

02 March 2023

## Results demonstrate robust performance despite tough economic backdrop

### Half year results for the six months to 31 December 2022

Aldermore Group delivered statutory profit before tax of £111.9m in H1 2023, up 2% on the prior year (H1 2022: £110.1m). The Group continues to deliver growth in lending, improved margins, and a lower cost to income ratio whilst investing for future growth.

Financial Performance (£m)	H1 2023	H2 2022	H1 2022	Change vs. H2 2022	Change vs. H1 2022
Total Income	316.3	304.5	259.6	4%	22%
Operating Expenses	(149.8)	(163.7)	(138.3)	(8)%	8%
Impairment Losses	(54.6)	(46.2)	(11.2)	18%	386%
<b>Statutory Profit before Tax</b>	<b>111.9</b>	<b>94.6</b>	<b>110.1</b>	<b>18%</b>	<b>2%</b>
Net Interest Margin (%)	3.92	3.98	3.59	(0.06)%	0.33%
Return on Equity (%)	12.2	11.1	13.9	1.1%	(1.7)%
Cost of Risk	72bps	65bps	16bps	7bps	56bps

Balance Sheet and Capital (£m)	Dec 2022	Jun 2022	Dec 2021	Change vs. Jun 2022	Change vs. Dec 2021
Customer Loan Balances	15,468	14,731	13,880	5%	11%
Customer Deposit Balances	15,245	14,105	13,108	8%	16%
Common Equity Tier 1 ratio <sup>3</sup>	14.0%	14.0%	14.1%	-	(0.1)%
Group Loan to Deposit ratio <sup>4</sup>	101%	104%	106%	(3)%	(4)%

#### Steven Cooper, CEO of Aldermore Group said:

“We’re pleased to announce a robust set of H1 results despite a difficult period for the UK economy, with profits and net lending both increasing and growth across all our business lines. I’ve been encouraged that the strategic refresh we undertook last year is starting to bear fruit and we have seen customer numbers grow to over 800,000, whilst deepening our expertise in markets where we already have a longstanding presence.

“Even though there’s been considerable turmoil in the mortgage market in recent months, we’ve still seen encouraging growth in our Retail Mortgages division, with a particularly strong performance in our specialist buy to let business. We are proud to have launched our new platinum service for brokers which will see us offer the very best support to those who we work most closely with to find the right mortgages for our customers.

“In our Motor business, net lending continues to grow considerably, supported by high demand in the used car market.

“Business Finance lending is growing steadily driven by an increase in average deal sizes and our footprint in new areas, including fleet funding.

“In Savings, total deposits for personal customers surpassed £10bn for the first time and our accounts remain amongst the most competitive in the market and continue to win awards.

“We are acutely aware that high rates of inflation and tough economic conditions have placed significant pressure on many families and businesses. To help with these challenges we’ve been offering extra support to customers and made a special effort to contact those we think are most vulnerable so we can help them navigate through difficult circumstances.

“Despite this we are cautiously optimistic for the future. We’re modernising Aldermore and in recent months we’ve added highly experienced new leaders to our team, bringing new perspectives and expertise to drive our strategy forward. By continuing to invest in both our people and technology, while remaining focussed on providing a service to customers that surpasses that of the high street banks, we can build significant growth in our business for the future.”

### **Financial Results (unaudited) for H1 2023:**

- Aldermore Group reported a statutory profit before tax of £111.9 million, compared to £110.1 million in H1 2022
- Group net lending at £15.5bn increased £0.7 billion, or 5%, in H1 2023 (June 2022: £14.7bn), with growth across all divisions:
  - Retail Mortgage lending at £7.6 billion increased £0.4 billion, or 6% (June 2022: £7.2bn) supported by growth in specialist buy to let
  - Motor<sup>1</sup> lending at £4.2 billion increased £0.2bn, or 6% (June 2022: £4.0bn) with continued high demand in the used car market being partly offset by prioritising margin in a competitive environment
  - Business Finance lending at £3.7 billion increased £0.1 billion, or 2% (June 2022: £3.6bn) driven by increased average deal sizes
- Total customer deposits at £15.2 billion increased £1.1 billion, or 8% (June 2022: £14.1bn), with the majority of growth in personal savings as the Group sought to optimise deposit mix whilst actively responding to market and customer demand
- Total income of £316.3 million increased 22% reflecting NIM improvement, net lending growth and a non-cash fair value gain of £6.7 million on the Group’s hedged loan portfolio. NIM improved 33bps to 3.92% (H1 2022: 3.59%) due to widening deposit margins, partly offset by ongoing lending margin pressure
- Operating expenses of £149.8 million increased 8%, largely due to higher people costs, investment in the Group’s technology and an increase in customer remediation costs. Statutory cost to income ratio<sup>2</sup> is 47.4%, 5.9% lower year-on-year
- The Group’s impairment charge of £54.6 million is £43.4 million higher than the prior year period, leading to an increase in cost of risk to 72bps from 16bps. This reflects the worsening macroeconomic outlook and a prudent approach to the Group’s provisioning
- Statutory Group Return on Equity is 12.2% (H1 2022: 13.9%) due to higher retained earnings
- The CET1 ratio<sup>3</sup> remains strong at 14.0% (June 2022: 14.0%)

**-ENDS-**

### **Notes to Editors**

1. 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
2. Excludes costs and income incurred by MotoNovo Finance Ltd in servicing the existing backlog of loans on behalf of FirstRand London Branch
3. CET1 ratio is presented on an IFRS9 transitional basis. The fully loaded CET1 ratio at H1 2023 is 13.5% (H1 2022: 13.5%)
4. Loan to deposit ratio is calculated using net lending divided by customer deposits

**For further information contact:**

**Andrew Horne, Aldermore**

**Phone:** +44 (0) 7770 099 674

**Email:** [andrew.horne@aldermore.co.uk](mailto:andrew.horne@aldermore.co.uk)

**Twitter:** [@aldermorenews](https://twitter.com/aldermorenews)

**Ed Hooper, Lansons**

**Phone:** +44 (0) 7783 387713

**Email:** [edh@lansons.com](mailto: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 and it owns and operates [findandfundmycar.com](http://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](http://aldermore.co.uk) [motonovofinance.com](http://motonovofinance.com)

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