

19 July 2017

PCF Group plc

(“PCF”, the “Bank” or the “Group”)

Trading Statement

Launch of PCF Bank and retail deposit operations

The Board is pleased to report that on 18 July 2017 the Bank received notification from its dual regulators, the Prudential Regulation Authority and the Financial Conduct Authority, that the regulatory restrictions of the bank mobilisation period have been lifted and it can now commence deposit taking activities as a fully-operational bank. The Group is now adopting the trading style of PCF Bank.

Customers can expect a range of deposit products to be available online and in best-buy publications in the very near future. A typical 1 year savings product will offer interest rates of 1.7%, with the account opening process taking as little as ten minutes as a result of our leading technology and focus on customer service.

This milestone marks the successful completion of a three-year project and the transformation of the Group from a finance house to an authorised bank. It is a great testament to the team at PCF that the mobilisation process has been concluded within seven months whilst also delivering organic growth and increased profitability in the core business. New business originations in FY17 Q3 were up 20% on the corresponding quarter last year, with the quality of the loan book further improved with the introduction of prime business trials.

Given the Group’s positive trading in FY17 Q3, the Board now expects the Group’s performance for the year ending 30 September 2017 to be slightly ahead of its previous expectations for profitability and portfolio quality.

The launch of retail deposit taking operations will coincide with a number of new business initiatives, utilising the cheaper cost of funds, to expand the Group’s addressable lending market and thereby provide a significant increase in scale, with a target portfolio of £350m in three years and £750m in five years.

Scott Maybury, CEO, commented: “This is the culmination of three years of hard work for everyone within the Group. The potential upside is considerable, as we currently have a relatively small market share and will now be able to access cheaper funding and lend into more prime segments of the market. Our organic growth proves that the model works, and the launch of PCF Bank will allow us to accelerate that growth over the next 3-5 years.

“The consumer market for used vehicles and the SME market for vehicles, plant and equipment remain robust and our credit criteria remain appropriately judged for the uncertainties of the current political and economic environment.

“PCF Bank’s access to retail deposits will allow us to provide our broker network with an even wider and more competitive range of rates, and along with our new business initiatives, will ensure that when those deposits come in we are able to deploy that capital quickly and efficiently.”

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About PCF Group plc (www.pcf.bank)

Established in 1994, PCF Group plc is the AIM-quoted parent of the specialist bank, PCF Bank Limited. With the advent of the Bank the Group now has the scale to increase its lending portfolio size significantly, with target portfolio sizes of £350m in 2020 and £750m in 2022. The Group will retain its focus on portfolio quality, and has the capacity to lend increasingly to prime segments of the finance market.

PCF Bank will offer retail savings products for individuals and will then deploy those funds through its two lending 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 track record of strong financial performance and an efficient and scalable business model, with significant room to grow. Utilising its technologically advanced platform, the Bank will provide both depositors and borrowers with a high level of service and a straightforward, simple range of products tailored to suit their needs.