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Resilient financial performance despite tough economic environment Half year results to 31 December 2020

Aldermore Group's results for the first half of financial year 2021 show robust performance with a profit before tax of £57.6m despite higher impairment charges; reflecting the ongoing economic volatility. Customers have also exceeded half a million for the first time (over 580,000¹) with more people choosing Aldermore for their lending and saving needs.

Phillip Monks, CEO of Aldermore Group, commented:

"Our priorities throughout the Covid-19 pandemic have been to support our customers and safeguard our colleagues' wellbeing. During this period, we've provided nearly 56,000 customers with payment relief such as mortgage payment breaks and I'm pleased to report that as a result of working with our customers, the vast majority have now resumed repayments. We've also redoubled our efforts to care for colleagues' mental and physical health during the prolonged impacts of Covid-19, by introducing a range of new initiatives to support our colleagues.

"It's been one of the most unprecedented economic periods the UK has experienced. However, these results show an enduring resilience and a disciplined approach that continues to return a profit, while backing our customers through the challenges they've faced. Looking ahead, the economic environment remains uncertain. What is clear though is that it will need a collective effort to get the UK economy back on its feet and to prosper. That's why, across the Aldermore Group, we're working hard on our customer propositions; getting finance to where it's needed by backing UK SMEs, homeowners, landlords, and vehicle owners, and offering competitive savings products.

"We're also continuing our investment in digitisation and automation to improve our customer experiences. Given our strong capitalisation and resilient half year results, we've good momentum to build upon to help customers through the remainder of the pandemic and grasp the opportunities during the recovery ahead."

Robust Financial Performance in a challenging environment:

- Net lending to customers at £13.0bn (30 June 2020: £12.4bn)
 - MotoNovo Finance² up £0.7bn to £2.5bn reflecting continued growth and pent up demand in the months following the first UK lockdown
 - Growth of £0.1bn in Retail Mortgages to £7.4bn due to lower customer activity as a result of continued uncertainty in the economy
 - £0.2bn reduction in Business Finance to £3.1bn as Covid-19 continues to significantly impact levels of customer activity
- Total customer deposits grew 6% to £11.5bn (30 June 2020: £10.9bn) to support growth and maintain a prudent liquidity position
- Aldermore Group profit before tax was £57.6m (6 months to 31 Dec 2019: £59.4m). The impairment charge of £49.3m (6 months to 31 Dec 2019: £26.0m) reflects the volatile macroeconomic outlook, the ongoing impact of payment relief schemes and the increased loan book. Consequently, the Cost of Risk increased by 30bps to 76bps (6 months to 31 Dec 2019: 46bps), however this is lower than the cost of risk in the six months to 30 June

2020 (174bps) as impairments increased reflecting the unprecedented macroeconomic volatility and the high number of customers requiring support at the time

- Net interest margin increased to 3.3% (6 months to 31 Dec 2019: 3.2%) benefitting from a positive impact on the business mix as a result of MotoNovo Finance growth
- Cost to Income ratio³ improved to 49.9% (6 months to 31 Dec 2019: 53.5%) reflecting income recognition on MotoNovo Finance loan growth to date
- Group Return on Equity was stable at 8.0% (6 months to 31 Dec 2019: 7.7%) despite a slight reduction in profit, as the capital injected to support MotoNovo Finance growth was utilised
- CET1 ratio⁴ remains strong at 13.3% (30 June 2020: 13.3%) and reflects the expected utilisation of the capital previously injected to pre-fund MotoNovo Finance lending growth

-ENDS-

Notes to Editors

1. Customer numbers at 30 June 2020: 490,000

2. MotoNovo Finance Limited began trading as part of the Aldermore Group on 5 May 2019. Business written by MotoNovo Finance prior to 5 May 2019 (backbook) remains on the balance sheet of FirstRand London Branch, and is not included in the results presented above. Including the backlog, MotoNovo Finance combined net loans grew £0.2bn to £3.6bn from 30 June 2020 and generated a profit before tax of £17.1m.

3. Excludes costs and income incurred by MotoNovo Finance Ltd in servicing the existing backlog of loans on behalf of FirstRand London Branch.

4. CET1 ratio is presented on an IFRS9 transitional basis.

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Aldermore Group

Aldermore backs people to fulfil life's hopes and dreams. We champion equality by supporting the exceptions to the rule and getting finance to where it's needed by lending the money people save with us, to 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 support savers. It operates exclusively online, by phone and through networks. MotoNovo Finance helps people buy their next car, van or motorcycle and it owns and operates findandfundmycar.com.

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

For more information, please visit aldermore.co.uk motonovofinance.com

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