



Q1 2019 Results

Investor Presentation
22nd November 2018



together.[®]
SINCE 1974

Management team participants

Gary Beckett, Group Managing Director and Chief Treasury Officer



- Gary is one of the longest serving colleagues at Together, joining the Group in 1994. He has overseen much of the organic growth of the Group, undertaking a number of roles within the Finance, Operations and Risk and Compliance functions
- Group CFO between 2001 and February 2018, Gary contributed to the strategic development of the Group, with specific responsibility for financial reporting, taxation and treasury. From 1st March 2018 he took on the role of Group Managing Director and Chief Treasury Officer, and along with continuing to oversee Treasury and Investor Relations, will additionally support the Group CEO in developing and implementing the Group's strategy as Together continues to expand
- Gary created the group structure in 1996, led the original private equity buy in during 2006 and buy out in 2016, and arranged the Groups inaugural RCF Syndication, Securitisation Programme, RMBS, Senior Note issuance facilities and PIK Toggle Note issuance
- Gary is a qualified Chartered Accountant

Mike Davies, Director of Corporate Affairs



- Mike joined Together in 2017 to lead the Group's Investor Relations Programme
- He was previously Managing Partner of the Financial Institutions Group at international communications consultancy, Instinctif Partners, where his experience included advising Shawbrook, Arrow Global, Hastings and Pollen Street Capital
- Earlier in his career, Mike led Investor Relations at 3i Group, The Rank Group and Invensys, during the group's £2.7bn equity, debt and bond refinancing in 2004
- Mike is a former investment banker and a qualified Chartered Accountant

Jordan Foster, Director of Strategic Finance



- Jordan joined Together in 2014, providing corporate finance expertise and leading strategic projects across the business
- He played a key role in the last three Senior Secured Notes issuances as well as the PIK Toggle Notes issuance to support the buy back of the minority private equity investment in 2016.
- Previously, he has 10 years M&A experience at KPMG.
- Jordan is a qualified Chartered Accountant.

Agenda

- 1 Key highlights
- 2 Operating update
- 3 Loan book performance
- 4 Financial review
- 5 Funding update
- 6 Summary and outlook
- 7 Q&A
- 8 Appendix

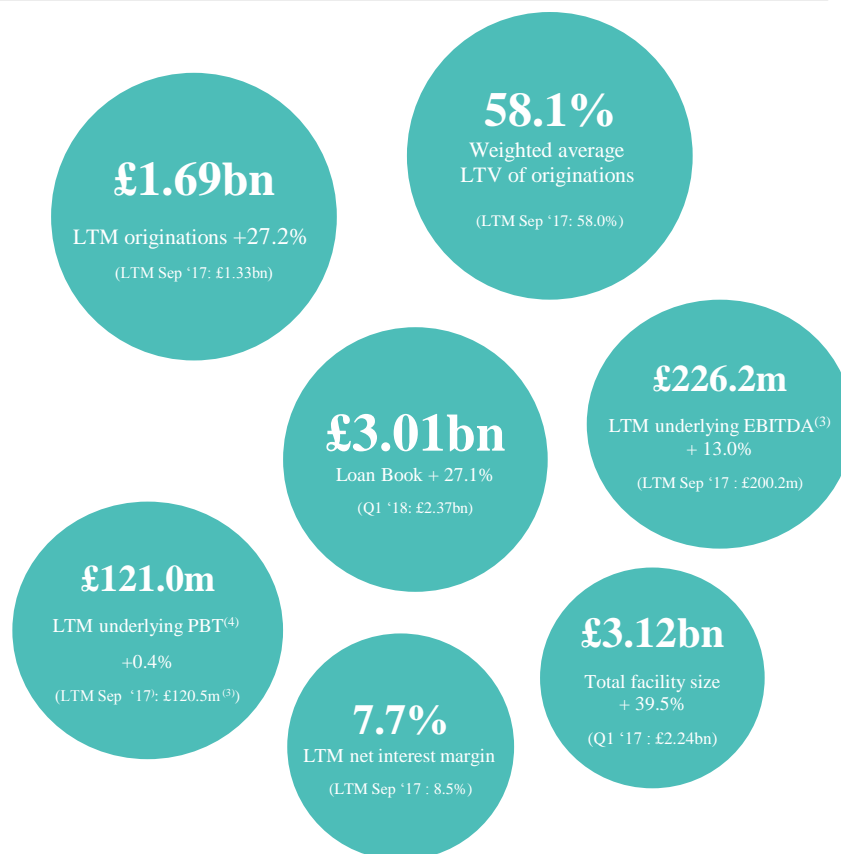
Key highlights⁽¹⁾

Continued strong progress

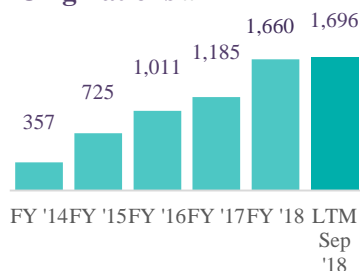
- Loan book growth of 27.1% to a record £3.01bn (Q1 '18: £2.37bn) at conservative LTVs
- Average monthly lending up 9.7% at £137.5m, compared to Q1 '18 at £125.4m
 - Seasonally lower average monthly lending compared to Q4 '18 at £153.3m
 - New record monthly lending in October '18 of £170.9m
- Solid growth in EBITDA, up 13.2% at £59.8m (Q1 '18: £52.8m)
- PBT lower by 2.1% at £30.4m (Q1 '18: £31.0m) reflecting IFRS 9 impairment charge of £4.3m compared to IAS 39 impairment charge of £1.6m in Q1 '18
- Recent successful transition from IAS 39 to IFRS 9
- Extended reach into mortgage networks and clubs and maintained investment in platform

Increased scale, diversity and maturity of funding

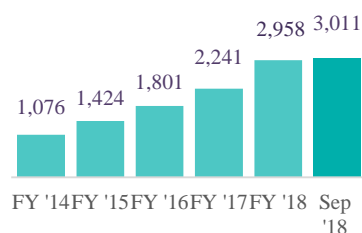
- Refinanced or raised over £2.8bn in LTM (£1.8bn Sept 18 – Nov 18), reducing margins and extending average maturity > 4 years
- Sept 18: Refinanced CABS securitisation – increasing facility to £1.25bn, significantly improving terms and extending maturity to Sept. 2023. Released £145m of equity to materially reduce Borrower Group gearing
- Sept 18: Issued £350m Senior PIK Toggle Notes as part of refinance of former Senior PIK Toggle and Vendor Notes on significantly improved terms and extending maturity to 2023
- Nov 18: Completed TABS 2 public RMBS⁽²⁾ raising £272.6m against a portfolio of £286.9m



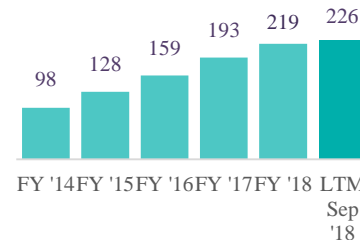
Originations £m



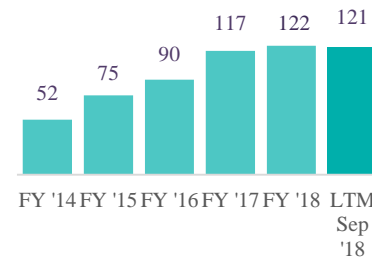
Loan book £m



Underlying EBITDA⁽³⁾ £m



Underlying PBT⁽⁴⁾ £m



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(2) Residential mortgage backed securitisation
(3) Underlying EBITDA for FY '17 adjusted for £8.2m of exceptional costs on in respect of the acquisition of the minority interest

(4) Underlying PBT for the LTM Sep'17 adjusted for £14.8m of exceptional costs relating to the refinancing of the Senior Secured Notes and £8.2m in respect of the acquisition of the minority interest

Note: LTM: last twelve months

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A unique and successful model

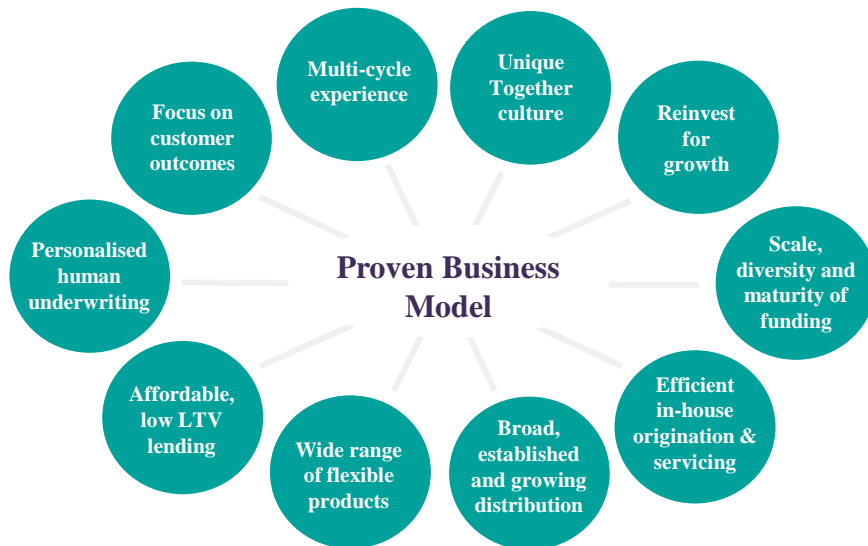
Based on over 40 years' experience

Strategic objective

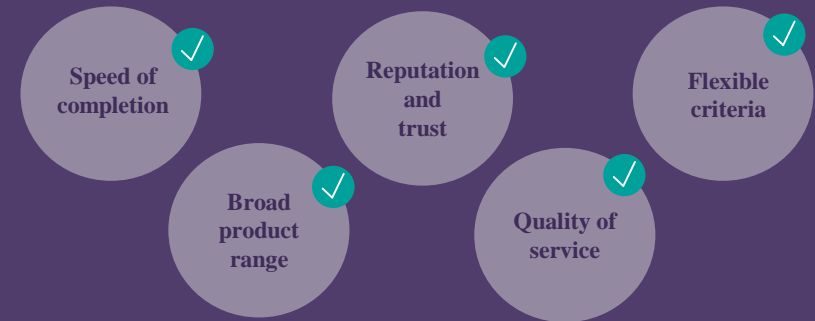
- Create long term value for customers, colleagues and investors

Strategic focus

- Focus on attractive, underserved and growing market segments
- Deliver fast, high quality service to 'new normal' customers
- Increase lending volumes without compromising credit quality
- Investment to support future growth plans



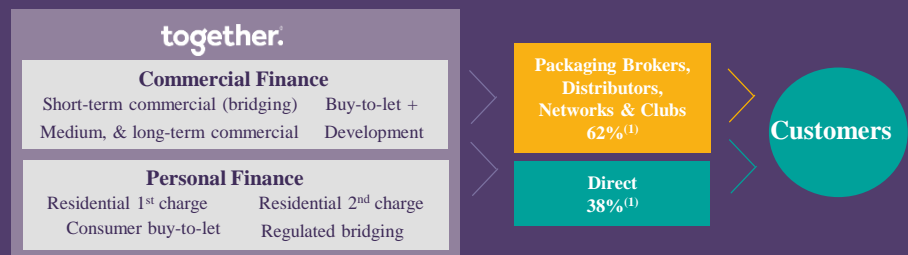
Helping customers to achieve their financial objectives...



...including those with...

Complex / multiple income sources	Employed, self-employed, pensions, partnerships, rental income, benefits...
Diverse types of property	Bricks and mortar, non-standard construction, high rise, conversions, self-build...
Specialist mortgage solutions	Right to buy, multiple occupation, auction purchases, unencumbered property...
Imperfect credit	Thin or impaired credit files

... via our diverse product offering and broad multi-channel distribution



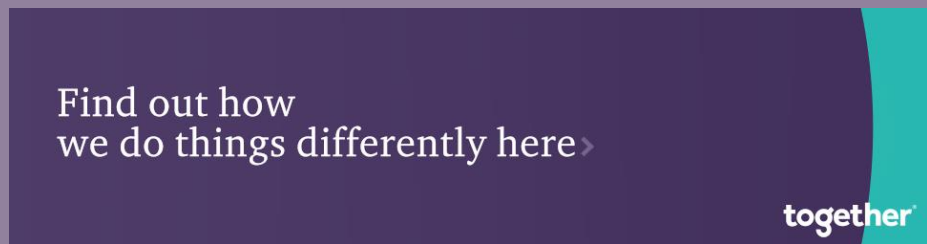
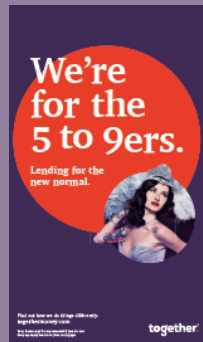
(1) LTM to Q1 '18

Launching the 'New Normal'

Sizing our Personal Finance market opportunity



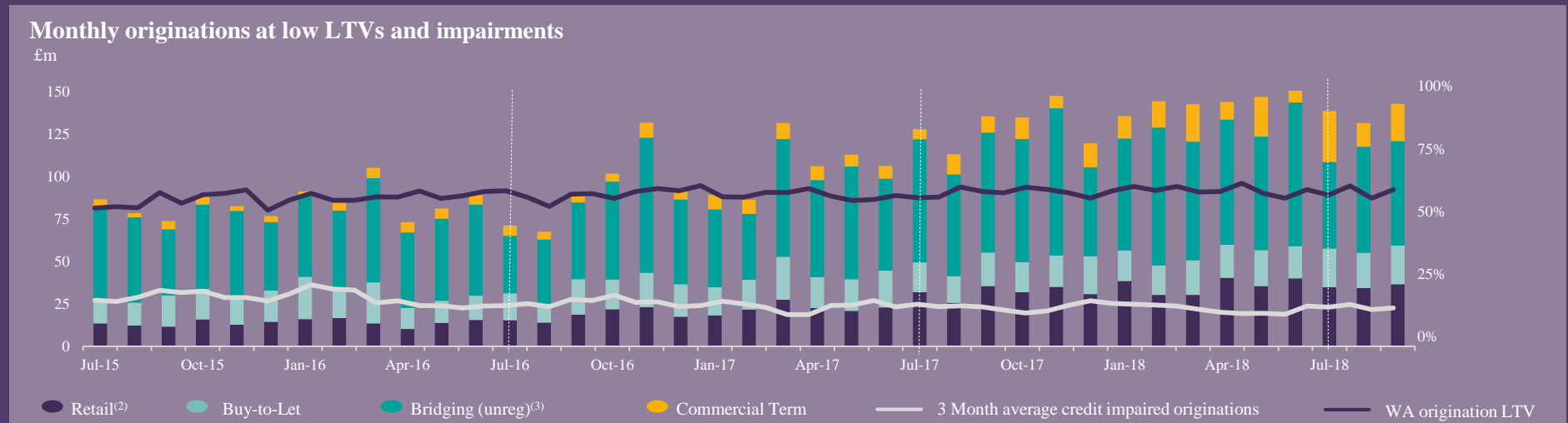
The 'New Normal' brand proposition



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Strong lending volumes with conservative LTVs⁽¹⁾...

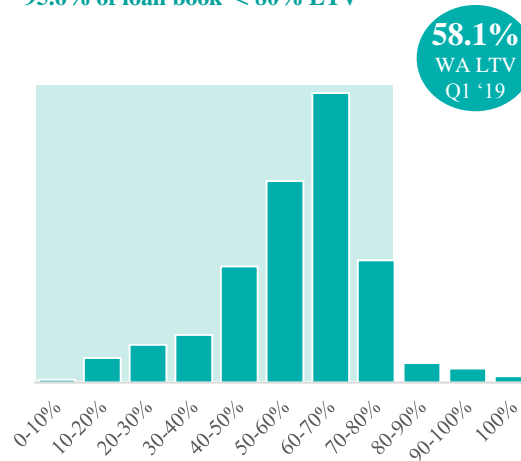


Origination volumes

- Quarterly origination volumes at £412.6m seasonally lower compared to £459.8m in the previous quarter (Q4 '18), up 9.7% on £376.3m in Q1 '18.
- Credit quality maintained
 - Weighted average origination LTV's remain very conservative at 58.1% (Q1 '18: 57.8%)
 - Credit impaired origination remain low with recent vintage arrears showing no deterioration in credit quality
- Nominal rates for the quarter reduced to 8.4% in Q1 '19 (Q4 '18: 8.8%), partly due to a mix change towards retail and BTL, with some rate compression as we expand our product set

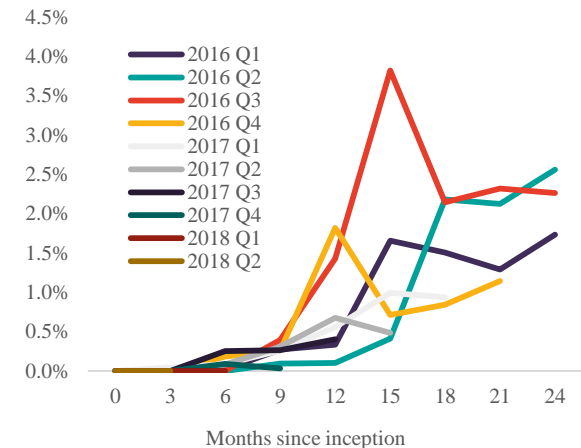
Q1 conservative origination LTVs⁽⁴⁾

95.6% of loan book < 80% LTV



Strong recent vintage performance⁽⁵⁾

(>3m arrears by quarterly vintage)



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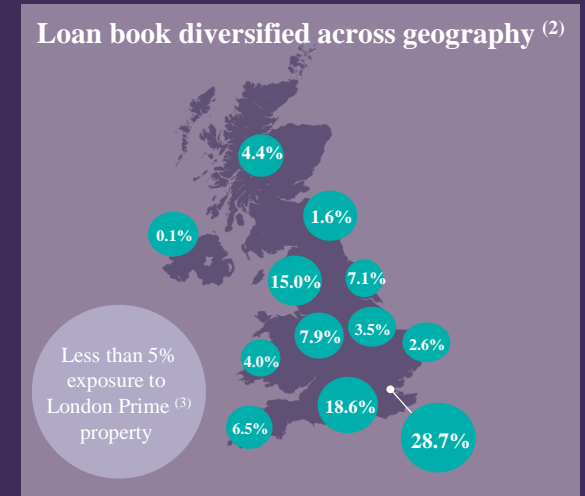
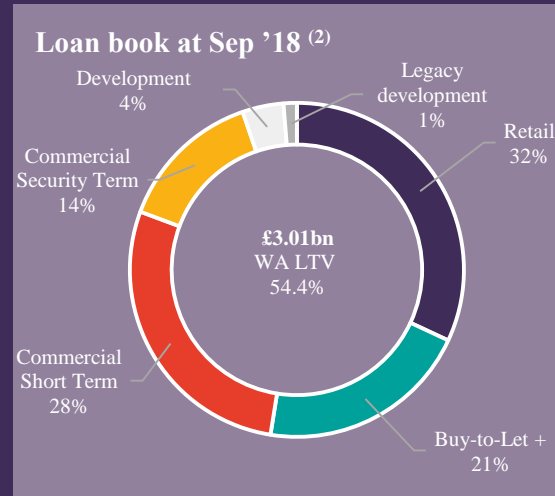
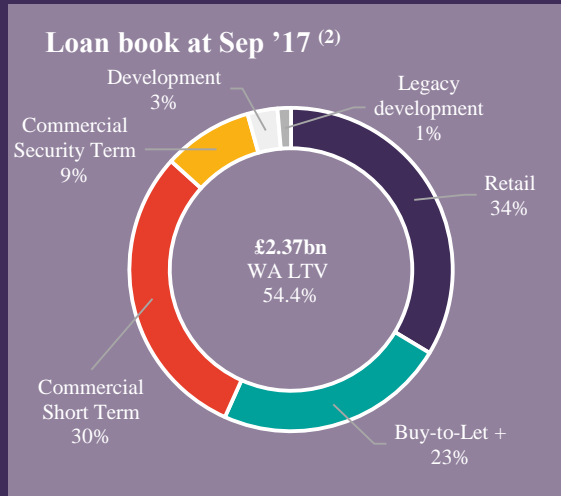
(2) Includes CBTL and regulated bridge accounting for £5.2m and £35.3m of Q1 '19 originations respectively

(3) Includes development loans

(4) This analysis is prepared on a loan-by-loan basis, and as such does not take into account cross-charges, or multiple securities which provide security.

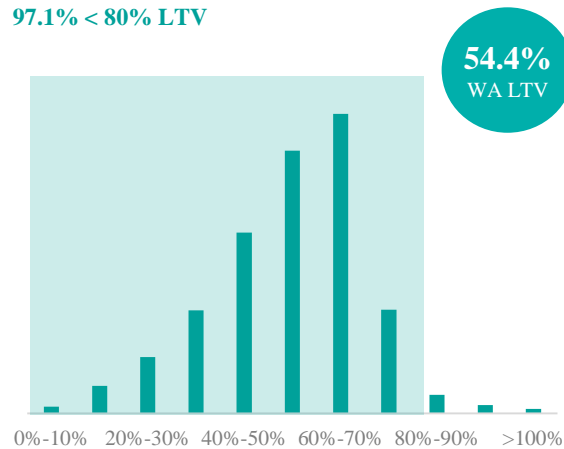
(5) Origination balance of loans > 3months arrears / total originated in the quarter

High quality portfolio focused on affordability and low LTVs⁽¹⁾

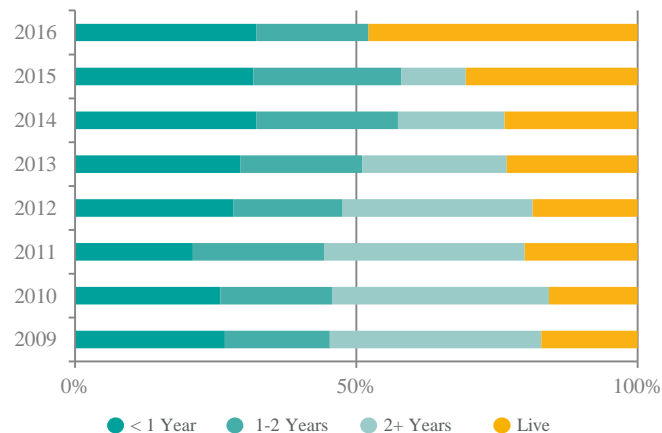


Loan book by indexed LTV

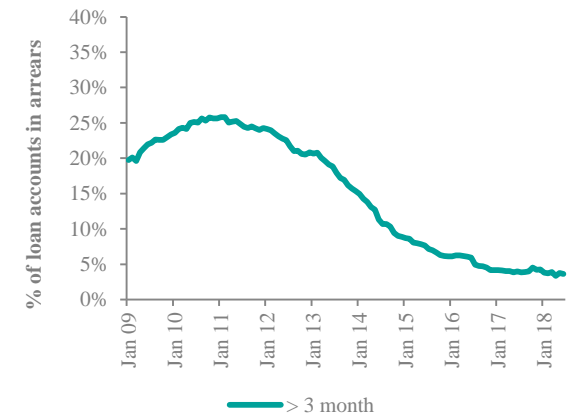
97.1% < 80% LTV



Redemption rates (by loan vintage)



Declining Arrears



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(2) Loan book analysis for core operating subsidiaries is presented after allowances for impairments

(3) As defined by the Coustts London Prime Index

Low LTV provides significant downside protection⁽¹⁾

LTV's remain conservative at 54.4%

- WA indexed LTV of total loan portfolio 54.4%; Borrower Group: 56.8%
- Percentage of loans with indexed LTV of > 80% is 2.9% reflecting very conservative approach to loan origination

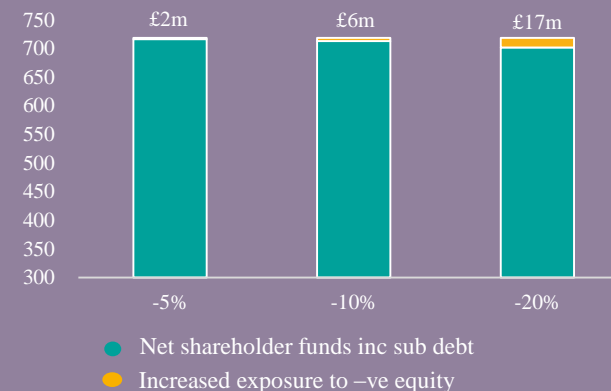
Loans in negative equity

- Group had negative equity exposure of £11.9m, supported by £57.5m of provisions⁽²⁾

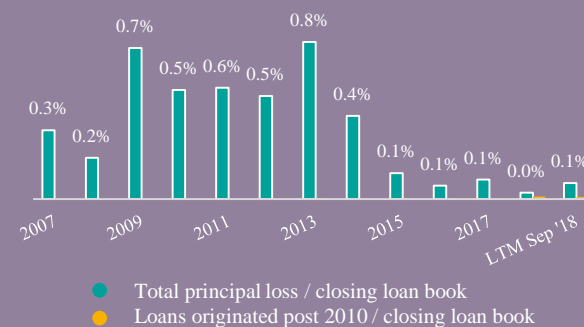
Downside scenario analysis

- Additional Group exposure to negative equity from falls in property values: 10% (£5.8m) and 20% (£17.1m)
- Additional Borrower Group exposure to negative equity from falls in property values: 10% (£5.6m) and 20% (£16.1m)
- Peak principal loss ratio only 0.8% during financial crisis. On lending since we tightened our underwriting policies in 2010, loss ratios have consistently been below 0.1%

Estimated impact of declining security valuations



Principal loss ratios⁽³⁾



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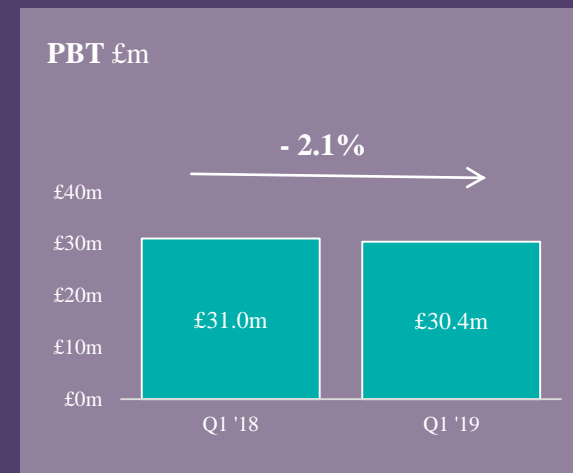
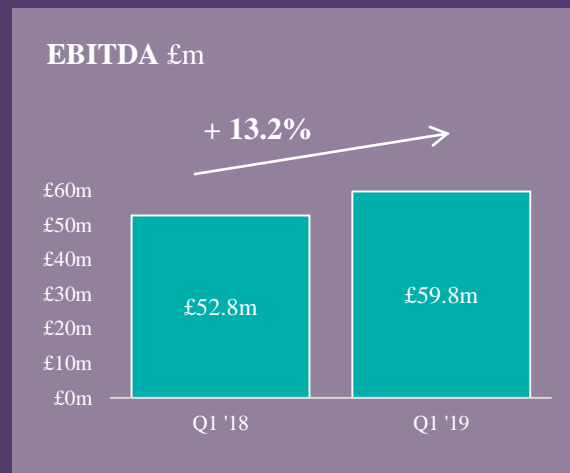
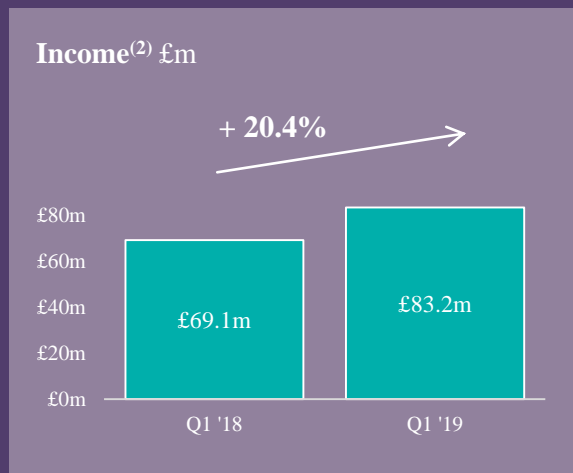
(2) Provisions excludes impairment allowance for shortfalls fully provided for

(3) Principal losses = total principal advances + 3rd party costs (i.e. foreclosure costs) less total receipts

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Continued growth in income and EBITDA ⁽¹⁾



	Q1 '18 (IAS 39)	Q4 '18 (IAS 39)	Q1 '19 (IFRS 9)
Income ⁽²⁾ £m	69.1	81.1	83.2
Impairment Charge £m	1.6	4.2	4.3
EBITDA £m	52.8	58.6	59.8
Interest Payable £m	21.1	25.9	28.4
PBT £m	31.0	30.2	30.4
NIM ⁽³⁾⁽⁵⁾	8.5%	7.7%	7.7%
Cost / Income Ratio ⁽⁴⁾⁽⁵⁾	29.8%	34.2%	35.3%
Return on Equity ⁽⁵⁾	16.0%	15.3%	15.4%

Income & expenditure

- Strong earnings performance whilst maintaining significant investment in personnel, systems and governance to support future growth
- Income increased by £14.1m to £83.2m (Q1 '18: £69.1m) reflecting growth in the loan book
- Impairment charge for the quarter of £4.3m, which would have been £1.5m under IAS 39 for the same period (Q1 '18: £1.6m)
- PBT down 2.1% compared with Q1 '18, due to ongoing investment, NIM compression, and the adoption of IFRS 9.
 - NIM lower at 7.7%, due to mix of vintages as older loans with higher yields redeem and some rate compression as originations volumes increase
- LTM cost / income ratio increased to 35.3% as we invested in brand, infrastructure and people to support future growth ambitions, along with loan on-boarding and costs of growing loan book. Still remains low compared with peer group

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(2) Includes fees & commission receivable

(3) Calculated as rolling 12 month net interest income / average opening and closing loan assets

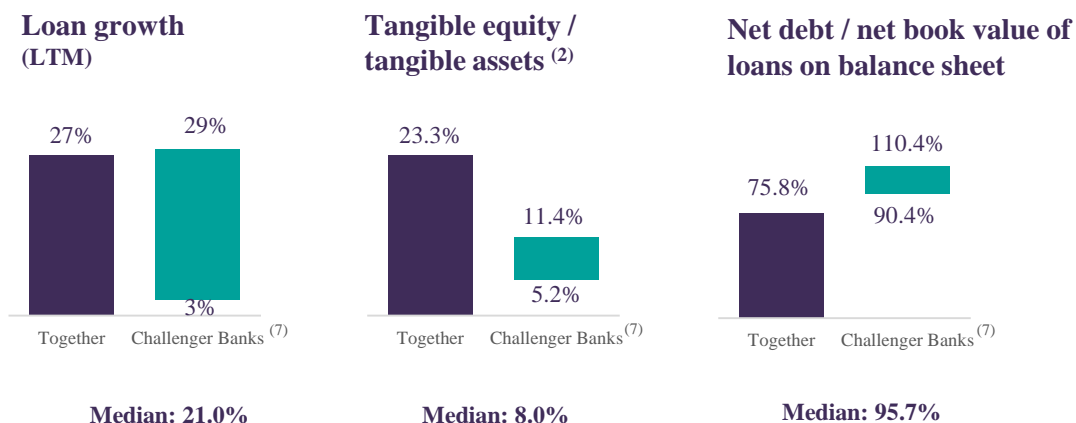
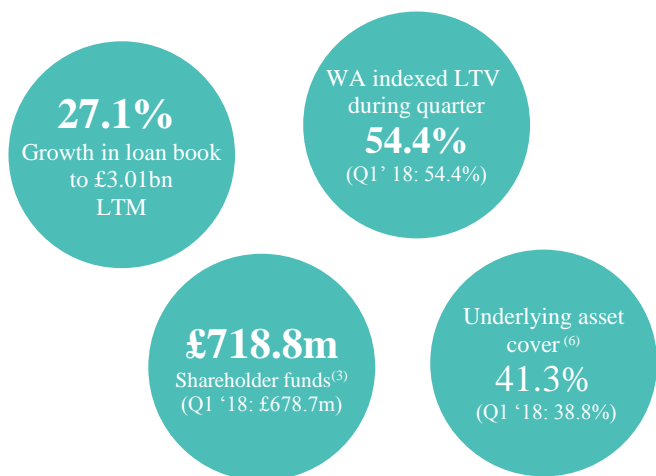
(4) Operating expenses excluding impairment, financing costs, and tax / net operating income

(5) Calculated as rolling last 12 months / over simple average of opening and closing shareholder funds (including subordinated debt)

Strong balance sheet and attractive credit metrics ⁽¹⁾

- Robust loan growth with stable conservative LTVs
- Strong underlying asset cover relative to peers
- Adoption of IFRS 9 has resulted in a £30.7m charge to reserves on 1 July 2018
- £15m dividend paid in Q1 '19 to support payment of accrued interest on refinancing of PIK Notes
- Conservative levels of gearing and robust balance sheet
 - Significant reduction in Borrower Group gearing resulting from release of equity due to CABS refinancing
- Prudent capitalisation maintained compared to peers

	Consolidated Group				Borrower Group				
	Q1 '18 (IAS 39)	Q4 '18 (IAS 39)	1 Jul 18 (IFRS 9)	Q1 '19 (IFRS 9)	Q1 '18 (IAS 39)	Q4 '18 (IAS 39)	1 Jul 18 (IFRS 9)	Q1 '19 (IFRS 9)	
Balance sheet / asset quality	Net loans book (£m)	2,369.4	2,958.2	2,926.6	3,011.4	924.1	1,077.2	1,045.6	1,151.1
	Shareholder funds (£m) ⁽³⁾	678.7	737.0	706.3	718.8	365.1	316.8	286.1	419.8
	Weighted average indexed LTV of portfolio	54.4%	55.3%	54.5%	54.4%	59.1%	58.8%	57.6%	56.8%
	Impairment / average loan book ⁽⁴⁾	0.33%	0.44%	n/a	0.47%	n/a	n/a	n/a	n/a
Key credit metrics	Gearing ⁽³⁾⁽⁵⁾	71.4%	74.6%	75.4%	76.0%	60.5%	70.2%	72.3%	63.1%
	Underlying asset cover ⁽⁶⁾	38.8%	41.3%	41.1%	41.3%	35.7%	41.2%	41.6%	35.8%
	Net debt : EBITDA	8.5x	10.1x	10.1x	10.1x	3.6x	4.3x	4.3x	4.1x
	Gross debt : shareholder funds	2.6x	3.1x	3.2x	3.3x	1.6x	2.4x	2.6x	1.8x
	Interest cover on LTM basis	2.5x	2.4x	2.4x	2.3x	5.2x	4.4x	4.4x	3.9x
	Tangible equity ⁽²⁾ / tangible assets	28.1%	24.5%	23.5%	23.3%	n/a	n/a	n/a	n/a



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(2) £19m of fully provided for shortfall accounts were written-off on 1 July 2018

(3) Subordinated shareholder loans and notes treated as equity

(4) Based on rolling 12 months impairment / average of opening and closing loan book

(5) Ratio of net borrowings to the value of the Consolidated Group net loans and advances to customers

(6) Ratio of net borrowings to the value of the Consolidated Group underlying security valuation

(7) Peer set comprises of Aldermore, CCFS, Close Bros, OSB, Paragon, Shawbrook and Secure Trust

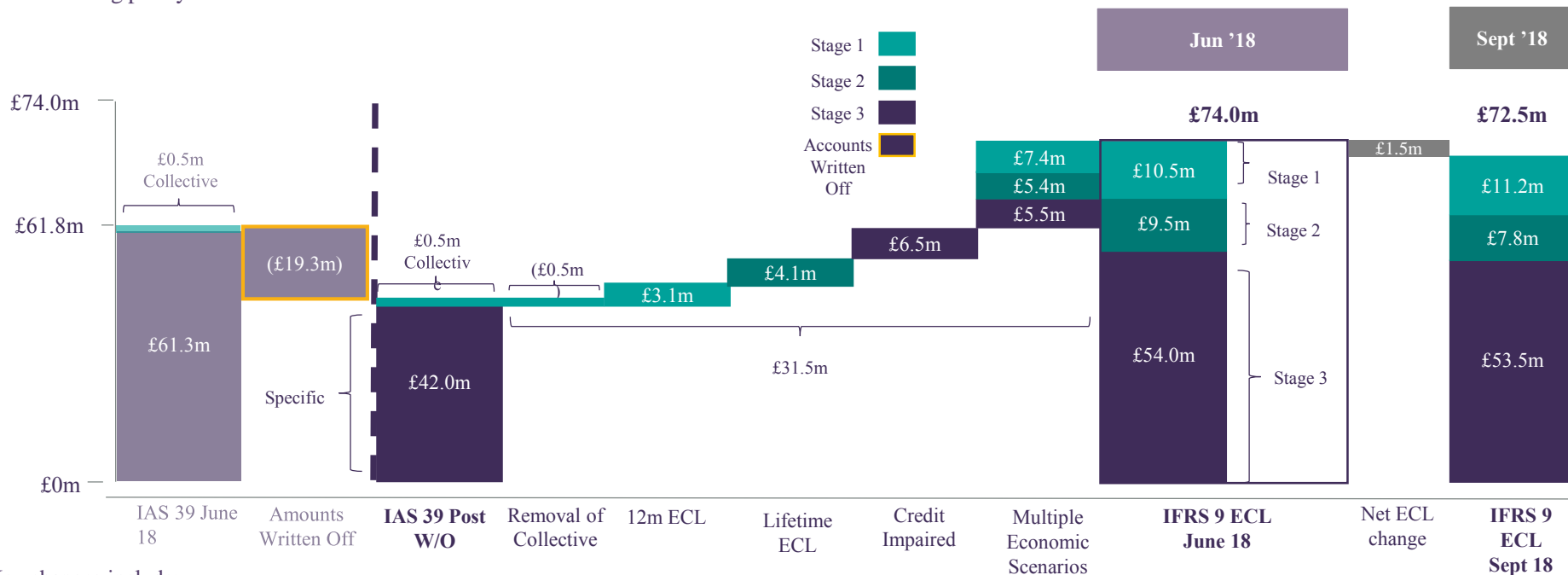
IFRS 9 Impairment Provision Transition

IFRS Impairment

IFRS 9 requires a change to the measurement of impairment to a forward-looking Expected Credit Loss (ECL) approach.

IFRS 9 has no impact on underlying economic position - simply a change in accounting policy.

	Consolidated Group		
	Q4 '18 (IAS 39)	1 Jul 18 (IFRS 9)	Q1 '19 (IFRS 9)
Gross loans book (£m)	3,020.0	3,000.6 ⁽²⁾	3,083.9
Impairment allowance (£m)	(61.8)	(74.0)	(72.5)
Net loans book (£m)	2,958.2	2,926.6	3,011.4



Key changes include:

- £19.3m amounts written off – relating to shortfalls fully provided for under IAS 39.
- £0.5m removal of collective provision not required under IFRS 9.
- £3.1m recognition of a 12m ECL on Stage 1 loans, for loans which are performing and are not credit impaired – not previously required under IAS 39.
- £4.1m recognition of lifetime losses on Stage 2 loans, which previously had minimal provision. Stage 2 loans have an increase in credit risk vs Stage 1, but not credit impaired.
- £6.5m Credit Impaired – an increase in impairment on Stage 3 loans when vs IAS 39, due to a number of factors, including stricter default definitions.
- £18.3m Multiple economic scenarios – probability weighted forward-looking views of the economy applied, including base case, upside and downside scenarios.

IFRS 9 shareholder funds impact

Group £m	IAS 39				IFRS 9
	01-Jul-18	ECL	Borrowings	Total impact	01-Jul-18
Loans & advances	2,958.2	(31.5)	-	(31.5)	2,926.7
Borrowings	(2,216.8)	-	(5.6)	(5.6)	(2,222.4)
Deferred tax	1.4	5.4	1.0	6.4	7.8
Shareholder funds	737.0	(26.1)	(4.6)	(30.7)	706.3

IFRS 9 Q1 impact

Q1 '19 impairment charge of £4.3m under IFRS 9 vs £1.5m under IAS 39, key differences are:

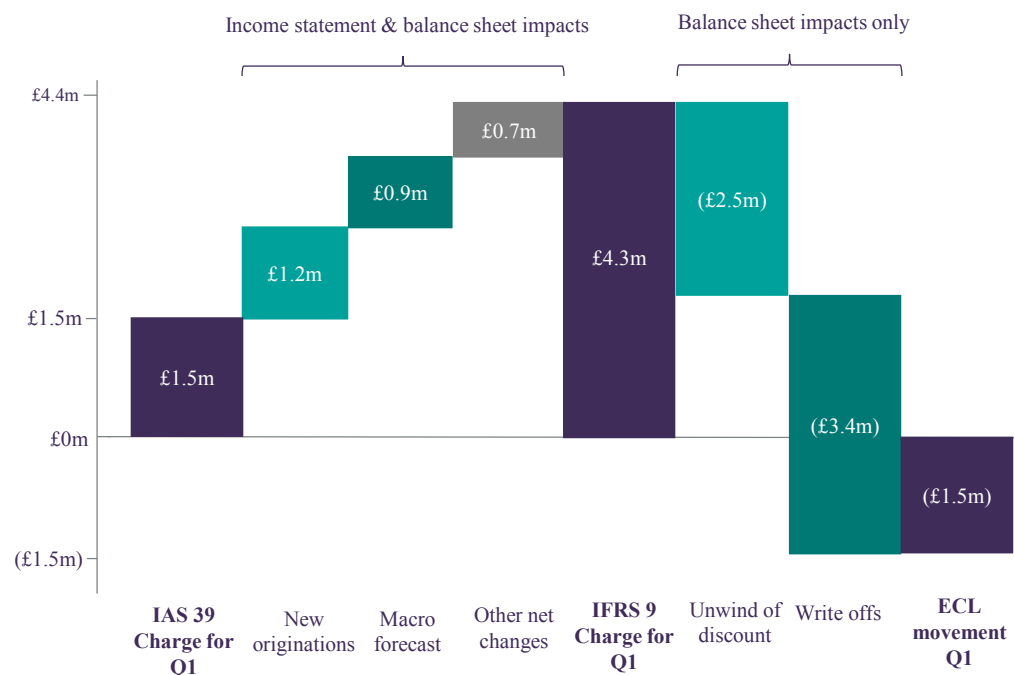
- New originations of **£1.2m** – requirement to provide on day 1 for all new originations – reflecting growth in the loan book.
- **£0.9m** impact due to a more cautious forecast HPI in September vs. July 1, 2018.
- **£0.7m** net impact of other changes – including new charges for the period on existing loans offset by releases due to redemptions. There is also increased impairment of income recognised vs IAS 39.

Other changes in the balance sheet are:

- **£2.5m** reduction due to unwinding discounting applied to expected losses.
- **£3.4m** due to write-offs which utilise existing provisions.

In addition to the changes applied to the loan book, there has been other impacts on shareholder funds, including:

- Reduction in reserves of **£5.6m** due to the write-off of deferred issue costs on borrowings
- Increase of **£6.4m** due to deferred tax asset recognised on the changes to the loan book and borrowings

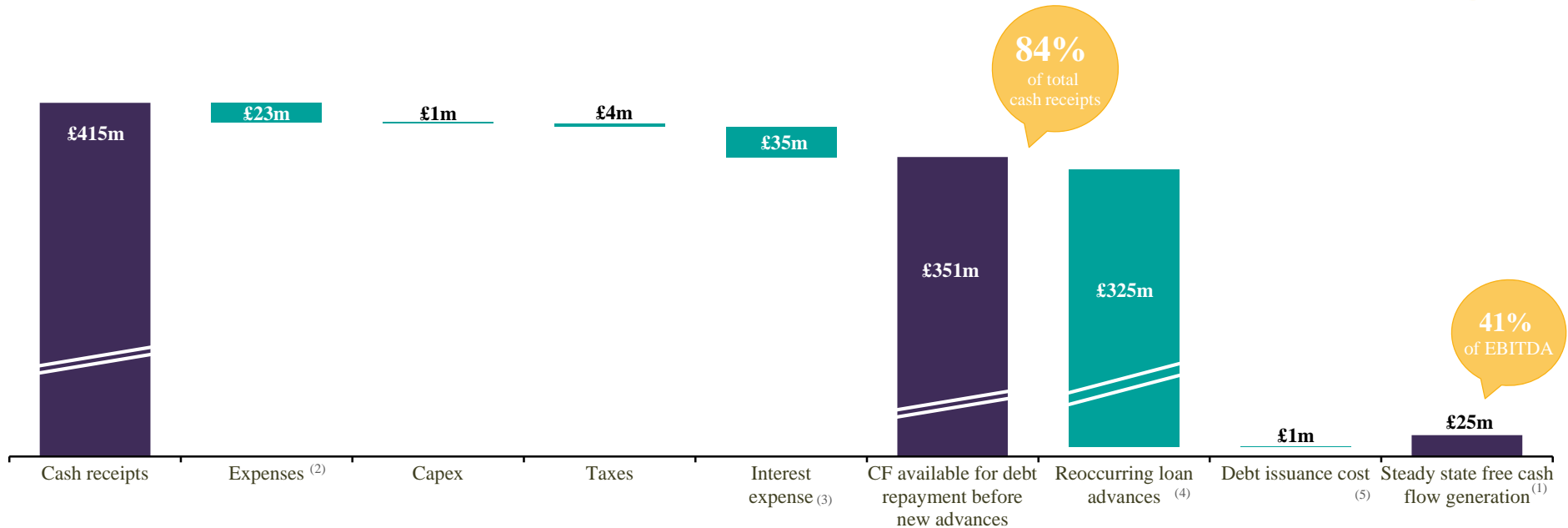


Consistently high levels of cash generation

Quarterly cash flows (Q1 '19)

- Consolidated group cash receipts up 29.9% to £414.7m (Q1 '18 of £319.3m)
- Cash available for debt repayment of £351m ⁽¹⁾
- Steady free cash flow generation of £25m⁽¹⁾
- Interest cover of 2.3x on a consolidated basis and 3.9x at the Borrower Group level. Much higher on cash basis
- Superior free cash flow generation vs. FIG HY peers supporting growth and debt service

2.3x
LTM Interest cover
(LTM Q1 '18: 2.5x)



Strong cash flow profile underpinned by secured property loans

(1) Excludes exceptional PIK dividend of £15m related to refinancing and upsizing of PIK Toggle note transaction in September 2018 and respective use of proceeds

(2) Principally represents staff costs and overheads

(3) Excludes debt issuance costs

(4) Reoccurring loan advances are loan advances required to maintain the size of the loan book at the beginning of period. Calculated as loans originated in the last three months less growth in loans & advances over the last three months

(5) Debt issuance costs adjusted proportionately to reflect costs associated with reoccurring loan advances only

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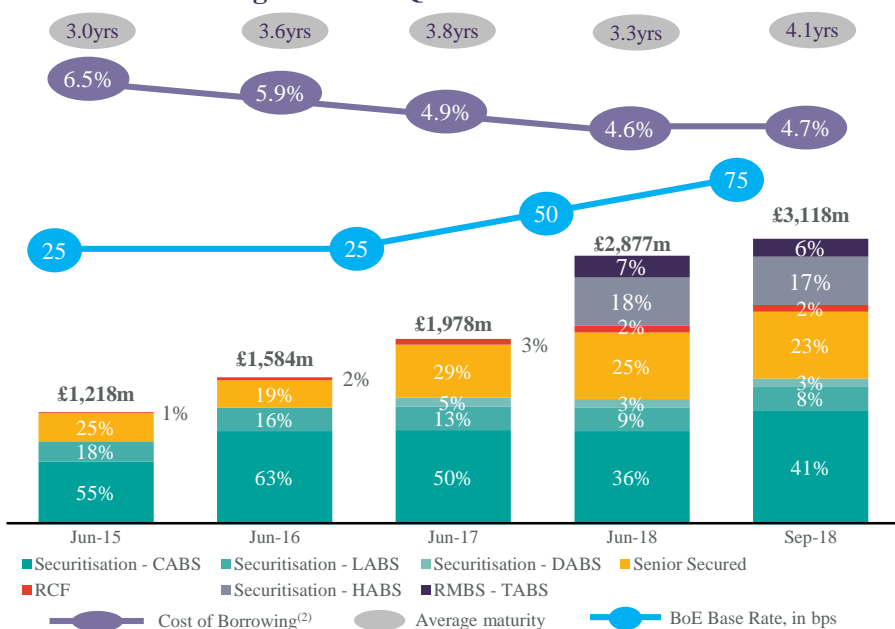
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Significant additional funding to support growth ambitions

Liquidity & funding

- Refinanced or raised over £2.8bn in LTM (£1.8bn Sept 18 – Nov 18), reducing margins and extending average maturity > 4 years
- Refinanced AA rated revolving CABS programme, increasing senior facility commitments from £1bn to £1.15bn, adding further £104.5m through two fully drawn rated tranches of mezzanine finance, bringing total facility to £1.25bn, on significantly improved terms, extending maturity to Sept. 2023. Enhanced advance rate resulting in £145m+ of equity being released to reduce Borrower Group gearing (c. 8%)
- Issued £350 million Senior PIK Toggle Notes at Bracken MidCo1 plc, refinancing our former Senior PIK Toggle and Vendor Notes on significantly improved terms in September
- Successfully completed TABS 2, issuing a £286.9m (£272.6m rated notes) public RMBS in November following debut launch of TABS 1 in September 2017
- High levels of liquidity: £792.7m (£1,058m on a proforma basis for TABS 2) total undrawn committed funding (excl. restricted cash)

Diversified funding base as at Q1 '19⁽¹⁾



- (1) Presented based on total facility size
 (2) Cost of borrowing is calculated as total interest payable (excluding interest on subordinated debt) divided by opening and closing gross debt. Total interest payable includes core interest, non-utilisation fees and fee amortisation. FY17 adjusted for exceptional interest payable of £14.8m

Bracken MidCo1

Senior PIK Toggle Notes 2023
 £350m
 5yr NC2
 S&P: B+; Fitch: B

Together Financial Services

Loan book £3.0bn

Commercial Finance (unregulated)
 Bridging Loans, BTL+, Commercial Real Estate, Developments

Personal Finance (FCA regulated)
 1st & 2nd Lien Mortgages, Regulated Bridging Loans, Consumer BTL

Bonds

SSN 2021

£375m
 5yr NC2
 S&P: BB-; Fitch: BB

SSN 2024

£350m
 7yr NC3
 S&P: BB-; Fitch: BB

Bank Facilities

RCF 2021

£71.8m Commitment
 RCF re-financed in April 2018

Private Securitisations

Charles St ABS "CABS" 2023

£1,255m Commitment
 Moody's: Aa2 (sf); DBRS: AA (sf)

Lakeside ABS "LABS" 2021

£255m Commitment

Delta ABS "DABS" 2021

£90m Commitment

Highfield ABS "HABS" 2022

£525m Commitment

Public Securitisation

Together ABS "TABS"

RMBS
 £191.0m rated notes in issue⁽³⁾
 81% rated Aaa/AAA⁽⁴⁾

Together ABS 2 "TABS 2"

RMBS
 £272.6m rated notes in issue
 78.5% rated AAA⁽⁵⁾

Total shareholder funding £718.8m (Borrower Group: £419.8m)⁽⁶⁾

As at November 8th 2018

- (3) As at November, 2018
 (4) Based upon rated notes at issuance (Sep 29, 2017)
 (5) Based upon rates notes at issuance (Nov 8, 2018)
 (6) Includes shareholder debt

Agenda

- 1 Key highlights
- 2 Operating update
- 3 Loan book performance
- 4 Financial review
- 5 Funding update
- 6 Summary and outlook
- 7 Q&A
- 8 Appendix

Summary and outlook⁽¹⁾ Q1 '19 vs Q1 '18

£412.6m

Originations
(Q1 '18: £376.2m)

+58.1%

WA origination LTV
(Q1 '18: 57.8%)



£3.01bn

Loan Book +27.1%
(Q1 '18: £2.37bn)

£3.12bn

Total facility size
+ 39.5%
(Q1 '18: £2.24bn)

£30.4m

PBT down 2.1%
(Q1 '18: £31.0m)

£59.8m

EBITDA⁽¹⁾
+ 13.2%
(Q1 '18: £52.8m)

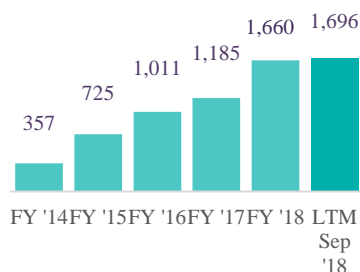
Summary

- Solid Q1 performance with strong cash generation, while continuing to increase lending volumes at conservative LTVs
- Significant development and ongoing diversification of funding structures, providing a release of equity, enhanced terms, increased headroom and depth of maturity to support future growth
- Robust business model and strong growth recognised by 82nd place in the Sunday Times Top Track 250 - 25 places higher than last year

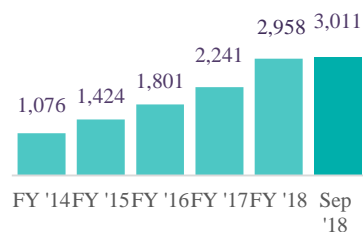
Outlook

- UK's economic outlook remains uncertain as Brexit negotiations enter a crucial phase, with a number of contradictory indicators
- Together continues to see strong demand from customers with record lending of £170.8m in October and remains well placed to deliver on its ambitious growth plans

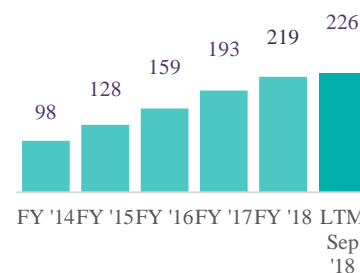
Originations £m



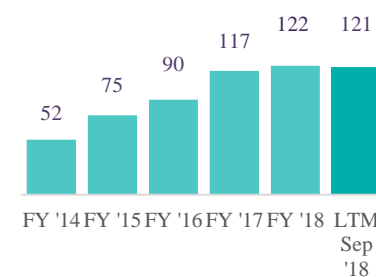
Loan book £m



Underlying EBITDA⁽³⁾ £m



Underlying PBT⁽⁴⁾ £m



(1) All figures from 1 July 2018 are presented on an IFRS 9 basis. Prior to this figures are presented on an IAS 39 basis. As such, KPIs presented on a LTM basis include results on an IAS 39 basis to 30 June 2018, and IFRS 9 basis for the three months to 30 September 2018

(2) Based on annualised quarterly results

(3) Underlying EBITDA for Q1 '18 adjusted for £8.2m of exceptional costs in respect of the Midco acquisition of the minority interests

(4) Underlying PBT for Q1 '18 adjusted for £14.8m of exceptional costs relating to the refinancing of the Senior Secured Notes and £8.2m in respect of the Midco acquisition of the minority interest

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Q&A
session

Appendix:

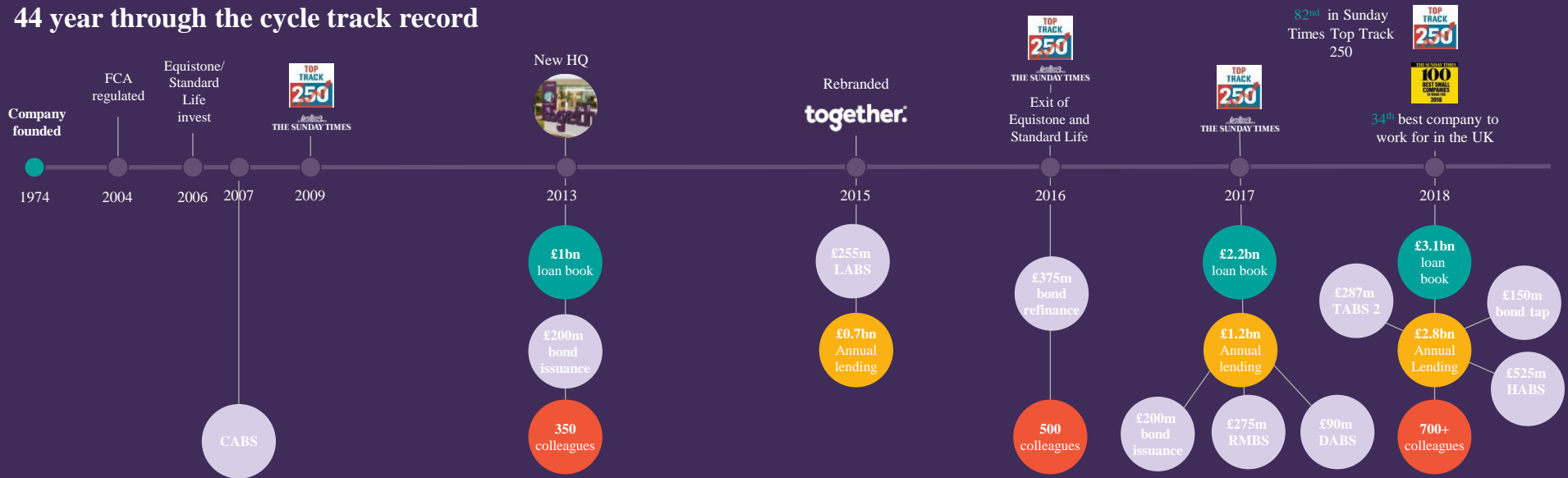


additional information

Agenda

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44 year through the cycle track record



“ Since we started working with Together, they have rapidly become the first port of call for any of our lending needs. They are a strong, large scale, credible business with ambitious, professional and responsive people who really listen to us. It is always great to work with a team who you can pick up the phone to and they will always be on your side and deliver to a high standard and to your timescales. ”

Customer

“ Together always demonstrates a desire to work with us, and engage on joint marketing activity, product and proposition development that provides a better outcome for brokers and their customers. ”

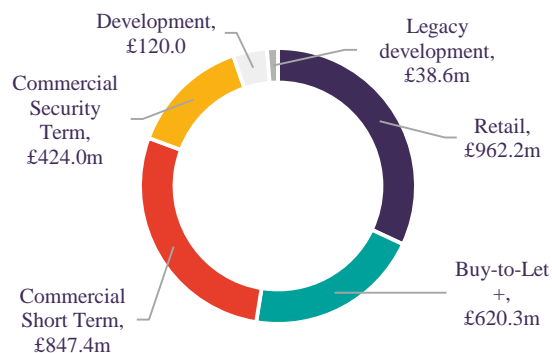
Leading Mortgage Club



Diversified loan book – consolidated group⁽¹⁾

Loan portfolio breakdown by loan purpose

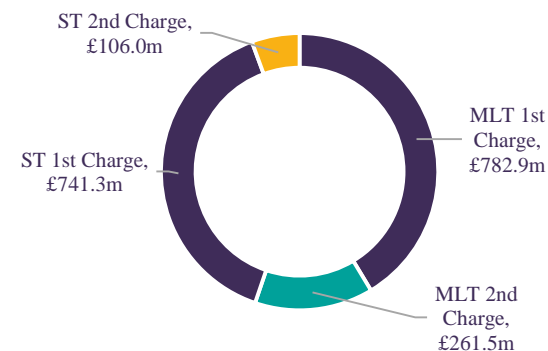
Total ⁽²⁾ £3,012.5m



Retail loan book breakdown



Commercial loan book breakdown



67% secured on residential security

Total Loan Book	Average Loan Size £k	WA Nominal Rate	WA Indexed LTV
Retail	48.0	8.4%	49.4%
Commercial	156.7	9.7%	55.9%
Development	365.3	11.3%	66.0%
Total	92.9	9.3%	54.4%

100% secured on residential security

Total Loan Book	Average Loan Size £k	WA Nominal Rate	WA Indexed LTV
1 st Charge	89.1	7.4%	46.2%
2 nd Charge	36.5	9.1%	51.6%

53% secured on residential security

Total Loan Book	Average Loan Size £k	WA Nominal Rate	WA Indexed LTV
ST 1 st Charge	319.3	11.1%	58.1%
ST 2 nd Charge	231.5	11.9%	59.7%
MLT 1 st Charge	134.6	8.4%	53.1%
MLT 2 nd Charge	75.3	8.5%	56.7%

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

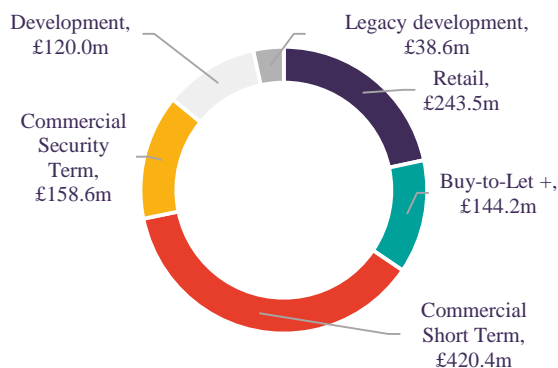
(1) All figures from 1 July 2018 are presented on an IFRS 9 basis. Prior to this figures are presented on an IAS 39 basis..

(2) Loan book analysis for core operating subsidiaries is presented after allowances for impairments.

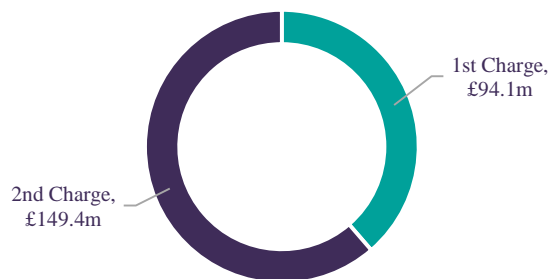
Diversified loan book – borrower group⁽¹⁾

Loan portfolio breakdown by loan purpose

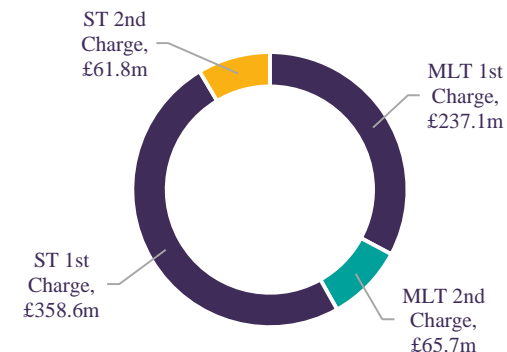
Total ⁽²⁾ £1,125.3m



Retail loan book breakdown



Commercial loan book breakdown



52% secured on residential security

Total Loan Book	Average Loan Size £k	WA Nominal Rate	WA Indexed LTV
Retail	37.7	9.2%	49.8%
Commercial	209.9	10.1%	57.2%
Development	365.3	11.3%	66.0%
Total	110.3	10.1%	56.8%

100% secured on residential security

Total Loan Book	Average Loan Size £k	WA Nominal Rate	WA Indexed LTV
1 st Charge	88.3	7.5%	46.0%
2 nd Charge	27.7	10.2%	52.2%

42% secured on residential security

Total Loan Book	Average Loan Size £k	WA Nominal Rate	WA Indexed LTV
ST 1 st Charge	456.3	10.9%	59.6%
ST 2 nd Charge	244.2	12.2%	60.1%
MLT 1 st Charge	147.5	8.7%	53.2%
MLT 2 nd Charge	82.2	8.9%	55.7%

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

(1) All figures from 1 July 2018 are presented on an IFRS 9 basis. Prior to this figures are presented on an IAS 39 basis.

(2) Loan book analysis for core operating subsidiaries is presented after allowances for impairments.

IFRS 9 Approach

Robust approach to delivery, with formalised governance and external validation

Focus on Governance

- Formal project, with project governance and controls
- Early and regular Audit Committee engagement including IFRS 9 training for Non-Executives
- Board and Audit Committee engagement in setting the macroeconomic outlook
- Model Risk Forum set up and running in parallel

Incorporating external reviews

- Early engagement of our external auditors with feedback and challenge incorporated into our approach and all opening balance sheet audit work is complete
- Jaywing engaged to provide consultancy advice for key areas, such as PD and Economic Response Modelling, model documentation, review, code review and model monitoring
- Oxford Economics data providing base case and macroeconomic scenarios, combined with other external forecasts to form a Together macroeconomic view
- Peer benchmarking analysis of IFRS 9 from published financials

Delivery

- Merging external views and analysis with our internal skills, experience and data to develop robust models that are proportionate for our business
- Collaborative engagement between Credit Risk and Finance teams delivered predominantly via internal resources – retaining developed expertise and leveraging business knowledge, ensuring smooth implementation
- Key milestones achieved whilst maintaining governance and control; all models fully implemented as designed with no offline or tactical solutions
- ECLs available at loan-level granularity for up to six macroeconomic scenarios
- Through-the-cycle internal data used to develop models and assumptions
- Models and key assumptions fully documented and committee approved

Integration and deployment

- Definitions, assumptions and methodologies aligned to existing definitions and processes, where appropriate
- Macroeconomic forecast used for planning is aligned to the IFRS 9 assumptions
- Models and methodologies to be leveraged in forecasting, scenario planning, stress testing and used to support internal decision-making where appropriate

Overview of private securitisation structures

Issuer	Charles Street Asset Backed Securitisation	Lakeside Asset Backed Securitisation	Delta Asset Backed Securitisation	Highfield Asset Backed Securitisation
Structure	<ul style="list-style-type: none"> Class A - RBS, Barclays, Lloyds, Natixis, HSBC, BNPP Class B / C - 5 investor's Sub Note – Together Financial Services 	<ul style="list-style-type: none"> Senior - Lloyds, Natixis and HSBC Sub Note – Together Financial Services 	<ul style="list-style-type: none"> Senior - Goldman Sachs Private Capital Sub Note – Together Financial Services 	<ul style="list-style-type: none"> Senior - Barclays, Natixis, HSBC, Citi Group Sub Note – Together Financial Services
Facility size	<ul style="list-style-type: none"> £1,255m facility size £950.3m issued 	<ul style="list-style-type: none"> £255m facility size £204.4m issued 	<ul style="list-style-type: none"> £90m facility £90.0m issued 	<ul style="list-style-type: none"> £525m facility size £230.0m issued
Maturity	<ul style="list-style-type: none"> Revolving period September 2022 Full repayment September 2023 	<ul style="list-style-type: none"> Full repayment January 2021 	<ul style="list-style-type: none"> Revolving period January 2020 Full repayment January 2021 	<ul style="list-style-type: none"> Revolving Period June 2021 Full Repayment June 2022
Rating	<ul style="list-style-type: none"> Rated by Moody's and DBRS Class A – Aa2 / AA Class B – Baa1 / BBB (high) Class C – Ba1 / BB (high) 	<ul style="list-style-type: none"> NR 	<ul style="list-style-type: none"> NR 	<ul style="list-style-type: none"> NR
Loan pool collateral	<ul style="list-style-type: none"> £1,058.9m 	<ul style="list-style-type: none"> £275.8m 	<ul style="list-style-type: none"> £109.1m 	<ul style="list-style-type: none"> £284.7m
Facility purpose	<ul style="list-style-type: none"> Flexible facility to fund residential property Concentration limits on % of short term commercial purpose loans 	<ul style="list-style-type: none"> Primarily to fund short term commercial purpose loans and loans secured on commercial property 	<ul style="list-style-type: none"> Primarily to fund short term commercial purpose loans and loans secured on commercial property 	<ul style="list-style-type: none"> To fund term loans backed by small balance commercial real estate
Purchase & recycling of assets	<ul style="list-style-type: none"> 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⁽¹⁾ and loss rate	<ul style="list-style-type: none"> Delinquency rate (arrears >1m) 2.70% Rolling 3 month average default rate 0.30% 	<ul style="list-style-type: none"> Delinquency rate (arrears >1m) 2.55% Rolling 3 month average default rate 0.45% 	<ul style="list-style-type: none"> Delinquency rate (arrears >1m) 4.41% Rolling 6 month average default rate 0.26% 	<ul style="list-style-type: none"> Delinquency rate (arrears >1m) 3.01% Rolling 3 month average default rate 0.31%
Excess spread and subordinated debt interest (LTM)	<ul style="list-style-type: none"> Average monthly excess spread of £6.1m Average monthly subordinated debt interest of £0.5m 	<ul style="list-style-type: none"> Average monthly excess spread of £2.5m Average monthly subordinated debt interest of £0.1m 	<ul style="list-style-type: none"> Average monthly excess spread of £0.9m Average monthly subordinated debt interest of £0.04m 	<ul style="list-style-type: none"> Average monthly excess spread of £1.0m⁽²⁾ Average monthly subordinated debt interest of £0.1m⁽²⁾

Note: Data as at October 31, 2018.

(1) Delinquency rate includes technical arrears

(2) Since inception June 2018

Overview of public securitisation structures

Together Asset Backed Securitisation 1 Limited (TABS 1)

as at issuance September 2017

Notes	Currency	Principal (£)	Credit Enhancement ¹	Index	Margin (Pre Step-up)	Step-Up Margin	WAL ²	Ratings (Moody's / DBRS)	Status
Class A	GBP	£222.75	19.0%	3m£L	1.0%	2.0x	2.52	Aaa / AAA	Offered
Class B	GBP	£11.0	15.0%	3m£L	1.5%	+100bps	3.96	Aa2 / AA	Offered
Class C	GBP	£11.0	11.0%	3m£L	2.0%	+100bps	3.96	A2 / A (high)	Offered
Class D	GBP	£11.0	7.0%	3m£L	2.4%	+100bps	3.96	Baa3 / BBB	Offered
Class E	GBP	£5.5	5.0%	3m£L	4.0%	+125bps	3.96	B2 / BB (high)	Offered
Class R	GBP	£5.225	N/A	N/A	N/A	N/A	N/A	NR / NR	Retained
Class Z	GBP	£13.787	N/A	N/A	N/A	N/A	N/A	NR / NR	Retained
Residual Certificates	N/A	N/A	N/A	N/A	N/A	N/A	N/A	NR / NR	Retained

Together Asset Backed Securitisation 2018-1 Limited (TABS 2)

as at issuance November 2018

Notes	Currency	Principal (£)	Credit Enhancement ¹	Index	Margin (Pre Step-up)	Step-Up Margin	WAL ²	Ratings (Moody's / DBRS)	Status
Class A	GBP	£225.2	21.5%	3m£L	1.18%	2.0x	2.34	Aaa / AAA	Offered
Class B	GBP	£12.2	17.3%	3m£L	1.65%	+100bps	3.93	Aa1 / AA (high)	Offered
Class C	GBP	£12.2	13.0%	3m£L	2.10%	+100bps	3.93	Aa3 / A (high)	Offered
Class D	GBP	£23.0	5.0%	3m£L	2.75%	+100bps	3.93	Baa2 / BBB (high)	Offered
Class R	GBP	£7.211	N/A	N/A	N/A	N/A	N/A	NR / NR	Retained
Class Z	GBP	£14.348	N/A	N/A	N/A	N/A	N/A	NR / NR	Retained
Residual Certificates	N/A	N/A	N/A	N/A	N/A	N/A	N/A	NR / NR	Retained

(1) Exclusive of Reserve Fund Balance of 2.0% for TABS 1, and 2.5% for TABS 2, which can be used as credit enhancement following a post-enforcement event
(2) Based on CPR of 15% for TABS 1 and 17.5% for TABS 2, and call option exercised in full on the Call Date.

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