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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

## 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. Forward-looking 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.*

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