

Aldermore Group PLC

Incorporated in England and Wales

Registration number 06764335

BASIS OF PREPARATION

Aldermore Group PLC is the immediate parent company of Aldermore Bank PLC and MotoNovo Finance Limited. Within this trading update, the term 'Group' refers to Aldermore Group PLC and its subsidiaries.

The financial information included in this trading update has been prepared on a basis consistent with the accounting policies applied in the last annual financial statements, however does not constitute IFRS financial statements.

Interim Financial Report for the six months to 31 December 2025

05 March 2026

Aldermore Group is pleased to provide a trading update on its performance for the six months ended 31 December 2025.

- **Statutory profit before tax of £102.8m;** resilient income, strong cost control, and a normalisation of impairment
- **Continued customer lending and deposit growth;** 3% lending growth and 4% deposit growth compared to Jun-2025, supported by momentum in the Property, Motor, and Savings divisions
- **Strong credit quality;** cost of risk at 30bps is at the lower end of the through-the-cycle range and total arrears are falling; the increase in impairment versus prior periods reflects the worsening economic outlook and non-repeat of prior-year one-off releases
- **Capital and liquidity position remains strong;** 0.6pp of organic capital generation since Jun-2025, with the CET1 ratio of 15.5% remaining above the 13%-14% medium-term target range; a lower average liquidity coverage ratio of 185% follows the final repayment of Term Funding for Small and Medium-sized Enterprises (TFSME) in the period and optimisation of the Group's funding position
- **Historical motor finance commissions provision is unchanged;** the Group will reassess the next steps and the corresponding provision only once the outcome of the FCA's consultation has been published

Raj Makanjee, Chief Executive Officer said:

"In the first update since our successful £300m Tier 2 capital issuance, I am encouraged to report targeted balance sheet growth despite a backdrop of falling interest rates and competitive pressures, both of which have impacted margins. Income was resilient, asset quality was in line with expectations, and we have continued to invest in the business whilst keeping costs broadly flat.

"We are also reporting a strong capital and liquidity position, which enables the Group to remain focused on generating improving, sustainable, and attractive risk-adjusted returns."

KEY FINANCIALS

Summary Income Statement (£ million)	H1 2026	H2 2025	H1 2025	Change vs.	
				H2 2025	H1 2025
Net interest income	299.1	300.8	297.1	(1%)	1%
Other operating (expense) / income	(4.5)	4.6	(1.3)	(197%)	238%
Total income	294.6	305.4	295.8	(3%)	(0%)
Operating expenses	(166.1)	(225.9)	(165.2)	(26%)	1%
Impairment losses	(25.7)	(5.4)	(11.2)	377%	129%
Profit before tax	102.8	74.1	119.4	39%	(14%)

Key Performance Indicators

Net interest margin (%)	3.51%	3.76%	3.81%	(0.25)pp	(0.30)pp
Cost / income ratio (%)	56.4%	74.0%	55.8%	(17.6)pp	0.5pp
Cost of risk (bps)	30bps	7bps	14bps	23bps	16bps
Return on equity (%)	9.2%	5.5%	10.0%	3.7pp	(0.8)pp

Group Balance Sheet (£ million)	Dec 2025	Jun 2025	Dec 2024	Change vs.	
				Jun 2025	Dec 2024
Customer lending balances ¹	17,179	16,600	15,711	3%	9%
Customer deposit balances	17,671	17,048	16,618	4%	6%

Group Capital and Liquidity (%)	Dec 2025	Jun 2025	Dec 2024	Change vs.	
				Jun 2025	Dec 2024
CET1 ratio ²	15.5%	14.9%	16.2%	0.6pp	(0.7)pp
Total capital ratio ²	19.6%	17.3%	18.8%	2.3pp	0.8pp
Average Liquidity coverage ratio ³	185%	203%	228%	(18)pp	(43)pp

PERFORMANCE HIGHLIGHTS

- **Resilient income;** net interest income increased modestly to £299.1m (H1 2025: £297.1m). Strong portfolio growth was partially offset by a reduction in net interest margin to 3.51% (H1 2025: 3.81%), reflecting continued competitive pressure on pricing, particularly on deposits. Other operating income declined to a £4.5m loss (H1 2025: £1.3m loss) largely due to Tier 2 breakage costs following the early redemption of the Group's £100m Tier 2 notes issued to FirstRand Bank Ltd., incurred to optimise the Group's capital structure following the successful external Tier 2 issuance on 1 October 2025.
- **Disciplined cost control;** operating expenses remained tightly controlled and broadly flat year-on-year, despite wage inflation and ongoing investment in strategic initiatives – reflecting the Group's disciplined approach to cost management. The Group is successfully executing its strategy to streamline processes and operating model, including the use of outsource providers where it is efficient to do so. H2 2025 operating

expenses include the additional charge for historical Motor Finance commission arrangements, which took the provision to £73.1m. Further detail is provided below.

- **Normalisation of impairment;** the credit impairment charge increased to £25.7m (H1 2025: £11.2m), mainly due to a weaker macroeconomic outlook impacting forward looking information (FLI) provisions and the non-recurrence of prior-year one-off releases associated with model enhancements. Underlying credit performance improved however, with total arrears falling to 3.73% (December 2024: 4.44%) as cost-of-living pressures eased and collections performance continued to improve, including on the portfolio previously impacted by CCA remediation⁴. Cost of risk at 30bps remains at the lower end of through-the-cycle expectations (H1 2025: 14bps).
- **Total customer lending increased 3% compared to Jun-2025 (9% compared to Dec-2024);** led predominantly by the Property division with continued momentum in specialist Buy to Let and supported by enhanced affordability criteria in the Owner-occupied portfolio. Motor Finance advances also rose strongly, supported by improvements to auto decisioning capabilities.
- **Total customer deposits increased 4% compared to Jun-2025 (6% compared to Dec-2024);** growth was underpinned by solid performance in Aldermore's Corporate Deposits and Personal Savings franchises, and aided by an expanded product range.
- **Robust capital position;** capital remained healthy with a CET1 ratio of 15.5% (June 2025: 14.9%; December 2024: 16.2%), comfortably above the medium-term target range of 13.0%-14.0%. The inaugural £300m Tier 2 issuance increased the total capital ratio to 19.6% (June 2025: 17.3%; December 2024: 18.8%).
- **Liquidity remains strong;** the average liquidity coverage ratio of 185% (June 2025: 203%; December 2024: 228%) reduced due to the planned final repayments of TFSME funding (totalling £465m) and optimised management of the Group's funding position.

FCA MOTOR FINANCE COMMISSIONS REVIEW

- As disclosed within the Annual Financial Statements for the year ended 30 June 2025, the Group recognised a provision in respect of the potential impact of the UK Financial Conduct Authority (FCA's) review into historical motor finance commission arrangements and sales.
- This provision, which totals £73.1m, reflects the announcement from the FCA on 3 August 2025 that followed the judgment of the Supreme Court of England and Wales handed down on 1 August 2025. This was considered an adjusting post balance sheet event for 30 June 2025.
- The provision reflects the best estimate probability-weighted scenarios constructed from the Group's own data analysis, assumptions and emerging estimates. It comprised 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).
- The FCA opened a consultation in October 2025 on a proposed industry-wide motor finance compensation scheme (consultation). The Group responded to this on 12 December 2025.

- The Group believes that significant uncertainty remains regarding the ultimate outcome of the consultation and the next steps available to the Group. Whilst there are scenarios in which the ultimate outcome may be higher than the provision already recognised, the Group will reassess the corresponding provision only once the outcome of the consultation has been published, which is expected to be by the end of March 2026.
- Aldermore Group is a capital generative business and has a strong capital position that is in excess of its 13.0%-14.0% medium-term CET1 ratio target (15.5% at 31 December 2025), and well in excess of regulatory requirements.

-ENDS-

Notes to Editors

¹ Customer lending balances shown net of impairment

² CET1 and total capital ratio are presented inclusive of unaudited profits for the six months to December 2025

³ Average liquidity coverage ratio is a rolling 12-month average

⁴ Consumer Credit Act remediation activity in the Group's Motor division

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Aldermore Group

Aldermore backs more people to go for it, in life and business. We champion equality by supporting and getting finance to the 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 supports savers. It operates exclusively online, by phone and through networks. MotoNovo Finance helps people buy their next car, van, or motorcycle. Aldermore Group is part of FirstRand Group, one of the largest financial services groups in Africa by market capitalisation.

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

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