2020
Year End Results

25 March 2021

Secure Trust Bank

Section 1

2020 Overview

DAVID McCREADIE | CHIEF EXECUTIVE OFFICER

A strong performance. Growth opportunities ahead

- The Group delivered a strong and resilient operational and financial performance in 2020
- We focused on minimising risk, conserving capital, supporting our existing customers and ensuring the safety of colleagues
- Statutory Profit before Tax of £20.1m, a reduction of 48.1% on prior year
- Proposed final dividend of 44p (2019: interim dividend 20p, no 2019 final dividend or 2020 interim dividend)
- Our diversified business model, strong balance sheet and strategy position us for a return to growth

* Net of interest on swaps

CET 1 Ratio
14.2%
2019: 12.7%

Net Interest Margin
6.3%
2019: 6.5%

Cost of Funds*
1.8%
2019: 2.0%

Cost Income Ratio
55.1%
2019: 56.9%

Return on Average Equity
6.1%
2019: 12.8%

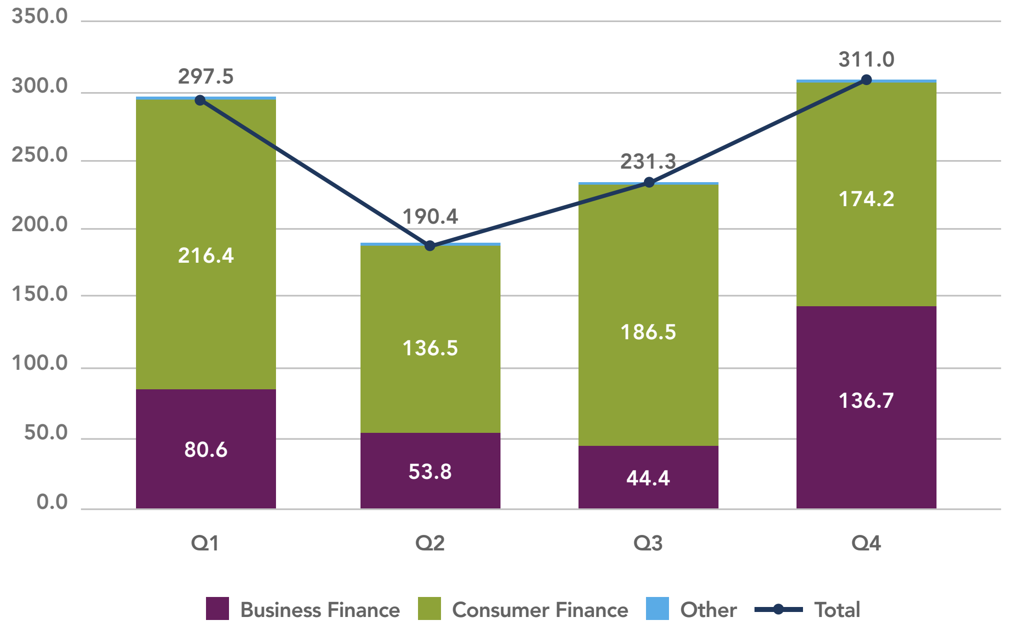
New Business Volumes

Last year's trend provides confidence in our growth trajectory as we emerge from lockdown and recovery takes hold

Trends

- New business volumes started strongly in Q1 prior to the first national lockdown
- By Q4, new business volumes had returned to pre-pandemic levels
- Business Finance new business picked up significantly in Q4 from Q2 & Q3
- Consumer Finance recovered but has yet to return to pre-pandemic levels, particularly in Motor Finance where we were closed to new business in Q2
- Our relationship with online retailers meant that Retail Finance's volumes were impacted less and benefited from the shift in consumers' shopping behaviour

New Business



Diversified Portfolio

The Group consists of five core divisions across Business and Consumer Finance. The business is diversified across market, yield, security and cost of risk.

	Business Finance **54.4%** of loan book (FY19 49.5%)		Consumer Finance **41.7%** of the loan book (FY19 44.7%)			Non Core 3.9% of loan book (FY19 5.8%)	STBG
	Real Estate	Commercial	Retail	Motor	DMS		
STB product offering	Residential and commercial investment and development lending	Invoice discounting and debt factoring	Prime credit across a range of retail sectors including cycle, leisure and furniture	Prime and non-prime lending in the used car market	Debt collection acting for a range of internal Group and external clients	Asset Finance and Consumer Mortgages (both closed to new business	
% Change	9.3%	(8.3)%	(4.4)%	(24.7)%	(0.7)%	(34.7)%	(3.7)%
Loan Book FY 20 £m	1,051.9	230.7	658.4	243.9	81.8	92.2	2,358.9
Cost of Risk FY 20 %	0.5	0.5	2.2	7.1	9.9	1.0	2.1
Loan Book FY 19 £m	962.2	251.7	688.9	323.7	82.4	141.2	2,450.1
Cost of Risk FY 19 %	0.0	0.0	3.0	4.6	(3.9)	0.6	1.4
Net Revenue Margin FY 20 %	3.0	5.5	8.9	12.9	14.4	15.5	6.9
Net Revenue Margin FY 19 %	3.2	6.0	9.5	13.8	12.0	10.6	7.3
Average Duration	2-3 years	Revolving	c.2 years	c.5 years	10 years	-	-
Secured/Unsecured	Secured on Property	Secured on Debtors	Unsecured	Secured on Vehicles	Unsecured	Secured on Assets & Property	68.6%

Supporting our Customers and Colleagues

Our team's commitment has enabled us to provide a seamless service through the pandemic.

Customers

- Flexible support for existing customers
- Payment Holidays granted in Motor and Retail Finance
- CBILS/CLBILS facilities granted in Commercial Finance
- Stable technology platforms
- Products and services fully available
- FEEFO rating of 4.7 stars maintained

FEEFO rating

4.7 stars

2019: 4.7 stars

Colleagues

- 85% of colleagues working from home
- 'Covid Secure' offices
- Support for wellbeing
- Full pay for COVID related absence
- Employee Trust Index increased 3%, to 82%

Trust Index

82%

2019: 79%

Section 2

Financial Review

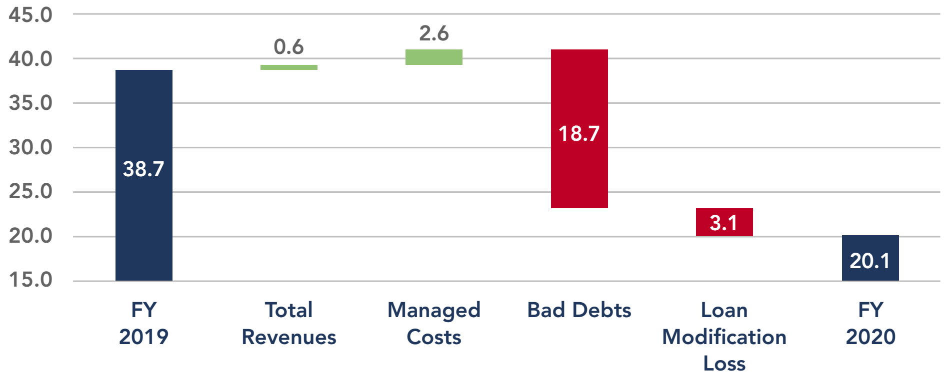
Rachel Lawrence
Chief Financial Officer

Summary income statement

Despite the pandemic STBG has delivered a Statutory PBT of £20.1m. On a pre-impairment basis operating profit of £74.5m is up 4.5% on FY19.

£m	FY 2020	FY 2019	% Change
Net Interest income	150.9	145.4	3.8%
Net Fee, commission and other income	15.2	20.1	(24.4)%
Operating Income	**166.1**	**165.5**	**0.4%**
Impairment charge	(51.3)	(32.6)	57.4%
Loan modification loss	(3.1)	0.0	
Operating expenses	(91.6)	(94.2)	(2.8)%
Statutory profit before tax	**20.1**	**38.7**	**(48.1)%**
NIM	6.3%	6.5%	(2.8)%
Cost to income ratio	55.1%	56.9%	(3.2)%
ROAE	6.1%	12.8%	(52.3)%
Basic EPS (pence)	87.0	168.3	(48.3)%
Proposed FY dividend per share (pence)	44.0	20.0	120.0%

FY19 to FY20 profit before tax



Statutory PBT down 48.1%
Predominately driven by increased impairment charges

3.8% increase in net interest income
A combination of base rate changes and funding shifts away from more expensive term deposits and higher average lending balance sheet

24.4% decrease in net fee and commission income
Impacted by lower new business volumes and activity due to the pandemic

57.4% increase in impairment charges
Driven predominately by forward macroeconomic indicators

2.8% decrease in operating expenses
Lower volume related costs, recruitment and general expenses offset by investment in IT Infrastructure and Motor Transformation

Net Interest Income

Increased net interest income but lower NIM

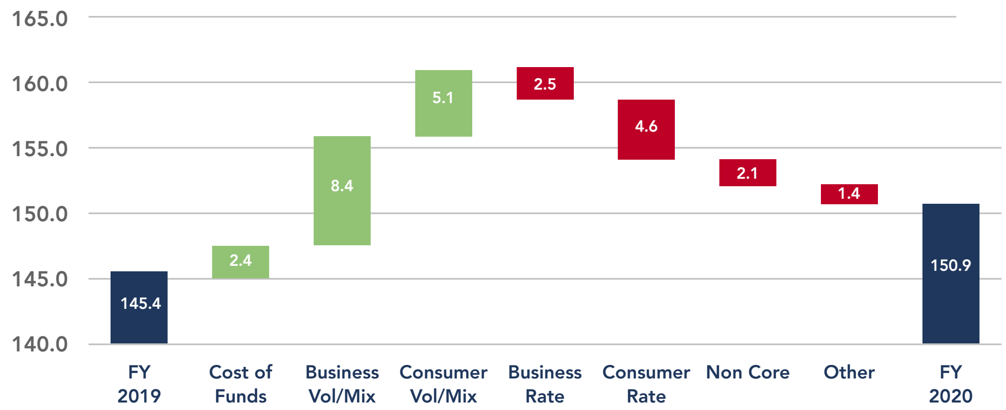
3.8% increase in net interest income

- As a result of funding mix changes (54% Term in FY20 against 64% Term in FY19 and reduced Base Rate cost of funds reduced by £2.4m in the year
- Despite the pandemic strong Q1 20 performance resulted in average lending balances ending 6.8% up on 2019, driving an increase of £13.5m of interest income
- Mix shifts away from higher yielding Motor due to pandemic closures and de-risking of Retail away from interest bearing products drove a reduction in interest income of £7.1m
- Non-core businesses reduced interest income by £2.1m as the lending balances amortise down

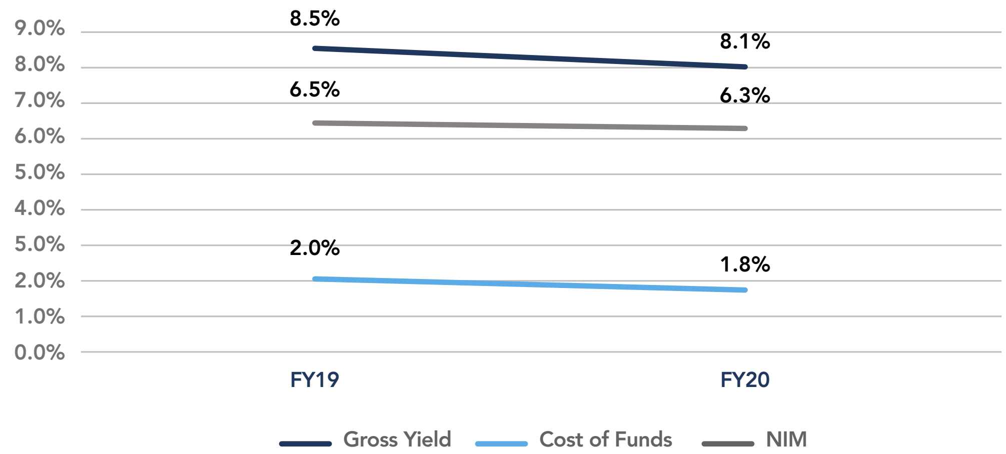
19bps decrease in NIM

- Cost of funds actions account for an increase in NIM of 23bps offset by lending mix impacts of 42bps

Net Interest Income (£m)



NIM



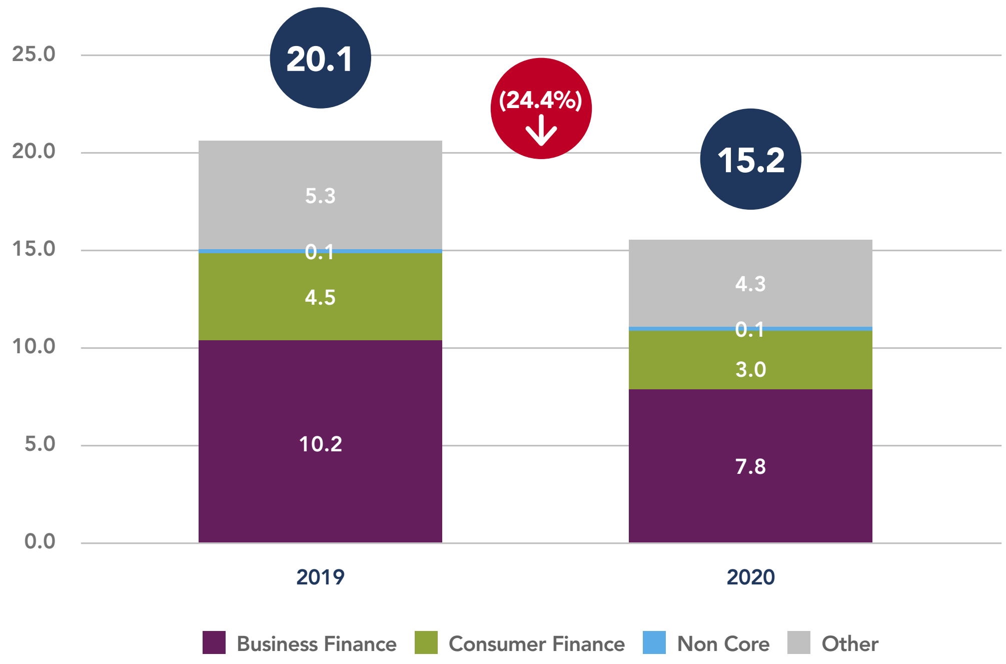
Net Fee, Commission and Other Income

Impacted by lower new business volumes and activity due to the pandemic

24.4% decrease in net fee, commission and other income

- Business Finance impacted by lower volumes and reduced ability to charge fees
- Consumer Finance impacted by a reduction in collection fees in Retail due to lower arrears and shift away from BNPL product driving lower settlement fees
- Other impacted by the reductions and closure of the OneBill product

Net Fee and Commission Income (£m)



Operating Expenses

Reduction of £2.6m in operating expenses and 180bps drop in Cost Income Ratio.

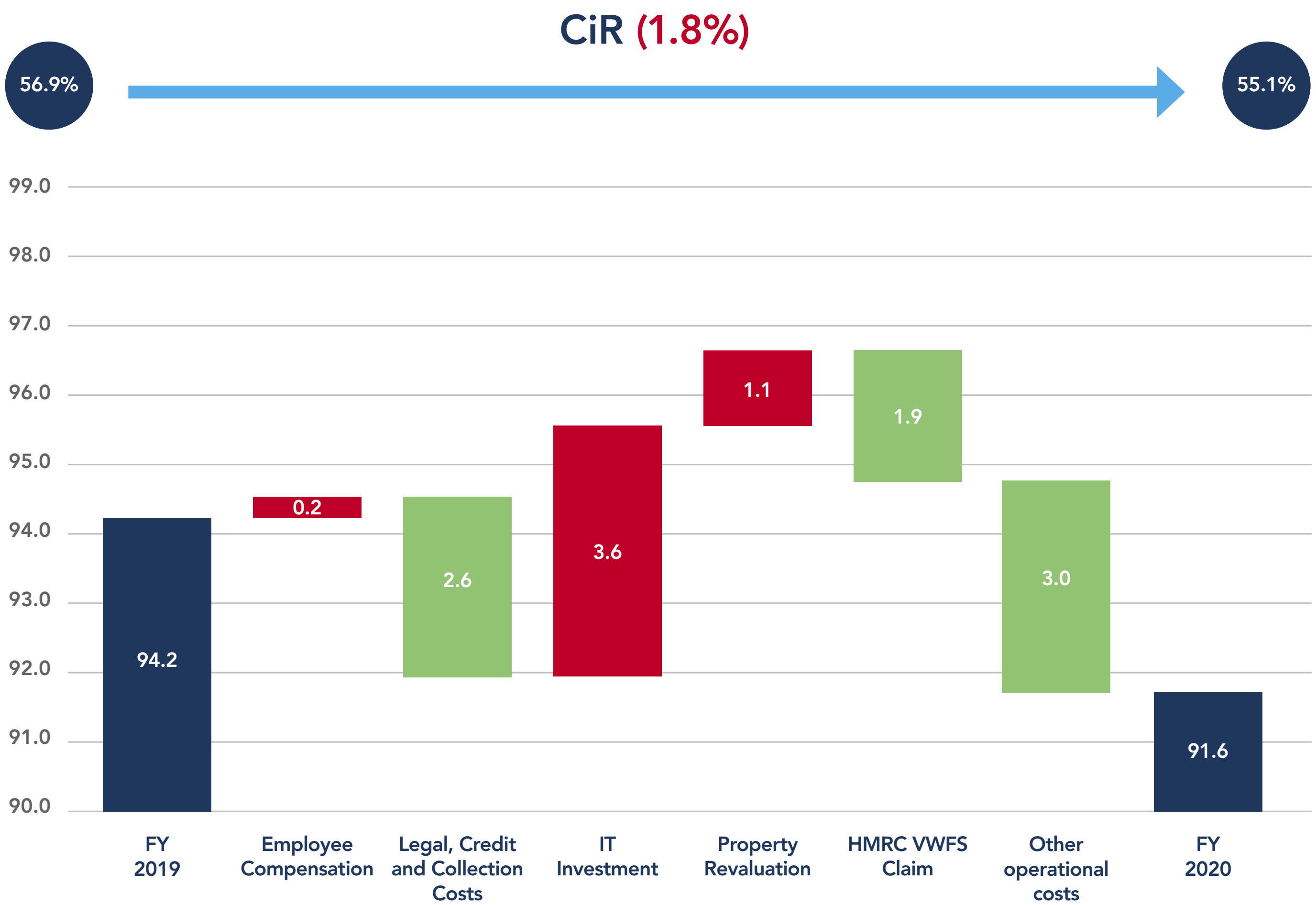
£2.6m reduction in operating expenses

Driven by:

- Lower new business reduced credit, volume related costs and Marketing
- Lower travel and entertainment and cost control over general operational costs
- One-off credit in relation to VAT reclaim

Offset by:

- Investment in IT infrastructure and Motor Transformation
- Property revaluation due to economic climate



Macroeconomic Scenarios (MES)

Conservative set of forward looking macroeconomic scenarios. No change to scenario weightings.

Sensitivities

Change to 100% weighting to the severe scenario would increase the impairment charge by £15.7m and a change to 100% weighting to the low scenario would reduce the impairment charge by £8.9m.

Staging

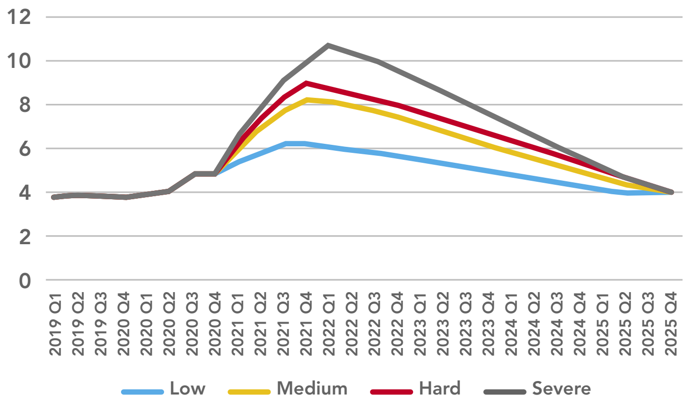
78% of the book remains in S1, down from 86% last year, with the majority of that reduction moving into S2.

The significant contributors to that S2 increase were REF where a number of cases requiring extensions or forbearance due to the pandemic and the movement of all Consumer customers with a payment holiday into S2.

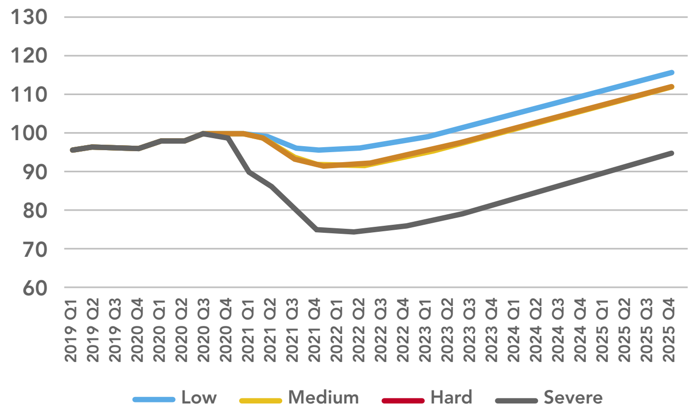
Economic scenarios and weightings

Scenario	Weightings	UK Unemployment Rate – Annual Average				UK HPI – movement from Q420			
		2021	2022	2023	5 Yr Avg	2021	2022	2023	5 Yr Avg
		%	%	%	%	%	%	%	%
Low	20%	5.9	5.9	5.2	5.1	(2.2)	(2.9)	1.9	3.7
Medium	45%	7.5	8.2	7.0	6.6	(4.1)	(7.4)	(2.8)	(0.3)
Hard	25%	7.7	8.4	7.2	6.7	(4.4)	(7.0)	(2.2)	(0.0)
Severe	10%	8.4	10.1	8.3	7.5	(16.4)	(24.4)	(20.4)	(16.3)

Unemployment Rate Scenarios



HP Scenarios



Impairment charge

Stable credit experience but impairment charge increase of £18.7m reflecting the application of forward looking macroeconomic factors.

Impairment charge increased by £18.7m

DMS charge relates to the revaluation of future cash flows, reflecting our current expectations on cash collections in the light of the pandemic.

H2 20 impairment charge significantly lower at £19.8m (or £10.9m excluding DMS revaluation).

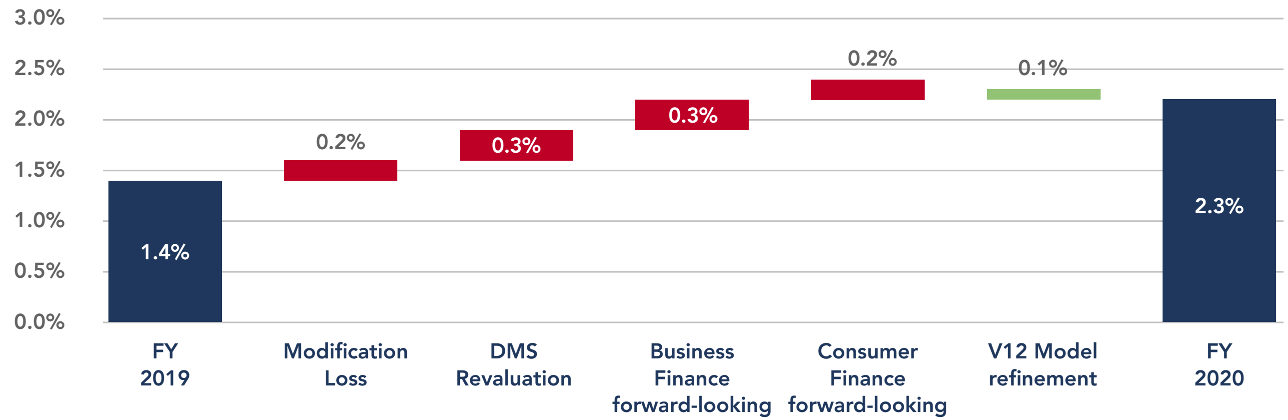
Cost of risk increased by 0.9% to 2.3% in FY20

- 0.5% driven by forward looking macroeconomic factors
- 0.3% driven by DMS revaluation
- 0.2% driven by Loan Modification Loss which will predominately be fully unwound by 2023

Impairment charge by Division (£m)

	Business Finance		Consumer Finance			Non Core*	STBG
	Real Estate	Commercial	Retail	Motor	DMS	AF & Consumer Mortgages	
FY 20	5.2	1.1	14.5	20.7	8.9	0.9	51.3
FY 19	0.1	0.1	19.8	13.8	(2.1)	0.9	32.6
H1 20	2.0	1.1	12.5	14.9	-	1.0	31.5
H2 20	3.2	-	2.0	5.8	8.9	(0.1)	19.8

Cost of Risk

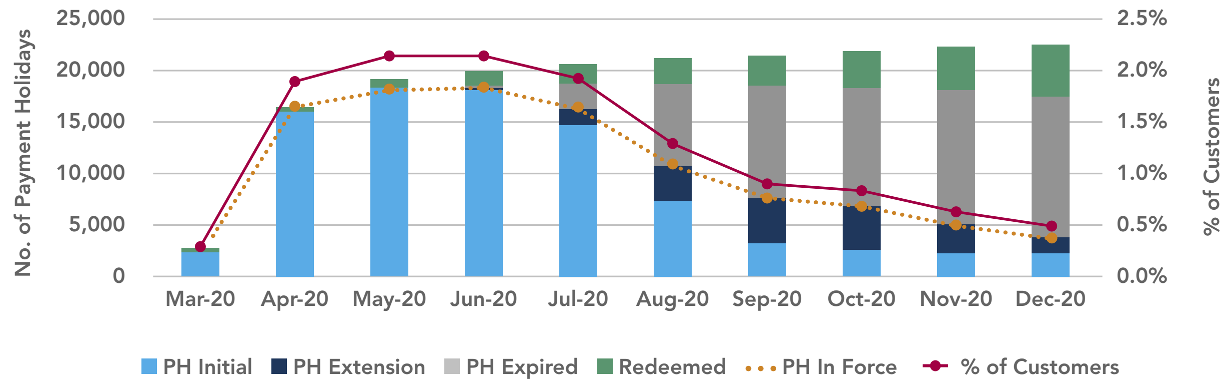


Payment Holidays

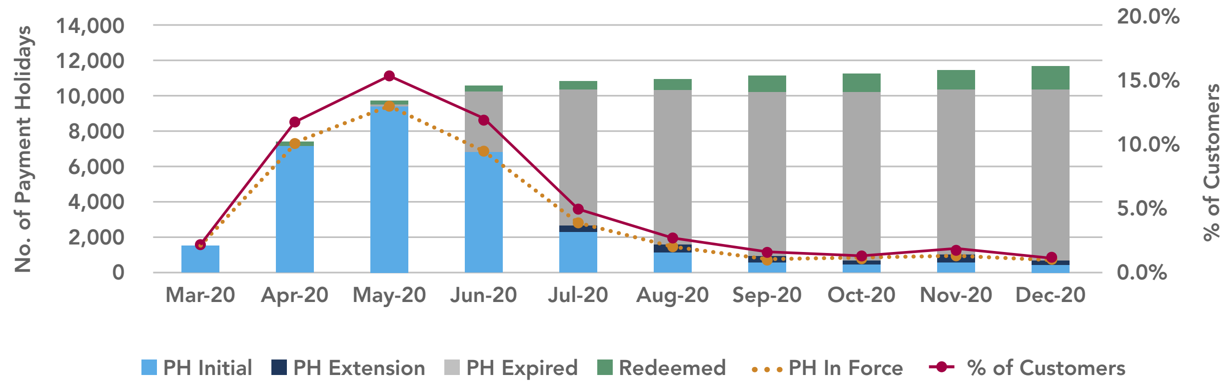
Total Consumer customers on Payment Holidays peaked at 3.0%, now down to 0.5%.

- A significant number of our Motor and Retail Finance customers took advantage of payment holidays
- The number of new payment holidays taken fell off rapidly in the second half of the year
- Although a number of extensions were taken, particularly in Retail Finance, most customers let their payment holidays expire with the majority of these returning to full payment
- By the end of 2020, just 1.2% of Motor Finance customers and 0.5% of Retail Finance customers remained on a payment holiday

Retail Finance Payment Holidays



Motor Finance Payment Holidays



Summary Balance Sheet

Assets remained steady with a small reduction in Loans to customers. Deposits from customers reduced by 1.4% in line with the reduction in Loans to customers.

£m	FY 2020	FY 2019	% Change
Cash and balances at central banks	181.5	105.8	71.6%
Debt securities	-	25.0	-
Loans and advances to banks	63.3	48.4	30.8%
Loans and advances to customers	2,358.9	2,450.1	(3.7)%
Other Assets	60.4	53.5	12.9%
Total Assets	**2,664.1**	**2,682.8**	**(0.7)%**
Deposits from customers	1,992.5	2,020.3	(1.4)%
Wholesale funding	276.4	308.5	(10.4)%
Tier 2	50.8	50.6	0.4%
Other liabilities	73.9	49.3	49.9%
Total Liabilities	**2,393.6**	**2,428.7**	**(1.4)%**
Total Shareholders' equity	270.5	254.1	6.5%
Total liabilities and shareholders' equity	**2,664.1**	**2,682.8**	**(0.7)%**
Loan to deposit ratio	**118.4%**	**121.3%**	**(2.4)%**
Customer numbers	**1,536,602**	**1,598,256**	**(3.9)%**
Equity per Share	14.52	13.75	5.6%

Balance sheet remains steady YoY

- Loans and advances to customers reduced by **3.7%** reflecting the impact of the pandemic
- Deposits from customers reduced by **1.4%** during the year reflecting lower lending balances
- Wholesale funding represents drawings from the TFS and ILTR schemes
- Tier 2 represents two tranches of **£25m 6.75%** Fixed Rate callable (2023) sub loans maturing in 2028
- Shareholders' equity increased by **6.5% to £270.5m**

Loans and Advances and New Business Volumes

Loans and advances reduced by 3.7% with contraction in Consumer Finance and Non Core. New business volumes started strong in Q1 and returned to pre-pandemic levels in Q4.

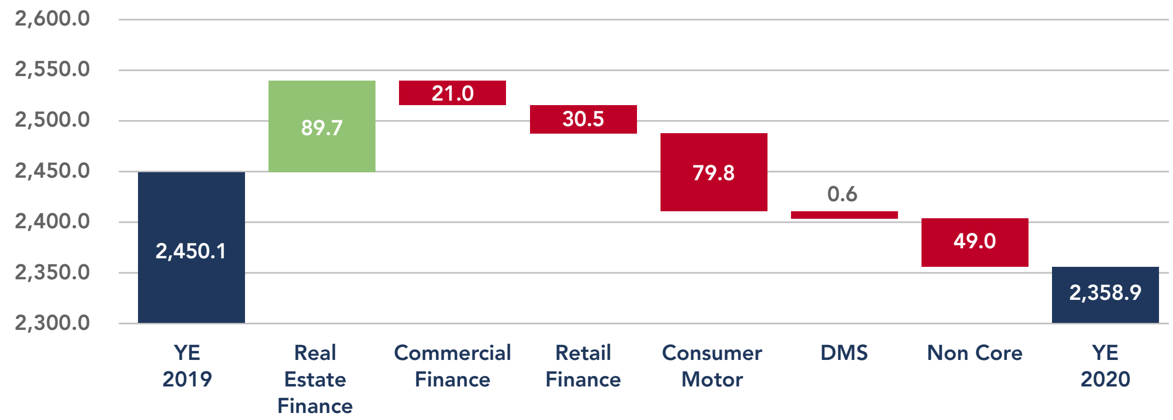
Loans and Advances reduced by £91.2m

- Real Estate Finance achieved growth of 9.3% YoY
- Consumer Finance reduced significantly in Motor but held up better in Retail where customers moved online
- Non Core divisions reduced by 34.7% as these products run off

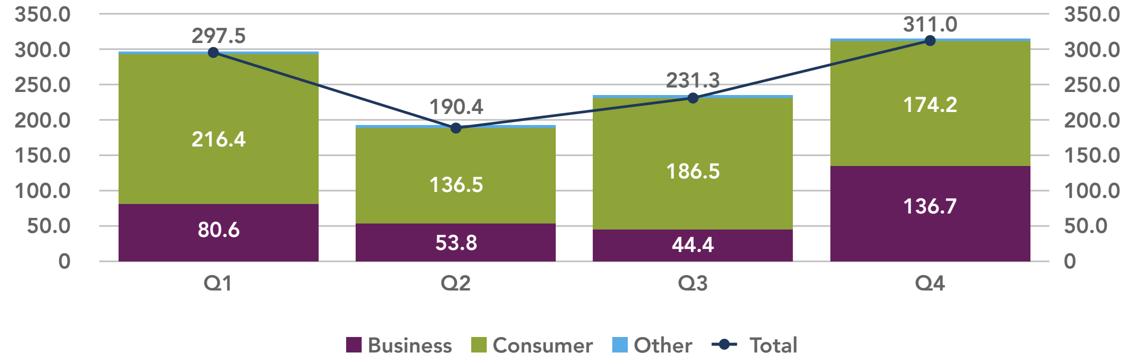
New business picked up in Q4

- Business Finance new business picked up significantly in Q4 from a depressed Q2 & Q3.
- Consumer Finance recovered but has yet to return to pre-covid levels, particularly in Motor where we were closed to new business in Q2.

Net Loans and Advances



New Business



Funding

Total funding decreased by 2.7% in the year, reflecting lower lending balances.

Mix of deposits shifting away from term reflected in lower cost of funds.

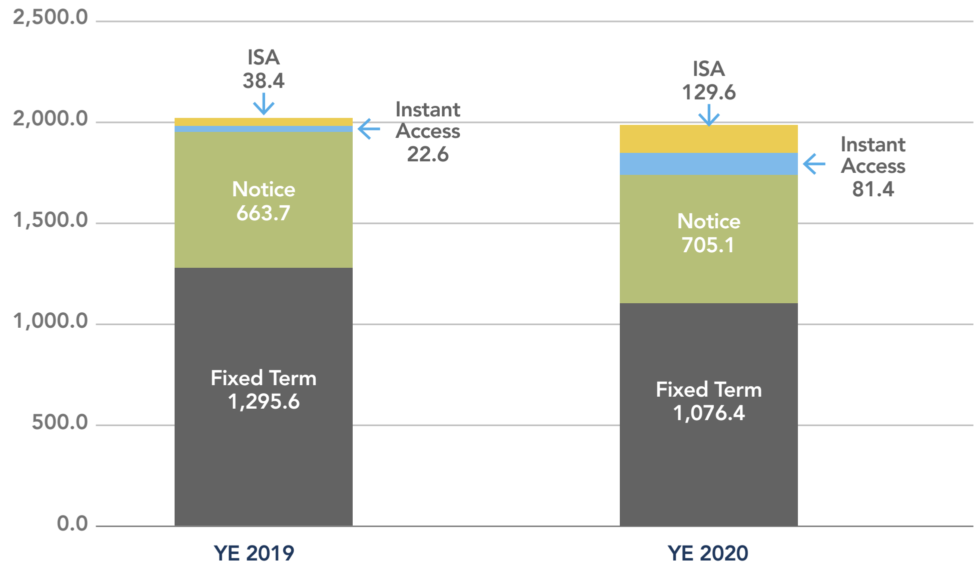
Product mix shift towards shorter dated deposits

- Fixed term deposits represent 54% of customer deposits, a reduction of 10% in the year
- Focus on attracting ISA and notice account funding has reduced the cost of funds by 23bps to 1.8%

Additional funding from TFS & ILTR

- TFS drawing remained constant at £263m with a reduction in ILTR drawings year on year, reflecting the reduced lending.
- We are a member of the new TFSME scheme and plan to drawdown in 2021 as TFS drawings mature.

£m	FY 2020	FY 2019	% Change
Customer Deposits	1,992.5	2,020.3	(1.4)%
TFS & ILTR	273.1	308.5	(11.5)%
Total	**2,265.6**	**2,328.8**	**(2.7)%**



Capital

£15.7m increase in CET 1 capital, reflecting profits and changes to IFRS 9 transitional relief. Strong and improved capital ratios.

CET1 & TCR ratio improved by 1.5% and 1.4%

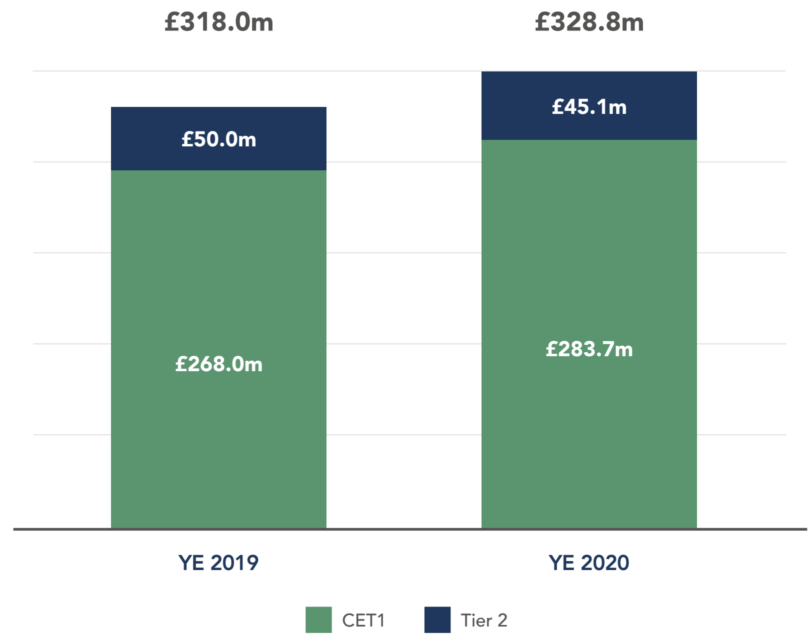
- Improvement driven by FY20 profits and IFRS9 transitional adjustment
- Strong capital availability positions us well for growth

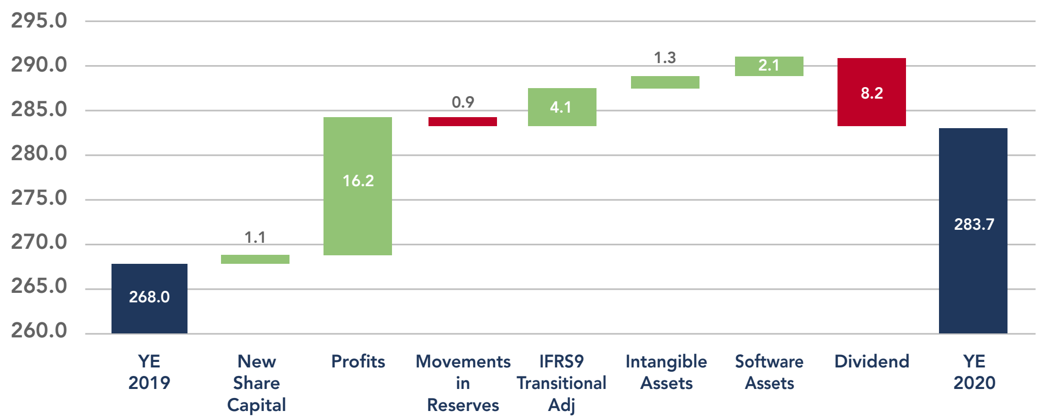
Eligible Tier 2 reduced

- Driven by a reduction in RWAs and the 1% reduction in P2A

	FY 2019	FY 2020
CET 1	12.7%	14.2%
TCR	15.0%	16.4%
Leverage	9.8%	10.4%
RWAs	£2,118.1m	£2,001.5m

Total Capital





Section 3

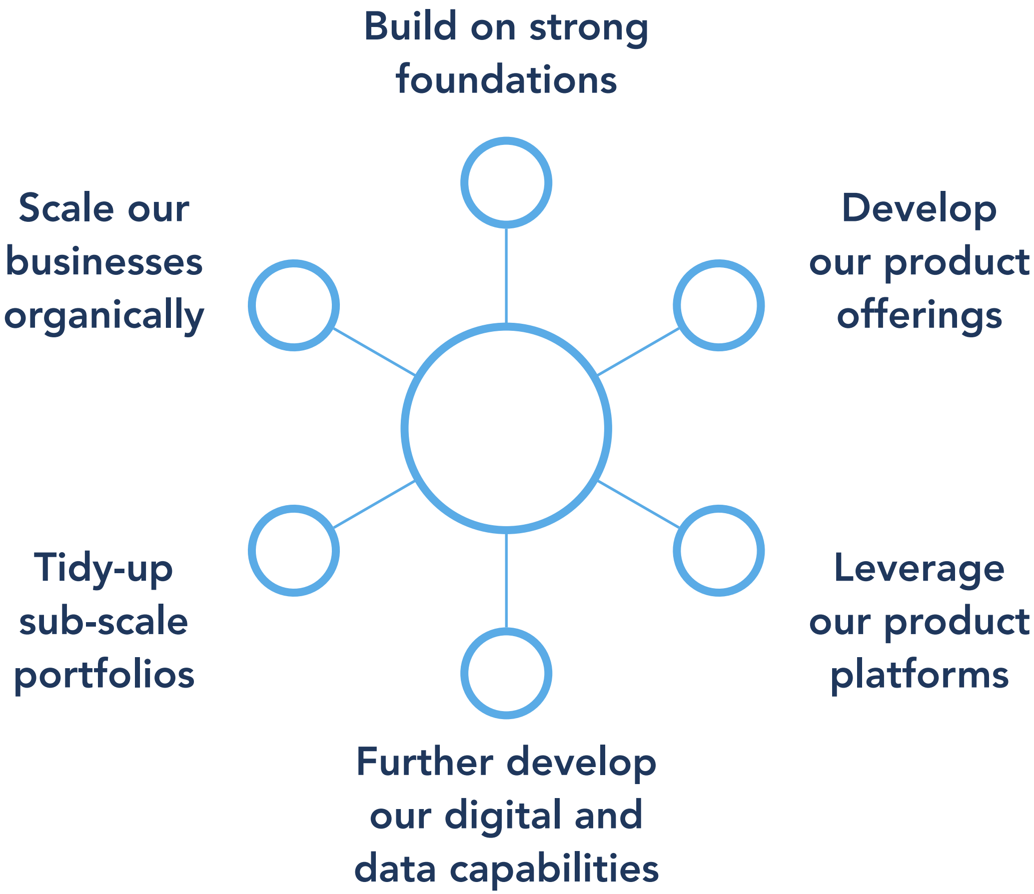
Looking ahead: Strategy & Outlook

David McCreadie
Chief Executive Officer

CEO Initial Assessment

- Colleagues – customer-centric, supportive, committed
- Excellent customer service
- Experienced, divisional management teams
- Technology led solutions in Consumer Finance
- Specialist lending in attractive segments
- Flexible, diversified business model

Future Opportunities



V12 Retail Finance

V12 Vehicle Finance
Powered by Secure Trust Bank

Secure Trust Bank Commercial Finance

Secure Trust Bank Real Estate Finance

debt managers

Strategic Priorities

We will continue to:-

- Serve businesses and consumers
- Operate in attractive segments offering higher yields
- Utilise our specialist risk management skills
- Optimise our capital and liquidity strategies
- Create shareholder value

We will evolve and rearticulate our strategy:-

- Define our Core Purpose
- Simplify our business
- Become more efficient
- Scale organically
- Value-accretive M&A activity

Capital Markets Day to be held during H2 2021

- Share our Purpose and Strategy
- Introduce leaders of our business units
- Provide insights on our business units
- Update on progress and growth ambitions

Medium Term Performance Targets

	2020 Actual	Medium Term
Net Interest Margin	6.3%	>6.0%
Cost Income Ratio	55.1%	50% – 55%
Return on Average Equity	6.1%	14% – 16%
CET 1	14.2%	>12.0%

Outlook

- Strong financial performance has continued into early 2021
- Business volumes continue to be impacted by lockdowns
- Focus on managing risk and supporting customers
- Our diversified business model remains a key strength
- Strong capital and liquidity positions
- Confident in our ability to return to growth and achieve our ambitions

Section 4

Appendix

KPI summary

Key Performance Indicator	FY 2020	FY 2019
EPS (Basic)	87.0	168.3
Return on Average Assets	0.6%	1.2%
Return on Average Equity	6.1%	12.8%
Return on Required Equity	6.5%	13.3%

Key Performance Indicator	FY 2020	FY 2019
Cost of risk	2.1%	1.4%
Cost of funding*	1.8%	2.0%
Total cost to income ratio	55.1%	56.9%

Key Performance Indicator	FY 2020	FY 2019
Net interest margin	6.3%	6.5%
Net revenue margin	6.9%	7.3%
Gross revenue margin	8.7%	9.4%

Key Performance Indicator	FY 2020	FY 2019
Loan to deposit ratio	118.4%	121.3%
Common equity tier 1 ratio	14.2%	12.7%
Leverage ratio	10.4%	9.8%

** Net of interest on swaps*

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Q & A