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Press release

6 June 2018

Charter Court Financial Services Group plc Disposal of economic interest in Charter Mortgage Funding 2018-1 plc

Charter Court Financial Services Group plc ("Charter Court" or the "Group") today announces it has agreed to sell its residual economic interest in the Charter Mortgage Funding 2018-1 plc securitisation ("CMF 2018-1") for a cash consideration of £13.8 million, payable on completion (the "Transaction").

CMF 2018-1 is the Group's latest securitisation and is due to complete on 8th June 2018. The Transaction is expected to settle before the end of June 2018 and will involve the sale of the RC1 and RC2 residual certificates (the "Certificates") to the securitisation. Lloyds Bank Corporate Markets plc ("LBCM") is managing the sale and settlement process.

The Transaction will generate a pre-tax gain of £21.3 million which will be recognised in the first half of 2018 and will also result in a reduction of mortgage assets and associated risk weighted assets of the Group of approximately £285.5 million and £100 million, respectively. The associated increase in the Group's core equity tier 1 capital resources will be invested to support new loan originations in its specialist lending segments and ongoing business activities. The securitised mortgage assets yielded interest income of c. £1 million in May 2018.

Both the Transaction and the CMF 2018-1 securitisation reflect Charter Court's strategy of continuously monitoring the markets for tactical opportunities to create shareholder value. Charter Court remains on track to meet its net loan book growth target of at least 20% in the medium term, adjusting for sales which result in a de-recognition of assets.

Sebastien Maloney, CFO of Charter Court, said:

"This is another excellent transaction for Charter Court and is a testament to the continued investor confidence in the quality of our underwriting. As we have set out in our strategy, we take a proactive approach to asset-liability and capital management and will take advantage of favourable market conditions to execute transactions that enhance our capital position, support further loan growth and deliver shareholder value. The proceeds from the transaction will be invested in pursuing further growth opportunities. As we set out at our Q1 2018 trading statement, we have had a strong start to the year and remain confident of achieving our stated financial targets."



Background on CMF 2018-1

CMF 2018-1 is the securitisation of approximately £285.5 million of prime residential mortgages originated by Charter Court Financial Services Limited.

At closing, CMF 2018-1 will sell all of the rated notes (classes A, B, C, D, E and X notes) in the securitisation to third-party investors.

The Transaction will result in the de-recognition of the securitised mortgages and, as a liability, the rated notes from the Group balance sheet.

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About Charter Court Financial Services Group plc

Charter Court is one of the UK's leading specialist challenger banks by originations, founded in 2008 by its senior management team and purpose built to focus on specialist buy to let, residential, bridging and second charge mortgage lending. We operate through our three brands – Precise Mortgages, Exact Mortgage Experts and Charter Savings Bank – providing buy to let and specialist residential mortgages; mortgage servicing, administration and credit consultancy; and retail savings products.

We have continued to grow in our chosen markets and to translate that growth into strong financial and operational performance. At 31 March 2018, our total mortgage balances stood at £5.5 billion generated through our relationships with more than 21,000 intermediaries nationwide, whilst Charter Savings Bank had £4.3 billion in retail deposits at the same date from over 120,000 retail savings accounts.

Underpinning our success, our risk management expertise and automated technology and systems ensure efficient processing, strong credit and collateral risk control and speed of product development and innovation. These factors have enabled our strong balance sheet growth whilst maintaining the high credit quality of our mortgage assets.

Charter Court was admitted to the main market of the London Stock Exchange in October 2017 (CCFS.L). Charter Court Financial Services Limited, a subsidiary of the Group, is authorised by the Prudential Regulation Authority ('PRA') and regulated by the Financial Conduct Authority ('FCA') and the PRA. Charter Mortgages Limited, also a subsidiary of the Group, is authorised and regulated by the FCA.



Important notices

This announcement contains statements which are, or may be deemed to be, "forward-looking statements" which are prospective in nature. All statements other than statements of historical fact are forward-looking statements. They are based on current expectations and projections about future events, and are therefore subject to risks and uncertainties which could cause actual results to differ materially from the future results expressed or implied by the forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of forward-looking words such as "plans", "expects", "is expected", "is subject to", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", "believes", "targets", "aims", "projects" or words or terms of similar substance or the negative thereof, are forward-looking statements, as well as variations of such words and phrases or statements that certain actions, events or results "may", "could", "should", "would", "might" or "will" be taken, occur or be achieved. Such statements are qualified in their entirety by the inherent risks and uncertainties surrounding future expectations. Forwardlooking statements include statements relating to (a) future capital expenditures, expenses, revenues, earnings, economic performance, indebtedness, financial condition, dividend policy, losses and future prospects, (b) business and management strategies and the expansion and growth of Charter Court's operations, and (c) the effects of global economic conditions on Charter Court's business.

Such forward-looking statements involve known and unknown risks and uncertainties that could significantly affect expected results and are based on certain key assumptions. Many factors may cause actual results, performance or achievements of Charter Court to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Important factors that could cause actual results, performance or achievements of Charter Court to differ materially from the expectations of Charter Court, include, among other things, general business and economic conditions globally, industry trends, competition, changes in government and other regulation and policy, including in relation to the environment, health and safety and taxation, labour relations and work stoppages, interest rates and currency fluctuations, changes in its business strategy, political and economic uncertainty and other factors as may be identified in relation to the disposal. Such forward-looking statements should therefore be construed in light of such factors. Neither Charter Court nor any of its directors, officers or advisers provides any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this announcement will actually occur. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. Other than in accordance with its legal or regulatory obligations (including under the UK Listing Rules and the Disclosure and Transparency Rules), Charter Court is not under any obligation and it expressly disclaims any intention or obligation to update or revise any forwardlooking statements, whether as a result of new information, future events or otherwise.