VANQUIS BANK LIMITED
(Company Number 2558509)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

VANQUIS BANK LIMITED
(Company Number 2558509)

CONTENTS

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DIRECTORS' REPORT

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

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

- How the directors have engaged with colleagues, how they have had regard to colleague interests and the effect of that regard, including on the principal decisions taken by the Company in the financial year (page 13); and
- How the directors have had regard to the need to foster the Company's business relationship with suppliers, customers and others, and the effect of that regard, including on the principal decisions taken by the Company in the financial year (pages 9 to 18).

Principal Activities

The principal activity of the Company is to provide credit cards, second charge mortgages and personal unsecured loans to underserved consumers, funded by a combination of retail deposits, share capital and retained reserves.

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

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

Profit

The income statement for the year is set out on page 29. The profit after tax for the year of £7.5m (2023: £7.6m) has been added to retained earnings. The Company's profit before tax decreased by 39.8% to £6.7m in 2024 (2023: £11.1m) reflecting lower income and higher costs, partially offset by lower impairment charges. The results have been discussed on page 7.

Dividends

In 2024, an interim dividend of £10.0m (8.1p per share) was paid (2023: £nil). The directors are recommending a final dividend in respect of the financial year ended 31 December 2024 of 16.1p per share which will amount to an estimated dividend of £20.0m (2023: £30.0m).

Directors
A common Board structure operated during the year for Vanquis Banking Group plc and the Company. The directors of the Company during the year ended 31 December 2024, all of whom were directors for the whole year then ended and to the date of this report, except where stated, were:

I McLaughlin	Chief Executive Officer
D Watts	Chief Financial Officer (appointed 17 January 2024)
P Estlin	Chairman and Independent Non-executive Director
M Greene	Independent Non-executive Director and appointed Senior Independent Director (appointed 29 January 2025)
G Lindsay	Independent Non-executive Director
K Briggs	Independent Non-executive Director (appointed 27 March 2024)
O Laird	Independent Non-executive Director (appointed 27 March 2024)
J Noakes	Independent Non-executive Director (appointed 27 March 2024)
M Mustard	Company Secretary (appointed 6 November 2024)
A Blance	Independent Non-executive Director and Senior Independent Director (resigned 1 February 2024)
A Knight	Independent Non-executive Director and appointed Senior Independent Director (appointed 1 February 2024, resigned 29 January 2025)
M James	Independent Non-executive Director (resigned 15 May 2024)
P Hewitt	Independent Non-executive Director (resigned 29 January 2025)
M Barnett	Company Secretary (resigned 11 October 2024)
E McClure	Company Secretary (appointed 11 October 2024, resigned 6 November 2024)

Principal risks and uncertainties and financial risk management
The Company operates a 'three lines of defence' model to articulate key accountabilities and responsibilities for managing risk and to support effective embedding of risk management across the business. The 'first line' consists of line management across the Company, who are responsible for identifying, assessing, monitoring and reporting risk within their respective areas whilst ensuring that appropriate internal controls, processes and systems are in place to deliver against business strategy and objectives. The Risk function of the Company act as the 'second line', in which the Risk Management Framework is established. This function provides independent oversight of governance, risk management and controls to ensure risks are identified, measured, managed and reported appropriately. The 'third line' consists of the Internal Audit function, which provides independent and objective assurance on the design adequacy and operational effectiveness of internal controls and overall effectiveness of the Company and Group's risk governance and risk management practices.

<u>Credit risk</u>
Credit risk is the risk that the Company will suffer loss in the event of a default by a customer, the ultimate parent undertaking, a bank counterparty or the UK Government. A default occurs when the customer, ultimate parent undertaking, bank or the UK Government fails to honour repayments as they fall due.

The Group Risk Committee is responsible for setting the credit policy. The CRO is responsible for ensuring that the approach to lending is within sound risk and financial parameters and that key metrics are reviewed to ensure compliance with policy. The CRO discharges and informs this decision making through the Credit Committee. The Credit Committee met 9 times in 2024.

The Group and Company credit quality has remained broadly stable over the year, partly due to the strategy enhancements, improvements in credit decisioning and processes, and targeted credit tightening in response to market and regulatory changes.

Further information on the management of specific credit risks facing the Company can be found on page 43.

Principal risks and uncertainties and financial risk management (continued)

<u>Liquidity risk</u>
Liquidity risk is the risk that the Company will have insufficient liquid resources available to fulfil its operational plans and/or to meet its financial obligations as they fall due.

The Company's Liquidity Policy is approved by the Board with day-to-day management delegated to the Treasury function which discharges and informs the decision-making through the Group and Company Assets and Liabilities Committee (ALCO). The ALCO meets at least 10 times per year and reports to the Board (via the Executive Committee). The ALCO is chaired by the Chief Financial Officer, the Chief Executive officer is a member and the Treasurer is deputy chair.

Throughout the year, the Company has demonstrated that it continues to have access to the retail deposit market through fixed-rate deposits. The Company has worked closely with third-party provider, Newcastle Strategic Solutions Limited, to provide cost effective funding with an expanded product range of retail products that included 30/60-day notice accounts and easy access accounts. The Bank will continue to ensure it has sufficient and diverse access to retail deposit markets.

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

<u>Market risk</u>
Market risk is the risk of financial loss due to adverse market movements leading to a reduction in the Company's earnings or overall value. The Company's primary market risk exposure is to changes in interest rates.

The Company uses interest rate sensitivity gap analysis to identify any significant unmatched positions. The interest rate risk position is reported on a monthly basis to the ALCO and includes risk appetite metrics set for both earnings at risk (EaR) and market value sensitivity (MVS). The Company monitors exposure to basis risk, with Bank of England base rate and SONIA the only external reference rates used.

<u>Capital risk</u>
The Company's objective in respect of capital risk management is to maintain an efficient and secure capital structure and maintain an adequate buffer over the regulatory capital requirements set by the PRA.

The Company is subject to prudential regulation and supervision by the PRA. As part of this supervision, it is required to maintain a certain level of regulatory capital in order to mitigate against unexpected losses. Regulatory capital is monitored by the Board, its risk committee and the ALCO. The Company regularly forecasts regulatory capital requirements as part of its budgeting and strategic planning process and the Company and the Group are required to report quarterly to the PRA on their level of regulatory capital. The Company's 2024 Internal Capital Adequacy Assessment Process (ICAAP) demonstrated that the business is adequately capitalised.

Further information on the management of specific financial risks is provided on pages 43 to 46.

Corporate governance arrangements
Information on corporate governance arrangements is provided in strategic reported on pages 14 to 18.

Consolidation exemption
The Company is not required to produce consolidated financial statements, as set out in note 31.

Employee involvement
The Company systematically provides employees with information on matters of concern to them, consulting with them or their representatives regularly, so that their views may be taken into account when making decisions that are likely to affect their interests. Employee involvement in the Company is encouraged as a common awareness amongst all employees of the financial and economic factors affecting the Company and Group plays a major role in maintaining its competitive position. The Company encourages the involvement of employees by means of live "stay connected" all colleague question and answer sessions, weekly CEO Video blogs, newsletters, performance updates and regular management team briefings. The Company also carries out regular employee engagement surveys and Save As You Earn (SAYE) (although no SAYE scheme was offered to employees in 2024) and Buy As You Earn (BAYE) share schemes are operated by the Group to reinforce staff involvement in the Group and to encourage an interest in its progress. These schemes are open to all permanent employees of the Company with more than six months' service.

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

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

Social and community matters
The Company's approach to community investment is aligned with the Group's Purpose to deliver caring banking so our customers can make the most of life's opportunities. Community investment activities are delivered through a Group-wide Social Impact Programme. The strategy of this programme is to invest in activities and initiatives which seek to address some of the key factors which, on their own or acting together, can reduce social and/or financial inclusion. This programme delivers community investment activities under the following three workstreams:

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

Health and safety
Health and safety standards and benchmarks have been established and compliance is monitored by the Board. An annual health & safety report is reviewed and approved by the Board each year. During 2024 management reported to the Board on the key measures that had been implemented to ensure the health and safety of employees.

Climate change
Disclosures are made in the Group's Annual Report and Financial Statements 2024 on pages 24 to 34 which includes:

- Scope 1 and 2 greenhouse gas (GHG) emissions in tonnes of carbon dioxide equivalent;
- GHG emissions which related to material scope 3 categories in tonnes of carbon dioxide equivalent;
- Compliance with four recommendations and eleven recommended disclosures of the Taskforce on Climate related Financial Disclosures (TCFD);
- A relevant intensity ratio (i.e. kilograms of carbon dioxide equivalent per customer); and
- Information on underlying energy use for 2024 calendar year.

The disclosures are produced in accordance with the UK Government's Streamlined Energy and Carbon Reporting (SECR) policy that has been implemented through the Companies (Directors' Report) and Limited Liability Partnership (Energy and Carbon Report) Regulations 2018. This disclosure covers the GHG emissions and energy use for the Group and its operating divisions incorporating the Company. In addition, by including a climate-related financial report in the Group's Annual Report and Financial Statements 2024 that is fully consistent with the four pillars and eleven recommended disclosures of the TCFD, the Group complies with the FCA's Listing Rule 9.8.6R(8) and meets the requirements of the Climate-related Financial Disclosure (CFD) Regulations 2022 and the UK Companies Act (that is, sections 414CB(2A)(a to h).

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

Supply chain responsibility
In accordance with the requirements of the Modern Slavery Act 2015, the Group's most recent statement on modern slavery and human trafficking, dated March 2023, sets out the actions that the Group is taking to ensure instances of modern slavery or human trafficking are not occurring directly in its businesses as well as indirectly in the supply chains the Group uses to procure goods and services. The statement also communicates the measures the Group has taken to improve internal understanding and awareness around modern slavery and human trafficking.

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

Key performance indicators
Further disclosure of non-financial Key Performance Indicators (KPIs) can be found in the Strategic Report on pages 7 to 8 and the Group's Annual Report and Financial Statements 2024.

Indemnities
The Company has made qualifying third-party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

Post balance sheet events
Post balance sheet events are disclosed in note 33.

DIRECTORS' REPORT (CONTINUED)

Auditor information

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

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

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

Approved by the Board and signed on its behalf by:

I McLaughlin
Chief Executive Officer
13 March 2025

VANQUIS BANK LIMITED
(Company Number 2558509)

STRATEGIC REPORT

Review of business

Credit cards
The credit cards business is a leading player in the non-prime credit card market. In 2023 and 2024, Vanquis received the Moneyfacts Consumer Award for Best Credit Builder Card Provider of the Year.

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

Customers are supported through great service whether it be in app or via our customers service teams. From a service rating perspective, Vanquis Credit Cards is rated Great on Trustpilot, based on over 36k reviews. We aim to make our customer experience effortless, and these results demonstrate the progress we have made.

Total customer numbers decreased 7.9% to 1,267.2k (2023: 1,375.5k) reflecting a comprehensive review of customer cohorts by risk profile, vintage and acquisition channel. This review drove proactive volume management and as a result, growth actions were measured to ensure the future sustainable profitability of the portfolio. Full-year credit card bookings of 100k were 167k lower than 2023.

Period-end gross customer balances decreased 11.2% to £1,309.9m (2023: £1,474.8m) and period-end net receivables decreased 10.0% to £1,149.9m (2023: £1,277.7m).

Second charge mortgages
The second charge mortgages business offers this product to customers via origination partnership agreements with Interbridge Mortgage and Selina Finance. The expanded launch of these partnership arrangements occurred in May 2024.

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

Total customer numbers increased to 3.7k (2023: 0.1k) following the successful launch of the forward flow agreement with Interbridge Mortgages and an expanded partnership with Selina Finance.

Period-end gross customer balances were £225.5m (2023: £2.8m) and period-end net receivables were £225.3m (2023: £2.8m).

Personal loans
The unsecured personal loans business provide customers with a broader range of borrowing options, with a product tailored to the non-prime market. Most customers take out a personal loan to either consolidate other debts or to enable them to make home improvements, although the full range of reasons for borrowing includes a wide range of purposes.

When selecting their loan, customers look for a loan with repayments over a period that make their monthly payment affordable, at the lowest possible price (APR). From extensive market research, Vanquis personal loan customers value repayment certainty and flexibility if circumstances change, so we offer fixed APRs for the period of the loan, no penalty fees for additional interest charged for missed or late payments and there is no retention of interest when customers pay off the loan early.

At the Group's strategy update in March 2024, it was announced this business was under review and as such the portfolio has been in run-off in 2024.

Total customer numbers decreased 44.8% to 24.1k (2023: 43.7k) driven by the run-off of the existing book. Full-year loans bookings of 2k were 27k lower than 2023.

Period-end gross customer balances decreased 58.3% to £49.1m (2023: £117.5m) and period-end net receivables decreased 57.0% to £44.0m (2023: £102.4m).

Review of business (continued)

Savings
The Company has a strong funding base and access to liquid funds through the resilient retail deposits markets. The Company enhanced its ability to provide cost effective funding with an expanded product range that included 30/60-day notice accounts and easy access accounts. Deposit balances grew 24% to £2.4bn (2023: £2.0bn) by the end of 2024, representing over 92% (2023: 84%) of the Group's total funding, and enabled the Company to repay early all funds drawn under the Bank of England Term Funding Scheme with additional incentives for Small and Medium-sized Enterprises (TFSME). The retail funding platform continues to provide a strategic cost advantage over wholesale alternatives, enabling the sustainable growth of our lending propositions.

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

Financial performance
An analysis of the Company's income statement result and KPIs for 2024 and 2023 is set out below.

Certain alternative performance measures (APMs) have been used in this report. See page 79 for an explanation of relevance as well as their definition.

The Company's profit before tax decreased by 39.8% to £6.7m in 2024 (2023: £11.1m) reflecting lower income and higher costs, partially offset by lower impairment charges.

Interest income increased by 9.4% to £450.3m in 2024 (2023: £411.4m) predominantly due to: (i) £10.4m (2.8%) higher income from customer receivables of £385.9m (2023: £375.4m) driven mainly by the improvement in asset yield in the credit cards business from repricing initiatives, which increased 3.2% to 27.9%, more than offsetting the reduction in the credit cards receivable, and growth in the second charge mortgages business, partly offset by the reduction the personal loan receivable; (ii) additional £16.4m increase in Liquid Asset Buffer income; and (iii) additional £10.5m interest income recognised on higher loan balance from fellow subsidiary undertaking.

Interest expense of £108.4m increased by 55.3% in 2024 (2023: £69.8m), reflecting 37.8% higher year-on-year average retail deposit balances in addition to the impact of rising Bank of England base rates impacting savings rates, and customers with maturing fixed-term products transferring onto higher yielding products.

Net fee and commission income reduced by 17.4% in 2024 to £35.1m (2023: £42.5m), broadly in line with the 15.5% year-on-year reduction in average total credit card customers.

Impairment charges reduced to £130.3m in 2024 (2023: £145.1m). In the credit cards business, impairment charges reduced marginally to £124.4m (2023: £125.5m) reflecting lower origination charges in line with reduced new business volumes. Underlying asset quality improved year-on-year. Impairments in 2023 benefited from a £17m release of post model adjustments following IFRS 9 model enhancements and the full release of the £10m cost of living post model adjustment. Cost of risk in the credit cards business increased to 9.4% (2023: 8.9%). Impairment charges within the personal loans business reduced by 70.9% to £5.7m (2023: £19.6m) in line with the lower average gross customer balances.

Risk adjusted income was 3.2% higher in 2024 at £248.1m (2023: £240.3m) with an increased risk adjusted margin of 16.9% (2023: 15.6%).

Costs (excluding exceptional items) of £234.1m in 2024 are 5.3% higher than the prior year (2023: £222.3m), driven by the significant increase in complaints costs driven by higher FOS fees due to an increase in unmerited claims from CMCs, the write-down of development costs for a now redundant mobile app, with transformation cost savings being partly offset by inflation and investment in the business. In 2024, exceptional costs of £7.3m have been recognised in relation to: redundancy, outsourcing and other staff exits of £5.8m; a £1.4m third party settlement; and impairment of property, plant and equipment of £0.1m. In 2023, £6.9m exceptional costs were recognised in relation to redundancy, outsourcing and other staff exit costs of £4.8m; property exit costs of £4.1m; and a credit of £2.0m in relation to the release of the repayment option plan provision no longer required. Overall costs have therefore increased from £229.2m in 2023 to £241.4m in 2024.

Balance sheet

At the end of 2024, the Company had regulatory capital of £303m (2023: £353m), equating to a total CET1 ratio of 26.4% (2023: 28.4%) and a surplus above the overall capital requirement of approximately £91m[1] (2023: £121m) on an accrued profit basis. The Company's liquid assets buffer amounted to £948.7m at the end of 2024, up from £681.5m at the end of 2023. Retail deposits amounted to £2,428.1m (2023: £1,950.5m) at the end of 2024.

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

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

Statement regarding section 172 Companies Act 2006

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

Our purpose, as part of the Vanquis Banking Group (the Group), is predicated on our customers and is underpinned by our strategy, vision and mission We adopt stakeholder engagement processes that encourage meaningful dialogue and effective collaboration with our stakeholders. We recognise that our stakeholders have differing interests and have a variety of preferred methods of engagement, and we respond to these accordingly. Culturally we intend for the principles of s.172 to be embedded within our decision-making process and work to identify the impact and likely consequences of our decisions on our stakeholders, facilitated by our approach to reporting.

Our stakeholders are those individuals or groups with an interest in, or who are affected by, our business activities. Our stakeholders and the ways in which we engage with them are detailed on the following pages. The Board and the Committees of the Company work in conjunction with the Board and Committees of Vanquis Banking Group plc. Additional discussion of Company and Group Board alignment can be read on page 14. Further information on engagement with the Group's stakeholders is available in the Vanquis Banking Group plc Annual Report and Financial Statements on pages 70 to 74.

[1] Excluding any confidential and management buffers if applicable

Statement regarding section 172 Companies Act 2006 (continued)
Customers
s.172 (c)
Our customers, who might have had difficulty accessing mainstream financial services, are welcomed at Vanquis Bank and are central to our Purpose. For more information about who our customers are and the products we provide please refer to page 7.

How we engage and monitor	Outcome
– The regular utilisation of engagement methods including customer satisfaction surveys and complaints monitoring. Customer panels to obtain insight into customer outcomes and covering themes including as digital banking and forbearance options. – During the year our Board reviewed the quality and outcome of customer calls and customer KPIs. – Our Group Risk Committee oversees conduct risk – The Board has overseen the launch of new savings products during the year. – The Board and Group Risk Committee monitor compliance with the regulatory framework as it pertains to customer interests. – The Board and Group Risk Committee have overseen the embedding of the FCA's rules on Consumer Duty and monitor customer complaint performance. – The Board has overseen a review of our strategy and customer proposition. Customers and potential customers have been involved in the inclusive design of products and services. – Customer hub on the intranet and regular customer focused webinars to educate colleagues	– Partnerships with IncomeMax and Fair Finance to offer customers access to one-to-one expert advice to help manage their income. – Oversight of the Company's implementation of Consumer Duty and of customer complaint performance, including new T&Cs, new customer communications, and governance processes and controls. – Continued enhancement of forbearance options to support customers – Launch of new Savings products. – Development of new Vanquis App with comprehensive usability testing.

Further information on our relationships with customers is set out on pages 13, 14 and 70 of the Group's Annual Report and Financial Statements.

Investors
s. 172 (a) (e) (f)
The Company is a wholly owned subsidiary of Vanquis Banking Group plc, and therefore has no direct external shareholders. The Company and its activities, however, are of paramount importance to the Group and the delivery of its purpose, and the Company recognises that investors are the source of capital which facilitate the success of the Group as a whole. The Company is committed to the Group's aim to ensure return on investment and long-term growth.

How we engage and monitor	Outcome
– The common Board structure ensures that the Company's directors receive regular updates on investor perceptions and feedback, which are taken into account during any decision-making process. – The Company's senior management proactively engage with the Group's investors at investor days, analyst meetings, industry conferences and roadshow programmes. – The Head of Investor Relations engages with investors and responds to queries.	– The Board received the investor plan and an update on shareholder engagement and competitor analysis. – The combined Board structure facilitates the alignment of the Company's strategy, purpose, values and operations with those of the Group. – The combined Board oversaw the shareholder engagement and asset reunification activity undertaken by the Group during 2024.

Further information on our relationship with investors is set out on page 74 of the Group's Annual Report and Financial Statements.

Statement regarding section 172 Companies Act 2006 (continued)
Colleagues
s. 172 (b)
Our colleagues are integral to delivering our customer-centric purpose.

How we engage and monitor	Outcome
– Regular Colleague Forums take place and members of the Company Board attend periodically. – There is a designated non-executive 'Colleague Champion' of the Group Board, who is also a director of the Company, and who provides feedback to the Board on colleague matters. – Direct colleague engagement by Board directors took place during the year, including informal colleague networking events. – The Non-executive Colleague Champion met with the Colleague Forum to hold a session on how Executive pay aligned with the wider workforce. This engagement takes place annually. – Colleagues regularly receive email updates on important Company news. – The CEO, and wider Executive leadership team, have held regular online update calls for the whole Group, including updates on strategy and Q&A sessions. – A Great Place to Work culture survey took place, the results of which were reported to the Board. – Affinity groups are utilised to gain colleague input and feedback, as well as supporting our Inclusion and Diversity agenda. – The Nomination and Governance Committee oversees Talent Management and succession planning at a senior management level. – An independent Whistleblowing line is available for colleagues to raise concerns and the Board reviews whistleblowing annually.	– Action plans were developed on the basis of Colleague survey and Culture survey results. – Matters arising from the colleague forums are tracked by the People function. – The Board received an update on people-related policies and also on the impact of the redundancy programme during the year. – The Group Risk Committee receive regular updates regarding people risk. – Executive sponsorship of the I&D Affinity groups has been refreshed during the year. – The Board approve the updated Whistleblowing Policy and have appointed a new Whistleblowing Champion.

Further information on our relationship with colleagues is set out on page 70 of the Group's Annual Report and Financial Statements.

Environment
s. 172 (d)
The Company supports and participates in actions related to ensuring that the Group submits reports that are fully consistent with the recommendations and recommended disclosures of the Taskforce on Climate-Related Financial Disclosures (TCFD). The Company aims to operate a sustainable business and is committed to tackling climate change.

How we engage and monitor	Outcome
– The Board oversees management's sustainability and net-zero strategies. – The Board received updates on climate risk through the CRO report. – The Board has oversight, via management reports, on the reporting of greenhouse gas emissions and other environmental metrics. – The Company utilises and contributes to the Group's Environmental Management System (EMS).	– The Company's due diligence process assesses suppliers for exposure to material climate-related risks.

Further information on the Group's approach to the environment and progress made during the year is set out on pages 18 to 34 and page 71 of the Group's Annual Report and Financial Statements.

Statement regarding section 172 Companies Act 2006 (continued)
Regulators
s. 172 (e)
The maintenance of a positive relationship with our regulators and aiming for the highest standard of conduct is of vital importance to the Company and impacts all stakeholders.

How we engage and monitor	Outcome
– The Company's Chairman, CEO, CFO and CRO engage in regular meetings with our regulators. – The CRO reports on regulatory interaction and areas of regulatory focus to the Board via the CRO report. – The Remuneration Committee is responsible for ensuring Company remuneration complies with regulatory requirements and aligns with performance in the context of conduct and risk. – The Board approved the Operational Resilience self assessment attestation and action plan on 15 May 2024. – Board approved the Consumer Duty annual Board report on 29 July 2024.	– Regulatory approval granted for the Chair of the Audit Committee and Chair of the Group Risk Committee. – The Company operates a Risk Adjustment Framework. – The PRA completed a Liquidity Supervisory Review Process of the Group in the second half of 2024. – In July 2024 the Group received its Periodic Summary Meeting letter and responded to the PRA in December 2024 to confirm all actions had been completed. – Board members have met with senior leaders at the FOS and the SRA to discuss CMC complaints and behaviours and the impact on the Group's customers and other stakeholders.

Further information on the relationship with our regulators is set out on page 71 of the Group's Annual Report and Financial Statements.

Suppliers
s. 172 (c)
Our trusted suppliers enable us to deliver high quality, efficient services for all of our stakeholders and we are committed to fostering positive business relationships.

How we engage and monitor	Outcome
– The Board approved the 2024 Human Rights and Modern Slavery Policy. – Consistent engagement through the Group-wide Supplier Third Party Relationship Management Framework. – There is a robust supplier due diligence process aligned with PRA guidance.	– Published the 2024 Modern Slavery Statement. – Standard payment terms aligned to the Prompt Payment Code.

Further information on the relationship with our suppliers is set out on page 73 of the Group's Annual Report and Financial Statements.

Communities
s. 172 (d)
We are committed to aid financial inclusion and support social mobility in the communities we serve. You can read more about our Foundation at www.vanquisbankinggroup.com/our-foundation.

How we engage and monitor	Outcome
– Our Group CEO had a 'Number Natter' on a podcast with CEO and founder of National Numeracy Sam Sims on National Numeracy Day on 22 May 2024 of which the Group is a Lead Supporter. – The Group hosted an inspirational session for 45 female students aimed at motiving young women to develop careers in technology. Exco and the Board met with the students to discuss their skills and aspirations. – The Company participates in the activities of the Vanquis Banking Group. – The Company engages directly with its community partner, National Numeracy, and remains committed to improving numeracy skills across its communities.	– The Company encourages colleague volunteering and facilitates several programmes to enable this. – The Company continued to engage with the Group's Community Foundation partners. – Matched-funding is provided to colleagues to support their charity fundraising. – Our relationship with IncomeMax refers customers who meet the criteria for income maximisation and debt advice support.

Statement regarding section 172 Companies Act 2006 (continued)

Further information on the relationship with our communities is set out on pages 20 to 22 and page 71 of the Group's Annual Report and Financial Statements.

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

<table>
<tr><td colspan="2">Principal decision: the launch of easy access and cash ISA products</td></tr>
<tr><td colspan="2">The Board approved the launch of easy access and cash ISA savings products, which were considered by the Board as meeting a wider range of customer needs, encouraging financial planning and aligning to the future funding strategy of the Group.</td></tr>
<tr><td>Decision making process
In February 2024 the Board received a proposal to consider the introduction of easy access and Cash ISA savings accounts (the products). The Group already offered fixed term savings accounts which were a primary source of funding but were typically popular with more affluent customers. The addition of the products was also expected to help diversify the Group's funding streams whilst improving the Group's product offering for its customers and was a key activity in support of delivery of the Group's strategy.
Customer and Shareholder
The Board discussed the addressable market for the products which together represented 70% of the overall UK savings market. The Board determined that a genuine need had therefore been identified. Target market and fair value assessments had been completed for the products with positive results that recommended they be introduced.
The Board noted that the products provided an accessible savings opportunity for the Group's less affluent customers who might wish to start or maintain an emergency savings pot. The aspiration to help individuals save money was aligned to that of the FCA to support a healthy and successful financial system that promotes effective competition.
The Board noted that there were a number of expected treasury management benefits to the Group. Concentration risk and competitive pressures would reduce from a funding perspective. Cash ISAs represented a better value of funding and had the potential to save the business annual interest expenses. The Board noted the positive impact on the balance sheet for the benefit of shareholders and the contribution to the overall long term sustainability of the Group.</td><td>Challenges
The Board explored whether the Group had performed a suitable risk assessment and had reliably assessed the potential impact on customers and colleagues. The Board sought and received assurance that there was a suitable product management structure in place and sufficient in-house expertise to administer the accounts to a high standard.
The Board received confirmation that appropriate arrangements had been made to manage the liquidity risk of deposits when customers were able to withdraw funds at short notice, a new area of activity for the Group. The Board approved the prudent liquidity strategy that had been proposed. All balances for the products were to be held as excess liquidity allowing time for sufficient behavioural analysis to be performed. The Board noted the approach was cautious and sensible and would be examined to the satisfaction of the Prudential Regulation Authority (PRA) as part of the Internal Liquidity Adequacy Assessment process (ILAAP).
Overall, the introduction of the products was thought to be low risk from a conduct risk perspective with well-established market standard terms and conditions for the products.
Balancing stakeholder interests
The Board carefully considered the risks and benefits of the products as they pertained to its stakeholders. The Board noted that the introduction of a broader range of savings products would be of benefit to the Group's customers, in particular easy access accounts provided a more accessible and flexible form of saving for the Group's typical customer demographic than fixed term accounts which tied up savings for set periods of time.
In making this decision, the Board expected the products to contribute to the long-term success of the Group to the benefit of its colleagues and shareholders.</td></tr>
</table>

Statement regarding section 172 Companies Act 2006 (continued)

<table>
<tr><th colspan="2">Principal decision: TFSME early repayment</th></tr>
<tr><th colspan="2">In September 2024, the Board approved the early repayment of the Group's TFSME (Bank of England Term Funding Scheme for SMEs) drawings ahead of the contractual maturity.</th></tr>
<tr><td>Decision making process
The Group's governance structure facilitated the Board's decision making. The proposal was originally considered by the Group Executive Committee and the Assets and Liabilities Committee, having been put forward by the treasury team. Both committees discussed and challenged the proposal, including ensuring that adequate supporting information was provided to facilitate the Board's decision. The paper was ultimately tabled and approved by the Board.</td><td>Consideration and challenges
In making the decision, the Board had regard to the Group's funding plan, previously approved by the Board in March 2024. The risks of refinancing and the Group's contingent liquidity were central considerations when debating the merits of early repayment. The materials presented to the Board noted the importance of liquidity to the Group's overall safety and soundness, and how it determined the amount of lending available to the customer base. The Board was provided with information on the Group's current liquidity status and the consequences of early repayment.
Balancing stakeholder interests
The Board recognised that the Group's level of liquidity directly influences the amount of available lending for the customer base. The Board acknowledged that the Group's regulators also expect to see evidence that the Bank is managing its funding and liquidity risk on a forward-looking basis and in line with the funding plan. The Board also considered regulatory concerns around a TFSME maturity concentration risk as a key element of its debate. The Board was assisted in its consideration of stakeholder interests by the Group's Board paper template which specifies that the impact of any proposition on all stakeholder groups is considered.</td></tr>
</table>

The Company's Board membership aligns with the membership of the Board of its ultimate parent company Vanquis Banking Group plc (the 'Group'), a public company with a premium listing on the London Stock Exchange. This alignment seeks to support the Group's strategy to reinforce its position as a leading specialist bank with a focus on the financially underserved, and to provide a simpler, more efficient Group governance structure whilst streamlining and enhancing both the Group and Company's corporate governance arrangements. The Boards and Board committees of the Group and the Company now sit jointly on most occasions but may also meet separately as required. Accordingly, the Company's Board and Board committees work in conjunction with the Vanquis Banking Group's Board and Board committees in undertaking their responsibilities, including as described throughout this statement, as appropriate. In accordance with the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended by the Companies (Miscellaneous Reporting) Regulations 2018), for the year ended 31 December 2024, the Company has in its corporate governance arrangements applied the Wates Corporate Governance Principles for Large Private Companies (the Wates Principles), which are available at www.frc.org.uk. The following section explains the Company's approach to corporate governance and its application of the Wates Principles. The Board recognises that effective corporate governance is fundamental to the successful operation of the Company and the delivery of its strategy and of long-term sustainable value to its shareholders and other stakeholders, particularly as a regulated bank. The Board remains committed to clear and transparent reporting on the Company's corporate governance arrangements. A corporate governance framework is in place across the Group, including the Company, ensuring a consistent and proportionate corporate governance approach is in place, meeting the different needs of the companies within the Group. The framework includes the matters reserved to the Board, and the matters the Board has chosen to delegate to its committees and management. The Group's corporate governance framework is reviewed periodically to ensure it remains fit for purpose.

Statement regarding section 172 Companies Act 2006 (continued)

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

The Group and Company's values seek to promote a culture in which colleagues are empowered and motivated to make a real difference to customers, the Company and the wider community in which it operates. The Board oversees the alignment of the Company's purpose, values and strategy in several ways. The Company monitors culture and behaviours and completes a Great Place to Work colleague Survey, the results of which are reported to the Board which enable the Board to identify and address any misalignments with the desired culture. The Board also garners customer insights through regular call listening and receiving reports from the Chief Customer Officer, with the customer being at the heart of the Company's purpose and culture.

To support embedding of culture, the Board, reviews and considers frameworks and actions plans that are designed to shape the culture. The Company keeps colleagues updated of strategic and cultural issues through regular internal communications. The Company has a Designated Non-Executive Colleague Champion who engages with colleagues, including the Colleague Forum, and reports on this engagement to the Board so that colleague views can inform Board decision making. The Board also receives reports on whistleblowing and health and safety matters. Inclusion and diversity is a key part of the Company's culture and is overseen by the Nomination and Governance Committee and Board. To support the oversight of our customer-focused culture, the Group Risk Committee also measures conduct risk, including an assessment of conduct risk against risk appetite. Our Executive Director and colleague performance management frameworks ensure that performance is assessed against our culture and values and, together with our Risk Adjustment Framework, which overseen by the Remuneration Committee, seeks to align reward with performance and culture. To further strengthen oversight of business integrity, the Audit Committee receives regular reports from the Internal Audit function on the outcome of internal audits, including issues to be addressed and progress in addressing such issues, and also oversees financial reporting controls.

Principle Two (Board Composition)
The Company's board comprises a Non-Executive Chair, independent Non-Executive Directors and Executive Directors. The Nomination and Governance Committee and Board consider the Board's composition regularly to ensure it has the appropriate balance of skills, experience, independence and diversity.

The Company has a Nomination and Governance Committee comprised primarily of independent Non-Executive Directors to oversee a documented formal, transparent and rigorous Board appointment process and to make recommendations to the Board on appointments for approval. New appointments are made on merit, taking account of the specific skills and experience, independence and knowledge needed to ensure a rounded board and the diversity benefits each candidate can bring overall. External search firms are used when seeking to appoint new Board directors, and diversity in the broadest sense forms a key part of such search and appointment processes as well as ensuring the appropriate skills and experience are on the Board. As required by our regulatory framework, candidates are assessed as to whether they are 'fit and proper' and appointments are made subject to regulatory approval. Regulatory references are also taken regarding new Board appointments. The Board's Skills Matrix supports the identification of skill gaps which inform Board appointments. A Board training plan is also created each year to address key areas for the Board as a collective to receive training on. The Nomination and Governance Committee reviews both Executive and Non-Executive succession plans to ensure that appropriate planning is in place. In its review of succession planning, the Nomination and Governance Committee reviews progress made in relation to diversity objectives, including the efforts that have been made to ensure that the Company drives broad candidate searches to tap into diverse talent pools. The Group has a Diversity & Inclusion policy (which covers Board diversity) in place in order to drive equality, diversity and inclusion.

The Audit, Remuneration and Risk Committee's, each with their own Terms of Reference, are comprised entirely of independent Non-Executive Directors with appropriate skills and experience.

Statement regarding section 172 Companies Act 2006 (continued)
The Company and Group Boards are subject to an annual effectiveness review, which was conducted on a hybrid basis in 2024, and comprises an assessment of Board and committee composition, the results of which are considered by the Board. The findings from this year's Board performance review were positive, with the Board recognised as being skilled and experienced, and with recent NED appointments addressing some of the skills and experience enhancement opportunities identified in the previous evaluation. As with all fair and balanced reviews processes, the evaluation identified opportunities to improve the performance of the Board and an agreed action plan is in place. A full report on the evaluation can be found in the Group Annual Report & Accounts.

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

As described above, the Company has well established and effective Audit, Remuneration and Risk Committees comprised of Non-Executive Directors to support it in the discharge of its responsibilities. The Board Matters Reserved and Committee Terms of Reference are in place and reviewed annually against best practice. The Committees' adherence to their respective Terms of Reference is reviewed annually to ensure they are meeting their responsibilities. Standard Board paper reporting templates, which include requirements to report on s.172 Companies Act 2006 for Board decisions, are used across the Board and its committees to enable the provision of high-quality information to inform decision-making. Papers are circulated to the respective Board or Committee members five working days prior to the relevant Board or Committee meeting. The Non-Executive Directors, through their Board and respective Committee memberships, review and challenge the robustness and appropriateness of management proposals.

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

The Group's Delegated Authority Manual provides clarity regarding authorities and responsibilities throughout the Group and is periodically reviewed and refreshed. Risk management frameworks are also in place, including Group Risk Policies, and are overseen by the Group Risk Committee and Board. You can read more about risk management on pages 43 to 46. In the event that the Internal Audit function identifies matters requiring further investigation or controls weaknesses to be addressed, such matters and actions are escalated promptly to the Audit Committee and Board as appropriate. The Board also annually reviews and confirms the effectiveness of the Internal Audit function and External Audit.

Principle Four (Opportunity and Risk)
The Board oversees the development and deployment of the Company's strategy, which operates within the wider Group's strategy and includes strategic opportunities. The Board also ensures that necessary resources are in place to enable the Company to meet its objectives and accurately measure performance. The Board annually approves the Budget and Plan, which sets out the resources required by the Company as part of the wider Group, including capital and funding resources, to meet its objectives, seize strategic opportunities and manage risk. As noted above, the Board agrees the Company's purpose and oversee its culture, which are important foundations of long-term success, guiding and informing the identification of opportunities and supporting risk management. The Board also approves and regularly reviews the Company's Internal Liquidity and Capital Adequacy Assessment processes (ILAAP and ICAAP respectively) and monitors Company performance against those processes, thereby ensuring the Company retains sufficient capital and liquidity to achieve its strategic objectives and mitigate key risks.

Statement regarding section 172 Companies Act 2006 (continued)
Effective risk management is key for the success of the Company. The Company is dual-regulated by both the FCA and PRA and as such has in place a dedicated Group Risk Committee, the role of which is to ensure there is an effective risk management and internal control framework in operation which enables the effective oversight of the Company's risk position. The Group Risk Committee and Board set the risk and control framework and risk appetite for the Company, which is closely aligned with that of the Group. The risk management and internal control framework has been evolved this year to take into account the requirements of the 2024 corporate Governance Code. The Group Risk Committee regularly measures and monitors Company performance against risk appetite. The effectiveness of the Group's risk management and internal control framework is reviewed by the Board annually. In addition, the Board and Group Risk Committee agree the Group's principal and emerging risks. The Group Risk Committee regularly reviews the management of current and forward-looking risk exposures, including notifying the Board of any changes in the status and control of material risks. The Chief Risk Officer attends the Group Risk Committee meeting and regularly attends Board meetings to ensure the appropriate discussion and escalation of risks within the Group. A remuneration-related Risk Adjustment Framework is in place and regular update reports in relation to the framework are provided to the Remuneration Committee. A Model Governance framework and assessment for the Company is reported to both the Company's Audit and Risk Committees by the Group Risk function.

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

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

Principle Five (Remuneration)
The Company's Remuneration Committee, in conjunction with the Remuneration Committee of the Group, assumes responsibility for the Company's approach to remuneration. This includes oversight of the remuneration of colleagues where a specific remuneration approach is required by regulation, such as Senior Managers and other material risk takers. The Remuneration Committee is comprised entirely of Non-Executive Directors. Remuneration policies and practices are designed to support the Company's strategy and culture and deliver long-term sustainable success. Executive Director variable pay is set based upon an assessment against the Group's and individuals' performance in relation to a balanced, business scorecard of financial and non-financial objectives and measures. This business scorecard sets out the priorities to deliver tactical and strategic priorities and also includes objectives relating to customer outcomes, regulatory risk and risk control measures, investor outcomes, culture and colleagues. The Group Risk Adjustment Framework seeks to ensure effective alignment exists between risk management and variable remuneration outcomes. The Group's long-term share incentive schemes are used by the Remuneration Committee to align variable pay outcomes and investor interests. Prior to the vesting of awards under the Group's main discretionary share incentive scheme, the Restricted Share Plan, the Remuneration Committee is required to assess performance against a performance underpin evaluation. This assessment provides an opportunity to adjust any share price-related gains against performance in relation to, amongst other matters, the investor experience, risk management, culture and ESG matters.

Statement regarding section 172 Companies Act 2006 (continued)

The Remuneration Committee's discretionary authority to determine the value of long-term awards at vesting enables the full spectrum of performance and conduct risk factors to be reviewed and in doing so encourages executives to demonstrate long-term behaviours. PricewaterhouseCoopers is appointed by the Company's Remuneration Committee as independent remuneration adviser.

Principle Six (Stakeholder Relationships and Engagement)

The Company and Group's purpose affirms the business' societal role. The Board is responsible for overseeing meaningful engagement with stakeholders, including the workforce, and having regard to their views when taking decisions. The Group's stakeholder engagement strategy provides a framework for effective stakeholder communication enabling the Board to adopt effective engagement methods that help to deliver well considered and balanced decisions. The approach of the Board in respect of its key stakeholders and the other aspects of its s.172 duties are set out in our separate statement on pages 9 to 13.

Going concern

In preparing the Financial Statements, the directors are required to determine that the Company has adequate resources to continue to operate for the foreseeable future. The review has been made on the basis that the Company continues to operate as a going concern for the twelve months from the date the financial statements are approved. The directors considered the appropriateness of the going concern basis, the period of assessment, any reporting requirements, and solvency and liquidity risks and included a variety of factors – forecasts and budgets, timing of cash flows and funding, the Company's primary market and any contingent liabilities. When considering the appropriateness of going concern the directors have also considered the Company's ability to meet its regulatory requirements (both capital and liquidity) at all times and not just a positive net asset measure.

The assessment of going concern for the Company for the purposes of the Annual Report and Financial Statements considered the following factors:

- the Company and Group's corporate plan as approved in December 2024, which sets out financial, capital, liquidity and funding projections, together with an overview of relevant risks;
- the principal and emerging risks which could impact the performance of the Company, with a focus on capital and liquidity;
- a severe but plausible downside scenario, which is designed to assess the potential impact of certain underlying risks on the Company's capital and funding resources, together with the availability and effectiveness of mitigating actions; and
- reverse stress testing analysis, which is designed to assess the point at which the Company is no longer a going concern.

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

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

Approved by the Board and signed on its behalf by:

I McLaughlin
Chief Executive Officer
13 March 2025

VANQUIS BANK LIMITED
(Company Number 2558509)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

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

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

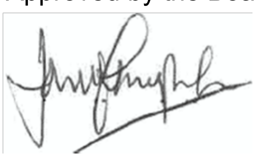
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies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

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

We confirm that to the best of our knowledge:

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

Approved by the Board and signed on its behalf by:



I McLaughlin
Chief Executive Officer
13 March 2025

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

Report on the audit of the financial statements

1. Opinion

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

- give a true and fair view of the state of the Company's affairs as at 31 December 2024 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the income statement;
- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in shareholder's equity;
- the statement of cash flows;
- the statement of accounting policies;
- the related notes 1 to 33.

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

2. Basis for opinion

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

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services provided to the company for the year are disclosed in note 4 to the financial statements. We confirm that we have not provided any non-audit services prohibited by the FRC's Ethical Standard to the company.

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

3. Summary of our audit approach

Key audit matters	The key audit matter that we identified in the current year was: • The estimation of the Expected Credit Losses (ECL) in Credit Cards 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 company financial statements was £3.6m which represents 1% of net assets.
Scoping	Audit work to respond to the risks of material misstatements was performed directly by the audit engagement team, with the support of appropriate specialists.
Significant changes in our approach	There are no significant changes in our audit approach.

4. Summary of our audit approach

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

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

- obtaining an understanding of relevant controls around management's going concern assessment and forecasting process at a company level;
- evaluating management's going concern assessment, which includes stress testing and point of non-viability (PONV) analysis, in order to understand, challenge and assess the key judgements made by management;
- reading correspondence with regulators to understand the capital and liquidity requirements imposed on the company by the Prudential Regulation Authority (PRA), and evaluating any changes to those requirements;
- reviewing the most recent Internal Capital Adequacy Assessment Process (ICAAP) and Internal Liquidity Adequacy Assessment Process (ILAAP), with support from our prudential regulation specialists, and assess management's capital and liquidity projections and stress testing, evaluating key assumptions and methods used in the capital and liquidity stress testing models;
- assessing and evaluating the forecasts, with support from our prudential regulation specialists including reconciliation of the opening capital and liquidity ratios to the year-end Common Reporting Framework regulatory submissions and assessing whether the year-end balance sheet within the model was consistent with the audited position;
- challenging the cash flow forecast assumptions, including key growth rate assumptions through a review of their budgeted cash flows. We have also performed an assessment over the forecasting accuracy in the previous years;
- challenging the availability and effectiveness of mitigating actions which could be taken by management to avoid or reduce the impact of macroeconomic stress; and
- reviewing the financial statement disclosures in respect of going concern and considering whether they are consistent with the knowledge we obtained during the course of the audit.

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

5. Key audit matters

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

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

Estimation of expected credit losses in Credit Cards

Key audit matter description	Within **Credit Cards**, management has recognised a total ECL provision of £160.0m (2023: £197.1m) on gross receivables of £1,309.9m (2023: £1,474.8m), representing a decline in ECL coverage ratio from 13.5% to 12.2% over the period. The IFRS 9 *Financial Instruments* expected credit losses on amounts receivable from customers are determined by modelling expected credit performance of the receivables' portfolios. The underlying modelling techniques are complex and involve significant judgements regarding the quantum and timing of expected future cash flows to calculate expected credit losses. 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. IFRS 9 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 uncertainties in the macroeconomic environment mean there exists a wide range of scenarios with different loss outcomes. Management has recognised a model overlay utilising data from a third party. The model predicts industry level write off rates using a combination of interest rates on credit cards, unemployment rate, debt to income ratios and a measure of macroeconomic volatility. There is significant judgement in determining the probability weighting of the scenarios adopted by management and the associated assumptions. The expected credit loss provision estimate is driven by account-specific estimation of probability of default (PD), exposure at default (EAD) and loss given default (LGD) which represent the key areas of judgement. Management has continued to conduct model redevelopment and calibration activities during the year. We have pinpointed our risk to the redevelopment of the macro-PD model resulting in post model adjustments ('PMA') of £4.4m (2023: £12.7m) being recognised at year-end. Due to the complexity of the calculation and underlying assumptions, and high level of judgement involved in the refinement of the IFRS 9 impairment models to recognise these PMAs, we have continued to identify this as a key audit matter in the current year. Further detail in respect of these is set out in the statement of accounting policies including the critical accounting judgements and key sources of estimation uncertainty on page 41, the amounts receivables from customers note 11 of the financial statements.
How the scope of our audit responded to the key audit matter	Within **Credit Cards** we obtained an understanding of relevant controls relating to the identification, valuation and recording of expected credit losses.

How the scope of our audit responded to the key audit matter (continued)	In respect of the macroeconomic scenarios applied we involved our economics specialist to assess the appropriateness of the shape of the unemployment rate and debt to income curves and the respective weightings attached to the curves, whilst also testing the underlying data used in this assessment for completeness and accuracy. We benchmarked the underlying unemployment economic variables against various external sources including His Majesty's Treasury forecasts, the Prudential Regulation Authority, the Office for National Statistics, and other available data. We have evaluated the competence, capabilities and objectivity of management's third party expert involved in providing the historical economic data and forward-looking scenarios used by them in determining the industry-wide write-off. We have worked with our credit modelling specialists to perform analysis and test the reasonableness of the scalars prepared by the management based on the industry level write off rates provided by the third party. We involved our credit risk modelling specialists to assist in our assessment and challenge of management's model methodology related to their redevelopment and calibration activities and assessed the methodology for **Credit Cards** against the requirements of IFRS 9. In performing these procedures, we further considered whether there were any indicators of bias in the methodology applied by management or in the estimation of the amount and timing of expected future cash flows, through a stand back assessment performed on the ECL coverage ratios derived from the models, post the application of the PMAs. In respect of the PMAs recognised within Credit Cards for the macro-PD model, with the involvement of our credit risk modelling specialists, we have tested that the methodology changes have been reflected in the creation of the PMAs through assessment of the underlying scripts, tested the completeness and accuracy of the data used to form the PMAs and evaluated management's conclusions regarding the appropriateness of these changes in the current macroeconomic environment.
Key observations	We considered the redevelopment of the macro-PD model to be reasonable. Overall based on our work performed, we found that the provision for expected credit losses in Credit Cards is appropriate.

6. Our application of materiality

6.1 Materiality

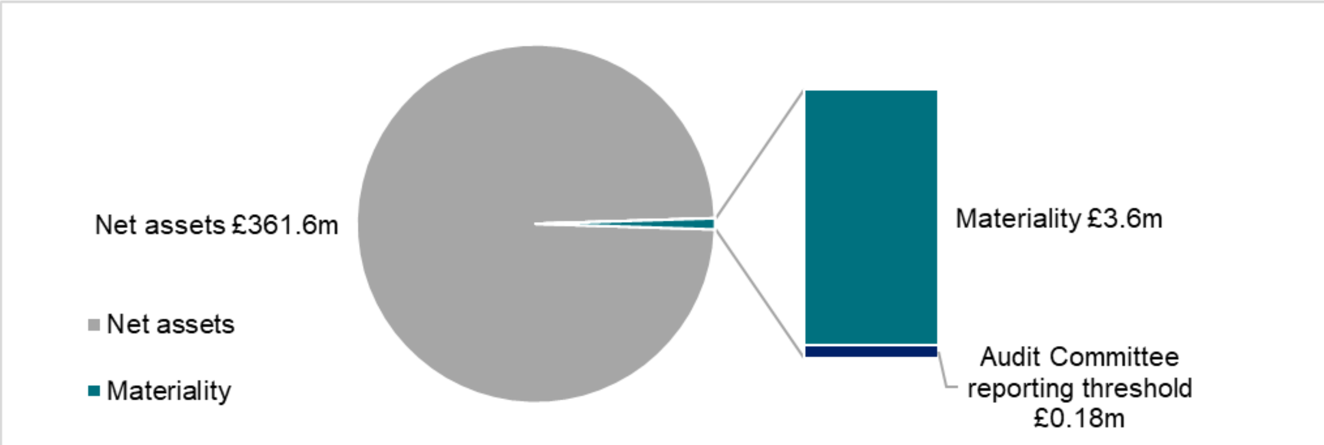
We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our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

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

Materiality	£3.6m (2023: £3.9m)
Basis for determining materiality	1% of Net assets (2023: 1% of Net assets)
Rationale for benchmark applied	Our benchmark upon which materiality is determined is consistent with the prior year being net assets. We determined that net assets continue to be a more stable and relevant measure used by investors, regulators and stakeholders when assessing the performance and longer-term prospects of the company as well as the importance of net assets to the company's regulatory capital position.

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

6.1 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. Performance materiality was set at 65% of materiality for the 2024 audit (2023: 65%). In determining performance materiality, we considered the following factors:

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

6.3 Error reporting threshold
We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £0.18m (2023: £0.19m), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7. An overview of the scope of our audit

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

7.2 Our consideration of the control environment
We identified the financial reporting, lending, and deposit business cycles to be the most relevant to the audit, including the identification, valuation and recording of expected credit losses. Due to the continuing control deficiencies first noted in the prior year, we only planned and successfully executed a controls reliance approach for retail deposits.

In response to these deficiencies, we adopted a fully substantive approach to testing and did not place reliance on IT controls.

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

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

7.3 Our consideration of climate-related risks (continued)

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

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

8. Other information

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

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

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

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

We have nothing to report in this regard.

9. Responsibilities of directors

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

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

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

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

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

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

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

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

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

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

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

11.2 Audit responses to risks identified
As a result of performing the above, we identified the estimation of Expected Credit Losses (ECL) on credit cards as a key audit matter related to the potential risk of fraud. The key audit matters section of our report explains the matter in more detail and also describes the specific procedures we performed in response to that key audit matter.

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

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management, the audit committee and in-house legal counsel concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;

11.2 Audit responses to risks identified (continued)

- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with the Prudential Regulation Authority, the Financial Conduct Authority and HMRC; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

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

Report on other legal and regulatory requirements

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

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

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

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

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

In our opinion the information given in note 29 to the financial statements for the financial year ended 31 December 2024 has been properly prepared, in all material respects, in accordance with the Capital Requirements (Country-by Country Reporting) Regulations 2013.

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

14.1 Adequacy of explanations received and accounting records

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

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

We have nothing to report in respect of these matters.

14.2 Directors’ remuneration

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

We have nothing to report in respect of this matter.

15. Other matters which we are required to address

15.1 Auditor tenure

Following the recommendation of the audit committee, we were appointed by the directors on 29 June 2012 to audit the financial statements for the year ending 31 December 2012 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 13, covering the years ending 31 December 2012 to 31 December 2024.

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

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

16. Use of our report

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

Kieren Cooper (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Birmingham, United Kingdom
13 March 2025

VANQUIS BANK LIMITED
(Company Number 2558509)

INCOME STATEMENT

For the year ended 31 December	Note	**2024** £m	2023 (represented)[1] £m
Interest income	2	**450.3**	411.4
Interest expense	3	**(108.4)**	(69.8)
Net interest income		**341.9**	341.6
Fee and commission income		**36.8**	44.2
Fee and commission expense		**(1.7)**	(1.7)
Net fee and commission income		**35.1**	42.5
Other income		**1.4**	1.3
Total income		**378.4**	385.4
Impairment charges	11	**(130.3)**	(145.1)
Risk-adjusted income		**248.1**	240.3
Operating costs		**(241.4)**	(229.2)
Statutory profit before taxation	4	**6.7**	11.1
Tax credit/(charge)	6	**0.8**	(3.5)
Statutory profit for the year attributable to equity shareholders		**7.5**	7.6
Add back:			
Tax (credit)/charge	6	**(0.8)**	3.5
Exceptional items	5	**7.3**	6.9
Adjusted profit before tax		**14.0**	18.0

[1] Refer to accounting policies for detail of representation of fraud costs

There is no other comprehensive income for the year.

STATEMENT OF FINANCIAL POSITION

	Note	**At 31 December 2024 £m**	At 31 December 2023 £m
ASSETS			
Cash and cash equivalents	10	**945.0**	680.1
Amounts receivable from customers	11	**1,419.2**	1,382.9
Trade and other receivables	13	**83.5**	67.4
Loan to related party	12	**379.7**	398.4
Investments	14	**2.3**	5.4
Property, plant and equipment	15	**5.4**	4.9
Right-of-use assets	17	**9.0**	10.4
Intangible assets	16	**49.5**	38.4
Derivative financial instruments	18	**0.2**	1.2
Current tax assets		**3.8**	8.3
Deferred tax assets	19	**9.8**	12.1
Total assets		**2,907.4**	2,609.5
LIABILITIES AND EQUITY			
Liabilities			
Trade and other payables	23	**82.6**	61.6
Provisions	24	**9.1**	2.7
Lease liabilities	22	**21.1**	25.3
Retail deposits	21	**2,428.1**	1,950.5
Derivative financial instruments	18	**0.6**	1.0
Collateralised loan	21	**4.2**	174.7
Total liabilities		**2,545.7**	2,215.8
Equity attributable to owners of the parent			
Share capital	25	**124.2**	124.2
Share based payment reserve	26	**1.6**	1.8
Retained earnings		**235.9**	267.7
Total equity		**361.7**	393.7
Total liabilities and equity		**2,907.4**	2,609.5

The financial statements on pages 29 to 79 were approved by the Board of directors on 13 March 2025 and signed on its behalf by:

I McLaughlin
Chief Executive Officer

D Watts
Chief Financial Officer

VANQUIS BANK LIMITED
(Company Number 2558509)

STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY

	Note	Share capital £m	Share-based payment reserve £m	Retained earnings £m	Total £m
At 31 December 2022		124.2	2.3	258.5	385.0
At 1 January 2023		124.2	2.3	258.5	385.0
Profit for the year		–	–	7.6	7.6
Other comprehensive income for the year		–	–	–	–
Total comprehensive income for the year		–	–	7.6	7.6
Share-based payment charge	26	–	1.1	–	1.1
Transfer of share-based payment reserve	26	–	(1.6)	1.6	–
Dividends	7	–	–	–	–
At 31 December 2023		124.2	1.8	267.7	393.7
At 1 January 2024		**124.2**	**1.8**	**267.7**	**393.7**
Profit for the year		**–**	**–**	**7.5**	**7.5**
Other comprehensive income for the year		**–**	**–**	**–**	**–**
Total comprehensive income for the year		**–**	**–**	**7.5**	**7.5**
Share-based payment charge	26	**–**	**0.5**	**–**	**0.5**
Transfer of share-based payment reserve	26	**–**	**(0.7)**	**0.7**	**–**
Dividends	7	**–**	**–**	**(40.0)**	**(40.0)**
At 31 December 2024		**124.2**	**1.6**	**235.9**	**361.7**

VANQUIS BANK LIMITED
(Company Number 2558509)

STATEMENT OF CASH FLOWS

For the year ended 31 December	Note	**2024** **£m**	2023 £m
Cash flows from operating activities			
Cash generated from operations	28	**523.9**	321.0
Funding costs paid		**(55.1)**	(33.8)
Tax received/(paid)		**8.2**	(6.1)
Net cash generated from operating activities		**477.0**	281.1
Cash flows from investing activities			
Purchase of property and equipment	15	**(1.2)**	(1.9)
Purchase of intangible assets	16	**–**	(12.5)
Proceeds from sale of investments	14	**4.3**	6.4
Net cash generated from/(used in) investing activities		**3.1**	(8.0)
Cash flows from financing activities			
Capital elements of lease payments		**(6.2)**	(6.0)
Proceeds from bank and other borrowings[1]		**5.0**	–
Repayment of bank and other borrowings[1]		**(174.0)**	–
Dividends paid to company shareholder	7	**(40.0)**	–
Net cash used in financing activities		**(215.2)**	(6.0)
Net increase in cash and cash equivalents		**264.9**	267.1
Cash and cash equivalents at beginning of year		**680.1**	413.0
Cash and cash equivalents at end of year		**945.0**	680.1
Cash and cash equivalents at end of year comprise:			
Cash and cash equivalents	10	**945.0**	680.1
Total cash and cash equivalents		**945.0**	680.1

[1] The classification of certain cash flows has been represented in 2023, impacting £1,100.0m in proceeds and £284.8m in repayments related to bank and other borrowings. These amounts, which are no longer considered to be financing cash flows, are now reported within cash generated from operations as a £815.2m movement in retail deposits.

Cash at bank and in hand includes £948.7m (2023: £681.5m) in respect of the liquid assets buffer, including other liquidity resources, held by the Company in accordance with the PRA's liquidity regime.

STATEMENT OF ACCOUNTING POLICIES

General information
The Company is a private company limited by shares and is incorporated and domiciled in England, United Kingdom. The address of its registered office is No. 1 Godwin Street, Bradford, BD1 2SU. The Company is authorised and regulated by the PRA and regulated by the FCA.

Basis of preparation
The financial statements of the Company are prepared in accordance with IFRS as adopted by the UK, International Financial Reporting Interpretations Committee (IFRIC) interpretations 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 investments held at fair value through profit or loss.

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

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

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

In assessing whether the Company is a going concern, the directors have reviewed the Company and Group's corporate plan as approved in December 2024. The assessment included consideration of the principal risks and uncertainties, with a focus of capital and liquidity and the going concern assessment covers a period of 12 months from the accounts approval date.

The directors have also reviewed the Company's stress testing projections which are based on a severe scenario. The stress test scenario envisages that the UK economy enters a period of negative growth with UK Unemployment rate reaching 8.1%. This shows that the Company is able to maintain sufficient capital headroom above minimum requirements. The directors have reviewed the Company's reverse stress testing projections to the point of non-viability, which concluded that the Company's going concern only comes into question under an unprecedented macroeconomic scenario.

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

Changes in presentation of primary statements
Fraud costs have been represented from impairment to within operating costs in 2024 and the comparative numbers for 2023 restated for £5.8m of fraud costs. As part of this change, the reduction in customer receivables for Cards for fraud accounts has been represented from allowance account to gross receivables, a £1.6m impact on the 2023 comparatives. There was no impact on net receivables as a result of this change.

The impact of new standards not yet effective and not adopted by the Company from 1 January 2025

IFRS 18 Presentation and Disclosures in Financial Statements

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

IFRS 18 introduces new requirements to:

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

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

The Company anticipates that the application of these amendments may have an impact on the presentation of its financial statements in future periods.

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

Interest income

Interest income is earned from credit cards, second charge mortgages, personal loans, intragroup revenue and interest from cash held at external institutions.

Interest is calculated on credit card advances to customers using the effective interest rate on the daily balance outstanding.

Within loans, interest income on customer receivables is recognised using an effective interest rate. The effective interest rate is calculated using estimated cash flows. Directly attributable incremental issue costs are also taken into account in calculating the effective interest rate. Interest income continues to be accrued on impaired receivables using the original effective interest rate applied to the loan’s carrying value until revenue equal to the loan’s original service charge has been fully recognised.

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

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

Interest expense

Interest expense principally comprises the interest on retail deposits and TFSME borrowings, and are 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.

Leases

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

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

The lease payments included in the measurement of the lease liability comprise:
- fixed lease payments;
- variable lease payments; and
- payment of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

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

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

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

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

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

The lease liability and right-of-use asset are presented as separate line items on the balance sheet. The interest on the lease and depreciation are charged to the income statement and presented within interest expense and administrative and operating costs respectively. The Company sub-leases a portion of its office space and accounts for it under finance leases.

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

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

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

Amounts receivable from customers
Customer receivables 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) within 12 months, the loss given default (LGD) and the exposure at default (EAD).

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

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

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

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

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

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

Personal loans
For personal loans, the EAD follows the amortisation schedules of the loan and is adjusted for expected missed payments at point of default.

Following an SICR, evident from a missed monthly payment or a significant increase in PD, lifetime losses are recognised.

A customer is deemed to have defaulted when they become three minimum monthly payments in arrears or they enter a temporary payment arrangement. A customer is written off in the following cycle after becoming six minimum monthly payments in arrears.

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

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

STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

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

Investments
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 operating costs 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 Company continues to apply the requirements of IAS 39 to its hedging relationships.

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

Cash and cash equivalents
Cash and cash equivalents comprise cash at bank and in hand including amounts held within a Bank of England reserve account. Bank overdrafts are presented in current liabilities to the extent that there is no right of offset with cash balances.

Intercompany
Expected credit losses on Company intercompany balances are assessed at each balance sheet date. The PDs and LGDs are determined for each loan based on the fellow subsidiary's available funding and cash flow forecasts.

STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

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

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

For LTIS schemes, performance conditions are based on EPS, Total Shareholder Return (TSR) versus a peer group, risk metrics and profit before tax. The fair value of awards is determined using a combination of the binomial and Monte Carlo option pricing models. The value of the charge is adjusted at each balance sheet date to reflect lapses and expected or actual levels of vesting. Where the Monte Carlo option pricing model is used to determine fair value of the TSR component, no adjustment is made to reflect expected or actual levels of vesting as the probability of the awards vesting is taken into account in the initial calculation of the fair value of the awards.

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

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

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

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

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

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

Deferred tax
Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method.

Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

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

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

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

Exceptional items
Exceptional items are items which the directors consider should be disclosed separately to enable a full understanding of the Group's results. An exceptional item needs to meet at least two of the following criteria:

- the financial impact is material;
- it is one-off and not expected to recur; and
- it is outside the normal course of business.

Examples include, but are not limited to, costs arising from redundancy, acquisition or restructuring activities. The Audit Committee and Board may also apply judgement to determine whether an item should be classified as an exceptional item and be an allowable adjustment to a statutory measure.

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

Critical accounting judgements and key sources of estimation uncertainty
In applying the accounting policies set out above, the Company makes significant estimates, judgments and assumptions that affect the reported amounts of assets and liabilities as follows:

<u>Amounts receivable from customers (note 11) – £1,419.2m (2023: £1,382.9m)</u>

Critical accounting judgements

The Company reviews amounts receivable from customers for impairment at each balance sheet date. For the purposes of assessing the impairment, customers are categorised into IFRS 9 stages and cohorts which are considered to be the most reliable indication of future payment performance. The determination of expected credit losses involves complex modelling techniques and requires management to apply significant judgements to calculate expected credit losses. The most critical judgements are outlined below.

The determination of the significant increase in credit risk (SICR) thresholds to be used in the models for credit card and personal loans require 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 or when one contractual monthly payment has been missed.

For the purpose of IFRS 9, default is assumed when three contractual repayments have been missed.

The Company's impairment models are subject to periodic monitoring, independent validation and back testing performed on model components (where appropriate), including probability of default, exposure at default and loss given default to ensure management judgements remain appropriate.

Limitations in the Company's impairment models or data inputs may be identified through the ongoing assessment and validation of the output of the models. In these circumstances, management makes appropriate adjustments to the Company's allowance for impairment losses to ensure that the overall provision adequately reflects all material credit risks. These adjustments are determined by considering the particular attributes of exposures which have not been adequately captured by the impairment models and range from changes to model inputs and parameters, at account level, through to more qualitative post-model overlays. Those changes applied to model inputs and parameters are deemed to be in-model overlays; more qualitative changes that have a higher degree of management judgement are deemed to be post-model overlays. All adjustments are reviewed quarterly and are subject to internal review and challenge to ensure that amounts are appropriately calculated. A breakdown of the in-model and post-model overlays is included within note 11.

During the prior year, the Company refined and recalibrated the impairment provisioning models for cards and personal loans, to better reflect the evolving receivables mix; this led to a release of c.£10.7m of impairment provision in 2023 and was recognised as a model underlay. The models were fully implemented in the current year and the post model adjustment released.

Credit performance across the Company 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. These provisions reflect the potential for future changes in hazard rate, the number of people who were employed last month but who are unemployed the following month (derived from unemployment), and debt to income ratio.

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 is judged to be a key macroeconomic indicator as analysis has clearly evidenced a correlation between changes in unemployment and credit losses incurred by the business.

Critical accounting judgements and key sources of estimation uncertainty (continued)
The models are expected to be redeveloped in 2025 however for 2024 model overlay has been recognised which looks at Credit Card write-off rates, utilising data from a third party, Oxford Economics (OE). The OE model predicts industry level write-off rates using a combination of interest rates on credit cards, unemployment rate, debt to income ration and a measure of macroeconomic volatility. The outputs from the OE model are calibrated to the VBG entry to default rate which are in turn used to derive the scalars applied to the lifetime probability of default model.

Key sources of estimation uncertainty

The level of impairment recognised is calculated using models which utilise historical payment performance to generate the estimated amount and timing of future cash flows from each cohort of customers in each arrears stage.

The models are regularly monitored to ensure they retain sufficient accuracy. Sensitivity analysis has been performed in note 11 which shows the impact of a 1% movement of gross exposure into stage 2 from stage 1 on the allowance accounts.

The unemployment data used in the macroeconomic provisions has been compiled from a consensus of sources including the Bank of England, HM Treasury, the Office for Budget Responsibility (OBR), Bloomberg and a number of prime banks. These estimates are used to derive base case, upside, downside and severe scenarios.

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

Scenario for the year ended 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%**

Scenario for the year ended 2023	Base	Upside	Downside	Severe
Weighting	60%	15%	20%	5%
2024	4.5%	3.9%	4.8%	5.1%
2025	4.7%	3.7%	6.1%	7.5%
2026	4.7%	4.2%	6.2%	8.0%
2027	4.7%	4.3%	5.5%	6.6%
2028	4.7%	4.4%	5.2%	5.8%
Five-year peak	4.8%	4.5%	6.4%	8.4%

The table below shows the scenario five-peak and average expected entry to default rate from the Oxford Economics model.

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

Critical accounting judgements and key sources of estimation uncertainty (continued)
Weightings applied to the macroeconomic assumptions were reviewed and updated at the December 2024 Assumptions Committee meeting, to more appropriately reflect management's view of exposure to changes in the projected macroeconomic environment.

Sensitivity analysis has been performed on the weightings which show that changing the weightings would not have a material impact on the allowance account.

Intangibles (note 16) – £49.5m (2023: £38.4m)

All intangible assets have been reviewed for impairment under IAS 36. Based on reviews during the first half of 2024 it was identified that certain assets were no longer in use and were therefore written off. This includes the Credit Cards mobile app which was written off in full as a decision was made to rebuild this functionality using a more efficient design and build approach leading to an overall better customer experience. The resulted in a cost of £8.5m being recognised in 2024.

In addition assets expected to be replaced by the Gateway platform in 2026 have been reviewed: a small number of these assets have been 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.

Provisions: Customer remediation complaints

During 2023 and into the first half of 2024 the Company experienced elevated levels of customer compensation claims from claims management companies. The majority of these claims are speculative in nature, primarily driven by unmerited CMC activity, and related to a wide range of different matters, primarily in respect of the lending process but with no common theme or systemic issue. During 2024, the increase in costs and provision resulted from higher expected FOS fees for cases not upheld which are expected to subsequently be submitted to FOS for adjudication.

The cost to the Company of customer remediation costs, which relate to a wide range of different matters, amounts to £9.3m in 2024 (2023: £5.2m).

A provision of £7.0m (2023: £2.7m) is held at the balance sheet date for: (i) customer compensation claims received where compensation may be paid but which have not yet been assessed, upheld or compensation amounts agreed (£4.4m); and (ii) expected FOS fees for future claims which may be referred (£2.6m). The provision is determined based on the complaints volume pipeline at the period end, estimated uphold complaint rates, and average compensation amounts for each complaint type based on historic data.

Financial Ombudsman Service (FOS) case fees of £750 per case was reduced to £650 during the first half of 2024 and are payable on all cases referred to the FOS regardless of outcome. FOS case fees and resource costs incurred in processing complaint submissions amount to £22.2m (2023: £2.9m). Total FOS case fees incurred by the Company have increased reflecting the increase in total volumes referred to FOS; this increase is mainly due to the elevated volumes submitted by CMC's, and is not an indication of deteriorating underlying issues. These costs are based on complaints volume pipeline as at the period end, in addition to further estimated referrals based on historic data. At the period end £7.2m (2023: £2.0m) is included within accruals at 31 December.

Resource costs include permanent staff, temporary staff, and offshore third-party resources employed in processing the resolution of these complaints.

FINANCIAL AND CAPITAL RISK MANAGEMENT

The Company activities expose it to a variety of financial risks, which can be categorised as credit risk, liquidity risk and market risk. The objective of the Company's Risk Management Framework is to identify and assess the risks facing the Company and to minimise the potential adverse effects of these risks on the Company financial performance. Financial risk management is overseen by the Group Risk Committee.

(a) Credit risk

Credit risk is the risk that the Company will suffer loss in the event of a default by a customer, the ultimate parent undertaking, a bank counterparty or the UK Government. A default occurs when the customer, ultimate parent undertaking, bank or the UK Government fails to honour repayments as they fall due.

(i) Amounts receivable from customers

The Company's maximum exposure to credit risk on amounts receivable from customers as at 31 December 2024 is the carrying value of amounts receivable from customers of £1,419.2m (2023: £1,382.9m).

The Group Risk Committee is responsible for setting the credit policy. The CRO is responsible for ensuring that the approach to lending is within sound risk and financial parameters and that key metrics are reviewed to ensure compliance with policy. The CRO discharges and informs this decision making through the Credit Committee. The Credit Committee meets at least 10 times a year.

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

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

(ii) Loan to related party

The Company's maximum exposure to the loan to the related party, Moneybarn No. 1 Limited, as at 31 December 2024 is the carrying value of the loan of £379.7m (2023: £398.4m). An assessment of the appropriate amount of the loan and its recoverability was made prior to granting the loan in June 2022, based on the intragroup credit risk assessment performed by the Group and Company Asset-Liability Committee (ALCO). The assessment concluded that the financial health of the related party, and its ability to generate cash flows, was sufficient to service the loan. The Company will continue to undertake detailed risk assessments at least annually, and more frequently if the counterparty's performance requires it.

(iii) Counterparty risk

The counterparty risk policy is approved by the Board as part of the Company's Treasury and Liquidity Policy with management delegated to the Chief Financial Officer. The main exposure is the liquid resources (together with an operational buffer) which the Company holds to comply with its regulatory liquidity obligations which are currently held in a Bank of England central reserve account. The Company does on occasion invest in UK Government Gilts but had £nil at the end of the reporting period (2023: £nil). The Company's maximum exposure to credit risk on bank and government counterparties as at 31 December 2024 was £948.7m (2023: £681.5m).

FINANCIAL AND CAPITAL RISK MANAGEMENT (CONTINUED)

(b) Liquidity risk
Liquidity risk is the risk that the Company will have insufficient liquid resources available to fulfil its operational plans and/or to meet its financial obligations as they fall due.

Liquidity risk is managed on a day-to-day basis by the Treasury function, under the supervision of ALCO and in accordance with a Board-approved Funding and Liquidity Policy, which is designed to ensure that the Company is able to continue to fund the growth of the business. The overall responsibility for the management of liquidity risk rests with ALCO, which makes recommendations for the Company's liquidity policy for Board approval. ALCO monitors liquidity risk metrics within limits set by the Board, including meeting regulatory requirements.

The Company is a PRA regulated institution and is primarily funded via retail deposits. It is required to maintain a liquid assets buffer to meet daily stress tests which are designed to determine its liquidity adequacy requirements to fulfil its operational plans and meet its financial obligations as they fall due, even in stressed conditions. It also maintains an operational buffer over such requirements in line with its risk appetite. The amount of liquidity held by the Company is calculated based on the ILAAP undertaken by the Company and it's ultimate parent. The ILAAP determines the liquid resources that must be maintained by the Company to meet the Overall Liquidity Adequacy Rule (OLAR) and to ensure that it can meet its liabilities as they fall due. It is based on an analysis of its business as usual forecast cash requirements but also considers their predicted behaviour in stressed conditions.

As at 31 December 2024, the liquid assets buffer, including other liquid resources and the operational buffer, held by the Company, including £23.0m of intra-group funds placed on demand deposit with the Company by its ultimate parent (2023: £15.0m) amounted to £948.7m (2023: £681.5m).

The Company is required to monitor and report the liquidity coverage ratio (LCR) to the PRA. The LCR requires institutions to match net liquidity outflows during a 30 day period with a buffer of 'high-quality' liquid assets, to a minimum of 100%. As at 31 December 2024, the Company's LCR was 338% (2023: 1,031%).

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

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

						2023
	Repayable on demand	<1 year	1-2 years	2-5 years	>5 years	Total
	£m	£m	£m	£m	£m	£m
Retail deposits	–	1,137.6	467.0	408.7	–	2,013.3
Term Funding Scheme for SMEs	–	1.3	175.3	–	–	176.6
Trade and other payables	–	61.6	–	–	–	61.6
Lease liabilities	–	6.3	6.5	8.0	6.3	27.1
Derivative financial instruments	–	0.8	0.2	–	–	1.0
Total	–	1,207.6	649.0	416.7	6.3	2,279.6

(c) Market risk
Market risk is the risk of financial loss due to adverse market movements leading to a reduction in the Company's earnings or overall value. The Company's primary market risk exposure is to changes in interest rates (see Interest Rate Risk below). The Company is also exposed to a small amount of Foreign Exchange risk through its investments in non-GBP VISA Inc. shares.

The Group's Corporate Policies do not permit any subsidiary to take trading positions and no speculative activities are undertaken.

Interest Rate Risk in the Banking Book
Interest rate risk is the current or prospective risk to capital or earnings arising from adverse movements in interest rates. The Company's exposure to this risk is a consequence of its lending, deposit-taking, and other borrowing activities, as some of its financial assets and liabilities bear interest at rates that a linked to an underlying index, such as SONIA or Bank Base Rate. In contrast, others Banking products are fixed, either for a term or their whole lives, referred to as Interest Rate Risk in the Banking Book (IRRBB).

The principal market-set interest rate used by the Company's lenders is the Sterling Overnight Index Average (SONIA). The SONIA index tracks the Sterling overnight indexed swaps for unsecured transactions in the market. SONIA is the risk free borrowing rate which is used to set rates for certain borrowings and swaps.

The Group and Company's risk management 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 and Company will continue to develop the interest rate risk framework to ensure on-going compliance with the PRA rulebook.

The Group and Company manages its IRRBB risk through Board-approved risk appetite limits and policies. The Group seeks to minimise the net exposure to changes in interest rates and takes a prudent approach to its risk management.

Day-to-day management of interest rate risk is the responsibility of the Group's Treasury function, with control and oversight provided by the Group and Company ALCO.

(d) Capital risk management
The Company's objective in respect of capital risk management is to maintain an efficient and secure capital structure and maintain an adequate buffer over the regulatory capital requirements set by the PRA.

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

As required by the PRA, under the Basel III regulatory framework, the Company also undertakes an ICAAP at least annually. This documents the control framework and the risks faced by the Company including those on its risk register. Capital allocations are made against these risks where appropriate and stress tests run to satisfy management that the level of the Company's capital is adequate even under stressed conditions. The ICAAP is approved by the Group Risk Committee and the Board.

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

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

FINANCIAL AND CAPITAL RISK MANAGEMENT (CONTINUED)

(e) Exposures to structured entities
As at the end of 2024, the Company has securitised £518.2m of receivables (2023: £510.9m). The Bank has used the retained notes in the securitisation vehicle to access funding from the Bank of England, through it's Sterling Monetary Framework operations. Drawings under the Term Funding Scheme for SMEs (TFSME) (2023: £174.0m) were full repaid during the year. Drawings under the Indexed Long-Term Repo Scheme (ILTR) were £5.0m at 31 December 2024 (2023: £nil).

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

NOTES TO THE FINANCIAL STATEMENTS

1 Segment reporting

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

	Interest income		Fee and commission income		Profit before taxation	
	2024	2023	**2024**	2023	**2024**	2023
	£m	£m	**£m**	£m	**£m**	£m
Credit cards	**430.1**	385.1	**36.8**	44.2	**9.4**	26.6
Second charge mortgages	**4.8**	0.4	**–**	–	**1.6**	(0.5)
Personal loans	**15.4**	25.9	**–**	–	**(4.3)**	(15.0)
Total	**450.3**	411.4	**36.8**	44.2	**6.7**	11.1

The credit cards division includes £21.9m of intercompany interest income (2023: £11.4m), £40.6m of interest income on cash balances held on deposit (2023: £24.2m) and £38.3m of net amounts recharged to the Company on a statutory basis (2023: £30.3m net amounts recharged to the Company).

2 Interest income

	2024	2023
	£m	£m
Customer receivables (note 11)	**385.9**	375.4
Cash balances held on deposit (note 10)	**40.6**	24.2
Interest income on loan from fellow subsidiary undertakings (note 12)	**21.9**	11.4
Other interest	**1.9**	0.4
Total	**450.3**	411.4

3 Interest expense

	2024	2023
	£m	£m
Interest payable on retail deposits	**99.5**	57.6
Interest payable on lease liabilities	**0.7**	0.6
Interest payable on collateralised loan	**6.2**	9.0
Interest payable to ultimate parent undertaking	**–**	2.6
Other interest expense	**2.0**	–
Total	**108.4**	69.8

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4 Profit before taxation

	2024	2023
	£m	£m
Profit before taxation is stated after charging/(crediting):		
Amortisation of other intangibles:		
- Computer software (note 16)	**8.2**	8.6
Depreciation of property, plant and equipment (note 15)	**1.3**	1.2
Loss on disposal of property, plant and equipment (note 15)	**0.1**	0.6
Depreciation of right-of-use asset (note 17)	**2.7**	3.5
Lease liability finance cost (note 3)	**0.7**	0.6
Loss on disposal of intangible assets (note 16)	**8.5**	–
Employment costs (prior to exceptional redundancy costs) (note 9(b))	**68.4**	71.4
Impairment of amounts receivable from customers (note 11)	**130.3**	145.1
Exceptional items:		
Redundancy - outsourcing and other staff exits (note 9(b))	**2.5**	2.7
Other outsourcing costs	**3.3**	2.1
Property exit costs (note 17)	**–**	4.1
Impairment of property, plant and equipment (note 15)	**0.1**	–
Third party settlement	**1.4**	–
Repayment Option Plan (ROP) provision release	**–**	(2.0)

	2024	2023
	£m	£m
Auditor's remuneration:		
Fees payable to the Company's auditor for the audit of the financial statements	**1.3**	0.9
Total	**1.3**	0.9

An additional £nil was due to the Company's auditor in respect of non audit-related assurance services (2023: £35,000).

The ultimate parent undertaking recharges certain administrative costs to the Company in respect of services provided totalling £37.5m (2023: £34.1m).

5 Exceptional items

In 2024, exceptional items represent a net exceptional charge of £7.3m (2023: £6.9m) and comprise:

Exceptional items	**2024** **£m**	2023 £m
Redundancy - outsourcing and other staff exits	**2.5**	2.7
Other outsourcing costs	**3.3**	2.1
Property exit costs	**–**	4.1
Impairment of property, plant and equipment	**0.1**	–
Third party settlement	**1.4**	–
Repayment Option Plan (ROP) provision release	**–**	(2.0)
Total	**7.3**	6.9

6 Tax charge

Tax credit/(charge) in the income statement	**2024** **£m**	2023 £m
Current tax credit/(charge)	**2.8**	(0.1)
Deferred tax (charge) (note 19)	**(2.0)**	(2.0)
Impact of change in UK tax rate	**–**	(1.4)
Total tax credit/(charge)	**0.8**	(3.5)

The tax credit in respect of exceptional items in 2024 amounts to £1.8m (2023: credit of £1.6m) and represents tax at the mainstream corporation tax rate of 25.0% in respect of the £7.3m of exceptional costs.

As the Company's profits in the current and prior years are below the bank corporation tax surcharge allowance, being the threshold below which banking profits are not subject to the surcharge, the tax charge for the current and prior years has been reconciled to the mainstream corporation tax rate of 25.0% (2023: 23.5%), and not the combined corporation tax and surcharge rate of 28.0% (2023: 27.75%). The rate of tax charge on the profit before taxation for the year is lower than (2023: higher than) the average rate of mainstream corporation tax of 25.0% (2023: 23.5%). This can be reconciled as follows:

	2024 **£m**	2023 £m
Profit before taxation	**6.7**	11.1
Profit before taxation multiplied by the average standard rate of corporation tax of 25.0% (2023: 23.5%)	**(1.7)**	(2.6)
Effect of:		
– impact of change in UK tax rate (note (a))	**–**	(1.4)
– write off of deferred tax assets (note (b))	**–**	(0.1)
– impact of permanent differences (note (c))	**–**	(0.4)
– benefit of capital losses (note (d))	**1.1**	1.4
– adjustment in respect of prior years (note (e))	**1.4**	(0.4)
Total tax credit/(charge)	**0.8**	**(3.5)**

6 Tax charge (continued)

(a) Impact of change of UK tax rates

In 2021, changes were enacted to increase the mainstream corporation tax rate from 19% to 25% with effect from 1 April 2023. In 2022, further changes were enacted which, with effect from 1 April 2023, reduce the bank corporation tax surcharge rate from 8% to 3% and increase the bank corporation tax surcharge allowance, being the threshold below which banking profits are not subject to the surcharge, from £25m to £100m.

To the extent the temporary differences on which deferred tax had been calculated were expected to reverse after 1 April 2023, deferred tax balances at 31 December 2022 were measured at the combined mainstream corporation tax rate (25%) and bank corporation tax surcharge rate (3%) of 28%, except to the extent the temporary differences reverse when profits were expected to be below the bank surcharge threshold, in which case deferred tax balances were measured at the combined rate of 25%. At 31 December 2023 and 31 December 2024, deferred tax balances and movements in deferred tax balances during the year have been further re-measured at 25% to the extent that the related temporary differences reverse when profits are expected to be below the surcharge threshold.

(b) Write off of deferred tax assets

The tax charge in respect of deferred tax assets written off of £nil (2023: £0.1m) relates to deferred tax assets in respect of share scheme awards where future tax deductions were expected to be lower than previously anticipated.

(c) Impact of permanent differences

These amount to £nil (2023: £0.4m) and in 2023 comprised non-deductible general expenses as well as impairments of intercompany loans for which tax deductions are not available.

(d) Benefit of capital losses

The conversion and subsequent sales in 2024 and 2023 of tranches of the preferred stock in VISA Inc gave rise to capital gains which have been significantly offset by brought forward capital losses in respect of which a deferred tax asset was not previously recognised. This gives rise to a beneficial impact on the tax charge of £1.1m (2023: £1.4m).

(e) Adjustment in respect of prior years

The tax credit in respect of prior years of £1.4m (2023: tax charge of £0.4m) comprises: (a) a £0.8m credit in respect of prior year tax losses of Group companies which were discontinued, which have been surrendered as group relief to the Company and which the Company has paid for at a discounted price; (b) a tax credit of £0.7m from claiming capital allowances super deductions in prior years; and (c) a tax charge of £0.1m (2023: £0.4m) due to lower tax deductions in respect of share scheme awards as a result of a lower than anticipated share price of vesting as well as the finalisation of tax liabilities for prior periods.

7 Dividends

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

The directors are recommending a final dividend in respect of the financial year ended 31 December 2024 of 16.1p per share which will amount to an estimated dividend of £20.0m (2023: £30.0m).

8 Directors' remuneration

Following the alignment of the Company and Group Boards, the emoluments of the directors are paid by the ultimate parent company, Vanquis Banking Group plc, and recharged to the Company as part of a management charge. The management charge amounted to £37.5m in 2024 (2023: £34.1m). This management charge also includes a recharge of administrative costs borne by the ultimate parent company on behalf of the Company and it is not possible to identify separately the amount relating to each director's emoluments. The emoluments of these directors are disclosed in the Annual Report and Financial Statements of Vanquis Banking Group plc.

9 Employee information

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

	2024	2023
	Number	Number
Analysed as:		
Full time	688	1,007
Part time	90	139
Total	**778**	1,146

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

	2024	2023
	£m	£m
Aggregate gross wages and salaries paid to the Company's employees	**60.0**	61.4
Employers' National Insurance contributions	**5.2**	5.9
Pension charge	**2.7**	3.0
Share-based payment charge	**0.5**	1.1
Total employment cost prior to exceptional costs	**68.4**	71.4
Exceptional redundancy cost	**2.5**	2.7
Total employment costs	**70.9**	74.1

The pension charge comprises contributions to the stakeholder pension scheme.

10 Cash and cash equivalents

	2024	2023
	£m	£m
Cash and cash equivalents	**945.0**	680.1

Cash and cash equivalents include £948.7m in Bank of England Central reserve account (2023: £681.5m) held in accordance with the PRA's liquidity regime together with an operational buffer. The cash and cash equivalents amount also includes a current bank account balance of £2.3m (2023: £2.7m), and unpresented cheques of £6.0m (2023: £5.7m) reducing the reported balance.

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

11 Amounts receivable from customers

The Company's receivables comprise £1,149.9m (2023: £1,277.7m) in respect of credit cards, £225.3m (2023: £2.8m) in respect of second charge mortgage and £44.0m (2023: £102.4m) in respect of loans.

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

The Company's second charge mortgages receivables are reported as non-current for amounts due in greater than 12 months.

The Company's unsecured loan receivables are reported as current for amounts due within 12 months and non-current for amounts due in greater than 12 months. The loans are on a fixed repayment term with fixed payments over the period of the loan.

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

				2024				2023 (represented)[1]
				£m				£m
Net receivable	**Credit cards**	**Second charge mortgages**	**Personal loans**	**Total**	Credit cards	Second charge mortgages	Personal loans	Total
Gross amounts receivable from customers	**1,309.9**	**225.5**	**49.1**	**1,584.5**	1,474.8	2.8	117.5	1,595.1
Allowance account	**(160.0)**	**(0.2)**	**(5.1)**	**(165.3)**	(197.1)	–	(15.1)	(212.2)
Reported amounts receivable from customers	**1,149.9**	**225.3**	**44.0**	**1,419.2**	1,277.7	2.8	102.4	1,382.9

[1] Refer to accounting policies for detail of representation of fraud costs

11 Amounts receivable from customers (continued)

Amounts receivable from customers for credit cards can be reconciled as follows:

				2024
	Stage 1	Stage 2	Stage 3	Total
	£m	£m	£m	£m
Gross carrying amount				
At 1 January	1,199.5	161.2	114.1	1,474.8
Originations[1]	21.9	–	–	21.9
Drawdowns	2,007.5	76.5	8.5	2,092.5
Net transfers and changes in credit risk:				
- From stage 1 to 2	(376.7)	376.7	–	–
- From stage 1 to 3	(44.9)	–	44.9	–
- From stage 2 to 1	290.1	(290.1)	–	–
- From stage 2 to 3	–	(158.6)	158.6	–
- From stage 3 to 1	16.7	–	(16.7)	–
- From stage 3 to 2	–	5.9	(5.9)	–
Write-offs (regular)	(11.7)	(9.6)	(36.4)	(57.7)
Write-offs (debt sale)	–	–	(157.7)	(157.7)
Repayments	(2,320.5)	(107.1)	(31.1)	(2,458.7)
Interest and fee income	345.6	46.6	2.9	395.1
Other movements	9.1	(1.7)	(7.7)	(0.3)
At 31 December	1,136.6	99.8	73.5	1,309.9
Allowance account				
At 1 January	(84.7)	(57.5)	(54.9)	(197.1)
Movements through income statement:				
Originations[1]	(4.8)	–	–	(4.8)
Drawdowns, net transfers and changes in credit risk:				
- From stage 1 to 2	66.2	(152.0)	–	(85.8)
- From stage 1 to 3	7.0	–	(26.6)	(19.6)
- From stage 2 to 1	(41.2)	94.3	–	53.1
- From stage 2 to 3	–	108.5	(125.9)	(17.4)
- From stage 3 to 1	(3.9)	–	5.1	1.2
- From stage 3 to 2	–	(2.8)	2.5	(0.3)
- Remeasurements within existing stage	(32.6)	(21.4)	1.2	(52.8)
Post model overlays and model recalibration	19.0	(20.1)	(2.5)	(3.6)
Write-offs (regular)	(9.9)	(3.3)	(6.6)	(19.8)
Write-offs (debt sale)	–	–	16.1	16.1
Derecognition of stage 3 interest	–	–	3.3	3.3
Recoveries	–	–	3.1	3.1
Revaluations	–	–	3.3	3.3
Other movements	–	–	0.1	0.1
Total movements through income statement	(0.2)	3.2	(126.9)	(123.9)
Movements through allowance account:				
Write-offs (regular)	12.0	9.7	36.4	58.1
Write-offs (debt sale)	–	–	173.2	173.2
Debt sale proceeds	–	–	(60.6)	(60.6)
Derecognition of stage 3 interest	–	–	(3.3)	(3.3)
Other	(0.4)	(0.1)	(5.9)	(6.4)
Allowance account at 31 December	(73.3)	(44.7)	(42.0)	(160.0)
Reported amounts receivable from customers at 31 December	1,063.3	55.1	31.5	1,149.9
Reported amounts receivable from customers at 1 January	1,114.8	103.7	59.2	1,277.7

[1] Originations relate to the closing gross carrying and allowance amounts in the first month of being a new customer

11 Amounts receivable from customers (continued)

				2023 (represented)[1]
	Stage 1	Stage 2	Stage 3	Total
	£m	£m	£m	£m
Gross carrying amount				
At 1 January	1,116.1	148.6	186.6	1,451.3
Originations[2]	66.9	–	–	66.9
Drawdowns	2,245.2	74.1	13.2	2,332.5
Net transfers and changes in credit risk:				
- From stage 1 to 2	(459.1)	459.1	–	–
- From stage 1 to 3	(52.3)	–	52.3	–
- From stage 2 to 1	247.3	(247.3)	–	–
- From stage 2 to 3	–	(151.8)	151.8	–
- From stage 3 to 1	9.3	–	(9.3)	–
- From stage 3 to 2	–	2.0	(2.0)	–
Write-offs (regular)	(13.3)	(9.6)	(31.5)	(54.4)
Write-offs (debt sale)	–	–	(217.3)	(217.3)
Repayments	(2,312.7)	(147.7)	(40.0)	(2,500.4)
Interest and fee income	340.5	45.4	7.8	393.7
Other movements	11.6	(11.6)	2.5	2.5
At 31 December	1,199.5	161.2	114.1	1,474.8
Allowance account				
At 1 January	(92.7)	(58.1)	(118.9)	(269.7)
Movements through income statement:				
Originations[2]	(17.6)	–	–	(17.6)
Drawdowns, net transfers and changes in credit risk:				
- From stage 1 to 2	73.4	(191.8)	–	(118.4)
- From stage 1 to 3	8.0	–	(28.4)	(20.4)
- From stage 2 to 1	(27.4)	94.1	–	66.7
- From stage 2 to 3	–	109.2	(126.0)	(16.8)
- From stage 3 to 1	(0.9)	–	3.0	2.1
- From stage 3 to 2	–	(0.9)	0.9	–
- Remeasurements within existing stage	(42.1)	(25.1)	7.8	(59.4)
Post model overlays and model recalibration	8.8	7.1	11.1	27.0
Write-offs (regular)	(9.2)	(3.5)	(6.0)	(18.7)
Write-offs (debt sale)	–	–	15.4	15.4
Derecognition of stage 3 interest	–	–	5.1	5.1
Recoveries	–	–	7.2	7.2
Revaluations	–	–	(0.8)	(0.8)
Other movements	1.7	1.9	(0.5)	3.1
Total movements through income statement	(5.3)	(9.0)	(111.2)	(125.5)
Movements through allowance account:				
Write-offs (regular)	13.3	9.6	31.5	54.4
Write-offs (debt sale)	–	–	217.3	217.3
Debt sale proceeds	–	–	(71.3)	(71.3)
Derecognition of stage 3 interest	–	–	(5.1)	(5.1)
Other	–	–	2.8	2.8
Allowance account at 31 December	(84.7)	(57.5)	(54.9)	(197.1)
Reported amounts receivable from customers at 31 December	1,114.8	103.7	59.2	1,277.7
Reported amounts receivable from customers at 1 January	1,023.4	90.5	67.7	1,181.6

[1] Refer to accounting policies for detail of representation of fraud costs

[2] Originations relate to the closing gross carrying and allowance amounts in the first month of being a new customer; approach results in representation in 2023

11 Amounts receivable from customers (continued)

Total credit cards interest and fee income from customers of £395.1m (2023: £393.7m) comprises of £365.3m (2023: £349.5m) interest income and £29.8m (2023: £44.2m) of fee and commission income.

As at 31 December 2024 unutilised credit card commitments were £1,476.3m (2023: £1,332.4m).

An increase of 1% of the gross exposure into stage 2 from stage 1 would result in an increase in the allowance account of £4.3m (2023: £3.4m) based on applying the difference between the coverage ratios from stage 1 to stage 2 to the movement in gross exposure.

A breakdown of the in-model and post-model overlays for credit cards is shown below:

	2024 £m	2023 (represented)[1] £m
Core model	**155.6**	209.4
New model underlay (note (a))	**–**	(12.7)
Post model overlays	**4.4**	0.4
Total	**160.0**	197.1

	2024 £m	2023 (represented)[1] £m
Post model over/(underlays):		
Macroeconomic model redevelopment (note (b))	**4.0**	–
Other	**0.4**	0.4
Total post model overlays	**4.4**	0.4
Total over/(underlays)	**4.4**	(12.3)

[1] Refer to accounting policies for detail of representation of fraud costs

(a) New model underlay

Throughout 2023 the Company, in line with its ongoing commitment to continue to enhance the quality and accuracy of expected credit loss modelling, took steps to refine and re-calibrate the IFRS 9 model suite across the credit cards and personal loans portfolios resulting in a release of £12.7m. Enhanced segmentation, refreshed data calibration, and a refinement to model input parameters indicated the need for a model rebuild underlay at December 2023. The post model adjustment was released in 2024 when the new models were fully embedded.

(b) Macroeconomic model redevelopment

The macroeconomic model was considered in 2023 as part of the wider model development, however due to volatility in the output, the model was not implemented. The model has been redeveloped in 2024 using an external third party macroeconomic data provider. As it was not fully embedded at the year end, a PMA has been recognised reflecting the difference between the incumbent macroeconomic model and the new output. Further work is expected in 2025 to develop a more suitable, internally built model and remove the requirement for the PMA.

11 Amounts receivable from customers (continued)

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

				2024
	Stage 1	**Stage 2**	**Stage 3**	**Total**
	£m	**£m**	**£m**	**£m**
Good	**995.9**	**70.0**	**–**	**1,065.9**
Satisfactory	**140.7**	**29.8**	**–**	**170.5**
Lower quality	**–**	**–**	**73.5**	**73.5**
Total	**1,136.6**	**99.8**	**73.5**	**1,309.9**

				2023 (represented)[1]
	Stage 1	Stage 2	Stage 3	Total
	£m	£m	£m	£m
Good	990.6	114.2	–	1,104.8
Satisfactory	208.9	47.0	–	255.9
Lower quality	–	–	114.1	114.1
Total	1,199.5	161.2	114.1	1,474.8

[1] Refer to accounting policies for detail of representation of fraud costs

Low-quality receivables relate to defaulted accounts and are therefore assigned as stage 3. Satisfactory receivables consist of accounts that are above a prescribed probability of default (PD) cut off, dependent on the customer's credit score. High quality receivables consist of accounts that are below a prescribed PD cut off, dependent on the customer's credit score.

11 Amounts receivable from customers (continued)

Amounts receivable from customers for second charge mortgages can be reconciled as follows:

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)**
- From stage 1 to 3	**–**	**–**	**–**	**–**
Total movements through income statement	**(0.1)**	**(0.1)**	**–**	**(0.2)**
Allowance account at 31 December	**(0.1)**	**(0.1)**	**–**	**(0.2)**
Reported amounts receivable from customers at 31 December	**224.1**	**1.1**	**0.1**	**225.3**
Reported amounts receivable from customers at 1 January	**2.8**	**–**	**–**	**2.8**

2023	Stage 1 £m	Stage 2 £m	Stage 3 £m	Total £m
Gross carrying amount				
At 1 January	–	–	–	–
Originations	2.8	–	–	2.8
At 31 December	2.8	–	–	2.8
Allowance account				
At 1 January and 31 December	–	–	–	–
Reported amounts receivable from customers at 31 December	2.8	–	–	2.8
Reported amounts receivable from customers at 1 January	–	–	–	–

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 £4.8m (2023: £0.4m) comprises solely of interest income.

11 Amounts receivable from customers (continued)

An increase of 1% of the gross exposure into stage 2 from stage 1 would result in an increase in the allowance account of £nil (2023: £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 (2023: none).

A breakdown of the gross second charge mortgages receivable by internal credit risk rating is shown below:

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

				2023
	Stage 1	Stage 2	Stage 3	Total
	£m	£m	£m	£m
Good	2.8	–	–	2.8
Satisfactory	–	–	–	–
Lower quality	–	–	–	–
Total	2.8	–	–	2.8

Low-quality receivables relate to defaulted accounts and are therefore assigned as stage 3. Satisfactory receivables consist of accounts that are above a prescribed PD cut off, dependent on the customer's credit score. High-quality receivables consist of accounts that are below a prescribed PD cut off, dependent on the customer's credit score.

11 Amounts receivable from customers (continued)

Amounts receivable from customers for personal loans can be reconciled as follows:

	Stage 1 £m	Stage 2 £m	Stage 3 £m	2024 Total £m
Gross carrying amount				
At 1 January	**104.1**	**5.5**	**7.9**	**117.5**
Originations	6.4	–	–	6.4
Net transfers and changes in credit risk:				–
- From stage 1 to 2	(24.7)	24.7	–	–
- From stage 1 to 3	(4.0)	–	4.0	–
- From stage 2 to 1	13.8	(13.8)	–	–
- From stage 2 to 3	–	(12.9)	12.9	–
- From stage 3 to 1	0.7	–	(0.7)	–
- From stage 3 to 2	–	0.9	(0.9)	–
Write-offs			(20.6)	(20.6)
Repayments	(66.3)	(2.7)	(2.2)	(71.2)
Interest income	14.3	0.9	0.2	15.4
Other movements	(0.1)	(0.2)	1.9	1.6
At 31 December	**44.2**	**2.4**	**2.5**	**49.1**
Allowance account				
At 1 January	**(6.3)**	**(2.4)**	**(6.4)**	**(15.1)**
Movements through income statement:				
Originations	(0.8)	–	–	(0.8)
Net transfers and changes in credit risk:				
- From stage 1 to 2	3.0	(7.5)	–	(4.5)
- From stage 1 to 3	0.5	–	(2.2)	(1.7)
- From stage 2 to 1	(1.4)	3.5	–	2.1
- From stage 2 to 3	–	6.1	(8.5)	(2.4)
- From stage 3 to 1	(0.1)	–	0.3	0.2
- From stage 3 to 2	–	(0.4)	0.6	0.2
- Remeasurements within existing stage	2.8	(0.4)	0.7	3.1
Post model overlays	(0.5)	0.2	0.1	(0.2)
Write-offs			(6.9)	(6.9)
Debt sale	–	–	1.3	1.3
Derecognition of stage 3 interest	–	–	0.7	0.7
Recoveries	–	–	3.2	3.2
Total movements through income statement	**3.5**	**1.5**	**(10.7)**	**(5.7)**
Movements through allowance account:				
Write-offs	–	–	20.6	20.6
Debt sale proceeds	–	–	(1.3)	(1.3)
Derecognition of stage 3 interest	–	–	(0.7)	(0.7)
Other	–	–	(2.9)	(2.9)
Allowance account at 31 December	**(2.8)**	**(0.9)**	**(1.4)**	**(5.1)**
Reported amounts receivable from customers at 31 December	**41.4**	**1.5**	**1.1**	**44.0**
Reported amounts receivable from customers at 1 January	**97.8**	**3.1**	**1.5**	**102.4**

11 Amounts receivable from customers (continued)

				2023 (represented)[1]
	Stage 1	Stage 2	Stage 3	Total
	£m	£m	£m	£m
Gross carrying amount				
At 1 January	78.1	2.1	5.3	85.5
Originations	109.4	–	–	109.4
Net transfers and changes in credit risk:				–
- From stage 1 to 2	(22.1)	22.1	–	–
- From stage 1 to 3	(10.0)	–	10.0	–
- From stage 2 to 1	5.8	(5.8)	–	–
- From stage 2 to 3	–	(12.5)	12.5	–
- From stage 3 to 1	0.2	–	(0.2)	–
- From stage 3 to 2	–	0.1	(0.1)	–
Write-offs	–	–	(18.2)	(18.2)
Repayments	(81.3)	(1.2)	(1.9)	(84.4)
Interest income	24.0	0.7	1.2	25.9
Other movements	–	–	(0.7)	(0.7)
At 31 December	104.1	5.5	7.9	117.5
Allowance account				
At 1 January	(5.0)	(0.7)	(3.5)	(9.2)
Movements through income statement:				
Originations	(8.4)	–	–	(8.4)
Net transfers and changes in credit risk:				
- From stage 1 to 2	5.2	(8.7)	–	(3.5)
- From stage 1 to 3	2.2	–	(5.9)	(3.7)
- From stage 2 to 1	(0.9)	1.9	–	1.0
- From stage 2 to 3	–	5.3	(7.0)	(1.7)
- From stage 3 to 1	–	–	–	–
- From stage 3 to 2	–	–	–	–
- Remeasurements within existing stage	(0.4)	–	0.6	0.2
Post model overlays	(0.3)	(0.3)	(0.8)	(1.4)
Write-offs	–	–	(7.9)	(7.9)
Debt sale	–	–	2.0	2.0
Derecognition of stage 3 interest	–	–	1.1	1.1
Recoveries	–	–	1.9	1.9
Other movements	1.3	0.1	(0.6)	0.8
Total movements through income statement	(1.3)	(1.7)	(16.6)	(19.6)
Movements through allowance account:				
Write-offs	–	–	18.2	18.2
Debt sale proceeds	–	–	(2.0)	(2.0)
Derecognition of stage 3 interest	–	–	(1.1)	(1.1)
Other	–	–	(1.4)	(1.4)
Allowance account at 31 December	(6.3)	(2.4)	(6.4)	(15.1)
Reported amounts receivable from customers at 31 December	97.8	3.1	1.5	102.4
Reported amounts receivable from customers at 1 January	73.1	1.4	1.8	76.3

[1] Refer to accounting policies for detail of representation of fraud costs

11 Amounts receivable from customers (continued)

Total personal loans interest and fee income from customers of £15.4m (2023: £25.9m) 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 £0.2m (2023: £0.4m) 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 personal loans is shown below:

	2024	2023
	£m	£m
Core model	**5.1**	13.1
New model (under)/overlays (note (a))	**–**	2.0
Total	**5.1**	15.1

(a) Model overlay
Relates to new model development executed in 2023. Refer to Cards section for further details.

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

				2024
	Stage 1	**Stage 2**	**Stage 3**	**Total**
	£m	**£m**	**£m**	**£m**
Good	**33.0**	**1.4**	**–**	**34.4**
Satisfactory	**11.2**	**1.0**	**–**	**12.2**
Lower quality	**–**	**–**	**2.5**	**2.5**
Total	**44.2**	**2.4**	**2.5**	**49.1**

				2023
	Stage 1	Stage 2	Stage 3	Total
	£m	£m	£m	£m
Good	73.1	0.6	–	73.7
Satisfactory	31.0	4.9	–	35.9
Lower quality	–	–	7.9	7.9
Total	104.1	5.5	7.9	117.5

Low-quality receivables relate to defaulted accounts and are therefore assigned as stage 3. Satisfactory receivables consist of accounts that are above a prescribed PD cut off, dependent on the customer’s credit score. High-quality receivables consist of accounts that are below a prescribed PD cut off, dependent on the customer’s credit score.

11 Amounts receivable from customers (continued)

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

				2024				2023
				£m				£m
DAC asset	**Credit cards**	**Second charge mortgages**	**Personal loans**	**Total**	Credit cards	Second charge mortgages	Personal loans	Total
Brought forward	**32.3**	**0.1**	**1.2**	**33.6**	30.3	–	1.3	31.6
Capitalised	**5.8**	**9.2**	**–**	**15.0**	15.1	0.1	1.5	16.7
Amortised	**(12.6)**	**(0.9)**	**(0.8)**	**(14.3)**	(13.1)	–	(1.6)	(14.7)
Carried forward	**25.5**	**8.4**	**0.4**	**34.3**	32.3	0.1	1.2	33.6

The impairment in the income statement of £130.3m includes £0.5m in relation to the loan to related party (note 12) and loans held within trade and other receivables (note 13).

The average effective interest rate for the year ended 31 December 2024 was 28.3% for credit cards (2023: 23.9%), 24.3% for personal loans (2023: 25.8%) and 8.9% for second charge mortgages (2023: 9.1%).

The average period to maturity of the amounts receivable from customers within second charge mortgages is 18.4 years (2023: 16.1 years). The average period to maturity of the amounts receivable from customers within personal loans is 2.0 years (2023: 1.7 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.

12 Loan to related party

At 31 December 2024, the Company had extended loans to Moneybarn No.1 Limited, with a carrying amount of £379.7m (2023: £398.4m), net of the ECL impairment provision of £2.2m (2023: £2.4m). The fair value of the loan is approximately equal to the book value. Movements in this impairment provision are recognised within operating costs.

The interest rates applicable on the loan tranches are fixed at the point of drawdown and are based on the Company's average cost of retail funds (for the weighted average life) plus a margin and range from 2.43% to 6.48%. The Company recognised income on the loan to Moneybarn No.1 Limited of £21.9m in 2024 (2023: £11.4m). Accrued interest is repaid to the Company on the last business day of the month and is not compounded.

13 Trade and other receivables

	2024	2023
Current assets	**£m**	£m
Other debtors	**27.2**	12.0
Prepayments and accrued income	**24.0**	14.3
Intercompany account	**26.1**	34.8
Finance lease receivable (a)	**6.2**	6.3
Total	**83.5**	67.4

The maximum exposure to credit risk of trade and other receivables is the carrying value of each class of receivable set out above. There is no collateral held in respect of trade and other receivables (2023: £nil). The fair value of trade and other receivables equates to their book value.

Other debtors include £0.2m (2023: £0.6m) of inventory in the form of plastic card stock and stationery.

13 Trade and other receivables (continued)

(a) Finance lease receivable analysis

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

	2024	2023
	£m	£m
Due within one year	**1.0**	–
Due between one and five years	**3.9**	3.9
Due in more than five years	**1.6**	2.9
Total	**6.5**	6.8
Unearned finance cost	**(0.3)**	(0.5)
Total lease receivable	**6.2**	**6.3**

Undiscounted lease payments analysed as:

	2024	2023
	£m	£m
Recoverable after 12 months	**5.5**	6.8
Recoverable within 12 months	**1.0**	–
Total	**6.5**	6.8

Net investment in the lease analysed as:

	2024	2023
	£m	£m
Recoverable after 12 months	**5.3**	6.4
Recoverable within 12 months	**0.9**	(0.1)
Total	**6.2**	6.3

The finance lease arrangement does not include variable payments. The average effective interest rate contracted is approximately 1.6% per annum. No impairment has been raised against the lease receivable.

14 Investments

Investments comprise preferred shares in Visa, Inc. held by the Company which had a fair value of £2.3m as at 31 December 2024 (2023: £5.4m).

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

As at 31 December 2024, the total fair value of £2.3m of Visa shares comprised preferred stock only. During the year, common stock (19,300 Class A Common shares) was fully sold on 23 October 2024 for $284.36 (£223.37) per share.

15 Property, plant and equipment

	2024			2023		
	£m			£m		
	Leasehold land and buildings	**Equipment**	**Total**	Leasehold land and buildings	Equipment	Total
Cost						
At 1 January	**4.9**	**7.2**	**12.1**	4.4	7.6	12.0
Additions	**–**	**1.2**	**1.2**	0.5	1.4	1.9
Transfers	**2.2**	**1.0**	**3.2**	–	–	–
Disposals	**–**	**(0.5)**	**(0.5)**	–	(1.8)	(1.8)
At 31 December	**7.1**	**8.9**	**16.0**	4.9	7.2	12.1
Accumulated depreciation						
At 1 January	**2.1**	**5.1**	**7.2**	1.9	5.3	7.2
Charged to the income statement	**0.6**	**0.7**	**1.3**	0.2	1.0	1.2
Transfers	**1.8**	**0.6**	**2.4**	–	–	–
Impairment	**–**	**0.1**	**0.1**	–	–	–
Disposal	**–**	**(0.4)**	**(0.4)**	–	(1.2)	(1.2)
At 31 December	**4.5**	**6.1**	**10.6**	2.1	5.1	7.2
Net book value at 31 December	**2.6**	**2.8**	**5.4**	2.8	2.1	4.9
Net book value at 1 January	**2.8**	**2.1**	**4.9**	2.5	2.3	4.8

The loss on disposal of property, plant and equipment in 2024 amounted to £0.1m (2023: £0.6m). The loss comprised proceeds received of £nil (2023: £nil) less the net book value of disposals of £0.1m (2023: £0.6m).

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

16 Intangible assets

	2024 £m			2023 £m		
	Computer software	**Computer software under development**	**Total**	Computer software	Computer software under development	Total
Cost						
At 1 January	**44.8**	**15.6**	**60.4**	36.3	11.6	47.9
Additions	**–**	**11.6**	**11.6**	–	12.5	12.5
Transfers	**22.2**	**(1.4)**	**20.8**	8.5	(8.5)	–
Disposals	**(15.1)**	**–**	**(15.1)**	–	–	–
At 31 December	**51.9**	**25.8**	**77.7**	44.8	15.6	60.4
Accumulated depreciation						
At 1 January	**22.0**	**–**	**22.0**	13.4	–	13.4
Charged to the income statement	**8.2**	**–**	**8.2**	8.6	–	8.6
Transfer	**4.6**	**–**	**4.6**	–	–	–
Disposal	**(6.6)**	**–**	**(6.6)**	–	–	–
At 31 December	**28.2**	**–**	**28.2**	22.0	–	22.0
Net book value at 31 December	**23.7**	**25.8**	**49.5**	22.8	15.6	38.4
Net book value at 1 January	**22.8**	**15.6**	**38.4**	22.9	11.6	34.5

The loss on disposal of computer software in 2024 amounted to £8.5m (2023: £nil) and represented proceeds received of £nil (2023: £nil) less the net book value of disposals of £8.5m (2023: £nil).

The Computer software are internally generated assets. The additions of £11.6m (2023: £12.5m) are all internally generated assets.

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

17 Right of use assets

	2024 £m	2023 £m
Cost		
At 1 January	**36.7**	36.7
Additions	**0.5**	–
Transfers	**4.0**	–
At 31 December	**41.2**	36.7
Accumulated depreciation and impairment		
At 1 January	**26.3**	18.7
Charged to the income statement	**2.7**	3.5
Transfers	**3.2**	–
Impairment	**–**	4.1
At 31 December	**32.2**	26.3
Net book value at 31 December	**9.0**	10.4
Net book value at 1 January	**10.4**	18.0

17 Right of use assets (continued)

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

The impairment in 2023 relates to a property that was fully vacated from August 2023.

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

18 Derivative financial instruments

The Company is counterparty to six internal retail deposit swaps, which were transacted with Vanquis Banking Group plc to hedge interest rate risk on deposits. As at 31 December 2024, four swaps have been in a hedging relationship.

	2024		2023	
	Notional	**Fair value**	Notional	Fair value
	£m	**£m**	£m	£m
Internal retail deposit swaps - liability	**70.0**	**(0.6)**	120.0	(1.0)
Internal retail deposit swaps - asset	**60.0**	**0.2**	260.0	1.2
Total at 31 December	**130.0**	**(0.4)**	380.0	0.2

	2024		2023	
	FV adjustment for hedged risk	**Hedge effectiveness**	FV adjustment for hedged risk	Hedge effectiveness
	£m	**£m**	£m	£m
Internal retail deposit swaps - liability	**–**	**–**	0.5	–
Internal retail deposit swaps - asset	**(0.1)**	**0.2**	(0.6)	(0.3)
Total at 31 December	**(0.1)**	**0.2**	(0.1)	(0.3)

The fair value adjustment of £0.1m (2023: £0.1m) is included within retail deposits.

Hedge ineffectiveness is recognised within interest expense. Had hedge accounting not been applied, the Company would recognise a total debit to the income statement of £0.5m (2023: credit of £0.7m).

19 Deferred tax

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

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

19 Deferred tax (continued)

In 2021, changes were enacted to increase the mainstream corporation tax rate from 19% to 25% with effect from 1 April 2023. In 2022, further changes were enacted which, with effect from 1 April 2023, reduced the bank corporation tax surcharge rate from 8% to 3% and increased the bank corporation tax surcharge allowance, being the threshold below which banking profits are not subject to the surcharge, from £25m to £100m. To the extent the temporary differences on which deferred tax had been calculated were expected to reverse after 1 April 2023, deferred tax balances at 31 December 2022 were measured at the combined mainstream corporation tax rate (25%) and bank corporation tax surcharge rate (3%) of 28%, except to the extent the temporary differences reverse when profits were expected to be below the bank surcharge threshold, in which case deferred tax balances were measured at the combined rate of 25%. At 31 December 2023 and 31 December 2024, deferred tax balances and movements in deferred tax balances during the year have been further re-measured at 25% to the extent that the related temporary differences reverse when profits are expected to be below the surcharge threshold.

A tax charge of £nil (2023: £1.4m) represents the income statement adjustment to deferred tax as a result of these changes and no additional deferred tax charge (2023: £nil) has been taken directly to other comprehensive income in respect of items reflected in other comprehensive income.

	2024	2023
Asset	**£m**	£m
At 1 January	12.1	15.5
Charge to the income statement	(2.0)	(2.0)
Transferred in from other group companies	(0.3)	–
Impact of change in the UK tax rate:		
– charge to the income statement	–	(1.4)
At 31 December	9.8	12.1

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

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

					2023
	Accelerated capital allowances	IFRS 9	VISA Inc	Other temporary differences	Total
	£m	£m	£m	£m	£m
At 1 January	1.1	20.6	(3.0)	(3.2)	15.5
(Charge)/credit to the income statement	–	(3.5)	1.3	0.2	(2.0)
Impact of change in the UK tax rate:					
– (charge)/credit to the income statement	(0.1)	(2.1)	0.4	0.4	(1.4)
At 31 December	1.0	15.0	(1.3)	(2.6)	12.1

No deferred tax asset is provided in respect of capital losses carried forward of £3.1m (2023: £7.4m) 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.

20 Financial instruments

(a) Classification and measurement

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

				2024
	Investments held at fair value	Amortised cost	Non-financial assets/ liabilities	Total
	£m	£m	£m	£m
Assets				
Cash and cash equivalents	–	945.0	–	945.0
Amounts receivable from customers	–	1,419.2	–	1,419.2
Loan to related party	–	379.7	–	379.7
Trade and other receivables	–	59.5	24.0	83.5
Investments	2.3	–	–	2.3
Property, plant and equipment	–	–	5.4	5.4
Intangible assets	–	–	49.5	49.5
Right-of-use assets	–	–	9.0	9.0
Current tax assets	–	–	3.8	3.8
Derivative financial instruments	0.2	–	–	0.2
Deferred tax assets	–	–	9.8	9.8
Total assets	2.5	2,803.4	101.5	2,907.4
Liabilities				
Retail deposits	–	2,428.1	–	2,428.1
Collateralised loan	–	4.2	–	4.2
Lease liabilities	–	21.1	–	21.1
Trade and other payables	–	82.6	–	82.6
Provisions	–	–	9.1	9.1
Derivative financial instruments	0.6	–	–	0.6
Total liabilities	0.6	2,536.0	9.1	2,545.7

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

20 Financial instruments (continued)

	Investments held at fair value	Amortised cost	Non-financial assets/ liabilities	Total
				2023
	£m	£m	£m	£m
Assets				
Cash and cash equivalents	–	680.1	–	680.1
Amounts receivable from customers	–	1,382.9	–	1,382.9
Loan to related party	–	398.4	–	398.4
Trade and other receivables	–	53.1	14.3	67.4
Investments	5.4	–	–	5.4
Property, plant and equipment	–	–	4.9	4.9
Intangible assets	–	–	38.4	38.4
Right-of-use assets	–	–	10.4	10.4
Current tax assets	–	–	8.3	8.3
Derivative financial instruments	1.2	–	–	1.2
Deferred tax assets	–	–	12.1	12.1
Total assets	6.6	2,514.5	88.4	2,609.5
Liabilities				
Retail deposits	–	1,950.5	–	1,950.5
Collateralised loan	–	174.7	–	174.7
Lease liabilities	–	25.3	–	25.3
Trade and other payables	–	61.6	–	61.6
Provisions	–	–	2.7	2.7
Derivative financial instruments	1.0	–	–	1.0
Total liabilities	1.0	2,212.1	2.7	2,215.8

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

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

	2024			2023		
	Level 1	**Level 2**	**Level 3**	Level 1	Level 2	Level 3
	£m	**£m**	**£m**	**£m**	**£m**	**£m**
Assets/(liabilities)						
Investments						
Visa Inc. shares	**–**	**–**	**2.3**	–	–	5.4
Internal retail deposit swaps	**–**	**(0.4)**	**–**	–	0.2	–
Total assets/(liabilities)	**–**	**(0.4)**	**2.3**	–	0.2	5.4

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.

20 Financial instruments (continued)

Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs). The Company holds Visa preferred stock in level 3. The valuation has been determined using a combination of observable and non-observable inputs. As the common stock share price of Visa Inc. is readily available, this input is deemed to be observable. However, certain assumptions have been made in respect of the illiquidity adjustment to the share price and the likelihood of future litigation costs. These inputs are therefore deemed to be a significant unobservable input.

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.

The following table sets out their movement during the year:

	2024	2023
	£m	£m
At 1 January	**5.4**	10.7
Gain recognised in income statement	**1.2**	1.1
Disposal of investment	**(4.3)**	(6.4)
Total assets	**2.3**	5.4

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

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

21 Bank and other borrowings

(a) Borrowing facilities

A breakdown of borrowings is shown below:

	2024	2023
	£m	£m
Retail deposits:	**2,398.9**	1,924.9
– accrued interest	**29.2**	25.6
Total retail deposits	**2,428.1**	1,950.5
Bank and other borrowings:		
– Term Funding Scheme for SMEs (TFSME)	**–**	174.0
– Indexed Long-Term Repo Scheme (ILTR)	**5.0**	–
– accrued interest	**–**	1.6
– arrangement fees	**(0.8)**	(0.9)
Total bank and other borrowings	**4.2**	174.7
Total borrowings	**2,432.3**	2,125.2

21 Bank and other borrowings (continued)

(b) Retail deposits
As at 31 December 2024, £2,428.1m (2023: £1,950.5m) of primarily term deposits and some notice and easy access account deposits had been taken. The deposits were issued at rates of between 0.4% and 6.2% (2023: 0.1% and 6.0%).

TFSME and ILTR

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

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

Drawings under the TFSME (£174.0m at 31 December 2023) were full repaid during the year. Drawings under the ILTR of £5.0m at 31 December 2024 (2023: £nil) have a maturity of six months on drawdown and a rate of interest set in an auction process. At 31 December 2024, the average rate of interest on the Group's ILTR drawings was 0.15% above the Bank of England base rate. The Company makes drawings under the ILTR programme from time-to-time for liquidity purposes.

(c) Maturity profile of borrowings and facilities
The maturity profile of borrowings is as follows:

	2024	2023
	£m	£m
Repayable:		
In less than one year	**1,860.4**	1,130.2
Between one and two years	**426.5**	610.2
Between two and five years	**145.4**	384.8
Total	**2,432.3**	2,125.2

As at 31 December 2024, the weighted average period to maturity of committed facilities was 0.7 years (2023: 1.2 years).

(d) Fair value of liabilities
The fair value of the Company's borrowings is compared to their book values as follows:

	2024		2023	
	Book value	**Fair value**	Book value	Fair value
	£m	**£m**	£m	£m
Retail deposits	**2,428.1**	**2,400.4**	1,950.5	1,916.2
ILTR	**4.2**	**4.2**	–	–
Collateralised loan	**–**	**–**	174.7	174.7
Total	**2,432.3**	**2,404.6**	2,125.2	2,090.9

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

22 Lease liabilities

A maturity analysis of the lease liabilities is shown below:

	2024 £m	2023 £m
Due within one year	**7.7**	6.3
Due between one and five years	**10.5**	14.5
Due in more than five years	**4.2**	6.3
Total	**22.4**	27.1
Unearned finance costs	**(1.3)**	(1.8)
Total lease liabilities	**21.1**	25.3

The total cash outflow for leases in the year amounted to £6.2m (2023: £6.2m).

In 2023 the Right of use asset in relation to one property was impaired by £4.1m in the year as the property was fully vacated, see note 17.

23 Trade and other payables

Current liabilities	2024 £m	2023 £m
Trade payables	**6.2**	2.5
Other payables including taxation and social security	**2.2**	2.1
Accruals and deferred income	**22.8**	14.4
Amounts held on deposit for ultimate parent undertaking	**23.0**	15.0
Intercompany trading account	**28.4**	27.6
Total	**82.6**	61.6

The fair value of trade, other payables, amounts held on deposit and intercompany trading account equates to their book value (2023: fair value equated to book value).

24 Provisions

Provision	2024 £m	2023 £m
At 1 January	**2.7**	2.2
Created	**17.5**	3.9
Utilised	**(11.9)**	(1.2)
Transferred	**0.8**	–
Released	**–**	(2.2)
At 31 December	**9.1**	2.7
Analysed as: - due within one year	**9.1**	2.7
- due in more than one year	**–**	–
Total	**9.1**	2.7

24 Provisions (continued)

(a) Customer compliance: £7.0m (2023: £2.7m)
The customer compliance provision relates to general customer compliance matters. This includes the costs of processing a temporary uplift in unmerited customer claims from CMCs. An amount for expected FOS fees is also included in the provision.

(b) Other: £2.1m (2023: £nil)
Other provisions relate to dilapidations and redundancy.

25 Share capital

		2024	2023
		Issued and fully paid	Issued and fully paid
Ordinary shares of £1 each	- £m	**124.2**	124.2
	- number (m)	**124.2**	124.2

There are no shares issued and not fully paid at the end of the year (2023: no shares).

26 Share-based payments

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

During 2024, awards/options have been granted under the RSP scheme (2023: awards/options have been granted under the RSP/CSOP, DBP and SAYE).

The charge to the income statement during the year was £0.5m (2023: £1.1m) for equity-settled schemes. The fair value per award/option granted and the assumptions used in the calculation of the equity settled share-based payment charges are as follows:

	2024			2023
	RSP/CSOP	RSP/CSOP	DBP/PSP	SAYE
Grant date	**07-May-24**	11-Apr-23	11-Apr-23	03-Oct-23
Share price at grant date (£)	**0.50**	2.31	2.31	1.19
Exercise price (£)	**–**	–	–	0.87
Shares awarded / under option	**942,737**	804,848	–	2,235,960
Vesting period (years)	**3**	3	3	3 & 5
Expected volatility	**–**	–	–	52.0%-56.7%
Award/option life (years)	**3**	3	3	Up to 5
Expected life (years)	**3**	3	3	Up to 5
Risk-free rate	**–**	–	–	4.7%-4.9%
Expected dividends expressed as a dividend yield	**n/a**	n/a	n/a	3.4%-6.9%
Fair value per award / option (£)	**0.48**	1.84	1.84	0.25-0.26

26 Share-based payments (continued)

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

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

2023	RSP/CSOP Number	RSP/CSOP Weighted average exercise price £	LTIS Number	LTIS Weighted average exercise price £	SAYE Number	SAYE Weighted average exercise price £	DBP/PSP Number	DBP/PSP Weighted average exercise price £
Outstanding at 1 January	1,081,662	–	8,417	–	1,222,483	1.85	157,037	–
Granted	804,848	–	–	–	2,235,960	0.87	–	–
Lapsed	(298,004)	–	(8,417)	–	(814,501)	1.85	–	–
Exercised	(254,452)	–	–	–	(8,488)	1.82	–	–
Vested	(120,853)	–	–	–	–	–	(64,330)	–
Transferred	–	–	–	–	–	–	–	–
Outstanding at 31 December	1,213,201	–	–	–	2,635,454	1.04	92,707	–
Exercisable at 31 December	12,870	–	–	–	36,908	1.64	–	–

Share awards outstanding under the LTIS scheme at 31 December 2024 had an exercise price of £nil (2023: £nil) and a weighted average remaining contractual life of 0.9 years (2023: 1.8 years).

Share options outstanding under the SAYE schemes at 31 December 2024 had exercise prices ranging from 87p to 182p (2023: 87p to 182p) and a weighted average remaining contractual life of 0.9 years (2023: 1.4 years).

Share awards outstanding under the DPB schemes at 31 December 2024 had an exercise price of £nil (2023: £nil) and a weighted average remaining contractual life of 0.3 years (2023: 1.3 years).

Share awards outstanding under the RSP schemes at 31 December 2024 had an exercise price of £nil (2023: £nil)and a weighted average remaining contractual life of 1.6 years (2023: 1.7 years).

Share awards outstanding under the CSOP schemes at 31 December 2024 had an exercise prices ranging from 48p to 296p (2023: 75p to 334p) and a weighted average remaining contractual life of 1.6 years (2023: 1.7 years).

27 Related party transactions

(a) Receipt of services from related parties

During the year, the Company was charged £64.3m (2023: £52.5m) by its ultimate parent, Vanquis Banking Group plc, in relation to the provision of various head office and central support services. The Company was also charged the following from fellow subsidiaries for the provision of support services, £5.4m (2023: £5.1m) from PFG Corporate Services Limited and £4.4m (2023: £3.3m) from Moneybarn Limited.

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

The Company charged its ultimate parent, Vanquis Banking Group plc, £26.8m (2023: £18.3m) in respect of seconded employees. The Company also charged a fellow subsidiary, Moneybarn Limited, £8.0m (2023: £12.2m) in respect of operations management support.

(c) Loan to related party

At 31 December 2024, the Company had extended loans to Moneybarn No.1 Limited, with a carrying amount of £379.7m (2023: £398.4m), net of the ECL impairment provision of £2.2m (2023: £2.4m). The fair value of the loan is approximately equal to the book value.

The interest rates applicable on the loan tranches are fixed at the point of drawdown and are based on the Company's average cost of retail funds (for the weighted average life) plus a margin and range from 2.43% to 6.48%. The Company recognised income on the loan to Moneybarn No.1 Limited of £21.9m in 2024 (2023: £11.4m). Accrued interest is repaid to the Company on the last business day of the month and is not compounded.

(d) Amounts held on deposit for ultimate parent undertaking

Funds are placed on deposit on behalf of the ultimate parent Company, with the Bank of England. The deposit amount as at 31 December 2024 of £23m (2023: £15m) is included within trade and other payables. The deposit is repayable on demand to Vanquis Banking Group plc.

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

(e) Securitisation

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

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

(f) Related party balances outstanding

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

	2024	2023
	£m	£m
Vanquis Banking Group plc	**(23.3)**	(37.5)
PFG Corporate Services Limited	**(21.8)**	(5.1)
Provident Financial Holdings Limited	**3.3**	5.2
Moneybarn Limited	**(6.3)**	8.9
Moneybarn No. 1 Limited	**379.7**	398.4
Oban Cards Receivables Trustee Limited	**22.8**	20.7
Related party balances outstanding	**354.4**	390.6

28 Reconciliation of profit after taxation to cash generated from operations

	2024	2023
	£m	£m
Profit after taxation	**7.5**	7.6
Adjusted for:		
– tax (credit)/charge	**(0.8)**	3.5
– interest expense	**107.7**	69.2
– interest on lease liability	**0.7**	0.6
– share-based payment charge	**0.5**	1.1
– impairment charge	**130.3**	145.1
– internally generated intangible assets	**(11.6)**	–
– purchase of right-of-use asset	**(0.5)**	–
– amortisation of intangible assets	**8.2**	8.6
– depreciation of property, plant and equipment	**1.3**	1.2
– depreciation of right-of-use asset	**2.7**	3.5
– impairment of property, plant and equipment	**0.1**	–
– impairment of right-of-use asset	**–**	4.1
– loss on disposal of intangible assets	**8.5**	–
– loss on disposal of property, plant and equipment	**0.1**	0.6
– provisions	**6.4**	0.5
– revaluation of investment	**(1.2)**	(1.1)
– movement in intercompany loan provision	**(0.2)**	1.7
– non cash expenses related to collateralised loan	**(1.5)**	–
Changes in operating assets and liabilities		
– amounts receivable from customers	**(166.8)**	(270.1)
– repayment of loan to related party	**18.9**	–
– increase/reissuance of loans to related party	**–**	(330.8)
– trade and other receivables	**(32.8)**	(26.9)
– trade and other payables	**20.6**	(112.6)
– movement in retail deposits[1]	**425.8**	815.2
Cash generated from operations	**523.9**	321.0

[1] The classification of certain cash flows has been represented in 2023, impacting £1,100.0m in proceeds and £284.8m in repayments related to bank and other borrowings. These amounts, which are no longer considered to be financing cash flows, are now reported within cash generated from operations as a £815.2m movement in retail deposits.

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

	2024						
		Cash changes		Non-cash changes			
	1 January 2024	Financing cash flows	Lease payments	Interest	Amortised fees	Transfer from fellow subsidiary undertakings	31 December 2024
	£m	£m	£m	£m	£m	£m	£m
Bank and other borrowings	**(174.7)**	**169.0**	**–**	**1.6**	**(0.1)**	**–**	**(4.2)**
Lease liabilities	**(25.3)**	**–**	**6.2**	**(0.7)**	**–**	**(1.4)**	**(21.2)**
Total	**(200.0)**	**169.0**	**6.2**	**0.9**	**(0.1)**	**(1.4)**	**(25.4)**

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

	2023					
		Cash changes		Non-cash changes		
	1 January 2023	Financing cash flows	Lease payments	Interest	Amortised fees	31 December 2023
	£m	£m	£m	£m	£m	£m
Bank and other borrowings	(173.7)	(0.6)	–	–	(0.4)	(174.7)
Lease liabilities	(30.8)	–	6.1	(0.6)	–	(25.3)
Total	(204.5)	(0.6)	6.1	(0.6)	(0.4)	(200.0)

29 Country-by-country reporting

The Company provides credit cards, loans and second charge mortgages to underserved non-standard consumers and operates solely in the United Kingdom.

	UK	UK
	2024	2023
Average number of employees (number)	**778**	1,146
Turnover (£m)	**450.3**	411.4
Pre-tax profit or (loss) (£m)	**6.7**	11.1
Corporation tax (received)/paid (£m)	**(8.2)**	6.1
Public subsidies received (£m)	**–**	–

30 Ultimate parent undertaking and controlling party

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

The ultimate parent undertaking and controlling party is Vanquis Banking Group plc, a company incorporated in the United Kingdom, which is the smallest and largest group to consolidate these financial statements. Copies of the consolidated financial statements of Vanquis Banking Group plc may be obtained from the Company Secretary, Vanquis Banking Group plc, No.1 Godwin Street, Bradford BD1 2SU.

31 Subsidiary undertakings and exemption from presenting consolidated financial statements

In January 2021, the Company entered into a securitisation structure over £453m of receivables. Three special purpose vehicles, which the Company controls and therefore recognises as its subsidiaries, were established under this securitisation structure.

The Company's subsidiaries are:

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

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

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

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

32 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.

33 Post balance sheet event

The Company has agreed the sale of its personal loan portfolio to Link Financial Limited. As at 31 December 2024, the portfolio consisted of £49m of gross customer interest earning balances and £44m of net receivables. The transaction is expected to generate a small gain on sale.

ALTERNATIVE PERFORMANCE MEASURES

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

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

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