

11 September 2025

Aldermore delivers robust trading performance, with solid growth in lending and deposits

Full year results to 30 June 2025

Aldermore Group delivered a statutory profit before tax of £193.5m in FY2025 (FY2024: £253.1m). This reflects a robust trading performance, despite the impact of a £60.6m (FY2024: £18.1m) charge related to the FCA's review into historical Motor Finance commissions and the non-recurrence of prior year impairment provision releases connected with CCA remediation activity in the Motor division (FY2025: nil; FY2024: £39.5m release). The Group's underlying performance was underpinned by strong growth in lending and deposits, which increased 8% and 5% year-on-year respectively.

Reflecting its continued profitability and balance sheet strength, Aldermore has declared a dividend of £125m, its first distribution to its shareholder since joining the FirstRand group in 2018. The year-end CET1 ratio, net of the declared dividend, was 14.9% (30 June 2024: 15.9%), compared to 16.1% CET1 ratio pre-dividend. The Group also maintained robust liquidity metrics, with a liquidity coverage ratio of 195%.

Steven Cooper, CEO of Aldermore Group said:

"Aldermore has had a robust year, delivering resilient profitability and lending balance growth across all of our core lending divisions, as well as significant net inflows into our savings products. We have also maintained a strong capital and liquidity position, which demonstrates the underlying strength of the business.

"We welcomed the clarity brought by the decision of the Supreme Court relating to the payment of historical Motor Finance commissions, and we expect trading to remain healthy as the economic backdrop improves.

"Our performance was also bolstered by strong cost management as inflationary pressures remained, despite continued investment in our proposition and our technology. We will remain focused on this disciplined approach to costs and capital allocation, to ensure Aldermore's long-term resilience and growth."

Group Financial Performance (£ million)	FY2025	FY2024	Change
Summary Income Statement			
Net interest income	597.9	604.3	(1)%
Other operating income	2.5	(18.5)	(114)%
Total income	600.4	585.8	2%
Operating expenses excluding historical Motor Finance commissions expense	(330.4)	(332.9)	(1)%
Historical Motor Finance commissions expense ¹	(60.6)	(18.1)	235%
Share of profit of associate	0.7	-	n/a
Impairment (losses) / releases	(16.6)	18.3	(191)%
Profit before tax	193.5	253.1	(24)%
Taxation	(52.4)	(67.4)	(22)%
Profit after taxation	141.1	185.7	(24)%
Attributable to:			
Shareholders of the Group	129.8	177.0	(27)%
Other Equity instruments ²	11.3	8.7	30%
Key Performance Indicators			
Net interest margin (%)	3.78%	4.00%	(0.22)%
Cost / income ratio (%)	65.1%	59.9%	5.2%
Cost of risk (bps)	10bps	(12)bps	22bps
Return on equity (%)	7.7%	11.8%	(4.1)%
Foreseeable dividend (£m)	125.0	-	n/a

Group Balance Sheet (£ million)	FY2025	FY2024	Change
Customer lending balances ³	16,600	15,337	8%
Customer deposit balances	17,048	16,307	5%

Group Capital and Liquidity (%)	FY2025	FY2024	Change
CET1 ratio ⁴	14.9%	15.9%	(1.0)%
Total capital ratio ⁴	17.3%	18.4%	(1.1)%
Liquidity coverage ratio	195%	241%	(46)%

- Profit before tax reduced by 24% to £193.5m (FY2024: £253.1m), with year-on-year results notably impacted by the £60.6m (FY2024: £18.1m) charge related to the historical Motor Finance commissions review and the non-recurrence of prior year impairment provision releases connected with CCA remediation activity in the Motor division (FY2025: nil; FY2024: £39.5m release).
- Total customer lending increased by 8% in the year to £16,600m (30 June 2024: £15,337m), with growth across each of the Group's lending divisions. The increase was primarily driven by the Property division, led by continued strong performance of the specialist Buy to Let portfolio.
- Total customer deposits increased by 5% to £17,048m (30 June 2024: £16,307m) driven by growth in the Group's Personal Savings and Corporate Deposits franchises.
- Net interest income reduced slightly to £597.9m (FY2024: £604.3m), reflecting strong portfolio growth offset by a reduction in net interest margin to 3.78% (FY2024: 4.00%) as interest rates reduced over the year and deposit spreads tightened.
- Other operating income increased to £2.5m (FY2024: £18.5m 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. The FY2024 loss mainly reflected the unwind of gains recognised in prior years, whilst FY2025 results benefited from a more stable interest rate environment.
- Operating expenses excluding the historical Motor Finance commissions expense were broadly flat year-on-year, reflecting disciplined cost management while maintaining strategic investment in proposition and technology.
- The credit impairment charge increased to £16.6m (FY2024: £18.3m release) largely due to the non-recurrence of prior year provisions releases connected with CCA remediation activity in the Motor division (FY2025: nil; FY2024: £39.5m release). This was partly offset by improved underlying performance as the effects of the cost-of-living crisis continue to ease.
- Return on equity declined to 7.7% (FY2024: 11.8%) reflecting the impact of the historical Motor Finance commissions expense, the non-recurrence of prior year impairment provision releases connected with CCA remediation activity and higher average equity balances. Dividend distributions will help enhance the Group's return on equity going forward.
- The Group continued to maintain strong capital ratios. Before the £125m dividend, the CET1 ratio improved to 16.1% (30 June 2024: 15.9%) supported by the Group's profitability. Adjusted for the foreseeable dividend, the CET1 ratio was 14.9%, which remains above the 13.0%-14.0% medium-term target.
- The liquidity coverage ratio reduced to 195% (30 June 2024: 241%) reflecting the repayment of £600m of TFSME⁵ in the year, in line with expectations. The Group remains well-positioned to repay remaining TFSME maturities by the end of the calendar year.

FCA Motor Finance Commission Review

- The Group has increased its provision for potential redress and associated remediation costs for historical Motor Finance commission arrangements to £73.1m as at 30 June 2025 (30 June 2024: £15.0m), reflecting the evolving legal and regulatory landscape. This follows the Supreme Court's ruling on 1 August 2025 and the FCA's statement on 3 August 2025 outlining its initial considerations on a proposed redress scheme for this matter.

- Given both the outcome of the Supreme Court judgment and the statement from the FCA, the Group has taken the decision to recalculate and refine its June 2024 accounting provision, to include all commission arrangements (including non-discretionary arrangements) from May 2019 (reflecting the commencement of business in MotoNovo Finance Limited) to October 2024. This also includes revising its probability-weighted scenarios, assumptions and management judgements made at the time, to consider the additional information obtained to date (including the proposed interest rate for the redress scheme of the BoE base rate plus 1%) and to recalculate an appropriate best estimate accounting provision.
- The Supreme Court judgment upheld the appeal that motor dealers do not owe customers a fiduciary duty in their role as credit brokers. This decision supersedes the Court of Appeal's findings from its hearing in October 2024 in relation to the Hopcraft, Wrench and Johnson cases, of dishonesty in commission disclosures and narrows the scope for claims based on fiduciary duty and bribery. However, in the Johnson case, the Court found an unfair relationship under section 140A of the Consumer Credit Act 1974, based on the specific case facts. The Supreme Court judgment emphasised that wide discretion could be applied by the courts to award a remedy and the outcome here was based on the case specifics. Therefore, this verdict did not necessarily create a precedent for other courts to follow.
- The FCA's proposed redress scheme is expected to be finalised following a 6 week consultation period beginning in October 2025, with redress to customers anticipated to commence in 2026. The FCA outlined seven principles underpinning a redress scheme covering discretionary commission arrangements (DCAs). They also noted that based on the Supreme Court judgment they will consult on whether non-DCAs should also be included. The Group continues to engage constructively with the FCA and remains committed to supporting customers throughout this process.
- Operational and legal costs incurred during the financial year totalled £2.1m, driven by increased complaint volumes and legal activity, particularly associated with the Court of Appeal and Supreme Court cases. The Group remains committed to transparency and regulatory compliance and believes the current provision is appropriate based on the information available at the time of reporting.
- Further detail in relation to this matter can be found within FirstRand's full year results, available [here](#).

-ENDS-

Notes to Editors

¹ Comprises both the increase in the provision as well as operational and legal costs incurred in the year in relation to the matter

² Coupon paid on Additional tier 1 capital securities. The year-on-year increase reflects a £100m internal AT1 issuance to FirstRand Bank Limited in June 2024

³ Customer lending balances shown net of impairment

⁴ CET1 and total capital ratio are presented on an IFRS9 transitional basis. Reported capital metrics account for the Group's foreseeable dividend

⁵ 'TFSME' refers to Term Funding Scheme with additional incentives for SMEs (TFSME)

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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.

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