

Aldermore Bank PLC

Oak No.3 PLC RMBS Investor Presentation

August 2019



Aldermore

Strictly Private & Confidential

Contents

1.	Oak No.3 PLC – Transaction Overview	p. 3
2.	Aldermore Bank Overview	p. 5
3.	Origination and Underwriting	p. 8
4.	Servicing and Collections	p. 16
5.	Transaction Structure	p. 19
6.	Oak 3 Portfolio and Historical Performance	p. 26
Appendices & Disclaimer		
A	Aldermore History	p. 32
B	First Rand Structure Chart	p. 33
C	UK Mortgage Market	p. 34

IMPORTANT – PLEASE SEE DISCLAIMER ON PAGE 35 OF THIS PRESENTATION

**Section 1:
Oak No.3 PLC -
Transaction
Overview**



Transaction Overview

Class	Expected Rating (Moody's / Fitch)	Credit Enhancement (%) ¹	Principal Amount (£mm)	WAL to Call ² (years)	WAL to Maturity (years)	Benchmark Index	Spread over Benchmark Index	Step-Up and Call Date	Legal Final Maturity Date	Status
A	Aaa(sf) / AAA(sf)	10.00	[•]	2.77	3.33	SONIA	[•]%	[Jul 2024]	Jul 2061	Offered
Z VFN	Not Rated	0.00	[•]	N/A	N/A	SONIA	0.00%	N/A	Jul 2061	Retained

Structure	Oak No. 3 will have a standalone, static, sequential and pass-through structure
Credit Enhancement	Provided by Subordination of Z notes [8.63%] and General Reserve Fund of [1.5%] of the principal amount of Class A Notes for a total of 10% AAA credit enhancement
Step-Up and Turbo	From the Step-Up Date the spread over SONIA on the Class A notes will step up by 2x times and any remaining Available Revenue Receipts will be applied as Available Principal Receipts for Class A Notes after the General Reserve Fund is replenished up to the General Reserve Fund Required Amount and the curing of any debit balances on the Z VFN PDL
Liquidity Support	Liquidity Support is provided by the availability of the General Reserve Fund and the ability to use Available Principal Receipts to pay items up to and including Class A interest in the event of there being insufficient Revenue. Further liquidity support is provided by Excess Available Receipts after paying interest to the Class A Notes
Back-Up Arrangements	These include a Back-up Servicer, Back-up Servicer Facilitator and a Back-up Cash Manager Facilitator, all appointed on closing and further detailed later in the presentation
Hedging	The transaction benefits from a Balance Guaranteed fixed-to-floating interest rate swap from BNP Paribas
STS	Oak No. 3 is structured to comply with the Simple, Transparent and Standardised (STS) criteria for securitisations. PCS have provided Third-Party Verification with respect to STS status on Oak No. 3 plc
Risk Retention	Aldermore will retain a material net economic interest of at least 5 per cent. in the securitisation in accordance with Article 6 of the Securitisation Regulation. As at the Closing Date, such interest will be comprised of an interest in the first loss tranche (Class Z VFN)

IMPORTANT – PLEASE SEE DISCLAIMER ON PAGE 35 OF THIS PRESENTATION

1. Includes the Z note subordination and the General Reserve sized 1.5% of the Class A notes
 2. Assumes 20% pricing CPR and Issuer call being exercised on the Step-Up Date

**Section 2:
Aldermore Bank
Overview**



Ten Years of Banking as it Should be

- A UK bank providing **award-winning lending** and **deposit products** to its customers to help them seek and seize opportunities in their professional and personal lives
- Customers include Small and Medium-sized Enterprises (SMEs), homeowners, landlords and savers, **who are often poorly or under served by the wider market**
- 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
- **FirstRand acquired Aldermore** in March 2018 – the auto finance business (MotoNovo) was **successfully integrated** into the Aldermore Group in May 2019

Sustained profit and continued financial delivery in H1 2019 results

- Return on Equity of **16%** (H1 2018: 13%)
- Loan growth of **4%** to £9.4bn (FY 2018: £9bn), annual equivalent of 9%
- Net interest margin maintained at **3.6%** (H1 2018: 3.5%)
- Profit Before Tax of **£75m** (H1 2018 £63m)
- Strongly capitalised with CET1 **12.6%** (FY 2018: 12.3%)
- Cost of risk **23bps** (H1 2018: 15bps)

H1 2019 Loan Book

£6.2bn	Residential Mortgages
£1.9bn	Asset Finance
£0.3bn	Invoice Finance
£1.0bn	SME Commercial

Supported by Diversified Funding Platform

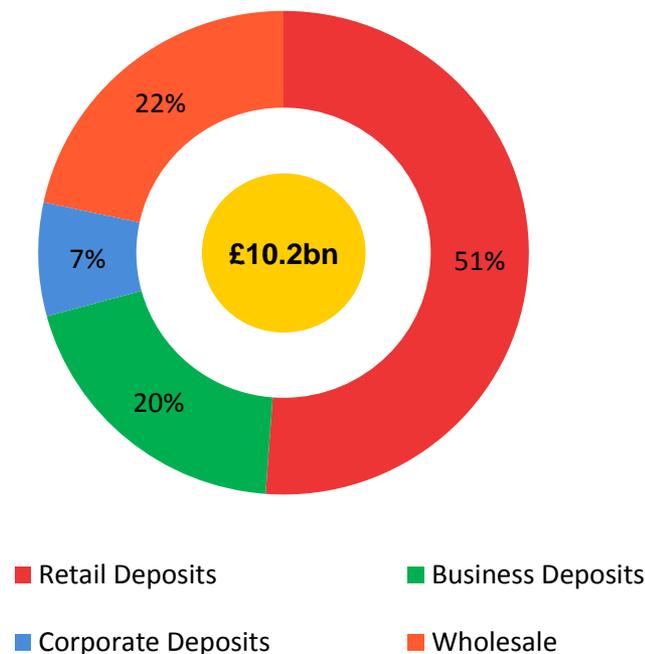
Deposit Funding

- **Predominantly deposit led** funding model, **complemented by wholesale**
- **Award winning** savings franchise across Retail & SME
- Growing Corporate Deposit book

Wholesale Funding

- **Two Prime RMBS** have been issued since 2014
- 2nd RMBS, Oak 2 executed in October 2018 after four year absence from the market
- Intention to continue as **programmatic issuer** of RMBS and auto ABS (through the Turbo programme)
- Strong deposit franchise supports **opportunistic securitisation issuance** windows as TFS funding matures

Funding Sources¹



Source: Aldermore
1. As at 31 December 2018

**Section 3:
Origination and
Underwriting**



Mortgage Strategy Overview

Since launching in 2009, Aldermore has established a **presence** in both the **owner occupied** and BTL sectors with **attractive product** offerings, supported by:

- A **prudent and skilled underwriting** approach with flexible and scalable technology
- An in-house approach enabling **better control** and ownership of the **customer experience** and **risk management**
- **Superior service** to brokers, complemented with a direct customer proposition
- Targeting a small share of a large market with a focus on those underserved by the highly **automated mainstream lenders**

Market	Aldermore Proposal	Included in Oak 3?
 <p>First time buyer mortgages</p>	<p>As well as traditional first time buyer mortgages, we offer the governments Help to Buy: equity loan scheme, as well as a 100% "Family Guarantee Mortgage".</p>	<p>✓ <i>HTB and FGM excluded from Oak</i></p>
 <p>Remortgage</p>	<p>For customers who would benefit from a manual approach to underwriting. We can help to release equity up to 85% LTV for property related purposes and 75% for debt consolidation</p>	<p>✓</p>
 <p>Moving home</p>	<p>For customers who would benefit from a specialist lender taking a common sense approach to helping them move, even when the high street can't</p>	<p>✓</p>
 <p>Self-employed mortgages</p>	<p>For customers who work for themselves or have a complex income. We offer the same competitive mortgage products as we do to employed customers</p>	<p>✓</p>
 <p>Low deposit mortgages</p>	<p>Minimum 5% deposit to help those that don't have a lot savings or equity to invest</p>	<p>✓</p>

Route to Market

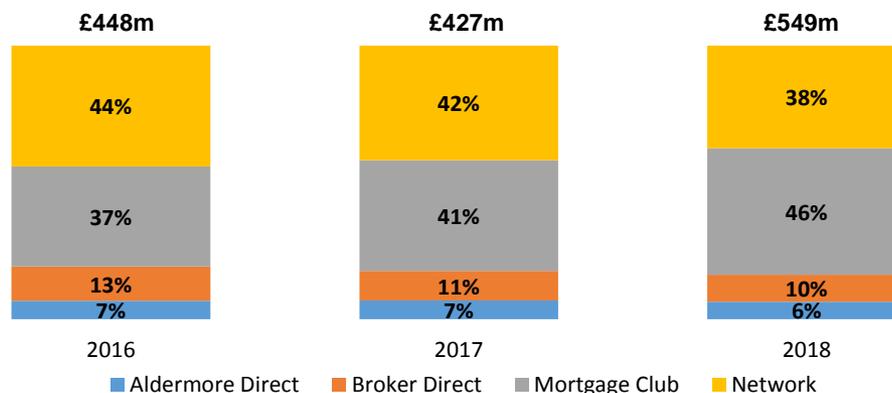
Distribution Routes

- Strong distribution network established with Mortgage Clubs, Networks and Directly Authorised Firms. Conduit to market as this **reduces the requirement** for a large field sales team, complemented by a direct to market offering
- Aldermore has **over 10,557 active** FCA registered brokers
- Mortgage Clubs continue to provide the **highest proportion** of business, the largest mortgage clubs are Legal & General, PMS and Simply Biz
- All brokers verified against the FCA database to ensure **real time authentication**

Broker administration and Monitoring

- Online registration process via secured Aldermore Mortgages web portal – **Broker FCA number essential to access**
- All brokers verified against the FCA database to ensure **real time authentication** . Any brokers who are no longer authorised or are facing disciplinary action are **investigated/removed from the broker panel** and access is **suspended/withdrawn**
- Initial action on low conversion (DIP to APP, APP to OFF or DIP to OFF) would be increased contact via telephony or field based BDM to ensure that the distributor fully understands Aldermore's **product offering and lending criteria**
- **Distributor removal** would be considered if initial action did not yield sufficient improvement in measured metrics

Mortgage Distribution¹



Source: Aldermore

¹Where both a network and club have been selected, the case is included within the "Mortgage Club" figures

Lending Criteria – Loan

Loan Criteria

- Lending criteria **approved via Credit Committee (CC)**
- Policy lays down the **parameters** within which any **residential mortgage products** can be designed and provides **guidelines** that are used to determine the **underwriting** decision
- Lending policy **exceptions** are **excluded from the Oak programme**

Loan Criteria	Owner-Occupied Level 1 & Higher LTV	Oak Criteria (Prime RMBS)
Purpose	Purchase, Remortgage or Help to Buy	Purchase or Remortgage
Repayment Types	Repayment or Interest only	
Maximum LTV	Repayment; 95% (> 80% with MIG) Interest only – 75%	
Min/Max Term	10 years/40 years	
Minimum Loan Amount	£25,000	
Maximum Loan Amount	£1,000,000	

Mortgage Indemnity Guarantee

Residential mortgage loans with an LTV between 80.01% (excluding fees) and 95% LTV will **have a Mortgage Indemnity Guarantee (MIG)**

Cover

- Fixed at inception and remains constant for seven years, with no first loss for the insured. **Policy pays up to the full individual limit** of indemnity for the loan, in the event of a claim

Insurer

- Canopus Managing Agents Limited, through a **Lloyd's of London Syndicate**. Rating of insurance capacity is **A+ (S&P), AA- (Fitch)**

Exclusions

- Defects in Title & Negligence or fraud of solicitor/valuer – risks covered by separate insurance and mitigated through Solicitors Professional Indemnity Cover
- Property Damage Risks - **risks covered by standard buildings insurance policy**

Claims Trigger

- Loans must be at least 90 days in arrears for claim to be made

Lending Criteria – Applicant

Applicant Criteria

- Criteria includes **Income**, **Affordability** and the below attributes:

Applicant Criteria		Owner-Occupied Level 1 & Higher LTV	Oak Criteria (Prime RMBS)
Credit status	Prior Mortgage Arrears	1 in last 12 months	None in last 12 months
	CCJ's/ Defaults	None in last 36 months	None in last 72 months
	Bankruptcy Order / IVA	None	
Max. Applicants		2	
Minimum Age		21 years	
Maximum Age		70 years at end of mortgage term	
Minimum Income		£10,000 (will be verified)	
Employed / Self Employed		Employed - min 12 months history (last 3 in same occupation) Self employed – min trading 2 years. 1 year can be considered	Employed - min 12 months history (last 3 in same occupation) Self employed – min trading 2 years
Residency		All applicants must be UK or EU nationals and have been continuously resident in the UK for the last 2 years	

Source: Aldermore

Affordability

The rates used within the affordability calculation are **tiered by LTV** bandings as follows with a 3% stress:

LTV	Term Variable		Fixed < 5 Years		Fixed > 5 Years	
	Pay Rate	Stress Rate	Max Reversion Rate	Stress Rate	Max Reversion Rate	Stress Rate
70%	2.88%	5.88%	5.23%	8.23%	5.23%	5.98%
75%			5.73%	8.73%	5.73%	6.48%
80%	3.18%	6.18%				
85%	3.78%	6.78%				
95%	n/a	n/a	5.98%	8.98%	5.98%	6.73%

In conjunction with:

- Mortgage term
- Gross **income**, **credit** commitments and other **expenditure** in addition to basic expenditure
- Household composition
- Affordability factor estimating HMRC deductions and basic expenditure / living costs, is applied to the income and calculated as follows:

$$\boxed{\text{Gross Income}} - \boxed{\text{Tax \& NI, Other Commitments, Other living costs and basic expenditure}} = \boxed{\text{Disposable income}}$$

- Affordability** for **interest only** loans calculated on a **capital and interest basis**

Lending Criteria – Income & Property

Income

- **No self-certified income**
- **Evidence of income required** for all mortgage applications
- **Certified** copy of original documents sent electronically by the **broker**, who is **accountable** to us **for their authenticity**
- **HMRC evidence** required for **self-employed customers**
- **Projections** of future income not acceptable

Property

Property Criteria	Owner-Occupied Level 1 & Higher LTV	Oak Criteria (Prime RMBS)
Location	England, Scotland & Wales	England & Wales
Minimum Valuation	£60,000	
Tenure	Freehold (heritable title in Scotland) or leasehold (with 60 years unexpired at completion and 40 years at end of mortgage term)	

Property

- The property which a loan is secured against is used as **protection of our interest** as a lender, rather than as an alternative method of repaying the debt for the borrower
- **All applications require a full valuation of the property**, based on a full external and internal inspection by a suitably qualified surveyor
- The report of the property is carried out by an associate or member of **RICS in line with ‘Red Book’ specifications**
- All report formats provide valuations for the **valuation for three comparable properties** which were **recently sold** in the local market and photographs of a minimum of internal and external aspects of the loans security are required in the report
- **No right to buy**
- **No shared ownership**
- **Help to buy excluded from Oak**

Robust Underwriting Processes

1 Clear products, credit policies and procedures

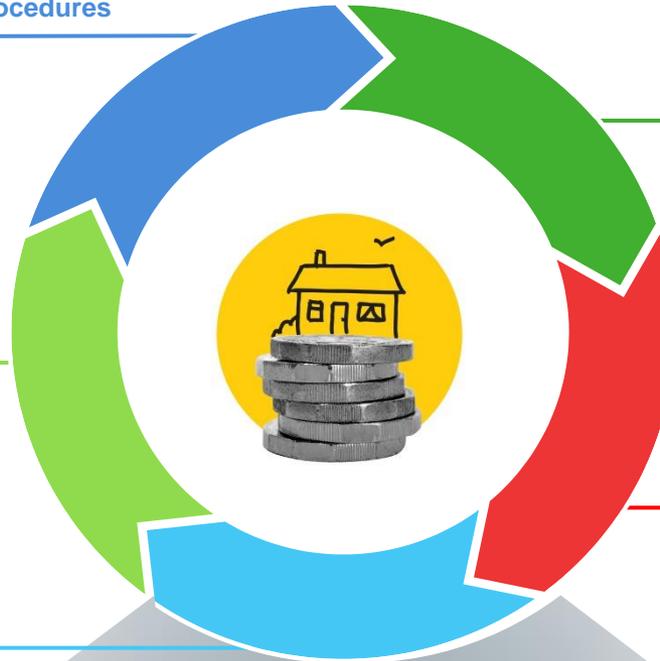
- Clearly defined credit criteria and product terms
- Underwriting processes designed to ensure consistency of approach and decision
- Structured underwriting mandates in place within business lines – criteria for escalation to central credit for larger deals and exceptions

5 Reporting and feedback systems

- Monitoring of new and historic asset quality and performance
- On-going review of underwriting process
- Feedback provided into products, credit policies and procedures

4 Decision making by underwriters

- Risk-based approach to underwriting
- No larger/complex facility granted without review, challenge and ultimate decision from a highly experienced underwriter
- Underwriters generally have many years relevant experience with an average of 5 years experience
- Sector and asset specific expertise employed



Robust underwriting approach 2

- Traditional approach to assessing creditworthiness
- Comprehensive understanding of asset risks and valuation (internal and external)
- Cash flows and debt serviceability a key focus
- Scalable approach to credit assessment in place

Full client due diligence 3

- Focused due diligence on credit sensitive information
- Use of third party data – credit and fraud reference information
- Documented review of security and borrower
- Compliance process in place AML, KYC, TCF

Strong Quality Control

Monitoring & Management

- **Underwriters are closely managed and monitored** through a variety of sources and business areas
- Decision quality, adherence to policy, regulation, and procedures, in addition to accuracy, efficiency and communication strategy are **regularly monitored by team managers** (supported by Credit Risk)
- The **quality of decisions are audited for each individual** underwriter at various stages of the application process – from Decision in Principle (DIP) through to offer

MIG Certification

- **Quarterly audits** of up to 15% loans **originated** in that **quarter** carried out by insurer, **certified as insured** if audit satisfactory. **Certification** notes have been issued for all audits

Summary of Monitoring Process

Area	Description	Quantity	Frequency
Decision Quality	Full Offer Review	5% per person	Monthly
	DIP Reviews	1 per person	
	First Touch Review	Sample	
	Credit Reviews	20% on average	
Decision/ Process	Bank Statement Income Verification Deposit Security Assessments Credit Quality	Sample	Monthly
Behaviour / Conduct	One to One	All	Monthly
	Performance Reviews Personal Development Plans	All	Bi-Annually
	Feedback Log	Incident Based	Weekly
Call Handling	Telephony Review	1 per person	Monthly
Efficiency	Individual efficiency monitoring	All	Daily

**Section 4:
Servicing and
Collections**



Servicing and Collections

Servicing & Collection Overview

- Operate a **shared Servicing and Collections** platform which allows consistent standards for each boarded loan
- Customer Service Advisers **manage all activity post the completion of the mortgage application** through to the **redemption of the loan**, with training centred on telephony skills, identifying and managing vulnerable customers, and dealing with customer requests
- Collections and Recoveries team manage **the end to end recovery process from early arrears through to litigation action** and the appointment of law of property act receivers (LPA)
- **Multi skilled** team to enable arrears identification, ownership of cases to **reduce arrears** and manage borrowers identified as having financial and personal vulnerabilities
- **Depth of experience** within the collections team and follow a case ownership model which allows for customers to have **one to one relationships** with a collector throughout the **arrears management process**
- There is a **single collections strategy** in place to ensure we are **Treating Customers Fairly** and consistently. The aim is to effectively work accounts to achieve the **best customer outcome** by setting appropriate solutions to varying customer

Single collections strategy

Stage	Days
Start of Collections Process	1
Collection Control Segmentation	1
S10 Letters, Call	3
S10 Letters, Calls x3	10-14
S20 Letters, Calls x5	20-25
S20 Letters incl. EFA Notice, Calls x5	31-36
S30 Letter; Pre-Lit warning, Calls x5	51-56
S40 Letter; Formal Demand/7 letter, Calls x5	78-83
S40 Letter; Instruction to Solicitors, Calls x5	85-90
S50 Litigation/Recovery Status	90+

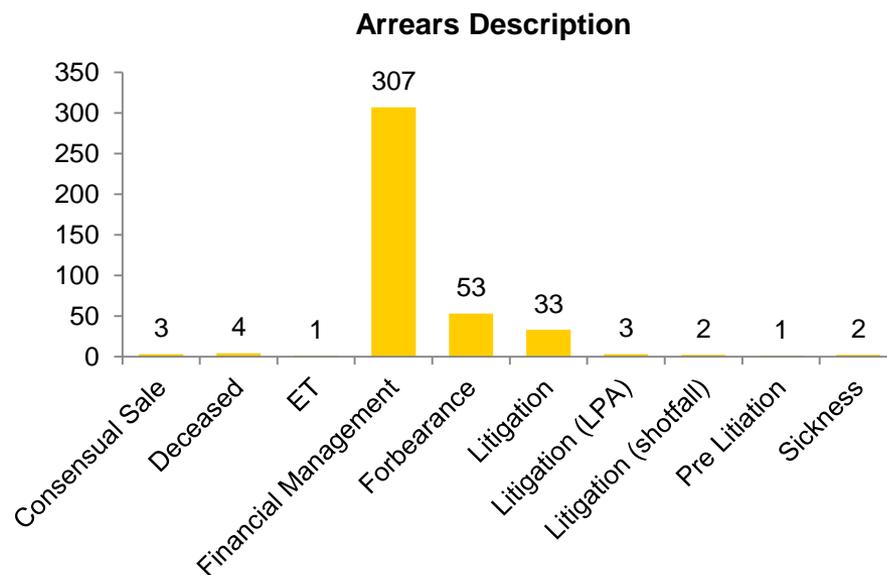
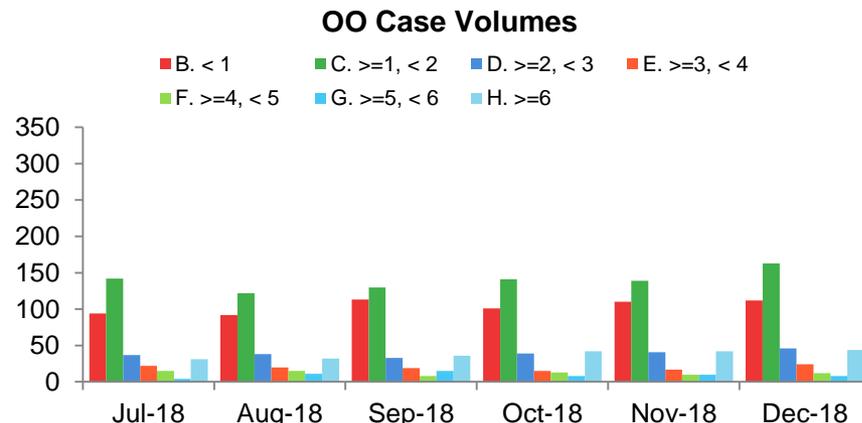
Forbearance & Collections Performance

Forbearance

- **Careful consideration** is given to the individual customer's financial circumstances in order to arrive at a suitable action plan to rehabilitate the loan within a prescribed period of time
- Such tools include temporary reduction to the monthly contractual repayment, temporary transfer to interest only facility, mortgage term extensions and capitalisation
- **Litigation & recovery strategy** is utilised when the collection strategy and use of the available forbearance tools have been exhausted. Primary objective is the **full recovery** of arrears/debt and minimisation of loss

Collections Performance

- Case volumes average 484 accounts per month split between OO and single BTL properties with a steady increase in arrears volumes since Sept 18
- **<=1,<2 months, representing 65% of the total arrears volume per month.** Made up of Month end Direct Debit, Month End Payers and customers who are stuck between >1 and <3 and unwilling to engage and clear their arrears
- **Focusing on customer vulnerability** which currently makes up 7% of the overall arrears portfolio (which we expect to grow with longer term forbearance and the focus on customer outcomes)



**Section 5:
Transaction
Structure**



Provisional Portfolio Characteristics

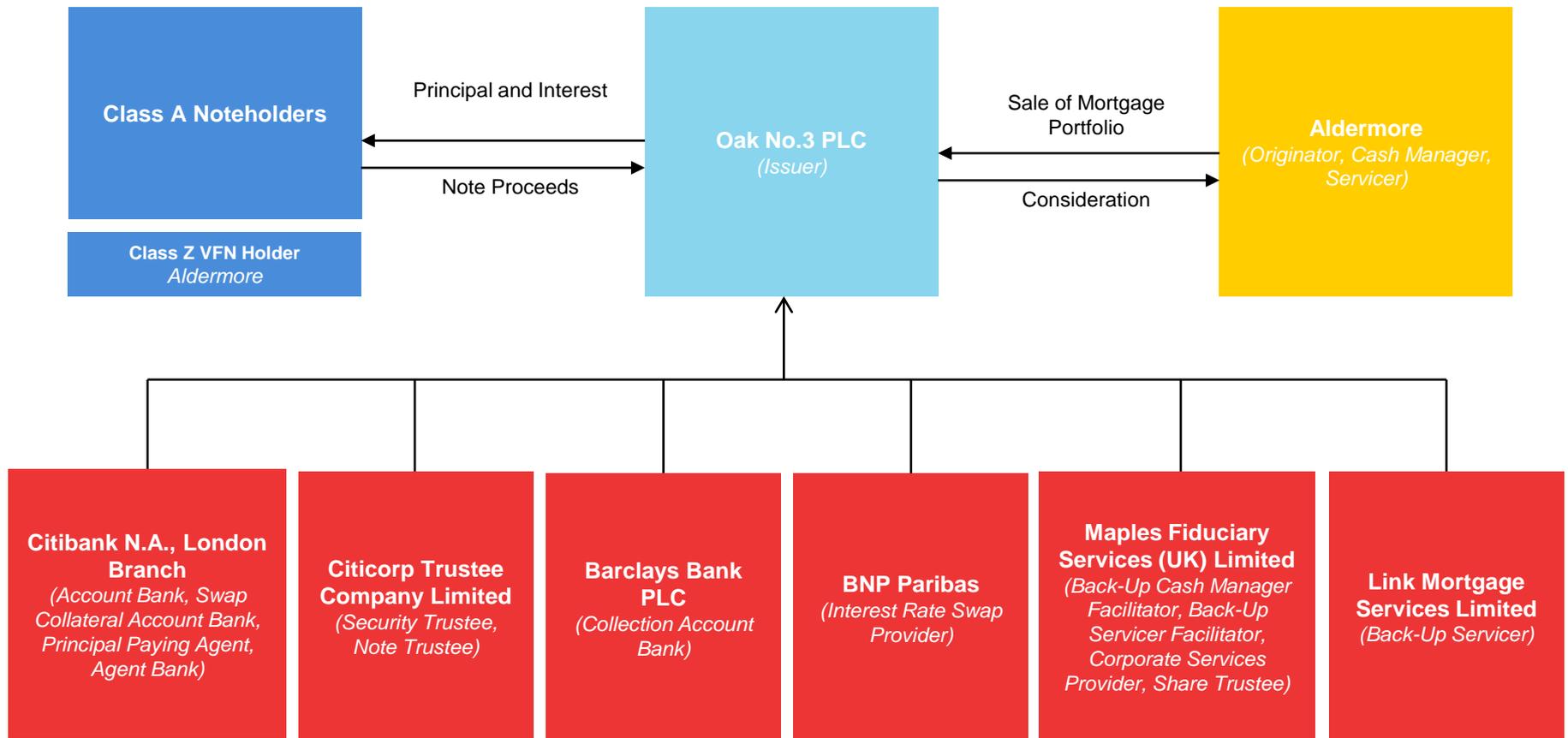
Portfolio Eligibility Criteria

All Loans Aldermore Tier I	✓
No CCJ or Bankruptcy History	✓
No Self Certified Income	✓
No BTL	✓
No Offset	✓
No Right to Buy	✓
No Shared Ownership	✓
No Help to Buy	✓
No Shared Equity	✓
No Fast Track Loans	✓
No Loans in Arrears Now or Since Origination	✓
No Borrower in Arrears With any Mortgage Lender During 12 months Prior to Initial Advance	✓

Provisional Portfolio Overview

Aggregate Loan Balance (GBP)	386,198,070
Number of Loans	2,708
Average Loan Balance (GBP)	142,614
WA Original LTV (% balance)	72.16%
WA Seasoning (months)	13.83
WA Remaining Term (years)	23.82
Fixed Rate Loans (% balance)	95.90%
Interest Only (% balance)	10.34%
Arrears at Closing (%)	0.00%
Greater London (% balance)	9.29%
London & South East (% balance)	27.20%

Transaction Structure



Possible Weighted Average Lives

Possible WALs of Class A Notes (unaudited)

CPR	Assuming Issuer call on Step-Up Date	Assuming no Issuer call
0%	4.56 years	9.83 years
5%	4.04 years	6.77 years
10%	3.57 years	5.00 years
15%	3.15 years	3.89 years
20%	2.77 years	3.13 years
25%	2.43 years	2.58 years
30%	2.13 years	2.18 years

Reversion Year	Aggregate Current Balance (£)	Per cent. of Total
2019	4,120,722	1.11%
2020	151,775,390	40.98%
2021	138,605,735	37.42%
2022	5,920,031	1.60%
2023	23,184,613	6.26%
2024	46,767,808	12.63%

Assumptions

- The Issuer exercises its option to redeem the Class A on the Step-Up Date, in the first scenario, or the Issuer does not exercise its option to redeem the Notes on or after the Step-Up Date, in the second scenario;
- The Loans are subject to a constant annual rate of prepayment (exclusive of scheduled principal redemptions) of between 0% and 30% per annum;
- No Note Acceleration Notice has been served on the Issuer and no Event of Default has occurred;
- No Additional Borrowings or Product Transfers;
- The Mortgages continue to be fully performing;
- Notes are issued on or about 4th September 2019;
- The payments dates are on 28th day of every January, April, July, and October with the first Payment date being in January 2020;
- Excess Available Revenue Receipts after paying interest on the Class A Notes equal to an annualised rate of 2.46% is available at the Closing Date
- Please see Oak 3 Preliminary Prospectus for further details

Priority of Payments

Summarised Pre-Acceleration Priority of Payments

Revenue

- (a). Amounts due to the Note Trustee and Security Trustee
- (b). Third Party Expenses: Amounts due to the Agent Bank, Paying Agents, Account Bank, Back-Up Servicer, Swap Collateral Account Bank, Reporting Delegate, CSP and the Class Z VFN Registrar
- (c). Amounts due to Servicer, Cash Manager, Back-Up Cash Manager Facilitator and Back-Up Servicer Facilitator
- (d). Amounts due to the Interest Swap Providers (excluding any Interest Rate Swap Excluded Termination Amounts)
- (e). Issuer Profit Amount
- (f). Class A Interest
- (g). Class A PDL
- (h). General Reserve Fund up to the General Reserve Fund Required Amount
- (i). Class Z VFN PDL
- (j). If the Class A Notes remain outstanding on and from the Step-Up Date (taking into account redemptions on the Step-Up Date), to apply remaining Available Revenue Receipts as Available Principal Receipts
- (k). Class Z VFN Interest
- (l). Interest Rate Swap Excluded Termination Amounts
- (m). If such Interest Payment Date falls directly after a Determination Period, then the excess (if any) to the Transaction Account
- (n). Following redemption in full of the Class A Notes, Class Z VFN Principal
- (o). Deferred Considerations

Principal

- (a). Class A Principal
- (b). Class Z VFN Principal
- (c). Available Revenue Receipts

Principal to Pay Interest:

If there is insufficient revenue to pay items (a) to (f) of the pre-acceleration revenue priority of payments then available principal receipts will be used to cover such revenue deficiency

Turbo Mechanism:

If the Class A Notes remain outstanding on and from the Step-Up Date (taking into account redemptions on the Step-Up Date) remaining Available Revenue Receipts will be applied as Available Principal Receipts after the General Reserve Fund is replenished up to the General Reserve Fund Required Amount

Post-Acceleration Priority of Payments

- (a). Amounts due to the Note Trustee and Security Trustee
- (b). Amounts due to the Agent Bank, Paying Agents, Back-Up Servicer, Transaction Account Bank, Swap Collateral Account Bank, Reporting Delegate, Class Z VFN Registrar and Corporate Services Provider
- (c). Amounts due to the Servicer, Cash Manager, Back-Up Cash Manager Facilitator and Back-Up Servicer Facilitator
- (d). Amounts due to the Interest Swap Providers (excluding any Interest Rate Swap Excluded Termination Amounts)
- (e). Class A Principal and Interest
- (f). Class Z VFN Principal and Interest
- (g). Interest Rate Swap Excluded Termination Amounts
- (h). Issuer Profit Amount
- (i). Deferred Considerations

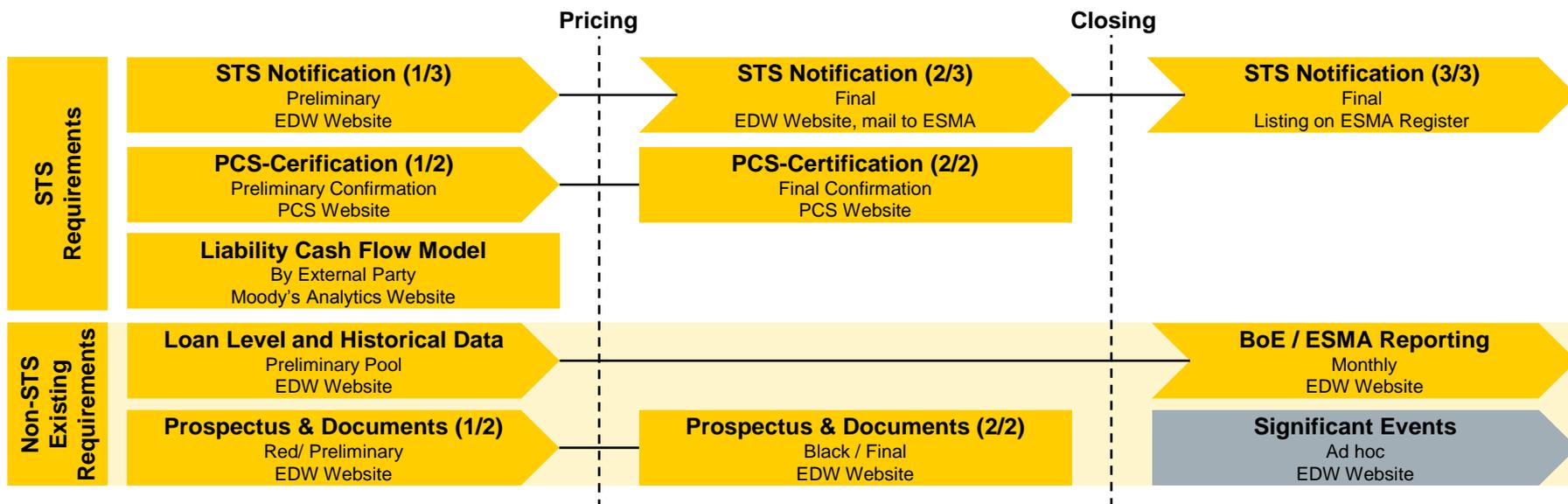
Deal Comparison

	Oak 3	Oak 2	Bowbell 2	Elvet RMBS 2018-1	Brass 7	Gosforth 2018-1	CMF 18-1	Brass 6
Originator	Aldermore	Aldermore	Bank of Ireland	Atom Bank	Yorkshire BS	Virgin Money	CCFS	Yorkshire BS
Structure	Standalone	Standalone	Standalone	Standalone	Standalone	Standalone	Standalone	Standalone
Closing Date	●	Oct 18	Jun 19	Oct 18	Sep 18	Sep 18	Jun 18	Oct 17
Aggregate loan balance (GBP)	[386,198,071]	359,626,867	2,266,781,113	546,332,833	3,184,059,456	1,725,081,960	304,395,040	2,598,806,214
Number of loans	[2,708]	2,325	14,940	3,070	17,405	9,671	1,923	13,320
Average loan balance (GBP)	[142,614]	154,657	151,726	177,959	182,939	178,376	158,292	195,106
WA original LTV (%)	[72.2]	75.4	78.8	73.2	75.7	67.8	72.3	75.6
WA indexed LTV (%)	[69.0]	71.6	71.8	70.7	65.8	56.9	68.8	72.7
SPV Benefits from MIG Insurance for >80% LTV Loans	✓	✓	✗	✗	✗	✗	✗	✗
WA seasoning (yrs)	[1.2]	1.2	2.3	0.5	2.2	2.4	1.0	1.2
WA remaining term (yrs)	[23.8]	25.0	24.0	24.0	23.8	22.0	25.2	25.7
WA Interest Rate (%)	[3.6]	3.9	2.5	1.9	2.1	2.0	4.2	2.2
Fixed rate loans (%)	[95.9]	97.4	93.5	100.0	98.5	94.6	75.5	100.0
Interest only (%)	[10.3]	8.7	8.6	0.0	3.2	5.6	0.0	0.0
Arrears at Closing (%)	[0.0]	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Buy-To-Let (%)	[0.0]	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Largest Geographic Region	[South East (17.9%)]	South East (20.5%)	Greater London (20.7%)	Greater London (16.9%)	South East (20.6%)	South East (27.7%)	South East incl. London (30.0%)	South East (24.9%)

Source: Fitch & Moody's new issue reports; transaction prospectuses / final terms; Oak 2, Bowbell 2, Elvet RMBS 2018-1, Brass 7, CMF 18-1, Gosforth 2018-1, Brass 6

Simple, Transparent, Standardised (STS)

STS Information	<ul style="list-style-type: none"> Oak No. 3 is structured to comply with the Simple, Transparent and Standardised (STS) criteria for securitisations A draft of the STS notification, historical performance data and draft Transaction Documents will be available on https://editor.eurowdw.eu/ecb/info?edcode=RMBUSUK102077100120190 before pricing A cashflow liability model will be available on Moody's Analytics before pricing A final STS Notification will be submitted to ESMA / FCA within 15 business days of the closing date
Third-Party Verification	<ul style="list-style-type: none"> PCS have provided Third-Party Verification with respect to STS status on Oak No. 3 plc. PCS are authorised as a regulated independent third party verifier by the FCA Verification and reports available on PCS website https://pcsmarket.org/sts-verification-transactions/: <ul style="list-style-type: none"> STS Verification Checklist CRR and LCR Assessments
CRR & LCR Assessments	<ul style="list-style-type: none"> LCR Level 2b eligible as a result of STS (vs. no LCR for non-STS positions) 10% risk weighting under CRR (vs. 20% for non-STS positions) CRR and LCR verification provided by PCS
Reporting	<ul style="list-style-type: none"> Oak No. 3 will report under CRA3 8b guidelines, until ESMA reporting templates are finalised. Submissions uploaded to : https://editor.eurowdw.eu/ecb/info?edcode=RMBUSUK102077100120190

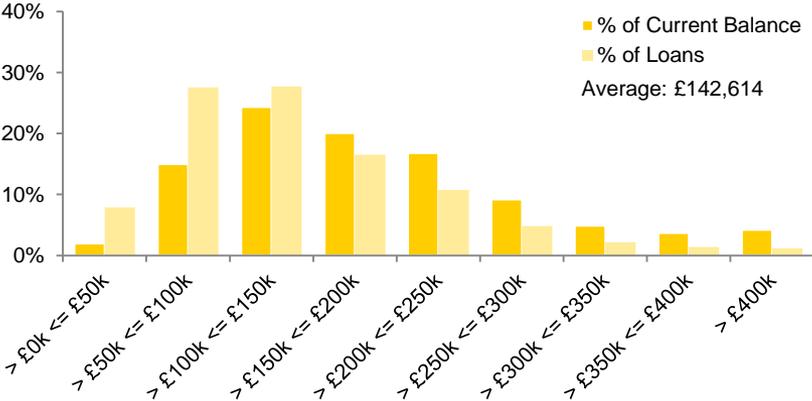


**Section 6:
Oak 3 Portfolio and
Historical
Performance**

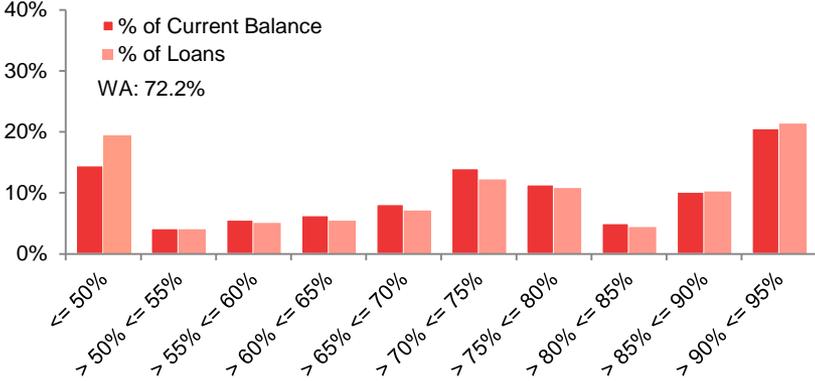


Provisional Portfolio Characteristics

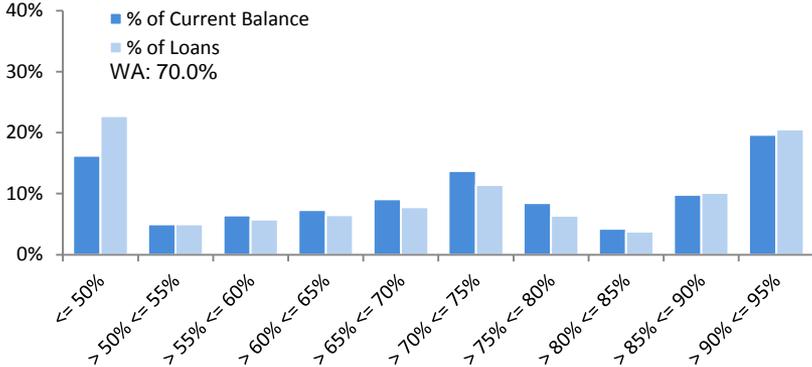
Current Balances



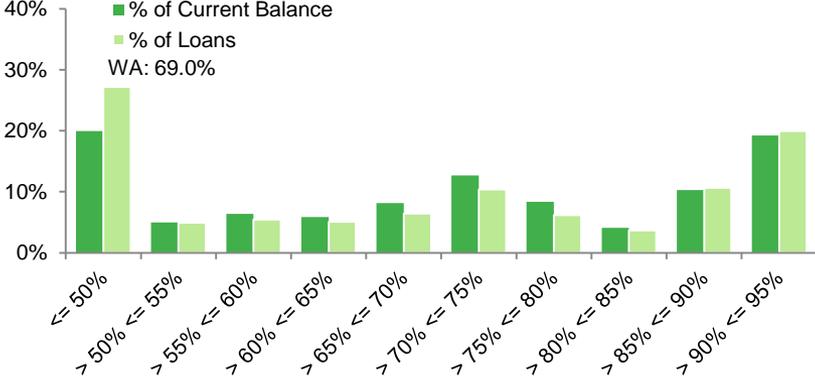
OLTV



CLTV



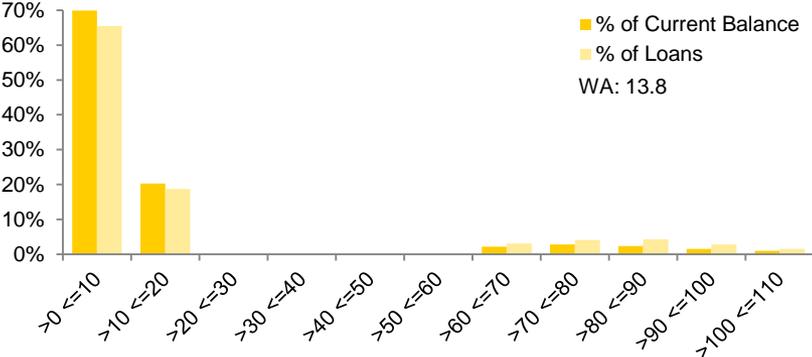
Indexed CLTV



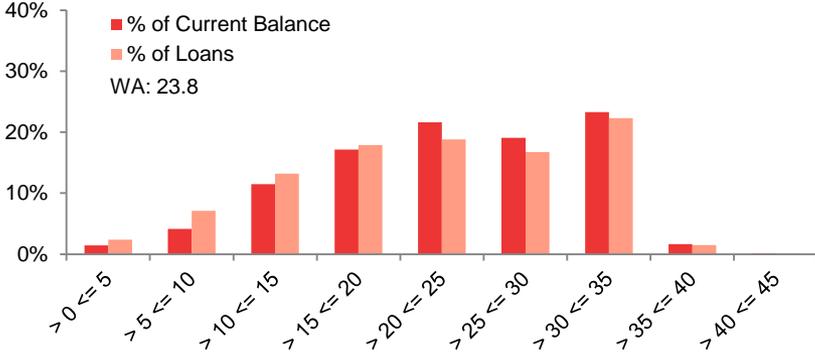
Source: Oak 3 Preliminary Prospectus

Provisional Portfolio Characteristics

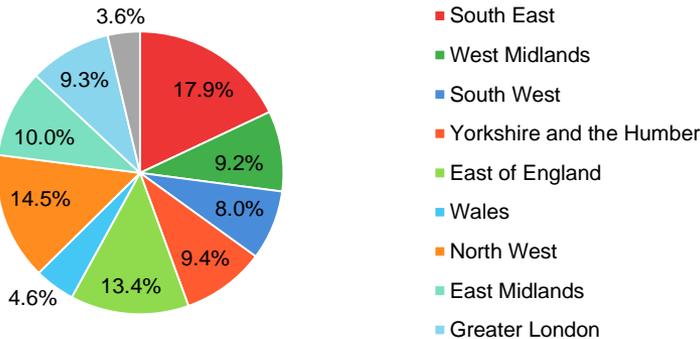
Seasoning (months)



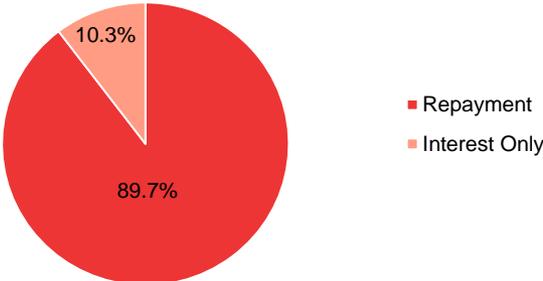
Remaining Term (years)



Geographic Region



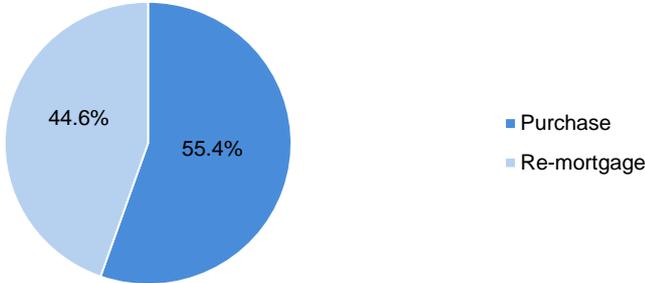
Repayment Method



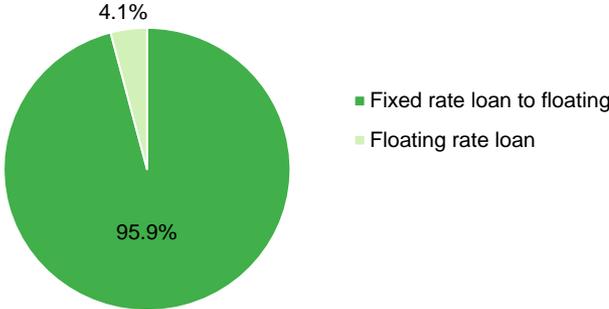
Source: Oak 3 Preliminary Prospectus

Provisional Portfolio Characteristics

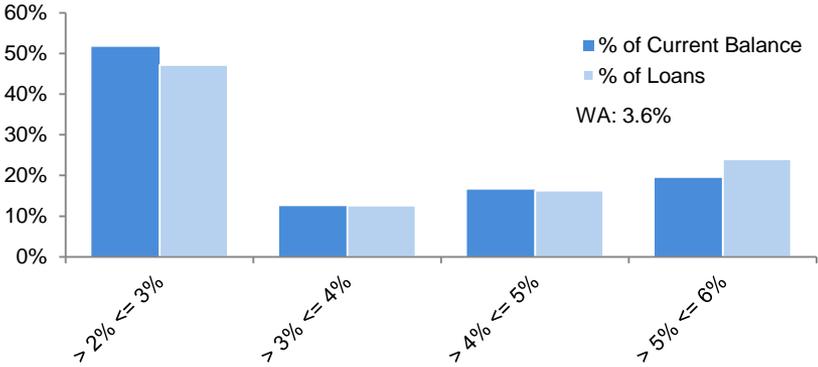
Purpose of Loan



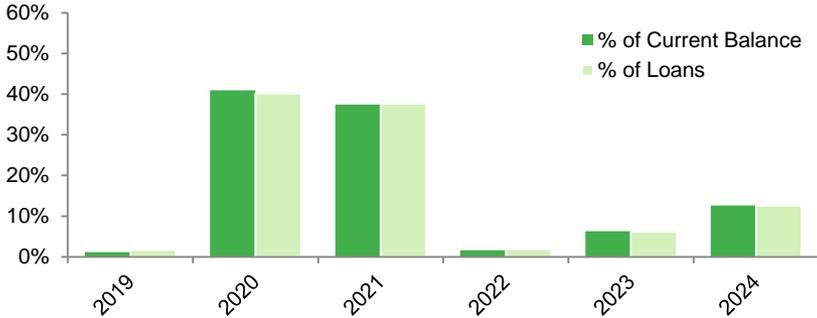
Interest Rate Type



Current Interest Rates



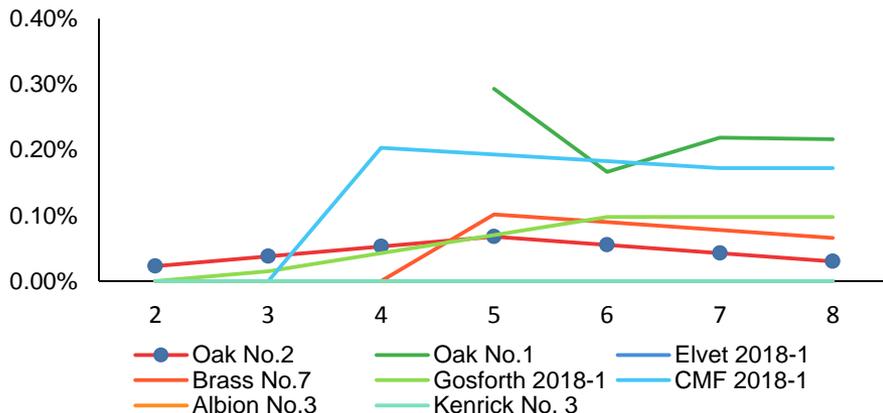
Fixed Rate Loans Reversion Date



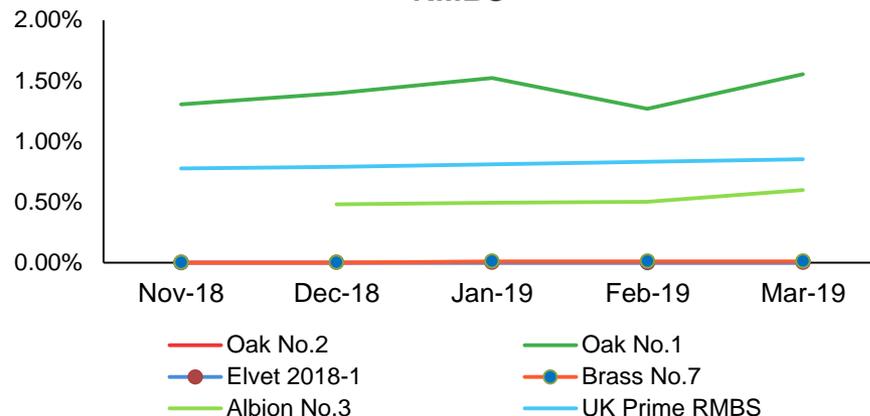
Source: Oak 3 Preliminary Prospectus

Oak Historical Performance vs. Peers

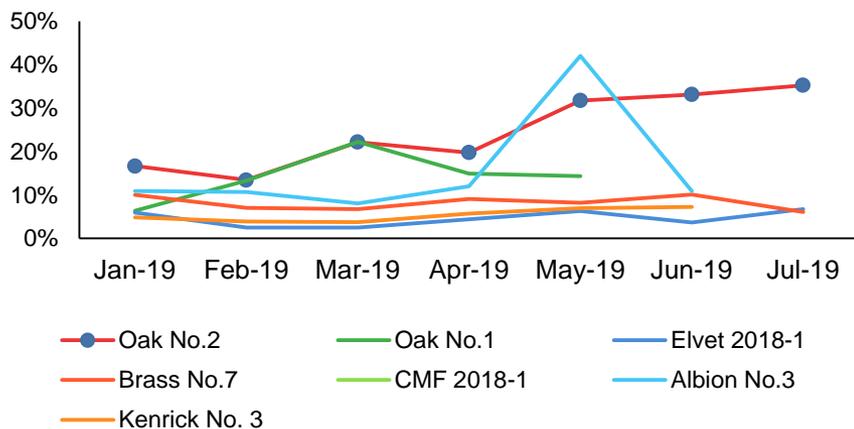
30 day delinquency by Seasoning



90+ day delinquency vs Moody's UK Prime RMBS

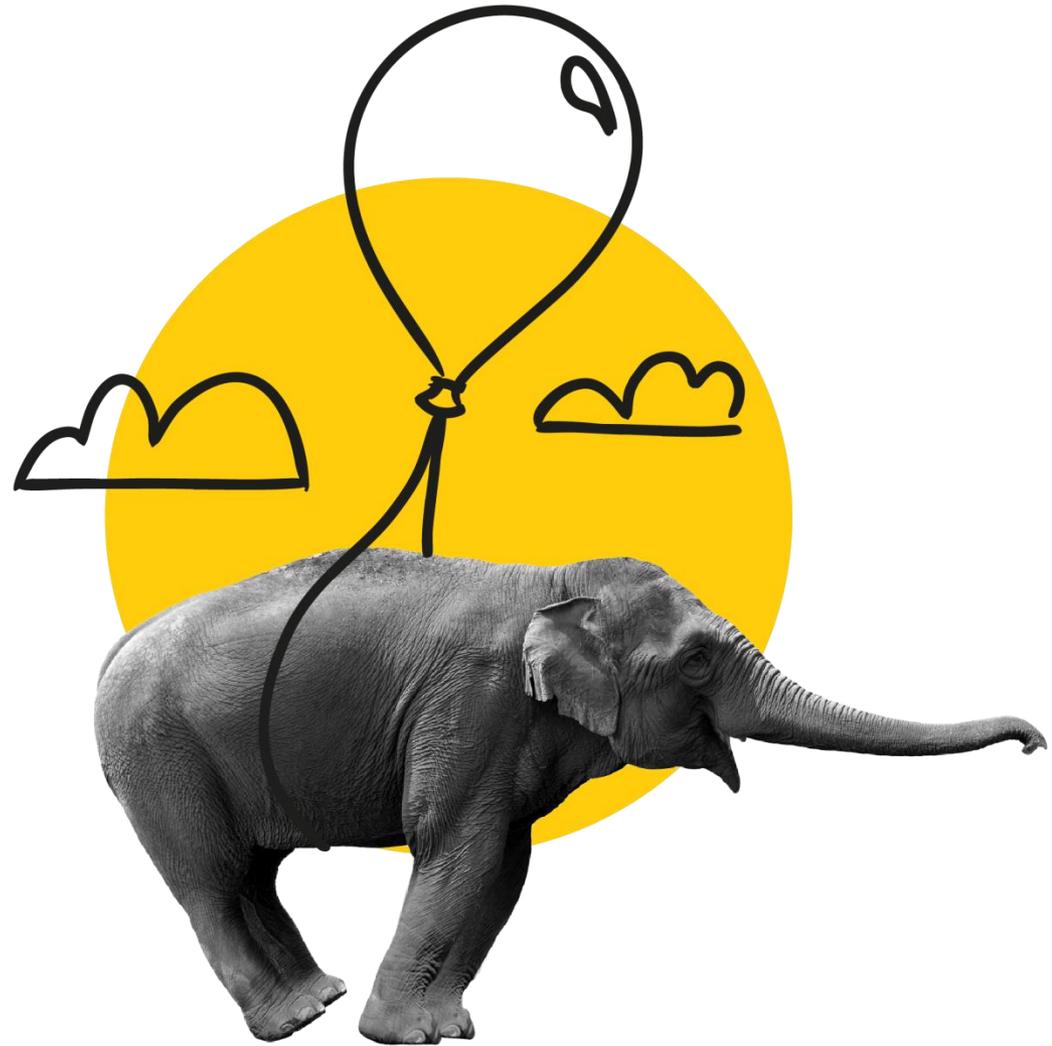


CPR Comparison



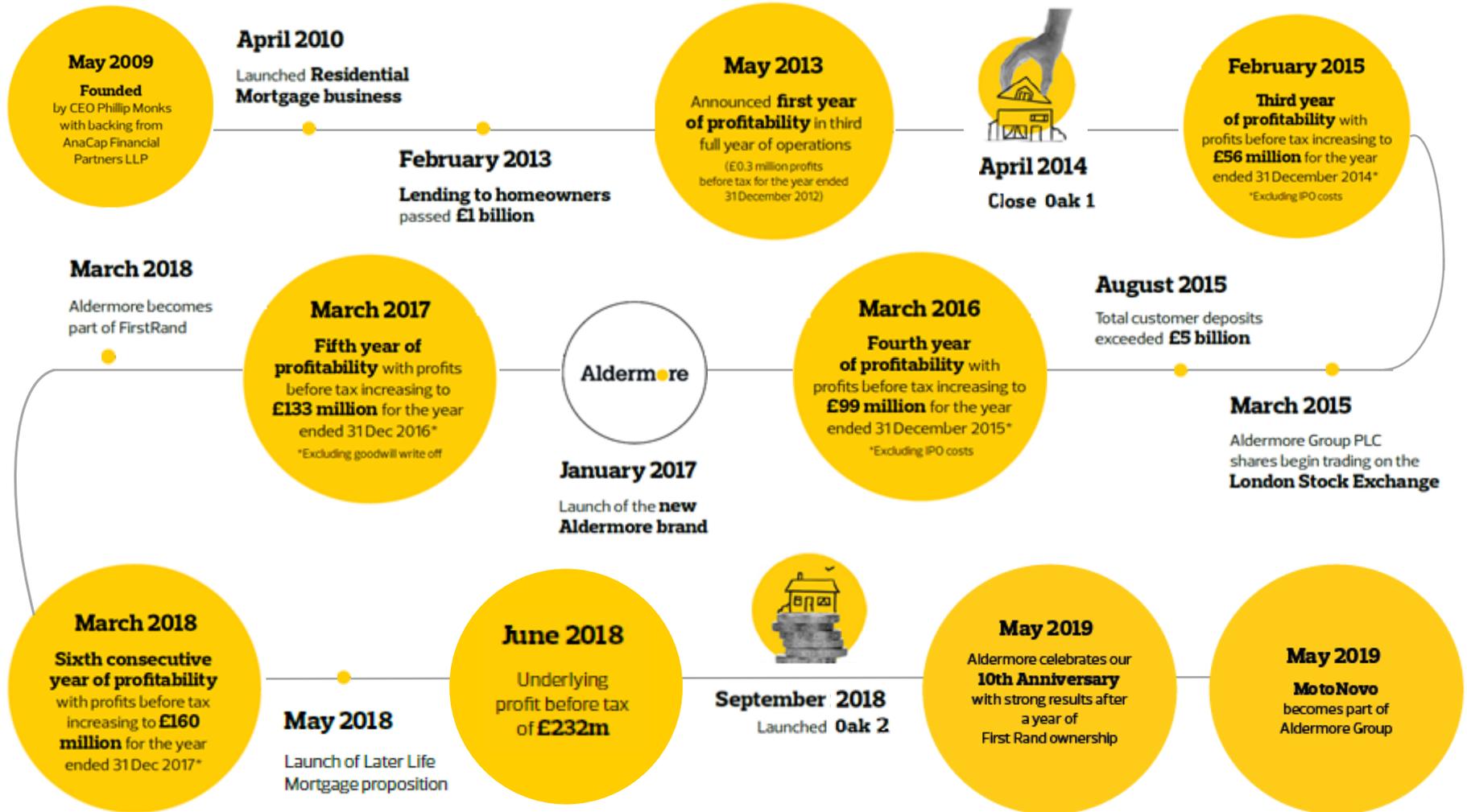
- Aldermore redeemed Oak No.1 in 2019, on its optional redemption date
- Aldermore's second securitisation, Oak No.2 closed in October 2018 and has so far demonstrated a robust credit performance with lower delinquencies compared to some of its peers
- There has not been any losses on the Oak No.2 transaction to date, which gives further reassurance of the credit quality

**Appendices &
Disclaimer**

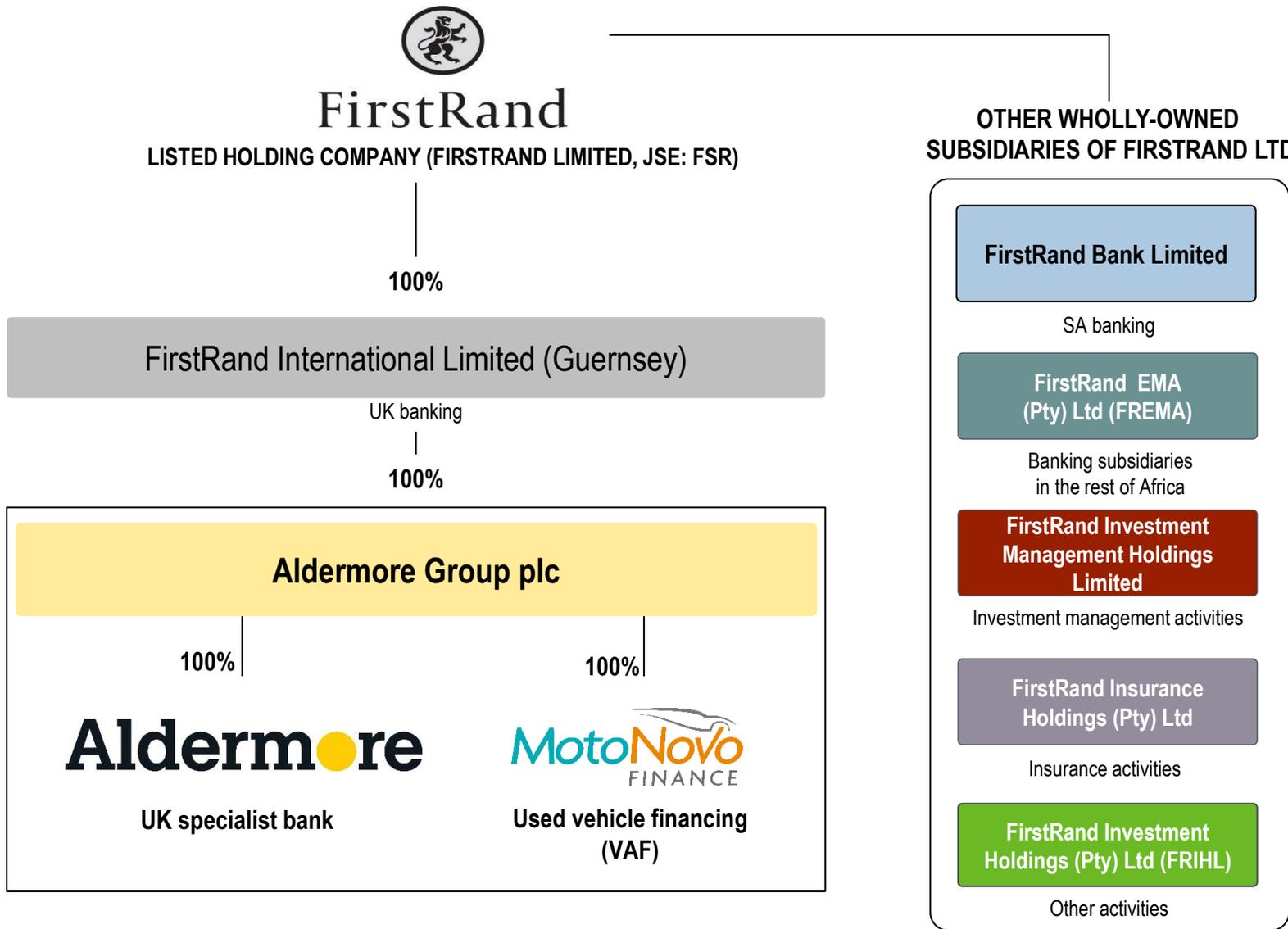


Appendix A: Our History

Helping our customers to seek and seize opportunities since 2009



Appendix B: FirstRand Group Structure



Appendix C: UK Mortgage Market

Market Overview

£1,451bn

Size of the UK housing market. As large as the GDP of Canada

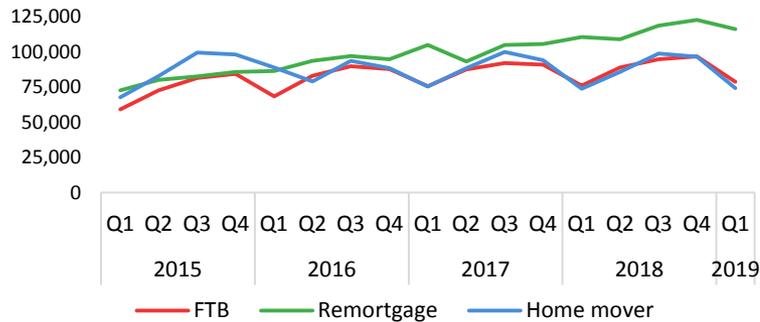
£268 bn

Total mortgage lending in 2018, up 3% on 2017

£37.1bn

Gross buy-to-let lending in 2018, up 3.6% on 2017 but down 8.6% on 2016

OO House Purchases by Lending Type



Self Employed Market

4.8 million

The number of self-employed workers in 2017, up 45% from 3.3 million in 2001

15.1%

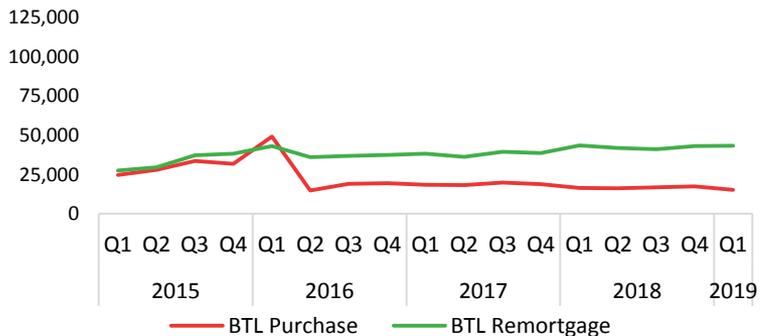
Percentage of total UK labour force (2017)

Regulated Mortgages to Self-employed Borrowers

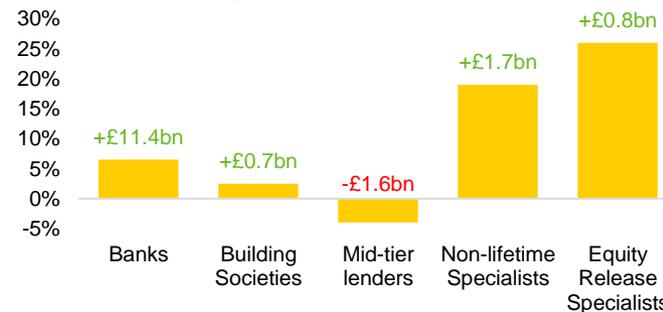


Market Competition

BTL House Purchases by Lending Type



Growth in Gross Lending by Lender Type (2018 vs 2017)



70

Number of lenders lent out over £50m in 2018 compared to 60 in 2016

121,380

Loans to over 55s (residential and equity release combined) in 2018, up from 90,013 in 2016

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