

28 June 2016

## **Shawbrook Group plc**

### **Trading Update**

Shawbrook Group plc ('Shawbrook' or 'the Group'), the specialist lending and savings bank, today announces a Trading Update ahead of its Interim Results for the six months to 30 June 2016 ('H1 2016').

Shawbrook confirms that trading has been in line with guidance given at the Investor Day, 5<sup>th</sup> May 2016, with Q2 2016 originations flat on Q1 2016 and up c.35% on Q2 2015.

As a result of irregularities in one office in the Asset Finance part of our Business Finance division, the Group expects to book an additional impairment charge of c.£9 million in Q2 2016 on impacted facilities of £14.7 million. The irregularities, which have now been rectified, were the result of a number of loans being underwritten in our Asset Finance business that did not meet the business's strict lending criteria.

This control breach was identified by the Group's upgraded risk management systems and controls, which were implemented following significant investment through 2015 and H1 2016.

After a thorough investigation, the Company is confident that the upgraded risk management systems and controls would prevent the recurrence of such irregularities in the future.

Steve Pateman, CEO, commented: *"While this is extremely disappointing, the irregularities were identified by the upgraded risk management systems and controls we implemented earlier this year. They have been investigated thoroughly and appropriate action has been taken."*

*"Since the year end we have simplified our business model into three divisions with clear management lines, implemented an upgraded risk management framework and are confident that our disciplined approach to risk is fully embedded across the business."*

*"Whilst the additional impairment charge arising from these irregularities will impact pre-tax profit for the year, performance is otherwise in line with our expectations. Our specialist and diversified market positioning provides a significant advantage as the Group continues to grow strongly and deliver superior returns through a strong Balance Sheet, a stable funding platform and a clearly articulated strategy."*

Shawbrook will announce its results for six months to 30<sup>th</sup> June 2016 on 27<sup>th</sup> July 2016.

### **ENQUIRIES**

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#### ***Shawbrook Group plc***

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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.

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