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For immediate release

24 February 2015

Aldermore Group PLC

**Intention to Float on the London Stock Exchange**

Aldermore today announces its intention to proceed with an initial public offering (the "IPO" or the "Offer") of the shares of Aldermore Group PLC ("Aldermore" or the "Company"). Aldermore intends to apply for admission of the Company's ordinary shares (the "Shares") to the premium listing segment of the Official List of the Financial Conduct Authority (the "FCA") and to trading on the main market for listed securities of the London Stock Exchange (together "Admission"). The Offer will comprise an offer of new and existing Shares to institutional investors.

Aldermore is a British bank which focuses on specialist lending to SMEs and homeowners across four targeted lending segments which its directors have identified as being underserved by incumbent banks and where they believe there are significant and sustainable growth opportunities. Aldermore's targeted lending segments are: Asset Finance, Invoice Finance, SME Commercial Mortgages and Residential Mortgages. Aldermore is funded predominantly through online retail and SME deposits.

Aldermore has a proven track record of execution and delivery on its targets. When the Company was established in May 2009, customer lending was in the region of £76m and there were approximately 50 employees. Since then, Aldermore has developed into a multi-product asset-based lender and through its focus on organic loan origination has grown significantly, having £5.6bn of assets, approximately 160,000 customers and approximately 875 employees as at 31 December 2014. Over the same period, profitability has grown with underlying profit before tax (excluding IPO costs) of £56.3m for the twelve months ended 31 December 2014.

Aldermore is a "legacy-free" bank which employs a modern digital platform to support its customer service proposition and provide a scalable, efficient operating model. Aldermore has a strong and diversified online deposit franchise and its targeted lending segments provide a significant and sustainable organic growth opportunity.

**Phillip Monks, Chief Executive Officer, commented:**

*"Now in our sixth year, Aldermore has demonstrated strong and sustainable levels of profitable growth, as seen most recently in our record full year results; we have been clear that we view the public markets as the right place for us to be as we look to maintain this momentum.*

*"Now is the right time for Aldermore to seek a listing on the London Stock Exchange. As our strong performance in 2014 highlights, we have consistently delivered on our ambitious targets and we have proven our ability to grow organically and profitably. In 2014, underlying profit before tax more than doubled, driven by strong balance sheet growth, with net lending to SMEs and homeowners higher than ever before.*

*"The combination of a modern, digital, legacy-free platform and award winning expertise in otherwise underserved market segments enable Aldermore to offer banking services the way they should be. This means attractive and straight-forward products combined with transparent and efficient service to meet each of our customers' needs and deliver them appropriate financial solutions. We will look to offer our shareholders strong risk-adjusted returns underpinned by a modern and scalable operating platform."*

**Details of the Offer**

- Aldermore intends to apply for admission of the Company's Shares to the premium listing segment of the Official List of the FCA and to trading on the main market for listed securities of the London Stock Exchange.

- The Offer will comprise an offer of Shares: (i) to certain institutional investors in the United Kingdom and elsewhere outside the United States; and (ii) in the United States only to qualified institutional buyers in reliance on an exemption from the registration requirements of the United States Securities Act of 1933, as amended.

- The Offer will comprise an offer of new Shares to be issued by the Company to raise gross proceeds of approximately £75m. The net proceeds from the Offer receivable by the Company will be used to support the medium term growth of the business.

- The Offer will also comprise a sale by AnaCap Financial Partners L.P., AnaCap Financial Partners II, L.P., AnaCap Derby Co-investment (No.1) LP and AnaCap Derby Co-investment (No.2) L.P. (together "AnaCap") and certain other shareholders (the "Selling Shareholders") of a portion of their existing holding of Shares.

- Each of the Company, its directors, AnaCap and certain other Shareholders will agree to lock-up arrangements in respect of their remaining holdings of Shares for specified periods of time following Admission.

- The Offer size is expected to represent approximately 40% of the issued share capital of the Company post-completion of the Offer.

- It is expected that Admission will take place in March 2015 and that, following Admission, the Company will be eligible for inclusion in the FTSE UK indices.

- In relation to the Offer and Admission, Credit Suisse Securities (Europe) Limited ("Credit Suisse") and Deutsche Bank AG, London Branch ("Deutsche Bank") are acting as Joint Global Co-ordinators and Joint Bookrunners, RBC Europe Limited (trading as "RBC Capital Markets") is acting as Joint Bookrunner. Deutsche Bank is acting as Sponsor. Nomura International plc ("Nomura") and Numis Securities Limited ("Numis") are acting as Co-Lead Managers. Lazard & Co., Limited ("Lazard") is acting as Financial Adviser to both the Company and AnaCap.

- Full details of the Offer will be included in the Prospectus, expected to be published in due course.

**Highlights**

- **Profitable organic growth:** underlying profit before tax (excluding IPO costs) of £56.3m for the twelve months ended 31 December 2014, more than double the equivalent amount for 2013. This translates into a return on equity (ROE) of 15% (excluding IPO costs). The pace of profit generation is accelerating and in the second half of 2014, the Company achieved an ROE of 19% (excluding IPO costs). The Company is targeting a return on equity of close to 20% by the end of 2016, a year earlier than originally expected;

- **Significant growth in net lending:** as at 31 December 2014 Aldermore had total net loans of £4.8bn (31 December 2013: £3.4bn) of which £2.2bn is lent to SMEs and £2.6bn is lent to homeowners.

- **Driven by organic origination:** gross organic origination volumes have increased from £1.2bn for 2012 to £2.4bn for 2014, equivalent to a compound annual growth rate of 153% since the beginning of 2012 and over the same period 98% of loan origination has been organically generated;

- **Strong distribution base, offering superior customer service and flexible products:** Aldermore does not have a traditional branch network and as such does not have the significant costs associated with running such a branch network. Lending originations are conducted primarily through intermediaries with increasing direct distribution online, by phone and in person through Aldermore's regional offices across Great Britain which also provide product expertise, customer services and operational support services;

- **Attractive margins underpinned by consistent, clearly defined credit risk management:** Aldermore's attractive margins are underpinned by consistent credit risk management. The vast majority of Aldermore's balance sheet is secured against a high proportion of tangible asset collateral and across its four targeted lending segments, it has low levels of non-performing loans. Aldermore has deliberately constructed a granular portfolio with high levels of tangible asset security;

- **Declining funding costs driven by diversification of funding sources:** Aldermore has a stable funding base which is predominantly funded by online retail and SME deposits with a loan-to-deposit ratio of 108% as at 31 December 2014. Its funding base has been further diversified through the successful issue of £333m of RMBS in April 2014;

- **Award-winning online deposit franchise**: which has grown to £4.5bn as at 31 December 2014 (31 December 2013: £3.5bn) growing at a compound annual growth rate of 49% since 2012;

- **Scalable and efficient, legacy-free digital operating model:** Aldermore is now targeting a cost/income ratio of less than 40% by the end of 2017. The bank employs modern, onshore IT infrastructure composed of industry-standard systems that are configured to Aldermore's requirements and is scalable such that it can expand to support predicted future growth with moderate ongoing investment;

- **Strong capital base:** as at 31 December 2014, Aldermore had a fully loaded CRD IV CET 1 ratio of 10.4%, a Total Capital Ratio of 14.8% and a Leverage Ratio of 6.3%. The Company aims to raise at IPO c£75m of gross proceeds to support the medium term growth of the business which, on a pro forma basis as at 31 December 2014, equates to a fully loaded CRD IV CET 1 ratio of 13.0%, a Total Capital Ratio of 17.4% and a Leverage Ratio of 7.5%. Post IPO, the Company is targeting a fully loaded CRD IV CET 1 ratio of around 11% and a leverage ratio in excess of 5%; and

- **Experienced management team:** the senior management team, led by Chief Executive Officer, Phillip Monks, combines extensive experience of bank operations and governance with the entrepreneurial approach that drives the Company's strategy.

**Dividend Policy**

Aldermore will consider subject to, *inter alia*, available distributable reserves, paying an initial dividend from 2017, taking into account the growth opportunities available to Aldermore at the time.

The Board intends to review, on an ongoing basis, Aldermore's dividend policy in the context of the delivery of Aldermore's strategy, regulatory capital requirements and the broader operating environment.

**Enquiries**


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This announcement may include statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements may be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "plans", "projects", "anticipates", "expects", "intends", "may", "will" or "should" or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. Forward-looking statements may and often do differ materially from actual results. Any forward-looking statements reflect Aldermore group's (the "Group") current view with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to the Group's business, results of operations, financial position, liquidity, prospects, growth and strategies. Forward-looking statements speak only as of the date they are made and cannot be relied upon as a guide to future performance.

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Any purchase of Shares in the proposed IPO should be made solely on the basis of the information contained in the final Prospectus. No reliance may or should be placed by any person for any purposes whatsoever on the information contained in this announcement or on its completeness, accuracy or fairness. The information in this announcement is subject to change. This announcement has not been approved by any competent regulatory authority.

The IPO timetable, including the date of Admission, may be influenced by a range of circumstances such as market conditions. There is no guarantee that Admission will occur and you should not base your financial decisions on the Company's intentions in relation to Admission at this stage. Acquiring investments to which this announcement relates may expose an investor to a significant risk of losing all or part of the amount invested. Persons considering making such an investment should consult an authorised person specialising in advising on such investments. This announcement does not constitute a recommendation concerning the IPO. The value of Shares can decrease as well as increase. Potential investors should consult a professional adviser as to the suitability of the IPO for the person concerned. Past performance cannot be relied upon as a guide to future performance.

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In connection with the IPO, each of the Banks and any of their respective affiliates, acting as investors for their own accounts, may subscribe for or purchase Shares and in that capacity may retain, purchase, sell, offer to sell or otherwise deal for their own accounts in such Shares and other securities of the Company or related investments in connection with the IPO or otherwise. Accordingly, references in the Prospectus, once published, to the Shares being issued, offered, subscribed, acquired, placed or otherwise dealt in should be read as including any issue or offer to, or subscription, acquisition, placing or dealing by any of the Banks and any of their affiliates acting as investors for their own accounts. In addition, certain of the Banks or their affiliates may enter into financing arrangements and swaps in connection with which they or their affiliates may from time to time acquire, hold or dispose of Shares. None of the Banks intends to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligations to do so.

None of the Banks or any of their respective directors, officers, employees, advisers or agents accepts any responsibility or liability whatsoever for, or makes any representation or warranty, express or implied, as to the truth, accuracy or completeness of, the information in this announcement (or whether any information has been omitted from the announcement) or any other information relating to the Company, its subsidiaries or associated companies, whether written, oral or in a visual or electronic form, and howsoever transmitted or made available or for any loss howsoever arising from any use of this announcement or its contents or otherwise arising in connection therewith.

In connection with the IPO, Credit Suisse Securities (Europe) Limited as Stabilising Manager, or any of its agents, may (but will be under no obligation to), to the extent permitted by applicable law, over-allot Shares or effect other transactions with a view to supporting the market price of the Shares at a higher level than that which might otherwise prevail in the open market. The Stabilising Manager is not required to enter into such transactions and such transactions may be effected on any securities market, over-the-counter market, stock exchange or otherwise and may be undertaken at any time during the period commencing on the date of the commencement of conditional dealings of the Shares on the London Stock Exchange and ending no later than 30 calendar days thereafter. However, there will be no obligation on the Stabilising Manager or any of its agents to effect stabilising transactions and there is no assurance that stabilising transactions will be undertaken. Such stabilisation, if commenced, may be discontinued at any time without prior notice. In no event will measures be taken to stabilise the market price of the Shares above the price at which each Share is to be issued or sold under the IPO (the "Offer Price"). Except as required by law or regulation, neither the Stabilising Manager nor any of its agents intends to disclose the extent of any over-allotments made and/or stabilisation transactions conducted in relation to the IPO.

In connection with the IPO, the Stabilising Manager may, for stabilisation purposes, over-allot Shares up to a maximum of 15% of the total number of Shares comprised in the IPO. For the purposes of allowing the Stabilising Manager to cover short positions resulting from any such over-allotments and/or from sales of Shares effected by it during the stabilising period, AnaCap will grant to it the Over-allotment Option, pursuant to which the Stabilising Manager may purchase or procure purchasers for additional Shares up to a maximum of 15% of the total number of Shares comprised in the IPO (the "Over-allotment Shares") at the Offer Price. The Over-allotment Option will be exercisable once or more than once in whole or in part, upon notice by the Stabilising Manager, on or before the 30th calendar day after the commencement of conditional dealings of the Shares on the London Stock Exchange. Any Over-allotment Shares made available pursuant to the Over-allotment Option will rank pari passu in all respects with the Shares, including for all dividends and other distributions declared, made or paid on the Shares, will be purchased on the same terms and conditions as the Shares being issued or sold in the IPO and will form a single class for all purposes with the other Shares.

Certain figures contained in this document, including financial information, have been subject to rounding adjustments. Accordingly, in certain instances, the sum or percentage change of the numbers contained in this document may not conform exactly with the total figure given.