Secure Trust
Bank Group

Helping more consumers and businesses fulfil their ambitions

Interim Report
for the six months
ended 30 June 2025

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Certain key performance indicators and performance metrics represent alternative performance measures that are not defined or specified under IFRS. Definitions of these alternative performance measures, their calculation and an explanation of the reasons for their use can be found in the Appendix to the Interim Report from page 50.

References to 'Core' is defined as the Retail Finance, Real Estate Finance and Commercial Finance businesses.

'Secure Trust Bank PLC', 'STB' and the 'Group' refer to Secure Trust Bank PLC together with its subsidiaries.

Forward-looking statements

This document contains forward-looking statements about the business, strategy and plans of STB and its current objectives, targets and expectations relating to its future financial condition and performance. Statements that are not historical facts, including statements about STB's or management's beliefs and expectations, are forward-looking statements. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. STB's actual future results may differ materially from the results expressed or implied in these forward-looking statements as a result of a variety of factors. These include economic and business conditions, risks from failure of clients, customers and counterparties, market- related risks including interest rate risk, risks regarding market conditions outside STB's control, expected credit losses in certain scenarios involving forward looking data, operational risks, legal, regulatory, or governmental developments, and other factors. The forward-looking statements contained in this announcement are made as of the date of this document, and (except as required by law or regulation) STB undertakes no obligation to update any of its forward-looking statements.

About us

Our vision

To be the most trusted specialist lender in the UK

Purpose

To help more consumers and businesses fulfil their ambitions

Our strategic priorities

Simplify	**Enhance Customer Experience**	**Leverage Networks**
Focus on core business units and use technology to deliver efficiency and better operational processes	Improve the customer journey to increase retention and attract new customers to gain market share	Take advantage of our strong partnerships with introducers to drive growth
Enabled by technology Take advantage of recent investments within our technology platforms to automate processes and streamline and enhance customer experience for our business partners via integration, and for our end customers, through self-service		

Strengths

Specialist	**Expert**	**Diverse**	**Ambitious**

Values

Customer Focused	**Risk Aware**	**Future Orientated**	**Teamwork**	**Ownership**	**Performance Driven**

Stakeholders

Customers	**Shareholders and Investors**	**Employees**	**Business Partners**	**Regulators**	**Community and Society**

Chief Executive's statement

"On track to deliver enhanced returns"

I am delighted with the continued progress we have made towards delivering sustainable, higher returns for the Group. We remain confident in achieving our existing targets in the near term and recently announced a strategic pivot away from Vehicle Finance which creates the foundations for delivering enhanced returns in our Core businesses.

The team has continued to execute effectively and made further progress towards delivering our £4 billion net lending ambition. As a result, we achieved strong income growth of 10.6% and continued to manage costs effectively through embedded cost discipline and through Project Fusion, our cost optimisation programme. The changes from the strategic refresh we will be implementing, will underpin the next wave of the Group's ambitions, and put us in a strong position to continue delivering further progress in the second half of the year and beyond.

Strategic pivot

In July 2025, we announced a strategic pivot away from Vehicle Finance, to further improve return on average equity ('ROAE') over time. The decision reflects the historical financial performance and medium-term outlook of the Vehicle Finance business, both on an absolute basis and relative to other parts of the Group, and its sub-scale nature. We have stopped new lending in our Consumer Vehicle Finance and Stock Funding businesses and put the existing portfolios into run-off.

As a result, 284 colleagues have been placed at risk of redundancy, and we are consulting with those impacted. Thereafter, impacted headcount will reduce in line with the run-off profile of the Vehicle Finance portfolios. This difficult decision was not taken lightly but is an important step to promote the success of the Group. It will enable us to increase capital allocation to our three higher returning businesses of Retail Finance, Real Estate Finance and Commercial Finance where we see further opportunities to develop and grow.

We will announce details of our refreshed strategic plan and new medium-term ambitions, including the opportunities identified to enhance the Group's ROAE further, at a capital markets event to be held in Q4 2025.

Financial results

We have delivered a statutory profit before tax of £22.3 million (30 June 2024: £17.1 million); on an adjusted[1] basis we delivered £23.3 million (30 June 2024: £17.1 million). This improvement was driven by growth in our net interest income, in line with balance sheet growth, and maintaining broadly flat operating costs, despite the increase in our lending balances. Cost of risk on the lending book remained stable in the first half of the year and impairment charges increased in line with lending growth, reaching £30.9 million (30 June 2024: £28.2 million). Excluding impairment charges, adjusted[1] profit before tax pre impairments grew by 19.9% to £54.2 million (30 June 2024: £45.2 million).

We have chosen to concentrate our investment in markets where we continue to see excellent growth potential. This is demonstrated by gains in Retail Finance's market share of new business, which grew to 17.3%[2]. Consumer Finance has seen net lending growth of £76.8 million since 31 December 2024. Business Finance has seen net lending growth of £143.5 million over the same period.

The Board has approved an increased interim dividend of 11.8 pence per share (30 June 2024: 11.3 pence), in line with our progressive dividend policy.

Financial and non-financial Key Performance Indicators ('KPIs')

	Target	30 June 2025	30 June 2024	31 December 2024
Medium-term targets				
Financial KPIs				
Loans and advances to customers (£ billion)	**4.0**	**3.8**	3.4	3.6
Why we measure this: Shows the growth in the Group's lending balances, which generate income				
Net interest margin (%)	**>5.5**	**5.4**	5.3	5.4
Why we measure this: Shows the interest margin earned on the Group's lending balances, net of funding costs				
Adjusted[1] cost income ratio (%)	**44-46**	**49.1**	53.7	50.9
Why we measure this: Measures how efficiently the Group utilises its cost base, excluding exceptional items[1] to produce income				
Adjusted[1] return on average equity (%)	**14-16**	**9.6**	7.3	8.0
Why we measure this: Measures the Group's ability to generate profit from the equity available to it, excluding exceptional items[1]				
Common Equity Tier 1 ('CET 1') ratio (%)	**>12.0**	**12.6**	12.7	12.3
Why we measure this: The CET 1 ratio demonstrates the Group's capital strength				
Other KPIs				
Financial KPIs				
Statutory cost income ratio		**50.0**	53.7	55.8
Why we measure this: Measures how efficiently the Group utilises its cost base				
Total return on average equity (%)		**9.2**	7.3	5.5
Why we measure this: Measures the Group's ability to generate profit from the equity available to it				
Cost of risk (%)		**1.7**	1.7	1.8
Why we measure this: Measures how effectively the Group manages the credit risk of its lending portfolios				
Non-Financial KPIs				
Customer Feefo ratings (Stars)		**4.6**	4.7	4.7
Why we measure this: Indicator of customer satisfaction with the Group's products and services (mark out of 5 based on star rating from 879 reviews, (30 June 2024: 1,073 reviews, 31 December 2024: 1,661 reviews))				

Further explanation of the financial key performance indicators is discussed in the narrative within the Financial review on pages 8 to 13.

The first half of the year saw continued positive momentum towards achieving our existing medium-term targets. The decision to stop lending in our Vehicle Finance business will lower the level of loans and advances to customers and net interest margin ('NIM') targets and will result in an improved cost income ratio and ROAE. We will provide further information on our new ambitions and targets at a capital markets event in Q4 2025.

We achieved strong net lending growth of 6.1% to £3.8 billion in the first half of 2025 (31 December 2024: £3.6 billion), bringing us close to our £4 billion ambition. This was largely driven by growth in our Business Finance and Retail Finance portfolios. Given the recent announcement on Vehicle Finance, we now expect to reach net lending of £4.0 billion in our Core businesses in 2026.

NIM improved to 5.4% (30 June 2024: 5.3%), following active management of yields as cost of funds fell in the first half of the year. Retail Finance NIM has increased to 7.0% (30 June 2024: 6.6%) due to the falling yield curve and the contractual re-pricing lag. Our expectation is that NIM will remain around this level in the second half of 2025 but will reduce as the higher margin Vehicle Finance portfolio runs-down and returns improve. Risk adjusted margin is expected to remain broadly stable, reflecting the higher cost of risk of Vehicle Finance.

We have continued to make good progress with Project Fusion, with operational changes having delivered £1.5 million additional cost savings in the year so far. We are on track to deliver the full, previously announced, additional £3 million of cost savings by the end of 2025. This will bring our total annualised savings from Project Fusion to £8 million[3]. This has contributed towards a lower adjusted[1] cost income ratio, which improved by 460bps to 49.1% (30 June 2024: 53.7%). We expect our Core cost income ratio to improve as a result of the decision to stop lending in Vehicle Finance.

Our cost of risk has remained broadly stable year-on-year, at 1.7% (30 June 2024: 1.7%). We have seen normalisation of impairment charges in Retail Finance which benefited from non-recurring model enhancement benefits in 2024 and increase in IFRS 9 stage 1-2 rolls, steady improvements in Vehicle Finance, and increases in Business Finance as we continued to manage a small number of legacy defaults cases. We expect an improvement in the cost of risk as we run-off the Vehicle Finance portfolio.

Continued robust growth in net lending balances and the implementation of our disciplined cost management approach under Project Fusion, has led to an increase in adjusted[1] ROAE to 9.6% (30 June 2024: 7.3%). Total ROAE was 9.2% (30 June 2024: 7.3%). This has been achieved with an improved CET 1 ratio of 12.6% (31 December 2024: 12.3%).

Capital and funding

We accelerated repayment of our Term Funding Scheme with additional incentives for SMEs (‘TFSME’) funding and full repayment was achieved by the end of the first half of the year. We have continued to utilise the Bank of England’s Indexed Long-Term Repo (‘ILTR’) facility during the period and have balances outstanding of £250.0 million (31 December 2024: £125.0 million).

Current expectations are that the PRA will implement Basel 3.1 standards in January 2027. The Strong and Simple capital regime for Small Domestic Deposit Taker (‘SDDT’) firms is expected to be implemented at the same time and will provide an alternative to smaller banks to the full Basel 3.1 standards. The Group has been approved as an SDDT; the framework and 1 January 2027 effective date is subject to final policy announcements from the PRA. The Group has factored the expected impacts from the Basel 3.1 and SDDT regimes into its capital management processes.

Strategic priorities

Simplify

As part of our continued focus on simplifying the Group, we have decided to prioritise our three higher returning businesses of Retail Finance, Real Estate Finance and Commercial Finance. Reallocating capital to our three specialist businesses will enable further simplification of our Group structure and deliver a higher ROAE.

We continue to make significant progress with Project Fusion, which remains on track to achieve our updated target of £8 million (from £5 million) in annualised savings by the end of 2025[3]. This includes a positive impact on our operating expenses as the impact of our organisational redesign at the end of last year took effect, driving £1.5 million of the additional £3 million cost savings.

Enhance customer experience

Our customers continue to increase their use of our digital platforms for an improved customer journey. Our Savings mobile app launched in September 2023, and since then nearly 30% of our active users have registered to use the app, with over 98% of customers registered with online banking.

Our Savings accounts offer competitive rates to depositors, and we attracted significant levels of new funding of £1.1 billion (30 June 2024: £0.7 billion), as well as retaining matured funds of £0.5 billion (30 June 2024: £0.4 billion). Our deposits are entirely from retail customers and 95.1% (31 December 2024: 95.1%) of deposits are fully covered by the Financial Services Compensation Scheme.

We continue to prioritise improving customer satisfaction. In the first half of the year, Secure Trust Bank was awarded the Feefo Exceptional Service badge, which recognises just 32 businesses that have shown excellence in key customer review areas. The Group has also won the Gold Trusted Service Award for its Savings proposition and the Platinum Trusted Service Award for its Moneyway and Retail Finance businesses. Our Feefo scoring remained high at 4.6 (31 December 2024: 4.7) for our Consumer Finance businesses.

Leverage networks

For the second time in three years, our Commercial Finance team were the winners of the Asset-Based Lender of the Year at the Real Deals Private Equity Awards 2025. This award demonstrates the commitment to supporting private equity investors and providing exceptional service to the businesses we work with.

Retail Finance works with over 1,000 partners and in the first half of the year supported a £1.4 billion net lending balance (30 June 2024: £1.3 billion). Highlights included expanding the footprint in the home improvement sector, strengthening key relationships in dental finance, and outperforming broader market trends with several record lending days achieved. These milestones reflect the strength of our partnerships and the resilience of our model. We serve over 1.3 million customers in our Retail Finance business.

In Real Estate Finance, we have leveraged our existing client base showing the power of our robust relationship model, with lending to existing clients in the first half of 2025 at 59% of new business. We have increased the use of broker channels this year highlighting our proactive shift to growing Real Estate Finance via the opening of new business channels.

Enabled by technology

During the first half of the year, we continued our momentum in technology developments. Over 89% of Retail Finance customers self-serve using the online account management system, enabling a smoother journey for the customer and creating a more efficient business model. We have seen increased adoption of our mobile servicing AppToPay proposition by our Retail Finance customers, which launched in December 2024. Already, AppToPay has 250,000 registrations and more customer transactions are already being made on AppToPay than on our online account management system. We are delighted to continue enhancing the digital capability available to customers.

Regulatory and legal developments

On 1 August 2025, the Supreme Court gave its judgment on the historical use of commission arrangements in the motor finance industry. The Supreme Court ruled that, in two cases, the relationship between motor dealer and the customer was not of a fiduciary nature and the payment of a commission to a motor dealer was not a bribe. However, the Supreme Court upheld that in the case of Johnson v FirstRand, the relationship was unfair to Mr. Johnson in the specific circumstances of the case. Overall, the judgment was positive for the motor finance industry. The FCA has announced it will consult with the industry on a compensation scheme for motor finance customers who have been treated unfairly, with the consultation to launch by early October 2025, and for it to be open for 6 weeks.

Pending the FCA consultation, which, once finalised, will determine the scope and design of any redress scheme, there remains continued uncertainty about the eventual cost for impacted firms. As a result, the Group has retained its remaining provision for potential redress and operational costs (further information can be found in Note 13.1 to the Financial Statements).

As highlighted in 2024, following the FCA’s review of Borrowers in Financial Difficulty (‘BiFD’), we identified that it was appropriate to pay £2.2 million to customers where we could have supported them better due to their individual circumstances. A significant proportion of this has now been paid to customers. We continue to work through more complex cases which has extended the timeline to complete the programme of work. As a result, we have recognised an additional £1.0 million as an exceptional item, primarily in relation to costs to manage the programme.

As a result of the BiFD review, we had an elevated stock of defaulted Vehicle Finance loans at the end of 2024. During the first half of the year, we made progress in reducing this position through an initial debt sale of £25.8 million in April 2025, with a second sale completed early in August 2025 of £14.5 million.

Environmental, Social and Governance (‘ESG’)

Volunteering remains an integral part of the Group’s community work, and our colleagues continue to support volunteering programmes in addition to participating in charitable fundraising activities. In Cardiff, the partnership with Tŷ Hafan has been extended for another three years, raising over £100,000 since supporting the charity and contributing to the £250,000 target over the six-year partnership. In Solihull, we are delighted to partner with Birmingham Children’s Hospital and have already made good progress towards our £100,000 3-year target following events such as the Annual Golf Day and Summer Fete. Additional ongoing highlights include continuing to be a proud supporter of Pride events in the locations of our largest offices and supporting colleagues to become Mental Health First Aiders.

Great Place to Work®, the global authority on workplace culture, once again ranked us as one of the UK's Best Workplaces™, within the large organisations category. Further accolades have also included rankings for Best Workplace for Development™ and Best Workplace for Women™. Our inclusion is supported by employee engagement surveys, and I would like to extend my personal thanks for the hard work and commitment of all our colleagues at Secure Trust Bank, particularly as we manage through periods of significant change. For those impacted by the difficult decision we have made to move away from Vehicle Finance, we will continue to offer support and guidance moving forward.

Following the achievement of our target to reduce Scope 1 and 2 emissions by 50% a full year ahead of schedule, the Group remains committed to our climate strategy and action planning. Key achievements in the first half of 2025 include over half of our company vehicles now being electric and installation of smart metering in multiple offices. We have sold our former head office in Solihull completing the process of reducing the property footprint in this area.

CEO succession

As previously announced, I will retire as the Group's CEO and a Director but will remain available to support the business until June 2026. It has been a privilege to lead Secure Trust Bank and to work with so many talented people. We have navigated a number of challenges in recent years and so I am proud of the transformation we have delivered to position the business for future growth and enhanced shareholder returns. It is good to see this start to be recognised by the market.

I have been working with my successor Ian Corfield, to ensure a smooth transition in the Group's leadership and I wish him every success in role. It is the right time to hand over to Ian to ensure consistent leadership throughout the next stage of the Group's strategic development. Ian will share details of the Group's new ambitions for 2026 and beyond at a capital markets event later this year.

Other Executive Committee updates

At the end of July, Anne Mckenning, Chief People Officer, left the Group. Having joined in 2007, Anne has been a highly valued member of our Executive Committee and played a significant role in shaping our culture, people strategy and supporting the growth and transformation of the Group. I would like to extend my thanks to Anne for her significant contribution and wish her all the best for the future.

Outlook

Interest rates are not expected to fall further in 2025 with the market now expecting further rate cuts in 2026. The UK economy is expected to grow modestly through 2025, although anticipated tightening of fiscal policy and increased global uncertainty may impact the medium-term outlook. Unemployment remains elevated and is anticipated by many economists to peak in 2026 as employers adjust to higher national insurance contributions, before steadily improving to around 4% by the end of 2030.

We have identified a number of exciting opportunities for further growth in our Core businesses, the details of which will be outlined by Ian later this year. I wish the team every success for the future and thank them for their unwavering support during my tenure. The Board and I are confident that the Group is well placed to deliver a sustainable improvement in returns.

David McCreadie
Chief Executive Officer

1. Adjusted metrics exclude exceptional items of £1.0 million (30 June 2024: £nil, 31 December 2024: £9.9 million). Details can be found in Note 5 to the Interim Financial Statements
2. Source: Finance & Leasing Association ('FLA'): New business values within retail store and online credit 17.3%: 2025 based on January to June. FLA total and Retail Finance new business of £4,083 million (1 January 2024 to 30 June 2024: £4,255 million) and £708.1 million (1 January 2024 to 30 June 2024: £645.1 million) respectively. As published at 8 August 2025.
3. £5.0 million cost savings relative to operating expenses for the 12 months ended December 2021. The additional £3.0 million savings (of the £8.0 million) will be relative to annualised operating expenses for the six months ending 30 June 2024.

Financial review

“Improved profit driven by operating income momentum and cost efficiencies”

Income statement

	30 June 2025 £million	30 June 2024 £million	Change %	31 December 2024 £million
Continuing operations				
Interest income and similar income	187.8	178.6	5.2	366.0
Interest expense and similar charges	(88.8)	(90.4)	(1.8)	(181.1)
Net interest income	**99.0**	**88.2**	**12.2**	**184.9**
Fee and commission income	7.4	8.0	(7.5)	19.2
Fee and commission expense	(0.1)	(0.1)	–	(0.2)
Net fee and commission income	**7.3**	**7.9**	**(7.6)**	**19.0**
Operating income	**106.3**	**96.1**	**10.6**	**203.9**
Net impairment charge on loans and advances to customers	(30.9)	(28.2)	9.6	(61.9)
Other gains/(losses)	–	0.1	(100.0)	(0.3)
Fair value and other gains on financial instruments	0.1	0.7	(85.7)	1.2
Operating expenses	(52.2)	(51.6)	1.2	(103.8)
Profit before income tax before exceptional items	**23.3**	**17.1**	**36.3**	**39.1**
Exceptional items	(1.0)	–	n/a	(9.9)
Profit before income tax	**22.3**	**17.1**	**30.4**	**29.2**
Income tax expense	(5.6)	(4.3)	30.2	(9.5)
Profit for the period	**16.7**	**12.8**	**30.5**	**19.7**

Basic earnings per share (pence) – Adjusted	91.8	67.2	36.6	150.1
Basic earnings per share (pence) – Total	87.6	67.2	30.4	103.4

	%	%	Percentage point movement	%
Net Interest Margin (‘NIM’)	5.4	5.3	0.1	5.4
Net revenue margin	5.8	5.8	–	6.0
Cost of funds	4.8	5.4	(0.6)	5.3
Adjusted cost to income ratio	49.1	53.7	(4.6)	50.9
Statutory cost to income ratio	50.0	53.7	(3.7)	55.8
Cost of risk	1.7	1.7	–	1.8
Adjusted return on average equity	9.6	7.3	2.3	8.0
Total return on average equity	9.2	7.3	1.9	5.5
Common Equity Tier 1 (‘CET 1’) ratio	12.6	12.7	(0.1)	12.3
Total capital ratio	14.8	15.0	(0.2)	14.6

Certain key performance indicators and performance metrics represent alternative performance measures that are not defined or specified under IFRS. Definitions of these alternative performance measures, their calculation and an explanation of the reasons for their use can be found in the Appendix to the Interim Report from page 50.

Adjusted profit before tax and related metrics refers to profit before income tax before exceptional items. Further information on exceptional items are included in Note 5 of the Interim Financial Statements.

In the first half of 2025 adjusted profit before tax increased by 36.3% to £23.3 million (30 June 2024: £17.1 million). Statutory profit before tax increased by 30.4% from £17.1 million to £22.3 million. Average lending balances grew by 8.6% since 31 December 2024, net interest margin improved by 0.1 percentage points to 5.4% (30 June 2024: 5.3%) and our cost of risk at 1.7% was stable with the previous half year. Furthermore, the adjusted cost to income ratio fell below 50.0% to 49.1% (30 June 2024: 53.7%) and the CET 1 ratio improved to 12.6% (31 December 2024: 12.3%).

Earnings per share rose from 67.2 pence per share (30 June 2024) to 87.6 pence per share. On an adjusted basis, EPS increased from 67.2 pence per share (30 June 2024) to 91.8 pence per share. Total return on average equity increased from 7.3% (30 June 2024) to 9.2%.

Detailed disclosures of earnings per ordinary share are shown in Note 7 to the Interim Financial Statements. The components of the Group's profit for the period are analysed in more detail in the sections below.

Operating income

The Group's operating income increased by 10.6% to £106.3 million (30 June 2024: £96.1 million). Net interest income on the Group's lending assets continues to be the largest component of operating income. This increased by 12.2% to £99.0 million (30 June 2024: £88.2 million), primarily due to the growth in net lending balances, where average balances increased by 8.6% to £3,707.9 million (31 December 2024: £3,413.9 million).

The Group's NIM increased to 5.4% (30 June 2024: 5.3%) reflecting active management of yields as the cost of funds fell during the first half of 2025. Cost of funds have fallen by 0.6 percentage points to 4.8% (30 June 2024: 5.4%) while gross yields reduced by 0.5 percentage points to 10.2% (30 June 2024: 10.7%).

The Group's other income, which relates to net fee and commission income, decreased slightly by 7.6% to £7.3 million (30 June 2024: £7.9 million) driven primarily by lower fees in the Vehicle Finance division.

Impairment charge

Impairment charges increased to £30.9 million (30 June 2024: £28.2 million) and the cost of risk remained at 1.7% (30 June 2024: 1.7%). Of the £2.7 million increase, £2.4 million was due to higher impairments on a few specific cases within Business Finance. The credit quality of new lending in the Vehicle Finance business has continued to improve and arrears levels reduced over the six months to 30 June 2025 leading to a lower cost of risk. Retail Finance has continued to originate high quality loans, however, impairment charges for the business have increased over the six months to 30 June 2025 compared to that of the prior period which included reduced one-off provision releases of £2.6 million due to IFRS 9 model enhancements. Excluding the one-off releases, the cost of risk would be 1.9% for 30 June 2024.

Overall impairment provisions were at £107.5 million (30 June 2024: £101.6 million) with an aggregate coverage level of 2.7% (30 June 2024: 2.9%).

During the second quarter of the financial year, the Group refreshed macroeconomic inputs to its IFRS 9 Expected Credit Loss ('ECL') models, incorporating its external economic advisers' latest UK economic outlook. The forecast economic assumptions within each IFRS 9 scenario, and the weighting applied, are set out in more detail in Note 10.1.1 to the Interim Financial Statements.

The Group has applied Expert Credit Judgements ('ECJs') totalling £3.1 million (30 June 2024: £1.2 million) underlays where management believes the IFRS 9 modelled output does not fully reflect current risks within the loan portfolios. The majority of the ECJ underlays of £2.5 million (30 June 2024: £3.2 million) relate to the Vehicle Finance lending portfolios Loss Given Default stage 1 and 2 recovery assumptions being understated in the model; which will be updated in the second half of 2025. Further details of these ECJs are included in Note 10 to the Interim Financial Statements.

Fair value and other gains on financial instruments

The Group has highly effective hedge accounting relationships, and as a result, recognised a small hedging ineffectiveness loss of £0.1 million (30 June 2024: £0.1 million gain) and £0.2 million loss (30 June 2024: £0.4 million gain) relating to hedge accounting inception and amortisation adjustments (see Note 4 to the Interim Financial Statements). The Group also recognised a gain of £0.4 million (30 June 2024: £0.2 million gain) relating to interest rate swaps being entered into ahead of hedge accounting becoming available, which will reverse to the income statement over the remaining life of the swaps.

Operating expenses

The Group's cost base increased in the period by 1.2% to £52.2 million (30 June 2024: £51.6 million), with the adjusted cost income ratio improving to 49.1% (30 June 2024: 53.7%), despite the impact of inflation on operating expenses. The ratio reflects both the increase in operating income and the ongoing programme of initiatives that seek to achieve more efficient and effective operational processes, including the digitalisation of processes, supplier and procurement reviews, organisational design and property management. The statutory cost income ratio inclusive of exceptional items was 50.0% (30 June 2024: 53.7%).

Taxation

The total effective tax rate of 25.1% remained in line with 2024 (30 June 2024: 25.1%).

Exceptional items

Exceptional items during the second half of 2024 were recognised in respect of costs associated with the FCA's review of BiFD across the industry. At 30 June 2025, further costs of £1.0 million (31 December 2024: £1.5 million, 30 June 2024: £nil) were recorded relating to £0.7 million of costs, and £0.3 million potential redress/goodwill.

Further exceptional costs were recognised in the second half of 2024 in respect of the FCA's ongoing review of historical discretionary commission arrangements ('DCA') in the motor finance market and the Court of Appeal's judgment which was under appeal at that time. In early August 2025, the Supreme Court provided its judgment, where it rejected two cases and upheld one case. Following on from the Supreme Court's judgment, the FCA announced it will consult on the scope and design of a redress scheme covering how firms should assess what comprised an unfair relationship, applying various factors decided by the Supreme Court. The Group has undertaken a review of its estimate of potential costs and redress, including a probability weighted scenario analysis of outcomes. As a result, the Group has retained its provision for potential redress and operational costs. As at 30 June 2025, a provision of £5.5 million (31 December 2024: £6.4 million, 30 June 2024: £nil) was held. Further detail is provided in Note 13.1 to the Interim Financial Statements.

Distributions to shareholders

The Board has approved an interim dividend of 11.8 pence per share (30 June 2024: 11.3 pence per share).

Balance sheet

Summarised balance sheet	30 June 2025 £million	30 June 2024 £million	31 December 2024 £million
Assets			
Cash and balances at central banks	385.9	412.2	445.0
Loans and advances to banks	28.8	21.7	24.0
Loans and advances to customers	3,828.8	3,421.6	3,608.5
Fair value adjustment for portfolio hedged risk	6.3	(10.7)	(6.8)
Derivative financial instruments	6.6	18.3	14.3
Other assets	31.5	35.8	31.7
	4,287.9	**3,898.9**	**4,116.7**
Liabilities			
Due to banks	261.0	359.1	365.8
Deposits from customers	3,510.1	3,042.7	3,244.9
Fair value adjustment for portfolio hedged risk	4.7	(7.4)	(3.4)
Derivative financial instruments	2.6	14.4	10.0
Tier 2 subordinated liabilities	93.3	93.1	93.3
Other liabilities	42.1	41.5	45.6
	3,913.8	**3,543.4**	**3,756.2**

New business

Loan originations in the period, being the total of new loans and advances to customers entered into during the period, increased by 30.7% to £1,388.3 million (30 June 2024: £1,061.8 million).

New business volumes	30 June 2025	30 June 2024	Change %
Consumer Finance			
Retail Finance	708.1	645.1	9.8
Vehicle Finance	305.3	248.8	22.7
Business Finance			
Real Estate Finance	190.4	135.5	40.5
Commercial Finance	184.5	32.4	469.4
Total	**1,388.3**	**1,061.8**	**30.7**

Customer lending and deposits

Group lending assets increased by £220.3 million or 6.1% to £3,828.8 million (31 December 2024: £3,608.5 million), driven by strong lending growth in Retail Finance and both Business Finance businesses.

Consumer Finance balances grew by £76.8 million or 4.0%, driven by strong demand from strategic partner retailers in the first half of 2025 and Business Finance grew by £143.5 million or 8.5%.

Further analysis of loans and advances to customers, including a breakdown of the arrears profile of the Group's loan books, is provided in Note 19 to the Interim Financial Statements.

Customer deposits include Fixed-term bonds, ISAs, Notice and Access accounts. Customer deposits increased by 8.2% to £3,510.1 million (31 December 2024: £3,244.9 million) in order to fund the growth in the lending book and as part of the strategy to replace drawings from the Bank of England Term Funding Scheme with additional incentives for SMEs ('TFSME') funding.

Total funding ratio of 110.5% decreased slightly from 31 December 2024 (112.4%). The mix of the deposit book has continued to change as the Group has adapted to the interest rate environment, with a focus on meeting customer demand for Access products, and retaining stable funds, which is reflected in the proportion of Fixed-term bonds and ISAs.

Investments and wholesale funding

Amounts due to banks of £261.0 million (31 December 2024: £365.8 million) includes £250.0 million drawn from the Indexed Long-Term Repo ('ILTR') facility (31 December 2024: £125.0 million), a routine sterling liquidity management facility provided by the Bank of England. The TFSME facility was fully repaid at the end of June 2025 (31 December 2024: £230.0 million).

Tier 2 subordinated liabilities

Tier 2 subordinated liabilities represent £90.0 million of 10.5-year 13.0% Fixed Rate Callable Subordinated Notes, which qualify as Tier 2 capital.

Capital

Management of capital

Our capital management policy is focused on optimising shareholder value over the long-term. Capital is allocated to achieve targeted risk adjusted returns while ensuring appropriate surpluses are held above the minimum regulatory requirements.

Key factors influencing the management of capital include:

- the level of buffers and the capital requirement set by the Prudential Regulation Authority ('PRA');
- estimated credit losses calculated using IFRS 9 methodology and the applicable transitional rules;
- new business volumes; and
- the product mix of new business.

Capital resources

Capital resources increased over the period from £415.7 million to £432.7 million. CET 1 capital increased by £15.7 million, primarily driven by a total profit for the period of £16.7 million, offset by the 2025 interim dividend of £2.2 million. The remainder of the increase was from Tier 2 capital (£1.3 million), as capital eligibility has increased as a consequence of risk-weighted asset growth.

Capital	30 June 2025 £million	30 June 2024 £million	31 December 2024 £million
CET 1 capital, excluding IFRS 9 transitional adjustment	367.1	348.2	351.3
IFRS 9 transitional adjustment	-	-	0.1
CET 1 capital	367.1	348.2	351.4
Tier 2 capital[1]	65.6	61.5	64.3
Total capital	**432.7**	**409.7**	**415.7**
Total risk exposure	**2,916.8**	**2,735.3**	**2,855.7**
Capital ratios			
CET 1 capital ratio	**12.6**	**12.7**	**12.3**
Total capital ratio	**14.8**	**15.0**	**14.6**
CET 1 capital ratio (excluding IFRS 9 transitional adjustment)	**12.6**	**12.7**	**12.3**
Total capital ratio (excluding IFRS 9 transitional adjustment)	**14.8**	**15.0**	**14.6**
Leverage ratio	**9.3**	**9.9**	**9.5**

1. Tier 2 capital, which is solely subordinated debt net of unamortised issue costs, is capped at 25% of total Pillar 1 and Pillar 2A requirements.

Capital requirements

The Total Capital Requirement, set by the PRA, includes both the calculated requirement derived using the standardised approach and the additional capital derived in conjunction with the Internal Capital Adequacy Assessment Process ('ICAAP'). In addition, capital is held to cover generic buffers set at a macroeconomic level by the PRA.

	30 June 2025 £million	30 June 2024 £million	31 December 2024 £million
Total Capital Requirement	**262.5**	246.2	257.0
Capital conservation buffer (2.5%)	**72.9**	68.4	71.4
Countercyclical buffer (2.0%)	**58.3**	54.7	57.1
Total	**393.7**	**369.3**	**385.5**

The increase in lending balances through the first six months of the year resulted in an increase in risk weighted assets over the period, bringing the total risk exposure up from £2,855.7 million to £2,916.8 million.

Liquidity

Management of liquidity

The Group uses a number of measures to manage liquidity risk. These include:

- the Overall Liquidity Adequacy Requirement (‘OLAR’), which is the Board’s view of the Group’s liquidity needs, as set out in the Board approved Internal Liquidity Adequacy Assessment Process (‘ILAAP’);
- the Liquidity Coverage Ratio (‘LCR’), which is a regulatory measure that assesses net 30-day cash outflows as a proportion of High Quality Liquid Assets (‘HQLA’);
- total funding ratio, as defined in the Appendix to the Interim Report; and
- ‘HQLAs’ are held in the Bank of England Reserve Account and UK Treasury Bills. For LCR purposes, the HQLA excludes UK Treasury Bills that are pledged as collateral against the Group’s TFSME drawings with the Bank of England.

The Group met the LCR minimum threshold throughout the year, with the Group’s average LCR being 193.5% (30 June 2024: 216.3%), based on a rolling 12-month end average.

Liquid assets

We continued to hold significant surplus liquidity over the minimum requirements throughout the first six months of the year, managing liquidity by holding HQLA and utilising predominantly retail funding to support lending. Total liquid assets decreased to £412.8 million (31 December 2024: £469.0 million) which, amongst other things, reflects the levels of liquidity at the end of the six months to June 2025 to support funding required to fund the pipeline and fixed-term bond maturities.

The Group is a participant in the Bank of England’s Sterling Money Market Operations under the Sterling Monetary Framework and has drawn £250.0 million under the ILTR scheme (31 December 2024: £125.0 million). The ILTR scheme has used collateral already prepositioned with the Bank of England and was initiated in 2024 as part of the strategy to repay TFSME before the end of its contractual term. As at the end of June 2025 TFSME was fully repaid (31 December 2024: £230.0 million). The Group has no liquid asset exposures outside of the United Kingdom and no amounts that are either past due or impaired.

Liquid assets	30 June 2025 £million	30 June 2024 £million	31 December 2024 £million
Aaa – Aa3	**385.9**	412.2	445.0
A1 – A2	**26.9**	21.7	24.0
Total	**412.8**	**433.9**	**469.0**

We continue to attract customer deposits to support balance sheet growth. The composition of customer deposits is shown in the table below:

Customer deposits	30 June 2025 %	30 June 2024 %	31 December 2024 %
Fixed-term bonds	**44**	50	47
Notice accounts	**2**	3	2
ISAs	**32**	23	26
Access accounts	**22**	24	25
Total	**100**	**100**	**100**

Business review

Consumer Finance

Retail Finance

We provide quick and easy finance options at point of sale.

	30 June 2025	30 June 2024	31 December 2024
New business (£million)	**708.1**	645.1	1,289.7
Loans and advances to customers (£million)	**1,436.4**	1,315.4	1,357.8
Net interest margin (%)	**7.0**	6.6	6.8
Risk adjusted margin (%)	**5.8**	6.1	6.0

What we do

- We provide a market-leading online e-commerce service to retailers, providing unsecured, interest-free and interest-bearing prime lending products to UK customers to facilitate the purchase of a wide range of consumer products, including furniture, jewellery, dental, leisure items and football season tickets. These retailers include a large number of household names.
- Products are available to purchase in store or online, using our market-leading origination platform, which provides fast decision making, with 90% of applications agreed in an average of six seconds.
- The customer proposition and the integrated platform support the growth of UK retailers and the real economy.

H1 2025 performance

- We achieved record new lending in H1 2025 with £708.1 million, 9.8% higher than the same period in 2024 (30 June 2024: £645.1 million). As a result, lending balances have grown 5.8% since December 2024. Retail Finance now holds 17.3%[1] market share of the retail store and online credit new business market (30 June 2024: 15.2%)[1].
- The new business growth has been led by the furniture and healthcare sectors from within existing retailers and signing up new retailers. We have further strengthened our position as one of the major lenders in the point of sale credit market, with over 1.3 million customers.
- NIM has increased by 0.4 percentage points to 7.0% compared to 30 June 2024 as a result of falling interest rates and customer re-pricing mechanisms. The cost of risk has returned to the 2023 level of 1.4%, as indicated within the 2024 Annual Report (31 December 2024: 1.0%), after the one-off benefit of refinements to the IFRS 9 model during H1 2024. As a result, the risk adjustment margin decreased from 6.1% to 5.8% period on period. Net interest margin and cost of risk reflect the success of our strategy of focusing on prime sectors.
- At the end of June 2025, 87.0% (31 December 2024: 86.7%) of the lending book related to interest-free lending, and 89.2% (31 December 2024: 87.4%) of customers have signed up to online account management allowing self-service of their account.
- The Retail Finance account servicing app, AppToPay, has surpassed 250,000 users, with payment activity now exceeding the online account management platform.

Outlook

- We anticipate continued lending growth from our current sectors, but we are also assessing opportunities in adjacent and complementary markets. Our operational plans remain focused on efficiency and continually improving our customer journeys and retail partners' experience.

1. Source: Finance & Leasing Association ('FLA'): New business values within retail store and online credit 17.3%: 2025 based on January to June. FLA total and Retail Finance new business of £4,083 million (1 January 2024 to 30 June 2024: £4,255 million) and £708.1 million (1 January 2024 to 30 June 2024: £645.1 million) respectively. As published at 8 August 2025.

Vehicle Finance

We provide quick and easy used car finance options at the point of purchase.

	30 June 2025	30 June 2024	31 December 2024
New business (£million)	**305.3**	248.8	552.9
Loans and advances to customers (£million)	**556.5**	497.9	558.3
Net interest margin (%)	**9.2**	9.5	9.4
Risk adjusted margin (%)	**3.7**	1.1	1.9

What we do

- We provide consumer lending products that are secured against the second-hand vehicle being financed.
- We also provide a vehicle stock funding product, which is secured against dealer forecourt used car stock; sourced from auctions, part exchanges or trade sources.
- Finance is provided via technology platforms, allowing us to receive applications online from introducers; provide an automated decision; facilitate document production through to pay-out to dealer; and manage in-life loan accounts.

H1 2025 performance

- New business lending has grown by 22.7% in the six months to 30 June 2025 against the same period last year, wholly through the growth of Stock Funding. In line with our previously announced strategy to focus on higher returning segments, we have seen a reduction in new consumer lending which is 18.9% lower in H1 2025 than in H1 2024. In this period, our market share of new business has been 1.0%[1] (30 June 2024: 1.2%).
- Overall net lending balances are 0.3% lower than the 31 December 2024. While Stock Funding has grown quickly, the short lending cycle means that overall lending balances have reduced marginally.
- Net interest margin is 30 bps lower compared to the same period last year due to an increase in mix from higher credit quality lending products. We have continued to recover from the impacts of the FCA's Borrowers in Financial Difficulty ('BiFD') review, which had an impact on collections processes, resulting in an improved cost of risk and risk adjusted margin.
- As highlighted previously, the business had high levels of historic defaulted balances due to the operational consequences of BiFD. To manage this balance down, we successfully sold a large tranche of these loans in April 2025, and a large proportion of the remaining stock was sold in August 2025. Furthermore, we have agreed a forward flow arrangement to sell eligible accounts new to default on a regular basis.

Outlook

- On 2 July 2025, we announced that we would cease new lending. We will continue to service existing consumers until the end of their agreement. In addition, we will support our stock funding customers to transition lending facilities to other providers.
- In relation to historic motor finance commissions, the Group has made an initial assessment of the outcome of the Supreme Court judgment issued on 1 August 2025, and the subsequent statement from the FCA. The FCA has confirmed it will consult on the scope and design of a proposed redress scheme in early October 2025, which the Group will work through, linking in with industry bodies, once received. Further information can be found in Note 13.1 to the Interim Financial Statements.

1. Source: FLA. Cars bought on finance by consumers through the point of sale: New business values for used cars: 2025 based on January to June 2025, FLA total of £11,400 million (1 January 2024 to 30 June 2024: £11,076 million) and Vehicle Finance total £110.2 million (1 January 2024 to 30 June 2024: £135.9 million). As published at 8 August 2025.

Business Finance
Real Estate Finance

We lend money against residential properties to professional landlords and property developers.

	30 June 2025	30 June 2024	31 December 2024
New business (£million)	**190.4**	135.5	383.5
Loans and advances to customers (£million)	**1,447.5**	1,271.5	1,341.4
Net revenue margin (%)	**2.4**	2.6	2.6
Risk adjusted margin (%)	**1.7**	2.2	2.3

What we do

- We provide non-regulated first charge secured lending to specialist real estate markets, lending to professional landlords to enable them to improve and grow their portfolio and provide development facilities to property developers and SME housebuilders to help build new homes for sale or letting.
- Due to our specialist relationship-led business model, we offer through the cycle tailored underwriting and cash flow led debt structuring.
- Finance opportunities are sourced and supported on a relationship basis directly and via introducers and brokers.

H1 2025 performance

- We have seen strong levels of new business, particularly in the Residential Investment sector, built on a strong origination team and the refinancing of existing loans through strong customer relationships.
- Lending balances grew by 7.9% to a record high of £1,447.5 million (31 December 2024: £1,341.4 million) despite weak economic growth and a slow property market in the South East.
- The Residential Investment share of the portfolio increased further by the end of June 2025 to 90.7% (31 December 2024: 88.1%). This reflects both the repayment of development deals and 89% of new lending being within Residential Investment.
- The portfolio mix shift towards Residential Investments is reflected in the reduction in the net interest margin to 2.4% (30 June 2024: 2.6%).
- The cost of risk has increased reflecting provisions on two individual loans in default, which has reduced risk adjusted margin. The loan to value is 58.0% at 30 June 2025 and continues to remain very stable (31 December 2024: 56%, 30 June 2024: 57%) and well within risk appetite. Overall, we are positive about the low underlying credit risk within the portfolio.

Outlook

- We expect to continue to grow profitably despite the economic headwinds and a slow residential market where borrowers are not finding it easy to sell properties.

Commercial Finance

We support the growth of UK businesses by enabling effective cash flow.

	30 June 2025	30 June 2024	31 December 2024
New business (£million)	**184.5**	32.4	105.8
Loans and advances to customers (£million)	**388.4**	336.8	351.0
Net revenue margin (%)	**6.3**	6.3	7.6
Risk adjusted margin (%)	**5.9**	6.3	5.9

What we do

- We offer a full suite of Asset-Based Lending ('ABL') solutions to SMEs and some larger corporates who need bespoke working capital solutions for their business.
- We operate a high-touch relationship-led model throughout the life of a facility, where partners and clients have direct access to decision-makers.
- Our lending remains predominantly against receivables, releasing funds of up to 90% of qualifying invoices under invoice discounting facilities.
- Business is sourced and supported directly from clients via private equity houses and professional introducers but is not reliant on the broker market.

H1 2025 performance

- Lending balances have increased by 10.7% since December 2024 driven by strong new business in the period and low client attrition. Average lending balances are at the same level as throughout 2024.
- The new business success has come through working closely with private equity houses despite the ABL lending in our target markets being limited by lower M&A activity.
- The net revenue margin at 6.3% in H1 2025 is in line with H1 2024 whereas in the second half of 2024 we collected high levels of fees from early client terminations.
- The H1 2025 risk adjusted margin at 5.9% (30 June 2024: 6.3%) reflects a low cost of risk of 0.4% (30 June 2024: 0.0%) due to a few cases moving from IFRS 9 Stage 1 to Stage 2. The low cost of risk has been achieved by addressing adverse client trading performance early and working with their private equity partners to mitigate against credit losses. We have had no client failures in the period.

Outlook

- We will continue to leverage our networks and support the growth of UK businesses. We see market opportunity and an ability to grow net lending beyond the £400 million level.

Savings

Customers trust us to look after their savings and provide a competitive return.

	30 June 2025 £million	30 June 2024 £million	31 December 2024 £million
Total funds raised	**1,093.6**	741.9	1,604.2
Product split			
Fixed-term bonds	**1,543.3**	1,518.1	1,510.0
Notice accounts	**54.3**	104.7	72.4
ISAs	**1,131.8**	689.2	857.3
Access accounts	**780.7**	730.7	805.2
	3,510.1	3,042.7	3,244.9

What we do

- We offer a range of savings accounts that are purposely simple in design, with a choice of products from Access to 180-day notice, and six month to seven-year fixed terms across both Bonds and ISAs.
- Our range of Savings products enables us to access the majority of the UK personal savings markets and compete for significant liquidity pools, achieving a lower marginal cost with the volume, mix and the competitive rates offered; optimised to the demand of our funding needs.

H1 2025 performance

- In the first half of 2025, the Bank of England Monetary Policy Committee reduced the UK Bank Base Rate (‘BBR’) from 4.75% to 4.50% on 6 February 2025 and from 4.50% to 4.25% on 8 May 2025.
- The offer of different products at different rates allows us to manage the overall cost of funds. During the period, we have raised £1.1 billion of new deposits and retained £0.5 billion on maturity (76% of maturing fixed-term deposits) in order to fund the growth in lending balances.
- Deposits balances have increased by 8.2% to £3,510.1 million (31 December 2024: £3,244.9 million), primarily through the successful acquisition of cash ISA accounts, a trend is being seen across the market as a whole.
- The market for acquisition has remained very competitive, particularly for term deposits.
- Savings balances are made up of retail customers. Of total deposits, 95.1% are fully covered by the Financial Services Compensation Scheme (31 December 2024: 95.1%) providing our customers with additional confidence about the security of their savings.
- We continue to invest in the digital journey of our customers.

Outlook

- UK BBR is unlikely to fall below 4% in the second half of the year, with additional cuts now expected in 2026. We expect the savings market to remain active and competitive.

Market review

The Group operates exclusively within the UK and its revenue is derived almost entirely from customers operating in the UK. The Group is therefore particularly exposed to the condition of the UK economy. Customers' borrowing demands are variously influenced by, among other things, UK property markets, employment levels, inflation, interest rates and customer confidence. The economic environment and outlook affect demand for the Group's products, margins that can be earned on lending assets and the levels of loan impairment provisions.

As a financial services firm, the Group is subject to extensive and comprehensive regulation by governmental and regulatory bodies in the UK. The Group conducts its business subject to ongoing regulation by the Financial Conduct Authority ('FCA') and the Prudential Regulation Authority ('PRA'). The Group must comply with the regulatory regime across many aspects of its activities, including: the training, authorisation and supervision of personnel; systems; processes; product design; customer journey and documentation.

Economic review

Economic growth, measured quarterly as UK Gross Domestic Product ('GDP'), increased in the first quarter of 2025 by 0.7%[1] following an increase of 0.1%[1] in the final quarter of 2024. Following a stronger than anticipated Q1, economists anticipate GDP growth will continue in 2025, with full year growth in GDP expected to be 1.1%[2], albeit with trade friction and global uncertainty weighing on medium-term outlook.

After an initial fall in CPI in the first quarter of the year, inflation has risen in the second quarter of 2025, with the rate as of June 2025 at 3.6%[1], the highest since January 2024. The Bank of England reduced the Base Rate twice within the first six months of 2025, in February and May. A further cut in August 2025 reduced the Base Rate to 4.0%. Economists now anticipate additional interest rate cuts in 2026.

Employment levels in June 2025 were 75.2%[1], an increase of 0.3% from December 2024. However, unemployment levels rose to 4.7%[1] as of June 2025, from 4.4%[1] in December 2024, to its highest level since 2021. Vacancies were around 0.7 million[1] for the period April – June 2025, with surveys suggesting firms are not recruiting new workers and/or replacing those who have left. The impact of increased national insurance contributions ('NICs') for employers came into effect in April. Wage growth remained strong, with growth in average earnings at 5.0%[1]. Economists forecast the unemployment rate to peak in 2026 as firms adjust to higher NICs.

The first half of 2025 saw increased lending and transactions in the housing market as consumers moved to complete purchases ahead of the end of the temporary stamp duty cut. Growth is expected to modestly slow in the second half of the year due to higher stamp duty rates and the impact of refinancing cheaper fixed-rate mortgage deals which were put in place before mid-2022. With mortgage approvals up ~3%[3] year-on-year in May 2025, and the market anticipating further rate cuts by the Bank of England in 2026, economists note a balanced housing market through 2025.

The response to the change in UK Government has largely been mixed, with the new government's impact on growth still to be determined. The market awaits the Autumn Budget to assess impacts of any fiscal policy changes on UK growth, which could see tax rises or greater spending restraint implemented by the Labour Government. The Group will continue to monitor the situation closely and assess the potential impact on its business plans. Elevated global uncertainty around economic and political landscapes, including US tariffs and international wars, weighs on the growth outlook for the UK. Despite a challenging global landscape, UK banks have performed well, with positive movements in lending data and savings balances, alongside broadly stable pricing in the market.

Outlook

Interest rates are not expected to fall further in 2025 with the market now expecting further rate cuts in 2026. The UK economy is expected to grow modestly through 2025 by 1.1%[2], although tightening fiscal policy and increased global uncertainty impact the medium-term outlook. The housing market is expected to remain stable, with a more balanced number of transactions and price growth than in previous years. Unemployment remains elevated and is anticipated by economists to peak in 2026 as employers adjust to higher NICs, before steadily recovering to around 4% by the end of 2030[2].

1. Source: Office for National Statistics, data as at 30 June 2025, unless otherwise stated.
2. Source: Oxford Economics
3. UK Parliament House of Commons Library

Government and regulatory

There have been a number of announcements that impact the Group and/or the markets in which it operates. The key announcements in the period to date are set out below.

Prudential regulation

At the beginning of the year, the PRA announced delaying Basel 3.1 implementation by one year to 1 January 2027, shortening the transitional period for full implementation which remains 31 January 2030. Recent announcements have confirmed the implementation date for Small Domestic Deposit Taker ('SDDT') firms will coincide with Basel 3.1, therefore removing the requirements of the Interim Capital Regime.

At the start of Q2 2025, the PRA published its Business Plan for 2025. Some of the key initiatives for the Group were: plans to publish the Basel 3.1 final rules once parliament has revoked relevant parts of the CRR, intentions to publish a policy statement in Q4 2025 finalising the Simplified Capital Regime and additional liquidity simplifications and the amalgamation of the Banking Data Review and Transforming Data Collection projects to deliver tangible cost reductions in banking regulatory reporting. The Group continues to monitor developments in this area. It also included the Solvent Exit Analysis which comes into force on 1 October 2025. The Group prepared its Solvent Exit Analysis during the period, which was approved by the Board in early August 2025.

In May 2025, the PRA published CP12/25 'Pillar 2A review – Phase 1' and PS7/25 'Update to PS9/24 on the SME and infrastructure lending adjustments'. This Consultation Paper consults on proposed changes to credit risk, operational risk, market and counterparty credit risk methodologies, as well as reducing the regulatory burden around pension risk. The Group is planning to perform an impact analysis during Q3 before the consultation closes in September 2025. The near final policy statement outlines how adjustments for SME and infrastructure lending will be applied under Pillar 2A, with the intentions to mitigate the impact of removing the SME and infrastructure support factor under Basel 3.1. As the Group is an SDDT firm, the adjustments will be addressed separately under the Strong and Simple Framework.

In July 2025, the Bank of England, jointly with the PRA, published several updates and proposals. In particular, they announced in CP14/15, a proposed reduction in the Recovery plan frequency, to every two years for SDDTs, acknowledging firms of this size are less complex and tend to have less material changes to address.

Conduct regulation

We continued to monitor regulatory developments closely, particularly in relation to motor finance commission arrangements. The Supreme Court heard arguments, which challenge the legality of historical commission arrangements in motor finance. On 1 August the Supreme Court delivered its judgment and ruled that, in two cases, the relationship between motor dealer and the customer was not of a fiduciary nature and the payment of a commission to a motor dealer was not a bribe. However, the Supreme Court upheld that in the case of Johnson v FirstRand, the relationship with Mr. Johnson was unfair in the specific circumstances of the case. The FCA subsequently confirmed that beginning in early October 2025 it will consult about a compensation scheme for motor finance customers who have been treated unfairly.

Separately, we have completed internal impact assessments in response to several FCA initiatives focused on the Consumer Duty. These include:

- the FCA's review of how firms treat customers in vulnerable circumstances;
- guidance on bereavement processes and the use of powers of attorney; and
- findings from the regulator's review of the Consumer Duty's 'consumer support' outcome.

The FCA has also outlined a broader action plan to evolve the Consumer Duty framework. This includes proposals to simplify rules, reduce regulatory burdens, and enhance consumer outcomes. Finalised details are expected in September 2025, at which point we will reassess the impact on our operations and compliance obligations.

We welcome the increase to the Financial Services Compensation Scheme ('FSCS') deposit protection limit as positive for our customers. We see customers who currently deposit funds to the current £85,000 limit and may want to deposit further funds with the protections FSCS provide.

From initial review of the consultations on the Senior Managers and Certification Regime and the reforms to the Financial Ombudsman Service and redress frameworks, we believe the proposed changes to be positive. Additionally, the sentiments in the Mansion House speech by the Chancellor are welcomed regarding getting the risk balance right to encourage more retail investment and growth.

In parallel, the UK Government has introduced new rules to address concerns around "debanking". Under the new requirements, banks must provide customers with a minimum of 90 days' notice before closing an account, unless there are exceptional circumstances. This aims to improve transparency and protect access to essential banking services.

The FCA has also published a new policy statement introducing a regulatory return for credit broking firms. This will enhance the FCA's data collection and supervisory oversight of the sector.

Finally, several consultations are currently in progress, including:

- reform of the Consumer Credit Act, aimed at modernising and simplifying the legislative framework;
- streamlining of complaints data reporting requirements; and
- proposed changes to the interest rates applied to compensation awards issued by the Financial Ombudsman Service (FOS).

We are reviewing these consultations and will engage with relevant stakeholders to prepare for any forthcoming changes.

Principal risks and uncertainties

Risk management

The effective management of risk is a key part of the Group's strategy and is underpinned by its Risk Aware value. This helps to protect the Group's customers and generate sustainable returns for shareholders. The Group is focused on maintaining sufficient levels of capital, liquidity, operational control, and acting in a responsible way.

The Group's Chief Risk Officer is responsible for leading the Group's Risk function, which is independent from the Group's operational and commercial teams. The Risk function is responsible for designing and overseeing the embedding of appropriate risk management frameworks, processes and controls, to enable key risks to be identified, assessed, monitored, and accepted or mitigated in line with the Group's risk appetite. The Group's risk management practices are regularly reviewed and enhanced to reflect changes in its operating environment. The Chief Risk Officer is responsible for reporting to the Board on the Group's principal risks and how they are being managed against agreed risk appetite.

Further details of the Group's risk management frameworks, including risk appetite statements and governance can be found on the Group's website: www.securetrustbank.com/riskmanagement

Changes to the Group's risk profile

Changes in assessment of the Group's risk profile since the position reported in the 2024 Annual Report and Accounts are set out below.

Credit risk: Stable

Description: The risk of loss to the Group from the failure of clients, customers, or counterparties to honour fully their obligations to the firm, including the whole and timely payment of principal, interest, collateral, or other receivables.

Consumer Finance Credit risk

Retail Finance continues to perform strongly from a credit risk perspective, demonstrating a stable customer risk profile and arrears materially below historical levels. Vehicle Finance has seen improved new business quality and early arrears rates due to targeted credit risk tightening and scorecard enhancements. Default rates have also trended positively in the first half, driven by ongoing enhancements in collections capabilities, although customer cure rates remaining below historical levels creates further opportunity for improvement. The agreement of a debt sale and forward flow arrangement in Vehicle Finance has assisted operational capacity with the collections team, supporting improved performance. Following Board approval, the Vehicle Finance portfolio has been placed into an orderly run-off, with new business originations to cease. Specific monitoring is being established to make sure portfolio performance is within acceptable thresholds for its remaining life.

Business Finance Credit risk

While Business Finance customers have been impacted by the evolving economic and geopolitical landscape, credit performance remains robust across both Business Finance portfolios.

Real Estate Finance at a portfolio level is performing well. The market is seeing a reduction in property sales activity however continued strong rental demand is supporting valuations across the book. Only a small number of clients are in an active workout situation and, where appropriate, individual provisions have been taken to cover the risk of loss on these files. Individual provisions are reviewed regularly and updated to reflect latest information and expectation of outcome.

Commercial Finance is similarly performing well at a portfolio level and, while it does have customers who have been impacted by rising employment costs and export disruption, the secured and highly structured nature of facilities means that in most cases these exposures can be managed down without loss to the Group.

Liquidity and Funding risk: Stable

Description: Liquidity risk is the risk that the Group is unable to meet its liquidity obligations as they fall due or can only do so at excessive cost. Funding risk is the risk that the Group is unable to raise or maintain funds to support asset growth, or the risk arising from an unstable funding profile that could result in higher funding costs.

The Group has maintained its liquidity and funding ratios in excess of regulatory and internal risk appetite requirements throughout the first half of the year. A significant level of high-quality liquid assets, held as cash at the Bank of England, continues to be maintained so that there is no material risk that liabilities cannot be met as they fall due. The Group has repaid all Term Funding Scheme with additional incentives for SMEs ('TFSME') drawings in the first half of 2025 ahead of contractual maturities with a combination of retail funding and utilisation of the Bank of England's Indexed Long-Term Repo ('ILTR') facility.

Capital risk: Stable

Description: Capital risk is the risk that the Group will have insufficient capital resources to meet minimum regulatory requirements and to support levels of growth.

The Group's balance sheet and total risk exposure has increased since the beginning of the year as the Group continues to grow its businesses organically. Despite the growth in its balance sheet, the Group has continued to maintain adequate capital and all capital ratio measures have been exceeded throughout the period.

The Group has assessed the capital impact of severe but plausible outcomes in relation to potential redress payments related to historical motor finance commissions and is satisfied it could maintain capital adequacy in such scenarios.

The Group has assessed the high-level impact of the proposed Basel 3.1 rules and the PRA's Small Domestic Deposit Taker ('SDDT') Capital Regime and has taken this into consideration as part of its capital planning.

Market risk: Stable

Description: Market risk is the risk to the Group's earnings and/or economic value from unfavourable market movements such as interest rates and foreign exchange rates.

The Group hedges any significant residual fixed rate positions, after internal matching of assets and liability profiles using interest rate swaps. These are hedge accounted for through fair value or cash flow hedges which are deemed highly effective.

Interest Rate Risk in the Banking Book ('IRRBB') is monitored by a range of Board risk appetite measures including Earnings at Risk ('EAR'), Market Value Sensitivity ('MVS') and Economic Value of Equity ('EVE'). The Group has remained within these risk appetite thresholds throughout the first half of the year and continues to enhance its risk identification, measurement, and mitigation for IRRBB.

The Group has a small exposure to foreign exchange risk through its Commercial Finance clients, all exposures are appropriately hedged. The Group does not operate a trading book.

Operational risk: Stable

Description: Operational risk is the risk that the Group may be exposed to direct or indirect loss arising from inadequate or failed internal processes, personnel and succession, technology/infrastructure, or from external factors.

The Group's operational risk processes and standards are defined in a formal Operational Risk Management Framework, which is aligned to the Basel Committee on Banking Supervision criteria for the sound management of operational risk.

The Group has met the regulatory expectations set out in PS21/3 Building operational resilience and continues to enhance its operational resilience with further embedding and testing.

Technological developments, including Artificial Intelligence ('AI'), continue to accelerate and the Group has taken a holistic approach to managing AI Risk; ensuring associated risks and opportunities are fully understood, with the management of AI Risk being integrated into existing risk frameworks.

The Group has also reviewed its Information Security Strategy and has implemented an updated suite of information security metrics to provide improved visibility and assurance to the Executive and Board Risk Committees.

Model risk: Stable

Description: Model risk is the potential for adverse consequences from model errors or the inappropriate use of modelled outputs to inform business decisions.

The Group continues to embed stronger model governance and has implemented a formalised approach to independent model validation.

In the period, there has been strong progress on producing independent validation reporting for high and medium-high risk models. Clear identification and recording of model owners and responsibilities in the model inventory has created a much-improved framework to continue to develop ongoing monitoring and governance.

Conduct and Compliance risk: Stable

Description: The risk that the Group's products and services, and the way they are delivered, or the Group's failure to be compliant with all relevant regulatory requirements, result in poor outcomes for customers or markets in which we operate, or harm to the Group. This could be as a direct result of poor or inappropriate execution of our business activities or behaviour from our employees.

In the period, the Group has continued with the final stages of the Borrowers in Financial Difficulty review and has progressed actions to enable good outcomes in line with the Consumer Duty, for example introducing the facility for those with power of attorney to apply for savings accounts on behalf of the donor. The Group is making progress on regulatory changes, including implementation of Solvent Exit Analysis and new Consumer Credit Product Sales Data reporting.

In relation to historic motor finance commissions, the Group has made an initial assessment of the outcome of the Supreme Court judgment issued on 1 August 2025, and the subsequent statement from the FCA. The FCA has confirmed it will consult on a proposed redress scheme in October 2025, which the Group will work through, linking in with industry bodies, once received. Further information can be found in Note 13.1 to the Interim Financial Statements.

Financial Crime risk: Stable

Description: The risk that the Group's products and services will be used to facilitate financial crime, resulting in harm to its customers, the Group or third parties, and the Group fails to protect them by not having effective systems and controls. Financial Crime risk includes money laundering, terrorist financing, proliferation financing, sanctions, modern slavery, human trafficking, fraud (internal and external), bribery, corruption, tax evasion, failure to prevent fraud, failure to prevent bribery and the facilitation of tax evasion. The Group may incur significant remediation costs to rectify issues, reimburse losses incurred by customers and address regulatory censure and penalties.

The Group meets its obligations to reduce financial crime risk by maintaining a proportionate control environment, standards and procedures. There remains significant focus on this area as we closely monitor changes to legal and regulatory requirements and criminal methods and responding to them. These external factors means that our financial crime risk management framework will continue to evolve at a corresponding pace.

Climate Change risk: Stable

Description: Climate change, and society's response to it, present risks to the UK financial services sector, with some of these only fully crystallising over an extended period. The Group is exposed to physical and transition risks arising from climate change.

The Group has established a climate change working group to support in the management of climate change risk and continues to assess its risk exposure to both the potential 'physical' effects of climate change and the 'transitional' risks from the UK's target to bring all greenhouse gas ('GHG') emissions to net zero by 2050.

The Group has complied with the requirements of Listing Rule 9.8.6(8) by including climate-related financial disclosures consistent with the recommendations and recommended disclosures of the Task Force for Climate-related Financial Disclosures' ('TCFD') within its 2024 Annual Report and Accounts.

Condensed consolidated statement of comprehensive income

For the period ended	Note	Unaudited 30 June 2025 £million	Unaudited 30 June 2024 £million	Audited 31 December 2024 £million
Income statement				
Interest income and similar income	3	187.8	178.6	366.0
Interest expense and similar charges	3	(88.8)	(90.4)	(181.1)
Net interest income	3	**99.0**	**88.2**	**184.9**
Fee and commission income		7.4	8.0	19.2
Fee and commission expense		(0.1)	(0.1)	(0.2)
Net fee and commission income	3	**7.3**	**7.9**	**19.0**
Operating income	3	**106.3**	**96.1**	**203.9**
Net impairment charge on loans and advances to customers	10	(30.9)	(28.2)	(61.9)
Other gains/(losses)		–	0.1	(0.3)
Fair value and other gains on financial instruments	4	0.1	0.7	1.2
Operating expenses		(52.2)	(51.6)	(103.8)
Profit before income tax before exceptional items		**23.3**	**17.1**	**39.1**
Exceptional items	5	(1.0)	–	(9.9)
Profit before income tax		**22.3**	**17.1**	**29.2**
Income tax expense	6	(5.6)	(4.3)	(9.5)
Profit for the period		**16.7**	**12.8**	**19.7**
Other comprehensive income				
Items that will be reclassified to the income statement				
Cash flow hedge reserve movements		(1.3)	(0.8)	(0.8)
Reclassification to the income statement		1.4	1.0	1.3
Taxation		–	(0.1)	(0.2)
Other comprehensive income for the period, net of income tax		**0.1**	**0.1**	**0.3**
Total comprehensive income for the period		**16.8**	**12.9**	**20.0**
Profit attributable to the equity holders of the Company		**16.7**	**12.8**	**19.7**
Total comprehensive income attributable to the equity holders of the Company		**16.8**	**12.9**	**20.0**
Earnings per share for profit attributable to the equity holders of the Company during the period (pence per share)				
Basic earnings per ordinary share	7	**87.6**	**67.2**	**103.4**
Diluted earnings per ordinary share	7	**84.3**	**65.1**	**101.4**

The Notes on pages 29 to 49 form an integral part of these Interim Financial Statements.

Condensed consolidated statement of financial position

As at the period ended	Note	Unaudited 30 June 2025 £million	Unaudited 30 June 2024 £million	Audited 31 December 2024 £million
ASSETS				
Cash and Bank of England reserve account		385.9	412.2	445.0
Loans and advances to banks		28.8	21.7	24.0
Loans and advances to customers	9	3,828.8	3,421.6	3,608.5
Fair value adjustment for portfolio hedged risk		6.3	(10.7)	(6.8)
Derivative financial instruments		6.6	18.3	14.3
Property, plant and equipment		7.6	10.7	9.9
Right-of-use assets		1.7	1.9	1.6
Intangible assets		4.7	5.3	5.0
Current tax assets		1.9	2.5	0.2
Deferred tax assets		3.1	4.0	3.3
Other assets		12.5	11.4	11.7
Total assets		**4,287.9**	**3,898.9**	**4,116.7**
LIABILITIES AND EQUITY				
Liabilities				
Due to banks	11	261.0	359.1	365.8
Deposits from customers	12	3,510.1	3,042.7	3,244.9
Fair value adjustment for portfolio hedged risk		4.7	(7.4)	(3.4)
Derivative financial instruments		2.6	14.4	10.0
Lease liabilities		1.8	2.2	1.8
Other liabilities		31.7	34.9	32.5
Provisions for liabilities and charges	13	8.6	4.4	11.3
Subordinated liabilities	14	93.3	93.1	93.3
Total liabilities		**3,913.8**	**3,543.4**	**3,756.2**
Equity attributable to owners of the parent				
Share capital		7.6	7.6	7.6
Share premium		84.0	84.0	84.0
Other reserves		(1.8)	(1.4)	(2.2)
Retained earnings		284.3	265.3	271.1
Total equity		**374.1**	**355.5**	**360.5**
Total liabilities and equity		**4,287.9**	**3,898.9**	**4,116.7**

The Notes on pages 29 to 49 form an integral part of these Interim Financial Statements.

Condensed consolidated statement of changes in equity

Unaudited	Share capital £million	Share premium £million	Other reserves: Cash flow hedge reserve £million	Other reserves: Own shares £million	Retained earnings £million	Total £million
Balance at 1 January 2025	**7.6**	**84.0**	**–**	**(2.2)**	**271.1**	**360.5**
Profit for the six months to 30 June 2025	–	–	–	–	16.7	16.7
Other comprehensive income for the period, net of income tax	–	–	0.1	–	–	0.1
Total comprehensive income for the period	**–**	**–**	**0.1**	**–**	**16.7**	**16.8**
Purchase of own shares	–	–	–	(0.2)	–	(0.2)
Sale of own shares	–	–	–	0.5	–	0.5
Loss on sale of own shares	–	–	–	–	(0.5)	(0.5)
Issue of shares	–	–	–	–	–	–
Dividends	–	–	–	–	(4.2)	(4.2)
Share-based payments	–	–	–	–	1.2	1.2
Balance at 30 June 2025	**7.6**	**84.0**	**0.1**	**(1.9)**	**284.3**	**374.1**

Unaudited	Share capital £million	Share premium £million	Other reserves: Cash flow hedge reserve £million	Other reserves: Own shares £million	Retained earnings £million	Total £million
Balance at 1 January 2024	**7.6**	**83.8**	**(0.3)**	**(1.4)**	**254.8**	**344.5**
Profit for the six months to 30 June 2024	–	–	–	–	12.8	12.8
Other comprehensive income for the period, net of income tax	–	–	0.1	–	–	0.1
Total comprehensive income for the period	**–**	**–**	**0.1**	**–**	**12.8**	**12.9**
Purchase of own shares	–	–	–	(0.4)	–	(0.4)
Sale of own shares	–	–	–	0.6	–	0.6
Loss on sale of own shares	–	–	–	–	(0.6)	(0.6)
Issue of shares	–	0.2	–	–	–	0.2
Dividends	–	–	–	–	(3.1)	(3.1)
Share-based payments	–	–	–	–	1.4	1.4
Balance at 30 June 2024	**7.6**	**84.0**	**(0.2)**	**(1.2)**	**265.3**	**355.5**

Audited	Share capital £million	Share premium £million	Other reserves: Cash flow hedge reserve £million	Other reserves: Own shares £million	Retained earnings £million	Total £million
Balance at 1 January 2024	**7.6**	**83.8**	**(0.3)**	**(1.4)**	**254.8**	**344.5**
Profit for the year to 31 December 2024	–	–	–	–	19.7	19.7
Other comprehensive income for the year, net of income tax	–	–	0.3	–	–	0.3
Total comprehensive income for the year	**–**	**–**	**0.3**	**–**	**19.7**	**20.0**
Purchase of own shares	–	–	–	(1.4)	–	(1.4)
Sale of own shares	–	–	–	0.6	–	0.6
Loss on sale of own shares	–	–	–	–	(0.5)	(0.5)
Issue of shares	–	0.2	–	–	–	0.2
Dividends paid	–	–	–	–	(5.2)	(5.2)
Share-based payments	–	–	–	–	2.3	2.3
Balance at 31 December 2024	**7.6**	**84.0**	**–**	**(2.2)**	**271.1**	**360.5**

The Notes on pages 29 to 49 form an integral part of these Interim Financial Statements.

Condensed consolidated statement of cash flows

For the period ended	Note	Unaudited 30 June 2025 £million	Unaudited 30 June 2024 £million	Audited 31 December 2024 £million
Cash flows from operating activities				
Profit for the year		16.7	12.8	19.7
Adjustments for:				
Income tax expense	6	5.6	4.3	9.5
Depreciation of property, plant and equipment		0.4	0.5	1.0
Depreciation of right-of-use assets		0.5	0.5	1.0
Amortisation of intangible assets		0.6	0.7	1.4
Impairment charge on loans and advances to customers	10	30.9	28.2	61.9
Share-based compensation		1.2	1.4	2.3
Provision for liabilities and charges	13	1.3	0.5	9.8
Other non-cash items included in profit before tax		0.1	(0.7)	(0.6)
Cash flows from operating profits before changes in operating assets and liabilities		57.3	48.2	106.0
Changes in operating assets and liabilities:				
– loans and advances to customers		(251.2)	(134.4)	(354.8)
– loans and advances to banks and balances at central banks		(1.9)	5.0	5.0
– other assets		(0.8)	1.4	1.4
– deposits from customers		265.2	170.9	373.1
– provisions for liabilities and charges		(4.0)	(2.1)	(4.7)
– other liabilities		(7.5)	(1.7)	(5.5)
Income tax paid		(7.1)	(6.3)	(8.8)
Net cash inflow from operating activities		**50.0**	**81.0**	**111.7**
Cash flows from investing activities				
Purchase of property, plant and equipment and intangible assets		(0.4)	(0.5)	(1.0)
Sale of property, plant and equipment and intangible assets		1.9	–	–
Net cash inflow/(outflow) from investing activities		**1.5**	**(0.5)**	**(1.0)**
Cash flows from financing activities				
Drawdown of amounts due to banks		2.3	2.1	0.8
Drawdown of Index Long-Term Repos		250.0	5.0	125.0
Repayment of Index Long-Term Repos		(125.0)	–	–
Repayment of Term Funding Scheme with additional incentives for SMEs		(230.0)	(50.0)	(160.0)
Purchase of own shares		(0.2)	(0.4)	(1.4)
Issue of shares		–	0.2	0.2
Dividends paid		(4.2)	(3.1)	(5.2)
Repayment of lease liabilities		(0.6)	(0.7)	(1.4)
Net cash outflow from financing activities		**(107.7)**	**(46.9)**	**(42.0)**
Net (decrease)/increase in cash and cash equivalents		**(56.2)**	**33.6**	**68.7**
Cash and cash equivalents at 1 January		469.0	400.3	400.3
Cash and cash equivalents at end of period	17	**412.8**	**433.9**	**469.0**

The Notes on pages 29 to 49 form an integral part of these Interim Financial Statements.

Notes to the interim financial statements

1. Accounting policies

The principal accounting policies applied in the preparation of these Interim Condensed Consolidated Financial Statements (the 'Interim Financial Statements') are set out below. These policies have been consistently applied to all of the years presented, unless otherwise stated.

1.1. Reporting entity

Secure Trust Bank PLC is a public limited company incorporated in England and Wales in the United Kingdom (referred to as the 'Company') and is limited by shares. The Company is registered in England and Wales and has the registered number 00541132. The registered address of the Company is Yorke House, Arleston Way, Solihull B90 4LH. The Interim Financial Statements, as at, and for the period ended 30 June 2025, comprises Secure Trust Bank PLC and its subsidiaries (together referred to as the 'Group' and individually as 'subsidiaries'). The Group is primarily involved in banking and financial services.

1.2. Basis of presentation

The Interim Financial Statements do not constitute statutory accounts, as defined in section 434 of the Companies Act 2006, and have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006, United Kingdom-adopted International Accounting Standard 34 and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority. These Interim Financial Statements should be read in conjunction with the annual statutory consolidated financial statements (the 'Annual Report and Accounts') for the year ended 31 December 2024.

A copy of the statutory accounts for the year ended 31 December 2024 has been delivered to the Registrar of Companies. The auditor's report on those accounts was not qualified and did not contain statements under section 498(2) or (3) of the Companies Act 2006. The results for the periods ending 30 June 2025 and 30 June 2024 are unaudited.

The Interim Financial Statements have been prepared under the historical cost convention, as modified by the valuation of derivative financial instruments. The Interim Financial Statements are presented in pounds sterling, which is the functional and presentational currency of the entities within the Group. The Group has historically chosen to present additional comparatives for the prior financial year on a voluntary basis.

The preparation of the Interim Financial Statements, in conformity with IFRS, requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Interim Financial Statements, are disclosed in Note 2.

1.2.1. Going concern

The Interim Financial Statements are prepared on a going concern basis as the Directors are satisfied that the Group has adequate resources to continue in business for the foreseeable future. The Directors have assessed the Group's ability to continue to adopt the going concern basis of accounting, as required by accounting standards.

As disclosed in the 2024 Annual Report and Accounts (pages 40 and 41), the Group considers a number of factors in making this assessment. This includes reviewing current and past performance, changes in the economic and regulatory environment, the risk profile of the business, operational resilience and possible future events that will impact the business. The Group also undertakes stress testing to ensure the adequacy of capital and liquidity under severe, but plausible stresses. The Board sets risk appetites designed to enable the Group to withstand stress and tail risk events.

The Group has additionally considered the impact on capital and liquidity of severe but plausible and worst-case outcomes for potential redress claims and associated costs related to historical motor finance commissions and is satisfied it could maintain adequate capital and liquidity in such scenarios.

Since the year-end, the Group has reviewed its principal risks to ensure they remain appropriate and relevant (for further details see Principal risks and uncertainties on pages 22 to 24). There has been no significant deterioration in the risk profile of the Group and no new principal risks have arisen in the six-month period.

In addition, the Group has reviewed its five-year profit and loss, net assets and capital forecasts to reflect actual performance in the year-to-date, strategic changes in the business plan and the impact of changes in the macroeconomic environment on its loan loss provisioning and business activities (the ‘Reforecast’). Macroeconomic inputs to the Reforecast reflect increases in the forecast Base Rate of interest, which impact customer pricing and funding costs, and revised forecast economic variables, which impact IFRS 9 loan loss provisioning. The Group has no material direct exposure to recent changes in global geo-political risks, the indirect impact of which is taken into account in the macroeconomic inputs referred to above. Under the Reforecast, the Board is satisfied that the Group can continue to operate within its capital and liquidity risk appetites for the next five years.

The 2025 Internal Capital Adequacy Assessment Process (‘ICAAP’) was approved by the Board in August 2025. Details of the Group’s 2024 ICAAP are included in the 2024 Annual Report and Accounts. For the 2025 ICAAP, macroeconomic stress testing scenarios were based on information published by the Prudential Regulation Authority (‘PRA’) for small banks, and a combined idiosyncratic and macroeconomic (whole of market) stress was enhanced and used as the basis for assessing the Group’s PRA buffer requirement.

The Board approved the Internal Liquidity Adequacy Assessment Process (‘ILAAP’) in June 2025. This provides assurance that the Group can maintain liquidity resources that are adequate, both as to amount and quality, to ensure there is no significant risk that its liabilities cannot be met as they fall due. As part of the ILAAP, the Group reviews the liquidity risks to which it is exposed and assesses the quantum of liquid resources required to survive, and remain viable, under a severe, but plausible combined idiosyncratic and whole of market 90-day stress. The Group maintained liquidity levels in excess of its liquidity risk appetite and regulatory requirements throughout the year, and is forecast to continue to do so over the ILAAP planning horizon and going concern assessment period.

As the Group is a Small Domestic Deposit Taker ('SDDT'), it is expected that the SDDT Capital rules will come into effect in conjunction with the Basel 3.1 rules on 1 January 2027, which disregards the interim capital regime.

Taking into account the updates noted above, the Directors confirm they are satisfied that the Group has adequate resources to continue in business for the foreseeable future. For this reason, they continue to adopt the ‘going concern’ basis for preparing the accounts.

1.3. Accounting policies

The accounting policies applied in preparing the unaudited Interim Financial Statements are consistent with those used in preparing the audited statutory financial statements for the year ended 31 December 2024.

1.3.1. Taxation

Taxes on profits in interim periods are accrued using the tax rate that will be applicable to expected total annual profits.

1.3.2. Standards in issue but not yet effective

There are no new standards in issue that are not yet effective and have a material effect on the Group.

2. Critical accounting judgements and key sources of estimation uncertainty

2.1. Judgements

No critical judgements were identified.

2.2. Key sources of estimation uncertainty

Key sources of estimations that could have a material impact on the Group’s financial results, and are therefore considered to be key sources of estimation uncertainty can be found in:

- Note 10.1 Allowances for impairment of loans and advances to customers
- Note 13.1 Provisions for liabilities and charges

3. Operating segments

The Group is organised into four lending segments split between Consumer and Business Finance, which consists of the different products available, as disclosed below.

Consumer Finance

- Retail Finance: a market-leading online e-commerce service to retailers, providing unsecured lending products to prime UK customers to facilitate the purchase of a wide range of consumer products, including bicycles, musical instruments and equipment, furniture, outdoor/leisure, electronics, dental, jewellery, home improvement products and football season tickets.
- Vehicle Finance: hire purchase lending for used cars to prime and near-prime customers and Personal Contract Purchase lending into the consumer prime credit market, both secured against the vehicle financed. In addition, a Stocking Funding product is also offered, whereby funds are advanced and secured against dealer forecourt used car stock; sourced from auctions, part exchanges or trade sources. On 2 July 2025, the Group announced that it would cease new lending in Vehicle Finance. For further information, see Note 22.

Business Finance

- Real Estate Finance: lending secured against property assets to a maximum 70% loan-to-value ratio on fixed or variable rates over a term of up to five years.
- Commercial Finance: our asset-based lending facilities are predominantly against trade receivables, releasing up to 90% of qualifying invoices under invoice discounting facilities. Facilities can also be secured against other assets, such as inventory, plant and machinery and property either short or long term and for a range of loan-to-value ratios alongside invoice discounting facilities.

Other

- This principally includes interest receivable from central banks, interest receivable and payable on derivatives and interest payable on deposits from customers, amounts due to banks and subordinated liabilities that are not recharged to the operating segments.

The Group's chief operating decision maker, the Executive Committee, regularly reviews these segments by looking at the operating income, size of the loan books and impairments. Interest expense is charged to the operating segments in accordance with the Group's internal funds transfer pricing policy. Operating expenses reflect costs incurred directly, and costs incurred centrally that are reallocated to the operating segment to which they can be directly attributed. Additionally, no balance sheet items are allocated to segments other than loans and advances to customers. All of the Group's operations are conducted wholly within the United Kingdom and geographical information is, therefore, not presented.

Unaudited **30 June 2025**	Retail Finance £million	Vehicle Finance £million	Real Estate Finance £million	Commercial Finance £million	Other £million	Group £million
Interest income and similar income	76.9	38.4	45.2	13.5	13.8	187.8
Interest expense and similar charges	(29.3)	(12.4)	(28.8)	(7.8)	(10.5)	(88.8)
Net interest income	**47.6**	**26.0**	**16.4**	**5.7**	**3.3**	**99.0**
Fee and commission income	1.4	0.6	0.2	5.2	–	7.4
Fee and commission expense	–	–	–	–	(0.1)	(0.1)
Net fee and commission income	**1.4**	**0.6**	**0.2**	**5.2**	**(0.1)**	**7.3**
Operating income	**49.0**	**26.6**	**16.6**	**10.9**	**3.2**	**106.3**
Net impairment charge on loans and advances to customers	(9.5)	(16.0)	(4.7)	(0.7)	–	(30.9)
Fair value gains on financial instruments	–	–	0.2	–	(0.1)	0.1
Operating expenses	(12.7)	(15.1)	(5.3)	(4.1)	(15.0)	(52.2)
Profit/(loss) before income tax before exceptional items	**26.8**	**(4.5)**	**6.8**	**6.1**	**(11.9)**	**23.3**
Exceptional items	–	–	–	–	(1.0)	(1.0)
Profit/(loss) before income tax	**26.8**	**(4.5)**	**6.8**	**6.1**	**(12.9)**	**22.3**
Loans and advances to customers	**1,436.3**	**556.6**	**1,447.5**	**388.4**	**–**	**3,828.8**

A new presentation layout for operating segments was adopted in the 2024 Annual Report and Accounts to provide information in a format aligned to the layout of the primary financial statements.

Prior year data is also presented using the same format to aid comparability. This is intended to provide more clear analysis of how each segment contributes to the Group's performance.

Unaudited **30 June 2024**	Retail Finance £million	Vehicle Finance £million	Real Estate Finance £million	Commercial Finance £million	Other £million	Group £million
Interest income and similar income	66.5	32.4	42.9	15.6	21.2	178.6
Interest expense and similar charges	(25.3)	(9.9)	(26.7)	(9.4)	(19.1)	(90.4)
Net interest income	**41.2**	**22.5**	**16.2**	**6.2**	**2.1**	**88.2**
Fee and commission income	1.5	1.0	0.3	5.2	–	8.0
Fee and commission expense	–	(0.1)	–	–	–	(0.1)
Net fee and commission income	**1.5**	**0.9**	**0.3**	**5.2**	**–**	**7.9**
Operating income	**42.7**	**23.4**	**16.5**	**11.4**	**2.1**	**96.1**
Net impairment charge on loans and advances to customers	(4.4)	(20.9)	(2.9)	–	–	(28.2)
Other gains/(losses)	–	0.1	–	–	–	0.1
Fair value gains on financial instruments	–	–	0.3	–	0.4	0.7
Operating expenses	(13.2)	(15.1)	(5.1)	(3.9)	(14.3)	(51.6)
Profit/(loss) before income tax before exceptional items	**25.1**	**(12.5)**	**8.8**	**7.5**	**(11.8)**	**17.1**
Exceptional items	–	–	–	–	–	–
Profit/(loss) before income tax	**25.1**	**(12.5)**	**8.8**	**7.5**	**(11.8)**	**17.1**
Loans and advances to customers	**1,315.4**	**497.9**	**1,271.5**	**336.8**	**–**	**3,421.6**

Audited **31 December 2024**	Retail Finance £million	Vehicle Finance £million	Real Estate Finance £million	Commercial Finance £million	Other £million	Group £million
Interest income and similar income	140.7	69.2	87.1	29.8	39.2	366.0
Interest expense and similar charges	(53.9)	(21.6)	(54.5)	(17.6)	(33.5)	(181.1)
Net interest income	**86.8**	**47.6**	**32.6**	**12.2**	**5.7**	**184.9**
Fee and commission income	3.2	0.9	0.4	14.6	0.1	19.2
Fee and commission expense	–	(0.1)	–	(0.1)	–	(0.2)
Net fee and commission income	**3.2**	**0.8**	**0.4**	**14.5**	**0.1**	**19.0**
Operating income	**90.0**	**48.4**	**33.0**	**26.7**	**5.8**	**203.9**
Net impairment charge on loans and advances to customers	(13.3)	(38.7)	(4.0)	(5.9)	–	(61.9)
Other gains/(losses)	–	0.1	–	–	(0.4)	(0.3)
Fair value gains on financial instruments	–	–	–	–	1.2	1.2
Operating expenses	(26.1)	(31.6)	(10.0)	(8.1)	(28.0)	(103.8)
Profit/(loss) before income tax before exceptional items	**50.6**	**(21.8)**	**19.0**	**12.7**	**(21.4)**	**39.1**
Exceptional items	–	–	–	–	(9.9)	(9.9)
Profit/(loss) before income tax	**50.6**	**(21.8)**	**19.0**	**12.7**	**(31.3)**	**29.2**
Loans and advances to customers	**1,357.8**	**558.3**	**1,341.4**	**351.0**	**–**	**3,608.5**

4. Fair value and other gains on financial instruments

	Unaudited 30 June 2025 £million	Unaudited 30 June 2024 £million	Audited 31 December 2024 £million
Fair value movement during the period – interest rate derivatives	(5.3)	1.3	1.6
Fair value movement during the period – hedged items	5.2	(1.2)	(1.5)
Hedge ineffectiveness recognised in the income statement	(0.1)	0.1	0.1
Inception and amortisation adjustment[1]	(0.2)	0.4	0.6
Gains recognised on derivatives not in hedge relationships	0.4	0.2	0.5
	0.1	**0.7**	**1.2**

1. The inception and amortisation adjustment relates to amortisation of macro fair value hedge accounting relationships derecognised and the amortisation of the fair value adjustment of underlying hedged items at the time hedge accounting relationships commenced or were redesignated. Over the life of the hedged items these adjustments are expected to off-set gains/losses on derivatives taken for hedging purposes before and after they are designated in hedge relationships.

5. Exceptional items

	Unaudited 30 June 2025 £million	Unaudited 30 June 2024 £million	Audited 31 December 2024 £million
Motor Finance commissions			
Redress	–	–	5.2
Costs	–	–	1.7
	–	–	6.9
BiFD Vehicle Finance collections review			
Redress	0.3	–	0.2
Costs	0.7	–	1.3
	1.0	–	1.5
Organisational redesign	–	–	1.5
Total exceptional items	**1.0**	**–**	**9.9**

Costs associated with these activities are outside the normal course of business and are treated as exceptional.

Motor Finance commissions

During 2024, the Group recognised costs of £6.9 million, of which £6.4 million was recognised as a provision. Further details can be found in Note 13.1.

Borrowers in financial difficulty ('BiFD') Vehicle Finance collections review

Following the Financial Conduct Authority's review of BiFD across the industry, and in response to the specific feedback we received on our own collection activities, in 2023, we engaged external support to assist us and, where necessary, enhanced our approach, which included offering a wider range of forbearance options to our customers. In 2024, we incurred or provided for costs of £1.5 million relating to processes, procedures and policies in our Vehicle Finance collections operations. In 2025, a further £1.0 million was incurred or provided relating to £0.7 million of costs, and £0.3 million potential redress.

Organisational redesign

During 2024, the Group undertook an organisational redesign where product-specific teams were amalgamated under a single management structure. In addition, there were changes within Finance and the Risk functions to ensure they were configured to support the business in the most effective way. As a consequence, the Group incurred redundancy costs of £1.5 million.

Income tax on exceptional items

Income tax on exceptional items amount to £0.2 million credit (30 June 2024: £nil, 31 December 2024: £1.0 million credit).

6. Income tax expense

	Unaudited 30 June 2025 £million	Unaudited 30 June 2024 £million	Audited 31 December 2024 £million
Current taxation			
Corporation tax charge – current year	5.3	3.9	8.4
Corporation tax charge – adjustments in respect of prior years	–	0.2	0.3
	5.3	4.1	8.7
Deferred taxation			
Deferred tax charge – current year	0.4	0.4	1.2
Deferred tax credit – adjustments in respect of prior years	(0.1)	(0.2)	(0.4)
	0.3	0.2	0.8
Income tax expense	**5.6**	**4.3**	**9.5**

The tax for all of the periods above has been calculated at the current statutory rate, which is 25.0% for the six months ended 30 June 2025, the six months ended 30 June 2024, and year ended 31 December 2024.

7. Earnings per ordinary share

7.1. Basic

Basic earnings per ordinary share are calculated by dividing the profit attributable to equity holders of the parent by the weighted average number of ordinary shares as follows:

	Unaudited 30 June 2025	Unaudited 30 June 2024	Audited 31 December 2024
Profit attributable to equity holders of the parent (£million)	16.7	12.8	19.7
Weighted average number of ordinary shares (number)	19,071,558	19,043,402	19,057,161
Earnings per share (pence)	**87.6**	**67.2**	**103.4**

7.2. Diluted

Diluted earnings per ordinary share are calculated by dividing the profit attributable to equity holders of the parent by the weighted average number of ordinary shares in issue during the year, as noted above, as well as the number of dilutive share options in issue during the period, as follows:

	Unaudited 30 June 2025	Unaudited 30 June 2024	Audited 31 December 2024
Weighted average number of ordinary shares	19,071,558	19,043,402	19,057,161
Number of dilutive shares in issue at the period-end	734,552	632,062	363,751
Fully diluted weighted average number of ordinary shares	**19,806,110**	**19,675,464**	**19,420,912**
Dilutive shares being based on:			
Number of options outstanding at the period-end	1,722,763	1,346,654	1,395,045
Weighted average exercise price (pence)	142	179	215
Average share price during the period (pence)	588	740	525
Diluted earnings per share (pence)	**84.3**	**65.1**	**101.4**

8. Dividends

	Unaudited 30 June 2025 £million	Unaudited 30 June 2024 £million	Audited 31 December 2024 £million
2024 final dividend – 22.5 pence per share (paid May 2025)	4.2	–	–
2024 interim dividend – 11.3 pence per share (paid September 2024)	–	–	2.1
2023 final dividend – 16.2 pence per share (paid May 2024)	–	3.1	3.1
	4.2	**3.1**	**5.2**

The Directors have approved an interim dividend of 11.8 pence per share (30 June 2024: 11.3 pence per share). This will be paid on 25 September 2025 with an associated record date of 29 August 2025.

9. Loans and advances to customers

	Unaudited 30 June 2025	Unaudited 30 June 2024	Audited 31 December 2024
Gross loans and advances	3,936.3	3,523.2	3,720.3
Less: allowances for impairment of loans and advances	(107.5)	(101.6)	(111.8)
	3,828.8	**3,421.6**	**3,608.5**

10. Allowances for impairment of loans and advances

Expected Credit Losses ('ECL') by stage and by business are disclosed below:

	Not credit-impaired		Credit-impaired			
Unaudited 30 June 2025	**Stage 1: Subject to 12-month ECL £million**	**Stage 2: Subject to lifetime ECL £million**	**Stage 3: Subject to lifetime ECL £million**	**Total provision £million**	**Gross loans and advances to customers £million**	**Provision cover %**
Consumer Finance:						
Retail Finance	12.9	8.5	9.1	30.5	1,466.8	2.1
Vehicle Finance:						
Voluntary termination provision	5.5	1.8	–	7.3		
Other impairment	10.4	7.6	32.4	50.4		
	15.9	9.4	32.4	57.7	614.3	9.4
Business Finance:						
Real Estate Finance	0.6	0.4	16.8	17.8	1,465.3	1.2
Commercial Finance	0.6	0.4	0.5	1.5	389.9	0.4
	30.0	**18.7**	**58.8**	**107.5**	**3,936.3**	**2.7**

	Not credit-impaired		Credit-impaired			
Unaudited 30 June 2024	**Stage 1: Subject to 12-month ECL £million**	**Stage 2: Subject to lifetime ECL £million**	**Stage 3: Subject to lifetime ECL £million**	**Total provision £million**	**Gross loans and advances to customers £million**	**Provision cover %**
Consumer Finance:						
Retail Finance	13.6	6.9	9.8	30.3	1,345.7	2.3
Vehicle Finance:						
Voluntary termination provision	5.9	0.9	–	6.8		
Other impairment	9.6	6.3	36.7	52.6		
	15.5	7.2	36.7	59.4	557.3	10.7
Business Finance:						
Real Estate Finance	0.5	0.4	10.4	11.3	1,282.8	0.9
Commercial Finance	0.6	–	–	0.6	337.4	0.2
	30.2	**14.5**	**56.9**	**101.6**	**3,523.2**	**2.9**

Audited 31 December 2024	Not credit-impaired Stage 1: Subject to 12-month ECL £million	Not credit-impaired Stage 2: Subject to lifetime ECL £million	Credit-impaired Stage 3: Subject to lifetime ECL £million	Total provision £million	Gross loans and advances to customers £million	Provision cover %
Consumer Finance:						
Retail Finance	13.5	6.5	10.1	30.1	1,387.9	2.2
Vehicle Finance:						
Voluntary termination provision	5.4	1.5	–	6.9		
Other impairment	9.8	7.4	44.3	61.5		
	15.2	8.9	44.3	68.4	626.7	10.9
Business Finance:						
Real Estate Finance	0.4	0.3	11.8	12.5	1,353.9	0.9
Commercial Finance	0.5	0.2	0.1	0.8	351.8	0.2
	29.6	**15.9**	**66.3**	**111.8**	**3,720.3**	**3.0**

The impairment charge disclosed in the income statement can be analysed as follows:

	Unaudited 30 June 2025 £million	Unaudited 30 June 2024 £million	Audited 31 December 2024 £million
Expected credit losses: impairment charge	31.2	28.2	61.9
Credit in respect of off-balance sheet loan commitments	–	–	0.1
Loans written off directly to the income statement	0.3	–	0.7
Unwind of discount	(0.6)	–	(0.8)
	30.9	**28.2**	**61.9**

Total allowance for impairment above includes expert credit judgements (post-model adjustments) as follows:

	Unaudited 30 June 2025 £million	Unaudited 30 June 2024 £million	Audited 31 December 2024 £million
Specific underlays held against credit-impaired secured assets held within the Business Finance portfolio	(0.5)	(0.6)	(0.7)
Management judgement in respect of:			
Vehicle Finance LGD	(2.5)	(3.2)	(4.5)
Vehicle Finance PD	–	5.8	–
Other	(0.1)	(0.8)	(0.5)
Expert credit judgements applied to the IFRS 9 model results	**(3.1)**	**1.2**	**(5.7)**

Reconciliations of the opening to closing allowance for impairment of loans and advances are presented below:

Unaudited	Not credit-impaired Stage 1: Subject to 12-month ECL £million	Not credit-impaired Stage 2: Subject to lifetime ECL £million	Credit-impaired Stage 3: Subject to lifetime ECL £million	Total £million
At 1 January 2025	29.6	15.9	66.3	111.8
(Decrease)/increase due to change in credit risk				
– Transfer to stage 2	(6.4)	19.5	(1.1)	12.0
– Transfer to stage 3	(0.1)	(11.6)	24.0	12.3
– Transfer to stage 1	2.7	(6.9)	–	(4.2)
Passage of time	(3.5)	2.0	3.8	2.3
New loans originated	8.2	–	–	8.2
Matured and derecognised loans	(1.7)	(0.8)	(3.5)	(6.0)
Changes to credit risk parameters	1.1	0.3	2.0	3.4
Other adjustments	2.9	0.3	–	3.2
Charge to income statement	3.2	2.8	25.2	31.2
Allowance utilised in respect of write-offs	(2.8)	–	(32.7)	(35.5)
30 June 2025	**30.0**	**18.7**	**58.8**	**107.5**

Unaudited	Not credit-impaired Stage 1: Subject to 12-month ECL £million	Not credit-impaired Stage 2: Subject to lifetime ECL £million	Credit-impaired Stage 3: Subject to lifetime ECL £million	Total £million
At 1 January 2024	29.5	18.2	40.4	88.1
(Decrease)/increase due to change in credit risk				
– Transfer to stage 2	(6.0)	20.3	–	14.3
– Transfer to stage 3	(0.1)	(12.7)	25.5	12.7
– Transfer to stage 1	4.2	(12.9)	–	(8.7)
Passage of time	(1.8)	0.4	2.9	1.5
New loans originated	7.3	–	–	7.3
Matured and derecognised loans	(1.3)	(1.0)	(0.9)	(3.2)
Changes to credit risk parameters	(0.8)	1.3	1.2	1.7
Other adjustments	1.7	0.9	–	2.6
Charge/(credit) to income statement	3.2	(3.7)	28.7	28.2
Allowance utilised in respect of write-offs	(2.5)	–	(12.2)	(14.7)
30 June 2024	**30.2**	**14.5**	**56.9**	**101.6**

Audited	Not credit-impaired Stage 1: Subject to 12-month ECL £million	 Stage 2: Subject to lifetime ECL £million	Credit-impaired Stage 3: Subject to lifetime ECL £million	Total £million
At 1 January 2024	29.5	18.2	40.4	88.1
(Decrease)/increase due to change in credit risk				
– Transfer to stage 2	(11.7)	38.6	(1.4)	25.5
– Transfer to stage 3	(0.2)	(24.1)	48.8	24.5
– Transfer to stage 1	7.8	(20.8)	–	(13.0)
Passage of time	(6.3)	4.6	14.8	13.1
New loans originated	16.2	–	–	16.2
Matured and derecognised loans	(2.1)	(1.6)	(0.5)	(4.2)
Changes to credit risk parameters	(2.3)	(0.5)	(2.9)	(5.7)
Other adjustments	4.0	1.5	–	5.5
Charge/(credit) to income statement	5.4	(2.3)	58.8	61.9
Allowance utilised in respect of write-offs	(5.3)	–	(32.9)	(38.2)
31 December 2024	**29.6**	**15.9**	**66.3**	**111.8**

The tables above have been prepared based on monthly movements in the ECL.

Transfers between stages 1 to 2 or 1 to 3 relate to changes from 12-month PD to lifetime PD, and vice versa.

Passage of time represents the impact of accounts maturing through their contractual life, the associated reduction in PDs and the unwind of the discount applied in calculating the ECL.

Changes to credit risk parameters represent movements that have occurred due to the Group updating model inputs. This would include the impact of, for example, updating the macroeconomic scenarios applied to the models.

Other adjustments represent the movement in the Vehicle Finance voluntary termination provision.

Stage 1 'Allowance utilised in respect of write-offs' arise on Vehicle Finance accounts where borrowers have exercised their right to voluntarily terminate their agreements.

10.1. Key sources of estimation uncertainty

Estimations that could have a material impact on the Group's financial results and are therefore considered to be key sources of estimation uncertainty are set out below.

The potential impact of the current macroeconomic environment has been considered in determining reasonably possible changes in key sources of estimation uncertainty, which may occur in the next 12 months.

The determination of both the PD and Loss Given Default ('LGD') require estimation, which is discussed further as follows.

10.1.1. Incorporation of forward-looking data

The Group incorporates forward-looking information into both its assessment of whether the credit risk of a financial asset has increased significantly since initial recognition and its measurement of expected credit loss by developing a number of potential economic scenarios and modelling expected credit losses for each scenario.

The macroeconomic scenarios used were provided by external economic advisers. The scenarios and weightings applied are summarised below:

Unaudited 30 June 2025		UK Unemployment Rate – annual average				UK HPI – movement from H1 2025			
Scenario	**Weightings**	**Year 1 %**	**Year 2 %**	**Year 3 %**	**5-Year Average %**	**Year 1 %**	**Year 2 %**	**Year 3 %**	**5-Year Average %**
Upside	20%	4.4	3.9	3.7	3.9	3.7	8.4	14.8	5.1
Base	50%	4.8	4.9	4.7	4.6	1.6	3.9	7.8	3.9
Downside	25%	5.6	6.5	6.8	6.4	(6.6)	(9.2)	(10.4)	0.3
Severe	5%	5.9	7.3	7.5	7.1	(12.3)	(18.5)	(23.2)	(2.6)

Unaudited 30 June 2025		UK CPI – movement from H1 2025			
Scenario	**Weightings**	**Year 1 %**	**Year 2 %**	**Year 3 %**	**5-Year Average %**
Upside	20%	3.4	6.6	9.3	13.3
Base	50%	2.2	4.7	6.9	11.0
Downside	25%	0.6	2.0	3.9	7.7
Severe	5%	(0.6)	0.0	1.4	5.2

Unaudited 30 June 2025		UK Base Rate – annual average				UK debt service ratio – annual average			
Scenario	**Weightings**	**Year 1 %**	**Year 2 %**	**Year 3 %**	**5-Year Average %**	**Year 1 %**	**Year 2 %**	**Year 3 %**	**5-Year Average %**
Upside	20%	5.0	4.1	3.1	3.7	5.5	5.2	4.6	4.8
Base	50%	3.3	2.8	2.5	2.7	4.7	4.5	4.3	4.4
Downside	25%	2.6	1.8	1.8	1.9	4.5	4.3	4.3	4.2
Severe	5%	1.8	0.8	0.8	1.0	4.3	3.7	3.7	3.7

Unaudited 30 June 2024		UK Unemployment Rate – annual average				UK HPI – movement from H1 2024			
Scenario	Weightings	Year 1 %	Year 2 %	Year 3 %	5-Year Average %	Year 1 %	Year 2 %	Year 3 %	5-Year Average %
Upside	20%	4.0	3.7	3.6	3.7	3.4	8.7	16.6	4.6
Base	50%	4.3	3.9	3.8	3.9	1.7	4.8	9.9	3.4
Downside	25%	5.2	6.2	6.8	6.3	(7.0)	(9.0)	(9.3)	(0.3)
Severe	5%	5.5	6.7	7.4	6.8	(12.7)	(18.5)	(23.1)	(3.2)

Unaudited 30 June 2024		UK CPI – movement from H1 2024			
Scenario	Weightings	Year 1 %	Year 2 %	Year 3 %	5-Year Average %
Upside	20%	3.6	6.8	9.4	13.3
Base	50%	2.3	4.7	7.0	11.0
Downside	25%	0.6	1.8	3.7	7.5
Severe	5%	(0.6)	(0.2)	1.9	5.2

Audited 31 December 2024		UK Unemployment Rate – annual average				UK HPI – movement from December 2024			
Scenario	Weightings	2025 %	2026 %	2027 %	5-Year Average %	2025 %	2026 %	2027 %	5-Year Average %
Upside	20%	4.0	3.6	3.6	3.7	3.7	7.8	13.4	4.2
Base	50%	4.4	4.3	4.2	4.2	1.7	3.4	6.2	2.9
Downside	25%	5.1	6.0	6.7	6.2	(6.6)	(9.6)	(11.7)	(0.5)
Severe	5%	5.5	6.7	7.4	6.8	(12.3)	(18.9)	(24.7)	(3.4)

Audited 31 December 2024		UK CPI – movement from December 2024			
Scenario	Weightings	2025 %	2026 %	2027 %	5-Year Average %
Upside	20%	3.8	7.3	10.1	2.8
Base	50%	3.0	5.4	7.6	2.3
Downside	25%	1.9	2.9	4.6	1.7
Severe	5%	1.0	1.1	2.6	1.2

Audited 31 December 2024		UK Base Rate – annual average				UK debt service ratio – annual average			
Scenario	Weightings	2025 %	2026 %	2027 %	5-Year Average %	2025 %	2026 %	2027 %	5-Year Average %
Upside	20%	5.4	4.4	3.4	3.8	5.6	5.3	4.8	4.9
Base	50%	3.8	3.1	2.6	2.9	4.9	4.6	4.5	4.5
Downside	25%	3.0	1.8	1.8	2.0	4.6	4.3	4.5	4.3
Severe	5%	2.0	0.8	0.8	1.0	4.6	3.6	3.8	3.8

UK Bank of England Base Rate and debt service ratio were implemented into the ECL allowance modelling during the second half of the year ended 31 December 2024 and, therefore, do not have comparatives for the period ended 30 June 2024.

The sensitivity of the ECL allowance to reasonably possible changes in scenario weighting (an increase in downside case weighting from the upside case and an increase in severe stress case weighting from the base case) has been assessed by the Group and determined as not material.

The Group recognised an impairment charge of £30.9 million (30 June 2024: £28.2 million, 31 December 2024: £61.9 million). Were each of the macroeconomic scenarios to be applied 100%, rather than using the weightings set out above, the increase/(decrease) on ECL provisions would be as follows:

Unaudited 30 June 2025 Scenario	**Vehicle Finance £million**	**Retail Finance £million**	**Business Finance £million**	**Total Group £million**
Upside	(0.4)	(0.2)	(1.4)	(2.0)
Base	(0.2)	(0.1)	(0.8)	(1.1)
Downside	0.5	0.4	1.8	2.7
Severe	0.8	0.5	4.4	5.7

Unaudited 30 June 2024 Scenario	Vehicle Finance £million	Retail Finance £million	Business Finance £million	Total Group £million
Upside	(0.3)	(0.2)	(0.6)	(1.1)
Base	(0.2)	(0.1)	(0.4)	(0.7)
Downside	0.5	0.4	1.1	2.0
Severe	0.6	0.5	2.7	3.8

Audited 31 December 2024 Scenario	Vehicle Finance £million	Retail Finance £million	Business Finance £million	Total Group £million
Upside	(0.6)	(0.3)	(1.3)	(2.2)
Base	(0.2)	(0.1)	(0.8)	(1.1)
Downside	0.6	0.4	1.8	2.8
Severe	1.2	0.8	4.1	6.1

10.1.2. ECL-modelled output: Estimation of PDs

Sensitivity to reasonably possible changes in PD could potentially result in material changes in the ECL allowance for Vehicle Finance and Retail Finance.

A 15.0% (30 June 2024: 15.0%, 31 December 2024: 15.0%) change in the PD for Vehicle Finance would immediately impact the ECL allowance by £4.5 million (30 June 2024: £2.5 million, 31 December 2024: £4.0 million).

A 15.0% (30 June 2024: 15.0%, 31 December 2024: 15.0%) change in the PD for Retail Finance would immediately impact the ECL allowance by £3.9 million (30 June 2024: £3.3 million, 31 December 2024: £3.4 million).

These sensitivities reflect the levels of defaults observed with business-as-usual collection activities operating.

Due to the relatively low levels of provisions in the Business Finance books, sensitivity to reasonably possible changes in PD are not considered material.

10.1.3. ECL-modelled output: Vehicle Finance recovery rates

With the exception of the Vehicle Finance portfolio, the sensitivity of the ECL allowance to reasonably possible changes in the LGD is not considered material. The Vehicle Finance portfolio is particularly sensitive to changes in LGD due to the range of outcomes that could crystallise, depending on whether the Group is able to recover the vehicle as security. For the Vehicle Finance portfolio, a 20.0% (30 June 2024: 20.0%, 31 December 2024: 20.0%) change in the recovery rate assumption in the LGD is considered reasonably possible due to delays in the vehicle collection process. A 20.0% (30 June 2024: 20.0%, 31 December 2024: 20.0%) reduction in the vehicle recovery rate assumption element of the LGD for Vehicle Finance would increase the ECL by £1.8 million (30 June 2024: £0.8 million, 31 December 2024 £1.7 million). There has been no change in the vehicle recovery rate assumption in the ECL model, in either the current or prior periods.

10.1.4. Climate risk impact

The Group considers the impact of climate-related risks on the financial statements on a quarterly basis, in particular, climate change negatively impacting the value of the Group's Real Estate Finance business' security due to the increased risk of flooding associated with climate change.

While the effects of climate change represent a source of uncertainty (in respect of potential transitional risks, such as those that may arise from changes in future government policy), the impact of all of the climate change risks is considered to be low. Accordingly, the Group does not consider there to be a material impact on its judgements and estimates from the physical, transitional and other climate-related risks in the short term.

11. Due to banks

	Unaudited 30 June 2025 £million	Unaudited 30 June 2024 £million	Audited 31 December 2024 £million
Amounts due under the Bank of England's liquidity support operations			
Term Funding Scheme with additional incentives for SMEs ('TFSME')	–	340.0	230.0
Index Long-Term Repos ('ILTR')	250.0	5.0	125.0
Amounts due to other credit institutions	9.2	8.9	6.9
TFSME accrued interest	–	5.1	3.2
ILTR accrued interest	1.8	0.1	0.7
	261.0	**359.1**	**365.8**

Amounts due under TFSME were repaid during the period ended 30 June 2025.

12. Deposits from customers

	Unaudited 30 June 2025 £million	Unaudited 30 June 2024 £million	Audited 31 December 2024 £million
Fixed term bonds	1,543.3	1,518.1	1,510.0
Notice accounts	54.3	104.7	72.4
ISAs	1,131.8	689.2	857.3
Access accounts	780.7	730.7	805.2
	3,510.1	**3,042.7**	**3,244.9**

13. Provisions for liabilities and charges

	ECL allowance on off-balance sheet loan commitments £million	Other £million	Total £million
Balance at 1 January 2024	**0.8**	**5.2**	**6.0**
Charge to income statement	–	0.5	0.5
Utilised	–	(2.1)	(2.1)
Balance at 30 June 2024 (Unaudited)	**0.8**	**3.6**	**4.4**
Charge to income statement	0.1	9.3	9.4
Utilised	–	(2.5)	(2.5)
Balance at 31 December 2024 (Audited)	**0.9**	**10.4**	**11.3**
Charge to income statement	–	1.3	1.3
Utilised	–	(4.0)	(4.0)
Balance at 30 June 2025 (Unaudited)	**0.9**	**7.7**	**8.6**

ECL allowance on loan commitments

In accordance with the requirements of IFRS 9, the Group holds an ECL allowance against loans it has committed to lend, but have not yet been drawn. For the Real Estate Finance and Commercial Finance portfolios, where a loan facility is agreed that includes both drawn and undrawn elements, and the Group cannot identify the ECL on the loan commitment separately, a combined loss allowance for both drawn and undrawn components of the loan is presented as a deduction from the gross carrying amount of the drawn component, with any excess of the loss allowance over the gross drawn amount presented as a provision. At 30 June 2025, 30 June 2024 and 31 December 2024, no provision was held for losses in excess of drawn amounts.

Other

Other includes:

- provision for fraud, which relates to cases where the Group has reasonable evidence of suspected fraud, but further investigation is required before the cases can be dealt with appropriately;
- s75 Consumer Credit Act 1974 provision;
- provision for redundancy;
- costs and redress relating to the BiFD Vehicle Finance collections review (see Note 5 for further details) and historical motor commissions (see below for further details); and
- costs and redress relating to further customer redress initiatives.

The Directors expect all provisions to be fully utilised within the next one to two years.

13.1. Key sources of estimation uncertainty

In January 2024, the FCA launched a review of the historical use of discretionary commission arrangements (‘DCAs’) in the motor finance industry. The Vehicle Finance business sometimes operated these arrangements until June 2017, but stopped doing so well ahead of the FCA banning their use in January 2021.

In October 2024, the Court of Appeal gave judgment in the cases of Hopcraft, Wrench and Johnson which had wider implications for the legality of both fixed and DCA historical motor commissions.

These cases were then appealed to the Supreme Court where, in August 2025, the Hopcraft and Wrench cases were overturned, however the Johnson case was upheld.

As disclosed in the 2024 Annual Report and Accounts, we undertook scenario analysis using different assumptions, for a range of Supreme Court outcomes, which were probability weighted to estimate a potential exposure. Although the Supreme Court judgment provided some additional clarity, the scope and design of potential redress and associated costs are yet to be fully provided by the FCA, which will consult on the redress scheme beginning in early October 2025, and which it plans to finalise by the end of the year. The Group has continued to use probability weighted scenario analysis using new information from the Supreme Court judgment and the FCA’s statement to estimate a potential exposure.

As a result, the Group has decided that any changes to the provision are unlikely to be material. As at 30 June 2025, a provision of £5.5 million (31 December 2024: £6.4 million, 30 June 2024: £nil) was held. As and when new information becomes available, our scenarios and assumptions will be revised and so the provision could be materially higher or lower.

14. Subordinated liabilities

	Unaudited 30 June 2025 £million	Unaudited 30 June 2024 £million	Audited 31 December 2024 £million
Notes at face value	90.0	90.0	90.0
Unamortised issue costs	(0.6)	(0.8)	(0.7)
Accrued interest	3.9	3.9	4.0
	93.3	**93.1**	**93.3**

The Fixed Rate Reset Callable Subordinated Notes due August 2033 are listed on the International Securities Market of the London Stock Exchange. This issuance is in line with the Group's funding strategy and supports the Group's stated medium-term growth ambitions.

- The notes are redeemable for cash at their principal amount on fixed dates.
- The Company has a call option to redeem the notes early in the event of a 'tax event' or a 'capital disqualification event', which is at the full discretion of the Company.
- Interest payments are paid at six-monthly intervals and are mandatory.
- The notes give the holders rights to the principal amount on the notes, plus any unpaid interest, on liquidation. Any such claims are subordinated to senior creditors, but rank pari passu, with holders of other subordinated obligations and in priority to holders of share capital.

The above features provide the issuer with a contractual obligation to deliver cash or another financial asset to the holders and, therefore, the notes are classified as financial liabilities.

Transaction costs that are directly attributable to the issue of the notes and are deducted from the financial liability and expensed to the income statement on an effective interest rate basis over the expected life of the notes.

The notes are treated as Tier 2 regulatory capital, which is used to support the continuing growth of the business, taking into account increases in regulatory capital buffers. The issue of the notes is consistent with the Group's capital management policy.

The Group paid interest of £5.9 million on subordinated liabilities during the period (June 2024: £5.9 million, December 2024: £11.7 million), which is included in Net cash inflow from operating activities in the Condensed consolidated statement of cash flows.

15. Contingent liabilities and commitments

15.1. Contingent liabilities

15.1.1. Laws and regulations

As a financial services business, the Group must comply with numerous laws and regulations that significantly affect the way it does business. While the Group believes there are no material unidentified continuing areas of failure to comply with these laws and regulations, other than noted below, there can be no guarantee that all issues have been identified.

15.2. Credit commitments

Commitments to extend credit to customers were as follows:

	Unaudited 30 June 2025 £million	Unaudited 30 June 2024 £million	Audited 31 December 2024 £million
Consumer Finance			
Retail Finance	108.1	88.4	112.2
Vehicle Finance	2.2	3.2	1.2
Business Finance			
Real Estate Finance	35.3	41.5	39.5
Commercial Finance	166.9	148.3	110.3
	312.5	**281.4**	**263.2**

16. Share-based payments

Movements in the share options outstanding during the period are set out below:

	Outstanding at 1 January 2025 Number	Granted Number	Forfeited, lapsed and cancelled Number	Exercised Number	Outstanding at 30 June 2025 Number
Long term incentive plan	892,621	614,467	(144,670)	(55,971)	**1,306,447**
Deferred bonus plan	85,924	24,714	–	(43,644)	**66,994**
Sharesave plan	416,500	–	(64,857)	(2,321)	**349,322**
	1,395,045	**639,181**	**(209,527)**	**(101,936)**	**1,722,763**

	Outstanding at 1 January 2024 Number	Granted Number	Forfeited, lapsed and cancelled Number	Exercised Number	Outstanding at 30 June 2024 Number
Long term incentive plan	718,098	422,799	(157,026)	(57,855)	926,016
Deferred bonus plan	88,533	43,162	–	(45,771)	85,924
Sharesave plan	403,913	–	(28,242)	(40,957)	334,714
	1,210,544	**465,961**	**(185,268)**	**(144,583)**	**1,346,654**

	Outstanding at 1 January 2024 Number	Granted Number	Forfeited, lapsed and cancelled Number	Exercised Number	Outstanding at 31 December 2024 Number
Long term incentive plan	718,098	423,111	(189,815)	(58,773)	892,621
Deferred bonus plan	88,533	43,162	–	(45,771)	85,924
Sharesave plan	403,913	143,596	(87,559)	(43,450)	416,500
	1,210,544	**609,869**	**(277,374)**	**(147,994)**	**1,395,045**

17. Cash flow statement

17.1. Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise the following balances with less than three months maturity from the date of acquisition.

	Unaudited 30 June 2025 £million	Unaudited 30 June 2024 £million	Audited 31 December 2024 £million
Cash and Bank of England reserve account	385.9	412.2	445.0
Loans and advances to banks	28.8	21.7	24.0
Less:			
Initial margin account	(1.9)	–	–
	412.8	**433.9**	**469.0**

The Group has no access to the initial margin account, so this amount does not meet the definition of cash and cash equivalents, and accordingly, they are excluded from the cash and cash equivalents.

17.2. Changes in liabilities arising from financing activities

All changes in liabilities arising from financing activities arise from changes in cash flows, apart from £nil (June 2024: £nil, December 2024: £0.1 million) of lease liabilities interest expense.

18. Related party transactions

There were no changes to the nature of the related party transactions during the period to June 2025 that would materially affect the position or performance of the Group. The nature and relative quantum of related party transactions has not changed in the six months ended 30 June 2025 in comparison to the year ended 31 December 2024. Details of the transactions for the year ended December 2024 can be found in the 2024 Annual Report and Accounts.

19. Management of credit risk

The Group takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Details of the management of credit risk can be found in the 2024 Annual Report and Accounts.

Unaudited 30 June 2025	**Stage 1 £million**	**<= 30 days past due £million**	**> 30 days past due £million**	**Stage 2 Total £million**	**Stage 3 Total £million**	**Total £million**
Consumer Finance						
Retail Finance	1,360.0	91.8	4.7	96.5	10.3	1,466.8
Vehicle Finance	500.9	47.7	19.2	66.9	46.5	614.3
Business Finance						
Real Estate Finance	1,171.1	175.4	–	175.4	118.8	1,465.3
Commercial Finance	365.0	22.9	–	22.9	2.0	389.9
Total drawn exposure	**3,397.0**	**337.8**	**23.9**	**361.7**	**177.6**	**3,936.3**
Off-balance sheet						
Loan commitments	304.7	7.8	–	7.8	–	312.5
Total gross exposure	**3,701.7**	**345.6**	**23.9**	**369.5**	**177.6**	**4,248.8**
Less:						
Impairment allowance	(30.0)	(11.3)	(7.4)	(18.7)	(58.8)	(107.5)
Provision for loan commitments	(0.9)	–	–	–	–	(0.9)
Total net exposure	**3,670.8**	**334.3**	**16.5**	**350.8**	**118.8**	**4,140.4**

Unaudited 30 June 2024	Stage 1 £million	<= 30 days past due £million	> 30 days past due £million	Stage 2 Total £million	Stage 3 Total £million	Total £million
Consumer Finance						
Retail Finance	1,294.2	35.5	4.8	40.3	11.2	1,345.7
Vehicle Finance	449.5	29.5	21.3	50.8	57.0	557.3
Business Finance						
Real Estate Finance	1,040.7	151.3	13.1	164.4	77.7	1,282.8
Commercial Finance	324.2	–	–	–	13.2	337.4
Total drawn exposure	**3,108.6**	**216.3**	**39.2**	**255.5**	**159.1**	**3,523.2**
Off-balance sheet						
Loan commitments	280.8	0.6	–	0.6	–	281.4
Total gross exposure	**3,389.4**	**216.9**	**39.2**	**256.1**	**159.1**	**3,804.6**
Less:						
Impairment allowance	(30.2)	(7.6)	(6.9)	(14.5)	(56.9)	(101.6)
Provision for loan commitments	(0.8)	–	–	–	–	(0.8)
Total net exposure	**3,358.4**	**209.3**	**32.3**	**241.6**	**102.2**	**3,702.2**

Audited 31 December 2024	Stage 1 £million	<= 30 days past due £million	> 30 days past due £million	Stage 2 Total £million	Stage 3 Total £million	Total £million
Consumer Finance						
Retail Finance	1,324.1	48.1	4.1	52.2	11.6	1,387.9
Vehicle Finance	500.7	40.0	21.0	61.0	65.0	626.7
Business Finance						
Real Estate Finance	1,046.9	209.0	0.1	209.1	97.9	1,353.9
Commercial Finance	332.9	6.7	–	6.7	12.2	351.8
Total drawn exposure	**3,204.6**	**303.8**	**25.2**	**329.0**	**186.7**	**3,720.3**
Off-balance sheet						
Loan commitments	262.4	0.8	–	0.8	–	263.2
Total gross exposure	**3,467.0**	**304.6**	**25.2**	**329.8**	**186.7**	**3,983.5**
Less:						
Impairment allowance	(29.6)	(8.6)	(7.3)	(15.9)	(66.3)	(111.8)
Provision for loan commitments	(0.9)	–	–	–	–	(0.9)
Total net exposure	**3,436.5**	**296.0**	**17.9**	**313.9**	**120.4**	**3,870.8**

19.1 Concentration risk

Management assesses the potential concentration risk from geographic, product and individual loan concentration. Due to the nature of the Group's lending operations, the Directors consider the lending operations of the Group as a whole to be well diversified. Details of the Group's loans and advances to customers and loan commitments by product is provided in Notes 3 and 15.2 respectively.

The Group's Real Estate Finance loan book is secured against UK property only. The geographical concentration of these business loans and advances to customers, by location of the security, is as follows:

	Unaudited 30 June 2025 £million	Unaudited 30 June 2024 £million	Audited 31 December 2024 £million
Central England	153.2	102.0	99.5
Greater London	747.0	722.8	709.5
Northern England	125.1	98.1	89.2
South East England (excl. Greater London)	241.5	240.5	233.3
South West England	97.7	39.8	40.7
Scotland, Wales and Northern Ireland	100.8	79.6	79.6
Gross loans and advances to customers	**1,465.3**	**1,282.8**	**1,251.8**
Allowance for impairment	(17.8)	(11.3)	(8.0)
Total	**1,447.5**	**1,271.5**	**1,243.8**
Loan-to-value	**58%**	**57%**	**56%**

Under its credit policy, the Real Estate Finance business lends to a maximum loan-to-value of:

- 70% for investment loans;
- 60% for residential development loans[1];
- 65% for certain residential higher leveraged development loans[1], which is subject to an overall cap on such lending agreed by management according to risk appetite; and
- 65% for commercial development loans[1].

This remains unchanged from prior periods.

1. Based on gross development value.

20. Capital risk (unaudited)

Capital risk is the risk that the Group will have insufficient capital resources to meet minimum regulatory requirements and to support the business. The Group adopts a conservative approach to managing its capital and at least annually assesses the robustness of the capital requirements as part of the Group's Internal Capital Adequacy Assessment Process ('ICAAP'). The Group has Tier 1 and Tier 2 capital resources, noting the regulatory adjustments required in the table below.

The following table shows the regulatory capital resources for the Group:

	Unaudited 30 June 2025 £million	Unaudited 30 June 2024 £million	Unaudited 31 December 2024 £million
Tier 1			
Share capital	7.6	7.6	7.6
Share premium	84.0	84.0	84.0
Retained earnings	284.3	265.3	271.1
Own shares	(1.9)	(1.2)	(2.2)
IFRS 9 transition adjustment (See below for further details)	–	–	0.1
Goodwill	(1.0)	(1.0)	(1.0)
Intangible assets net of attributable deferred tax	(3.7)	(4.3)	(4.0)
Common Equity Tier 1 ('CET 1') capital before foreseeable dividend	**369.3**	**350.4**	**355.6**
Foreseeable dividend	(2.2)	(2.2)	(4.2)
CET 1 capital	**367.1**	**348.2**	**351.4**
Tier 2			
Subordinated liabilities	89.4	89.2	89.3
Less ineligible portion	(23.8)	(27.7)	(25.0)
Total Tier 2 capital[1]	**65.6**	**61.5**	**64.3**
Own funds	**432.7**	**409.7**	**415.7**
Reconciliation to total equity:			
IFRS 9 transition adjustment	–	–	(0.1)
Eligible subordinated liabilities	(65.6)	(61.5)	(64.3)
Cash flow hedge reserve	0.1	(0.2)	–
Goodwill and other intangible assets net of attributable deferred tax	4.7	5.3	5.0
Foreseeable dividend	2.2	2.2	4.2
Total equity	**374.1**	**355.5**	**360.5**

1. Tier 2 capital comprises solely subordinated debt, excluding accrued interest, capped at 25% of the Pillar 1 and 2A requirements as set by the PRA.

The Group elected to adopt the IFRS 9 transitional rules. The initial IFRS 9 transitional adjustment ended in 2022. The 'quick fix' part of the relief, for increases in provisions since 1 January 2020, except where these provisions relate to defaulted accounts, were added back to eligible capital (net of attributable deferred tax) at 25% in 2024. This relief ended on 1 January 2025.

The Group's regulatory capital is divided into:

- CET 1 capital, which comprises shareholders' funds, after adding back the IFRS 9 transition adjustment (where applicable) and deducting qualifying intangible assets, both of which are net of attributable deferred tax.
- Tier 2 capital, which is solely subordinated debt net of unamortised issue costs, capped at 25% of the capital requirement.

The Group operates the standardised approach to credit risk, whereby risk weightings are applied to the Group's on and off-balance sheet exposures. The weightings applied are those stipulated in the Capital Requirements Regulation.

The Group is subject to capital requirements imposed by the PRA on all financial services firms. During the periods, the Group complied with these requirements.

21. Fair value of loans and advances to customers and deposits from customers

The fair value of loans and advances to customers and deposits from customers is set out below.

	Unaudited Carrying amount 30 June 2025 £million	Unaudited Fair value 30 June 2025 £million	Unaudited Carrying amount 30 June 2024 £million	Unaudited Fair value 30 June 2024 £million	Audited Carrying amount 31 December 2024 £million	Audited Fair value 31 December 2024 £million
Loans and advances to customers	**3,828.8**	**3,836.4**	3,421.6	3,385.3	3,608.5	3,612.3
Deposits from customers	**3,510.1**	**3,510.7**	3,042.7	3,033.6	3,244.9	3,254.0

Derivatives are carried at fair value. All other assets and liabilities are carried at amortised cost.

22. Events after the end of the reporting period

On 2 July 2025, the Group announced that it would cease new lending in Vehicle Finance and continue to service existing consumers until the end of their agreement, or in the case of Stock Funding customers, transition lending facilities to other providers. As a result of this decision, some roles within the business are expected to be at risk. At this point in time, the consultation process with impacted employees is at an early stage.

On 1 August 2025, the Supreme Court gave its judgment on the historical use of commission arrangements in the motor finance industry. Following this the FCA announced it would consult with the industry on a compensation scheme for motor finance customers who have been treated unfairly. Note 13.1 provides further detail on the impact to the Group.

There have been no other material events after the end of the reporting period that require disclosure.

Appendix to the Interim Report (unaudited)

Key performance indicators and other alternative performance measures

All key performance indicators are based on continuing operations, unless otherwise stated.

(i) Net interest margin, net revenue and risk adjusted margin ratios

Net interest margin is calculated as net interest income for the financial period as a percentage of the average loan book. Risk adjusted margin is calculated as risk adjusted income for the financial period as a percentage of the average loan book. Net revenue margin is calculated as operating income for the financial period as a percentage of the average loan book. The calculation of the average loan book is the average of the monthly balance of loans and advances to customers, net of provisions, over seven or 13 months. The resulting ratios for June 2025 are multiplied by 365/181, and June 2024 are multiplied by 366/182 to give an annual equivalent comparable to the annual results:

Group	June 2025 £million	June 2024 £million	December 2024 £million
Net interest income	99.0	88.2	184.9
Net fee and commission income	7.3	7.9	19.0
Operating income	106.3	96.1	203.9
Opening loan book	3,608.5	3,315.3	3,315.3
Closing loan book	3,828.8	3,421.6	3,608.5
Average loan book	3,707.9	3,360.7	3,413.9
Net revenue margin	**5.8%**	**5.8%**	**6.0%**
Net interest margin	**5.4%**	**5.3%**	**5.4%**

Retail Finance	June 2025 £million	June 2024 £million	December 2024 £million
Net interest income	47.6	41.2	86.8
Average loan book	1,377.8	1,255.1	1,285.9
Net interest margin	**7.0%**	**6.6%**	**6.8%**
Net interest income	47.6	41.2	86.8
Net fee and commission income	1.4	1.5	3.2
Net impairment charge on loans and advances to customers	(9.5)	(4.4)	(13.3)
Risk adjusted income	39.5	38.3	76.7
Risk adjusted margin	**5.8%**	**6.1%**	**6.0%**

Vehicle Finance	June 2025 £million	June 2024 £million	December 2024 £million
Net interest income	26.0	22.5	47.6
Average loan book	572.7	478.0	505.4
Net interest margin	**9.2%**	**9.5%**	**9.4%**
Net interest income	26.0	22.5	47.6
Net fee and commission income	0.6	0.9	0.8
Net impairment charge on loans and advances to customers	(16.0)	(20.9)	(38.7)
Other gains/(losses): gains on modification of financial assets	–	0.1	0.1
Risk adjusted income	10.6	2.6	9.8
Risk adjusted margin	**3.7%**	**1.1%**	**1.9%**

Real Estate Finance	June 2025 £million	June 2024 £million	December 2024 £million
Net interest income	16.4	16.2	32.6
Net fee and commission income	0.2	0.3	0.4
Operating income	16.6	16.5	33.0
Net impairment charge on loans and advances to customers	(4.7)	(2.9)	(4.0)
Risk adjusted income	11.9	13.6	29.0
Average loan book	1,405.8	1,263.7	1,269.5
Net revenue margin	**2.4%**	**2.6%**	**2.6%**
Risk adjusted margin	**1.7%**	**2.2%**	**2.3%**

Commercial Finance	June 2025 £million	June 2024 £million	December 2024 £million
Net interest income	5.7	6.2	12.2
Net fee and commission income	5.2	5.2	14.5
Operating income	10.9	11.4	26.7
Net impairment charge on loans and advances to customers	(0.7)	–	(5.9)
Risk adjusted income	10.2	11.4	20.8
Average loan book	351.6	364.1	353.0
Net revenue margin	**6.3%**	**6.3%**	**7.6%**
Risk adjusted margin	**5.9%**	**6.3%**	**5.9%**

These ratios show the net return on our lending assets, with and without, adjusting for cost of risk.

(ii) Return on average equity

Total return on average equity is calculated as the total profit after tax for the financial period as a percentage of average equity. Adjusted return on average equity is calculated as the adjusted profit after tax for the financial period as a percentage of average equity. Average equity is calculated as the average of the monthly equity balances. The resulting ratios for June 2025 are multiplied by 365/181, and June 2024 are multiplied by 366/182 to give an annual equivalent comparable to the annual results:

	June 2025 £million	June 2024 £million	December 2024 £million
Total profit after tax	16.7	12.8	19.7
Less:			
Exceptional items after tax	0.8	–	8.9
Adjusted profit after tax	17.5	12.8	28.6
Opening equity	360.5	344.5	344.5
Closing equity	374.1	355.5	360.5
Average equity	368.0	350.9	355.3
Total return on average equity	**9.2%**	**7.3%**	**5.5%**
Adjusted return on average equity	**9.6%**	**7.3%**	**8.0%**

Return on average equity is a measure of the Group's ability to generate profit from the equity available to it.

(iii) Cost to income ratio

Statutory cost to income ratio is calculated as total operating expenses for the financial period as a percentage of operating income for the financial period. Adjusted cost to income ratio is calculated as adjusted operating expenses for the financial period as a percentage of operating income for the financial period.

	June 2025 £million	June 2024 £million	December 2024 £million
Total operating expenses	53.2	51.6	113.7
Less: Exceptional items	(1.0)	–	(9.9)
Adjusted operating expenses	52.2	51.6	103.8
Operating income	106.3	96.1	203.9
Statutory cost to income ratio	**50.0%**	**53.7%**	**55.8%**
Adjusted cost to income ratio	**49.1%**	**53.7%**	**50.9%**

The cost to income ratio measures how efficiently the Group is utilising its cost base to produce income.

(iv) Cost of risk

Cost of risk is calculated as the net impairment charge on loans and advances to customers and gains and losses on modification of financial assets for the financial period as a percentage of the average loan book. The resulting ratios for June 2025 are multiplied by 365/181, and June 2024 are multiplied by 366/182 to give an annual equivalent comparable to the annual results:

	June 2025 £million	June 2024 £million	December 2024 £million
Net impairment charge on loans and advances to customers	30.9	28.2	61.9
Other gains/(losses): gains on modification of financial assets	–	(0.1)	(0.1)
Total	30.9	28.1	61.8
Average loan book	3,707.9	3,360.7	3,413.9
Cost of risk	**1.7%**	**1.7%**	**1.8%**

The cost of risk measures how effective the Group has been in managing the credit risk of its lending portfolios.

(v) Cost of funds

Cost of funds is calculated as the interest expense for the financial period expressed as a percentage of average loan book. The resulting ratios for June 2025 are multiplied by 365/181, and June 2024 are multiplied by 366/182 to give an annual equivalent comparable to the annual results:

	June 2025 £million	June 2024 £million	December 2024 £million
Interest expense and similar charges	88.8	90.4	181.1
Average loan book	3,707.9	3,360.7	3,413.9
Cost of funds	**4.8%**	**5.4%**	**5.3%**

The cost of funds measures the cost of money being lent to customers.

(vi) Funding ratio and loan to deposit ratio

The funding ratio is calculated as the total funding at the end of the period, divided by the loan book at the end of the period. The loans to deposit ratio is calculated as loans and advances to customers at the end of the period divided by deposits from customers at the end of the period:

	June 2025 £million	June 2024 £million	December 2024 £million
Deposits from customers	3,510.1	3,042.7	3,244.9
Borrowings under the Bank of England's liquidity support operations (including accrued interest)	251.8	350.2	358.9
Tier 2 capital (including accrued interest)	93.3	93.1	93.3
Equity	374.1	355.5	360.5
Total funding	4,229.3	3,841.5	4,057.6
Loans and advances to customers	3,828.8	3,421.6	3,608.5
Funding ratio	**110.5%**	**112.3%**	**112.4%**
Loan to deposit ratio	**109.1%**	**112.5%**	**111.2%**

The funding ratio and loan to deposit ratio measures the Group's excess of funding that provides liquidity.

(vii) Profit before tax pre impairments

Profit before tax pre impairments is profit before tax, excluding impairment charges and gains on modification of financial assets.

	June 2025 £million	June 2024 £million	December 2024 £million
Profit before income tax	22.3	17.1	29.2
Excluding: net impairment charge on loans and advances to customers	30.9	28.2	61.9
Excluding: Other gains/(losses): gains on modification of financial assets	–	(0.1)	(0.1)
Profit before tax pre impairments	**53.2**	**45.2**	**91.0**
Exceptional items	1.0	–	9.9
Adjusted profit before tax pre impairments	**54.2**	**45.2**	**100.9**

Profit before tax pre impairments measures the operational performance of the business.

(viii) Tangible book value per share

Tangible book value per share is calculated as the total equity less intangible assets divided by the number of shares in issue at the end of the period:

	June 2025 £million	June 2024 £million	December 2024 £million
Total equity	374.1	355.5	360.5
Less: Intangible assets	(4.7)	(5.3)	(5.0)
Tangible book value	369.4	350.2	355.5
Number of shares in issue at the end of the period	19,073,729	19,068,915	19,071,408
Tangible book value per share	**£19.37**	**£18.36**	**£18.64**

Tangible book value is a measure of the Group's value per share.

Directors' responsibility statement

The Directors confirm that, to the best of their knowledge:

- the Interim Financial Statements have been prepared in accordance with United Kingdom-adopted International Accounting Standard 34 – 'Interim Financial Reporting', issued by the IASB and give a true and fair view of the assets, liabilities, financial position and profit of the undertakings included in the consolidation as a whole;
- the Interim Business Report includes a fair review of the information required by Section 4.2.7R of the Disclosure Guidance and Transparency Rules, issued by the Financial Conduct Authority (that being an indication of important events that have occurred during the first six months of the current financial year and their impact on the condensed financial statements and a description of the principal risks and uncertainties for the remaining six months of the financial year); and
- the Interim Business Report includes a fair review of the information required by Section 4.2.8R of the Disclosure Guidance and Transparency Rules, issued by the Financial Conduct Authority (that being disclosure of related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or the performance of the enterprise during that period; and any changes in the related party transactions described in the last annual report which could do so).

Approved by the Board of Directors and signed on behalf of the Board.

Jim Brown
Chair

David McCreadie
Chief Executive Officer

13 August 2025

Independent review report to Secure Trust Bank PLC

Conclusion

We have been engaged by the Company to review the condensed set of financial statements in the Interim Financial Statements for the six months ended 30 June 2025, which comprises the: Condensed consolidated statement of comprehensive income; Condensed consolidated statement of financial position; Condensed consolidated statement of changes in equity; Condensed consolidated statement of cash flows; and related Notes 1 to 22.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the Interim Financial Statements for the six months ended 30 June 2025 is not prepared, in all material respects, in accordance with United Kingdom-adopted International Accounting Standard 34 and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Basis for conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Financial Reporting Council for use in the United Kingdom ('ISRE (UK) 2410'). A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

As disclosed in Note 1.2, the annual financial statements of the Group are prepared in accordance with United Kingdom-adopted international accounting standards. The condensed set of financial statements included within this Interim Financial Statements has been prepared in accordance with United Kingdom-adopted International Accounting Standard 34, 'Interim Financial Reporting'.

Conclusion relating to going concern

Based on our review procedures, which are less extensive than those performed in an audit, as described in the Basis for conclusion section of this report, nothing has come to our attention to suggest that the Directors have inappropriately adopted the going concern basis of accounting or that the Directors have identified material uncertainties relating to going concern that are not appropriately disclosed.

This conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410; however, future events or conditions may cause the entity to cease to continue as a going concern.

Responsibilities of the Directors

The Directors are responsible for preparing the Interim Financial Statements in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

In preparing the Interim Financial Statements, the Directors are responsible for assessing the Group'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.

Auditor's responsibilities for the review of the financial information

In reviewing the Interim Financial Statements, we are responsible for expressing to the Group a conclusion on the condensed set of financial statements in the Interim Financial Statements. Our conclusion, including our conclusion relating to going concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for conclusion paragraph of this report.

Use of our report

This report is made solely to the Company in accordance with ISRE (UK) 2410. Our work has been undertaken so that we might state to the Company those matters we are required to state to it in an independent review 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, for our review work, for this report, or for the conclusions we have formed.

Deloitte LLP

Statutory Auditor
Birmingham

13 August 2025

Board of Directors

Jim Brown

Non-Executive Chair

David McCreadie FCBI

Chief Executive Officer

Rachel Lawrence ACMA

Chief Financial Officer

Ann Berresford ACA

Independent Non-Executive Director (Senior Independent Director)

Steve Colsell

Independent Non-Executive Director

Julie Hopes MBA ACIB

Independent Non-Executive Director

Victoria Mitchell

Independent Non-Executive Director

Paul Myers ACIB

Independent Non-Executive Director

Finlay Williamson CA FCIBS

Independent Non-Executive Director

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