Aldermore Group PLC

Report and Accounts
for the year ended 30 June 2026

Aldermore

Contents

FY26 at a glance

FY26 has been a year of significant progress, albeit one overshadowed by the outcome of the FCA's motor finance review and its wider implications for the Group. Through this period of change, we have remained focused on our customers, delivered against our strategic priorities and demonstrated the strength and resilience of our business.

Consistent Financial Delivery

£238.9m (FY25: £254.1m)

Underlying profit before tax - reflecting the resilience of our underlying business

£51.2m (FY25: £193.5m)

Statutory profit before tax - impacted by the increase in motor finance provision

£18.8bn (FY25: £16.6bn)

Net loans to customers - with growth across all three lending divisions

Successful acquisition of assets and liabilities from **Octane Capital**

Strengthened Risk Management Framework

Embedded new risk management framework across the business

Optimisation of capital stack, with dividend of £125m paid and successful £300m Tier 2 issuance

Successful extension and upsize of the motor warehouse facility

13.6% (FY25: 14.9%)

Common Equity Tier 1 ratio - significantly in excess of regulatory minimum

Award Winning Franchise

Best Specialist Lender

Your Mortgage Awards 2025/26

Rated Excellent by Trustpilot

Aldermore 4.4/5

MotoNovo 4.6/5

Best Fixed Rate Business Savings Provider

2026 Moneynet Awards

Best variable rate ISA provider

2026 Moneynet Awards

Strategic Report

Business Model

What we do

Founded in 2009 to serve customers underserved by mainstream providers, we are a specialist lender operating across three core divisions funded by our savings franchise.

Property Finance	We provide specialist mortgages to landlords and homebuyers, with lending distributed primarily through mortgage intermediaries and supported by direct customer channels.
Business Finance	We provide specialist lending solutions across asset finance, invoice finance and commercial real estate, delivered through both intermediary and direct relationship channels.
Motor Finance	We provide used vehicle finance to consumer and business customers, alongside dealer funding solutions, through a broad network of motor dealer partners and brokers.
Savings	We provide savings products to personal, business, and corporate customers through direct and third-party channels, supported by specialist servicing partnerships.

Further details can be found on pages 10 to 14.

How we do it

During the year, we refreshed our strategy to ensure we remain well positioned to compete, grow and deliver sustainable returns.

Our strategy is focused on five priorities:

- **Grow our specialist lending businesses** – Expand in attractive specialist segments where we have proven expertise and strong risk-adjusted return opportunities.
- **Deepen customer and partner relationships** – Strengthen our presence across established intermediary, broker, dealer and partner channels to broaden reach and support growth.
- **Build a leading savings franchise** – Grow and diversify our funding base through competitive propositions and excellent customer service.
- **Improve productivity and scalability** – Simplify processes and leverage technology, data and automation to enhance efficiency and support future growth.
- **Deliver sustainable returns** – Execute with discipline, balancing growth, risk and capital management to create long-term shareholder value.

What enables our success

Delivering for our customers is what drives us. Our success is supported by a set of core strengths that differentiate us in the market, enable the delivery of our strategy and ensure we are delivering consistent customer outcomes.

- **People and culture** – Experienced colleagues with specialist lending and savings expertise.
- **Funding and capital** – A resilient funding base supported by customer deposits and prudent capital management.
- **Distribution network** – Established intermediary, broker, dealer and partner relationships.
- **Technology and data** - Modern platforms, data capabilities and automation that support customer service and operational efficiency.
- **Strong risk management and governance framework** – Disciplined risk management, governance and controls.

How we create value and generate returns

We create value by attracting customer deposits, maintaining a strong capital position and deploying funds into specialist lending markets where we have deep expertise. Through disciplined underwriting, effective risk management and strong customer relationships.

Our income is primarily derived from net interest income, generated through the spread between lending returns and funding costs. Fee income from selected products and services provides additional revenue, while a focus on operational efficiency, prudent risk management and capital discipline helps deliver long-term value.

How we deliver value to stakeholders

Further details of our key stakeholder groups and our engagement approach are set out in the Section 172 Statement on page 42. Our principal stakeholders are:

- **Customers** – we put them at the centre of decision-making.
- **Colleagues** – we regard them as the foundation to success with a clear value exchange, offering great benefits, working environment and development opportunities whilst bringing clarity on the excellence 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 end customers.
- **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 make a meaningful difference to society.
- **Investors** – we are committed to delivering sustainable, profitable growth and maintaining a strong and resilient financial position across our four product lines over the long term.
- **Regulators** – we maintain regular, open, and transparent dialogue, ensuring alignment on evolving regulatory priorities.
- **Shareholder** – As a wholly owned subsidiary of FirstRand we support the delivery of their strategic objectives by generating long-term value.

Strategic Review

FY26 was a year of important strategic progress for the Group. Against a backdrop of continued macroeconomic and geopolitical uncertainty, competitive pressures and a changing regulatory environment, we delivered underlying profit before tax of £238.9 million (FY25: £254.1 million)[1], reflecting continued business momentum, disciplined execution and resilient customer demand across our specialist lending and savings franchises.

Statutory performance was significantly impacted by the increase in the provision relating to historic motor finance commission arrangements, resulting in a statutory profit before tax of £51.2 million (FY25: £193.5 million). Despite this, the Group continued to deliver resilient growth, supported by the strength of our customer, intermediary and partner relationships.

During the year, lending balances increased to £18.8 billion (FY25: £16.6 billion) and customer deposits grew to £19.1 billion (FY25: £17.0 billion), whilst we maintained a prudent approach to underwriting, capital and liquidity management. At the same time, we continued to invest in technology, proposition development and operational capabilities to strengthen our position in the specialist markets we serve and improve customer outcomes.

Alongside delivering growth, we refreshed our strategy, began the work required to deliver the motor finance remediation scheme and began preparations for a potential change in ownership following FirstRand's announcement that it was exploring a potential sale of the Group.

Throughout the year, we remained focused on our purpose of supporting customers underserved by the mainstream banking sector, positioning us well for the future.

FCA motor finance commission review

A significant development during the year was the outcome of the FCA's review of historic motor finance commission arrangements, which resulted in a material increase in the associated provision. While this was a disappointing outcome and a conclusion with which we don't ultimately agree, we respect the regulator's findings and, in the interests of providing certainty for customers and other stakeholders and enabling the industry to move forward, remain committed to supporting an orderly and efficient resolution process. The proposed industry redress scheme remains paused pending legal proceedings. Our priority is to ensure that any future remediation programme is delivered in a manner that maintains trust, operational resilience and a continued focus on customer outcomes.

Following these developments, FirstRand announced its intention to explore a potential sale of the Group. Management and the Board remain committed to supporting FirstRand through a smooth and orderly process while ensuring we continue to operate effectively, support customers and deliver value for both existing and potential future shareholders.

[1] Underlying profit before tax is set out on page 17.

Leadership changes

The year saw important leadership changes with Raj Makanjee joining as Chief Executive Officer in September 2025. Raj succeeded Steven Cooper bringing extensive banking, digital and customer leadership experience most recently from FirstRand. Louise Britnell was appointed Chief Financial Officer, succeeding Ralph Coates, and brings significant financial services and transformation expertise, including through her previous role as Chief Financial Officer of The Co-operative Bank.

Richard Banks and Desmond Crowley stepped down as Non-Executive Directors during the year, while Adrian Sainsbury joined the Board alongside Paul Lawrence, who was appointed as Senior Independent Director.

Strategic refresh

More broadly, we have developed an updated strategy for the next stage of our journey, reinforcing our ambition to remain the specialist lender of choice. The strategy builds on our established strengths while maintaining a focus on entrepreneurial thinking, innovation and disciplined growth in underserved markets where we can create meaningful value for customers.

Driving efficiency and operating leverage

A central focus of the year has been improving efficiency and scalability across the business. As part of this, we have accelerated investment in automation and artificial intelligence to enhance both customer experience and internal productivity. These initiatives are enabling faster decision-making, more efficient operations and improved risk management.

Alongside these technology investments, we have advanced our operating model through the strategic expansion of offshore capabilities. Having identified opportunities to improve efficiency, enhance service levels and provide support outside of UK working hours, we entered into a partnership with an offshore provider at the start of the year. This partnership is establishing dedicated capabilities across our Business Finance, Property and Motor divisions, creating a more scalable and resilient operating model.

We are now embedding these capabilities into our day-to-day operations and expect them to deliver both operational efficiencies and a sustainable reduction in our cost base. Together with our investments in technology, these initiatives are expected to contribute to a meaningful reduction in our cost:income ratio over time, while maintaining the high standards of service our customers expect.

Strengthened risk management framework

Following the launch of an upgraded Group Risk Management Framework in FY25, we continued to mature and embed our approach to risk management during the year. This included the delivery of a new Risk and Control Self-Assessment process to provide a comprehensive business-wide view of risk and controls, completion of the annual risk assurance plan under the new assurance methodology and delivery of a refreshed set of risk appetite statements and metrics to enable the continued proactive management of risk exposure within appetite.

Effective partnering between our Risk team and first line business functions is allowing the embedding of a mature risk culture, supported by good risk awareness and judgement by colleagues.

A particular focus during the year was on third party management risk, enabling the proactive adoption of our risk management practices within our outsourced and offshore operations.

Tier 2 issuance

A key milestone during the year was the successful issuance of £300 million of external Tier 2 capital. The overwhelming level of investor demand, reflected in a heavily oversubscribed transaction, highlights the confidence that capital markets place in our business, strategic direction and financial performance. This transaction further strengthens our capital base and positions us well to support customers, invest in future opportunities and deliver sustainable long-term growth.

Basel 3.1 reforms and implementation

We have continued to prepare for the implementation of Basel 3.1, which will take effect from 1 January 2027. Based on our current assessment, the reforms are expected to increase risk-weighted assets by around £0.5 billion and reduce our CET1 ratio by approximately 0.6 percentage points, driven primarily by changes to the treatment of SME lending and buy-to-let exposures.

The impact on Pillar 1 capital requirements is expected to be partially offset by lower Pillar 2 requirements, reducing our overall capital requirement from 9.31% to 9.00%. With a CET1 ratio of 13.6% at 30 June 2026 and an updated medium-term target range of 12.0%-13.0%, we remain well positioned to manage the transition while continuing to support sustainable growth. The estimated impact remains subject to final implementation.

Looking ahead

Looking ahead, we remain focused on supporting customers whose financial needs require a more specialist approach, while continuing to strengthen our business and prepare for a potential ownership transition. Despite ongoing macroeconomic uncertainty, we believe we are well positioned to deliver sustainable growth through our specialist expertise, disciplined approach to risk management and continued investment in our customer propositions, technology and operational capabilities.

Across the Group, our strategic priorities are centred on optimising portfolio mix, improving returns and driving greater operational efficiency. We will continue to allocate capital towards attractive lending and savings opportunities where we see the strongest potential for sustainable, risk-adjusted growth, while maintaining our prudent approach to underwriting, funding and balance sheet management.

We also remain focused on transforming customer and colleague experiences through digital innovation, automation and platform modernisation. These investments will help us improve service, increase scalability and create a more efficient operating model, enabling us to respond more effectively to evolving customer needs and market opportunities.

We enter FY2027 with strong foundations, clear strategic priorities and confidence in our people, specialist franchises and resilient business model. We remain committed to delivering positive outcomes for our customers, colleagues, shareholders and wider stakeholders as we continue to execute our strategy and create long-term value. By delivering on our purpose to back more people to go for it, in life and in business, we are strengthening our franchise and positioning the Group for sustainable long-term growth.

Business Review

We delivered a strong performance during the year, increasing lending and deposit balances and further strengthening our specialist market positions. Through disciplined execution and continued investment in customer propositions, technology and operations, we remain well positioned to deliver sustainable growth and strong customer outcomes.

Property Finance

We support professional property investors and portfolio landlords through a comprehensive range of residential, commercial and bridging finance solutions. Distributed through a strong broker network, our proposition combines deep market expertise, robust underwriting and flexible product offerings to meet a broad spectrum of customer needs. Continued investment in digital platforms and data capabilities supports scalable and efficient processes across the full lending lifecycle.

The mortgage market continued to recover during the year as falling interest rate pressures improved affordability and supported increased activity. Growth in the specialist mortgage market outpaced the wider market, reflecting a growing need for lending solutions tailored to customers with more complex circumstances. However, competition intensified as major banks continued to expand into specialist lending, benefiting from lower funding costs. At the same time, specialist lenders strengthened their funding positions through new partnerships and direct-to-consumer savings propositions, while investing in modern origination platforms that reduced servicing times and raised expectations among brokers and customers.

Against this backdrop, we delivered a strong performance. We enhanced our residential mortgage proposition through improvements to our affordability framework and a more targeted approach to broker engagement, supporting increased volumes and improved customer outcomes.

We also continued to optimise our credit risk strategy, selectively expanding into higher-risk segments, including higher loan-to-value lending, where risk-adjusted returns remained attractive and borrower quality continued to meet our risk appetite.

Alongside strong organic growth, we completed the acquisition of a portfolio of bridging finance loan assets and associated capabilities from Octane Capital. Since its launch in 2017, Octane Capital has established a strong track record in the bridging finance market.

The transaction comprised a £465 million loan portfolio and was funded from existing internal cash resources. It represents a significant step in the execution of our strategy to expand our specialist lending proposition through growth in attractive adjacent markets. In addition to providing greater scale in bridging finance, the acquisition enhances our capabilities in a complementary specialist lending segment, supporting the Group's long-term value creation objectives and strengthening our ability to meet a broader range of customer funding needs.

Looking ahead, we expect demand for specialist residential mortgages to continue outperforming the standard mortgage market, driven by an increasing prevalence of affordability challenges, adverse credit events and non-standard income profiles. By contrast, the buy-to-let market is expected to remain relatively subdued as landlords continue to navigate taxation and regulatory pressures.

In response to these market dynamics, our strategic priorities are focused on accelerating growth in higher-return segments, including bridging finance and owner-occupied lending. We are also investing in the transformation of broker and colleague journeys, while delivering operational efficiencies through the implementation of a new mortgage origination platform.

Business Finance

We provide a broad range of funding solutions to SMEs and commercial customers, including asset finance, commercial real estate lending, working capital and asset-based lending. Through a combination of sector expertise, relationship-led distribution and disciplined risk management, we support businesses with the funding they need to grow, invest and manage cash flow throughout the economic cycle.

The business lending markets remained challenging during the year, with investment appetite constrained by continued fiscal and geopolitical uncertainty. At the same time, competitive pressures intensified as new entrants and specialist banks expanded their presence across SME and commercial lending markets, while major high street banks sought to increase market share in these segments.

Despite these conditions, demand for working capital, invoice finance and asset-backed lending remained resilient, reflecting the structural funding gap that continues to exist for many UK businesses. Cash flow management remained a key priority for customers, with businesses continuing to experience working capital pressures while maintaining a cautious approach to investment and capital deployment.

Against this backdrop, we delivered a resilient performance, maintaining strong positions in our core markets while selectively expanding into more complex, higher-yielding adjacent sectors that are expected to support improved returns over the long term.

Within asset finance, we maintained our position as a top-ten provider in a highly competitive market. This performance was supported by continued enhancements to our proposition, including the introduction of auto-decisioning for transactions up to £250,000, improving speed and service levels for brokers and customers. We also launched our Platinum Broker proposition, providing our highest-value introducers with enhanced service and direct access to senior leadership, further strengthening key distribution relationships.

In commercial real estate ("CRE"), we repositioned our proposition to better support specialist investors seeking to capitalise on opportunities in the market. Through targeted partnerships and tailored funding solutions, we delivered a significant improvement in momentum, with the portfolio returning to growth and increasing by approximately 5% year-on-year during the second half of FY2026.

We also strengthened our working capital proposition through a refresh of our asset-based lending offering and the introduction of a revolving credit facility. These enhancements have improved pipeline generation and position the business to deliver balance sheet growth in the coming year.

Alongside the evolution of our customer propositions, we continued to enhance our risk management capabilities through the establishment of specialist teams and the strengthening of our monitoring frameworks. We also progressed the consolidation of back- and middle-office activities, creating a more efficient operating model and supporting the delivery of longer-term cost savings. Together, these actions leave the Business Finance division well positioned to capture further market share opportunities.

Looking ahead, we believe SME investment appetite is gradually improving as interest rate expectations stabilise. However, uncertainty, subdued demand and ongoing cost pressures mean that operational efficiency and cost management remain key priorities for many businesses, particularly those exposed to tax changes and higher input costs. While confidence and borrowing activity have recovered since the Autumn Budget, we continue to see a differentiated market in which balance sheet strength increasingly determines the ability to invest and pursue growth opportunities. We expect asset-backed lending and invoice finance to remain resilient, while market-based finance is likely to face continued pressure from elevated refinancing costs, particularly within higher-risk debt markets.

In response to these dynamics, our strategic priorities are focused on maintaining momentum across asset finance and commercial real estate while accelerating growth in higher-return segments, including development finance. We will continue to invest in automation and AI-enabled capabilities to enhance service quality and speed of execution, helping customers access funding more quickly. We also remain focused on simplifying and streamlining our operating model to improve efficiency and support sustainable, profitable growth.

Motor Finance

Through our MotoNovo business, we provide motor finance solutions to customers across the UK through a nationwide network of dealers and introducers. We are one of the UK's leading motor finance providers, with approximately 9% market share and a strong position in the used vehicle finance market. With a strong position in the used vehicle market, our proposition combines data-driven underwriting, market-leading technology and deep intermediary relationships to deliver a fast and flexible customer experience.

The UK motor finance market remained highly competitive throughout the year. While vehicle financing volumes showed signs of recovery, competition intensified across both new and used vehicle segments. The market remains fragmented, with banks, captive finance providers, specialist lenders, fintechs and broker-led distributors all competing for market share. Larger competitors continue to benefit from significant scale and access to lower-cost funding, while ongoing regulatory developments have added further complexity to the operating environment.

Against this backdrop, we delivered a record performance, achieving our highest-ever level of originations and further strengthening our position as one of the UK's leading motor finance providers.

Our performance was underpinned by continued investment in credit decisioning and risk management capabilities. Enhancements to automated underwriting and scorecard models improved conversion rates, increased operational efficiency and enabled faster decision-making for customers and dealer partners. We also continued to optimise our product mix, increasing penetration of personal contract purchase ("PCP") lending through targeted criteria enhancements. This supported higher average loan values and improved portfolio returns while maintaining our disciplined approach to risk management.

In addition, we selectively expanded lending activity in higher-margin customer segments where returns remained attractive and portfolio performance remained within our risk appetite. This measured approach enabled us to capture profitable growth opportunities while maintaining strong asset quality.

Alongside these growth initiatives, we continued to strengthen the foundations of the business through operational improvements, technology investment and enhanced distribution partnerships, ensuring we remain well positioned to compete effectively in an evolving market.

Looking ahead, we expect the used vehicle market to remain resilient, supported by stable consumer demand and improving supply dynamics. Within this, the electric vehicle segment represents a significant growth opportunity as increasing volumes enter the used vehicle market, creating demand for specialist lenders with the expertise and flexibility to support customers through the transition. We also anticipate that regulatory developments relating to historic motor finance commission arrangements may contribute to further consolidation across the sector, with some funders reassessing their participation in the market.

In response to these market dynamics, our strategic priorities are focused on simplifying and enhancing customer journeys through continued investment in digital capabilities, including the introduction of soft-search functionality and further optimisation of automated decisioning processes. We will continue to optimise front-book margins through disciplined pricing and portfolio mix management, while increasing our presence within the independent dealer channel, where most used vehicle transactions occur.

We also see opportunities to diversify and strengthen our revenue streams by exploring additional routes to market and developing propositions that deepen customer relationships and increase lifetime value. Alongside this, we remain focused on improving operational efficiency through the continued embedding of our offshore capability and organisational redesign, creating greater speed, accountability and scalability across the business.

We will also continue to enhance capital efficiency through the delivery of our securitisation programme and the development of an originate-to-distribute capability, enabling us to support future growth while maintaining a disciplined approach to balance sheet management.

As the industry continues to respond to the FCA's review of historic motor finance commission arrangements, we remain focused on supporting customers and dealer partners throughout the process. While this remains an area of regulatory focus, our broader strategic priorities and day-to-day operations remain unchanged as we continue to execute our strategy and deliver sustainable growth.

Savings

We provide a range of personal, business and corporate savings products that support our funding strategy while delivering competitive and straightforward savings solutions to our customers. Our proposition is built on a combination of attractive products, trusted service and digital capability, enabling us to attract and retain deposits across a diverse customer base.

The UK savings market remained resilient during the year, supported by strong household saving levels and continued demand for cash savings products. While average savings rates declined as interest rate expectations moderated, competition for deposits remained intense. The market continues to be characterised by strong competition from major high street banks, challenger banks, building societies and specialist savings providers, with scale, digital distribution and pricing discipline remaining key competitive advantages.

Against this backdrop, we delivered record deposit inflows by continuing to focus on customer segments where our specialist proposition differentiates us. During the year, we expanded our product range with the launch of new notice accounts for business savings customers and introduced easy access products for corporate clients and deposit aggregators, a rapidly growing segment of the market. These enhancements broadened our addressable market, strengthened our funding proposition and contributed to strong balance growth during the year.

Alongside product innovation, we continued to invest in our technology capabilities. During the year, we completed the first phase of the implementation of our new savings platform, representing a significant milestone in the modernisation of our savings infrastructure. The new platform provides a more scalable and flexible foundation for future growth, improving operational resilience and enabling the gradual decommissioning of legacy systems.

Over time, the platform will support faster product development and deployment, improve operational efficiency and enable enhanced customer experiences across personal, business and corporate savings. It will also support the expansion of our proposition into new product areas and customer segments, particularly within the underserved SME market.

Looking ahead, we expect growth in the savings market to moderate as interest rates continue to normalise and household budgets remain under pressure. However, uncertainty in the economic environment and the continued importance of savings as a source of financial resilience are expected to support ongoing demand for cash savings products. Competition for deposits is likely to remain strong, requiring providers to balance pricing discipline with customer retention and acquisition objectives. Potential changes to the ISA landscape may further influence customer savings behaviours and allocation decisions.

In response to these market dynamics, our strategic priorities are focused on further diversifying our product offering, including expanding our business savings proposition and broadening our presence in attractive customer segments. We will continue to invest in the delivery of our new savings platform to improve efficiency, enhance customer journeys and support future product innovation. We also see continued growth in digital savings marketplaces and intermediary platforms, reflecting customers' increasing preference for convenient access to a broad range of savings products. Through selected distribution partnerships, we will continue to extend the reach of our savings proposition while maintaining a disciplined approach to pricing and funding.

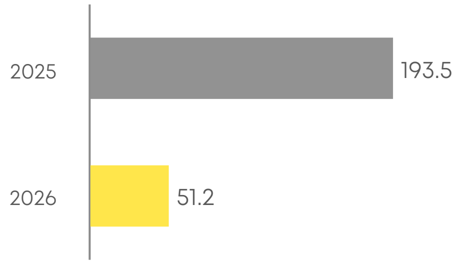
We also remain focused on further digitising the customer experience through enhanced online and mobile capabilities, enabling a simpler and more efficient onboarding journey while increasing our ability to attract and serve digitally engaged customers. Together, these initiatives will strengthen our funding franchise and support sustainable growth in balances over the medium term.

Key Performance Indicators

Underlying PBT (£m)*

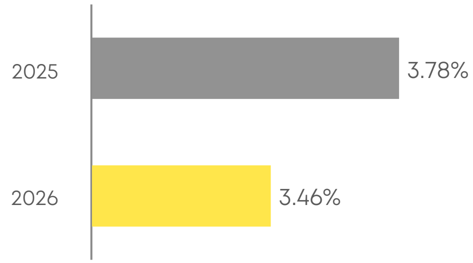
2026 Performance: Underlying PBT reflects a resilient performance despite ongoing macroeconomic uncertainty and highly competitive market conditions. Growth in lending and deposits, disciplined cost management and a focus on portfolio quality supported profitability during the year.

Statutory PBT (£m)



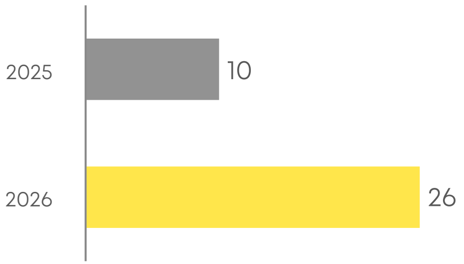
2026 Performance: Statutory PBT was significantly impacted by the increase in provisions relating to historic motor finance commission arrangements, together with costs associated with a potential sale of the Group and restructuring activities undertaken during the year.

Net interest margin (%)*



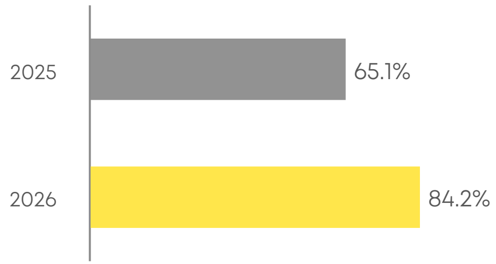
2026 Performance: NIM reduced by 32bps compared with FY2025, reflecting the combined impact of deposit repricing, competitive market conditions and portfolio mix effects. The Group continued to actively manage margins through disciplined pricing and portfolio optimisation while maintaining strong customer propositions.

Cost of risk (bps)*



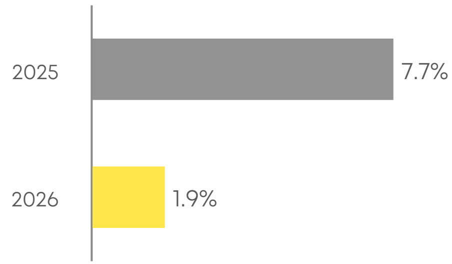
2026 Performance: Cost of risk increased by 16bps during the year, primarily reflecting updated forward-looking macroeconomic assumptions, including heightened geopolitical uncertainty during the second half of the year.

Cost:income ratio (%)*



2026 Performance: The cost:income ratio was impacted by one-off items, including restructuring and strategic change costs. We remain focused on improving operating leverage through business growth, process simplification, automation and ongoing transformation initiatives.

Return on equity (%)*



2026 Performance: Return on equity reduced during the year, primarily reflecting the effect of motor finance remediation provisions and other non-recurring costs. The Group remains focused on delivering sustainable shareholder returns through profitable growth, prudent capital allocation and improved operating leverage.

*Denotes an alternative performance measure, for definitions and a reconciliation to the statutory financials can be found on pages 197 to 199

Net loans (£bn)

2026 Performance: Net loans increased during the year, reflecting strong customer demand and continued growth across the Group's specialist lending businesses. Growth was achieved while maintaining disciplined underwriting standards and a prudent approach to risk management.

Customer deposits (£bn)

2026 Performance: The Group continued to grow and strengthen its funding base across Personal Savings and Corporate Deposits. Deposit growth supported lending expansion while maintaining a diversified and resilient funding profile.

CET1 Ratio (%)

2026 Performance: The CET1 ratio remained strong and comfortably above regulatory requirements, reflecting the Group's prudent approach to capital management. This provides capacity to support future growth while maintaining resilience through changing market conditions.

Employee engagement score

2026 Performance: Employee engagement remained strong, reflecting continued focus on colleague wellbeing, development and culture, although down slightly in part due to changes being made around the organisation. We believe engaged colleagues are critical to delivering sustainable performance and positive customer outcomes.

Senior leadership positions filled by Women (%)

2026 Performance: We continued to strengthen gender diversity in senior leadership roles, reflecting our commitment to building a more balanced and inclusive organisation and developing diverse talent across the Group.

Trustpilot rating (blended)

2026 Performance: Trustpilot ratings remained strong, reflecting our focus on delivering positive customer outcomes and high levels of service. Customer feedback continues to provide valuable insight to support ongoing improvements across the business.

Financial Review

In FY26, the Group reported underlying profit before tax of £238.9 million (FY25: £254.1 million), demonstrating the resilience of the business despite continued macroeconomic uncertainty, competitive market conditions and an evolving regulatory landscape. Statutory profit before tax was £51.2 million (FY25: £193.5 million), significantly impacted by the FCA's motor finance redress announcement in March 2026, together with costs associated with the sale process and strategic actions taken to strengthen the business and position it for future growth.

During the year we have focused on delivering efficiency and scalability across the business. As part of this we have invested in automation and targeted deployment of artificial intelligence, and have made progress in optimising our operating model, including the expansion of offshore capabilities to support operational processes and reduce costs. Operating costs excluding the exceptional charges were down 3% year-on-year.

We continued to deliver disciplined balance sheet growth across each of our three core lending businesses, supported by ongoing investment in distribution capability, underwriting efficiency and product development. We delivered significant organic growth in the year in our Property Finance division, which was further boosted by the Octane Capital acquisition – adding £0.5bn of balances and expanding our product capabilities.

Asset growth has helped offset the impact of reduced margins and was underpinned by strong deposit generation across both personal savings and corporate deposits, reflecting strong ISA demand and the launch and scaling of our corporate access and notice propositions. Competition for deposits remains intense, with significant market pricing pressures, but our strong savings franchise enables us to maintain our predominantly deposit-led funding model while supporting balance sheet expansion.

We maintain a robust capital base and strong liquidity position, with significant headroom to regulatory minimums, and closed the year in a position of strength. Our strong and well-established customer franchise provides an excellent foundation on which to continue to execute our strategy and deliver sustainable returns.

Summary income statement

	Year ended 30 June 2026 £m	Year ended 30 June 2025 £m	Increase/ (decrease) %
Net interest income	604.1	597.9	1%
Other operating income	0.3	2.5	(88)%
Operating income	**604.4**	**600.4**	**1%**
Underlying costs	(321.2)	(330.4)	(3)%
Share of profit of associate	0.9	0.7	29%
Impairment losses on customer loans	(45.2)	(16.6)	172%
Underlying profit before tax	**238.9**	**254.1**	**(6)%**
Exceptional costs	(187.7)	(60.6)	210%
Statutory profit before tax	**51.2**	**193.5**	**(74)%**
Tax	(7.6)	(52.4)	(85)%
Profit after tax	**43.6**	**141.1**	**(69)%**

Income

Operating income increased by 1% to £604.4 million (FY25: £600.4 million) as lending growth was partially offset by a reduction in net interest margin ("NIM"), down 32 basis points year-on-year to 3.46% (FY25: 3.78%). NIM was impacted by both lower asset yields, as the Bank of England reduced base rates during the period, and continued pressure on deposit pricing, particularly within fixed-rate savings products where pricing remained elevated relative to swap rates. Lower NIM was offset by growth in average lending balances.

Operating costs

Underlying operating costs decreased by 3% to £321.2 million (FY25: £330.4 million) reflecting our careful approach to cost management. Underlying cost growth remained well controlled despite ongoing inflationary pressures, with continued focus on maintaining discipline while investing in strategic capability.

At a total level, operating costs increased to £508.9 million (FY25: £391.0 million), primarily reflecting the impact of the FCA's motor finance redress announcement in March 2026. The associated provision was subsequently raised to £231.8 million (FY25: £73.1 million), contributing to an incremental charge of £164.8 million recognised in the year (FY25: £60.6 million).

We incurred £18.1 million in the period relating to restructuring charges, as a result of our cost efficiency and location strategy programmes, which are designed to improve operational efficiency and deliver sustainable benefits in the years ahead.

We also incurred £4.8 million of transaction-related expenditure in the financial year as a result of the decision by our shareholder, FirstRand, to seek an orderly exit of their UK consumer finance business, which is ongoing.

	As at 30 June 2026 £m	**As at 30 June 2025 £m**	**Increase/ (decrease) %**
People costs	(176.4)	(176.6)	–%
Non-people costs	(144.8)	(153.8)	(6)%
Underlying costs	**(321.2)**	**(330.4)**	**(3)%**
Historical motor finance charge	(164.8)	(60.6)	172%
Restructuring charges	(18.1)	-	–%
Transaction related costs	(4.8)	-	–%
Exceptional costs	**(187.7)**	**(60.6)**	**210%**
Total operating costs	**(508.9)**	**(391.0)**	**30%**

Our statutory cost:income ratio increased year-on-year to 84.2% (FY25: 65.1%), primarily as a result of the additional charge relating to historical motor finance redress. We remain committed to improving this metric as we scale the business and realise efficiencies from our transformation initiatives.

Credit performance

We recorded an impairment charge of £45.2 million (FY25: £16.6 million). The increase primarily reflects the impact of updated forward-looking macroeconomic assumptions, including heightened geopolitical uncertainty during the second half of the year.

Analysis of Cost of Risk by division

	Year ended 30 June 2026 bps	Year ended 30 June 2025 bps	Increase/ (decrease) bps
Property Finance	(1)	(13)	12
Motor Finance	96	74	22
Business Finance	11	(10)	21
Group	**26**	**10**	**16**

Within Property Finance, a net impairment release of £1.3 million (FY25: £10.5 million release) was recognised during the year, representing a Cost of Risk of (1) bps (2025: (13) bps), reflecting the partial release of overlays previously held against refinance risk. The portfolio remains well collateralised, with low levels of arrears and limited exposure to higher loan-to-value bands.

In Motor Finance, the impairment charge increased to £42.2 million (FY25: £30.7 million), driven primarily by the non-recurrence of impairment releases recognised in the prior year. Consequently, Cost of Risk increased to 96 bps (2025: 74 bps). Excluding this impact, underlying credit performance improved during the year, supported by stabilising arrears trends.

In Business Finance, Cost of Risk increased to 11 bps from (10) bps in the prior year. The movement reflects a net impairment charge of £4.3 million (FY25: £3.6 million release), driven principally by model recalibrations, partially offset by improved performance in selected portfolios.

Reflecting these divisional movements, our overall Cost of Risk increased by 16 bps in the year to 26 bps (2025: 10 bps), at the lower end of the through-the-cycle range.

Our non-performing loan ("NPL") ratio decreased to 3.0% (2025: 3.4%), reflecting the remediation of legacy NPL exposures. The NPL coverage ratio reduced to 22.8% (2025: 25.5%) following model updates and the completion of remediation activity, while the impairment coverage ratio reduced to 1.26% (2025: 1.48%), reflecting model recalibrations and changes in economic assumptions.

Summary balance sheet

	As at 30 June 2026 £m	As at 30 June 2025 £m	Increase/ (decrease) %
Net loans to customers	18,799	16,600	13%
Cash and investments	4,439	4,186	6%
Fixed, intangible and other assets	246	293	(16)%
Total assets	**23,484**	**21,079**	**11%**
Deposits from customers	19,111	17,048	12%
Wholesale funding	2,013	1,581	27%
Other liabilities	560	571	(2)%
Total liabilities	**21,684**	**19,200**	**13%**
Ordinary shareholders' equity	1,650	1,729	(5)%
AT1	150	150	–%
Equity	**1,800**	**1,879**	**(4)%**
Total liabilities and equity	**23,484**	**21,079**	**11%**

Lending performance

Net loans to customers increased by £2.2 billion, or 13%, during the year to £18.8 billion (30 June 2025: £16.6 billion), with growth delivered across all divisions. We continued to focus on selective origination within target segments offering attractive risk-adjusted returns.

Analysis of net loans to customers by division

	As at 30 June 2026 £m	As at 30 June 2025 £m	Increase/ (decrease) %
Property Finance	10,397	8,677	20%
Motor Finance	4,484	4,076	10%
Business Finance	3,919	3,846	2%
Total	**18,799**	**16,600**	**13%**

The Property Finance division remained the primary driver of growth, with balances increasing by £1.7 billion to £10.4 billion (30 June 2025: £8.7 billion). This reflects continued strength in specialist buy-to-let alongside the contribution from the acquisition of Octane Capital which added approximately £0.5 billion of bespoke bridging, refurbishment and development exit property finance loans to our portfolio. The acquisition also broadens our capabilities in specialist real estate lending and enhances our ability to support professional landlords and developers across a wider range of financing needs.

Motor Finance balances increased by £0.4 billion to £4.5 billion (30 June 2025: £4.1 billion), supported by improved auto-decisioning capabilities, which have reduced reliance on manual underwriting and increased scalability.

Business Finance balances increased by £0.1 billion to £3.9 billion (30 June 2025: £3.8 billion), with growth in asset finance, commercial mortgages and invoice finance offsetting continued subdued activity in development finance. Momentum was particularly strong in commercial real estate, where we accelerated growth in higher-return segments, including development finance, and ended the year with a strong pipeline.

Savings performance

Customer deposits increased by £2.1 billion to £19.1 billion (2025: £17.0 billion), representing 88% of Group liabilities (2025: 89%).

Analysis of customer deposits

	As at 30 June 2026 £m	As at 30 June 2025 £m	Increase/ (decrease) %
Personal savings	11,681	11,466	2%
Business savings	2,438	2,739	(11)%
Corporate Deposits	4,992	2,843	76%
Total	**19,111**	**17,048**	**12%**

We continue to be majority deposit funded with personal savings remaining the single largest component of funding, increasing to £11.7 billion (30 June 2025: £11.5 billion), supported by continued strong demand for ISA products ahead of rule changes due to come into effect in April 2027.

Business savings balances reduced to £2.4 billion (30 June 2025: £2.7 billion) as we actively managed pricing in response to market conditions.

Corporate deposits increased significantly to £5.0 billion (30 June 2025: £2.8 billion), reflecting the launch and scaling of access and notice propositions via deposit aggregators.

Our loan-to-deposit ratio increased modestly to 98% during the year (30 June 2025: 97%), reflecting strong lending growth.

Wholesale funding

Wholesale funding increased to £2.0 billion (30 June 2025: £1.6 billion), including a £300 million Tier 2 capital issuance completed during the year. We also completed the final planned repayment of £0.5 billion under the Bank of England's TFSME scheme.

Capital and liquidity

We maintained a strong capital position throughout the year, with a CET1 ratio of 13.6% (2025: 14.9%). The year-on-year reduction reflects the impact of the motor finance provision and the increase in RWAs associated with lending growth and the acquisition of Octane Capital.

Despite this reduction, our capital position remains comfortably above regulatory requirements, providing capacity to support continued growth and absorb potential volatility.

During the year, we issued £300 million of external Tier 2 capital. The transaction was heavily oversubscribed, reflecting strong investor demand.

Our liquidity position remains robust, with an LCR of 168% (2025: 195%). The reduction reflects the TFSME repayment and optimisation of surplus liquidity, with the ratio remaining comfortably above regulatory minimums.

We close the year in a position of strength, maintaining a robust capital base and strong liquidity, supported by our established customer franchise.

Basel 3.1 reforms and implementation

The Basel 3.1 framework represents the final phase of the Basel III reforms and is intended to strengthen the resilience of the banking sector by improving the risk sensitivity, consistency and comparability of regulatory capital requirements. In the UK, the Prudential Regulation Authority (PRA) published its final Basel 3.1 rules in January 2026. The requirements that are applicable to Aldermore Group will take effect from 1 January 2027. The reforms include changes to the calculation of risk-weighted assets, which for Aldermore predominantly include a revised standardised approach for credit risk, and a new standardised approach for operational risk.

The Group has continued to assess the impact of Basel 3.1 on its capital position, business mix and capital allocation, including submitting an impact assessment to the PRA in line with the Basel 3.1 data collection exercise for the off-cycle review of firm-specific Pillar 2 capital requirements. Based on the Group's current assessment, full implementation is expected to result in an increase in RWAs of approximately £0.5 billion on the June 2026 balance sheet, relative to the corresponding RWAs under the current framework. This is expected to result in an estimated reduction in the Group's CET1 ratio of approximately 0.6 percentage points, before taking account of future earnings, capital generation, and balance-sheet changes. The principal drivers of the estimated impact relates to changes in risk-weighting of SME lending and buy-to-let exposures, partly offset by lower Pillar 1 operational risk requirements under the new standardised approach for operational risk.

The estimated uplift to Pillar 1 capital requirements is partly offset by a reduction in Aldermore Group's Pillar 2 capital requirements. The Group's total capital requirement will reduce to 9.00% from 9.31% from 1 January 2027, with new Pillar 2 requirements taking account of the PRA's SME lending adjustment.

The Group remains well positioned to manage the transition and continues to incorporate the expected Basel 3.1 impact into its capital planning and balance-sheet management activities. The Group's updated medium-term target CET1 ratio range of 12.0%-13.0% follows the revision to total capital requirements, with the target range comparing to a 30 June 2026 CET1 ratio of 13.6%. The Group expects to manage the CET1 ratio to within the target range over the course of FY 2027. The Basel 3.1 estimates remain subject to the Group's ongoing implementation work and may therefore change as implementation is finalised.

Looking Ahead

We enter the coming year with confidence in both the strength of our platform and the clarity of our strategic direction. Aldermore has built a distinctive position in specialist lending, underpinned by deep expertise, strong customer relationships and a clear focus on segments where we can deliver real value.

While results were significantly impacted by the motor finance provision, the underlying performance and momentum of the Group remained resilient. We acknowledge that the external environment is expected to remain volatile, but we continue to see robust customer demand across our chosen markets evidenced by strong growth during the year. Our funding position is stable and diversified, our liquidity position is robust, and we have a strong capital position underpinned by our medium term target CET1 ratio of 12.0%-13.0%.

We see meaningful headroom for growth within our existing franchises, alongside opportunities to expand into adjacent areas that enhance returns and diversify our offering. Our recent move into bridging finance is a good example of how we are evolving the portfolio in a targeted and disciplined way.

At the same time, the actions we are taking to simplify our operating model and embed greater use of automation, data and AI will progressively improve efficiency and reduce costs, supporting stronger returns and a more scalable platform.

The Group therefore enters the next financial year well positioned to navigate ongoing economic uncertainty while continuing to execute its strategy and deliver sustainable returns.

Environmental, social and governance

As a specialist bank, we are well placed to make a positive contribution to society, and we take this responsibility seriously on behalf of all our stakeholders. Our purpose — to back more people to go for it, in life and business — underpins our approach and informs the Environmental, Social and Governance (ESG) and sustainability ambitions embedded across our corporate strategy. These ambitions translate our purpose into intentional action within our core business activities.

This section provides a high-level overview of our ESG and sustainability activity during the financial year, structured around our three key areas of impact: access to credit and savings; business ethics and services; and developing our people. Further detail on how we create positive societal impact is set out in our annual Report to Society.

We focus on helping people move forward, whether that means buying a home, growing a business or saving for the future. With more than 800,000 customers, we are proud of the role we play in supporting individuals, communities and the wider economy. We also recognise that being a responsible business extends beyond the products and services we provide day to day.

Providing access to credit and savings

As a specialist bank, one of the most impactful ways we can drive change is by using our core business to create opportunities for the underserved in society. Through our specialist knowledge and expertise, we provide financial products to individuals and businesses often overlooked by high street banks. By giving more opportunity to individuals and small and medium-sized enterprises (SMEs), we help keep the UK economy moving.

Highlights from our Property Business:

- This year we enhanced our mortgage affordability and Loan to Income (LTI) frameworks to improve access to sustainable home ownership, reducing affordability-related declines by 7% and increasing lending above 4.5x LTI from 6.6% to 12%, while maintaining responsible lending standards.
- Supported over 2,000 first time buyers onto the housing ladder with funding often unavailable from high street banks.
- Provided ~£160 million in funding to ~1,500 customers through our specialist Level 2 and Level 3 product suite. Designed to meet the needs of creditworthy borrowers with complex financial circumstances or adverse credit histories, these products help address gaps in the market where access to mainstream lending may be limited. Level 2 offers lending of up to 90% LTV with enhanced flexibility, while Level 3 provides lending of up to 80% LTV for customers with more significant or recent adverse credit events.

Highlights from our Savings Business:

- Supported Personal and Business customers on their savings journey with over ~130,000 new Savings accounts opened in the financial year.
- Helped ~2,000 Business customers build resiliency and optimise their Savings through our new 95 Day Notice Product launched in November 2025.
- Recognised at the Moneynet Finance Awards with 'Best Variable Rate ISA Provider' for Personal Savings and 'Best Fixed Rate Provider' for Business Savings, reflecting our commitment to helping customers strengthen financial security and maximise returns on their savings.

Highlights from our Business Finance Business:

- Continued to support ~18,000 UK businesses, helping them reach their potential through tailored and flexible funding solutions.
- Became an accredited lender under the Growth Guarantee Scheme, enhancing access to government-backed finance for SMEs seeking to invest and grow.
- Provided over £70 million in active facilities through our Energy and Infrastructure proposition, enabling customers to invest in alternative energy solutions such as solar PV, battery storage and EV charging, supporting the UK's transition to Net Zero.

Highlights from our Motor Business:

- Supported over 152,000 customers in accessing vehicle finance through our network of trusted dealer and broker partners, including continued support for a broad range of customer segments and vehicle finance needs.
- Continued to widen access to finance through enhanced credit and affordability assessment processes. This year we supported ~8,900 customers aged 21 and under and more than 3,800 corporate customers, while increasing lending to higher-risk credit segments by 7% during the financial year within responsible lending standards.
- Growth in electric vehicle finance, with cases increasing by 36% year-on-year, supporting customers in transitioning to lower-emission vehicles.

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 a 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, telephone, email, 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. By leveraging data to continuously test, learn and adapt, we ensure we remain responsive to evolving user needs while delivering meaningful improvements to everyday interactions.

As a result, we have enhanced service performance through increased digital availability of documentation, enabling faster customer responses and more efficient loan decision-making. We have continued to expand our self-service capabilities, empowering both customers and intermediaries to manage their interactions with us more effectively.

Key initiatives delivered during the year include:

- MyMotoNovo App launch – We introduced a new self-service customer portal designed to simplify and enhance the management of motor finance agreements. Since launch, the app has facilitated ~350,000 settlements and recorded almost 1,000,000 logins. Ongoing customer feedback and journey insight analysis are being used to continuously refine the experience and introduce new, customer-focused features.
- Telephony platform transformation – We completed the migration from three legacy telephony platforms to a single cloud-based contact centre solution, delivering a significant improvement in both customer experience and operational resilience. The platform provides intelligent call routing, enhanced self-service capabilities, improved multi-channel engagement and real-time visibility of customer interactions, enabling customers to access the right support more quickly and improving first-contact resolution. It also creates a scalable foundation for future innovations, including AI-assisted customer journeys, speech analytics, proactive customer communications and enhanced digital servicing, supporting our ambition to deliver a more responsive and digitally enabled customer experience.

Supplier service provision

Supplier service provision continues to remain a key focus area, driven by the work being completed within our procurement, Vendor Management and Third-party Risk teams, alongside our business line colleagues. 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 have taken several steps over the past 12 months to ensure our third-party relationships are both resilient and value driven. Key initiatives included:

- Introduced a Procurement Front Door to provide colleagues with a single route for procurement requests, improving visibility of spend while encouraging greater use of existing suppliers before onboarding new ones. This supports long-term supplier partnerships, promotes fairer and more consistent engagement with suppliers, and contributes to a more resilient supply chain.
- Launched an External Third-Party Risk Management Oversight Questionnaire for key suppliers, improving visibility of operational risks and enabling more informed, risk-based decisions when selecting and managing products and services.

Supporting Vulnerable Customers

We are committed to treating all customers fairly, particularly those experiencing vulnerability or financial difficulty. Through compassionate, proactive support, we tailor our approach to individual circumstances to help customers manage their outstanding balances while minimising the impact on their financial wellbeing.

In FY2026, we strengthened our approach through targeted initiatives to improve consistency, governance and customer outcomes.

- Enhanced vulnerable customer training for collections colleagues in line with FCA expectations, with around 90% completing formal accreditation to date, with results centrally tracked and refresh cycles planned every 6–12 months. Early results are positive, with 93% of vulnerable customer cases assessed as delivering good customer outcomes in the latest three-month review period.
- We also introduced a new vulnerable customer strategy across collections & recoveries, improving how vulnerable customers are identified, supported and managed while aligning with regulatory expectations. The strategy provides clearer governance and greater consistency across teams, including recognising vulnerability even where consent to formally record is not provided. Since implementation, independent oversight through the VC Case Clinic has improved decision-making, auditability and colleague confidence.

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 73.

Human rights and Modern Slavery Act

We take a zero-tolerance approach to slavery and human trafficking. As a UK-based group with several international suppliers, we recognise that there is a risk, however small, of slavery or human trafficking occurring within our supply chains.

We have taken appropriate steps to help ensure that slavery and human trafficking are not taking place within our business or supply chains. These steps include reviewing our business and supply chain arrangements, enhancing our procurement processes, strengthening our due diligence procedures, and conducting risk assessments that consider the sectors and geographical locations in which our suppliers operate. We also communicate relevant information through our procurement and due diligence processes to promote awareness of modern slavery risks across the Group.

As part of our supplier onboarding process, we engage with suppliers to obtain assurances regarding their anti-slavery and human trafficking policies and to confirm that they are taking active steps to prevent such practices within their own businesses and supply chains. We do not support or engage with suppliers where we become aware of slavery or human trafficking within their operations or supply chains.

In parallel, we have reinforced our Code of Conduct to ensure all colleagues understand and uphold our 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 additional content tailored to support colleagues across a wide range of career pathways. This approach ensures that colleagues 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.

From January 2026, we introduced a new Supplier Code of Conduct (the "Code") as part of our vendor onboarding and ongoing supplier due diligence processes. The Code requires suppliers to maintain appropriate anti-slavery policies and controls. It also makes clear that we will not work with organisations found to be involved in slavery or human trafficking, child labour, or any other abuse of human rights.

We have also launched a new procurement eLearning course for colleagues which details our supplier due diligence checks including the requirement for Suppliers to confirm their compliance with anti-slavery and human trafficking obligations.

Anti-Bribery & Corruption

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

Over the last 12 months, the Group has further strengthened its anti-bribery and corruption control environment by implementing centralised platforms to record, manage and monitor gifts, hospitality and entertainment, as well as conflicts of interest. Our objective is to achieve full compliance with both the letter and the spirit of all applicable laws and regulations. The Group remains firmly committed to maintaining a zero-tolerance stance towards any form of bribery or corruption within its business.

Tax

Aldermore Group's business model is focused on the UK where our customers and colleagues 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.

During the financial period, the business underwent its first Business Risk Review (BRR), following its transition from HMRC's Mid-sized Business population to the Large Business Directorate. The business received a 'low risk' rating from HMRC, following HMRC's assessment of the Group's tax compliance and concluded that it effectively manages its tax risks, maintains strong internal governance and operates with openness and transparency. The next Business Risk Review will be due in three years, reflecting HMRC's review cycle for businesses assessed as low risk.

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 2026 was £92.1 million (2025: £111.3 million) comprising taxes borne and collected. Taxes borne represent the direct cost to the Group of taxes which impact the financial results of the business, and for 2026 were £54.9 million (2025: £78.7 million), with the reduction due to lower profits. In addition to taxes borne, we also collect and administer taxes on behalf of the UK tax authority (HMRC). For 2026, the Group collected £37.2 million of taxes (2025: £32.6 million).

Developing our people:

We recognise that attracting and developing top talent, alongside fostering diversity of thought, depends on an inclusive and rewarding environment where colleagues can thrive. Central to this commitment is our focus on cultivating a high-performance culture, strengthening organisational resilience to change, and driving innovation across our people practices to enhance efficiency and impact.

Over the past year, we have prioritised workforce learning, technical capability development, mental wellbeing and resilience, as well as improving gender representation across the organisation.

Technical & AI Skills Investment

- Funded Learning Scheme: Invested £89,000 in professional and technical training for 98 colleagues year-to-date.
- Allocated over £335,700 from apprenticeship levy funding, supporting 23 new apprenticeships while 30 colleagues completed their end-point assessments.
- AI Skills Programme: Launched a Group-wide AI skills programme alongside the roll out of Copilot and ChatGPT, and a new mandatory learning module covering AI fundamentals, prompt engineering, and data responsibilities.

Wellbeing & Resilience

- Every Mind Partnership: Deployed a network of 45 trained Mental Health allies and supporters providing peer-led guidance.
- Wellbeing Activity: Delivered over 25 individual initiatives of targeted wellbeing activities year-to-date.
- Supported 60+ colleagues through parental leave and returner programmes, connecting new parents to policies, learning resources, peer buddies and family support networks, strengthening our early-years parent community.

Gender Representation & Pay Equity

- Senior Leadership: Reached 44% female representation in senior leadership, exceeding our internally set Women in Finance Charter target of 40%.
- Executive & Board Levels: Improved female representation to 40% on the Executive Committee and 36% at the Board level, reflecting sustained focus on building a diverse leadership pipeline.
- Gender Pay Gap: Recorded year-on-year reductions in both mean and median gender pay gaps, alongside more balanced bonus outcomes. Further details are outlined in our Gender Pay Gap report.
- Mentorship: Continued our partnership with Moving Ahead for a cross-company mentoring programme involving 40 mentor and mentee pairs to support women's career progression.

Community Partnerships

- Reading Rockets basketball team sponsorship: Through our annual investment of £55,000, we supported Reading Rockets in engaging with more than 42,000 people each year, including players, volunteers, staff, young participants, and the wider community, through inclusive sport, mentoring, and community programmes. Our sponsorship also contributed to the club generating over £2 million in annual social value, including £91,000 in health value, £662,000 in wellbeing value, and more than 92,000 hours of social interaction.
- Community Giving: Led a £124,000 annual community investment programme with more than 2,400 colleague volunteering hours delivered across 40+ initiatives. A flagship example is our long-standing partnership with The Money Charity, which delivers financial wellbeing training to promote financial inclusion. Through our support, this year the charity delivered targeted workshops to over 2,900 underserved children, young people, and adults - equipping them with essential money management skills and the confidence to make informed financial decisions.

Climate related financial disclosures

Aldermore is in scope of the UK Government's climate-related financial disclosures ("CFD") requirements[2]. 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.

In December 2025, the Prudential Regulation Authority (PRA) published Supervisory Statement 5/25 on climate risk management. In line with the PRA expectations, Aldermore conducted a comprehensive gap analysis against the new requirements and developed an implementation plan, approved by the Executive Credit Committee in April 2026. The framework described in this chapter is expected to evolve over the coming months as the implementation plan is executed.

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, the Group approved a new Governance Structure around Climate risks within its Strategic Risk Management Framework. The chart shown below depicts how items are escalated upwards through the business and ultimately to the Board.

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

b. Board responsibilities

The Board maintains oversight of the Group's climate risks. The Board Risk Committee receives updates on climate risk topics through CRO reports, and reviews, together with the Audit Committee, the Group's annual climate-related disclosures. The Remuneration Committee receives updated climate-risk metrics which support its decisions.

c. Management responsibilities

Committees and Forums

The Executive Credit Committee (ECC), which includes representation from the Group's Executive Committee, serves as the primary governance body overseeing climate risks. Its core mandate is to review the Group's overall Credit Risk Profile and ensure that credit risk is managed in line with appetite. In this capacity, the ECC monitors portfolio performance against climate risk indicators quarterly, providing oversight and challenge where required. The ECC also oversees the enhancement of the climate risk management framework, including review and approval of the Gap Analysis and Implementation plan developed to support compliance with the PRA's new expectations on climate-related risks (SS5/25).

Similarly to the ECC, the ESG Management Committee has representation from the Executive team. Its purpose is to provide oversight of the Group's ESG activities by coordinating progress and challenges relating to ESG Plan deliverables (including those related to climate risks) as part of the Group's non-financial scorecard.

Various other forums and committees have received climate risk updates during the financial year, including the Executive Risk Committee and the Business Line Risk Forums for Property Finance, Business Finance and Motor Finance.

Individual responsibilities

The Group's 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 coordinates the development of climate risk capabilities across the Group, including for scenario analysis. Accordingly, the Chief Risk Officer (CRO) holds Senior Management Function responsibilities for climate risks across the Group.

Remuneration

During the financial year, the delivery of the ESG plan was part of the Group's non-financial scorecard. In addition, climate risk metric performance was integrated into the CRO's year-end report to the Remuneration Committee. The report supports the Committee's decisions on variable pay outcomes.

FirstRand

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

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 either coordinated at Group level or undertaken at divisional 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

Group activity

The identification and assessment of climate risk is supported at Group level through annual materiality assessments and scenario analysis, quarterly climate risk reporting (via the Climate Risk Dashboard), and regular industry engagement. The climate risk dashboard was restructured during the Financial Year, and reporting of this to the Executive Credit Committee started in February 2026. The management of climate risk is further supported by annual mandatory employee training. 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: an ESG & Sustainability Lead; and a Strategic Risk Lead.

Property Finance

At origination, an assessment of the property and its suitability is undertaken. The Group assesses energy efficiency, ground stability (including movement) and flood risk. Valuations are completed by the Royal Institution of Chartered Surveyors (RICS) who are experienced within the local area and its 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 property as unacceptable for lending.

The Group's lending criteria require all properties to be adequately insured, with insurance obtained at standard market rates. In addition, Buy to Let properties with an Energy Performance Certificate (EPC) rating below E, which do not meet the Government's Minimum Energy Efficiency Standards (MEES), are not considered acceptable collateral. The same restriction is applied to lending in Scotland, despite no minimum EPC rating requirement for privately rented properties.

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 funded properties, the Bank's valuation standards include restrictions on properties with EPC ratings of F and G, as well as subject to material flood risk.

For vehicles funded through Business Finance, the 'fuel type' (e.g., petrol, diesel, hybrid, electric) is recorded and monitored.

The Group’s Energy & Infrastructure proposition supports the UK 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 transition away from internal combustion engine (“ICE”) vehicles requires careful management of residual value risk. This is now supported by a dedicated Residual Value Manager within Motor Finance. The Group engages with industry bodies and market experts to help monitor market developments and emerging financial risks, including those associated with the transition to net zero. Together with the use of data and analytics, this enables timely identification of risks and opportunities and supports informed decision-making.

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: Climate and ESG Risks are both included in the Group’s Risk Taxonomy under the Principal Strategic Risk.
- 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, 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 frameworks as outlined in section 3 below. This includes climate assessments within the Group’s Internal Capital Adequacy Assessment Process (ICAAP).

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.

In 2026, Aldermore undertook an enhanced materiality assessment of climate-related risks across its Property, Motor and Business Finance portfolios, to better understand the potential severity and likelihood of these risks to the business.

The Group’s main climate-related risks and opportunities arising from its business activities are summarised below, alongside: (1) affected business lines; (2) time horizons; and (3) current and future mitigating actions.

a. Climate-related physical risks

Ref	Physical Risk	Description	Business lines	Time horizon	Mitigations
1.1	Acute	Increased severity of extreme weather events could: • Result in physical damage to underlying lending collateral • Reduce property values and result in stranded assets • Cause operational issues, including supplier outages and buildings access issues	Property, Business Finance, Operations	Long	• Monitoring and reporting on flood risk, subsidence, and coastal erosion risks for Property exposure in England • Monitoring and reporting on 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 • Collateral restrictions for properties subject to material flood risk across both the Property and Commercial Real Estate portfolios • Scenario analysis (see Section 3) • Mandatory employee training undertaken • Industry engagement
1.2	Chronic	Changes in precipitation patterns and temperatures could impact asset values, e.g. through subsidence on properties	Property, Business Finance, Operations	Long	

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 deterioration of margins for clients operating in high-transition risk sectors, pressure on landlords through EPC minimums, reductions of collateral values for ICE vehicles cars	Property, Motor, Business Finance, Operations	Medium – Long	• Monitoring and reporting on the Group Property portfolio's distribution of EPC ratings • Monitoring and reporting on the Group Motor portfolio's distribution of fuel-types • Monitoring and reporting on the Group Business Finance's lending to higher transition risk sectors • Collateral restrictions for properties with EPC ratings of F and G across both the Property (BTL) and CRE portfolios • Introduction of a Residual Value Manager (Motor Finance) • Mandatory employee training undertaken • Scenario analysis (see Section 3 of this chapter) • Industry Engagement
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 older EVs	Motor, Business Finance	Medium – Long	
2.4	Reputation	Reputational risk may arise from evolving understanding of the climate impacts of our lending activities and changing societal expectations regarding acceptable lending practices and sustainability-related claims.	All	Medium – Long	• Provisions of the Reputational Risk policy • Compliance with relevant regulation and prudential requirements • Industry Engagement • Periodic review of the Group's approaches to the identification of high transition risk exposures

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 includes financing for renewable energy infrastructure and a Buy to Let product for EPC A-C rated properties
3.2	Data	Data quality improvements can support effective management of climate-related risks and opportunities	Short – Medium	Opportunities to enhance data and metrics have been identified as part of the SS5/25 gap analysis, with actions embedded in the implementation plan
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 qualitative climate-related scenario analysis as part of its climate-materiality assessment, and quantitative scenario analysis within its annual ICAAP. In addition, third party scenario analysis is also used to assess climate-related physical risks.

Climate Materiality Assessment

Cross-business working groups undertook horizon scanning of emerging climate-related policies, regulation, and key market and technological developments. Building on this analysis, they identified transition and physical risk transmission channels that could give rise to financial risks for the Group across the short-, medium- and long term.

Narrative-based scenarios were then developed, with their likelihood and potential impact assessed through expert judgement. The assessment concluded that the business has a relatively low overall exposure to climate-related risks.

The results of this assessment have informed the actions identified to support the implementation of SS5/25 and have been integrated into other risk management processes.

ICAAP Scenario Analysis

As part of the Group's ICAAP, the following assessments were carried out:

- Property: Analysis was undertaken to examine the relationship between long-term, forward-looking changes in flood risk exposure and potential impacts on asset valuation and expected losses within the Group's Property portfolio.
- Motor: Sensitivity analysis was conducted to explore potential reductions in the valuations of EVs and ICE vehicles, and the corresponding impacts on residual values, voluntary termination rates and expected loss.

This analysis indicated limited impacts for the Group for the scenarios assessed.

Long-Term Physical Risk Assessment

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. The analysis provides insights around physical risk vulnerabilities under low, medium and high[3] emissions scenarios, including the following:

- 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 mainly concentrated in Greater London and the South East.
- Coastal erosion risk: under all scenarios, the Group's coastal erosion risk is negligible.

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

Key assumptions and estimates

The climate risk assessments described above have been developed using methodologies and toolkits proportionate to the materiality of the risks to the Group. These are aligned with industry practice, considered conceptually sound, and leverage existing business frameworks (e.g. ECL models) to assess climate-related risk drivers.

Industry approaches and datasets supporting climate scenario analysis, including those used by the Group, are still at an early stage of development. Selected key assumptions and limitations are outlined below.

The materiality assessment exercise, which explored a wide range of transmission channels and scenario narratives, is qualitative in nature, informed, when available, by the result of quantitative scenario analysis carried out during the previous year's ICAAP.

The Climate Materiality Assessment and the ICAAP climate assessments relied considerably on expert judgement to estimate potential impact. The latest ICAAP Flood Risk Assessment, which fell within the scope of Model Governance, was subject to independent validation.

The long-term scenario analysis on climate-physical risks relies on methodology and data from a third party, with limitations including: (1) uncertainty stemming from the extended time horizons; and (2) the use of a static balance sheet.

Evaluation: impacts on business model and strategy

The scenario analysis carried out during the financial year has not identified any material climate-related issues which the Group would be unable to mitigate.

Section 4: Metrics and Targets

This section addresses CFD disclosure requirements G and H.

a. Metrics

Aldermore's climate risk dashboard includes indicators covering transition risks, physical risks, and financed emissions. Where possible, these metrics are benchmarked against UK-wide comparators to ensure that the Group does not hold concentrations of climate-related risks in excess of the sectors it finances, and that it remains aligned with the UK's transition to Net Zero.

The climate risk dashboard is monitored quarterly by the Executive Credit Committee and distributed to other committees as appropriate.

A summary of the Group's Property Finance EPC rating distribution is included in the figure below, where EPC matches have been obtained.

EPC rating	Property EPC distribution
A-C	50%
D	39%
E	10%
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 Scope 1 and 2 emissions 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, together with the 'Partnership' opportunity.

Performance against target: The Group partners with a third party to quantify its operational emissions. Details of the Group's Scope 1 and 2 emissions profile, together with the actions being taken to achieve its 2030 target, are provided in the Energy & Carbon Reporting section of this report.

Financed emissions

The Group committed to achieving net zero for its financed emissions by 2050. The target was set in 2023 and is relevant to all transition risks and opportunities identified in Section 3.

The financed emissions associated with the Group's portfolios reflect the carbon emissions of the sectors that it finances in the UK as a whole. In June 2019 the UK Government legislated a net zero emissions target by 2050. The weighted average carbon intensity of the Group's assets is expected to decrease broadly in line with the UK economy, as the UK decarbonises.

The Group monitors that its portfolio performance does not lag behind the wider UK reference sectors, using key indicators such as EPC rating distribution for Property and 'fuel type' for its Motor portfolio. KPIs for the business finance portfolio will be explored in 2027.

Performance against commitment: The EPC rating distribution of the Property Finance portfolio, and the fuel type (EV / ICE) distribution of the Motor Finance portfolio remain broadly in line with the UK benchmarks used by the bank.

Financed emissions and Financed Emissions Intensity for the Property and Motor portfolios are documented within the Energy & Carbon Reporting section of this report.

c. Data

The datasets underpinning the Group's climate metrics and climate scenario analysis comprise internal sources, third-party datasets, and government databases.

Controls over this data are proportionate to the materiality of the associated risks to the Group and the early stage of development of the metrics that the data supports.

Forward-looking data has been used by the Group to support: (i) the flood risk assessment; and (ii) the assessment of transition risk impacts on the Business Finance Portfolio, completed after the end of the financial year using selected short-term scenario data from the Network for Greening the Financial System (NGFS).

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 on 1 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 of Aldermore Group PLC. There are no non-UK based subsidiaries that would not qualify under the 2018 Regulations in their own right.

Reporting period

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

Quantification and reporting methodology

This report follows the 2019 UK Government Environmental Reporting Guidelines and the GHG Protocol Corporate Accounting and Reporting Standard (revised edition).

The Group's greenhouse gas emissions have been calculated using the UK Government GHG Conversion Factors for Company Reporting 2026, published by the Department for Energy Security and Net Zero (DESNZ) on 11 June 2026.

These factors have been applied consistently across the reporting period, as they represented the most recently available Government conversion factors at the time of reporting. Comparative year emissions have been calculated using the UK Government GHG Conversion Factors for Company Reporting 2025.

This report has been independently reviewed by CBRE.

Electricity consumption data was obtained from monthly meter readings and landlord-provided information where available. Where direct consumption data was unavailable, electricity consumption was estimated using service charge information and converted to kilowatt hours (kWh) using DESNZ non-domestic electricity price statistics.

Estimated consumption was benchmarked against comparable office locations and published UK office energy intensity data to assess reasonableness.

Gas consumption was obtained from landlord-provided information where available. Where direct consumption data was unavailable, gas consumption was estimated using service charge information and converted to kWh using DESNZ non-domestic gas price statistics.

Estimated consumption was benchmarked against comparable office locations and published UK office energy intensity data to assess reasonableness.

Emissions associated with company vehicles and employee-owned vehicles used for business travel were calculated using mileage data obtained from fuel card records and employee expense submissions. Emissions from company vehicles have been reported within Scope 1 emissions, while emissions from employee-owned vehicles used for business travel have been reported within Scope 3 emissions.

The reporting period includes 22,432 miles relating to business travel claims submitted during the year but attributable to earlier periods, equivalent to 3.27 tCO_2e. These emissions have been recognised in the current reporting period as their impact on total reported emissions and year-on-year comparability was assessed as immaterial.

Energy intensity ratios based on floor area have been calculated on a time-weighted basis. Where a site was occupied for only part of the reporting period, floor area has been apportioned according to the period of occupation, consistent with the treatment of energy consumption.

In accordance with the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018, emissions have been classified between mandatory SECR disclosures and additional voluntary disclosures.

Emissions are further categorised by reporting scope. Scope 1 emissions comprise direct emissions from fuel combustion and the operation of assets under the Group's control. Scope 2 emissions comprise indirect emissions associated with purchased electricity. Scope 3 emissions comprise other indirect emissions arising from the Group's activities but generated from sources not owned or controlled by the Group.

Breakdown of energy consumption used to calculate emissions (kWh)

Mandatory requirements	Year ended 30 June 2026	Year ended 30 June 2025 (Restated)
Gas	339,486	722,400
Purchased electricity	1,194,968	1,941,764
Transport: Company-owned vehicles	428,617	419,027
Transport: Employee-owned vehicles	426,895	451,026
Total energy (mandatory)	**2,389,966**	**3,534,217**

The prior period has been restated to reflect a change in the calculation methodology, improving consistency with the current reporting approach.

Breakdown of emissions associated with the reported energy use (tCO2e)

	Year ended 30 June 2026	Year ended 30 June 2025 (Restated)
Scope 1		
Company owned vehicles	49.5	52.4
Total Scope 1	**49.5**	**52.4**
Scope 2		
Purchased electricity (market-based)	102.4	322.5
Purchased heat (natural gas)	68.6	146.4
Company owned vehicles	28.4	35.0
Total Scope 2	**199.4**	**503.9**
Scope 3		
Category 6 business travel (grey fleet)	102.0	109.4
Total Scope 3	**102.0**	**109.4**
Total gross emissions (mandatory)	**350.9**	**665.7**

The prior period has been restated to reflect a change in the calculation methodology, improving consistency with the current reporting approach.

Intensity ratio

The primary intensity ratio is the 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.

	Year ended 30 June 2026	Year ended 30 June 2025
Tonnes of CO2e per employee	0.23	0.36
Change from previous year	(36)%	

The prior period has been restated to reflect a change in the calculation methodology, improving consistency with the current reporting approach.

Energy efficiency action during current financial year

To support its commitment to achieving net zero Scope 1 and Scope 2 emissions by 2030, the Group continued to implement a range of initiatives during the financial year ended 30 June 2026 aimed at reducing operational energy consumption, improving efficiency and accelerating decarbonisation.

Key actions included the procurement of 100% renewable electricity for its Reading and Cardiff offices, the upgrade of the Variable Refrigerant Flow system at the Manchester office, and the closure of the Wilmslow office, reducing the Group's overall property footprint. The Group also worked closely with landlords to support building decarbonisation initiatives and the adoption of renewable energy contracts.

Further progress was made in reducing emissions from business operations and transport. The Building Management System at the Reading office was optimised through the adjustment of operational schedules and the refinement of temperature set points, with cooling and heating thresholds reset to 24°C and 21°C respectively, improving energy efficiency while maintaining occupant comfort.

The Group also enhanced its driver efficiency programme through updated guidance within the Drivers Handbook and continued the transition to an electric vehicle fleet. During the year, a £600 grant was received to support the installation of EV charging infrastructure, and all additional company cars acquired were electric vehicles.

These measures form part of the Group's broader decarbonisation pathway and contribute to progress towards its 2030 net zero target.

Financed emissions

The financed emissions and financed emissions intensities associated with the Group's Property Finance[4] and Motor Finance[5] portfolios are displayed in the table below. These are provided alongside the financial year 2025 numbers for comparative purposes.

Property Finance

	Year ended 30 June 2026	Year ended 30 June 2025
Total gross advances[6]	£10.0bn	£8.7bn
Financed emissions (tCO_2e)	180,965	160,048
Emissions intensity (gCO_2e/£)	18.1	18.3
Data coverage	96 %	100 %
Data quality score (PCAF score)	3.4	3.3

The increase in total financed emissions within the Property Finance portfolio was primarily driven by higher lending volumes (+15% year-on-year). Financed emissions intensity (gCO_2e/£) remained broadly stable during the financial year.

Motor Finance

	Year ended 30 June 2026	Year ended 30 June 2025
Total gross advances	£4.6bn	£4.2bn
Financed emissions (tCO_2e)	665,749	626,325
Emissions intensity (gCO_2e/£)	143.8	148.2
Data coverage	100 %	100 %
Data quality score (PCAF score)	2.9	2.5

As with the Property Finance portfolio, financed emissions in the Motor Finance portfolio increased year-on-year, primarily driven by portfolio growth (+10% year-on-year).

The portfolio's emissions intensity decreased, reflecting a higher proportion of electric and hybrid vehicles within the book and supporting the portfolio's ongoing decarbonisation. This shift in the portfolio mix was also the primary driver of the change in the data quality score. Under the current methodology, emissions associated with electric and hybrid vehicles require the estimation of indirect emissions from electricity consumption and are therefore assigned a higher (i.e. lower-quality) PCAF data quality score.

[4] 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.

[5] 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).

[6] Property Finance gross advances exclude the Octane Capital loans acquired during the period: £427.3m at 30 June 2026.

Section 172 statement

This statement describes how the Directors of Aldermore Group plc (“The Company”) have had regard to the matters set out in section 172(1) (a) to (f) of the Companies Act 2006 in carrying out their duties during the year. The Companies Act 2006 sets out the general duties owed by Directors to a company, including a list of matters of which Director’s must have regard.

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.

Aldermore Group PLC is the parent company within the Aldermore Group (the “Group”). Its principal subsidiaries are Aldermore Bank PLC and MotoNovo Finance Limited, through which the Group's business is conducted. In carrying out their duties, the Directors therefore have regard to the interests of stakeholders across the Group, together with the long-term consequences of decisions made on behalf of the Group.

The Board receives information on the interests of the Group's key stakeholders through direct engagement and reporting from management. The sections below describe how the Board has has had regard to the interests those stakeholders during the year ended 30 June 2026 and the principal matters considered.

Capital support for MotoNovo Finance Limited

During the year, the Board approved a subscription of £80 million for A2 preference shares issued by MotoNovo Finance Limited. The decision followed the recognition of a provision in respect of potential customer redress arising from the FCA's review of historical motor finance commission arrangements and was intended to ensure MotoNovo Finance Limited maintained an appropriate capital position.

In reaching its decision, the Directors considered the long-term interests of the Company and the wider Group, including the impact on the Company's own capital resources, financial resilience and ability to support the Group's strategic objectives. The Directors also considered the importance of maintaining confidence amongst regulators, customers, employees and creditors and ensuring that MotoNovo Finance Limited remained appropriately capitalised to meet its regulatory requirements and continue serving customers effectively.

Having balanced these considerations, the Directors concluded that subscribing for the A2 preference shares was in the best interests of the Company and would promote its long-term success for the benefit of its shareholder, while supporting the resilience and sustainability of the wider Group, in accordance with section 172 of the Companies Act 2006.

Customers

Customers remain central to the Group's purpose of 'Backing more people to go for it in life and business' and are a key consideration in Board decision-making. The Board receives regular reporting on strategy, customer outcomes, complaints, product governance and Consumer Duty, enabling it to consider the evolving needs of these customer groups when making strategic decisions.

The Company serves a diverse UK customer base across four specialist business areas: Property, Business Finance, Motor Finance and Savings. Its customers include personal savers, mortgage holders and vehicle finance customers; landlords and commercial real estate borrowers; SMEs and corporates with financing and deposit needs; and property investors and developers seeking funding. Customer research and insight inform the ongoing development of products and services to meet the evolving needs of these customers.

During the year, the Board received regular updates on a range of customer initiatives supporting delivery of the Group's strategy, including the launch of flexible ISA products, enhancements to the Motor Finance proposition to improve access to finance, improvements to customer service and the introduction of an Energy & Infrastructure proposition.

The Board also considered customer insight more broadly, including dedicated customer insight and benchmarking presentations at the Board strategy offsite and direct engagement with customers and intermediaries through a customer panel, which provided valuable perspectives on customer needs, market trends and the competitive landscape and helped to inform the ongoing review of the Group's strategy.

In overseeing the Group's transformation agenda, the Board continued to monitor the Group's technology strategy, including the ongoing transformation of customer delivery platforms, and considered the evolution of the Group's workforce and operating model, including changes to the geographic location of roles, to ensure these supported long-term customer outcomes, operational resilience and the effective delivery of the Group's strategy.

The Board reviewed the annual Consumer Duty assessment, together with regular reporting on customer outcomes, vulnerability and complaints. It also monitored management's implementation of the refreshed Vulnerable Customer Policy, updated in October 2025, and associated support arrangements to help ensure customers experiencing temporary or permanent vulnerabilities are treated fairly, consistently, and with appropriate care across all interactions.

People

This has been a year of significant transformation for the Group, including the continued evolution of our workforce structure and operating model to support long-term, sustainable success. The Board recognises that engaged colleagues and a strong organisational culture are central to the Group's success and therefore remained focused on ensuring fair and consistent outcomes for colleagues throughout this period of change.

As part of its oversight of changes to the Group's operating model, the Board considered the impact on colleagues alongside the longer-term needs of the business. This included consideration of colleague communications and engagement, retention and attrition, career pathways, skills and leadership capability, as well as the support required for colleagues and teams operating within the future model. The Board recognised the importance of balancing the impact of transformation on colleagues with the need to build a more efficient, resilient and appropriately skilled organisation capable of supporting the Group's long-term sustainable success.

The Board considered matters relating to leadership, skills development, reward, recognition and engagement, as well as the long-term geographic footprint of the Group's workforce and opportunities to improve effectiveness and productivity.

These discussions supported the Board in balancing the interests of colleagues while ensuring the Group's workforce remained well positioned to deliver its long-term strategy.

The Board considers defined remuneration principles that promote sustainable long-term performance, responsible risk management, collaboration, and ethical behaviour when making decisions relating to pay. The aim of the framework is to attract, retain, and motivate talent, while fostering a culture of high performance, accountability, and teamwork, as well as protecting the financial integrity of the Group.

When considering colleague remuneration, the Board have focused on ensuring outcomes are fair, motivating and market competitive. Further, remuneration-related regulatory changes have been monitored during the year to ensure managements' ongoing adherence to appropriate governance standards, ensuring that compliance and conduct-related risks are appropriately managed and mitigated.

The Board is committed to promoting a diverse, inclusive and supportive workplace culture, recognising that employee wellbeing, engagement and a strong leadership pipeline contribute to long-term business resilience. During the year, the Board, supported by the Corporate Governance & Nomination Committee (CGNC), oversaw succession planning across the Executive Committee and senior leadership population.

The CGNC reviewed the strength and depth of succession plans, including the identification of 'ready now' and longer-term successors, leadership development initiatives and retention priorities, while considering the diversity of the senior management pipeline as part of succession planning and senior appointment processes.

The Board also reviewed the Group's diversity and inclusion agenda, noting that female representation in senior leadership had increased to 44%, exceeding the Group's target of 40%, and supported continued initiatives to improve the representation and progression of women in financial services through programmes such as Moving Ahead. Further information on Board diversity is provided in the Wates Corporate Governance Principles report on page 52.

Suppliers and Distribution Partners

The Group's business model continues to rely on a range of distribution channels and third-party relationships across its lending and savings businesses. During the year, the Board received updates on the performance of key business lines, including the role of intermediary, introducer and partnership channels in supporting customer acquisition and growth.

The Board also considered matters relating to the Group's strategic supplier relationships, particularly in connection with technology transformation, offshoring, outsourcing and operational resilience. This included oversight of significant third-party arrangements, supplier performance, delivery capability, the governance supporting major transformation programmes. As the Group continued to modernise its operations and technology platforms, the Board oversaw the evolution of the Group's operating model, including consideration of the long-term geographic distribution of roles and how this would support greater organisational effectiveness, productivity and resilience.

Alongside this, the Board maintained oversight of supplier management, procurement capability and third-party governance arrangements to ensure that key strategic partnerships continued to support the successful delivery of the Group's strategy.

Aldermore Bank PLC and MotoNovo Finance Limited report twice yearly on their payment metrics, including the average time taken to pay supplier invoices.

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 26.

Communities and Environment

The Board recognises the importance of the Group's contribution to the communities in which it operates and the impact of its activities on the environment. These considerations form part of the Board's discussions on the Group's purpose, strategy and long-term sustainable success.

The Group's purpose is to improve access to finance for individuals and businesses whose needs may not be fully met by larger financial institutions. In doing so, the Group seeks to support greater financial inclusion and contribute positively to the communities in which it operates.

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 "levelling up" on the ground in the UK. The Group has published its Report to Society which provides details on the work undertaken to support the Purpose Coalition and this can be found on the Group's website.

The Group recognises the role it has in supporting the transition to a resilient, low-carbon economy. Further information on the Group's approach to ESG & Sustainability can be found on page 23. The Group's Climate-related Financial Disclosure ("CFD") requirements are included within this report from page 29 and describe progress in developing the Group's climate risk capabilities together with its future areas of focus.

Investors

The Company is a wholly owned subsidiary of FirstRand International Limited, which is ultimately owned by FirstRand Limited. The interests of the Group's ultimate shareholder are represented on the Board by two shareholder appointed non-executive directors. Their presence on the Board supports ongoing engagement with the shareholder and provides insight into the wider FirstRand group, while the Board continues to exercise its duties in the best interests of the Company.

Shareholder representatives also attend meetings of the Audit Committee, Risk Committee and Remuneration Committee. The Group maintains engagement with FirstRand through a range of governance forums, with Executive Committee members participating in relevant FirstRand governance and management forums. The CEO represents the Group at the FirstRand Strategic Committee ('StratCo') and Financial Resource Management ('FRM') forum.

Additionally, the Aldermore Board Risk Committee Chair and Aldermore Audit Committee Chair provide reporting into the FirstRand Risk, Capital Management and Compliance Committee ('RCCC') and FirstRand Audit Committee respectively on conclusions reached at the Aldermore Committees. This supports FirstRand's understanding of the Group's risk profile and emerging risks as part of its oversight of the wider FirstRand group. The Group also engages with debt investors in support of its wholesale funding and subordinated capital issuance.

Regulators

Maintaining open, constructive and transparent dialogue with the Group's regulators remains a key priority for the Board. Throughout the year, the Executive Directors, including the Chief Executive Officer, have met with the Financial Conduct Authority ("FCA"), Prudential Regulation Authority ("PRA") and the South African Reserve Bank, the ultimate Parent Company's regulator.

The Board receives regular updates on regulatory developments and management's implementation of new regulatory requirements. The Board also received updates on the FCA's review of historical motor finance commission arrangements and considered the potential implications for the Group, its customers and other stakeholders.

This Strategic Report on pages 4 to 49 and the principal risks and uncertainties on pages 81 to 85 were approved by the Board and signed on its behalf by:

Raj Makanjee

Chief Executive Officer

9 September 2026

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	FirstRand Code of Ethics Recruitment Policy	Environmental Social and Governance section (Page 23) Section 172 Statement (Page 42)
Our suppliers	Third-Party Supplier Policy Supplier Code of Conduct Procurement Operating Standard	Environmental Social and Governance section (Page 23)
Environmental matters	Climate Risk Framework	Environmental Social and Governance section (Page 23) Energy and Carbon Reporting (Page 38)
Social matters	Equal Opportunities and Respect at Work Policy Complaints Handling	Environmental Social and Governance section (Page 23) Section 172 Statement (Page 42)
Human rights and modern slavery approach	Modern Slavery Policy	Environmental Social and Governance section (Page 23) Section 172 Statement (Page 42)
Anti-corruption and bribery	Group Anti Bribery and Corruption	Environmental Social and Governance section (Page 23) Principal Risks (Page 81)
Principal risks and uncertainties	Risk Appetite Framework Group Risk Management Framework (GRMF)	Environmental Social and Governance section (Page 23) Principal Risks (Page 81)

Reporting requirement	Information necessary to understand our approach, impact and outcomes
Description of the business model	Business Model (Page 5).
Non-financial key performance indicators	Environmental. Social and Governance Report (Page 23) , Energy and Carbon Reporting (Page 38), Section 172 (Page 42).
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 29).
	Identification, assessment and management of climate-related risks and opportunities, and integration of these processes into the overall risk management process (Page 29).
	The Group's principal climate-related risks and opportunities, related time periods, and actual and potential impacts (Page 29).
	Resilience of the Group's business model and strategy considering different climate-related scenarios (Page 29).
	Targets used to manage climate-related risks, and related Key Performance Indicators (Page 29).

Wider information on the Group's policies

The table below summarises the Group's key policies relevant to these requirements. Unless otherwise stated, all policy references are to Aldermore Group policies.

Policy	Overview
FirstRand Code of Ethics	This 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.
Third-Party Supplier Policy	This policy sets out the key requirements and minimum standards that must be followed when engaging, working with and exiting from relationships with third-party service providers to support business activities, critical functions, services, systems, or processes across the Group's operating businesses.
Supplier Code of Conduct	This code of conduct sets out the expectations for suppliers engaged with Aldermore Group Plc and its subsidiaries. It forms part of the vendor onboarding and ongoing due diligence process, including requirements for suppliers to maintain appropriate anti-slavery policies. The code makes clear that Aldermore Group Plc will not engage with organisations involved in slavery, human trafficking, child labour, or any other abuse of human rights, reinforcing the Group's commitment to ethical business practices.
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 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 consistent culture and behaviours across the Group.
Climate Risk Framework	This framework 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 the 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	Our Anti Bribery and Corruption Policy sets out the responsibilities of all colleagues across the Aldermore Group and clearly articulates our zero tolerance approach to bribery and corruption. The policy is reviewed annually, and all colleagues are required to complete mandatory training to ensure they understand and adhere to the Group's expectations. Any breach of this policy is deemed 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 the 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 covers the systems, structures, policies, processes and people that identify, evaluate, respond to, monitor and report both internal and external sources of material risk. It defines the governance and approach to risk management across the Group, outlines the roles and responsibilities of those involved in risk management process, and assists the Board and Management to make informed decisions that support the delivery of our strategy.

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 Group. The Board is committed to maintaining high standards of corporate governance and recognises that effective governance is key to the successful delivery of the Group's strategy and the creation of long-term sustainable value for its shareholder and wider stakeholders. During the year ended 30 June 2026, the Group has applied the Wates Corporate Governance Principles for Large Private Companies.

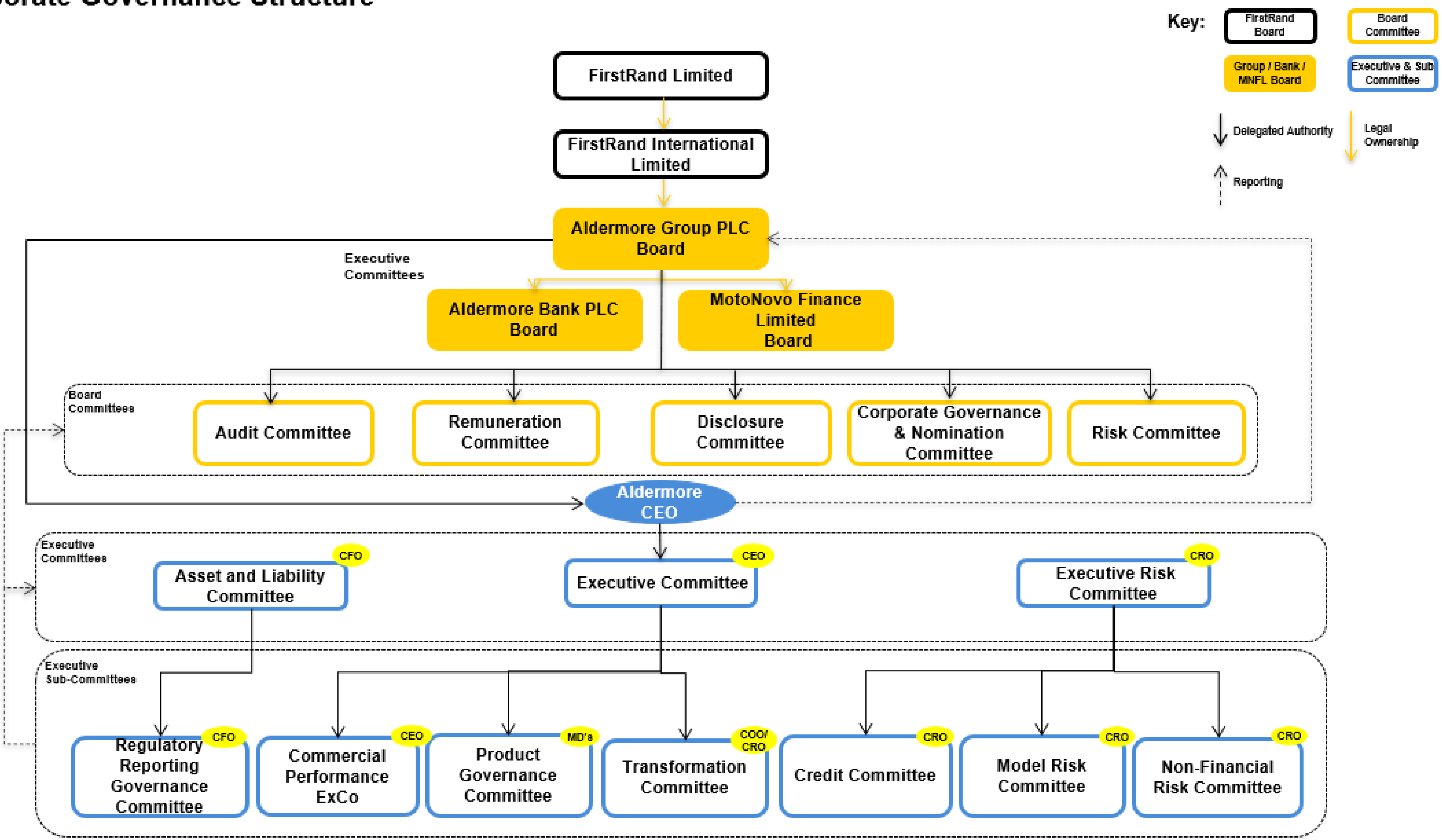
Aldermore Bank PLC (the "Bank") and MotoNovo Finance Limited ("MNFL") are wholly owned operating subsidiaries of Aldermore Group PLC (the "Group"). To support effective governance across the Group, the Boards of Aldermore Group PLC and Aldermore Bank PLC comprise the same directors and meetings are held concurrently. The MNFL Board comprises Pat Butler (Chair), Paul Lawrence, Desmond Crowley, Ruth Handcock, Alasdair Lenman, Romy Murray and Adrian Sainsbury as independent Non-Executive Directors, together with Raj Makanjee (Chief Executive Officer), Louise Britnell (Chief Financial Officer) and Stephan Bothma (Chief Executive Officer, MNFL) as Executive Directors. The MNFL Board operates within the Group's governance framework while maintaining oversight of MNFL's business and regulatory responsibilities.

The Board has established a number of committees to support the effective discharge of its responsibilities. The Board Committees draw on the expertise and experience of their members to consider matters within their respective remits in greater detail and, where appropriate, make recommendations to the Board. This delegation allows the Board to focus its time on strategic and other broader matters. The Chairs of the Board Committees provide the Board with an update on matters discussed at each meeting and Board Committee papers and minutes are made available to the whole Board through a secure online portal.

The Board has delegated responsibility for the day-to-day management of the Group to the CEO subject to the Schedule of Matters Reserved for the Board and any matters delegated to Board Committees. The CEO is accountable to the Board for the Group's delivery of its strategic objectives.

The CEO is supported by the executive team, which is responsible for implementing the strategic objectives as agreed by the Board. The executive manages the business through the Executive Committee, Executive Risk Committee, Commercial Performance Executive 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. These executive committees support the effective management of the Group and provide regular reporting and escalation to the relevant Board Committees and the Board.

Corporate Governance Structure



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The Wates corporate governance principles

The Group is committed to maintaining high standards of corporate governance, supported by a robust governance framework, effective board oversight and well established policies and controls, including its risk management framework. For the year ended 30 June 2026, as in the previous year, 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 Board to assess the effectiveness of the Group's corporate governance arrangements and to support continuous improvement. Their application helps to ensure that the Group remains aligned with its purpose and considers the interests of its key stakeholders, including customers, distribution partners, employees, suppliers and the communities in which it operates, whilst also recognising the environmental impacts of its activities.

The table below summarises the six Wates Principles, explains how the Board has applied each Principle during the year, and provides cross-references to further information that can be found in the Strategic and Governance reports.

Principle	Summary	Page
Purpose and leadership	The Board is responsible for the overall leadership of the Group and for promoting its culture and values. It oversees the Group's system of governance and internal controls, ensuring that risks are identified, assessed and managed effectively. In carrying out its responsibilities, the Board has regard to the Group's position within the wider FirstRand group and ensures that, where appropriate, relevant policies and decisions of its parent and ultimate shareholder, FirstRand Limited, are implemented. The Board approves the Group's strategy and oversees its delivery to support the creation of long-term sustainable value. In doing so, it ensures that the Group's purpose remains central to strategic decision-making and the delivery of sustainable outcomes for customers, colleagues and other stakeholders. As part of the FirstRand Group, Aldermore's enduring purpose aligns with FirstRand's commitment to enrich lives, by backing more people to go for it, in life and business. This purpose underpins the Group's strategy and guides its approach to serving undervalued and underserved customers, helping them to take the action needed to move forward in life by meeting needs that may not be met by other financial institutions. The Board oversees how the Group's purpose is embedded across the business, ensuring that it remains central to the Group's activities and strategic decision-making. This includes oversight of how the Group's purpose, strategic priorities and expected behaviours are embedded across the organisation, supporting the delivery of the Group's strategy and long-term sustainable success.	Page 4 Page 23

The current membership of the Board, including all directors who served on the Board during the year, can be found on page 202.

As at 30 June 2026, the Board comprised eleven directors: the Chair, two executive directors, six independent non-executive directors, and two shareholder non-executive directors. Collectively, the non-executive directors bring a breadth of experience across finance, banking, strategy, risk, communications, brand and technology. The independent non-executive directors provide independent judgement, constructive challenge and support to the executive directors, while the shareholder non-executive directors contribute valuable insight from their experience of the wider FirstRand Group and international financial services sector. The composition of the Board is partly determined by agreement with the shareholder.

The Board is committed to its ongoing development and effectiveness. The Board's collective training and development needs are reviewed regularly, and a Board training programme is developed on an annual basis to ensure that the directors maintain the knowledge and skills required to discharge their responsibilities effectively, taking into account the Group's strategic priorities and the evolving regulatory environment.

Board composition

The Board recognises that diversity of thought, skills, experience and background strengthens its effectiveness and supports better decision-making. These principles inform the Board's approach to succession planning, appointments and ongoing Board development. In February 2021, the Board adopted the targets of the Hampton-Alexander Review (33% female representation on the Board) and the Parker Review (at least one director from an ethnic minority background). As at the date of this report, the Board comprised 36% women and two directors from an ethnic minority background.

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Two new directors were appointed to the Board during the period. All Board appointments are subject to a formal, rigorous and transparent process based on individual merit against clearly defined criteria. The Corporate Governance and Nomination Committee oversees Board appointments and succession planning, ensuring that candidates from a diverse range of backgrounds are considered against objective criteria and that the Board maintains an appropriate balance of skills, experience, independence and diversity. In line with its governance framework, the Company seeks to ensure that at least half of the Board, excluding the Chair, comprises independent non-executive directors, while maintaining a clear division of responsibilities between the Chair and the Chief Executive Officer.

The effectiveness of the Board and its committees is reviewed on an annual basis. During the year, the Board undertook an externally facilitated Board effectiveness evaluation which included observations of Board and Committee meetings, interviews with directors, senior management and advisers, and a review of the Board's governance arrangements. The evaluation concluded that the Board and its committees continue to operate effectively and recognised the significant progress made in strengthening governance, Board culture and constructive challenge, while identifying opportunities to further enhance Board effectiveness, succession planning and strategic focus. The Board and the Corporate Governance and Nomination Committee have overseen the implementation of the recommendations arising from the evaluation as part of the Board's ongoing commitment to continuous improvement.

Director's Responsibilities	The Board is led by an independent non-executive Chair, who is responsible for the effective leadership of the Board and promoting constructive challenge and open discussion in Board deliberations. The roles of the Chair and the Chief Executive Officer are separate, ensuring a clear distinction between leadership of the Board and the day-to-day management of the Group. The independent non-executive directors bring independent judgement, oversight and constructive challenge to support effective decision-making. Collectively, the Board is responsible for ensuring that the Group operates within an appropriate governance framework and complies with all applicable legislative and regulatory requirements. The Board maintains a formal schedule of matters reserved for its approval, which sets out those decisions that can only be taken by the Board. To support the effective discharge of its responsibilities, the Board has established an Audit Committee, a Risk Committee, a Remuneration Committee a Corporate Governance and Nomination Committee and a Disclosure Committee. Each committee has clearly defined Terms of Reference, which are reviewed at least annually, and reports regularly to the Board on matters within its remit. 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 receives regular reports on the Group's strategic progress, financial and operational performance, risk management, colleague matters, stakeholder engagement and regulatory developments, enabling it to discharge its responsibilities effectively.	Page 105
Opportunity and Risk	The Board is responsible for overseeing the Group's approach to identifying, assessing and managing risk, ensuring that strategic decisions are taken within the Group's approved risk appetite and support the Group's long-term sustainable success. The Board is supported by the Risk Committee, which oversees the Group's risk profile, monitors performance against the Board-approved risk appetite and advises the Board on the effectiveness of the Group's Risk Management Framework and the Group's future risk strategy. The Executive Risk Committee supports the Chief Risk Officer in overseeing the effective operation of the Group's Risk Management Framework. It monitors adherence to the Group's risk appetite, oversees the identification, assessment and management of the Group's principal risks, and reports regularly to the Risk Committee on these matters.	Page 61

Remuneration	The Board has delegated responsibility for oversight of remuneration matters to the Remuneration Committee, which operates under clearly defined Terms of Reference, that are reviewed at least annually. The Committee is responsible for overseeing the Group’s remuneration framework, including setting the remuneration policy and recommending and monitoring the remuneration of the Chair of the Board, executive directors, members of the Executive Committee and any Material Risk Takers (“MRTs”), including any compensation payments. In carrying out its responsibilities, the Committee seeks to ensure that the Group’s remuneration framework supports its strategy, values and long-term sustainable success, promotes prudent risk taking and takes into consideration pay and conditions across the wider workforce. The Committee is supported by independent external advisers, who provide advice on legislative and regulatory developments, market practice and remuneration benchmarking. Further details of the Group’s remuneration arrangements are set out in the Remuneration Committee Report on page 66.	Page 66
Stakeholder relationships and engagement	The Board recognises the importance of engaging with the Group’s stakeholders and having regard to their interests in decision-making. It promotes a culture, values and standards that place customers at the centre of the Group’s activities, while recognising the interests of the Group’s wider stakeholders. The Group’s Purpose – “Back more people to go for it, in life and business” – underpins its approach to serving customers, supporting intermediary partners and creating long-term value for colleagues, shareholders, and the communities in which it operates. The Board and its Committees receive regular reports on customer outcomes, colleague matters and the Group's engagement with customers, colleagues and intermediary partners, enabling them to understand how the Group's activities and decisions affect its key stakeholders.. Further information on how the Board has had regard to the matters set out in section 172 of the Companies Act 2006 is provided in the Section 172 Statement on page 42. Additional information on the Group’s engagement with customers, colleagues, intermediary partners and communities is set out in the Strategic Report on page 4.	Page 4 Page 42

Audit Committee report

I am pleased to present the Audit Committee's report for the year ended 30 June 2026.

I have served as Chair of the Audit Committee since 31 March 2025. The Committee is comprised of non-executive Directors and, during the year, its members were Desmond Crowley, Romy Murray, Markos Davias and Richard Banks. Richard Banks stepped down from the Committee on 5 January 2026 and was succeeded by Paul Lawrence, who joined the Committee on 1 December 2025.

The Committee met regularly throughout the year. Meetings were attended by the Chief Executive Officer ("CEO"), Chief Financial Officer ("CFO"), Chief Risk Officer ("CRO"), Chief Internal Auditor, the external auditor and other members of senior management, as appropriate.

Throughout the year, the Committee received regular updates from management on the Group's financial reporting, regulatory reporting governance and key accounting judgements. Particular focus was given to the proposed redress scheme for historical motor finance commissions, evolving macroeconomic uncertainty, and the continuing enhancement of the Group's regulatory reporting and control environment. The Committee also supported enhancements to the Group's financial reporting governance, including strengthening its oversight of the half-year reporting process following the Group's listed debt issuance, to improve governance over interim financial reporting and support future capital management flexibility.

The Committee oversaw the work of the Group Internal Audit ("GIA") function, including approving quarterly updates to the Internal Audit Plan and reviewing outcomes of assurance activity. During the year, the Committee received assurance over key areas of the Group's governance, risk management, and internal control framework, including transformation activities and the evolving operating model, to support its assessment of the effectiveness of the Group's control environment.

The Committee continued to oversee the Group's Concern at Work (Whistleblowing) arrangements, including the effectiveness of the Group's process for raising, investigating and reporting concerns.

The Committee's principal responsibilities and key matters considered during the year are summarised below.

Financial Reporting

The Committee is responsible for monitoring the integrity of the Group's financial statements, including reviewing the appropriateness of accounting policies, significant accounting judgements and estimates and the quality of financial reporting disclosures.

During 2025/26, the Committee:

- approved the half-year and full-year Pillar 3 disclosures and the updated Pillar 3 Reporting Policy and endorsed enhancements to the Group's half-year financial reporting governance framework to strengthen the Committee's oversight of interim financial reporting, key accounting judgements and disclosures in light of the Group's listed debt obligations.
- provided oversights of the Annual Report and Accounts of the Company, the Bank and MotoNovo Finance for the year-ended 30 June 2026 and recommended them to the respective Boards for approval;

- provided oversights of the consistency of, and any changes to, significant accounting policies both on a year-on-year basis and across the financial statements;
- provided oversights of whether appropriate accounting standards had been followed and appropriate estimates and judgements made, taking into account the views of the external auditor;
- provided oversights of the clarity and completeness of disclosure in the financial reports and the context in which statements are made;
- provided oversights of all material information presented with the financial statements, including the strategic report and the corporate governance statements relating to audit and risk management.

Significant accounting judgements and estimates over which the Committee provided oversights in respect of the Annual Report and Accounts for the year ended 30 June 2026 were:

Expected Credit Loss ("ECL") provisioning

Throughout the year, the Committee reviewed and provided oversight of management's approach to IFRS 9 provisioning, including macroeconomic scenarios, probability weightings, forward-looking indicators, management overlays and post model adjustments. Particular focus was given to changing macroeconomic conditions, including unemployment, inflation and house price assumptions, and the extent to which these were appropriately reflected in the ECL. The Committee challenged the weighting and calibration of macroeconomic scenarios, including whether probability weightings appropriately reflected increased economic uncertainty, and considered the relationship between movements in the forward-looking credit index and improving underlying portfolio performance. The Committee also considered model performance and the continued appropriateness of overlays and post model adjustments, including those relating to motor finance voluntary terminations and residual value risks. Regular updates were received on portfolio performance, arrears trends and collections activity, together with revisions to the Group's IFRS 9 models and benchmarking against peers. Following its review and challenge, the Committee concluded that management's approach to ECL provisioning and the related financial statement disclosures remained appropriate.

Effective Interest Rate ("EIR") models

The Committee monitored the effectiveness of the Group's Effective Interest Rate ("EIR") models throughout the year, with particular focus on the mortgage portfolio. This included reviewing changes in customer behaviour, notably the expected period on average spent on standard variable rate ("SVR") at the end of the introductory fixed rate period. In addition, the Committee reviewed and challenged management's change in estimation methodology, which replaced the use of origination date SVR assumptions with a forward-looking estimate of the SVR expected to apply when customers enter the reversionary period. The Committee challenged management's assumptions relating to behavioural lives and prepayment curves, including the supporting evidence, sensitivities and range of potential accounting outcomes. The Committee also reviewed and challenged the related financial statement disclosures, including whether the key judgements, assumptions and estimation uncertainty associated with the methodology were clearly and appropriately presented. Following its review and challenge, the Committee was satisfied that management's significant accounting judgements and the related financial statement disclosures were appropriate.

Motor Finance provision

The Committee received regular updates on the FCA review of historical Motor Finance commission arrangements and the Group's associated remediation and redress programme. The Committee reviewed and challenged management's assumptions supporting the provision, taking into account the FCA Policy Statement, ongoing legal developments and broader market practice. The Committee also considered the governance and assurance arrangements supporting the redress programme and reviewed and challenged the related financial statement disclosures, with particular focus on whether the significant judgements, key assumptions, sensitivities and estimation uncertainty associated with the provision were clearly and transparently presented. Following its review and challenge, the Committee concluded that management's assumptions, the resulting provision, and the related financial statement disclosures remained appropriate. In reaching this conclusion, the Committee recognised the significant uncertainty associated with the matter, which continued to exist at the date of approval of the financial statements.

Going Concern

The Committee provided oversight of management's going concern assessment and associated stress testing, taking into account macroeconomic uncertainty, regulatory developments, the proposed sale of the Group by its parent, Motor Finance provisions and capital planning. Following this review, the Committee recommended that the financial statements continue to be prepared on a going concern basis.

Overall, the Committee concluded that management's accounting judgements and related disclosures remained appropriate and that the Group's financial reporting continued to be supported by a robust governance framework, with significant judgements subject to appropriate challenge and oversight throughout the reporting cycle.

Internal Controls

The Committee is responsible for monitoring the effectiveness of the Group's internal control environment.

During 2025/26, the Committee:

- reviewed the external auditor's observations arising from its testing of the Group's internal controls;.
- considered the findings of the GIA's audit reviews which were completed throughout the year;
- assessed the Group's systems of risk management and internal controls, including whether the financial statements were free from material misstatement due to fraud;
- reviewed the effectiveness of Group's whistleblowing framework and approved the revised Whistleblowing Policy;
- ratified management's annual assessment of internal financial controls prepared to fulfil FirstRand Limited's listing obligations;
- monitored the Group's integrated assurance framework and the development of more coordinated assurance coverage across first, second and third line functions;
- approved an attestation from management that the Group's regulatory reporting throughout the year was as complete and accurate as reasonably possible.

The Committee concluded that the continued enhancement of integrated assurance, regulatory reporting governance and the wider control framework had improved the coordination of assurance across the three lines of defence, strengthening the Committee's oversight of the Group's governance, risk management and internal control environment.

Whilst enhancement activity remained ongoing, the Committee considered the overall control environment to be appropriate for the scale and complexity of the business.

Group Internal Audit

The Committee oversees the effectiveness of the GIA function, reviews GIA reports and monitors management's responsiveness to findings and recommendations

Specifically, during 2025/26, the Committee:

- approved updates to the annual audit plan and reviewed quarterly reports on progress against the plan.
- reviewed thematic audit findings and monitored recurring themes relating to documentation, roles and responsibilities, governance and control embedding.
- monitored management's remediation activity across all reviews and approved extensions where appropriate.
- reviewed the results of the independent quality assurance review of GIA undertaken by Grant Thornton.
- concluded that the GIA function remained independent, appropriately resourced and effective.
- reviewed and challenged the proposed 2026/27 Annual Audit Plan.
- monitored recruitment, retention and succession planning within GIA.
- held regular private sessions with the Chief Internal Auditor.

The Committee concluded that GIA remained effective and appropriately resourced, providing independent assurance over the Group's principal risks. The continued development of integrated assurance arrangements also enabled greater coordination between first, second and third line assurance activities, supporting a more risk-focused and efficient assurance framework.

External Audit

The Committee oversees the relationship with, and independence of, the external auditor, KPMG.

During 2025/26, the Committee:

- reviewed and approved KPMG's audit strategy, engagement terms and proposed audit fees for the 2025/26 financial year;
- monitored KPMG's independence and objectivity, including consideration of all non-audit services provided by KPMG;
- approved revisions to the Auditor Independence Policy and the Combined Policy on Non-Audit Services and Employment of Former Employees of the Auditor;
- monitored governance arrangements in relation to the engagement for non-audit services of EY, the joint auditor of the FirstRand group;
- reviewed representation letters provided to the external auditor and recommended these for Board approval.
- regularly met privately with senior members of the KPMG audit team;
- considered the feedback regarding the effectiveness of the external audit process and continued performance following KPMG's first full audit cycle as the Group's external auditor.

The Committee remained satisfied that KPMG continued to provide an independent, objective and robust audit, with appropriate challenge over management's judgements, supporting confidence in the integrity of the Group's financial reporting.

Other governance matters

The Committee also:

- received updates on regulatory reporting developments across the Group in both the UK and South Africa;
- reviewed the Committee's Terms of Reference;
- considered the findings and recommendations relevant to the Committee arising from the externally facilitated Board effectiveness review conducted during the year and agreed associated actions.

Collectively, these activities strengthened the Group's governance framework by ensuring that regulatory expectations, evolving governance arrangements and Committee responsibilities continued to develop alongside the Group's changing operating environment.

The Committee would like to thank management, GIA, KPMG and all colleagues involved in supporting the Committee throughout the year.

Alasdair Lenman
Audit Committee Chair

Risk Committee report

This report provides an overview of the Committee's work for the year ended 30 June 2026.

During the year, the Committee has continued to oversee the Group's risk profile against a backdrop of economic uncertainty, evolving geopolitical developments and significant strategic change. The Committee considered the implications of persistent inflationary pressures, interest rate expectations and the continued evolution of the credit cycle, together with developments affecting the UK banking sector and wider financial markets. Alongside these external factors, the Committee provided oversight of the Group's strategic transformation programmes.

Throughout the year, the Committee placed particular emphasis on organisational capacity, capability and prioritisation to ensure that the Group's strategic objectives continued to be supported by effective risk management and governance. This focus helped ensure that the Group's risk management arrangements continued to mature alongside significant strategic change, with enhanced governance, clearer risk ownership and strengthened oversight of the Group's principal risks.

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 Group's risk strategy. This includes overseeing the Group Risk Management Framework ("GRMF"), maintaining appropriate governance and risk management arrangements across the Group and receiving regular updates on the effectiveness of risk management. The Committee recommends the Group's Risk Appetite Framework ("RAF") annually to the Board for approval and maintains oversight of its application through regular monitoring of performance against approved limits and triggers.

The Committee is comprised of Non-Executive Directors. Paul Lawrence was appointed Chair of the Committee during the year, succeeding Richard Banks. The other members of the Committee during the year were Desmond Crowley, Ruth Handcock, Romy Murray, Markos Davias and Alasdair Lenman. In addition to its standing members, meetings are attended by the Chief Risk Officer ("CRO"), Chief Executive Officer ("CEO"), Chief Financial Officer ("CFO") and other members of senior management, together with representatives from Group Internal Audit and the external auditor where appropriate.

The structure of Committee meetings enables members to provide effective challenge and independent oversight, drawing on their diverse experience while maintaining constructive dialogue with management. Throughout the year, the Committee continued to receive regular updates from the CRO covering the Group's overall risk profile, emerging risks, regulatory developments and progress in strengthening the Group's risk management capabilities.

During the year, the Committee oversaw the continued embedding of the enhanced Risk Target Operating Model ("Risk TOM"), the further development of the Group's risk culture and ongoing improvements to governance, assurance and management information.

The Committee places significant importance on maintaining open and constructive relationships with its regulators. During the year, the Committee received regular updates on engagement with the Prudential Regulation Authority ("PRA"), the Financial Conduct Authority ("FCA") and the South African

Prudential Authority ("SARB"), covering areas including collections capability, financial crime, capital and liquidity, operational resilience and customer outcomes.

Areas of focus

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

- Group Risk Management Framework ("GRMF")
- Group Risk Profile ("GRP") including continued oversight of the Group's Risk Management Effectiveness Assessments ("RMEAs") and Residual Risk Profiles across financial and non-financial risks.
- Risk Culture
- Annual review and enhancement of the Group's Risk Appetite Framework ("GRAF"), including qualitative risk appetite statements and financial and non-financial risk appetite metrics.
- Ongoing monitoring of macroeconomic conditions and their impact on portfolio performance, customer affordability and credit quality.
- Oversight of the Group's collections transformation programme and improvements to recoveries capability.
- Continued enhancement of the Group's financial crime framework and management action plan.
- Capital and liquidity planning, stress testing and recovery planning.
- Oversight of operational resilience, technology, cyber security, third-party risk management and the continued development of the Group's approach to managing risks associated with artificial intelligence ("AI").
- Oversight of the integration of Octane Capital and wider strategic transformation programmes.

At each meeting the Committee received a report from the CRO covering the Group's financial and non-financial risk profile, governance, emerging risks and regulatory developments. The Committee used a forward planning framework to ensure that all principal risk areas received appropriate attention throughout the year.

Collectively, these activities strengthened the Committee's oversight of the Group's evolving risk profile and supported continued enhancements to the Group's governance framework, risk management capability and resilience during a period of significant organisational change.

Some of the key matters discussed by the Committee are explored further below. Additionally, set out on pages 81 to 87 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 73.

Credit Risk

The Committee oversaw the Group's credit risk profile, ensuring alignment with the Board-approved Risk Appetite Framework. Particular focus was given to portfolio performance, arrears trends, macroeconomic developments and the continued enhancement of collections and recoveries capability.

Throughout the year the Committee monitored delivery of the collections transformation programme, including improvements to operational capability, technology and management information. These enhancements strengthened oversight of portfolio performance and supported earlier intervention for customers experiencing financial difficulty, while contributing to the continued reduction of legacy arrears portfolios.

The Committee also approved the annual refresh of the Credit Risk Appetite Framework, strengthening the alignment between the Group's growth strategy, risk capacity and Board oversight of credit risk. The Committee maintained oversight of strategic lending initiatives, including the integration of Octane Capital, ensuring that business growth remained consistent with the Group's risk appetite.

Capital and Liquidity Risk

The Committee received regular updates on the Group's capital and liquidity position, including actual and forecast performance against the Risk Appetite Framework.

During the year, the Committee reviewed and endorsed the Group's ICAAP, ILAAP, Recovery Plan and inaugural Solvent Exit Analysis for Board approval. These reviews provided assurance that the Group maintained appropriate capital and liquidity resilience under both business-as-usual and stressed conditions, while supporting continued enhancement of recovery planning and risk management.

The Committee also approved enhancements to capital and liquidity risk appetite metrics, improving alignment between the Group's strategic objectives, risk appetite and capital planning framework.

Market Risk

The Group continues to maintain a low appetite for market risk. During the year, the Committee reviewed interest rate risk in the banking book together with enhancements to market risk appetite metrics and Treasury risk management processes.

These enhancements provided additional operational flexibility while maintaining the Group's prudent approach to market risk and supporting effective balance sheet management.

Operational Risk

Operational resilience remained a significant area of focus throughout the year. The Committee considered detailed updates on technology resilience, cyber security, outsourcing, third-party risk management and the delivery of major strategic transformation programmes.

Through this oversight, the Committee supported continued strengthening of the Group's operational resilience framework while ensuring that major change programmes continued to be delivered within the Group's risk appetite.

The Committee also monitored operational resilience testing together with enhancements to operational risk reporting and assurance, improving visibility of operational risks and supporting more effective Board oversight.

Compliance and Regulatory Risk

The Committee continued to oversee the Group's compliance and regulatory risk profile, including customer outcomes, financial crime and regulatory engagement.

A significant area of focus during the year was the Financial Crime Transformation Management Action Plan. Through regular oversight of progress against the programme, the Committee monitored improvements to governance, customer due diligence, systems, controls and operational capability, providing greater transparency over remediation activity and supporting continued enhancement of the Group's financial crime control environment.

The Committee also monitored developments relating to motor finance commission arrangements, customer outcomes and ongoing engagement with the PRA, FCA and SARB, helping ensure that emerging regulatory developments received appropriate Board oversight.

Model Risk

The Committee received regular reports from the Model Risk Committee and continued to oversee the Group's model governance arrangements.

During the year, the Committee approved enhancements to the Model Risk Management Framework, extending governance over deterministic quantitative methods and AI-enabled tools where appropriate. These enhancements strengthened oversight of analytical techniques used across the Group while supporting readiness for evolving regulatory expectations.

Three Lines of Defence Model

The Group continues to operate a recognised Three Lines of Defence model which clearly defines risk management responsibilities across the organisation.

During the year, the Committee continued to oversee the effectiveness of the Three Lines of Defence model, supporting clearer accountability for risk management responsibilities together with enhanced second line assurance across the Group.

Risk Frameworks and Policies

The Committee oversaw the effectiveness of the Group's principal risk management frameworks and approved a number of enhancements during the year, including updates to the Group Risk Management Framework, Risk Appetite Framework and supporting principal risk management frameworks. These enhancements strengthened the Group's governance framework and ensured that the principal risk management frameworks continued to evolve alongside changes to the Group's operating model, strategic priorities and regulatory expectations.

The Committee also reviewed its own Terms of Reference during the year and recommended updates to the Board.

Risk Culture

The Board remains committed to maintaining a strong risk culture as a fundamental component of the Group's overall governance framework.

The Committee monitored progress in embedding the Group's target risk culture, the continued embedding of risk management across the Three Lines of Defence, and enhancements to management information, assurance and governance. Together, these activities supported more consistent risk management practices across the organisation and the continuing maturity of the Group Risk Management Framework.

Remuneration matters

The CRO continued to provide an independent assessment of the Group's risk environment to the Remuneration Committee, including consideration of the risk approach and awareness of Material Risk Takers and individuals eligible for variable remuneration. During the year, the Committee was satisfied that remuneration outcomes continued to reflect the Group's risk profile and that no material risk-related concerns were identified.

All colleagues continue to be required to demonstrate effective management of risk as part of their performance objectives, reinforcing individual accountability for risk management across the Group.

Emerging/Horizon Risks

The Committee reviewed emerging risks throughout the year, including geopolitical developments, macroeconomic uncertainty, artificial intelligence ("AI"), financial crime and cyber security.

Recognising the rapid development of AI technologies and the evolving regulatory landscape, the Committee received updates on management's ongoing work to assess AI-related risks and to develop an appropriate governance approach. The Committee will continue to oversee this work as the Group's use of AI evolves.

The Committee also continued to monitor climate-related developments and other external risks as part of its ongoing oversight responsibilities.

The key emerging risks relevant to the Group are captured in the Emerging Risk section on page 85.

Paul Lawrence
Risk Committee Chair

Remuneration Committee report

As Chair of the Remuneration Committee my report provides an overview of the Committee's work for the financial year ended 30 June 2026 as well as 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 December 2022. The other members of the Committee are Pat Butler (Chair of the Board), Markos Davias (FirstRand CFO), both serving for the full year, and Paul Lawrence (Chair of the Risk Committee). Paul joined in January 2026, replacing Richard Banks who previously performed the same role. I would like to thank Richard for his invaluable support to the Committee. 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.

Deloitte LLP have acted as our Committee's independent remuneration advisors for the full year. I can confirm that they did not provide any additional services to the Group that would create a conflict of interest during their time in post.

Key areas of focus

Our pay philosophy remains unchanged, 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.

As in previous years, we are guided by our pay philosophy when considering the design and operation of our remuneration schemes and policy. We made several updates to our Group Remuneration Policy throughout the year to continue to support this philosophy and ensure that our approach is clear, simple, easy to understand and explain, and that we promote consistency in our pay decisions.

One of our key focus areas was to consider our Group's response to new PRA and FCA remuneration rules announced in October 2025. We supported the rule changes and felt they make the UK regulatory framework more streamlined, proportionate and competitive. As a result of the revised regime, we agreed a number of changes to our approach to variable pay to ensure coherence with the new regulatory rules.

Following the amendments to regulatory minimum requirements for MRT deferrals, we have revised our approach to deferrals for MRTs and we also applied a proportionate update to the deferral scheme that applies to all other colleagues. Further, as a result of the associated changes to deferral schedules, we were able to revise our LTIP granting methodology and CEO minimum shareholding requirement in recognition of the reduced impact and extent of deferrals.

In terms of wider regulatory changes, we have been monitoring the evolving market response to the removal of the bonus cap. As a result, we updated our maximum variable to fixed pay ratio to 3:1 which provides us with greater flexibility (albeit we continue to broadly operate on a 2:1 basis). We continue to be committed to ensuring an appropriate balance between fixed and variable remuneration.

Creating sustainable growth across the Group is key to our success and so we were delighted to have supported the pay harmonisation required as a result of the Octane Capital transaction.

This year, the Committee oversaw the leaver arrangements for Ralph Coates, our previous CFO, who left Aldermore in September 2025 and Steven Cooper, our previous CEO, who left in October 2025. We also determined the remuneration of their subsequent replacements, Louise Britnell, CFO (appointed in September 2025) and Raj Makanjee, Group Chief Executive (appointed in November 2025), ensuring appropriateness and consistency with our Group Remuneration Policy.

Finally, we have been considering key remuneration matters in the context of an intended ownership transition following an announcement to shareholders by our parent, the FirstRand Group, that they will be looking to progress the sale of Aldermore Group.

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 and assessed following year-end. 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, risk and non-financial measures, and alignment to the Group's key strategic objectives.

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

Remuneration for our directors in financial year ended 30 June 2026

	Year ended 30 June 2026 £m		Year ended 30 June 2025 £m	
	All Directors (incl. highest paid) (4)	**Highest paid Director (4)**	**All Directors (incl. highest paid) (4)**	**Highest paid Director (4)**
1) Total emoluments	3.7	1.3	4.4	2.3
2) Cash in lieu of pension	0.1	0.0	0.1	0.1
3) Long term incentive schemes	0.0	0.0	0.9	0.9
Total	**3.8**	**1.3**	**5.4**	**3.3**

Notes to table:

1) Total emoluments consist of salary or fees paid for qualified services, market adjusted allowances where applicable, awarded annual bonus through the Group's Annual Incentive Plan (AIP), retention awards, and any taxable benefits paid. NED 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. Variable pay is awarded 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 Rand: GBP exchange rate. A portion of variable pay will be deferred in line with the applicable regulatory remuneration rules, and any upfront equity-linked awards are subject to a one-year retention period. Malus and clawback provisions apply to both the upfront and deferred bonus (whether cash or equity-linked). Non-Executive Directors are not eligible to receive variable remuneration.

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 NICs). No company contributions were paid into the pension scheme in respect of directors' qualifying services during the year ended 30 June 2026 (30 June 2025: nil).

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. This includes LTIPs that vested for any director who held office during the specified reporting periods. LTIP Grants awarded from 2024 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.

4) 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 1st 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.

5) No compensation was paid to directors or past directors in respect of loss of office in 2026 (2025: nil).

Looking ahead

Moving into the new financial year, the Committee and I are focussed on ensuring our approach to remuneration supports the strategic direction of the Group, which includes ensuring we are aligned on continued commercial delivery, a strong growth agenda, and preparing for an ownership transition.

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 2026.

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 5 (Business overview) Page15 (Key performance indicators) Page 81 (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 2026 was £51.2 million (year ended 30 June 2025: £193.5 million). A review of the financial performance of the Group is included within the Strategic Report.	Income Statement Strategic Report	Page 115 Page 4
Dividend	The Directors do not recommend a final dividend in respect of the year ended 30 June 2026. (2025: 5p per ordinary share).	Note33 to the consolidated financial statements	Page 187
Post balance sheet events	There have been no post balance sheet events.	Note 34 to the consolidated financial statements	Page 187
Share Capital	At 30 June 2026, the Company's share capital comprised 2,439,016,380 ordinary shares of £0.10 each. The Company did not issue or repurchase any of the issued ordinary shares during the twelve months ended 30 June 2026 or up to the date of this report. Details of the Company's share capital are provided in note26 to the consolidated financial statements.	Note 26 to the consolidated financial statements	Page 176

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 30 to the consolidated financial statements.	Note 25 to the consolidated financial statements	Page 174
Employees	Information on the Group's engagement with employees and on how the Board has had regard to their interests in accordance with section 172(1) of the Companies Act 2006 is set out in the Section 172 Statement beginning on page 42.	Strategic Report	Page 4
Suppliers & Customers	Information on the Group's engagement with suppliers and customers, and on how the Board has had regard to their interests in accordance with section 172(1) of the Companies Act 2006, is set out in the Section 172 Statement from page 42	Strategic Report	Page 4
Corporate governance arrangements	For the year ended 30 June 2026, 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. An explanation of how the Wates Principles have been applied is set out from page 52.	Corporate Governance	Page 52
Directors	The names of the Directors who served on the Board during the year, together with details of changes to the Board's composition, are set out on page 202 and are incorporated into this Directors' Report by reference.	Company Information	Page 202
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 202
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 2026 (year ended 30 June 2025: None)		

Political donations	Nil for year ended 30 June 2026 (year ended 30 June 2025: nil)	
Going concern	The financial statements are prepared on a going concern basis. The Directors are satisfied that the Group has adequate resources to continue in operational existence for at least 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 121.	
Disclosure of information to the independent auditor	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 auditor is 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	KPMG LLP was reappointed as the Company's auditor at the 2025 Annual General Meeting (AGM), and a resolution authorising the Directors to determine the auditor's remuneration was also passed.	

This report was approved by the Board on 9 September 2026 and signed on its behalf:

Raj Makanjee
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 considered by the Board, Board Audit Committee ("BAC") and Board Risk Committee ("BRC") during the year, which incorporates reviewing 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 business's 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 and 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 areas for improvement identified; and
- To report the outcomes of audits and progress on closure of actions to the BAC.

Risk Appetite Framework ("RAF")

Risk Appetite 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 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 RAF and is responsible for recommending updates to the Board, following endorsement from the Executive Risk Committee ("ERC") and the BRC.

Risk Culture

Aldermore's target risk culture 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."

This 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 & Solvent Exit Plan Annual process that determines recovery options and tests their efficiency	**Reverse Stress Test** Identifies the severity of stress that would cause the Group 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 make sure 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 stable and performing in line with expectations at this point in the macro-economic cycle, and is within the stated risk appetite. The underlying performance of originations in the last few years is strong. Affordability stresses are no longer easing; however, 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 risk appetite.

Liquidity Risk The risk that the firm, although solvent, does not have sufficient available financial resources to enable it to meet its obligations as they fall due.	• 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 has maintained a strong liquidity position over the period, remaining well above regulatory minimums and within internal risk appetite.
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.
- Maintain a sound control environment and risk-aware culture.
- Proactively manage operational risk within the business units with independent oversight.
- Ensure 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 has improved since the prior year reflecting a maturing of the control, governance and risk management arrangements across the underlying Level 1 risks.

The Group is undertaking a significant transformation, including offshoring of operational processes which will deliver efficiency and cost benefits, and associated people and change risks are being carefully managed.

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.
- Maintaining that 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.

Regulatory Risk remains steady, albeit elevated, reflecting open issues, the regulatory environment, and macroeconomic factors.

In addition to ongoing compliance with all applicable laws and regulations, significant focus remains on embedding Consumer Duty, including the management of vulnerable customers, to ensure the Group's products and services support the consistent delivery of good customer outcomes. Focus also remains on delivering actions designed to improve the Financial Crime control environment.

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 acceptable. Models have been assessed via regular monitoring, annual reviews, and independent validations. Suitable mitigants are applied where model limitations are identified if required. Enhancing the control environment around models and other complex calculations continues to be a priority area of focus and investment for the Group.

Strategic Risk

The risks to the Group's current or prospective financial condition and resilience arising from adverse business decisions, poor implementation of business decisions, or lack of responsiveness to changes in the banking industry and business environment. Strategic risks exclude risks that are captured in other Principal risk frameworks..

Strategic risks are inherently crosscutting, multi-faceted and dynamic. They interact with the other principal risks of the Group by increasing their likelihood and/or potential severity. As such, they are primarily addressed through proportionate integration into the frameworks governing other Principal or Level 1 risks.

During the financial year, the Group approved its first Strategic Risk Management Framework. The framework covers Business Model and Strategy Execution Risk (including emerging risks), Artificial Intelligence Risk, Climate Risk, ESG Risk, Reputational and Corporate Ethics Risk, and 'lookback' Risk. The Group:

- Has defined a new qualitative risk appetite statement and overall approach to strategic risk
- Manages Business Model and Strategy Execution risks through its strategy development and periodic review process
- Identifies, reviews, and monitors emerging risks
- Monitors and manages climate risks in its portfolios
- Oversees the implementation of its ESG strategy and action plan
- Manages reputational risks in line with the provisions of its reputational risk policy

Strategic risks for the Group reflect internal drivers such as the deployment of new technologies and artificial intelligence, and external factors including heightened geopolitical uncertainty, persistent margin pressure arising from competitive, regulatory and macroeconomic conditions, and increased PRA scrutiny of climate-related risks.

Margin pressure may affect earnings resilience, the viability of certain business lines and the Group's ability to deliver its strategic objectives, and is therefore considered within the assessment of Business Model and Strategy Execution Risk.

These cross-cutting risks are managed well within appetite through the Bank's Strategic Risk Management Framework and their appropriate consideration within other Principal Risks. The Group is now focused on the continued development and operationalisation of its framework, with particular emphasis on ensuring compliance with the new expectations on climate risk management of the PRA and continuing to evolve its approach to Artificial Intelligence-related risks.

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 remains elevated amid ongoing conflicts in the Middle East and Ukraine, alongside weakening multilateral cooperation and increasing global fragmentation. These developments are contributing to significant disruption in global energy markets. This may trigger new inflationary pressures, weighing on growth and labour markets, and create headwinds for sectors in which the Group operates, including Property (through upward pressure on interest rates), Motor (via interest rates and reduced demand), and Business Finance (through margin compression for energy-intensive companies). Further escalation in key regions — including the Middle East, Taiwan, the South China Sea, the Indian subcontinent— could fragment global trade flows, disrupt supply chains, and increase volatility in financial and commodity markets.	The impact from continued geopolitical uncertainty is assessed across Aldermore's principal risks and managed through the Group's Risk Management Framework (GRMF). Extraordinary meetings of Executive Committees are convened in response to specific geopolitical events, where deemed necessary (e.g. following the beginning of the Iran conflict).
Macroeconomic uncertainty Risk 	The global economy continues to navigate the impact of significant price and interest rate shocks. Current geopolitical developments have weakened the global outlook and increased uncertainty, with heightened downside risks to growth across major economies. These developments, combined with UK-specific factors, including unprecedented political turnover, with a seventh government taking office in ten years, evolving policy direction under the new cabinet and renewed cost of living pressures, may translate into more challenging operating conditions for UK banks, including pressure on revenues and increased credit, funding and liquidity risks.	The Group remains cautious about the changing macroeconomic outlook. Impacts are monitored and managed through the Group's business-as-usual risk management processes, including its Recession Readiness Framework.

Competitive Environment

Competition Risk

The competitive environment is increasingly demanding, with high-street banks expanding into segments traditionally served by specialist lenders which is putting pressure on margin, alongside growing competition from non-bank lenders. This dynamic is expected to compress margins and may require strategic repositioning by specialist lenders such as Aldermore, while also increasing the likelihood of market consolidation.

The Group manages these risks through its strategy and financial planning processes, with a focus on delivering sustainable growth while enhancing profitability and resilience.

Aldermore will continue to strengthen its focus on its core markets and tailor its offering to segments aligned to its strategic priorities.

Operating Environment

Regulatory Withdrawal

The ongoing process of banking deregulation and regulatory simplification in the UK could, if taken too far, lead to a relaxation of standards across the industry. Recent adjustments to affordability requirements in mortgage lending may indicate a broader trend extending to other areas, which could ultimately contribute to a build-up of systemic risk over the longer term.

Greater reliance on firm-specific implementation may result in divergent practices across the sector, increasing competitive pressures, future regulatory scrutiny and 'lookback' risk.

Aldermore maintains a strong capital position, a resilient funding base, and a prudent risk management framework, with a low appetite for any reduction in control standards across areas of material risk.

The Group also actively monitors industry developments and maintains an open and productive relationship with its primary UK regulators, the PRA and FCA.

Risks From Emerging Technologies, Including Artificial Intelligence (AI)

The pace of development in emerging technologies, including artificial intelligence, may outstrip the industry's ability to maintain effective control environments. The adoption of AI introduces risks such as algorithmic bias, lack of transparency and explainability, and the potential for discriminatory outcomes or the exploitation of vulnerable customers. Externally it can be used to support quicker and more sophisticated cyber-attacks and fraud.

These risks may impact multiple risk types, including credit (e.g. automated decisions not aligned with risk appetite), operational (e.g. failures of AI tools supporting critical business services, or heightened cyber and fraud risks from hostile actors), compliance (e.g. AI-enabled customer outcomes not meeting regulatory expectations), model risk (e.g. biased outputs from AI models), and reputational risk (e.g. use of deepfakes against the bank or its representatives).

The Group continues to enhance its approach to AI risk including the development of an overarching AI framework to strengthen governance and controls across the full AI lifecycle.

A Generative AI Policy has been implemented, and Data Privacy Impact Assessments are in place to evaluate AI use cases, while potential risks are also considered through an AI assessment.

The Group continues to strengthen the cyber and wider resilience capabilities.

In addition, the Model Risk Management Framework sets out the principles and processes to manage risk associated with AI 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 2026 was £45.2 million (30 June 2025: £48.7 million), and net exposure was £43.9 million (30 June 2025: £46.0 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 Statement of Financial Position and commitments to lend before taking into account any collateral held or other credit enhancements. The maximum exposure to credit risk for loans, investment 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 2026 was £24,087.8 million (30 June 2025: £21,540.9 million), an increase of 11.8%. 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 £2,189.8 million;

ii. the growth in cash and balances at central banks by £971.2 million;

iii. the growth in loans and advances to banks by £20.1 million; partly offset by

iv. a reduction in investment securities by £737.6 million; and

v. a reduction in derivatives held for risk management by £43.0 million.

Table 1: Maximum exposure to credit risk

Included in the statement of financial position:	Note	Year ended 30 June 2026 £m	Year ended 30 June 2025 £m
Cash and balances at central banks		2,153.5	1,182.3
Loans and advances to banks	11	312.4	292.3
Investment securities	12	1,966.6	2,704.2
Derivatives held for risk management	13	135.6	178.6
Gross loans and advances to customers	14	19,047.5	16,857.7
Other assets		25.7	13.0
Total		**23,641.3**	**21,228.1**
Irrevocable commitments to lend	14	695.1	570.8
Gross credit risk exposure		**24,336.4**	**21,798.9**
Less: allowance for impairment losses	14	(248.6)	(258.0)
Net credit risk exposure		**24,087.8**	**21,540.9**

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 2026, compared with the prior year, primarily reflects growth in originations within the Property portfolio and recalibration of model estimates, resulting in lower Probability of Default ("PD") estimates.

The increase in 'High risk' exposures in both stage 1 and stage 2 is primarily attributable to growth in partnership portfolios, where no PD is calculated. This has affected the overall risk distribution and does not, in isolation, indicate a deterioration in underlying credit quality.

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

- Low risk: Representing a 12 month PD of <= 1.2%.
- Medium risk: Representing a 12 month PD of 1.2%-3.05%.
- High risk: Representing a 12 month PD greater than 3.05% and defaulted exposures, and where no PD is calculated.

Table 2: Credit quality of stage 1 loans

	As at 30 June 2026			
	Property Finance £m	Motor Finance £m	Business Finance £m	Total £m
Low risk	8,164.3	2,624.2	1,780.7	12,569.2
Medium risk	825.5	1,222.3	1,088.8	3,136.6
High risk	625.6	321.5	601.5	1,548.6
Total	**9,615.4**	**4,168.0**	**3,471.0**	**17,254.4**
Fair value of collateral held	**9,219.3**	**3,296.9**	**2,786.0**	**15,302.2**

	As at 30 June 2025			
	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**

Table 3: Credit quality of stage 2 loans

As at 30 June 2026	Property Finance £m	Motor Finance £m	Business Finance £m	Total £m
Medium risk	99.9	54.9	232.3	387.1
High risk	371.2	274.6	183.3	829.1
Total	**471.1**	**329.5**	**415.6**	**1,216.2**
Fair value of collateral held	**397.2**	**252.6**	**322.1**	**971.9**

As at 30 June 2025	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**

Table 4: Credit quality of stage 3 loans

As at 30 June 2026	Property Finance £m	Motor Finance £m	Business Finance £m	Total £m
High risk	358.4	131.8	86.7	576.9
Total	**358.4**	**131.8**	**86.7**	**576.9**
Fair value of collateral held	**344.0**	**83.2**	**74.3**	**501.5**

As at 30 June 2025	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**

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:

Table 5: Credit quality of irrevocable commitments

As at 30 June 2026	Property Finance £m	Motor Finance £m	Business Finance £m	Total £m
Low risk	425.9	16.2	62.1	504.2
Medium risk	43.2	7.6	48.6	99.4
High risk	33.2	2.0	41.9	77.1
Total	**502.3**	**25.8**	**152.6**	**680.7**
Assessed fair value of collateral to be provided	**481.6**	**20.4**	**122.4**	**624.4**

As at 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.

Not included in the above are £14.5 million (30 June 2025: £27.1 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 £127.8 million (30 June 2025: £146.8 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.

Table 6: Loans subject to forbearance arrangements by stage

	As at 30 June 2026			
	Property Finance £m	**Motor Finance £m**	**Business Finance £m**	**Total £m**
Stage 1	11.1	0.6	0.4	12.1
Stage 2	11.0	3.1	0.5	14.6
Stage 3	96.8	15.5	38.8	151.1
Total	**118.9**	**19.2**	**39.7**	**177.8**

	As at 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 and Octane Capital.

As at 30 June 2026, the Group had undertaken forbearance measures as follows in the following segments:

Table 7: Property Finance loans subject to forbearance arrangements

	Year ended 30 June 2026 £m	Year ended 30 June 2025 £m
Capitalisation	16.7	-
Temporary or permanent switch to interest only	-	0.1
Reduced monthly payments	40.5	44.7
Payment waiver or lower rate product switch	42.8	35.1
Deferred payment	10.4	11.3
Loan term extension	8.5	5.1
Total	**118.9**	**96.3**
Forborne as a percentage of the total divisional gross lending book (%)	1.14%	1.10%

The above analysis excludes Octane Capital.

Table 8: Motor Finance loans subject to forbearance arrangements

	Year ended 30 June 2026 £m	Year ended 30 June 2025 £m
Deferred payment	19.2	26.5
Total	**19.2**	**26.5**
Forborne as a percentage of the total divisional gross lending book (%)	0.41%	0.63%

Table 9: Business Finance loans subject to forbearance arrangements

	Year ended 30 June 2026 £m	Year ended 30 June 2025 £m
Capitalisation	0.5	-
Reduced monthly payments	0.2	0.1
Deferred payment	38.7	14.6
Loan term extension	0.3	0.1
Total	**39.7**	**14.8**
Forborne as a percentage of the total divisional gross lending book (%)	1.00%	0.38%

The above analysis excludes Property Development.

Table 10: Total loans subject to forbearance arrangements

	Year ended 30 June 2026 £m	Year ended 30 June 2025 £m
Capitalisation	17.2	-
Temporary or permanent switch to interest only	-	0.1
Reduced monthly payments	40.7	44.8
Payment waiver or lower rate product switch	42.8	35.1
Deferred payment	68.3	52.4
Loan term extension	8.8	5.2
Total	**177.8**	**137.6**
Forborne as a percentage of the total divisional gross lending book (%)	0.93%	0.82%

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.

Table 11: Net lending by business segment

	As at 30 June 2026		As at 30 June 2025	
	£m	%	£m	%
Property Finance	10,396.7	55%	8,677.2	52%
Motor Finance	4,483.6	24%	4,076.3	25%
Business Finance	3,918.6	21%	3,846.2	23%
Total	**18,798.9**	**100%**	**16,599.7**	**100%**

The above analysis includes Property Development.

Table 12: Loans and advances by geographical exposure

	30 June 2026 %	30 June 2025 %
East Anglia	9.8	9.7
East Midlands	7.7	7.4
Greater London	14.7	15.7
North East	1.4	1.4
North West	15.0	14.5
Northern Ireland	1.1	1.2
Scotland	7.3	7.1
South East	16.3	16.7
South West	7.8	8.1
Wales	3.3	3.4
West Midlands	7.8	7.2
Yorkshire and Humberside	7.8	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:

Table 13: Loans and advances by industrial sector

	30 June 2026 %	30 June 2025 %
Agriculture	0.1	0.1
Financial institutions	1.7	3.0
Building and property development	2.3	2.1
Government and central banks	0.1	0.1
Individuals	55.1	56.7
Manufacturing	3.7	4.7
Mining	-	0.1
Transport and communication	1.6	1.7
Other	35.5	31.5
Total	**100.1**	**100.0**

The above analysis includes Property Development.

Table 14: Loans and advances by quantum of exposure

	As at 30 June 2026			
	Property Finance £m	Motor Finance £m	Business Finance £m	Total £m
£0 - £50k	275.0	4,265.6	623.1	5,163.7
£50 - £100k	1,298.1	138.4	399.1	1,835.6
£100 - £150k	1,448.6	12.1	270.0	1,730.7
£150 - £200k	1,239.1	4.3	168.7	1,412.1
£200 - £300k	1,929.0	6.1	201.4	2,136.5
£300 - £400k	1,281.3	5.8	113.0	1,400.1
£400 - £500k	725.4	5.9	90.8	822.1
£500k - £1m	1,278.9	17.1	241.1	1,537.1
£1m - £2m	587.7	9.5	230.5	827.7
£2m+	333.7	18.8	1,536.9	1,889.4
Total	**10,396.8**	**4,483.6**	**3,874.6**	**18,755.0**

	As at 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.

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

Buy-to-let mortgages

Loan-to-value on indexed origination information on the Group's Property Finance portfolio is set out in the tables below:

Table 15: Buy-to-let mortgages by loan-to-value

	As at 30 June 2026 £m	As at 30 June 2025 £m
100%+	15.0	17.9
95-100%	7.2	11.2
90-95%	23.8	30.4
85-90%	74.5	61.0
80-85%	253.8	252.7
75-80%	1,226.4	1,030.3
70-75%	1,537.1	1,309.0
60-70%	2,363.8	1,963.2
50-60%	1,273.3	1,174.5
0-50%	907.5	851.0
Total	**7,682.4**	**6,701.2**
Capital Repayment	490.7	403.4
Interest only	7,191.7	6,297.8
Total	**7,682.4**	**6,701.2**
Average loan-to-value percentage	65.29%	64.88%

The above analysis includes the Octane Capital Buy-to-Let accounts (£157.7 million).

Residential mortgages

Table 16: Residential mortgages by loan-to-value

	As at 30 June 2026 £m	As at 30 June 2025 £m
100%+	7.3	9.3
95-100%	23.6	8.8
90-95%	103.5	48.5
85-90%	181.2	132.5
80-85%	195.4	129.7
75-80%	208.4	162.8
70-75%	248.5	188.9
60-70%	572.4	402.8
50-60%	469.0	356.6
0-50%	705.1	536.1
Total	**2,714.4**	**1,976.0**
Capital Repayment	2,298.9	1,820.8
Interest only	415.5	155.2
Total	**2,714.4**	**1,976.0**
Average loan-to-value percentage	63.10%	60.96%

The above analysis includes the Octane Capital Bridging accounts (£268.4 million) and the second charge portfolio (£274.1 million). The LTV calculated for the second charge portfolio includes the first charge balance at origination.

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:

Table 17: Motor Finance by loan-to-value

	As at 30 June 2026 £m	As at 30 June 2025 £m
110%+	364.0	262.1
100-110%	1,025.0	828.0
95-100%	635.8	620.2
90-95%	591.6	547.1
85-90%	505.0	471.4
80-85%	389.4	376.9
75-80%	276.1	273.2
70-75%	195.5	197.2
60-70%	255.9	254.4
50-60%	139.0	138.9
0-50%	106.3	106.9
Total	**4,483.6**	**4,076.3**

Business Finance

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

Commercial mortgages

Table 18: Commercial mortgages by loan-to-value

	As at 30 June 2026 £m	As at 30 June 2025 £m
100%+	13.8	22.9
95-100%	3.2	10.2
90-95%	9.6	13.8
85-90%	32.8	48.9
80-85%	50.8	49.7
75-80%	98.0	69.0
70-75%	146.9	154.7
60-70%	547.9	260.0
50-60%	234.4	293.6
0-50%	257.7	259.4
Total	**1,395.1**	**1,182.2**
Capital Repayment	506.8	576.7
Interest only	888.3	605.5
Total	**1,395.1**	**1,182.2**
Average loan-to-value percentage	62.73%	62.23%

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 2026, 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 69.4% (30 June 2025: 70.1%).

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 2026, the total amount of such unsecured lending was £13.8 million (30 June 2025: £8.4 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 2026 was 66.0% (30 June 2025: 64.7%).

Group impairment coverage ratio

Table 19: Coverage ratio by stage

	As at 30 June 2026		
	Gross carrying amount £m	Provisions £m	Coverage ratio %
Stage 1	17,254.4	69.4	0.40%
Stage 2	1,216.2	46.3	3.81%
Stage 3	576.9	131.7	22.83%
Undrawn loan facilities	695.1	1.2	0.17%
Total	**19,742.6**	**248.6**	**1.26%**

	As at 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%**

The coverage in stage 1 has reduced due to the recalibration of the PD model estimates to incorporate recent experience and the coverage in stage 2 has remained stable year-on-year.

The non-performing loans ("NPL" - stage 3) coverage ratio reduced to 22.8% (30 June 2025: 25.5%) due to the remediation of legacy NPL exposures in Property and Motor Finance as well as the recalibration of LGD model estimates to incorporate recent experience, with underlying coverage remaining adequate.

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. The Group's securitisation vehicles are party to derivative contracts governed by specific ISDA agreements and one-way CSAs. During the period, there were no margin balances outstanding with derivative counterparties.

Table 20: Financial assets and liabilities subject to offsetting

Type of financial instrument 30 June 2026	Gross amount of recognised financial instruments £m	Net amount of financial instruments presented in the statement of financial position £m	Related amounts not offset in the statement of financial position		
			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"))	1,767.4	1,767.4	(531.4)	-	1,236.0
Loans and advances to banks (margin accounts)	106.2	106.2	(64.4)	-	41.8
Derivatives held for risk management	135.6	135.6	-	(53.7)	81.9
Total	**2,009.2**	**2,009.2**	**(595.8)**	**(53.7)**	**1,359.7**
Liabilities					
Amounts due to banks (central bank under the Sterling Monetary Framework ("SMF"))	(531.4)	(531.4)	531.4	-	-
Amounts due to banks (margin accounts)	(53.7)	(53.7)	53.7	-	-
Derivatives held for risk management	(64.4)	(64.4)	-	62.1	(2.3)
Total	**(649.5)**	**(649.5)**	**585.1**	**62.1**	**(2.3)**

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	Related amounts not offset in the statement of financial position		
			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"))	2,143.5	2,143.5	(550.5)	-	1,593.0
Investment securities (amounts pre-positioned as collateral under the Short Term Repo ("STR") facility)	150.6	150.6	(150.1)	-	0.5
Loans and advances to banks (margin accounts)	149.2	149.2	(98.5)	-	50.7
Derivatives held for risk management	178.6	178.6	-	(95.3)	83.3
Total	**2,621.9**	**2,621.9**	**(799.1)**	**(95.3)**	**1,727.5**
Liabilities					
Amounts due to banks (central bank under the Sterling Monetary Framework ("SMF"))	(700.5)	(700.5)	700.5	-	-
Amounts due to banks (margin accounts)	(95.3)	(95.3)	95.3	-	-
Derivatives held for risk management	(98.5)	(98.5)	-	98.5	-
Total	**(894.3)**	**(894.3)**	**795.8**	**98.5**	**-**

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)

As at 30 June 2026 and at 30 June 2025, 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.

Table 21: Credit quality of treasury assets

	Year ended 30 June 2026 £m	Year ended 30 June 2025 £m
Rated AA - to A+	2,465.9	1,474.6
Cash and balances at central banks and Loans and advances to banks	**2,465.9**	**1,474.6**
Rated AAA	834.7	1,810.5
Rated AA+ to AA-	1,132.0	893.7
Investment securities	**1,966.7**	**2,704.2**
Rated A+ to A-	135.6	178.6
Derivatives held for risk management purposes	**135.6**	**178.6**
Total	**4,568.2**	**4,357.4**

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:

Table 22: Components of liquidity buffer

	Year ended 30 June 2026 £m	Year ended 30 June 2025 £m
Bank of England reserve account	2,122.4	1,153.0
UK gilts and Treasury bills, other Sovereign, Supranational and Covered bonds	1,642.4	2,212.3
Level 1	**3,764.8**	**3,365.3**
Level 2A	**89.1**	**108.3**
Level 2B	**225.1**	**255.6**
Total	**4,079.0**	**3,729.2**

Balances are unencumbered and presented pre-haircut.

The structure of the disclosure has been improved in the current financial year to separate Level 2 assets between Level 2A and Level 2B assets. The prior year has been re-presented to ensure consistency and comparability for users of the financial statements.

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") reflects the utilisation of surplus liquidity to support strategic growth, in particular the Octane Capital transaction. As at 30 June 2026, the Group's LCR was 167.6% (30 June 2025: 195.4%). The 12-month average Group LCR up to 30 June 2026 was 169.7% (30 June 2025: 202.5%).

Table 23: Liquidity coverage ratio

	Year ended 30 June 2026 £m	Year ended 30 June 2025 £m
Eligible liquidity pool (post-haircut)	3,997.4	3,609.5
Net stress outflows	2,384.5	1,846.8
Liquidity surplus	1,612.9	1,762.7
LCR (%)	**167.6%**	**195.4%**

Customer deposits and wholesale funding - (audited)

As at 30 June 2026, customer deposits have grown by 12.1% to £19.1 billion (30 June 2025: £17.0 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 Term Funding Scheme with additional incentives for SMEs (TFSME), repayments commenced from August 2024. The final balance of £265.7 million was repaid in October 2025. The Group maintains access to the Bank of England's Sterling Monetary Framework, including a reserves account. Borrowings through the Indexed Long-term Repo (ILTR) facility were £531.4 million at 30 June 2026 (30 June 2025: £80.3 million). Of this amount, £521.4 million was against Level C residential property collateral (30 June 2025: £80.3 million). The increase in ILTR usage is a reflection of the Bank of England encouraging firms to use their repo facilities for routine liquidity management.

The Group's residential mortgage backed securitisations

- 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 £222.8 million in issue to external investors as at 30 June 2026, including accrued interest (30 June 2025: £302.6 million). 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 Oak No.4 residential mortgage backed securitisation was issued in May 2023 providing £446.6 million of funding, The Group retained £44.1 million and sold £402.5 million of the senior notes to investors, with £168.2 million in issue as at 30 June 2026, including accrued interest (30 June 2025: £219.2 million). The securitisation transaction has an Optional Redemption Date in February 2028.

The Group's motor finance loan backed securitisation

- The Group maintains a motor finance loan backed warehouse facility (MotoMore) for funding motor finance loans. The facility was renewed and increased in size in June 2026 with £799.9 million in issue as at 30 June 2026 (30 June 2025: £407.6 million).

The Group had £150.0 million of Additional Tier 1 ("AT1") capital outstanding as at 30 June 2026 (30 June 2025: £150.0 million), comprising perpetual subordinated capital notes issued to FirstRand Bank Limited, a fellow subsidiary of FirstRand Limited. On 1 October 2025 the Group successfully completed its inaugural £300.0 million Tier 2 public issuance, utilising previously unused Tier 2 capital capacity and advancing the Group's strategy to optimise the composition of its regulatory capital base. Rated Baa3 by Moody's, the issuance established the Group's presence in the public subordinated debt market. The transaction was accompanied by the redemption of £100.0 million of Tier 2 capital issued to FirstRand Bank Limited. The Group has £300.4 million of Tier 2 capital outstanding as at 30 June 2026 (30 June 2025: £100.9 million).

The Group maintains contingent liquidity facilities with FirstRand Bank Limited. In December 2025, the Group renewed and increased its uncommitted liquidity facility with FirstRand Bank Limited (as lender) from £400.0 million to £650.0 million, with an implied final repayment date of December 2026. Concurrently, the Group's £100.0 million committed liquidity facility was terminated. There were no outstanding drawings under the uncommitted facility as at 30 June 2026 (30 June 2025: nil).

Table 24: Group funding sources

	Year ended 30 June 2026 £m	Year ended 30 June 2025 £m
Retail deposits	11,680.9	11,465.6
SME deposits	2,437.6	2,738.5
Corporate deposits - Deposit aggregators	3,860.3	2,069.0
Corporate deposits - Other	1,132.1	774.5
Customer deposits	**19,110.9**	**17,047.6**
Term Funding Scheme for SMEs ("TFSME")	-	470.2
Residential Mortgages Backed Securities ("RMBS")	391.0	521.8
Warehouse backed by auto loans	799.9	407.6
Indexed Long-term Repo ("ILTR")	521.4	80.3
Subordinated liabilities	300.4	100.9
Intercompany funding	0.1	0.3
Wholesale funding	**2,012.8**	**1,581.1**
Total funding	**21,123.7**	**18,628.7**

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. It should be noted that these sensitivities are a simplified metric, and represent just one of several (including more comprehensive and complex assessments) used to manage market risk in practice.

Table 25: Interest rate sensitivity

	Year ended 30 June 2026 £m	Year ended 30 June 2025 £m
2% shift up the yield curve		
As at year end	(3.6)	7.3
Average of month end positions	(0.7)	1.8
2% shift down the yield curve		
As at year end	4.1	(8.1)
Average of month end positions	0.8	(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.

Table 26: Undiscounted contractual cashflows payable under financial liabilities

	As at 30 June 2026			
	Up to 3 months £m	4 to 12 months £m	Over 1 year and non-contractual £m	Total £m
Amounts due to banks	466.6	122.5	-	589.1
Deposits from customers	13,348.3	4,560.8	1,440.3	19,349.4
Other liabilities	88.7	3.4	24.2	116.3
Debt securities in issue	42.3	112.7	1,117.0	1,272.0
Subordinated notes	-	18.0	363.0	381.0
Unrecognised loan commitments	695.1			695.1
Non-derivative liabilities	**14,641.0**	**4,817.4**	**2,944.5**	**22,402.9**
Derivatives held for risk management settled net	9.4	26.9	30.6	66.9
Derivative liabilities	**9.4**	**26.9**	**30.6**	**66.9**

	As at 30 June 2025			
	Up to 3 months £m	4 to 12 months £m	Over 1 year and non-contractual £m	Total £m
Amounts due to banks	451.3	350.3	-	801.6
Deposits from customers	9,430.8	5,191.0	2,782.3	17,404.1
Other liabilities	50.1	2.5	13.1	65.7
Debt securities in issue	50.9	124.5	829.6	1,005.0
Subordinated notes	2.7	5.9	119.2	127.8
Unrecognised loan commitments	815.4	-	-	815.4
Non-derivative liabilities	**10,801.2**	**5,674.2**	**3,744.2**	**20,219.6**
Derivatives held for risk management settled net	3.1	14.5	91.0	108.6
Derivative liabilities	**3.1**	**14.5**	**91.0**	**108.6**

The Group has updated the presentation of its IFRS 7 maturity analysis disclosure. Previously separate categories for '1 to 5 years' and 'more than 5 years' have now been consolidated into a single maturity grouping of 'Over 1 year and non-contractual'.

Capital risk

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 2026 and 30 June 2025.

Table 27: Capital resources

	Year ended 30 June 2026 £m	Year ended 30 June 2025 £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	9.5	(5.0)
Retained earnings	1,322.0	1,415.4
IFRS 9 transitional adjustment[1]		12.7
Less: Goodwill, intangible assets and prudential valuation adjustment	(17.5)	(11.3)
Less: Foreseeable dividend	-	(125.0)
Total CET1	**1,632.5**	**1,605.3**
Additional Tier 1	150.0	150.0
Total Tier 1 capital	**1,782.5**	**1,755.3**
Tier 2 capital		
Subordinated notes	300.0	100.0
Total Tier 2 capital	**300.0**	**100.0**
Total Capital resources[2]	**2,082.5**	**1,855.3**
Risk weighted assets - Pillar 1[1,3]	**11,959.8**	**10,738.5**
Capital ratios - regulatory basis[3] (%)		
Common Equity Tier 1 ratio	13.6%	14.9%
Tier 1 capital ratio	14.9%	16.3%
Total capital ratio	17.4%	17.3%
Leverage ratio	**8.3%**	**8.8%**

[1] *The Group had adopted the regulatory transitional arrangements for IFRS 9 as set out in Article 473a of the UK CRR. These arrangements were fully phased out effective July 2025. The Group's June 2025 position is presented on a Transitional Basis.*

[2] *The Group's Total Capital resources increased by £228 million to £2,083 million (30 June 2025: £1,855 million). This primarily reflects a £300 million external Tier 2 Subordinated Debt issuance offset by a £100 million Tier 2 redemption in October 2025.*

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

At 30 June 2025, the Group was still able to apply IFRS 9 transitional adjustments, which have since been fully phased out. On a comparable fully loaded basis, the Group's capital ratios would be as follows:

Table 28: Capital rations - fully loaded basis[1]

	30 June 2026 %	30 June 2025 %
Common Equity Tier 1 ratio	13.6%	14.8%
Tier 1 capital ratio	14.9%	16.2%
Total capital ratio	17.4%	17.2%

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

Table 29: Reconciliation of equity per statement of financial position to capital resources

	Year ended 30 June 2026 £m	Year ended 30 June 2025 £m
Equity per statement of financial position	**1,800.0**	**1,878.9**
Add: subordinated notes	300.0	100.0
Add: IFRS 9 transitional adjustment		12.7
Less: Goodwill, intangible assets and prudential valuation adjustment	(17.5)	(11.3)
Less: foreseeable dividend	-	(125.0)
Total capital resources	**2,082.5**	**1,855.3**

Financial statements

Statement of Directors' responsibilities

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 are required to prepare the Group financial statements in accordance with UK-adopted international accounting standards and applicable law and have elected to prepare the parent Company financial statements on the same basis.

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 their 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, Directors' Report, and Corporate Governance Statement 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.

In accordance with Disclosure Guidance and Transparency Rule ("DTR") 4.1.16R, the financial statements will form part of the annual financial report prepared under DTR 4.1.17R and 4.1.18R. The auditor's report on these financial statements provides no assurance over whether the annual financial report has been prepared in accordance with those requirements.

Responsibility statement

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, 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; and
- the strategic report 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.

Raj Makanjee
Chief Executive Officer

9 September 2026

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" and together with its subsidiaries, "the Group") for the year ended 30 June 2026 which comprise the Consolidated income statement, Consolidated statement of comprehensive income, Consolidated and Company statement of financial position, Consolidated and Company statement of cashflows, Consolidated and 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 2026 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 believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the Audit Committee.

We were first appointed as auditor by the directors on 1 October 2024. The period of total uninterrupted engagement is for the two financial years ended 30 June 2026. We have fulfilled our ethical responsibilities under, and we remain independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to public interest entities. No non-audit services prohibited by that standard were provided.

Overview		
Materiality:	£11.0 million (2025: £10.5 million)	
Group financial statements as a whole	5.2% of normalised profit before tax from continuing operations (2025: 4.2% of normalised profit before tax from continuing operations)	
Key audit matters		**vs 2025**
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 (unchanged from 2025), in decreasing order of audit significance, in arriving at our audit opinion above, together with our key audit procedures to address those matters and, as required for public interest entities, our results from those procedures. 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 colspan="2">The risk</th><th>Our response</th></tr>
<tr>
<td>Expected credit losses on loans and advances to customers

Risk vs 2025: <>

(£248.6 million; 2025: £258.0 million)

Refer to page 87 credit risk, Note 2d accounting policy, note 3a Use of estimates and judgements and Note 14 financial disclosures.</td>
<td>Subjective estimate

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 remains heightened in the current year due to the 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 an unbiased 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 ECL, which involves determining Probabilities of Default (‘PD’), Loss Given Default (‘LGD’) and Exposures at Default (‘EAD’). Certain IFRS 9 models and model assumptions such as the property finance LGD model, the motor finance PD model and the forwardlooking information (‘FLI’) model used across modelled portfolios, are the key drivers of the Group’s ECL and represent the areas involving the most significant judgement within the Group’s ECL modelling framework.
• Significant Increase in Credit Risk (‘SICR’):the staging criteria selected to identify a significant increase in credit risk are 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: PMAs and overlays are raised by the Group to address known impairment model limitations or emerging trends as well as risks not captured by models. There is a high degree of estimation uncertainty and judgement is involved in assessing the completeness of PMAs and overlays.

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 associated with the economic scenarios and the completeness of PMAs and overlays, we identified specific fraud risks in these areas.

Disclosure quality

In addition, the disclosures regarding the Group’s application of IFRS 9 are important to explaining the key judgements and material inputs to the IFRS 9 results, as well as the sensitivity of ECL 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: Our procedures included:

• 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 certain of the Group’s ECL models.
• Test of details: we recalculated the ECL measured for each of the Group’s loan portfolios with a risk of material misstatement. We performed testing over key inputs, data and assumptions to assess the reasonableness of key aspects of the ECL calculations.
• 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: we assessed the completeness of PMAs and overlays recognised, including in response to model limitations, data limitations and the evolving macroeconomic outlook, by using our knowledge of the Group and its industry to challenge the completeness of risks addressed. In evaluating completeness, we also performed benchmarking to comparable peer organisations.
• 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 (2025: acceptable).</td>
</tr>
</table>

	The risk	Our response
Customer redress provision - FCA review into historic motor finance commissions Risk vs 2025: <> (£231.8 million; 2025: £73.1 million) Refer to note 21 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 2026. The Directors' estimate is based on the information available following the FCA Policy Statement on the motor finance consumer redress scheme issued on 30 March 2026. The key areas of estimation uncertainty in the provision estimate are the 'opt-in' rate on eligible agreements, along with management's approach to rebuttals for tied arrangements and no better deal. 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 a 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: Our procedures included: • **Methodology implementation**: we assessed the methodology applied by the Group to calculate the provision against the requirements of IAS 37 and in the context of the FCA Policy Statement. • **Test of details:** we performed an independent rebuild of the Group's provision calculation. We performed testing over the key inputs, including data and assumptions to assess the reasonableness of key aspects of the provision calculation. • **Assumptions**: we evaluated the appropriateness of key assumptions including the opt-in rate, rebuttal of tied arrangements and no better deal, assessing the information available to the Directors at the reporting date. Through sensitivity analysis, we assessed the impact on the provision of applying alternative assumption amounts. • **Assessing transparency:** we assessed whether the Group's disclosures appropriately reflect and address the uncertainty which exists in determining the customer redress provision in respect of motor finance commissions, and whether the key judgements and assumptions applied by management are clearly disclosed. **Our results** We found the customer redress provision in respect of motor finance commissions and the related disclosures to be acceptable (2025: acceptable).related disclosures to be acceptable.

	The risk	Our response
Interest receivable on originated loan accounts Risk vs 2025: **<>** (£1,169.2 million; 2025: £1,087.1 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 and the expectations regarding future standard variable rates ('SVR'). The expected behavioural life assumption utilises repayment profiles which represent how customers are expected to pay, informed by historical experience and an assessment of anticipated customer behaviour given forward looking economic conditions. These profiles extend significantly into the future which creates a high degree of estimation uncertainty and subjects the judgement to future market changes. The expected future SVR is informed by anticipated changes to UK interest rate levels. As a consequence of the inherent estimation uncertainty arising from the 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 and considered the potential impact of uncertainties arising from the current and forward-looking economic environment on the behavioural life forecasts. We also applied alternative repayment profiles based on our recalculations. • **Our sector experience**: we critically assessed key assumptions behind the Group's expected behavioural lives and SVR 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. For the SVR assumption, we compared expected movements in interest rates to latest UK consensus forecasts. • **Sensitivity analysis**: we performed sensitivity analysis over the repayment profiles and SVR rates by applying alternative assumptions 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 (2025: acceptable).
Recoverability of parent Company's investment in subsidiaries Risk vs 2025: **<>** (£584.6 million; 2025: £504.6 million) Refer to note 37 financial disclosures.	**Low risk, high value** The carrying amount of the Company's investments in subsidiaries represents the majority 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 Company financial statements, this is the area that had the greatest effect on our audit of the parent Company's financial statements.	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. Our procedures included: • **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, are in excess of its carrying amount. We also assessed whether the subsidiary has historically been profit-making. • **Comparing valuations**: for any subsidiary whose net assets are less than the carrying value, we evaluated the appropriateness of adjustments made to the value in use estimates to reflect the subsidiary's equity value to assess whether there was any impairment of investment. **Our results**: we found the parent Company's conclusion that there is no impairment of its investments in subsidiaries to be acceptable (2025: 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 £11.0 million, determined with reference to a benchmark of Group profit before tax, normalised to exclude the impact of the customer redress provision in respect of motor finance commissions as disclosed in note 21, of £158.7 million, (2025: £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 of £58.5 million). We adjusted for these items because they do not represent the normal, continuing operations of the Group. This materiality level represents 5.2% (2025: 4.2%) of the stated benchmark. We performed audit procedures on the items excluded from the normalised Group profit before tax used as the benchmark for our materiality.

Materiality for the parent Company financial statements as a whole was set at £9.0 million (2025: £7.5 million), determined with reference to a benchmark of Company total assets, of which it represents 0.8% (2025: 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 75% (2025: 65%) of materiality for the financial statements as a whole, which equates to £8.2 million (2025: £6.8 million) for the Group and £6.8 million (2025: £4.9 million) for the parent Company. We increased the percentage applied in our determination of performance materiality compared to prior year because we did not identify any factors indicating an elevated level of risk.

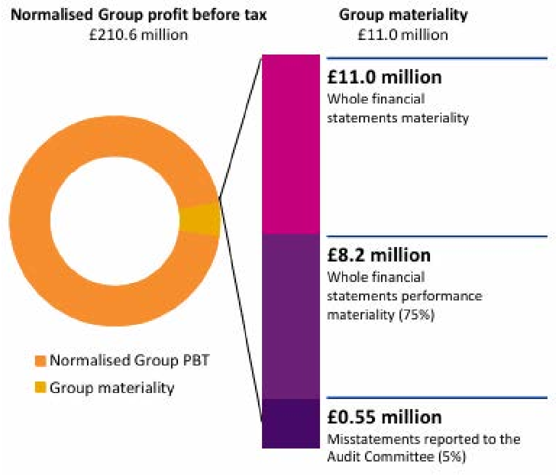
We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £0.55 million (2025: £0.53 million) for the Group and £0.45 million (2025: £0.38 million) for the parent Company, in addition to other identified misstatements that warranted reporting on qualitative grounds.

Overview of the scope of our audit

We identified the Group as a whole to be a single component (2025: 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 that accounted for 100% of Group profit before tax and 100% of Group total assets. 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; and

— 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 and Company's ability to continue as a going concern for the going concern period.

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.

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 that interest receivable on originated loan accounts for the property portfolio under the effective interest rate ("EIR") method is misstated, and
- the risk that management may be in a position to make inappropriate accounting entries,

Further detail in respect of expected credit losses on loans and advances to customers, interest receivable on originated loan accounts and the customer redress provision in respect of 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 with unusual characteristics compared to the total journal population; 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 licence 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.

For the historical motor finance commissions conduct matter discussed in note 21, we assessed the provision recognised and the Group's disclosures against our understanding from inspecting regulatory correspondence, holding enquiries with the Group's internal legal counsel, inspecting relevant public regulatory announcements and performing audit procedures to respond to the risks of material misstatement identified.

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 105, 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

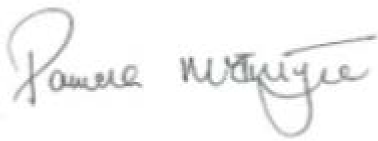
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit 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

9 September 2026

The consolidated financial statements

Consolidated income statement

	Note	Year ended 30 June 2026 £m	Year ended 30 June 2025 £m
Interest income	5	1,383.4	1,414.8
Interest expense	5	(779.3)	(816.9)
Net interest income		**604.1**	**597.9**
Fee and commission income	6	11.8	9.2
Fee and commission expense	6	(18.3)	(15.2)
Net fee and commission expense		**(6.5)**	**(6.0)**
Net gains / (losses) from derivatives and other financial instruments at fair value through profit or loss	7	7.4	(1.9)
Net gains on disposal of financial assets at fair value through other comprehensive income		1.7	1.1
Net losses on financial assets at amortised cost		(3.2)	-
Other operating income		0.9	9.3
Total operating income		**604.4**	**600.4**
Provisions	21	(166.8)	(63.9)
Other expenses and staff costs		(342.1)	(327.1)
Administrative expenses	8	**(508.9)**	**(391.0)**
Operating profit before impairment losses		**95.5**	**209.4**
Share of profit of associate	15	0.9	0.7
Impairment losses on loans and advances to customers	14	(45.2)	(16.6)
Profit before taxation		**51.2**	**193.5**
Taxation	10	(7.6)	(52.4)
Profit after taxation - attributable to equity holders of the Group		**43.6**	**141.1**

The notes and information from page 119 onwards form part of these consolidated financial statements.

Consolidated statement of comprehensive income

	Year ended 30 June 2026 £m	Year ended 30 June 2025 £m
Profit after taxation	**43.6**	**141.1**
Changes in fair value through other comprehensive income:		
Net changes in fair value recognised directly in equity	21.0	(4.6)
Transfers from equity to income or expense	(1.7)	(1.1)
Taxation	(4.8)	1.4
Total other comprehensive income / (expense) net of taxation	**14.5**	**(4.3)**
Total comprehensive income attributable for the year to equity holders of the Group	**58.1**	**136.8**

Consolidated statement of financial position

	Note	As at 30 June 2026 £m	As at 30 June 2025 £m
Assets			
Cash and balances at central banks		2,153.5	1,182.3
Loans and advances to banks	11	312.4	292.3
Investment securities	12	1,966.6	2,704.2
Derivatives held for risk management	13	135.6	178.6
Loans and advances to customers	14	18,798.9	16,599.7
Fair value adjustment for portfolio hedged risk	13	(22.8)	21.3
Other assets		25.7	13.0
Prepayments and accrued income		33.4	26.8
Current tax assets		36.5	11.0
Deferred tax assets	10	1.0	6.5
Investment in associates	15	6.3	7.0
Property, plant and equipment	16	21.2	27.5
Intangible assets	17	15.4	8.6
Total assets		**23,483.7**	**21,078.8**
Liabilities			
Amounts due to banks	18	585.1	795.8
Deposits from customers	19	19,110.9	17,047.6
Fair value adjustment for portfolio hedged risk	13	1.7	16.4
Derivatives held for risk management	13	64.4	98.5
Other liabilities, accruals and deferred income	20	182.4	128.4
Deferred tax liabilities	10	0.1	-
Provisions	21	247.8	82.9
Debt securities in issue	22	1,190.9	929.4
Subordinated notes	23	300.4	100.9
Total liabilities		**21,683.7**	**19,199.9**
Equity			
Share capital	26	243.9	243.9
Share premium account		74.4	74.4
Additional tier 1 capital	27	150.0	150.0
Capital redemption reserve		0.2	0.2
Fair value through other comprehensive income		9.5	(5.0)
Retained earnings		1,322.0	1,415.4
Total equity		**1,800.0**	**1,878.9**
Total liabilities and equity		**23,483.7**	**21,078.8**

The notes and information from page 119 onwards form part of these consolidated financial statements.

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

Raj Makanjee
Chief Executive Officer

9 September 2026

Registered number: 06764335

Louise Britnell
Chief Financial Officer

9 September 2026

Consolidated statement of cash flows

	Note	Year ended 30 June 2026 £m	Year ended 30 June 2025 £m
Cash flows from / (used in) operating activities			
Profit before taxation		51.2	193.5
Adjustments for non-cash items	28	(6.8)	(37.4)
Change in operating assets	28	(1,664.4)	(1,274.3)
Change in operating liabilities	28	2,024.1	281.0
Interest received on investment securities		118.6	95.2
Interest paid on debt securities in issue		(40.4)	(39.3)
Interest paid on subordinated notes	23	(11.8)	(7.9)
Dividend received		1.7	1.1
Dividend paid	33	(125.0)	-
Income tax paid		(32.5)	(59.9)
Net cash flows from / (used in) operating activities		**314.7**	**(848.0)**
Cash flows from (used in) investing activities			
Purchase of investment securities		(2,129.5)	(1,618.2)
Proceeds from sale and maturity of investment securities		2,831.6	1,278.3
Capital repayments of investment securities		47.6	81.5
Business combination	32	(476.5)	-
Purchase of property, plant and equipment	16	(0.1)	(7.0)
Net cash flows generated from / (used) in investing activities		**273.1**	**(265.4)**
Cash flows from financing activities			
Redemption of subordinated notes	24	(100.0)	-
Net proceeds from issue of subordinated notes	24	297.8	-
Net proceeds from issue of debt securities	24	492.0	300.0
Capital repayments of debt securities issued	24	(228.8)	(150.0)
Redemption of Additional tier 1 capital	24	-	(61.0)
Issuance of Additional tier 1 capital	24	-	50.0
Coupons paid on Additional tier 1 capital	24	(12.0)	(11.3)
Lease liabilities - principal payments		(3.8)	(3.9)
Net cash generated from financing activities		**445.2**	**123.8**
Net increase / (reduction) in cash and cash equivalents		**1,033.1**	**(989.6)**
Cash and cash equivalents at start of the period	28	1,311.1	2,300.6
Movement during the period		1,033.1	(989.6)
Cash and cash equivalents at end of the period	28	**2,344.0**	**1,311.1**

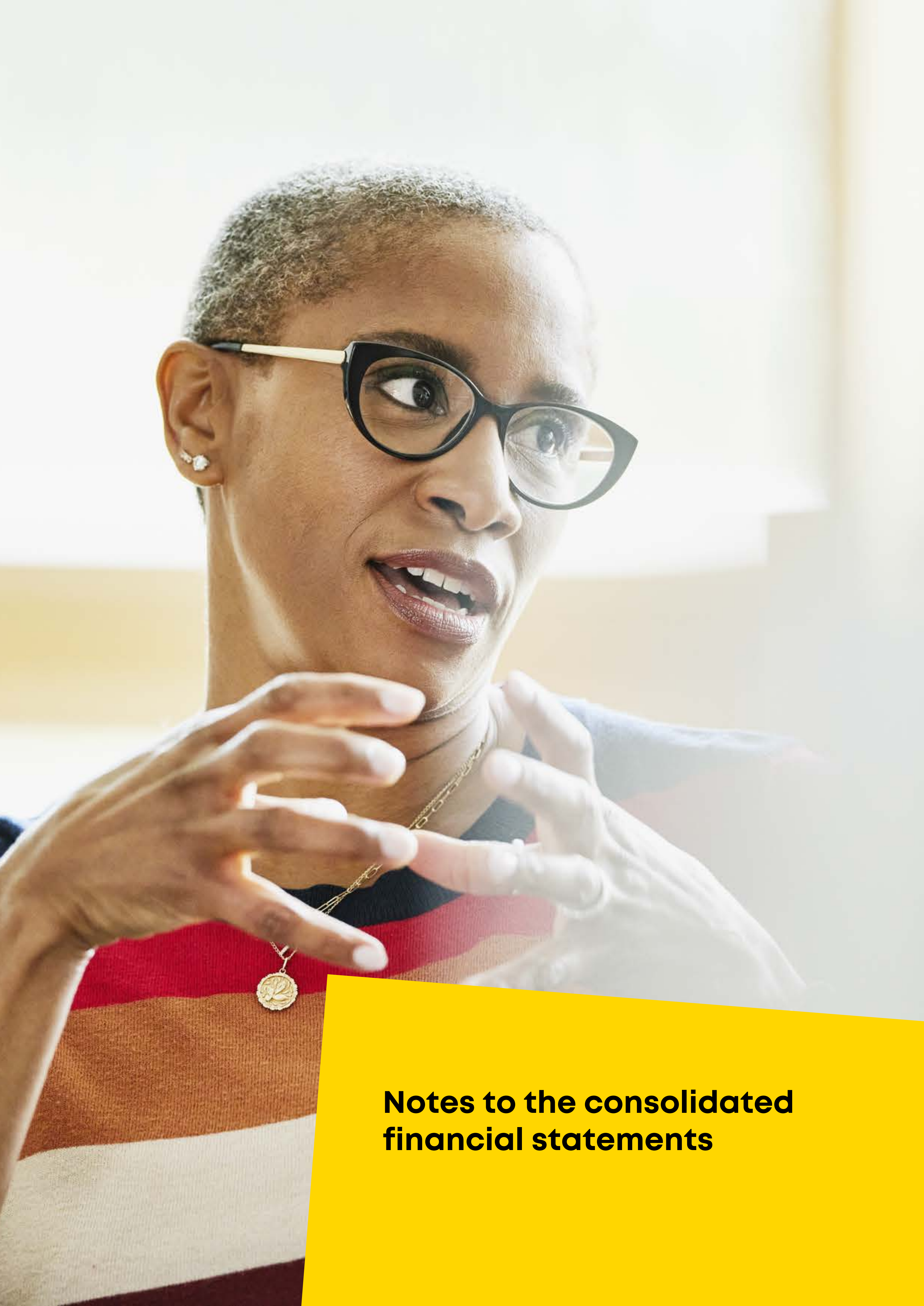
Interest received in the year was £1,260.8 million (2025: £1,368.0 million) and interest paid in the year was £789.0 million (2025: £836.5 million).

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 2026								
As at 1 July 2025		**243.9**	**74.4**	**150.0**	**0.2**	**(5.0)**	**1,415.4**	**1,878.9**
Profit after taxation		-	-	-	-	-	43.6	43.6
Other comprehensive income		-	-	-	-	14.5	-	14.5
Dividend paid	33	-	-	-	-	-	(125.0)	(125.0)
Coupon paid on Additional tier 1 capital securities		-	-	-	-	-	(12.0)	(12.0)
As at 30 June 2026		**243.9**	**74.4**	**150.0**	**0.2**	**9.5**	**1,322.0**	**1,800.0**

	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	27	-	-	(61.0)	-	-	-	(61.0)
Issuance of Additional Tier 1 Capital	27	-	-	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**	**(5.0)**	**1,415.4**	**1,878.9**

The notes and information from page 119 onwards form part of these consolidated 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 189 for the Company profit disclosure.

The principal activities of the Group are lending and savings. The Company is public and limited by shares. The address of the Company's registered office is given on page 202.

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.

b. Basis of consolidation

Subsidiaries

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 2026.

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.

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.

Business combinations

Business combinations are accounted for using the acquisition method. Consideration transferred and the identifiable assets acquired and liabilities assumed as part of the business combination are generally, with some limited exceptions, recognised at their acquisition date fair values.

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

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. 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 Directors have assessed the Group's ability to continue as a going concern and are satisfied that it remains appropriate to prepare the financial statements on that basis.

In making this assessment, the Directors considered all available information covering a period of at least 12 months from the date of approval of these financial statements, including the Group's current financial position, forecast profitability, liquidity, capital resources and principal risks.

On 7 April 2026, FirstRand Limited announced its intention to facilitate an orderly ownership transition of the Group through a sale of its shares. This process remains ongoing as at the date of these financial statements and there is no guarantee that it will result in any eventual transaction. As such the Directors have considered the implications of this process and concluded that it does not affect the Group's ability to continue as a going concern. The assessment has therefore been performed on the basis of the Group's existing Board-approved strategy.

The Directors reviewed the Group's forecasts under both base case and stressed scenarios, including the results of the ICAAP and ILAAP, which incorporate severe but plausible stress testing and reverse stress testing. Particular consideration was given to the impact of Motor Finance provisions, economic uncertainty, credit losses, operational resilience risks and the Group's ability to maintain sufficient capital and liquidity resources.

Based on this assessment, the Directors are satisfied that the Group will maintain adequate capital and liquidity resources and remain compliant with its regulatory requirements throughout the assessment period. Accordingly, the Directors have a reasonable expectation that the Group will continue in operational existence for the foreseeable future and have therefore prepared the financial statements on a going concern basis. No material uncertainties have been identified in relation to the Group's ability to continue as a going concern.

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) investment 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 73 and 104.

Disclosures within the Credit Risk section between pages 87 and 96 are covered by the Independent Auditor's report on page 107.

Disclosures included in the Treasury Risk section from page 96 to page 104 are covered by the Independent Auditor's report on page 107 where referenced as audited.

g. New accounting standards

During the year ended 30 June 2026, there were no new IFRS standards which became effective that impacted the Group's reported earnings, financial position or reserves, or accounting policies.

h. Amendments to existing standards adopted in the current year

The Group has adopted the following new amendments to existing standards which were effective for accounting periods starting on or after 1 January 2025:

Amendments to IAS 21 - The Effects of Changes in Foreign Exchange Rates became effective in the current year. This amendment has not impacted the Group's reported earnings, financial position or reserves, or the accounting policies.

i. 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.

<table>
<tr><th>New and Amended accounting standards</th><th>Description of change</th><th>Impact on the Group</th></tr>
<tr><td>Amendments to IFRS 9 and IFRS 7 – Disclosures: Classification and Measurement of Financial Instruments</td><td>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.</td><td>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.</td></tr>
<tr><td>Amendments to IFRS 9 and IFRS 7 – Disclosures: Contracts referencing nature-dependent electricity</td><td>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.</td><td>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.</td></tr>
<tr><td>Introduction of IFRS 18: Presentation and Disclosure in Financial Statements</td><td>IFRS 18 aims to improve how companies communicate in their financial statements, with a focus on information about financial performance in the statement of profit or loss. IFRS 18 is accompanied by limited amendments to the requirements in IAS 7 Statement of Cash Flows.
The introductions include:
• requiring additional defined subtotals in the statement of profit or loss;
• requiring disclosures about management-defined performance measures; and
• adding new principles for grouping (aggregation and disaggregation) of information.</td><td>Effective date: Annual periods commencing on or after 1 January 2027.
The new standard is expected to impact the Group’s presentation of its statement of profit or loss and introduce additional disclosure requirements, including in respect of management-defined performance measures (“MPMs”).</td></tr>
<tr><td>Introduction of IFRS 19: Subsidiaries without Public Accountability</td><td>IFRS 19 enables eligible entities to provide reduced disclosures compared to the requirements in other IFRS accounting standards. Entities that elect IFRS 19 are still required to apply recognition, measurement and presentation requirements of other IFRS accounting standards.</td><td>Effective date: Annual periods commencing on or after 1 January 2027.
IFRS 19 would not be applicable to the Group’s annual financial statements.</td></tr>
</table>

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, deposits from customers and subordinated notes issued on the date that they are originated.

Regular purchases and sales of investment 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 investment securities held as at 30 June 2026 passed the SPPI test. The Group held three portfolios of investment 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. Investment 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 effective interest rate ("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 investment 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.

d. Impairment - financial assets

The Group Impairment Framework and associated policies applies to:

- Financial assets measured at amortised cost;

- Investment 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 Investment 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 Investment 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

ECL 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 convertible securities included in equity are offset against the proceeds from the issue within equity.

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 (section c).

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 probability of default 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(d) for more details.

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

As explained in note 2(d), 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 £5.5 million of the stage 3 ECL at 30 June 2026 no longer meets the criteria for inclusion but remains in stage 3 pending completion of the agreed probation periods (30 June 2025: £7.8 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 2026 (30 June 2025: £7.3 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 and commercial real estate lending by £16.7 million as at 30 June 2026 (30 June 2025: £17.1 million).

A 5.0% absolute increase in the FSD would increase the total impairment provisions for property and commercial real estate lending by £11.1 million as at 30 June 2026 (30 June 2025: £10.3 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 2026 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 ALCO 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 revised scenarios reflect a deterioration in the 'Base case' primarily driven by the expected economic impact of ongoing conflicts in the Middle East. While scenario severity (peak-to-troughs impacts) remain consistent with the prior scenarios, probability weightings have been re-calibrated to account for increased risks to the downside, re-allocating 2% from the 'Upside' to the 'Severe Downside' scenario.

As at 30 June 2026, 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	18%	2.4%	2.75%	4.1%	3.9%	2.2%
Base	55%	1.3%	3.26%	5.0%	2.8%	2.4%
Downside	20%	0.4%	2.63%	5.4%	0.1%	1.9%
Severe downside	7%	(0.6)%	5.25%	7.4%	(4.1)%	3.3%

As at 30 June 2026, applying a 100% weighting to the severe downside scenario would result in an incremental £96.3 million of provisions being required (30 June 2025: £101.5 million). Applying a 100% weighting to the upside scenario would result in a £27.8 million reduction of provisions being required (30 June 2025: £27.9 million).

As at 30 June 2025, 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%	2.3%	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%

Post Model Adjustments

The Group applies post-model adjustments ("PMAs") and management overlays to its modelled IFRS 9 expected credit loss ("ECL") provisions. These PMAs and overlays are reviewed and approved periodically by the Aldermore Group Executive Credit Committee and the Chief Financial Officer.

Following the annual review of the IFRS 9 model suite, and the implementation of recalibrations, a bottom-up assessment of model estimates and known limitations was undertaken. Key credit risk judgements were updated to reflect the increased use of statistically derived adjustments, reducing reliance on judgements related to data limitations. Adjustments previously applied in respect of cost-of-living pressures were removed, as these risks are now considered to be adequately captured within the macroeconomic forecasts and forward-looking models.

In addition, provisions are held for the financial risks associated with Residual Value and Voluntary Termination exposures within the Motor Finance portfolio, which are sensitive to changes in vehicle values.

The key judgmental overlays applied at 30 June 2026 are:

Residual Value and Voluntary Termination Risk: losses arising from PCP hand backs and Voluntary Terminations on the Motor portfolio are accounted for through modelled provisions and are not considered a credit default event. The provisions are calculated using expected loss models calibrated to internal experience and calibrated across the four IFRS9 macro-economic scenarios where the same weightings apply. Provisions for the financial risk associated with PCP handbacks and voluntary terminations on the Motor portfolio represent £22.6 million (30 June 2025: £18.2 million).

The risk of defaults on large exposures in the commercial portfolios has been reassessed, to cover the risk that modelled ECL stock does not fully capture the credit risk of large exposures during a downturn economic scenario. It is designed to incorporate idiosyncratic risks associated with larger exposures, including the largest Private Credit exposures, representing £4.3 million (30 June 2025: £8.6 million).

Data Limitations and Downside LGDs PMA: to address the risk of understated downside scenario losses due to the absence of economic downturn data available to the models. Owner occupied and Buy to Let mortgage methodology has been revised with direct component-level LGD adjustments are applied to better reflect downturn conditions. Commercial Real Estate Modelled LGDs in the 'Downside' and 'Severe Downside' scenarios are compared to LGD floors to calculate a coverage uplift by IFRS9 stage, this is applied to the exposure to determine an impairment impact. Asset and Invoice Financing use scenario-driven sector-specific adjustments made to LGDs, which represents £10.7 million (30 June 2025: £8.0 million).

The total value of PMAs and Overlays is £44.2 million (30 June 2025: £52.1 million). This includes:

- £16.7 million of PMAs for known data and model limitations to be incorporated into the models in future
- £4.9 million of temporary judgements related to idiosyncratic risks associated with large exposures and other product specific provisions
- £22.6 million provisions for the financial risk associated with PCP hand backs and voluntary terminations on the Motor portfolio.

b. Effective interest rate ("EIR")

During the period, the Group undertook a review of the methodology used to estimate expected future cash flows within the effective interest rate ("EIR") calculation. The Group's accounting policy, under IFRS 9, of recognising expected future cash flows arising from customers transitioning from a fixed rate period to the standard variable rate ("SVR"), where appropriate, remains unchanged.

Historically, expected SVR cash flows were estimated using the prevailing SVR at the inception of the loans. However, this approach has been reassessed following a prolonged period of heightened interest rate volatility. This includes developments over the past year, where interest rates that were previously anticipated to fall are now expected to remain higher for longer.

In addition, the Group now has significantly more observed data available on interest rate movements and associated customer behaviour in different rate environment. The Group was founded in 2009 and has therefore primarily operated in a low interest rate environment, with data on customer behaviour in higher rate environments only being observed over the past couple of years. As a result, earlier estimates were based on a more limited range of interest rate outcomes than is now observable.

Taking these factors together, the Group has concluded that the prevailing SVR at loan inception no longer provides the most representative estimate of the SVR that customers are expected to transition onto.

Accordingly, the estimation methodology has been refined to forecast the expected SVR applicable at the point customers are anticipated to transition from their fixed rate to the SVR. This forecast incorporates market conditions and behavioural assumptions consistent with the Group's forward-looking macroeconomic information. At the same time, the behavioural curve used to estimate customer transition and retention patterns has been updated on a forward-looking basis. This ensures that the forecast SVR and behavioural assumptions are aligned and reflect a consistent view of future market conditions.

This refinement results in cash flows that are more representative of those expected to arise over the remaining life of the asset, thereby improving the reliability of the EIR calculation. The change represents an enhancement to the estimation of expected future cash flows and does not constitute a change in accounting policy or in the principle applied in determining the effective interest rate under IFRS 9.

The effect of the changes made to EIR assumptions, recognised in interest income during the period, is presented in the table below.

	Year ended 30 June 2026 £m	Year ended 30 June 2025 £m
Property Finance - organic lending	6.0	2.1
Business Finance - organic lending	5.4	(0.7)
Total	**11.4**	**1.4**

EIR Sensitivities

The current mortgage prepayment curves assume that customers will stay on a variable reversion rate for an average of six months following the end of their fixed rate mortgage. Increasing / decreasing the length of the behavioural lives of the Group's Property portfolio by 1 month would have resulted in an adjustment of £7.3 million credit/ £7.8 million debit to the income statement respectively.

In addition, the impact of revising the reversion rates by +/- 0.5% would result in an adjustment of £16.9 million credit / debit respectively to the income statement.

c. Provisions

The measurement of the provision relating to the FCA's review of historical motor finance commission arrangements represents a key source of estimation uncertainty for the Group.

At 30 June 2026, the Group recognised a provision of £231.8 million (30 June 2025: £73.1 million) in respect of this matter. The increase in the provision during the year reflects developments in the regulatory framework, in particular the FCA's publication of its final Policy Statement on 30 March 2026, which has informed management's assumptions regarding the scope and operation of the proposed redress scheme.

The provision represents management's best estimate of the redress and compensatory interest that may be payable to impacted customers, together with associated remediation and implementation costs.

In determining the provision, the Group has modelled the FCA's redress scheme requirements, including the population of customers impacted and the expected redress amounts. The estimate at 30 June 2026 has been based on a single scenario aligned to the FCA's final Policy Statement and, as such, does not incorporate multiple probability-weighted scenarios, as was the case in the prior year.

The key areas of estimation uncertainty include:

- the proportion of eligible customers who elect to participate in the scheme (opt-in rates);
- the identification and assessment of any rebuttals under the FCA's remediation scheme; and
- the potential for changes to the FCA's redress scheme, including as a result of ongoing legal challenges.

Given these uncertainties, the ultimate financial impact may differ materially from the amount currently recognised as a provision. Refer to Note 21 'Provisions' for further details.

4. Segmental information

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 Savings division and Treasury function).

For each of the reportable segments, the Executive Committee, which is the Group's chief operating decision maker, reviews internal management reports every month. 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 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.

	Year ended 30 June 2026				
	Property Finance £m	Motor Finance £m	Business Finance £m	Central Functions £m	Total £m
Interest income - external customers	548.3	334.4	286.9	213.8	1,383.4
Interest expense - external customers	-	-	-	(779.3)	(779.3)
Interest (expense) / income - internal	(371.1)	(160.5)	(143.3)	674.9	-
Net fee and other income - external customers	(3.2)	(3.8)	3.5	3.8	0.3
Total operating income	**174.0**	**170.1**	**147.1**	**113.2**	**604.4**
Administrative expenses including depreciation and amortisation	(95.7)	(264.9)	(83.0)	(65.3)	(508.9)
Impairment gains/(losses)	1.3	(42.2)	(4.3)	-	(45.2)
Share of profit of associate	-	-	-	0.9	0.9
Segmental result	**79.6**	**(137.1)**	**59.8**	**48.9**	**51.2**
Taxation	-	-	-	(7.6)	(7.6)
Profit after taxation	**79.6**	**(137.1)**	**59.8**	**41.2**	**43.6**
Assets	10,397.3	4,510.8	3,919.5	4,656.1	23,483.7
Liabilities	-	-	-	(21,683.7)	(21,683.7)
Net assets / (liabilities)	**10,397.3**	**4,510.8**	**3,919.5**	**(17,027.6)**	**1,800.0**

	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 fee 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**
Taxation	-	-	-	(52.4)	(52.4)
Profit after taxation	**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**

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 investment securities calculated on an EIR basis;
- Interest income recognised on finance leases where the Group acts as the lessor (see note 14);
- 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 2026 £m**	**Year ended 30 June 2025 £m**
Interest income calculated using effective interest rate:		
On loans and advances to customers	1,169.2	1,087.1
On loans and advances to banks	70.0	78.6
On investment securities	109.7	109.0
	1,348.9	**1,274.7**
On financial assets at fair value through profit or loss:		
Interest income on financial instruments hedging assets	34.5	140.1
Total	**1,383.4**	**1,414.8**

Interest expense	**Year ended 30 June 2026 £m**	**Year ended 30 June 2025 £m**
On financial liabilities at amortised cost:		
Deposits from customers	(692.0)	(713.9)
Amounts due to banks	(35.3)	(47.9)
Debt securities in issue	(38.7)	(41.2)
Subordinated notes	(15.8)	(7.9)
Lease liabilities	(0.4)	(0.4)
Other	(0.1)	(0.2)
	(782.3)	**(811.5)**
On financial liabilities at fair value through profit or loss:		
Net interest expense on financial instruments hedging liabilities	3.0	(5.4)
Total	**(779.3)**	**(816.9)**

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 other administration services.

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 comprises introducer commissions, legal and valuation fees, and company search fees that are not directly attributable to the origination of financial instruments and therefore not included as part of EIR.

Fee and commission income	**Year ended 30 June 2026 £m**	**Year ended 30 June 2025 £m**
Invoice finance fees	3.2	3.3
Valuation fees	0.1	0.2
HP income, option and secondary rental fees	4.8	3.4
Annual administration and arrears fees	1.1	0.5
Other fees	2.6	1.8
Total	**11.8**	**9.2**

Fee and commission expense	Year ended 30 June 2026 £m	Year ended 30 June 2025 £m
Legal and valuation fees	(4.1)	(2.8)
Company searches and other fees	(12.9)	(10.1)
Credit protection and insurance charges	(1.3)	(2.3)
Total	**(18.3)**	**(15.2)**

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

Accounting policy

Net gains/(losses) 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.

	Year ended 30 June 2026 £m	Year ended 30 June 2025 £m
Net gains on derivatives that are not part of a qualifying hedging arrangement	6.2	1.4
Net gains / (losses) on IAS 39 portfolio fair value hedge relationships	1.4	(3.7)
Net (losses) / gains on fair value hedge relationships of bonds held at FVOCI	(0.2)	0.4
Total	**7.4**	**(1.9)**

Included within net gains / (losses) on derivatives and other financial instruments at fair value through profit or loss are gains of £42.2 million (30 June 2025: £155.6 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 losses of £44.1 million (30 June 2025: £151.7 million gains) representing changes in the fair value of the hedged interest rate risk.

Also included are losses of £10.9 million (30 June 2025: £10.0 million gains) on derivatives held in qualifying fair value hedging arrangements to hedge interest rate risk associated with customer deposits, together with gains of £14.7 million (30 June 2025: £9.8 million losses) representing changes in the fair value of the hedged interest rate risk.

8. Administrative expenses

	Note	Year ended 30 June 2026 £m	Year ended 30 June 2025 £m (re-presented)
Wages and salaries		(143.8)	(143.5)
Social security costs		(19.7)	(18.1)
Pension costs		(9.9)	(9.6)
Share based payments		(1.4)	(1.5)
Staff benefits		(3.7)	(3.9)
Staff costs		**(178.5)**	**(176.6)**
Legal and professional and other services		(59.1)	(46.0)
Information technology costs		(59.3)	(63.9)
Fees and levies		(7.4)	(4.4)
Office costs		(8.9)	(11.2)
Depreciation and amortisation	16,17	(6.7)	(8.5)
Provisions	21	(7.5)	(5.3)
Other		(16.7)	(14.5)
Non-staff costs		**(165.6)**	**(153.8)**
Total excluding historical Motor Finance commission		**(344.1)**	**(330.4)**
Historical Motor Finance commission provision	21	(159.3)	(58.5)
Historical Motor Finance commission related costs incurred		(5.5)	(2.1)
Total historical Motor Finance commission		**(164.8)**	**(60.6)**
Total		**(508.9)**	**(391.0)**

During the year, the Group revised the presentation of administration expenses to include the related irrecoverable VAT within each relevant expense category rather than presenting all VAT within "Other". Prior year comparatives have been re-presented to reflect the updated classification of administration expenses.

Increased legal and professional expenditure in the year reflects the transaction-related costs associated with the potential sale of the Group and the Octane Capital transaction.

Included in legal and professional and other services is remuneration to the Group's external auditor (KPMG LLP):

	Year ended 30 June 2026 £m	Year ended 30 June 2025 £m
Audit of the Group and Company financial statements	(0.2)	(0.1)
Audit of the financial statements of the Company's subsidiaries	(2.5)	(2.2)
Other assurance services	(0.1)	(0.1)
Total	**(2.8)**	**(2.4)**

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

	As at 30 June 2026	As at 30 June 2025
Property Finance	249	278
Motor Finance	581	628
Business Finance	222	232
Central functions and Savings	785	821
Total	**1,837**	**1,959**

Details of the remuneration of Directors including the highest paid Director are set out in the Remuneration Committee Report on page 66.

9. 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 £9.9 million (30 June 2025: £9.6 million) were charged to the income statement during the year in respect of these schemes.

At the year end, accrued contributions amounted to £1.5 million (30 June 2025: £1.4 million).

10. 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 from deductible temporary differences and are recognised only to the extent that it is probable that they will be utilised against future taxable profits, based on management's assessment of budget and forecast information. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted at the reporting date and are expected to apply when the deferred tax asset is realised. Deferred tax is not discounted. Deferred tax assets and liabilities are offset only when there is a legally enforceable right of set-off and an intention 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

	Year ended 30 June 2026 £m	Year ended 30 June 2025 £m
Current tax on profits for the year	6.7	50.1
Adjustment in respect of prior periods	0.2	0.4
Current tax charge	**6.9**	**50.5**
Deferred tax in respect of current year	0.6	2.2
Adjustment in respect of prior periods	0.1	(0.4)
Deferred tax charge	**0.7**	**1.8**
Total tax charge	**7.6**	**52.4**

Current tax on profits reflects UK corporation tax at the mainstream rate of 25% for the 12 month period ending 30 June 2026 (30 June 2025: 25%) and the banking surcharge levied at 3% (30 June 2025: 3%) on the profits of banking companies chargeable to corporation tax after a surcharge allowance of £100 million (30 June 2025: £100 million) per annum.

A deferred tax charge of £4.8 million (30 June 2025: £1.4 million tax credit) was recognised in other comprehensive income in respect of fair value movements on debt securities measured at fair value through other comprehensive income.

Contingent convertible security coupons recorded in equity give rise to tax relief through the current tax charge for the consolidated Group for the year of £2.9 million (30 June 2025: £2.9 million), of which £0.1 million (30 June 2025: £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 2025: 25%) explained by the differences below:

	Year ended 30 June 2026 £m	**Year ended 30 June 2025 £m (re-presented)**
Profit before tax	51.2	193.5
Tax at 25%	12.8	48.4
Effects of:		
Expenses not deductible for tax purposes	4.4	0.3
Adjustment in respect of prior periods	0.3	-
Effect of banking tax surcharge	2.1	3.4
Non-taxable income	(0.5)	(0.4)
Tax credit relief for contingent convertible securities coupon	(2.9)	(2.9)
Tax under the securitisation regime	(8.6)	3.6
Total tax charge	**7.6**	**52.4**

The Group's Effective Tax Rate (“ETR”) of 14.9% (2025: 27.1%) is below the UK corporation tax rate of 25%, principally due to the operation of the UK securitisation tax regime. Securitisation companies are generally taxed only on their retained profits, resulting in taxable profits that are significantly lower than the accounting profits recognised in the Group's consolidated financial statements. Consequently, profits generated by securitisation companies reduce the Group's overall ETR. The decrease in ETR compared with the prior year primarily reflects profits arising in securitisation companies in the current year, whereas securitisation losses increased the ETR in the prior year. The impact of the securitisation regime was partially offset by non-deductible expenses, the banking surcharge and adjustments in respect of prior periods.

In addition, profit before tax was lower than the prior year following the recognition of an additional charge in relation to the historical motor finance commission matter. Tax relief has been obtained for these costs, including through group relief where appropriate, reducing the current-year tax charge but not materially affecting the Group's ETR.

c. Deferred taxation

Deferred tax assets are recognised only where it is probable that future taxable profits will be available against which the underlying deductible temporary differences, tax losses or tax credits can be utilised. The recoverability of deferred tax assets is assessed using all available evidence at the reporting date.

Analysis of recognised deferred tax asset/(liability) is as below:

Deferred tax asset	Year ended 30 June 2025 £m	Recognised in income statement £m	Recognised in other comprehensive income £m	Year ended 30 June 2026 £m
Capital allowances less than depreciation	2.6	(1.0)	-	1.6
Gain on investment securities held at fair value	1.6	-	(4.8)	(3.2)
IFRS 9 transition adjustment	0.8	(0.3)	-	0.5
Other temporary differences	1.5	0.6	-	2.1
Total	**6.5**	**(0.7)**	**(4.8)**	**1.0**

Deferred tax liability	Year ended 30 June 2025 £m	Recognised in income statement £m	Recognised in other comprehensive income £m	Year ended 30 June 2026 £m
Capital allowances less than depreciation	-	0.1	-	0.1
Other temporary differences	-	(0.2)	-	(0.2)
Total	**-**	**(0.1)**	**-**	**(0.1)**

Deferred tax asset	Year ended 30 June 2024 £m	Recognised in income statement £m	Recognised in other comprehensive income £m	Year ended 30 June 2025 £m
Capital allowances less than depreciation	3.7	(1.1)	-	2.6
Loss on investment securities held at fair value	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**

The deferred tax asset at 30 June 2026 of £1.0 million (30 June 2025: £6.5 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. The significant reduction in the deferred tax asset during the year principally reflects deferred tax recognised in other comprehensive income in respect of fair value movements on investment securities measured at fair value through other comprehensive income.

The deferred tax liability at 30 June 2026 of £0.1 million (30 June 2025: nil) relates mainly to timing differences between the tax and accounting treatment of fixed assets and other temporary differences. The increase in the deferred tax liability in the year is principally attributable to taxable temporary differences recognised through the income statement.

There were no unrecognised deferred tax balances at 30 June 2026 (30 June 2025: £nil).

The Finance (No. 2) Act 2023 enacted the OECD Pillar Two model rules in the UK. The legislation introduces a global minimum effective tax rate of 15% for multinational groups within the scope of the rules. The group operates principally in the United Kingdom, where the mainstream corporation tax rate is 25%. Management has assessed the Group's Pillar Two position for the year ended 30 June 2026 and concluded that the relevant transitional safe harbour provisions apply. Accordingly, no Pillar Two top-up tax is expected to arise in respect of the current financial year.

The Group's effective tax rate (ETR) is 14.9%, with the lower rate principally driven by profits arising in securitisation entities, which are taxed under the UK securitisation regime. However, these securitisation entities are treated as Excluded Entities for Pillar Two purposes and are therefore excluded from the Pillar Two transitional safe harbour calculations for the year ended 30 June 2026.

In accordance with the amendments to IAS 12 Income Taxes, the Group has applied the mandatory temporary exception from recognising and disclosing deferred tax assets and liabilities related to Pillar Two income taxes.

The Group will continue to monitor developments in Pillar Two legislation and assess the impact of the rules in future reporting periods.

11. Loans and advances to banks

	Year ended 30 June 2026 £m	**Year ended 30 June 2025 £m**
Included in cash and cash equivalents: balances with less than three months to maturity at inception	190.5	128.8
Cash collateral on derivatives placed with banks	106.2	149.2
Other loans and advances to banks	15.7	14.3
Total	**312.4**	**292.3**
Amounts include:		
Expected to be recovered more than 12 months after the reporting date	15.7	14.3

Included within loans and advances to banks above is restricted cash balances of £15.7 million (30 June 2025: £14.3 million) which are 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 2026 and as at 30 June 2025. As at 30 June 2026, no ECL has been recorded against loans and advances to banks (30 June 2025: £nil).

12. Investment securities

	Year ended 30 June 2026 £m	Year ended 30 June 2025 £m
Investment securities held at fair value:		
UK Government gilts	801.7	259.1
Supranational bonds	575.5	1,188.8
Corporate bonds	22.1	-
Asset-backed securities	225.1	255.2
Covered bonds	207.2	672.0
Treasury bills	89.1	-
Investment securities held at amortised cost:		
UK Government gilts	45.9	256.8
Supranational bonds	-	72.3
Total	**1,966.6**	**2,704.2**
Amounts include:		
Expected to be recovered more than 12 months after the reporting date	1,102.4	2,253.1

All investment securities were stage 1 assets under IFRS 9 as at 30 June 2026 and as at 30 June 2025. As at 30 June 2026, no ECL has been recorded against investment securities (30 June 2025: £nil).

13. 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 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 the movements in fair value of the portfolio relating to the interest rate risk that is being hedged on a monthly basis. 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 2026		Year ended 30 June 2025	
	Assets £m	Liabilities £m	Assets £m	Liabilities £m
Interest rate (not in hedging relationships)	14.4	12.2	17.9	18.5
Interest rate (fair value hedges)	121.2	52.2	160.7	79.9
Foreign exchange	-	-	-	0.1
Total	**135.6**	**64.4**	**178.6**	**98.5**

a. Fair value hedges of interest rate risk

In accordance with its risk management strategy, and as described from page 73 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, investment 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 2026 £m	Carrying amount of the hedged items Year ended 30 June 2026		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 2026 £m
		Assets £m	Liabilities £m		
Interest rate swaps	17,846.2	121.2	52.2	Derivatives held for risk management	36.0

Fair value hedges Interest rate risk	Nominal amount of the hedging instruments Year ended 30 June 2025 £m	Carrying amount of the hedged items 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)

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 2026		Accumulated amount of fair value hedge adjustments on the hedged item Year ended 30 June 2026		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	10,174.7	N/A	(22.8)	N/A	Fair value adjustment for portfolio hedged risk
FVOCI investment securities	805.6	N/A	(23.3)	N/A	Investment securities
Deposits from customers	N/A	5,583.4	N/A	1.7	Fair value adjustment for portfolio hedged risk
Subordinated notes	N/A	300.4	N/A	(2.3)	Subordinated notes

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	Fair value adjustment for portfolio hedged risk
FVOCI investment securities	1,416.8	N/A	(15.4)	N/A	Investment securities
Deposits from customers	N/A	5,972.5	N/A	(16.4)	Fair value adjustment for portfolio hedged risk

The table below summarises the hedge ineffectiveness recognised in profit or loss during the financial year ended 30 June 2026 and the comparative period, for the Group's designated fair value hedge relationships:

	Ineffectiveness recognised in the income statement Year ended 30 June 2026 £m	Line item in the statement of financial position where the hedged instrument is included
Fair value hedges *Interest rate risk*	1.1	Net gains / (losses) from derivatives and other financial instruments at fair value through profit or loss.

	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.

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.

14. Loans and advances to customers

	As at 30 June 2026 £m	As at 30 June 2025 £m
Gross loans and advances	19,047.5	16,857.7
less: allowance for impairment losses	(248.6)	(258.0)
Total	**18,798.9**	**16,599.7**
Amounts include:		
Expected to be recovered more than 12 months after the reporting date	16,141.1	14,267.0

At 30 June 2026, loans and advances to customers of £1,767.4 million (30 June 2025: £2,143.5 million) were pre-positioned into a Single Collateral Pool with the Bank of England under the Sterling Monetary Framework ("SMF"). These loans and advances were available for use as collateral under the Framework. Details of amounts drawn on these facilities are shown in note 18.

At 30 June 2026, loans and advances to customers included £1,437.3 million (30 June 2025: £1,132.9 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.

Divisional analysis of net loans and advances

	As at 30 June 2026 £m	As at 30 June 2025 £m
Property Finance		
Gross loans and advances	10,444.9	8,728.3
less: allowance for impairment losses	(48.2)	(51.1)
Total	**10,396.7**	**8,677.2**
Motor Finance		
Gross loans and advances	4,629.4	4,225.5
less: allowance for impairment losses	(145.8)	(149.2)
Total	**4,483.6**	**4,076.3**
Business Finance		
Gross loans and advances	3,973.2	3,903.9
less: allowance for impairment losses	(54.6)	(57.7)
Total	**3,918.6**	**3,846.2**
Group		
Gross loans and advances	19,047.5	16,857.7
less: allowance for impairment losses	(248.6)	(258.0)
Total	**18,798.9**	**16,599.7**

Analysis of gross loans and advances

	Gross loans and advances (amortised cost)			
	Stage 1 £m	**Stage 2 £m**	**Stage 3 £m**	**Total £m**
Amount as at 1 July 2025	15,124.1	1,163.8	569.8	16,857.7
Improvement in credit exposure				
Stage 2 to stage 1	486.6	(486.6)	-	-
Stage 3 to stage 1	24.3	-	(24.3)	-
Stage 3 to stage 2	-	21.5	(21.5)	-
Deterioration of credit exposure				
Stage 1 to stage 2	(669.7)	669.7	-	-
Stage 1 to stage 3	(143.4)	-	143.4	-
Stage 2 to stage 3	-	(83.0)	83.0	-
Opening balance after transfers	**14,821.9**	**1,285.4**	**750.4**	**16,857.7**
Acquisition of business	407.3	54.4	8.3	470.0
Repayments of loans and advances	(3,773.8)	(347.7)	(121.9)	(4,243.4)
Change in exposure due to new business in the current year	5,799.0	224.1	18.9	6,042.0
Bad debts written off	-	-	(78.8)	(78.8)
Amount as at 30 June 2026	**17,254.4**	**1,216.2**	**576.9**	**19,047.5**

	Gross loans and advances (amortised cost)			
	Stage 1 £m	**Stage 2 £m**	**Stage 3 £m**	**Total £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**

Analysis of loss allowances

	Allowance for impairment losses			
	Stage 1 £m	Stage 2 £m	Stage 3 £m	Total £m
Amount as at 1 July 2025	68.2	44.5	145.3	258.0
Improvement in credit exposure				
Stage 2 to stage 1	9.5	(9.5)	-	-
Stage 3 to stage 1	1.7	-	(1.7)	-
Stage 3 to stage 2	-	1.8	(1.8)	-
Deterioration of credit exposure				
Stage 1 to stage 2	(2.7)	2.7	-	-
Stage 1 to stage 3	(0.8)	-	0.8	-
Stage 2 to stage 3	-	(5.8)	5.8	-
Opening balance after transfers	**75.9**	**33.7**	**148.4**	**258.0**
Change in exposure attributable to change in measurement basis	-	(3.0)	-	(3.0)
Change in exposure attributable to change in risk parameters	(24.3)	3.0	55.7	34.4
Change in exposure of back book in the current year	**(24.3)**	**-**	**55.7**	**31.4**
Change in exposure due to new business in the current year	19.0	12.6	6.4	38.0
Bad debts written off	-	-	(78.8)	(78.8)
Amount as at 30 June 2026	**70.6**	**46.3**	**131.7**	**248.6**
Included in the total loss allowance				
Netted against loans and advances to customers	69.4	46.3	131.7	247.4
Included in respect of loan commitments*	1.2	-	-	1.2
Other components of the total loss allowance				
Forward looking information	11.9	7.6	5.5	25.0
Changes in models	(8.4)	(6.5)	(4.8)	(19.7)

	Allowance for impairment losses			
	Stage 1 £m	Stage 2 £m	Stage 3 £m	Total £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)

*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

	Year ended 30 June 2026 £m	Year ended 30 June 2025 £m
Included in provisions in respect of loan commitments	0.2	(0.6)
Change in exposure of back book in the current year	31.4	3.3
Change in exposure due to new business in the current year	38.0	27.3
Interest income suspended	(12.0)	(9.5)
Increase in loss allowance	**57.6**	**20.5**
Recoveries of bad debts	(12.4)	(3.9)
Total	**45.2**	**16.6**

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 2025, 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 £78.8 million (30 June 2025: £82.9 million).

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 division

Property Finance

	Stage 1 £m	Stage 2 £m	Stage 3 £m	Total £m
Amount as at 1 July 2025	11.5	8.8	30.8	51.1
Improvement in credit exposure				
Stage 2 to stage 1	2.5	(2.5)	-	-
Stage 3 to stage 1	0.2	-	(0.2)	-
Stage 3 to stage 2	-	0.2	(0.2)	-
Deterioration of credit exposure				
Stage 1 to stage 2	(0.3)	0.3	-	-
Stage 1 to stage 3	(0.1)	-	0.1	-
Stage 2 to stage 3	-	(1.2)	1.2	-
Opening balance after transfers	**13.8**	**5.6**	**31.7**	**51.1**
Change in exposure attributable to change in measurement basis	-	1.1	-	1.1
Change in exposure attributable to change in risk parameters	(6.6)	0.5	3.3	(2.8)
Change in exposure of back book in the current year	**(6.6)**	**1.6**	**3.3**	**(1.7)**
Change in exposure due to new business in the current year	1.6	0.8	0.2	2.6
Bad debt written off	-	-	(3.8)	(3.8)
Amount as at 30 June 2026	**8.8**	**8.0**	**31.4**	**48.2**
Included in the total loss allowance				
Netted against loans and advances to customers	8.0	8.0	31.4	47.4
Included in respect of loan commitments*	0.8	-	-	0.8
Other components of total loss allowance				
Forward looking information	3.3	2.5	4.5	10.3
Changes in models	(3.2)	(5.1)	(5.5)	(13.8)

	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	8.6
Changes in models	(0.7)	2.8	(2.0)	0.1

Motor Finance

	Stage 1	Stage 2	Stage 3	Total
	£m	£m	£m	£m
Amount as at 1 July 2025	34.1	21.8	93.3	149.2
Improvement in credit exposure				
Stage 2 to stage 1	4.8	(4.8)	-	-
Stage 3 to stage 1	0.6	-	(0.6)	-
Stage 3 to stage 2	-	1.0	(1.0)	-
Deterioration of credit exposure				
Stage 1 to stage 2	(1.0)	1.0	-	-
Stage 1 to stage 3	(0.4)	-	0.4	-
Stage 2 to stage 3	-	(3.8)	3.8	-
Opening balance after transfers	**38.1**	**15.2**	**95.9**	**149.2**
Change in exposure attributable to change in measurement basis	-	(3.5)	-	(3.5)
Change in exposure attributable to change in risk parameters	(7.2)	3.0	42.4	38.2
Change in exposure of back book in the current year	**(7.2)**	**(0.5)**	**42.4**	**34.7**
Change in exposure due to new business in the current year	11.6	9.1	4.8	25.5
Bad debt written off	-	-	(63.6)	(63.6)
Amount as at 30 June 2026	**42.5**	**23.8**	**79.5**	**145.8**
Included in the total loss allowance				
Netted against loans and advances to customers	42.5	23.8	79.5	145.8
Other components of total loss allowance				
Forward looking information	5.8	3.9	0.9	10.6
Changes in models	(1.2)	-	(3.1)	(4.3)

	Stage 1	Stage 2	Stage 3	Total
	£m	£m	£m	£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

Business Finance

	Stage 1	Stage 2	Stage 3	Total
	£m	£m	£m	£m
Amount as at 1 July 2025	22.7	13.8	21.2	57.7
Improvement in credit exposure				
Stage 2 to stage 1	2.2	(2.2)	-	-
Stage 3 to stage 1	0.9	-	(0.9)	-
Stage 3 to stage 2	-	0.5	(0.5)	-
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	-	(0.8)	0.8	-
Opening balance after transfers	**24.2**	**12.6**	**20.9**	**57.7**
Change in exposure attributable to change in measurement basis	-	(0.7)	-	(0.7)
Change in exposure attributable to change in risk parameters	(10.5)	(0.4)	10.0	(0.9)
Change in exposure of back book in the current year	**(10.5)**	**(1.1)**	**10.0**	**(1.6)**
Change in exposure due to new business in the current year	5.6	3.0	1.3	9.9
Bad debt written off	-	-	(11.4)	(11.4)
Amount as at 30 June 2026	**19.3**	**14.5**	**20.8**	**54.6**
Included in the total loss allowance				
Netted against loans and advances to customers	18.9	14.5	20.8	54.2
Included in respect of loan commitments*	0.4	-	-	0.4
Other components of total loss allowance				
Forward looking information	2.9	1.2	0.1	4.2
Changes in models	(4.0)	(1.4)	3.8	(1.6)

	Stage 1	Stage 2	Stage 3	Total
	£m	£m	£m	£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)

Lease modifications

The table below includes stage 2 and stage 3 finance lease receivables, where the Group acts as lessor, that were modified during the period and consequently treated as forborne, together with the related modification loss recognised in the income statement. The table also shows the gross carrying amount of previously modified finance lease receivables for which the loss allowance reverted to a 12-month ECL measurement during the period.

	Year ended 30 June 2026 £m	Year ended 30 June 2025 £m
Gross carrying amounts of assets modified while in stage 2 or stage 3 and now in stage 1	0.1	0.5

Finance lease receivables

Loans and advances to customers include the following finance leases where the Group is the lessor:

	Year ended 30 June 2026 £m	Year ended 30 June 2025 £m
Gross investment in finance leases, receivable:		
Less than one year	2,024.4	1,970.1
Between one and five years	5,132.6	4,653.0
More than five years	181.6	201.1
Total	**7,338.6**	**6,824.2**
Unearned finance income	(1,181.5)	(1,042.6)
Net investment in finance leases	**6,157.1**	**5,781.6**
Net investment in finance leases, receivable:		
Less than one year	1,667.3	1,637.1
Between one and five years	4,336.2	3,971.7
More than five years	153.6	172.8
Total	**6,157.1**	**5,781.6**

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 £175.0 million (30 June 2025: £177.4 million).

The Group is not exposed to any significant residual value risk on its finance lease portfolio at 30 June 2026 (30 June 2025: none).

Commitments

At 30 June 2026, the Group had undrawn commitments to lend totalling £695.1 million (30 June 2025: £570.8 million). These commitments arise primarily from irrevocable lines of credit extended to customers in the normal course of business.

15. 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 previous financial year, the Group revised its position and hence the investment was reclassified back to an investment in associate.

Details of the investment at 30 June 2026:

Entity information	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[i]	48% [ii]

[i] Registered address: Greenbank Court Challenge Way, Greenbank Business Park, Blackburn, United Kingdom, BB1 5QB.

[ii] 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 2026 is £6.3 million. This includes a £0.9 million share of profit of associate which has been recognised in the Consolidated Income Statement for the year ended 30 June 2026 (30 June 2025: £0.7 million). The Group received dividends of £1.7 million from its associate during the year ended 30 June 2026 (30 June 2025: £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 June 2026 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 2026 have been used.

Summary statement of financial position

	Year ended 30 April 2026 £m	Year ended 30 April 2025 £m
Current assets	11.4	11.9
Non-current assets	1.4	1.4
Current liabilities	(7.5)	(6.8)
Non-current liabilities	(0.3)	(0.4)

Summary income statement

	Year ended 30 April 2026 £m	Year ended 30 April 2025 £m
Revenue	68.1	58.7
Profit from continuing operations	2.9	3.0
Profit for the period	2.9	3.0
Total comprehensive income for the period	2.9	3.0
Dividends received from the associate during the period	1.7	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.

	Year ended 30 June 2026 £m	Year ended 30 June 2025 £m
Net assets of the associate	3.7	5.1
Proportion of the Group's ownership interest in the associate	48%	48%
Group share of net assets of the associate	1.8	2.5
Goodwill	4.5	4.5
Carrying amount of the Group's interest in the associate	**6.3**	**7.0**

16. Property, plant and equipment

Accounting policy

Items of property, plant and equipment are stated at cost 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.

	Computer hardware £m	Furniture, fixtures and fittings £m	Right of use assets - Property £m	Right of use assets - Motor vehicles £m	Assets under operating lease £m	Total £m
Cost:						
Amount as at 1 July 2025	5.7	15.1	23.4	2.4	4.1	50.7
Acquisition through business combination	-	0.1	-	-	-	0.1
Additions	-	0.5	1.1	0.6	-	2.2
Disposals	(2.4)	(1.4)	(1.1)	(0.6)	(1.4)	(6.9)
Amount as at 30 June 2026	**3.3**	**14.3**	**23.4**	**2.4**	**2.7**	**46.1**
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**
Depreciation:						
Amount as at 1 July 2025	4.3	4.4	10.2	1.5	2.8	23.2
Charge for the year	1.0	1.7	2.7	0.7	0.6	6.7
Impairments	-	-	1.3	-	(0.2)	1.1
Disposals	(2.4)	(1.2)	(0.6)	(0.6)	(1.3)	(6.1)
Amount as at 30 June 2026	**2.9**	**4.9**	**13.6**	**1.6**	**1.9**	**24.9**
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**
Net book value:						
Amount as at 30 June 2026	**0.4**	**9.4**	**9.8**	**0.8**	**0.8**	**21.2**
Amount as at 30 June 2025	1.4	10.7	13.2	0.9	1.3	27.5

Acquisition through business combination reflects the fixed assets acquired as part of the Octane Capital transaction. Following the completion of the transaction, the acquired assets continue to be depreciated over their remaining useful economic life in line with the Group's accounting policies.

17. 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.

These assets are tested for impairment when there is any indication that they 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 the Group's cash-generating units (CGUs). An impairment loss is recognised if the carrying amount of a segment is higher than its recoverable amount. The recoverable amount of a CGU 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.

	Computer systems £m	Goodwill £m	Total £m
Cost:			
Amount as at 1 July 2025	2.2	8.6	10.8
Business combination	-	6.8	6.8
Amount as at 30 June 2026	**2.2**	**15.4**	**17.5**
Amount as at 1 July 2024	10.9	8.6	19.5
Retirements	(8.7)	-	(8.7)
Amount as at 30 June 2025	**2.2**	**8.6**	**10.8**
Amortisation:			
Amount as at 1 July 2025	2.2	-	2.2
Amount as at 30 June 2026	**2.2**	**-**	**2.2**
Amount as at 1 July 2024	10.9	-	10.9
Retirements	(8.7)	-	(8.7)
Amount as at 30 June 2025	**2.2**	**-**	**2.2**
Net book value:			
Amount as at 30 June 2026	**-**	**15.4**	**15.4**
Amount as at 30 June 2025	-	8.6	8.6

During the period the Group completed the acquisition of certain assets and liabilities of Octane Capital, further information on this transaction can be found in note 32. The associated goodwill recognised of £6.8 million principally reflects the value expected to be generated from bringing Octane Capital's specialist market expertise, operational capabilities and experienced workforce into the Group.

Goodwill impairment testing

Goodwill is allocated to the relevant cash-generating unit (“CGU”) and is tested annually for impairment in accordance with IAS 36.

As at 30 June 2026, the identified CGUs include SME Commercial Mortgages business (included within the Business Finance segment) and Octane Capital (included within the Property Finance segment).

The Value in Use (“VIU”) for each segment was determined by discounting the future cash flows expected to be generated from the continued operation of the business. The methodology used to determine the VIU at 30 June 2026 is unchanged from the prior period.

Key assumptions used in the calculation of VIU were the following:

- Cash flows were projected based on past experience, actual operating results and the five year business plan. Cash flows after the planning period were extrapolated using a constant growth rate of 2.0% (30 June 2025: 2.0%) into perpetuity; and
- Pre-tax discount rates are applied, based on the weighted average cost of funding for the segments, 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 the Group to assess whether there is any indication that an asset may be impaired. Where such an indication exists, or where annual impairment testing is required, the Group estimates the recoverable amount of the asset or cash-generating unit (CGU). The recoverable amount is the higher of fair value less costs of disposal and value in use.

In both reported years, impairment testing indicated the recoverable amount of each CGU was in excess of its carrying amount and, as such, no impairment losses have been recognised.

The Group estimates that reasonably possible changes in the above assumptions are not expected to cause the recoverable amount of any CGU to reduce below the carrying amount.

18. Amounts due to banks

	Year ended 30 June 2026 £m	Year ended 30 June 2025 £m
Due to banks - central banks - TFSME interest accrual	-	5.2
Due to banks - central banks - ILTR interest accrual	6.4	0.3
Due to banks - central banks - repurchase agreements interest accrual	-	0.1
Accrued interest	**6.4**	**5.6**
Due to banks - central banks - TFSME	-	465.0
Due to banks - central banks - ILTR	525.0	80.0
Due to banks – Repurchase agreements	-	150.0
Due to banks - variation margin	53.7	95.2
Expected to be recovered less than 12 months after the reporting date	**578.7**	**790.2**
Expected to be recovered more than 12 months after the reporting date	**-**	**-**
Total	**585.1**	**795.8**

19. Deposits from customers

	Year ended 30 June 2026 £m	Year ended 30 June 2025 £m
Retail deposits	11,680.9	11,465.6
SME deposits	2,437.6	2,738.5
Corporate deposits - Deposit aggregators	3,860.3	2,069.0
Corporate deposits - Other	1,132.1	774.5
Total	**19,110.9**	**17,047.6**
Amounts repayable within one year	17,764.3	14,419.7
Amounts repayable after one year	1,346.6	2,627.9
Total	**19,110.9**	**17,047.6**

20. Other liabilities, accruals and deferred income

	Year ended 30 June 2026 £m	Year ended 30 June 2025 £m
Amounts payable to Invoice Finance customers	8.7	12.9
Taxation and social security costs	7.9	5.8
Trade payables	26.8	24.3
Lease liabilities	12.5	14.9
Accruals	66.8	62.1
Deferred income	1.9	1.9
Other payables	57.8	6.5
Total	**182.4**	**128.4**

Maturity profile of lease liabilities	Year ended 30 June 2026 £m	Year ended 30 June 2025 £m
Less than one year	3.2	3.1
Between one and five years	6.4	7.8
More than five years	2.9	4.0
Total	**12.5**	**14.9**

21. 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.

	Customer redress £m	Other £m	Total £m
Amount as at 1 July 2025	79.8	3.1	82.9
Utilised during the year	(1.6)	(0.3)	(1.9)
Provided during the year	158.3	8.5	166.8
Amount as at 30 June 2026	**236.5**	**11.3**	**247.8**

	Customer redress £m	Other £m	Total £m
Amount as at 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
Amount as at 30 June 2025	**79.8**	**3.1**	**82.9**

Customer Redress

FCA review into historical Motor Finance commissions

At 30 June 2026, the Group recognised a balance sheet provision of £231.8 million (30 June 2025: £73.1 million) in respect of potential customer redress and associated costs arising from the FCA's review of historical motor finance commission arrangements. The increase in the provision recognised in the year of £158.7 million (2025: £58.1 million) reflects revised estimates following the FCA's publication of its final redress policy statement, on 30 March 2026.

The provision represents management's best estimate of the expenditure required to settle obligations arising from the FCA's Motor Finance Consumer Redress Scheme, including compensatory interest and incremental costs to administer the scheme.

The provision has been assessed in the context of evolving regulatory and legal developments. In particular:

- The Supreme Court judgment in August 2025 concluded that motor dealers do not generally owe fiduciary duties when acting as credit brokers but identified an unfair relationship in the specific Johnson case under section 140A of the Consumer Credit Act 1974 based on its specific facts. Given the specific nature of this unfairness finding, the Group does not believe that this unfairness finding creates a broadly applicable precedent for other courts to follow;
- In October 2025, the FCA issued a consultation on an industry-wide redress framework (CP25/27);
- Following the conclusion of its consultation, the FCA published its final Policy Statement (PS26/3) on 30 March 2026, setting out the design of a formal redress scheme. The Group's provision has been aligned where appropriate to the requirements of this scheme; and
- A number of legal challenges to the FCA's formal redress scheme were announced in April 2026. The FCA subsequently indicated in early July 2026 that the related hearings were likely to take place between December 2026 and February 2027 and hence delay the commencement date of the redress scheme.

The Group continues to engage constructively with the FCA regarding the implementation of the scheme and associated customer remediation requirements.

At 30 June 2026, the provision has been determined based on a single scenario, which as noted above, is aligned where appropriate, to the requirements of the FCA's final Policy Statement. This differs from the provision as at 30 June 2025, where there was significant uncertainty regarding the form and structure of any potential redress scheme. Accordingly, the Group measured the provision using a probability-weighted scenario approach at that date.

The provision has been discounted to present value, where the effect of the time value of money is material, using an appropriate pre-tax discount rate reflecting current market assessments of the time value of money and the risks specific to the liability. The gross undiscounted provision (including the expected extension of the scheme start date) is £245.4 million.

The provision reflects management's assumptions regarding:

- the size of the eligible customer population;
- expected customer participation rates (opt-in behaviour);
- rebuttals permitted under the FCA's remediation scheme;
- expected redress values, including compensatory interest; and
- the length of time that it will take to complete the remediation process.

Compensatory interest has been calculated based on the FCA's methodology, being simple interest at the average Bank of England base rate per year plus 1%, subject to a minimum of 3% in any year.

The provision also includes an estimate of the probable future legal, regulatory and incremental operational costs to administer the scheme, including the approach to engaging with impacted customers. The population of impacted customers comprises in-scope motor finance originations across the Group's relevant lending entities up to the scheme cut-off date.

In addition to the provision, the Group incurred £5.5 million (30 June 2025: £2.1 million) of costs during the financial year in relation to complaint handling, legal proceedings and preparations for the implementation of the FCA scheme. These costs have been recognised in the income statement as incurred.

Based on the information available at the reporting date, management considers the provision recognised at 30 June 2026 to represent the Group's best estimate of the expenditure required to settle the present obligation. However, significant estimation uncertainty remains in determining the ultimate cost of remediation, reflecting the scale and complexity of the scheme and ongoing legal and regulatory developments.

The most significant sources of estimation uncertainty are in relation to determining the total population of customers that may require redress as per the Group's provision and comprises assumptions regarding:

- Customer participation rates (opt-in); and
- The ability to apply the rebuttals available under the FCA's remediation scheme.

The ultimate financial impact could differ materially from the amount currently recognised, for example should actual experience once the FCA's remediation scheme is implemented differ from the Directors' assumptions at the reporting date. For illustrative purposes, a 5% increase or decrease in the number of customers that require redress would increase or decrease the provision by £15.8 million. A future increase or decrease could exceed this amount.

Based on the information available at the reporting date, management considers the provision recognised at 30 June 2026 to represent the Group's best estimate of the expenditure required to settle the present obligation.

Other provisions

Included within Other is a restructuring provision of £9.1 million (30 June 2025: £nil) relating to the Group's cost efficiency programme, which was approved and announced during the year. The provision primarily comprises employee severance costs, contractual termination costs and other directly attributable implementation costs.

The provision recognised reflects management's best estimate of the costs required to fulfil obligations arising from the restructuring plan at the reporting date and is expected to be utilised within the next 12 months.

22. Debt securities in issue

	Year ended 30 June 2026 £m	Year ended 30 June 2025 £m
Oak No.4 PLC	168.2	219.2
Oak No.5 PLC	222.8	302.6
MotoMore Limited	799.9	407.6
Total	**1,190.9**	**929.4**

Debt securities in issue with a book value of £1,190.9 million (30 June 2025: £929.4 million) are secured on certain portfolios of variable and fixed rate mortgages and vehicle loans 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 customers in respect of the underlying assets.

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 September 2033 with the revolving period end date to occur in September 2027, having been renewed in June 2026.

23. Subordinated notes

Accounting policy

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.

	Year ended 30 June 2026 £m	Year ended 30 June 2025 £m
Opening balance	100.9	100.9
Issuances	300.0	-
Issuance costs capitalised	(2.2)	-
Redemptions	(100.0)	-
Interest accrued capitalised	15.5	7.9
Interest payments	(11.8)	(7.9)
Amortisation of capitalised issuance costs	0.3	-
Fair value movement	(2.3)	-
Closing balance	**300.4**	**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.

On 1 October 2025, ahead of the first call date of 22 November 2028, the Group redeemed the loan notes in full and replaced the capital with a £300.0 million public Tier 2 subordinated note issuance under the Euro Medium Term Note programme established in March 2025.

The Notes bear interest on the principal at 6.00% per annum from the issue date until the Reset Date, being the first five years of the agreement. Interest is payable semi-annually on 1st April and 1st October each year, starting from 1st April 2026.

Amounts in the table include accrued interest, unamortised capitalised costs and fair value hedging adjustments.

Subordinated notes	Issued	Listing	Call date	Maturity date	Year ended 30 June 2026 £m	Year ended 30 June 2025 £m
7.94% Fixed-to-Floating Rate Resetting Subordinated Callable Notes (GBP 100m)	Nov 2023	Private	Nov 2028	Nov 2033	-	100.9
6.00% Fixed Rate Resetting Subordinated Callable Notes (GBP 300m)	Oct 2025	London Stock Exchange	Oct 2030	Oct 2035	300.4	-

24. 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.

	Debt securities in issue	Subordinated notes	Lease liabilities
Note	22	23	20
Amount as at 1 July 2025	929.4	100.9	14.9
Financing cash flows - debt issued	492.0	297.8	-
Financing cash flows - repayment of debt	(228.8)	(100.0)	(3.8)
Operating cash flows - interest paid on debt	(40.4)	(11.8)	-
Non-cash changes - financing activity	-	(2.3)	1.0
Non-cash changes - interest expense per income statement	38.7	15.8	0.4
Amount as at 30 June 2026	**1,190.9**	**300.4**	**12.5**

	Debt securities in issue	Subordinated notes	Lease liabilities
Note	22	23	20
Amount as at 1 July 2024	777.5	100.9	24.2
Financing cash flows - debt issued	300.0	-	-
Financing cash flows - repayment of debt	(150.0)	-	(3.9)
Operating cash flows - interest paid on debt	(39.3)	(7.9)	-
Non-cash changes - financing activity	-	-	(5.8)
Non-cash changes - interest expense per income statement	41.2	7.9	0.4
Amount as at 30 June 2025	**929.4**	**100.9**	**14.9**

In June 2022, the Group (as borrower) entered into a committed liquidity facility with FirstRand Bank Limited (as lender) for £100.0 million. In December 2025, the Group terminated its committed liquidity facility with FirstRand Bank Limited.

In October 2022, the Group also entered into an uncommitted liquidity facility with FirstRand Bank Limited (as lender) for £400.0 million. The facility was renewed and increased to £650.0 million in December 2025 for another 12 months, with an implied final repayment date in December 2026. There is no drawn balance as at 30 June 2026 (30 June 2025: nil).

25. Share based payments

Accounting policy

In order to incentivise and reward sustained long-term performance, senior executives and employees of the Group participate in share-based remuneration arrangements linked to the quoted share price of FirstRand Limited. These awards are accounted for as cash-settled share-based payments.

Under these arrangements, a liability is recognised and measured at fair value at each reporting date until settlement. An expense is recognised in profit or loss over the vesting period, reflecting the employee services received.

The cost of these awards is settled through payments made by the Group to an associate of the FirstRand group, which assumes the obligation to settle the awards. These costs are recharged to the Group entities employing the award holders. This results in the derecognition of the share-based payment liability and the recognition of a prepayment, which is subsequently expensed over the remaining vesting period of the awards.

The expense recognised is adjusted to reflect differences between expected and actual outcomes, such that the total expense reflects the number of awards that ultimately vest based on service and non-market performance conditions. For awards with market performance or non-vesting conditions, the grant date fair value reflects these conditions and is not subsequently adjusted for differences between expected and actual outcomes.

Outstanding Awards

	As at 30 June 2026 £m	As at 30 June 2025 £m
Share plans issued in year ended 30 June 2022	-	0.2
Share plans issued in year ended 30 June 2023	2.7	3.4
Share plans issued in year ended 30 June 2024	3.1	4.2
Share plans issued in year ended 30 June 2025	3.1	4.4
Share plans issued in year ended 30 June 2026	3.6	-
Total	**12.5**	**12.2**

Long-term incentive plans ("LTIPs"), which form part of the total share plans issued, have non-market performance conditions attached. Share plans are settled in cash or FirstRand shares to the value of the award at the vesting date.

Share based payment income statement charge

	Year ended 30 June 2026 £m	Year ended 30 June 2025 £m
Share plans issued in year ended 30 June 2022	-	0.8
Share plans issued in year ended 30 June 2023	0.5	(0.9)
Share plans issued in year ended 30 June 2024	0.1	(1.1)
Share plans issued in year ended 30 June 2025	(1.8)	(0.3)
Share plans issued in year ended 30 June 2026	(0.2)	-
Total	**(1.4)**	**(1.5)**

The Group has 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 the Group making a payment to RMBMS, RMBMS is substituted in the agreement and is obligated to pay the GBP amount due to the Group's employees at the vesting date.

The terms of the variable pay schemes are as follows:

a. Bonuses

All permanent employees are eligible to participate in either the Sales Incentive Scheme or the discretionary Annual Incentive Plan ("AIP"). These are awarded annually and are usually paid in cash through payroll following the year-end. However, Material Risk Takers ("MRTs") and individuals whose bonus is above a certain threshold, are required to defer a portion of their awards in line with the applicable Remuneration Code and the relevant Scheme Rules.

For employees who are not MRTs but are subject to 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, the Remuneration Code applies including appropriate retention, deferral, payment in instruments and Malus and Clawback provisions. Deferrals stretch over a 4-year period and at least 50% of the total award will be delivered in FirstRand equity-linked instruments that track the FirstRand share price from grant to release. Upfront equity-linked instruments are subject to an additional 12 month retention policy post-vesting (release date will be 12 months after the vest date). Changes in FX between GBP and ZAR are not considered. For the remaining deferred cash, a gilt coupon is in place to add interest as described above.

An individual needs to remain in active service, or be a qualified leaver (i.e. in receipt of good leaver status), for the deferred awards to vest.

b. LTIP (Long-Term Incentive Plan)

The Group awards Long-Term Incentive Plans ("LTIPs") annually, with performance conditions assessed three years after the award date. LTIPs are granted only to the Executive Committee and other senior colleagues (by exception), and are designed to reward long-term performance and promote alignment with shareholders' interests. Performance conditions need to be achieved over a three-year performance period, incentivising prudent decision-making and delivery of long-term value. Executives in control functions (usually only the Chief Risk Officer) have a similar award without the performance conditions and a lower quantum. Deferrals stretch over a 4-year period from the grant date (so up to one year beyond the end of the performance period).

LTIPs granted in respect of the 2023 financial year and prior are 80% linked to Aldermore performance conditions and 20% linked to FirstRand performance conditions. LTIPs granted in respect of the 2024 financial year (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 (noting changes in FX between GBP and ZAR are not considered). An individual needs to remain in active service, or be a qualified leaver for the awards to vest.

26. Share Capital

Accounting policy

Costs directly incremental to the raising of share capital are netted against the share premium account.

	Year ended 30 June 2026 £m	Year ended 30 June 2025 £m
Ordinary shares authorised and fully paid up of £0.10 each	243.9	243.9

As at 30 June 2026, there were 2,439,016,380 ordinary £0.10 shares in issue, resulting in share capital of £243,901,638 (30 June 2025: 2,439,016,380 and £243,901,638, respectively).

27. Additional Tier 1 capital

	Year ended 30 June 2026 £m	Year ended 30 June 2025 £m
Perpetual subordinated capital notes - issued June 2024	100.0	100.0
Perpetual subordinated capital notes - issued April 2025	50.0	50.0
Total	**150.0**	**150.0**

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 an additional £50.0 million of Perpetual Subordinated Capital Notes to FirstRand Bank 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.

28. Statement of cash flows

Accounting policy

Cash and cash equivalents comprise cash balances and highly liquid investments with original maturities of three months or less from the date of acquisition, that are readily convertible to known amounts of cash and are subject to an insignificant risk of change in value.

Adjustments for non-cash items	**Year ended 30 June 2026 £m**	**Year ended 30 June 2025 £m**
Depreciation and amortisation	6.7	8.5
Net impairment on intangible assets and property plant and equipment	1.1	(0.2)
Impairment losses on loans and advances	45.2	16.6
Net losses on disposal of FVOCI investment securities	(1.7)	(1.1)
Fair value hedge adjustment	(2.4)	-
Interest income on investment securities	(109.7)	(109.0)
Interest expense on debt securities in issue	38.7	41.2
Interest expense on subordinated notes	15.8	7.9
Interest expense on lease liabilities	0.4	0.4
Gain recognised on transfer from non-current assets held for sale	-	(1.0)
Share of profit of associate	(0.9)	(0.7)
Total	**(6.8)**	**(37.4)**

Change in operating assets	**Year ended 30 June 2026 £m**	**Year ended 30 June 2025 £m**
Loans and advances to customers	(1,774.4)	(1,279.4)
Loans and advances to banks	41.6	(34.6)
Derivative financial instruments	43.0	169.6
Fair value adjustments for portfolio hedged risk	44.1	(151.8)
Other operating assets	(18.7)	21.9
Total	**(1,664.4)**	**(1,274.3)**

Change in operating liabilities	**Year ended 30 June 2026 £m**	**Year ended 30 June 2025 £m**
Amounts due to banks	(210.7)	(569.5)
Deposits from customers	2,063.2	740.9
Derivative financial instruments	(34.1)	57.8
Fair value adjustments for portfolio hedged risk	(14.6)	9.9
Operating liabilities	55.4	(14.1)
Provisions	164.9	56.0
Total	**2,024.1**	**281.0**

Business combination	**Year ended 30 April 2026 £m**	**Year ended 30 June 2025 £m**
Net assets acquired:		
Loans and advances to customers	470.0	-
Other assets	0.4	-
Property, plant and equipment	0.1	-
Other liabilities	(0.8)	-
Goodwill arising on acquisition	6.8	-
Net cash outflow from acquisitions in the year	**476.5**	**-**

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 2026 £m**	**Year ended 30 June 2025 £m**
Cash and balances at central banks	2,153.5	1,182.3
Loans and advances to banks	190.5	128.8
Total	**2,344.0**	**1,311.1**

29. Contingencies

As a financial services group, Aldermore Group PLC is subject to extensive regulation. The Group is required to comply with a wide range of laws and regulations that significantly affect the way it conducts its business. Based on its ongoing monitoring and compliance processes, the Group is not aware of any material instances of non-compliance that would have a material impact on the financial statements. However, given the complexity of the regulatory environment, there can be no assurance that all such matters have been identified.

The Group had no contingent liabilities at the reporting date (30 June 2025: nil).

30. Financial instruments and fair values

The following table summarises the classification and carrying amounts of the Group's financial assets and liabilities:

	As at 30 June 2026				
	Amortised cost £m	FVOCI £m	Fair value through profit or loss £m	Fair value hedges £m	Total £m
Cash and balances at central banks	2,153.5	-	-	-	2,153.5
Loans and advances to banks	312.4	-	-	-	312.4
Investment securities	45.9	1,920.7	-	-	1,966.6
Derivatives held for risk management	-	-	135.6	-	135.6
Fair value adjustment for portfolio hedged risk	-	-	-	(22.8)	(22.8)
Loans and advances to customers	18,798.9	-	-	-	18,798.9
Other assets	25.7	-	-	-	25.7
Financial assets	**21,336.4**	**1,920.7**	**135.6**	**(22.8)**	**23,369.9**
Non-financial assets	113.8	-	-	-	113.8
Total assets	**21,450.2**	**1,920.7**	**135.6**	**(22.8)**	**23,483.7**
Amounts due to banks	585.1	-	-	-	585.1
Deposits from customers	19,110.9	-	-	-	19,110.9
Derivatives held for risk management	-	-	64.4	-	64.4
Fair value adjustment for portfolio hedged risk	-	-	-	1.7	1.7
Other liabilities	114.8	-	-	-	114.8
Debt securities in issue	1,190.9	-	-	-	1,190.9
Subordinated notes	300.4	-	-	-	300.4
Financial liabilities	**21,302.1**	**-**	**64.4**	**1.7**	**21,368.2**
Non-financial liabilities	315.5	-	-	-	315.5
Total liabilities	**21,617.6**	**-**	**64.4**	**1.7**	**21,683.7**

	As at 30 June 2025				
	Amortised cost £m	**FVOCI £m**	**Fair value through profit or loss £m**	**Fair value hedges £m**	**Total £m**
Cash and balances at central banks	1,182.3	-	-	-	1,182.3
Loans and advances to banks	292.3	-	-	-	292.3
Investment 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**	**20,991.5**
Non-financial assets	87.3	-	-	-	87.3
Total assets	**18,503.8**	**2,375.1**	**178.6**	**21.3**	**21,078.9**
Amounts due to banks	795.8	-	-	-	795.8
Deposits from customers	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	**18,939.5**	**-**	**98.5**	**16.4**	**19,054.3**
Non-financial liabilities	144.8	-	-	-	144.8
Total liabilities	**19,084.3**	**-**	**98.5**	**16.4**	**19,199.2**

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:

£ million	As at 30 June 2026				
	Level 1	**Level 2**	**Level 3**	**Fair value**	**Carrying value**
Cash and balances at central banks	-	2,153.5	-	2,153.5	2,153.5
Loans and advances to banks	-	312.4	-	312.4	312.4
Loans and advances to customers	-	-	18,773.4	18,773.4	18,798.9
Investment securities measured at amortised cost	45.8	-	-	45.8	45.9
Other assets	-	-	25.8	25.8	25.7
Total financial assets	**45.8**	**2,465.9**	**18,799.2**	**21,310.9**	**21,336.4**
Amounts due to banks	-	585.1	-	585.1	585.1
Deposits from customers	-	-	19,076.3	19,076.3	19,110.9
Other liabilities	-	-	114.8	114.8	114.8
Debt securities in issue	393.2	802.5	-	1,195.7	1,190.9
Subordinated notes	304.7	-	-	304.7	300.4
Total financial liabilities	**697.9**	**1,387.6**	**19,191.1**	**21,276.6**	**21,302.1**

£ million	As at 30 June 2025 (restated)				
	Level 1	Level 2	Level 3	Fair value	Carrying value
Cash and balances at central banks	-	1,182.3	-	1,182.3	1,182.3
Loans and advances to banks	-	292.3	-	292.3	292.3
Loans and advances to customers	-	-	16,554.0	16,554.0	16,599.7
Investment securities measured at amortised cost	329.1	-	-	329.1	329.1
Other assets	-	-	13.0	13.0	13.0
Total financial assets	**329.1**	**1,474.6**	**16,567.0**	**18,370.7**	**18,416.4**
Amounts due to banks	-	795.8	-	795.8	795.8
Deposits from customers	-	-	16,999.0	16,999.0	17,047.6
Other liabilities	-	-	65.7	65.7	65.7
Debt securities in issue	525.5	409.2	-	934.7	929.4
Subordinated notes	-	103.6	-	103.6	100.9
Total financial liabilities	**525.5**	**1,308.6**	**17,064.7**	**18,898.8**	**18,939.4**

During the period, management identified an error in the methodology used to determine the fair value of certain financial instruments in the prior year disclosures. Following a review of the related calculations and assumptions, the comparative fair values have been restated to correct the error and provide a consistent basis of comparison across reporting periods.

The impact of the restatement on the previously disclosed fair values is as follows:

Financial instrument (£ million)	Previously reported	Adjustment	Restated
Loans and advances to customers	16,277.7	276.3	16,554.0
Deposits from customers	17,264.5	(265.5)	16,999.0
Debt securities in issue	1,047.4	(112.7)	934.7

In addition, the fair value hierarchy disclosure for financial assets measured at amortised cost was omitted from the prior year audited financial statements. This disclosure, including the comparative fair value hierarchy information as at 30 June 2025, has therefore been presented in the current years financial statements.

These changes affect the disclosures only and have no impact on the carrying amounts of the relevant financial instruments or on previously reported profit or loss, net assets or regulatory capital.

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

Loans and advances are valued using discounted cash flow techniques. Expected future contractual cash flows are discounted using rates that a market participant would require for similar assets at the reporting date. The discount rates applied incorporate an assessment of expected credit losses and other factors that market participants would consider when determining the value of the portfolio.

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. Deposits from customers

The fair value of customer deposits is determined using discounted cash flow techniques. For deposits with fixed contractual maturities, future cash flows are discounted using market rates for comparable products. For deposits with no fixed maturity, fair value is considered to approximate carrying value.

g. Debt securities in issue

Where available, the fair value of debt securities in issue is determined using prevailing quoted market prices. For instruments for which quoted prices are not available, fair value is estimated using discounted cash flow models and market yields for comparable debt securities at the reporting date.

h. Subordinated notes

The fair value of subordinated liabilities is determined using quoted market prices where available. During the period, the Group's Tier 2 subordinated notes were actively traded and fair value has therefore been determined using the prevailing market price (Level 1). In prior periods, fair value was estimated using discounted cash flow techniques, applying market yields for comparable subordinated debt instruments.

i. Investment securities

Investment 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.

In addition, the Group discloses 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.

	As at 30 June 2026			
£ million	**Level 1**	**Level 2**	**Level 3**	**Total**
Derivatives held for risk management	-	135.6	-	135.6
Investment securities:				
Asset backed securities	-	225.1	-	225.1
UK gilts and supranational bonds	1,377.2	-	-	1,377.2
Covered bonds	207.2	-	-	207.2
Treasury bills	89.1	-	-	89.1
Corporate bonds	22.1			22.1
Total financial assets	**1,695.6**	**360.7**	**-**	**2,056.3**
Derivatives held for risk management	-	64.4	-	64.4
Total financial liabilities	**-**	**64.4**	**-**	**64.4**

	As at 30 June 2025			
£ million	**Level 1**	**Level 2**	**Level 3**	**Total**
Derivatives held for risk management	-	178.6	-	178.6
Investment 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**

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 of transferred assets and associated liabilities

Securitisation vehicles

The transfer of beneficial ownership of loans and advances to customers by Aldermore Bank and MotoNovo Finance to the securitisation vehicles does not meet the criteria for derecognition. Consequently, these loans and advances remain recognised on the Group's statement of financial position.

Securitisation vehicles issue notes to both external investors and, where applicable, other Group entities. Notes held by external investors remain recognised as financial liabilities in the Group's consolidated statement of financial position. Notes held by Group entities, together with the related receivable and payable balances, are eliminated on consolidation.

The originating entity also recognises a deemed-loan financial liability, with an equivalent deemed-loan asset recognised by the relevant securitisation vehicle. These deemed-loan balances are intra-Group balances and are therefore eliminated on consolidation. They reduce as customers make principal repayments on the underlying transferred loans and advances, while the proceeds are applied to the externally held notes in accordance with the relevant securitisation arrangements.

The Group retains substantially all of the risks and rewards of ownership of the transferred assets. It benefits to the extent that surplus income generated by the transferred assets exceeds the associated administration costs and continues to bear the credit risk associated with those assets.

The results of the securitisation vehicles listed in note 22 are consolidated into the Group's results. The table below sets out the carrying amounts and fair values of the assets transferred to the securitisation vehicles and the associated liabilities, including externally issued notes, as recognised in the Group accounts.

	As at 30 June 2026				
	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.4 PLC	195.5	168.2	194.8	168.9	26.1
Oak No.5 PLC	313.7	222.8	314.8	224.3	90.5
MotoMore Limited	928.2	799.9	927.3	802.5	124.9

	As at 30 June 2025 (restated)				
	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.4 PLC	249.7	219.2	247.7	220.6	27.0
Oak No.5 PLC	424.4	302.6	426.9	304.8	122.1
MotoMore Limited	458.9	407.6	419.7	409.2	10.4

During the period, management identified an error in the methodology used to determine the fair value of certain financial instruments in the prior year disclosures. Following a review of the related calculations and assumptions, the comparative fair value disclosures have been restated to correct the error and provide a consistent basis of comparison across reporting periods. The fair value of associated liabilities in relation to Oak No.5 PLC were previously disclosed as £417.5 million and as a consequence the net position was disclosed as £9.4 million. Following the correction, the fair value of these liabilities has been restated to £304.8 million and the resulting net position has been restated to £122.1 million.

31. Related parties

a. Controlling parties

Aldermore Group PLC is wholly owned by FirstRand International Limited, a company incorporated in Guernsey (registered number 17166). FirstRand International Limited is a wholly owned subsidiary of FirstRand Limited, a company incorporated in South Africa (registered number 1966/010753/06), which is the Group's ultimate parent undertaking and controlling party.

The consolidated financial statements of FirstRand Limited are publicly available from its registered office at c/o 4 Merchant Place, Corner Fredman Drive and Rivonia Road, Sandton, Gauteng, South Africa, 2196.

Transactions with fellow subsidiaries and other entities within the FirstRand Group were as follows:

- Amounts payable to FirstRand Bank Limited at 30 June 2026 totalled £151.1 million (30 June 2025: £252.8 million), including subordinated securities of £150.0 million (30 June 2025: £250.9 million)
- Amounts receivable from FirstRand Bank Limited at 30 June 2026 totalled £1.6 million (30 June 2025: £1.6 million) predominantly relating to administrative and operational costs recharged in relation to Motor Finance remediation activities undertaken by the Group on behalf of FirstRand London Branch.
- During the year, the Group recognised income of £14.6 million (year ended 30 June 2025: £6.0 million) relating to administrative costs recharged to FirstRand Bank Limited by MotoNovo Finance Limited.
- During the year, the Group incurred charges of £22.0 million (30 June 2025: £25.1 million) comprising a subordinated loan note coupon of £2.0 million (30 June 2025: £7.9 million), an AT1 coupon of £12.0 million (30 June 2025: £11.3 million) with the remainder relating to operating expenses. The £100.0 million of Tier 2 capital issued to FirstRand Bank Limited was redeemed during the year.

FirstRand Limited provides a guarantee to the Bank of England in respect of the Group's drawings under central bank market-wide repo facilities, which include Indexed Long-Term Repo ("ILTR") and Short-Term Repo ("STR") (see note 18 for further details).FirstRand's guarantee also previously covered drawings under the Term Funding Scheme with additional incentives for SMEs ("TFSME"), which have been fully repaid.

b. Associates

The Group holds a 48% interest in AFS Group Holdings Limited which was acquired on 28 September 2017. During the year ended 30 June 2026, the Group paid commission of £2.5 million to the associate (30 June 2025: £2.5 million). The Group also received dividends totalling £1.7 million during the year (30 June 2025: £1.1 million). Further details on this can be found in note 15.

c. Key management personnel compensation

Key management personnel (“KMP”) comprise the Directors of the Group and members of the Executive Committee. KMP compensation, as recognised in profit or loss in accordance with IAS 24, is set out below:

	Year ended 30 June 2026 £m	Year ended 30 June 2025 £m
Short-term employee benefits	12.4	13.0
Post-employment benefits	0.4	0.3
Other long-term benefits	-	-
Total	**12.8**	**13.3**

During the year ended 30 June 2026, KMP were granted awards which are linked to the share price of the ultimate parent FirstRand Limited of £1.5 million (30 June 2025: £1.5 million), and a deferred bonus of £1.5 million (30 June 2025: £1.1 million). Further details of these schemes are provided on page 174.

32. Business Combination

On 16 March 2026, Aldermore Bank PLC acquired certain assets and liabilities of Octane Capital Limited as part of its strategy to diversify its lending activities through entry into the UK bridging finance market.

Although the transaction was structured as a transfer of assets and liabilities rather than the acquisition of a legal entity, it was assessed to fall within the scope of IFRS 3 Business Combinations and was accounted for using the acquisition method. The acquired assets and liabilities have been recognised at their fair values at the acquisition date.

The goodwill arising on the transaction principally reflects the value expected to be generated from bringing Octane Capital's specialist market expertise, operational capabilities and experienced workforce into the Group.

Revenue and profit / (loss) contribution

From the acquisition date of 16 March 2026 to 30 June 2026 the acquired Octane Capital portfolios contributed revenue of £3.5 million and a £3.0 million loss to the Group. The loss observed includes £2.5 million of transaction costs, as referenced below, and fair value adjustments recorded on completion of the transaction.

The Group has not disclosed the revenue and profit or loss of the combined entity as though the acquisition had occurred on the first day of the financial year. Management has concluded that the preparation of this information is impracticable due to the nature and extent of acquisition accounting adjustments required, including fair value assessments and alignment of accounting policies to IFRS.

Consideration transferred

The purchase consideration for the transaction was £476.5 million, paid entirely in cash on completion. The consideration was determined by reference to the carrying value of the net assets acquired under UK GAAP, together with an agreed premium.

There is no deferred or contingent consideration associated with the transaction.

Transaction costs of £2.5 million were incurred in connection with the acquisition and have been recognised as an expense in the consolidated income statement within administrative expenses, in accordance with IFRS 3.

Identifiable assets and liabilities acquired

The assets and liabilities recognised as a result of the acquisition, at their fair values at the acquisition date, are set out below:

	Net assets acquired £m
Loans and advances to customers	470.0
Other assets	0.4
Property, plant and equipment	0.1
Other liabilities	(0.8)
Total identifiable net assets acquired	**469.7**
Goodwill recognised	**6.8**
Consideration	**476.5**

Goodwill recognised

Goodwill of £6.8 million arose on acquisition, calculated as the excess of the consideration transferred over the fair value of the identifiable net assets acquired.

Goodwill will not be amortised but will be tested annually for impairment, or more frequently if indicators of impairment arise, in accordance with the Group's accounting policy. Further information is included in note 17.

33. Dividends

	Year ended 30 June 2026 £m	Year ended 30 June 2025 £m
Final dividend for the prior year of 5p per share	125.0	-
Total	**125.0**	**-**

During the year, the Group paid a dividend of £125 million in respect of the prior financial year.

34. Post balance sheet events

The Directors are not aware of any 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

The Company financial statements

Company statement of financial position

	Note	As at 30 June 2026 £m	As at 30 June 2025 £m
Assets			
Cash and balances at central banks		8.1	13.3
Amounts receivable from Group undertakings	36	504.6	303.3
Current tax assets		0.1	0.1
Investment in subsidiaries	37	584.6	504.6
Investment in associates	15	4.8	4.8
Total assets		**1,102.2**	**826.1**
Liabilities			
Amounts payable to Group undertakings	35	81.3	10.7
Subordinated notes	23	300.4	100.9
Total liabilities		**381.7**	**111.6**
Equity			
Share capital	26	243.9	243.9
Share premium account		74.4	74.4
Additional tier 1 capital	27	150.0	150.0
Capital redemption reserve		0.2	0.2
Retained earnings		252.0	246.0
Total equity		**720.5**	**714.5**
Total liabilities and equity		**1,102.2**	**826.1**

The notes and information from page 192 onwards form part of these company financial statements.

Aldermore Group PLC profit for the year ended 30 June 2026 was £143.0 million (30 June 2025: profit of £19.7 million).

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

Raj Makanjee
Chief Executive Officer

9 September 2026

Registered number: 06764335

Louise Britnell
Chief Financial Officer

9 September 2026

Company statement of cashflows

	Note	Year ended 30 June 2026 £m	Year ended 30 June 2025 £m
Cash flows (used in) / from operating activities			
Profit before taxation		143.0	20.7
Adjustments for non-cash items and other adjustments included within the income statement		(121.1)	(2.6)
Change in operating assets		(201.3)	5.4
Change in operating liabilities		70.6	(12.2)
Interest paid on subordinated notes		(11.9)	(7.9)
Dividends received		130.9	5.4
Coupons received on Additional tier 1 capital		3.8	5.2
Dividends paid		(125.0)	-
Income tax paid		-	(1.9)
Net cash generated (used in) / from operating activities		**(111.0)**	**12.1**
Cash flows from / (used in) financing activities			
Redemption of subordinated notes	24	(100.0)	-
Proceeds from issue of subordinated notes	24	297.8	-
Repayment of Additional tier 1 capital	24	-	(61.0)
Proceeds from issue of Additional tier 1 capital	24	-	50.0
Proceeds from reduction of investments in subsidiaries		-	11.0
Increase in investment in subsidiaries		(80.0)	-
Coupons paid on Additional tier 1 capital		(12.0)	(11.3)
Net cash generated from / (used) in financing activities		**105.8**	**(11.3)**
Net (reduction) / increase in cash and cash equivalents		**(5.2)**	**0.8**
Cash and cash equivalents at start of the period		13.3	12.5
Movement during the period		(5.2)	0.8
Cash and cash equivalents at end of the period		**8.1**	**13.3**

The notes and information from page 192 onwards form part of these company financial statements.

Company statement of changes in equity

	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 2026						
As at 1 July 2025	**243.9**	**74.4**	**150.0**	**0.2**	**246.0**	**714.5**
Profit after taxation	-	-	-	-	143.0	143.0
Dividend paid	-	-	-	-	(125.0)	(125.0)
Coupon paid on Additional tier 1 capital securities	-	-	-	-	(12.0)	(12.0)
As at 30 June 2026	**243.9**	**74.4**	**150.0**	**0.2**	**252.0**	**720.5**

	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**

The notes and information from page 192 onwards form part of these financial statements.

35. Amounts payable to Group undertakings

	Year ended 30 June 2026 £m	Year ended 30 June 2025 £m
Intercompany loans from Aldermore Bank PLC	81.3	10.7
Total	**81.3**	**10.7**

During the period, the Company repaid in full its £10.0 million loan with Aldermore Bank PLC, together with all interest due.

On 24 April 2026, the Company entered into an £80.0 million loan facility with Aldermore Bank PLC. The facility bears interest at a fixed rate of 8.75% per annum, payable semi-annually, and matures in November 2033. The lender has the option to redeem the loan early after five years from inception.

36. Amounts receivable from Group undertakings

	Year ended 30 June 2026 £m	Year ended 30 June 2025 £m
Subordinated loan to Aldermore Bank PLC	302.2	100.9
Deposit with Aldermore Bank PLC	202.4	202.4
Total	**504.6**	**303.3**

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. On 1 October 2025, ahead of the first call date of 22 November 2028, the Company redeemed the loan notes in full and replaced the capital with a £300.0 million subordinated note issuance to Aldermore Bank PLC. The Notes bear interest on the principal at 6.00% per annum from the issue date until the Reset Date, being the first five years of the agreement. The interest is paid semi-annually.

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 2026 the balance of the deposit is £101.1 million (30 June 2025: £101.2 million). The interest is paid semi-annually.

The Company placed an additional £100.0 million on deposit with Aldermore Bank PLC on 27 June 2024 with interest of 4.75% per annum with interest paid semi-annually. As at 30 June 2026 the balance of the deposit is £101.3 million (30 June 2025: £101.2 million).

37. Investment in subsidiaries

Accounting policy

Investments in Group undertakings are initially recognised at cost. At each reporting date, the Company assesses whether there are indicators of impairment and, where such indicators exist, tests whether the recoverable amount is lower than the carrying value.

The investment in subsidiaries of £584.6 million (30 June 2025: £504.6 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.

On 24 April 2026, MotoNovo Finance Limited issued £80 million of additional preference shares which were fully subscribed by the Aldermore Group PLC.

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.4 Mortgage Holdings Limited*	13297083	Holding company for securitisation vehicle	*	*	UK[4]
Oak No.4 PLC*	13303107	Securitisation vehicle	*	*	UK[4]
Oak No.5 Mortgage Holdings Limited*	15785726	Holding company for securitisation vehicle	*	*	UK[5]
Oak No.5 PLC*	15785981	Securitisation vehicle	*	*	UK[5]
MotoMore Limited*	11971125	Securitisation vehicle	*	*	UK[4]
Turbo Finance 10 Holdings Ltd	17030673	Holding company for securitisation vehicle	*	*	UK[4]
Turbo Finance 10 Plc	17034351	Securitisation vehicle	*	*	UK[4]

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] Registered address Duo Building, level 6, 280 Bishopsgate, London, England, United Kingdom, EC2M 4RB.

[5] Registered address 10th Floor, 5 Churchill Place, London, England, United Kingdom, E14 5HU.

Additional information

Country-by-country report

The country-by-country reporting requirements originate from Article 89 of the Capital Requirements Directive (CRD IV) and require institutions within scope to make annual public disclosures.

These disclosures are presented on a country-by-country basis and include specified information on the nature and scale of activities in each jurisdiction in which the institution operates. The purpose of these requirements is to provide increased transparency regarding the source of the Group's income and the locations of its operations. The Group did not receive any public subsidies.

All companies consolidated within the Group's financial statements are registered entities in England and Wales. Note 37 to these financial statements include an analysis of subsidiary undertakings and their principal activities. All subsidiary undertakings were incorporated in the UK.

	Jurisdiction income / expense arose	**Year ended 30 June 2026 £m**	**Year ended 30 June 2025 £m**
Total operating income	UK	604.4	600.4
Profit before tax	UK	51.2	193.5
Corporation tax (paid net of refunds received)	UK	(32.5)	(59.9)
Employees (average headcount)	UK	1,837	1,959

Alternative performance measures

In reporting financial performance, the Group uses certain measures that are not defined or required under International Financial Reporting Standards ("IFRS"), the accounting standards under which the Group prepares it's financial statements.

These measures, known as Alternative Performance Measures ("APMs"), are unaudited and provide additional insight into the underlying performance of the Group. Some APMs are also used by management as Key Performance Indicators ("KPIs") to assess the Group's performance.

They should be considered as supplementary to, and not a substitute for, the IFRS measures reported in the financial statements. The Alternative Performance Measures used by the Group are defined below:

Cost:income ratio

KPI	Definition
Yes	Statutory total operating expenses as a percentage of total income.

	Year ended 30 June 2026	Year ended 30 June 2025
Statutory total operating expenses (£m)	508.9	391.0
Total operating income (£m)	604.4	600.4
Cost:income ratio (%)	**84.2%**	**65.1%**

Cost of risk

KPI	Definition
Yes	Impairment losses on loans and advances to customers divided by the average gross loans and advances to customers for the year.

	Year ended 30 June 2026	Year ended 30 June 2025
Impairment losses on loans and advances to customers (£m)	45.2	16.6
Average gross loans and advances to customers (£m)	17,712.8	16,090.6
Cost of risk (bps)	**26**	**10**

Impairment coverage ratio

KPI	Definition
No	Expected credit losses as a percentage of gross loans and advances to customers (including undrawn commitments).

	Year ended 30 June 2026	Year ended 30 June 2025
Expected credit losses (£m)	248.6	258.0
Gross loans and advances to customers (including undrawn commitments) (£m)	19,742.6	17,428.5
Impairment coverage ratio (%)	**1.26%**	**1.48%**

Loan-to-deposit ratio

KPI	Definition
No	Net loans and advances to customers as a percentage of Customers' accounts.

	Year ended 30 June 2026	Year ended 30 June 2025
Loans and advances to customers (£m)	18,798.9	16,599.7
Deposits from customers (£m)	19,110.9	17,047.6
Loan-to-deposit ratio (%)	**98%**	**97%**

Net interest margin

KPI	Definition
Yes	Net interest income as a % of average Loans and advances to customers

	Year ended 30 June 2026	Year ended 30 June 2025
Net interest income (£m)	604.1	597.9
Average loans and advances to customers (£m)	17,456.3	15,801.0
Net interest margin (%)	**3.46%**	**3.78%**

Non-performing loan coverage ratio

KPI	Definition
No	Stage 3 (non-performing) expected credit losses as a percentage of Gross balance of stage 3 (non-performing) loans

	Year ended 30 June 2026	Year ended 30 June 2025
Expected credit losses on non-performing loans and advances to customers (£m)	131.7	145.3
Non-performing loans and advances to customers (£m)	576.9	569.8
Non-performing loan coverage ratio (%)	**22.8%**	**25.5%**

Non-performing loan ratio

KPI	Definition
No	Gross balance of stage 3 (non-performing) loans as a percentage of gross loans and advances to customers.

	Year ended 30 June 2026	Year ended 30 June 2025
Non-performing loans and advances to customers (£m)	576.9	569.8
Gross loans and advances to customers (£m)	19,047.5	16,857.7
Non-performing loan ratio (%)	**3.0%**	**3.4%**

Return on equity

KPI	Definition
Yes	Statutory profit after tax attributable to ordinary shareholders (after deducting AT1 coupon payments) as a percentage of average shareholders' equity excluding AT1 capital.

	Year ended 30 June 2026	Year ended 30 June 2025
Statutory profit after tax (less AT1 coupon) (£m)	31.6	129.8
Average shareholders equity excluding AT1 capital (£m)	1,695.3	1,681.3
Return on equity (%)	**1.9%**	**7.7%**

Underlying operating expenses

KPI	Definition
No	Operating expenses excluding certain items that are considered to distort year-on-year comparisons, providing a clearer view of the underlying cost performance of the Group. Details of the non-underlying costs, as well as a reconciliation from total operating expenditure on a statutory basis to underlying operating expenditure are included in the Financial Review from page 17.

Underlying profit before tax

KPI	Definition
Yes	Underlying profit before tax is an adjusted measure used to reflect the underlying performance of the Group, with certain operating costs excluded to aide users of these financial statements. Details of the cost items adjusted, as well as a reconciliation from statutory profit before tax to underlying profit before tax are included in the Financial Review from page 17.

Glossary and definition of key terms

Additional tier one capital ("AT1")	Perpetual capital instruments that qualify as Additional Tier 1 regulatory capital.
Alternative performance measures ("APMs")	Unaudited non-IFRS financial measures used by management as Key Performance Indicators (KPIs) to assess the Group's performance.
Capital Requirements Directive V ("CRD V")	Capital Requirements Directive V amended the European Union prudential framework for credit institutions and investment firms and formed part of the implementation of the Basel III framework.
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").
Common Equity Tier 1 capital ("CET1")	The highest quality of regulatory capital, comprising eligible common equity instruments, retained earnings and other qualifying reserves, after applicable regulatory adjustments and deductions.
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 ("ETR")	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")	The Group's assessment of its material risks and the amount, type and distribution of capital and other financial resources it considers adequate to cover those risks, including under stressed conditions.
Internal Liquidity Adequacy Assessment Process ("ILAAP")	The Group's assessment of its liquidity and funding risks and the adequacy of its liquidity resources, funding profile, systems and controls to manage those risks under normal and stressed conditions.
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.
Leverage ratio	Tier 1 capital expressed as a percentage of the total exposure measure.
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")	The minimum amount of own funds and eligible liabilities that a firm is required to maintain so that sufficient financial resources are available to absorb losses and support recapitalisation in resolution.

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 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 / Risk-weighted Exposure Amount (“RWAs / RWEAs”)	The Bank's on- and off-balance sheet exposures, weighted in accordance with applicable regulatory methodologies to reflect their relative risk.
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 issuer.
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 comprises Common Equity Tier 1 capital and Additional Tier 1 capital, after applicable regulatory adjustments.
Tier 2 capital	A category of regulatory capital comprising eligible Tier 2 instruments and other qualifying items, after applicable regulatory adjustments. Together with Tier 1 capital, it forms total capital.

Company Information

Non-Executive Directors

Pat Butler
Richard Banks CBE
resigned 5 January 2026
Desmond Crowley
resigned 31 July 2026
Markos Davias
Ruth Handcock
Paul Lawrence
appointed 1 December 2025
Alasdair Lenman
Romy Murray
Adrian Sainsbury
appointed 9 April 2026
Mary Vilakazi

Independent Auditor

KPMG LLP
15 Canada Square
London
E14 5GL

Executive Directors

Raj Makanjee
appointed 3 November 2025
Louise Britnell
appointed 15 September 2025
Steven Cooper CBE
resigned 31 October 2025
Ralph Coates
resigned 15 September 2025

Company Secretary

Melissa Conway

Registered Office

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

Incorporated in England and Wales
Company number: 06764335

Aldermore

Aldermore