

Shawbrook Group plc ("Shawbrook") today announces that, following a competitive process, it successfully acquired a £53 million portfolio of first charge complex mortgages from a specialist mortgage lender on 22 May 2017. RNS Number : 1665G
Shawbrook Group PLC
25 May 2017

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Shawbrook Group plc

Portfolio Acquisitions

Transaction background

Shawbrook Group plc ("Shawbrook") today announces that, following a competitive process, it successfully acquired a £53 million portfolio of first charge complex mortgages from a specialist mortgage lender on 22 May 2017. In addition to the acquisition of the portfolio, an agreement with the vendor has also been reached for Shawbrook to participate in a Forward Flow Agreement (the "Agreement"). The Agreement will oblige Shawbrook to acquire eligible mortgage loans originated by the vendor, which will be consistent with Shawbrook's current risk appetite, on a monthly basis with an initial term of one year and rolling thereafter. The underwriting criteria and financial characteristics of the portfolio are similar to that of Shawbrook's own Residential Property portfolio.

In addition to the above portfolio, Shawbrook also announces that it is in exclusive negotiations with a UK-based lender to acquire a portfolio of commercial and buy to let loans. Whilst the exact quantum of the portfolio is still to be determined, it is anticipated that it will be in excess of £300 million. These loans are similar to Shawbrook's organically originated Property Finance portfolio and, whilst impacting the mix of total customer loans, are expected to be accretive to returns (the precise impact will be dependent on the agreed acquisition price and the quantum of the portfolio). Whilst there can be no certainty that the acquisition will proceed, if the acquisition is successful it is currently expected that completion and migration would take place in H2 2017. A further announcement in respect of the proposed acquisition will be made as and when appropriate.

Commenting on the transaction, Steve Pateman, CEO said:

"The first charge mortgage portfolio is a perfect strategic fit for Shawbrook and allows us to gain insight into the complex first charge mortgage product set and market before entering organically later this year. The vendor shares our resolve to serve customers which are traditionally poorly served by mainstream lenders through a pragmatic, good sense approach to lending. Our trusted brand, ongoing professionalism and high levels of experience contributed to the success of this transaction. Whilst this acquisition and Agreement will provide incremental returns, the primary rationale for this transaction is to further enhance the diversity of our product offerings to ensure the resilience, durability and sustainability of our business. I am also encouraged by our continued ability to identify and deliver inorganic opportunities that are complementary to our business and enhance our returns capability, consistent with our stated strategy to grow through a combination of both organic and inorganic acquisitions."

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About Shawbrook

Shawbrook is an independent specialist lending and savings bank serving UK SMEs and consumers with tailored products designed to address a selection of high growth sub-sectors of the overall lending industry. The Group's lending activities are primarily funded by a stable retail deposit book consisting of easy access and ISA accounts, variable rate long-dated notice accounts (mostly 95 - 120 days' notice) and fixed rate fixed term accounts (mostly one - five years). Shawbrook Bank Limited is an operating entity of Shawbrook Group plc. In April 2015, Shawbrook Group plc's shares (SHAW.L) listed on the Main Market of the London Stock Exchange. Shawbrook Bank Limited is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority and is a member of the Financial Services Compensation Scheme.

Important disclaimer

Certain information contained in this announcement, including any information as to the Group's strategy, market position, plans or future financial or operating performance, constitutes "forward looking statements". Such forward-looking statements are made based upon the expectations and beliefs of the Group's directors concerning future events impacting the Group, including numerous assumptions regarding the Group's present and future business strategies and the environment in which it will operate going forward, which may prove to be inaccurate. As such, the forward-looking statements contained in this announcement involve known and unknown risks and uncertainties, which may cause the actual results, performance or achievements of the Group or industry results to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.

Publication on Website

A copy of this announcement will be made available at www.shawbrook.co.uk no later than 12.00 noon (London time) on 26 May 2017 (being the business day following the date of this announcement) in accordance with Rule 26.1(a) of the Code. The content of the website referred to in this announcement is not incorporated into and does not form part of this announcement.

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