

**Secure Trust Bank PLC**  
**20 October 2025**  
**For immediate release**

**THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION**

**SECURE TRUST BANK PLC**  
**FCA Consultation on Motor Finance Redress**

**Headlines:**

- **FCA consultation paper on its proposed redress scheme is towards the extreme end of outcomes previously expected from the Supreme Court judgment**
- **STB expects to increase its motor finance redress commission provision by approximately £16 million<sup>1</sup> to a total of £21 million<sup>1</sup>**

Secure Trust Bank PLC ("STB" or the "Group"), a leading specialist lender, announced on 9 October 2025 it was assessing the implications of the FCA's recent consultation paper on an industry-wide compensation scheme in respect of motor finance commissions and has now undertaken its initial assessment. The current FCA proposal is subject to consultation, and the final rules of the redress scheme may change following review and feedback from stakeholders and any legal challenge to the FCA proposals.

STB's existing provision as at 30<sup>th</sup> June 2025 of £5.5 million was based on its own probability weighted assessment of how the FCA would apply the various factors identified by the Supreme Court. The FCA consultation paper provides further detail on its proposed redress approach, including significantly broadening the scope of the overall redress scheme, how unfairness would be assessed, time bar and proposed redress methodology. Based on the FCA proposals in their current form, the potential impact is towards the extreme end of the range of previously expected outcomes.

As these proposals are subject to consultation and therefore remain uncertain, STB has updated its range of probability weighted scenarios, including a high probability of the FCA scheme being implemented as proposed. STB expects to increase its provision for motor finance consumer redress and related costs by £16 million<sup>1</sup> to £21 million<sup>1</sup>, comprising £16 million<sup>1</sup> redress and £5 million<sup>1</sup> costs. If the FCA scheme was implemented entirely in its current form, the Group would expect to increase the provision for redress by a further £6 million<sup>1</sup>.

On a pro forma basis, as at 30 September 2025 STB had a Common Equity Tier 1 ("CET1") ratio of 13.3%<sup>1</sup>. STB estimates that the additional expected provision of £16 million<sup>1</sup> will reduce CET1 ratio by c. 50 basis points to 12.8%<sup>1</sup>, significantly above the Group's regulatory requirement of 9.6%. STB has been capital accretive through the year and expects to continue to be capital accretive in Q4 2025, on an underlying basis.

STB remains committed to ensuring customers receive appropriate redress where there has been customer harm. However, it considers that the FCA's proposed approach to assessing unfairness is not aligned with the Supreme Court judgment in *Johnson v FirstRand*, where the test for unfairness is highly fact specific and must take into account all relevant factors.

STB did not have commercial ties in the form of contractual rights of exclusivity or first refusal to provide vehicle finance. STB made limited use of discretionary commission arrangements ("DCAs") and, where it did so, believes that it did so as a means of reducing its rates in competition with other lenders to provide its customers with competitive finance, and not to harm them. STB ceased using DCAs in June 2017, well ahead of their ban in 2021. STB will continue to engage constructively with the FCA and others on these and additional points.

As there remains uncertainty on the final rules of the redress scheme, the ultimate cost to STB could vary from its estimated provision.

**Capital markets event**

STB had previously indicated that it intended to hold a capital markets event in Q4 2025. Given the FCA's consultation timetable and the anticipated date of publication of the final redress scheme, STB is moving this event, which will focus on the Group's forward strategy, to Q1 2026. Further information will be provided in due course.

**Footnotes**

1. Figures are unaudited and remain subject to review as part of STB's full-year audit processes.

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The person responsible for releasing this announcement 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. STB 's diversified lending portfolio focuses on two core sectors:

- (i) Business Finance through its Real Estate Finance and Commercial Finance divisions; and
- (ii) Consumer Finance through its V12 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.

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