



2018 FULL YEAR RESULTS

YEAR ENDED 31 DECEMBER 2018

PRESENTED AT 20 MARCH 2019



AGENDA & INTRODUCTION

- Summary
- Key performance indicators
- Financial overview
- Operational review
- Risks & opportunities
- Outlook & planning
- Appendix

Will Self, Chief Executive Officer

Paul Tarran, Chief Financial Officer

Jane Ridgley, Chief Operating Officer



SUMMARY

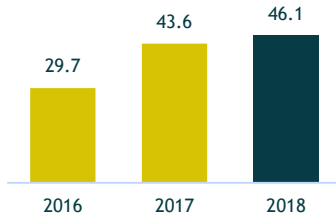
Healthy financial performance and structural delivery in face of softening pension transfer market and continued regulatory focus on SIPP operators.

- Profitable financial performance and continued margin improvement against challenging market conditions
- Fully resourced and trained sales team in place, covering all distribution channels
- ‘Your Future SIPP’ launched
- Digital strategy progressed: new secure portal and website launched
- Concluding a review of our legacy positions
- Property services embedded into sales and operational processes
- Final dividend of 6p proposed, making a total 2018 full year proposed payment of 8p

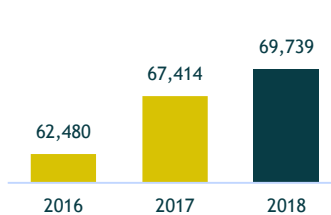


KEY PERFORMANCE INDICATORS

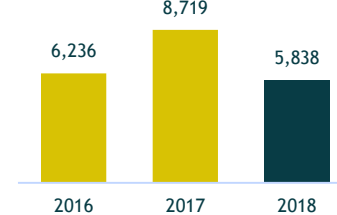
Revenue (£'m)
£46.1
+5.7%



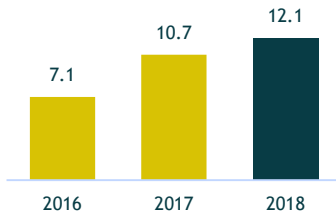
Own SIPPs
69,739
Excludes TPA plans



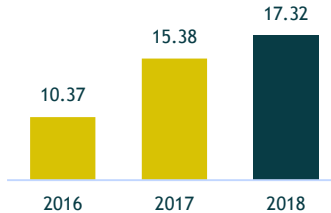
Own SIPPs gross annualised growth
5,838
+8.7%



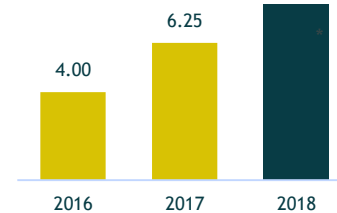
Adjusted profit before tax (£'m)
£12.1
13%



Adjusted diluted EPS (p)
17.32
13%



Dividends (p)*
8
+28%



* including a proposed 2018 final dividend of 6p, making a total 2018 full year proposed payment of 8p



FINANCIAL HIGHLIGHTS

Operating revenue	£46.1m	+6%
Adjusted profit before tax ¹	£12.1m	+13%
Adjusted operating margin ²	27.1%	+5%
Profit before tax	£10.1m	+72%
Adjusted diluted EPS	17.32p	+13%
Assets under administration	£24.8bn	+0.4%

Proposed final dividend of 6p making a full year payment of 8p

¹ Profit before tax, amortisation and non-recurring costs

² The ratio of operating profit before net finance cost, amortisation and non-recurring costs to operating revenues



PROFIT & LOSS ACCOUNT

Income growth coupled with effective cost control delivering a growing operating margin.

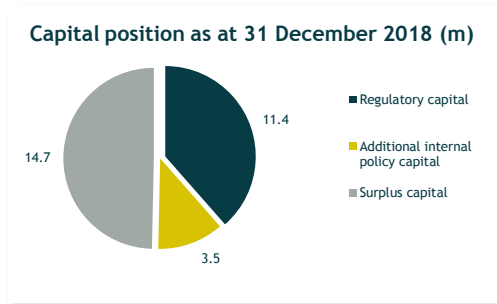
Profit and Loss (£'000)	2018	2017	% Change	
Revenue:				
<i>Fee income</i>	35,352	34,073	3.8	● 87% of fee revenue is recurring
<i>Interest income</i>	10,773	9,500	13.4	
Total revenue	46,125	43,573	5.9	
Administrative expenses:				
<i>Staff costs</i>	21,905	21,044	4.1	
<i>Property costs</i>	1,751	1,812	(3.4)	● Savings from office closure
<i>Operational costs</i>	9,981	9,480	5.3	
Total administrative expenses	33,637	32,336	4.0	
Adjusted Operating profit	12,488	11,237	11.1	
<i>Adjusted operating margin</i>	27.1	25.8	130bps	● Margin increase of 130 bps
Finance Costs (net)	351	495	(29.1)	
Adjusted profit before tax	12,137	10,742	13.0	
Non Recurring Costs	748	3,754	(80.0)	● Significant reduction in non-recurring costs
Amortisation	1,268	1,131	12.1	
Profit before tax	10,121	5,857	72.8	
Tax	1,911	625		
Total comprehensive income	8,210	5,232	56.92	



BALANCE SHEET

A robust and well capitalised business with a strong balance sheet.

Balance Sheet (£'000)	2018	2017
Intangible Assets	44,110	44,593
Property Plant and Equipment	1,257	1,188
Deferred Consideration	(380)	(795)
Deferred Income	(11,407)	(10,928)
Borrowings	(14,448)	(17,564)
Net Current Assets	2,520	2,451
Cash	28,018	25,673
Net Assets	49,670	44,618
Share Capital + Share Premium	33,720	33,720
Retained Earnings + Option Reserve	15,950	10,898
Shareholder's Equity	49,670	44,618



Strong cash balances and net shareholder cash (after debt) increased to £13.6m (2017: £8.1m)

Increase in distributable reserves



CASHFLOWS

High recurring cash flows delivering consistent cash generation.

Cash flows (£'000)	2018	2017
Profit before tax	10,121	5,857
Adjustments for non cash flow expenses	2,490	4,188
Adjustments for interest expenses	462	554
Changes in working capital	66	2,507
Tax paid	(1,375)	(999)
Net cash flows from operating activities	11,764	12,107
Purchase of intangible assets	(785)	(277)
Purchase of property, plant and equipment	(664)	(645)
Purchase of treasury shares	(468)	(250)
Consideration paid on business acquisitions	(419)	(669)
Net cash flows from investing activities	(2,336)	(1,841)
Equity dividends paid	(3,628)	(2,413)
Proceeds from issue of ordinary shares	0	27
Net decrease in borrowings	(3,158)	(3,158)
Interest paid	(297)	(504)
Net cash flows from financing activities	(7,083)	(6,048)
Net increase in cash	2,345	4,218

Strong cash flow from operations

Further funding of Employee Benefit Trust

Increase in dividend payments



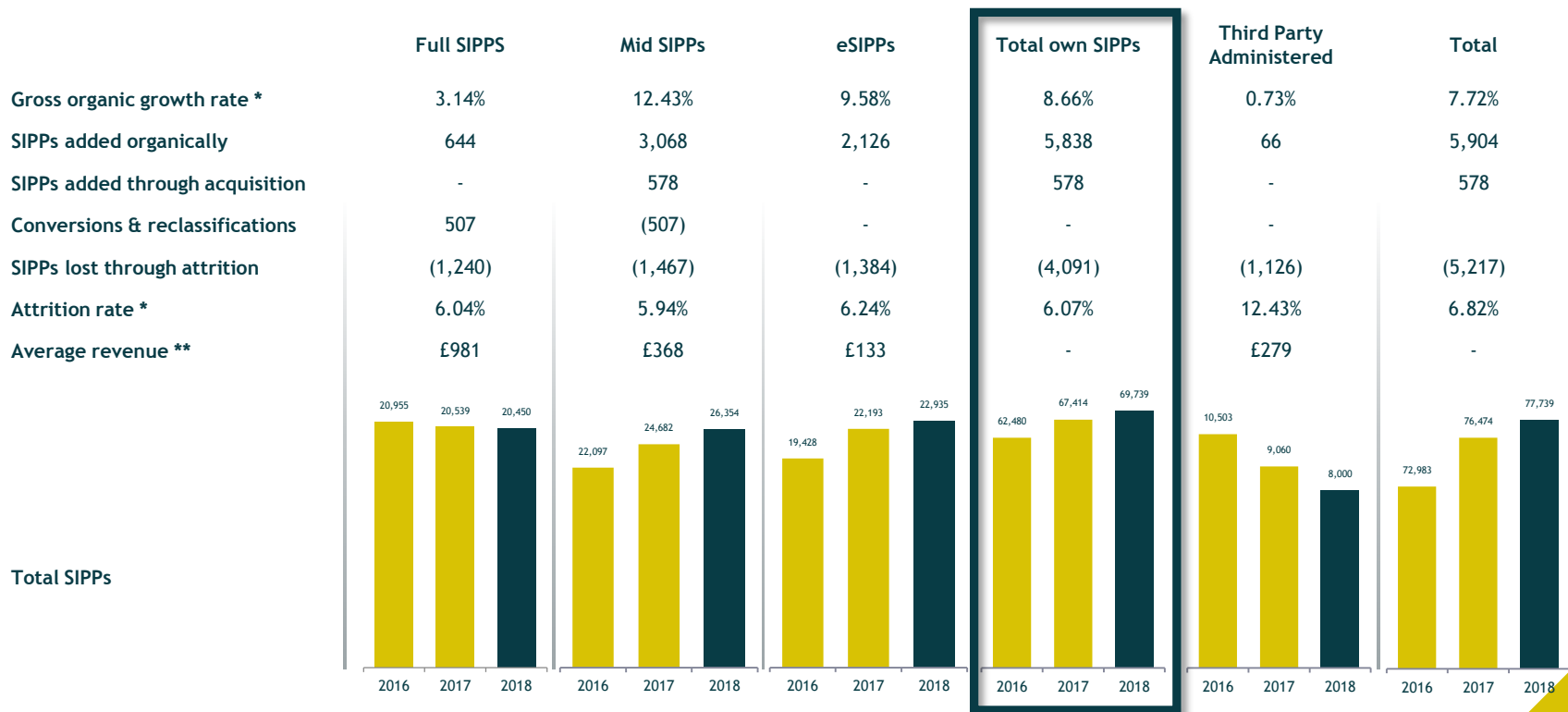
OPERATIONAL REVIEW

The close alignment of key operational teams has delivered greater visibility and effective management of legacy issues, and provides the foundation for a functional integrated operating model.

- GDPR delivered effectively
- Prepared for but largely insulated to Brexit, and no direct impact from MiFID II
- Concluding a review of our legacy position
- Progression of people and operational strategy
- Delivery of product and digital strategies



SIPP MOVEMENTS



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

** Excluding SIPP bank interest



PEOPLE & OPERATIONAL STRATEGY

Enhancing our people and operational strategies to improve employee and customer experience, retention and drive productivity.

- Effective talent management and succession planning
- Enhanced infrastructure to enable flexible working across locations
- Aligned policies and processes
- Evolution of operational model, evidenced by 'Your Future SIPP' service structure
- Improved service levels and productivity
- Improved customer experience and employee culture



YOUR FUTURE SIPP & DIGITAL STRATEGY

‘Your Future SIPP’ provides all our capability from within a single product wrapper, accessed by our new website and secure portal delivered as part of our digital strategy.

- Soft launch December 2018, full launch February 2019
- New curtisbanks.co.uk provides single point of entry to new portal
- Evolved customer experience with new service model
- Increasing digitisation of administration a key focus for the remainder of 2019
- Existing products closing to new business in H2 2019
- Features, price and Terms alignment of heritage book to complete in 2020



RISKS, OPPORTUNITIES & MITIGATIONS

Our business is well-placed to mitigate the risks present in the SIPP market and sees continued opportunities from some.

Risks		Opportunities & mitigations
Continued pressure from regulator and HMRC		Limited, understood exposure to non-standard assets managed with robust processes and controls
Requirement for risk-based solvency in excess of capital requirements		Responsibly capitalised with effective risk-management and comprehensive insurance coverage
SIPP market increasingly targeted by claims management companies		Limited liabilities and financial exposure coupled with effective in-house complaints and claims management
Retirement Outcomes Review shifts traditional independent SIPP operator model		Capacity and appetite for acquisition opportunities, and sufficient scale to adapt and deliver change required
Processes and controls cannot keep pace with fast rate of growth		Robust second line of defence and proactive approach effectively manages legacy position



OUTLOOK & PLANNING

- Sales team in place and effective
- Our property opportunities
- Our property services
- Acquisitions

Medium term strategy to be delivered at mid-year

Structure and resource in place for delivery of longer term strategic vision and next stage of growth



NATIONAL SALES TEAM RESOURCED

Comprehensive distribution structure fully resourced, aligned and focused on all relevant distribution channels, supported by marketing and technical team.

MEET OUR EXPERTS

SALES TEAM

FEBRUARY 2019

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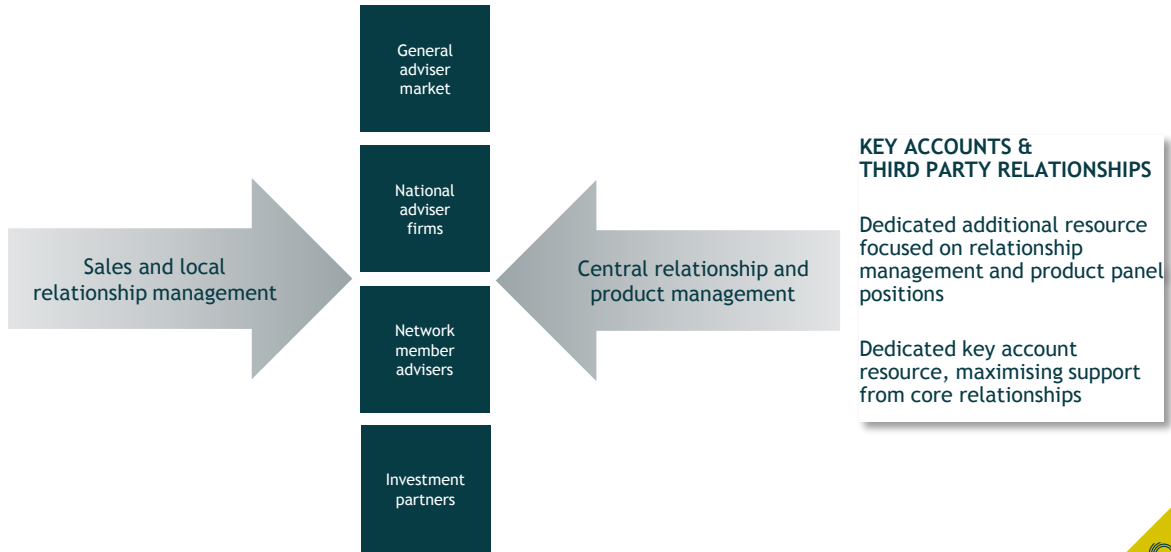
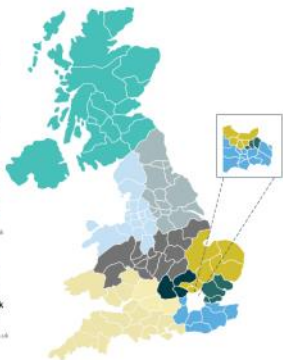
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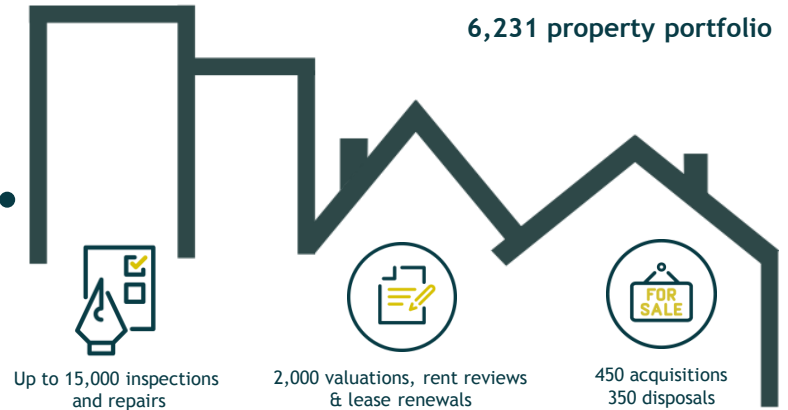
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PROPERTY SERVICES

Providing complementary property services via Rivergate (legal) and Templemead (surveys, valuations, leases) has potential to diversify and increase revenue.

- Complementary services have potential to:
 - Improve client outcomes
 - Lower costs and mitigate future potential risks
 - Maximise potential of the property asset as a pension investment
- Significant regular potential in the existing book
- Technology investment made to support volume growth



PROPERTY SERVICES - RIVERGATE LEGAL

Authorised and regulated by the SRA, Rivergate operates as an independent subsidiary with a panel solicitor position with Curtis Banks.

- Customer decision drives choice of solicitor
- Panel solicitors benefit from:
 - Preferential SIPP pricing
 - Efficiencies from experience of property and SIPPs
 - Default choice in the absence of customer preference
- Encouraging early demand
- All own staff
- Low transaction volume but high average revenue and margin per transaction



PROPERTY SERVICES - TEMPLEMEAD PROPERTY SOLUTIONS

Authorised and regulated by RICS, Templemead operates as an independent subsidiary providing a range of property services both in and out-sourced.

- Complementary services include:
 - Capital valuations and development appraisals
 - Assessment of market rents and rent reviews
 - Lease renewals
- Some services discretionary, some mandatory
- Potential to be introduced as default option for some services where customer has not indicated a preference for a mandatory service
- Higher potential transaction volume but lower average revenue per transaction



ACQUISITION STRATEGY

Regulatory focus continues to pressure the sector, and is expected to maintain appetite for book disposals.

- Hargreave Hale 578 SIPP book acquisition completed
- Revenue not risk
- Preference remains for good quality advised books
- Internal market assessment regularly refreshed and open dialogue with potential targets

HARGREAVEHALE



THE CURTIS BANKS BUSINESS CASE

- Proposition and sales resource in place to realise organic growth potential
- Legacy position reviewed and managed
- Comprehensive acquisition capability in place
- Platform to deliver complementary revenue growth from existing and new business
- Progressive, controlled delivery of digital and IT strategy
- Continued sustainable margin progress
- Increased dividend



APPENDIX



STATEMENT OF COMPREHENSIVE INCOME *

Statement of Comprehensive income (£'000)	Group	Policyholder	Shareholder
Revenue	87,802	41,677	46,125
Administrative expenses	(75,314)	(41,677)	(33,637)
Finance costs (net)	(351)	-	(351)
Adjusted Profit Before Tax	12,137	-	12,137
Non-recurring costs	(748)	-	(748)
Amortisation	(1,268)	-	(1,268)
Profit before tax	10,121	-	10,121
Tax	(1,911)	-	(1,911)
Total comprehensive income	8,210	-	8,210

* split between insurance policyholders and the group's shareholders for the year ended 31 December 2018



BALANCE SHEET *

Balance Sheet (£'000)	Group	Policyholder	Shareholder
Intangible Assets	44,110	-	44,110
Property Plant and Equipment	1,216	-	1,216
Investments	3,087,509	3,087,468	41
Deferred Consideration	(380)	-	(380)
Deferred Income	(24,601)	(13,194)	(11,407)
Borrowings	(86,530)	(72,082)	(14,448)
Net Current Assets	2,198	(322)	2,520
Cash	431,576	403,558	28,018
Non-participating insurance contracts	(3,405,428)	(3,405,428)	-
Net Assets	49,670	-	49,670
Share Capital	33,720	-	33,720
Retained Earnings + Option Reserve	15,950	-	15,950
Shareholder's Equity	49,670	-	49,670

* split between insurance policyholders and the group's shareholders as at 31 December 2018



CONSOLIDATED STATEMENT OF CASHFLOWS *

Cash flows from operating activities (£'000)	Group total	Policyholder	Shareholder
Profit before tax	10,121		10,121
Adjustments for non cash flow expenses	1,864		1,864
Adjustments for interest expenses	467		467
Adjustment for share based payment expense	626		626
Policyholder adjustments	15,463	15,463	0
Changes in working capital and tax paid	(136)	1,178	(1,314)
Net cash flows from operating activities	28,405	16,641	11,764
Purchase of intangible assets	(785)		(785)
Purchase of property, plant and equipment (net)	(21,543)	(20,879)	(664)
Purchase of treasury shares	(468)		(468)
Net cash flow from acquisitions	(419)		(419)
Net cash flows from investing activities	(23,215)	(20,879)	(2,336)
Equity dividends paid	(3,628)		(3,628)
Net decrease in borrowings	(7,538)	(4,380)	(3,158)
Interest paid	(297)		(297)
Net cash flows from financing activities	(11,463)	(4,380)	(7,083)
Net increase/decrease in cash & cash equivalents	(6,273)	(8,618)	2,345

* split between insurance policyholders and the Group's shareholders for the year ended 31 December 2018





Will Self

Paul Tarran

Jane Ridgley

Chris Macdonald

Bill Rattray

Jules Hydleman

Chris Banks

Founder & strategic adviser to the Board

Rupert Curtis

Founder & strategic adviser to the Board



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