



CURTIS BANKS

INTERIM RESULTS

6 MONTHS TO 30 JUNE 2018



- Overview
- Financial Highlights
- SIPP Proposition
- Progressing the Strategy
- Appendix 1 - Our business
- Appendix 2 - Consolidated statements

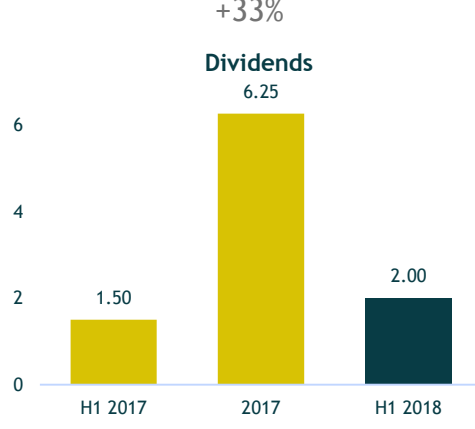
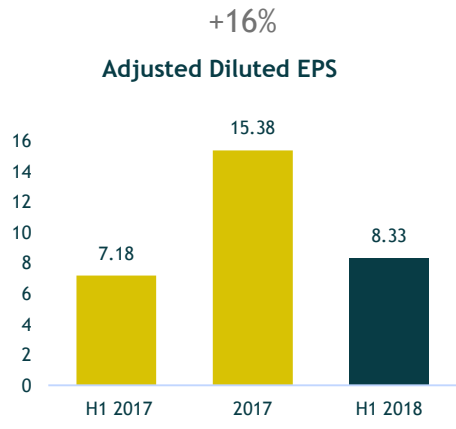
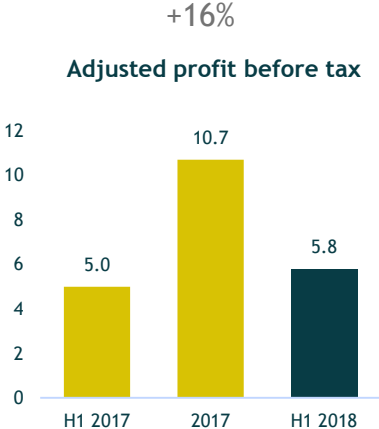
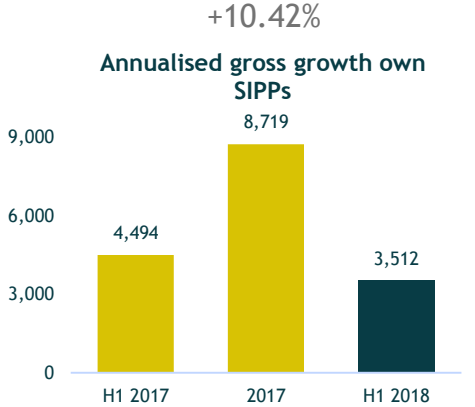
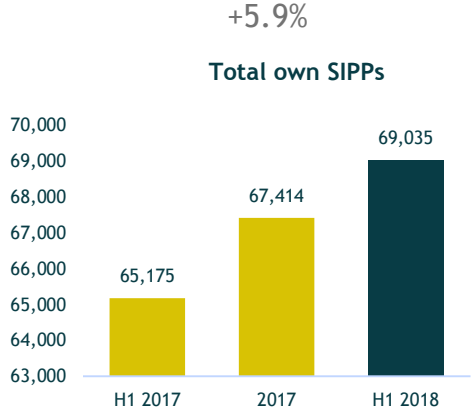
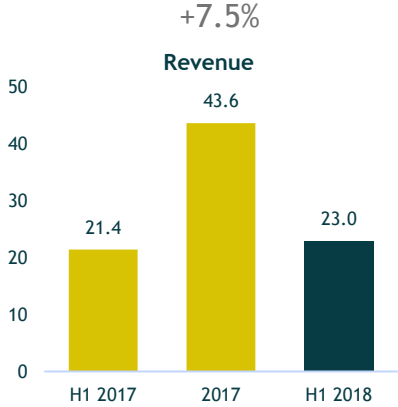
Appendix 1 summarises our business for those new to the Curtis Banks Group

HIGHLIGHTS

- Revenue increased 7.5%
- Adjusted profit before tax increased 16%
- New SIPP product on schedule to launch in 2018
- Enhanced sales structure in place to capitalise on organic growth opportunities
- Reprioritising systems review to enhance digital functionality and user experience
- Margin enhancement on track
- Investing for organic growth, alert to selective acquisition opportunities



KEY PERFORMANCE INDICATORS



Percentage changes based on H1 2017 vs H1 2018, other than growth in own SIPPs



Baby boomer generation continues to strongly align with our target market, delivering quality, long term revenue organic growth opportunities.

- A demographic with proven pension wealth
- Strong propensity to seek financial advice
- Acute awareness of the need for retirement planning and their own pension provision
- SIPP market almost doubled (98%) in volume since pension freedoms, showing a trend to SIPPs
- Growth opportunity is to capitalise on the trend to quality

Broad target market

£50,000+ pension assets

Defined benefit or defined contribution

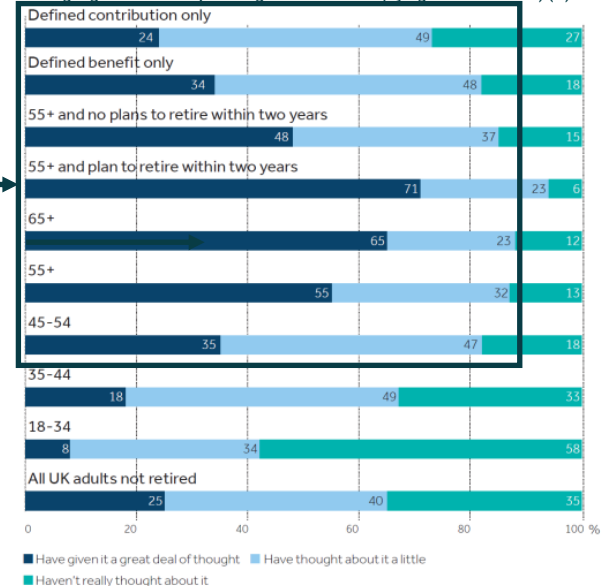
Access to financial advice

Aged 45 - 75

Current size of total defined contribution pension savings by age (adults with defined contribution pension(s) they have not yet accessed) (%)



Thought given towards planning for retirement (by age and situation) (%)





FINANCIAL HIGHLIGHTS



PROFIT & LOSS ACCOUNT

Profit and Loss (£'000)	H1 2017	H1 2018	% Change
Revenue:			
<i>Fee income</i>	16,873	17,772	5.3
<i>Interest income</i>	4,489	5,188	15.6
Total revenue	21,362	22,960	7.5
Administrative expenses:			
<i>Staff costs</i>	10,352	10,918	5.5
<i>Property costs</i>	865	848	(1.9)
<i>Operational costs</i>	4,873	5,174	6.2
Total administrative expenses	16,090	16,940	5.2
Adjusted Operating profit	5,272	6,020	14.2
<i>Adjusted operating margin</i>	<i>24.7</i>	<i>26.2</i>	<i>150bps</i>
Finance Costs (net)	266	179	(4.0)
Adjusted profit before tax	5,006	5,841	16.7
Non Recurring Costs	364	357	(3.9)
Amortisation	561	706	26
Profit before tax	4,081	4,778	17.1
Tax	807	770	(4.6)
Total comprehensive income	3,274	4,008	22.4

84% recurring fee income

Favourable conditions and movement in total balances

Increase in Adjusted Operating Margin

BALANCE SHEET

Balance Sheet (£'000)	H1 2017	H1 2018
Intangible Assets	46,937	43,910
Property Plant and Equipment	1,079	1,171
Deferred Consideration	(1,010)	(602)
Deferred Income	(10,810)	(11,255)
Borrowings	(19,120)	(16,005)
Net Current Assets	3,227	7,033
Cash	22,768	21,929
Net Assets	43,071	46,181

Share Capital + Share Premium	33,693	33,720
Retained Earnings + Option Reserve	9,378	12,461
Shareholder's Equity	43,071	46,181

SIPP annual fees received in advance

Net Cash of £5.9m
(2017: £3.6m)

Strong cash balances

CASH FLOWS

Cash flows (£'000)	H1 2017	H1 2018
Profit before tax	4,081	4,778
Adjustments for non cash flow expenses	976	1,221
Adjustments for interest expenses	293	226
Changes in working capital	956	(4,009)
Tax paid	(524)	(625)
Net cash flows from operating activities	5,782	1,591
Purchase of intangible assets	(56)	(23)
Purchase of property, plant and equipment	(255)	(282)
Purchase of treasury shares	(250)	(498)
Consideration paid on business acquisitions	(452)	(193)
Net cash flows from investing activities	(1,013)	(996)
Equity dividends paid	(1,610)	(2,557)
Net movement in borrowings	(1,579)	(1,579)
Net interest paid	(267)	(203)
Net cash flows from financing activities	(3,456)	(4,339)
Net increase in cash	1,313	(3,744)

Principle timing differences on cash flows include:

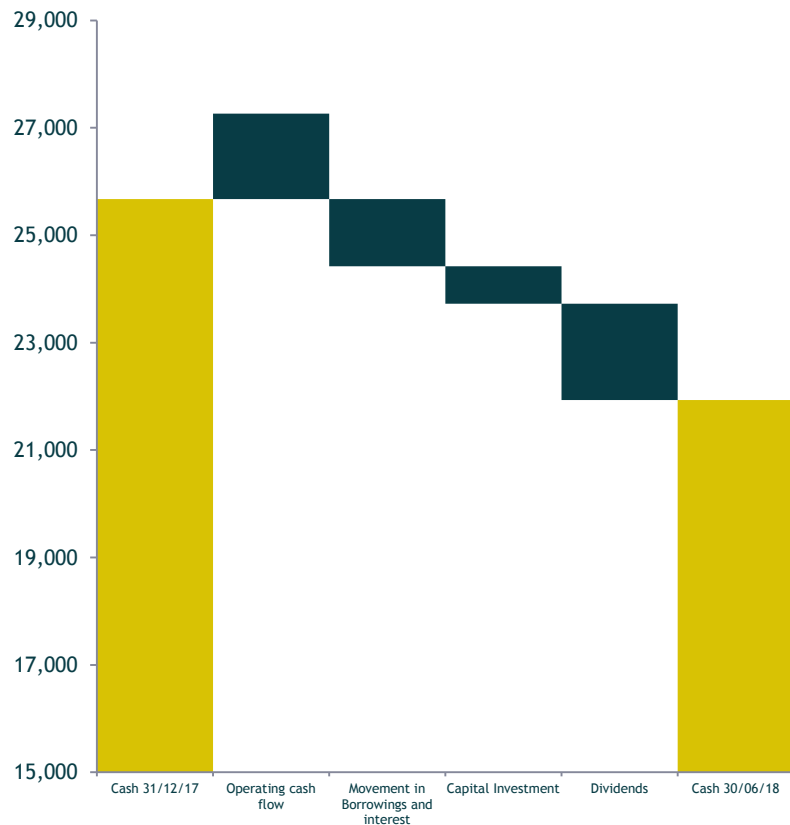
- Increase of £1.2m in accrued interest on deposits
- Settlement of accrued office closure costs of £0.7m
- Increase in fees receivable £0.8m
- Secured pre-funds £0.5m
- Increased bonus payments £0.5m

Positive cash flows

Employee Benefit Trust loans

Debt repaid in line with terms

DISTRIBUTION OF CASH FLOW AND CAPITAL MANAGEMENT



(£'000)	H1 2017	2017	H1 2018
EBITDA	5,221	10,107	6,320
Operating cash flow	5,732	12,107	1,591
Movement in Borrowings and interest	(1,346)	(3,662)	(1,782)
Capital Investment	(1,013)	(1,841)	(996)
New Equity	0	27	0
Dividends	(1,610)	(2,413)	(2,557)
Free cash flow	1,313	4,218	(3,744)

Cash flow in H1 2018 includes:

- Working capital movements of £4m
- Increase in equity dividends paid of £0.9m
- Loan of £0.5m to Employee Benefit Trust



SIPP PROPOSITION

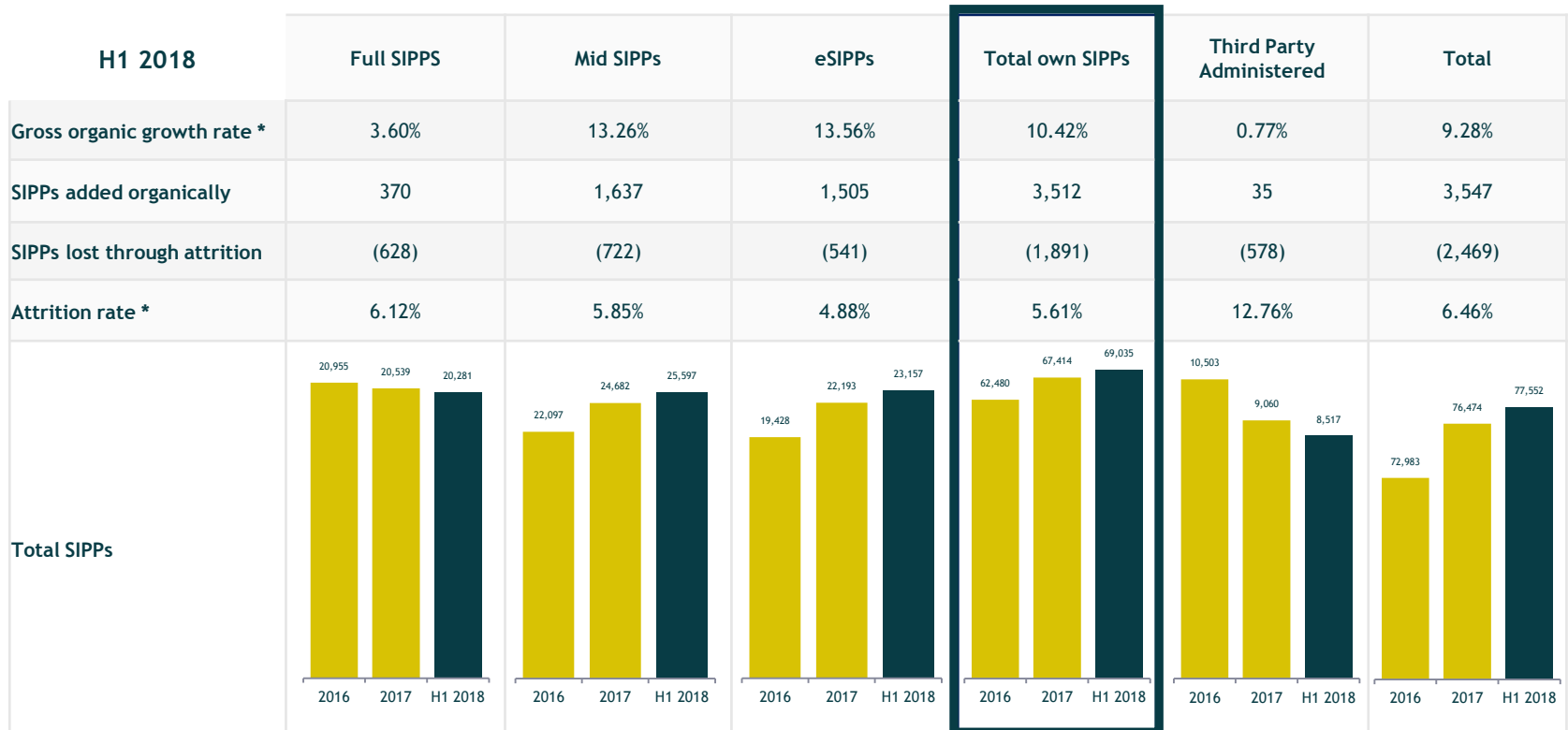


OUR CURRENT SIPP PROPOSITION

	Average revenue per SIPP excluding bank interest	2017 full year results
20,281 Full SIPPs	£951	£947
25,597 Mid SIPPs	£394	£387
23,157 eSIPPs	£126	£132
8,517 Other SIPP administration*	£278	£274

* Fee underpins reduce significant variation

MOVEMENT OF SIPPS



* Organic growth and attrition rates are annualised and based on the number of SIPPs at the beginning of the year



The simplicity and scale of our business model position us well to face the regulatory and key risks facing the wider industry.

Key industry risks	Opportunities & mitigations
<ul style="list-style-type: none"> Ongoing regulatory scrutiny of the SIPP market 	<ul style="list-style-type: none"> No negative strategic impact foreseen from current direction
<ul style="list-style-type: none"> Claims and legal action against non-standard assets 	<ul style="list-style-type: none"> Robust historic and current controls puts us in a strong position. Advisers likely to turn away from providers with legacy liabilities
<ul style="list-style-type: none"> Pressure from inflationary costs and lower cost simpler products 	<ul style="list-style-type: none"> Driving higher value organic growth with restructured sales division, and diversifying revenue with complementary property services
<ul style="list-style-type: none"> In specie contributions as an industry-wide issue with unknown outcome 	<ul style="list-style-type: none"> Limited exposure
<ul style="list-style-type: none"> Slowdown of DB-DC transfers may catalyse a broader slowdown in transfers 	<ul style="list-style-type: none"> Low reliance on DB transfers for organic growth, embedded long term high value relationships with key distributors





PROGRESSING OUR STRATEGY



FIVE KEY DELIVERABLES BEFORE NEXT REPORTING PERIOD

We continue to deliver our strategic activities as planned, in a controlled and sustainable manner...

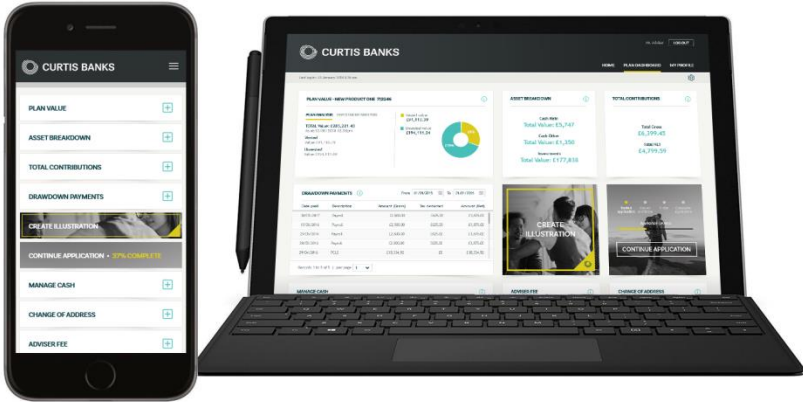
5 key deliverables

- New product in final development, launching 2018, other products rationalised
- Sales structure in place, fully resourced ready for new product
- New digital solutions for new product, with enhanced user experience
- Enhanced property services extended
- GDPR compliance successfully delivered

... to deliver the pathway towards attaining our sustainable target margin.



KEY STAGES TO DRIVING ORGANIC GROWTH



National Group sales team

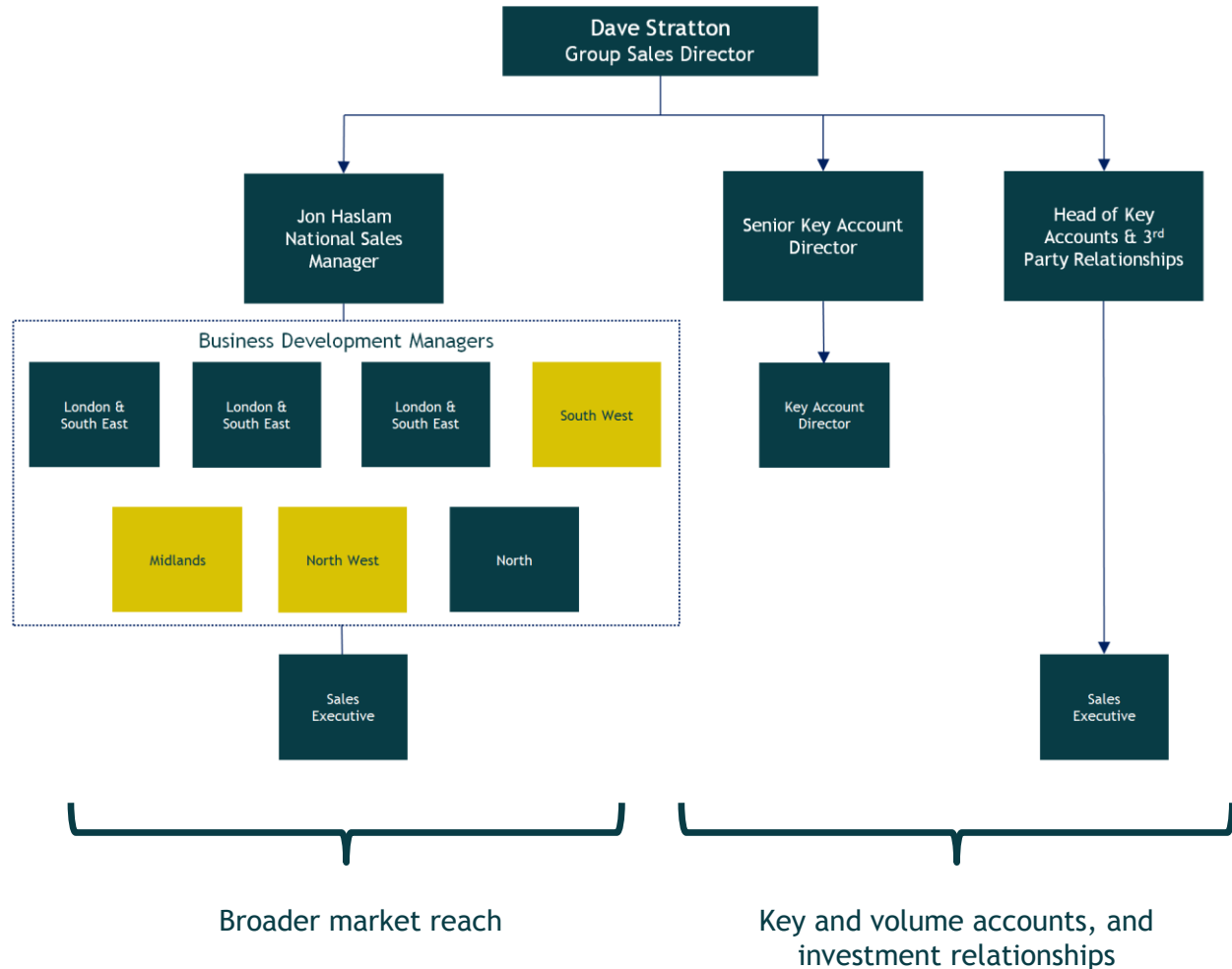
Enhanced user experience and digital journey

New single product in Curtis Banks brand



NEW SALES STRUCTURE

- Key appointments H2 2018
- 4 of 7 Business Development Managers in place
- £800,000 full year costs from H2 2018
- Delivers:
 - Full nationwide coverage
 - Access to new advisers and distributors
 - Greater market penetration



ENHANCED DIGITAL EXPERIENCE AND ONLINE FEATURES

- Existing websites decommissioned and replaced with redesigned Group site
- New Group site repurposed as brochureware to support growth
- New secure site experience supports:
 - New business quotes and applications
 - Enhanced client management
 - Enhanced asset management
 - Superior user experience
- Delivers administration efficiencies for users and the Group, supporting client retention
- Directly supports our new product
- A reprioritised systems delivery

The screenshot displays the CURTIS BANKS client dashboard. At the top, there is a navigation bar with 'HOME', 'PLAN DASHBOARD', and 'MY PROFILE'. The main content area is divided into several sections:

- PLAN VALUE - NEW PRODUCT ONE 712246:** Includes a plan analysis with a donut chart showing Vested value (£91,110.39) and Unvested value (£194,111.04).
- ASSET BREAKDOWN:** Shows Cash Main (Total Value: £5,747), Cash Other (Total Value: £1,350), and Investments (Total Value: £177,838).
- TOTAL CONTRIBUTIONS:** Displays Total Gross (£6,399.45) and Total NET (£4,799.59).
- DRAWDOWN PAYMENTS:** A table listing payments from 01/01/2015 to 01/01/2016, including Date paid, Description, Amount (Gross), Tax deducted, and Amount (Net).
- MANAGE CASH:** Features a 'TRANSFER FROM MAIN SIPP ACCOUNT' and 'TRANSFER TO MAIN SIPP ACCOUNT' interface, showing balances for the main SIPP (£2943.26) and the selected provider (Curtis Banks, £1350.26).
- ADVISER FEE:** A form to input starting date, frequency, and amount.
- CHANGE OF ADDRESS:** A form to update the client's address, currently showing 301 Rawlings Suite, Gunwharf Quays, Portsmouth, PO1 3TT.
- CREATE ILLUSTRATION:** A button to generate a new illustration.
- CONTINUE APPLICATION:** A button to proceed with an application, accompanied by a progress bar showing 'Started application', 'Upload documents', 'E-sign', and 'Complete application'.

Your Future SIPP

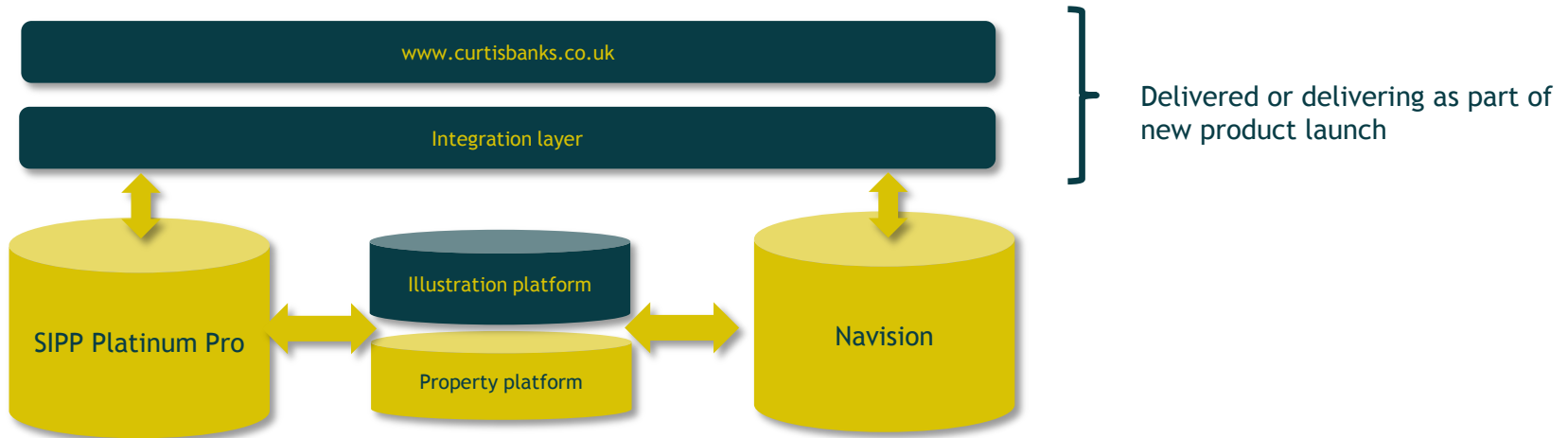
Focused pension administration, by Curtis Banks



- Delivery method demonstrates the depth of integration across the Group
- Removes internal competition and external market confusion
- Modular, competitive pricing
- Branded Curtis Banks, other products moved to heritage status
- Great personal service delivered by experienced account managers
- Directly supported by new online portal, delivering enhanced efficiency and digital experience



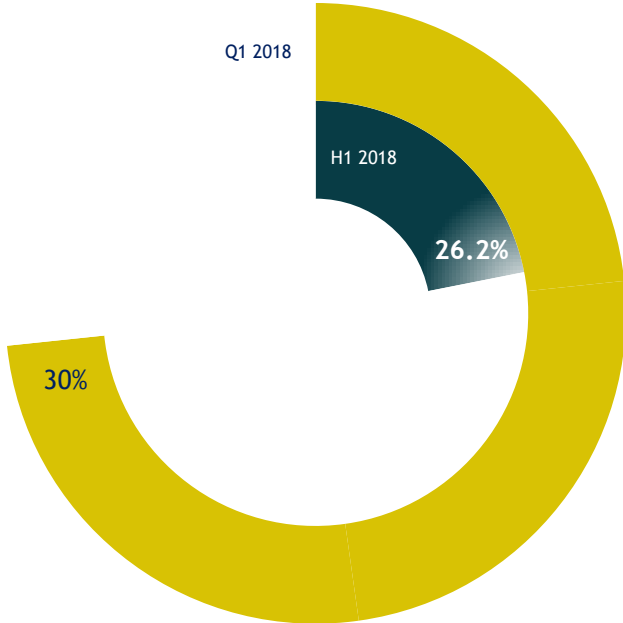
- We have reprioritised our systems review, investing £300,000 on the front end portal for end H2 2018 delivery
- The reprioritisation enables our new product to benefit from a superior web front end to support organic growth
- Delivers enhanced user experience without change to existing systems
- New SIPP proposition written to Navision
- Platinum Pro upgrade deprioritised until 2019
- No changes to anticipated costs or risks



- Unique diversification within a focussed market
- Rivergate SRA approval received and trading commenced May 2018
- Rivergate revenues growing, with positive contribution expected in 2019
- Templemead lead valuer in place
- Key commercial contracts in place and benefitting other Group property activities

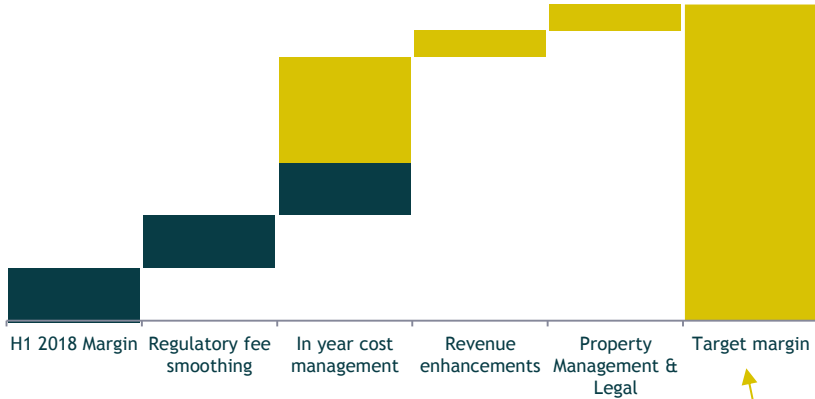


PATHWAY TO MARGIN ENHANCEMENT



Margin enhancement progress

Margin enhancement progressing to plan



Annual run rate of 30% target operating margin



SUMMARY & OUTLOOK

- Strong H1 trading results
- On track for launch of new product, backed by enhanced sales team
- Investing for growth, pursuing acquisitions
- Further improvement in margin as we grow our top line and achieve operational efficiencies
- Market for the right SIPP providers remains compelling
- We are well positioned to deliver strong medium term growth
- 2.0p interim dividend for the year (2017: 1.5p)



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APPENDIX 1



A market leading SIPP administrator combining strong organic growth with accretive acquisitions

77,552 SIPPs
570 staff
Experienced leadership

Strong cash generation with predictable earnings

Long term client relationships, typically 20+ years

Transparent and focussed business model with stable organic growth and no exposure to advice risks

Sole focus on SIPP administration

Non-advisory

No direct to consumer distribution or risk

Revenue driven by administration volume

The largest dedicated SIPP provider in the UK, with over 6,000 commercial properties

Full, mid and eSIPPs provided

Third party administration and partnerships

All new business via intermediaries

Fixed fees, no investment exposure

Delivering on a strategic plan to yield continued revenue growth and improved margins

Clear plan for next stage of growth

Targeting revenue growth

Enhanced capability for future organic and acquisitive growth

Realised benefits of past acquisitions

OUR STRATEGY

5

**KEY
STRATEGIC
OBJECTIVES**

MEET CHANGING CUSTOMER NEEDS

Adapting to the changing needs of the UK population and regulatory environment to be the SIPP provider of choice both pre and post retirement.

ROBUST AND SUSTAINABLE BUSINESS MODEL

Market leading governance, capitalisation and robust systems to ensure a sustainable long term business and confidence for our business partners, customers and shareholders.

ENHANCE REVENUE GENERATION

Deliver a wider range of services to enhance value and meet customer needs with a consequent benefit to revenue generation.

DRIVE EFFICIENCY THROUGH TECHNOLOGY

Continue technology advances appropriate to the business to deliver improved margins through efficiency and improved service to customers.

CAPITALISE ON THE RIGHT GROWTH OPPORTUNITIES

Focus on profitable areas of organic market growth and selective acquisitions of well-aligned books or businesses, with a clear business identity.



SIMPLICITY

Simple, scalable business model

- New business introduced by quality advisory firms with long-standing relationships
- No advice risk exposure
- Revenue enhancements and operating efficiencies will deliver higher margins

STABILITY

Predictable annuity-style repeat revenue

- Long term client relationships, typically 20+ years
- Fixed fees and reliable cash generation
- No direct to consumer distribution or risk

GROWTH

Strong organic growth

- Gross new organic growth rate of 9%
- One of the largest operators with an excellent reputation
- Scope for further acquisitions to increase scale

STRENGTH

Strong governance and management

- Highly experienced leadership
- Well capitalised
- Strong senior management

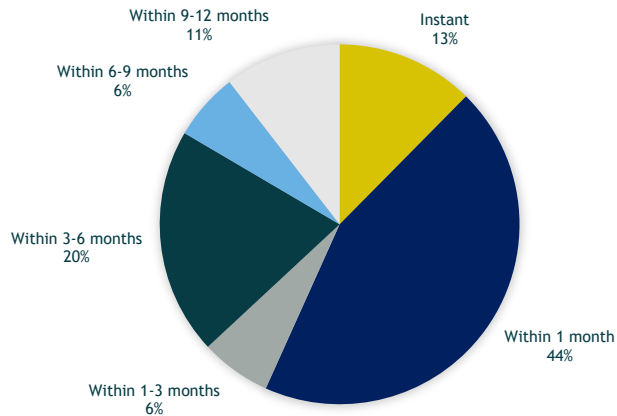


BANK INTEREST

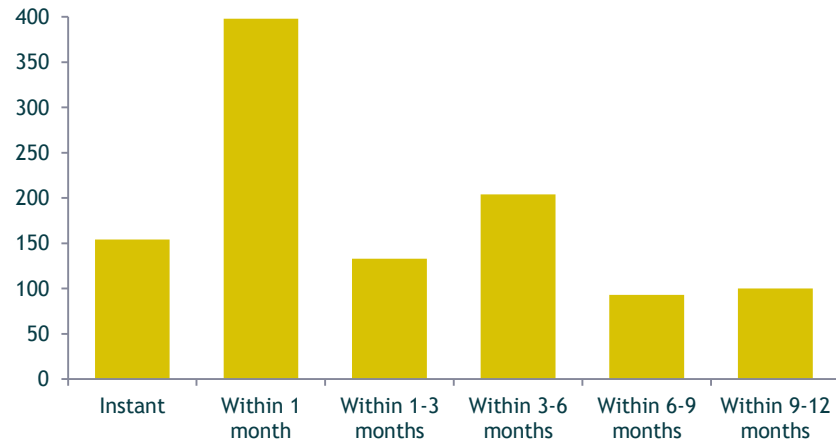
Our pooled banking system enables us to place SIPP money, under a tightly governed framework, in a diverse range of deposits.

Total SIPP cash balance £1.1bn

Deposit tranches



Fully realisable within 12 months



Future interest rate increases will not meaningfully impact Group operational revenue as clients will share in any uplift in bank base rate.



APPENDIX 2



STATEMENT OF COMPREHENSIVE INCOME - SPLIT BETWEEN INSURANCE POLICYHOLDERS AND THE GROUP'S SHAREHOLDERS FOR THE PERIOD ENDED 30 JUNE 2018

Statement of Comprehensive income (£'000)	Group	Policyholder	Shareholder
Revenue	137,977	115,017	22,960
Administrative expenses	(131,957)	(115,017)	(16,940)
Finance costs (net)	(179)	0	(179)
Adjusted Profit Before Tax	5,841	0	5,841
Non-recurring costs	(357)	0	(357)
Amortisation	(706)	0	(706)
Profit before tax	4,778	0	4,778
Tax	(770)	0	(770)
Total comprehensive income	4,008	0	4,008



BALANCE SHEET - SPLIT BETWEEN INSURANCE POLICYHOLDERS AND
THE GROUP'S SHAREHOLDERS AS AT 30 JUNE 2018

Balance Sheet (£'000)	Group	Policyholder	Shareholder
Intangible Assets	43,910	0	43,910
Property Plant and Equipment	3,263,141	3,261,970	1,171
Investments			
Deferred Consideration	(602)	0	(602)
Deferred Income	(18,600)	(7,345)	(11,255)
Borrowings	(89,397)	(73,392)	(16,005)
Net Current Assets	7,189	156	7,033
Cash	427,256	405,327	21,929
Non-participating insurance contracts	(3,586,716)	(3,586,716)	0
Net Assets	46,181	0	46,181
Share Capital	33,720	0	33,720
Retained Earnings + Option Reserve	12,461	0	12,461
Shareholder's Equity	46,181	0	46,181

CONSOLIDATED STATEMENT OF CASH FLOWS - SPLIT BETWEEN INSURANCE POLICYHOLDERS AND THE GROUP'S SHAREHOLDERS FOR THE PERIOD ENDED 30 JUNE 2018

Cash flows from operating activities (£'000)	Group total	Policyholder	Shareholder
Cash flows from operating activities:			
<i>Profit before tax</i>	4,778		4,778
<i>Adjustment for non cash flow expenses</i>	1,006		1,006
<i>Adjustment for interest expense</i>	215		215
<i>Adjustment for share based payment expense</i>	226		226
<i>Policyholder adjustments</i>	20,460	20,460	0
<i>Changes in working capital and tax paid</i>	(9,786)	(5,152)	(4,634)
Net cash flows from operating activities	16,899	15,308	1,591
<i>Purchase of intangible assets</i>	(23)		(23)
<i>Purchase of property, plant and equipment (net)</i>	(19,367)	(19,085)	(282)
<i>Purchase of treasury shares</i>	(498)	0	(498)
<i>Net cash flows from acquisitions</i>	(193)	0	(193)
Net cash flows from investing activities	(20,081)	(19,085)	(996)
<i>Equity dividends paid</i>	(2,557)	0	(2,557)
<i>Net decrease in borrowings</i>	(4,651)	(3,072)	(1,579)
<i>Interest paid</i>	(203)	0	(203)
Net cash flows from financing activities	(7,411)	(3,072)	(4,339)
Net increase/(decrease) in cash and cash equivalents	(10,593)	(6,849)	(3,744)

YOUR BOARD

Rupert Curtis

Paul Tarran

Will Self

Chris Macdonald

Bill Rattray

Jules Hydleman

Chris Banks

Founder & strategic adviser to the Board

