



January 2020

Strictly private
and confidential





THE INVESTMENT PROPOSITION

An 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
- ✓ Existing lending activities within the Group
- ✓ State of the art technology

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

MILTON HOMES



Owns a portfolio of home reversion plans with NAV of £17.4m



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



570 plans established, secured on 510 properties



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



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 towards the Property Sector



Arranged over £150m of commercial debt



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



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 2018 to provide financial services to the UK SME sector



Will target 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 end of 2019

MARKET DYNAMICS- SME BANK OPPORTUNITY



5.7m SMEs*
in the UK



SME new lending
market approx.
£5.5bn per quarter



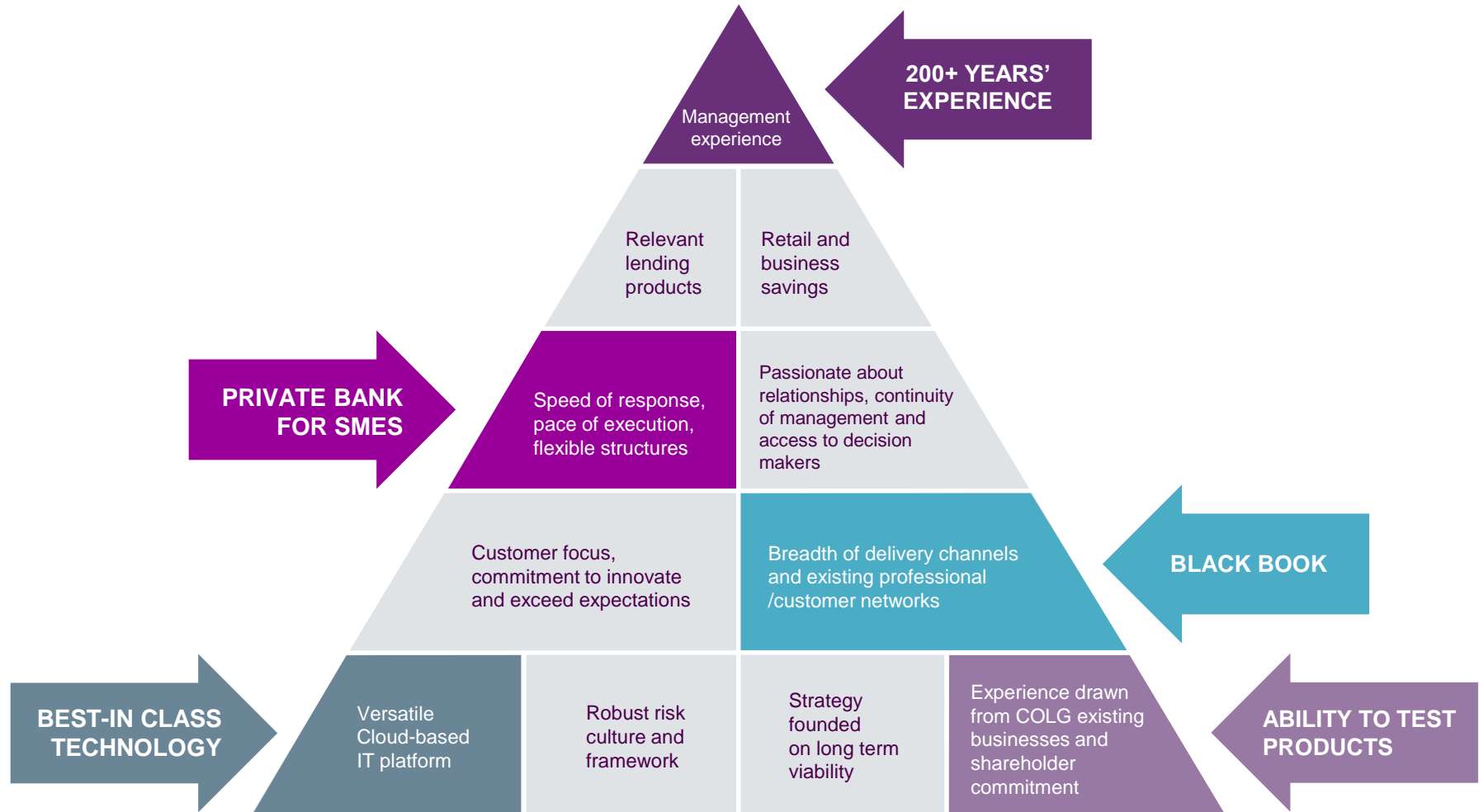
Strong political and regulator
support for more new
entrants (Top 5 currently hold
90% of market share)

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

PRA Business Plan 2018/19
encourages new entrants

*(Source: Mintel survey 2018)

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 Financial Planning and Capital Management at Aldermore. Previous leadership roles at Prudential, Lloyds and ABN AMRO.



MONICA VELASQUEZ

Chief Technology Officer

A Technology Consultant who spent 3 years at PwC London helping 6+ new entrant banks to obtain their banking and/or payments provider licences.



Patrick Ferguson

Chief Risk Officer

20 years' experience

Qualified accountant and Chief Risk Officer who has operated at Executive and Board level in retail financial services for the past 13 years.



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 multi £s bn family property portfolio.

RECOGNISE TECHNOLOGY - Enabling cost base to be controlled

The Recognise technology environment is expected to be the next digital banking platform for SMEs using 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 8 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 an example 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.



LOANS



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



SIZE: up to £5m (minimum £50k)



TERM: 3 months to 5 years

DEPOSITS



CUSTOMER: Retail and SME through established outsourced service provider (Newcastle Strategic Solutions)

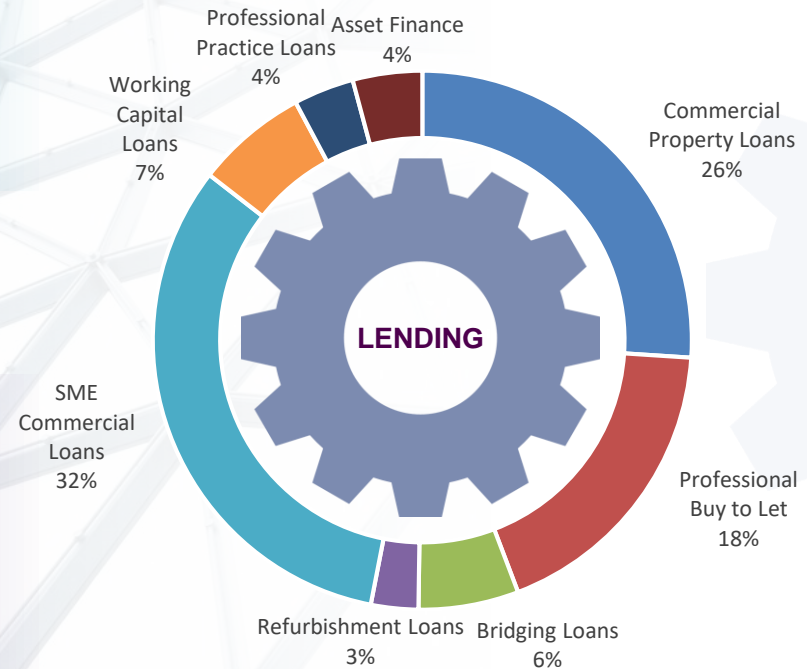


SIZE: min. £1k, max. £85k (therefore FSCS protected)



TERM: up to 5 years

Year 4 lending composition



*figures are estimates and areas where Recognise will lend is subject to change.

ROUTES TO MARKET



**BROKERS - EXPECT 60%-70%
CHANNEL DISTRIBUTION IN Y1
REDUCING TO 30% BY Y4**



**DIRECT -30%-40%
IN Y1 INCREASING
TO 70% BY Y4**



**REDUCING RELIANCE OF
BROKER NETWORK OVER
TIME**

Time>

DELIVERY CHANNELS

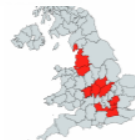
Commercial
Brokers



Trade
Associations /
Affinity Groups



Regional Business
Development
Managers



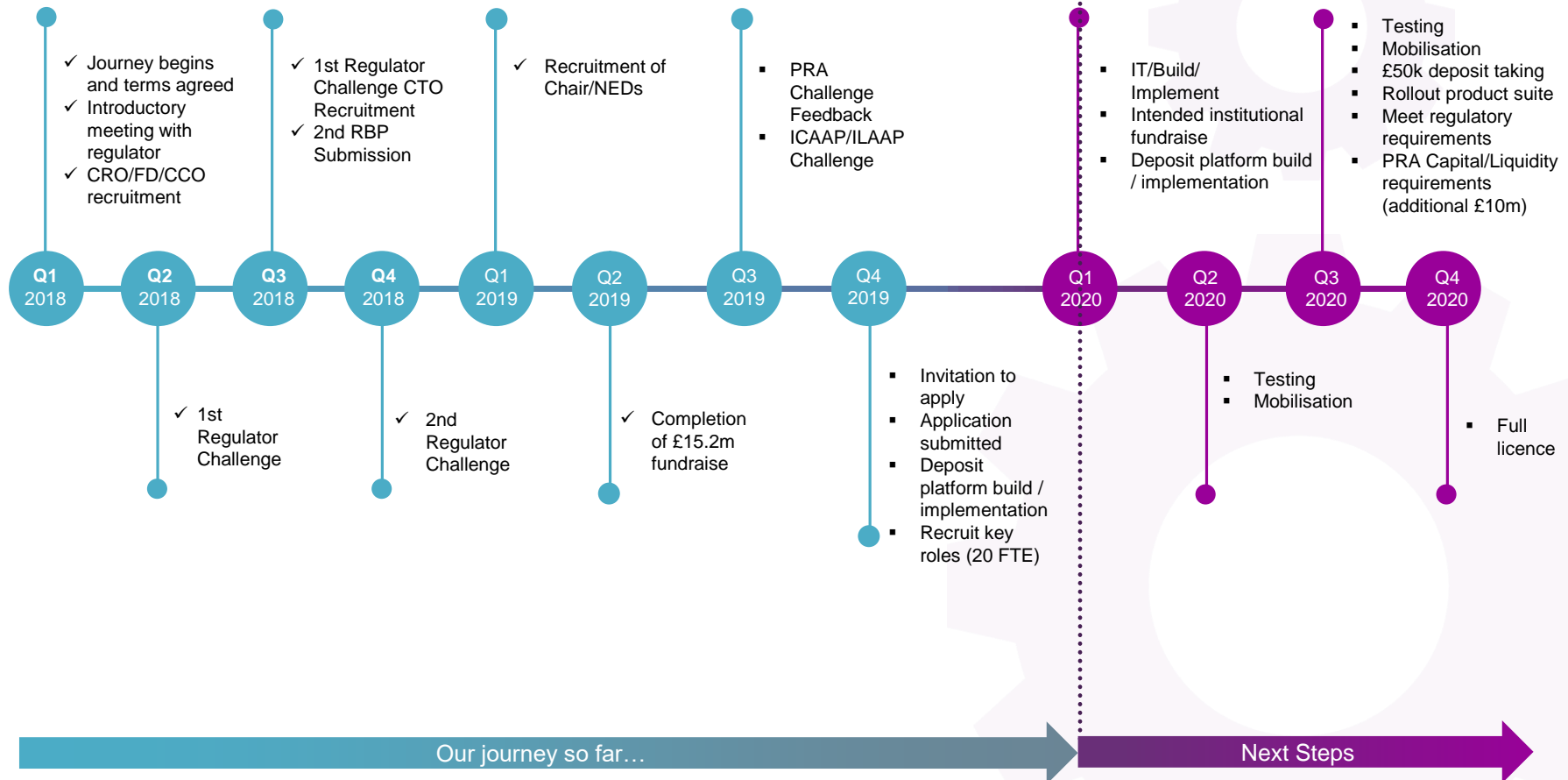
Direct



Other Lenders/
Existing Clients



WHERE ARE WE NOW?



IN DELIVERING OUR STRATEGY, WITH IMPACT, BY 2024.....

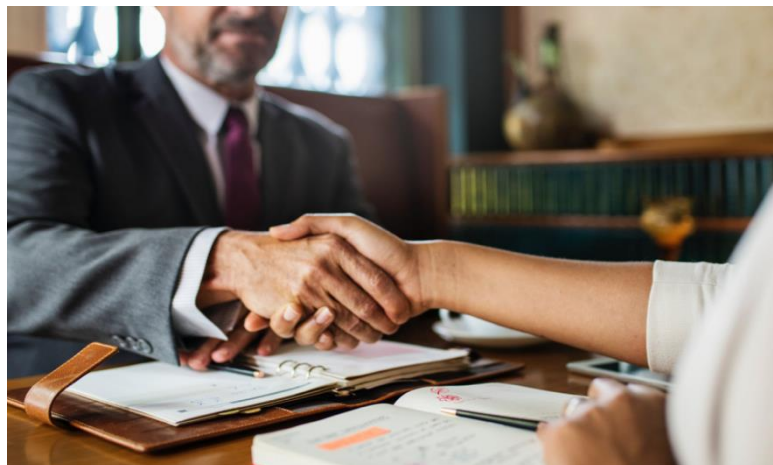
£1.1bn Loans
£1.3bn Deposits



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

A photograph of a modern building with a glass facade, reflecting the city lights at dusk. The building has a unique, angular design with large glass panels and metal frames. The sky is a deep blue, and the city lights are visible in the background. The overall mood is professional and modern.

SUMMARY

Why us?

Recognise's competitive advantage is in reality its operational strengths and realistic business plan.


It has been able to recruit a very strong executive team, with huge experience and a record of success in lending to SMEs.

This has allowed it to implement leading edge technology to support a very straight forward market offering and business plan. Critically COLG's existing lending businesses have allowed the Recognise team to establish governance procedures and credit and operational processes well ahead of trading as a bank.

APPENDIX



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 19'	10,595	8,971	130	3.30%	52%	14.9%	MotoNovo Finance Limited was established as a sister subsidiary of the Group	11.4%	118%
Shawbrook Bank	Dec 18'	5,846	4,978	110	5.1%	51%	12.3%	The Group is now 100% owned by BC Partners and Pollen Street Capital	16.1%	117%
Cambridge and Counties Bank	Dec 18'	769	901	28	4.6%	34%	16.8%	Additional capital of £31m injected by existing S/H	22.3%	85%
HTB	Dec 18'	900	721	11	4.9%	63%	16%	The Bank opened an office in Leeds which accounted for 38% of gross loans	10.7%	125%
OakNorth Bank	Dec 18'	1,297	1,185	34	6.3%	37%	26%	£100m of Reg Capital raised in 2018	19.0%	109%
PCF Bank	Sep 18'	183	191	7	7.7%	32%	20.7%	Acquisition of Azule Ltd lead to increase in £16.5 million loan book	19.9%	96%

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

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 runs a board advisory practice and is also a non-executive director of PHSC plc, an AIM listed company, for which she chairs the audit committee. She has held senior governance roles at a number of blue chip companies, including Standard Chartered plc and Brambles Industries plc. She ran her own company secretarial and corporate governance advisory practice for 13 years, which in 2016 she merged with the co sec team at Shakespeare Martineau, where she was a partner



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

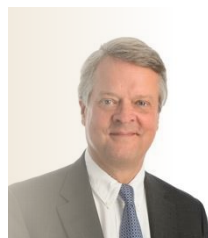
Simon Wainwright is MD, UK and Ireland and COO for Europe, Middle East and Africa at global reinsurer Reinsurance Group of America (RGA).



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.

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