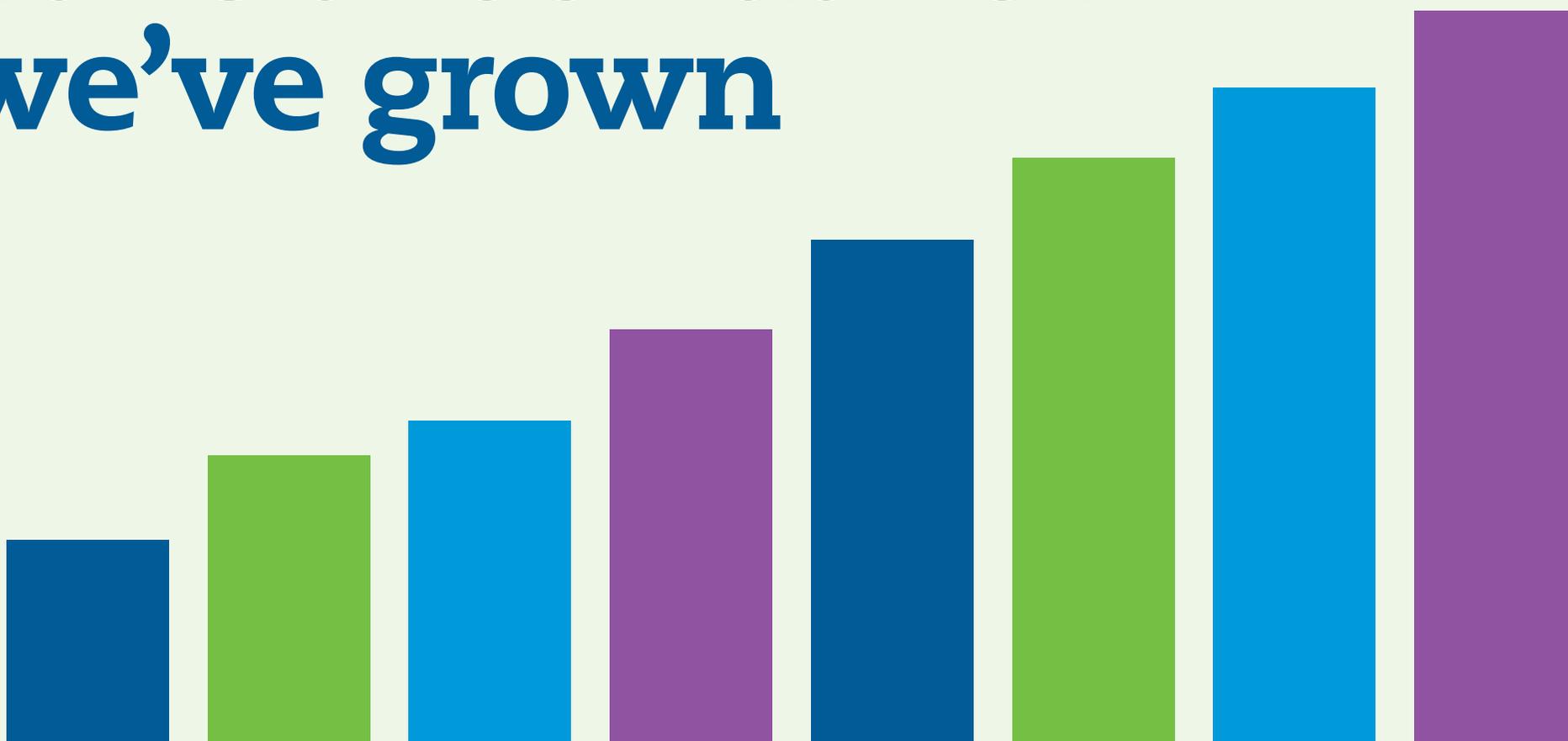


Take a look at how we've grown



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Performance Highlights

Message from the CEO

One of the most frequent things small and medium sized enterprises (SMEs) say is that their bank doesn't understand them or their business – when we launched Aldermore we wanted to change this.

Having a real understanding of an SMEs business and the marketplace they operate within is one of the most critical things a bank can do and we pride ourselves on giving customers access to our expertise rather than trying to be a generalist.

That's why we choose to focus on SME lending in the form of invoice and asset financing, mortgage lending (be that commercial lending or buy-to-let investment) and deposits. And on the personal side of things we offer mortgages and a full range of savings products.

In the first half of the year our operating profit reached £9.2 million, significantly ahead of what we've achieved in previous years, driven by good momentum across the businesses and in particular residential mortgages and asset finance. Our cost income ratio also continues to fall and stands at 73%. Our total balance sheet assets have expanded by 26% since the end of last year and stand at £3.193 billion.

Since the start of 2013 we have lent £820 million to British SMEs and homeowners. British savers are also choosing Aldermore and we now have £2.9 billion deposited with us.

We also measure our success by how we help customers such as our 17,500 SME and 83,000 retail customers. In fact since the start of the year we've had a 25% increase in SMEs joining Aldermore.



Phillip Monks, Chief Executive Officer

“ I am delighted with our 2013 half year performance as it shows not only our rapid growth but that we've built scale and are now seeing momentum. I believe our approach to banking in which we allow our customers to give us honest feedback via our website, enables us to be responsive to their needs. The feedback we have received from our customers is that increasingly this is 'banking as it should be'. ”

- **Operating profit reached £9.2 million**
- **Total balance sheet assets expanded by 26% since the start of the year to £3.193 billion**
- **Total deposits including FLS stand at £2.9 billion an increase of nearly 60% compared to the same period last year and by 29% since the start of the year**
- **We have lent £820 million to UK SMEs and homeowners in H1. An increase of 21% since the start of the year and almost 60% more compared to same period last year**
- **Lending to UK SMEs stands at £1.4 billion, 23% increase since the end of last year**
- **Lending to UK homeowners stands at £1.3 billion, 38% increase since the end of last year**

Aldermore's Unaudited Half Year Results P&L statement

6 months ended, £ million	30th June 13	31st Dec 12	30th June 12	YOY Growth %
Interest income	66.6	53.0	41.6	60%
Fee income	11.7	14.0	11.3	4%
Gross income	78.3	67.0	52.9	48%
Funding costs	(33.3)	(32.0)	(25.1)	32%
Net revenue	45.0	35.0	27.8	62%
Total costs	(32.7)	(27.9)	(25.6)	28%
Losses and provisions	(3.1)	(3.4)	(1.2)	153%
Operating Profit	9.2	3.7	1.0	855%
Tier II financing charges	(3.0)	(3.1)	(0.9)	233%
Operating Profit after financing charges	6.2	0.6	0.1	
Tax				
Profit after tax	6.2	0.6	0.1	

Key performance metrics

Loan origination (£m)	820	677	523	57%
Gross loans (£m)	2,685	2,071	1,568	71%
Average net lending assets (£m)	2,349	1,806	1,360	73%
Deposits including FLS (£m)	2,907	2,256	1,829	59%
Cost income ratio	73%	80%	92%	-21%
Headcount	629	521	507	24%
Capital expenditure (£000)	1.3	3.2	3.1	-58%
Bad debts/Average net loans	0.26%	0.33%	0.17%	53%

Origination

6 months ended, £ million	30th June 13	31st Dec 12	30th June 12	YOY Growth %
Asset Finance	252	195	155	63%
Commercial Mortgages inc Property Development	132	139	93	42%
Invoice Finance	33	48	33	0%
Residential Mortgages	403	295	242	67%
Total	820	677	523	57%

Gross lending assets

As at, £ million	30th June 13	31st Dec 12	30th June 12	YOY Growth %
Asset Finance	515	378	276	87%
Commercial Mortgages inc Property Development	656	552	438	49%
Invoice Finance	211	183	164	28%
Residential Mortgages	1,303	958	690	91%
Total	2,685	2,071	1,568	71%

Balance Sheet

- Total balance sheet assets have grown by 26% since the start of the year and stand at £3.193 billion. Compared to last year this represents 53% growth
- Our Asset Finance business has almost doubled its balance sheet to £515 million compared to same period last year and by 36% since the start of the year
- Commercial Mortgages including Property Development has grown its balance sheet to £658 million, almost 50% since last year and 19% since the start of the year
- Residential Mortgages has almost doubled its book in a year, with lending to homeowners standing at £1.3 billion, 38% increase since the start of the year

Funding and Liquidity

Our Bank is funded by British Savers. As at 30 June 2013 we have £2.275 billion in retail savings, an 11% increase since the start of the year. Since we launched our Business Savings accounts in June last year deposits have reached £263 million.

We also participate in the Funding for Lending scheme and data released by the Bank of England in June showed our drawings under the scheme reached £485 million by the end of June 2013.

We have continued to support British businesses in line with the spirit of the scheme, putting all of this funding to use to lend to our customers.

Outlook

The exceptional first half of the year can be seen across all our business lines. Although the macroeconomic environment remains unpredictable, we continue to attract savers and lend money to British SMEs and homeowners. We have built scale and are now building momentum which can be seen by our operating profit for the first half of the year.

Results by Business

Deposits

Our Bank is funded by British Savers and money we draw down as members of the Funding for Lending scheme.

Retail deposits

Inflows



We continued to attract British Savers in the first half of the year with inflows totalling £1.15 million. Retail deposits stands at £2.275 billion, an increase of 11% since the start of the year and we now have nearly 83,000 British Savers who have chosen from our great range of straightforward savings accounts.

Stock balances



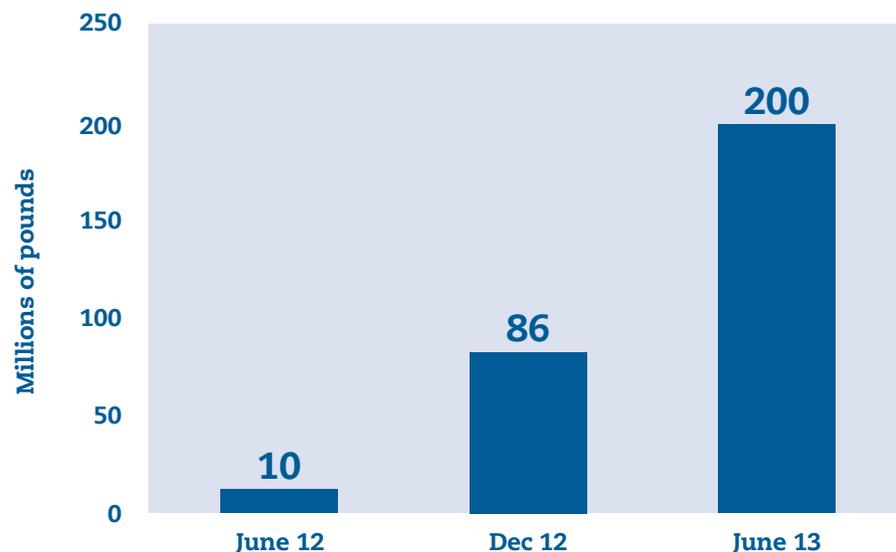
Customer feedback

“Easiest and quickest account opening I’ve ever had. The website is easy to operate and it is the most straightforward/user friendly I have come across.”

“Easy, quick, straightforward and great rates, what more could you want from a bank? No fuss, good rates and easy!”

SME Deposits

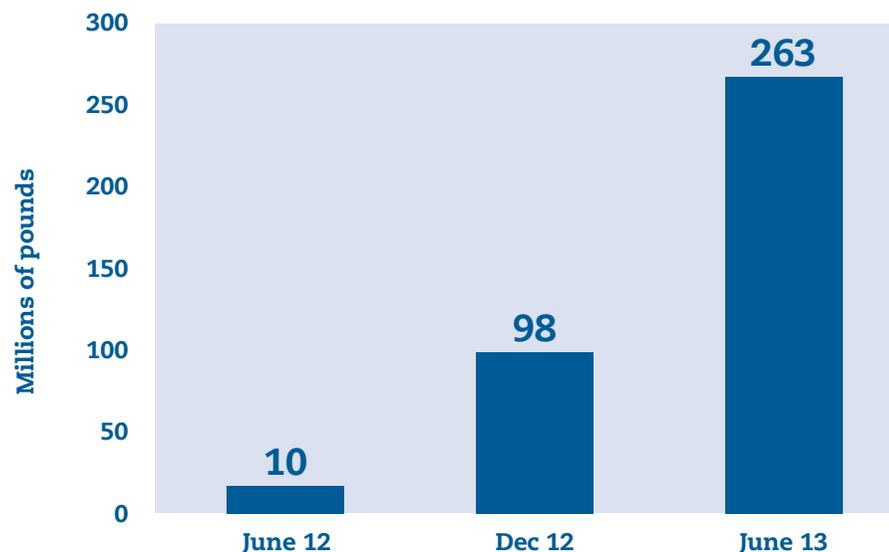
Inflows



We launched our Business Savings range a year ago and in 12 months we have grown our customer base to over 4,000 (1,800 since the start of this year) with total balances of £263 million, an increase of 168% since the start of the year.

In the first half of 2013, we launched our new Business Savings Easy Access product, providing a simple, fuss-free account which pays a great rate and is super-quick and easy to open online.

Stock balances



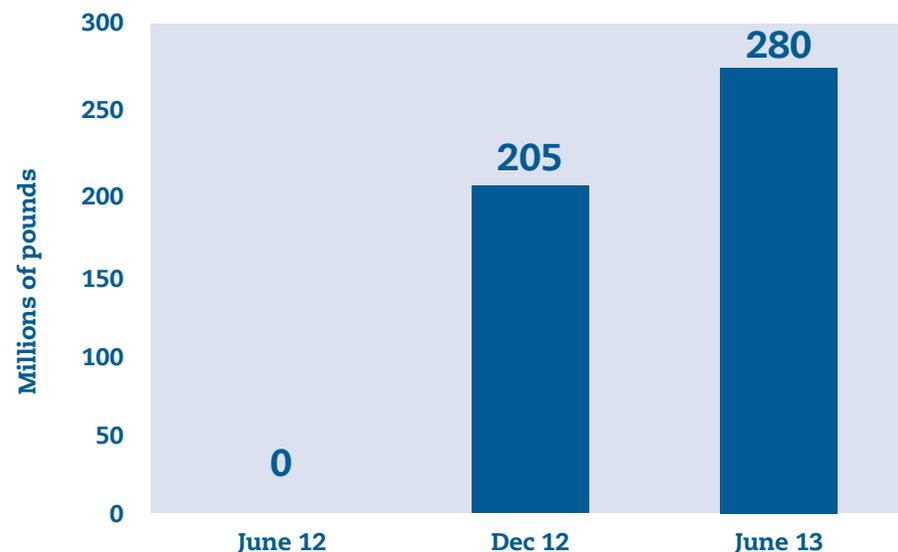
Customer feedback

“ A refreshing way to do banking – being a firm who opens bank accounts with large numbers of institutions, it is a welcome change to find a bank that have created a process that is efficient, professional and obviously designed with the customer in mind. Never has it been more straightforward to do business with a bank. Hopefully this is a lesson that can be learnt by others. Keep up the good work! ”

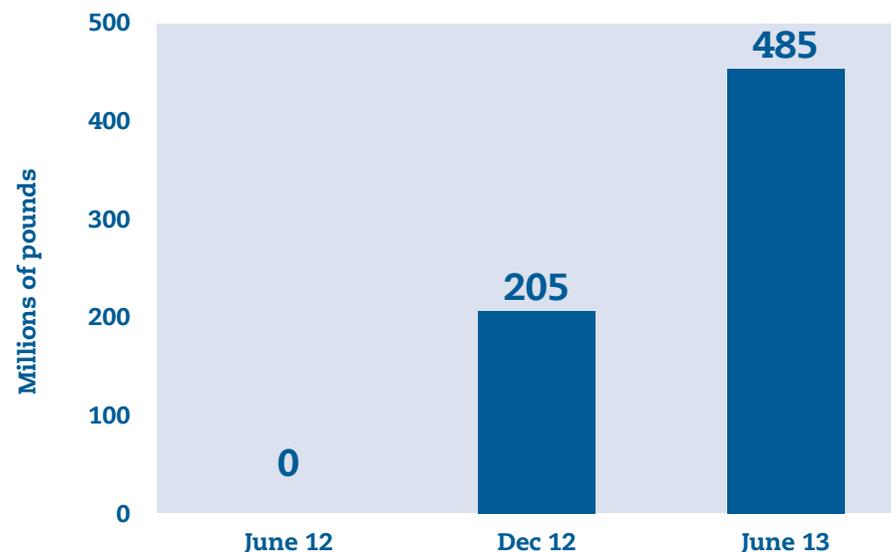
“ A very simple process, exactly what I was looking for in an online account – it’s great to find something that actually does what it says. The account is simple to create and open. ”

Funding for Lending

Inflows



Stock balances



Drawings under the scheme reached £475 million by the end of March, with a further £10 million drawn by June 2013.

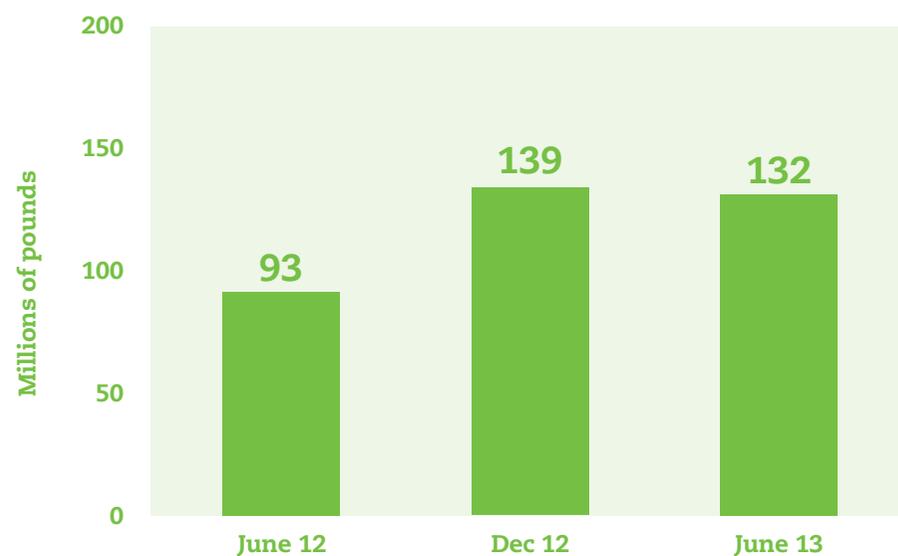
Compared with our cumulative drawings of £485 million as at end of June, our net lending has reached £820 million in the first half of the year. We were the sixth highest net lender in the scheme both cumulatively since June 2012 and in Q1 2013. For FLS drawings, we were ninth cumulatively since the scheme began and fifth highest in Q1 2013. Q2 FLS data will be published by the Bank of England on the 2nd September 2013.

As at 30 June 2013, £368 million of funding had been generated through the sale and repurchase of FLS securities, where we sell the FLS securities for cash which we can then lend out to UK SMEs and homeowners. The comparative figure at 31 December 2012 was £115 million.

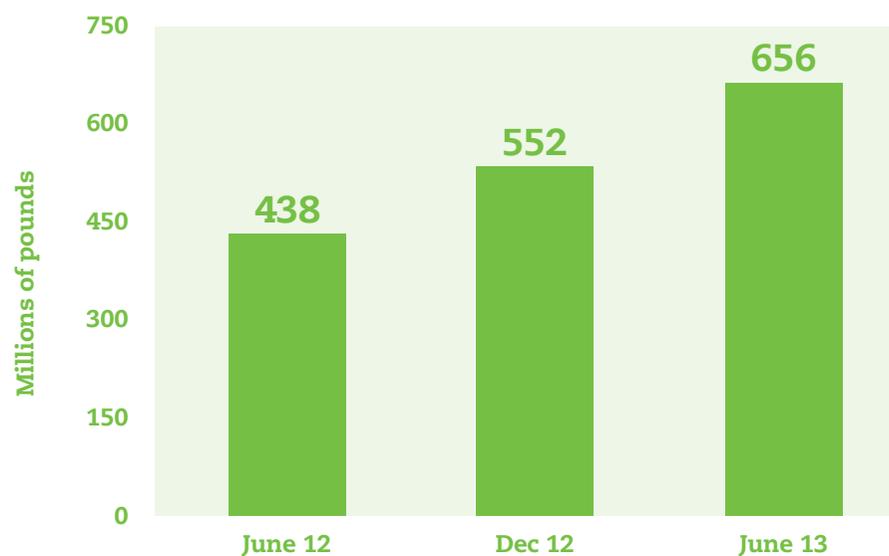
Lending

Commercial Mortgages and Property Development

Originations



Gross lending



Total lending for Commercial Mortgages and Property Development stands at £656 million, an increase of 19% since the start of the year and almost 50% up since this time last year.

During the first half of the year our Commercial Mortgages team made a significant investment in our people and systems, enabling brokers to progress their deals quickly on behalf of customers.

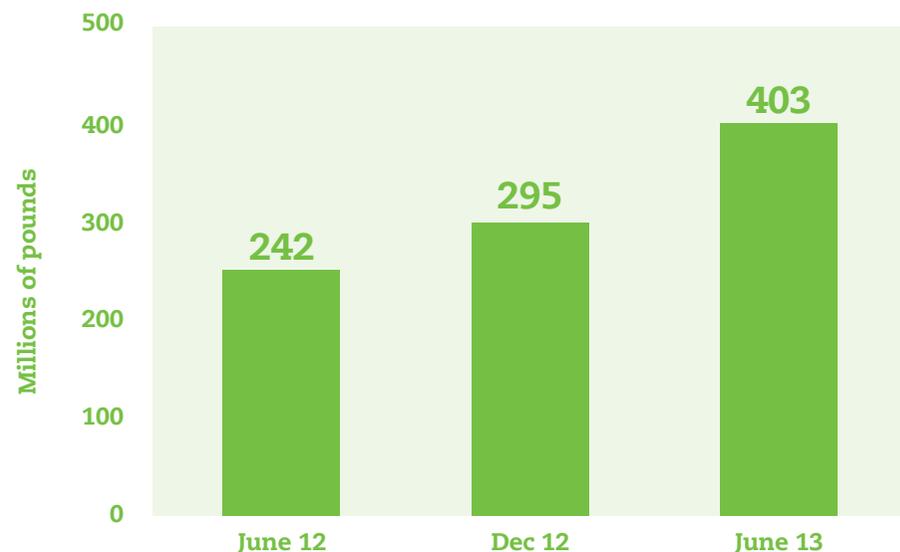
Our property development team are also doing their bit to encourage building in Britain, offering product enhancements to make it easier for property developers and regional house builders to borrow from us.

We also extended our lending to the private rental sector, supporting landlords with attractive products in the buy-to-let market.

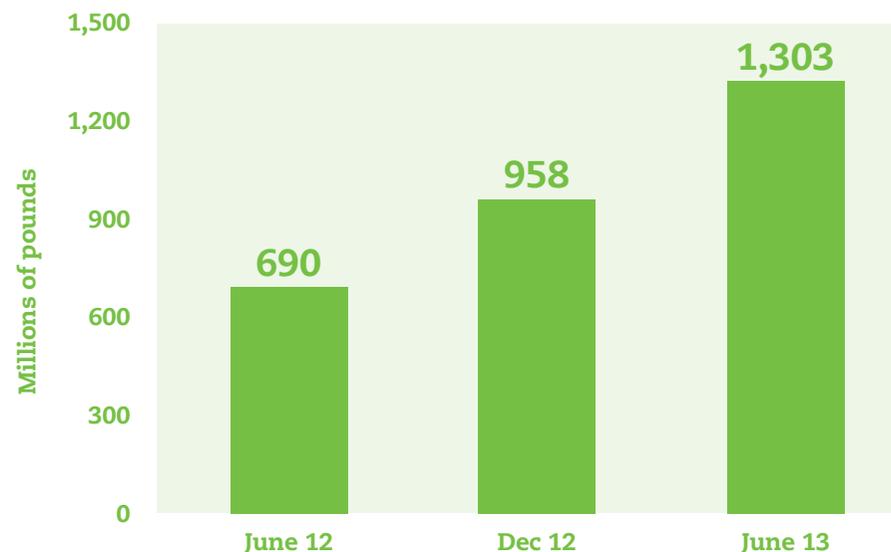
In addition, we were proud to become the lead sponsor of the EEF Future Manufacturing Awards, recognised as the leading awards programme in the manufacturing sector. It's just another way we are supporting a more successful future for UK manufacturers.

Residential Mortgages

Originations



Gross lending



Our Residential Mortgages business continues to grow. We have helped nearly 2,000 homeowners and increased our lending by 36% to £1.3 billion since the start of the year.

In June, we announced our expansion into the Scottish market, where we began lending on residential and buy-to-let properties. Our range of both residential and let-to-buy mortgages gives brokers access to additional product choice and a truly personal service.

The following table shows you the number of decisions in principle, full applications and offers made since we began supporting homeowners in Scotland.

	Number	Amount
Decisions in Principle (DIP)	99	£10,716,612
Full Applications	17	£1,833,018
Offers Made	6	£789,279

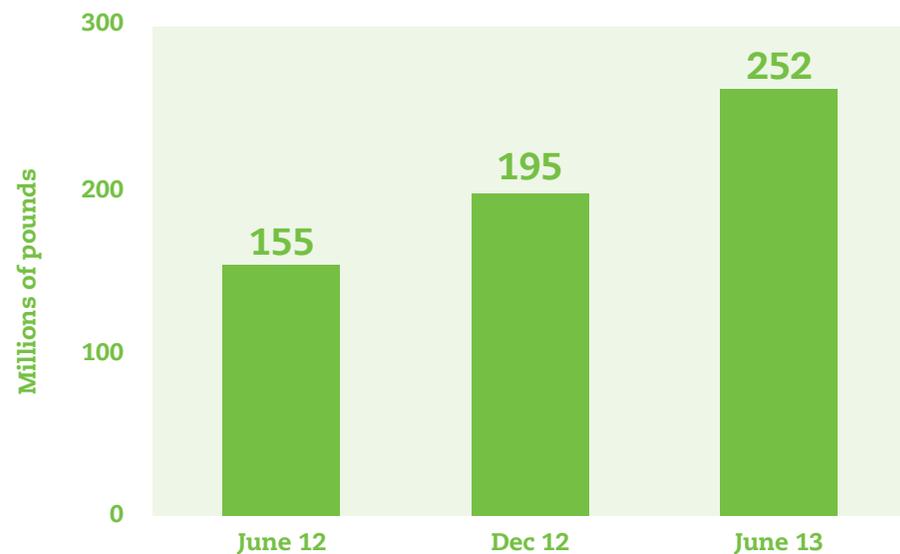
* Cases which have gone to offer have been counted in DIP and Full Applications.

We also extended our business development team, which focuses on supporting brokers looking to use our products.

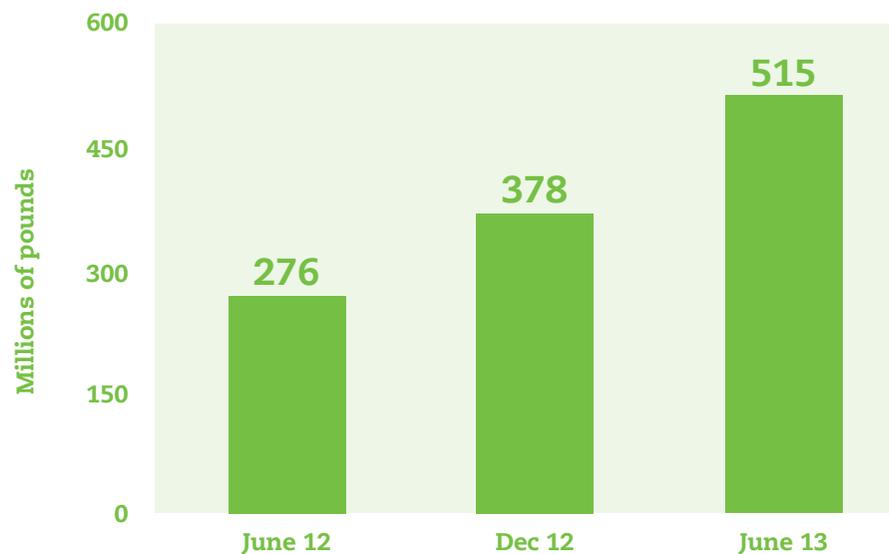
We listened to feedback and decided to extend our lending criteria to accommodate a let-to-buy option, allowing customers to re-mortgage an existing residential property and help them move forward in the housing market.

Asset Finance

Originations



Gross lending



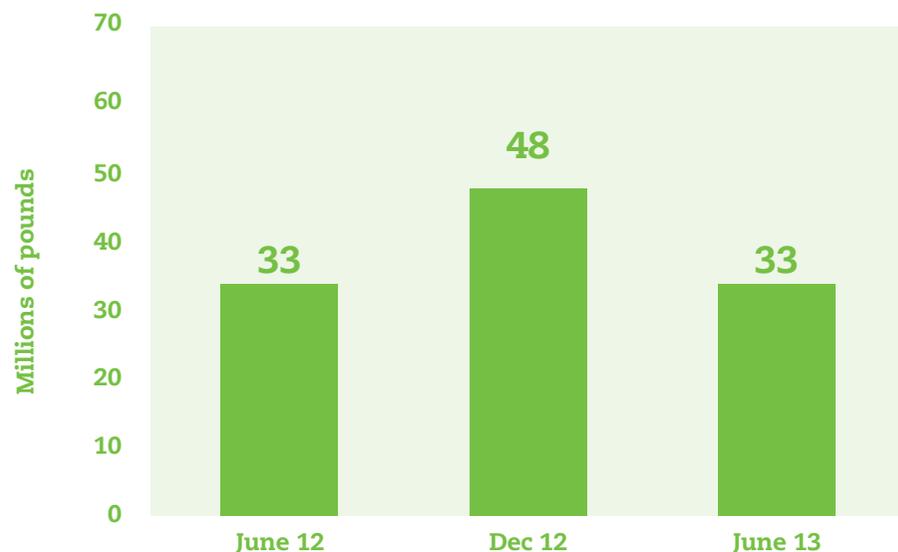
Our Asset Finance team has originated £252 million in the first half of the year and balance sheet asset stands at £515 million, a 36% increase since the start of the year, representing 87% year-on-year growth.

We also saw the number of Asset Finance agreements written rise by 28% to nearly 14,000.

We successfully launched the financing of agricultural equipment and also revised our broker introducer contact strategy, rolling out the Aldermore Proposal Portal (APP) to make it easier for our brokers to do business with us.

Invoice Finance

Originations



Our Invoice Finance business has funded a client turnover of £1.13 billion during the first half of the year, a 22% increase on the same period last year.

Our Invoice Finance business also funded £211 million of client invoices, a 15% increase since the start of the year and 29% compared to the same time last year.

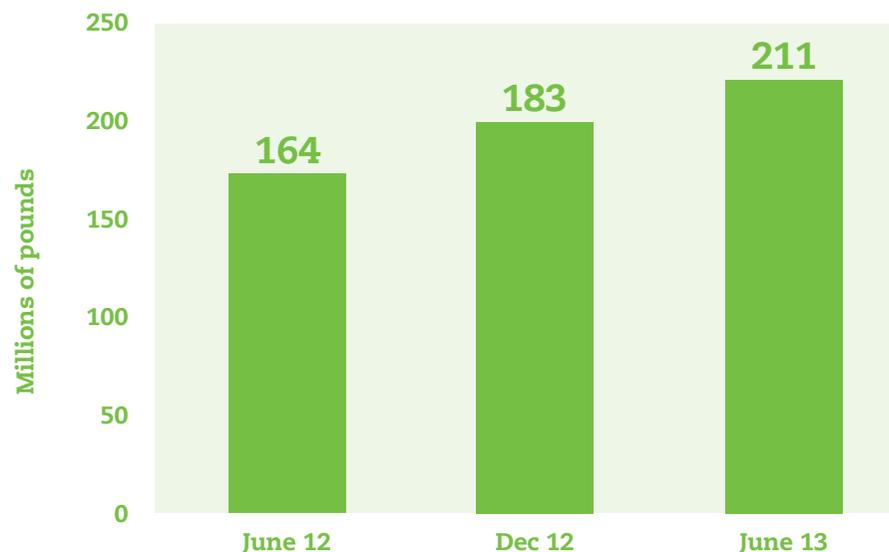
Client numbers have increased by 5% this year and 13% year on year to 1,169.

We made some changes to the business model to improve the customer experience and moved from six separate offices, to a northern and southern regional model, operating from seven commercial sites in our primary markets. We also consolidated our support functions into two operating centres in the north and south to further enhance efficiencies.

The first half of 2013 also saw the development of our Bad Debt Protection product to provide enhanced cover against insolvency to our clients.

We have also been preparing for the launch of the Asset Based Finance Association (ABFA) code of conduct. As an organisation whose principles are to be transparent and open, we welcome and fully endorse the ABFA code of conduct. We believe customers should always receive the very best service and we truly believe that the code will ensure consistency across the entire invoice finance industry.

Gross lending



Customer feedback

“ A ‘tailor made’ facility to satisfy our business requirements. From the outset there was an immediate understanding of our business’ requirement. The transferring of our facility from our existing provider was seamless as Aldermore staff were extremely professional throughout the whole process. ”

Customer Experience

At Aldermore, we pride ourselves on giving our customers exceptional service. We also welcome their honest feedback, which is why we publish unedited customer reviews on our website to keep us on our toes and to learn how we can do better.

Our Ratings and Reviews feature was launched on our website in January 2013 for our Personal Savings, Business Savings and Invoice Finance customers. We believe that giving people access to other customer reviews is a great way of helping them make an informed decision about our products and services. We also have exciting plans to roll Ratings and Reviews out to customers for our other products soon.

In the first half of this year, we received 923 reviews including 742 for Personal Savings products, 174 for Business Savings products and seven for Invoice Finance products and our overall average star rating is 4.37 out of 5.

Some of the frequently mentioned words in our reviews include 'easy', 'straightforward', 'good', 'helpful' and 'excellent'.

4.37 out of 5
Our overall average star rating.

We also launched an 'Ask & Answer' service which allows our customers to submit questions which will either be answered by us or another customer. So far this year we've had 25 questions.

When our customers leave a review they are also asked whether they'd be willing to recommend Aldermore, also known as a net promoter score. Since the start of the year, our net promoter score has reached 54.7% overall which compared to the industry average for financial services of 0%, is something we are very proud of. It is a true testament to how satisfied our customers are with our products and services.

Here are just some of the comments we received from customers using the Ratings and Reviews feature:

5/5 
Excellent interest rate with ease of opening a/c

For a company I hadn't heard of before the online application was quick and simple and I received postal confirmation within a few days, thank you.

3/5 

Badly designed account opening sequence

The account opening sequence asks for a lot of information over several pages, but it does not list what information will be required before starting the sequence. So if the information is not to hand, the customer has to go and find it. In the meantime the site times out, and the customer has to start again from the beginning. I do not see why the site needs to time out, since at this point there is no money in the account as it has not been opened yet, and so neither you nor the customer could lose anything if the session was hijacked.

Transferring money into the account works well, although the ability to send a cheque would be useful. Many banks limit the size of internet payments, ours does and I have had to make several separate payments instead of sending a single cheque.

I have not tried withdrawing yet.

5/5 

Perfect clear and kept me informed

Aldermore always come across as a business who understand what their customers need and want and don't put barriers in the way. Their communication is clear and concise and their rates competitive.

5/5 

Nice and easy

Clear online instructions – pack arrived within three days so up and running.

1/5 

To pay money into my account takes a week

In this age of fast money transfers, where I can move money between accounts quickly and easily, moving money into this account takes a week as it can only be made by creating a direct debit on the nominated bank account. Am I missing something, or is this the only way to transfer money into the account? Why can't you provide a sort code and account number so that normal inter-bank fast transfers can be made, or as a minimum, allow debit card transfers. I don't know of any other savings facility that has such a poor way of transferring money in. It's slower than a postal account. I hope I have missed something and that you do have a better facility for money transfers.

2/5 

Still not been sent account access info

This has taken weeks – I now have to phone you to find out why I have not received account access info.

5/5 

Does what it says on the tin...

The application process was simple and straightforward. If only all business banking was that hassle free.

When customers leave us feedback, be it good or bad, we spend the time reviewing all the themes and achievable insight to ensure we constantly improve the service we provide.

Product line	Average rating year-to-date	Number of ratings
Personal Savings	4.3	742
Business Savings	4.6	174
Invoice Finance	4.6	7

Complaints

We take all of our customer feedback seriously, including complaints. Every complaint we receive is investigated and responded to directly by the relevant business line. This allows our subject matter experts to get a strong understanding of the issue, and a proposed solution which satisfies our customers.

Each business line has a complaints representative, making sure we have a consistent approach to customer feedback right across the Bank. We also report monthly to our Executive Committee so our leaders have clear visibility of the feedback from our customers, both positive and negative. It helps us to identify themes and if necessary, change the way we do things to constantly improve the service we offer.

Since the start of the year we have received 587 complaints. The reason for the complaint is broken down into the categories below.

Category	Percentage of complaints received
Advising, selling and arranging	10%
Arrears	3%
General administration or customer service	58%
Terms and disputed sums or charges	23%
Other	6%

Call Wait times

Business line	Average	Minimum	Maximum
Residential Mortgages	80.98 seconds	44.55 seconds	134.60 seconds
Personal Savings	94 seconds	N/A	N/A

Personal Savings

Our Personal Savings team received 58,053 calls from January to June in 2013. This ranged from 4,500 in February to 19,600 in April. This month was exceptionally busy and our customers experienced a delay to their calls being answered due to an overwhelming response to our products. We apologised to our customers for the longer wait times and have reviewed how we deal with an upsurge in calls to ensure that our customers do not have a similar experience in the future.

Residential Mortgages

After listening to our customers concerns about call wait times, our Residential Mortgages team focused on ways to reduce this time and introduced a new specialist role to assist. The average call wait time was decreased to 80.98 seconds from 141.76. The minimum wait time was decreased by 27%, and the maximum wait time was decreased by 59%.

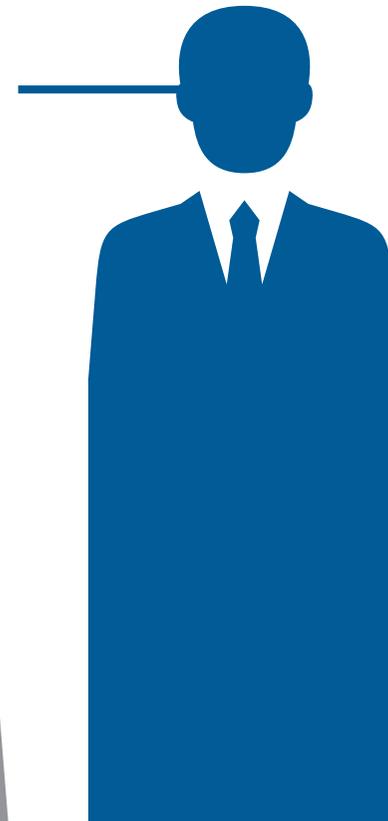
Our People

To support our growth, we have seen a 20% increase in our overall staff numbers. At the end of June 2013, we had 629 employees across our 11 regional offices, with our Asset Finance team in Reading experiencing a 27% growth rate. This just shows how much we are growing as a Bank, and how we are supporting the communities we operate in. We are well positioned to continue building a truly innovative and dynamic bank.

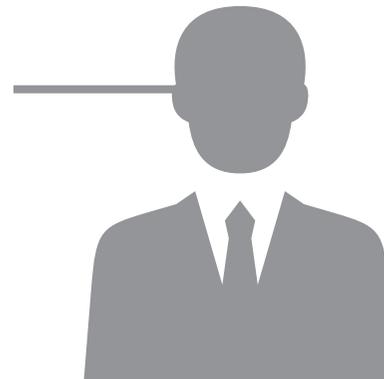
33%
GROWTH RATE IN OUR
LONDON OFFICE



27%
GROWTH RATE IN OUR
ASSET FINANCE TEAM
IN READING



20%
INCREASE IN OVERALL
STAFF NUMBERS



Investing in our People

We remain focused on maintaining an engaged and motivated workforce to help us achieve our ambition of building a Bank to be proud of.

We launched several initiatives committed to investing in our people, designed to support, motivate and build on our 'One Aldermore' culture. The focus was on a consistent approach for e-Learning and training programmes for all our people, as well as tailored programmes for our managers and leaders.

Manager Community Space

We want to make sure our managers always feel supported and have the tools on hand to be the best manager they can be. So we launched a Manager Community Space on our intranet to provide them with additional training and development materials as well as tips on performance management.

We also did a large amount of work to upgrade our training and development portal 'Discovermore'. This full online e-Learning suite is available to all our people.

Train the Trainer

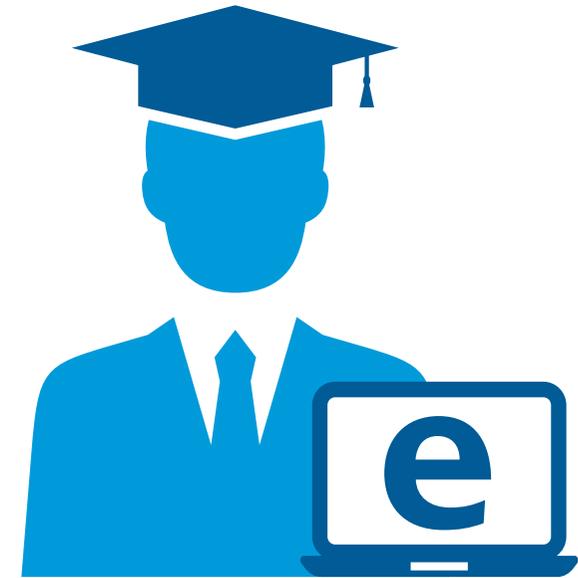
Our employee survey results told us our managers wanted more local on-demand training. So we put thirty of our people through a two-day 'Train the Trainer' workshops to have internally accredited trainers on hand to deliver training sessions. They have access to a full range of in-house training sessions focused on areas such as change management, leadership and performance management.

Employee Assistance Programme

We recognise that our people need support at times, so we partnered with First Assist to provide valuable guidance and advice for our employees and their families. We regularly encourage our people to use the free and confidential service.

Your Aldermore Journey

Listening to people's feedback led us to develop 'Your Aldermore Journey' to improve our engagement with new employees from their first point of contact with us. It is an interactive induction programme designed to provide consistency for new people and make sure they feel welcome and well informed.



Building a Bank to be proud of

Our consistent approach to providing straightforward products and reliable service, coupled with our energy and entrepreneurial spirit, means we are well positioned to continue our ambition to build a Bank that not only we are proud of, but our customers are also proud of.

Awards

Our string of industry awards for the first half of 2013 mean a great deal to us and we are delighted to be recognised in such a competitive marketplace.

So far this year, we have won eight awards including some for the second or third year in a row.

- **Moneyfacts Award for Best No Notice Account**
- **Moneyfacts Award for Best Bank Savings Provider**
- **Moneyfacts Award for ISA Provider of the Year (for the third year running)**
- **Bridging & Commercial Awards for Best Commercial Proposition**
- **Mortgage Strategy Awards for Best Specialist Lender (Residential Mortgages)**
- **Mortgage Finance Gazette Awards for Best Buy to Let Lender**
- **Personal Finance Awards for Best Cash ISA**
- **Credit Today Awards for Asset Finance Firm of the Year**



Community

But it's not just about our financial results and our awards and accolades, we aim to make a positive contribution to the communities in which we work and where we do business. Our people help to shape our approach to our corporate social responsibility, by getting actively involved in programmes such as our £ for £ Matching Scheme and the SKILL! Programme.

£ for £ Matching Scheme

So far this year, we have donated £2,702 to charities across the UK via our £ for £ Matching Scheme.

The scheme matches contributions made by our people to non-profit and community organisations. Some of the great causes we have supported include the British Heart Foundation, RSPCA, Cancer Research UK and Help for Heroes.

It's our way of lending a hand to support the philanthropic efforts of our people.

SKILL! Programme

We have been supporting the training and development of budding young entrepreneurs through our involvement with the SKILL! programme, a series of interactive workshops for students aged 14-16.

The workshop is designed to teach students the valuable skills they need on top of their academic ones; communication, working together as part of a team and presentation skills. In April this year, we took part in a workshop in London with many of our people volunteering as corporate mentors for the students as they come up with innovative business ideas.

As a champion of the small business community, we are aware of the huge contribution SME owners make to the UK economy. That's why we will be increasing our involvement in this inspiring event by supporting two more workshops in the second half of the year in Manchester and Birmingham.

Some other examples of the good causes we have supported.

The Daisy Palmer Trust

Touched by the heartbreaking story of Daisy Palmer, who suffers from a rare and debilitating illness, Steven Carter and his family raised money for the Daisy Palmer Trust in a swimathon fundraising event. Steven and his family pulled out all stops to swim 108 laps in 45 minutes, raising a significant amount of money before the event which he then pledged Aldermore's £ for £ Matching Scheme. We were happy to lend a hand and match the amount to make Steven's fundraising pounds go further for Daisy.

Help for Heroes

Motivated to support wounded servicemen and women of the British Armed Forces, Treasury Analyst Josh Dines is setting off on a 1,000 mile cycle to raise funds for Help for Heroes. Josh and seven of his friends will cycle a gruelling leg from London to Monaco, about 120 miles per day, raising funds along the way to help our wounded soldiers and their families. So far the team has raised close to £4,000 and through our £ for £ Matching Scheme we are proud to contribute to such a worthy cause.



Half Year results are unaudited management accounts and financial statements. All information and detail has been subject to review and is correct as at June 2013. Customer reviews are a small sample taken of those received and published on the Aldermore ratings and review pages on our website. Case studies are published with the full agreement of the individual staff members concerned. Complaint numbers provided represent all complaints received by Aldermore during the period, both reportable and non-reportable.

Rounding

Numbers presented may not add up precisely to the totals provided in the tables and text. Percentages and percent changes are calculated based on rounded figures displayed in the tables and text and may not precisely reflect the percentages and percent changes that would be derived based on figures that are not rounded.

Aldermore Bank PLC is authorised and regulated by the Prudential Regulation Authority (PRA) and the Financial Conduct Authority (FCA) for deposit taking and regulated mortgages. Registered Office: 1st Floor, Block B, Western House, Lynch Wood, Peterborough PE2 6FZ. Registered in England no. 947662.

