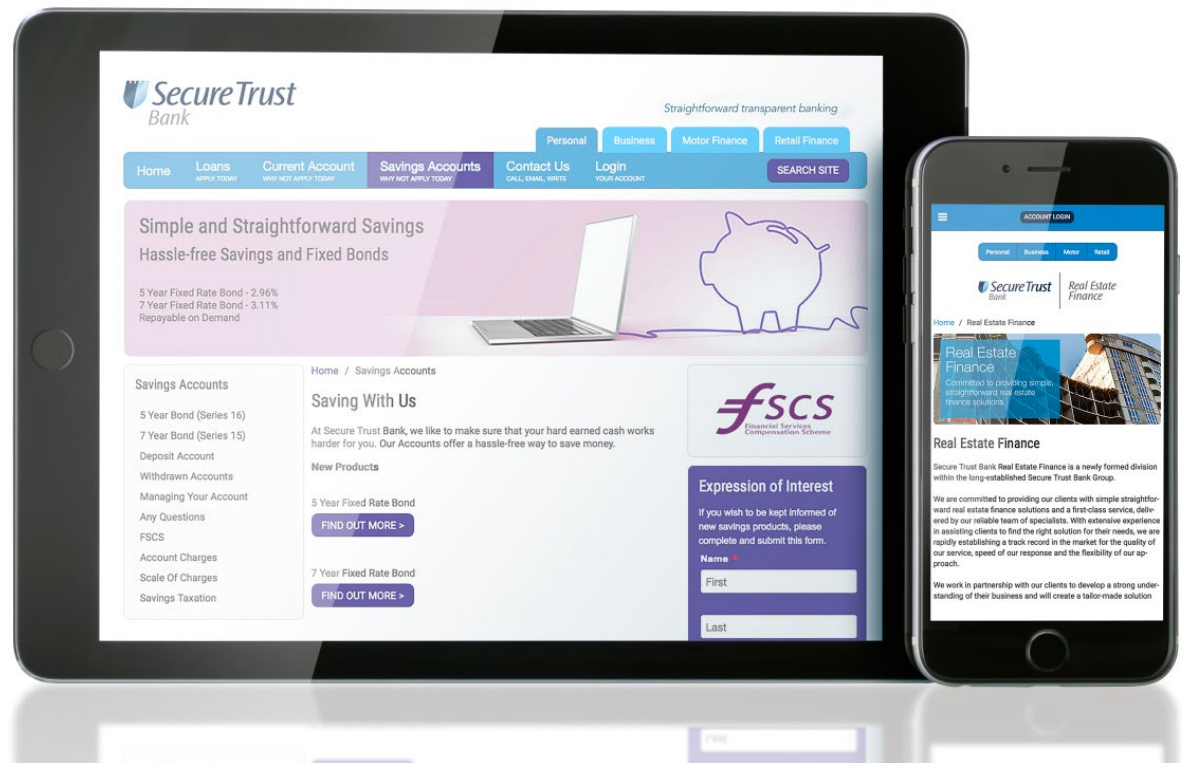


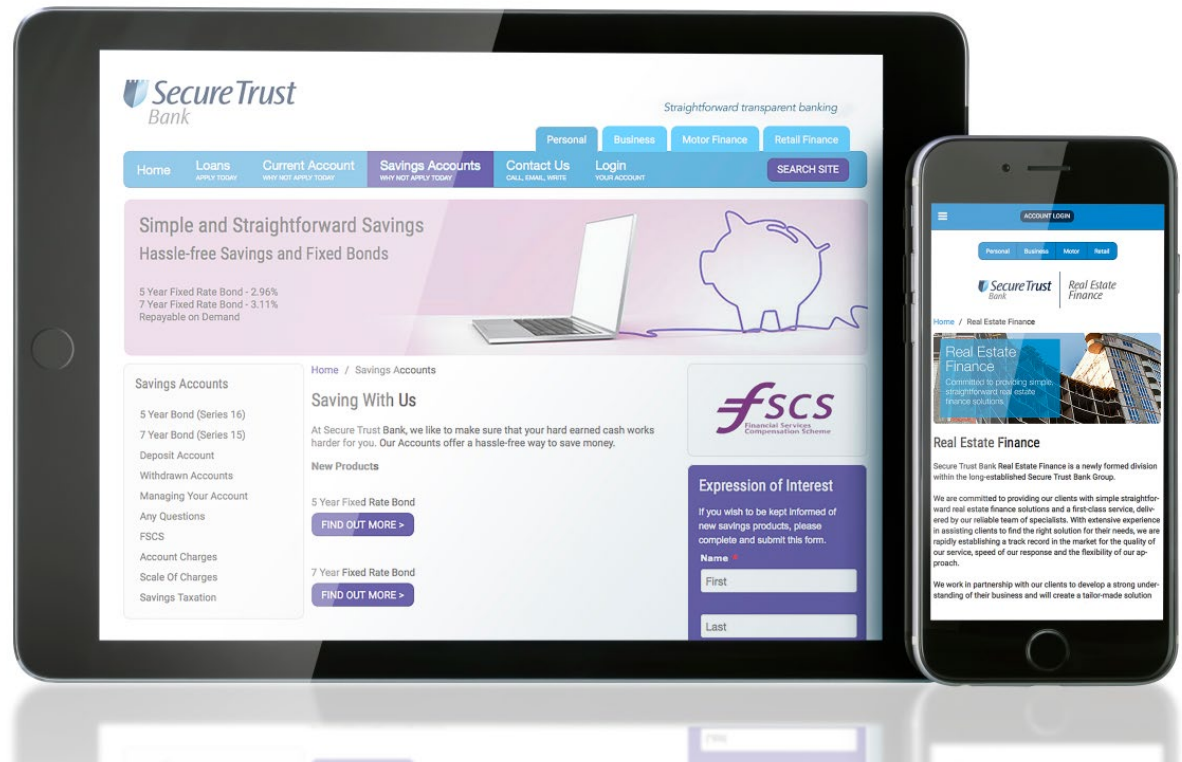
Secure Trust Bank PLC

2014 YEAR END RESULTS
19th March 2015



Introduction

PAUL LYNAM
Chief Executive Officer



Strategy Continues to Deliver

Maximise shareholder value by:



grów

To maximise shareholder value through strong lending growth by delivering great customer outcomes in both our existing and new markets.



sustain

To protect the reputation, integrity and sustainability of the Bank for all of our customers and stakeholders via prudent balance sheet management, investment for growth and robust risk and operational control. Controlled growth is one of the top strategic priorities for the Bank.



love

To ensure that the fair treatment of customers is central to corporate culture and that the Bank is a highly rewarding environment for all staff and one where they can enjoy progressive careers.

FY 2014 Highlights

Significant growth



- ✓ Loan book **up 59%** to **£622m** (2013: £391m)
- ✓ Customer deposits **up 39%** to **£608m** (2013: £437m)
- ✓ Customer numbers **up 22%** to **429,507** (2013: 350,861)
- ✓ Commencement of SME businesses and significant new business volumes –
Real Estate Finance, Commercial Finance Q3 2014 and Asset Finance Q4 2014

FY 2014 Highlights



Increasing returns

- ✓ Reported PBT **up 53%** to **£26.1m** (2013: £17.1m)
- ✓ Underlying PBT **up 32%** to **£33.3m** (2013: £25.2m)
- ✓ Full year dividend per share **up 10%** to **68p** (2013: 62p)
- ✓ Underlying return on equity **29.4%** post **£50m** fundraise (2013: 31.5%)

FY 2014 Highlights

Strong capital and liquidity position



- ✓ Total capital ratio **up to 19.0%** (2013: 14.6%)
- ✓ Loan to deposit ratio at **102%**

FY 2014 Highlights

Management team strengthened and broadened



Recruitment of:

- ✓ MD of Commercial Finance
- ✓ FD of Commercial Finance
- ✓ MD of Motor Finance
- ✓ Chief Technology Officer
- ✓ Chief Internal Auditor
- ✓ Treasurer
- ✓ MD of Business & Commercial Banking
- ✓ MD of Real Estate Finance

UK market offers continuing material growth potential

SME

- ✓ Significant market size (c.£100bn)
- ✓ Lending static, large banks' capital constrained
- ✓ Relationship and service driven

Invoice Finance

- ✓ **£19.4bn** market size⁽⁵⁾
- ✓ Strong growth trajectory
- ✓ Competitive dynamics are attractive

UK retail mortgages

- ✓ **£1,300bn** total market size⁽⁶⁾
- ✓ Portfolios available for acquisition

STB Loan Book			
	2014	Market size	Implied share
STB Existing Markets	£m	£bn	
Unsecured Personal ⁽¹⁾	181	170.2	0.11%
Retail / PoS ⁽²⁾	156	7.5	2.08%
Motor Finance ⁽³⁾	138	43.9	0.31%
Real Estate Finance/ SME ⁽⁴⁾	134		
Asset Finance ⁽¹⁾	5	25.4	0.02%
Invoice Finance ⁽⁵⁾	5	15.5	0.03%
STB New Markets			
Retail mortgages ⁽⁶⁾	-	1,300.0	-

Note: 1) Bank of England 2) Oxford Economic Forecast 3) Finance and Leasing Association
 4) Equivalent market share data not available 5) Asset Based Finance Association (ABFA) 6) Council of Mortgage Lenders

Delivering Strong, Controlled Performance

Strong operating performance

- ✓ Growth in loan book of **59%** over the last year to **£622m** (2013: £391m)
- ✓ Operating income increased **24%** to **£97.9m** (2013: £79.0m)
- ✓ Increase in year-on-year underlying profit before tax of **32%** to **£33.3m** (2013: £25.2m)
- ✓ Basic EPS of **122.3p** (2013: 78.3p)
- ✓ Underlying EPS of **155.8p** (2013: 118.2p)
- ✓ Customer numbers increased by **22%** to **429,507** (2013: 350,861)

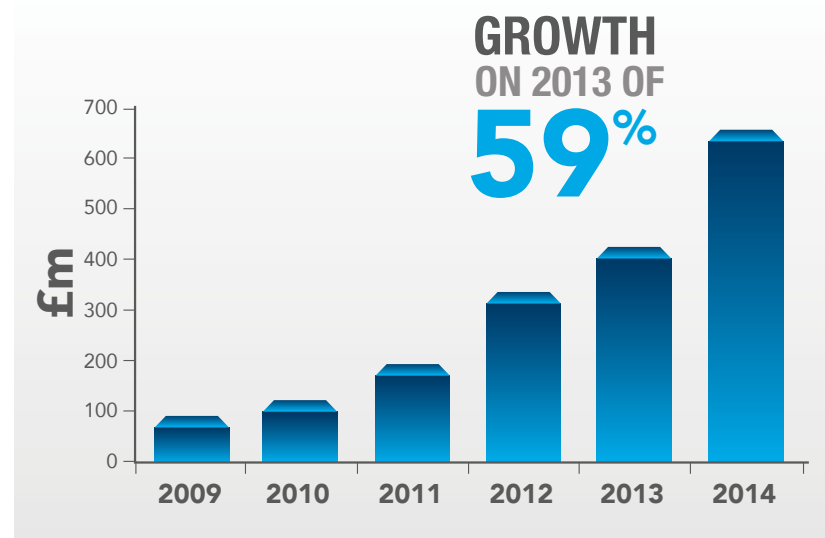
Prudent risk management

- ✓ Loan to deposit ratio of **102%** (2013: 90%)
- ✓ Impairments of **£15.3m** (2013: £15.6m) remained below the level priced for but are expected to increase as the book continues to mature
- ✓ Minimal exposure to wholesale markets or interbank funding
- ✓ Total capital ratio (based on total risk exposure) of **19.0%** (2013: 14.6%)
- ✓ Controlled and balanced lending portfolio
- ✓ Leverage ratio of **14.7%** (2013: 11.1%) (Basel III)

Sustainable Positive Progress

	2014	2013
	£m	£m
Gross interest income	93.6	73.8
Funding costs	(14.2)	(12.9)
Net interest income	79.4	60.9
Impairment losses	(15.3)	(15.6)
Reported PBT	26.1	17.1
Underlying PBT	33.3	25.2
Basic EPS (pence)	122.3	78.3
Underlying EPS (pence)	155.8	118.2
Annualised underlying ROAA	4.1%	3.7%
Annualised underlying ROAE	29.4%	31.5%
Loan book (£m)	622.5	391.0
Loan to deposit ratio	102%	90%
Customers	429,507	350,861
Total capital ratio*	19.0%	14.6%

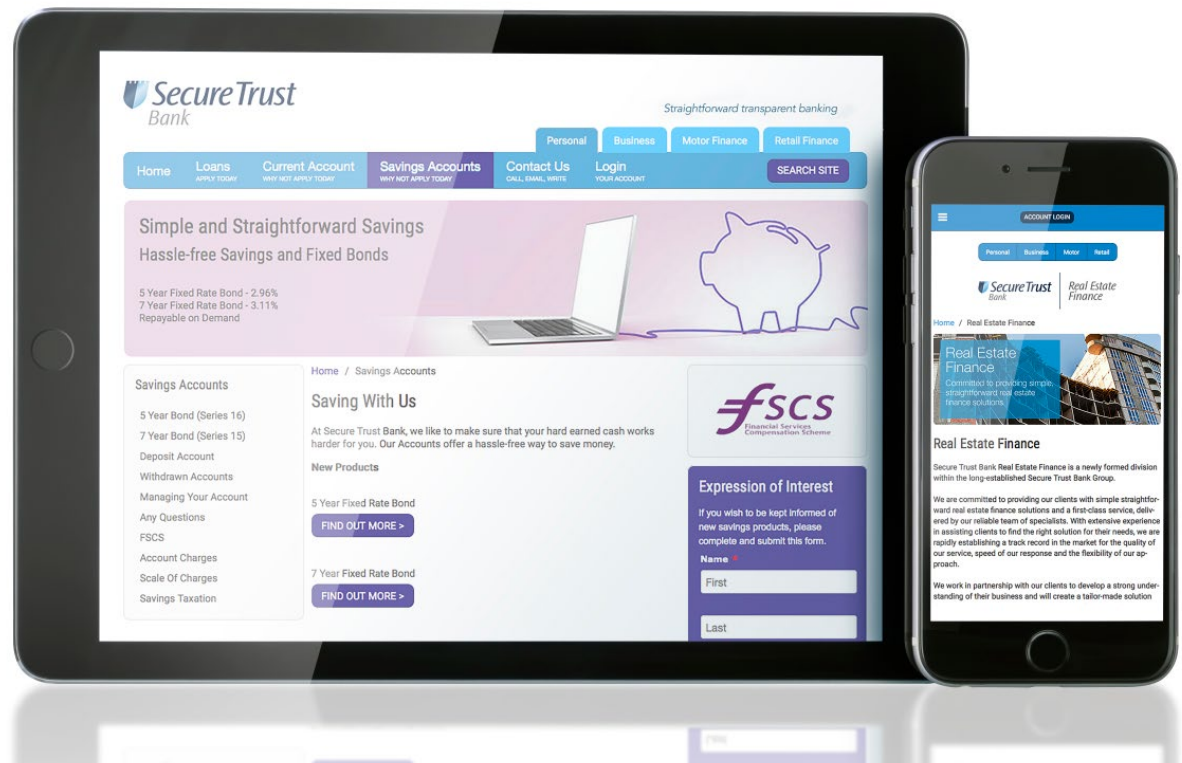
Lending assets £m



* Total capital ratio calculated as: Tier 1 plus Tier 2 capital / total risk exposure (TRE). TRE calculated as the combined operational and credit risk requirement. This is a change from previous years due to CRD IV changes.

Business Review

NEERAJ KAPUR
Chief Financial Officer



Summary Income Statement

Strong growth in earnings and dividend

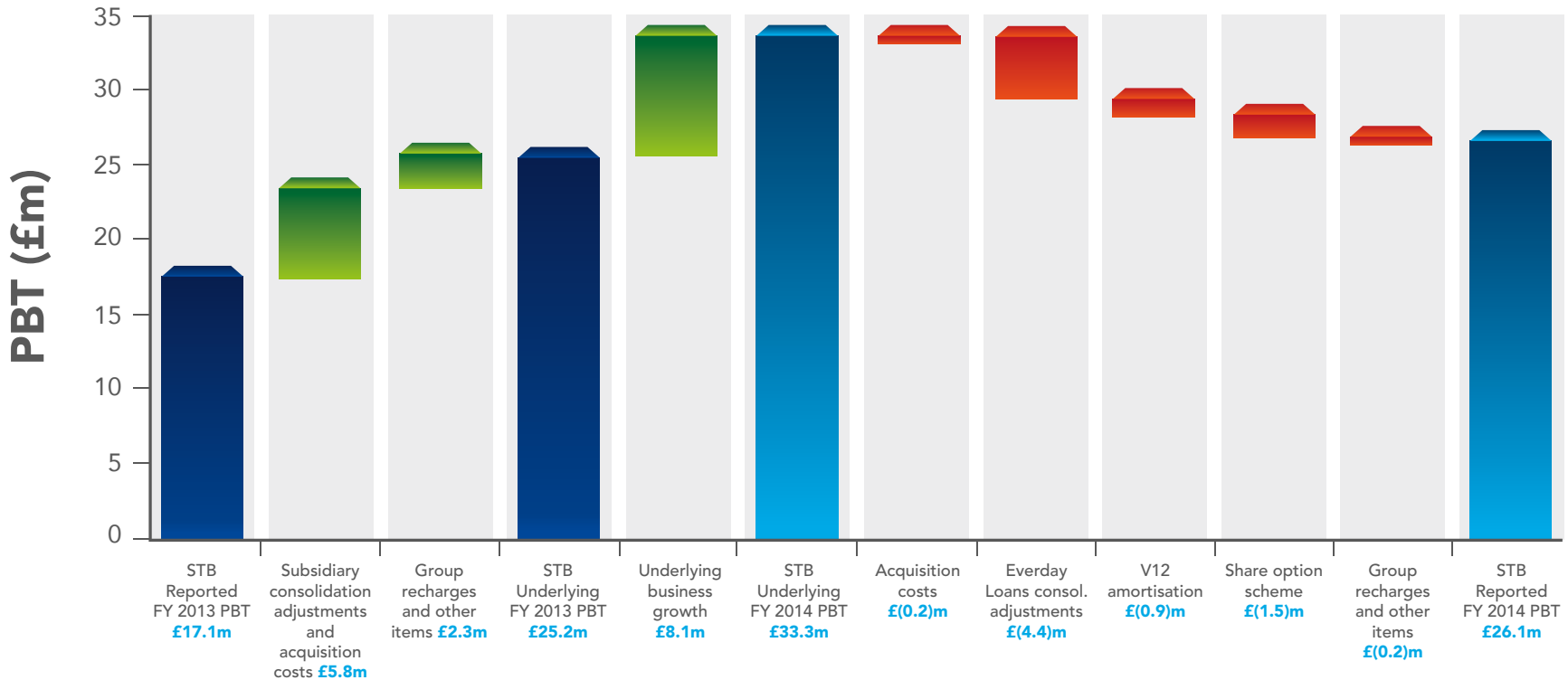
£m	2014	2013	% change
Net interest income	79.4	60.9	30%
Net fee, commission and other income	18.5	18.1	2%
Operating income	97.9	79.0	24%
Impairment losses	15.3	15.6	-2%
Operating expenses	50.2	40.3	25%
Gain on acquisition	-	0.4	
Other operating expenses *	6.3	6.4	-1%
Profit before tax	26.1	17.1	53%
Basic EPS (pence)	122.3	78.3	56%
Underlying EPS (pence)	155.8	118.2	32%
Full year dividend per share (pence)	68.0	62.0	10%

- ✓ **24% increase** in operating income
 - Strong growth in Consumer lending and new SME lending businesses
- ✓ **Operating expenses up 25%**
 - Reflecting investment in Risk & Control and new SME divisions
- ✓ **32% increase** in underlying EPS
- ✓ **10% growth** in full year dividend to **68p**

*Includes non-recurring costs, provision for option costs, acquisition costs, intangible amortisation and recharges.

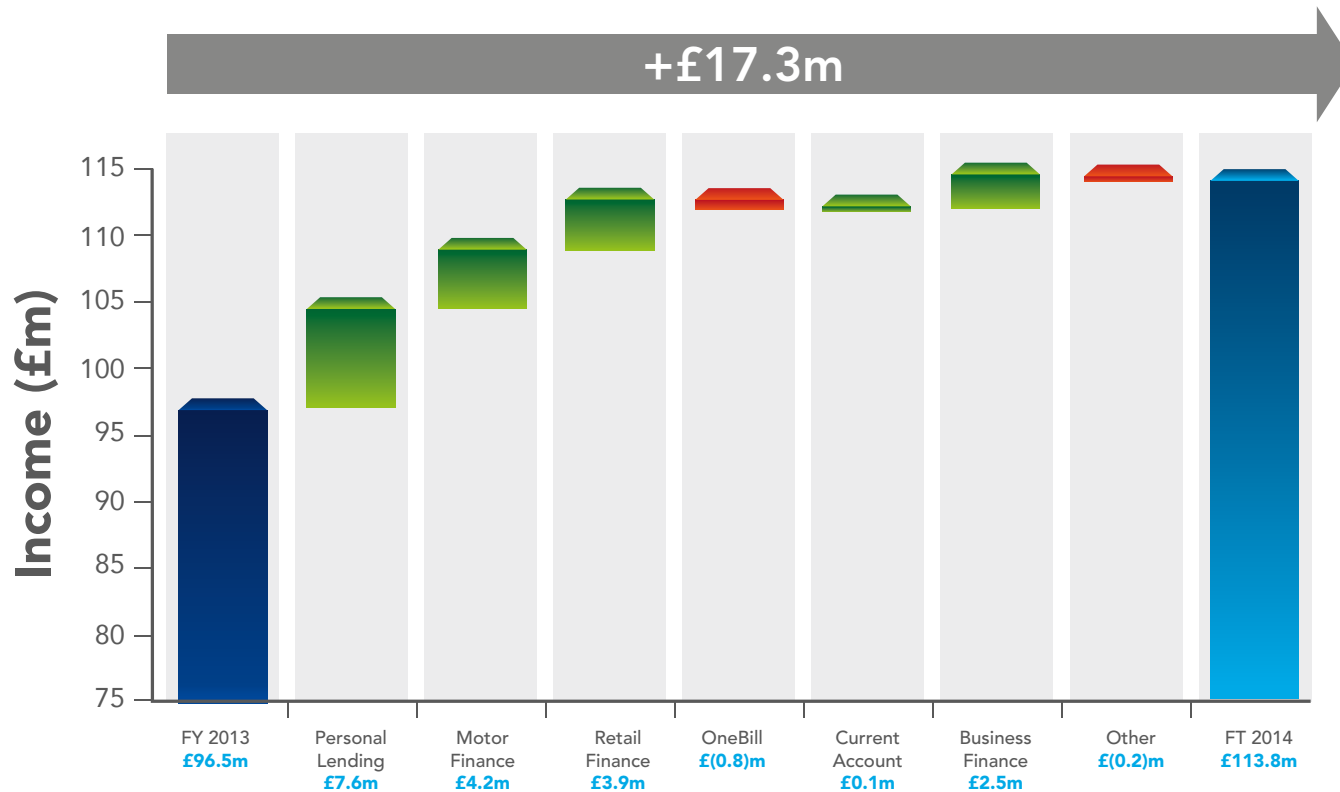
Underlying Profit Bridge

Underlying business growth of £8.1m, a 32% increase on 2013



Income Bridge*

Increase for the year of £17.3m



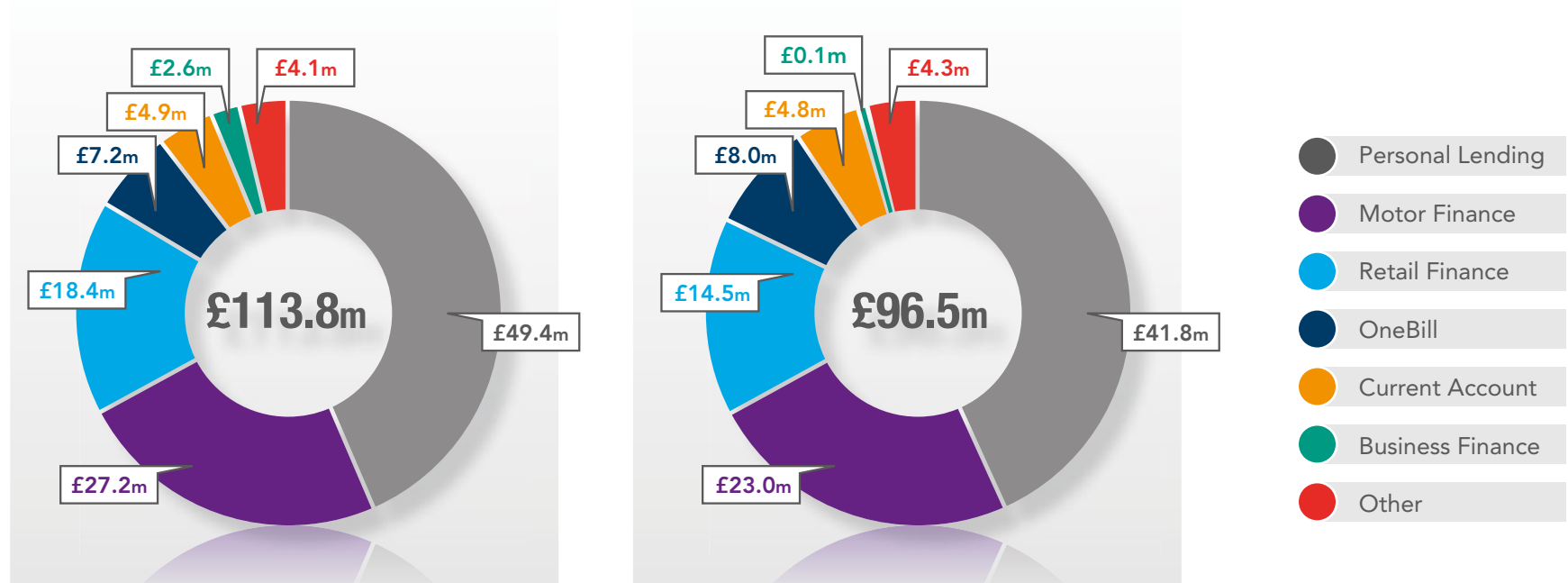
* Income before cost of funds and impairment losses

Income Analysis

Total income through lending and transactional channels is analysed as follows:

2014

2013



Balance Sheet Summary

Quality balance sheet assets

£m	Dec-14	Dec-13	Dec-12	Dec-11	Dec-10
Cash and balances at central banks	81.2	-	-	-	-
Loans and advances to banks	39.8	110.0	155.3	139.5	68.2
FLS balances	16.3	-	-	-	-
Loans and advances to customers	622.5	391.0	297.6	154.6	89.5
Other assets	22.5	24.9	21.7	13.7	23.0
Total assets	782.3	525.9	474.6	307.8	180.7
Due to banks	15.9	0.1	-	-	-
Deposits from customers	608.4	436.6	398.9	272.1	153.8
Other liabilities	33.1	27.6	19.8	11.9	11.1
Total liabilities	657.4	464.3	418.7	284.0	164.9
Total shareholders' equity	124.9	61.6	55.9	23.8	15.8
Total liabilities and shareholders' equity	782.3	525.9	474.6	307.8	180.7
Loan to deposit ratio	102%	90%	75%	57%	58%
Customer numbers	429,507	350,861	231,713	145,174	96,446

✓ Loans and advances up 59% to £622m

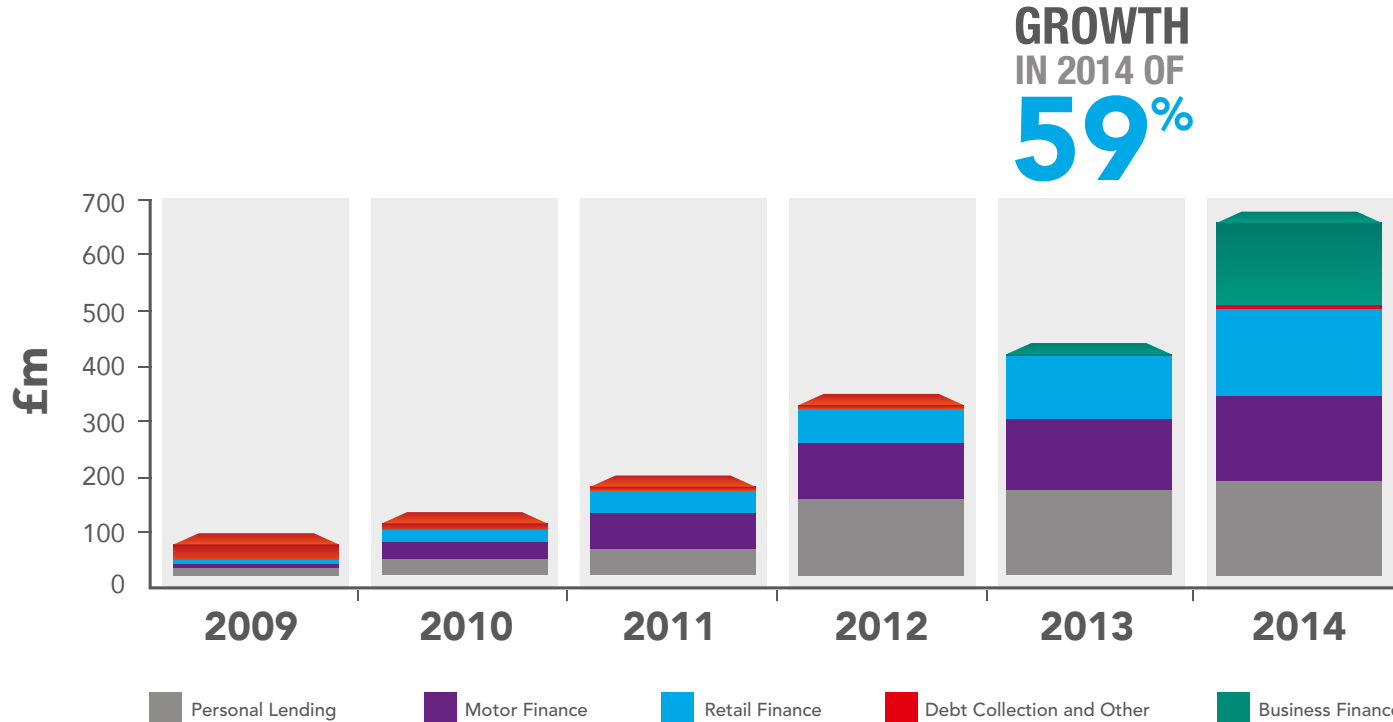
- Driven by growth across Consumer lending businesses plus new SME businesses launched in 2014 (£143m)

✓ Customer deposits up 39% to £608m

- Consistent with prior years, STB limits reliance on wholesale funding markets
- Increase in deposits ahead of expected future growth

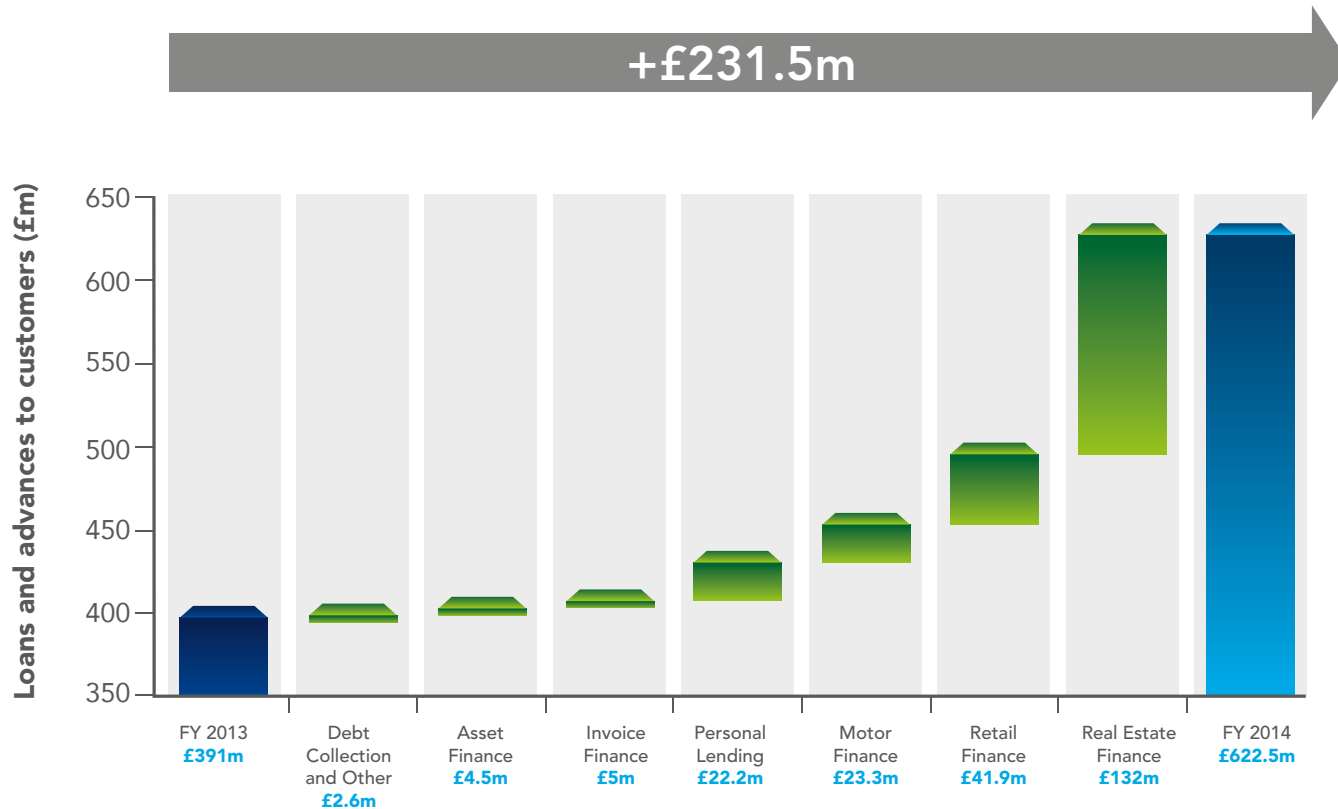
Customer Loan Progression

Increase for the year of £231m, a 59% increase on 2013



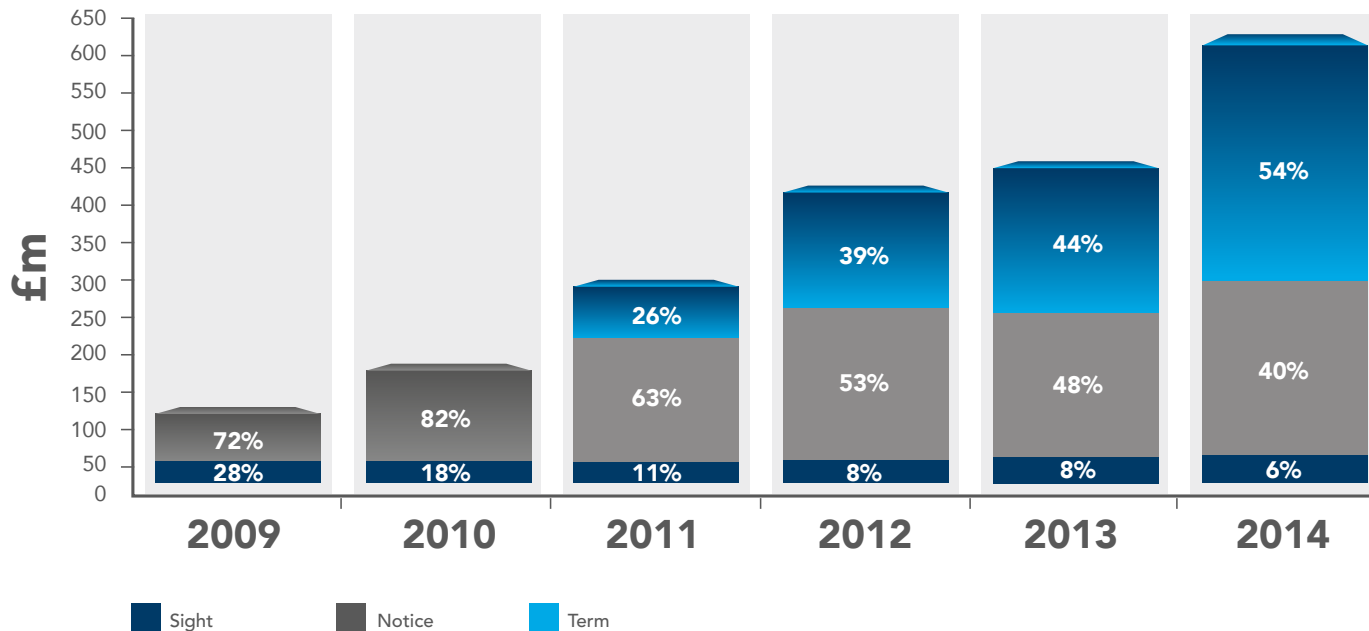
Lending Bridge

Increase for the year of £231.5m



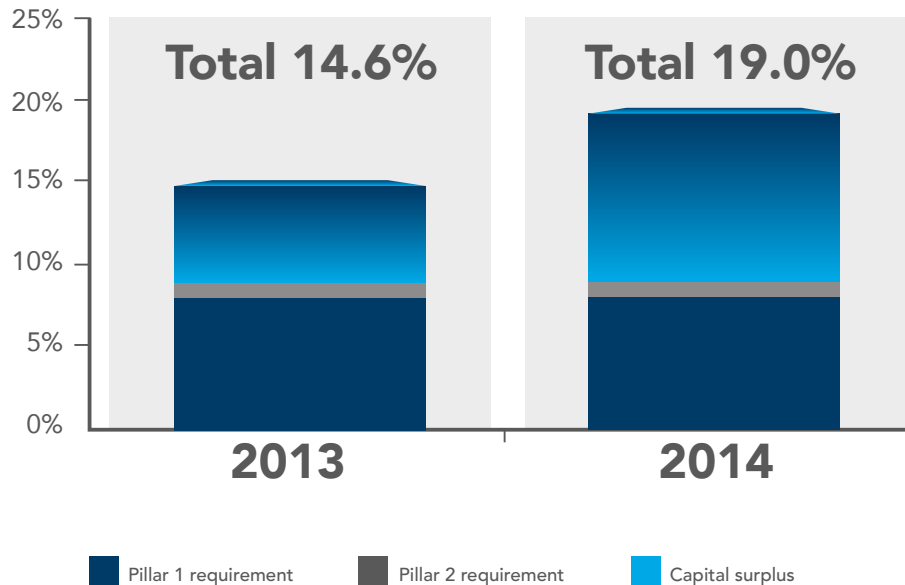
Deposit Progression

Increase for the year of £172m, weighted towards Term deposits



Capital

Robust capital and modest leverage ratios maintained



- ✓ Now reporting under CRD IV
- ✓ Capital remains healthy following placing with total capital ratio of **19.0%**
- ✓ Leverage ratio of **14.7%** (2013: 11.1%) well above PRA minimum of **4%**
- ✓ Comfortable surplus highlights the scope for increased lending activities whilst remaining modestly leveraged

2015 Outlook

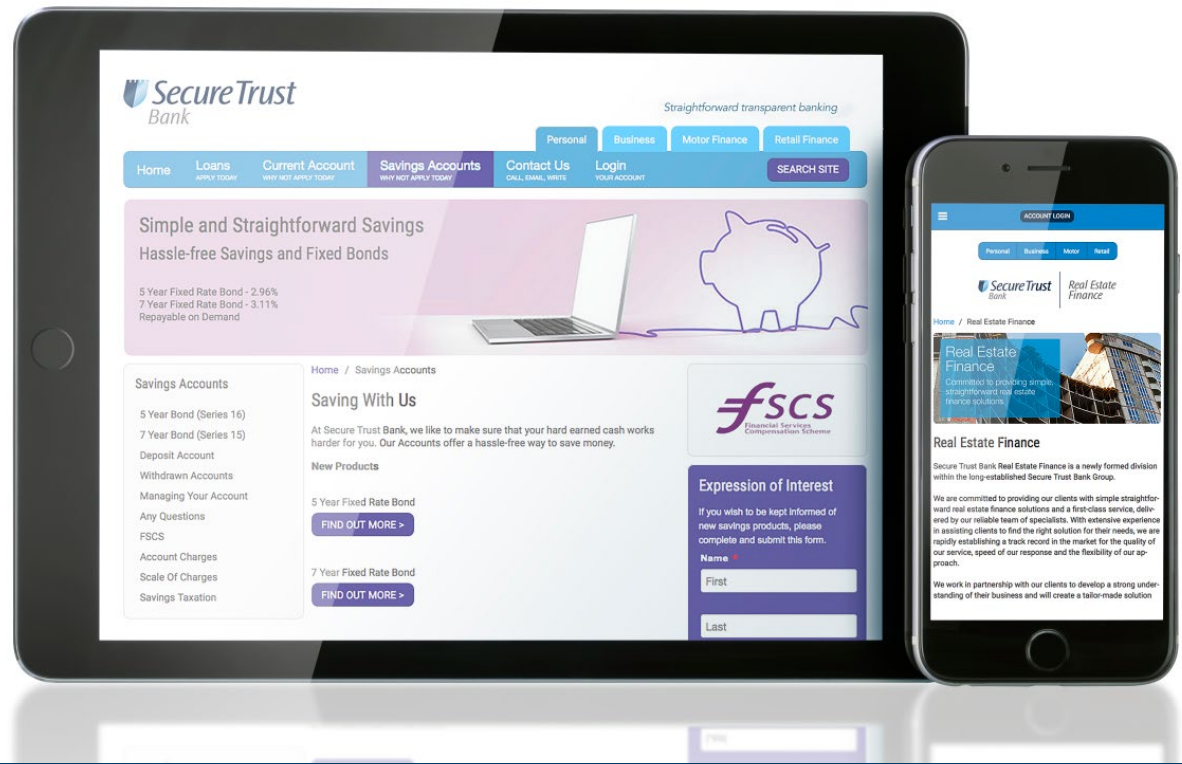
Continued growth and diversification

- ✓ Lending balances continue to grow with significant opportunities being targeted
 - Motor Finance lending growth of **20% y/y**,
Retail Finance lending growth of **37% y/y**
- ✓ Continued benefits from integration of V12 Group
 - AO.com partnership already secured
 - A number of season ticket schemes for Premier League football clubs have already been financed through agreements with V12
- ✓ Demand for deposit products remains strong and continues to attract new fixed rate deposits with 2, 3, 5 and 7 year maturities
- ✓ Clear opportunities to compete further in the Invoice Finance market have been identified, and Secure Trust Bank Commercial Finance will look to exploit these
- ✓ Further expansion into SME lending activities, predominantly through Asset Finance, Invoice Finance and Real Estate Finance
- ✓ Continue to work on a diverse pipeline of business development opportunities and believe we are well positioned to make further positive progress throughout the year

Summary

- ✓ We continued to deliver on our stated and proven strategy
- ✓ Continuing strong operating and financial performance with growth in underlying profitability
- ✓ Maintained our prudent approach to risk management
- ✓ Entered into core Invoice Discounting and Factoring markets in September 2014
- ✓ Asset Finance launched in Q4 2014
- ✓ The large banks continue to retrench from our markets and leak capital due to legacy conduct issues. We remain confident of significantly growing our market share over the foreseeable future

Appendices



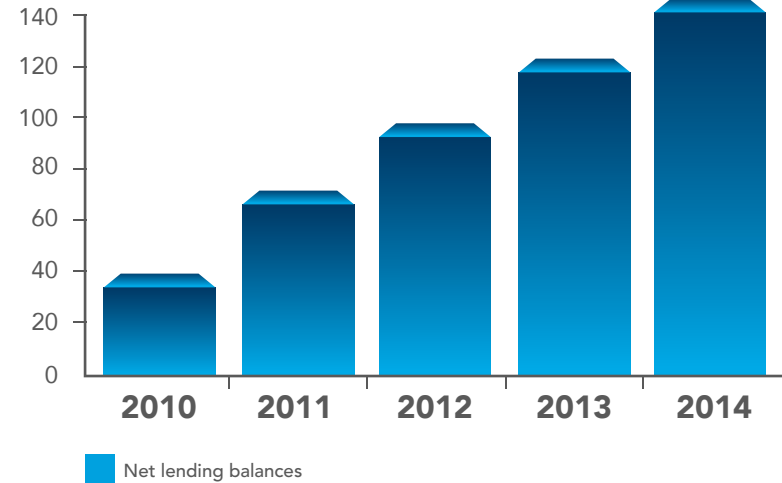
Motor Finance

Business overview

- ✓ **Grown** from standing start in **2008** – **20% growth in 2014**
- ✓ Customers typically from **C1, C2** and **D** socio-economic groups
- ✓ Focused on **used car market**
- ✓ Maximum loans of **£20,000** over **5 years**
- ✓ Growth driven by:
 - Speed and quality of service
 - Relationships with introducers
 - Product and distribution channel innovation

Potential growth opportunities

- ✓ Greater participation across the risk curve – a **prime lending product** will be introduced in **2015**
- ✓ Average loan size limit **increased** to **£25,000**
- ✓ **Acquisition** of non-bank finance companies
- ✓ Scope to create **new distribution channels**



Motor Finance	2011	2012	2013	2014
Revenue	9.9	16.9	23.0	27.2
Impairments	(2.3)	(2.7)	(3.6)	(3.9)
Net loans	63.4	89.6	114.7	137.9

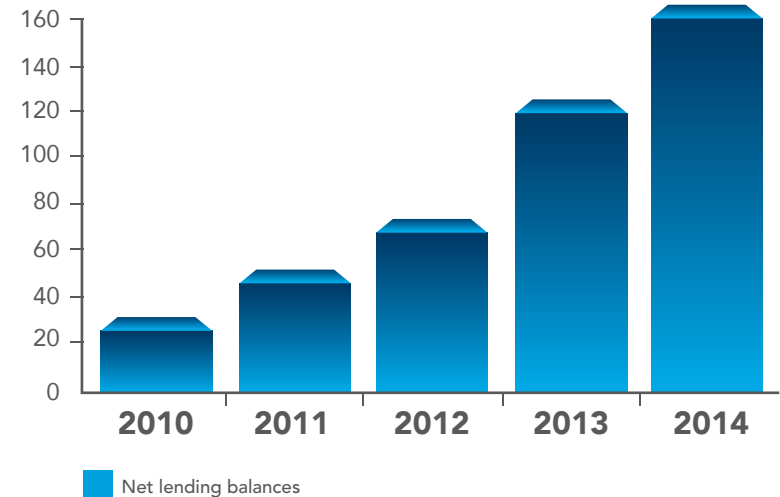
Retail Finance

Business overview

- ✓ Targeting **Prime Credit Portfolio Customers** typically from socio-economic groups **A, B** and **C1**
- ✓ **Active across a range of retail markets**, with a particular strength in cycle retailers and musical instrument vendors
- ✓ Core clients include **DFS, Evans Cycles, PC World** and **Halfords**
- ✓ Broad exposure across gym equipment, motor parts, outdoor pursuits, furniture, leisure and jewellery
- ✓ Term ranges from **6-84 months**, loan size ranges from **£250 to £25,000**

Potential growth opportunities

- ✓ More of the same
- ✓ Enter into **new sectors** such as recent entry into season tickets
- ✓ Ability to **pitch for full national retailer contracts** e.g. AO.com

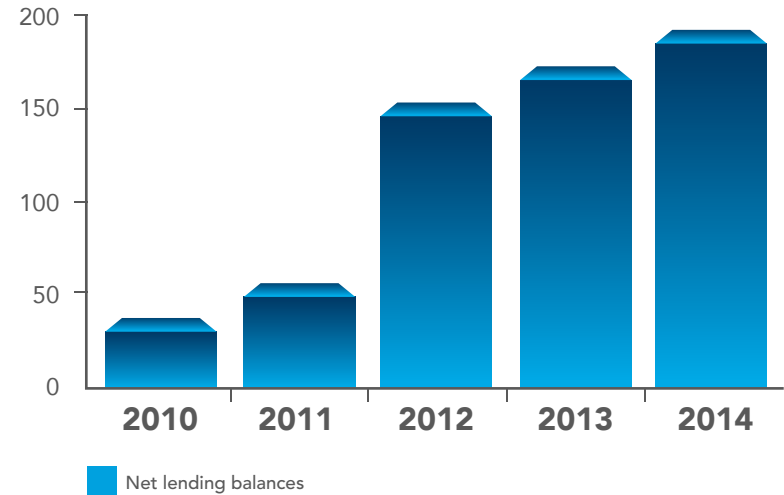


Retail Finance	2011	2012	2013	2014
Revenue	3.6	5.8	14.5	18.4
Impairments	(0.3)	(0.7)	(1.7)	(1.5)
Net loans	42.6	64.2	114.4	156.3

Personal Lending

Business overview

- ✓ Fixed rate, fixed term, unsecured personal loans
- ✓ **12-60** months duration
- ✓ Advances vary from **£500 to £15,000**
- ✓ Only lend to people in **employment**
- ✓ Moneyway brand offers loans via the internet and a phone service utilising an **experienced team of UK based advisers**
- ✓ Everyday Loans operates through a network of offices where loans are originated, serviced and collected



Potential growth opportunities

- ✓ Everyday Loans now offering guarantor loans from **£1,000 to £7,500** under the Trusttwo brand
- ✓ New bank referrals
- ✓ Digital marketing
- ✓ Peer to peer
- ✓ Potential portfolio acquisition

Personal Lending	2011	2012	2013	2014
Revenue	6.0	24.2	41.8	49.4
Impairments	(2.1)	(5.3)	(10.3)	(9.9)
Net loans	43.6	142.0	159.2	181.4

Business Finance

Business overview – Real Estate Finance

- ✓ Commenced operation in **H2 2013**
- ✓ **Five main products** available; residential development, commercial development, residential investment, commercial investment and mixed development
- ✓ Completed **47 deals in 2014**, advancing **£135.7m** of funds to customers
- ✓ Route to market via introducers served by a team of Real Estate Finance regional managers
- ✓ No geographic or individual counterparty concentration risk

Business overview – Commercial Finance

- ✓ Launched in September **2014**
- ✓ Offer invoice discounting and factoring
- ✓ Operates from premises in **Manchester** with teams operating out of all **key regions** across the country
- ✓ Market has seen **rapid growth** over last **20 years** with over **43,000** users with advances in excess of **£18 billion**

Business overview – Asset Finance

- ✓ Launched in **Q4 2014**
- ✓ Hire purchase and finance lease arrangements up to **5 years**
- ✓ **Financing assets** such as commercial vehicles, manufacturing equipment and laundry equipment
- ✓ Operates via a **partnership** with Haydock Finance, a **well established** asset finance company operating across the UK
- ✓ Route to market via introducers supported by internal marketing and a targeted web and social media presence

Business Finance	2011	2012	2013	2014
Revenue	-	-	0.1	2.6
Impairments	-	-	-	-
Net loans	-	-	1.8	143.3

Forward Looking Statements

This document is a **summary only** of certain information contained in the announcement dated **19th March 2015** and should be read in conjunction with the full text of the announcement.

This document contains forward looking statements with respect to the business, strategy and plans of Secure Trust Bank PLC and its current goals and expectations relating to its future financial condition and performance. Statements that are not historical facts, including statements about Secure Trust Bank PLC's or management's beliefs and expectations, are forward looking statements. By their nature, forward looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. Secure Trust Bank PLC's actual future results may differ materially from the results expressed or implied in

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