2021
Year End Results

24 March 2022

Secure Trust Bank

Section 1

2021 Overview

DAVID McCREADIE
CHIEF EXECUTIVE OFFICER

Focus is on our key specialist markets

- Statutory Profit before Tax of £56.0m, an increase of 193% on 2020
- Results predominately driven by a reduction in impairment charges
  - Macroeconomic outlook and quality of lending both improved
- Strong lending growth
  - Core lending balances +11.6%
  - New business lending +42.1%
- Focus on core specialist lending businesses
  - Disposal of Asset Finance and Consumer Mortgage portfolios
- Announced the sale of the full portfolio of loans held by Debt Managers (Services) Limited to complete the Group's simplification
- Proposed final dividend of 41.1p totalling 61.1p for 2021 (2020: 44.0p) based on 25% of EPS to be returned to shareholders
- With more focus on our diversified, specialised lending businesses we are confident of delivering strong lending growth and attractive returns

CET 1 Ratio

14.5%

2020: 14.0%[1]

Net Interest Margin

6.4%

2020: 6.3%

Cost Income Ratio

63.2%

2020: 55.7%[1]

Return on Average Equity

15.9%

2020: 5.9%[1]

Lending Book AGR

11.6%

2020: (1.8%)

[1] Restated

Compelling business case

- Established position in our specialist lending markets
- Proven flexibility in adapting to market conditions
- Excellent growth potential in large markets
- Proven capability to generate deposits
- Attractive risk adjusted margin:
  - Low risk
  - Good returns
- Good stable capital base with capacity for growth
- Attractive return on capital

Vision

To be the most trusted specialist lender in the UK

Purpose

To help more consumers and businesses fulfil their ambitions

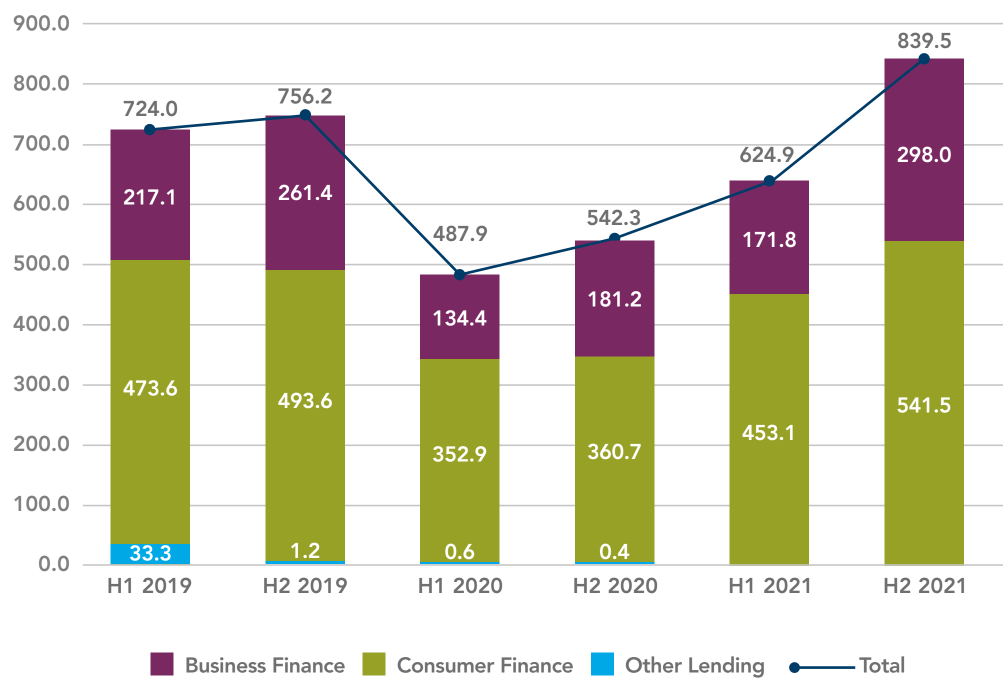
New Business

Strong 2021 new business growth of 42.1%

New business trends

- New business increased in the year by 42.1% to £1,464.4m (2020 £1,030.2m) almost back to pre-pandemic levels (2019 £1,480.2m)
- Record H2 2021 levels up 54.8% (£297.2m) on H2 2020 and up 11.0% (£83.3m) on H2 2019
- New business in H1 2021 was 28.1% higher than in H1 2020
- Business Finance and Consumer Finance businesses delivered annual growth in new lending of 48.9% and 39.4% respectively

New Business



Retail Finance

We help by providing instant credit for the purchase of goods online and in store

	FY 2021	FY 2020	% Change*
New business	£771.5m	£614.5m	25.5%
Spot lending balances	£764.8m	£658.4m	16.2%
Average lending balances	£692.9m	£663.4m	4.4%
Cost of risk	0.7%	2.4%	(1.7)pp
Net revenue margin	8.5%	9.0%	(0.5)pp
Total revenue	£67.7m	£70.7m	(4.2)%

* pp represents a percentage point movement

- Lending balances increased by 16.2% and surpassed the 2019 levels
- Mix shift towards lower yield, lower risk interest free products
- Deepening relationships with high value retail partners
- In November 2021, agreed to acquire AppToPay Limited, subject to regulatory approval, to drive digital Buy Now Pay Later products

Vehicle Finance

We help by providing finance solutions for used vehicles

	FY 2021	FY 2020	% Change*
New business	£199.8m	£78.6m	154.2%
Spot lending balances	£263.3m	£243.9m	8.0%
Average lending balances	£245.8m	£292.1m	(15.9)%
Cost of risk	(0.4)%	7.1%	(7.5)pp
Net revenue margin	13.5%	13.0%	0.5pp
Total revenue	£39.3m	£45.5m	(13.6)%

*** pp represents a percentage point movement**

- New business momentum grew as the year progressed
- Delivered 8.0% annual growth in lending balances by the year end
- Average lending balances were 15.9% lower than in 2020
- Prime HP and Prime PCP products launched to continue improvement in lending quality

Real Estate Finance

We help by providing financial support for professional property developers and investors

	FY 2021	FY 2020	% Change*
New business	£376.1m	£189.5m	98.5%
Spot lending balances	£1,109.6m	£1,051.9m	5.5%
Average lending balances	£1,045.3m	£1,020.4m	2.4%
Cost of risk	0.0%	0.5%	(0.5)pp
Net revenue margin	3.0%	3.0%	–
Total revenue	£54.8m	£54.0m	1.5%

* pp represents a percentage point movement

- New business lending doubled in 2021. This increased the overall lending balance despite the repayment of larger development loans during H2 2021
- Cost of risk remained historically low, reflecting the quality of the portfolio
- A Greener Homes Scheme was launched in June 2021. This was to support professional investors and developers to meet the UK's Clean Growth Strategy, contributing £136.9m of new lending

Commercial Finance

We help by providing working capital solutions for SMEs with the benefit of asset based security

	FY 2021	FY 2020	% Change*
New business	£93.7m	£126.1m	(25.7)%
Spot lending balances	£313.3m	£230.7m	35.8%
Average lending balances	£259.6m	£221.9m	17.0%
Cost of risk	(0.1)%	0.5%	(0.6)pp
Net revenue margin	5.7%	5.5%	0.2pp
Total revenue	£17.4m	£15.2m	14.5%

* pp represents a percentage point movement

- Growth in average lending of 17.0% due to:
  - Higher utilisation by existing customers of revolving credit facilities during the year
  - Low client attrition
  - Strong new business levels
- Strong credit stewardship has protected returns
- At 31 December 2021 there were £45.1m of balances funded under Government support schemes (CBILS, CLBILS, RLS) but no bounceback loans were provided

Section 2

Financial Review

RACHEL LAWRENCE
CHIEF FINANCIAL OFFICER

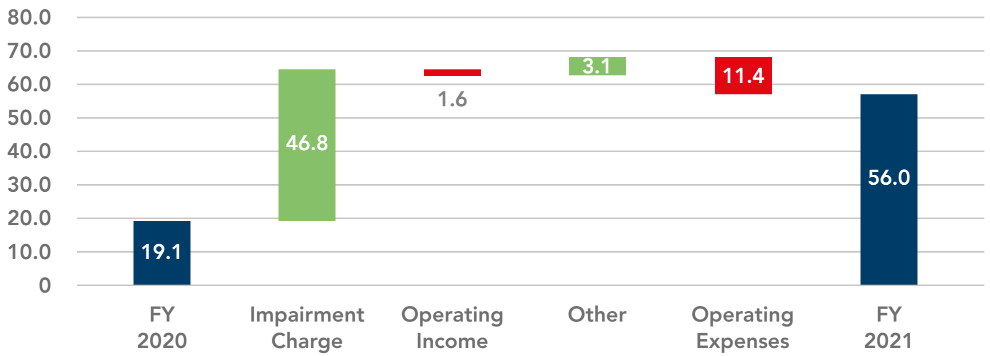
Summary Income Statement

Strong performance with profit before tax of £56.0m

£m	FY 2021	Restated FY 2020	% Change*
Net interest income	150.8	150.9	(0.1)%
Net fee income	13.7	15.2	(9.9)%
Operating Income	**164.5**	**166.1**	**(1.0)%**
Impairment charge	(4.5)	(51.3)	(91.2)%
Other	–	(3.1)	(100.0)%
Operating expenses	(104.0)	(92.6)	12.3%
Statutory profit before tax	**56.0**	**19.1**	**193.2%**
NIM	6.4%	6.3%	0.1pp
Cost to income ratio	63.2%	55.7%	7.5pp
ROAE	15.9%	5.9%	10.0pp
Basic EPS (pence)	244.7	82.7	195.9%
Proposed FY dividend per share (pence)	61.1	44.0	38.9%

* pp represents a percentage point movement

FY2020 to FY2021 Profit Before Tax (£m)



Profit before tax up 193.2%

Primarily driven by reduced impairment charges

0.1% decrease in net interest income

Net interest income maintained by lower cost of funds despite minor reduction in average lending balances and reducing yields in Retail Finance. Excluding non core portfolios NII was up 1.6% in the year.

9.9% decrease in net fee and commission income

All driven by the closure of non core OneBill product. Core businesses performed well with an increase of 17.3% when compared to 2020.

91.2% decrease in impairment charges

Due to improved credit quality in Consumer businesses, a reduction in average Vehicle Finance lending balances and improved forward looking macro economic assumptions.

12.3% increase in operating expenses

Reflects return to normalised levels of employee remuneration, readiness for growth and one off items relating to 2020.

Increased ROAE of 15.9% and NIM stable at 6.4%

Net Interest Income

Net Interest Income ("NII") stable as lower cost of funds offset sale of non-core portfolios and yield reductions

0.1% decrease in net interest income

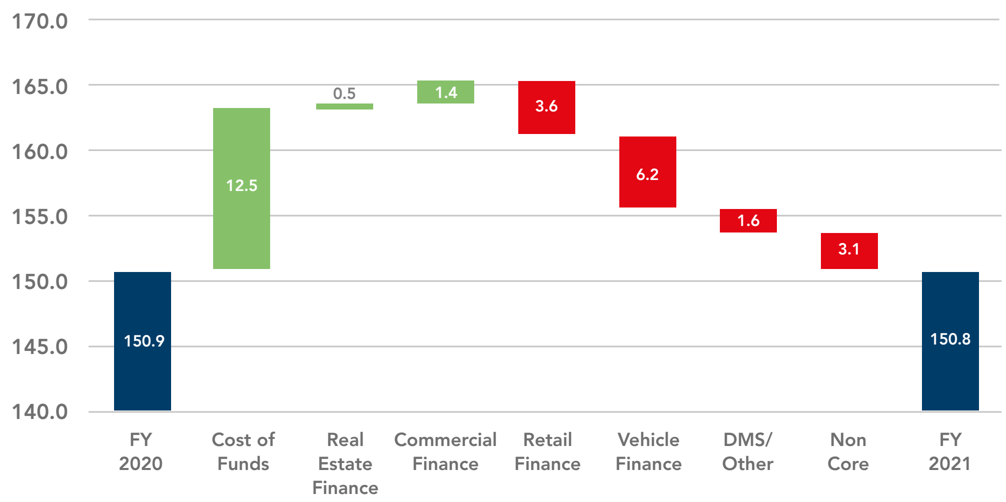
- Growth in ISA/Notice deposits and the maturing of more expensive back book deposits has reduced cost of funds by 50bps
- Lower yielding interest free lending in Retail Finance offset by higher volumes drove a net £3.6m reduction in interest income, albeit with a corresponding positive impact in the cost of risk
- Lower average lending in the high yielding Vehicle Finance reduced interest income by £6.2m in the year
- The disposal of the non-core portfolios resulted in a reduction of £3.1m of interest income

NIM stable

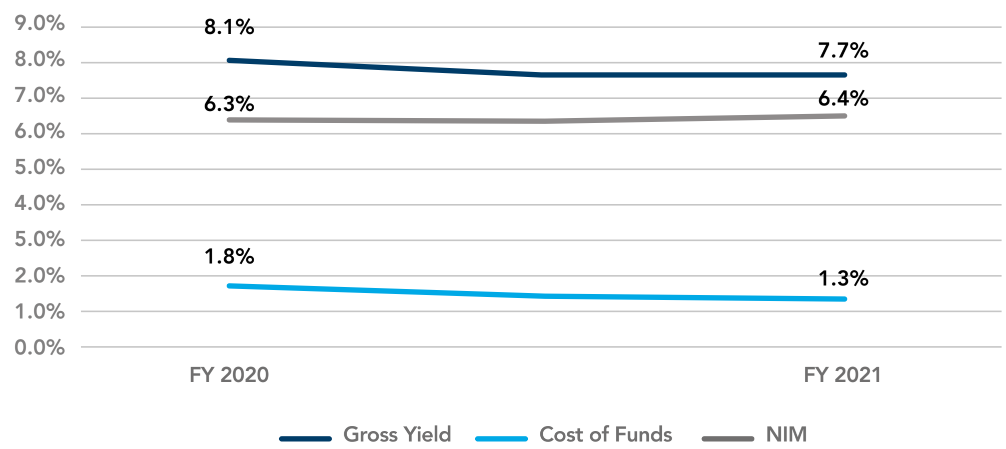
- Overall, NIM is stable at 6.4% (2020: 6.3%)

Rising interest rate climate is not expected to materially impact the Group's earnings

Net Interest Income (£m)



Net Interest Margin



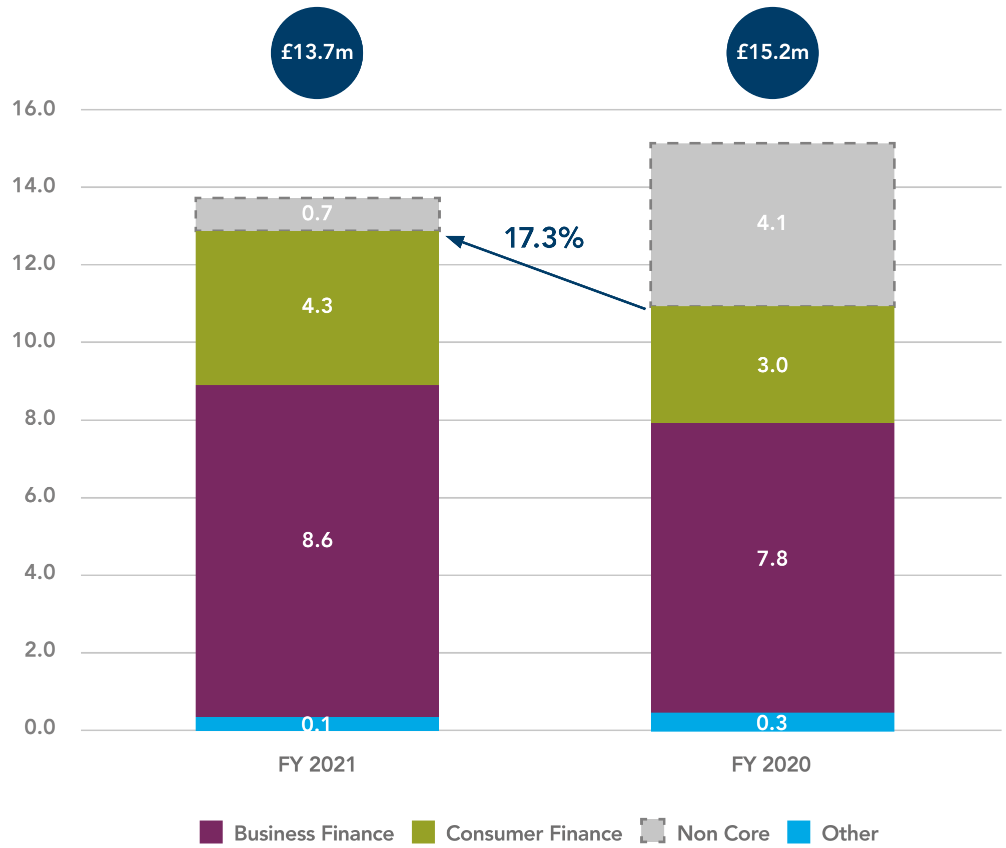
Net Fee, Commission and Other Income

Increased new business in core businesses offset by closure of OneBill

Net fee, commission and other income down by 9.9% but core businesses up by 17.3%

- Increased new business from Commercial Finance is driving net fee and commission income of £13m (FY2020 £11.1m) from core businesses
- Closure of OneBill resulted in the reduction of £3.4m fee and commission income. Cost savings arising from this closure forecast at £1.0m in 2022

Net Fee and Commission Income (£m)



Operating Expenses

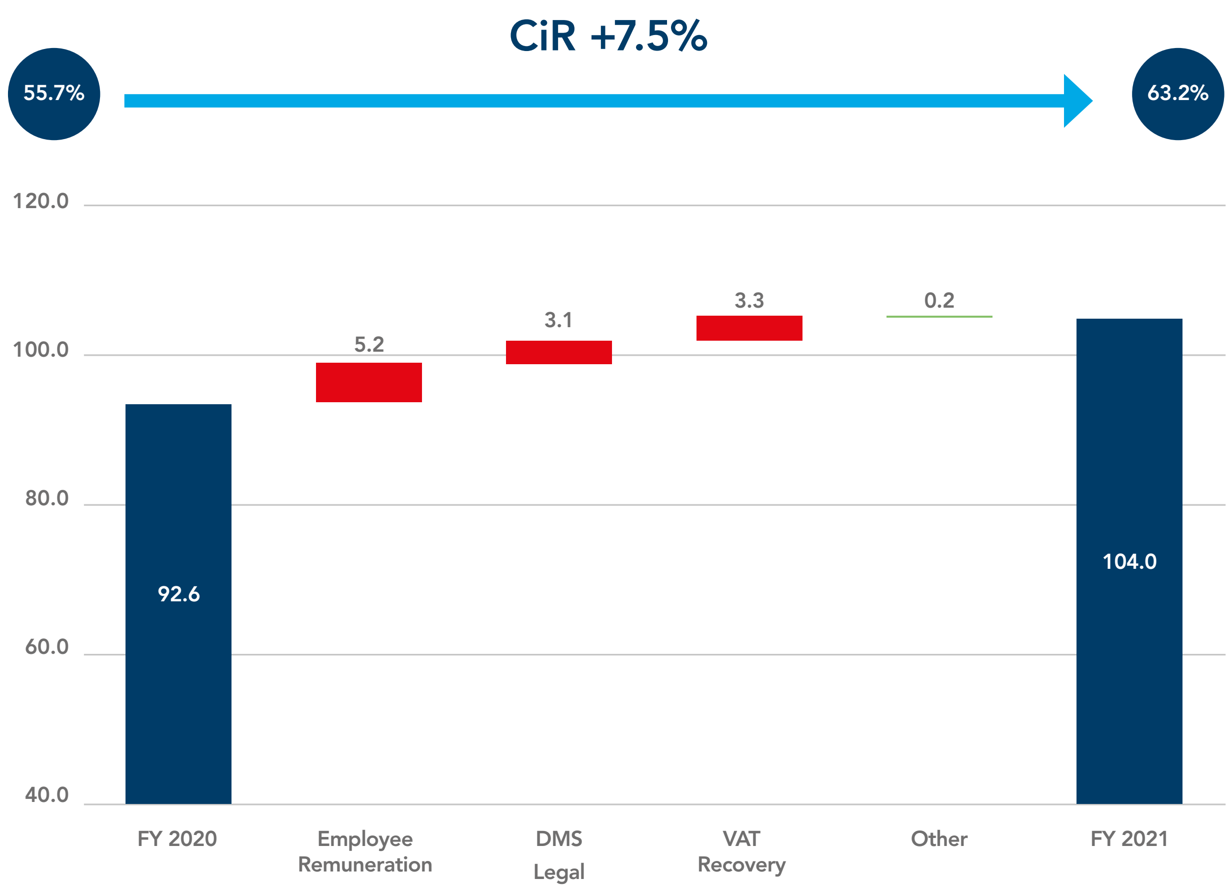
Expected increase in operating expenses and in cost to income ratio ('CiR') reflects continued investment and readiness for growth

£11.4m increase in operating expenses

- Higher employee costs of £5.2m due to remuneration returning to pre pandemic levels, dual rolling for the CEO and CRO roles, offset by a 5% reduction in FTE
- Increased legal costs of £3.1m in DMS as a result of new strategies to improve collections recoveries
- No benefit of the one-off impact of VAT recovery £3.3m in 2020

Outlook

- Return to growth impacted CiR in 2021
- BAU operating expenses in H2 were flat to H1 providing confidence in our ability to meet the CiR medium term target



Macroeconomic Assumptions

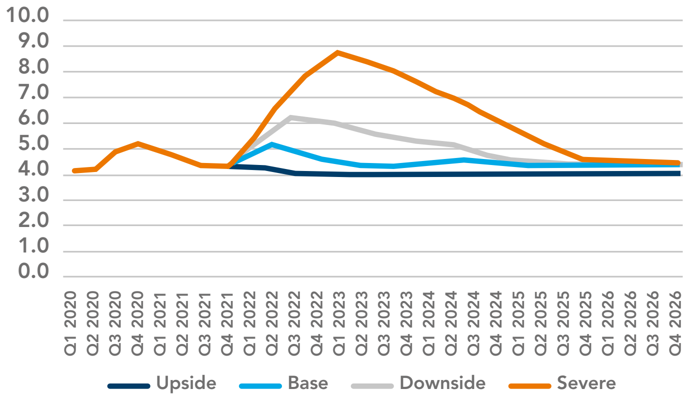
Improving macroeconomic outlook resulting in more favourable model assumptions while remaining prudent given near term uncertainties

- Reduction in peak unemployment rate in all scenarios has been applied resulting in a weighted average peak unemployment rate of **5.5%** (Dec 2020: 8.3%).
- HPI peak to troughs have also been aligned to the October 2021 Office for Budget Responsibility's medium forecast
- The year end scenario weighting is the same as the HY 2021 reflecting an improving economic environment and lower probability of a severe scenario occurring than at December 2020
- The change in macro economic assumptions released **£13.2m** in IFRS9 provisions in 2021

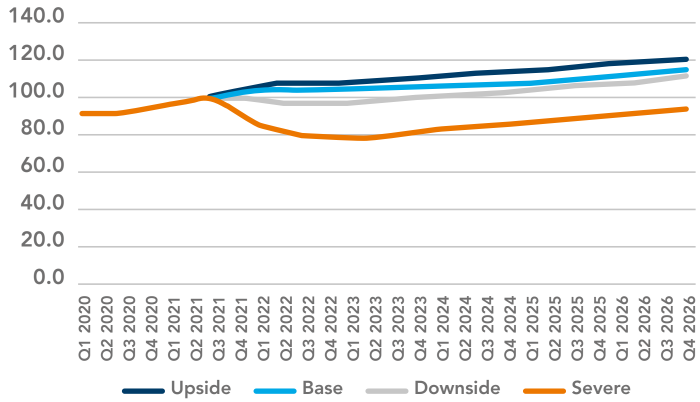
Economic Scenarios and Weightings

Scenario	31 Dec 21 Weighting	31 Dec 2021 Peak Unemployment	31 Dec 21 Peak/ Low HPI change	31 Dec 2020 Weighting	31 Dec 2020 Peak Unemployment	31 Dec 2021 Peak to trough HPI reduction
Upside	20%	4.3%	7.5%	20%	6.2%	(4.1)%
Base	50%	5.2%	6.5%	45%	8.3%	(8.2)%
Downside	25%	6.3%	(5.9)%	25%	9.0%	(8.2)%
Severe	5%	8.8%	(24.5)%	10%	10.7%	(25.0)%

Unemployment Rate Scenarios



House Price Index Scenarios



Impairment charges decrease

Improving quality of lending portfolio and improved macro economic outlook

Lower Impairment charges of £4.5m (2020 £51.3m) were due to:

- The change in macro economic assumptions has led to a £13.2m reduction in IFRS 9 provisions
- Consumer businesses' low arrears performance and better credit quality assets
- Management overlays have been introduced to reflect risk to customer affordability as a consequence of rising cost of living offsetting the release of COVID-19 provisions

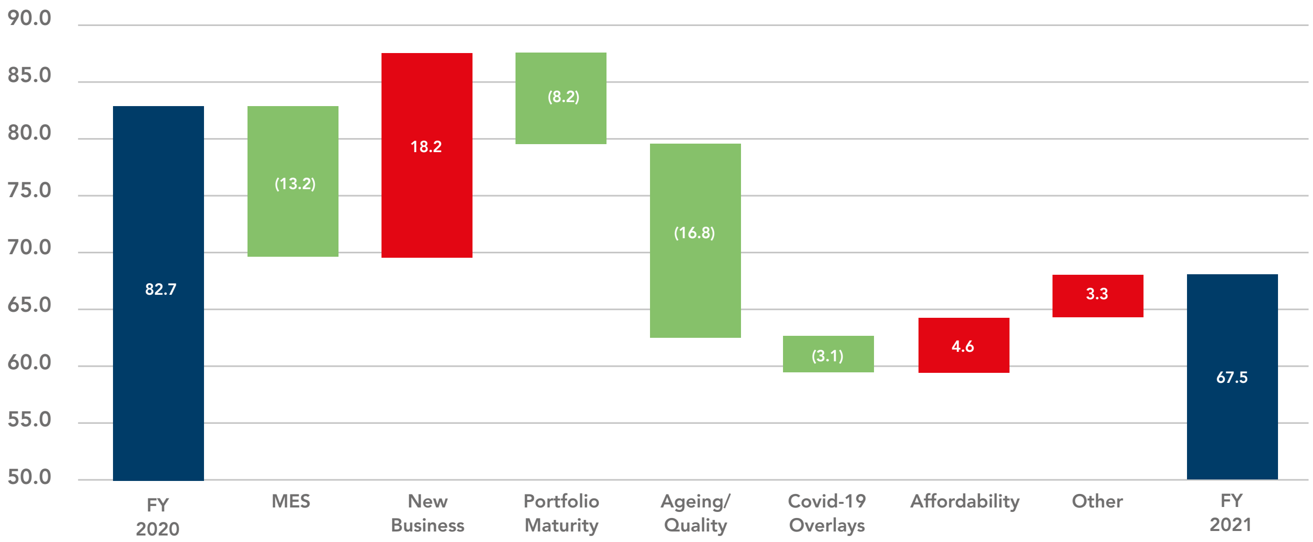
Coverage ratios reduced but remain prudent at 2.6%

- Underlying coverage rates are reducing driven by the improvement in quality of lending

Coverage Rates

	Business Finance		Consumer Finance			Non Core	STBG
	Real Estate Finance	Commercial Finance	Retail Finance	Vehicle Finance	DMS		
FY 2021	0.3%	0.3%	2.8%	11.5%	8.4%	0.0%	2.6%
FY 2020	0.5%	0.6%	3.6%	14.8%	7.9%	2.4%	3.4%
FY 2019	0.1%	0.4%	3.6%	9.4%	(2.6)%	1.6%	2.4%

Balance Sheet provisions movement (£m)



Summary Balance Sheet

Growth in lending balances of 7.3% has been fully funded. Shareholders’ equity up 13.0% to £302.4m

£m	FY 2021	Restated FY 2020	% Change*
Cash and balances at central banks	235.7	181.5	29.9%
Debt securities	25.0	0.0	100.0%
Loans and advances to banks	50.3	63.3	(20.5)%
Loans and advances to customers**	2,531.9	2,358.9	7.3%
Other assets	43.0	57.5	(25.2)%
Total assets	**2,885.9**	**2,661.2**	**8.4%**
Deposits from customers	2,103.2	1,992.5	5.6%
Wholesale funding	390.1	273.1	42.9%
Tier 2	50.9	50.8	0.2%
Other liabilities	39.3	77.3	(49.2)%
Total liabilities	**2,583.5**	**2,393.6**	**7.9%**
Total shareholders’ equity	302.4	267.6	13.0%
Total liabilities and shareholders' equity	**2,885.9**	**2,661.2**	**8.4%**
Loan to deposit ratio	**120.4%**	**118.4%**	**2.0pp**
Equity per share	16.22	14.36	13.0%

* pp represents a percentage point movement

** Includes assets held for sale

Balance sheet growth of 8.4%

- Cash and balances at central banks increased by **29.9%** due to pre funding early 2022 Business Finance deals
- Loans and advances to customers increased by **7.3%** reflecting the return to growth. Excluding non-core businesses underlying growth was **11.6%**
- The asset growth in 2021 has been equally funded from increased deposits from customers and wholesale funding from TFSME
- Tier 2 represents two tranches of **£25m 6.75%** Fixed Rate callable (2023) sub loans maturing in 2028
- Shareholders equity increased by **13%** to **£302.4m**. Equity per share has risen from **£1.69** at IPO to **£16.22**, an increase of **860%**

Net Loans and Advances to customers

Core lending balances grew by 11.6% (total lending growth 7.3%)

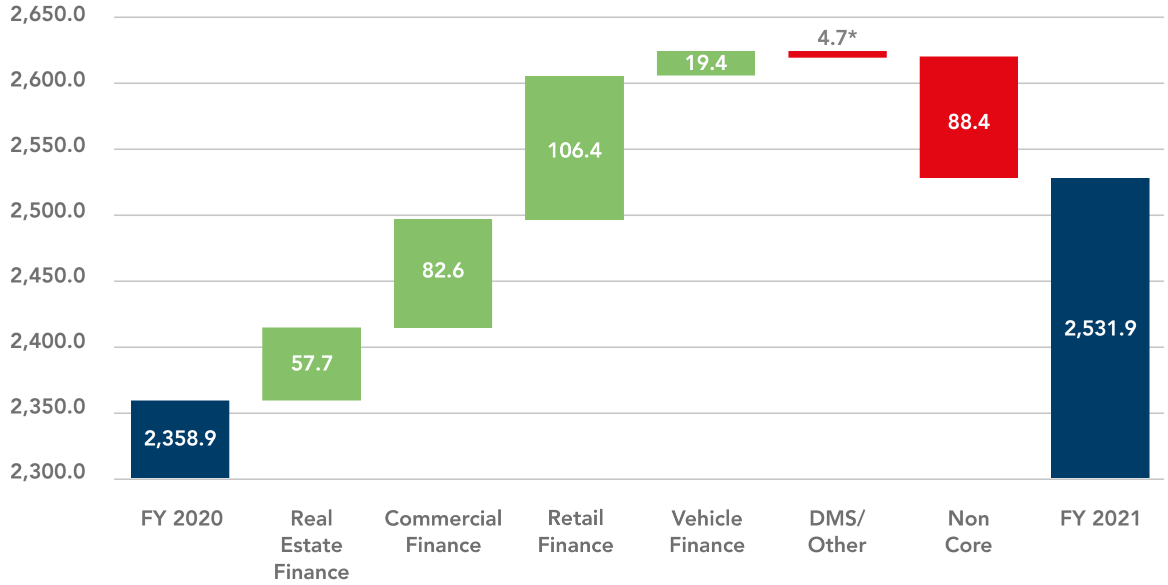
Net Loans and Advances increased by £173.0m

- Real Estate Finance grew by 5.5% to £1,109.6m supported by launch of new Greener Homes Scheme in June 2021
- Commercial Finance grew by 35.8% to £313.3m, through low attrition and healthy new business levels
- Retail Finance grew by 16.2% to £764.8m mainly through furniture, jewellery and healthcare sectors
- Vehicle Finance grew by 8.0% to £263.3m with growing momentum with customers in the second half of the year
- DMS growth impacted by availability of portfolios and increased competition
- Sale of non core businesses reduced balances by £88.4m

Average Loans and Advances were down 1.3%

- Reduction in lending balances in Vehicle Finance of 15.9%, sale of non core portfolios, offset by growth in all other businesses of 4.5%

Net Loans and Advances



*Includes £1.3m assets held for sale

Funding

Total funding increased by 9.9% to fund growth in lending balances and 2022 pipeline of new business. Deposit mix shift away from bond/term to lower the cost of funds.

Product mix continues shift towards shorter dated deposits

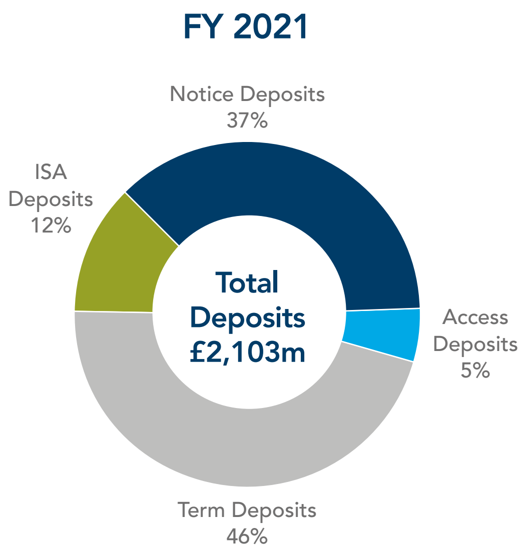
- Fixed term deposits share down from 54% to 46%
- Continued focus on attracting ISAs and notice accounts and the maturing of more expensive back book deposits has reduced the cost of funds in 2021 by 50bps to 1.3% (2020 1.8%)

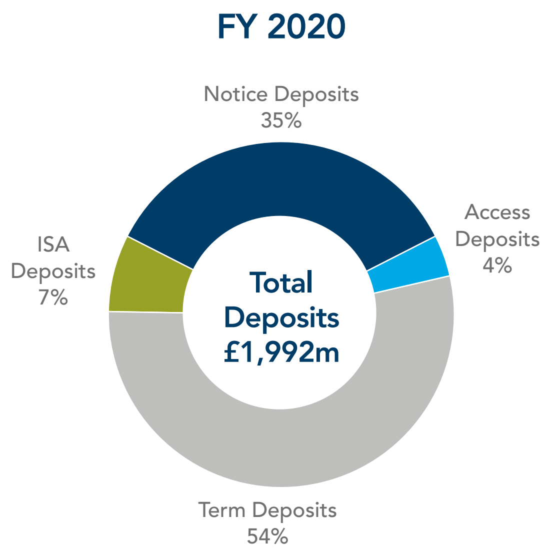
Additional funding from TFSME

- TFS/TFSME drawing increased to £390.1m with no ILTR drawings.

LCR at 439% and NSFR at 160% remain significantly in excess of regulatory minimums

£m	FY 2021	FY 2020	% Change
Deposits from customers	2,103.2	1,992.5	5.6%
Wholesale funding	390.1	273.1	42.9%
Amounts due from other credit institutions	0.7	3.3	(78.6)%
Total Funding	**2,494.0**	**2,268.9**	**9.9%**





Capital

Healthy capital ratios significantly ahead of regulatory minimums

Solid capital foundation to deliver growth strategy

- Headroom in both CET1 and Total Capital Ratios
- Opportunity to improve the efficiency of the capital stack with AT1 and additional Tier 2 in the future

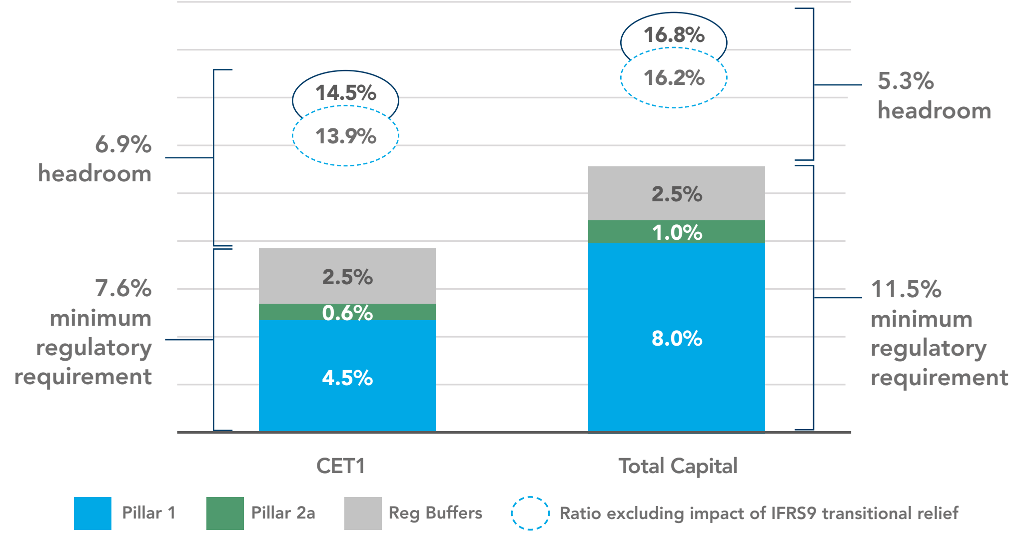
CET1 and TCR ratios both improve by 50bps

- Strong profit growth reflected in capital improvements constrained by IFRS 9 transitional relief
- RWAs have increased in line with balance sheet growth and operational risk movements.

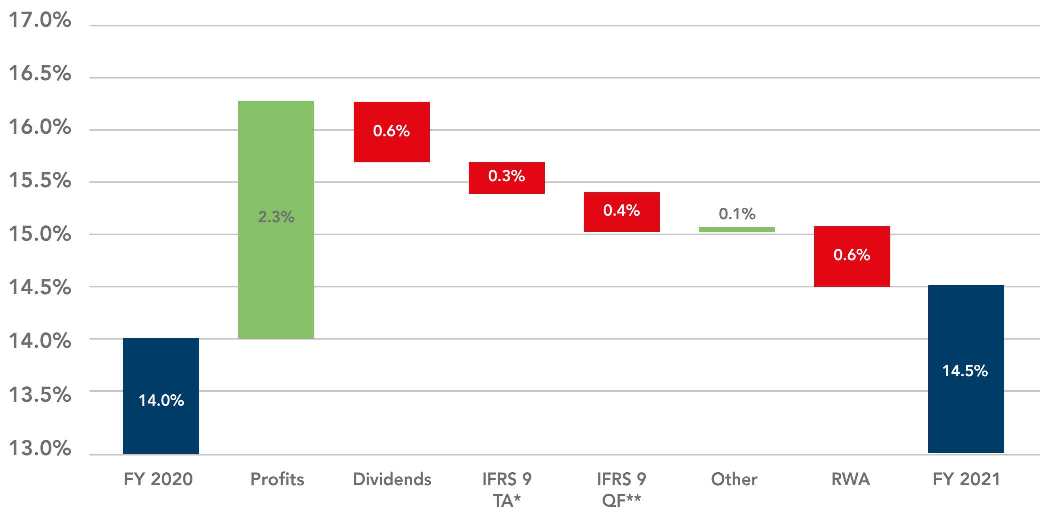
	FY 2021	FY 2020
CET1	£303.6m	£280.8m*
Eligible Tier2	£47.0m	£45.1m
Total Capital	£350.6m	£325.9m*
Leverage	10.3%	10.3%
RWAs	£2,087.4m	£1,999.7m

* Restated

Capital Base



CET 1 Ratio Movement



*IFRS9 TA – Transitional Arrangement **IFRS9 QF – Quick Fix

Financial Review

Section 3

Looking Ahead: Strategy & Outlook

DAVID McCREADIE
CHIEF EXECUTIVE OFFICER

New Vision, Purpose and Strategy

Vision

To be the most trusted specialist lender in the UK

Purpose

To help more consumers and businesses fulfil their ambitions

Strategy

Grow

- ✓ Generate growth and attractive returns in specialist segments
- ✓ Exploit digital capabilities to build scale and drive cost efficiency

Sustain

- ✓ Create sustainable value through market expertise and deep customer knowledge
- ✓ Utilise strong credit discipline, capital allocation and risk management capabilities

Care

- ✓ Help customers with simple, clear and compelling products
- ✓ Deliver consistently excellent customer care and swift outcomes

Always act with integrity and transparency, delivering value for all stakeholders

Progress against Strategic Priorities

Grow

2021 Progress

- Simplified Group, selling non-core portfolios
- Launched Prime Vehicle Finance
- Launched Greener Homes Scheme
- Agreed to acquire AppToPay Limited
- Return on average equity of 15.9%
- Annual growth in loan book of 11.6%

Priorities

- Scale Vehicle Finance business
- Launch digital Buy Now Pay Later proposition
- Expand geographical footprint in business finance
- Enhance digital capabilities
- Maintain return on average equity
- Deliver loan book growth – targeting 15%+ CAGR

Sustain

2021 Progress

- Returned to pre-pandemic lending policy
- Continued investment in risk management capability
- Leveraged customer and market knowledge
- Improved capital ratios – CET1 14.5% (2020: 14.0%)

Priorities

- Deliver sustainable growth within existing risk appetite
- Optimise capital efficiency
- Drive efficiency improvements
- Maintain CET1 ratio above 12%

Care

2021 Progress

- Maintained customer satisfaction (Feefo 4.6 stars) and advocacy
- Ongoing investment in digital platforms to streamline customer journeys
- 81% of colleagues said STB was a Great Place to Work
- Commitment to a positive and healthy hybrid working environment

Priorities

- Improve customer experience
- Deliver new digital and mobile services
- Seize Green opportunities: Greener Homes, financing green energy products and electric vehicles
- Improve diversity and inclusion

Helping our colleagues and customers achieve their ambitions

Medium Term Performance Targets

Group is on track to achieve medium term targets

Return on Average Equity	Cost Income Ratio	CET1 Ratio	Net Interest Margin	Lending Book CAGR*
Target 14% – 16%	Target 50% – 55%	Target > 12%	Target > 6%	Target 15%
15.9%	**63.2%**	**14.5%**	**6.4%**	**11.6%**

*In 2021, 11.6% is the annual growth rate

Revision to medium term targets to reflect the sale of DMS portfolio

Cost Income Ratio	Net Interest Margin
Target < 50%	Target > 5.5%

Looking ahead

- Diversified and resilient business model is a key strength – can adapt to evolving market conditions
- Clearer focus on our attractive and specialist lending businesses
- Strong market expertise, relationships and digital capabilities
- Strong capital and liquidity positions
- Clear plan to capture the significant growth opportunities articulated at Capital Markets Day
- Positioned to deliver all our medium term targets

Section 4

Appendices

Diversified Portfolio

	Business Finance **56.0%** of loan book (FY 2020 54.0%)		Consumer Finance **44.0%** of the loan book (FY 2020 42.0%)			STBG – Core	Non Core 0% of loan book (FY 2020 4.0%)	STBG
	Real Estate Finance	Commercial Finance	Retail Finance	Vehicle Finance	DMS			
% Change	5.5%	35.8%	16.2%	8.0%	(2.7)%	11.6%	(98.6)%	7.3%
Loan book FY 2021 £m	1,109.6	313.3	764.8	263.3	79.6	2,530.6	1.3	2,531.9
Loan book FY 2020 £m	1,051.9	230.7	658.4	243.9	81.8	2,266.7	92.2	2,358.9
Cost of risk FY 2021	0.0%	(0.1)%	0.7%	(0.4)%	0.1%	0.1%	0.2%	0.1%
Cost of risk FY 2020	0.5%	0.5%	2.4%	7.1%	10.1%	2.3%	0.6%	2.3%
Net revenue margin FY 2021	3.0%	5.7%	8.5%	13.5%	15.2%	7.0%	5.0%	6.9%
Net revenue margin FY 2020	3.0%	5.5%	9.0%	13.0%	14.4%	6.9%	7.0%	6.9%
Secured/Unsecured	Secured on Property	Secured on Debtors	Unsecured	Secured on Vehicles	Unsecured	66.6%	Secured on Assets & Property	66.6%

Debt Managers Services

We help by providing support for customers paying their existing debts

	FY 2021	FY 2020	% Change*
New business	£23.3m	£20.5m	13.7%
Spot lending balances	£79.6m	£81.8m	(2.7)%
Average lending balances	£87.5m	£90.2m	(2.9)%
Cost of risk	0.1%	10.1%	(10.0)pp
Net revenue margin	15.2%	14.4%	0.8pp
Total revenue	£14.6m	£14.8m	(1.4)%

* pp represents a percentage point movement

- New business in both 2021 and 2020 limited by lower supply as originators have delayed portfolio sales
- As a result, the lending balances fell by 2.7% as new purchases are below net replacement level
- Strong collections performance achieving 102% of target against the December 2020 static base

Important Notice

This presentation and the information, statements and opinions in it do not constitute, and should not be treated as:

- **a public offer under any applicable legislation or an offer to sell or issue or solicitation of an offer to buy or subscribe any securities or financial instruments,**
- **otherwise constituting an invitation or inducement to any person to purchase, underwrite, subscribe or otherwise acquire securities or financial instruments,**
- **any advice or recommendation about such securities or financial instruments, or**
- **any form of profit forecast.**

This presentation has been prepared by Secure Trust Bank PLC about itself and its subsidiaries ('STB').

This presentation contains forward looking statements about the business, strategy and plans of STB and its current objectives, targets and expectations relating to its future financial condition and performance. Statements that are not historical facts, including statements about STB'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.

STB'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. These include UK domestic and global economic and business conditions, risks concerning borrower credit quality, market related risks including interest rate risk, inherent risks regarding market conditions and similar contingencies outside STB's control, the COVID-19 pandemic, expected credit losses in certain scenarios involving forward looking data, any adverse experience in inherent operational risks, any unexpected developments in regulation or regulatory, and other factors. The forward looking statements contained in this presentation are made as of the date of the presentation, and (except as required by law or regulation) STB undertakes no obligation to update any of its forward looking statements.

This presentation is not intended for distribution to or use by any person or entity in any jurisdiction or country where such distribution or use would be contrary to local law or regulation or which would require any registration or licensing within that jurisdiction.

Q & A