



30 November 2020

City of London Group plc
(**"COLG" or "the Company" and, together with its subsidiaries, "the Group"**)

Results for the six-month period ended 30 September 2020

The Company announces its unaudited interim results for the six-month period from 1 April 2020 to 30 September 2020, along with an update on business developments.

Business developments

- Successful cash raise exercise completed in October, just after the period under review, raising £27m before expenses. The moneys have been invested in Recognise to facilitate its development and hence achieve the Group's strategic goals.
- Recognise achieved a major milestone when it received authorisation with restriction from the PRA with effect from 10 November 2020. It is applying to change its name from Recognise Financial Services Limited to Recognise Bank Limited.
- Recognise is now working to complete the development and testing work necessary to position it to receive a full banking licence, with a target to achieve this in the first half of 2021. The full banking licence will also be dependent on a further capital raise.
- Recognise is offering four lending products from November - bridging and working capital loans, loans to the professional practice community and commercial property loans, with the full operational lending capability coming on stream in April 2021.
- The external valuation of the Milton Homes properties as at 30 September 2020 at £68.7m reflects the removal of uncertainties surrounding COVID-19 that depressed the March valuation and the renewed activity in the UK residential property market.

Financial results

- Loss before tax £2.6m after absorbing costs of £2.8m associated with the UK banking licence application (2019/20 first half loss before tax £3.3m after absorbing costs of £1.3m associated with the UK banking licence application).
- Milton Homes made a profit of £1.5m before shareholder capital charges reflecting both higher marketability ratings used by the external valuer in his September valuation and an increased number of reversions (2019/20 first half loss of £1.2m due to the low change in the house price index in that period)
- Consolidated NAV per share attributable to shareholders 49p (31 March 2020: 60p)

Michael Goldstein, Chief Executive Officer, commented:

"We are delighted that our Recognise subsidiary achieved a major milestone when it received authorisation with restriction from the PRA with effect from 10 November. It is now progressing with further development and testing work on its systems with a target to obtain a full banking licence in the



first half of 2021. Following our successful cash raise in October, we are well placed to establish and grow the Recognise business, through the strength and depth of its management team.

As Recognise has now begun lending activities, Property & Funding Solutions will wind down its loan portfolio and Recognise will redeploy the funds as loans are repaid.

The run-off of the CAML/PFL loan and lease portfolio is proceeding as expected, with the overall size of the portfolio reducing by approximately a third over the period as loans are repaid.

The results of Milton Homes for the period were pleasing, reflecting both an increase in the number of reversions and the removal of the uncertainties on the future strength of the UK housing market that depressed the March valuation.

COVID-19 adversely affected the commercial finance broking division of Acorn to Oaks as there was little activity in that market in the first half of the year although there are now signs of improvement which should benefit the second half.

Overall, looking forward, we are well placed to implement our core strategy of developing a business focusing on the SME market that will deliver value to our shareholders."

For further information:

City of London Group plc +44 (0)20 7550 0543
Michael Goldstein (Chief Executive Officer)
Ben Peters (Director of Investor Relations)

Peel Hunt LLP (Nominated Adviser and Broker) +44 (0)20 7418 8900
James Britton
Rishi Shah

finnCap Ltd (Joint Broker) +44 (0)20 7220 0500
Jonny Franklin-Adams/ Anthony Adams
Kate Washington (Corporate Finance)

Lansons (for media enquiries)
David Masters DavidM@lansons.com +44 (0)7825 427514
Sarah Oppler SarahO@lansons.com +44 (0)7530 627765
Or e:Mail colg@lansons.com