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Loans, mortgages & finance.

Q2 2015/16 Results
Investor Presentation
18 February 2016

Management Team Participants

Gary Beckett - Group CFO

- Gary joined Together in 1994 managing a number of roles within the Finance and Operations functions
- Appointed Group CFO in 2001 contributing to the strategic development of the Group, with specific responsibility for financial reporting, taxation, treasury and investor relations
- Gary created the group structure in 1996, led the private equity transaction in 2006, and arranged the Groups inaugural RCF Syndication, Securitisation Programmes and Senior Note issuance facilities raising in excess of £2bn
- Gary is a qualified Chartered Accountant

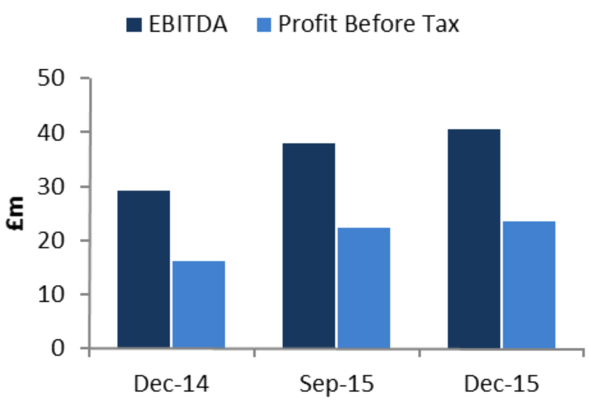
Matt Blake – Head of Treasury

- Matt joined Together in 2003 and has managed a number of roles within the Finance function
- More recently, Matt has played a lead role in executing the £255m Lakeside Asset Backed Securitisation programme in August 2015 and the additional £100m Senior Notes Issuance in April 2015
- Matt is a Chartered Management Accountant

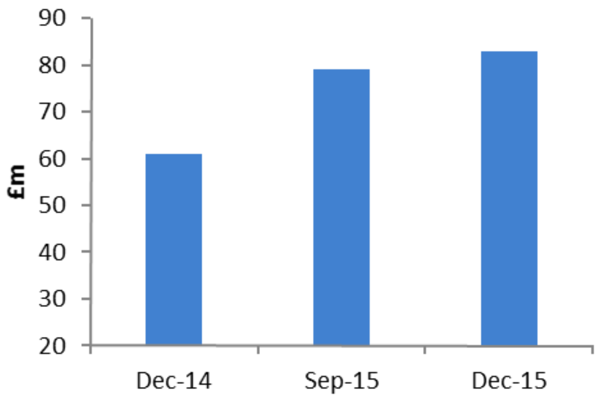
Agenda

Consistently Stronger Quarterly Performance

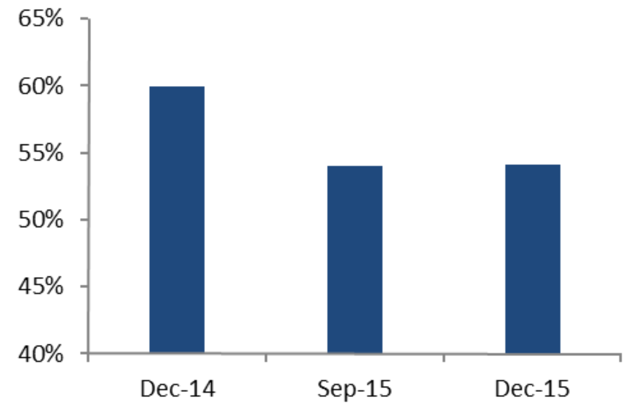
Strong Underlying Profits (quarterly)



Strong Lending Volumes (monthly average)



Low Indexed Loan To Value



- We are now reporting on an IFRS basis with comparative numbers restated for ease of comparison
- Maintaining steady profit growth with profit before tax at £23.4m (prior quarter £22.4m)
- Benefiting from continued stability in the UK housing market and strong demand for our products
- Lending volumes increased by 5% during the quarter to £82.9m per month, whilst also maintaining stable credit quality, setting the basis for significant step up in future profitability
- Loan Assets grew by £117m during the quarter and now stands at £1.64bn (up 35.6% on prior year) with a prudent weighted average indexed LTV remaining steady at 54.1%
- Continue to successfully embed new single customer focused brand “Together” for all group activity
- Breadth and depth of senior management to be enhanced with a number of senior appointments having been made subject to regulatory approval

Agenda

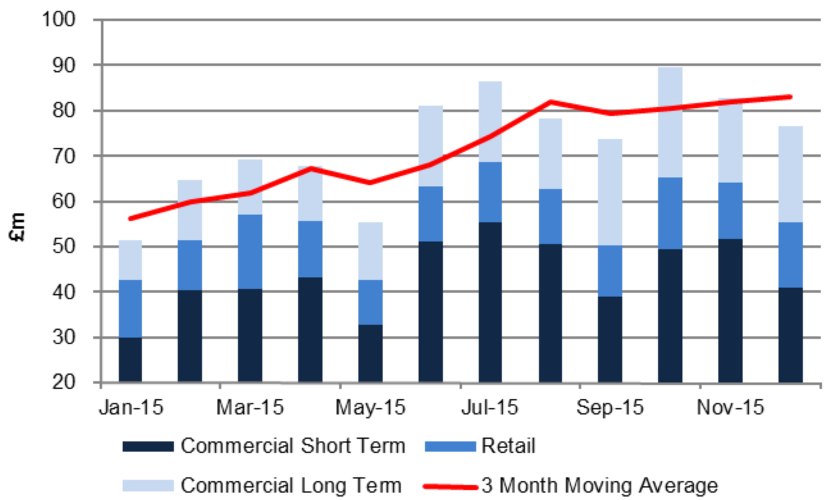
Growth in Profits and Lending Volumes

	Dec-14	Sep-15	Dec-15
Turnover*	43.3	52.4	55.9
Impairment Charge £m	4.2	3.2	2.7
EBITDA £m	29.2	38.1	40.5
Interest Costs £m	12.7	15.4	16.8
Profit Before Tax £m	16.3	22.4	23.4
Net Interest Margin	8.2%	8.2%	7.9%

	Dec-14	Sep-15	Dec-15
Cash Receipts £m	141.6	188.8	186.2
New advances £m	182.4	237.5	248.9
Origination LTV	56.4%	56.4%	57.9%
Nominal Interest	11.9%	11.2%	10.8%

*Reconciliation to Interest receivable and similar income is found in KPI's in the quarterly Bond Report

Monthly Loan Advances

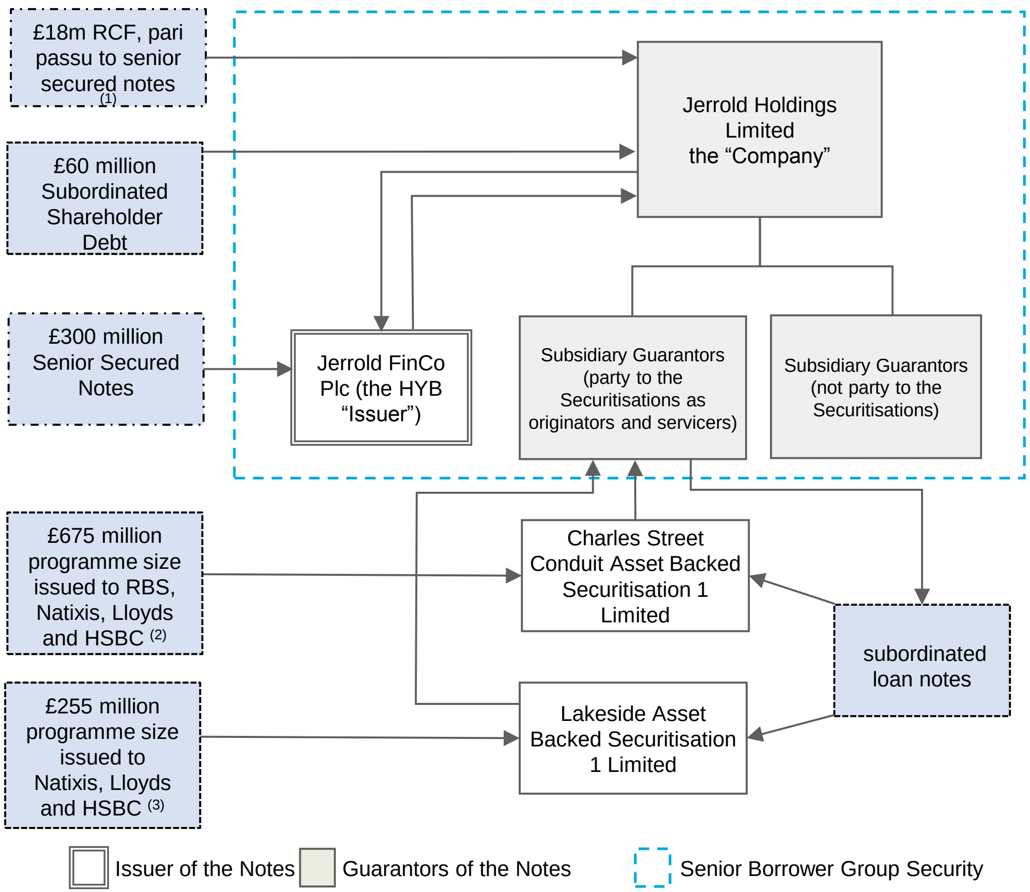


Small amount of development loan advances included in Commercial totals

- Interest income increased in the period reflecting higher levels of lending and lower levels of non performing loans
- Impairment Charge of £2.7m is now reported under IFRS as opposed to UK GAAP given that income that was previously suspended, as considered non recoverable, is now recognised (increasing interest income) and then included in the impairment charge calculation
- Maintaining very strong profit growth with profit before tax at £23.4m
- Steady upward trend in lending activity with average origination LTV staying at low levels
- 40 bps decline in nominal rates in line with expectations being a factor of higher volumes. Average APRs remain around the 15% level

Corporate funding structure

Group Legal & Finance Structure as at 31 December 2015

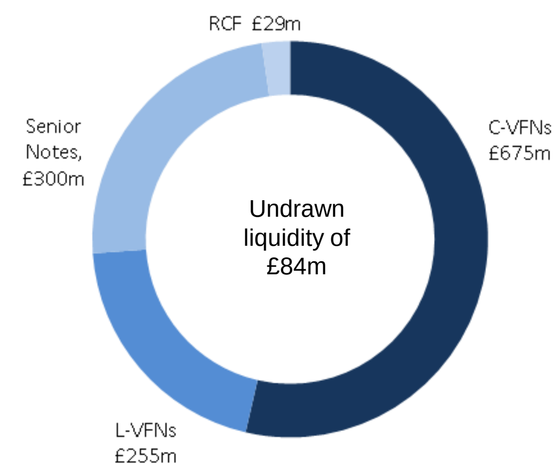


(1) 31 December 2015 drawn balance was £10m and as at 15 February 2016, drawn balance was £20m
(2) 31 December 2015 £665m notes issued and as at 15 February 2016 £675m notes issued
(3) 31 December 2015 £140m notes issued and as at 15 February 2016 £180m notes issued

Liquidity and Funding

- The RCF has been increased in size to £29m which closed on the 11 January
- The Group has a diversified funding base, with undrawn committed funding of £84m and a further £26.6m of unrestricted cash (at 15 February 2016) that can be used to fund new lending activity
- The Group is also in advance discussions to finalise terms to increase the size of Charles Street Securitisation and to extend maturities.
- The Group also continues to explore options for other long term funding structures including an RMBS

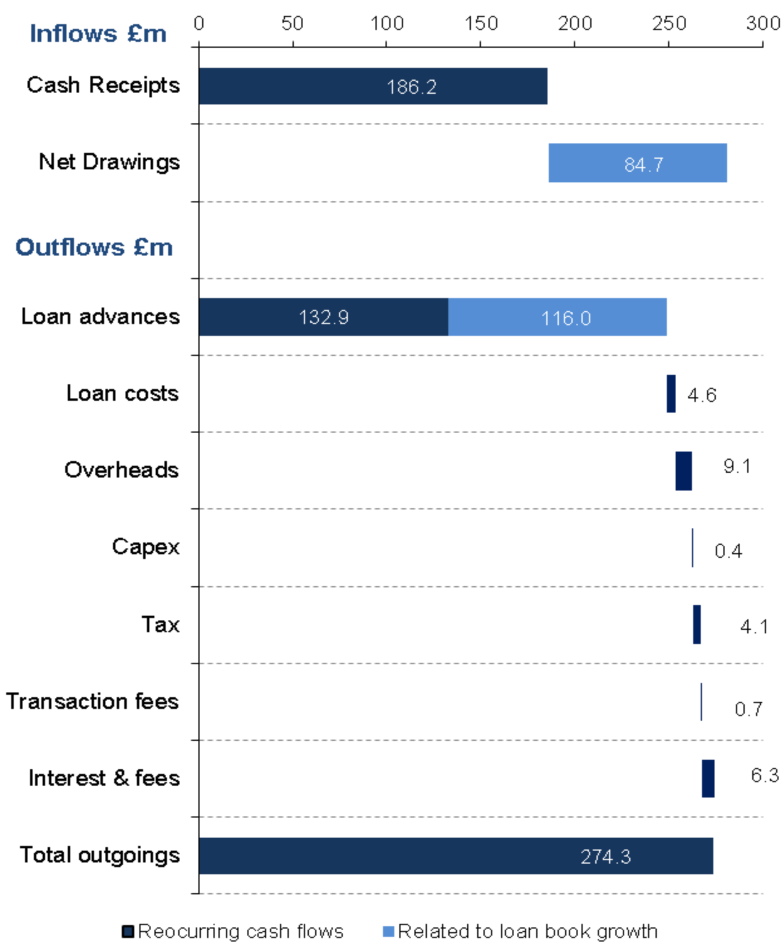
Diversified Funding Base



Facility sizes as at 15 Feb 2016, including enlarged RCF which closed on 11 Jan 2016

Highly Cash Generative

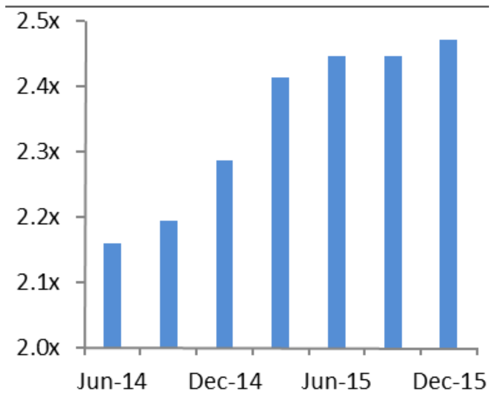
Quarterly Cash-flow



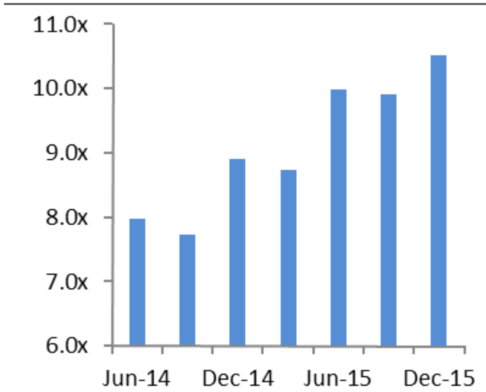
High Levels of Cash Generation

- Quarterly consolidated group cash receipts of £186.2m
- Net increase in outstanding debt of £84.7m
- £248.9m of new advances with £4.6m of related funding costs
- Expenses including overheads, capex and tax totalled £13.6m
- Cash Interest was £6.3m plus £0.7m of financing fees
- Interest cover above 2x and significantly higher on a cash basis

EBITDA / Interest Cover



Cash Interest Cover



Calculated on a 12 month basis using cash available for debt service (prior to new advances) and excluding upfront fees

Low Levels of Gearing and Strong Asset Backing

Key Credit Metrics	Consolidated Group			Borrower Group		
	Dec-14	Sep-15	Dec-15	Dec-14	Sep-15	Dec-15
EBITDA (1) (£m)	29.2	38.1	40.5	24.41	31.8	33.1
Loan Ledger after bad debts (£m)	1,207.9	1,521.5	1,638.4	553.77	598.9	597.1
Shareholder funds (£m) (2)	469.8	519.9	538.6	308.36	295.3	284.0
WA Indexed LTV (7)	58.5%	54.1%	54.1%	68.5%	62.5%	60.5%
Gearing (3)	60.8%	65.7%	66.4%	45.0%	51.7%	52.1%
Underlying Asset Cover (4)	35.6%	35.5%	35.9%	30.8%	32.3%	31.5%
Cost / Income Ratio (5)	23.4%	21.9%	23.3%	n/a	n/a	n/a
EBITDA margin	67.5%	72.6%	72.5%	n/a	n/a	n/a
Net Debt : EBITDA (2) (6)	6.6x	7.4x	7.4x	2.7x	2.7x	2.5x
Gross debt : tangible equity (2) (6)	1.73x	2.09x	2.19x	0.81x	1.04x	1.11x
ROE % (2) (6)	10.9%	12.5%	13.2%	10.2%	14.0%	15.9%
Interest Cover	2.29x	2.45x	2.47x	3.01x	3.35x	3.46x
Net Interest Margin	8.2%	8.2%	7.9%	n/a	n/a	n/a

Notes

1 Quarterly EBITDA
2 Subordinated shareholder loans treated as equity
3 Ratio of net senior secured borrowings to the value of the loan ledger after bad debts
4 Ratio of net senior secured borrowings to the value of the Consolidated Group's and Borrower Group's claim on the respective underlying property
5 Operating expenses excluding: bad debts, financing costs, and tax
6 Calculated on 12 month basis
7 Indexed LTVs are calculated after impairment provisions under IFRS (previously calculated after suspended interest but before principal impairment provisions under UK GAAP)

Comparative figures restated for IFRS reporting

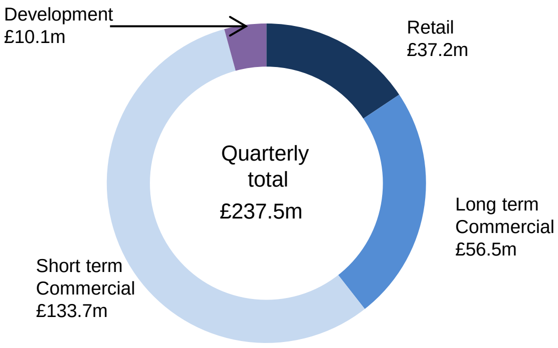
Low Levels of Financial Gearing

- Over the last quarter shareholder reserves increased by £18.7m and now stands at £538m
- Significant asset backing - low levels of financial gearing and high level of equity in underlying properties
- Low Gearing levels at 66.4% for the Group and 52.1% for the Borrower Group
- Prudent underlying asset cover at 35.9% for the Group and 31.5% for the Borrower Group
- Attractive profit margins, underlying EBITDA margin over 70% and low cost base
- Net senior secured leverage of 7.4x for the Group and 2.5x for the Borrower Group

Agenda

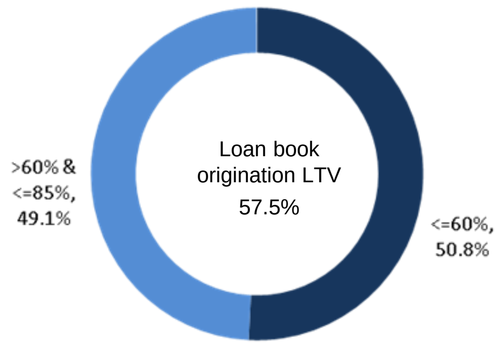
High Quality Underwriting Focused on Low LTVs and Residential Security

New Business Loan Purpose (Q2)



This total excludes a small number of further advances

Origination LTVs average (Q2)



% Customers Not Credit Impaired

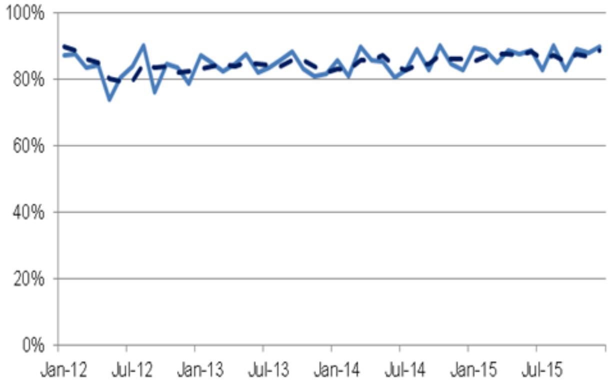
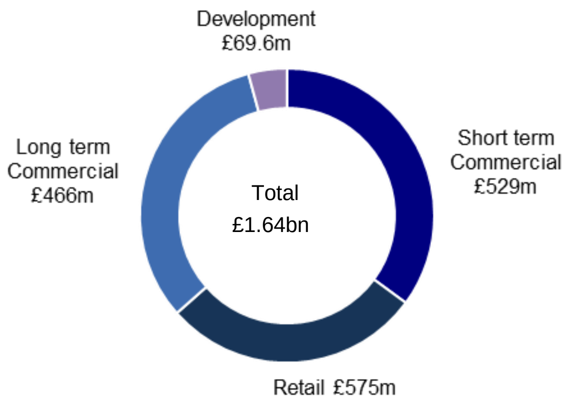
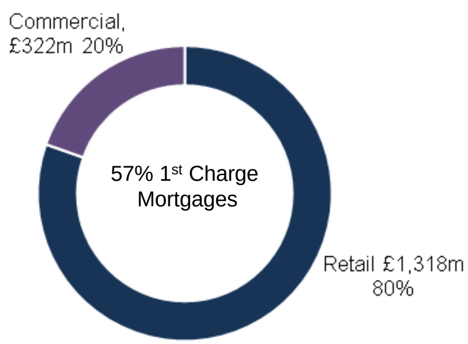


Chart shows non credit impaired customers as % of total new business written since Jan 2012 using FCA definition of credit impaired

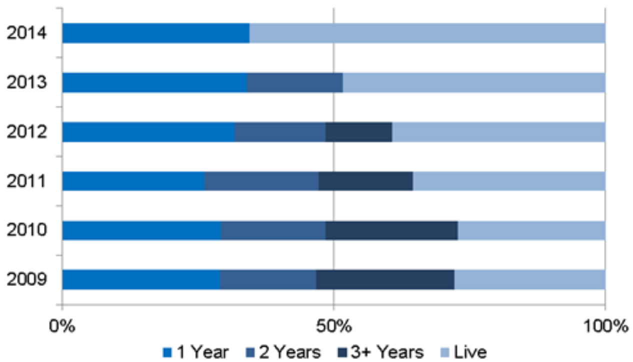
Loan Book Breakdown by Loan Purpose



Loan Book: 80% Residential Security



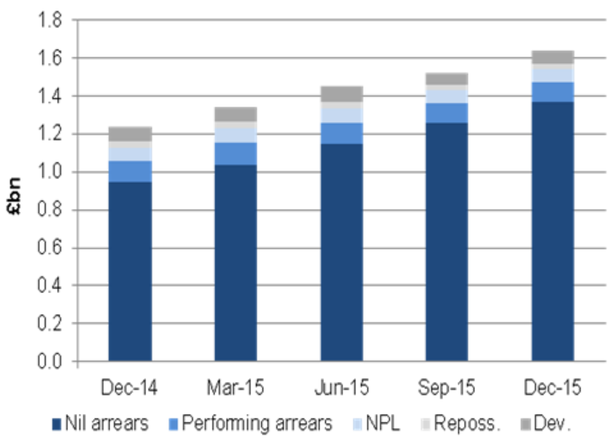
Redemption Rates (by loan vintage)



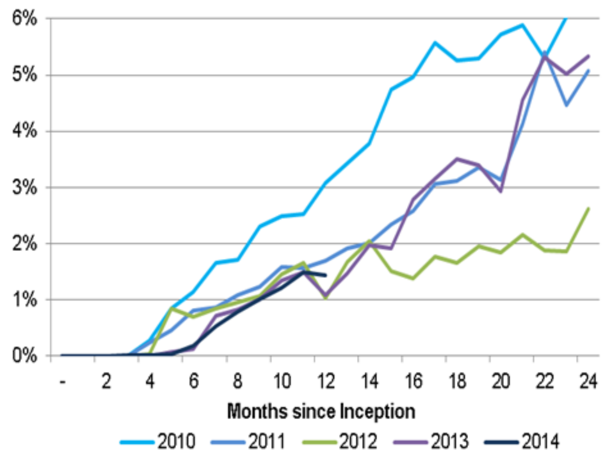
Redemption rates for loans written in 2015, show YTD redemptions as not all loans have been live for 12 months

Continued Improvement in Loan Book Quality

Loan Book Segmentation



>3m Arrears (by annual vintage)



Accounts in Arrears (by value)

- Arrears peaked in Q1 2009 as consequence of recession and rising unemployment
- Tightening of credit policy and enhancements to collection process have reduced vintage delinquency
- Group proactively engages with customers in arrears agreeing appropriate payment plans
- Accounts in arrears are now fewer in number and value than at any point previously
- Percentage of performing loans for the Consolidated Group increased from 77.7% in June 2013 to 89.9% in December 2015; with an even larger improvement for the Borrower Group from 55% to 71.8%
- Dedicated team established to actively reduce the old development portfolio (funded prior to July 2013) by looking to dispose of properties while maximising value. Exposure to older development loans net of impairment provisions reduced from £90m in June 2012 to £44m at December 2015

Low LTV provides significant downside protection

Overall LTVs

- The WA indexed LTV of the total loan portfolio is 54.1% and 60.5% for the Borrower Group
- Percentage of loans in the Borrower Group with an origination LTV of > 75% is 15.4% compared to covenant requirement of 32%

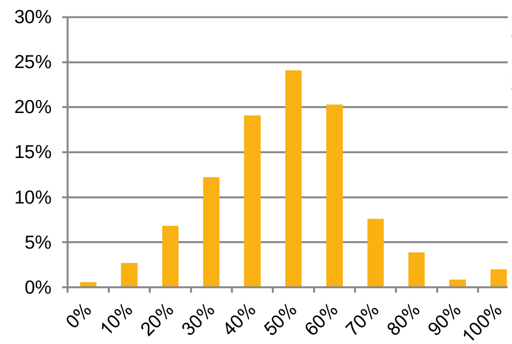
Loans in Negative Equity

- 0.8% of Group loans (1.9% of Borrower Group loans) have an indexed LTV >100% with actual negative equity exposure of £20.6m (£20.3m for Borrower Group). This exposure is supported by £31.8m of provisions (£31.5m for Borrower Group)
- The Group's provisioning policy under IFRS requires the discounting of Indexed property values at the Effective Interest Rate (EIR) to achieve a present value based on an expected realisation period

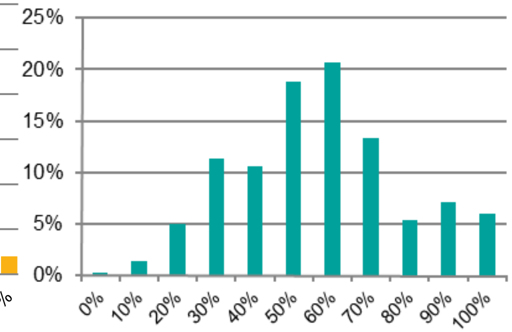
Downside Scenario Analysis

- We estimate that for the Group 10% and 20% falls in property values would result in additional exposure to negative equity of £3.9m and £18.0m respectively
- We estimate for the Borrower Group 10% and 20% falls in property values would result in additional exposure to negative equity of £3.6m and £16.5m respectively
- This does not include the excess provisions held of £11.2m for the Group and £11.2m for the Borrower Group

Loan Book by Indexed LTV



Borrower Group Indexed LTV



Estimated Impact of Declining Security Valuations

Does not incorporate increased provision levels or defaulted loans under IFRS

Agenda

Planning for the Future

Continued significant investment in people, operational infrastructure, reporting, regulatory framework and the launch of a new brand to support our strategic growth objectives

- Transformational rebranding of the Group as “Together” successfully launched in September 2015 – all existing brands replaced with one single customer focused brand
- Significant investment continues in enhancing our core IT platforms using our joint on-shore / off-shore development team to support our strategic growth plans. Further significant drops in the broker portal including Land Registry integration and further automation of underwriting submission rules. Microsoft Business Intelligence suite fully implemented offering powerful access to Enterprise Data Warehouse. Infrastructure investment including new storage area network and further hardening of security control environment
- On-going focus on regulatory compliance supporting positive culture and conduct - continuing to operate using a three lines of defence model with a focus on treating customers fairly and good customer outcomes
- Strong risk framework providing assurance over credit quality as the loan book grows
- Preparation for the FCA’s adoption of the EU Mortgage Credit Directive in March 2016 is progressing on plan – First of two IT releases completed successfully.
- FCA applications for the Home Finance (retail 2nd charge secured loans) and CCA regulated activities (hire purchase loans) submitted within the allocated window
- Good progress on corporate governance review, using external consultants to ensure that the governance structures remain robust and sufficient resource is established to support our growth plans and changes in the regulatory environment. Now at an advanced stage of recruitment of a number of high caliber senior appointments.
- Successfully delivered transition from UK GAAP to IFRS for period starting 1 July 2015.

Agenda

Strategic Growth Objectives and Positive Outlook

Strategic Objectives

Deliver value to key stakeholders. Enhancing our position as a respected specialist secured lender. Operating in niche market segments. Offering a balanced and diversified loan product portfolio and service tailored to meeting our customers' needs. Earning a commensurate return "fair value exchange", prudently managing risk within an efficient, compliant and inspiring environment.

Key Considerations

- Focus – underserved segments of the secured mortgage market
- Diversification - loan book composition to remain diversified with potential to add new products and leverage existing service platform
- Investment – significant investment in people and technology continues
- Risk management - continued attention to affordability assessments and low LTV's
- Resource - retained earnings and extended debt facilities with potential to further upsize provide financial capability to support growth plans
- Strong Platform – c£1.64bn loan book at 54.1% weighted average indexed LTV and 7.9% interest margin provide a high degree of visibility on future base case earnings and cash-flow
- Outlook – positive growth underpinned by stable property sector and stable unemployment
- Experience - 42 years of successful trading

Agenda

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Questions and Answers Session

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Agenda

Successfully Rebranded to come Together

Over 20 brands consolidated into one

- Specialist brand agency appointed, undertaking 3 months of extensive research, interviews and consultation
- Further 3 months establishing graphics, look and tone whilst running legal trademarks in parallel
- Launched internally on the 7 September and externally on 21 September
- On going investment to build brand presence and equity.
- One name, one consistent look and feel, one team, one vision

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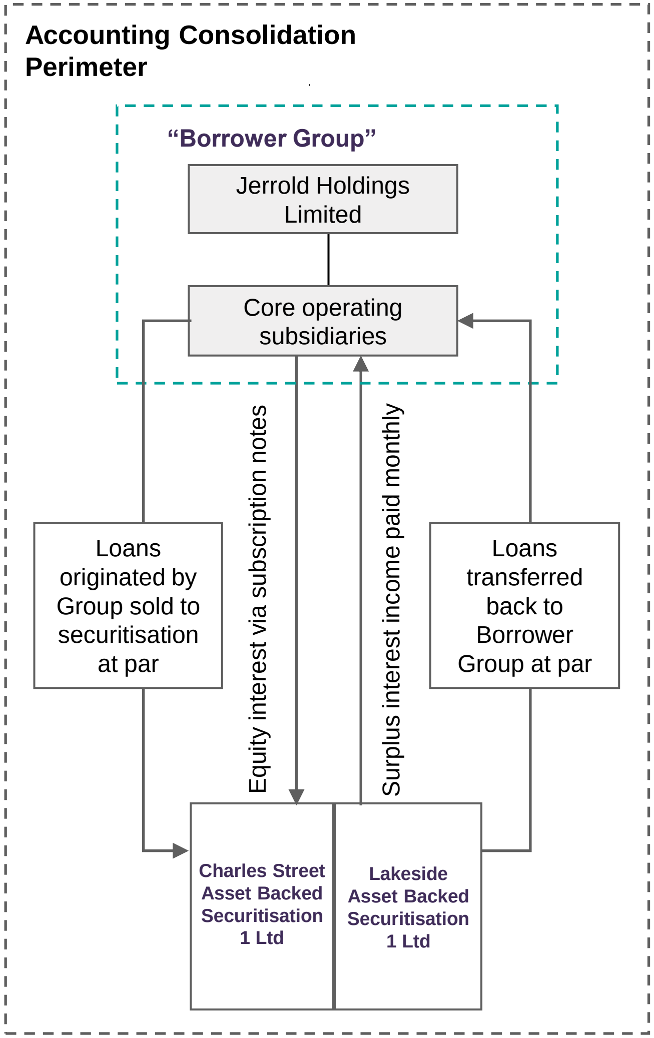
Brand benefits

- More recognisable and consumer friendly - creating a presence in existing markets but greater potential to market direct to customer
- A common identity provides focus, shows we are one organisation with multiple routes to market
- Clarity for colleagues, customers and business partners
- Easier to manage and more cost effective advertising strategies
- Competitive advantage; we can leverage the size of our £1.5bn loan book rather than marketing individual ‘brands’.
- A consistent look will lead to familiarity in the market place and build trust; customers and partners will know what to expect when they deal with us whatever the touch point.
- Enhance corporate value

Overview of securitisation structure

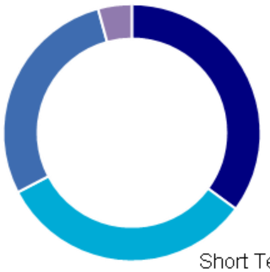
Issuer	Charles Street Asset Backed Securitisation	Lakeside Asset Backed Securitisation
Note purchasers	▪ RBS, Lloyds, Natixis and HSBC	▪ Lloyds, Natixis and HSBC
Facility size	▪ £675m facility size ▪ £665m issued	▪ £255m facility size ▪ £140m issued
Maturity	▪ Revolving period January 2018 ▪ Full repayment January 2019	▪ Full repayment August 2018
Rating	▪ Rated Aa2 (sf) by Moody's and AA (sf) by and DBRS	▪ Not rated
Structure	▪ Loan pool collateral £856m ▪ Jerrold subordinated loan notes ▪ Net advance rate 76.4%	▪ Loan pool collateral £191.8m ▪ Jerrold subordinated loan notes ▪ Net advance rate 74%
Facility purpose	▪ Flexible facility to fund all Jerrold asset types ▪ Concentration limits on % of short term commercial purpose loans	▪ Primarily to fund new short term commercial purpose loans and loans secured on commercial property
Purchase & recycling of assets	▪ Beneficial interest in qualifying loans transferred to Securitisation on a random basis in consideration for full principal balance ▪ The Borrower Group buys back assets that no longer meet the eligibility criteria. Primarily this is where a loan no longer meets the relevant arrears criteria (3–5 months)	
Delinquency and loss rate	▪ Delinquency rate (arrears > 1m) 4.6% ▪ LTM £26.7m of loans were repurchased	▪ Delinquency rate (arrears > 1m) 1.2% ▪ Facility set up August 2015 so limited data available

Securitisation Interaction with Jerrold Group



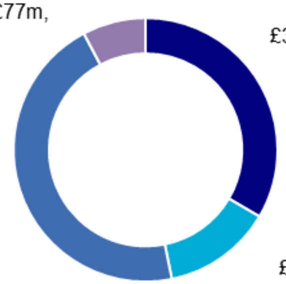
Diversified loan book – consolidated group

Loan Book Breakdown by Loan Purpose



Retail Loan Book Breakdown

Commercial Loan Book Breakdown



80% secured on residential property

Total Loan Book	Average loan size £k	WA Nominal Rate	WA Indexed LTV
Retail	31.3	10.6%	50.6%
Commercial	131.7	12.1%	54.5%
Development	276.3	12.9%	76.1%
Total	**60.8**	**11.6%**	**54.1%**

100% secured on residential property

Retail Loan Book	Average loan size £k	WA Nominal Rate	WA Indexed LTV
1st Charge	51.6	9.7%	42.9%
2nd Charge	29.2	10.8%	52.2%

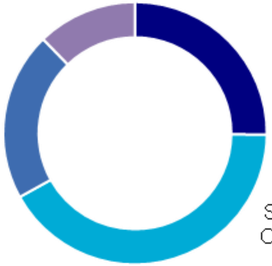
66% secured on residential property

Commercial Loan Book	Average loan size £k	WA Nominal Rate	WA Indexed LTV
ST 1st Charge	259.9	13.6%	58.4%
ST 2nd Charge	180.8	14.2%	59.0%
MLT 1st Charge	104.8	10.4%	48.9%
MLT 2nd Charge	61.0	10.1%	53.0%

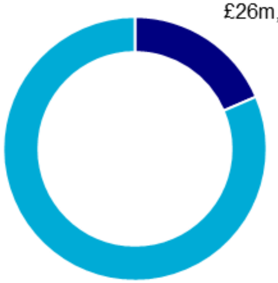
Note:
ST = Short term.
MLT = Medium + Long term.

Diversified Loan Book – Borrower Group

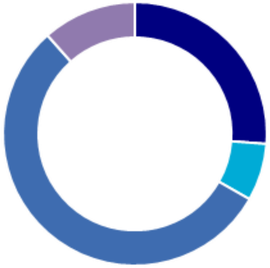
Loan Book Breakdown by Loan Purpose



Retail Loan Book Breakdown



Commercial Loan Book Breakdown



74% secured on residential property

Total Loan Book	Average loan size £k	WA Nominal Rate	WA Indexed LTV
Retail	23.5	11.5%	54.2%
Commercial	209.5	12.3%	59.9%
Development	277.5	12.9%	76.2%
Total	**69.8**	**12.1%**	**60.5%**

100% secured on residential property

Retail Loan Book	Average loan size £k	WA Nominal Rate	WA Indexed LTV
1st Charge	50.0	9.8%	49.7%
2nd Charge	21.0	11.9%	55.3%

59% secured on residential property

Commercial Loan Book	Average loan size £k	WA Nominal Rate	WA Indexed LTV
ST 1st Charge	500.7	13.1%	62.2%
ST 2nd Charge	176.8	13.9%	63.8%
MLT 1st Charge	141.5	10.2%	55.3%
MLT 2nd Charge	58.3	10.8%	52.6%

Note:
ST = Short term.
MLT = Medium + Long term.

Conversion to IFRS overview

- Financial Reporting Council has published new standards under UK GAAP. We had the option of implementing these or moving to IFRS, choosing the latter
- Conversion has resulted in timing differences on income recognition and provision calculations which is taken to reserves
- Reserves reduced by a cumulative £14.6m at 30 June 2015 primarily due to applying a discount to the security values of impaired loans which is expected to be fully reversed as the security is sold or the loan returns to performing

Balance Sheet 30 June 2015	UK GAAP £'000	IFRS £'000	Transition £'000		Comment
Loans and advances to customers	1,441,637	1,423,523	(18,114)	(5,723)	Fee and commissions now spread over the behavioural life of the loan as opposed to being taken to the P+L account on origination. The deferred amount is now included in the loan balance
				(10,913)	Indexed property values (i.e. expected future cash flows) on impaired assets are now discounted at the Effective Interest Rate (EIR) to achieve a present value based on an expected realisation period
				(1,478)	Changes made to assumptions on behaviour loan terms, forced sale discounts, probability of defaults and application of indexation
Deferred tax	0	3,515	3,515		Timing differences on the basis that tax has been paid on profits previously recognised under UK GAPP that are now deferred under IFRS
Other Assets	11,488	11,367	(121)		n/m
Other Liabilities	(996,501)	(996,416)	85		n/m
Shareholder Reserves	**456,624**	**441,989**	**(14,635)**		

Conversion to IFRS overview

- Favourable movement to the Income Statement consisting of a combination of factors including an unwind of the discount applied to the carrying value of impaired loans

Income Statement 30 June 2015	UK GAAP £'000	IFRS £'000	Transition £'000		Comment
Income	154,146	167,119	12,973	i)	Adjustment made to income include: Fee income and expenses directly attributable to the loan origination now recognised as loan interest using the EIR as opposed to being recognised at origination,
				ii)	Interest is no longer suspended when considered unrecoverable but is now recognised using the EIR on the impaired carrying value, and
				iii)	an unwind of the discount applied to future cash flows
Impairment Charge	852	(7,499)	(8,351)		Impairment provisions are calculated as the difference between the loan carrying amount (including the income recognised in (ii) above that was previously suspended under UK GAAP) and the now discounted value of the future cash flows using the EIR
Other Expenses and Interest payable	(84,856)	(84,856)	-		n/m
Profit Before Tax	**70,142**	**74,764**	**4,622**		
Tax	(15,078)	(16,017)	(939)		Higher tax charge on the accounting profit under IFRS, reflecting a reversal of the deferred tax asset during the year
Profit After Tax	**55,064**	**58,747**	**3,683**		