

16 September 2021

Robust financial performance Full year results to 30 June 2021

Aldermore Group's results reflect a resilient performance, despite the continued uncertain economic environment, with a profit before tax of £157.8m (FY2020: £48.8m). The financial performance of the Group reflects continued growth in lending, improved margins, due to reduced funding costs and changes in business mix, and lower impairments as the macroeconomic outlook improved over the course of the year.

Steven Cooper, CEO of Aldermore Group said:

"First of all, I wish to thank Phillip Monks, my predecessor, who in just over a decade grew Aldermore into a business that's now backing over 650,000¹ customers; it's an honour to be able to lead the Group into the future. During the year, we've delivered a robust performance and achieved growth through a period of unprecedented economic uncertainty. Our priorities throughout the Covid-19 pandemic have been to support our customers as well as safeguard our colleagues' wellbeing. We helped almost 200,000 customers buy a vehicle and increased deposits by 14% with our consistently competitive savings products. We also granted payment breaks to almost 57,000 customers, with 98% now resuming full repayments, and provided over 800 SMEs with government-backed funding.

"As the UK begins to recover from the pandemic, we're working even harder to ensure that SMEs and individuals can seize the opportunities that lie ahead. We're enhancing our customer propositions across the Group by providing tailored commercial mortgage products, delivering industry-leading motor finance with our MotoRate pricing solution, reintroducing our wide residential mortgage product range, and continuing to support business and personal savers with our award-winning offering.

"We're also increasing investment in technology, people, customer experience and operating capacity to ensure the Group can deliver on its longer term growth ambitions, and ensure we continue to provide customers with a great experience and competitive products they've come to expect from us."

Stable financial performance sets the Group up for future growth:

- Net lending to customers up 8% to £13.4bn (30 June 2020: £12.4bn)
 - MotoNovo Finance² up £1.2bn to £3.0bn reflecting continued growth and pent-up demand in the months following the UK lockdown periods. This growth was partly enabled by the launch, in June 2020, of the risk-based pricing proposition MotoRate
 - Retail Mortgages remained flat on the prior year at £7.3bn as the Group made the strategic decision to temporarily withdraw some higher risk products to manage risk appetite. We delivered improved retention as a result of our ongoing investment in our loyalty proposition
 - Compared to the prior year, Business Finance is down 5% at £3.1bn (FY2020: £3.3bn) as customer activity levels were significantly impacted during lockdown periods and the Group made the decision to participate only in CBILS and RLS from the range of government Covid-19 assistance schemes. Net loans are in line with December 2020 as customer activity has increased in recent months
- Total customer deposits have increased 14% to £12.4bn (30 June 2020: £10.9bn) with strong performance across Personal, Business and Corporate
- Aldermore Group profit before tax was £157.8m (FY2020: £48.8m) largely reflecting an 18% increase in net interest income to £436.4m (FY2020: £370.5m) as MotoNovo

continued to grow, reduced funding costs and a materially lower impairment charge of £52.1m (FY2020: £131.7m)

- Net interest margin increased to 3.4% (FY2020: 3.2%) benefitting from an improved cost of funds in the low interest rate environment and the positive impact on business mix as a result of MotoNovo Finance growth
- Cost to Income ratio³ of 53% has increased (FY2020: 51%) reflecting investment in automation and operational resilience, and the reintroduction of staff bonuses
- Cost of Risk reduced to 40bps (FY2020: 114bps), lower than the first half of the year (HY 2021: 76bps) as the macroeconomic outlook has continued to improve throughout the year and the majority of customers requiring payment holidays have returned to full payments
- As a result of higher profitability, Group Return on Equity has increased to 10.9% (FY2020: 3.1%)
- CET1 ratio⁴ remains strong at 13.9% (FY2020: 13.3%) reflecting increased profit and the continued utilisation of the capital previously injected to pre-fund MotoNovo Finance lending growth

-ENDS-

Notes to Editors

1. Customer numbers at 30 June 2020: 490,000.
2. MotoNovo Finance Limited began trading as part of the Aldermore Group on 5 May 2019. Business written by MotoNovo Finance prior to 5 May 2019 (backbook) remains on the balance sheet of FirstRand London Branch, and is not included in the results presented above. Including the backlog, MotoNovo Finance combined net loans grew £0.3bn to £3.7bn from 30 June 2020 and generated a profit before tax of £61.3m.
3. Excludes costs and income incurred by MotoNovo Finance Ltd in servicing the existing backlog of loans on behalf of FirstRand London Branch.
4. CET1 ratio is presented on an IFRS9 transitional basis.

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Aldermore Group

Aldermore backs people to fulfil life's hopes and dreams. We champion equality by supporting the exceptions to the rule and getting finance to where it's needed by lending the money people save with us, to people who want to get on in life; building businesses, buying property and purchasing vehicles. The Group consists of two operating companies, Aldermore Bank plc and MotoNovo Finance Limited. Aldermore Bank provides finance to business owners, homeowners and landlords, and support savers. It operates exclusively online, by phone and through networks. MotoNovo Finance helps people buy their next car, van or motorcycle and it owns and operates findandfundmycar.com.

Aldermore Group is part of FirstRand Group, the largest financial services group in Africa by market capitalisation.

For more information, please visit aldermore.co.uk motonovofinance.com

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