

ZOPA GROUP PLC

Annual Report and Accounts for the year ended
31 December 2025

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COMPANY INFORMATION

Registered office and head office

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Company registered number

10624955

Principal Bankers

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Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
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STRATEGIC REPORT

Business review

Zopa Group PLC ('the Company') is the financial holding company of Zopa Group ('the Group' or 'Zopa'). Zopa Group, through its principal subsidiary Zopa Bank Limited (the 'Bank' or 'Zopa Bank'), provides retail banking and consumer finance services in the United Kingdom. The Company is a public limited company, limited by shares, incorporated in England & Wales and domiciled in the United Kingdom under the Companies Act 2006 (registered number 10624955). The registered office is at Level 12, 20 Water Street, Canary Wharf, London, United Kingdom, E14 5GX.

The Company is regulated by the Prudential Regulation Authority (PRA) as a financial holding company of Zopa Bank. The Bank is a public interest entity, authorised by the PRA and regulated by the Financial Conduct Authority (FCA) and the PRA.

In 2025, several changes impacted the Group's structure outside of its overall ownership of the Bank. Previously, the Group had filed a voluntary strike-off application for the Zopa Embedded Finance (ZEF) entity which provided point-of-sale services following the acquisition of DivideBuy in 2023. The strike-off completed in 2025 and the remaining activities of ZEF were integrated into the Bank. In August the Group acquired additional capability through the purchase of RVVUP Ltd, a payments platform that operates alongside the Bank within the Group. RVVUP adds merchant payment capabilities and supports the future development and growth of point-of-sale financing and buy-now-pay-later products. The Group also converted its structure from a private limited company to a public limited company following the inaugural issuance of publicly listed Additional Tier 1.

Over the course of 2025 the Group delivered strong growth, stable margins and good risk performance, demonstrating ongoing success despite the subdued level of growth in the UK. The Group ended the year with 1.7m total customers, up 21% year-on-year, with one in four customers now holding multiple products. The Group continued to make progress towards building the "Home of Money" – a simpler, fairer way for customers to manage their finances in one place. This progress included the launch of Biscuit, an award-winning current account product, marking an important milestone in extending Zopa's proposition into everyday banking. Additionally, the Group launched its wealth proposition with the introduction of the Investments product in December to support first-time investors, including many existing savers.

Financial review

The financial review provides a summary of the Group's results and performance. In assessing financial performance, the Group uses a range of key performance indicators (KPIs) focusing on growth, financial strength, cost management and resilience. The review covers the consolidated financial performance, with this largely mirroring that of the Bank.

In 2025, gross loans on the Group's balance sheet increased by 23% year-on-year to £3.8bn. Customer savings balances grew to £6.4bn. Growth in customer numbers, loan and savings balances enabled revenue² growth of 24% to £377.1m, with moderately higher interest margins compared to 2024, accompanied by stable credit risk. This increasing scale was delivered with improving efficiency. The Group's cost-to-income ratio, excluding share-based payments, fell by 3.4 percentage points to 35.4%. Taken together, these factors drove an increase in underlying profit¹ to £62.9m, an increase of 100% over 2024, and continuing the excellent track record of improving profitability every year since the Group launched the Bank in 2020.

To support its growth, the Group issued £80m of listed Additional Tier 1 capital, with the transaction attracting strong interest and support from debt investors. The Group also completed the public listing of its existing Tier 2 capital instrument, providing benefits to future access for this type of funding.

Motor finance redress

During the year, the FCA announced its intention to introduce an industry-wide redress scheme in relation to historical motor finance discretionary commission payments. At the date of this report, and based on the FCA's announcement, the redress rules are expected to be finalised by the end of March 2026. The Group then expects the scheme to open for claims from mid-2026, with compensation started thereafter.

While Zopa has been offering motor finance since late 2017, scaling for bank launch in 2020, it has only been a gradually growing part of the Group's overall lending portfolio. In 2025, the Group recognised a year-end provision of £7.9m, noting this is subject to final clarification of the redress rules by the regulator. This includes expected operational costs to manage the redress scheme based on the FCA's proposed approach. The total £7.9m provision has been included within the Change in Provisions for Other Liabilities and Charges on the Statement of Comprehensive Income. As it is considered an exceptional charge, it has been excluded from the underlying profit before tax performance metric. More detail has been provided in note 26 to the financial statements.

¹Underlying profit is profit before tax excluding share-based payments and motor finance redress costs.

²Refer to alternative performance measures on page 93.

Share-based payment expense

Consistent with the approach taken in 2024 for presenting underlying profitability metrics, the Group separates out share-based payments expense and excludes it from underlying profit because the expense is a highly volatile number due to the accounting requirements of IFRS2. In 2025, a new management incentive programme was introduced, featuring the granting of certain types of awards to management that equally vest over a five-year period. Due to the new award programme, the total P&L charge in 2025 was £12.4m compared to £2.6m in 2024. More detail on share-based payments expense can be found in Note 30 to the financial statements.

Income statement performance summary	2025	2024	2023	24-25 Change
Net interest income	£359.3m	£280.2m	£214.9m	28%
Fee & commission income	£15.3m	£14.7m	£13.7m	4%
Other income	£2.5m	£9.4m	£6.5m	-73%
Total revenue¹	£377.1m	£304.3m	£235.1m	24%
Total operating income	£359.5m	£298.6m	£223.5m	20%
Operating expenses excluding share-based payments ²	(£126.9m)	(£109.0m)	(£89.4m)	16%
Expected credit losses and similar charges	(£167.5m)	(£156.2m)	(£122.8m)	7%
Net operating income	£220.3m	£187.0m	£133.2m	18%
Underlying profit before tax (excluding share-based payments and motor finance redress)	£62.9m	£31.4m	£11.8m	100%
Profit before tax excluding share-based payments ²	£55.0m	£31.4m	£11.8m	75%
Statutory profit before tax	£42.6m	£28.8m	£10.8m	48%
Taxation	(£10.4m)	(£9.8m)	£20.3m	7%
Statutory profit after tax	£32.1m	£19.0m	£31.1m	69%

In 2025, the Group saw continued growth in customers borrowing and saving, increasing its overall revenue by 24% and total operating income by 20%. Most of the interest income was derived from interest charged on customer loans, with fee income from areas such as interchange income. The Group's strong savings performance also contributed to its income through earning a positive spread on excess savings, in addition to interest income received on its treasury activities.

Balance sheet performance summary	2025	2024	2023	24-25 Change
Cash and cash equivalents	£2.3bn	£2.8bn	£1.4bn	-17%
Gross loans and advances to customers	£3.8bn	£3.1bn	£2.7bn	23%
Expected credit losses allowance	£268.9m	£201.5m	£174.4m	33%
Savings by customers	£6.4bn	£5.5bn	£3.4bn	17%
Total equity	£628.6m	£496.4m	£410.4m	27%

Gross loans and advances to customers includes all lending products: unsecured personal loans (UPLs), motor finance, credit cards and point-of-sale (PoS) lending. In 2025, gross loans grew to £3.8bn, driven by year-on-year growth of 23% in gross new lending – which reached £2.5bn in 2025 – as the Group continued to deliver strong open market growth alongside diversifying its distribution with more existing customers choosing its products to borrow.

The Group offers a broad and flexible range of savings products including easy access, notice, fixed term, and ISA accounts, with savings balances also held by customers in the newly launched current account, Biscuit. The Group also maintains diversification and flexibility using savings partnerships.

Overall, the diverse product set and well-priced savings products enabled growth of 17% in total customer savings balances in 2025, with the total now at £6.4bn in 2025.

Financial performance KPIs	2025	2024	2023	24-25 Change
Lending net interest margin	9.9%	9.6%	8.9%	0.3%
Net interest margin	5.5%	5.3%	5.3%	0.2%
Cost-to-income ratio (excluding share-based payments)	35.4%	38.9%	41.2%	-3.4%
Cost of risk	4.9%	5.3%	5.1%	-0.4%

In this report, a new metric has been introduced called Lending Net Interest Margin (Lending NIM). The Group assesses its performance through both NIM, which is based on all interest-bearing assets as the denominator, as well as Lending NIM, which only has lending assets as the denominator. Lending NIM provides more clarity on lending performance as it excludes the effect of holding additional cash through excess savings. Lending NIM is defined as: (Net Interest Income on Lending Assets minus Net Tier 2 Expense) / Average Gross Loans. For more information on how these metrics are calculated, see page 93.

¹Refer to alternative performance measures on page 93.

²Share-based payments costs of £12.4m (2024: £2.6m).

NIM (based on all interest-bearing assets, including liquid assets) rose slightly year-on-year to 5.5% and is an important indicator of how efficiently the Group generates income from the whole balance sheet. In 2025, the Lending NIM was 9.9%, moderately increasing from 2024 levels.

In 2025, the Group continued to develop its credit modelling, deploying updated machine learning underwriting models. Overall credit performance saw improvement further supported by a maturing loan book and disciplined underwriting through what was an uncertain economic outlook. Overall, the cost of risk reduced from 5.3% in 2024 to 4.9% in 2025.

The Group improved its leading cost-to-income ratio with a further reduction in 2025. This was despite investment in building, launching and scaling the Biscuit current account product. Marketing spend for the current account launch in 2025 was limited, helping support slow growth in overheads. Headcount growth in 2025 was maintained at levels well below customer and revenue growth, being predominantly related to launching and scaling our current account product as well as other new products and initiatives.

In 2025, the Group made changes to its location strategy, opening a new office location in Manchester. The London office was also relocated to a brand-new larger office in Canary Wharf, achieving cost neutrality by square foot of space, while providing a more productive environment for the employee base and significantly improving environmental sustainability.

The Group continued to optimise its use of outsourcing in Operations and has worked to achieve further efficiencies in its third-party supplier costs. The pace of AI deployment has increased significantly with Operations doubling the rate of customer self-serve and delivering a rapid increase in the proportion of customer queries being solved by the AI chatbot.

A list of additional alternative performance measures and key performance indicators is included on page 93.

Future developments

The Group will continue to invest in strengthening the distinctiveness of its borrowing and savings propositions, delivering products that are increasingly flexible, intuitive and seamlessly connected across its ecosystem.

Following the acquisition of RVVUP Ltd in 2025, the Group will focus on integrating its technology and capabilities to enhance its overall product offerings. Building on its expansion into everyday banking, the Group will further scale the Biscuit current account through enhanced functionality and will complete the rollout of its investment offering to customers. In parallel, development of the AI Assistant will accelerate, broadening capabilities towards becoming a comprehensive financial concierge.

With a growing, multi-product customer base and a disciplined focus on profitability and customer outcomes, the Group is well positioned to deliver sustainable growth. Sustained profitability will support continued reinvestment into a broader and deeper product ecosystem, advancing the Group's ambition to become the Home of Money.

Section 172 disclosure

When making decisions, the directors of the Group must act in a way that they consider, in good faith, to be most likely to promote Group success for the benefit of its members as a whole while also considering the broad range of stakeholders who interact with and are impacted by our business. Throughout the year, while discharging their duties, the directors have had regard to the matters set out in Section 172(1) of the Companies Act 2006, including among other things:

- the likely long-term consequences of any decision;
- the interests of the Group's employees;
- the need to foster business relationships with suppliers, customers and others;
- the impact of the Group's operations on the community and the environment;
- a desire for the Group to maintain a reputation for high standards of business conduct; and
- the need to act fairly between members of the Group.

The Group strives to understand the views and needs of its broad range of stakeholders, which are covered in detail in this section of the report¹. The directors recognise that conflicting needs may arise across the stakeholders, and that not every decision made will create the desired outcomes for all stakeholders. All decisions taken by the directors are intended to promote the long-term success of the Group in a manner that is consistent with its purpose, values and strategic priorities. The directors adhere to the following steps when making decisions.

1 Identify: We identify our stakeholders based on mutual influence and impact.

2 Assess: We assess which issues we can influence, both now and in the future, and we share our plans with stakeholders.

3 Engage: We engage with our stakeholders to understand their views, needs and what matters to them.

4 Review: We perform an ongoing review of our assessment and change our plans if that is in the best interests of the Group and our stakeholders.

UK Modern Slavery Act

Pursuant to the UK Modern Slavery Act, we produce a Modern Slavery Statement on an annual basis. The statement outlines the steps we take to combat modern slavery and human trafficking in our business and supply chains, and the steps we take to respond and support survivors. The statement is available on our website at www.zopa.com/modern-slavery.

Our stakeholders

The Group engaged with key stakeholders throughout the year to understand their priorities and needs. As a result of that engagement, a number of actions were taken, as described below.

Our stakeholder relationships are managed by Zopa Bank, and the activity referenced below is executed by Zopa Bank and reported up to the Board of Zopa Group.

Our shareholders

Directors and senior management engage in regular and fair dialogue with the Group’s shareholders to share strategic and financial updates, as well as seek feedback. During 2025, those discussions covered a broad range of topics, including the medium and long-term strategic direction of the Group, financial performance and planning, market dynamics, regulatory areas of focus and engagement with other stakeholders. Feedback from shareholders informed the Board’s consideration of strategic priorities, capital planning and sequencing of growth initiatives.

Stakeholder	How we engage	What matters to them	How the Board considers it
Zopa Group equity investors	<ul style="list-style-type: none"> Some of our largest investors are on the Board and participate or observe in Board committee meetings. Large investors had regular dialogue with key management. All investors receive periodic shareholder updates, with larger investors receiving more detailed information and access to the Group’s financials each month. 	<ul style="list-style-type: none"> Corporate strategic direction Product growth Financial performance Strong management and aligned incentives Market perception Impact of future dilution Long-term value realisation and sustainable valuation outcomes 	<p>Our largest shareholders currently sit on the Board and therefore have direct input into key dimensions. In considering shareholder perspectives, the Board balances these views with its statutory duties and the long-term interests of the Group and its wider stakeholder base.</p> <p>The Board considers this alongside:</p> <ul style="list-style-type: none"> an annual strategy and budget process – the Board considers Group’s capital needs, alongside its funding options, as well as potential dilution on existing shareholders and valuation outcomes; product growth and financial performance monitoring through the regular receipt and discussion of management information; management performance assessed against an annual scorecard agreed at the start of the year with short-term management incentives aligned to those of the scorecard, including a discretionary downward risk modifier to ensure performance is not met by taking inappropriate risks, and longer-term incentives are aligned to overall long-term business and share price performance, ensuring alignment between management, shareholders and the Group’s long-term success; and where required, external advice on key topics such as management incentives, market outlook, valuation, strategy and growth which supports robust and independent decision-making on matters of significance to shareholders.

¹Given the nature and size of the RVVUP business we have not considered its engagement with stakeholders, but the RVVUP Board oversees the management of these relationships in accordance with its duties under Section 172(1) of the Companies Act 2006.

Our listed debt investors

In 2025 the Group issued and listed AT1 debt and also listed private Tier 2 debt that was issued in 2023. The AT1 and Tier 2 instruments are listed on the International Securities Market of the London Stock Exchange (the ISM). Engagement with investors of instruments listed on the ISM is subject to the ISM Rulebook and the UK Market Abuse Regime (UK MAR).

Stakeholder	How we engage	What matters to them	How the Board considers it
Zopa Group debt investors	<ul style="list-style-type: none"> We made announcements via the Regulatory Information Service (RIS) on key matters which either required disclosure under the ISM Rulebook (e.g. the change of name of Zopa Group Limited to Zopa Group PLC) or which we felt were of relevance to investors (e.g. interim trading update). The Disclosure Committee reviewed and determined whether certain matters or information in respect of the Group constituted inside information requiring disclosure to the market under UK MAR. 	<ul style="list-style-type: none"> Financial performance Market perception 	<p>The Board considers:</p> <ul style="list-style-type: none"> an annual strategy and budget process where the Board considers Group's capital needs, alongside its funding options, as well as its ongoing ability to meet its payment obligations to its debt investors; product growth and financial performance monitoring through the regular receipt and discussion of management information; and where required, external advice on key topics such as market outlook, valuation, strategy and growth which supports robust and independent decision-making on matters of significance to investors. <p>The Board reviews and approves the Disclosure Policy on an annual or as required basis to ensure it captures due consideration of timing and content of disclosures in published reports or RIS announcements.</p>

Our employees

Our people are at the heart of our success, and we strive to serve their needs. We are proud of our unique culture, which is fuelled by purpose, drive, empowerment and collaboration.

We conduct our employee engagement survey (the 'Zopometer') twice a year. We set an overall engagement target score to maintain, which is submitted to the Board as a scorecard metric annually. Our participation rates are always high; the last five surveys have seen an average of 92% participation from our people. This continues to be a well-established and trusted survey that has driven positive change and gives the business essential data from which to learn and shape our People Strategy.

Diversity, equity and inclusion continues to be a focal point for the Board. The Group's community encompasses 52 nationalities with some 28% of our employees identifying as ethnically diverse, an increase of 4% since 2024. We encourage Zopians to disclose their ethnicity during our bi-annual engagement survey. Our Women in Business Network continues to thrive and has grown to over 150 members in the last three years. In the last year, our Chief Strategy Officer joined the Network as the executive sponsor, connecting our Leadership team directly to this ERG.

Stakeholder	How we engage	What matters to them	How the Board considers it
Employees	<ul style="list-style-type: none"> Employee engagement measured twice a year. Strategy updates and company meetings. Regular Bank-wide announcements. Review of employee benefits including pay, bonus and employer pension contributions. Monitoring of external sources of employee satisfaction such as Glassdoor 	<ul style="list-style-type: none"> Gender pay gap Fair remuneration Flexible working Wellbeing Sense of belonging DE&I Learning and development 	<p>The Board evaluates results relating to the employee engagement surveys and management's plans to address areas for improvement. The Board evaluates data on the gender pay gap and DE&I, and how management plans to make further improvements. The Board assesses and approves recommendations for the Remuneration Committee on pay, bonuses and other benefits.</p>

Our customers

The Group's growth has been underpinned by understanding and addressing unmet customer¹ needs and delivering products that improve their financial wellbeing. This principle guides our product development, where regular interactions through surveys, interviews, social media and service channels help us paint a holistic picture of our customer base. We complement this qualitative data with in-depth analytics to uncover usage patterns, potential obstacles and how macro trends might impact their experience. Using this rich pool of insight, we aim to deliver solutions that truly address our customers' pain points and resonate with what they desire.

Our unyielding focus on addressing our customers' needs and dedication to creating positive experiences enable us to retain a strong overall net promoter score (NPS) at 75. We leverage AI to generate a deep understanding of key drivers of satisfaction and dissatisfaction, which underpins our delivery plans. Our highly rated customer experience means that we continue to grow our customer base for those customers who are increasingly seeking a deeper, multi-product relationship with Zopa Bank.

The Bank Board actively directs our customer strategy, and receives regular updates on both the customer experience we deliver and the outcomes we achieve. This ensures ongoing alignment between customer needs and strategic direction.

By continuing to focus on understanding and meeting customer needs, Zopa strives to be a driving force for positive financial change, empowering one individual at a time.

Stakeholder	How we engage	What matters to them	How the Board considers it
Customers	<ul style="list-style-type: none"> Regular NPS surveys Ad hoc research – both quantitative and qualitative – on new and existing products Market research and competitive analysis to understand trends outside our customer base Monitoring of online sources such as Trustpilot and social media channels to understand customer sentiment; we also analyse our own data such as call recordings to share emerging themes 	<ul style="list-style-type: none"> Value (interest rate, fees, etc.) Certainty (of rate and acceptance) Speed of disbursement, specifically for loans Understanding and managing their financial wellbeing. Security of their savings (Financial Services Compensation Scheme (FSCS) coverage) Ease of application and management 	<p>The Board evaluated this through the regular review of information packs covering customer outcomes, complaint reviews, and customer satisfaction levels.</p> <p>Similarly, the Board received customer call listening updates highlighting the quality of service that our customers received. The Board monitors and evaluates customer outcomes on an ongoing basis to ensure our products and services are aligned with the principles of Consumer Duty.</p> <p>The Board assessed whether the Bank's actions and products will benefit Zopa's customers. In 2025, the Board maintained oversight of deposit pricing in the context of a falling rate environment and competitive dynamics. The Board also evaluated the Bank's planned launch of Biscuit, its current account, within the context of its overall funding.</p>

¹ This now includes customers of RVVUP following its acquisition.

Our suppliers

2025 saw us focusing on the selection of key partners to the Group to support our product growth and the launch of the current account. We continued to leverage a diverse network of suppliers to deliver essential goods and services across our business domains, including critical operations. In order to maintain our high service standards, we continuously ensure our procurement processes align with stringent PRA regulations and expectations. This ensures careful selection of partners who share our commitment to excellence.

Furthermore, we have integrated sustainability and diversity considerations into supplier onboarding, solidifying our commitment to responsible sourcing. This approach helps us to identify partners who not only meet our operational needs, but also align with our values.

By maintaining a comprehensive supplier management framework, we ensure a risk-based approach, minimising potential issues for our customers and ourselves. Key outsourcing decisions, which include ongoing monitoring of critical suppliers, remain firmly under Board oversight. This rigorous approach guarantees reliable partnerships and fuels our dedication to operational excellence.

Stakeholder	How we engage	What matters to them	How the Board considers it
Suppliers and outsourcing partners	<ul style="list-style-type: none"> Running fair selection processes, proportionate to the size and risk of the business objective Ensuring that our suppliers and outsourcing partners meet Zopa's minimum standards by performing due diligence assessments before onboarding and throughout the supplier relationship Performing proportionate ongoing supplier due diligence Conducting proportionate monitoring and oversight of suppliers throughout the business relationship, on both commercial performance and suppliers' continuing adherence to Zopa's agreed standards 	<ul style="list-style-type: none"> Understanding which services can add value to our business model and operations Being remunerated fairly and in a timely fashion for their services Building long-lasting business relationships founded on a deep understanding of each other's strategic priorities Being satisfied that we follow the rule of law, comply with all relevant regulations and act ethically Communicating openly and honestly where performance is a concern and improvements are required 	<ul style="list-style-type: none"> The Board maintains oversight of supplier performance and risk assessment, including review of regular management reports. The Board oversees the selection process for new material suppliers to ensure that the chosen supplier is the best choice for Zopa. The Board ensures appropriate action is taken where performance is a concern, and improvements are required. The Board reviewed some of our material suppliers to ensure that they align with our long-term strategic goals.

Our industry bodies

We actively participate in leading industry bodies such as the Finance and Leasing Association (FLA) and UK Finance and Innovate Finance. These memberships offer a valuable exchange of information, including:

- sharing best practices: we learn from and contribute to industry standards, ensuring we continuously improve our operations.
- navigating regulation: we gain timely insights on new regulatory developments that help us to stay compliant and proactive.
- participating in a collective voice: joining forces with other industry players allows us to shape industry responses to consultations and influence positive change; and
- increasing market knowledge: access to research, statistics and analysis keeps us abreast of industry trends and consumer behaviours.

We engage with the FLA on motor finance issues, with UK Finance on issues relating to the rest of our product set, and with Innovate Finance on topics relating to the FinTech sector. Subject matter experts across the Group engage with relevant forums and working groups, while a central contact facilitates information sharing. Regular membership-level reviews ensure we optimise our participation and derive maximum value from these bodies.

Stakeholder	How we engage	What matters to them	How the Board considers it
Industry bodies	<ul style="list-style-type: none"> Attending working party meetings, forums and discussion groups Contributing to consultation paper responses, research and management information as appropriate Participating in networks for senior executives Engaging in horizon scanning 	<ul style="list-style-type: none"> Creating a single voice for the retail banking sector Enhancing UK financial services market competitiveness Facilitating innovation Supporting customers by promoting safe and transparent banking 	<p>The Group and the industry bodies share similar views on the matters that are important to the sector and its customers. In 2025, Zopa's management provided updates to the Board on key industry trends and developments, informed in part by Zopa's engagement with industry bodies, including its engagement with the FLA (Finance & Leasing Association) on motor finance. The Board draws on this information whenever it makes strategic decisions regarding the Group.</p>

Our regulators

The Group is subject to regulatory approvals, reviews and regulations because of its operations in the financial services sector. Members of the executive team and Board of Directors meet with representatives of the PRA and the FCA, the two UK regulators of the financial services sector, on a periodic basis.

By fostering strong relationships with the regulators, Zopa Group demonstrates its commitment to transparency, accountability and responsible financial practices.

This proactive engagement ensures the Group operates within the highest standards, safeguarding the interests of its customers and contributing to the stability of the financial system.

Stakeholder	How we engage	What matters to them	How the Board considers it
UK regulators	<ul style="list-style-type: none"> Holding periodic meetings between management, directors and the regulators Sharing copies of our Board papers and reports Submitting key prudential documents (Internal Capital Adequacy Assessment Process (ICAAP), Internal Liquidity Adequacy Assessment Process (ILAAP) and Recovery Plan) Requesting approvals as part of the Senior Managers and Certification Regime Requesting variation of regulatory permissions to enable expanded product offerings Escalating matters of interest on an ad hoc basis. 	<ul style="list-style-type: none"> Governance, culture and accountability at Zopa Group How we treat our customers, and whether we deliver good outcomes for them, consistent with the Consumer Duty Operational resilience of our business Ensuring we are appropriately capitalised and have sufficient liquidity, including for stress events 	<p>The Board receives updates on the Bank's engagement with the PRA and the FCA and on new regulatory initiatives and publications at every meeting. A full review of the regulatory environment is also conducted annually as part of the strategy process.</p>

Our communities, environment, and climate change

Zopa's workplace strategy balances environmental performance with employee wellbeing. It aims to reduce energy use and operational emissions, achieve zero waste to landfill, and support employee health, productivity and operational resilience.

Both our Canary Wharf and Manchester offices source 100% renewable electricity. Our Canary Wharf office holds a BREEAM Outstanding rating as well as RICS SKA Gold and WELL Platinum certifications, reflecting sustainable design, responsible fit-out practices and a focus on air, lighting and thermal comfort. Waste at our main Canary Wharf office is managed through landlord-certified schemes targeting zero waste to landfill.

With guidance from our Jamaican employees, we donated to support relief efforts following Hurricane Melissa and became headline sponsor of the White Hat Ball in aid of Childline, an NSPCC service. We also continued our partnership with StepChange Debt Charity.

Stakeholder	How we engage	What matters to them	How the Board considers it
Community and environment	<ul style="list-style-type: none"> • Colleague volunteering days and packing drives. • Lunch and learn sessions and mentoring programmes. • Financial-health tools, guidance on budgeting and resilience, and materials on spotting and avoiding financial fraud. • Partnerships with organisations such as Code First Girls. 	<ul style="list-style-type: none"> • Mentoring and skills development. • Equal opportunities and representation in tech and finance. • Clarity on the environmental impact of our activities (for example greenhouse gas emissions). • Clear sustainability commitments and measurable social impact. 	During the year, the Board supported the Group's ESG initiatives, including the launch of Jobs 2030, a five-year coalition delivering AI training tailored to banking and aiming to reskill 100,000 workers by 2030. The Board receives regular updates on progress and considers how the programme supports consumer resilience, employability and inclusive access to future jobs. It also reviewed climate-related financial disclosures and oversees community and sustainability activity.

Operational emissions

Under the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018, large UK companies are required to report their UK energy use and associated greenhouse gas emissions under the Streamlined Energy and Carbon Reporting (SECR) framework. At a minimum, this covers gas, electricity and transport fuel energy use, an intensity ratio and information relating to energy efficiency actions. The Group used a specialist consultancy firm to support SECR compliance.

Methodology

The following methodology was used in determining our GHG emissions:

- Scope 1 – All direct emissions from activities under the Group's operational control. This includes fuel combustion on site such as gas boilers, fleet vehicles and air-conditioning leaks; and
- Scope 2 – Indirect emissions from electricity purchased and consumed by the Group. Emissions are reported on a location-based basis.

Data collected for each scope noted above was subsequently converted into tonnes of carbon dioxide equivalent (tCO₂e) using the latest UK Government conversion factors.

Energy efficiency actions

In 2025, the principal energy efficiency actions taken by the Group included:

- A cycle-to-work scheme to encourage low-carbon commuting;
- An electric vehicle leasing scheme available via salary sacrifice; and
- A hybrid working model that reduces commuting and office energy use.

During the year, the Group relocated its main London office to 20 Water Street, a BREEAM Outstanding-rated building designed to high energy performance standards. The fit-out achieved RICS SKA Gold and WELL Platinum certification, and includes energy-efficient systems such as LED lighting, high-performance HVAC and sub-metered monitoring. These measures are expected to support improved energy performance over the long term.

Greenhouse Gas Emissions

GHG emissions (location based)	2025	2024
Scope 1	27.2 tCO ₂ e	25.2 tCO ₂ e
Scope 2	81.4 tCO ₂ e	64.4 tCO ₂ e
Scope 3	—	—
Total	108.5 tCO₂e	89.6 tCO ₂ e
Total emissions per full-time employee (intensity ratio)	0.12 tCO₂e	0.11 tCO ₂ e

Scope 1 and Scope 2 emissions increased in 2025, reflecting higher fuel and electricity consumption associated with estate expansion and operational growth. The increase in the intensity ratio reflects higher total Scope 1 and Scope 2 emissions relative to headcount during the year.

Risk management

Zopa Group PLC, as the parent financial holding company of Zopa Bank Limited, is responsible for ensuring that the consolidated group as a whole complies with prudential regulatory requirements. Since Zopa Bank Limited is the primary operating entity within the group, the principal risk management arrangements in place to ensure this in practice are those operated by the Bank. Therefore, Committees referred to in the description below are Bank level committees unless otherwise explicitly noted and Senior Management Function (SMF) roles referred to in the description below are SMFs of the Bank.

Risk management framework

The risk management framework (RMF) sets out how the Zopa manages risk. The RMF defines types of risk and describes how Zopa sets its appetite for those risks. It also describes how those risks are identified, assessed, mitigated, monitored, and responded to effectively. The rest of this section outlines the key features of the RMF.

Risk culture and people

Zopa's culture and people are key tools in delivering its strategy within the defined risk limits set out in the Risk Appetite Statement (RAS).

Culture

Zopa's culture, as defined by its values, supports strong risk management, by promoting:

- balanced decision-making, where both risk and reward are appropriately considered and reflected; and
- a healthy control environment, underpinned by openness, directness and focus.

The direct application of the values to risk management is summarised in the table below.

Values	Application to risk management
Customer champions	We focus on customers in everything we do. We particularly focus on risks to customers in our risk management activity, reflecting our very low risk appetite for poor customer outcomes.
Fearless choices	We make decisions that balance risk and reward. We take risks where we judge that they will be rewarded, and we respond proactively when risks worsen to focus on sustainable growth over short-term gains. We clearly establish ownership and accountability to promote an environment where our employees feel empowered to take responsibility for risk management.
In it together	We have an open, truth-seeking culture. We share and learn from weaknesses in risk management, with honest and open communication across lines of defence, and high levels of risk awareness across the business.
Walk the talk	We challenge each other in search of the best outcomes. We directly raise and explore differences of opinion on risk assessments and decisions, and encourage employees to speak up when they have concerns.
Win smarter	We focus on the things that matter most. We prioritise the most significant risks. Our reporting is focused and informative. We target controls to allow us to be agile and innovative without compromising risk management. We take steps to address the underlying root cause of risks, not their symptoms.

This culture is embedded by the Group and Bank Boards and management, which set the tone from the top and establish enabling structures, including:

- for all employees, a hiring and performance appraisal process, and a reward scheme, that rewards behaviour consistent with Zopa's values;
- for senior employees, a remuneration structure including equity awards, which aligns individual interests with long-term performance. For Executive Committee (ExCo) members designated to perform senior management functions (SMFs), performance assessments and remuneration outcomes are also in part determined by an assessment by the Chief Risk Officer (CRO) of their performance against risk objectives over the previous year;
- a whistleblowing process that allows any employee to raise concerns directly to Compliance or the Chair of the Group/Bank Audit Committee (GAC/BAC), who acts as Zopa's Whistleblowing Champion;
- a conflicts of interest policy that ensures that any potential conflicts between the interests of employees or directors and the interests of the Group are declared and managed appropriately; and
- an anti-bribery and corruption policy that limits the risk of employees becoming subject to inappropriate external incentives.

People

Employing and retaining skilled and competent people across all levels is critical for ensuring that Zopa can deliver its strategy and effectively manage risk. This task is entrusted to the Chief Executive Officer (CEO), who delegates the facilitation to the Chief People Officer.

The people function plays several important roles in facilitating an effective three lines of defence structure by:

- designing a remuneration and incentive scheme, which is approved by the Bank Board via the Remuneration Committee, based on behaviours that balance risk and reward;
- managing succession planning, which is overseen by the Nomination Committee;
- managing resource requirements through effective recruitment, objective and retention strategies;
- developing the training strategy for both compulsory and development requirements, and by supporting first-line SMFs in ensuring that their employees are trained and competent to identify and assess risk;
- supporting the Chief Compliance Officer to map responsibilities to job descriptions so that all senior managers falling under the Senior Managers and Certification Regime (SM&CR) have clear statements of responsibilities and the related risk limits are translated into employees' individual objectives;
- maintaining records of managers subject to SM&CR training and competency requirements; and
- centrally managing the performance appraisal process to ensure a consistent application in line with Zopa's values and risk culture across the business.

Risk appetite

Zopa sets a detailed 'risk appetite' for each risk type by expressing the maximum level of risk of that type that it is willing to tolerate in pursuit of its business strategy. That level is expressed through qualitative statements of appetite and supporting metrics for which 'triggers' and 'limits' are set.

Three lines of defence

Zopa's risk management processes are predominantly operated under a structure consisting of three lines of defence:

1. In the **first line**, business areas are responsible for managing risks in their activities, in line with the framework set out in the RMF, to ensure that the business remains within risk appetite.
2. In the **second line**, Zopa's risk function designs the overall approach to risk management. It monitors and conducts assurance on the first line's implementation, to ensure that Zopa remains within risk appetite. It reports regularly to the Bank Board and management on this.
3. In the **third line**, internal audit performs independent periodic checks to evaluate the effectiveness of the first two lines against the standards approved, and reports on findings to the BAC/GAC.

Risk governance

Zopa establishes clear roles and responsibilities around risk management. In broad terms, these are as follows.

- The **Group Board** establishes the overall approach to managing risk across the consolidated group – that is, that all material risks arise at Bank level, and therefore that most risk management activities are those conducted by the Bank. In turn, the **Bank Board**, with the support of its Board committees, sets the major, strategic-level elements of the Bank's framework for managing risk, establishes a culture that supports strong risk management, and delegates the execution and embedding of these to management, while maintaining appropriate oversight.
- **Management** executes and embeds the risk framework and culture:
 - First-line ExCo members holding SMF roles under the SM&CR bear primary responsibility for risk management. This includes the responsibility of all ExCo members to ensure that the RMF is properly implemented in their areas and of the CEO to ensure the desired culture is embedded.
 - The CRO, Chief Compliance Officer and Money Laundering Reporting Officer (MLRO) Officer hold SMF responsibility for overall second-line risk management, compliance and financial crime risk. In turn, second-line individuals nominated by the CRO act as 'risk oversight owners', who are responsible for second-line oversight of each individual risk type, including setting policies and conducting monitoring and assurance activities.
 - Management committees provide a forum for the first line and second line to review and discuss risk issues to aid in the discharge of their responsibilities. Committees perform regular review of reporting, challenge first-line SMFs and issue recommendations on various matters to final decision-makers.

Policies and procedures

Policies, as set by the second line, establish the minimum standards that Zopa must follow in its business activities to ensure that risk types are managed within the risk appetite. In some technical subject areas, the second line supplements policy requirements with standards.

Procedures, as established by the first line, set out the detailed operational steps that must be taken in first line activities to implement policies and, more broadly, ensure that risks are managed within the established appetite.

Risk management

Within the overall structure outlined, numerous risk management activities are conducted continuously for each risk type under the following categories.

- **Identification:** Risks are identified through a range of methods, including a review of management information; bottom-up analysis (e.g. of process design, credit performance and asset and liability characteristics); horizon-scanning; audits and assurance reviews; scenario and stress testing exercises; operational risk event logging; and top-down material risk reviews.
- **Assessment:** Risks are assessed and judged through a range of measures, including: quantification of the likelihood and potential impacts of operational risks; modelling and data analysis; and the application of prescribed methods for quantifying capital and liquidity risks.
- **Mitigation:** Action is taken to reduce identified risks to within appetite, including through: the implementation of policy standards and controls to reduce the likelihood and severity of risk events; credit acceptance criteria to limit credit risk; decision-making authorities around new risk exposures; limits on financial exposures; and incident and crisis management processes.
- **Monitoring and reporting:** Responsible business areas regularly monitor the output of identification, assessment and mitigation activities, and report on this to senior individuals and committees at management and Board level to enable appropriate visibility, discussion and challenge. This includes monitoring of risk appetite, other items of management information and forecast and actual performance data.
- **Response and learning:** When risks crystallise or when residual risk exposure increases, escalation is required to the appropriate individuals and committees who agree on an appropriate response. For example, root-cause analysis of operational risk events informs changes that may be required to policies and controls and adverse performance in particular lending segments may inform changes to credit strategy.

Stress testing

Stress testing is an important risk management tool. It forms part of the 'Identification' and 'Assessment' headings under the risk management approach, with specific approaches documented for key annual assessments, including the ICAAP, ILAAP and the Recovery Plan.

Principal risks

Given its business model, the principal risks – or major 'risk types' under the RMF – are credit risk, capital risk, liquidity risk, market risk, operational risk and strategic risk. Customer outcomes risk is also considered: a lens through which to view the aspects of operational risk that could cause poor customer outcomes.

Credit risk

Definition

Credit risk is the risk that borrowers or other counterparties default on their loans or obligations.

Credit risk includes the following sub-types:

- Counterparty credit risk: the risk that counterparties to which Zopa has non-loan exposures default.
- Concentration risk: the risk that credit losses are exacerbated by large exposures to individuals or a high correlation between individual borrowers.

Risk profile

The material credit risk that Zopa faces is:

- Consumer borrowers defaulting on their unsecured personal loans, secured motor loans or credit card loans.

Appetite

Overall credit risk

Zopa is willing to take risks that will be rewarded, maintaining losses that are acceptable in relation to financial return. It will seek to meet this objective over the economic cycle, accepting that losses in periods of stress will be significantly higher than those in benign conditions.

Zopa lends responsibly by ensuring that borrowers are creditworthy and loans are affordable for them.

Credit concentration risk

Zopa aims to limit concentrations of accounts that might be disproportionately impacted under stress to ensure that credit losses are within overall credit risk appetite. Zopa accepts geographic concentration of accounts, restricting its lending to borrowers based in the UK.

Counterparty credit risk

Zopa seeks to limit counterparty credit exposures to the minimum required to support its liquidity management and its high-quality liquid asset (HQLA) diversification activities.

Mitigation

Zopa uses a wide range of techniques to manage credit risk and avoid poor customer outcomes as part of its creditworthiness and affordability activities, which operate under the credit and responsible lending policy. Such activities include gathering data (from customers, credit reference agencies and through open banking), applying universal exclusion rules, verifying income and expenditure, applying cut-offs, limits and pricing using multivariate scorecards, and conducting further manual checks as necessary.

The risk management activities relating to credit risk are summarised as follows.

- Credit scorecards are designed to assess the credit risk of loan applicants using models trained on historic Zopa and credit bureau data.
- Minimum affordability and eligibility criteria are applied to all incoming applications.
- Zopa encourages borrowers who are experiencing financial difficulties to draw up an affordable payment plan to pay down their arrears over time. Payment plans may offer temporary relief in the form of reductions to contractual payments.
- Regular monitoring of loan performance against expectations is performed by focusing on granular metrics across multiple loan characteristics.
- Regular monitoring of the economic and credit market environment is performed.
- Action is taken on front-book lending where portfolio performance or the economic outlook worsens against expectations.
- Credit-risk-related decisions must be approved by accredited decision-makers, with the seniority requirement being determined by the materiality of the decision.
- Hard limits for counterparty credit exposures and the minimum credit quality of counterparties are established and monitored against risk appetite, and other key management reports are monitored by the RMC, the BRC and the Bank Board at their regular meetings.
- Zopa's credit exposures are all in the UK.

Assessment and measurement

The accounting policy for the measurement of expected credit losses can be found in note 36.

Zopa uses the standardised approach in determining the level of capital to be held in relation to credit risk for regulatory purposes. Under that approach, total capital equal to 8% of its total risk-weighted assets must be set aside to cover Pillar 1 capital requirements.

As part of the ICAAP, an assessment is performed of additional Pillar 2 capital that should be held to protect against potential credit losses. This includes the use of external benchmarks on retail credit risk weights via internal ratings-based (IRB) methodology and stress testing the resulting Pillar 2A add-on.

Zopa also defines a range of internal indicators on credit and model performance, to measure the quality of originations and the portfolio on both a backward and forward-looking basis.

Monitoring and reporting

Zopa monitors credit risk performance through internal reports covering performance against risk appetite limits and key credit risk metrics including new business flow, portfolio quality, early warning indicators, arrears and recovery performance and portfolio concentrations. Monthly reports are reported to the RMC, the BRC and Bank Board. Credit risk performance is supported by portfolio reviews and deep dives on key credit risk themes.

Refer to note 36 to the financial statements for more information on the risk management of financial instruments held.

Capital risk

Definition

Capital risk is the risk of having insufficient capital to support the business strategy.

Risk profile

The material capital risk that Zopa faces is:

- Unexpected credit or operational losses lead to capital resources being below required levels.

Appetite

Zopa will maintain a sufficient level and quality of capital to support its growth objectives, absorb losses under a range of severe but plausible stress scenarios, and satisfy minimum regulatory requirements at all times.

Mitigation

Zopa's capital risk is managed in line with its internal standards based on policies, limits, triggers, continuous monitoring and stress testing.

Through the ICAAP, material risks to the capital position are analysed in the light of the strategy, operations and risk profile. The ICAAP includes stress testing, in which stress scenarios are used to develop an informed understanding and appreciation of Zopa's capacity and resilience to withstand shocks of varying severities. It also identifies management actions which could be taken to mitigate the impact of the stresses on the capital position. The ICAAP is treated as a live document and used to inform ongoing capital management. Throughout 2025, the Group and Bank continued to maintain capital ratios within risk appetite and regulatory requirements.

A key mitigation that Zopa uses to manage capital risk is the efficient deployment of its existing capital resources. This ensures that risk-adjusted returns are maximised while remaining above regulatory requirements.

Assessment and measurement

Zopa is subject to a total capital requirement (TCR), which comprises Pillar 1 and Pillar 2A and to capital buffer requirements which help ensure that the TCR can be met at all times. These requirements are quantified as part of the ICAAP, based on prescribed regulatory methodologies and best-practice industry approaches. The PRA sets the Group and Bank final TCR and capital buffers based on its capital supervisory review and evaluation process, which includes reviews of the ICAAP.

Throughout the financial year, the Group and Bank complied with the capital requirements in force as set out by the PRA. Further details can be found in note 36 to the financial statements and in the published Pillar 3 disclosures report.

Monitoring and reporting

Current and forecast levels of capital are monitored against the capital risk appetite, and the capital position is reported to the Bank Board, as well as to the Asset & Liability Management Committee (ALCO), the RMC and BRC on a regular basis. The BRC reviews and recommends the ICAAP, which is approved by the Bank Board with Group consolidated risks and calculations approved by the Group Board.

Forward-looking assessments of capital resources and requirements are produced, summarised in the ICAAP document and capital management plan. The capital forecast forms an integral component of the annual budgeting process and is updated in line with changes to the business plan. The capital forecast incorporates the impact of known forthcoming regulatory changes to ensure that Zopa is well positioned to meet them when implemented.

Liquidity risk

Definition

Liquidity risk is the risk of being unable to meet obligations as they fall due.

Risk profile

The material liquidity risk that Zopa faces are as follows.

- Maturity mismatches and unexpected customer behaviour lead to liquidity shortfalls.
- Liquidity resources are not sufficiently liquid or of high enough credit quality to meet commitments as they become due.
- Market conditions hinder the ability to raise new deposits.

The Group's liquidity profile, including the impact of the small cash balances held in Zopa Group PLC's bank accounts, can be found in note 36.

Appetite

Liquidity risk appetite is set at an entity level only. Zopa Bank's liquidity risk appetite is to maintain a sufficient amount and quality of liquid resources to support growth objectives, meet its liabilities as they fall due under a range of severe but plausible stress scenarios, and satisfy minimum regulatory requirements at all times.

Mitigation

Zopa actively manages liquidity resources to ensure that they meet net outflow requirements and minimum standards for asset quality. Short, medium and long-term cash flow forecasts are produced, and actual flows are monitored, to inform the level of liquidity resources that must be held.

Furthermore, there are established repo lines with different counterparties that can be used if the HQLAs mentioned above need to be converted into cash in a period of stress. This avoids any potential loss that could take shape if these assets had to be sold instead.

Assessment and measurement

Zopa produces forward-looking assessments of liquidity resources and requirements, which are summarised in the ILAAP document and agreed at Bank Board level. The ILAAP requires that all material liquidity risks are considered in detail, an analysis of each key liquidity risk driver is documented and a liquidity risk appetite is set against each of those drivers. Key liquidity ratios are disclosed and discussed in the financial review on page 3 and 4.

Monitoring and reporting

Liquidity risk appetite metrics are reported to the ALCO, the RMC, the BRC and the Bank Board each month. In-depth discussion takes place within the ALCO. Additional liquidity metrics are set as part of the ILAAP to support minimum regulatory requirements and internal liquidity risk appetite.

Market risk

Definition

Market risk is the risk of loss due to changes in the market price of financial instruments, or adverse movements in interest rates that affect banking book positions. It includes the following sub-types.

- Credit spread risk in the banking book: the risk of financial loss due to changes in the credit spread of assets Zopa holds as part of its liquidity diversification activities.
- Interest rate risk in the banking book: the risk of net interest expense owing to a change in market interest rates which affects Zopa's assets and liabilities to different extents.

Risk profile

Zopa does not operate a trading book, and as a result, does not carry out proprietary trading. Investment activities are focused on HQLAs and a limited amount of other high-quality fixed-income securities. These holdings do not give rise to material market risk.

In 2025, Zopa maintained most of its liquid asset buffer in the reserves account with the Bank of England, and a portion of HQLAs in the form of covered bonds, and Sovereign, Supranational and Agency (SSA) bonds, which falls outside of the scope of market risk. Throughout 2025, Zopa continued to broaden its HQLA portfolio, incorporating Residential Mortgage-Backed Securities (RMBS) and Asset-Backed Securities (ABS) under a clearly defined risk mandate.

The material market risk that the Zopa faces is:

- Large, unexpected changes in interest rates or interest rate bases adversely impacting net interest income.

The Group's repricing gap and sensitivity to interest yield curve can be found in note 36.

Appetite

Zopa takes market risk through its HQLA diversification activities. Zopa does not engage in any form of proprietary trading and conducts its HQLA diversification activities in a manner that doesn't materially impact the risk profile of its primary business objectives.

Mitigation

Hedging activity is performed to reduce residual interest rate risk exposure. Specifically, during 2025, Zopa continued booking interest rate swaps for hedging purposes, with a total nominal of £885m at the end of the year.

Zopa implemented hedge accounting in 2022. Zopa has monitored and achieved hedge effectiveness since then, in line with requirements under the relevant accounting standards. This acts as a protective measure against risks from hedge accounting operations.

Assessment and measurement

Zopa quantifies market risk using prescribed regulatory and industry best-practice methodologies, including through applying regulatory stress scenarios for interest rate risk in the banking book. Customer behaviour, in line with guidance from the regulator, is taken into account when calculating this risk.

Monitoring and reporting

The ALCO, the RMC, the BRC and the Bank Board monitor risk appetite and other key aspects of management information during their regular meetings. The results of monthly supervisory outlier tests are reported to the ALCO.

Operational risk
Definition

Operational risk is the risk of loss stemming from inadequate or failed internal processes, people and systems, including fraud or risks from the impact of external events, including legal risks. Operational risk includes the following subtypes:

Subtype	Description
Employee and company conduct	The risk of failure to instil good conduct in Zopa's employees or corporate culture, leading to poor customer outcomes or damage to market integrity.
Products and customer interactions	The risk of Zopa's products or customer service interactions failing to deliver good outcomes for customers.
Financial crime	The risk of breach of Zopa's statutory and regulatory financial crime obligations.
Compliance	The risk of breach of Zopa's financial regulatory obligations (excluding those relating to data, financial crime, employee and company conduct, employment practices and remuneration).
External fraud	The risk of external theft or fraud affecting Zopa's or customers' assets.
Internal fraud	The risk of fraudulent acts committed by those associated with Zopa.
Business continuity	The risk of disruption to critical business processes due to a failure of the business to respond appropriately to adverse events.
Technology failure	The risk of disruption to Zopa's business processes due to failure or inadequacy of technology.
Information security and cyber	The risk of unauthorised access to, damage to or unavailability of data or services due to malicious internal or external activity.
Data management	The risk that data is improperly captured, stored, processed, transferred or disposed of.
Legal	The risk of unenforceability or legal claim.
Finance processes	The risk of errors in executing key financial processes (including accounting, financial reporting, tax and payments).
Regulatory and external reporting	The risk of regulatory returns or other external reports being inaccurate, incomplete or not submitted in line with regulatory requirements or timeframes.
Model	The risk of models that are flawed or misused.
Distributor	The risk of any operational risk events originating from the Group's external distribution partners, including intermediaries, merchants and dealers.
Supplier intragroup and outsourcing	The risk of any operational risk events originating from suppliers or outsourcing providers.
Employment practices and workplace safety	The risk of breaches of employee-related legal or regulatory obligations.
Resourcing	The risk of Zopa failing to retain adequate levels of expertise and employees.

Risk profile

The material operational risks that Zopa faces are:

- external fraud events, including fraudulent personal loan or credit card applications or authorised push payment fraud;
 - cyber-attacks resulting in service outages or data breaches;
 - issues at a material outsourcer or intermediary resulting in service outages, data breaches, regulatory breaches or customer detriment;
 - internal technology failure causing service outages or data breaches;
-

- data management failure, resulting in non-compliant processing or data integrity issues;
- regulatory reporting failures;
- credit model errors leading to loans written outside policy;
- product design failures resulting in poor customer outcomes;
- pre or post-sale customer servicing failures, including incorrect affordability assessments, failure to support customers in financial difficulty or failure to provide statutory notices, resulting in poor customer outcomes, unenforceable loans or regulatory breaches;
- financial crime breaches; and
- internal fraud events in areas processing money movements or personally identifiable information resulting in financial loss or data breaches.

Appetite

Zopa seeks to control its operational risks so that adverse customer, regulatory and financial outcomes are limited to a tolerable level.

Mitigation

Each business area in Zopa must identify the operational risks present in its activities, assess these risks, implement suitable controls to prevent the risks from materialising and detect any that do. These assessments are documented in each area’s Process, Risk and Control (PRC) Register. Any risks identified as being outside risk appetite must be addressed, whether through the application of enhanced controls to reduce residual risk or changes to the activity or process to reduce inherent risk.

Key controls include:

- a suite of automated detective and preventative controls to enforce policy standards around key risks and detect any breaches or control failures.
- the maintenance and regular testing of business continuity and disaster recovery plans.
- quality control on operational processes.
- change management and quality assurance processes.
- expert reviews and signoffs of important business changes.
- maintenance of a comprehensive log of regulatory requirements.

A risk events management process is also in place. Under this process, risks that materialise are registered and communicated to relevant staff before containing, remediating and closing with a root-cause analysis to identify any steps that must be taken to avoid similar events in future.

Assessment and measurement

Operational risk is measured in terms of potential financial losses, impact on customers and regulatory breaches. All risks identified in PRC registers must be quantified according to the severity and likelihood of these adverse outcomes. In terms of the capital required to protect against severe operational risk events, the operational risk requirement under Pillar 1 was calculated using the basic indicator approach, whereby a 15% multiplier is applied to the historical average net interest and fee income of the last three years based on audited financial statements. Under that approach, the Pillar 1 operational risk requirement of the Group was £43.1m as at 31 December 2025.

Monitoring and reporting

Regular reporting on residual operational risk assessments, control effectiveness and operational risk appetite metrics is produced by the first line, reviewed by the second line, as well as by the RMC and the BRC, with summary risk appetite reporting on this to the Group and Bank Boards.

Customer outcomes

Definition

Customer outcomes risk captures actions by Zopa that result in poor outcomes for customers. This is a lens through which to view the aspects of operational risk that could cause poor customer outcomes.

Risk profile

The material sources of customer outcomes risk in Zopa’s business are listed in the table below.

Possible sources of customer outcomes risk	Potential risk area
Product	Product design / targeting Customer journey / life cycle Distribution and marketing
Operational processes	Arrears management Redress calculations Outsourcing arrangements Cyber security and information Financial crime and fraud events

Credit	Automated credit decisioning
	Lending practices (e.g. affordability checks)

Mitigation

The most senior levels at Zopa own, sponsor and evidence customer outcomes risk management:

- The Bank Board sets culture, values, behaviours and standards within the parameters set by the Zopa Group Board for the Zopa group of companies. The culture is designed to promote good customer outcomes;
- The Bank Boards promotes the adoption of the required culture within the Bank and sets the customer outcomes risk appetite, against which it assesses performance every time it meets; and
- The CEO is responsible for setting the tone from the top and embedding the culture set by the Boards.

In practice, customer outcomes risk is managed through the minimum standards and controls in place for overseeing the relevant operational risk under Zopa's RMF, which are set out in activity-specific policies.

Assessment and measurement

Customer outcomes risk is measured using both forward-looking indicators of potential poor customer outcomes, and backward-looking indicators of customer outcomes previously experienced. Forward-looking indicators focus on controls around key processes involving customer outcomes risk, while backward-looking indicators focus on measures such as complaints, customer satisfaction and product-specific customer outcomes.

Monitoring and reporting

Zopa regularly monitors reporting on conduct risk appetite and supporting indicators, and presents results, including reports on Consumer Duty to the Bank Board and senior management.

Emerging risks

In addition to the principal risks set out above, Zopa conducts ongoing horizon scanning to identify any emerging risks – driven by both internal and external factors – that could materially change the risk profile of any of its risk types. Where necessary, new mitigations are introduced to address them. The Board reviews an assessment of these emerging risks, and the steps being taken in response, on an annual basis.

The directors confirm that they have undertaken a robust assessment of the emerging and principal risks facing the Group.

The strategic report has been approved by the Board of Directors and signed on its behalf by:



Jaidev Janardana
Chief Executive Officer
12 March 2026

DIRECTORS' REPORT

The directors of Zopa Group PLC (henceforth 'the Group' or 'the company') present their Annual Report together with the audited consolidated financial statements for the year ended 31 December 2025 (together the 'Annual Report and Accounts').

The Directors are required under Section 414 of the Companies Act 2006 to present a strategic report in the Annual Report and Accounts. The information can be found on pages 3 to 21. As noted in the table below, the Group has chosen, in accordance with Section 414C(11) of the Companies Act 2006, to include certain matters in its Strategic Report that would otherwise be disclosed in this Directors' report.

Subject	Pages
Business review and future developments	3 to 5
Results for the year	3 to 4
Relationship with shareholders	7
Employees and employees with disabilities	8 to 9
Relationship with suppliers	10
Environment and GHG emissions	11 to 12
Risk management	13 to 21

Dividends

The directors are not recommending any dividend in respect of the year ended 31 December 2025 (2024: £nil).

Going concern

The consolidated and parent company financial statements have been prepared on a going concern basis, as the directors are satisfied that the Group and its parent company will have the resources to continue business for a period of at least 12 months from the date of approval of these financial statements. In reaching this assessment, the directors have considered projections for the Group's capital and funding position, consolidated statement of financial position (balance sheet), profitability, cash flows, as well as other principal risks disclosed in the strategic report. The Group's capital and liquidity plans, including alternative scenarios such as inflation remaining at similar or higher levels for longer than current expectations, and increases to interest rates and a stagflation scenario, have been reviewed by the directors. When preparing the forecasts, the Group has reflected the economic repercussions of the current increased geopolitical tensions and uncertainties over economic growth. Directors also considered the key assumptions and uncertainties that feed into these plans alongside management actions and mitigants that are available. Under all scenarios considered the directors believe the Group to remain a going concern on the basis that it maintains sufficient resources to be able to continue to operate for the period of at least 12 months from the date of authorisation of these consolidated financial statements.

Political donations

The Group made no political donations in 2025 (2024: £nil).

Appointment and resignations of Directors

The appointment and resignations of the Directors is governed by the company's Articles of Association and the Companies Act 2006. The company's Articles of Association may be amended by a special resolution of the company passed by the shareholders at either a general meeting or in writing.

The following directors held office in 2025 and until the date of publication of this Annual Report and Accounts:

Director	Appointments and resignations during the period	
	Appointed	Resigned
Gordon McCallum (Chair)		
Gaenor Bagley		
Giles Andrews		30.10.2025
Jaidev Janardana		
Marina Troshina		30.10.2025
Max Ohrstrand	30.10.2025	
Michael Woodburn		
Nicholas Aspinall		
Paul Cutter		
Philippa Lambert		
Richard Goulding		
Scott Christopher Jones		30.10.2025
Stephen Hulme		

Post balance sheet events

There are no post balance sheet events that require disclosure in these financial statements.

Financial risk management objectives and policies

Information regarding financial risk management objectives and policies in relation to the use of financial instruments can be found in Risk Management in note 36 to the consolidated financial statements.

Directors' remuneration

The Group adheres to the requirements of the Remuneration Code as defined by the FCA, the UK regulator. The non-executive directors do not receive variable remuneration. Information on the company's Remuneration Code is set out in the Pillar 3 disclosures, which are available on our website ¹. Details of the directors' remuneration are set out in note 7 to the financial statements.

Directors' indemnities

As permitted by the Articles of Association, the directors have the benefit of an indemnity which is a qualifying third-party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The Group also purchased and maintained throughout the financial year directors' and officers' liability insurance in respect of itself and its directors.

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the annual report and accounts in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group and the company financial statements in accordance with UK-adopted international accounting standards.

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group for that period.

In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

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

Directors' confirmations

In the case of each director in office at the date the directors' report is approved:

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

¹ Annual reports and Pillar 3 reports are available on our website at <https://www.zopa.com/investor-information>

Independent auditors

The independent auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office.

The directors' report has been approved by the Board of Directors and signed on its behalf by:

A handwritten signature in black ink, appearing to be 'J. Janardana', written over a faint, illegible stamp or background.

Jaidev Janardana
Chief Executive Officer
12 March 2026

Independent auditors' report to the members of Zopa Group PLC

Report on the audit of the financial statements

Opinion

In our opinion, Zopa Group PLC's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2025 and of the group's profit and the group's and company's cash flows for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Accounts (the "Annual Report"), which comprise:

- the Consolidated and Company statement of financial position as at 31 December 2025;
- the Consolidated statement of comprehensive income for the year then ended;
- the Consolidated and Company statement of cash flows for the year then ended;
- the Consolidated and Company statement of changes in equity for the year then ended; and
- the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our audit approach

Overview

Audit scope

- The scope of our audit and the nature, timing and extent of audit procedures performed were determined by our risk assessment and other qualitative factors.

Key audit matters

- Determination of allowance for expected credit losses on loans and advances (group)
- Assessing the carrying value of the investment in subsidiary for impairment (company)

Materiality

- Overall group materiality: £ 6,285,000 (2024: £12,300,000) based on 1% of net assets.
- Overall company materiality: £ 5,970,000 (2024: £4,934,000) based on 1% of total assets, capped at 95% of Group materiality.
- Performance materiality: £ 4,710,000 (2024: £9,200,000) (group) and £ 4,475,000 (2024: £3,700,500) (company).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. As a result of the issuance of Additional Tier 1 securities by the group, key audit matters have been included for the first time this year.

This is not a complete list of all risks identified by our audit.

Key audit matter	How our audit addressed the key audit matter
<p>Determination of allowance for expected credit losses on loans and advances (group)</p> <p>Determining ECL is inherently judgemental and involves making various assumptions. This can give rise to increased estimation uncertainty.</p> <p>ECL is calculated using historical default and loss experience but requires judgement to be applied in predicting future economic conditions.</p> <p>Modelling methodologies are used to estimate ECL. These may not appropriately address relevant risks and therefore post model adjustments may be applied.</p> <p>Our audit focused on the significant assumptions for which variations had the most material impact on ECL.</p> <p>We considered the following elements of the determination of ECL to be significant:</p> <ul style="list-style-type: none"> • forward looking economic scenarios, and the weighting assigned to these; and • judgements involved in determining probabilities of default ('PD'). <p>Refer to relevant disclosures in note 15 'Loans and advances to customers', note 36.1 'Financial Risk Management – credit risk', and note 1.7: 'Basis of preparation and material accounting policies – critical judgements and accounting estimates' in the financial statements.</p>	<p>We engaged the support of our credit risk modelling specialists and economic experts to critically assess the appropriateness of the ECL.</p> <p>Forward looking economic scenarios and assigned weightings</p> <p>We involved our economics experts to assess the reasonableness of the forward-looking economic scenarios and weightings assigned to them and benchmarked them against market consensus data. The severity of the scenarios was evaluated with reference to external forecasts, including data from historical economic downturns.</p> <p>Model methodology and judgements relating to PD</p> <p>We involved our credit risk modelling specialists to critically assess the appropriateness of the methodology used in the in-scope impairment models and evaluated compliance with IFRS 9 requirements.</p> <p>We evaluated the methodology, appropriateness and implementation of the judgements involved in determining PD. We assessed and independently tested the accuracy of the results of model monitoring performed by management. We quantified any model performance issues, assessing these against post model adjustments held by Management.</p> <p>We validated that the in-scope models were implemented in line with the methodology through a combination of independent model replication and code reviews.</p> <p>We evaluated and tested the audited Credit Risk disclosures made in the Annual Report.</p>
<p>Assessing the carrying value of the investment in subsidiary for impairment (company)</p> <p>The investment in the subsidiary relates to the investment in Zopa Bank Limited and RVVUP Ltd. The investment is recorded at cost less any provision for impairment. Management is required to perform an assessment of whether there is any indication that the asset may be impaired. No impairment indicators were identified.</p> <p>The relevant disclosures and accounting policies used by management are disclosed in the note 7: Investment in subsidiaries of the Zopa Group PLC financial statements.</p>	<p>We evaluated management's assessment of whether there is any indication of impairment. This assessment included considering the profit of the subsidiaries, its net assets and our border understanding of the business from our role as auditors of the subsidiaries.</p> <p>We evaluated and tested the disclosures made in the Annual Report.</p>

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group and the company, the accounting processes and controls, and the industry in which they operate.

The Group provides a variety of financial services to retail customers in the UK through the Zopa Bank Limited entity. Our overall approach to setting our audit scope was to focus our audit in areas where we identified a higher risk of material misstatement to the financial statements, including areas where management made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events. To conduct this risk assessment, we considered the inherent risks facing

the Group, including those arising from its respective business operations, and how the Group manages these risks, as well as our knowledge and experience obtained in prior year audits. We also considered a number of other factors including the design and implementation of the Group's control environment relevant to the audit, the appropriateness of the use of the going concern basis of accounting in the preparation of the financial statements and the risk of management override of controls.

The impact of climate risk on our audit

As part of our audit we made enquiries of management to understand the extent of the potential impact of climate risk on the group's and company's financial statements, and we remained alert when performing our audit procedures for any indicators of the impact of climate risk. Our procedures did not identify any material impact as a result of climate risk on the group's and company's financial statements.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

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

	Financial statements - group	Financial statements - company
Overall materiality	£ 6,285,000 (2024: £12,300,000).	£ 5,970,000 (2024: £4,934,000).
How we determined it	1% of net assets	1% of total assets but capped at 95% of the Group materiality
Rationale for benchmark applied	The group's net assets is considered the most appropriate benchmark as it is correlated to capital and is a key metric for the users of the financial statements. The benchmark takes into consideration balance sheet growth, the importance of capital, and increasing scale of operations.	The company's total assets has been used as the most appropriate benchmark given its primary purpose is to act as a holding company, thereby being primarily asset based through its investment in subsidiaries.

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was between £5,280,000 and £5,970,000.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2024: 75%) of overall materiality, amounting to £ 4,710,000 (2024: £9,200,000) for the group financial statements and £ 4,475,000 (2024: £3,700,500) for the company financial statements.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with those charged with governance that we would report to them misstatements identified during our audit above £314,000 (group audit) (2024: £618,000) and £298,000 (company audit) (2024: £587,000) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

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

- a risk assessment to identify factors that could impact the going concern basis of accounting;
- evaluating management's going concern assessment including the Company's capital and liquidity position and financial forecasts over the going concern period;
- evaluation of the stress testing performed by management including their severe but plausible downside scenario;
- substantiation of financial resources available to the Company; and
- reading and evaluating the adequacy of the disclosures made in the financial statements in relation to going concern.

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

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

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2025 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Prudential Regulatory Authority (PRA) and the Financial Conduct Authority (FCA), and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as UK tax legislation and the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate the financial statements and

management bias in accounting estimates and judgements. The group engagement team shared this risk assessment with the component auditors so that they could include appropriate audit procedures in response to such risks in their work. Audit procedures performed by the group engagement team and/or component auditors included:

- Discussions with management, and those charged with governance, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Reading correspondence with the FCA and the PRA;
- Reading minutes of the board and audit committee to identify any matters of audit relevance;
- Challenging assumptions and judgements made by management in their significant accounting estimates, in particular those related to the allowance for expected credit losses; and
- Identifying and testing journals that meet the higher risk criteria.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

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

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

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

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Michael Whyte (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
12 March 2026

Consolidated statement of comprehensive income

For the year ended 31 December

	Notes	2025 £000	2024 £000
Interest income		597,793	504,708
Interest expense		(238,455)	(224,526)
Net interest income	2	359,338	280,182
Fee and commission income		15,266	14,693
Fee and commission expense		(16,687)	(14,380)
Net fee and commission (expense)/income	3	(1,421)	313
Other operating income		499	2,072
Net gains on derecognition of financial assets measured at amortised cost	4	212	10,095
Changes in fair value of financial instruments measured at FVTPL	14	917	5,950
Total operating income		359,545	298,612
Operating expenses	5	(139,264)	(111,619)
Net operating income		220,281	186,993
Change in expected credit losses and other credit impairment charges	9	(167,501)	(156,229)
Change in provisions for other liabilities and charges		(10,200)	(1,990)
Profit before tax		42,580	28,774
Taxation	10	(10,436)	(9,773)
Profit after tax		32,144	19,001
Other comprehensive income/(loss)			
Items which will be reclassified subsequently to profit or loss:			
– Changes in fair value of investment securities held at FVOCI	29	187	(46)
Total other comprehensive income/(loss)		187	(46)
Total comprehensive income		32,331	18,955
Attributable to:			
Equity holders		32,331	18,955

The accompanying accounting policies and notes on pages 34 to 81 are an integral part of the financial statements.

Consolidated statement of financial position

As at 31 December

	Notes	2025 £000	2024 £000
Assets			
Cash and cash equivalents:			
– Central bank	12	2,225,694	2,761,315
– Other banks	12	83,104	58,995
– Debt securities	12	30,572	—
Derivative financial instruments	14	141	5,946
Loans and advances to customers	15	3,506,654	2,865,635
Investment securities	16	1,253,125	455,157
Prepayments and accrued income	17	8,867	6,723
Other assets	18	23,835	22,563
Property, plant and equipment	20	1,711	1,150
Right-of-use assets	19	17,109	2,137
Goodwill	21	7,195	—
Intangible assets	21	47,879	32,383
Deferred tax assets	22	11,788	17,573
Total assets		7,217,674	6,229,577
Liabilities			
Derivative financial instruments	14	6,020	1,177
Amounts due to banks	23	50,783	157,227
Deposits by customers	24	6,393,598	5,455,740
Subordinated liabilities	25	75,886	75,816
Accruals		17,807	18,192
Provisions	26	10,521	3,110
Other liabilities	27	17,142	20,130
Lease liabilities	19	16,314	1,739
Deferred tax liabilities	22	1,050	—
Total liabilities		6,589,121	5,733,131
Equity			
Called-up share capital	28	1,974	1,871
Share premium	28	102,998	534,448
Other equity instruments	28	78,298	—
Other reserves	29	42,441	69,571
Retained earnings		402,842	(109,444)
Total equity		628,553	496,446
Total equity and liabilities		7,217,674	6,229,577

The accompanying accounting policies and notes on pages 34 to 81 are an integral part of the financial statements.

The financial statements were approved by the Board of Directors on 12 March 2026 and signed on its behalf by:



Jaidev Janardana
Chief Executive Officer



Steve Hulme
Chief Financial Officer

Consolidated statement of changes in equity

For the year ended 31 December

	Notes	Called-up share capital £000	Share premium £000	Other equity instruments £000	Other reserves ¹ £000	Retained earnings £000	Total equity £000
Balance as at 1 January 2024		1,633	470,561	—	92,836	(154,645)	410,385
Profit for the year		—	—	—	—	19,001	19,001
Other comprehensive loss relating to investment securities		—	—	—	(46)	—	(46)
Total comprehensive income		—	—	—	(46)	19,001	18,955
Shares issued	28	238	63,887	—	—	—	64,125
Net share option movements	30	—	—	—	2,645	—	2,645
Net warrants movement		—	—	—	(25,887)	26,200	313
Other movements	29	—	—	—	23	—	23
Balance as at 31 December 2024		1,871	534,448	—	69,571	(109,444)	496,446
Balance as at 1 January 2025		1,871	534,448	—	69,571	(109,444)	496,446
Profit for the year		—	—	—	—	32,144	32,144
Other comprehensive income relating to investment securities		—	—	—	187	—	187
Total comprehensive income		—	—	—	187	32,144	32,331
Shares issued	28	103	52,504	—	—	—	52,607
Capital reduction	28	—	(483,954)	—	—	483,954	—
Issue of other equity instruments	28	—	—	78,298	—	—	78,298
Coupon paid on other equity instruments		—	—	—	—	(5,150)	(5,150)
Own shares utilised for share schemes	29	—	—	—	(38,579)	—	(38,579)
Net share option movements	30	—	—	—	12,421	—	12,421
Net warrants movement	29	—	—	—	(1,100)	1,100	—
Other movements	29	—	—	—	(59)	238	179
Balance as at 31 December 2025		1,974	102,998	78,298	42,441	402,842	628,553

1. Other reserves consist of a share-based payments reserve, FVOCI reserve, warrants reserve, capital redemption reserve, own shares and merger reserve.

The accompanying accounting policies and notes on pages 34 to 81 are an integral part of the financial statements.

Consolidated statement of cash flows

For the year ended 31 December

	Notes	2025 £000	2024 £000
Reconciliation of profit before tax to net cash flows from operating activities:			
Profit before tax		42,580	28,774
Adjustments for:			
– Non-cash items	13	108,187	67,733
– Changes in operating assets and liabilities	13	208,574	1,637,107
– Current tax expense	10	(4,651)	(3,439)
Net cash generated from operating activities		354,690	1,730,175
Cash flows from investing activities			
Purchase of investment securities		(948,990)	(431,925)
Investment securities matured during the year		154,254	67,356
Purchase of property, plant and equipment	20	(1,485)	(618)
Purchase and development of intangible assets	21	(21,196)	(18,169)
Net cash used in investing activities		(817,417)	(383,356)
Cash flows from financing activities			
Shares issued		10,299	67,554
Cost of shares issued	28	268	(3,429)
Issuance of other equity instruments	28	80,000	—
Transaction costs on issuance of other equity instruments	28	(1,702)	—
Coupon payment on other equity instruments		(5,150)	—
Repayment of TFSME borrowings		(150,000)	—
Proceeds from ILTR borrowings		50,000	—
Cash payments on lease liabilities	19	(1,928)	(1,843)
Net cash (used in)/generated financing activities		(18,213)	62,282
Net (decrease)/increase in cash and cash equivalents		(480,940)	1,409,101
Cash and cash equivalents at start of year	12	2,820,310	1,411,209
Cash and cash equivalents at end of year	12	2,339,370	2,820,310
Profit before tax includes:			
Interest received		581,984	497,914
Interest paid		(241,606)	(218,468)

The accompanying accounting policies and notes on pages 34 to 81 are an integral part of the financial statements.

Notes to the consolidated financial statements

1. Basis of preparation and material accounting policies

Overview

This section sets out Zopa Group PLC's ('the Group') material accounting policies that relate to the consolidated financial statements as a whole. Where an accounting policy is specific to one note, the policy is described in the note to which it relates.

1.1 General information

Zopa Group PLC ('the Company') is the financial holding company of Zopa Group ('the Group'). Zopa Group provides retail banking services in the UK. The Company is a public limited company limited by shares incorporated in England & Wales and domiciled in the United Kingdom under the Companies Act 2006 (registered number 10624955). The registered office is at Level 12, 20 Water Street, Canary Wharf, London, United Kingdom, E14 5GX. The Company's standalone financial statements and notes are included from page 82 onwards.

On 17 July 2025, Zopa Group Limited re-registered as a public limited company and changed its name to Zopa Group PLC. This change in legal form had no impact on the basis of preparation of these financial statements.

1.2 Basis of preparation and consolidation

1.2.1 Basis of preparation

The financial statements of the Group comply with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

The consolidated financial information has been prepared under the historical cost convention, as modified by the revaluation of certain financial assets and liabilities at fair value through profit or loss. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. All policies have been consistently applied to all the years presented unless stated otherwise.

1.2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2025. Control is achieved where the Company (i) has power over the investee; (ii) is exposed, or has rights, to variable returns from its involvement with the investee; and (iii) has the ability to use its power to affect its returns. The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of a subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income statement from the date the Company gains control until the date when the Company ceases to control the subsidiary. Inter-company transactions, balances and unrealised gains on transactions between Zopa Group companies are eliminated; unrealised losses are also eliminated unless the cost cannot be recovered.

When the Company loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities are disposed of. The fair value of any investment retained in a former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 or, when applicable, the costs on initial recognition of an investment in an associate or joint venture.

The relationship between the Company and its subsidiaries is one of principal, with 100% ownership. There are no restrictions in place with regard to the ability of the Company to access assets and settle liabilities of the Group, or transfer cash or other assets to and from the Company, although the Board approval is required.

Subsidiaries of the Company are as follows:

Subsidiary name	Proportion of voting rights and ordinary share capital held as of 31 December		Principal place of business or incorporation	Year of incorporation	Principal activities
	2025	2024			
Zopa Bank Limited	100%	100%	UK	2017	Retail banking
Zopa Embedded Finance Limited	—	100%	UK	2023	Point-of-sale loan platform
RVVUP Ltd	100%	—	UK	2020	Payments platform

Zopa Embedded Finance Limited (ZEF) was incorporated in January 2023 as a wholly-owned subsidiary of Zopa Group PLC to acquire assets from Rematch Credit Limited (Rematch), a prominent point-of-sale lender in the UK. All assets in ZEF have now been transferred to Zopa Bank Limited and a voluntary strike off of ZEF was completed in September 2025.

RVVUP Ltd was acquired by the Company in August 2025. The acquisition aims to transform and accelerate the Group's retail finance offering by positioning it at the centre of the merchant's checkout. Refer to note 37 for the details of the acquisition.

The Company has no investments in associates, or joint ventures.

Employee Benefit Trust ('EBT')

The Group has established an Employee Benefits Trust (EBT) to facilitate the transfer of beneficial interests in its shares to employees participating in the JSOP. This initiative serves as a reward for individuals who contribute to the Group's success, aligning key employees' interests with those of shareholders. While the EBT operates under the legal duties of its trustees, the Group considers itself to have 'de facto' control over the trust.

Through 2024, the EBT was not consolidated because its impact on the Group's financial statements was immaterial. Following the 2025 JSOP grants, management determined the EBT to be material and the trust is therefore consolidated from 2025. The Group's equity instruments held by an EBT are accounted for as if they were the Group's own equity and are treated as own shares. No gain or loss is recognised in profit or loss or other comprehensive income on the purchase, sale or cancellation of the company's own equity held by the EBT.

1.3 Going concern

The financial statements have been prepared on a going concern basis, as the directors are satisfied that the Group will have the resources to continue business for a period of at least 12 months from the date of approval of these financial statements. In making this assessment, the directors have considered a wide range of information relating to present and future conditions, including the current state of the statement of financial position, future projections of profitability, cash flows and capital resources.

The Group's capital and liquidity plans, including alternative scenarios such as inflation remaining at similar or higher levels for longer than current expectations, increases to interest rates and a stagflation scenario, have been reviewed by the directors. When preparing the forecasts, the Group has reflected the economic repercussions of the current increased geopolitical tensions and uncertainties over economic growth.

Directors also considered the key assumptions and uncertainties that feed into these plans alongside management actions and mitigants that are available. Under all scenarios considered, the directors believe the Group to remain a going concern on the basis that it maintains sufficient resources to be able to continue to operate for the period of at least 12 months from the date of authorisation of these financial statements.

1.4 Functional and presentational currency

The financial statements are presented in Pounds Sterling ('GBP'), which is the functional and presentational currency of the Group. All amounts have been rounded to the nearest thousand ('£000'), except where otherwise indicated.

Foreign currency transactions are translated into functional currency using the spot exchange rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency using the spot exchange rate at the reporting date. Foreign exchange gains and losses resulting from the restatement and settlement of such transactions are recognised in the statement of comprehensive income.

Non-monetary assets and liabilities that are measured on a historical cost basis and denominated in foreign currencies are translated into the functional currency using the spot exchange rate at the date of the transaction. Non-monetary assets and liabilities that are measured at fair value and denominated in foreign currencies are translated into the functional currency at the spot exchange rate at the date of valuation.

1.5 Segmental reporting

IFRS 8 requires operating segments to be identified on the basis of internal reports and components of the Group that are regularly reviewed by the Chief Operating Decision Maker. For this purpose, the Chief Operating Decision Maker of the Group is the Board of Directors. The Board considers the results of the Group as a whole when assessing the performance and allocating resources. Accordingly, the Group has a single operating segment. No geographical or customer-level analysis is required as the Group operates solely within the UK and is not reliant on any single customer.

1.6 Consolidated cash flows statement

The consolidated statement of cash flows shows the changes in cash and cash equivalents arising during the year from operating activities, investing activities and financing activities. The cash flows from operating activities are determined by using the indirect method. Under that method, profit or loss before tax is adjusted for non-cash items and changes in operating assets and liabilities to

determine net cash inflows or outflows from operating activities. Cash flows from investing and financing activities are determined using the direct method which directly reports the cash effects of the transactions.

1.7 Critical judgements and accounting estimates

The preparation of consolidated financial statements in conformity with IFRS requires management to make judgements and accounting estimates that affect the reported amount of assets and liabilities at the date of the consolidated financial statements, and the reported amount of consolidated income and expenses during the reporting period. Management evaluates its judgements and accounting estimates on an ongoing basis. This takes into account any historical experience and various other factors that are believed to be reasonable under the circumstances.

The areas noted in the table below have a higher degree of complexity, judgements or the estimates have a significant risk of a material adjustment to the carrying amounts within the next financial year. No significant judgements or other significant estimates have been made in the process of applying the accounting policies. Management believes that the underlying assumptions applied as at 31 December 2025 are appropriate and that the consolidated financial statements therefore present the consolidated financial position and results of the Group fairly.

Policy	Judgement	Estimate	Further information
Expected credit loss (ECL) allowance	Criteria for significant increase in credit risk. Use of post-model adjustments to address the risks not captured by the models.	ECL estimates contain a number of measurement uncertainties (such as the impact of macroeconomic scenarios and weightings on the probability of default) and disclosures include sensitivities to show impact on the application of different weightings.	Note 36

Further details, including sensitivities, can be found within the relevant note.

1.8 New accounting standards, interpretations, and changes to accounting policies

The Group has not provided disclosures in respect of new and amended standards and interpretations that became effective for 2025, as none of these had a material impact on the Group's consolidated financial statements.

The IASB has issued a number of other minor amendments to IFRSs that are not mandatory for the current reporting year and have not been early adopted. None of these amendments are expected to have a material impact on the Group.

2. Net interest income

Accounting policy

The effective interest rate (EIR) is the rate that, at the inception of the financial asset and liability, exactly discounts expected future cash payments and receipts over the expected life of the instrument back to the initial carrying amount. When calculating the EIR, the Group estimates cash flows considering all contractual terms of the instrument but does not consider the assets' future credit losses. Management judgement is required in determining the expected life of the loans. Interest income from non-credit-impaired financial assets is recognised by applying the effective interest rate to the gross carrying amount of the asset; for credit-impaired financial assets, the effective interest rate is applied to the net carrying amount after deducting the allowance for expected credit losses.

The calculation of the EIR includes all transaction costs and fees paid or received that are an integral part of the interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset.

Interest income and expense presented in the statement of comprehensive income includes:

- Lease income on secured motor finance loans which is recognised within interest income in the income statement over the term of the contract using the net investment method (before tax) which reflects a constant periodic rate of return; and
- interest on financial assets and financial liabilities measured at amortised cost and FVOCI calculated on an EIR basis.

	Note	2025 £000	2024 £000
Interest income			
Cash and cash equivalents:			
– Central banks		91,979	104,274
– Other banks		2,364	1,960
– Debt securities		2,622	—
Loans and advances to customers		463,260	384,452
Investment securities		37,474	14,022
Lease deposit	19	94	—
Total interest income		597,793	504,708
Interest expense			
Deposits by customers		(221,865)	(205,440)
Subordinated liabilities		(10,870)	(11,005)
Amounts due to other banks		(5,236)	(7,706)
Lease liabilities	19	(484)	(375)
Total interest expense		(238,455)	(224,526)
Net interest income		359,338	280,182

3. Net fee and commission (expense)/income

Accounting policy

The Group recognises fee and commission income when services are provided to customers and the Group has satisfied its performance obligations under the contract, at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods and services, and management concludes that there is a high probability that there will be no significant reversal of the estimated income. Income from credit cards and merchant fees are recognised at a point in time when it has fully provided the service to the customer.

Where fees and commissions are incremental costs that are directly attributable to the issue of a financial instrument, they are included in interest income/expense as part of the EIR calculation, rather than within fee and commission income/expense. Where not incremental, these costs are classified as fee and commission expenses.

Fee and commission income is comprised primarily of fees charged to credit card customers, referral commission and servicing fees. Servicing fees includes the fees earned in servicing the loans that were sold to a third party under a forward flow agreement in 2024.

Merchant fees relate to the fees earned by Zopa Embedded Finance Limited from the merchants in accessing the POS platform. After the group reorganisation (note 1), the merchant fees became integral to the origination of the POS loans and hence presented in interest income (note 2).

Servicing fees includes the fees earned in servicing the loans that were sold to a third party under a forward flow agreement in 2024.

Fees earned by RVVUP Ltd from payments processing are presented in Other fees.

Fee and commission expense primarily consists of transaction processing and customer eligibility assessment fees.

	2025 £000	2024 £000
Fee and commission income		
Credit cards	12,977	10,644
Referral commission	1,460	1,116
Servicing fees	510	527
Merchant fees	—	2,396
Other fees	319	10
Total fee and commission income	15,266	14,693
Fee and commission expense	(16,687)	(14,380)
Net fee and commission (expense)/income	(1,421)	313

4. Net gains on derecognition of financial assets measured at amortised cost

Accounting policy

The Group sells financial assets if they no longer meet the Group's credit policy. This occurs when the credit rating has declined below that required by the policy. For this reason, any sale of these credit impaired loans does not give rise to a change in business model and therefore does not impact the classification of the loan portfolio. Sales for other reasons should be infrequent or insignificant.

Gains on derecognition of financial assets includes the loss on sale of credit impaired loans and loan write offs due to fraud. Loan write-offs due to credit risk are included in the 'Change in expected credit losses and other credit impairment charges' line in the income statement. It also includes the one-off gain on sale of performing loans in 2024 (refer to note 35 for further details).

	Note	2025 £000	2024 £000
Gains on sale of credit impaired loans		3,253	4,973
Loan write-offs due to fraud		(3,041)	(927)
Gains on sale of performing loans	35	—	6,049
Net gains on derecognition of financial assets measured at amortised cost		212	10,095

5. Operating expenses

	Notes	2025 £000	2024 £000
Wages and salaries	6	99,841	80,281
Contractors		7,048	3,559
Less: capitalised development costs recognised as intangible additions		(20,659)	(16,322)
Outsourced staff		5,068	3,724
Legal and professional		10,410	8,953
Depreciation of PPE and right-of-use assets	19,20	2,971	3,147
Amortisation of intangible assets	21	9,318	8,069
Impairment of PPE, intangible assets and right-of-use assets	19,20,21	1,027	212
Information technology		15,213	13,003
Other		9,027	6,993
Total operating expenses		139,264	111,619

The capitalised development costs recognised as additions to intangible assets (see note 21) reduces the wages and salaries and contractor costs.

6. Wages and salaries

Wages and salaries include non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service.

Bonus costs are recognised when the Group has a present obligation that can be reliably measured. Bonus costs are recognised over the relevant service period required to entitle the employee to the reward.

The Group operates a defined contribution pension plan. The Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. It has no further payment obligations once the contributions have been paid.

The below expenses are presented gross of staff costs which were capitalised as part of the Group's intangible assets. See note 21 for accounting policies on intangible asset capitalisation.

The accounting policies on share-based payments are included in note 30.

	Note	2025 £000	2024 £000
Employee benefits		74,667	67,012
Social security costs		9,701	7,932
Defined contribution pension expenses		3,052	2,692
Equity-settled share-based payments	30	12,421	2,645
Total wages and salaries		99,841	80,281

The monthly average number of employees (including directors) of the Group during the year was made up as follows:

	2025	2024
	Number	Number
Loan operations and servicing	527	445
Administration	397	356
Total staff	924	801

7. Directors' remuneration

This table sets out emoluments and pension contributions in respect of 2025.

	2025	2024
	£000	£000
Directors' emoluments	2,246	2,971
Pension contributions	20	10
Total directors' remuneration	2,266	2,981

The above amounts include the following in respect of the highest paid director.

	2025	2024
	£000	£000
Emoluments	962	1,435
Pension contributions	10	10
Total highest paid director's remuneration	972	1,445

Directors' emoluments are the aggregate amount of remuneration (including salary, fees, bonuses and benefits in kind) paid/payable within the year.

In 2024 (2025: £nil), two directors sold a portion of their fully vested shares to the Zopa Group's Employee Benefit Trust totalling £2,400k.

In accordance with the Large and Medium-sized Companies (Accounts and Reports) Regulations 2008, the value of share-based awards is excluded from directors' emoluments. In 2024, the amounts disclosed in respect of share awards granted in 2024 were £719k in aggregate and £463k for the highest paid director.

8. Independent auditors' fees

	2025	2024
	£000	£000
Fees payable for the audit of the Group's consolidated financial statements	323	220
Fees payable for the audit of the subsidiaries' financial statements	1,719	1,625
Fees payable for interim profit verification	—	50
Fees payable for subscription services	3	3
Fees payable for other assurance services:		
– AT1 issuance	170	—
– Section 92 audit	32	—
Total fees payable to auditors	2,247	1,898

Auditors' remuneration to PricewaterhouseCoopers LLP for 2025 in relation to the statutory audit is £100k (2024: £160k) relating to subsidiaries which pertains to additional fees for 2024 that were paid during the current year.

Services provided by the Group's auditors are presented excluding VAT.

All non-audit services are on the FRC's approved list of non-audit services.

9. Change in expected credit losses and other credit impairment charges

Accounting policy

The accounting policies for expected credit losses are included in note 36. Write-offs occur when either part, or all, of the outstanding debt is considered irrecoverable and all viable options to recover the debt have been exhausted. Any amount received after the loss allowance has been raised or debt has been written-off is recorded as a recovery and reflected as a reduction in the expected credit loss reflected in the income statement.

	Notes	2025 £000	2024 £000
ECL movements and write offs on loans and advances to customers	36	170,748	159,126
Recoveries of loans and advances, net of collection costs		(3,543)	(3,209)
Increase in ECL on off-balance sheet exposures	26	296	312
Change in expected credit losses and other credit impairment charges		167,501	156,229

The impairment charge includes £477k (2024: £249k) in respect of residual value impairment within the Group's motor finance loan business.

10. Taxation

Accounting policy

The income tax expense or credit for the year is the tax payable on the current year's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The Group is entitled to claim special tax deductions for investments in qualifying assets or in relation to qualifying expenditure (e.g. the Research and Development Tax Incentive regime in the UK or other investment allowances). The financial statements account for such allowances as tax credits, which means that the allowance reduces income tax payable and current tax expense.

Current tax for the year ended 31 December 2025 is based on rates of 25% for the standard rate of UK corporation tax.

The current tax asset is included in the other category within other assets in the statement of financial position.

No corporation tax liabilities are payable to HMRC for the year (2024: £nil).

Details on the deferred tax is provided in note 22.

10.1 Tax charge/(credit)

	2025 £000	2024 £000
Current tax expense/(credit)		
– Current tax on profits for the year ¹	6,477	2,945
– Adjustments in respect of prior years	(1,826)	494
Deferred tax charge/(credit)		
– Current year	7,452	4,142
– Adjustments in respect of prior years	(1,667)	2,192
Total tax charge/(credit)	10,436	9,773

10.2 Reconciliation of effective tax rate

The expected tax charge for the year ended 31 December 2025 is 25% (2024: 25%). A reconciliation from the charge/(credit) implied by the standard rate to the actual tax credit is as follows:

	2025	2024
	£000	£000
Profit before tax	42,580	28,774
Tax charge based on the applicable UK corporation tax rate of 25%	10,645	7,194
Tax effect of:		
Non-deductible expenses for tax purposes	4,460	796
Losses for which no deferred tax asset is recognised	2,298	1,882
Adjustments in respect of prior years	(3,493)	—
Other differences	(3,474)	(99)
Total tax charge/(credit)	10,436	9,773

11. Financial instruments**Accounting policy***Recognition and derecognition*

A financial asset or a financial liability is recognised in the consolidated statement of financial position when the Group becomes party to the contractual provisions of the instrument. The Group measures a financial asset or liability on initial recognition at its fair value, plus or minus transaction costs that are directly attributable to the acquisition or issue of the financial asset or the financial liability. The only exception to this is financial assets or liabilities measured at fair value through profit or loss (FVTPL), where transaction costs are recognised directly in the income statement as they are incurred. Purchases and sales of financial assets are recognised on trade date.

Derecognition of financial instruments

Financial assets are derecognised when and only when:

- the contractual rights to receive the cash flows from the financial asset expire; or
- the Group has transferred substantially all the risks and rewards of ownership of the assets.

On derecognition of a financial asset, the difference between the carrying amount (or the carrying amount allocated to the portion being derecognised) and the sum of the consideration received (including any new asset obtained less any new liability assumed) is recognised in the income statement.

A financial liability is derecognised when the obligation is discharged, cancelled or expired. Any difference between the carrying amount of a financial liability derecognised and the consideration paid is recognised in the income statement.

Classification of financial assets

There are three principal classification categories for financial assets:

- measured at amortised cost;
- fair value through other comprehensive income (FVOCI); and
- fair value through profit or loss (FVTPL).

To classify financial assets the Group performs two tests: one to evaluate the business model in which financial assets are managed and the other to assess their cash flow characteristics.

The 'business model assessment' determines whether the Group's objective is to generate cash flows from collecting contractual cash flows, or by both collecting contractual cash flows and selling financial assets. The assessment is performed at a portfolio level as this best reflects the way business is managed and how information is provided to management. The assessment is based on expected scenarios. If cash flows are realised in a manner that is different from the original expectation, the classification of the remaining assets in that portfolio is not changed but such information is used when assessing new financial assets going forward.

The assessment of cash flow characteristics determines whether the contractual cash flows of the financial asset are solely payments of principal and interest on the principal amount outstanding (SPPI) and is referred to as the 'SPPI test'. For the purposes of the SPPI test, principal is defined as the fair value of the financial asset at initial recognition. Interest is defined as consideration for the time value of money and credit risk associated with the principal amount outstanding and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a reasonable profit margin. The SPPI test is performed at an instrument level based on the contractual terms of the instrument at initial recognition. Only debt instruments can meet the SPPI test. Since both the SPPI and business model tests are passed, almost all the financial assets held by the Group are classified as measured at amortised cost.

Subsequent to initial recognition, financial assets are reclassified only when the Group changes its business model for managing financial assets. Where this is the case, the Group reclassifies all affected financial assets in accordance with the new business model. The reclassification is applied prospectively.

Measurement of financial assets

Financial assets measured at amortised cost are initially measured at fair value plus transaction costs that are directly attributable to the financial asset. Subsequently, these are measured at amortised cost using the EIR method. The amortised cost is the amount advanced less principal repayments, plus or minus the cumulative amortisation using the EIR method of any difference between the amount advanced and the maturity amount, less allowance for expected credit losses. Financial assets measured at amortised cost mainly comprise loans and advances to customers and cash and cash equivalents.

For purchased or originated credit-impaired (POCI) financial assets on initial recognition a credit-adjusted effective interest rate is calculated based on the amortised cost of the financial asset instead of its gross carrying amount and incorporates the impact of expected credit losses in the estimated future cash flows. When revisions to the estimates of future cash flows occur, the carrying amount of the respective financial assets are adjusted to reflect the new estimate, discounted using the original effective interest rate. Any changes are recognised in profit or loss.

Financial assets measured at fair value through the profit or loss (FVTPL) are measured initially and subsequently at fair value. Changes in fair value are recognised in profit and loss as they arise. FVTPL includes derivative instruments (i.e. swaps, forward contracts and warrants).

The accounting policies on the expected credit loss of financial instruments are included in note 36.

Financial assets held at FVOCI are initially recognised at fair value, which is the cash consideration including any transaction costs, and measured subsequently at fair value with gains and losses being recognised in other comprehensive income, except for impairment losses and foreign exchange gains and losses, until the investment security is derecognised. Interest is calculated using the effective interest method. Investment securities held at FVOCI consist entirely of debt instruments.

Financial liabilities at amortised cost

Financial liabilities are contractual obligations to deliver cash or another financial asset. Financial liabilities are recognised initially at fair value, net of directly attributable transaction costs for financial liabilities other than derivatives. Subsequently they are measured at amortised cost. Any difference between proceeds, net of transaction costs, and the redemption value is recognised in the income statement over the period of the borrowings using the EIR method. Financial liabilities measured at amortised cost mainly comprise deposit from customers and subordinated liabilities.

Offsetting

The Group only offsets its financial assets and liabilities when it has a legally enforceable right to do so, and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. The net amount is then presented in the consolidated statement of financial position, either as an asset or a liability.

During the year ending 31 December 2025 and 31 December 2024 no financial instruments have been offset in the statement of financial position.

Classification of debt and equity instruments

Debt instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective.

Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain obligation to pay and that evidence a residual interest in the issuer's net assets. Equity instruments issued by the Group include ordinary share capital, preferred shares and share warrants that meet the definition of equity.

An instrument is an equity instrument only if both of the conditions below are met:

- The instrument includes no contractual obligation to (a) deliver cash or another financial asset to another entity; or (b) to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity.
- If the instrument will or might be settled in the issuer's own equity instruments, it is (a) a non-derivative that includes no contractual obligation for the issuer to deliver a variable number of its own equity instruments; or (b) a derivative that will be settled only by the issuer exchanging a fixed amount of cash or another financial asset for a fixed number of its own equity instruments. Rights and other issues denominated in any currency are equity instruments, provided that certain conditions are met. The issuer's own equity instruments do not include puttable instruments and obligations arising on liquidation that are classified as equity, or instruments that are contracts for the future receipt or delivery of the issuer's own equity instruments.

Reclassification between financial liability and equity

Equity or liability classification is made by the Group on initial recognition. A change of contractual terms and conditions might result in derecognising the original instrument and recognising a new instrument.

The financial liability is initially recognised at fair value under the general provisions of IFRS 9. Any difference between the carrying amount of the liability and that of the previously recognised equity instrument is recognised in equity in accordance with the general principle of IAS 32 that no gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of an entity's own equity instruments.

In the converse situation where the terms of a financial liability are changed such that the instrument then meets the definition of an equity instrument, the instrument should be reclassified to equity. The situation is analogous to a debt-for-equity swap. Any difference between the carrying amount of the equity and that of the previously recognised liability instrument is recognised in profit or loss. For transactions with shareholders in their capacity as shareholders, the difference between the carrying amount of the financial liability extinguished and the fair value of equity instruments issued shall be treated as a capital contribution or distribution, which means that it will be recognised in equity instead of profit or loss.

Financial assets pledged as collateral

The Group has pledged £269,654k (2024: £357,321k) of loans and advances to customers as encumbered collateral. As at 31 December 2025, the collateral relates to the Bank of England's Indexed Long-Term Repo (ILTR) facility and may be called upon in the event of default under that arrangement. Further details on the Bank of England funding scheme can be found in note 23.

The following table summarises the classification and carrying amounts of the Group's financial assets and liabilities:

	FVTPL	FVOCI	Amortised cost	Total
31 December 2025	£000	£000	£000	£000
Cash and cash equivalents:				
– Central bank	—	—	2,225,694	2,225,694
– Other banks	—	—	83,104	83,104
– Debt securities	—	—	30,572	30,572
Derivative financial instruments	141	—	—	141
Loans and advances to customers	—	—	3,506,654	3,506,654
Investment securities	—	299,611	953,514	1,253,125
Other assets	—	—	8,590	8,590
Total financial assets	141	299,611	6,808,128	7,107,880
Derivative financial instruments	6,020	—	—	6,020
Amounts due to other banks	—	—	50,783	50,783
Deposits by customers	—	—	6,393,598	6,393,598
Subordinated liabilities	—	—	75,886	75,886
Other liabilities	—	—	14,270	14,270
Total financial liabilities	6,020	—	6,534,537	6,540,557

31 December 2024	FVTPL £000	FVOCI £000	Amortised cost £000	Total £000
Cash and cash equivalents:				
– Central bank	—	—	2,761,315	2,761,315
– Other banks	—	—	58,995	58,995
Derivative financial instruments	5,946	—	—	5,946
Loans and advances to customers	—	—	2,865,635	2,865,635
Investment securities	—	299,724	155,433	455,157
Other assets	—	—	20,394	20,394
Total financial assets	5,946	299,724	5,861,772	6,167,442
Derivative financial instruments				
Derivative financial instruments	1,177	—	—	1,177
Amounts due to other banks	—	—	157,227	157,227
Deposits by customers	—	—	5,455,740	5,455,740
Subordinated liabilities	—	—	75,816	75,816
Other liabilities	—	—	17,610	17,610
Total financial liabilities	1,177	—	5,706,393	5,707,570

There were no reclassifications of financial assets or liabilities during the year ended 31 December 2025 or 31 December 2024.

12. Cash and cash equivalents

Accounting policy

Cash and cash equivalents comprises of cash with central bank (Bank of England) and cash and advances to banks. In addition, it includes highly liquid investments that are readily convertible to known amounts of cash that are subject to insignificant risk of changes in value. Investment securities are only classified as cash equivalent if they have short maturity of three months or less from the date of acquisition and are in substance cash equivalents.

	2025 £000	2024 £000
Cash and balances with central bank	2,225,694	2,761,315
Cash and balances with other banks	83,104	58,995
Debt securities (less than three months)	30,572	—
Total cash and cash equivalents	2,339,370	2,820,310

All cash and cash equivalents were stage 1 assets under IFRS 9 as at 31 December 2025 and 31 December 2024. There was no allowance for expected credit loss in respect of cash and cash equivalents as at 31 December 2025 (31 December 2024: £nil).

13. Cash flow information**13.1 Cash generated from / (used in) operations**

	Notes	2025 £000	2024 £000
Adjustments for non-cash items:			
– Change in expected credit losses and other credit impairment charges	9	167,501	156,229
– ECL on disposal of assets outside of credit risk appetite	36	(85,552)	(95,581)
– Change in provisions for other liabilities and charges		7,687	1,990
– Depreciation, amortisation and impairment	5	13,316	11,428
– Share-based payment charge	30	12,421	2,645
– Interest on leases	19	484	375
– Interest on subordinated debt and other borrowings		(1,424)	(2,820)
– Interest on investment securities		(4,755)	240
– Changes to fair value adjustment of hedged risk	14	(4,868)	3,010
– Change in fair value of financial instruments through profit or loss		3,951	(8,960)
– Other non-cash items		(574)	(823)
Total adjustments for non-cash items		108,187	67,733
Changes in operating assets and liabilities:			
– Loans and advances to customers		(717,921)	(451,080)
– Deposits by customers	24	937,858	2,098,016
– Financial instruments at fair value through profit or loss		6,697	7,985
– Amounts due to other banks	23	(4,950)	(1,861)
– Prepayments and accrued income	17	(2,144)	(1,007)
– Accruals		(385)	3,950
– Other assets		(5,897)	(8,214)
– Other liabilities		(4,684)	(10,682)
Total changes in operating assets and liabilities		208,574	1,637,107

13.2 Net debt reconciliation

The following table sets out the Group's net debt as at the balance sheet dates. It shows how the Group's indebtedness has changed over the period as a result of cash flows and other non-cash movements.

	Liabilities from financing activities			Other assets		Total £000
	Borrowings £000	Leases £000	Sub-total £000	Cash £000	Investments £000	
Net debt as at 1 January 2025	(5,688,783)	(1,739)	(5,690,522)	2,820,310	3,320,792	450,580
<i>Cash flow items</i>						
Financing cash flows	(834,635)	—	(834,635)	(819,390)	1,423,178	(230,847)
Interest payments/(receipts)	241,606	1,928	243,534	338,450	(581,984)	—
<i>Non-cash flow items:</i>						
Interest (expense)/income	(238,455)	—	(238,455)	—	597,793	359,338
Accretion of interest	—	(484)	(484)	—	—	(484)
Additions - lease	—	(16,019)	(16,019)	—	—	(16,019)
Net debt as at 31 December 2025	(6,520,267)	(16,314)	(6,536,581)	2,339,370	4,759,779	562,568
<hr/>						
Net debt as at 1 January 2024	(3,595,448)	(3,114)	(3,598,562)	1,411,209	2,558,923	371,570
<i>Cash flow items</i>						
Financing cash flows	(2,087,277)	—	(2,087,277)	1,131,498	755,075	(200,704)
Interest payments/(receipts)	218,468	1,843	220,311	277,603	(497,914)	—
<i>Non-cash flow items:</i>						
Interest (expense)/income	(224,526)	—	(224,526)	—	504,708	280,182
Accretion of interest	—	(375)	(375)	—	—	(375)
Additions - lease	—	(93)	(93)	—	—	(93)
Net debt as at 31 December 2024	(5,688,783)	(1,739)	(5,690,522)	2,820,310	3,320,792	450,580

14. Derivative and hedging activities

Accounting policy

Accounting for derivatives

Derivative instruments are contracts whose value is derived from one or more underlying financial instruments or indices defined in the contract. During the period, the Group has entered into derivative contracts to hedge against interest rate and foreign currency exposure.

Derivatives are initially recognised at fair value on the date on which the derivative contract is entered into and are subsequently measured at fair value. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

Hedge accounting

The Group designates certain derivatives as hedging instruments in respect to interest rate risk in fair value hedges. The Group applies fair value hedge accounting for individual hedges (micro hedges) and portfolio hedges of interest rate risk (macro hedges). The hedged items are portfolios that are identified as part of the risk management process. Micro hedges are accounted for in accordance with IFRS 9. The Group applies the exemption to continue using IAS 39 hedge accounting for macro fair value hedges of interest rate risk.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the Statement of Comprehensive Income, together with changes in the fair value of the hedged assets or liability that are attributable to the hedged risk. Fair value gains or losses on derivatives and hedged items are recognised in the Changes in fair value of financial instruments measured at FVTPL line item.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the straight-line method is used is amortised to profit or loss.

At inception of every hedge, the Group produces hedge documentation which identifies the hedged risk, hedged item and hedging instrument. This documentation sets out the methodology used for testing hedge effectiveness.

Derivative financial instruments, relating to interest rate swaps and foreign currency forwards are held solely for purposes of mitigating interest rate risk and foreign exchange risk, respectively. Where appropriate, the interest rate swaps are designated as hedging instruments. The Group applies both portfolio (macro) and individual (micro) hedging strategies to manage interest rate risk.

The following table sets out the derivative instruments held:

	2025			2024		
	Notional amount £000	Asset carrying value £000	Liability carrying value £000	Notional amount £000	Asset carrying value £000	Liability carrying value £000
Derivatives in accounting hedge relationships:						
Interest rate swaps	885,000	141	5,970	705,000	5,946	1,072
Derivatives in economic and not accounting hedge:						
Interest rate swaps	25,000	—	2	10,000	—	10
Foreign currency forwards	2,388	—	48	1,546	—	5
Others:						
Warrant derivatives	—	—	—	—	—	90
Total derivatives	912,388	141	6,020	716,546	5,946	1,177

Details of derivatives designated as hedging instruments in a qualifying hedging relationship are provided below. Interest rate swaps that are included in economic and not accounting hedge are those that were purchased in December 2025 and as such, were excluded in the December re-designation. These swaps were subsequently included in the accounting hedge relationships in the January 2026 re-designation. Derivatives in economic and not accounting hedge relating to forward contracts are used to assist in managing the Group's liquidity.

In March 2020, the Group issued warrants to subscribe for shares in the capital of the Group. In December 2021, the Group entered into a contract that has created an obligation on the Group to issue share warrants in the event of certain events occurring within a period of 4 years from the signing of the contract. These contracts meet the definition of a derivative and have been recognised as financial liability measured at fair value through profit or loss. Accordingly, the warrants were exercised during 2025 and derecognised upon settlement.

The following table contains the total changes in fair value of financial instruments measured at FVTPL:

	2025 £000	2024 £000
Net (loss)/gain on derivatives designated as fair value hedges	(5,960)	987
Fair value adjustments from hedge accounting	4,868	(3,010)
Ineffectiveness of fair value hedges	(1,092)	(2,023)
Movements on the other financial instruments measured at FVTPL	2,009	7,973
Changes in fair value of financial instruments measured at FVTPL	917	5,950

Fair value macro hedge

Interest rate risk on fixed loans

The Group holds portfolios of fixed term loans and therefore is exposed to changes in fair value due to movements in market interest rates. The risk exposure is managed using interest rate swaps under its fair value macro hedging programme

Only the interest rate risk element is hedged and therefore other risks, such as credit risk, are managed but not hedged by the Group. The interest rate risk element is determined with regard to the fixed rate that represents the benchmark rate of interest being hedged.

The interest rate risk is determined as the change in fair value of the fixed-rate loans arising from changes in market interest rates. Such changes are usually the largest component of the overall change in fair value. This strategy is designated as a fair value hedge and its effectiveness is assessed by comparing changes in the fair value of the loans attributable to changes in the benchmark rate of interest with changes in the fair value of the interest rate swaps.

The Group determines hedged items by analysing portfolios of fixed-rate loans into repricing time buckets based on expected, rather than contractual, repricing dates. The hedging instruments are designated appropriately to those repricing time buckets. The hedge relationship is tested for effectiveness prospectively at the designation date, and retrospectively at each de-designation on a monthly basis. This is done by comparing fair value movements of the designated proportion of the bucketed loans, against the fair value movements of the derivatives, to ensure that they are within an 80% to 125% range.

The aggregated fair value changes in the hedged loans are recognised on the balance sheet as an asset. At the end of every month, we de-designate the hedge relationships and re-designate them as new hedges in order to minimise the ineffectiveness from early repayments and accommodate new exposures. At de-designation, the fair value hedge accounting adjustments are amortised on a straight-line basis over the remaining period until the repricing of the loan. Amortisation begins at the date of de-designation.

Possible sources of ineffectiveness are as follows:

- differences between the expected and actual volume of prepayments, as the Group hedges to the expected repayment date taking into account expected prepayments based on past experience;
- differences in the benchmark rates of interest used to value the hedged item and the hedging instrument, as cash collateralised interest rate swaps are discounted using SONIA but this is not the benchmark rate of interest for the hedged item;
- hedging derivatives with a non-zero fair value at the date of initial designation as a hedging instrument;
- mismatch in the maturities of the hedged item and hedging instrument.

The following table contains details of the hedging instruments used in the Group's macro-hedging strategy.

	Notional £000	Carrying Amount asset/(liability) £000	Statements of financial position line item	Changes in fair value used for calculating hedge ineffectiveness (charge) £000
2025				
Interest rate swaps	170,000	141	Derivative financial assets	(5,820)
	630,000	(4,177)	Derivative financial liabilities	
	800,000	(4,036)		(5,820)

	Notional £000	Carrying Amount asset/(liability) £000	Statements of financial position line item	Changes in fair value used for calculating hedge ineffectiveness (charge) £000
2024				
Interest rate swaps	510,000	5,946	Derivative financial assets	(1,652)
	195,000	(1,072)	Derivative financial liabilities	
	705,000	4,874		(1,652)

The following table contains details of the hedged exposures covered by the Group's macro-hedging strategy:

	Carrying Amount (asset/(liability)) £000	Accumulated amount of the fair value adjustments on the hedged item £000	Statements of financial position line item	Changes in fair value used for calculating hedge ineffectiveness (income/(charge)) £000
2025				
Fixed-rate loans and advances to customers	2,784,185	4,037	Loans and advances to customers	4,752

	Carrying Amount (asset/(liability)) £000	Accumulated amount of the fair value adjustments on the hedged item £000	Statements of financial position line item	Changes in fair value used for calculating hedge ineffectiveness (income/(charge)) £000
2024				
Fixed-rate loans and advances to customers	2,277,833	(714)	Loans and advances to customers	(3,010)

The following table contains the gains/(losses) attributable to the hedged risk:

2025	Hedged item	Hedging instrument	Hedged item £000	Hedging instruments £000	Net cumulative fair value gains/ (losses) £000	Ineffectiveness recognised during the year £000	Line item in the consolidated statement of income
Macro fair value hedge							
Fixed-rate loans and advances to customers	Interest rate swaps		2,784,185	800,000	(5,821)	(1,069)	Changes in fair value of financial instruments measured at FVTPL

For the purposes of calculating ineffectiveness recognised in the statement of comprehensive income, the total accumulated amount of fair value hedge adjustment is used.

The contractual maturities of derivatives designated in a hedge relationship are included in note 36.

Fair value micro hedge

Interest rate risk on fixed bonds

In 2025, the Group started designating certain fixed-rate UK Government bonds, (“gilts”) as hedged items for the benchmark interest rate risk and enters into interest rate swaps that receive fixed and pay compounded SONIA (asset swaps). Changes in the swap’s fair value are recognised in profit or loss, and the carrying amount of the hedged items is adjusted for changes in its fair value attributable to the hedged risk, with that adjustment also recognised in profit or loss in the same line item. When hedge accounting is discontinued, any cumulative fair value hedge adjustment included in the carrying amount of the hedged items is amortised to profit or loss using a recalculated effective interest rate over the remaining life of the instrument.

Micro fair value hedges are used alongside the Group’s macro hedging to transform fixed-rate gilts into variable-rate exposures, aligning asset repricing with liabilities and reducing net interest income sensitivity to rate moves. Hedged risk is the benchmark (risk-free) interest rate component of the gilt’s fair value; credit spread risk is not hedged. The hedge ratio is generally 1:1 (swap notional to par of the hedged item). Sources of expected ineffectiveness include timing mismatches, day-count /reset conventions, discounting curves, and counterparty credit/funding valuation adjustment.

The following table contains details of the micro-hedging instruments used in the Group’s micro-hedging strategy.

	Notional	Carrying amount asset/(liability)	Statements of financial position line item	Changes in fair value used for calculating hedge ineffectiveness (income/(charge))
2025	£000	£000		£000
Interest rate swaps	85,000	(978)	Derivative financial liabilities	(140)
	85,000	(978)		(140)

The following table contains details of the hedged exposures covered by the Group’s micro-hedging strategy:

	Carrying Amount (asset/(liability))	Accumulated amount of the fair value adjustments on the hedged item	Statements of financial position line item	Changes in fair value used for calculating hedge ineffectiveness (income/(charge))
2025	£000	£000		£000
UK gilts	85,951	117	Investments at amortised cost	117

The following table contains the gains/(losses) attributable to the hedged risk:

2025		Hedged item	Hedging instruments	Net cumulative fair value gains/ (losses)	Ineffectiveness recognised during the year	Line item in the consolidated statement of income
Micro fair value hedge	Hedging instrument	£000	£000	£000	£000	
Hedged item						
UK gilts	Interest rate swaps	85,000	85,000	(861)	(23)	Changes in fair value of financial instruments measured at FVTPL

15. Loans and advances to customers

The Group holds three main portfolios of loans and advances to customers:

- unsecured personal loans;
- secured motor finance loans (automotive hire purchase (HP) loans and personal contract purchase (PCP) loans); and
- credit cards

Unsecured personal loans, credit cards, point-of-sale (PoS) loans are classified as unsecured lending, while motor finance loans are classified as finance lease receivables. They have been presented separately below.

HP and PCP leases have fixed payments and are held to maturity. The expected credit loss allowance on motor finance loans includes £1,207k (2024: £730k) relating to provisions against residual values of vehicles subject to PCP loans. These provisions are included within the impairment charge and in the calculation of coverage ratios.

	Note	2025 £000	2024 £000
Gross unsecured lending		3,092,275	2,513,717
Less: allowance for expected credit losses		(234,128)	(180,446)
Total unsecured lending		2,858,147	2,333,271
Gross finance lease receivables		733,891	618,938
Less: unearned finance income		(54,614)	(64,848)
Net investment in finance leases		679,277	554,090
Less: allowance for expected credit losses		(34,807)	(21,012)
Total finance lease receivables		644,470	533,078
Fair value adjustment for hedged risk	14	4,037	(714)
Total loans and advances to customers		3,506,654	2,865,635

Gross finance lease loans are receivable as follows:

	2025 £000	2024 £000
Less than one year	241,165	193,924
One to two years	208,916	178,811
Two to three years	158,631	137,627
Three to four years	96,955	80,515
Four to five years	28,224	28,061
Total gross finance lease receivables	733,891	618,938

Note that this table differs to the maturity table in note 36. This is due to the above table represents the undiscounted contractual repayments of motor finance loans, while the table in note 36 represents the maturity profile of the net investment in finance leases.

16. Investment securities

Investment securities held by the Bank can fall into one of the following three categories: amortised cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL). At the balance sheet date, all investment securities are non-complex, with cash flows comprising solely payments of principal and interest. The Group holds some securities to collect cash flows; other securities are held to collect cash flows, and to sell if the need arises (e.g. to manage and meet day-to-day liquidity needs). Therefore, the Group has a mixed business model and securities are classified as either amortised cost or FVOCI as appropriate. The Group does not categorise any investment securities as fair value through profit and loss.

Refer to note 11 for the accounting policy.

Investment securities held at FVOCI

	2025 £000	2024 £000
Covered bonds issued by banks and building societies	248,662	248,454
Bonds issued by multilateral development banks	50,949	51,270
Total investment securities held at FVOCI	299,611	299,724

Investment securities held at amortised cost	2025	2024
Note	£000	£000
Covered bonds issued by banks and building societies	306,233	118,571
Bonds issued by multilateral development banks (MDBs)	111,747	36,862
Residential mortgage-backed securities (RMBS)	178,838	—
Asset-backed securities (ABS)	46,680	—
Sovereign and government agency bonds	309,899	—
Gross investment securities held at amortised cost	953,397	155,433
Fair value adjustment for hedged risk	14	—
Total investment securities held at amortised cost	953,514	155,433

All the entity's debt securities are considered to have low credit risk, and the loss allowance is therefore limited to 12 months' expected losses. Management considers 'low credit risk' for covered bonds to be an investment grade credit rating with at least one major rating agency. There was no expected credit loss allowance in respect of investment securities as at 31 December 2025.

17. Prepayments and accrued income

	2025	2024
	£000	£000
Prepayments	8,728	6,549
Accrued income	139	174
Total prepayments and accrued income	8,867	6,723
Current portion	8,490	5,822
Non-current portion	377	901

18. Other assets

Customer receivables primarily relate to customer loan and credit card repayments that have been remitted, but the cash has not yet cleared the bank account.

Debt sale receivables amounting to £nil (2024: £9,728k) relates to amounts owed to the Group from buyers for the sale of credit-impaired credit card loans in December 2024, which was settled subsequently in January 2025.

Corporation tax receivables primarily arise from the 33.75% withholding tax paid on interest on the intercompany loan between Zopa Bank Limited and the ZGL Employee Benefit Trust (EBT). The withholding tax is treated as s.455 'loans to participators' tax and is refundable/creditable once the loan is repaid or otherwise settled, hence it is recognised as an asset.

	2025	2024
	£000	£000
Customer receivables	858	2,853
Trade debtors	836	999
Debt sale receivables	21	9,728
Corporation tax receivables	15,121	2,061
Others	6,999	6,922
Total other assets	23,835	22,563
Current portion	10,554	16,074
Non-current portion	13,281	6,489

19. Right-of-use assets and lease liabilities

Accounting policy

The Group leases properties for office spaces.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Lessee leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the fixed payments (including in-substance fixed payments).

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. In the absence of any borrowing history, the Group determined its incremental borrowing rate to be 12.875%. Lease payments are allocated between principal and finance cost. The finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases are recognised on a straight-line basis as an expense in the income statement. Short-term leases are leases with a lease term of 12 months or less.

19.1 Right-of-use assets

	2025	2024
	£000	£000
Balance as at 1 January	2,137	4,241
Additions	17,395	368
Disposal	(149)	(154)
Depreciation charge for the year	(2,274)	(2,318)
Balance as at 31 December	17,109	2,137

19.2 Lease liabilities

	2025	2024
	£000	£000
Balance as at 1 January	1,739	3,114
Additions	15,988	199
Interest charged during the year	484	375
Disposals	31	(106)
Payments during the year	(1,928)	(1,843)
Balance as at 31 December	16,314	1,739
– of which is current	1,200	1,649
– of which is non-current	15,114	90

The maturity profile of undiscounted contractual cash flows is as follows:

	2025	2024
	£000	£000
Less than one year	3,171	1,803
One to two years	3,445	99
Two to five years	9,904	—
More than five years	8,887	—
Total undiscounted lease liabilities	25,407	1,902

19.3 Amounts recognised in the income statement

	Notes	2025 £000	2024 £000
Interest income	2		
Interest on lease deposit		94	—
Interest expense	2		
Interest on lease liabilities		(484)	(375)
Operating expenses			
Depreciation of right-of-use assets		(2,274)	(2,318)
Loss on disposal of lease		(180)	(48)
Change in provisions for other liabilities and charges	26		
Release of dilapidation provision		9	27
Total amounts recognised in the income statement		(2,835)	(2,714)

The additions to right-of-use assets and lease liabilities in 2025 relates to the new lease of the office located at 20 Water Street, Canary Wharf, London.

20. Property, plant and equipment**Accounting policy**

Property, plant and equipment are stated at historic purchase cost less accumulated depreciation. Cost includes purchase price and directly attributable costs necessary to bring the asset into use as intended by management.

We depreciate property, plant and equipment on a straight-line basis to its residual value using the following useful economic lives:

- office equipment: 3–5 years; and
- fixtures and fittings: 3 years.

Depreciation is charged from the first full month after the date of acquisition. Residual values and useful economic lives are reviewed regularly and revised when necessary.

Assets are reviewed for impairment where indicators exist. An impairment loss is recognised where the carrying amount exceeds the recoverable amount, being the higher of value in use and fair value less costs to sell and is reversed only to the extent the asset's carrying amount does not exceed the amount that would have been determined had no impairment been recognised.

Gains and losses on disposals are included in operating expenses in the statement of comprehensive income.

2025	Office equipment £000	Fixtures and fittings £000	Total £000
Cost			
Balance as at 1 January	5,710	187	5,897
Acquired through business combination	38	—	38
Additions	1,425	60	1,485
Disposals	(4,003)	(163)	(4,166)
Balance as at 31 December	3,170	84	3,254
Accumulated depreciation			
Balance as at 1 January	4,707	40	4,747
Depreciation charge for the year	636	61	697
Disposals	(3,824)	(77)	(3,901)
Balance as at 31 December	1,519	24	1,543
Net book value	1,651	60	1,711

2024	Office equipment £000	Fixtures and fittings £000	Total £000
Cost			
Balance as at 1 January	5,196	83	5,279
Additions	514	104	618
Balance as at 31 December	5,710	187	5,897
Accumulated depreciation			
Balance as at 1 January	3,918	—	3,918
Depreciation charge for the year	789	40	829
Balance as at 31 December	4,707	40	4,747
Net book value	1,003	147	1,150

The cost of property, plant and equipment which has been fully depreciated and is still in use is £600k (2024: £3,465k). The acquired PPE relates to the office equipment assumed from the acquisition of RVVUP Ltd (note 37).

21. Goodwill and other intangible assets

Accounting policy & commentary

Banking licence

The banking licence consists of both employee costs and also other costs that were incurred during the banking licence application process. The banking licence is considered to have an indefinite useful life due to the Company's business model requiring the banking licence to operate as a bank.

The banking licence is tested for impairment at least annually. An impairment loss is recognised if the carrying amount of the banking licence is less than its recoverable amount. The recoverable amount is the greater of its value in use and its fair value less costs to sell. Value in use is calculated from forecasts by management of post-tax profits for the subsequent five years and a residual value discounted at a risk adjusted interest rate. Fair value is determined through review of precedent transactions for comparable businesses. Where impairment is required, the amount is recognised in the income statement and cannot be subsequently reversed.

Other intangible assets

Other intangible assets include purchased and internally generated intangibles, purchased brand and customer relationships. Purchased intangibles includes technology assets. Purchased intangible assets, purchased brand and customer relationships are recognised at historical cost.

Purchased brand is not amortised but assessed for impairment. Impairment reviews are carried out at the end of each reporting period. Assets are stated at cost less accumulated amortisation and any recognised impairment.

The acquisition of RVVUP Ltd in 2025 (note 37) resulted in the recognition of technology assets (presented in purchased software) and goodwill. These intangible assets acquired are recognised at their fair value at their acquisition date and the technology assets is amortised over their useful life.

Internally generated intangible assets relate to development costs, including employee costs, of intangible assets which are developed in-house. Internally generated assets are recognised if all the following criteria are met:

- it is technically feasible to complete the intangible asset so that it will be available for use;
- there is an intention and the ability to use or sell the intangible asset;
- adequate technical, financial and other resources are available to complete the development and to use or sell the intangible asset;
- it is probable that the asset will result in a flow of future economic benefits; and
- the expenditure attributable to the asset can be reliably measured.

Intangible assets are amortised on a straight-line basis over their useful lives and the amortisation recorded within operating expenses in the Income Statement once the asset is brought into economic benefit-generating use. The useful life of the purchased and internally generated intangible assets is considered to be five years. The residual value of intangible assets is assumed to be zero. Impairment reviews are carried out at the end of each reporting period. Assets are stated at cost less accumulated amortisation and any recognised impairment.

During the year ended 31 December 2025, the Group reviewed the estimated useful lives of its internally generated intangible assets as part of its annual assessment. Following this review, management determined that the useful life of certain technology-related assets should be extended from three years to five years to reflect the assets' expected pattern of economic benefits, supported by continued enhancements and their longer operational use.

This change in estimate has been applied prospectively from 1 January 2025 in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*. The impact of this change for the year ended 31 December 2025 was a reduction in amortisation expense of £3.8m, with a corresponding increase in profit before tax for the year.

Management will continue to review the estimated useful lives of intangible assets on an annual basis to ensure they remain appropriate.

Impairment assessment

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If impairment is indicated, the asset's recoverable amount, being the greater of value in use and fair value less costs to sell, is estimated. If the carrying value of the asset is greater than the greater of the value in use and the fair value less costs to sell, an impairment loss is recognised in the income statement. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Goodwill is tested for impairment at the end of each reporting period and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of the CGU to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

2025	Trade name £000	Purchased software £000	Internally generated £000	Banking license £000	Customer relationships £000	Goodwill £000	Total £000
Cost							
Balance as at 1 January	307	6,386	47,725	1,973	1,975	—	58,366
Additions	—	323	20,873	—	—	7,195	28,391
Acquired through business combination	—	—	4,200	—	—	—	4,200
Disposals/write offs	—	—	(821)	—	—	—	(821)
Balance as at 31 December	307	6,709	71,977	1,973	1,975	7,195	90,136
Accumulated amortisation							
Balance as at 1 January	270	2,586	22,548	—	579	—	25,983
Amortisation charge for the year	37	1,138	7,814	—	329	—	9,318
Disposal/write offs	—	—	(239)	—	—	—	(239)
Balance as at 31 December	307	3,724	30,123	—	908	—	35,062
Net book value	—	2,985	41,854	1,973	1,067	7,195	55,074

2024	Trade name £000	Purchased software £000	Internally generated £000	Banking license £000	Customer relationships £000	Goodwill £000	Total £000
Cost							
Balance as at 1 January	307	5,686	30,482	1,973	1,975	—	40,423
Additions	—	700	17,469	—	—	—	18,169
Disposals/write offs	—	—	(226)	—	—	—	(226)
Balance as at 31 December	307	6,386	47,725	1,973	1,975	—	58,366
Accumulated amortisation							
Balance as at 1 January	117	1,534	16,027	—	250	—	17,928
Amortisation charge for the year	153	1,052	6,535	—	329	—	8,069
Disposal/write offs	—	—	(14)	—	—	—	(14)
Balance as at 31 December	270	2,586	22,548	—	579	—	25,983
Net book value	37	3,800	25,177	1,973	1,396	—	32,383

22. Deferred tax

The Group recognised a deferred tax asset because there is persuasive evidence that sufficient taxable profits will be generated in the future to utilise brought forward taxable losses.

Under IFRS, a deferred tax asset is recognised for deductible temporary differences and unused tax losses carried forward, to the extent that it is probable that future taxable profits will be available.

The Group has performed an analysis of the recoverability of deferred tax assets. In doing so, the Group has considered the following:

- the availability of sufficient taxable temporary differences; and
- the probability that the Bank will have sufficient taxable profits in the foreseeable future, in the same period as the reversal of the deductible temporary difference or in the periods into which a tax loss can be carried back or forward.

The recoverability of the deferred tax asset is contingent upon the level of supportable future taxable profits, which are derived from Zopa Bank's five-year financial plan. This plan reflects management's current expectations regarding competitiveness and profitability and is based on Board-approved business plans. In assessing the probability of recovery, the directors have reviewed the Group's five-year forecast that has been used for both the going concern and viability assessment.

This plan reflects management's current expectations regarding competitiveness and profitability, and is based on Board-approved business plans. The accuracy of the forecast is inherently tied to the underlying assumptions, encompassing macroeconomic factors including interest rates, future tax rates, geopolitical risks and potential climate-related risks. Moreover, it is contingent on the Group's successful execution of its strategic plans. As a result, the utilisation of the deferred tax asset may demonstrate notable fluctuations.

According to existing regulations, brought forward tax losses remain indefinitely available for future use. Considering the projected profitability, there is a high likelihood of recovering the losses in the future.

In 2023, the Group has recognised a deferred tax asset in relation to all the tax losses carried forward in the prior years. Under various scenarios applied using the five-year forecast, the Group would be able to fully utilise the deferred tax asset value within the next five years.

The table below shows the movement in net deferred tax assets.

	Note	2025 £000	2024 £000
At 1 January		17,573	23,907
(Charged)/credited			
- to profit or loss	10	(5,785)	(6,334)
At 31 December		11,788	17,573

The table below shows the movement in net deferred tax liabilities.

	Note	2025 £000	2024 £000
At 1 January		—	—
Acquired	37	1,050	—
At 31 December		1,050	—

No deferred taxes are recognised on FVOCI investments as the impact is immaterial.

The table below shows the breakdown of the deferred tax balances.

	2025 £000	2024 £000
Fixed asset timing differences	307	632
Intangible assets timing differences	(2,320)	(1,467)
Tax losses carried forward	13,801	18,408
Total deferred tax assets	11,788	17,573
Intangible assets timing differences	1,050	—
Total deferred tax liabilities	1,050	—

As at 31 December 2025, the Group has not recognised deferred tax assets in respect of tax losses carried forward totalling £6,616k (2024: £nil). Additionally, there were £12,500k of pre-acquisition carried forward UK tax losses in RVVUP for which a deferred tax asset has not been recognised as there are restrictions that apply to the utilisation of pre-acquisition tax losses and therefore the offset against future profits is not sufficiently certain at this stage.

23. Amounts due to banks

Deposits from central bank consists mainly of amounts drawn down under the ILTR facility. Amounts previously drawn under the Term Funding Scheme with additional incentives for SMEs (TFSME) matured and were repaid during the year.

	2025	2024
	£000	£000
Amounts drawn down under TFSME	—	151,834
Amounts drawn down under ILTR	50,340	—
Amounts due to other banks	443	5,393
Total amounts due to banks	50,783	157,227

24. Deposits by customers

	2025	2024
	£000	£000
Demand deposits (including current accounts)	4,787,668	3,710,399
Term deposits	1,605,930	1,745,341
Total deposits by customers	6,393,598	5,455,740

25. Subordinated liabilities

	2025	2024
	£000	£000
Fixed rate reset subordinated Tier 2 notes due 2033	75,000	75,000
Accrued interest	886	816
Total subordinated liabilities	75,886	75,816

The Group has £75 million of fixed rate reset subordinated Tier 2 notes in issuance (25 August 2023: £75 million), issued to an existing investor in 2023. The notes pay interest on the principal amount at an aggregate rate of 14.4% per annum, payable in equal instalments quarterly in arrears, until 25 November 2028 at which time the interest rate will reset. The Group has a call option to redeem (a) all of these notes during the period from 25 August 2028 to 25 November 2028; and (b) at any time after 25 November 2028, where the outstanding nominal amount of the notes is 25% or less of the aggregate nominal amount of the notes originally issued. Exercise of any call option is subject to regulatory approval.

During the year, the terms of the Tier 2 notes were amended to facilitate their listing, and the notes were subsequently admitted to trading on the International Securities Market of the London Stock Exchange in August 2025. The amendments were assessed in accordance with IFRS 9 and were determined not to constitute a substantial modification of the financial liability. Accordingly, the notes were not derecognised and there was no impact on their carrying amount.

26. Provisions

	Dilapidations	Levies	Off-balance sheet ECL	Customer refund	Merchant refund	Motor financing redress	Total
2025	£000	£000	£000	£000	£000	£000	£000
Balance as at 1 January	595	—	1,875	449	191	—	3,110
Additions	205	2,513	2,171	—	—	7,895	12,784
Utilised in the year	(586)	(2,513)	—	—	(130)	—	(3,229)
Released in the year	(9)	—	(1,875)	(199)	(61)	—	(2,144)
Balance as at 31 December	205	—	2,171	250	—	7,895	10,521

	Dilapidations	Levies	Off-balance sheet ECL	Customer refund	Merchant refund	Motor finance redress	Total
2024	£000	£000	£000	£000	£000	£000	£000
Balance as at 1 January	595	—	1,563	—	—	—	2,158
Additions	27	1,812	1,875	515	699	—	4,928
Utilised in the year	—	(1,812)	—	(66)	(508)	—	(2,386)
Released in the year	(27)	—	(1,563)	—	—	—	(1,590)
Balance as at 31 December	595	—	1,875	449	191	—	3,110

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Dilapidations relates to the cost expected to be incurred to return the properties back to the landlords at their initial state when the lease ends.

The levies are fees due to regulators for banking service and are settled annually.

Off-balance sheet expected credit losses (ECLs), relate to provisions on undrawn credit card balances. The accounting policies on off balance sheet expected credit losses are included in note 36. Movements in off-balance sheet ECL provisions are included within changes in expected credit losses and other credit impairment charges in the income statement.

Customer refund provision represents the Group's estimated liability for potential refunds to customers in point-of-sale (PoS) transactions if the merchant is unable or unwilling to process the refund (e.g., due to insolvency).

Merchant refund provision reflects the Group's obligation to repay commissions to merchants when a customer returns a product or disputes a transaction. Changes in this provision are considered integral to the loan origination process and are therefore presented within the Interest income line item (note 2).

Motor finance redress

The UK motor finance sector continues to face elevated complaints and legal and regulatory scrutiny relating to historic broker commission arrangements. In 2024, the FCA launched a review into discretionary commission arrangements (DCA) and introduced a sector-wide pause on complaint handling while it considered the need for an industry-wide redress approach.

During 2025, the position developed following the Supreme Court judgment in August 2025 (Johnson v FirstRand Bank Limited) on the possibility of unfair relationships under s.140A Consumer Credit Act. Subsequently, the FCA published a Consultation Paper CP25/27 in October 2025 setting out detailed proposals for a consumer redress scheme under FSMA s404. The consultation indicates that agreements within the relevant period may be presumed unfair and therefore eligible for redress, including DCA, high-commission rates and tied arrangements between lenders and brokers.

The Group is exposed to motor finance commission arrangements through its lending activity, including the acquired loans by Zopa Bank from Zopa Limited (formerly a subsidiary of the Company) which were originated between 2017 to 2020. As at 31 December 2024, the Group concluded that no material provision was required given the degree of uncertainty at that time.

The developments in 2025 result in an increased likelihood of a higher number of agreements being in scope for the Group's motor finance agreements based on the current proposed rules together with a sufficiently defined basis to estimate the expected redress. Accordingly, a provision of £7.9m has been recognised which represents the current best estimate of the potential impact of the motor finance redress scheme including operational costs using probability weighted scenarios.

In estimating the provision, the Group has used the assumptions and methodology as outlined within the FCA's consultation paper, including the expected customer response rates, the scheme operating mechanics and associated costs, expected Financial Ombudsman Service referrals for rejected redress claims and the mechanism for rebuttal of claims where evidence supports no customer detriment.

Given the scheme is not yet finalised, the provision is subject to material estimation uncertainty.

27. Other liabilities

	2025	2024
	£000	£000
Other taxation and social security	2,827	2,521
Trade creditors	4,677	9,160
Customer payables	6,729	6,815
Other creditors	2,909	1,634
Total other liabilities	17,142	20,130
Current portion	17,142	20,130

28. Called-up share capital, share premium and other equity instruments**28.1 Called-up share capital**

	2025	2024	2025	2024
	£000	£000	Number of	Number of
			shares	shares
Called-up ordinary share capital, issued and fully paid				
Ordinary shares of £0.01 each	1,974	1,871	197,380,239	187,080,122
Total called-up share capital	1,974	1,871	197,380,239	187,080,122

28.2 Share premium

	Total
	£000
Balance as at 1 January 2025	534,448
Premium received on issued shares	52,236
Cost of issuing shares	268
Capital reduction	(483,954)
Balance as at 31 December 2025	102,998
Balance as at 1 January 2024	470,561
Premium received on issued shares	67,316
Cost of issuing shares	(3,429)
Balance as at 31 December 2024	534,448

In 2025 the Group issued 10,300,117 of £0.01 shares (2024: 23,758,168). 6,698,919 of these shares were issued to the Employee Benefit Trust and 1,560,876 of these shares were issued as part of the business combination (see note 37). All share issues within the year were fully paid for within the period.

On 4 March 2025, the Group undertook a capital reduction to optimise its capital structure and create distributable reserves. The reduction was approved by the Prudential Regulation Authority on 27 December 2024 and by the Group's special resolution on 28 February 2025.

The capital reduction resulted in the following changes to the Group's equity:

- share premium was reduced from £534,448k to £50,494k;
- the amount reduced was transferred to retained earnings, increasing distributable reserves; and
- there was no impact on the total equity or the Group's ability to meet its obligations.

The purpose of this capital reduction was to enhance the Group's financial flexibility and align its capital structure with its operational and strategic objectives. The reduction had no effect on the rights of existing shareholders or the number of shares in issue.

28.3 Other equity instruments

On 20 May 2025, the Group issued £80m Fixed Rate Reset Perpetual Subordinated Contingent Convertible Additional Tier 1 (AT1) securities. The principal terms of the AT1 securities are described below:

- the securities are perpetual and may be redeemed at the option of Zopa Group PLC, subject to PRA approval, on 20 November 2030 and every five years thereafter, or earlier for certain regulatory or tax reasons, at their principal amount together with any accrued but unpaid interest up to (but excluding) the date of redemption;
- from the Issue Date to 20 November 2030, the securities bear interest at a fixed rate of 12.875% per annum, payable semi-annually in arrears on 20 May and 20 November each year. Thereafter, the interest rate will reset every five years in line with prevailing market rates;
- interest payments on these securities will be accounted for as a dividend and recognised as deductions from equity;

- interest on the securities is due and payable only at the sole and absolute discretion of the Group and may be cancelled at any time in whole or in part. Cancelled interest does not accumulate and is not payable at any future date;
- if the Group's Common Equity Tier 1 ratio falls below 7.0%, the principal amount of the securities will be automatically and irrevocably written down to zero and the securities shall be cancelled. The instruments do not include a pre-determined conversion into ordinary shares; and
- the securities constitute direct, unsecured and unguaranteed obligations of the Group, ranking junior to all senior creditors and ahead of ordinary shareholders in a winding-up.

These AT1 securities are classified as an equity instrument under IAS 32 'Financial Instruments: Presentation' with the proceeds recognised in equity, net of transaction costs of £1,702k.

29. Other reserves

Own shares include both ordinary shares held by Zopa's Employee Benefit Trust and loans issued to employees to purchase the nominal value of shares included in their Enterprise Management Incentive (EMI) and Joint Share Ownership Plan (JSOP) scheme options.

The merger reserve was created in 2017 following a reorganisation that installed Zopa Group PLC as the parent company of the Group.

The accounting policies on the share schemes and investment securities are FVOCI are included in notes 30 and 11, respectively.

	FVOCI reserve £000	Share schemes £000	Merger reserve £000	Capital redemption reserve £000	Warrant reserve £000 ¹	Own shares £000	Total £000
Balance as at 1 January 2025	(95)	17,130	51,464	6	1,100	(34)	69,571
Fair value movement	187	—	—	—	—	—	187
Share options movement	—	12,421	—	—	—	—	12,421
Own shares utilised for share schemes	—	—	—	—	—	(38,579)	(38,579)
Lapse of warrants	—	—	—	—	(1,100)	—	(1,100)
Net movement in JSOP loans	—	—	—	—	—	(30)	(30)
Other movements in own shares	—	—	—	—	—	(29)	(29)
Balance as at 31 December 2025	92	29,551	51,464	6	—	(38,672)	42,441
Balance as at 1 January 2024	(49)	14,485	51,464	6	26,987	(57)	92,836
Fair value movement	(46)	—	—	—	—	—	(46)
Share options movement	—	2,645	—	—	—	—	2,645
Exercise/lapse of warrants	—	—	—	—	(25,887)	—	(25,887)
Net movement in JSOP loans	—	—	—	—	—	23	23
Balance as at 31 December 2024	(95)	17,130	51,464	6	1,100	(34)	69,571

30. Share schemes

Accounting policy

The Group's share option schemes are in the form of equity-settled share-based payments. The fair value of options granted is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted, which is calculated using Black-Scholes models and Monte Carlo Simulation Model.

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each year, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

In the event of a modification of an award the fair value of the original award and of the modified or replacement award is assessed at the date of the modification. Where a modification is beneficial the incremental fair value is recognised in profit and loss over the remaining vesting period with the incremental fair value for vested awards recognised immediately.

Equity-settled share-based compensation benefits are provided to employees of Zopa Group's subsidiaries via options granted under the Zopa Group PLC Joint Share Ownership Plan (JSOP), the Non-Tax Advantaged Share Option Plan (NTA options) and the Share Appreciation Rights (SAR). They are all granted and equity settled by the parent company, Zopa Group PLC.

Awards typically vest over service periods of five years and options are generally exercisable up to 10 years from grant, after which unexercised awards lapse.

JSOP schemes

Under the JSOP scheme, the Group operates an EBT for the benefit of the Group employees. Under the scheme, certain employees purchased from EBT a beneficial interest in shares, including capital interest on vested shares above a hurdle. The employees become entitled to any dividends that are paid on the shares only following the transfer of legal title in those shares. The legal title of the shares (and the dividends and capital interest to sums below the hurdle in the case of shares) remains with the EBT throughout the lifetime of the schemes.

The JSOP schemes also include the Management Incentive Plan (MIP) issued to certain employees. The MIP's terms mirror that of the JSOP schemes, with the addition of acceleration event and restrictive covenants. In 2024, it was separately presented as a separate item.

Non-Tax Advantaged Share Option Plan (NTA options)

Options are granted at nil cost and typically vest based on continued service. Each vested option entitles the holder to acquire one ordinary share in Zopa Group PLC on exercise by paying the exercise price; unexercised options lapse at the end of the contractual term (up to 10 years from grant).

Share Appreciation Rights (SARs)

In August 2025, the Group issued a new type of award which is SARs. The rights are issued to the employees at nil cost. On exercise, employees receive a number of shares equivalent to the value above the hurdle.

Set out below are the range of exercise prices and the weighted average lifetime of outstanding share options held by employees of the Group at the end of the year.

	NTA options Number	JSOP Number	SAR Number	Total Number	Weighted average exercise price £
2025					
Balance at 1 January	1,596,202	13,859,194	—	15,455,396	4.58
Granted	291,756	7,072,396	3,613,172	10,977,324	6.20
Lapsed	(46,312)	(239,815)	(30,330)	(316,457)	6.03
Balance at 31 December	1,841,646	20,691,775	3,582,842	26,116,263	5.24
Range of exercise prices (£)	0.01 – 7.00	2.80 – 7.00	10.00	0.01 – 10.00	—
Weighted average remaining contractual life (years)	5.37	6.47	9.52	6.81	—
Exercisable awards at 31 December	1,137,270	11,668,074	222,371	13,027,715	4.57
2024					
Balance at 1 January	1,598,578	11,514,058	—	13,112,636	3.96
Granted	171,354	5,688,001	—	5,859,355	5.45
Exercised	(10,000)	(3,083,001)	—	(3,093,001)	3.49
Lapsed	(163,730)	(259,864)	—	(423,594)	5.52
Balance at 31 December	1,596,202	13,859,194	—	15,455,396	4.58
Range of exercise prices (£)	0.01 – 7.00	2.80 – 7.00	—	0.01 – 7.00	—
Weighted average remaining contractual life (years)	5.36	5.94	—	5.88	—
Exercisable awards at 31 December	1,080,414	8,051,467	—	9,131,881	4.20

For options granted during the year the weighted average fair value of the options at the measurement date was £2.38 (2024: £1.45).

No share options were exercised during the year. The weighted-average share price at the date of exercise in 2024 was £5.05.

The inputs into the Black Scholes option pricing model for grants or modifications (JSOPs and NTA options) are as follows:

	2025	2024
Expected volatility	35%	35%
Expected life (years)	5	5
Weighted average share price	5.26	4.58
Exercise / hurdle price	£0.01 – £7.00	£5.00 – £6.00
Expected dividends	None	None
Risk-free rate	3.9%-4.2%	3.5%-4.1%

The inputs into the Monte Carlo simulation model for grants issued under the SAR scheme are as follows:

	2025
Expected volatility	35%
Expected life (years)	5
Share price	£5.26
Exercise / hurdle price	£10.00
Expected dividends	None
Risk-free rate	4.0%

Expected volatility has been set based on the volatility of similar listed companies. Non-vesting conditions are factored into the calculation of fair value at the measurement date.

The share-based payment charge in the year was £12,421k (2024: £2,645k).

31. Related parties

Key management personnel

IAS 24 Related party disclosures require additional information for key management compensation. Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group. The Directors are considered to be the key management personnel for disclosure purposes. Directors' remuneration is disclosed within note 7. The share-based compensation expense recognised during the year attributable to Directors amounted to £5,238k (2024: £719k). In total, the key management personnel compensation amounted to £2,266k in 2025 (2024: £2,981k).

As at 31 December 2025, one executive director had an EMI loan outstanding for £150k (2024: £150k). Additionally, one executive director had a JSOP loan for £4k (2024: £4k). These loans were used solely to exercise share options and the shares issued are then subject to a call option until the loans are repaid.

During the financial year, no executive directors purchased shares in the Group (2024: £275k).

Other transactions with related parties

C Warrants

The table below shows the total exercisable warrants, exercise price per share, updated expiry date and outstanding warrants for the warrant instruments classified as equity.

Warrants	Number of warrants issued	Exercise price per warrant	Date of expiry	Outstanding warrants	
				2025	2024
C Warrants	5,007,261	£3.17	11 December 2025	—	3,558,499

On 11 June 2020, the Company issued Set C Warrants ("C Warrants") to IAG Silverstripe LLC with original expiry dates of 11 June 2025. On 18 March 2021, Set C warrants were amended to extend the expiry dates by six (6) months.

As at 31 December 2022, these warrants were classified as financial liability and presented as derivative liability in the statement of financial position. These warrants were classified as derivative instruments as the fixed-for-fixed requirement under IAS 32 are not satisfied i.e. the terms of the warrants indicate that, at the inception of the instrument, they can be settled by variable number of its shares on exercise of the warrants.

On 29 June 2023, the Company agreed with the holders of the C Warrants to modify the warrants such that the warrants would meet the fixed-for-fixed requirements. At modification date, the C Warrants were reclassified to Other reserves.

The remaining Set C warrants expired in 2025.

Tier 2 notes

In 2023, the Group had issued £75 million of fixed rate reset subordinated Tier 2 notes to IAG Silverstripe Holding LLC. The notes pay interest on the principal amount at an aggregate rate of 14.4% per annum, payable in equal instalments quarterly in arrears. In 2025 the Group made coupon payments to IAG Silverstripe Holding LLC amounting to £5,400k. In August 2025, IAG Silverstripe Holding LLC sold their holding of the instrument. Subordinated liabilities are disclosed within note 25.

Others

2025	Income £000	Expenditure £000	Amounts due	Amounts due
			from related parties £000	to related parties £000
Credit card balances outstanding from key management personnel	—	—	1	—

2024	Income £000	Expenditure £000	Amounts due	Amounts due
			from related parties £000	to related parties £000
Credit card balances outstanding from key management personnel	—	—	1	—
Loan servicing fee income – Plata Finance Limited	108	—	—	—
Payment processing and other operational expenses – Plata Finance Limited	118	—	—	—
Amount receivable from Plata Finance Limited	—	—	316	—
Loan receivable from ZGL Employee Benefit Trust	—	—	4,625	—
Amount payable to ZGL Employee Benefit Trust	—	—	—	31

In 2024, 'Other transactions with related parties' included balances with Click Loans Limited due to its relationship with Zopa Group PLC; these balances were excluded in the current year as Click Loans Limited is no longer considered a related party.

All transactions are at arm's length. There are no other related party transactions.

32. Ultimate controlling party

As at 31 December 2025, Zopa Group PLC has no ultimate parent and controlling party.

33. Contingent liabilities and commitments**Accounting policy**

Customer credit commitments are granted as part of normal product facilities which are offered to customers. Customer commitments comprise undrawn facilities granted on credit cards, point-of-sale loans and approved secured motor finance loans. Even though these obligations are not recognised on the balance sheet, they do contain credit risk and an ECL is calculated and recognised for them (see note 36). When these commitments are drawn down or called upon and meet the recognition criteria as detailed in note 36, these are recognised within our loans and advances to customers.

Purchase commitments represent the future minimum lease payments under non-cancellable contracts outside the scope of IFRS 16 leases. Note 19 provides information on financial commitments where the Group is a lessee as per IFRS 16 leases.

	2025 £000	2024 £000
Loans and advances to customers commitments		
– Undrawn credit card commitments	259,336	213,323
– Point-of-sale commitments	19,141	7,499
Finance lease commitments		
– Finance lease agreements to lend in the future	1,875	2,455
Purchase commitments:		
Under one year	11,345	11,250
Between one and five years	5,998	16,245
Over five years	372	—
Total contingent liabilities and commitments	298,067	250,772

34. Fair value of financial instruments

Accounting policy

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

The fair values of financial instruments are measured using a fair value hierarchy which reflects the significance of the inputs used in making the measurements. There are three levels to the hierarchy as follows:

- Level 1: Quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). A Level 2 input must be observable for substantially the full term of the instrument. Level 2 Inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves observable at commonly quoted intervals, implied volatilities and credit spreads. Assets and liabilities classified as Level 2 have been valued using models whose inputs are observable in an active market; and
- Level 3: Inputs that include one or more unobservable input that is significant to the measurement as whole.

	Carrying value	Level 1	Level 2	Level 3	Total fair value
2025	£000	£000	£000	£000	£000
Cash and cash equivalents:					
– Central bank	2,225,694	2,225,694	—	—	2,225,694
– Other banks	83,104	83,104	—	—	83,104
– Debt securities	30,572	30,580	—	—	30,580
Derivative financial assets	141	—	141	—	141
Loans and advances to customers	3,506,654	—	(714)	3,591,863	3,591,149
Investment securities	1,253,125	1,247,907	117	—	1,248,024
Other assets	8,590	—	—	8,590	8,590
Total financial assets	7,107,880	3,587,285	(456)	3,600,453	7,187,282
Derivative financial liabilities	6,020	—	6,020	—	6,020
Amounts due to other banks	50,783	50,783	—	—	50,783
Deposits by customers	6,393,598	—	6,397,096	—	6,397,096
Subordinated liabilities	75,886	—	88,875	—	88,875
Other liabilities	14,270	—	—	14,270	14,270
Total financial liabilities	6,540,557	50,783	6,491,991	14,270	6,557,044
	Carrying value	Level 1	Level 2	Level 3	Total fair value
2024	£000	£000	£000	£000	£000
Cash and cash equivalents:					
– Central bank	2,761,315	2,761,315	—	—	2,761,315
– Other banks	58,995	58,995	—	—	58,995
Derivative financial assets	5,946	—	5,946	—	5,946
Loans and advances to customers	2,865,635	—	(714)	2,951,736	2,951,022
Investment securities	455,157	455,157	—	—	455,157
Other assets	20,394	—	—	20,394	20,394
Total financial assets	6,167,442	3,275,467	5,232	2,972,130	6,252,829
Derivative financial liabilities	1,177	—	1,177	—	1,177
Amounts due to other banks	157,227	157,227	—	—	157,227
Deposits by customers	5,455,740	—	5,455,488	—	5,455,488
Subordinated liabilities	75,816	—	76,644	—	76,644
Other liabilities	17,610	—	—	17,610	17,610
Total financial liabilities	5,707,570	157,227	5,533,309	17,610	5,708,146

Key considerations in the calculation of the disclosed fair values for the above financial assets and liabilities are as following:

- cash and balances with central bank – These represent amounts with an initial maturity of less than three months and as such, their carrying value is considered a reasonable approximation of their fair value;
- cash and balances with other banks – These represent either amounts with an initial maturity of less than three months or longer-term variable-rate deposits placed with banks, where adjustments to fair value in respect of the credit risk of the counterparty are not considered necessary. Accordingly, the carrying value of the assets is considered to not be materially different from their fair value;
- investment securities - The fair value of investment securities is based on either observed market prices for those securities that have an active trading market (fair value Level 1 assets), or using observable inputs (in the case of fair value Level 2 assets). The amount disclosed as Level 2 and in the table refers to the fair value adjustment for hedged risk (note 14) which was calculated using observable inputs;
- UPL and motor finance loans and advances to customers – For fixed-rate lending products, the Group has forecast cash flows for the portfolios over the loans' lives. The fair value of the loans (Level 3) has been estimated by discounting those cash flows by the current appropriate market reference rate. The amount disclosed as Level 2 in the table refers to the fair value adjustment for hedged risk (note 14) which was calculated using observable inputs;
- credit cards loans and advances to customers have no contractual maturity. Therefore, their carrying value is not considered to be materially different from their fair value;
- deposits by customers – For fixed rate deposit products, the Group has forecast cash flows for the portfolio until their contractual maturity. The fair value of the deposits has been estimated by discounting those cashflows by the year end rate offered to alike customers. For easy access products, interest rate is variable, moving in line with the market. As such, their carrying value is considered a reasonable approximation of their fair value;
- subordinated liabilities – The fair value is derived from observable market prices at the reporting date. As the instrument is not traded in a sufficiently active market, the fair value is disclosed within Level 2 of the hierarchy;
- other assets and liabilities – These represent short term receivables and payables and as such, their carrying value is not considered to be materially different from their fair value;
- derivative financial instruments:
 - derivatives held for currency risk management – These represent foreign currency forward contracts which are carried at fair value. An equivalent quoted forward rate with a similar term is used to calculate the fair value as at year end;
 - derivatives held for interest risk management– These represent interest rate swaps which are carried at fair value. The fair values of derivatives are obtained from discounted cash flow models; and
 - warrants - These represent warrant derivatives which are carried at fair value. These warrants were issued by the Group and did not meet the equity classification (refer to note 31 for further details). Warrant derivatives are valued using Monte Carlo Simulations (MCS). Inputs are deemed observable up to the risk-free rate in which the UK Government bond yield was used as a proxy and equity volatility which is based on the historical share price volatility of a set of comparable companies. Unobservable inputs to the valuation include dividend yield, spot share price of the Group, discount factor, probability of funding event and size of future fund raises. The most significant inputs are the spot share price of the Group and the probability of funding event and are not based on observable market data.

35. Loan portfolio sale

Sale of performing loans in the prior year (2024)

In 2024, Zopa Bank sold £151m of performing loans to a third party under a forward flow agreement resulting in a gain of £6,049k (note 4). Based on management's assessment, the sale is consistent with the held to collect business model as the transaction is considered infrequent. This was a one-off transaction to help with the overall management of the Bank's capital runway. Furthermore, the loan sale met the derecognition requirements under IFRS 9. Zopa Bank transferred substantially all the risks and rewards of ownership to the third party. The gain is presented in the Net gain on derecognition of financial assets measured at amortised cost (note 4).

36. Financial risk management

36.1 Credit risk

Credit risk arises when the Group's borrowers or other counterparties default on their loans or obligations. The credit quality of the financial assets has been assessed and an allowance for expected credit losses (ECLs) recognised.

Counterparty credit risk arises from the Group's non-consumer counterparties with whom the Group has cash deposits. For deposits at commercial banks, the financial institutions considered need to have a credit rating above BBB-. The financial stability of counterparties is assessed prior to, and at regular intervals during the relationship. Where available, the external credit rating of counterparties is monitored.

36.1.1 Governance around ECL allowance

The IFRS 9 ECL models used by the Group have been developed in-house and validated by the second line of defence. As explained further in note 36 below, the determination of expected credit losses is inherently judgemental and requires management to make significant judgements and estimates. To ensure that these judgements and estimates remain appropriate, the Group has in place a robust governance framework around ECL allowance. The main components of that framework are as follows:

- **Group and Bank Board Audit Committees (GAC/BAC)** – reviews and challenges the appropriateness of significant judgements and critical estimates made by management, including the ECL allowance;
- **Board Risk Committee (BRC)** – approves and oversees the implementation of the Model Risk Management Policy under which the ECL models are governed;
- **Risk Management Committee (RMC)** – reviews and challenges material new models and required model changes. It also reviews and challenges results of model performance monitoring and resulting actions proposed by model owners;
- **Credit Risk Provisioning Forum (CRPF)** – responsible for the monitoring of ECL models and assumptions and their impact on the measurement of ECL. It also reviews and challenges results of model performance monitoring and resulting actions proposed by model owners. It reviews and challenges the base case economic scenario and outer macroeconomic scenarios, and scenario weightings; and
- **Asset and Liability Management Committee (ALCO)** – assesses the impact of impairment losses on Zopa’s regulatory capital adequacy and monitors the credit rating of treasury assets, and the status of intercompany loans, and considers any evidence which would require the recognition of impairment.

The reasonableness of the ECL allowance is assessed at least quarterly and includes:

- performance monitoring of ECL models against actual outcomes;
- monitoring of trends against budgets and forecasts;
- reviewing underlying credit risk performance;
- stand-back assessment comparing recent default rates versus projected default rates across the range of predicted macroeconomic scenarios; and
- benchmarking key ratios against the wider market and banks of a similar size.

36.1.2 Measurement of ECL

The approach set out in this note applies to:

- financial assets measured at amortised cost;
- loan commitments; and
- finance lease receivables where the Group is the lessor.

The determination of expected credit losses is complex and requires the use of models, as exposure varies with changes in market conditions, customer behaviour and macro-economic environment over time. The Group measures ECL by assessing Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD). ECL is the product of these three components discounted to present value using an account-level effective interest rate as the discount rate.

Factor	Description
Probability of Default (PD)	The Group has developed PD models tailored to each product type to assess the likelihood of default within the next 12 months and over the lifetime of each loan or credit card account. The models estimate PD based on the latest payment behaviour of the customer on the Zopa product, information from the credit reference agencies (CRAs) and product specific characteristics. The PD model also includes an estimate of the future macroeconomic effect, which is calculated via an independent model and is applied as a multiplicative scalar onto marginal PDs.
Exposure at Default (EAD)	The Group has developed an EAD model for the credit cards product to assess the likely exposure at default. The model calculates estimates of EAD based upon the latest payment behaviour of the customer, the credit limit utilisation, information from the CRAs and product specific characteristics. For unsecured personal loans (UPL) and motor finance loans, the EAD estimate is based on the outstanding balance of the account at observation and the contractual paydown schedule of the account taking into account any missed payments before default.
Loss Given Default (LGD)	The Group has developed LGD models tailored to each product type to assess the likely financial loss given an account default. The models calculate estimates of LGD based on historical data on observed recoveries against defaulted accounts or benchmark information obtained from third parties. The estimates include the expected benefit of debt sales. Adjustments to these estimates are made depending on the macroeconomic scenario.
Discount rate	The Group uses account-level effective interest rate, which is calculated based on loan amount, interest and fees, expected repayments including pre-payments and term.

Forecast period

We estimate PD, EAD and LGD for the duration of the lifetime of the loan or credit card account. For UPL and motor finance, the duration of the lifetime is determined by the length of the loan term. For credit cards, the duration of the lifetime is estimated to be eight years.

Climate risk

The Group conducted a credit risk assessment regarding the potential impact of climate change on physical risks. This assessment employed a stress scenario approach. The analysis did not lead to the identification of a separate impairment charge for the 2025 reporting period.

Forward-looking information

The Group uses forecasts on key macroeconomic indicators to estimate the macroeconomic effect on PD and LGD. The key indicators that are used are claimant count, Bank of England Base Rate, CPI inflation and Debt to Income ratio. The model used to estimate the macroeconomic effect has been developed on historical data spanning over 16 years obtained from credit reference agencies (CRAs).

The Group uses four different macroeconomic scenarios to estimate the future macroeconomic effect, named scenarios 1 to 4. Scenario 1 is a Mild Upside scenario, Scenario 2 is the Baseline scenario and Scenarios 3 and 4 are both Downside scenarios. The macroeconomic scenarios are provided by an external third party used widely in the industry. Weightings are also provided which are used to create a Weighted Average (WA) of the scenarios which determines the final ECL. The scenarios are updated on a quarterly basis.

36.1.3 Management judgements in measurement of ECL

As of 31 December 2025, the Bank holds a post-model adjustment to reflect management's judgement of the macro environment's impact on ECL over and above the impact resulting from the modelled output. This increases the ECL by £4.3m (1.59%) and is reflected in the results by scenario as shown in the sensitivity analysis table (note 36.1.8).

As at 31 December 2024, the Bank held an equivalent adjustment to ensure the impact of the macroeconomic environment was appropriately reflected in the stress scenarios applied to ECL over and above the impact resulting from the modelled output. This was incorporated as a post-model adjustment which reduced the modelled ECL by £1.0m.

The Group uses other post-model adjustments to address weaknesses in the ECL models due to either conceptual gaps or poor performance identified via monitoring. As of 31 December 2025, there is a post-model adjustment held against the motor finance LGD model.

At the end of 2025, the value of post-model adjustments accounted for 0.5% of the total ECL allowance (2024: 1.2%).

36.1.4 Significant increase in credit risk (SICR)

The estimated ECL is a function of all factors mentioned above. The performing loans and credit card accounts are split into Stage 1 and Stage 2 depending on whether a significant increase in credit risk is observed. For Stage 1 loans and credit card accounts, the Group calculates ECL based on the next 12 months of expected credit losses. For Stage 2 and Stage 3 loans and credit card accounts, ECL is calculated based on the lifetime expected credit losses. There are both quantitative and qualitative criteria to determine whether an account is showing evidence of significant increase in credit risk.

Quantitative criteria

The quantitative criteria are based on a comparison between the latest PD estimate for the remaining lifetime of a loan or credit card account and the lifetime PD estimate at the point of initial recognition, which is either the point of the loan or credit card origination or the point of its purchase.

Qualitative criteria

Across all products, any loan or credit card that is in forbearance is assigned to Stage 2. In UPL and motor finance, any loan that is 1 day past due is assigned to Stage 2.

Backstop criteria

Across all three products, any loan or credit card account that is 30 days past due is assigned to Stage 2.

Improvement in credit risk or cure

In 2025, conditions were implemented which enabled loans to cure from Stage 3 if they clear their arrears and remain Up To Date (0 DPD) for 90 consecutive days. They will then be held in probation in Stage 2 for a further 90 days, after which time the standard SICR rules above are applied. This has not been implemented for Cards as analysis suggested there would be no material impact on ECL.

36.1.5 Definition of default and credit impaired

The definition of default is consistent with the definition used to determine whether a loan or credit card account is credit impaired. Therefore, all defaulted accounts are assigned to Stage 3. In UPL and credit cards, an account is considered as defaulted: if it is 90 days past due or the borrower is unlikely to pay, i.e. the loan is subject to bankruptcy, Individual Voluntary Agreement (IVA), or any other form of insolvency, the loan is fraudulent, or the borrower is deceased. In motor finance, a loan is considered as defaulted if it is 60 days past due or the borrower is unlikely to pay.

36.1.6 Forbearance and exit from forbearance or cure

The Bank encourages borrowers who are experiencing financial difficulties to draw up an affordable payment plan to pay down their arrears over time. Payment plans may offer temporary relief in the form of reductions to contractual payments. Any loan or credit card account in forbearance is assigned to Stage 2. At the end of the payment plan, a loan or credit card account can only be assigned to Stage 1 if the balance in arrears that is accumulated for the duration of the payment plan is cleared.

36.1.7 Purchased or Credit-Impaired (POCI) loans

As part of the purchase of loans from retail investors in Zopa Limited's peer-to-peer platform in December 2021 and January 2022 (refer to note 35 for further detail), the Group purchased a portfolio of credit-impaired (POCI) loans. Expected credit losses on a POCI portfolio are not measured using the general model under IFRS 9. Instead, impairment on a POCI portfolio is determined based on full lifetime ECL. The lifetime ECL on initial recognition is included in the estimated cash flows when calculating the credit-impaired effective interest rate. Thus, no loss allowance is recognised on initial recognition. Subsequently, the reported ECL allowance on POCI loans represents the change in lifetime ECL since the purchase date.

Loans classified as POCI must remain in POCI until they are derecognised. Therefore, the ECL measurement approach remains consistent throughout the life of these loans. In 2025, the POCI element of the loans portfolio had reduced to an immaterial level due to paydown since acquisition and so was derecognised.

36.1.8 Multiple economic scenarios and scenario weightings

As mentioned above, the macroeconomic scenarios are provided by a third-party expert. Scenarios were received in September 2025 and updated via a post-model adjustment in November 2025 to reflect the latest information. The following scenario descriptions reflect the macroeconomic paths provided by the specialist third party including the subsequent updates made within the post-model adjustment.

Baseline scenario

The Baseline scenario (or Scenario 2) assumes UK GDP growth of 1.0% in 2026 and stable unemployment rate continuing at 5.1% in 2026. The Bank Rate is cut to 3.5% by the end of 2026, and then a gradual decline to 2.75% by 2028. Inflation is assumed to fall to 2.6% in 2026 reaching 2.2% in 2028. The probability weighting assigned to the Baseline scenario is 50%.

Outer scenarios

One Mild Upside scenario

The Mild Upside scenario (or Scenario 1) assumes increased spending from consumers and businesses, reflecting global strengthening of demand. Stronger external demand also boosts export performance, further supporting corporate earnings and employment. The UK economy accelerates, achieving growth of 3.4% in 2026. The labour market tightens, and the unemployment rate falls to 3.7% by 2029. As a result of higher commodity prices and stronger demand, inflation resurfaces. In response, the BoE begins to tighten monetary policy again. Bank Rate rises to a new peak of 5.0% and remains at that level throughout 2026 and 2027. The probability weighting assigned to the Upside scenario is 30%.

Two Downside scenarios

The Downside 1 scenario (or Scenario 3) reflects a pronounced global recession in the near term, reflecting heightened geopolitical uncertainty, escalating trade tensions and renewed inflationary pressure. The UK economy faces weak demand, resulting in GDP contraction of 2.8% in 2026. Amid severely dampened consumer confidence and higher unemployment, the recovery from the recession is slow. Employment is hit as companies lay off workers and roll out hiring freezes amid much weaker demand and high uncertainty. UK unemployment rate peaks at 7.1% in 2028. The BoE cut rates faster than expected in the base case to below 2% in 2027. The probability weighting assigned to the Downside scenario is 10%.

The Downside 2 scenario (or Scenario 4) assumes a severe, negative global aggregate supply shock from an increase in geopolitical tensions and global commodity prices and supply chain disruptions. This combines elements of both the global financial crisis alongside the 2022 cost of living crisis, resulting in unemployment reaching 7.7% in 2028 and inflation peaking at 12.6% in 2026 in the UK. Global policymakers increase interest rates to bring inflation back to target, and the BoE Bank Rate rises to 7.6% and remains at that level for a year. The probability weighting assigned to this scenario is 10%. After modelling the resulting stress expectations by scenario, management review concluded that stress was reducing too quickly across the forecast horizon. As a result, management decided to hold stress level at the Q4 2026 value. This is included in the overall PMA value of £4.3m registered at December 2025.

Key changes to approach in 2025

There are two key changes to the approach, namely:

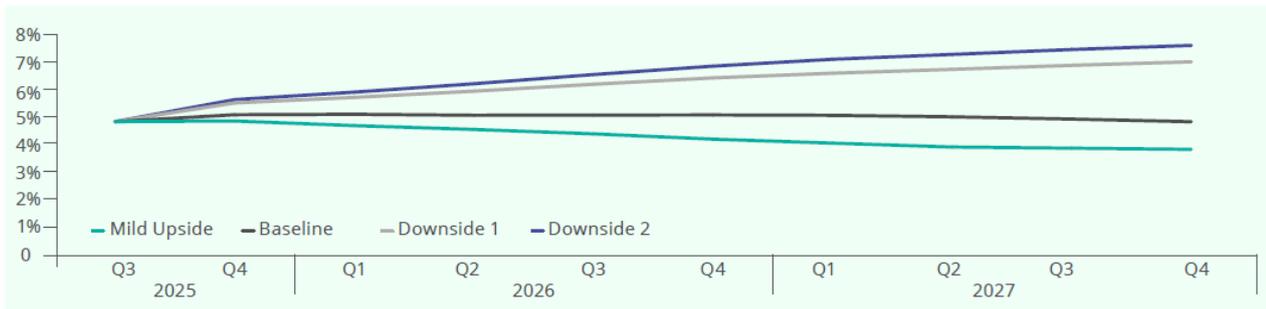
- a new macroeconomic stress model was developed in order to address feedback around the complexity of the model. The new model validates well on historical industry data and any remaining uncertainties in the environment will be addressed via an appropriate PMA.
- scenario weights were revisited to align to the weights suggested by the third-party supplier, as overlays to input variables were removed during 2025. This resulted in a change in the Mild Upside scenario weight from 25% to 30% and both Downside scenario weights were set to 10%.

Macroeconomic assumptions

The table below summarises the key macroeconomic indicators by scenario.

2025 year-end forecasts		Upside 1	Baseline	Downside 1	Downside 2
Unemployment rate	2026	4.2%	5.1%	6.4%	6.8%
	2027	3.8%	4.8%	7.0%	7.6%
Base rate	2026	5.0%	3.5%	2.4%	7.6%
	2027	4.6%	3.0%	1.8%	5.1%
GDP growth	2026	3.4%	1.0%	(1.3%)	(2.7%)
	2027	2.2%	1.5%	0.9%	0.5%
Inflation	2026	3.8%	2.6%	1.2%	12.6%
	2027	3.0%	2.4%	1.6%	4.7%

Unemployment rate by scenario



Peak and trough of macro indicators		Upside 1	Base case	Downside 1	Downside 2
Unemployment rate	Peak	4.9%	5.1%	7.1%	7.7%
	Trough	3.7%	4.1%	5.5%	5.6%
Base rate	Peak	5.0%	4.0%	3.8%	7.6%
	Trough	3.0%	2.5%	1.8%	2.0%
GDP growth	Peak	4.2%	1.7%	1.8%	1.8%
	Trough	1.5%	0.8%	(3.5%)	(5.9%)
Inflation	Peak	4.1%	3.6%	3.1%	12.6%
	Trough	2.1%	2.0%	1.1%	2.0%

Scenario weightings

The table below shows the comparison of scenario weights.

	Upside 1	Base case	Downside 1	Downside 2
2025	30%	50%	10%	10%
2024	25%	50%	20%	5%

Sensitivity of ECL allowance

The table below shows the change in the ECL and proportion on assets in Stage2 for each of the macro-economic scenarios. ECL is most sensitive to the changes in the unemployment rate.

	Weighted £000	Upside 1 £000	Base case £000	Downside 1 £000	Downside 2 £000
2025					
Exposure			4,051,904		
ECL	271,105	247,968	262,609	296,820	354,881
Proportion of assets in Stage 2	6.3%	5.2%	5.9%	7.9%	11.9%
2024					
Exposure			3,291,084		
ECL	203,333	179,568	194,710	229,265	327,445
Proportion of assets in Stage 2	7.4%	5.5%	6.7%	9.6%	19.7%

36.1.9 Maximum and net exposure to credit risk

The tables below set out the main differences between our maximum and net exposure to credit risk on financial assets, including the effects of collateral. For on-balance sheet disclosures, the maximum exposure to credit risk is the carrying value after ECL allowance. For loans and advances to customers, the gross balance excludes the hedge accounting fair value adjustment (note 14). For off-balance sheet disclosures, the maximum exposure to credit risk is the total amount of the financial commitment after ECL allowance.

	On-balance sheet assets			Off-balance sheet assets			Non-cash collateral	Net exposure
	Gross balances	Loss allowance	Net balance	Gross balances	Loss allowance	Net balance		
2025	£000	£000	£000	£000	£000	£000	£000	£000
Cash and cash equivalents:								
– Central bank	2,225,694	—	2,225,694	—	—	—	—	2,225,694
– Other banks	83,104	—	83,104	—	—	—	—	83,104
– Debt securities	30,572	—	30,572	—	—	—	—	30,572
Derivative financial instruments	141	—	141	—	—	—	—	141
Loans and advances to customers	3,771,552	(268,935)	3,502,617	280,352	(2,171)	278,181	616,118	3,164,680
Investment securities	1,253,125	—	1,253,125	—	—	—	—	1,253,125
Other assets	8,590	—	8,590	—	—	—	—	8,590
Total	7,372,778	(268,935)	7,103,843	280,352	(2,171)	278,181	616,118	6,765,906

	On-balance sheet assets			Off-balance sheet assets			Non-cash collateral	Net exposure
	Gross balances	Loss allowance	Net balance	Gross balances	Loss allowance	Net balance		
2024	£000	£000	£000	£000	£000	£000	£000	£000
Cash and cash equivalents:								
– Central bank	2,761,315	—	2,761,315	—	—	—	—	2,761,315
– Other banks	58,995	—	58,995	—	—	—	—	58,995
Derivative financial instruments	5,946	—	5,946	—	—	—	—	5,946
Loans and advances to customers	3,067,807	(201,458)	2,866,349	223,277	(1,875)	221,402	519,663	2,568,088
Investment securities	455,157	—	455,157	—	—	—	—	455,157
Other assets	20,394	—	20,394	—	—	—	—	20,394
Total	6,369,614	(201,458)	6,168,156	223,277	(1,875)	221,402	519,663	5,869,895

36.1.10 Rating distribution

The tables below set out the credit rating of financial assets, which are subject to IFRS 9 impairment assessment.

Zopa risk ratings (tiers) presented in the below table are based on the following PD bands: Tier 1 (<0.25%), Tier 2 (0.25 - 2.5%), Tier 3 (2.5 - 10%), Tier 4 (10 - <100%) and Tier 5 (Default). The PD reflects the probability to default in the next 12 months based on the IFRS 9 PD model.

As a result of new ECL PD models released for UPL & Auto portfolios in 2025, there was a shift towards higher risk Tiers for accounts in Stage 1 as compared to the previous year. The impact of these changes is reflected within the 2025 ECL movements (36.1.13).

	Zopa risk ratings					
	Tier 1	Tier 2	Tier 3	Tier 4	Tier 5	Total
2025	£000	£000	£000	£000	£000	£000
On-balance sheet exposure						
Cash and cash equivalents:						
– Central bank	2,225,694	—	—	—	—	2,225,694
– Other banks	83,104	—	—	—	—	83,104
– Debt securities	30,572	—	—	—	—	30,572
Loans and advances to customers:						
Stage 1	348,016	1,485,901	1,208,448	295,230	—	3,337,595
Stage 2	134	2,978	22,440	226,749	—	252,301
Stage 3	—	—	—	—	181,656	181,656
Investment securities	1,253,125	—	—	—	—	1,253,125
Off-balance sheet exposure						
Stage 1	7,009	159,339	96,956	13,259	—	276,563
Stage 2	—	713	641	2,435	—	3,789
Stage 3	—	—	—	—	—	—
Total exposure	3,947,654	1,648,931	1,328,485	537,673	181,656	7,644,399

2025	Zopa risk ratings					
	Tier 1 £000	Tier 2 £000	Tier 3 £000	Tier 4 £000	Tier 5 £000	Total £000
On-balance sheet ECL						
Cash and cash equivalents:						
– Central bank	—	—	—	—	—	—
– Other banks	—	—	—	—	—	—
– Debt securities	—	—	—	—	—	—
Loans and advances to customers						
Stage 1	456	10,015	39,384	25,981	—	75,836
Stage 2	5	83	1,799	69,757	—	71,644
Stage 3	—	—	—	—	121,455	121,455
Investment securities	—	—	—	—	—	—
Off-balance sheet ECL						
Stage 1	—	723	911	435	—	2,069
Stage 2	—	25	15	61	—	101
Stage 3	—	—	—	—	—	—
Total ECL	461	10,846	42,109	96,234	121,455	271,105

2024	Zopa risk ratings					
	Tier 1 £000	Tier 2 £000	Tier 3 £000	Tier 4 £000	Tier 5 £000	Total £000
On-balance sheet exposure						
Cash and cash equivalents:						
– Central bank	2,761,315	—	—	—	—	2,761,315
– Other banks	58,995	—	—	—	—	58,995
Loans and advances to customers:						
Stage 1	523,828	1,228,392	720,428	255,451	—	2,728,099
Stage 2	164	3,435	25,035	200,147	—	228,781
Stage 3	—	—	—	—	110,477	110,477
POCI	38	39	3	98	272	450
Investment securities	455,157	—	—	—	—	455,157
Off-balance sheet exposure						
Stage 1	6	123,937	78,222	13,409	—	215,574
Stage 2	—	2,924	1,885	2,894	—	7,703
Stage 3	—	—	—	—	—	—
Total exposure	3,799,503	1,358,727	825,573	471,999	110,749	6,566,551

2024	Zopa risk ratings					
	Tier 1 £000	Tier 2 £000	Tier 3 £000	Tier 4 £000	Tier 5 £000	Total £000
On-balance sheet ECL						
Cash and cash equivalents:						
– Central bank	—	—	—	—	—	—
– Other banks	—	—	—	—	—	—
Loans and advances to customers						
Stage 1	608	7,659	25,087	25,060	—	58,414
Stage 2	9	118	1,753	65,330	—	67,210
Stage 3	—	—	—	—	75,822	75,822
POCI	—	—	—	3	9	12
Investment securities	—	—	—	—	—	—
Off-balance sheet ECL						
Stage 1	—	569	794	296	—	1,659
Stage 2	—	110	51	55	—	216
Stage 3	—	—	—	—	—	—
Total ECL	617	8,456	27,685	90,744	75,831	203,333

36.1.11 Credit performance

The tables below show credit performance of loans and advances to customers, by segmenting the gross exposure by IFRS 9 stage and POCI loans.

2025	Stage 1 £000	Stage 2 £000	Stage 3 £000	POCI £000	Total £000	Loss allowance £000
Loans and advances to customers	3,337,595	252,301	181,656	—	3,771,552	268,935

2024	Stage 1 £000	Stage 2 £000	Stage 3 £000	POCI £000	Total £000	Loss allowance £000
Loans and advances to customers	2,728,099	228,781	110,477	450	3,067,807	201,458

36.1.12 Credit quality

The tables below show credit quality of On-balance sheet, and Off-balance sheet exposures and the corresponding ECL allowance. The ECL on POCI loans is lower compared to non-POCI loans due to the ECL measurement requirements for POCI loans under IFRS 9.

2025	Stage 1 £000	Stage 2 £000	Stage 3 £000	POCI £000	Total £000
On-balance sheet exposure	3,337,595	252,301	181,656	—	3,771,552
Off-balance sheet exposure	276,563	3,789	—	—	280,352
On-balance sheet ECL	75,836	71,644	121,455	—	268,935
Off-balance sheet ECL	2,069	102	—	—	2,171

2024	Stage 1 £000	Stage 2 £000	Stage 3 £000	POCI £000	Total £000
On-balance sheet exposure	2,728,099	228,781	110,477	450	3,067,807
Off-balance sheet exposure	215,574	7,703	—	—	223,277
On-balance sheet ECL	58,414	67,210	75,822	12	201,458
Off-balance sheet ECL	1,659	216	—	—	1,875

36.1.13 Movement in total exposures and the corresponding ECL

The following table shows changes in total on-balance sheet, and off-balance sheet exposures, subject to IFRS 9 ECL assessment and the corresponding ECL allowance.

	Stage 1		Stage 2		Stage 3		POCI		Total	
	Exposure £000	ECL £000	Exposure £000	ECL £000	Exposure £000	ECL £000	Exposure £000	ECL £000	Exposure £000	ECL £000
2025										
As at 1 January 2025	2,728,099	58,414	228,781	67,210	110,477	75,822	450	12	3,067,807	201,458
Transfers from Stage 1 to Stage 2	(129,371)	(5,367)	129,371	5,367	—	—	—	—	—	—
Transfers from Stage 2 to Stage 1	80,936	15,561	(80,936)	(15,561)	—	—	—	—	—	—
Transfers to Stage 3	(110,885)	(5,647)	(79,562)	(35,163)	190,447	40,810	—	—	—	—
Curing from Stage 3	2,391	1,297	1,195	634	(3,586)	(1,931)	—	—	—	—
Net ECL remeasurement	—	(11,537)	—	29,030	—	101,700	—	(67)	—	119,126
Change in economic scenarios	—	472	—	4,246	—	—	—	—	—	4,718
Change in ECL methodology	—	3,346	—	1,463	—	(2,475)	—	—	—	2,334
New lending and purchased assets	2,027,138	53,644	114,370	30,955	27,263	18,175	—	—	2,168,771	102,774
Redemptions and repayments	(1,260,713)	(34,347)	(60,918)	(16,537)	(17,853)	(7,320)	(470)	—	(1,339,954)	(58,204)
Disposal of assets outside of credit risk appetite	—	—	—	—	(107,342)	(85,576)	(11)	24	(107,353)	(85,552)
Written-off assets	—	—	—	—	(17,750)	(17,750)	31	31	(17,719)	(17,719)
As at 31 December 2025	3,337,595	75,836	252,301	71,644	181,656	121,455	—	—	3,771,552	268,935
Net movement in the period	609,496	17,422	23,520	4,434	71,179	45,633	(450)	(12)	703,745	67,477
ECL charge to the income statement	—	17,422	—	4,434	—	45,633	—	(12)	—	67,477
Write-off charge	—	—	—	—	—	17,750	—	(31)	—	17,719
Add back of ECL on disposal of assets outside of credit risk appetite	—	—	—	—	—	85,576	—	(24)	—	85,552
Add back of ECL on disposal of performing loans	—	—	—	—	—	—	—	—	—	—
Positive provision on POCI loans	—	—	—	—	—	—	—	—	—	—
Total ECL charge to the income statement	—	17,422	—	4,434	—	148,959	—	(67)	—	170,748

	Stage 1		Stage 2		Stage 3		POCI		Total	
	Exposure £000	ECL £000								
2024										
As at 1 January 2024	2,336,414	44,313	214,897	60,155	97,665	69,847	1,305	49	2,650,281	174,364
Transfers from Stage 1 to Stage 2	(113,081)	(3,963)	113,081	3,963	—	—	—	—	—	—
Transfers from Stage 2 to Stage 1	72,984	12,415	(72,984)	(12,415)	—	—	—	—	—	—
Transfers to Stage 3	(88,591)	(5,404)	(70,182)	(38,154)	158,773	43,558	—	—	—	—
Net ECL remeasurement	—	(9,720)	—	23,704	—	81,810	—	(347)	—	95,447
Change in economic scenarios	—	(369)	—	(31)	—	—	—	—	—	(400)
Change in ECL methodology	—	1,745	—	208	—	951	—	—	—	2,904
New lending and purchased assets	1,662,074	42,312	106,793	38,709	23,286	15,832	—	—	1,792,153	96,853
Redemptions and repayments	(990,530)	(18,098)	(62,824)	(8,929)	(15,021)	(8,730)	(673)	492	(1,069,048)	(35,265)
Disposal of assets outside of credit risk appetite	—	—	—	—	(122,361)	(95,581)	—	—	(122,361)	(95,581)
Disposal of performing loans	(151,171)	(4,817)	—	—	—	—	—	—	(151,171)	(4,817)
Written-off assets	—	—	—	—	(31,865)	(31,865)	(182)	(182)	(32,047)	(32,047)
As at 31 December 2024	2,728,099	58,414	228,781	67,210	110,477	75,822	450	12	3,067,807	201,458
Net movement in the period	391,685	14,101	13,884	7,055	12,812	5,975	(855)	(37)	417,526	27,094
ECL charge to the income statement	—	14,101	—	7,055	—	5,975	—	(37)	—	27,094
Write-off charge	—	—	—	—	—	31,865	—	182	—	32,047
Add back of ECL on disposal of assets outside of credit risk appetite	—	—	—	—	—	95,581	—	—	—	95,581
Add back of ECL on disposal of performing loans	—	4,817	—	—	—	—	—	—	—	4,817
Positive provision on POCI loans	—	—	—	—	—	—	—	(413)	—	(413)
Total ECL charge to the income statement	—	18,918	—	7,055	—	133,421	—	(268)	—	159,126

36.1.14 Collateral analysis

The Group holds collateral against secured motor finance loans in the form of motor vehicles. The tables below set out our exposure and ECL allowance against a range of loan-to-value (LTV) segments. The value of collateral used in determining the LTV ratios has been calculated based upon the collateral valuation as at year-end.

	Stage 1		Stage 2		Stage 3		POCI		Total	
	Exposure £000	ECL £000	Exposure £000	ECL £000	Exposure £000	ECL £000	Exposure £000	ECL £000	Exposure £000	ECL £000
2025										
Less than 50%	34,889	108	1,214	79	2,707	1,446	—	—	38,810	1,633
50% to 70%	71,691	379	3,223	274	3,328	1,793	—	—	78,242	2,446
70% to 80%	74,991	606	4,357	419	2,751	1,479	—	—	82,099	2,504
80% to 90%	117,386	1,237	9,351	900	4,292	2,298	—	—	131,029	4,435
90% to 100%	141,862	1,958	14,908	1,631	5,954	3,171	—	—	162,724	6,760
Greater than 100%	148,845	2,239	16,401	2,022	21,127	12,768	—	—	186,373	17,029
Total	589,664	6,527	49,454	5,325	40,159	22,955	—	—	679,277	34,807

	Stage 1		Stage 2		Stage 3		POCI		Total	
	Exposure £000	ECL £000	Exposure £000	ECL £000	Exposure £000	ECL £000	Exposure £000	ECL £000	Exposure £000	ECL £000
2024										
Less than 50%	79,381	410	5,117	421	6,923	4,464	9	4	91,430	5,299
50% to 70%	72,594	310	6,776	499	2,384	1,308	92	1	81,846	2,118
70% to 80%	72,508	424	5,758	537	2,598	1,417	—	—	80,864	2,378
80% to 90%	108,350	782	7,862	682	3,037	1,658	—	—	119,249	3,122
90% to 100%	114,098	1,052	8,294	943	3,413	1,859	—	—	125,805	3,854
Greater than 100%	44,413	492	4,990	756	5,493	2,993	—	—	54,896	4,241
Total	491,344	3,470	38,797	3,838	23,848	13,699	101	5	554,090	21,012

36.1.15 Credit risk for other financial assets

Credit risk exists where the Group has acquired securities or placed cash deposits with other financial institutions as part of our treasury portfolio of assets. The Group considers the credit risk of treasury assets to be relatively low. No assets are held for speculative purposes or actively traded. Certain liquid assets are held as part of our liquid asset buffer. At 31 December 2025 and 2024, all treasury assets were in Stage 1. The table below sets out information about the credit quality of treasury financial assets.

	AAA		AA-		A+ to A-		Total	
	2025 £000	2024 £000	2025 £000	2024 £000	2025 £000	2024 £000	2025 £000	2024 £000
Cash and cash equivalents:								
– Central bank	—	—	2,225,694	2,761,315	—	—	2,225,694	2,761,315
– Other banks	—	—	—	—	83,104	58,995	83,104	58,995
– Debt securities	—	—	30,572	—	—	—	30,572	—
Investment securities	—	—	289,824	—	963,301	455,157	1,253,125	455,157
Total	—	—	2,546,090	2,761,315	1,046,405	514,152	3,592,495	3,275,467

36.2 Market risk

Market risk is the risk of an adverse change in the Group's income or net value arising from movements in market prices or rates, specifically interest rates or currency rates. The market risks faced by the Group include interest rate risk, currency risk, basis risk and implied option risk, resulting from the Group's product offerings. The Group's principal market risk is interest rate risk, which is the risk of loss from adverse movements in the overall level of interest rates. It arises from mismatches in the timing of repricing of assets and liabilities, both on and off-balance sheet. The Group has the following financial assets and liabilities which are exposed to the movement of interest rates: deposits from customers, loans and advances to customers, collateralised interest rate swaps, and liquid assets including Bank of England reserves and other HQLA instruments (UK Regulated Covered Bonds, UK Treasury Bills and MDBs). The Group does not run a trading book or take speculative interest rate positions and therefore all interest rate risk resides in the banking book (interest rate risk in the banking book (IRRBB)).

36.2.1 Repricing analysis

The following table sets out the Group's interest rate repricing gaps over a period of five years from the balance sheet date. A positive repricing gap exists when more assets than liabilities reprice during a set period. The opposite is true for a negative repricing gap.

	Non-interest bearing	Up to 3 months	3–6 months	6–12 months	1–5 years	Over 5 years	Total
2025	£000	£000	£000	£000	£000	£000	£000
Cash and cash equivalents:							
– Central bank	—	2,225,694	—	—	—	—	2,225,694
– Other banks	—	83,104	—	—	—	—	83,104
– Debt securities	30,572	—	—	—	—	—	30,572
Derivative financial assets:							
– Derivatives in accounting hedge relationships	—	25	99	17	—	—	141
Loans and advances to customers	—	11,278	25,828	107,016	2,806,320	556,212	3,506,654
Investment securities	202,966	894,493	—	68,691	86,975	—	1,253,125
Other assets ¹	4,554	622	—	—	—	3,414	8,590
Total assets	238,092	3,215,216	25,927	175,724	2,893,295	559,626	7,107,880
Derivative financial liabilities:							
– Derivatives in accounting hedge relationships	—	1,040	1,523	3,407	—	—	5,970
– Derivatives in economic and not accounting hedge	—	48	—	2	—	—	50
Amounts due to banks	—	443	50,340	—	—	—	50,783
Deposits by customers	—	5,241,598	469,193	394,553	288,254	—	6,393,598
Subordinated liabilities	—	—	—	—	76,086	—	76,086
Other liabilities ²	14,270	—	—	—	—	—	14,270
Total liabilities	14,270	5,243,129	521,056	397,962	364,340	—	6,540,757
Interest rate sensitivity gap	223,822	(2,027,913)	(495,129)	(222,238)	2,528,955	559,626	567,123
Cumulative gap	223,822	(1,804,091)	(2,299,220)	(2,521,458)	7,497	567,123	567,123

	Non-interest bearing	Up to 3 months	3–6 months	6–12 months	1–5 years	Over 5 years	Total
2024	£000	£000	£000	£000	£000	£000	£000
Cash and cash equivalents:							
– Central bank	—	2,761,315	—	—	—	—	2,761,315
– Other banks	—	58,995	—	—	—	—	58,995
Derivative financial assets:							
– Derivatives in accounting hedge relationships	—	1,626	1,051	3,269	—	—	5,946
Loans and advances to customers	—	299,656	20,295	89,984	2,391,934	63,766	2,865,635
Investment securities	—	19,799	—	—	406,298	29,060	455,157
Other assets ¹	20,394	—	—	—	—	—	20,394
Total assets	20,394	3,141,391	21,346	93,253	2,798,232	92,826	6,167,442
Derivative financial liabilities:							
– Derivatives in accounting hedge relationships	—	—	614	458	—	—	1,072
– Other derivatives	90	5	—	10	—	—	105
Amounts due to banks	127	157,100	—	—	—	—	157,227
Deposits by customers	—	4,208,092	470,504	380,332	396,751	61	5,455,740
Subordinated liabilities	—	—	—	—	76,086	—	76,086
Other liabilities ²	17,610	—	—	—	—	—	17,610
Total liabilities	17,827	4,365,197	471,118	380,800	472,837	61	5,707,840
Interest rate sensitivity gap	2,567	(1,223,806)	(449,772)	(287,547)	2,325,395	92,765	459,602
Cumulative gap	2,567	(1,221,239)	(1,671,011)	(1,958,558)	366,837	459,602	459,602

1. Other assets include unallocated customer transactions in transit.

2. Other liabilities include customer transactions in transit, supplier balances and amounts due to buyers for the debt sales relating to gap cash and buy-backs.

36.2.2 Sensitivity to interest yield curve

The following sensitivity analysis shows the impact of a 100 basis points shift in the interest yield curve on the expected net interest income over a one-year forecasting horizon for financial instruments held at the end of the year.

	2025	2024
	£000	£000
1% shift up of the yield curve	3,482	7,520
1% shift down of the yield curve	(1,103)	(6,243)

36.3 Liquidity risk

Liquidity risk is the risk that the Group fails to meet its short-term obligations as they fall due. The following disclosures show the liquidity risk present at the balance sheet date.

36.3.1 Analysis of encumbered and unencumbered assets

The following table analyses Group's encumbered and unencumbered assets. The disclosure is designed to illustrate the availability of the Group's assets to support future funding and is not intended to identify assets that would be available in the event of a resolution or bankruptcy.

A proportion of the Group's assets have the potential to be used as collateral to support central bank or other funding activity. Assets that have been committed for such purposes are classified as encumbered assets and cannot be used for other purposes. All other assets are defined as unencumbered assets. These comprise assets that are potentially available to be used as collateral ('available as collateral') and assets that, due to their nature, are not suitable to be used as collateral ('other').

	Encumbered assets		Unencumbered assets		Total
	Pledged as collateral	Other	Available as collateral	Other	
2025	£000	£000	£000	£000	£000
Cash and cash equivalents:					
– Central bank	—	—	2,225,694	—	2,225,694
– Other banks	25,448	—	57,656	—	83,104
– Debt securities	—	—	30,572	—	30,572
Derivative financial assets	—	—	—	141	141
Loans and advances to customers	206,367	—	3,296,250	4,037	3,506,654
Investment securities	60,000	—	1,253,125	—	1,313,125
Non-financial assets	—	4,204	—	114,180	118,384
Total assets	291,815	4,204	6,863,297	118,358	7,277,674

	Encumbered assets		Unencumbered assets		Total
	Pledged as collateral	Other	Available as collateral	Other	
2024	£000	£000	£000	£000	£000
Cash and cash equivalents:					
– Central bank	—	—	2,761,315	—	2,761,315
– Other banks	19,627	—	39,368	—	58,995
Derivative financial assets	—	—	—	5,946	5,946
Loans and advances to customers	357,321	—	2,509,028	(714)	2,865,635
Investment securities	—	—	455,157	—	455,157
Non-financial assets	—	889	—	81,640	82,529
Total assets	376,948	889	5,764,868	86,872	6,229,577

Encumbered assets 'pledged as collateral' comprise: cash at other banks totalling £25,448k (2024: £19,627k), which is pledged as collateral against the Company's derivatives; and loans and advances to customers totalling £206,367k (2024: £357,321k), which is pledged as collateral against ILTR facility. These loans may be called upon in the event of default under the facility. In 2024, the pledged loans related to TFSME drawdowns.

36.3.2 Contractual maturity

The table below shows an analysis of assets and liabilities analysed according to their contractual terms or when they are expected to be recovered or settled. This information is not used by the Group in managing the liquidity risk, because in practice, these assets and liabilities may mature earlier or later than implied by their contractual tenor, for example if repaid earlier.

2025	Carrying value £000	Repayable						Over 5 years £000	No contractual maturity £000
		on demand £000	Up to 3 months £000	3–6 months £000	6–12 months £000	1–5 years £000			
Cash and cash equivalents:									
– Central bank	2,225,694	2,225,694	—	—	—	—	—	—	—
– Other banks	83,104	83,104	—	—	—	—	—	—	—
– Debt securities	30,572	—	30,572	—	—	—	—	—	—
Derivative financial assets:									
– Derivatives in accounting hedge relationships	141	—	25	—	—	116	—	—	—
Loans and advances to customers	3,506,654	—	380,298	364,307	679,073	2,541,230	54,997	443,780	—
Investment securities	1,253,125	—	187,562	66,092	81,803	901,678	15,990	—	—
Other assets	8,589	4,553	622	—	—	—	3,414	—	—
Total assets	7,107,879	2,313,351	599,079	430,399	760,876	3,443,024	74,401	443,780	—
Derivative financial liabilities:									
– Derivatives in accounting hedge relationships	5,970	—	48	639	387	4,896	—	—	—
– Derivatives in economic and not accounting hedge	50	—	48	—	—	2	—	—	—
Amounts due to banks	50,783	443	—	50,340	—	—	—	—	—
Deposits by customers	6,393,598	4,787,668	453,930	469,193	394,553	288,254	—	—	—
Subordinated liabilities	75,886	—	2,663	2,693	5,444	92,842	—	—	—
Other liabilities	14,270	14,270	—	—	—	—	—	—	—
Total liabilities	6,540,557	4,802,381	456,689	522,865	400,384	385,994	—	—	—
Liquidity gap	567,322	(2,489,030)	142,390	(92,466)	360,492	3,057,030	74,401	443,780	—
Cumulative liquidity gap	567,322	(2,489,030)	(2,346,640)	(2,439,106)	(2,078,614)	978,416	1,052,817	1,496,596	—

2024	Carrying value £000	Repayable					Over 5 years £000	No contractual maturity £000
		on demand £000	Up to 3 months £000	3–6 months £000	6–12 months £000	1–5 years £000		
Cash and cash equivalents:								
– Central bank	2,761,315	2,761,315	—	—	—	—	—	—
– Other banks	58,995	58,995	—	—	—	—	—	—
Derivative financial assets:								
– Derivatives in accounting hedge relationships	5,946	—	—	1,009	2,383	2,554	—	—
Loans and advances to customers	2,865,635	—	317,192	303,679	554,531	2,066,748	31,997	349,219
Investment securities	455,157	—	19,799	—	—	406,298	29,060	—
Other assets ¹	20,394	—	20,394	—	—	—	—	—
Total assets	6,167,442	2,820,310	357,385	304,688	556,914	2,475,600	61,057	349,219
Derivative financial liabilities:								
– Derivatives in accounting hedge relationships	1,072	—	242	—	164	666	—	—
– Derivatives in economic and not accounting hedge	15	—	—	—	—	15	—	—
– Warrant derivatives	90	—	—	—	—	90	—	—
Amounts due to banks	157,227	5,393	1,923	1,795	7,207	146,182	—	—
Deposits by customers	5,455,740	3,710,399	497,693	470,504	380,332	396,751	61	—
Subordinated liabilities	75,816	—	2,663	2,693	5,444	103,642	—	—
Other liabilities ²	17,610	—	17,610	—	—	—	—	—
Total liabilities	5,707,570	3,715,792	520,131	474,992	393,147	647,346	61	—
Liquidity gap	459,872	(895,482)	(162,746)	(170,304)	163,767	1,828,254	60,996	349,219
Cumulative liquidity gap	459,872	(895,482)	(1,058,228)	(1,228,532)	(1,064,765)	763,489	824,485	1,173,704

1. Other assets includes unallocated customer transactions in transit.

2. Other liabilities includes customer transactions in transit, supplier balances and amounts due to buyers for the debt sales relating to gap cash and buy-backs.

36.4 Residual value risk

The principal risk arising from the Group's PCP motor finance activities relates to the non-realisation of the full amount of the residual values ('RV'), set by the Group at the inception of its agreements. Under personal contract purchase agreements, the customers can exercise their right to return the vehicle to the Group at the end of the contract. In cases where the car value has a negative equity (i.e. lower than the outstanding balance at end of contract term) Zopa would sustain a financial loss, because the sale proceeds of the car would not be sufficient to cover the outstanding balance. The RV provision is raised in order to cover this type of financial loss.

On inception of the personal contract purchase, the Group uses latest industry data and determines the future expected car value to calculate Residual Value provision at origination.

The future expected value of the cars can change over time due to multiple factors such as demand-supply dynamics, industry trends etc. The Group manages this risk by periodically monitoring the RV estimates of the portfolio using industry data provided by 3rd party. Changes in future expected car value at revaluation are used to derive the updated residual value provision and the impairment charge is estimated based on the difference in the original and revised RV provision. Any required impairment is charged to the statement of comprehensive income.

As a result of the risk management guidelines detailed above, the Group has estimated its future RV exposure on contract purchase agreements:

	2025 £000	2024 £000
Not later than one year	8,181	636
Later than one year and not later than five years	126,122	80,860
Total exposure	134,303	81,496

36.5 Capital risk and management

The Group is required to hold adequate capital resources to meet its TCR. The TCR consists of a Pillar 1 requirement, which is set at 8% of risk weighted assets, and a Pillar 2A requirement to cover additional risks not covered by Pillar 1. The Pillar 2A requirement is set by the PRA, taking into account the Group's calculations within its ICAAP, which is an annual assessment of the risks to the Group, mitigants to those risks and the capital required to withstand them. Additionally, the Group is required to hold capital in respect of regulatory buffers. The Group's capital requirements have been met throughout the year.

Capital risk is the risk that the Group has insufficient capital to cover regulatory requirements and/or support its growth plans. Financial performance is regularly reviewed by various committees in the business, focusing on the amount of regulatory capital needed. This is especially important as the business continues to expand. The process includes the monitoring of the annual budget and forecast process from which cash flow and capital assessments and projections are made.

Capital resources as at the reporting date were as follows:

	2025	2024
	£000	£000
Common Equity Tier 1 (CET1)		
Called-up share capital	1,974	1,871
Share premium	102,998	534,448
Other reserves	42,441	69,571
Retained earnings	402,842	(109,444)
CET1 capital before regulatory adjustments	550,255	496,446
Regulatory deductions:		
– Intangible assets	(52,754)	(30,916)
– Deferred tax assets	(13,801)	(18,408)
– Other deductions	(306)	(307)
Total CET1 capital	483,394	446,815
Additional Tier 1 capital	78,298	—
Total Tier 1 capital	561,692	446,815
Subordinated debt (Tier 2 Notes)	74,800	74,730
Total capital resources	636,492	521,545

The useable Tier 2 capital relating to the subordinated debt as at 31 December 2025 is £71,745k (2024: £74,730k). The Group is subject to external capital requirements which have been met throughout the year.

37. Business combination

Accounting policy

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group.

In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs. The Group has an option to apply a 'concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

Acquisition in 2025

Acquisition of RVVUP Ltd

On 27 August 2025, Zopa Group PLC acquired 100% of the share capital of RVVUP Ltd. The acquisition is expected to generate synergies from combining RVVUP's payments platform capabilities with the Group's platform. The acquisition was accounted for as a business combination under IFRS 3. The presence of inputs, processes, and outputs, along with the interdependencies among various elements, demonstrates that the assets acquired collectively operate as a business unit capable of generating outputs independently.

Assets acquired and liabilities assumed

The assets and liabilities recognised as a result of the acquisition are as follows:

	Note	Fair value £000
Office equipment	20	38
Intangible assets – software	21	4,200
Other assets		149
Deferred tax liability	22	(1,050)
Other liabilities		(626)
Total identifiable net assets at fair value		2,711
Goodwill arising on acquisition	21	7,195
Purchase consideration transferred		9,906

The fair value of the intangible assets has been estimated by applying the replacement cost approach for the software. The brand name and customer relationships acquired were deemed to be immaterial, and hence, not separately accounted for.

The goodwill of £7.2m recognised on acquisition primarily reflects expected future market-participant synergies from integrating RVVUP's payments platform with Zopa's point-of-sale infrastructure, the value of the assembled workforce, and anticipated earnings from new merchant relationships. It also subsumes intangible assets such as brand and customer relationships were determined to be immaterial at the acquisition date.

From the date of acquisition, RVVUP contributed £34k of revenue and £1,288k of loss before tax of the Group.

Purchase consideration

The purchase consideration includes:

	£000
Issue of Zopa Group PLC shares	8,210
Deferred consideration	1,696
Total purchase consideration	9,906

The deferred consideration outstanding relates to the portion of the purchase price payable to RVVUP's previous owners, contingent on the achievement of defined integration and performance milestones. The amount is expected to be settled in Zopa Group PLC ordinary shares within 12 months of completion. As at the reporting date, the contingent liability was re-assessed and is determined to be materially consistent to the initial recognition, based on the expected probable outcome.

Acquisition-related costs

Acquisition-related costs of £871k that were not directly attributable to the issue of shares are included in operating expenses in the statement of profit or loss and in operating cash flows in the statement of cash flows.

38. Post balance sheet events

There are no post balance sheet events that require disclosure in these financial statements.

Company statement of financial position

As at 31 December

	Notes	2025 £000	2024 £000
Assets			
Cash and cash equivalents:			
– Other banks		647	567
Debt securities		157,281	76,086
Amounts due from other Group undertakings	6	35,923	4
Prepayments and accrued income		275	278
Investment in subsidiaries	7	593,669	564,342
Other assets		1,356	302
Total assets		789,151	641,579
Liabilities			
Derivative financial instruments		—	90
Subordinated liabilities	8	75,886	75,816
Amounts due to other Group undertakings	6	1	642
Accruals		285	1,445
Other liabilities		1,729	114
Total liabilities		77,901	78,107
Equity			
Called-up share capital		1,974	1,871
Share premium		102,998	534,448
Other equity instruments		80,000	—
Other reserves	10	86,238	74,976
Retained earnings		440,040	(47,823)
Total equity		711,250	563,472
Total equity and liabilities		789,151	641,579

The profit after tax for the year ended 31 December 2025 of Zopa Group PLC was £7,959k (loss after tax in 2024: £5,700k). As permitted by section 408 of the Companies Act 2006, no separate Statement of Comprehensive Income is presented in respect of the Company.

The accompanying accounting policies and notes on pages 85 to 92 are an integral part of the financial statements.

The financial statements were approved by the Board of Directors on 12 March 2026 and signed on its behalf by:



Jaidev Janardana
Chief Executive Officer



Steve Hulme
Chief Financial Officer

Company statement of changes in equity

For the year ended 31 December

	Notes	Called-up share capital £000	Share premium £000	Other equity instruments £000	Other reserves ¹ £000	Retained earnings £000	Total equity £000
Balance as at 1 January 2024		1,633	470,561	—	98,195	(68,323)	502,066
Total comprehensive loss		—	—	—	—	(5,700)	(5,700)
Shares issued		238	63,887	—	—	—	64,125
Net share option movements	10	—	—	—	2,645	—	2,645
Net warrants movement	10	—	—	—	(25,887)	26,200	313
Other movements	10	—	—	—	23	—	23
Balance as at 31 December 2024		1,871	534,448	—	74,976	(47,823)	563,472
Balance as at 1 January 2025		1,871	534,448	—	74,976	(47,823)	563,472
Total comprehensive profit		—	—	—	—	7,959	7,959
Shares issued		103	52,504	—	—	—	52,607
Capital reduction		—	(483,954)	—	—	483,954	—
Issue of other equity instruments		—	—	80,000	—	—	80,000
Coupons paid on other equity instruments		—	—	—	—	(5,150)	(5,150)
Net share option movements	10	—	—	—	12,421	—	12,421
Net warrants movement	10	—	—	—	(1,100)	1,100	—
Other movements	10	—	—	—	(59)	—	(59)
Balance as at 31 December 2025		1,974	102,998	80,000	86,238	440,040	711,250

1. Other reserves consist of a share-based payments reserve, warrants reserve, capital redemption reserve, own shares and merger reserve.

The accompanying accounting policies and notes on pages 85 to 92 are an integral part of the financial statements.

Company statement of cash flows

For the year ended 31 December

	Notes	2025 £000	2024 £000
Reconciliation of profit/(loss) before tax to net cash flows from operating activities:			
Profit/(loss) before tax		6,923	(5,700)
Adjustments for:			
– Non-cash items	5	(1,274)	10,696
– Changes in operating assets and liabilities	5	(2,959)	(1,141)
– Current tax expense		1,036	—
– Dividend income		—	(6,011)
Net cash generated from/(used in) operating activities		3,726	(2,156)
Cash flows from investing activities			
Investment in subsidiaries		(7,000)	(73,000)
Debt securities		(80,000)	—
Dividend received		—	6,011
Net cash used in investing activities		(87,000)	(66,989)
Cash flows from financing activities			
Shares issued		44,129	67,554
Cost of shares issued		268	(3,429)
Issuance of other equity instruments		80,000	—
Coupon payment on other equity instruments		(5,150)	—
Change in non-trading amounts due to and from other Group undertakings	6	(35,893)	4,512
Net cash generated from financing activities		83,354	68,637
Net increase/(decrease) in cash and cash equivalents		80	(508)
Cash and cash equivalents at start of year		567	1,075
Cash and cash equivalents at end of year		647	567
Loss before tax includes:			
Interest received		16,026	13,711
Interest paid		(10,800)	(13,666)

The accompanying accounting policies and notes on pages 85 to 92 are an integral part of the financial statements.

Notes to the Company financial statements

1. Basis of preparation and material accounting policies

Overview

This section sets out Zopa Group PLC's ('the Company') material accounting policies that relate to its unconsolidated financial statements as a whole. Consolidated Zopa Group accounting policies have been applied consistently to the Company only financial statements of Zopa Group PLC. Where an accounting policy is specific to one note, the policy is described in the note to which it relates.

On 17 July 2025, Zopa Group Limited re-registered as a public limited company and changed its name to Zopa Group PLC. This change in legal form had no impact on the basis of preparation of these financial statements.

1.1 General information

The Company is a public limited company limited by shares incorporated in England & Wales and domiciled in the United Kingdom under the Companies Act 2006 (registered number 10624955). The registered office is at Level 12, 20 Water Street, Canary Wharf, London, United Kingdom, E14 5GX. The Company is part of the Zopa Group (the 'Group') but predominantly acts as a financial holding company for Zopa Bank Limited.

1.2 Basis of preparation

The financial statements of the Company comply with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

The financial information has been prepared under the historical cost convention, as modified by the revaluation of certain financial assets and liabilities at fair value through profit or loss. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. All policies have been consistently applied to all the years presented unless stated otherwise.

No individual statement of comprehensive income is presented for the Company, as permitted by Section 408 of the Companies Act 2006.

1.3 Going concern

The directors consider that it is appropriate to continue to adopt the going concern basis of accounting in preparing the parent company financial statements. In reaching this assessment, the directors have considered projections for the company's capital and funding position, statement of financial position (balance sheet), profitability, cash flows, as well as other principal risks disclosed in the strategic report. The Company's capital and liquidity plans, including alternative scenarios such as inflation remaining at similar or higher levels for longer than current expectations, increases to interest rates and a stagflation scenario, have been reviewed by the directors. When preparing the forecasts, the Group has reflected the economic repercussions of the current increased geopolitical tensions and uncertainties over economic growth. Directors also considered the key assumptions and uncertainties that feed into these plans alongside management actions and mitigants that are available. Under all scenarios considered the directors believe the Company to remain a going concern on the basis that it maintains sufficient resources to be able to continue to operate for the period of at least 12 months from the date of authorisation of these financial statements.

1.4 Functional and presentational currency

The financial statements are presented in Pounds Sterling ('GBP'), which is the functional and presentational currency of the Company. All amounts have been rounded to the nearest thousand ('£000'), except where otherwise indicated.

Foreign currency transactions are translated into functional currency using the spot exchange rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency using the spot exchange rate at the reporting date. Foreign exchange gains and losses resulting from the restatement and settlement of such transactions are recognised in the statement of comprehensive income.

Non-monetary assets and liabilities that are measured on a historical cost basis and denominated in foreign currencies are translated into the functional currency using the spot exchange rate at the date of the transaction. Non-monetary assets and liabilities that are measured at fair value and denominated in foreign currencies are translated into the functional currency at the spot exchange rate at the date of valuation.

1.5 Segmental reporting

IFRS 8 requires operating segments to be identified on the basis of internal reports and components of the Company that are regularly reviewed by the Chief Operating Decision Maker. For this purpose, the Chief Operating Decision Maker of the Company is the Board of Directors. The Board considers the results of the Company as a whole when assessing the performance and allocating resources. Accordingly, the Company has a single operating segment. No geographical or customer-level analysis is required as the Company operates solely within the UK and is not reliant on any single customer.

1.6 Cash flows statement

The statement of cash flows shows the changes in cash and cash equivalents arising during the year from operating activities, investing activities and financing activities. The cash flows from operating activities are determined by using the indirect method. Under that method, loss before tax is adjusted for non-cash items and changes in operating assets and liabilities to determine net cash inflows or outflows from operating activities. Cash flows from investing and financing activities are determined using the direct method which directly reports the cash effects of the transactions.

2. Independent auditors' fees

The auditors' fees are included in the consolidated group audit fees detailed in note 8.

All non-audit services are on the FRC's approved list of non-audit services.

3. Directors' remuneration

The Company had no employees in 2025 (2024: £nil). Directors are paid via other Group entities as detailed in note 7 to the consolidated financial statements.

4. Financial instruments

The following table summarises the classification and carrying amounts of the Company's financial assets and liabilities:

	FVTPL	FVOCI	Amortised cost	Total
	£000	£000	£000	£000
31 December 2025				
Cash and cash equivalents	—	—	647	647
Debt securities	—	—	157,281	157,281
Amounts due from other Group undertakings	—	—	35,923	35,923
Other assets	—	—	17	17
Total financial assets	—	—	193,868	193,868
Subordinated liabilities	—	—	75,886	75,886
Amounts due to other Group undertakings	—	—	1	1
Other liabilities	—	—	1,697	1,697
Total financial liabilities	—	—	77,584	77,584
31 December 2024				
Cash and cash equivalents	—	—	567	567
Debt securities	—	—	76,086	76,086
Amounts due from other Group undertakings	—	—	4	4
Total financial assets	—	—	76,657	76,657
Derivatives financial instruments	90	—	—	90
Subordinated liabilities	—	—	75,816	75,816
Other liabilities	—	—	109	109
Total financial liabilities	90	—	75,925	76,015

Debt securities

Debt securities represent the funds invested to Zopa Bank Limited, a wholly owned subsidiary, arising from the Company's issuance of the Tier 2 Note (see note 8) and the AT1 Note (see note 28 of the consolidated financial statements). On the same date as the external issuances of these notes, Zopa Bank issued instruments to the Company with terms that substantially mirror those of the external Tier 2 and AT1 instruments, thereby passing through the economic characteristics and obligations of the original issuances within the Group.

Derivative financial instruments

In March 2020, the Group issued warrants to subscribe for shares in the capital of the Group. In December 2021, the Group entered into a contract that has created an obligation on the Group to issue share warrants in the event of certain events occurring within a period of 4 years from the signing of the contract. These contracts meet the definition of a derivative and have been recognised as financial liability measured at fair value through profit or loss. The fair values of these derivatives are measured using Monte Carlo simulation valuation model, with any gain or loss on revaluation recognised in the statement of comprehensive income within the changes in fair value of financial instruments measured at FVTPL.

The fair values of warrant derivatives are based on Monte Carlo simulations, using market inputs and management's projections about future events. They are classified as level 3 fair values in the fair value hierarchy due to the use of unobservable inputs. Refer to note 31 within the consolidated financial statements for the additional disclosures.

5. Cash flow information

5.1 Cash generated from operations

	Notes	2025 £000	2024 £000
Adjustments for non-cash items:			
– Impairment of investment in subsidiaries	7	—	11,000
– Change in fair value through profit or loss		(90)	(389)
– Interest expense on subordinated debt		—	(2,669)
– Interest income on subordinated debt		—	2,731
– Interest income on AT1		(1,195)	—
– EIR on subordinated debt		70	70
– Other non-cash items		(59)	(47)
Total adjustments for non-cash items		(1,274)	10,696
Changes in operating assets and liabilities:			
– Prepayments and accrued income		3	7
– Accruals		(1,160)	1,018
– Intercompany trading balances	6	(667)	624
– Other assets		(1,054)	44
– Other liabilities		(81)	(2,834)
Total changes in operating assets and liabilities		(2,959)	(1,141)

6. Amounts due to and from other Group undertakings

	Income £000	Expenditure £000	Amounts due from related parties £000	Amounts due to related parties £000
2025				
Zopa Bank Limited – trading balances	404	41	26	—
Zopa Bank Limited – intercompany loan	955	—	34,335	—
ZGL Employee Benefit Trust – trading balances	—	—	—	1
RVVUP Ltd – intercompany loan	21	—	1,562	—
Total	1,380	41	35,923	1

	Income £000	Expenditure £000	Amounts due from related parties £000	Amounts due to related parties £000
2024				
Zopa Bank Limited – trading balances	422	406	—	642
Zopa Bank Limited – intercompany loan	4	—	4	—
Total	426	406	4	642

All trading balances have been settled in full post year end.

7. Investment in subsidiaries

Accounting policy & commentary

Investments in subsidiaries are initially recognised at cost. Investments are tested for impairment whenever events, or changes in circumstances, indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or Groups of assets (cash-generating units). An impairment

loss is recognised at the amount by which the asset's carrying amount exceeds its recoverable amount. Management has assessed indicators of impairment as at 31 December 2025 and concluded that no impairment loss is required (2024: £nil).

Throughout 2025 the Company had a 100% interest in the total ordinary share capital of Zopa Bank Limited, a trading company incorporated in the UK. The registered office for Zopa Bank Limited and RVVUP Ltd is Level 12, 20 Water Street, Canary Wharf, London, United Kingdom, E14 5GX. Individual financial statements for Zopa Bank Limited (company number 10627575) can be obtained from Companies House. All subsidiary undertakings are included in the consolidated financial statements.

On 27 August 2025, the Company acquired 100% of the share capital of RVVUP Ltd. Refer to note 37 of the consolidated financial statements for the details of the acquisition.

	Zopa Bank £000	Zopa Embedded Finance £000	RVVUP Ltd £000	Total £000
Balance at 1 January 2025	564,342	—	—	564,342
Share purchase	7,000	—	9,906	16,906
Capital contribution for share-based payments	12,211	—	210	12,421
Balance at 31 December 2025	583,553	—	10,116	593,669
Balance at 1 January 2024	493,197	6,500	—	499,697
Share purchase	68,500	4,500	—	73,000
Capital contribution for share-based payments	2,645	—	—	2,645
Impairment	—	(11,000)	—	(11,000)
Balance at 31 December 2024	564,342	—	—	564,342

8. Subordinated liabilities

	2025 £000	2024 £000
Fixed Rate Reset Subordinated Tier 2 Notes due 2033	75,000	75,000
Accrued interest	886	816
Total subordinated liabilities	75,886	75,816

The Company has £75 million of fixed rate reset subordinated Tier 2 notes in issuance (25 August 2023: £75 million). The notes pay interest on the principal amount at an aggregate rate of 14.4% per annum, payable in equal instalments quarterly in arrears, until 25 November 2028 at which time the interest rate will reset. The Company has a call option to redeem (a) all of these notes during the period from 25 August 2028 to 25 November 2028, and (b) at any time after 25 November 2028 where the outstanding nominal amount of the notes is 25% or less of the aggregate nominal amount of the notes originally issued. Exercise of any call option is subject to regulatory approval.

During the year, the terms of the Tier 2 notes were amended to facilitate their listing, and the notes were subsequently admitted to trading on the International Securities Market of the London Stock Exchange in August 2025. The amendments were assessed in accordance with IFRS 9 and were determined not to constitute a substantial modification of the financial liability. Accordingly, the notes were not derecognised and there was no impact on their carrying amount.

9. Called-up share capital, share premium and other equity instruments

Refer to note 28 within the consolidated financial statements, which reflects Zopa Group PLC's share capital, share premium and other equity instruments.

10. Other reserves

	Share schemes £000	Merger reserve £000	Capital redemption reserve £000	Own shares £000	Warrant reserve £000	Total £000
Balance as at 1 January 2025	12,661	61,242	9	(36)	1,100	74,976
Share options movement	12,421	—	—	—	—	12,421
Net movement in JSOP loans	—	—	—	(30)	—	(30)
Other movements in own shares	—	—	—	(29)	—	(29)
Lapse of warrants	—	—	—	—	(1,100)	(1,100)
Balance as at 31 December 2025	25,082	61,242	9	(95)	—	86,238

Balance as at 1 January 2024	10,016	61,242	9	(59)	26,987	98,195
Share options movement	2,645	—	—	—	—	2,645
Net movement in JSOP loans	—	—	—	23	—	23
Exercise/lapse of warrants	—	—	—	—	(25,887)	(25,887)
Balance as at 31 December 2024	12,661	61,242	9	(36)	1,100	74,976

11. Related parties

Key management personnel

As at 31 December 2025, one executive director had an EMI loan outstanding for £150k (2024: £150k). Additionally, one (2024: one) executive director had a JSOP loan for £4k (2024: £4k). These loans were used solely to exercise share options and the shares issued are then subject to a call option until the loans are repaid.

During the financial year, no executive directors purchased shares in the Group (2024: 54,478 shares).

Other transactions with related parties

Related party transactions and balances in relation to the Company's subsidiaries can be found in note 6.

In 2025, the Company has made coupon payments on its Tier 2 instrument (see note 8) to IAG Silverstripe Holding LLC amounting to £5,400k. In August 2025, IAG Silverstripe Holding LLC sold their holding of the Tier 2 instrument.

All transactions are at arm's length. There are no other related party transactions.

	Income £000	Expenditure £000	Amounts due from related parties £000	Amounts due to related parties £000
2024				
Amount payable to the ZGL Employee Benefit Trust	—	—	—	31
Dividend income – Zopa Embedded Finance Limited	6,011	—	—	—

12. Fair value of financial instruments

	Carrying value £000	Level 1 £000	Level 2 £000	Level 3 £000	Total fair value £000
2025					
Cash and cash equivalents	647	647	—	—	647
Debt securities	157,281	—	173,775	—	173,775
Amounts due from other Group undertakings	35,923	—	—	35,923	35,923
Other assets	17	—	—	17	17
Total financial assets	193,868	647	173,775	35,940	210,362
Subordinated liabilities	75,886	—	88,875	—	88,875
Amounts due to other Group undertakings	1	—	—	1	1
Other liabilities	1,697	—	—	1,697	1,697
Total financial liabilities	77,584	—	88,875	1,698	90,573

	Carrying value £000	Level 1 £000	Level 2 £000	Level 3 £000	Total fair value £000
2024					
Cash and cash equivalents	567	567	—	—	567
Debt securities	76,086	—	76,644	—	76,644
Amounts due from other Group undertakings	4	—	—	4	4
Other assets	—	—	—	—	—
Total financial assets	76,657	567	76,644	4	77,215
Derivatives financial instruments	90	—	—	90	90
Subordinated liabilities	75,816	—	76,644	—	76,644
Other liabilities	109	—	—	109	109
Total financial liabilities	76,015	—	76,644	199	76,843

Key considerations in the calculation of the disclosed fair values for the above financial assets and liabilities are as following:

- cash and cash equivalents – These represent either amounts with an initial maturity of less than three months or longer-term variable rate deposits placed with banks, where adjustments to fair value in respect of the credit risk of the counterparty are not considered necessary. Accordingly, the carrying value of the assets is considered to not be materially different from their fair value and is disclosed within Level 1 of the hierarchy;
- debt securities – The fair value is derived from observable market prices at the reporting date for the equivalent external subordinated debt and AT1 instruments. As the instruments are not traded in a sufficiently active market, the fair value is disclosed within Level 2 of the hierarchy;
- amounts due from/due to other group undertakings – This balance mainly represents loans from other group companies with variable interest rates. As the interest rate resets in line with market rates, the carrying value is considered to be an approximate fair value and is disclosed within Level 3 of the hierarchy;
- other assets and other liabilities – These represent short term payables and as such, their carrying value is not considered to be materially different from their fair value;
- subordinated liabilities - The fair value is derived from observable market prices at the reporting date. As the instrument is not traded in a sufficiently active market, the fair value is disclosed within Level 2 of the hierarchy.
- derivative financial liabilities – These represent warrant derivatives which are valued using Monte Carlo simulations. The most significant inputs are the simulated share price of the Group and volatility inputs and are not based on observable market data;

13. Ultimate controlling party

As at 31 December 2025, Zopa Group PLC has no ultimate parent and controlling party.

14. Financial risk management

14.1 Credit risk

Credit risk arises from when the Company's borrowers or other counterparties default on their loans or obligations. The credit quality of the financial assets has been assessed and an allowance for expected credit losses ("ECL") recognised.

Counterparty credit risk arises from the Company's non-consumer counterparties with whom the Company has cash deposits. For deposits at commercial banks, the financial institutions considered need to have a credit rating above BBB-. The financial stability of counterparties is assessed prior to and at regular intervals during the relationship. Where available, the external credit rating of counterparties is monitored.

14.1.1 Maximum and net exposure to credit risk

	On-balance sheet assets			Off-balance sheet assets				
	Gross balances £000	Loss allowance £000	Net balance £000	Gross balances £000	Loss allowance £000	Net balance £000	Non-cash collateral £000	Net exposure £000
2025								
Cash and cash equivalents:								
– Other banks	647	—	647	—	—	—	—	647
Debt securities	157,281	—	157,281	—	—	—	—	157,281
Amounts due from other Group undertakings	35,923	—	35,923	—	—	—	—	35,923
Total	193,851	—	193,851	—	—	—	—	193,851

	On-balance sheet assets			Off-balance sheet assets				
	Gross balances	Loss allowance	Net balance	Gross balances	Loss allowance	Net balance	Non-cash collateral	Net exposure
2024	£000	£000	£000	£000	£000	£000	£000	£000
Cash and cash equivalents:								
– Other banks	567	—	567	—	—	—	—	567
Debt securities	76,086	—	76,086	—	—	—	—	76,086
Amounts due from other Group undertakings	4	—	4	—	—	—	—	4
Total	76,657	—	76,657	—	—	—	—	76,657

14.2 Market risk

Market risk is the risk of a reduction in earnings, value or reserves caused by changes in the prices of financial instruments. The Company's market risk consists primarily of exposure to changes in interest rates and its own equity through the warrant derivatives. Interest rate risk is the risk that the net value of, or net income arising from, the firm's assets and liabilities is impacted as a result of changes to interest rates. The Company has no financial assets or liabilities that reference LIBOR. The only source of borrowing relates to inter-company loans from other Group undertakings.

14.3 Liquidity risk

Liquidity risk is the risk that the Company fails to meet its short-term obligations as they fall due. The following disclosures show the liquidity risk present at the balance sheet date.

14.3.1 Analysis of encumbered and unencumbered assets

The following table analyses Company's encumbered and unencumbered assets. The disclosure is designed to illustrate the availability of the Company's assets to support future funding and is not intended to identify assets that would be available in the event of a resolution or bankruptcy.

	Encumbered assets		Unencumbered assets		Total
	Pledged as collateral	Other	Available as collateral	Other	
2025	£000	£000	£000	£000	£000
Cash and cash equivalents:					
– Other banks	—	—	647	—	647
Debt securities	—	—	157,281	—	157,281
Non-financial assets	—	—	—	631,492	631,492
Total assets	—	—	157,928	631,492	789,420

	Encumbered assets		Unencumbered assets		Total
	Pledged as collateral	Other	Available as collateral	Other	
2024	£000	£000	£000	£000	£000
Cash and cash equivalents:					
–Other banks	—	—	567	—	567
Debt securities	—	—	76,086	—	76,086
Non-financial assets	—	—	—	641,012	641,012
Total assets	—	—	76,653	641,012	717,665

14.3.2 Contractual maturity

The following tables split the carrying amount of the Company's financial assets and liabilities based on the final contractual maturity date. This information is not used by the Company's in managing the liquidity risk, because in practice these assets and liabilities may mature earlier or later than implied by their contractual tenor, for example if repaid earlier.

	Carrying value	Repayable on demand	Up to 3 months	3-6 months	6-12 months	1-5 years	Over 5 years
2025	£000	£000	£000	£000	£000	£000	£000
Cash and cash equivalents:							
– Other banks	647	647	—	—	—	—	—
Debt securities	157,281	—	2,663	2,693	5,444	174,037	—
Amounts due from other Group undertakings	35,923	26	—	—	—	35,897	—
Other assets	17	17	—	—	—	—	—
Total assets	193,868	690	2,663	2,693	5,444	209,934	—
Derivative financial instruments							
Amounts due to other Group undertakings	1	1	—	—	—	—	—
Subordinated liabilities	75,886	—	2,663	2,693	5,444	92,842	—
Other liabilities ¹	1,697	1,697	—	—	—	—	—
Total liabilities	77,584	1,698	2,663	2,693	5,444	92,842	—
Liquidity gap	116,284	(1,008)	—	—	—	117,092	—
Cumulative liquidity gap	116,284	(1,008)	(1,008)	(1,008)	(1,008)	116,084	116,084

	Carrying value	Repayable on demand	Up to 3 months	3-6 months	6-12 months	1-5 years	Over 5 years
2024	£000	£000	£000	£000	£000	£000	£000
Cash and cash equivalents:							
– Other banks	567	567	—	—	—	—	—
Amounts due from other Group undertakings	4	—	4	—	—	—	—
Debt securities	76,086	—	2,663	2,693	5,444	103,642	—
Total assets	76,657	567	2,667	2,693	5,444	103,642	—
Derivative financial instruments							
Amounts due to other Group undertakings	642	642	—	—	—	—	—
Subordinated liabilities	75,816	—	2,663	2,693	5,444	103,642	—
Other liabilities ¹	109	—	109	—	—	—	—
Total liabilities	76,657	642	2,772	2,693	5,444	103,732	—
Liquidity gap	—	(75)	(105)	—	—	(90)	—
Cumulative liquidity gap	—	(75)	(180)	(180)	(180)	(270)	(270)

1. Other liabilities includes supplier balances.

15. Post balance sheet events

There are no post balance sheet events that require disclosure in these financial statements.

ADDITIONAL INFORMATION (UNAUDITED)

Consolidated Zopa Group Alternative Performance Measures and Key Ratios (unaudited)

In the reporting of financial information, we use certain measures that are not required under IFRS, the Generally Accepted Accounting Principles (GAAP) under which we report. These measures are consistent with those used by management to assess underlying performance. In addition, a number of non-IFRS metrics are calculated which are commonly used within the banking industry. Together these represent a range of financial key performance indicators used to assess performance of the business.

Cost of funds

Interest expense on deposits by customers as a percentage of average deposits by customers. The average is calculated using monthly average balances.

	Note	2025 £m	2024 £m	2023 £m
Interest on deposits by customers	2	221.9	205.4	125.6
Average deposits by customers		5,593.0	4,475.3	3,408.1
Cost of funds		4.0%	4.6%	3.7%

Cost to income ratio, excluding share-based payments

Operating expenses as reported in the Statement of Comprehensive Income, excluding share-based payments divided by net interest income plus net fee and commission income/(expense) as reported in the Statement of Comprehensive Income.

	Notes	2025 £m	2024 £m	2023 £m
Operating expenses	5	139.3	111.6	90.4
Less: share-based payments	30	(12.4)	(2.6)	(1.0)
Operating expenses, excluding share-based payments		126.9	109.0	89.4
Net interest and fee and commission income	2,3	357.9	280.5	217.1
Cost to income ratio		35.4%	38.9%	41.2%

Cost of risk

Net expected credit losses charge as reported in the Statement of Comprehensive Income (which includes write-offs and recoveries, net of collection costs but excluding debt sales) divided by average gross loans and advances to customers. The average is calculated using monthly average balances.

	Note	2025 £m	2024 £m	2023 £m
Expected credit loss allowance and similar charges	9	167.5	156.2	122.8
Average gross loan and advances to customers		3,437.1	2,952.2	2,393.5
Cost of risk		4.9%	5.3%	5.1%

Lending net interest margin

Net interest income as a percentage of the Group's lending activities, excluding net Tier 2 expense and internal Fund Transfer Pricing (FTP) charges, divided by average gross loans and advances to customers. FTP represents the internal allocation of funding costs to lending products to reflect the economic cost of funds. The average is calculated using monthly average balances.

	Note	2025 £m	2024 £m	2023 £m
Interest income on loans and advances to customers	2	463.3	384.5	269.8
Funds transfer pricing		(115.4)	(92.4)	(55.4)
Net interest expense on Tier 2 Notes		(7.6)	(7.3)	(2.3)
Average gross loans and advances to customers		3,437.1	2,952.2	2,393.5
Lending net interest margin		9.9%	9.6%	8.9%

Loan to deposit ratio

Net loans and advances to customers expressed as a percentage of total deposits by customers.

	Notes	2025 £m	2024 £m	2023 £m
Loans and advances to customers	15	3,506.7	2,865.6	2,478.2
Deposits by customers	24	6,393.6	5,455.7	3,357.7
Loan to deposit ratio		54.8%	52.5%	73.8%

Net interest margin

Net interest income as a percentage of average gross interest-bearing assets. The average is calculated using monthly average balances.

	Note	2025 £m	2024 £m	2023 £m
Net interest income	2	359.3	280.2	214.9
Average gross interest-bearing assets		6,562.8	5,307.2	4,018.9
Net interest margin		5.5%	5.3%	5.3%

Profit before tax, excluding share-based payments

Profit before tax as reported in the statement of comprehensive income, excluding the equity-settled share-based payments.

	Notes	2025 £m	2024 £m	2023 £m
Profit before tax		42.6	28.8	10.8
Add: share-based payments	30	12.4	2.6	1.0
Profit before tax, excluding share-based payments		55.0	31.4	11.8
Add: motor finance redress	26	7.9	—	—
Profit before tax, excluding share-based payments and motor finance redress		62.9	31.4	11.8

Total revenue

Total net interest income, fee and commission income, net interest income/(expense) on swaps and other operating income.

	Notes	2025 £m	2024 £m	2023 £m
Net interest income	2	359.3	280.2	214.9
Fee and commission income	3	15.3	14.7	13.7
Net interest income on swaps		2.0	7.3	5.7
Other operating income		0.5	2.1	0.8
Total revenue		377.1	304.3	235.1
Total revenue growth		23.9%	29.4%	34.2%

GLOSSARY OF TERMS (UNAUDITED)

Term	Definition
Common Equity Tier 1 ratio	Common Equity Tier 1 Capital divided by risk-weighted assets.
Cost of funds	Interest expense on deposits by customers divided by of average deposits by customers. The average is calculated using monthly average balances.
Cost of risk	Expected credit losses charge divided by average gross loans and advances to customers. The average is calculated using monthly average balances.
Cost to income ratio, excluding share-based payments	Operating expenses as reported in the statement of comprehensive income, excluding share-based payments, divided by net interest income plus net fee and commission income/(expense) as reported in the statement of comprehensive income.
Coverage ratio	Total expected credit losses allowance divided by total gross loans & advances to customers.
Allowance for expected credit losses	Allowance for expected credit loss deducted from loans & advances to customers.
Expected credit losses charge	Expected credit losses and other credit impairment charges (which includes write-offs and recoveries, net of collection costs but excluding debt sales) as reported in the statement of comprehensive income.
Gross new lending	Total new lending of unsecured personal loans, motor finance loans and point-of-sale during the financial year, excluding loans acquired in 2022, 2023 and 2024. This measure excludes credit cards.
High-quality liquid assets (HQLA)	HQLA include Zopa's reserves at the Bank of England and investment securities, such as covered bonds and multilateral development bank (MDB) bonds.
Lending net interest margin	Net interest income as a percentage of the Group's lending activities, excluding net Tier 2 expense and internal Fund Transfer Pricing (FTP) charges, divided by average gross loans and advances to customers. FTP represents the internal allocation of funding costs to lending products to reflect the economic cost of funds. The average is calculated using monthly average balances.
Leverage ratio	The amount of institution's capital divided by total exposure, in accordance with the PRA's Capital Requirement Regulation (CRR) rules (Leverage Instrument 2021). The leverage ratio is expressed as a percentage.
Liquidity coverage ratio	The amount of unencumbered high-quality liquid assets (HQLA), divided by total net stressed liquidity outflows over a period of 30 days.
Loan to deposit ratio	Net loans and advances to customers expressed as a percentage of total deposits by customers.
Net Fee and commission income/(expense)	Net fee and commission income/(expense) as reported in the statement of comprehensive income.
Net interest income	Net interest income as reported in the statement of comprehensive income.
Net interest margin (NIM)	Net interest income as a percentage of average gross interest-bearing assets. The average is calculated using monthly average balances.
Net stable funding ratio (NSFR)	The amount of available stable funding divided by the amount of required stable funding, in accordance with the PRA's CRR rules. The NSFR is expressed as a percentage.
Operating expenses	Operating expenses as reported in the statement of comprehensive income.
Profit after tax	Profit after tax as reported in the statement of comprehensive income.
Profit before tax	Profit before tax as reported in the statement of comprehensive income..
Profit before tax, excluding share-based payments	Profit before tax as reported in the statement of comprehensive income, excluding the equity-settled share-based payments (note 30).
Profit before tax, excluding share-based payments and motor finance redress	Profit before tax as reported in the statement of comprehensive income, excluding the equity-settled share-based payments (note 30) and motor finance redress (note 26).
Risk-weighted assets	On and off-balance sheet assets and exposures weighted according to the PRA's CRR and Capital Requirements Directive (CRD) rules.
Total deposits	Total deposits by customers as reported in the statement of financial position.
Total equity	Total shareholders' equity as reported in the statement of financial position.
Total loans & advances to customers	Total loans and advances to customers as reported in the statement of financial position.
Total number of customers	Total customer numbers are defined as follows: <ul style="list-style-type: none"> • Lending: customers with an open non-defaulted account. • Savings & current accounts: customers with an open account. • App or Web: customers who have logged in or used / received a Zopa service within the last three months.
Total regulatory capital	The amount and quality of capital Zopa Group maintains to comply with the minimum capital requirements under the CRR. We also disclose a number of capital and liquidity metrics which are

	required by the PRA and FCA. The basis of calculation of those metrics is defined within the relevant legislation.
Total revenue	Total net interest income, fee and commission income, net interest income/(expense) on swaps and other operating income.
Total revenue growth	Year-on-year change in total revenue.

FORWARD-LOOKING STATEMENTS (UNAUDITED)

The information in this document may include forward-looking statements, which are based on assumptions, expectations, valuations, targets, estimates, forecasts and projections about future events. These can be identified by the use of words such as 'expects', 'aims', 'targets', 'seeks', 'anticipates', 'plans', 'intends', 'prospect', 'outlooks', 'projects', 'forecasts', 'believes', 'estimates', 'potential', 'possible', and similar words or phrases.

Any forward-looking statements included in this document describe the Group's current expectations and projections in respect of the performance of the Group and/or the markets. Such forward-looking statements reflect various assumptions by the management of the Group as of the date of this document, and are subject to risks, uncertainties and assumptions about the Group, its securities, investments and the environment in which it operates, including, among other things, the development of its business and strategy, any acquisitions, combinations, disposals or other corporate activity undertaken by the Group, trends in its operating industry, changes to customer behaviours, macroeconomic and/or geopolitical factors, including, but not limited to, ongoing global geopolitical tensions, international trade disruptions and regional conflicts, physical and transitional impacts from climate change, changes to its Board and/or employee composition, exposures to terrorist activity, IT system failures and their impact on the Group's business, operations and resilience, cybercrime, fraud and data protection and operational resilience requirements, changes to law and/or the policies and practices of any governmental or regulatory authority (including evolving UK prudential regulation, consumer protection frameworks and ESG-related disclosure requirements), market-related risks including changes in inflation, deflation, interest rates and foreign exchange rates, changes in the liquidity, capital, funding and/or asset position of the Group, future capital expenditures of the Group, financial market volatility and broader economic uncertainty in the UK and internationally.

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