2023
Year End Results

21 March 2024

Reporting basis

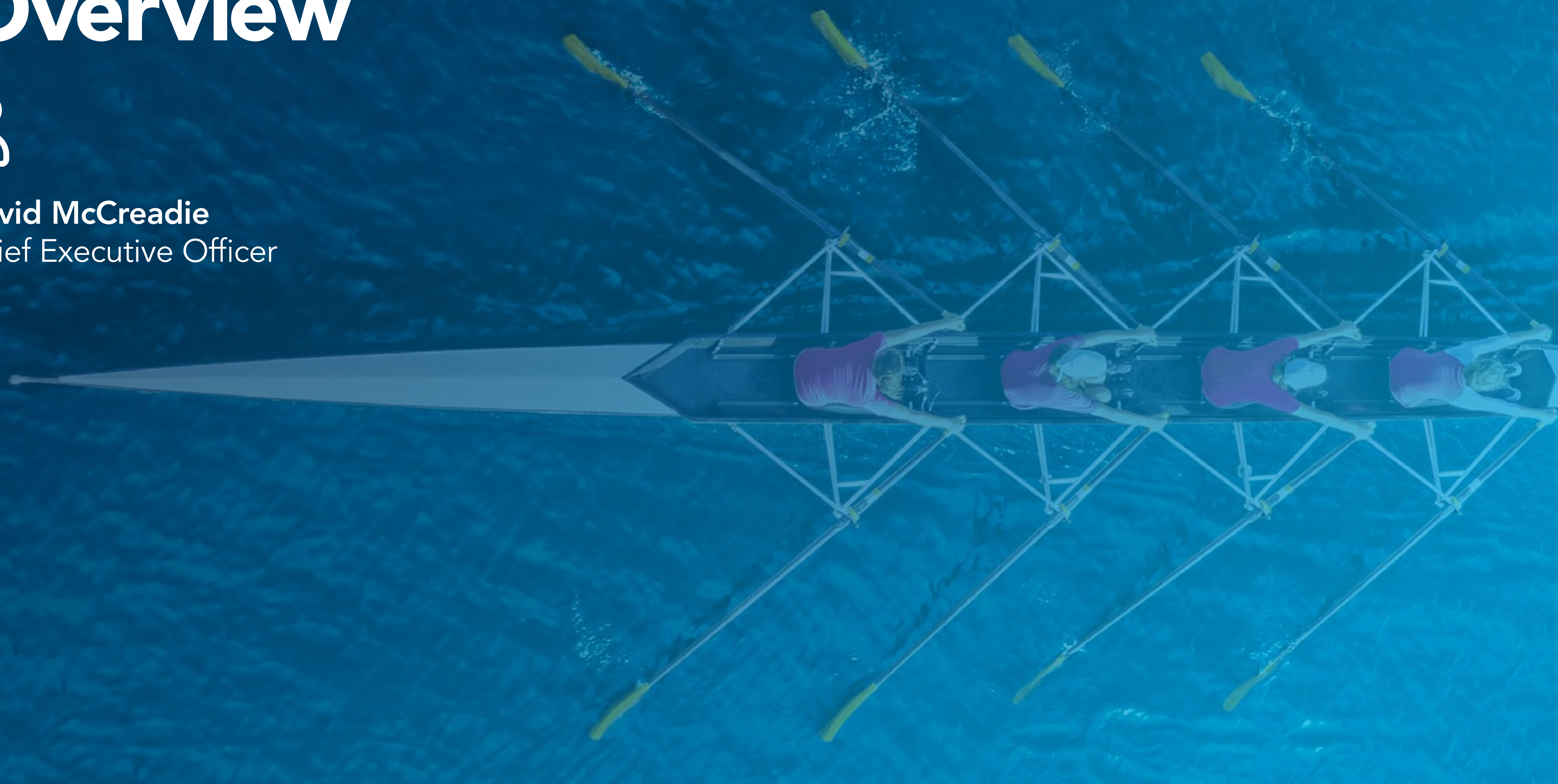
Throughout this document reference is made to adjusted results which reflects continuing operations, excluding exceptional items as reported in the Annual Report and Accounts for the year ended 31 December 2023. Unless otherwise stated, financial metrics and key performance indicators relate to adjusted results. Continuing operations include the Retail Finance, Vehicle Finance, Real Estate Finance and Commercial Finance businesses only and discontinued operations include the Debt Management Services business.

A reconciliation of adjusted results to total results per the Annual Report and Accounts for the year ended 31 December 2023 is included in the Appendix to this presentation.

Contents

Year End 2023 Overview

David McCreadie
Chief Executive Officer



Excellent growth potential in our specialist markets

Excellent growth potential in large addressable markets

Opportunities identified to deliver operational efficiencies

£4 billion net lending ambition will support an attractive return on capital

Strong, consistent financial performance

Group overview

Secure Trust Bank

	Consumer Finance		Business Finance		Savings
Business units and brands	Retail Finance	Vehicle Finance	Real Estate Finance	Commercial Finance	Consumer Deposits
	V12 Retail Finance AppToPay	V12 Vehicle Finance moneyway	Secure Trust Bank	Secure Trust Bank	Secure Trust Bank
Balances FY 2023	£1,223m	£467m	£1,244m	£381m	£2,872m
Cum. growth since end 2020	+86%	+92%	+18%	+65%	+44%

2023 Highlights

Customer lending
£3.3bn
+ 13.6% on FY 2022

Profit before tax pre impairments
£85.5m
+ 12.4% on FY 2022

Net interest margin (NIM)
5.4%
5.7% FY 2022

Risk adjusted margin
4.6%
4.9% FY 2022

Retail deposits
£2.9bn
+ 14.2% on FY 2022

Cost income ratio (CiR)
54.0%
55.0% FY 2022

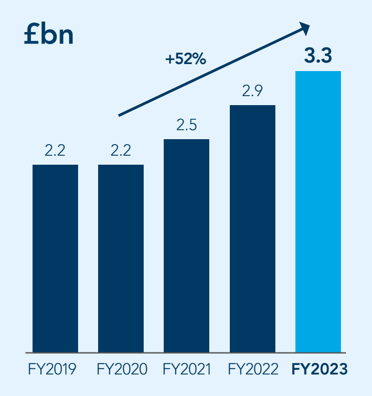
Return on average equity (ROAE)
9.6%
9.4% FY 2022

Total dividend
32.2p
45.1p FY 2022

Progress towards achieving medium term targets

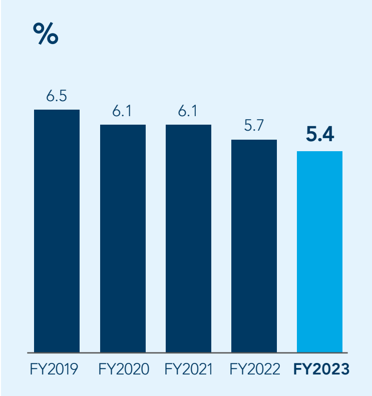
Lending balances

Target: c. £4bn



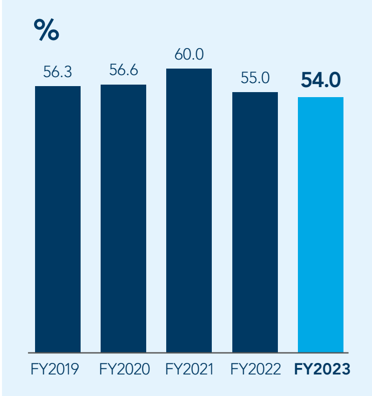
Net interest margin

Target: >5.5%



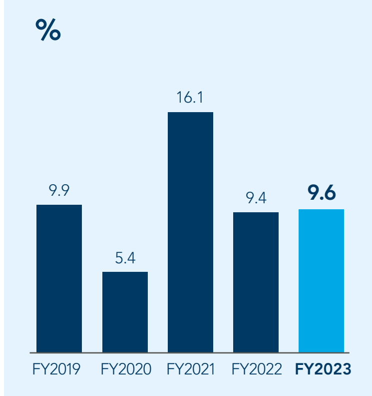
Cost income ratio

Target: 44% – 46%



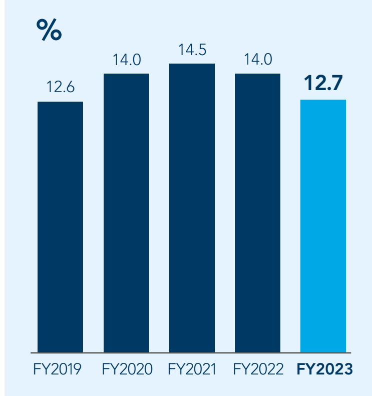
Return on average equity (ROAE)

Target: 14% – 16%



CET1 ratio

Target: >12%



c. £4bn Net lending – stable CoR

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Increase in Consumer lending mix underpins Group NIM

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Annual costs inflation at **c. 5%**

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ROAE 14% – 16%

Financial Review

Rachel Lawrence
Chief Financial Officer

Income statement

12.4% increase in profit before tax pre impairments

Adjusted income statement*

£m	FY 2023	FY 2022	% Change**
Net interest income	167.5	152.6	9.8
Net fee income and commission	17.2	17.0	1.2
Operating income	**184.7**	**169.6**	**8.9**
Operating expenses	(99.7)	(93.2)	7.0
Fair value gains/(losses)	0.5	(0.3)	nm***
Profit before tax pre impairments	**85.5**	**76.1**	**12.4**
Impairment charge	(42.9)	(37.1)	15.6
Profit before tax	**42.6**	**39.0**	**9.2**

KPI			
Net interest margin (NIM)	5.4%	5.7%	(0.3)pp
Net revenue margin (NRM)	6.0%	6.3%	(0.3)pp
Cost of risk	1.4%	1.4%	0.0pp
Risk adjusted margin (RAM)	4.6%	4.9%	(0.3)pp
Cost income ratio (CiR)	54.0%	55.0%	(1.0)pp
Return on average equity (ROAE)	9.6%	9.4%	0.2pp
Earnings per share (EPS)	172.3p	158.5p	13.8p

* A reconciliation to statutory reported profits is included in the Appendix to this presentation
** pp represents a percentage point movement
*** nm = not meaningful

Profit before tax pre impairments of £85.5m, +12.4% on FY 2022

- 14.8% increase in average net lending book drives 8.9% increase in operating income
- 7.0% increase in operating expenses, driven by high inflation, partly offset by operational efficiencies

Impairments increased by 15.6% to £42.9m, impacted by:

- Previously announced single £7.2m loss in Business Finance
- Consumer Finance cost of risk improved by 1.0pp to 1.9%

NIM at 5.4% in line with H1 2023

- New Tier 2 capital impact (0.2)pp and focus on higher quality prime lending

Profit before tax improved by 9.2% year on year to £42.6m

Statutory continuing profit before tax of £36.1m includes £6.5m of exceptional items* (FY 2022: £39.0m). Exceptional costs are due to the internal review of Borrowers in Financial Difficulty and Corporate Activity

Net interest margin

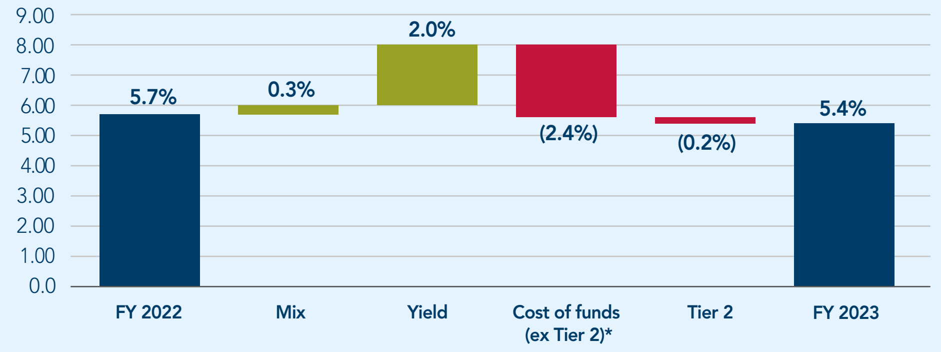
NIM at 5.4% reflects increased cost of Tier 2 capital

9.8% increase in net interest income to £167.5m, and 0.3pp reduction in NIM to 5.4%

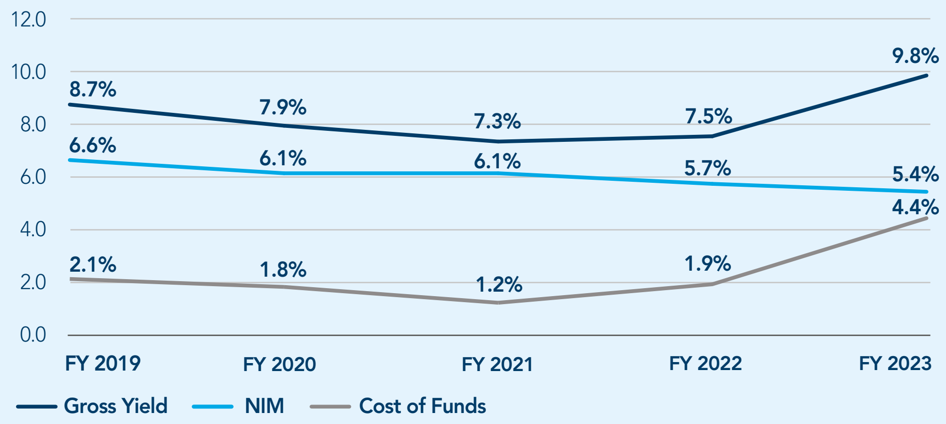
- 2% increase in Consumer lending mix is NIM positive by 0.3pp
- 14.8% increase in average net lending balances, reflecting a 2.0pp increase in Yield
- CoF at 4.4% is an increase of 2.5pp, reflecting the high interest rate environment and the duration of funding with c. 60% of funds repricing within 1 year
- New Tier 2 capital reduced NIM by 0.2pp but provides important capital for our growth strategy

Expect continued focus on NIM in FY 2024 with mix driven expansion in the medium term

NIM bridge %



NIM 5 year trend %



* Chart contains roundings for presentational purposes

Operating expenses

Cost income ratio (CiR) improvement to 54.0% with cost growth limited to £6.5m

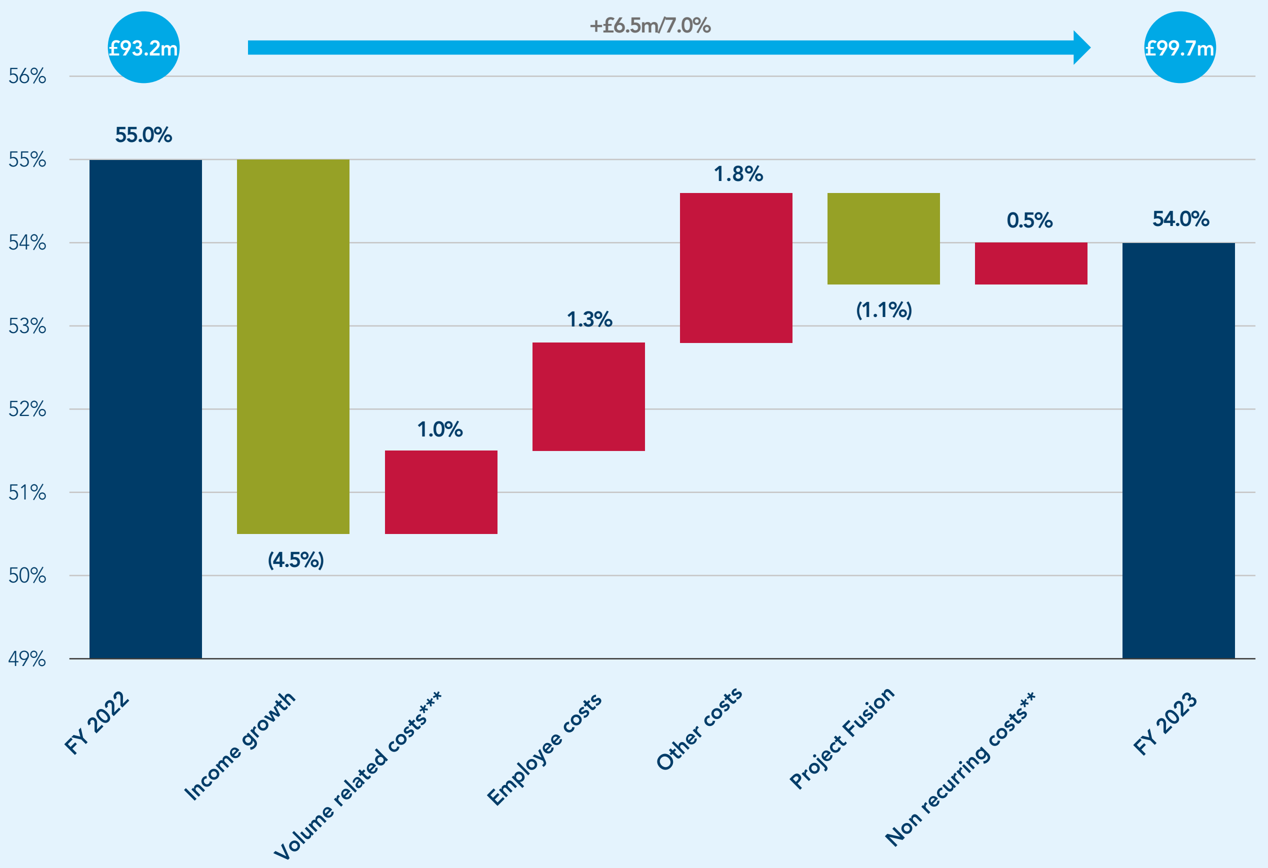
Cost base growth limited to 7.0%

- Costs in line with H1 2023
- Lending growth drives increased net interest income and direct costs, with a net reduction of 3.5% in CiR
- Inflationary pressures on both salaries and other operating costs increase CiR by 3.1%

Project Fusion* efficiency programme delivered a 1.1% reduction in CiR

- On track to deliver £5.0m of cost savings by the end of 2024
- Opportunities identified for further cost efficiencies

Cost income ratio



* Project Fusion savings measured against FY 2021 cost base
** Non recurring costs are amounts not directly related to trading activities in the period and are reported in line with the 2023 interims
*** Volume related costs include operational employees to support growth

Impairment charges and provisions

Coverage ratio flat at 2.6%

Cost of risk of 1.4% in line with FY 2022

- Consumer Finance cost of risk improved to 1.9% (FY 2022: 2.9%)
- Business Finance cost of risk increased to 0.8% (FY 2022: 0.1%)
- Excluding the impairment charge on a large Commercial Finance loan Group cost of risk would be 1.2%

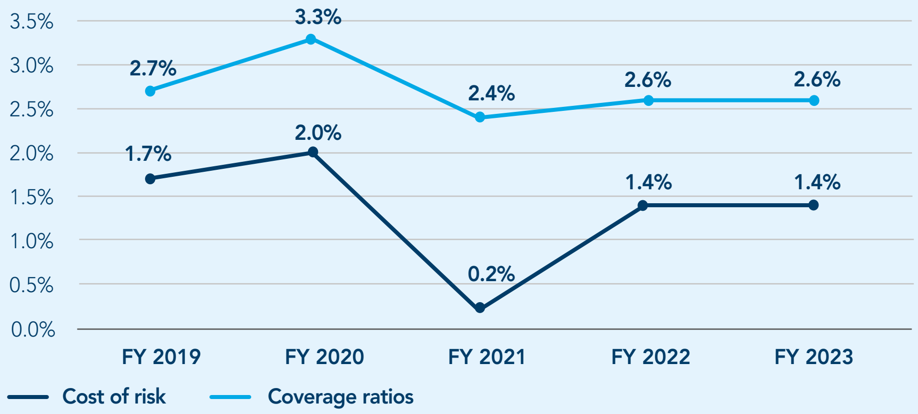
Coverage ratios of 2.6% in line with FY 2022

- Ratio reflects increase in Consumer Finance portfolio mix
- Consumer Finance coverage ratios 4.4% (FY 2022: 4.8%) reflect improvement in lending quality
- Business Finance coverage ratios 0.6% (FY 2022: 0.4%) reflect a small number of cases in default

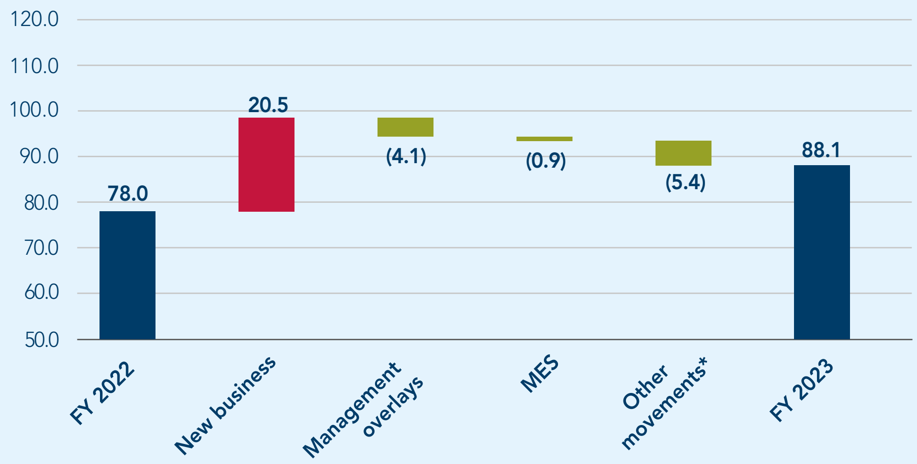
Impairment provisions increased by £10.1m in FY 2023. Driven by

- +£20.5m new lending
- £4.1m of management overlays to fully reflect the current risks in the loan portfolio and includes the release in full of a £2.4m customer affordability overlay
- £0.9m release from latest MES assumptions, no change to scenario weightings (see Appendices)

Cost of risk and coverage ratio



IFRS9 provision movement £m



* Stage changes, ageing, maturities, write-offs and other changes to credit risk parameters

Summary balance sheet

Strong lending growth of 13.6%

	FY 2023	FY 2022	% Change
Cash and BoE reserve account	351.6	370.1	(5.0)
Loan and advances to banks	53.7	50.5	6.3
Loans and advances to customers	3,315.3	2,919.5	13.6
Other assets*	57.4	39.7	44.6
Total assets	**3,778.0**	**3,379.8**	**11.8**
Deposits from customers	2,871.8	2,514.6	14.2
Wholesale funding	395.2	392.8	0.6
Tier 2 Instruments	93.1	51.1	82.2
Amounts due to other credit institutions	6.8	7.7	(11.7)
Other liabilities	66.6	87.2	(23.6)
Total liabilities	**3,433.5**	**3,053.4**	**12.4**
Total shareholders' equity*	344.5	326.4	5.5
Total liabilities and shareholders's equity	**3,778.0**	**3,379.8**	**11.8**
Loan to deposit ratio	**115.4%**	**116.1%**	**(0.7pp)**
Customer numbers**	**1,235,926**	**1,092,467**	**13.1**
Tangible book value per share (£)	17.80	17.11	4.0

Loans and advances to customers increase of 13.6% surpassing £3.0bn for the first time

Deposits from customers have grown by 14.2%

£90m Tier 2 issued in February 2023 and £50m existing Tier 2 capital redeemed

Loan to Deposit ratio decreased slightly by 0.7pp with growth in deposits prefunding lending in early 2024

Customer numbers increased by 13.1% driven by Retail Finance lending and Savings

Shareholders equity increased by 5.5% to £344.5m. Tangible book value per share increased by 4.0% to £17.80

* FY 2022 restated to reflect the prior restatement of land and buildings from fair value to historical cost
** Customer numbers exclude discontinued operations

Capital

Healthy capital ratios with significant headroom over regulatory minimums

CET1 ratio reduced by 1.3% to 12.7%

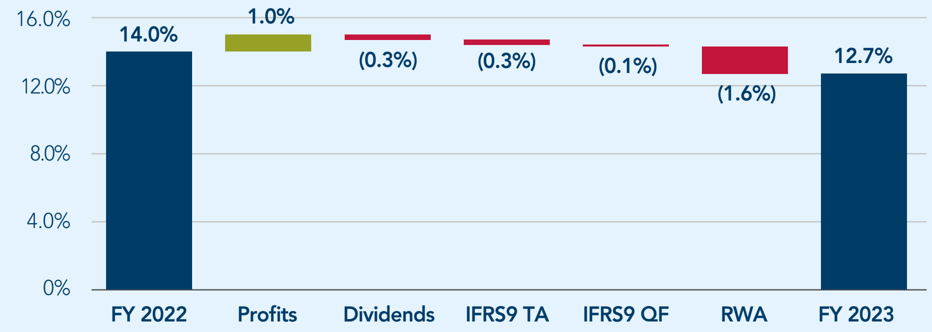
- Profit retained offset by lending growth and unwind of IFRS9 reliefs

£90m new Tier 2 issued in Q1 2023 to support growth and improve the efficiency of capital stack

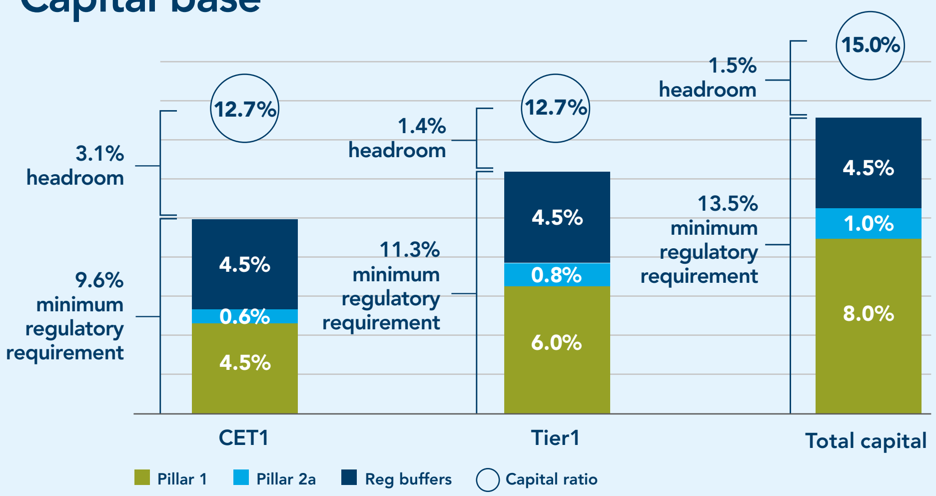
- Existing £50m of Tier 2 with a 2023 first call date was redeemed early

	FY 2023	FY 2022*	% Change
RWAs	£2.7bn	£2.3bn	13.5
CET1 and Tier 1 capital	£337.9m	£326.9m	3.4
Total capital	£397.6m	£376.8m	5.5
Leverage	9.7%	10.7%	(1.0)pp

CET1 and Tier 1 ratio movement



Capital base**



* FY 2022 restated to reflect the prior year restatement of land and buildings from fair value to historical cost
** As at December 2023 and excluding any applicable PRA buffer

Funding and liquidity

Funding levels increased to support lending growth

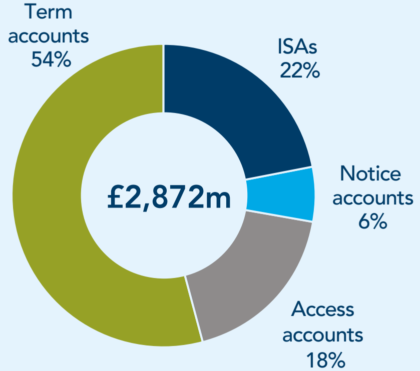
Funding

- Customer deposits grew by 14.2% to £2.9bn
- Mix of the deposit book has continued to evolve as the Group has adapted to the Base Rate changes
- 95.6% of all retail deposits reported are fully protected under the Financial Services Compensation Scheme
- Funding maturing < 1 year of 57.3% (FY 2022: 62.1%) gives sensitivity to year on year CoF changes
- TFSME will be replaced by retail deposits on maturity in 2025

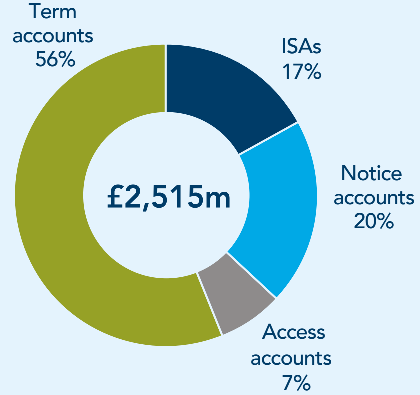
Liquidity

- Liquid assets comprise balances held with the Bank of England
- Regulatory metrics remained strong with average LCR of 208.0% and average NFSR of 143.6% both well in excess of regulatory minimums

FY 2023



FY 2022



£m	FY 2023	FY 2022	% Change
Deposits from customers	2,871.8	2,514.6	14.2
Wholesale funding	395.2	392.8	0.6
Tier 2 instruments	93.1	51.1	82.2
Amounts due to other credit institutions	6.8	7.7	(11.7)
Total funding	3,366.9	2,966.2	13.5

Strategic Review and Outlook

David McCreadie
Chief Executive Officer

Clear strategic focus

Vision

To be the most trusted specialist lender in the UK

Purpose

To help more consumers and businesses fulfil their ambitions

Our Strategic Priorities

- Simplify
- Enhance customer experience
- Leverage networks

Significant strategic progress in 2023

Simplify

- Office space reduced by 51%
- Project Fusion on track for £5m annualised cost savings by end FY 2024
- Making good progress to deliver 50% reduction in scope 1 and 2 CO_2 emissions by 2025, 36% reduction to date
- Completed closure of DMS operations, net gain on exit £2.3m

Enhance customer experience

- Savings mobile app, 1 in 6 customers registered in first 3 months
- Over 80% self-service adoption in Retail Finance
- Enhanced collections and forbearance options in Vehicle Finance
- FEEFO score of 4.6 stars

Leverage networks

- Supporting > 1,200 retailers
- Partnering > 640 Vehicle Finance introducers
- > 250 dealers for Stock Funding
- Real Estate Finance repeat business increasing
- Multiple deal introductions in Commercial Finance from private equity and advisory firms

Technology platform

- Upgraded technological capabilities
- Ease of partner integration
- Automated credit decisions
- Platforms proven to be scalable

Retail Finance

About the business

- Helping consumers purchase lifestyle goods and services
- Offering integrated finance options to support sales at UK retailers

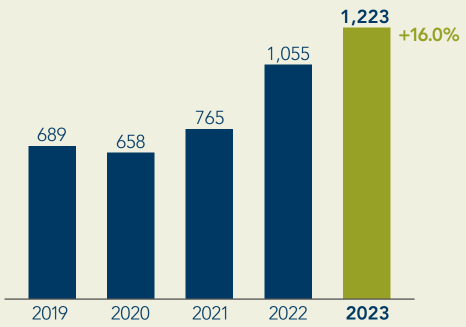
V12 Retail Finance AppToPay

Strategic progress

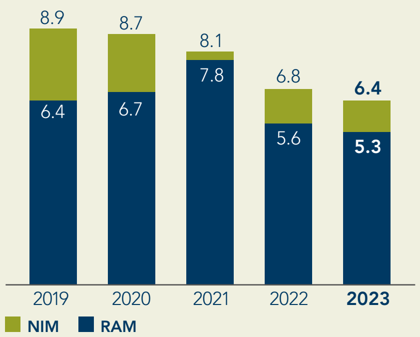
- Record new business of £1.2bn
- 16% net lending growth in the year
- AppToPay mobile app pilot
- Market share increased to 13.5%
- Further shift towards prime lending in our chosen furniture and jewellery markets – now representing 81% of lending

Financial performance

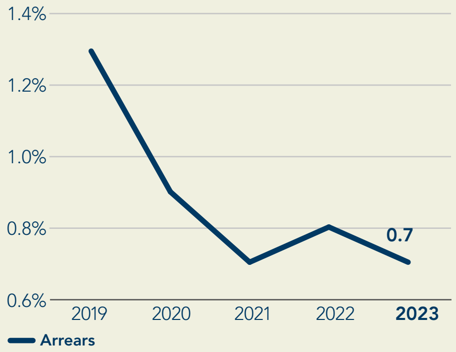
Net lending £m



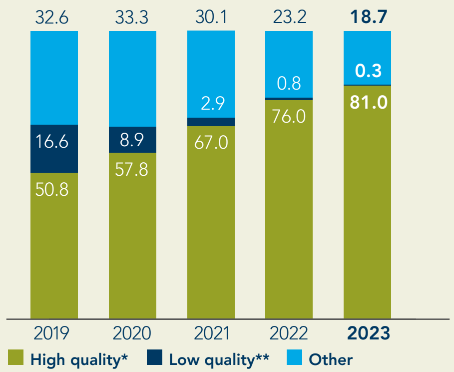
NIM and RAM %



Arrears %



Net lending mix %



* Furniture and jewellery ** Consumer electronics

Vehicle Finance

About the business

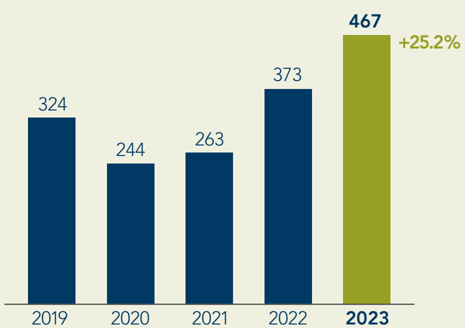
- Helping customers buy their used vehicles from dealers
- Helping dealers buy vehicles for their forecourts and showrooms

Strategic progress

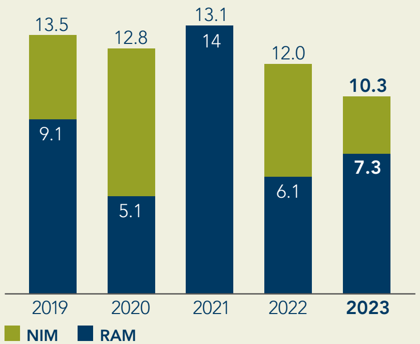
- Record new business of £471m
- 24.4% of new business from prime lending
- 25.2% net lending growth
- Market share increased to 1.2%
- New collections platform fully operational
- Regulatory initiatives

Financial performance

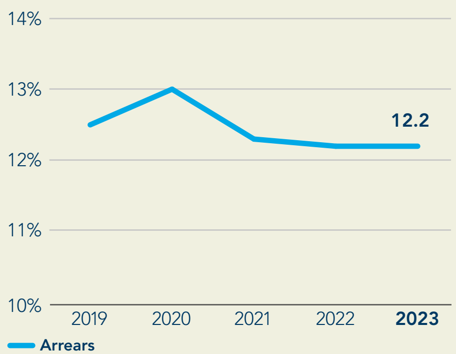
Net lending £m



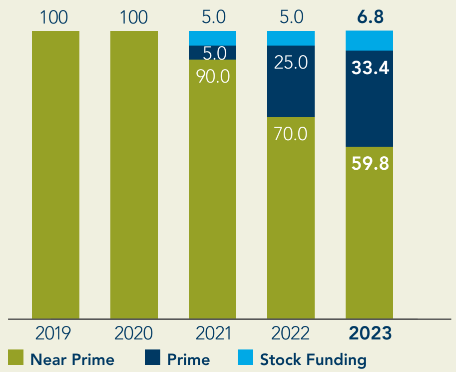
NIM and RAM %



Arrears %



Net lending mix %



Real Estate Finance

About the business

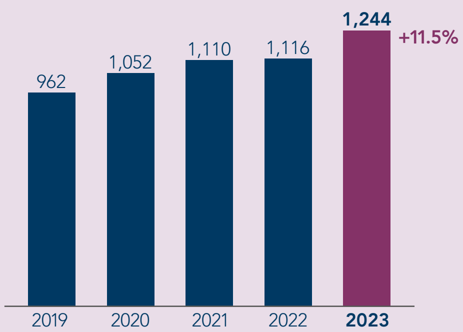
- Providing secured borrowing to professional landlords to allow them to improve and grow their portfolio
- Providing development facilities to property developers and SME house builders to help build new homes for sale or letting

Strategic progress

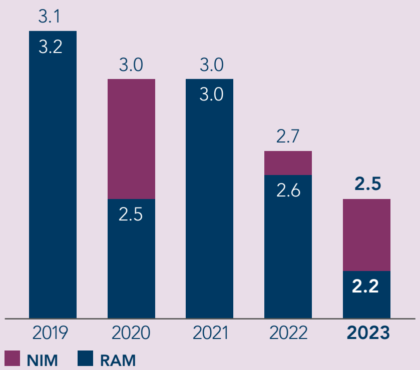
- Record new business of £434m
- 11.5% growth despite challenging rate environment for development finance
- Risk adjusted margin (RAM) impacted by higher provisions
- Average book loan size £5.8m (2002: £4.8m)

Financial performance

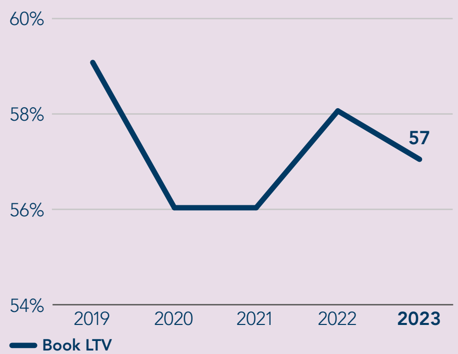
Net lending £m



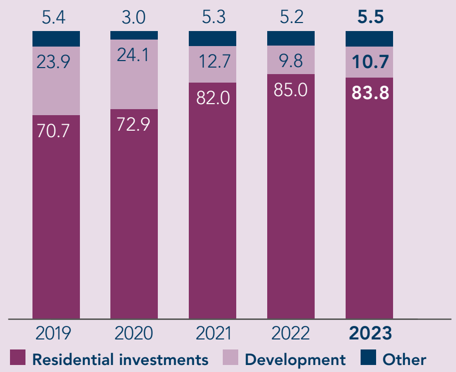
NIM and RAM %



Book LTV %



Net lending mix %



Commercial Finance

About the business

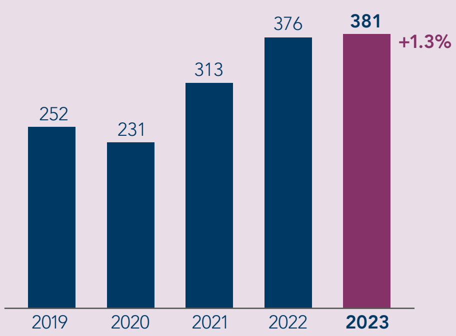
- Providing working capital finance to UK SMEs
- Providing funds for strategic events

Strategic progress

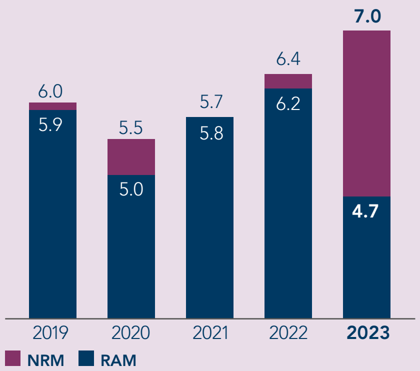
- Record new business of £215m
- Net lending maintained despite challenging environment for clients
- New workflow management tool
- Excluding large £7.2m single entity loss RAM would be 6.8%

Financial performance

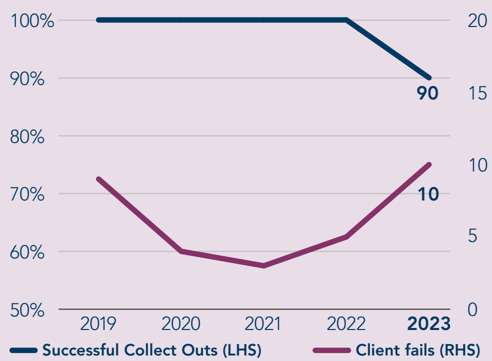
Net lending £m



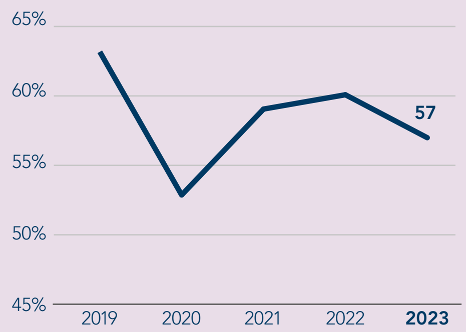
NRM and RAM %



Defaults management %



Utilisation %



Savings

About the business

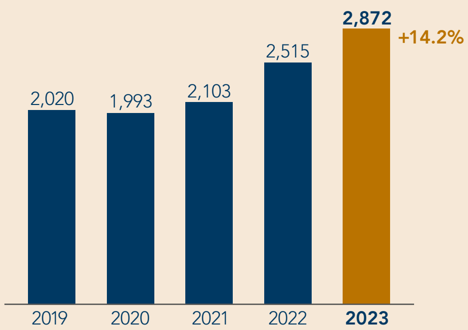
- Helping our customers save for special events such as a holiday, wedding or retirement
- All customers receive a competitive interest rate

Strategic progress

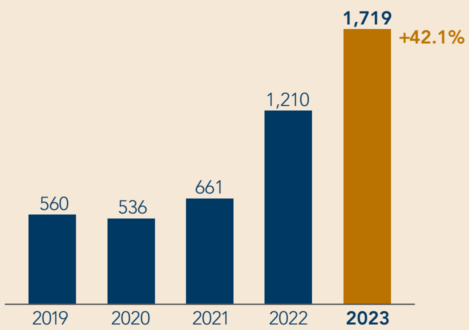
- Record funds raised of £1.7bn
- 63% retention of maturing term deposits
- Mobile app launched
- 42% conversion of correspondence from paper to electronic in 2023
- Digital correspondence now stands at 59% with further initiatives planned

Financial performance

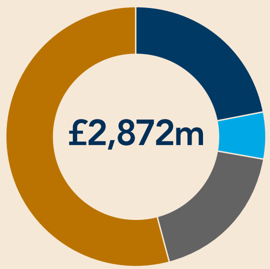
Total deposits £m



Total funds raised £m



FY 2023 – Savings balances



ISAs	22%
Notice accounts	6%
Access accounts	18%
Term accounts	54%

Excellent growth potential in our specialist markets

Excellent growth potential in large addressable markets

Opportunities identified to deliver operational efficiencies

£4 billion net lending ambition will support an attractive return on capital

Real Estate Finance – Capital Markets event to be held on 3 July 2024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Appendices

Reconciliation of adjusted results

to the Annual Report and Accounts for the year ended 31 December 2023

£m	Adjusted FY 2023	Exceptional items	Continuing FY 2023	Discontinued operations	Total FY 2023
Net interest income	167.5	–	167.5	–	167.5
Net fee income and commission	17.2	–	17.2	–	17.2
Operating income	**184.7**	**–**	**184.7**	**–**	**184.7**
Operating expenses	(99.7)	(6.5)	(106.2)	–	(106.2)
Fair value gains	0.5	–	0.5	–	0.5
Profit before tax pre impairments	**85.5**	**–**	**79.0**	**–**	**79.0**
Impairment charge	(42.9)	–	(42.9)	–	(42.9)
Continuing profit before tax	**42.6**	**(6.5)**	**36.1**	**–**	**36.1**
Discontinued operations	–	–	–	(2.7)	(2.7)
Total profit before tax	**42.6**	**(6.5)**	**36.1**	**(2.7)**	**33.4**
Tax	(10.3)	0.6	(9.7)	0.6	(9.1)
Total profit after tax	**32.3**	**(5.9)**	**26.4**	**(2.1)**	**24.3**

KPIs					
Net interest margin (NIM)	5.4%	–	5.4%	–	5.4%
Net revenue margin (NRM)	6.0%	–	6.0%	–	6.0%
Cost of risk	1.4%	–	1.4%	–	1.4%
Risk adjusted margin (RAM)	4.6%	–	4.6%	–	4.6%
Cost income ratio (CiR)	54.0%	3.5%	57.5%	–	57.5%
Return on average equity (ROAE)	9.6%	(1.7%)	7.9%	(0.6%)	7.3%
Earnings per share (EPS)	172.3p	(31.5p)	140.8p	(11.2p)	129.6p

Reconciliation of adjusted results

to the Annual Report and Accounts for the year ended 31 December 2022

£m	Adjusted FY 2022	Exceptional items	Continuing FY 2022	Discontinued operations	Total FY 2022
Net interest income	152.6	–	152.6	–	152.6
Net fee income and commission	17.0	–	17.0	–	17.0
Operating income	**169.6**	**–**	**169.6**	**–**	**169.6**
Operating expenses	(93.2)	–	(93.2)	–	(93.2)
Fair value losses	(0.3)	–	(0.3)	–	(0.3)
Profit before tax pre impairments	**76.1**	**–**	**76.1**	**–**	**76.1**
Impairment charge	(37.1)	–	(37.1)	–	(37.1)
Continuing profit before tax	**39.0**	**–**	**39.0**	**–**	**39.0**
Discontinued operations	–	–	–	5.0	5.0
Total profit before tax	**39.0**	**–**	**39.0**	**5.0**	**44.0**
Tax	(9.4)	–	(9.4)	(0.9)	(10.3)
Total profit after tax	**29.6**	**–**	**29.6**	**4.1**	**33.7**

KPIs					
Net interest margin (NIM)	5.7%	–	5.7%	–	5.7%
Net revenue margin (NRM)	6.3%	–	6.3%	–	6.3%
Cost of risk	1.4%	–	1.4%	–	1.4%
Risk adjusted margin (RAM)	4.9%	–	4.9%	–	4.9%
Cost income ratio (CiR)	55.0%	–	55.0%	–	55.0%
Return on average equity (ROAE)	9.4%	–	9.4%	1.4%	10.8%
Earnings per share (EPS)	158.5p	–	158.5p	22.0p	180.5p

Business overview

		Consumer Finance				Business Finance			
		Retail Finance		Vehicle Finance		Real Estate Finance		Commercial Finance	
		FY 2023	FY 2022	FY 2023	FY 2022	FY 2023	FY 2022	FY 2023	FY 2022
Growth	Spot lending balances	**£1,223m**	£1,055m	**£467m**	£373m	**£1,244m**	£1,116m	**£381m**	£376m
	Net lending growth	**16%**	38%	**25%**	42%	**12%**	1%	**1%**	20%
	Avg lending balances	**£1,143m**	£899m	**£430m**	£325m	**£1,178m**	£1,115m	**£349m**	£361m
	New business	**£1,185m**	£1,124m	**£471m**	£402m	**£434m**	£385m	**£215m**	£157m
Performance	Net interest margin	**6.4%**	6.8%	**10.3%**	12.0%	**2.5%**	2.7%	**3.8%**	3.2%
	Net revenue margin	**6.7%**	7.2%	**10.7%**	12.4%	**2.6%**	2.7%	**7.0%**	6.4%
	Risk adjusted margin	**5.3%**	5.6%	**7.3%**	6.1%	**2.2%**	2.6%	**4.7%**	6.2%
Asset quality	Cost of risk	**1.4%**	1.6%	**3.4%**	6.3%	**0.4%**	0.1%	**2.3%**	0.2%
	Coverage ratio	**2.6%**	2.6%	**9.0%**	10.6%	**0.6%**	0.3%	**0.5%**	0.5%
	Arrears	**0.7%**	0.8%	**12.2%**	12.2%	**nm***	nm*	**nm***	nm*

* nm = not meaningful

IFRS9

A reduction in Base and Severe peak unemployment rates, combined with an increase in Downside has been applied, resulting in a weighted average peak unemployment rate of 5.0% (Dec 2022: 5.3%)

HPI peak to troughs have been updated to reflect current house price environment

Scenario weighting remain the same as December 2022

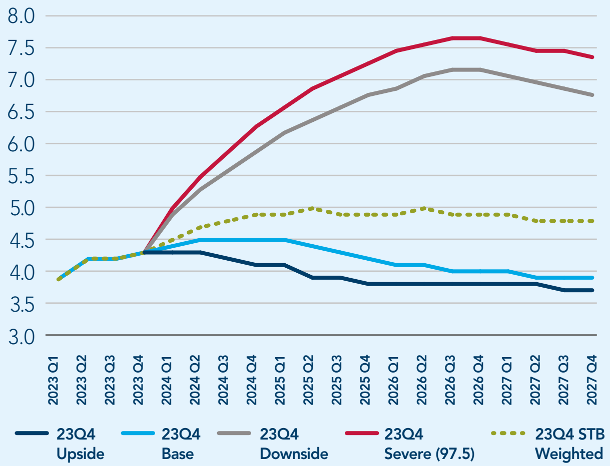
Sensitivities

- Changing the severe scenario weighting to 100% would result in an increase in provisions of **£4.0m** and a change to 100% weighting in the upside scenario would result in a decrease in provisions of **£1.9m** (for both values no change in ECJs is assumed)

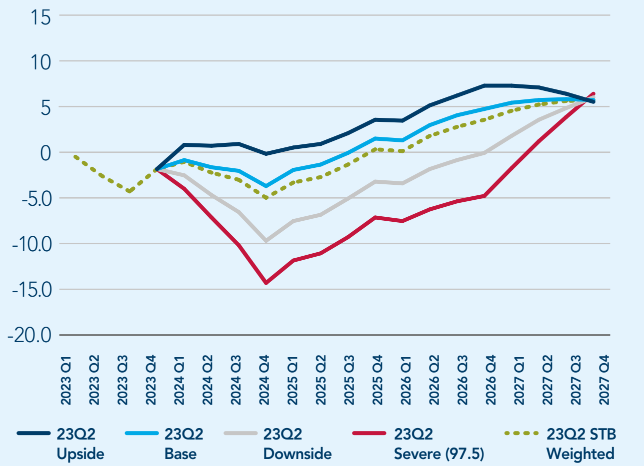
Economic Scenarios and Weightings

Scenario	31 Dec 2023 Weighting	31 Dec 2023 Peak Unemployment	31 Dec 2023 Peak/Low HPI change	31 Dec 2022 Weighting	31 Dec 2022 Peak Unemployment	31 Dec 2022 Peak/Low HPI change
Upside	**20%**	**4.3%**	**(1.5)%**	20%	4.3%	(7.3)%
Base	**50%**	**4.5%**	**(4.3)%**	50%	4.7%	(11.5)%
Downside	**25%**	**7.2%**	**(14.4)%**	25%	7.1%	(23.5)%
Severe	**5%**	**7.7%**	**(26.0)%**	5%	7.7%	(34.3)%

Unemployment %



HPI %



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