

Shawbrook Group plc - Q3 2021 Trading update

Shawbrook Group plc ('the Group') today issues its trading update for the three months ended 30 September 2021 ('Q3 2021').

Highlights

- Annualised loan book growth of 24%^[1] to £8.4 billion^[2] driven by continued strength in loan origination and distribution.
- Continued progress on delivery of our digital roadmap, including innovative new capabilities within our MyShawbrook Buy-to-Let portal and significant enhancements to our Cloud based data lake architecture. We also continue to evolve our digital lending platform capability through the acceptance of Open Banking data, enabling us to build more tailored risk strategies and products for our customers and partners.
- Growing demand within our Consumer Lending markets where total quotes presented across our digital platform reached a record c.660,000 in September 2021. We continue to deepen our marketplace distribution, build integrated finance products with our partners and broaden our data and automated decisioning capability.
- Further diversified our Originate to Distribute proposition with the completion of another fully sold £343 million securitisation of buy-to-let mortgage assets originated through The Mortgage Lender ('TML'), achieving non-interest income gains of £21.5 million.
- During the period we received the outcome from the 2021 capital review process ('C-SREP') undertaken by the PRA, which saw the Group's Pillar 2A requirement being reduced to 1.07% (previously: 1.78%). The Group's minimum CET1 capital requirement has therefore reduced to 7.60% and the total capital requirement^[3] to 11.57%. As at 30 September 2021, the Group's actual CET1% was 13.1%^[4] and total capital ratio was 16.9% with a surplus to regulatory minimum CET1 of 553 bps.
- Stock costs of retail deposits managed down further to 93bps as at 30 September 2021 (31 December 2020: 1.21%).
- Low levels of arrears against an improving macro-economic backdrop.
- Working in partnership with the Saracens Foundation, launched 'Empower Her', a new leadership programme, designed to inspire the next generation of female leaders through sport.

Marcelino Castrillo, Chief Executive Officer said:

"We have continued to build on the positive momentum created during the first six months of the year, which is reflected in excellent financial performance. Our loan book grew by 24% annualised to £8.4 billion, driven by strong demand from the SME and Property Finance sub-segments, and the new business pipeline remains strong. As consumer confidence continues to return, we will further leverage our digital proposition and underwriting capabilities, with our broadened distribution seeing record consumer loan applications in September 2021.

Building on the launch of the MyShawbrook portal within Property Finance and the rollout of our new Platform-for-Growth cloud-based loans-booking system in Business Finance earlier in the year, the Group continued to deploy tech-enabled solutions designed to improve speed, scalability and customer experience. We are well positioned to continue to

innovate with further digital initiatives and product launches planned for later in 2021 and 2022.

We continue to deliver on our funding diversification strategy and position Shawbrook as a solid repeat issuer into the debt capital markets. September 2021 saw the completion of a £343 million securitisation of The Mortgage Lender ('TML') originated loans, with the £301 million class A notes priced at 65bps above SONIA, matching the lowest margin achieved on a UK buy-to-let transaction since the global financial crisis. This approach widens our Originate to Distribute capability and ensures we retain sufficient balance sheet capacity to enable TML to provide innovative products to its specialist lending markets.

Whilst there remains a degree of uncertainty around the strength of the UK's current economic recovery, we see significant growth opportunities in our specialist markets where our customer service-led approach is delivering increased market share. We are well positioned to expand our Total Addressable Market, giving us confidence for the remainder of the year and into 2022."

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About Shawbrook

Shawbrook is a new type of specialist financial services company, combining the relentless focus on customer service and innovation you would expect from a fintech with the expertise and certainty of a bank. Shawbrook is driven by a purpose to solve complex problems that unlock opportunity for its rapidly growing customer base of over 300,000 UK consumers and businesses.

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.

[1] Annual loan growth rate of 24.3% from £7.1 billion at 31 December 2020 to £8.4 billion at 30 September 2021 (after adding back the £343 million of derecognised TML originated loans following sale of residual notes in the Lanebrook Mortgage Transaction 2021-1 plc securitisation).

[2] After the derecognition of £343m loans, the loan book as at 30 September 2021 increased to £8.1 billion (31 December 2020: £7.1 billion).

[3] The Group's minimum total capital requirement includes the Capital Conservation Buffer ('CCoB') of 2.50% but excludes any applicable Prudential Regulation Authority Buffer.

[4] Excluding unverified profits, the Group's CET1 ratio and total capital ratio was 12.2% and 16.0% respectively.

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