

Press release.

Wednesday 2 April 2014

Aldermore Financial Results for the Full Year ending 31 December 2013

Financial Highlights:

- **Profit before tax** £22.4 million (2012: £1.5 million^[1])
- **Lending to SMEs** +53% to £1.69 billion (2012: £1.10 billion)
- **Lending to homeowners** +76% to £1.68 billion (2012: £957 million)
- **Total increase in lending** +64% to £3.4 billion (2012: £2.1 billion)
- **Customer deposits** +61% to £3.4 billion (2012: £2.1 billion)
- **Total balance sheet assets** +66% to £4.2 billion (2012: £2.5 billion)
- **Cost/income ratio fell to 67%** (2012: 89%)
- **Total SME and retail customer numbers** 136,000 (2012: 99,700)
- **Return on Equity** 10.9% (2012: 0.9%)

Aldermore Bank today announced its full year audited results for 2013. The Bank's growth and profitability is reflected by strong performance across the business, including significant growth in gross lending, up 64 per cent year-on-year to £3.4 billion, as Aldermore continued to champion SMEs and homeowners in the UK.

The Bank firmly established its profitability in 2013, building on last year's growth to deliver increased profit before tax of £22.4 million, rising from £1.5 million in 2012.

A number of significant milestones were reached, including the Bank's balance sheet exceeding £4 billion for the first time, up 66 per cent on 2012 to £4.2 billion. Lending to SMEs increased by 53 per cent to £1.69 billion highlighting the Bank's commitment to supporting UK businesses. Aldermore also continued to support UK homeowners in 2013, increasing lending by 76 per cent to £1.68 billion.

During 2013 Aldermore made use of the Funding for Lending Scheme (FLS). In October 2013 the Bank announced that it was to enter the second phase of the government's Help to Buy scheme, and became the first bank to make the scheme available not only to new purchasers but also to customers looking to move further up the housing ladder.

The vast majority of Aldermore's funding remains deposit led and customer' deposits rose by 61 per cent to £3.4 billion year on year. During 2013 the Bank acted to further broaden the deposit mix, which includes ISA, Fixed, Easy Access and Notice savings accounts. To achieve further diversification, the Bank developed its SME savings range, with simple and transparent products that offer attractive rates, are easy to open, and offer the flexibility

[1] Restated for a change in accounting policy for IFRIC 21, as explained in Note 1 of the financial statements

customers demand. This strategy was highly successful, with SME customer balances at year-end totalling £516 million (up over 400 per cent since end 2012). The Bank also launched a pioneering SME deposit account, which allows customers to select the exact maturity date and interest rate to suit their needs. Overall, Aldermore's loan to deposit ratio was 98 per cent in 2013 (2012: 96 per cent).

Aldermore continued to recruit to deliver growth, recruiting 27 per cent more people in 2013. In addition, Aldermore combines intelligent use of technology with exceptional customer service enabling SMEs to open an account online and be able to deposit funds in less than 15 minutes.

Phillip Monks, CEO, commented:

“2013 was a year of significant growth across all areas of the Bank. Achieving a profit before tax of £22.4 million, we have clearly demonstrated that we are providing banking services which our customers want, while also delivering a sustainable return for our investors.

“Aldermore supports SMEs and homeowners right up and down the country, providing attractive savings products and increasing our lending at a time when many continue to find it difficult to gain access to finance from traditional lenders. We have made a strong start to the year and are on track to achieve further growth by maintaining our focus on delivering exceptional service to our customers, who tell us this is *banking as it should be.*”

Key Financial Information

The following metrics represent the core key performance indicators for the Bank:

	31 December 2013	31 December 2012
Tier 1 capital ratio	11.7%	11.5%
Organic loan originations (£m)	1,709.2	1,199.9
Return on equity	10.9%	0.9%
Net interest margin	2.95%	2.14%
Cost to income ratio	67%	89%

Summary profit and loss account

Summary profit and loss account	2013 (£m)	Restated ¹ 2012 (£m)	Change (%)
Net interest income	80.1	34.5	132%
Other income	23.7	24.3	(2%)
Total operating income	103.8	58.8	77%
Administrative expenses	(65.2)	(49.4)	32%
Depreciation and amortisation	(4.3)	(2.8)	54%
Provision for bad and doubtful debts	(9.8)	(4.6)	113%

Provisions for liabilities	(2.1)	(0.5)	320%
Profit before taxation	22.4	1.5	1,393%

Aldermore's 2013 Annual Report and Accounts are available from:
<http://www.aldermore.co.uk/about/company-performance/annual-results-2013/>

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Notes to Editors

About Aldermore: (www.aldermore.co.uk)

Aldermore is a new British bank and one of the best capitalised banks in the UK, backed by AnaCap and a consortium of funds including Morgan Stanley Alternative Investment Partners (Morgan Stanley's Private Equity Fund of Funds business), Goldman Sachs Asset Management, Honeywell Capital Management, Ohio Public Employees Retirement System, Toscafund, and Lansdowne Partners.

Aldermore raises deposits from consumers and lends to homeowners and small and medium sized businesses. Aldermore participates in the Funding for Lending Scheme.

As a British bank, Aldermore is regulated by the Prudential Regulation Authority (PRA) and the Financial Conduct Authority (FCA), which means customers' savings are protected up to the statutory limit of £85,000 per person under the Financial Services Compensation Scheme (FSCS). Aldermore is also a member of the Council of Mortgage Lenders.

Aldermore markets its lending products via professional financial advisers and specialist commercial finance brokers located throughout England, Scotland and Wales.

About AnaCap Financial Partners LLP: (www.anacapfp.com)

AnaCap Financial Partners is Europe's largest specialist private equity investor in the financial services sector. Based in London and investing across Europe, AnaCap advises funds with €1.7 billion under management across Private Equity and Credit Opportunities vehicles, as well as co-invest.

AnaCap's Private Equity funds invest in European financial services businesses with strong, highly motivated management teams and provide the support and expertise necessary to create exceptional returns. Our network of relationships, which extends across the globe and throughout the financial services sector, enhances our ability to source investment opportunities, support high-quality management teams and identify and capitalise on growth strategies.

AnaCap's role is to provide capital, strategic guidance and operational expertise to build highly efficient and scalable businesses. Furthermore, our considerable experience of working with regulators through multiple investments in commercial and retail banks positions us as a favourable counterparty for many sellers.

The name AnaCap, an abbreviation of 'Analytics before Capital', forms the bedrock upon which our organisation is built. AnaCap takes a highly analytical approach towards the valuation and due diligence of potential investments, which is facilitated by the use of proprietary tools to price assets and which leverages our best-in-class, in-house capabilities.

The success of AnaCap's private equity and credit investment strategies and teams has attracted investment from highly regarded global institutional investors including Goldman Sachs, Allianz, Morgan Stanley Alternative Investment Partners, Honeywell, State of New Jersey and Adams Street Partners.