

# Notice of Annual General Meeting

Secure Trust Bank PLC

15 May 2019

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**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

If you are in any doubt about its contents or the action you should take, you are recommended to seek your own personal financial advice from your stockbroker or other independent professional adviser authorised under the Financial Services and Markets Act 2000. If you have recently sold or transferred all of your shares in Secure Trust Bank PLC, please forward this document, together with the accompanying documents, as soon as possible to the purchaser or transferee, or to the person who arranged the sale or transfer so they can pass these documents to the person who now holds the shares.





One Arlestone Way  
Solihull  
B90 4LH

11 April 2019

Dear Shareholder

## Annual General Meeting

I am writing to provide you with information about the 2019 Annual General Meeting (AGM) of Secure Trust Bank PLC (STB).

The AGM will be held on Wednesday 15 May 2019 at Arbuthnot House, 7 Wilson Street, London EC2M 2SN at 3.00 p.m. Shareholder registration will be available from 2.30 p.m.

I am enclosing a Notice of AGM, which provides information about the resolutions to be proposed at the AGM and a Form of Proxy. All the resolutions will be voted on by a poll.

The Report and Accounts in respect of the financial year ended 31 December 2018 (Report and Accounts) are available on STB's website at [www.securetrustbank.com](http://www.securetrustbank.com) and a copy is also enclosed with this document.

The Notice of AGM contains resolutions typical for a company listed on the premium segment of the main market of the London Stock Exchange (Main Market) and two resolutions relating to Additional Tier 1 Securities (AT1 Securities) that the Company may wish to issue. In respect of AT1 Securities, it is the Board's intention to seek shareholder approval for each of the resolutions concerned to allow the Board flexibility to raise such capital in future years. Similar resolutions were proposed and passed at the 2018 AGM.

### What to do next

Information about attending and voting at the AGM and how to appoint a proxy on your behalf is on pages 6 and 7 of this document. Forms of Proxy, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power of attorney or other authority, must be lodged with Link Asset Services not later than 48 hours before the time for which the AGM is convened. All Forms of Proxy must be signed and returned to Link Asset Services, PXS 1, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4ZF. All Forms of Proxy from the same member must be returned together in the same envelope. Appointment of a proxy will not prevent you from attending the AGM and voting in person should you wish to do so. Further information about voting, including via CREST, is set out in the notes on pages 6 and 7 of this document.

### Explanatory Notes

Explanatory notes on each of the resolutions to be considered at the AGM are set out on pages 8 to 11 of this document.

### Recommendation

The Directors are satisfied that all the resolutions to be considered at the AGM are in the best interests of the Company and shareholders as a whole. Accordingly, the Directors unanimously recommend that you vote in favour of the resolutions, as they intend to do in respect of their own beneficial shareholdings in the Company.

The Board recommends the election and re-election of all the Directors nominated in resolutions 3-10 because each Director either seeking election or re-election demonstrates or continues to demonstrate the skills, judgement and character which, in combination with extensive relevant commercial experience, make each individual a valuable director of the Company.

Biographical information for all Directors is shown in appendix 1 to this document, and also on pages 73 to 75 of the Report and Accounts.

The AGM is an opportunity for shareholders to express their views directly to the Board and I hope that you will take the opportunity to do so.

Yours sincerely

**Lord Forsyth**  
Chairman

## Notice of Annual General Meeting

Your attention is drawn to the notes on pages 8 to 11 of this document explaining the resolutions.

NOTICE IS HEREBY GIVEN that the sixty-fourth Annual General Meeting of Secure Trust Bank PLC will be held at Arbuthnot House, 7 Wilson Street, London EC2M 2SN on Wednesday, 15 May 2019 at 3p.m. for the following purposes:

### ORDINARY BUSINESS

#### ORDINARY RESOLUTIONS

To consider and, if thought fit, pass the following resolutions which will be proposed as ordinary resolutions:

1. To receive and adopt the reports of the Directors and the financial statements for the year ended 31 December 2018 and the auditor's report on the financial statements.
2. To declare a final dividend in respect of the year ended 31 December 2018 which the Directors propose should be 64 pence per ordinary share, payable on 24 May 2019 to shareholders on the register of members at the close of business on 26 April 2019.
3. To re-elect Lord Forsyth as a Director who retires in accordance with the UK Corporate Governance Code and offers himself for re-election.
4. To re-elect Mrs Ann Berresford as a Director who retires in accordance with the UK Corporate Governance Code and offers herself for re-election.
5. To re-elect Mr Neeraj Kapur as a Director who retires in accordance with the UK Corporate Governance Code and offers himself for re-election.
6. To re-elect Mr Paul Lynam as a Director who retires in accordance with the UK Corporate Governance Code and offers himself for re-election.
7. To re-elect Mr Paul Marrow as a Director who retires in accordance with the UK Corporate Governance Code and offers himself for re-election.
8. To re-elect Mrs Victoria Stewart as a Director who retires in accordance with the UK Corporate Governance Code and offers herself for re-election.
9. To appoint Baroness Neville-Rolfe as a Director in accordance with Article 75 of the Articles of Association and the UK Corporate Governance Code. Baroness Neville-Rolfe was appointed to the Board on 28 November 2018.
10. To appoint Mr Paul Myers as a Director in accordance with the Article 75 of the Articles of Association and the UK Corporate Governance Code. Mr Paul Myers was appointed to the Board on 28 November 2018.
11. To re-appoint Deloitte LLP as the Company's auditor to hold office until the conclusion of the next Annual General Meeting of the Company.
12. To authorise the Directors to fix the remuneration of Deloitte LLP as auditor.

## Notice of Annual General Meeting

### SPECIAL BUSINESS

#### ORDINARY RESOLUTIONS

To consider and, if thought fit, pass the following resolutions which will be proposed as ordinary resolutions:

13. To receive and approve the Directors' Remuneration Report for the year ended 31 December 2018.
14. THAT for the purposes of section 551 of the Companies Act 2006 (the Act) the Directors are generally and unconditionally authorised to exercise all the powers of the Company to allot:
  - a. shares in the Company or grant rights to subscribe for or convert any security into shares in the Company (relevant securities) up to an aggregate nominal amount of £2,463,363,
  - b. relevant securities comprising equity securities (as defined in section 560 of the Act) up to an aggregate nominal amount of £4,926,727 (this amount to be reduced by the aggregate nominal amount of any relevant securities issued under paragraph (a) of this resolution) in connection with an offer by way of a rights issue
    - (1) to ordinary shareholders in proportion (as nearly as may be) to their existing holdings; and
    - (2) to holders of other equity securities as required by the rights of those securities or, subject to such rights, as the Directors otherwise consider necessary

and so that the Directors may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with treasury shares, fractional entitlements or securities represented by depositary receipts, record dates, legal or practical problems in or arising under the laws of any territory or the requirements of any regulatory body or stock exchange or any other matter and the authority conferred by this resolution shall expire at the conclusion of the next Annual General Meeting or 15 months from the date this resolution is passed, if earlier, but may be previously revoked or varied from time to time by the Company in general meeting and so that the Company may before such expiry, revocation or variation make an offer or agreement which would or might require relevant securities to be allotted after such expiry, revocation or variation and the Directors may allot relevant securities in pursuance of such offer or agreement as if such authority had not expired or been revoked or varied.

15. THAT for the purposes of section 551 of the Companies Act 2006 (the Act) in addition to any authority granted pursuant to resolution 14 (if passed) the Directors are generally and unconditionally authorised to exercise all the powers of the Company to allot shares in the Company or grant rights to subscribe for or to convert any security into shares in the Company at such conversion prices (or such maximum and minimum conversion price methodologies) as may be decided by the Directors from time to time up to an aggregate nominal amount of £2,463,363 in relation to any issue by the Company of Additional Tier 1 Securities (AT1 Securities) that automatically convert into or are exchanged for ordinary shares in the Company when the Directors consider that such an issue of AT1 Securities would be desirable including in connection with, or for the purposes of, complying with or maintaining compliance with the regulatory capital requirements or targets applicable to the Company from time to time and so that the Directors may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with record dates, fractional entitlements or securities represented by depositary receipts, legal or practical problems in or arising under the laws of any territory or requirements of any regulatory body or stock exchange or any other matter and the authority conferred by this resolution shall expire at the conclusion of the next Annual General Meeting or 15 months from the date this resolution is passed, if earlier, but may be previously revoked or varied from time to time by the Company in general meeting and so that the Company may before such expiry, revocation or variation make an offer or agreement which would or might require shares in the Company to be allotted or rights to subscribe for or to convert any security into shares to be granted after such expiry, revocation or variation and the Directors may allot shares or grant such rights in pursuance of any such offer or agreement as if such authority had not expired or been revoked or varied.

## Notice of Annual General Meeting

### SPECIAL RESOLUTIONS

To consider and, if thought fit, pass the following resolutions which will be proposed as special resolutions:

16. Subject to and conditionally upon the passing of resolution 14 THAT the Directors are given the power pursuant to section 570 of the Companies Act 2006 (the Act) to:
- a. allot equity securities (as defined in section 560(1) of the Act) for cash under the authority given by resolution 14 as if section 561(1) of the Act did not apply to any such allotment; and/or
  - b. sell equity securities (as defined in section 560(1) of the Act) if, immediately before such sale, such shares are held as treasury shares (within the meaning of section 724(5) of the Act) as if section 561(1) of the Act did not apply to such sale;

provided that such powers shall be limited to:

- (1) the allotment or sale of equity securities in connection with a rights issue, open offer or other pre-emptive offer (but in the case of an allotment pursuant to the authority conferred by paragraph (B) of resolution 14, such powers shall be limited to the allotment of equity securities in connection with a rights issue only) in favour of holders of ordinary shares and any other persons who are entitled to participate in such issue or offer or sale where the equity securities offered to each such holder and other person are proportionate (as nearly as may be) to the respective numbers of ordinary shares held or deemed to be held by them on the record date applicable to such issue or offer, but subject to such exclusions or other arrangements as the Directors may deem fit to deal with fractional entitlements, legal or practical problems arising under the laws of any overseas territory, the requirements of any regulatory body or stock exchange or by virtue of shares being represented by depository receipts or by virtue of any other matter whatever; and
- (2) the allotment or sale of equity securities otherwise than pursuant to sub-paragraph (1) up to an aggregate maximum nominal amount of £369,504.

The power granted by this resolution shall expire 15 months from the date this resolution is passed or, if earlier, the conclusion of the Company's next Annual General Meeting but may be previously revoked or varied from time to time by special resolution but so that the Company may before such expiry, revocation or variation make an offer or agreement which would or might require equity securities to be allotted or relevant shares to be sold after such expiry, revocation or variation and the Directors may allot equity securities and sell relevant shares in pursuance of such offer or agreement as if such power had not expired or been revoked or varied.

17. Subject to and conditionally upon the passing of resolution 14 THAT the Directors are given the power pursuant to section 570 of the Companies Act 2006 (the Act) in addition to any authority granted under resolution 16 to:
- a. allot equity securities (as defined in section 560(1) of the Act) for cash under the authority given by resolution 14 as if section 561(1) of the Act did not apply to any such allotment; and
  - b. sell equity securities (as defined in section 560(1) of the Act) if, immediately before such sale, such shares are held as treasury shares (within the meaning of section 724(5) of the Act) as if section 561(1) of the Act did not apply to such sale

provided that such powers shall:

- (1) be limited to the allotment of equity securities and/or sale of treasury shares up to a nominal amount of £369,504; and
- (2) be used only for the purposes of financing (or refinancing, if the authority is to be used within six months after the original transaction) a transaction which the Directors determine to be an acquisition or other capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group before 6 April 2019.

The power granted by this resolution shall expire 15 months from the date this resolution is passed or, if earlier, the conclusion of the Company's next Annual General Meeting but may be previously revoked or varied from time to time by special resolution but so that the Company may before such expiry, revocation or variation make an offer or agreement which would or might require equity securities to be allotted or relevant shares to be sold after such expiry, revocation or variation and the Directors may allot equity securities and sell relevant shares in pursuance of such offer or agreement as if such power had not expired or been revoked or varied.

## Notice of Annual General Meeting

### SPECIAL RESOLUTIONS

18. Subject to and conditional upon the passing of resolution 15 THAT the Directors are given the power pursuant to section 570 of the Companies Act 2006 (the Act) in addition to any authority granted under resolutions 16 and 17 to allot equity securities (as defined in section 560(1) of the Act) for cash under the authority granted by resolution 14 as if section 561(1) of the Act did not apply to any such allotment provided that such powers shall be limited to the allotment of equity securities up to an aggregate maximum nominal amount of £2,463,363.

The power granted by this resolution shall expire 15 months from the date this resolution is passed or, if earlier, at the conclusion of the Company's next Annual General Meeting but may be previously revoked or varied from time to time by the Company by special resolution but so that the Company may before such expiry, revocation or variation make an offer or agreement which would or might require equity securities to be allotted after such expiry, revocation or variation and the Directors may allot equity securities in pursuance of such offer or agreement as if such power had not expired or been revoked or varied.

19. THAT the Company is generally and unconditionally authorised for the purposes of section 701 of the Companies Act 2006 (the Act) to make market purchases (as defined in section 693(4) of the Act) of ordinary shares of 40p each in the capital of the Company (ordinary shares) provided that:

- a. the maximum number of ordinary shares authorised to be purchased shall be 1,847,523 (being approximately 10% of the issued share capital of the Company as at 6 April 2019);
- b. the minimum price which may be paid for an ordinary share shall be 40p;
- c. the maximum price (exclusive of expenses) which may be paid for each ordinary share is the higher of (1) an amount equal to 5 per cent above the average of the middle market quotations for an ordinary share as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the date on which the ordinary share is contracted to be purchased and (2) an amount equal to the higher of the price of the last independent trade of an ordinary share and the highest current independent bid for an ordinary share on the trading venues where the purchase is carried out;
- d. this authority shall expire on the earlier of 15 months from the date this resolution is passed and the conclusion of the Annual General Meeting of the Company to be held in 2020 unless such authority is renewed, varied or revoked prior to such time; and
- e. the Company may enter into contracts to purchase ordinary shares under this authority prior to the expiry of such authority, which contracts will or may be executed wholly or partly after the expiry of such authority, and may make purchases of ordinary shares pursuant to any such contracts.

20. THAT the Directors are authorised to call a general meeting of the Company, other than an Annual General Meeting, on not less than 14 clear days' notice.

By order of the Board

**A.J. Karter**  
Secretary  
11 April 2019

Registered Office  
One Arlestone Way  
Solihull, B90 4LH

## Notice of Annual General Meeting

### NOTES

1. Members are entitled to appoint a proxy to exercise all or any of their rights to attend and to speak and vote on their behalf at the Annual General Meeting. A shareholder may appoint more than one proxy in relation to the Annual General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A proxy need not be a shareholder of the Company. A proxy form which may be used to make such appointment and give proxy instructions accompanies this document. If you do not have a proxy form and believe that you should have one, or if you require additional forms, please contact the Company's registrars, Link Asset Services:
  - by post at Link Asset Services, PXS 1, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4ZF;
  - by telephone UK- 0871 664 0300, from overseas call +44 (0) 371 664 0300 calls cost 12p per minute plus your phone company's access charge. Calls outside the United Kingdom will be charged at the applicable international rate. Link Asset Services are open 9am to 5.30p.m., Monday to Friday excluding public holidays in England and Wales; or
  - by email via enquiries@linkgroup.co.uk
2. To be valid any proxy form must be submitted:
  - by post or (during normal business hours only) by hand to Link Asset Services, PXS 1, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4ZF; or
  - in the case of shareholders holding their shares through CREST, by utilising the CREST electronic proxy appointment service in accordance with the procedures set out in paragraphs 8 to 11 below, by no later than 3 p.m. on 13 May 2019 (or, in the event of any adjournment, on the date which is 48 hours before the time of the adjourned Annual General Meeting).
3. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).
4. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.
5. In the case of a member which is a company, the proxy form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company.
6. Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.
7. The return of a completed proxy form, other such instrument or any CREST Proxy Instruction (as described in paragraphs 8 to 11 below) will not prevent a member attending the Annual General Meeting and voting in person if he/she wishes to do so.
8. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
9. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a CREST Proxy Instruction) must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual (available via [www.euroclear.com/en/about/our-rules.html](http://www.euroclear.com/en/about/our-rules.html)). The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent, Link Asset Services, (ID RA10) by 3p.m. on 13 May 2019. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
10. CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred to the CREST Manual concerning practical limitations of the CREST system and timings.

# Notice of Annual General Meeting

## NOTES

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

11. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that such corporation does not do so in relation to the same shares.
12. Any person to whom this document is sent who is a person nominated under section 146 of the Companies Act 2006 (the Act) to enjoy information rights (a Nominated Person) may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Annual General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.
13. The statement of the rights of shareholders in relation to the appointment of proxies in paragraphs 1 to 6 above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by shareholders of the Company.
14. To be entitled to attend and vote at the Annual General Meeting (and for the purpose of the determination by the Company of the votes they may cast), shareholders must be registered in the Register of Members of the Company by close of business on 13 May 2019 (or, in the event of any adjournment, on the date which is 48 hours before the time of the adjourned Annual General Meeting). Changes to the Register of Members after the relevant deadline shall be disregarded in determining the right to attend and vote at the Annual General Meeting.
15. Shareholders should note that it is possible that, pursuant to requests made by shareholders of the Company under section 527 of the Act, the Company may be required to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the meeting; or (ii) any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the Act. The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Act. Where the Company is required to place a statement on a website under section 527 of the Act, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website.

The business which may be dealt with at the meeting includes any statement that the Company has been required under section 527 of the Act to publish on a website.

16. As at 6 April 2019 the latest practicable date before publication of this notice, the Company's issued share capital comprised 18,475,229 ordinary shares of 40p each. Each ordinary share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at 6 April 2019 is 18,475,229.
17. A copy of this document and further information about the Annual General Meeting, including the information required by Section 311 of the Act, can be found at STB's website at [www.securetrustbank.com](http://www.securetrustbank.com).
18. You may not use any electronic address provided either in this Notice or any related documents to communicate with the Company for any purpose other than those expressly stated.
19. Any member attending the Annual General Meeting has the right to ask questions. The Company has to answer any questions raised by members at the meeting which relate to the business being dealt with at the meeting unless:
  - to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information
  - the answer has already been given on a website in the form of an answer to a question or
  - it is undesirable in the interests of the Company or the good order of the meeting to answer the question.
20. Documents available for inspection.

The following documents are available for inspection at the registered office of the Company at One Arleston Way, Solihull, 890 4LH during usual business hours on any weekday (public holidays excepted) and will also be available for inspection at the AGM venue from at least 15 minutes before the AGM until it ends:

- a copy of the Company's articles of association
- copies of the service contracts or letters of appointment of the Directors of the Company and
- the Report and Accounts.

# Notice of Annual General Meeting

## EXPLANATORY NOTES TO THE NOTICE OF ANNUAL GENERAL MEETING

The Notice of the Annual General Meeting of the Company to be held on Wednesday, 15 May 2019 is set out on pages 2 to 5 of this document. The following notes provide an explanation of the resolutions to be put to shareholders.

**Resolutions 1 to 15 are ordinary resolutions. These resolutions will be passed if more than 50% of the votes cast for or against are in favour.**

### Resolution 1 – Presenting the Accounts

1. The Directors are required by the Companies Act 2006 to present to the shareholders of the Company at a general meeting the reports of the Directors and auditor and the audited accounts of the Company for the year ended 31 December 2018. The reports of the Directors and the audited accounts have been approved by the Directors and the report of the auditor has been approved by the auditor and a copy of each of these documents may be found in the Report and Accounts.

### Resolution 2 – Declaration of Dividend

2. In accordance with the Articles of Association of the Company and the Companies Act 2006 the Directors are proposing a final dividend in respect of the year ended 31 December 2018. The Directors propose that this should be 64 pence per ordinary share. The dividend, if approved by shareholders, would be payable on 24 May 2019 to shareholders on the register of members at the close of business on 26 April 2019.

### Resolutions 3 to 8 - Re-election of Directors

- 3-8. Biographical information for the relevant Directors is shown on pages 73 to 75 of the Report and Accounts and appendix 1 of this document. Details of why the Board believe that the relevant Directors should be re-elected are included in the Governance Report in the Report and Accounts and in the letter from the Chairman in this document.

### Resolutions 9 to 10 - Appointment of Directors

- 9-10. Biographical information for the relevant Directors is shown on pages 73 to 75 of the Report and Accounts and appendix 1 of this document. Details of why the Board believe that the relevant Directors should be appointed are included in the Governance Report in the Report and Accounts and in the letter from the Chairman in this document. Baroness Neville-Rolfe and Paul Myers were both appointed as Directors on 28 November 2018 and this is the first time they will have submitted themselves to shareholders for election as a director.

### Resolutions 11 and 12 – Re-Appointment of auditor and authority for the Directors to determine their remuneration

11. The Companies Act 2006 requires that an auditor is appointed at each General Meeting at which accounts are laid to hold office until the next such meeting. The resolution seeks shareholder approval for the re-appointment of Deloitte LLP. The Audit Committee keeps under review the independence and objectivity of the external auditor, further information on which can be found in the Audit Committee report in the Annual Report and Accounts. After considering relevant information, the Audit Committee recommend to the Board that Deloitte LLP be re-appointed.
12. Resolution 12 proposes that the Directors be authorised to determine the level of the auditor's remuneration.

### Resolution 13

13. The Companies Act 2006 requires the Company to seek an advisory shareholder vote on the Annual Remuneration Report on an annual basis. Resolution 13 deals with this. The Directors' Remuneration Report consists of two elements; an annual statement, which is shown on pages 94 to 97 of the Report and Accounts, and an annual report on remuneration, which starts at page 98 of the Report and Accounts (together the Annual Remuneration Report).

## Notice of Annual General Meeting

### EXPLANATORY NOTES TO THE NOTICE OF ANNUAL GENERAL MEETING

#### Resolution 14 - Authority to the Directors to allot shares

14. The Companies Act 2006 provides that the Directors may only allot shares if authorised by shareholders to do so. Resolution 14 will, if passed, authorise the Directors to allot shares and to grant rights to subscribe for or convert securities into shares. The Company sought and received this authority at the 2018 AGM but did not allot shares under this authority in the year ended 31 December 2018. The Directors are seeking to renew this authority with shareholders to retain the flexibility contemplated in this resolution in a manner consistent with other Main Market companies.

Paragraph (a) of the resolution will enable the Directors to allot and issue new shares in whatever manner (subject to pre-emption rights) they see fit, up to £2,463,363 (equal to one-third of the issued ordinary share capital of the Company as at 6 April 2019 (excluding treasury shares) the latest practicable date prior to the publication of this Notice).

Paragraph (b) will give the Directors additional authority to allot relevant securities in connection with a rights issue up to an aggregate nominal amount of £4,926,727 (less any ordinary shares issued under paragraph (a) of this resolution). This amount (before any reduction) represents approximately two thirds of the issued ordinary share capital of the Company as at 6 April 2019, the latest practicable date before the publication of this Notice and is considered routine by the Investment Association.

The authority will expire at the earlier of the date that is 15 months after the date of the passing of the resolution and the conclusion of the next Annual General Meeting of the Company.

Passing resolution 14 will ensure that the Directors continue to have the flexibility to act in the best interests of shareholders when opportunities arise by issuing new shares. There are no current plans to issue new shares except in connection with employee share schemes.

As at 6 April 2019, the latest practicable date prior to the publication of this document, the Company had 18,475,229 ordinary shares of 40 pence each in issue. The Company held no treasury shares as at that date.

#### Resolution 15 - Authority to the Directors to allot shares in relation to the issue of AT1 Securities

15. The effect of resolution 15 is to give the Directors the authority to allot Additional Tier 1 Securities (AT1 Securities) or shares issued upon conversion or exchange of AT1 Securities in whatever manner they see fit up to an aggregate nominal amount of £2,463,363 (equal to approximately one third of the issued ordinary share capital of the Company as at 6 April 2019 (excluding treasury shares) the latest practicable date prior to the publication of this Notice).

This authority is in addition to the authority proposed in resolution 14, which is the usual authority sought on an annual basis in line with guidance issued by the Investment Association. The authority sought in resolution 15 will be utilised as considered desirable to comply with or maintain compliance with regulatory capital requirements or targets applicable to the Company.

The authority will remain in force until the end of the Annual General Meeting in 2020 or 15 months after the date the resolution is passed, whichever is earlier.

The Directors believe it is in the best interests of the Company to have the flexibility to issue AT1 Securities from time to time. Before deciding to use the authority sought in resolution 15, the Directors would take into account a number of factors including the specific regulatory requirements at the time, the efficiency of the Company's overall capital structure and the regulatory and market assessment of appropriate capital ratios as well as market conditions at the time and demand for the issue of AT1 Securities. However, the request for authority in resolution 15 should not be taken as an indication that the Company will or will not issue any or any given amount of AT1 Securities.

# Notice of Annual General Meeting

## EXPLANATORY NOTES TO THE NOTICE OF ANNUAL GENERAL MEETING

Resolutions 16 to 20 are special resolutions. These resolutions will be passed if not less than 75% of the votes cast for or against are in favour.

### Resolution 16 and 17 - Partial Disapplication of Statutory Pre-emption Rights

16-17. The Companies Act 2006 requires that where shares are issued or treasury shares are sold for cash they must first be offered to the existing shareholders on a pre-emptive basis in accordance with a particular procedure. The Directors believe that this would be too restrictive to enable the Company to take advantage of opportunities which may arise. The Directors are therefore seeking authority (with resolutions 16 and 17) to be able to issue shares or sell treasury shares for cash in certain circumstances without complying with the statutory pre-emption procedure.

The Pre-Emption Group's Statement of Principles, as updated in March 2015, supports the annual disapplication of pre-emption rights in respect of allotments of shares and other equity securities and sales of treasury shares for cash representing no more than 5 per cent of issued ordinary share capital (exclusive of treasury shares), without restriction as to the use of proceeds of those allotments.

Accordingly, resolution 16 allows the Directors to allot shares and sell treasury shares for cash (i) in connection with a pre-emptive offer or pre-emptive rights issue or (ii) otherwise up to a nominal value of £369,504, equivalent to 5 per cent of the total issued ordinary share capital of the Company excluding treasury shares as at 6 April 2019, without first having to offer them to existing shareholders in proportion to their holdings.

The Pre-Emption Group's Statement of Principles also supports the annual disapplication of pre-emption rights in respect of allotments of shares and sales of treasury shares for cash representing no more than an additional 5 per cent of issued ordinary share capital (exclusive of treasury shares), to be used only in connection with an acquisition or specified capital investment.

Accordingly, and in line with the template resolutions published by the Pre-Emption Group in May 2016, the purpose of resolution 17 is to authorise the Directors to allot new shares pursuant to the allotment authority given by resolution 14, or sell treasury shares, for cash up to a further nominal amount of £369,504, equivalent to 5 per cent of the total issued ordinary share capital of the Company as at 6 April 2019, excluding treasury shares, only in connection with an acquisition or specified capital investment which is announced contemporaneously with the allotment, or which has taken place in the preceding six-month period and is disclosed in the announcement of the issue.

The Board intends to adhere to the provisions in the Pre-Emption Group's Statement of Principles and not to allot shares or other equity securities or sell treasury shares for cash on a non-pre-emptive basis pursuant to the authority in resolutions 16 and 17 in excess of an amount equal to 7.5 per cent of the total issued ordinary share capital of the Company (excluding treasury shares) within a rolling three-year period, other than with prior consultation with shareholders or in connection with an acquisition or specified capital investment which is announced contemporaneously with the allotment or which has taken place in the preceding six-month period and is disclosed in the announcement of the allotment.

The authority will expire at the earlier of the date that is 15 months after the date of the passing of the resolution and the conclusion of the next Annual General Meeting of the Company.

### Resolution 18 - Disapplication of Statutory Pre-emption Rights in relation to an issue of AT1 Securities

18. The effect of resolution 18 is to give the Directors authority to allot AT1 Securities, or shares issued upon conversion or exchange of AT1 Securities, without first offering them to existing shareholders in proportion to their holdings.

This will allow the Company to manage its capital in the most efficient and economic way for the benefit of shareholders. If passed, resolution 18 will authorise the Directors to allot shares and grant rights to subscribe for or to convert any security into shares in the Company on a non-pre-emptive basis in whatever manner they see fit in connection with an issue of AT1 Securities up to an aggregate nominal amount of £2,463,363 (equal to approximately one third of the issued ordinary share capital of the Company as at 6 April 2019 (excluding treasury shares) the latest practicable date prior to the publication of this Notice).

The authority sought in resolution 18 will be utilised as considered desirable to comply with or maintain compliance with regulatory capital requirements or targets applicable to the Company.

The authority will remain in force until the end of the Annual General Meeting in 2020 or 15 months after the date the resolution is passed, whichever is earlier.

## Notice of Annual General Meeting

### EXPLANATORY NOTES TO THE NOTICE OF ANNUAL GENERAL MEETING

#### Resolution 19 - Purchase of Own Shares by the Company

19. If passed, this resolution will grant the Company authority for a period of up to 15 months after the date of passing of the resolution to buy its own shares in the market. The resolution limits the number of shares that may be purchased to approximately 10% of the Company's issued share capital. The price per ordinary share that the Company may pay is set at a minimum amount (excluding expenses) of 40 pence per ordinary share and a maximum amount (excluding expenses) which is the higher of (1) an amount equal to 5% above the average of the closing middle market price of the ordinary shares (as derived from the London Stock Exchange Daily Official List) for the 5 business days immediately preceding the date on which the share is contracted to be purchased and (2) an amount equal to the higher of the price of the last independent trade of an ordinary share and the highest current independent bid for an ordinary share on the trading venues where the purchase is carried out.

The Directors' present intention is that shares purchased pursuant to this authority will be cancelled immediately on purchase. Alternatively, the shares may be held in treasury, sold for cash or (provided Listing Rule requirements are met) transferred for the purposes of or pursuant to an employees' share scheme. The effect of any cancellation will be to reduce the number of shares in issue. For most purposes, while held in treasury, shares are treated as if they have been cancelled (for example, they carry no voting rights and do not rank for dividends). The Directors will only make purchases under this authority if they believe that the effect of such purchases (where such shares are purchased for cancellation) would result in increased earnings per share and would be in the interests of the shareholders generally.

The authority will expire at the earlier of the date that is 15 months after the date of the passing of the resolution and the conclusion of the next Annual General Meeting of the Company.

#### Resolution 20 - Approving the Notice Period for General Meetings

20. In order to maintain its ability to call general meetings (other than an Annual General Meeting) on 14 clear days' notice, the Company must offer all shareholders the ability to appoint a proxy electronically (via the website of the Company or its registrars) and must obtain the approval of its shareholders by means of a special resolution passed each year. Resolution 20 seeks such approval.

It is intended that a similar resolution will be proposed at future Annual General Meetings. It is not the Company's intention to utilise this authority in the ordinary course of business and only in exceptional circumstances where flexibility regarding the calling of general meetings is required.

# Notice of Annual General Meeting

## APPENDIX 1

### BIOGRAPHIES OF DIRECTORS

All Directors are submitting themselves for election at the Annual General Meeting.

#### The Rt Hon Lord Forsyth of Drumlean PC Kt Non-Executive Chairman

Appointed to the Board on 1 March 2014 as an Independent Non-Executive Director and appointed Chairman of the Company on 19 October 2016. Member of the Remuneration and Nomination Committees.

#### Skills and experience

Lord Forsyth is a former Chairman of Hyperion Insurance Group, and former Deputy Chairman of JP Morgan UK and Evercore Partners International. He was appointed to the Privy Council in 1995, knighted in 1997, and joined the House of Lords in 1999. He was a member of the House of Commons for 14 years and served in Government for 10 years, latterly as a Cabinet Minister. His background in the public and private sectors has given Lord Forsyth a broad experience of matters relevant to the business of the Group including strategy, governance, operations, marketing, risk and human capital.

#### Other appointments include:

Lord Forsyth is a director of J&J Denholm Limited and Denholm Logistics Limited and Chairman of the House of Lords Economic Affairs Committee.

#### Ann Berresford ACA Independent Non-Executive Director

Appointed to the Board on 22 November 2016 and appointed Chairman of the Audit Committee on 23 September 2017. Member of the Risk and Nomination Committees.

#### Skills and experience

Ann Berresford is a Chartered Accountant with a background in the financial services and energy sectors. She has held positions at Bath Building Society, the Pensions Regulator, Hyperion Insurance Group, Triodos Renewables plc, the Pension Protection Fund, Bank of Ireland Group, Clyde Petroleum plc and Grant Thornton. Her career has given Ann experience in mortgages, pensions, operations, accounting, finance and risk.

#### Other appointments include:

Ann is a non-executive director of Albion Venture Capital Trust PLC.

#### Neeraj Kapur B.Eng, ACGI, FCA, CF, FCIBS Chief Financial Officer

Appointed to the Board on 31 May 2011. Member of the Assets and Liabilities Committee.

#### Skills and experience

Neeraj Kapur has over 25 years' financial services experience spent in both the accounting and banking industries. He holds a degree in Aeronautical Engineering from Imperial College, London, is a fellow of the Chartered Institute of Bankers in Scotland, a fellow of the Institute of Directors, a fellow and a member of the Council of the Institute of Chartered Accountants in England & Wales (ICAEW), and Chair of the ICAEW Financial Services Faculty. Neeraj qualified as a Chartered Accountant in 1993 at Arthur Andersen and spent 11 years working in professional practice. He joined Royal Bank of Scotland (RBS) in 2001 where he performed a number of roles which included Chief Financial Officer of Lombard North Central PLC. His background has given Neeraj experience in accounting, finance, professional services, governance, operations, marketing and risk.

#### Other appointments include:

Member of the Council of the ICAEW.

#### Paul Lynam ACIB, AMCT, Fifs Chief Executive Officer

Appointed to the Board on 13 September 2010. Chairman of the Assets and Liabilities Committee.

#### Skills and experience

Paul Lynam joined Secure Trust Bank as Chief Executive Officer, having spent 22 years working for NatWest and RBS. Prior to leaving RBS, Paul was the Managing Director, Banking, for RBS/NatWest's SME banking business across the UK. Before that Paul spent four years as the Managing Director of Lombard North Central PLC. During his career Paul has undertaken roles in branch banking, business banking, corporate and commercial banking, asset finance, invoice finance, strategy, performance management, lending and central head office functions. Paul is a non-executive director of UK Finance, the recognised trade body for the finance industry, leading on Challenger Banks and SME customer interests. He also chairs the Specialist Bank Strategic Advisory Committee. He is a Fellow of the IFS University College and an Associate of the Chartered Institute of Bankers and the Association of Corporate Treasurers.

On 30 January 2019 Paul resigned as a member of the Risk Committee.

#### Other appointments include:

Paul is a non-executive director of UK Finance, as well as a member of the faculty of the School for CEOs.

# Notice of Annual General Meeting

## APPENDIX 1

### BIOGRAPHIES OF DIRECTORS

#### Paul Marrow ACIB

##### Independent Non-Executive Director and Senior Independent Director

Appointed to the Board on 3 March 2011. Chairman of the Risk Committee and a member of the Audit, Remuneration and Nomination Committees.

#### Skills and experience

Paul Marrow has over 40 years' banking experience and has, in the past, been responsible for the Commercial Banking and Specialist Corporate Banking business divisions of RBS Group in the UK and been the chair of JCB Finance Limited. Paul served for a number of years as Chair of the Audit Committee and was Chairman of the Everyday Loans Group during the period that it was part of the Group. During his career, Paul has gained experience in governance, risk, finance, accounting, operations and corporate strategy across a wide range of banking disciplines. Paul is an Associate of the Chartered Institute of Bankers.

#### Other appointments include:

Paul is an independent non-executive director of Arbuthnot Latham & Co. Limited, a wholly owned subsidiary of Arbuthnot Banking Group.

#### Victoria Stewart

##### Independent Non-Executive Director

Appointed to the Board on 22 November 2016. Appointed Chairman of the Remuneration Committee on 21 July 2017. Member of the Nomination Committee.

#### Skills and experience

Victoria Stewart was for many years a fund manager and investor in UK small companies. Victoria has knowledge of corporate structures and capital markets with particular experience in smaller companies listed on the Main Market and AIM. She has held a number of positions at Royal London Group and Chiswell Associates (formerly Cantrade Investment Management Limited and now part of Sarasin & Partners). Her background has given Victoria experience in remuneration, governance, operations, investor relations, accounting, finance and risk.

#### Other appointments include:

Member of the ICAEW Corporate Governance Committee.

#### Baroness Lucy Neville-Rolfe DBE CMG

##### Independent Non-Executive Director

Appointed to the Board on 28 November 2018. Lucy joined the Audit and Nomination Committees on 30 January 2019.

#### Skills and experience

Baroness (Lucy) Neville Rolfe DBE CMG has had a distinguished career in business and in public service. She became a member of the House of Lords in 2013 and was a minister in the Business and Culture Departments and in HM Treasury from 2014-2017. In the period 2010-14 she was a Non-Executive Director of ITV plc, of Metro AG, of 2 Sisters Food Group, of PWC's Advisory Board and Chairman of EuroCommerce in Brussels. Earlier in her career she was a civil servant in No 10 Downing St and the director of the Deregulation Unit in the Cabinet Office. Lucy was an executive at Tesco plc for 15 years including serving for over six years on the main board. Her experience includes customer facing businesses and financial services, communications, corporate strategy and M&A, economic issues, regulation and governance experience as a company secretary and a non-executive director and chair.

#### Other appointments include:

Lucy is currently a non-executive director of Capita plc and Chairman of Assured Food Standards (Red Tractor). On 31 December 2018, Lucy was appointed a director and Trustee of Thomson Reuters Founders Share Company Limited.

#### Paul Myers ACIB

##### Independent Non-Executive Director

Appointed to the Board on 28 November 2018. Paul joined the Risk and Nomination Committees on 30 January 2019.

#### Skills and experience

Paul Myers has many years of banking experience, gained initially in Barclays where he spent 24 years in a variety of retail banking roles. He was part of the small team that founded and built Aldermore Bank, where he served as Chief Operating Officer, Corporate Development Director and on the board as an executive director. Paul had a wide range of responsibilities at Aldermore, including IT, operations, transformation, marketing and digital as well as building and developing the retail and SME savings operations. Paul is an Associate of the Chartered Institute of Bankers.

#### Other appointments include:

Paul was until February 2019 the chief executive officer and an executive director of GKBK Limited, which is a new banking venture.



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