Zopa Group PLC: H1 2025 Trading Update

Note: the following trading update is unaudited.

Today, Zopa Group PLC[1] has provided an update on its consolidated financial performance for H1 2025.

Key Highlights

- Entered everyday banking through Biscuit, our new flagship current account product, which has reached over 100k customers
- Serving 1.5 million customers across all products, with 1 in 4 customers now holding more than one product with us
- Raised £80m in Additional Tier 1 in May from existing and new investors to support a period of accelerating growth
- Cost-to-income ratio[2] reduced to 37.5%, a market-leading ratio relative to high street banks and our closest fintech peers
- Tripled profitability[2] to £20.7m in H1 2025 compared to the same period last year, supported by £3.4bn in gross loans and £5.4bn in retail deposits
- Continued focus on responsible lending and use of advanced AI models for underwriting, successfully delivering stable credit performance despite an uncertain outlook
- Announcement of our new office in Manchester as well as the move of our existing London office to Canary Wharf, reflecting our ongoing investment in innovation and talent
- In motor finance, the Supreme Court judgement did not change our approach of not recognising a financial provision at this stage

Group Income Statement

Group Income Statement	H1 2025	H1 2024	YoY %
Interest Income	£288.1m	£228.1m	26%
Interest Expense	(£122.0m)	(£98.7m)	24%
Net Interest Income	**£166.0m**	**£129.4m**	**28%**
Fee & Commission Income	£7.5m	£8.0m	(7%)
Fee & Commission Expense	(£7.5m)	(£7.6m)	(1%)
Net Fee & Commission Income	**(£0.0m)**	**£0.4m**	**(110%)**
Other Operating Income	£0.5m	£2.1m	(76%)
Net Gains / (Losses) on Disposal of Property, Plant and Equipment	£0.0m	£0.0m	
Net Gains / (Losses) on Derecognition of Financial Assets Measured at Amortised Cost	(£1.4m)	£0.9m	(253%)
Changes in Fair Value of Financial Instruments Measured at FVTPL	£1.1m	£3.0m	(64%)
Total Operating Income	**£166.2m**	**£135.8m**	**22%**
Operating Expenses	(£64.8m)	(£53.5m)	21%
Net Operating Income	**£101.4m**	**£82.3m**	**23%**
Change in Expected Credit Losses & Other Credit Impairment Charges	(£80.8m)	(£75.3m)	7%
Change in Provisions for Other Liabilities & Charges	(£2.4m)	(£1.9m)	23%
Profit Before Tax[3]	**£18.2m**	**£5.1m**	**256%**
Taxation	(£4.6m)	(£2.0m)	133%
Profit After Tax	**£13.6m**	**£3.1m**	**333%**

[1] Re-registration from Zopa Group Limited to Zopa Group PLC completed in July 2025.

[2] Excludes share-based payments.

[3] Profit Before Tax for Group excluding Share-Based Payments was £20.7m (H1 2024: £6.5m). Profit Before Tax for Bank excluding Share-Based Payments was £20.5m (H1 2024: £9.2m) or £18.0m (H1 2024: £7.9m) on a statutory basis. In H1 2025, Share Based Payments were £2.5m (H1 2024: £1.4m).

Group Balance Sheet

Group Balance Sheet	H1 2025	FY 2024	6m %
Assets			
Cash & Cash Equivalents	£2,171m	£2,820m	(23%)
Central Banks	£2,044m	£2,761m	(26%)
Other Banks	£67m	£59m	14%
Debt Securities[4]	£60m	£0m	n.m.
Loans & Advances to Customers	£3,204m	£2,866m	12%
Investment Securities[4]	£818m	£455m	80%
Other Assets	£86m	£88m	(3%)
Total Assets	**£6,279m**	**£6,230m**	**1%**
Liabilities			
Amounts Due to Banks	£149m	£157m	(5%)
Deposits by Customers	£5,392m	£5,456m	(1%)
Subordinated Liabilities	£76m	£76m	0%
Other Liabilities	£61m	£44m	37%
Total Liabilities	**£5,678m**	**£5,733m**	**(1%)**
Equity[5]			
Called-Up Share Capital	£2m	£2m	1%
Share Premium	£61m	£534m	(89%)
Other Equity Instruments (Additional Tier 1)	£78m	£0m	n.m.
Other Reserves	£72m	£70m	3%
Retained Earnings/(Losses)	£388m	(£109m)	n.m.
Total Equity	**£601m**	**£496m**	**21%**

Presentation of Group Key Performance Indicators

Group KPIs			
Overall	**H1 2025**	**H1 2024**	**YoY %**
Total Customers	1.5m	1.3m	18%
Gross New Lending	£1.2bn	£1.1bn	13%
Income Statement	**H1 2025**	**H1 2024**	**YoY %**
Total Revenue	£176.0m	£143.5m	23%
Total Operating Income	£166.2m	£135.8m	22%
Profit Before Tax (Excluding Share-Based Payments)	£20.7m	£6.5m	220%
Profit Before Tax	£18.2m	£5.1m	256%
Cost-to-Income Ratio (Excluding Share-Based Payments)	37.5%	40.1%	(2.6ppt)
Net Interest Margin[6]	5.2%	5.5%	(0.3ppt)
Cost of Risk	5.0%	5.3%	(0.3ppt)
Balance Sheet	**H1 2025**	**FY 2024**	**6m %**
Total Retail Deposits	£5.4bn	£5.5bn	(1%)
Cost of Funding	4.2%	4.6%	(0.4ppt)
Loan-to-Deposit Ratio	59.4%	52.5%	6.9ppt
Liquidity Coverage Ratio (Bank)	465%	548%	(83.0ppt)
Net Stable Funding Ratio (Bank)	227%	259%	(32.0ppt)

[4] Debt Securities are short-term investments with an original maturity of less than three months from the acquisition date. Investment Securities have an original maturity of greater than three months.
[5] The movement within Equity is mainly driven by the following: (1) the Group undertook a capital reduction on 4 March 2025 to optimise its capital structure and support the AT1 instrument issuance, resulting in a reduction in Share Premium and a corresponding increase in Retained Earnings; (2) issuance of Additional Tier 1 Instrument (accounted as Equity) and (3) profit for the period.
[6] Net interest income as a percentage of all average gross interest-bearing assets. The average is calculated using monthly average balances.

Analysis of Credit Risk Exposure

H1 2025	Stage 1	Stage 2	Stage 3	POCI[7]	Total
On-Balance Sheet					
Loans & Advances to Customers	£3,063m	£221m	£160m	£0m	£3,445m
Expected Credit Losses	£65m	£69m	£111m	£0m	£245m
Provision Rate	2.1%	31.1%	69.1%	n.m.	7.1%
Off-Balance Sheet					
Loans & Advances to Customers	£237m	£7m	-	-	£244m
Expected Credit Losses	£2m	£0m	-	-	£2m
Provision Rate	0.8%	3.2%	0.0%	0.0%	0.9%

FY 2024	Stage 1	Stage 2	Stage 3	POCI	Total
On-Balance Sheet					
Loans & Advances to Customers	£2,728m	£229m	£110m	£0m	£3,068m
Expected Credit Losses	£58m	£67m	£76m	£0m	£201m
Provision Rate	2.1%	29.4%	68.6%	n.m.	6.6%
Off-Balance Sheet					
Loans & Advances to Customers	£216m	£8m	-	-	£223m
Expected Credit Losses	£2m	£0m	-	-	£2m
Provision Rate	0.8%	2.8%	0.0%	0.0%	0.8%

Key Financial Commentary

- Total revenue grew 23% year-on-year due to continued growth in our customer base and gross new lending. Note, our gross new lending metric excludes credit cards
- Cost-to-income ratio reduced by a further ~260bps year-on-year as we continued to invest in technology and efficiencies across the business
- Net interest margin, which includes all interest-bearing assets, fell by ~30bps, predominantly due to excess liquid assets earning less income as rates fell. Excluding this impact, our lending net interest margin (when focusing on lending assets only) increased by ~40bps
- Cost of risk fell by ~30bps as we observed improvements in underlying credit performance across unsecured personal loans and credit cards
- Retail deposits grew 16% year-on-year but have stabilised since 2024 year-end as we have not sought out additional deposits given our excess liquidity position. In H1, we maintained margins, reducing our cost of funding in line with base rate and benefitting from strong retention rates for our savings products. We continue to operate with significant excess savings and liquidity
- Note, in our KPIs, we exclude share-based payments from certain metrics such as our cost-to-income ratio and profit before tax to better reflect underlying business performance

[7] POCI refers to Purchased or Originated Credit-Impaired financial assets.

FCA Review of Motor Finance Commissions

On 1 August 2025 the Supreme Court issued a unanimous decision in the three linked motor finance appeal of Hopcraft, Johnson and Wrench. The Court confirmed that car dealers do not owe a fiduciary duty to customers when arranging motor finance. As a result, customers have no automatic right to redress where either the car dealer or the lender failed to adequately disclose the payment of commission by the lender to the car dealer. However, customers may still be able to pursue claims against lenders based on breaches of the Consumer Credit Act 1974 and FCA Rules. On 3 August, the FCA confirmed that it will publish a consultation in early October on a redress scheme which will cover how lenders should assess whether the relationship between the lender and the customer was unfair for the purposes of the FCA's scheme and if so, what compensation should be paid. The FCA anticipates that most customers will receive less than £950 (including interest) in compensation per agreement. Pending publication of the FCA consultation we are assessing our auto loan book against the factors to be used to determine unfairness, which were set out by the Supreme Court and which the FCA expects to adopt. We do not currently consider that any adjustment is required to our year-end 2024 assessment and thus have not recognised any financial provision.

Pillar 3 Disclosure

Our H1 2025 Pillar 3 Disclosure can be found at zopa.com/investor-information under the Pillar 3 section.

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