RNS Number : 7820R
Secure Trust Bank PLC
05 February 2026

PRESS RELEASE
Secure Trust Bank PLC
5 February 2026
For immediate release

SECURE TRUST BANK PLC
FY 2025 trading update
and
Update on sale of Consumer Vehicle Finance business

Highlights

- **Adjusted profit before tax in line with consensus[1] of £51.1 million, representing an increase of over 30% year-on-year**
- **Total net lending increased to £3.7 billion[2] in Q4 with 8.1% growth across continuing[3] businesses**
- **CET1 ratio of 12.9%[2] representing 60 bps capital accretion in the year**
- **Sale of Consumer Vehicle Finance business[4] progressing; expecting to generate net gain on sale of £9.0 million[5] and further improves pro forma 2025 CET1 ratio by 180bps to 14.7%[6]**
- **Full year results and investor update on strategy and new medium-term targets on 12 March 2026**

Secure Trust Bank PLC ("STB" or the "Group"), a leading specialist lender, announces a trading update for the financial year ended 31 December 2025. and an update on the sale of the Consumer Vehicle Finance business[4] (the "Sale"). Financial information relating to FY 2025 and FY 2026 is unaudited.

Business Performance

The Group delivered adjusted profit before tax in line with consensus of £51.1 million[1].

	Q4 2025 £m[2]	Q3 2025 £m[2]	QoQ % Change	Q4 2024 £m	YoY % Change
Net lending - continuing[3]	£3,296	£3,202	2.9%	£3,050	8.1%
Net lending - discontinued	£391	£469	-16.6%	£558	-29.9%
Total net lending	£3,687	£3,671	0.4%	£3,609	2.2%
Deposits	£3,510	£3,449	1.8%	£3,245	8.2%

Net lending

The continuing loan book grew 2.9% in the quarter, up 8.1% compared to Q4 2024. This increase was driven by strong growth in Retail Finance in the year at 8.0%, and Real Estate Finance at 9.4%. Commercial Finance saw continued momentum in net lending, with a 3.2% increase compared to year-end 2024, and record levels of new business within the year.

The discontinued Vehicle Finance loan book decreased by 16.6% in the quarter and 29.9% year-on-year, as the book continues to run-down following the decision to exit the business, announced in July 2025.

Deposits

Customer deposits were 8.2% higher year-on-year to support growth in the lending book, and remained stable compared to the half-year position, with the run-down of the Vehicle Finance portfolio reducing the overall need for increased funding in the second half of the year.

Capital

The Group was capital accretive in the year, increasing its CET1 ratio from 12.3% to 12.9%. This reflects a 1.0% reduction in risk weighted assets ("RWAs"), which at year-end stood at £2,827.5 million, retained earnings for the year and an expected final dividend (subject to Board recommendation and shareholder approval). The CET1 ratio includes a £21 million total provision for motor finance redress and costs based on the FCA consultation proposals and expected final outcomes, as announced on 20 October 2025.

Sale of Vehicle Finance business

On 24 December 2025 STB announced the sale of its Consumer Vehicle Finance business[4] to funds managed by LCM Partners, following the previous decision announced on 2 July 2025 to exit Vehicle Finance, to focus on higher returning continuing businesses and improve Return on Average Equity ("ROAE") over time. The estimated consideration for the Sale remains at £458.6 million[7], with an expected net gain on sale of £9.0 million[5], after accounting for applicable transaction costs and accounting adjustments. On completion, expected in Q1 2026, the reduction in RWAs associated with the loan portfolio will significantly improve the Group's capital ratios. On a pro forma basis, reflecting the Sale, STB's CET1 ratio as at 31 December 2025 would increase by 180bps to 14.7%[6].

The Group will remain responsible for administering, and retains liability for, payments due to customers under the motor finance redress scheme (when finalised) for any relevant loans in the Sale portfolio that meet the criteria for redress.

The completion of the Sale will unlock capital to reinvest into higher returning continuing businesses, increase market penetration to support long - term growth ambitions, and to consider further shareholder distributions.

The Group will undertake servicing of the loan portfolio on behalf of the purchaser post completion until a target migration date of 30 May 2026. The Group will continue to incur operational costs to undertake this service and will receive fee income from the purchaser at a commercial rate until migration is completed.

The Vehicle Finance business will be treated as a discontinued activity in the FY 2025 Annual Report and Accounts.

Further information on the details of the Sale can be found in the Appendix to this announcement.

Notice of Results and Investor Update

The Company will announce its results for the year ended 31 December 2025 together with an update on the Group's strategic plans, including its capital allocation strategy, and updated medium - term targets, on 12 March 2026.

CEO Ian Corfield said:

"I am delighted with our 2025 strategic progress, and the strong financial performance of the Group. We have made the right decisions to reposition the Group for growth and higher returns, enabling us to deliver value to customers and shareholders. I look forward to expanding further on our full year trading performance, updated strategic ambitions and medium-term targets in March."

Footnotes:

1. Consensus comprises the average of analyst financial forecasts published by Shore Capital, Investec and Progressive Research as updated in October 2025.

2. Q3 and Q4 2025 figures are unaudited.

3. The continuing Group includes Retail Finance, Real Estate Finance, Commercial Finance and central operations.

4. 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.

5. The expected net gain on sale comprises:

	£'m
Gross gain on sale (adjusted consideration less portfolio net lending balance)	16.8
Transaction costs	(1.7)
Onerous contracts	(1.1)
Accelerated amortisation of intangible assets	(0.3)
Macro hedge accounting amortisation adjustments	(3.9)
Migration costs	(0.8)
Net gain on sale	**9.0**

Transaction costs of £0.6 million will be recognised in the FY 2025 Income Statement, and macro hedge accounting amortisation adjustments are expected to be recognised in the Income Statement over the financial years 2026 to 2028. The remaining net gain on sale will be recognised in Q1 2026. Onerous contracts cost is in addition to amounts recognised in the FY 2025 accounts.

6. The revised pro forma CET1 ratio at 31 December 2025 reflects 1) the Consumer Vehicle Finance portfolio had credit RWAs of £293.2 million at that time and 2) the Sale is expected to generate a one-off net gain on sale on completion which will increase CET1.

7. The consideration for the Consumer Vehicle Finance 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.

Enquiries:

Secure Trust Bank PLC

Ian Corfield, Chief Executive Officer

Rachel Lawrence, Chief Financial Officer

Phil Deakin, Strategy and Corporate Development Director

Tel: +44 (0)121 693 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)
Oliver Jackson / Ansh Batura (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

About STB

STB is an established, well - funded and capitalised UK retail bank with a more than 70 - year trading track record. STB 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 bv 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.

Further Information regarding the Sale

About the Consumer Vehicle Finance business

The Consumer Vehicle Finance business provides fixed rate, fixed term consumer lending products secured against the second-hand vehicle being financed. Finance is provided in the form of hire purchase or personal contract purchase to prime and near-prime customers. This lending was originated via UK motor dealers and brokers.

Appendix 1

Disclosure relating to the terms of Sale of the Consumer Vehicle Finance business

The terms of the Sale are contained in a business sale agreement ("BSA") dated 24 December 2025 between STB and funds managed by LCM Partners ("Buyer"). In addition to the commercial terms of the Sale outlined above, the BSA includes certain customary provisions summarised below.

Conditions/Completion/Migration/Servicing

There are no material conditions to completion of the Sale (due to occur in Q1 2026) outside the control of STB. STB has agreed with the Buyer a migration plan to transfer the relevant customer accounts and to work together to achieve this migration by 30 May 2026 (and at the latest within 6 months after completion). Prior to the migration, STB has agreed to continue to administer the accounts and collect payments on them, in accordance with regulatory requirements, for a servicing fee from the Buyer.

Warranties and indemnities

STB has given the Buver customary fundamental and commercial warranties, principally relating to the portfolio of loans (and related vehicles) within the business being sold, and certain of which will be repeated at completion. The Buyer has also given STB customary warranties relating to its capacity to enter into and perform the BSA.

STB remains responsible for implementing the FCA's motor commission redress scheme (when finalised), including communicating with customers and paying them redress where due. STB has agreed to indemnify the Buyer if STB fails to pay the redress due under the Scheme, certain FOS fees/awards and litigation claims/costs for unfair relationships involving a discretionary, high or tied arrangement commission, and certain other costs, limited overall by amount and time. The Buyer has agreed to provide information to STB, and STB and the Buyer must cooperate with each other to meet their respective regulatory obligations, relating to the Scheme. The BSA contains a customary employee-related indemnity from STB to the Buyer.

Financial Information relating to the Consumer Vehicle Finance business

Basis of Preparation

The unaudited historical financial information relating to the Consumer Vehicle Finance business has been extracted without material adjustment from the management account schedules that support the audited consolidated information of the Group as at and for the two financial years ended 31 December 2024, and the unaudited consolidated information of the Group for the six months ended 30 June 2025. There have been no changes to the accounting policies applicable to this information in those periods.

The extracted income statement and balance sheet do not directly correspond to the previously reported audited consolidated segmental information for the two financial years ended 31 December 2024, and the unaudited consolidated segmental information for the six months ended 30 June 2025. This is because the Consumer Vehicle Finance business was reported within a larger Vehicle Finance segment.

The Consumer Vehicle Finance business is not managed as a separate legal entity, and the extracted balance sheet is derived from the associated cost centres and product codes relating to the Consumer Vehicle Finance business from the underlying management accounting records relating to the consolidation schedules. This balance sheet does not reflect internal management reporting for the financial position of this business. The figures do not include cost accruals and prepayments, treasury assets or fixed assets managed centrally. The capital figure reflects CET1 allocated to the Consumer Vehicle Finance business by applying the Group CET1 ratio to the RWAs of this business at that date. The Funding figure reflects an approximation of funding associated with the Consumer Vehicle Finance business.

The Sale relates only to loans and advances to customers in the Group's consolidated balance sheet, which will be derecognised on completion; remaining items on the balance sheet will remain a part of the continuing Group's accounts.

1. **Extracted income statement**

	HY 2025 **£'m**	**FY 2024** **£'m**	**FY 2023** **£'m**
Net interest income	23.0	43.5	41.7
Net fee and commission income	0.3	0.3	0.4
Operating income	**23.3**	**43.8**	**42.1**
Net impairment charge on loans and advances to customers	(15.5)	(37.5)	(13.7)
Operating expenses	(12.4)	(26.1)	(23.3)
Profit/(loss) before income tax before exceptional items	**(4.6)**	**(19.8)**	**5.1**
Exceptional items	(1.0)	(8.4)	(4.8)
Profit / (loss) before income tax	**(5.6)**	**(28.2)**	**0.3**

2. Extracted balance sheet

	HY 2025 £'m	FY 2024 £'m
Cash	0.7	3.7
Loans and advances to customers	501.3	515.9
Other assets	4.3	5.3
Total assets	**506.3**	**524.9**
Funding	(442.1)	(458.2)
Other	(1.4)	(1.6)
Provisions	(7.0)	(9.1)
Total liabilities	**(450.6)**	**(468.9)**
Net assets	**55.8**	**56.0**
Capital	**55.8**	**56.0**

Additional Information

Risk Factors

STB shareholders should consider, alongside all other information in this announcement, the specific factors and risks outlined below.

1. Risks relating to the Sale
   1.1. The accounting treatment of hedging may result in timing differences in the income statement
   As a result of the interest rate component of the purchase price, the Sale consideration may be reduced by increases in interest rates. STB has made hedging arrangements to protect itself but the accounting off-set from this may occur in different time periods, impacting the recognition of the total net gain on sale.

   1.2. The Group may incur liability under the BSA
   The BSA contains warranties and indemnities provided by the Group. The warranties are subject to customary vendor protection provisions including limitations on the amount and time period. The indemnities relating to the motor commission redress scheme (when finalised) and to employees are also subject to customary limitations including on the amount and time period. The indemnities largely relate to failures (if arising) by STB to deal with matters within its control, in particular STB's own compliance with the Scheme rules and implementation by it of already anticipated redundancies. However, there is a risk that not all such matters are within its control and/or the limitations on liability for these warranties and indemnities will not apply in all scenarios and any liability to make a payment arising from a successful claim by the Buyer under them could reduce the consideration and, although STB does not currently expect this, could have an adverse effect on STB's continuing business, results of operations, prospects and financial condition.

   1.3. Migration is not achieved on a timely basis
   The migration of customer accounts is a complex process and there is an inherent risk of delay. While STB continues to service the portfolio, it remains responsible for regulatory compliance and the proper treatment of customers and will incur continuing operational costs. Under the BSA, the Buyer pays STB a monthly servicing fee (which can step up each month that migration is delayed beyond the agreed longstop date of six months from completion), but there is a risk that this servicing fee does not fully cover STB's continuing operational costs and which would be for its own account.

2. Risks relating to the Continuing Group
   2.1. Ability to restore risk adjusted income in the short term
   STB plans to deploy the excess capital generated as a result of the Sale into higher returning opportunities, including growth opportunities in continuing businesses or considering enhanced distributions to shareholders. There is a risk that the redeployment may take time to execute or may not generate returns in the timeframe currently expected. As a result, the Group may not be able to restore its risk adjusted income in the short term.

   2.2. Inability to remove costs associated with Consumer Vehicle Finance business proportionately or in a timely manner
   The Consumer Vehicle Finance Business currently benefits from shared central functions provided by the continuing Group. Following completion, the continuing Group will lose the contribution from the Consumer Vehicle Finance business towards these costs. There is a risk that the continuing Group may not be able to remove or reallocate these costs in a timely or proportionate manner, which could impact profitably in the short-term.

Material Contracts

Save for the BSA, there have been no material contracts entered into (other than contracts entered into in the ordinary course of business) in respect of the continuing Group for the two years immediately before the date of this announcement that shareholders would reasonably require for the purpose of making a properly informed assessment of the Sale.

Save for the BSA, there have been no material contracts entered into (other than contracts entered into in the ordinary course of business) in respect of the Consumer Vehicle Finance Business for the two years immediately before the date of this announcement that shareholders would reasonably require for the purpose of making a properly informed assessment of the Sale.

Governmental, Legal or Arbitration Proceedings

Save as previously announced by STB about its motor finance commission provision, there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Group is aware) during the period covering the previous 12 months preceding the date of this announcement which may have, or have had in the recent past, a significant effect on the financial position or profitability of the continuing Group.

Save as previously announced by STB about its motor finance commission provision, there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Group is aware) during the period covering the previous 12 months preceding the date of this announcement which may have, or have had in the recent past, a significant effect on the financial position or profitability of the Consumer Vehicle Finance Business.

Significant changes

Save as previously announced by STB about stopping new lending within its Vehicle Finance Business and putting the existing book into run - off and about the Sale, its motor finance commission provision, and as otherwise disclosed in this announcement (including its Appendix), there has been no significant change in the financial disclosed in this announcement (including its Appendix), there has been no significant change in the financial position or financial performance of the continuing Group since 31 December 2024, being the end of the last financial period for which audited financial statements have been published.

Save as previously announced by STB about stopping new lending within its Vehicle Finance Business and putting the existing book into run - off and about the Sale, its motor finance commission provision, and as otherwise disclosed in this announcement (including its Appendix), there has been no significant change in the financial position or financial performance of the Consumer Vehicle Finance business since 31 December 2024, being the end of the last financial period for which audited financial statements have been published.

Related Party Transactions

The Group has not entered into any related party transactions since 31 December 2024, being the end of the last financial period for which audited financial statements have been published.

The Consumer Vehicle Finance business has not entered into any related party transactions since 31 December 2024, being the end of the last financial period for which audited financial statements have been published.

Important Notice

Forward-looking statements

This document contains forward looking statements about the business, strategy and plans of the Group and its current objectives, targets and expectations relating to its future financial condition and performance. Statements that are not historical facts, including statements about the Group'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. The Group'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 UK domestic and global economic and business conditions, risks concerning borrower credit quality, market related risks including interest rate risk, inherent risks regarding market conditions and similar contingencies outside the Group's control, expected credit losses in certain scenarios involving forward looking data, any adverse experience in inherent operational risks, any unexpected developments in regulation, or regulatory and other factors. The forward-looking statements contained in this document are made as of the date of this announcement. Except as required by law or regulation, the Group undertakes no obligation to update or revise any forward-looking statements.

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