

12 March 2019

## ALDERMORE CELEBRATES TEN YEARS OF BANKING AS IT SHOULD BE

### H1 results to 31 December 2018 show an RoE of 16%, and continued growth in lending and deposits

As Aldermore approaches its 10<sup>th</sup> birthday on 20 May, the Group is pleased to announce results for the six months to 31 December 2018, which show sustained profit and continued financial delivery across the Group's balanced portfolio of loans, along with further growth in customer deposits.

#### Financial Highlights

- RoE of 16% (H1 FY2018: 13%)
- Loan growth for the six months of 4% to £9.4bn (30 June 2018: £9.0bn), equivalent to an annual growth of 9%
  - good growth across the diversified portfolio, Business Finance loans +3% to £3.2bn; Retail Mortgages +5% to £6.2bn
- Net interest margin maintained at 3.6% (H1 FY2018: 3.5%)
- Growth supported by organic originations of £1.6bn (H1 FY2018: £1.6bn) and strong retention
- Customer deposits grew to £8.0bn (30 June 2018: £7.8bn)
- Profit before tax of £74.7m (H1 FY2018: £62.8m)
- Cost to income ratio at 50% (H1 FY2018: 57% impacted by transaction related costs)
- Continued secure and well controlled credit performance with cost of risk at 23bps (H1 FY2018: 15bps). Transitioned to IFRS9 on 1 July 2018
- Strongly capitalised with CET1 capital ratio up 33bps to 12.6% (30 June 2018: 12.3%)
- Continue to delight our customers; satisfaction ratings amongst Retail Savings customers has reached an all-time high of +67 while satisfaction amongst Business Savings customers has reached a high of +69
- Net Promoter Scores amongst brokers within Residential Mortgages has significantly improved (from +6 to +46) between May 2018 and November 2018
- Integration with Motonovo proceeding well and expected to complete by summer 2019

#### 10 Year Highlights

- The UK's first Challenger Bank founded in May 2009
- 10 consecutive years of loan growth since 2009
- Grown from 30 to over 1,000 employees
- Residential mortgages established in 2010. Since then, total gross mortgage lending has exceeded £9bn
- Aldermore Group PLC commenced trading on the London Stock Exchange in March 2015
- Aldermore acquired by FirstRand and delisted from the London Stock Exchange in March 2018
- Trained over 600 Brokers since launching the Aldermore Broker Training Academy in 2014
- Have won over 70 awards since launch, across Savings, Mortgages and Business Finance
- First bank in the UK to let customers rate and review products openly online

#### Phillip Monks OBE, Chief Executive Officer, commented:

*"In a competitive market we have achieved good profitability and returns while managing risk appropriately. We have a balanced portfolio of assets that has served us well. Under FirstRand's ownership, Aldermore has continued to serve and seek out specialist areas of the market where we can achieve superior returns by providing customers with an exceptionally high level of service."*

#### Commenting on Aldermore's 10-year anniversary he added:

*"Ten years ago, many small businesses were losing a battle for survival as the banking establishment pulled up the drawbridge. Founded as a start-up in 2009, Aldermore was the first of a new breed of challenger banks to offer a strong alternative and I'm proud of the additional choice we have made available to businesses, homeowners and landlords. We've built a robust, secure bank that has grown year after year by treating customers as individuals rather than numbers. We think it's an approach that will bring continued success in the decade to come."*

## **Outlook**

We see good opportunities for further growth in our specialist chosen niches, where our brand is highly respected. As we await the outcome of the UK's Brexit negotiations, there is a high degree of uncertainty in terms of the economic outlook. Competition among banks is intense and the operating environment is expected to remain challenging, with bank margins under continuing pressure. Within this environment, we will continue to focus on maintaining a high-quality diversified portfolio.

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## **Aldermore**

Aldermore Group PLC is a specialist bank offering straightforward products to Small and Medium-sized Enterprises (SMEs), homeowners, landlords and individuals.

Aldermore has no branch network but serves customers and intermediary partners online, by phone and face to face through its network of regional offices located around the UK.

Building on its core values of being reliable, expert, dynamic and straightforward, Aldermore aims to deliver banking as it should be.

Established in 2009, Aldermore has grown significantly. At the end of December 2018, lending to customers stood at £9.4bn. In March 2018, Aldermore became part of FirstRand Group, one of the largest financial institutions in South Africa.

For more information, please visit [www.aldermore.co.uk](http://www.aldermore.co.uk).

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Aldermore Bank PLC is an operating entity of Aldermore Group PLC.

Aldermore Bank PLC is regulated by the Prudential Regulation Authority and the Financial Conduct Authority and is registered under the Financial Services Compensation Scheme.