



July 2019



CITY OF LONDON GROUP PLC

City of London Group is the parent company of a number of businesses focused on serving two key segments, the UK SME market and home reversion



CAML provides debt and asset finance to SMEs



Established in 2011



Works through broker channels



Loan book approx. £16m



Focus on equipment finance, professional and commercial loans

MILTON HOMES



Owens a portfolio of home reversion plans



Residential property investments of approx. £71m and a vacant possession value of £96m



Established in 2004. At 31 March 2019, the business had 570 plans, secured on 510 properties



Is a liquidating asset generating c £2m of cash per annum



P&FS offers property and bridging loans for acquisitions, refinancing, refurbishments and development



Established in 2018



Loan terms are structured to fit individual business plans, bespoke to the customer



Has already sanctioned £14m in deals



Established in 2008 as an independent intermediary



Whole of market broker for insurance, mortgages, pensions, commercial loans and investments



Serving Private Clients and SMEs with strong emphasis in the Property Sector



Arranged over £150M of commercial debt

Recognise



Established in 2018 to provide financial services to the UK SME sector



Targets an underserved but growing business customer population



Customer proposition will be centred on business understanding, responsiveness, expertise, accessibility, flexibility and fairness. Enabled by a market leading IT platform.



Banking licence application progressed

THE OPPORTUNITY

“A new UK-based SME bank focused on service excellence, speed of execution, flexible structuring and durable customer relationships.”

MARKET DYNAMICS- SME BANK OPPORTUNITY



5.7 million SMEs in the UK and growing



SME new lending market approx. £5.5bn per quarter








Strong political and regulator support for more new entrants (CMA5 currently hold 90% of market share)

We require circa 4,500 borrowers or 0.1% market share to achieve our 5 year target

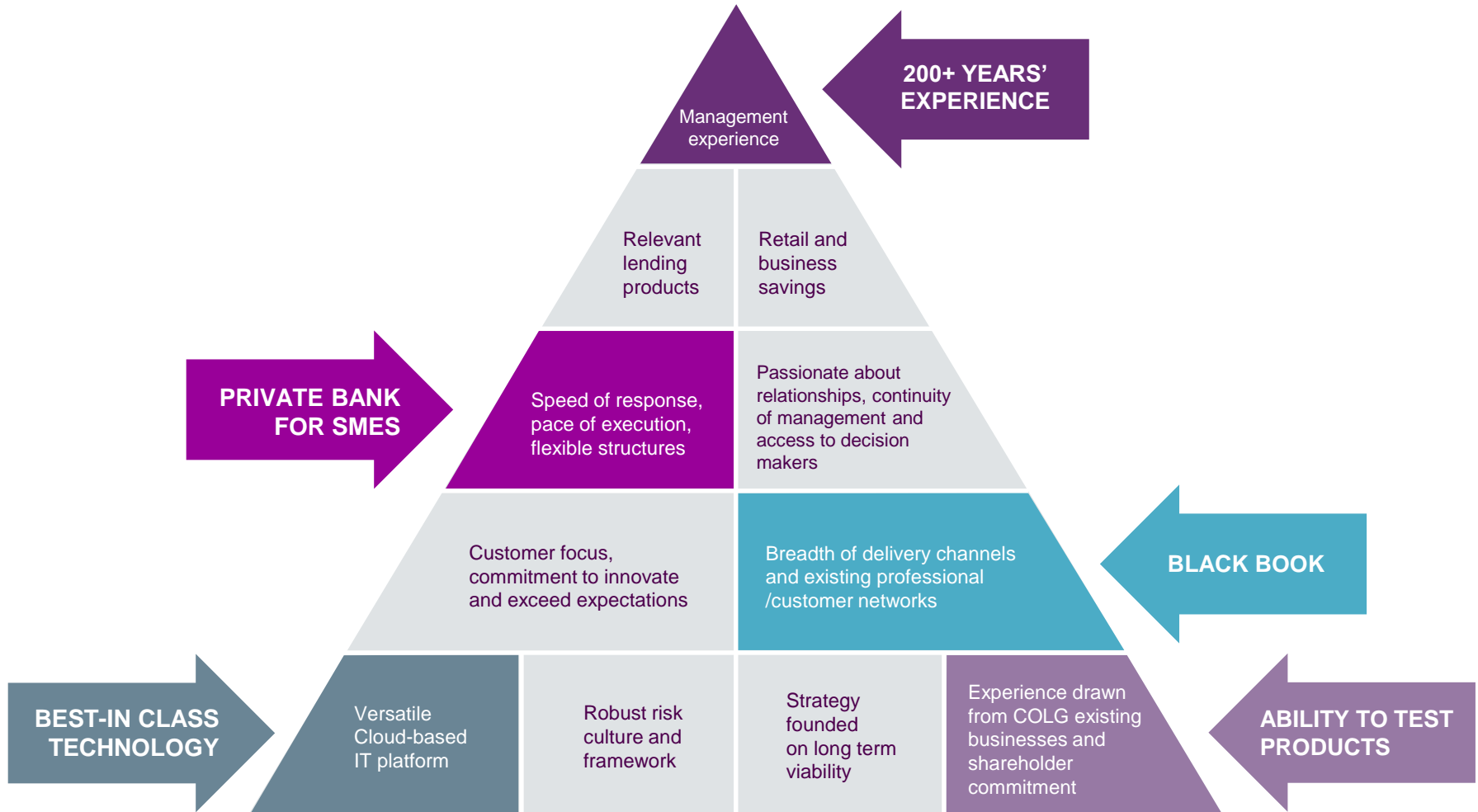
PRA Business Plan 2018/19 – in the next 3 years expect around 20-30 new banks

SME NEW* ENTRANTS HAVE DEMONSTRATED EARLY PROFITABLE GROWTH

NAME	RESULTS	LENDING TO CUSTOMERS (£M)	DEPOSITS TO CUSTOMERS (£M)	PROFIT BEFORE TAX (£M)	NET MARGIN	COST/ INCOME RATIO	CET1 RATIO	COMMENTS	RETURN ON EQUITY	LOAN TO DEPOSIT RATIO
Aldermore	Jun 18'	8,991 (+20%)	7,776 (+16%)	195 (+52%)	3.5%	46%	12.3%	Acquired by FirstRand and delisted from LSE in Mar/18	13.9%	116%
 Shawbrook Bank	Dec 18'	5,845.9 (+21%)	4,977.9 (+3%)	110 (+27%)	5.1%	51%	12.3%	The Group is now 100% owned by BC Partners and Pollen Street Capital	16.1%	117%
 Cambridge & Counties Bank	Dec 18'	769 (+11%)	901 (13%)	28 (+14%)	4.6%	34%	16.8%	Additional capital of £31m injected by existing S/H	22.3%	85%
 HTB	Dec 17'	632 (+36%)	596 (+14%)	10 (+125%)	5.1%	58%	21%	Launch of Specialist Business finance with senior hires	9.3%	106%
 OakNorth <small>Lending for entrepreneurs by entrepreneurs</small>	Dec 18'	1,297 (+113%)	1,185 (+139%)	34 (+220%)	6.3%	37%	26%	£100m of Reg Capital raised in 2018	19.0%	109%
 PCF BANK	Sep 18'	186.26 (+222%)	191.14 (+260%)	7 (-22%)	7.7%	32%	20.8%	Acquisition of Azure Ltd lead to increase in £16.5 million loan book	19.9%	96%

*opened post 2010

WHY WILL RECOGNISE BE SUCCESSFUL?



RECOGNISE EXECUTIVES – A TEAM WITH DEEP EXPERIENCE



JASON OAKLEY

Chief Executive Officer

33 years' experience

MD of Commercial Banking & Mortgages at Metro Bank. Head of SME at NatWest & RBS.



BRYCE GLOVER

Deputy Chief Executive Officer

36 years' experience

Formerly MD of Commercial Banking at Alliance & Leicester/Santander; Commercial Director at Nationwide BS responsible for a £22bn lending portfolio. NED and Chair of Group Risk Committee at Newcastle Building Society.



ADRIAN GOLUMBINA

Chief Financial Officer

23 years' experience

Previously Finance Director of three large divisions of Network Rail, Group FD of Euroway Group and FD of Hanco ATM Systems Ltd.



RICHARD LUMLEY

Chief Risk Officer

30 years' experience

Head of Credit at Northern Trust, Senior risk consultant in market risk at Deutsche and Deputy Chief Risk Officer at SMBC Nikko.

RECOGNISE EXECUTIVES – A TEAM WITH DEEP EXPERIENCE



MARK BAMPTON

Chief Credit Officer

31 years' experience

Former National Head of Commercial Property Finance at Nationwide BS. Retail banking with NatWest & SME business deposit taking operation at Nationwide BS.



JAMES BLOWER

Chief Marketing & Savings Officer

24 years' experience

Former Savings Director of Shawbrook and Masthaven Banks and ex-Marketing Director of specialist lender, Pepper Money. Founder of Savings Guru which has worked with eight new entrants to the savings market.



MARTIN PARSONS

Managing Director of Asset Finance

31 years' experience

Former Director of Universal Leasing Ltd and Head of European Business Development for Barclays and CitiCapital.



MONICA VALESQUEZ

Chief Technology Officer

4 years' experience

Former Technology Consultant at PwC. Banking Authorisation, IT service and risk management. Has recently advised 6 banking licence applicants. Qualifications include both Electronic Engineering and Management.

PRODUCT PROPOSITION

LOANS



USE: Commercial Property/Working Capital/Professional Buy-to-Let/Refurbishment/Asset Finance/Bridging Finance/General Purposes



SIZE: up to £2.5m



TERM: 3 months to 5 years

DEPOSITS



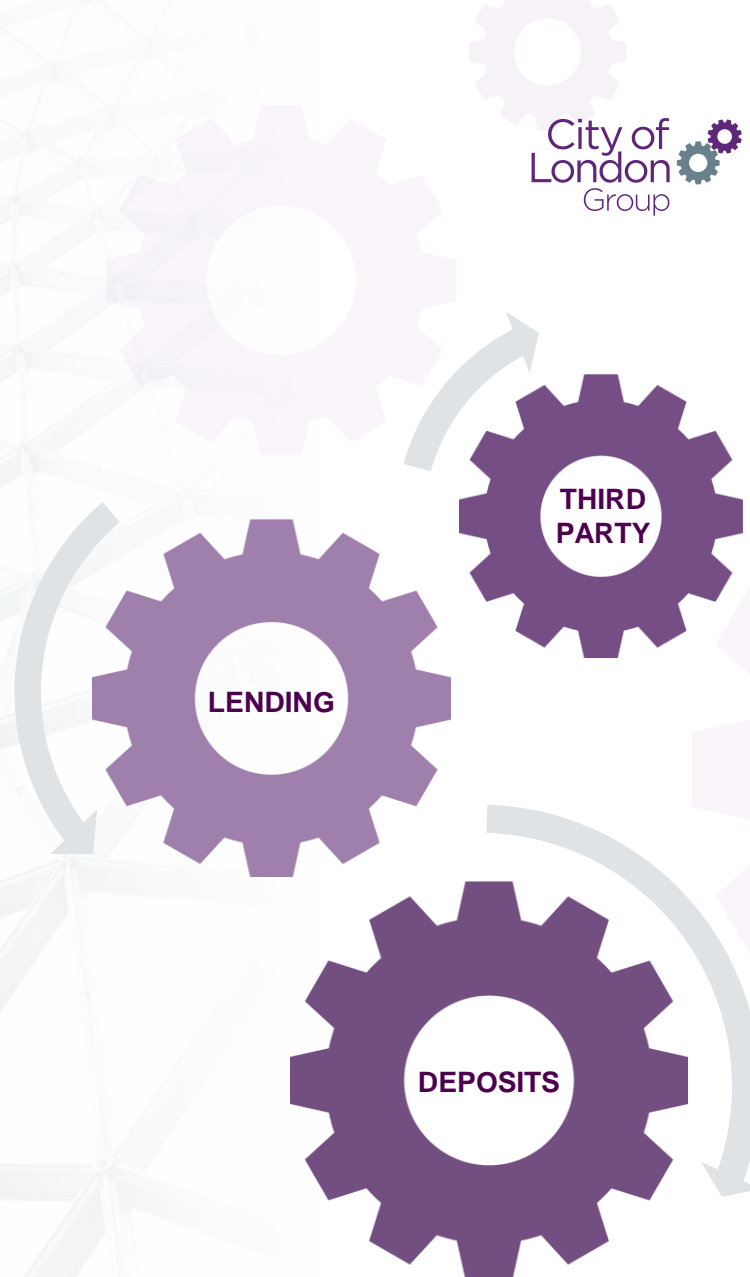
CUSTOMER: Retail and SME



SIZE: min. £1k (FSCS protected)



TERM: up to 5 years



ROUTES TO MARKET



BROKERS



DIRECT



GROWING CONTRIBUTION
OF INTERNALLY DRIVEN
BUSINESS DEVELOPMENT

Time>

DELIVERY CHANNELS

Commercial
Brokers



Trade
Associations /
Affinity Groups



Regional Business
Development
Managers



Direct



Other Lenders/
Existing Clients



RECOGNISE TECHNOLOGY

The Recognise technology environment will be the next digital banking platform for SMEs using the best-in class technology to enable open APIs banking, and ensuring PSD2 and GDPR regulatory compliance. The platform will be hosted in the Amazon Web Service cloud, and orchestrated via Mambu's managed service. We will automate some of our processes, thus allowing us to focus on serving our customers and delivering a fast and efficient service, in days not weeks.



IMPLEMENTATION
16 weeks



TESTING
8 weeks

SELECTION OF KEY PARTNERS

CORE BANKING PLATFORM

A core engine to manage the loan process. Flexible and supporting all our business scenarios. The platform has been deployed worldwide, OakNorth being the most noticeable client in the UK.



DEPOSITS

Manages the deposit taking, maintaining and closing of savings. Delivers its service to 13 banks, including Aldermore and Paragon.

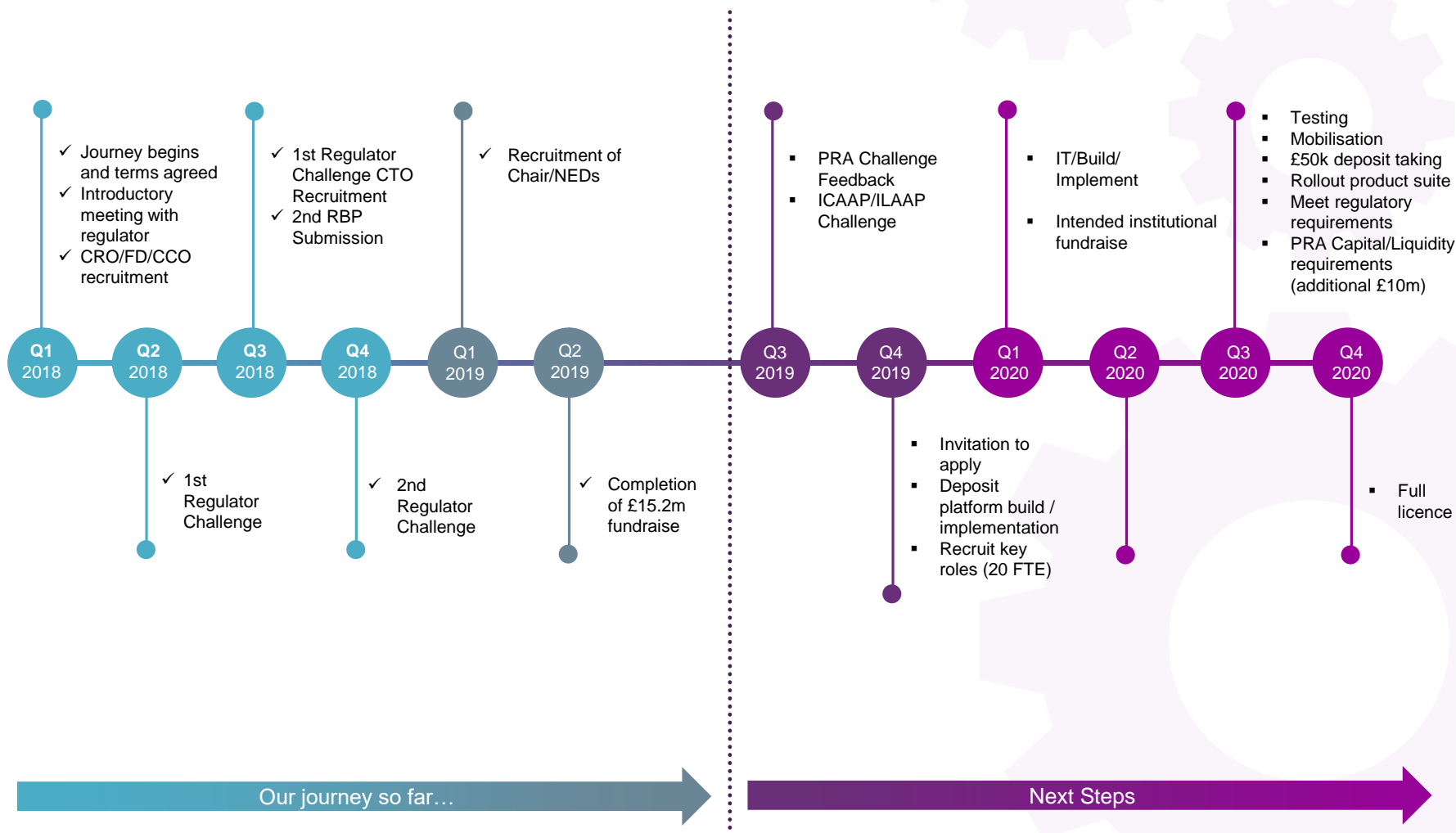


OTHER PARTNERS

To deliver a complete solution we are well-advanced in conversations with suppliers for regulatory reporting, accounting, payments, KYC/KYB, and Omnichannel experience.



WHERE ARE WE NOW?



SUMMARY

Why us?



A depth of
challenger and high
street bank
experience



Track record of
building new
SME businesses



Established
networks and
contacts in key
regions



The lessons
learned from
economic cycles
over 3 decades



Built a strong
independent Board
to support an
ambitious
executive team

*"Having seen the proposed service proposition, 90% of
market research respondents would expect Recognise
to offer better service than their current bank"*

Brandface - April 2018

**IF WE ARE SUCCESSFUL
IN DELIVERING OUR
STRATEGY, WITH IMPACT,
BY 2024.....**

£1.1bn Loans

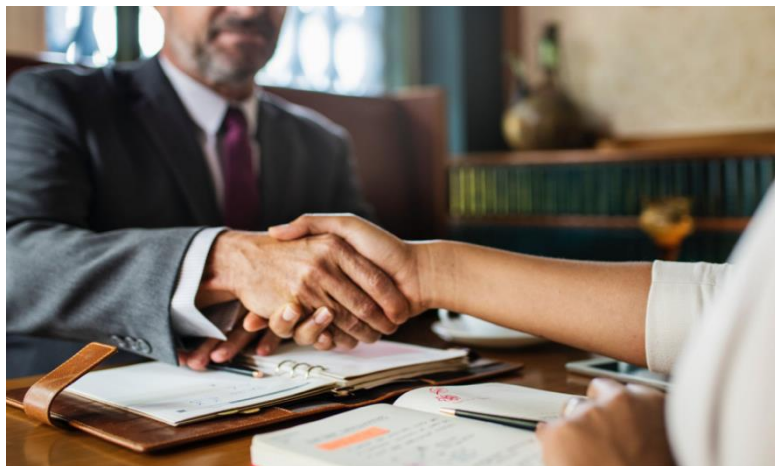
£1.3bn Deposits



**44,000
Depositors**

**4,500
Borrowers**

**Over 100
energised
colleagues**



**Cost/Income
Ratio
36.5%**

**New products
launched from
lean, versatile
cloud-based
platform**



Profits Before Tax > £30m

**Recognise brand renowned for
business understanding,
responsiveness, expertise,
accessibility, flexibility and
fairness**

**Business Centres in London,
Midlands, Manchester and Leeds**



DISCLAIMER

This presentation (the "Presentation"), has been prepared and issued by the directors of City of London Group plc (the "Company" and, together with its subsidiaries, the "Group"). By attending (whether in person or by telephone) or reading the Presentation, you agree to be bound by the conditions set out below.

The Presentation does not constitute or form part of, and should not be construed as investment advice or any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, any shares or other securities of the Company, nor shall it (or any part of it), or the fact of its distribution, form the basis of, or be relied on in connection with or act as any inducement to enter into, any contract whatsoever relating to any securities or financial instruments, acquisition or investment in the Company, or financial promotion. No person affiliated with the Company, its directors, officers, employees, affiliates, agents or advisers has been authorised to give any information or to make any representation not contained in the Presentation and, if given or made, such information or representation must not be relied upon.

The Presentation is provided solely for general information only and must not be used or relied upon for the purpose of making any investment decision or engaging in any investment activity. The information and opinions in the Presentation are provided as at the date of the Presentation (unless stated otherwise) and are subject to change without notice. The Presentation does not purport to contain all information that may be required to evaluate the Company and/or the Group. While such information is believed to be reliable for the purposes used in the Presentation, no reliance may be placed for any purpose whatever on the information or opinions contained or expressed in the Presentation or on the accuracy, completeness or fairness of such information and opinions.

To the extent available, the industry, market and competitive position data contained in this Presentation comes from official or third party sources. While the Company reasonably believes that each of these publications, studies and surveys has been prepared by a reputable source, the Company has not independently verified the data contained therein. In addition, certain of the industry, market and competitive position data contained in this Presentation comes from the Company's own internal research and estimates based on the knowledge and experience of the Company's management in the markets in which the Company operates. While the Company believes that such research and estimates are reasonable and reliable, they, and their underlying methodology and assumptions, have not been verified by any independent source for accuracy or completeness and are subject to change. Accordingly, undue reliance should not be placed on any of the industry, market or competitive position data contained in this Presentation.

Nothing in the Presentation is, or should be relied on as, a promise or representation as to the future. The Presentation includes certain statements, estimates and projections provided by the Company that are, or may be deemed to be, "forward-looking statements". Forward-looking statements are identified by the use of such terms as "believe", "could", "envisage", "estimate", "potential", "intend", "may", "plan", "will", or the negative of those, variations or comparable expressions, including references to assumptions. By their nature, forward-looking statements involve substantial known and unknown risks, uncertainties, assumptions, estimates and other factors which may or may not prove to be correct and because they may relate to events and depend on circumstances that may or may not occur in the future and may be beyond the Company's ability to control or predict that could cause

the actual results, performance or achievements of the Company to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Past performance should not be taken as an indication or guarantee of future results and you are cautioned not to place undue reliance on forward-looking statements. No statement in the Presentation is intended as a profit forecast or a profit estimate.

No representations, express or implied, are given in, or in respect of, the Presentation, including as to the fairness, accuracy or completeness of the contents of this Presentation or any other statement made or purported to be made in connection therewith, or that any of the forward-looking statements, projections or forecasts will come to pass or that any forecasted result will be achieved. To the fullest extent permitted by law, none of the Company, its subsidiaries or its or their respective directors, officers, employees, advisors or agents or any other person shall have any liability whatsoever for any loss howsoever arising, directly or indirectly, from the use of the Presentation or its contents or otherwise arising in connection therewith. Except to the extent required by applicable law or regulation, none of the Company, its subsidiaries, or its or their respective directors, officers, employees, advisors or agents, or any other person undertakes or is under any duty to update the Presentation or to correct any inaccuracies in any such information which may become apparent or to provide you with any additional information.

The Presentation is not intended for distribution to, or use by, any person in any jurisdiction where such distribution or use would be contrary to local laws or regulations and therefore persons receiving this Presentation should inform themselves about and observe such restrictions.

APPENDIX



COLG BOARD MEMBERS



COLIN WAGMAN
Non-Executive Chairman

From 1998 until March 2018 he was Deputy Chairman and Chief Financial Officer of Delancey which is the principal adviser to the Delancey property funds which held several billion pounds of property investments and developments in the UK.



MICHAEL GOLDSTEIN
CEO

35+ years experience. A Senior Audit partner in BDO LLP where he was responsible for the management of the national audit business. CEO of COLG since 2017.



ANDY CROSSLEY
Independent Non-Executive Director

Andy spent twenty-four years, principally at Invesco Perpetual, as one of the UK's best known UK small cap fund managers. Andy currently sits on the AIM Advisory Group and brings a wealth of corporate governance and capital markets expertise to the Group.



LORRAINE YOUNG
Independent Non-Executive Director

Lorraine is a Past President and Fellow of ICSA, the Governance Institute. She has held senior governance roles at a number of blue chip companies, including Standard Chartered plc and Brambles Industries plc.



PAUL MILNER
Executive Director

Paul qualified as a solicitor in 1986 but has spent most of his career in the property, construction and private finance industries. Since July 2013 he has been Chief Executive of a privately owned group of property companies associated with Harvey Bard.

RECOGNISE BOARD MEMBERS



PHILIP JENKS

Chair

Previously held roles as Chairman and Non Executive Director role at Chartercourt FS Group and Leeds Building Society. Experienced in the regulatory application process to obtaining a banking license for Charter Savings to launch their savings proposition.



LOUISE MCCARTHY

Non Executive Director, Chair of Remuneration Committee

35 years' experience in large private and public sector organisations, embracing complex technology and digital transformation strategies. IT Transformational / Change Director at HM Revenue & Customs and numerous contractor roles as transformational director.



MICHAEL GOLDSTEIN

Non Executive Director

Audit partner with particular emphasis on the Real Estate sector. He was a Senior Audit partner in BDO LLP where he was responsible for the management of the national audit business. CEO of COLG charged with delivering a new strategy to re-position the business.



MOORAD CHOUDHRY

Non Executive Director

Moorad started his impressive career as an analyst at The London Stock Exchange and later moved on to roles at well established companies including ABN Amro, KPMG, JP Morgan Chase, Europe Arab Bank and RBS. He was previously CEO of Habib Bank UK and, most recently, worked at Cambridge and Counties.



RICHARD GABBERTAS

Non Executive Director, Chair of Audit Committee

Led KPMG's Regional Financial Services Practice providing audit and advisory services to a range of household names in the sector from established banks and building societies to new entrants. He has extensive knowledge of financial services and a deep understanding of banking regulation.



SIMON WAINWRIGHT

Non Executive Director, Chair of Risk Committee

Simon Wainwright is MD, UK and Ireland and COO for Europe, Middle East and Africa at global reinsurer Reinsurance Group of America (RGA).

RECOGNISE BOARD MEMBERS



JASON OAKLEY
Chief Executive Officer

MD of Commercial Banking & Mortgages at Metro Bank. Head of SME of both brands at NatWest & RBS. Founder and majority shareholder in Acorn to Oaks Financial Services Ltd.



ADRIAN GOLUMBINA
Chief Financial Officer

Previously Finance Director of three large divisions of Network Rail, Group FD of Euroway Group and FD of Hanco ATM Systems Ltd.



BRYCE GLOVER
Deputy Chief Executive Officer

Formerly MD of Commercial Banking at Alliance & Leicester/Santander; Commercial Director at Nationwide BS responsible for a £22bn lending portfolio. NED and Chair of Group Risk Committee at Newcastle Building Society.