EDISON

# Secure Trust Bank

FY18 results

## Positive and ready for growth

Banks

**The FY18 results provide evidence that Secure Trust Bank's (STB's) strategy of combining de-risking and selective growth is working. Adjusted EPS rose 39% y-o-y while loan growth was a robust 27%; ROE increased from 8.9% to 13.1%. STB targets further strong growth in 2019 and is investing in areas such as a new motor finance platform, treasury and risk management to underpin this. STB has entered 2019 with good momentum, healthy capital and proven flexibility to adapt to opportunities and challenges that may occur in the macro and political environment**.

| Year end | Op Income (£m) | PBT* (£m) | EPS* (p) | DPS (p) | P/E (x) | Yield (%) |
|---|---|---|---|---|---|---|
| 12/17 | 129.5 | 27.0 | 116.4 | 79.0 | 12.4 | 5.5 |
| 12/18 | 151.6 | 36.7 | 162.0 | 83.0 | 8.9 | 5.8 |
| 12/19e | 167.8 | 42.0 | 183.7 | 87.2 | 7.8 | 6.1 |
| 12/20e | 185.0 | 52.2 | 225.1 | 91.5 | 6.4 | 6.4 |
| 12/21e | 203.5 | 60.1 | 254.9 | 92.6 | 5.6 | 6.4 |

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

### Strong FY18 progress, slightly ahead of expectation

STB's adjusted 2018 EPS rose 39% to 162p (our forecast: 154.8p). Pre-tax earnings rose similarly. The bank has succeeded in offsetting the tighter interest margins inherent in a lower-risk asset mix with a lower rate of impairments. The strong earnings growth has been effectively delivered with a lower risk profile. Overall loan growth was 26.9%, with similar increases in the retail and commercial divisions. Motor finance growth was only 1% y-o-y, but the bank has been changing the business to near-prime/prime and having stopped writing subprime is looking for strong growth here in 2020 and beyond.

### Outlook: Positive momentum

STB has started the year with good momentum and sees the potential for further significant expansion in its chosen areas. There is capital headroom (CET1 13.8%) to accommodate this growth (we forecast loan growth of 20% in 2019). We expect loan growth across in all key areas in 2019, supported by investment in systems and people. We look for EPS growth of 13% in 2019, with some drag from rising costs reflecting investment to support longer-term growth. On a three-year view we see operating and financial leverage combining to allow the ROE to climb to over 18% by 2021 and three-year CAGR EPS growth of 15%. Aside from organic growth, the bank continues to review possible acquisitions with a disciplined application of price and business fit criteria,

### Valuation: Deserves more than a 1.0x PNAV

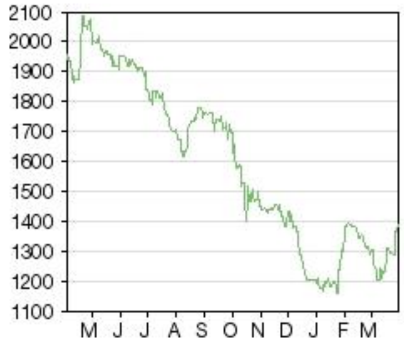
We have made minor changes to our EPS estimates (-4.2% for 2019, +0.2% 2020) driven by operating costs and investments. This moves our dividend discount model (DDM) valuation down marginally from 2,443p to 2,428p. The bank trades on a 2019 PNAV of 1.0x yet its forecast returns on equity are well above our assumed cost of equity (10%). Our DDM fair value is equivalent to a 2019 PNAV of 1.8x.

**1 April 2019**

| | |
|---|---|
| **Price** | **1440p** |
| **Market cap** | **£266m** |

| | |
|---|---|
| Net debt/cash (£m) | N/M |
| Shares in issue | 18.5m |
| Free float | 84.5% |
| Code | STB |
| Primary exchange | LSE |
| Secondary exchange | N/A |

### Share price performance




| % | 1m | 3m | 12m |
|---|---|---|---|
| Abs | 7.8 | 17.6 | (23.3) |
| Rel (local) | 5.3 | 8.6 | (25.0) |
| 52-week high/low | | 2085.0p | 1157.5p |

### Business description

Secure Trust Bank is a well-established specialist bank addressing niche markets within consumer and commercial banking. It is launching a non-standard mortgage business. Former parent Arbuthnot Banking Group's shareholding is now less than 20%.

### Next events

| | |
|---|---|
| Interim results | July 2019 |

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***Secure Trust Bank is a research client of Edison Investment Research Limited***

## FY18 earnings +39%

STB reported EPS growth of 39% y-o-y; we expected 33%. The pre-tax increase was similar at 36% and STB's ROE rose from 8.9% in 2017 to 12.8% (as calculated by us; STB reported 13.1% in 2018. Exhibit 1 sets out the evolution of the profit and loss account, highlighting how lower impairments magnified 17% growth in operating income generating this high level of earnings growth.

**Exhibit 1: Profit and loss**

| £m unless stated | 2017 | 2018 | % change |
|---|---|---|---|
| Gross interest income | 141.3 | 169.2 | 19.7 |
| Interest expense | (26.7) | (35.5) | 33.0 |
| Net interest income | 114.6 | 133.7 | 16.7 |
| Net fees & commissions | 14.9 | 17.9 | 20.1 |
| **Total operating income** | **129.5** | **151.6** | **17.1** |
| Operating expenses | (71.3) | (84.5) | 18.5 |
| Impairment charges on loans | (33.5) | (32.4) | -3.3 |
| Other income | 0.3 | 0.0 | |
| **Pre-tax profit** | **25.0** | **34.7** | **38.8** |
| **Underlying pre-tax profit** | **27.0** | **36.7** | **35.9** |
| Tax | (5.1) | (6.4) | 25.5 |
| Profit after tax - continuing operations | 19.9 | 28.3 | 42.2 |
| Profit after tax reported | 23.8 | 28.3 | 18.9 |
| Underlying profit after tax | 21.5 | 29.9 | 39.2 |
| **Basic EPS (p)** | **107.7** | **153.2** | **42.2** |
| **Underlying EPS (p)** | **116.4** | **162.0** | **39.2** |
| Dividend per share (p) | 79.0 | 83.0 | 5.1 |

Source: Secure Trust Bank, Edison Investment Research

The bank was able to deliver on its strategic decision to reposition lending towards less risky segments while still pursuing strong growth. Some interest margin contraction was inevitable and it dropped from 7.7% (2017) to 7.4% (2018). But this was in line with our expectation and, crucially, STB was able to offset this with a lower impairment charge rate – down from 2.3% to 1.8%.

**Exhibit 2: Customers, loans, deposits and key ratios**

| | 2017 | 2018 | % change |
|---|---|---|---|
| Loan book | 1,598 | 2,029 | 26.9 |
| Deposits | 1,483 | 1,848 | 24.6 |
| **Loan to deposit ratio (%)** | **107.8** | **109.8** | |
| Interest revenue as % average lending balances | 9.8 | 9.0 | |
| Interest expense as % average deposits | -2.0 | -2.1 | |
| Net interest margin (%) | 7.7 | 7.4 | |
| Impairment charge % average loans | -2.3 | -1.8 | |
| **Cost/income ratio (%)** | **55.1** | **55.7** | |
| **Underlying return on average equity (%)** | **8.9** | **12.8** | |
| Total risk exposure | 1,446 | 1,825 | 26.2 |
| **CET1 ratio (%)** | **16.5** | **13.8** | |
| Leverage ratio (%) | 12.3 | 10.0 | |

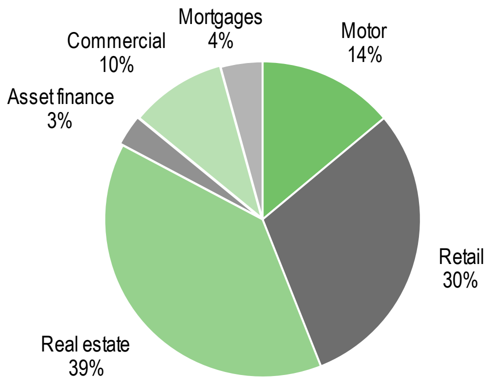
Source: Secure Trust Bank, Edison Investment Research

The balance sheet expansion was significant and loans grew 27%, after allowing for IFRS adjustments to the opening balance (we expected 30%). Growth was evenly balanced between the retail and commercial lending divisions. Motor finance was the only segment where loan growth was subdued (+1% y-o-y) but this has to be seen in the context of the repositioning of the loan book out of sub-prime to near-prime/prime. Retail lending, invoice lending and real estate lending were the key drivers of growth.

New mortgage lending was halted in January 2019 pending an improvement in market conditions. Given this is a nascent business with a newly assembled team that is still seen as providing the group with a third leg alongside consumer and SME finance in the long term, we imagine this decision was carefully weighed. However, the price and risk in the marketplace was unattractive in management's view and STB has the flexibility to be nimble about such decisions.

The resulting loan book profile is shown below. The two largest segments by some distance are retail (V12, point of sale) and real estate (70% for investment and 30% development).

**Exhibit 3: Loan book breakdown 2018**




Source: Secure Trust Bank, Edison Investment Research

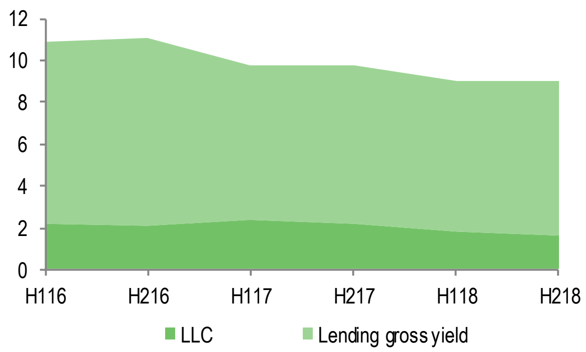
Costs were kept in line with expectations and the cost-to-income ratio was only slightly higher at 55.7% despite ongoing investments in technology and expansion.

The 27% increase in loans and 26% in risk exposure inevitably affected the bank's capital ratio. Consequentially, STB's CET1 reduced from 16.5% in 2017 to 13.8% in 2018. This was better than we had forecast (13.2%). This was due to the bank delivering slightly higher earnings with slightly lower lending growth than we had forecast. More money for less risk is always welcome. As it stands, the CET1 is very comfortable and should allow for continued strong growth, albeit at a slower pace than 2018.

The bank has been successful in attracting deposits with its new internet platform. The company has been able to keep the loan to deposit ratio balanced (110% at 2018 year-end) and the funding appears to be at a reasonable and competitive cost.

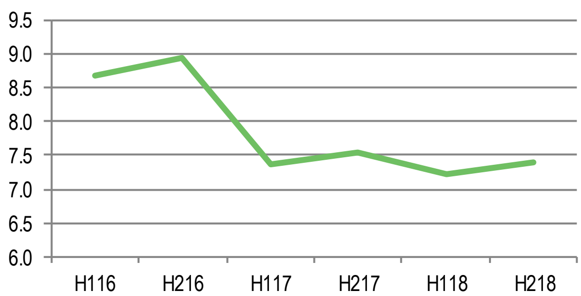
Exhibits 4 and 5 show the gross yield and impairment (loan loss) charge for STB in recent periods. The key point is that that STB has been able to de-risk while protecting its profit margins. The gross yield net of the impairment loss has stabilised at around 7.5% in the last two years, which is a positive outcome given the greater resilience of the book and the increased macro uncertainty. It also shows STB has not been sacrificing margins for the sake of balance sheet expansion.

**Exhibit 4: Gross lending yield and LLC rate (%)**




Source: Secure Trust Bank, Edison Investment Research

**Exhibit 5: Gross lending yield net of LLC rate (%)**




Source: Secure Trust Bank, Edison Investment Research

## Outlook

The macro outlook in the UK is dominated by uncertainty surrounding Brexit and there is some evidence of a general slowdown. However, the economic growth outlook, while tepid, comes against a backdrop of very low unemployment and increasing above inflation wage rises which help lending asset quality. GDP growth for 2019–21 is expected to be in the range of 1.2–1.5% according to forecasters including the IMF, OECD, Bank of England and Office of Budget Responsibility.

We expect STB to continue to grow at a strong pace in 2019, albeit slower than in 2018. We forecast loan growth of 20% y-o-y, stronger in commercial finance (26% y-o-y) than retail lending (15%). We expect growth to be balanced between the two areas in 2020 and 2021.

We are expecting some cost investments and one-offs will push the cost/income ratio up from 55.7% in 2018 to 58% in 2019. This will offset some of the benefits from the lower loan loss charge and volume growth. Nevertheless, we still expect PBT on a continuing basis to rise from £34.7m in 2018 to £40.2m in 2019, which is a fairly significant increase.

Asset expansion and scale in lending should result in some gains from operating leverage and we forecast the cost to income ratio to come down to 56% in 2020 after the increase in 2019. We then expect this to decline further to 53% in 2021. We see pre-tax earnings on a continuing basis rising from £40m to £50m in 2020 and then to £60m in 2021.

We forecast the bank's ROE will increase from 12.8% in 2018 to 18.7% in 2021. By 2021, the bank's CET1 will have dropped to 11%, which, although an acceptable level of capital, would require growth beyond 2021 to be funded by self-generated capital.

STB reiterated in its annual report that it will continue to look for selective acquisitions at the right price and business fit, which gives it additional scale. Key target areas are invoice finance, retail finance and motor. STB is also open to deals in asset finance if the right opportunity appears, despite having withdrawn from fresh lending here due to concerns with pricing and risk.

The exhibit below summarises STB's outlook comments by business area.

**Exhibit 6: Outlook by segment**

| Segment | Comments |
|---|---|
| **Business finance** | |
| Real estate | Remains cautious in the segment, expects to add to the sales team to help grow the business and increase diversification mix, both in sources and geography. Average LTV is 60%. Will continue to maintain bias for residential real estate investment finance (mix is 70/30% investment/development). More wary of central London house building finance. Development finance demand outside of London remains strong. |
| Commercial finance | A key area for growth, management wants to increase scale and continue to develop regional footprint. Will look at acquisition deals if economics and fit are right. |
| **Consumer finance** | |
| Retail finance | Will continue to invest in systems capabilities, such as online account management services, to help keep the strong growth momentum in this area where STB is a significant player. |
| Motor finance | Management continues to be keen on prime and near prime product to which it has repositioned its product. It expects 2019 to be a transformational year as investments in a new platform will allow it to deliver a broad product to broker and dealer motor networks. It sees this as delivering growth, credit quality and stable earnings. Key products to be introduced will include dealer stock lending. Helped by new technology they expect to 'gain market share and grow a sizeable business' in the next three to five years. |
| **Mortgages** | Had previously announced it was ceasing to write new businesses as concerned about risk and price. Remains interested in inorganic opportunities that would provide the critical mass necessary to be profitable, if the economics of such a transaction were compelling. Factors that could make market conditions favourable enough for a return include introduction of the Minimum Requirement on own funds and Eligible Liabilities regime, the significant Basel capital reforms, the unwinding of the Term Funding Scheme, a tightening in the securitisation market, which is already affecting some non-bank lenders and the potential for FCA price intervention in the inert savings market. |
| **Savings** | Expect to launch new products such as a fixed-rate ISA, short/dated notice and instant access products to broaden the appeal to savers. Also considering offering business savings accounts. |

Source: Secure Trust Bank, Edison Investment Research

**Exhibit 7: Loan book estimates**

| £m | 2017 | 2018 | 2019e | 2020e | 2021e |
|---|---|---|---|---|---|
| Motor vehicles | 275 | 276 | 320 | 390 | 470 |
| Retail finance | 452 | 597 | 680 | 770 | 850 |
| Debt management | - | 32 | 45 | 60 | 80 |
| **Retail lending** | **727** | **906** | **1,045** | **1,220** | **1,400** |
| Real estate finance | 581 | 770 | 1,000 | 1,150 | 1,280 |
| Asset finance | 117 | 63 | 0 | 0 | 0 |
| Commercial finance | 127 | 195 | 290 | 380 | 480 |
| **Commercial finance** | **824** | **1,027** | **1,290** | **1,530** | **1,760** |
| Mortgage lending | 17 | 85 | 80 | 76 | 73 |
| Other | 31 | 11 | 13 | 15 | 17 |
| **Total lending** | **1,598** | **2,029** | **2,428** | **2,841** | **3,250** |
| Retail lending growth (y-o-y%) | 29.3 | 20.2 | 14.5 | 16.0 | 13.8 |
| Commercial finance (y-o-y%) | 30.6 | 24.7 | 25.6 | 18.6 | 15.0 |
| **Total lending growth (y-o-y%)** | **27.3** | **26.9** | **19.7** | **17.0** | **14.4** |

Source: Secure Trust Bank, Edison Investment Research

## Estimates changes

We have made minor changes to our EPS figures (--4.2% for 2019, +0.2% for 2020) and are introducing 2021 forecasts. Earnings growth is still forecast to be strong; we expect a 13% increase in 2019, +23% in 2010 (helped by a falling cost to income ratio) and 13% in 2021 (further drop in cost to income ratio, but slower asset growth). The three-year CAGR EPS growth is 15%.

**Exhibit 8: Estimate changes**

| | Operating income (£m) | | | Normalised PBT (£m) | | | Normalised EPS (p) | | | Dividend (p) | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Old | New | % chg. | Old | New | % chg. | Old | New | % chg. | Old | New | % chg. |
| 2018 | 152.9 | 151.6 | (0.9) | 32.9 | 36.7 | 11.6 | 154.8 | 162.0 | 4.7 | 83 | 83.0 | 0.0 |
| 2019e | 174.0 | 167.8 | (3.6) | 43.1 | 42.0 | (2.6) | 191.7 | 183.7 | (4.2) | 90.0 | 87.2 | -3.2 |
| 2020e | 196.4 | 185.0 | (5.8) | 52.7 | 52.2 | (0.9) | 224.6 | 225.1 | 0.2 | 100 | 91.5 | -8.5 |
| 2021e | - | 203.5 | - | - | 60.1 | - | - | 254.9 | - | - | 92.6 | - |

Source: Edison Investment Research. Note FY18 "new" figures are actual.

## Valuation

STB is trading on a 2018 PNAV of 1.1x and delivered an ROE of 12.8% in 2018. This is modestly above the average in the selected peers in the table below. We do note that STB has the highest dividend yield of 6.4%. Furthermore, we expect the ROE to expand to 14.4% this year and then reach 18.7% by 2021. Such value-creating returns, clearly above the cost of equity, would merit a valuation in excess of 1.0x NAV.

STB also trades at a 2019e PE of 7.4x, a 20% discount compared to selected peers (average 8.8x). This is eye-catching because STB has a good prospective earnings growth profile. Furthermore, we believe credit should also be given for the risk reduction that has taken place and this is not merely a momentum play. The bank has the flexibility to adapt to both opportunities as well as adverse developments that could arise in the current uncertain macro and political environment.

We also use a DDM to consider the valuation. The minor changes in earnings due to have reduced the indicated fair value from 2,443p to 2,428p. This equivalent to a 2019 PNAV of 1.8x with the premium to NAV justified by the forecast returns above the COE of 10%.

**Exhibit 9: Specialist lender comparative table**

| | Price (p) | Market cap (£m) | 2019e P/E (x) | Yield (%) | 2018 ROE (%) | 2018 Price to NAV (x) |
|---|---|---|---|---|---|---|
| **Secure Trust Bank** | **1387.5** | **256.3** | **7.4** | **6.0** | **12.8** | **1.07** |
| 1PM | 42 | 36.8 | 5.3 | 1.5 | 13.0 | 0.75 |
| Close Brothers | 1455 | 2202.0 | 10.6 | 4.3 | 16.3 | 1.64 |
| CYBG | 198.5 | 2837.7 | 7.9 | 1.6 | 10.6 | 0.55 |
| Metrobank | 758 | 738.4 | 16.0 | 0.0 | 2.9 | 0.53 |
| OneSavings Bank | 383.6 | 940.4 | 6.5 | 3.8 | n.m | 1.38 |
| Paragon | 435.8 | 1137.2 | 8.3 | 4.5 | 10.3 | 1.12 |
| PCF Group | 33 | 82.6 | 10.2 | 0.9 | 11.0 | 1.65 |
| S&U | 1820 | 218.6 | 5.5 | 3.7 | 16.7 | 1.41 |
| **Average** | | | **8.8** | **2.5** | **10.7** | **1.13** |

Source: Refinitiv, Edison Investment Research, company data. Note: Priced at 29 March 2019.

Exhibit 10 shows the recent share price performance of peers. STB has underperformed the averages over the one-year period and from 12-month highs but has noticeably outperformed over the year to date perhaps as recognition of the successful repositioning of the loan book grows.

**Exhibit 10: Recent share price performance in context**

| | 1 Month | 3 Months | 1 Year | YTD | From 12m high |
|---|---|---|---|---|---|
| **Secure Trust Bank** | **7.8** | **17.6** | **-23.3** | **16.6** | **-34.6** |
| 1PM | -7.7 | 5.0 | -10.2 | 2.4 | -33.1 |
| Close Brothers | -3.6 | 1.6 | 1.4 | 1.0 | -13.5 |
| CYBG | 1.1 | 6.7 | -32.6 | 9.5 | -45.9 |
| Metrobank | -14.8 | -55.7 | -78.4 | -55.2 | -78.8 |
| OneSavings Bank | -2.2 | 11.0 | 2.8 | 9.6 | -15.4 |
| Paragon | 0.3 | 10.6 | -7.4 | 12.9 | -22.0 |
| PCF Group | 0.0 | -9.4 | 3.4 | -8.6 | -24.8 |
| S&U | -10.6 | -11.2 | -24.2 | -14.6 | -34.8 |
| **Average** | **-4.7** | **-5.2** | **-18.1** | **-5.4** | **-33.5** |

Source: Bloomberg, Edison Investment Research. Note: Priced at 29 March 2019.

**Exhibit 11: Financial summary**

| Year end December | 2016 | 2017 | 2018 | 2019e | 2020e | 2021e |
|---|---|---|---|---|---|---|
| £m except where stated | | | | | | |
| **Profit and loss** | | | | | | |
| Net interest income | 92.5 | 114.6 | 133.7 | 148.5 | 162.1 | 177.8 |
| Net commission income | 14.5 | 14.9 | 17.9 | 19.3 | 22.8 | 25.7 |
| Total operating income | 107.0 | 129.5 | 151.6 | 167.8 | 185.0 | 203.5 |
| Total G&A expenses (exc non-recurring items below) | (64.3) | (71.3) | (84.5) | (97.3) | (103.5) | (110.9) |
| **Operating profit pre impairments & exceptionals** | **42.7** | **58.2** | **67.1** | **70.5** | **81.5** | **92.7** |
| Impairment charges on loans | (23.3) | (33.5) | (32.4) | (30.3) | (31.2) | (32.5) |
| Other income | 0.0 | 0.3 | 0.0 | 0.0 | 0.0 | 0.0 |
| Operating profit post impairments | 19.4 | 25.0 | 34.7 | 40.2 | 50.3 | 60.1 |
| Non-recurring items | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| **Pre tax profit - continuing basis** | **19.4** | **25.0** | **34.7** | **40.2** | **50.3** | **60.1** |
| CorporationTax | (5.2) | (5.1) | (6.4) | (6.8) | (8.5) | (10.2) |
| Tax rate | 26.8% | 20.4% | 18.4% | 17.0% | 17.0% | 17.0% |
| Bank tax surcharge | 0.0 | 0.0 | 0.0 | (1.2) | (2.0) | (2.8) |
| Profit after tax - continuing basis | 14.2 | 19.9 | 28.3 | 32.1 | 39.7 | 47.1 |
| Discontinued business | 123.3 | 3.9 | 0.0 | 0.0 | 0.0 | 0.0 |
| (Loss)/profit for year | 137.5 | 23.8 | 28.3 | 32.1 | 39.7 | 47.1 |
| Minority interests | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Net income attributable to equity shareholders | 137.5 | 23.8 | 28.3 | 32.1 | 39.7 | 47.1 |
| Company reported pre-tax earnings adjustments | 7.9 | 2.0 | 2.0 | 1.8 | 1.9 | 0.0 |
| **Reported underlying pre-tax earnings (ex discontinued 2015/16)** | **27.3** | **27.0** | **36.7** | **42.0** | **52.2** | **60.1** |
| Reported underlying earnings after tax | 20.6 | 21.5 | 29.9 | 33.9 | 41.6 | 47.1 |
| Average basic number of shares in issue (m) | 18.5 | 18.5 | 18.5 | 18.5 | 18.5 | 18.5 |
| Average diluted number of shares in issue (m) | 18.6 | 18.6 | 18.6 | 18.6 | 18.6 | 18.6 |
| Reported diluted EPS (p) | 77.3 | 107.0 | 152.2 | 172.9 | 213.6 | 253.4 |
| **Underlying diluted EPS (p)** | **113.0** | **116.4** | **162.0** | **183.7** | **225.1** | **254.9** |
| Ordinary DPS (p) | 75.0 | 79.0 | 83.0 | 87.2 | 91.5 | 92.6 |
| Special DPS (p) | 165.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Net interest/average loans | 8.15% | 7.72% | 7.37% | 6.67% | 6.15% | 5.84% |
| Impairments/average loans | 2.04% | 2.30% | 1.79% | 1.36% | 1.18% | 1.07% |
| Cost income ratio | 60.1% | 55.1% | 55.7% | 58.0% | 56.0% | 54.5% |
| **Balance sheet** | | | | | | |
| Net customer loans | 1,321.0 | 1,598.3 | 2,028.9 | 2,428.5 | 2,841.4 | 3,249.6 |
| Other assets | 189.0 | 293.3 | 415.4 | 428.6 | 443.5 | 485.6 |
| Total assets | 1,510.0 | 1,891.6 | 2,444.3 | 2,857.0 | 3,284.9 | 3,735.2 |
| Total customer deposits | 1,151.8 | 1,483.2 | 1,847.7 | 2,248.6 | 2,583.1 | 3,008.9 |
| Other liabilities | 122.2 | 159.3 | 359.5 | 354.7 | 424.6 | 411.7 |
| Total liabilities | 1,274.0 | 1,642.5 | 2,207.2 | 2,603.3 | 3,007.7 | 3,420.6 |
| Net assets | 236.0 | 249.1 | 237.1 | 253.7 | 277.2 | 314.6 |
| Minorities | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| **Shareholders' equity** | **236.0** | **249.1** | **237.1** | **253.7** | **277.2** | **314.6** |
| **Reconciliation of movement in equity** | | | | | | |
| Opening shareholders' equity | 141.2 | 236.0 | 249.1 | 237.1 | 253.7 | 277.2 |
| Profit in period | 137.5 | 23.8 | 28.1 | 32.1 | 39.7 | 54.5 |
| Other comprehensive income | (1.8) | 2.9 | (25.8) | 0.0 | 0.0 | 0.0 |
| Ordinary dividends | (13.1) | (14.0) | (14.8) | (15.5) | (16.3) | (17.1) |
| Special dividend | (30.0) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Share based payments | 0.2 | 0.4 | 0.5 | 0.0 | 0.0 | 0.0 |
| Issue of shares | 2.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Share issuance costs | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Closing shareholders' equity | 236.0 | 249.1 | 237.1 | 253.7 | 277.2 | 314.6 |
| **Other selected data and ratios** | | | | | | |
| Period end shares in issue (m) | 18.5 | 18.5 | 18.5 | 18.5 | 18.5 | 18.5 |
| NAV per share (p) | 1,277 | 1,348 | 1,283 | 1,373 | 1,500 | 1,703 |
| Tangible NAV per share (p) | 1,229 | 1,292 | 1,230 | 1,298 | 1,425 | 1,638 |
| Return on average equity | 72.9% | 9.8% | 11.6% | 13.1% | 15.0% | 15.9% |
| Normalised return on average equity | 9.9% | 8.9% | 12.8% | 14.4% | 17.1% | 18.7% |
| Return on average TNAV | 10.3% | 9.3% | 13.4% | 15.1% | 18.0% | 19.8% |
| Average loans | 1,134.6 | 1,484.6 | 1,863.7 | 2,228.7 | 2,430.1 | 2,635.0 |
| Average deposits | 1,067.5 | 1,321.7 | 1,655.4 | 2,085.3 | 2,264.9 | 2,427.8 |
| Loans/deposits | 114.7% | 107.8% | 109.8% | 108.0% | 110.0% | 108.0% |
| Risk exposure | 1,264.0 | 1,446.1 | 1,824.6 | 2,175.8 | 2,522.0 | 2,878.9 |
| **Common equity tier 1 ratio** | **18.0%** | **16.5%** | **13.8%** | **12.0%** | **11.1%** | **11.0%** |

Source: Secure Trust Bank data and Edison Investment Research. Note: profit on sale of ELG in April 2016 is included with the discontinued business line for FY16.

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