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THIS IS AN ANNOUNCEMENT FALLING UNDER RULE 2.4 OF THE CITY CODE ON TAKEOVERS AND MERGERS (THE "CODE") AND DOES NOT CONSTITUTE AN ANNOUNCEMENT OF A FIRM INTENTION TO MAKE AN OFFER UNDER RULE 2.7 OF THE CODE. THERE CAN BE NO CERTAINTY THAT ANY FIRM OFFER WILL BE MADE OR AS TO THE TERMS ON WHICH ANY FIRM OFFER MIGHT BE MADE

6 March 2017

**Update Regarding Possible Offer for Shawbrook Group Plc
("Shawbrook", the "Company")**

Further to the announcement on 3 March 2017, the Board of Directors of Shawbrook (the "Board") confirms that it has, together with its advisers, carefully reviewed the proposed offer made by Pollen Street Capital Limited and BC Partners LLP (together, the "Consortium").

On 13 January 2017, the Board received a proposal from the Consortium regarding a possible cash offer for all the issued and to be issued share capital of Shawbrook at a price of 307 pence per ordinary share (the "Initial Proposal"). The Initial Proposal implied a premium of 20 per cent to the closing share price on 12 January 2017. The Board rejected the Initial Proposal.

Following a series of negotiations, the Consortium submitted a revised proposal on 31 January 2017 at a price of 330 pence per ordinary share, with Shawbrook's shareholders retaining any final dividend in respect of the year ended 31 December 2016, provided such dividend was not more than 3 pence per ordinary share (the "Revised Proposal"). At the time the Revised Proposal was made, the Board noted that it represented an implied premium of 35 per cent to the closing share price on 30 January 2017 and an implied premium of 37 per cent to the six month weighted average share price (to 30 January 2017) of 241 pence (in each case

excluding any dividend as specified under the Revised Proposal). In assessing the Revised Proposal, the Board also considered the likely time it would take to deliver Shawbrook's strategy and achieve its longer term growth prospects versus the upfront value and certainty of the cash Offer.

Shawbrook subsequently engaged with the Consortium in relation to due diligence and the other terms and conditions of the Revised Proposal. That engagement took place on the basis that, prior to recommending or rejecting the Revised Proposal, Shawbrook would consult with a number of its major institutional shareholders regarding the terms of the Revised Proposal.

Taking into account the terms of the Revised Proposal, the confidence the Board has in Shawbrook's strategy and plan and the feedback from Shawbrook's major institutional shareholders, the Board has concluded that it is not willing to recommend the Consortium's Revised Proposal. The Revised Proposal has therefore been rejected by the Board.

The Board remains very confident in Shawbrook's strategy as a publicly listed company, as outlined in the Capital Markets Day in May 2016, and in the ability of its current management team to deliver its plan, and is clear that its successful delivery and growth trajectory would generate significant shareholder value over the period to 2020.

As previously announced, Shawbrook will be announcing its results for the year ended 31 December 2016 on Tuesday 7 March 2017.

Funds managed or advised by Pollen Street currently hold approximately 38.9% of the issued share capital of Shawbrook and Lindsey McMurray serves as the representative director of Pollen Street on the Board of Shawbrook. Accordingly, Lindsey McMurray has not been, and will not be, involved in the Board's consideration of any proposal made by the Consortium.

In accordance with Rule 2.6(a) of the Code, by not later than 5.00 pm on 31 March 2017, the Consortium must either announce a firm intention to make an offer for Shawbrook under Rule 2.7 of the Code or announce that it does not intend to make an offer for Shawbrook, in which case the announcement will be treated as a statement to which Rule 2.8 of the Code applies. This deadline will only be extended with the consent of the Takeover Panel in accordance with Rule 2.6(c) of the Code.

This announcement is not being made with the approval of the Consortium.

The person responsible for arranging for the release of this announcement on behalf of Shawbrook is Daniel Rushbrook, Company Secretary.

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Disclosure requirements of the Code

Under Rule 8.3(a) of the Code, any person who is interested in 1% or more of any class of relevant securities of an offeree company or of any securities exchange offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the offer period and, if later, following the announcement in which any securities exchange offeror is first identified. An Opening Position Disclosure must contain details of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by no later than 3.30 pm (London time) on the 10th business day following the commencement of the offer period and, if appropriate, by no later than 3.30 pm (London time) on the 10th business day following the announcement in which any securities exchange offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of a securities exchange offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.

Under Rule 8.3(b) of the Code, any person who is, or becomes, interested in 1% or more of any class of relevant securities of the offeree company or of any securities exchange offeror must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any securities exchange offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s), save to the extent that these details have previously been disclosed under Rule 8. A Dealing Disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3.30 pm (London time) on the business day following the date of the relevant dealing.

If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities of an offeree company or a securities

exchange offeror, they will be deemed to be a single person for the purpose of Rule 8.3.

Opening Position Disclosures must also be made by the offeree company and by any offeror and Dealing Disclosures must also be made by the offeree company, by any offeror and by any persons acting in concert with any of them (see Rules 8.1, 8.2 and 8.4).

Details of the offeree and offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the Disclosure Table on the Takeover Panel's website at www.thetakeoverpanel.org.uk, including details of the number of relevant securities in issue, when the offer period commenced and when any offeror was first identified. You should contact the Panel's Market Surveillance Unit on +44 (0)20 7638 0129 if you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure.

Additional information

Goldman Sachs International, which is authorised by the Prudential Regulation Authority and regulated in the United Kingdom by the Financial Conduct Authority and the Prudential Regulation Authority, is acting exclusively for Shawbrook and no one else in connection with the matters referred to in this announcement and will not be responsible to anyone other than Shawbrook for providing the protections afforded to clients of Goldman Sachs International, or for providing advice in connection with the contents of this announcement or any other matter referred to in this announcement.

Merrill Lynch International ("BofA Merrill Lynch"), a subsidiary of Bank of America Corporation, which is authorised by the Prudential Regulation Authority and regulated by the FCA and the Prudential Regulation Authority in the United Kingdom, is acting exclusively for Shawbrook in connection with the matters set out in this announcement and for no one else and will not be responsible to anyone other than Shawbrook for providing the protections afforded to its clients or for providing advice in relation to the matters set out in this announcement.

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 7 March 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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