Press release

Aldermore

06 March 2025

Aldermore continues to drive robust portfolio growth and improved profitability

Half year results for six months to 31 December 2024

Aldermore Group has posted a 14% growth in profit before tax to £119.4m (H1 2024: £104.6m), reflecting a robust trading performance, careful cost management and a lower impairment charge. The Group's targeted approach to portfolio growth, prioritising sub-segments of the market which offer attractive through-the-cycle returns, has enabled it to largely offset pressure on revenue as a result of falling interest rates. Strong cost discipline has enabled the Group to continue to invest in its operating platforms and propositions despite inflationary headwinds.

The Group enters 2025 well-positioned to drive continued portfolio growth and repay its remaining TFSME[1] funding (H1 2025: £465m; H1 2024: £1,065m), underpinned by a strong pipeline of new business, robust capital position and stable funding base, with a CET1 ratio[2] of 16.2% and a liquidity coverage ratio of 204%.

Steven Cooper, CEO of Aldermore Group said:

"We're pleased to have delivered another strong period of performance, driven by healthy underlying trading, and prudent management of our costs. We continue to focus on building our resilience and ability to navigate a still-challenging economic environment, with ongoing inflationary pressures. Although interest rates may decline further this year, they remain elevated, and we're proud to have grown our lending to continue to support our customers, helping empower them to live their lives and successfully build their businesses.

"This growth is underpinned by our strategic focus on delivering long-term value for our customers and shareholder, leaving us well placed for the year ahead and for the longer-term. Our recent first-time Baa2 long-term issuer rating from Moody's recognises both the Group's financial strength and the credibility of its strategic plan."

Financial Performance (£million)	**H1 2025**	**H2 2024**	**H1 2024**	**Change vs. H2 2024**	**Change vs. H1 2024**
Income Statement					
Net interest income	297.1	303.0	301.3	(2%)	(1%)
Other operating (expense) / income	(1.3)	(11.5)	(7.0)	(89%)	(81%)
Total income	**295.8**	**291.5**	**294.2**	**1%**	**1%**
Operating expenses	(165.2)	(186.5)	(164.5)	(11%)	0%
Impairment (losses) / releases	(11.2)	43.4	(25.1)	(126%)	(55%)
Profit before tax	**119.4**	**148.5**	**104.6**	**(20%)**	**14%**
Key Performance Indicators					
Net interest margin (%)	3.81%	4.02%	3.99%	(0.21%)	(0.18%)
Cost / income ratio (%)	55.8%	64.0%	55.9%	(8.1%)	(0.1%)
Cost of risk (bps)	14bps	(56)bps	33bps	71bps	(18)bps
Return on equity (%)	10.0%	13.9%	9.6%	(3.9%)	0.4%

Group Balance Sheet (£million)	Dec 2024	Jun 2024	Dec 2023	Change vs. Jun 2024	Change vs. Dec 2023
Customer lending[3] balances	15,711	15,337	14,983	2%	5%
Customer deposit balances	16,618	16,307	15,892	2%	5%

Group Capital and Liquidity (%)	Dec 2024	Jun 2024	Dec 2023	Change vs. Jun 2024	Change vs. Dec 2023
CET1 ratio[2]	16.2%	15.9%	14.9%	0.4%	1.3%
Total capital ratio[2]	18.8%	18.4%	17.5%	0.3%	1.3%
Liquidity coverage ratio	204%	241%	248%	(37%)	(44%)

- Group profit before tax increased £14.8m (14%) to £119.4m (H1 2024 £104.6m), reflecting a robust trading performance and careful cost management, with income pressures and inflationary headwinds more than offset by a lower impairment charge. The Group's profit before tax includes the impact of fair value accounting adjustments on interest rate risk hedging instruments, which have a net nil impact on the Group's profits across the life of the hedged exposure
- Total customer lending at £15,711m increased £728m or 5% (H1 2024: £14,983m), with the Group driving targeted portfolio growth in sub-segments of the market which offer attractive, through-the-cycle returns
- Total customer deposits at £16,618m increased £725m or 5% (H1 2024: £15,892m) driven by growth in the Group's Personal Savings and Corporate Treasury franchises
- Net interest income of £297.1m decreased 1% (H1 2024: £301.3m) reflecting the impact of pressure on pricing as interest rates begin to fall, with NIM reducing by 18bps to 3.81%
- Other operating income reflects a loss of £1.3m (H1 2024: £7.0m loss), largely driven by the impact of fair value accounting adjustments on derivatives and other financial instruments used by the Group to hedge interest rate risk. These adjustments in H1 2025 resulted in a loss of £1.4m (H1 2024: £10.8m loss)
- Operating expenses were broadly flat year-on-year, reflecting careful cost management against a backdrop of continued inflationary pressure. The Group's operating expenses continue to reflect investment in customer and colleague experience, as well as a programme of investment in its technology estate which will support Aldermore's long term growth ambitions (H1 2025: £15.6m; H1 2024: £17.4m)
- An impairment charge of £11.2m was recognised (H1 2024: £25.1m), including the positive impacts of a number of model updates and enhancements, as well as a more stable interest rate outlook. Underlying arrears performance remains robust and continues to track broadly in-line with expectation
- Return on equity was 10.0% (H1 2024: 9.6%), reflecting improved profits, partially offset by higher average equity holdings in the year (on the back of a number of years of strong profitability)
- The Group continues to strengthen its capital position, with an improved CET1 ratio of 16.2% (H1 2024: 14.9%) and a total capital ratio of 18.8% (H1 2024: 17.5%), providing future headroom to declare dividends to FirstRand
- The Group continues to maintain a robust liquidity buffer, with a liquidity coverage ratio of 204% (H1 2024: 248%). The reduction in the Group's liquidity coverage ratio was broadly in-line with expectation, reflecting the repayment of £600m of TFSME in H1 2025. The Group is well positioned to repay the remainder of its TFSME funding (£465m) as it matures in the second half of the 2025 calendar year
- In January 2025, the Group published its Baa2 long-term issuer rating with Moody's with a stable outlook, which recognises the Group's financial strength and credibility of its strategic plan. The credit rating will support the Group's future plans to diversify its wholesale funding and capital issuance

FCA Motor Finance Commission Review

- In June 2024, Aldermore Group recognised a £15m provision for the potential impact of the Financial Conduct Authority (FCA) review into historical motor finance discretionary commission arrangements. In light of the October 2024 Court of Appeal judgement, which goes beyond the scope of the original FCA motor finance commission review, a contingent liability has been disclosed by Aldermore's parent company, FirstRand, in relation to this matter. This contingent liability reflects the prevailing legal uncertainty and the complexity of the legal and regulatory outcomes that could emerge. Further detail in relation to this contingent liability can be found within the FirstRand Group's interim financial results, available here[4]
- Following the Supreme Court hearing in April 2025, and the FCA's update in May 2025, the Group may have greater insights, particularly with regard to potential remedy scenarios. At that point the Group will revisit the need to raise a further provision for the year to June 2025.

-ENDS-

Notes to Editors

[1] 'TFSME' refers to Term Funding Scheme with additional incentives for SMEs (TFSME)

[2] CET1 and total capital ratio are presented on an IFRS9 transitional basis inclusive of unaudited profits for the six months to December 2024

[3] Customer lending balances shown net of impairment

[4] The relevant disclosure can be found within the Contingencies and Commitments note included within the FirstRand analysis of financial results – December 2024, accessible via the link above

For further information contact:

Tania Suckley, Aldermore
Phone: +44 (0) 7584 461285
Email: tania.suckley@aldermore.co.uk

Ed Hooper, Lansons
Phone: +44 (0) 7783 387713
Email: edh@lansons.com

Aldermore Group

Aldermore backs more people to go for it, in life and business. We champion equality by supporting and getting finance to the people who want to get on in life; building businesses, buying property, and purchasing vehicles.

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

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

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