Aldermore Group PLC

Report and Accounts

for the year ended 30 June 2025

Aldermore

Table of contents

Company information

Non-Executive Directors

Pat Butler

Richard Banks CBE

Desmond Crowley

Markos Davias

Ruth Handcock

John Hitchins - resigned 28 May 2025

Alasdair Lenman - appointed 1 July 2024

Romy Murray

Mary Vilakazi

Executive Directors

Steven Cooper CBE

Ralph Coates

Secretary and Registered Office

Melissa Conway

David Hughes

Aldermore Group PLC
4th Floor, Block D
Apex Plaza, Forbury Road
Reading
Berkshire
RG1 1AX

Independent Auditor

KPMG LLP
15 Canada Square
London
E14 5GL

Incorporated in England and Wales - Company number: 06764335

Strategic report

Strategic overview

About Aldermore

As a specialist bank we are driven by our purpose to "Back more people to go for it, in life and business". Having been founded in 2009 to challenge the high street banks and do more to address the needs of those overlooked and underserved by mainstream providers, we remain focused on delivering for SMEs, homeowners, landlords, intermediaries and individuals.

Upon integrating with MotoNovo Finance Limited in 2019, the Aldermore Group ("The Group") collectively expanded its offering to address a wider set of needs, by helping people buy their next car, van or motorcycle. MotoNovo has specialised in motor finance for over 40 years and is recognised as a market leader in the industry.

Aldermore Group is part of the FirstRand group, one of the largest financial services groups in Africa by market capitalisation. Operating across South Africa, other markets in sub-Saharan Africa, the UK and India, FirstRand's commitment is to build a future of shared prosperity through enriching the lives of its customers, employees and the societies it serves.

Our blueprint and purpose

As a Group, Aldermore's enduring purpose supports FirstRand's commitment to enrich lives, by backing more people to go for it, in life and business. Our purpose guides everything we do and extends beyond just the products and services we offer. Our environmental, social & governance ("ESG") ambitions further underpin our Group strategy by focusing on intentional actions that create lasting value to society, across four areas of impact: financial inclusion, financial wellbeing, climate impact and economic transformation. More information on our approach to ESG can be found on page 22.

We ensure our purpose remains central to our activity, by placing it at the heart of our blueprint; bringing our purpose together with our three strategic drivers and the behaviours necessary to deliver against it. Our blueprint serves as a daily reminder of why we are here, what we must do to back more people, and how we will collectively make it happen.

Business model

What we do

As a multi-specialist lending and savings provider, we operate across four markets, where we utilise our proven expertise to back more people:

- **Property Finance** – offering mortgages to landlords and homebuyers, working with intermediaries.
- **Motor Finance** – providing used vehicle finance to customers, working with our dealer partners.
- **Business Finance**[1] - offering distinctive, specialist lending across Asset Finance, Invoice Finance and Commercial Real Estate, working with intermediaries.
- **Savings** – offering rewarding savings solutions to customers and businesses.

How we add value

Specialist expertise	Through maintaining focus on underserved segments where we use insight to understand customer needs, we are well placed to utilise our deep expertise to provide relevant solutions and achieve growth.
Distribution	Our business model offers diversified distribution, across intermediaries and direct digital marketplaces, where we remain committed to continuously improving the service we offer to both brokers and customers.
Relationships	Building relationships that last with all stakeholders sits at the heart of what we do.
Purpose	Our strength of purpose drives us to find new ways to support people and advocate for social mobility. More information on our commitments can be found from page 22.

Our operating model

We recognise that our long-term sustainable success is only possible with a customer-centric business model. Executing our business means continuously building upon the solid foundations we have in place, to further deepen our customer and intermediary relationships, increase efficiencies and deliver exceptional experience:

- We secure funding and capital from personal customer deposits, business customer deposits and our investors.
- Customers trust us to offer the experience they expect and keep their funds safe.
- We utilise funding to deliver lending against assets, through our intermediary partners.

[1] The Business Finance segment was renamed in the period following a strategic review having previously been referred to as Structured and Specialist Finance ("SaS"). There was no change to the underlying portfolio.

Our stakeholders

Backing people to go for it, in life and business, requires continued focus on how we create value for each of our key stakeholder groups by addressing their needs, while achieving our growth ambitions. Our stakeholders are further detailed in the Section 172 statement on page 38.

- **Customers** – we put them at the centre of decision-making to help them find the right solutions to get more out of life and business, with the confidence of being backed by a company that champions them where others would not.
- **Colleagues** – we regard them as the foundation to success and have a clear value exchange, offering great benefits, working environment and development opportunities, while bringing clarity on what is expected in return.
- **Distribution Partners: Intermediaries** - we provide products and services to a number of intermediaries and brokers, actively working with them to understand their needs and the needs of their clients.
- **Distribution Partners: Motor Dealers** – we deliver products and services to support their business and ensure dealer finance remains vibrant and sustainable in an evolving market.
- **Society** – we utilise our key strengths and capabilities to drive impactful change in the areas where we can make the biggest difference to society.
- **Investors** – we generate sustainable returns by focusing on long-term growth in four attractive specialist markets in UK banking.
- **Regulators** – we maintain regular, open, and transparent dialogue, ensuring alignment on evolving regulatory priorities.

As we continue to navigate a volatile UK macroeconomic environment, we recognise the needs of our stakeholders are evolving rapidly. Our refreshed strategy was rolled out in 2022 to modernise and focus our business, ensuring we remain relevant for our stakeholders. We conducted a strategy progress review, that concluded in the summer of 2024, to track how we are executing against our ambitions and stated aims. The review validated strong progress and reconfirmed our strategic direction.

Our strategy sets out our focus across our four business divisions of Property Finance, Motor Finance, Business Finance and Savings.

Property Finance	Motor Finance	Business Finance	Savings
Profitably growing in existing market segments and new sub-segments where we can back more people, with expansion into targeted adjacencies.	Strengthening our core motor finance offering to improve returns, while supporting the transition to Electric Vehicles and expanding into adjacencies where we can offer relevant products and services throughout the customer lifecycle.	Offering distinctive, specialist lending and building deep sub-sector expertise to move from broad participation in smaller deals to focused participation in more profitable segments, while realising growth opportunity in renewables and healthcare.	Expanding our core capability in the retail/ SME deposit market to back more people and businesses, while continuing to optimise cost of funds and liquidity.

Our long-term ambitions are focused on three core strategic drivers, defining what we will do to accelerate sustainable growth and back more people. Across each, we will maintain a consistent and rigorous approach to risk management and governance, ensuring we continue to safely grow and achieve our ambitions.

We have identified both shorter-term and medium-term priorities that will enable us to achieve our strategy. While simplification and targeted activity are an immediate focus, further building our technology and data capabilities sit at the heart of our medium-term plans, including updating our platforms, increasing levels of automation and utilising data to improve risk management and customer opportunity.

Since rolling out our 2022 Modernise and Focus strategy, we have continued to embed our blueprint within the business, building collective understanding of our strategy, creating greater alignment and delivering at pace. Our internal Strategy Hub provides all colleagues with access to a central, interactive resource that aims to build understanding of what our strategy is, why it matters and how we are delivering against it, recognising that transparency around how we are progressing in delivering our strategy is a key factor in building belief and engagement.

We continue to make significant progress in delivering and embedding our strategy for our customers, with delivery enabled through our strategy execution governance structure, focusing on priority activities aligned to each of our strategic drivers.

Stay ahead propositions	**Relationships that last**	**Progressive platform**
What it means		
Using insight and foresight to build products and services that help underserved and undervalued customers across Property Finance, Motor Finance, Business Finance and Savings	Building loyalty with customers, colleagues and partners, by anticipating and responding to, their changing needs and circumstances	Creating systems, processes and capabilities that are easy and efficient, enabling us to live our purpose and grow our business
What we've delivered		
• New product launches • Identification of new segments for participation across Property, Motor and Business Finance • Delivered significant operational capacity across Property business • New Point of Sale system in Motor Finance • Entry into new segments in Business Finance	• New leadership appointments. • Continued evolution of our colleague benefits offering • New operating model in Business Finance to better serve customer needs • Forward flow partnership arrangement in Property • Refreshed premises in Reading and Cardiff hubs	• Improved cyber security maturity and defined data strategy • Good progress made in the delivery of the new Property originations platform • Simplification of Risk frameworks, polices and processes • Reduction of manual processing via continued mobilisation of bots • Increased use of offshore capability • New Group Technology Strategy launched
What's next		
• New segment expansion • Continued diversification of funding options • Delivery of originations platform in Property	• Customer journey evolution. • New propositions for Structured Finance in Business Finance Division • Planned refresh of Manchester premises	• Increased efficiency and automation • New platform build out - Property Originations • Delivery of new Group Technology Strategy
How we're measuring success		
• Net lending • Customer deposits • Increased green propositions	• Colleague engagement • Broker / dealer / customer satisfaction • Number of customers	• Cost:income ratio • Net Interest Margin ("NIM") • Profit Before Tax ("PBT") • Return on Equity ("RoE")

Through delivering against each of our strategic drivers, we are incrementally strengthening the positive impact we are making, as we seek to back more people to go for it, in life and business. As a result, we have seen successes across each of our business divisions in the past 12 months, in turn generating growth and enhancing the value we offer to both our lending and savings customers:

Property Finance	Motor Finance	Business Finance	Savings
• Pace of product launches improved with new products live in <5 days • Significantly improved operational capacity • Significantly increased originations year on year. • Launched forward flow partnership in second charge mortgage market • Utilised offshore capability to improve customer and broker experience	• Motor management actions to improve RoE (Return on Equity), aligned to Group strategy approved, refinement and implementation ongoing • Strengthened trading position through more effective margin management • Delivered a number of initiatives to improve the cost position of the business • Delivered new scorecards and credit rules to optimise performance • Delivered new PoS system to dealer base	• Focused participation, with average deal size increased across all lines • Expansion into the agriculture, healthcare and renewables sectors • Re-positioned business around Business Finance Proposition, moving from product led approach to a holistic proposition offering	• New products and pricing agility improved • New product launched - Reward ISA, rewarding savers for limiting withdrawals • Customer journey improvements delivered

Our behaviours

Delivering on our strategy would not be possible without our colleagues. Our people are our biggest asset and are the driving force behind collectively energising our business. The behaviours set out in our blueprint guide how we deliver on our ambitions and ensure every one of our people is unified in approach. Through providing a single-minded call to action, our four behaviours provide all colleagues with absolute clarity around what is expected of them as we progress our strategy. Further information regarding our culture and people strategy, can be found from page 22.

Start with why	Try it out	Crack it together	Think next need
We think about outcomes before taking on tasks and we are always asking ourselves how what we do is aligned to our blueprint and how will it make things better for colleagues and customers.	We are open to new ideas and ways of working and we are not afraid to give things a go.	We collaborate with others purposefully, which means involving the right people on the right things at the right time, to avoid duplication of effort and to ensure a better result.	As well as delivering on what we need to be successful now, we are also looking ahead to the future and developing ourselves so we can sustain our success in the long term.

Market overview

UK economy

In the past 12 months, Aldermore has continued to navigate the volatile macroeconomic environment, characterised by elevated interest rates and evolving monetary policy expectations, persistent inflationary pressures and cost-of-living concerns, renewed global trade and tariff headwinds, and subdued economic sentiment. These factors continue to impact delivery and decision-making.

Global themes, such as on-going geopolitical instability or increased global trade frictions, will likely remain present. Developments will be key factors in influencing cross-border activity and business sentiment.

Inflationary pressures continue to challenge consumers and businesses. We believe inflation on average will gradually ease over our next financial year. However, we see near-term inflation risks tilted to the upside but medium-term risks tilted to the downside, as some of this inflation, especially any driven by global tariffs, potentially comes at the cost of growth.

Looking ahead, we will closely monitor the trajectory of monetary policy, with the Bank of England having reduced the base rate to 4%. Further easing will depend on the persistence of inflationary pressures and evolving labour market dynamics.

Finally, we will monitor for any potential fiscal policy changes in the upcoming Autumn Budget. Consumer confidence has stabilised however households still exhibit some precautionary behaviour with spending intentions sitting a little below long-term averages and saving ratios elevated.

Despite the level of challenge in the market, our ownership structure and strong capital base allow us to take a long-term perspective on how best to support consumers and businesses. Aldermore has delivered a robust performance in the financial year with a profit before tax of £193.5 million (2024: £253.1 million). This included a further £60.6 million charge (2024: £18.1 million) relating to an increased provision to cover the potential impact of the FCA remediation scheme for historical Motor Finance commission arrangements. The Group's capital and liquidity position has remained strong, with a CET1 ratio at 30 June 2025 of 14.9% (30 June 2024: 15.9%) and a liquidity coverage ratio ("LCR") of 195.4% (30 June 2024: 241.2%).

Aldermore's consistently strong financial performance has allowed the Group to declare a dividend of 5 pence per share (96% payout ratio), representing a total dividend of £125.0 million. This is the first dividend Aldermore Group has paid to its shareholder, since becoming part of the FirstRand group in 2018. The dividend is in line with Aldermore Group's plans to distribute excess capital to its shareholder, in line with the medium-term CET1 ratio target of 13.0% - 14.0%.

In order to assess impacts to the Aldermore Group and ongoing delivery of our strategy, we consider the following key external environmental factors across the markets in which we operate:

Savings market

UK deposits and savings grew modestly to around £2 trillion in 2024, with growth of over 3.5% forecast over the medium term, supported by higher interest rates, improving financial resilience and digital adoption, especially across younger age cohorts.

Customers continue to prioritise liquidity through easy-access or multiple access accounts. Demand for fixed term deposits is starting to strengthen despite cost of living pressures.

Customers are more alert to improved savings rates, seeing current account balances reducing.

In Q2 2025, household deposits were ~5% higher year-over year, with notable growth in notice accounts and cash ISA balances, of which the latter saw strong growth of ~16% year-over-year.[2]

Aldermore has delivered multiple initiatives to drive steady growth during this competitive period, including the launch of new Rewards ISA product, and targeted customer journey enhancements.

Such initiatives have contributed to Aldermore being ranked as the #1 Bank in the UK for our Savings franchise for the second year running, within the Forbes 2025 World's Best Banks list.

Aldermore is also currently delivering a significant re-platform in the Corporate Deposits space which will greatly enhance customer experience and product development for businesses and corporates customers.

Car finance market

Used car sales were up in 2024 to 7.6m from 7.2m in 2023. Statistics for the first quarter of this calendar year show that this trend has continued with a 2.7% increase[3].

Despite this, slower economic growth is expected to feed lower demand for new and used cars, with stronger growth outlook for subscriptions and leasing, which have benefited from structural support through salary sacrifice and benefit-in-kind.

Demand for electric cars has increased, with the UK overtaking Germany as Europe's largest battery electric vehicle ("BEV") market in 2024. According to the Society of Motor Manufacturers and Traders ("SMMT"), battery electric vehicles ("BEVs") accounted for 19.6% of total new car registrations in the UK in 2024, representing a significant share of the 1.95 million vehicles registered during the year. The increase has been driven by consumer desire to reduce their carbon footprint and the prevalence of salary sacrifice schemes. [4]

Aldermore has been consistently monitoring changes in the market and shifts in consumer behaviour. This year, the Motor Finance commission Court of Appeal hearing in October 2024 has driven significant changes in the market. The MotoNovo team have been focused on its strategic response to market changes driven by the court outcome. Execution of our automated commission disclosure solution enabled the business to respond to changing market conditions and safely write business. The business continues its delivery of activity to support more focused participation.

Continued customer journey enhancements also include a new customer self serve app, and front end platform for our dealer partners.

Mortgage market

The UK mortgage market continues to recover from the cost-of-living crisis, supported by falling interest rates and improved consumer confidence. A recent surge in activity was supported by prospective buyers and sellers wanting to complete before the Stamp Duty Land Tax changes.

The Bank of England has reduced its base rate to 4.00% and market interest rates have fallen, leading to a decline in mortgage rates. Some two- and five-year fixed deals are now available below 4%, This reduction in rates has contributed to increased mortgage lending activity. In Q4 2024, gross mortgage advances rose by 4.9% from the previous quarter to £68.8 billion, the highest level since Q4 2022. New mortgage commitments also increased by 4.9% to £69.3 billion, indicating a positive outlook for future lending.[5]

Recent real income growth has supported household consumption, though spending patterns remain cautious, with consumers continuing to prioritise essential outgoings—particularly food and housing—and actively seeking value.

[2] Bank of England - Household Finance Review – Q2 2025
[3] Society of Motor Manufacturers and Traders - SMMT
[4] Used Car Sales Archives - SMMT Media Centre
[5] FCA-Commentary on Mortgage lending statistics

Demand for household credit is recovering from pandemic and cost-of-living driven dips, with consumer credit, particularly credit cards, seeing the strongest growth. The mortgage market has been slower to recover than unsecured lending, however recent activity has been supported by a temporary uplift ahead of stamp duty changes.

Encouragingly, indicators of household financial vulnerability and loan arrears have stabilised or improved, aided by a more benign inflation environment and a moderation in lending rates. This is particularly evident in the mortgage market, where arrears appear contained and are expected to remain so in the absence of a material increase in unemployment.

With consumers experiencing such pressures, there is growing opportunity for specialist lenders to respond. During the period, Aldermore revitalised its 'Cascade' product range, with the aim of supporting more customers with adverse credit history caused by discrete life events, where they have since begun to "credit repair". Additionally, Aldermore continues to expand its product range, and digitised its journey across originations and retention, to increase both choice and convenience for customers and brokers.

Rental market

The Buy to Let ("BTL") sector has experienced challenges through interest rate volatility, although we expect this environment to be more stable going forward. Lower house prices in recent years and increased costs have both impacted landlord returns.

The continued refinancing and higher costs faced by landlords will likely be passed onto tenants. We expect rental growth to outpace wage growth for most of our forecast horizon. This will act as a drag on household finances and consumption.

Landlords looking to sell are typically smaller, or amateur, and may capitalise on some house price gains.

Professional landlords are growing their portfolios, with 2024 seeing a record number of new companies set up to hold BTL property.

Aldermore's commitment to landlords remains a priority, with ongoing activity to review the Buy to Let product range and enhance the broker and customer journey.

Key activity has included ongoing development of an enhanced value proposition for our highest value brokers, and the launch of automated and remote valuations to enable accelerated offers and greater efficiency. We are also delivering a substantial technology re-platform that will greatly improve our customer and broker experience.

Business finance market

Higher interest rates, economic uncertainty and the global geopolitical uncertainty, including trade tariffs, have suppressed appetite to borrow, with firms relying more on existing resources. When faced with ongoing cost pressures, higher borrowing costs and reducing consumer demand, businesses have had fewer reasons to push ahead with ambitious investment plans.

Recognising competition and market volatility, Aldermore's Business Finance teams have revisited their strategic priorities to ensure a focus on backing more good quality businesses to go for it, in targeted sectors.

We have high confidence that Commercial Real Estate ("CRE") capital values have now troughed in this cycle, having registered a total peak-to-trough of -21.6% from June 2022's peak. We forecast low single digits annual increases over our forecast period.

As ever, individual property characteristics are still crucial to the outlook. Income resilient or areas linked to sectoral winners such as sciences, healthcare, student accommodation and data centres are likely to outperform. We have financed almost £70m to fund the development of student accommodation, delivering high quality and purpose built accommodation for almost 1000 students.

We have now launched into Energy and Infrastructure, enabling customers to invest in a wide range of clean energy assets including Solar PV panels, battery storage and EV charging points. We have also repositioned the business around Business Finance, aiming to offer more holistic funding solutions to clients.

Technology

Acceleration in digital adoption and the rise of Artificial Intelligence are two key technological themes that continue to change the way customers access and engage with financial services. As these themes endure, there is a growing need for banks to adapt to compete in the digital age. Aldermore has recently launched its new technology strategy. The strategy is driven by a clear vision to deliver the right technology, build resilient operations, and enable sustainable growth with Operational Resilience as a cross-cutting pillar that underpins our strategic priorities. The business has already made good progress in delivering its new Property focussed originations platform. The new strategy will aim to equip each business line with the right technology to scale efficiently, improve experiences, and enable agility in product and pricing by running best-in-class, product-led platforms. We will enhance prudential risk management with a modern Treasury system improving both processes and control. The business continues to invest in enhancing the colleague experience through technology enhancements that support new ways of working, including deployment of Microsoft Copilot and rollout of new collaboration tools.

Outlook

Uncertainty stemming from the global economy and domestic cost-of-living challenges are likely to linger over the next year. However, Aldermore is in a strong position to support its customers through them as a result of our progress in delivering growth and strengthening our foundations to be a better, safer and more digital and resilient business. The UK Government has signalled changes to the fiscal landscape, including planning reform, but the long-term impact on investment and consumer confidence is yet to be fully realised.

Although some macroeconomic indicators have stabilised, the lagged impact of rising inflation and elevated borrowing costs over the past few years continues to weigh on households and businesses. Many mortgage holders are still adjusting to significantly higher repayments as they transition from historically low fixed-rate deals. Cost-of-living pressures, though easing, remain acute for lower and middle-income households, particularly as housing-related costs stay elevated.

Despite these headwinds, Aldermore enters the new financial year from a position of strength, with limited exposure to these geopolitical risks due to our UK focus.

We have continued to grow our franchise, while maintaining a strong capital position, resilient funding base, and prudent risk management which places us well, particularly whilst we await the ultimate scope and timing of the FCA remediation scheme for historical Motor Finance commission arrangements which is due to start its consultation phase in early October.

The arrears environment remains stable, with overall performance better than expected, supported by low unemployment, improved affordability, and the effectiveness of our enhanced underwriting standards. We continue to monitor borrower resilience closely, particularly in higher-risk segments, but remain confident in our asset quality.

Our strategic progress over recent years, underpinned by continued investment in digital transformation, data capability and customer proposition, has strengthened our foundations. This ensures we are well positioned to support customers navigating both the challenges and opportunities ahead. In an uncertain world, Aldermore's purpose, backing people to go for it, in life and business, is more relevant than ever.

Financial highlights

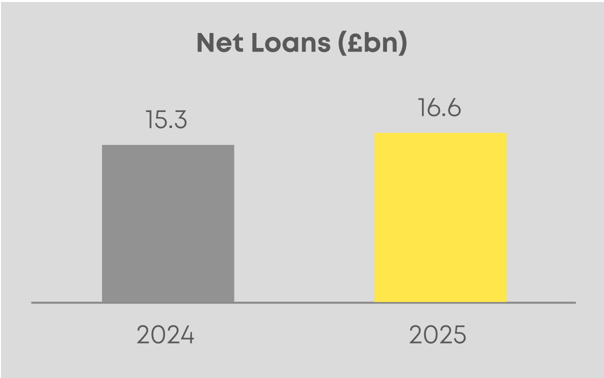
- Aldermore Group's performance over the year was characterised by strong lending and deposit growth, robust capital and liquidity metrics, and resilient trading performance in the face of macroeconomic and market pressures, demonstrating the strength of the franchise
- Financial results were notably impacted by a £60.6 million (2024: £18.1 million) charge in the year related to the FCA's review into historical Motor Finance commissions. The Group's provision relating to this matter increased to £73.1 million as at year-end (30 June 2024: £15.0m). Aldermore believes the current provision is appropriate based on the information available at the time of reporting
- The financial performance has allowed Aldermore Group to declare a dividend of £125.0 million. This is the first dividend Aldermore Group has paid to its shareholder since becoming part of the FirstRand group in 2018. The dividend is in line with Aldermore Group's plans to distribute excess capital to its shareholder
- The financial highlights and KPIs presented in this section reflect the Group's statutory performance. This includes the impact of the following items, which drive a net reduction in reported profitability and returns:
    - Charge for redress and remediation connected with the FCA's review into historical Motor Finance commissions;
    - Remediation activity within the Group's Motor Finance division relating to historical non-compliance with the Consumer Credit Act ('CCA'); and
    - Fair value accounting adjustments on interest rate risk hedging instruments, which have a net nil impact on profit across the life of the hedged exposures
- Net loans to customers increased by 8% to £16.6 billion (30 June 2024: £15.3 billion), with growth across each of the Group's three lending divisions
- Customer deposits increased by 5% to £17.0 billion (30 June 2024: £16.3 billion) driven by growth in the Group's Personal Savings and Corporate Deposits franchises
- £0.6 billion of the Bank of England's Term Funding Scheme with additional incentives for SMEs ("TFSME") was repaid in the year, and the Group remains well positioned to repay its final TFSME maturities (£0.5 billion) by the end of the calendar year
- Profit Before Tax ('PBT') reduced by 24% to £193.5 million (2024: £253.1 million), with results notably impacted by the £60.6 million (2024: £18.1 million) charge related to the historical Motor Finance commissions review. PBT excluding this charge was £254.0 million (2024: £271.2 million)
- Total revenue increased by 3% to £600.4 million (2024: £585.8 million) as growth in Other Operating Income ('OOI'), primarily reflecting fair value accounting adjustments on interest rate risk hedging instruments, outweighed a slight reduction in Net Interest Income ('NII') where reduced margins offset balance sheet growth
- Total costs increased to £391.0 million (2024: £351.0 million) due to the charge related to the historical Motor Finance commissions review. Excluding this item, operating expenses were held broadly flat at £330.4 million (2024: £332.9 million), demonstrating firm cost discipline despite continued inflationary pressure. The Group's operating expenses also reflect investment in customer and colleague experience, as well as a

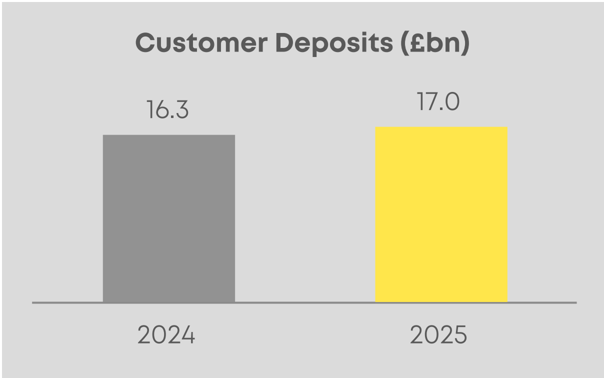
programme of investment in its technology strategy which will support Aldermore's long term growth ambitions

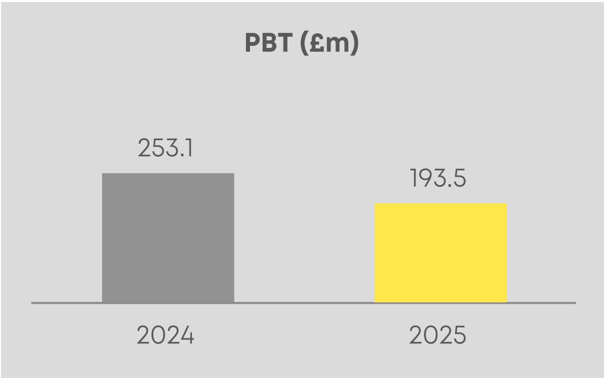
- Impairment losses increased to £16.6 million (2024: £18.3 million release) due to the non-recurrence of last year's release of impairment provisions connected with the Group's CCA remediation programme (2025: nil; 2024: £39.5 million release), partly offset by improved underlying performance
- Return on Equity ('RoE') was 7.7% (2024: 11.8%), impacted by the charge related to the historical Motor Finance commissions review as well as higher average equity holdings on the back of continued strong profitability
- The Group's CET1 ratio[6] decreased to 14.9% (30 June 2024: 15.9%) as profitability was offset by the impact of the declared dividend and higher credit risk-weighted assets (RWAs) due to loan book growth
- Group LCR reduced to 195% (30 June 2024: 241%) primarily due to TFSME repayments in the year. Liquidity metrics remain robust and the Group is well-positioned ahead of repayment of the Group's remaining TFSME maturities in the second half of the 2025 calendar year

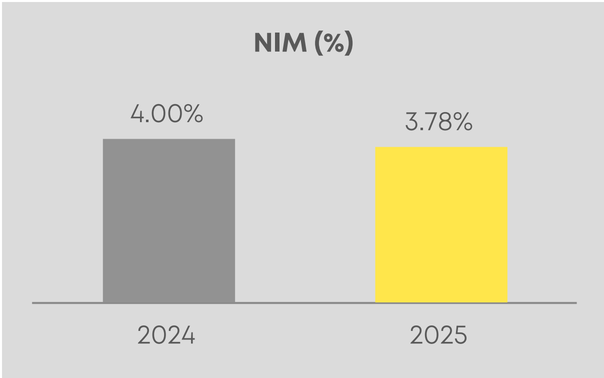
[6] CET1 is presented on an IFRS 9 transitional basis, further detail on this is provided in the Treasury risk section of this report .

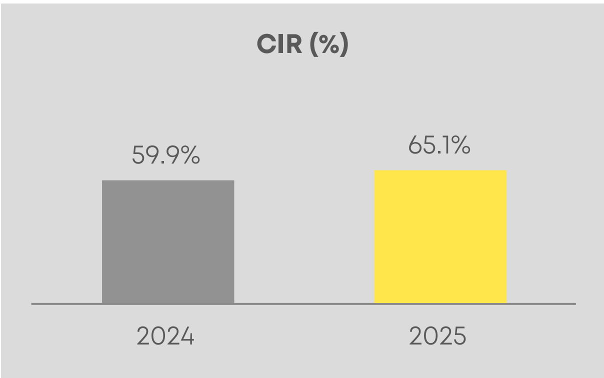
Key performance indicators

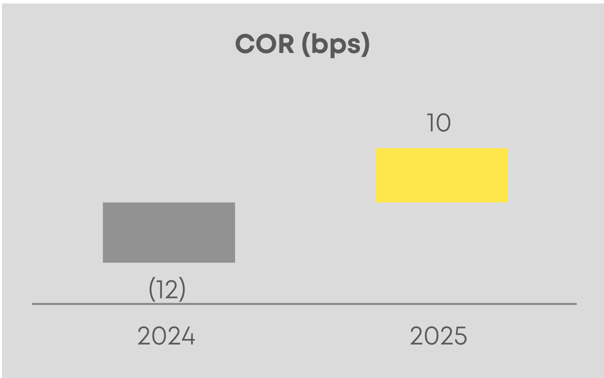


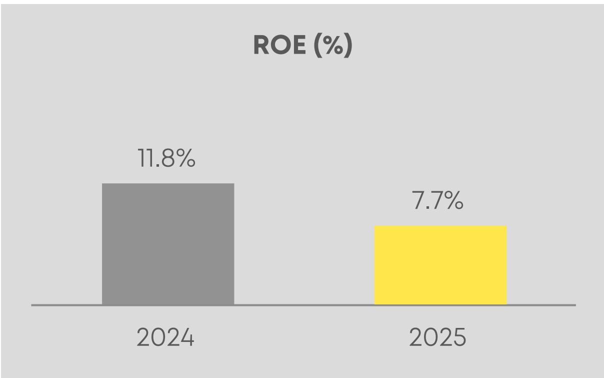


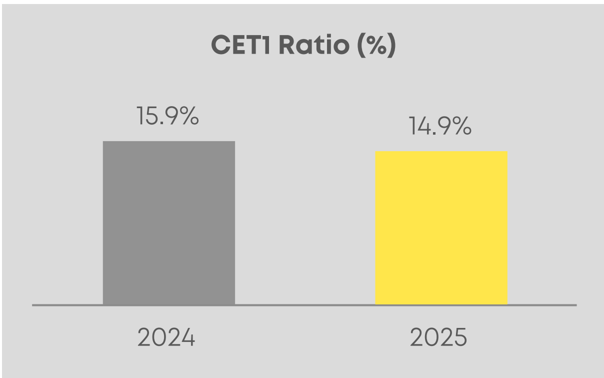












Summary balance sheet	Year ended 30 June 2025 £m	Year ended 30 June 2024 £m	Change %
Net loans to customers	16,600	15,337	8%
Cash and investments	4,186	4,872	(14)%
Fixed, intangible and other assets	293	331	(11)%
Total assets	**21,079**	**20,540**	**3%**
Customer deposits	17,048	16,307	5%
Wholesale funding	1,501	1,958	(23)%
Other liabilities	651	511	27%
Total liabilities	**19,200**	**18,776**	**2%**
Ordinary shareholders' equity	1,729	1,603	8%
AT1	150	161	(7)%
Equity	**1,879**	**1,764**	**7%**
Total liabilities and equity	**21,079**	**20,540**	**3%**

■ Continued strong growth in Net lending

Net loans to customers increased by £1.3 billion (8%) in the year to £16.6 billion, with growth across each of the Group's three lending divisions: Property Finance ("Property"), Motor Finance ("Motor") and Business Finance ("BF"). Portfolio growth across all divisions remained disciplined and focused on sub-segments of the market which offer attractive through-the-cycle returns.

■ Analysis of Net loans to customers by division

	Year ended 30 June 2025 £m	Year ended 30 June 2024 £m	Change %
Property Finance	8,677	7,772	12%
Motor Finance	4,076	3,921	4%
Business Finance	3,846	3,644	6%
Total Net loans to Customers	**16,600**	**15,337**	**8%**

Growth in net loans was primarily driven by the Property division, which constitutes the majority of the Group's loan portfolio. Net lending in the Property division increased £0.9 billion in the year to £8.7 billion, led by continued strong growth of the Specialist Buy to Let portfolio and modest growth in Owner-Occupied. The business recorded a record year of originations, driven by propositional enhancements including improved affordability criteria, and increased operational capacity, whilst continuing to optimise competitive positioning.

Motor delivered net lending growth of £0.2 billion in the year. Following challenging market conditions in H1, where new originations were temporarily paused due to the Motor Finance commissions Court of Appeal judgement, originations increased in H2 (including the highest monthly originations since 2022) as a result of improved customer journeys and product enhancements.

Net lending in Business Finance increased by £0.2 billion in the year to £3.8 billion, with growth in Asset Finance, Commercial Mortgages and Invoice Finance offsetting a continued subdued property development market.

Total assets increased by 3% to £21.1 billion (30 June 2024: £20.5 billion) driven by loan book growth, partially offset by a reduction in cash and balances at central banks due to the repayment of £0.6 billion of TFSME.

Funding strategy is deposit-led, with continued focus on diversification

Group funding continues to come primarily from the Savings business, complemented by wholesale funding to diversify the funding base and to manage the Group's funding and liquidity requirements.

Customer deposits increased 5% to £17.0 billion (30 June 2024: £16.3 billion), driven by growth in the Group's Personal Savings and Corporate Deposits franchises. Customer deposits represent 89% of Group liabilities (30 June 2024: 87%) and the Group's loan to deposit ratio[7] increased to 97% (30 June 2024: 94%) as loan growth outstripped growth in deposits.

Analysis of Customer deposits

	Year ended 30 June 2025 £m	Year ended 30 June 2024 £m	Change %
Personal Savings	11,466	11,010	4%
Business Savings	2,739	3,092	(11)%
Corporate Deposits	2,843	2,204	29%
Total Customer Deposits	**17,048**	**16,307**	**5%**

Personal Savings remained the Group's largest portfolio, with balances increasing by £0.5 billion in the year to £11.5 billion. This growth was led by strong demand for ISA products, supported by the launch of a new reward cash ISA product and broadly consistent growth with wider market trends.

Corporate Deposits increased by £0.6 billion in the year to £2.8 billion, led by deepening of existing relationships with aggregation platforms as well as selective growth in deposits from financial institutions.

Business Savings balances declined to £2.7 billion (30 June 2024: £3.1 billion) as the Group sought to carefully manage funding costs in a competitive market and under challenging market conditions.

Wholesale funding declined by £0.5 billion in the year to £1.5 billion (30 June 2024: £2.0 billion), primarily due to the repayment of £0.6 billion of TFSME, in line with contractual maturities. The Group has £0.5 billion of TFSME outstanding as at 30 June 2025 (30 June 2024: £1.1 billion) and has pre-funded its remaining TFSME maturities as they fall due in the second half of the 2025 calendar year. Secured funding increased by £0.2 billion in the year to £0.9 billion, primarily due to the issuance of a new mortgage-backed securitisation ("Oak No.5").

The Group had £150.0 million of Additional Tier 1 ("AT1") capital outstanding as at 30 June 2025 (30 June 2024: £161.0 million), with the year-on-year decrease reflecting the redemption of a £61 million instrument on its contractual call date, and issuance of a new £50 million AT1 instrument issued to FirstRand Bank Limited. The Group's Tier 2 holdings remained stable at £101 million (30 June 2024: £101 million).

The Group obtained a credit rating from Moody's (Baa2 long-term issuer rating with a stable outlook) in January 2025 and established a Euro Medium-Term Note ("EMTN") programme in March 2025. The programme will support the Group's future diversification of capital issuance, as part of its ongoing aim to optimise the Group's capital mix whilst maintaining prudent capital ratios.

The Group's total liabilities and equity increased by 3% to £21.1 billion, reflecting the movements summarised above and increased retained earnings.

[7] Loan to deposit ratio calculated based on net loans to customers as a percentage of customer deposits.

Summary income statement	Year ended 30 June 2025 £m	Year ended 30 June 2024 £m	Change %
Net interest income	597.9	604.3	(1)%
Other operating income / (expense)	2.5	(18.5)	(114)%
Operating income	**600.4**	**585.8**	**2%**
Operating expenses	**(391.0)**	**(351.0)**	**11%**
Share of Profit of Associate	0.7	—	—%
Impairment (losses) / releases on customer loans	(16.6)	18.3	(191)%
Profit Before Tax	**193.5**	**253.1**	**(24)%**
Tax	(52.4)	(67.4)	(22)%
Profit after tax	**141.1**	**185.7**	**(24)%**

Key performance indicators	Year ended 30 June 2025	Year ended 30 June 2024	Change
Net interest margin %	3.78	4.00	(22) bps
Cost/income ratio %	65.1	59.9	5.2 pp
Cost of risk (bps)	10	(12)	22 bps
Return on equity %	**7.7%**	**11.8%**	**(4.1) pp**

Resilient trading performance despite market pressures

The Group's net interest income reduced by 1% to £597.9 million (2024: £604.3 million), primarily driven by a reduction in Net Interest Margin ("NIM") as interest rates reduced over the year, partially offset by growth in loan balances. Lending businesses continued to trade well, balancing volume growth with margin discipline to deliver healthy returns. Deposit spreads reduced in the year as the Bank of England cut interest rates by 1.0% over the 12 month period and with average fixed rate savings pricing further above respective swap rates. Group NIM reduced by 22 bps over the year to 3.78%.

Other operating income

Other operating income increased by £21.0 million year-on-year to £2.5 million (2024: £18.5 million loss), primarily driven by the impact of fair value accounting adjustments on derivatives and other financial instruments used by the Group to hedge interest rate risk (2025: £1.9 million loss; 2024: £20.7 million loss). Whilst the loss in 2024 mainly reflected the unwind of gains recognised in prior years, a more stable interest rate environment this year has helped stabilise fair value movements. These adjustments have a net nil impact on the Group's profits across the life of the hedged exposures.

Costs, excluding charge related to Motor Finance commissions review, held flat demonstrating cost discipline

Total costs increased by £40.0 million to £391.0 million (2024: £351.0 million), largely due to the charge related to the historical Motor Finance commissions review (2025: £60.6 million; 2024: £18.1 million). Further detail in relation to this matter is provided on page 168.

Excluding the impact of this, the Group's operating expenses were broadly flat year-on-year, reflecting firm cost discipline against a backdrop of continued inflationary pressure. The Group's operating expenditure continues to reflect investment in both its proposition and a programme of investment in its technology strategy which will support its long term growth ambitions (2025: £24.1 million; 2024: £34.6 million).

■ Cost of risk remains low and well-controlled

The Group has recognised a net impairment charge in the year of £16.6 million (2024: £18.3 million release). The increase year-on-year primarily reflects the non-recurrence of last year's provisions releases connected with CCA remediation activity in the Group's Motor division (2025: nil; 2024: £39.5 million release), partly offset by improved underlying performance as the effects of the cost-of-living crisis continue to subside. This has driven a reduction in the Group's impairment coverage ratio to 1.48% (30 June 2024: 1.93%), further supported by an improving economic outlook and model recalibrations.

■ Analysis of Cost of Risk by division

	Year ended 30 June 2025 bps	Year ended 30 June 2024 bps	Change bps
Property Finance	(13)	(37)	(24)
Motor Finance	74	2	(72)
Business Finance	(10)	25	35
Group Cost of Risk	**10**	**(12)**	**(22)**

The Group's Property division recorded a net impairment release of £10.5 million (2024: £28.1 million release). This reflects a more stable macroeconomic outlook, particularly in relation to future interest rates, which has allowed for the partial release of overlays raised to address mortgage refinance risk. Impairment coverage remains robust at 0.77% (30 June 2024: 0.83%), commensurate with observed arrears (which have increased only marginally, from historically low levels) and a well collateralised portfolio (with just 3.5% of the portfolio at greater than 85% loan-to-value).

Cost of Risk in the Group's Motor division increased to £30.7 million (2024: £0.8 million) following non-recurrence of last year's provisions releases connected with CCA remediation activity. Excluding the impact of CCA remediation activity, cost of risk reduced driven by improved arrears performance and the partial release of cost-of-living related adjustments.

Impairment in the Group's Business Finance division reduced year-on-year, with a release of £3.6 million recognised (2024: £9.0 million charge) primarily due to model recalibrations to incorporate latest experience and improvements in Commercial Real Estate large exposures who had experienced an increase in credit risk.

The Group's Non Performing Loan ('NPL') ratio was 3.4% (2024: 3.3%) as an increase in write-offs following CCA remediation counterbalanced a small rise in arrears balances, with new inflows remaining elevated but lower than the previous year's peak. The NPL ratio continues to be impacted by legacy arrears as remediation events following Covid and the moratorium on property repossessions caused limited outflows. The NPL coverage ratio reduced to 25.5% (30 June 2024: 32.9%) due to the recalibration of model estimates to incorporate recent experience and the completion of CCA remediation activity on the Motor portfolio.

Statutory profit before tax of £193.5 million

Group statutory profit before tax reduced by £59.6 million to £193.5 million. Whilst headline results were impacted by the charge related to the historical Motor Finance commissions review, business trading performance remained resilient with strong lending performance offsetting much of the impact of margin compression as interest rates declined. Firm cost discipline was exhibited, and impairment also carefully managed in what was an uncertain economic backdrop.

Return on equity of 7.7% (30 June 2024: 11.8%) was adversely impacted by the charge related to the historical Motor Finance commissions review as well as higher average equity holdings on the back of continued strong profitability. The Group's aim of returning excess capital to its parent, the FirstRand group, is expected to drive improvements in return on equity over time, as is continued execution on the Group's strategy.

Environmental, social and governance

During the financial year, we refreshed our approach to Environmental, Social and Governance ("ESG") and sustainability to ensure it remains proportionate and pragmatic in relation to the Group's broader strategic priorities and our wider purpose. As part of this updated approach, we held several sessions with the Executive team and achieved strong alignment on our strategic direction. Together, we clarified what we aspire to be and what we do not - and agreed on a focused set of activities to be delivered over the next 18 months. The successful delivery of these initiatives has been embedded into the Group's non-financial scorecard and annual incentive plan, with ongoing monitoring supported by the Group's governance structures.

A key element of this plan was the completion of a double materiality assessment, designed to help us identify and prioritise the areas where our impact most closely aligns with our core business activities.

The assessment applied a double materiality framework to provide an evidence-based view of:

1. Impact materiality – identifying ESG topics most affected by our business activities and financing
2. Financial materiality – identifying key risks and opportunities linked to Aldermore's sustainability impacts, dependencies, and exposures

This work was led by an expert third-party and informed by desk research, interviews and surveys completed with ExCo, members of the Board, suppliers and colleagues. In total, approximately 280 stakeholders provided views for consideration.

As a result of this assessment, the Group's ESG focus moving forward will be reporting on three distinct areas of material impact:

1. Providing Access to Credit and Savings;
2. Business Ethics and Services;
3. Developing our People;

The following section provides a high-level overview of our progress made in these areas during the financial year. For more detail on how our business positively impacts society, please refer to our Report to Society from 2024, which is available here. The 2025 edition will be released in Winter 2025, and will provide further details on our refreshed ESG plans and how we remain focused on delivering value for all stakeholders.

Providing Access to Credit and Savings:

Aldermore creates meaningful impact for society by using specialist knowledge and expertise to provide access to financial products and services. By facilitating financing and savings opportunities for individuals and small and medium-sized enterprises (SMEs), we support the broader economy. The following highlights show several of the ways our businesses have provided intentional, specialist solutions during the reporting period:

Highlights from our Property Business:

- Supported over 850 First Time Buyers with funding to get onto the housing ladder. These customers gained access to mortgage funding that was not available from high street banks.
- Assisted 600 customers through our 'Cascade' range of mortgages during the period. These are typically individuals who have experienced a life event- such as illness or a relationship breakdown - that caused a minor credit issue, like a single missed mortgage payment. These are creditworthy customers who often struggle to secure funding from major banks.

- For the past three years, Aldermore has consistently offered preferential rates for energy-efficient properties. So far, we have supported over 900 landlords through this initiative.

Highlights from our Savings Business:

- Supported Personal and Business customers on their Savings journey with nearly 100,000 new Savings accounts opened.
- Helped over 9,000 customers build resiliency and optimise their Savings this ISA season through our new Reward ISAs launched in March 2025.
- Voted by customers as the #1 Bank in the UK for Savings for a second year in a row in the Forbes Best Bank Awards (survey was conducted across 50,000 people across 34 countries).

Highlights from our Business Finance Business:

- Provided almost £70m to fund the development student homes in the UK, supporting the delivery of high-quality and purpose built accommodation for almost 1,000 students.
- Continues to support UK businesses manage their cash-flow in an increasingly turbulent economy, providing access to invoice financing facilities which total over £200m.
- Launched its Energy & Infrastructure proposition, enabling customers to invest in a wide range of clean energy assets including Solar PV panels, battery storage and EV charging points.

Highlights from our Motor Business:

- Supported over 135,000 customers in acquiring vehicles through our network of trusted dealer and broker partners. This includes approximately 5,600 corporate customers who have expanded their businesses with the support of tailored motor finance solutions.
- Financed over 11,000 battery electric vehicles (BEVs) during the year. With an average APR lower than that of other fuel types, we've supported customers in making sustainable choices and contributed to the UK's transition to net zero.
- Through enhancements to our credit and affordability assessment processes, access to finance has broadened. The average acceptance rate rose by approximately 5%, while auto-decisioning improved by around 12%.

Business Ethics and Services:

As a digitally enabled bank serving a diverse customer base, we recognise that maintaining trust depends not only on regulatory compliance, but on how we safeguard customer data, manage third-party risks, and deliver reliable, transparent service at scale.

These areas are material to our financial performance and reputation, particularly as we invest in new digital platforms and evolve our operational capabilities. We are committed to ensuring that every part of our value chain reflects the same high standards of integrity and service our customers and stakeholders expect.

Digitisation

In order to keep our business moving in a rapidly evolving environment, our focus on digitisation is centred on three core components:

- Customer accessibility – Being available to our customers at a time and place of their choice, through their preferred channel (e.g. web, mobile, email, telephone, chat, etc.).
- Intermediary enablement – Providing up-to-date information to our intermediaries - dealers, brokers, and agents, so they can guide and serve our customers effectively.

- Internal efficiency – Enabling our front-line teams and middle office to access the best available information quickly and with minimal friction or effort.

This reflects our commitment to taking a holistic, end-to-end view of our digitisation journey - one that is grounded in user experience. We are leveraging data to test, learn, and adapt, ensuring we remain responsive to user needs and focused on delivering meaningful improvements to their everyday experiences. This has allowed us to improve service through the digital availability of documentation, in turn making customer responses and loan decisioning faster. Additionally, where possible, we have strengthened our self-service capabilities, allowing intermediaries and customers to manage their relationships more effectively.

Supplier service provision

Supplier service provision remains a key focus area for the Group, as our suppliers play an essential role in delivering the high-quality goods and services that underpin our operations by delivering predictable costs, assured outcomes, and a strong foundation for customer trust. Our suppliers can also introduce potential risks - from regulatory breaches and service disruptions to data security threats and reputational damage.

Recognising this, we've taken several steps over the past twelve months to ensure our third-party relationships are both resilient and value-driven. Key initiatives included:

- Establishing a more robust vendor lifecycle process, with integrated third-party risk management to ensure regulatory compliance is consistently met.
- Conducting in-depth, in-life due diligence on material vendors to proactively identify and mitigate emerging risks.
- Maintaining effective governance over suppliers delivering key business services, with clear contingency plans in place.

Risk Governance

For information on Aldermore's approach to Risk Governance, including our Principal Risks and mitigating activities, please see the 'Risk Management' section of this Report from page 68.

Human Rights and Modern Slavery Act

Aldermore Group PLC, and its principal operating subsidiaries, Aldermore Bank PLC and MotoNovo Finance Limited, take a zero-tolerance approach to slavery and human trafficking. As a UK group with a growing number of international suppliers, the Aldermore Group recognises that there is a risk, however small, for slavery or human trafficking to occur in its supply chains.

The Group has taken appropriate steps to ensure that slavery or human trafficking is not taking place in its supply chains by reviewing its existing business and supply chains; reviewing and revising its procurement processes; changing its due diligence processes; conducting a risk assessment with due regard to the sector and geographical locations in which its suppliers operate and disseminating relevant information through its businesses by means of its procurement and due diligence processes to ensure Group wide awareness of the risks of slavery and human trafficking in supply chains.

As part of its supplier onboarding process, Aldermore engages with suppliers to seek assurances regarding their anti-slavery and human trafficking policies, and to confirm that they are actively taking steps to prevent such practices within their businesses and supply chains. Aldermore does not support or engage with suppliers where it becomes aware of slavery or human trafficking in their operations or supply chains.

In parallel, we have reinforced our Code of Conduct to ensure all employees understand and uphold ethical standards. This is supported through regular training and awareness campaigns. We have also implemented a learning platform designed to deliver, track, and assess mandatory training, alongside value-added content tailored to support colleagues across a wide range of career pathways. This approach ensures that employees receive clear guidance, that their understanding is assessed, and that they are empowered to engage in self-directed learning - enabling them to perform their roles both compliantly and ethically.

Additionally, Aldermore has strengthened its supplier due diligence process by incorporating documentation that requires suppliers to confirm their compliance with anti-slavery and human trafficking obligations.

Anti-Bribery & Corruption

Our Anti-Bribery & Corruption Policy sets out the responsibilities of all colleagues within the Aldermore Group in observing and upholding the Group's zero-tolerance stance on bribery and corruption. The policy is reviewed annually, and all colleagues are required to complete mandatory training to ensure they are aware of and understand our expectations. Any breach of this policy is considered unacceptable, will be fully investigated, and may result in disciplinary action or criminal prosecution.

Aligned with our 'Speak Up' culture, we have strengthened our whistleblowing framework to ensure all colleagues have improved access to confidential and independent reporting channels.

We are committed to preventing the misuse of our platforms for financial crime and do not tolerate wilful or deliberate non-compliance. Our goal is to achieve full compliance with both the letter and the spirit of all relevant regulations and legislation. The Group maintains a zero-tolerance approach to any act of bribery or corruption within its business.

Tax

Aldermore Group's business model is focused on the UK where our customers and operations are largely established. We respect that as a corporate citizen we have a duty to act with honesty and integrity with our approach to taxation and recognise that through the payment of tax, we contribute towards our stakeholders and towards wider society.

We adhere to the HMRC Code of Practice on Taxation for Banks and maintain professional, cooperative relationships with tax authorities. We support efforts to combat tax evasion, comply with Corporate Criminal Offence rules, and apply tax laws in line with their intended spirit. Our tax practices reflect transparency, integrity, and timely compliance, aligning with the values we uphold in our products and services.

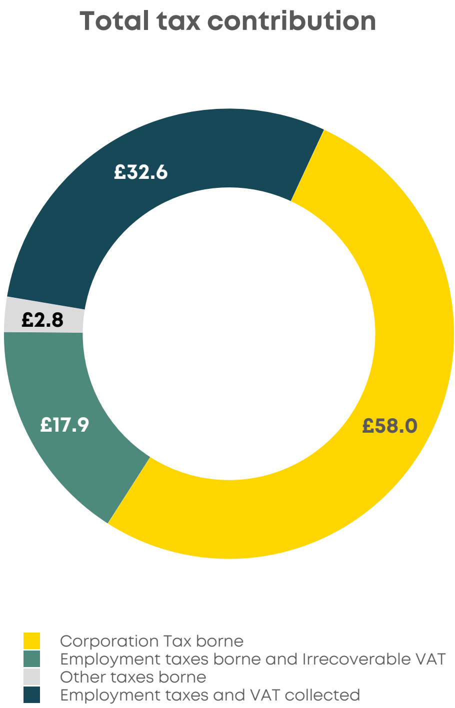
We measure our Total Tax Contribution for a financial year by reference to the tax payments we have made in that financial year, not in respect of the calendar year.

The Group monitors and updates its Total Tax Contribution records annually for all new forms of taxation including any in-scope environmental taxes.

Our Total Tax Contribution for 2025 was £111.3m (2024: £112.7m) comprising taxes borne and collected. The slight decrease compared with 2024 arises primarily in taxes borne in the period. Taxes borne represent the direct cost to the Group of taxes which impact the financial results of the business, and for 2025 were £78.7m (2024: £82.9m). These fell in 2025 as a result of lower profits.

In addition to taxes borne, we also collect and administer taxes on behalf of the UK tax authority. For 2025 the Group collected £32.6m of taxes (2024: £29.8m), the increase arising from increased employment taxes in the period.

The following chart shows the proportion of the Group's Total Tax Contribution in the financial year ended 30 June 2025, of which the most significant are corporation tax borne (52%) and employment taxes and VAT collected (16%).



Developing our people:

We recognise that attracting, retaining, and developing top talent, whilst fostering a rich diversity of thought, requires a rewarding, engaging, and opportunity-driven working environment where all colleagues can thrive.

At the core of this commitment is our focus on cultivating a high-performance culture, building a change-resilient organisation, and driving innovation within HR to enhance efficiency and impact.

To bring this vision to life, over the past year we have continued to evolve and strengthen our People Strategy, guided by valuable feedback from our colleagues, our focus has been on embedding and building upon existing initiatives to create lasting impact.

Over the past 12 months, the People Strategy has evolved around three core themes:

1. Strength and Agility – Building a change-ready organisation with flexible career pathways and strong support for our managers.
2. Culture and Brand – Continue to build a high-performance culture and strengthen our employer brand by refreshing our value proposition.
3. Future Focus – Equipping people managers with the skills and resources needed to lead effectively in dynamic, fast changing environments.

To ensure we are doing this effectively and fostering the right environment, we actively listen to our people through regular colleague surveys, conducted during the year in November 2024 and April 2025. These insights help shape our culture and drive meaningful change. Engagement rose from 71% to 74% over the period, accompanied by a 92% response rate - our highest ever - and an eNPS (Employee Net Promoter Score) of 36.

Highlights

Strength and Agility:

- Over the reporting period, we promoted over 60 colleagues and supported 70 lateral moves through reskilling.
- Enrolled 31 colleagues in apprenticeship and Welsh Government funded programmes; with over 80 in ongoing study with a further 52 completing their studies across the 12 month period.
- Partnered with Udemy to support tech career mobility, giving access to 250,000+ technical courses.

- New Family Support Policy: We introduced a Neonatal Care Leave Policy, offering up to 12 weeks of additional paid leave for parents of babies requiring neonatal care. Available from day one of employment, the policy includes statutory neonatal care pay after 26 weeks of service and applies to births from 6 April 2025 onward.
- Fair and rewarding jobs: As a Group, we are committed to paying all our employees a wage that reflects the true cost of living, not just the government minimum. We believe this is the right thing to do and a fundamental part of our values. Each year, we uplift our most junior salaries in line with the new Real Living Wage rate as soon as it is announced, rather than waiting for the formal implementation date, ensuring our people benefit immediately.

Culture and Brand:

- We launched the second cohort of 'Leading the Way', supporting 13 colleagues in developing strategic leadership skills through an Executive Mini-MBA.
- Ethnic Diversity Accelerator: We launched our first accelerator for ethnically diverse colleagues - a three-day intensive course focused on self-awareness, strategic planning, and personal strengths. Each participant was paired with a senior leader for a year-long sponsorship. Early results include six promotions or secondments and nine colleagues starting or completing professional qualifications.
- Gender Representation and Pay: We are pleased to report a reduction in our gender pay gap this year, largely driven by an increase in female senior hires and promotions during the last reporting period. Aldermore Group now sits broadly in line with the Financial Services median and mean (29.8% and 30.5% respectively) based on 2024 ONS data. Our ongoing focus on gender balance at Executive Committee (ExCo) and ExCo-1 levels has led us to a female representation of 41% as at 30 June 2025.
- Launched a new interactive career pathway to offer a more personalised and engaging development experience.
- Our office spaces have continued to be revamped to encourage collaboration and promote employee wellbeing.
- The colleague recognition programme has expanded over the last year, with over 1,700 peer-to-peer recognitions recorded.

Future Focus:

- Invested £265,000 in apprenticeships to attract and retain diverse talent over the reporting period.
- We strengthened our leadership pipeline through experiential learning, the Aldermore Management DNA Programme, and CoachHub, the latter of which gave senior leaders access to 3,500+ coaches. Over 100 managers completed 540 hours of coaching, with an average rating of 4.8/5.
- Through 'Advancing Aldermore' with Heidrick & Struggles, we continued investing in senior strategic leadership development, focusing on AI, innovation, and critical thinking.

Climate related financial disclosures

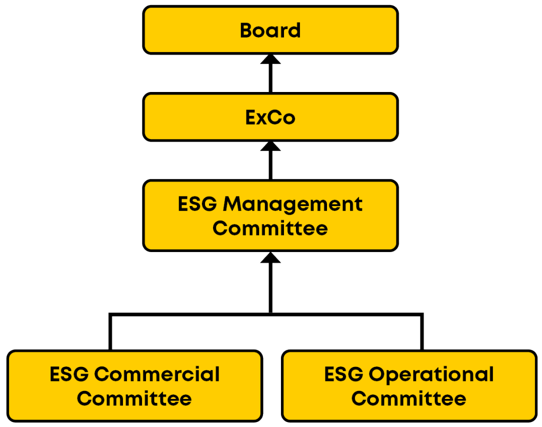
Aldermore is in scope of the UK Government's climate-related financial disclosures ("CFD") requirements[8]. This report addresses CFD requirements beneath the headings of: Governance; Risk Management; Strategy; and Metrics & Targets. The introduction to each section outlines which CFD requirements (A-H) are being addressed.

Section 1: Governance

This section summarises: (1) the climate risk governance structure; and (2) management and board responsibilities. It addresses CFD disclosure item A.

a. Governance Structure overview

During the financial year, a Group ESG Governance Structure was installed to enhance governance and strengthen accountabilities, as noted below. The structure depicts how items are escalated upwards through the business and ultimately to the Board.



b. Management responsibilities

Committees and Forums

The ESG Management Committee meets quarterly and has ExCo representation. Its purpose is to provide oversight of the Group's ESG activities by coordinating progress and challenges relating to ESG Plan deliverables as part of the Group's non-financial scorecard. The ESG Commercial Committee and ESG Operational Committee meet monthly and escalate matters to the ESG Management Committee as required.

Various other forums and committees have received climate risk updates during the financial year. The Executive Risk Committee and Non-Financial Risk Committee received regular climate risk metrics reports. Business Line Risk Forums for Property Finance, Business Finance and Motor Finance have also received updates on climate risk exposure.

Individual responsibilities

The Climate Risk Framework outlines roles and responsibilities for the management of these risks across the three lines of defence. The Risk Function produces climate risk metrics reports, develops the Group's financed emissions calculations and has coordinated the development of climate risk capabilities across the Group, including on scenario analysis. In the next financial year the Group plans to develop a Strategic Risk Framework which will further codify responsibilities for ESG risk.

[8] The Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022 (legislation.gov.uk)

Remuneration

Delivery of the financial year ESG plan which includes the progression of net zero pathways was part of the Group's non-financial scorecard. This includes mobilising plans and making progress on integrating net zero targets across operational departments and asset lines. In addition, climate risk metric performance was integrated into the CRO's year-end report to the Remuneration Committee.

FirstRand

Aldermore engages regularly with its parent company on climate change, with representation at the FirstRand Climate & Environmental Risk Committee, and the FirstRand Climate & Environmental Technical & Data Committee. Aldermore provides quarterly updates on its climate risk exposures and development of its climate risk capabilities to FirstRand.

c. Board responsibilities

The Board maintains oversight of the Group's ESG activities, and the revised ESG governance approach requires progress updates on a bi-annual basis. The Board Risk Committee has received updates on climate risk metric performance, and the Audit Committee reviews the Group's annual climate-related disclosures. The Remuneration Committee considers: (1) the CRO's year-end report which integrates climate risk metric performance; and (2) delivery of the financial year ESG plan as part of the Group's non-financial scorecard.

Section 2: Risk Management

This section addresses CFD disclosure items B and C and explains: (1) Aldermore's approach to identifying, assessing and managing climate-related risks and opportunities; and (2) the integration of climate risk into the overall risk management process. These activities are undertaken at divisional level, with certain activities coordinated at Group level. The Climate Risk Framework outlines the Group's approach to managing climate-related risks and opportunities.

a. Identification, assessment and management of climate-related risks and opportunities

Property Finance

At origination, an assessment of the security and its suitability is undertaken. The Group assesses energy efficiency, ground stability (including movement) and flood risk. Valuations are completed by Royal Institution of Chartered Surveyors (RICS) surveyors who are experienced within the local area and related climate concerns. Flood risk, potential impacts and Energy Performance Certificate (EPC) rating are factored into the valuation of the property. Where there are concerns or issues related to flood risk, ground stability and other climate factors, the Group's valuers will highlight these for further review, or confirm the security as unacceptable for lending.

The Group's lending criteria highlight that any property must have suitable insurance obtained at standard rates. In addition to this, Buy to Let properties which do not meet Minimum Energy Efficiency Standards (MEES) are not considered suitable security. Although there is not a minimum EPC requirement for privately rented properties in Scotland, lending is still restricted on those with an EPC of F or G.

Business Finance

Climate risk is assessed as part of the overarching Business Finance strategy, policies, procedures and credit underwriting. Climate risk is considered at sector level; the Group determines sectors to operate within and then assesses and documents the associated risks. These risks are then reviewed annually. Larger transactions are subject to consideration of climate risk in credit papers at an individual level.

For properties funded, similar approaches to identification and assessment are in place as compared to Property Finance. For vehicles funded through Business Finance, fuel type is recorded and monitored.

The Group's new Energy & Infrastructure proposition offers an opportunity for Business Finance to support the transition to net zero through financing renewable energy infrastructure including solar, wind, battery storage and Electric Vehicle (EV) Charging Infrastructure.

Motor Finance

Climate risk is not assessed specifically as part of the customer onboarding journey. Finance applications are introduced through an approved network of dealer and brokers partners, therefore changes to the Motor Finance portfolio regarding fuel type are led by changes to the dealer showroom, driven by consumer demands and needs.

The Motor Finance approach to transitioning from Internal Combustion Vehicles will be informed by market intelligence. Strong management of residual value policy will be required as the book transitions, supported through the introduction of a Residual Value Manager in the financial year. Working alongside trade groups and industry experts will support the Group's understanding of market developments and any additional financial risk. Using data and analytics, Motor Finance can continue to provide insights to stakeholders on opportunities and potential threats.

Group activity

Identification and assessment of climate risk is supported at Group level through: an annual materiality assessment; annual scenario analysis; a quarterly climate risk dashboard; and regular industry engagement. The management of climate risk is further supported by annual mandatory employee training, and targeted training as appropriate. The Group continues to build its understanding of climate-related risks through investment in data. In the financial year an updated suite of physical risk data for Property has been sourced, alongside updated emissions data for Motor Finance.

Techniques for identifying, assessing and managing climate-related risks and opportunities have been supported through two specialist roles: a Head of ESG & Sustainability; and an ESG Risk Lead.

b. Integrating processes for identifying, assessing, and managing climate-related risks into the overall risk management process

Climate risk integration into the overall risk management process is supported through:

- Risk taxonomy: the Risk Management Framework outlines the Risk Taxonomy. ESG Risk is a Level 1 risk with Climate Risk (physical) and Climate Risk (transition) as supporting Level 2 risks.
- Frameworks / Policies: The Climate Risk Framework outlines the approach to the management and disclosure of climate-related risks. Climate risk provisions are integrated into certain other Risk frameworks / policies, including the Credit Risk Management Framework.
- Metric performance and reporting: performance against climate-related metrics is included within risk reports, and tabled at risk committees. These cover metrics across transition and physical risk.

- Scenario analysis: climate-related scenario analysis is embedded into the Group's ICAAP approach. The 2024 ICAAP included physical and transition risk scenario analysis.

There remains further activity to align the risk management approach to ESG risk with other Level 1 risks. This will be undertaken through the next financial year. Materiality considerations include controls in place and outcomes from scenario analysis exercises which are summarised in Section 3.

c. Aldermore's approach to portfolio climate risk quantification

Aldermore has conducted long and short-medium term analysis to quantify climate-related risks and better understand vulnerabilities. This has focused on the Property and Motor portfolios as discussed in Section 3. The outputs continue to inform capital assessments.

Section 3: Strategy

This section explores the principal climate-related risks (actual and potential) and opportunities that the Group is exposed to. It also assesses Aldermore's resilience under different climate-related scenarios. The section addresses CFD disclosure items D, E and F.

Risks and opportunities are identified over short (0-1 year), medium (1-5 years) and long-term (period to 2050) time periods. These were selected with reference to: the Group's planning and budgeting process; horizons considered through stress testing exercises; and the time that assets spend on book.

Principal climate-related risks and opportunities that arise through Aldermore's business activities, alongside: (1) affected business lines; (2) time horizons; and (3) current and future mitigating actions are summarised below. Whilst physical and transition risks are relevant to the Group, there is acknowledgement that transition risks are dynamic, and can be expected to materialise over a shorter time horizon than physical risks.

a. Climate-related physical risks

<table>
<tr><th>Ref</th><th>Physical Risk</th><th>Description</th><th>Business lines</th><th>Time horizon</th><th>Mitigations</th></tr>
<tr><td>1.1</td><td>Acute</td><td>Increased severity of extreme weather events could:
• Reduce property values and result in stranded assets.
• Cause operational issues, including supplier outages and buildings access issues.</td><td>Property, Business Finance, Operations</td><td>Long</td><td rowspan="2">• Monitoring and reporting on flood risk for Property exposure in England, and exposure to Business Finance sectors with elevated physical risk.
• Data sourced on flood, subsidence and coastal erosion risk for residential properties under different climate-related scenarios.
• Suppliers receive an ESG 'score', and supplier questionnaires include climate-related questions on preparedness and exposure.
• In future, the Group will continue evolving its understanding and mitigation of physical risk vulnerabilities.</td></tr>
<tr><td>1.2</td><td>Chronic</td><td>Changes in precipitation patterns and temperatures could impact asset values, e.g. through subsidence on properties.</td><td>Property, Business Finance, Operations</td><td>Long</td></tr>
</table>

b. Climate-related transition risks

Ref	Transition Risk	Description	Business line	Time horizon	Mitigations
2.1	Policy	Changing regulations can result in volatility, asset impairments and increased compliance costs. This includes pressure on landlords through EPC minimums.	Property, Motor, Business Finance, Operations	Medium – Long	• Monitoring and reporting on EPC and fuel type distributions. • Mandatory and targeted employee training undertaken. • Introduction of a Residual Value Manager (Motor Finance). • Scenario analysis (see Section 3) on the impacts of different transition pathways. • See earlier comments on suppliers. • Development of initial net zero pathways. • In future, the Group will continue delivering training, and working with industry to support landlords and the private rental sector.
2.2	Market	Changing consumer preferences could negatively impact the value of lower energy efficient vehicles.	Motor, Business Finance	Medium – Long	
2.3	Technology	Technologies could accelerate adoption of lower emitting vehicles, impacting ICE vehicles' residual values. Advancements could also impact early EV entrants.	Motor, Business Finance	Medium – Long	
2.4	Reputation	Increased scrutiny on firms' lending activities and sustainability claims could result in reputational damage.	All	Medium – Long	• Development of net zero roadmaps, leveraging third party support. • Monitoring of Business Finance lending to higher transition risk sectors. • Consideration of climate-related features during product review. • In future, there will be continued development and monitoring of net zero pathways.

c. Climate-related opportunities

Ref	Opportunity	Description	Time horizon	Action taken
3.1	Financing the transition	The transition to a low carbon future presents opportunities across all business lines.	Short – Medium – Long	The Group's offering has included financing for renewable energy infrastructure and a limited edition Buy to Let product for EPC A-C rated properties.
3.2	Data	Data availability presents a challenge across the industry. Data quality improvements can support effective management of climate-related risks and opportunities.	Short – Medium	Property Finance emissions calculations have improved, and updated vehicle emissions data has been obtained. The Group has also sourced updated physical risk data for Property Finance. Metrics related to the data quality score for Property Finance and Motor Finance emissions calculations are included in these accounts.
3.3	Partnerships	Collaboration is important to improve understanding and identify opportunities.	Short – Medium	The Group uses Partnership for Carbon Accounting Financials methodologies to calculate its financed emissions, and remains a signatory to the United Nations Environment Programme Initiative (UNEP FI) Principles for Responsible Banking.

d. Resilience of business model and strategy, considering different climate-related scenarios

Aldermore undertakes climate-related scenario analysis through its annual ICAAP. Long and short-medium term scenarios have been conducted to improve the Group's understanding of climate-related risks and opportunities.

Long-term scenario analysis

Long-term scenarios have typically utilised industry pathways where appropriate to support comparability, including those from the Intergovernmental Panel on Climate Change. During the financial year, Aldermore sourced updated physical risk analysis on its Property portfolio. This reaffirmed findings from prior years around physical risk exposure, including:

- Flood risk: most properties remain at negligible risk of flooding today, and in future scenarios. Under higher emissions scenarios, some properties' flood risk increases.
- Subsidence risk: the majority of the Group's properties have low subsidence risk. Those which are at higher risk levels are concentrated in Greater London and the South East.
- Coastal erosion risk: under all scenarios, the Group's coastal erosion risk is negligible.

The analysis and subsequent scenario analysis using this data and potential transition impacts provided insights around physical risk vulnerabilities under low, medium and high[9] emissions scenarios. It complemented longer term transition risk analysis which was undertaken previously.

Short to medium-term scenario analysis

Shorter-term scenario analysis has been conducted for Property Finance and Motor Finance, and has utilised bespoke approaches to understand how shorter-term risks could impact the Group:

- Property: assessment of legislative changes impacting private rental sector properties with lower energy efficiency. The analysis informed an Expected Credit Loss overlay which was subsequently released when the planned changes were halted. This will be kept under observation noting potential future changes planned.
- Motor: valuation impacts across EVs and ICE vehicles, and corresponding impacts on residual value, voluntary termination and expected loss. The analysis demonstrated low impacts over higher probability scenarios.

Key assumptions and estimates

Longer-term scenario analysis has various limitations, notably: (1) uncertainty stemming from the extended time horizons; and (2) the use of a static balance sheet. Shorter-term analysis has relied on expert judgement to estimate potential impacts, e.g. around legislative changes impacting the private rental sector. Despite this, scenario analysis exercises remain an important tool in assessing how climate risks and opportunities could develop.

Evaluation: impacts on business model and strategy, and next steps

Although scenario analysis has informed a previously held overlay, it has not identified any material climate-related issues which the Group would be unable to mitigate. Scenario analysis is embedded into the ICAAP and will continue to support a quantitative understanding of the risk.

Section 4: Metrics and Targets

This section addresses CFD disclosure requirements G and H.

a. Metrics

Aldermore's climate risk dashboard includes information relating to

[9] Emissions scenarios: Representative Concentration Pathways 2.6, 6.0 and 8.5.

transition and physical risks and financed emissions. The metrics have been distributed to the Non-Financial Risk Committee, Executive Risk Committee and Board Risk Committee during the financial year. A summary of the Group's Property Finance EPC distribution is included in the figure below, where EPC matches have been obtained.

EPC rating	Property EPC distribution
A-C	46%
D	41%
E	11%
F-G	1%

b. Targets & KPIs

Environmental impacts

Aldermore is targeting reducing its environmental impacts across its operational and financed emissions.

Operational emissions

The Group is targeting net zero emissions for scopes 1-2 by 2030. The target was set in the 2023 financial year, and is relevant to the Policy and Reputation transition risks identified in Section 3, and the 'Partnerships' opportunity. The core KPI relates to total scopes 1-2 emissions, calculated through: (1) emissions associated with company owned vehicles; (2) purchased electricity; and (3) purchased heat. During the financial year, the Group partnered with a third party to support quantification of operational emissions, and its decarbonisation activities.

Performance against target: during the financial year the Group has observed decreases in its Scopes 1-2 emissions. In financial year 2024 total scopes 1-2 emissions were 626.9 tonnes CO2e. In financial year 2025 this reduced to 545.2 tonnes CO2e. The reduction reflects fleet decarbonisation and building floor space optimisation. Further details of the Group's Scopes 1-2 emissions profile, and actions to achieve the 2030 target are detailed within the Energy & Carbon Reporting section of this report.

Financed emissions

The Group is targeting net zero for its financed emissions by 2050. The target was set in the 2023 financial year and is relevant to all transition risks identified in Section 3, as well as all opportunities. Relevant KPIs relate to emissions intensity, and these are documented for Property and Motor in these accounts.

Performance against target:

- Property Finance: in financial year 2024, the Property Finance financed emissions intensity (g CO2e / £) was 18.9. This decreased to 18.3 in the 2025 financial year. Total financed emissions (tonnes CO2e) during the period increased from 148,196 to 160,048, driven by increased lending volumes.
- Motor finance: the Motor Finance financed emissions intensity (g CO2e / £) decreased from 164.8 to 148.2 between financial year 2024 and financial year 2025. This decrease was driven by more accurate emissions data and an increase in the proportion of electric and hybrid vehicles. Total financed emissions (tonnes CO2e) during the period decreased from 675,465 tonnes CO2e to 626,325 tonnes CO2e.

During the 2024 financial year, net zero pathways were developed for each asset line. During the 2025 financial year, the Group has made improvements around data quality, established a climate balance sheet, and observed decreases in financed emissions intensity for its Property and Motor portfolios. However, the Group recognises a need to do more to embed and monitor the impacts of its financed emissions, in a manner by which performance can be more effectively assessed. The Group annual incentive plan for financial year 2026 will include each asset line having fully integrated net zero pathways.

Energy and carbon reporting

Energy consumption and Greenhouse Gases ("GHG") emissions

UK energy use and associated greenhouse gas emissions

Current UK based annual energy usage and associated annual greenhouse gas ("GHG") emissions are reported pursuant to the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 ("the 2018 Regulations") that came into force 1st April 2019.

Organisational boundary

In accordance with the 2018 Regulations, the energy use and associated GHG emissions are for those assets owned or controlled within the UK only as defined by the operational control boundary. Therefore, energy use and emissions are aligned with financial reporting for the UK subsidiaries Aldermore Bank PLC and MotoNovo Finance Limited. There are no non-UK based subsidiaries that would not qualify under the 2018 Regulations in their own right.

Reporting period

The annual reporting period is 1 July to 30 June each year and the energy and carbon emissions are aligned to this period.

Quantification and reporting methodology

The 2019 UK Government Environmental Reporting Guidelines and the GHG Protocol Corporate Accounting and Reporting Standard (revised edition) were followed. The 2024 UK Government GHG Conversion Factors for Company Reporting were used in emission calculations as these relate to the majority of the reporting period. The report has been reviewed independently by CBRE.

Electricity consumption was based on meter readings. Mileage was used to calculate energy and emissions from fleet vehicles and grey fleet. Where electricity readings and mileage reports did not cover the full reporting period, and for all gas consumption, estimation techniques were applied, such as the Chartered Institution of Building Services Engineers ("CIBSE") benchmarks, pro-rata estimation and direct comparison. Gross calorific values were used except for mileage energy calculations as per Government GHG Conversion Factors. Market-based GHG emissions from purchased electricity have been included in the report.

The emissions are divided into mandatory and voluntary emissions according to the 2018 Regulations, then further divided into the direct combustion of fuels and the operation of facilities (scope 1), indirect emissions from purchased electricity (scope 2) and further indirect emissions that occur as a consequence of the business' activities but occur from sources not owned or controlled by the organisation (scope 3).

Breakdown of energy consumption used to calculate emissions (kWh)

Mandatory requirements	Year ended 30 June 2025	Year ended 30 June 2024
Gas	1,124,968	1,331,460
Purchased electricity	1,215,177	987,484
Transport: Company-owned vehicles	271,754	385,105
Transport: Employee-owned vehicles	309,420	412,711
Total energy (mandatory)	**2,921,319**	**3,116,760**

The transport figures for the prior year have been revised after receiving updated data points and restated to align to the methodology used to calculate figures for the current period.

Breakdown of emissions associated with the reported energy use

(tCO_2e)	Year ended 30 June 2025	Year ended 30 June 2024
Mandatory requirements:		
Scope 1		
Company owned vehicles	32.6	61.0
Total Scope 1	32.6	61.0
Scope 2		
Purchased electricity (market-based)	249.0	273.4
Purchased heat (natural gas)	225.0	243.5
Company owned vehicles	38.6	49.0
Total Scope 2	512.6	565.9
Scope 3		
Category 6: Business travel (grey fleet)	98.4	110.0
Total Scope 3	98.4	110.0
Total gross emissions (mandatory)	643.6	736.9

Figures related to vehicles for the prior year have been revised after receiving updated data points and restated to align to the methodology used to calculate figures for the current period.

Intensity ratios (mandatory emissions only)	Year ended 30 June 2025	Year ended 30 June 2024
Tonnes of CO2e per employee	0.29	0.32
Change from previous year	(9)%	16%

Intensity ratio

The primary intensity ratio is total gross emissions in metric tonnes CO2e per employee. The employee figure relates to UK operations only to align with the energy and emission reporting boundary. This metric is considered the most relevant to the Company's energy consuming activities and provides a good comparison of performance over time and across different organisations and sectors.

Energy efficiency action during current financial year

The Group has committed to net zero scope 1 and 2 (market-based) emissions by 2030. The pathway to achieving this target includes actions that improve energy efficiency, optimise office space management, electrify company vehicles and engagement with landlords in the purchase of 100% renewable energy contracts and building decarbonisation projects.

In the last year, progress continued on the optimisation of building floor space with a reduction in the Group's footprint achieved. This was primarily due to relocating the office in Cardiff to a smaller, more efficient space. Building occupancy levels have stabilised, with hybrid working utilised across all locations. As a result of these changes, emissions across the offices alone have decreased by 131.9 tCO_2e in the last year across electricity and natural gas emission sources.

The Group continued to make good progress on vehicle emissions whereby an overall reduced fleet, comprising a higher proportion of electric vehicles, drove a reduction in these emissions.

Financed emissions

The financed emissions and financed emissions intensities associated with the Group's Property Finance[10] and Motor Finance[11] portfolios are displayed in the table below. These are provided alongside the financial year 2024 numbers for comparative purposes[12].

Property Finance	Year ended 30 June 2025	Year ended 30 June 2024
Total gross advances	£8.7bn	£7.8bn
Financed emissions (tCO_2e)	160048	148196
Emissions intensity (gCO_2e/£)	18.3	18.9
Calculation enhancements	Improved approach to Buy to Let, which has reduced the reliance on average matches and driven an improved PCAF score.	
Data coverage	100%	100%
Data quality score (PCAF score)	3.3	4.0

The increase in total financed emissions is driven by higher lending volumes, noting that the financed emissions intensity (g CO2e / £) has decreased in the financial year. The improved data quality score reflects an enhanced approach to calculating Buy to Let emissions.

Motor Finance	Year ended 30 June 2025	Year ended 30 June 2024
Total gross advances	£4.2bn	£4.1bn
Financed emissions (tCO_2e)	626325	675465
Emissions intensity (gCO_2e/£)	148.2	164.8
Calculation enhancements	Integration of newly sourced third party data on vehicle emissions.	
Data coverage	100%	100%
Data quality score (PCAF score)	2.5	2.5

The decrease in financed emissions intensity is driven by more accurate emissions data and an increase in the proportion of electric and hybrid vehicles. Although newly sourced vehicles emissions data has been integrated, the data quality score remains at 2.5. This score is influenced by an increased number of electric vehicles on book, for which vehicle averages are applied.

[10] Where possible, Property emissions have been calculated by examining property-level Energy Performance Certificate data, which includes details on fuel type, floor area and energy consumption. In these instances, a PCAF score of 3 has been applied. Where property-level EPC data has not been retrieved, approximate or averages have been used, with a PCAF score of 5 applied. 2025 UK Government Greenhouse Gas conversion factors are used to determine the emissions associated with different fuel types.

[11] Motor emissions have been calculated by multiplying the estimated annual distance travelled by the vehicle's gCO2e per km. Where data is unavailable, statistics on average mileage, average vehicle efficiency, or average vehicle type emissions are used. Where gCO2e per km are derived from the New European Driving Cycle (NEDC) test, an uplift has been applied to more closely reflect estimates in the Worldwide Harmonised Light-Vehicle Testing Procedure (WLTP).

[12] To support comparison between years, the Financial Year 2024 financed emissions numbers have been updated to reflect 100% portfolio coverage, using portfolio averages.

Section 172 statement

This section of the Strategic Report describes how the Group's Directors have had regard to the matters set out in section 172(1)(a) to (f) of the Companies Act 2006.

Directors must act in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole and in doing so have regard (amongst other matters) to:

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

The Directors recognise that effective stakeholder engagement is crucial to deliver long-term sustainable success. The Board balances competing stakeholder priorities by considering the long-term implications of its decisions, including considering the policies and decisions by the shareholder. The Board engages with stakeholders directly and indirectly through management reporting. Where matters are of group-wide significance, decisions are made by the Board on behalf of the Company and its subsidiaries. Below sets out how the Board and Senior Management take the above factors into account when engaging with the Group's key stakeholders, how this is aligned to the Group's strategic priorities and culture and why the stakeholders listed are significant for the Group.

Customers

The Group serves UK-based retail customers and SMEs, who are seeking specialist products in our four business areas; Property, Motor Finance, Business Finance and Savings. Customers are at the heart of the Group's strategy and hence the business model puts the customer at the centre of product design and delivery. Under the Group's strategy numerous strategic initiatives have been delivered to improve the Group's capabilities, efficiencies and to improve the customer experience. Execution of the Group's strategy is under the guidance of the Board, with engagement at very early stages of inception followed by regular progress and results reporting to the Board to demonstrate how the business is delivering value and good outcomes for the Group and its customers. The Board also oversees the Group's technology strategy which includes the development and transformation of customer delivery platforms. We have conducted regular strategy progress reviews to revalidate the direction of the business and ensure our plans remain relevant. Changes resulting from these reviews have led to the repositioning of our Business Finance division, previously referred to as Structured and Specialist Solutions. The intent of this is to provide more holistic finance solutions to SMEs and focus our proposition on a relationship led model as opposed to product line led model.

Since the FCA's Consumer Duty rules came into effect on 31 July 2023, significant work has been completed, with both legal entities now transitioned from programme delivery to embedding the Duty into business as usual (BAU). Compliance with the Duty is an ongoing activity, which continues to be driven and overseen by senior management.

People

The Board recognises that considering the interests of our colleagues is critical to the long-term success of our Group and oversee numerous initiatives that support our people to be at their best.

The Board has an established set of principles for compensating employees at all levels. These principles align the interests of our employees, shareholders, and other stakeholders by promoting sustainable long-term performance, responsible risk management, collaboration, and ethical behaviour. Additionally, our pay philosophy ensures our approach to pay and bonus is clear, simple and fair for all colleagues, motivating high performance and the right behaviours.

Culture remains a significant area of focus for the Group. Following the April 2025 colleague engagement survey, the Group achieved its highest ever response rate of 92%, reflecting the maturity of our 'speak up' culture. Additionally, the Group achieved an engagement score of 74%, above the UK average of 70%, highlighting our positive culture. Our Group executive team have been provided with their business area results and are encouraged to deliver local action plans to drive meaningful change across their respective teams. The Group Board continues to monitor progress in these areas and provides appropriate oversight and challenge.

Our organisation was honoured by Forbes as the #1 Best Bank in 2025 and over 1,200 peer recognition awards were given, highlighting exceptional performance across teams. Additionally, we updated and relaunched our Strategy Hub to help employees understand our purpose, market conditions, and strategic business direction. The Cardiff and Reading offices were refurbished to support flexible and collaborative working environments. The Group continues to support colleagues who require flexible working arrangements and supports hybrid working, recognising the positive impact this has on team working and morale.

Throughout the year, several initiatives were implemented to increase opportunities for learning and development, demonstrating our focus on investing in our colleagues progression. The Thrive learning app was introduced alongside 'Month of Learning' sessions to support employee development. 46% of vacancies were filled internally and almost 60 colleagues were promoted, showing strong support for career progression within the Group. Supporting colleague Mental Health & Wellbeing is another high priority and we held a series of wellbeing sessions covering all aspects of health, featuring guest speakers who shared their expertise and insights.

The Board understands and positively embraces the role it has in promoting and encouraging diversity, equity and inclusion in all parts of the business. As a Board, there is collective recognition that the success of the Board is, amongst other things, dependent upon embracing the benefits of diversity in the boardroom. The Group is committed to equal opportunities for all and has established colleague networks to lead engagement with and amongst colleagues. The Group are signatories to the HM Treasury Women in Finance Charter, with gender representation being an integral part of its diversity and inclusion agenda.

The Group remains committed through its governance processes and priorities to removing barriers to diversity, inclusivity and fairness where they might exist. The Board has reviewed the Group's gender pay gap and women in finance data, noting that the gender diversity in Senior Management increased to 41% as of 30 June 2025, which is above the set target of 40% female representation. The Board supports management's initiatives to improve the career progression of women in financial services, including initiatives to identify and nurture female talent through the Inspiring Future female leaders programme, internal and external mentoring programmes, and an internal female network group. The Group are on track to reach the stated target of achieving 50% female representation in senior management by 2026.

Further information on Board diversity is set out in the Wates Corporate Governance Principles report on page 47. The Board supports and endorses the initiatives and workstreams led by Management in response to feedback from colleagues, customers and intermediaries as referenced above and set out in the ESG section on page 22.

Suppliers and Distribution Partners

The Group's business model offers diversified distribution, with intermediaries remaining a vital element of its lending business. The Group's ongoing aim is to work closely with its distribution partners and suppliers, to ensure it continues to meet their needs as the Group modernises its business.

During the year, the Group has progressed a range of initiatives to enhance the experience its distribution partners receive across the Property, Motor and Business Finance business lines. The Group is also placing increasing focus on supplier management and ensuring it fosters relationships that enable a collaborative approach to developing stay ahead propositions and further developing its progressive platform.

The Board receives regular management updates on supplier and distribution partners' performance. The Group's operating subsidiaries (MotoNovo Finance and Aldermore Bank) report their payment metrics twice a year, including the average time taken to pay supplier invoices. The Board received a detailed briefing on the Group's key IT suppliers, highlighting risks and opportunities during the year.

During the six months ending June 2025, 89% of suppliers were paid within the pre-agreed period (79% in the six months ending June 2024). In the same period the Group settled 97% (June 2024: 95%) of all invoices within 60 days. In addition, the Board considered the annual statement setting out the steps taken to prevent modern slavery in the business and its supply chains. Aldermore Group PLC, including its subsidiaries, adopts a zero-tolerance policy towards slavery and human trafficking. Acknowledging the risks associated with international supply chains, Aldermore implements due diligence and procurement processes to prevent such practices. The Company engages with its suppliers to ensure they have anti-slavery policies in place and will not work with those found to be involved in slavery or human trafficking. Further details are set out in the Group's Modern Slavery Statement, which is articulated on page 24.

Communities and Environment

At the heart of the Group's business model is equality of opportunity, to back people who have been underserved by the bigger banks. The Group has a central role in the Purpose Coalition, a cross-party initiative that is supported by a mix of private and public sector organisations committed to help break the cycle of poor social mobility in the UK.

Further information on the Group's approach to ESG & Sustainability can be found on page 22. Aldermore's disclosures, aligning to, Climate-related Financial Disclosure ("CFD") requirements are included within this report from page 28. These reflect: (1) progress made in developing the Group's climate risk capabilities; and (2) future areas of focus.

Investors

The interests of the Group's shareholder are currently represented on the Board by two shareholder directors, Mary Vilakazi and Markos Davias. Markos is a member of the Board Risk Committee, Remuneration Committee and Audit Committee, while Mary is invited as a standing attendee to all Board Committees.

The Group is represented on the FirstRand Board and Board Committees by Executive Committee members. The CRO represents the Group at the

FirstRand Risk, Capital Management and Compliance Committee ('RCCC') as an attendee. The CEO represents the Group at the FirstRand Board, the FirstRand Remuneration Committee and the FirstRand Social, Ethics and Transformation Committee. Additionally, the Aldermore Board Risk Committee Chair and Aldermore Audit Committee Chair, provide reporting into the FirstRand RCCC and FirstRand Audit Committee on conclusions reached at the Aldermore Committees to enable the FirstRand Board to understand the overall Risk Profile and emerging risks position across the FirstRand group.

The Group also engages with debt investors in support of its wholesale funding and subordinated capital issuance. To date, this has mostly related to the Group's securitisation issuance. However, the Group has future plans to diversify its wholesale funding and capital issuance, also supported by the publication of the Baa2 long-term issuer rating from Moody's and establishment of a EMTN programme.

Regulators

It is highly important to the Board that the Group has regular, open, and transparent dialogue with its regulators, ensuring alignment on evolving regulatory priorities and compliance with new regulations.

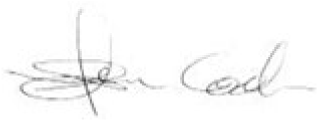
Throughout the year, the Chair, Executive Directors and the Chief Risk Officer have met regularly with the PRA whilst Executive Directors, including the Chief Executive Officer, have also met with the FCA. The Chair and Executive Directors also met with the South African Reserve Bank, the Shareholder's regulator.

The regulatory engagement has focused on risk management, capital and funding planning, implementation of the Group's new strategy, Consumer Duty implementation, the Bank of England's Minimum Requirement for Own Funds and Eligible Liabilities ("MREL") and BCBS 239 (the Basel Committee on Banking Supervision's principles for risk data aggregations and reporting). Additionally, we continue to focus on addressing the Group's response to the outcome of the PRA's 2024 Periodic Summary Meeting ("PSM") with the Board. The Group provides the PRA with ongoing updates on the good progress made against each action. To date all actions have been delivered to time or remain in track for delivery with agreed timelines.

The Group continues to be actively engaged with the FCA on its review of historical motor discretionary commission arrangements. The Board regularly discusses regulatory developments and receives briefings, including PRA priorities. The FCA's Consumer Duty regulations took effect on 31 July 2023, raising standards for UK banks, insurers, and asset managers on how they treat their customers. On 27 February 2025, the FCA announced that firms were no longer required to appoint a Consumer Duty Champion (CDC), as the Duty had been fully integrated. The Board approved the removal of the Consumer Duty Champion role after the finalisation of the 2025 Annual Group Consumer Duty Report, in accordance with the FCA's announcement.

Further information on how our strategy and purpose is turned into tangible commercial value, please see our latest Report to Society which can be found on the Group's website.

This Strategic Report, beginning on page 5 and the principal risks and uncertainties from page 75 were approved by the Board and signed on its behalf by:



Steven Cooper CBE

Chief Executive Officer

8 September 2025

Non-financial and ESG information statement

The Group's non-financial and sustainability information statement has been prepared in accordance with the requirements set out in sections 414CA and 414CB of the Companies Act 2006.

Reporting requirement:	What are our relevant policies, principles and statements?	Information necessary to understand our approach, impact and outcomes:
Our employees	First Rand Code of Ethics Recruitment Policy	Environmental Social and Governance section (Page 22) Section 172 Statement (Page 38)
Our suppliers	Group Procurement Policy Procurement Operating Standard Third Party Risk Management Policy	Environmental Social and Governance section (Page 22)
Environmental matters	Climate Risk Framework	Environmental Social and Governance section (Page 22) Energy and Carbon Reporting (Page 35)
Social matters	Equal Opportunities and Respect at Work Policy Complaints Handling	Environmental Social and Governance section (Page 22) Section 172 Statement (Page 38)
Human rights and modern slavery approach	Modern Slavery Policy	Environmental Social and Governance section (Page 22) Section 172 Statement (Page 38)
Anti-corruption and bribery	Group Anti Bribery and Corruption	Environmental Social and Governance section (22) Principal Risks (Page 75)
Principle risks and uncertainties	Risk Appetite Framework Group Risk Management Framework (GRMF)	Environmental Social and Governance section (Page 22) Principal Risks (Page 75)

Reporting requirement:	Information necessary to understand our approach, impact and outcomes
Description of the business model	Business Model (Page 6).
Non-financial key performance indicators	Environmental. Social and Governance Report (Page 22) , Energy and Carbon Reporting (Page 35), Section 172 (Page 38).
Climate-related disclosures as required by Section 414CB of the Companies Act 2006	Governance arrangements in relation to assessing and managing climate-related risks and opportunities (Page 28).
	Identification, assessment and management of climate-related risks and opportunities, and integration of these processes into the overall risk management process (Page 28).
	The Group's principal climate-related risks and opportunities, related time periods, and actual and potential impacts (Page 28).
	Resilience of the Group's business model and strategy considering different climate-related scenarios (Page 28).
	Targets used to manage climate-related risks, and related Key Performance Indicators (Page 28).

Wider information on the Group's policies

In relation to the requirements relating to policies, the Group has included a summary of our key policies in the table below.

Policy:	Overview:
FirstRand Code of Ethics	The Group's code of ethics is designed to provide guidance on ethical decision-making and behaviour. It creates a common understanding of how the Group expects its people to behave. As a financial services Group, looking after the financial interests, personal and other information of customers is a responsibility that requires the highest standards of integrity and confidentiality.
Recruitment Policy	This policy sets out the Group's commitment to recruiting the most suitable person for each role, whose skills and experience are a clear match to the profile, coupled with the candidate's clear demonstration of a match to the Group's behavioural framework.
Group Procurement Policy	This policy enables a unified approach to supplier onboarding and due diligence, which the Group review annually. It is underpinned by the Group's Procurement Policy and Standard, and supported by the Financial Services Qualification System ("FSQS") to meet third-party due diligence requirements - both at the onboarding stage and throughout the supplier relationship.
Procurement Operating Standard	This standard outlines the activities, roles and responsibilities, and governance across all stages of the Source-to-Pay process. It applies to the procurement department and all individuals involved in the management and engagement of suppliers to Aldermore Group. The primary objectives of the Standard are to support the procurement department in managing risk and controlling cost. Together with the Procurement Policy, procedures, and processes, the Standard provides structure to all guidance content and promotes awareness to foster a consistent culture and behaviours across the Group.
Third Party Risk Management Policy	This policy sets out the key requirements and minimum standards that must be followed when engaging third-party service providers to support business activities, critical functions, services, systems, or processes across the Group's operating businesses.
Climate Risk Framework	This policy outlines the Group's approach to identifying, assessing, managing, mitigating, and disclosing climate-related risks and opportunities.
Equal Opportunities and Respect at Work Policy	This policy sets out the Group's commitment to promoting equality of opportunity for all staff and job applicants. It reflects our aim to create a working environment where individuals can fully utilise their skills, free from unlawful discrimination or harassment, and where all decisions are made based on merit.
Complaints Handling	This policy outlines the Group's approach and processes for effectively handling complaints.
Group Anti Bribery and Corruption	This policy sets out the responsibilities of all colleagues within the Aldermore Group in observing and upholding the Group's zero-tolerance stance on bribery and corruption. It is reviewed annually, and all colleagues are required to complete mandatory training to ensure they understand our expectations. Any breach of this policy is considered unacceptable, will be fully investigated, and may result in disciplinary action or criminal prosecution.
The Risk Appetite Framework	This framework defines the Group's interpretation of risk appetite as it applies to the Aldermore Group, and to articulate the principles for setting risk appetite across both financial and non-financial risks in alignment with the Board-approved strategy. It outlines the roles and responsibilities related to risk appetite for committees, senior management, and colleagues across the three lines of defence, and sets governance and monitoring requirements for risk appetite statements, metrics, limits, and triggers.
Group Risk Management Framework (GRMF)	This framework is designed to support decision-making across the Group and to facilitate the achievement of the Group's Strategic Objectives in a controlled and risk-aware manner.

Corporate governance

Corporate governance

Corporate governance structure

As the Group's sole shareholder, FirstRand International Limited holds the Board accountable for the effective governance of the business. The Board is committed to maintaining a sound corporate governance framework to achieve long-term sustainable success. This framework is supported by a culture, set of values and behaviours that ensure the prudent management of the firm.

The Board is committed to the highest standards of corporate governance and best practice. The Board recognises that effective governance is key to the implementation of the Group's strategy for our shareholder and wider stakeholders. Aldermore Group has applied the Wates Corporate Governance Principles for Large Private Companies for its financial year ended 30 June 2025.

Aldermore Bank PLC (the "Bank") and MotoNovo Finance Limited ("MNFL") are wholly owned operating subsidiaries of Aldermore Group PLC (the "Group"). The Board has determined that the boards of the Group and the Bank will comprise the same persons and that meetings of each board will be held concurrently. The Board of MNFL comprises the CEO, the CFO of the Group and the Independent Non-Executive Directors.

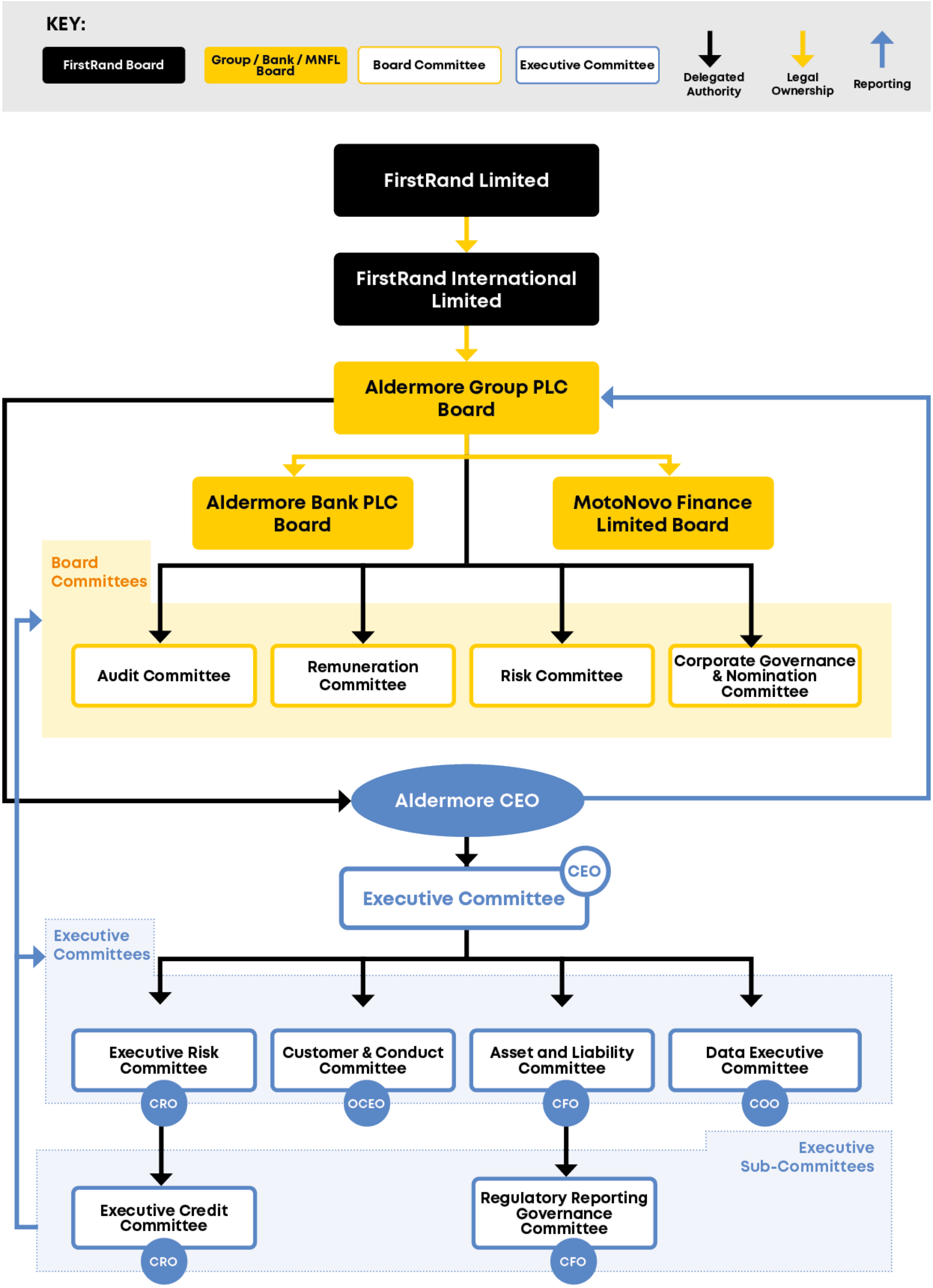
The Board has delegated a number of its responsibilities to Board Committees, which utilise the expertise and experience of their members to examine subjects in detail and make recommendations to the Board where required. This delegation allows the Board to focus more of its time on strategic and other broader matters. The Chairs of the Board Committees provide the Board with a verbal update on matters discussed at each meeting and Board Committee papers and minutes are made available to the whole Board through a secure online system.

Aldermore's Board delegates authority for the day-to-day operation of the Group to the CEO, who may exercise such authority in relation to the Group except for those matters listed in the Schedule of Matters Reserved for the Board, or any other matter specifically delegated to any committee of the Board. Therefore, the CEO is accountable to the Board for the financial and operational performance of the Group.

In managing the Group, the CEO is supported by the executive team, which is responsible for implementing the strategic objectives as agreed by the Board. After three years with Aldermore, Ralph Coates will step down as CFO with effect from 15 September 2025 and will be replaced by Louise Britnell.

The executives manage the business through the Executive Committee, Executive Risk Committee, Asset & Liability Committee, Transformation Committee, Regulatory Reporting Governance Committee, Customer & Product Committee, Executive Credit Committee, Non-Financial Risk Committee and the Model Risk Committee. There is appropriate upwards alignment with Board committees and regular updates are provided to the Board through these channels.

Governance structure



The Wates corporate governance principles

The Group is committed to delivering high standards of corporate governance which is enabled through an effective corporate governance framework and given oversight by the Board and Committees, as well as having in place robust policies and practices, such as the risk management framework. As in the previous year ended 30 June 2024, the Group has applied the Wates Corporate Governance Principles for Large Private Companies (the “Wates Principles” or the “Principles”), published by the Financial Reporting Council (“FRC”) in December 2018.

The Wates Principles provide a framework for the Group’s Board to monitor corporate governance standards across the Group, ensuring that the business remains aligned to its purpose, whilst identifying opportunities to continuously improve and enhance the Group’s corporate governance framework. The Group believe that the application of these Principles results in better engagement with stakeholders, including customers, distribution partners, employees and suppliers. This in turn enables the Group to create better outcomes for those groups and for our wider stakeholders, which includes the communities in which the Group operates. The Group is also mindful of the impact that it’s operations has on the environment.

The table below summarises the six Wates Principles and explains how each one has been applied by Board and indicates where, by cross referencing, more information can be found in the strategic and governance reports. During the next financial year the Board will continue to review opportunities to strengthen corporate governance.

Principle	Summary	Page
Purpose and leadership	The Group’s Board is responsible for the overall leadership of the Group and for promoting its culture and values. The Board must also give consideration as to how to implement policies and decisions made by the Group’s Parent and ultimate shareholder, FirstRand group. The Board is responsible for approval of the Group’s strategic plans and for overseeing the delivery and execution of these which aim to generate long-term sustainable value. As a Group, Aldermore’s enduring purpose supports FirstRand’s commitment to enrich lives, by backing more people to go for it, in life and business. Aldermore’s purpose guides everything it does and extends beyond just the products and services offered. Aldermore’s aim is to seek out more undervalued and underserved people and do good by helping them take the action needed to move forward in life, ensuring the bank meets the needs other institutions do not. Aldermore ensures its purpose remains central to its activity, by placing it at the heart of our blueprint; bringing our purpose together with the three strategic drivers, chosen areas of society to impact and the behaviours necessary to deliver against it. Aldermore’s blueprint serves as a daily reminder of why it is here, what it must do to back more people, and how it will collectively make that happen.	Page 4 Page 22

Board composition	The Board comprises ten directors – the Chair, two executive directors, five independent non-executive directors, and two shareholder non-executive directors. The non-executive directors bring outside experience across a range of areas, including finance, banking, strategy, risk, communications, brand and technology and provide constructive challenge and influence. The composition of the Board is partly determined by the agreement with the shareholder. The Board believes that diversity is an important ingredient of board effectiveness and that a diverse board will bring richer and more broad-based perspectives to governance and decision-making. The Board adopted the targets of the Hampton-Alexander Review (33% female representation on the Board) and the Parker Review (one director of colour on the Board) in February 2021, as part of a longer-term aspiration for the composition of the Board to broadly match the gender mix of the UK population. As at the date of this report, the representation of women on our Board stands at 30%. The Board's membership includes one director who identifies as being a person of colour. The Board also acknowledges its leadership role, beyond Board composition, to promote the Group's broader societal responsibility to embrace and encourage diversity and inclusiveness. The Board has committed to encouraging people to uphold values and behaviours that promote diversity and inclusiveness, that ensure fairness of opportunities and that remove any barriers to diversity, inclusivity and fairness where they might exist, through its governance processes and priorities. One new Board appointment has been made during this period. All Board appointments are subject to a formal, rigorous and transparent procedure and are made on individual merit against a defined job specification and criteria. The Company seeks to ensure that at least half the Board, excluding the Chair, is made up of independent non-executive directors. The Company aims to have a Board that brings perspectives, skills and experiences from a wide range of backgrounds and disciplines. The Board appointment process is overseen by the Board Corporate Governance and Nomination Committee, which ensures candidates from a diverse range of backgrounds are considered on merit and against objective criteria. The process includes consideration of the impact individual candidates will have on overall Board diversity. The effectiveness of the Board and its committees is formally evaluated on an annual basis. Following the annual Periodic Summary Meeting ('PSM') with the PRA, which reviews the risk profile of the firm, challenges and validates the medium to long-term supervisory strategy and approves the supervisory plan for the following twelve months, the PRA follows up with a formal letter (PSM Letter) which summarises the outcome of the PSM and the actions the PRA expects the firm to take. As part of the 2024 PSM letter, the PRA identified four key risks for the Group: Governance & Board Oversight, Risk Management & Controls, Operational Resilience, and Credit Risk. The Board is working diligently to address all the feedback provided, with an appropriate action plan being developed. They remain confident in their ability to efficiently and safely complete the remaining actions within the established timelines. During its February 2025 meeting, the Corporate Governance and Nomination Committee conducted a thorough discussion regarding the effectiveness and composition of the Board and its committees. The Committee concluded that both the Board and its directors remain effective and continue to demonstrate strong commitment to their responsibilities. Additionally, an external review of the Board's effectiveness is planned to begin in the next financial year.	Page 4 Page 47

Director's Responsibilities	The Board has a non-executive Chair to ensure that the balance of responsibilities, accountabilities and decision making is effectively maintained. The non-executive directors provide constructive challenge in the Board's decision-making processes. The Board receives regular reports on business, financial performance, colleague matters and engagement, stakeholders and key business risks. The Board has established an Audit Committee, a Risk Committee, a Remuneration Committee, a Corporate Governance and Nomination Committee, as well as a newly established Disclosure Committee, which received formal authorisation from the Board in April 2025. Each of these committees has clearly defined Terms of Reference, which are reviewed at least annually and the Board receives regular updates on the activities and decisions of each committee. The Audit, Risk, Remuneration and Corporate Governance and Nomination Committees are comprised entirely of non-executive directors, the majority of whom are independent. The Board regularly reviews governance processes, the quality and integrity of management information and the effectiveness of internal processes and controls.	Page 101
Opportunity and Risk	Long-term strategic opportunities are evaluated by the Board. The Risk Committee plays a key role in providing oversight and advice to the Board on the current risk exposures and future risk strategy of the Group, including the transformation of the Group's Risk Management Framework. It also oversees performance against the Group's approved risk appetite. The Executive Risk Committee assists the Chief Risk Officer in designing and embedding the Group's Risk Management Framework, monitoring adherence to risk appetite statements and identifying, assessing and controlling the principal risks within the Group.	Page 54
Remuneration	The Remuneration Committee has clearly defined terms of reference, which are reviewed at least annually, and is responsible for setting the Group's remuneration policy and recommending and monitoring the level and structure of remuneration for the Chair of the Board, all executive directors, members of the executive committee and any material risk takers / identified staff, including pension rights and any compensation payments. Pay is aligned with performance, considering fair pay and conditions across the Group's workforce. Details of remuneration structures are set out in the Remuneration Committee Report on page 60. The Committee takes advice from independent external consultants who provide updates on legislative requirements, market best practice and remuneration benchmarking.	Page 60
Stakeholder relationships and engagement	The Group's Purpose – "Back more people to go for it, in life and business" - lies at the core of its business and strategic direction. This purpose is primarily directed toward the Group's customers, including intermediary partners, as they are central to the Group's existence. It reflects the Group's commitment to building loyalty among customers, colleagues, and partners by proactively anticipating and responding to their evolving needs and circumstances. The Section 172(1) Statement, referenced on page 38, provides further details regarding operational and Group-level engagement with key stakeholders. In addition, the Group's Strategic Review, commencing on page 4 outlines the ongoing efforts to serve customers, communities, and stakeholders effectively.	Page 4 Page 38

Audit Committee report

I am pleased to present the Audit Committee's report for the year ended 30 June 2025. It has been another turbulent year, as noted in the report below. Accordingly, the Committee has dedicated considerable time to evaluating the implications of current and emerging macroeconomic risks, such as the 2024 Autumn Budget, and the 2024 US Election result and subsequent global trade disruptions, on key Aldermore items such as our loan loss provisions and effective interest rate assumptions. The Committee received regular updates on the FCA review and associated Court of Appeal and Supreme Court cases relating to historical Motor Finance commission arrangements.

The Committee is comprised of Independent Non-Executive Directors. I was appointed as an Independent non-executive director to the Board on 1 July 2024 and assumed the role of Chair of the Audit Committee on 31 March 2025, replacing the former Chair, John Hitchins, who had reached his 10-year tenure in May 2024 and stepped down from the Board on 28 May 2025. The other members of the Committee are Richard Banks (appointed 1 September 2020), Desmond Crowley (appointed 1 May 2020), Romy Murray (appointed 1 August 2021) and Markos Davias who joined the Committee on 1 April 2024. In addition to its standing members, meetings of the Committee are attended by the Chief Risk Officer ("CRO"), the Chief Executive Officer ("CEO"), the Chief Financial Officer ("CFO") and other senior managers, as required. The Group's Chief Internal Auditor as well as the external auditor also attend meetings.

■ The Committee's principal responsibilities are:

Monitoring the integrity of the Group's financial statements, including reviewing whether appropriate accounting standards have been followed, and reviewing key areas of judgement.

During 2024/25, the Committee:

- Approved the Pillar 3 disclosures as at 30 June 2024 and the associated Pillar 3 Reporting Policy.
- Recommended the Annual Report and Accounts of the Company, the Bank and MotoNovo Finance, for the year-ended 30 June 2025, to the respective Boards for approval.
- Significant matters and key areas of judgement reviewed by the Committee in respect of the Annual Report and Accounts for the year to 30 June 2025 were:
  - Loan impairment provisions - Reviewing the Group's approach to applying the IFRS 9 accounting standard taking account of the improvements to the Group's models implemented during the year. The key assumptions and judgements underpinning the provisions, including management overlays and post model adjustments for identified issues not fully covered by the provisioning models were challenged and reviewed, notably the reducing impact of the cost-of-living crisis on the Group's portfolios reflecting real wage growth and stabilising inflation.
  - The Committee considered the accuracy and validity of the newly implemented forward-looking indicators models ("FLI"), adopted across all portfolios and used to incorporate forward looking macroeconomic forecasts within the expected credit loss ("ECL") calculation.

  - Monitored the sensitivity of the Group's forecasted macroeconomic scenarios and weightings used for the June 2025 financial year-end calculation of impairments. The Committee noted that, since June 2024, the macro conditions had improved, resulting in updates to the macroeconomic scenarios and weightings while acknowledging the impacts of recent global uncertainty.
  - The Committee concluded that management's approach and assumptions around IFRS 9 impairments were appropriate and reflected fairly in the associated financial statement disclosures.
  - Monitored the effectiveness of the Effective Interest Rate ("EIR") accounting models. The models record EIR on each individual loan and record against actual observed results. The impact from the current reducing interest rate environment across each of the business lines was also assessed. Management reviewed and updated the Mortgage and Asset Finance prepayment curves during the year. The Committee endorsed the judgements made by management.
  - Received regular updates on the Group's conduct risk matters and the progress it had made including updates in relation to the Court of Appeal and FCA review on historical Motor Finance commission arrangements and the associated Supreme Court hearing during the year. The assumptions and calculations of the provision for Motor Finance commission claims and the related disclosures were reviewed and challenged by the Committee. Satisfactory explanations were received from Management and the Committee endorsed the provision noting a high level of uncertainty in relation to these matters.
- The Committee recommended that the Group's Annual Report and Accounts should be prepared on a Going Concern basis and the statement should be approved by the Board, following a detailed review of the underlying analysis prepared by management and the relevant disclosures in the financial statements.

Monitoring the effectiveness of the Group's internal control systems

During 2024/25, the Committee:

- Reviewed the final observations from the external auditor, arising from the testing of the Group's internal controls relevant to the audit of the financial statements for the year ended 30 June 2025;
- Considered the findings of the Group Internal Audit function's programme of audit reviews throughout the year;
- Reviewed the Group Whistleblowing Policy;
- Assessed the Group's systems of risk management and internal controls, including a specific assessment that the financial statements were free from material error due to fraud;
- Ratified the findings of an assessment of the Group's internal financials controls at year end 2025 to fulfil listing requirements for FirstRand Limited;
- Assessed the Group's systems of risk management and internal controls and concluded that, overall, the internal control environment was satisfactory and that the controls and procedures in place remained fit for purpose; and
- Approved an attestation from management that the Group's regulatory reporting throughout the year was as complete and accurate as reasonably possible.

Reviewing the effectiveness of the Group Internal Audit ("GIA") function and reviewing GIA reports and monitoring management's responsiveness to findings and recommendations

The internal GIA effectiveness review was conducted during the second quarter of 2024/25 against the Global Internal Audit Standards (GIAS) and Chartered Institute of Internal Auditors (IIA) Codes. The Committee concluded that the feedback received from both Committee members and Management was positive, indicating that GIA is adequately resourced, independent, and effective.

Specifically, during 2024/25, the Committee:

- Approved audit plans for GIA reviews across both Aldermore and the MotoNovo Finance business covering the period from July 2025 to June 2026;
- Approved an updated GIA Charter, which sets out the mandate and remit of the function;
- Reviewed quarterly reports from GIA on the output of the function's work, progress against the audit for 2024/25 and management's progress on remediation of issues. Where appropriate, the Committee approved amendments to the plans;
- Considered the outcomes and trends from the thematic review of the 2023/24 audit findings which had concluded that no systematic weaknesses had been identified; and
- I met regularly with the Chief Internal Auditor and also met with the members of her team. The Committee also held a private session with the Chief Internal Auditor and a number of the senior members of the team made presentations to the Committee.

Overseeing the relationship with and independence of the external auditor, KPMG, appointed with effect from 1 October 2024

Specifically, during 2024/25, the Committee:

- Reviewed the external audit plan for 2024/2025, as well as KPMG's terms of engagement, and approved their 2024/25 fee proposal for the audit of the Group accounts for the year ended 30 June 2025. This review included consideration of the experience of the audit team assigned;
- Considered the external auditor's assessment of their own independence, including the provision of any non-audit services provided by the audit firm, or firms in their network;
- Reviewed the Group's combined policy on non-audit services, auditor independence and employment of former employees of the Auditor and approved non-audit services provided by the external auditor. The Committee monitored adherence to additional governance requirements in relation to the engagement for non-audit services of PricewaterhouseCoopers LLP and EY, joint auditors of the FirstRand group;
- Reviewed representation letters to the external auditor and recommended these for Board approval; and
- Met privately with the senior members of the KPMG audit team. In addition, I met regularly with KPMG during the period to facilitate effective and timely communication.

Other activities

- The transition from Deloitte to KPMG as the external auditor has been successfully completed. KPMG officially assumed the role of external auditor for the Group with effect from 1 October 2024.
- The Committee received regular briefings on the Group's reporting to its regulators in both the UK and South Africa and the progress made in the successful completion of automation of reporting in this area during the financial year.
- The Committee also received regular updates from management on its approach to hedge accounting and noted the improvements made during the year in relation to this area.
- The Committee conducted a review of its Terms of Reference during 2024/25. Two significant changes were made. Firstly, the Committee took on a new responsibility to annually approve Management's attestation regarding the completeness and accuracy of the Group's regulatory reporting. Secondly, financial crime compliance oversight was transferred to the Risk Committee to better align with the new risk reporting structure. The Audit Committee will continue to oversee the effectiveness of the financial crime internal controls. These recommendations were approved by the Board.

Alasdair Lenman
Audit Committee Chair

Risk Committee report

As Chair of the Risk Committee, my report provides an overview of the work of the Committee for the year ended 30 June 2025. In last year's report I spoke about the ongoing challenges of managing risk through global economic uncertainty, the protracted cost-of-living crisis in the UK caused by high energy and food prices, high interest rates and inflation putting pressure on lending and housing costs, together with the global impacts of the ongoing war in Ukraine.

Looking back over the last year, the UK's inflation rate ("CPI") rose by 3.5% in the 12 months to April 2025, which was 1.5% higher than the Bank of England's ("BoE") inflation target of 2%. Between June 2024 and August 2025, the BoE's base rate decreased from 5% to 4%, which is still the highest level since the 2008 financial crisis. Effective April 2025, the UK government increased the National Living Wage by 6.7%. While energy prices went up by 1.2% for the January to March 2025 price cap, these higher prices were 10% cheaper than they were the same time last year.

Given these circumstances, UK consumers have weathered the storm of the cost-of-living crisis and have generally stabilised their personal finances. However, fiscal policy implemented in April 2025 and the impact of US tariffs have contributed to a high level of uncertainty for businesses. Trading conditions for some SMEs continue to be challenging, affecting supply chains and reversing long-standing forces of globalisation.

It is the Committee's role to provide oversight of and advice to the Board on current and future risk exposures and to shape the risk strategy of the Group. This includes overseeing the Group's Risk Management Framework (GRMF), refining it as needed, maintaining adequate resources and risk structures across the Group and receiving regular progress updates. The committee recommends annually an appropriate risk appetite to the Board for approval and maintains oversight of its application. This includes quarterly performance monitoring against triggers and limits and taking any necessary actions required during the year.

The Committee is comprised of Non-Executive Directors. I was appointed as a member on 1 September 2020 and as Chair with effect from 21 December 2020. The other members of the Committee are Desmond Crowley (appointed 1 May 2020), Ruth Handcock (appointed 1 October 2021), Romy Murray (appointed 1 August 2021), Markos Davias (appointed April 2024) and Alasdair Lenman (appointed July 2024). In addition to its standing members, meetings of the Committee are attended by the Chief Risk Officer ("CRO"), the Chief Executive Officer ("CEO"), the Chief Financial Officer ("CFO") and other senior managers, as required. The Group's Chief Internal Auditor as well as the external auditor also attend meetings.

The structure and format of meetings of the Committee enable its members to provide challenge, oversight and to bring their broad external perspectives and expertise to bear on developments. As Chair, it is my responsibility to ensure that all members have the opportunity to contribute during meetings, allowing adequate time for questions and extending the same opportunity to members who cannot attend by taking their questions off-line and ensuring these are represented during meetings.

Michelle Mott leads the Group's Risk and Compliance functions as CRO. Since joining the business in February 2024, Michelle has focused on enhancing the team's capabilities to align with the business growth objectives and improving the effectiveness and efficiency of the frameworks, controls and processes. Michelle has undertaken a group-wide risk strategy and governance refresh, which includes updating the Risk Target Operating Model ("TOM") and defining a target risk culture so that the 3 Lines of Defence ("3LoD") model adopted by the Group continues to have the capacity, risk-awareness and capabilities to effectively manage risk across the Group.

The Committee places great importance on the relationships we have with our regulators, maintaining integrity and transparency in all aspects of engaging with them. During the year, the Committee has received and considered feedback provided by our regulators, whether as part of ongoing regulatory reviews, activities that are specific to the Aldermore Group and/or industry-wide matters. It is our belief that an important aspect of maintaining good relationships is a healthy dialogue. We openly discuss matters with our regulators across several topics, including customer outcomes, the GRMF, credit quality, liquidity and capital adequacy, business planning, thematic reviews and implementing new regulations such as the Consumer Duty. There have been regular meetings with our regulators involving both myself, as Chair of the Committee, and Michelle Mott as CRO.

Areas of focus

The Committee has provided oversight and consideration of the following key areas:

- Group Risk Management Framework (GRMF)
- Group Risk Profile ("GRP")
- Risk Appetite Framework ("RAF"); and
- Risk Culture Plan (RCP)

- As part of receiving regular updates on the Risk TOM Programme, reviewing Risk Management Effectiveness Assessments ("RMEA") and Residual Risk Profiles ("RRP") for all level 1 Non-Financial Risks and Financial Risks, including approving the overall GRP.
- The GRMF and RAF, together with its policies and defined risk appetite metrics, have been substantially enhanced to deepen risk exposure awareness, understand risk capacity and to meet Basel Committee on Banking Supervision (BCBS239) risk reporting data expectations.
- The Credit Risk Management Framework ("CRMF"), the Operational Risk Management Framework ("ORMF") and Compliance and Regulatory Risk Management Framework ("CRRMF"), have been reviewed by the Committee. As part of the review, the Committee considered the impact on stakeholders, ensuring that appropriate support is provided to customers and to meet regulatory requirements.
- Further embedding of the Group's risk culture, is key to supporting the maturing of the Risk Management Framework, with the introduction of a risk culture framework and the embedding plan, including applying appropriate focus on material matters and improving the robustness and quality of internal risk management information system reporting.
- Ongoing monitoring of the macro-economic conditions and their impact on vulnerable customers and the management of borrowers in financial difficulty.
- Ongoing monitoring of the Group's enhancement of its financial crime risk and controls framework to ensure that it remains fit for purpose and continues to evolve to prevent financial crime.
- Capital and liquidity planning and stress testing.
- Reviewing the completeness of the process and the outcome of the Group's Recovery plan (the "RP").

At each meeting of the Committee a risk report is provided by the CRO. Updates are provided on the Group's financial and residual risk positions, Risk TOM Programme, Risk Culture, governance and engagement, as well as various other key risk themes including Environmental, Social and Governance (ESG) improvements. Where appropriate, briefings are supported by the CEO, CFO or subject matter experts. The Committee uses a forward planning tool to ensure that all key areas of focus are discussed throughout the year.

Key recurring themes for discussion include the macro-environment, which considers the economic outlook and market conditions, and updates from all Principal and Level 1 risks, including legal risks. Additionally, periodic reviews and topical discussions are scheduled, including updates on current market trends, government budget expectations, interest rate movements and globally developing events.

Some of the key matters discussed by the Committee are explored further below. Additionally, set out from page 75 is a summary of the Group's principal risks and key mitigants, together with an overview of emerging risks and recent and anticipated future developments. More information on the Group's approach to risk management, the governance framework for managing risks and stress testing, together with a full analysis of the Group's principal risks, can be found in the risk management section from page 68.

■ Credit risk

The Credit Risk Committee is responsible for overseeing the Group's credit risk profile and ensuring alignment with the Board-approved risk appetite. The Committee monitors performance against defined credit risk appetite statements and metrics, with regular escalation to the Board Risk Committee where appropriate. A key focus is arrears trends and assessing the broader impact of macroeconomic pressures, such as the rising cost of living. Particular attention is given to ensuring appropriate support for vulnerable customers.

■ Capital and liquidity risk

The Committee receives regular updates and reports on the Group's capital and liquidity risks, including actual and forecast levels in relation to key risk appetite framework metrics. The Group performed detailed annual assessments of its liquidity and capital within its Internal Liquidity Adequacy Assessment Process ("ILAAP") and Internal Capital Adequacy Assessment Process ("ICAAP").

The Committee has reviewed, and endorsed for the Board's approval, the Group's ILAAP and ICAAP during the year, receiving regular updates, presentations and reports throughout the process.

■ Market risk

The Group maintains a low appetite for market risk, reflecting its lack of strategic intent to generate profit from such exposures. While the Group does not actively seek to take on market risk, the Committee reviewed the interest rate risk inherent in the balance sheet as part of the ICAAP review.

■ Operational risk

The Group's operational risk profile and operational resilience have been another area of focus for the Committee. Discussions have centred around key operational risk themes, e.g. technology, cyber security, data, outsourcing and supplier management and the implications of the proliferation and application of artificial intelligence ("AI").

The Committee has consistently focused on these areas, reviewing regular reports and has approved new enhanced reporting metrics to assess the performance of our control systems and identify any areas of concern. We have also paid particular attention to operational resilience and the interplay with third party suppliers.

■ Compliance and Regulatory Risk

The Financial Conduct Authority ("FCA") regulations on Consumer Duty (the "Duty") became effective on 31 July 2023 setting a higher bar on how UK banks, insurers and wealth and asset managers treat their customers and the Firm attested to our compliance on 31 July noting further work to ensure embedding of processes in the business.On 27 February 2025, the FCA announced that firms were no longer required to appoint a Consumer Duty Champion ("CDC") as the new duty requirements have been implemented. In July 2025, the Board approved the removal of the CDC role.

The business has continued to see significant movement in claims and complaints activity in relation to Discretionary Commission Arrangements ("DCAs") used in motor finance arrangements prior to January 2021. During the current financial year there have been a few notable regulatory and legal developments in the market. Specifically:

- On 11 December 2024, one of the Group's sister companies FirstRand Bank London Branch ("FRLB") obtained permission from the Supreme Court of England and Wales ("SC") to appeal the Court of Appeal's ("CoA") October 2024 judgement against it in respect of the Wrench and Johnson motor finance commission cases. The CoA had held that motor dealers, acting as credit brokers, owed disinterested and fiduciary duties to customers and should have obtained consent for any commission paid to them by lenders. Lenders were also deemed to be liable for any deficiencies in the dealers' disclosure of these commissions, with the deficiencies in disclosures being noted as potentially dishonest. This increased the threshold for disclosure of, and customer consent to, the nature, value and existence of any commission paid relative to the Group's understanding of what was required under legal and regulatory standards in place at the time (and prior to this verdict), and which it sought to comply with at the time. It also brought into scope both DCA and non-DCA cases and went beyond the remit of the FCA's original review.
- Following the CoA judgment, the FCA extended its temporary complaint handling moratorium for DCA complaints to included non-DCA complaints until December 2025.
- The appeal to the SC was heard between 1 April 2025 and 3 April 2025, with the judgement handed down on 1 August 2025. The main ground of appeal before the SC, was upheld in that motor dealers do not owe customers a fiduciary duty in relation to their role as a credit broker arranging finance (relevant to claims for the tort of bribery and secret/half-secret commissions). A fiduciary duty is required to bring a bribery claim against a lender; further, "disinterested" duty is not sufficient for such a claim. Therefore, the CoA's findings of dishonesty around the disclosures were all superseded. In the Johnson case only, the SC decided that there was an unfair relationship under s140A of the Consumer Credit Act 1974 on the specific facts of the case and hence found against the lender (FRLB). It is important to note that the SC emphasised that the court had a wide discretion to award a remedy under s140A and the outcome and remedy in Johnson was based on the specific facts of that case. Accordingly, the Group does not believe that this verdict on unfairness creates a direct precedent for other courts to follow.
- Subsequent to the Supreme Court verdict on 1 August, the FCA announced on 3 August 2025 outlining its initial thinking on a proposed redress scheme. The proposals within that statement were not final and are subject to change. The FCA noted that it will publish its consultation process for a redress scheme by early October 2025 and this will run for 6 weeks. It aims to finalise the rules, such that a redress scheme can launch

next year. The Group continues to engage with the FCA and will participate in the consultation process.

- An upcoming CoA hearing involving another lender may influence the eventual outcome of this matter. This appeal relates to a judicial review of a final decision by the Financial Ombudsman Service ("FOS") against another lender, originally heard in October 2024. This appeal was deferred, pending the outcome of the SC verdict. The appeal will now be heard by the CoA on 16 to 18 September 2025.

The Committee receives regular updates on progress. The Board Sub-Committee, which I chair, and the Executive Steering Committee, chaired by Steven Cooper, continue to oversee all operational, financial, and legal aspects of motor finance commission matters.

The Group continues to invest in people and technology to maintain robust systems and controls, ensuring its Financial Crime Framework remains effective and responsive to an evolving legal and regulatory environment.

In addition, the Committee has received assurances regarding data protection and General Data Protection Regulation ("GDPR") compliance across all relevant activities and reporting areas.

■ Model risk

The Committee receives regular reports from the Chair of the Model Risk Committee ("MRC"). The Head of Model Risk Management has been authorised to provide the MRC with an independent assessment of model risk for key business processes, such as the ICAAP and ILAAP. These are categorised as Large Model Frameworks. Each year, the Head of Model Risk Management submits an assessment of several Large Model Frameworks to the MRC to ensure visibility on model limitations before being used in key business processes.

The Model Risk Management Framework ("MRMF") is being updated with two key amendments. The first introduces 'non-model methods,' such as quantitative methods that do not qualify as models, ensuring the MRC is informed about their use and management within the business. The second amendment includes an inventory for AI tools with model components.

■ Three Lines of Defence Model

The Group operates a recognised Three Lines of Defence ("3LoD") model to clearly define risk management roles and responsibilities. During the year, a business-led review of the model identified opportunities to enhance the clarity of role definitions and to improve the consistent implementation of the 3LoD framework across all divisions, thereby strengthening risk management practices group-wide.

■ Risk Frameworks and Policies

The Group Policy Framework ("GPF") outlines how the Group develops and maintains its frameworks, policies and standards to ensure consistent document governance. The Committee continues to oversee the effectiveness of all the principal risk management frameworks as set out in the GPF.

The Committee also carried out a review of its own Terms of Reference during the year with updates being recommended to and approved by the Board.

Risk Culture

The Board is committed to fostering and maintaining a strong risk culture as a core component of the Group's overall corporate culture. This culture underpins effective, consistent and proportionate risk management aligned to the nature, scale and complexity of the business. A strong risk culture is recognised as a critical enabler for the successful delivery of the GRMF.

Risk management is embedded at all levels of the organisation, with every employee expected to understand and take ownership of the risks associated with their role. The behaviours required to support effective risk management are integral to the Group's performance management framework. The Group believes that strong risk performance —driven by a sound risk culture—is key to delivering a sustainable and profitable business strategy.

Remuneration matters

The Chief Risk Officer provides an independent assessment of the Group's Risk environment, with a particular focus on the behaviours of material risk takers and individuals eligible for variable remuneration. This assessment, supported by relevant risk metrics, is submitted to the Remuneration Committee to inform its review of remuneration outcomes.

In addition, all colleagues are required to meet a mandatory risk objective, demonstrating they understand the risk landscape relevant to their role and how risk management is embedded in their day-to-day responsibilities.

Emerging/Horizon Risks

As part of its broader oversight responsibilities, the Committee has reviewed emerging risks, focusing on both global trends and UK-specific issues. During the year a new emerging risks methodology was introduced, with plans to provide the Committee with an annual report each year. This report will incorporate external insights and assess the Group's exposure to emerging risks.

The key emerging risks relevant to the Group are captured in the Emerging Risk section on page 79.

Richard Banks

Risk Committee Chair

Remuneration Committee report

I am pleased to present the Remuneration Committee's Report for the financial year ended 30 June 2025. This report provides an overview of our Committee, its key areas of focus over the course of the year, and our key remuneration policies and practices. We also report our directors' emoluments in accordance with the Group's annual reporting requirements. This should be read in conjunction with the Remuneration section of the Aldermore Group Pillar 3 Disclosures.

The Board applies the Wates Corporate Governance Principles for Large Private Companies. I can confirm that we adhere to these principles in so far as they relate to our overall approach to remuneration at Aldermore, and we have no relevant deviations to disclose.

Our Committee

The Remuneration Committee (the Committee) is primarily responsible for overseeing the development and implementation of the Group's remuneration policies and practices, and setting and overseeing the level and structure of remuneration for senior individuals of the Group. Our approach to remuneration is to promote the long-term success of the Company, and to attract, motivate and retain colleagues of a high calibre who can deliver sustained performance consistent with our strategic goals, appropriate risk management and the Company's values and culture.

The Committee is comprised of a majority of independent Non-Executive Director members, and I was appointed as Chair with effect from 6th December 2022. The other members of the Committee are Pat Butler (Chair of the Board), Richard Banks (Chair of the Risk Committee) and Markos Davias (FirstRand CFO), all serving for the full year. As the Group is wholly owned by our parent company FirstRand group, Markos is one of two shareholder appointed non-executive directors on the Board.

In addition to our members, the Committee invites our Executive Directors and key members of management to provide subject matter expertise to the Committee as appropriate. No director is involved in a decision about their own remuneration.

During this financial year, Aon PLC acted as our Committee's independent remuneration advisors until January 2025 when the role transitioned to Deloitte LLP. I can confirm that neither advisor provided any additional services to the Group that would create a conflict of interest during their time in post.

Key areas of focus

Last year, we launched our pay philosophy which applies to all colleagues and is anchored on the principles of fairness, competitiveness, and performance.

- **Clear and Simple:** our approach to pay and bonus is easy to understand and to explain to others.
- **Fair:** everyone is entitled to equal pay for performing equal work.
- **Consistent:** we have transparent frameworks that enable us to be clear and consistent in all pay decisions.
- **Motivating:** compensation drives and rewards high performance and the right behaviours, whilst encouraging teamwork and collaboration across the organisation.
- **Market competitive:** we are competitive to the market, whilst reflecting our organisation size and brand.

This year, we focussed on embedding this philosophy in the design of our remuneration schemes. A good example of this was the simplification of our bonus scheme, where we consolidated and streamlined our bonus plans to make them easier to understand for our colleagues, whilst continuing to drive our high performance culture. The revised scheme is open and transparent, giving colleagues clear visibility of their bonus opportunity, linked to their job role. We are committed to building a transparent pay framework that supports our colleagues to understand how pay is determined and this will be a continued area of focus for us.

As in past years, we have considered carefully the performance measures used to determine the overall bonus pool for the Group, ensuring an appropriate balance of financial and non-financial measures, and alignment to the Group's key strategic objectives. When assessing FY25 performance, in addition to the Group's financial performance, we considered the good progress made in relation to our non-financial measures, such as those that drive the right behaviours and outcomes for our customers and society.

We recognise the important role our benefits play in helping our colleagues to thrive professionally and personally, which is why we oversaw further enhancements to our benefits offering this year. This included a new Employee Assistance Programme (EAP) that includes access to professional support, wellbeing resources, and lifestyle tools designed to help take care of colleagues' mental, physical, and financial wellbeing. We are also proud to continue to operate our hardship fund which is available to all colleagues and can be accessed where individuals are experiencing particularly challenging financial situations.

As set out in our pay philosophy, we are committed to ensuring that our pay policies and processes are fair and equitable. The Committee considered our gender pay gap report which highlights slight reductions to our gender pay gap year on year. Whilst men and women are paid equally for equivalent roles, a pay gap persists due to fewer women in higher-paying senior positions. To address this, our focus is on increasing female representation in leadership positions and supporting female development programs such as access to the FT Women in Business forum. Further, to prepare for anticipated future DE&I disclosure requirements, our 'Count Me In' campaign was initiated to encourage colleague disclosure by explaining their importance in supporting a meritocratic and inclusive culture.

Group wide remuneration

In line with our philosophy, Aldermore seeks to pay all its staff competitively and fairly for the roles they undertake and applies similar principles for remuneration across the workforce to those which apply to our Executive Directors. Whilst most colleagues exceed it, as a minimum, we commit to paying all colleagues the Real Living Wage to ensure our pay always meets the cost of living.

In addition to salary, permanent employees are eligible to receive variable pay on a discretionary basis. Bonus awards are based on an assessment of Group, business area and individual performance, with measures set by the Remuneration Committee at the beginning of the financial year.

For our most senior colleagues and those subject to certain regulatory requirements, a proportion of award is subject to deferral, and malus and clawback provisions apply, promoting behaviours that support long-term, sustainable success.

Remuneration for our directors in financial year ended 30 June 2025

Directors remuneration	Year ended 30 June 2025 £m		Year ended 30 June 2024 £m	
	All Directors (incl. highest paid) (5)	Highest paid Director (5)	All Directors (incl. highest paid) (5)	Highest paid Director (5)
1) Total emoluments	4.4	2.3	4.6	2.2
2) Cash in lieu of pension	0.1	0.1	0.1	0.1
3) Long term incentive schemes	0.9	0.9	-	-
4) Payments for loss of office	-		-	
Total	**5.4**	**3.3**	**4.7**	**2.3**

Notes to table:

1) Total emoluments consist of salary or fees paid for qualifying services, market adjusted allowances where applicable, awarded annual bonus through the Group's Annual Incentive Plan (AIP) and any taxable benefits paid. Non-Executive Director fees are reviewed annually, considering time commitments and equivalent benchmarks to those used for the Executive Directors. Fees are structured as a basic fee with additional fees for chairmanship or membership of Board Committees or further responsibilities (such as acting as Senior Independent Director). The Chairman receives a basic fee only. Non-Executive Directors are not eligible to receive variable remuneration.

   Our bonus plan operates annually; performance measures are set by the Committee at the start of the financial year and targets are assessed following the year-end. A portion of annual bonuses will be deferred as 50% in cash and 50% in equity-linked instruments which mirror the percentage change in FirstRand's share price, albeit not subject to changes in the ZAR/GBP exchange rate. Malus and clawback provisions apply to both the cash bonus and the deferred bonus.

2) Aldermore currently operates a defined contribution pension scheme for all employees including Executive Directors. Company contributions are set as a percentage of salary and an individual may elect to receive some or all of their pension allowance as cash in lieu of pension contribution. The maximum allowance for all employees is set at 10 per cent of base salary (minus employer National Insurance Contributions). No company contributions were paid into the pension scheme in respect of directors' qualifying services during the year ended 30 June 2025.

3) To motivate senior management and incentivise delivery of high performance over the long-term, executive directors are eligible to participate in the Group's Long Term Incentive Plan ("LTIP"). The Committee sets performance measures at the point awards are granted with vesting subject to a 3-year performance period. LTIP awards were previously subject to a balance of measures; 20% against FirstRand performance conditions and 80% against an Aldermore balanced scorecard of financial and risk related measures. LTIP Grants awarded from FY24 onwards are 100% linked to FirstRand performance conditions. For clarity, any grants made under the LTIP scheme are delivered in FirstRand equity-linked instruments, which are settled in cash should there be an outturn at the end of the performance period, with further deferral where required in order to meet regulatory requirements.

4) No termination payments were made to directors in respect of loss of office.

5) As the Group is wholly owned by our parent company FirstRand, the Group Board of Directors has two shareholder appointed non-executive directors. Mary Vilakazi and Markos Davias were both formally appointed to the Group's Board on 1 April 2024 and in line with the remuneration practices for their predecessors, no remuneration is directly paid by the Group to either non-executive director.

■ Looking ahead

Moving into the new financial year, the focus of the Committee will be on ensuring our financial and non-financial measures evolve to reflect the Group's strategic priorities, and that we maintain a strong alignment of our incentives with those priorities. We also continue our focus on embedding an appropriate risk culture and overseeing the link between risk and remuneration outcomes.

Romy Murray
Remuneration Committee Chair

Directors' report

The Directors present their report and the financial statements of the Group for the twelve months ended 30 June 2025. As permitted by legislation, some of the matters normally included in the Directors' report are included by reference as detailed below.

Requirement	Detail	Section	Location
Business Review	Information regarding the business review and future developments, key performance indicators and principal risks are contained within the Strategic Report.	Strategic Report	Page 6 (Business overview) Page 16 (Key performance indicators) Page 75 (Principal risks)
Strategic Report	The contents of the Strategic Report fulfil Section 414C of the Companies Act 2006.	Strategic Report	Page 4
Results	The results for the year are set out in the income statement. The profit before taxation for the year ended 30 June 2025 was £193.5 million (year ended 30 June 2024: £253.1 million). A review of the financial performance of the Group is included within the Strategic Report.	Income Statement Strategic Report	Page 111 Page 4
Dividend	The Directors have approved a final dividend for the year ended 30 June 2025 of 5p per ordinary share (30 June 2024: nil). Further information on the final dividend approved by the Directors can be found in note 9.	Note 9 to the consolidated financial statements	Page 144
Post balance sheet events	There have been no post balance sheet events.	Note 36 to the consolidated financial statements	Page 189
Share Capital	At 30 June 2025, the Company's share capital comprised 243,901,638 ordinary £0.10 shares. The Company did not issue or repurchase any of the issued ordinary shares during the twelve months ended 30 June 2025 or up to the date of this report. Details of the Company's share capital are provided in note 26 to the consolidated financial statements.	Note 26 to the consolidated financial statements	Page 172

Rights and obligations attaching to shares	There are no restrictions on the transfer of the Company's ordinary shares or on the exercise of the voting rights attached to them, except for: • Where the company has exercised its right to suspend their voting rights or prohibit their transfer following the omission by their holder or any person interested in them to provide the company with information requested by it in accordance with Part 22 of the Companies Act 2006; or • Where their holder is precluded from exercising voting rights by the Financial Conduct Authority's Listing Rules or the City Code on Takeovers and Mergers. All the Company's ordinary shares are fully paid and rank equally in all respects and there are no special rights with regard to control of the company.		
Employee share scheme rights	Details of how rights of shares in employee share schemes are exercised when not directly exercisable by employees are provided in note 27 to the consolidated financial statements.	Note 27 to the consolidated financial statements	Page 173
Employees	The Group is committed to employment policies, which follow best practice, based on equal opportunities for all employees, irrespective of gender, race, colour, age, disability, sexual orientation or marital or civil partner status. The Group is committed to ensuring that disabled people are afforded equality of opportunity with respect to entering into and continuing employment with the Group. This includes all stages from recruitment and selection, terms and conditions of employment, access to training and career development. Information on employee involvement and engagement can be found in the Strategic Report.	Strategic Report S172(1) Statement ESG	Page 4 Page 38 Page 22
Corporate governance arrangements	For the year ended 30 June 2025, under the Companies (Miscellaneous Reporting) Regulations 2018, the Aldermore Group PLC applied the Wates Corporate Governance Principles for Large Private Companies, published by the Financial Reporting Council ("FRC") in December 2018.	Corporate Governance	Page 47
Directors	The names of the current Directors who served on the Board and changes to the composition of the Board that have occurred during the financial period are provided and are incorporated into the Directors' report by reference.	Company Information	Page 3

Appointment and retirement of Directors	The appointment and retirement of the Directors is governed by the Company's Articles of Association and the Companies Act 2006. The Company's Articles of Association may only be amended by a special resolution passed by shareholders at a general meeting. According to the Company's Articles of Association, each Director shall retire at the Annual General Meeting held in the third calendar year following the year in which the Director was elected or last re-elected by the Company, or at such earlier Annual General Meeting as the Directors may resolve.	Company Information	Page 3
Directors' indemnities	The Directors who served on the Board up to the date of this report have benefitted from qualifying third-party indemnity provisions by virtue of deeds of indemnity entered into by the Directors and the company. The deeds indemnify the Directors to the maximum extent permitted by law and by the Articles of Association of the company, in respect of liabilities (and associated costs and expenses) incurred in connection with the performance of their duties as a director of the company and any associated company, as defined by section 256 of the Companies Act 2006. The Group also maintains Directors' and Officers' liability insurance which provides appropriate cover for legal actions brought against its Directors.		
Significant agreements	None for year ended 30 June 2025 (year ended 30 June 2024: None)		
Political donations	Nil for year ended 30 June 2025 (year ended 30 June 2024: nil)		
Going concern	The financial statements are prepared on a going concern basis. The Directors are satisfied that the Group has the resources to continue in business for 12 months from the date of approval of the financial statements and that there are no material uncertainties to disclose. Further details on the assessment undertaken by the Directors are set out on page 120.		

Disclosure of information to auditors	Each person who is a director at the date of this Directors' Report confirms that: • So far as the Director is aware, there is no relevant audit information of which the Group's auditors are unaware; and he or she has taken all the steps that he or she ought to have taken as a Director to make himself or herself aware of any relevant audit information and to establish that the Group's auditor is aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of the Companies Act 2006.		
Auditor	At the 2024 AGM, KPMG LLP was appointed as the Group's auditor with effect from 1 October 2024, to hold office until the conclusion of the next AGM. Deloitte LLP were the Group's auditors until 30 September 2024, having resigned on that date.		Page 103

This report was approved by the Board on 8 September 2025 and signed on its behalf:

Steven Cooper CBE
Chief Executive Officer

Risk management

The Group's approach to risk

The Board is ultimately responsible for establishing and ensuring maintenance of a sound system of risk management and internal controls and approving the Group's overall risk appetite.

Effective risk management enables the Group to fulfil its purpose of backing more people to go for it in life and business. The Group takes risks it understands and can manage, to support customers in achieving their goals. The Group needs to be adaptive to the changing landscape of threats and opportunities and take the right risks, with a strong emphasis on customer outcomes, resilience, security and safety.

The Group Risk Management Framework ("GRMF") supports decision making across the Group and facilitates the achievement of the Group's strategic objectives in a controlled and risk-aware manner. The following sections provide a summary of the GRMF. They highlight the governance structure, approach to risk appetite, key risk management processes and the principal and emerging risks the Group faces.

Risk management

The Group's risk management and internal control systems are designed to identify, evaluate, respond, monitor and report on material risks to which the Group is exposed.

The effectiveness of the risk management processes and internal controls is regularly reviewed by the Board, Board Audit Committee ("BAC") and Board Risk Committee ("BRC") during the year. This involves receiving reports from management. The BAC monitors the integrity of the financial statements of the Group, extending to disclosures regarding material risks. This includes a responsibility, in conjunction with the BRC, to review the statements to be included in the Group's annual report and accounts concerning internal controls and risk management and recommend their approval to the Board.

In addition, the BAC monitors the strength of the internal control environment and annually assesses the role and effectiveness of the Group's Internal Audit function. Based on the review undertaken during the period and the monitoring and oversight activities performed, the BAC, in conjunction with the BRC, concluded that the Group's risk management and internal control systems were effective. The BAC recommended a statement to this effect to the Board.

Based on this assessment, the Board is satisfied with the effectiveness of the Group's risk management and internal control systems.

Group Risk Management Framework

The GRMF defines Aldermore Group's overall approach to risk management across the organisation and material risk types; it is the Group's foremost risk document, to which all subsidiary risk policies and frameworks must align. The GRMF is subject to approval annually and is a framework reserved for Board approval. It describes the Group's approach to risk management, the roles and responsibilities and outlines the approach to each material risk to which it is exposed. The GRMF also articulates the Group's principal risks, i.e. the risks that are most significant given the Group's business model and operating environment.

Risk governance and oversight

Three Lines of Defence

The Group employs a "Three Lines of Defence" (3LOD) model to help articulate the risk management roles and responsibilities of individuals between: (1) risk management as part of business activities; (2) risk oversight; and (3) independent assurance. All three lines of defence work together in a supportive, collaborative, and open manner and all employees are responsible for supporting and developing a culture of risk awareness and enabling the Group to operate within its Board approved Risk Appetite.

First Line of Defence (own and manage risks)

The first line of defence comprises all employees from the Business lines and centralised / support functions (except for the Risk Function and Internal Audit). The first line of defence is responsible for:

- Identifying and managing risk within appetite as part of their accountability for achieving objectives;
- Building the necessary knowledge, skills and information under appropriate authority to operate the relevant frameworks, policies and standards to effectively control the risk; and
- Ensuring that risk controls and associated processes are designed, implemented, remediated, monitored and tested via an effective control environment, escalating instances of control failures and incidents accordingly.

Second Line of Defence (oversee or specialise in the management of risk)

The Risk Function operates as the second line of defence and exists to provide insight, oversight and challenge to support the businesses delivery of its strategy within risk appetite.

When risks are owned by the Second Line, assurance over the risk is enabled by a combination of an independent Second Line (not under the line management of the Risk Owner) control testing, targeted reviews by the independent Second Line or the parent Group, and/or independent assurance provided by Group Internal Audit. In some cases, assurance may be provided by third parties.

Furthermore, the Second Line:

- Define frameworks, policies, standards, tools and techniques that enable risk to be identified and managed in the first line;
- Provide education and advice to the first line on managing risks, guiding them in decision-making and providing options/solutions to support decision-making processes within risk parameters;
- Interpret regulatory rules and determine the applicability to the Group, in partnership with first line;
- Conduct monitoring and assurance activities to determine how effectively risk is being managed; and
- Help ensure consistency of definitions and measurement of risk.

Third Line of Defence (provide independent assurance)

The independent third line of defence comprises all employees in the Internal Audit function. Internal Audit sits outside the risk management processes of the first two lines of defence. Its main roles are to:

- Provide reasonable assurance over the effectiveness of governance, risk and controls operated by the first two lines;
- Develop actions in collaboration with auditees to address any improvements identified; and
- To report the outcomes of audits and progress on closure of actions to the BAC.

Risk Appetite Framework ("RAF")

Risk Appetite ("RA") is defined as the amount of risk the Board is prepared to accept in pursuit of the Group's strategy and business objectives. It is expressed in both qualitative and quantitative form in a Risk Appetite Statement for each Principal and Level 1 Risk, supported by quantitative metrics with defined thresholds (trigger and limit). The Trigger represents an 'early warning' indicator that the metric is nearing the Limit and actions might need to be taken to avoid a breach of limit. The Limit represents the level of risk for which the Group has appetite, after which the risk appetite is breached.

The RAF is subject to Board approval annually and sets the principles for the setting of risk appetite in alignment with the Board approved strategy, outlines roles and responsibilities and sets governance and monitoring requirements.

The responsibilities in relation to the RAF include:

- The Board is responsible for approving the Group's Risk Appetite annually. Elements can be dynamically updated and approved as required.
- The Board Risk Committee ("BRC") considers the approach to Risk Appetite and recommends a Risk Appetite Statement to the Board.
- The Chief Risk Officer ("CRO") is the Accountable Executive for the Risk Appetite Framework and is responsible for recommending updates to the Board, following endorsement from the Executive Risk Committee and the Board Risk Committee.

Risk Culture

The Group has refreshed the target risk culture during the year following a thorough review involving stakeholders from across Aldermore, which is defined as:

"a culture where colleagues consistently demonstrate sound risk awareness and exercise good judgement, underpinned by skill, knowledge, and a clear tone from the top which embraces diverse perspectives that encourage concerns to be raised. Through creating this environment, we help to protect our business, people, customers, and the broader financial system from harm, whilst enabling sustainable growth."

The risk culture is embedded throughout the business model, strategy, performance management and remuneration decisions, and the Aldermore behaviours to ensure this resonates with colleagues.

The Board has a fundamental role in defining and monitoring the successful embedding of an effective risk culture.

Stress testing

Stress testing is an important risk management tool, with specific approaches documented for the Group's key annual assessments including the Internal Capital Adequacy Assessment Process ("ICAAP"), Individual Liquidity Adequacy Assessment Process ("ILAAP") and the Recovery Plan ("RP"), including Reverse Stress Testing ("RST").

The Group maintains a Stress Testing policy ("STP") which is updated on an annual basis, or more frequently if required. This sets the approach and rules for analysis of the key risks, scenarios and sensitivities that may adversely impact the financial or operational position of the Group. The STP sits under the Capital, Liquidity and Market Risk Management Framework, the latter is reserved for Board Risk Committee approval. The Board Risk Committee reviews the ICAAP, ILAAP and the RP ensuring the processes are in accordance with regulatory rules and makes recommendations to the Board for approval.

To ensure a coherent approach to stress testing, the Group adheres to the following core principles:

- Stress testing is an integral part of risk management. Results inform decision making at the appropriate level, including strategic decisions made by the Board and senior management.
- Stress testing draws on the experience and skills of staff across an appropriately wide range of disciplines.
- Written policies and procedures govern the Group's approach to stress testing, with dedicated policies maintained for material asset classes and types of stress test.
- Taken as a whole, stress tests span a range of analytical techniques, risk types, scenarios and severities to ensure a complete view of material risks. Stress testing systems and procedures must be sufficiently flexible to facilitate this approach, while remaining proportionate to the Group's size and activities.
- The STP relies upon and supports the Capital, Liquidity and Market Risk Management Framework, Capital Planning Management policy, the Liquidity and Funding policy, the Operational and Credit Risk Frameworks, all of which provide detail of how the STP has been implemented within these specific areas.

Scope of the stress testing framework

Purpose of Stress Tests	Type of Stress Tests	Result of Stress Tests
ICAAP Annual process that determines capital requirements	**Top Down (e.g. High Level Shape)/Bottom up** Tests overall financial resilience to adverse events	**Capital** Estimates the impact of balance sheet movement and financial losses (typically credit related) on capital resources and requirements
ILAAP Annual process that determines liquidity requirements	**Sensitivity Analysis** Tests the overall impact of a single risk driver, typically an economic variable	**Liquidity** Estimates cashflows, funding supply and liquid asset availability under a market-wide idiosyncratic or combined liquidity shock
Recovery Plan Annual process that determines recovery options and tests their efficiency	**Reverse Stress Test** Identifies the severity of stress that would cause the Bank to fail	
Other Internal stress tests that support strategic decision making e.g. Budget, Risk Appetite, Climate Risk		

Principal Risks

The following section summarises the principal risks, which are the categories of risk that are most significant given the Group's business model and operating environment, along with the approach to their mitigation.

Principal Risk	Our Response	Risk Position
Credit Risk The risk of financial loss arising from a borrower or a counterparty failing to meet financial obligations to the Group according to agreed terms.	• Aldermore aims to operate in markets and segments where lending can generate shareholder value, within the risk appetite constraints set by the Board, in both normal and stress conditions. • Credit risk is managed to ensure that: ◦ The variability in the target range for impairment losses resulting from the economic cycle is kept to acceptable levels. ◦ Credit concentration and portfolio structure remain at appropriate levels. • Origination is supported by a strong focus on counterparty quality, debt-serviceability and robust post- completion credit stewardship and in- life management of the credit portfolio. • Where appropriate, physical or financial collateral is obtained. • The Credit risk profile is monitored and reported systematically against appetite through a set of credit risk limits.	The Credit profile remains satisfactory considering the point in the macro-economic cycle and within the stated risk appetite. The underlying performance of originations over the last couple of years is strong. Affordability stresses are easing and the portfolio remains strongly collateralised across all lines of business.

Capital Risk
 	
The risk that a firm has insufficient capital resources or composition of capital to meet regulatory requirements and internal risk appetite, or to support its strategic plans under normal operating environments and stress conditions.
	• Robust controls for Pillar 1 reporting;
	  ◦ A comprehensive annual ICAAP assessment of all material capital risks.
	  ◦ A forward-looking capital plan, formally assessing confirmed and potential changes in regulatory rules.
	  ◦ Regular sensitivity analysis.
	• An appropriately sized internal capital buffer over and above regulatory requirements applied both at a point in time and on a forward-looking basis to protect against unexpected losses or risk-weighted asset growth.
		The Group has maintained a strong capital position over the period, with capital ratios remaining well above regulatory minimums and internal targets.

Liquidity Risk The risk that the Group is unable to meet its financial obligations as they fall due or can only do so at excessive cost.	• Retain a sufficient portfolio of cash and high-quality liquid assets ("HQLA") to absorb liquidity shocks. • Maintain further overall contingent liquidity resources to absorb longer term liquidity stresses. • Perform a comprehensive annual ILAAP assessment of all material liquidity risks and meet internal buffers on an ongoing basis. • Monitor the Group's liquidity position on a daily and forward-looking basis, with intra-month escalation of material risks as appropriate.	The Group's liquidity position remains strong, and has been managed well within liquidity buffers.
Market Risk The risk of losses resulting from adverse changes in the value of positions arising from movements in market prices across commodity, credit, equity, foreign exchange and interest rates risk factors.	• Seek to match the interest rate structure of assets and liabilities, creating a natural hedge. • Where a natural hedge is not possible or desirable, hedge any material market risk exposure by using financial instruments as outlined in the Treasury Counterparty Credit Risk Limits and Policy. • Perform a comprehensive assessment of market risk drivers as part of the ICAAP and assess new/emerging risks on an ongoing basis. • Maintain a strong control framework to ensure exposures are managed in line with risk appetite. • Daily monitoring of the Group's Market Risk exposure, with intra-month escalations as appropriate.	The Group's approach remains prudent in response to any external economic uncertainty and underlying risks remain unchanged.

Operational Risk The risk of loss resulting from inadequate, ineffective or failed internal processes, people and systems or from external events.	The Group operates an Operational Risk Management Framework ("ORMF"), within which Operational risks are identified, assessed, and managed. The ORMF applies to all entities in the Aldermore Group and aims to: • Ensure the Group's ORMF is proportionate, and in line with industry and regulatory expectations. • Ensure a sound control environment and risk-aware culture. • Proactively manage operational risk within the business units with independent oversight. • Ensure that appropriate capabilities are in place to support the achievement of business strategies and plans whilst remaining within risk appetite. • Embed simple, efficient and effective operational risk management tools. • Provide risk management training and information that is used in business decision-making. • Calculate and allocate appropriate levels of operational risk capital.	The Operational Risk profile remains heightened as the organisation continues to execute significant change including enhancements to technology, systems and processes. The Risk Appetite Metrics demonstrate sustainably enhanced performance.
Compliance and Regulatory Risk The risk of legal or regulatory sanctions, material financial loss, or loss to reputation as a result of a failure to comply with applicable laws and regulations, codes of conduct and standards of good practice.	• Maintain a well-defined and embedded process for regulatory and legislative horizon scanning, and preparation for confirmed and potential changes. • Maintain processes that focus on good customer outcomes and the delivery of Consumer Duty requirements, including oversight of a range of metrics such as staff performance, training, customer feedback, complaints and outcome testing. • Ensure that recruitment and training processes have a clear conduct risk focus, including the use of mandatory training modules. • Ensure the approach to remuneration helps to drive good customer outcomes and prudent decision-making within risk appetite. • Where any instance of non-compliance is identified the immediate focus is to remediate where appropriate, whilst ensuring that lessons are learnt and solutions are implemented to address root causes.	The Compliance and Regulatory Risk remains steady, influenced by business strategy, regulatory environment, and macroeconomic factors. In addition to on-going compliance with all applicable laws and regulations, significant focus remains on the embedding of Consumer Duty to ensure the Group's products and services support the consistent delivery of good customer outcomes.

Financial Crime Risk The risk of legal or regulatory sanctions, material financial loss, or loss to reputation as a result of the Group's activities being used by criminals for the purposes of money laundering, terrorist financing, bribery and corruption and tax evasion.	• Perform the requisite checks on customers, relating to money laundering, terrorist financing, proliferation financing, tax evasion, sanctions and fraud at origination and where appropriate, on an ongoing basis. Tightly monitor remedial actions relating to financial crime breaches. • Ensure the Group has a strong anti-financial crime culture via training and awareness initiatives, together with a well embedded risk reporting process. • Produce an annual Money Laundering Reporting Officer ("MLRO") Report, which is approved by senior management within the Group, and which includes an opinion from the MLRO relating to the adequacy of the Group's existing systems and controls for the prevention of money laundering and terrorist financing risk.	Financial Crime key risks remain constant, influenced by both business strategy and macro-economic factors. In addition to the required customer checks and ongoing screening, colleague awareness is tested by regular training to help maintain a constant state of awareness.
Model Risk The potential for adverse consequences from decisions based on incorrect or misused model outputs and reports. Consequences can include poor business decisions, financial loss or the misstatement of financial and/or regulatory reports.	The Model Risk Management ("MRM") function is responsible for the independent oversight of model risk throughout the model lifecycle. Model Risk is managed through a robust Model Risk Management Framework, that includes: • Maintaining a central model inventory and documentation repository. • Assigning a model risk tier based on materiality and inherent risk to the Group. The tier drives the frequency of performance monitoring and independent validation. • Second line chairing of the Model Governance Forum and Model Risk Committee to provide appropriate oversight of the Group's model risk. • Performing independent model validations to assess the model compliance against the model risk framework requirements. • Applying model risk mitigants, by means of Post Model Adjustments ("PMAs") where model limitations have been identified.	Model performance has been solid and has been assessed through regular monitoring, annual reviews and independent validations to identify model limitations and apply mitigants if required. Continuing to enhance the control environment around models continues to be a priority area of focus and investment for the Group.
Strategic Risk Strategic Risk is the risk associated with defining and adopting the incorrect strategy or once adopted, not adapting it in response to external changes or developments.	During this financial year a new principal risk, Strategic Risk, was added to the list of principal risks. This risk can result from the business strategy and strategic objectives themselves. The design of a Strategic Risk Management Framework is progressing. The new framework seeks to set out the Group's requirements and approach for managing this risk including roles and responsibilities.	Assessment not conducted.

Emerging Risks

The Group defines emerging risks as those risks that have not been previously recognised or experienced, familiar risks in new or unfamiliar contexts, significantly increasing or evolving risks or a novel combination of risks. The key emerging risks identified for the Group are:

Emerging Risk	Summary	Our Response
Political and Economic Environment		
Geopolitical Risk 	Geopolitical risk volatility continues and is anticipated for some time. The global risk may impact supply chains and introduce volatility in financial commodity markets.	The impact from continued geopolitical uncertainty has been assessed across the principal risks and is managed through the GRMF. Where effects have resulted in an elevated risk profile, these have been factored into the impacted Principal Risk(s) and monitored through the regular business as usual Risk Management process.
Macroeconomic uncertainty Risk 	The global economy continues to navigate the impact of significant price and interest rate shocks. US trade policy has disrupted the global outlook and introduced heightened uncertainty. Whilst the UK will be less exposed to global trade frictions than other countries it is not immune to any second-order effects of a slowing world economy or potential wider tariff cost pass through into higher consumer prices. Pockets of geopolitical volatility are likely to continue emerging which may impact financial and commodity markets. Some countries face stretched fiscal positions, which may lead to difficult decisions in consolidating public finances in the future. Importantly, UK growth tracked fastest amongst all G7 countries in calendar Q1 2025, despite ongoing global challenges and uncertainty.	The Group remains cautious to the changing macroeconomic outlook. Any impacts have been factored into the impacted Principal Risk(s) and monitored through the regular business as usual Risk Management process.

Competitive Environment		
Strategic and Competition Risk	The competitive environment is increasingly demanding with more pressure to respond to the evolving needs of consumers and maintain relevance. There is potential for market consolidation and new entrants in the near future.	The Group will continue to strengthen its focus on its core markets and tailor its offering to segments aligned to its strategy. The focus remains on achieving more with increased agility and efficiency.
Operating Environment		
Pace of Regulation and Legislation Risk	The Group is experiencing an increased volume of consultations from regulators with shorter response timeframes and reduced implementation timelines. 2025 / 26 is likely to see a continued increase in this type of remote supervision reflecting regulators increased workloads and breadth of responsibility. In addition, Group can expect more data-driven requests, as the regulators' adoption of data analytics increases. The emerging risk is if the organisation fails to adopt and adapt to new technology and data utilisation that it will not keep pace with both regulatory oversight and industry practices.	The Group maintains an open and productive relationship with its primary UK regulators, the PRA and FCA. This collaborative approach enables the Group to work with regulators to help manage response timings targeting relevant and priority areas. Both Aldermore and FirstRand are actively monitoring industry developments. The adoption of technology will be carried out in a controlled manner helping to ensure that benefits are realised, and the associated risks are addressed.
Artificial Intelligence (AI) Risk	AI risk is considered an emerging risk for future framework development. Externally it can be used to support quicker and more sophisticated cyber-attacks and fraud. Internally, the use of AI poses risks and opportunities that can support the Group's own business processes but lead to increased data privacy risks. AI will also impact the business models of borrowers and possibly introduce/amplify bias into decision making, that could impact credit risk. As the Group operates in a regulated industry, it could increase regulatory compliance concerns if they lose visibility over decisions and communications.	The use of AI is maturing, and interest is increasing in the UK market and within Aldermore. A Generative AI Policy has been implemented, and Data Privacy Impact Assessments are in place to identify AI use cases. Potential risks are also considered through an AI assessment. The Group continues to strengthen the cyber and wider resilience capabilities to manage this risk, delivered and monitored through the Technology Strategy. In addition, the Model Risk Management Framework sets out the principles and processes to manage risk associated with deterministic AI models developed (e.g. machine learning models).

Credit risk

Credit risk is the risk of financial loss arising from the borrower or a counterparty failing to meet their financial obligations to the Group in accordance with agreed terms. The risk primarily crystallises by customers defaulting on lending facilities. Credit risk also arises from treasury investments and off-balance sheet activities and any other receivables, which are typically sub-categorised as counterparty credit risk.

The credit risk section of this report includes information on the following:

1. The Group's maximum exposure to credit risk;
2. Credit quality and performance of loans;
3. Forbearance granted through the flexing of contractual agreements;
4. Diversity and concentration within the Group's loan portfolio; and
5. Details of provisioning coverage and the value of assets against which loans are secured.

Due to the more bespoke nature of the Property Development business, the portfolio is excluded from a number of the following tables, as indicated by the footnotes. Gross Property Development exposure at 30 June 2025 was £48.7 million (30 June 2024: £109.1 million), and net exposure was £46.0 million (30 June 2024: £106.3 million).

The Group's maximum exposure to credit risk

The following table presents the Group's maximum exposure to credit risk of financial instruments on the balance sheet and commitments to lend before taking into account any collateral held or other credit enhancements. The maximum exposure to credit risk for loans, debt securities, derivatives and other on-balance sheet financial instruments is the carrying amount and for loan commitments, the full amount of any commitment to lend that is either irrevocable or revocable only in response to material adverse change.

The Group's net credit risk exposure as at 30 June 2025 was £21,540.9 million (30 June 2024: £21,065.0 million), an increase of 2.3%. The main factors contributing to the increase were:

- **i.** the growth in gross loans and advances to customers (the Group's largest credit risk exposure), by £1,210.0 million;
- **ii.** the growth in debt securities by £267.7 million;
- **iii.** the growth in loans and advances to banks by £34.9 million; partly offset by
- **iv.** a reduction in cash and balances at central banks by £989.9 million; and
- **v.** a reduction in derivatives held for risk management by £169.6 million.

Included in the statement of financial position:	Note	Year ended 30 June 2025 £m	Year ended 30 June 2024 £m
Cash and balances at central banks		1,182.3	2,172.2
Loans and advances to banks	12	292.3	257.4
Debt securities	13	2,704.2	2,436.5
Derivatives held for risk management	14	178.6	348.2
Loans and advances to customers	15	16,857.7	15,647.7
Other assets		13.0	34.7
Total		**21,228.1**	**20,896.7**
Irrevocable commitments to lend	30	570.8	479.1
Gross credit risk exposure		**21,798.9**	**21,375.8**
Less: allowance for impairment losses	15	(258.0)	(310.8)
Net credit risk exposure		**21,540.9**	**21,065.0**

Credit quality and performance of loans

The credit quality of loans and advances to customers are analysed internally in the following tables, which also include the fair value of collateral held capped at the gross exposure amount.

The greater proportion of the Group's 'Low risk' stage 1 loans and advances to customers as at 30 June 2025, is largely driven by growth in originations in the Property portfolio, recalibrations of model estimates and macroeconomic scenarios, consequently resulting in lower Probability of Default ("PD").

The risk categories used in the following tables are defined as follows:

- Low risk: Representing a 12m PD of <= 1.2%.
- Medium risk: Representing 1.2%< 12m PD <= 3.05%.
- High risk: Representing a 12m PD greater than 3.05% and defaulted exposures.

30 June 2025 Stage 1	Property Finance £m	Motor Finance £m	Business Finance £m	Total £m
Low risk	7,001.6	2,642.9	1,725.2	11,369.7
Medium risk	663.7	894.0	1,019.3	2,577.0
High risk	254.9	192.0	730.5	1,177.4
Total	**7,920.2**	**3,728.9**	**3,475.0**	**15,124.1**
Fair value of collateral held	**7,918.6**	**2,974.5**	**2,595.0**	**13,488.1**

30 June 2025 Stage 2	Property Finance £m	Motor Finance £m	Business Finance £m	Total £m
Medium risk	211.5	110.2	196.6	518.3
High risk	254.6	238.8	152.1	645.5
Total	**466.1**	**349.0**	**348.7**	**1,163.8**
Fair value of collateral held	**465.9**	**260.3**	**267.7**	**993.9**

30 June 2025 Stage 3	Property Finance £m	Motor Finance £m	Business Finance £m	Total £m
High risk	342.1	147.6	80.1	569.8
Total	**342.1**	**147.6**	**80.1**	**569.8**
Fair value of collateral held	**340.7**	**88.6**	**68.5**	**497.8**

30 June 2024 Stage 1	Property Finance £m	Motor Finance £m	Business Finance £m	Total £m
Low risk	5,791.4	2,691.5	1,533.1	10,016.0
Medium risk	1,131.4	585.0	1,097.8	2,814.2
High risk	357.3	455.8	555.4	1,368.5
Total	**7,280.1**	**3,732.3**	**3,186.3**	**14,198.7**
Fair value of collateral held	**7,278.6**	**2,956.3**	**2,485.3**	**12,720.2**

30 June 2024 Stage 2	Property Finance £m	Motor Finance £m	Business Finance £m	Total £m
Medium risk	56.5	28.3	139.8	224.6
High risk	210.9	179.3	309.2	699.4
Total	**267.4**	**207.6**	**449.0**	**924.0**
Fair value of collateral held	**267.4**	**162.4**	**354.7**	**784.5**

30 June 2024 Stage 3	Property Finance £m	Motor Finance £m	Business Finance £m	Total £m
High risk	285.0	158.5	81.4	524.9
Total	**285.0**	**158.5**	**81.4**	**524.9**
Fair value of collateral held	**284.4**	**101.6**	**66.1**	**452.1**

The credit quality in respect of irrevocable commitments to lend, which also includes the fair value of collateral to be provided capped at the gross exposure amount, is shown below:

30 June 2025	Property Finance £m	Motor Finance £m	Business Finance £m	Total £m
Low risk	406.3	23.8	24.6	454.7
Medium risk	38.6	6.5	19.7	64.8
High risk	15.1	0.1	9.1	24.3
Total	**460.0**	**30.4**	**53.4**	**543.8**
Assessed fair value of collateral to be provided	**459.9**	**24.2**	**39.8**	**523.9**

The above analysis excludes Property Development.

30 June 2024	Property Finance £m	Motor Finance £m	Business Finance £m	Total £m
Low risk	259.3	37.0	22.4	318.7
Medium risk	50.6	11.0	21.8	83.4
High risk	16.6	2.9	9.6	29.1
Total	**326.5**	**50.9**	**53.8**	**431.2**
Assessed fair value of collateral to be provided	**326.4**	**40.3**	**41.9**	**408.6**

The above analysis excludes Property Development.

Not included in the above are £27.1 million (30 June 2024: £47.9 million) of irrevocable commitments to lend for Property Development. The Group uses "loan-to-gross-development- value" as an indicator of the quality of credit security of performing loans for the Property Development portfolio. Loan-to-gross-development-value is a measure used to monitor the loan balance compared with the expected gross development value once the development is complete. The anticipated gross development value of the committed lending for Property Development is £146.8 million (30 June 2024: £244.6 million).

The categorisation of high, medium and low risk is based on an internal IFRS 9 Probability of Default ("PD") model. Drivers for the PDs include external credit reference agency data, qualitative factors and macroeconomic adjustments.

Forbearance granted through the flexing of contractual agreements

Forbearance is defined as any concessionary arrangement that is made for a period of three months or more where financial difficulty is present or imminent. It is inevitable that some borrowers experience financial difficulties which impact their ability to meet their obligations as per the contractual terms. The Group seeks to identify borrowers who are experiencing financial difficulties, as well as contacting borrowers whose loans have gone into arrears, consulting with them in order to ascertain the reason for the difficulties and to establish the best course of action to bring the account up to date. In certain circumstances, where the borrower is experiencing financial distress, the Group may use forbearance measures to assist the borrower. These are considered on a case-by-case basis and must result in a fair outcome. The forbearance measures are undertaken in order to achieve a good outcome for both the customer and the Group by dealing with financial difficulties and arrears at an early stage.

The most widely used methods of forbearance are temporarily reduced monthly payments and deferral of payment to reduce the borrower's financial pressures. Where the arrangement is temporary, borrowers are expected to resume normal payments within six months. Forborne amounts disclosed as stage 1 in the below table relate to accounts which are now performing but still reported as forborne following the end of concessionary arrangements. In all cases, the above definitions are subject to no further concessions being made and the customers' compliance with the new terms.

30 June 2025	Property Finance £m	Motor Finance £m	Business Finance £m	Total £m
Stage 1	6.0	0.4	0.1	6.5
Stage 2	9.5	2.8	14.4	26.7
Stage 3	80.8	23.3	0.3	104.4
Total	**96.3**	**26.5**	**14.8**	**137.6**

The above analysis excludes Property Development.

30 June 2024	Property Finance £m	Motor Finance £m	Business Finance £m	Total £m
Stage 1	2.5	1.2	0.4	4.1
Stage 2	12.6	5.3	7.8	25.7
Stage 3	55.2	6.8	0.3	62.3
Total	**70.3**	**13.3**	**8.5**	**92.1**

The above analysis excludes Property Development.

As at 30 June 2025, the Group had undertaken forbearance measures as follows in the following segments:

Property Finance	Year ended 30 June 2025 £m	Year ended 30 June 2024 £m
Temporary or permanent switch to interest only	0.1	-
Reduced monthly payments	44.7	39.7
Payment waiver or lower rate product switch	35.1	15.7
Deferred payment	11.3	13.6
Loan term extension	5.1	1.3
Total	**96.3**	**70.3**
Forborne as a percentage of the total divisional gross lending book (%)	1.10%	0.90%

Motor Finance	Year ended 30 June 2025 £m	Year ended 30 June 2024 £m
Deferred payment	26.5	13.2
Total	**26.5**	**13.2**
Forborne as a percentage of the total divisional gross lending book (%)	0.63%	0.32%

Business Finance	Year ended 30 June 2025 £m	Year ended 30 June 2024 £m
Temporary or permanent switch to interest only	-	7.3
Reduced monthly payments	0.1	0.2
Deferred payment	14.6	1.0
Loan term extension	0.1	-
Total	**14.8**	**8.5**
Forborne as a percentage of the total divisional gross lending book (%)	0.38%	0.23%

The above analysis excludes Property Development.

Total Forborne	Year ended 30 June 2025 £m	Year ended 30 June 2024 £m
Temporary or permanent switch to interest only	0.1	7.4
Reduced monthly payments	44.8	39.8
Payment waiver or lower rate product switch	35.1	15.7
Deferred payment	52.4	27.8
Loan term extension	5.2	1.3
Total	**137.6**	**92.0**
Forborne as a percentage of the total divisional gross lending book (%)	0.82%	0.59%

Diversity and concentration within the Group's loan portfolio

As shown below, the Group monitors concentration of credit risk by segment, geography, sector and size of loan:

Details of the Group's net lending by segment are as follows:

Credit concentration by segment	30 June 2025		30 June 2024	
	£m	%	£m	%
Property Finance	8,677.2	52%	7,772.4	51%
Motor Finance	4,076.3	25%	3,920.6	26%
Business Finance	3,846.2	23%	3,643.9	23%
Total	**16,599.7**	**100%**	**15,336.9**	**100%**

The above analysis includes Property Development.

An analysis of the Group's loans and advances to customers by geography is shown in the table below:

Credit concentration by geography	30 June 2025 %	30 June 2024 %
East Anglia	9.7	9.9
East Midlands	7.4	7.3
Greater London	15.7	16.0
North East	1.4	1.5
North West	14.5	13.9
Northern Ireland	1.2	1.2
Scotland	7.1	7.0
South East	16.7	17.1
South West	8.1	8.5
Wales	3.4	3.5
West Midlands	7.2	6.5
Yorkshire and Humberside	7.6	7.6
Total	**100.0**	**100.0**

An analysis of the Group's loans and advances to customers by sector, aligned to the methodology applied for the purposes of the Group's regulatory reporting, is shown in the table below:

Credit concentration by sector	**30 June 2025 %**	**30 June 2024 %**
Agriculture	0.1	0.2
Financial institutions	3.0	2.0
Building and property development	2.1	2.8
Government and central banks	0.1	0.2
Individuals	56.7	59.8
Manufacturing	4.7	6.2
Mining	0.1	0.1
Transport and communication	1.7	2.0
Other	31.5	26.7
Total	**100.0**	**100.0**

An analysis of loans and advances to customers by quantum of exposure is shown in the tables below:

Credit concentration by quantum of exposure 30 June 2025	**Property Finance £m**	**Motor Finance £m**	**Business Finance £m**	**Total £m**
£0 - £50k	131.7	3,909.0	651.2	4,691.9
£50 - £100k	1,071.8	82.7	376.0	1,530.5
£100 - £150k	1,232.7	6.4	248.3	1,487.4
£150 - £200k	1,086.5	3.8	169.5	1,259.8
£200 - £300k	1,733.9	8.6	223.0	1,965.5
£300 - £400k	1,124.0	7.7	140.9	1,272.6
£400 - £500k	604.2	5.2	96.9	706.3
£500k - £1m	1,050.4	25.2	288.6	1,364.2
£1m - £2m	449.5	12.5	261.0	723.0
£2m+	192.5	15.2	1,344.7	1,552.4
Total	**8,677.2**	**4,076.3**	**3,800.1**	**16,553.6**

The above analysis excludes Property Development.

Credit concentration by quantum of exposure 30 June 2024	Property Finance £m	Motor Finance £m	Business Finance £m	Total £m
£0 - £50k	124.5	3,788.4	661.3	4,574.2
£50 - £100k	959.3	45.0	358.1	1,362.4
£100 - £150k	1,090.2	4.6	233.1	1,327.9
£150 - £200k	966.2	4.4	154.2	1,124.8
£200 - £300k	1,640.1	7.9	216.9	1,864.9
£300 - £400k	1,042.5	11.0	151.0	1,204.5
£400 - £500k	543.6	9.3	116.7	669.6
£500k - £1m	887.2	20.6	313.6	1,221.4
£1m - £2m	357.6	13.8	289.1	660.5
£2m+	161.2	15.6	1,043.5	1,220.3
Total	**7,772.4**	**3,920.6**	**3,537.5**	**15,230.5**

The above analysis excludes Property Development.

Details of provisioning coverage and value of assets against which loans are secured

The principal indicators used to assess the credit security of performing loans are loan-to-value ("LTV") ratios for SME Commercial which falls within Business Finance.

Property Finance

Loan-to-value on indexed origination information on the Group's Buy to Let portfolio is set out in the table below:

Buy to Let	Year ended 30 June 2025 £m	Year ended 30 June 2024 £m
100%+	17.9	11.6
95-100%	11.2	9.1
90-95%	30.4	23.4
85-90%	61.0	69.9
80-85%	252.7	231.1
75-80%	1,030.3	769.8
70-75%	1,309.0	1,045.0
60-70%	1,963.2	1,762.3
50-60%	1,174.5	1,118.5
0-50%	851.0	801.2
Total	**6,701.2**	**5,841.9**
Capital Repayment	403.4	319.4
Interest only	6,297.8	5,522.5
Total	**6,701.2**	**5,841.9**
Average loan-to-value percentage	64.88%	64.10%

Loan-to-value on indexed origination information on the Group's Residential Mortgage portfolio is set out in the table below:

Residential Mortgages	Year ended 30 June 2025 £m	Year ended 30 June 2024 £m
100%+	9.3	5.9
95-100%	8.8	13.9
90-95%	48.5	46.0
85-90%	132.5	91.8
80-85%	129.7	113.1
75-80%	162.8	160.4
70-75%	188.9	208.3
60-70%	402.8	412.6
50-60%	356.6	359.9
0-50%	536.1	518.6
Total	**1,976.0**	**1,930.5**
Capital Repayment	1,820.8	1,770.0
Interest only	155.2	160.5
Total	**1,976.0**	**1,930.5**
Average loan-to-value percentage	60.96%	60.50%

Motor Finance

In respect of Motor Finance, collateral is provided by the Group's rights and/or title to the underlying assets. A proportion of loans are sanctioned at LTVs higher than 100% of the estimated retail value and, although the whole agreement is secured on the vehicle, there may be a shortfall in the event of repossession. Loans where LTV exceeds 100% are subject to more stringent underwriting criteria. LTV information based on retail valuations for Motor Finance's vehicle finance portfolio is set out as follows:

Motor Finance	Year ended 30 June 2025 £m	Year ended 30 June 2024 £m
110%+	262.1	285.8
100-110%	828.0	768.8
95-100%	620.2	525.3
90-95%	547.1	516.0
85-90%	471.4	457.8
80-85%	376.9	368.2
75-80%	273.2	278.4
70-75%	197.2	201.0
60-70%	254.4	262.5
50-60%	138.9	144.7
0-50%	106.9	112.1
Total	**4,076.3**	**3,920.6**

Business Finance

Loan-to-value on indexed origination information on the Group's SME Commercial Mortgage portfolio is set out in the table below:

SME Commercial Mortgages	Year ended 30 June 2025 £m	Year ended 30 June 2024 £m
100%+	22.9	30.4
95-100%	10.2	12.9
90-95%	13.8	23.7
85-90%	48.9	40.7
80-85%	49.7	84.8
75-80%	69.0	85.1
70-75%	154.7	190.8
60-70%	260.0	263.2
50-60%	293.6	215.5
0-50%	259.4	209.1
Total	**1,182.2**	**1,156.2**
Capital Repayment	576.7	612.1
Interest only	605.5	544.1
Total	**1,182.2**	**1,156.2**
Average loan-to-value percentage	62.23%	64.69%

The above analysis excludes Property Development.

Invoice Finance

In respect of Invoice Finance, collateral is provided by the underlying receivables (e.g. trade invoices). As at 30 June 2025, the average advance rate against the fair value of sales ledger balances which have been assigned to the Group, net of amounts considered to be irrecoverable, is 70.1% (30 June 2024: 66.6%).

In addition to the value of the underlying sales ledger balances, the Group will wherever possible, obtain additional collateral before offering invoice finance facilities to a client. These may include limited personal guarantees from major shareholders, charges over personal and other business property, cross guarantees from associated companies and unlimited warranties in the case of frauds or certain other breaches. These additional forms of security are impractical to value given their nature.

Asset Finance

In respect of Asset Finance, collateral is provided by the Group's rights and/or title to the underlying assets, which the Group is able to repossess in the event of default. Where appropriate, the Group will also obtain additional security, such as parent company or personal guarantees. Asset Finance also undertakes unsecured lending where the Group has obtained an understanding of the ability of the borrower's business to generate cash flows to service and repay the facilities provided. As at 30 June 2025, the total amount of such unsecured lending was £8.4 million (30 June 2024: £6.6 million).

Property Development

The Group uses "loan-to-gross-development-value" as an indicator of the quality of credit security of performing loans for the Property Development portfolio. Loan-to-gross-development-value is a measure used to monitor the loan balance compared with the expected gross development value once the development is complete. Average loan-to-gross-development-value at origination for Property Development loans at 30 June 2025 was 64.7% (30 June 2024: 64.6%).

Group impairment coverage ratio

Impairment coverage is analysed as follows:

30 June 2025	Gross carrying amount £m	Provisions £m	Coverage ratio %
Stage 1	15,124.1	67.2	0.44%
Stage 2	1,163.8	44.5	3.82%
Stage 3	569.8	145.3	25.50%
Undrawn loan facilities	570.8	1.0	0.18%
Total	**17,428.5**	**258.0**	**1.48%**

30 June 2024	Gross carrying amount £m	Provisions £m	Coverage ratio %
Stage 1	14,198.7	92.4	0.65%
Stage 2	924.0	44.1	4.77%
Stage 3	525.0	172.7	32.90%
Undrawn loan facilities	479.1	1.6	0.33%
Total	**16,126.8**	**310.8**	**1.93%**

The reduction in stage 1 and 2 coverage is predominantly driven by the improvement in the macroeconomic outlook and the continued release of overlays related to the cost-of-living crisis. The non-performing loans ("NPL" - stage 3) coverage ratio reduced to 25.5% (30 June 2024: 32.9%) due to the completion of Motor Finance remediation activity, with underlying coverage remaining appropriate.

Treasury risk

Offsetting financial assets and liabilities - (audited)

It is the Group's policy to enter into master netting and margining agreements with all derivative counterparties. In general, under master netting agreements the amounts owed by each counterparty that are due on a single day in respect of all transactions outstanding in the same currency under the agreement are aggregated into a single net amount being payable by one party to the other. In certain circumstances, for example when a credit event such as a default occurs, all outstanding transactions under the agreement are terminated.

Under the margining agreements, where the Group has a net asset position with a counterparty valued at current market values in respect of derivatives, then that counterparty will place collateral, usually cash, with the Group in order to cover the position. Similarly, the Group will place collateral, usually cash, with the counterparty where it has a net liability position.

As these only allow for offsetting in certain circumstances such as default, they do not meet the criteria for offsetting in the statement of financial position.

There are similar arrangements in place for repo-based operations under the Bank of England Sterling Monetary Framework.

The following tables detail amounts of financial assets and liabilities subject to offsetting, enforceable master netting agreements and similar arrangements.

			Related amounts not offset in the statement of financial position		
Type of financial instrument 30 June 2025	Gross amount of recognised financial instruments £m	Net amount of financial instruments presented in the statement of financial position £m	Financial instruments £m	Cash collateral paid / (received) £m	Net amount £m
Assets					
Loans and advances to customers (amounts pre-positioned as collateral under the Sterling Monetary Framework ("SMF") and Term Funding Schemes ("TFSME")	2,143.5	2,143.5	(550.5)	-	1,593.0
Debt securities pledged for repurchase agreements held at amortised cost	180.8	180.8	(150.0)	-	30.8
Derivatives held for risk management	178.6	178.6	-	(95.3)	83.3
Total	**2,502.9**	**2,502.9**	**(700.5)**	**(95.3)**	**1,707.1**
Liabilities					
Amounts due to banks (central bank under the SMF and TFSME)	(700.5)	(700.5)	700.5	-	-
Derivatives held for risk management	(98.5)	(98.5)	-	94.1	(4.4)
Total	**(799.0)**	**(799.0)**	**700.5**	**94.1**	**(4.4)**

			Related amounts not offset in the statement of financial position		
Type of financial instrument 30 June 2024	Gross amount of recognised financial instruments £m	Net amount of financial instruments presented in the statement of financial position £m	Financial instruments £m	Cash collateral paid / (received) £m	Net amount £m
Assets					
Loans and advances to customers (amounts pre-positioned as collateral under the Sterling Monetary Framework ("SMF") and Term Funding Schemes ("TFSME")	2,581.4	2,581.4	(1,079.2)	-	1,502.2
Derivatives held for risk management	348.2	348.2	-	(286.1)	62.1
Total	**2,929.6**	**2,929.6**	**(1,079.2)**	**(286.1)**	**1,564.3**
Liabilities					
Amounts due to banks (central bank under the SMF and TFSME)	(1,079.2)	(1,079.2)	1,079.2	-	-
Derivatives held for risk management	(40.7)	(40.7)	-	16.3	(24.4)
Total	**(1,119.9)**	**(1,119.9)**	**1,079.2**	**16.3**	**(24.4)**

Information on credit risk within the Group's treasury operations

Credit risk exists where the Group has acquired securities or placed cash deposits with other financial institutions as part of its treasury portfolio of assets. The Group considers the credit risk of treasury assets to be low. No assets are held for speculative purposes or actively traded. Certain high-quality liquid assets are held as part of the Group's liquidity buffer.

Credit quality of treasury assets - (audited)

The table below sets out information about the credit quality of treasury financial assets. As at 30 June 2025 and at 30 June 2024, all treasury assets were classified as stage 1 assets per IFRS 9 and no treasury assets were past due or impaired. The Group deems the likelihood of default across the respective asset counterparties as immaterial and hence does not recognise a provision against the carrying balances.

The analysis presented below is derived using ratings provided by Standard and Poor's and Moody's. The worst rating from the credit agencies for each of the counterparties is used as the basis for assessing the credit risk of treasury financial assets.

Cash and balances at central banks and loans and advances to banks	Year ended 30 June 2025 £m	Year ended 30 June 2024 £m
Rated AA - to A+	1,474.6	2,429.6
Cash and balances at central banks	**1,474.6**	**2,429.6**
Rated AAA	1,810.5	1,914.2
Rated AA+ to AA-	893.7	522.3
Debt securities	**2,704.2**	**2,436.5**
Rated A+ to A-	178.6	348.2
Derivatives held for risk management purposes	**178.6**	**348.2**
Total	**4,357.4**	**5,214.3**

Funding and liquidity risk

Liquidity risk is the risk that the Group is unable to meet financial obligations, such as repaying depositors and counterparties, as they fall due, or can only do so at excessive cost.

To protect the Group and its depositors against liquidity risk, the Group maintains a liquidity buffer which is based on its liquidity needs under stressed conditions. The liquidity buffer is monitored on a daily basis to ensure there are sufficient liquid assets at all times to cover cash flow movements and fluctuations in funding, enabling the Group to meet all financial obligations and to support anticipated asset growth.

Analysis of the liquidity buffer

The components of the Group's liquidity buffer, in line with the Liquidity Coverage Ratio, are shown below:

Liquidity buffer	Year ended 30 June 2025 £m	Year ended 30 June 2024 £m
Bank of England reserve account	1,153.0	2,168.6
UK gilts and Treasury bills, other Sovereign, Supranational and Covered bonds	2,212.3	2,064.9
Level 1	**3,365.3**	**4,233.5**
Covered bonds	108.3	173.6
Asset backed securities	255.6	191.7
Level 2	**363.9**	**365.3**
Total	**3,729.2**	**4,598.8**
As a % of funding liabilities	20.1%	25.2%

Balances are presented pre-haircut.

Liquidity Coverage Ratio

Over the year, the Group has continued to operate a simple and low risk business model with a strong liquidity and funding position, and has maintained a strong cash and High-Quality Liquid Assets ("HQLA") position above its binding constraint of an internal view of liquidity requirements. The decrease in the Group's Liquidity Coverage Ratio ("LCR") was primarily due to TFSME repayments which were pre-funded in the previous financial year. As at 30 June 2025, the Group's LCR was 195.4% (30 June 2024: 241.2%). The 12-month average Group LCR up to 30 June 2025 was 202.5% (30 June 2024: 235.6%).

	Year ended 30 June 2025 £m	Year ended 30 June 2024 £m
Eligible liquidity pool (post-haircut)	**3,609.5**	**4,480.6**
Net stress outflows	**1,846.8**	**1,857.5**
Liquidity surplus	**1,762.7**	**2,623.1**
LCR (%)	**195.4%**	**241.2%**

■ Customer deposits and wholesale funding - (audited)

As at 30 June 2025, customer deposits have grown by 4.5% to £17.0 billion (30 June 2024: £16.3 billion) and the Group continues to maintain diversified sources of funding and contingent facilities, including utilising cost effective sources offered by the Bank of England.

Between August 2020 and October 2021, the Group borrowed £1,065.0 million under the Bank of England's TFSME, repayments commenced from August 2024. As at 30 June 2025 the balance including accrued interest is £470.2 million (30 June 2024: £1,079.2 million).

The Group's residential mortgage backed securitisations

- In July 2024, the notes from the Group's residential mortgage backed securitisation (Oak No.3) were redeemed in full (30 June 2024: £68.4 million).
- In May 2023, the Group issued a residential mortgage backed securitisation (Oak No.4) providing £402.6 million of funding, with £219.2 million in issue as at 30 June 2025, including accrued interest (30 June 2024: £301.8 million). The underlying mortgages within the outstanding Oak No.4 securitisation will continue to be repaid, with an Optional Redemption Date in February 2028.
- In March 2025, the Group issued another residential mortgage backed securitisation (Oak No. 5) providing £410.9 million of funding. The Group retained £110.9 million and sold £300.0 million of the senior notes to investors, with £302.6 million in issue to external investors as at 30 June 2025, including accrued interest (30 June 2024: nil). The underlying mortgages within the outstanding Oak No.5 securitisation will continue to be repaid, with an Optional Redemption Date in July 2030.

The Group's motor finance loan backed securitisations

- The Group maintains a motor finance loan backed warehouse facility (MotoMore) for funding motor finance loans which was last renewed in October 2023. MotoMore had £407.6 million in issue as at 30 June 2025 (30 June 2024: £407.3 million).

The Group had £150.0 million of Additional Tier 1 ("AT1") capital outstanding as at 30 June 2025 (30 June 2024: £161.0 million), with the year-on-year decrease reflecting the redemption of a £61.0 million instrument on its contractual call date, and issuance of a new £50.0 million AT1 instrument, issued to FirstRand Bank Limited on 29 April 2025. The Group's outstanding Tier 2 resources remained stable at £100.9 million (30 June 2024: £100.9 million).

In June 2022, the Group (as borrower) entered into a committed liquidity facility with FirstRand Bank Limited (as lender) for £100.0 million. There is no drawn balance as at 30 June 2025 (30 June 2024: nil). The facility was renewed in December 2024 for another 15 months, with an implied final repayment date in March 2026.

In October 2022, the Group also entered into an uncommitted liquidity facility with FirstRand Bank Limited (as lender) for £400.0 million. There is no drawn balance as at 30

June 2025 (30 June 2024: nil). The facility was renewed in September 2024 for another 12 months, with an implied final repayment date in September 2025.

Funding	Year ended 30 June 2025 £m	Year ended 30 June 2024 £m
Retail deposits	11,465.6	11,010.4
SME deposits	2,738.5	3,092.0
Corporate deposits - Deposit aggregators	2,069.0	1,703.8
Corporate deposits - Other	774.5	500.5
Customer deposits	**17,047.6**	**16,306.7**
Term Funding Scheme for SMEs ("TFSME")	470.2	1,079.2
Residential Mortgages Backed Securities ("RMBS")	521.8	370.2
Warehouse backed by auto loans	407.6	407.3
Subordinated liabilities	100.9	100.9
Intercompany funding	0.3	0.1
Wholesale funding	**1,500.8**	**1,957.7**
Total funding	**18,548.4**	**18,264.4**

Asset-liability gap risk

Asset-liability gap risk is the risk that market movements in interest rates may impact the value or income arising from mismatched asset and liability positions which are sensitive to changes in interest rates. The Group is not exposed to significant foreign exchange or equity price risk.

Where possible, the Group seeks to match the interest rate structure of assets with liabilities, creating a natural hedge. Where this is not possible, the Group may enter into interest rate swap transactions to convert the fixed rate exposures on loans and advances, customer deposits and fair value through other comprehensive income ("FVOCI") securities into variable rate SONIA assets and liabilities.

Given timing differences, operational costs, and the price of hedging small asset-liability gaps, it is not always efficient to eliminate all mismatches. This residual interest rate risk exposure of the overall asset-liability gap is monitored against approved limits using changes in the economic value of the residual exposure as a result of a modelled 2 percentage point shift in the yield curve.

The impact on profit/(loss) of a 2 percentage point shift in the yield curve is as follows:

	Year ended 30 June 2025 £m	Year ended 30 June 2024 £m
2% shift up the yield curve		
As at year end	7.3	(3.7)
Average of month end positions	1.8	(0.1)
2% shift down the yield curve		
As at year end	(8.1)	3.9
Average of month end positions	(2.1)	-

Gross undiscounted contractual cash flows - (audited)

The following is an analysis of gross undiscounted contractual cash flows payable under financial liabilities. The analysis has been prepared on the basis of the earliest date at which contractual repayments may take place. This includes consideration of where the Group has the contractual right to call, irrespective of whether any decision to call has been made.

30 June 2025	Payable on demand £m	Up to 3 months £m	3 to 12 months £m	1 to 5 years £m	More than 5 years £m	Total £m
Amounts due to banks	5.2	446.1	350.3	-	-	801.6
Customers' accounts	5,641.7	3,789.1	5,191.0	2,782.3	-	17,404.1
Other liabilities	22.8	27.3	2.5	8.6	4.5	65.7
Debt securities in issue	-	50.9	124.5	773.7	55.9	1,005.0
Subordinated notes	-	2.7	5.9	119.2	-	127.8
Unrecognised loan commitments	-	815.4	-	-	-	815.4
Non-derivative liabilities	**5,669.7**	**5,131.5**	**5,674.2**	**3,683.8**	**60.4**	**20,219.6**
Derivatives held for risk management settled net	-	3.1	14.5	90.2	0.8	108.6
Derivative liabilities	**-**	**3.1**	**14.5**	**90.2**	**0.8**	**108.6**

30 June 2024	Payable on demand £m	Up to 3 months £m	3 to 12 months £m	1 to 5 years £m	More than 5 years £m	Total £m
Amounts due to banks	-	614.1	-	500.9	286.1	1,401.1
Customers' accounts	7,128.8	1,949.8	4,889.7	2,748.8	-	16,717.1
Other liabilities	24.1	20.4	3.4	15.0	13.1	76.0
Debt securities in issue	1.1	66.2	92.1	654.0	-	813.4
Subordinated notes	-	2.8	6.2	127.9	-	136.9
Unrecognised loan commitments	822.3	-	-	-	-	822.3
Non-derivative liabilities	**7,976.3**	**2,653.3**	**4,991.4**	**4,046.6**	**299.2**	**19,966.8**
Derivatives held for risk management settled net	-	1.2	6.7	29.6	3.2	40.7
Derivative liabilities	**-**	**1.2**	**6.7**	**29.6**	**3.2**	**40.7**

Capital risk - (audited)

Capital risk is the risk that the Group has insufficient capital to cover regulatory requirements and/or support its growth plans. All disclosures presented below fall within the scope of the independent auditor's opinion, with the exception of those pertaining to capital ratios, which are accompanied by a footnote clarifying their exclusion.

The Group operated in line with its capital risk appetite as set by the Board and above its regulatory capital requirements throughout the years ended 30 June 2025 and 30 June 2024.

The Group's capital resources as at the year end were as follows:

Capital resources	**Year ended 30 June 2025 £m**	**Year ended 30 June 2024 £m**
Common Equity Tier 1 capital ("CET1")		
Share capital	243.9	243.9
Share premium account	74.4	74.4
Capital redemption reserve	0.2	0.2
FVOCI reserve	(5.0)	(0.7)
Retained earnings	1,415.4	1,285.6
IFRS 9 transitional adjustment[1]	12.7	34.6
Less: Goodwill, intangible assets and prudential valuation adjustment	(11.3)	(10.9)
Less: Foreseeable dividend[2]	(125.0)	-
Total CET1	**1,605.3**	**1,627.1**
Additional Tier 1	150.0	161.0
Total Tier 1 capital	**1,755.3**	**1,788.1**
Tier 2 capital		
Subordinated notes	100.0	100.0
Total Tier 2 capital	**100.0**	**100.0**
Total Capital resources	**1,855.3**	**1,888.1**
Risk weighted assets - Pillar 1[1,3]	**10,738.5**	**10,246.3**
Capital ratios - regulatory basis[3] (%)		
Common Equity Tier 1 ratio	14.9%	15.9%
Tier 1 capital ratio	16.3%	17.5%
Total capital ratio	17.3%	18.4%
Leverage ratio	**8.8%**	**9.7%**

[1] The Group has adopted the regulatory transitional arrangements for IFRS 9 as set out in Article 473a of the UK CRR. These arrangements allow certain impacts of IFRS 9 to be phased in over a 5-year period, including revisions made in June 2020 under the CRR 'Quick Fix' relief package. The Group's capital and ratios presented above are under these arrangements.

[2] Under UK CRR Article 26, a deduction has been recognised at 30 June 2025 for a foreseeable dividend, being the proposed final dividend as set out in note 9 to the financial statements.

[3] Risk weighted assets and capital ratios are not covered by the independent auditor's opinion.

On a fully loaded basis, with no add back for the IFRS 9 transitional adjustments, the Group's capital ratios would be as follows:

Capital ratios - fully loaded basis[1]	**30 June 2025 %**	**30 June 2024 %**
Common Equity Tier 1 ratio	14.8%	15.6%
Tier 1 capital ratio	16.2%	17.2%
Total capital ratio	17.2%	18.2%

[1] Capital ratios are not covered by the independent auditor's opinion.

Reconciliation of equity per statement of financial position to capital resources - (audited)

	Year ended 30 June 2025 £m	Year ended 30 June 2024 £m
Equity per statement of financial position	**1,878.9**	**1,764.4**
Add: subordinated notes	100.0	100.0
Add: IFRS 9 transitional adjustment	12.7	34.6
Less: Goodwill, intangible assets and prudential valuation adjustment	(11.3)	(10.9)
Less: foreseeable dividend	(125.0)	-
Total capital resources	**1,855.3**	**1,888.1**

Financial statements

Statement of Directors' responsibilities

In respect of the Report and Accounts and the financial statements

The Directors are responsible for preparing the Report and Accounts and the Group and parent Company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and parent Company financial statements for each financial year. Under that law they have elected to prepare the Group and parent Company financial statements in accordance with UK-adopted international accounting standards and applicable law.

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 Group and parent Company and of the Group's profit or loss for that period. In preparing each of the Group and parent Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with UK-adopted international accounting standards;
- assess the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

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

They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report and a Directors' Report that complies with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility statement

We confirm that to the best of our knowledge:

- The financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole;
- The Strategic Report, from page 4, includes a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- The annual report and financial statements, taken as a whole, are fair, balanced, understandable and provide the information necessary for shareholders to assess the company's position and performance, business model and strategy.

Steven Cooper CBE

Chief Executive Officer

8 September 2025

KPMG

Independent Auditor's report to the members of Aldermore Group PLC

1. Our opinion is unmodified

We have audited the financial statements of Aldermore Group PLC ('the Company') for the year ended 30 June 2025 which comprise the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of cashflows, consolidated statement of changes in equity, company statement of financial position, company statement of cashflows, company statement of changes in equity and the related notes, including the accounting policies in notes 1 and 2.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 30 June 2025 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the parent Company financial statements have been properly prepared in accordance with UK-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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ('ISAs (UK)') and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to other entities of public interest. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Overview	
Materiality:	£10.5 million
Group financial statements as a whole	4.2% of normalised profit before tax from continuing operations
Key audit matters	
Recurring risks	Expected credit losses on loans and advances to customers
	Interest receivable on originated loan accounts
	Recoverability of Parent Company's investment in subsidiaries
Event driven	Customer redress provision - FCA review into historic motor finance commissions

2. Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We summarise below the key audit matters, in decreasing order of audit significance, in arriving at our audit opinion above, together with our key audit procedures to address those matters and our findings ('our results') from those procedures in order that the Company's members, as a body, may better understand the process by which we arrived at our audit opinion. These matters were addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.

<table>
<tr><th></th><th>The risk</th><th>Our response</th></tr>
<tr>
<td>Expected credit losses

(£258.0 million; 2024: £310.8 million)

Refer to page 81 credit risk, Note 2d accounting policy, note 3a Use of estimates and judgements and Note 15 financial disclosures.</td>
<td>The measurement of expected credit losses (‘ECL’) on loans and advances to customers involves significant judgements and estimates. The risk of material misstatement of ECL is heightened in the current year due to the increased judgement and estimation uncertainty as a result of the ongoing economic and geopolitical uncertainties. The key areas where we have identified greater levels of management judgement and therefore increased levels of audit focus in the Group’s estimation of ECL are:

Economic scenarios: IFRS 9 requires the Group to measure ECL on a forward-looking basis reflecting a range of future economic conditions. Significant management judgement is applied to determine the economic scenarios used, particularly in the current economic environment, and the probability weightings assigned to each economic scenario.
Model estimations: inherently judgemental modelling is used to estimate ECLs which involves determining Probabilities of Default (‘PD’), Loss Given Default (‘LGD’) and Exposures at Default (‘EAD’). The LGD model used in the property finance ECL, the PD model used in the motor finance ECL and the forward-looking information (‘FLI’) model used across modelled ECL calculations are the key drivers of the Group’s ECL results and are therefore the most significant judgemental aspects of the Group’s ECL modelling approach.
Significant Increase in Credit Risk (‘SICR’): the criteria selected to identify a significant increase in credit risk is a key area of judgement within the Group’s ECL calculation as these criteria determine whether a 12-month or lifetime provision is recorded.
Post-model adjustments (‘PMAs’) and overlays: adjustments to the model-driven ECL results are raised by management to address issues relating to model limitations, model responsiveness or emerging trends including current macroeconomic uncertainties. Such adjustments are inherently uncertain, and significant judgement is involved in estimating these amounts.

The effect of these matters is that, as part of our risk assessment, we determined that the ECL on loans and advances to customers has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole, and possibly many times that amount.

As a consequence of the inherent estimation uncertainty arising from the economic scenarios and PMAs and overlays elements of the above risk, we have identified both these areas to have a specific fraud risk.

Disclosure quality

In addition, the disclosures regarding the Group’s application of IFRS 9 are key to explaining the key judgements and material inputs to the IFRS 9 results.</td>
<td>We performed the following audit procedures rather than seeking to rely on the Group’s controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described.

Our procedures included:

Test of details: We recalculated the ECL measured for each of Group’s loan portfolios. We performed testing over key inputs, data and assumptions to assess the reasonableness of key aspects of the ECL calculations
Our economic scenario expertise: we involved our own economic specialists to assist us in:

assessing the reasonableness of the Group’s methodology for determining the economic scenarios used and the probability weightings applied to them; and
assessing the overall reasonableness of the economic forecasts by comparing the Group’s forecasts to our own modelled forecasts.

Our credit risk modelling expertise: We involved our own credit risk modelling specialists to assist us in evaluating the Group’s ECL models. We used our knowledge of the Group and our experience of the industry that the Group operates in to independently challenge the appropriateness of the Group’s ECL models.
SICR: We assessed the technical compliance and completeness of the Group's SICR criteria and its ongoing effectiveness. In addition, we independently applied the Group’s staging methodology for a selection of loan portfolios to assess whether each loan has been assigned to the correct stage per the Group’s approved staging criteria.
PMAs and overlays: For each of the significant adjustments to the model-driven ECL results, we assessed the reasonableness of the adjustments by evaluating the key assumptions, inspecting the calculation methodology, tracing a sample of data used back to source data, and recalculating the PMAs and overlays. We also assessed the completeness of PMAs and overlays recognised including in response to model limitations, data limitations and the evolving macroeconomic outlook.

Assessing transparency: We evaluated whether the disclosures appropriately reflect and address the uncertainty which exists when determining the Group’s overall ECL. As part of this, we assessed the sensitivity analysis that is disclosed. In addition, we challenged whether the disclosure of the key judgements and assumptions made is sufficiently clear.

Our results

We found the resulting estimate of the expected credit losses on loans and advances to customers and the associated disclosures made to be acceptable.</td>
</tr>
</table>

	The risk	Our response
Customer redress provision - FCA review into historic motor finance commissions (£73.1 million; 2024: £15.0 million) Refer to note 22 of the financial disclosures.	**Subjective estimate** Under IAS 37 Provisions, Contingent Liabilities and Contingent Assets, significant judgement is required in determining whether a present obligation exists or whether an outflow is probable, and in estimating the amount required to settle the obligation. Significant uncertainties can arise in measuring potential obligations due to the range of possible outcomes relating to operational, legal and regulatory matters. The most significant matter in this regard is the Group's customer redress provision in respect of motor finance commissions, recognised at 30 June 2025. The Directors' estimate is based on the information available to the Group on customer redress provision in respect of motor finance commissions following developments during 2024 and 2025, including the adjusting post-balance sheet events arising from the Supreme Court judgement on 1 August 2025 and the FCA announcement on 3 August 2025. The key areas of estimation uncertainty include the redress approaches that management has incorporated across each of its scenarios, along with the probability-weights assigned to each scenario to calculate the overall estimate. Due to the inherent estimation uncertainty, we have identified these areas to have a specific fraud risk. The effect of these matters is that, as part of our risk assessment, we determined that the customer redress provision in respect of motor finance commissions has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as whole, and possibly many times that amount. **Disclosure quality** The disclosures regarding the Group's approach to determining the customer redress provision in respect of motor finance commissions are important in explaining the key judgements and material inputs to the provision calculations, as well as the sensitivity of provision amounts to changes in management's assumptions, in light of the estimation uncertainty arising.	We performed the following audit procedures rather than seeking to rely on the Group's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described. **Our procedures included:** • Methodology implementation: we assessed the methodology applied by the Group to calculate the provision against the requirements of IAS 37. • Independent reperformance: We evaluated the Group's assessment of the potential outcomes and associated probabilities. In addition, we tested the data inputs and mathematical accuracy of the provision calculation and critically evaluated the assumptions used in calculating the estimate. Further, we calculated an alternative estimate of the provision based on our challenges and assumptions. • Sensitivity analysis: We performed sensitivity analysis on the judgemental assumptions, including customer response rates and probability-weightings, to determine those most significant to the estimated provision. We also critically assessed the impact on the provision using a range of alternative assumptions. • Assessing transparency: we assessed whether the Group's disclosures appropriately reflect and address the uncertainty which exists in determining the provision for motor finance commissions, as well as whether the sensitivity disclosures are adequate and clear. In addition, we challenged whether the disclosure of the key judgements are assumptions made are sufficiently clear. **Our results** We found the customer redress provision in respect of motor finance commissions and the related disclosures to be acceptable.

	The risk	Our response
Interest receivable on originated loan accounts (£1,087.1 million; 2024: £971.1 million) Refer to note 3b Use of estimates and judgements and Note 5 accounting policy and financial disclosures	**Subjective estimate** The recognition of interest receivable on originated loan accounts for the property portfolio under the effective interest rate ('EIR') method requires management to apply judgement, with the most critical estimate being the loans' expected behavioural life. The expected life assumptions utilise repayment profiles which represent how customers are expected to pay. These profiles extend significantly into the future which creates a high degree of estimation uncertainty and subjects the judgement to future market changes. The Group makes its expected life assumption based on its forecasting process which incorporates historical experience. Due to ongoing developments in the UK economy there continues to be heightened subjectivity in this assessment for the current year. As a consequence of the inherent estimation uncertainty arising from expected life assumption, we have identified the assumption to have a specific fraud risk. The effect of these matters is that, as part of our risk assessment, we determined that the EIR adjustment and corresponding EIR income on originated loan accounts has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole. **Disclosure quality** The disclosures regarding the Group's application of EIR accounting are important in explaining the key judgements and material inputs to the EIR adjustment, in light of the estimation uncertainty arising.	We performed the following audit procedures rather than seeking to rely on the Group's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described. **Our procedures included:** • Historical comparison: We critically assessed the Group's analysis and key assumptions over the repayment profiles by comparing them to the historical trends and actual portfolio behaviour, considering the potential impact of uncertainties arising from the current economic environment on the behavioural life forecasts. We applied alternative repayment profiles based on our recalculations. • Our sector experience: We critically assessed key assumptions behind the Group's expected behavioural lives against our own knowledge of industry experience and trends, including market rates. We also challenged the appropriateness of the level of segmentation applied to the loan portfolios by management. • Sensitivity analysis: We performed sensitivity analysis over the repayment profiles by applying alternative profiles based upon the above procedures. • Assessing transparency: We evaluated whether the disclosures appropriately reflect and address the uncertainty which exists when determining the Group's EIR adjustments and corresponding EIR income. As part of this, we assessed the sensitivity analysis that is disclosed. In addition, we challenged whether the disclosure of the critical estimates and assumptions made is sufficiently clear. **Our results** We found the interest receivable on originated loan accounts and the related disclosures to be acceptable.
Recoverability of parent Company's investment in subsidiaries (£504.6 million; 2024: £515.6 million) Refer to note 34 financial disclosures.	**Low risk, high value** The carrying amount of the parent Company's investment in its subsidiaries represents 61% of the Company's total assets. Their recoverability is not at a high risk of material misstatement or subject to significant judgement. However, due to their materiality in the context of the parent Company financial statements, this is considered to be the area that had the greatest effect on our overall parent Company audit.	We performed the following audit procedure rather than seeking to rely on any of the Company's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described below. • Tests of detail: We compared the carrying amount of 100% of investments with the relevant subsidiary's financial statements to identify whether its net assets, being an approximation of its minimum recoverable amount, were in excess of its carrying amount and assessed whether the subsidiary has historically been profit-making. • Comparing valuations: For the subsidiary whose net assets were less than the carrying value, we evaluated the appropriateness of adjustments made to the value in use estimates to reflect the subsidiaries' equity value to assess whether there were indications of impairment. **Our results**: We found the parent Company's conclusion that there is no impairment of its investments in subsidiaries to be acceptable.

3. Our application of materiality and an overview of the scope of our audit

Materiality for the Group financial statements as a whole was set at £10.5 million, determined with reference to a benchmark of Group profit before tax, normalised to exclude the impact of customer redress provision in respect of motor finance commissions as disclosed in note 22, of £58.5 million, of which it represents 4.2%. We adjusted for this item because it is not reflective of normal, continuing operations for the Group.

Materiality for the parent Company financial statements as a whole was set at £7.5 million, determined with reference to a benchmark of Company total assets, of which it represents 0.9%.

In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole.

Performance materiality was set at 65% of materiality for the financial statements as a whole, which equates to £6.8 million for the Group and £4.9 million for the parent Company. We applied this percentage in our determination of performance materiality based on the known General IT control deficiencies and the Group's ongoing remediation of the IT control environment.

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £0.53 million, in addition to other identified misstatements that warranted reporting on qualitative grounds.

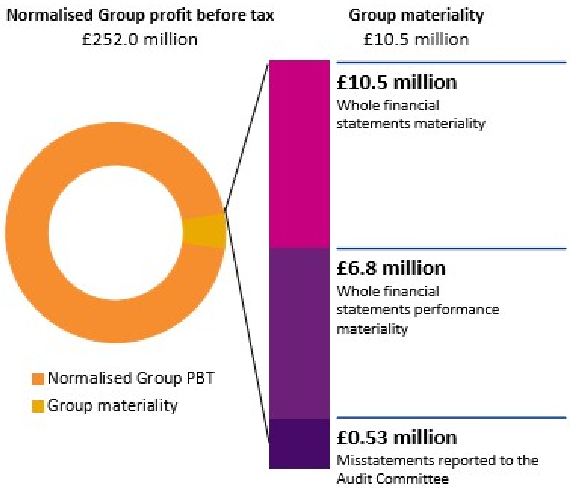
Overview of the scope of our audit

This year, we applied the revised group auditing standard in our audit of the consolidated financial statements. The revised standard changes how an auditor approaches the identification of components, and how the audit procedures are planned and executed across components.

In particular, the definition of a component has changed, shifting the focus from how the entity prepares financial information to how

we, as the group auditor, plan to perform audit procedures to address group risks of material misstatement ('RMMs').

We identified the group as a whole to be a single component, having considered our evaluation of the Group's operational structure, the Group's legal structure, the existence of common information systems, and our ability to perform audit procedures centrally.



Accordingly, we performed audit procedures on the single component. We have audited the item excluded from the normalised Group profit before tax used as the benchmark for our materiality.

The audit was performed using the materiality and performance materiality levels set out above.

Impact of controls on our audit

We were able to rely upon the Group's internal control over financial reporting in several areas of our audit, where our controls testing supported this approach, which enabled us to reduce the scope of our substantive audit work; in the other areas the scope of the audit work performed was fully substantive.

4. Going concern

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the Company or to cease their operations, and as they have concluded that the Group's and the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ('the going concern period').

We used our knowledge of the Group, its industry, and the general economic environment to identify the inherent risks to its business model and analysed how those risks might affect the Group's and Company's financial resources or ability to continue operations over the going concern period. The risks that we considered most likely to adversely affect the Group's and Company's available financial resources over this period were:

- the availability of funding and liquidity in the event of a market wide stress scenario; and
- the impact on regulatory capital in the event of a market wide stress scenario.

We considered whether these risks could plausibly affect the liquidity in the going concern period by comparing severe, but plausible downside scenarios that could arise from these risks individually and collectively against the level of available financial resources indicated by the Group's financial forecasts.

We considered whether the going concern disclosure in note 1 to the financial statements gives a full and accurate description of the directors' assessment of going concern.

Our conclusions based on this work:

– we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;

– we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group's or Company's ability to continue as a going concern for the going concern period; and

We found the going concern disclosure in note 1 to be acceptable.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the Company will continue in operation.

5. Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ('fraud risks') we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included :

- Enquiring of Directors, the Audit Committee, Internal Audit and inspection of policy documentation as to the Group's high-level policies and procedures to prevent and detect fraud, including the Internal Audit function, and the Group's channel for 'whistleblowing', as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board, Audit Committee, and Risk Committee meeting minutes.
- Considering remuneration incentive schemes and performance targets for management and directors.
- Using analytical procedures to identify any unusual or unexpected relationships.
- Involving our own forensic professionals to assist us with identifying fraud risks, as well as designing relevant audit procedures to respond to the identified fraud risks.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account possible pressures to meet profit targets and our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk in relation to interest receivable on originated loan accounts for the property portfolio under the effective interest rate ('EIR') method.

We also identified a fraud risk related to the estimation of expected credit losses on loans and advances to customers specifically relating to economic scenarios, PMAs and overlays and customer redress provision in respect of historic motor finance commissions in response to significant estimation that involves subjective judgements or are inherently uncertain.

Further detail in respect of expected credit losses on loans and advances to customers, interest receivable on originated loan accounts and customer redress provision - FCA review into historic motor finance commissions is set out in the key audit matter disclosures in section 2 of this report.

We also performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted by senior finance management, those posted to seldom used accounts, those posted by individuals with privileged access and those with specific key words in the description; and
- Assessing whether the judgements made in making accounting estimates are indicative of a potential bias.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the Directors and other management (as required by auditing standards), and from inspection of the Group's regulatory and legal correspondence and discussed with the Directors and other management the policies and procedures regarding compliance with laws and regulations.

As the Group is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of the Group's license to operate. We identified the following areas as those most likely to have such an effect: regulatory capital and liquidity, conduct (including consumer duty), money laundering and financial crime and certain aspects of company legislation recognising the financial and regulated nature of the Group's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Further detail on customer redress provision in respect of historic motor finance commissions is set out in the key audit matter disclosures in section 2 of this report.

In relation to the Supreme Court judgement in the cases of Hopcraft, Wrench and Johnson on 1 August 2025 as well as the FCA announcement on 3 August 2025, pertaining to the FCA's plan to consult on a motor finance redress scheme, discussed in note 22, we assessed the provision recognised and the Group's disclosures against our understanding from inspecting regulatory correspondence and holding enquiries with the Group's internal legal counsel.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

6. We have nothing to report on the other information in the Annual Report

The Directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Strategic report and directors' report

Based solely on our work on the other information:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

7. We have nothing to report on the other matters on which we are required to report by exception

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

- 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; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

8. Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 101, the Directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and 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 they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

9. The purpose of our audit work and to whom we owe our responsibilities

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 and the terms of our engagement by the company. 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 the further matters we are required to state to them in accordance with the terms agreed with the company 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.

Pamela McIntyre (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

15 Canada Square

London

E14 5GL

8 September 2025

The consolidated financial statements

Consolidated income statement	Note	Year ended 30 June 2025 £m	Year ended 30 June 2024 £m
Interest income		1,414.8	1,430.6
Interest expense		(816.9)	(826.3)
Net interest income	**5**	**597.9**	**604.3**
Fee and commission income		9.2	9.1
Fee and commission expense		(15.2)	(14.4)
Net fee and commission expense	**6**	**(6.0)**	**(5.3)**
Net losses from derivatives and other financial instruments at fair value through profit or loss	7	(1.9)	(20.7)
Net gains on disposal of financial assets at fair value through other comprehensive income		1.1	2.0
Net gains on financial assets at amortised cost		-	0.2
Other operating income		9.3	5.3
Total operating income		**600.4**	**585.8**
Provisions	22	(63.9)	(26.6)
Other expenses and staff costs		(327.1)	(324.4)
Administrative expenses	**8**	**(391.0)**	**(351.0)**
Operating profit before impairment losses		**209.4**	**234.8**
Share of profit of associate	16	0.7	-
Impairment releases/ (losses) on loans and advances to customers	15	(16.6)	18.3
Profit before taxation		**193.5**	**253.1**
Taxation	11	(52.4)	(67.4)
Profit after taxation - attributable to equity holders of the Group		**141.1**	**185.7**

The notes and information from page 118 onwards form part of these financial statements.

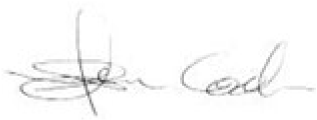
Consolidated statement of comprehensive income	Year ended 30 June 2025 £m	Year ended 30 June 2024 £m
Profit after taxation	**141.1**	**185.7**
FVOCI debt securities:		
Fair value movements	(4.6)	(3.3)
Amounts transferred to the income statement	(1.1)	(2.0)
Taxation	1.4	1.3
Total other comprehensive expense	**(4.3)**	**(4.0)**
Total comprehensive income attributable to equity holders of the Group	**136.8**	**181.7**

Consolidated statement of financial position	Note	Year ended 30 June 2025 £m	Year ended 30 June 2024 £m (Represented)
Assets			
Cash and balances at central banks	29	1,182.3	2,172.2
Loans and advances to banks	12	292.3	257.4
Debt securities	13	2,704.2	2,436.5
Derivatives held for risk management	14	178.6	348.2
Loans and advances to customers	15	16,599.7	15,336.9
Fair value adjustment for portfolio hedged risk	14	21.3	(130.4)
Other assets		13.0	34.7
Prepayments and accrued income		26.8	26.9
Taxation asset	11	11.0	2.4
Deferred taxation	11	6.5	6.9
Investment in associates[1]	16	7.0	6.4
Property, plant and equipment	17	27.5	33.7
Intangible assets	18	8.6	8.6
Total assets		**21,078.8**	**20,540.4**
Liabilities			
Amounts due to banks	19	795.8	1,365.3
Customers' accounts	20	17,047.6	16,306.7
Derivatives held for risk management	14	98.5	40.7
Fair value adjustment for portfolio hedged risk	14	16.4	6.5
Other liabilities, accruals and deferred income	21	128.4	150.8
Current taxation	11	-	0.8
Provisions	22	82.9	26.8
Debt securities in issue	23	929.4	777.5
Subordinated notes	24	100.9	100.9
Total liabilities		**19,199.9**	**18,776.0**
Equity			
Share capital	26	243.9	243.9
Share premium account		74.4	74.4
Additional tier 1 capital	28	150.0	161.0
Capital redemption reserve		0.2	0.2
Fair value through other comprehensive income		(5.0)	(0.7)
Retained earnings		1,415.4	1,285.6
Total equity		**1,878.9**	**1,764.4**
Total liabilities and equity		**21,078.8**	**20,540.4**

[1]Due to the reclassification of the Company's investment in associates in the current period, the prior year has been represented to reflect this change. Please refer to note 16 for further information.

The notes and information from page 118 onwards form part of these financial statements.

These financial statements were approved by the Board and were signed on its behalf by:



Steven Cooper CBE
Chief Executive Officer

8 September 2025

Registered number: 6764335

Ralph Coates
Chief Financial Officer

8 September 2025

Consolidated statement of cash flows	Note	Year ended 30 June 2025 £m	Year ended 30 June 2024 £m (Restated)
Cash flows from operating activities			
Profit before taxation		193.5	253.1
Adjustments for non-cash items and other adjustments included within the income statement	29	(37.4)	(25.6)
Change in operating assets	29	(1,274.3)	55.1
Change in operating liabilities	29	281.1	959.6
Interest received on debt securities [1]		95.2	86.3
Interest paid on debt securities in issue [1,3]		(39.3)	(57.3)
Interest paid on subordinated notes [1]	25	(7.9)	(9.0)
Dividend received		1.1	-
Income tax paid		(59.9)	(73.4)
Proceeds from disposal of non-current assets held for sale [2]		-	32.8
Net cash flows from operating activities		**(847.9)**	**1,221.6**
Cash flows from investing activities			
Purchase of debt securities	13	(1,618.2)	(1,184.9)
Proceeds from sale and maturity of debt securities	13	1,278.3	421.2
Capital repayments of debt securities	13	81.5	367.2
Purchase of property, plant and equipment and intangible assets	17	(7.1)	(5.5)
Net cash flows used in investing activities		**(265.5)**	**(402.0)**
Cash flows from financing activities			
Repayment of subordinated notes	25	-	(152.0)
Proceeds from issue of subordinated notes	25	-	100.0
Proceeds from issue of debt securities	25	300.0	-
Capital repayments of debt securities issued	25	(150.0)	(505.1)
Redemption of Additional tier 1 capital	28	(61.0)	(47.0)
Issuance of Additional tier 1 capital	28	50.0	100.0
Coupons paid on Additional tier 1 capital	28	(11.3)	(8.6)
Repayment of lease liabilities - principal		(3.9)	(5.3)
Net cash generated from / (used in) financing activities		**123.8**	**(518.0)**
Net (reduction) / increase in cash and cash equivalents		**(989.6)**	**301.6**
Cash and cash equivalents at start of the period	29	2,300.6	1,999.0
Movement during the period		(989.6)	301.6
Cash and cash equivalents at end of the period	29	**1,311.1**	**2,300.6**

Interest received was £1,368.0 million (2024: £1,365.5 million) and interest paid was £836.5 million (2024: £698.4 million).

The Group has restated the comparative consolidated statement of cash flows due to the following:

[1]Interest paid on subordinated notes (£9.0 million) and Interest paid on debt securities in issue (£55.9m) have been reclassified from financing activities to operating activities. In addition, Interest received on debt securities of £39.7 million has been reclassified from investing activities to operating activities in line with the Group's accounting policy to classify cash flows from interest paid and interest received as operating activities.

[2]The Group has reclassified Proceeds from disposal of non-current assets held for sale (£32.8 million) in the prior year from investing activities to operating activities as these include the disposal of an Invoice Finance portfolio of loans and advances, which is consistent with the Group's operating activities.

[3]Interest received on debt securities totalling £46.6 million which was previously classified as a non-cash item. This has been reclassified to 'interest received on debt securities' within operating activities.

The impact on the operating, investing and financing cash flows for the comparative period is presented in the below table. There is no impact on the net cash flow, the opening or closing cash balances.

Cash flow activity	Previously reported £m	Adjustment £m	Restated £m
Operating	1,214.3	7.3	1,221.6
Investing	(329.5)	(72.5)	(402.0)
Financing	(583.2)	65.2	(518.0)

Consolidated statement of changes in equity	Note	Share capital £m	Share premium account £m	Additional tier 1 capital £m	Capital redemption reserve £m	FVOCI reserve £m	Retained earnings £m	Total £m
Year ended 30 June 2025								
As at 1 July 2024		**243.9**	**74.4**	**161.0**	**0.2**	**(0.7)**	**1,285.6**	**1,764.4**
Profit after taxation		-	-	-	-	-	141.1	141.1
Other comprehensive loss		-	-	-	-	(4.3)	-	(4.3)
Redemption of Additional tier 1 capital	28	-	-	(61.0)	-	-	-	(61.0)
Issuance of Additional tier 1 capital	28	-	-	50.0	-	-	-	50.0
Coupon paid on Additional tier 1 capital securities	28	-	-	-	-	-	(11.3)	(11.3)
As at 30 June 2025		**243.9**	**74.4**	**150.0**	**0.2**	**(5.0)**	**1,415.4**	**1,878.9**

Consolidated statement of changes in equity	Note	Share capital £m	Share premium account £m	Additional tier 1 capital £m	Capital redemption reserve £m	FVOCI reserve £m	Retained earnings £m	Total £m
Year ended 30 June 2024								
As at 1 July 2023		**243.9**	**74.4**	**108.0**	**0.2**	**3.3**	**1,108.6**	**1,538.4**
Profit after taxation		-	-	-	-	-	185.7	185.7
Other comprehensive loss		-	-	-	-	(4.0)	-	(4.0)
Redemption of Additional tier 1 capital	28	-	-	(47.0)	-	-		(47.0)
Issuance of Additional Tier 1 Capital	28	-	-	100.0	-	-		100.0
Coupon paid on Additional tier 1 capital securities	28	-	-	-	-	-	(8.7)	(8.7)
As at 30 June 2024		**243.9**	**74.4**	**161.0**	**0.2**	**(0.7)**	**1,285.6**	**1,764.4**

The notes and information from page 118 onwards form part of these financial statements.

The Company financial statements

Company statement of financial position	Note	Year ended 30 June 2025 £m	Year ended 30 June 2024 £m (Represented)
Assets			
Cash and balances at central banks		13.3	12.5
Amounts receivable from Group undertakings	37	303.3	308.8
Tax asset		0.1	-
Investment in subsidiaries	34	504.6	515.6
Investment in associates[1]	16	4.8	4.8
Total assets		**826.1**	**841.7**
Liabilities			
Amounts payable to Group undertakings	38	10.7	22.9
Tax liability		-	0.8
Subordinated notes	24	100.9	100.9
Total liabilities		**111.6**	**124.6**
Equity			
Share capital	26	243.9	243.9
Share premium account		74.4	74.4
Additional tier 1 capital	28	150.0	161.0
Capital redemption reserve		0.2	0.2
Retained earnings		246.0	237.6
Total equity		**714.5**	**717.1**
Total liabilities and equity		**826.1**	**841.7**

[1]Due to the reclassification of the Company's investment in associates in the current period, the prior year has been represented to reflect this change. Please refer to note 16 for further information.

The notes and information from page 118 onwards form part of these financial statements.

Aldermore Group PLC profit for the year ended 30 June 2025 was £19.7 million (30 June 2024: profit of £16.3 million).

These financial statements were approved by the Board and were signed on its behalf by:

Steven Cooper CBE
Chief Executive Officer

8 September 2025

Registered number: 6764335

Ralph Coates
Chief Financial Officer

8 September 2025

Company statement of cash flows	Note	Year ended 30 June 2025 £m	Year ended 30 June 2024 £m (Restated)
Cash flows from operating activities			
Profit before taxation[1]		20.7	17.1
Adjustments for non-cash items and other adjustments included within the income statement[1]		(2.6)	(1.5)
Change in operating assets		5.4	(1.5)
Change in operating liabilities		(12.2)	0.4
Interest paid on subordinated notes[2]		(7.9)	(9.1)
Dividends received		5.4	5.4
Coupons received on Additional tier 1 capital		5.2	5.2
Income tax paid		(1.9)	(0.1)
Net cash flows generated from operating activities		**12.1**	**15.9**
Cash flows from financing activities			
Repayment of subordinated notes	25	-	(152.0)
Proceeds from issue of subordinated notes	25	-	100.0
Repayment of Additional tier 1 capital	28	(61.0)	(47.0)
Proceeds from issue of Additional tier 1 capital	28	50.0	100.0
Proceeds from reduction of investments in subsidiaries		11.0	-
Coupons paid on Additional tier 1 capital		(11.3)	(8.6)
Net cash used in financing activities		**(11.3)**	**(7.6)**
Net increase in cash and cash equivalents		**0.8**	**8.3**
Cash and cash equivalents at start of the period		12.5	4.2
Movement during the period		0.8	8.3
Cash and cash equivalents at end of the period		**13.3**	**12.5**

The notes and information from page 118 onwards form part of these financial statements.

The Company has restated the comparative statement of cash flows due to the following:

[1]The presentation of the statement of cash flows has been aligned to the consolidated statement of cash flows on page 113. The prior period has been restated to maintain consistency and comparability. The primary change is to begin the disclosure from Profit before tax of £17.1 million, reported in the prior year as 'Income from operating activities' at £6.5 million. This change has resulted in the amount disclosed in the prior year under 'Adjustments for non-cash item as and other adjustments included within the income statement' being restated from £9.1 million to (£1.5 million).

[2]'Interest paid on subordinated notes' (£9.1 million) have been reclassified from financing activities to operating activities in line with the Company's accounting policy to classify cash flows from interest paid as operating activities.

The impact on the operating, investing and financing cashflows for the comparative period is presented in the below table. There is no impact on the net cash flow, the opening or closing cash balances.

Cash flow activity	Previously reported £m	Adjustment £m	Restated £m
Operating	25.1	(9.2)	15.9
Financing	(16.8)	9.2	(7.6)

Company statement of changes in equity	Note	Share capital £m	Share premium account £m	Additional tier 1 capital £m	Capital redemption reserve £m	Retained earnings £m	Total £m
Year ended 30 June 2025							
As at 1 July 2024		**243.9**	**74.4**	**161.0**	**0.2**	**237.6**	**717.1**
Profit after taxation		-	-	-	-	19.7	19.7
Redemption of Additional tier 1 capital		-	-	(61.0)	-	-	(61.0)
Issuance of additional tier 1 capital		-	-	50.0	-	-	50.0
Coupon paid on Additional tier 1 capital securities		-	-	-	-	(11.3)	(11.3)
As at 30 June 2025		**243.9**	**74.4**	**150.0**	**0.2**	**246.0**	**714.5**

Company statement of changes in equity	Note	Share capital £m	Share premium account £m	Additional tier 1 capital £m	Capital redemption reserve £m	Retained earnings £m	Total £m
Year ended 30 June 2024							
As at 1 July 2023		**243.9**	**74.4**	**108.0**	**0.2**	**230.0**	**656.5**
Profit after taxation		-	-	-	-	16.3	16.3
Redemption of Additional Tier 1 capital		-	-	(47.0)	-	-	(47.0)
Issuance of Additional Tier 1 capital		-	-	100.0	-	-	100.0
Coupon paid on Additional tier 1 capital securities		-	-	-	-	(8.7)	(8.7)
As at 30 June 2024		**243.9**	**74.4**	**161.0**	**0.2**	**237.6**	**717.1**

The notes and information from page 118 onwards form part of these financial statements.

Notes to the consolidated financial statements

1. Basis of preparation

a. Accounting basis

The consolidated financial statements of Aldermore Group PLC (the "Company") include the assets, liabilities and results of the operations of the Company and its subsidiary undertakings (together, the "Group") which includes Aldermore Bank PLC (the "Bank") and MotoNovo Finance Limited.

By including the separate balance sheet of the Company, together with the consolidated financial statements, the Company is taking advantage of the exemption in Section 408 of the Companies Act 2006 not to present its individual income statement and related notes that form a part of these approved financial statements, see page 115 for the Company profit disclosure.

The principal activity of the Company is that of an investment holding company. The Company is public and limited by shares. The address of the Company's registered office is: Aldermore Group PLC, Apex Plaza, 4th Floor Block D, Forbury Road, Reading, Berkshire, RG1 1AX.

Both the consolidated and separate financial statements of the Company have been prepared and approved by the Directors in accordance with UK-adopted international accounting standards.

During the year ended 30 June 2025, there were no new IFRS standards which became effective that impacted the Group's reported earnings, financial position or reserves, or accounting policies. The Group has adopted the following new amendments to existing standards which were effective for accounting periods starting on or after 1 January 2024:

Amendments to existing standards adopted in the current year

Amendments to IFRS 16 Leases, IAS 1 Presentation of Financial Statements, IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures became effective in the current year. None of these amendments to IFRS Accounting Standards impacted the Group's reported earnings, financial position or reserves, or the accounting policies.

b. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries which are entities controlled by the Company, jointly referred to as the Group, for the year ended 30 June 2025.

Control is achieved when the Group:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect returns.

If facts and circumstances indicate that there are changes to one or more of the three elements of control listed above, the Group reassesses whether or not it controls an investee.

Subsidiaries are consolidated from the date on which control is transferred to the Group and are deconsolidated from the date that control ceases. Uniform accounting policies are applied consistently across the Group. Intercompany transactions and balances are eliminated upon consolidation. On initial recognition in the consolidated financial statements, subsidiaries acquired are accounted for by applying the acquisition method of accounting to business combinations.

The excess or shortage of the sum of the consideration transferred, the value of non-controlling interest, the fair value of any existing interest, and the fair value of identifiable net assets, is recognised as goodwill, or a gain on bargain purchase, as set out further below. Transaction costs are included in operating expenses within profit or loss when incurred.

Unrealised losses on transactions between Group entities are also eliminated unless the transaction provides evidence of impairment of the transferred asset, in which case the transferred asset will be tested for impairment in accordance with the Group's impairment policies.

Securitisation vehicles

The Group has securitised certain loans and advances to customers by the transfer of the beneficial interest in such loans to securitisation vehicles (see note 23). The securitisation enabled the subsequent issue of debt securities by a securitisation vehicle to investors who have the security of the underlying assets as collateral. The securitisation vehicles are fully consolidated into the Group's accounts as the Group has met the criteria of control, as defined above, over the securitisation vehicles.

The transfer of the beneficial interest in these loans to the securitisation vehicle are not treated as a derecognition event. The Group continues to recognise these assets within its own Statement of Financial Position after the transfer as it continues to retain substantially all the risks and rewards from the assets.

c. Going concern

The financial statements are prepared on a going concern basis. The Directors are satisfied that the Group has the resources to continue in business for the 12 months from the date of approval of the financial statements and that there are no material uncertainties to disclose. In making this assessment, the Directors have considered a wide range of information including the impact of the current cost-of-living economic conditions, future projections of profitability, cash flows and capital resources, the impact of current redress programmes being undertaken within the Group, operational resilience and the longer-term strategy of the business. In particular, the Directors have considered the following:

- The impact on the Group's profitability from future increases in expected credit losses. As part of this, the Directors considered revised macro-economic scenarios which were received from the Group's in-house experts. These are discussed and sensitivities are disclosed in note 3;
- Sufficiency of headroom over minimum regulatory requirements for liquidity and capital, including the ability of the Group to access sources of additional liquidity and / or capital if required;
- Sufficiency of the Group's liquid assets and contingent funding to withstand a combined market-wide and idiosyncratic liquidity stress under a range of stress horizons, as defined by the ILAAP approved by the Board in April 2025;
- Current and forecasted conditions are significantly less severe than the reverse stress scenario considered in the latest ICAAP presented to the Prudential Regulation Authority;
- The plans for further improving the operational resilience of the Group including cyber and information security, information technology, supplier management, people and property and the impact of the current ongoing redress programmes. These improvements are planned as part of ongoing transformation activity in the Aldermore Group;
- Any potential valuation concerns in respect of the Group's assets as set out in the Company and Consolidated Statements of Financial Position; and
- The validity of the Group's current strategy and its achievement of its longer-term strategic ambitions.

The Group's capital and liquidity plans, including stress tests, have been reviewed by the Directors as noted above. The Group's forecasts and projections show that it will be able to operate at adequate levels of both liquidity and capital for the 12 months from the date of approval of the financial statements, including under a range of stressed scenarios.

After making due enquiries, the Directors believe that the Group has sufficient resources to continue its activities for the 12 months from the date of approval of the financial statements, and the Group has sufficient capital to enable it to continue to meet its regulatory capital requirements as set out by the Prudential Regulation Authority.

d. Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following material items in the financial statements:

- Derivative financial instruments are measured at Fair Value Through Profit or Loss (FVTPL);
- Fair Value Through Other Comprehensive Income (FVOCI) debt securities are valued at FVOCI; and
- Fair value adjustments for portfolios of financial assets and financial liabilities designated as hedged items in qualifying fair value hedge relationships, which reflect changes in fair value attributable to the risk being hedged and are reflected through profit or loss in order to match the gains or losses arising on the derivative financial contracts that qualify as hedging instruments.

e. Functional and presentation currency

Items included in the Group's financial statements are presented in pounds sterling, which is the functional currency of the Group.

f. Presentation of risk and capital disclosures

The disclosures required under IFRS 7: Financial instruments: disclosures and IAS 1: Presentation of financial statements have been included within the Risk Management section between page 68 and 100.

Disclosures within the Credit Risk section between pages 81 and 92 are covered by the Independent Auditors report on page 103.

Disclosures included in the Treasury Risk section from page 92 to page 100 are covered by the Independent Auditor's report on page 103 where referenced as audited.

g. Standards and interpretation issued not yet effective

The following new and revised standards and interpretations, all of which have been endorsed for use within the UK, are applicable to the business of the Group. The Group will comply with these from the stated effective date.

New and Amended accounting standards	Description of change	Impact on the Group
Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability	The amendment to IAS 21 specifies how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking.	Effective date: Annual periods commencing on or after 1 January 2025. The Group does not expect this amendment to have a significant impact on the annual financial statements.
Amendments to IFRS 9 and IFRS 7 – Disclosures: Classification and Measurement of Financial Instruments	The amendments clarify: • that a financial liability is derecognised on the settlement date. It also introduces an accounting policy option to derecognise financial liabilities that are settled through an electronic payment system before settlement date if certain conditions are met. • how to assess the contractual cash flow characteristics of financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent features • the treatment of non-recourse assets and contractually linked instruments • Additional disclosure requirements for financial assets and liabilities with contractual terms that reference a contingent event.	Effective date: Annual periods commencing on or after 1 January 2026. The Group does not expect this amendment to have a significant impact on the annual financial statements.
Amendments to IFRS 9 and IFRS 7 – Disclosures: Contracts referencing nature-dependant electricity	The amendments include: • Clarifying the application of the 'own-use' requirements. • Permitting hedge accounting if these contracts are used as hedging instruments. • Adding new disclosure requirements to enable investors to understand the effect of these contracts on a company's financial performance and cash flows.	Effective date: Annual periods commencing on or after 1 January 2026. The Group does not expect this amendment to have a significant impact on the annual financial statements.

2. Material accounting policies

This section sets out the Group's accounting policies which relate to the consolidated and separate financial statements as a whole. Where an accounting policy relates specifically to a note then the accounting policy is set out within the respective note.

a. Financial instruments - recognition and derecognition

i. Recognition

The Group initially recognises loans and advances, amounts due to banks, customer accounts and subordinated notes issued on the date that they are originated.

Regular purchases and sales of debt securities and derivatives are recognised on the trade date at which the Group commits to purchase or sell the asset. All other financial assets and liabilities are initially recognised on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

ii. Derecognition

Financial assets are derecognised when and only when:

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

When a financial asset is derecognised in its entirety, the difference between the carrying amount, the sum of the consideration received (including any new asset obtained less any new liability assumed), and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in gains on disposal of FVOCI in the income statement.

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

b. Financial assets

i. Classification

Management determines the classification of its financial assets at initial recognition, based on:

- The Group's business model for managing the financial assets; and
- The contractual cash flow characteristics of the financial asset.

The Group distinguishes three main business models for managing financial assets:

- Holding financial assets to collect contractual cash flows;
- Managing financial assets and liabilities on a fair value basis or selling financial assets; and
- A mixed business model of collecting contractual cash flows and selling financial assets.

The business model assessment is not performed on an instrument by instrument basis, but at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment is done on a portfolio or sub-portfolio level depending on the manner in which groups of financial assets are managed.

In considering whether the business objective of holding a group of financial assets is achieved primarily through collecting contractual cash flows, amongst other considerations, management monitors the frequency and significance of sales of financial assets out of these portfolios for purposes other than managing credit risk. For the purposes of performing the business model assessment, the Group only considers a transaction a sale if the asset is derecognised for accounting purposes. For example, a repo transaction where a financial asset is sold with the commitment to buy back the asset at a fixed price at a future date is not considered a sale transaction as substantially all the risks and rewards relating to the ownership of the asset have not been transferred and the asset is not derecognised from an accounting perspective.

If sales of financial assets are infrequent, the significance of these sales are considered by comparing the carrying amount of assets sold during the period and cumulatively to the total carrying amount of assets held in the business model. If sales are either infrequent or insignificant, these sales will not impact the conclusion that the business model for holding financial assets is to collect contractual cash flows. In addition, where the issuer initiates a repurchase of the financial assets which was not anticipated in the terms of the financial asset, the repurchase is not seen as a sale for the purposes of assessing the business model of that group of financial assets.

A change in business model of the Group only occurs on the rare occasion when the Group changes the way in which it manages financial assets. Any changes in business models would result in a reclassification of the relevant financial assets from the start of the next reporting period.

In order for a debt security to be measured at amortised cost or FVOCI, the cash flows on the asset have to be solely payments of principal and interest ("SPPI"), i.e. consistent with those of a basic lending agreement. The SPPI test is applied to individual securities at initial recognition, based on the cash flow characteristics of the asset. All debt securities held as at 30 June 2025 passed the SPPI test. The Group held three portfolios of debt securities, the first as part of a mixed business model whose objectives include both the collection of contractual cash flows and the sale of financial assets, the second as part of a held to collect model whose objective is to collect contractual cash flows until maturity, and the third as part of the Aldermore Group Capital Investment Strategy which seeks to stabilise earnings volatility by extending the investment term of equity capital. Debt securities held in the mixed business model have been classified as measured at FVOCI, and those held in the held to collect model and Capital Investment Strategy have been classified as measured at amortised cost.

The SPPI test is applied on a portfolio basis for loans and advances to customers, cash and balances at central banks and loans and advances to banks, as the cash flow characteristics of these assets are standardised. This included consideration of any prepayment charges, which in all cases were reasonable compensation and therefore did not cause these assets to fail the SPPI test. As all of these financial assets were held as part of business models with the objective of collecting contractual cash flows and they all passed the SPPI test, they have all been classified as financial assets to be measured at amortised cost.

ii. Measurement

Financial assets measured at amortised cost

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

Financial assets measured at FVOCI

These are initially measured at fair value plus transaction costs that are directly attributable to the financial asset. Subsequently, they are measured at fair value based on current, quoted bid prices in active markets for identical assets that the Group can access at the reporting date. Where there is no active market, or the debt securities are unlisted, the fair values are based on valuation techniques including discounted cash flow analysis, with reference to relevant market rates and other commonly used valuation techniques. Interest income is recognised in the income statement using the EIR method. Impairment provisions for expected losses are recognised in the income statement which does not reduce the carrying amount of the investment security but is transferred from the FVOCI reserve in equity. Other fair value movements are recognised in other comprehensive income and presented in the FVOCI reserve in equity. On disposal, the gain or loss accumulated in equity is reclassified to the income statement. Gains or losses arising from ineffectiveness of fair value hedges are recognised in the income statement.

Financial assets at fair value through profit or loss

These are measured both initially and subsequently at fair value with movements in fair value recorded in the income statement. Any costs that are directly attributable to their acquisition are recognised in profit or loss when incurred. The Group only measures derivative financial assets under this classification. Gains or losses arising from ineffectiveness of fair value hedges are recognised in the income statement.

Modification of financial instruments

The Group derecognises a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognised loans are classified as stage 1 for expected credit loss ("ECL") measurement purposes, unless the new loan is deemed to be POCI ("Purchased or Originated Credit-Impaired").

If the modification does not result in cash flows that are substantially different the modification does not result in derecognition. Based on the change in cash flows discounted at the original EIR, the Group records a modification gain or loss, to the extent that an impairment loss has not already been recorded.

Modification gains and losses are calculated on an individual contract basis. This is calculated by discounting the modified cash flows at the original interest rate and results in a modification gain/loss in impairments in the financial year. The resultant gain/loss is recognised in the consolidated income statement.

c. Financial liabilities

i. Overview

Financial liabilities are contractual obligations to deliver cash or another financial asset. Financial liabilities are recognised initially at fair value, net of directly attributable transaction costs for financial liabilities other than derivatives. Financial liabilities, other than derivatives, are subsequently measured at amortised cost.

ii. Financial liabilities at amortised cost

Financial liabilities at amortised cost are recognised initially at fair value net of transaction costs incurred. They are subsequently measured at amortised cost. Any difference between the fair value and the redemption value is recognised in the income statement over the period of the borrowings using the EIR method.

iii. Subordinated notes

Subordinated notes issued by the Group are assessed as to whether they should be treated as equity or financial liabilities. Where there is a contractual obligation to deliver cash or other financial assets, they are treated as a financial liability and measured at amortised cost using the EIR method after taking account of any discount or premium on the issue and directly attributable costs that are an integral part of the EIR. The amount of any discount or premium is amortised over the period to the expected call date of the instrument. All subordinated notes issued by the Group are classified as financial liabilities.

d. Impairment - financial assets

The Group Impairment Framework and associated policies applies to:

- Financial assets measured at amortised cost;
- Debt securities measured at FVOCI;
- Loan commitments; and
- Finance lease receivables where the Group is the lessor.

IFRS 9 establishes a three-stage approach for impairment of financial assets:

- Stage 1 – at initial recognition of a financial asset, or when an irrevocable loan commitment is made if this occurs before a financial asset is recognised, the asset or loan commitment is classified as stage 1 and 12 month expected credit losses (ECL) are recognised, which are credit losses related to default events expected to occur within the next 12 months;
- Stage 2 – if the asset has experienced a significant increase in credit risk since initial recognition, the asset is classified as stage 2 and lifetime expected credit losses are recognised; and
- Stage 3 – credit impaired assets are classified as stage 3, the asset is classified as stage 3 and lifetime expected credit losses are recognised.

i. Collective and individual assessment

The Group uses an in-house engine to estimate ECL on a collective basis for all loans to customers and loan commitments. The collective assessment groups loans with shared credit risk characteristics through lines of business. The engine captures model outputs from the 12-month Probability of Default ("PD"), Exposure at Default ("EAD"), Loss Given Default ("LGD"), Lifetime PD, macroeconomic models and Staging analysis to derive an ECL estimate for each account.

Statistical modelling techniques are used to determine which borrower and transaction characteristics are predictive of certain behaviours, based on relationships observed in historical data related to the group of accounts to which the model will be applied. These result in the production of models that are used to predict impairment parameters (PD, LGD, and EAD) based on the predictive characteristics identified through the statistical modelling process.

When impairments are calculated, each exposure is assigned unique impairment parameters (a PD, LGD and EAD) based on that exposure's individual characteristics. These account-level impairment parameters are then used to calculate account-level expected credit losses. Individually assessed provisions are considered for watchlist exposures in stage 3.

In respect of debt securities and loans to banks, estimates of expected losses are calculated on the current individual credit grading of the exposure and externally sourced expected loss rates. The Group deems the likelihood of default across the respective asset counterparties as immaterial, and hence does not recognise a provision against the carrying balances.

ii. Significant increase in credit risk (movement to stage 2) ("SICR")

In assessing whether loans to customers and loan commitments have been subject to a significant increase in credit risk the Group applies the following criteria in order:

- A presumption that an account which is more than 30 days past due has suffered a significant increase in credit risk. IFRS 9 allows this presumption to be rebutted, but the Group believes that more than 30 days past due to be an appropriate back stop measure and therefore has not rebutted the presumption;

- Quantitative criteria based upon a change in the modelled probability of default of individual credit exposures. Staging models using statistical techniques have been developed on a portfolio basis to determine the levels of changes in PDs since origination which correlate to a significant increase in the likelihood of delinquency among historic loans with similar characteristics; and

- Qualitative criteria, where an exposure is subject to a non-distressed restructure or has been placed on a watchlist as a result of possessing certain qualitative features based on the Basel Committee On Banking Supervision "Guidance on credit risk and accounting for expected credit losses", including such matters as significant change in the operating results of the borrower or in the value of the collateral provided.

In respect of debt securities and loans to banks, use is made of the low credit risk expedient permitted by IFRS 9 whereby the credit risk is not considered to have increased significantly where the exposures are assumed to be "low" credit risk at the reporting date or/and where they continue to be investment grade, or equivalent.

iii. Definition of credit impaired (movement to stage 3)

The Group has identified certain quantitative and qualitative criteria to be considered in determining when an exposure is credit impaired and should therefore be moved into stage 3, these include the following:

- The exposure becomes 90 days past due. IFRS 9 allows this assumption to be rebutted, but at present the Group has not done so; and

- Qualitative criteria, which vary according to the type of lending being undertaken, but include indicators such as fraud, company failures, consumer bankruptcies, Individual Voluntary Arrangements and distressed restructures.

The Group has used the same definition of default as that for the purpose of calculating PDs used in its credit models. In addition, the definition has been aligned with those used for regulatory reporting purposes. Refer to note 3 for further details on the definition of default applied by the Group.

iv. Movements back to stages 1 and 2

Exposures will move out of stage 3 to stage 1 or 2 when they no longer meet the criteria for inclusion and have completed agreed probation periods set according to the type of lending. Movement into stage 1 will only occur when the SICR criteria are no longer met.

v. Write-Off and Recoveries

Write-off shall occur when either part, or all, of the outstanding debt is considered irrecoverable and all viable options to recover the debt have been exhausted. Any amount received after a provision has been raised or debt has been written-off, will be recorded as a recovery and reflected as a reduction in the impairment loss reflected in the income statement.

vi. Forward-looking macroeconomic scenarios

ECLs and SICR take into account forecasts of future economic conditions in addition to current conditions. The Group has developed a macroeconomic model which adjusts the modelled ECLs to reflect a range of forward looking macroeconomic scenarios, the final ECL is a probability weighted average across the scenarios.

e. Financial instruments - 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 in the principal market, or in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

Where applicable, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing on an ongoing basis.

Where there is no quoted price in an active market, the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation techniques incorporate factors that market participants would take into account in pricing a transaction.

The best evidence of fair value of a financial instrument at initial recognition is normally the transaction price. If an asset measured at fair value has a bid and an offer price, the Group measures assets and long positions at the bid price and liabilities at the offer price.

f. Assets leased to customers

Leases of assets to customers are finance leases as defined by IFRS 16. When assets are leased to customers under finance leases, the present value of the lease payments is recognised as a receivable. The difference between the gross lease payments receivable and the present value of the receivable represents the unearned finance income which is recognised as finance income over the term of the lease. Lease income is recognised within interest income in the income statement over the term of the lease which reflects a constant periodic rate of return ignoring tax cash flows.

g. Assets leased from third parties

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group elected to apply the short-term lease exemption to leases with a lease term of less than 12 months. The Group recognised lease liabilities at the present value of the lease payments outstanding at commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate. Each lease payment is allocated between lease liability and interest expense.

Interest expense is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use assets are recognized at cost, comprising the amount of initial measurement of the lease liability plus initial direct costs. The right-of use asset is subsequently depreciated over the lease term on a straight-line basis.

h. Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities held at the statement of financial position date are translated into sterling using the exchange rates ruling at the statement of financial position date. Exchange differences are charged or credited to the income statement.

i. Shareholder funds

i. Capital instruments

The Group classifies capital instruments as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments. Where an instrument contains no obligation on the Company to deliver cash or other financial assets, or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Group, or where the instrument will or may be settled in the Company's own equity instruments but includes no obligation to deliver a variable number of the Company's own equity instruments, then it is treated as an equity instrument. Accordingly, the Company's share capital and Additional Tier 1 capital securities are presented as components of equity. Any dividends, interest or other distributions on capital instruments are also recognised in equity.

ii. Share premium

Share premium is the amount by which the fair value of the consideration received exceeds the nominal value of the shares issued.

j. Capital raising costs

Costs directly incremental to the raising of share capital are netted against the share premium account. Costs directly incremental to the raising of convertible securities included in equity are offset against the proceeds from the issue within equity.

k. Other operating income

Other operating income predominantly arises from the provision of Motor Finance dealer funding fees. This income is recognised within other operating income when the Group satisfies its performance obligations. Motor Finance recognises a reduction of certain income for policies expected to be cancelled against this based on the long run average cancellation rate over the life of the agreement.

Other operating income also includes income derived from the service level agreement ("SLA") recharge to the FirstRand London Branch in relation to MotoNovo Finance servicing the back book.

3. Use of estimates and judgements

The preparation of financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. The judgements and assumptions that are considered to be the most important to the portrayal of the Group's financial condition and impact the results for the current year and future reporting periods are those relating to loan impairment provisions (further information in section a below), EIR (section b) and Provisions (note 22).

a. Loan impairment provisions

The key judgements made in applying the accounting policies were as follows:

i. Definition of default

IFRS 9 does not define default for the purpose of defining the PD as used when calculating ECLs and impairment provisions for stage 1 and stage 2 assets. As detailed in note 2(d), the Group has defined default on a basis that is consistent with the definition it uses for determining whether an asset is credit impaired, and is therefore classified as stage 3, and with the definition of default that is used for regulatory reporting purposes.

ii. Significant increase in Credit Risk for classification in stage 2

As explained in note 2(d), loan impairment provisions are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased, the Group takes into account qualitative and quantitative reasonable and supportable forward looking information. Refer to note 2 for more details.

iii. The probation period for reclassification from stage 3 into stage 1 or 2

As explained in note 2, loans are only considered for reclassification from stage 3 into stage 2 when they no longer meet the criteria for inclusion and have completed agreed probation periods. The probation periods are set according to the type of lending and are based upon professional judgement as to when the risk of a return to stage 3 is considered minimal. It should be noted that £7.8 million of the stage 3 ECL at 30 June 2025 no longer meet the criteria for inclusion but remain in stage 3 pending completion of the agreed probation periods (30 June 2024: £8.8 million). Reclassifications from stage 2 to stage 1 are only possible when the SICR criteria are no longer met.

The key estimates made in applying the accounting policies relate to statistical models (PD, LGD and macroeconomic) with judgements applied where data and model limitations exist. The full model suite was re-developed and calibrated using the latest data, improving the accuracy and stability of estimates used in year-end ECL calculations. While improvements were made, management recognise the limitations of available data, requiring adjustments to ensure the Group is adequately provided.

iv. The key estimates made in applying the accounting policies were as follows:

PD models

The Group has employed a number of PD models, tailored to different types of lending with shared characteristics, to assess the likelihood of default within the next 12 months and over the lifetime of each loan. The models calculate estimates of PDs based upon current characteristics of the borrower and observed historical default rates.

A 10.0% relative deterioration in the modelled PDs would result in an increase in impairment provisions by £7.3 million as at 30 June 2025 (30 June 2024: £7.2 million), this includes an increase of £5.5m in stage 2 due to an increased number of customers meeting the quantitative PD threshold for significant increase in credit risk.

LGD models

The Group has developed LGD models for the different types of lending. The models use a number of estimated inputs including Forced Sale Discounts ("FSD") and the valuation of collateral to be collected reflecting the impact of changes in House Price Indices ("HPI") other valuation measures and FSD. The models are most sensitive to changes in FSD rates and collateral valuations. These sensitivities were applied on all macroeconomic scenarios:

A 10.0% relative reduction in the HPI would increase the total impairment provisions for Property & Commercial Real Estate lending by £17.1 million as at 30 June 2025 (30 June 2024: £16.6 million).

A 5.0% absolute increase in the FSD would increase the total impairment provisions for Property & Commercial Real Estate lending by £10.3 million as at 30 June 2025 (30 June 2024: £10.5 million).

Forward looking macroeconomic scenarios

The probability weighted average scenarios are used to model impacts on ECL through an expert judgement-based model. The model combines a cohort of carefully selected macroeconomic variables with expert judgement assigned weightings to produce an index ranging between 0 and 100. An index level of 50 corresponds to a through the cycle level. An index level below 50 indicates worse than average economic conditions and an index level above 50 describes better than average economic conditions.

As the forecast moves further into the horizon, mean reversion is introduced to bring the index level toward the mean as the forecast date moves over the 5 year forecast period. The IFRS 9 scenarios used at 30 June 2025 use forecast-error distributions as outlined below:

- Upside scenario.
- Base scenario.
- Downside scenario.
- Severe downside scenario.

The Group, by exception and with sufficient rationale, may reject scenarios or adjust scenario weightings. Scenarios and weightings are approved at Aldermore's UK Macro Economic Forum prior to deployment for use in the ECL. The base case adopted for year-end reflected ongoing geopolitical uncertainty and domestic economic policy changes. The scenario exhibits slowing economic and house price growth, with small rises in unemployment against the backdrop of persistent inflation and a gradual reduction in bank rate. The reasonable conservatism in the base case resulted in a 5% reduction in the weighting for the Severe Downside scenario.

As at 30 June 2025, the following forward-looking macroeconomic scenarios, together with their probability weighting average and key economic variables, were used in calculating the ECLs used for determining impairment provisions:

Economic variables per scenario – average next 5 years

Scenario	Probability weighting	GDP growth	Bank of England base rate	Unemployment rate	HPI	Consumer price index
Upside	20%	2.3%	2.80%	3.9%	4.3%	2.1%
Base	55%	1.3%	3.63%	4.5%	3.2%	2.3%
Downside	20%	0.4%	2.74%	5.3%	0.4%	1.9%
Severe downside	5%	(0.6)%	5.28%	7.5%	(2.8)%	3.1%

As at 30 June 2025, applying a 100% weighting to the severe downside scenario would result in an incremental £101.5 million of provisions being required (30 June 2024: £105.0 million). Applying a 100% weighting to the upside scenario would result in a £27.9 million reduction of provisions being required (30 June 2024: £38.6 million).

As at 30 June 2024, the following forward-looking macroeconomic scenarios, together with their probability weighting and key economic variables, were used in calculating the ECLs used for determining impairment provisions:

Scenario	Probability weighting	GDP growth	Bank of England base rate	Unemployment rate	HPI	Consumer price index
Upside	20%	2.6%	2.50%	3.5%	4.0%	2.1%
Base	50%	1.2%	3.50%	4.2%	3.0%	2.1%
Downside	20%	1.0%	2.60%	5.1%	0.9%	1.9%
Severe downside	10%	(0.1)%	5.40%	8.0%	(2.4)%	2.4%

Post Model Adjustments

The Group applies post model adjustments ("PMA"), Management overlays and other modelled provisions to the modelled IFRS 9 ECL provisions. PMAs and Overlays are reviewed and approved on a periodic basis at the Aldermore Group Executive Credit Committee. Following annual reviews of the suite of IFRS 9 models and implementation of re-calibrations where appropriate, a bottom-up assessment of the estimates and known limitations was performed. Key credit risk judgements were applied to mitigate data limitations related to the absence of internal experience of a macroeconomic downturn period. Judgements related to risks arising from the cost-of-living crisis continue to reduce, as real wage growth offsets inflation. Other modelled provisions are applied for the financial risk associated with Residual Value and Voluntary Termination risk in the Motor Finance portfolio, which are highly sensitive to movements in vehicle values.

The key judgmental overlays applied at 30 June 2025 are:

Residual Value and Voluntary Termination Risk: provisions for losses arising from PCP handbacks and Voluntary Terminations on the Motor portfolio are sized using expected loss models which have been calibrated to internal experience. The models are calculated across the four IFRS 9 macroeconomic scenarios where the same weightings apply. Provisions for the financial risk associated with PCP handbacks and voluntary terminations on the Motor portfolio represent £18.2m (30 June 2024: £18.7m).

Tall Trees Overlay: to address the idiosyncratic risk of defaults on large exposures in the commercial portfolios has also been considered for the 'Downside' and 'Severe Downside' scenarios. The overlay is sized by identifying specific cases in the portfolio that would be at risk of default under the relevant macroeconomic scenario, representing £8.6m (30 June 2024: £12.3m).

Data Limitations Overlay: to address the risk of under-stated downside scenario losses due to the absence of economic downturn data available to the models. Appropriate downside LGDs have been obtained through peer benchmarking. The impact on impairment of uplifting the LGDs to the benchmark levels is applied to the downside scenarios with the appropriate weightings to size the overlay, which represents £8.0m (30 June 2024: £8.6m).

Mortgage Refinance Risk Overlay: to address the risk of mortgage customers susceptible to refinance risk as they mature onto higher rates. The overlay is sized by performing estimated affordability assessments at the point of fixed term expiry on customers written prior to the increase in interest rates. Provision coverage for stage 1 customers estimated to be over-indebted is adjusted to reflect an identified significant increase in credit risk. This overlay has reduced during the financial year to £4.2m (30 June 2024: £9.3m).

Increasing/ decreasing the population at risk included within this overlay by 10% would result in an incremental £0.4 million (30 June 2024: £1.7 million) of provisions being required/ released.

The total value of Aldermore Group PMA's and Overlays is £52.1m (30 June 2024: £67.4 million). Credit risk PMAs and Overlays in the ECL represent £28.8 million as at 30 June 2025. This includes £24.6 million of known data and model limitation judgements to be incorporated into the models in future, and £4.2 million of temporary judgements related to current macroeconomic uncertainties.

b. Effective interest rate ("EIR")

IFRS require interest earned from loans to be measured under the EIR method. Management must therefore use judgement to estimate the expected life of each type of instrument and hence the expected related cash flows. The accuracy of EIR would therefore be affected by unexpected market movements resulting in altered customer behaviour and inaccuracies in the models used compared to actual outcomes.

A critical estimate in determining EIR is the expected life to maturity of the Group's Commercial Real Estate, Asset Finance, Buy to Let and Residential Mortgage portfolios, as a change in these estimates will impact the period over which the directly attributable costs and fees and any discount received on the acquisition of mortgage portfolios are recognised as part of the EIR.

Included within the overall Residential Mortgages book are a small number of portfolios which were acquired by the Group, these portfolios were acquired at a discount which is being recognised under the EIR method. As at 30 June 2025, these represent approximately 0.4% and 0.7% of Buy to Let and Residential Mortgages net loans respectively (30 June 2024: 0.4% and 0.7% respectively).

A reassessment was made of the estimates in respect of the expected lives of the Asset Finance, SME Commercial, Buy to Let and Residential Mortgage organic lending during the year.

The adjustment made within the year is analysed as follows:

Interest income	Year ended 30 June 2025 £m	Year ended 30 June 2024 £m
Property Finance - organic lending	2.1	4.9
Property Finance - acquired portfolios	-	2.2
Business Finance - organic lending	(0.7)	(1.5)
Total	**1.4**	**5.6**

EIR Sensitivities

The current mortgage prepayment curves assume that customers will stay on a variable reversion rate for an average of seven and a half months following the end of their fixed rate mortgage.

To assess the sensitivity of the financial position to changes in the estimated behavioural lives of the mortgages, the impact of flexing the behavioural term by a number of months has been calculated as follows:

- Increasing the length of the behavioural lives of the Property portfolio by 6 months would have resulted in an adjustment of £1.4m debit to the statement of financial position;
- Decreasing the length of the behavioural lives of the Property portfolio by 6 months would have resulted in an adjustment of £1.5m credit to the statement of financial position.
- Increasing the length of the behavioural lives of the Property portfolio by 3 months would have resulted in an adjustment of £0.7m debit to the statement of financial position; and
- Decreasing the length of the behavioural lives of the Property portfolio by 3 months would have resulted in an adjustment of £0.7m credit to the statement of financial position.

4. Segmental information

The methodology used to present the segmental information has been updated for the current year to improve consistency and comparability by aligning the Motor Finance disclosure with the other reportable segments in the Group. Changes include:

- The results of the MotoMore securitisation have been transferred from Motor Finance to Central Functions, consistent with other securitisations in the Group.
- The funding and cost allocation methodology has been enhanced.
- Fair value losses and taxation entries previously reported in Motor Finance were transferred to Central Functions, consistent with other reportable segments in the Group.

In light of these changes in methodology, the segmental information disclosed in the prior year has been restated, this can be found on page 137.

The Group has four reportable segments which consist of its three distinct customer facing businesses: Property Finance, Motor Finance and Business Finance plus Central Functions (which includes the Group's Saving division and Treasury function).

For each of the reportable segments, the Board, which is the Group's chief operating decision maker, reviews internal management reports every two months. The following summary describes the operations in each of the Group's reportable segments:

- Property Finance – offering mortgages to landlords and homebuyers, working with intermediaries.
- Motor Finance – providing user vehicle finance to customers, working with our dealer partners.
- Business Finance - offering distinctive, specialist lending across Asset Finance, Invoice Finance and Commercial Real Estate, working with intermediaries.

Central Functions include the Group's Treasury and Savings functions which are responsible for raising finance on behalf of the operating segments, as well as the reconciling items between the Group's reportable segments and the consolidated income statement.

Common costs are incurred on behalf of the reportable segments and typically represent savings administration, back office and support function costs such as Finance, IT, Risk and Human Resources. The costs are not directly attributable to the operating segments.

Information regarding the results of each reportable segment and their reconciliation to the total results of the Group is shown below. Performance is measured based on the segmental result as included in the internal management reports.

The Group does not have reliance on any major customers, and all lending is in the UK.

Segmental information for the year ended 30 June 2025	Property Finance £m	Motor Finance £m	Business Finance £m	Central Functions £m	Total £m
Interest income - external customers	473.1	321.7	292.4	327.6	1,414.8
Interest expense - external customers	-	-	-	(816.9)	(816.9)
Interest (expense) / income - internal	(323.7)	(143.2)	(144.6)	611.5	-
Net fees and other income - external customers	(2.8)	(2.8)	3.6	4.5	2.5
Total operating income	**146.6**	**175.7**	**151.4**	**126.7**	**600.4**
Administrative expenses including depreciation and amortisation	(86.3)	(165.1)	(73.2)	(66.3)	(391.0)
Impairment losses	10.5	(30.7)	3.6	-	(16.6)
Share of profit of associate	-	-	-	0.7	0.7
Segmental result	**70.8**	**(20.2)**	**81.8**	**61.0**	**193.5**
Tax	-	-	-	(52.4)	(52.4)
Profit after tax	**70.8**	**(20.2)**	**81.8**	**8.6**	**141.1**
Assets	8,677.2	4,101.6	3,847.4	4,452.6	21,078.8
Liabilities	-	-	-	(19,199.9)	(19,199.9)
Net assets / (liabilities)	**8,677.2**	**4,101.6**	**3,847.4**	**(14,747.4)**	**1,878.9**

Segmental information for the year ended 30 June 2024 (Restated)	Property Finance £m	Motor Finance £m	Business Finance £m	Central Functions £m	Total £m
Interest income - external customers	396.1	327.0	280.8	426.7	1,430.6
Interest expense - external customers	-	-	-	(826.3)	(826.3)
Interest (expense) / income - internal	(257.3)	(158.3)	(131.4)	547.0	-
Net fees and other income - external customers	(2.4)	(0.5)	4.7	(20.3)	(18.5)
Total operating income	**136.4**	**168.2**	**154.1**	**127.1**	**585.8**
Administrative expenses including depreciation and amortisation	(80.0)	(127.2)	(82.4)	(61.4)	(351.0)
Impairment losses	28.1	(0.8)	(9.0)	-	18.3
Share of profit of associate	-	-	-	-	-
Segmental result	**84.5**	**40.2**	**62.7**	**65.7**	**253.1**
Tax	-	-	-	(67.4)	(67.4)
Profit after tax	**84.5**	**40.2**	**62.7**	**(1.7)**	**185.7**
Assets	7,772.4	3,964.3	3,643.9	5,159.8	20,540.4
Liabilities	-	-	-	(18,776.0)	(18,776.0)
Net assets / (liabilities)	**7,772.4**	**3,964.3**	**3,643.9**	**(13,616.2)**	**1,764.4**

5. Net interest income

Accounting Policy

Interest income and expense are recognised in the income statement on an effective interest rate EIR basis. The EIR is the rate that, at the inception of the financial asset or liability, exactly discounts expected future cash payments and receipts over the expected life of the instrument back to the initial carrying amount. When calculating the EIR, the Group estimates cash flows considering all contractual terms of the instrument (for example, prepayment options) but does not consider the assets' future credit losses.

Interest on impaired financial assets is recognised at the same EIR as applied at the initial recognition of the financial asset but applied to the book value of the financial asset net of any impairment allowance.

At each reporting date, management makes an assessment of the expected remaining life of its financial assets, including any acquired loan portfolios, and where there is a change in those assessments, the remaining amount of any unamortised discount or premiums is adjusted so that the interest income continues to be recognised prospectively on the amortised cost of the financial asset at the original EIR. The adjustment is recognised within interest income in the income statement for the current period.

The calculation of the EIR includes all transaction costs and fees, paid or received, that are an integral part of the interest rate together with the discounts or premium arising on the acquisition of loan portfolios. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or liability.

Interest income and expense presented in the income statement includes:

Interest on financial assets and financial liabilities measured at amortised cost calculated on an EIR basis;

- Interest on FVOCI debt securities calculated on an EIR basis;
- Interest income recognised on finance leases where the Group acts as the lessor (see note 15);
- Interest on capitalised leases where the Group is the lessee;
- Interest income is net of adjustments to contractual interest income to reflect remediation decisions following assessment of non-compliance; and
- Interest income charged to Invoice Finance clients each day on the balance of their outstanding loans on an EIR basis.

Interest income	**Year ended 30 June 2025 £m**	**Year ended 30 June 2024 £m (Restated)**
Interest income calculated using effective interest rate:		
On loans and advances to customers	1,087.1	971.1
On loans and advances to banks	78.6	127.9
On debt securities [1]	109.0	80.6
	1,274.7	**1,179.6**
On financial assets at fair value through profit or loss:		
Interest income on financial instruments hedging assets [1]	140.1	251.0
Total	**1,414.8**	**1,430.6**

Interest expense	Year ended 30 June 2025 £m	Year ended 30 June 2024 £m (Restated)
On financial liabilities at amortised cost:		
On customers' accounts [2]	(713.9)	(657.2)
On amounts due to banks	(47.9)	(78.0)
On debt securities in issue [2]	(41.2)	(54.8)
On subordinated notes	(7.9)	(9.1)
On lease liabilities	(0.4)	(0.2)
Other	(0.2)	(0.5)
	(811.5)	**(799.8)**
On financial liabilities at fair value through profit or loss:		
Interest expense on financial instruments hedging liabilities[2]	(5.4)	(26.5)
Total	**(816.9)**	**(826.3)**

Net interest income	Year ended 30 June 2025 £m	Year ended 30 June 2024 £m
Interest income	1,414.8	1,430.6
Interest expense	(816.9)	(826.3)
Total	**597.9**	**604.3**

[1]In the prior year, Interest income of £46.6m relating to interest income on bond holdings should have been presented within interest income on debt securities. This amount has been reclassified from 'interest income on financial instruments hedging assets' to interest income on 'debt securities'. There is no impact on the total and net interest income.

[2]In the prior year, interest expense of £104.1m relating to the Group's corporate deposit portfolio should have been presented within interest expense on customer's accounts. This amount has been reclassified from 'Interest expense on financial instruments hedging liabilities' to 'On customers accounts'. In addition, interest expense of £29.2m relating to financial instruments should have been presented within 'Interest expense on financial instruments hedging liabilities'. This amount has been reclassified from interest expense on 'debt securities in issue' to 'Interest expense on financial instruments hedging liabilities'. There is no impact on total interest expense and net interest income.

6. Net fee and commission expense

Accounting policy

Fee and commission income

The Group earns fee and commission income from a diverse range of financial services it provides to its customers. Fee and commission income is recognised at an amount that reflects the consideration to which the Group expects to be entitled in exchange for providing the services.

Fees and commissions that form an integral part of the effective interest rate are excluded from fees and commissions from customers. Arrangement fees, factoring fees for managing the customer sales ledgers within Invoice Finance and other fees relating to loans and advances which meet the criteria for inclusion within interest income are included as part of the EIR.

Other fee and commission income includes fees charged for mortgage services, arrears and insurance commission receivable.

Fee income is recognised as the Group satisfies its performance obligations, which can either be satisfied at a point in time or over a period of time.

The vast majority of fee and commission income is earned on the execution of a single performance obligation and as such, it is not necessary to make significant judgements when allocating the transaction price to the performance obligation. As such, fee and commission income is recognised at a point in time.

For fees earned on the execution of a significant act, the performance obligation is satisfied when the significant act or transaction takes place. Where the performance obligation is satisfied over a period of time, the fees are recognised as follows:

- Fees for services rendered are recognised on an accruals basis as the service is rendered and the Group's performance obligation is satisfied; and
- Commission income is credited to profit or loss over the life of the relevant instrument on a time apportionment basis.

Fee and commission expense

Fee and commission expense predominantly consists of introducer commissions, legal and valuation fees and company search fees. Where these fees and commissions are incremental costs that are directly attributable to the issue of a financial instrument, they are included in interest income as part of the EIR calculation. Where they are not incremental costs that are directly attributable, they are recognised within fee and commission expense as the services are received.

Fee and commission income	Year ended 30 June 2025 £m	Year ended 30 June 2024 £m
Invoice finance fees	3.3	3.7
Valuation fees	0.2	0.2
HP income, option and secondary rental fees	3.4	3.9
Annual administration and arrears fees	0.5	-
Other fees	1.8	1.3
Total	**9.2**	**9.1**

Fee and commission expense	Year ended 30 June 2025 £m	Year ended 30 June 2024 £m
Legal and valuation fees	(2.8)	(2.6)
Company searches and other fees	(10.1)	(10.3)
Credit protection and insurance charges	(2.3)	(1.5)
Total	**(15.2)**	**(14.4)**

Net fee and commission expense	Year ended 30 June 2025 £m	Year ended 30 June 2024 £m
Fee and commission income	9.2	9.1
Fee and commission expense	(15.2)	(14.4)
Total	**(6.0)**	**(5.3)**

7. Net losses from derivatives and other financial instruments at fair value through profit or loss

Accounting policy

Net (losses)/gains from derivatives and other financial instruments at fair value through profit or loss relate to changes in fair value on the derivatives held for risk management purposes and fair value changes attributable to hedged risk for financial instruments designated in hedge relationships. It includes unrealised fair value movements and foreign exchange differences.

Net losses from derivatives and other financial instruments at fair value through profit or loss[1]	Year ended 30 June 2025 £m	Year ended 30 June 2024 £m (Represented)
Net gains / (losses) on derivatives that are not part of a qualifying hedging arrangement	1.4	(3.1)
Net losses on IAS 39 portfolio fair value hedge relationships	(3.7)	(18.1)
Net gains on fair value hedge relationships of bonds held at FVOCI	0.4	0.5
Total	**(1.9)**	**(20.7)**

[1]The structure of the disclosure has been improved during the current financial year, the prior year has been represented to ensure consistency and comparability for users of the financial statements.

Included within net losses on derivatives and other financial instruments at fair value through profit or loss are losses of £155.6 million (30 June 2024: £306.1 million losses) on derivatives held in qualifying fair value hedging arrangements to hedge interest rate risk associated with loans and advances to customers, together with gains of £151.7 million (30 June 2024: £286.3 million gain) representing changes in the fair value of the hedged interest rate risk. Also included are gains of £10.0 million (30 June 2024: £29.3 million gain) on derivatives held in qualifying fair value hedging arrangements to hedge interest rate risk associated with customer deposits, together with losses of £9.8 million (30 June 2024: £27.6 million loss) representing changes in the fair value of the hedged interest rate risk.

8. Administrative expenses

Administrative expenses	Note	Year ended 30 June 2025 £m	Year ended 30 June 2024 £m
Wages and salaries		143.1	146.1
Social security costs		18.1	17.7
Pension costs		9.6	11.2
Share based payments		1.5	2.6
Staff benefits		3.7	3.3
Staff costs		**176.0**	**180.9**
Legal and professional and other services		42.1	50.9
Information technology costs		57.6	48.4
Fees and levies		4.4	3.9
Office costs		9.7	7.7
Depreciation and amortisation	17, 18	8.5	11.2
Provisions	22	5.3	9.2
Other		26.8	20.7
Non-staff costs		**154.4**	**152.0**
Total excluding historical Motor Finance commission		**330.4**	**332.9**
Historical Motor Finance commission provision	22	58.5	17.4
Historical Motor Finance commission related costs incurred	22	2.1	0.7
Total historical Motor Finance commission		**60.6**	**18.1**
Total		**391.0**	**351.0**

Included in legal and professional and other services is remuneration to the Group's external auditors (KPMG LLP) for the Company's annual audit of £0.1 million (30 June 2024: £0.1 million), the audit of the Group's subsidiaries of £2.2 million (30 June 2024: £2.1 million) and for assurance services of £95,000 (30 June 2024: £75,000). Audit fees in relation to the 2024 financial year were paid to the Group's predecessor auditor, Deloitte LLP.

Other includes the irrecoverable element of VAT as well as other expenditure including, but not limited to the Group's cost of recruitment, travel and staff training.

The decrease in 'Legal and professional and other services' reflects reduced reliance on third party consultancy with a corresponding increase in IT costs representing the approach defined in the new Group Technology Strategy to invest with industry specialist vendors.

The number of persons employed by the Group during the period, including Non-Executive Directors, is disclosed as below:

Average number of persons employed in the period	Year ended 30 June 2025	Year ended 30 June 2024
Property Finance	278	298
Motor Finance	628	743
Business Finance	232	233
Central functions and Savings	821	863
Total	**1,959**	**2,137**

The reduction in Motor Finance in the period is due to the completion of a programme of organisational efficiency.

Details of the remuneration of Directors including the highest paid Director are set out in the Remuneration Committee Report on page 60.

9. Dividends

The Directors approved a final dividend relating to the financial year ended 30 June 2025 on 8 September 2025 of 5p per ordinary share, amounting to an estimated £125.0 million (30 June 2024: nil). This dividend, which is due to be paid on 15 September 2025 to the shareholder, is not reflected in these financial statements.

10. Pension and other post-retirement benefit commitments

Accounting policy

The cost of providing retirement benefits is charged to the income statement at the amount of the defined contributions payable for each year. Differences between contributions payable and those actually paid are shown as accruals or prepayments. The Group has no defined benefit pension scheme.

The Group operates two defined contribution pension schemes. The assets of the schemes are held separately from those of the Group in independently administered funds. Pension contributions of £9.6 million (30 June 2024: £11.2 million) were charged to the income statement during the year in respect of these schemes. The Group made payments amounting to £190,743 (30 June 2024: £172,158) in aggregate in respect of Directors' individual personal pension plans during the year.

There were outstanding contributions of £1.4 million at the year end (30 June 2024: £1.5 million).

11. Taxation

Accounting policy

The Group follows IAS 12 Income Taxes in accounting for taxes on income. Taxation comprises current and deferred tax.

Current tax is the expected tax payable or receivable on taxable profits or tax allowable losses for the period, together with any adjustment in respect of previous years. Current income tax arising from distributions made on other equity instruments is recognised in the income statement as the distributions are made from retained earnings arising from profits previously recognised in the income statement.

Deferred tax assets arise on tax deductible temporary differences and are recognised to the extent that these may be utilised against available taxable profits based on management's review of the budget and forecast information. Deferred tax is measured using tax rates and tax laws that have been enacted or substantively enacted which are expected to apply when the deferred tax asset is realised. Deferred tax is not discounted. Deferred tax assets and liabilities are only offset where there is both a legal obligation to set-off and a commitment to settle on a net basis.

The Group reviews the carrying amount of deferred income tax assets at each reporting date and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

The Group considers an uncertain tax position to exist where, upon a review of that uncertainty by a tax authority, the tax recognised in the financial statements differs from the cash tax expected to be payable or receivable based on the tax returns of the Group. In accordance with IFRIC 23, a current tax provision for an uncertain tax position will be based upon interpretation of current tax legislation and guidance and the tax provision re-measured at each balance sheet date to reflect the up to date position.

Deferred tax provision adjustments will be recognised where, in management's view, the outcome of a review by a tax authority of an uncertain tax position will result in a reduction in the carrying value of the deferred tax asset. The measurement of an underlying deferred tax asset will be adjusted according to the expected impact on the loss or temporary difference giving rise to the deferred tax asset of resolving the uncertain tax position.

In assessing provision levels, it will be assumed that a tax authority will review all uncertain tax positions and all facts will be fully and transparently disclosed.

The Group does not consider there to be a significant risk of material adjustment to the current and deferred tax balances, including provisions for uncertain tax positions for the next financial year. Tax provisions cover all known issues and reflect external advice where applicable.

a. Tax charge

Tax charge	Year ended 30 June 2025 £m	Year ended 30 June 2024 £m
Current tax on profits for the year	50.1	66.3
Under provision in previous periods	0.4	0.6
Current tax charge	**50.5**	**66.9**
Deferred tax	2.2	1.6
Over provision in previous periods	(0.4)	(1.1)
Deferred tax charge	**1.8**	**0.5**
Total tax charge	**52.4**	**67.4**

Current tax on profits reflects UK corporation tax at the mainstream rate of 25% for the 12 month period ending 30 June 2025 (30 June 2024: 25%) and the banking surcharge levied at 3% (30 June 2024: 3%) on the profits of banking companies chargeable to corporation tax after a surcharge allowance of £100 million (30 June 2024: £100 million surcharge allowance) per annum.

A deferred tax credit of £1.4 million for the year ended 30 June 2025 (30 June 2024: £1.3 million) has been shown in other comprehensive income in respect of fair value movements of debt securities classified as assets held for sale.

Contingent convertible security coupons booked to equity give rise to tax relief through the current tax charge for the consolidated group for the year of £2.9 million (30 June 2024: £2.2 million), of which £0.1 million (30 June 2024: £0.1 million) relates to the banking surcharge.

b. Factors effecting tax charge for the year

The tax assessed for the year is different to that resulting from applying the mainstream rate of corporation tax in the UK of 25% (30 June 2024: 25%) explained by the differences below:

Assessed tax	Year ended 30 June 2025 £m	Year ended 30 June 2024 £m
Profit before tax	193.5	253.1
Tax at 25%	48.4	63.3
Effects of:		
Expenses not deductible for tax purposes	0.3	0.2
Over provision in prior periods	-	(0.5)
Effect of banking tax surcharge	3.4	3.1
Non-taxable income	3.2	4.5
Tax credit relief for contingent convertible securities coupon	(2.9)	(2.2)
Recognition of deferred tax asset	-	(1.0)
Total tax charge	**52.4**	**67.4**

The effective tax rate (ETR) of 27.1% is higher than the mainstream corporation tax rate due to the impact of the banking surcharge. The ETR of 27.1% is above the prior year ETR (26.6%) due to the tax recognition of deferred tax assets in the prior period.

c. Deferred taxation

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as probable that there will be suitable future taxable profits against which the unwinding of the asset can be offset.

Analysis of recognised deferred tax asset is as below:

Deferred taxation	Year ended 30 June 2024 £m	Recognised in income statement £m	Recognised in other comprehensive income £m	Recognised in equity £m	Year ended 30 June 2025 £m
Capital allowances less than depreciation	3.7	(1.1)	-	-	2.6
Gains on FVOCI debt securities	0.2	-	1.4	-	1.6
IFRS 9 transition adjustment	1.0	(0.2)	-	-	0.8
Other temporary differences	2.0	(0.5)	-	-	1.5
Total	**6.9**	**(1.8)**	**1.4**	**-**	**6.5**

Deferred taxation	Year ended 30 June 2023 £m	Recognised in income statement £m	Recognised in other comprehensive income £m	Recognised in equity £m	Year ended 30 June 2024 £m
Capital allowances less than depreciation	4.6	(0.9)	-	-	3.7
Gains / (losses) on FVOCI debt securities	(1.1)	-	1.3	-	0.2
IFRS 9 transition adjustment	1.3	(0.3)	-	-	1.0
Other temporary differences	1.3	0.7	-	-	2.0
Total	**6.1**	**(0.5)**	**1.3**	**-**	**6.9**

The deferred tax asset at 30 June 2025 of £6.5 million (30 June 2024: £6.9 million) has been based on the substantively enacted tax rates at the balance sheet date. These rates should apply when the temporary differences giving rise to the deferred tax are expected to reverse. The deferred tax asset relates mainly to timing differences between capital allowances and depreciation and other temporary differences.

Finance (No.2) Act 2023 implemented the UK's Pillar Two rules and seeks to ensure that companies pay a minimum tax rate of 15% on UK profits. The group operates primarily in the UK where the mainstream corporation tax rate is currently 25%. Based on the current financial year assessment, the Group is expected to meet the requirements of the transitional safe harbour and therefore no Pillar Two top-up income tax is expected to be assessable within the Group. The group has applied the IAS 12 temporary exception to recognising and disclosing the impact on deferred tax assets and liabilities related to Pillar Two income taxes. The Group will continue to monitor and assess the Pillar Two rules each financial year in line with the current enacted tax legislation.

12. Loans and advances to banks

Loans and advances to banks	Year ended 30 June 2025 £m	Year ended 30 June 2024 £m
Included in cash and cash equivalents: balances with less than three months to maturity at inception	128.8	128.4
Cash collateral on derivatives placed with banks	149.2	122.7
Other loans and advances to banks	14.3	6.3
Total	**292.3**	**257.4**

£14.3 million is recoverable more than 12 months after the reporting date in respect of cash held by the Group's securitisation vehicles (30 June 2024: £6.3 million).

Included within loans and advances to banks above is restricted cash balances of £14.3 million (30 June 2024: £6.3 million) which is required to be retained within the Group's securitisation vehicles as specified within the relevant Transaction Documentation.

All loans and advances to banks were stage 1 assets under IFRS 9 as at 30 June 2025 and as at 30 June 2024. There were no significant impairment provisions in respect of expected losses as at 30 June 2025 or during the year then ended.

As at 30 June 2025, no ECL has been recorded against loans and advances to banks (30 June 2024: £nil).

13. Debt securities

Debt securities	Year ended 30 June 2025 £m	Year ended 30 June 2024 £m
FVOCI debt securities:		
UK Government gilts	259.1	187.2
Supranational bonds	1,188.8	871.7
Asset-backed securities	255.2	200.7
Covered bonds	672.0	802.0
Debt securities at amortised cost:		
UK Government gilts	256.8	176.8
Supranational bonds	72.3	198.1
Total	**2,704.2**	**2,436.5**

At 30 June 2025, £2,253.1 million (30 June 2024: £2,024.4 million) of debt securities are expected to be recovered more than 12 months after the reporting date.

All debt securities were stage 1 assets under IFRS 9 as at 30 June 2025 and as at 30 June 2024. There were no significant impairment provisions in respect of expected losses as at 30 June 2025 or as at 30 June 2024.

As at 30 June 2025, no ECL has been recorded against debt securities (30 June 2024: £nil).

14. Derivatives held for risk management

Accounting policy

Derivative financial instruments

The Group enters into derivative transactions only for the purpose of reducing exposures to fluctuations in interest rates, exchange rates and market indices. They are not used for proprietary trading purposes.

Derivatives are carried at fair value, with movements in fair values recorded in gains from derivatives and other financial instruments at fair value through profit or loss in the income statement.

Derivative financial instruments are principally valued by discounted cash flow models using yield curves that are based on observable market data or are based on valuations obtained from counterparties. As the Group's derivatives are covered by master netting agreements with the Group's counterparties, with any net exposures then being further covered by the payment or receipt of periodic cash margins, the Group has used a risk-free discount rate for the determination of their fair values.

All derivatives are classified as assets where their fair value is positive and liabilities where their fair value is negative. Where there is the current legal ability and intention to settle net, then the derivative is classified as a net asset or liability, as appropriate. Where cash collateral is received, to mitigate the risk inherent in amounts due to the Group, it is included as a liability within 'Amounts due to banks'. Where cash collateral is given, to mitigate the risk inherent in amounts due from the Group, it is included as an asset in 'Loans and advances to banks'.

Hedge accounting

The Group exercised the accounting policy choice to continue using IAS 39 hedge accounting for portfolio assets and liabilities being hedged by applying fair value hedge accounting.

The Group designates certain derivatives held for risk management as hedging instruments in qualifying hedging relationships. On initial designation of the hedge, the Group formally documents the relationship between the hedging instruments and hedged items, including the risk management objective, the strategy in undertaking the hedge and the method that will be used to assess the effectiveness of the hedging relationship.

The Group makes an assessment, both at the inception of the hedge relationship, as well as on an ongoing basis, as to whether the hedging instruments are expected to be highly effective in offsetting the movements in the fair value of the respective hedged items during the period for which the hedge is designated.

Fair value hedge accounting for portfolio hedges of interest rate risk

The Group applies fair value hedge accounting for portfolio hedges of interest rate risk. As part of its risk management process, the Group identifies portfolios whose interest rate risk it wishes to hedge. The portfolios comprise either only assets or only liabilities. The Group analyses each portfolio into repricing time periods based on expected repricing dates, by scheduling cash flows into the periods in which they are expected to occur. Using this analysis, the Group designates as the hedged item an amount of the assets or liabilities from each portfolio that it wishes to hedge.

The amount to hedge is determined based on a movement in the present value of a portfolio of assets or liabilities for a 1 basis point shift in the yield curve used to value the instruments ("PV01"), to ensure the mismatches in expected repricing buckets are within the limits set by the Board on the sensitivity analysis approach using a hypothetical shift in interest rates.

The Group measures monthly the movements in fair value of the portfolio relating to the interest rate risk that is being hedged. Provided that the hedge has been highly effective, the Group recognises the change in fair value of each hedged item in the income statement with the cumulative movement in their value being shown on the statement of financial position as a separate item, 'Fair value adjustment for portfolio hedged risk', either within assets or liabilities as appropriate.

The Group measures the fair value of each hedging instrument monthly. The value is included in derivatives held for risk management in either assets or liabilities as appropriate, with the change in value recorded in net gains from derivatives and other financial instruments at fair value through profit or loss in the income statement. Any hedge ineffectiveness is recognised in net gains from derivatives and other financial instruments at fair value through profit or loss in the income statement as the difference between the change in fair value of the hedged item and the change in fair value of the hedging instrument.

A derivative may be embedded in a financial liability at amortised cost, known as the host contract. Where the economic characteristics and risks of an embedded derivative are not closely related to those of the host contract (and the host contract is not carried at fair value through profit or loss), the embedded derivative is separated from the host and held on the statement of financial position with 'Derivatives held for risk management' at fair value. Movements in fair value are recognised in net gains from derivatives and other financial instruments at fair value through profit or loss in the income statement, whilst the host contract is accounted for according to the relevant accounting policy for that particular asset or liability.

Embedded derivatives

Embedded derivatives contained within equity instruments are considered separately. The embedded derivatives on the Additional Tier 1 instruments are not separated as the Group has an accounting policy not to separate features that have already been considered in determining that the entire issues are non-derivative equity instruments.

Amounts included in the statement of financial position are analysed as follows:

Financial instrument type	Year ended 30 June 2025		Year ended 30 June 2024	
	Assets	Liabilities	Assets	Liabilities
	£m	£m	£m	£m
Interest rate (not in hedging relationships)	17.9	18.5	7.9	8.5
Interest rate (fair value hedges)	160.7	79.9	340.3	32.2
Foreign exchange	-	0.1	-	-
Total	**178.6**	**98.5**	**348.2**	**40.7**

a. Fair value hedges of interest rate risk

In accordance with its risk management strategy as described from page 81 the Group enters into interest rate swap contracts to manage the interest rate risk arising in respect of the fixed rate interest exposures on loans and advances to customers, debt securities and customer deposits, which are each treated as separate portfolios.

The Group hedges the fixed interest rate risk on each portfolio firstly by looking for direct offsets between the asset and liability exposures and then by using the interest rate swaps between fixed interest rates and market reference rates such as SONIA in order to manage the Group's overall interest rate risk exposure. The Group applies hedge accounting in respect of the interest rate risk arising on these portfolios as described in the accounting policy above. The Group manages all other risks derived by these exposures, such as credit risk, but does not apply hedge accounting for these risks.

The Group assesses prospective hedge effectiveness by comparing the changes in fair value of each portfolio resulting from changes in market interest rates with the changes in fair value of allocated interest rate swaps used to hedge the exposure.

The Group has identified the following possible sources of ineffectiveness:

- The use of derivatives as a protection against interest rate risk creates an exposure to the derivative counterparty's credit risk which is not offset by the hedged item. This risk is minimised by entering into derivatives which are subject to daily margining through a recognised exchange;
- Different amortisation profiles on hedged item principal amounts and interest rate swap notionals;
- For derivatives the discounting curve used depends on collateralisation and the type of collateral used; and
- Differences in the timing of settlement of hedging instruments and hedged items.

No other sources of ineffectiveness were identified in these hedge relationships.

The tables below summarise the derivatives designated as hedging instruments in qualifying portfolio hedges of interest rate risk:

Fair value hedges Interest rate risk	Nominal amount of the hedging instruments Year ended 30 June 2025 £m	Carrying amount of hedging instruments Year ended 30 June 2025		Line item in the statement of financial position where the hedging instrument is located	Changes in fair value used for calculating hedge ineffectiveness Year ended 30 June 2025 £m
		Assets £m	Liabilities £m		
Interest rate swaps	16,571.9	160.7	79.9	Derivatives held for risk management	(173.9)

Fair value hedges Interest rate risk	Nominal amount of the hedging instruments Year ended 30 June 2024 £m	Carrying amount of hedging instruments Year ended 30 June 2024		Line item in the statement of financial position where the hedging instrument is located	Changes in fair value used for calculating hedge ineffectiveness Year ended 30 June 2024 £m
		Assets £m	Liabilities £m		
Interest rate swaps	14,840.8	340.3	32.2	Derivatives held for risk management	(409.7)

The amounts relating to portfolios designated as hedged items in fair value hedge relationships to manage the Group's exposure to interest rate risk were as follows:

Fair value hedges interest rate risk	Carrying amount of the hedged items Year ended 30 June 2025		Accumulated amount of fair value hedge adjustments on the hedged item Year ended 30 June 2025		Line item in the statement of financial position where the hedged items are included
	Assets £m	Liabilities £m	Assets £m	Liabilities £m	
Loans and advances to customers	8,921.2	N/A	21.3	N/A	Loans and advances to customers
FVOCI debt securities	1,416.8	N/A	(15.4)	N/A	Debt securities
Customer deposits	N/A	5,972.5	N/A	16.4	Customer accounts

Fair value hedges interest rate risk	Carrying amount of the hedged items Year ended 30 June 2024		Accumulated amount of fair value hedge adjustments on the hedged item Year ended 30 June 2024		Line item in the statement of financial position where the hedged items are included
	Assets £m	Liabilities £m	Assets £m	Liabilities £m	
Loans and advances to customers	7,018.6	N/A	(130.4)	N/A	Loans and advances to customers
FVOCI debt securities	963.4	N/A	(43.6)	N/A	Debt securities
Customer deposits	N/A	5,640.8	N/A	(6.5)	Customer accounts

The table below summarises the hedge ineffectiveness recognised in profit or loss during the financial year ended 30 June 2025 and the comparative period, for the Group's designated fair value hedge relationships:

	Ineffectiveness recognised in the income statement Year ended 30 June 2025 £m	Line item in the statement of financial position where the hedged instrument is included
Fair value hedges *Interest rate risk*	(3.4)	Net (losses)/gains from derivatives and other financial instruments at fair value through profit or loss.

	Ineffectiveness recognised in the income statement Year ended 30 June 2024 £m	Line item in the statement of financial position where the hedged instrument is included
Fair value hedges *Interest rate risk*	(17.6)	Net (losses)/gains from derivatives and other financial instruments at fair value through profit or loss.

b. Other derivatives held for risk management

The Group uses other derivatives, not designated in qualifying hedge accounting relationships, to manage its exposure to the following:

- Interest rate basis risk on certain mortgage loans;
- Equity market risk on equity-linked products offered to depositors;
- Foreign exchange risk on currency loans provided to Invoice Finance customers; and
- The Group has to entered into a pool of swaps to provide hedging for equity investment strategy.

15. Loans and advances to customers

Net loans and advances to customers	Year ended 30 June 2025 £m	Year ended 30 June 2024 £m
Gross loans and advances	16,857.7	15,647.7
less: allowance for impairment losses	(258.0)	(310.8)
Total	**16,599.7**	**15,336.9**
Amounts include:		
Expected to be recovered more than 12 months after the reporting date	14,267.0	13,151.7

At 30 June 2025, loans and advances to customers of £2,143.5 million (30 June 2024: £2,581.4 million) were pre-positioned into a Single Funding Pool with the Bank of England and HM Treasury Term Funding Scheme with additional incentives for SMEs ("TFSME"). These loans and advances were available for use as collateral with the Scheme. Details of amounts drawn on the facility are shown in note 19.

At 30 June 2025, loans and advances to customers included £1,132.9 million (30 June 2024: £876.2 million) which have been used in secured funding arrangements, resulting in the beneficial interest in these loans being transferred to securitisation vehicles consolidated into these financial statements. All the assets pledged are retained within the statement of financial position as the Group retains substantially all the risks and rewards relating to the loans.

Analysis of gross loans and advances

30 June 2025	Gross loans and advances (amortised cost)			
	Stage 1	Stage 2	Stage 3	Total
	£m	£m	£m	£m
Amount as at 1 July 2024	14,198.7	924.0	525.0	15,647.7
Improvement in credit exposure				
Stage 2 to stage 1	322.4	(322.4)	-	-
Stage 3 to stage 1	28.1	-	(28.1)	-
Stage 3 to stage 2	-	27.8	(27.8)	-
Deterioration of credit exposure				
Stage 1 to stage 2	(672.2)	672.2	-	-
Stage 1 to stage 3	(131.0)	-	131.0	-
Stage 2 to stage 3	-	(96.4)	96.4	-
Opening balance after transfers	**13,746.0**	**1,205.2**	**696.5**	**15,647.7**
Repayments of loans and advances	(3,421.0)	(356.5)	(69.6)	(3,847.1)
Change in exposure due to new business in the current year	4,799.1	315.1	25.8	5,140.0
Bad debts written off	-	-	(82.9)	(82.9)
Amount as at 30 June 2025	**15,124.1**	**1,163.8**	**569.8**	**16,857.7**

30 June 2024	Gross loans and advances (amortised cost)			
	Stage 1	Stage 2	Stage 3	Total
	£m	£m	£m	£m
Amount as at 1 July 2023	14,071.4	1,037.8	385.0	15,494.2
Improvement in credit exposure				
Stage 2 to stage 1	499.2	(499.2)	-	-
Stage 3 to stage 1	24.8	-	(24.8)	-
Stage 3 to stage 2	-	7.2	(7.2)	-
Deterioration of credit exposure				
Stage 1 to stage 2	(594.8)	594.8	-	-
Stage 1 to stage 3	(132.8)	-	132.8	-
Stage 2 to stage 3	-	(114.0)	114.0	-
Opening balance after transfers	**13,867.8**	**1,026.6**	**599.8**	**15,494.2**
Repayments of loans and advances	(3,334.3)	(266.4)	(62.2)	(3,662.9)
Change in exposure due to new business in the current year	3,665.2	163.8	16.0	3,845.0
Bad debts written off	-	-	(28.6)	(28.6)
Amount as at 30 June 2024	**14,198.7**	**924.0**	**525.0**	**15,647.7**

Analysis of loss allowances

30 June 2025	Allowance for impairment losses (amortised cost)			
	Stage 1	Stage 2	Stage 3	Total
	£m	£m	£m	£m
Amount as at 1 July 2024	94.0	44.1	172.7	310.8
Improvement in credit exposure				
Stage 2 to stage 1	11.0	(11.0)	-	-
Stage 3 to stage 1	2.5	-	(2.5)	-
Stage 3 to stage 2	-	2.6	(2.6)	-
Deterioration of credit exposure				
Stage 1 to stage 2	(3.1)	3.1	-	-
Stage 1 to stage 3	(0.9)	-	0.9	-
Stage 2 to stage 3	-	(7.7)	7.7	-
Opening balance after transfers	**103.5**	**31.1**	**176.2**	**310.8**
Change in exposure attributable to change in measurement basis	-	(2.3)	-	(2.3)
Change in exposure attributable to change in risk parameters	(48.3)	6.2	47.2	5.1
Change in exposure of back book in the current year	**(48.3)**	**3.9**	**47.2**	**2.8**
Change in exposure due to new business in the current year	13.0	9.5	4.8	27.3
Bad debts written off	-	-	(82.9)	(82.9)
Amount as at 30 June 2025	**68.2**	**44.5**	**145.3**	**258.0**
Included in the total loss allowance				
Netted against loans and advances to customers	67.2	44.5	145.3	257.0
Included in respect of loan commitments*	1.0	-	-	1.0
Other components of the total loss allowance				
Forward looking information	5.8	5.6	6.4	17.8
Changes in models	(4.9)	4.1	(1.3)	(2.1)

30 June 2024	Allowance for impairment losses (amortised cost)			
	Stage 1 £m	Stage 2 £m	Stage 3 £m	Total £m
Amount as at 1 July 2023	139.0	52.7	135.1	326.8
Improvement in credit exposure				
Stage 2 to stage 1	11.2	(11.2)	-	-
Stage 3 to stage 1	2.8	-	(2.8)	-
Stage 3 to stage 2	-	1.8	(1.8)	-
Deterioration of credit exposure				
Stage 1 to stage 2	(4.6)	4.6	-	-
Stage 1 to stage 3	(1.1)	-	1.1	-
Stage 2 to stage 3	-	(8.6)	8.6	-
Opening balance after transfers	**147.3**	**39.3**	**140.2**	**326.8**
Change in exposure attributable to change in measurement basis	-	(0.3)	-	(0.3)
Change in exposure attributable to change in risk parameters	(69.6)	(1.7)	54.3	(17.0)
Change in exposure of back book in the current year	**(69.6)**	**(2.0)**	**54.3**	**(17.3)**
Change in exposure due to new business in the current year	16.3	6.8	6.8	29.9
Bad debts written off	-	-	(28.6)	(28.6)
Amount as at 30 June 2024	**94.0**	**44.1**	**172.7**	**310.8**
Included in the total loss allowance				
Netted against loans and advances to customers	92.4	44.1	172.7	309.2
Included in respect of loan commitments*	1.6	-	-	1.6
Other components of the total loss allowance				
Forward looking information	(12.6)	(6.3)	-	(18.9)
Changes in models	(2.8)	7.1	(2.8)	1.5

*Includes committed undrawn facilities as the credit risk of the undrawn component is managed and monitored with the drawn component as a single EAD. The EAD on the entire facility is used to calculate the ECL and is therefore included in the ECL allowance.

Breakdown of impairment charge recognised during the year

Impairment of advances recognised during the period	Year ended 30 June 2025 £m	Year ended 30 June 2024 £m
Included in provisions in respect of loan commitments	(0.6)	(0.6)
Change in exposure of back book in the current year	3.3	(41.4)
Change in exposure due to new business in the current year	27.3	29.7
Interest income suspended	(9.5)	(3.3)
Increase / (decrease) in loss allowance	**20.5**	**(15.6)**
Recoveries of bad debts	(3.9)	(2.7)
Total	**16.6**	**(18.3)**

Basis of preparation of the gross carrying amount and loss allowance

The reconciliation of the gross carrying amount and loss allowance is prepared using a year- to-date view. This means that the Group reports exposures based on the impairment stage at the end of the reporting period. The Group transfers opening balances (back book), at the value as at 1 July 2024, based on the impairment stage at the end of the reporting period. Any additional ECL raised or released is included in the impairment stage as at the end of the reporting period. Exposures in the back book, can move directly from stage 3 to stage 1, if the curing requirements have been met in a reporting period. All new business (as defined below) is included in the change in exposure due to new business in the current year based on the exposures' impairment stage at the end of the reporting period. Similarly, exposures in the new business lines can be reported in stage 3 at the end of the reporting date.

The impairment charge is split between the back book and new business in the gross carrying amount and ECL reconciliation as management believes that providing this split provides meaningful information to the user in gaining an understanding of the performance of advances overall.

Changes in exposure reflect the net amount of:

- Additional amounts advanced on the back book and any settlements. Transfers on the back book are reflected separately; and
- New business originated during the financial year, the transfers between stages of the new origination and any settlements.

Decreases in the advance as a result of write-off are equal to the decrease in ECL as exposures are 100% provided for before being written off. The total contractual amount outstanding on financial assets that were written off during the period and are still subject to enforcement activity is £82.9 million (30 June 2024: £28.6 million). The increase in write-offs is primarily driven by the completion of CCA remediation activity on the Motor portfolio.

The reconciliation of the gross carrying amount and loss allowances has been prepared for the Group's three distinct customer facing businesses: Property Finance (made up of Residential Owner-occupied Mortgages and Buy to Let Mortgages), Motor Finance (made up of MotoNovo Finance) and Business Finance (made up of Asset Finance, Invoice Finance and SME Commercial Mortgages).

Reconciliation of the allowance for impairment losses by class

Property Finance

Property Finance 30 June 2025	Stage 1 £m	Stage 2 £m	Stage 3 £m	Total £m
Amount as at 1 July 2024	19.7	6.8	33.7	60.2
Improvement in credit exposure				
Stage 2 to stage 1	0.9	(0.9)	-	-
Stage 3 to stage 1	0.4	-	(0.4)	-
Stage 3 to stage 2	-	0.3	(0.3)	-
Deterioration of credit exposure				
Stage 1 to stage 2	(0.4)	0.4	-	-
Stage 1 to stage 3	(0.2)	-	0.2	-
Stage 2 to stage 3	-	(1.5)	1.5	-
Opening balance after transfers	**20.4**	**5.1**	**34.7**	**60.2**
Change in exposure attributable to change in measurement basis	-	1.7	-	1.7
Change in exposure attributable to change in risk parameters	(10.0)	0.7	(3.2)	(12.5)
Change in exposure of back book in the current year	**(10.0)**	**2.4**	**(3.2)**	**(10.8)**
Change in exposure due to new business in the current year	1.1	1.3	0.3	2.7
Bad debt written off	-	-	(1.0)	(1.0)
Amount as at 30 June 2025	**11.5**	**8.8**	**30.8**	**51.1**
Included in the total loss allowance				
Netted against loans and advances to customers	10.7	8.8	30.8	50.3
Included in respect of loan commitments*	0.8	-	-	0.8
Other components of total loss allowance				
Forward looking information	2.0	2.4	4.2	8.5
Changes in models	(0.7)	2.8	(2.0)	0.1

Property Finance 30 June 2024	Stage 1 £m	Stage 2 £m	Stage 3 £m	Total £m
Amount as at 1 July 2023	51.1	9.1	29.5	89.7
Improvement in credit exposure				
Stage 2 to stage 1	2.9	(2.9)	-	-
Stage 3 to stage 1	0.3	-	(0.3)	-
Stage 3 to stage 2	-	-	-	-
Deterioration of credit exposure				
Stage 1 to stage 2	(0.6)	0.6	-	-
Stage 1 to stage 3	(0.3)	-	0.3	-
Stage 2 to stage 3	-	(1.0)	1.0	-
Opening balance after transfers	**53.4**	**5.8**	**30.5**	**89.7**
Change in exposure attributable to change in measurement basis	-	0.9	-	0.9
Change in exposure attributable to change in risk parameters	(35.2)	(0.6)	6.6	(29.2)
Change in exposure of back book in the current year	**(35.2)**	**0.3**	**6.6**	**(28.3)**
Change in exposure due to new business in the current year	1.5	0.7	-	2.2
Bad debt written off	-	-	(3.4)	(3.4)
Amount as at 30 June 2024	**19.7**	**6.8**	**33.7**	**60.2**
Included in the total loss allowance				
Netted against loans and advances to customers	18.7	6.8	33.7	59.2
Included in respect of loan commitments*	1.0	-	-	1.0
Other components of total loss allowance				
Forward looking information	(0.1)	0.4	(0.5)	(0.2)
Changes in models	(5.5)	1.5	2.9	(1.1)

Motor Finance

Motor Finance 30 June 2025	Stage 1 £m	Stage 2 £m	Stage 3 £m	Total £m
Amount as at 1 July 2024	43.7	18.5	115.6	177.8
Improvement in credit exposure				
Stage 2 to stage 1	3.0	(3.0)	-	-
Stage 3 to stage 1	1.4	-	(1.4)	-
Stage 3 to stage 2	-	1.2	(1.2)	-
Deterioration of credit exposure				
Stage 1 to stage 2	(1.5)	1.5	-	-
Stage 1 to stage 3	(0.4)	-	0.4	-
Stage 2 to stage 3	-	(4.7)	4.7	-
Opening balance after transfers	**46.2**	**13.5**	**118.1**	**177.8**
Change in exposure attributable to change in measurement basis	-	(2.1)	-	(2.1)
Change in exposure attributable to change in risk parameters	(18.8)	3.5	38.5	23.2
Change in exposure of back book in the current year	**(18.8)**	**1.4**	**38.5**	**21.1**
Change in exposure due to new business in the current year	6.7	6.9	2.8	16.4
Bad debt written off	-	-	(66.1)	(66.1)
Amount as at 30 June 2025	**34.1**	**21.8**	**93.3**	**149.2**
Included in the total loss allowance				
Netted against loans and advances to customers	34.1	21.8	93.3	149.2
Other components of total loss allowance				
Forward looking information	2.2	2.2	1.9	6.4
Changes in models	(2.0)	6.6	(0.4)	4.2

Motor Finance 30 June 2024	Stage 1 £m	Stage 2 £m	Stage 3 £m	Total £m
Amount as at 1 July 2023	47.7	27.7	86.9	162.3
Improvement in credit exposure				
Stage 2 to stage 1	5.4	(5.4)	-	-
Stage 3 to stage 1	1.6	-	(1.6)	-
Stage 3 to stage 2	-	1.7	(1.7)	-
Deterioration of credit exposure				
Stage 1 to stage 2	(0.9)	0.9	-	-
Stage 1 to stage 3	(0.4)	-	0.4	-
Stage 2 to stage 3	-	(5.0)	5.0	-
Opening balance after transfers	**53.4**	**19.9**	**89.0**	**162.3**
Change in exposure attributable to change in measurement basis	-	(1.2)	-	(1.2)
Change in exposure attributable to change in risk parameters	(17.9)	(4.3)	33.3	11.1
Change in exposure of back book in the current year	**(17.9)**	**(5.5)**	**33.3**	**9.9**
Change in exposure due to new business in the current year	8.2	4.1	3.7	16.0
Bad debt written off	-	-	(10.4)	(10.4)
Amount as at 30 June 2024	**43.7**	**18.5**	**115.6**	**177.8**
Included in the total loss allowance				
Netted against loans and advances to customers	43.7	18.5	115.6	177.8
Other components of total loss allowance				
Forward looking information	(4.7)	(4.6)	0.2	(9.1)
Changes in models	2.5	1.7	(5.7)	(1.5)

Business Finance

Business Finance 30 June 2025	Stage 1 £m	Stage 2 £m	Stage 3 £m	Total £m
Amount as at 1 July 2024	30.5	18.8	23.5	72.8
Improvement in credit exposure				
Stage 2 to stage 1	7.1	(7.1)	-	-
Stage 3 to stage 1	0.8	-	(0.8)	-
Stage 3 to stage 2	-	1.0	(1.0)	-
Deterioration of credit exposure				
Stage 1 to stage 2	(1.3)	1.3	-	-
Stage 1 to stage 3	(0.3)	-	0.3	-
Stage 2 to stage 3	-	(1.4)	1.4	-
Opening balance after transfers	**36.8**	**12.6**	**23.4**	**72.8**
Change in exposure attributable to change in measurement basis	-	(2.0)	-	(2.0)
Change in exposure attributable to change in risk parameters	(19.3)	1.9	11.9	(5.5)
Change in exposure of back book in the current year	**(19.3)**	**(0.1)**	**11.9**	**(7.5)**
Change in exposure due to new business in the current year	5.2	1.3	1.8	8.3
Bad debt written off	-	-	(15.9)	(15.9)
Amount as at 30 June 2025	**22.7**	**13.8**	**21.2**	**57.7**
Included in the total loss allowance				
Netted against loans and advances to customers	22.5	13.8	21.2	57.5
Included in respect of loan commitments*	0.2	-	-	0.2
Other components of total loss allowance				
Forward looking information	1.6	0.9	0.3	2.8
Changes in models	(2.2)	(5.3)	1.1	(6.4)

Business Finance	Stage 1 £m	Stage 2 £m	Stage 3 £m	Total £m
Amount as at 1 July 2023	40.1	15.9	18.8	74.8
Improvement in credit exposure				
Stage 2 to stage 1	2.9	(2.9)	-	-
Stage 3 to stage 1	1.0	-	(1.0)	-
Stage 3 to stage 2	-	0.2	(0.2)	-
Deterioration of credit exposure				
Stage 1 to stage 2	(3.1)	3.1	-	-
Stage 1 to stage 3	(0.4)	-	0.4	-
Stage 2 to stage 3	-	(2.8)	2.8	-
Opening balance after transfers	**40.5**	**13.5**	**20.8**	**74.8**
Change in exposure attributable to change in risk parameters	(16.7)	3.3	14.6	1.2
Change in exposure of back book in the current year	**(16.7)**	**3.3**	**14.6**	**1.2**
Change in exposure due to new business in the current year	6.7	2.0	2.9	11.6
Bad debt written off	-	-	(14.8)	(14.8)
Amount as at 30 June 2024	**30.5**	**18.8**	**23.5**	**72.8**
Included in the total loss allowance				
Netted against loans and advances to customers	30.0	18.8	23.5	72.3
Included in respect of loan commitments*	0.5	-	-	0.5
Other components of total loss allowance				
Forward looking information	(7.9)	(2.1)	0.3	(9.7)
Changes in models	0.3	3.9	(0.2)	4.0

Lease modifications

The table below includes stage 2 and 3 assets that were modified and, therefore, treated as forborne during the period, with the related modification loss charged to the income statement. The table also shows the gross carrying amount of previously modified financial assets for which the loss allowance has changed to 12 month ECL measurement during the period.

Lease modifications	Year ended 30 June 2025 £m	Year ended 30 June 2024 £m
Gross carrying amounts of assets modified while in stage 2 or stage 3 and now in stage 1	0.5	3.7

Finance lease receivables

Loans and advances to customers include the following finance leases where the Group is the lessor:

Finance lease receivables	Year ended 30 June 2025 £m	Year ended 30 June 2024 £m
Gross investment in finance leases, receivable:		
Less than one year	1,970.1	1,910.5
Between one and five years	4,653.0	4,524.5
More than five years	201.1	217.6
Total	**6,824.2**	**6,652.6**
Unearned finance income	(1,042.6)	(1,051.7)
Net investment in finance leases	**5,781.6**	**5,600.9**
Net investment in finance leases, receivable:		
Less than one year	1,637.1	1,577.0
Between one and five years	3,971.7	3,837.4
More than five years	172.8	186.5
Total	**5,781.6**	**5,600.9**

The Group enters into finance lease and hire purchase arrangements with customers in a wide range of sectors including plant and machinery, cars and commercial vehicles. The accumulated allowance for uncollectable minimum lease payments receivable is £177.4 million (30 June 2024: £208.5 million). The comparative disclosed for the period ended 30 June 2024 has been restated to ensure consistency has been applied in the identification of uncollectable minimum lease payments across the Group's portfolio.

Due to the nature of the business undertaken, there are no material unguaranteed residual values for any of the finance leases at 30 June 2025 (30 June 2024: no material residual values).

16. Investment in associate

Accounting policy

An associate is a company over which the Group has significant influence and that is neither a subsidiary undertaking nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is neither control nor joint control over the investee.

The results and assets of associates are accounted for in these consolidated financial statements using the equity method of accounting. Investments are measured at cost, which includes transaction costs. Subsequent to initial recognition, the Group includes its share of profit or loss and other comprehensive income of equity-accounted investees, until the date on which significant influence ceases.

The Group acquired a 48% stake in AFS Group Holdings Limited ("AFS") on 28 September 2017. In 2023, the Group approved the sale of its shares in AFS, at which point in time the carrying amount of the investment was reclassified as assets held for sale per IFRS 5. During the financial year under review, the Group has revised its position and hence the investment has been reclassified back to an investment in associate.

Details of the investment at 30 June 2025:

	Principal activity	Registered office	Proportion of ownership interest/ voting rights held by the Group
AFS Group Holdings Limited (Company number 0943803)	Financial Services Intermediary	UK †	48% [ii]

† Registered address Greenbank Court Challenge Way, Greenbank Business Park, Blackburn, United Kingdom, BB1 5QB.

* Class B ordinary shares.

The above associate is accounted for using the equity method in these consolidated financial statements. The carrying amount of the investment as at 30 June 2025 is £7.0 million. This includes a £0.7 million share of profit of associate which has been recognised in the Consolidated Income Statement for the year ended 30 June 2025 (30 June 2024: nil). The Group received dividends of £1.1 million from its associate during the year ended 30 June 2025 (30 June 2024: £1.1 million).

The financial year end date of AFS Group Holdings is 30 April. Summarised financial information in respect of the associate as at 30 April 2025 is set out below. For the purposes of applying the equity method of accounting, the management accounts of AFS Group Holdings Limited for the 12 months ended 30 June 2025 have been used.

	Year ended 30 April 2025 £m	Year ended 30 April 2024 £m
Current assets	11.9	12.0
Non-current assets	1.4	1.3
Current liabilities	6.8	6.5
Non-current liabilities	0.4	0.3

	Year ended 30 April 2025 £m	Year ended 30 April 2024 £m
Revenue	58.7	51.0
Profit from continuing operations	3.0	3.4
Profit for the period	3.0	3.4
Total comprehensive income for the period	3.0	3.4
Dividends received from the associate during the period	1.1	1.1

A reconciliation of the above summarised financial information to the carrying amount of the interest in AFS Group Holdings Limited recognised in the consolidated financial statements is shown in the table below.

Please note that information for the prior period is illustrative only, as stated above the interest in AFS Group Holdings Limited was previously recognised as held for sale, before being reclassified to Investment in Associate during the current year.

	Year ended 30 June 2025 £m	Year ended 30 June 2024 £m
Net assets of the associate	5.1	4.8
Proportion of the Group's ownership interest in the associate	48%	48%
Group share of net assets of the associate	2.5	2.3
Goodwill	4.5	4.5
Carrying amount of the Group's interest in the associate	**7.0**	**6.8**
Dividend received from the associate	(1.1)	(1.1)

17. Property, plant and equipment

Accounting policy

Items of property, plant and equipment are stated at cost, or deemed cost on transition to IFRS, less accumulated depreciation and accumulated impairment. Cost includes expenditure that is directly attributable to the acquisition of the asset or costs incurred in bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation is provided on all property, plant and equipment at rates calculated to write-off the cost of each asset to realisable values on a straight-line basis over its expected useful life, as follows:

Category	Useful life
Fixtures, fittings and equipment	five years
Computer hardware	one to five years
Leasehold improvements	one to ten years
ROUA - property	length of the lease
ROUA - motor vehicles	three years
Assets under operating leases	one to seven years

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Right-of-use assets ("ROUA") are recognised at the commencement date of the lease (i.e., the date the underlying asset is available for use). ROUA's are measured at cost less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

All items of property, plant and equipment are reviewed at the end of each reporting period for indicators of impairment. If the carrying value of the asset is greater than the greater of the value in use and the fair value less costs to sell, an impairment loss is recognised in the income statement.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Property, plant and equipment	Computer hardware	Furniture, fixtures and fittings	Right of use assets - Property	Right of use assets - Motor vehicles	Assets under operating lease	Total
	£m	£m	£m	£m	£m	£m
Cost:						
Amount as at 1 July 2024	8.5	16.2	37.5	2.6	4.3	69.0
Additions	0.4	7.0	4.7	0.6	-	12.7
Disposals	(3.2)	(8.1)	(18.8)	(0.7)	(0.2)	(31.0)
Amount as at 30 June 2025	**5.7**	**15.1**	**23.4**	**2.4**	**4.1**	**50.7**
Amount as at 1 July 2023	9.6	13.3	37.9	2.9	5.3	68.9
Additions	2.5	3.5	6.1	1.2	-	13.3
Disposals	(3.6)	(0.6)	(6.5)	(1.5)	(1.0)	(13.2)
Amount as at 30 June 2024	**8.5**	**16.2**	**37.5**	**2.6**	**4.3**	**69.0**
Depreciation:						
Amount as at 1 July 2024	5.7	9.8	15.9	1.2	2.7	35.3
Charge for the year	1.7	2.4	3.0	0.8	0.6	8.5
Impairments	-	-	-	-	(0.2)	(0.2)
Disposals	(3.1)	(7.8)	(8.7)	(0.5)	(0.3)	(20.4)
Amount as at 30 June 2025	**4.3**	**4.4**	**10.2**	**1.5**	**2.8**	**23.2**
Amount as at 1 July 2023	6.6	7.4	17.7	1.8	2.4	35.9
Charge for the year	2.8	2.9	4.0	0.8	0.7	11.2
Disposals	(3.7)	(0.5)	(5.8)	(1.4)	(0.4)	(11.8)
Amount as at 30 June 2024	**5.7**	**9.8**	**15.9**	**1.2**	**2.7**	**35.3**
Net book value:						
Amount as at 30 June 2025	**1.4**	**10.7**	**13.2**	**0.9**	**1.3**	**27.5**
Amount as at 30 June 2024	2.8	6.4	21.5	1.4	1.6	33.7

The notable significant increase in disposals in the period is primarily a result of the Cardiff office move. This resulted in the disposal of the existing lease with a carrying value of £9.7 million, as well as the disposal of associated computer hardware, furniture, fixtures and fittings.

18. Intangible assets

Accounting policy

Computer systems

Software acquired by the Group is measured at cost less accumulated amortisation and any accumulated impairment losses. Cloud computing software is expensed to the Income Statement unless the recognition criteria in IAS 38 can be met.

Expenditure on internally developed software is recognised as an asset when the Group is able to demonstrate its intention and ability to complete the development, use the software in a manner that will generate future economic benefits and can reliably measure the costs to complete the development. The capitalised costs of internally developed software include all costs directly attributable to developing the software and are amortised over its useful life. Internally developed software is stated at capitalised cost less accumulated amortisation and impairment.

Acquired and internally developed software is amortised on a straight line basis in the income statement over its expected useful life from the date that it is available for use, being 3 years.

Other intangible assets are tested for impairment when there is any indication that the intangible asset may be impaired.

If the carrying value of the asset is greater than the greater of the value in use and the fair value less costs to sell, an impairment loss is recognised in the income statement.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Goodwill

Goodwill on the acquisition of businesses and subsidiaries represents excess consideration transferred and is recognised as an intangible asset at cost less accumulated impairment losses.

Goodwill is tested for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to operating segments. An impairment loss is recognised if the carrying amount of a segment is higher than its recoverable amount. The recoverable amount of a segment is the greater of its value in use and its fair value less costs to sell. Value in use is calculated from forecasts by management of pre-tax profits for the subsequent five years and a residual value discounted at a risk adjusted interest rate appropriate to the cash generating unit. Fair value is determined through review of precedent transactions for comparable businesses. Where impairment is required, the amount is recognised in the income statement and cannot be subsequently reversed.

Intangible assets	Computer systems £m	Goodwill £m	Total £m
Cost:			
As at 1 July 2024	10.9	8.6	19.5
Retirements	(8.7)	-	(8.7)
As at 30 June 2025	**2.2**	**8.6**	**10.8**
As at 1 July 2023	10.9	8.6	19.5
Retirements	-	-	-
As at 30 June 2024	**10.9**	**8.6**	**19.5**
Amortisation:			
As at 1 July 2024	10.9	-	10.9
Retirements	(8.7)	-	(8.7)
As at 30 June 2025	**2.2**	**-**	**2.2**
As at 1 July 2023	10.9	-	10.9
Retirements	-	-	-
As at 30 June 2024	**10.9**	**-**	**10.9**
Net book value:			
30 June 2025	**-**	**8.6**	**8.6**
30 June 2024	-	8.6	8.6

The goodwill disclosed above relates to the SME Commercial Mortgages business (included within the Business Finance segment). The Value in Use ("VIU") for SME Commercial Mortgages was determined by discounting the future cash flows to be generated from the continuing use of the business. VIU at 30 June 2025 has been determined in a similar manner as at 30 June 2024.

Key assumptions used in the calculation of VIU were the following:

- Cash flows were projected based on past experience, actual operating results and the six year business plan. Cash flows after the planning period were extrapolated using a constant growth rate of 2.0% (30 June 2024: 2.0%) into perpetuity; and
- A pre-tax discount rate of 15.3% (30 June 2024: 15.1%) was applied in determining the recoverable amounts for the SME Commercial Mortgages operating segment. These discount rates were based on the weighted average cost of funding for the segment,

taking into account the Group's regulatory capital requirement and expected market returns for debt and equity funding, then adjusted for risk premiums to reflect the systemic risk of the segment.

IAS 36 requires an assessment of goodwill balances for impairment on an annual basis, or more frequently if there is an indication of impairment. An impairment charge should be recognised where the recoverable amount from the segment is less than the carrying value of the goodwill. Under IAS 36, the recoverable amount is the greater of either the VIU of a business or its Fair Value less Costs of Disposal ("FVLCD").

The VIU of the SME Commercial Mortgages segment is significantly above the carrying value of the attributable goodwill and net assets. The Group estimates that reasonably possible changes in the above assumptions are not expected to cause the recoverable amount of SME Commercial Mortgages to reduce below the carrying amount.

19. Amounts due to banks

Amounts due to banks	Year ended 30 June 2025 £m	Year ended 30 June 2024 £m
Due to banks - central banks - TFSME interest accrual	5.2	14.2
Due to banks - central banks - ILTR interest accrual	0.3	-
Due to banks - central banks - repurchase agreements interest accrual	0.1	-
	5.6	**14.2**
Due to banks - central banks - TFSME	465.0	600.0
Due to banks - central banks - ILTR	80.0	-
Due to banks – Repurchase agreements	150.0	-
Due to banks - central banks - variation margin	95.2	286.1
Amounts repayable within 12 months	**790.2**	**886.1**
Due to banks - central banks - TFSME	-	465.0
Amounts repayable after 12 months	**-**	**465.0**
Total	**795.8**	**1,365.3**

Loans received from the Bank of England against which the Group provides collateral under the TFSME are recorded as 'Amounts due to banks' and are accounted for as a financial liability at amortised cost. Further details can be found in note 15.

20. Customers' accounts

Customers' accounts	Year ended 30 June 2025 £m	Year ended 30 June 2024 £m
Retail deposits	11,465.6	11,010.4
SME deposits	2,738.5	3,092.0
Corporate deposits - Deposit aggregators	2,069.0	1,703.8
Corporate deposits - Other	774.5	500.5
Total	**17,047.6**	**16,306.7**
Amounts repayable within one year	14,419.7	13,727.1
Amounts repayable after one year	2,627.9	2,579.6
Total	**17,047.6**	**16,306.7**

21. Other liabilities, accruals and deferred income

Amounts payable within 12 months	Year ended 30 June 2025 £m	Year ended 30 June 2024 £m
Amounts payable to Invoice Finance customers	12.9	14.5
Other taxation and social security costs	5.8	2.9
Trade payables	24.3	27.9
Lease liabilities	14.9	24.2
Accruals	62.1	73.9
Deferred income	1.9	2.4
Other payables	6.5	5.0
Total	**128.4**	**150.8**

Maturity profile of lease liabilities	Year ended 30 June 2025 £m	Year ended 30 June 2024 £m
Less than one year	3.1	4.5
Between one and five years	7.8	13.4
More than five years	4.0	5.7
Total	**14.9**	**24.2**

The reduction in lease liabilities in the period is primarily attributed to the Group moving office locations in Cardiff.

22. Provisions

Accounting policy

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

Provisions	Customer redress £m	Other £m	Total £m
1 July 2024	26.5	0.3	26.8
Utilised during the year	(7.5)	(0.3)	(7.8)
Provided during the year	60.8	3.1	63.9
30 June 2025	**79.8**	**3.1**	**82.9**

Provisions	Customer redress £m	Other £m	Total £m
1 July 2023	26.3	2.1	28.4
Utilised during the year	(27.5)	(0.7)	(28.2)
Provided during the year	27.7	(1.1)	26.6
30 June 2024	**26.5**	**0.3**	**26.8**

Customer Redress

FCA review into historical Motor Finance commissions

A provision of £15.0 million for the potential impact of the FCA's review into historical motor finance commission arrangements and sales, which was announced on 11 January 2024, was recorded in the prior year.

The Group has recognised a further provision of £58.5 million in the current financial year for this matter, following the announcement from the FCA on 3 August 2025 after the judgment from the Supreme Court of England and Wales ("the SC") handed down on 1 August 2025. The Group concluded that this represented an adjusting event after the reporting period. The total provision held on the statement of financial position was £73.1 million as at 30 June 2025.

On 11 December 2024, one of the Group's sister companies FirstRand Bank London Branch ("FRLB") obtained permission from the SC to appeal the Court of Appeal's ("CoA") October 2024 judgment against it in respect of the Wrench and Johnson motor finance commissions cases. This appeal was heard by the SC between 1 April 2025 and 3 April 2025. Another UK lender obtained the same permission from the SC for a separate case with related grounds.

The CoA had held that motor dealers, acting as credit brokers, owed disinterested and fiduciary duties to customers and should have obtained consent for any commission paid to them by lenders. Lenders were also deemed to be liable for any deficiencies in the dealers' disclosure of these commissions, with the deficiencies in disclosures being noted as potentially dishonest. This increased the threshold for disclosure of, and customer consent to, the nature, value and existence of any commission paid relative to the Group's understanding of what was required under legal and regulatory standards in place at the time (and prior to this verdict), and which it sought to comply with at the time. It also brought into scope both DCA and non-DCA cases and went beyond the remit of the FCA's original review.

The main ground of appeal before the SC, was upheld in that motor dealers do not owe customers a fiduciary duty in relation to their role as a credit broker arranging finance (relevant to claims for the tort of bribery and secret/half-secret commissions). A fiduciary duty is required to bring a bribery claim against a lender; further, "disinterested" duty is not sufficient for such a claim. Therefore, the CoA's findings of dishonesty around the disclosures were all superseded.

In the Johnson case only, the SC decided that there was an unfair relationship under s140A of the Consumer Credit Act 1974 on the specific facts of the case and hence found against the lender. It is important to note that the SC emphasised that the court had a wide discretion to award a remedy under s140A and the outcome and remedy in Johnson was based on the specific facts of that case. Accordingly, the Group does not believe that this verdict on unfairness creates a direct precedent for other courts to follow.

Subsequent to the SC ruling, the FCA issued a statement on 3 August outlining its initial thinking on a proposed redress scheme. The proposals within that statement were not final and are subject to change. The FCA noted that it will publish its consultation process for a redress scheme by early October 2025 and this will run for 6 weeks. It aims to finalise the rules, such that a redress scheme can launch next year. The Group continues to engage with the FCA and will participate in the consultation process.

The FCA extended its temporary complaint handling moratorium for DCA complaints to include non-DCA complaints until December 2025 following the CoA verdict in October 2024. The Group has continued to receive a large number of complaints and a number of County Court claims for motor finance commissions during the current year. Many of these claims have been paused, pending the verdict from the SC and the ultimate FCA remediation scheme.

An upcoming CoA hearing involving another lender may influence the eventual outcome of this matter. This appeal relates to a judicial review of a final decision by the FOS against another lender, originally heard in October 2024. This appeal was deferred, pending the outcome of the SC verdict. The appeal will now be heard by the CoA on 16 to 18 September.

In light of the above, the provision for this matter has been reassessed during the year, based on probability-weighted scenarios constructed from the Group's own data analysis, assumptions and emerging estimates. It comprises probable legal, future incremental operational and redress costs (using a range of judgemental assumptions for commissions, interest rates, redress approaches including for both DCA and non-DCA customers and response rates). A number of potential outcomes for a remediation scheme are therefore covered with all scenarios taking into account the SC's unfairness finding held in the Johnson case. Compensatory interest has been assumed utilising the FCA's proposed interest rate of the average Bank of England base rate per year +1%. The amount covers origination by MotoNovo Finance from May 2019 to October 2024.

The Group believes estimation uncertainty remains in deriving its current provision at least until the FCA provides full and final clarity of the proposed redress scheme. It has therefore undertaken a sensitivity analysis whereby a 5% increase in the probability applied to the most unfavourable scenario included within the provision has been offset by a compensating 5% reduction in the most favourable scenario. Assuming all other assumptions remain unchanged, the outcome would be less than a 10% increase in the estimated provision. A further key area of estimation uncertainty relates to the customer response rates used in constructing the provision, which as set, are higher than the recent level of customer contact rates observed by the Group. A 10% change in the assumed response rates, with all other assumptions unchanged, would also increase or decrease the estimated provision by less than 10%.

The developments identified above mean it is possible that the key areas of estimation uncertainty could change by more than the sensitivities illustrated and therefore require a significant adjustment to the provision. IFRS Accounting Standards require that the Group discloses the fact that the ultimate financial impact could be higher or lower than the amount currently provided, which includes the possibility of a future provision increase or decrease in excess of the sensitivities disclosed above. The Group however believes that the current provision is appropriate based on the information available at the time of reporting.

During the financial year under review, the Group incurred £2.1 million (30 June 2024: £0.7 million) of operational and legal costs in relation to managing increased complaints volumes and legal expenses largely resulting from the CoA and SC cases.

Consumer Credit Act ("CCA") remediation

As a result of implementing rapid measures in the motor finance business to ensure that customers financially impacted by Covid-19 were able to take advantage of Government support measures, certain variations in procedures were undertaken by the Group. Management discovered that certain CCA related documents that were required to have been delivered to a sub-section of loan receivable customers were not delivered. In addition, as part of a wider thematic review, a number of other operational issues were identified that also required remediation.

Provisions include £4.7 million (30 June 2024: £9.5 million) in respect of estimated costs to complete a remediation programme with the support of external advisors, to ensure impacted customers' loan balances and documentation are up to date. As the Aldermore Group provides operational support to Motonovo London Branch (part of FRLB), for whom a sub-section of loan receivable customers are also impacted, £0.2 million of this provision (30 June 2024: £3.7 million) is recoverable from FRLB.

This provision is expected to be utilised over the next twelve months.

23. Debt securities in issue

Debt securities in issue	Year ended 30 June 2025 £m	Year ended 30 June 2024 £m
Oak No.3 PLC	-	68.4
Oak No.4 PLC	219.2	301.8
Oak No.5 PLC	302.6	-
MotoMore Limited	407.6	407.3
Total	**929.4**	**777.5**

Debt securities in issue with a book value of £929.4 million (30 June 2024: £777.5 million) are secured on certain portfolios of variable and fixed rate mortgages through the Group's securitisation vehicles. These notes are redeemable in part from time to time, such redemptions being limited to the net capital received from mortgage customers in respect of the underlying assets.

In July 2024, the notes from the Group's residential mortgage backed securitisation (Oak No.3) were redeemed in full (30 June 2024: £68.4 million).

The final maturity date in respect of the Oak No.4 PLC notes is in February 2065 with an optional redemption exercisable on the notes falling due in February 2028.

The final maturity date in respect of the Oak No.5 PLC notes is in July 2072 with an optional redemption exercisable on the notes falling due in July 2030.

The final maturity date in respect of the MotoMore Limited notes is 22 October 2032 with the revolving period end date to occur in September 2026, having been renewed in October 2023.

24. Subordinated notes

Subordinated notes	Year ended 30 June 2025 £m	Year ended 30 June 2024 £m
Subordinated notes 2033	100.9	100.9
Total	**100.9**	**100.9**

On 22 November 2023, the Group issued to FirstRand Bank Limited, a fellow subsidiary of FirstRand Limited, £100.0 million subordinated 7.94% loan notes, repayable in 2033, with an option for the Group to redeem after five years. The interest rate is fixed until November 2028. The loan is carried in the statement of financial position at amortised cost using an EIR of 7.94% which is identical to the coupon rate.

25. Financing activity

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

Year ended 30 June 2025 £m	Note	Amount as at 1 July 2024	Financing cash flows - debt issued	Financing cash flows - repayment of debt	Financing cash flows - interest paid on debt	Non-cash changes - Financing activity	Non-cash changes - Interest expense per income statement	Amount as at 30 June 2025
Debt securities in issue	23	777.5	300.0	(150.0)	(39.3)	-	41.2	929.4
Subordinated notes	24	100.9	-	-	(7.9)	-	7.9	100.9
Lease liabilities	21	24.2	-	(3.9)	-	(5.8)	0.4	14.9

Year ended 30 June 2024 £m	Note	Amount as at 1 July 2023	Financing cash flows - debt issued	Financing cash flows - repayment of debt	Financing cash flows - interest paid on debt	Non-cash changes - Financing activity	Non-cash changes - Interest expense per income statement	Amount as at 30 June 2024
Debt securities in issue	23	1,285.1	-	(505.1)	(57.3)	-	54.8	777.5
Subordinated notes	24	152.8	100.0	(152.0)	(9.0)	-	9.1	100.9
Lease liabilities	21	22.7	-	(5.3)	-	6.6	0.2	24.2

In June 2022, the Group (as borrower) entered into a committed liquidity facility with FirstRand Bank Limited (as lender) for £100.0 million. There is no drawn balance as at 30 June 2025. The facility was renewed in December 2024 for another 15 months, with an implied final repayment date in March 2026.

In October 2022, the Group also entered into an uncommitted liquidity facility with FirstRand Bank Limited (as lender) for £400.0 million. There is no drawn balance as at 30 June 2025. The facility was renewed in September 2024 for another 12 months, with an implied final repayment date in September 2025.

26. Share Capital

Share capital - Group and Company	Year ended 30 June 2025 £m	Year ended 30 June 2024 £m
Ordinary shares authorised and fully paid up of £0.10 each	243.9	243.9

As at 30 June 2025, there were 2,439,016,380 ordinary £0.10 shares in issue, resulting in share capital of £243,901,638 (30 June 2024: 2,439,016,380 and £243,901,638, respectively).

27. Share based payments

Accounting policy

In order to incentivise and reward future strong long-term business performance and growth, senior executives and employees of the Group have been granted – as part of their remuneration – awards, which are linked to the quoted share price of FirstRand Limited. The awards are recognised in the financial statements as cash-settled share-based payments. Awards granted under cash-settled plans result in a liability being recognised and measured at fair value until settlement. An expense is recognised in profit or loss for employee services received over the vesting period of the plans.

The cost of such awards are settled by payments made by the Group to an associate of the FirstRand group which assumes the liability for the settlement of the awards, and the cost will be recharged to the Aldermore Group companies to which the awardees provide their services. This results in the derecognition of the share-based payment obligation and the recognition of a prepaid debtor, which the Group releases to the income statement over the vesting period of the original award granted to the employees.

The amount recognised as an expense is adjusted to reflect differences between expected and actual outcomes, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with market performance conditions or non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Total share based payment income statement charge	Year ended 30 June 2025 £m	Year ended 30 June 2024 £m
Share plans issued in year ended 30 June 2021	-	(1.4)
Share plans issued in year ended 30 June 2022	(0.8)	0.1
Share plans issued in year ended 30 June 2023	0.9	3.4
Share plans issued in year ended 30 June 2024	1.1	0.6
Share plans issued in year ended 30 June 2025	0.3	-
Total	**1.5**	**2.7**

Awards

The table below shows the number of awards outstanding as at 30 June 2025:

Plan	Awards outstanding value 30 June 2025 £m	Vesting dates	Adjusted for movement in FirstRand ZAR share price	Non market performance conditions attached	Settlement	Liability transferred to RMBMS by assumption of liability agreement	Aldermore Group residual liability	Charge for current year £m
Deferred bonus scheme - FY21	-	Sep-22 Sep-23 Sep-24	Yes	No	Cash or FirstRand shares to the value of the award at the vesting date	Yes	Yes	(0.9)
Deferred bonus scheme - FY22	0.2	Sep-23 Sep-24 Sep-25	Yes	No	Cash or FirstRand shares to the value of the award at the vesting date	Yes	Yes	-

Deferred bonus scheme - FY23	0.7	Sep-24 Sep-25 Sep-26	Yes	No	Cash or FirstRand shares to the value of the award at the vesting date	Yes	Yes	0.2
Deferred bonus scheme - FY24	1.5	Sep-25 Sep-26 Sep-27	Yes	No	Cash or FirstRand shares to the value of the award at the vesting date	Yes	Yes	0.4
LTIP awards - FY22	-	Sep-24	Yes	Yes	Cash or FirstRand shares to the value of the award at the vesting date	Yes	No	0.1
LTIP awards - FY23	2.3	Sep-25	Yes	Yes	Cash or FirstRand shares to the value of the award at the vesting date	Yes	No	0.8
LTIP awards - FY24	1.8	Sep-26	Yes	Yes	Cash or FirstRand shares to the value of the award at the vesting date	Yes	Yes	0.3
LTIP awards - FY25	2.0	Sep-27	Yes	Yes	Cash or FirstRand shares to the value of the award at the vesting date	Yes	Yes	0.3
Equity linked compensation - CRDV - FY23	0.4	Sep-22 Sep-23 Sep-24 Sep-25	Yes	Yes	Cash or FirstRand shares to the value of the award at the vesting date	Yes	No	0.3
Equity linked compensation - CRDV - FY24	0.9	Sep-24 Sep-25 Sep-26	Yes	No	Cash or FirstRand shares to the value of the award at the vesting date	Yes	Yes	(0.2)
Equity linked compensation - CRDV - FY25	2.4	Sep-25 Sep-26 Sep-27	Yes	No	Cash or FirstRand shares to the value of the award at the vesting date	Yes	Yes	0.2
Total	**12.2**							**1.5**

The table below shows the number of awards outstanding as at 30 June 2024:

Plan	Awards outstanding value 30 June 2024 £m	Vesting dates	Adjusted for movement in FirstRand ZAR share price	Non market performance conditions attached	Settlement	Liability transferred to RMBMS by assumption of liability agreement2	Aldermore Group residual liability	Charge for current year £m
Deferred bonus scheme - FY21	0.3	Sep-22 Sep-23 Sep-24	Yes	No	Cash or FirstRand shares to the value of the award at the vesting date	Yes	Yes	0.1
Deferred bonus scheme - FY22	0.3	Sep-23 Sep-24 Sep-25	Yes	No	Cash or FirstRand shares to the value of the award at the vesting date	Yes	Yes	0.1
LTIP awards (risk & compliance) - FY21	-	Sep-23	Yes	No	Cash or FirstRand shares to the value of the award at the vesting date	Yes	Yes	0.1
LTIP awards (risk & compliance) - FY22	2.2	Sep-24	Yes	No	Cash or FirstRand shares to the value of the award at the vesting date	Yes	Yes	-
LTIP awards - FY21	-	Sep-23	Yes	Yes	Cash or FirstRand shares to the value of the award at the vesting date	Yes	No	(1.8)
LTIP awards - FY22	0.5	Sep-24	Yes	Yes	Cash or FirstRand shares to the value of the award at the vesting date	Yes	No	0.3
LTIP awards - FY23	2.4	Sep-25	Yes	Yes	Cash or FirstRand shares to the value of the award at the vesting date	Yes	No	0.5
LTIP awards (Exco) - FY21	-	Sep-23	Yes	Yes	FirstRand shares to the value of the award at the vesting date	Yes	No	0.1
LTIP awards (Exco) - FY22	-	Sep-24	Yes	Yes	FirstRand shares to the value of the award at the vesting date	Yes	No	(0.3)
Equity linked compensation - CRDV - FY23	2.2	Sep-22 Sep-23 Sep-24 Sep-25	Yes	Yes	Cash or FirstRand shares to the value of the award at the vesting date	Yes	No	2.1
COVID conditional incentive plan - FY21	-	Sep-23	Yes	Yes	FirstRand shares to the value of the award at the vesting date	Yes	No	0.1
Equity linked compensation - CRDV - FY24	1.0	Sep-24 Sep-25 Sep-26	Yes	No	Cash or FirstRand shares to the value of the award at the vesting date	Yes	Yes	0.3
Deferred bonus scheme - FY23	1.3	Sep-24 Sep-25 Sep-26	Yes	No	Cash or FirstRand shares to the value of the award at the vesting date	Yes	Yes	0.8

LTIP awards - FY24	2.1	Sep-24 Sep-25 Sep-26	Yes	Yes	Cash or FirstRand shares to the value of the award at the vesting date	Yes	Yes	0.3
Total	**12.3**							**2.7**

Aldermore entered into an assumption of liability and novation agreement with RMB Morgan Stanley Proprietary Ltd ('RMBMS'), a 50.0% owned JV of the FirstRand group to hedge the cost of the awards linked to the FirstRand share price. In return for Aldermore making a payment to RMBMS, RMBMS is substituted in the agreement and is obligated to pay the GBP amount due to the Aldermore employees at the vesting date.

The terms of the variable pay schemes are as follows:

a. Bonuses

Aldermore Group pay bonuses on an annual basis, and the main bonus scheme is called the Annual Incentive Plan (AIP). Most colleagues do not defer, and awards are paid in cash through payroll. The Group also operates a sales incentives scheme for certain colleagues in revenue generating roles. No recipients of sales incentives are in roles that require bonus deferral.

For senior employees who are not Material Risk Takers (MRTs) but are subject to AIP deferral, the deferral vests in cash in three equal annual instalments, on the first, second and third anniversary of the date the deferral is granted. A gilt coupon is in place to add interest on these cash awards during their deferral period.

For MRTs subject to AIP deferrals, CRDV regulations apply, and deferrals stretch over a 4–7-year period depending on regulatory status. Deferrals are split into 50% equity-linked instruments which track the FirstRand share price from grant to release (ignoring FX movements), and 50% cash which use the gilt coupon described above.

There are no performance conditions in respect of deferred AIP awards, however an individual needs to remain in active service, or be in receipt of good leaver status, for the awards to vest.

b. LTIP (Long-Term Incentive Plan)

Aldermore Group award Long-Term Incentive Plans ("LTIPs") annually, with vesting occurring three years after the award date. LTIPs are granted only to the Executive Committee and come with Group-level performance conditions that need to be achieved over the three-year performance period. Executives in control functions (usually only the Chief Risk Officer) have a similar award without the performance conditions and a lower quantum.

LTIPs granted in respect of FY22 and FY23 are 80% linked to Aldermore performance conditions and 20% linked to FirstRand performance conditions. LTIPs granted in respect of FY24 (and onwards) are 100% linked to FirstRand performance conditions.

The awards are all 100% equity-linked, tracking the FirstRand share price from award to release date (ignoring FX movements). An individual needs to remain in active service, or be in receipt of good leaver status, for the awards to vest.

28. Additional Tier 1 capital

Additional Tier 1 capital	Year ended 30 June 2025 £m	Year ended 30 June 2024 £m
Perpetual subordinated capital notes - issued April 2020	-	61.0
Perpetual subordinated capital notes - issued June 2024	100.0	100.0
Perpetual subordinated capital notes - issued April 2025	50.0	-
Total	**150.0**	**161.0**

On 29 April 2020, the Company issued £61.0 million of Perpetual Subordinated Capital Notes to FirstRand Bank Limited, a fellow subsidiary of FirstRand Limited, and redeemed this instrument in April 2025.

On 27 June 2024, the Company issued £100.0 million of Perpetual Subordinated Capital Notes to FirstRand Bank Limited, a fellow subsidiary of FirstRand Limited.

The Securities are perpetual and have no fixed redemption date. Redemption of the Securities is at the option of the Company on 27 September 2029 and semi-annually thereafter. The Securities bear interest at an initial rate of 8.18% per annum until 27 September 2029 and thereafter at the relevant Reset Interest Rate as provided in the terms and conditions. Interest is payable on the Securities semi-annually in arrears on each interest payment date in September and March, with a short first interest payment period commencing from 27 June 2024 and is non-cumulative. The Borrower has the full discretion to cancel any interest scheduled to be paid on the Securities.

On 29 April 2025, the Company issued £50.0 million of Perpetual Subordinated Capital Notes to FirstRand Bank Limited, a fellow subsidiary of FirstRand Limited.

The Securities are perpetual and have no fixed redemption date. Redemption of the Securities are at the option of the Company on 29 April 2030 and semi-annually thereafter. The Securities bear interest at an initial rate of 7.63% per annum until 29 April 2030 and thereafter at the relevant Reset Interest Rate as provided in the terms and conditions. Interest is payable on the Securities semi-annually in arrears on each interest payment date commencing from 29 October 2025 and is non-cumulative. The Borrower has the full discretion to cancel any interest scheduled to be paid on the Securities.

29. Statement of cash flows

Accounting policy

Cash and cash equivalents comprise of cash balances and balances with a maturity of three months or less from the acquisition date which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

Adjustments for non-cash items and other adjustments including within the income statement	Year ended 30 June 2025 £m	Year ended 30 June 2024 £m (Restated)
Depreciation and amortisation	8.5	11.2
Net impairment on intangible assets and property plant and equipment	(0.2)	-
Impairment losses / (releases) on loans and advances	16.6	(18.3)
Net losses on disposal of FVOCI debt securities	(1.1)	(2.0)
Interest income on debt securities	(109.0)	(80.6)
Interest expense on debt securities in issue	41.2	54.8
Interest expense on subordinated notes	7.9	9.1
Interest expense on lease liabilities	0.4	0.2
Gain recognised on transfer from non-current assets held for sale	(1.0)	-
Share of profit of associate	(0.7)	-
Total	**(37.4)**	**(25.6)**

Change in operating assets	Year ended 30 June 2025 £m	Year ended 30 June 2024 £m
Loans and advances to customers	(1,279.4)	(151.3)
Loans and advances to banks	(34.6)	61.1
Derivative financial instruments	169.6	363.8
Fair value adjustments for portfolio hedged risk	(151.8)	(287.4)
Other operating assets	21.9	68.9
Total	**(1,274.3)**	**55.1**

Change in operating liabilities	Year ended 30 June 2025 £m	Year ended 30 June 2024 £m (Restated)
Amounts due to banks	(569.5)	(316.6)
Customers' accounts	740.9	1,273.4
Derivative financial instruments	57.8	(21.7)
Fair value adjustments for portfolio hedged risk	9.9	27.6
Operating liabilities	(14.0)	(1.2)
Provisions	56.0	(1.9)
Total	**281.1**	**959.6**

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on demand and overnight deposits classified as cash and balances at central banks (unless restricted) and balances within loans and advances to banks. The following balances have been identified as being cash and cash equivalents.

Cash and cash equivalents	Year ended 30 June 2025 £m	Year ended 30 June 2024 £m
Cash and balances at central banks	1,182.3	2,172.2
Loans and advances to banks	128.8	128.4
Total	**1,311.1**	**2,300.6**

Where noted in this disclosure note, the comparative figures for the year ended 30 June 2024 have been reclassified between line items to reflect the current year's presentation methodology. These adjustments have been made to improve consistency and comparability. There has been no change to the previously reported opening or closing balances in the prior year.

30. Commitments and contingencies

At 30 June 2025, the Group had undrawn commitments to lend of £570.8 million (30 June 2024: £479.1 million). These relate mostly to irrevocable lines of credit granted to customers.

Legislation

As a financial services group, Aldermore Group PLC is subject to extensive and comprehensive regulation. The Group must comply with numerous laws and regulations, which significantly affect the way it does business. Whilst the Group believes there are no unidentified areas of failure to comply with these laws and regulations which would have a material impact on the financial statements, there can be no assurance that all issues have been identified.

31. Financial instruments and fair values

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

30 June 2025	Assets at amortised cost £m	Debt securities at FVOCI £m	Fair value through profit or loss £m	Fair value hedges £m	Liabilities at amortised cost £m	Total £m
Cash and balances at central banks	1,182.3	-	-	-	-	1,182.3
Loans and advances to banks	292.3	-	-	-	-	292.3
Debt securities	329.1	2,375.1	-	-	-	2,704.2
Derivatives held for risk management	-	-	178.6	-	-	178.6
Fair value adjustment for portfolio hedged risk	-	-	-	21.3	-	21.3
Loans and advances to customers	16,599.7	-	-	-	-	16,599.7
Other assets	13.0	-	-	-	-	13.0
Financial assets	**18,416.5**	**2,375.1**	**178.6**	**21.3**	**-**	**20,991.4**
Non-financial assets	87.3	-	-	-	-	87.3
Total assets	**18,503.8**	**2,375.1**	**178.6**	**21.3**	**-**	**21,078.8**
Amounts due to banks	-	-	-	-	795.8	795.8
Customers' accounts	-	-	-	-	17,047.6	17,047.6
Derivatives held for risk management	-	-	98.5	-	-	98.5
Fair value adjustment for portfolio hedged risk	-	-	-	16.4	-	16.4
Other liabilities	-	-	-	-	65.7	65.7
Debt securities in issue	-	-	-	-	929.4	929.4
Subordinated notes	-	-	-	-	100.9	100.9
Financial liabilities	**-**	**-**	**98.5**	**16.4**	**18,939.5**	**19,054.3**
Non-financial liabilities	-	-	-	-	144.8	144.8
Total liabilities	**-**	**-**	**98.5**	**16.4**	**19,084.3**	**19,199.2**

30 June 2024	Assets at amortised cost £m	Debt securities at FVOCI £m	Fair value through profit or loss £m	Fair value hedges £m	Liabilities at amortised cost £m	Total £m
Cash and balances at central banks	2,172.2	-	-	-	-	2,172.2
Loans and advances to banks	257.4	-	-	-	-	257.4
Debt securities	374.9	2,061.6	-	-	-	2,436.5
Derivatives held for risk management	-	-	348.2	-	-	348.2
Fair value adjustment for portfolio hedged risk	-	-	-	(130.4)	-	(130.4)
Loans and advances to customers	15,336.9	-	-	-	-	15,336.9
Other assets	34.7	-	-	-	-	34.7
Financial assets	**18,176.1**	**2,061.6**	**348.2**	**(130.4)**	**-**	**20,455.5**
Non-financial assets	84.9	-	-	-		84.9
Total assets	**18,261.0**	**2,061.6**	**348.2**	**(130.4)**	**-**	**20,540.4**
Amounts due to banks	-	-	-	-	1,365.3	1,365.3
Customers' accounts	-	-	-	-	16,306.7	16,306.7
Derivatives held for risk management	-	-	40.7	-	-	40.7
Fair value adjustment for portfolio hedged risk	-	-	-	6.5	-	6.5
Other liabilities	-	-	-	-	76.1	76.1
Debt securities in issue	-	-	-	-	777.5	777.5
Subordinated notes	-	-	-	-	100.9	100.9
Financial liabilities	**-**	**-**	**40.7**	**6.5**	**18,626.5**	**18,673.7**
Non-financial liabilities	-	-	-	-	102.3	102.3
Total liabilities	**-**	**-**	**40.7**	**6.5**	**18,728.8**	**18,776.0**

The following table summarises the carrying amounts and fair values of those financial assets and liabilities not presented in the statement of financial position at fair value. The fair values in this note are stated at a specific date and may be significantly different from the amounts which will actually be paid on the maturity or settlement dates of the instruments. As a wide range of valuation techniques are available, it may be inappropriate to compare this fair value information to that of independent market or other financial institutions' valuations:

	30 June 2025		30 June 2024	
	Carrying value £m	**Fair value £m**	**Carrying value £m**	**Fair value £m**
Cash and balances at central banks	1,182.3	1,182.3	2,172.2	2,172.2
Loans and advances to banks	292.3	292.3	257.4	257.4
Loans and advances to customers	16,599.7	16,277.7	15,336.9	15,005.1
Debt securities	329.1	329.1	374.9	374.9
Other assets	13.0	13.0	34.7	34.7
Total financial assets	**18,416.5**	**18,094.5**	**18,176.1**	**17,844.3**
Amounts due to banks	795.8	795.8	1,365.3	1,365.3
Customers' accounts	17,047.6	17,264.5	16,306.7	16,403.5
Other liabilities	65.7	65.7	76.1	76.1
Debt securities in issue	929.4	1,047.4	777.5	781.7
Subordinated notes	100.9	103.6	100.9	104.2
Total financial liabilities	**18,939.5**	**19,277.0**	**18,626.5**	**18,730.8**

The Directors consider that the fair value of the Company's financial assets and liabilities, apart from its investments in Group undertakings and associates, are approximately equal to their carrying value. Accordingly no further disclosures in respect of fair values are provided. The fair value of the Company's investments in Aldermore

Bank PLC and MotoNovo Finance Limited are considered to be greater than the carrying value (given the investments in the subsidiaries are held at cost).

Key considerations in the calculation of the disclosed fair values for those financial assets and liabilities carried at amortised cost include the following

a. Cash and balances at central banks

These represent amounts with an initial maturity of less than three months and as such, their carrying value is considered a reasonable approximation of their fair value.

b. Loans and advances to banks

These represent either amounts with an initial maturity of less than three months or longer term variable rate deposits placed with banks, where adjustments to fair value in respect of the credit risk of the counterparty are not considered necessary. Accordingly, the carrying value of the assets is considered to be not materially different from their fair value.

c. Loans and advances to customers

For fixed rate lending products, the Group has estimated the fair value of the fixed rate interest cash flows by discounting those cash flows by the current appropriate market reference rate used for pricing equivalent products plus the credit spread attributable to the borrower. The Group has calculated the fair value of loans and advances to customers based on the present value of expected future principal and interest cash flows, discounted at appropriate market rates, and then adjusted for lifetime expected credit losses.

d. Other assets and liabilities

These represent short term receivables and payables and as such, their carrying value is not considered to be materially different from their fair value.

e. Amounts due to banks

These mainly represent securities sold under agreements to repurchase which were drawn down from the Bank of England under the terms of the Funding for Term Funding Schemes (“TFSME”). These transactions are collateralised by UK Government Treasury Bills, which have a low susceptibility to credit risk, so adjustments to fair value in respect of the credit risk of the counterparty are not considered necessary. Accordingly, the carrying values of the liabilities are not considered to be materially different from their fair value.

f. Customers’ accounts

The fair value of fixed rate customers’ accounts has been determined by discounting estimated future cash flows based on rates currently offered by the Group for equivalent deposits. Customers’ accounts at variable rates are at current market rates and therefore, the Group regards the fair value to be equal to the carrying value. The estimated fair value of deposits with no stated maturity is the amount repayable on demand.

g. Debt securities in issue

As the securities are actively traded in a recognised market, with readily available and quoted prices, these have been used to value the securities. These securities are therefore regarded as having Level 1 fair values, see below.

h. Subordinated notes

The estimated fair value of the subordinated notes is based on discounted cash flows using interest rates for similar liabilities with the same remaining maturity, credit ranking and rating.

i. Debt securities

Debt Securities held as part of the Group's Capital Investment Strategy are classified as amortised cost only if they meet both the business model assessment and SPPI tests. These debt securities are publicly traded in the market and the quoted prices are used as a fair value disclosure.

The below table provides an analysis of financial assets and liabilities held on the consolidated statement of financial position at fair value, which are all subject to recurring valuation, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

30 June 2025	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Derivatives held for risk management	-	178.6	-	178.6
Debt securities:				
Asset backed securities	-	255.2	-	255.2
UK gilts and supranational bonds	1,447.9	-	-	1,447.9
Covered bonds	672.0	-	-	672.0
Total financial assets	**2,119.9**	**433.8**	**-**	**2,553.7**
Derivatives held for risk management	-	98.5	-	98.5
Total financial liabilities	**-**	**98.5**	**-**	**98.5**

30 June 2024	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Derivatives held for risk management	-	348.2	-	348.2
Debt securities:				
Asset backed securities	-	200.7	-	200.7
UK gilts and supranational bonds	1,058.9	-	-	1,058.9
Covered bonds	802.0	-	-	802.0
Total financial assets	**1,860.9**	**548.9**	**-**	**2,409.8**
Derivatives held for risk management	-	40.7	-	40.7
Total financial liabilities	**-**	**40.7**	**-**	**40.7**

Level 1: Fair value determined using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value determined using directly or indirectly observable inputs other than unadjusted quoted prices included within Level 1 that are observable.

Level 3: Fair value determined using one or more significant inputs that are not based on observable market data.

The fair values of Gilts, Supranational bonds, Corporate bonds and Covered bonds are based on quoted bid prices in active markets.

The fair value of asset-backed securities is based on the average price of indicative prices from counterparties and Bloomberg, but before relying on these prices, the Group has obtained an understanding of how the prices were derived to ensure that each investment is assigned an appropriate classification within the fair value hierarchy.

The fair values of derivative assets and liabilities are determined using widely recognised valuation methods for financial instruments such as interest rate swaps and use only observable market data that require little management judgement and estimation. Credit value and debit value adjustments have not been applied as the derivative assets and liabilities are largely conducted through a recognised exchange and as such are subject to daily margining requirements.

■ Fair value measurement – financial assets and liabilities held at amortised cost

The debt securities falling into the Capital Investment business model are classified at amortised cost. The fair value of the debt securities classified at amortised cost is based on quoted bid prices in active markets.

All the fair values of financial assets and liabilities carried at amortised cost are considered to be Level 2 valuations which are determined using directly or indirectly observable inputs other than unadjusted quoted prices, except for debt securities in issue which are Level 1 and loans and advances to customers which are Level 3.

■ Fair value of transferred assets and associated liabilities

Securitisation vehicles

The sale of the beneficial ownership of the loans and advances to customers to the securitisation vehicles by the Bank fail the derecognition criteria, and consequently, these loans remain on the statement of financial position of the Group. The Bank, therefore, recognises a deemed loan financial liability on its statement of financial position and an equivalent deemed loan asset is held on the securitisation vehicle's statement of financial position. As the securitisation vehicle is consolidated into the Group with the Bank, the deemed loans are eliminated in the consolidated accounts. The deemed loans are repaid as and when principal repayments are made by customers against these transferred loans and advances.

The Group retains substantially all of the risks and rewards of ownership. The Group benefits to the extent to which surplus income generated by the transferred mortgage portfolios exceeds the administration costs of these mortgages. The Group continues to bear the credit risk of these mortgage assets.

The results of the securitisation vehicles listed in note 23 are consolidated into the results of the Group. The table below shows the carrying values and fair value of the assets transferred to the securitisation vehicles and its associated liabilities. The carrying values presented below are the carrying amounts recorded in the Group accounts. Some of the notes issued by the securitisation vehicles are held by the Group and as such are not shown in the consolidated statement of financial position of the Group.

30 June 2025	Carrying amount of transferred assets not derecognised £m	Carrying amount of associated liabilities £m	Fair value of transferred assets not derecognised £m	Fair value of associated liabilities £m	Net position £m
Oak No.3 PLC	-	-	-	-	-
Oak No.4 PLC	249.7	219.2	247.7	220.6	27.1
Oak No.5 PLC	424.4	302.6	426.9	417.5	9.4
MotoMore Limited	458.9	407.6	419.7	409.2	10.5

30 June 2024	Carrying amount of transferred assets not derecognised £m	Carrying amount of associated liabilities £m	Fair value of transferred assets not derecognised £m	Fair value of associated liabilities £m	Net position £m
Oak No.3 PLC	91.2	68.3	92.6	68.5	24.1
Oak No.4 PLC	325.2	301.8	320.1	304.0	16.1
MotoMore Limited	459.8	407.3	412.5	409.3	3.2

32. Related parties

a. Controlling parties

FirstRand International Limited acquired 100.0% of the share capital of Aldermore Group PLC in March 2018. It, therefore, became the immediate parent of Aldermore Group PLC. FirstRand International Limited is a company incorporated in Guernsey (registered number 17166), and is a wholly owned subsidiary of FirstRand Limited, a company incorporated in South Africa (registered number 1966/010753/06) and the ultimate parent and ultimate controlling party. Consolidated accounts are prepared by FirstRand Limited and copies are available to the public from the ultimate parent's registered office c/o 4 Merchant Place, Corner Fredman Drive and Rivonia Road, Sandton, Gauteng, South Africa, 2196.

During the year ended 30 June 2025, the Group incurred fees of £75,000 (30 June 2024: £150,000) in relation to the Directors who represent the ultimate parent company.

As at 30 June 2025, the Group owed FirstRand Bank Limited a balance of £252.8 million (30 June 2024: £263.0 million) which includes subordinated securities totalling £250.9 million (30 June 2024: £261.9 million) and were owed a balance of £1.6 million from FirstRand Bank Limited (30 June 2024: £9.1 million) consisting of recharged administrative and operational costs, predominately in relation to certain Motor Finance remediation activities undertaken by the Group on behalf of FirstRand London Branch. During the year ended 30 June 2025, the Group received income from FirstRand Bank Limited totalling £6.0 million (30 June 2024: £11.0 million) relating to administrative costs recharged to FirstRand Bank Limited by MotoNovo Finance Limited and were recharged expenses totalling £25.1 million (30 June 2024: £22.8 million) which includes a subordinated loan note coupon of £7.9 million, an AT1 coupon of £11.3 million and the remainder being software licence costs, insurance costs, rent, liquidity facility and guarantee fees and outsourcing fees.

FirstRand Limited has issued a guarantee to the Bank of England to cover Aldermore Group's drawings on the TFSME facility. The Group's drawings as at 30 June 2025 can be found in note 19.

b. Associates

The Group holds a 48% holding in AFS Group Holdings Limited which was acquired on 28 September 2017. During the year ended 30 June 2025, the Group paid commission of £2.5 million to the associate (30 June 2024: £2.7 million). The Group also received dividends totalling £1.1 million during the year (30 June 2024: £1.1 million). In 2023, the Group approved the sale of its shares in AFS, at which point in time the carrying amount of the investment was reclassified as assets held for sale per IFRS 5. During the financial year under review, the Group has revised its position and hence the investment has been reclassified back to investment in associate. Further details on this can be found in note 16.

c. Key management personnel compensation

Key Management Personnel ("KMP") comprise Directors of the Group and members of the Executive Committee. Details of the compensation paid (in accordance with IAS 24) to KMP are:

Key management personnel compensation	Year ended 30 June 2025 £m	Year ended 30 June 2024 £m
Emoluments	13.0	14.2
Payments in respect of personal pension plans	0.3	0.4
Contributions to money purchase scheme	0.1	0.1
Share based payments	-	-
Total	**13.4**	**14.7**

During the year ended 30 June 2025, KMP were granted awards which are linked to the share price of the ultimate parent FirstRand Limited of £1.5 million (30 June 2024: £2.0 million), and a deferred bonus of £1.1 million (30 June 2024: £1.6 million). Further details of these schemes are provided on page 173.

33. Country-by-country

The Capital Requirements (Country-by-Country reporting) Regulations came into effect on 1 January 2014 and introduce reporting obligations for institutions within the scope of the Capital Requirements Directive (CRD IV). The requirements aim to give increased transparency regarding the activities of institutions.

All companies consolidated within the Group's financial statements are registered entities in England and Wales. Note 34 to these financial statements include an analysis of subsidiary undertakings and their principal activities. All of the subsidiary undertakings were incorporated in the UK. The Group did not receive any public subsidies.

	Jurisdiction income / expense arose	Year ended 30 June 2025 £m	Year ended 30 June 2024 £m
Total operating income	UK	600.4	585.8
Profit before tax	UK	193.5	253.1
Corporation tax (paid net of refunds received)	UK	(59.9)	(73.4)
Employees (average headcount)	UK	1,959	2,137

34. Investment in subsidiaries

Accounting policy

Investments in Group undertakings are initially recognised at cost. At each reporting date, an assessment is made as to whether there is any indication that the investment may be impaired such that the recoverable amount is lower than the carrying value.

The investment in subsidiary of £504.6 million (30 June 2024: £515.6 million) in the Company balance sheet relates to interests in the total ordinary share capital of the following subsidiaries (except the securitisation vehicles), all of which are registered in England and Wales and operate in the UK. All subsidiary undertakings are included in these consolidated financial statements.

During the year impairment indicators were identified in respect of the Company's investment in MotoNovo Finance Limited, however, as the recoverable amount of the investment exceeded the carrying value no impairment was recognised. No indicators of impairment relating to the Company's other investments were identified during the year (30 June 2024: nil).

Subsidiary undertakings	Company number	Principal activity	Shareholding %	Class of shareholding	Country of incorporation
Direct interest:					
Aldermore Bank PLC	00947662	Banking and related services	100	Ordinary	UK[1]
MotoNovo Finance Limited	11556144	Motor finance	100	Ordinary	UK[2]
Dormant subsidiary undertakings (indirect interest):					
Aldermore Invoice Finance (Holdings) Limited	06913207	Dormant	100	Ordinary	UK[1]
Aldermore Invoice Finance Limited	02483505	Dormant	100	Ordinary	UK[1]
Aldermore Invoice Finance (Oxford) Limited	02129734	Dormant	100	Ordinary	UK[1]
AR Audit Services Limited	09495046	Dormant	#	#	UK[3]
Securitisation vehicles (indirect interest):					
Oak No. 3 Mortgage Holdings Limited*	12107488	Holding company for securitisation vehicle	*	*	UK[4, 6]
Oak No.3 PLC*	12108711	Securitisation vehicle	*	*	UK[4, 5]
Oak No.4 Mortgage Holdings Limited*	13297083	Holding company for securitisation vehicle	*	*	UK[6]
Oak No.4 PLC*	13303107	Securitisation vehicle	*	*	UK[6]
Oak No.5 Mortgage Holdings Limited*	15785726	Holding company for securitisation vehicle	*	*	UK[7]
Oak No.5 PLC*	15785981	Securitisation vehicle	*	*	UK[7]
MotoMore Limited*	11971125	Securitisation vehicle	*	*	UK[6]

The share capital of this company is not owned by the Group but is included in the consolidated financial statements as it is controlled by the Group.

* The share capital of the 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.

[1] Registered address is 4th Floor Block D, Apex Plaza, Forbury Road, Reading, England, United Kingdom, RG1 1AX.

[2] Registered address is Two Central Square, Cardiff, Wales, United Kingdom, CF10 1FS.

[3] Registered address 6 Coldbath Square, London, England, United Kingdom, EC1R 5HL.

[4] Oak No.3 Mortgage Holdings Limited and Oak No.3 PLC securitisation vehicles are in the process of being liquidated.

[5] Registered address 18a Capricorn Centre, Cranes Farm Road, Basildon, Essex, England, United Kingdom, SS14 3JJ.

[6] Registered address Duo Building, level 6, 280 Bishopsgate, London, England, United Kingdom, EC2M 4RB.

[7] Registered address 10th Floor, 5 Churchill Place, London, England, United Kingdom, E14 5HU.

35. Assets held for sale

Accounting policy

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use.

For non-current assets to be classified as held for sale, the following conditions must be met:

- The asset must be available for sale in its present condition, allowing for terms that are usual or customary for such transactions; and
- The sale must be highly probable;

The sale is highly probable when the following conditions are met:

- The appropriate level of management must be committed to a plan to sell the asset or disposal group;
- An active programme to locate a buyer and complete the plan must have been initiated;
- The asset/disposal group must be actively marketed at a price that is reasonable in relation to its current fair value;
- The sale must be expected to qualify for recognition as a completed sale within one year from the date of classification; and
- Actions required to complete the plan should indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

Aldermore Group assets held for sale	**Year ended 30 June 2025 £m**	**Year ended 30 June 2024 £m**
Investment in associate - comprising:		
Investment held at cost	-	4.8
Share of post-acquisition earnings	-	1.6
Total	**-**	**6.4**

Investment in associate

During 2023, the Group approved the sale of its shares in AFS, at which point in time the carrying amount of the investment was reclassified as assets held for sale per IFRS 5. During the financial year under review, the Group has revised its position and hence the investment has been reclassified back to an investment in associate. The reclassification has led to a change in the presentation of the prior year's balance in the statement of financial position, reclassifying the asset from held for sale to investment in associate. There is no impact on the statement of comprehensive income as the reported amounts remain largely unchanged despite the reclassification adjustments . Refer to note 16 for further details.

36. Post balance sheet events

Aside from the matters noted in note 9 and note 22, the Directors are not aware of any other material events that have occurred between the date of the statement of financial position and the date of this report.

Notes to the Company financial statements

37. Amounts receivable from Group undertakings

Amounts receivable from Group undertakings	Year ended 30 June 2025 £m	Year ended 30 June 2024 £m
Subordinated loan to Aldermore Bank PLC	100.9	100.9
Deposit with Aldermore Bank PLC	202.4	207.9
Total	**303.3**	**308.8**

On 22 November 2023, the Company made a £100.0 million subordinated 7.94% loan to Aldermore Bank PLC, repayable in November 2033, with an option for the Bank to redeem after five years. The loan is carried in the statement of financial position at amortised cost.

The Company placed £150.0 million on deposit with Aldermore Bank PLC in May 2019 that charges interest of 1.6% above SONIA on the outstanding balance. As at 30 June 2025 the balance of the deposit is £100.3 million (30 June 2024: £101.3 million). The interest is paid semi-annually.

The Company placed £100.0 million on deposit with Aldermore Bank PLC on 27 June 2024 with interest of 4.75% per annum. The interest is paid semi-annually.

38. Amounts payable to Group undertakings

Amounts payable to Group undertakings	Year ended 30 June 2025 £m	Year ended 30 June 2024 £m
Intercompany loans from Aldermore Bank PLC	10.7	22.9
Total	**10.7**	**22.9**

Amounts payable to Aldermore Bank PLC carry interest of 4.77% per annum. The interest is paid annually.

Glossary and definition of key terms

Capital Requirements Directive V ("CRD V")	European Union regulation transposed into UK CRR for implementing Basel III requirements.
Capital Requirements Regulation ("CRR")	Capital Requirements Regulation as implemented in the PRA Rulebook CRR Instrument and the PRA Rulebook CRR Firms: Leverage Instrument (collectively known as "CRR").
CET1 capital ratio	Measure of the Group's CET1 capital as a percentage of risk weighted assets, as required by CRR.
Climate-related financial disclosures ("CFD")	Companies falling within the scope of the requirements are required under the Companies Act to disclose material climate-related risks and opportunities, including the impact on strategy, how these risks are managed and the performance measures and targets applied in managing these issues.
Cost: Income Ratio	Total operating expenses divided by operating income.
Cost of risk	Total impairment charges divided by average customer loan balances gross of impairment (13-month average).
Discounting	The process of determining the present value of future payments.
Effective interest rate ("EIR")	The interest rate at which revenue is recognised on loans and discounted to their carrying value over the life of the financial asset.
Effective tax rate	Tax on operating profit/(loss) as a percentage of operating profit/(loss) on ordinary activities before tax.
Exposure at default ("EAD")	The capital outstanding at the point of default.
Euro Medium Term Note ("EMTN")	A medium term, flexible debt instrument traded on the European market.
Financial Conduct Authority ("FCA")	A financial regulatory body in the UK, regulating financial firms and maintaining the integrity of the UK's financial market.
Financial Reporting Council ("FRC")	An independent regulatory body responsible for ensuring transparency and integrity in business and sets the UK's Corporate Governance and Stewardship Codes.
Forbearance	Forbearance is a concession granted towards a debtor that is experiencing or about to experience difficulties in meeting its financial commitments by changing the terms of the financial arrangement, which would otherwise not be considered.
General Data Protection Regulation ("GDPR")	A regulation implemented to strengthen and protect the data protection and privacy of individuals within the UK.
High quality liquid assets ("HQLA")	Assets which are able to be converted easily and quickly with no significant loss of value. These assets qualify for regulatory liquidity purposes, including Bank of England deposits and sovereign and central bank debt.
HM Revenue & Customs ("HMRC")	The UK's tax, payments and customs authority.
Internal Capital Adequacy Assessment Process ("ICAAP")	An assessment of the bank's current risks, how the bank plans to alleviate those risks and the quantity of current and future capital that is required.
Internal Liquidity Adequacy Assessment Process ("ILAAP")	A comprehensive framework designed to identify, measure, manage and monitor the liquidity risk of a bank ensuring that it has sufficient resources to meet its financial obligations as they fall due.
International Accounting Standards ("IAS")	A set of guidelines for preparing financial statements as established by the International Accounting Standards Board (IASB).
International Financial Reporting Standards ("IFRS")	A globally accepted set of accounting standards issued by the IFRS Foundation and the IASB.
Indexed Long Term Repo Scheme ("ILTR")	Funding provided by the Bank of England with a six-month maturity.
Loan to value ("LTV") ratio	The loan balance as a percentage of the total value of the asset.

Loss given default ("LGD")	The amount lost on a loan if a customer defaults.
Bank of England's Minimum Requirement for Own Funds and Eligible Liabilities ("MREL")	MREL determines the minimum loss-absorbing capacity that institutions must hold to ensure it can execute its resolution strategy.
Modification losses	Modification losses arise when the contractual terms of a financial asset are modified. An adjustment to the carrying value of the financial asset is required to reflect the present value of modified future cash flows discounted at the original effective interest rate, with the modification loss representing the difference in the carrying value immediately before and after the modification.
Net interest margin ("NIM")	The ratio of the Group's net interest income to its average loans and advances to customers, measuring the profitability of its lending activities.
Net promoter score ("NPS")	A widely used metric of customer satisfaction calculated by subtracting the percentage of customers who are detractors (giving a score of 6 or less) from the percentage of promoters (giving a score of 9 or 10), with a final score of between -100 and 100.
Net zero	Net zero means not adding to the amount of greenhouse gases (GHGs) in the atmosphere by reducing GHGs insofar as possible and balancing out any remaining emissions by removing an equivalent amount.
Probability of default ("PD")	The probability that a customer will default on their loan.
Prudential Regulation Authority ("PRA")	A financial regulatory body responsible for regulating and supervising banks and other financial institutions in the UK.
Return on equity ("RoE")	A measure of financial performance calculated by dividing net income by shareholders equity (excluding non-controlling interests).
Risk weighted assets ("RWAs")	A measure of the amount of a bank's assets, adjusted for risk in line with the CRR. It is used in determining the capital requirement for a financial institution.
Scope 1, 2 and 3 emissions	Categorisation of greenhouse gas emissions, as defined by the Greenhouse Gas (GHG) Protocol, into direct emissions from owned or controlled sources (Scope 1), indirect emissions from the generation of purchased electricity, heating and cooling consumed by the reporting company (Scope 2), and all other indirect emissions that occur in a company's value chain (Scope 3).
Significant increase in credit risk ("SICR")	An assessment of whether credit risk has increased significantly since initial recognition of a loan using a range of triggers. Accounts which have experienced a significant increase in credit risk will be allocated to stage 2.
Sterling Overnight Index Average ("SONIA")	A Bank of England-administered benchmark rate based on overnight unsecured GBP transactions, used as a risk-free reference in financial markets.
Subordinated debt	An unsecured loan or bond that ranks below and will be repaid after other, more senior loans or securities owed by the issue.
Term funding	Funding with a remaining maturity of more than 12 months.
Term Funding Scheme for Small and Medium-sized Enterprises ("TFSME")	The Bank of England's Term Funding Scheme with additional incentives for SMEs.
Tier 1 capital	Tier 1 capital represents a bank's core equity assets and includes shareholders' equity and retained earnings.
Tier 2 capital	Additional regulatory capital that along with Tier 1 capital makes up a bank's total regulatory capital. Includes qualifying subordinated debt.