

19 March 2018

CUSTOMER FOCUS DRIVES RECORD PROFITABILITY

Unaudited interim results for 12 months to 31 December 2017

Double digit increase in profitability drives a high-teens underlying return on equity¹

- Underlying profit before tax¹ up 20% to £160m (2016: £133m)
- Underlying return on equity¹ of 18.5% (2016: 18.0%)
- Statutory profit before tax increased by 10% to £141m (2016: £129m)
- Statutory return on equity of 15.5% (2016: 17.2%)

Delivered another year of strong financial and operational performance

- Net interest margin maintained at 3.5% in line with guidance (2016: 3.5%)
- Underlying cost/income ratio¹ reflects continued investment at 45% (2016: 45%)
- Statutory cost/income ratio including FirstRand transaction-related costs of 51% (2016: 46%)
- Excellent cost of risk at 15bps (2016: 23bps) reflects continued benign credit environment

Mid-teens growth in lending supported by proven deposit-raising capability

- Net loan growth of 15% to £8.6bn (31 December 2016: £7.5bn)
- Diversified portfolio with 17% growth in Retail² to £5.7bn and 9% in Business Finance² to £2.9bn
- Organic engine again delivers £3.2bn of origination within existing risk appetite (2016: £3.2bn)
- Deposit growth of 6% to £7.1bn (31 December 2016: £6.7bn)

Exceeded CET1 ratio target of “above 12% by end of 2017”

- Underlying CET1¹ ratio of 12.5% and underlying total capital ratio¹ of 15.5%
- CET1 capital ratio of 12.2% and total capital ratio of 15.2% (31 December 2016: 11.5% and 15.6%)

Enabling our customers to seize opportunities in their personal and commercial lives

- 91% of customers who reviewed Aldermore online would recommend us to family and friends
- Investment in SME Broker AFS, demonstrating our commitment to the broker market and providing strategic opportunities to enhance returns
- “We Back You” campaign highlights our continuing focus on expert and dynamic service as well as our enhanced proposition to intermediaries
- Awards in the year include ‘Best Cash ISA Provider’ (Money.net), ‘Best Business Savings Bank Account’ (Businesscomparison.com), ‘Best Saving Product – Aldermore Fixed Rate Accounts’ (Online Personal Wealth)

Phillip Monks OBE, Chief Executive Officer, commented: “During 2017, Aldermore continued to support more customers across Britain enabling them to seize opportunities and realise their ambitions, whether that’s growing their business, buying a home or buy-to-let property or securing a competitive return on their hard earned savings. We have continued to focus on customers as individuals, going beyond the one-size fits all approach in carefully selected market segments where we have real expertise and can offer superior levels of service, whilst also maintaining a robust approach to risk management. This approach has driven strong customer growth since we were founded in 2009, ultimately enabling us to record an underlying profit before tax¹ of £160m in 2017, an increase of 20% compared with the prior year.

“2017 was a landmark year for Aldermore, as our success attracted a takeover approach from South Africa’s FirstRand Group. Now that the transaction has completed, we are excited to be working with our new parent company and exploring the opportunities to further accelerate the delivery of our strategy. Our vision of providing ‘banking as it should be’ will not change, but with the backing of FirstRand our ambition will only grow and we aim to further support businesses and individuals with enhanced digital services and a broader range of straightforward propositions. We look forward to 2018 and beyond with great confidence as the next chapter of the Aldermore story begins.”

¹ Underlying basis excludes £18.5m (pre-tax) and £17.8m (post-tax) of FirstRand transaction-related costs in 2017 and goodwill impairment of £4.1m (pre-tax and post-tax) in 2016
² Business Finance includes Asset Finance, Invoice Finance, Commercial Mortgages and Property Development; Retail includes Buy-to-Let and Residential Owner-Occupied Mortgages

Reconciliation of statutory to underlying profit before tax

| | 12 months to 31 December 2017 | 12 months to 31 December 2016 |
|--|-------------------------------------|-------------------------------------|
| Statutory profit before tax | 141.0 | 128.7 |
| FirstRand transaction-related costs | 18.5 | - |
| Goodwill impairment | - | 4.1 |
| Underlying profit before tax | 159.5 | 132.8 |

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Aldermore

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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 2017, lending to customers stood at £8.6 billion. In March 2018, Aldermore became part of FirstRand Group, one of South Africa's largest financial services institutions.

For more information, please visit 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.

^{1.} Underlying basis excludes £18.5m (pre-tax) and £17.8m (post-tax) of FirstRand transaction-related costs in 2017 and goodwill impairment of £4.1m (pre-tax and post-tax) in 2016
^{2.} Business Finance includes Asset Finance, Invoice Finance, Commercial Mortgages and Property Development; Retail includes Buy-to-Let and Residential Owner-Occupied Mortgages