

Financial Highlights

- Underlying profit before taxation¹ increased 36% to £64.6m (1H 2015: £47.6m)
- Underlying loan book growth of 10%, excluding the impact of the Rochester Disposal², driven by 25% growth in gross organic origination to £973m, (1H 2015: £778m) and acquisitions of £131m (1H 2015: acquisition of £260m)
- Continued focus on cost efficiency and discipline alongside strong income growth drove a strong cost:income ratio³ of 27% (1H 2015: 26%)
- Net Interest Margin (NIM)⁴ of 307bps (1H 2015: 305bps)
- Underlying return on equity⁵ of 29% (1H 2015: 31%)
- Interim dividend of 2.9p per share (1H 2015: 2.0p)⁶
- Fully-loaded Common Equity Tier 1 (CET1) capital ratio at 13.3% (1H2015: 11.0%, FY 2015: 11.6%)

Key metrics

	H1 2016	H1 2015
Statutory Profit before Tax (£m)	100.0	46.6
Total Assets (£bn)	6.3	5.2
Net loan book (£bn)	5.4	4.6
Basic EPS⁷ (pence)	30.2	15.0
Underlying basic EPS⁸ (pence)	19.7	15.5
Loan to deposit ratio⁹ (%)	85%	92%
3 Months+ Arrears¹⁰ (%)	2.1	2.4
Loan loss ratio¹¹ (bps)	18	23
Customer Net Promoter Score (%)	59%	50%

¹ Before exceptional income of £34.7m (20151H: £nil), Initial Public Offering ('IPO') expenses of £nil in first half 2016 (20151H: £1.7m) and after deduction of coupons on equity PSBs of £0.7m in each period

² Loan book growth of 5% including the impact of the Rochester Disposal

³ Administrative expenses as a percentage of total income after deduction of coupons on equity PSBs

⁴ Net interest income, less coupons on PSBs classified as equity, as a percentage of average interest bearing assets including off balance sheet Funding for Lending Scheme (FLS) drawings, on an annualised basis

⁵ Underlying profit after taxation (profit after taxation excluding exceptional income after tax of £25.7m in first half 2016 (20151H: £nil), IPO expenses after tax of £nil in the first half 2016 (20151H: £1.4m) and after deducting coupons on equity PSBs after tax of £0.6m (20151H: £0.6m) as a percentage of average shareholders' equity (excluding equity PSBs of £22m) of £326.3m in first half 2016 and £241.3m in first half 2015, on an annualised basis

⁶ The proposed interim dividend of 2.9 pence per share for first half 2016, is based on one third of the total 2015 final dividend of 8.7 pence per share (1H 2015: 2.0p, one third of the annualised 2014 dividend of 5.9 pence per share)

⁷ Statutory profit after tax divided by the weighted average number of ordinary shares in issue

⁸ Underlying profit after taxation divided by the weighted average number of ordinary shares in issue

⁹ Excluding the impact of the Funding for Lending scheme

¹⁰ Portfolio arrears rate (excluding legacy problem loan book) of accounts for which there are missing or overdue payments by more than three months

¹¹ Impairment losses expressed as a percentage of average gross loans and advances, annualised