



CAPITAL MARKETS EVENT

8 November 2023



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CHAIRMAN'S INTRODUCTION

LORD FORSYTH

Chairman



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The forward-looking statements contained in this presentation are made as of the date of this presentation, and (except as required by law or regulation) STB undertakes no obligation to update any of its forward-looking statements.

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GROUP OVERVIEW

DAVID McCREADIE

Chief Executive Officer



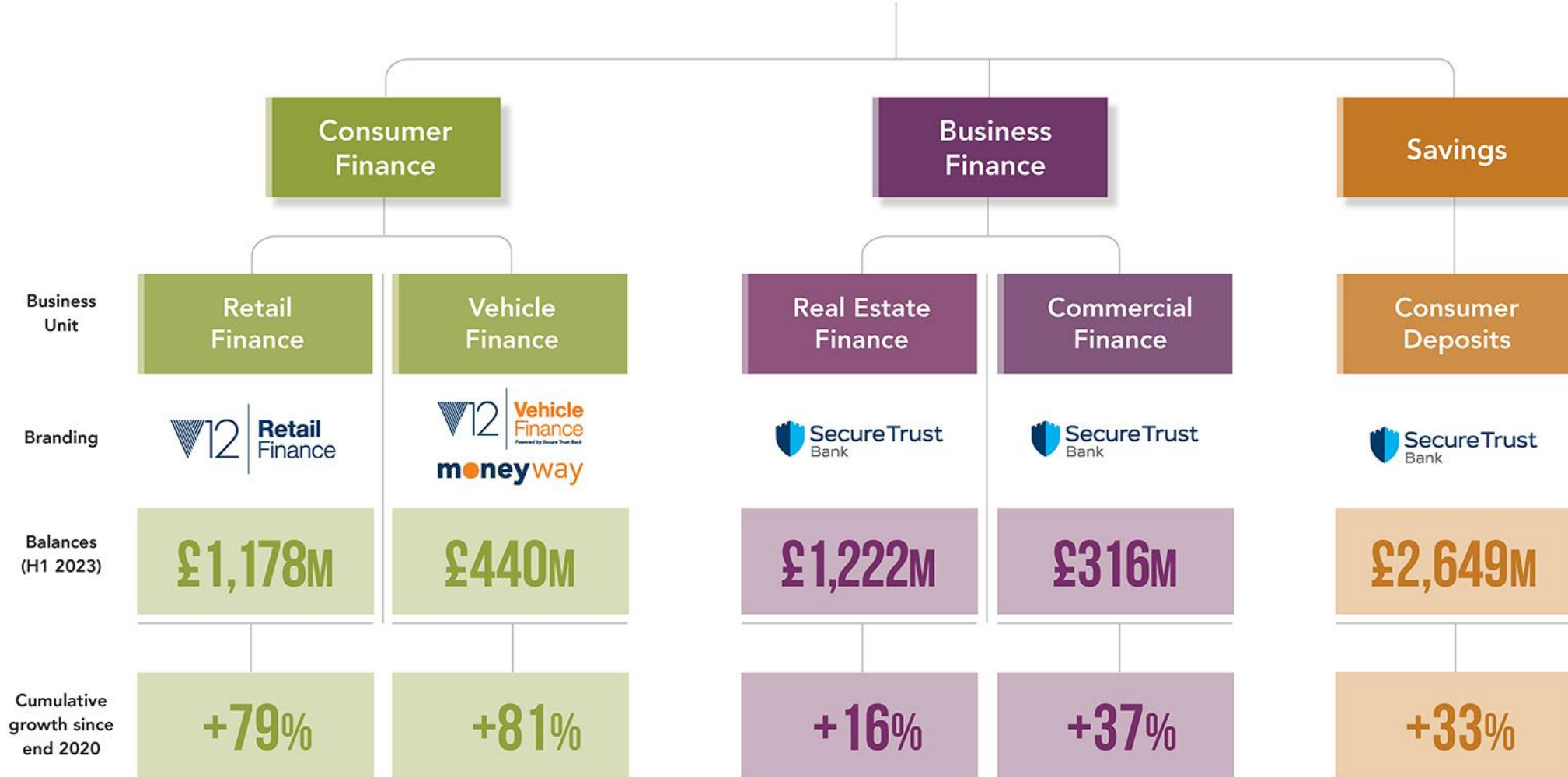
Today's presentation

Timing	Session	Presenter
11.00am	Chairman's Introduction	Lord Forsyth
11.05am	Group Overview	David McCreddie
11.20am	Retail Finance	Nick Davies and Andrew Phillips
11.50am	Medium Term Targets	Rachel Lawrence
12.05am	Conclusions	David McCreddie
12.10pm	Q&A	All
12.45pm	Close	



Group overview

Focused specialist lender



Delivery track record

- ✓ Established positions in our specialist lending markets
- ✓ Continued product innovation and expansion
- ✓ Proven ability to generate retail deposits
- ✓ Delivered significant lending growth
- ✓ Proven flexibility in adapting to challenging market conditions

Well positioned for profitable growth



Significant growth opportunity
in specialist lending markets



Sufficient capital to
support growth ambitions



Approaching loan book scale
to deliver attractive RoAE
and capital accretion

Secure Trust Bank

Clear strategic focus

Vision

To be the most trusted specialist lender in the UK

Purpose

To help more consumers and businesses fulfil their ambitions

Our Strategic Priorities



Simplify



Enhance Customer Experiences



Leverage Networks

Strategic priorities

Good progress across all areas



Simplify

- Exited 4 sub-scale businesses
- Office space reduced by 51%
- Project Fusion - £5m annualised savings



Enhance Customer Experiences

- Savings Account Mobile App
- AppToPay pilot
- 74% self-service adoption in Retail Finance



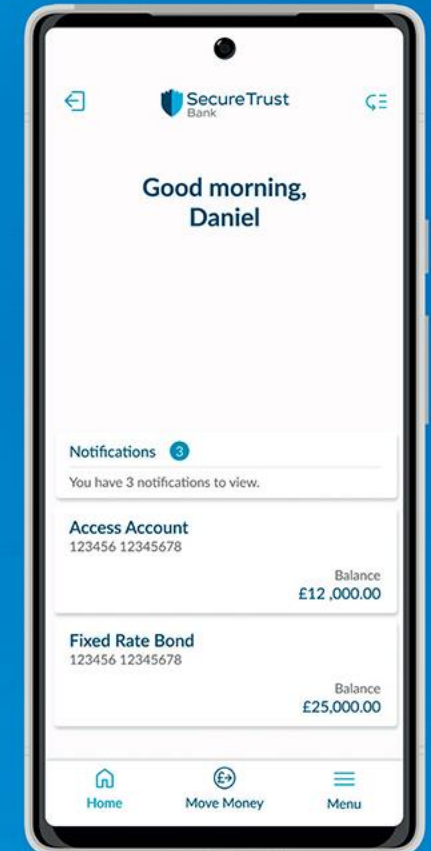
Leverage Networks

- Supporting >1,400 retailers
- Partnering >680 Vehicle Finance introducers
- Business Finance repeat business increasing



Technology platform

- Upgraded technology capability
- Ease of partner integration
- Automated credit decisions
- Platform proven to be scalable



Significant further opportunities ahead

c.£4bn net lending unlocks RoAE target



Mid-teens market share
in Retail Finance



c.£4bn Loan Book ambition
will deliver **14% - 16%** RoAE

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RETAIL FINANCE

An emerging powerhouse

NICK DAVIES

CEO, V12 Retail Finance

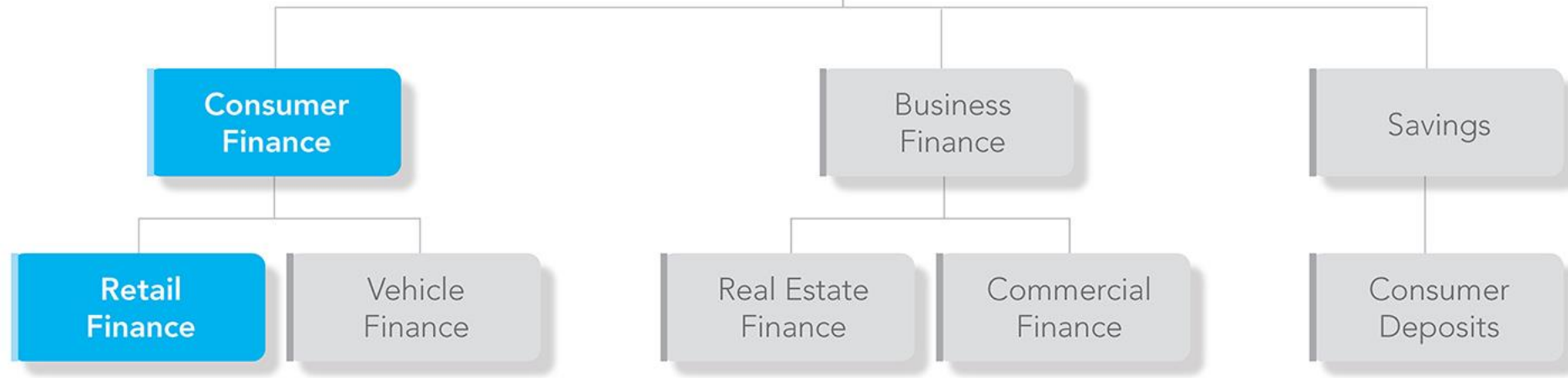
ANDREW PHILLIPS

Commercial Director, V12 Retail Finance



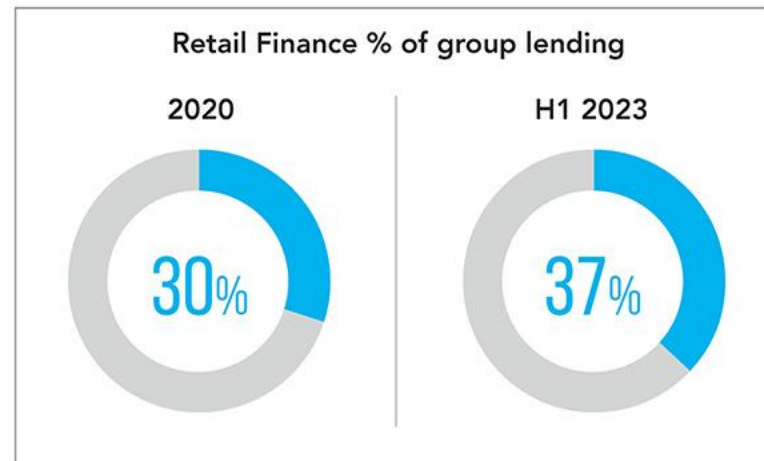
Substantial specialist retail finance expertise

Strong track record of growth and delivering attractive returns



Interest Free Credit

Interest Bearing Credit



An introduction to V12 Retail Finance



Retail Finance

Win-win-win for customer, retailer and V12 Retail Finance



Deliver attractive returns for V12 Retail Finance



Drive incremental sales growth for retailer



Retail Partner



Customer



Provide customers with affordable monthly repayments

A leading player in the retail finance market

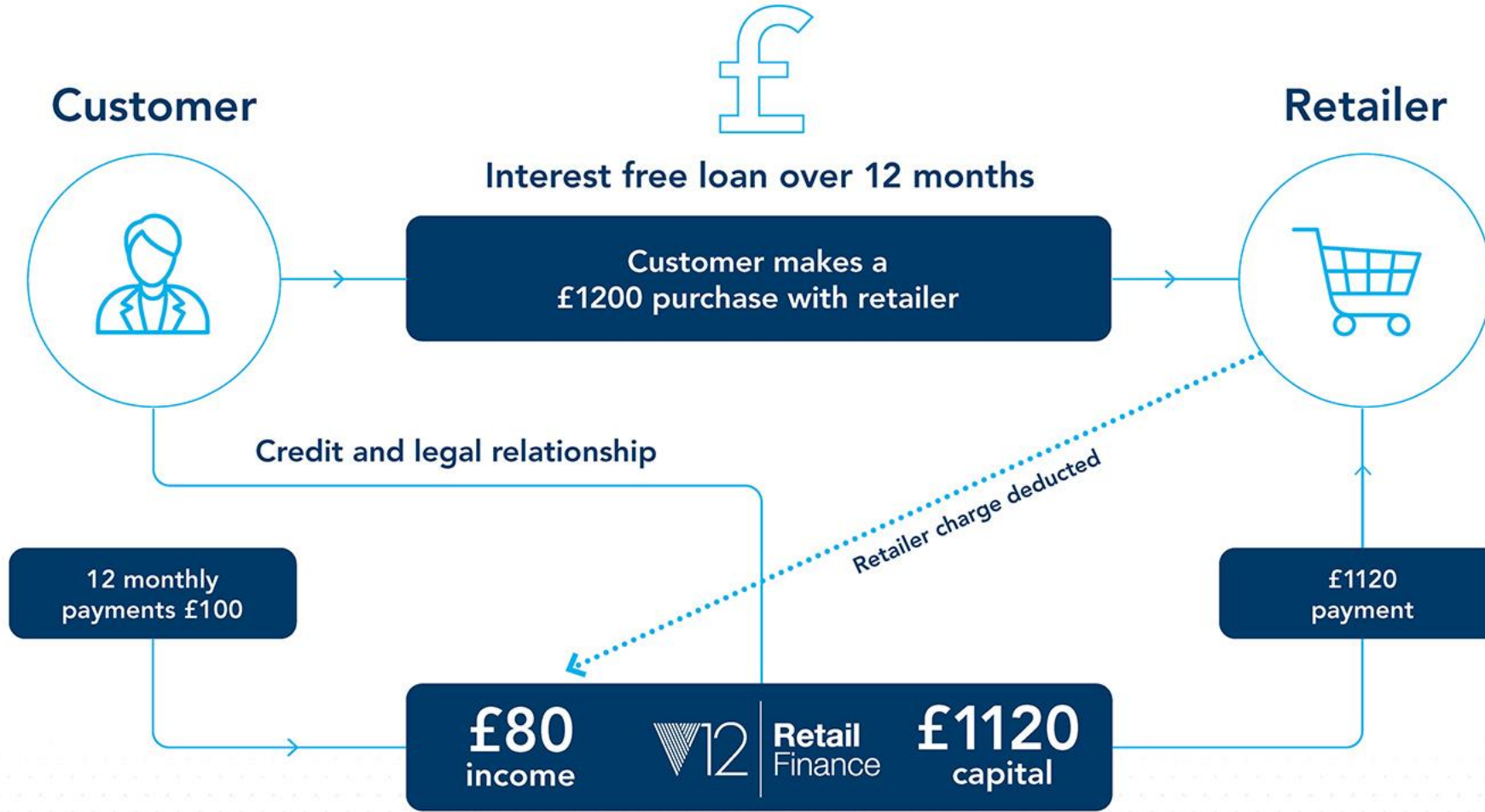
We help by providing instant credit for the purchase of goods online and in store

	Interest Free Credit (IFC)	Interest Bearing Credit (IBC)
Summary	Generally higher end prime credit quality, lower yield and lower impairment	Generally lower end prime credit quality, higher yield and higher impairments
New Business Split	74% FY 2019 90% HY 2023	26% FY 2019 10% HY 2023
Loan Term	6 - 60 months Average 29 months	12 - 120 months Average 39 months
APR*	Interest free (retailers pay subsidies)	3.9% - 19.9%
Loan Size	£500 – £50,000 Average £1,630	£500 – £15,000 Average £1,410
% Loan Book Mix	86%	14%

*Annual Percentage Rate

Interest free credit model

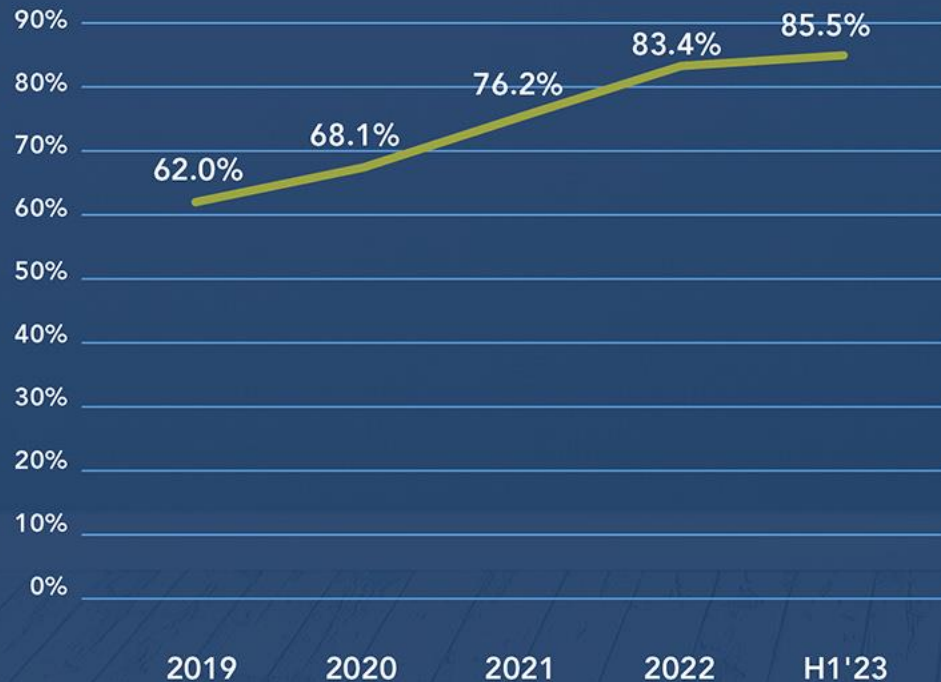
Commercially attractive and improved credit quality



Strategic push into interest free credit

Significant reduction in cost of risk since 2019

Interest Free Credit – average loan book mix

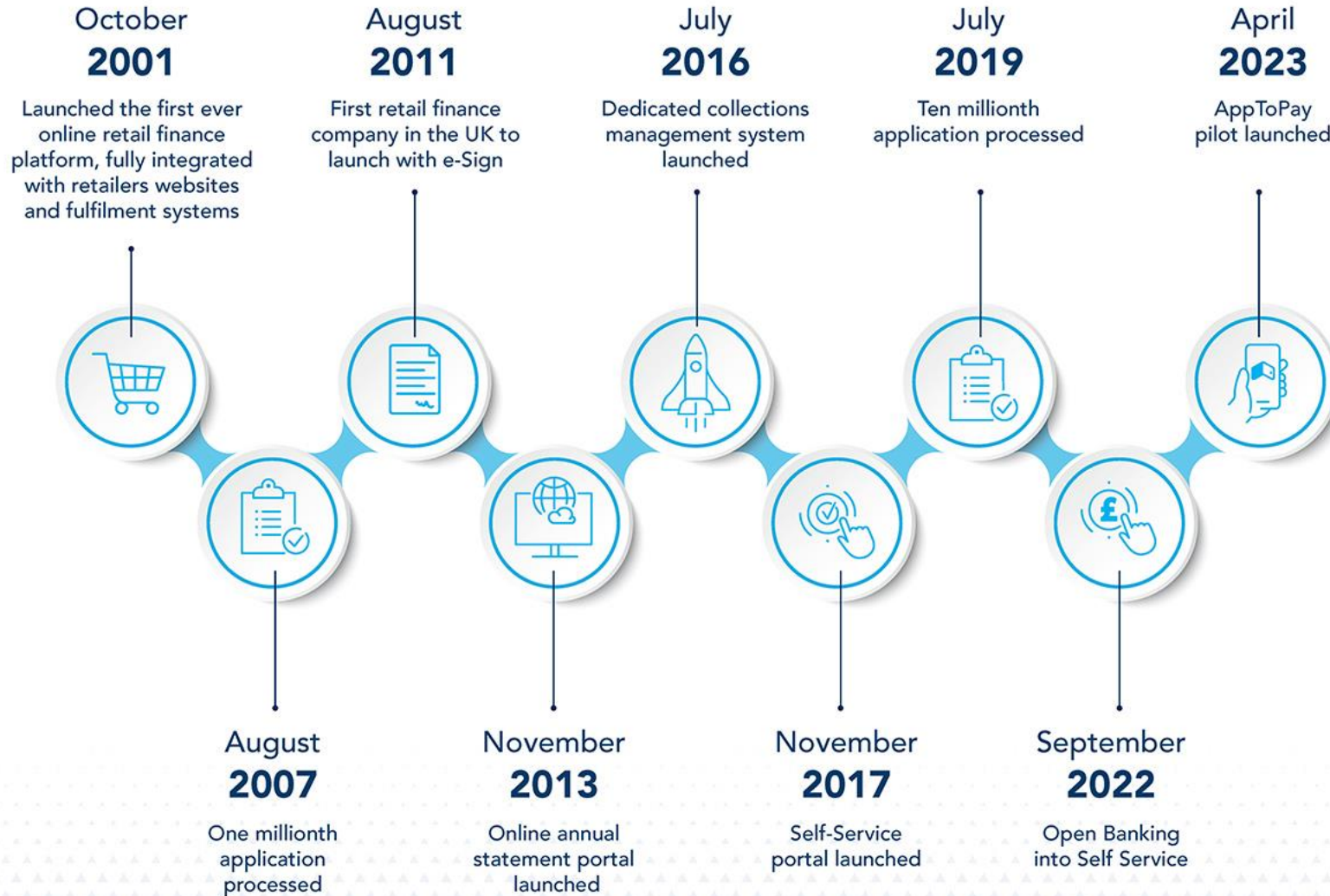


Cost of Risk as % average loan book



Innovative proprietary technology platform

Technology platform supports ease of integration and efficient customer journey

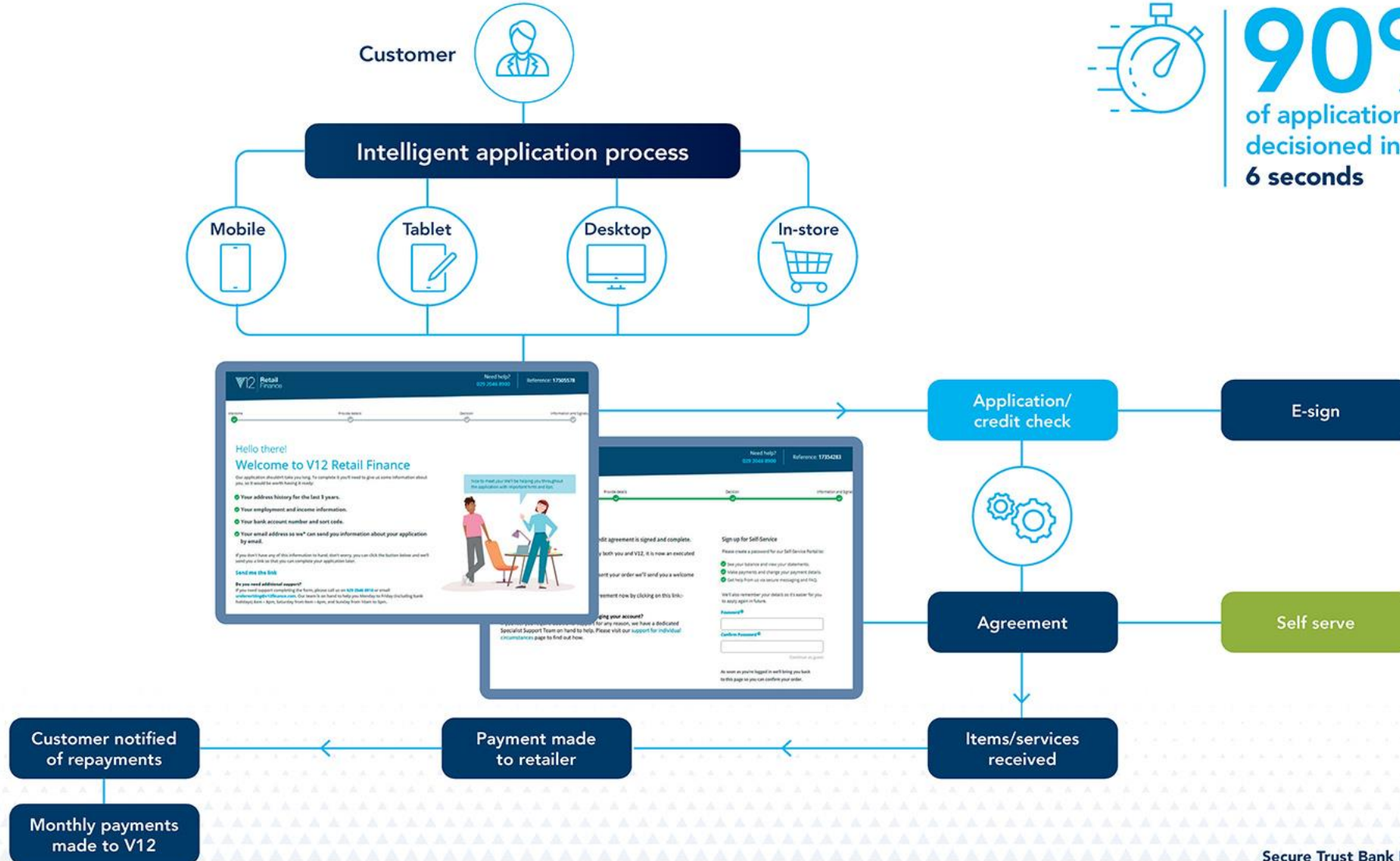


Digitised customer journey

Highly automated processes driving efficiency and great customer experience



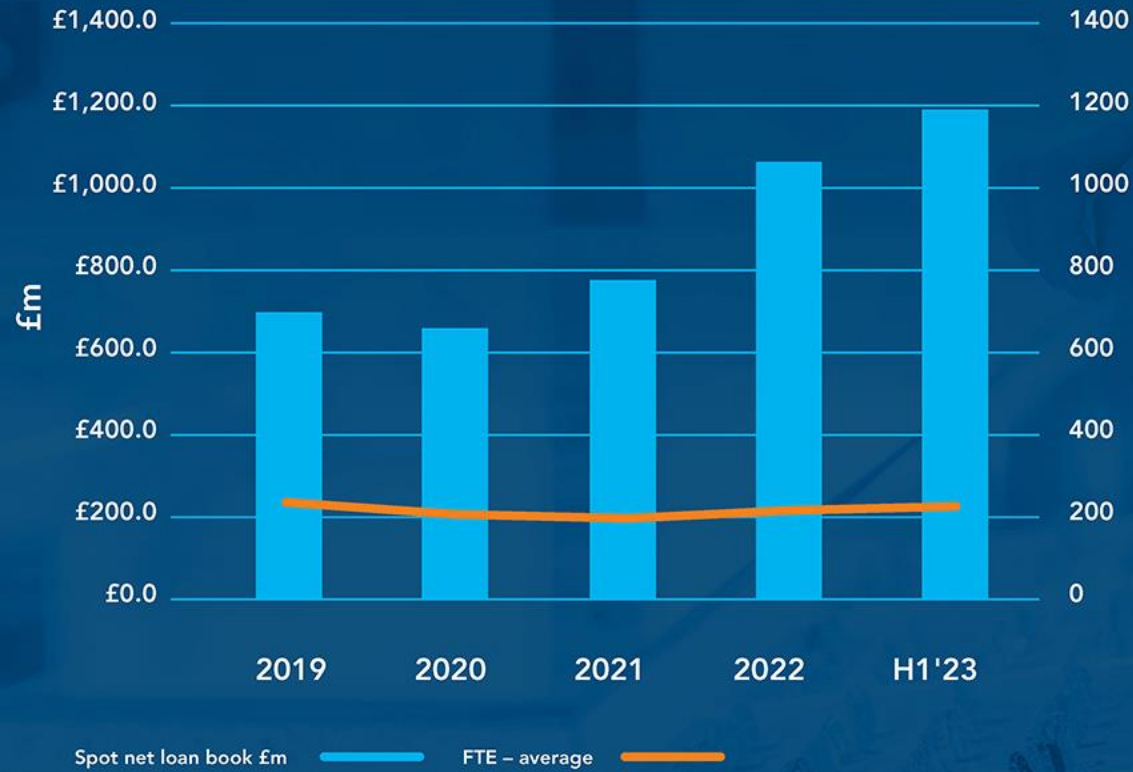
90%
of applications are
decided in under
6 seconds



Simplification and digitisation driving cost efficiency

Material economies of scale delivered

Spot net loan book £m vs FTE – average



Online account management penetration % – average



Significant increase in new business growth

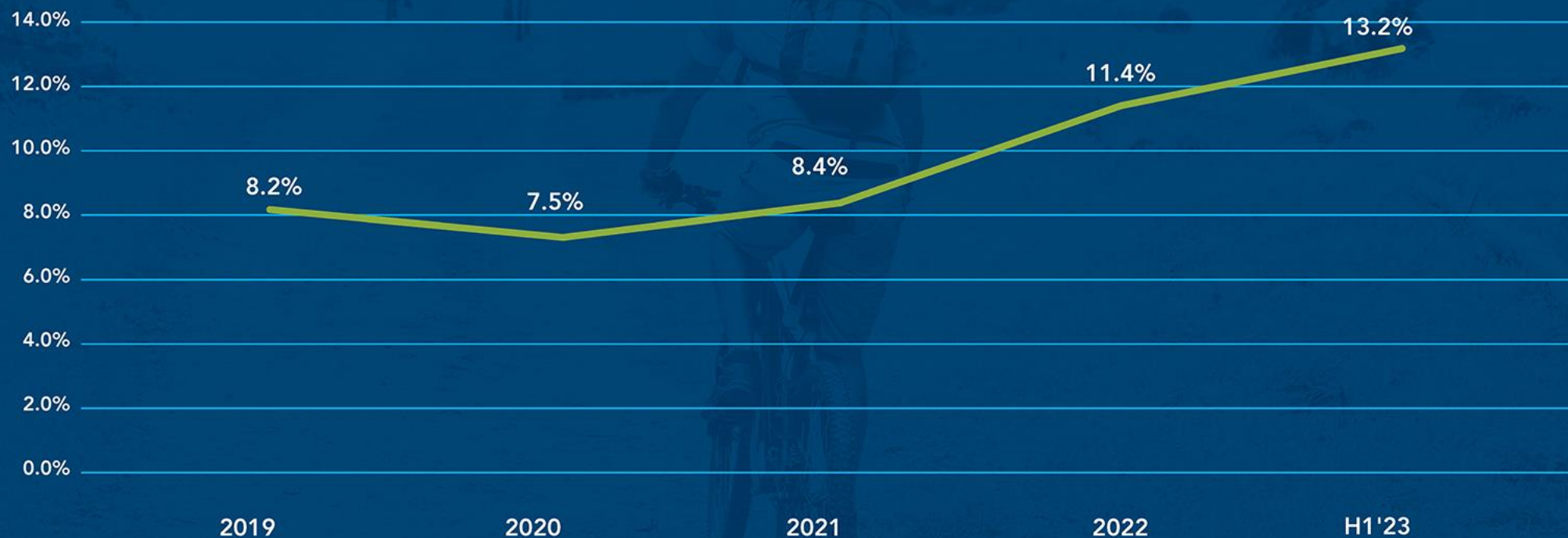
Business relationships built over many years using our direct sales model, without heavy marketing costs



V12 has gained significant market share

Increased market share without increased cost of risk

Market Share



Source: Finance and Leasing Association

Proactive price pass through to retailers

Strong track record of passing through rate increases



60% of retailers receive automatic quarterly pricing changes



Furniture lead times delay impact of pricing changes for both price increases and decreases



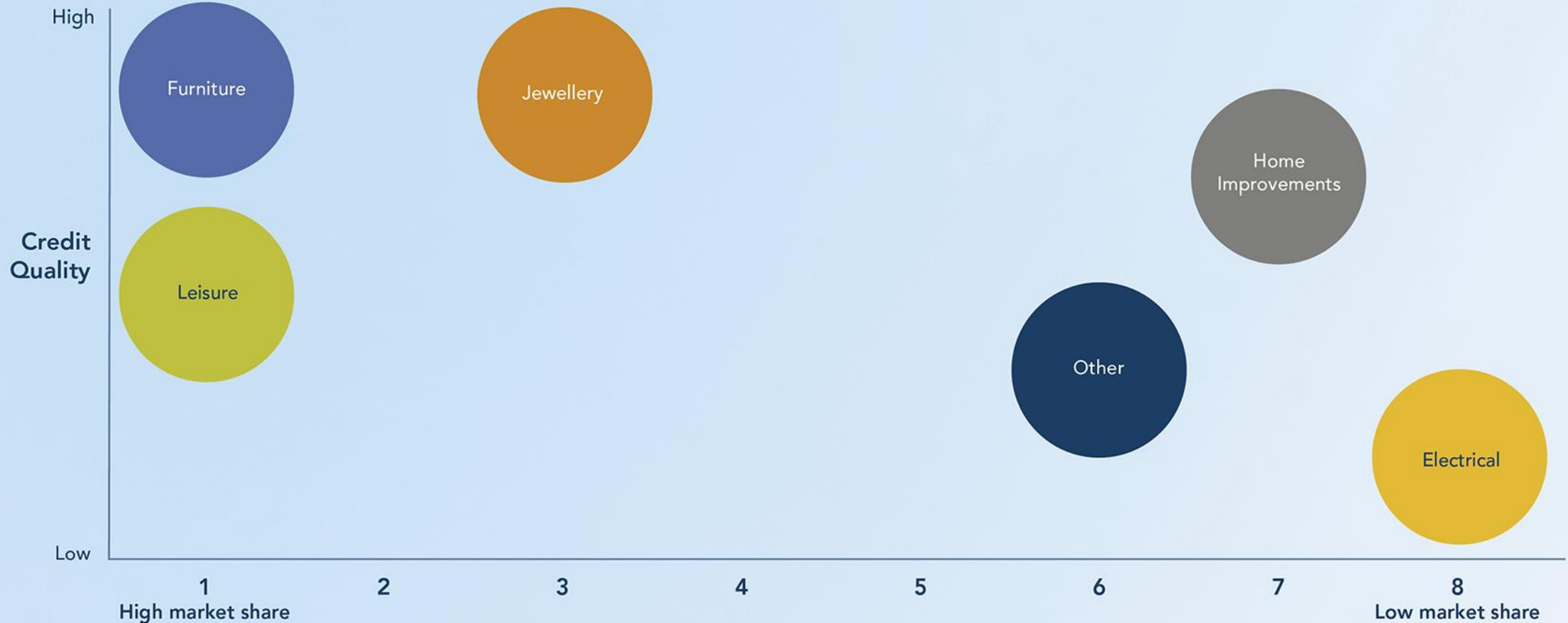
40% of retailers receive immediate pricing changes



Changes to retailer pricing has no impact upon the price paid by the customer. Loans remain interest free and payments are fixed for the term of the loan

Focus on business growth in high credit quality sectors

Significant opportunities for growth in both current and new sectors



V12 Retail Finance ranking by the Finance and Leasing Association. Total addressable market size £9.9bn

V12 consistently achieves excellent customer ratings

Making our customers smile for over 20 years



I have been working alongside V12 for several years and always find the team to be professional and efficient. Our supporters are also happy with the product and services offered by V12 and if ever they have any problems, V12 are on hand, where possible to resolve. V12 Finance offers our supporters payment plans which are a critical option for many supporters who need to spread the cost of their season tickets to continue to follow their beloved Club.

**Nicola Keye, Director of Ticketing
West Ham United**



We're very confident we have the best industry partner in V12. The support from the team is excellent. The customer platform is very intuitive and meets the needs of our practice teams and customers.

**Nick Marston, Director of Private & Specialist
MyDentist**



Best Retail Finance Provider

**V12 Retail Finance
Limited is rated Excellent**

Based on 7,388 reviews



"The experience I have had has been excellent. The interest free credit is a great option to have, and I contacted the team about a query and was dealt with quickly"



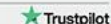
Rated 4.8/5 | 7,463 reviews



"Excellent finance company when ever I needed they sorted. Thanks"



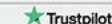
Rated 4.8/5 | 7,463 reviews



"Finance transaction made easy and straightforward by this company. thumbs up from me"



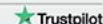
Rated 4.8/5 | 7,463 reviews



"Everything was very easy and straight forward. 1st class"



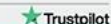
Rated 4.8/5 | 7,463 reviews



"Professional – I have used v12 interest free finance several times. The service is speedy and professional and I wouldn't hesitate to recommend this company. Easy to contact also."

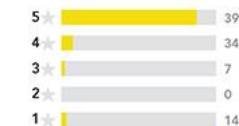


Rated 4.8/5 | 7,463 reviews



Customer Experience Rating (4.8)

4.8 /5



Based on 452 service ratings over the past year



V12 has established strong retailer partnerships

Excellent service has delivered high retention rate



AppToPay pilot well received by retail partners

Ease of integration for retailers and customer journey working well



Pay in 3*
In-store or online

Spread the cost
Interest free

No upfront payment
or deposit



AppToPay
Brought to you by V12 Retail Finance
Giving you easy to pay for the things you love

Pay in 3*, interest free with AppToPay
The new way to pay, from V12 Retail Finance

Winfields
SINCE 1971

AppToPay
Pay in 3* with no upfront deposit

*3 monthly payments. This is a credit product. Credit is subject to status and is only available to UK residents aged 18 and over. Minimum and maximum spend applies. Failure to maintain payments may mean you repay more than borrowed and make future borrowing more difficult.

AppToPay
Brought to you by V12 Retail Finance
Giving you easy to pay for the things you love

Pay in 3*, interest free with AppToPay
The new way to pay, from V12 Retail Finance

AppToPay is available at
SCOTTSDALE
The Golf Club

Keep your golf game

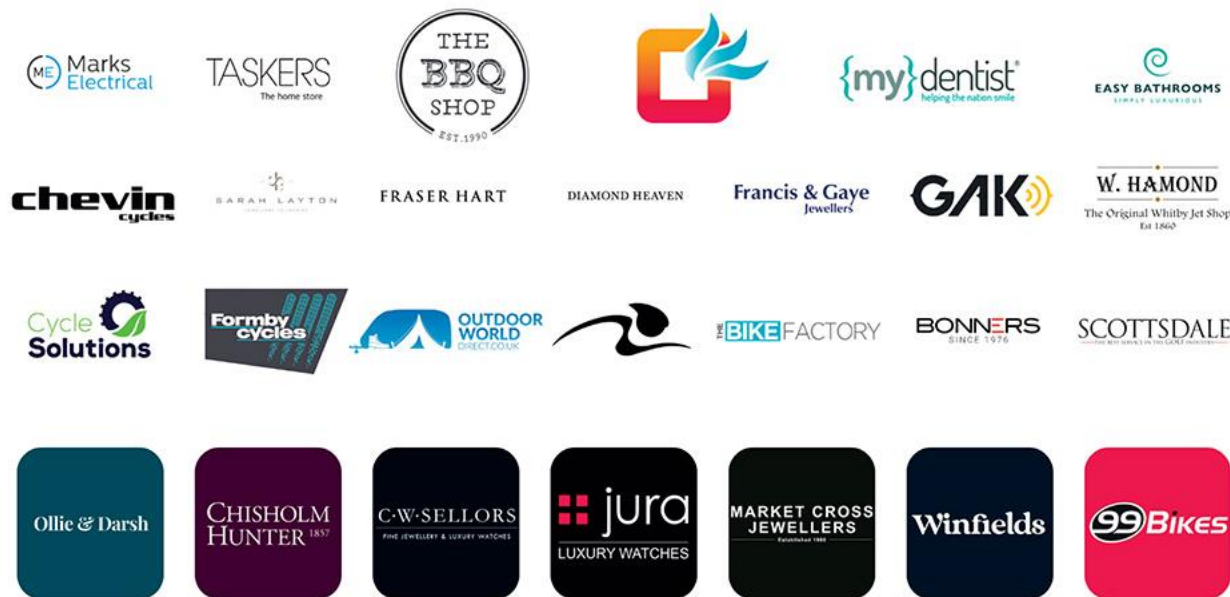


AppToPay pilot providing great insights and learnings

Pilot now deployed across store, mail order and online



- ✓ A successful product launch has been incredibly well received by both retailers and customers
- ✓ The pilot phase has presented us with a great opportunity to learn and shape our proposition
- ✓ Our learnings will determine the roll-out strategy and product roadmap
- ✓ A really exciting opportunity exists with this product and how it can be developed for our customers



- ✓ 27 Retailers
- ✓ 8 Sectors
Consumer Electrical, Furniture, General Retail, Healthcare, Home Improvements, Jewellery, Leisure & Lifestyle, Cycling & Music.
- ✓ Available online, in-store & by mail order.

The emerging powerhouse

Strong track record – more to go for



Strong track record of
growth and returns



Improved credit quality
and cost efficiencies



Opportunities exist
in existing and new market
segments



Mid-teens market
share ambition

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MEDIUM TERM TARGETS

RACHEL LAWRENCE

Chief Financial Officer



Medium Term Targets (MTT)

MTT first put in place in 2021

Metric	Return on Average Equity	Net Interest Margin	Cost Income Ratio	CET1 Ratio	Lending Book CAGR ¹
Target	14% - 16%	>5.5%	<50%	>12%	15%+

1. CAGR from 31st December 2020

Refreshed Medium Term Targets (MTT)

Updated to reflect ambitions for scale of Lending book and Cost Income ratio

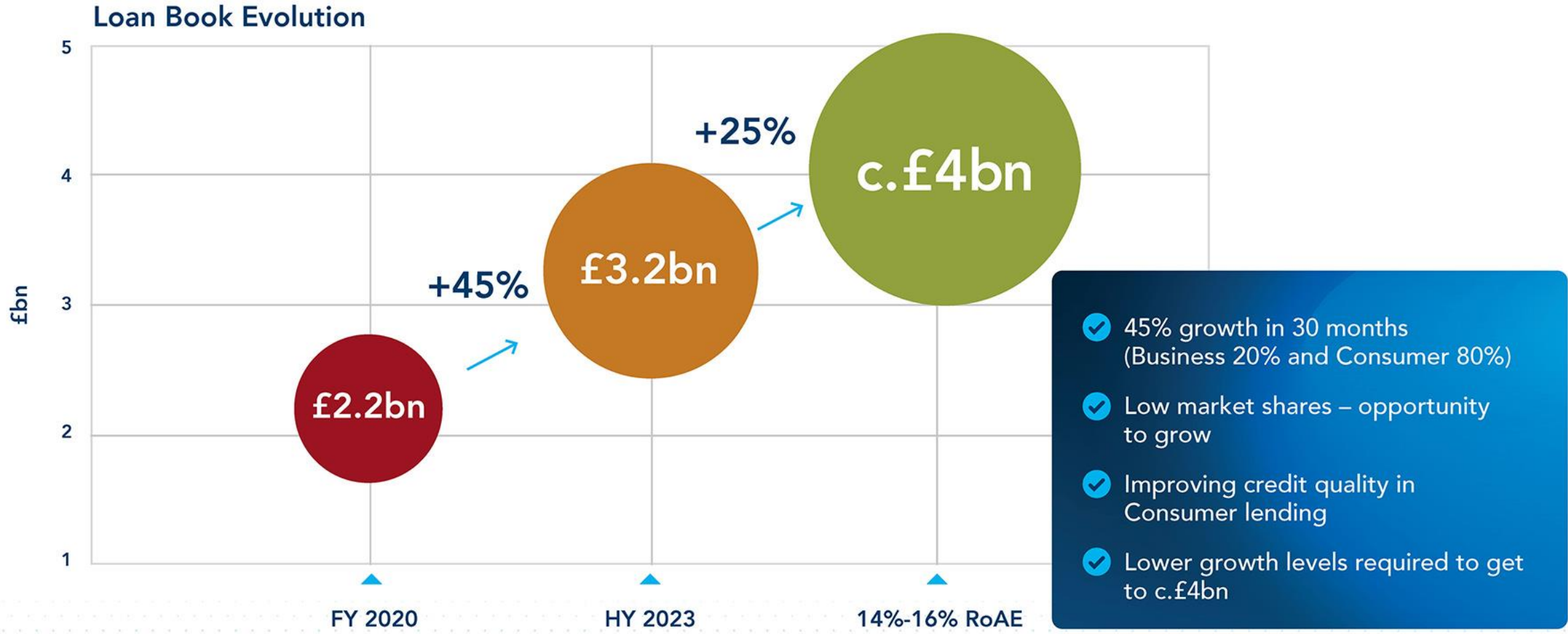
Metric	Return on Average Equity	Net Interest Margin	Cost Income Ratio	CET1 Ratio	Lending Book
Target	14% - 16%	>5.5%	44% - 46%	>12%	c.£4bn

Pathway to delivering 14%-16% Return on Average Equity (RoAE)

	Landing Range
✓ Net Lending ambition	c.£4bn
✓ Yield curve flatting, opportunity for NIM expansion	5.5% – 5.7%
✓ Lending growth = operational leverage and reduced cost income ratio	44% – 46%
✓ Stable cost of risk	1.3% – 1.5%
✓ Deployment of excess Capital in the short term	CET1 > 12%

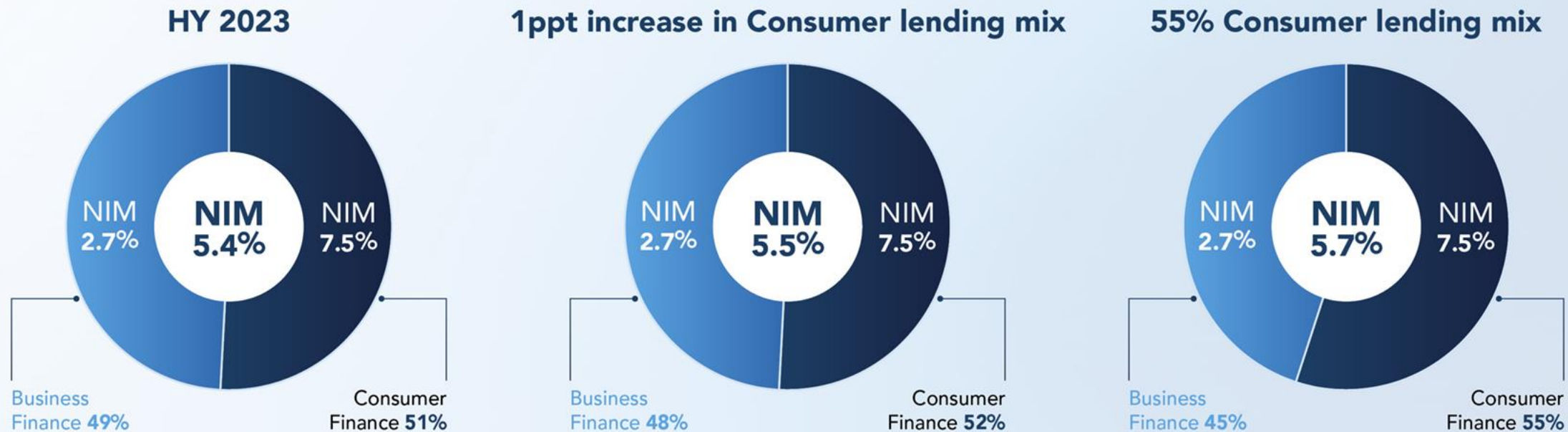
Net Lending growth

On track to achieve c.£4bn ambition



Net interest margin (NIM)

Increase in mix towards Consumer lending increases NIM



- ✓ Diversified businesses with different NIM profiles provides mix optionality
 - Stable margins and 55% Consumer lending mix increases Group NIM by 30bps
 - Stable margins and 55% Business lending mix decreases Group NIM by 40bp
- ✓ Flattening yield curve offers opportunity for NIM expansion

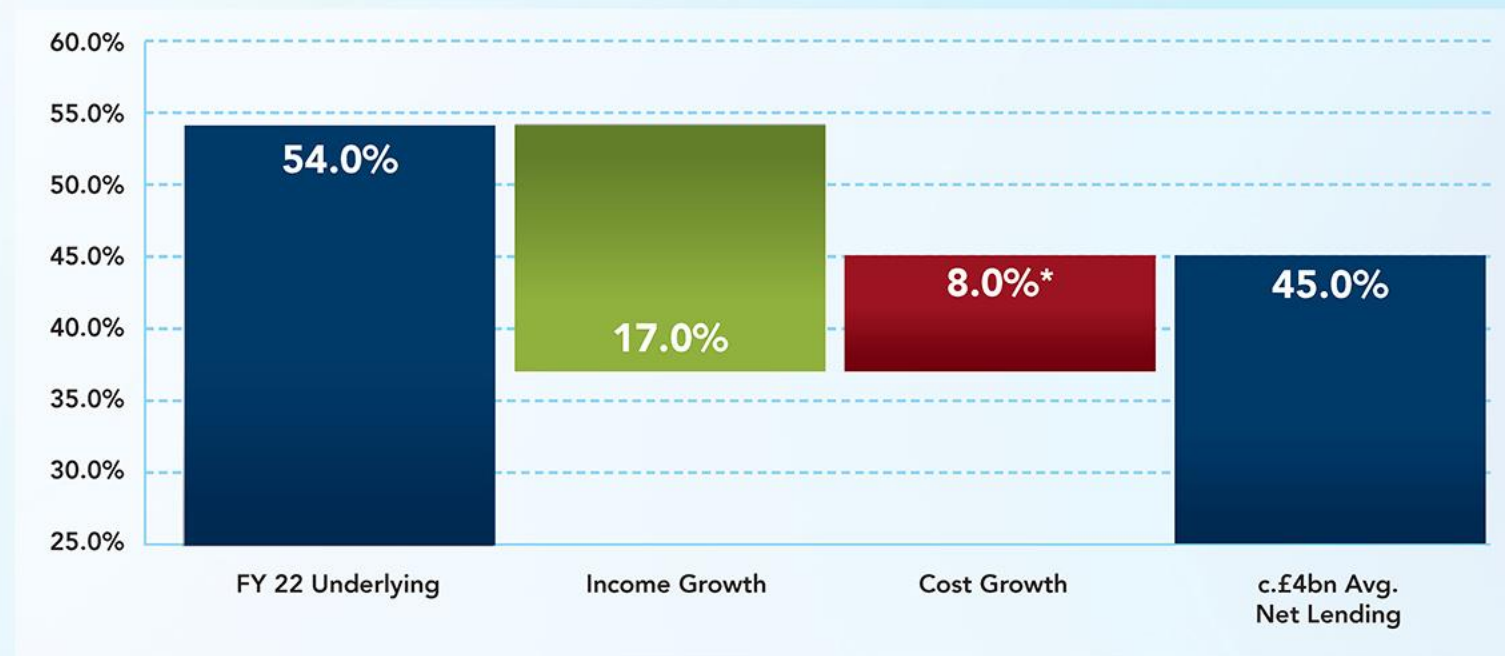
ppt = percentage point

Group NIM includes Treasury income

Cost Income Ratio (CiR)

Lending growth = operational leverage and reduced cost income ratio

CiR Bridge (Illustrative)



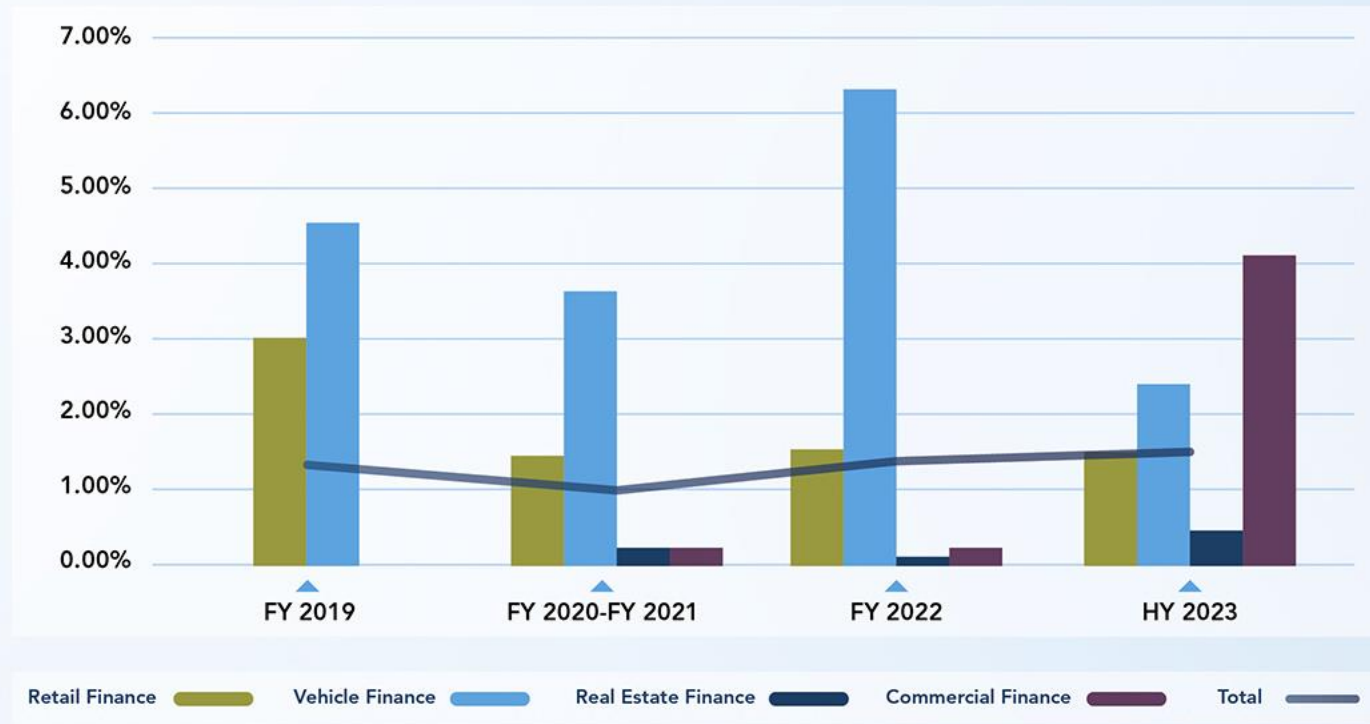
- ✓ FY 2022 delivered c.10% reduction in CiR
- ✓ Smaller CiR reduction in FY 2023 as impacted by inflation
- ✓ Project Fusion on track to deliver c.£5m of annualised savings by end of FY 2024

*Based on 5% annual cost inflation

Cost of Risk (CoR)

Track record of prudent lending with stable cost of risk

Cost of Risk History

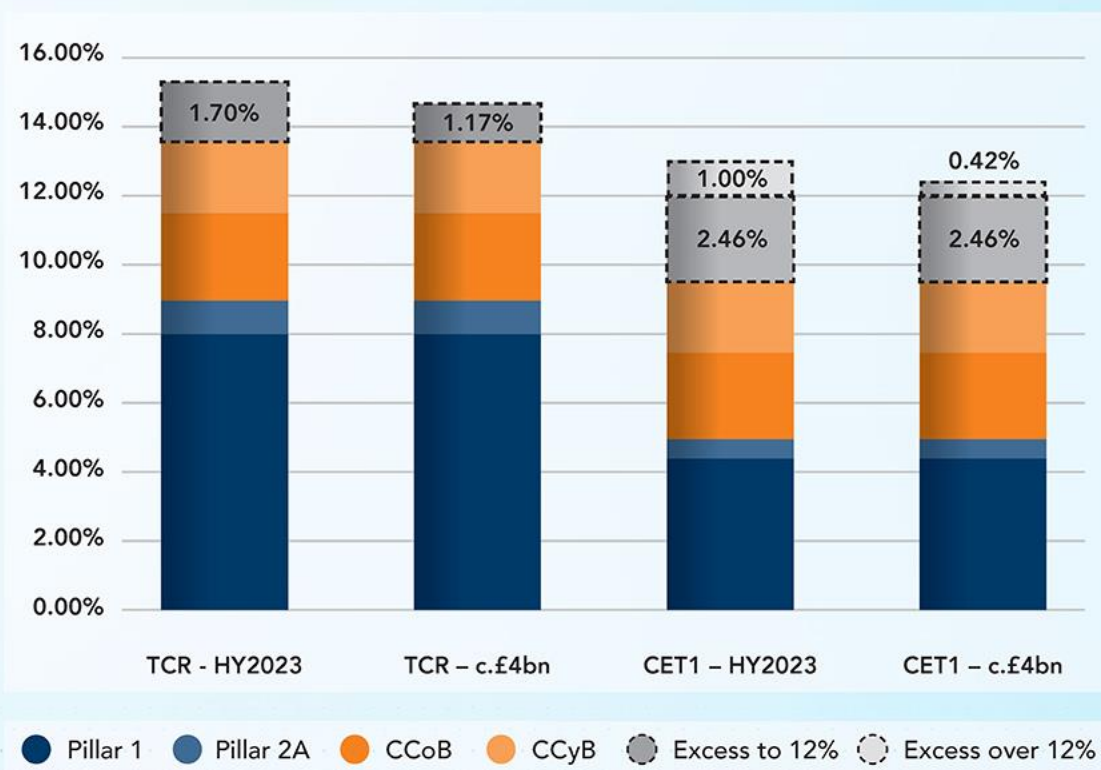


- ✓ Step change improvement in Retail Finance CoR
- ✓ Through the cycle Group CoR c.1.3% - 1.5%
- ✓ Diversified portfolio results in stable Group CoR

Strong capital position

Capital accretive once at c.£4bn net lending

CET1 Requirement



- ✓ Tier 2 raise in February 2023 increased capacity to lend an additional c.£700m when fully utilised
- ✓ Without the Tier 2 raise this would have had to be funded by CET1, slowing down our capacity to grow

Return on Average Equity (RoAE)

c.£4bn net lending supports 14% - 16% RoAE

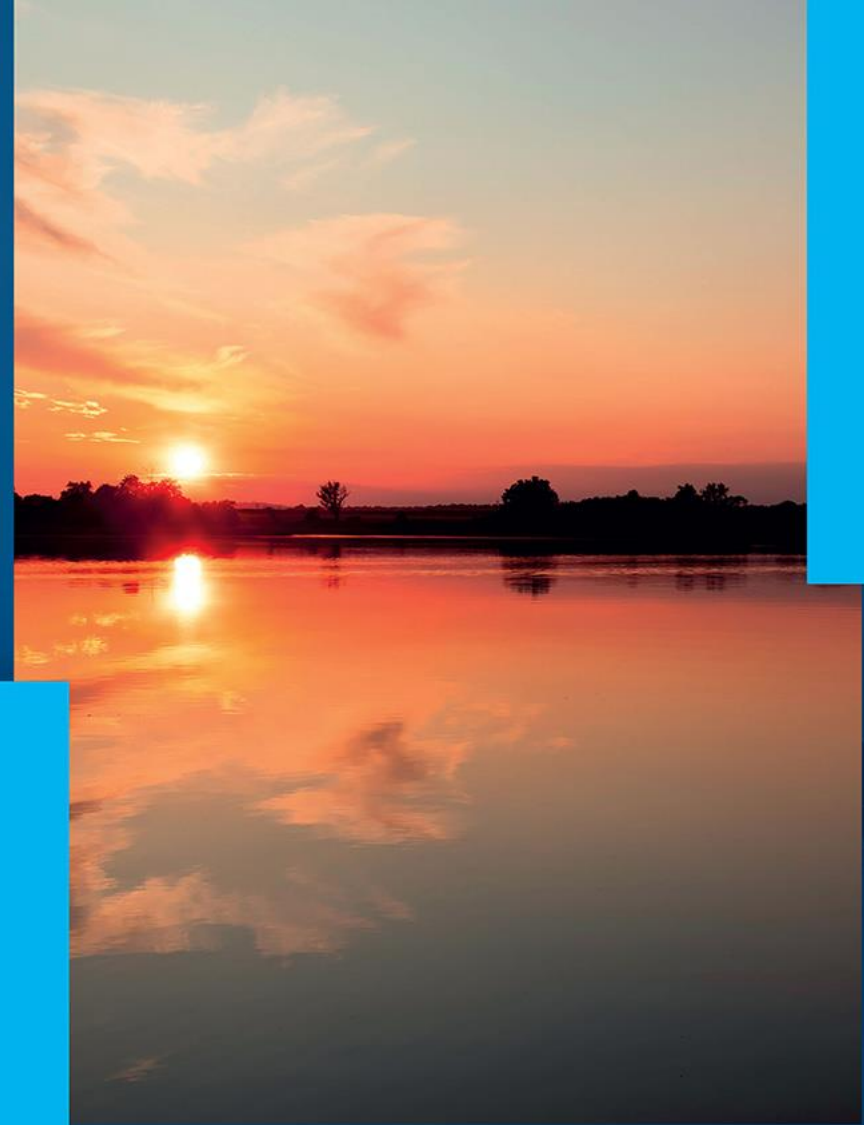


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CONCLUSION

DAVID McCREADIE

Chief Executive Officer



Looking forward with confidence

- ✓ Clear focus on our attractive specialist lending markets
- ✓ Diversified and resilient business model a key strength
- ✓ Focused on our Optimising for Growth strategic priorities
 - Simplify
 - Enhance customer experience
 - Leverage distribution networks
- ✓ Opportunity for further market share gains in Retail Finance
- ✓ c.£4bn loan book ambition supports delivery of Medium Term Targets



Mid-teens market share
in Retail Finance



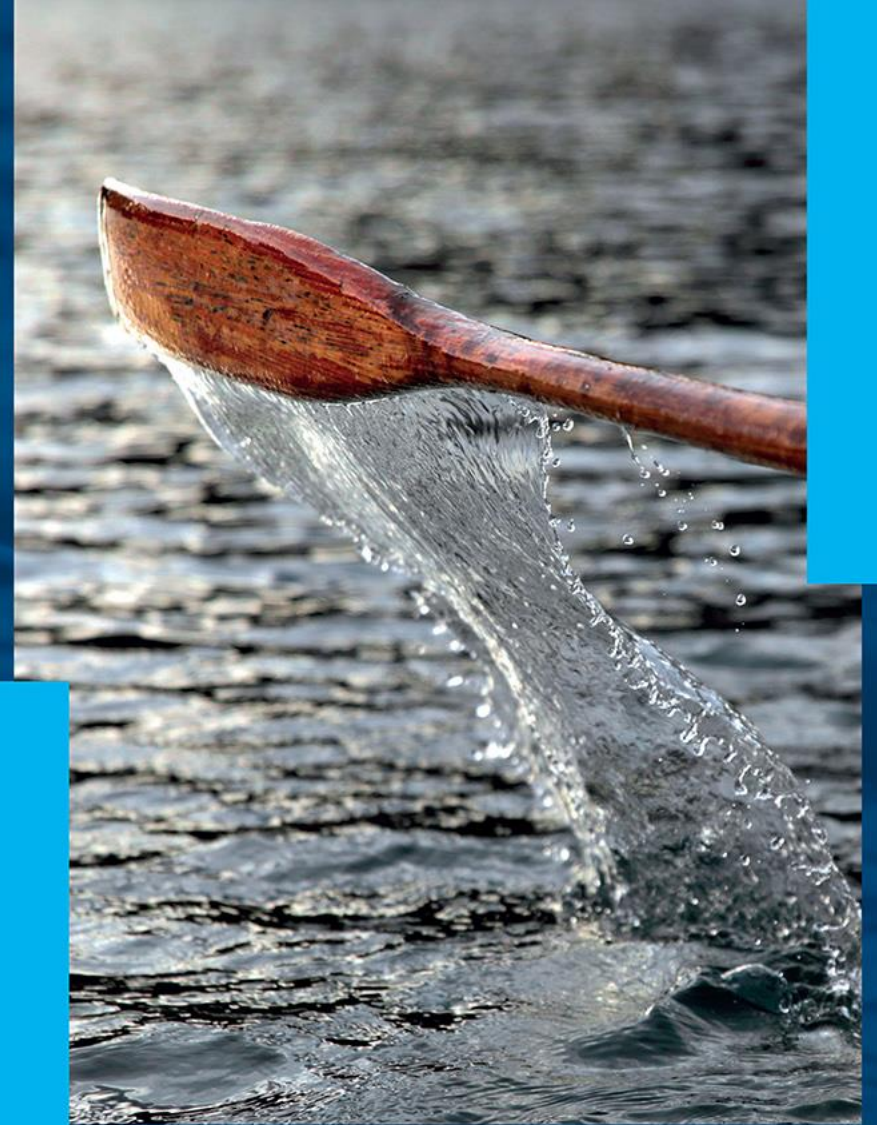
c.£4bn Loan Book ambition
will deliver 14% - 16% RoAE

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QUESTIONS AND ANSWERS

DAVID McCREADIE

Chief Executive Officer





THANK YOU

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MANAGEMENT BIOGRAPHIES



Management team biographies



▶ **DAVID McCREADIE**
▶ CHIEF EXECUTIVE OFFICER

David is a career banker and a Fellow of the Chartered Banking Institute. He spent 22 years at The Royal Bank of Scotland (RBS) holding roles in Branch Banking, Consumer Finance and several Group central functions. From 2004 to 2008 David was based in the US as Chief Executive Officer of Kroger Personal Finance, a joint venture between RBS and Kroger Co.

David joined Tesco Personal Finance in 2008 and was a member of the executive team that built Tesco Bank to support customers' financial needs across physical stores and digital channels. David was an Executive Director and Managing Director of Tesco Bank from 2015 to 2019. His experience includes banking, payments, risk management, governance, consumer facing businesses and retailing.



▶ **RACHEL LAWRENCE**
▶ CHIEF FINANCIAL OFFICER

Rachel has considerable experience in financial services gained from a career spanning more than 20 years. She has held senior finance roles in Metro Bank where she was part of the original team that set up the bank. Rachel was also part of the successful Initial Public Offering at Shawbrook Bank.

Prior to joining STB Rachel was CFO at AIB Group (UK) plc. She brings a wealth of banking experience focused on high growth start up organisations and wider financial services experience gained in asset management, life, pensions and general insurance. She is a qualified chartered management accountant.



▶ **NICK DAVIES**
▶ CEO, V12 RETAIL FINANCE

Nick is a qualified banker with over 25 years' experience in the UK retail finance market. In 2002 he founded V12 Retail Finance in its current form and as CEO has been the driving force behind the business emerging as the leading specialist in the provision of online retail finance across the last 20 years.

Under Nick's leadership V12 has been the pioneer behind the evolution of online retail finance in the UK and remains at the forefront of digital innovation in the services it provides to its retail partners.



▶ **ANDREW PHILLIPS**
▶ COMMERCIAL DIRECTOR,
V12 RETAIL FINANCE

Andrew has over 20 years' experience in financial services, with a focus on commercial strategy and performance. Andrew has held major new business acquisition and sales leadership roles within Lloyds Banking Group, Hitachi Capital and BNP Paribas, having built an industry recognised track record for driving profitable scale. Now leading the commercial team at V12 Retail Finance, Andrew has created and delivered successfully upon an ambitious growth strategy, moving the business from niche provider to major market player.