



Common sense  
lending for over  
four decades.

## FY 2020 21 Results

Investor Presentation

16 September 2021



This presentation is strictly confidential and is being furnished to you solely for your information. It may not be reproduced or redistributed to any other person, and it may not be published, in whole or in part, for any purpose. **By viewing or receiving this presentation, you are agreeing to be bound by the following limitations.**

The information contained in this presentation has been prepared by Together Financial Services Limited (the “Company”) and has not been independently verified and will not be updated. No representation, warranty or undertaking, express or implied, is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information or opinions contained herein and nothing in this Presentation is, or shall be relied upon as, a promise or representation. None of the Company nor any of its affiliates, nor their respective employees, officers, directors, advisers, representatives or agents shall have any liability whatsoever (in negligence or otherwise, whether direct or indirect, in contract, tort or otherwise) for any loss howsoever arising from any use of this presentation or its contents or otherwise arising in connection with this presentation. This presentation does not purport to be all inclusive, or to contain information that you may need and speaks as of the date hereof. The Company has no obligation of any kind to update this presentation.

This presentation is for information purposes only and is incomplete without reference to, and should be viewed solely in conjunction with, the oral briefing provided by the Company. The information and opinions in this presentation is provided as at the date hereof and subject to change without notice. It is not the intention to provide, and you may not rely on these materials as providing, a complete or comprehensive analysis of the Company’s financial or trading position or prospects.

This presentation does not constitute investment, legal, accounting, regulatory, taxation or other advice and does not take into account your investment objectives or legal, accounting, regulatory, taxation or financial situation or particular needs. You are solely responsible for forming your own opinions and conclusions on such matters and for making your own independent assessment of the Company. You are solely responsible for seeking independent professional advice in relation to the Company. No responsibility or liability is accepted by any person for any of the information or for any action taken by you or any of your officers, employees, agents or associates on the basis of such information.

This presentation contains financial information regarding the businesses and assets of the Company. Such financial information may not have been audited, reviewed or verified by any independent accounting firm. The inclusion of such financial information in this presentation or any related presentation should not be regarded as a representation or warranty by the Company, its affiliates, advisors or representatives or any other person as to the accuracy or completeness of such information’s portrayal of the financial condition or results of operations by the Company and should not be relied upon when making an investment decision. Certain information contained in this presentation is based on management accounts and estimates of the Company and has not been audited or reviewed by the Company’s auditors. Recipients should not place undue reliance on this information. This presentation includes certain non-IFRS financial measures and other metrics which have not been subject to a financial audit for any period.

Certain statements in this presentation are forward-looking. By their nature, forward-looking statements involve a number of risks, uncertainties and assumptions which could cause actual results or events to differ materially from those expressed or implied by the forward-looking statements. These include, among other factors, changing economic, business or other market conditions, pandemics, changing political conditions (including the impact of Brexit), the prospects for growth anticipated by the Company’s management, impact of a downturn in the property market, our ability to accurately identify the credit profile and behaviors of our customers and their changing circumstances, our ability to accurately value properties, our ability to detect and prevent fraud during the loan underwriting process, competition, legislative and regulatory changes, effectiveness of our compliance, Enterprise Risk Management Framework and internal audit functions, exposure to costs of redress, potential regulatory sanctions and fines (including with respect to the outcome of the ongoing internal reviews and FCA dialog relating to potential regulatory breaches discussed herein), litigation, fluctuations of exchange rates, our ability to retain our management and employees, interruption of information processing systems (including cyber-attacks) and other factors disclosed in our Principal Risks section in the Annual Report. These and other factors could adversely affect the outcome and financial effects of the plans and events described herein. The extent to which the Covid-19 pandemic impacts the Company’s results will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the Covid-19 pandemic and the actions taken to contain it or treat its impact. Forward-looking statements contained in this presentation regarding past trends or activities should not be taken as a representation that such trends or activities will continue in the future. The Company does not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. You should not place undue reliance on forward-looking statements, which speak only as of the date of this presentation.

The market and industry data and forecasts included in this presentation were obtained from internal surveys, estimates, experts and studies, where appropriate as well as external market research, publicly available information and industry publications. The Company, its affiliates, directors, officers, advisors and employees have not independently verified the accuracy of any such market and industry data and forecasts and make no representations or warranties in relation thereto. Such data and forecasts are included herein for information purposes only. Accordingly, undue reliance should not be placed on any of the industry or market data contained in this presentation.

**This presentation does not constitute or form part of an invitation or offer to any person to underwrite, subscribe for or otherwise acquire any securities (debt or equity) in the Company or any of its affiliates.**



## Management team participants



### **Gary Beckett, Group Managing Director and Chief Treasury Officer**

Gary is one of the longest serving colleagues at Together, joining in 1994. He has overseen much of the organic growth of the Group, undertaking a number of roles within the Finance, Operations and Risk functions. Group CFO between 2001 and Feb. 2018, Gary contributed to the strategic development of the Group, with specific responsibility for financial reporting, taxation and treasury. In Mar. 2018 he became Group Managing Director and Chief Treasury Officer, continuing to oversee Treasury and IR and also supporting the Group CEO in developing and implementing the Group's strategy. Gary created the group structure in 1996, led the original private equity buy in during 2006 and buy out in 2016, and arranged the Group's inaugural RCF Syndication, Securitisation Programme, RMBS, Senior Note 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 Corporate / External Affairs team. He is responsible for Together's reputation and IR programmes and has played a key role in several Senior Secured Notes and RMBS issuances. He was previously Managing Partner of Financial Services at international communications consultancy, Instinctif Partners. Earlier in his career, Mike was a Senior Director at multinational PR firm, Bell Pottinger, led investor relations at FTSE 100 companies 3i Group, The Rank Group and Invensys and was an investment banker at HSBC. Mike is a qualified Chartered Accountant.



### **Iain Wright, Head of Leveraged Finance**

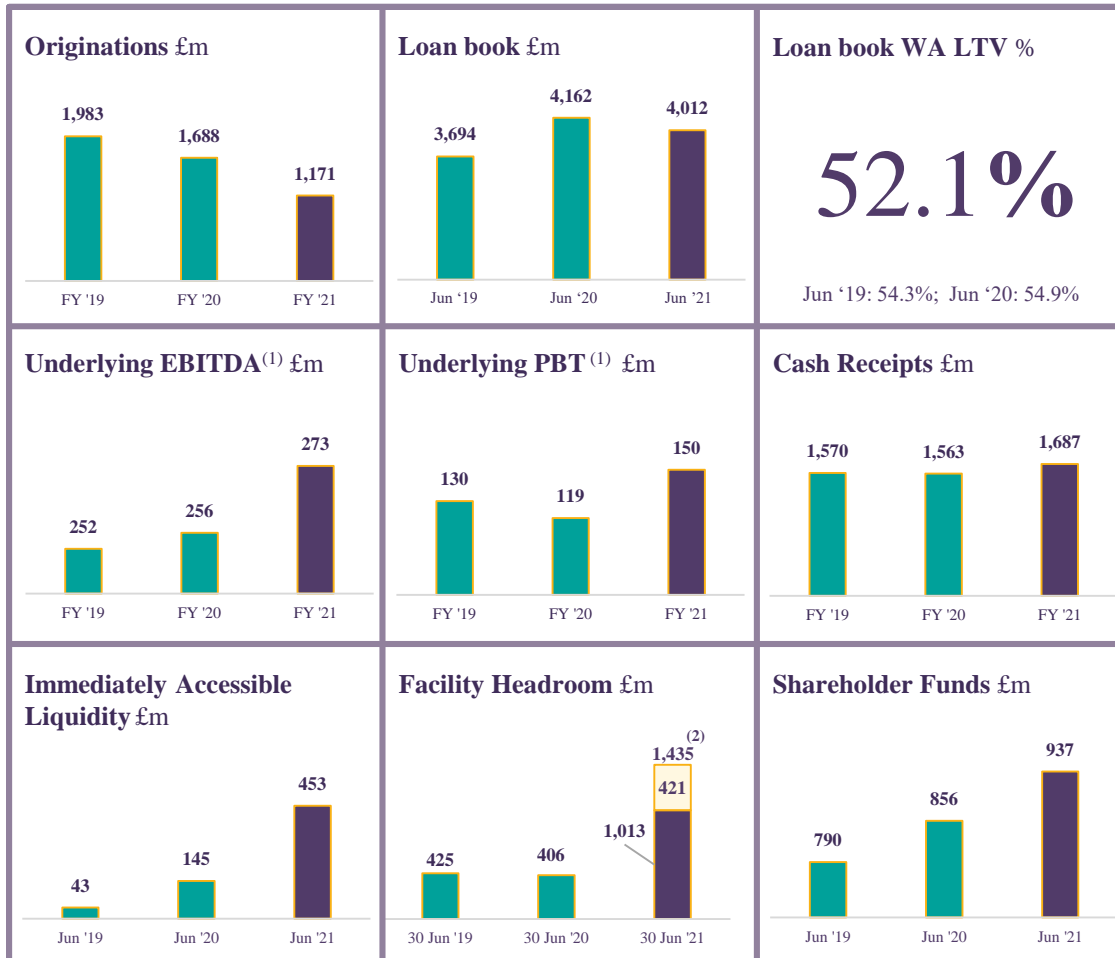
Iain joined Together in 2021 to lead the company's leveraged finance treasury operations with a view to playing a key role on all future high yield transactions. He was previously a director in PwC's structured finance group within their banking and capital markets practice. He provided a variety of audit and assurance services to lenders, technical accounting advice on a variety of new financing structures and pre-and post deal services on a number of securitisations and CLOs. Earlier in his career, Iain spent time at Merrill Lynch on their Global FX exotic derivatives desk. He is a qualified Chartered Accountant.

# Agenda

- 1 **Key highlights**
- 2 Loan book performance
- 3 Funding update
- 4 Financial review
- 5 Shaping our Business for the Future
- 6 Summary and Outlook
- 7 Q&A
- 8 Appendix



# Key highlights



## Strong FY '21 performance across all metrics

- Loan book remained close to prior year at £4.0bn (Jun '20 £4.2bn) at very prudent LTV of 52.1% (Jun '20 54.9%)
- Cautiously reduced lending levels during initial COVID-19 lockdown, now returned to pre pandemic levels
  - Average monthly originations £97.6m down 30.7% from £140.7m in FY '20
  - Q4 '21 average monthly originations at £146.9m
- Increased profitability and robust cash generation
  - Underlying PBT<sup>(1)</sup> £149.7m up 26.4% from £118.5m in FY '20
  - £16.1m impairment charge: down from £75.9m in FY '20: £66.9m
  - Consolidated group cash receipts £1,687m, up 8.0% from £1,563m in FY '20
- Further strengthened funding and liquidity positions raising over £1.3bn during the year in five funding transactions
  - Pro forma Jun '21 Facility Headroom: £1,435m
  - Jun '21 Immediately Accessible Liquidity: £453m
- Post year-end: raised or refinanced over £900m<sup>(3)</sup>

(1) Adjusted in accordance with Slide 26: Exceptional Adjustments

(2) Includes HABS Headroom (which at 30 June 2021 had entered into an amortisation period, but has since been refinanced and headroom reinstated)

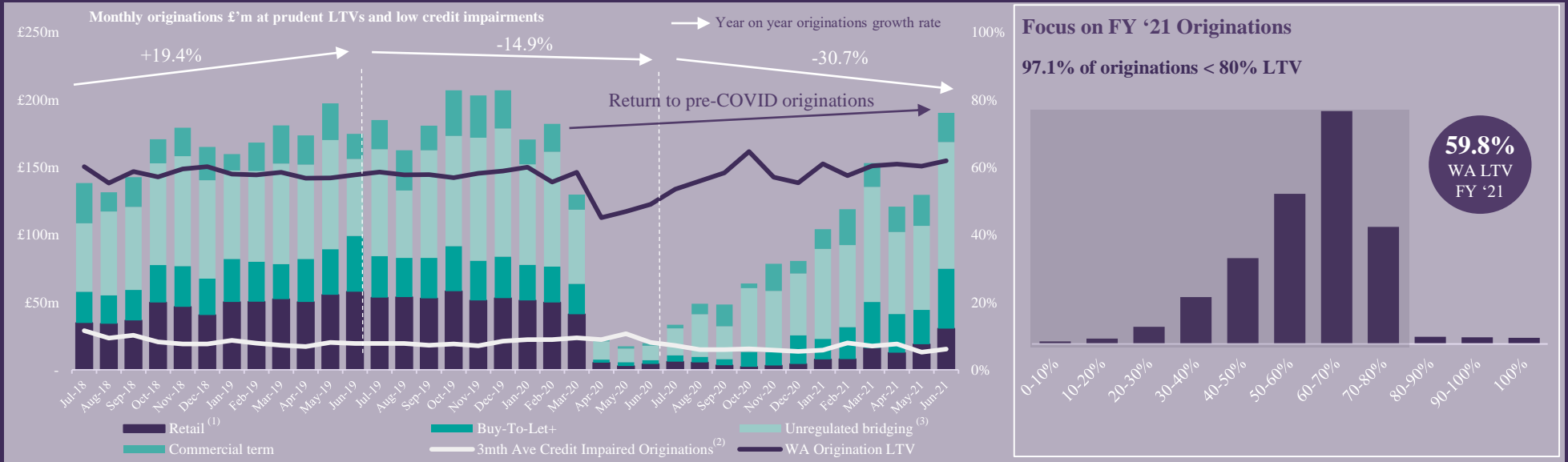
(3) Includes TABS IST1 RMBS which priced 8-Sep

# Agenda

- 1 Key highlights
- 2 Loan book performance**
- 3 Funding update
- 4 Financial review
- 5 Shaping our Business for the Future
- 6 Summary and Outlook
- 7 Q&A
- 8 Appendix



# Prudently increasing lending volumes with conservative LTVs

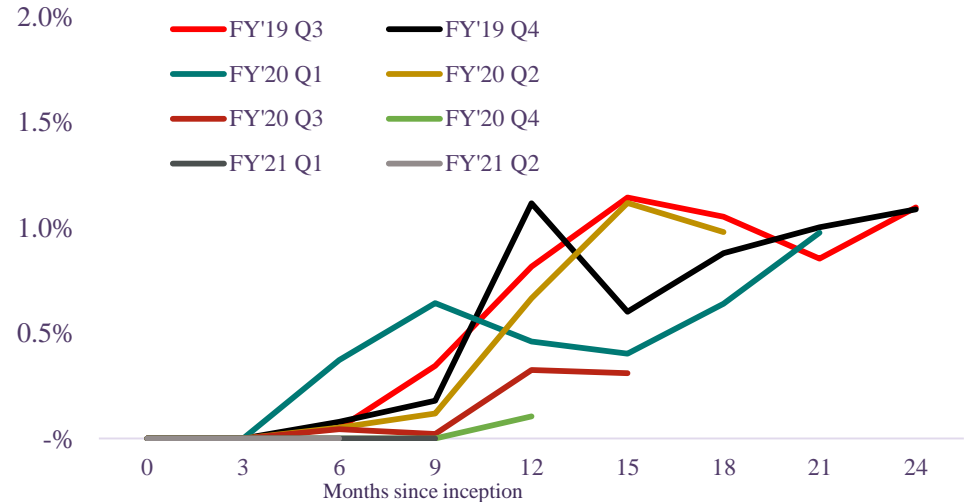


## Cautious approach to lending during COVID-19

- Temporarily paused originations during first lockdown to prudently assess credit risk
- Phased return to pre-COVID levels during FY21 reaching £190.3m in Jun '21 and £173m in Jul '21
- FY '21 new business nominal rate increased to 8.0% (FY '20: 7.6%)
- Robust credit quality maintained
  - Weighted average origination LTVs remain very conservative at 59.8% (FY '20: 57.7%)
  - Credit Impaired Originations remain low, with recent vintage arrears showing no deterioration in quality.

## Robust recent vintage performance

(>3m arrears by quarterly vintage divided by total originated in the quarter)



(1) Includes CBTL and Regulated Bridge accounting for £4.1m and £3.6m of FY '21 originations compared to £7.7m and £27.1m, respectively, in FY'20  
 (2) This analysis is prepared on a loan-by-loan basis, and as such does not take into account any cross-charges which provide additional security  
 (3) Includes Development Loans



# High quality diversified portfolio focused on affordability and low LTVs<sup>(1)</sup>

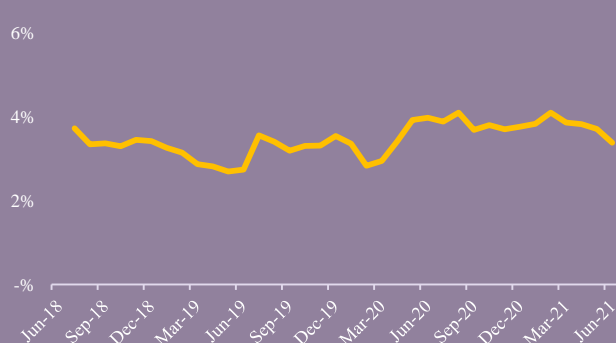
## Loan book comparison<sup>(1)</sup>



## Diversified and conservative loan book profile

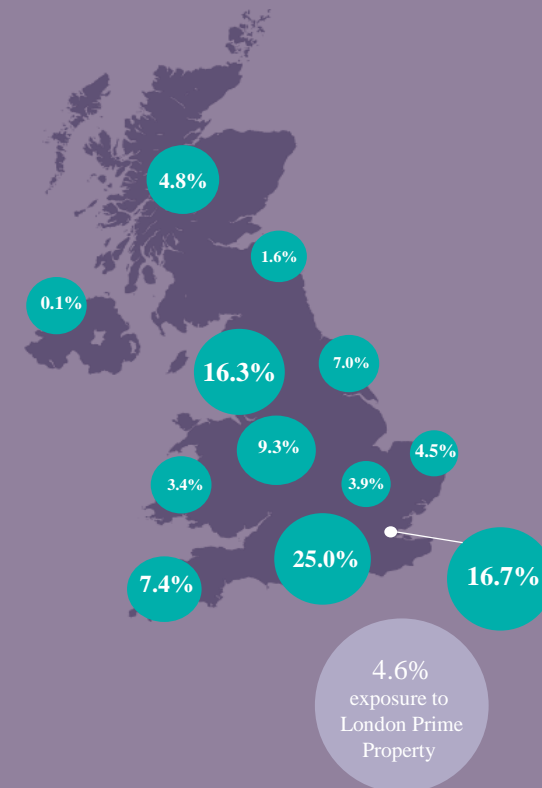
Total Loan Book (As at 30 Jun '21)	Avg. Loan Size (£k)	WA Indexed LTV	% Loans > 80% WAILTV
Retail	61.4	46.8%	0.2%
Buy-to-let +	107.2	55.4%	0.9%
Unregulated Bridge	300.5	55.6%	4.3%
Commercial Term	206.5	49.3%	1.0%
Development <sup>(3)</sup>	924.8	59.2%	9.2%
<b>Total</b>	<b>116.9</b>	<b>52.1%</b>	<b>1.9%</b>
	Jun'20: 112.6	Jun'20: 54.9%	Jun'20: 3.0%

## > 3 Month Arrears<sup>(4)</sup>



## Loan book diversified across geography

(As at 30 Jun '21)



(1) Loan book analysis for core operating subsidiaries is presented after loss allowances  
 (2) Incl. CBTL and Regulated Bridge, accounting for £67.7m and £34.0m respectively as at Jun '21 compared to £78.9m and £129.7m at Jun '20

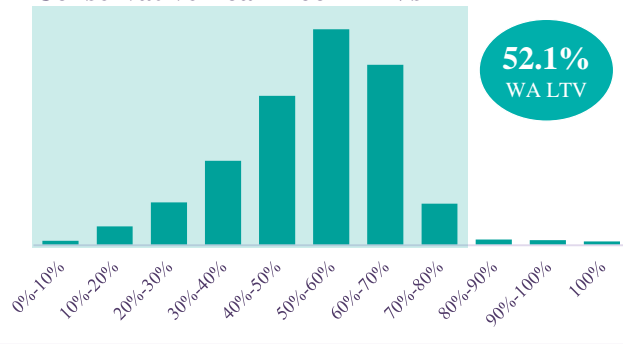
(3) LTV of development loans based on origination advance plus further advances divided by valuation at origination plus further advances  
 (4) Loans in arrears >3 months (incl. performing or non performing arrears) as % of total loan book excl. development loans, repossession, loans past term and non-serviced loans





# Low LTVs provide significant downside protection<sup>(1)</sup>

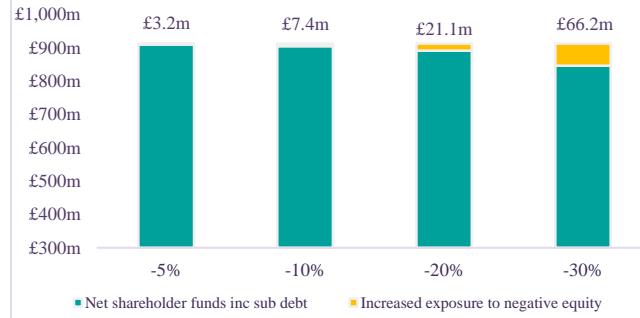
## Conservative Loan Book LTVs



### LTVs remain conservative at 52.1%

- Weighted average indexed LTV of loan portfolio of 52.1% (Borrower Group: 55.9%)
- Percentage of loans with indexed LTV of > 80% is 1.9% (Borrower Group: 5.0%)

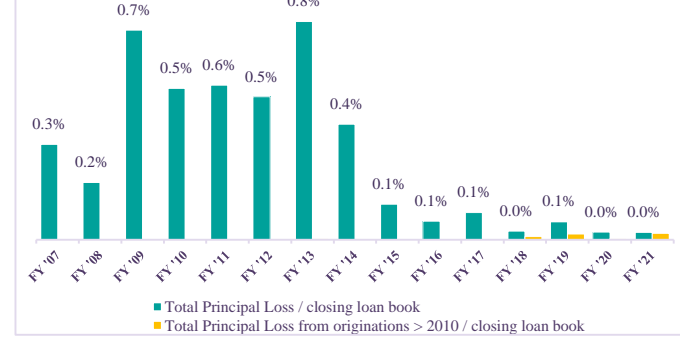
## Estimated impact of declining security valuations



### Low levels of negative equity exposure

- Group had negative equity exposure of £28.3m (attached to 0.7% of total loans, by value)
- Compared to £104.4m of IFRS9 impairment allowances for the total loan portfolio
- Additional Group exposure to negative equity from falls in property values is:  
10% = £7.4m; 20% = £21.1m and 30% = £66.2m
- Additional Borrower Group exposure to negative equity from falls in property values is:  
10% = £7.3m; 20% = £20.7m and 30% = £58.8m

## Principal Loss Ratio<sup>(1)</sup>



### Low levels of realised losses

- Only 0.8% during financial crisis, reducing to 0.1% in recent years
- Loss ratios consistently below 0.02% since 2010.

### Downside scenario analysis - IFRS9

- 100% severe downside would increase impairment allowances by £144.5m compared to LTM Profit before impairment charge of £166.4m

Scenarios	June 2021		June 2020	
	Probability of the scenario	Unweighted ECL	Probability of the scenario	Unweighted ECL
Upside	10%	49.8	10%	57.2
Mild upside	10%	56.0	10%	66.3
Base case	50%	75.4	50%	88.0
Stagnation	10%	137.5	10%	150.2
Downside	10%	174.9	10%	192.7
Severe Downside	10%	248.9	10%	281.5
<b>Weighted Average</b>		<b>104.4</b>		<b>118.8</b>

(1) Presented on an IFRS 9 basis.

# Agenda

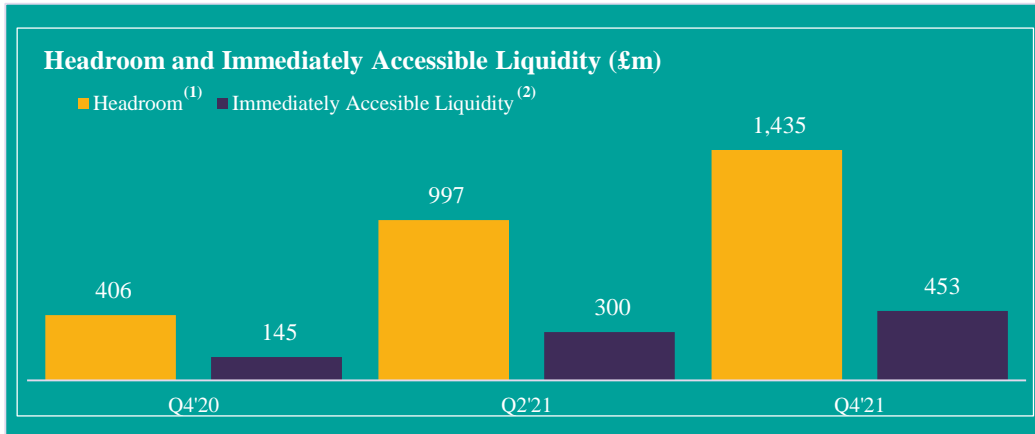
- 1 Key highlights
- 2 Loan book performance
- 3 Funding update**
- 4 Financial review
- 5 Shaping our Business for the Future
- 6 Summary and Outlook
- 7 Q&A
- 8 Appendix



# Funding update – building capacity to support future growth

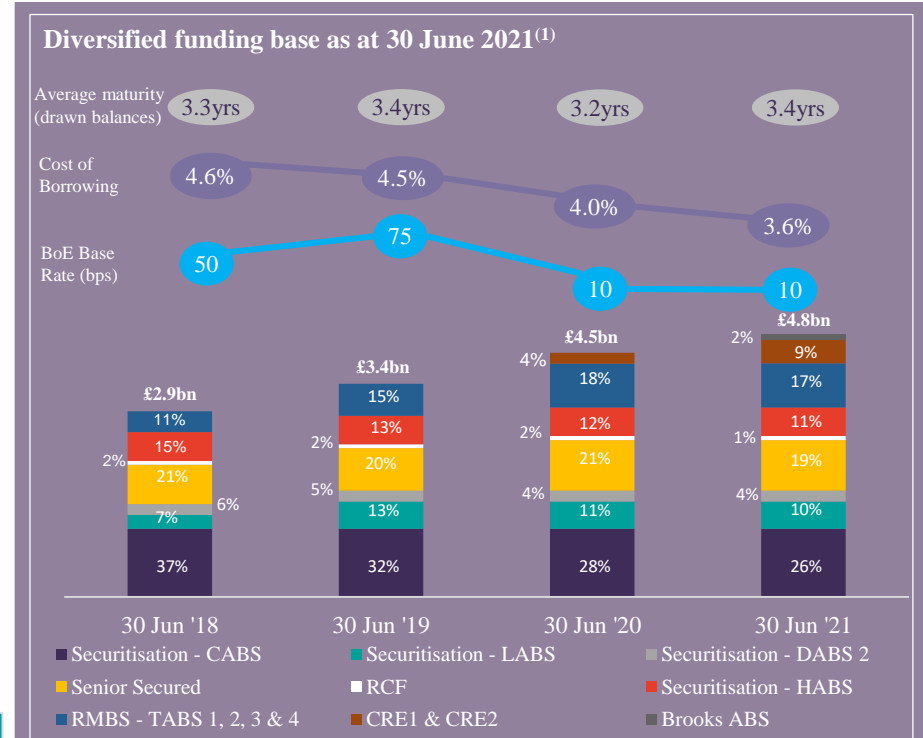
## £2.3bn raised or refinanced since Jul '20 across 8 transactions increasing funding diversity, maturity, headroom and liquidity

- Jul '20: issued £366m 4th public RMBS
- Sep '20: extended RCF facilities to 2023
- Jan '21: issued £500m Senior Secured Notes (upsized from £450m) due 2027
- Mar '21: issued £200m commercial real estate MBS.
- Jun '21: issued £250m commercial real estate MBS
- Jul '21: issued £96.2m Brooks ABS (Sep '21: £89.6m)
- Sep '21: refinanced HABS facility to 2025 maturity
- Sep '21: Priced £318m 5<sup>th</sup> public RMBS (closes 22 Sep '21 – not included in charts)
- Pro forma Facility Headroom increased to £1,435m at 30 Jun '21 (30 Jun '20: £406m)
- Average facility maturity of 3.4 years
  - Earliest non-public RMBS maturity: DABS2 May '23 representing 4%<sup>(1)</sup> of facilities.
- Accessible liquidity £453m at 30 Jun '21 (30 Jun '20: £145m)
- Further liquidity available on origination of new eligible assets
- Remain conservatively geared – Group: 75.6%; SBG 56.7%
- Significant shareholder funding – Group: £937.0m; SBG £652.7m
- S&P rating of Together Financial Services enhanced to 'Stable', from 'Negative Outlook'



(1) Based on total facility size except for TABS 1,2,3,4, CRE1, CRE2 and BABS based on amortising balance. Pro-forma including (i) Brooks ABS facility executed in Jul '21, and (ii) refinancing of HABS facility and re-instatement of headroom executed in Sept '21 (at 30 June 2021 HABS had entered into an amortising period prior to refinancing)

(2) Immediately Accessible Liquidity not adjusted in accordance with note (1)

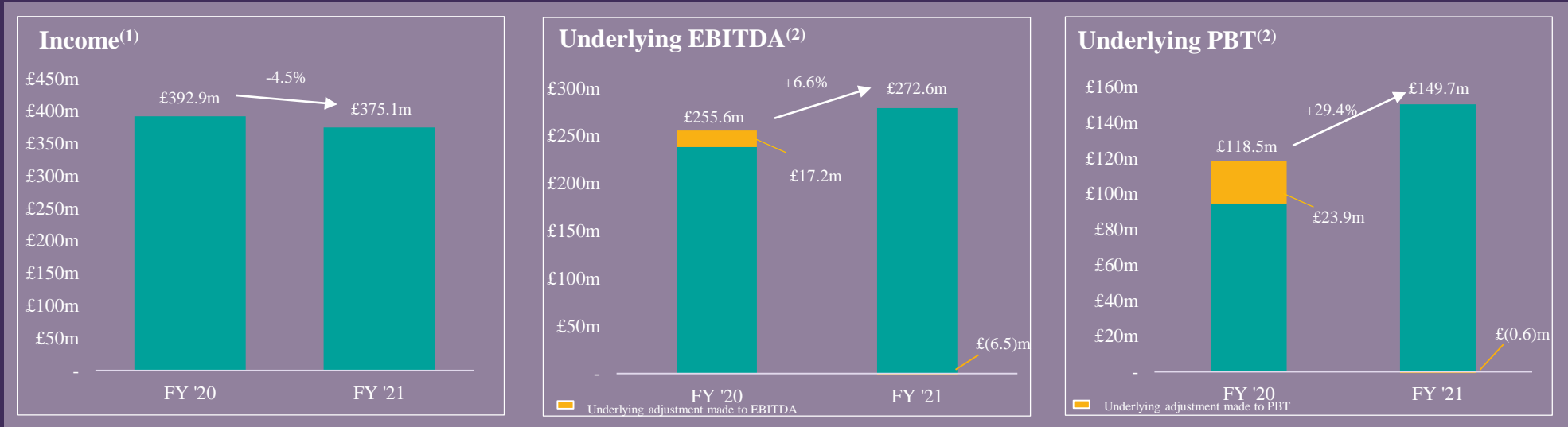


# Agenda

- 1 Key highlights
- 2 Loan book performance
- 3 Funding update
- 4 Financial review**
- 5 Shaping our Business for the Future
- 6 Summary and Outlook
- 7 Q&A
- 8 Appendix



# Income, EBITDA and PBT – returning to growth



Income & expenditure	Q3 '21	Q4 '21	FY '20	FY '21
Income <sup>(1)</sup> £m	90.8	93.9	392.9	375.1
Underlying Interest Payable <sup>(2)</sup> £m	28.2	30.1	130.4	118.6
Underlying NIM	6.3%	6.2%	6.6%	6.2%
Impairment Charge <sup>(4)</sup> £m	0.0 <sup>(4)</sup>	(3.4)	66.9	16.1
Cost of Risk	0.9%	(0.3)%	1.7%	0.4%
Underlying Cost / Income Ratio	29.7%	35.9%	29.0%	35.9%
Underlying EBITDA <sup>(2)</sup> £m	73.4	65.1	255.6	272.6
Underlying PBT <sup>(2)</sup> £m	44.0	33.7	118.5	149.7
EBITDA £m	75.1	72.5	238.4	279.1
PBT £m	39.8	38.9	94.6	150.3
Underlying Return on Equity <sup>(3)</sup>	14.8%	14.5%	12.8%	14.5%

## FY '21 metrics

- FY '21 Income decreased by 4.5% to £375.1m (FY '20: £392.9m) broadly in line with loan book reduction
- FY '21 Underlying NIM remains attractive at 6.2%<sup>(5)</sup>, a reduction of 0.4% YoY (FY '20: 6.6%) partly attributable to “U shaped” loan book during the year
- Impairment charge reduced to £16.1m in FY '21 from £66.9m in FY '20
- Cost of Risk has decreased to 0.4% in FY '21, from 1.7% in FY '20
- Underlying Cost / Income Ratio increased YoY to 35.9% (FY '20: 29.0%) principally due to FY '21 including accruals for senior management and colleague incentive schemes
- Underlying PBT<sup>(2)</sup> £149.7m in FY '21 up from £118.5m in FY '20.
- PBT in FY '21 of £150.3m including a release of £8.2m customer redress provisions, net of £5.9m of Senior Secured Note refinancing costs, and £1.7m of redundancy costs. Underlying PBT lower in Q4 '21 due to a reintroduction of bonuses accruals and year end provisions.

(1) Includes fees & commission receivables

(2) Adjusted in accordance with Slide 26: Exceptional Adjustments

(3) Underlying Return on Equity figures calculated on an LTM basis and adjusted for exceptional redundancy costs, exceptional costs in respect of refinancing the SSN, and exceptional customer provisions. Following a restatement of FY '20 figures, Underlying Return on Equity improved from the original figure of 12.6% to a restated figure of 12.8%.

(4) Q3 '21 impairment charge was £27,300

(5) Underlying NIM decrease also affected by the opening and closing average of the loan book being higher than the months throughout FY '21. Underlying NIM based off average monthly loan book size stands at 6.4%, compared to 6.3% in FY '20.

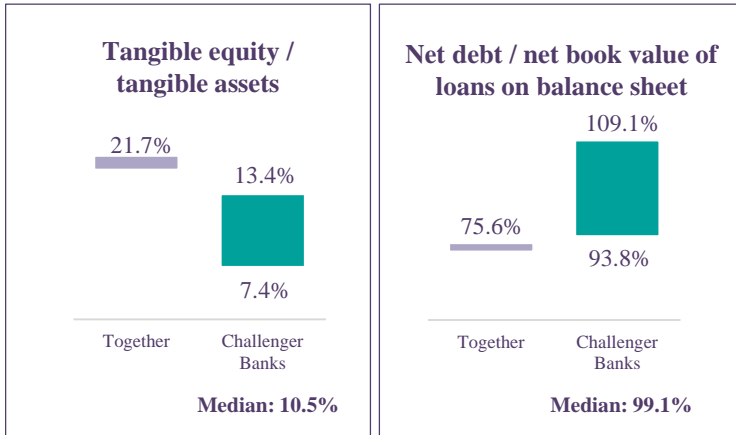


# Strong balance sheet with significant asset cover

## Strong credit metrics

- Self originated £4bn diversified secured loan book with very conservative LTVs
- Prudent capitalisation and very conservative gearing relative to peers
- Strong Underlying Asset Cover of 39.4% at Group and 31.7% at Borrower Group
- Improving credit metrics
- Shareholder funds increased from £856.4m to £937m
- Gearing down from 78.6% to 75.6%

## Peer comparison



	Consolidated Group			Senior Borrower Group			
	FY'20	Q3 '21 <sup>(1)</sup>	FY '21	FY'20	Q3 '21 <sup>(1)</sup>	FY'21	
Balance sheet / asset quality	Net loan book (£m)	4,162.2	3,930.1	<b>4,011.9</b>	1,102.0	1,432.9	<b>1,507.3</b>
	Shareholder funds (£m) <sup>(2)</sup>	856.4	900.8	<b>937.0</b>	407.7	572.5	<b>652.7</b>
	Weighted average indexed LTV of portfolio	54.9%	52.6%	<b>52.1%</b>	57.4%	55.1%	<b>55.9%</b>
Key credit metrics	Underlying EBITDA (£m) <sup>(3)</sup>	255.6	275.3	<b>272.6</b>	182.1	211.9	<b>211.8</b>
	Gearing <sup>(2)(4)</sup>	78.6%	75.8%	<b>75.6%</b>	61.9%	58.5%	<b>56.7%</b>
	Underlying Asset Cover <sup>(2)(4)</sup>	43.1%	39.9%	<b>39.4%</b>	35.5%	32.3%	<b>31.7%</b>
	Net Debt : Underlying EBITDA <sup>(3)</sup>	12.8x	10.8x	<b>11.1x</b>	3.7x	4.0x	<b>4.0x</b>
	Gross debt : shareholder funds <sup>(1)</sup>	4.1x	3.6x	<b>3.5x</b>	2.0x	1.6x	<b>1.4x</b>
	Underlying Interest Cover <sup>(3)</sup>	2.0x	2.3x	<b>2.3x</b>	3.9x	4.9x	<b>4.7x</b>
	Tangible equity <sup>(2)</sup> / tangible assets	19.1%	21.4%	<b>21.7%</b>	n/a	n/a	n/a

(1) Q3 '21 figures are presented on an LTM basis

(2) Subordinated shareholder loans and notes treated as equity

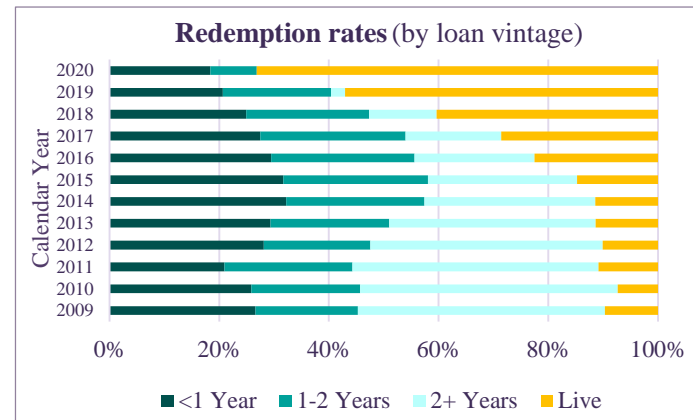
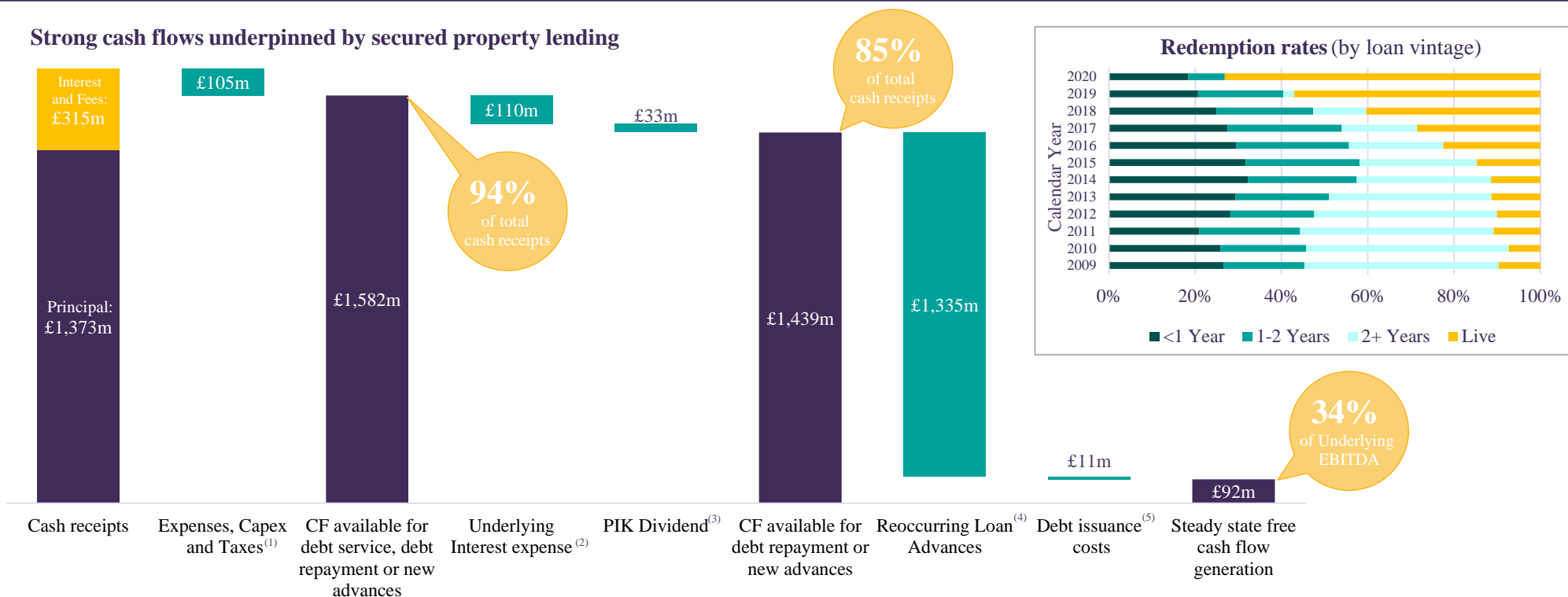
(3) Adjustments made as per Slide 26: Exceptional Adjustments

(4) Excludes lease liability classified as borrowings on adoption of IFRS16



# High cash generation and cash flow

## Strong cash flows underpinned by secured property lending



	Consolidated group	
	FY '20	FY '21
Interest and Fees	£305m	£315m
Principal	£1,258m	£1,373m
<b>Cash receipts</b>	<b>£1,563m</b>	<b>£1,687m</b>
Cash receipts as % of avg. net loan book	40%	41%
Cash available for debt service, debt repayment or new advances	£1,446m	£1,582m
Steady state cash flow	£138m	£77m

- Consolidated group cash receipts of £1,687m, up from £1,563m in FY '20
  - Represents 41% of average loan assets on an annualised basis (FY '20: 40%)
- Cash available for debt service, debt repayment or new advances of £1,582m (FY '20: £1,446m), cash available for debt repayment or new advances (after interest serviced) of £1,439m (FY '20 £1,311m)
- Underlying Interest Cover of 2.3x on a consolidated basis and 4.7x at the Borrower Group level. Much higher on cash basis.

(1) Expenses principally represents staff costs and overheads as well as new business cost  
 (2) Adjustments made as per Slide 26: Exceptional Adjustments  
 (3) Excludes £20m of dividends paid at Midco1 in the last twelve months  
 (4) Reoccurring loan advances are loan advances required to maintain the size of the gross loan book at the beginning of period. Calculated as loans originated in the last twelve months less growth in loans & advances over the last twelve months  
 (5) Debt issuance costs adjusted proportionately to reflect costs associated with Reoccurring Loan Advances only

# Agenda

- 1 Key highlights
- 2 Loan book performance
- 3 Funding update
- 4 Financial review
- 5 Shaping our Business for the Future**
- 6 Summary and Outlook
- 7 Q&A
- 8 Appendix





## UK economic growth expected to continue, buoyed by improving global position fuelled particularly by US fiscal stimulus

- GDP fell in calendar Q1'21 before improving in line with easing of lockdown restrictions
- Inflation <sup>1</sup> increased from 2% in July to 3.2% in August, due partly by falls in consumer prices in prior year driven primarily by the Government's 'Eat Out to Help Out' scheme
- Base Rate expected to remain at 0.1% with inflationary pressures mostly seen as temporary
- Property transaction volumes increased in June to benefit from stamp duty holiday with a fall in July but overall remaining robust
- Savills predicting mortgage activity and house prices will remain strong throughout 2021 <sup>(2)</sup>
  - 2021 mortgages approvals 28% up on same period in 2019
  - House prices on track to beat Savills 2021 forecast rise of 9%
- Some fears unemployment, currently 4.7%, could rise with end of furlough payments, although recent data show record job vacancies of 953k <sup>5</sup>
- Record numbers of UK adults planning to start own business <sup>3</sup> in 2021
  - 1 in 7 adults planning to become an entrepreneur, up 50% on 2020
- Terms of UK's trading and co-operation with EU now agreed, although subject to some review



(1) Inflation as measured by CPI  
(2) Savills UK Housing Market Update - September 2021  
(3) NatWest Group 2021 Global Entrepreneurship Monitor

(4) HMRC data – provisional non-seasonally-adjusted (Jun '21: UK residential transaction 174,080 non-residential transaction 11,100)  
(5) ONS data 17-08-21



## Our Purpose

*Realising people’s ambitions by making finance work*

## Our Vision

*To be the most valued lending company in the UK*

### Modernising & transforming our platform

- Embedding process automation to reduce operating cost and risk, removing friction and time and improve customer and intermediary experience
  - Automate ‘non-value-add’ manual processes
  - Obtain better data more efficiently
  - Ensure every customer has a consistent journey
  - Free up colleagues to help more customers
- Improvements already delivered include
  - Implementation of electronic underwriting files (e-files)
  - Launching messaging and data-sharing app for direct customers
  - New automated income validation tool introduced on ‘My Broker Venue’ intermediary portal
  - Affordability unlock tool to deliver underwriting process efficiencies
  - First phase of e-disbursements successfully delivered
  - First releases of enhanced core product- pricing engine for BTL, first-charge and bridging product portfolios

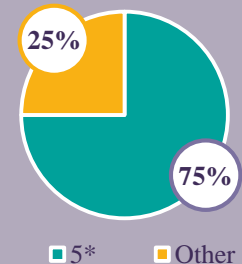
### Building our brand

- Targeted sponsorship – *Great House Giveaway*
  - Renewed sponsorship of Channel 4 BAFTA award winning property renovation show
  - Second series launched 6 September
- Increasing social media profile
  - Over 20,000 followers across LinkedIn, Facebook, Instagram and Twitter
  - Over 1m post impressions in FY’21



### Delivering positive outcomes

- 75% of customer reviews rated Together 5\*
  - Feefo, Trustpilot and Google reviews <sup>1</sup>



(1) Based on 489 customer reviews collated by Feefo, Trustpilot and Google reviews during FY21



- As a large local employer, we recognise our duty to the environment, our local community and society
- Appointed an ESG consultancy to support the development of a formal ESG strategy in line with our purpose and vision for the future

## Environmental

- Committed to having net zero carbon operations by 2030 or earlier and to being a net carbon zero business by 2050 or earlier
- Aim to reduce total energy consumption by 50% by 2030
- Committed to switching all energy suppliers to green tariffs / sustainable sources by 2025
- All cars in Together fleet to be electric / hybrid by 2025
- 2020/21 - achieved 14.6 tonnes CO<sub>2</sub>e reduction in emissions despite impact of Covid-19

## Social

- Financially inclusive lender
- Supported over 7,900 customers with Covid-related payment deferrals and other forbearance
- Put in place range of health, wellbeing and L&D initiatives for colleagues during pandemic
- Established new Diversity & Inclusion advisory committee championed by Liz Blythe, NED in Personal Finance division
- Committed to signing Women in Finance Charter and developing targets in this area
- Provided c. £24m funding to social housing sector during the year
- Raised over £130,000 for charities in 2020/21

## Governance

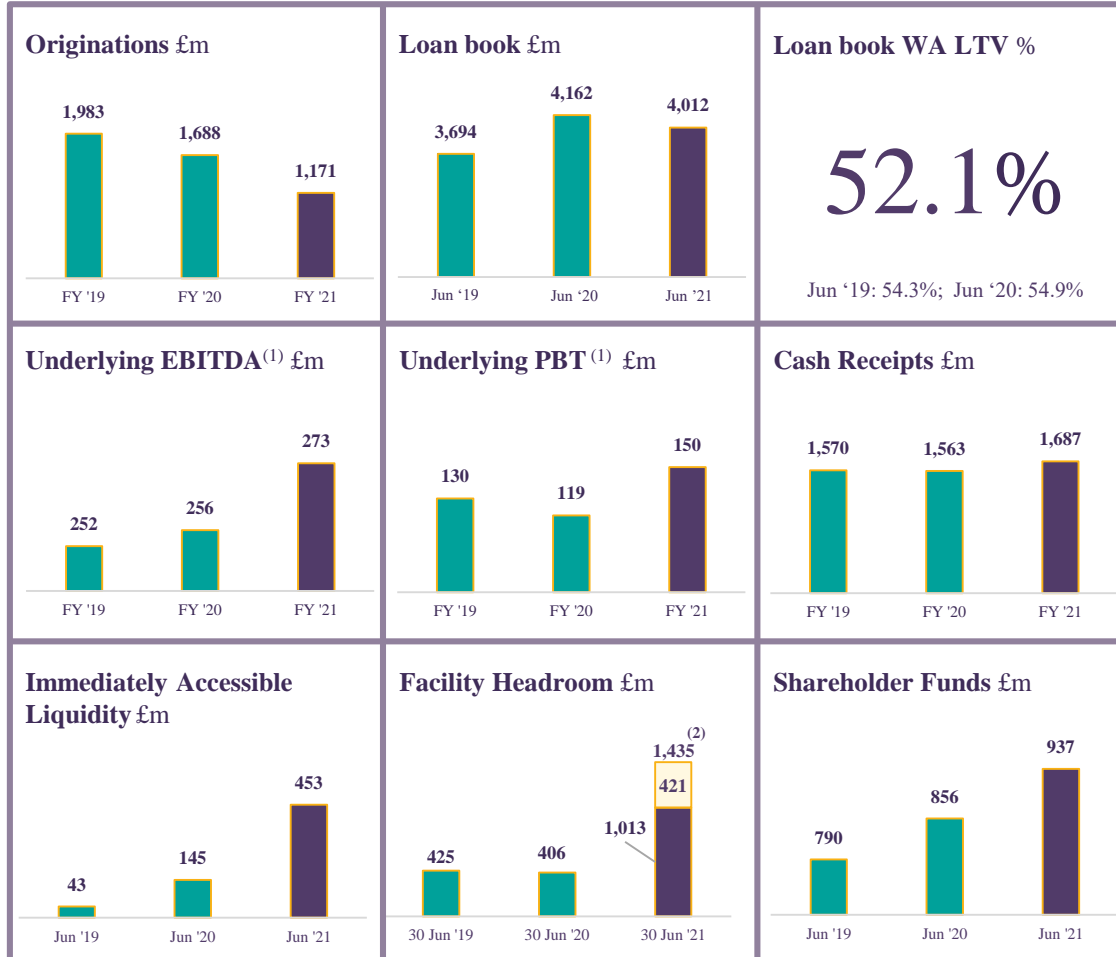
- Continued adoption of Wates corporate governance principles for large private companies
- Approved new Purpose and Vision for the Group
- Launched new Third Party Management policy for all colleagues
- Appointed new COOs for Personal Finance and Commercial Finance divisions

# Agenda

- 1 Key highlights
- 2 Loan book performance
- 3 Funding update
- 4 Financial review
- 5 Shaping our Business for the Future
- 6 Summary and Outlook**
- 7 Q&A
- 8 Appendix



# Summary and Outlook



## Strong FY '21 performance across all metrics

- Loan book remained close to prior year at £4.0bn (Jun '20 £4.2bn)
- Prudent lending levels throughout the Covid-19 pandemic with Q4 '21 average monthly originations at £146.9m showing a strong return to pre-pandemic lending levels
- Increased profitability and robust cash generation
  - Underlying PBT<sup>(1)</sup> £149.7m up 26.4% from FY '20
  - £16.1m impairment charge: down 75.9% from FY '20: £66.9m
  - Consolidated group cash receipts £1,687m, up 8.0% from FY '20
- Further strengthened funding and liquidity positions
  - £2.3bn raised or refinanced since Jul '20 across 8 transactions
  - Pro forma Jun '21 Facility Headroom: £1,435m
  - Jun '21 Immediately Accessible Liquidity: £453m

## Outlook

- UK economy performing better than expected and forecast to grow strongly
- Following Covid-19 with increasing numbers of people changing their employment status we expect many more customers to look to specialist lenders like Together to support their ambitions
- With robust levels of capital and funding headroom, we are well placed to help such customers and to play our part in supporting the UK's economic recovery

(1) Adjusted in accordance with Slide 26: Exceptional Adjustments  
 (2) Includes HABS Headroom (which at 30 June 2021 had entered into a revolving period, but has since been refinanced)

# Agenda

- 1 Key highlights
- 2 Loan book performance
- 3 Funding update
- 4 Financial review
- 5 Shaping our Business for the Future
- 6 Summary and Outlook
- 7 Q&A**
- 8 Appendix



Q&A  
**session**

# Agenda

- 1 Key highlights
- 2 Loan book performance
- 3 Funding update
- 4 Financial review
- 5 Shaping our Business for the Future
- 6 Summary and Outlook
- 7 Q&A
- 8 Appendix**





*Appendix:*  
**additional information**



# Exceptional Adjustments

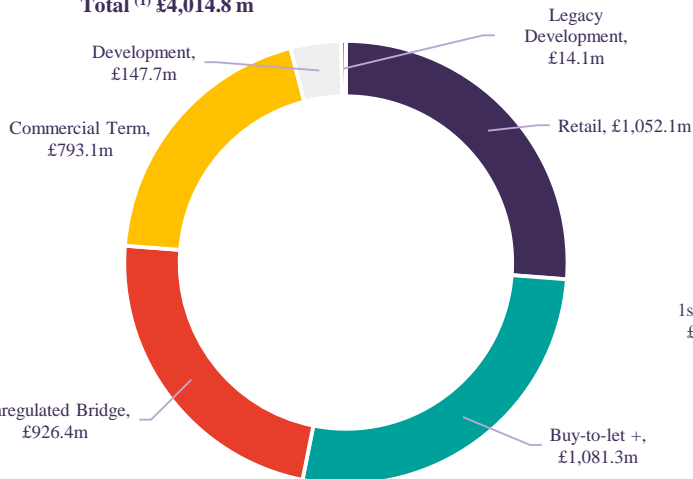
Metric	(£m)		
	FY '21	Q4'21	FY '20
<b>Interest Payable</b>	<b>123.5</b>	<b>30.1</b>	<b>[137.1]</b>
Bond Refinancing Costs	(5.9)	-	(6.7)
<b>Underlying Interest Payable</b>	<b>117.6</b>	<b>30.1</b>	<b>130.4</b>
<b>Net Interest Income</b>	<b>247.4</b>		<b>252.2</b>
Bond Refinancing Costs	5.9	N/a (LTM basis)	6.7
<b>Underlying Net Interest Income</b>	<b>253.2</b>		<b>259.0</b>
<b>Net Operating Income</b>	<b>252.6</b>		<b>254.3</b>
Bond Refinancing Costs	5.9	N/a (LTM basis)	6.7
<b>Underlying Net Operating Income</b>	<b>258.5</b>		<b>261.0</b>
<b>Administrative Expenses</b>	<b>85.2</b>		<b>92.8</b>
Redundancy Costs	(1.7)	N/a (LTM basis)	-
Customer Forbearance	8.2		(17.2)
<b>Underlying Administrative Expenses</b>	<b>92.7</b>		<b>75.6</b>
<b>EBITDA</b>	<b>279.1</b>	<b>70.3</b>	<b>238.4</b>
Redundancy Costs	1.7	(0.2)	-
Exceptional Customer Forbearance	(8.2)	(5.0)	17.2
<b>Underlying EBITDA</b>	<b>272.6</b>	<b>65.1</b>	<b>255.6</b>
<b>PBT</b>	<b>150.3</b>	<b>38.9</b>	<b>94.6</b>
Bond Refinancing Costs	5.9	-	6.7
Redundancy Costs	1.7	(0.2)	-
Exceptional Customer Forbearance	(8.2)	(5.0)	17.2
<b>Underlying PBT</b>	<b>149.7</b>	<b>33.7</b>	<b>118.5</b>
<b>Interest Expense</b>	<b>115.8</b>	<b>20.6</b>	<b>124.9</b>
Bond Refinancing Costs (Call Penalty only)	(5.3)	-	(5.9)
<b>Underlying Interest Expense</b>	<b>110.5</b>	<b>20.6</b>	<b>119.0</b>



# Diversified loan book – consolidated group <sup>(1)(2)</sup>

## Loan portfolio breakdown by loan purpose

Total <sup>(1)</sup> £4,014.8 m



64% secured on residential security

Total Loan Book	Average Loan Size £k	WA Nominal Rate	WA Indexed LTV
<b>Retail</b>	61.4	6.6%	46.8%
<b>Commercial</b>	172.4	8.2%	54.0%
<b>Total</b>	<b>116.9</b>	<b>7.8%</b>	<b>52.1%</b>

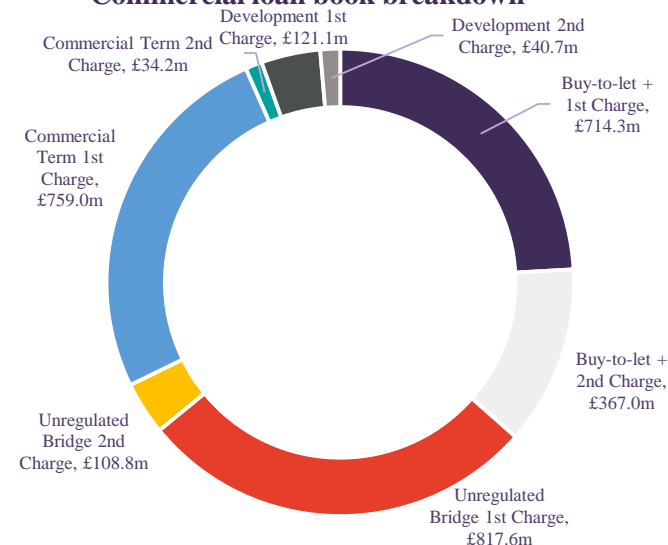
## Retail loan book breakdown



100% secured on residential security

Total Loan Book	Average Loan Size £k	WA Nominal Rate	WA Indexed LTV
<b>1<sup>st</sup> Charge</b>	93.5	5.9%	44.4%
<b>2<sup>nd</sup> Charge</b>	41.1	7.5%	50.1% <sup>(3)</sup>

## Commercial loan book breakdown



51% secured on residential security

Total Loan Book	Average Loan Size £k	WA Nominal Rate	WA Indexed LTV
Buy-to-let 1 <sup>st</sup> Chg.	138.4	6.6%	55.5%
Buy-to-let 2 <sup>nd</sup> Chg.	74.5	7.7%	55.2% <sup>(4)</sup>
Unreg. Bridge 1 <sup>st</sup> Chg.	302.5	9.8%	55.1%
Unreg. Bridge 2 <sup>nd</sup> Chg.	286.3	10.7%	59.6% <sup>(5)</sup>
Comm. Term 1 <sup>st</sup> Chg.	212.4	7.6%	49.5%
Comm. Term 2 <sup>nd</sup> Chg.	128.0	8.2%	44.3% <sup>(6)</sup>
Development 1 <sup>st</sup> Chg.	1,044.0	9.8%	56.9% <sup>(8)</sup>
Development 2 <sup>nd</sup> Chg.	690.5	10.2%	66.1% <sup>(7)(8)</sup>

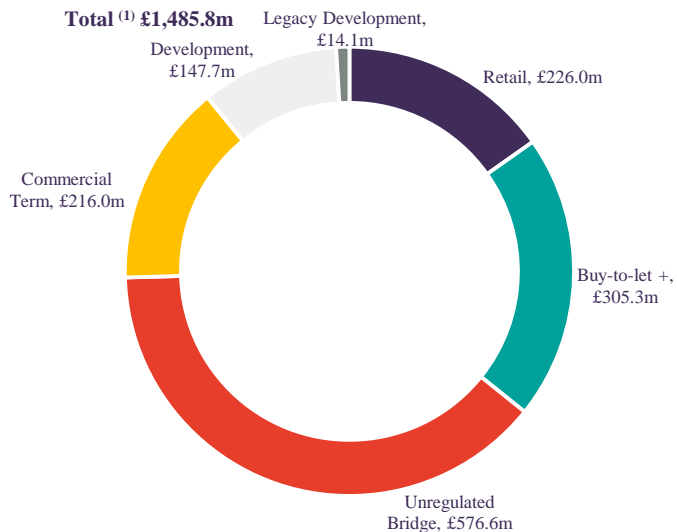
(1) Loan book analysis for core operating subsidiaries is presented after allowances for impairments.  
 (2) All figures are presented on an IFRS 9 basis  
 (3) The 1<sup>st</sup> charge attachment point for the 2<sup>nd</sup> charge retail loan book is 35.8%

(4) The 1<sup>st</sup> charge attachment point for the 2<sup>nd</sup> charge buy-to-let+ loan book is 35.8%  
 (5) The 1<sup>st</sup> charge attachment point for the 2<sup>nd</sup> charge unregulated bridge loan book is 30.2%  
 (6) The 1<sup>st</sup> charge attachment point for the 2<sup>nd</sup> charge commercial term loan book is 24.6%  
 (7) The 1<sup>st</sup> charge attachment point for the 2<sup>nd</sup> charge development loan book is 27.9%  
 (8) LTV of development loans based on origination advance plus further advances divided by valuation at origination plus further advances

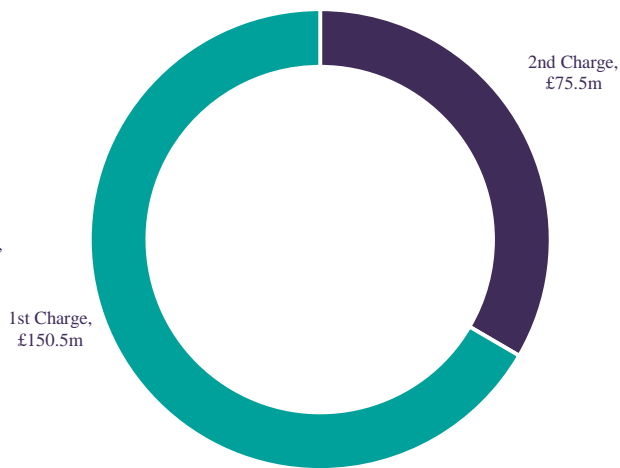


# Diversified loan book – senior borrower group <sup>(1)(2)</sup>

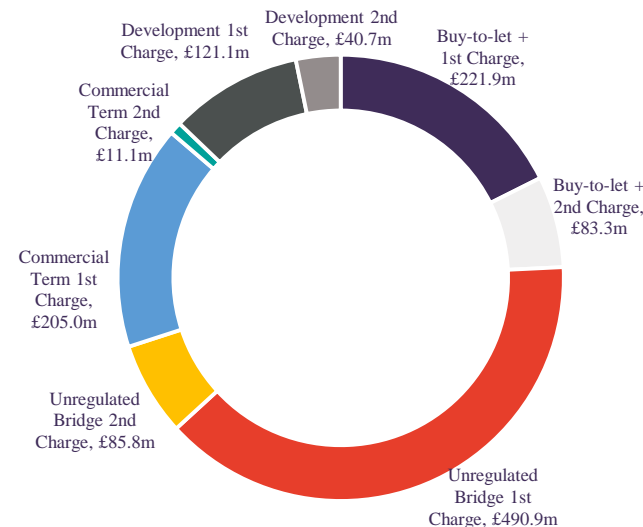
## Loan portfolio breakdown by loan purpose



## 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
<b>Retail</b>	55.8	6.9%	49.2%
<b>Commercial</b>	261.4	8.7%	57.1%
<b>Total</b>	<b>167.5</b>	<b>8.5%</b>	<b>55.9%</b>

100% secured on residential security

Total Loan Book	Average Loan Size £k	WA Nominal Rate	WA Indexed LTV
<b>1<sup>st</sup> Charge</b>	119.1	6.3%	49.5%
<b>2<sup>nd</sup> Charge</b>	27.1	8.1%	48.5% <sup>(3)</sup>

43% secured on residential security

Total Loan Book	Average Loan Size £k	WA Nominal Rate	WA Indexed LTV
Buy-to-let 1 <sup>st</sup> Chg.	186.0	6.4%	61.4%
Buy-to-let 2 <sup>nd</sup> Chg.	75.5	8.3%	54.1% <sup>(4)</sup>
Unreg. Bridge 1 <sup>st</sup> Chg.	363.9	9.8%	56.2%
Unreg. Bridge 2 <sup>nd</sup> Chg.	338.9	10.5%	61.1% <sup>(5)</sup>
Comm. Term 1 <sup>st</sup> Chg.	306.8	7.4%	53.3%
Comm. Term 2 <sup>nd</sup> Chg.	142.0	8.3%	42.8% <sup>(6)</sup>
Development 1 <sup>st</sup> Chg.	1,044.0	9.8%	56.9% <sup>(8)</sup>
Development 2 <sup>nd</sup> Chg.	690.5	10.2%	66.1% <sup>(7)(8)</sup>

(1) Loan book analysis for core operating subsidiaries is presented after allowances for impairments  
 (2) All figures presented are on an IFRS 9 basis.  
 (3) The 1<sup>st</sup> charge attachment point for the 2<sup>nd</sup> charge retail loan book is 34.1%

(4) The 1<sup>st</sup> charge attachment point for the 2<sup>nd</sup> charge buy-to-let+ loan book is 32.3%  
 (5) The 1<sup>st</sup> charge attachment point for the 2<sup>nd</sup> charge unregulated bridge loan book is 31.4%  
 (6) The 1<sup>st</sup> charge attachment point for the 2<sup>nd</sup> charge commercial term loan book is 21.9%  
 (7) The 1<sup>st</sup> charge attachment point for the 2<sup>nd</sup> charge development loan book is 27.9%  
 (8) LTV of development loans based on origination advance plus further advances divided by valuation at origination plus further advances



# Funding structure as at 30<sup>th</sup> Jun '21

Bracken Midco1 Plc  
 Senior PIK Toggle Notes 2023 (5yr NC2)  
 £368m<sup>(1)</sup>  
 S&P: B+; Fitch: B

## Together Financial Services Limited

### Together Commercial Finance (unregulated)

BTL+, Commercial term, Bridging Loans, Developments

### Together Personal Finance (FCA regulated)

1st & 2nd Lien Mortgages, Regulated Bridging Loans, Consumer BTL

#### Bonds

##### SSN 2026

6yr NC2  
 £435m  
 S&P and Fitch: BB-

##### SSN 2027

6yr NC2  
 £500m  
 S&P and Fitch: BB-

#### Bank Facilities

##### RCF 2023

£71.9m Commitment

#### Public RMBS<sup>(2)</sup>

##### TABS1 (called Sep '21)

£93.3m rated notes<sup>(3)(4)</sup> - 50.8% rated Aaa/AAA

##### TABS2

£139.4m rated notes<sup>(3)(4)</sup> - 59.8% rated AAA

##### TABS3

£223.2m rated notes<sup>(3)(4)</sup> - 70.9% rated AAA

##### TABS4

£295.5m rated notes<sup>(3)(4)</sup> - 73.5% rated AAA

##### CRE1

£191.6m rated notes<sup>(3)(4)</sup> - 75.5% rated AAA

##### CRE2

£247.6m rated notes<sup>(3)(4)</sup> - 79.8% rated AAA

Figures above as at 30 Jun '21 reflecting amortisation of facilities

#### Private Securitisations

##### CABS 2023

£1,255 Commitment  
 Moody's: Aa2(sf); DBRS: AA(sf)<sup>(2)</sup>

##### LABS 2023

£500m Commitment

##### DABS 2 2023

£200m Commitment

##### HABS 2025<sup>(5)</sup>

£525m Commitment

##### BABS 2026

£71.2m Commitment<sup>(3)(4)(6)</sup>

**Total shareholder funding £937.0m<sup>(7)</sup>**

(Borrower Group: £652.7m)<sup>(7)</sup>

(1) Increased from £350m following the issue of additional notes due to payment in kind of £18.2m on 8 April 2020

(2) Excludes TABS5 which priced in Sep '21

(3) Rating in respect to the senior notes only

(4) As at 30 June 2021, net of cash receipts received in the month to be applied to reduce notes

(5) HABS refinance took place Sep '21

(6) Brooks ABS executed 2 July 2021

(7) Includes shareholder debt



# Overview of private securitisation structures

Issuer	Charles Street Asset Backed Securitisation	Lakeside Asset Backed Securitisation	Delta Asset Backed Securitisation 2	Highfield Asset Backed Securitisation
<b>Structure</b>	<ul style="list-style-type: none"> <li>Class A – 6 Senior Lenders</li> <li>Class B / C – 4 investor's</li> <li>Sub Note – Together Financial Services</li> </ul>	<ul style="list-style-type: none"> <li>Senior – 5 Senior Lenders</li> <li>Sub Note – Together Financial Services</li> </ul>	<ul style="list-style-type: none"> <li>Senior – 1 Senior Lender</li> <li>Sub Note – Together Financial Services</li> </ul>	<ul style="list-style-type: none"> <li>Senior – 4 Senior Lenders</li> <li>Sub Note – Together Financial Services</li> </ul>
<b>Facility size</b>	<ul style="list-style-type: none"> <li>£1,255m facility size</li> <li>£724.6m issued</li> </ul>	<ul style="list-style-type: none"> <li>£500m facility size</li> <li>£163.0m issued</li> </ul>	<ul style="list-style-type: none"> <li>£200m facility</li> <li>£125.0m issued</li> </ul>	<ul style="list-style-type: none"> <li>£525m facility size</li> <li>£104.1m issued</li> </ul>
<b>Maturity</b>	<ul style="list-style-type: none"> <li>Revolving period September 2022</li> <li>Full repayment September 2023</li> </ul>	<ul style="list-style-type: none"> <li>Full repayment October 2023</li> </ul>	<ul style="list-style-type: none"> <li>Revolving period March 2022</li> <li>Full repayment March 2023</li> </ul>	<ul style="list-style-type: none"> <li>Refinanced in Sep 2021 – Revolving Period ends Sep 2024<sup>(1)</sup></li> <li>Full Repayment Sep 2025<sup>(1)</sup></li> </ul>
<b>Rating</b>	<ul style="list-style-type: none"> <li>Rated by Moody's and DBRS</li> <li>Class A – Aa2 / AA</li> <li>Class B – Baa1 / BBB (high)</li> <li>Class C – Ba1 / BB (high)</li> </ul>	<ul style="list-style-type: none"> <li>NR</li> </ul>	<ul style="list-style-type: none"> <li>NR</li> </ul>	<ul style="list-style-type: none"> <li>NR</li> </ul>
<b>Facility purpose</b>	<ul style="list-style-type: none"> <li>Flexible facility to fund residential property for retail and commercial purpose loans</li> <li>Concentration limits on % of short term loans</li> </ul>	<ul style="list-style-type: none"> <li>Primarily to fund unregulated bridge loans and regulated bridge loans</li> </ul>	<ul style="list-style-type: none"> <li>Primarily to fund unregulated bridge loans and commercial term loans</li> </ul>	<ul style="list-style-type: none"> <li>To fund term loans backed by small balance commercial real estate</li> </ul>
<b>Purchase &amp; recycling of assets</b>	<ul style="list-style-type: none"> <li>Beneficial interest in qualifying loans transferred to Securitisation on a random basis in consideration for full principal balance</li> <li>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)</li> </ul>			
<b>Delinquency<sup>(2)</sup> and loss rate</b>	<ul style="list-style-type: none"> <li>Delinquency rate (arrears &gt;1m) 3.23%</li> <li>Default rate 0.13%</li> </ul>	<ul style="list-style-type: none"> <li>Delinquency rate (arrears &gt;1m) 2.07%</li> <li>Default rate 0.57%</li> </ul>	<ul style="list-style-type: none"> <li>Delinquency rate (arrears &gt;1m) 3.20%</li> <li>Default rate 3.21%</li> </ul>	<ul style="list-style-type: none"> <li>Delinquency rate (arrears &gt;1m) 3.52%</li> <li>Default rate 0.11%</li> </ul>
<b>Excess spread and subordinated debt interest (LTM)</b>	<ul style="list-style-type: none"> <li>Average monthly excess spread of £4.0m</li> <li>Average monthly subordinated debt interest of £0.2m</li> </ul>	<ul style="list-style-type: none"> <li>Average monthly excess spread of £2.6m</li> <li>Average monthly subordinated debt interest of £0.1m</li> </ul>	<ul style="list-style-type: none"> <li>Average monthly excess spread £1.8m</li> <li>Average monthly subordinated debt interest £0.1m</li> </ul>	<ul style="list-style-type: none"> <li>Average monthly excess spread of £1.9m</li> <li>Average monthly subordinated debt interest of £0.1m</li> </ul>

Note: Data as at June 30, 2021

Delinquency rate includes technical arrears

(1) HABS refinanced in Sep '21

(2) Delinquency and default rates calculated on a rolling 3 month average basis



# Glossary

Term	Slide Reference	Definitions
<b>Challenger Banks</b>	14	Close Brothers, One Savings Bank, Paragon, Secure Trust and Shawbrook. Data based upon latest available public figures as at 20 August 2021
<b>Cost of Borrowing</b>	11	Calculated as the LTM Underlying Interest Payable, as stated in Slide 26, minus interest on subordinated debt, all divided by the average of opening and closing gross debt
<b>Cost of Risk</b>	13	Based on rolling 12 months impairment charge / average of opening/closing net loan book
<b>Credit Impaired Originations</b>	7	Originations with credit impaired customers, using the Financial Conduct Authority's definition of 'credit impaired'
<b>Facility Headroom</b>	5, 11, 21	Represents undrawn amounts on existing facilities incl. private securitisations and undrawn RCF through sale of existing and origination of new eligible assets
<b>Immediately Accessible Liquidity</b>	5, 11, 21	Includes Borrower Group unrestricted cash, undrawn available commitments under the RCF and cash available from securitisations through sale of existing eligible assets and takes into account the gearing constraints under our SSN indentures and RCF
<b>Interest Payable</b>	13, 26	Includes Core Interest, non-utilisation fees and fee amortisation
<b>London Prime Property</b>	8	As defined by the Coutts London Prime Index – residential property only
<b>Net Debt : Underlying EBITDA</b>	14	The ratio of net debt (where subordinated loans and notes are treated as equity) to LTM Underlying EBITDA, as stated on slide 25
<b>Reoccurring Loan Advances</b>	15	Reoccurring loan advances are loan advances required to maintain the size of the gross loan book at the beginning of period - calculated as loans originated in the last 12 months less growth in loans & advances over the last 12 months
<b>Underlying Asset Cover</b>	14	Calculated as net debt, divided by the value of net loans and advances to customers of consolidated Group and Senior Borrower Group ('SBG'), all multiplied by the weighted average indexed LTV of net loans and advances to customers of consolidated Group and Senior Borrower Group ('SBG'). Where applied to SBG figures, non-SBG facilities are excluded from the above calculations
<b>Underlying Cost / Income Ratio</b>	13	Calculated as rolling 12 months Underlying Administrative Expenses (as stated on Slide 26), divided by LTM Underlying Net Operating Income, adjusted as stated on Slide 26.
<b>Underlying Interest Cover</b>	14, 15	Represents Underlying EBITDA divided by Underlying Interest Payable on an LTM basis. Where applied to SBG figures, these figures represent SBG Underlying EBITDA (EBITDA minus the interest from non-SBG facilities) divided by Underlying Interest Payable on senior secured notes and RCF on an underlying LTM basis
<b>Underlying NIM</b>	13	Calculated as rolling 12 month Underlying Net Interest Income divided by the average of the opening and closing net loan assets

## Contacts

### **Gary Beckett**

Group Managing Director & Chief Treasury Officer

[gary.beckett@togethermoney.com](mailto:gary.beckett@togethermoney.com)

+44 7733 364 686

### **Mike Davies**

Director of Corporate Affairs

[mike.davies@togethermoney.com](mailto:mike.davies@togethermoney.com)

+44 7753 138 185

### **Iain Wright**

Head of Leveraged Finance

[Iain.Wright@togethermoney.com](mailto:Iain.Wright@togethermoney.com)

+44 7902 127 897