Aldermore Group PLC

March 2025

Overview & Strategy

Successful Story of Organic and Inorganic Growth

May 2009
Founded with backing from AnaCap Financial Partners LTD

May 2009
Acquisition of Ruffler Bank and Base Commercial Mortgages Ltd

Jul 2009
Retail deposits launched

Oct 2009
Asset Finance business launched

Nov 2009
Absolute Invoice Finance acquired

Apr 2010
Residential Mortgage business launched

Jun 2012
SME business deposits launched

Apr 2014
First securitisation in Property Finance (Oak No.1)

Mar 2015
Aldermore IPO

Aldermore
Jan 2017
Launch of the new Aldermore brand

Nov 2017
FirstRand agreement to acquire Aldermore

FirstRand
Mar 2018
Aldermore becomes part of FirstRand Group

Sep 2018
Oak No. 2 issuance

MotoNovo FINANCE
May 2019
MotoNovo integration completed

Sep 2019
Oak No. 3 issuance

Oct 2020
First Turbo transaction post-acquisition of MotoNovo Finance (Turbo 9)

Feb 2022
New Group Strategy launch

May 2023
Oak No.4 issuance

THE SUNDAY TIMES
Best Places to Work 2024

2024
Recognised by Sunday Times as one of the Top 10 Best Places to Work in the UK in 2024 in the 'very big organisation' category

Jan 2025
Publicly announced our Baa2 long-term issuer rating from Moody's

Ownership Structure

FirstRand

LISTED HOLDING COMPANY (FIRSTRAND LIMITED, JSE: FSR)

100%

FirstRand International Limited (Guernsey)

UK Banking Holding Company

100%

~20% assets

Aldermore Group PLC

100%

Aldermore

UK specialist bank

100%

MotoNovo FINANCE

Used vehicle financing

BANK OF ENGLAND PRUDENTIAL REGULATION AUTHORITY

FCA FINANCIAL CONDUCT AUTHORITY

OTHER WHOLLY-OWNED SUBSIDIARIES OF FIRSTRAND LTD

~80% assets

FirstRand Bank Limited

SA banking

FirstRand EMA (Pty) Ltd (FREMA)

Banking subsidiaries in broader Africa

FirstRand Investment Management Holdings Limited

Investment management activities

FirstRand Insurance Holdings (Pty) Ltd

Insurance activities

FirstRand Investment Holdings (Pty) Ltd (FRIHL)

Other activities

Aldermore's investment case for FirstRand

- Attractive margins
- Diversified asset portfolio outside of FirstRand's traditional markets
- Scalable deposit franchise
- Small share of very large profit pools in the UK – opportunity to appropriately scale

Note:

- Aldermore Group PLC ("the Group") is a sister company of FirstRand Bank ("FRB") Limited.
- Aldermore is subject to standalone capital and liquidity requirements as prescribed by the PRA
- PRA must approve any movement of capital to the parent (would not be authorised if detrimental to Aldermore's financial position)
- The Group sources own funding via scalable savings franchise and proven access to wholesale markets via ABS (mortgage and auto)
- Current AT1 and T2 capital provided by FRB.

Source: Aldermore Group PLC Data.

Benefits to Aldermore Group of FirstRand Ownership

Access to **best-in-class financial resource management** disciplines

- Product returns assessed on **marginal, and fully allocated cost** basis
- **Granular transfer pricing** across the balance sheet
- **Consistent pricing framework** and models implemented
- **Earnings volatility** and reporting developed

Close collaboration **across the group**

- Able to **tap technical resources at FirstRand** including Treasury, Risk modelling and Internal Audit
- **FirstRand supporting on key initiatives** such as BCBS239 and ESG strategy
- **Utilise FirstRand expertise to inform and refine strategies** for capital issuance and securitisation
- In **IT,** leverage **info security** expertise, **threat intelligence** and **tooling**

Stable, **strongly capitalised** and **highly liquid parent**

- **Current AT1 and T2 capital is internally sourced**
- **Contingent liquidity lines in place**

Experienced Leadership Team

Executive Directors

Steven Cooper CBE
CEO

Aldermore Group CEO since 2021. Former CEO at C. Hoare & Co. Before this spent 30 years at Barclays, leading several of its major businesses including Barclaycard Business Solutions, Personal Banking for UK & Europe, and UK Business Banking.

Ralph Coates
CFO

Aldermore Group CFO since May 2022. Former CFO at TSB for 5 years, Finance Director at the Bank of England, and Finance Director of Barclays UK Retail & Business Bank.

Executives

Michelle Mott
Chief Risk Officer

Joined Aldermore in February 2024 with over 20 years experience in Risk. Previously at Commonwealth Bank of Australia where she was CRO and Executive GM of the Group's enterprise risk function from 2019.

Nick Ulycz
Chief Operating Officer

Joined Aldermore in January 2022 as Chief People Officer, but since May 2024 has taken on the role of Chief Operating Officer. Prior to this he was COO at D&G.

Ross Dalzell
MD: Property

Joined Aldermore in October 2022. Over 20 years of Finacial Services experience. Previously at Barclays where he was MD for Business Banking Relationships.

MD: MotoNovo

Currently Vacant. Recruitment in progress.

Danielle Soto
MD: Savings & Structured and Specialist Lending

Joined Aldermore in January 2022.Holding 20 years of financial services experience built at Barclays, most recently as MD for Mortgage and Premier Distribution.

Ben Taylor
Chief Customer Experience Office

Joined from Virgin Money, where he was Group Operations Director. Over 20 years' experience in customer service and consumer ops.

Reg Dhanjal
General Counsel

Joined Aldermore in 2022.Over 25 years' experience advising on corporate, commercial, compliance and regulatory matters. Previously at WorldFirst, Ant Group and Partner at Pinsent Masons.

Lisa Hannah
Chief People and Communications Officer

Joined Aldermore from Barclays Bank in July 2022. Holds 29 years of experience, latterly as Director of Communications.

Strategy for Sustainable and Controlled Growth

Property

- Focus on delivering personalised relationship management to help professional landlords grow their portfolio
- Deliver value in specialist sub-segments of the residential market, including self-employed, complex income and credit repair
- Double down on our service proposition and ease of doing business, focusing on our select group of “Platinum brokers”

Motor

- Strengthening core offering to improve returns
- Build propositions to support the transition to electric vehicles
- Expand into adjacencies where we can offer relevant products and services throughout the customer lifecycle

Structured and Specialist Finance

- Offer distinctive, specialist lending
- Build deep sub-sector expertise to move from broad participation in smaller deals to focused participation in more profitable segments
- Realise growth opportunities in renewables and healthcare
- Expand presence in Agriculture, Construction and Energy & Infrastructure

Savings

- Expand core capability in the personal/business deposits market to back more people and businesses
- Continue to optimise cost of funds, diversification and liquidity
- Evolve product propositions to appeal to a broader market and in support of ‘levelling-up’ goals, e.g. younger customers

Technology › **Stay ahead with tech stack** and data capabilities

Efficiency › **Invest in operating model,** automate and digitise activities

Talent and culture › **Build diverse talent pool** and culture

Capital, risk and funding › **Careful management** of capital, liquidity and funding

Approach to ESG and Sustainability

Aldermore’s ESG & Sustainability plans are action focused and align to the Aldermore strategy and purpose. The below shows chosen areas of societal impact that align to broader ambitions of aiding sustainable development within the UK market.

Our purpose

Back more people to go for it, in life and business

Our societal focus areas

Financial Inclusion
Increasing access and suitability of financial services across society in responsible and sustainable ways.

Financial Wellbeing
Empowering society to feel more confident about money by improving financial literacy, resilience and independence.

Climate Change
Enabling our partners and broader society to transition to a more sustainable economy that protects natural resources.

Economic Transformation
Using core business activities and resources to create societal benefit and opportunity.

Aligned UN Sustainable Development Goals

- 1 NO POVERTY
- 5 GENDER EQUALITY
- 8 GOOD JOBS AND ECONOMIC GROWTH
- 10 REDUCED INEQUALITIES
- 11 SUSTAINABLE CITIES AND COMMUNITIES
- 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
- 13 CLIMATE ACTION

Aligned UK Purpose Goals

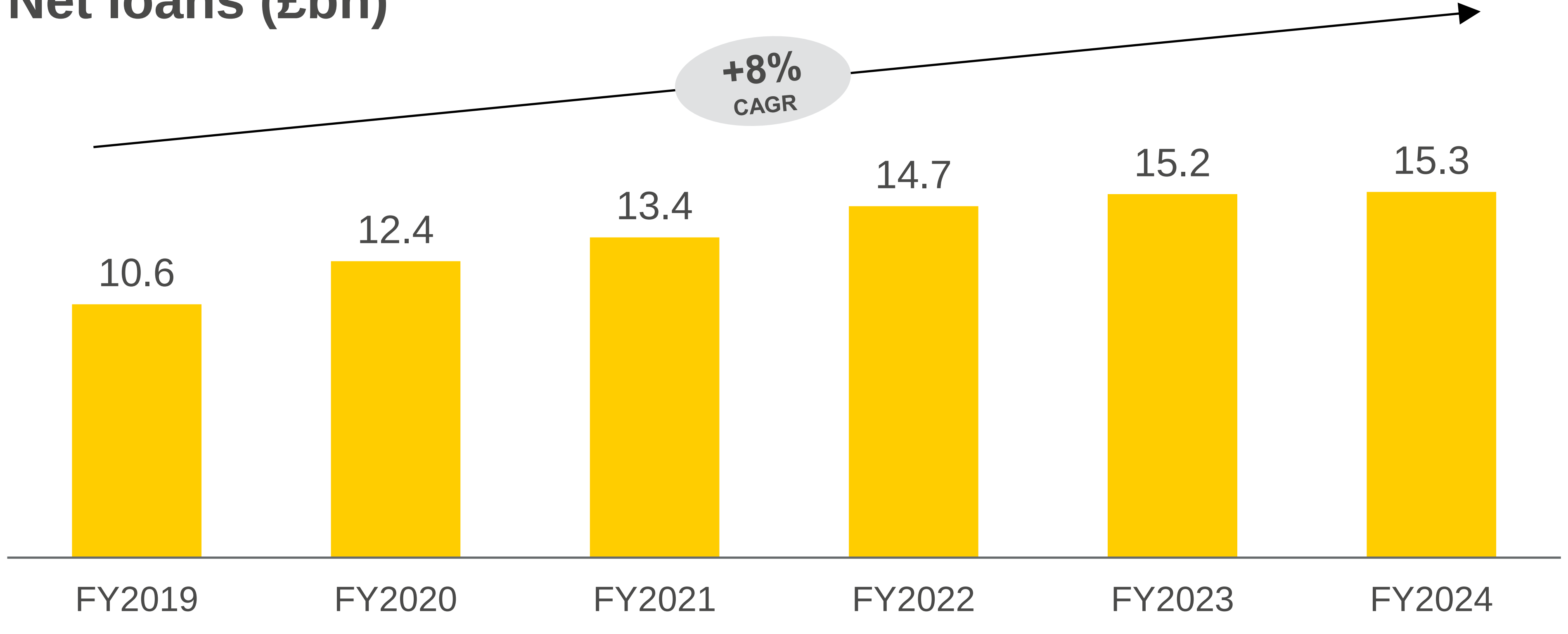
- 4 Right advice and experiences
- 5 Open recruitment
- 7 Widening access to savings & credit
- 9 Extending enterprise
- 12 Building homes & sustainable communities
- 13 Harness the energy transition
- 14 Achieve equality, through diversity & inclusion

Performance highlights

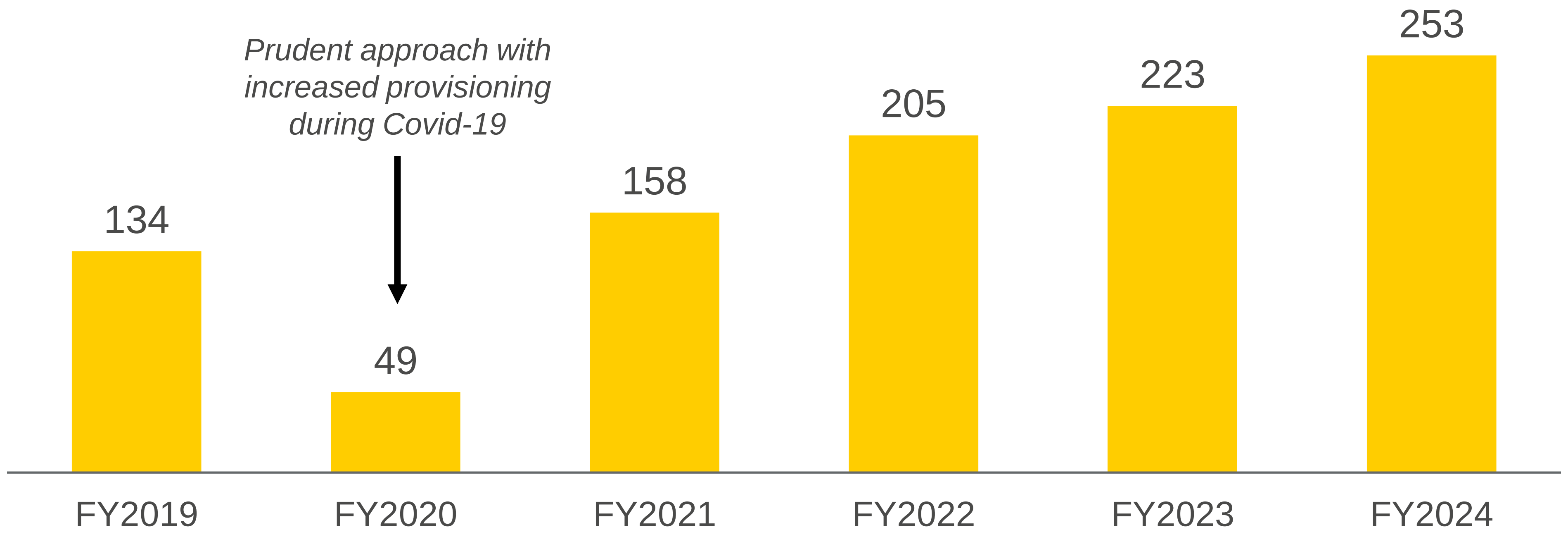
- October 2022 saw us became a signatory to the United Nation’s **Principles for Responsible Banking** and in March 2024 we published our first progress report.
- In September 2023 we completed our **first UK Government Climate-Related Financial Disclosure** which outlined our approach to Climate Risk, with full Net Zero roadmaps completed for operational and financed emissions in May 2024.
- In 2024, we published our third annual **'Report to Society'** detailing how our strategy and purpose is delivered through core business activities to create positive impact for stakeholders.
  - **Fostering future skills:** We invested almost £330,000 in apprenticeship development to attract, retain and develop a diverse demographic of talent.
  - **Demonstrated socio-economic impact:** Our 2023 financing assisted the £88m socio-economic impact made by Norwich City Football Club on the city and surrounding area.
  - **Introduced our first colleague sustainability training programme:** With bespoke mandatory training for all colleagues and specialist training rolled out to over 200 mid-to-senior leaders.

Track Record of Sustainable Profitable Growth and Financial Position

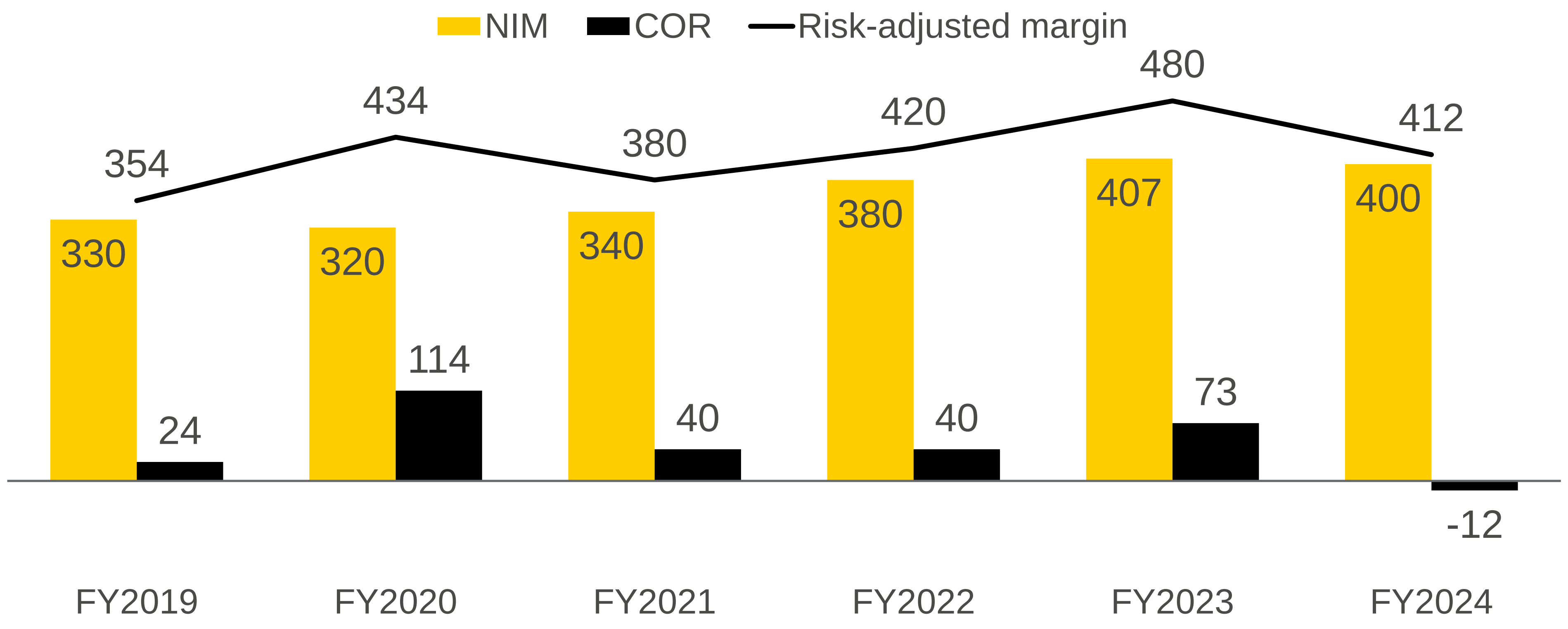
Net loans (£bn)



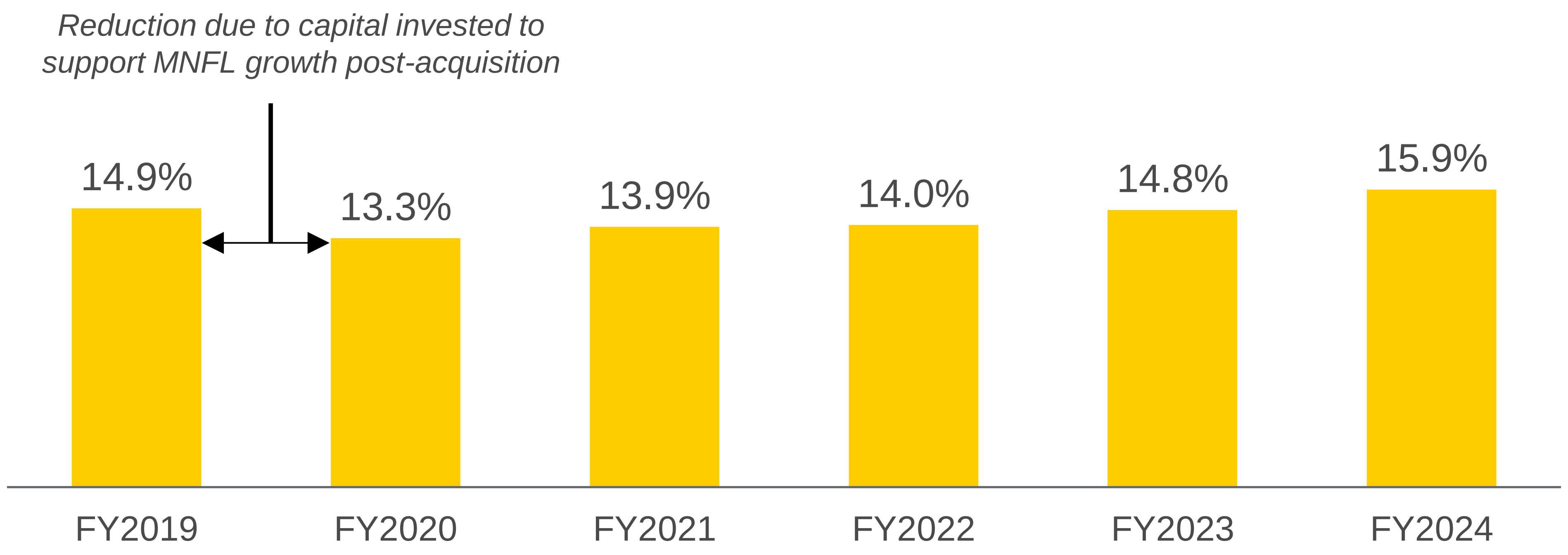
Profit before tax (£m)



Risk-adjusted margin (bps)



CET1 ratio[1] (%)



1. Calculated on an IFRS9 transitional markets basis, including verified profits

Source: Aldermore Group PLC financial results.

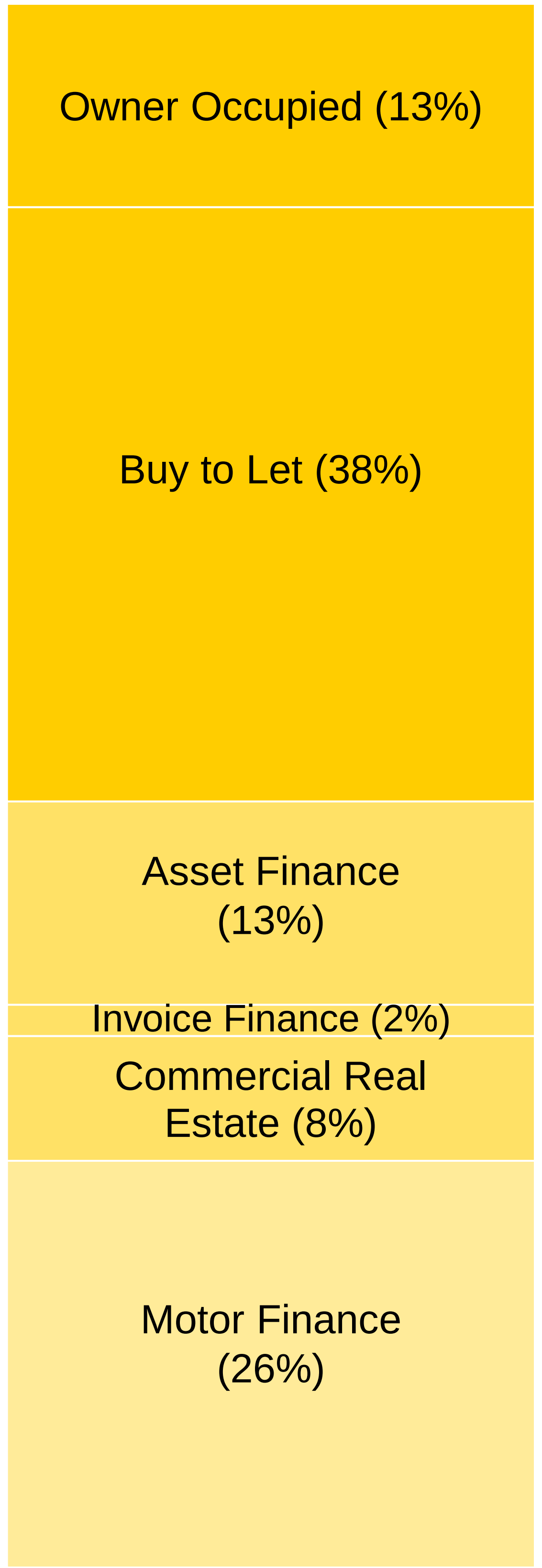
Diversified Portfolio and Established Position in the UK Market

Property Finance

Structured and Specialist Finance

Motor Finance

£15.3bn



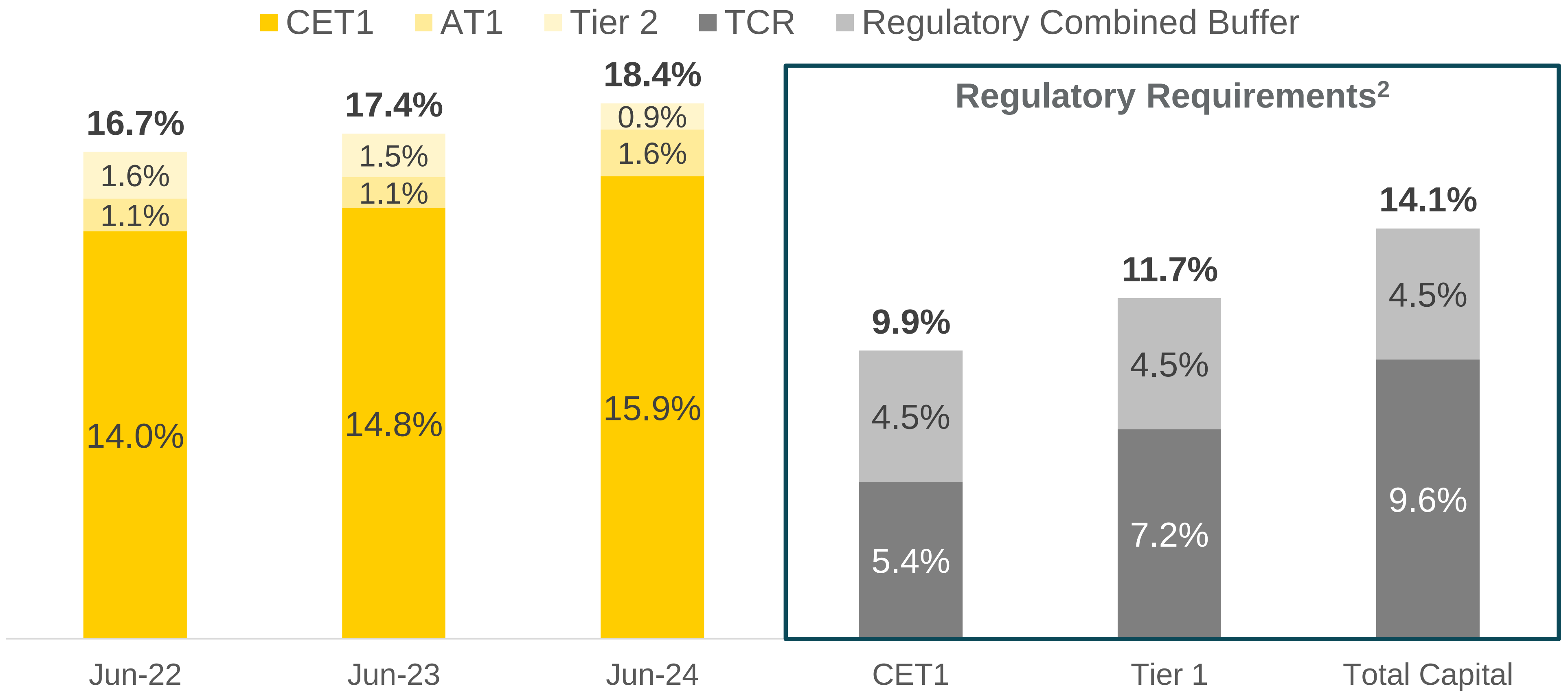
Aldermore Net Loans FY24

Profit Before Tax (Statutory)	£253.1m	+14% YoY
Liquidity Coverage Ratio	241%	-24% YoY
Net Interest Margin	4.00%	-0.07% YoY
Cost-to-Income ratio[2]	59.9%	+10.4% YoY
Return On Equity	11.8%	-0.3% YoY
CET 1 Ratio[1]	15.9%	+1.1% YoY
Cost of Risk	(0.12)%	-0.85% YoY
Net Lending	£15.3bn	+1% YoY
Customer Deposits	£16.3bn	+8% YoY

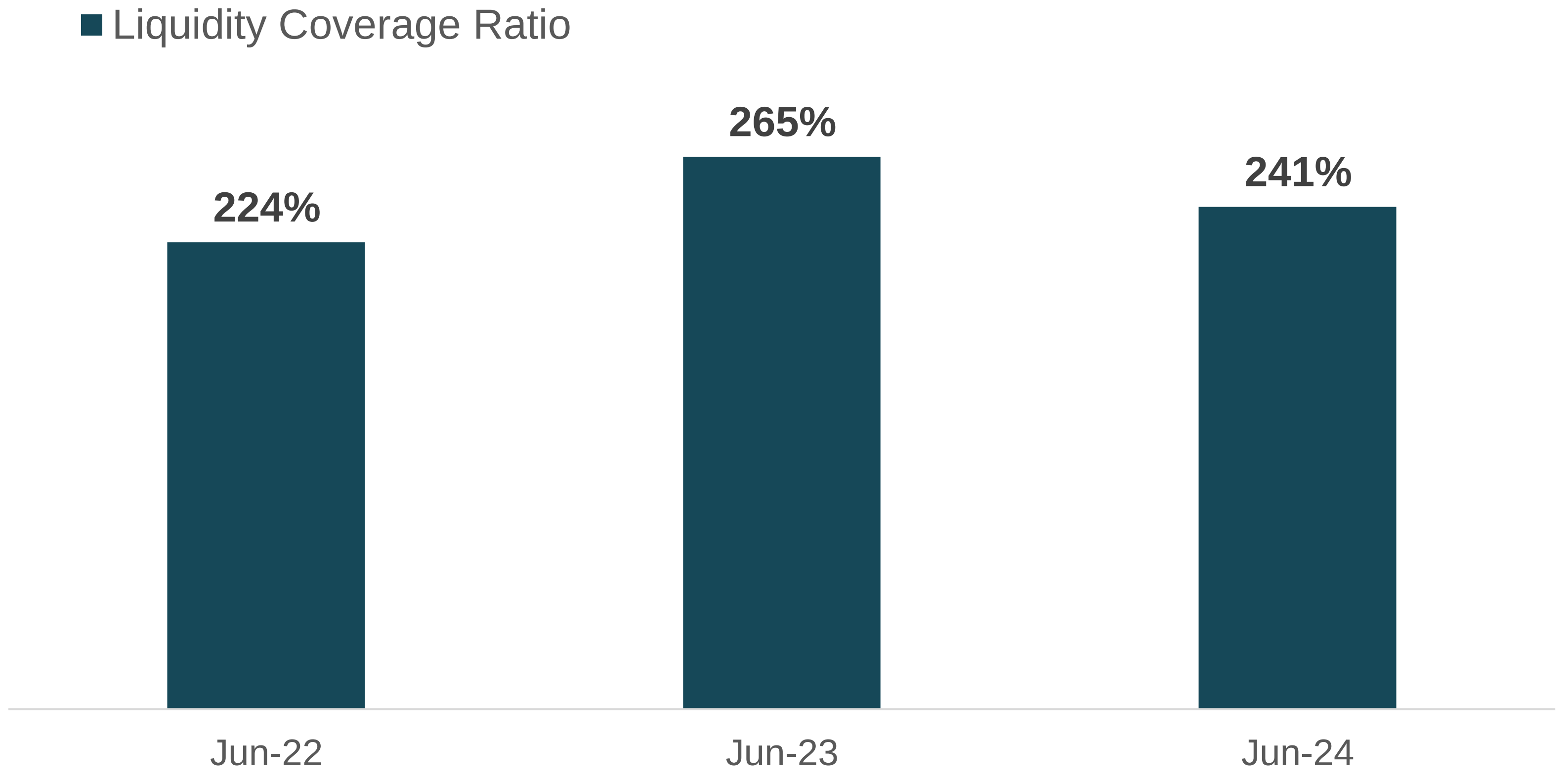
Source: Aldermore Group PLC Financial Statements, as of 30 June 2024.
Note: All metrics on this slide are based on statutory results.
1. CET1 ratio is IFRS 9 transitional basis
2. Operating costs increased largely due to costs incurred in connection with the FCA's ongoing Motor Commission review, excluding the impact of any remediation activity, operating expenses remained broadly flat year-on-year.

Conservative Capital and Liquidity Management

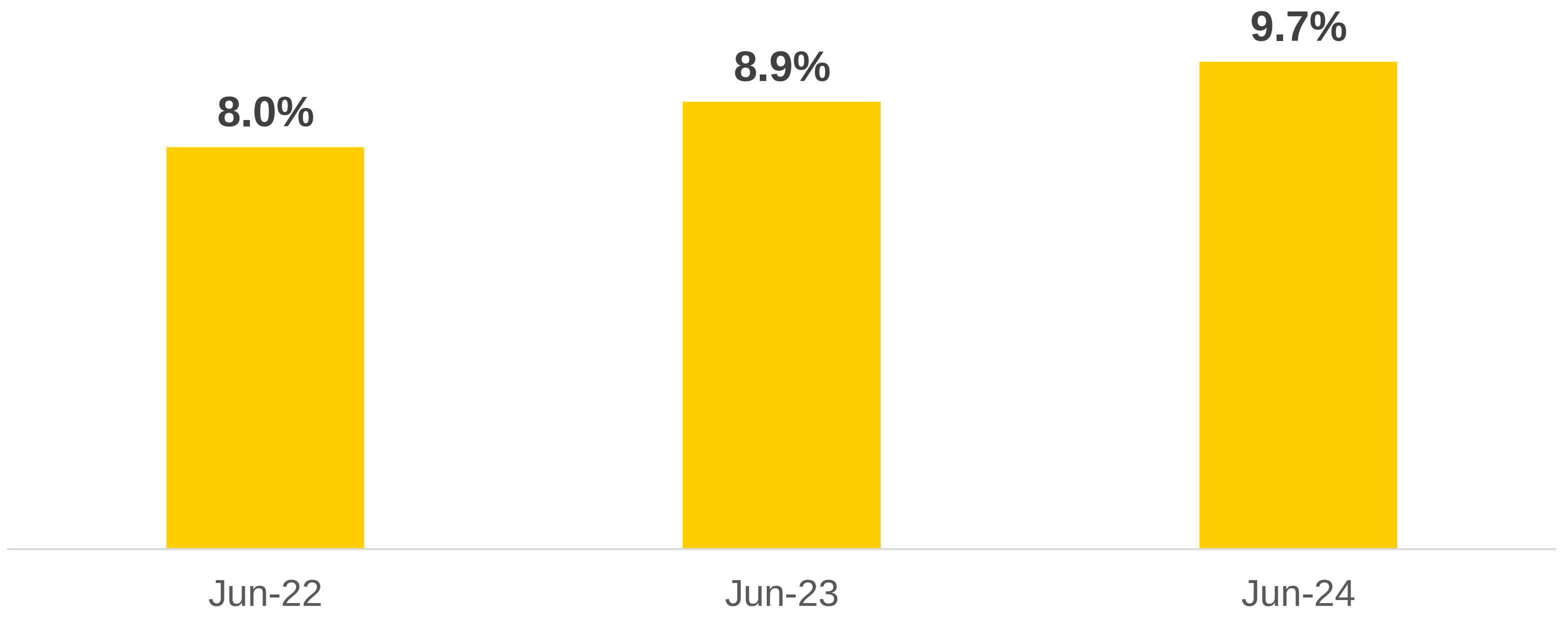
Capital Ratios[1] (% of Risk-Weighted Assets)

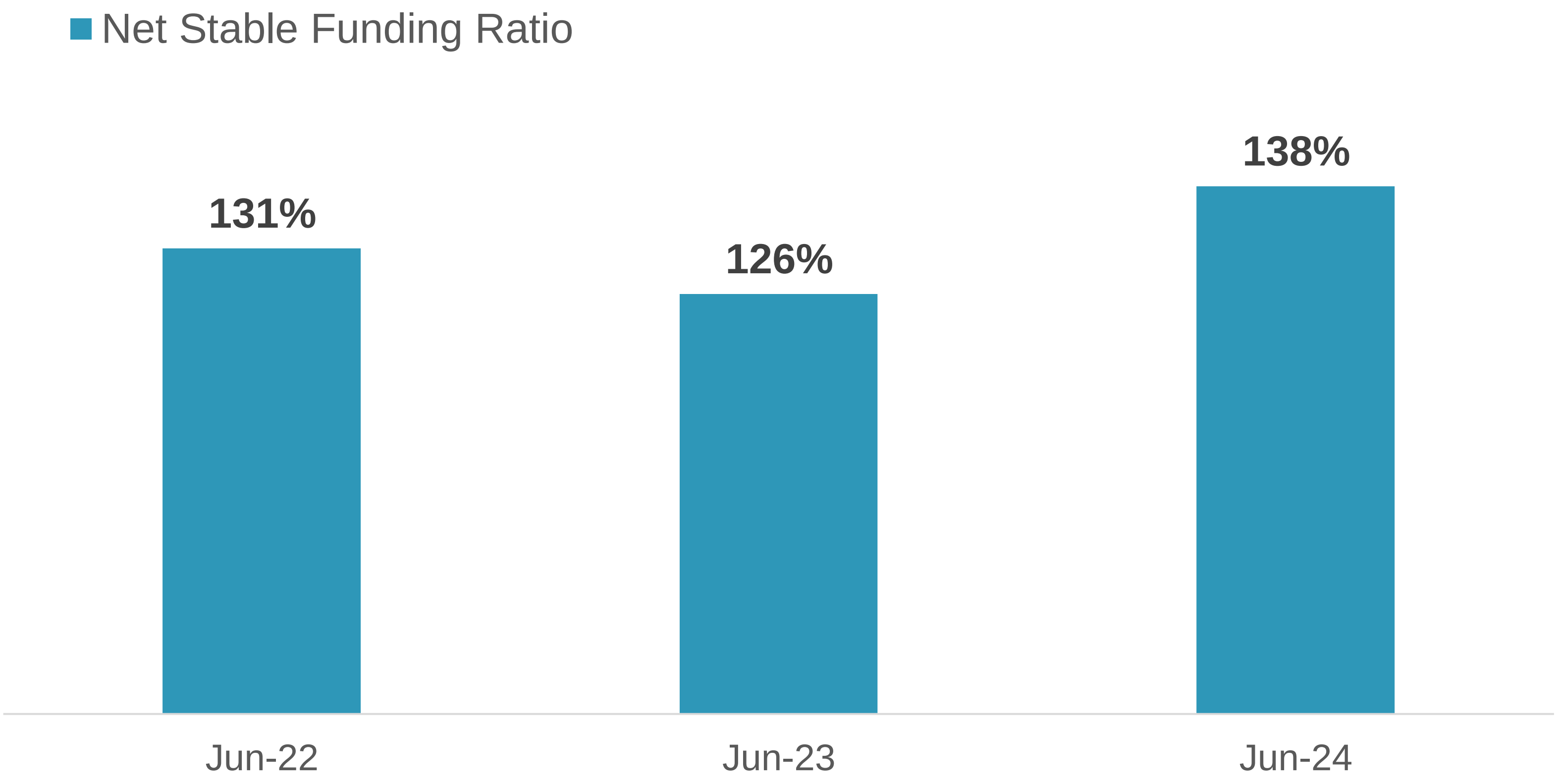


Liquidity Coverage Ratio and Net Stable Funding Ratio[3] (%)



Leverage Ratio[4] (% of Leverage Exposure)

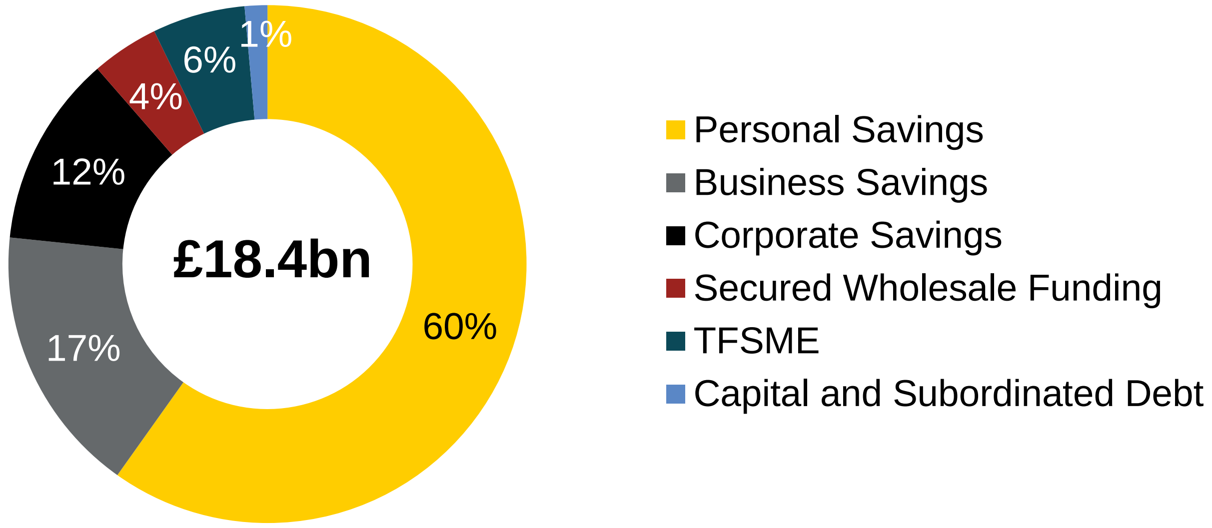




1. Capital ratios are reported on an IFRS 9 transitional markets basis
2. Regulatory combined buffer is made up of 2.5% CCOB and 2% UK CCyB
3. LCR is a spot position. Jun-22 LCR is stated on a like-for-like basis with Jun-23, including an update to Aldermore's retail customer deposit stressed outflow assumptions during FY2023
4. Regulatory minimum for Liquidity Coverage Ratio and Net Stable Funding Ratio is 100%
5. Tier 1 capital / leverage exposure. Aldermore Group is not within scope of the UK Leverage Framework Regime

Funding Strategy

Diversified funding platform



Deposit funding

- Predominantly customer deposit led funding model, complemented by wholesale funding.
- Award winning franchise across the Savings business.

Long Term Issuer Rating

MOODY'S RATINGS

- Received Baa2 long term issuer credit rating with a stable outlook, and a Bank Deposit rating of Baa2/P-2 from Moody's in January 2025, supporting future diversification of wholesale funding.
- The ratings recognise the financial strength of Aldermore and credibility of the strategic plan. Moody's ratings reflect Aldermore's:
    - Focused business model
    - Controlled credit growth
    - Stable profitability
    - High provision coverage and sector diversification
    - Adequate-risk based capitalisation and large liquidity buffers and
    - Experienced management team

And proven access to public wholesale funding

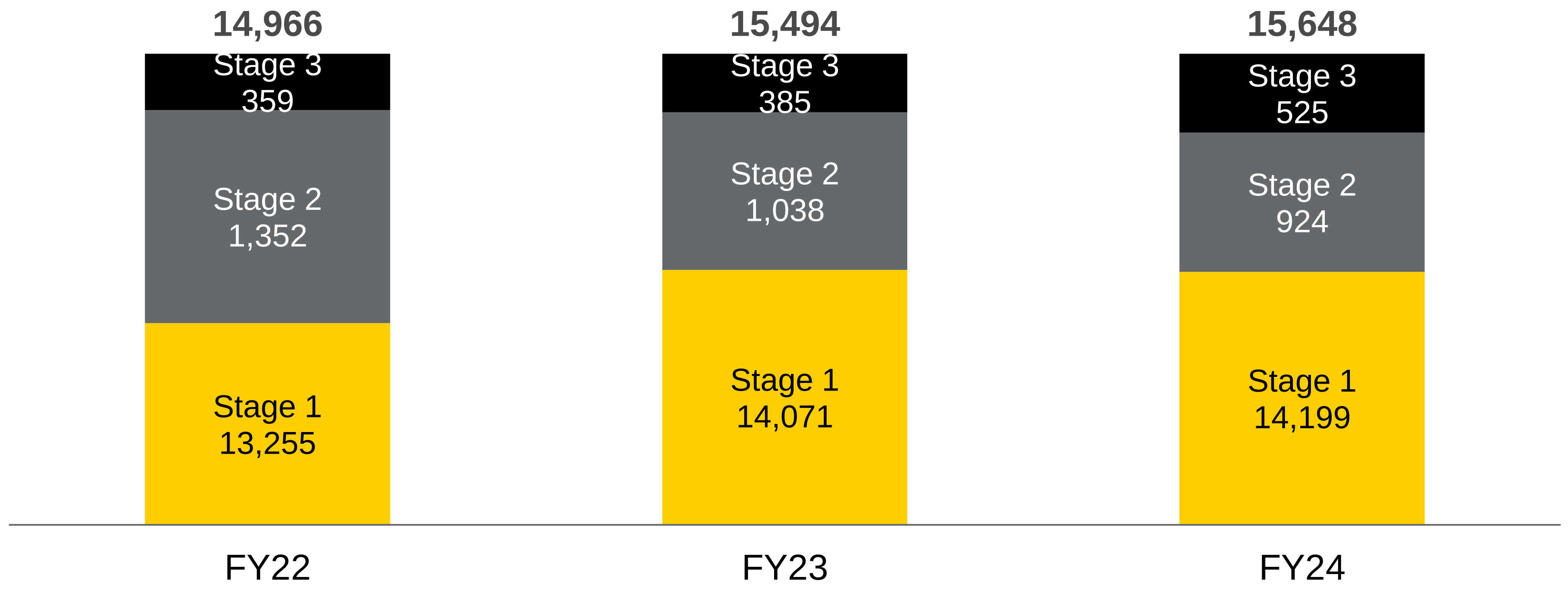
Oak No.1 **April 2014 (redeemed)**	**£372m**
Additional Tier 1 Notes (Externally Issued) **December 2014 (redeemed)**	**£75m**
Oak No.2 **September 2018 (redeemed)**	**£365m**
Oak No.3 **September 2019 (redeemed)**	**£381m**
Turbo 9 Finance **September 2020 (redeemed)**	**£605m**
Oak No.4 **May 2023**	**£447m**
Auto-loan backed Warehouse Facility **October 2023**	**£600m**

Note: Data as of June 2024

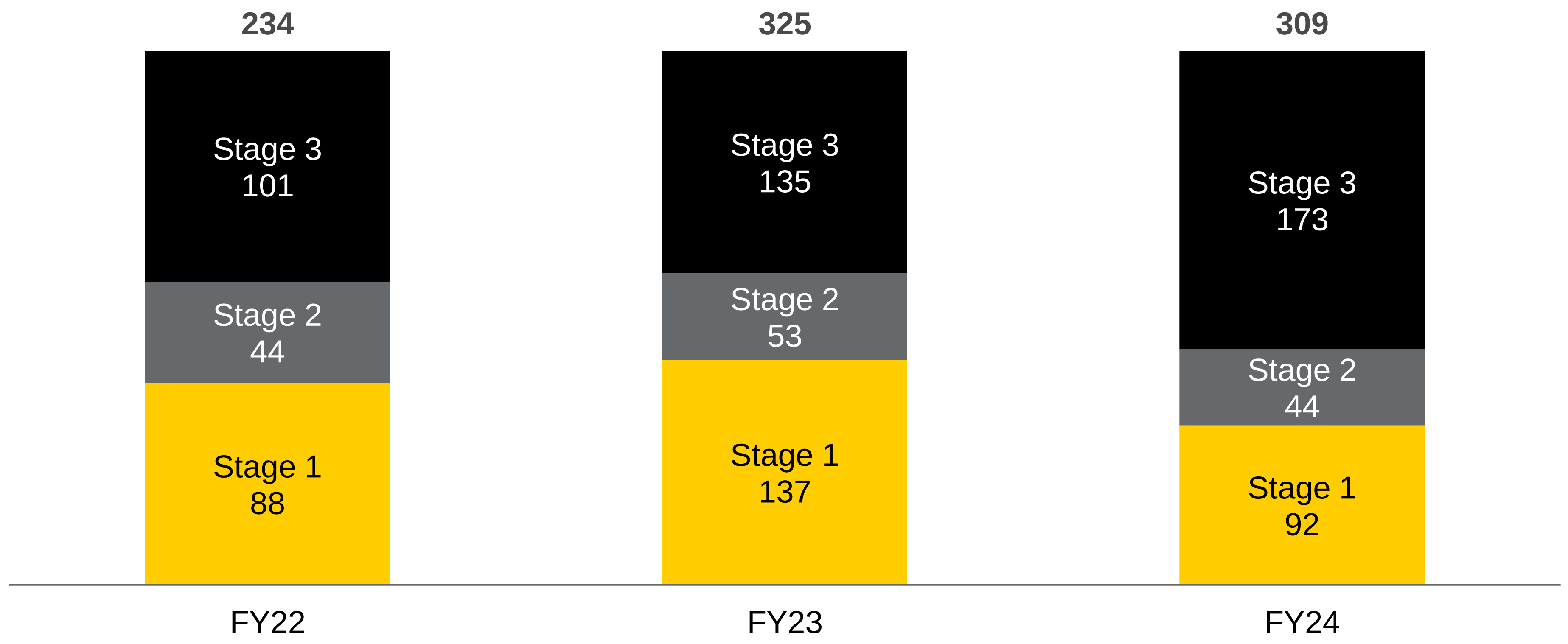
Resilient Credit Performance

Financial year ended (£m)	Jun-22	Jun-23	Jun-24
Gross Loans	**14,966**	**15,494**	**15,648**
Expected Credit Loss	(234)	(325)	(311)
Provision Coverage (%)	**1.6%**	**2.1%**	**2.0%**
NPLs	351	388	525
NPL Ratio (%)	**2.4%**	**2.5%**	**3.3%**
NPL Coverage (%)	**28.3%**	**35.1%**	**32.9%**
Cost of Risk (bps)	**40**	**73**	**(12)**

Gross Loans by Stage (£m)



ECL by Stage (£m)



Statutory view, including amounts relating to Motor Finance remediation activity

Financial Performance Summary – FY2024 & H1 FY 2025

FY2024 delivered 14% growth in PBT

- Group profit before tax increased £30.6m (14%), reflecting a robust trading performance, with income pressures more than offset by a lower impairment charge.
- The Group's profit before tax was impacted by the following items, which drive a net reduction in reported profits:
  - 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;
  - Notice of Sums in Arrears ('NOSIA') remediation activity within the Motor Finance division; and
  - Costs connected with the FCA's ongoing Motor Commission review.
- Total customer lending increased 1% as the Group continued to ensure portfolio growth was achieved at appropriate returns in subdued lending markets.
- Total customer deposits increased 8% driven by growth from all three of the Group's core Savings franchises (Personal Savings, Business Savings and Corporate Treasury).

Group Financial Performance

Group Financial Performance (£ million)	FY2024	FY2023	Change
Income Statement			
Net interest income	604.3	621.0	(3)%
Other operating income	(18.5)	43.7	>(100)%
Total income	**585.8**	**664.7**	**(12)%**
Operating expenses	(351.0)	(328.9)	7%
Impairment releases / (losses)	18.3	(113.3)	>(100)%
Profit before tax	**253.1**	**222.5**	**14%**
Key Performance Indicators			
Net interest margin (%)	4.00%	4.07%	(0.07)%
Cost / income ratio (%)	59.9%	49.5%	10.4%
Cost of risk (bps)	(12)bps	73bps	(85)bps
Return on equity (%)	11.8%	12.0%	(0.3)%

Group Balance Sheet (£ million)	FY2024	FY2023	Change
Customer lending balances	15,337	15,167	1%
Customer deposit balances	16,307	15,033	8%

Group Capital and Liquidity (%)	FY2024	FY2023	Change
CET1 ratio[1]	15.9%	14.8%	1.1%
Total capital ratio[1]	18.4%	17.4%	1.0%
Liquidity coverage ratio	241%	265%	(24)%

1. CET1 and Total capital ratios are presented on an IFRS9 transitional basis

Continued robust financial performance in H1 FY2025

- The 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%.

Group Financial Performance – H1 FY2025

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%)

Source: Aldermore Group PLC.
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