Aldermore Group PLC

Pillar 3 Disclosures

for the year ended 30 June 2025

Aldermore

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Introduction

This document comprises Aldermore Group PLC's ("the Group") and Aldermore Bank PLC's ("Bank") Pillar 3 disclosures on capital, risk management and remuneration as at 30 June 2025. It has two principal purposes:

- To provide useful information on the capital and risk profile of the Group and Bank; and
- To meet the regulatory disclosure requirements set out by the Prudential Regulation Authority ("PRA") in the Disclosure section of the PRA Rulebook.

With effect from 1 January 2022, the PRA introduced a single source of disclosure requirements under the PRA Capital Requirements Regulation. The Group meets the definition of a non-listed "Other Institution" and complies with the requirements in accordance with Article 433c of the Disclosure (CRR) Part of the PRA Rulebook.

In October 2021, the PRA published its Policy Statement on the UK leverage ratio framework confirming that the CRR leverage ratio will not apply to UK banks. The Group does not meet the criteria set out in the PRA rulebook for a binding minimum leverage ratio, however the Group has disclosed the ratio in accordance with the PRA's requirements.

The Group consists of two operating companies, Aldermore Bank PLC and MotoNovo Finance Limited. Aldermore Bank PLC provides finance to business owners, homeowners and landlords, and supports savers. It operates exclusively online, by phone and through brokers and intermediaries. MotoNovo Finance Limited helps people buy their next car, van or motorcycle.

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.

Additional relevant information may be found in the 2025 Aldermore Group PLC Annual Report and Accounts (hereafter referred to as the "ARA"), which includes a description of the Group's strategy and business model. The disclosures contained in this document should be read in conjunction with the ARA. The Pillar 3 disclosures and the ARA are published on the Group's website: www.aldermore.co.uk

Key metrics

The table below shows the key metrics for both Aldermore Group PLC ('Group') and Aldermore Bank PLC ('Bank'):

	Group		Bank	
	30 June 2025	30 June 2024	30 June 2025	30 June 2024
Available capital (£m) [1]				
Common Equity Tier 1 (CET1) capital	1,605.3	1,627.1	1,337.8	1,321.4
Tier 1 capital	1,755.3	1,788.1	1,387.8	1,382.4
Total capital	1,855.3	1,888.1	1,487.8	1,482.4
Risk-weighted Assets ('RWA') (£m) [1]				
Total RWA	10,738.5	10,246.3	7,271.6	6,875.6
Capital ratios (as a percentage of RWA) (%) [1]				
Common Equity Tier 1 ratio	14.9	15.9	18.4	19.2
Tier 1 ratio	16.3	17.5	19.1	20.1
Total capital ratio	17.3	18.4	20.5	21.6
Additional own funds requirements based on SREP [2] **(% of RWA)**				
Additional CET1 SREP requirements	0.9	0.9	1.2	1.2
Additional AT1 SREP requirements	0.3	0.3	0.4	0.4
Additional T2 SREP requirements	0.4	0.4	0.5	0.5
Total SREP own funds requirements	9.6	9.6	10.1	10.1
Combined buffer requirement (% of RWA)				
Capital conservation buffer	2.5	2.5	2.5	2.5
Institution specific countercyclical capital buffer	2.0	2.0	2.0	2.0
Combined buffer requirement	4.5	4.5	4.5	4.5
Overall capital requirements	14.1	14.1	14.6	14.6
CET1 available after meeting the total SREP own funds requirements	9.4	9.4	12.8	12.8
Leverage ratio				
Total exposure measure excluding claims on central banks (£m)	19,897.4	18,385.5	15,674.3	14,337.2
Leverage ratio excluding claims on central banks (%)	8.8	9.7	8.9	9.6
Liquidity Coverage Ratio ('LCR') [3]				
Total high-quality liquid assets (HQLA) (Weighted value average) (£m)	3,721.7	4,210.9	3,723.1	4,208.6
Cash outflows - Total weighted value (£m)	2,057.1	2,022.2	2,194.3	2,206.4
Cash inflows - Total weighted value (£m)	219.7	234.8	226.0	247.0
Total net cash outflows (adjusted value) (£m)	1,837.5	1,787.5	1,968.3	1,959.4
Liquidity coverage ratio (%)	202.5	235.6	189.2	214.8

Net Stable Funding Ratio ('NSFR') [4]				
Total available stable funding (£m)	16,813.8	16,611.6	15,972.4	16,133.4
Total required stable funding (£m)	12,436.1	12,054.1	12,166.9	11,778.0
NSFR ratio (%)	135.2	137.8	131.3	137.0

[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 EU's 'Quick Fix' relief package. The Group's capital and ratios presented above are under these arrangements.
[2] The outcome of the Group and Bank Supervisory Review and Evaluation Process ("SREP") has been shown here.
[3] Figures presented are for the 12 month average to the period end.
[4] Figures presented are for the 4 quarter average to the period end.

Disclosure policy

The following sets out a summary of the Group's Pillar 3 disclosure policy.

▪ Basis of preparation

This document has been prepared to comply with the Disclosure (CRR) Part of the PRA Rulebook which was incorporated into the PRA Rulebook from 1 January 2022. No material disclosures have been omitted and nor have any disclosures been omitted from this document for confidentiality purposes.

The disclosures provide information as at 30 June 2025, with comparative information as at 30 June 2024, unless otherwise stated.

▪ Frequency, media and location

The Group's policy is to publish the Pillar 3 disclosures on an annual basis. The information is published in conjunction with the ARA. The Pillar 3 disclosures are published on the Group's website: www.investors.aldermore.co.uk.

The frequency of disclosure will be reviewed should there be a material change in any approach used for the calculation of capital, business structure or regulatory requirements.

▪ Verification

The Group's Pillar 3 disclosures have been reviewed and approved by the Board Audit Committee on behalf of the Board. In addition, the remuneration disclosures as detailed in this document have been reviewed and approved by the Board Remuneration Committee. The disclosures are not subject to audit.

▪ Scope

There are no differences between the basis of consolidation of the Group for accounting and regulatory purposes. All of the Group's subsidiary undertakings are included in the data provided in the Pillar 3 disclosures. Full details of the Group's subsidiaries as at 30 June 2025 are provided in note 34 to the ARA.

Aldermore Group PLC is subject to consolidated supervision, with Aldermore Bank PLC also subject to solo regulatory supervision by the PRA. Therefore, it is a requirement to calculate and maintain regulatory capital ratios on both a Group basis and on a solo basis for the Bank. Capital requirements for both Group and the Bank have been presented in these disclosures. The differences between the Group and the Bank relate primarily to risk weighted assets and reserves held by entities that sit outside of the scope of the Bank, including MotoNovo Finance Limited, amounts included in the Bank's results in relation to transactions with the Group's securitisation vehicles which are eliminated upon consolidation and a small impact from the risk weighted assets of these entities.

There are no current or foreseen material, practical or legal impediments to the transfer of capital resources or the repayment of liabilities between consolidated entities within the Group, with the exception of assets and liabilities of the Group's securitisation vehicles which are not immediately available to other members of the Group.

▪ Board responsibility for risk management and disclosures

A core objective of the Group is the effective management of risk. The responsibility for identifying and managing the principal risks rests with the Group's Board of Directors, who are also responsible for setting the Group's strategy, risk appetite and control framework.

The Board considers that, as at 30 June 2025, it had in place adequate systems and controls with regard to the Group's risk profile and strategy. Furthermore, the Board can confirm that the Group remained within defined limits for risk exposure throughout the year for all principal risks (refer to page 11). The Group also operated in line with its internal capital targets.

In accordance with the Disclosure part of the CRR and the Group's Pillar 3 disclosure policy, the Group is required to ensure that its external disclosures portray its risk profile comprehensively. The Directors have considered the adequacy of the Pillar 3 disclosures in relation to these requirements and are satisfied that they convey the risk profile of the Group comprehensively. The disclosures of risk management objectives and procedures within this Pillar 3 document are detailed further within the Risk Management Report of the ARA.

Capital and Risk-weighted assets (RWA)

The composition of regulatory capital, RWA and capital requirements are shown in the tables below for the Group and Bank.

	Group		Bank	
	30 June 2025	30 June 2024	30 June 2025	30 June 2024
Common Equity Tier 1 (CET1) capital: instruments and reserves (£m)[1]				
Capital instruments and the related share premium accounts	318.5	318.5	310.8	310.8
of which: share capital	243.9	243.9	3.3	3.3
of which: share premium	74.4	74.4	307.5	307.5
of which: capital redemption reserve	0.2	0.2	-	-
Retained earnings [2]	1,290.4	1,285.6	1,033.8	1,000.7
Accumulated other comprehensive (expense)/income (and other reserves)	(5.0)	(0.7)	(5.0)	(0.7)
Common Equity Tier 1 (CET1) capital before regulatory adjustments	1,603.9	1,603.4	1,339.6	1,310.8
Common Equity Tier 1 (CET1) capital: regulatory adjustments (£m)[1]				
Intangible assets, goodwill and prudential valuation adjustments	(11.3)	(10.9)	(6.9)	(6.6)
Other regulatory adjustments to CET1 capital [1]	12.7	34.6	5.1	17.2
Total regulatory adjustments to Common Equity Tier 1 (CET1)	1.4	23.7	(1.8)	10.6
Common Equity Tier 1 (CET1) capital [1]	1,605.3	1,627.1	1,337.8	1,321.4
Additional Tier 1 (AT1) capital: instruments (£m)				
Capital instruments and the related share premium accounts	150.0	161.0	50.0	61.0
of which: classified as equity under applicable accounting standards	150.0	161.0	50.0	61.0
Additional Tier 1 (AT1) capital	150.0	161.0	50.0	61.0
Tier 1 capital (T1 = CET1 + AT1)	1,755.3	1,788.1	1,387.8	1,382.4
Tier 2 (T2) capital: instruments (£m)				
Capital instruments and the related share premium accounts	100.0	100.0	100.0	100.0
Tier 2 (T2) capital	100.0	100.0	100.0	100.0
Total capital (TC = T1 + T2) [1]	1,855.3	1,888.1	1,487.8	1,482.4
Total risk-weighted assets (RWA) [1]	10,738.5	10,246.3	7,271.6	6,875.6
Capital ratios and buffers (%)[1]				
Common Equity Tier 1 (as a percentage of total RWA)	14.9	15.9	18.4	19.2
Tier 1 (as a percentage of total RWA)	16.3	17.5	19.1	20.1
Total capital (as a percentage of total RWA)	17.3	18.4	20.5	21.6
of which: capital conservation buffer requirement	2.5	2.5	2.5	2.5
of which: countercyclical buffer requirement	2.0	2.0	2.0	2.0

[1] The Group has adopted the regulatory transitional arrangements for IFRS 9 as set out in Article 473a of the UK CRR. The calculations shown above are under these arrangements.
[2] Comprises brought-forward retained earnings, year-to-date profits net of tax and foreseeable dividends.

Overview Of RWA	Group RWAs £m 30 June 2025	Group RWAs £m 30 June 2024	Group Capital Requirement £m 30 June 2025	Group Capital Requirement £m 30 June 2024	Bank RWAs £m 30 June 2025	Bank RWAs £m 30 June 2024	Bank Capital Requirement £m 30 June 2025	Bank Capital Requirement £m 30 June 2024
Credit risk (excluding CCR)[1]	9,572.4	9,123.7	765.8	729.9	6,410.7	6,071.2	512.9	485.7
Of which the standardised approach	9,572.4	9,123.7	765.8	729.9	6,410.7	6,071.2	512.9	485.7
Counterparty credit risk - CCR	7.5	21.0	0.6	1.7	4.8	20.9	0.4	1.7
Of which the standardised approach	7.5	21.0	0.6	1.7	4.8	20.9	0.4	1.7
Securitisation exposures in the non-trading book	25.5	40.1	2.0	3.2	25.5	40.0	2.0	3.2
Of which SEC-ERBA approach[2]	25.5	40.1	2.0	3.2	25.5	40.0	2.0	3.2
Position, foreign exchange and commodities risks	-	0.1	-	0.0	-	0.1	-	0.0
Of which the standardised approach	-	0.1	-	0.0	-	0.1	-	0.0
Operational risk	1,133.1	1,061.4	90.6	84.9	830.6	743.4	66.4	59.5
Of which basic indicator approach	1,133.1	1,061.4	90.6	84.9	830.6	743.4	66.4	59.5
Total	10,738.5	10,246.3	859.0	819.7	7,271.6	6,875.6	581.7	550.1

[1] The Group has adopted the regulatory transitional arrangements for IFRS 9 as set out in Article 473a of the UK CRR. The calculations shown above are under these arrangements.
[2] Securitisation external ratings based approach ("SEC-ERBA").

Aldermore Group PLC has declared a dividend of 5 pence per share for Financial Year 2025 representing a total dividend of £125.0 million (Financial Year 2024: Nil). The Aldermore Group dividend was funded by an intercompany dividend from Aldermore Bank PLC.

During the year, the Group's total capital resources decreased by £32.8 million to £1,855.3 million (30 June 2024: £1,888.1 million). This decline primarily reflects the dividend declared, which reduced retained earnings, partially offset by the Group's profit after tax for the period (included within retained earnings). The total capital ratio decreased to 17.3% (30 June 2024: 18.4%) as a result of a slight decrease in capital resources combined with a modest growth in RWAs.

There was a redemption of £61 million Additional Tier 1 Capital on its contractual call date in April 2025, which was replaced with £50 million of new Additional Tier 1 Capital issued to FirstRand Bank Limited.

Further details on the Additional Tier 1 securities are included in note 28 to the ARA and details of the subordinated notes qualifying for Tier 2 capital are included in note 24 to the ARA.

▪ Pillar 2 capital requirements

The Pillar 2 capital requirements concern the capital supervisory review process and include a requirement for firms to undertake an Internal Capital Adequacy Assessment Process ("ICAAP"). The ICAAP represents the aggregated view of the risks faced by the Group and is used by the Board and management to understand the levels of capital required to be held over the planning horizon to cover these risks and to withstand a range of adverse stress scenarios. The ICAAP is reviewed by the PRA during its Supervisory Review and Evaluation Process ("SREP") and is used to determine the overall capital requirements that apply to the Group and the Bank.

Pillar 2A requirements are designed to capture the firm specific risks that are not addressed or not fully captured by the minimum capital requirements under Pillar 1. Together, the Pillar 1 minimum requirement and the Pillar 2A form the Group's Total Capital Requirement ("TCR").

The Group's TCR as at 30 June 2025 equates to 9.56% of risk weighted assets (30 June 2024: 9.56%).

The Bank's TCR as at 30 June 2025 equates to 10.12% of risk weighted assets (30 June 2024: 10.12%).

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 to facilitate the achievement of the Group's strategic objectives in a controlled and risk-aware manner. A detailed description of the Group's approach to risk management is contained in pages 69 to 72 of the ARA.

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 in all the lines of defence. 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 Audit Committee 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.

The Pillar 3 document requires all principal risks to be disclosed to provide a comprehensive view of a bank's risk profile. These risks, and how they are mitigated have been disclosed within the ARA:

- Credit risk (refer to pages 75 and 81 in the ARA)
- Capital Risk (refer to pages 76 and 98 in the ARA)
- Liquidity Risk (refer to page 76 and 94 in the ARA)
- Market Risk (refer to page 76 in the ARA)

- Operational Risk (refer to page 77 in the ARA)
- Compliance and Regulatory Risk (refer to page 77 in the ARA)
- Financial Crime Risk (refer to page 78 in the ARA)
- Model Risk (refer to page 78 in the ARA)
- Strategic Risk (refer to page 78 in the ARA)

During this financial year a new principal risk, Strategic Risk, was added to the list of principal risks. Strategic Risk covers risks associated with defining and adopting the incorrect strategy or once adopted, not adapting it in response to external changes or developments. 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.

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.

Governance

Full details of the Group's corporate governance structure, including details of the Group's Directors can be found on pages 45 to 49 in the Group's ARA. Additional disclosures required under CRD V[1] in relation to governance arrangements are presented in this section below.

▪ Directorships held by members of the Board

The number of external directorships and partnerships, including their roles within the Group, held by the Executive and Non-Executive Directors who served on the Board as at 30 June 2025 are detailed below:

Name	Position	Directorships
Pat Butler	Chairman	2 (Non-Executive)
Steven Cooper	Executive Director	3 (1 Executive, 2 Non-Executive)
Markos Davias[3]	Non-Executive Shareholder Director	2 (1 Executive, 2 Non-Executive)
Mary Vilakazi[3]	Non-Executive Shareholder Director	1 (Executive)
Alasdair Lenman[4]	Independent Non-Executive Director	1 (Non-Executive)
Richard Banks	Independent Non-Executive Director	2 (Non-Executive)
Desmond Crowley	Independent Non-Executive Director	3 (Non-Executive)
Romy Murray	Independent Non-Executive Director	3 (Non-Executive)
Ruth Handcock	Independent Non-Executive Director	2 (1 Executive, 1 Non-Executive)
Ralph Coates	Executive Director	1 (Executive)

[1] CRD V sets a limit on the number of directorships which may be held by a member of the management body in an institution that is "significant" in terms of its size, internal organisation and the nature, scope and complexity of its activities.
[2]Directorships within the same group count as one and directorships of organisations which do not pursue commercial objectives do not count.
[3] Holds a non-executive directorship and executive directorship position within the same group.
[4] Alasdair Lenman joined the Board on 1 July 2024 and John Hitchins resigned from the Board on 28 May 2025.

▪ Board recruitment

The Board has delegated specific powers and authority to the Corporate Governance and Nomination Committee (the "Nomination Committee") to lead the appointments process for nominations to fill Board vacancies. It is also responsible for keeping the size, structure and composition of the Board under regular review, and for making recommendations to the Board with regard to any changes necessary. The Nomination Committee also formulates succession plans for the Chair, Non-Executive Directors and the Executive Directors.

All Board appointments are subject to a formal, rigorous and transparent procedure. Before an appointment is made to the Board, the Nomination Committee evaluates the balance of skills, knowledge and experience on the Board and in the light of this evaluation, prepares a description of the role and capabilities required for a particular appointment. In identifying suitable candidates, the Nomination Committee will:

- Use open advertising or the services of external advisers to facilitate the search;
- Have regard to the balance of skills, experience and knowledge on the Board

appropriate for the business and the cognitive skills, personal strengths and, where relevant, the independence of the candidate, as well as assessing the impact individual candidates will have on overall Board diversity;

- Consider candidates on merit and against defined job specifications and criteria, taking care that appointees have enough time to devote to the position; and
- Have due regard to regulatory approval criteria.

The Board has delegated specific powers and authority to the Remuneration Committee for determining the total individual remuneration package of each of the Group's Executive Directors and the Chairman. The remuneration of Non-Executive Directors is set by the Board. No Director or senior manager is involved in any decisions as to their own remuneration.

Board diversity

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 the Board stands at 30% (2024: 27%). 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.

Remuneration

This section contains disclosures which are required in accordance with UK regulatory requirements and the Basel Committee on Banking Supervision Pillar 3 disclosure requirements. They also take into account the European Banking Authority (EBA) guidelines on sound remuneration policies. It should be read in conjunction with the Remuneration Committee Report starting on page 60 of the Group's 2025 Annual Report.

▪ Approach to remuneration

The Prudential Regulation Authority and Financial Conduct Authority have defined certain requirements relating to remuneration, referred to as the Remuneration Code ("the Code"). Aldermore is within the scope of the Code and as such, must establish, implement, and maintain remuneration policies, procedures and practices that are consistent with and promote sound and effective risk management.

The Group's Remuneration Policies are designed to comply with the Code and the Group is committed to adherence to its practices and guidelines in respect of Material Risk Takers ("MRTs"). Aldermore seeks to pay all of its staff competitively and fairly for the roles they undertake and applies similar principles for remuneration across the workforce (including MRTs) to those which apply to its Executive Directors.

The overall aim of the Group's Remuneration Policies is to attract, motivate and retain individuals of a high calibre who can deliver sustained performance consistent with the Group's strategic goals, appropriate risk management and to reward them for enhancing value. The policies are based on key principles which reflect the Group's values and recognise the need to be competitive within the UK banking market.

The Group's pay philosophy is underpinned by the following key principles:

- Clear & Simple: The 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: The Group has transparent frameworks that enable it 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: The Group is competitive to the market, whilst reflecting its organisation size and brand.

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.

Levels of remuneration are designed to align to the Group's stated risk appetite and Internal Capital Adequacy Assessment Process ("ICAAP") measures, and to ensure that the Executive Directors, senior management, and employees are fairly and responsibly rewarded in return for high levels of individual and business performance.

▪ Decision-making process for determining Remuneration Policy

In line with regulatory guidance, remuneration is overseen by the Remuneration Committee ("the Committee"). The Committee consists of a majority of independent non-executive Directors, one of whom is the Chair of the Committee. To represent the Group's parent company, the FirstRand Group Chief Financial Officer (a shareholder appointed non-executive Director) is a member of the Committee. In accordance with the Committee's terms of reference (last reviewed and updated in October 2024), the Committee meets at least four times a year, although it can meet more frequently as required. For 2025, the Committee met six times over the course of the performance year.

Only members of the Committee have the right to attend Committee meetings. However, other individuals (such as the CEO, Chief People & Communications Officer, HR Director, Chief Financial Officer and Chief Risk Officer) are invited to attend meetings when appropriate or necessary but are excluded from discussions relating to their own remuneration arrangements. The Committee is supported by the Chief Risk Officer on risk-related matters including the design of performance-related pay structures (ensuring incentivisation does not encourage undue risk), assessment of specific performance measures, identification of Material Risk Takers, and wider discussions related to risk management.

The Remuneration Policy ("the Policy") applies to all colleagues (including employees and contractors) of the Aldermore Group (including Aldermore Bank plc and MotoNovo Finance Limited). For the sake of clarity, the Policy does not include any other entities within the FirstRand Group which have their own remuneration policies.

The Committee monitors implementation of the Remuneration Policy and reviews the substance of it at least annually. The Policy was last reviewed in September 2024 and several updates were made to reflect changes in the Group's approach to remuneration. These updates included the discontinuation of the General Discretionary Bonus Scheme (with all previous participants being migrated to the Annual Incentive Plan), an update to the performance conditions of the Long-Term Incentive Scheme (which are now 100% FirstRand performance conditions), and an update to the deferral rules to link deferrals to bonus amount, rather than solely grade. Additional enhancements were made to provide further details of the new Pay Philosophy, and the approach to sustainability, clawback and severance payments. The Group also aligned its approach to risk adjustments to a revised Risk Management Framework and job grading methodology to its new job architecture. These updates provide transparency and help colleagues to better understand how the Group approaches remuneration.

The Committee is also responsible for considering and approving the remuneration arrangements of the Executive Directors, the Executive Committee and other Material Risk Takers across the Group.

The Committee may take external professional advice as appropriate. During this financial year, Aon PLC acted as the Committee's independent remuneration advisors until January 2025 when the role transitioned to Deloitte LLP. The Committee also continued to measure and benchmark against comparative remuneration packages within the financial sector.

Design and structure of remuneration

- There are three main elements of remuneration available to colleagues, including Material Risk Takers ("MRTs"):
- Fixed pay (which includes base salary and market allowances);
- Variable awards (which includes awards made under the Annual Incentive Plan ("AIP") and, in the case of Executive Committee members, Long-Term Incentive Plan ("LTIP"); and
- Benefits (which includes car allowance, pension, and insurances).

The AIP is a one-year scheme to motivate colleagues, including Executive Directors and other MRTs, during the period to which the performance relates. Dependent on role categorisation and total remuneration value, a portion of the AIP is deferred to promote prudent risk-taking, aligned to the long-term interests of the Group. For MRTs, deferrals align to applicable remuneration regulations. At least half of the award for MRTs is delivered in instruments linked to the value of the FirstRand share price with a further one-year holding period post vesting.

Executive Committee members are eligible to receive awards under the LTIP. These are three-year performance-based awards designed to motivate and incentivise delivery of performance over the long-term. Awards are granted to individuals based on prior year performance, with vesting then based on long-term measures and targets which are determined at the beginning of the performance period, together with risk and individual performance underpins.

Awards are delivered in instruments linked to the value of the FirstRand Limited's share price with additional deferral periods applied in line with regulatory requirements. A further one-year retention period applies from the date of vesting to all FirstRand equity-linked instruments awarded under the LTIP.

In addition to oversight from the Group's Remuneration Committee, all variable pay schemes are overseen by the Group's parent FirstRand Limited's Remuneration Committee. Guaranteed variable awards are only permitted in exceptional circumstances (usually in the context of hiring) and are made in line with applicable regulatory requirements. Any severance payments made for a known leaver will consider any applicable contractual requirements, the Group's internal policies, regulatory requirements, and legal obligations as well as any reputational risk considerations.

Link between pay and performance

For the AIP, the Remuneration Committee assesses progress against a number of key financial and operational drivers including profit before tax; return on equity; cost/income ratio; net lending growth; risk management; as well as non-financial measures including performance against People and Customer metrics and progress on environmental and sustainability goals.

Measures and targets are set at the beginning of the performance period and an assessment of overall performance at the end of the financial year is used to determine the size of the bonus pool. The Committee takes into account other factors that it considers relevant and applies judgement and discretion to ensure that the final reward outcome fairly reflects the Group's performance for that financial year.

Individual performance is determined using the Aldermore 5-4-3 performance management framework and considers both outcome-based goals and behaviours. The end of year performance rating feeds directly into the year-end pay and bonus review outcomes and allows for differentiation of outcomes based on performance. Where individual performance improvement is needed, this results in significantly reduced pay and bonus outcomes.

Where individual KPIs are achieved but the underlying performance of the Group is unsatisfactory, annual performance-based payments may be reduced in part or withheld altogether at the Remuneration Committee's discretion.

LTIP awards are tied to pre-vesting performance conditions, which assess FirstRand's performance over a three-year period. This alignment ensures the success of the awards are closely linked to the success of FirstRand and its shareholders. Key financial metrics include return on equity and growth in normalised earnings per share. Each metric includes a threshold, budget target, and stretch target, designed to incentivise above-target performance.

Performance of individuals within control functions is assessed independently of the financial performance of the business, and measures are set to provide challenging objectives that are aligned with the Group's strategy. For AIP, control function colleagues will have measures that are non-financial and relate to personal performance and the achievement of objectives linked to the control function which are independent of the performance of the business area that the individual controls. For LTIPs, eligible control function colleagues (typically restricted to the Chief Risk Officer) will participate in a restricted non-performance LTIP plan to ensure they are not incentivised based upon financial performance metrics, with awards being half the quantum of other non-control function participants.

▪ Risk in the remuneration process

Performance-based remuneration is awarded by the Committee in a manner which promotes sound risk management (within the Group's stated risk appetite and ICAAP measures) and does not induce excessive risk taking. The Group's Remuneration Policies focus on ensuring sound and effective risk management and good conduct through:

- Having a clear distinction and appropriate balance between fixed remuneration which reflects the role undertaken and variable remuneration which is directly linked to performance.
- A stringent governance structure for setting goals and communicating these to employees.
- Ensuring performance measures reflect the Group's objectives and align with the Board's defined risk tolerances concerning risk appetite and management.
- Adoption of a Balanced Scorecard approach to performance assessment that includes both financial and non-financial metrics, taking into account a range of factors, including those specifically targeted at effective risk management.
- Input from the Chief Risk Officer on the performance assessment metrics used for Executive Directors and other Material Risk Takers.
- Making all variable remuneration awards at the discretion of the Committee.
- Ensuring variable remuneration is able to be subject to ex-ante and ex-post risk adjustment as a collective adjustment and/or at an individual level, including through the application of malus and clawback.

As part of the Year End process, to support the Committee's assessment of whether any significant risk matters should be considered for ex-ante and/or ex-post risk adjustment, the CRO provides the Committee with a report outlining:

- how has the business performed against specific risk conditions and have specific risk conditions been met (for example, under Annual and Long-Term Incentive Plans);
- all elements of risk performance for the performance year, including commentary on overall performance against risk appetite for all identified risk types, financial and non-financial; and
- any significant risk events or conduct matters that warrant consideration for an assessment of risk adjustment (for example, notable regulatory events, audit findings or remediation activities).

Performance and/or risk adjustments can result in a reduction of up to 100% of the variable remuneration opportunity for the relevant period, and this can be applied on both a collective and individual basis.

The ratio of fixed to variable remuneration will differ depending on the specific incentive schemes in operation across the business, however, as an overriding rule, the Company seeks to ensure that an appropriate balance between fixed and variable remuneration is maintained for all colleagues, with the fixed proportion being sufficient to allow variable pay to operate on a fully flexible basis. Variable remuneration is subject to a limit under the Group's policy (capped at 2:1 variable to fixed ratio) for any individual.

In practice, all key remuneration decisions are approved by relevant senior leaders and go through internal reward governance before implementation. For Material Risk Takers, the remuneration decisions are reviewed and approved by the Committee, but the Group's Risk function will also play a role in providing input around risk measurement and performance. No individual in the Group is involved in determining their own compensation arrangements.

▪ Overview of approach for identifying Material Risk Takers

In accordance with regulatory requirements, the Group must maintain a record of its Material Risk Takers (being those staff whose professional activities have a material impact on the firm's risk profile) and take reasonable steps to ensure MRTs understand the implications of their status.

MRTs are identified in accordance with the criteria issued by the PRA, which includes those staff whose activities have a material influence over the Group's performance or risk profile. These criteria are both qualitative (based on the nature of the role) and quantitative (based on the amount a colleague is paid). The qualitative criteria can be summarised as: staff within the management body; senior management; other staff with key functional or managerial responsibilities including for risk management; and staff who individually, or as part of a committee, have authority to approve new business products or to commit to credit risk exposures and market risk transactions above certain levels. The quantitative criteria are individuals earning £660,000 or more in the previous year; individuals earning less than £660,000 in the previous year, but more than a threshold set at the higher of £440,000 or the average total earnings of the management body and senior management and who can impact the risk profile of a material business unit; and individuals in the top 0.3% of earners for the previous year.

During the year, the Group employed a total of 29 individuals who were classified as Material Risk Takers (30 June 2024: 25 individuals). Of these, 16 individuals (30 June 2024: 18 individuals) were categorised as senior management (being the Executive and Non-Executive Directors and members of the Executive Committee), as well as 13 individuals (30 June 2024: 7 individuals) categorised as other Material Risk Takers or identified staff. These figures include colleagues who left the Group prior to the end of the year.

Proportionality

Aldermore is a proportionality Level 2 firm for remuneration purposes and applies the requirements of the Code accordingly.

It applies the derogation set out in Article 94(3) CRD on an individual level where their individual annual remuneration meets the conditions for doing so. Details of the staff to which this derogation applies in respect of the financial year to 30 June 2025 are set out in the below table.

Number of staff benefiting from the derogation laid down in Article 94(3)(b) of CRD for FY2025	Total fixed remuneration	Total variable remuneration
6	£707,486	£125,940

▪ Disclosure tables

The following tables provide additional remuneration details. Supporting definitions are outlined below:

▪ 'MB Supervisory function' means Non-Executive members of the Board

▪ 'MB Management function' means Executive members of the Board

▪ 'Other senior management' means those individuals (excluding the Executive Directors) who were members of the Group's Executive Committee; and

▪ 'Other identified staff' means MRTs excluding those included in MB Supervisory function, MB Management function and Other senior management during the year ending June 2025

REM 1: Remuneration awarded for the financial year

Year ending 30 June 2025		MB Supervisory function[1]	MB Management function[1]	Other senior management	Other identified staff
Fixed remuneration	Number of identified staff	7.0	2.0	8.0	12.8[1]
	Total fixed remuneration (£)	977,417	1,941,591	3,072,953	2,684,567
	Of which: cash-based (£)	977,417	1,941,591	3,072,953	2,684,567
Variable remuneration	Number of identified staff	-	2.0	6.0	12.8
	Total variable remuneration (£)	-	2,206,221	4,200,000	1,449,340
	Of which: cash-based (£)	-	827,863	1,592,500	787,590
	Of which: deferred (£)	-	343,346	711,375	264,700
	Of which: share-linked instruments or equivalent non-cash instruments (£)	-	1,378,359	2,607,500	661,750
	Of which: deferred (£)	-	893,842	1,726,375	264,700
Total remuneration		977,417	4,147,812	7,272,953	4,133,907

[1] The number is calculated on an FTE basis and there is one staff that is within the scope who is 0.8 FTE

REM2: Special payments to staff whose professional activities have a material impact on institutions' risk profile (identified staff)

Year ending 30 June 2025	MB Supervisory function (Non-Executive Director)	MB Management function (Executive Director)	Other Senior Management	Other Identified Staff
Guaranteed variable remuneration awards				
Guaranteed variable remuneration awards - Number of identified staff	-	-	-	-
Guaranteed variable remuneration awards - Total amount	-	-	-	-
Of which guaranteed variable remuneration awards paid during the financial year, that are not taken into account in the bonus cap	-	-	-	-
Severance payments awarded in previous periods, that have been paid out during the financial year				
Severance payments awarded in previous periods, that have been paid out during the financial year - Number of identified staff	-	-	-	-
Severance payments awarded in previous periods, that have been paid out during the financial year - Total amount	-	-	-	-
Severance payments awarded during the financial year				
Severance payments awarded during the financial year - Number of identified staff	-	-	-	-
Severance payments awarded during the financial year - Total amount	-	-	-	-
Of which paid during the financial year	-	-	-	-
Of which deferred	-	-	-	-
Of which severance payments paid during the financial year, that are not taken into account in the bonus cap	-	-	-	-
Of which highest payment that has been awarded to a single person	-	-	-	-

REM3: Deferred Remuneration

Year ending 30 June 2025	Total amount of deferred remuneration awarded for previous performance periods	Of which due to vest in the financial year	Of which vesting in subsequent financial years	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in the financial year	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in future performance years	Total amount of adjustment during the financial year due to ex post implicit adjustments (i.e. changes of value of deferred remuneration due to the changes of prices of instruments)	Total amount of deferred remuneration awarded before the financial year actually paid out in the financial year	Total of amount of deferred remuneration awarded for previous performance period that has vested but is subject to retention periods
MB Supervisory function	-	-	-	-	-	-	-	-
Cash-based	-	-	-	-	-	-	-	-
Shares or equivalent ownership interests	-	-	-	-	-	-	-	-
Share-linked instruments or equivalent non-cash instruments	-	-	-	-	-	-	-	-
Other instruments	-	-	-	-	-	-	-	-
Other forms	-	-	-	-	-	-	-	-
MB Management function	6,399,577	1,124,232	5,275,345	-	-	(54,943)	729,154	-
Cash-based	1,470,593	503,475	967,117	-	-	-	340,867	-
Shares or equivalent ownership interests	-	-	-	-	-	-	-	-
Share-linked instruments or equivalent non-cash instruments	4,928,984	620,757	4,308,228	-	-	(54,943)	388,287	-
Other instruments	-	-	-	-	-	-	-	-
Other forms	-	-	-	-	-	-	-	-
Other senior management	4,703,933	182,717	4,521,217	-	-	(94,394)	180,493	87,187
Cash-based	907,630	93,307	814,324	-	-	-	93,306	-
Shares or equivalent ownership interests	-	-	-	-	-	-	-	-
Share-linked instruments or equivalent non-cash instruments	3,796,303	89,410	3,706,893	-	-	(94,394)	87,187	87,187
Other instruments	-	-	-	-	-	-	-	-
Other forms	-	-	-	-	-	-	-	-
Other identified staff	792,533	133,347	659,186	-	-	(5,585)	99,957	30,248
Cash-based	460,543	80,397	380,146	-	-	-	62,990	-
Shares or equivalent ownership interests	-	-	-	-	-	-	-	-

Share-linked instruments or equivalent non-cash instruments	331,990	52,950	279,040	-	-	(5,585)	36,967	30,248
Other instruments	-	-	-	-	-	-	-	-
Other forms	-	-	-	-	-	-	-	-
Total amount	11,896,043	1,440,296	10,455,748	-	-	(154,922)	1,009,604	117,435

REM4: Remuneration of 1 million EUR or more per year

EUR	Identified staff that are high earners as set out in Article 450(i) CRR
1 000 000 to below 1 500 000	4
1 500 000 to below 2 000 000	2
2 000 000 to below 2 500 000	0
2 500 000 to below 3 000 000	0
3 000 000 to below 3 500 000	0
3 500 000 to below 4 000 000	1