

PRESS RELEASE
Secure Trust Bank PLC
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For immediate release

THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION

SECURE TRUST BANK PLC

Trading Update

Secure Trust Bank PLC ("STB" or the "Group"), a leading specialist lender, announces a trading update for the financial year ending 31 December 2025 ("FY25") and details for the third quarter ended 30 September 2025 ("Q3'25").

The Group's net lending book declined by 4.1% in the quarter as the run-off of the Non-Core Vehicle Finance book quickened, combined with a small decrease in the Core business. However, year-on-year the Core business net lending balance grew by 10.3% with all businesses contributing to the strong performance. Retail Finance grew by 9.1% and Real Estate Finance by 12.6%.

On 2 July 2025, the Group announced a pivot in its strategy away from Vehicle Finance that, over time, is expected to improve its Return on Average Equity (ROAE). As a result, in Q3'25 it stopped new lending within its Vehicle Finance business and put the existing book into run-off. As indicated in the Group's interim results in August 2025, the Vehicle Finance business will be reported as a Non-Core activity going forward.

In Q3'25 the Vehicle Finance portfolio reduced at a greater rate than anticipated, reducing expected full year income from that business. The Vehicle Finance business also incurred higher than anticipated impairment charges for the year-to-date with expected improvements in probability of default rates not yet being fully reflected in the IFRS9 accounting models. Underlying arrears and default rates in the portfolio remained stable but have not improved on H1 2025 to the extent anticipated.

Management also expects that the exit from Vehicle Finance may require additional provisions for onerous supplier contracts associated with new business originations, which would be treated as exceptional costs. Further details will be provided in the 2025 Annual Report and Accounts.

The Core business continues to trade in line with management expectations and capital ratios remain strong.

Whilst the Board now expects the Group's underlying profit before tax for FY25 to fall below market expectations by up to £9 million, due to the performance of Vehicle Finance, it remains confident of c. 30% year-on-year growth in underlying profit before tax.

Q3 Trading Update

	Q3'25 £m	Q2'25 £m	QoQ % Change	Q3'24 £m	YoY % Change
Net lending - Core	£3,202	£3,272	-2.2	£2,904	10.3
Net lending - Non-Core	£469	£557	-15.8	£535	-12.4
Deposits	£3,449	£3,510	-1.7	£3,141	9.8

Net lending

Core balances decreased by 2.2% in the quarter but increased by 10.3% year-on-year, with Retail Finance at 9.1% growth and Real Estate Finance performing strongly at 12.6% growth. Core new business in the quarter of £426 million was slightly improved on Q3'24 but at a lower level than Q2'25, reflecting seasonality in the Retail Finance business and a softer quarter for new to bank Commercial Finance deals.

Following the strategic decision on Vehicle Finance, the Non-Core loan book decreased by 15.8% in the quarter and 12.4% year-on-year.

Deposits

Retail Deposit balances have been managed to a broadly flat position as the Non-Core business run-off reduces demand for increased funding.

Motor Finance Consumer Redress Scheme

The Group notes the FCA's recent consultation paper on an industry-wide compensation scheme for motor finance customers who were treated unfairly. Further updates to the market, if necessary, will be provided in due course.

Enquiries:

Secure Trust Bank PLC

Ian Corfield, Chief Executive Officer

Rachel Lawrence, Chief Financial Officer

Phil Deakin, Strategy and Corporate Development Director

Tel: 0121 693 9100

Investec Bank plc (Joint Broker)

Christopher Baird
David Anderson
Maria Gomez de Olea
Tel: +44 (0) 20 7597 5970

Shore Capital Stockbrokers (Joint Broker)

Mark Percy / Sophie Collins (Corporate Advisory)
Guy Wiehahn (Corporate Broking)
Tel: +44 (0) 20 7408 4090

Camarco

Geoffrey Pelham-Lane, Amrith Uppuluri
securetrustbank@camarco.co.uk
Tel: +44 (0) 7733 124 226, +44 (0) 7763 083 058

The person responsible for releasing this statement is Lisa Daniels, Group Company Secretary.

Forward looking statements

This announcement contains forward-looking statements about the business, strategy and plans of STB and its current objectives, targets and expectations relating to its future financial condition and performance. Statements that are not historical facts, including statements about STB's or management's beliefs and expectations, are forward-looking statements. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. STB's actual future results may differ materially from the results expressed or implied in these forward-looking statements as a result of a variety of factors. These include economic and business conditions, risks from failure of clients, customers and counterparties, market related risks including interest rate risk, risks regarding market conditions outside STB's control, expected credit losses in certain scenarios involving forward looking data, operational risks, legal, regulatory, or governmental developments, and other factors. The forward-looking statements contained in this announcement are made as of the date of this announcement, and (except as required by law or regulation) STB undertakes no obligation to update any of its forward-looking statements.

About STB

STB is an established, well - funded and capitalised UK retail bank with a 72-year trading track record. Secure Trust Bank operates principally from its head office in Solihull, West Midlands. The Group's diversified lending portfolio currently focuses on two sectors:

- (i) Business Finance through its Real Estate Finance and Commercial Finance divisions; and
- (ii) Consumer Finance through its Retail Finance division.

Secure Trust Bank PLC is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

Secure Trust Bank PLC, Yorke House, Arleston Way, Solihull, B90 4LH.

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