

20 February 2023

PCF Group plc

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

Notice of Annual General Meeting and publication of Annual Report and Accounts

The directors of PCF are pleased to advise that it will hold its Annual General Meeting at 1 Cornhill, London EC3V 3ND at 10.00 a.m. on Friday 31 March 2023.

The Company also announces that its Annual Report and Financial Statements for the financial year ended 30 September 2022 (**Annual Report**) has been published today. The Annual Report is available on the Company's website, [Investors | PCF Bank](#), in the Financials section and Notifications made in the last 12 months section or on the Company's dedicated Asset Match webpage at www.assetmatch.com

Copies of the Notice of Annual General Meeting and the Annual Report will be posted to shareholders by early March.

Business and Financial Highlights for the 12 months to 30 September 2022.

In its Annual Report the Group reports:

The focus for the financial year has been stabilising our business, which involved a temporary increase in our cost base, remediating legacy issues and driving transformation of our processes. This enabled us to achieve the solid foundations needed to explore strategic options for the future.

In undertaking a going concern review, the Directors consider that the strategic decision taken in November 2022, to exit the UK banking market and to ultimately manage its loan and savings portfolio positions down over time in line with their respective terms and conditions, whilst exploring strategic opportunities, are all relevant and applicable to the Annual Report. Those decisions were made given the absence of any strategic capital injection or a viable business combination.

The implications of those decisions are that the Board ultimately intends to liquidate the entity, with the focus shifting to ensuring an orderly exit from the UK banking market, with PCF Group delisting from AIM on 20th December 2022, hence the application of the going concern basis of accounting is inappropriate. Refer to 'going concern', Note 1.2 to the Annual Report, for further details.

Business and financial performance

- Statutory loss before tax of £(14.0) million (2021: loss of £(3.1) million).
- Adjusted loss before tax¹ of £(6.7) million (2021: profit of £0.7 million).
- Net operating income decreased by (22)% to £20.9 million (2021: £26.8 million).
- Net interest margin³ reduced to 5.7% (2021: 6.6%) reflecting the focus on higher quality lending.
- Net loans and advances decreased by (16)% to £306 million (2021: £364 million).
- New loan origination totalled £160 million (2021: £187 million), and included within new loan origination is Azure Limited (Azure) brokered lending² of £25 million (2021: £30 million).
- Staff and operating expenses increased 37.9% to £29.2 million (2021: £21.2 million), mainly due to increased headcount and professional services costs, which included £3.9 million of expenses related to the remediation of legacy issues (2021: £3.6 million).

- Cost: income ratio¹ increased to 144.5% (2021: 85.8%).
- Credit impairment charge reduced to £1.2 million (2021: charge of £6.7 million) mainly due to net expected credit loss (ECL) charge of £1.4million (including the amortisation of the back book and rate change charges of £0.7 million and ECL charges on newly originated loans during the year of £0.7 million (refer to Note 29.5)).
- Retail deposits of £281 million reduced over the period (2021: £327 million).
- Statutory return on average equity¹ of (32.2)% (2021: (6.1)%).
- Adjusted return on average equity¹ of (15.4)% (2021: 0.7%).
- Loss per share of (5.1) pence (2021: (1.2) pence).

Balance sheet stability underpinned by prudent capital and liquidity management

- Tangible net asset value¹ of £38.5 million (2021: £45.8 million).
- Common equity tier 1 ratio⁴ of 15.1% (2021: 15.6%).
- Total capital ratio⁴ of 17.4% (2021: 17.5%).
- Leverage ratio^{3, 4} of 11.7% (2021: 12.6%).
- Liquidity coverage ratio of 475% (2021: 904%).
- Net stable funding ratio of 135% (2021: 159%).

¹ Refer to section non-International Financial Reporting Standards (IFRS) performance measures on pages 15 & 16 of the Annual Report for further details of the definition of this non-IFRS performance measure.

² Azure Limited brokered lending, to third parties, is not included on our balance sheet, but generates commission income in our profit and loss statement.

³ The leverage ratio is calculated applying the UK leverage ratio framework which applies to all UK firms from 1 January 2022. As a result, the leverage ratio for September 2021 has been recalculated on the same basis for comparability by excluding claims on central banks.

⁴ Ratios are disclosed on a transition arrangement basis. Refer to page 63 for regulatory capital and leverage ratios presented on a fully-loaded basis.

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For further information, please visit <https://pcf.bank/> or contact:

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