8 December 2016

Private & Commercial Finance Group plc
("PCFG", "Private & Commercial Finance", the "Company" or the "Group")

Preliminary Results for the 18 months ended 30 September 2016

Strong gains in profitability underpin platform for future growth through banking licence

Private & Commercial Finance (AIM: PCF), the AIM-quoted finance house, today announces its preliminary results for the 18 months ended 30 September 2016.

These final results constitute an 18 months period following an accounting reference date change (as announced on 21 March 2016). The highlights, narrative and statement also refer to an unaudited pro forma 12 months period to 30 September 2016 and an unaudited pro forma 12 months to 30 September 2015 to provide a like-for-like comparative.

Financial Highlights:
- 18 months underlying profit before tax was £5.6 million, before adjustment for £0.5 million of bank set-up costs
- 18 months profit before tax was £5.1 million
- 12 months underlying profit before tax was up 38% to £4.0 million (2015: £2.9 million)
- 12 months profit before tax up 29% to £3.6 million (2015: £2.8 million)
- Fully diluted earnings per share up 19% to 1.9p (2015: 1.6p)
- Return on Average Assets increased by 15% to 3.1% (2015: 2.7%)
- Fully diluted after-tax Return on Equity stable at 13.0% (2015: 12.9%) on a larger capital base
- £28.2 million (2015: £25.7 million) of unearned finance charges to contribute to earnings in future years

Business Highlights:
- Application for banking licence approved on 6 December 2016, offers new source of funding and significant opportunities for scale
- Return to the dividend list with a recommended final dividend of 0.1p per share
- Over £100 million of new business volume for the 18 months period
- 14% increase in new business volumes to £68.4 million (2015: £59.9 million) in the 12 months to 30 September 2016
- Total portfolio growth of 13% to £122 million (2015: £108 million)
- Record low impairment charge of 1.0% (2015: 1.2%)
- Committed debt facilities of £174 million (2015: £119 million) with headroom at year end of £65 million (2015: £32 million) to fund portfolio growth ahead of taking retail deposits in summer 2017

Commenting on the results Scott Maybury, Chief Executive of PCFG, said:
"Reporting a record level of profit the day after announcing our approval as a new bank underlines the potential for our business. Unusually, for a new entrant into the banking sector, we have an operating platform and portfolio that is already performing extremely well and consistently delivering excellent returns. As such, the Company is equipped to deploy retail deposits immediately and profitably upon completing mobilisation of the bank, allowing us to significantly scale the business."

"We will complete the build and mobilisation of the banking infrastructure in the coming months and launch the bank offering in summer 2017. I am also pleased that PCFG is returning to the dividend list for the first time in 13 years, which illustrates the stable financial foundations of the Company and is indicative of our intended progressive dividend policy for the future. We approach the year ahead with great excitement and look forward to updating the market with progress regarding the launch of the bank."

- end -

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About Private & Commercial Finance Group plc (www.pcfg.co.uk)

Established in 1994, Private & Commercial Finance Group plc is an AIM-quoted finance house which has two main operating divisions:

- Consumer Finance which provides finance for motor vehicles to consumers; and
- Business Finance which provides finance for vehicles, plant and equipment to SMEs.

The Group has a highly efficient and scalable business model, utilising its specially developed internet-based proposal system to service national networks of brokers and suppliers.

Chairman's Statement
For the 18 months ended 30 September 2016

Profit before tax for the 18 months accounting period was £5.1 million, after expensing £0.5 million of costs relating to our application for a banking licence. Profit before tax for the pro forma 12 months period increased by 29% to £3.6 million (2015: £2.8 million) while profit after tax was up 27% to £2.8 million (2015: £2.2 million). Fully diluted earnings per share increased by 19% to 1.9p (2015: 1.6p).

Profit has reached record levels and we have exceeded our key targets for Return on Average Assets ("ROAA") and after tax Return on Equity ("ROE"). We will remain focussed on these two key performance indicators as we enter the next stage in our development, and are now targeting an ROAA of 2.5% and an ROE of 12.5% over the medium-term as we build the infrastructure for the bank.

The improved profitability was due to a strong portfolio performance with gross profit increasing by 10% in the pro forma 12 months, while administration expenses before banking costs increased by only 3%. This operational gearing demonstrates the potential for a business model that delivers profitability through prudent portfolio growth.

Finance receivables increased by 14% to £122 million (2015: £108 million) in the 12 months period. The gross profit margin reduced marginally to 28.1% (2015: 29.5%) due to competitive pressures in the market place. This is the result of ensuring we deliver portfolio growth without compromising on credit quality, which will underpin the future prospects of the Group.

Dividend

Enhancing shareholder returns on a sustainable basis is a key objective for the Group. The 19% growth in earnings per share has supported a return to the dividend list for the first time in 13 years. This has been a long held ambition for the Group and although establishing a new bank will be capital intensive, we are recommending a dividend of 0.1p per share with an intention to adopt a progressive dividend policy while maintaining a conservative cover ratio in the early years of the bank. Subject to approval by shareholders at the Annual General Meeting on 10 March 2017, this dividend will be paid on 13 April 2017 to shareholders on the register on 24 March 2017 and a scrip alternative will be made available.

Banking Licence

The Group received notification on 6 December 2016 that its application for a banking licence had been successful. This has been an exacting two year project and we are proud to have been recognised by the Prudential Regulation Authority and the Financial Conduct Authority as a business which has the culture, processes and financial strength to be worthy of being licensed as a bank.

The Group has chosen the ‘mobilisation route’ to authorisation. This involves the granting of the banking licence with restriction, which requires the delivery of a number of predetermined tasks and actions in accordance with an agreed project plan to be completed within 12 months. The Group chose this route as it ensures certainty of outcome before incurring the substantial infrastructure costs of operating as a bank. These costs cover areas such as an enhanced governance framework, additional staff resource and new technology platforms. The project plan is well underway and the Group expects to mobilise the bank in summer 2017.

Initially, the bank will support the Group’s existing chosen markets of consumer motor finance and SME asset finance, and there is plenty of scope to grow both these areas by utilising the cheaper cost of funds and more flexible nature of a retail depositor base. The growth in the portfolio will continue to be based on prudent lending, with our credit risk appetite focussing on increasing our volumes by operating in the prime sector of both markets.

Access to the retail deposit market will provide the Group with a funding resource far in excess of that available from wholesale bank debt, allowing us to scale the portfolio to levels which would otherwise be unachievable. We will still retain an element of wholesale bank debt to maintain a diversified treasury model, mitigating risk in times of economic uncertainty. Once the bank is established, the Board will assess its options for extending the Group’s range of financial products. This diversification may arise from corporate activity or from acquiring specialist resource in chosen sectors.

New business and our business model

New business originations exceeded £100 million in the 18 months period to 30 September 2016 and were up by 14% in the pro forma 12 months period to £68.4 million (2015: £59.9 million). This growth is broadly based on consumer motor finance lending growing by 8% to £37.0 million and SME asset finance lending growing by 22% to £31.4 million. Consumer and business confidence remains good in both markets and the result of the EU Referendum vote in June 2016 had little effect on these results. The current portfolio sizes are £70 million for consumer finance (2015: £63 million) and £52 million for SME asset finance (2015: £45 million).

New business margins remain strong across the Group despite an increasingly competitive market and the credit quality is matching our expectations, with 55% (2015: 57%) of originations being in our top two credit tiers. Our efforts to develop direct channels and win repeat business, have continued successfully with £5.4 million (2015: £5.0 million) of returning customers, representing our largest single source of new business.

We have already started our preparations for growing the lending side of our business once the mobilisation of the bank has been completed and are currently working on a project to enhance the quality and range of credit bureau data we receive, which will include digital solutions for customer affordability and identification. This will improve speed and quality of service, ensuring positive outcomes for our customers.

Private & Commercial Finance has a proven business model for lending to both individuals and SMEs. Our Consumer and Business Finance Divisions complement each other in terms of the infrastructure required and balancing the risk profile. Each market also provides growth opportunities at different points in the economic cycle. The use of information technology is at the heart of our operational efficiencies and the relationships with our customers. The model requires an understanding of their finance needs, an ability to deliver excellent levels of customer service to both our customers and our network of intermediaries, as well as striking the right balance, when underwriting, between risk and reward. We will continue to operate a model that minimises risk by financing assets which have strong collateral characteristics and average low transaction sizes, spread over a diverse customer base.

This is a robust model that has been tested in the most difficult of economic conditions and provides us with confidence for the future. This straightforward, easily understood and customer focussed approach to business will stand us in good stead for our entry into the deposit-taking market.

Portfolio and balance sheet

The portfolio has grown strongly and is reported net of £28.2 million (2015: £25.7 million) of unearned finance charges which are attributable to future years. These will be recognised over the next four years and provide the Group with predictability and quality of earnings going forward.

The quality of the portfolio continues to improve. The loan loss provisioning charge fell from £1.3 million to £1.0 million in the pro forma 12 months period, which is a 23% reduction and represents a charge-off rate for the year of 1.0% of the average portfolio (2015: 1.2%). The credit quality is also reflected in the percentage of the portfolio that is reported as neither past due nor impaired, which was steady at 96% this period (2015: 96%). With a focus on the quality of new business originations and with the Group operating in markets in which it has invaluable experience through historic performance, the portfolio should continue to perform well throughout its lifecycle.

Capital and funding

The net assets of the Group increased by 15% to £24.7 million as at 30 September 2016 (2015: £21.5 million) following the conversion of outstanding Loan Notes. As at 30 September 2016 all remaining Loan Notes had either been redeemed or were the subject of a notice to convert. The Loan Notes subject to conversion were admitted to trading on 10 October 2016.

The Group has £174 million of committed debt facilities (2015: £119 million). These are drawn to £109 million leaving headroom of £65 million (2015: £32 million) at the year-end. During the period, the Group entered into an £83 million facility with its majority shareholder, Bermuda Commercial Bank. This facility, along with existing headroom, provides adequate capacity for future growth in new business origination and to the point when we start to accept retail deposits.

The first retail deposits are planned for summer 2017, providing the Group with a much enhanced treasury model that will offer diversification while also providing a source of funding that is more attractive in terms of cost and scale. This strategy will transform the business, supporting our long-term strategy to grow into a substantial financial services group.

The Group's capital base continues to grow and the gearing ratio stands at 4.1 (2015: 4.0).

Board

I announced earlier today my intention to step down as Chairman following the publication of these Results.

When I joined the Board in 2011 I worked with the management team to identify key objectives and to plan how to implement them. We were aiming to reduce bad debts, improve profitability, grow the balance sheet, diversify and expand funding sources, and ultimately to resume dividend payments. These objectives have been achieved, so now is the appropriate juncture for a change in leadership of the Board as the Group pursues the next major stage of its development.

Tim Franklin, who was appointed a director on 6 December 2016, will be assuming the role of Chairman. Tim has over 30 years' experience in financial services businesses in both director and non-executive roles. His career experience, working for both building societies and banks, leaves him ideally placed for the position. I wish Tim and the entire Board every success over the coming years.

Current trading and outlook

We have delivered excellent profitability in the period as the result of a growing portfolio, combined with further gains in portfolio performance and a continued focus on margin and costs. By establishing itself as a bank the Group will, for the first time, be on an equal footing with its competitors with regard to funding cost. We therefore see opportunity and do not expect the forecast lower economic growth in the UK to undermine our current strategy.

I have strong confidence in the management and staff, and am certain they will continue to grow the business successfully using our banking status as a foundation.

D G Anthony
Chairman

GROUP INCOME STATEMENT

(£'000)	Note	18 Months 30 September 2016	Unaudited 12 Months 30 September 2016	Unaudited 12 Months 30 September 2015
Group turnover	4	**77,816**	**55,768**	**48,408**
Cost of sales		(54,719)	(40,105)	(34,130)
Gross profit		**23,097**	**15,663**	**14,278**
Administration expenses		(10,429)	(7,087)	(6,568)
Operating profit		**12,668**	**8,576**	**7,710**
Interest receivable		4	1	-
Interest payable		(7,544)	(4,975)	(4,903)
Profit on ordinary activities before taxation	5	**5,128**	**3,602**	**2,807**
Income tax expense	6	(1,107)	(801)	(619)
Profit on ordinary activities after taxation		**4,021**	**2,801**	**2,188**
Profit for the year attributable to equity holders		**4,021**	**2,801**	**2,188**
Earnings per 5p ordinary share - basic	7	2.5p	1.8p	3.9p
Earnings per 5p ordinary share - diluted	7	1.9p	1.8p	1.6p

GROUP STATEMENT OF COMPREHENSIVE INCOME

(£'000)	18 Months 30 September 2016	Unaudited 12 Months 30 September 2016	Unaudited 12 Months 30 September 2015
Profit for the year	**4,021**	**2,801**	**2,188**
Other comprehensive income that may be reclassified to the income statement in subsequent years			
Cash flow hedges – fair value (losses)/gains	(283)	(187)	(379)
Income tax effect	63	59	76
	(220)	**(128)**	**(303)**
Total comprehensive income for the year	**3,801**	**2,673**	**1,885**

GROUP BALANCE SHEET

As at 30 September (£'000)	30 September 2016	Unaudited 30 September 2015
Non-current assets		
Goodwill	397	397
Other intangible assets	367	472
Property, plant and equipment	147	100
Loans and receivables	80,997	69,079
Deferred tax	1,424	1,718
	83,332	**71,766**
Current assets		
Loans and receivables	40,962	38,427
Trade and other receivables	504	1,043
Cash and cash equivalents	5,904	510
	47,370	**39,980**
Total assets	**130,702**	**111,746**
Current liabilities		
Interest-bearing loans and borrowings	13,934	17,033
Trade and other payables	1,907	1,348
Derivative financial instruments	52	40
Corporation Tax	291	305
Bank overdrafts	-	459
	16,184	**19,185**
Non-current liabilities		
Derivative financial instruments	439	261
Interest-bearing loans and borrowings	89,372	70,809
	89,811	**71,070**
Total liabilities	**105,995**	**90,255**
Net assets	**24,707**	**21,491**
Capital and reserves		
Issued share capital	7,956	7,656
Share premium	174	7,898
Capital reserve	-	3,873
Other reserves	(373)	(219)
Own shares	(305)	(305)
Profit and loss account	17,255	2,588
Shareholders' funds	**24,707**	**21,491**

GROUP STATEMENT OF CHANGES IN EQUITY

(£'000)	18 Months 30 September 2016	Unaudited 12 Months 30 September 2016	Unaudited 12 Months 30 September 2015
Total comprehensive income for the year	**3,801**	**2,673**	**1,885**
New share capital subscribed	9,011	510	8,508
Share-based payments	37	33	6
Net addition to shareholders' funds	**12,849**	**3,216**	**10,399**
Opening shareholders' funds	11,858	21,491	11,092
Closing shareholders' funds	**24,707**	**24,707**	**21,491**

GROUP STATEMENT OF CASH FLOWS

(£'000)	18 Months 30 September 2016	Unaudited 12 Months 30 September 2016	Unaudited 12 Months 30 September 2015
Cash flows from operating activities			
Profit before taxation	5,127	3,602	2,807
Adjustments for:			
Amortisation of other intangible assets	284	193	180
Amortisation of issue costs	204	136	136
Depreciation	57	39	28
Share-based payments	37	33	6
Loss on disposal of property, plant and equipment	**-**	**-**	33
Fair value movement on derivative financial instruments	(1)	1	(5)
Increase in loans and receivables	(22,130)	(14,454)	(13,622)
Decrease/(Increase) in trade and other receivables	630	540	(333)
Increase in trade and other payables	279	561	371
Cash flows used in operating activities	**(15,513)**	**(9,349)**	**(10,399)**
Tax paid	(640)	(463)	(302)
Net cash flows used in operating activities	**(16,153)**	**(9,812)**	**(10,701)**
Cash flows from investing activities			
Purchase of property, plant and equipment	(99)	(86)	(84)
Purchase of other intangible assets	(138)	(88)	(71)
Net cash flows used in investing activities	**(237)**	**(174)**	**(155)**
Cash flows from financing activities			
Proceeds from borrowings	51,608	44,589	10,926
Repayments of borrowings	(28,750)	(28,750)	-
Net cash flows from financing activities	**22,858**	**15,839**	**10,926**
Net increase in cash and cash equivalents	6,468	5,853	70
Cash and cash equivalents at beginning of the year	(564)	51	(19)
Cash and cash equivalents at end of the year	**5,904**	**5,904**	**51**
Cash at bank	5,904	5,904	510
Bank overdraft	-	-	(459)
	5,904	**5,904**	**51**
The amount of interest paid during the year	7,515	4,955	4,902

NOTES TO THE FINANCIAL STATEMENTS

1. The preliminary results are unaudited and do not constitute statutory accounts as defined by section 434 of the Companies Act 2006. The comparative figures for the year ended 30 September 2015 are based on the statutory accounts of the Group for the relevant periods which have been reported on by the Group's auditor and delivered to the Registrar of Companies. The report of the auditors was unqualified and did not contain a statement under section 498 of the Companies Act 2006.

2. The preliminary results have been prepared on the basis of the accounting policies set out in the Annual Report & Financial Statements for the year ended 31 March 2015 as updated where necessary for new accounting standards adopted in the year.

3. These consolidated financial statements have been prepared in accordance with IFRS and its interpretations issued by the International Accounting Standards Board, as adopted by the European Union. This announcement has been approved and authorised for issue by the Board of Directors.

4. The Group's turnover represents gross rentals and instalments from the hire, financing and sale of equipment, and the provision of related fee-based services, stated net of Value Added Tax.

5. The Group operates in the principal areas of consumer finance for motor vehicles and business finance for vehicles, plant and equipment. All revenue is generated in the United Kingdom.

   Turnover, profit on ordinary activities before taxation, and loan loss provisioning charge are detailed below:

(£'000)	**18 Months 30 September 2016**	**12 Months 30 September 2016**	**12 Months 30 September 2015**
Consumer finance	40,891	27,787	25,772
Business finance	36,925	27,981	22,636
Group Turnover	**77,816**	**55,768**	**48,408**
Consumer finance	2,695	1,795	1,785
Business finance	2,433	1,807	1,004
Profit on ordinary activities before taxation	**5,128**	**3,602**	**2,789**
Consumer finance	(1,036)	(609)	(975)
Business finance	(550)	(381)	(306)
Loan loss provisioning charge	**(1,586)**	**(990)**	**(1,281)**

6. The income tax assessed for the period is higher than the standard rate of Corporation Tax in the UK of 20% (2015 – 21%). The differences are explained below. As part of the Finance Act 2014, the UK government legislated to reduce the main rate of Corporation Tax from 21% to 20% with effect from 1 April 2015 and to 19% with effect from 1 April 2017 which has been reflected in the amount of the recognised deferred tax asset. A further reduction in the Corporation Tax rate to 17% from 1 April 2020 was substantially enacted on 15 September 2016. This has not impacted the amount of the recognised deferred tax asset.

(£'000)	**18 Months 30 September 2016**
Profit on ordinary activities before tax	**5,127**
Profit on ordinary activities multiplied by the standard rate of Corporation Tax in the UK of 20% (2015 – 21%)	(1,025)
Effects of:	
Expenses not deductible for taxation purposes	(13)
Adjustments in respect of prior years	1
Change in tax rate	(71)
Utilisation of previously unrecognised losses	1
Total tax charge for the year	**(1,107)**

7. The calculation of basic earnings per ordinary share is based on profit after taxation of £2,188,599 for the 12 months ending September 2015, £2,800,975 for the 12 months ending September 2016 and £4,020,756 for the 18 months ending September 2016 (March 2015 – £1,613,789) and on 56,085,571 ordinary shares for the 12 months ending September 2015, 156,654,703 ordinary shares for the 12 months ending September 2016 and 160,168,597 ordinary shares for the 18 months ending September 2016 (March 2015 – 53,066,335), being the weighted average number of ordinary shares in issue during the period.

   The calculation of diluted earnings per ordinary share is based on profit after taxation of £2,664,466 for the 12 months ending September 2015, £3,020,658 for the 12 months ending September 2016 and £4,466,903 for the 18 months ending September 2016 (March 2015 - £2,193,948), before deducting interest on the convertible loan notes of £475,866 for 12 months ending September 2015, £219,683 for 12 months ending September 2016 and £446,147 for the 18 months ending September 2016 (2015 - £580,159), on 170,378,206 (2015 – 170,378,206) ordinary shares, being the dilutive weighted average number of ordinary shares in issue during the year.

8. The calculation of return on average assets is based on a profit before tax of £2,807,227 for the 12 months ending September 2015, £3,601,755 for the 12 months ending September 2016 and £5,126,536 for the 18 months ending September 2016 (2015: £2,099,451) and on average portfolio assets of £102,523,184 for 12 months ending September 2015, £114,732,586 for 12 months ending September 2016 and £110,894,032 for the 18 months ending September 2016 (2015: £94,241,815).

9. The 2016 Annual Report & Financial Statements will be posted to all shareholders on 25 January 2017. Further copies can be obtained from the Company Secretary at Pinners Hall, 105-108 Old Broad Street, London EC2N 1ER or can be downloaded from our website, www.pcfg.co.uk.