coverage ratio increased owing to an absence of debt sale activity in the period; this is expected to fall when debt sales resume
- Coverage ratios over the medium-term expected to fall reflecting a higher quality business mix and ongoing provision releases

Positive momentum to receivables growth

Credit card net receivables increased 9% since H1’21[1]



Vehicle finance net receivables increased 4% since FY'20



- Credit card receivables were broadly flat at the end of FY’21 versus FY’20 as customer spend trends improved throughout H2’21
- Vehicle finance receivables grew by approximately 4% year-on-year notwithstanding credit tightening as customer demand remained buoyant

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[1] Includes Vanquis Loans which accounted for under 2% of net receivables (Dec’20).

Significant levels of capital boosted by Tier 2 issuance

£707m total capital supports growth and investment

Capital	Required[1]	Surplus
40.6%	20.8%	19.8%
£707m	£363m	£344m

£507m CET1 pre-funds growth, IFRS 9 unwind and buffers

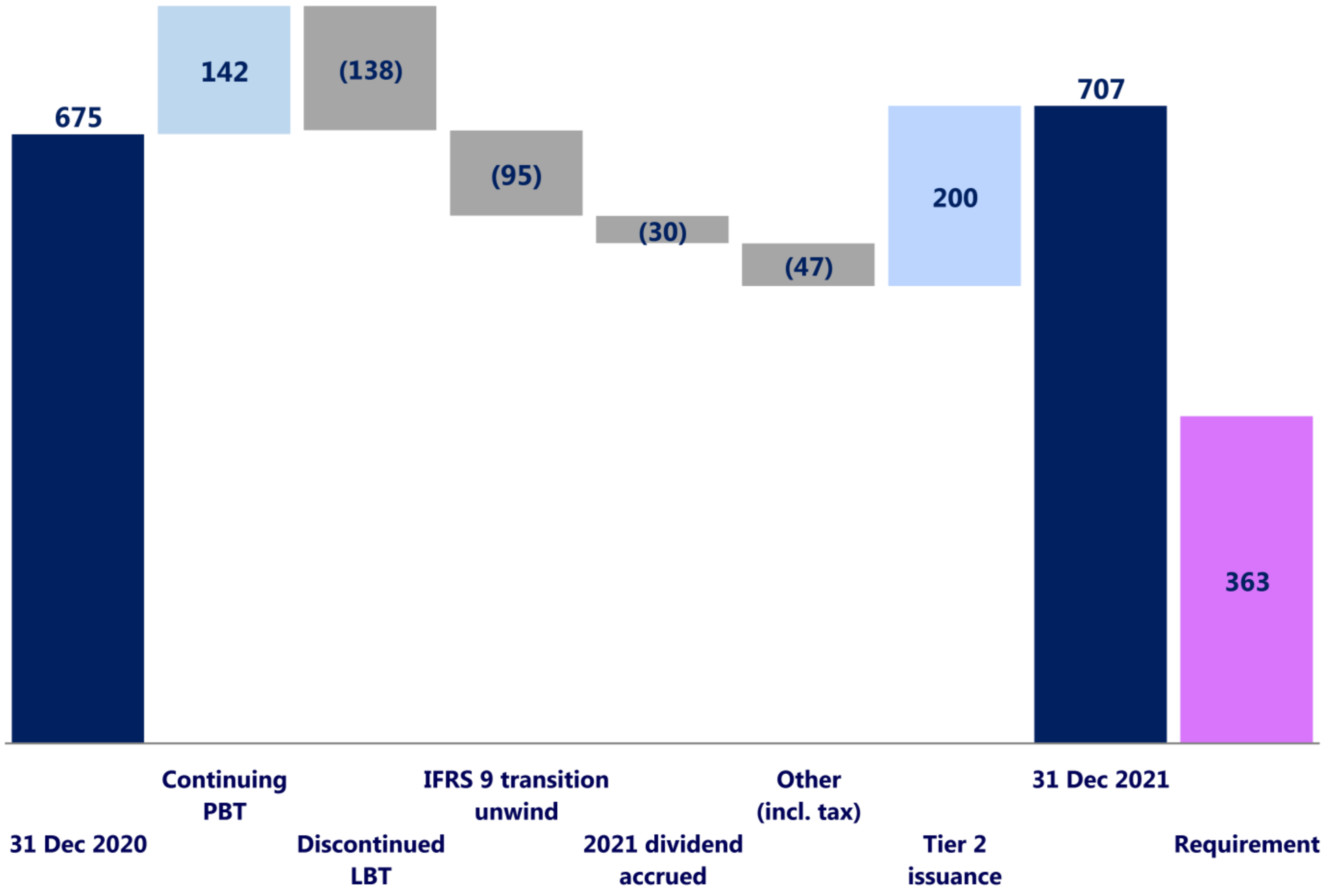
CET1	Required[1]	Surplus
29.1%	16.2%	12.9%
£507m	£283m	£224m

- No ongoing capital impact of CCD
- Capital requirements set by PRA in 2019, before CCD was closed and the Group exited the high-cost sector
- Capital generation provides confidence for dividends and growth despite macroeconomic uncertainties
- Access to Debt Capital Markets re-established with benchmark £200m Tier 2 at 8.875%
- Successfully switched debt for capital by tendering for £71.5m 2023 Senior Bonds at 8.25%
- Strong bond performance in capital markets
- Existing Tier 1 excesses already adequate to cover:
    - Normalised 2% Countercyclical Capital Buffer by Q2 2023 (if implemented by the FPC)
    - All remaining IFRS 9 Transitional Relief with no further unwind beyond 1 January 2023
- Supervisory review of requirements in 2022

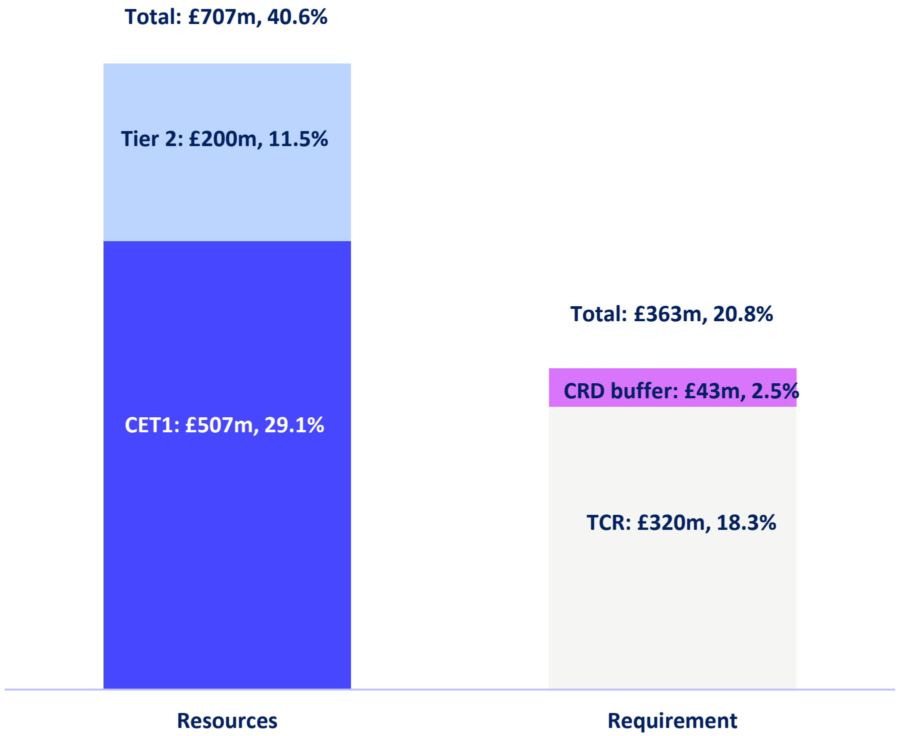
[1] Excludes any firm-specific confidential PRA buffers, if applicable.

Regulatory capital management

Resilient and diversified capital base



Well capitalised to support dividends and growth despite macro uncertainties



The Group has absorbed the cost of closing CCD and scheduled IFRS 9 transitional unwind, is capital generative on a continuing basis and has diversified its capital base in 2021.

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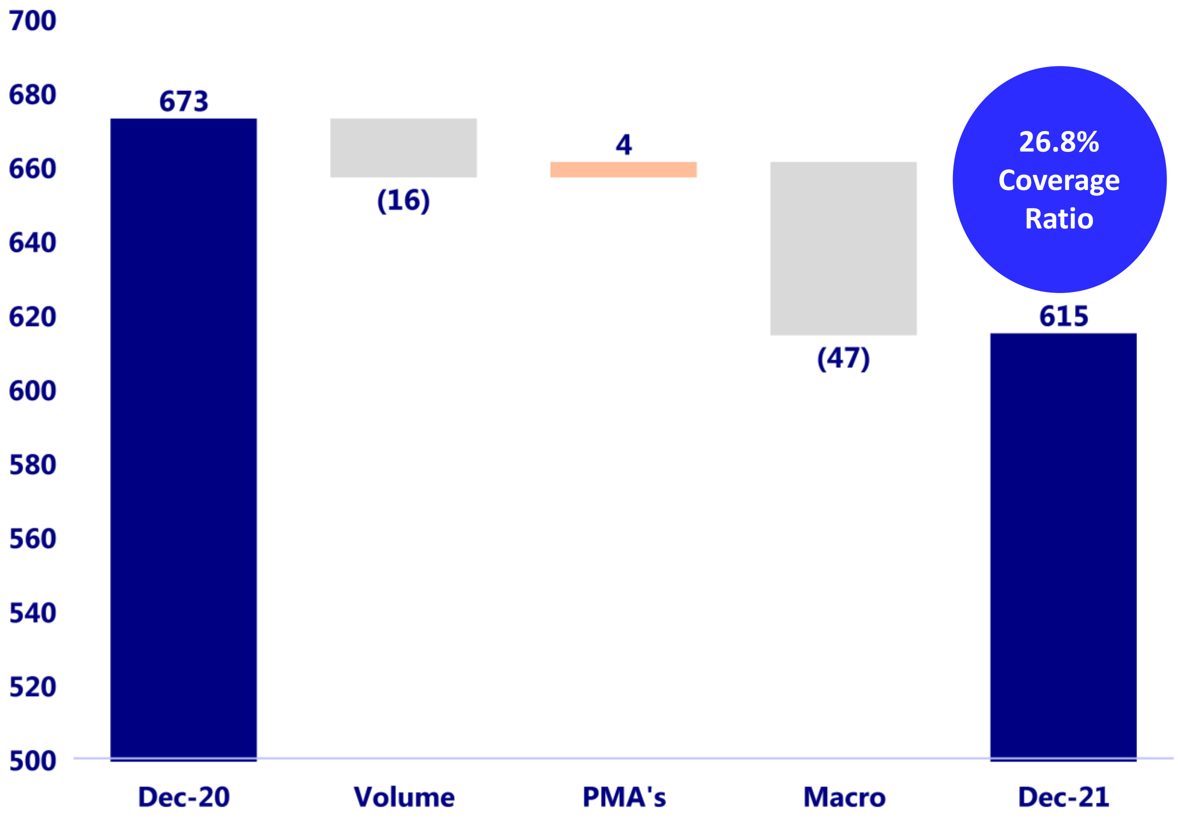
Well positioned with continuing prudent approach

Expected credit loss bridge



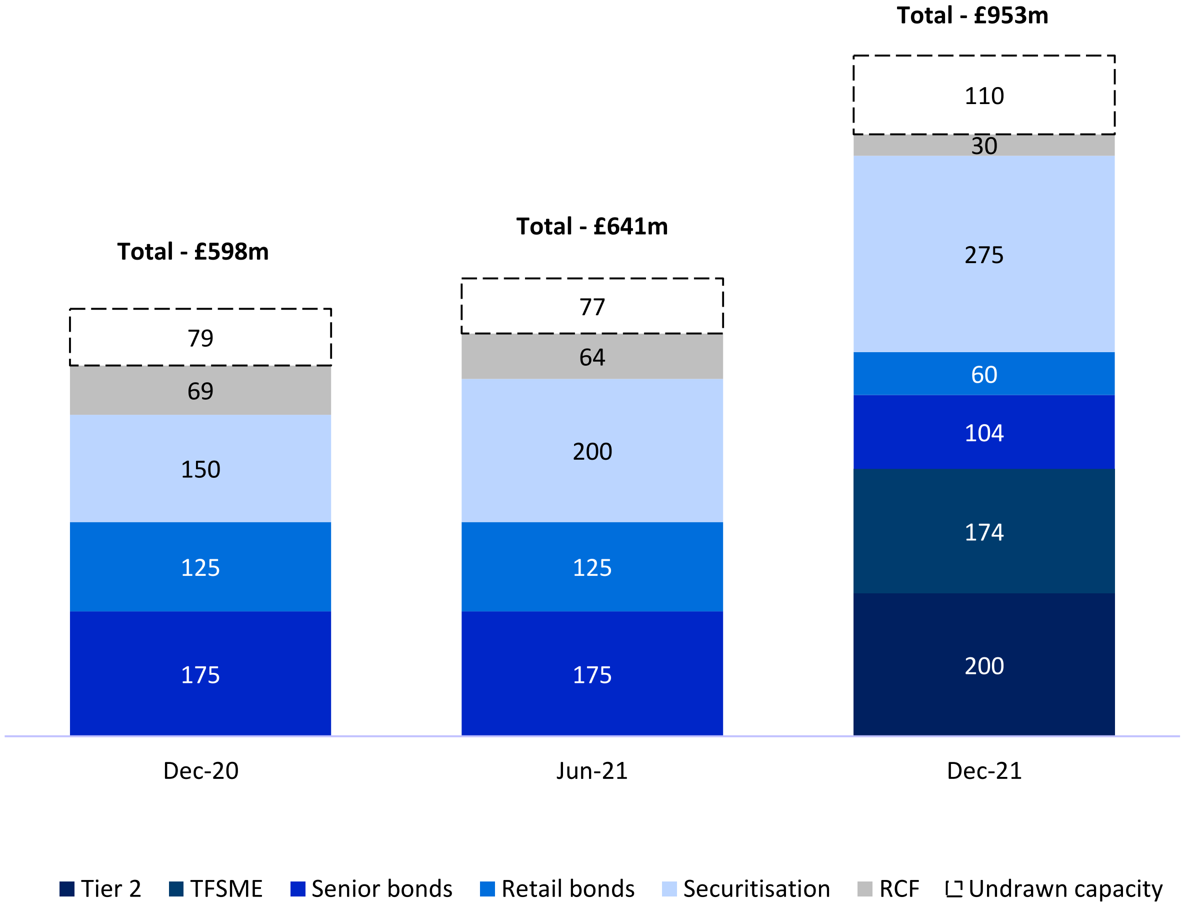
- During 2021, ECLs reduced reflecting lower volumes year-on-year and a more benign macroeconomic backdrop
- However, the Group's balance sheet ended 2021 with a prudent coverage ratio of 26.8%
- Proactive approach to short-term uncertainty around:
  - Cost of living increases
  - Potential interest rate rises
- PFG is well positioned for the inflationary environment in the UK based on its:
  - Proactive approach to risk management
  - Credit assessment and affordability processes being updated
  - Additional forbearance and support for customers
- Inflation is expected to peak towards the end of 2022 before reducing in 2023 (Source: *OBR Economic and Fiscal Outlook, March 2022*)

Diversified funding mix across the Group

Liquidity and Funding Profile	• At December 2021, the Group had a highly liquid position, with in excess of £300m held by both Vanquis Bank and the Group above Liquidity Coverage Ratio requirements, and a ratio of 2,073% at a Group level. This represents more normalised liquidity levels at Vanquis Bank.
	  • Cash and undrawn liquidity at a non-Bank Group level of £290m
	  • Leverage Ratio of 18.6% facilitating increased lending

Delivered in 2021	• Continued access to retail funding in Vanquis Bank, with stable funding from 1 - 5 years • Increase in non-retail funding capacity from £641m to £953m in H2 2021 • Moneybarn securitisation refinanced and upsized in July 2021 - commitment of £325m (of which £50m is undrawn) to 2023 and beyond • The cost of the new facility is broadly unchanged from the previous warehouse at a higher advance rate resulting in a reduction in the weighted average cost of funding for Moneybarn • Successful issuance of £200m Tier 2 debt capital at 8.875%, providing c. £120m pre-funding capacity for future growth • Successful tender and buyback of £71m of £175m Senior 2023 Bonds • Completion of access to Bank of England Liquidity and Funding Schemes with capacity of c. £185m (Vanquis Bank), of which £174m has been drawn

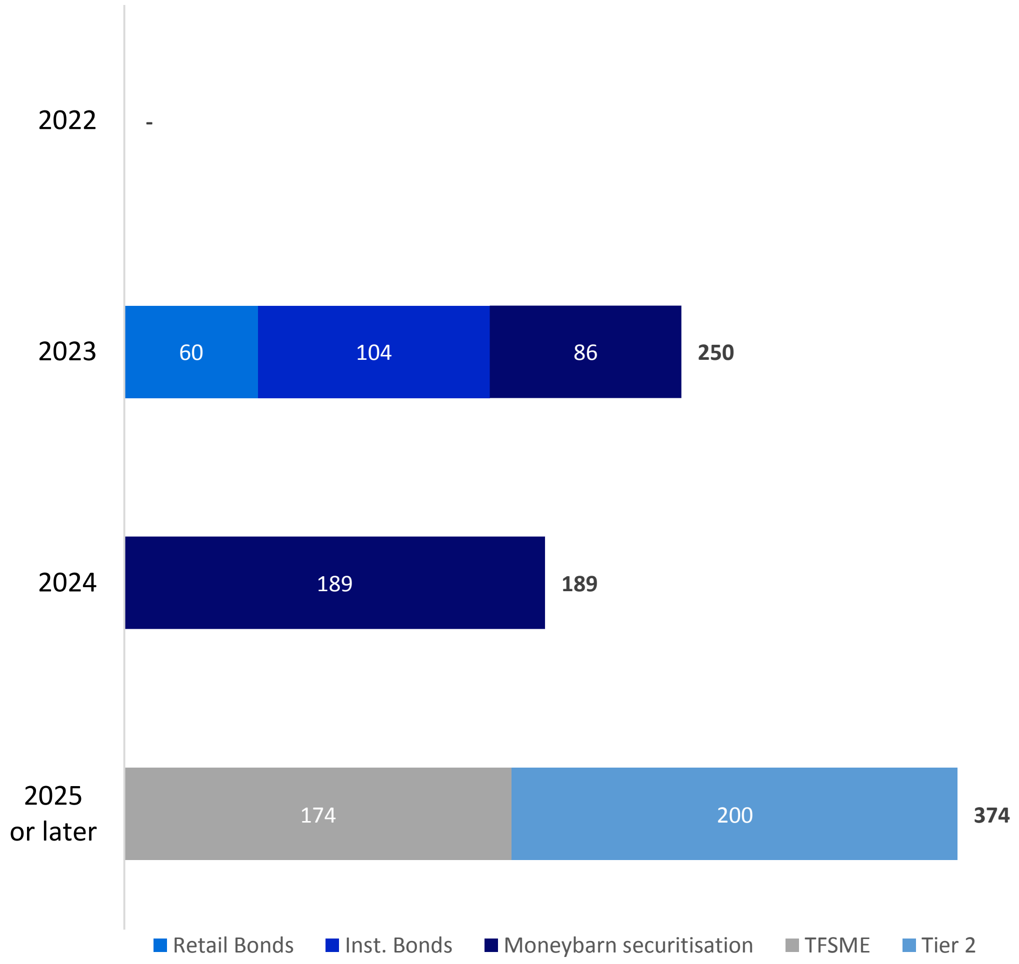
PFG funding (excluding retail deposits) (£m)



Funding maturity profile

- In line with the funding strategy to reduce reliance on the RCF the Group has repaid and removed the RCF early. This was achieved through the strong liquidity position built in 2021 and is well ahead of the contractual maturity in July 2023.
- The chart shows the Group's maturity profile updated for activities in H2 2021 and early 2022, including:
  - Refinancing and upsizing of Moneybarn bilateral securitisation to at least 2023
  - Issuance of 10.25 year maturity (non-call 5.25 year) Tier 2 subordinated debt capital to 2032
  - Vanquis Bank AAA-rated notes have been accepted as eligible collateral for the Bank of England funding and liquidity schemes, with a funding capacity of £185m
  - Continued access to £2bn EMTN programme, updated in September 2021
  - Repayment of £65m retail bond in September 2021
  - Tender and buyback of £71m 2023 Senior Bonds (previously £175m outstanding)
  - Early repayment of the RCF borrowing
- In aggregate the Group has no wholesale funding maturities until 2023
- We are advanced in our application to the PRA to allow us to use retail deposits to fund different parts of the Group
- Vanquis Bank will remain primarily retail deposit funded
- Unsecured wholesale refinancing from FY'22 onwards is planned to be primarily through retail deposits

Wholesale funding maturity profile (£m)



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Financial outlook

Well capitalised for expected receivables growth

- Core market growth expected across credit cards, vehicle finance and personal loans
- Asset class and customer offering expansion

Impairment benefits in 2022

- Ongoing release of provisions, including remaining overlays of c.£60m
- Business mix change towards lower risk credit…
- …resulting in a reduced coverage ratio; targeting a mid-teen ratio over the medium-term

Planned cost reductions

- 2022: Cost to income ratio expected to marginally reduce versus 2021, including remaining investment for growth
- 2024 onwards: Cost to income ratio expected to fall to c.40%

Cost of funding improvements expected

- Assuming the Group’s application to the PRA for a large limit waiver is successful
- Notwithstanding a rising interest rate environment

Strategy and Outlook

Malcolm Le May
Chief Executive Officer

PFG: a leading specialist bank focused on underserved markets

1

Well positioned in growing addressable markets across…

- Credit cards
- Vehicle finance
- Personal loans

2

…Underpinned by a customer-centric vision and strong B/S

- Well capitalised for growth
- Access to retail deposit funding
- Capital management framework

3

…Targeting sustainable returns

- Strong receivables growth over the medium-term
- Attractive returns on a sustainable basis
- The Board anticipates moving towards a pay-out ratio of c.40% from FY'22 onwards[1], subject to market conditions and on a sustainable basis

A long-term, sustainable business model targeting sustainable and attractive returns to shareholders

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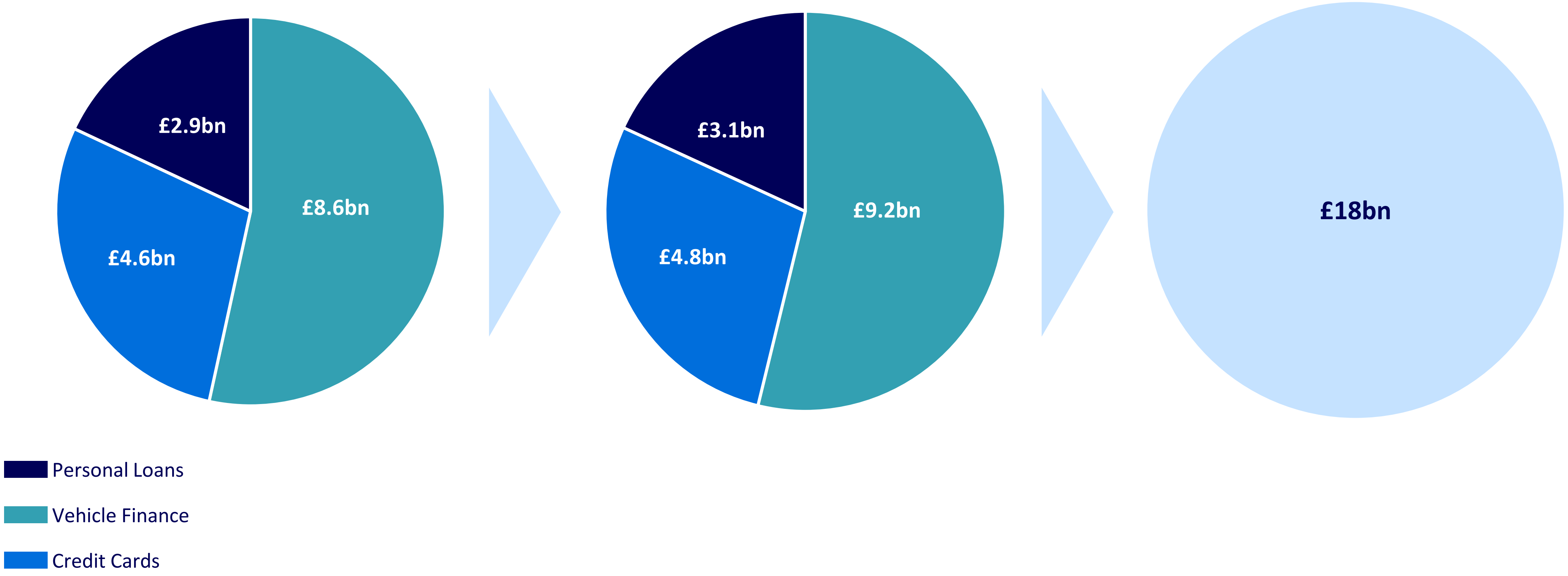
[1] Dividends to be paid out of adjusted earnings, which is defined as profit after tax before amortisation of acquisition intangibles and any exceptional items including one-off provision releases.

Growing addressable markets

Significant market opportunity of >£16bn at Dec 2020	This grew to >£17bn at Dec 2021	A return to pre-Covid levels would see our markets grow to c.£18bn



[1] Based on PFG analysis of TransUnion data (debt outstanding) as at Dec'20 and Dec'21.

Customer-centric model underpinned by leading technology

Detailed customer insight[1]

Typical PFG Customer:

- Full Time Work
- Earning around the national average
- Have some savings
- c.20% home ownership
- Near-Prime/Mid-Cost Credit Score

Brand new IT platform

- Brand-new, state-of-the-art IT platform
- It will be capable of supporting all PFG lending products in future and is product-agnostic
- Over time, we will be able to deliver new products to market much quickly

Diverse product offering

- We can react to our customer insights through products designed to meet their specific needs
- We currently provide credit cards, vehicle finance and personal loans
- Potential new products include secured lending or BNPL (Buy Now Pay Later)

[1] Customer insights information taken primarily from the BoxClever survey of 3,510 non-prime consumers and 2,929 PFG customers, Dec 2019. Homeowners information taken from internal data sources.

Credit cards: building back to pre-Covid receivables

VANQUIS

Credit cards strategy

	New Business Growth	Cost Efficiencies	Customer Experience	Improved Customer Outcomes	Advance credit Decisioning
Capitalise on core market growth opportunities post-Covid	✓				
Near-prime product expansion, e.g. price points, features and balance transfers	✓				
Enhance the digital capability of the business, e.g. new mobile App	✓	✓	✓	✓	
Drive brand awareness with further campaigns, e.g. 'Walk Tall with Vanquis'	✓				
Development of next generation scorecards in H1'22				✓	✓
Continued growth and analysis of opportunities across white label cards and partnerships, e.g. thimbl	✓		✓		

Vehicle finance: investing in a platform for growth

moneybarn Vehicle Finance

Vehicle finance strategy

	New Business Growth	Cost Efficiencies	Customer Experience	Improved Customer Outcomes	Advance credit Decisioning
Capitalise on core market growth opportunities post-Covid	✓				
New asset class and product expansion, e.g. leisure vehicles, near-prime	✓		✓		
Work collaboratively with the introducer network to provide offerings to customers tailored to their requirements	✓		✓	✓	
Platform investment and digital capability improvements	✓	✓		✓	
Drive funding efficiency improvements including use of retail deposits		✓			
Development of next generation scorecards in H2’22				✓	✓

Personal loans: growing into a significant market opportunity

Personal loans strategy

VANQUIS

Sunflower

	New Business Growth	Cost Efficiencies	Customer Experience	Improved Customer Outcomes	Advance credit Decisioning
Grow receivables book by Open Market growth and product expansion	✓		✓		
Increase penetration of loans to existing customers across the Group	✓	✓		✓	
Leverage the expertise and competitive advantage that ‘Gateway’ IT platform brings	✓	✓		✓	
Development of a mobile app		✓	✓		
Development and refinement of the underwriting and scorecards				✓	✓

Group capital management framework

Strong Regulatory Capital and Funding Position	• Strong capital position; 2022 ICAAP application to reflect closure of CCD • Approval of large limit waiver will support retail deposit funding of vehicle finance • Well-funded with access to low-cost retail deposits to fund future growth
Strong & Attractive Growth Opportunities	• Well positioned in large, growing markets with strong competitive advantages • State-of-the art scalable IT lending platform, with the capability to support multiple lending products • Ongoing optimisation of operating model • Strong receivables growth • We will deliver attractive returns on a sustainable basis
Attractive Dividend Policy	• c.30% pay-out ratio for FY’21 equating to 12p per share • The Board intends to move towards a pay-out ratio of c.40% of adjusted earnings[1] from FY’22 onwards, subject to market conditions
Inorganic Growth Options	• Strong balance sheet supports selective opportunities for inorganic growth to add diversity across income and products

[1] Dividends to be paid out of adjusted earnings, which is defined as profit after tax before amortisation of acquisition intangibles and any exceptional items including one-off provision releases.

Outlook

- Macroeconomic uncertainty and heightened market volatility likely to persist in the short-term…
- …but, PFG remains well placed:
  - In growing addressable markets of >£17bn
  - Underpinned by a strong, well capitalised balance sheet…
  - …with a customer-centric model and leading technology
- PFG is positioned to deliver, subject to market conditions:
  - Strong receivables growth
  - Attractive and sustainable shareholder returns, and
  - A dividend pay-out ratio of c.40% of adjusted earnings from FY'22 onwards on a sustainable basis

> "PFG is a leading specialist bank focused on underserved markets and remains committed to delivering long-term, sustainable returns to its shareholders as we target the growing mid-cost market segment…
>
> Malcolm Le May
> CEO

Questions

- Appendix
- Contacts

PFG

Provident
Financial Group

Appendix

Discontinued operations: CCD

- The Scheme of Arrangement ('the Scheme') for CCD was approved by over 98% of creditors who attended and voted at the Scheme meeting on 19 July 2021. Following the hearing on 30 July 2021, the Scheme was sanctioned on 4 August 2021 by the High Court. The Scheme began receiving customer claims in August 2021. The deadline for claims was at the end of Feb'22 which should allow the scheme to close within H1'22.
- Compensation under the Scheme was fully provided for in FY'20 (£50m) and the £20m of associated costs are split between FY'20 (£15m) and FY'21 (£5m).
- The cost that PFG incurred managing the wind-down of CCD was in line with the £100m forecast.
- Strong collections performance supported the closure of the business in Dec'21. Remaining field and central collections ceased at the end of 2021, with remaining very small balances written off at the year end.
- The FCA's investigation into CCD for the period Feb 20 to Feb 21 is ongoing and will likely run through 2022. A c.£5m exceptional provision has been booked[1].

Provident

Scheme status:

Approved

Percentage of creditors who attended and voted in favour of the Scheme at the Scheme meeting:

Over 98%

Total Scheme costs

£70m

[1]A provision of £5m has been recognised, which includes management's estimate of additional liabilities which have not yet been discussed or agreed with the FCA

Group results – continuing operations

	FY'21 £m	FY'20 £m	Change %
Customer numbers ('000)	**1,635**	1,759	(7)
Period end receivables	**1,678**	1,661	1
Average receivables	**1,616**	1,767	(7)
Revenue	**535**	615	(13)
Interest expense	**(49)**	(61)	20
Net interest margin	**486**	554	(12)
Revenue yield	***33.1%***	*34.8%*	*(2)*
Cost of funding	***3.0%***	*3.5%*	*1*
Net-interest margin	***30.0%***	*31.4%*	*(1)*
Impairment rate	**3.1%**	17.7%	15
Risk-adjusted net interest margin	**435**	242	80
Costs	**(267)**	(214)	25
Adjusted profit before tax/(loss)	**168**	28	504
Cost income ratio	***55.1%***	*38.6%*	*17*
Return on assets	***11.5%***	*5.4%*	*6*

Group results – statutory balance sheet[1]

Assets	FY'21 £m	FY'20 £m	Change %
Cash and balances at central banks	**718**	920	(22)
Amounts receivables from customers	**1,678**	1,800	(7)
Pension asset	**112**	80	40
Goodwill and other intangibles	**124**	117	6
Other assets	**93**	161	(42)
Total assets	***2,725***	*3,078*	*(11)*

Liabilities and equity			
Retail deposits	**1,019**	1,683	(39)
Bank and other borrowings	**845**	520	62
Trade and other payables	**96**	65	47
Other liabilities	**134**	162	(17)
Equity	**631**	648	(2)
Total liabilities and equity	***2,725***	*3,078*	*(11)*

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[1]Incldues CCD

Credit cards results

	FY'21 £m	FY'20 £m	Change %
Customer numbers ('000)	1,541	1,667	(8)
Period end receivables	1,063	1,075	(1)
Average receivables	1,003	1,207	(17)
Revenue	390	472	(18)
Interest Expense	(25)	(33)	26
Net interest margin	365	439	(17)
Revenue yield	*38.8%*	*39.1%*	-
Cost of funding	*2.5%*	*2.8%*	-
Net-interest margin	*36.3%*	*36.3%*	-
Impairment rate	0.3%	19.3%	19
Risk-adjusted net interest margin	361	206	76
Costs	(187)	(166)	(13)
Adjusted profit before tax	174	40	340
Cost income ratio	*51.3%*	*37.8%*	*14*
Return on assets	*14.7%*	*4.6%*	*10*
Return on required equity	*41.9%*	*9.1%*	*33*

Vehicle finance results

	FY'21 £m	FY'20 £m	Change %
Customer numbers ('000)	**94**	91	3
Period end receivables	**586**	567	4
Average receivables	**594**	533	11
Revenue	**138**	134	3
Interest	**(27)**	(25)	(10)
Net interest margin	**111**	109	1
Revenue yield	***23.2%***	*25.1%*	*(2)*
Cost of funding	***4.6%***	*4.6%*	-
Net-interest margin	***18.7%***	*20.5%*	*(2)*
Impairment rate	**7.6%**	13.6%	6
Risk-adjusted net interest margin	**66**	37	80
Costs	**(37)**	(26)	(45)
Adjusted profit before tax	**29**	11	165
Cost income ratio	***33.7%***	*23.6%*	*10*
Return on assets	***7.6%***	*5.4%*	*2*

Personal loans results

	FY'21 £m	FY'20 £m	Change %
Customer numbers ('000)	**20**	19	8
Period end receivables	**28**	19	47
Average receivables	**19**	27	(29)
Revenue	**7**	9	(20)
Interest	**(1)**	(1)	(14)
Net interest margin	**6**	8	(23)
Revenue yield	***38.1%***	*33.8%*	*4*
Cost of funding	***4.2%***	*2.6%*	*(2)*
Net-interest margin	***33.9%***	*31.2%*	*(3)*
Impairment rate	**11.1%**	24.8%	14
Risk-adjusted net interest margin	**4**	2	153
Costs	**(13)**	(3)	(306)
Adjusted loss before tax	**(9)**	(2)	(480)
Cost income ratio	***203.1%***	*38.6%*	*(165)*

Alternative performance measure calculations

Alternative Performance Measures	Method of Calculation
Adjusted basic earnings per share (EPS)	Profit after tax, excluding the amortisation of acquisition intangibles and exceptional items, divided by the weighted average number of shares in issue
Adjusted Return on Average Required Capital (RORE)	Return on average required regulatory capital reflects annualised profit after tax divided by the average PRA regulatory capital requirement including PRA buffers for the period
Adjusted Return on Tangible Equity (ROTE)	Return on tangible equity reflects annualised profit after tax divided by equity less intangible assets and goodwill
Average Receivables	Average of month-end net receivables for the 12 months ended 31 December
Common Equity Tier 1 (CET1) Ratio	The ratio of the Group's CET1 to the Group's risk-weighted assets measured in accordance with CRD IV
Cost Income Ratio	Operating costs, as a percentage of net interest margin for the 12 months ended 31 December
Cost of Funds	Finance costs divided by average receivables
Cost of Risk	Impairment charge for the 12 months ended 31 December divided by average receivables
Coverage Ratio	Impairment provision as a proportion of gross receivables
Funding Headroom	Committed bank and debt facilities less borrowings on those facilities and amounts committed to further syndicated bond facility reduction
Impairment Rate	Impairment charge for the 12 months ended 31 December divided by average receivables
Net-Interest Margin (£)	Revenue less finance costs
Net-Interest Margin (%)	Revenue less finance costs divided by average receivables
Revenue Yield	Revenue divided by average receivables
Return on Assets (ROA)	Adjusted profit before interest after tax as a percentage of average receivables
Return on Equity (ROE)	Adjusted profit after tax as a percentage of average equity. Equity is stated after deducting the Group's pension asset, net of deferred tax, and the fair value of derivative financial instruments net of tax
Risk-Adjusted Net-Interest Margin	Net-interest margin less impairment charge excluding exceptional items, divided by average receivables
Total capital ratio (TCR)	The ratio of the Group's regulatory capital to the Group's risk-weighted assets measured in accordance with the CRR

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