



CAPITAL MARKETS EVENT

3 July 2024



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INTRODUCTION

DAVID McCREADIE

Chief Executive Officer



Today's presentation

Timing	Session	Presenter
14:00	Introduction	David McCreddie
14:05	Real Estate Finance	Geoff Ray
		John Griffin
		Chris King
14:50	Conclusions	David McCreddie
14:55	Q&A	All
15:15	Close	



Focused specialist lender

Growth and cost levers being pulled to deliver financial targets



Excellent growth potential in large addressable markets



Opportunities identified to deliver operational efficiencies



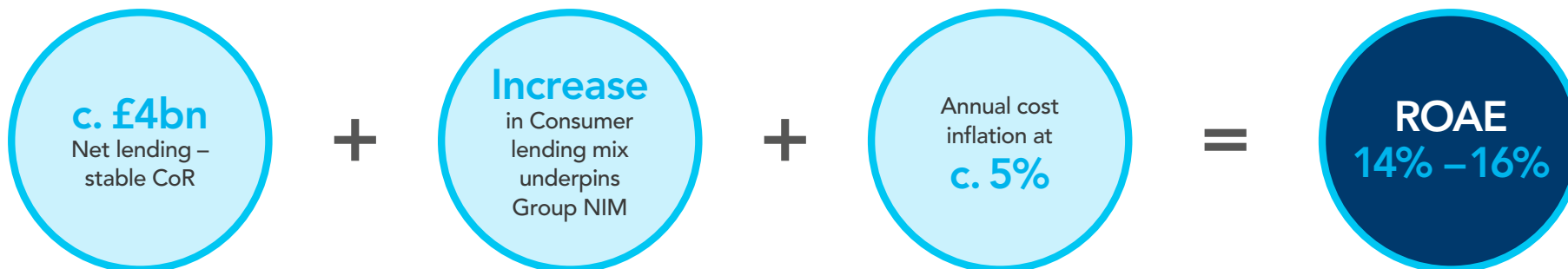
£4 billion net lending ambition will support an attractive return on capital

Strong, consistent financial performance

Progress towards achieving medium term targets

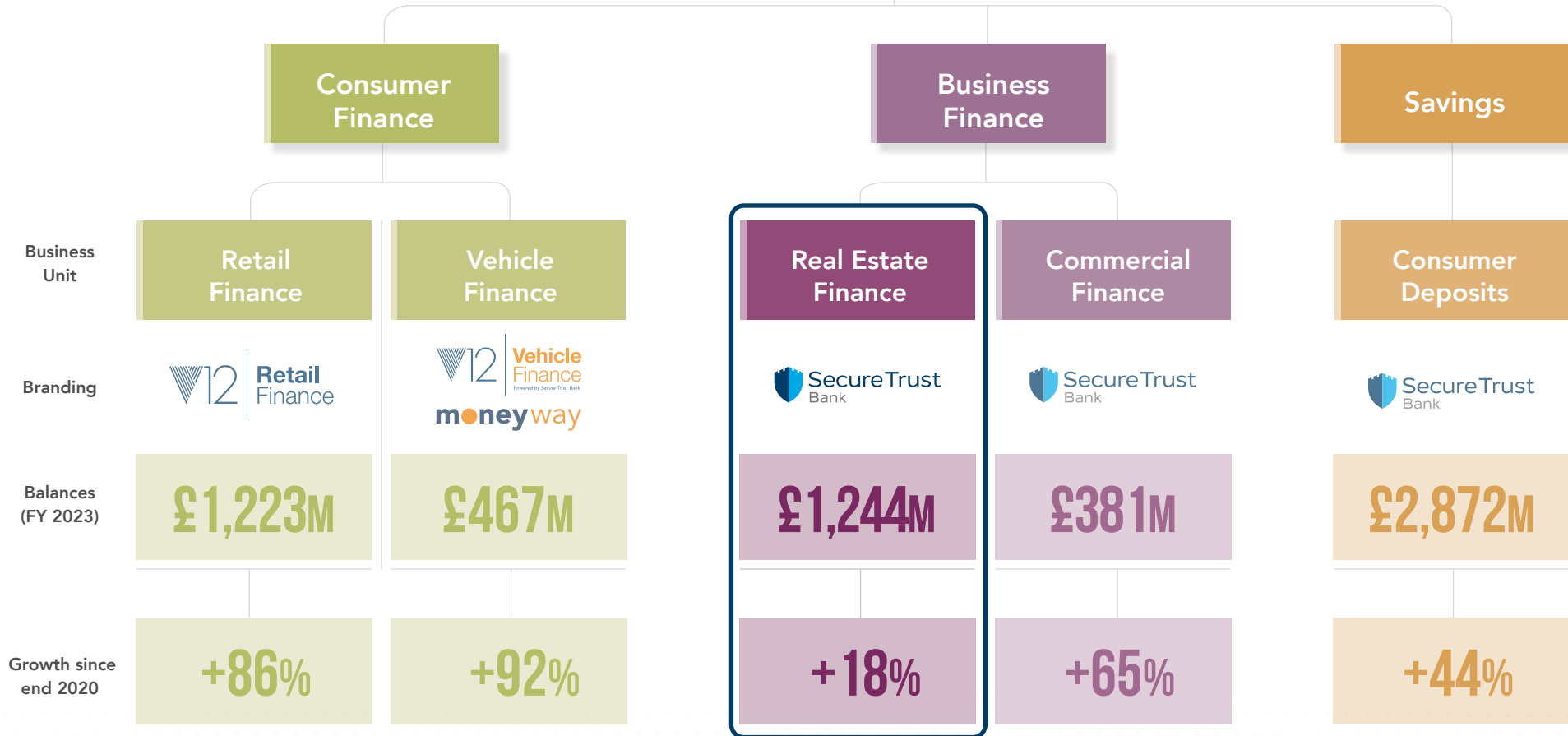
Continued momentum across the Group

Lending balances	Net interest margin	Cost income ratio	Return on average equity (ROAE)	CET1 ratio
Target: c. £4bn	Target: >5.5%	Target: 44% – 46%	Target: 14% – 16%	Target: >12%



Group overview

Where Real Estate Finance fits in the Group



Real Estate Finance

Well positioned for continued profitable growth and attractive returns



Track record of growth
in tailored specialist
property lending



Low cost and scalable
operating model generating
attractive returns



Further profitable
loan growth
opportunities

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REAL ESTATE FINANCE

TAILORED SPECIALIST LENDER

GEOFF RAY

Managing Director,
Real Estate Finance

JOHN GRIFFIN

Regional Head,
Real Estate Finance

CHRIS KING

Head Of Credit,
Real Estate Finance



Setting the scene

What we will talk about today



Geoff Ray

Managing Director REF

-
- Our business
 - What we do
 - Market opportunity
 - Record of growth



John Griffin

Regional Head
London & South East

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- Market position
 - Our customers
 - The portfolio mix
 - Case studies



Chris King

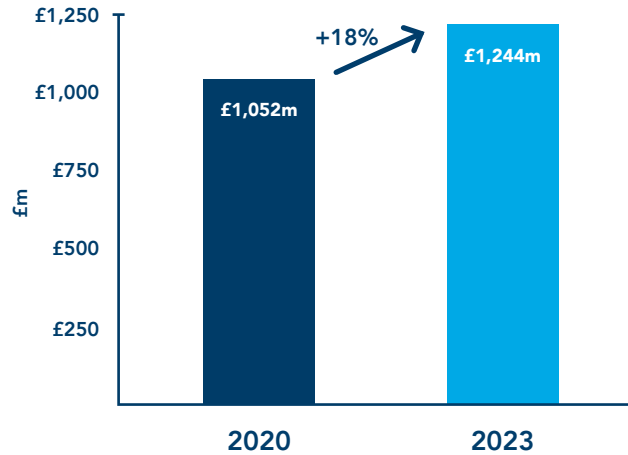
Head of Credit Risk

-
- Specialist underwriting
 - Risk management
 - Market impacts
 - Portfolio performance

Specialist real estate finance expertise

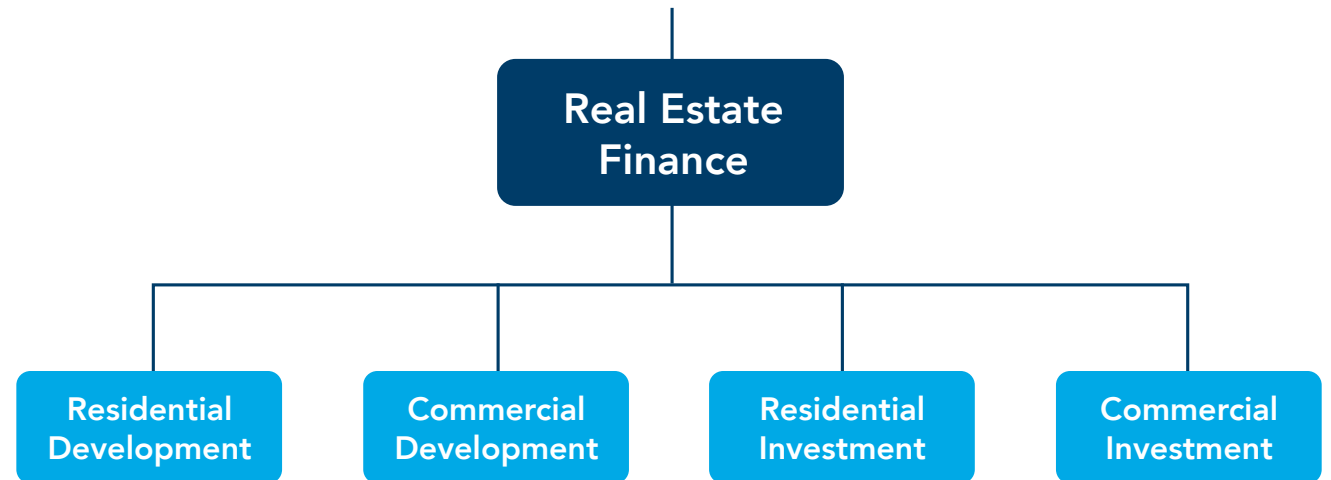
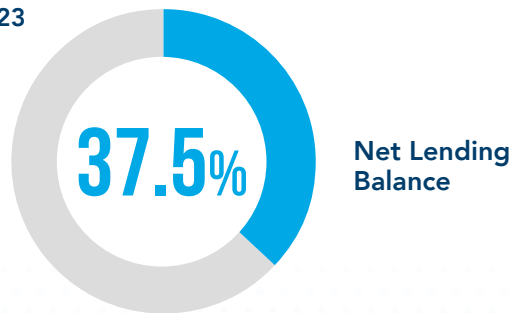
Strong track record of growth in focused real estate segments

Strong track record of growth



Real Estate Finance as % of total group

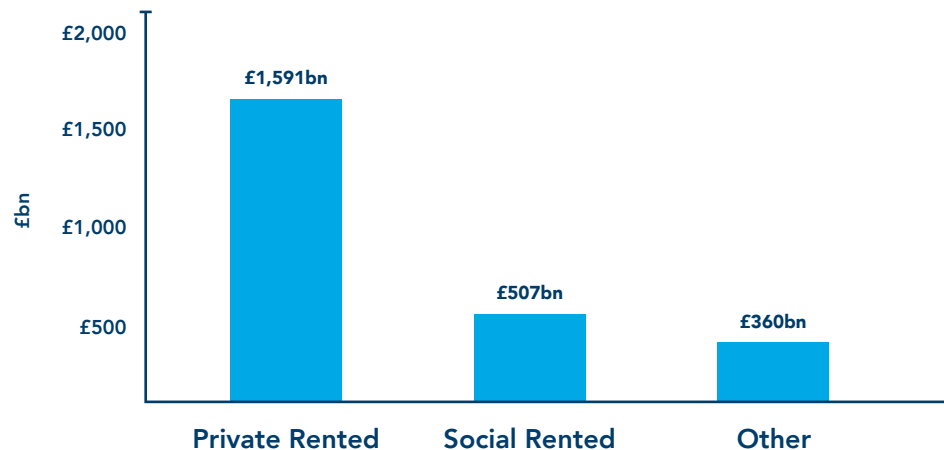
FY 2023



Addressable specialist market - £2,458bn

Significant opportunity for growth

Extracting from the £8,678bn of UK housing stock



POSITIVE SENTIMENT IS RETURNING, WITH THE LIVING SECTORS, RESIDENTIAL DEVELOPMENT AND PRIME LOGISTICS MOST FAVOURED BY THE LONDON LENDER AND INVESTOR COMMUNITY.

Savills Head of UK and Cross Border Valuation

Rental Price Growth (Office for National Statistics)

+4.2% 12 MONTHS TO END 2022

+6.2% 12 MONTHS TO END 2023

Savills estimate that...

ADDITIONAL 1 MILLION 'PRIVATE RENTERS' BY 2031
+
AN EXPECTED BUILD OF 360,000 PRIVATE RENTED HOMES
=
BRITAIN NEEDS MORE HOUSING

Other avenues for STB growth



PURPOSE BUILT STUDENT ACCOMMODATION



RETIREMENT LIVING



HOTELS

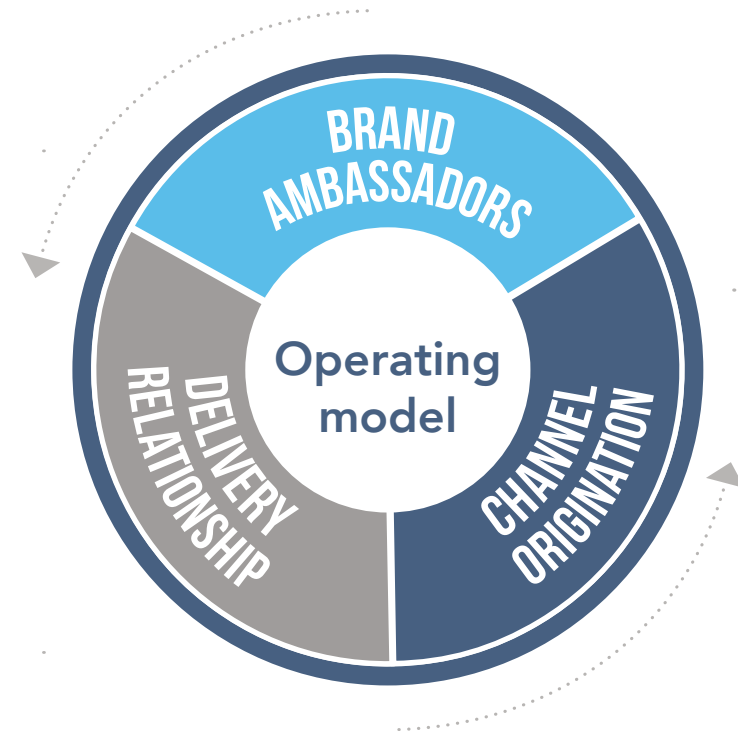
We are a specialist, relationship-led business

Benefiting from a depth of expertise and multiple routes to market

Real Estate Finance

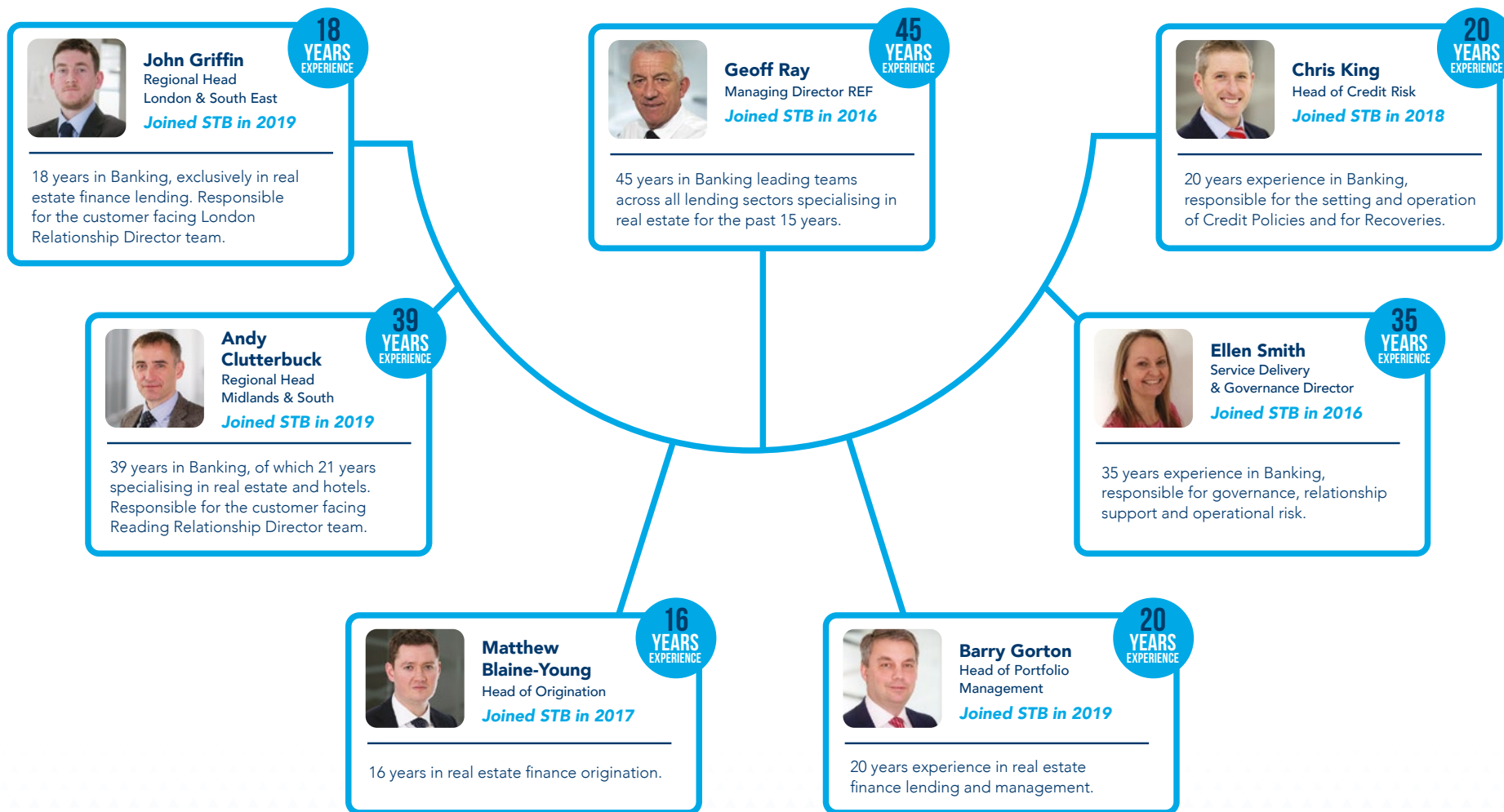
- Through the cycle methodology Specialist underwriting
- Secured on UK collateral First legal charge
- Cash flow led debt structuring
- 70% LTV investment 60% / LTGDV development £2m-£45m, Max 5 years

Relationship Model



Highly experienced team

Huge depth of specialist property lending experience



Real Estate Finance at Secure Trust Bank

Providing *non-regulated secured lending* in attractive market segments



Specialist



High touch relationships



Cash based debt structuring



Interest only loans



Professional landlords and developers



Only lend against UK assets



Max term 5 years



Sustainability led



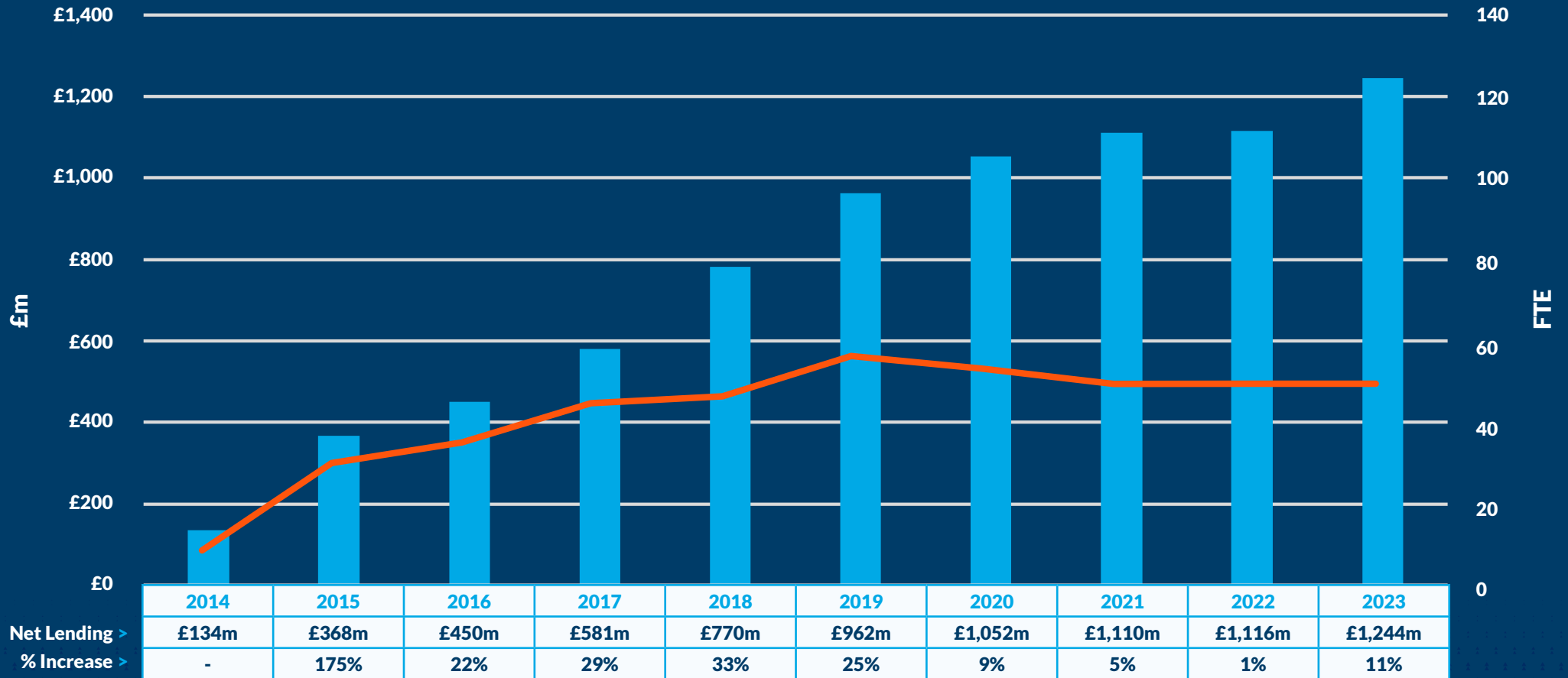
Complex structures

What we don't do

- Regulated Buy to Let Mortgages
- Bridging Loans or short-term refurbishment loans
- Light touch Legal diligence
- Committed term greater than 5 years
- Our customers are not accidental landlords or opportunistic house builders

Significant loan book growth

Scalable business with efficient specialist team



■ Total net lending balances — FTE

Relationship model attracts repeat business

Customers value our relationship support and service

	New lending	Retention of maturing loans or new money from existing customers	Broker channels	Self generated
2021	£376m	36%	42%	22%
2022	£384m	48%	31%	21%
2023	£434m	71%	7%	22%



Specialist



Bespoke
Relationship
Driven



Excellent
Customer
Service



A Team
of Experts



Pricing for Risk

Retention model enhances returns

Multiple financial benefits of our model



Limited cost
of acquisition



Better understanding
of risk with a known
customer



Relationship led
not price led

We serve an attractive niche market segment

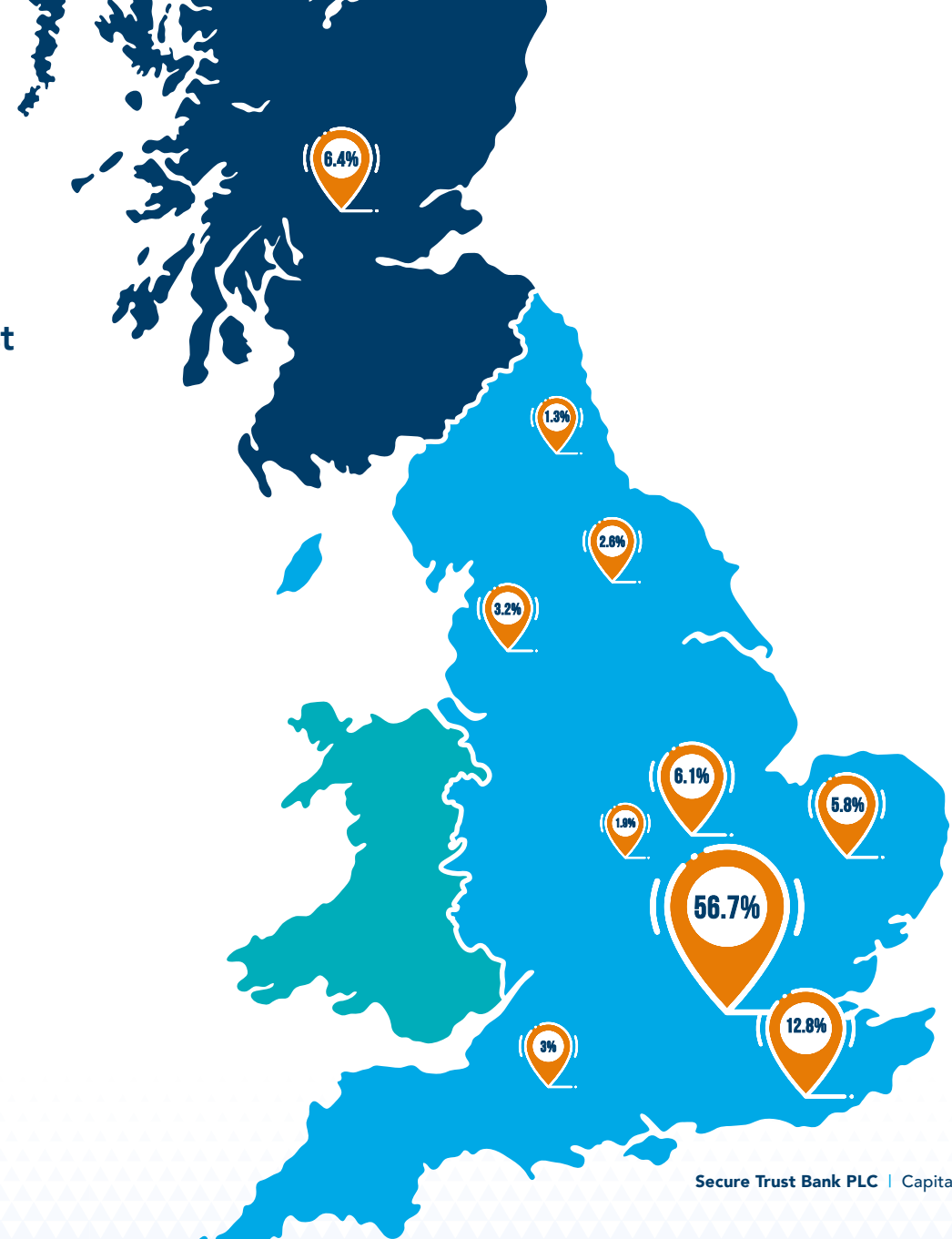
Leveraging underwriting skills and retail funding to generate returns



Local customers

National reach, with lots of opportunity

- >70% of the business from London and South East
- All assets funded are visited in person
- All customers are met face to face
- Opportunity for geographical expansion



Portfolio repositioned to residential investment

Split by sector

	Risk Appetite Category	Net lending Balances	Average Loan Size	Loan to Value	RWA Treatment
Investment	Residential Investment	£1,043m	£5.9m	57%	35%
	Commercial Investment	£68m	£6.8m	47%	100%
Investment Total		£1,111m	£5.9m	57%	
Development	Residential Development	£117m	£4.7m	59%	150%
	Commercial Development	£16m	£16m	33%	150%
Development Total		£133m	£5.1m	54%	RWA Density - Pillar 1
Grand Total		£1,244m	£5.8m	57%	56%

Balances at YE 23

Active customer agreements – 210

RWA - Risk Weighted Asset

Case Study One

Residential investment

Client: Ultra high net worth investor via a limited company.

Relationship established in 2018, originally broker introduced.

1,700 Portfolio of 1,700 rental flats across 21 sites in regional towns across the UK.

£50M STB relationship broker introduced in 2018. Now providing £50m of lending across three individual sites on term loans (3-5 years).

60% LTV Strong interest cover against a fixed rate for completed developments.



Combination of term investment loans, development loans and support of refurbishment programme mid term.

*Secure Trust Bank has been a **trusted partner** for us for over six years. They understand **property lending** and are **pragmatic** in the event of challenges. We look forward to growing our relationship with them in the future.*



Case Study Two

Residential build to rent

Client: An investment fund.

Relationship established in 2019, originally broker introduced.



Strong UK based management team.

c£40M

Secure Trust have provided c£40m of lending across 4 individual transactions – residential tower blocks under construction in Leicester, Nottingham, Edinburgh and Glasgow.

50% LTGDV

On build increasing to 60% LTV on completion and re-valuation.

5YR TERM

Each loan provided is a 5 year term allowing for a “construction” period followed by an “investment phase” to allow the asset to let, operate and stabilise before likely sale and exit.



“ STB has been a fantastic, solutions driven, financing partner for EdR REIM. With 4 transactions over 5 years, helping EdR REIM deliver £40m of developments. They are responsive, reliable, and consistent. Their pragmatic approach to deals is evidence of their experience of the development process. ”

James Whidborne



EDMOND
DE ROTHSCHILD

Case Study Three

Commercial development

Client: UK Family Office through a UK limited company.

Relationship established in 2021, originally broker introduced.



£45M

Development lending provided over the past 30 months – all successfully repaid.

£20M

Currently moving onto the next phase with £20m of debt provided.



Active and intense management required – complex site.



Funding provided to support land acquisition and against pre-let / pre-sold units to institutional investor covenants.



Loans between 9-18 months depending on build period / size of unit.

<50% LTV

Lending at <50% LTV, variable interest rates to capture cost of fund changes and negotiated fee arrangements to reflect flexibility and complexity.

Secure Trust provide an exceptional **direct service** through their **Relationship Director** who **understands our business**. The Bank has been key in allowing us to progress our development plans.

Matt Slater



Customers really appreciate what we do

A key reason for retention and repeat business

“ STB has a real understanding of our market, the provision of Student HMO accommodation, which is crucial in order to have an honest and clear relationship, and they have proved to be good at listening and showing flexibility at key moments. ”

“ Competitive pricing and a good relationship with the Account Manager. ”

“ All been very efficient with clear communication so no suggestions on improvements. We would recommend STB REF. ”

“ STB REF understand my commercial needs and have the ability to meet these. ”

“ Communication is excellent so does not need improvement. ”

Specialist underwriting

Track record of agility and expertise



Credit team with experience through the cycle across all sectors



Agile, expert credit partnership on each transaction



Ongoing risk management support through the customer lifecycle



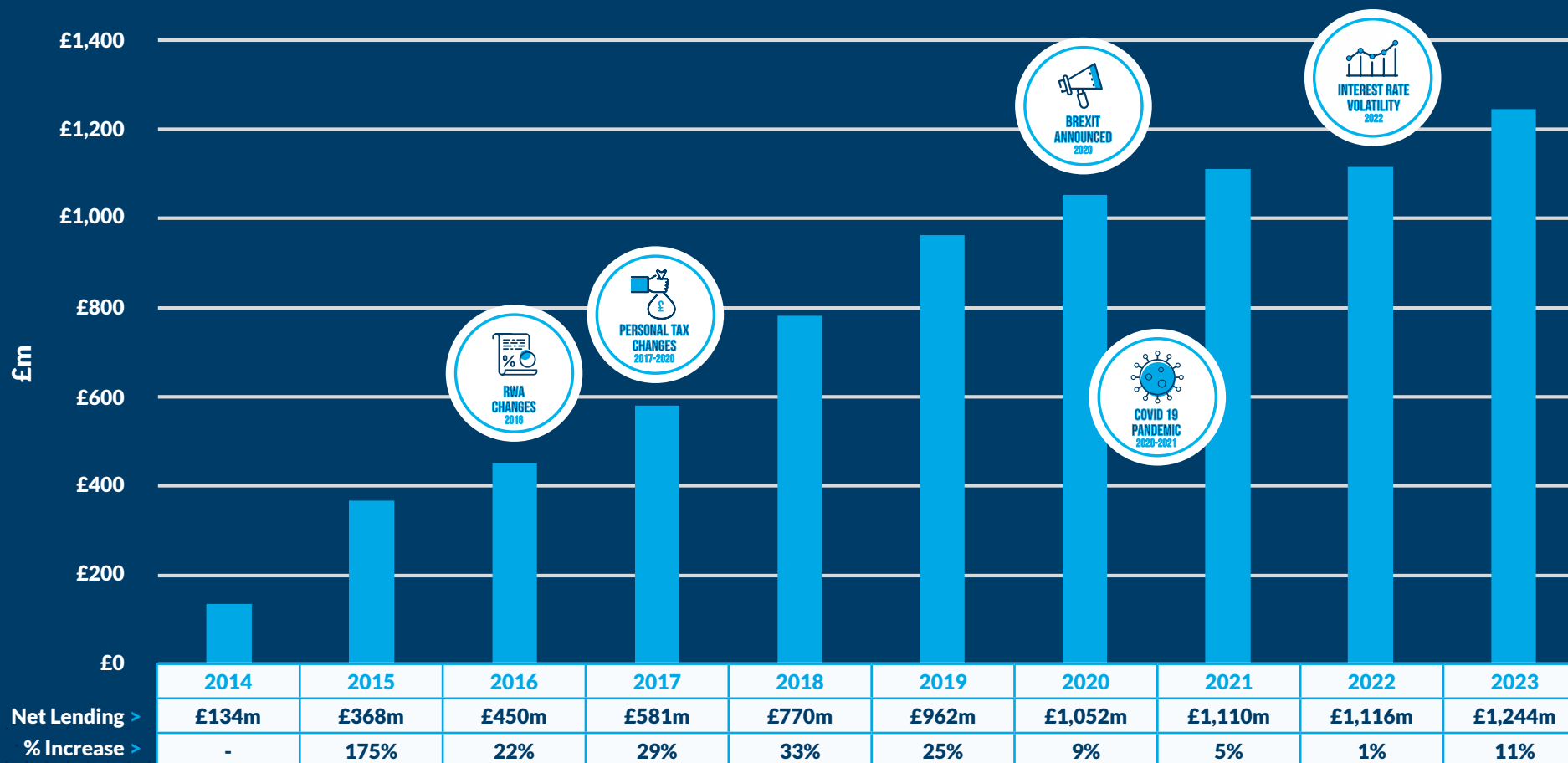
In-house experienced recoveries team



Climate focus

Responding to the changing market

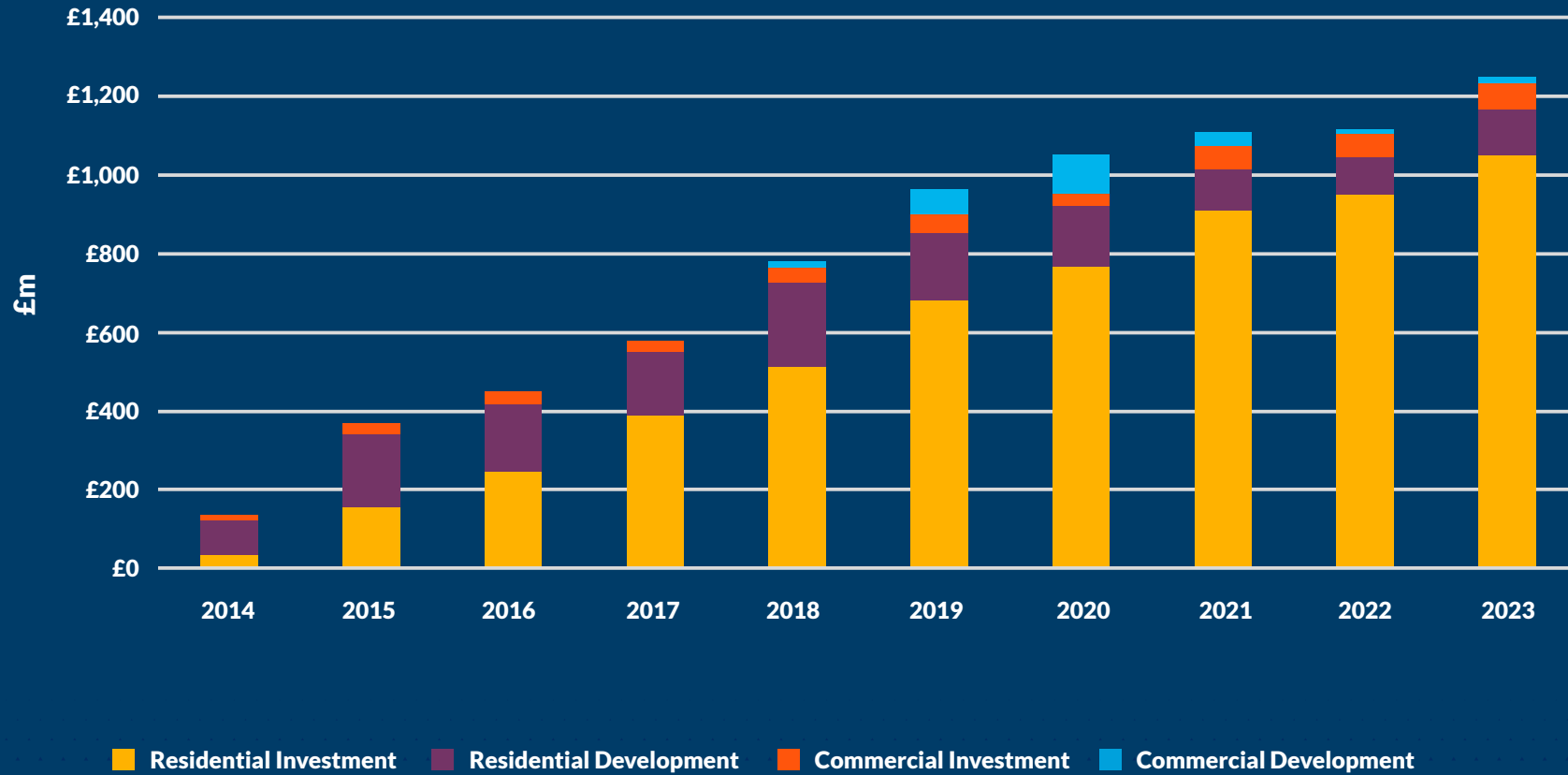
Proven track record of innovation and agility



Total net lending balances

Strategic prioritisation of residential lending

Minimal exposure to Commercial Development



84%

2023

% RESIDENTIAL INVESTMENT

2014

25%

Case Study Four

Exit via Administration

Client: Listed property developer / Complex land specialist.

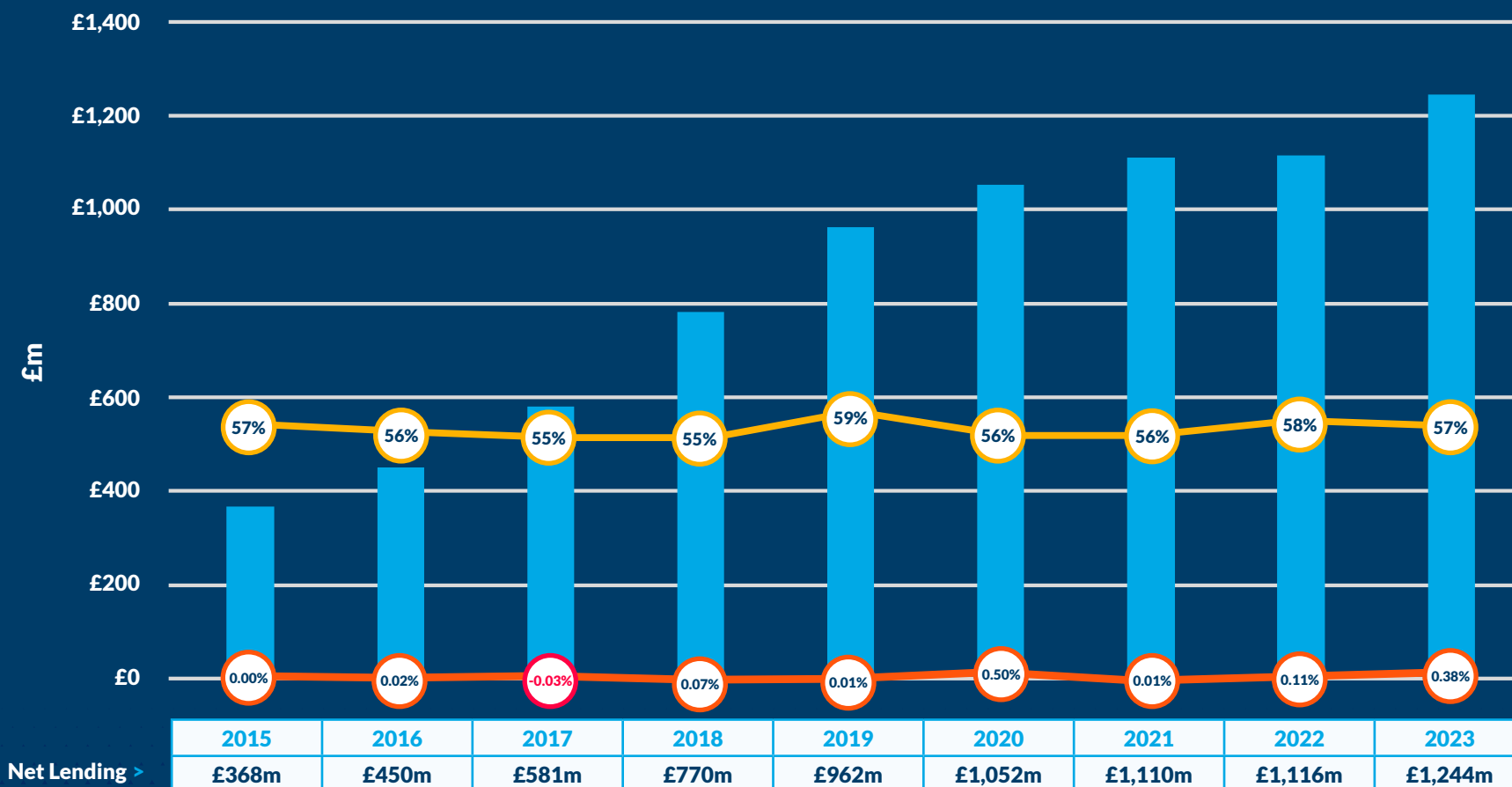
Relationship established 2016.

- **Up to £55m** total facilities.
- Administration of Borrower.
- Worked with professional advisors.
- Managed / monitored risk at senior level.
- Complex site security and challenging sales process.
- Successful work-out.



Stable LTV and cost of risk

Proven track record of robust risk controls



— Book LTV
 — Cost of Risk
 ■ Total net lending balances

Net Lending >

Real Estate Finance

Well positioned for continued profitable growth and attractive returns



Track record of growth
in tailored specialist
property lending



Low cost and scalable
operating model generating
attractive returns



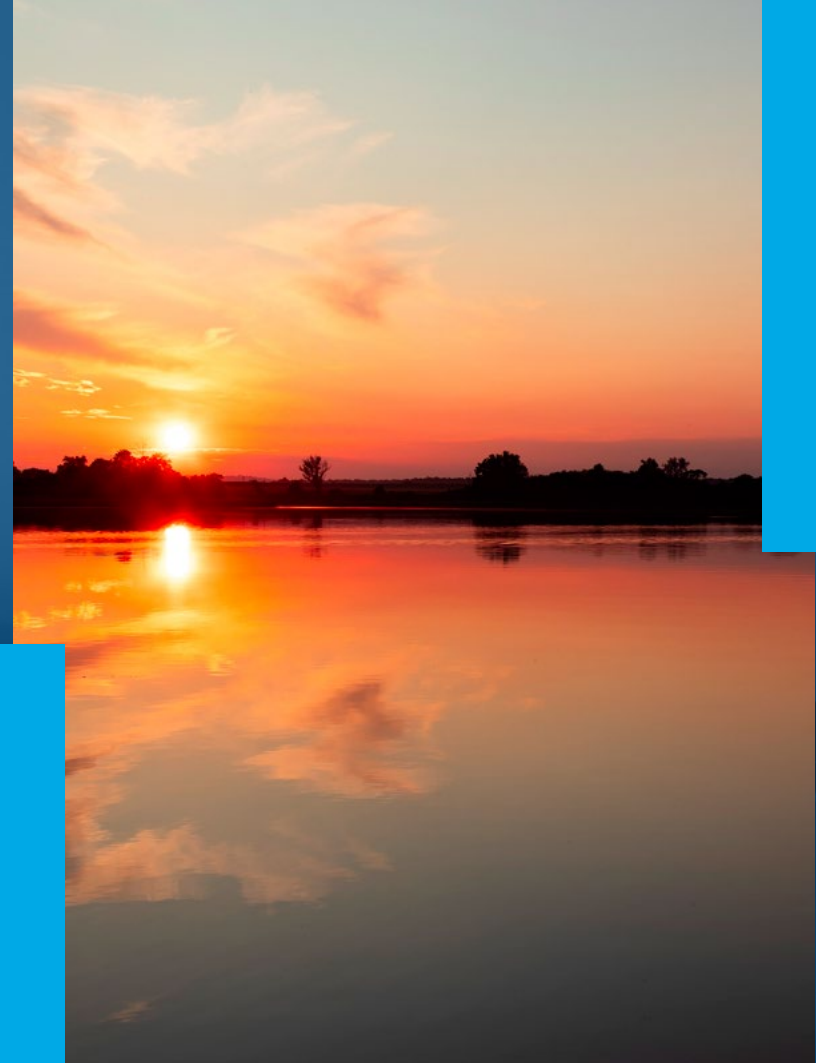
Further profitable
loan growth
opportunities

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CONCLUSION

DAVID McCREADIE

Chief Executive Officer



Excellent growth potential in our specialist markets

Moving towards our £4bn loan book ambition



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QUESTIONS AND ANSWERS

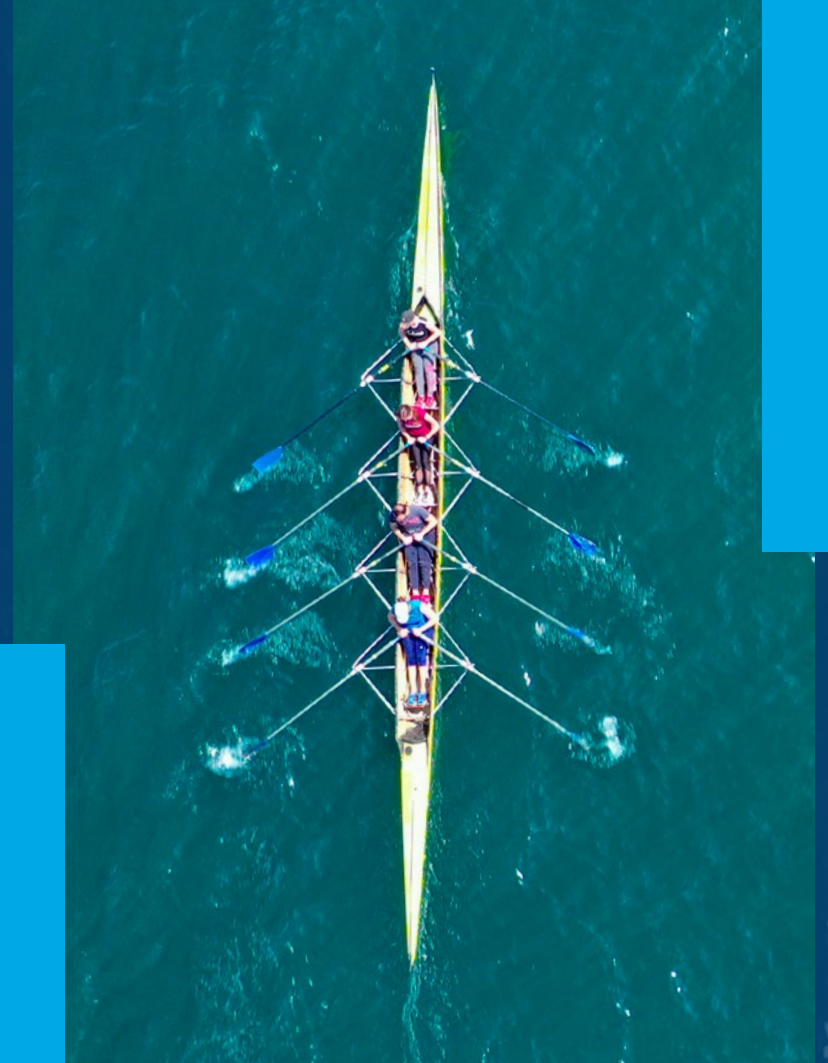
DAVID McCREADIE

Chief Executive Officer



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MANAGEMENT BIOGRAPHIES



Management biographies



▶ **DAVID McCREADIE**
▶ CHIEF EXECUTIVE OFFICER,
SECURE TRUST BANK GROUP

David was appointed CEO in January 2021.

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.



▶ **GEOFF RAY**
▶ MANAGING DIRECTOR,
REAL ESTATE FINANCE

Geoff is a qualified career banker with 45 years of experience including the last 23 years in the Corporate and SME segments in and around London, joining Secure Trust Bank plc in 2016.

Prior to joining STB, Geoff held senior leadership positions with The Royal Bank of Scotland responsible for delivery of full relationship banking in multiple sectors including Real Estate Finance, Hotels & Leisure, Healthcare, Technology, Financial Institutions, Franchise, Not for Profit and Legal & Professional.



▶ **JOHN GRIFFIN**
▶ REGIONAL HEAD -
LONDON & SOUTH EAST,
REAL ESTATE FINANCE

John has spent his entire 18 year career to date specialising in real estate finance lending for UK SME's and commercial customers. Originally working at The Royal Bank of Scotland, he was directly responsible for managing a sizeable portfolio covering multiple real estate sectors - residential investment, residential development and commercial investment with transactions ranging from £5m - £75m. After 13 years at RBS, he joined Secure Trust Bank plc in 2019.

In 2021 John took over the leadership of the London Real Estate team for STB and brings a wealth of experience in originating, negotiating and managing real estate lending facilities and is now responsible for £800m of Secure Trust's Real Estate loan book.



▶ **CHRIS KING**
▶ HEAD OF CREDIT,
REAL ESTATE FINANCE

Chris is a qualified Banker with over 20 years' experience. Prior to joining STB, Chris worked across a number of sectors across SME and Corporate markets at HSBC and The Royal Bank of Scotland, where he held leadership roles in Risk, Restructuring and within the Business.

Chris joined STB to grow and develop the London Real Estate team as Regional Head. More recently Chris moved to head up the Credit Risk team where he built and developed a restructuring and recoveries capability.



THANK YOU