

PRESS RELEASE
Secure Trust Bank PLC
24 December 2025
For immediate release

THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION

SECURE TRUST BANK PLC
Sale of Consumer Vehicle Finance Business

Highlights

- **Sale of Consumer Vehicle Finance Business at a premium to book value expecting to generate a small gain on sale**
- **The transaction increases Group pro forma CET1 ratio by approximately 195bps**
- **The completion of the sale will unlock capital to reinvest into higher returning strategic priorities, to support long-term growth ambitions and to consider further shareholder distributions**

Secure Trust Bank PLC ("STB" or the "Group"), a leading specialist lender, announces that it has entered into a business sale agreement to sell its Consumer Vehicle Finance business¹ (the "Business"), which comprises Consumer Vehicle Finance loans (the "Portfolio") and certain associated assets, to funds managed by LCM Partners, a leading European Alternative Investment Fund Manager (the "Purchaser").

On 2 July 2025 STB announced that it would stop new lending in its Vehicle Finance business and run-off its remaining portfolio of loans. The Business sale accelerates this decision and is in line with the Group's strategic ambition to improve Return on Average Equity ("ROAE") over time and focus on deploying capital in its higher returning Core businesses.

The estimated consideration for the Business sale is £458.6 million^{2,3}, a premium to the Portfolio's book value (which on 30 September 2025 was £442.5 million³). The final consideration is subject to adjustment on completion using a locked box mechanism². The sale is expected to generate a small net gain on sale, after accounting for applicable transaction costs, and will complete during Q1 2026. A substantial cash deposit has been received by STB with the full consideration payable in cash on completion.

On completion, STB will derecognise the Portfolio and will service the Portfolio on commercial terms on behalf of the Purchaser until a targeted migration date in Q2 2026. The Group will remain responsible for administering, and retain liability for, payments due to customers under the FCA's motor finance commissions redress scheme (when finalised) for any relevant loans in the Portfolio that meet the criteria for redress. The Vehicle Finance business incurred a loss of £4.5 million^{3,4} in H1 2025; its direct cost base in H1 2025 was c.£15.1 million³; the Business had a net lending balance of £501.3 million³ at 30 June 2025.

On completion, the reduction in risk weighted assets associated with the Portfolio will significantly improve the Group's capital ratios. On 30 September 2025, the Group had a pro forma Common Equity Tier 1 ("CET1") ratio of 12.8%⁵. On a revised pro forma basis, reflecting the Portfolio sale, STB's CET1 ratio as at 30 September 2025 would increase by 195bps to 14.8%⁶. The Group is reviewing its capital allocation strategy, including considering the opportunity for (subject to regulatory approval) share buy backs. A further update on the Business sale and on the Group's trading for the year ending 31 December 2025 will be provided in early 2026. As previously announced, an update on the Group's strategic plans and updated medium-term targets will be provided in Q1 2026.

Having considered the strategic benefits of this transaction, the Board believes that the sale of the Business is in the best interests of shareholders as a whole.

CEO Ian Corfield said:

"This transaction is a significant step forward in delivering on our strategic priorities, focusing capital and energy on Core business areas and improving our returns for shareholders. I look forward to sharing updated strategic priorities in due course, including clear plans on how we will deploy the capital released by this transaction to deliver long-term value for shareholders."

The sale constitutes a significant transaction for STB for the purposes of the FCA's Listing Rules, and this announcement is made in accordance with STB's disclosure obligations pursuant to Chapter 7 of those Listing Rules.

Footnotes:

1. The Consumer Vehicle Finance business includes the debt portfolio of hire purchase and personal contract purchase loans, and certain other associated assets, including the Moneyway brand and customer related intellectual property.

2. The consideration for the business is based on a 30 September 2025 balance sheet valuation which is adjusted to the date of completion (the locked box mechanism) for cash collections on the Portfolio, changes in a benchmark index, servicing expenses, funding costs and servicing fees. The final adjusted consideration will only be known at completion.

3. Unaudited.

4. £4.5 million loss prior to allocation of central costs.

5. On 20 October 2025, the Group announced an expected increase in provisions relating to motor finance commissions. In that announcement, the Group reported that on a pro forma basis, as at 30 September 2025, STB had a CET1 ratio of 13.3%. The Group also announced it estimated that the additional expected provision due to motor finance commission

19.97%. The Group also announced it estimated that the additional expected provision due to mortgage insurance commission redress resulting from the FCA consultation was £16 million and this reduced the CET1 ratio by c. 50 basis points to 12.8%.

6. The revised pro forma CET1 ratio at 30 September 2025 reflects 1) the Portfolio had estimated credit risk-weighted assets of £333.6 million at that time and 2) the Business sale is expected to generate a small profit after tax which will increase CET1. There could be further benefits to capital ratios from a reduction in operational risk-weighted assets which is not reflected in the revised pro forma CET1 ratio.

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The person responsible for 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. 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 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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