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Shawbrook Group PLC
28 March 2024

Shawbrook Group plc

Full year results for the 12 months to December 2023

London, 28 March 2024 - Shawbrook Group plc ('Shawbrook' or the 'Group') today announces its full year results for the year ended 31 December 2023.

2023 was another exceptional year for Shawbrook as we continued to provide finance to a diverse range of customer segments that value the premium experience, flexibility and certainty that we deliver. Our full year results demonstrate our consistent focus on growth and efficiency, delivering an underlying profit before tax of £302 million and an underlying cost to income ratio of 38.2%.

Our 'best of both' approach, combining the deep expertise of our people with advanced digital, technology and data capabilities, enables us to deliver a specialist proposition at scale while maintaining operational efficiency.

Financial highlights

- Loan book grew by 24%[1] to £13.3 billion (FY 2022: £10.5 billion), following continued strong originations in our core SME and property markets.
- Strong profitability maintained, achieving 27% growth in underlying profit before tax to £302 million (FY 2022: £238 million).
- Underlying return on tangible equity was 20.2% (FY 2022: 20.1%), supported by the diversification of our proposition and disciplined approach to pricing and returns.
- Underlying cost to income ratio reduced further to 38.2% (FY 2022: 40.0%), supported by careful cost management and operational efficiency.
- The overall credit quality of our loan book remained strong, with our cost of risk stable at 51bps (FY 2022: 51bps), of which 28bps was due to loan write-offs (net of recoveries).
- Further strengthened our funding base, with our deposit book growing by 24% to £13.6 billion (31 December 2022: £10.9 billion) and served c.350,000 savings customers (31 December 2022: c.255,000).
- Maintained strong surplus capital resources, with a Common Equity Tier 1 (CET1) ratio of 12.9% (31 December 2022: 12.7%[2]) and a total capital ratio of 16.4% (31 December 2022: 15.6%[2]), benefiting from the issuance of a £90 million subordinated Tier 2 note in October 2023.

Strategic highlights

- Continued to invest in and strengthen our digital capabilities, deploying innovative solutions across the business to streamline and accelerate customer journeys:
    - Launched our Next Generation Underwriting Hub in our Real Estate business, digitalising the underwriting process to maximise the time available for underwriters to make valuable lending decisions.
    - Expanded our auto-decisioning capabilities within our Digital SME lending proposition, giving more customers certainty with faster decisions.
    - Launched new products, including a digital SME term loan product to support businesses to finance capital expenditure.
    - Became the first UK bank to complete a limited company remortgage case on the PEXA platform, demonstrating the potential for faster and simpler remortgaging for professional property investors.
- Completed the acquisition of Bluestone Mortgages Limited (BML) in May 2023, increasing and diversifying our presence in the UK mortgage market.
- Continued to enhance our employee value proposition, with our employee engagement score increasing further to 84% (2022: 82%).

Marcelino Castrillo, Chief Executive Officer, commented:

"Our approach has again delivered a strong set of results, generating an underlying profit before tax of £302 million and underlying return on tangible equity of 20.2%.

From growth businesses to professional property investors, consumers and homeowners, more customers than ever are choosing Shawbrook to meet their specific and often event-driven funding needs, driving loan book growth of 24%[1] in 2023. By delivering a premium experience, choice and consistently great value to c.350,000 savers, we also grew our savings franchise to £13.6 billion.

The business model we have created is unique and difficult to replicate, centred around our 'best of both' approach that combines deep human expertise with advanced digital, technology and data capabilities. This enables us to serve customers at scale, while maintaining operational efficiency with our underlying cost to income ratio reducing further to 38.2%.

Technology continues to accelerate the pace of change across the financial services industry, driven by AI and machine learning. The Group is embracing this opportunity to transform our customer and colleague experience. This has so far included the implementation of new cloud contact-centre technology, driving enhanced customer experience with in-depth sentiment analysis helping us to identify customers that may require additional support. We have also embedded generative AI into our software development workflow to support agility and drive productivity gains for our engineers.

While the macroeconomic landscape continues to evolve, we are encouraged by both the resilient performance we have delivered to date and the improving sentiment seen across our markets. The attractive returns we generate year on year give us the confidence to continue to pursue our ambition - to deliver for more customers in more markets by combining the innovative mindset and agility of a start-up with the scale and financial strength of a large business.

The embedded optionality of the platform we have created at Shawbrook enables us to both react quickly to attractive inorganic opportunities as they arise, whilst continuing to pursue the significant organic growth we see in our existing markets."

Footnotes

1 The annual growth rate of 24% represents the loan book growing to £13.0 billion and excludes the BML acquisition. Including the acquisition, the loan book was £13.3 billion and represented a growth rate of 27%.

2 Risk-weighted assets as at 31 December 2022 were restated to reflect adjustments in credit valuation adjustment and counterparty credit risk in respect of the Group's structured entities' interest rate swaps. Risk-weighted assets have increased by £80.6 million from £7,382.5 million to £7,463.1 million. Capital and leverage ratios have also been restated to reflect these adjustments.

Visit https://www.shawbrook.co.uk/investors/ to download the Group's 2023 Annual Report and Accounts.

For further information, please contact:

Joe Hughes

Teneo

shawbrook@teneo.com

For investor enquiries, please contact:

Murray Long

Head of Investor Relations

murray.long@shawbrook.co.uk

About Shawbrook

Shawbrook provides finance to a wide range of customers who value the premium experience, flexibility and certainly we deliver. We are a purpose-led organisation, with a focus on delivering long-term sustainable value for all our stakeholders.

We have a diversified offering, with our innovative lending propositions tailored to meet specific customer needs in carefully selected markets across SME, Real Estate and Personal. Our innovative and specialist lending products range from complex structured credit facilities for growth-focused businesses to mortgages for professional landlords and property investors, as well as simple loans for consumers delivered digitally. We fuel our lending through customer deposits, which we attract by delivering a premium experience, choice and consistently great value to smart savers.

The business model we have created is unique and difficult to replicate, with our 'best of both' approach combining deep human expertise with advanced digital, tech and data capabilities. This combination not only allows us to deliver excellent customer experiences, but to do so efficiently and at scale. We are proud of our innovative and agile culture, which drives consistently high employee engagement scores and makes Shawbrook an attractive destination for the best talent.

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.

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