

Interim Management Statement - Q3 2016

3 November 2016

Shawbrook Group plc - Continued growth with customer loans exceeding £4bn and generating strong risk adjusted returns

Shawbrook Group plc ("Shawbrook" or "the Group") today issues its Interim Management Statement relating to the nine months from 1 January 2016 to 30 September 2016 ("Q3 2016 YTD").

Steve Pateman, CEO said:

"The momentum of the first half of 2016 continued into the third quarter with the Group exceeding £4.0bn of customer loans and achieving sustained growth at strong and disciplined risk adjusted margins, maintaining stability in NIM and achieving a cost of risk and cost to income in line with Management's expectations. Gross originations for the nine months to 30 September 2016 were £1.5bn, an increase of 23% compared with the same period in 2015, with Brexit-related uncertainties in the economy having a minimal impact on our business to date.

We continue to make good progress in each of our divisions: the Property Finance division has achieved record levels of originations in Q3 despite the usual slowdown in the property market during August; we are continuing to invest in the roll out of our Regional Business Centres in the Business Finance division and expect a number of our centres to be operational by the end of 2016; and our Consumer division continues to widen its distribution channel with the announcement of a new partnership with Saga plc.

Overall, the Group continues to deliver sustained growth within its disciplined credit quality and returns metrics. Whilst we remain cognisant of the uncertainty which lies ahead as the UK begins the process of leaving the EU, we remain confident that we will continue to deliver on our strategic goals.

One of Shawbrook's strengths is its diversity across many specialist segments. There is considerable potential to grow in our core markets with new products which allow us to meet the needs of businesses and individuals which are becoming less well served by the mainstream banks."

Key Highlights

- **Stable NIM at 5.6% with continued tailwinds expected from deposit book repricing following the Bank of England base rate cut in August 2016**
- **Continued operational leverage as the Group grows with underwriting remaining robust and disciplined**
- **The Q3 2016 YTD cost of risk, excluding the controls breach announced on 28 June 2016, remains significantly lower than anticipated through cycle loss rates supported by continued strengthening of controls and risk frameworks**
- **Organic originations up 23% in Q3 2016 YTD to £1.5bn (Q3 2015 YTD: £1.2bn)**
- **Net loans & advances to customers increased 19%, exceeding £4.0bn at 30 September 2016 from £3.4bn at 31 December 2015**
- **Continued implementation of the stated strategy across all divisions:**
 - Ø **Property Finance:** continued progression of Shawbrook's presence in the Development Finance market through phased growth
 - Ø **Property Finance:** continued development of the Lending into Retirement product set with launch expected in Q1 2017
 - Ø **Business Finance:** significant developments in expanding the distribution capabilities as the Regional Business Centres are rolled out with a number of centres expected to be operational by the end of 2016
 - Ø **Consumer:** announcement of a partnership deal with Saga plc to explore the provision of additional financial solutions for life after 50
 - Ø **Consumer:** successful launch of the Direct to Consumer platform for Personal Loans enabling the Group to progressively increase originations

ENQUIRIES

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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.

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.

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