

Shawbrook Group plc

Interim Results for the period ended 30 June 2024

London, 8 August 2024 - Shawbrook Group plc ('Shawbrook' or the 'Group') today announces its Interim Results for the six months ended 30 June 2024.

Financial highlights

- Loan book grew by 15% on an annualised basis to £14.3 billion (31 December 2023: £13.3 billion), following continued strong originations in our core SME and property markets.
- Further strengthened and diversified our funding base, with deposits growing by 21% on an annualised basis to £15.0 billion (31 December 2023: £13.6 billion).
- Achieved an underlying profit before tax of £124.5 million (30 June 2023: £149.3 million), with stronger originations in our Retail Mortgage Brands' resulting in an anticipated lower net interest margin from a different business mix. We expect margins to widen as our origination mix re-weights across all of our specialist lending markets.
- The overall credit quality of our loan book remained robust and credit risk metrics remain within our risk appetite, with a cost of risk of 64bps (30 June 2023: 61bps) and an arrears ratio of 2.7%¹ (31 December 2023: 2.3%).
- Maintained strong surplus liquidity and capital resources, with a Common Equity Tier 1 (CET1) ratio of 12.6% (31 December 2023: 12.9%), a total capital ratio of 15.9% (31 December 2023: 16.4%) and a liquidity coverage ratio of 271.2% (31 December 2023: 262.8%).
- Completed an additional retained securitisation of £0.6 billion of The Mortgage Lender Limited (TML) buy-to-let assets, providing further liquidity benefits to the Group.

Strategic highlights

- Signed an agreement to acquire JBR Auto Holdings Ltd, a UK specialist motor finance lender focused on high-end vehicles².
- Continued to invest in and strengthen our digital capabilities, deploying innovative solutions across the business to improve our customer propositions:
 - Scaled our Lending Hub to process c.40%³ of Real Estate cases, reducing the time to offer by up to 70%⁴ for digital buy-to-let cases.
 - Further streamlined our Digital SME customer journey and increased the maximum size of our term loan product to £100,000, enabling us to widen our reach and serve more customers at speed.
 - Progressed the roll-out of our new Digital Savings experience to a select group of customers, with early features resulting in a c.50%⁵ reduction in time to open an additional online non-ISA account.
- Diversified our product offering, including the launch of our Structured Real Estate proposition offering professional landlords a more bespoke, relationship-led service for complex transactions up to £35 million.
- Maintained strong colleague engagement, achieving an engagement score of 84% in our latest survey (2023: 84%).

Marcelino Castrillo, Chief Executive Officer, commented:

"Following an exceptional 2023, Shawbrook has delivered strong financial performance in the first half of 2024 with loan book growth of 15% on an annualised basis to £14.3 billion. Underlying profit before tax was £124.5 million, with an underlying cost to income ratio of 42.1% and cost of risk of 64bps.

The attractive returns we continue to generate have been re-invested in our 'best of both' model, combining innovative technology and data analytics with great talent, enabling us to efficiently scale-up our specialist proposition.

The number of customers we served increased by more than a fifth to c.550,000 (H1 2023: c.450,000) as we continued to expand our presence across a diverse range of markets where customers value the premium experience, flexibility and certainty we deliver.

Building on our track record of successful acquisitions, we continue to leverage attractive inorganic opportunities to accelerate our strategy and extend our footprint in specialist markets. In June we signed an agreement to acquire JBR Auto Holdings Ltd, a provider of high-end motor finance, with

completion expected in the second half of the year. This acquisition will help us to extend the JBR proposition to more customers and to broaden our offering within the specialist motor finance market.

Shawbrook's established model continues to demonstrate our adaptability, resilience and ability to deliver strong returns. Looking ahead, our focus on our core specialist products and markets, together with continued efficiency improvements, will ensure we are able to maximise capital generation to facilitate further re-investment in our model and drive future growth and value creation."

Footnotes:

- 1 Loans that are equal to or greater than two payments in arrears (includes all term expired).
- 2 Subject to satisfaction of the conditions precedent to the acquisition, completion is expected to take place in H2 2024.
- 3 As at July 2024.
- 4 70% faster when comparing July 2023 to June 2024, relating to the full application submitted to formal mortgage offer stage.
- 5 50% reduction when comparing June 2023 to June 2024.

Visit <https://www.shawbrook.co.uk/investors/> to download the full Interim Financial Report.

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About Shawbrook

Shawbrook provides finance to a wide range of customers who value the premium experience, flexibility and certainty 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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