Zopa Group PLC: H1 2026 Trading Update

Today, Zopa Group PLC has provided an unaudited update on its consolidated financial performance for H1 2026 (the six months ended 30 June 2026).

Key Highlights

- In H1 2026, we continued to scale the Home of Money across everyday banking, borrowing, spending, payments and wealth:
  - Total customers reached 1.9m (H1 2025: 1.5m), up 26% year-on-year (YoY), with one in three now holding more than one product.
  - Gross new lending increased 35% YoY to £1.6bn (H1 2025: £1.2bn), led by unsecured personal loans (UPL), with growth increasingly being driven organically through cross-sell and re-borrowing. New lending growth led to average gross loan balances of £3.98bn for H1 2026, up from £3.24bn in H1 2025, an increase of 22%.
  - Revenue rose 20% to £212m (H1 2025: £176m), supported by growth in customer numbers, loan balances and product engagement.
- Net interest margin, which includes all interest-bearing assets, increased to 5.9% (H1 2025: 5.2%), as the proportion of excess liquid assets reduced. Excluding this impact, lending net interest margin, which focuses on lending assets, reduced to more normalised levels at 9.5% (H1 2025: 9.9%).
- The macroeconomic outlook remains uncertain in the UK, particularly following the US / Iran conflict.
  - The UK unemployment rate was higher in H1 2026 than H1 2025 and the outlook for near term future unemployment rates was worse at 30th June 2026 than at 30th June 2025.
  - Inflation expectations have also worsened and as a result interest rates are expected to be higher for longer.
  - These factors are considered in our macro forecasting and hence IFRS9 impairment charge.
  - Underlying portfolio performance has been strong with further portfolio maturation, hence despite this moderate deterioration in the UK economy, our cost of risk was broadly stable at 5.1% (H1 2025: 5.0%). The absolute increase in credit impairment charges was primarily driven by the 22% increase in average gross loans.
- In H1 2026, our cost-to-income ratio fell marginally to 37.0% (H1 2025: 37.5%) with operating expenses including marketing costs increasing 22% YoY. Operating costs at a product level reduced at a faster rate. However, this was partly offset by the following mix effects and impacts:
  - Current accounts were publicly launched in July 2025, hence current account customer numbers and operating costs were higher in H1 2026 than H1 2025. Marketing to support current account growth was also further accelerated in H1 2026.
  - Additionally, H1 2026 includes a full six months of RVVUP operating costs following the acquisition of the business in August 2025.
  - Both the current account and RVVUP investments are expected to support long-term business growth and diversification to enable further acceleration of revenue and profit trajectory in the medium term.
- Overall, our key KPI on profit before tax (excluding share-based payments and motor finance redress costs) remained flat at £20.1m in H1 2026, compared to £20.7m in H1 2025.

Group Income Statement

Group Income Statement	H1 2026	H1 2025	YoY %
Interest Income	£322.7m	£288.1m	12%
Interest Expense	(£118.2m)	(£122.0m)	(3%)
Net Interest Income	**£204.5m**	**£166.0m**	**23%**
Fee & Commission Income	£8.0m	£7.5m	7%
Fee & Commission Expense	(£10.4m)	(£7.5m)	39%
Net Fee & Commission (Expense) / Income	**(£2.4m)**	**£0.0m**	**n.m.**
Other Operating Income	£0.0m	£0.5m	(100%)
Net Gains / (Losses) on Derecognition of Financial Assets Measured at Amortised Cost	(£3.1m)	(£1.4m)	121%
Changes in Fair Value of Financial Instruments Measured at FVTPL	(£0.3m)	£1.1m	(127%)
Total Operating Income	**£198.7m**	**£166.2m**	**20%**
Operating Expenses	(£79.2m)	(£64.8m)	22%
Net Operating Income	**£119.5m**	**£101.4m**	**18%**
Change in Expected Credit Losses & Other Credit Impairment Charges	(£101.1m)	(£80.8m)	25%
Change in Provisions for Other Liabilities & Charges	(£0.3m)	(£2.4m)	(88%)
Profit Before Tax[1]	**£18.1m**	**£18.2m**	**(1%)**
Taxation	(£4.4m)	(£4.6m)	(4%)
Profit After Tax	**£13.7m**	**£13.6m**	**1%**

Group Balance Sheet

Group Balance Sheet	H1 2026	FY 2025	6m %
Assets			
Cash & Cash Equivalents:	£1,122m	£2,340m	(52%)
Central Banks	*£1,009m*	*£2,226m*	(55%)
Other Banks	*£68m*	*£83m*	(18%)
Debt Securities	*£45m*	*£31m*	45%
Loans & Advances to Customers	£3,975m	£3,507m	13%
Investment Securities	£1,392m	£1,253m	11%
Other Assets	£127m	£119m	7%
Total Assets	**£6,616m**	**£7,218m**	**(8%)**
Liabilities			
Amounts Due to Banks	£54m	£51m	6%
Deposits by Customers	£5,770m	£6,394m	(10%)
Subordinated Liabilities	£76m	£76m	0%
Other Liabilities	£75m	£69m	9%
Total Liabilities	**£5,975m**	**£6,589m**	**(9%)**
Equity			
Called-Up Share Capital	£2m	£2m	0%
Share Premium	£103m	£103m	0%
Other Equity Instruments (Additional Tier 1)	£78m	£78m	0%
Other Reserves	£47m	£42m	12%
Retained Earnings / (Losses)	£411m	£403m	2%
Total Equity	**£641m**	**£629m**	**2%**

[1] Profit before tax for Group excluding share-based payments and motor finance redress costs was £20.1m (H1 2025: £20.7m). Profit before tax for Bank excluding share-based payments and motor finance redress costs was £22.2m (H1 2025: £20.5m) or £20.9m (H1 2025: £18.0m) on a statutory basis. In H1 2026, share-based payments for Group was £4.4m (H1 2025: £2.5m) and motor finance redress provision release for Group was £2.5m (H1 2025: £nil).

Presentation of Group Key Performance Indicators

Group KPIs			
Overall	**H1 2026**	**H1 2025**	**YoY %**
Total Customers	1.9m	1.5m	26%
Gross New Lending[2]	£1.6bn	£1.2bn	35%
Income Statement[3]	**H1 2026**	**H1 2025**	**YoY %**
Total Revenue[4]	£211.9m	£176.0m	20%
Total Operating Income	£198.7m	£166.2m	20%
Profit Before Tax (Excluding Share-Based Payments & Motor Finance Redress)	£20.1m	£20.7m	(3%)
Profit Before Tax	£18.1m	£18.2m	(1%)
Cost-to-Income Ratio (Excluding Share-Based Payments & Motor Finance Redress)	37.0%	37.5%	(0.5ppt)
Lending Net Interest Margin[5]	9.5%	9.9%	(0.4ppt)
Net Interest Margin[6]	5.9%	5.2%	0.7ppt
Cost of Risk	5.1%	5.0%	0.1ppt
Balance Sheet	**H1 2026**	**FY 2025**	**6m %**
Total Gross Loans	£4.2bn	£3.8bn	13%
Total Retail Deposits	£5.8bn	£6.4bn	(10%)
Cost of Funds	3.7%	4.0%	(0.3ppt)
Loan-to-Deposit Ratio	68.9%	54.8%	14.1ppt
Liquidity Coverage Ratio (Bank)[7]	419%	484%	(65.0ppt)
Net Stable Funding Ratio (Bank)[7]	206%	225%	(19.0ppt)

Analysis of Credit Risk Exposure

H1 2026	Stage 1	Stage 2	Stage 3	Total
On-Balance Sheet				
Loans & Advances to Customers	£3,773m	£314m	£161m	£4,248m
Expected Credit Losses	£76m	£83m	£110m	£270m
Provision Rate	2.0%	26.5%	68.5%	6.4%
Off-Balance Sheet				
Loans & Advances to Customers	£289m	£5m	-	£294m
Expected Credit Losses	£2m	£0.2m	-	£2m
Provision Rate	0.7%	3.6%	n.m.	0.8%
FY 2025	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
On-Balance Sheet				
Loans & Advances to Customers	£3,338m	£252m	£182m	£3,772m
Expected Credit Losses	£76m	£72m	£121m	£269m
Provision Rate	2.3%	28.4%	66.9%	7.1%
Off-Balance Sheet				
Loans & Advances to Customers	£277m	£4m	-	£280m
Expected Credit Losses	£2m	£0.1m	-	£2m
Provision Rate	0.7%	2.7%	n.m.	0.8%

[2] Gross new lending includes unsecured personal loans, motor finance and point-of-sale. This metric excludes credit cards.

[3] Note, in our KPIs, we exclude share-based payments and motor finance redress costs from certain metrics such as our cost-to-income ratio and profit before tax to better reflect underlying business performance.

[4] Revenue is total net interest income, fee and commission income, net interest income/(expense) on swaps and other operating income.

[5] 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.

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

[7] Liquidity coverage ratio (LCR) is calculated using a 12-month rolling average of month-end observations. Net stable funding ratio (NSFR) is calculated using a four-quarter rolling average of quarter-end observations. For prior period, this differs from presentation in the Annual Report & Accounts which is calculated on a year-end basis. The reported LCR and NSFR in this update are aligned to the H1 2026 Pillar 3 Disclosures.

Capital & Liquidity

- Our capital and liquidity position remained robust, with a liquidity coverage ratio of 419% (H1 2025: 484%) and net stable funding ratio of 206% (H1 2025: 225%), providing resilience while supporting responsible lending growth.
    - Our excess liquidity position meant we have not sought out additional deposits at higher rates and instead focused on optimising our cost of funds, which fell to 3.7% (FY 2025: 4.0%).
    - As a result, deposit balances ended H1 2026 at £5.8bn, up 7% from H1 2025 (£5.4bn), but reduced from our year-end position (FY25: £6.4bn).

Update on Motor Finance Redress

As disclosed by the Group in previous periods, the UK motor finance industry continues to face legal and regulatory scrutiny relating to historical use of commission arrangements.

As at 31 December 2025 the Group's provision in relation to the motor finance scheme amounted to £7.9m. On 30 March 2026, the FCA published its Policy Statement (PS26/3), setting out the final rules for an industry-wide consumer redress scheme covering certain motor finance agreements entered into between 2007 and 2024. Following publication of the final rules, Zopa Group updated its assumptions underpinning the provision. This resulted in a £2.5m release to the provision which was recognised in April 2026.

Following publication of the final rules, legal challenges were brought by four parties. On 2 July 2026, the FCA announced that the Upper Tribunal had partially suspended elements of the scheme pending determination of those challenges. The hearing is expected to be heard in either December 2026 or February 2027. As a result, firms are not currently required to calculate or pay redress, or issue compensation-related communications, although they must continue preparatory activities and comply with those aspects of the scheme that have not been suspended.

The remaining £5.4m provision as at 30 June 2026 represents management's current best estimate of the potential redress and operational costs associated with implementing the scheme. The potential impact of legal challenges has not been incorporated into the provision estimate as the financial impacts of any legal outcome cannot be estimated reliably at this stage. The overall provision remains subject to material estimation uncertainty and could differ materially from the amount provided.

Pillar 3 Disclosure

Our H1 2026 Pillar 3 Disclosure can be found at zopa.com/investor-information.

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