

Secure Trust Bank

Pre-close shows loan growth ahead of forecasts

STB disclosed in its pre-close trading update that loan growth is strong and ahead of our forecasts. STB said that it saw a record level of new business lending in Q421 at £471.1m (+52% year-on-year). The core loan balances were up 'by double digits' year-on-year versus FY20, compared to our forecasts of 6% (core loans) and 2% (total loans). There were no new statements regarding margins or asset quality, although the news regarding the latter was quite upbeat in the Q3 update. We take note of the positives in this statement and will wait for the release of the full set of results on 24 March to update our model and estimates.

Year end	Operating income (£m)	PBT* (£m)	EPS* (p)	DPS (p)	P/E (x)	Yield (%)
12/19	165.5	38.7	180.2	87.2	7.4	6.5
12/20	166.1	20.1	85.2	44.0	15.7	3.3
12/21e	164.6	52.7	226.5	56.6	5.9	4.2
12/22e	191.3	36.3	156.6	39.1	8.6	2.9

Note: *PBT and EPS are normalised, excluding amortisation of acquired intangibles, exceptional items and share-based payments.

STB pre-close trading update stated that loans grew on annualised basis in Q421 above the bank's medium-term growth target of 15% CAGR, which it announced on its capital markets day in November. This strong loan growth seems to be broad-based with the real estate, vehicle and retail finance divisions posting record new loan business. Real estate finance was helped by its new green loan product being well received, vehicle finance was boosted by its continued expansion into broader markets, while retail finance benefited from 'strong pre-Christmas trading'.

STB reiterated its optimism to continue to successfully expand in 'attractive, specialist lending markets'. It highlighted the personal contract purchase product recently launched in vehicle finance and the upcoming rollout of its digital buy now pay later product which included the acquisition of AppToPay in November 2021.

Pre-close FY21 update

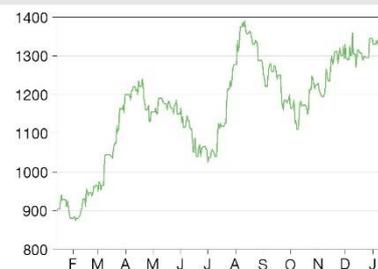
Banks

14 January 2022

Price 1,340p
Market cap £249m

Net cash/debt at date	N/M
Shares in issue	18.6m
Free float	84.5%
Code	STB
Primary exchange	LSE
Secondary exchange	N/A

Share price performance



Business description

Secure Trust Bank is a well-established specialist bank addressing niche markets within consumer and commercial banking.

Analysts

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