

Disposal of economic interest

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26 July 2019

For immediate release

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CHARTER COURT FINANCIAL SERVICES GROUP PLC

(Company number 06712054)

Disposal of economic interest in Precise Mortgage Funding 2019-1B plc (the "Transaction")

Charter Court Financial Services Group plc ("Charter Court" or the "Group") today announces that its subsidiary Charter Mortgages Limited has agreed to sell its residual economic interest in the Precise Mortgage Funding 2019-1B plc ("PMF 2019-1B") securitisation to J.P. Morgan Securities plc ("JPM") for cash consideration of £6.2 million, payable on completion. The Transaction, which is expected to complete on 31 July 2019, will involve the sale of the RC2 residual certificates (the "Certificates") to the securitisation. JPM managed the sale process and purchased the Certificates for onward sale.

The Transaction will generate a pre-tax gain of £28.8 million, which will be recognised in the 2019 financial year. It will also result in a reduction in the gross assets of the Group of c. £389.1 million¹ and a reduction in risk weighted assets of c. £206.7 million. The associated increase in common equity tier 1 capital ratio through the reduction in risk weighted assets and the gain on sale will be reinvested to support new loan originations in Charter Court's specialist lending segments and ongoing business activities. During the period between the issuance of the securitisation and 30 June 2019 the assets being disposed of contributed c. £1.3 million in profit before tax.

Commenting on the Transaction, Sebastien Maloney, CFO of Charter Court, said:

"This transaction demonstrates our proactive approach to asset-liability and capital management and our ability to execute capital markets transactions when we judge conditions to be right to generate incremental shareholder value. The demand for the Certificates and the final terms achieved further reflect investor confidence in the quality of our underwriting and our track record of strong loan book growth while maintaining a market-leading cost of risk."

Background on PMF 2019-1B

PMF 2019-1B was issued on 31 May 2019 and securitised approximately £734 million of prime buy-to-let mortgages originated by Charter Court Financial Services Limited ("CCFSL"). At the time of issuance, PMF 2019-1B sold all of the rated notes (classes A1, B, C, D, E and X notes to third parties independent of the Group, and the A2 notes to CCFSL), and Charter Mortgages Limited, a Charter Court group company, purchased the residual certificates pertaining to the transaction. It subsequently sold a sub-component of the residual certificates (the 'RC1's) earlier in July 2019 to a third-party investor independent of the Group. The Transaction will result in the de-recognition of the securitised mortgages and, as a liability, the rated notes (classes A1, B, C, D, E and X notes) from the Group balance sheet.

The Transaction has been agreed today and will settle on 31 July 2019.

A copy of this announcement will be available on Charter Court's website at: <http://www.chartercourts.co.uk/>

¹ Includes £20.3 million of non-mortgage assets in PMF 2019-1B and reflects the recognition on balance sheet of £359.0 million of PMF 2019-1B class A2 notes retained by CCFSL

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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.

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 forward-looking statements, whether as a result of new information, future events or otherwise.

Market Abuse Regulation

The information contained within this announcement is considered to be inside information prior to its release as defined in Article 7 of the Market Abuse Regulation No. 596/2014 and is disclosed in accordance with the Company's obligations under Article 17

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