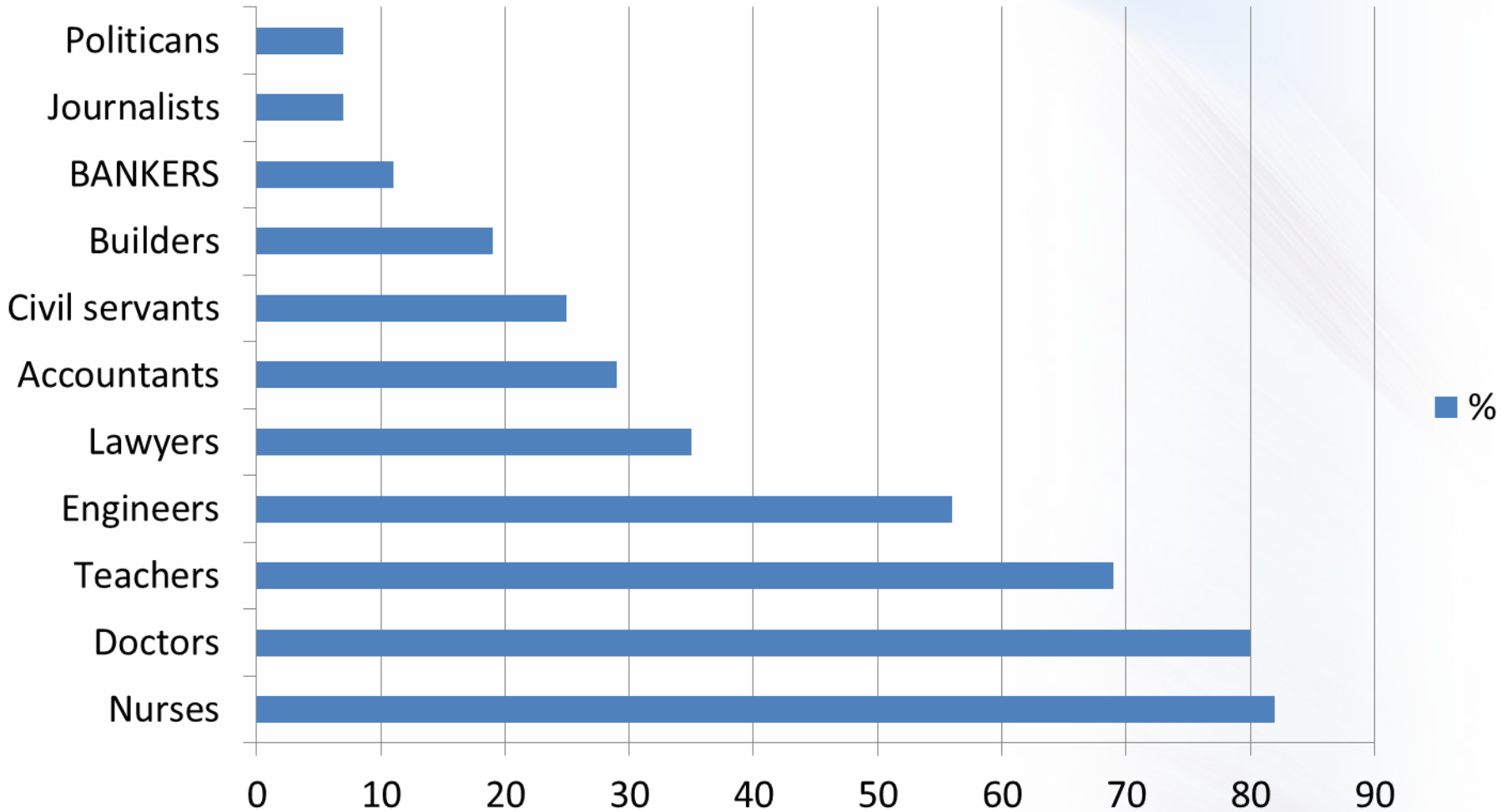


**Simple, straightforward banking**

## Trust by 'profession'

The Times 19 Sept 2012



## The challenges facing some UK banks

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### 1. Increased regulatory requirements

- Basel III capital requirements
- Ring Fencing of Investment and Retail banking activities
- Modernising of legacy IT systems

### 2. Scandals damaging reputations

- Libor Fixing
- Interest Rate Derivate mis-selling
- PPI mis-selling
- Anti money laundering failures

### 3. Need to rebuild and strengthen Balance Sheets

- Legacy problem and mis-priced lending portfolios yet to be fully resolved
- Low bank share prices means a response to higher capital requirements is to deleverage which limits ability to lend new money
- Reducing exposure to wholesale funding will put pressure on Net Interest Margins as competition for deposits rises..
- Need to comply with new liquidity rules

### 4. Difficulties in rebuilding profitability

- Some banks return on equity is below their cost of equity
- Customers demand better service but banks need to reduce operating costs
- Costs of legal action and potential compensation arising from scandals unquantifiable
- Disorderly breakup of Eurozone could have serious unforeseen consequences

## A few key facts about us

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- A longstanding UK retail bank established in 1952 led by a proven management team
- Largely unconstrained by legacy issues or major challenges facing other banks
- Lending in attractive segments of the market with significant scope to expand
- Lending broadly matched funded by retail deposits thereby reducing funding risks
- No exposure to interbank markets or Europe.
- Total customer numbers now exceed 200,000 having risen 58% in 12 months to June 2012.
- Strong growth in underlying profit (50%<sup>1</sup> pa) combined with excellent returns on equity (40%<sup>2</sup>)
- 14.9% Tier 1 Capital and 87% Loan : Deposit ratios as at 30 June 2012

<sup>1</sup> PBT pre non-recurring group recharges, items relating to acquisition of Everyday Loans Group, share options and acquired portfolios. Growth measured for period 30 June 2011 – 30 June 2012

<sup>2</sup> return on average equity for six months to 30 June 2012

## Scale of overall UK Banking market

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<b>in millions</b>	<b>UK</b>	<b>STB</b>	<b>%</b>
Consumer Credit	156,456	260	0.16%
M4 Retail deposits and Cash	1,307,459	298	0.02%
Current accounts	54	0.03	0.04%
Mortgage market	1,255,997	0	0.00%
Non personal lending	450,000	0	0.00%

Data from BoE Trends in Lending report July 2012 and Bankstats reports August 2012.

## Our strategy

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1. Protect the reputation and sustainability of the bank via prudent balance sheet management, investment for growth and robust risk and operational controls
  2. Maximise shareholder value by
    - A) strong organic lending growth
    - B) promotion of existing and development of new commission based income streams
    - C) Selective acquisitions of businesses or portfolios
  3. Making Secure Trust Bank a great place for staff to work and enjoy progressive careers
- ***All built on our philosophy of treating customers fairly and providing them with simple straightforward banking solutions.***

## Our highly experienced management team



**Chief Executive Officer**  
**Paul Lynam**

- 24 years banking experience
- Joined STB in Sep 2010
- Ex MD, Banking RBS / NatWest
- Holds banking and treasury qualifications
- Formerly Managing Director at Lombard North Central PLC



**Chairman**  
**Henry Angest**

- Chaired the Company for 25 years
- Extensive banking experience
- Previously at The Dow Chemical Company and Dow Banking Corporation



**Chief Finance Officer**  
**Neeraj Kapur**

- 23 years FS experience
- Various roles with RBS and Arthur Andersen
- Qualified chartered accountant



**Chief Operating Officer**  
**David Nield**

- 26 years FS experience
- Senior positions with Barclays and Iveco Capital



**Chief Risk Officer**  
**Kevin Hayes**

- 24 years FS experience
- Senior positions with ABN Amro and RBS / NatWest
- Holds BA (Oxon) and banking qualifications

Supported by experienced and qualified NEDs

Paul Marrow

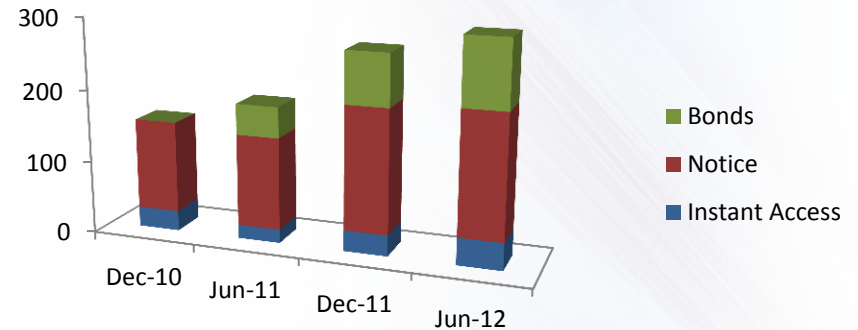
Carol Sergeant

Andrew Salmon

## Prudent funding strategy

- No requirement to access wholesale markets
- Proven deposit raising capability
- Ability to pay higher AERs gives STB a competitive advantage
- Strong asset-liability management
  - Lending tenor broadly matched over a 5-year period by customer deposits

### Funding profile (June 2012)



#### Instant access (including OneBill and Current Account)

- Min £1, max £100,000
- 0.25% - 0.50% AER

#### Notice:

- 60, 90, 120 and 183 day notice period
- Min £1,000, max £1 million personal and £2 million business
- 2.55% – 3.50% AER

#### Bonds

- 2, 3, 4 and 5 year bonds
- Min £1,000, max £1 million personal and £2 million business
- 3.76% (2yr) – 5.10% (5yr) AER

### Key information

Distribution	Price comparison websites and direct to large depositors
Term $\geq$ 1 year <sup>1</sup>	30.8 per cent

<sup>1</sup> % of bonds as at 30 June 2012

Note: Characteristics based on current products



## Controlled lending strategy

### Motor finance

- Multi channel offering through motor dealers and brokers

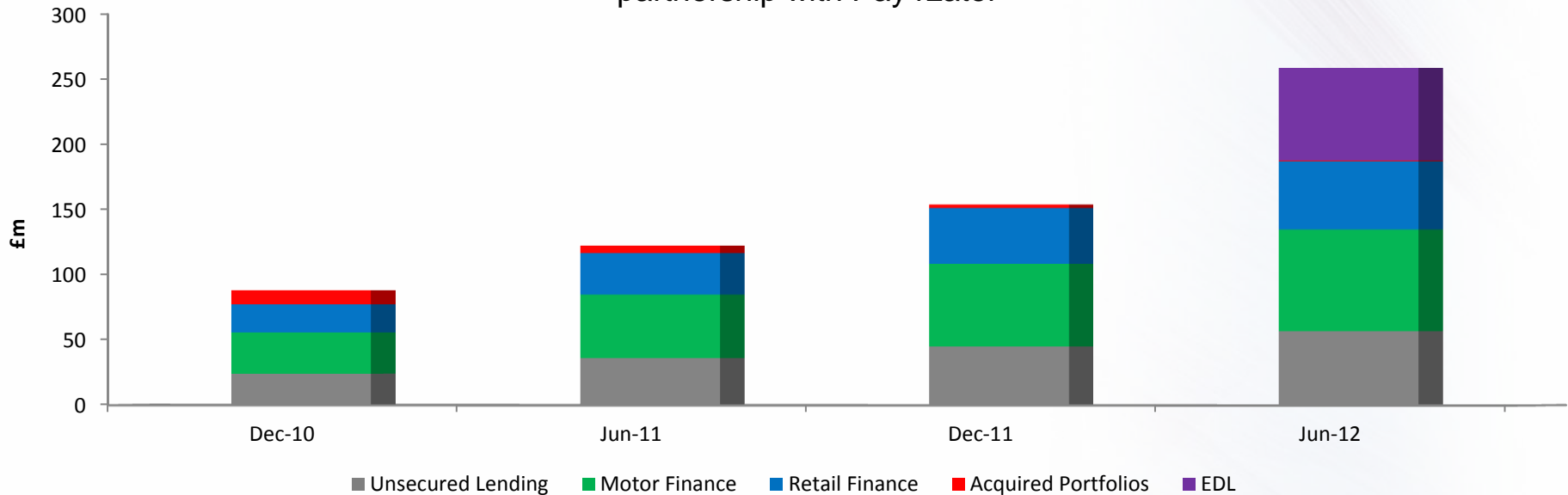
### Retail finance

- Lending solutions for store and online retailers
- e-tailer proposition distributed through partnership with Pay4Later

### Unsecured lending

- Direct and through Affinity partners and potential JVs<sup>1</sup>

### Lending assets



<sup>1</sup> Note: Affinity partners are defined as "business relationships entered into by the Company where both parties co-operate in the promotion of their respective businesses"

<sup>2</sup> CAGR calculated for period from June 2011 to June 2012.

<sup>3</sup> Note: EDL refers to Everyday Loans Group acquired on the 8<sup>th</sup> June 2012

## Not just a lender

Motor finance (36% of revenue<sup>1</sup>)



Retail point of sale finance (12% of revenue<sup>1</sup>)



Unsecured lending and Everyday Loans (24% of revenue<sup>1</sup>)



Fee-based accounts (25% of revenue<sup>1</sup>)



**OneBill** What can OneBill do for you>>



<sup>2</sup> 6 months to 30 June 2012. 3% of revenue from other income

## Action speaks louder than words – recent awards

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- Business partner of the year 2012 – Association of Cycle Traders
- Motor Finance provider of the year 2012 – Institute of Transport Management
- Customer Service Excellence Award 2012 – Cabinet Office
- Four Star Mark for Current Account – Fairbanking Foundation
- Shortlisted AiM Best newcomer 2012 – Alternative Investment Market

## Our latest results

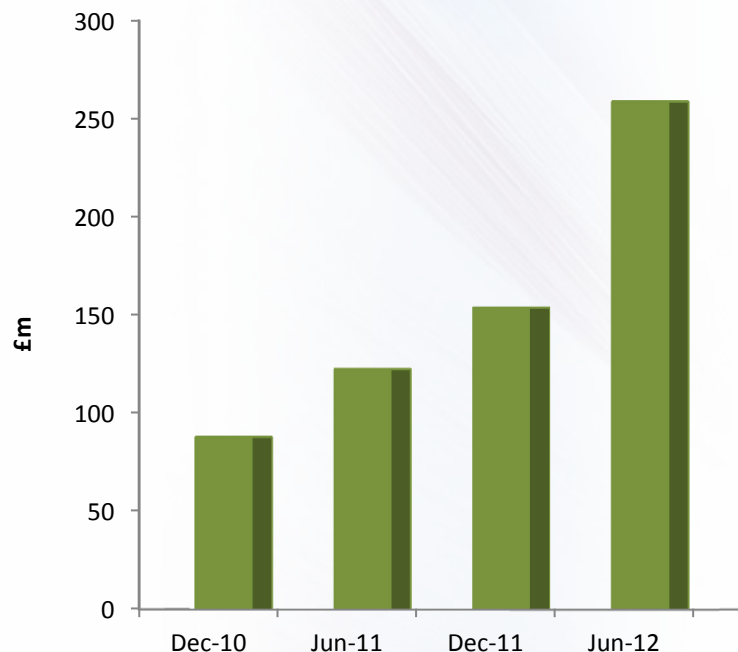
### 6 months to June 2012<sup>1</sup>

Net interest income	£11.5m
Reported Profit before tax	£12.4m
RoAA <sup>2</sup>	3.5%
RoAE <sup>3</sup>	40.2%

### At 30 June 2012

Loan book (net)	£260.3m
Deposits to loan book ratio	114%
Tier 1 capital ratio	14.9%

### Lending assets\*



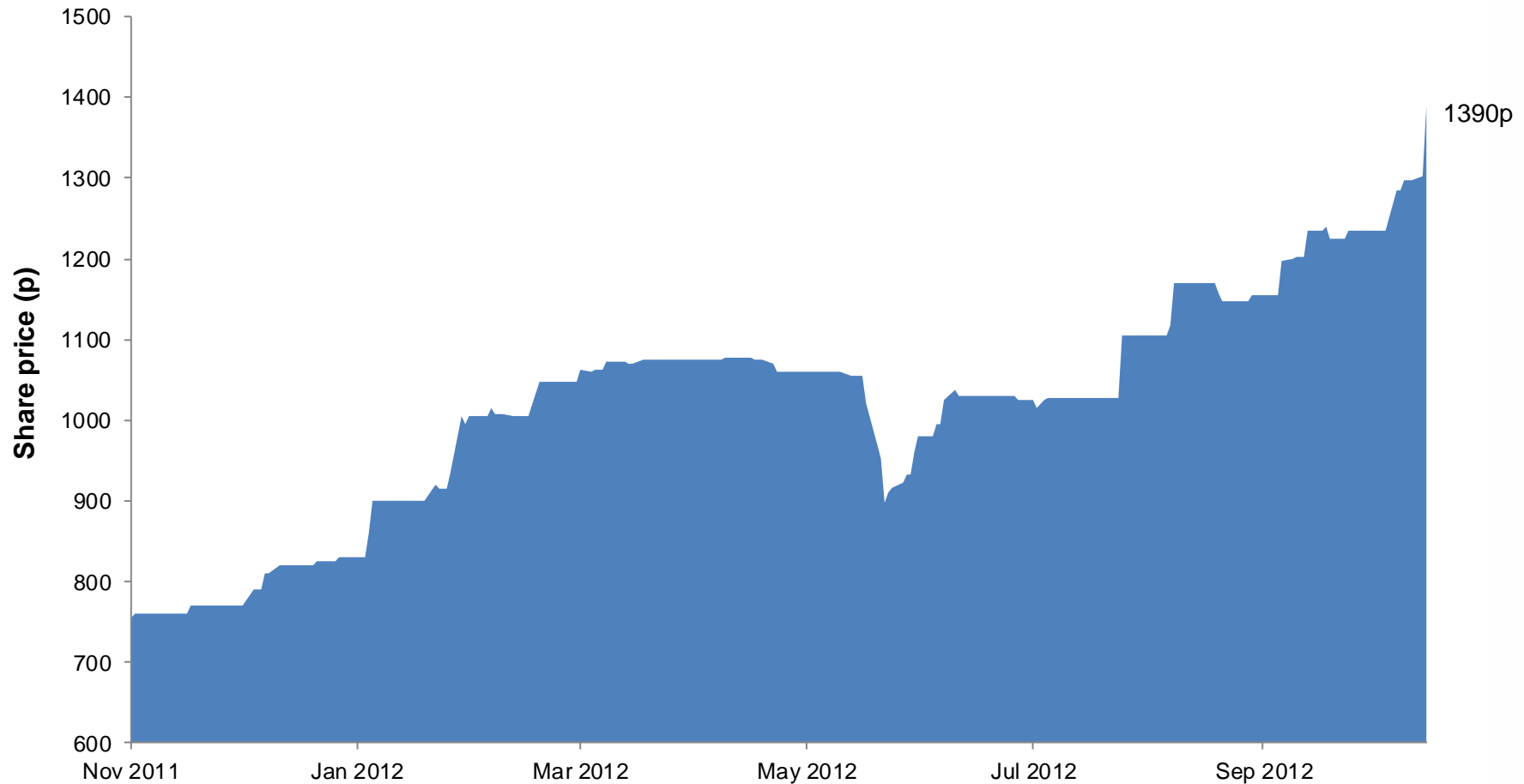
\*Excludes acquired portfolios

<sup>1</sup>Note: 6 months to June 2012 numbers are as reported for the half year

<sup>2</sup>return on average assets for six months to 30 June 2012

<sup>3</sup>return on average equity for six months to 30 June 2012

## Share price since float on 2 November 2011 at £7.20



## Summary

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- Prudent Capital and Funding positions.
- Largely unconstrained by legacy issues or major challenges facing other banks.
- Strong growth in profits evidenced in last disclosures.
- Independent awards show positive impact of customer focused ethics and strategy.
- Very significant organic growth opportunities remain.
- Selective acquisitions may be considered.
- Strong management team delivering on their commitments.

## Forward Looking Statements

This document contains forward looking statements with respect to the business, strategy and plans of the Secure Trust Bank PLC and its current goals and expectations relating to its future financial condition and performance. Statements that are not historical facts, including statements about Secure Trust Bank PLC's or management's beliefs and expectations, are forward looking statements. By their nature, forward looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. Secure Trust Bank PLC's actual future results may differ materially from the results expressed or implied in these forward looking statements as a result of a variety of factors, including UK domestic and global economic and business conditions, risks concerning borrower credit quality, market related risks such as interest rate risk and exchange rate risk in its banking businesses and equity risk in its investment banking businesses, inherent risks regarding market conditions and similar contingencies outside Secure Trust Bank PLC's control, any adverse experience in inherent operational risks, any unexpected developments in regulation or regulatory and other factors. The forward looking statements contained in this document are made as of the date hereof, and Secure Trust Bank PLC undertakes no obligation to update any of its forward looking statements.

**THANK YOU**