Shawbrook Group plc ("Shawbrook" or "the Group"), the specialist lending and savings bank, today announces continued strong performance in excess of market expectations and reiterates confidence in its near and medium term outlook.

To view the full press release, click here.

Commenting on the results, CEO Steve Pateman said:
"2015 was a significant year for Shawbrook. We achieved a successful IPO and continued to grow our core businesses, underpinned by a strong well-capitalised balance sheet which will support our ambitions for the near and medium term. Our focus remains on serving customers who value a bank that takes the time to understand their requirements and provide the right answer. This approach also enables us to optimise our risk adjusted return profile. We have invested for the future and, notwithstanding a softer economic outlook, remain confident that we will continue to generate strong through the cycle returns consistent with our stated strategy."

Highlights1

- Another strong performance with underlying PBT beating consensus, up 63% to £80.1m (2014: £49.1m) and EPS[2] up 77% to 26.9p (2014: 15.2p)
  - Statutory PBT increased by 55% to £70.1m (2014: £45.3m) and statutory EPS was 24.1p (2014: 17.7p)
- Increased profitability driven by a 44% increase in the loan book[3] to £3,361m (31 December 2014: £2,331m) underpinned by a 23% increase in gross organic originations to £1,685m[4] (2014: £1,366m), as 2014 momentum continued into 2015.
- IM increased to 6.2% (2014: 6.1%), benefitting from continued reduction in cost of funds. ISA product launch in H1 2015 and full market Easy Access product launch in H2 2015 expected to further reduce cost of funds.
- Cost to income ratio reduced to 48.3% (2014: 50.5%) as the Group continues to proactively manage its cost base whilst investing in people, technology and infrastructure to build solid foundations to support future growth. We remain confident the investment made will deliver further scale efficiencies.
- Strong risk-adjusted margin supported by low cost of risk at 24bps (2014: 36bps), reflecting asset quality as well as the benign economic environment. Group focus remains on originating quality business and maintaining high-quality underwriting standards.
- Track record of strong returns maintained with RoTE of 27.9% (2014: 26.9%) and pre-tax RoA of 3.0% (2014: 2.6%), underpinned by increased customer activity. RoTE benefitted by c.1.3% from revaluation of deferred tax assets following the introduction of the Bank corporation tax surcharge.

IPO and Board

- Successful IPO with admission to the LSE in April and to the FTSE 250 index in June.
- Iain Cornish appointed Chairman and Steve Pateman as Chief Executive Officer. Stephen Johnson was appointed to Board as Deputy Chief Executive. Further strengthened the Board with the appointment of Paul Lawrence, Sally-Ann Hibberd and David Gagie as non-executive directors.
- The Executive team further strengthened with the appointments of Hugh Fitzpatrick as CRO, Simon Featherstone as MD of Business Finance and Evelyn Hamilton as MD of Consumer.

Capital and funding position

- Capital ratios strengthened by IPO, with £82m of new capital (net of costs) resulting in CET1 ratio of 14.4% (31 December 2014: 11.6%). Total capital further strengthened by £75m Tier 2 issuance in October, resulting in total capital ratio of 18.0% (31 December 2014: 13.9%).
- Strong capital base enabled Shawbrook to accelerate growth in 2015, as the Group continued to expand its support to UK customers through its SME and Consumer businesses, and made selective acquisitions to complement the Group's strategy.
- Loan book predominantly retail deposit funded, with a loan to deposit ratio of 104% at 31 December 2015 (31 December 2014: 94%).

Investing in our people, technology and infrastructure

- Significant investment made in the Group's on-going development to ensure it continues to meet customer expectations, increasing regulatory requirements and the demands of being a listed company, including increasing headcount to an average of 514 in 2015 (2014: 414).
- Group investment has resulted in progress across all areas of the business including the positive launch of ISA and Easy Access products in the Savings business. Further investment has also been made in IT and infrastructure, with the re-platforming of Asset Finance completing in Q4 2015.
- Successful launch of new lending products such as Regulated Short Term Bridging loans.
- 2016 will see further investment in people, systems and processes to ensure the operating platform remains robust, sustainable and supports the Group's growth plans.

Outlook

  - We expect our strategy to continue to deliver material growth in combination with strong risk adjusted returns. We maintain our focus on the high quality of the lending portfolios, supported by prudent levels of capital, funding and liquidity. The Group continues to explore a number of attractive product and market adjacencies where attractive returns can be generated by deploying our expert approach and proven relationship-based lending model.
  - The execution of our proven strategy in combination with a diverse balance sheet allows us to continue to:
- increase balance sheet scale through high quality origination;
- maintain risk discipline to generate strong through the cycle returns;
- enhance operating leverage with scale; and
- through this approach, deliver strong return on tangible equity and shareholder value.
    - Management expects the increasing profitability and capital generation to enable the declaration of a modest 2016 final dividend arising from 2016 profits, building progressively in 2017 and beyond.

1 All references are to underlying results, unless otherwise stated as being statutory.
2 EPS has been calculated using underlying profit after tax and assumes a constant share issuance of 250.5m.
3 Including operating leases.
4 In addition, the Group acquired a second (£11m) and third (£34m) tranche of loans from the Commercial First Group Limited in February 2015 and November 2015 respectively, with the first tranche being purchased in November 2014. Separately, in December 2015, the Group acquired a performing portfolio of assets which form part of the Commercial Mortgages division. As this was acquired at the end of the year it has been excluded from our calculation of average principal employed as no underlying income or expenses have been recognised in 2015. In total, the Group acquired £0.3bn of assets in 2015.

To view the full press release, click here.