

Banking licence and strategy update

The board of COLG is pleased to announce that Recognise, its wholly owned subsidiary has received authorisation with restriction (AwR) (banking licence) from the PRA / FCA.

Recognise

The banking licence from the PRA / FCA represents a major step in addressing the service gap for SMEs, particularly after the negative impacts of COVID 19. Recognise is well advanced in its readiness to meet mobilisation conditions that will lead to the removal of the deposit restriction. It currently expects this could be as early as the end of Q1 2021.

Phil Jenks, Chairman of Recognise said:

"We know that 2020 has been overwhelmingly tough for SMEs so we are delighted that Recognise is now in a position to give the support that SMEs need to survive, grow and play their part in the recovery of the economy. Receiving AwR shows the quality of what we have delivered as a business thus far, the excellent plan we have in place, and the fantastic team we have built to do this.

"As a new entrant in the UK SME banking market with no legacy book and the latest technology installed, Recognise is strongly placed to deliver on its relationship-based model and differentiated business plan. We have the experience and expertise at our disposal and believe we can play a major role in helping the UK small business sector get back on its feet."

Michael Goldstein, Group CEO said:

"This represents a major milestone for the Group in delivering the strategy set out in early 2018. UK entrepreneurs will play a key role in creating and supporting UK economic growth, and to do so they need a banking sector that is aligned to their needs and way of thinking."

COLG Strategy

To date COLG has had a twin strategy focused on:

- Recognise, its SME lending business. The banking licence represents a great leap forward
- Milton Homes, its residential equity release business

In the light of the PRA/FCA's authorisation with restriction, the COLG board has concluded that it will not start writing new business through Milton Homes and it will remain in permanent run-off.

Since its acquisition in October 2017, Milton Homes has repaid £4.8m of debt and related inter group interest. As at 31st March 2020, the net investment in Milton Homes by COLG was £11.8m; currently COLG has invested over £40m in Recognise.