

How we deliver our strategy

We operate in selected specialist mortgage markets where we can deploy our deep credit knowledge

£ **5.4** bn mortgage balances
 £ **21.3** bn mortgages analysed since 2008

We deliver a quality service and product proposition to mortgage brokers and their customers

#1 UK's leading specialist mortgage lender
21,000 intermediaries registered with the Group
8 minutes average time to Decision in Principle

We deploy consistent underwriting decisions to effectively mitigate credit risk

£ **27** k aggregate losses on mortgage lending since inception
0.1% of the total loan book in arrears of three months or more
0.01% cost of risk of total portfolio in 2017

We have an efficient and scalable, bespoke operating platform

34.1% cost income ratio
31.2% underlying cost income ratio

We have a dynamic and sophisticated funding strategy

£ **4.4** bn retail deposits
8 securitisation transactions since 2013
 £ **977.8** m drawn from the Bank of England's Term Funding Scheme in 2017

We aim to deliver strong growth and sustainable returns to our shareholders

28.6% return on equity
30.4% underlying return on equity

All figures as at 31 December 2017, unless stated otherwise.



“ Our aim is to maintain our position as the UK's leading specialist mortgage lender through excellence in all aspects of our operations. We plan to accomplish our strategic objective by delivering sustainable balance sheet growth within our risk appetite, supported by a diverse funding mix. Our future success is dependent on our relationship with our customers, intermediaries and employees – all of whom we value highly. ”

Ian Lonergan, Chief Executive Officer

Our approach to lending

Target attractive, underserved secured lending markets

Through the Precise Mortgages brand, the Group targets specialist mortgage lending markets that are underserved by large and medium-sized UK retail banks and building societies, and are underpinned by positive long-term market dynamics.

We continually evaluate growth prospects in our target markets and assess opportunities to move into new specialist sub-sectors within these product lines, where margins are attractive and lending is sustainable within the Group's conservative risk appetite. Charter Court's relatively small share of the broader mortgage lending market, combined with our agility offers considerable opportunities for future growth.

Leverage our deep credit expertise and extensive product knowledge to achieve market leadership

Precise Mortgages is led by experienced industry professionals and is supported by highly skilled teams with experience and insight spanning the entire mortgage lifecycle. Charter Court has developed this deep credit know-how through Exact's credit consultancy and proprietary data analytics. Precise Mortgages draws on this expertise to adapt quickly to shifting market conditions, identifying niche lending opportunities and tailoring its product offering accordingly. By drawing on a large product development pipeline Precise Mortgages can rapidly deploy its tailored products in attractive lending segments where we can secure significant market share.

Employ our automated underwriting platform to efficiently maintain rigorous credit standards

Precise Mortgages uses a bespoke, automated decision-making platform to manage mortgage applications, delivering a rapid decision in principle, based on our rigorous, codified lending policy rules and credit scores. The platform is underpinned by our extensive underwriting expertise, which enables us to identify new niches and determine appropriate lending parameters. The platform enables Precise Mortgages to react quickly to non-standard mortgage requests which are common in our target markets, while ensuring consistent underwriting within the Group's risk appetite. Our quick response time helps us to compete for the 'first look' at credit opportunities, while our robust manual verification process further strengthens our disciplined approach to credit risk.

Utilise our strong intermediary network to achieve rapid, widespread distribution

Precise Mortgages distributes products through the mortgage intermediary market, leveraging management's strong relationships with the UK's largest distributors and intermediaries. The Group's 24/7 digital decision-making platform, combined with the expertise of its underwriting team provide a responsive and personalised service to these intermediaries, supporting strong origination volumes.