



December 2019





# THE INVESTMENT PROPOSITION

**Unique opportunity to invest in a new listed UK-based SME bank focused on service excellence, speed of execution, flexible structuring and durable customer relationships.**

- ✓ Experienced management team that has successfully built loan books
- ✓ Well-positioned to progress to full banking licence
- ✓ Centralised technology with no legacy systems

# 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



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 submitted



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

## MILTON HOMES



Owns a portfolio of home reversion plans with NAV of £17.8m



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



Established in 2004, the business has established 570 plans, secured on 510 properties



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

# MARKET DYNAMICS- SME BANK OPPORTUNITY



5.7m SMEs  
in the UK



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**

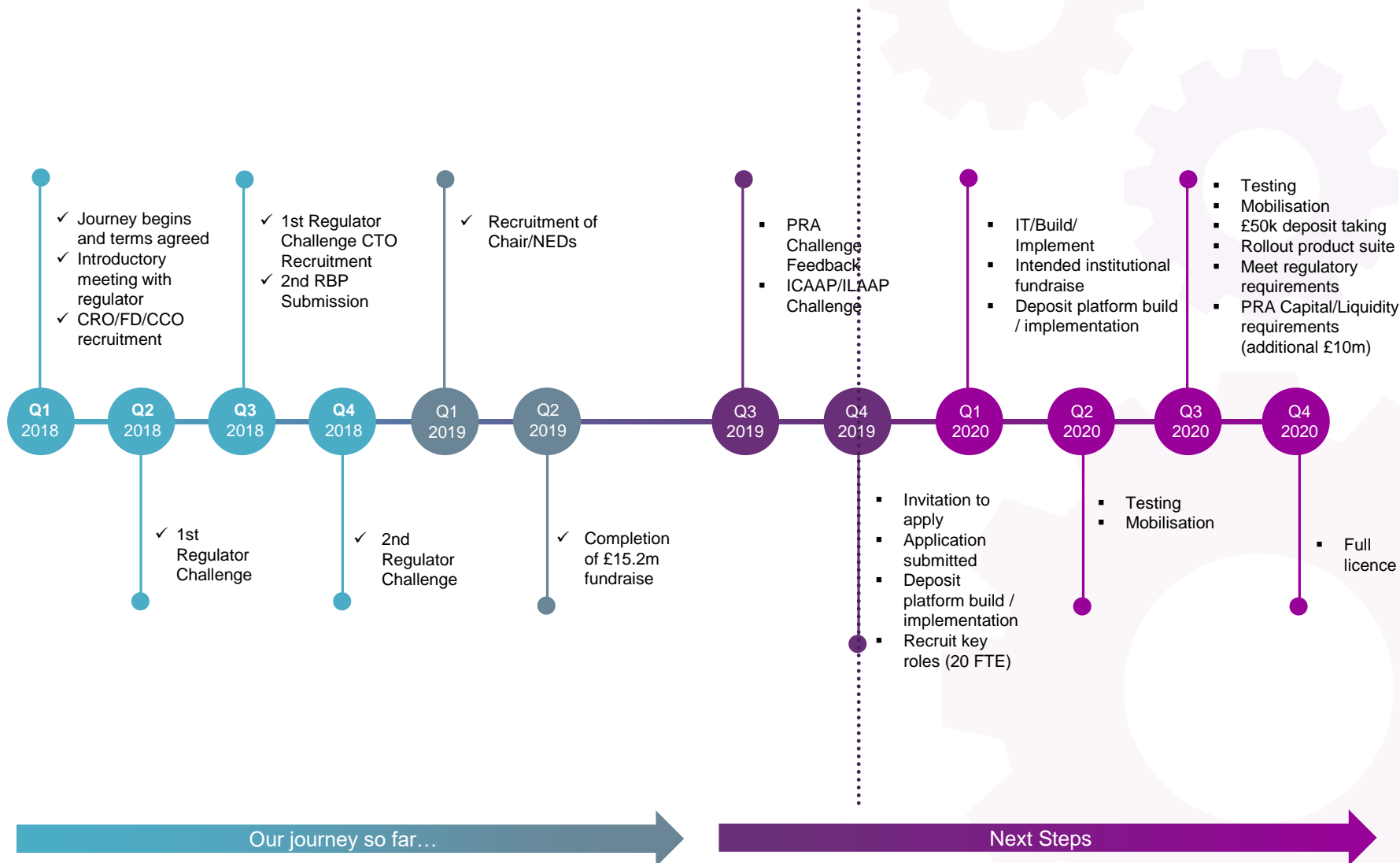
PRA Business Plan 2018/19  
– in the next 3 years expect  
around 20-30 new banks

# SME NEW\* ENTRANTS HAVE DEMONSTRATED EARLY PROFITABLE GROWTH

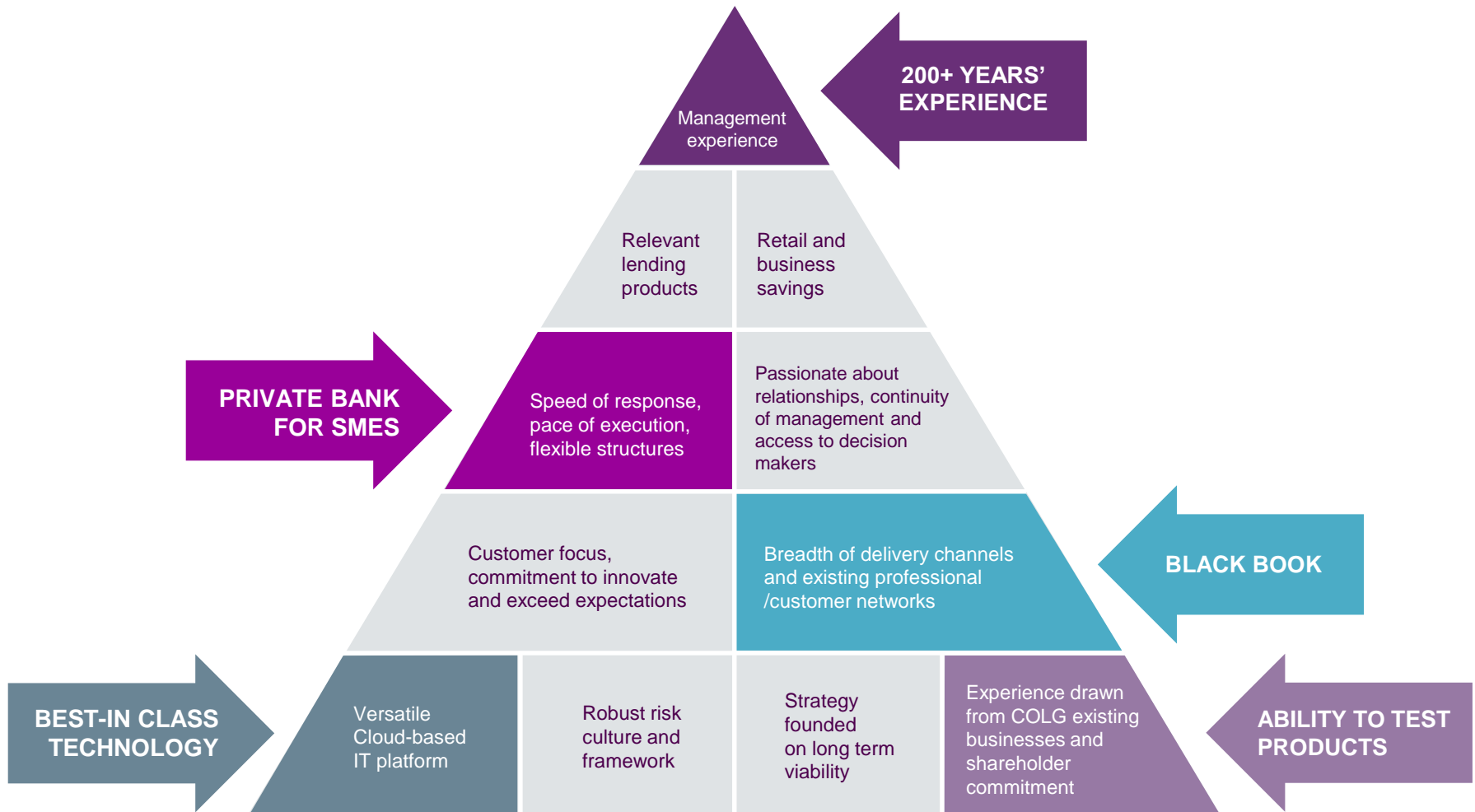
NAME	RESULTS	LENDING TO CUSTOMERS (£M)	DEPOSITS TO CUSTOMERS (£M)	PROFIT BEFORE TAX (£M)	NET MARGIN	COST/ INCOME RATIO	CET1 RATIO	COMMENTS	RETURN ON EQUITY	LOAN TO DEPOSIT RATIO
 Recognise	2024	1,100	1,300	25-35	4.0-4.5	35%-40%	18%	Application submitted. These are 5 year targets.	19-20%	84%
 Aldermore	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

# WHERE ARE WE NOW?



# WHY WILL RECOGNISE BE SUCCESSFUL?





# RECOGNISE and COLG EXECUTIVES – A TEAM WITH DEEP EXPERIENCE



**JASON OAKLEY**

**Chief Executive Officer**

33 years' experience

Formerly MD of Commercial Banking & Mortgages at Metro Bank building the business to c£2.5bn within 3 years. Head of SME at NatWest & RBS with over 3000 relationship Managers covering 1m customers.



**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.



**DAVID JENKINS**

**Chief Financial Officer**

20 years' experience

Former Director of FP&A and Capital Management at Aldermore. Previous leadership roles at Prudential, Lloyds and ABN AMRO Starts early 2020



**MICHAEL GOLDSTEIN**

**Chief Executive Officer, COLG**

36 years' experience

Previously Senior Audit partner at BDO responsible for the management of their national audit business. Led the restructuring of a large family property business



**PHIL JENKS**

**Chairman, Recognise**

40 years' experience

Deputy chairman of CCFS. 37 years at Halifax Bank of Scotland and NED of Leeds Building Society



**COLIN WAGMAN**

**Chairman, COLG**

54 years' experience

Deputy Chairman of Delancey, NED of Alpha Plus Holdings Plc and NED of Minerva Ltd

## LOANS



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



**SIZE:** up to £5m



**TERM:** 3 months to 5 years

## DEPOSITS



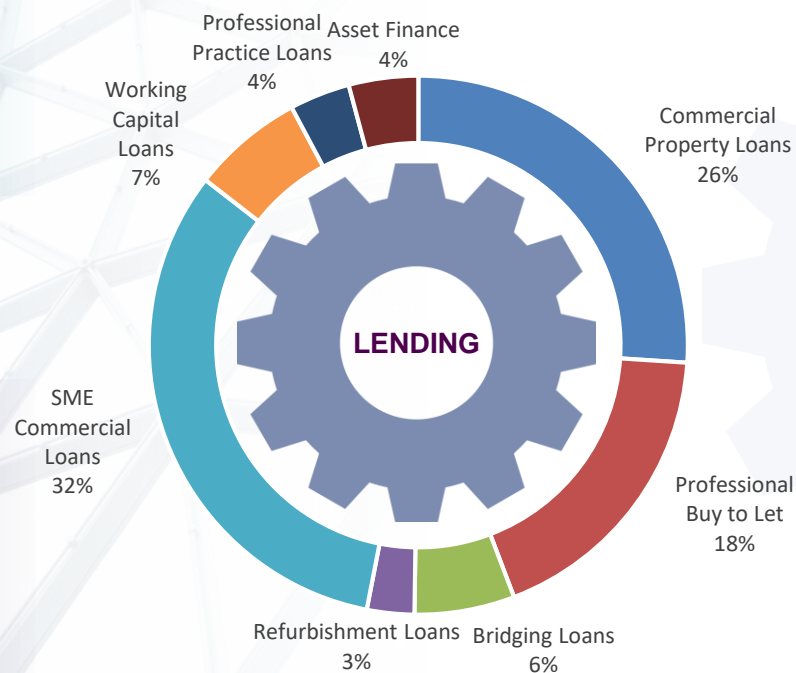
**CUSTOMER:** Retail and SME through established outsourced service provider



**SIZE:** min. £1k (FSCS protected)



**TERM:** up to 5 years



# ROUTES TO MARKET



**BROKERS - 60% CHANNEL  
DISTRIBUTION IN Y1  
REDUCING TO 30% BY Y4**



**DIRECT**



**GROWING CONTRIBUTION  
OF INTERNALLY DRIVEN  
BUSINESS DEVELOPMENT**

Time .....>

## DELIVERY CHANNELS

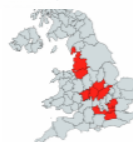
Commercial  
Brokers



Trade  
Associations /  
Affinity Groups



Regional Business  
Development  
Managers



Direct



Other Lenders/  
Existing Clients





# RECOGNISE TECHNOLOGY - Enabling cost base to be controlled

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 (currently 4/5 weeks into implementation)



## 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. £29bn and 1m of customer accounts managed under white label proposition



### 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.



Clear.Bank®



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

**£1.1bn Loans**

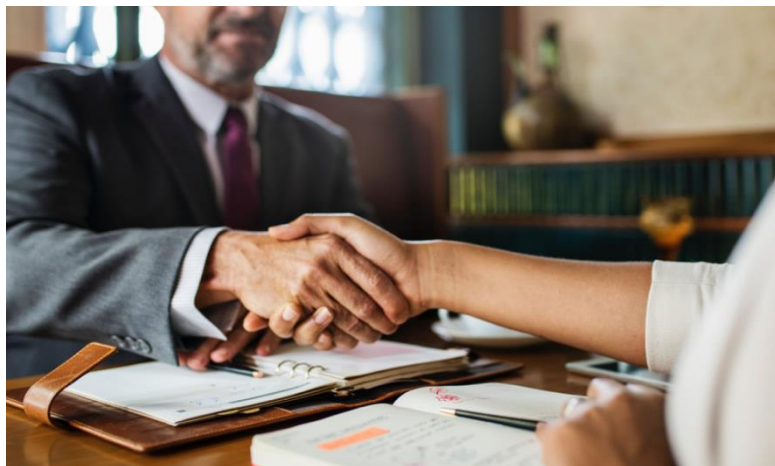
**£1.3bn Deposits**



**44,000  
Depositors**

**4,500  
Borrowers**

**Over 100  
energised  
colleagues**



**Cost/Income  
Ratio  
<40%**

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



**Profits Before Tax > £30m**

**Provisional Loss Target  
80-85 bps**

**CET1 Ratio 18%**



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

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



# 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**



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# 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 INDEPENDENT NON-EXECUTIVE DIRECTORS



## 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 licence 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.



## 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).



## 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.