

24 October 2019

**PCF Group plc**  
**("PCF", the "Company" or the "Group")**

**Trading Statement**

**Lending portfolio reaches £338m, trading in line with market expectation and the Azule acquisition has a very successful first year**

PCF, the AIM-listed specialist bank, is pleased to advise that for the year ended 30 September 2019 trading is in line with market expectations.

New business originations are 51% ahead of last year at £223m (2018: £148m) and the quality of those originations has met management targets, with 74% (2018: 70%) being in our prime credit grades. Our lending portfolio has grown to £338m, an increase of 54% (2018: £219m) and is close to our £350m target, a year ahead of plan.

Over the year, we have continued to increase our lending to the prime sector, a strategic decision enabled by the reduced cost of funding provided by our banking licence. This is aligned to our cautious outlook for the UK economy. Despite the competitiveness of the prime lending markets for business asset finance and consumer motor finance, our net interest margin has held up well in the year at 7.9% (2018: 8.2%). We continue to reflect our appetite for risk through the pricing of our lending products and our loan impairment charge remains unchanged from the 0.9% reported at the Interim stage.

On 15 October 2019 the Financial Conduct Authority (FCA) announced plans to regulate the way in which some car retailers and brokers in the motor finance sector receive commission. A set of clear rules would address a lack of transparency and serve consumers better. PCF welcomes this initiative from the FCA as we believe that standardised commission rates will ensure better outcomes for customers and a level playing field for motor finance providers.

We have also continued to build on our success in the retail deposit market and our deposit base increased to £265m (2018: £191m). Access to the retail deposit market plus the steps taken earlier in the year to put in place a £15m Tier 2 capital facility, provide our platform for continued growth.

PCF acquired Azule Limited in October 2018. Azule is a UK market leader in the provision of specialist funding services to the broadcast and media industry. Azule originated £77m of new business in the eleven-month period (12 months to June 2018: £55m) and through its hybrid brokerage and 'own book' model generated fee income of £1m (12 months to June 2018: £0.8m). Our first year of ownership has seen excellent results which means that the threshold for the First Deferred Consideration Payment has been met and a £750k cash payment will be made in November 2019.

Our nascent Property Bridging Finance venture has also had a good first nine months with originations of £14m (2018: £NIL).

**Scott Maybury, Chief Executive of PCF, commented:**

"The strategy to diversify our asset classes and income streams is proving a great success and playing an important role in growing our lending portfolio. We have made excellent progress against ambitious targets and we continue to deliver strong growth despite the challenging economic and political backdrop. While there may well be some tightening of the economic cycle over the next 12

to 24 months, given the small market share we currently enjoy, we remain confident that we can continue to grow as planned whilst maintaining our prudent appetite for risk.

“We look forward to reporting our Final Results on 4 December 2019.”

- end -

This announcement contains inside information.

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**About PCF Group plc ([www.pcf.bank](http://www.pcf.bank))**

Established in 1994, PCF Group plc is the AIM-listed parent of specialist bank, PCF Bank Limited. Since commencing operations as a bank in 2017, the Group has increased its lending portfolio significantly, targeting an initial portfolio of £350 million by 2020 and growing to a £750 million portfolio by 2022. The Group will retain its focus on portfolio quality, lending increasingly to the prime segment of its existing finance markets. The Group has also recently diversified its lending products and asset classes through acquisition and by setting up new organic operations.

PCF Bank currently offers retail savings products for individuals and then deploys those funds through its four lending divisions:

- Business Finance which provides finance for vehicles, plant and equipment to SMEs;
- Consumer Finance which provides finance for motor vehicles to consumers;
- Azure Limited which provides finance to the broadcast and media industry; and
- Bridging Property Finance which provides loans to companies and sole traders investing in residential property

Recently recorded video profiles of PCF's Bridging Finance, Azure Broadcast Equipment Finance, and Savings divisions are available at the Company's profile page on the London Stock Exchange website: <https://profile.lsegissuerservices.com/PCFGroup/overview>.

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