



VIDA GROUP HOLDINGS LIMITED

ANNUAL REPORT AND ACCOUNTS

31 DECEMBER 2024

COMPANY REGISTRATION NO. 09828204



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VidaBank

2024 HIGHLIGHTS



COLLEAGUE ENGAGEMENT

A 1 Star accreditation from Best Companies is a significant achievement. It shows an organisation is taking workplace engagement seriously (2023: 1 Star).



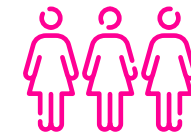
SUSTAINABILITY RATING

Vida was recognised with a silver medal accreditation from EcoVadis, one of the world's leading business sustainability rating companies, placing us in the top 15% of companies evaluated by EcoVadis.

TRUSTPILOT SCORE

4.5
2023: 4.4

Vida Homeloans is rated Excellent



WOMEN IN SENIOR MANAGEMENT

50%



FUNDING RAISED THROUGH RETAIL DEPOSITS

£173m



NUMBER OF ACTIVE MORTGAGE ACCOUNTS

9,400



NET INTEREST INCOME

£32.5m



OPERATING PROFIT

£3.7m



FUNDING RAISED THROUGH SECURITISATIONS

£850m



TOTAL MORTGAGE BOOK

£1,859m



NET INTEREST MARGIN¹

1.83%



GROSS NEW MORTGAGE LENDING

£369m



EMPLOYEES

197



OPERATING COSTS

£36.2m



LOANS TO CUSTOMERS

£3.8bn

1. Net Interest Margin is calculated as Net Interest Income over Gross Loans to Customers on a 13-point average basis.

BUSINESS OVERVIEW

Your Specialist Mortgage Bank

Vida Bank specialises in providing tailored Residential Owner-Occupied (ROO) and Buy-to-Let (BTL) mortgages across the UK. Having secured Prudential Regulation Authority (PRA) authorisation towards the end of 2024, a range of competitive savings accounts is also now offered, providing a diversified funding base that supports sustainable growth of our mortgage business.

Guided by our core purpose to 'Help More People Find a Place to Call Home', Vida Bank has lent over £3.8 billion to more than 19,000 customers over the past nine years. With a customer-focused culture and a commitment to responsible lending, Vida Bank works closely with intermediary partners to meet the needs of mortgage borrowers in specialist market segments.



OUR PURPOSE

**Help more people find
a place to call home**



WHAT WE DO

SPECIALIST LENDING

Vida Bank's lending programme is designed for under-served customers with unique personal circumstances and/or borrowing needs. This includes individuals with complex income patterns, self-employed borrowers, those with 'thin' credit histories, foreign nationals, and expats investing in UK property. Vida also supports landlords with Buy-to-Let businesses, including Limited Companies or those seeking mortgages for multi-use properties. It is very often a combination of such circumstances, which means our customers are unable to access a mortgage from the mainstream mortgage market.

By combining digitally accessible data with expert manual underwriting, Vida ensures customers can readily access affordable and sustainable borrowing solutions. Mortgages are distributed exclusively through Financial Conduct Authority (FCA) authorised intermediaries, ensuring every new customer benefits from independent advice when making their application.

Vida's V-Hub centralises all intermediary-facing activities, offering seamless communication and direct access to our underwriters. This ensures clarity on lending decisions and requirements for supporting documentation, fostering trust and advocacy among our intermediary partners.

We have a proven track record of meeting customer needs through detailed credit and affordability assessments. Advanced data tools and automation enhance operational efficiency, but every application is subject to thorough manual underwriting to ensure fair, robust and tailored decisions. Our approach to arrears management, including pre-arrears strategies, ensures that customers, particularly vulnerable customers, get the support they need.

**13 SECURITISATIONS
SINCE 2015 WORTH
£4.5bn**

HOW WE DO IT

OUR FUNDING MODEL

Vida Bank operates on a foundation of stable, scalable funding and liquidity, and is evolving its funding mix to balance retail deposits with wholesale funding sources as part of its long-term growth plan.

The launch of our initial retail savings range in late November 2024 marked a significant milestone for the business, with £173 million raised in the first few weeks of trading in that market and establishing a robust platform for future growth.

Securitisation continues to play a key role in our funding strategy. In 2024, the Tower Bridge Funding platform raised £850 million across three Residential Mortgage-Backed Securities (RMBS) transactions, further reinforcing our reputation as a mature and reliable franchise, having issued approximately £4.5 billion of RMBS since inception. These transactions, executed under challenging market conditions, demonstrated significant investor demand and secured favourable pricing. With the backing of committed investors, the business retains the flexibility to issue debt and securitise selected mortgage assets, optimising both funding and capital.

This diversified funding model ensures resilience and adaptability as Vida Bank scales its operations. Retail deposits will grow in prominence as a stable and scalable funding source, while RMBS investors will remain an important part of the strategy, providing flexibility and support for continued growth in 2025 and beyond.

£173m
RETAIL DEPOSITS
LAUNCHED
NOVEMBER 2024

Vida Homeloans

"What is great about Vida is the hands-on approach from their underwriters. It makes any brokers life so much easier when an underwriter is prepared to go the extra mile and pick up the phone to understand the case properly before making the decision.

Keep up the good work VIDA."



Vida Savings

"Great fixed interest rate and an easy-to-navigate website. Setting up a new savings account was seamless, with regular email confirmations for deposits. Exactly what I was looking for!"



CHAIR OF THE BOARD'S STATEMENT

STEVE HAGGERTY
CHAIRMAN

“With the launch of Vida Bank, we now have access to a diversified funding model, enabling us to expand our mortgage lending while delivering greater value to our customers and shareholders—continuing to fulfill our core purpose of helping more people find a place to call home. I want to personally thank the entire Vida team for their dedication and hard work in achieving this milestone—your commitment has been instrumental in shaping our future.”



WELCOME TO VIDA BANK

2024 was a landmark year for Vida as we received regulatory approval from the PRA and FCA to become a fully-licensed bank and so opened an exciting new chapter for the Group. Operating as a bank and raising retail deposits will create opportunity for growth and product diversification as we continue our journey to become the UK's most trusted specialist mortgage bank.

When I became Chairman in 2016 at the outset of that journey, I believed that Vida would grow to have an important role to play in supporting the UK housing market and now as a specialist mortgage bank, our core purpose remains unchanged, to 'Help More People Find a Place to Call Home'.

Over the past nine years we have lent in excess of £3.8 billion to more than 19,000 customers across a range of mortgage products and as we now extend our franchise into retail savings this will provide us with a more scalable and diversified funding model to support our lending and strengthen our specialist mortgage proposition.

At this juncture I should like to take the opportunity to both thank and congratulate Vida's Executive and Management Teams and all colleagues throughout the business for their hard work, contribution and huge commitment to achieving this important milestone.

PROGRESS IN 2024

Whilst 2024 was yet another challenging year for the UK economy and wider geopolitical events continued to exert an influence on the macroeconomic landscape, as the year progressed, there were signs that some market headwinds were starting to abate. However, with interest rates and inflation remaining relatively high, we continue to work hard to provide the products and a level of service that our customers and intermediary partners have come to expect.

During the year we enhanced our mortgage product range and made changes to our lending criteria in response to market demand and to support our customer base. This worked well with £369 million of gross lending and a strong retention performance. Although arrears have increased from their historically low level as the loan book continues to mature, the level of credit losses remains low relative to our book size. The effectiveness of our approach to understanding and assessing the

credit risk of our customers and dealing with difficulties when they arise is borne out by these low numbers and underpins our commitment to achieving the best possible outcomes for all of our customers.

Our mortgage book, totalling £1.9 billion at year end, has been historically funded through capital from our majority shareholder and established wholesale funding lines (comprising warehouse facilities and our Tower Bridge Funding securitisation issuance) and these will now be complemented by the retail savings deposits that we have access to as a bank. I would like to thank our shareholder, Pine Brook, as well as our banking partners and our RMBS investors for their ongoing backing and support. I would also like to congratulate our savings team who developed and launched our savings proposition in partnership with Hargreaves Lansdown and Newcastle Strategic Solutions, raising £173 million of retail deposits between the last week in November and the year end.

GOVERNANCE

At the start of 2024 Vida submitted its Regulatory Business Plan and supporting documents as part of the banking licence application and throughout the year the Board and Executive have maintained an open and transparent dialogue with both PRA and FCA on all aspects of our business operations and future strategic plans. We very much look forward to continuing and strengthening these regulatory relationships in 2025 and beyond.

Throughout the process of becoming a bank the Board have been enormously reassured by the ability and competence of the business in preparing for 'bank readiness' and the comprehensive attestation process that was undertaken served to add further confidence to our decision to go live with the transition to a fully authorised bank. Vida has been building a bank-ready operating model and risk management framework for a number of years and along with our governance model, these were fully embedded by the time that we received our authorisation. It goes without saying that the Board has made a firm commitment to maintain these high standards of corporate governance as we go forward as a bank.

Over the past few years we have also been incrementally strengthening the capability and experience of the leadership team, which now consists largely of individuals with long experience in operating successfully in a regulated UK banking environment.

During 2024, ahead of the granting of the banking licence, we took the decision to simplify the corporate structure and establish Boards at both Vida Group Holdings Limited and Vida Bank Limited with the experience and capability required to provide the appropriate level of challenge and support to the Executive Team. We are very fortunate in having one of the strongest Boards in our sector and I would like to thank my Board colleagues for the scale of the contribution and support they have provided this year.

2025 will see a couple of changes to Board personnel. Dr Peter Williams will be stepping down at the end of his nine-year term and I should like to thank him personally for his contribution during that time. With his deep knowledge of the UK housing and mortgage market he has been a stalwart member of the Board as well as Chair of the Nominations and Remuneration Committees and we wish him well in his future endeavours. I too will be stepping down at the end of my nine-year term, but I know that the business is in very capable hands and will go from strength to strength.

SUCCESSION

Having served as Chair of the business for nine years, the Board has undertaken a detailed search for a successor over the past twelve months.

I was delighted at the appointment of Stuart Sinclair as the new Chair of Vida Bank, subject to regulatory approval.

Stuart brings a distinguished track record of leadership in financial services, having held senior roles across banking, insurance, and consulting, both in the UK and internationally, and I'm sure that he will support and guide the business in the next phase of its development.

I look forward to remaining on the Board as a Non-Executive Director until later in 2025 to ensure a smooth hand-over and transition.

OUTLOOK

As I reflect upon the last nine years, I feel very proud of everything Vida has achieved since those early formative weeks and months at the end of 2015.

We remain profitable for a fourth successive year and are focused on building a resilient and sustainable business, while ensuring that our strategy can deliver long-term success. The trust and support of our primary shareholder means that the business remains well capitalised and that we have the tools at our disposal to grow and prosper.

Our ongoing commitment to our customer focused culture, supported by experienced and capable colleagues, positions us well for the future. I have no doubt that Vida will continue to bring a greater level of competition to both the mortgage and savings markets, increasing choice and providing value in our chosen segments and delivering good outcomes for all of our customers.



Steve Haggerty
Chairman

"I want to personally thank the entire Vida team for their dedication and hard work in achieving this milestone. Your commitment has been instrumental in shaping our future."

STEVE HAGGERTY
CHAIRMAN

CHIEF EXECUTIVE'S REVIEW

ANTH MOONEY
CHIEF EXECUTIVE OFFICER

“Becoming Vida Bank opens the door to a more diversified funding model, allowing us to scale sustainably and strengthen our competitive position.”



2024 was something of a milestone year for Vida, marking our transition from a wholesale funded mortgage lender to becoming a fully authorised specialist mortgage bank.

Receiving our banking licence represents the culmination of many months of preparation, opening the door to a more diversified funding model with the launch of our retail deposit business. This strategic transformation provides a very stable platform from which to scale sustainably over the coming years, strengthening our competitive position so that we can grow our asset base whilst delivering enhanced value to our shareholders, customers and intermediary partners.

We are proud to report a fourth consecutive year of profitability – a solid base from which management can now safely scale the balance sheet and build stronger profitability and returns in the years ahead.

BECOMING VIDA BANK

I am incredibly proud of the whole Vida team, who have worked tirelessly to meet the challenge of transforming Vida into an authorised specialist mortgage bank.

Our Regulatory Business Plan and application to become a bank was submitted to the PRA and FCA in January 2024. We received formal approval in November, with the full launch of Vida Bank and our first range of retail savings products on 5th December – raising £173 million in deposits in our first full month of trading.

The 11 months from application to full launch is a record for a newly authorised UK bank, a solid vindication of the strength of our business model and the quality of our team.

The support and encouragement we received from the authorisation teams at both the PRA and FCA meant that we were able to work at pace to safely build and mobilise our new operating model.

Transitioning to a bank model was our principal strategic goal for 2024, enabling us to accept retail deposits from customers. This shift not only allows us to inject heightened competition into the mortgage and savings markets but will also enhance choice and value for our customers. The ability to accept retail deposits will significantly bolster our business strategy, providing a stable and diversified funding source that enhances our competitive edge and minimises the risk to our business from macro disruptions in wholesale funding markets.

Despite gaining access to retail deposit funding, we will continue to leverage our wholesale funding capabilities as a bank. In 2024, we successfully completed three RMBS transactions, raising £850 million with strong investor demand driving keen transaction pricing. We have continued to receive robust backing from our banking partners, and, in addition, we retained access to three warehouse facilities to the year end.

**A LANDMARK YEAR:
FROM MORTGAGE LENDER
TO SPECIALIST BANK**

REIGNITING MORTGAGE GROWTH

With interest rates beginning to moderate and economic stresses easing somewhat, 2024 saw some relief in terms of affordability for customers and early signs of a return to more positive trading conditions.

Our commercial strategy of focusing on specialist mortgage product segments, on applying a robust approach to credit risk management, on maintaining high levels of customer retention and on prioritising margins over volume has continued to serve us well, and we see no good reason to materially shift that stance.

Whilst pursuing banking licence approval, we were very careful to maintain a clear focus on supporting our mortgage customers and intermediary partners, preparing the ground for the growth plans we have as a bank.

We were able to begin to grow mortgage origination volumes across the year, in anticipation of the shift to retail funding. Mortgage applications in the year increased by 67% to £1.2 billion, allowing us to finish the year with a strong pipeline of new business.

As a consequence, gross mortgage lending almost doubled in year to £369 million.

Despite higher interest rates and the prospect of a payment shock for many customers maturing from a fixed rate mortgage, our proactive approach to retention resulted in more than half of all maturing customers taking a new deal with Vida (2023: 62%). Those internal mortgage transfers totalled £239 million in the year.

We closed the year with loan book growth of £154 million, a 9% increase in net mortgage assets and a mortgage book of £1.9 billion (2023: £1.7 billion).

As a bank, we have a very clear growth agenda and active plans to broaden our product offering, leveraging our specialist credit risk expertise to better serve those who need our help.

A good example of this was the introduction of our 97% LTV product, designed to support first-time buyers struggling to fund the deposit required for their first home. This was developed with a strong focus on responsible lending and customer outcomes, ensuring that we continue

to make well-considered credit decisions that work for both borrowers and for the business. We have plans to expand the range further in the months ahead, materially increasing our addressable market by serving new specialist customer niches. At the same time, we continue to invest in the digitisation of our core processes and customer-facing propositions, improving the efficiency of our service and the productivity of our operations.

Service delivery remained strong, with our Trustpilot score steady at the "Excellent" level, reaffirming our commitment to delivering excellent outcomes for customers.

With a banking licence in hand, we now have access to a more diversified funding base and will be better equipped to compete on a level playing field with other specialist mortgage banks.



£173m
FUNDING RAISED
THROUGH RETAIL
DEPOSITS



£369m
GROSS NEW MORTGAGE
LENDING



97%
LTV LAUNCHED

PEOPLE AND CULTURE

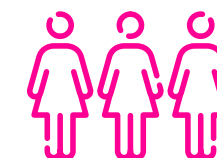
At Vida our business values and our culture strategy shape the way we run our business, and care is at the very heart of all of our interactions with customers, our own people, intermediary partners and other stakeholders. During the year, the Board, the Executive and our Culture Committees have spent considerable time discussing and refining our culture strategy and engaging with colleagues across the business to ensure that our culture priorities align with our 4C's framework; namely our Customers, our Colleagues, our Company and the wider Communities in which we operate.

Through our Culture Champions, our Equality, Diversity, and Inclusion (EDI) and Environmental, Social, and Governance (ESG) Forums and regular Board reporting, we measure and monitor the impact and effectiveness of the culture we have built and seek to maintain.

Our culture remains a cornerstone of our success. In 2024, we were recognised as one of the top 100 mid-sized companies to work for in the UK, a reflection of our ongoing commitment to attracting and retaining top talent, fostering inclusivity, and engaging our people. This year, we expanded our learning and development framework, reinforced our EDI initiatives, and focused on upskilling and optimising the capabilities of our teams to make the business more efficient and agile.

For the first time, we published our Gender Pay Report internally, providing valuable insights into our progress and our continued efforts to minimise disparities. As a dedicated signatory to the Women in Finance Charter, we are proud to maintain 50% female representation in our senior management team. This balance reflects our ongoing commitment to gender diversity and the promotion of women's leadership within the financial services sector.

Supporting our colleagues remains a priority. Our benefits package is highly valued across the team, encompassing health and wellbeing initiatives, family-friendly policies, and a truly flexible, hybrid working model. I am immensely proud of the culture we have built at Vida Bank – one where people feel they belong and are empowered to thrive.



50%
WOMEN IN
SENIOR
MANAGEMENT
2022 : 50%



**TOP 100 MID-SIZED
COMPANIES TO
WORK FOR IN 2024**

LOOKING AHEAD

With our banking licence secured, we have entered 2025 with momentum and confidence. The year ahead will be all about leveraging our retail funding base to expand our mortgage product offerings, driving growth in our mortgage originations, and continuing to enhance customer and colleague experiences. As Vida Bank, we are now very well positioned to fulfil our core purpose and help ever more people to find a place to call home.

Anth Mooney
Chief Executive Officer

STRATEGIC PROGRESS

2024 was a transformative year for the business as we transitioned to become an authorised UK bank. Alongside preparing for the full opportunities that our banking licence will unlock in the coming years, we maintained a strong focus on keeping our mortgage business in robust shape.

This year has been important in positioning Vida Bank for sustained and profitable growth as we begin life as a specialist mortgage bank.

GOALS	 DESIGN COMPELLING PRODUCTS AND SERVICES FOR ALL OUR CUSTOMERS	 DELIVER DECISIONING EXCELLENCE AND A FIRST-CLASS SERVICE	 DEEPEN OUR KEY INTERMEDIATED DISTRIBUTION RELATIONSHIPS	 OPTIMISE FUNDING TO UNLOCK GROWTH AMBITIONS	 CREATE A CULTURE WHICH EMPOWERS ALL COLLEAGUES TO DO THEIR BEST WORK	 SUCCESSFULLY TRANSITION TO A SUSTAINABLE BANK OPERATING MODEL
	• Design innovative propositions to help more people further their saving and homeownership ambitions • Use deep market insight and data analytics to identify underserved customer segments and their key characteristics • Deploy carefully targeted proposition development to support good customer outcomes, underpinning planned organic originations growth • Utilise risk-based pricing methodologies whilst ensuring fair and transparent pricing for both new and existing customers • Maintain a strong retentions proposition, including efficient, digital processes and competitive product offerings • Support vulnerable customers and those customers facing payment difficulty or changing life circumstances	• Combine human expertise with digital tools and data insight to optimise the customer journey • Provide an excellent experience across the end-to-end customer lifecycle • Provide direct access to expert decision makers • Leverage an underwriting approach that can flex to meet customer circumstances and case complexity • Empower skilled underwriters to apply qualified discretion whilst operating within a clearly defined lending mandate • Utilise technology and data to remove friction from the customer journey • Outsource to expert partners for delivery of first class and scalable back-office services	• Build advocacy and trust through a singular focus on experience delivery • Enter new underserved market segments so that our intermediary partners can help more of their customers • Tailor marketing and distribution engagement to key, high potential partner firms, working with them to design and refine our communications and proposition • Be proactive and visible with our key partners – investing time to understand their business model and helping them to build their business as we build our own • Utilise creative brand marketing to amplify our key messaging across multiple channels	• Maintain access to stable, high-quality and well diversified sources of funding • Fully leverage our securitisation funding programme and balance sheet management to minimise liquidity risk • Use forward flow alliances to fully exploit operational capacity whilst optimising capital usage • Gain access to retail deposits and central bank funding through a banking licence approval • Access diversified and cost-effective sources of capital to support balance sheet scale and minimise capital risk	• Create a caring and supportive environment where individuals feel able to express themselves with confidence • Actively seek to create a diverse and inclusive workplace where equality and fairness form part of our business DNA • Create opportunities for our people to develop new skills, gain new experiences and have a positive impact on the world • Celebrate those moments when colleagues find a way to truly uphold the values and behaviours we aspire to • Embed and deliver against our Equality, Diversity and Inclusion Charter • Embed a business appropriate hybrid working model that fully empowers our people to own their agenda and balance their work and home lives	• Embed a unified enterprise-wide control framework, delivering bank standard oversight and monitoring of a fully developed bank • Maintain a Board and Executive Team with the skills and experience required in a PRA and FCA regulated environment • Adhere to governance processes with strong conduct and fair customer outcomes at their heart • Manage within an approved risk appetite appropriate to the strategy of the business avoiding any unrewarded risk • Design resilience into the operating model ensuring data security, systems integrity and business continuity in our owned and outsourced business processes

2024	 DESIGN COMPELLING PRODUCTS AND SERVICES FOR ALL OUR CUSTOMERS	 DELIVER DECISIONING EXCELLENCE AND A FIRST-CLASS SERVICE	 DEEPEN OUR KEY INTERMEDIATED DISTRIBUTION RELATIONSHIPS	 OPTIMISE FUNDING TO UNLOCK GROWTH AMBITIONS	 CREATE A CULTURE WHICH EMPOWERS ALL COLLEAGUES TO DO THEIR BEST WORK	 SUCCESSFULLY TRANSITION TO A SUSTAINABLE BANK OPERATING MODEL
	- Updated our lending policy and risk tiering to more fully align to our Board approved credit risk appetite, expanding our proposition to serve a wider customer base and deliver better customer outcomes - A new 97% LTV proposition was launched, focused on helping more first time buyers to access the mortgage they need - A new Later Life Lending proposition was launched allowing customers to manage their mortgage towards and into retirement - Continued enhancements to our retentions proposition enabled us to retain £0.2bn of business in 2024	- Average call response time: 9 seconds; call abandonment rate below 1% - More than 8,000 calls were answered directly by our underwriting team 21 days speed to offer vs a market average of 28 days for Specialist lenders - Achieved a TrustPilot rating of 4.5 stars vs an industry average of 2.4, reflecting our ongoing commitment to exceptional intermediary and customer service	- Intermediary-centric operating model continues to be well received by the broker community - V-Hub model expanded to focus on dedicated service provision for our tier 1 intermediary partners - A range of limited edition products designed and deployed in partnership with our key intermediary firms 0.6% claims made under our unique Service Pledge - Re-branded the business to Vida Bank following PRA authorisation	- The business reported its fourth consecutive year of profitability - Completed three securitisations totalling £850m of loans via our Tower Bridge Funding programme - Ongoing capital support from our primary shareholder Pine Brook - Successfully launched our first retail savings products to the market allowing us to begin the transition from wholesale to retail funding	- Our hybrid working model effectively supports our colleagues, enhancing flexibility and productivity and allowing us to attract and maintain top talent - New Board approved Culture and Sustainability Strategy adopted - Vida was recognised as one of the UK's top 100 mid-sized companies to work for, a testament to our strong colleague engagement and commitment to excellence - Enhanced Employee Value Proposition fully embedded 50% of senior management positions filled by women	- Balances at or above 3 months in arrears remaining within our credit risk tolerances at 2.4% - Bank-ready Enterprise Risk Management Framework and policies approved and implemented - Strengthened our proactive support for vulnerable customers and those in financial difficulty - No material operational risk events reported in year and zero material outstanding audit actions at the year end

REGULATIONS

During the year all relevant regulatory publications have been reviewed in detail by Vida, with any implications and required changes identified, and implemented, or plans put in place to implement, within an appropriate timeframe. Our regulatory interactions with both the FCA and PRA increased significantly throughout the year as a consequence of our banking licence application. This, alongside our business as usual relationship, has seen a large volume of requests for information. Vida responds to such requests in a timely fashion.

Over the course of 2024, the PRA has set out its near-final rules for the implementation of Basel 3.1 in the UK, as well as its proposals for a new, simpler regime for Small Domestic Deposit Takers. Vida is reviewing the implications of these emerging regulatory changes and the impact it will have on our business.

The FCA Consumer Duty sets high expectations for the standard of support provided to customers, and challenges firms to evidence the customer outcomes they are delivering. This has remained a priority area for Vida during the year with activity focussed on enhancing processes and oversight to ensure good outcomes for all customers. This continues to be championed by the Board, with our Senior Independent Non-Executive Director assigned responsibility for supporting the Chair and CEO in challenging the Board and Executive on how the firm is embedding the programme.

Vida’s approach to implementing the four key outcomes and cross cutting rules and its progress and monitoring is described in its Annual Consumer Duty Report to Board.

KEY EMERGING RISKS

- Geopolitical risk
 - Economic and competitive environment
 - Credit impairment
 - Transition to and embedding of Banking Model
 - Scale and pace of business change
 - Information and cyber security risk
 - Scale and pace of regulatory initiatives & change
 - Embedding of Consumer Duty requirements
 - Financial crime
 - Climate risk
- A review of each of these themes is provided in the Risk Report.

UK HOUSING & MORTGAGE MARKET

2024 LENDING VOLUME

The UK housing and mortgage market grew in 2024, with property transactions up 8%³ and gross mortgage lending up 7%, as falling swap rates and the 0.5% reduction in the Bank of England base rate resulted in lower mortgage rates, easing affordability pressures for customers. This growth was further supported by improving consumer confidence across the year due to a combination of falling inflationary pressures, and the threat of house price reductions easing.

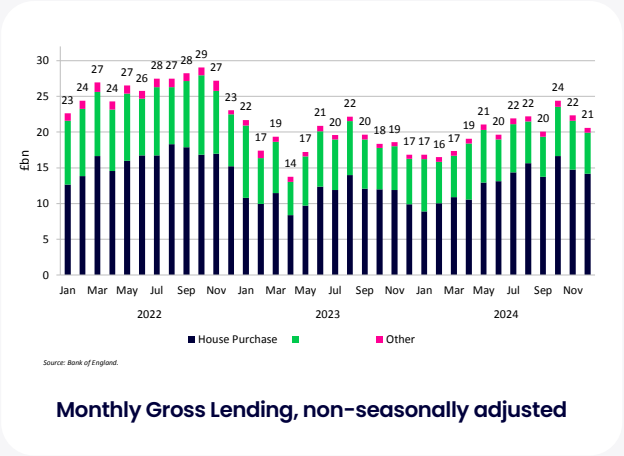
Against this backdrop, total residential property transactions in 2024 increased by 8% to 1,100,840.² Despite the growth seen, transaction volumes still remain historically low with 2024 volumes representing the third lowest level since 2014, with only 2020 and 2023 seeing a lower level of transactions.

Overall gross mortgage lending in 2024 was £242 billion, an increase of 7% from £226 billion in 2023.³

The growth was driven by the house purchase market which grew by 16% in the year to £156 billion and represented 64% of gross lending in year.³

In contrast, remortgage volumes reduced for the second year in a row, falling by 6% to £78 billion.³ This was due to two main factors³: a slightly lower volume of mortgages maturing from their product term and the continuing trend for a greater proportion of existing customers looking to refinance opting to take a product transfer with their current lender rather than remortgage. In such cases full affordability assessments are generally not necessary, provided there is no material change in customer circumstances, increase in the loan amount, or any other significant change.

Although the level of market product transfer volumes in 2024 also reduced from 2023 due to the lower volume of product maturities in the market, they remained historically high at £218 billion, 10% above the level seen in 2022. 2023 volumes had also been temporarily boosted by a significant volume of long standing revert rate customers seeking the security of a new fixed rate term with their existing lender. This short term growth was in part triggered by the transition from the long standing low rate environment to higher rates, and the associated higher monthly mortgage payments.

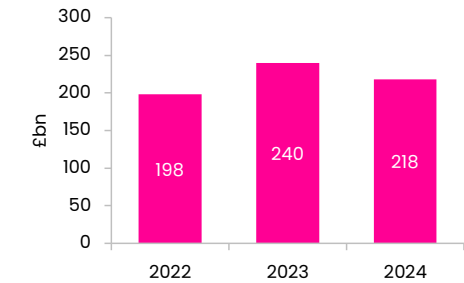


2. Source: <https://www.gov.uk/government/statistics/monthly-property-transactions-completed-in-the-uk-with-value-40000-or-above>
3. Source: <https://www.bankofengland.co.uk/statistics/tables>

In 2024 the growth in gross new lending was seen across both the ROO and BTL markets with growth of 11% and 14% respectively.

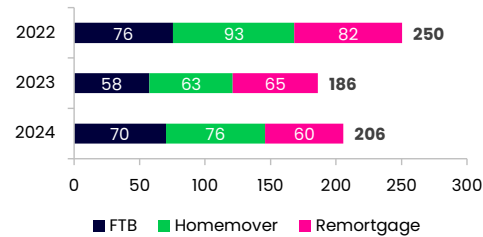
ROO lending contributed 86% of the market, with strong growth across both the first-time buyer and homemover markets of 22% and 19% respectively. Combined these made up 71% of the ROO market in year. In contrast, the remortgage ROO market reduced by 8% in line with the overall market trend seen. From a BTL perspective, growth was seen across both the purchase (19%) and remortgage (12%) markets. Although tenant demand remained strong and landlord affordability pressures eased over the year, there remain concerns from landlords around increased regulation. As such, the BTL market remains strongly weighted towards remortgages which made up 70% of lending.

Our experience is that the growth in the specialist market has been more pronounced, aided by prime lenders having cautiously reigned in their risk appetite in the mainstream mortgage market in response to the previous inflationary environment. We estimate a specialist market in 2024 of £20 billion, an increase of 14% on 2023.



Source: UK Finance.

Market Product Transfers, per annum



Source: UK Finance.

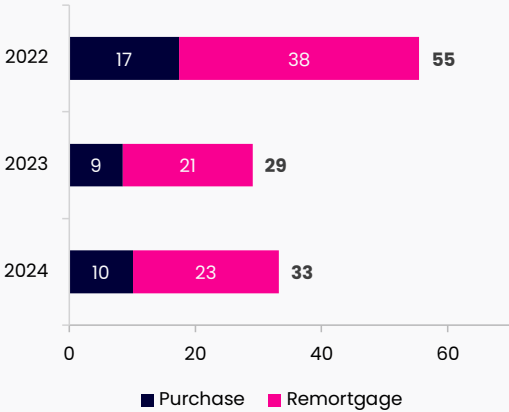
ROO Market Gross Lending, per annum (£bn)



The BTL market continues to account for c. two-thirds of the specialist market, with this split remaining broadly consistent across the year, and buoyed by a continued strong demand from tenants for privately rented property.

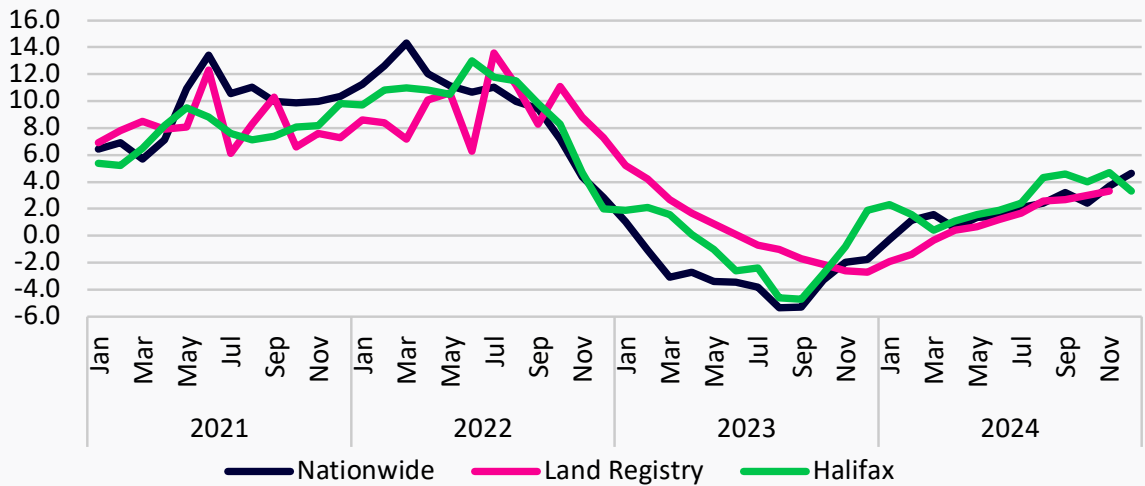
Over the past two to three years we have noted some smaller amateur landlords have left the market due to economic pressures and potential regulatory changes. However, specialist customers tend to be more committed to the sector. This reflects the generally greater experience of these landlords with specialist lenders due to larger average portfolios and a greater associated level of involvement. The ability of specialist landlords to diversify their income streams across multiple properties also renders them less vulnerable to cash flow instabilities in the event of a downturn, enabling them to better manage through adverse economic situations.

House prices increased slowly in 2024 across all the major indices, with reported growth of 3 to 5% per annum.^{4,5,6,7} This growth more than offset the price reductions seen in 2023.



Source: UK Finance.

BTL Market Gross Lending, per annum (£bn)



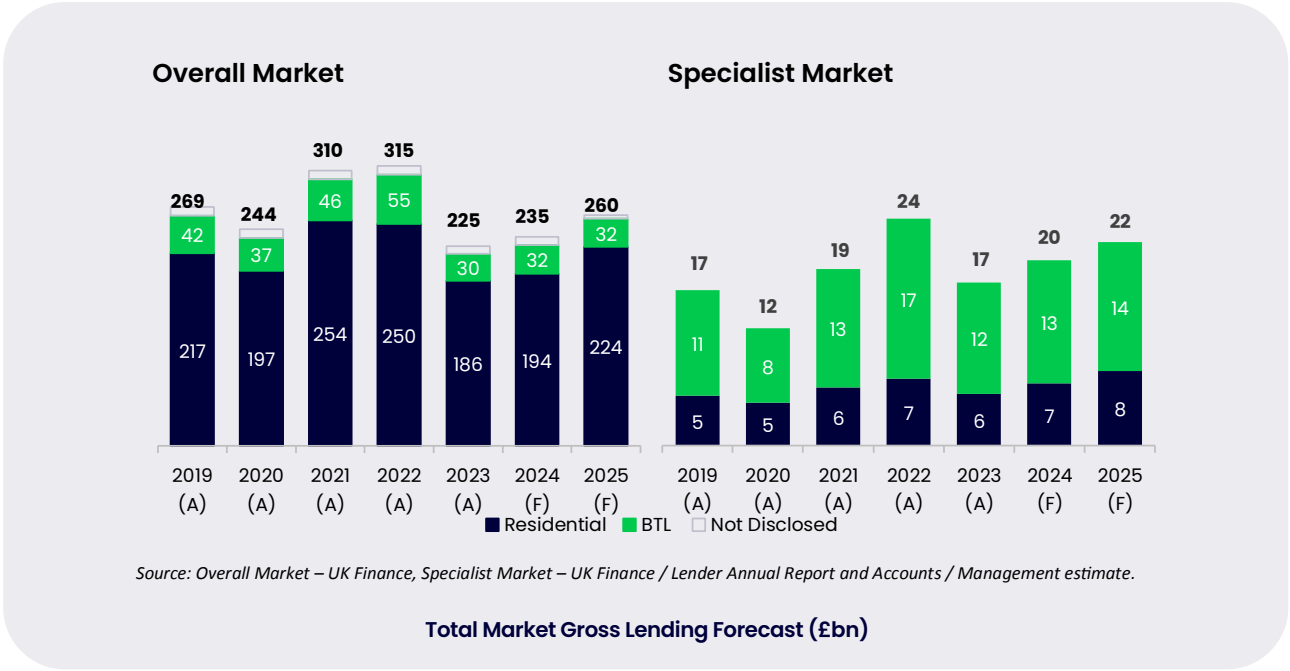
Annual House Price Change

4. Source: <https://www.gov.uk/government/statistics/uk-house-price-index-for-december-2024/uk-house-price-index-summary-december-2024#access-the-data>
5. Source: <https://www.nationwidehousepriceindex.co.uk/download/uk-monthly-index>
6. Source: <https://www.halifax.co.uk/media-centre/house-price-index.html>
7. Source: <https://www.ukfinance.org.uk/system/files/2024-12/Mortgage%20Market%20Forecasts%202025-2026.pdf>

MARKET OUTLOOK

UK Finance have forecast mortgage market growth of 7% in 2025, with gross lending of £260 billion. This anticipated growth reflects the expected lower interest rate environment, improved economic data and a continued increase in consumer confidence. Our view is broadly aligned with this, though we do see potential further upside based on recent market trends.

In the core target market for specialist mortgages, we forecast continued annual growth of around 10% per annum, with gross lending of £22 billion anticipated in 2025.



We forecast house prices will gradually increase at a similar level to that seen in the second half of 2024, approximately 4 to 5% per annum, due to a continued increase in demand, supported by further interest rate reductions and a gradual improvement in affordability.

MORTGAGE MARKET
ARREARS & POSSESSIONS

Market levels of arrears on ROO mortgages continued to increase across the first quarter of 2024 before stabilising and then gradually reducing from July. This left across all lenders a total of 92,170 ROO mortgages at the end of 2024 (1.06% of all accounts) with arrears of 2.5% or more of the outstanding balance, a small reduction from Q4 2023, albeit still 23% higher than the same period in 2022. The recent reductions seen reflect the improving economic backdrop with inflationary pressures easing and mortgage rates starting to reduce.

The impact of the lower arrears has yet to be fully reflected in the market in the number of possessions due to the time lag from arrears to possession action being taken. There were 1,030 ROO mortgage possessions market wide in Q4 2024, an increase from 670 in Q4 2023.

BTL arrears and possessions data shows very similar trends to ROO, although both the increase in arrears across 2023 and the subsequent reduction in 2024 have been more pronounced, albeit from a much lower start point as a proportion of accounts. In Q4 2024 there were 12,610 BTL mortgages (0.65% of all accounts) with arrears of 2.5% or more of the outstanding balance, a 7% reduction compared to Q4 2023, but remaining more than the double the level seen in Q4 2022. There were 700 BTL possessions in Q4 2024, 30% higher than seen in Q4 2023.

Notably the total number of possessions across both the ROO and BTL markets remain relatively low at a total of 1,730 in Q4 2024 compared to over 2,000 possessions in Q3 2019 just before the pandemic and an average of over 3,000 between 2008 and 2013 following the global financial crisis. This data emphasises the effectiveness of the additional measures implemented to support mortgage holders.

Across 2025 we anticipate arrears will continue to slowly reduce as the lower interest rate environment feeds through into the mortgage book and inflationary pressures ease. This is consistent with UK Finance’s view which forecasts that at the end of 2025 99,000 1st charge mortgage accounts will be in arrears of over 2.5% of the outstanding balance, a reduction of 6% from Q4 2024. Due to the time lag from arrears to possession UK Finance forecast that the growth in possessions volumes will continue in 2025, albeit at a much lower level with total possessions forecast at 7,000, an increase of 9%.

OUR MORTGAGE BOOK

Our mortgage lending programme is limited to residential property backed lending and aims to target the under-served, especially those with more nuanced personal circumstances or borrowing needs. On ROO these typically include those with complex income patterns, self-employed, unusual property types, and customers with ‘thin’ credit histories. For BTL, our target customers include landlords with a BTL business set up through a limited company, multi-use or other more complex properties, or homes with a multiple occupancy set up. Often it is a combination of these types of circumstances that results in our customers being unable to access a mortgage from a mainstream mortgage lender.

All our new mortgages are distributed through intermediaries, with 99.8% of new lending in 2024 on a fixed rate product (2023: 95.8%). Of the fixed rate lending 18% was on a 2-year product term (2023: 40%), 81% on a 5-year term (2023: 56%) and 1% on a 7-year term (2023: nil).

FOR RESIDENTIAL OWNER-OCCUPIED (ROO) MORTGAGES, THIS INCLUDES:	FOR BUY-TO-LET (BTL) MORTGAGES, WE SUPPORT:
Self-employed borrowers or those with complex income patterns	Landlords operating through limited companies
Unusual property types	Multi-use or complex property types
Customers with ‘thin’ credit histories	Houses in multiple occupation (HMO)

LENDING VOLUMES (£M)	2023	2024	% CHANGE
GROSS LENDING	190	369	+94%
ASSET PURCHASE	–	28	–
ASSET SALE	(241)	(239)	-1%
NET LENDING	(51)	154	
CLOSING BALANCE SHEET	1,699	1,857	+9%
PRODUCT TRANSFERS	305	239	-21%

In 2024 we almost doubled new lending volumes to £369 million. This growth was driven by two main factors, further improvements to our mortgage proposition and more competitive pricing due to a reduction in relative funding costs.

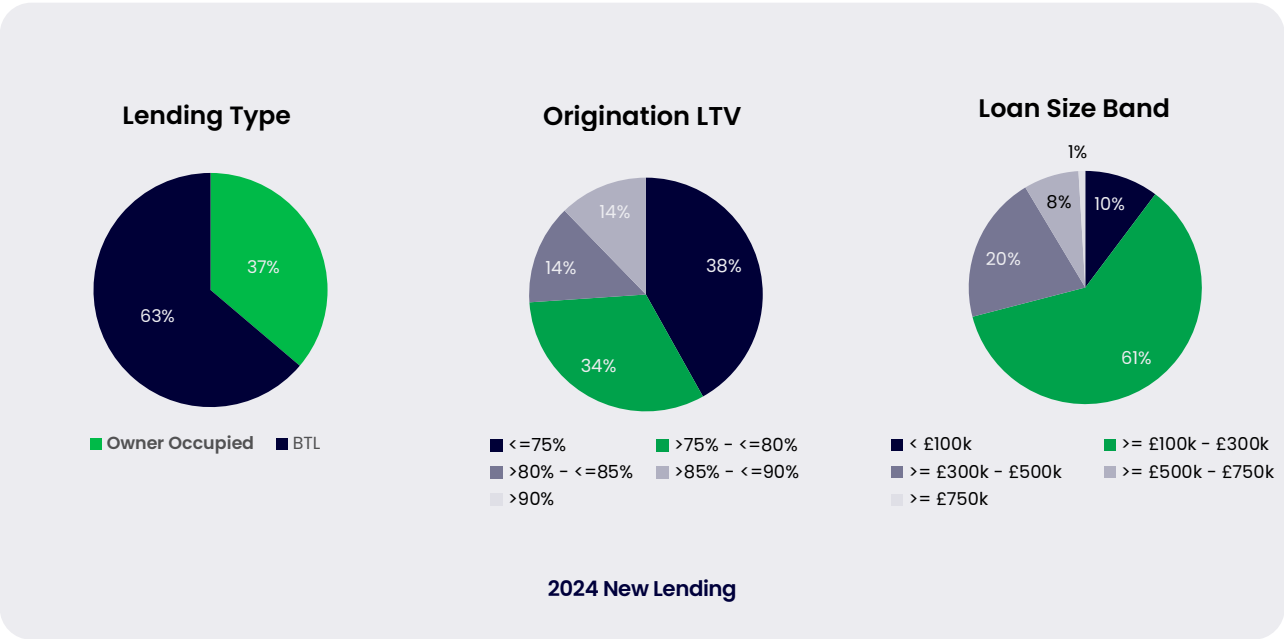
As the economic backdrop started to improve across the latter half of 2023 the divergence in costs between wholesale and retail funding reduced, decreasing the competitive advantage to those lenders with access to retail deposits. These lower funding costs allowed us to enhance the relative competitiveness of our products.

Alongside this improved pricing competitiveness, we also delivered ongoing improvements to our proposition and

service which further supported volumes. These included enhancements to our lending criteria and improvements to our credit tiering strategy for both ROO and BTL loans.

Of the new lending, £233 million (63%) was attributed to BTL and £136 million to ROO (37%), with the split similar to 2023 where 65% of lending was on BTL. All lending was on a first charge basis.

Our average Loan-to-Value (LTV) at origination in 2024 was 74% (2023: 70%), with 72% of lending at less than 80% LTV indicating a healthy balance in our lending practices. Only 1% of our lending by value was for loans of £750,000 or above.



Of our new BTL lending, 5-year fixed-rate mortgages continue to remain the preference for the majority of our customers at 88% of lending (2023: 86%), giving additional financial security. Our BTL lending weighted average LTV at origination was stable at 73%.

On our ROO lending we continue to take an inclusive approach, supporting customers with a wide range of specialist requirements including complex income scenarios, minor adverse credit histories or unusual property types. 5-year fixed rates were also the most popular on new ROO lending at 65% of origination. 97% of new ROO lending was on a capital and interest basis. The average Loan to Income (LTI) ratio in 2024 was 3.3 times (2023: 3.1 times).

In 2024 to support balance sheet growth we made further enhancements to our already strong product transfer proposition. Customers approaching the maturity of their product, or on revert rate, are able to request a product transfer through our bespoke online portal either direct or via their broker and obtain the payment security of a new fixed rate mortgage. This approach helped limit redemptions in 2024 to £239 million, a small reduction on that seen in 2023. Product Transfer volumes were £239 million, with us successfully retaining more than half of all customers with Vida following the maturity of their initial product term.

Our strong retention performance, aligned with the growth in new lending, led to positive net lending of £154 million, with mortgage balances closing the year at £1.9 billion (2023: £1.7 billion).

As of 31 December 2024, 73% of our book was attributed to BTL (2023: 71%), with the remaining 27% secured on ROO properties. The loan book's weighted average current indexed LTV stood at 64% showing a significant buffer exists against the risk of negative equity. Only 1% of our book has an LTV of above 85%.

The vast majority of our mortgage book, 93%, is on a fixed rate giving our customers payment security. This is a slight increase on the previous year as existing customers continued to opt for the security of a new fixed rate deal due to the continued relatively high-rate environment. All our fixed-rate book is protected by an early repayment charge to manage our interest rate risk.

All our lending is secured on residential properties though a wide range of property types are supported. On BTL these include specialist property types such as Houses in Multiple Occupation (HMOs) and Multi-Unit Blocks (MUBs), which together make up 25% of our BTL loan book (2023: 22%).

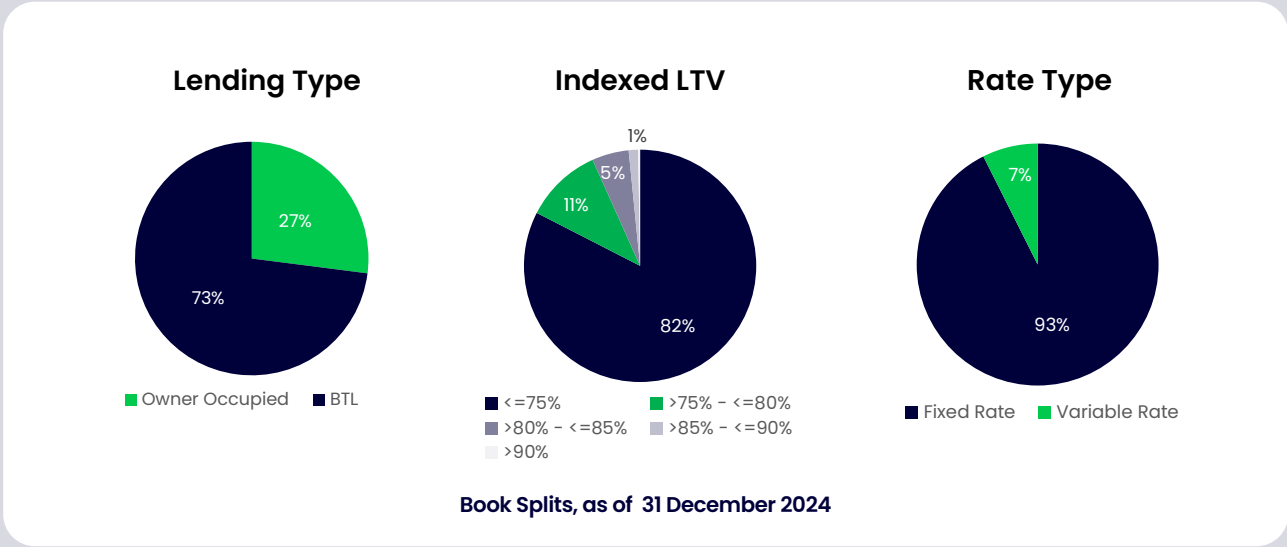
The majority (63%) of our BTL portfolio consists of lending to individuals, with the remainder to limited companies (35%), or trading companies (2%).

Despite the continued higher interest rate environment, we have maintained a strong weighted average Interest Coverage Ratio (ICR) at 171% across our BTL book, with this being even higher for HMOs and MUBs at 213% (2023: 219%). 97% of our BTL assets are on an interest only basis. Approximately two-thirds of the BTL book was remortgaged to Vida from another lender, with only 13% lent to a first time landlord (2023: 12%). Reflecting the majority of customers having previous BTL mortgage experience, 42% of our BTL balances are to customers who have a BTL property portfolio of four or more properties (2023: 42%).

The average BTL loan size is £222,000 (2023: £226,000), with 99% of the book having an LTV of 85% or below, and 85% of the book 75% LTV or below.

Turning to our ROO book, reflecting the more complex and specialist nature of our proposition, 26% of our book has at least one applicant who is self-employed (2023: 28%) at the time of application.

95% of our ROO book has an LTV of 85% or below, with only 0.5% with an LTV of above 90%. The weighted average LTV at origination across the ROO loan book and the current average loan size have been broadly stable year-on-year at 73% (2023: 72%) and £166k (2023: £164k). Our average LTI multiple on book also remains stable at 3.4 at year end.



CUSTOMER SUPPORT AND ARREARS MANAGEMENT

Throughout 2024 we remained focused on supporting our customers and helping them navigate the changing economic environment. Although our arrears are above the level seen across the wider mortgage market this reflects the specialist nature of our mortgage lending. As of 31 December 2024, total balances (ROO and BTL) at or above three months in arrears were 2.4%, an increase from 2.2% at 2023 year end. Across the first half of the year we saw the impact of rising costs of living and borrowing continued to feed through to a small group of borrowers, with three month or above arrears reaching 2.6% in June. Since then, arrears have gradually reduced as the impact of lower inflation and reduced interest rates started to take effect. We continue to work closely with those needing assistance. The number of possessions remains low with only 13 properties taken into possession in 2024 (2023: 15).



UK SAVINGS MARKET

2024 SAVINGS VOLUME

The UK Household Savings Market continued to grow at an average rate of around 0.5% per month during 2024, reaching balances of just under £1.6 trillion⁸ by October 2024. This represents year on year growth of 6.8%, despite persistent inflation and ongoing cost of living challenges.

Growth over the past year has been strongest in the Cash ISA segment, which has grown by 15.9%, compared to 4.2% for non-ISA balances, reflecting the higher interest rate environment of the past 12 months which enhances the value of the tax incentives on ISA products.

Within the non-ISA segment, growth in time deposits has slowed in recent months as we move into a new phase of the interest rate cycle, with August bringing the first reduction in Bank of England Base Rate in over four years. Despite this, time deposits grew by 4.7% over the year with balances of over £270 billion held in these products at the end of October.

Sight deposits⁹ which are instant access deposits, not ISAs, allowing customers to withdraw funds freely without incurring penalty, grew by 4.1% over the same 12-month period to October. This segment is now growing at a faster rate than the time deposit market, as the headline rates available on Fixed Term products have reduced in line with expectations on future moves in Bank of England Base Rate.

MARKET OUTLOOK

We are confident that the size and growth of the UK savings market provides ample opportunity for Vida Bank to grow its Retail Savings business strongly. Our proposition is targeted at “active savers” who have a greater propensity to deposit their savings with new brands and smaller providers to achieve higher returns on their cash savings, reassured by a sound understanding of the protection which is offered by the industry-wide Financial Services Compensation Scheme.

OUR SAVINGS BOOK

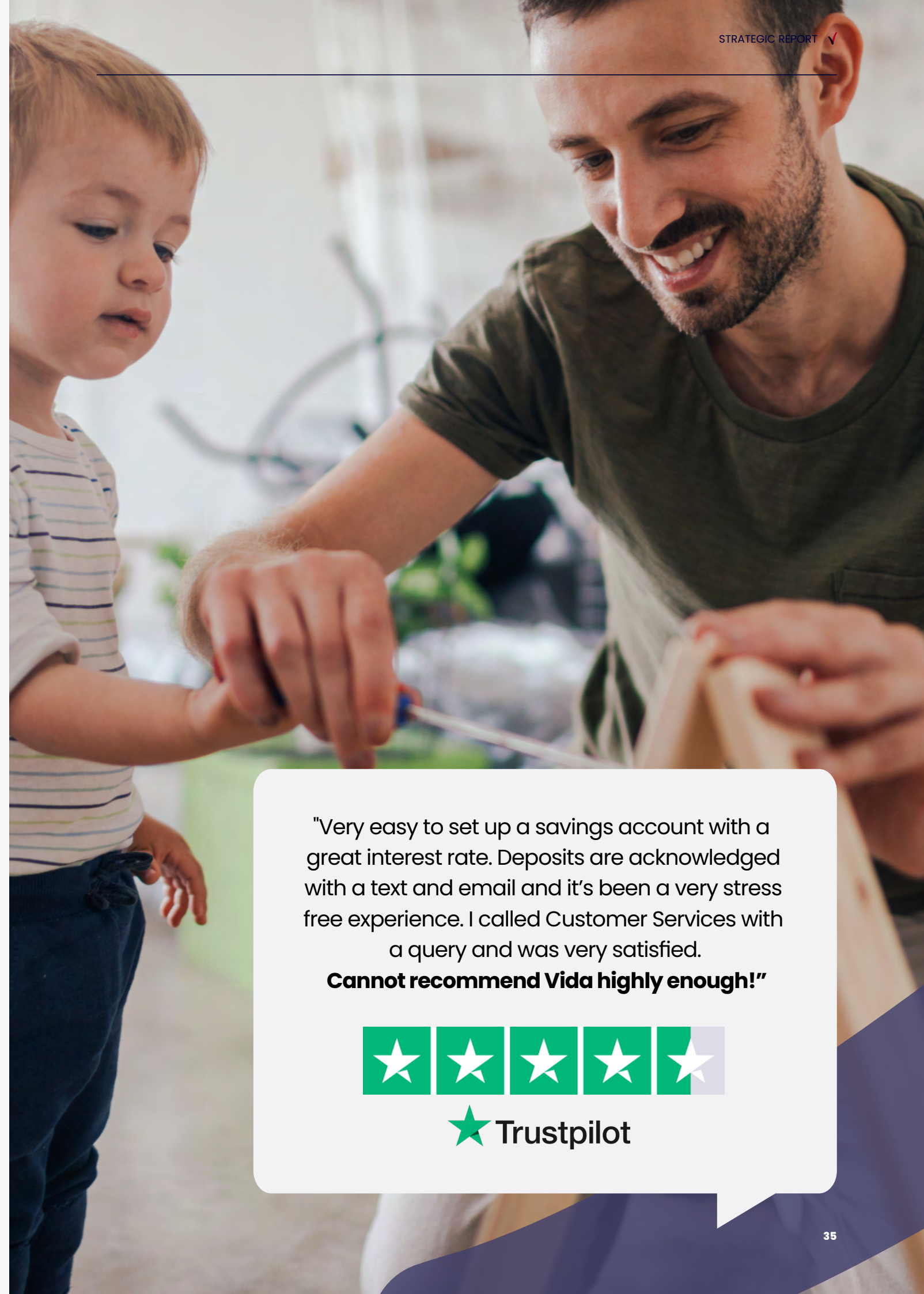
We launched our Savings proposition to the public in late 2024. Our first product was launched via the Hargreaves Lansdown Active Savings platform on 27 November, and this was followed by the launch of our direct offering on 5 December.

We have been very pleased with customer reception of our launch, and we quickly originated balances of £173 million by year end, even with a very narrow product range in what is traditionally a quieter period of the year for the savings market.

We believe that this gives us a strong foundation upon which to build in early 2025, when we will broaden our product range to offer Access and Notice products, closely followed by ISA products through our direct distribution channel at the start of the 2025/26 tax year.

8. Source: Bank of England, excluding non-interest bearing accounts and National Savings and Investments. Latest available data at time of writing is October 2024.

9. Defined by the Bank of England as Instant Access Deposits, not ISAs, which are Interest or non-interest bearing accounts (be it branch-based, business, online, telephone or postal accounts) where the depositor has access to the entire balance of the deposit, without incurring any penalty, either on demand or by close of business the day following that on which the deposit was made.



"Very easy to set up a savings account with a great interest rate. Deposits are acknowledged with a text and email and it's been a very stress free experience. I called Customer Services with a query and was very satisfied.

Cannot recommend Vida highly enough!"



★ Trustpilot

FINANCIAL REVIEW

JOHN ROWAN
CHIEF FINANCIAL OFFICER

"I am proud of the teamwork that brought colleagues together to deliver Day 1 operating capability for the Bank. As we move into 2025, our strong opening capital position provides a solid foundation for growth, and I look forward to seeing the business evolve as we develop our Banking proposition."



I am delighted to present the first Financial Review for Vida as a bank and to report Vida's fourth consecutive year of statutory profits. We have seen a year of growth in our loan book that has been supported by our established funding platform whilst building the business so that it can successfully operate as a bank.

Markets were more settled in 2024, allowing Vida to achieve more stable mortgage spreads on its lending and lower costs of funding on its new securitisation deals. Our Residential Mortgage-Backed Securities (RMBS), Tower Bridge Funding, continued to be a highly regarded and respected funding franchise within the UK. With three further transactions in 2024, by the close of the year we had completed thirteen public transactions since the launch of the business in 2016.

Looking forward, having access to retail deposits will be of great value to the business as we look to create a stable platform that supports our steady growth over the coming years.

LIQUIDITY

At the end of the year, the Group's Liquidity Coverage Ratio (LCR) was 1,045%, which after one month of operating as a bank reflected the immediate build-up of High Quality Liquid Assets (HQLA) from the retail deposits raised in December. It was substantially in excess of the minimum of 100% set by the PRA but should not be viewed as a normal level of coverage. We expect the ratio to reduce steadily in 2025 whilst remaining well above 100%.

LENDING

Gross loans to customers increased by 9.3% to £1,857 million (2023: £1,699 million). Originations grew to £369 million (2023: £190 million) and were supplemented by retention lending volumes of £239 million (2023: £305 million). BTL loans continued to make up the majority, 73%, of the loan book at the end of the year (2023: 74%). During the year, Vida repurchased a £28 million book of loans that had previously been sold through a forward flow agreement.

FUNDING

The main funding for the loan book has continued to be through the wholesale markets, with this funding totalling £1,917 million at the end of 2024 (2023: £1,756 million), of which £1,582 million related to securitisation funding (2023: £1,239 million). Vida successfully executed three securitisation deals in the year raising £850 million and called one deal. At the end of the year three of Vida's warehouses remained in place, with one having been closed during the year.

In the last month of the year, Vida successfully raised £173 million in retail deposits, a very positive start.

CAPITAL

Vida is reporting its capital ratios for the first time. The Group's Common Equity Tier 1 (CET1) ratio and Total Capital Ratio (TCR) were 16.2%, comfortably above regulatory minima. Capital resources were bolstered ahead of bank authorisation through the conversion to equity of £31 million of investor loans together with an additional £6 million of new capital. Vida's private equity investor, Pine Brook, has provided 99.7% (2023: 99.5%) of Vida's share capital which at the end of the year stood at £241 million (2023: £204 million). The business is confident it will continue to benefit from the support of its core shareholder for the foreseeable future and may explore opportunities, subject to market conditions to further strengthen its capital base.



**3 SECURITISATIONS
WORTH**

£850m
IN 2024

CORE OPERATING PROFIT

The statutory profit before tax for 2024 was £3.6 million (2023: £4.8 million) whilst the core operating loss was £0.9 million (2023: £2.6 million profit). Core operating profit excludes items of income and cost that are considered to be one-off in nature or are outside of the Group’s control.

The table below sets out the adjustments made to operating profits, as well as the individual net interest income and administrative expenses components, in the derivation of core operating profit.

Items which were not considered 'core operating' include:

- The fair value volatility from financial instruments that are part of the Group’s hedging arrangements of on-balance sheet exposures that will unwind over the lifetime of the loans;
- The implementation costs related to building the infrastructure required as a bank and the costs of the banking licence application; and
- The interest incurred or forgone on shareholder loans and costs related to potential capital raising activity.

	2024			2023		
	Net interest income £m	Admin expense £m	Profit before taxation £m	Net interest income £m	Admin expense £m	Profit before taxation £m
Per Consolidated Statement of Comprehensive Income	32.5	(36.2)	3.6	32.5	(32.4)	4.8
Adjustments						
Fair value volatility	0.7		(5.6)			(3.9)
Banking licence preparation costs		1.5	1.5		0.7	0.7
Restructure costs		0.3	0.3			
Remediation provisions				(0.1)		(0.2)
Shareholder funding	(1.8)	1.1	(0.7)	1.2		1.2
Core NII/expenses/profit	31.4	(33.3)	(0.9)	33.6	(31.7)	2.6

OPERATING INCOME

Operating income improved to £40.0 million from £37.3 million in 2023. After excluding non-core items, fair value movements on derivatives and shareholder loan interest forgone, operating income decreased to £32.6 million from £34.5 million in 2023.

Net Interest Margin (NIM) reduced to 1.83% in 2024 (2023: 1.91%) and on a core basis fell to 1.77% from 1.98% in 2023. The fall in NIM reflected a change in the mix of yields on segments of the book as loans matured, which, on a statutory basis only, was offset by the interest forgone on shareholder loans.

ADMINISTRATIVE EXPENSES

Vida continued to invest in people and its operating platform ahead of obtaining its banking licence and in anticipation of growing the business in 2025. This investment together with the costs of servicing a larger loan book and the impact of inflation led to administrative expenses increasing by 11.7% overall to £36.2 million (2023: £32.4 million). Management continued to actively control costs throughout the year and if non-core items are excluded, expenses increased by only 5.1% to £33.3 million (2023: £31.7 million).

IMPAIRMENT CHARGES

The credit quality of the book held up well in 2024, with arrears levels broadly remaining steady throughout the year. At the end of 2023 additional provisions had been held to reflect the uncertainty in the economic environment from high inflation and higher interest rates. These provisions have been reduced and with a reassessment of some of the underlying credit model parameters, provisions fell to £4.9 million at the end of the year (2023: £5.6 million) leading to a lower provision coverage ratio of 0.26% (2023: 0.33%). After accounting for higher losses on a small number of repossession sales, there was a charge of £0.1 million to the income statement (2023: £0.1 million charge).



THE VIDA WAY

We believe in a culture built on care, where everyone feels valued and empowered to make a difference. Our commitment to our customers, colleagues, company, and communities guides every decision we make, creating a supportive and inclusive environment. At Vida, we foster innovation, embrace diversity, and strive for authenticity in everything we do, helping more people find a place to call home.



VISIONARY

WE LEARN BY BREAKING OLD HABITS AND INNOVATING TO FIND CREATIVE SOLUTIONS TO PROBLEMS.



INCLUSIVE

WE VALUE EACH OTHER'S DIFFERENCES AND WORK HARD TO SEE PEOPLE FOR WHO THEY REALLY ARE.



DYNAMIC

WE EMBRACE CHANGE AND GET RESULTS BY TAKING DECISIVE ACTION.



AUTHENTIC

WE BUILD TRUST BY BEING HONEST, STRAIGHTFORWARD AND BY KEEPING OUR PROMISES.



CULTURE AND SUSTAINABILITY REPORT

OUR APPROACH TO CULTURE AND SUSTAINABILITY

At Vida, the shared purpose of helping more people find a place to call home drives everything we do. A clear and intentional approach to culture ensures that our actions align with our values and support the delivery of our strategy.

OUR CULTURE AND VALUES

In 2023, Vida introduced a Culture Strategy to define and explain what it means to work here and how our values shape the way we support and empower our people.

This culture is built on care, at the heart of everything we do, and is reflected in our focus on our Customers, Colleagues, Company, and Communities – the 4C's framework.



FOR CUSTOMERS:

Every decision prioritises their needs and financial goals. Vida is committed to doing what's right and supporting customers through challenges, ensuring trust at every stage of their journey.

FOR COLLEAGUES:

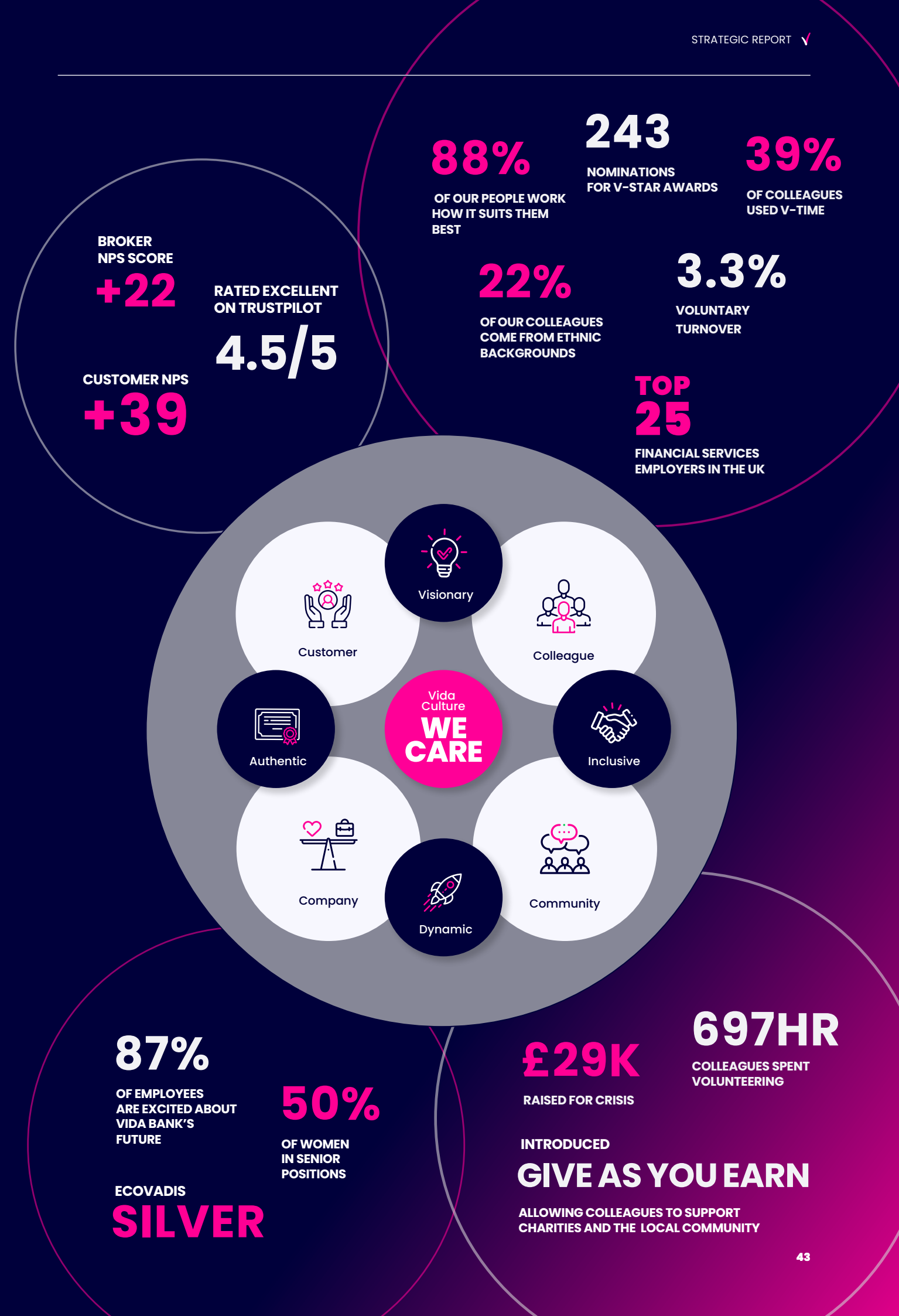
A diverse, collaborative, and empowering environment encourages transparency, values constructive feedback, and supports everyone in their growth and development.

FOR COMPANY:

A resilient, sustainable business balances financial objectives with the positive outcomes expected by customers and stakeholders. Strong relationships with business partners are integral to this vision.

FOR COMMUNITIES:

Vida is committed to creating inclusive and sustainable communities, giving back through time, resources, and meaningful initiatives that demonstrate even small actions can make a big difference.



CULTURE AND SUSTAINABILITY IN ACTION

In 2024, the Culture Strategy evolved into a combined Culture and Sustainability Strategy, approved by the Board. This update integrates principles of Environmental, Social, and Governance (ESG) and Equality, Diversity, and Inclusion (EDI), aligning with the United Nations Sustainable Development Goals (UN SDGs) that best fit Vida's purpose and strategy.



A detailed implementation plan for 2025 has been developed to embed this strategy across the business, with clear activities under each of the 4C's. Progress will be tracked quarterly through the Culture Committee and Board, using a Scorecard to measure success against key metrics.

Vida remains committed to being a socially responsible business, making a genuine and positive impact on colleagues, customers, communities and the environment.

CUSTOMERS

For our customers caring means understanding and striving to meet the financial needs and objectives of our core customer base, acting in their best interests to deliver good outcomes and ensuring support is available when needed.

Delivering Good Customer Outcomes

We want our customers to know that we are open and transparent with them throughout their journey with us and they are able to trust us to do what's right for them. In short, caring means putting the principles of the FCA's Consumer Duty at the centre of everything we do. During 2024, embedding and meeting those requirements has remained a priority for Vida as we focused on enhancing processes and oversight. The Executive Risk Committee and Customer Committee ensure effective oversight and management of conduct risk, the conduct rules and Consumer Duty principles and implementation and embedding of the Consumer Duty is overseen and

monitored by our Board. Our Senior Independent Non-Executive Director (INED) is our Consumer Duty Champion and during 2024 she held deep-dive sessions with colleagues from across the business to consider how the Consumer Duty is understood and embedded in practice across the organisation, including in day-to-day processes, controls and reporting. Topics covered included price and fair value, product development, customer support, compliance monitoring and testing and regulatory early warnings.

Customer Focused Culture

At Vida we aim to provide choice and value for both savings and mortgage customers. From the start to the end of their journey with us, we want to ensure our customers can trust us to put their needs and financial objectives at the centre of our decision making, to do what's right and to support them through the challenges they may face along the way.

Having received a banking licence Vida launched its first savings account in December 2024 and we plan to expand our savings product range in 2025, providing more choice for customers with the addition of access accounts and a full range of cash ISA products.

As we continue our journey to become the UK's most trusted specialist mortgage bank, we asked ourselves 'can we do more?' and in 2024 we implemented mortgage product improvements, enhancing credit criteria and launching limited edition and packager exclusive products, enabling both new and existing mortgage customers to progress on their home ownership or landlord journey. To help our customers and strengthen the support we provide to vulnerable customers and those in financial difficulty, we further developed our pre-arrears communication strategy and offered a wider range of forbearance options.

We remain very aware of the challenges and downside risks related to rising living costs and higher interest rates and we aim to provide a proactive approach to ensure fair treatment and good customer outcomes by exploring and agreeing reasonable measures of support. Customer vulnerability is well documented and understood across the business with Vulnerable Customer Standards supporting an overarching Customer Policy. The identification of and fair treatment of vulnerable customers is monitored by all three lines of defence in their monitoring and testing frameworks. Key risk indicators and oversight

management information are reported to the Customer Committee and, where appropriate the Executive Risk Committee, Board Risk Committee and Board.

Our colleagues continue to work hard to provide the high levels of service that our customers and intermediary partners expect however we recognise that we don't always get everything right. Customer journey reviews are undertaken and our Complaints Policy details our approach to handling complaints to ensure fair outcomes for our customers. We are committed to managing complaints justly and resolving them as swiftly as possible and our mortgage service pledge reinforces this commitment. Our goal is to learn from complaints by identifying and addressing the root causes. Information on how complaints are handled

is regularly reviewed and discussed at the Customer Committee, with significant findings escalated to the Board Risk Committee and subsequently reported to the Board.

In 2024, 2.3% (13) of 554 closed complaints to Vida were subsequently referred to the Financial Ombudsman Service (FOS). One case was recorded as a Change in Outcome. In one other case, we proactively settled the concerns following discussion with FOS which resulted in this case being recorded as being Proactively Settled. We are awaiting adjudications on two cases and the remainder were recorded as No Change in Outcome, affirming the effectiveness of our internal resolution mechanisms.



COLLEAGUES

Our colleagues are our biggest asset and building strong relationships and working practices which truly embed a positive culture across, as well as, within teams is crucial to our success. We pride ourselves on our caring culture which means creating a workplace in which everyone feels that they belong and knows their wellbeing matters, where everyone is supported to develop and grow to reach their career and personal goals.

Since 2020 we have been measuring colleague engagement through our annual 'B-Heard' survey, which is run by Best Companies.¹⁰ We were delighted to be recognised in the 2024 Best Companies league tables as one of the top 25 companies in financial services and top 100 best mid-sized companies to work for in the UK.

Insights from the 2024 survey were instrumental in identifying areas for improvement, leading us to develop targeted action plans alongside our Culture Champions to encourage a supportive and inclusive culture where colleagues can invest in their career whilst balancing other aspects of life.

Creating a Diverse and Inclusive Workplace

We want Vida to be a great place to work and our agile working model, the Vida Ways of Working guide, family friendly policies and the introduction of V-Time (to support colleagues with unplanned life events), together enable enhanced flexibility, support diversity and inclusion and encourage a positive work-life balance for our colleagues. Vida also provides a comprehensive benefits package to support health and wellbeing. The Employee Assistance Programme provides colleagues with confidential counselling and advice. Our trained Mental Health First Aiders raise awareness and understanding of the mental health challenges colleagues may face both inside and outside of work and the support that is available to them.

We continue to foster an inclusive and collaborative environment and as part of the broader Culture Strategy, we have undertaken a number of activities which support Equality, Diversity and Inclusion (EDI) in Vida, including enhancing the onboarding process, and considering EDI as part of recruitment, succession planning and the learning and development framework. Over the past

year, workshops and training sessions have been held on unconscious bias, allyship, and inclusive practices and our Senior INED took part in a panel event to mark International Women's Day along with other Board members and colleagues from across the business. Our EDI Forum has continued to progress initiatives which build on the commitments set out in our EDI Charter, supporting the business in bringing EDI to life for example celebrating cultural and religious holidays and Pride month, and providing support with mental health.

At Vida we believe that a healthy culture embraces diversity in all areas of life – whether that is socio-economic background, education, sexual orientation, gender, ethnicity, or religion.

We took proactive actions in 2024 through our recruitment process, development policies, and broader employee proposition to ensure we continue building a diverse and inclusive business. In 2024 we updated our diversity metrics to reflect regulatory definitions and latest census data and our internal diversity survey was voluntarily completed by over 90% of colleagues. At a companywide level Vida has a broad mix across all diversity metrics, 22% of our colleagues are from an ethnic minority background (excluding white ethnic groups) and we continued to hit our goal of 50% women in senior positions as at the end of 2024.

Vida voluntarily produces a Gender Pay Gap report and for the first time shared insights from this and the diversity survey with colleagues.

Colleague Engagement and Recognition

At a company level, culture and employee engagement is measured through our survey results and colleague engagement remains high with engagement levels in excess of c. 90%. In March 2025, we were awarded a Best Companies '1 Star' accreditation, signifying 'very good' workplace engagement levels once again.

To ensure colleagues feel connected within the business and with each other, two new Vida Voices communication channels have been established this year alongside our virtual Workspace, monthly all-staff themed calls and quarterly business updates.

Our recognition platform, Applause, encourages interaction between all areas of the business and makes it easy for people to say 'thank you' or 'well done'. Colleagues also recognise peers every quarter who have demonstrated the Vida Values and celebrate where individuals have gone 'above and beyond', with an overall Values winner being awarded the Employee of the Year annually.

Supporting Personal Growth

During 2024 there was a focus on personal development with the introduction of a new learning and development framework, grading structure and behaviours framework, supporting transparency, accountability and responsibility between roles. A monthly HR snapshot has been introduced to ensure clear communication on people-related subjects, including role opportunities (which are shared both internally and externally) and potential apprenticeships.

Training activity supports delivery of both in-person development and virtual training using online Teams sessions and the use of our e-learning platform. All colleagues are required to undertake mandatory annual training plus specific training to ensure they have the skills necessary to undertake their roles, and we support colleagues in gaining professional qualifications where required.

At an individual level, people managers are supported to drive conversations about our values and behaviours with their teams and to help colleagues with the implementation of their Personal Development Plans. During 2024, we developed a Behaviours Framework which sets out for colleagues what behaviours are expected to ensure we consistently act in accordance with our Values. Colleagues are now assessed through the performance management process not just on 'what' they deliver but 'how' they deliver it, with ratings given for both aspects.

Formal performance management processes are in place and communicated internally with talent management, succession planning and development metrics reviewed by the Culture Committee.

¹⁰ Best Companies b-Heard Employee Engagement Survey invites employees to respond to statements about wellbeing, pay and benefits, personal growth, team and leadership. **Website:** www.b.co.uk/products/bheard



COMPANY

For our company, caring means building a safe and sustainable business, delivering our strategic priorities whilst balancing the interests of our stakeholders and colleagues with those of our customers.

Robust Corporate Governance and Risk Culture

Our commitment to a customer-focused approach, supported by a robust risk culture and established corporate governance framework, policies and procedures ensures we lend and borrow responsibly within our risk appetite and that we observe best practice in looking after our customers and their data. Such policies include Responsible Lending Policy, Credit Lending Policy, Customer Policy including Vulnerable Customers and Arrears Management Policy. Personal information is managed with robust application of the Data Protection Regulation and the General Data Protection Regulation Principles.

We are committed to offering competitive products to both new and existing customers and have a robust Product Governance Framework and Pricing Committee in place to ensure our products are designed to meet the needs of our target customers. As part of the framework, a 'Value Proposition Canvas' is completed for all new propositions. This includes clearly identifying the target saver or borrower and their needs, and how the proposition will meet those needs. The framework also includes Annual Product Reviews to ensure that our products are performing as anticipated.

Strong Stakeholder Relationships

We are building a brand which we want all stakeholders to trust and we strive to provide excellent service to our mortgage intermediary partners, savings partnerships and customers. Customer service is closely monitored and discussed at the Customer Committee and the Board. Quarterly engagement surveys are run to seek feedback directly from intermediary partners, and in 2024 our Intermediary NPS score reached +25 in Quarter 4. The overall NPS score for the year was +22. We also achieved 'Excellent' status on Trustpilot at 4.5 out of 5 (2023: 4.4), with over 900 reviews and our Service Pledge, which refunds the application administration fee to a broker if they feel they've had anything but excellent service, was claimed on only 0.6% of applications received in the year.

Supplier Management

Maintaining open and effective relationships with the third party suppliers with whom we work forms an integral part of our business model and we are committed to undertaking sustainable procurement wherever possible. Management is responsible for the day-to-day success of our supplier relationships, with a robust governance and oversight model in place ensuring that risk and ESG considerations are embedded in onboarding and due diligence and key service levels and metrics are constantly monitored and reviewed. The Board Risk Committee receives periodic updates regarding our material service providers to ensure they retain oversight and are satisfied that the relationships continue to add strategic value to the business.

During our supplier selection and due diligence process we consider whether the supplier has a good reputation, acts in an ethical manner and is socially responsible consistent with our values. As part of the due diligence process, we will consider if the supplier has an ESG plan or strategy, including its carbon emissions strategy, reporting and reduction targets and will request information on the suppliers' approach to equality, diversity and inclusion, modern slavery, labour practices and health and safety. Monthly relationship management meetings and quarterly reviews are conducted for our Class 1 and 2 suppliers.

Human Rights

Vida prioritises respect for all human rights, particularly emphasising non-discrimination, fairness, and privacy. These principles are crucial for our key stakeholders: customers, colleagues, and suppliers.

Operating solely in the UK, Vida adheres to the Human Rights Act 1998, integrating the European Convention on Human Rights into UK law. We have established systems to ensure our operations align with all legal obligations and to identify any new or emerging requirements.

The responsibility for upholding human rights across Vida lies with the Board and CEO. Our goal is to proactively manage potential negative impacts on human rights while fostering positive outcomes. This commitment is embedded in our employment, equality, customer treatment, and information security policies.

Our policies are designed to ensure compliance with UK laws and regulations by employees and business partners, promoting best practices. Our policies are formulated and kept up-to-date by the relevant business areas, authorised in accordance with the governance procedures and are communicated to all employees.

Our compliance with human rights regulation is integral to our overall compliance framework, and any breaches or potential breaches would be investigated and addressed through the Enterprise Risk Management Framework and, if appropriate, its disciplinary procedures. In 2024 there were no cases of human rights investigations raised nor were there any fines or prosecutions in respect of non-compliance with human rights legislation, including Modern Slavery legislation, incurred in the last financial year.



COMMUNITY

For our communities, caring means understanding our wider environmental and social impact and giving back into the communities in which we operate.

Giving Something Back

In 2024 we renewed our partnership with Crisis whose mission is to end homelessness in the UK for good and their work is founded on the belief that everyone should have a safe, stable place to live. We share the same belief and view our partnership with Crisis as an important part of our giving back to community and throughout the year colleagues from across the business have engaged in fundraising activities including the Vida Alternative Olympics raising £29,000 in 2024.

We have also taken into consideration colleague feedback and from 2024, as well as supporting Crisis, colleagues can support charities or local community groups of their choice through the Give As You Earn scheme with Charities Aid Foundation.

To support the wider community, everyone at Vida is given a volunteering day and we want to support as many colleagues as possible to participate in giving back into their local communities, whether this is by using all or part of their volunteering day in one go, or an hour at a time. In 2024 colleagues volunteered their expertise and time to help foster partnerships which can benefit those communities in which our customers live and work, logging 697 hours of volunteering and exceeding our target for the year.

Culture and Sustainability Governance

Operating within a robust governance and risk management framework helps ensure that the decisions and actions we take are ethical, support good customer outcomes and align with our purpose and the delivery of our strategic objectives in a way which is consistent with our values.

The Board, Executive Team and wider leadership team recognise the importance of having a clearly articulated Culture and Sustainability Strategy and the need to actively manage how it embeds in the business together with the behaviours which exemplify it. Other Executive Committees play a significant role in developing and overseeing the delivery of our Culture and Sustainability Strategy. The Customer Committee focuses on customer and conduct matters and the Culture Committee people and culture matters including ESG and EDI. The ESG Forum and EDI Forum have cross functional representation and directly report into the Culture Committee, which in turn reports to the Remuneration and Nominations Committee and to Board.

The Culture and Sustainability Scorecard is reported to the Board quarterly, setting out key metrics and targets and measures our performance as an organisation and this feeds into our overarching Business Scorecard. Progress against the Business Scorecard is taken into account in determining Directors' remuneration, and bonus, and performance levels across all staff.



NON-FINANCIAL INFORMATION & NON-FINANCIAL KEY PERFORMANCE INDICATORS

This section constitutes the Non-financial Information Statement, prepared in order to comply with Sections 414CA and 414CB of the Companies Act 2006. The information is provided by cross-reference:

REPORTING REQUIREMENTS	POLICIES AND STANDARDS WHICH GOVERN VIDA'S APPROACH	REFERENCE
ENVIRONMENTAL MATTERS	- Environmental, Social and Governance Policy - Credit Lending Policy	- Culture and Sustainability Report - Risk Report - Climate-Related Financial Disclosures
COLLEAGUES	- Employee Handbook - Agile Working Policy - Equality, Diversity and Inclusion Policy - Family Policy - Health and Safety Policy - Whistleblowing Policy - Absence Management Policy - V-Time Policy - Disciplinary Policy - Capability Policy - Health and Safety Policy - Grievance Policy - Recruitment and Selection Policy	- Culture and Sustainability Report - Risk Report
SOCIAL MATTERS	- Responsible Lending Policy - Credit Lending Policy - Customer Policy including Vulnerable Customers - Arrears Management Policy - Operational Resilience - Volunteering Policy - Complaints Policy	- Culture and Sustainability Report - Risk Report
HUMAN RIGHTS	- Modern Slavery Statement - Data Protection Policy - Record Retention and Destruction Policy - Privacy Notices	- Culture and Sustainability Report - Risk Report - Corporate Governance Statement

REPORTING REQUIREMENTS	POLICIES AND STANDARDS WHICH GOVERN VIDA'S APPROACH	REFERENCE
ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS	- Anti-Bribery and Corruption Policy - Anti-Money Laundering Policy - Fraud Policy - Conflict of Interest Policy	Risk Report
STAKEHOLDERS	- Outsourcing and Supplier Policy - Disclosure Policy	Culture and Sustainability Report
GOVERNANCE	- Committee Terms of Reference - Financial Crime Framework - Legal Framework - Enterprise Risk Management Framework	- Risk Report - Corporate Governance
DESCRIPTION OF BUSINESS MODEL		Business Overview
DESCRIPTION OF PRINCIPAL RISKS AND IMPACT OF BUSINESS ACTIVITY		Risk Report
NON-FINANCIAL KEY PERFORMANCE INDICATORS		- Strategic Report - Culture and Sustainability Report
SUSTAINABILITY INFORMATION		- Culture and Sustainability Report - Climate-Related Financial Disclosures in the ARAs

APPROACH TO RISK MANAGEMENT

Vida continues to evolve its approach to risk management to ensure that the risks inherent in our business activities and operations are managed in a balanced, robust, and disciplined manner, fully mindful of our Consumer Duty responsibilities. Our approach ensures these risks are carefully assessed and mitigated, reflective of the residual level of risk, to secure an appropriate commercial return through the cycle while maintaining a strong focus on responsible and sustainable lending.

Risk-taking is an inherent part of our business, but it must be managed and controlled to ensure well-considered credit decisions, good outcomes for customers, and alignment with our strategic objectives. This is fundamental to the long-term financial security and sustainability of the company.

This is achieved through a well-established and embedded Enterprise Risk Management Framework (ERMF), which takes a top-down and bottom-up approach to risk identification and management within the Risk Governance structure using a Three Lines of Defence model.

The Board is ultimately responsible for establishing and ensuring maintenance of a sound system of risk management and internal controls, as well as approving Vida's overall risk appetite and lending approach to ensure that our growth is underpinned by disciplined and responsible risk-taking.

RISK STRATEGY

The Risk Strategy is an integral part of our overall strategy and sets out the strategic risk management objectives and priorities that support the achievement of Vida's overall strategic goals.

Our Risk Strategy is to understand the risks that arise from our activities, setting appetite for risks essential to our business model and setting tolerances for risks that arise as a consequence of doing business, to ensure that these are managed within our stated risk appetite through the effective application of our ERMF.

Whilst the Risk Strategy is shaped by our strategic priorities, there is one that has particular relevance and resonance – continuing to “Operate within a bank standard risk and control framework” which is built upon the following pillars:

- Setting a Board approved risk appetite aligned to and commensurate with the strategy of the business, avoiding any unrewarded risk.
- Maintaining a Board and Executive Team with the skills and experience required in PRA and FCA regulated environments.
- Maintaining an effective enterprise-wide risk management and control framework that continues to deliver bank standard risk management, oversight, and reporting.
- Ensuring fair customer outcomes is at the heart of everything we do, reflecting the requirements of the FCA's Consumer Duty.
- Maintaining an operating model where resilience is built in by design, ensuring data security, systems integrity and business continuity in our owned and outsourced business processes.

As a newly authorised bank, we will continue to focus on the effective risk management of our principal risks as well as ensuring that any changes or extensions to our risk profile (e.g., Prudential, Operational and Conduct Risks associated with retail deposit taking) are identified, assessed and managed effectively.

RISK CULTURE

The risk culture derives from Vida's vision, mission, strategic priorities and values and is defined as the normal attitudes and behaviours exhibited by colleagues at all levels, with regards to risk awareness, risk taking and risk management.

Vida's risk culture is built upon the four following elements:

- **Tone from the Top:** The Board and Executive Management in their behaviour and attitude set the expectations and requirements of an effective risk culture and this is reinforced through the application of Board approved policies and frameworks. Colleagues are encouraged by the Board, Executive and Management to act with integrity, especially in the fair treatment of customers and to escalate observed and suspected non-compliance.
- **Accountability:** Our colleagues understand Vida's core values and how this impacts its approach to risk management. Where individuals have specific responsibilities with regard to risk, these are included in the role profiles and objectives, and colleagues understand that they will be held accountable for their actions and risk-taking and risk management behaviours. This is also supported by a no-blame culture, which prevents discrimination and harassment.
- **Effective Communication and Challenge:** A sound risk culture promotes an environment of open communication and effective challenge in which decision-making processes encourage a broad range of views, allow for testing of current practices, stimulate a constructive critical attitude among staff, and promote an environment of open and constructive engagement throughout Vida. It is recognised that a culture in which colleagues are encouraged and empowered to express their curiosity is commensurate with a strong risk culture and control environment. This is also supported by an effective and well-embedded whistleblowing framework.

- **Incentives:** Vida's performance management arrangements promote the desired risk management behaviours and attitudes. The remuneration framework (including the Remuneration Policy and incentive scheme) is subject to review by the Second Line Risk Function and where appropriate external advisors, to further support and ensure that these are aligned to and support our risk culture and risk appetite. Remuneration Policy is reviewed and approved by the Board on at least an annual basis.

The effective application and embedding of a strong risk culture is assessed on a regular basis in a range of different ways, including the annual colleague engagement survey, and annual Whistleblowing Report to the Board. Also, as part of the annual review of the effectiveness of the ERMF, the Chief Risk Officer (CRO) undertakes an assessment of whether Vida's risk culture supports the achievement of its strategy, purpose and values.

RISK MANAGEMENT FRAMEWORK

Vida's approach to effective risk management was enhanced during 2024, with further investment / activities focused in the areas of credit risk, liquidity risk, funding risk, operational resilience and operational risk (including information security, technology, outsourcing and third party management, financial crime and financial reporting and control). Such enhancements were largely focused on the effective management of Vida's transition to becoming a bank.

Notable activities and changes in relation to risk management during the year are summarised below:

- The Enterprise Risk Management Framework (ERMF) was further enhanced and embedded, delivering a bank-ready ERMF with supporting processes implemented and attested to in 2024.
- Build out and implementation of standard systems and controls, as part of the wider bank application project, including detailed second and third line risk-based assurance of new and enhanced controls, supporting appropriate Board attestation.
- The Credit Risk Management Framework has been reviewed in line with our credit risk appetite and the underlying Key Risk Indicators (KRIs) relating to the mortgage portfolio, particularly with a view to the economic environment for our customers.
- We have continued to meet and embed the FCA's Consumer Duty requirements.

- Our Operational Resilience Strategy and supporting framework has been further developed, to include important and key business services for retail savings.
- The information security framework has been further enhanced during 2024 with maturity assessed against the updated NIST (National Institute of Standards and Technology).
- Our existing stress testing and scenario analysis framework has been further enhanced to support the additional analysis underpinning our annual Internal Capital Adequacy Assessment Process (ICAAP) and Internal Liquidity Adequacy Assessment (ILAAP) process.

Effective risk management is key to the successful execution of our strategy, and our approach is set out within our ERMF, underpinned by the following key elements:

- Risk Strategy, which incorporates Vida's risk culture and principles for effective risk management.
- Risk Appetite.
- Principal risks that we are exposed to and seek to manage effectively.
- Risk Governance and Control.
- Risk Management (assessment and monitoring).
- The regulatory and legislative framework we operate within, in particular the FCA and the PRA.



ENTERPRISE RISK MANAGEMENT FRAMEWORK (ERMF)

All of Vida's business and support service activities, including those outsourced to third party providers or originated via brokers and other intermediaries must be risk managed in accordance with the requirements of the ERMF. The ERMF sets out minimum requirements and the standards and processes that are expected to be applied to meet regulatory and in-house requirements and expectations. Risks are identified, measured, managed, monitored, escalated and reported using the ERMF. The design and effectiveness of the ERMF is overseen and reviewed by the Board Risk Committee with the ERMF being subject to annual review and approval by the Board.

Responsibility for risk management sits at all levels within Vida. The Board sets the 'tone from the top' and all colleagues are expected to adopt the role of risk manager in all aspects of their own roles.

The ERMF describes the activities, techniques and tools that are mandated to support the identification, measurement, control, management, monitoring, escalation, reporting and challenge of risk across Vida. It is designed to provide an integrated, comprehensive, consistent, and scalable structure that is capable of being communicated to and clearly understood by all colleagues within Vida.

The ERMF also incorporates the organisational arrangements for managing risk with specific responsibilities allocated to certain functions in accordance with a well-established Three Lines of Defence Model. This ensures that there is clear accountability, responsibility, and engagement at appropriate levels within Vida, which can provide robust review and challenge, as well as be challenged.

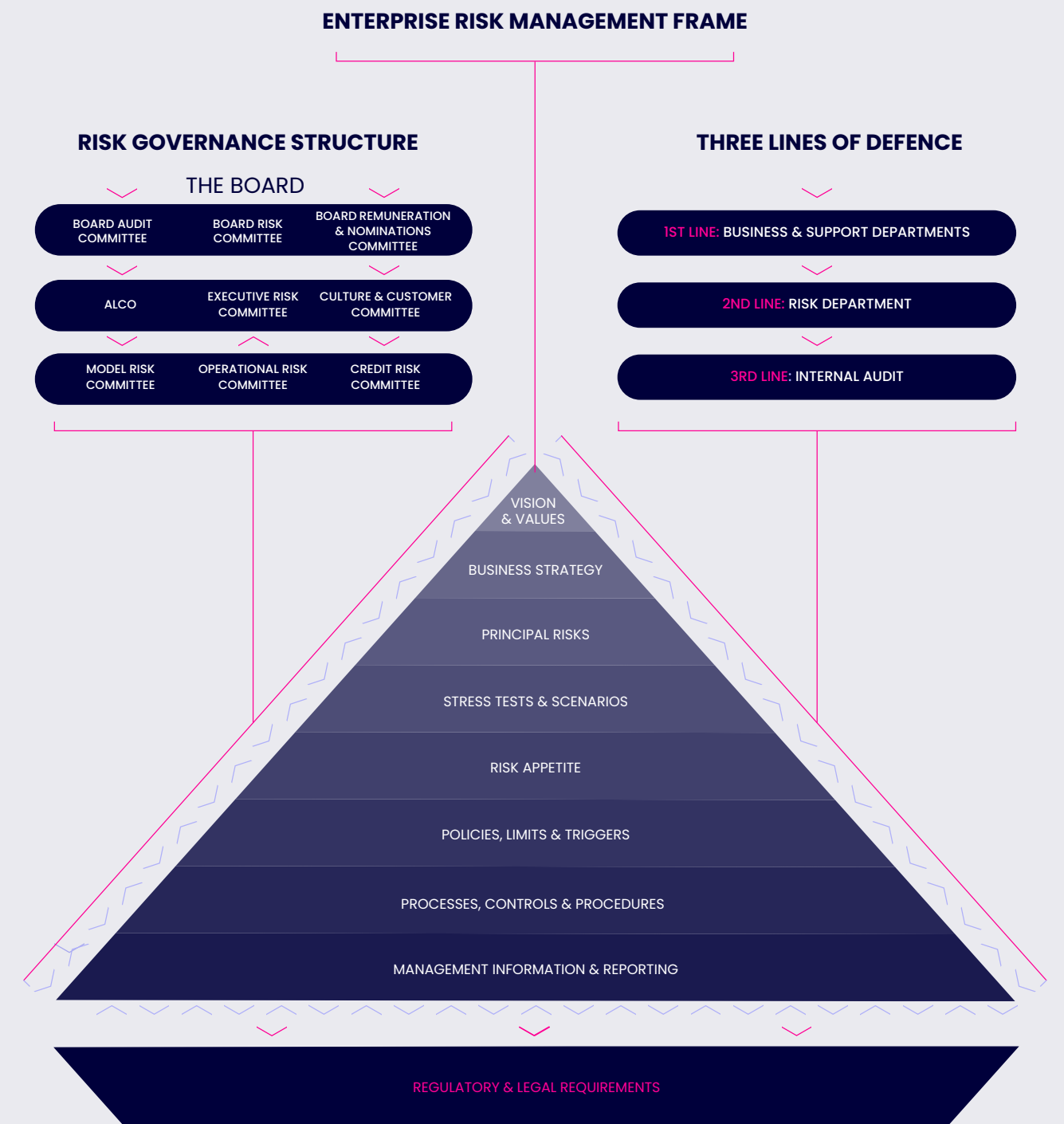
A key part of the ERMF is its alignment with our values and appreciation by colleagues that they are all responsible for risk management. This is achieved through a programme of training for the Board and all colleagues, led by the HR Function, working closely with the Risk Function.

Vida's ERMF can be visualised as a pyramid with the identification and management of risks done using both a 'top-down' and 'bottom-up' approach. It provides robust policies, controls, processes, procedures, and reporting for effective risk management, delivered through appropriate risk escalation and governance in a Three Lines of Defence model.

The Board is responsible for setting Vida's mission and values. It reviews and approves the overall risk appetite on the advice of Board Risk Committee which also approves key risk policies. The Board approves the business strategy, consistent with our mission, values and Risk Appetite.

Operationally, the ERMF is organised around our principal risks and a well-established and embedded Three Lines of Defence Model.

The ERMF, including the Risk Governance Structure and Three Lines of Defence is visually summarised in the diagram on the next page.



All of Vida's risk activities are subject to detailed and comprehensive governance arrangements that set out how risk-based authority is delegated from the Board to the Board Risk Committee and to the various risk management committees and individuals in accordance with the corporate governance and ERMF requirements. Risk governance and oversight is detailed on the following pages.

RISK APPETITE

The level of risk that Vida is willing to accept in the various elements of its business are defined in our Board Risk Appetite Statements, which articulate both qualitative and quantitative measures of risk that are cascaded across the business, calibrated by reference to our risk appetite and absolute capacity for risk absorption.

Vida’s risk appetite is not static and continues to evolve to support our overall business objectives, the operating environment and risk outlook. The risk appetite is reviewed periodically by the Board Risk Committee and agreed with the Board on an annual basis, or more frequently if required. A dashboard with the status of each risk metric (Key Risk Indicators and Early Warning Indicators) is monitored on a monthly basis against our risk appetite (Board Limits and Boundary Risk Conditions) and reported to each Executive Risk Committee, and in accordance with the requirements of the ERMF to the Board Risk Committee and the Board. The Board Risk Committee and Board exercise their judgement as to the appropriate action required to prevent any potential risk appetite breach.

The details of the risk appetite statements for each principal risk are provided below in the Principal Risks section.



PRINCIPAL RISKS

Vida has identified, maintains and periodically reviews those categories of risk which it believes could significantly affect the successful achievement of its strategy and corporate objectives, with these risk categories determined to be principal risks. Key and emerging risks are identified through the lens of the principal risk categories.

These principal risks reflect consideration of both external guidance and internal assessments including: the Basel 3 risk classifications; best industry practice; and the areas, scale and nature of inherent risks to which Vida is exposed to.

For each of these ten principal risks, which are outlined below, we have a Board-approved definition and a risk appetite that sets out our approach to accepting, mitigating, managing, or avoiding the risk. Certain risk types are an inherent part of our business model. Where this is the case, a key principle is that the risk must be adequately measured, monitored, and compensated for in order for the business model to be sustainable.

Where risks are not explicitly taken and adequately compensated for, they are avoided, or where this is not practical, measured, monitored, and minimised. The size of inherent threat associated with principal risks tends to equate to higher levels of resource use, but also more mature control processes and lower levels of residual risk. Despite this, some segments of risk may increase in prominence with higher residual risks as a result of changes in the internal or external environment.

The range of risks faced by Vida and our appetite for these risks is reviewed annually, or more frequently if required, by the Executive Risk Committee (ERC) before being presented to Board Risk Committee (BRC) for review, challenge, and final approval by the Board in its annual review and approval of the ERMF.

Our appetite for each of the identified ten principal risks is described qualitatively below and described quantitatively through a series of Board Limits and KRIs which are used to track risks at a granular level.

PRINCIPAL RISK	DEFINITION	RISK APPETITE	RISK MITIGATION
Business Risk	The risk that we do not achieve our strategic objectives or business plan, including financial forecasts.	The business has clear strategic targets and clear risk appetites to ensure that these targets are achieved in a risk controlled and sustainable manner.	Executive Committee are responsible for executing the business plan according to strategic objectives and within approved risk appetite. The extent, if any, to which this is not achieved is monitored using appropriate KRIs and reported to the Board Risk Committee and Board for discussion. Risk Committee and Board for discussion.
Capital Risk	The risk that we have insufficient capital to cover stressed conditions, regulatory requirements or growth plans.	We have no appetite for breaching internal limits or regulatory capital requirements and no appetite for having insufficient capital to deliver our financial plans over the next 12 months.	We prepare financial forecasts which ensures that we operate within the parameters of our risk appetite.
Conduct Risk	The risk of customer harm or poor outcomes through unsuitable products, poor service or process failures.	We have no appetite for offering products or services to our customers which are unsuited to their needs, or which may cause the customer harm. We have no appetite for systemic conduct risk and poor outcomes resulting from products or actions which impact on our customers or the integrity of the market. We seek to minimise these risks (as far as possible) and where instances of potential or actual harm are identified we will provide appropriate remediation. Whilst we recognise that minor operational or service issues may occur which could affect customers, these must not result in poor customer outcomes or harm for those customers.	We seek to minimise these risks as far as possible through process design and monitoring; where instances of potential or actual harm are identified we will provide appropriate remediation. Where conduct issues arise, these are mitigated and reported in accordance with the requirements of the ERMF, including where appropriate oversight by Executive Risk and Customer Committees, Board Risk Committee and ultimately the Board.
Funding Risk	The risk arising from not having access to stable funding markets and a range of funding sources.	We have no appetite for committed funding requirements which are not covered by committed funding capacity, or for funding requirements due to optional debt calls that are not covered by total funding capacity. It is accepted that we will be reliant on future planned equity injections, after 30 days of stress conditions. Funding coverage will be maintained over the next 12 months without reliance on any new funding that is unlikely to be achieved.	We maintain sufficient committed and uncommitted facilities to ensure we always remain within appetite. We plan new funding transactions that ensure we maintain sufficient funding coverage and assess our plans against internal and market capacity.

PRINCIPAL RISK	DEFINITION	RISK APPETITE	RISK MITIGATION
Liquidity Risk	The risk that we are not able to meet our obligations as they fall due or can only do so at excessive cost.	We have no appetite for not meeting our obligations as they fall due including under a severe but plausible stress lasting three months. It is accepted that we will be reliant on future planned equity injections after 30 days.	We prepare liquidity forecasts, plan our funding transactions, and draw down equity to ensure that we remain within appetite at all times.
Market Risk	The risk of a reduction in our earnings and / or value resulting from adverse movements in financial markets. This includes all risks incorporated into Interest Rate Risk in the Banking Book (IRBB). IR-RBB extends to Interest rate, basis, swap spread, inflation and product option risks.	The only market risk to which we are exposed is interest rate risk. We only have appetite for residual risk exposures after vanilla hedges with derivative counterparties rated BBB or higher by at least one of S&P, Moody's or Fitch.	Fixed rate mortgages are hedged through interest rate swaps, with the residual exposure quantified and managed within Board limits and the supporting control environment.
Model Risk	The potential loss we may incur as a consequence of decisions that could be principally based on the output of models, as a result of errors in the development, implementation or use of such models. Model risk can have negative consequences, such as financial losses due to inaccurate product pricing, higher unexpected losses due to credit risk, or liquidity shortages resulting from inadequate modelling assumptions in liquidity models.	We have no appetite for using models that are not fit for purpose and/or have issues resulting from a periodic review validation carried out by our Second Line Model Risk Function that have not been addressed / are not being addressed by agreed management actions.	We maintain a Model Risk Management (MRM) framework that is proportionate to our size and business activities. We have a consistent, firmwide model tiering approach that assigns a risk-based materiality and complexity rating to each of our models in the Model Register. We have an established definition of model that is in line with regulatory requirements and well-defined roles and responsibilities of the Three Lines of Defence in relation to a model lifecycle. Models in the Model Register are subject to independent second-line model validations and the MRM Framework is periodically reviewed by third-line Internal Audit, in line with their risk-based planning methodology.

PRINCIPAL RISK	DEFINITION	RISK APPETITE	RISK MITIGATION
Operational Risk	The risk of loss resulting from inadequacy or a failure in internal processes, people and systems, or from external events. (Operational Risk includes the following non-principal risk categories: Business Processes; Change; Data Management; Financial Crime; Financial Reporting and Control; Information Security; IT Systems; Legal; Operational Resilience; Outsourcing and Third Party; People; and Regulatory).	We have no appetite for systemic operational losses, no appetite for breaking any laws, and no appetite for systemic or material regulatory breaches. Whilst we have very limited appetite (i.e., tolerance) for one-off and annual cumulative operational losses, we recognise that they are an inherent risk of operating our business, but must be minimised through policies, controls, processes, procedures (including reporting, escalation and prompt action) and insurance arrangements.	Operational Risk is minimised through policies, controls, processes and procedures (including reporting, escalation and prompt action) and their impact mitigated, where appropriate, through insurance arrangements.
Retail Credit Risk	The risk of loss arising from default on mortgage lending. (Retail Credit Risk includes the following non-principal risk categories: Climate Risk and Credit Concentration Risk - Retail)	We have appetite for credit risk arising from our mortgage lending, but the risk must be adequately compensated for taking this credit risk, i.e., on a risk adjusted basis and through the economic cycle. Therefore, we have developed a series of severe but plausible stress tests and scenarios to assess our through-the-cycle mortgage lending credit losses and resulting impact on our capital, liquidity and profitability. Our mortgage lending credit risk appetite is then set using the Board limits based on the results of these stress tests and scenarios.	Material risk factors are identified and quantified through product design and incorporated into our Price for Risk approach. Exposures are managed through risk limits and underwriting standards which are checked through First Line Quality Control and Second Line Quality Assurance. Losses are managed through the Arrears Management process and reported to the relevant committee in accordance with the requirements of the ERMF.
Wholesale Credit Risk	The risk of loss arising from default of a wholesale money market counterparty. (Wholesale Credit Risk includes the following non-principal risk category: Credit Concentration Risk - Wholesale).	We have very limited appetite for wholesale credit risk. Surplus funds must be invested in UK Government securities high quality liquid assets, deposited with banks rated at least P-1/A-1 or Collective Investment Trusts rated at least AAA by at least one of S&P, Moody's or Fitch.	Wholesale Credit Risk is managed through policies, controls, processes and procedures (including forecasting, reporting, escalation and prompt action).

RISK GOVERNANCE AND OVERSIGHT

Risk governance describes the structure through which the Board allocates and delegates primary accountability, responsibility, and authority for risk management across Vida.

Responsibility for risk oversight is delegated from the Board to the Board Risk Committee and Board Audit Committee. The Board receives regular and detailed updates on the work of these committees. Ultimately, responsibility for risk management and oversight rests with the Board.

Vida’s principal risks are detailed in the Principal Risks section. Responsibility for oversight of these principal risks is illustrated on the following page.



OVERSIGHT PRINCIPAL RISK	BOARD			
	BOARD RISK COMMITTEE			BOARD AUDIT COMMITTEE
	FIRST LINE	SECOND LINE		THIRD LINE
BUSINESS RISK	Executive Directors & Management Body	CRO & Risk Leadership Team	EXECUTIVE RISK COMMITTEE	INTERNAL AUDIT
CAPITAL RISK	CFO, Finance & Treasury / ALCo	CRO & Prudential Risk		
CONDUCT RISK	All colleagues / Customer Committee / Culture Committee	CRO & Compliance		
FUNDING RISK	CFO, Finance & Treasury / ALCo	CRO & Prudential Risk		
LIQUIDITY RISK	CFO & Treasury / ALCo	CRO & Prudential Risk		
MARKET RISK	CFO & Treasury / ALCo	CRO & Prudential Risk		
MODEL RISK	First Line Accountable Executive Model owner / ALCo / Credit Committee / Pricing Committee / Performance Committee	CRO & Model Risk		
OPERATIONAL RISK	All colleagues / Operational Risk Committee	CRO & Operational Risk		
RETAIL CREDIT RISK	Lending & Underwriting / Credit Committee	CRO & Credit Risk		
WHOLESALE CREDIT RISK	CFO & ALCo	CRO & Prudential Risk		

The committees, functions and individuals listed in the above table are accountable and responsible for ensuring that the day-to-day risks are appropriately managed within the agreed risk appetite and in accordance with the requirements of the ERMF.

Individual staff members are encouraged and expected to adopt an open and independent culture of challenge, which is important in ensuring risk issues are surfaced and debated, with views and decisions recorded. Risk governance and culture is reinforced through the provisions of the Senior Managers and Certification Regime.

Formal risk escalation and reporting requirements are set out in the ERMF, risk policies, individual committee terms of reference and the approved risk appetite thresholds and limits.

THREE LINES OF DEFENCE

Vida has implemented the Three Lines of Defence model to ensure clear separation of risk management responsibilities between operational management which owns, manages and controls risks in Vida (the “First Line”); oversight, testing and challenge of those operations and controls, together with Compliance oversight (the “Second Line”); and independent assurance of the first two lines (the “Third Line”) by Internal Audit. This provides consistent, coherent, and complete coverage of all the key risks to which Vida is, or potentially could be, exposed. All three lines of defence are tasked with supporting and developing a culture of risk awareness throughout Vida to create the desired outcomes for the business and its customers.

FIRST LINE OF DEFENCE – BUSINESS AND SUPPORT FUNCTIONS

The First Line of Defence comprises Vida’s business and support units (and their individual staff) who are responsible for day-to-day identification, mitigation, management, and monitoring of all risks arising within their functions. In addition, the First Line of Defence is responsible for developing and communicating appropriate processes, controls, and procedures for managing risks in accordance with the ERMF and Vida’s approved risk appetite.

Risk and Control Self-Assessments (RCSAs), Internal Risk Events (whether a loss was incurred or not) and Near Misses are included in management information reporting and escalated, according to materiality, through the Risk Governance Structure. The First Line of Defence works, with oversight and challenge from the Risk Function, to implement actions to investigate control weaknesses identified through the RCSA and business as usual activity, Internal Risk Events and Near Misses, and implement remedial activity to stop them re-occurring. They also work together to identify, assess and mitigate risks on proposed new products, with approval being obtained through the Risk Governance Structure.

SECOND LINE OF DEFENCE – RISK FUNCTION

Vida’s Second Line of Defence is provided by the Risk and Compliance Function whose primary responsibilities are as follows:

- Monitoring the effectiveness of the ERMF, Risk Governance Structure and Three Lines of Defence model, reporting findings/recommendations to the Executive Risk Committee, the Board Risk Committee, and the Board as required;
- Monitoring Vida’s exposures against approved risk appetite and boundary limits via the KRIs for each Principal Risk Type and reporting these to Executive Risk Committee, Board Risk Committee and the Board;
- Delivering the annual Risk and Compliance Plan of Second Line activities that ensures effective oversight and challenge of First Line risk management activities on a risk basis;
- Working with, and providing oversight and challenge to, the First Line of Defence to identify, assess, manage and control all of Vida’s key risks;
- Providing risk management and compliance advice and support to all departments within Vida, particularly to the owners of policies, processes, controls and procedures (including in relation to the product development and approvals process);
- Working with the HR Department regarding risk management training for the Board and all employees;
- Ensuring awareness of existing and new regulations; and
- Assessment and thematic reviews of the First Line of Defence’s performance and effectiveness at managing risks.

The Risk Function is headed by the Chief Risk Officer (CRO), who attends Board, Board Risk Committee and Board Audit Committee, chairs the Executive Risk Committee, Credit Committee and Model Risk Committee, and is a member of the Asset and Liability Committee (ALCo), the Operational Risk Committee, the Customer Committee and the Culture Committee. The CRO is approved as the SMF4 (Senior Management function under the Senior Managers and Certification Regime) and is responsible for monitoring, overseeing and challenging risk management performance on an operational level. The Director of Compliance, who reports to the CRO, is approved as the SMF16 – Compliance Oversight and SMF17 – Money Laundering Reporting Officer.

THIRD LINE OF DEFENCE – INTERNAL AUDIT

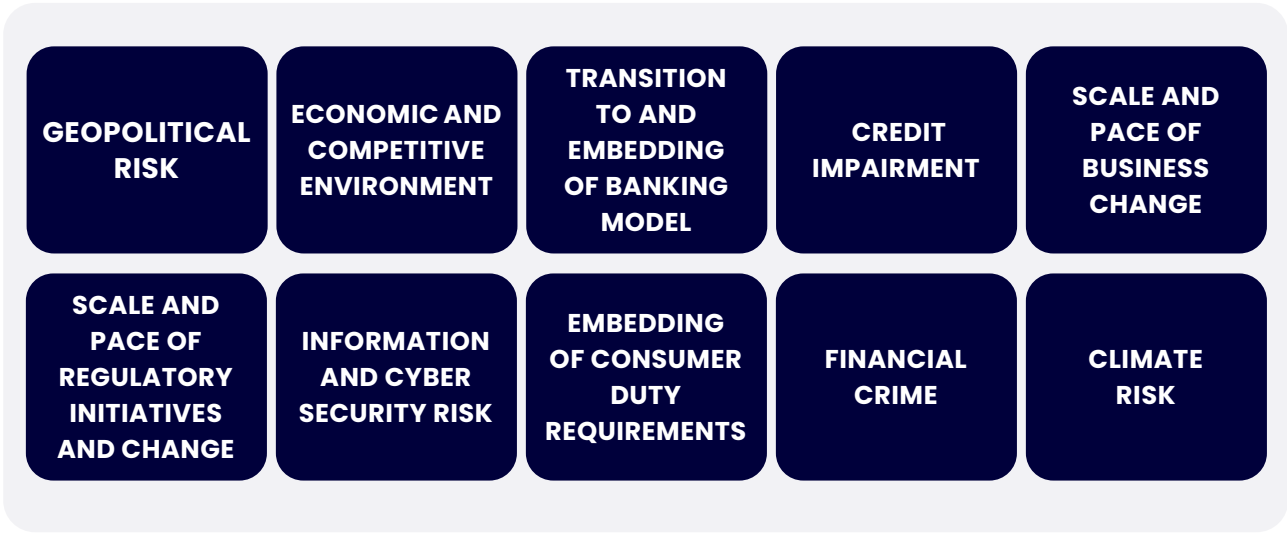
Vida’s Third Line of Defence is its Internal Audit Function, which has a co-source arrangement with PwC. Internal Audit provides the Board with independent assurance regarding the suitability, operation, and effectiveness of our ERMF, Risk Governance Structure and First and Second Lines of the Three Lines of Defence model. Internal Audit attend Board Audit Committee meetings and Board Risk Committee meetings and report directly to the Audit Committee’s Chair. Internal Audit’s annual audit plan is approved by the Board Audit Committee and completed audit work is reported to the Board Audit Committee and resolution of identified issues and actions tracked.

KEY AND EMERGING RISKS

Vida’s key and emerging risks, viewed through the lens of the principal risk categories are identified and are reviewed regularly by the relevant Executive Risk Committees (including the Executive Risk Committee), the Board Risk Committee, and the Board.

Key risks are those existing and identified risks that could cause the delivery of Vida’s strategy, results of operations, financial condition and / or prospects to differ materially from expectations. They could also result in adverse customer outcomes, adverse market impacts, reputational damage and regulatory breaches / sanctions. Emerging risks are those risks that are new, or may have unknown components, the impact of which could crystallise over a longer period.

Vida sees ten themes as its key and emerging risks:



A review of each of these themes is provided on the following pages.

GEOPOLITICAL RISK (WITHIN BUSINESS, CREDIT AND CONDUCT RISK)

OVERVIEW

Geopolitical risk, such as the implications of the US presidency, the ongoing war in the Ukraine and the conflict in Israel and Palestine / or the political instability in Europe (e.g., Germany, France) and any changes implemented under the new UK Government (including housing strategy), can present a risk (i.e. a threat and missed opportunity) to the business, its financials and earnings volatility, as well as its customers.

How could this impact our strategy, business model and customers?

- Significant adverse movements in geopolitical risk could lead to material increases in inflation and interest rates, along with increasing impairments on our mortgage portfolio and / or driving down demand, business volumes and growth.
- Continued cost of living challenges experienced by customers leading to potential affordability / resilience / vulnerability issues.
- Such adverse movements could also have a material impact on our funding and our critical suppliers and the services that they provide.

How we manage this risk?

- We commission independent external expert analysis.
- We undertake a comprehensive assessment of our risk appetite and stress test our business model (including our mortgage portfolio) to ensure that we can meet our objectives in severe but plausible economic conditions.
- We regularly engage with our critical suppliers to foresee and mitigate any impact on services provided to us, relating to adverse movements in geopolitical risk.
- We have continued to maintain a proactive approach to identifying and supporting vulnerable customers.
- Following securing approval as a bank, we have a more diversified funding structure that includes access to retail deposits.

Focus areas for 2025

- We will continue to monitor areas of conflict around the world, the global economic situation and the UK economic / political situation and the impact that has on interest rates following the stabilisation of interest rates in the UK in 2024, energy prices, cost of living, inflation, borrowers’ affordability and house prices.
- Accordingly, we will continue to update our affordability policy and underwriting criteria to ensure it remains appropriate and continue to manage and support vulnerable customers in this challenging environment.
- We will continue to update our mitigating actions as and when appropriate, including the use of updated stress tests to reflect material changes in external and internal conditions.
- We will continue to oversee our outsourcers and third parties to ensure that they remain operationally resilient in the event of geopolitical uncertainty.

ECONOMIC AND COMPETITIVE ENVIRONMENT
(WITHIN BUSINESS, CREDIT AND CONDUCT RISK)

OVERVIEW

Significant adverse macroeconomic conditions (either pro-longed or short-term, including potential impact of US tariffs) can present a risk to the business, its financials and earnings volatility, as well as its customers.

The trading environment during 2024 remained very challenging. Whilst there is an increasing level of stability and certainty in terms of both inflation and interest rates, there still remain concerns that economic growth within the UK will remain relatively sluggish for some time.

How could this impact our strategy, business model and customers?

- We have seen the impacts of the economic downturn, which led to material increases in inflation and interest rates in 2023, along with increased arrears and impairments on our mortgage portfolio.
- Continued cost of living challenges experienced by customers leading to potential affordability / resilience / vulnerability issues.
- Rising competition may compress business margins and impact on target returns, as well as driving down demand, business volumes and growth.

How we manage this risk?

- We undertake a comprehensive assessment of our risk appetite under baseline and stress economic scenarios to ensure that we can meet our objectives in severe but plausible conditions.
- Our risk appetite is calibrated to help achieve the business strategy and is modified as required to reflect the uncertainty in economic and competitive landscape.
- We have continued to maintain a proactive approach to identify and support vulnerable customers.
- We carefully consider our risk appetite in its selected markets and prioritise the needs of existing customers over new origination.

Focus areas for 2025

- Targeted and controlled expansion of our risk appetite in our selected markets to align with the economic outlook as it emerges.



TRANSITION TO AND EMBEDDING OF BANKING MODEL
(ALL PRINCIPAL RISKS)

OVERVIEW

Vida’s status as a bank represents a key milestone for the company and results in significant changes to our business and operating model, ERMF and supporting business infrastructure.

Significant effort to manage the additional and changing risks associated with becoming a bank has been a key element of our banking project.

As we are now a bank, significant effort is focused on further embedding our updated business and operating model, ERMF and supporting business infrastructure.

How could this impact our strategy, business model and customers?

- The move to becoming a bank represents an achievement of one of our key business objectives and impacts all of Vida’s principal risks. Of particular importance, is the effective management of: the funding and liquidity mix as we transition to a greater reliance on retail savings; the changed conduct and operational risk profile; and the increased regulatory requirements.

How we manage this risk?

- Vida’s business and operating model, ERMF and supporting business infrastructure has been updated to reflect our transition to becoming a bank.
- These updates have been subject to review by management and on a risk basis by the second and third Lines of Defence, along with oversight by the Banking Project Steering Committee. This review and oversight has been a key input into the process to support the Board’s attestation for bank authorisation.
- Key plans have been developed and implemented to effectively manage all key risks now that we are a bank. These are subject to regular review by management and oversight by the second and third Lines of Defence, the results of which will be reported to the Board Risk Committee and the Board.

Focus areas for 2025

- Continued embedding of the updated business and operating mode, ERMF and supporting business infrastructure.
- Strong oversight and reporting of the updated risk profile as we further embed banking requirements.
- Introduction of updated stress testing and scenario analysis.

CREDIT IMPAIRMENT
(WITHIN CREDIT AND CONDUCT RISK)

OVERVIEW

Vida’s mortgage portfolio is exposed to credit impairment if customers are unable to repay loans and any outstanding interest and fees.

The shape of the prevailing economic conditions will play a key role in driving arrears rates and the impairment profile in the foreseeable future.

How could this impact our strategy, business model and customers?

- Increases in arrears and credit impairment could lead to a material reduction in profitability and retained earnings and our ability to meet our objectives.
- Continued cost of living challenges experienced by customers leading to potential affordability / resilience / vulnerability issues.

How we manage this risk?

- We undertake a comprehensive assessment of our risk appetite under baseline and stress economic scenarios to ensure that we can meet our objectives in severe but plausible conditions.
- Our credit risk appetite is modified as required to reflect the uncertainty in economic conditions.
- We continue to complete comprehensive reviews of the suite of credit risk KRIs, resulting in an enhanced articulation and definition of our credit risk appetite, along with a clearer differentiation between credit and conduct risks.
- We also continue to apply robust underwriting, affordability and lending criteria and where appropriate have enhanced these, contributing to continued low numbers of possessions and credit losses.
- We maintain a proactive approach to identify and support vulnerable customers.
- We carefully consider our risk appetite in its selected markets and prioritise the needs of existing customers over new origination.
- The impact on IFRS 9 models and Post-model Adjustments (PMAs) are regularly monitored and reported to internal committees and approved by the Board Audit Committee.

Focus areas for 2025

- Continue to utilise our enhanced stress testing capability, including introduction of updated stress testing and scenario analysis.
- Continued regular review of the evidence supporting all key areas of judgement used in support of the model-based Expected Credit Losses (ECLs).
- Continue to develop further strategic credit risk management information to ensure timely and accurate reflection of risk in our lending segments, thereby enhancing our ability to make proactive decisions.

SCALE AND PACE OF BUSINESS CHANGE
(WITHIN BUSINESS AND OPERATIONAL AND CONDUCT RISK)

OVERVIEW

The scale and pace of change could create delivery challenges and could lead to disruption of Vida's plans and impact the delivery of our objectives.

In addition, the enhancements introduced in 2024 in regard to the Consumer Duty expectations will be further developed throughout 2025 and reflect the live implementation of our retail savings activity.

How could this impact our strategy, business model and customers?

- Failing to deliver changes to products, services and systems could result in our inability to meet customer expectations and our other strategic objectives.

How we manage this risk?

- We have organised our strategic priorities into a clear roadmap through which we prioritise and manage the required resources, both from a project and business unit perspective. Delivery of the roadmap is critical to the achievement of our objectives.

Focus areas for 2025

- Our key change priority is in respect of enhancements to our mortgage service and product offering. All of this with careful consideration to ensuring the delivery of good outcomes for our customers, in accordance with Consumer Duty requirements.
- Continuing to work with our key outsourcing partners with regard to their change programme, ensuring these are aligned with ours and deliver positive outcomes for our customers.

INFORMATION AND CYBER SECURITY RISK
(WITHIN OPERATIONAL RISK)

OVERVIEW

The cyber threat remains significant and high profile across all industries.

Cyber security and information risk continues to be a focus area for regulators and is increasingly assessed as an integral part of operational resilience.

This is coupled with an increase in public awareness and regulatory focus specifically on cyber resilience in the face of increasingly targeted, destructive ransomware attacks experienced in the market.

How could this impact our strategy, business model and customers?

- The evolving nature and scale of criminal activity could increase the likelihood and severity of attacks on our business and supporting systems, resulting in loss of confidence, reputational damage, data loss/theft and financial loss. As a bank, we are even more cognisant of the increased inherent risk of information and cyber security risk and have therefore enhanced our capability in these areas.

How we manage this risk?

- We continually review our information security control environment to reflect the evolving nature of the threats to which we are exposed.
- Our strategy for managing information security risk is comprehensive, including a documented information security strategy (including an embedded Data Loss Prevention (DLP) strategy), on-going threat assessments, penetration testing, deployment of preventative and detective controls and a programme of cyber awareness education and training.
- We maintain detailed policies and procedures in order to ensure colleagues are aware of potential threats and the importance of Cyber and Information Security.
- We have an outsourced independent Chief Information Security Officer who reports into the Chief Risk Officer, providing Second Line assurance on security services.
- An annual training programme for data privacy and protection and Cyber and Information Security awareness is provided to all colleagues.
- We have an established incident management plan and procedures including disaster recovery and business continuity. Incidents relating to breaches of the IT infrastructure are reported and discussed at ERC and reported to BRC and the Board in accordance with the requirements of the ERMF.
- We have further enhanced our technology and operational resilience layer, including the controls applied to our critical service providers.
- InfoSec due diligence is carried out on all suppliers aligned to recognised industry best practice and standards.

Focus areas for 2025

- We will continue to invest in our information security risk management framework alongside delivering further enhancements in our operational resilience capability, supported by continued enhancements in our stress testing and scenario analysis capability.
- We will continue to oversee our outsourcers and third parties to ensure that they remain operationally resilient, supporting testing as appropriate.

SCALE AND PACE OF REGULATORY INITIATIVES AND CHANGE
(WITHIN CREDIT, OPERATIONAL, AND CONDUCT RISK)

OVERVIEW

The prudential and conduct regulatory regimes continue to be subject to change and could lead to either increases in the required level and quality of financial resources or change in policies and processes to meet additional regulatory requirements.

Now that we are a bank, the scope and sale of existing and future regulatory requirements have increased, most notably in terms of new prudential regulatory requirements (e.g., Basel 3.1, Strong & Simple Regime).

In relation to non-financial risks, implementation / embedding of operational resilience and third party and outsourcing regulations will continue, along with further implementation of high priority regulatory initiatives as published in the Regulatory Initiatives Grid.

Another area of focus will be the effective management of any changes and opportunities that arise from the UK Government's housing strategy and approach to regulation.

How could this impact our strategy, business model and customers?

- A material change in existing regulatory requirements and the addition of unexpected future regulatory change could lead to either increases in the level and quality of required financial resources or material updates in policies and processes. This could lead to both additional capital / cost / investment and adversely impact our ability to execute existing objectives.

How we manage this risk?

- We actively review regulatory publications to assess their implications for the business and oversee the impact analysis and subsequent delivery through relevant committees and forums.
- We actively engage with regulators, industry bodies (e.g., UK Finance) and advisors in relevant consultation processes.
- We actively manage and monitor compliance with regulatory requirements through our established and embedded risk governance framework.

Focus areas for 2025

- We will continue to maintain a robust approach to both identifying new / proposed regulatory changes (i.e., regulatory horizon scanning) and providing effective oversight over the delivery of such changes.
- We will continue to embed the processes delivered in 2024 as part of our banking licence programme i.e., related processes, systems and practices aligned to the prudential regulatory requirements.
- We will continue to oversee our outsourcers and third parties to ensure that our overarching framework remains within regulatory requirements, including our new material outsourcer for retail savings.
- We will continue to enhance our approach to operational resilience to ensure that this remains within regulatory expectations.

EMBEDDING OF CONSUMER DUTY REQUIREMENTS
(WITHIN CONDUCT AND OPERATIONAL RISK)

OVERVIEW

The FCA Consumer Duty sets higher expectations for the standard of support provided to customers, and challenges firms to evidence the customer outcomes they are delivering. Implementation of the new rules is staged (with the requirement for existing products to be compliant by July 2023, and closed products by July 2024).

This has remained a priority area for Vida during the year with activity focussed on enhancing processes and oversight to ensure good outcomes for all customers. This continues to be championed by the Board, and a Non-Executive Director assigned responsibility for supporting the Chair and CEO in challenging the Board on how the firm is embedding the programme.

How could this impact our strategy, business model and customers?

- Delivery of Consumer Duty requirements and therefore good customer outcomes is fundamental to how we operate and what we do as a business.
- Ineffective implementation and embedding of the Consumer Duty requirements could result in poor customer outcomes, failure to meet our strategic objectives, breach of approved Conduct Risk Appetite, loss of consumer and market confidence in Vida and regulatory sanction / fine.

How we manage this risk?

- Continued development and execution of a robust oversight programme headed by our CEO. This programme focuses on effective ongoing delivery of the four key outcomes: Products and Services; Price and Value; Consumer Understanding; and Consumer Support coupled with Vulnerable Customers.
- The Board appointed Senior Independent Non-Executive Director Consumer Duty Board Champion, continues to play a key role throughout 2024 in overseeing, challenging and monitoring Vida's approach to the Consumer Duty. The Consumer Duty Champion received regular updates on the customer related matters discussed within formal governance i.e., Customer Committee and spending time with subject matter experts from across the business to understand day-to-day processes, controls and reporting.
- July 2024 saw the first Board Compliance Report on Consumer Duty delivered by our Chief Operating Officer. Whilst July 2024 was a deadline for a lot of financial services firms for 'closed products', Vida included our small portfolio of closed products in July 2023.
- We have undertaken important steps in embedding Consumer Duty requirements across the business in order to continue to deliver good outcomes for our customers. Our colleagues continue to work hard to provide the high levels of service that our customers and intermediary partners expect and ensure that support is offered to all customers, including those who may be vulnerable or in financial difficulty, throughout their journey with Vida. We have, as with other financial services firms, acknowledged that Consumer Duty compliance is a journey and not a destination, and we will never stop striving to be the best at delivering good customer outcomes.

Focus areas for 2025

- Continued embedding of the Consumer Duty requirements, we are very much aware that this is not a 'one-off' activity, and further work should be expected as financial services embed the requirements and additional guidance is issued by the regulator.
- Continued effective oversight by the Board including our Consumer Duty Champion.
- Continued second oversight, challenge and assurance activities to assess the level of embedding of the Consumer Duty requirements.
- Continued strong and proactive engagement with regulator and trade bodies in relation to the development of good practice across the sector.

FINANCIAL CRIME
(WITHIN OPERATIONAL RISK)

OVERVIEW

Financial crime is any kind of criminal conduct relating to money or to financial services or markets. This includes any offence involving:

- Fraud or dishonesty;
- Misconduct in, or misuse of information relating to, a financial market;
- Handling the proceeds of crime; or the financing of terrorism.

Although the risk has always been present in financial services, the increased use of digital channels and our move to become a bank (with the introduction of retail deposit funding) has elevated the risk profile. With the development of technology, the type and impact of financial crime activities is likely to increase over the coming years.

How could this impact our strategy or business model?

- An inadequate control environment for financial crime could lead to increased operational losses, credit impairment and potentially regulatory enforcement, penalties and / or censure.
- The reputational damage associated with financial crime could cause loss of business (both customers and intermediaries), impacting our revenues and financial position, as well as our regulatory standing.
- As a new bank, we are cognisant of the increased inherent risk of financial crime risk and have therefore factored this into our planning and overall financial crime programme.

How we manage this risk?

- We continue to enhance our control environment with respect to financial crime, having recruited skilled and experienced colleagues into the Second Line.
- The control environment and associated risks are monitored via our well-established and embedded risk governance framework which has been adapted and strengthened to oversee any additional risks from retail deposit taking activities.
- We conduct a firm-wide financial crime risk assessment, at least annually, to assess compliance with relevant policies. This focuses on: money laundering and terrorist financing risk, anti-bribery and corruption risk, sanctions risk, tax evasion risk and fraud risk.
- An annual programme of financial crime awareness education and training is provided to all colleagues.
- We have a dedicated Money Laundering Reporting Officer (MLRO) who reports into the CRO with an annual MLRO report provided to the Board.
- Whistleblowing arrangements are in place so colleagues can report any activity which they consider to be inappropriate without fear of retaliation or detrimental action.
- We restrict the giving and receiving of gifts and hospitality, and they must be declared to management whether accepted or declined.

Focus areas for 2025

- We will continue to enhance our risk identification, prevention, and control mechanisms to protect our customers and business from the facilitation of financial crime.

CLIMATE RISK
(WITHIN CREDIT RISK)

OVERVIEW

Climate change and society's response to it, presents financial risks which impact Vida's objectives. The risks arise through two primary channels: the physical effects of climate change and the impact of changes associated with the transition to a lower carbon economy. The new UK Government has indicated its full agenda in this respect.

How could this impact our strategy, business model and customers?

- Physical risks, such as flooding or subsidence could lead to damage to mortgaged properties, which could become temporarily or permanently uninhabitable, affecting rental income, and/or leading to a permanent drop in value. This could lead to increased defaults and/or losses on mortgage loans.
- Transition risks, such as stringent requirements for energy efficiency on rented or owner-occupied properties, could impose a significant financial cost on borrowers for retrofitting, or leave them unable to rent or sell their property or permanently reducing the value of their property. This could lead to increased defaults and/or losses on mortgage loans.
- Reputational risks could arise if we are seen to be taking inadequate steps to understand, monitor and mitigate our own impact on the climate. This can arise through our RMBS and warehouse investors, our equity investors, our intermediary partners or our customers. This risk is further increased as we now have a direct to consumer brand. The impact could be reduced investment demand, increased cost of investment or reduced business.

How we manage this risk?

- Vida has embedded the management of climate risk as a subset of one of its principal risks, credit risk.
- Vida considers the embedding of climate-related matters and the wider ESG measures to be key initiatives. It is a key part of our broader ESG Strategy.
- At present the most material impact is judged to be from EPC requirements on BTL properties. We maintain a robust lending policy to ensure we only consider lending when properties meet, amongst other criteria, the minimum energy efficiency regulations by law.
- We actively monitor our portfolio, via the measurement of new completion volumes across each EPC rating. For each EPC grade, we further consider the available levers and controls at our disposal, to appropriately manage the inherent risk on the back-book. Exposure levels are also benchmarked against the market – this ensures that we minimise the risk of over-exposure. Developments in regulation are also closely monitored, so that we proactively anticipate future changes and understand their impact on our customers.
- We continue to analyse the potential impact of physical risks on our portfolio and report this in our annual climate risk report to Board Risk Committee.
- We report on our carbon emissions annually, including a voluntary disclosure of scope 3 emissions.

Focus areas for 2025

- We will continue to monitor developments in EPC requirements, both for rented and owner-occupied properties and will respond with any required changes in lending policy or product design.
- We will continue to enhance our analysis of potential physical risks to better understand where and when this exposure could materialise.
- We will enhance the stress testing and scenario analysis applied to the assessment of financial risks arising from climate change.
- We continue to expand our climate disclosures and are committed to improving the scope and accuracy of the data we publish annually, driving a better understanding of our emissions and informing the actions we are taking to reduce and mitigate their effects.

CLIMATE-RELATED FINANCIAL DISCLOSURES

Vida is committed to continually developing our climate-related reporting capabilities and disclosures in coming years. This year, Vida has summarised our current approach to managing climate change risks and planned activities, building on our previous disclosures under the “Streamlined Energy and Carbon Reporting”. Vida is not voluntarily reporting under TCFD, and this does not comprise a full TCFD disclosure. Our intention is to assist stakeholders in understanding the impact of climate change on our business in a more transparent and familiar way.

GOVERNANCE

Governance of climate-related matters occurs through two lenses: firstly, through our broader ESG Strategy and secondly through the management of climate-related financial risks, which is integrated into our ERMF.

The ESG Strategy was approved by the Board in December 2023 and throughout 2024 we have focussed on implementing the Strategy and embedding a sustainable mindset across the business. Delivery of ESG activities is managed through the ESG Forum which reports into the Culture Committee. Further details of the ESG Strategy are set out in the Culture and Sustainability Report.

The definition, taxonomy and risk appetite for climate risk is reviewed annually, and most recently approved by the Board in September 2024. Climate risk is reported to and overseen by Board Risk Committee, Executive Risk Committee and Credit Committee. The Board Risk Committee is responsible for the monitoring and oversight of climate and transition risks and the CEO has overall accountability to the Board to ensure that sustainable and responsible practices are embedded within the business. The CRO is the senior manager responsible for ensuring the identification and management of financial risks arising from climate change under the Senior Managers Regime.

STRATEGY

Climate considerations are becoming increasingly important factors in decision making. Regulators are developing tools, mechanisms and taxonomies to ensure they are integrated into the banking system, investment policies and risk management processes. However, the majority of climate reporting is not mandatory in the UK. For Vida, as a small, unlisted bank, currently the only mandatory reporting is the annual Streamlined Energy and Carbon Reporting (SECR) of scope 1 and scope 2 carbon emissions. Vida does, and will continue to, comply with all mandatory reporting requirements and will continue to provide additional voluntary disclosures in a proportionate manner where we consider this is of value to our stakeholders.

Vida supports the UK Government’s pathway to Net Zero by 2050 and even as a small business we are conscious of the impact we have on the environment around us and that it is important that we act where we can, to minimise our contribution to climate change.

Climate considerations are embedded into our business strategy, culture and decision-making processes in order to support our purpose and deliver our strategic aims in a way which delivers the best outcomes for our stakeholders, our people and our company.

RISK MANAGEMENT

We have taken a proportionate approach to climate-related financial risks, recognising both the significant medium-term impact that this is expected to have on our business and the evolving nature of the risks. The most significant risks for Vida are set out below with explanations of how they could result in losses for Vida. In most cases, losses are through credit risk and therefore we have implemented climate risk within our ERMF as a sub-set of credit risk.

The appetite for climate risk has been established by the Board as follows:

We have no appetite for material climate risks, whether through transition or physical risks, that are not appropriately monitored, mitigated, avoided or explicitly accepted.

Climate risks could affect the business through multiple different mechanisms. To ensure a proportionate approach, we have focussed on those mechanisms that we judge could result in material risk for our business in the short or medium term. We have assessed these to be as follows:

The **physical impact** of climate change is expected to be much less in the UK compared to other countries. However, it is expected to affect our business in two main ways:

- **Flooding** from increased rainfall, including secondary impacts where homes become uninsurable.
- **Subsidence** increases in areas of South East England where rainfall will decrease and temperatures rise.

Flooding and subsidence result in additional costs for our borrowers – repairing damage, lost rental income and increased insurance costs for higher-risk properties. This also results in a lower valuation of properties.

Additional costs and lower valuations could increase the likelihood of default and also increase the potential loss given default. As a result, this may result in increased credit losses for Vida. In addition, **transition risk** will arise from measures the government takes to encourage households to reduce energy consumption in particular:

- Stricter energy **efficiency (EPC)** requirements for private rented properties.
- The potential for the introduction of energy efficiency requirements for owner-occupied properties.

We expect increased costs for our borrowers to meet those requirements, loss of rental income if properties cannot be rented out and reduced property valuations or sale costs if such properties are repossessed. This could increase the likelihood of default and also increase the potential loss given default. As a result, this may also result in increased credit losses for Vida.

There is also a **reputational risk** if Vida is unable to show sufficient progress in reducing emissions, either own emissions or those of our financed properties, or cannot provide sufficient information about emissions to regulators, investors or customers.

RISK MITIGATION

Physical risk is managed at present through analysis and we are ready to adjust lending policy if the analysis shows that there is a material risk. We have analysed the risk of flooding in our present portfolio and this is not shown to be material. However, we are aware that the end of the Flood Re insurance scheme in 2035 may result in rising material costs for a number of our borrowers. We are also sourcing improved data on other physical risks including subsidence.

Transition risk is managed through lending policy and portfolio analysis. Vida’s lending policy does not permit properties that do not comply with current EPC requirements and we require borrowers to have a plan to meet new EPC requirements. We keep the political and regulatory position under close review and are ready to adjust our policies in line with any announced changes. We also monitor the EPC distribution of our portfolio and how it compares with the national average.

Reputational risk is managed by following developments in the market and ensuring we remain in line with our peers and responsive to our stakeholders. At present the main areas of development are around disclosures, in particular the methodology on how we source the data for our scope 3 emissions and if additional metrics can be sourced.

Our EcoVadis sustainability reassessment was completed in 2024, with Vida Bank being awarded a silver medal accreditation which puts us in the top 15% of companies which EcoVadis have assessed.

METRICS

Under the Streamlined Energy and Carbon Reporting (SECR) framework, Vida is required to disclose energy use and associated Greenhouse Gas (GHG) emissions from its activities. The reporting period is aligned with the financial year ended 31 December 2024 and covers Vida and its subsidiaries. The methodology has been based on the UK Government’s GHG Conversion Factors published on www.gov.uk and, for mortgage properties, the information included in the property’s Energy Performance Certificate. Calculations have been made for the reporting of:

- Fuel use for transport for business travel (scope 1).
- Electricity use within buildings (scope 2).
- Fuel use for transport for staff commuting (scope 3).
- Energy consumed by properties subject to our mortgages (scope 3).
- Indirect emissions through our supply chain (scope 3).

As part of our environmental strategy, we are committed to voluntarily reporting on scope 3 emissions and to improving the scope and accuracy of the data we publish each year, driving a better understanding of our emissions and informing the actions we are taking to reduce and mitigate their effects. We will look continue to engage with our key suppliers to better understand the emissions linked to the goods and services that we purchase and further develop our sustainable procurement approach to ensure that our suppliers’ ESG strategies are aligned with our own goals.

- These figures are subject to a number of material estimates and uncertainties. In particular:
- GHG Conversion Factors provide a consistent approach to measuring emissions across different reporting firms; however, it is based on various averages that may not apply to our specific emissions.
 - Staff commuting and working from home emissions have been calculated based on a sample approach.
 - Supplier emissions is based on expensed cost during the year, excluding rent and rates. It does not include capitalised expenses.
 - The accuracy of supplier information is constrained by the level of public disclosures made by them; not all suppliers disclose their scope 3 emissions, disclosures are often aggregated across disparate business lines and geographical regions of the world and there is a lag with the publication of their disclosures. Estimates have been made wherever possible to ensure we provide the most accurate figures we are able.
 - Information on property emissions is only available for approximately 80% of our properties and therefore it has only been possible to provide a broad estimate for the overall portfolio.
 - Property emissions only include mortgages that have been financed by Vida and excludes those that have been sold either through asset sales or forward flow but are still serviced by Vida.
 - Energy use by source does not include mortgage properties as this data is not available.

ENERGY PERFORMANCE RESULTS

ENERGY USE BY SOURCE	UNITS	2024	2023
ELECTRICITY	MWH	57	51
TRANSPORTATION	MWH	96	75
TOTAL		153	125

GHG EMISSION RESULTS

EMISSION BY CATEGORY	UNITS	2024	2023
SCOPE 1 – COMBUSTION OF FUEL FOR TRANSPORT	T CO2 EQ	7	6
SCOPE 2 – PURCHASED ELECTRICITY	T CO2 EQ	12	10
SCOPE 3 – TRANSPORT (STAFF COMMUTING)	T CO2 EQ	22	13
SCOPE 3 – ENERGY CONSUMED BY STAFF WORKING FROM HOME	T CO2 EQ	98	109
TOTAL OPERATIONAL EMISSIONS	T CO2 EQ	138	138
SCOPE 3 – SUPPLIERS	T CO2 EQ	588	534
SCOPE 3 – MORTGAGE PROPERTIES	T CO2 EQ	36,000	38,000
TOTAL	T CO2 EQ	36,726	38,672

INTENSITY RATIO

EMISSIONS PER EMPLOYEE	UNITS	2024	2023
(OPERATIONAL EMISSIONS)	T CO2 EQ	0.10	0.09
EMISSIONS PER EMPLOYEE (SCOPE 1, 2 & 3)	T CO2 EQ	204	215

Vida recognises that as a responsible lender we can have a material impact on the energy use from properties subject to our mortgages including through our lending policies, product development and pricing. We will explore different options for monitoring this performance as part of our framework for managing their impact on climate change. We continue to monitor the consultations concerning the energy efficiency of domestic and non-domestic properties.

TARGETS

Vida has agreed a target to reduce our own scope 1 and 2 operational emissions by 50% from the 2019 baseline by 2030 and through our Agile Working Policy, ensuring that our business model uses the benefits of technology to enable effective working and communications without requiring significant travel, with this target being achieved in 2023.

Going forward we will continue to consider how we can reduce our operational emissions. Where travel is required, colleagues should consider the most environmentally friendly way to reduce their carbon footprint and alongside this we continue to reassess our office space and have taken actions which will reduce the energy consumption at our Head Office, where all energy is now supplied from a renewable source. During 2025 an energy audit will be conducted across all offices to review the energy usage across the estate and to help identify further ways we can reduce our impact on the environment.

Since 2022 we have purchased carbon credits to offset our operational emissions and in 2024 138 Verified Carbon Units were purchased through Forest Carbon Limited and registered on The Verra Registry,¹¹ supporting international projects.

Vida has put in place a variety of strategies across the business to encourage colleagues to help us become more sustainable.

We continue to seek to reduce the amount of waste we produce, by avoiding, re-using and recycling wherever possible and we do not generate hazardous waste that can have an affect on human health or the environment. All redundant IT equipment, consumer electronics and data devices are remarketed and recycled by a third party. During 2025 we will work with the owners of our office locations to ensure our waste is disposed of in an environmentally responsible way and investigate further initiatives that will reduce our emissions and help offset our carbon footprint.

We are also moving closer to a paperless environment; mortgage applications are processed on a paperless basis through to completion and all Board and Committee papers are now shared and viewed via Diligent software. We will only procure FSC certified paper ensuring all the paper we use is sourced responsibly, demonstrating our commitment to responsible forestry and encourage key suppliers who print for us to do the same. Stationary, office equipment, clothing and marketing materials will be, where possible, purchased from ethical and sustainable sources.

As a responsible lender we realise that we can have a material impact on the energy use from properties subject to our mortgages including through our lending policies, product development and pricing. We will explore different options for monitoring this performance as part of our risk framework for managing their impact on climate change. We continue to monitor the consultations concerning the energy efficiency of domestic and non-domestic properties.

This Strategic Report has been drafted and presented in accordance with, and in reliance upon, applicable English company law, in particular Chapter 4A of the Companies Act 2006, and the liabilities of the Directors in connection with this report shall be subject to the limitations and restrictions provided by such law.

This Strategic Report was approved by the Board of Directors and authorised for signature on behalf of the Board by



Anthony Mooney
Director
2 April 2025

¹¹ Verra is a nonprofit organization that operates standards in environmental and social markets, including the world's leading carbon crediting program, the Verified Carbon Standard (VCS) Program. The Verra Registry is the central repository for all information and documentation relating to Verra projects and units. **Website:** <https://verra.org/>



CORPORATE GOVERNANCE

CORPORATE GOVERNANCE STATEMENT

Board is committed to the principles of corporate governance contained in the UK Corporate Governance Code issued by the FRC in July 2018 (the 'Code'), and the Wates Corporate Governance Principles for Large Private Companies and we voluntarily comply with these in relevant areas.

BOARD OF DIRECTORS AND SENIOR MANAGEMENT OF VIDA GROUP HOLDINGS LIMITED AND VIDA BANK LIMITED

In November 2024, the PRA granted Vida Group Holdings Limited (VGHL) with Financial Holding Company Approval pursuant to section 192R(2) FSMA. The Non-Executive Directors of Vida Bank Limited (VBL) were appointed as directors of the Vida Group Holdings Limited Board at the same time. With effect from November 2024, the Board of VGHL has mirrored the Board of VBL.



OUR BOARD



STEVE HAGGERTY
CHAIR

Appointed: VBL in March 2016; VGHL in November 2024

Steve is a Non-Executive Director and Chair of the Board of Directors. He qualified as being Independent when he was appointed as Chair. He has been continuously involved in the UK mortgage market for more than 50 years, starting with the Bristol & West Building Society in 1973. In 1990 he joined Homeloan Management Limited (HML) and as CEO and later Chair, was responsible for creating the largest mortgage servicer in Europe. Following spells as Managing Director of Skipton Building Society and Commercial Director of Northern Rock Asset Management (NRAM) on behalf of UKFI, Steve set up his own consultancy business, Hawkesbury Mortgage Services – specialising in mortgage portfolio trading and servicing.

He has been an INED since 2010 during which time he has held numerous positions including Vice Chair of Melton Mowbray Building Society and Chair of Target Loan Servicing Ltd, Chair of Rockstead Ltd and Board member of Legal & General Home Finance Ltd.

Following the successful application by Vida to become a bank and having served for nine years as Chair of the Vida Board, Steve will step down as Chair in 2025 but will continue to serve as a Non-Executive Director until September. Stuart Sinclair joined Vida in January 2025 as Chair Designate, pending regulatory approvals, at which point he will assume the role of Non-Executive Director Board member and Chair of VBL and VGHL.



STUART SINCLAIR
CHAIR DESIGNATE

Stuart is a Non-Executive Director and Chair Designate. He has had a diverse career spanning economics, consulting, banking, and insurance. He began his career lecturing at Reading University before roles with the Saudi Arabian government and the United Nations. After completing an MBA in California, he spent a decade in management consulting.

Returning to the UK, Stuart joined RBS, becoming Director of UK Retail Banking and serving as a Non-Executive Director for joint ventures including Virgin Direct and Tesco Bank, where he later became CEO. He then led GE Capital's UK consumer businesses and managed operations in China, Taiwan, and Hong Kong.

Transitioning to non-executive roles, Stuart has held positions with LV, TSB, QBE, Discovery Health, Provident Financial, Swinton, and Lloyds Banking Group, where he chaired the remuneration committee and joined the board of Schroders Personal Wealth. In addition to his role at Vida Bank, Stuart currently chairs International Personal Finance, a FTSE-listed lending firm, and Willis Ltd, the insurance broking arm of Willis Towers Watson. He has also served as a council member of Chatham House and sits on the advisory council of the Bradford Literature Festival. Stuart is the author of three books on international economics.



CAROL SERGEANT CBE
SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR

Appointed: VBL in September 2019;
VGHL in November 2024

Carol is Senior Independent Non-Executive Director and Chair of the Board Risk Committee. She started her career in the Bank of England and worked in the Economics, Markets and Regulatory Divisions becoming Head of Major Banks Supervision. She was a member of the team that set up the Financial Services Authority (FSA) where she was appointed Managing Director on the FSA Board, before being recruited to the position of Chief Risk Officer at Lloyds Banking Group where she led the Risk Function throughout the Financial Crisis.

In her non-executive career Carol has held positions with Martin Currie Holdings, Secure Trust Bank, TP ICAP, BNY Mellon Europe, and most recently at Danske Bank A/S in Copenhagen where she was Deputy Chairman and Chair of the Board Risk Committee. She has also chaired and participated in projects and reviews on financial services and regulation, for both the EU Commission and the UK Government.

Outside of financial services Carol has been Chairman of the UK Whistleblowing Charity Protect and Chairman of the Strategy and Policy Committee of the British Standards Institution (BSI) and has served on the boards of several universities and charities.



ROBIN CHURCHOUSE
INDEPENDENT NON-EXECUTIVE DIRECTOR

Appointed: VBL in April 2019; VGHL in November 2024

Robin is an Independent Non-Executive Director and Chair of the Board Audit Committee. After gaining a law degree from Cambridge University, Robin qualified as a chartered accountant with Price Waterhouse in London since when he has gathered over 30 years of experience in financial services in the UK working as a regulator, management consultant, corporate finance advisor, and in a range of executive roles including finance, treasury, audit, risk and operations.

His most recent executive role was with the Yorkshire Building Society where he was Chief Financial Officer. Over 13 years, he held roles that involved leading the Group's finance, treasury, audit, strategy and planning, legal and risk functions as well as a number of operational areas including underwriting. He was heavily involved in seeing the Society (and those that merged with it) through the global financial crisis including extensive interaction with the regulatory team.

Robin was formerly an Independent Non-Executive Director at Lookers plc (a motor dealership and service group) and is currently Chair of Vemi Money, a start-up ethical and Sharia compliant UK bank as well as an iNED at the Family Building Society.



DR PETER WILLIAMS
INDEPENDENT NON-EXECUTIVE DIRECTOR

Appointed: VBL in May 2016; VGHL in November 2024

Peter is an Independent Non-Executive Director and Chair of the Board Remuneration and Nominations Committee. He has worked in and on the UK's housing and mortgage market issues for over fifty years both as a senior executive in mortgage trade bodies (Building Societies Association, Council for Mortgage Lenders and the Intermediary Mortgage Lenders Association) and as an academic and policy adviser to governments. He is currently attached to the Department of Land Economy at the University of Cambridge working on a variety of housing and mortgage issues including most recently research into the affordability of shared ownership and a review of low cost home ownership across the UK. Peter is an adviser to the Shared Ownership Council and a consultant for e.surv contributing to its monthly England and Wales house price report and the Scottish equivalent.

He is Chair of First Affordable, a 'for profit' housing association, a Trustee of the Housing Studies Charitable Trust and co-editor and contributor to the annual UK Housing Review. He was previously Deputy Director General of the Council of Mortgage Lenders, Executive Director of the Intermediary Mortgage Lenders Association, Professor of Housing at Cardiff University and Director of the Cambridge Centre for Housing and Planning Research.



DANA LAFORGE
NON-EXECUTIVE DIRECTOR

Appointed: VBL in September 2020; VGHL in November 2024

Dana is a Non-Executive Director representing the interests of the shareholder, Pine Brook. He joined Pine Brook in June 2020 as a partner and member on the Pine Brook Investment Committee. He represents Pine Brook as a Board Director of Vida, Amedeo Holding Company Limited, Clear Blue Financial Holdings, Syndicate Holding Corp and Fidelis Insurance Holdings Limited.

He has more than 20 years of private equity investment and management experience. He was the Chief of Staff of the Capital Markets and Investment Banking Group and a Managing Director and Head of the North American financial institutions' investment banking groups at Bankers Trust, BT Alex. Brown, and Deutsche Bank. Thereafter, he served as a partner of several entrepreneurial investment businesses and private equity funds focused on financial services where he was a member of the Investment Committee, invested capital and worked closely with portfolio companies. These included Brera Capital Partners and Colonnade Financial Group, a spin out from Deutsche Bank created to manage a private equity portfolio.

He is active in cancer research as a Director of the Multiple Myeloma Investment Fund. He received an MBA from Harvard Business School, and a B.S. from Washington & Lee University.



ANTH MOONEY
CHIEF EXECUTIVE OFFICER

Anth joined Vida as Chief Executive Officer in January 2020. He is a financial services expert who has deep experience in the mortgage and savings market. He has more than 25 years' experience in financial services, the last 15 at an executive level in Retail Banking, Marketing, Strategy, Financial Services and Retail Operations, including as Director of Financial Services at Virgin Money, Retail Banking Director at Northern Rock, Managing Director of Thomas Cook Money, and CEO of Caversham Finance.



JOHN ROWAN
CHIEF FINANCIAL OFFICER

John joined Vida as Chief Financial Officer in October 2020. He is a chartered accountant and a fellow of the Association of Corporate Treasurers. John has extensive knowledge in financial services garnered over 30 years. Over this period, he has held positions in corporate banking, risk, finance and treasury. His recent experience with Virgin Money and Provident Financial Group has provided John insight into the complex credit segment of retail financial services.



SENIOR EXECUTIVE TEAM

The Senior Executive Team includes the Executive Directors shown above and three further leaders across the business:



FRASER MCNEILL*
CHIEF RISK OFFICER

Fraser joined Vida as Chief Risk Officer in April 2022. He was previously CRO for Coventry Building Society and Saffron Building Society. Fraser is a senior risk management specialist with more than 20 years of experience working in senior risk management positions within the financial services sector. He has held senior management positions in risk, assurance and finance for a number of banks, insurers and building societies including the Yorkshire / Clydesdale Bank, MetLife, the Skipton Group (including the Skipton Building Society), the Co-Operative Bank and Coventry Building Society.



TOMMY WIGHT
CHIEF OPERATING OFFICER

Tommy is a strategic change expert and technology leader with 20 years' experience in financial services. He has a proven track record in delivering business value and growth through combining progressive technology with smart operating model design and creating a dynamic change environment.

He joined Vida in 2017 from Shawbrook Bank, where he was Director of Change and played a leading role in building the business ahead of a successful IPO in 2015. Prior to this he held various senior programme delivery roles at Deutsche Bank, NBNK Investments and RBS.



AMANDA ROBINSON
**CHIEF LEGAL AND CULTURE OFFICER
AND COMPANY SECRETARY**

Amanda has over 20 years of legal experience gained in private practice and in-house, specialising in consumer finance, wealth management and asset finance. She joined Vida in April 2020 from the Coventry Building Society where she was Head of Legal and responsible for savings, mortgages, data protection, commercial contracts, outsourcing and corporate governance. Prior to that she worked as Senior Legal Counsel at Citigroup and as a Senior Associate at Norton Rose (now Norton Rose Fulbright).

*Fraser served as an Executive Director of Belmont Green Finance Limited (now known as Vida Bank Limited) from April 2022 to November 2024, at which point Fraser stepped down from the Board to ensure Board independence from the point at which Vida Bank Limited received the Variation of Permission to become a bank.

THE BOARD'S ACTIVITIES IN THE YEAR

MATTERS CONSIDERED BY THE BOARD

The majority of strategic discussions and decision making continue to take place at the Board of VBL. VGHL continues to undertake the issuance of shares and subscription of shares in VBL. VGHL is also responsible for the consolidated prudential risk management of the organisation, including the ICAAP and ILAAP.

The Board of VGHL met periodically in 2024 to consider and approve the dissolution of its wholly owned subsidiary, Belmont Green Midco Limited in order to simplify the corporate structure of the organisation, and the simplification of the share structure in VGHL in order to meet the regulatory requirements in respect of shares which are classified as Common Equity Tier 1 instruments for the purposes of CRR.¹² During 2025, the VGHL Board will meet regularly to consider and approve Vida's ICAAP, ILAAP and any future amendments to the VGHL share structure.

The Board of VBL meets monthly, except for August, and receives and reviews reports on strategy, business performance, and results across various business sectors before each meeting.

The Board meetings include discussion of detailed reports provided by the Chief Executive Officer, Chief Financial Officer, Chief Risk Officer and Chief Operations Officer. A Business Performance Report, encompassing both financial and non-financial management data along with Scorecards, is presented at every meeting to track progress against key performance indicators. Additionally, the Chairs of the Board Risk Committee, Board Audit Committee, and Board Remuneration and Nominations Committee provide updates on their respective Committee's activities. Members of the Executive and Senior Leadership Team regularly attend Board and Board Committee meetings to provide updates and insights on a variety of matters.

MATTERS CONSIDERED BY THE VBL BOARD

During 2024, the VBL Board has provided extensive oversight of Vida's application and operational readiness to become a bank. In addition to the monthly scheduled Board meetings, the VBL Board met throughout 2024 for deep dive sessions on a number of topics relating to the banking programme, culminating in the Board attesting to the PRA and FCA as to Vida's readiness and capabilities to operate as a bank. The key topics considered and debated by the Board included:

- Feedback and challenge regarding key aspects of Vida's banking programme including: The Regulatory Business Plan.
 - ICAAP and ILAAP.
 - The appointment of NSSL as the retail savings platform provider.
 - The partnership with Hargreaves Lansdown as a deposit aggregator.
 - Deep dive sessions relating to topics including Vida's cyber and information security framework; retail saving proposition and customer journey; regulatory reporting; liquidity and funding risk; interest rate risk; capital management.
- Updates from all Sub-Committees.
- Review and sign off of the 2023 Annual Report and Accounts.
- Review of ongoing and forecast performance.
- Consideration and approval of the 2024 Business Performance Scorecard.
- Review of the strategic plan and 2025 budget.
- Challenge and approval of Vida's overarching Enterprise Risk Management Framework and Risk Appetite Statements.
- Consideration of the annual whistleblowing report, received from the Director of Compliance.
- Receipt of updates regarding the implementation of Vida's Culture and Environmental, Social and Governance (ESG) Strategies. In November the Board approved a combined 'Culture and Sustainability' Strategy which incorporates Vida's approach and ambitions with regards to culture, ESG and Equality, Diversity and Inclusion. The Board also debated the output of the annual independent colleague engagement survey.
- Discussion and challenge of regular updates from the CEO regarding the work of the Customer Committee, including how the Consumer Duty is embedding across the business. The Board also approved Vida's first the Annual Consumer Duty Report.
- Approval of Vida's Modern Slavery Statement.
- Debate of the results of an internal Board Effectiveness Review.

¹² Source: Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012, as amended and onshored in the UK after Brexit ("CRR").

BOARD AND COMMITTEE ATTENDANCE

The VBL Board is required under its terms of reference to meet at least six times each year. In practice, the VBL Board meets monthly (other than in August).

Due to the banking programme, there were six additional VBL Board and Board Risk Committee meetings during the year, focussing on specific bank related items. The VBL Board and Board Committee attendance rates are excellent, as demonstrated by the table below showing attendance of each member during 2024.

Name	Title	Board	Board Risk	Board Audit	Remuneration & Nominations
Stephen Haggerty	Chairman	17/17			4/4
Anth Mooney	Chief Executive	17/17			
John Rowan	Chief Financial Officer	17/17			
*Fraser McNeill	Chief Risk Officer	17/17			
Carol Sergeant	Senior Independent Non-Executive Director	17/17	7/7	5/5	
Dr Peter Williams	Independent Non-Executive Director	16/17		5/5	4/4
Robin Churchouse	Independent Non-Executive Director	17/17	7/7	5/5	
Dana La Forge	Non-Executive Director	17/17	7/7	5/5	4/4

*Fraser served as an Executive Director of Belmont Green Finance Limited (now known as Vida Bank Limited) from April 2022 to November 2024, at which point Fraser stepped down from the Board to ensure Board independence from the point at which Vida Bank Limited received the Variation of Permission to become a bank.

GOVERNANCE FRAMEWORK

The Board of Directors of VBL is responsible for the governance of the business. The Board establishes Vida’s purpose, mission, culture, values and strategic goals. It is the principal decision-making body for all significant matters affecting the business. The Board ensures that the business has sufficient resources to meet its objectives and to comply with all legal, regulatory and contractual requirements. The Board is committed to rigorous standards of governance and recognises that a robust governance framework with effective controls and clear accountability is in place to enable risk to be assessed and managed, safeguarding the prudent and sustainable operation of the business.



BOARD & COMMITTEE STRUCTURE

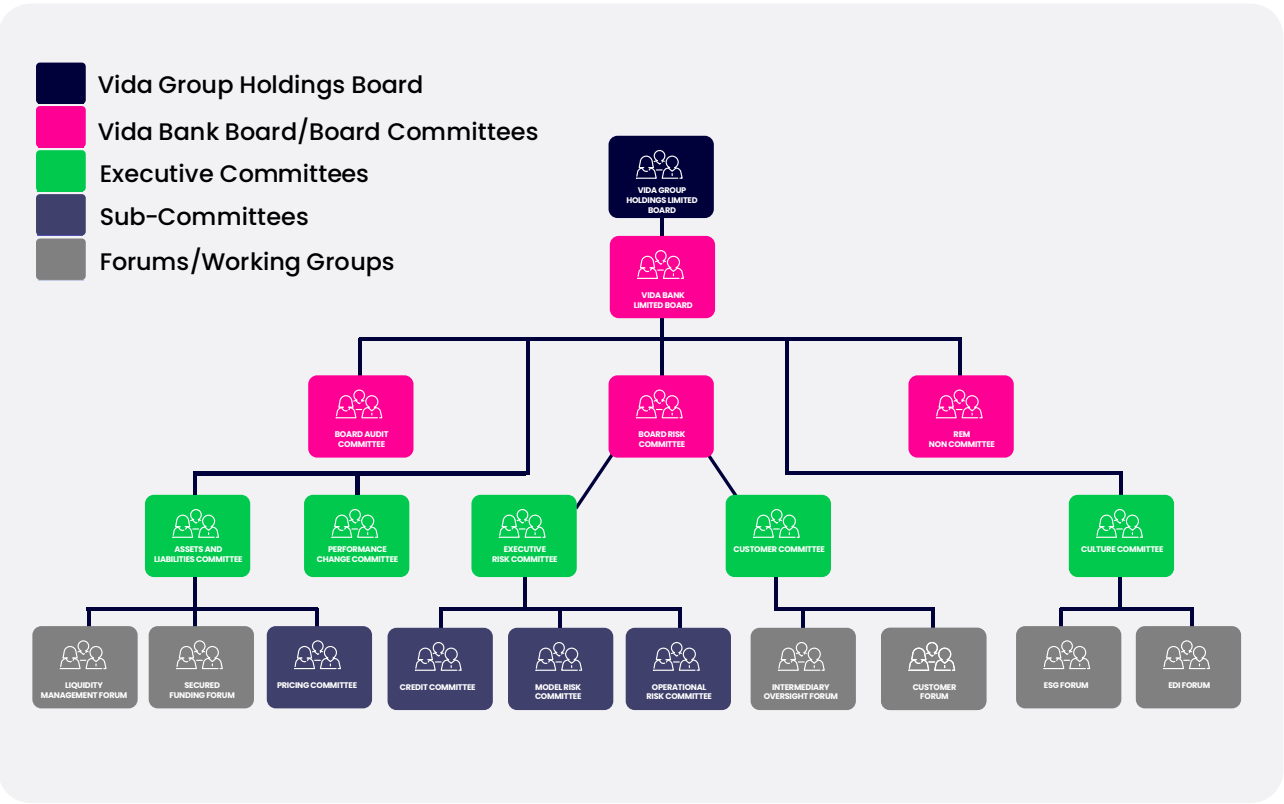
Our governance structure consists of the Board of Directors, Board Committees with responsibilities delegated by the Board, five Executive Committees, and a small number of Sub-Committees and forums each with defined roles and responsibilities. There are a number of working groups which discuss matters relevant to the day-to-day running of the business, and report to the Committees and Sub-Committees as appropriate, but which are not decision-making bodies.

This structure ensures there is effective oversight of the entire spectrum of activities undertaken by the business. The Legal and Company Secretarial Function is responsible for ensuring that the governance framework is adhered to and that the responsibilities and accountabilities of each Committee are clearly documented and understood. It ensures that governance obligations are effectively discharged, and that there is transparent and timely reporting from, and communication between, the Sub-Committees, Executive Committees and Board Committees and on to the Board.

Summary information regarding each of the Board Committees is set out below:

Committee	Audit	Risk	Remuneration & Nominations
Chair	Robin Churchouse	Carol Sergeant	Dr Peter Williams
Minimum number of meetings	4	5	3
Role and responsibilities	Assist the Board to fulfil its oversight responsibilities relating to accounting, financial reporting and internal control.	Assist the Board in fulfilling its oversight responsibilities for risk management across the organisation.	Assist the Board in fulfilling its oversight and governance responsibilities in relation to corporate governance and particularly remuneration and nominations related activity.

COMMITTEE STRUCTURE CHART



ELEMENTS OF THE **GOVERNANCE FRAMEWORK**

MATTERS RESERVED FOR THE BOARD

The schedule of matters reserved for the Board is reviewed annually. The document details key matters which are required to be or, in the interests of Vida and its stakeholders, should only be decided by the Board as a whole. Whilst a number of matters are reserved for the Board, the Board delegates certain responsibilities and authorities to the CEO and Board Committees.

BOARD RESPONSIBILITIES

A clear division of responsibilities exists between the roles of the independent Chair of the Board (Chair) and the Chief Executive Officer (CEO). It is the responsibility of the Chair to lead and manage the work of the Board. Responsibility for the Executive leadership and day-to-day management of Vida’s business is delegated to the CEO. The CEO is supported in his role by the Executive Team. Our Senior Independent Director works closely with the Chair and other Board members playing an active role as an experienced sounding board and providing support as required.

BOARD COMPOSITION

Vida’s Boards consist of individuals with a broad range of financial services knowledge and experience in both mortgage lending and banking. The Boards currently have seven members. Membership currently consists of two Executive Directors (the CEO and the CFO*), an independent Chair, three other independent Non-Executive Directors and one Shareholder Non-Executive Director. Having served for nine years on the Board, the current Chair will step down from his position but remain for a period on the Board as a serving Non-Executive Director. The independent Chair Designate joined Vida in January 2025. Following SMF approval, he will assume the role of Chair. With a full complement of Directors in place, the Boards’ composition will align with best practice under the UK Corporate Governance Code as, excluding the Chair, at least half of the Board will be independent.

WHISTLEBLOWING

Vida is committed to transparency and integrity in all aspects of its business. We have a robust Whistleblowing

Policy in place which clearly sets out how individuals can raise concerns in a confidential manner. The Chair of the Board Risk Committee, and Senior Independent Non-Executive Director, Carol Sergeant, is Vida’s Whistleblowing Champion. The Board receives an annual report from the Director of Compliance reviewing any whistleblowing communications and awareness during the period and details of any events logged. In producing the report, the Director of Compliance works with the Chief People Officer to review informal channels through which a whistleblowing allegation may have been made, albeit not formally reported as a whistleblow. During 2024, there was one case of whistleblowing reported which was duly investigated.

CONFLICTS OF INTEREST

The Directors are aware of their responsibility to avoid a situation in which they have an actual or potential conflict of interest and of the requirement to inform the Chair and Company Secretary of any actual or potential conflict of interest and of any change in their situation. In accordance with Vida’s Conflict of Interest Policy, the HR Function maintains a Conflict of Interest Log. This log documents all disclosed conflicts, includes an assessment of each conflict, and outlines any necessary actions to address them. These considerations are carried out in collaboration with the Compliance Function. The Board Risk Committee receives an annual report from the Director of Compliance confirming adherence to the Conflicts of Interest Policy, known conflicts and any breaches of policy.

COMPANY SECRETARY

All Directors have direct access to the advice and services of the Company Secretary, who is responsible for ensuring that Board procedures are complied with, advising the Board on governance matters, supporting the Chair, and helping the Board and its committees to function efficiently. Both the appointment and removal of the Company Secretary are matters reserved for the Board. Amanda Robinson, Chief Legal and Culture Officer, has been the VBL Board appointed Company Secretary since joining the business in April 2020 and was appointed Company Secretary to the VGHL Board in November 2024.

*The CRO stepped down as an Executive Director of Belmont Green Finance Limited (now known as Vida Bank Limited) in November 2024 to ensure Board independence following receipt by Vida Bank Limited of the Variation of Permission.



BOARD AND STAKEHOLDERS (SECTION 172)

Strong and balanced relationships with all our stakeholders are central to our strategy and culture and are embedded in the Board’s responsibilities. Our values drive the way we run our business and interact with all of our stakeholders.

In accordance with their obligations under section 172 of the Companies Act 2006, Vida Bank and its Directors work in the way which they consider, in good faith, will be most likely to promote the long-term success of the company for the benefit of its members as a whole. This section sets out how Vida and its Directors have complied with the requirements of section 172 during the year.

CUSTOMERS

Our customers are at the centre of our business. We offer products which help people with complex borrowing needs to meet their financial objectives by providing access to borrowing at a price they can afford, and understanding our customers is naturally at the heart of our organisation. Providing customers with a good service, supporting them on their lending journey, striving to deliver good outcomes, and supporting vulnerable customers are factored in all decisions made at Board and at Committees.

The Board retain oversight of customer-related issues through regular reports. Metrics such as customer satisfaction scores, retention rates and complaints numbers are reported to the Board monthly.

The appointed Consumer Duty Board Champion, along with the Chair and other Board members, has played a key role in overseeing, challenging, and monitoring Vida’s approach to the Consumer Duty regulations. Throughout 2024, the Board has continued its oversight of the embedding of the Consumer Duty throughout the organisation. The Consumer Duty Champion has received regular updates on progress outside of formal governance, gaining insight into regulatory expectations through industry publications and FCA seminars.

PEOPLE

We are proud of the caring workplace culture we have built in our business. Our success depends on the valuable contributions of our colleagues, who are our primary assets. We foster an environment of transparency and open communication among the Board, management and all of our colleagues.

The Board meets at the Vida Bank office on a regular basis and this provides the opportunity to interact directly with colleagues on an informal basis. The Culture Champions represent all functions across the business and play a key role in understanding any concerns from colleagues and in formulating and delivering action plans to address these.

Virtual “all-staff” sessions are held monthly with a range of internal speakers including the CEO, and Q&A sessions are organised ahead of major strategic updates.

Our colleague engagement survey is conducted annually through an independent organisation, ensuring colleagues can provide anonymous feedback against which we measure ourselves. Following the survey results, the management and Board review the findings, identify key themes, and agree on steps to address areas for improvement. In 2024, the business focused on personal development, communication with management, and ways of working in response to the survey. Significant progress was made in enhancing internal communications, including the introduction of tools like the Vida Voices channel on Teams for company announcements, news, and informal colleague interactions; the monthly Quarterly Connect with the CEO; and HR Snapshots. Clear communication streams were also established for cultural and banking updates. Key initiatives, such as the revamped V-Star Awards and CEO newsletters, enhanced consistency and engagement, with early feedback highlighting a positive impact on colleague alignment and two-way dialogue.

We operate a hybrid working model and have continued to provide regular opportunities for collaboration within and across teams, as well as coming together as a whole organisation at least once a year to discuss our strategy and purpose and celebrate colleague contribution and awards. These efforts have been well-received and highly appreciated by colleagues.

SHAREHOLDERS AND DEBT INVESTORS

Our approach to investor engagement has remained transparent and straightforward as we favour an open dialogue.

We have built up a debt investor base of over 50 investors across the UK and Europe, since the Tower Bridge Funding platform was established in 2017. Vida Bank works closely with its debt investor base speaking regularly to both existing and prospective investors through a combination of transaction related and non-deal marketing. Further enhancements from a debt investor perspective during 2024 have included improvements in reporting, securitisation transaction design and our general product proposition.

The Board has a strong relationship with Vida’s majority shareholder Pine Brook, with 99.7% of Ordinary shares held as of 31 December 2024. Pine Brook is represented on Vida Bank’s Board and all Board Committees. Through their Board attendance Pine Brook receives regular updates on performance and strategy. All other Non-Executive Directors, including the Chair, are independent. This balance helps to ensure that Vida’s shareholder has representation at the Board, but the Board has the ability to form its own views on all matters and to ensure that decisions are made in the best interests of all stakeholders, including customers and colleagues.

REGULATORS

Vida Bank is regulated by the Financial Conduct Authority (FCA) and, since November 2024, by the Prudential Regulation Authority (PRA) following our successful authorisation as a bank. The Board recognises the importance of maintaining an open and ongoing dialogue with regulators, as well as other government entities, trade associations, and UK Finance. Throughout 2024, Vida maintained a proactive and transparent relationship with the FCA and PRA.

Following bank authorisation, regular dialogue with the PRA has continued through monthly formal meetings, with feedback from these discussions remaining positive. The Chief Risk Officer, Director of Compliance and Director of Prudential Risk have continued to provide the Board and its Committees with regular updates on regulatory matters, feedback from the FCA and PRA, and broader developments in the regulatory landscape and compliance considerations.

COMMUNITY

The Board recognises the wider environmental and social impact of Vida Bank's operations and the importance of giving back to the communities in which we operate. The Board regularly receives updates on the progress of our ESG Strategy. Further details on our environmental initiatives are outlined in the Sustainability Report section.

The Board and management actively encourage and fully support engagement with local communities to create a positive impact. All colleagues are encouraged to participate in voluntary work, with one day per year allocated for volunteering during working hours. In 2024, a record number of colleagues made use of their volunteering day.

Our partnership with corporate partner Crisis has been renewed following the successful fulfilment of our commitment to donate £150,000 over the period 2020 to 2023.

BUSINESS PARTNERS AND SUPPLIERS

Vida Bank aims to provide a streamlined underwriting and decisioning process, which results in a seamless journey whilst providing high-quality service to the intermediary partners and their borrowers. All intermediary sales activity is monitored, through conversion from initial decision in principle, to application, offer and then completion, via a fully controlled and documented governance process. Every new intermediary registration undergoes thorough due diligence and receives a detailed 'welcome call' including a fact find to ensure appropriate processes are in place to support a safe and successful distribution relationship.

Performance and feedback are reviewed regularly via the Intermediary Oversight Panel and our intermediary facing teams maintain a constant dialogue with brokers. Quarterly surveys, specifically using the Net Promoter Score (NPS), are administered among intermediaries. The results are communicated to and discussed with the Board.

Ongoing engagement with our key suppliers ensures operational resilience and reduced risk. Key business partner relationships, principally relating to mortgage servicing and technology services, are identified, actively monitored and reported to the Board. The Board Risk Committee receives periodic updates regarding our material outsource service providers to ensure it retains oversight and is satisfied that the relationships are appropriately managed and continue to add strategic value to the business.

BOARD & COMMITTEE EFFECTIVENESS

We recognise Board and Committee Effectiveness Reviews are a valuable tool to ensure high performance standards and these form part of the regular governance cycle, led by the Chief Legal and Culture Officer in her capacity as Company Secretary.

The Effectiveness Reviews examine a range of issues including an evaluation of the understanding and development of strategy, Board and Committee composition, access to information, levels of openness, challenge and energy and understanding of specific areas which fall within the responsibility of each Committee.

The most recent Effectiveness Reviews conducted in September 2024 concluded that the Board and each of the Board Committees and Executive Committees were functioning efficiently with no material concerns raised. Feedback provided through the Board Effectiveness Review focussed on the need for the Board to oversee and guide the business through a period of change as Vida transitions to operating as a bank, including reacting to the changes to the competitive landscape, the strategic approach to scaling the business in a safe and responsible way and considering ways in which the Board can more frequently engage with the wider organisation.



AUDIT COMMITTEE REPORT

ROBIN CHURCHOUSE

This section covers the role, responsibilities, and activities of the Board Audit Committee during 2024. This includes how we have looked to react to developments within the business and the wider environment, in particular our preparations for becoming a deposit-taking bank.



ROLE AND RESPONSIBILITIES

The Board Audit Committee is a core part of the Group's governance framework, within which its core purpose is to oversee and to advise the Board on the Group's financial reporting, internal audit, and systems of internal control.

The Board Audit Committee is specifically responsible for:

- Reviewing, and challenging, the Group's accounting and financial reporting processes.
- Providing independent oversight of the financial statements. This includes ensuring that they present a fair, balanced, and understandable view of our performance and position. Within this we are responsible for:
 - Reviewing and challenging material accounting judgements, estimates and issues, and
 - Reviewing and challenging the Group's going concern and viability statements.
- Monitoring the scope, adequacy, and effectiveness of the Group's internal control systems, including through the review of all reports by the internal audit function.
- Reviewing the role, effectiveness, and independence of the Group's internal audit function, including the adequacy of the resources available to the function, and approving the Internal Audit charter annually.
- Reviewing and approving the annual workplan for the Group's internal audit function, as well as overseeing the results of the function's work and resolution of any identified issues.
- Reviewing the role, effectiveness, and independence of the Group's external audit arrangements.

On all areas the Committee's role is to support, and report to, the main Board.

The Committee's terms of reference were reviewed and updated by the Board Audit Committee on 25 September 2024 and approved by the Board on 26 September 2024.

COMPOSITION AND ATTENDANCE

The Committee's membership is composed solely of three independent Non-Executive Directors and one shareholder appointed Non-Executive Director. During 2024 membership was unchanged and consisted of:

- Robin Churchouse (Chair, appointed April 2019).
- Carol Sergeant (appointed September 2019).
- Dana LaForge (appointed September 2020).
- Dr Peter Williams (appointed March 2019).

The Committee members have, through their current and previous business activities, broad experience in financial, risk and commercial matters.

The Board Audit Committee met five times during the year. The attendance of individual members is shown in the Board and Committee Structure section above. Through the year a broad range of management and other parties attended the Committee including the CEO, CFO, CRO, Head of Internal Audit, External Audit partner, Chief Legal and Culture Officer and Group Chair.

A review of the effectiveness of the Committee was undertaken during the year. The Chief Legal and Culture Officer surveyed all Committee members, and feedback was sought from other meeting attendees. The assessment looked at how the Committee fulfilled its objectives both in terms of covering all areas, but also in terms of meeting dynamics (with our aim to be both collaborative and challenging), the quality and clarity of papers, the quality of members' input and of the chairing of the meeting. The results of the survey were reported to and debated by the Committee, leading to identification of a small number of actions aimed at building on the current quality of the Committee to ensure its ongoing development towards being bank-ready. In 2024 the principal action identified centred on how we can better embed our existing combined assurance map (which identifies how assurance is provided across the business, principally through the second and third lines of defence) and better use it in our business-as-usual decision making. This was identified as an improvement we can make, and no significant weaknesses were identified.

COMMITTEE ACTIVITIES

During 2024 the Committee’s activities covered the following issues:

1. Financial Reporting

Alongside monitoring progress on our financial reporting and account publication, the Committee undertook detailed consideration of our key accounting judgements or areas of complexity including:

- **Expected Credit Losses:** Involving reviewing, challenging and agreeing the economic assumptions and scenarios underlying loan loss provisions, and the need and methodologies for model overlays reflecting areas not, in our view, adequately covered by the core model, reflecting the dynamics of both our portfolio and the broader economy, and the inevitable shortcomings of any provisioning model. This includes areas such as properties affected by cladding issues, Later in Life and Lending into Retirement loans and differential sale timings for residential and buy-to-let lending. Extensive debate took place over the appropriate economic assumptions reflecting the changing conditions and outlook as we moved through 2024, and this is likely to remain a core area of debate for some time to come. Overall, the Committee was satisfied with the assumptions and scenarios, and that individual and overall levels of provisioning were adequate.
- **Expected Loan Lives and Effective Interest Methodology:** Involving reviewing, challenging and approving the impact of changes to forward interest rates used within the models, and of updating prepayment curves used to predict borrower behaviours on interest income accounting, including close analysis of actual against predicted behaviours. The Committee was satisfied that both the proposed forward rates and expected lives prudently reflected trends in the economic conditions and in our customer behaviours and the likely impact of changing external conditions.
- **Deferred Taxation:** Reviewing the recoverability of our deferred tax asset in the light of changing external conditions and projected earnings for the Group and satisfying ourselves that the asset remained valid.
- **Going Concern and Viability Statements:** The Committee’s considerations continued to focus on the impact of the suppressed external environment within which we operate and the more variable interest rate environment following an extended period of low and stable base rates. Allied to this were considerations around arrears levels and the

availability of wholesale and capital funding. The Committee reviewed the Group’s management of impacts, its forecasts and its funding arrangements, including the continued funding support of its majority shareholder. The Committee considered a number of specific scenarios and sensitivities run around capital funding and default levels. With all of these elements in mind and taking into account discussions with and challenges from our external auditors, the Committee remained satisfied that it is appropriate to adopt the going concern basis.

- **External Auditor Reports:** Reviewing and debating the findings, challenges and recommendations of our external auditors as presented to the Committee.

An overarching responsibility of the Committee is to make certain that the Group’s accounts present a fair, balanced and understandable view of the Group’s performance and position. Inherent in this is that they provide the information needed to assess the Company’s position, performance, business model and strategy. The Committee ensured that, as well as addressing the specific issues and items highlighted above, it stood back and reviewed the overall report and accounts, including the strategic and committee reports and updates, with a particular eye on ensuring that:

- Key events during the year were fairly reported, as well as any significant post-balance sheet date events.
- The Group’s current financial position and its current and future strategy were fairly and clearly represented.
- Key messages and judgements within the financial and narrative sections are consistent.

The Committee was satisfied that the Group’s accounts achieve all of these, and that they therefore do present a fair, balanced and understandable view of the Group’s performance and position.

2. Internal Control Systems

Whilst the Board has overall responsibility for the Group’s internal control environment and for assessing its effectiveness, the Committee plays a critical role in helping it to fulfil this responsibility through more detailed review and challenge.

The review of reports by Internal Audit, alongside work undertaken internally by, amongst others, the Risk and Finance functions and by our external auditors, and our review of ad hoc issues and reports, allowed the Committee to satisfy itself as to the adequacy of our internal systems of control, in particular as they relate to our financial reporting. This included an overarching review and report by the Head of Internal Audit on the Group’s overall systems of governance, risk management and control environment. That is not to say that improvements cannot be made, and in particular these are identified, and their resolution tracked, principally through our Internal Audit processes and our ERMF.

Whilst we are satisfied that our systems and controls are adequate, as the Company becomes a fully authorised bank, we are committed to continually assessing our systems of control, identifying and rectify and weaknesses, and seeking opportunities for proportional improvements across all areas.

3. Internal Audit

Our 2024 Internal Audit was delivered through a co-sourcing arrangement with PwC. The detailed audit work was executed by a combination of our internal team and PwC, with the Head of Internal Audit directly overseeing this process and holding responsibility for the audit plan’s delivery, the quality of the work, and its associated reporting. Moving forwards, we will continue to use a co-sourced arrangement as we build our internal team – and in all likelihood will do so for some time to come as an effective and efficient way to source, in particular, specialist audit skills (e.g., in technology and treasury). Throughout this the Committee will retain a focus on the adequacy of our internal audit function, including its approach and resourcing. We are satisfied that this shift will enhance the effectiveness of the internal audit programme – combining internal resources fully embedded in the business and with the requisite skills to understand our audit risk universe and how to address those risks, with a wider pool of skills and resources available through our co-source partner.

Through the year, the Head of Internal Audit, in addition to overseeing delivery of our audit plan, focussed on continually reviewing our audit approach (including the audit universe, methodology and charter), undertaking a review of our approach against industry standards and preparing our forward audit plan for 2025 and beyond.

During 2024, the Committee approved and kept under continuous review the 2024 Audit Plan, as well as reviewing the Internal Audit Charter, Audit Universe and planning methodology, and the 2025 Audit Plan, including the resource approach.

A broad range of internal audit reports and associated actions were reviewed and challenged, with areas covered including the Group’s Consumer Duty implementation, Cloud Infrastructure Design, Credit Risk Management Framework, Cyber Security, Data Management and Governance Framework, Model Governance, Responsible Lending Policy and Third Party Management processes.

In addition, Internal Audit played a key role on the Group’s attestation programme to confirm its readiness for becoming a fully authorised bank. This included not only attesting to the function’s own readiness, but also to reviewing and objectively assessing all other functional attestations, including sample testing of those attestations and independent testing of sample capabilities.

All of the issues and actions identified during these audits are reviewed by the Committee, and their resolution by management to the satisfaction of Internal Audit is monitored.

4. External Audit Arrangements

The Committee is responsible for assessing the effectiveness of Deloitte's audit including its independence and objectivity.

These matters were considered on an ongoing basis and during NED-only discussions, and in more detail in September through the Committee effectiveness review and discussion of the results. The Committee concluded that we were satisfied with the robustness and diligence of Deloitte's approach and conclusions. In specifically considering Deloitte's independence and objectivity in the context of our financial reporting, the Committee has taken into account:

- Deloitte's annual independence statement, and its compliance with relevant laws, regulations and other professional and ethical statements.
- The business's feedback on Deloitte's approach and performance.
- The Board Audit Committee's own interactions with Deloitte.

Taking all of these into account, the Committee is satisfied with Deloitte's independence and level of challenge. During the year Deloitte did not receive any non-audit fees (2023: nil).

5. Looking Forward

Moving forward into 2025, the focus of the Committee will be on:

- Embedding our in-house co-sourced internal audit function whilst maintaining an effective internal audit programme.
- Playing a critical role in the attestation processes that are a key part of our aim of successfully receiving full banking licence approval.
- Monitoring the business' drive towards bank-ready systems of control, including obtaining assurance of any material change programmes that result.
- Ensuring that our financial reporting remains timely, comprehensive and focussed on providing stakeholders with a clear view of our performance and financial position.



RISK COMMITTEE REPORT

CAROL SERGEANT

This section looks at the role, responsibilities, and activities of the Board Risk Committee during 2024, including how internal and external risks have been reviewed and managed. Please refer to the Risk Management section of this report for a discussion of the principal risks to which Vida is exposed and an explanation of how risk is managed across the organisation.



ROLE AND RESPONSIBILITIES

The Board Risk Committee is a sub-committee of the Board. It has delegated authority from the Board and assists the Board in fulfilling its responsibilities for the effective management and oversight of risk across the organisation.

The Board Risk Committee's key responsibilities during 2024 included:

- Review and recommendation to the Board of Vida Bank's risk appetite and limits.
- Oversight of the risk management strategy including the review and approval of Vida Bank's ERMF.
- Review and challenge of the adequacy of Vida Bank's internal systems, controls, and capability to manage risks.
- Review and challenge of the risk culture within Vida Bank.
- Review and approval of material risk policies and frameworks, including those prepared in readiness for becoming a bank.
- Review of change management processes involving business practices and products.
- Review and approval of the Second Line Risk and Compliance Plan and oversight of the effectiveness of the plan's implementation.
- Oversight, review and challenge of Vida Bank's regulatory, compliance and fraud risks, including updates on the delivery of the Operational Resilience requirements.

The Board Risk Committee's terms of reference were reviewed and updated by the Board Risk Committee and approved by the Board on 26 September 2024. With previous annual reviews already reflecting the key changes associated with becoming a bank, the 2024 annual review resulted in updates to the terms of reference to reflect the change in business name from Belmont Green Finance Limited to Vida Bank Limited.

COMPOSITION AND ATTENDANCE

The Board Risk Committee's membership is currently composed of two independent Non-Executive Directors and one shareholder appointed Non-Executive Director. During 2024 membership consisted of:

- Carol Sergeant (Chair, appointed September 2019)
- Robin Churchouse (appointed April 2019)
- Dana LaForge (appointed September 2020)

The Board Risk Committee members have, through their current and previous business activities, broad experience in financial, risk and commercial matters.

The Board Risk Committee met seven times during the year. The attendance of individual members is shown in the Board and Committee Structure section above.

Throughout the year a broad range of management routinely attended the Committee including the CEO, CFO, CRO, COO, Chief Legal and Culture Officer, Internal Audit and members of the Risk Leadership Team. First Line Business Owners also attended meetings to discuss and receive challenge on management of risks in their area. In particular, the Chief Operating Officer provided regular updates on the key risks within operations, including the management of information security risk and the operational resilience strategy and supporting framework, reflecting the incorporation of the retail savings business.

In addition to the regular six Board Risk Committee meetings held each year, a further committee meeting was held in May 2024 to focus specifically on key elements (i.e., Product Governance Framework and Price and Fair Value Assessments) of the Consumer Duty requirements, along with providing oversight during the year on the approach to continue to deliver Consumer Duty requirements.

Additionally, the Chief People Officer attended providing an update on HR (People) Risk, and for discussions on organisational culture, Equality, Diversity and Inclusion (EDI), gender pay, succession planning, employee wellbeing, staff turnover and training. The Chair of the Committee holds regular NED only meetings to ensure that issues can be raised confidentially if necessary and has regular meetings with the CRO and other executives outside of the Committee meetings.

A review of the effectiveness of the Committee was undertaken during the year. The Chief Legal and Culture Officer assessed the Committee’s performance against its terms of reference and surveyed all Committee members and regular attendees. The assessment reviewed the extent to which the Committee effectively discharged its obligations, the quality of papers, openness of debate and challenge within meetings, reporting to Board and the relationship of Committee with management. The results of the survey were reported to and debated by the Committee and a small number of recommended actions will be implemented. It was concluded that the Committee had operated effectively throughout the year.

The Board Risk Committee has unrestricted access to Executive Management and external advisors to help discharge its duties. It is satisfied that in 2024 it received sufficient, reliable, and timely information to perform its responsibilities effectively.

The Chair of the Board Risk Committee reports on matters dealt with at each Committee meeting at the subsequent Board meeting.

COMMITTEE ACTIVITIES

During 2024 the Committee’s activities covered the following issues:

1. **Risk Monitoring and Oversight**
During 2024, the Committee considered a wide range of risks facing Vida Bank, both existing and emerging, across all principal risks. At each scheduled meeting, the Committee received regular reports from the CRO summarising the risk profile of the organisation and highlighting any key areas for consideration, including any key risk events and associated lessons learned. This is supported by a detailed Risk Report comprising a summary of Vida Bank’s exposures against risk appetite, a Key Risk Indicators report and summary risk reports relating to all of Vida Bank’s principal risks.

During the year the Committee supported and oversaw a further review of the principal risk policies and the key risk metrics reported at Board / BRC level and to the Executive Committees to ensure that they remained relevant and actionable in light of the current strategy, economic and social environment and regulatory requirements, including those arising from transitioning to a bank.

Risk appetite and tolerances are also regularly reviewed to ensure they remain appropriate and relevant to the business strategy, economic and social environment and regulatory requirements, including those arising from transitioning to a bank.

2. **Risk Management and Controls**
Throughout the year, the Committee monitored the effectiveness of Vida Bank’s risk management and internal control systems and reviewed and confirmed their effectiveness through the ERMF. The ERMF sits across the business with a particular focus on quality assurance and control.
3. **Top and Emerging Risks**
Vida Bank’s top and emerging risks (within each principal risk category) are considered regularly by the Committee. Further information about Vida Bank’s top and emerging risks are provided in the Risk Report.
4. **Significant Risks and Primary Areas of Focus**
During 2024, the following significant risks and primary areas of focus were considered by the Committee:

SIGNIFICANT RISKS AND PRIMARY AREAS OF FOCUS

BOARD RISK COMMITTEE REVIEW

Enterprise Risk

- The Committee received regular summaries of the overall risk profile through the Chief Risk Officer’s Report, which covers all the principal risks faced by Vida Bank.
- The Committee reviewed and approved the revised Enterprise Risk Management Framework (previously RMF) and recommended that it be approved by the Board (approval by the Board was provided in September 2024).
- The Committee reviewed and approved the 2025 Annual Risk and Compliance Plan, which included the key areas of focus for the Second Line Risk Function.
- The Committee reviewed the effectiveness of the ERMF throughout the year through the Chief Risk Officer’s Report.
- The Committee reviewed the top and emerging risks prior to inclusion within the Annual Report and Accounts.
- The Committee reviewed the results of Risk and Control Self Assessments (RCSAs) conducted for every business area during the course of the year, which was overseen and reported by the Director of Operational Risk.
- The Committee approved Vida Bank’s annual insurance for all lines except for Directors and Officers (D&O) liability insurance, which is a matter reserved for the Board.
- The Committee reviewed the risks associated with the banking licence application programme, the progress made by the programme and associated documents. This included, but was not limited to, review and approval of the bank-ready ERMF, the risk management related bank-ready policies, and the bank-ready risk management information.

Board Risk Appetite

- The Committee reviewed Vida Bank’s overall risk appetite and limits and undertook a detailed review of, and approved changes to, the Risk and Compliance Key Risk Indicators.

Business Risk

- The Committee reviewed regular reports on the externally and internally driven business risks associated with the challenging macroeconomic environment and political uncertainty throughout the year.

Capital Risk

- The Committee reviewed regular reports on the capital risk profile of the business and the associated mitigation.
- The Committee reviewed and approved the Capital Policy.

Credit Risk

- The Committee reviewed and approved a number of key policies and frameworks including the Credit Risk Appetite Framework, the Credit Lending Policy, the Wholesale Credit Risk Policy, the Responsible Lending Policy and Loan Provisioning Policy.
- The Committee reviewed regular reports on the profile and performance of the retail credit risk portfolio including consideration of the cost of living challenges and the interest rate environment.
- The Committee received an update on the climate and transition risks facing Vida Bank.

SIGNIFICANT RISKS AND PRIMARY AREAS OF FOCUS		BOARD RISK COMMITTEE REVIEW
Operational Risk	• The Committee reviewed updates on Vida Bank’s approach to operational resilience. • The Committee reviewed the Operational Risk Management, Financial Crime Framework, Anti-money Laundering Policy, Anti-bribery and Corruption Policy and Fraud Policy. • The Committee received the annual report from the Money Laundering Reporting Officer and the Data Protection Officer. • The Committee reviewed a number of deep dive analyses including a review of supplier onboarding. • The Committee reviewed the Material Outsourcing Bi-Annual updates outlining the process to ensure effective management and oversight of third parties in accordance with the requirements of Vida Bank’s Outsourcing and Supplier Policy.	
Conduct and Operational Risk sub-categories (Legal and Regulatory Risk)	• The Committee reviewed and approved the Conduct Risk Policy, the SMCR Policy, and the Customer Policy, which incorporates the Customer Vulnerability and Treating Customers Fairly Policies. • The Committee reviewed progress to embed the requirements of the Consumer Duty requirements throughout the business. • The Committee reviewed and approved the annual Conflicts of Interest Register and Conflicts of Interest Policy.	
Funding, Liquidity and Market Risk	• The Committee reviewed and approved the Liquidity and Funding Policy and the Interest Rate Risk Policy.	
Stress Testing	• The Committee reviewed and approved Vida Bank’s Stress Testing Policy.	

LOOKING FORWARD
Moving forward into 2025 the focus of the Committee will be on:
• Further embedding the bank-ready ERMF business wide following the launch of Vida Bank in December 2024. • Continued oversight of risks arising from the transition from specialist lender to bank (including compliance with all relevant regulatory requirements e.g., Basel 3.1 and Strong & Simple Regime). • Continued oversight of the business risks associated with the challenging macroeconomic environment and political uncertainty. • Continued oversight of Vida Bank’s credit risk management framework in light of the continued macroeconomic and geo-political uncertainty and cost of living and affordability challenges. • Continued oversight of the further embedding of the Consumer Duty requirements. • Monitoring the continued embedding of the outsourcing and operational resilience frameworks to ensure risks continue to be identified and appropriately managed in accordance with Vida Bank’s risk appetite. • As part of meeting banking requirements, the Second Line will enhance their annual review of the remuneration framework (including the Remuneration Policy) directly to the Board Risk Committee. • Continued focus on organisational culture and people requirements. • Direct discussions with, and challenge to, First Line Business Owners.

OTHER COMMITTEES

Remuneration and Nominations Committee

Remuneration and Nominations Committee (RemNom) is chaired by an independent Non-Executive Director, Dr Peter Williams. Committee membership consists of four of the Non-Executive Directors* and in attendance the CEO, the Chief Legal and Culture Officer and the Chief People Officer. RemNom meets quarterly. RemNom has the primary aim of ensuring effective governance over the appointment, promotion and remuneration of Directors, senior executives, and managers of Vida.

RemNom’s key responsibilities are set out below.

Remuneration

- Setting remuneration and reward structures (pay and bonus) for the Executives and submitting these to the Board, as well as ensuring their proper implementation.
- Reviewing any exceptions to the Remuneration Policy.
- Setting the measures and criteria by which the Board and Executives are to be assessed.
- Assessing the performance of Board members and Executives.
- Aligning rewards to both performance and promoting effective risk management.
- Reviewing major changes to Vida’s benefits and incentive plans.
- Reviewing consistency in remuneration practice across Vida including ensuring legal requirements in relation to gender pay are adhered to.
- Oversight of Equality, Diversity and Inclusion as it relates to remuneration.

Nominations

- Identifying and recommending to the Board for approval, candidates to fill Board level positions as well as suitable candidates to serve as members of the Executive.
- Establishing and overseeing a succession plan for Board members and Executives.
- Oversight of Equality, Diversity and Inclusion and promotion of diversity in the composition of the Board and management of Vida, ensuring that any gender, or other under-representation is addressed.

- Review the results of Board effectiveness assessments and track progress against agreed actions.
- Administering the process of nominating and approving appointments of individuals who will be certified and material risk taker role holders or holding Senior Manager Functions under the Senior Managers and Certification Regime (SMCR).

During 2024, matters considered by the Remuneration and Nominations Committee included.

- Approval of an updated Remuneration Policy which became applicable from the point at which Vida was authorised as a bank, together with Operating Guidelines setting out how aspects of the Remuneration Policy operate in practice.
- Oversight of the SMCR aspects of Vida’s application to become a bank.
- Review and approval of 2024 bonus scheme principles.
- Review and approval of Non-Executive Director fees.
- Succession planning for the Executives and senior management.
- Update on Vida’s approach to equality, diversity and inclusion including a detailed analysis of Vida’s gender pay figures.
- Analysis of a suite of key human resources metrics for 2024.
- Discussion of results of an internal Effectiveness Review.

During 2024 the Remuneration and Nominations Committee established a separate sub-committee, the Special Nominations Committee consisting of the Non-Executive Director Board members and attended by the CEO, to be responsible for overseeing the search process for the appointment of the new Chair of the Board. The Special Nominations Committee was chaired by the Senior Independent Non-Executive Director. The Special Nominations Committee made a recommendation to the Board, which was approved, for the appointment for the Chair Designate with effect from January 2025.

LOOKING FORWARD

Moving forward into 2025 two key areas of focus of the Committee will be:

- Board and Executive succession planning;
- Oversight of the development of a new Management Long Term Incentive Plan.

EXECUTIVE COMMITTEES

The Executive Management Team ensures that, at all times, Vida acts within the confines of the Board approved strategy, risk appetite, policies, operating plans, risk management and compliance frameworks, and budgets.

The Executive Management Team is responsible for the day-to-day decision making in connection with the operation and management of the Vida business. Responsibilities and processes are designed to ensure effective management and oversight of Vida’s affairs. Governance around decisions is achieved via the five Executive Committees (Executive Risk Committee, Asset and Liability Committee, Performance and Change Committee, Customer Committee and Culture Committee), each with clearly defined roles and responsibilities and made up of members of the Executive Management Team and Senior Leadership Team.

Each of the Executive Committees report directly into the Board and/or Board Committees as appropriate. This governance structure ensures there is effective oversight of the entire spectrum of activities undertaken by the business with decisions made by the appropriate bodies and issues escalated as necessary.

*The Remuneration and Nominations Committee is currently operating with one vacancy for an independent Non-Executive Director.

DIRECTORS' REPORT

The Directors of Vida present their annual report, together with the consolidated audited financial statements and Auditor's Report, for the year ended 31 December 2024. Vida has been established to lend in and service the UK mortgage market via the intermediary channel under the brand name of Vida Homeloans. Vida is authorised to provide mortgage finance and administer mortgages, as well as accept deposits under the brand of Vida Savings. The Directors do not expect any significant change to the activities of Vida.

INFORMATION PRESENTED IN OTHER SECTIONS

Information relating to a review of the business, future developments, results, people, corporate governance and principal risks and uncertainties is described in the Strategic Report.

CORPORATE GOVERNANCE

The Company is not required to comply with the UK Corporate Governance Code or Wates Principles for Large Private companies. The Board continues to adopt the principles of these corporate governance codes to a proportionate degree. Further Information can be found in the Corporate Governance Statement.

DIRECTORS

The Company's Articles of Association set out the rules for the appointment and replacement of Directors. The Directors who served during the year and up to the date of this report were:

NAME	ROLE	APPOINTMENT DATE
STEPHEN HAGGERTY	CHAIR OF THE BOARD	MARCH 2016
ANTHONY MOONEY	CHIEF EXECUTIVE OFFICER	JANUARY 2020
JOHN ROWAN	CHIEF FINANCIAL OFFICER	OCTOBER 2020
FRASER MCNEILL	CHIEF RISK OFFICER	APRIL 2022 (RESIGNED NOVEMBER 2024)
CAROL SERGEANT	SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR	SEPTEMBER 2019
DR PETER WILLIAMS	INDEPENDENT NON-EXECUTIVE DIRECTOR	MAY 2016
ROBIN CHURCHOUSE	INDEPENDENT NON-EXECUTIVE DIRECTOR	APRIL 2019
DANA LAFORGE	NON-EXECUTIVE DIRECTOR	SEPTEMBER 2020

DIRECTORS’ INDEMNITIES

Qualifying third party indemnity provisions (as defined by Section 234 of the Companies Act 2006) were in force during FY24, and remains in place, as Vida’s maintains Directors’ and Officers’ Liability Insurance which gives appropriate cover for legal action brought against its Directors.

RESULTS

The statements of comprehensive income and the statements of financial position can be found on pages 158–159 of Section 2.

The Directors do not propose to pay a dividend (2023: £nil).

GOING CONCERN

The financial statements have been prepared on a going concern basis. In evaluating the appropriateness of this basis, the directors are satisfied that the Group has the resources to continue in business for the foreseeable future, covering a period of at least 12 months from the date of approval of the financial statements.

In making this assessment, the directors have considered a range of information relating to present and future, internal and external conditions, including the current financial position, capital resources and expected future cash flows. The Group’s most recent financial business plan forecasts that the Group will continue to be profitable and generate sufficient profit to not be reliant upon any further capital injections. Any future capital injections will be for the purposes of business growth.

Stressed financial forecasts have been considered, including the impact of higher credit losses, lower lending volumes, more limited access to retail deposit markets and a high rate of retail deposit outflows. In these scenarios the Group is able to continue trading whilst observing regulatory minimum requirements for capital resources and liquidity. Based upon its assessment of these forecasts the Board is satisfied that the Group can continue to operate for the foreseeable future and that the going concern basis is appropriate.

SUBSEQUENT EVENTS

No significant adjusting events after the reporting date have been identified. Please refer to note 29 for reportable non-adjusting events.

FINANCIAL INSTRUMENTS

Vida uses financial instruments to manage certain types of risk, including funding, liquidity and interest rate risk. Further information about derivative financial instruments can be found in Note 10 to the financial statements.

EMPLOYMENT POLICY

Vida’s employment policies are based on a commitment to provide equal opportunity, from the selection and recruitment process through to training, development, appraisal and promotion. You can find more information about how the Directors engage with our people in the Strategic Report.

ENERGY AND CARBON EMISSIONS

Climate-Related Financial Disclosures and environmental information is available in the Strategic Report.

ENGAGEMENT WITH SUPPLIERS, CUSTOMERS AND OTHERS

Vida’s approach to fostering relationships with suppliers, customers and others is available in the Strategic Report.

POLITICAL DONATIONS

Vida does not make contributions to political parties, organisations or individuals engaged in politics, to support a political party, election candidate, political cause or as a way of influencing or gaining business advantage.

REGULATION

Vida complies with all the requirements of its regulatory authorities, given its status of being authorised and regulated by the PRA and FCA. Qualifying deposits held by Vida are covered by the Financial Services Compensation Scheme (FSCS) and any complaints made by customers may be referred to the Financial Ombudsman Service. Vida is a member of UK Finance.

AUDITOR

The Directors who held office at the date of approval of this Directors’ report confirm that:

- As far as each of the Directors is aware, there is no relevant audit information of which the company’s auditor is unaware
- Each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the company’s auditor is aware of that information.

This statement is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006. The re-appointment of Deloitte LLP as auditor of the company is a matter reserved to the Board, on the recommendation of the Board Audit Committee.

DIRECTORS’ RESPONSIBILITIES STATEMENT

The Directors of Vida are responsible for preparing the Annual Report and the financial statements in accordance with applicable laws and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the United Kingdom. Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, International Accounting Standard 1 requires that Directors:

- Properly select and apply accounting policies;
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity’s financial position and financial performance;
- Make an assessment of the company’s ability to continue as a going concern.

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



Anthony Mooney
Director

2 April 2025
Company registration: 09828204

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



INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF VIDA GROUP HOLDINGS LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

1. OPINION

In our opinion:

- the financial statements of Vida Group Holdings Limited, formerly Belmont Green Limited (the 'parent company') and its subsidiaries (the 'group') give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2024 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated statement of comprehensive income;
- the consolidated and parent company statements of financial position;
- the consolidated and parent company statements of changes in equity;
- the consolidated and parent company statements of cash flows;
- the related group notes 1 to 29; and
- the related parent company notes 30 to 38.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom adopted international accounting standards and as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

2. BASIS FOR OPINION

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

We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

3. SUMMARY OF OUR AUDIT APPROACH

Key audit matters

The key audit matters that we identified in the current year were:

- Expected credit losses on loans to customers; and
- Revenue recognition – effective interest rate (“EIR”) accounting.

Materiality

- The materiality that we used for the group consolidated financial statements was £1.85m which was determined on the basis of 1% of shareholder’s equity.

Scoping

- All material entities in the group were within our audit scope. These entities account for 100% of the group’s net assets, 100% of the group’s revenue, and 100% of the group’s profit before tax.

4. CONCLUSIONS RELATING TO GOING CONCERN

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

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

- obtaining management’s forecasts and scenario analyses and assessing the multiple funding levels required in each scenario;
- challenging key assumptions used in the forecasts based on historic trends and future outlook, including the impact of the current macro-economic uncertainty;
- testing the clerical accuracy of those forecasts and assessing the historical accuracy of forecasts prepared by management;
- assessing the group’s ability to obtain further funding through retail deposits, warehouse facilities and securitisation funding during the going concern period, including the group’s ability to refinance securitisations at the relevant call dates;
- evaluating the group’s ability to meet the covenants under the warehouse facilities and securitisation special purpose vehicles (“SPVs”) in a stressed scenario;
- involving prudential regulation specialists to assess capital and liquidity requirements linked to the business model by evaluating management’s regulatory documentation, stress testing and key regulatory ratios; and
- assessing the appropriateness of the going concern disclosures in the financial statements.

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 parent company’s ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

5. KEY AUDIT MATTERS

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

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

5.1 Expected credit losses on loans to customers

Key audit matter description

Under IFRS 9 Financial instruments, a provision is required for the expected credit losses (“ECL”) on loans measured at amortised cost. Estimating these expected losses requires judgement and estimation on assumptions relating to customer default rates, likelihood of repossession, future property values, forced sale discounts and indicators of significant increases in credit risk. These assumptions are informed using historical behaviour and experience through different economic cycles as well as credit bureau data. In the current economic environment there is an increasing level of model risk which is exacerbated for the group given its reliance on proxy data due to the business still being in its early stages.

The group applies four macroeconomic scenarios when determining the ECL calculation: a base case, an upside, a downside and a severe scenario. The selection and probability weighting of relevant macro-economic scenarios is judgemental and has a significant impact on the ECL calculation.

ECL provisions as at 31 December 2024 were £4.9m (2023: £5.6m) against total loans to customers of £1,857.2m (2023: £1,699.1m). In the current year, additional post model adjustments of £0.4m (2023: £1.7m) have been made to the ECL, to reflect additional exposures not captured by the core ECL model, including the potential increased risk of default arising from the challenges facing borrowers in the current economic environment.

Our key audit matters in relation to ECL have been identified as:

- the selection and probability weighting of relevant macro-economic scenarios and assumptions. There exists a risk of management bias in selecting the weightings and assumptions applied in the ECL model and a potential lack of consistency in approach when determining the weightings period on period; and
- the completeness and accuracy of post model adjustments to address risks that may not be reflected in the current ECL model.

Management’s associated accounting policies are detailed in Note 2 with detail about the judgements in applying accounting policies and critical accounting estimates, in Note 3.

How the scope of our audit responded to the key audit matter

We obtained an understanding of relevant controls that the group has in place to manage the risk of inappropriate assumptions being used within the ECL model.

In conjunction with our credit risk specialists, we assessed the compliance of the modelling approach and methodology with the requirements of IFRS 9, including updates to the model that were made during the year, and to assess whether the documented modelled approach was compliant with IFRS 9 and implemented in practice.

We challenged management’s consideration of the future economic environment in conjunction with our economic specialists, by comparing modelled assumptions to publicly available data from peer organisations, regulators and economic commentators.

We evaluated the completeness and accuracy of post model adjustments in light of relevant macro-economic factors, to assess whether all relevant risks were represented by these adjustments. We did this in conjunction with our credit risk specialists, and through benchmarking against peer entities.

We reconciled each book to the general ledger and tested a sample of loans to assess whether the data used in the provision calculation was complete and accurate.

We also tested the accuracy and completeness of forecast data collated from third party sources.

We validated that the underlying data feeding into management’s calculations for post model adjustments was complete and accurate and challenged the key judgements and assumptions within the calculations, working with our credit risk specialists where appropriate.

Key observations

We concluded that management’s view with regards to ECL and in particular the assumptions regarding macro-economic scenarios and post model adjustments was appropriate, with the overall ECL level being acceptable.

Overall, we found the ECL model to be working as intended and consider ECL to be recorded in line with the requirements of IFRS 9.

5.2 Revenue recognition – effective interest rate (“EIR”) accounting

Key audit matter description

Recognition of interest income and directly attributable fees and costs on loans under IFRS 9 requires the use of an EIR method over the behavioural life of the financial products.

The judgements taken in estimating the cash flows which drive the behavioural lives used in the calculation of the EIR can be sensitive to change and could significantly impact the income recognised in any financial period.

We have identified revenue recognised using the EIR method to be a key audit matter, in particular the derivation of the prepayment curves which determine the behavioural life of the loans and timing of the expected future cash flows.

Given the material impact of the significant judgements in calculating the EIR adjustment, we consider that there is an inherent risk of potential fraud through manipulation of this balance.

The EIR methodology is consistent with prior year, calculating the EIR adjustment on a cohort level as opposed to a loan by loan basis for both interest and directly attributable fees and costs. The group recognised an EIR asset of £14.0m (2023: £18.8m).

Management’s associated accounting policies are detailed in Note 2 with detail about the judgements in applying accounting policies and critical accounting estimates, in Note 3.

How the scope of our audit responded to the key audit matter

We obtained an understanding of relevant controls that the group has established in relation to the recognition of revenue on an EIR basis.

We challenged the appropriateness of the behavioural lives adopted by management with reference to historical customer redemptions, having tested the accuracy and completeness of the underlying data.

Additionally, we challenged any amendments made to the behavioural lives by management during the course of the year, based on the impact of product changes and recent customer redemption activity in light of the high interest rate environment and economic uncertainty.

In conjunction with our analytics and modelling specialists, we assessed the underlying code used to calculate the EIR adjustment and independently re-calculated the EIR model outputs.

We assessed the treatment of fees and charges arising on loans and advances to customers and the appropriateness of their inclusion or exclusion in the group’s EIR model.

Key observations

We concluded that the behavioural lives used within the group’s revenue recognition process were reasonable and the EIR model was working as intended.

Overall, we determined the accounting for interest income and the EIR asset to be appropriate and in line with the requirements of IFRS 9.

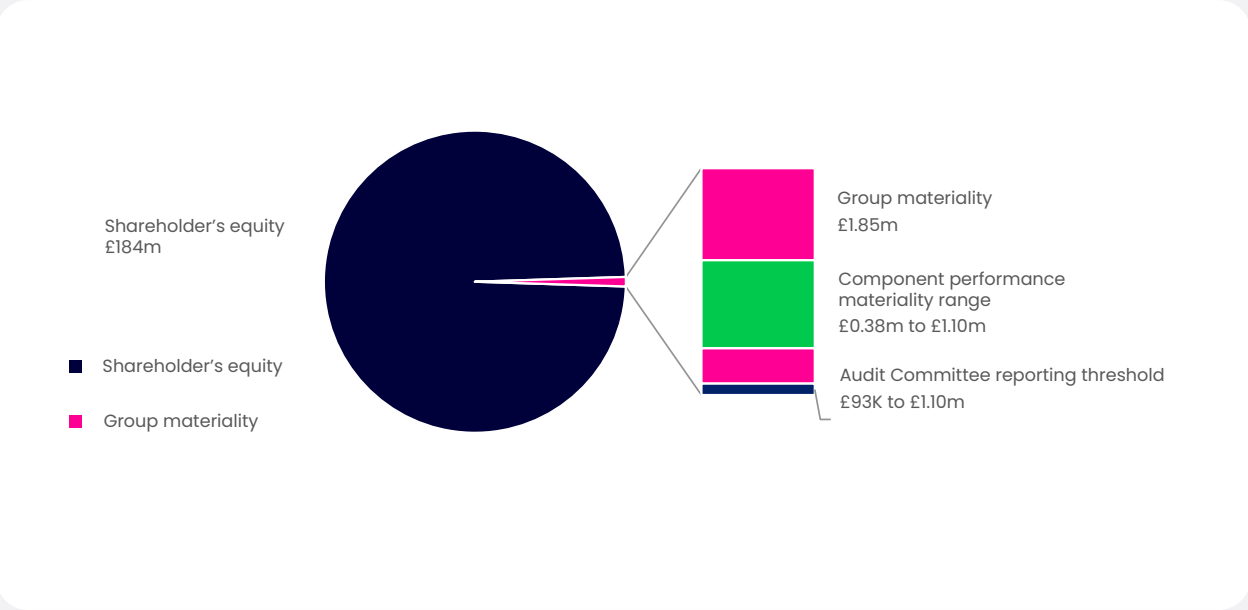
6. OUR APPLICATION OF MATERIALITY

6.1 Materiality

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

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

Materiality	Group financial statements £1.85m	Parent company financial statements £1.76m
Basis for determining materiality	1% of shareholder’s equity	1% of shareholder’s equity
Rationale for the benchmark applied	Shareholder’s equity is considered to be an appropriate basis for materiality given the overall capital base is a key focus area for the group’s shareholders and for regulatory purposes. The group’s strategy places high emphasis on the importance of a strong capital base, and shareholder’s equity is considered to be a stable metric.	



6.2 Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole.

	Group financial statements	Parent company financial statements
Performance Materiality	70% of group materiality	70% of parent company materiality
Basis and rationale for determining performance materiality	In determining performance materiality, we considered the following factors: - the quality of the control environment and the fact that we were not able to rely on controls over the lending cycle; - our understanding of the business; and - the nature, volume and size of corrected and uncorrected misstatements identified in the previous audit.	

6.3 Error reporting threshold

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £93k, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7. AN OVERVIEW OF THE SCOPE OF OUR AUDIT

7.1 Identification and scoping of components

Our group audit was scoped by obtaining an understanding of the group and its environment, including group-wide controls, and assessing the risks of material misstatement at the group level. Audit work to respond to the risks of material misstatement was performed by the group audit engagement team.

Based on that assessment, we performed an audit of the entire financial information of the parent company and material subsidiaries. This provided 100% coverage of revenue, profit before tax and net assets of the group, executed at levels of component performance materialities applicable to each individual entity which were lower than group materiality and in the range of £0.38m to £1.10m.

At the group level we also tested the consolidation process and carried out analytical procedures to confirm our conclusion that there were no significant risks of material misstatement of the aggregated financial information of the remaining subsidiaries not subject to an audit of their entire financial information.

7.2 Our consideration of the control environment

We have identified the lending and deposits business cycles as the most relevant to the audit. In conjunction with our IT specialists, we performed walkthroughs with management to gain an understanding of the underlying IT systems and controls. The extent of our controls work varied across the group depending on the maturity of these systems and controls. During this process, we identified certain deficiencies relating to the lending cycle, therefore have not taken controls reliance. However, we were able to adopt a controls reliance approach over the deposits cycle.

We have shared observations from our procedures with management and the Audit Committee. The assessment of the group's internal control environment is set out on page 54.

7.3 Our consideration of climate-related risks

In planning our audit, we have considered the potential impact of climate change on the group’s business and its financial statements. The group continues to develop its assessment of the potential impacts of environmental, social and governance (“ESG”) related risks, including climate change, as outlined on pages 82–86.

As a part of our audit, we have obtained management’s climate-related risk assessment and held discussions with management to understand the process of identifying climate-related risks, the determination of mitigating actions and the impact on the group’s financial statements.

We performed our own risk assessment of the potential impact of climate change on the group’s account balances and classes of transactions and did not identify any additional risks of material misstatement.

In conjunction with our ESG specialists, we evaluated the sustainability disclosures included in the strategic report and considered whether the information is materially consistent with the financial statements and the knowledge obtained during the audit.

8. OTHER INFORMATION

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

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

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

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

We have nothing to report in this regard.

9. RESPONSIBILITIES OF DIRECTORS

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

In preparing the financial statements, the directors are responsible for assessing the group's and the parent 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 parent company or to cease operations, or have no realistic alternative but to do so.

10. AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

11. EXTENT TO WHICH THE AUDIT WAS CONSIDERED CAPABLE OF DETECTING IRREGULARITIES, INCLUDING FRAUD

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

11.1 Identifying and assessing potential risks related to irregularities

In identifying and assessing the risk of misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

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

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas: revenue recognition specifically in relation to effective interest rate adjustments and expected credit losses on loans to customers. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

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

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

11. EXTENT TO WHICH THE AUDIT WAS CONSIDERED CAPABLE OF DETECTING IRREGULARITIES, INCLUDING FRAUD
CONTINUED >>>

11.2 Audit response to risks identified

As a result of performing the above, we identified revenue recognition specifically in relation to effective interest rate adjustments and expected credit losses on loans to customers as key audit matters related to the potential risk of fraud. The key audit matters section of our report explains the matters in more detail and also describes the specific procedures we performed in response to those key audit matters.

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

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements.
- enquiring of management, the Audit Committee and external legal counsel concerning actual and potential litigation and claims.
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.
- reading minutes of meetings of those charged with governance, reviewing internal audit reports, and reviewing correspondence with the Financial Conduct Authority, the Prudential Regulation Authority and HMRC as appropriate; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS.

12. OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.
- In the light of the knowledge and understanding of the group and the parent company and their environment, obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

13. MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

13.1 Adequacy of explanations received and accounting records

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

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

We have nothing to report in respect of these matters.

13.2 Directors' remuneration

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

We have nothing to report in respect of this matter.

14. OTHER MATTERS

14.1 Auditor tenure

Following the recommendation of the Audit Committee, we were appointed by the directors during 2016 to audit the financial statements for the year ended 31 December 2016 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is nine years, covering the years ending 31 December 2016 to 31 December 2024.

14.2 Consistency of the audit report with the additional report to the Audit Committee

Our audit opinion is consistent with the additional report we have provided to the Audit Committee.

15. USE OF OUR REPORT

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



Kieren Cooper
Senior statutory auditor

For and on behalf of Deloitte LLP
Statutory Auditor

Birmingham, United Kingdom
2 April 2025





VIDA GROUP HOLDINGS LIMITED

FINANCIAL STATEMENTS

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		2024	2023
	Notes	£'000	£'000
Interest income and similar income	4	156,114	144,373
Interest expense and similar charges	5	(123,575)	(111,887)
Net interest income		32,539	32,486
Other operating income	6	1,158	920
Net fair value gain on financial instruments	7	6,266	3,903
Net operating income		39,963	37,309
Administrative expenses	8	(36,225)	(32,439)
Operating profit before impairment		3,738	4,870
Impairment losses	14	(128)	(55)
Profit before taxation		3,610	4,815
Tax (charge)/credit for the year	9	(348)	25
Profit after taxation		3,262	4,840
Other comprehensive income			
Cash flow hedge reserve gains/(losses)	12	1,377	(10,468)
Tax on items in other comprehensive income		98	-
Total other comprehensive profit/(loss) for the year		4,737	(5,628)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	£'000	£'000
Assets			
Cash and cash equivalents	25	318,422	176,636
Debt securities	15	34,135	-
Loans to customers	13	1,858,979	1,688,337
Derivative financial assets	10	35,494	49,350
Other receivables	16	19,036	22,473
Deferred taxation asset	17	13,565	13,565
Property, plant and equipment	18	1,551	401
Intangible assets	19	2,190	2,704
Total assets		2,283,372	1,953,466
Liabilities			
Retail deposits	22	173,113	-
Amounts owed to credit institutions	11	74,253	44,437
Debt securities in issue	20	1,831,826	1,676,909
Derivative financial liabilities	10	636	10,730
Other liabilities	21	19,328	78,679
Corporation tax		247	13
Total liabilities		2,099,403	1,810,768
Shareholders' Equity			
Share capital	23	240,567	203,990
Share premium		-	41
Other reserves	12	7,871	6,396
Retained losses		(64,469)	(67,729)
Total shareholder's equity		183,969	142,698
Total liabilities and equity		2,283,372	1,953,466

The notes on pages 163 to 211 form part of these financial statements.

The financial statements were approved by the Board of Directors on 2 April 2025 and signed on behalf of the Board.



Anthony Mooney
Company registration: 09828204

CONSOLIDATED STATEMENT OF CHANGE IN EQUITY

	Called up share capital	Share premium	Retained earnings	Other Reserves	Total
	£'000	£'000	£'000	£'000	£'000
Balance at 1 January 2024	203,990	41	(67,729)	6,396	142,698
Profit for the year	-	-	3,262	-	3,262
Tax on items in other comprehensive expense	-	-	-	98	98
Amounts deferred to cash flow hedge reserve, net of tax	-	-	-	1,377	1,377
Total comprehensive income	-	-	3,262	1,475	4,737
Share issuance	36,577	31	-	-	36,608
Share based payments	-	(72)	(2)	-	(74)
Balance at 31 December 2024	240,567	-	(64,469)	7,871	183,969
Balance at 1 January 2023	203,990	39	(72,569)	16,864	148,324
Profit for the year	-	-	4,840	-	4,840
Amounts deferred to cash flow hedge reserve	-	-	-	(10,468)	(10,468)
Total comprehensive income	-	-	4,840	(10,468)	(5,628)
Share issuance	-	2	-	-	2
Balance at 31 December 2023	203,990	41	(67,729)	6,396	142,698

CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	2024 £'000	2023 £'000
Net cash flows from operating activities	26	41,141	70,556
Purchase of property, plant and equipment	18	(57)	(24)
Expenditure on software development	19	(351)	(674)
Net cash flows from investing activities		(408)	(698)
Proceeds from loan note issuance		569,167	124,941
(Repayments to) / proceeds from loans		(25,000)	7,000
Proceeds from shares issued		-	2
Repayment of loan notes		(408,727)	(196,555)
Repayment of lease liabilities		(225)	(445)
Movement in debt securities		(34,135)	-
Other movements		(27)	24
Net cash flows generated from/(used in) financing activities		101,053	(65,033)
Net increase in cash and cash equivalents		141,786	4,825
Cash and cash equivalents at 1 January		176,636	171,811
Cash and cash equivalents at 31 December		318,422	176,636

NOTES TO THE

VIDA GROUP HOLDINGS LIMITED

FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Vida Group Holdings Limited (the “Company”), formerly Belmont Green Limited, is a private limited company incorporated and registered in the United Kingdom. It is registered in England and Wales under the Companies Act 2006 with company number 09828204 and is limited by its shares. The Company’s registered address is 1 Battle Bridge Lane, London, United Kingdom, SE1 2HP. The financial statements presented are those for Vida Group Holdings Limited and its subsidiaries (together, the “Group”).

The principal activities of the Group and the nature of the Group’s operations are set out in the strategic report on pages 6 to 82. The UK banking industry is regulated by the PRA under the Banking Act 2009 (the “Regulations”). The Regulations require all entities carrying out banking business (as defined by the Regulations in the UK to hold a licence. Vida Bank Limited, a member of the Group, holds a licence under the Regulations.

The financial statements are presented in pounds sterling (£), the functional and presentational currency for the Group, and are rounded to the nearest thousand (£’000) unless otherwise stated.

2. ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the financial statements of the Group are set out below.

(a) BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the United Kingdom. The financial statements have been prepared under the historic cost basis except for certain financial instruments which are detailed in note (l) below.

(b) GOING CONCERN

The financial statements have been prepared on a going concern basis, with the directors, at the time of approving the financial statements, having made an assessment that this is appropriate. This assessment was based upon a thorough review of a wide range of information relating to present and future, internal and external conditions, including a severe but plausible downside scenario. It was concluded that no material changes to the Group’s activities would be required beyond a controlled reduction in lending in the severe but plausible downside scenario. Capital and liquidity ratios for the Group would be maintained above regulatory minima in this severe but plausible scenario.

(c) BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the results of the Company, its subsidiaries and other structured entities which are controlled by the Company (jointly referred to as the Group).

The Group assesses whether it controls its subsidiaries and structured entities and the requirement to consolidate them under the criteria of IFRS 10. These entities are fully consolidated from the date on which control is transferred to the Group and are de-consolidated from the date that control ceases.

Upon consolidation intercompany transactions and balances are eliminated. Accounting policies are applied consistently across the Group.

Control is achieved over subsidiaries and structured entities when the Company:

- has power over an entity;
- is exposed, or has rights, to variable returns from its involvement with the entity; and
- has the ability to use its power over the entity to affect the amount of the Group’s returns.

If facts and circumstances indicate that there are changes to one or more of the three elements of control listed above, the Company re-assesses whether it still controls the entity.

The Group manages the administration of its securitised assets and is exposed to the risks and rewards of the underlying mortgage assets through its continued subordinated investment in the securitisation structures. Where the Group does not retain a direct ownership interest in a securitisation entity, but it has been determined based on the above criteria that the Group controls those entities, they are treated as subsidiaries and included in the basis of consolidation.

(d) OPERATING SEGMENTS

The Group is outside the scope of IFRS 8 *Operating Segments*, and segment information is not disclosed within these financial statements.

(e) INTEREST INCOME AND EXPENSE

Interest income and interest expense for all interest-bearing financial instruments measured at amortised cost are recognised in the statement of comprehensive income using the effective interest rate (EIR) method, under IFRS 9 (Financial Instruments: recognition and measurement). This method calculates the amortised cost of the financial asset or liability and allocates the interest income or expense over the relevant period.

The EIR is the rate which discounts the expected future cash flows over the expected life of the financial instrument to the net carrying amount of a financial asset or liability. In calculating the EIR, the Group estimates the cash flows considering all contractual terms of the instrument but not future credit losses. The calculation of EIR includes all amounts received or paid by the Group that are an integral part of the overall return, comprising the incremental transaction costs to acquisition or issue of the financial instrument.

Interest income and expense on derivatives designated as hedging instruments are recognised as part of net interest income and are recorded as a reduction to gross interest derived using the effective EIR method on the related hedged asset or liability.

(f) FEES

Fee income is included in interest income and similar income and fee expense in interest expense and similar

charges. Fees that are an integral part of the effective interest rate of a financial instrument are recognised using the EIR method with the fees deferred and recognised over the expected life of the instrument. Fees that are not considered integral to the effective interest rate are generally recognised on an accruals basis when the service is provided.

(g) TAXATION

Income tax on the profit or loss comprises current tax and deferred tax. Income tax is recognised in profit or loss, other comprehensive income or directly in equity, consistently with the recognition of items it relates to.

Current tax is the expected tax charge or credit on the taxable profit or loss for the year and any adjustments in respect of the previous years. Taxable profit differs from profit as reported in the consolidated income statement because it excludes items of income and expense that are taxable or deductible in future years and it further excludes items of income and expense that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable in respect of temporary differences between the carrying amounts of the assets and liabilities in the financial statements and the corresponding amounts used for taxation purposes and is accounted for using the balance sheet liability method.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and the Group intends to settle its current tax assets and liabilities on a net basis.

(h) CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the statement of financial position comprise cash at banks, and cash deposits in money market funds and treasury bills with a maturity of less than three months which are subject to an insignificant risk of change in their fair value.

(i) DEBT SECURITIES

Debt securities are high quality UK government securities purchased as part of the Group's liquidity buffer. Under IFRS 9, these financial assets are recognised at fair value at initial recognition and subsequently carried at fair value through other comprehensive income.

(j) PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are shown at cost less accumulated depreciation. Depreciation is provided at rates calculated to write-off the cost, less estimated residual value, of each asset on a straight-line basis over its estimated useful life as follows:

- Leasehold improvements and furniture 5 years
- Computer equipment 3 years

All items of property, plant and equipment are reviewed for indications of impairment annually and, if they are considered to be impaired, are written down to their recoverable amounts. The cost of repairs and renewals is charged to profit or loss in the period in which the expenditure is incurred.

(k) INTANGIBLE ASSETS

Purchased software and costs directly associated with the development of computer software are capitalised as intangible assets where the software is a unique and identifiable asset controlled by the Group and will generate future economic benefits.

Costs to establish technological feasibility or to maintain existing levels of performance are recognised as an expense. The Group only recognises internally generated intangible assets if all of the following conditions are met:

- an asset is being created that can be identified after establishing the technical and commercial feasibility of the resulting product;
- it is probable that the asset created will generate future economic benefits; and
- the development cost of the asset can be measured reliably.

Subsequent expenditure on an internally-generated intangible asset, after its purchase or completion, is recognised as an expense in the period in which it is incurred. Where no internally-generated intangible asset can be recognised, development expenditure is recognised as an expense in the period in which it is incurred.

Intangible assets are reviewed for impairment annually and, if they are considered to be impaired, are written down immediately to their recoverable amounts.

Intangible assets are amortised on a straight-line basis over their estimated useful lives as follows:

- Core software systems 5 years
- Non-core software systems 3 years

For development costs, no amortisation will be applied until the associated asset is available for use and is calculated using a full month once available for use.

The Group reviews the amortisation period on an annual basis. If the expected useful life of assets is different from previous assessments, the amortisation period is changed accordingly.

(I) FINANCIAL INSTRUMENTS

Initial recognition

The Group initially recognises loans to customers, debt securities and debt securities in issue when the Group becomes a party to the contractual provisions of the instrument using trade date accounting, being the date the Group is committed to purchase or sell an asset.

Classification and measurement

When the Group first recognises a financial asset, it classifies it based on the Group’s business model for managing the asset and the asset’s contractual cash flow characteristics. Under IFRS 9, financial assets are measured in one of the following categories:

- Amortised cost—a financial asset is measured at amortised cost if both of the following conditions are met:
 - the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
 - the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- Fair value through other comprehensive income – financial assets are classified and measured at fair value through other comprehensive income if they are held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
- Fair value through profit or loss – any financial assets that are not held in one of the two business models above are measured at fair value through profit or loss.

Amortised cost measurement

Financial assets are initially recognised at fair value plus transaction costs that are directly attributable to that asset. Subsequently, they are measured at amortised cost using the effective interest rate method, less impairment losses. The Group holds financial instruments in this category including loans to customers, UK treasury bills and debt securities in issue.

Fair value through other comprehensive income measurement

Gains and losses arising from changes in fair value are included as a separate component of equity until sale, when the cumulative gain or loss is transferred to the income statement. For all FVOCI assets, the gain or loss is calculated with reference to the gross carrying amount. The Group holds gilts that are FVOCI.

Fair value measurement

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. It is measured at a specific date and may be significantly different from the amount which will be paid or received on maturity or settlement date.

Wherever possible, fair values have been calculated using unadjusted quoted market prices in active markets for identical instruments held by the Company. Where quoted market prices are not available, fair values have been determined using valuation techniques which, to the extent possible, use market observable inputs, but in some cases use non-observable inputs.

Assets and liabilities carried at fair value or for which fair values are disclosed have been classified into three levels according to the quality and reliability of information used to determine the fair values.

Level 1

Level 1 fair value measurements are those derived from unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2

Level 2 valuations are those where quoted market prices are not available, for example where the instrument is traded in a market that is not considered to be active, or valuation techniques are used to determine fair value and where these valuation techniques use inputs that are based significantly on observable market data.

Level 3

Level 3 valuations are those where at least one input which could have a significant effect on the instruments’ valuation is not based on observable market data.

The fair values of derivative financial instruments are calculated by discounting cash flows using appropriate observable market data. As such these instruments fall within level 2 of the hierarchy. The Group has no financial assets or liabilities carried at fair value which are valued using level 3 measurements.

Derecognition

The Group derecognises financial assets when the contractual right to receive cash flows expires or is transferred, or the Group transfers substantially all the risks and rewards of ownership of the financial asset.

At the point at which the Group sells any mortgage loans under forward flow agreements it would expect to derecognise these financial assets.

Financial liabilities are derecognised only when the obligation is discharged, cancelled or has expired.

(m) IMPAIRMENT OF FINANCIAL ASSETS

The Group assesses on a forward-looking basis the expected credit losses (ECLs) associated with its financial assets that are not measured at fair value through profit or loss.

For loans to customers, accounts are assigned to one of three stages which are intended to reflect the deterioration in credit quality. Vida Group Holding Limited’s definition of default is aligned with Stage 3 and defines an account in default as one that is equal to or more than 3 months in arrears on its contractual payments or those cases deemed to be fraud.

- **Stage 1** comprises mortgages that have shown no significant increase in credit risk (SICR) since origination. They carry an impairment provision equivalent to the ECL from those default events that are projected within 12 months of the reporting date (12-month ECL).
- **Stage 2** comprises mortgages that have shown a SICR since origination including mortgages that are subject to forbearance measures such as financial and non-financial arrangements. Probabilities of

Default (PD) are calculated using a statistical model based on both internal and external credit bureau data. A SICR is determined either where the PD has increased more than a set threshold or where the mortgage is more than one month in arrears. The impairment provision for Stage 2 mortgages is based on the ECL over the lifetime of the mortgage (lifetime ECL).

- **Stage 3** comprises mortgages where there is objective evidence that it is credit impaired. A loan is determined to be credit impaired where it is more than three months in arrears, has been renegotiated for credit risk reasons or is in default, including possession. An impairment provision is calculated for Stage 3 mortgages based on the lifetime ECL, but with a PD of 100%.

The ECLs are calculated at individual loan level, with the calculations having three main components: PD, loss given default (LGD) and exposure at default (EAD). The LGD represents losses expected on default, given the probability of a loan moving from default to possession, the estimated recovery in the event of possession, costs incurred in the possession and sale of security and discounting of recoveries to present value based on the time to sale. The EAD represents the expected balance at the time of default, using the contractual amortisation of the loan equivalent to the account balance at default with three months of non-payment and the associated accrued interest. IFRS 9 requires the estimates of PD and LGD to take into consideration the effects of variations in forward-looking macroeconomic variables, which include house prices, unemployment and interest rates.

The Group integrates probability-weighted macroeconomic forecasts into individual ECL calculations. The Group does not have an in-house economics function and sources economic forecasts from an appropriately qualified third party. The Group considers up to four macroeconomic forecast scenarios – base, downside, upside and severe.

Loans are written off, either partially or in full, when there is no realistic prospect of recovery. Where loans are secured, this is after receipt of any proceeds from the realisation of security.

(n) DERIVATIVE FINANCIAL INSTRUMENTS

The Group uses derivative financial instruments (interest rate swaps) to manage its exposure to interest rate risk arising from operational and financing activities. The derivative financial instruments are held solely for hedging purposes and are measured and held at fair value within the Statement of Financial Position. The Group has elected to adopt and continues to apply the hedge accounting requirements of IFRS 9 for all hedge relationships covered by those requirements. In line with accounting standards, the changes in fair value of derivatives used to hedge particular risks can either be offset in the Income Statement or deferred to equity. The Group does not hold or issue derivative financial instruments for proprietary trading purposes.

(o) HEDGE ACCOUNTING

The Group applies hedge accounting for its interest rate risk management activity that uses derivatives. It continues to apply the requirements of IAS 39 to its portfolio hedging relationships and has applied IFRS 9 to its other hedge relationships. Since becoming a bank, additional interest rate risks have arisen from retail deposits taken and high-quality liquid assets such as gilts held in the liquidity asset buffer. The Group applies hedge accounting for retail deposits under IAS 39 and adopts IFRS 9 for gilts.

Hedge accounting allows one financial instrument, generally a derivative such as an interest rate swap, to be designated as a hedge of another financial instrument such as a loan or a portfolio. At the inception of the hedge relationship, formal documentation is drawn up specifying the hedging strategy, the hedged item, the hedging instrument and the methodology that will be used to measure the effectiveness of the hedge relationship in offsetting changes in the fair value or cash flows of the hedged risk. The effectiveness of the hedging relationship is tested both at inception and throughout its life at least at every reporting period. If at any point it is concluded that it is no longer highly effective in achieving its documented objective, its hedging relationship is terminated and hedge accounting is discontinued.

There are two types of hedge accounting strategies that the Group undertakes, and these are summarised below.

Fair value hedges

Where the Group uses derivatives to hedge the interest rate risk that arises from fixed rate loans and fixed rate retail deposits, under IAS 39, changes in the fair value of derivatives that are designated and qualified as fair value hedging instruments are recorded in the income statement, together with the changes in the fair value of the hedged asset or liability that are attributable to the hedged risk, providing there is an effective hedging relationship. If the hedge no longer meets the criteria for hedge accounting, the hedge relationship is terminated and the changes in the fair value of the hedge item attributable to the hedge risk are no longer recognised in the income statement. The cumulative adjustment that has been made to the carrying amount of the hedged item is amortised to the income statement.

Fair value hedge accounting for gilts which was designated in a one to one hedge relationship, under IFRS 9, the hedging instruments with changes in the fair value of derivatives that are designated and qualified as fair value hedging instruments being recorded in the income statement. Providing the hedge relationship is effective, the accumulated movements of the hedge item attributable to interest rate risks recorded in the other comprehensive income is transferred to the income statement at each reporting period.

Cash flow hedges

Where the Group uses derivatives to hedge the interest rate risk that arises in the period from the mortgage application pipeline and from irrevocable offers to lend until the loan is drawn. To apply cash flow hedge accounting to pay fixed interest rate swaps, highly probably floating rate outgoing cashflows from the warehouse liabilities are used as the hedged item. The effective portion of accumulated changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income in the cash flow hedging reserve.

Hedge Accounting

The gain or loss relating to the ineffective portion is recognised immediately in the income statement. Amounts accumulated in equity are reclassified to the income statement in the periods in which the hedged item affects profit or loss.

When a hedging instrument expires or is terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised in the income statement in the interest income or expense through amortisation until its maturity. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

The Group considers the following as key sources of hedge ineffectiveness:

- the mismatch in maturity date of the swap and hedge item, as swaps with a given maturity date cover a portfolio of hedged items which may mature throughout the month; and
- the actual behaviour of the hedged item differing from expectations, such as early repayment.

(p) PROVISIONS

Provisions are recognised when the Group has a present obligation as a result of a past event, which is reliably measurable and when it is probable that the Group will be required to settle that obligation. Provisions are measured at the directors' most reliable estimate of the expenditure required to settle the obligation at the reporting date.

(q) EMPLOYEE BENEFITS – DEFINED CONTRIBUTION SCHEME

During the period the Group operated a defined contribution pension. The assets of the scheme are held separately from those of the Group in an independently

administered fund. The amount charged to the statement of comprehensive income represents the contribution payable to the scheme in respect of the accounting period.

(r) SHORT-TERM EMPLOYEE BENEFITS

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

(s) WAREHOUSE AND SECURITISATION STRUCTURES

Warehouse facilities

The Group has committed warehouse facilities to provide short-term funding for originated loans prior to transferring them to securitisation vehicles. The fees incurred in setting up and making amendments to these facilities are deferred and amortised over one or two years dependent upon the nature of the costs and any subsequent renewal costs over one year to reflect the rolling renewal nature of the facilities. These costs are included in deferred deal costs in note 16.

Warehouse and securitisation structures

The Group has an uncommitted warehouse facility. Given the facility's nature the warehouse provider is not obliged to fund originations at any point. The set-up costs of the uncommitted facility have been written off when incurred rather than being amortised over the potential life of the facility agreement.

Securitisation structures

At 31 December 2024, the Group had seven securitisation structures: Tower Bridge Funding 2021-2 PLC, Tower Bridge Funding 2022-1 PLC, Tower Bridge Funding 2023-1 PLC, Tower Bridge Funding 2023-2 PLC, Tower Bridge Funding 2024-1 PLC, Tower Bridge Funding 2024-2 PLC and Tower Bridge Funding 2024-3 PLC. The Group has retained the risks and rewards of ownership in respect of the loans transferred to these special purpose vehicles and they, therefore, fail the derecognition criteria and are included in the Group's financial statements.

Whilst the special purpose vehicles have been consolidated as 100% subsidiaries, the mortgage loans included within the deal structures are ring-fenced, with the cash flows being used to repay liabilities in line with the priority of payments set out in the relevant deal documentation. For Tower Bridge Funding 2021-2 PLC the senior debt is held externally with the junior debt and residual certificates retained by the Group. Tower Bridge Funding 2022-1 PLC, Tower Bridge Funding 2023-1 PLC, Tower Bridge Funding 2023-2 PLC, Tower Bridge Funding 2024-1 PLC, Tower Bridge Funding 2024-2 PLC and Tower Bridge Funding 2024-3 PLC were structured with vertical risk retention with 95% of the notes being held externally and the Group holding 5% of the notes and 100% of the residual certificates. The Group statement of financial position shows externally held notes as debt securities in issue. The amortisation period of set-up costs for the securitisation structures reflects the period to the term of the first call. These costs are included in deferred deal costs in note 16.

(t) LEASES

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the net present value of the future lease payments, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise: fixed lease payments (including in-substance fixed payments), less any lease incentives receivable; variable lease payments that depend on an index or rate, the amount expected to be payable by the lessee under residual value guarantees; and payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the EIR method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability and makes a corresponding adjustment to the related right-of-use asset whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate.
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated on a straight-line basis over the shorter period of lease term and useful life of the right-of-use asset. The depreciation starts at the commencement date of the lease.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components and instead account for any lease and associated non-lease components as a single arrangement. The Group has applied this practical expedient.

(u) CHANGES TO SIGNIFICANT ACCOUNTING POLICIES

During the year, the Group purchased UK government securities as part of its high-quality liquid asset portfolio held in the liquid asset buffer. As the business model objective for the underlying contractual cash flows (being solely in principal and interest) is to both collect and sell, under IFRS 9, the fair value movements of the financial assets should be recorded in the other comprehensive income. As the Group manages its interest rate risk activity using derivatives, the relevant fair value movements attributable to interest rate risk will be reclassified from other comprehensive income to the profit and loss account, providing the hedge relationship is effective.

NEW AND REVISED IFRS ACCOUNTING STANDARDS IN ISSUE BUT NOT YET EFFECTIVE

Standard/Amendment		Effective Date
Amendments to IFRS 7 and IFRS 9	Classification and Measurement of Financial Instruments	1 January 2026
Amendments to IAS 21	Lack of Exchangeability	1 January 2025
IFRS 18	Presentation and Disclosures in Financial Statements	1 January 2027
IFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to IFRS 7 and 9	Contracts referencing Nature-dependent Electricity	1 January 2026

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group in future periods.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in applying the Group's accounting policies.

In preparing the financial statements, the Group has considered the impact of climate-related risks on its financial position and performance. While the effects of climate change represent a source of uncertainty, the Group does not consider there to be a material impact on its judgements and estimates from the physical or transition risks in the short to medium term.

The key areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the consolidated financial statements in summary are:

Judgements	
Impairment of loans	In determining an appropriate definition of default against which PD, LGD and EAD can be evaluated. In determining whether credit risk has significantly increased since the initial recognition of a loan. In applying adjustments when addressing new risks or uncertainties that were not designed to be captured by the ECL model when it was originally developed. In assessing the weightings to be applied to the forward-looking macroeconomic scenarios.
Estimates	
Impairment of loans	In using macroeconomic forecasts to calculate expected credit losses.
Effective interest rate (EIR)	In calculating the EIR for loans to customers estimates are used for the expected lives of loans and the assumed reversionary rates at the end of fixed-rate periods.
Deferred tax asset	In assessing the future taxable profits that will be generated against which tax losses can be utilised.

Further detail on these judgements and estimates is provided in the sections that follow.

i. Impairment of loans

Significant increase in credit risk for transfer to stage 2. The Group’s criteria for transferring loans from stage 1 to stage 2 are set by reference to thresholds for relative changes in the PD of loans compared to the PD at their origination and by the application of qualitative measures which, if triggered, will move a loan from stage 1 to stage 2. Setting the thresholds for transferring loans to stage 2 is a key area of judgement.

LGD model

The Group’s LGD model uses estimates including propensity to go to possession given default, time to sale, forced sale discount and costs of sale. The factor that has the largest impact on LGD is the house price index (HPI), with the estimates used being set out in the table in the forward-looking macroeconomic scenarios section below.

Forward-looking macroeconomic scenarios

The calculation of PDs and LGDs requires the use of forward-looking estimates of macroeconomic conditions. The ECL calculations are sensitive to both the assumed forecast macroeconomic variables and the probability weightings assigned to the forecast scenarios.

The ECLs calculated utilise economic forecasts that were considered to be appropriate at 31 December 2024. However, given the uncertainty over the path of the economy, the scenarios and their weightings are subject to a significant degree of estimation.

In setting the economic forecasts, the Board has had regard to the forecasts produced by the firm that gives economic advice as well as other publicly-available forecasts. The Board has continued to allocate a broad distribution of weightings to the scenarios with weightings of 50% base, 30% downside, 10% upside, 10% severe (2023: 50% base, 30% downside, 10% upside, 10% severe). These weightings continue to reflect the level of uncertainty in the economic outlook at the end of 2024.

The following table provides details of the forecast economic variables of each of the four forecast scenarios.

		2025	2026	2027
Variable	Scenario	%	%	%
GDP (year-on-year)	Base	1.4	1.7	1.8
	Downside	-1.1	0.9	1.6
	Upside	5.6	3.9	2.9
	Severe	-4.2	-0.5	1.0
Unemployment (year average)	Base	4.4	4.3	4.2
	Downside	5.0	5.7	6.5
	Upside	3.5	2.4	2.1
	Severe	5.4	6.4	7.2
Inflation (year-on-year)	Base	3.0	2.4	2.1
	Downside	2.2	1.4	1.9
	Upside	4.3	4.1	3.0
	Severe	1.3	0.5	1.4
Bank Rate (year-on-year)	Base	3.75	3.00	2.50
	Downside	3.25	2.25	2.25
	Upside	6.00	5.00	4.00
	Severe	2.25	1.00	1.00
HPI (year-on-year)	Base	1.2	1.7	2.7
	Downside	-4.9	-1.7	-0.6
	Upside	5.5	5.6	6.8
	Severe	-10.9	-6.0	-5.4

The table below illustrates the ECLs calculated using 100% weighting to each scenario compared to the ECL calculated using the scenario weightings. The provision coverage has been calculated as the total ECL provision as a percentage of gross loans to customers.

2024				2023		
	Weight	ECL £'000	Provision Coverage	Weight	ECL £'000	Provision Coverage
Weighted	–	4,874	0.26%	–	5,589	0.33%
Base	50%	4,090	0.22%	50%	4,432	0.26%
Downside	30%	5,611	0.30%	30%	6,736	0.40%
Upside	10%	3,285	0.18%	10%	2,740	0.16%
Severe	10%	8,169	0.44%	10%	10,783	0.64%

The calculation of ECLs is most sensitive to the forecast HPI movement assumptions. The probability-weighted forecast movement in HPI ranges between –1.4% in 2025 and +1.3% in 2027. As an indication of sensitivity, a 2.0% absolute increase or decrease in the probability weighted HPI assumption would decrease ECLs by £295k or increase them by £317k respectively (2023: £349k decrease or £399k increase).

The impact of applying multiple economic scenarios gives rise to a probability weighted ECL of £4,874k, 19.2% more than the provision of £4,090k calculated using the base scenario. By comparison, in 2023 the probability weighted ECL was 26.1% more than the base case ECL.

Post-model adjustments (PMAs)

PMAs are adjustments made outside of models to correct known data or model limitations. PMAs can be judgmental, especially when addressing new risks or uncertainties that were not designed to be captured by the model when it was developed. PMAs have continued to be applied in 2024 in the calculation of ECLs. In total, £414k of PMAs have been applied on a probability-weighted basis at 31 December 2024 (2023: £1,698k) and are included in the total provision of £4,874k (2023: £5,589k).

A table and a summary of the PMAs are set out in the paragraphs that follow.

PMAs	2024	2023
	£'000	£'000
Affordability	155	542
Cladding	199	356
Forbearance	173	39
Possessions	(113)	761
Total	414	1,698

Affordability

Inflation and cost-of-living pressures eased during 2024 with the pressure on customers’ ability to meet their mortgage payments reducing. Mortgage arrears levels were steady during the year, demonstrating customer resilience to increases in payments. Interest rates started to fall in 2024, but a portion of customers, principally those with 5-year fixed-rate mortgages reverting in the next three years, are exposed to a significant increase in payments after their fixed-rate periods end. The ECL model does not cater for this risk and, as a result, a PMA has again been made.

The PMA has been applied to both the BTL and owner-occupied books and has considered affordability of payments when customers’ fixed rate periods come to an end. Assumptions regarding customers’ income, outgoings or, in the case of a BTL customer, interest coverage ratio have been made. As a result, a PMA of £155k has been retained, lower than the PMA of £542k held at the end of 2023, reflecting the smaller cohort of customers and lower risk associated with future payments affordability.

Cladding

The Group has in the past lent to customers that are impacted by the cladding regulations now in place for blocks of flats. The Group amended its lending policy in 2020 to ensure that its exposure to properties that required cladding rectification works did not increase. Measures were introduced by the government with the Building Safety Act 2022 to provide support for owner-occupied flats in blocks of more than 11 metres in height but provided no support for owner-occupied flats in blocks of less than 11 metres or for BTL flats.

An additional provision has continued to be held for the Group’s exposure to loans where the underlying property provided as security requires rectification work to meet cladding regulations, and where no support is provided by the government. The PMA has been estimated by using a stressed forced sale discount and a longer time to sale assumption in calculating a loss given default and an increased probability of default for those accounts in arrears. During 2024, a significant proportion of customers within this cohort have repaid their loans and as a result the additional provision held has reduced to £199k from £356k in 2023.

Forbearance

The Forbearance PMA includes a small number of adjustments to variables within the model covering default contagion (allocating all accounts with one customer to the highest stage allocation of an individual account), fraud and later life lending. Default contagion and fraud are new adjustments in 2024 leading to a total Forbearance PMA of £173k, higher than 2023’s adjustments of £39k.

Possessions

The Possessions PMA includes adjustments for the assumptions made in the model for time to sale of a property once it has been repossessed, the probability of possession given default, the cost of selling the property and an additional provision for larger losses on the stock of repossessed properties held at year end. These adjustments have been made as a result of the accumulation of data on Vida’s loan book since the initial development of the IFRS 9 model. Estimates of the impact of amending the assumptions in the model have been made and give a net PMA of £(113)k (2023: £761k). The main cause of the reduction in the PMA is the introduction of a negative adjustment for the probability of possession given default, i.e., observed possession rates have been lower than assumed in the model. The variables subject to this PMA will undergo further observation before being incorporated into the model in the future.

ii. Effective interest rate

Estimates are made when calculating the EIR for loans to customers. The critical estimates in the EIR calculation are expected lives of loans and the assumed reversionary interest rates at the end of fixed rate periods. Bringing forward future reversionary rate income and spreading upfront fees received and paid creates assets and liabilities in the statement of financial position. These estimates are monitored to ensure their ongoing appropriateness.

Management and the Board have reviewed the prepayment behaviour of the individual cohorts within the Vida Group book against that modelled in the EIR calculations. A 5% movement in the average rate of prepayment across the loan book is considered to be a reasonably possible variation in assumption for potential changes in the interest rate environment. This is based upon observations of past customer behaviour and management’s expectations of potential customer behaviour going forward. A 5% increase in the rate of loan prepayment compared to the assumed rates used in the EIR calculations would reduce the net EIR asset of £14.0m at 31 December 2024 by £2.8m. A 5% decrease in the rate of loan prepayment compared to the assumed rates used in the EIR calculations would increase the net EIR asset by £3.1m. Overall, management and the Board were satisfied that modelled expected loan lives were appropriate.

iii. Deferred tax asset recognition

At the reporting date, the Group had unused tax losses of £83.8m (2023: £90.1m) available for offset against future forecasted profits with no expiry date. A deferred tax asset has been recognised in respect of £54m (2023: £54m) of such losses which includes the impact of the corporate tax change from 19% to 25%, effective from 1 April 2023.

No deferred tax asset has been recognised in respect of the remaining £29.8m (2023: £36.1m) as the directors have assessed that it is conservative to recognise tax losses on a similar basis as the prior year, by including a level of restriction, whilst acknowledging the inherent uncertainty of using forecasts to underpin the level of the deferred tax asset recognised.

The deferred tax asset has been limited to £13.6m in respect of historical tax losses that are expected to be used to reduce future tax charges based on a restriction of the five-year financial forecast. The forecast used to calculate this deferred tax asset is based on the Board-approved five-year strategic business plan.

The base forecast is inherently sensitive to the assumptions which underpin it, including macroeconomic conditions (such as forecast spreads and interest rates, future tax rates, expectations of credit losses) and is dependent on Vida Group Holding Limited’s ability to successfully execute its strategy. As such, the expected utilisation of the deferred tax asset may vary significantly. Using a downside scenario, a deferred tax asset of £13.6m would still be recognized but the asset would be realised over a longer period within the five-year forecast timeframe.

The five-year forecast period used to calculate the deferred tax asset is a significant judgement. The reliability of forecasts is inherently more uncertain the further into the future they extend. Five years is the period over which management has experience in forecasting and monitoring performance.

4. INTEREST RECEIVABLE AND SIMILAR INCOME

	2024	2023
	£’000	£’000
On financial assets held at amortised cost:		
Interest income on loans and advances to customers	111,421	96,872
Interest income on treasury bills	1,188	–
On financial assets held at FVTPL:		
Net income on derivative financial instruments	43,410	47,501
On financial assets held at FVOCI:		
Interest income on Gilts	95	–
	156,114	144,373

5. INTEREST EXPENSE AND SIMILAR CHARGES

	2024	2023
	£’000	£’000
Interest expense and other charges	123,486	111,867
Interest on lease liabilities	73	12
IFRS 16 interest adjustment for variable lease components	16	8
	123,575	111,887

6. OTHER OPERATING INCOME

	2024	2023
	£'000	£'000
Income from mortgage servicing	925	1,013
Income from product switch fees	227	16
Gain on purchase of loan portfolio	6	28
Costs associated with forward flow sales	-	(137)
	1,158	920

7. NET GAIN/(LOSS) FROM DERIVATIVE FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2024	2023
	£'000	£'000
Net loss on derivative financial instruments	(39,960)	(47,862)
Net gain on assets held in fair value hedges	46,226	51,765
	6,266	3,903

8. ADMINISTRATIVE EXPENSES

	2024	2023
	£'000	£'000
Staff costs	20,069	18,576
Auditor's remuneration:		
Audit of the Company and consolidated financial statements	36	360
Audit of the Company's subsidiaries	803	335
Internal audit related assurance services	148	270
Lease commitment under IFRS 16	346	360
Operating lease rentals	38	131
Other administrative costs	14,785	12,407
Total	36,225	32,439

STAFF COSTS

The aggregate remuneration of staff, including Executive Directors, for the Group and Company comprised:

	2024	2023
	£'000	£'000
Wages and salaries	16,457	15,323
Social security costs	2,180	1,967
Pension costs	1,087	984
Termination costs	345	302
Total	20,069	18,576

The average monthly number of people employed by the Group and Company (including Executive Directors) during the year is analysed below.

	2024	2023
Executive	10	8
Business and customer operations	107	102
Support functions	46	47
Technology	19	18
Total	182	175

The total amount for directors' remuneration comprised:

	2024	2023
	£'000	£'000
Wages and salaries	1,474	1,384
Social security costs	201	192
Pension costs	-	-
	1,675	1,576

There was one director in the Company's defined contribution pension scheme during the year (2023: one). The total amount payable to the highest paid director in respect of emoluments was £935k (2023: £873k).

9. TAXATION

	2023	2022
Corporation tax	£'000	£'000
Current year charge	(348)	(18)
Adjustments in respect of prior year	-	43
	(348)	25
Deferred tax		
Current year credit	98	9,451
Effect of changes in tax rate	-	594
Deferred tax asset not recognised	-	(10,045)
Total tax (charge) / credit	(250)	25
Factors affecting the tax charge for the year		
Profit on ordinary activities before taxation	(3,610)	(4,815)
Tax at UK corporation tax rate of 25% (2023: 23.5%)	(902)	(1,133)
Effects of:		
Adjustments in respect of prior year	-	43
Non-deductible expenses	(41)	(325)
Effect of tax rate change	-	594
Exempt amounts	(962)	10,891
Deferred tax asset recognised/(not recognised)	1,655	(10,045)
Tax (charge)/credit on loss on ordinary activities	(250)	25

For an explanation of the deferred tax asset that has not been recognised refer to note 17.

10. DERIVATIVE FINANCIAL INSTRUMENTS

The fair values and notional amounts of derivative instruments held are set out in the following table:

31 December 2024			
Instrument type	Notional amount	Asset carrying value	Liability carrying value
	£'000	£'000	£'000
Interest rate – not hedging relationship	60,000	16	0
Interest rate – fair value hedges	1,814,151	33,487	566
Interest rate – cash flow hedges	206,590	1,991	70
Total derivatives held for hedging purposes	2,080,741	35,494	636

31 December 2023			
Instrument type	Notional amount	Asset carrying value	Liability carrying value
	£'000	£'000	£'000
Interest rate – not hedging relationship	-	-	-
Interest rate – fair value hedges	1,531,227	49,289	3,765
Interest rate – cash flow hedges	224,763	61	6,965
Total derivatives held for hedging purposes	1,755,990	49,350	10,730

£1,814m (2023: £1,531m) of derivative instruments were designated in fair value hedge accounting relationships, where the hedged item notional amount was £1,814m (2023: £1,531m), thus maintaining a hedge ratio of 1:1.

10. DERIVATIVE FINANCIAL INSTRUMENTS CONTINUED >>>

The carrying amount of the Group’s hedging instruments were as follows:

31 December 2024

	Contract / notional amount	Carrying amount of the hedging instrument		Changes in fair value used for calculating hedge ineffectiveness
	£’000	Assets £’000	Liabilities £’000	£’000
Interest rate – not in hedging relationship	60,000	16	0	–
Interest rate swaps – fair value hedges	1,814,151	33,487	566	33,152
Cash flow hedges	206,590	1,991	70	(8,124)

31 December 2023

	Contract / notional amount	Carrying amount of the hedging instrument		Changes in fair value used for calculating hedge ineffectiveness
	£’000	Assets £’000	Liabilities £’000	£’000
Interest rate – fair value hedges	1,531,227	49,289	3,765	(55,398)
Cash flow hedges	224,763	61	6,966	(11,975)

The notional amount of the Group’s hedged items were as follows:

31 December 2024

	Notional amount of the hedged item		Accumulated amount of fair value hedge adjustments on the hedged item	Change in fair value of hedged item in the year used for ineffectiveness measurement
	Assets £’000	Liabilities £’000	£’000	£’000
Fair value hedges				
Interest rate				
Fixed rate mortgages ¹	1,779,151	–	(7,027)	(34,160)
Gilts	35,000			(391)
Retail deposits	–	155,209	76	74

31 December 2023

	Notional amount of the hedged item		Accumulated amount of fair value hedge adjustments on the hedged item	Change in fair value of hedged item in the year used for ineffectiveness measurement
	Assets £’000	Liabilities £’000	£’000	£’000
Fair value hedges				
Interest rate				
Fixed rate mortgages ¹	1,531,227	–	(23,933)	55,807

The hedged item for fair value hedges represents the portfolio of fixed rate mortgages and the change in fair value of the hedged item has been presented as a fair value adjustment for hedged risk within assets.

¹Included within loans to customers

10. DERIVATIVE FINANCIAL INSTRUMENTS CONTINUED >>>

31 December 2024		Cash flow hedge reserve		
	Change in fair value of hedged item in the year used for ineffectiveness measurement	Continuing hedges	Discontinued Hedges	
	£'000	£'000	£'000	
Cash flow hedges				
Interest rate	(8,124)	1,117	6,656	

31 December 2023		Cash flow hedge reserve		
	Change in fair value of hedged item in the year used for ineffectiveness measurement	Continuing hedges	Discontinued Hedges	
	£'000	£'000	£'000	
Cash flow hedges				
Interest rate	12,280	(7,007)	13,403	

The hedged items for the cash flow hedge are the highly probable cash flows on issued floating rate notes. The effective portion of the change in fair value is deferred to the cash flow hedge reserve. The table above shows the amounts transferred to the cash flow hedge reserve and the breakdown between the live and discontinued hedges in the cash flow hedge reserve.

The Group holds derivatives to manage and hedge the Group’s risk arising from financial markets to reduce the risk of loss from movements in interest rates. The Group manages this exposure by hedging 100% of its fixed rate mortgage loan exposure through a combination of vanilla interest rate swaps and forward starting interest rate swaps. It has established hedge accounting relationships for interest rate risk using portfolio fair value hedges.

Hedge ineffectiveness arises during the management of interest rate risk due to residual unhedged risk. Sources of ineffectiveness, which the Group may decide to not fully mitigate, can include basis differences, timing differences and notional amount differences. The effectiveness of accounting hedge relationships is assessed between the hedging derivatives and the documented hedged item, which can differ from the underlying economically hedged item.

Interest rate swaps are classified as level 2 financial instruments in the fair value hierarchy.

The following tables show derivative notional amounts in the relevant maturity groupings in which they fall due.

31 December 2024	Maturity				
	Less than 3 months	3-12 months	1-5 years	More than 5 years	Total notional
	£m	£m	£m	£m	£m
Derivative assets	98.3	383.5	1,230	150.5	1,862.3
Derivative liabilities	-	109.3	81.5	27.5	218.3
Notional	98.3	492.8	1,311.5	178.0	2,080.6

31 December 2023	Maturity				
	Less than 3 months	3-12 months	1-5 years	More than 5 years	Total notional
	£m	£m	£m	£m	£m
Derivative assets	6.1	207.3	1,033.2	6.5	1,253.1
Derivative liabilities	-	1.0	164.7	337.1	502.8
Notional	6.1	208.3	1,197.9	343.6	1,755.9

The Group had 79 (2023: 188) derivative contracts with an average pay fixed rate of 3.17% (2023: 2.51%) and an average receive fixed rate of 4.70% (2023: N/A).

In accordance with IAS 32 Financial Instruments: Presentation, the Group reports financial assets and financial liabilities on a net basis on the balance sheet only if there is a legally enforceable right to set-off the recognised amounts and there is intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

10. DERIVATIVE FINANCIAL INSTRUMENTS CONTINUED >>>

The Group entered into a one-way collateral agreement with one of its swap counterparties such that when the derivatives are in asset positions for the Group, the swap counterparty will post collateral, but when the derivatives are in liability positions for the Group, no collateral will be posted by the Group to the swap counterparty. All collateral on outstanding swaps is therefore included in other liabilities and is detailed in the table below.

	Gross amounts	Amounts offset	Net amounts reported on balance sheet	Related amounts not offset: Cash collateral placed	Net amount
31 December 2024	£m	£m	£m	£m	£m
Derivative assets	-	-	0.3	1.3	1.6
Derivative liabilities	(0.2)	-	(0.2)	-	(0.2)
31 December 2023	£m	£m	£m	£m	£m
Derivative assets	13.0	-	13.3	(0.9)	12.4
Derivative liabilities	5.4	-	5.4	-	5.4

In addition to the above, Vida Group Holdings Limited had also posted an initial margin with a swap counterparty to facilitate hedging activities prior to the assets being on the balance sheet. The balance of the initial margin posted was £10.3m (2023: £10.3m) and is included in other receivables.

11. FINANCIAL INSTRUMENTS

The following table summarises the classification and carrying value of the Group’s financial assets and liabilities:

2024	£’000	£’000	£’000	£’000
Assets	FVTPL	FVOCI	Amortised cost	Total
Cash and cash equivalents	-	-	318,422	318,422
Debt securities	-	34,135	-	34,135
Loans to customers	-	-	1,858,979	1,858,979
Derivative financial assets	35,494	-	-	35,494
	35,494	34,135	2,177,401	2,247,030
Liabilities				
Amounts owed to credit institutions	-	-	74,253	74,253
Retail deposits	-	-	173,113	173,113
Debt securities in issue	-	-	1,831,826	1,831,826
Derivative financial liabilities	636	-	-	636
	636	-	2,079,192	2,079,828
2023	£’000	£’000	£’000	£’000
Assets	FVTPL	FVOCI	Amortised cost	Total
Cash and cash equivalents	-	-	176,636	176,636
Loans to customers	-	-	1,688,337	1,688,337
Derivative financial assets	49,350	-	-	49,350
	49,350		1,864,973	1,914,323
Liabilities				
Amounts owed to credit institutions	-	-	44,437	44,437
Debt securities in issue	-	-	1,676,909	1,676,909
Derivative financial liabilities	10,730	-	-	10,730
	10,730	-	1,721,346	1,732,076

12. OTHER RESERVES

	2024	2023
	£'000	£'000
Cash flow hedge reserve	7,773	6,396
Deferred tax on Gilts	98	0
	7,871	6,396
Cash flow hedge reserve movements:		
Balance at 1 January	6,396	16,864
Effective portion of changes in fair value of interest rate swaps	(5,370)	(11,971)
Amounts transferred to the Income Statement	6,747	1,503
Balance at 31 December	7,773	6,396

The cash flow hedge reserve is the cumulative net change in the fair value of the effective portion of the interest rate swaps used to hedge the mortgage pipeline. Amounts transferred to the Income Statement relate to amortisations of fair value relating to de-designated hedges. The impact on other comprehensive income for the year was £1,377k (2023: –£10,468k).

13. LOANS TO CUSTOMERS

	2024	2023
	£'000	£'000
BTL loans	1,347,776	1,250,194
Owner-occupied loans	508,549	447,704
Second charge loans	881	1,156
	1,857,206	1,699,054
EIR asset	14,042	18,805
Deferred fees	(368)	-
Provision for impairment losses	(4,874)	(5,589)
	1,866,006	1,712,270
Fair value adjustment for hedged risk	(7,027)	(23,933)
	1,858,979	1,688,337
Movements in loans to customers		
At beginning of year	1,688,337	1,685,600
Loans originated	368,520	189,642
Effective interest rate adjustments	(5,132)	633
Interest, fees & charges on loans	101,512	90,388
Redemptions and repayments	(339,584)	(330,724)
Purchase of loans	27,704	-
Movement in impairment provisions	716	336
Fair value adjustment for hedged risk	16,906	52,462
	1,858,979	1,688,337

14. EXPECTED CREDIT LOSSES

The following tables show the movement in credit exposures by IFRS 9 stage and the corresponding movement in impairment provisions by IFRS 9 stage.

Movement in loans to customers by stage – 2024	Stage 1 £'000	Stage 2 £'000	Stage 3 £'000	Total £'000
Gross balance at 1 January 2024	1,254,493	392,712	51,849	1,699,054
Transfers between stages				
To stage 1	158,941	(171,361)	(4,580)	-
To stage 2	(123,541)	130,486	(6,945)	-
To stage 3	(14,551)	(18,973)	33,524	-
Originations	356,093	11,419	1,008	368,520
Loans purchased	22,292	4,906	506	27,704
Changes to carrying value	(23,753)	867	1,208	(21,678)
Loans to customers derecognised during the year	(166,603)	(37,003)	(12,788)	(216,394)
Gross balance at 31 December 2024	1,463,371	330,053	63,782	1,857,206

Movement in loans to customers by stage – 2023	Stage 1 £'000	Stage 2 £'000	Stage 3 £'000	Total £'000
Gross balance at 1 January 2023	1,041,635	662,983	45,129	1,749,747
Transfers between stages				
To stage 1	320,931	(314,850)	(6,081)	-
To stage 2	(133,088)	137,001	(3,913)	-
To stage 3	(5,324)	(20,531)	25,855	-
Originations	159,109	29,751	782	189,642
Changes to carrying value	(8,759)	(3,719)	1,184	(11,294)
Loans to customers derecognised during the year	(120,011)	(97,923)	(11,107)	(229,041)
Gross balance at 31 December 2023	1,254,493	392,712	51,849	1,699,054

In addition, the mortgage offer pipeline of £37,927k at 31 December 2024 (2023: £65,849k) was classified at stage 1.

Movement in ECLs by stage – 2024	Stage 1	Stage 2	Stage 3	Total
£'000	£'000	£'000	£'000	£'000
Impairment provision at 1 January 2024	1,105	1,885	2,599	5,589
Transfers between stages				
To stage 1	760	(632)	(128)	-
To stage 2	(140)	390	(250)	-
To stage 3	(17)	(155)	172	-
Originations + pipeline	488	144	93	725
Changes to carrying value	(1,040)	(198)	846	(392)
Loans to customers derecognised during the year	(103)	(93)	(852)	(1,048)
Impairment provision at 31 December 2024	1,053	1,341	2,480	4,874

Movement in ECLs by stage – 2023	Stage 1	Stage 2	Stage 3	Total
£'000	£'000	£'000	£'000	£'000
Impairment provision at 1 January 2023	647	3,443	1,835	5,925
Transfers between stages				
To stage 1	1,598	(1,479)	(119)	-
To stage 2	(125)	296	(171)	-
To stage 3	(7)	(203)	210	-
Originations + pipeline	355	226	20	601
Changes to carrying value	(1,315)	(182)	1,311	(186)
Loans to customers derecognised during the year	(48)	(216)	(487)	(751)
Impairment provision at 31 December 2023	1,105	1,885	2,599	5,589

14. EXPECTED CREDIT LOSSES CONTINUED >>>

ARREARS PERFORMANCE

The Group’s arrears have increased however the level still remains relatively low in comparison to our mortgage book. Those loans more than three months in arrears represented 2.4% of the total portfolio balances (2023: 2.2%) with owner-occupied at 4.3% (2023: 4.4%) and BTL at 1.7% (2023: 1.4%).

At the end of December 2024, there were 2 owner-occupied loans with the secured property in possession (2023: 1) and 7 BTL loans with the secured property in possession (2023: 11). There were 16 repossession sales during the year (2023: 10).

	2024	2023
	£'000	£'000
Movement in expected credit losses		
At 1 January	5,589	5,925
Charge for the year	(128)	(55)
Provisions on loans purchased during the year	73	-
Written off in the year	(660)	(281)
At 31 December	4,874	5,589

15. DEBT SECURITIES

	2024	2023
	£'000	£'000
Gilts	34,135	-
	34,135	-

16. OTHER RECEIVABLES

	2024	2023
	£'000	£'000
Swap collateral	10,250	10,250
Deferred deal costs	5,787	5,362
Prepayments	1,549	1,237
Other receivables	1,450	5,624
	19,036	22,473

Other receivables include interest accruals from cash and cash equivalents and debt securities of £898k (2023: £302k).

17. DEFERRED TAXATION ASSET

The movement in the deferred tax asset is as follows:

	2024	2023
	£'000	£'000
At 1 January	13,565	13,565
Credit to income statement	98	9,451
Deferred tax included directly in equity	(98)	
Effect of change in tax rate	-	594
Deferred tax asset not recognised	-	(10,045)
At 31 December	13,565	13,565

The net deferred tax asset is analysed as follows:

	2024	2023
	£'000	£'000
Tax losses	13,622	13,271
Other timing differences	(57)	294
	13,565	13,565

The five-year forecast period used to calculate the deferred tax asset is a significant judgement. The reliability of forecasts is inherently more uncertain the further into the future they extend. Five years is the period over which Management has experience in forecasting and monitoring performance.

18. PROPERTY, PLANT AND EQUIPMENT

	Right of Use Asset £'000	Leasehold Improvements £'000	Computer Equipment £'000	Total £'000
2024				
Cost				
At 1 January	4,836	531	400	5,767
Additions	1,591	4	53	1,648
Disposals	-	(472)	(351)	(823)
At 31 December	6,427	63	102	6,592
Depreciation/amortisation				
At 1 January	4,626	428	312	5,366
Charge for the year	346	79	81	506
Disposals	-	(472)	(351)	(823)
Depreciation correction of prior years	-	(7)	(1)	(8)
At 31 December	4,972	28	41	5,041
Net book value				
At 31 December	1,455	35	61	1,551

	Right of Use Asset £'000	Leasehold Improvements £'000	Computer Equipment £'000	Total £'000
2023				
Cost				
At 1 January	4,840	537	560	5,937
IFRS 16 interest adjustment for variable asset components	(4)	-	-	(4)
Additions	-	-	24	24
Disposals	-	(6)	(184)	(190)
At 31 December	4,836	531	400	5,767
Depreciation/amortisation				
At 1 January	4,262	331	378	4,971
Charge for the year	364	103	119	586
Disposals	-	(6)	(185)	(191)
At 31 December	4,626	428	312	5,366
Net book value				
At 31 December	210	103	88	401

19. INTANGIBLE ASSETS

	2024 £'000	2023 £'000
Cost		
At 1 January	4,485	3,811
Additions	351	674
Disposals	(153)	-
At 31 December	4,683	4,485
Depreciation/amortisation		
At 1 January	1,781	974
Charge for the year	865	807
Disposals	(153)	-
At 31 December	2,493	1,781
Net book value		
At 31 December	2,190	2,704

Intangible assets comprise computer software, which consists of purchased software and other external costs directly associated with the development of software. The amortisation charge for the period is included in "Other administrative expenses" as disclosed in note 8.

20. DEBT SECURITIES IN ISSUE

Residential and Buy-to-Let mortgage assets are used as security for loan notes issued through the following vehicles:

	2024	2023
	£'000	£'000
Warehouse Funding		
Belmont Green Funding 1 Limited	47,000	98,853
Belmont Green Funding 3 Limited	85,925	14,277
Belmont Green Funding 4 Limited	116,982	129,530
Belmont Green Funding 5 Limited	-	195,599
	249,907	438,259
Securitisation Funding		
Tower Bridge Funding 2021-1 PLC	-	171,696
Tower Bridge Funding 2021-2 PLC	129,950	151,792
Tower Bridge Funding 2022-1 PLC	177,598	220,926
Tower Bridge Funding 2023-1 PLC	123,271	319,493
Tower Bridge Funding 2023-2 PLC	316,539	374,743
Tower Bridge Funding 2024-1 PLC	269,161	-
Tower Bridge Funding 2024-2 PLC	280,501	-
Tower Bridge Funding 2024-3 PLC	284,899	-
	1,581,919	1,238,650
Total debt securities in issue	1,831,826	1,676,909

The asset-backed loan notes are secured on both fixed and variable rate mortgages and are redeemable in part from time-to-time, although such redemptions are limited to the net principal received from borrowers in respect of the underlying mortgages. It is likely that a large proportion of the underlying mortgages and, therefore, the notes will be repaid within five years.

Asset-backed loan notes are expected to be repurchased by the Group from the outstanding Tower Bridge securitisations at the first call date. There is also the ability to repurchase the notes at any interest payment date after the call date.

Interest is payable at fixed margins above SONIA.



21. OTHER LIABILITIES

	2024	2023
	£'000	£'000
Term loans	-	56,000
Accruals & payables	16,208	18,173
Lease liability	1,699	326
Other liabilities	1,388	4,158
Forward flow completion monies received in advance	33	22
	19,328	78,679

Total lease payments during the year were £279k (2023: £457k), with principal amounting to £206k (2023: £445k) and interest amounting to £73k (2023: £12k). See Lease liabilities, note 24, for further details. Accruals & payables include interest accrual from repo, warehouse and loan notes in issue of £10,532k (2023: £10,861k).

22. RETAIL DEPOSITS

	2024	2023
	£'000	£'000
Non-ISA	155,781	-
ISA	17,408	-
Fair value adjustment for hedged risk	(76)	-
	173,113	-

Retail deposits consist of ISA accounts and Non-ISA accounts, which include fixed bonds and easy access accounts.

23. SHARE CAPITAL

	Shares authorised and fully paid Number	Nominal Value £'000
Ordinary shares – par value £1		
31 December 2023	203,990,010	203,990
Shares issued during the year	36,576,718	36,577
31 December 2024	240,566,728	240,567

Shares at the end of 31 December 2023 were converted to ordinary shares at par value £1 on 16 October 2024.

	2024	2023
	£'000	£'000
Authorised		
25,000,000 Preferred shares of £9.999 each	-	249,975
25,000,000 Class A ordinary shares of £0.001 each	-	25
1,000,000 Class B ordinary shares of £0.0001 each*	-	-
4,700,000 Class C ordinary shares of £0.0001 each**	-	-
240,566,728 Ordinary shares – par value £1	240,567	-
	240,567	250,000
Issued, allotted and fully paid		
20,398,986 Preferred shares of £9.999 each	-	203,970
20,398,986 Class A ordinary shares of £0.001 each	-	20
1,000,000 Class B ordinary shares of £0.0001 each*	-	-
4,394,500 Class C ordinary shares of £0.0001 each**	-	-
240,566,728 Ordinary shares – par value £1	240,567	-
	240,567	203,990

*The nominal value of Class B shares is £100 (2023: £100)

**The nominal value of Class C shares is £470 (2023: £470)

24. LEASE LIABILITIES

The Group has entered into leases for office space. The weighted average incremental borrowing rate applied to lease liabilities resulting in the recognition of a lease liability of £1,635k (2023: £262k).

	2024	2023
	£'000	£'000
Year 1	442	242
Year 2	433	84
Year 3	433	-
Year 4	433	-
Year 5	282	-
	2,023	326
Less: interest	(324)	-
At 31 December	1,699	326
Analysed as:		
Current	327	242
Non-Current	1,372	84
	1,699	326

The lease liability amount includes a dilapidations provision of £64k (2023: £64k) related to the anticipated costs of restoring leased assets to their original condition.

25. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

MARKET RISK

Market risk is the risk that unfavourable market movements lead to a reduction in earnings or the Group’s economic value. The Group does not have a trading book nor foreign exchange exposures. All derivatives are entered into for the purposes of hedging.

The main source of market risk is exposure to changes in interest rates and liquidity risk. Market risk is managed and monitored by the Group’s Treasury function with oversight by the Risk function.

CREDIT RISK

Credit risk is the risk that unexpected losses may arise as a result of the Group’s borrowers or market counterparties failing to meet their obligations to repay. The classes of financial instruments to which the Group is most exposed are loans to customers and cash with other financial institutions. The maximum credit risk exposure equals the total carrying amount of these categories plus off-balance sheet undrawn mortgage facilities.

Credit Risk – Loans to Customers

Credit risk associated with mortgage lending is largely driven by the housing market and the impact of inflation and unemployment on the ability of our customers to meet their monthly mortgage payments. A recession and/or high interest rates could cause pressure within the market, resulting in rising levels of arrears and repossessions.

All loan applications are assessed with reference to the Group’s lending policy. Changes to the policy are approved by the Board Risk Committee, with mandates set for the approval of loan applications. BRC regularly monitors lending activity, taking appropriate actions to adjust lending criteria in order to control risk and manage exposure.

Concentration of credit risk exists when a number of counterparties are engaged in similar activities, or operate in the same geographical areas or industry sectors and have similar economic characteristics so that their ability to meet contractual obligations is similar affected by changes in economic, political or other conditions. The Group implements limits on concentrations in order to mitigate risk.

The Group’s lending is widely spread in terms of the loan-to-value ratio, geographically, and impairment stages. The following table provides a breakdown of loans to customers by indexed loan-to-value:

	2024				
	BTL	Owner-occupied	Second charge	Total	
2024	£'000	£'000	£'000	£'000	%
0% - 50%	106,433	96,020	280	202,733	10.9%
50% - 60%	205,348	104,348	201	309,897	16.7%
60% - 70%	554,569	117,172	306	672,047	36.2%
70% - 80%	429,914	102,798	94	532,806	28.7%
80% - 90%	48,120	85,739	-	133,859	7.2%
> 90%	3,393	2,471	-	5,864	0.3%
Total loans to customers	1,347,777	508,548	881	1,857,206	100%

25. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

CONTINUED >>>

	BTL	Owner-occupied	Second charge	Total	
2023	£'000	£'000	£'000	£'000	%
0% – 50%	113,012	95,781	374	209,167	12.3%
50% – 60%	247,870	104,240	260	352,370	20.7%
60% – 70%	572,273	112,727	382	685,382	40.3%
70% – 80%	286,197	76,242	140	362,579	21.3%
80% – 90%	28,837	57,740	–	86,577	5.1%
> 90%	2,005	974	–	2,979	0.2%
Total loans to customers	1,250,194	447,704	1,156	1,699,054	100%

An analysis of loans to customers by region at 31 December is as follows:

	2024		2023	
	£'000	%	£'000	%
East of England	196,425	10.6	182,151	10.7
East Midlands	93,072	5.0	82,527	4.9
London	705,575	38.0	691,616	40.7
North East	39,666	2.1	29,921	1.8
North West	114,804	6.2	97,478	5.7
South East	263,754	14.2	249,142	14.7
South West	110,219	5.9	98,080	5.8
West Midlands	116,839	6.3	99,838	5.9
Yorkshire and the Humber	86,204	4.7	71,304	4.1
Total England	1,726,558	93.0	1,602,057	94.3
Scotland	80,422	4.3	56,250	3.3
Wales	50,226	2.7	40,747	2.4
Total loans to customers	1,857,206	100.0	1,699,054	100.0

The following table shows at year end, all gross loans to customers as categorised by the applicable IFRS 9 staging together with the ECL provision held. For Stages 1 and 2, the split between ‘Low risk’ and ‘High risk’ is determined by an internally defined threshold based on data provided by a third-party scorecard provider.

	Gross loans		Impairment provision	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Stage 1				
Low risk	1,437,006	1,226,950	929	968
High risk	26,364	27,543	124	138
Stage 2				
Low risk	244,611	314,394	619	1,031
High risk	85,441	78,318	722	854
Stage 3				
Impaired	63,784	51,849	2,480	2,598
Total loans to customers	1,857,206	1,699,054	4,874	5,589

Credit Risk – Cash at Financial Institutions

The Group holds cash at financial institutions as part of its management of liquidity. The table below provides a breakdown of cash held at financial institutions by rating of those institutions.

The Group also holds UK government securities with financial institutions in Gilts and Treasury bills.

31 December 2024	AA	AA–	A+	A	A–	BB+	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cash and cash equivalents	–	165,034	145,510	–	7,721	157	318,422
Debt Securities	34,135	–	–	–	–	–	34,135
31 December 2023	AA	AA–	A+	A	A–	BB+	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cash and cash equivalents	–	43,900	132,568	–	–	168	176,636

25. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

CONTINUED >>>

LIQUIDITY RISK

The table below shows the timing of future cash outflows payable on an undiscounted basis for finance debt (assuming securitisations are repaid at the first call date), trade and other payables and accruals. These amounts will differ from carrying value as they include future interest payments. The floating rate interest is estimated using the prevailing rate at the balance sheet date.

	Trade and other payables	Accruals	Retail deposits	Finance debt	Interest on finance debt
31 December 2024	£'000	£'000	£'000	£'000	£'000
Within one year	679	1,549	173,113	879,461	83,078
1 to 2 years	-	81	-	851,042	28,827
2 to 3 years	-	14	-	175,576	3,952
3 to 4 years	-	-	-	-	-
	679	1,644	173,113	1,906,079	115,857

	Trade and other payables	Accruals	Finance debt	Interest on finance debt
31 December 2023	£'000	£'000	£'000	£'000
Within one year	744	192	953,551	80,316
1 to 2 years	-	82	820,501	24,630
2 to 3 years	-	28	106,551	1,016
3 to 4 years	-	-	-	-
	744	301	1,880,603	105,962

The table below shows the timing of contractual cash outflows for derivative financial instruments entered into for the purpose of managing interest rate risk, whether or not hedge accounting is applied. The amounts reflect the gross settlement amount where the pay leg of a derivative will be settled separately from the receive leg. The swaps are with high investment-grade counterparties and therefore the settlement-day risk exposure is considered to be negligible. For further information on derivative financial instruments, see note 10.

	2024	2023
Cash outflows for derivative financial instrument at 31 December:	£'000	£'000
Up to 1 month	2,070	4,016
1-3 months	4,020	6,679
3-12 months	15,130	24,873
1-5 years	18,940	19,121
Over 5 years	48	(839)
	40,208	53,850

INTEREST RATE RISK

The acceptable exposure to changes in interest rate is limited by Board defined risk appetite.

Fixed rate cash flows, whether assets or liabilities, are hedged to SONIA by means of interest rate swaps. SONIA is an overnight interest rate that correlates highly with the Bank of England’s Base Rate (BBR) during normal market conditions. Exposures to interest rate risk other than those based on BBR, SONIA and Vida Variable Rate are minimal.

Net exposures are hedged with external swap counterparties to mitigate the risk from interest rate movements.

The Group uses two primary methods to quantify interest rate risk exposure, Economic Value (EV) and net interest income (NII). EV sensitivity measures the change in net present value of the Group’s asset, liability and derivative positions in response to an interest rate yield curve movement. NII sensitivity measures the change in NII over a 12-month time horizon following a change in the underlying interest rate yield curve. Each of these measures is stress tested in a variety of interest rate scenarios, using both parallel and non-parallel yield curve shifts.

Sensitivity analysis of EV and NII is performed on the Group balance sheet. The projected change in response to an immediate parallel shift of 200bps in all relevant interest rates for EV and 25bps for NII was:

	2024	2023
	£'000	£'000
EV: Impact on increase in rates	(1,436)	857
EV: Impact on decrease in rates	1,466	(765)
NII: Impact on increase in rates	(70)	22
NII: Impact on decrease in rates	70	(22)

26. NET CASH FLOWS FROM OPERATING ACTIVITIES

	2024	2023
Group	£'000	£'000
Profit for the year	3,262	4,840
Adjustments for non-cash items		
Taxation credit for the year	250	(25)
Write down of disposed assets	-	(1)
Depreciation of property, plant and equipment	152	222
Amortisation of intangible assets	865	807
Amortisation of right of use of asset	346	368
Movement in fair value hedge	(6,266)	(3,903)
	(1,391)	2,308
Changes in working capital		
(Decrease) / increase in loans to customers	(153,735)	49,725
Increase in retail deposits	173,189	-
Increase in amounts owed to credit institutions	29,817	29,249
Increase in receivables	(1,433)	(4,825)
Decrease in accruals & payables	363	4,443
Increase/ (decrease) in other liabilities	2,110	(4,607)
Net decrease in derivatives and hedged items	(7,957)	(5,786)
Decrease in tax liability	178	49
Cash flows from operations	42,532	68,248
Net cash flows from operating activities	41,141	70,556

Non-cash financing activities

On 16 October 2024, the £31m term loan from the majority shareholder was converted to equity via the issuance of ordinary shares against the convertible debt instrument.

27. RELATED PARTIES

The Group has the following subsidiaries and other related parties, all of which are incorporated in Great Britain and are registered in England and Wales and operate throughout the United Kingdom (with the exception of the Pine Brook entities, which are registered in the Cayman Islands):

Related party	Holding 100% ordinary shares	Principal Activities	Registered Address
Belmont Green Funding 1 Limited	*	Mortgage Finance	1 Bartholomew Lane, London, United Kingdom, EC2N 2AX
Belmont Green Funding 1 Holdings Limited	*	Non-trading	1 Bartholomew Lane, London, United Kingdom, EC2N 2AX
Belmont Green Funding 3 Limited	*	Mortgage Finance	1 Bartholomew Lane, London, United Kingdom, EC2N 2AX
Belmont Green Funding 3 Holdings Limited	*	Non-trading	1 Bartholomew Lane, London, United Kingdom, EC2N 2AX
Belmont Green Funding 4 Limited	*	Mortgage Finance	1 Bartholomew Lane, London, United Kingdom, EC2N 2AX
Belmont Green Funding 4 Holdings Limited	*	Non-trading	1 Bartholomew Lane, London, United Kingdom, EC2N 2AX
Belmont Green Funding 5 Limited	*	Mortgage Finance	10th Floor 5 Churchill Place, London, United Kingdom, E14 5HU
Belmont Green Funding 7 Limited ¹	*	Non- trading	10th Floor 5 Churchill Place, London, United Kingdom, E14 5HU
Tower Bridge Funding No.4 PLC ³	*	Dissolved	40a Station Road, Upminster, Essex, United Kingdom, RM14 2TR
Tower Bridge Funding No.4 Holdings Limited	*	In liquidation	10th Floor 5 Churchill Place, London, United Kingdom, E14 5HU
Tower Bridge Funding 2020-1 PLC ⁴	*	Dissolved	10th Floor 5 Churchill Place, London, United Kingdom, E14 5HU
Tower Bridge Funding 2020-1 Holdings Limited	*	In liquidation	10th Floor 5 Churchill Place, London, United Kingdom, E14 5HU
Tower Bridge Funding 2021-1 PLC	*	Mortgage Finance	10th Floor 5 Churchill Place, London, United Kingdom, E14 5HU
Tower Bridge Funding 2021-1 Holdings Limited	*	Non-trading	10th Floor 5 Churchill Place, London, United Kingdom, E14 5HU
Tower Bridge Funding 2021-2 PLC	*	Mortgage Finance	10th Floor 5 Churchill Place, London, United Kingdom, E14 5HU
Tower Bridge Funding 2021-2 Holdings Limited	*	Non-trading	10th Floor 5 Churchill Place, London, United Kingdom, E14 5HU
Tower Bridge Funding 2022-1 PLC	*	Mortgage Finance	10th Floor 5 Churchill Place, London, United Kingdom, E14 5HU
Tower Bridge Funding 2022-1 Holdings Limited	*	Non-trading	10th Floor 5 Churchill Place, London, United Kingdom, E14 5HU
Tower Bridge Funding 2023-1 PLC	*	Mortgage Finance	10th Floor 5 Churchill Place, London, United Kingdom, E14 5HU
Tower Bridge Funding 2023-1 Holdings Limited	*	Non-trading	10th Floor 5 Churchill Place, London, United Kingdom, E14 5HU
Tower Bridge Funding 2023-2 Plc	*	Mortgage Finance	10th Floor 5 Churchill Place, London, United Kingdom, E14 5HU

27. RELATED PARTIES

CONTINUED >>>

Related party	Holding 100% ordinary shares	Principal Activities	Registered Address
Tower Bridge Funding 2023-2 Holdings Limited	*	Non-trading	10th Floor 5 Churchill Place, London, United Kingdom, E14 5HU
Tower Bridge Funding 2024-1 Plc	*	Mortgage Finance	10th Floor 5 Churchill Place, London, United Kingdom, E14 5HU
Tower Bridge Funding 2024-1 Holdings Limited ⁷	*	Non-trading	10th Floor 5 Churchill Place, London, United Kingdom, E14 5HU
Tower Bridge Funding 2024-2 Plc	*	Mortgage Finance	10th Floor 5 Churchill Place, London, United Kingdom, E14 5HU
Tower Bridge Funding 2024-2 Holdings Limited	*	Non-trading	10th Floor 5 Churchill Place, London, United Kingdom, E14 5HU
Tower Bridge Funding 2024-3 Plc	*	Mortgage Finance	10th Floor 5 Churchill Place, London, United Kingdom, E14 5HU
Tower Bridge Funding 2024-3 Holdings Limited	*	Non-trading	10th Floor 5 Churchill Place, London, United Kingdom, E14 5HU
Vida Bank Limited	*	Bank	1 Battle Bridge Lane, London, United Kingdom, SE1 2HP
Belmont Green Midco Limited ²		Dissolved	1 Battle Bridge Lane, London, United Kingdom, SE1 2HP

Related party	Principal Activities
Other related parties	
Pine Brook PD (Cayman) Intermediate, LP	Investment Fund
Pine Brook Capital Partners II (Cayman) AV, LP	Investment Fund

¹Company was officially dissolved on 29 October 2024

²Company was officially dissolved on 19 November 2024

³Company was officially dissolved on 16 February 2024

⁴Company was officially dissolved on 25 May 2024

* The share capital of the warehouses and securitisation vehicles is not owned by the Group, but the vehicles are included in the consolidated financial statements as they are controlled by the Group. Please refer to note 2(c) for more information.

Subsidiary	Registration Number
Belmont Green Funding 1 Holdings Limited	10272535
Belmont Green Funding 3 Holdings Limited	10272604
Belmont Green Funding 4 Holdings Limited	11066453
Belmont Green Funding 7 Limited	13970686
Tower Bridge Funding 2021-2 Holdings Limited	13381541
Tower Bridge Funding 2022-1 Holdings Limited	13688059
Tower Bridge Funding 2023-1 Holdings Limited	14070057
Tower Bridge Funding 2023-2 Holdings Limited	14762202
Tower Bridge Funding 2024-1 Holdings Limited	15198553
Tower Bridge Funding 2024-2 Holdings Limited	15450210
Tower Bridge Funding 2024-3 Holdings Limited	15811308

28. RELATED PARTY TRANSACTIONS

The following table shows the Company’s total balances with related entities outstanding at 31 December 2024. This has been eliminated upon consolidation within the Group.

Account	Related Party	2024 £’000	2023 £’000
Amounts owed (to)/from related parties	Vida Bank Limited	(3,138)	27,572

29. SUBSEQUENT EVENTS

After the Group’s year-end reporting period and before the approval of these financial statements, Vida Bank Limited commenced the termination of the BGF1 warehouse facility and exercised the Tower Bridge Funding 2023-2 securitisation call option on 20 March 2025. These are non-adjusting events and are noted for information purposes only.

COMPANY STATEMENT OF FINANCIAL POSITION

	Notes	2024 £'000	2023 £'000
Assets			
Cash and cash equivalents	36	3	3
Other receivables	32	-	28,932
Investment in subsidiaries	33	241,039	204,462
Total assets		241,042	233,397
Liabilities			
Other liabilities	34	3,138	32,824
Total liabilities		3,138	32,824
Shareholders' Equity			
Share capital	23	240,567	203,990
Share premium		-	41
Retained loss		(2,663)	(3,458)
Total shareholders' equity		237,904	200,573
Total liabilities and equity		241,042	233,397

The profit after tax for the year ended 31 December 2024 of Vida Group Holdings Limited as a Company was £795k (2023: Loss after tax £1,227k). As permitted by section 408 of the Companies Act 2006, no separate statement of Comprehensive Income is presented in respect of the Company.

The notes on pages 214-215 form part of these financial statements

The financial statements were approved by the Board of Directors on 2 April 2025 and signed on behalf of the Board.



Anthony Mooney

Company registration: 09828204

COMPANY STATEMENT OF CHANGE IN EQUITY

	Called up share capital £'000	Share premium £'000	Retained earnings £'000	Total £'000
Balance at 1 January 2024	203,990	41	(3,457)	200,574
Share issuance	36,577	(41)	-	36,536
Profit for the year	-	-	794	794
Balance at 31 December 2023	240,567	-	(2,663)	237,904
Balance at 1 January 2023	203,990	-	(2,231)	201,759
Share issuance	-	41	-	41
Loss for the year	-	-	(1,226)	(1,226)
Balance at 31 December 2023	203,990	41	(3,457)	200,574

COMPANY STATEMENT OF CASH FLOWS

	Notes	2024 £'000	2023 £'000
Net cash utilised in operating activities	35	40	(2)
Proceeds from shares issued		(40)	2
Net cash utilised by financing activities		-	-
Net increase in cash and cash equivalents		-	-
Cash and cash equivalents at the beginning of the year		3	3
Cash and cash equivalents at the end of the year		3	3

30. BASIS OF PREPARATION, SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL JUDGEMENTS AND ESTIMATES

(a) Accounting basis

The separate financial statements of Vida Group Holdings Limited (the Company) are prepared and presented in accordance with International Financial Reporting Standards as adopted by the United Kingdom. The significant accounting policies are the same as set out in note 2 of the consolidated financial statements except as noted below.

(b) Income statement

As permitted by section 408 of the Companies Act 2006 the Company is not required to present its own Statement of Comprehensive Income.

(c) Securitisation vehicles

The sale of the beneficial ownership of the loans to customers to the special purpose vehicles (SPVs) fails the derecognition criteria and, hence, these loans remain on the statement of the financial position of the Company. In accordance with IFRS 9, the Company recognises the securitised assets as loans and receivables and consequently also shows a deemed loan liability to the SPVs where the Company still holds an interest in the loans. An equivalent deemed loan asset is recognised on the SPV’s statement of financial position. The deemed loans are repaid as and when principal repayments are made by customers against their loans. The Company substantially retains the risks and rewards of ownership and continues to bear the credit risk of these mortgage assets.

31. LOANS TO CUSTOMERS

A detailed breakdown of the loans to customers can be found in note 13 of the consolidated financial statements. At 31 December 2024, loans to customers were £1,866m (2023: £1,712m) which included £1,857m (2023: £1,699m) of loans that were part of secured funding arrangements, resulting in beneficial interest in these loans being transferred to the SPVs.

32. OTHER RECEIVABLES

	2024	2023
	£'000	£'000
Amounts owed by related parties	-	27,572
Prepayments and Other receivables	-	1,360
	-	28,932

33. INVESTMENT IN SUBSIDIARIES

	2024	2023
	£'000	£'000
Investment in subsidiaries	241,039	204,462

34. OTHER LIABILITIES

	2024	2023
	£'000	£'000
Amounts owed to related parties	3,138	32,824
	3,138	32,824

35. NET CASH FLOW FROM OPERATING ACTIVITIES

	2024	2023
	£'000	£'000
Profit / (loss) for the period	795	(1,227)

Changes in working capital		
Decrease / (increase) in receivables	28,932	(7,002)
(Decrease) / increase in other liabilities	(29,687)	8,227
Cash flows from operations	40	(2)

36. CASH AND CASH EQUIVALENTS

	2024	2023
	£'000	£'000
Cash and cash equivalents	3	3
	3	3

37. RELATED PARTIES

All of the Company’s related parties can be found in note 27 of the consolidated financial statements. All are incorporated in the United Kingdom, are registered in England and Wales and operate throughout the United Kingdom, with the exception of Pine Brook PD (Cayman), Intermediate, LP and Pine Brook Capital Partners II (Cayman) AV, LP which were formed and are currently registered in the Cayman Islands.

38. SUBSEQUENT EVENTS

There were no reportable events subsequent to the Company’s year end.

