



CITY OF LONDON GROUP PLC

("COLG" or the "Company")

April 06 2020

Business update in light of COVID-19

The Company today announces a business update.

The Company has in place measures and infrastructure to allow its staff to work effectively from home over an extended period. Measures have been taken to reflect the reduction in business volumes in certain of the group businesses.

COLG's subsidiary, Recognise, is progressing with its application to the PRA for a banking licence. It hopes to receive its Authorisation as a Bank with Restrictions later in the year. Recognise believes it has in place the governance, infrastructure and key personnel to be able to commence lending in its own name in order to play a role in helping UK entrepreneurs recover and re-build their businesses after the battle has been won against COVID-19.

The COLG Board remain confident that as UK businesses emerge the other side of this pandemic, there will again be a strong market demand for SME specialist lending and new opportunities for growth. Recognise will have no legacy book and will be keen to build its lending portfolio by supporting well established businesses with sensible business plans.

The Company has a very small loan book, originated through Credit Asset Management Limited and Professions Funding Limited and therefore expects little credit impact from COVID-19. CAML will go into run off & all new business will be originated in Recognise from authorisation.

Given the current crisis, we are reviewing all of our outstanding loans and engaging with our borrowers, early indications from this exercise has been positive.

COLG's subsidiary, Milton Homes, believes sales may slow and reversions may increase. There is potentially greater valuation volatility with Milton Homes as a consequence of COVID-19.

The board of COLG remain positive about the prospects of the Company. Recognise has in place strong foundations to build a UK SME bank backed by a credible and experienced management and team and non-executives.

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