

Secure Trust Bank PLC

FY25 Annual Results & Investor Update Webcast & Q&A

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Transcript



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FY25 Results Presentation

Ian Corfield:

Welcome. Great to have you all at Investec and online today. Just to briefly introduce myself, I'm Ian Corfield. I'm the CEO. I joined the business in the middle of last year, and despite my youthful looks, I've actually spent 25 years in financial services, predominantly in retail and business banking in three different countries. And I'm glad to be here. Now, we're going to spell out a number of things across the course of today, but I guess the key thing for us is why we believe Secure Trust Bank is a strong and investable proposition. There are five key reasons behind that. Firstly, we're now lending into two scale addressable markets where we've got a strong track record and loads of market share headroom to grow into. Secondly, we'll talk about it more later on, but our investment behind simplification and efficiency in the business is going to drive us to a cost to income ratio that's in line with our sector leaders of 35 to 40%.

The business is already, as we'll show, on a trajectory, to deliver 16% plus return on average equity, driven by 10% annual net lending growth. And we're going to deliver that with lower, sub 1%, cost of risk. And finally, with the exit of Vehicle Finance, the business is now well capitalised and we're planning to use some of that capital to buy back our own shares over the course of the next 12 months. We've structured the day in order to take you through exactly those points. Firstly, Rachel and I are going to talk about 2025 and some of the goals that we've kicked across the course of that year. Then we'll give you all a cup of tea. And then we're going to focus on what it is we're going to do moving forward. Ultimately, what's the strategy that the business is going to be pursuing and what are the revised set of medium-term targets that we're going to be chasing down over the course of the next two or three years?

Then we'll hear from our business division heads in terms of how exactly they're translating that strategy into plans in their business lines. And then of course, there'll be a chance to hear from you in terms of any questions that you've got about the business as we move forward. So that's the structure of the day. Let's focus then on 2025. Before I do that, I should give you the small type. The small type is all the numbers that Rachel and I are going to talk about over the course of this presentation are on a continuing basis. Of course, online, you'll have all the different numbers, but where we're referring to numbers, unless we tell you otherwise, they are on a continuing basis. Now, in terms of 2025, lots of things went on across the course of the year. And of course, there were some missteps.

When I looked at the business outside in, before I joined, I sort of looked at it and thought, okay, this is a business with some strong component parts, but that's been really struggling both from a regulatory and an operational perspective to make this motor finance business work. And actually coming into the business, that's very much what I've found. There are some really strong key

component parts of this business. We've got genuine specialist knowledge, particularly about the credits and the markets that we're now operating in. Secondly, we've got some strong, flexible IT platforms that we can genuinely use to scale the business. And finally, and critically, from my point of view, we've got lots of people across the business who want to do the right thing by both the business and their customers. So there are some fundamental component parts that I think allow us to really build the business as we move forward.

My job is to make sure that I bring real strategic clarity, that we refresh the team, and that we focus now on delivery. Delivery without missteps is one of the key things that we're going to be driving towards over the course of this year. But if I look back on 2025, again, some strong numbers have been delivered. Return on average equity in a continuing business at 14.3%. We've simplified the business model with the exit from vehicle finance. That's driving a stronger performance in terms of cost to income ratio. Yes, we need to address some of the stranded costs now that we've got as a result of that exit from vehicle finance, and we'll talk more about our cost programme later on, but a strong result across the course of 2025. And then finally, and this again gives me some confidence as we look forward, we've delivered net lending growth of 8% in both Retail and Business Finance.

So we've got a strong platform to continue to grow the business and enhance returns as we march forward.

If you look at where the business is now, as I say, it is materially simplified. We've exited vehicle finance, that is now discontinued. And as I say, we've managed to grow both in Retail and in Business Finance across the course of the year, and our deposits business has managed to match that growth as we put assets on year in and year out. So a strong set of performances across our different business lines, and I think a business now that is materially simplified from where it previously was. You can see that coming through in some of the key numbers when we look across the business. NIM, very stable at 4.7%. As I say, an improved cost to income outcome in terms of 45.2%. Yes, we need to address some of those stranded costs, but the numbers look strong when you look through the lens of the different KPIs in the business.

So as a result of all of that, I'm really pleased that we were able to announce an enhanced dividend at 35.5p, a 5% increase year on year. So some strong numbers that have been coming through the business, and that is ultimately what we should expect to see as we move forward.

When you look through this historical lens, you can see that the business has been building momentum year on year. We've continued to grow balances with stable margins, with strong operational efficiencies starting to come through. That's driving return on average equity, and in turn, obviously really pleased to see capital accretion across the course of 2025. So the business is materially

simplified. It's kicked some goals in 2025. That's building on some of the strength that the business has been focused on over the course of the last few years. So now is the right time for us to start to address where do we go moving forward? And obviously this afternoon, what we'll do is to reset some tighter medium-term goals so that we can give you clarity on where it is we're looking to take the business. On that note, I'm going to hand over to give you a little bit more detail on 2025 to our fantastic CFO, Rachel Lawrence.

Rachel Lawrence:

Thank you. Good afternoon, everyone. I'm Rachel Lawrence, and I've been the CFO at STB for over five years now, and I've close to 20 years experience in fast growing banks. So I will now guide you through the 2025 annual results in greater detail. All the figures, as Ian's just mentioned, I'm going to mention are continuing operations unless I specify otherwise. Firstly, our return on average equity stood at 14.3% compared to 15% in 2024. This result remains comfortably within our mid-teen ROAE ambition and reflects our ongoing commitment to delivering value to shareholders. Profit before tax was £59.3 million, largely unchanged from £59.4 million in the previous year. However, this figure was impacted by some non-reoccurring operating expenses and a small increase in impairment charges during the period.

In terms of income, operating income rose by 6.2% to £165.2 million up from £155 million in 2024. This growth was underpinned by a 9.5% increase in our average net lending book, which contributed to a 10.1% rise in net interest income. This strong performance was partially offset by a reduction in net fee income from our Commercial Finance division.

We continued to drive operational efficiency, resulting in 120 basis point improvement in our cost income ratio to 45.2% down from 46.4% last year. While operating expenses did increase by 3.5%, this was entirely due to non-recurring costs associated with the changes in our senior leadership team. The underlying growth in the cost base from business volume and inflation was effectively mitigated by these operational efficiencies that we delivered. Cost of risk increased by 20 basis points to 1% with the impairment charges rising by £8.2 million to £31.4 million. In Retail Finance, the impairment charges did normalise following one off model benefits that were in 2024, and there was a small increase in a number of cases within Business Finance. Turning to discontinued operations, we saw a significant reduction in the loss before tax pre-exceptional costs, driven by lower impairment charges from the vehicle finance business. However, this was offset by the additional provision we took in 2025 for the motor finance redress.

And finally, from a statutory perspective, the PBT was £27.5 million compared with £29.2 million in 2024.

So let me just walk through our net interest margin performance in a bit more detail. So overall, net interest margin remains stable at 4.7%. This demonstrates

the effectiveness of our cost of funds management and our disciplined approach to asset pricing. So within Retail Finance, NIM increased by 10 basis points, and this uplift was primarily driven by the contractual repricing lag, whereas the yield curve declined over that period. But in contrast, the Real Estate Finance business saw a decrease of 20 basis points, and this is due to a greater proportion of our low-risk residential investment lending, which has moved from 88.1% of the mix to 92.4%. And lastly, turning to Commercial Finance, there was a small decrease in net interest margin of 10 basis points, and this stemmed principally from a timing lag in lowering the portfolio cost of funds as UK base rates moved down from its peak in 2024.

Lastly, but very importantly, our cost of funds fell by 0.8% points to 4.7%, down from 5.5% in the previous year, with an exit rate of 4.5%.

Now onto operating expenses and cost income ratio. Lending growth has been a key driver for the year, increasing our operating income by 6.2%. On the other hand, our cost base has grown at a slower rate of 3.5%, reflecting inflationary pressures and operating expenses, as well as the higher national insurance contributions. Despite all of these headwinds, we have managed to offset the annual operating cost growth through the successful delivery of efficiencies. You've heard before Project Fusion. I'm pleased to announce that we've completed that, and the efficiencies that we achieved in our continuing business from that this year resulted in 90 basis points reduction in the cost income ratio.

It is important to highlight, however, that there was £2.5 million of costs, which we classify as non-recurring, which were due to changes in the senior leadership team. Without these non-recurring costs, we would have seen a much lower cost income ratio because they've contributed about 150 basis points of that. So excluding those, the cost income ratio would have stood at 43.7%. Just looking briefly at the jaws, so excluding the non-recurring costs, we saw an impressive improvement of 6.2 percentage points demonstrating our focus on cost discipline and operational efficiency. Overall, these results underscore the progress we've made controlling costs while continuing to drive income, positioning us very well for the future.

Now, let me take you through our cost of risk performance for 2025. We saw a modest rise in our overall cost of risk reaching 1% compared to 0.8% in 2024. This reflects our ongoing commitment to prudent risk management across our portfolio. Looking at the divisions, within Retail Finance, the cost of risk increased to 1.4% up from 1%, but it is worthwhile noting that this uplift was mainly due to non-recurring model enhancements in 2024 that totalled £2.6 million. So if you exclude those, the cost of risk would have been 1.2%, demonstrating a much more modest increase year-on-year. In Real Estate Finance, the cost of risk rose to 0.6% compared to 0.3% in the prior year. This was principally driven by two cases, including a legacy issue which has now materially resolved. Commercial Finance: we saw a notable improvement with

the cost of risk declining to 0.9% from 1.7% last year. The prior year figure was affected by a significant loss on a single client.

Our overall coverage ratio remains steady at 1.4% unchanged from 2024, and overall the impairment provisions increased by £2.1 million, driven by £13.9 million relating to new business written and an additional £2.5 million of management overlays. These overlays are applied to ensure our provisions are accurately reflecting the current risks in the portfolio.

We've experienced minimal changes in macroeconomic scenarios this year. So overall, these results reflect our disciplined approach to credit risk management and demonstrating our ongoing efforts to accurately provision against current and emerging risks within our portfolio. Moving on, I'll give you a bit of an update, which probably most of you are already aware of on the 2025 developments on motor finance commission redress. So in October 25, the FCA published a consultation paper outlining its proposed motor finance redress scheme for customers that they had considered have been treated unfairly. This proposal is obviously subject to consultation, and we expect the FCA to come back to us by the end of March with an update on what that policy will look like. But in anticipation of the scheme, the bank recognised an additional provision of £16.4 million to cover the potential customer redress and associated cost. So this figure was based on updating our range of probability weighted scenarios with a high likelihood of the FCA scheme being implemented as it was originally proposed. We've already updated that if it was proposed exactly as the FCA scheme, it would cost us a further £6 million.

Following the sale of the consumer vehicle finance business, we will retain the responsibility for any payments due under the redress scheme for the relevant loans once the scheme is finalised and the criteria is confirmed. So we obviously are closely monitoring the situation. We'll keep all stakeholders updated as the consultation process and further details emerge. All right. Moving on to the balance sheet, our cash balances have increased year-on-year, which largely reflects the £45 million cash deposit we received from the sale of the consumer vehicle finance business at the end of December, and that sale has now successfully completed as of the 25th of February this year. Our continuing loans and advances to customers saw an increase of 8.1% with growth primarily driven from Retail Finance and Real Estate Finance. And also our discontinued loans and advances have reduced as the VF book continued to wind down after we decided to cease lending in that business.

Deposits from customers have grown by 8.2%, supporting the expansion in the lending book. On the other hand, the wholesale funding decreased by 43.9%, which is fully attributable to the early repayment of TFSME. Importantly, shareholders' equity increased by 3.8%, reaching £374.3 million, and the tangible book per share rose by 5.8% to just shy of £20.

Let's now just turn to loans and advances to customers. As you can see in this slide, our total loans and advances have increased to £3.3 billion, up from £3.1 billion in 2024. This represents a solid growth of 8.1% in the year, underlying the continued momentum in our lending activities. When we break down this growth by business line, Retail Finance delivered an impressive 8% increase with particularly good strong gains in the furniture sector. Real Estate Finance saw an even stronger growth at 9.4%, driven predominantly by further expansion into residential investment lending. Commercial Finance also contributed positively with the 3.2% increase, which largely reflects the volume of new facilities written and drawn during the year. Looking at our lending mix, the overall portfolio is gradually shifting towards Business Finance. At the end of 2025, Business Finance now represents 56% of our total lending portfolio compared to 55% in the prior year, while consumer finance accounts for 44%, slightly down from 46% in the previous period.

Turning now to our capital position for 2025, we've seen continued capital accretion over the year. Our CET 1 ratio increased by 60 basis points reaching 12.9%. This improvement reflects our ongoing efforts to strengthen our balance sheet while supporting growth in our lending portfolio. So if you take a closer look at the drivers of this capital progression, the capital required to fund our lending growth was comfortably met by reductions in RWAs, largely driven to the runoff of vehicle finance and by retained profits following the deduction of some exceptional items. These factors have all contributed to the uplift in our capital ratios. Those exceptional items actually totalled £24.1 million, which were all exclusively related to vehicle finance. The sale of that vehicle finance business has released additional capital, further improving our CET 1 ratio on a proforma basis to an impressive 14.7%.

In line with our progressive dividend policy, we are proposing a full year dividend of 35.5 pence per share. Our robust capital headroom above minimum regulatory requirements provides us with the flexibility needed to support future growth initiatives. Overall, our capital position remains strong, underpinned by disciplined management, and the strategic actions that we took during the year. The combination of improved capital ratios, healthy capital headroom, and consistent dividend policy positions us well for sustainable growth in the periods ahead. Next onto funding and liquidity. We continue to increase our funding at low cost, which has been instrumental in supporting the growth of our lending book. So customer deposits grew by 8.2% compared to 2024, reaching £3.5 billion. This growth in deposits has not only supported our lending expansion, but importantly, deposits remained stable compared to the first half of 2025 as a deliberate reduction of our vehicle finance book lessened the need for any additional funding.

During the year, we secured £1.8 billion in new funding. It is worthwhile to note that over 59% of that funding is due to mature in the next year. This gives us both increased sensitivity to changes in costs of funds, but also allows us to remain agile and respond to the market. In terms of deposit security, the

financial services compensation scheme now covers over 97% of our total deposits, offering significant protection to our customers. Additionally, we've also increased our funding in sale and repurchase arrangements to just over £200 million, up from £125 million in 2024.

From a liquidity perspective, our liquid assets consist of balances held with the Bank of England, cash and gilts. Our regulatory metrics remain very strong with an average liquidity coverage ratio of over 190%, well above the regulatory minimums. This ensures we maintain a prudent liquidity buffer as we grow. So if we break down our customer deposits a bit, total fixed term deposits now account for 77% of the total, up from 73% last year, and notice and access deposits make up the remainder. Overall, our disciplined approach to funding and liquidity management provides a solid foundation for continued sustainable growth as we move forward.

Let's now review our segmental financial performance for 2025. Starting with Retail Finance, we saw an increase in income driven by higher balances, lower costs offset by higher impairment charges, all contributing to a strong uplift in PBT of £57.7 million. Turning to Real Estate Finance, we experienced an increase in lending within lower margin, lower risk residential investment segments. Impairment charges rose, but this was mainly due to the two specific cases with the majority of the impact relating to those legacy cases materially now being resolved. In Commercial Finance, we observed lower fee income, reflecting a reduction in early termination fees compared to the previous year, but on a positive note, the impairment charges improved relative to 2024, demonstrating our continued focus on prudent risk management. Finally, underlying operating expenses remain broadly flat after adjusting for the one-off costs linked to the changes in leadership. Our segmental performance demonstrates our ability to manage risk, control costs, and deliver sustainable growth across our lending portfolio.

Okay. So let's now turn to the strategic decision made regarding the vehicle finance business and the resulting impact that had on the financial performance and the future direction of our business. So as you know, in July 2025, we made the significant decision to stop originating new loans within our vehicle finance business. We placed the existing book into run-off, a move fully aligned with our strategy to focus on the most profitable and higher returning segments of our business. The rationale behind this was clear: to improve our return on average equity and unlock capital that can be better deployed into our continuing businesses, supporting a more sustainable and attractive returns for our shareholders. To reinforce this strategy, I'm pleased to confirm that the sale of the consumer vehicle finance business was completed on the 25th of February, and this transaction accelerates our exit from vehicle finance, generates immediate value and unlocks additional capital for reinvestment.

The consideration received was £458.6 million, resulting in a net gain on sale of approximately £9 million, which will be recognised in our 2026 results. As I

mentioned on a proforma basis, this boosts our set one capital ratio by 180 basis points to 14.7%, further enhancing our financial strength and flexibility. Operationally, the exit from vehicle finance is expected to deliver a reduction of £25 million in annualised costs by 2028, with further details to be provided in our investor update later this afternoon. These decisive actions on vehicle finance have strengthened our capital position, improved cost efficiency, and positioned us to deliver better returns going forward. We remain committed to disciplined growth in our core businesses and to maximise value for our shareholders. So in summary, we've delivered resilient results in 2025, demonstrating strong cost control, prudent risk management, and strategic progress in reshaping our business for sustainable future growth.

Thank you for your attention. I will now pass back to Ian, who's going to talk a little bit about the strategic review and outlook.

Ian Corfield:

Thanks, Rachel. So just to briefly recap in terms of 2025, relative in particular to the strategy that the business was trying to pursue, we have materially simplified the business. Obviously, we've already talked about the exit of vehicle finance. I'm really hopeful, and the FCA have now said to us they're going to do this by the end of the month, that when we get the final rules, we can move on, get whatever's in front of us out the way and draw a line under vehicle finance from a Secure Trust Bank perspective. Secondly, Project Fusion, I think, points to what we can deliver from a cost point of view. That £8 million has been delivered and that programme has been closed. And finally, we are now operating as one group. The business is one unit. It's got, as I say, two lending divisions and its deposit business.

So we've materially simplified the group as we move forward. We've also made some significant enhancements from a customer point of view. 90% of our retail applications are now auto decisions in six seconds. And I think that when you look across the business, our approach of combining both a digital and a relationship led approach is really making a difference. So those sort of enhancements from a customer point of view are some of the things that have underpinned the, I think, impressive growth that the business has delivered over 2025. 8% growth both in Retail and in Business Finance has been driven by record volumes in both of those divisions. And finally, I think you can see where our tech platform could take us. We've already got, I'm pleased to say 500,000 people today registered for the V12 app. I think that's only going in one direction.

The launch of our new savings app has also enabled us to deliver additional functionality to those customers. And as I say, I think we've got some strong, flexible platforms that we intend to use much more powerfully as we go forward. So 2025, it hasn't been without its missteps, but I think we finished that year in a much stronger position as a business. And that sets the platform for what we'll be taking you through later on in terms of where we intend to drive the business in 2026 and beyond. On that note, I'm going to close the 2025

section, but really keen to get any of your questions or thoughts in terms of the performance during the year.

Gary Greenwood: Hi, thanks. It's Gary at Shore Capital. I just wanted to ask about deposit markets and competition in deposit markets. I think we heard from OSB recently that they'd seen a bit more competition. I've heard from Shawbrook this morning that they haven't seen increase in competition. So just interested as to what your view is on deposit market competition at the moment and how you're positioned.

Ian Corfield: Sure. So I'm actually pleased. We've got Rajat Mehta here, our savings director. So Rajat, you can come up in a second and comment on this. But look, from our point of view, and I think it's one of the powerful things about this business, we've very much been able to be in lockstep in terms of our deposit raising relative to the growth of the business. And actually, whilst of course there are ups and downs in that market, we haven't seen it materially shift. Ultimately, obviously the savings ratio in the UK is going in the right direction. There's a strong set of liquid assets available to us. And I guess our spread across that market has enabled us to maintain that stream without material impacts on the margin. But I don't know, Rajat, if you want to add anything to that.

Rajat Mehta: I think just echoing what Ian said, I think it's been quite stable for us. And we believe that we can continue to sort of effectively fund our lending ambitions and in fact continuing to optimise our cost of funds. So actually no real sort of difference or if anything, efficiencies to be built in.

Alberto Chalita: Hi, Alberto Chalita, Eighth Wonder Holdings. I have another questions on the deposits. When I look at 2025, most of the growth in deposits came from ISAs and with the change in regulation where the limit is moving on the cash ISAs moving down to £12,000, how should we think of that going forward? How should we think of the growth of the ISA deposits?

Ian Corfield: Again, I'll get Rajat's comment in a second, but I guess from a sort of headline point of view, we don't expect a material impact. Firstly, that's not coming in until 2027. But secondly, ultimately it depends what you expect to happen. I don't expect all of those cash deposits to flow directly into shares. I suspect a large chunk of them will continue to be spread across the deposit market, but just in less tax efficient vehicles. So we still think there's going to be strong availability for us, but Rajat.

Rajat Mehta: Yeah. I think if you look at our market share, our market share in the deposit market of a £2.1 trillion market is 0.17%. So we see a very large headroom to continue to grow. If you also look at the ISA market over the last many years, the cash ISA market has actually grown at a much faster clip than any of the

other deposit segments. So that growth may sort of curtail a bit, but our customers are essentially the higher value sort of customers we are talking about at our average balance per customer is £41,000. So essentially, these are relationships that we've held for a period of time and we don't actually see a material impact of this on our ability to raise new deposits. So we will continue to add new products and I think we are very well diversified on our ambitions on savings.

So we'll have to see how it sort of evolves out, but I don't think it impacts banks of our size, if anything, there is enough headroom for growth in the future.

Ian Corfield: Phil, have we got questions online that you want to tell us about?

Phil Deakin: So we have got questions online, but they do relate to the future strategy. So proposal is to save those for the second session.

Ian Corfield: Okay. All right. Well, unless there's other questions that people want to put in the room, then maybe we'll pause there. We'll have a slightly longer cup of tea and we'll come back for 2:15pm where obviously we'll be talking about 2026 and beyond. Thank you very much.

Investor Update Presentation

Ian Corfield:

Right. Welcome back everyone. Thanks for returning for the second half. This is our chance to really talk in a bit more detail about our plans for 2026 and beyond. So we've deliberately structured the next bit of time in order to give you some more detail around that. Firstly, I'm going to outline the strategy that we're going to be driving towards and then revised medium-term targets that we'll be focused on. Then Rachel's going to take us through, in particular, our approach to capital allocation, and we'll take you through that in a bit of detail. And then specifically the cost programme that we intend to be launching inside the business. Then we're going to wrap up with some insights from the people leading each of our business divisions so that you've got a picture of how they're going to take that strategy and convert it into plans in their specific areas.

And then there'll be another chance for you to ask any questions or give us your thoughts. So I guess without further ado, I just wanted to very briefly recap on some of the messages from this morning before I talk about where the business is going to go as we march forward. As I said, we've substantially simplified the business. It's now operating as one. We've enhanced, we think, significantly our customer proposition and experience. And as you can see from the sorts of sales delivery that we've seen in 2025, we're really leveraging the networks and relationships that we built. And we think we've got a really strong technology layer again that will drive efficiency, but also customer acquisition as we move forward. So I think we've made some of the right calls across the course of that year. But also when you look back a bit, there's been a material change in the group.

We've gone from eight businesses to two. Those two businesses since 2022 have grown by circa 30%. So it's a material lift, a material scaling of the business, and I think shows you the potential as we move forward. We set, I think in 2021, a group of medium-term targets, and the business has made progress against those. Obviously, the vehicle finance business was a challenge in the midst of it, but ultimately the capital ratios have improved. The NIM has remained stable. The balances have grown and the cost to income ratio has improved as a result. So we've made significant progress against those targets, but ultimately, obviously they were set a fair bit of time ago, but also in an era where the business looked materially different. So now is the time for us to reset both the strategy and also the targets that go alongside that.

So as I was saying earlier, we now operate the business in a materially simplified structure. We've essentially got the Retail Finance business that I'm sure you all know well. We've got the Business Finance division. We've very deliberately brought that together under one leader in order to make sure that we can make really effective capital allocation decisions. And then our deposits engine, we talked a bit about it this morning, earlier today, is really powering that growth. And we think there's more opportunity in that space as well. So a materially

simplified business that we think structures us really effectively to deliver against the strategy that I'm about to outline. Now, where is it we're trying to go? Well, ultimately, we want to get a really, really clear focus on how we create value. And ultimately, we think that's best done by getting really targeted growth that are going to drive returns for all of our shareholders as we move forward.

Ultimately, much of what I'm going to talk about in a second, you'll see some component part of it in a lot of specialist banks. So for me, it's being really clear about what the strategy is, but then obviously focusing very heavily on delivery against that strategy. That is the thing that's going to differentiate this business. But there are three component parts to what we're going to try and drive towards. The first one is product expansion. As I said earlier, we're now operating in two scale addressable lending markets, and of course, the vast deposit market in the UK. We think that actually, given that we're currently going to market with asset-based lending, with some real estate financing, investment and development finance, with a decent but fairly vanilla set of deposit products and point of sale lending, but again, in a narrow group of sectors, we think we've got a whole bunch of opportunities, which I'll talk about in a second, to expand that product set without significantly moving outside where our current capabilities are.

That's the first point. Secondly, in terms of effective digital solutions, again, we think we've got an opportunity to both improve the efficiency of the business and improve the customer experience, utilising a group of the platforms that we currently deploy inside the business. We also have a very significant opportunity to tighten that architecture, i.e., get rid of legacy platforms and utilise the platforms that we've got, the scalable platforms, much more effectively. And then finally, in terms of capital discipline, as you'd expect, we want to make sure that we are taking the opportunities that are in front of us that are going to enhance returns. Now, sometimes in businesses, you're sort of like, "Okay, I'm trying to grow and that sees me trying to take every opportunity that's in front of me". The great thing about this business, I think, and the markets that we're operating in is that we can pick the opportunities that are genuinely going to enhance shareholder value.

So those are the three component parts of the strategy that we're going to be pursuing. Just to deep dive into each of those a little bit more, and as I say, you'll hear from the business heads in a little bit more detail as well. In terms of product expansion, in Retail Finance, we've built a great business in furniture and jewellery and increasingly in healthcare. We built that organically, but we know that the point-of-sale lending market is much more material than the sectors that we're currently addressing. In particular, in home improvements, there's a great opportunity for us to build a strong business there. This is a classic sector where people want to borrow money over extended periods of time and very often at reasonably big tickets. So we think there's a very strong opportunity for us to use our existing capability in that space.

Secondly, in terms of Business Finance, well, we've got a couple of big opportunities. Our Real Estate Finance customers today, they very often want to utilise bridging either as they're entering a development or a deal or exiting it. At the moment, we're just watching them walk away because we haven't had that capability. Equally, there are lots of people who enter that market through a bridging facility, and we're not able to talk to those customers. So with a slight switch in our capability, adding some additional people into the team, that's a business that we're already up and running in. And then in specialty lending, we've built a strong asset back lending business, but we've watched, as others, have offered wholesale funding lines to non-bank lenders and have built material and substantial businesses on the back of that. Again, we require some additional knowledge and capability in order to move into that space. We're already bringing those people into the business, but fundamentally it builds on the key component capability that we already have in our asset-based lending business.

And then finally, from a deposit point of view, look, as we talked about earlier, we've got a good spread in that market, but there are areas like reward accounts and other areas of the deposit market where we think there are opportunities for us to enhance our customer relationships. At the moment, we know that a customer who has multiple products with us has 2x the deposits. So there is a material opportunity for us by expanding our product set to really deepen our relationships with those customers and enhance the average holding that we've got with each of them. So products are going to play a key part as we target higher returns.

Secondly, effective digital solutions. Look, again, there are a number of opportunities for us using the existing platforms to really enhance our capability in this space. In Retail Finance, we're going to be building an eligibility checker so that customers, particularly in home improvements, but across our different sectors, are able to understand how much they can borrow before they go through a full application and before they make their purchasing decision. We think that's really going to enhance that customer journey in the markets that we're seeking to address. In Business Finance, we're building an online, a digital application portal so that we can handle business much more efficiently. That's how customers expect to be doing business, particularly in bridging finance, and that will drive efficiencies into the business in tandem. And then in deposits, as I said earlier, we're really proud of the new app that we've built, but we know that there are lots of enhancements and capability improvements that we can build in, that again, will allow us to deepen relationships with customers.

And all of that is going to be delivered through a tight single group focused IT strategy that really builds those effective digital solutions. That's the second leg. And then finally, obviously we're going to be focused on capital discipline. Ultimately, from my point of view, growth is not the objective, returns are. So as we're having debates and we have this sort of week in, week out about where the opportunities are that we're going to be taking, we are looking to drive

returns. That is ultimately our focus. We want to make sure that the capital that we've now got in the business is really effectively deployed and our focus is turning that ambition into returns rather than just a headline growth rate. So those are the three key component parts of the strategy. As I hope you'll get from that, our focus, as I say, is how do we make sure, yes, we can scale the business, but equally that we are driving returns to the bottom line and in terms of the return that we get on capital in tandem.

Therefore, as we've debated what medium term targets we should be moving towards, we've looked at those through exactly that lens. And we've set just two, and we've set two because we think actually these are the things that we're really focused on. We want to make sure that we're driving a business that gets us to north of 16% ROAE, and that is powered by a circa 10% increase in lending growth each year. We're going to do that, of course, with a strong capital base, with a focus on cost to income ratio, with making sure that we manage the margins to a broadly stable position, and we will give you guidance, and Rachel will talk a little bit more about this later on in terms of where we're going to go each year. But in terms of our medium-term targets, these are the two that we're going to be focusing on and the two that we are driving the business towards.

We've got a really, really clear focus on driving shareholder value, and that's what we think these two targets are going to do for us. Why are we confident in terms of getting there? Well, ultimately, we're confident because the maths add up. If we can deliver 10% growth, if we can do that whilst maintaining RAM and a stable RWA mix, and we believe we can. And by the way, that sort of 60 / 40 split that we've got today between Business and Retail Finance, we expect that to remain broadly stable as we move forward over the course of the coming years. And then when we layer on top of that, high operating leverage, we get to that target of 16% ROAE. So we're confident that we can deliver against it. We believe we've got the strategy in place to do it. We've refreshed the team, we've exited vehicle finance, and we think we've got every opportunity now to really move forward and deliver the sorts of numbers that you'll all expect to see from this business.

On that note, I'm going to hand back over to Rachel, who's going to talk a bit more about our capital allocation and our cost approach. Thank you.

Rachel Lawrence:

Thanks, Ian. Okay. So I'm delighted to share with you our approach to capital management, provide you a practical example of our capital framework in action following the recent exit of vehicle finance, discuss some cost management and also offer some specific guidance for 2026. So our capital framework is designed to optimise the deployment of our capital resources, focusing on sustainable growth and the creation of long-term value. This disciplined methodology ensures we maintain strong capital buffers while strategically allocating resources to advance our business objectives and deliver consistent value to our shareholders. Capital generation is driven by prudent

earnings, asset disposals, and operational efficiencies. The decision-making process begins with a thorough assessment of our available capital buffers, safeguarding our financial resilience. We then evaluate each deployment decision based on projected returns, risk profiles, anticipated regulatory developments and current market conditions. This comprehensive analysis allows us to align capital allocation with our strategic priorities of balancing risk and opportunity to achieve the best possible outcomes.

So let me begin by outlining the key stages of our capital deployment process. So first and foremost, we conduct a thorough review of our capital buffers. This disciplined evaluation ensures we maintain the financial stability required to meet regulatory obligations, providing us with a strong foundation for making prudent and well-informed capital decisions. A major pillar of our approach is maintaining our CET1 ratio at approximately 13%. Prioritising this target strengthens our capital base and bolsters the bank's resilience, particularly as the regulatory landscape continues to evolve. By keeping our CET1 ratio at this robust level, we are well positioned to change in conditions and safeguards the interest of all of our stakeholders. So once we've ensured our capital buffers are secure, we assess any surplus capital for the most effective use. Our preference is to direct the success into divisions of the business that offer the highest projected returns and the most sound risk profiles.

So by prioritising investment in these growth areas, we drive sustainable performance and build lasting profitability for the group. Alternatively, when appropriate, we evaluate options for returning that capital to shareholders, either through enhanced dividends or share buyback programmes. This approach ensures any surplus capital is put to work efficiently, providing ongoing value for our investors. Also, all of these priorities are carefully aligned with our overarching strategic objective, fostering sustainable growth, ensuring continuous regulatory compliance, and consistently delivering shareholder value. We want to be transparent that this is the framework that we will be using going forward. This gives clarity to all stakeholders and demonstrates our commitment to managing capital in line with our long-term ambitions.

So let me now turn to our capital position at the close of 2025 and how our capital framework that I've just outlined will work in practise. So our CET1 ratio stood at 12.9% and on a proforma basis, recognising the sale of consumer vehicle finance, this increases to 14.7%. So that transaction has generated a surplus of 1.7% above our new CET1 ratio of 13%, providing with substantial flexibility to support future growth and enhanced shareholder returns. With this surplus, we are well positioned to the upper end of our 8% to 10% net lending growth ambition in the divisions with the higher projected returns, further strengthening our core business. Importantly, we're also now able to enhance distributions to shareholders, so I'm therefore happy to announce we intend to initiate a share buyback programme, deploying £10 million of capital over the next 12 months in multiple tranches, subject to the necessary regulatory approvals.

This decision reflects our confidence in the bank's ongoing strength and future prospects, whilst reaffirming our commitment to delivering long-term value for shareholders.

So cost management, I'd like to provide you a bit of an update. This plays a crucial role in supporting our commitment to sustainable growth. As we outlined at the half year, we anticipated that the exit from vehicle finance would result in £25 million of cost savings, with a cost to achieve estimated at £5 million, and to deliver that by 2030 as the book ran down. However, the recent developments have enabled us to bring this forward significantly. The sale of the consumer vehicle finance business, which as I said, completed in February and together with a plan migration of the servicing at the end of quarter two, 2026, accelerates our complete exit from vehicle finance. Firstly, this transaction realised a circa £9 million profit from the sale. It also accelerates the need to remove stranded costs given the immediate loss of income in 2026. So our revised target is still the removal of the £25 million of run rate costs, but now, importantly, by 2028, with approximately 90% of those savings to be achieved by the end of 2027.

However, to deliver these accelerated savings, we anticipate an additional £12 million of costs to achieve this. Additionally, the product growth initiatives that recently were outlined by Ian, we will require around £5 million per annum of run rate costs by 2028 to deliver those. This initiative will support our strategic objective by simplifying the organisation and targeting a cost income ratio of between 35% and 40% in the medium term, in line with most leading specialist banks.

So turning to some 2026 guidance. 2026 is a pivotal year as we build on the decisive actions we took in 2025. So we are projecting net lending growth of between 8% to 10% within our divisions, demonstrating the strength of the core business and the opportunities presented by our new products. 2026 will be a transitional year characterised by the launch of these new products and the execution of the accelerated cost management.

So while these strategic initiatives are crucial for our competitiveness in the future, they will temporarily result in a higher cost income ratio, which we anticipate to be around 47%.

In addition, we expect our capital ratios to remain elevated with a CET1 ratio of around 13.5%. We aim to improve the risk adjusted margins by around 10 basis points across our ongoing divisions, underlying our commitment to achieving and enhanced returns for shareholders. Regarding distributions, we are dedicated to maintaining our progressive dividend policy to provide consistent returns to shareholders, and furthermore, as I've just announced pending regulatory approval, we plan to initiate the £10 million share buyback programme. This reflects our confidence in the company's ongoing strength and

future prospects. Lastly, as we complete the exit from the discontinued activities, we expect these areas to reach breakeven, enabling us to focus fully on our continuing divisions. So in summary, 2026 will be a year of transition, strategic investment, accelerated and accelerated cost management for the group. These efforts will lay the groundwork for sustainable growth and value creation in the years to come.

Thank you. And I will now pass you over to Andy Phillips who will take us through our first divisional spotlight. Andy. Thank you.

Andy Phillips:

Good afternoon, everybody. My name's Andy Phillips. I'm the managing director of V12 Retail Finance. I've been with the business for 11 years now, originally joining us the Sales Director back at a time when we were a small challenger business writing around £50 million worth of lending per annum. I figure that we now more than double every single month as I stand here today. I've been in the industry though for 20 years. Prior to V12, I was held roles at Hitachi Capital, Lloyd's Banking Group, and BNP Paribas. For those of you who don't know V12 Retail Finance, we are a specialist point of sale credit provider. We provide credit facilities through a network of retailers right across the United Kingdom, everyone from very small independence, right the way through to major national brands that you would know, a few of which you can see on the screen there.

90% of the lending that we do is interest-free credit. That was very much a specific decision that we made a number of years ago, a strategic direction to look at driving volume, low credit risk lending. And as a result, we partner with the sort of retailers that drive exactly that kind of low-risk customer to us. When I say that sort of customer, what I mean is an aspirational customer. So these aren't customers that necessarily need to borrow money to make a purchase. They are looking to better their lives. They are, for example, they've bought a property and they want to buy the furniture, or they're planning on getting married and it's time to buy the engagement rings, or perhaps their career's taken off and it's time to buy that first Swiss watch. And whilst they don't need to borrow the money, they'd much rather take the retailer's interest-free credit facilities and leave their own money in the bank earning interest.

So it's a really big driver of the success that we've had with the strategy, not just in terms of driving the volume. And as you can see here, we are now a £1.5 billion business off the back of that strategy, but also it's been the driver of our incredibly low cost of risk that we've enjoyed over recent years, and you can see that that comes through in the risk adjusted margin of 5.8%. In terms of the number of retailers that we work with, we have 900 retail partners that extends into many, many thousands of outlets around the UK, across a number of different sectors.

In terms of our market share and where we operate, we use the finance and leasing association statistics to gauge where we are in terms of market share and also how much business we're writing in each individual retail sector. So as you can see from the statistics, we currently have a market share of 15.5%. Our total addressable market is between £9 billion and £11 billion. What I've tried to do here on the left hand side is just to show you some of the different sectors that we're active in and where we have particularly high market representation and where that's lower. You won't be surprised to see that we have a very high representation in the furniture and jewellery markets. According to the FLA statistics, we rank numbers one and two in those two sectors. And again, that shouldn't be surprising because they are exactly the sorts of retailers that drive the kinds of customers that I've referred to.

What I would add though that's quite important is even though we have a really good representation in those sectors, we also have really significant runway in front of us in terms of additional opportunities, and there's a couple of reasons for that. Firstly, I think the important thing to remember is we actually are still only the third largest player in the sector, and that's easy to forget when you look at the market share that we have and the size that we are. There are two players out there bigger than us, and we've proven time and time and time again that we're well capable of taking business away from those competitors. So still plenty for us to go at, even in the markets where we have a strong representation. Also, we're really operating at scale now as well, and that's opened up a number of opportunities for us that perhaps weren't there before, because now we're able to push into much larger volume opportunities with a very limited impact on the cost base.

And again, that opens up a lot of new avenues, even in those high market share sectors to do some deals that we perhaps couldn't have done a couple of years ago. Just looking at the medium market share, I've picked a couple here. There's a number of different sectors that aren't named here on the slide. I've mentioned leisure and healthcare. Leisure really covers everything from cycles and gym equipment all the way through to camping equipment and angling equipment and everything in between. So it's a very varied market. We have a decent representation in the market, but again, still very, very much to go at in retailers across the UK. But the one I think that I probably want to draw your attention to most is the healthcare sector. The last time I stood up at one of these occasions was two years ago, and I remember talking about how we quite liked the look of the healthcare sector as a next area for us to look to penetrate. And at the time, I remember saying we'd already made a bit of a start on things and 2% to 3% of the new business that we were writing was now in that sector. As I stand here today, that's nearly 14%. So again, it just goes to show that we're very good at looking at these sectors, understanding what the retailers in these sectors need, and then attaching to them our points of difference, our rights to win, if you like, to make sure that we add real value to those retailers and to their businesses. So it's been a really big driver of our success. Then finally, low market share. It's no secret because Ian has already mentioned it, but home

improvements is a very, very obvious one that stands out quite clearly. I'll give you a little bit more information as to why that is in the coming slides.

I mentioned about that right to win, what makes us different, what it is that we bring that are points of difference in the sector. The place to start really in explaining that is the blue bubble in the middle. We are a FinTech owned by a bank, and that is an incredibly powerful combination in the marketplace. You hear a lot in the press around how FinTechs can't compete with banks because they don't have the cost of funds, and banks can't compete with FinTechs because they don't have the agility with tech. And both of those things are true. We are really lucky in that we can address both sides of that coin. So the STB ownership brings us all of those sort of banking hygiene factors that you would expect to bring, surety of funding, competitive cost of funding, but also the regulatory and compliance side of things, the governance side of things that of course is important to us as a business, but it's also really important to our retail partners. These partners are regulated entities in their own right. So increasing this and becoming a point of difference, they want to partner with people that will keep them safe in this regulatory environment as well. So that bank backing really does enable us to do some really special things that as a lone FinTech, we would struggle to do.

In terms of the FinTech side of things, I think it's fair to say that's what we're known for. Anybody that knows the business knows that we're a tech-led business, we always have been. That's the key point of difference that we try to bring to market. Really, the secret sauce to that is our ability to integrate and to integrate so broadly with retailers, be they very small or very large, be they very sophisticated in their tech stack or completely unsophisticated in their tech stack and everything in between. And it's the ability to be able to do that right across the UK that helps us to build the sort of retailer network that we've now got. To put it into perspective, I have competitors that might do two, three integrations a year, whereas we'll do two or three integrations in a week. So it gives you an idea of the sort of difference that you're looking at in terms of our agility in the market.

I've mentioned the other points. Operating at scale is really something that's starting to make some very big differences to us now as we've become the size of business that we are. There's also another important element to mention. I mentioned around the percentage of applications. 90% percent of applications made in under six seconds is fantastic. It's something that we've been working on very hard over the years to make sure that we maintain that performance. But there's one more area that I'm going to mention here rather than perhaps later on, which is the omnichannel reach. Earlier on this year, we launched our app to market, which gave us an opportunity to start talking directly to our customers. At the moment, we have 500,000 of those 1.3 million customers already into the app. And what that's now enabling us to do is to speak directly to those customers.

Historically, and of course going forward, we'll still deliver the service that we do via retail relationships, that will continue to be a massively important part of what we do. But it's very obvious that having that many customers with a direct communication channel, there are really significant opportunities for us to offer those products new products and services, be it from within V12 or from the broader Secure Trust Bank group. And I'll give you just a small example of that. In Q2 of 2025, we launched V12 Personal Finance. That is basically a personal loan aggregator. So what we're effectively doing is going to our customers to say, "Are you interested in taking a personal loan? If you are, come here to complete an eligibility check and we will then place you with one of a panel of lender partners, which we've now built partnerships with." So this is business that's written on their balance sheet rather than ours, and we receive a fee income for pointing the customers in that direction.

Even though it only launched in Q2 of last year, we drove £1 million worth of fee income just from that activity. So it shows we can talk directly to these customers. They want to hear from us. They are interested in the products that we provide, and we are a banking group. And anybody using a banking group's app would be expecting to find more than they currently do in this app. So the future for us in terms of business to consumer for me is enormous. It's not just attractive to customers either. It's attractive to the retailers because increasingly they look at the app and like the fact that you've got 1.3 million customers in there that they could offer retailer offers to, for example. So it becomes very much a complimentary relationship with both the end consumer, the retailer relationships and ourselves there in the middle.

So I hope on future occasions I'll be talking to you much more about the progress that we're making in those areas.

Just coming back to the traditional Retail Finance business, I talked to you more about home improvements and why home improvements. The home improvement market is a really, really significant market. It's a £3 billion addressable market as it stands today for point-of-sale credit. And what I'd also say is when I say home improvements, this £3 billion is the traditional home improvement market. So it's people buying conservatories, windows, kitchens, bedrooms, and bathrooms. What it doesn't include is what's increasingly becoming the home improvement sector, which is renewable technology. Something that historically has been quite niche, but is now becoming more and more part of everybody's everyday lives. Solar panels, batteries, air source, heat pumps, et cetera, et cetera. The sorts of things that going forward, we'll all be looking at much more and our future home improvements are likely to revolve around those sorts of products.

That £3 billion doesn't include any of that. So there is such significant growth in the market on top of that £3 billion in my view.

How will we do it? Well, you'd be surprised if I didn't say we were going to use some technology to do it. So that's exactly what we'll do. We'll introduce an eligibility checker to the market. What this will enable us to do is customers will be able to complete a soft search, check their eligibility for credit, and we'll be able to tell them if they're good for credit and how much they're good for in terms of a monthly payment. That means that customers can proceed with real confidence knowing they'll be accepted and how much for, but also the retailer knows that. The retailer has confidence of the customer's acceptance. And also the retailer now knows that as they embark on their home improvement project, which these things invariably are, rather than a one-off spend, they know that customer has headroom to make those further purchases.

We've already started talking to the market about this, as you would expect. We've already been out there talking to home improvement retailers, and it's really interesting to them. They think it makes a real difference and it's certainly opening the doors for us to have some really strong conversations. So really, really high level of confidence in terms of our ability of what we're able to do in this market and how quickly it is growing.

And again, you'd be surprised if we hadn't already made at least a little bit of traction. So here I have a testimonial of one of our early home improvement retailers that we've already onboarded. Heatable's a business that sells, gas boilers as well as air source heat pumps, new renewable technology, et cetera. And the reason that I really, really like this testimonial is that the reasons they've said that they love us are all the things I would hope that would come through in our points of difference. They're the things we hope the retailers notice. So just to pick some of it out, "V12 enables us to deliver a fast, frictionless application journey". There's the tech. "While maintaining the standards and the safeguards that customers expect". So you've got the hygiene factors, the safety of the bank ownership. "The balance between speed, integration, and responsible finance, and how well they're supported by the team".

If we went out to market and tried to put in a nutshell what value we add to retailers, that's it. So that testimonial really pleases me. If we can continue to get those sort of results in that market, then we'll have no doubts at all that we can grow it very successfully.

So what do things look like now and next? We'll continue to operate in the sectors that we're in today. As I've already mentioned, we've still got lots of runway there. We've got two guys bigger than us to go at and a proven track record of going at them successfully and taking business away from them. We now have real economies of scale that helps us to do that even more powerfully than we have done in the past. And we've also got those hygiene factors I referred to, that stable funding that's going to enable us to push harder into these future markets. And that gives us a lot of benefits. The home improvement market will come next. As I've mentioned, big addressable

market. Our rights to win really do apply there very well. It looks an awful lot like those great quality customers that we already attract today.

And again, we've got a proven track record, as I've said of what we've done in the healthcare market, we can repeat that in home improvements. So we can have a high level of confidence that we're going to be able to apply those points of difference in these sectors and gain some real growth for the business.

And then finally, going forward, 1.3 million customers, an app to engage them, retailers that love the idea of putting offers into our customers, customers that seem to be very receptive to have other things from us in terms of products and services and a banking group that can provide them. So from my perspective, the future in terms of a direct to consumer play for V12 Retail Finance is really, really exciting. Thank you for listening. I look forward to filling your questions later on, but in the meantime, I'll hand over to Luke Jooste to talk to you about Business Finance.

Luke Jooste:

Thanks, Andy. Good afternoon, everyone. So my name is Luke Jooste, and I'm delighted to be presenting to you this afternoon as the MD of Business Finance at STB. Business finance at STB exists to support UK SMEs who require specialist or event-driven funding in order to help their businesses grow and be successful. We provide deep experience with a proven track record in delivering bespoke high value transactions with certainty and speed across large addressable markets. I've been with STB for just over 12 months now and bring with me over 30 years of experience in the industry, including roles previously as the head of Real Estate Finance for Barclays's Business Bank, the head of sales for the FinTech Funding Circle, and CEO of Momentum Finance, which is a commercial lending business in the UK.

I'm going to spend the next 15 minutes talking to you about an overview of Business Finance, our product sets, our competitive advantage in our markets, and in particular, our product expansion growth strategy in line with what Ian mentioned earlier. And again, as Ian mentioned, we've moved away from talking about separate business units of Real Estate Finance and Commercial Finance have now combined these products under a collective Business Finance franchise. So just moving on to give you a quick overview of Business Finance, we provide specialist secure lending facilities to UK SMEs ranging in size from £2 million to £50 million. Last year, we originated over £600 million in new business, which took our loan book to a record size of £1.9 billion, and we have delivered 23% of lending growth over the past three years. Importantly, we delivered a risk adjusted margin of 2.5% underpinned by strong credit underwriting and a laser focused approach to our portfolio managements.

On the left side of the slide, you can see our full product set set out, which I'll step through just to give you all a flavour of what those products entail, but importantly to say that of that five product set, three of those products are core

to the business and have been in play at STB for over 10 years. And there were two new recently launched products which are in line with our product expansion strategy, which I'll touch on in this section, but go into more detail at the end of my presentation and bring them to life with some case studies. So starting off with our residential investment loans, these make up about £1.4 billion of our current loan book, and these are interest only facilities granted to professional landlords and are secured against large income producing residential property portfolios at conservative LTVs and important to say for this product, given the size and the makeup of our book, they are very capital efficient in that they only attract to 35% RWA.

Our second core product is our development finance product offering. This product in our loan book is between £60 million to £100 million, which is relatively small, but that is by design, given all the headwinds around the housing market and the construction industry, but we're looking to grow this product significantly over the next two years, hopefully as those headwinds ease. And this product is all about providing funding to professional property developers to deliver residential houses across the UK. Our third core product is our asset-backed lending product. The makeup of this is about £360 million in our loan book, and these are revolving credit facilities granted to SMEs to support a range of purposes, including working capital needs, acquisitions, refinancings, and growth events. And importantly, these are always secured against assets that belong to the borrower, and these range from account receivables, stock, plant machinery, property, or a combination of all of those.

So I think Ian actually did a good job in summarising the two new products that we are launching. The first are bridging finance loans, which are short-term property backed facilities to provide funding gaps to borrowers until long-term finance kicks in, or typically they have asset sales to repay their bridging facilities. And the second product is specialty lending, which are wholesale funding lines given to non-bank lenders who operate in the UK, who in turn on lend those monies to their own borrowers.

So having walked through the product sets, the slide in front of you gives you an idea of the addressable markets that each of those products operates in. And I think the key takeaway from this slide is that even with modest penetration into those markets and modest growth across those products, that supports our growth ambitions hugely, and we can grow our loan books significantly just by taking a small share of the respective markets. So having spoken about our products and the markets, I'm going to move on to our competitive advantage and Andy spoke about the right to win in the retail business. Our right to win in the Business Finance space sits across a number of pillars. The first is a strong relationship approach to origination. And in fact, if we look at all the business that we originated last year, over 70% of that was repeat business from existing borrowers or existing business introducers.

We have the ability to deliver bespoke specialist solutions faster than traditional banks. I know every specialist lender will probably tell you that, but we validate it all the time. And as a good example, we provided a £75 million asset backed lending deal to one of our sponsors last year in Inspirit Capital, who were looking to acquire a business called Watson's Fuels. They needed certainty of the funding to proceed with that acquisition very quickly. They engaged with us early and we were able to give them an answer and being able to support them within two weeks as opposed to a number of months, which is typically what the traditional banks would do on a ticket size that large. We have a highly experienced team that have been in the markets and with STB for a number of years, which naturally wins us business. And as a good example of that, we have a relationship director across our real estate products that alone originated over £75 million in new business last year.

And finally, we are highly recommended in the market. We conduct a survey of our borrowers every year, and from the latest survey, over 90% of our existing borrowers would recommend us to others in the market that require funding, and that's obviously something that we're very proud of.

So hopefully that has given you a flavour of what we do and how we operate. I'm going to end off my section talking about the two strategic products that both Ian and I have covered off already, just in a bit more detail and bringing them to life with some case studies. So bridging finance, we estimate that the addressable market for bridging finance is now close to £11 billion, and it's a market that has matured significantly over the last three years. Importantly, these loans fit very strongly with our existing real estate products. They're the same borrowers, the same market risk, the same asset class, and actually managing that product leverages off existing infrastructure that we have in the business. So the cost to enter that product has been low for us, which is great. Importantly, around bridging loan products, these loans are dominated by Commercial Finance brokers in the UK as a distribution channel.

They are used to dealing with lenders where they can make their loan applications electronically, so we've needed to match that and very happy to say that by the end of H1 this year, we will have a fully digital loan submission portal that will give us access to a completely new and large distribution channel in the markets, which is very exciting. And probably the most important thing about bridging finance is that strategically it allows us to fund property professionals and developers across the whole lifecycle of their various projects. So we can grant a property developer a bridging loan on the way in to acquire the land, develop and finance to build out their scheme. Once the scheme is built, we can give them a stability bridging loan while they wait for the property to rent up. And once it has rented up, we can provide them with a long-term residential investment loan.

So it becomes very sticky with borrowers when you can fund them across that whole life cycle and becomes very important for both sides.

I'll bring the bridging products life using a case study for one of our ... It's actually one of our largest borrowers in the bank by the name of Cubic Capital. They have about £40 million of lending with us at the moment, and they've been doing business with us for over five years. They had targeted a site that they were going to use for their next residential development. Unfortunately, we couldn't help them with the development finance for that because of the concentration we have in our portfolio, but they ran into planning delays, which means that it couldn't trigger their development finance with the new lender. And the whole scheme came under pressure because the vendor was threatening to withdraw from the transaction. So they came to us, they said, "You guys know us well. You always managed to find a way. Is there anything we can do?" And because we were able to offer them a bridging loan, we did give them the finance that allowed them to secure the property and take the pressure off of them while they finalise their planning issues, and we will get repaid when their development finance kicks in.

And then the last strategic product that I want to touch on is specialty lending products. So we estimate that the market size for specialty lending deals now is between £7 billion and £9 billion. The product itself is in a very close adjacency to our existing ABL product, but with the key specialism needed to understand non-bank lenders, and we've invested heavily in resourcing talent into our business that do understand that specialism, mostly from some of our competitors who, again, as Ian mentioned, have been very, very successful in this space. I'll bring it to life in terms of another case study. So Pro Marine Finance is a business that's been trading for over 15 years. They are specialist lenders that provide finance to people who want to buy marine mortgages or leisure craft. We'd actually been prospecting them for about five years just because they are such a good business, but we could never quite get a proposition to them to work because we were trying to fund them with an ABL product and they already had a specialty lending product from one of our competitors.

So needless to say, as soon as we launched our product, we spoke to them. It became very clear that we could assist them with more funding on more flexible terms to help them grow their business, which we did. And as part of our funding, we financed the other lender out completely and took security over the whole business to protect ourselves and the business has subsequently flourished. Now, unfortunately, the specialty lending industry has been spooked recently by four large non-bank lending failures, two in the UK and two in the US. And essentially, this is down to a fraud issue where all of these lenders were double booking assets into their various collateral pools. So I think it's an issue we're very well aware of. We're very conscious of it, but it is important to say that this is unfortunately not a new issue in the industry, and actually it's a risk to all ABL facilities, not just to specialty lending facilities.

We only have to think back to 2021 in the UK where we had the Arena TV collapse for a very similar issue. So we are confident that we can mitigate

against this risk because we have a strong record, track record of being forensic on our borrowing basis and data tapes in our ABL business at the moment, and we will certainly carry that risk discipline forward into our specialty lending facilities. And actually, I think because of the chaos, the recent failures have caused in the market, I think big banks will do what they always do and panic and overreact and withdraw. And actually, I think that gives us a really good opportunity to step into the gap and get access to borrowers that ordinarily we just wouldn't have been able to. So I think the phrase is never miss the opportunity to take advantage of a crisis.

So that's it from me. I'm going to leave you with this slide, which again, sets out our existing products and those that we have started to scale already. I think my takeaway comment that I can hopefully leave you with is that all of our full product sets allow us to operate in an addressable market of over £90 billion. The new growth products are very close adjacencies to our proven core products, and we plan to leverage what we do well on those core products to grow well into the new products, which gives us a huge market to go after without needing to compromise on our credit risk or come down on our proposed return hurdles. So that's it from me. Thank you for listening to me. Look forward to taking your questions in the Q&A. I can see lots of nodding heads when I mentioned the speciality lending, but until then I'm going to hand over to Rajat.

Rajat Mehta:

Thank you, Luke.

Good afternoon. Really happy to be here. My name is Rajat Mehta, and I have recently joined Secure Trust Bank as a Savings Director. My background, over two decades in building retail banking franchises across multiple geographies. More recently, I was leading the deposit franchise for OakNorth Bank, and I helped them build that over a six billion franchise, scaling it three times over. So savings is a really interesting opportunity, and I'm really excited as to what we can do here at Secure Trust. We have a really strong underlying business, £3.5 billion of consumer deposits, as we know, but 85,000 highly engaged customers. These customers have an average deposit size or average relationship size of £41,000. This is a really healthy number, and we think, that there is opportunity of growing this much further.

Over 50% of our book we see as customer balances or relationship sizes between £50,000 and £85,000, and there's a clear trend that customers were trying to maximise the FSCS limit. Now, very recently, the FSCS limit has gone up to £120,000, and we see that as a clear opportunity to actually increase the relationship size with these very customers. Furthermore, when we look at the cross-sell index, our customers hold on an average 1.3 products with us. However, only 21% of our customers hold multiple products. So that's a big opportunity. Now, why that could be really interesting is that when a customer holds two products, we see their relationship value with us go up by 60%, and if they hold three products, their relationship size with the bank doubles. Now, I,

for one, see a massive opportunity to really deepen these relationships with our existing customers, and of course, bring in newer customers that can add value.

Finally, these customers, our existing customer base of 85,000 customers have been with us for 38 months and growing. Now, for everyone who understands the deposit market, most customers can be quite ... most banks see customers leaving for rates, but we see a lot of our customers reinvesting and re-investing with us, and that 38 months and growing is a clear reflection of the trust that they have with the Secure Trust Savings franchise, which is a really, really great opportunity, in my opinion, for what we can do to build on and clearly sort of build for the future. When you look at our product mix, 78% of our products are term products, and that's a really healthy mix across product groups, but the advantage of having 78% of products as term is it gives us a really strong view of our liquidity profile, which is a really good place to be, given our focus on lending through.

And finally, when you look at our market share, we're only 0.17% market share in a £2.1 trillion household savings market. That is a massive opportunity. There's a lot of headroom for growth. And as we invest more, as we bring in more products, we think that there is absolute comfort in continuing to fund our exciting lending businesses through over the next few years, and we think that we can further deliver more value and more efficiencies in the business. Moving on, and within the structure of what Ian has mentioned, there are three key areas of focus. I think 2026 and beyond are going to be really exciting for savings at STB. In terms of product expansion and our initiatives there, we're looking at adding newer products to widen what our customers can save with us through. Tracker products, base rate tracking products and hybrid savings are clearly examples of products that customers have said that they would be interested in.

These are also products that have lesser competition, and we think that that could be a great addition to our suite of products that our customers save with. In terms of segments, and I've spoken about the £2.1 trillion household savings market, there are other segments of savings and deposits, particularly through pools like charities, business deposits, and education institutions. These are increasingly looking to save with banks such as Secure Trust. We want to get into these segments, and that's going to give us access to £300 billion of additional deposit pools, which is going to further enable us to raise new deposits at competitive prices. We want to also build effective digital solutions. Distribution is key in any retail business, and we want to diversify distribution by working with deposit partners. We also want to continuously invest in our digital platforms so that we can scale far more efficiently.

And an interesting data point that I want to share, four out of five customer interactions today are self-serve transactions or interactions that our customers do on our digital platforms. Now, this, I think, is a great opportunity for us to grow, but grow in a very efficient manner. So as we scale, as we get more

customers and more deposits, we can continue to bring in cost efficiencies because these are very scalable platforms and our customers are increasingly self-serving a lot of their needs, which is a really good place to be. And finally, I think this is a really efficient business, but we will continue to build this business in a very efficient manner. We want to drive customer loyalty, customer relationships. And I think by doing that, we are in a really, really good position to continue to fund our lending businesses, but at a much lower cost and cost efficiencies coming in.

So I think overall, really interesting space for savings in 2026 and beyond, and I'm going to hand it back to Ian to take this forward.

Ian Corfield:

Thanks, Rajat. Just to recap in terms of some of the key messages from us in terms of how we take the business forward, we've set a refreshed strategy. It focuses on making sure that we deliver targeted growth for higher returns. There are three key parts of that. We're going to expand our product set, but inside the markets that we're currently addressing, building on the capability that we already have.

Secondly, we're going to utilise our strong, flexible IT platforms to make sure that we're really delivering digital solutions for customers. That's going to enhance our distribution, but it's also going to drive efficiency into the business. And finally, we're going to execute all of that with really clear capital discipline, making sure that we're looking not just for growth, but for real opportunities that are going to enhance value. And I guess the good news, and I guess you've heard it from the guys now, the good news is that in each of our markets, we've got plenty of opportunities to enhance value at the same time as growing. That gives us some confidence in setting two medium-term targets, firstly, delivering 16% plus ROAE, and secondly, driving that with 10% circa annual net lending growth. So we've got some clear targets, a clear strategy to deliver against them.

But just to remind you again, why we believe that Secure Trust Bank is such a strong, highly investable proposition. There are five key parts to it that we've covered today. Firstly, we're operating in large markets where we've got scale, we've got a track record, we've got the capability to deliver continued market share gain in those markets. Secondly, and as a northerner, you can rely on me for a continued focus on cost. We've got an opportunity with the investment that we're going to make to continue to simplify and drive the business efficiently. That will deliver a cost to income ratio that's in line with our sector peers, market leading sector peers. Thirdly, we've got a clear trajectory to those two targets that I outlined, 16% ROAE driven by 10% growth. We are on a trajectory to deliver that, and we'll do that with a lower cost of risk, sub 1%.

And finally, we are now well capitalised. The sale of vehicle finance, but also the capital accretion in 2025 puts us in that position and subject to regulatory

approval, we will start to use some of that capital to buy back our own shares over the course of the next 12 months. We really believe that those five key component parts of the proposition make this a very investible bank, and we look forward to working with you over the course of the coming years as we deliver against those plans. On that note, I'm going to wrap up. I'm going to ask the team that are presented to join me. I'm hoping we can get a couple more chairs up here and really interested to hear your questions and thoughts on what we've outlined.

There we go. Okay. Who wants us to kick us off with a question? Phil's holding his mic and he's passing it over. Would you mind introducing yourself just for everyone else when you're asking?

Paul Stephany: Good afternoon. I'm Paul Stephany from TCM Wealth. On the 10% lending growth number, do you envisage this being 10% for both sides or one to grow faster?

Ian Corfield: So I don't have any favourite children in this respect. I think actually, as we've been outlining, we've got very strong growth potential across both Retail and Business Finance. So the short answer is yes, I would broadly expect that. I think probably there'd be a slight skew towards business if I was going to pick it, relative to that 10%. But I think I would expect as the bank grows, that 60 / 40 split that we've got between Business and Retail lending would continue. I don't know, guys, if you want to add anything to that.

Luke Jooste: I think that's right. And just typically because of the deal sizes that we fund are obviously large, we obviously try to manage a granular portfolio, but naturally when you're funding those large tickets, you will see majority of the growth coming out of the Business Finance side.

Rachel Lawrence: The other thing just to mention on Retail is up until now it's been a relatively quick churning portfolio. Moving into home improvements will put term onto that. It's a lot longer term. So we should see Retail Finance growing, at least as to what we've seen in the past.

Andrew Phillips: Within the home improvement sector, perhaps a furniture retailer might be a two year agreement and perhaps an average transaction value of a couple of thousand pounds. In the home improvement sector, these are 10 year agreements and average transaction values that are five and six times that size. So it makes it much easier for us to scale and to maintain the size of the loan book.

Paul Stephany: To that end, are there different returns available in different segments of V12?

Andrew Phillips: Yeah, so the returns always vary slightly. I wouldn't say they necessarily adjust by segment. It's more by size, as you would expect, generally larger

opportunities will be of a slimmer margin compared to a smaller, more niche opportunity. So you do get differences there, but sector to sector, not particularly. The risk profile adjusts for reasons that I've mentioned in terms of the sort of customers that the retailers attract, but return wise, not especially no, pretty similar.

Gary Greenwood: Thank you. It's Gary at Shore Capital. I've got three if I can. So the first was on the product investment. I think you mentioned five million or building towards five million of investment by 2028. I just wonder if you could sort of break that down a little bit in terms of the various areas that you've talked about. I don't know if you want to take these.

Ian Corfield: Rachel, do you want to talk about the investment?

Rachel Lawrence: So there's investment across all of the divisions, both from a people perspective and from a tech. I mean, you heard from Andy that we've built an eligibility checker, so that's part of that. I think in terms of a profile of how we get up to the five million, it'll be slowish in 2026 and ramp up more in 2027 and 2028, but it's a combination of people and tech.

Gary Greenwood: Okay. Whilst I've got you, Rachel, I'll ask a second one just on the capital. I think you said CET1 ratio to come down to 13.5% by the end of 2026, but your target is 13%.

Rachel Lawrence: Yes.

Gary Greenwood: I'm just wondering why you're not running a little bit faster to get down to the 13% quicker. Is there something, some reason for that, or is that just to build a bit of an extra buffer?

Rachel Lawrence: Yeah, I think it's a bit of both. I mean, obviously we've got some growth targets there that won't consume all of it. In 2026, we need to launch these products and make sure that we are, as Ian keeps mentioning, we need to enhance returns. We're not going to deploy capital unless we're going to enhance returns. And the framework that we've just outlined, we'll continuously monitor that. If we can't find a place for the capital, then as we've already outlined in the framework, we will return it.

Gary Greenwood: Yeah. Okay. And then just on the Retail Finance side, you mentioned the household products as being the area of growth. What's the competition in that part of the market at the moment?

Andrew Phillips: Very similar. In fact, it's exactly the same suspects that we've been used to competing with for the last few years. So really very little difference. It's a mixed bag of some of it more specialists, some much more sort of major bank operators, but exactly the same as we compete with today.

Ian Corfield: In the spirit of it being our day, but do you want to name some of the suspects just so that people get a bit of.

Andrew Phillips: Yeah, sure. The two above us are Novuna, who used to be Hitachi Capital, and BNP Paribas. So they're the two that sit above us that we generally find ourselves going at. There are lots of other bit part players in the market operating on the margins or in particular niches, but they're the two main suspects.

Gary Greenwood: Thank you.

Tom Hearn: Tom Hearn here. Just on the home improvement, are you going to be lending only to homeowners or also landlords? And then is it going to be non-interest finance, non-IFC?

Andrew Phillips: Yeah. So yes to homeowners, not to landlords. So it's very much a direct to consumer play in that respect. And sorry, your second question was?

Tom Hearn: In terms of interest free credit.

Andrew Phillips: Yeah, it's a mixture. There is a good chunk of interest free credit in the marketplace. They also use traditional deferred interest bearing credit, which will be the sort of credit where you have a payment holiday to begin with perhaps six or 12 months, and then it will roll into an interest bearing agreement, but those APRs are particularly low. So typically they might be between 6% and 9%. So it's a very different sort of, so you've got an interest free crowd and then you've also got a very low rate interest bearing element to it as well.

Tom Hearn: And are you more thinking of like bathroom, kitchen improvement?

Andrew Phillips: Exactly. Yes, exactly. So it varies. So it could be windows, conservatories, things like that, or it could be kitchens, bathrooms, bedrooms, et cetera. And as I say, going forward increasingly, boilers is another large part of the market as well, gas boilers. And of course, as the years go by and we see more and more renewable technology come in, we'll see those two swap out over time, I suspect.

Tom Hearn: And would you have any maximum you'd be thinking? Would you have to put a maximum on that type of lending?

Andrew Phillips: A maximum lend amount, £50,000.

Tom Hearn: Okay, thanks.

- Paul Stephany: Do the big groups in home improvement retail currently just stick with one supplier or are they like, say, Watches of Switzerland with multiple?
- Andrew Phillips: Yeah, they tend to be more with multiple than you would find in typical retail. Yeah. So within typical retail, probably the vast majority of the people we work with are exclusively with us. And then there will be a handful of major nationals that have enough business to spread around more than one lender. Yeah. In the home improvement sector, you do tend to see much more of it. You also have specialist lenders within the home improvement sector that are lending to a very different sort of risk profile of customer, which obviously is not where we will play. But in terms of the home improvement dealer having a panel of lenders to suit, then they will choose different lenders with different appetites.
- Paul Stephany: Is there any move to allow point of sale action to dynamically choose from an existing panel rather than have each site being one supplier as I believe things are at the moment?
- Andrew Phillips: Again, that varies. In Retail, there are some retailers that will put one lender in a particular region. In home improvements, you don't tend to see that it will likely be multiple lenders in each site, so that they have that sort of waterfall of credit risk appetite in each site. So different to what we see today in that respect, I would say.
- Piers Brown: Hi, it's Piers Brown at Investec. I've got three. Maybe I don't know if you want to take them and turn, but the first is just on the scaling of the buyback. If you could just share some of the thinking about £10 million, why only £10 million? And did you think about going for more just given the size of the book discount the shares are currently trading at? It looks like quite an attractive proposition to be retiring equity at this point.
- Ian Corfield: We debated going for more, but I think we've done the right and prudent thing. But Rachel, do you want to add to that?
- Rachel Lawrence: Yeah, I'd just say it's prudent. We've tried to combine the fact that we wished to grow into the new products that we've just spoken about and the business that we've already got in terms of products and return something back to the shareholders. I will repeat what I've just said, that if there is excess capital, we will go back through the framework and potentially announce further buybacks if that's what we think is the right use of the capital.
- Ian Corfield: Yeah. We just wanted to be completely transparent about our capital approach and hence we've got that capital allocation framework. As we move forward, to the extent our plans change in some form, we'll use that capital allocation framework to reassess whether the buyback's at the right level, but we're committed to the £10 million over the course of the next 12 months.

- Piers Brown: Okay, perfect. And the second one, sort of detailed point probably for Rachel, on the £12 million additional cost to achieve the £25 million of cost savings, can you just give us some colour on what exactly that £12 million is going to be spent on? Is it redundancy costs or service contracts? What's the nature of the spending?
- Rachel Lawrence: It will be a combination of people costs and also technology spend to ensure that we can get the costs out as quickly as possible and make sure that the business is as digitalised as possible going forward. So this is simplification as well as taking out some people.
- Piers Brown: And the final one is actually probably for Rajat on the Savings business. I mean, we have a lot of banks complaining about just the savings market being ultra competitive at the moment. I mean, are you able to share any numbers on what the current average rate paid is on the savings book and what you're seeing on the front book, whether that's in excess of what the back book's currently paying? And I suppose allied to that, your confidence in being able to fund the pace of anticipated lending growth on the deposit side at acceptable rates.
- Rajat Mehta: So no, we don't see enhanced competition. I know that there was a question actually in the first half, which is similar. We don't see anything change a lot. If anything, we're actually, so the current quarter, we haven't had the need to raise a lot of savings because of our Vehicle Finance proceeds, but generally if we had to go out and sort of raise, we think actually we could raise new money at better cost than back book, which gives the confidence that we think we could manage our margins quite well. The market continues to be incredibly liquid. And what we are also looking at, as I spoke of, is diversified distribution channels to just access more pools, both in terms of segments and potentially distribution aggregators, deposit aggregators. All that will mean is that we will be able to access millions of additional clients and billions in additional deposits.
- So I think we're very well poised to actually continue to optimise the cost of deposits in the year ahead.
- Ian Corfield: Yeah. None of us can pick where exactly the macro is going to go, but I think we can all say that some of the fluctuations are going to continue to drive some consumers to continue to hold a substantial amount of cash, and that ultimately is obviously the market that we're trading in.
- Tom Hearn: Just another question on the cost management, you referred to the £5 million initially and then additional £12 million. Just to clarify, is the total £12 million or £17 million in terms of the costs?
- Rachel Lawrence: Total £17 million. So we've booked £5 million.

Paul Stephany: Given the structure of the V12 market, do you expect over time the bit part players, as you called them, to basically withdraw, data's growing in importance, presumably your long history of millions of clients should give you the ability to say yes better than a smaller business, basically.

Ian Corfield: Good question. What's the answer to that?

Andrew Phillips: Yeah, I think there's a quick one-word answer to that. Yes.

Paul Stephany: Is there evidence thereof?

Ian Corfield: There is definitely evidence of people pulling back. I think the reality is that some of the smaller providers don't have the capital to continue to grow and support where they want to go. To the point Andy was making in his presentation, they don't have the funding costs to compete effectively. And ultimately, particularly if we are going to go through some period of turmoil, we think our ability to underwrite, to your point with a very long history and track record, is going to stand out relative to those players.

Andrew Phillips: Yeah, those players tend to, as you would expect, operate in particular niches where they can gain a foothold. And of course, a niche is a niche for a reason in that it's only so large, they get to a point where they need to scale. And as Ian says, unless you've got bank backing, you won't achieve that. And that's of course the situation V12 found ourselves in several years ago of needing that push on to be able to push into the volume space.

Ian Corfield: It's worth saying, we're not running the business on that basis. We're running it on the basis that this is a highly competitive market and we just need to sharpen our game. And frankly, what happens to the smaller players happens to the smaller players.

Alberto Chalita: I have a question on AI. I think that's the first presentation I've been in for the last year, probably that hasn't mentioned the word AI yet. So here we are. I guess generally, can you tell us what is your AI strategy across the organisation? Are you utilising it to improve your process internally and more specifically for businesses such as Retail Finance, which is quite a tech heavy business. What do you see the opportunities there and what do you see the threats from AI?

Ian Corfield: So just in terms of our approach, so our immediate focus is on taking some of the opportunities that I've talked about, and those are about consolidating our IT architecture, consolidating our data architecture, bringing those together. Those are going to drive efficiencies and benefits to our business. Now, some of those are already starting to be in place, and actually we have a lot of very strong data in different parts of the organisation. So we are now starting to look at a list of use cases as you'd expect for where we can deploy AI. And indeed, in some of those use cases, we've already started to deploy it. You won't be

surprised, you'll have heard it from others. Some of the immediate spaces that we can deploy it in are spaces like complaints, we're about to have obviously the FCA conclusions. I suspect that's going to be an immediate use case in its own right.

We're also looking at how we can use it in terms of software development and in terms of how we underwrite, particularly to your point in some of our consumer credit areas. So I think there are powerful use cases there, but I guess from our point of view, the reason I haven't focused on it today is frankly, our focus is making sure that we can deliver against the core strategy. I think AI will be an enhancement to that strategy, but it's not going to deliver the strategy for us. So our focus is making sure that day in, day out, we are focused on delivery against the things that I've talked about, and we'll be looking to use AI where we can to really enhance it.

Tom Hearn: Just a quick question on the bridging loans. You mentioned that would be, on the example, to an existing client. Is that going to be always be the case that you'll only lend to an existing client, or will it be open to anyone?

Luke Jooste: No, not at all. I think it's a huge addressable market that we need to go after. I think Ian said it well in his intro, a bridging facility is often an in to get in with a new borrower and build a relationship, and that is typically on the way into a development or where they've built something, not selling quite as they plan, they need a bridging loan to extend, and that's when you get into borrowers on the way out. So it's an enhancement to what we can offer existing borrowers, but it's certainly a new distribution channel that will bring us more borrowers.

Gary Greenwood: I was just going to ask about M&A, because I think you mentioned that in the presentation and where that fits into the strategy in terms of sort of building out the new products, whether you need to make acquisitions to do that. And then also maybe just linking into the specialty finance where you're lending to other lenders, whether you sort of consider taking equity stakes in maybe some of those lenders as an avenue to potentially building out as an ownership model further down the line.

Ian Corfield: Well, I'll let Luke take the latter half of that in a second, but essentially in terms of M&A, look, our 110% focus as a team is on how we deliver against this strategy organically. As we've said across the course of this afternoon, we think there are loads of opportunities in our addressable markets for us to do exactly that, building on a lot of the capability and frankly teams that we've already got in the business. So I don't want to stand here and completely rule out that something comes up that offers real value or might accelerate the strategy to a significant extent, but I am not, and these guys certainly aren't trawling the market looking for where an inorganic opportunity might sit. Our focus is on the very significant opportunities that we've got organically as we march forward. Luke?

Luke Jooste: So Gary, I think when you provide a non-bank lender with specialty lending, you obviously get very good insights into the business, to the quality of their equity, the quality of their management team, their loan book procedures, et cetera, et cetera. So it's definitely sort of a date before you marry model where if you know the business very well and there is an opportunity to have those discussions, then absolutely. I think a lot of our competitors will tell you that is an active strategy of theirs. And I think a good market published example of that is a Shawbrook acquiring ThinCats where they learned through the business through a senior line and they've ended up acquiring the business.

Paul Stephany: In Business Finance, Luke, could you give us some more clarity on how much of the business has an intermediary or some kind of referral commission element?

Luke Jooste: So I think there's two aspects to it. On our ABL products, we don't work with brokers. So we work with debt advisory, PE firms, accounting firms, et cetera, on a small panel that introduce business to us. So there's no fees that we pay out to them via those introductions. Slightly different on the real estate side. We probably get about 30% of new business from commercial brokers and other introducers, but as I said, as we expand into the bridging market, we expect that to go up. Importantly, to say that when we do step into that broker market more, we won't deal with all brokers. We'll obviously have a really select panel that we'll work with initially just to make sure that we get the right quality of deals into the business. So I don't know if that answers the question completely.

Phil Deakin: We do have some online questions.

Ian Corfield: Go on.

Phil Deakin: So first [online] question is from Dean, a private investor, relating more to the first part of our event earlier today. Can you please comment on the staff satisfaction score reducing from 83% two years ago, down to 64% this year, this was not a metric commented on earlier. What is being done to address this steep decline?

Ian Corfield: Yeah. So look, I'm not trying to dismiss it, but I'm not completely surprised, particularly given the year of change that we've had exiting Vehicle Finance and obviously a lot of people leaving the business on the back of it, that that's had an impact on that score. Obviously our focus is making sure now that we are engaging all of our colleagues in terms of the go forward strategy and things that we want to do with the business, which we think are very exciting. And I think colleagues are starting to feel that. So it is a focus for us, but I think ultimately in any business there is ongoing change. There will be ongoing change in this business. And so whilst it's a focus for us, we've got to make sure

that we build strong resilience amongst our colleagues because we're in an environment and a market where there is going to be ongoing change.

Phil Deakin: Thank you. Next question is from Ashton Bradbury. What is the nature of the Vehicle Finance stranded cost? Why does it take so long to remove them? Will they be shown as a discontinued item or as part of the continuing group?

Ian Corfield: Rachel, do you want to take that one?

Rachel Lawrence: Yes. they are discontinued. So within Vehicle Finance, as we've reported in our segmental reporting, that we would have allocated both direct costs relating to the front office element of Vehicle Finance and also the support costs that we would have incurred in providing other functions that support that business. So in terms of how long it takes them to come out, the front office element of it has come out. Most of those people have left the business at the end of 2025 or into the beginning of January. There will be some more as we continue to service the book. And obviously some of those colleagues will leave us by the end of half one. Then the rest of the programme is really not just looking at people costs. There are also contractual costs. There are other people that support the business that we need to make sure that we can find ways of taking that cost that we would have allocated to Vehicle Finance out through either some technology solutions or simplifying our organisation and our operating model.

So those things take time to plan. They take time to execute and they're not things that you do quickly because you need to make sure that you're running the business safely.

Phil Deakin: Okay. Thank you. Next question is from Edward Roskill from Roskill Family Office. How actively are you considering M&A? What is the maximum cash you would look to deploy on individual acquisitions?

Ian Corfield: Well, I think Phil, my answer is exactly the same one that I've just given to Gary, which is we're not actively considering it. And therefore I haven't considered how much cash we put towards it because it's not on our agenda.

Phil Deakin: Okay. Next question is from Joseph Isaac Rein-Saunders, from Symmetry Investments. Why are you guiding such a high medium term CET1 ratio?

Ian Corfield: Rachel, do you want to take that?

Rachel Lawrence: The medium term CET1 ratio.

Phil Deakin: That's what the question asks.

Rachel Lawrence: Okay. So 13%, I wouldn't say in this current capital regime is a particularly high CET1 ratio against the market. There are changes coming through with SDDT and Basel 3.1, which do change the capital stack. You may have seen others have looked at it. We have looked at that. There is a change in the capital stack whereby CET1 ratios will drop in terms of the requirements. So we may well look at those again towards the end of this year and into next, and we may rebase at that point. But under the CRR, I don't think 13% is a particularly high CET1 ratio.

Phil Deakin: And the final online question is from Marvin Teubner from Westgate Healthcare. With the introduction of the renter's rights bill and the potential negative impact on landlords, do you expect the growth of residential investment finance to reduce going forward?

Ian Corfield: Luke

Luke Jooste: Thanks for the question. I think the short answer is no. We are becoming more established in that space and getting a good reputation of being able to fund those deals. We are very aware of the act and the potential implications that they have, but feel there will be a bigger impact on smaller borrowers who will fund smaller landlords, not the professional landlords that we do. And as a result of that, be probably exposed to the edgier part of the market. So again, the answer to the question is no.

Phil Deakin: Thank you. No further online questions.

Ian Corfield: Okay, great. Well, look, thank you. Really appreciate the engagement across the course of the afternoon. I hope we've given you some further insight into the business and why we're so excited about the future over the course of the next couple of years. If there are questions that you didn't get a chance to put or occur to you afterwards, then obviously we'd be really happy to field them. Ultimately, we want an engaged and active investor base, and we'll be looking to build that as we move forward. So thanks a lot for your time and no doubt speak to many of you soon. Cheers.