

03 March 2022

Results demonstrate momentum Half year results to 31 December 2021

Aldermore Group has delivered profit before tax of £110.1m, up 91% on the prior year (31 December 2020: £57.6m). The Group continues to deliver growth in lending, improved margins, and a lower cost of risk whilst investing for future growth.

Steven Cooper, CEO of Aldermore Group said:

“Despite ongoing macroeconomic uncertainty, I’m pleased with our performance in the first half of the year and the momentum on which we can build. In the last six months, we’ve grown to 690,000¹ customers and we’re proud to have helped them through a difficult period, including investing in our in-life management process for those customers in financial difficulty. We’ve also reintroduced our full range of product propositions to support the ambitions of SMEs, homeowners, landlords, vehicle owners and savers.

“We continue our focus on helping UK businesses and have seen growth in demand for specialist finance across all our SME product areas. Within Retail Mortgages there was steady growth in the Owner Occupied book and Buy to Let achieved record levels of product switches. Through improvements in our operational capacity, we’ve driven increases in the pipeline, leaving us well positioned for the second half of the year. MotoNovo Finance delivered strong new business volumes as we’ve loaned over £1bn to personal and business customers to help them buy a car, van or motorbike in the first six months of the financial year. MotoRate, our risk-based pricing model, has gone from strength to strength since its launch last year and has been integral to the success of the business.

“We have responded quickly to market changes and customer demand to deliver consistent choice and competitive products for savers. The growth in our deposits demonstrates the success of our customer-focused offering and the stability of our funding model to support our growing lending portfolio.

“Looking ahead, we are confident in our ability to build on this momentum, making use of our financial strength, business expertise and first-class products and services to back our customers through the current challenging economic environment and beyond.”

Steady loan growth and strong operating profit growth delivered at half year:

- Group net lending increased 3% to £13.9bn (30 June 2021: £13.4bn)
 - MotoNovo Finance² lending increased £0.4bn to £3.4bn as originations benefitted from high levels of activity and higher prices in the used car market
 - Business Finance net lending increased £0.2bn, to £3.3bn with growth achieved across all business lines
 - Retail Mortgages net loans of £7.1bn are £0.2bn lower than June 2021, as growth in Owner Occupied was offset by high levels of redemptions in Buy to Let driven by an expected increase in 5-year fixed product maturities
- Total customer deposits increased 5% to £13.1bn (30 June 2021: £12.4bn), with the majority of growth in personal savings as the Group sought to optimise deposit mix whilst actively responding to market and customer demand
- Aldermore Group profit before tax of £110.1m increased £52.5m on the prior year period (6 months to 31 Dec 2020: £57.6m) largely reflecting lower impairments, with Cost of Risk at 16bps (6 months to 31 Dec 2020: 76bps) due to the significant improvement in the macroeconomic environment

- Net interest margin improved to 3.6% (6 months to 31 Dec 2020: 3.3%) largely driven by the benefit of a change in deposit mix positively impacting cost of funds as gross margins remained resilient despite the low interest rate environment for the majority of the period
- Cost to Income ratio³ of 52% has increased (6 months to 31 Dec 2020: 50%) as we continue to invest in the future growth of the Group. Operating expenses for the first half also include a one-off charge as we've reviewed the accounting treatment of our IRB programme
- As a result of higher profitability, Group Return on Equity is 13.9% (6 months to 31 Dec 2020: 8.0%)
- CET1 ratio⁴ remains strong at 14.1% (30 June 2021: 13.9%)

-ENDS-

Notes to Editors

1. Customer numbers as at 30 June 2021: 650,000.
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 £0.1bn to £3.8bn from 30 June 2021 and generated a profit before tax of £35.4m (6 months to Dec 2020: £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 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.

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

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