

together.TM
Loans, mortgages & finance.

**2016/17 Q3 Results
Investor Presentation
24 May 2017**



Management Team Participants

Gary Beckett - Group CFO



- Gary is one of the longest serving colleagues at Together, joining the Group in 1994, Gary has overseen much of the organic growth of the Group undertaking a number of roles within the Finance, Operations and Risk and Compliance functions
- Appointed Group CFO in 2001 contributing to the strategic development of the Group, with specific responsibility for financial reporting, taxation and treasury
- 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 and Senior Note issuance facilities
- In October 2016 Gary successfully led the refinancing of the Senior Notes and in November 2016 executed the PIK Toggle Notes issuance to acquire the Equistone interests
- Gary is a qualified Chartered Accountant

Mike Davies – Director of Corporate Affairs



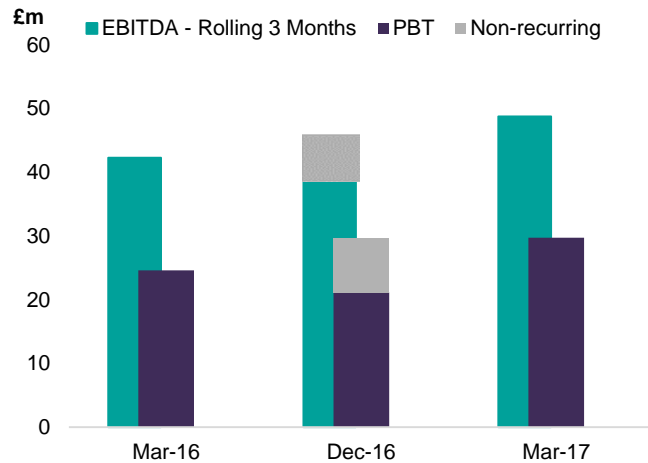
- Mike joined Together in 2017 to lead the Group's Investor Relations Programme
- He was previously Managing Partner of the Financial Institutions Group at international communications consultancy, Instinctif Partners, where his experience included floating and advising Shawbrook Group, Arrow Global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

Agenda

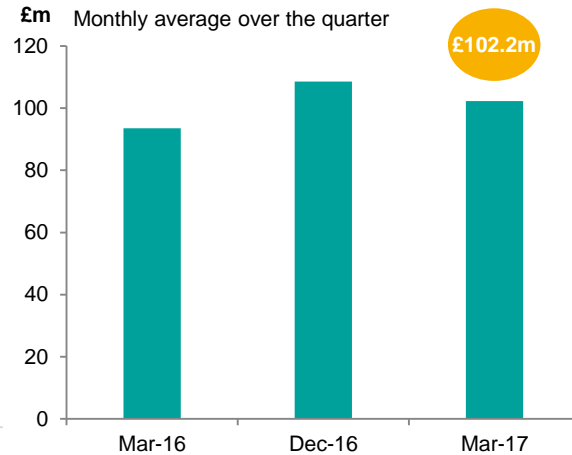
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Increasingly Strong Performance

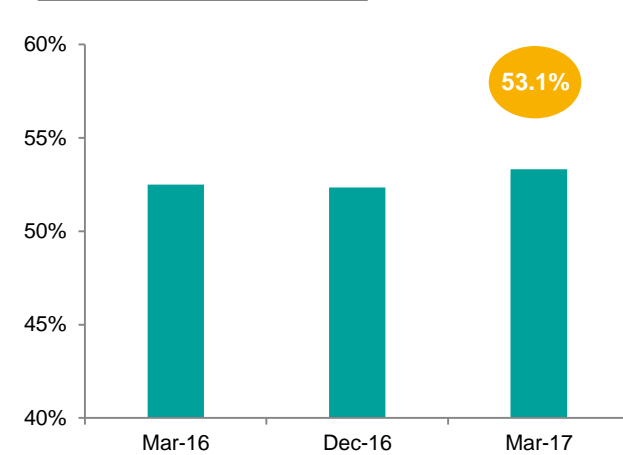
Strong growth in EBITDA



Robust Lending Volumes



Low Loan Book LTVs



- Sustained quarterly growth in underlying EBITDA of £48.8m (prior quarter £47.2m)
- Underlying PBT remained stable at £29.7m, following the prior quarter revision from £30.0m to £29.7m, following the adjustment of certain intercompany loans now being reflected at their fair value and repayment (with the ability to redraw) of the CABS programme on issuance of the £200m senior secured notes, therefore increasing the Groups funding cost
- Execution of both £200m Senior Secured Notes issuance and the £90m Delta ABS programme, provide significant additional liquidity for origination growth
- New origination volumes remained strong, although down slightly on the prior quarter, with average monthly originations of £102.2m (prior quarter £108.6m), reflective of the seasonally slower months
- Loans and Advances grew by 7.1% up £140.6m during the quarter and now stands at £2.13bn (up 22.4% on prior year) with the weighted average indexed LTV still very conservative at 53.1% (prior quarter 52.4%)

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Growth in Profits and Lending Volumes

	Mar-16	Dec-16 ¹	Mar-17
Income	56.1	61.1	63.5
Impairment Losses £m	3.7	2.4	2.6
EBITDA £m	42.3	38.7	48.8
Underlying EBITDA £m	42.3	47.2	48.8
Interest Payable £m	17.3	17.2	18.4
PBT £m ⁵	24.6	20.9	29.7
Underlying PBT £m ⁵	24.6	29.7	29.7
Net Interest Margin ²	9.0%	8.7%	8.5%
Cost / Income Ratio ³	27.1%	28.6%	29.0%
	Mar-16	Dec-16	Mar-17
Cash Receipts £m	233.6	255.6	231.1
Originations £m	280.6	325.8	306.7
Origination LTV ⁴	56.3%	54.4%	58.2%
Origination Nominal Interest ⁴	10.7%	10.5%	9.9%

- Income increased in the period reflecting growth in the loan book
- Impairment (£2.6m) remains at just 0.1% of the loan book at March 2017
- NIM reduced slightly due to compression of interest rates in new originations whilst funding rates have slightly increased due to the issuance of the £200m SSN paying down cheaper debt in the short term.
- Monthly originations averaged £102.2m slightly down from £108.6m on the prior quarter due to seasonally slower trading months, rebounding in March to £131.4m
- Origination LTV's have increased in the quarter however still remain conservative at 58.2%
- Nominal rates have reduced during the quarter to 9.9% reflecting in part a change in mix towards Retail and BTL business along with some compression in rates as we expand our product set

1 Adjusted for £8.8m of exceptional costs on completion of the acquisition of the minority interest shares

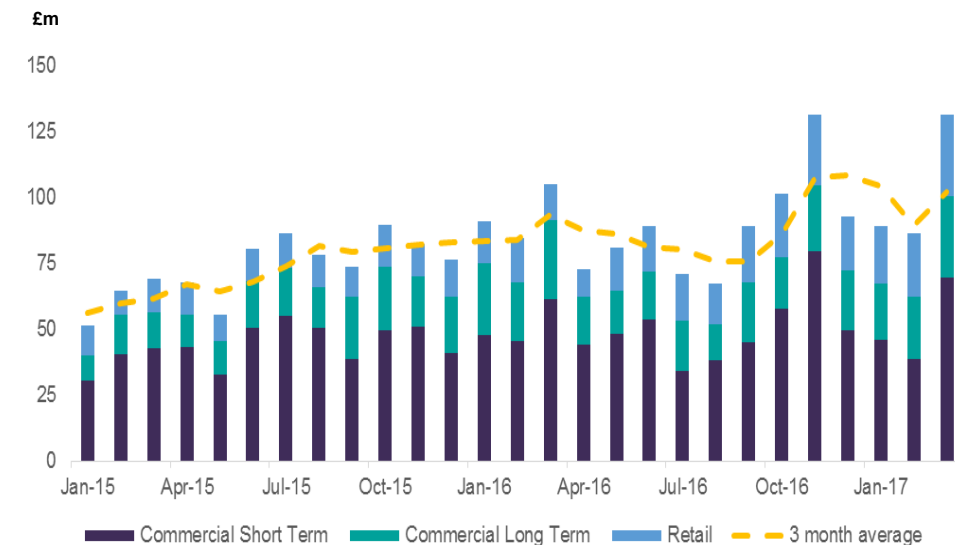
2 Calculated as LTM net interest income / average opening and closing loan assets

3 Operating expenses excluding impairment, financing costs, and tax / Net operating income

4 Excludes Further Advances

5 Dec 16 PBT adjusted to reflect certain intercompany loans now represented at their fair value Loans, mortgages & finance.

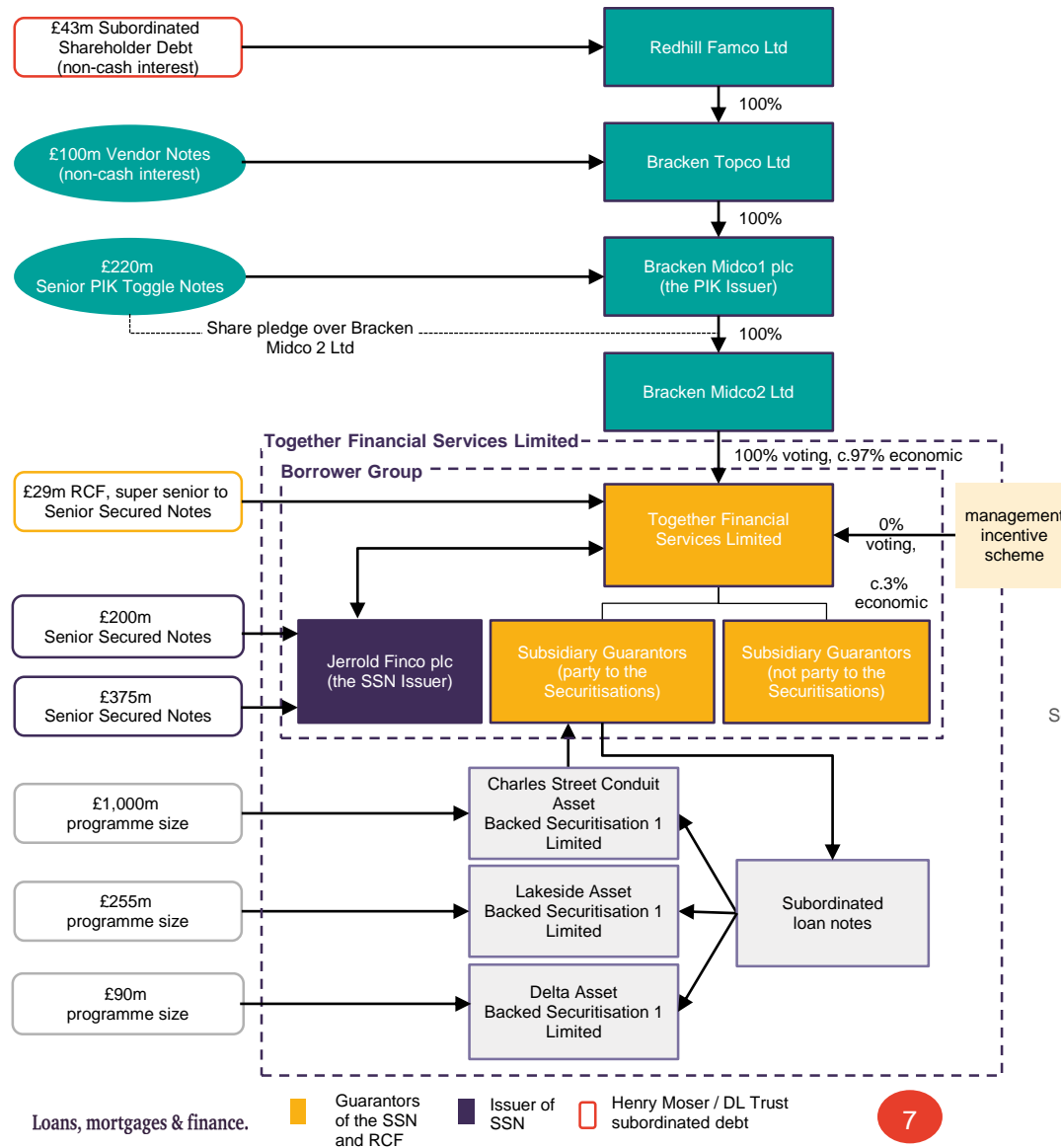
Monthly Loan Advances



Small amount of development loan advances included in Commercial totals

Corporate funding structure

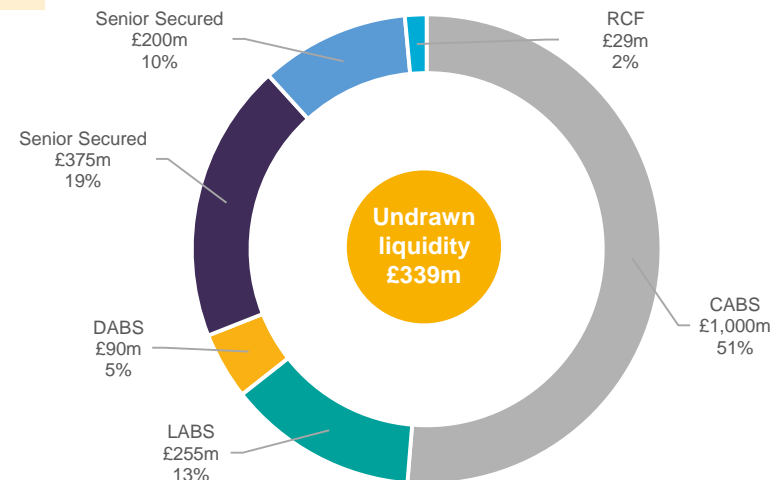
Group Legal & Finance Structure as at 30 April 2017



Liquidity and Funding

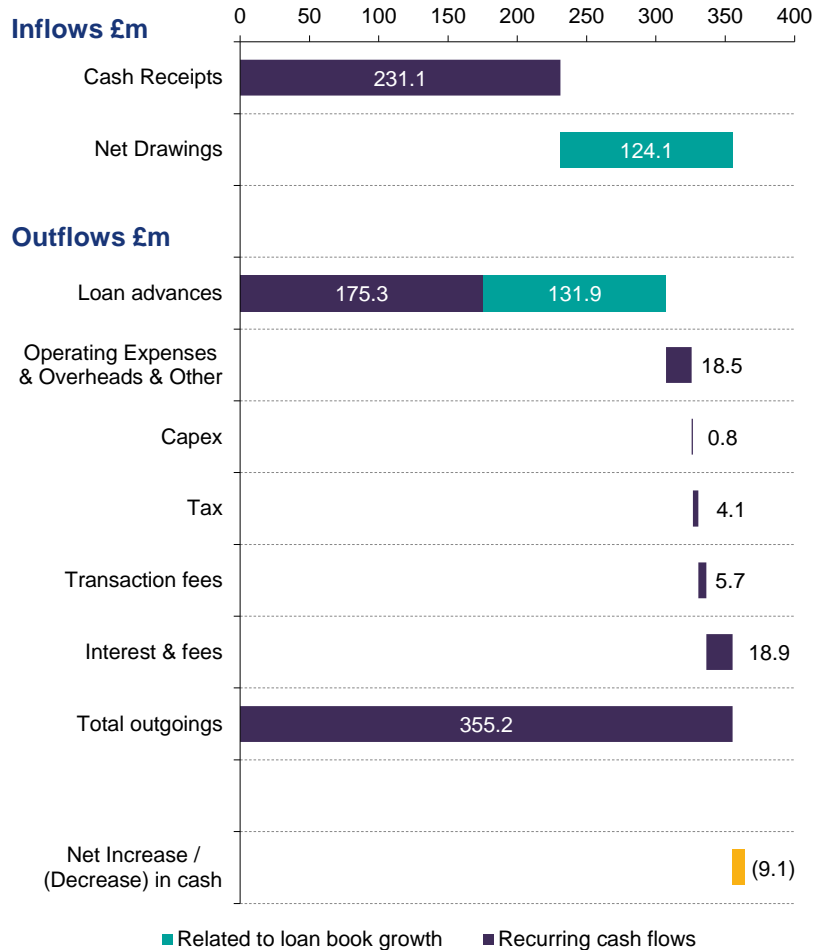
- On 25 January 2017 executed a new securitisation funding line of £90m to support the origination of new short term commercial purpose loans
- 22 February 2017 settlement of £200m Senior Secured Notes Issuance, 7 year NC3
- Diversified funding structure with average maturity of 4.0 years (as at 30 April 2017)
- High level of liquidity, with total undrawn committed funding of £339m and unrestricted cash of £77.9m (as at 30 April 2017) and average monthly cash receipts of circa £77m for the 3 months to 31 March 2017

Diversified Funding Base as at 30 April 2017



Highly Cash Generative

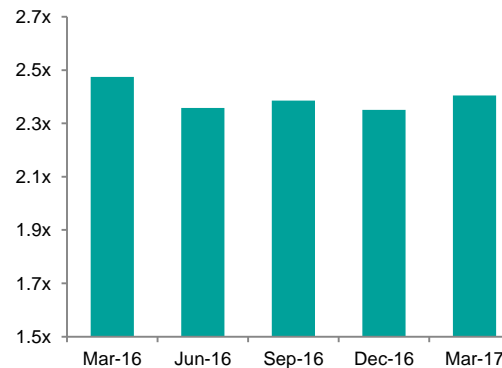
Quarterly Cash-flow



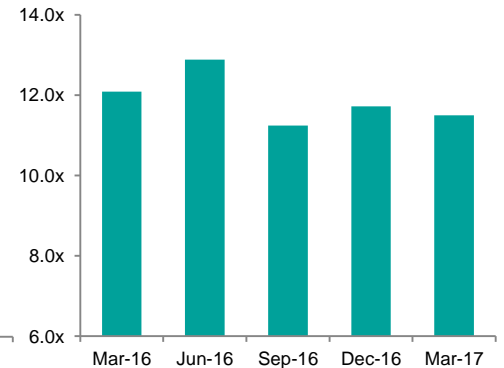
High Levels of Cash Generation

- Quarterly consolidated group cash receipts of £231.1m
- Net increase in outstanding debt of £124.1m in the period made up of i) reduction in loan notes of £120m and decrease in cash of £1.7m under the Charles Street securitisation programme ii) £200m increase in the senior notes programme iii) an increase of £55m and increase in cash of £0.8m under the Delta securitisation programme, iv) reduction in loan notes of £20m and decrease in cash of £0.1m under the Lakeside securitisation programme and v) a decrease of £8.0m of borrower group cash
- New originations of £307.3m with £131.9m related to loan book growth (prior quarter £130.4m)
- Expenses including overheads, capex and tax has increased by £3.3m to £19.3m (prior quarter £20.1m)
- Quarterly cash interest of £18.9m
- Interest cover stable and above 2x and significantly higher on a cash basis

EBITDA / Interest Cover^{1, 3, 4}



Cash Interest Cover²



¹Sept-16 Adjusted for £14.5m of costs associated with the early refinancing of the £300m Senior Secured Notes

³Rolling 12 Months

⁴Includes debt issuance costs

²Calculated 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			Notes
	Mar-16	Dec-16 ⁸	Mar-17	Mar-16	Dec-16 ⁷	Mar-17	
Loan Ledger after impairment (£m)	1,740.0	1,988.6	2,129.2	580.2	643.5	910.8	1 Subordinated shareholder notes / intercompany loans treated as equity
Shareholder funds (£m) ⁽¹⁾	558.3	612.1	638.5	272.1	274.8	337.5	2 Ratio of net borrowings to the value of the Consolidated Group loan ledger after impairment & Ratio of net senior secured borrowings to the value of the Borrower Group loan ledger after impairment
WA Indexed LTV ⁽⁵⁾	52.5%	52.4%	53.1%	58.6%	56.9%	56.4%	3 Ratio of net borrowings to the value of the Consolidated Group underlying security valuation & Ratio of net senior secured borrowings to the value of the Borrower Group underlying security valuation
Gearing ⁽²⁾	67.7%	68.6%	69.9%	53.4	57.2%	63.3%	4 Calculated on 12 month basis
Underlying Asset Cover ⁽³⁾	35.5%	35.9%	37.1%	31.3%	32.5%	35.7%	5 Indexed LTVs are calculated after impairment provisions under IFRS
EBITDA margin ^{(4) (8)}	76.7%	74.9%	75.3%	n/a	n/a	n/a	6 Excludes debt issuance costs
Net Debt : EBITDA ^{(1) (4) (7)}	7.49x	7.85x	8.25x	2.38x	2.79x	4.20x	7 Reflects the £200m issuance on a non pro-forma basis
Gross debt : Shareholder funds	2.19x	2.35x	2.43x	1.21x	1.36x	1.71x	8 Adjusted for £8.8m of exceptional costs on completion of the acquisition of the minority interest shares
ROE % ^{(1) (4) (9)}	14.2%	14.1%	14.7%	17.1%	17.0%	17.6%	9 PAT adjusted to add back associated interest to shareholder intercompany loans
Interest Cover ^{(4) (6)}	2.70x	2.71x	2.78x	4.14x	4.59x	4.83x	
Net Interest Margin ⁽⁴⁾	9.0%	8.7%	8.5%	n/a	n/a	n/a	

Low Levels of Financial Gearing

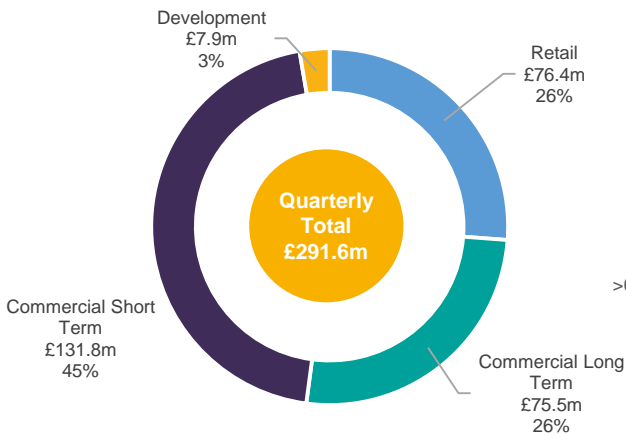
- Shareholder funds stand at 638.8m up £26.7m on the prior quarter
- March 17 financial statements include a re-presentation of intercompany loans owed to parent company to reflect fair value. No impact to shareholder funds as presented above.
- Significant asset backing - low levels of financial gearing and high level of equity in underlying properties
- Low Gearing levels at 69.9% for the Group and 63.3% for the Borrower Group
- Prudent underlying asset cover at 37.1% for the Group and 35.7% for the Borrower Group
- Attractive profit margins, underlying EBITDA margin maintained above 70% and low cost base
- Net senior secured leverage of 8.25x for the Group and 4.20x for the Borrower Group

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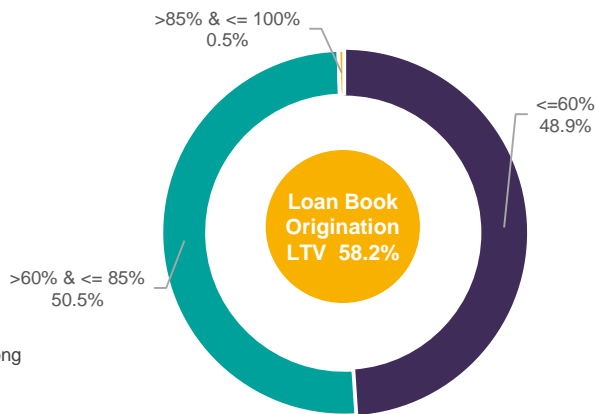
High Quality Underwriting Focused on Low LTVs and Residential Security

New Business Loan Purpose - Quarter

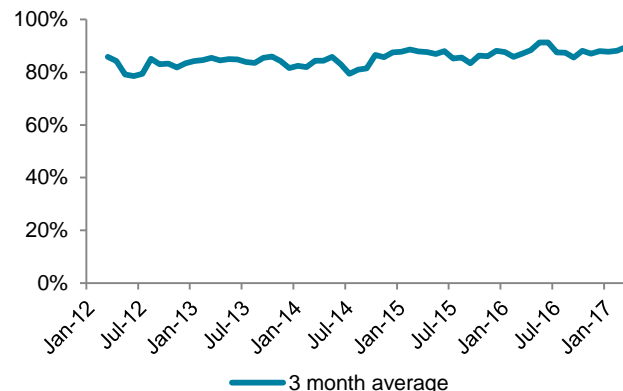


This total excludes £15.1m of further advances

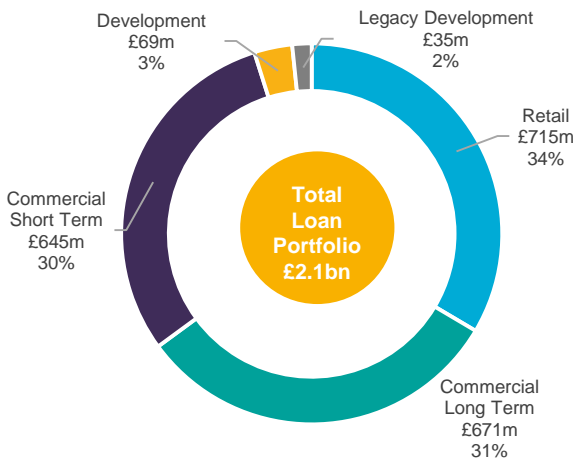
Origination LTVs LTM



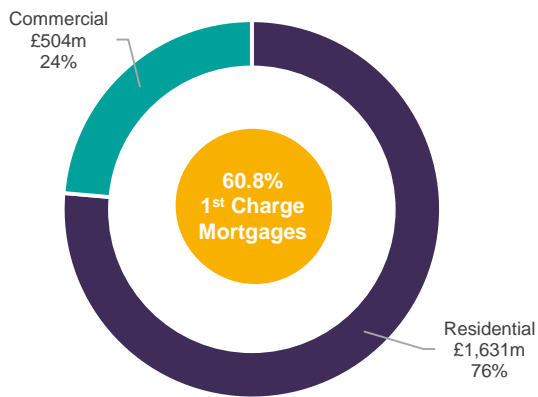
% Customers Not Credit Impaired



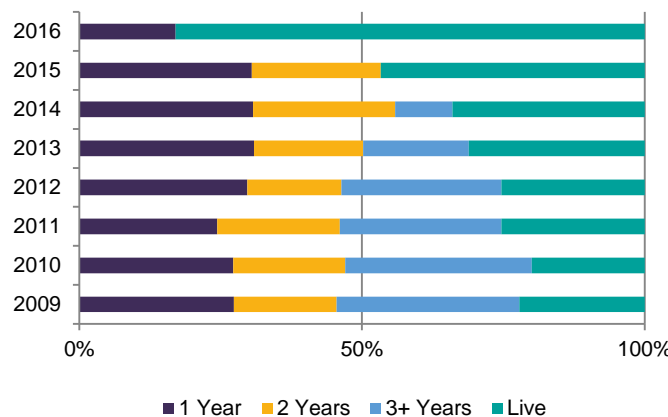
Loan Portfolio Breakdown by Loan Purpose



Loan Portfolio: 76% Residential Security

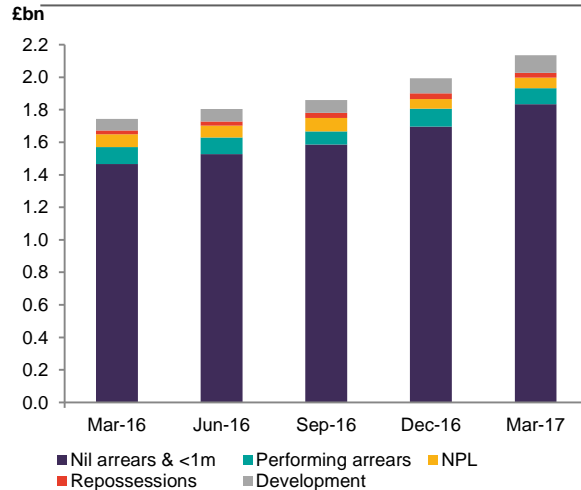


Redemption Rates (by loan vintage)

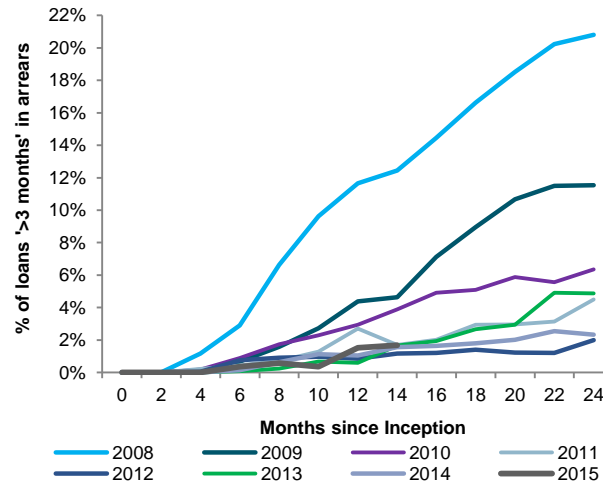


Continued Improvement in Loan Book Quality

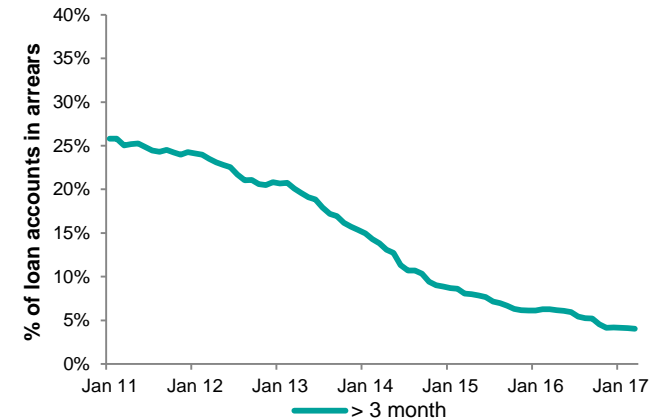
Loan Book Segmentation



>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 84.8% in June 2013 to 95.2% in March 2017 and the Borrower Group has increased from 67.0% to circa 88.1% over the same period (excluding development loans)
- The development loan book, reported net of impairment provisions, stands at £104m up from £94m in December 2016 given a number of new loans written at conservative LTV's representing good lending opportunities. Overall we can show a healthy reduction to £35.0m (£36.0 December 2016) of legacy loans written pre 2010, down from £90m in June 2013

Low LTV provides significant downside protection

LTV's remain conservative at 53%

- The WA indexed LTV of the total loan portfolio is 53.1% and 56.4% for the Borrower Group
- Percentage of loans in the Borrower Group with an origination LTV of > 75% is 10.0% reflecting the very conservative approach to loan origination

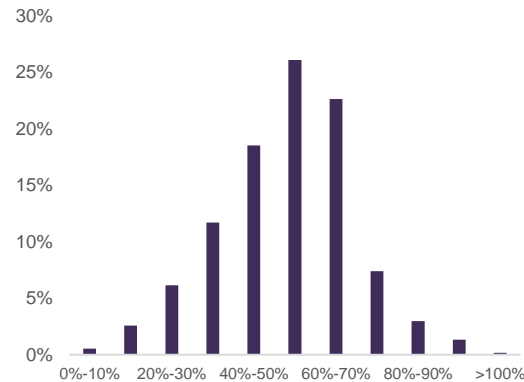
Loans in Negative Equity

- The Group had negative equity exposure of £20.7m, this exposure is supported by £30.3m of provisions
- 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

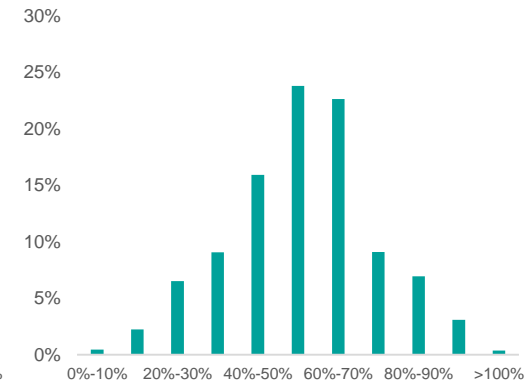
Downside Scenario Analysis

- We estimate that for the Group 10% and 20% falls in property values would result in additional exposure to negative equity of £7.7m and £20.2m respectively
- We estimate for the Borrower Group 10% and 20% falls in property values would result in additional exposure to negative equity of £7.6m and £19.6m respectively
- This does not include the excess impairment provisions held of £9.6m for the Group and £8.4m for the Borrower Group

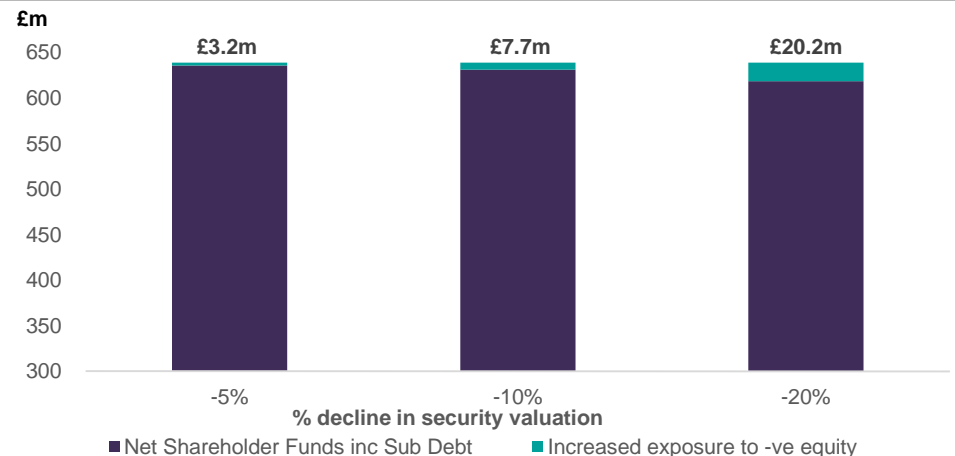
Loan Book by Indexed LTV



Borrower Group Indexed LTV



Estimated Impact of Declining Security Valuations



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Planning for the Future

Continued significant investment to support our strategic growth objectives

Governance

- Continued good progress on operationalising governance project
 - Personal and Commercial Finance Boards and Audit & Risk Committees fully established

People

- Continued build out of divisional management teams
- Launch of the “Together DNA” initiative to ensure promotion of our vision, mission and beliefs
- Further investment and development of our customer and colleague insight programme

Products & Distribution

- Extension of product suite:
 - Enhancements to regulated bridging and first charge residential products
 - Full refresh and simplification of unregulated bridging product portfolio
- Further development of distribution channels:
 - Auction Digital phase 1 launched. Offers an integrated application form, sales lead management and an online auction calculator, with the aim to attract more website traffic
 - New streamlined Bridge application process which focusses on speed and simplicity, ability to produce a quote in 60 seconds and offers in just two minutes

IT & Operational Infrastructure

- Continued enhancement of core IT platforms using on-shore / off-shore development team. Plans for digital transformation over the next few years including cloud, digital, analytics and algorithmic rules
- Significant IT releases this quarter:
 - Enriched Back Office systems including Collections, Customer Care and payments
 - Implementation of regulatory ICR BTL
 - New services created - Decision-in-Principle for 1st charge in just 10 minutes
 - We operate dual anti-virus and firewall solutions, including zero-day threat prevention. 100% of security patches are applied into the DMZ and 95% into the remainder of the estate (the remaining 5% rejected as not relevant). External devices are encrypted and we regularly penetration test our externally facing network. We were unaffected by the recent global cyber-security incident.

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Strategy and Outlook

Strategic Growth Objective:

Enhance our position as a respected specialist secured lender and deliver value to key stakeholders

Focus on niche secured mortgage market segments

Increase lending volumes and grow loan book

Generate increased returns while maintaining prudent risk profile

- Operate in profitable underserved segments of the secured mortgage market
- Provide a service tailored to meeting our customers needs
- Offer a balanced and diversified loan product portfolio with potential to extend our product range and leverage our existing service platform
- Extend competitive advantage through continued investment in people, technology, products, distribution and governance
- Maintain prudent risk management within an efficient, compliant and inspiring environment with continued focus on affordability assessments, repayment strategies and low LTV's
- Increase earnings and prudently extend debt facilities and maturities to ensure the financial platform to support our growth plans
- Maintain high degree of visibility on future earnings and cash-flow from secured £2.1bn loan book at 53.1% weighted average indexed LTV and 8.5% NIM

Positive growth outlook:

- While Brexit uncertainties remain, greater opportunities are expected in the specialist finance sector
- Together has a proven business model, resources and demonstrable track record of successful trading through the economic cycle to take advantage of growth opportunities

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Questions and Answers Session

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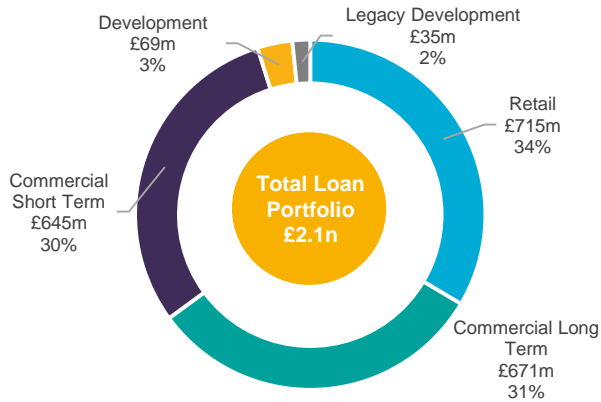
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Overview of securitisation structure

Issuer	Charles Street Asset Backed Securitisation	Lakeside Asset Backed Securitisation	Delta Asset Backed Securitisation
Note purchasers	<ul style="list-style-type: none"> Barclays, HSBC, Lloyds, Natixis and HSBC 	<ul style="list-style-type: none"> Lloyds, Natixis and HSBC 	<ul style="list-style-type: none"> Goldman Sachs Private Capital
Facility size	<ul style="list-style-type: none"> £1,000m facility size £795m issued 	<ul style="list-style-type: none"> £255m facility size £170m issued 	<ul style="list-style-type: none"> £90m facility £70m issued
Maturity	<ul style="list-style-type: none"> Revolving period January 2020 Full repayment January 2021 	<ul style="list-style-type: none"> Full repayment August 2018 	<ul style="list-style-type: none"> Revolving period January 2020 Full repayment January 2021
Rating	<ul style="list-style-type: none"> Rated Aa2 (sf) by Moody's and AA (sf) by and DBRS 	<ul style="list-style-type: none"> Not rated 	<ul style="list-style-type: none"> Not rated
Structure	<ul style="list-style-type: none"> Loan pool collateral £974.9m Together Financial Services subordinated loan notes Net advance rate 76% 	<ul style="list-style-type: none"> Loan pool collateral £221.2m Together Financial Services subordinated loan notes Net advance rate 74% 	<ul style="list-style-type: none"> Loan pool collateral £80.7 Together Financial Services subordinated loan notes Net advance rate 83%
Facility purpose	<ul style="list-style-type: none"> Flexible facility to fund all asset types Concentration limits on % of short term commercial purpose loans 	<ul style="list-style-type: none"> Primarily to fund new short term commercial purpose loans and loans secured on commercial property 	<ul style="list-style-type: none"> Primarily to fund new short term commercial purpose loans and loans secured on commercial property
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 and loss rate	<ul style="list-style-type: none"> Delinquency rate (arrears > 1m) 3.1% LTM £31.8m of loans were repurchased 	<ul style="list-style-type: none"> Delinquency rate (arrears > 1m) 0.3% LTM £5.5m of loans were repurchased 	<ul style="list-style-type: none"> Delinquency rate (arrears > 1m) 0.0% £nil of loans were repurchased since inception (Jan 17)

Diversified loan book – consolidated group

Loan Book Breakdown by Loan Purpose



76% secured on residential property

Total Loan Book	Average loan size £k	WA Nominal Rate	WA Indexed LTV
Retail	35.4	9.5%	48.8%
Commercial	140.3	11.2%	53.7%
Development	433.5	12.4%	73.9%
Total	71.5	10.7%	53.1%

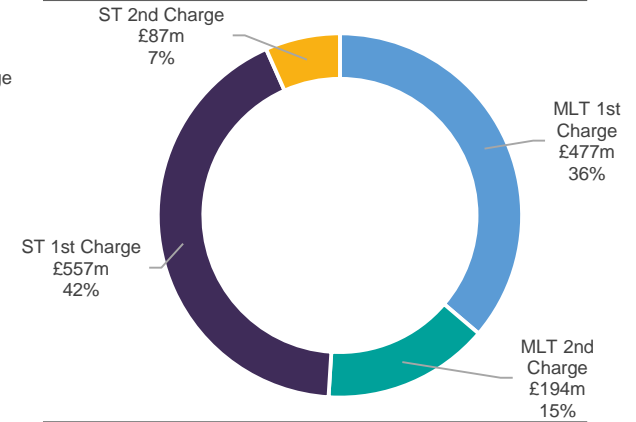
Retail Loan Book Breakdown



100% secured on residential property

Retail Loan Book	Average loan size £k	WA Nominal Rate	WA Indexed LTV
1st Charge	67.0	8.4%	44.3%
2nd Charge	30.2	9.9%	50.4%

Commercial Loan Book Breakdown



64% secured on residential property

Commercial Loan Book	Average loan size £k	WA Nominal Rate	WA Indexed LTV
ST 1st Charge	298.5	13.1%	56.9%
ST 2nd Charge	227.2	13.9%	54.6%
MLT 1st Charge	112.2	9.4%	50.0%
MLT 2nd Charge	67.5	9.2%	53.5%

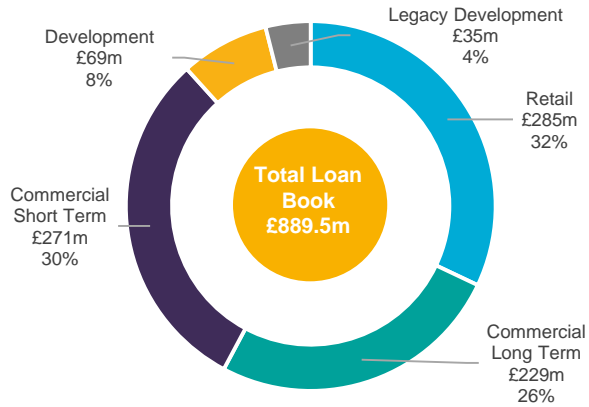
Note:

ST = Short term.

MLT = Medium + Long term.

Diversified Loan Book – Borrower Group

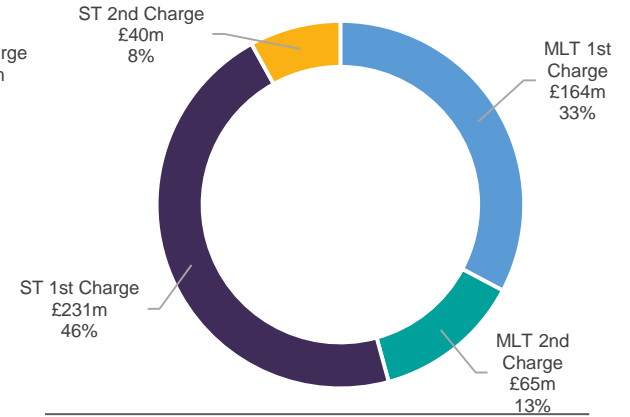
Loan Book Breakdown by Loan Purpose



Retail Loan Book Breakdown



Commercial Loan Book Breakdown



75% secured on residential property

Total Loan Book	Average loan size £k	WA Nominal Rate	WA Indexed LTV
Retail	33.3	9.6%	50.3%
Commercial	158.7	11.4%	56.2%
Development	433.5	12.4%	73.9%
Total	74.5	10.9%	56.4%

100% secured on residential property

Retail Loan Book	Average loan size £k	WA Nominal Rate	WA Indexed LTV
1st Charge	72.4	8.0%	45.6%
2nd Charge	27.1	10.2%	52.3%

61% secured on residential property

Commercial Loan Book	Average loan size £k	WA Nominal Rate	WA Indexed LTV
ST 1st Charge	415.7	12.8%	58.5%
ST 2nd Charge	189.8	14.1%	59.9%
MLT 1st Charge	118.9	9.4%	52.6%
MLT 2nd Charge	64.7	9.3%	54.6%

Note:

ST = Short term.

MLT = Medium + Long term.