

Aldermore Bank

Investor Roadshow

April 2023

A woman with curly hair, wearing a dark green top, is smiling and looking at a laptop screen. She is in a professional setting, possibly a meeting or presentation. The background is blurred, showing other people and a glass of water. The image is partially overlaid by a yellow geometric shape on the left and top right.

Aldermore

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Company Overview



Our Blueprint and Purpose



Our Purpose

- Aldermore’s purpose guides everything we do and extends beyond just the products and services we offer
- Our aim is to seek out more undervalued and underserved people and do good by helping them take the action needed to move forward in life, ensuring we meet the needs other institutions do not
- To ensure our purpose remains central to our activity, it sits at the heart of our blueprint; reflecting our ambitions to differentiate our business and bringing together the ‘what’ and the ‘how’ to make it happen

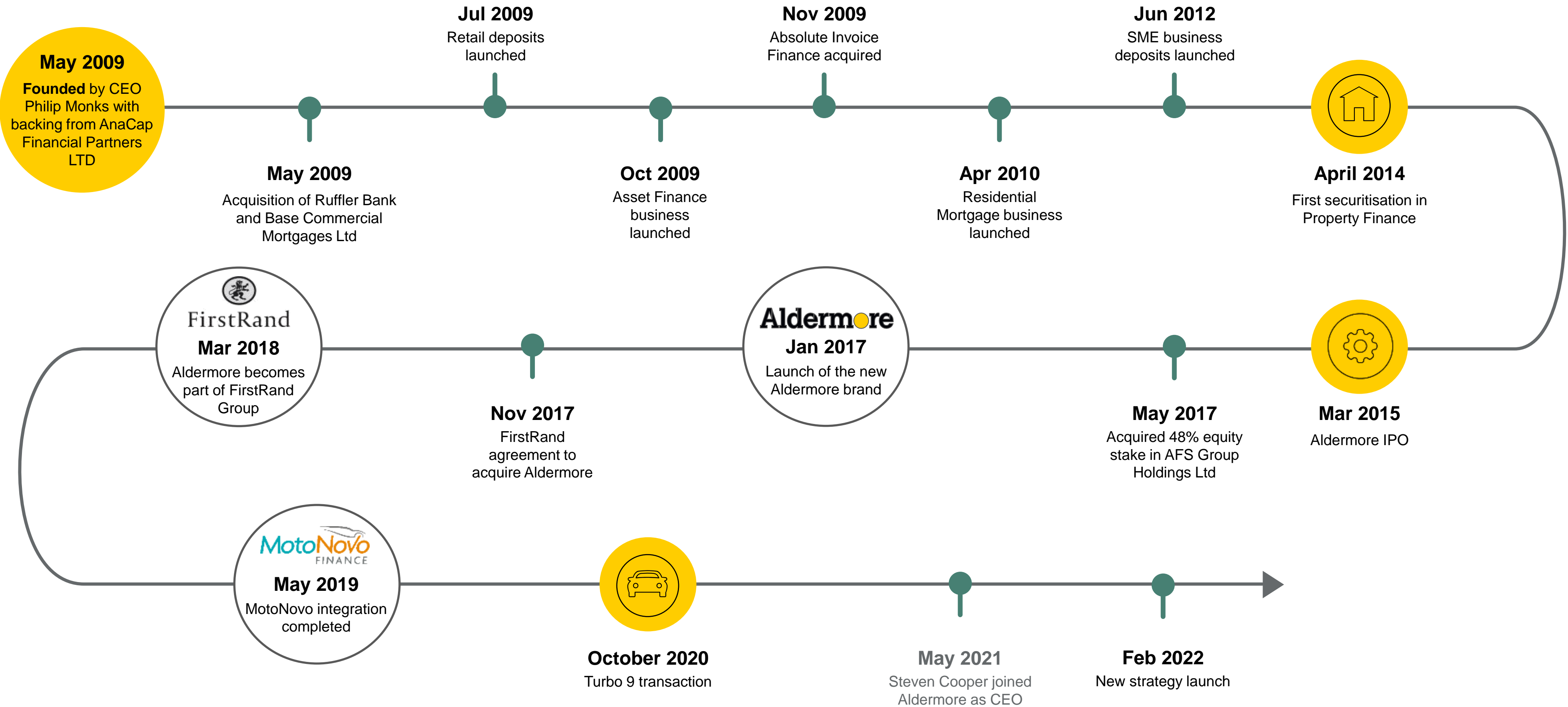
What – Our Strategic Drivers

Stay-ahead propositions	Relationships that last	Progressive platform
Use insight and foresight to build products and services that help underserved and undervalued customers	Build loyalty with customers, colleagues and partners, by anticipating and responding to, their changing needs and circumstances	Create systems, processes and capabilities that are easy and efficient, enabling us to live our purpose and grow our business

How – Our Behaviours

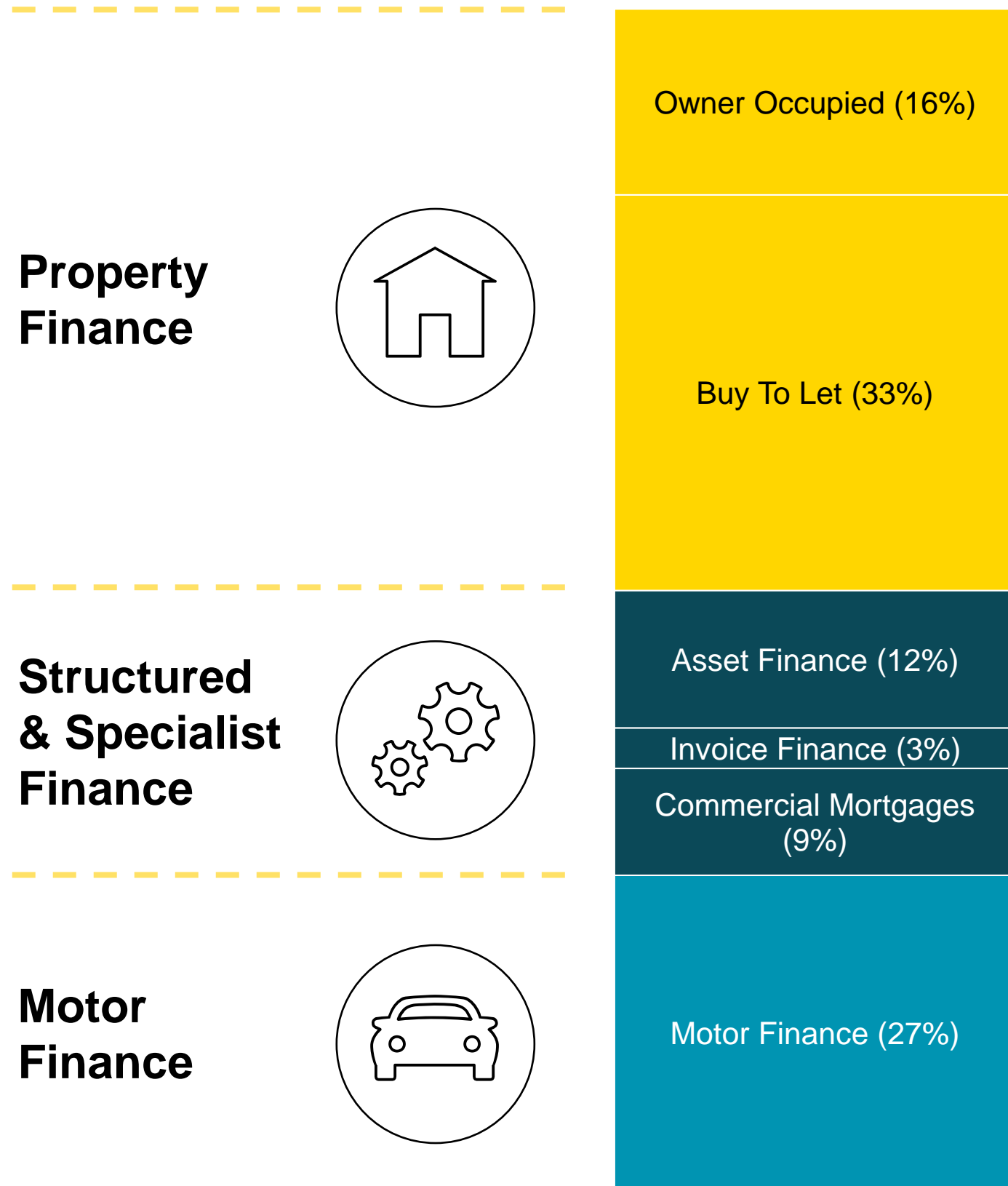
Start with why	Try it out	Crack it together	Think next need
We think about outcomes before taking on tasks and we are always asking ourselves how what we do is aligned to our blueprint and how will it make things better for colleagues and customers	We are open to new ideas and ways of working and we are not afraid to give things a go	We collaborate with others purposefully, which means involving the right people on the right things at the right time, to avoid duplication of effort and to ensure a better result	As well as delivering on what we need to be successful now, we are also looking ahead to the future and developing ourselves so we can sustain our success in the long term

Successful Story of Organic and Inorganic Growth



Highly Diversified Portfolio and Established Position in the UK Market

£14.7 bn



Aldermore Net loans FY22



Property

- Profitably growing in existing segments and new sub-segments e.g. sustainable property financing.



Structured & 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.



Motor

- Strengthening our 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.



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.

ESG and Sustainability Approach

- The Group’s approach to ESG and Sustainability is aligned to our corporate strategy and supports our commitment to the UK Levelling Up Goals, making sure we **focus our impacts in the areas that matter most to our stakeholders.**
- Sustainability was recognised as an strategic imperative in Autumn 2022 and in December, we launched **Aldermore's first Report to Society**. The next phase focuses on embedding sustainability as part of BAU throughout the Group and on mobilising intentional products and propositions.
- For more information on our ESG & Sustainability activities and our progress on the UK Levelling Up Goals please see our first annual [Report to Society](#).
- For more information on our climate disclosures please see our [Annual Report](#).



Financial Highlights for Financial Year 2022

Profit Before Tax
£204.7m

Pre-provision Operating Profit
£262.1m

Net Interest Margin
3.8%

Cost-to-Income ratio¹
54%

Return On Equity
12.5%

CET 1 Ratio²
14.0%

Cost of Risk
0.41%

Net Lending
£14.7bn

Customer Deposits
£14.1bn

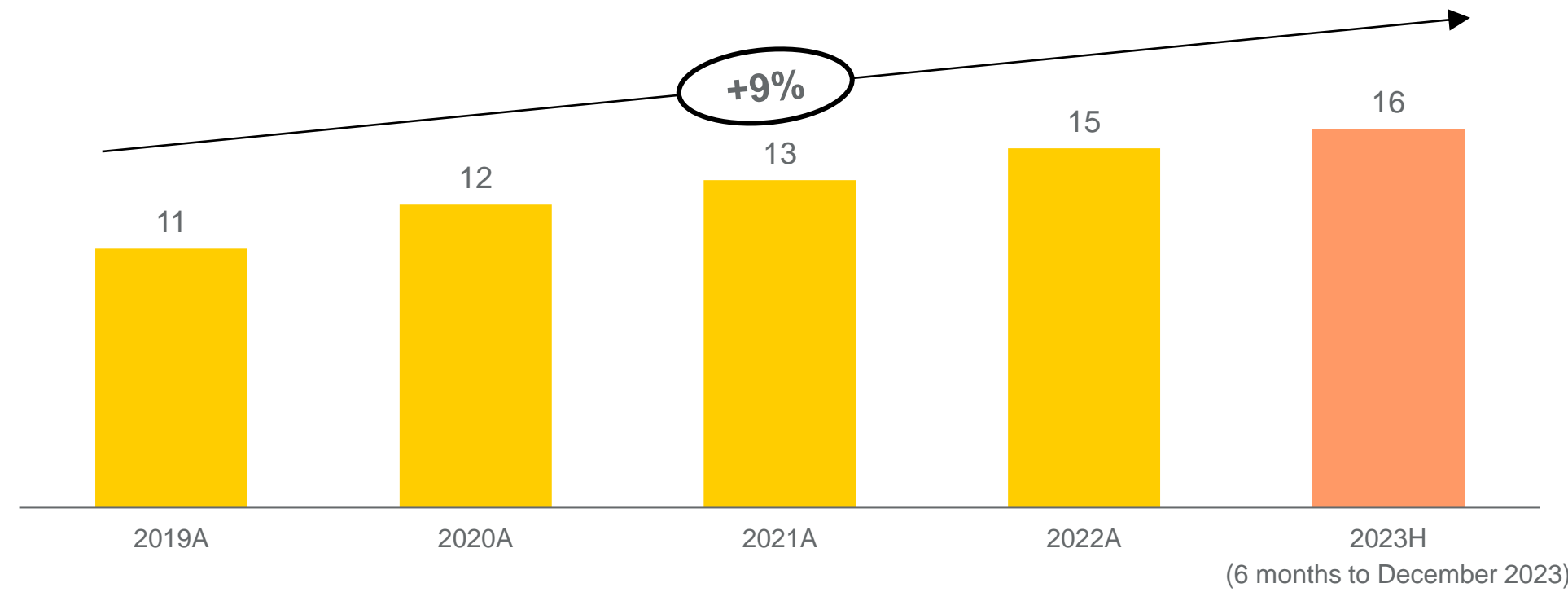
Source: Aldermore Group PLC Financial Statements, as at 30 June 2022.

¹ Cost-to-income ratio is statutory

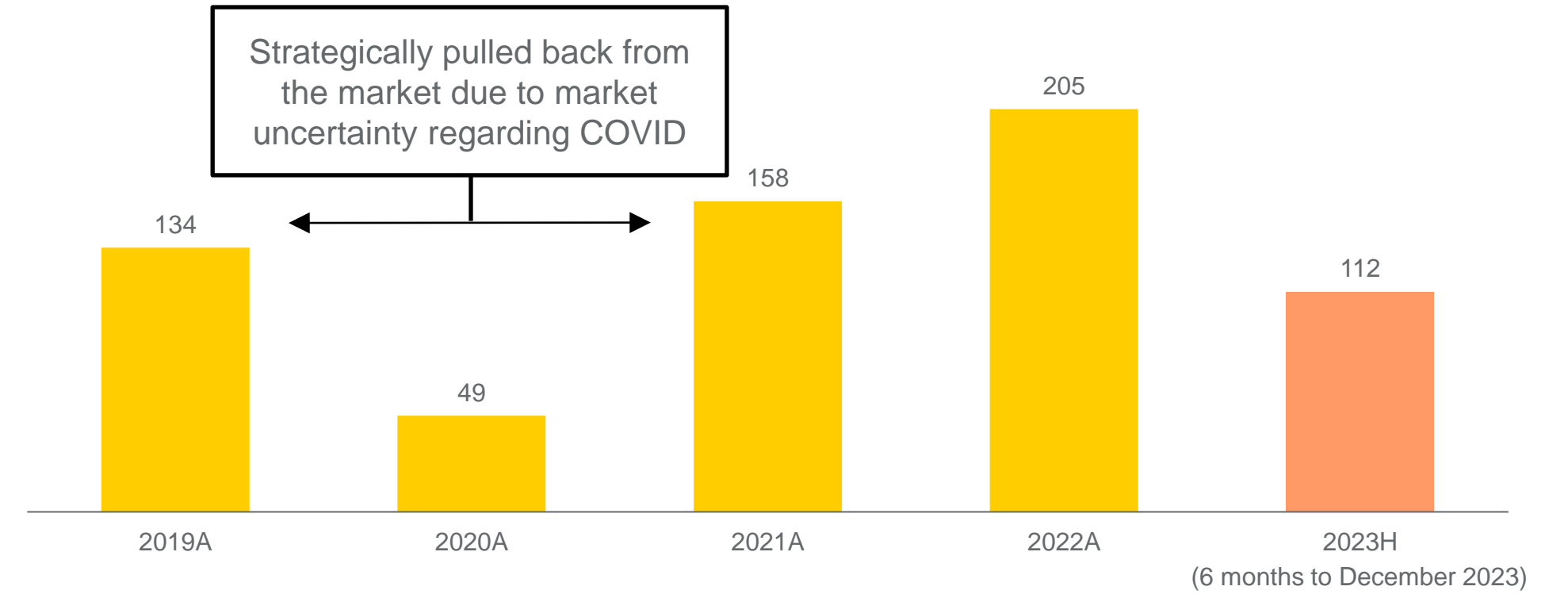
² CET1 ratio is IFRS 9 transitional basis. The fully loaded CET1 ratio at H1 2023 is 13.5% (H1 2022: 13.5%)

Track Record Of Sustainable Profitable Growth and Financial Position

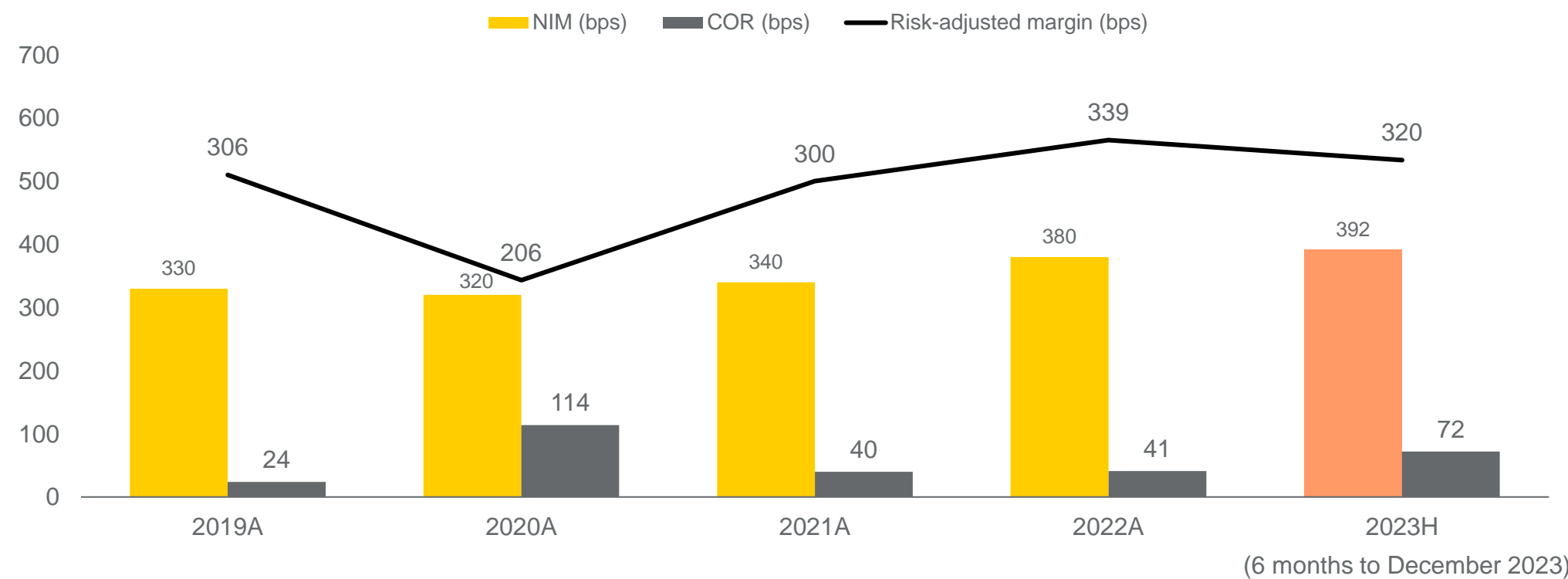
Net loans (£bn)



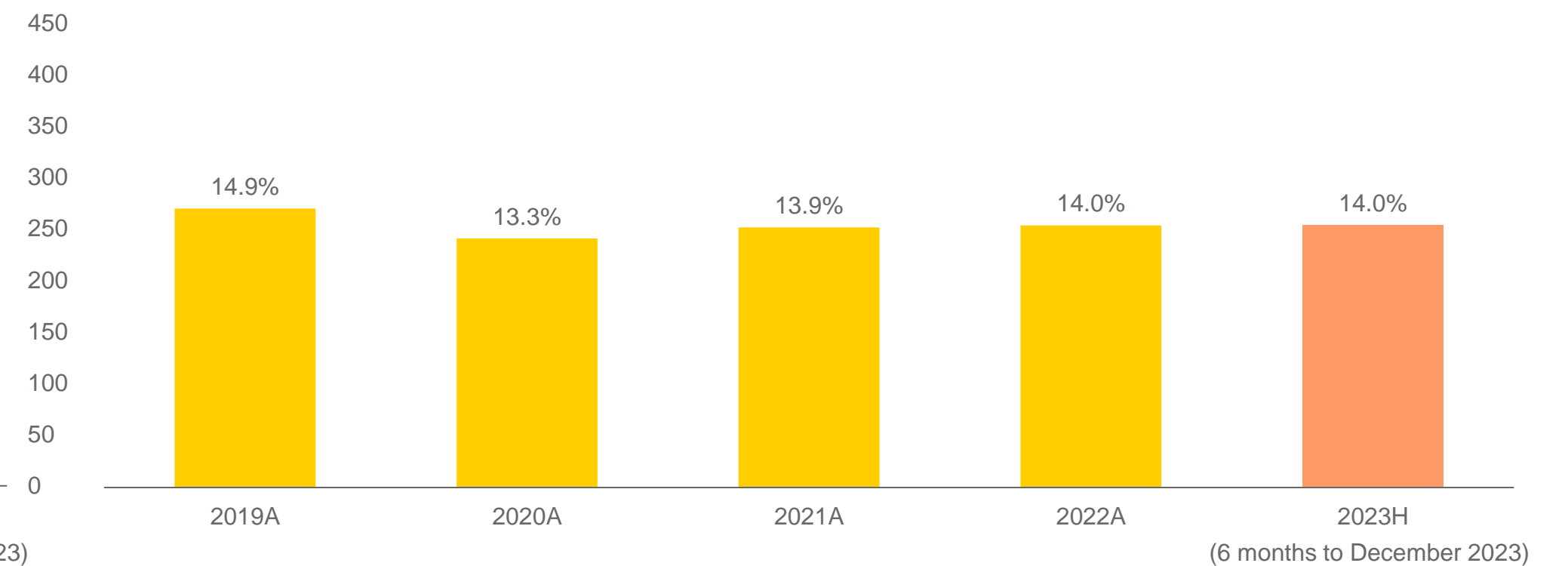
Profit before tax (£m)



Risk-adjusted margin (bps)



CET1 ratio (%RWA)



Mortgage Overview



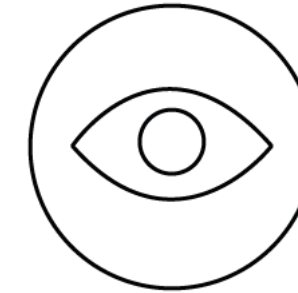
Prime Retail Mortgage Business



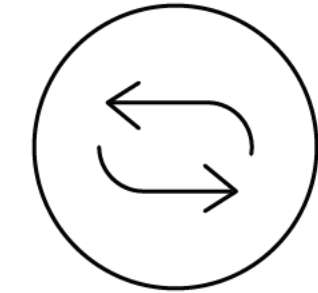
c. **43,000** mortgage customers and **£7.7bn** balance



Work with **>17,000** registered brokers



Net Promoter Score
>50% for customers evidencing strong service



2/3 of customers stay with us after product maturity, with most taking a new loyalty product

We are...

- A **renowned specialist mortgage lender** since 2010
- A **prudent lender** that strives for the sweet-spot between manual underwriting, scorecards and automation
- **Intermediary led**, underpinned by strategic relationships with key brokers (“Platinum broker” model) complemented with a direct customer proposition
- Proud of **strong customer satisfaction**, with all originations and servicing managed internally

Our customers are...

- Creditworthy but have complexities so are **underserved by highly automated mainstream lenders**
- People who **consistently improve their credit score** throughout their Aldermore mortgage
- Key segments include self-employed, business owners, customers with minor adverse credit subject to enhanced underwrite, and landlords ranging from individuals with one property to established firms with large portfolios

Simple Mortgage Products that Meet the Needs of Borrowers

Mortgage Products

Owner Occupied

Standard Mortgage Range (<=80% LTV)

Standard Prime Owner Occupied up to 80% LTV for purchase & re-mortgage

High LTV Mortgage Range (>80% LTV)

For first time buyers and home movers up to 95% LTV and re-mortgages up to 90% LTV. [Owner Occupied loans with an LTV over 80% (excluding fees) have a Mortgage Indemnity Guarantee (MIG)]

Cascade

Owner-occupier up to 80% LTV for customers who have demonstrated credit repair after an adverse life event; subject to risk-based pricing and enhanced underwriting

Buy to Let

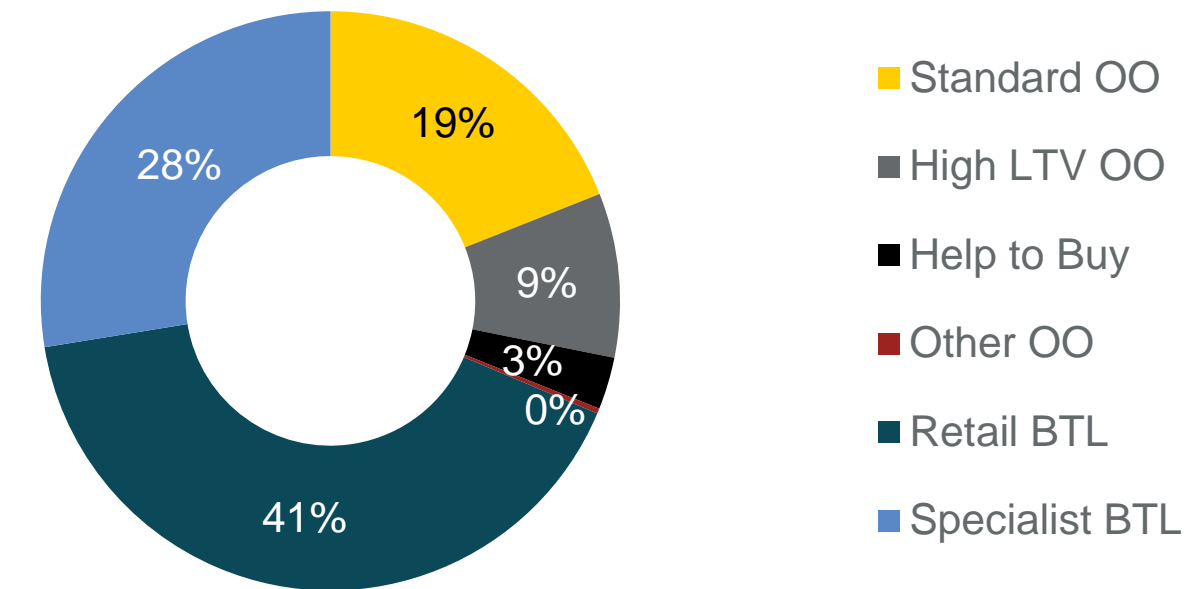
Residential Buy to Let

Single individual residential units

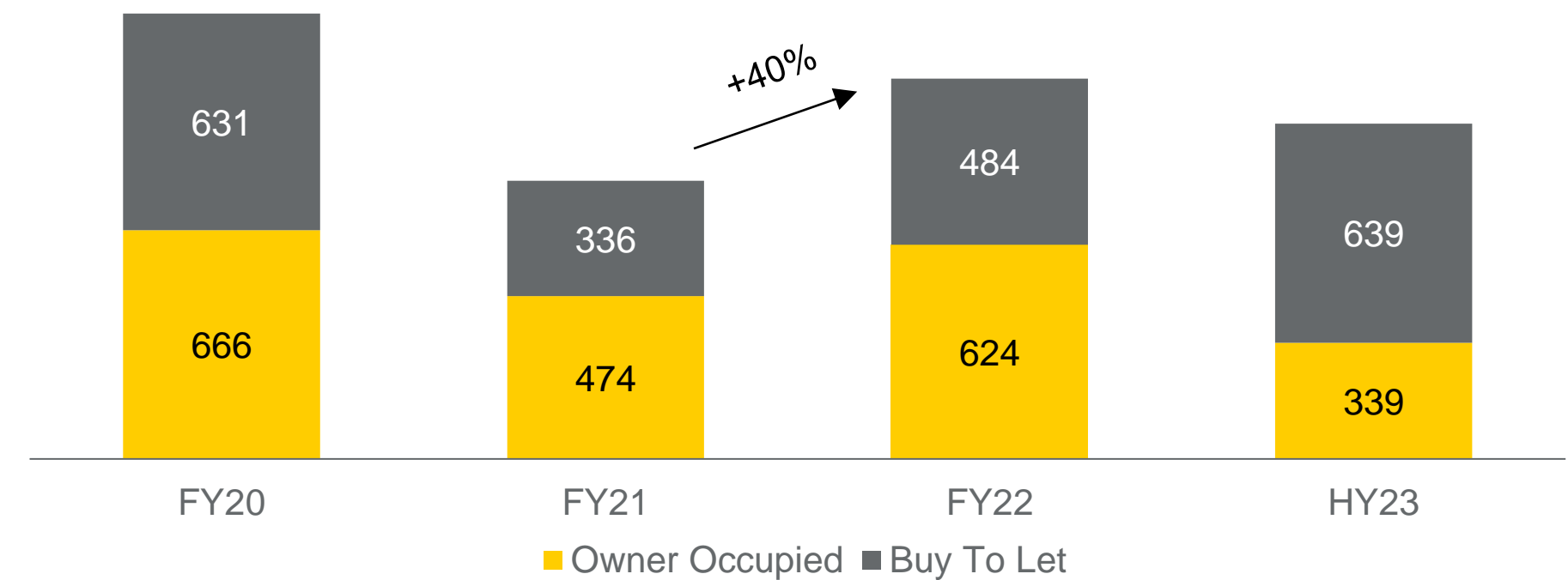
Specialist Buy to Let

Multi-property units and/or using limited companies houses of multiple occupancy, multi-unit freeholds

Residential Mortgage Balance Composition (Dec 22)



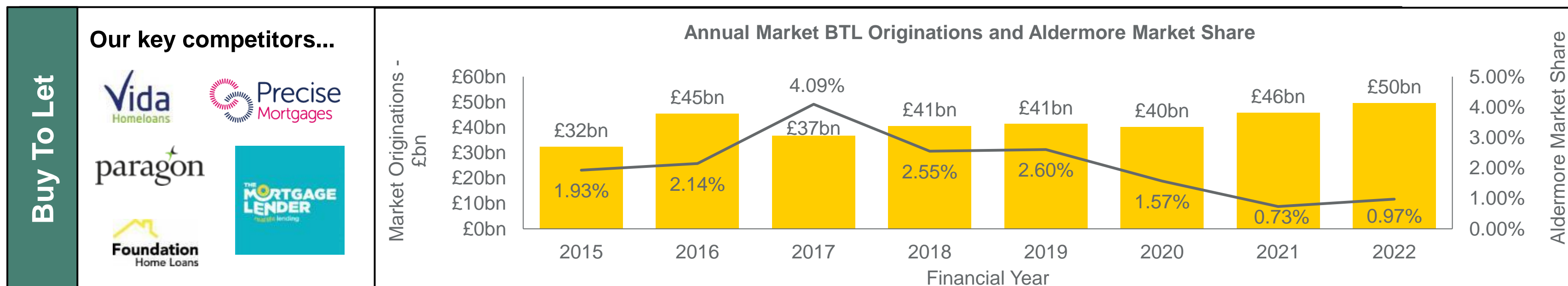
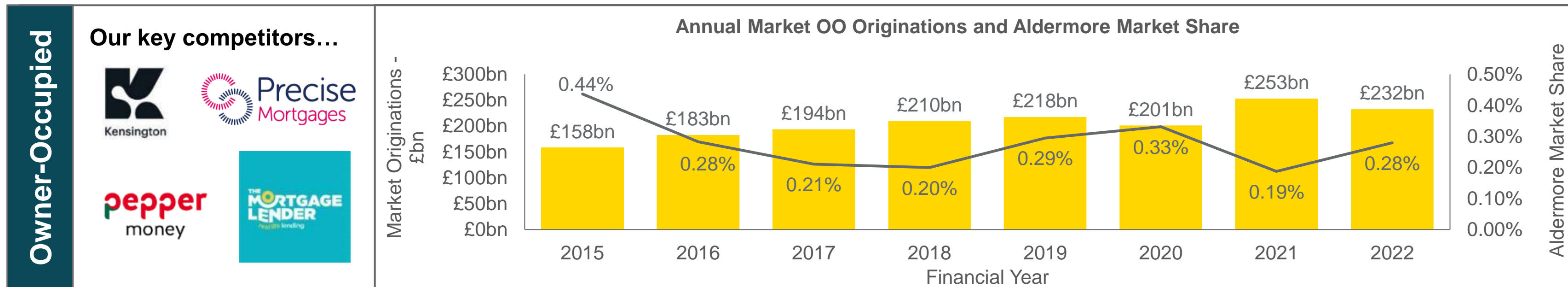
Gross Originations (£m)



2020/21 saw us reducing our product offering and tightening our lending appetite. Despite considerable turbulence late last year, Aldermore had some record months of asset growth during H1 FY23, with BTL particularly strong in volumes.

Market Comparison

- Following uncertainty around the macro environment in 2020/21 Aldermore tightened lending standards. The conservative growth in new originations was more than off-set by **very strong traction with our retention offering**.
- A revamped proposition was re-launched in the latter half of 2021 with limited editions. Capacity was also increased and changes made to increase efficiency in the operational teams to turn around cases. As a result of the changes in late 2021, the originations growth in FY2022 was robust.
- HY2023 has been a period of intense competition in a market exposed to considerable turbulence; particularly following the mini-budget. Originations have remained strong during H1 due to the high level of opening pipeline, particularly in the BTL space.





Prime Customer Base

	Owner Occupied	Buy to Let
Average age	38	54
Average loan size (£'000s)	195	249
Weighted average Original LTV	74.6%	71.1%
First-time buyer (OO) / First-time landlord (BTL) (by balance)	41%	1%
Self-employed (by balance)	35%	64%
Adverse credit¹ in last 3 years (by balance)	16%	1%
Portfolio landlords (by balance)	n/a	76%
Company landlords (by balance)	n/a	60%

Source: Aldermore Group PLC Data, for originations in H1 FY23

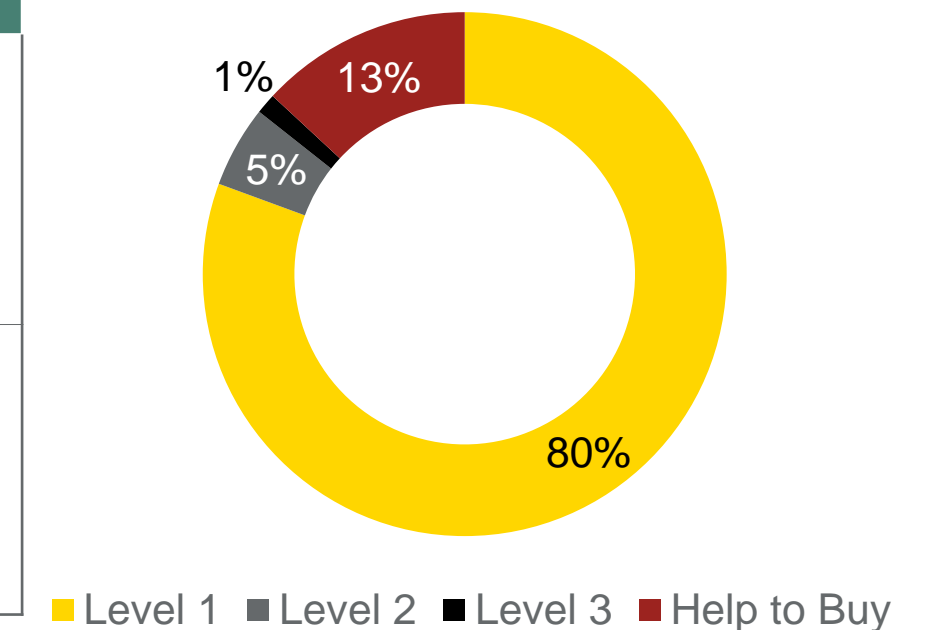
¹ Adverse Credit is any account where the application has a registered default and/or county court judgment (CCJ) within 36 months before applying for the Aldermore mortgage.

Risk-Based Pricing

- We segment and cascade our range of owner-occupied mortgages to effectively price the risk associated with each level – **Level 1 is highest credit quality.**
- Applicants are cascaded to the highest priced tier if they trip any one of the criteria
- **Level 1 is the overwhelming majority of the business we write**, and accounts for the vast majority of owner-occupier book.
- The max LTV is 80% for Level 2; we have historically gone up to 95% on Level 1 but max out at 90% as of October 2022 given economic outlook.
- Level 3 has been withdrawn in January 2023.

Level	Defaults	CCJs	Secured Arrears	Unsecured Arrears	Payday loans	Debt Mgmt Plans	Bankruptcy / IVAs	Possession
Level 1 customers – “near high street”, criteria, with no adverse history or only minor blips	0 in 12m 1 in 13-36m (up to £500 and now settled)	0 in 36m	0 in 3m 1 in 12m 2 in 24m	0 in 3m 2 in 24m	0 in 6 months	DMPs satisfactorily maintained for ≥ 12 months	Discharged for over 6 years	Not accepted
Level 2 customers – material adverse credit – need to demonstrate recovery from life event	0 in 12m 2 in 24m (total value £5k)	0 in 12m 2 in 36m (total value £3k)	0 in 3m 1 in 12m 2 in 24m	0 in 3m 2 in 24m			Discharged for over 3 years	None in last 6 years

Split of the Owner Occupied portfolio by Cascade Level (Dec'22)

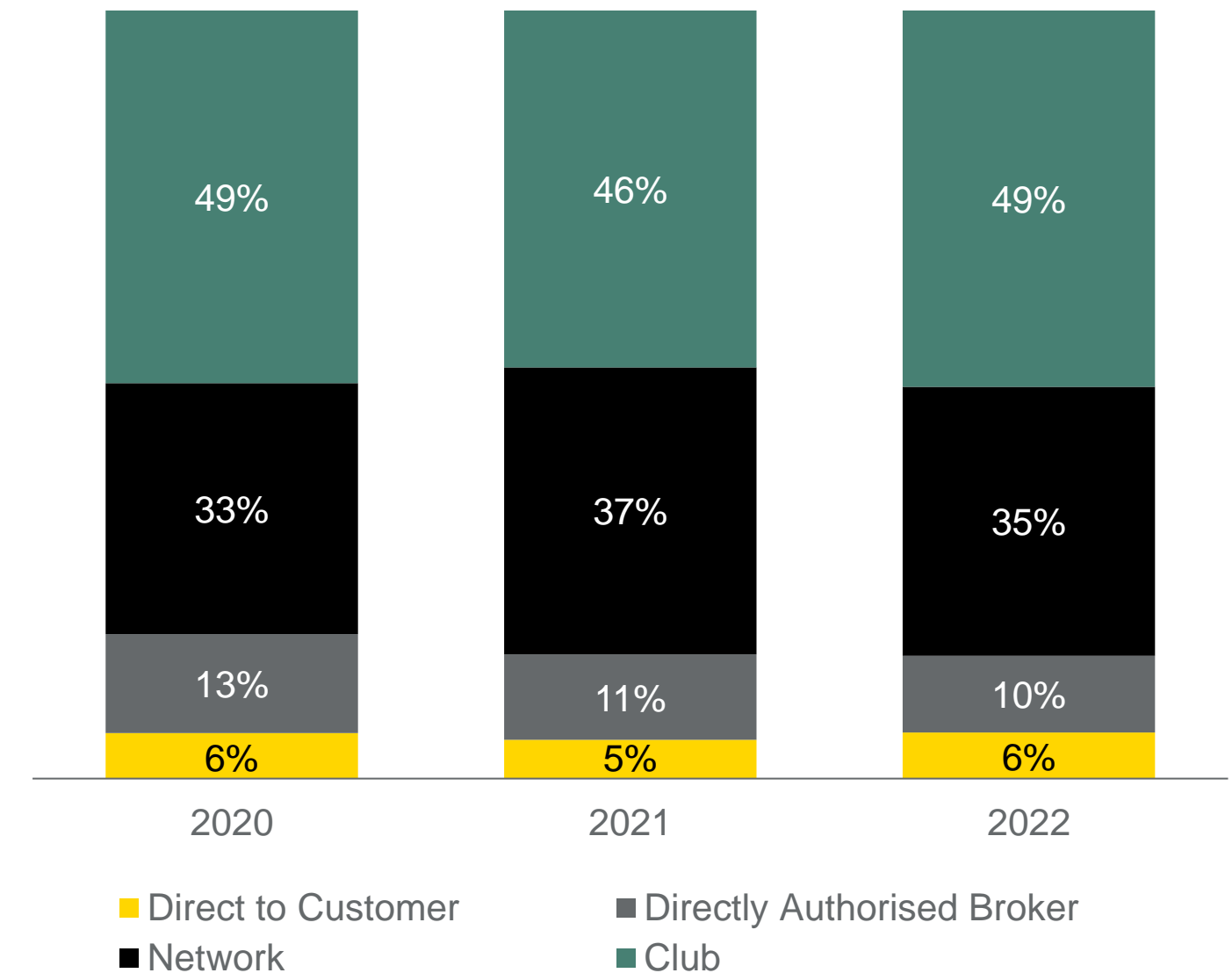


Strong Distribution Network of more than 10,000 FCA Registered Brokers

Broker administration and monitoring

- Online registration process via secured Aldermore Mortgages web portal – **Broker FCA number essential to access.**
- We use our “**Grow, Acquire, Maintain**” model – using data analytics to target the right brokers – and are driving strategic alignment with key accounts such as networks, clubs and packagers.
- Started an **online switching portal** for brokers to easily move Aldermore customers to a new product (“six clicks to product switch”).
- 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.
- In January 2023, Aldermore launched its “**Platinum broker**” model, which ensures preferential service and strategic relationships with the highest-value brokers in terms of volumes, quality and conversion.
- **Prudent panel management** is a key priority for Aldermore, including the monitoring of broker performance and conduct, and interventions as appropriate, including removal from panel where circumstances dictate.

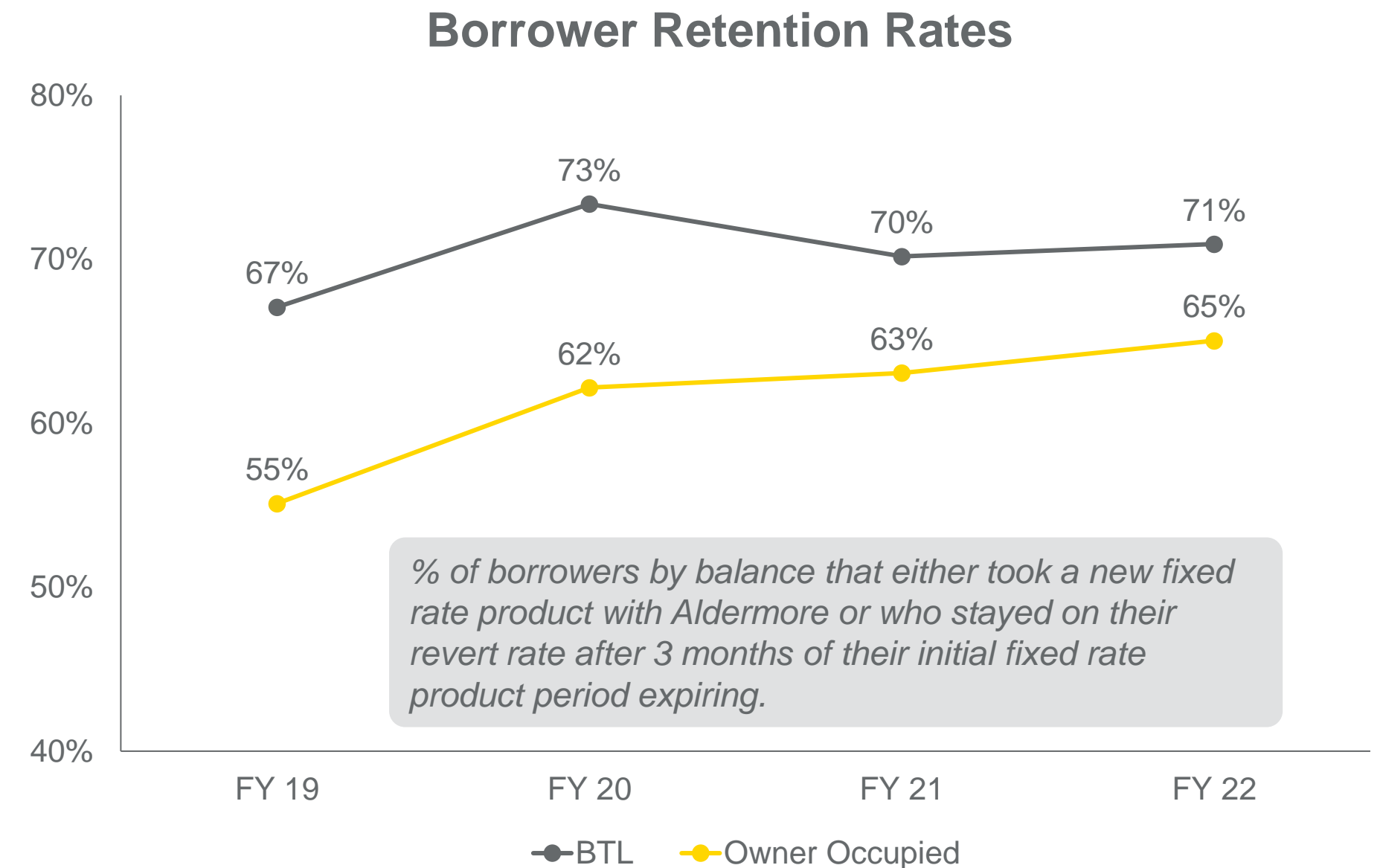
Mortgage distribution¹



Leading Retention Proposition

We have a leading retention proposition spanning products, sales, and tech-enabled service and outperform most other specialists on retention, driving financial and credit risk benefits.

- **Online switching** – Self-service portals for customers and brokers to quickly and simply switch products.
- **Automated valuations** – Using latest property valuations, statistical models where appropriate, to determine suitable loyalty products.
- **Sales strategy** – Enhanced loyalty strategy (including use of **retention propensity models**) to proactively contact “free to leave” customers.
- **Product / pricing** – Loyalty pricing in line with Financial Risk Management principles, and risk-based loyalty pricing (i.e. on individual customer level).
- **Enhanced reporting** – Embedded retention market data and sales performance into internal reporting to track the benefits of the initiatives above and identify re-mortgage opportunities.



Our Approach to Cost-Of-Living Pressures

We are taking a prudent and proactive approach to cost-of-living pressures, striving to achieve a balance of credit and conduct risk mitigation

Originations

- We have a **sophisticated and controlled affordability model**, with new iterations launched in May 2022 and October 2022 in response to cost of living pressures
- We took the conservative decision to **update our affordability model for existing pipeline business** in the aftermath of the “mini-budget” in Q3-Q4 2022
- We apply **automated “high layered risk” rules** to decline applications at the outer edge of risk appetite across affordability, credit score and LTV
- **Manual underwriting** supports us to verify income and understand each applicant’s financial position in detail
- We continue to avail of **MIG insurance** for originations > 80% LTV – coverage with no first loss for 8 years from origination

Back-Book Management

Several actions to support existing customers and mitigate conduct and credit risk in the current environment:

- We recently launched a **pre-delinquency campaign** to identify and support the minority of customers who are up-to-date with mortgage payments but showing increased signs of financial distress
- We have reviewed our **forbearance toolkit** in light of cost of living pressures and rate rises
- We have closely monitored the **rate differential for customers maturing onto materially higher rates**, and taking action as appropriate, including enhanced training and scripting for customer-facing teams
- We continue to **bolster our collections capability** with a “tone from the top” prioritising fair customer outcomes

Risk Appetite

- We maintain a **“Recession Readiness Framework”** to pre-emptively agree the key mitigating actions we will take in response to certain economic triggers
- Actions include **increasing minimum credit score, temporarily withdrawing our credit impaired range and reducing max LTV from 95% to 90% for existing housing stock**, and lower for newbuild

Proposition Development

- We launched **variable rate products with a “fix for free” feature** in Q4 2022, which support customers with a lower initial rate and option to fix as required
- In addition, we are due to launch **“higher fee / lower rate” products for landlords** in 2023, an attractive product option in the current environment

Origination and Underwriting



Lending Criteria - Loan

LOAN		
	OWNER OCCUPIED	BUY TO LET
Purpose	Purchase or re-mortgage of residential property occupied by the applicant	Purchase or re-mortgage of residential investment property
Minimum Loan	£25,000	£25,000
Maximum Loan	£1,000,000 (Maximum Loan dependant on product type)	£1,000,000 (Maximum loan dependant on product type and max wider portfolio £5m)
Repayment Type	•Capital & interest repayment •Interest only with an acceptable repayment strategy.	•Capital & interest repayment •Interest only with an acceptable repayment strategy.
Minimum Term	10 Years	6 Years
Maximum Term	40 Years	40 Years
Maximum LTV	Capital Repayment 90% ² LTV (Max Loan £500k) 80% LTV (Max Loan £1m) Interest Only 75% LTV (Max Loan £1m) Other Max LTV limits also apply based on additional criteria	80% ³ (Max loan £500) 75% (Max Loan £1m) Other Max LTV limits also apply based on additional criteria

Loan criteria

- Changes to Lending Policy approved by **Chief Credit Officer (CCO)** as Accountable Executive
- Changes to Lending Standards approved by **Head of Credit Risk Lending Policy & Standards**
- Lending Policy / Standards lay down the parameters within which any 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**

Mortgage indemnity guarantee

Residential mortgage loans with an LTV over 80% (excluding fees) **have a Mortgage Indemnity Guarantee (MIG)**

Cover

- Fixed at inception and remains constant for seven or eight years¹, 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

Source: Aldermore Group Plc website.

¹ Loans originated prior to 1 January 2020 are covered for a seven year period, and each Loan originated on or after 1 January 2020 is covered for an eight year period, in each case following inception of the insurance of the Loan or Additional Borrowing.

² From October 2022, the maximum LTV for Residential Owner Occupied mortgages have been reduced from 95% to 90%.

³ From March 2023, the maximum LTV for buy to let mortgages have been reduced from 80% to 75%

Lending Criteria – Applicants and Affordability

APPLICANT		
	OWNER OCCUPIED	BUY TO LET
Maximum applicants	2 Applicants; Anyone on the Title Deeds must be on the mortgage application	Residential BTL Portal – 2 Applicants Specialist BTL Portal – Up to 6 Applicants Applications from corporate entities must include any directors/members with a shareholding of 25% or more
Minimum Age	21 Years	21 Years (Existing landlords) 25 Years (First time landlords)
Maximum Age	70 Years (at the end of mortgage term)	85 Years (at the end of mortgage term) for individuals
Residency Status	<ul style="list-style-type: none"> All applicants must be in the UK for the last 2 years. Non-UK/Republic of Ireland nationals are acceptable if they have non-conditional and permanent right to reside or indefinite leave to enter/remain or rights of abode. Applicants from the EU (excluding Irish) or EEA will require Settled or Pre-Settled Status. Applicants from the rest of the world will require indefinite leave to enter/remain or rights of abode. Applicants with diplomatic immunity and UK nationals who are not resident in the UK (i.e. ex-patriates) are unacceptable. 	<ul style="list-style-type: none"> All applicants must be resident in the UK for the last 2 years. Non-UK/ROI nationals are acceptable if they have non-conditional and permanent right to reside or indefinite leave to enter/remain or rights of abode. All EU (excluding Irish) and EEA nationals must have Settled or Pre-Settled status. For limited companies all directors, members, partners, and ultimate beneficial owners must be UK based.

AFFORDABILITY
OWNER OCCUPIED
<ul style="list-style-type: none"> Aldermore uses an affordability calculation to assess the maximum available loan using the income and expenditure for the applicant(s). Income multiple must not exceed 5.5 x total allowable income. Where the total Allowable Income on the application is less than £60,000, the loan to income multiple must not exceed 4.49x.

In conjunction with:

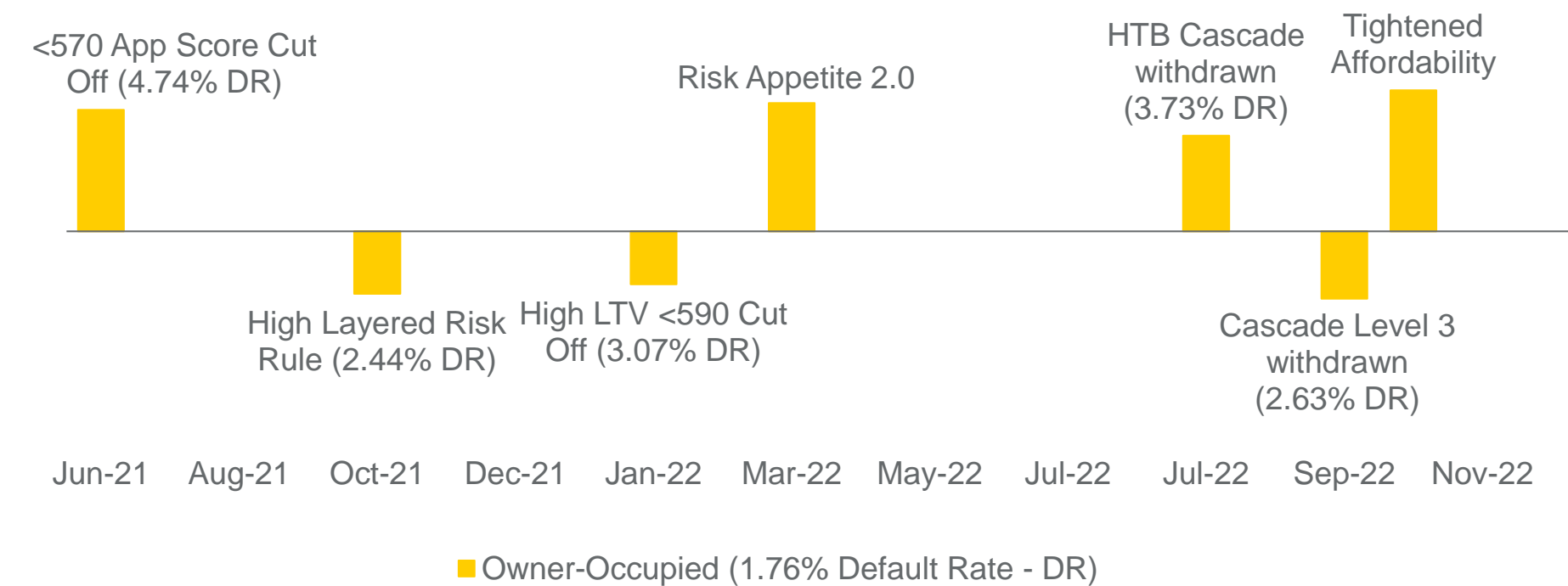
- Mortgage term
- Gross **income**, **credit** commitments and other **expenditure** in addition to basic expenditure
- Household composition
- Affordability factor estimating HMRC deductions and basic expenditure / living costs, is applied to the income and calculated as follows:

$$\text{Gross Income} - \text{Tax \& NI, other commitments, other living costs and basic expenditure} = \text{Disposable Income}$$

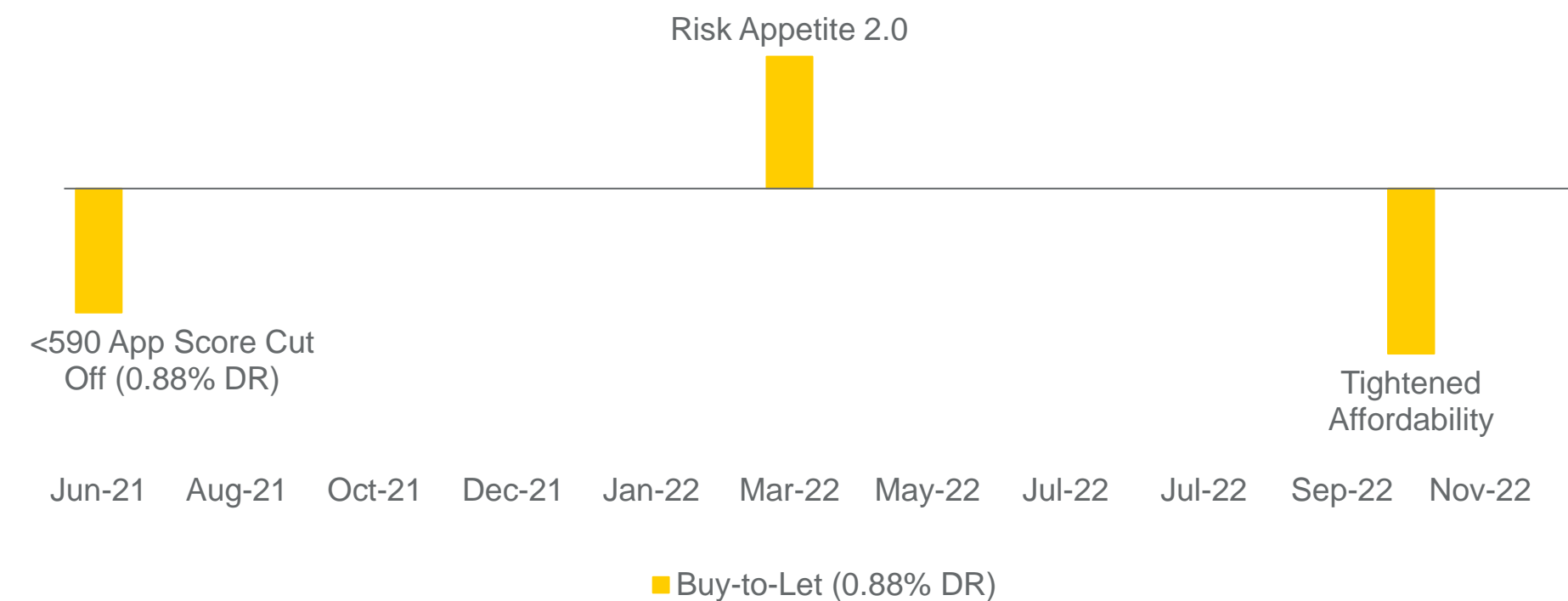
- Affordability** for **interest only** loans calculated on a **capital and interest basis**

Tightening of Underwriting Criteria

Timeline of Risk Changes – Residential Mortgages



Timeline of Risk Changes – Buy To Let



- There were a number of changes made since June 2021 to tighten underwriting criteria, the majority of which were a result of the enhanced approach to risk appetite and portfolio management (where possible default rates have been indicated on the graph).
- On Residential Mortgages, we have implemented:
 - Tighter scorecard cut-offs;
 - Enhanced risk layering, including restricting borrower quality for High LTV mortgages;
 - Withdrawn from marginal credit segments;
 - Set specific limits for higher risk portfolio segments; and
 - Tightened affordability.
- A similar set of changes have also been implemented for the Buy-to-Let portfolio.

Robust Underwriting Framework

1 Clear products, credit policies and procedures

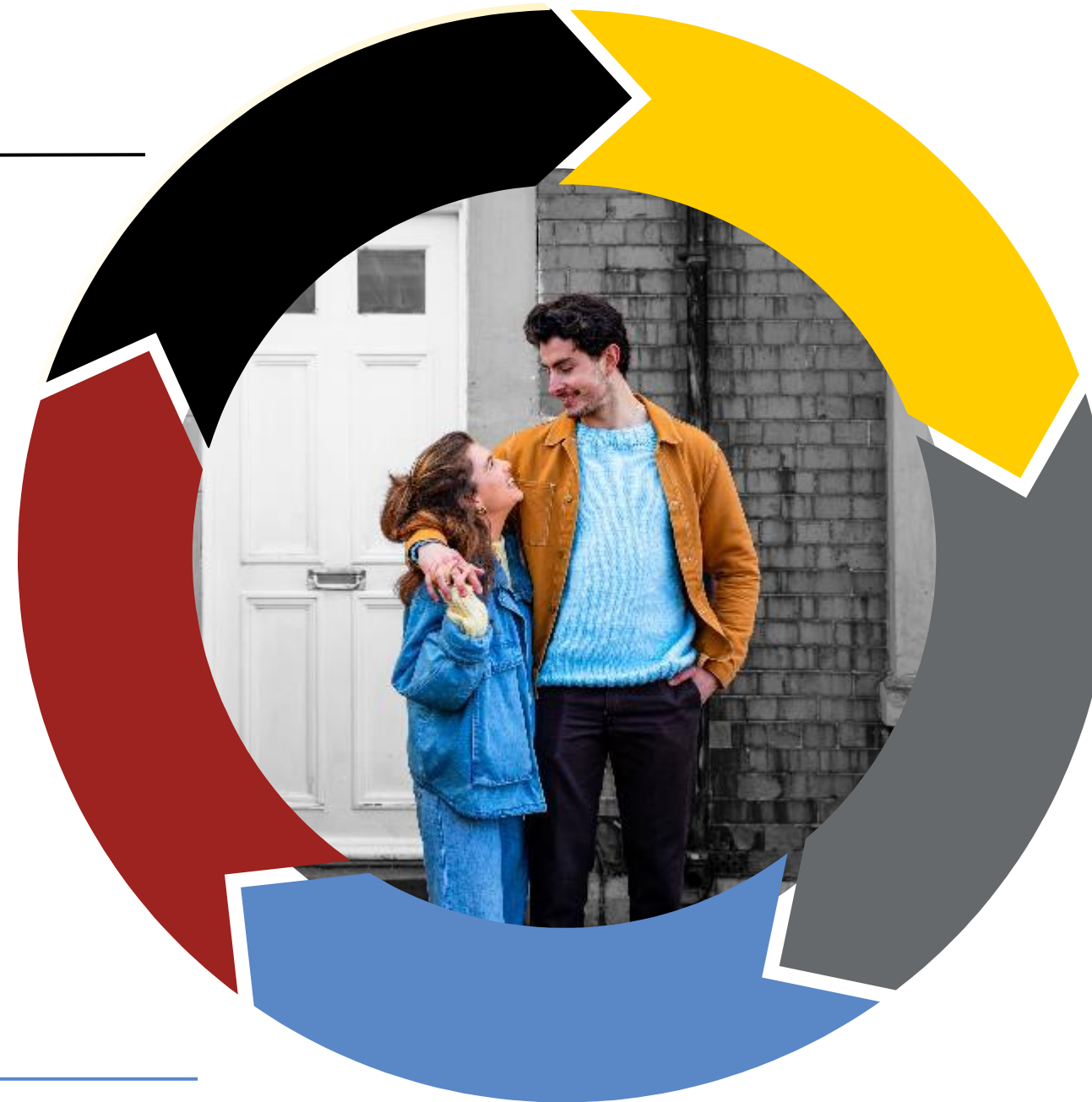
- Clearly defined credit criteria and product terms
- Underwriting processes designed to ensure consistency of approach and decision
- Structured underwriting mandates in place within business lines – criteria for escalation to central credit for larger deals

5 Reporting and feedback systems

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

4 Decision making by underwriters

- Risk-based approach to underwriting
- No facility granted without review, challenge and ultimate decision from an experienced underwriter
- Underwriters undergo targeted training that focuses on core skills and capability. A delegated mandate is awarded upon demonstration of suitable decisioning and product knowledge.
- Supported by system rules, credit data and case information



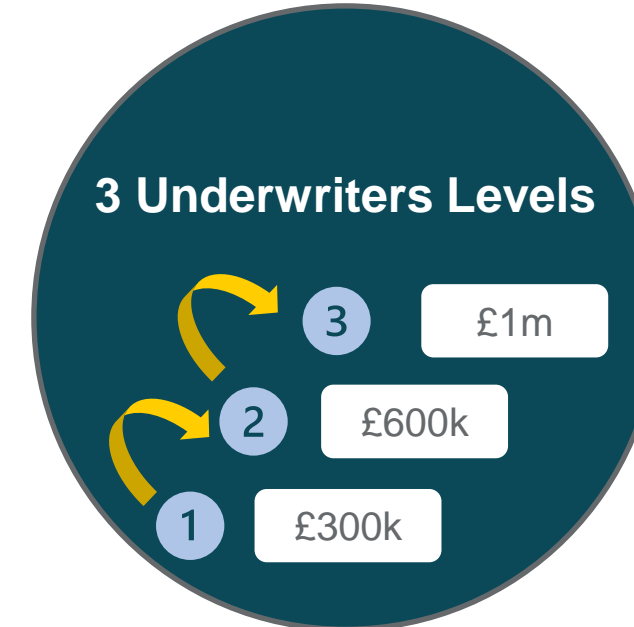
Robust underwriting approach 2

- 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

Experienced Underwriting Team



- All underwriting undertaken in Aldermore offices - no devolved authority granted to any intermediary.
- Property **Underwriting** consists of 46 FTE responsible for underwriting residential, BTL and limited company BTL mortgages from application through to mortgage offer. Managed by five team managers, overseen by the Head of Underwriting.
- **Training and competency frameworks** are in place, covering training and quality assurance. Underwriter Trainees are 100% signed off by trainers until mandated, followed by enhanced QC until achieved fully competent status.
- Mortgage Applications are **fully reviewed** by mandated underwriters from full mortgage application through to mortgage offer - adopting a "whole case" review approach, utilising application score cards. System rules and affordability calculations support a manual review of credit searches, electronic identification (EID) & verification documentation, income, as well as undertaking a pre-offer call direct with the customer where necessary to confirm key details.

Job Title	Underwriter			
Mandate Level	Trainee	1	2	3
Mandate Amount	£0	£300k	£600k	£1m
*No. of Mandate Holders	6	12	14	14
Average Tenure with Aldermore (years)	2	2	4	7
Average Time holding a Lending Mandate at Aldermore (years)	NA	1	3	6
Average Previous Mortgage Mandate	1	1	2	6

Closely Managed and Monitored Underwriting Process

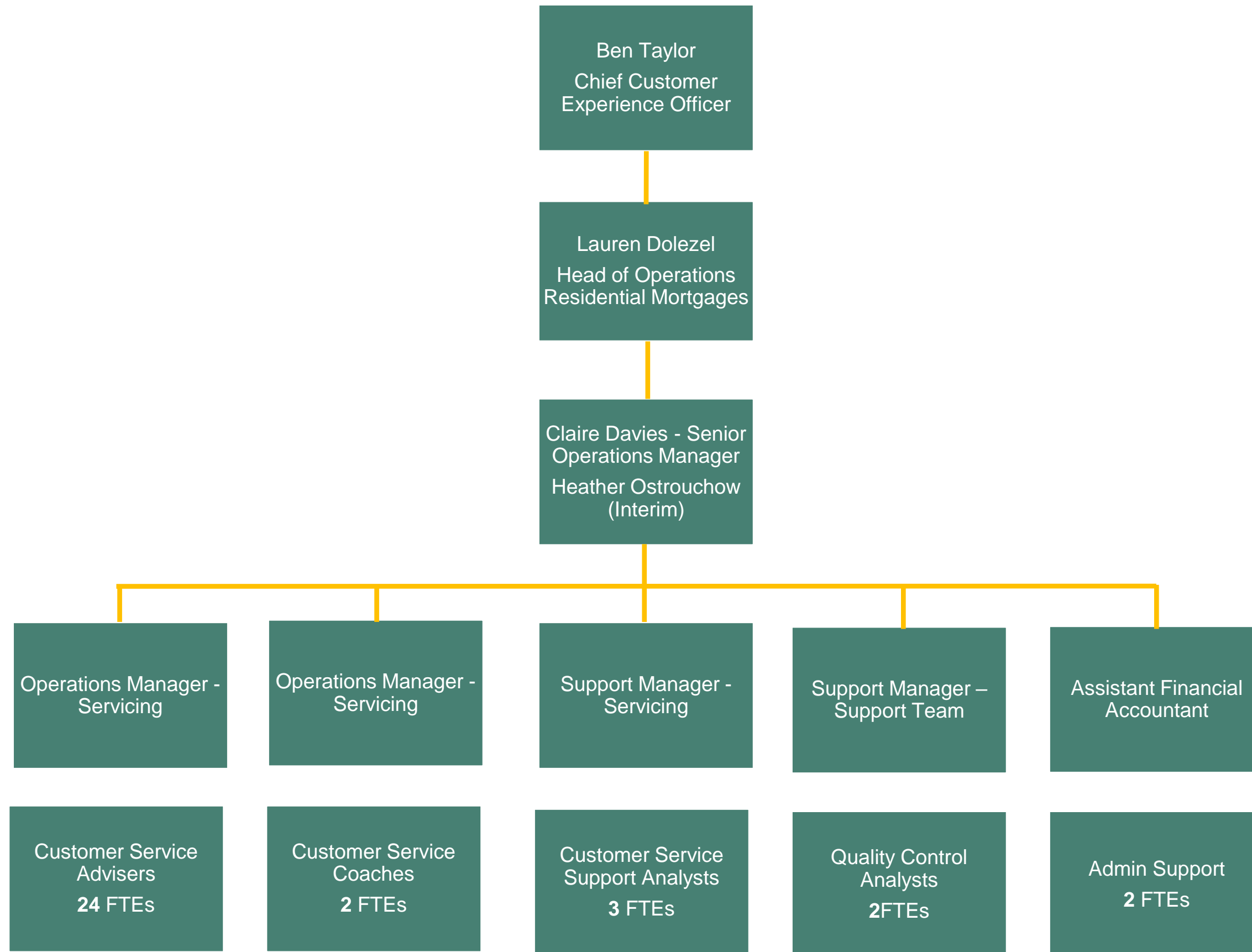
Summary of monitoring process			
Area	Description of monitoring undertaken	Quantity	Frequency
Decision quality	Full offer review	1 per person	Monthly
	First touch review	1 per person	Monthly
Decision/process	Bank statement	Sample	Monthly
	Income verification	Sample	Monthly
	Deposit	Sample	Monthly
	Security assessments	Sample	Monthly
	Credit quality	Sample	Monthly
Behaviours/conduct	One to one	All	Monthly
	Performance reviews	All	Quarterly
	Personal development plans	All	Bi-annually
Call handling	Telephony review	1 per person	Monthly
Efficiency	Individual efficiency monitoring	All	Daily

- Underwriters are closely **trained, managed and monitored** through a robust T&C Framework, and Quality Control Framework.
- Independent assurance** over decision quality, adherence to policy, regulation, accuracy and procedures is provided by the first line Mandates and Standards team.
- Robust **performance management** in conjunction with 1L QC monitoring, is in place to satisfy efficiency and adherence to communication strategy.
- Root cause, themes and trends analysis reviewed by management team to inform and enhance ongoing department training in line with market and policy / proposition enhancements.
- Decisioning quality is **audited** for each individual underwriter at key stages of the application process – from first touch review (application underwriter) through to offer.

Servicing and Collections



Mortgage Servicing Team



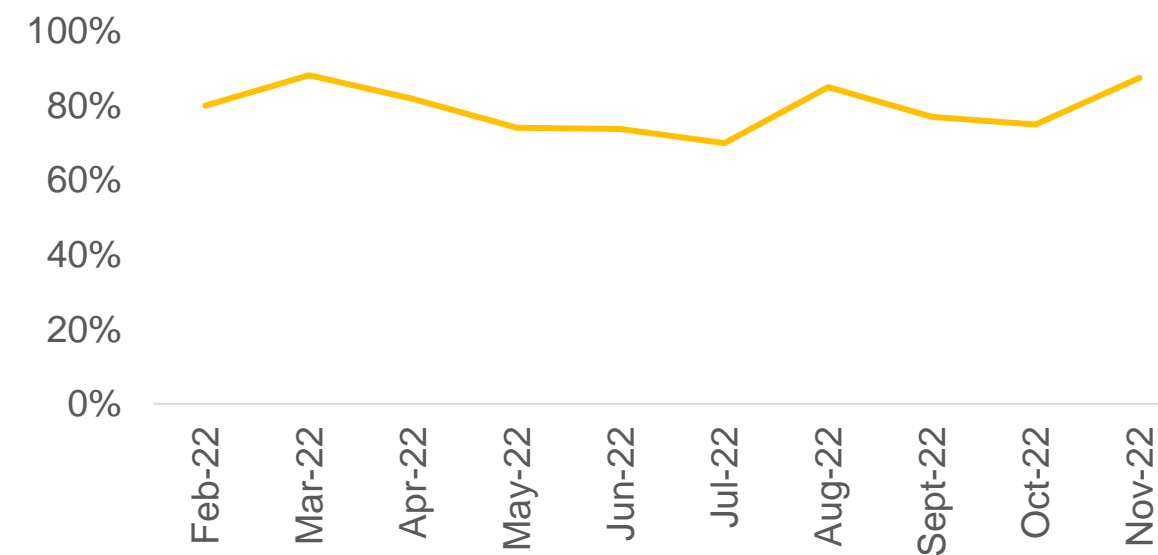
- The Customer Service team is the **front line support** to all our customers who have an existing account. Supporting customers throughout the life cycle of their mortgage from completion up until account closures.
- The teams are structured around **direct contact for customer** through multiple channels (in and outbound telephony, email and post). They handle all processing of **customer requests** (payments, mortgage details and information) and **any changes to the terms of the facilities** (undertaken by authorised advisors).
- The team is supported by **servicing coaches** focused on building the technical capability of processing skills, and the support and management of vulnerable customers, as well as dealing with complaints at first touch.
- We have 1st line QC across all processes with a **Quality Control test pass rate at 97.90%** as an average for the last quarter.
- We have a servicing support team in place that oversees system testing, rate changes and more technical queries related to the management of a mortgage account (understanding interest rate changes etc.).
- Month to date we have a **NPS score of +51, higher than banking industry average.**

Collections Capacity and Competency

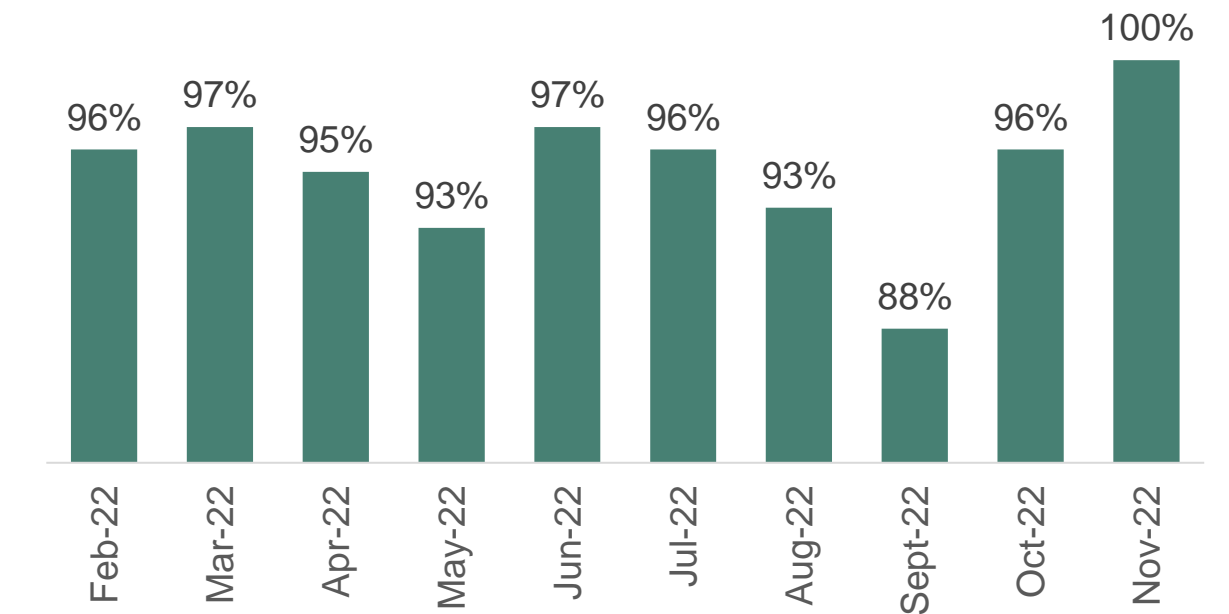
Post COVID

- Collections is based across 2 sites (**Manchester & Peterborough**) with a significant uplift in resource numbers in the past 12 months, including a transition from contractor to permanent staff base. The team has today **sufficient capacity to deal with volumes** and spare capacity to deal with seasonal and macroeconomic peaks of volumes (35 FTE).
- The teams are structured around early arrears, late arrears, and forbearance/vulnerable with 11 mandated colleagues across the area, primarily in the forbearance/vulnerable team with other areas working to mandate their population.
- All new arrangements made under a forbearance perspective are monitored for sustainability in the initial 3 months of any such plan. All customer agreements are monitored for their kept rate and reported monthly to evidence sustainable agreed solutions with customers.
- Fair Outcomes have been sustained over the rolling 12 months consistently. Positive customer outcomes remains a core focus for mortgage collections.

% of Forbearance arrangements adhered to post 3 months
Measuring effective arrangements strategy



% of fair customer outcome scores
Measuring Fair Customer Outcomes¹



Communications

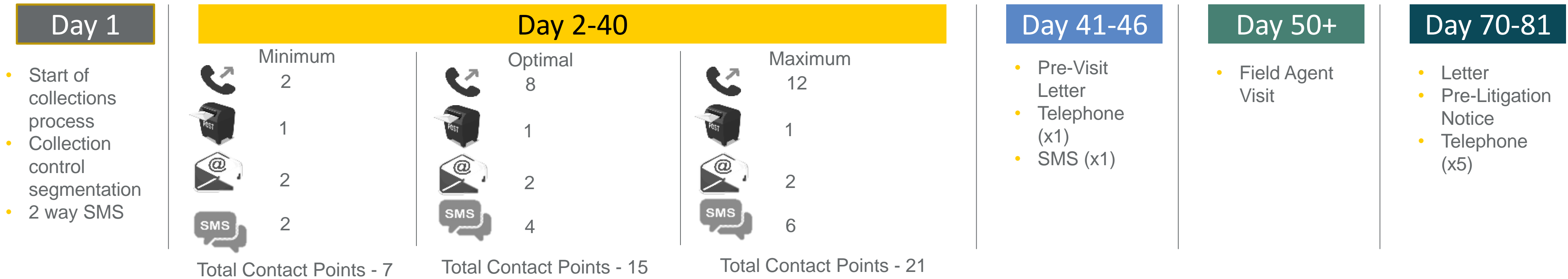


Source: Aldermore Group PLC Data.

¹ Based on the Huntswood model for measuring fair customer outcomes.

Dedicated In-house Collections and Recoveries Team

Collections Strategy

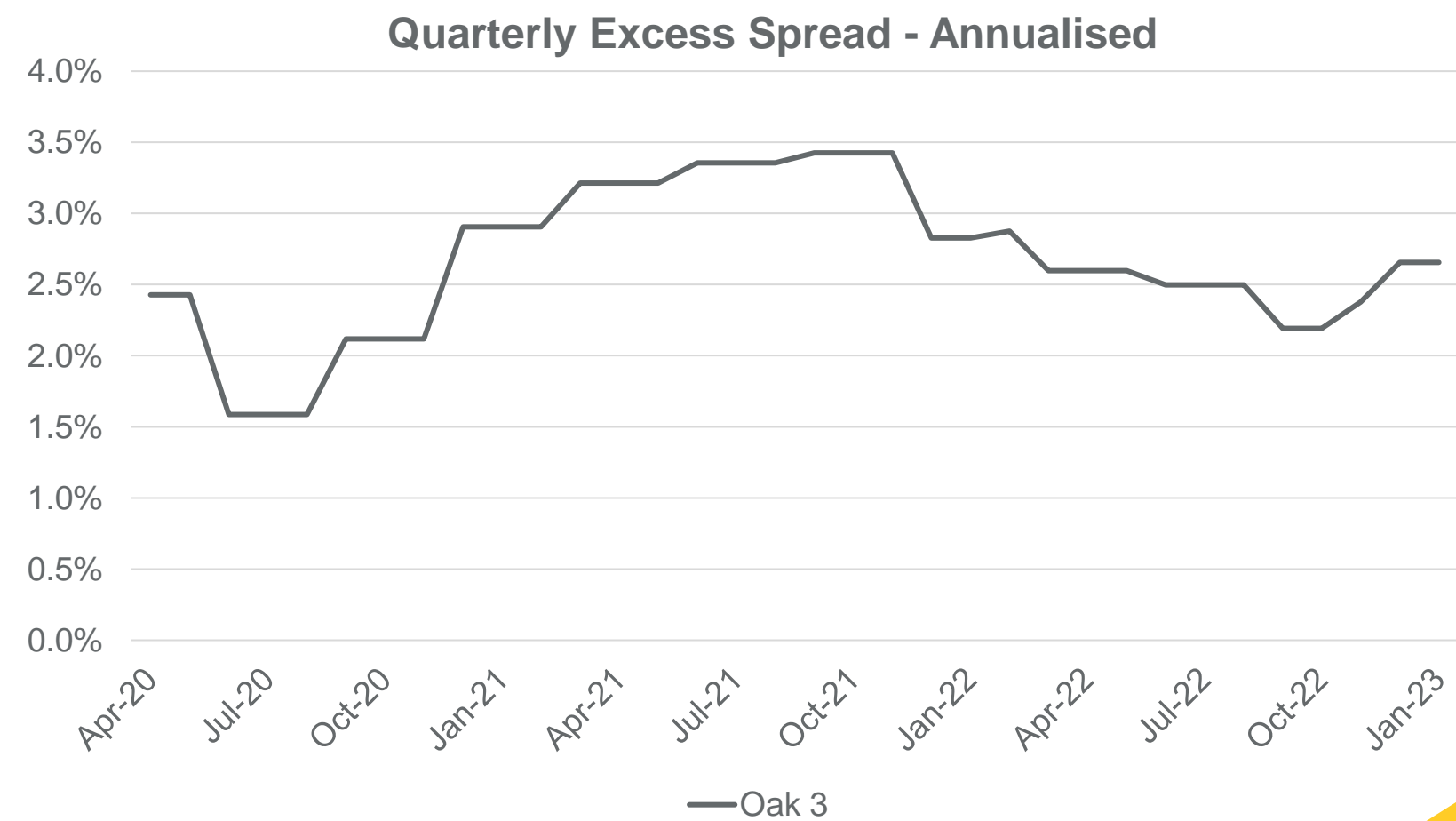
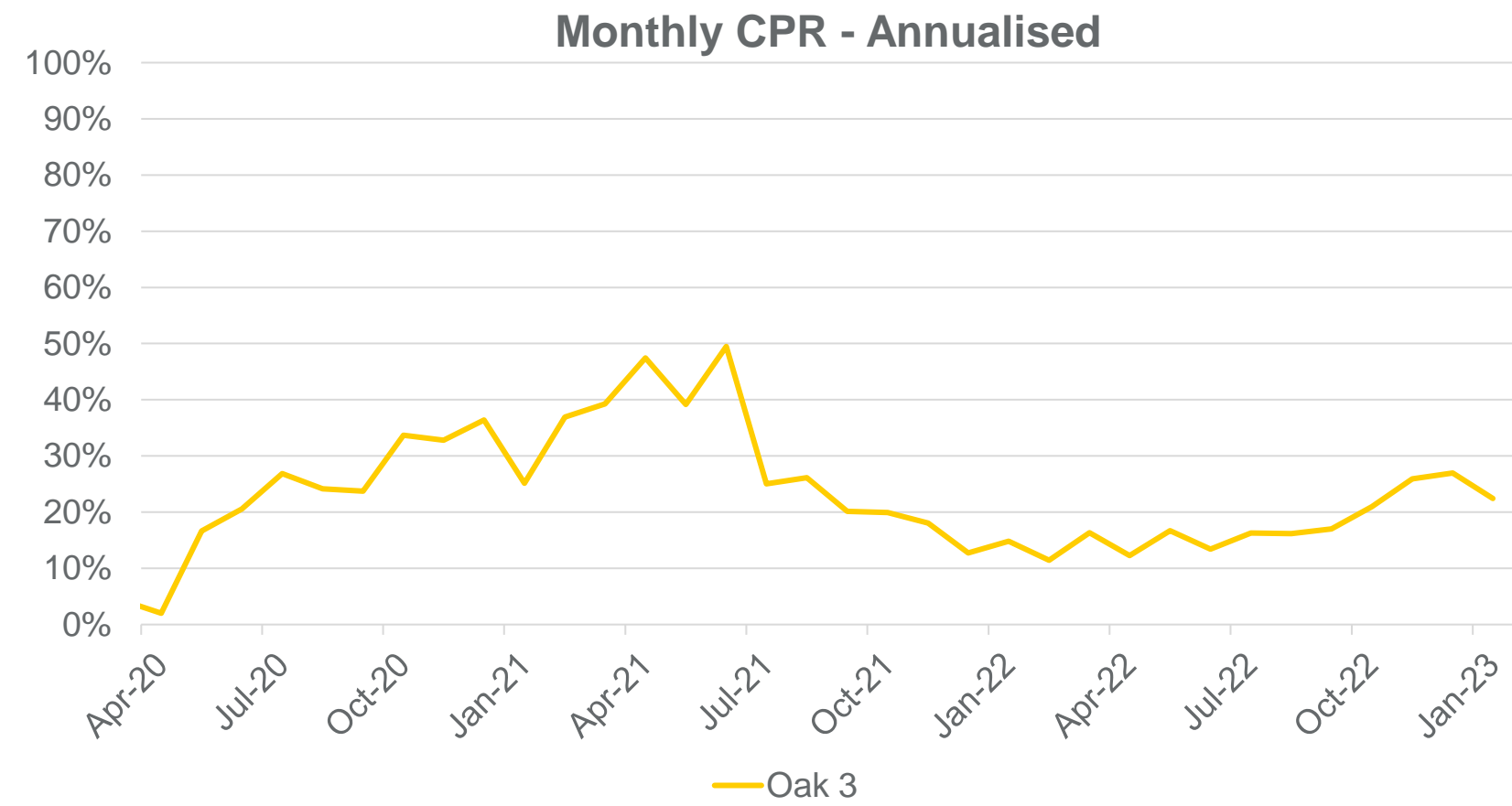
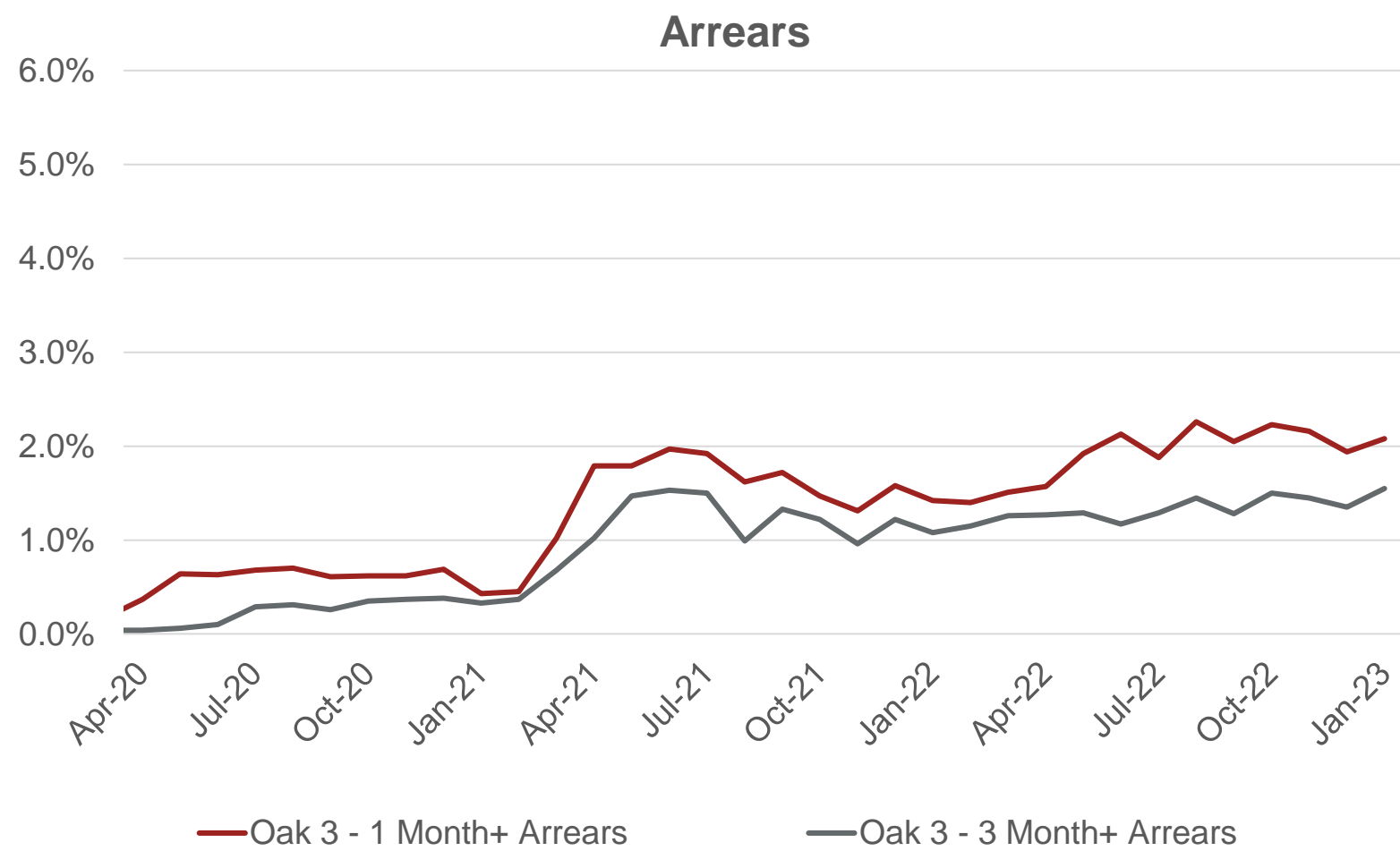


Servicing and Collection Overview

- Aldermore operates a **shared servicing and collections** platform, which allows consistent standards for each boarded loan. Customer Service Advisers **manage all activity post 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 **pre delinquency to early arrears through to litigation action** and possible sale of the asset as a last resort. Every effort to prevent or rehabilitate and repair an arrears position is made before asset sale is considered.
- Guardrail approach to contact has been developed in early arrears with both minimum and maximum contact attempts defined to ensure all mediums are used to attempt contact. However, no customer is over inundated.
- Designated teams** for early / late arrears customers and a further designated team for **vulnerable** customers. Case ownership model in place with the aim of **reducing arrears** and manage borrowers financial and personal circumstances.
- Depth of experience** within the collections team allows a mixture of case ownership, which allows for customers to have **one to one relationships** in cases where it is deemed required, while also offering efficiencies due utilisation of technology in early arrears.
- There is a **standardised collections strategy** in place with tailored solutions for Owner Occupied and Buy to Let customers that need support in these extraordinary times. We always ensure that all actions put the customer outcome at the fore front.

Oak Historical Performance

No repossessions or losses on all Oak deals since closing



Source: Oak 3 Investor Reports

Funding



Diversified Funding Base

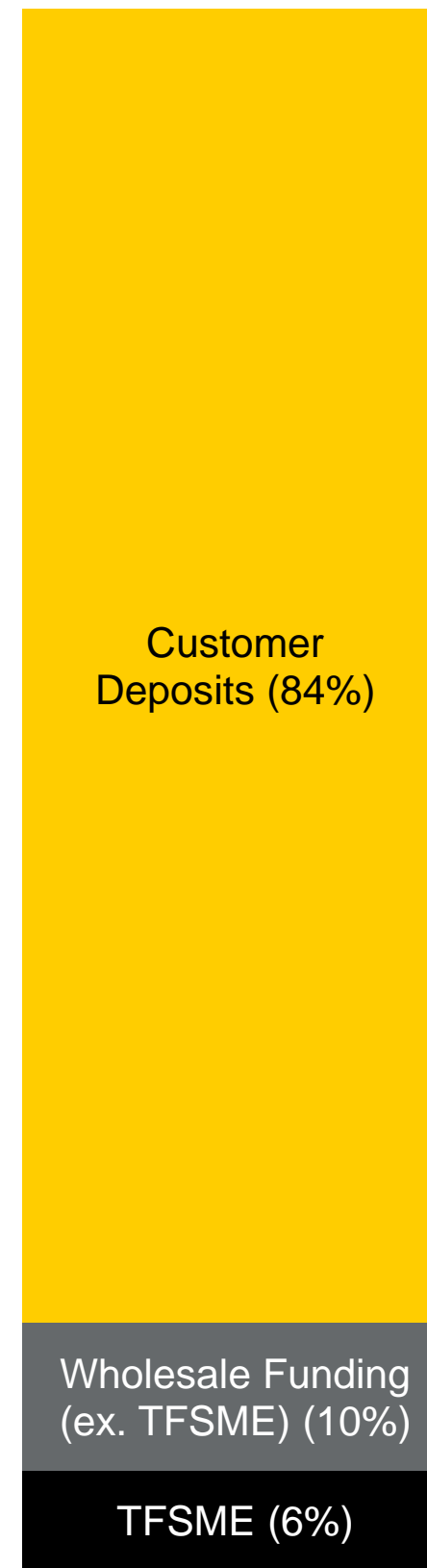
Deposit funding

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

Wholesale funding

- Three prime RMBS have been issued since 2014.
- Oak 3 executed in September 2019.
- Intention to be a regular issuer of RMBS (through the Oak platform) and auto ABS (through the Turbo Finance platform) as TFSME funding matures.

£16.8 bn



**Aldermore
Funding
Liabilities FY22**

Securitisations



Oak No. 1
April 2014

£372m

Redeemed:
May 2019



Oak No. 2
September 2018

£365m

Redeemed:
February 2023



Oak No. 3
September 2019

£381m

Step-Up Date:
July 2024



Turbo 9 Finance
September 2020

£605m

Final Legal Maturity:
August 2028 with
10% Clean Up Call

Comparing Key Characteristics from RMBS Transactions

Oak RMBS	Oak 3	Oak 2	EMI 2023-1	Brass 11	Brass 10	Elvet RMBS 2021-1	CMF 2020-1	Darrowby No.5
Originator	Aldermore	Aldermore	Coventry BS	Yorkshire BS	Yorkshire BS	Atom Bank	CCFS	Skipton BS
Structure	Standalone	Standalone	Master Issuer	Standalone	Standalone	Standalone	Standalone	Standalone
Closing Date	Sep-19	Oct-18	Jan-23	Oct-22	Mar-21	Oct-21	Feb-20	Feb-20
Aggregate loan balance (GBP)	386,198,071	390,189,433	2,120,748,911	4,854,490,282	1,834,210,022	367,991,308	350,429,747	813,418,781
Number of loans	2,708	2,535	15,292	22,092	9,396	2,016	2,085	5,373
Average loan balance (GBP)	142,614	153,921	138,684	219,740	195,212	182,535	168,072	151,390
WA original LTV (%)	72.2	75.7	58.3	77.5	77.2	79.7	71.2	69.3
WA indexed LTV (%)	69.0	72.8	42.7	67.5	73.0	77.6	69.0	60.8
SPV benefits from MIG insurance for >80% LTV loans	✓	✓	✗	✗	✗	✗	✗	✗
WA seasoning (yrs)	1.2	1.0	3.0	1.8	0.9	0.6	0.9	2.2
WA remaining term (yrs)	23.8	25.0	19.5	26.5	26.3	27.1	25.5	22.3
WA interest rate (%)	3.6	4.0	1.9	2.2	2.1	2.63	4.0	2.2
Fixed rate loans (%)	95.9	97.4	95.9	99.3	99.7	99.4	98.8	89.8
Interest only (incl. P&P) (%)	10.3	8.3	2.1	4.4	5.8	0.0	4.9	6.3
Arrears at closing (%)	0.0	0.0	0.2	0.0	0.0	0.0	0.0	0.0
Buy to let (%)	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0
Largest Geographic Region	South East (17.9%)	South East (20.5%)	South East (19.8%)	South East (23.4%)	South East (20.4%)	South East incl. London (22.3%)	South East incl. London (31.4%)	South East (18.6%)

Source: Deal Transaction Documents, portfolio summary information as at respective transactions cut-off dates

¹ Including the RV on PCP loans

Appendices



Experienced Leadership Team

Executive Directors



Steven Cooper CBE
CEO

30+ years of banking experience predominantly at Barclays with experience in retail and business banking, payments, digital, data and technology



Ralph Coates
CFO

Former CFO at TSB for 5 years and Finance Director at the Bank of England from 2013 to 2016. Has over 17 years of banking experience

Executives



Andrew Lewis
CRO

Former global expert partner at Bain & Co in their financial services and digital practices. Over 25 years in financial services



Paula Walter
Chief Technology & Information Officer

Over 20 years of experience working in technology within financial services firms



Nick Ulcyz
Chief People Officer

Over 29 years in financial services, holding roles across products and distribution



Ross Dalzell
MD: Property

Over 15 years in financial services, where he was last MD for Business Banking Relationships at Barclays



Richard Jones
MD: MotoNovo

Extensive experience in Auto Finance having held senior positions including CEO of Lloyds' Motor Finance and Leasing business



Danielle Soto
MD: Savings & Commercial Shared Services

20 years of financial services experience built at Barclays



Tim Boag
MD: Specialist & Structured Solutions

Extensive career predominantly corporate and commercial banking, finance and risk with RBS/NatWest



Ben Taylor
Chief Customer Experience Office

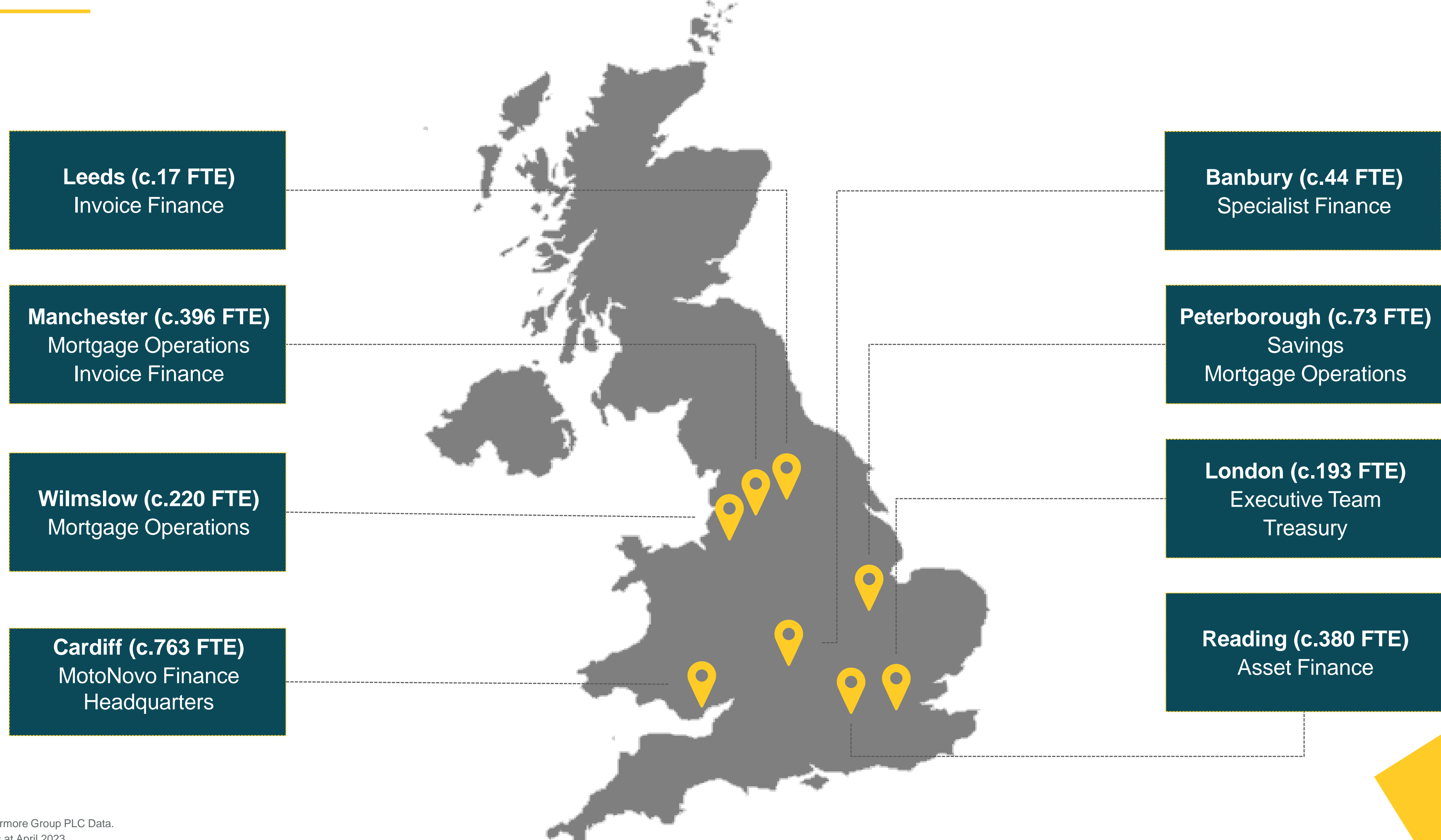
Over 20 years of experience in building centres of excellence focusing on customer experience and building relationships



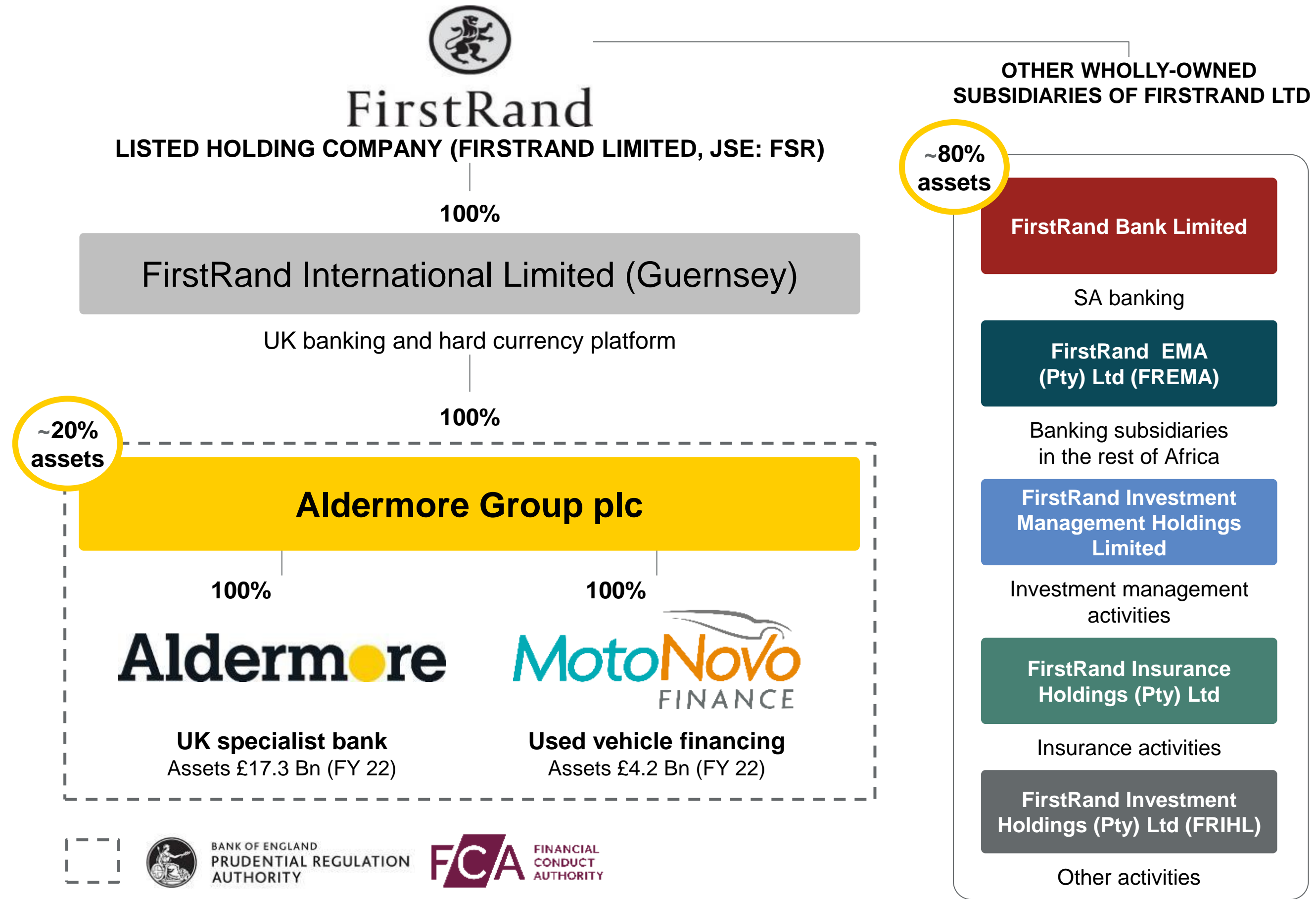
Reg Dhanjal
General Counsel

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

Operational Teams Spread Across The Country



Transparent Ownership Structure And Governance

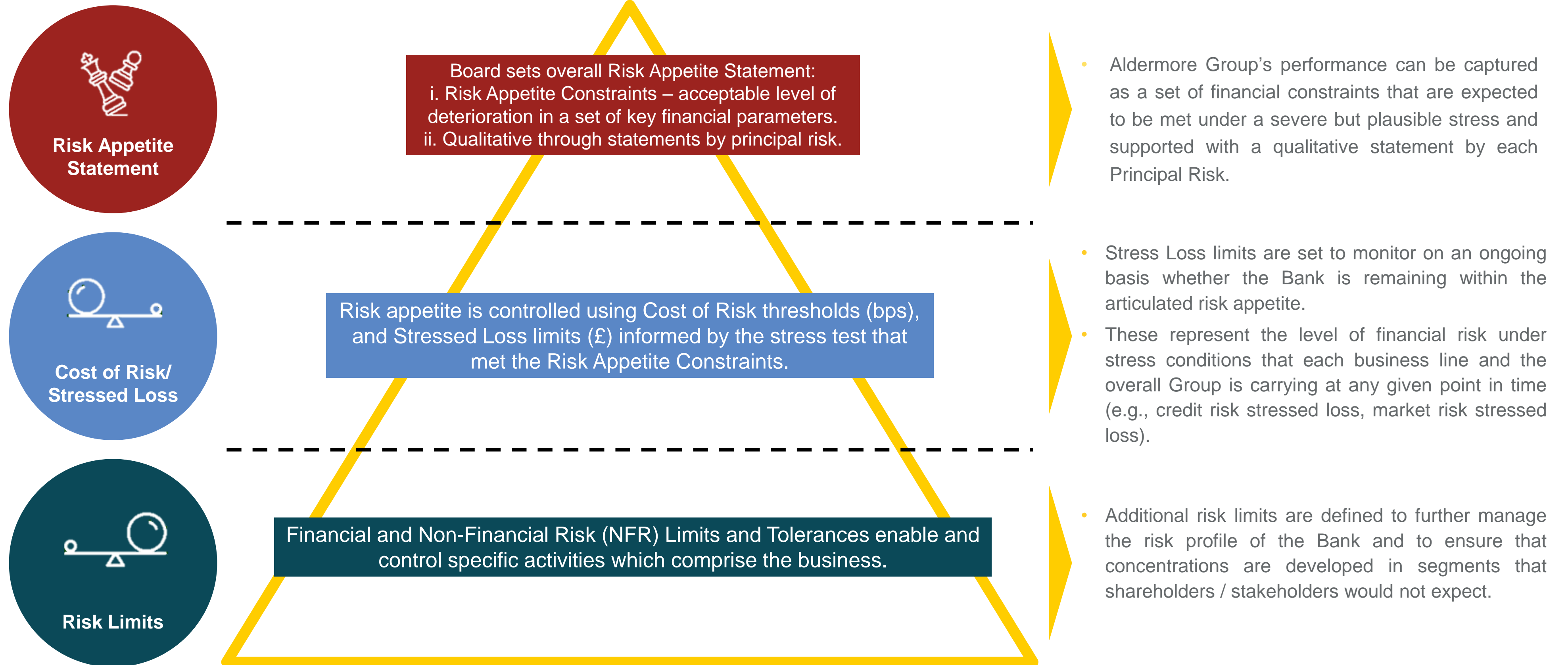


ESG And Sustainability Progress So Far

	Products To supply products that enable people to operate effectively within their market	People Create an inclusive culture where everybody can thrive	Planet Reduce our environmental impact for a more sustainable future	Partners Collaborate with partners to deliver a wider-reaching positive impact
FY22	<ul style="list-style-type: none"> • Backed first-time buyers by lending £274m in the housing market, which made up 44% of our owner-occupier lending. • Backed 317 motor dealer intermediaries with stock funding worth nearly £400m to provide 32,415 used cars for the industry • Backed 11,154 customers with funding worth over £1.73bn in the Structured and Specialist Solutions market. • Backed 323,256 savers worth £12.2bn across the personal and business savings market. 	<ul style="list-style-type: none"> • Backed our people by supporting 317 internal promotions and increasing the annual leave allowance for all colleagues to 30 days. • Increased our colleague self service diversity data from 30% to 70% with our #CountMeIn campaign. • Supported 1,465 colleagues with a £1,000 payment in response to the rising cost of living. • Launched GROW, an internal and external diversity and inclusion network to support opportunities for women in the motor industry. 	<ul style="list-style-type: none"> • Refining our own plan to support the transition to a low-carbon future, having joined Bankers for Net Zero in June 2022. • Began a programme to transition Group fleet to low-carbon options, reducing our fleet of internal combustion engines (ICE) vehicles to 29%. • Enhanced our climate risk disclosures in our annual report. • Developed capabilities to track our financed emissions across our Residential Mortgages and Motor Finance portfolio. 	<ul style="list-style-type: none"> • Signed the United Nations Principles for Responsible Banking. • Delivered 19 volunteering events and raised £60,858 across our Community Giving activities. • Provided £60,000 via our apprenticeships levy to Sandcastle Care Limited and gave 382 school students access to financial literacy platform EVERFI as part of our community engagement activities. • Continued our strategically aligned partnership with the Purpose Coalition on the UK Levelling Up Goals and the Equality of Opportunity Coalition.
FY23	<ul style="list-style-type: none"> • Held action planning workshops with senior stakeholders to identify intentional ways we can better support the Levelling Up Goals in our talent pipeline and our products and propositions, prioritising FY23 quick wins. • Created our first EPC related mortgage, which gives a discount for Buy To Let mortgages of A, B or C certificates. 	<ul style="list-style-type: none"> • Provided another £1,000 cost of living payment to 70% of colleagues. • Hired a Group DE&I Manager and worked with a third party to rebuild our DE&I strategy, shaped by colleague insight and feedback sessions. 	<ul style="list-style-type: none"> • Building out a net zero strategy covering our operational and financed emissions. • Maturing our approach to climate risk appetite. • Integrating climate risk considerations into decision making. 	<ul style="list-style-type: none"> • Scheduled events across different schools to engage with young careers as part of our Community Engagement activities. • Agreed a long term strategic charity partnership with The Money Charity, helping provide financial literacy and wellbeing to young people and underprivileged communities.

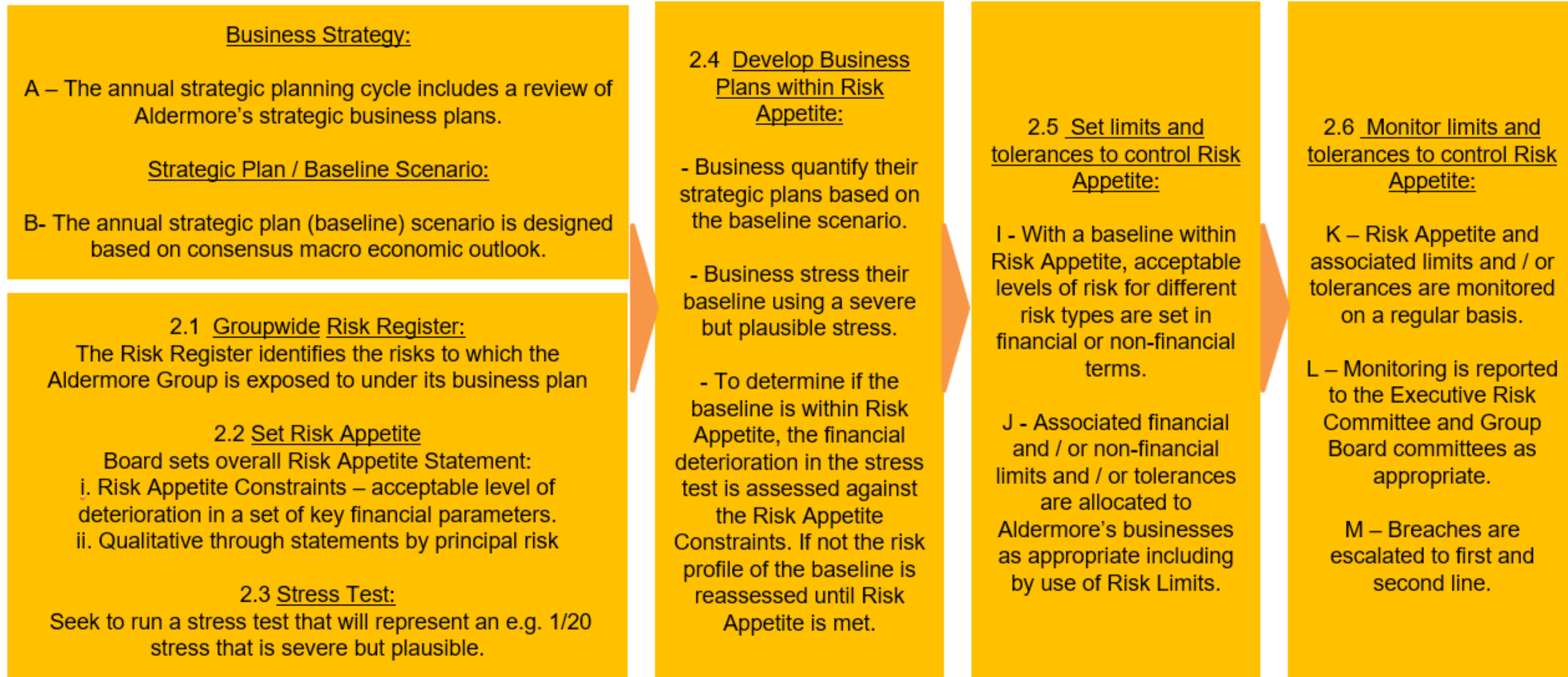
Risk Appetite Framework

Risk appetite can be primarily articulated as the desired performance of Aldermore Group under stress conditions.

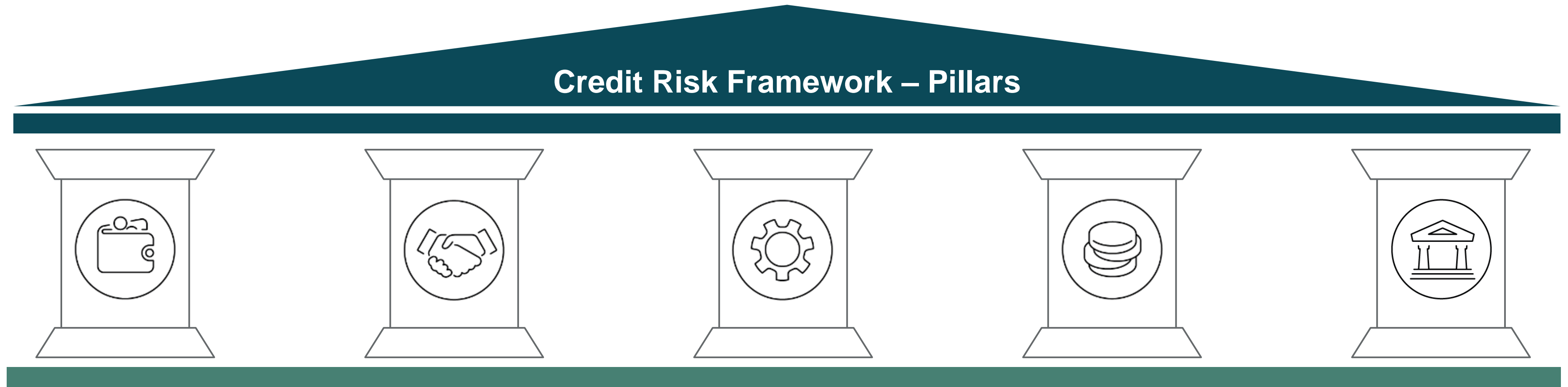


Risk Appetite Framework Processes

The Aldermore Group Risk Appetite encompasses numerous processes that operate within the financial year and contribute to, or relate to, the understanding and monitoring of risk appetite.



Credit Risk Framework – Pillars



Risk reward

Lending at the marginal level of credit risk breaks even under stress over 5 years

Layered risk

Restricts lending to clients that have multiple drivers of high risk

Single name concentration

Max exposure for single names and linked to credit quality

Affordability / Debt serviceability

Ensure clients have financial resilience to changing economic circumstances

Recession readiness framework

Early warning indicators for deterioration and associated actions to control credit profile

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