

22 October 2018

PCF Group plc

(“PCF”, the “Company” or the “Group”)

Trading Statement

Record new business originations, trading in line with market expectation and a recent acquisition provides added momentum

PCF Group plc, the AIM-listed specialist bank, issues an update for the year ended 30 September 2018 and is pleased to report that trading is in line with market expectations.

We can report that new business originations are 75% ahead of last year at £148m (2017: £85m). We are also pleased to report that the quality of originations has met management targets with 70% of originations being in our prime credit grades. The lending portfolio has grown to approximately £219m compared to £146m at 30 September 2017, an increase of 50%. Our portfolio has continued to increase rapidly and we are confident that our target to grow the lending portfolio, through organic growth in existing products, to £350m by September 2020 is on track.

The successes in new business origination reflect the benefits of a banking model and our reputation for excellent customer service. The months of August and September 2018 were consecutive record new business origination months for the Group. Our increased lending to the prime sector is a strategic decision enabled by reduced cost of funds and aligned to our risk appetite and our cautious outlook for the UK economy.

As referenced in previous announcements, the prime lending markets for consumer motor finance and business asset finance are competitive arenas and so, while we have seen an anticipated reduction in net interest margin, there are inbuilt advantages to competing in the larger prime markets that will improve future profitability. Firstly, lending to prime borrowers leads to lower levels of loan delinquency later and secondly, increased scale of our lending book in proportion to our fixed costs improves our operational gearing. Key in our drive for increased profitability is our continued investment in technology to ensure we promote efficiencies and meet the needs of our customers.

Following our success in achieving the *Savings Champion Award for 2018 Best New Provider*, we have built our retail deposit base to £190m (2017: £53m). We are also a participant in the Bank of England’s Term Funding Scheme which has further diversified our funding base and helped to reduce funding costs.

On 8 October 2018, PCF announced the acquisition of Azule Limited, a UK market leader in the provision of specialist funding and leasing services to the broadcast and media industry. The acquisition is a diversification of the Group’s asset classes and offers a new route to market with an origination capability of over £50m per annum. The acquisition is subject to FCA approval for change of control.

Scott Maybury, Chief Executive of PCF, commented:

“A diversified banking model is proving a great strength and our first full year as a bank has been extremely encouraging. We have made excellent progress against ambitious targets and our focus on

organic growth through existing lending markets has now been supplemented with an earnings enhancing acquisition.

“We look forward to reporting our Final Results on 5 December 2018.”

- end -

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Note

This announcement contains inside information for the purposes of Article 7 of Regulation (EU) No 596/2014.

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 a banking operation, the Group has the capability to increase its lending portfolio significantly, with target portfolio sizes of £350 million in 2020 and £750 million in 2022. The Group will retain its focus on portfolio quality and has the capability to lend increasingly to prime segments of its existing finance markets. The Group will also seek to diversify its lending products and asset classes through acquisition.

PCF Bank currently offers retail savings products for individuals and then deploys 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 provides both depositors and borrowers with a high level of service and a straightforward, simple range of products tailored to suit their needs.

For media enquiries please contact media@pcf.bank