

Shawbrook
Bank Lutea
House
Warley Hill Business
Park Great Warley,
Brentwood Essex,
CM13 3BE

Interim Management Statement - Q3 2020

October 2020

Shawbrook Group plc -

Shawbrook Group plc ("Shawbrook" or "the Group") today issues its Interim Management Statement relating to the three months ended 30 September 2020 ("Q3 2020") and includes payment holiday information up to 20 October 2020.

Ian Cowie, Chief Executive Officer said:

As announced at the half year, we started 2020 with a strong balance sheet and prudently positioned capital and liquidity base. The Group's ability to react at pace and our sound operational resilience, coupled with the experience and expertise of our people, have allowed us to respond positively to the challenges and opportunities that have presented themselves during the ongoing pandemic.

Although the impact of COVID-19 has been felt across all our business units, we have taken positive steps to safeguard the long-term sustainability of Shawbrook whilst supporting our people and customers. During Q3, we continued to deploy prudent risk appetite into our chosen markets and increased the loan book steadily to £6.95bn prior to disposing of our residual economic interest in the Lanebrook Mortgage Transaction 2020-1 plc securitisation ("Lanebrook 2020-1"). The successful completion of this £330m securitisation of The Mortgage Lender (TML) originated loans in September 2020 demonstrated strength in our funding diversification strategy and prudent capital management whilst solidifying our strategic relationship with TML. Our aim was to structure the transaction in a way that supported full placement of the notes and the residual certificates thereby providing external funding and efficiently managing capital, despite a challenging market backdrop.

We continue to assess the IFRS9 provision levels against the evolving payment holiday position, ECL stage migrations and changing macro-economic outlook, with the Q3 impairment charge not requiring significant further COVID-19 related increases. We also maintained conservative foundations to the balance sheet with strong capital ratios (CET1 ratio: 13.2% / Total Capital Ratio: 17.6%) and purposefully elevated levels of liquidity (LCR¹:322%) to add stability to, and support, our future growth ambitions.

We are starting to see encouraging signs of momentum returning to our lending markets, with pipelines now rebuilding. I am also pleased to report the positive trajectory in the Group's payment holiday levels. As at 20 October 2020, we saw 92% of matured payment holidays (by value) having resumed payment or redeemed.

While the economic outlook remains uncertain, our core focus in Q4 is on supporting our people and customers through the ongoing pandemic. I am confident that careful management of our existing loan book, rebuilding momentum in our chosen markets and continued execution of our digitisation strategy positions us well for a successful year in 2021, taking advantage of opportunities as they present themselves.

Payment Holidays as at 20 October 2020:

- § A total of 15.8k payment holidays (including extensions) have been granted (£1.9bn), of which 4.9k (£0.44bn) are still in force² at 20 October 2020. Of the 15.8k, 12.6k (£1.6bn) have matured, 92% (£1.5bn) by value have resumed payments or redeemed.
- § Property Finance: 83% of customers have matured from their payment holidays (£1.1bn), of which 93% by value have resumed payments or redeemed. A pool of c.£290m is still in force.
- § Business Finance³: 88% of customers have matured from their payment holidays, of which 89% by value have resumed payments or redeemed. A pool of c.£125m is still in force.
- § Consumer Lending: 69% of customers have matured from their payment holidays, of which 86% by value have resumed payments or redeemed. A pool of c.£20m is still in force.

Footnotes:	
1.	Liquidity coverage ratio.
2.	'Still in force' is defined as being where the customer is still on a payment holiday (including extensions), or where the payment holiday has matured and we are in the process of establishing the customer's circumstances to determine whether forbearance would be appropriate.
3.	Business Finance includes both Payment Holiday and other COVID-19 related concessions.

ENQUIRIES

Richard Armstrong

Group Head of Marketing and Insight

07809 493 158

richard.armstrong@shawbrook.co.uk

LEI: 21380071539WSMTM4410

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 notice accounts and fixed rate fixed term accounts (mostly one - five years). Shawbrook Bank Limited is an operating entity of Shawbrook Group plc. 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.

This information is provided by RNS, the news service of the London Stock Exchange. RNS is approved by the Financial Conduct Authority to act as a Primary Information Provider in the United Kingdom. Terms and conditions relating to the use and distribution of this information may apply. For further information, please contact ms@lseg.com or visit www.rns.com.

RNS may use your IP address to confirm compliance with the terms and conditions, to analyse how you engage with the information contained in this communication, and to share such analysis on an anonymised basis with others as part of our commercial services. For further information about how RNS and the London Stock Exchange use the personal data you provide us, please see our [Privacy Policy](#).

END

MSCBRBDGBDDGGC