



Secure Trust Bank PLC

Pillar 3 disclosures for the year ended 31 December 2025

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1. Overview

1.1 Background

This document sets out the Pillar 3 disclosures for Secure Trust Bank PLC and its subsidiaries (the 'Group') as at 31 December 2025. Pillar 3 disclosures promote market discipline and consistency through a set of prescribed requirements set out within the UK Capital Requirements Regulation ('UK CRR') which require the Group to publicly disclose details of key capital positions and remuneration arrangements.

The Group's capital is calculated for prudential regulatory reporting purposes using the Basel III framework of the Basel Committee on Banking Supervision ('Basel'), as implemented in the UK. The Basel framework primary goal is promoting the safety and soundness of the financial system and is structured around three pillars; Pillar 1 sets out the minimum capital requirement that firms are required to meet for credit, market and operational risk, Pillar 2 concerns the supervisory review process and Pillar 3 on market discipline.

1.2 Regulatory framework

Basel III consists of the UK CRR and the Capital Requirements Directive ('CRD'). On departure of the UK from the European Union ('EU') the CRD was retained in UK law. The UK CRR is currently split across the PRA Rulebook and primary legislation.

At the beginning of 2025, the PRA announced delaying Basel 3.1 implementation by one year to 1 January 2027, shortening the transitional period for full implementation which remains 31 January 2030. It was later confirmed in October 2025 that the Interim Capital Regime was being revoked as the Small Domestic Deposit Takers ('SDDT') implementation date would align to the Basel 3.1 effective date.

During the second half of 2025, the PRA issued a number of publications, providing clarity to the simplified capital regime and the near final proposals for SDDT firms. PS20/25 'The strong and simple framework: The simplified capital regime for Small Domestic Deposit Takers ('SDDTs') near-final', confirmed no significant changes to the Pillar 1 capital treatment to those proposed in the consultation paper. The Policy Statement changed areas of the Pillar 2a capital namely, removal of the bucketing approach for operational risk, reverting to scenario analysis, and changes to Credit Concentration Risk single name monitoring. In addition, they included details on the Pillar 2a lending adjustment introduced to replace the SME Support Factor. It also confirmed the single capital buffer under Pillar 2b and announced a reduction in frequency of Pillar 2a and Pillar 2b updates to every two years, in line with the ICAAP and ILAAP document production for SDDTs. The Group has assessed the impacts of the changes announced and expects the impact to be fairly neutral. The final rules were published in January 2026, with limited further changes.

As part of the wider Basel 3.1 regulatory change and implementation of the SDDT regime, the Group has formed a project to engage stakeholders in the wider business to ensure we are prepared for implementation on 1 January 2027.

1.3 Basis of disclosures

The disclosures have been prepared by the Group in accordance with the UK CRR rules laid out in the Disclosure (CRR) part of the PRA Rulebook, Article 433b, and the Group's approved policy, which ensures compliance with regulatory requirements and describes the internal controls and processes that support preparation of this document.

The disclosures cover all applicable Pillar 3 qualitative and quantitative requirements and, where appropriate, additional information and cross referencing has been added for the purposes of enhancing the readability and understandability of these disclosures.

The disclosures portray the Group's risk profile. No material disclosures have been omitted and no information excluded on the grounds of proprietary or confidentiality.

Regulatory capital ratios are calculated on both a Group and an Individual Consolidated (or 'Solo') basis. Due to the Group's permissions, all Group entities are included within the Individual Consolidation, resulting in no distinction between the two.

The basis of consolidation for the Group is the same for accounting and prudential purposes.

1.4 Content of report and frequency

The Pillar 3 disclosures are issued every six months at the same time as the Group's Interim Report or Annual Report and Accounts. Where there is a material change in any approach used for the calculation of capital, the business structure or regulatory requirements, the frequency of disclosure will be reviewed.

The comparative figures are as published in the prior period where applicable. Furthermore, where specific rows and columns in the tables prescribed by the PRA are not applicable, these are omitted.

1.5 Media and location

Pillar 3 disclosures are published on the Secure Trust Bank PLC corporate website (www.securetrustbank.com/investors).

1.6 Governance

The disclosure guidance within the PRA Rulebook requires creation of a formal Pillar 3 disclosures policy which the Board has implemented. The policy is reviewed and approved on an annual basis by the Executive Risk Committee (a sub-committee of the Executive Committee).

The Annual Pillar 3 disclosures are subject to review by the Audit Committee and approval by Board in conjunction with the Group's Annual Report and Accounts.

The Chief Financial Officer attests that the disclosures have been prepared in accordance with the approved Pillar 3 disclosures policy which conforms with the Disclosure (CRR) part of the PRA Rulebook, as applicable for SDDTs. The Group has operated a framework of disclosure controls, procedures and governance throughout the period, to ensure the completeness and accuracy of the Group's Pillar 3 disclosures.

These disclosures have not been, and are not required to be, subject to independent external audit and do not constitute any part of the Group's Interim Report or Annual Report and Accounts.

2. Key metrics

The table below UK KM1/International Financial Reporting Standard ('IFRS') 9-FL presents key metrics in relation to capital, leverage, and liquidity and funding as at 31 December 2025. Capital figures and ratios are reported without the application of Article 473a IFRS 9 transitional arrangements.

		31 Dec 2025 £million	30 Jun 2025 £million	31 Dec 2024 £million
Available own funds (amounts)				
1	Common Equity Tier 1 (CET 1) capital	364.8	367.1	351.4
2	Tier 1 capital	364.8	367.1	351.4
3	Total capital	428.4	432.7	415.7
Risk weighted exposure amounts ('RWEAs')				
4	Total RWEAs	2,827.5	2,916.8	2,855.7
Capital ratios (as a percentage of risk-weighted exposure amount)				
5	CET 1 ratio (%)	12.9%	12.6%	12.3%
6	Tier 1 ratio (%)	12.9%	12.6%	12.3%
7	Total capital ratio (%)	15.2%	14.8%	14.6%
Additional own funds requirements based on SREP (as a percentage of risk-weighted exposure amount)¹				
UK 7a	Additional CET1 SREP requirements (%)	0.6%	0.6%	0.6%
UK 7b	Additional AT1 SREP requirements (%)	0.2%	0.2%	0.2%
UK 7c	Additional T2 SREP requirements (%)	0.3%	0.3%	0.3%
UK 7d	Total SREP own funds requirements (%)	9.0%	9.0%	9.0%
Combined buffer requirement (as a percentage of risk-weighted exposure amount)				
8	Capital conservation buffer (%)	2.5%	2.5%	2.5%
9	Institution specific countercyclical capital buffer (%)	2.0%	2.0%	2.0%
11	Combined buffer requirement (%)	4.5%	4.5%	4.5%
UK 11a	Overall capital requirements (%)	13.5%	13.5%	13.5%
12	CET1 available after meeting the total SREP own funds requirements (%) ²	7.8%	7.5%	7.2%
Leverage ratio				
13	Total exposure measure excluding claims on central banks	3,861.6	3,960.2	3,717.7
14	Leverage ratio excluding claims on central banks (%)	9.4%	9.3%	9.5%
Liquidity Coverage Ratio³				
15	Total high-quality liquid assets (HQLA) (Weighted value -average)	443.2	433.7	427.2
UK 16a	Cash outflows - Total weighted value	416.4	399.8	383.3
UK 16b	Cash inflows - Total weighted value	182.7	172.0	184.4
16	Total net cash outflows (adjusted value)	233.7	227.8	198.9
17	Liquidity coverage ratio (%)	190.4%	193.5%	219.6%

1. Rows UK 7a-c, reflect the allocation of additional capital requirements to each tier of capital.

2. Represents, as a percentage, the level of CET 1 capital surplus after subtracting the minimum amount of CET 1 capital required to meet the total SREP own funds requirements. The minimum CET 1 requirement is equivalent to 56.25% of Pillar 1 and 2A.

3. Liquidity balances are calculated as the simple averages of month-end results from 31 January 2025 to 31 December 2025. The 30 June 2025 and 31 December 2024 comparatives reflect results from 31 July 2024 to 30 June 2025 and 31 January 2024 to 31 December 2024.

The Group has complied with and remained in excess of all capital, leverage and liquidity regulatory requirements applicable under the UK CRR and UK Leverage Framework throughout 2025.

At year end the Group maintained an adequate capital position, with CET 1 and Tier 1 ratios of 12.9% and Total Capital Ratio of 15.2%, exceeding the total PRA SREP own funds requirement of 9.0% and 13.5% overall capital requirement under the UK CRR regulatory framework.

The CET 1 and Tier 1 ratio increased to 12.9% (2024: 12.3%) reflecting profitability in the year combined with reduction in Total RWEAs. Credit Risk RWEAs associated with the lending portfolios decreased during the year, increasing the CET 1 ratio by 0.1%. In addition, CET 1 capital increased by £13.4 million, driving a 0.5% benefit in the CET 1 and Tier 1 ratios.

The CET 1 balance increased to £364.8 million (2024: £351.4 million), the key factors to note being:

- Recognition of the 2025 profit after tax of £17.6 million net of a paid interim dividend of £2.2 million and a final foreseeable dividend of £4.4 million; and
- A £2.6 million increase in CET 1 due to movement in share option reserve.

The increase in Total Capital Ratio to 15.2% (2024: 14.6%) results largely due to the factors noted previously.

As at 31 December the Group held £90.0 million of 10.5-year 13.0% Fixed Rate Callable Subordinated Notes, which qualify as Tier 2 regulatory capital (subject to a cap of 25% of Pillar 1 and 2A requirements).

Whilst the Group remains outside the scope of the full UK Leverage Ratio Framework, it adheres to the supervisory expectations in a similar manner to those falling within scope. The leverage ratio reduced to 9.4% (2024: 9.5%) due to balance sheet asset growth. The Group continues to exceed the UK Leverage Framework's expectation of 3.25%.

The Group's average Liquidity Coverage Ratio ('LCR') over the 12 months to 31 December 2025 reduced to 190.4% (December 2024: 219.6%). Although there was an increase in High Quality Liquid Assets ('HQLA'), this was offset by higher outflow requirements for retail deposits due to growth in ISA's throughout the year.

3. Overview of risk weighted exposure amounts

The Pillar 1 capital own funds requirement calculations set a capital resource requirement of 8% of RWEAs, more specifically, the sum of the RWEAs for Credit, Counterparty, Operational and Credit Valuation Adjustment ('CVA') risks. The Group adopts the standardised approach for calculating its Pillar 1 own funds requirements for Credit risk, Operational risk, Counterparty credit risk ('CCR') and CVA. Under the UK CRR, CCR is calculated using the Original Exposure Method ('OEM'). During the year, the Group started to transact derivatives via Qualifying Central Counterparties ('QCCP').

The table below 'UK OV1 Overview of risk weighted exposure amounts', details RWEAs and minimum capital own funds requirements by risk type and approach as at 31 December 2025.

		Risk weighted exposure amounts (RWEAs)		Total own funds requirements	
		31 Dec 2025 £million	31 Dec 2024 £million	31 Dec 2025 £million	31 Dec 2024 £million
1	Credit risk (excluding CCR)	2,521.0	2,561.0	201.7	204.7
2	Of which the standardised approach	2,521.0	2,561.0	201.7	204.7
6	Counterparty credit risk – CCR	0.8	10.7	0.1	0.9
UK 8a	Of which exposures to a CCP	0.3	-	-	-
UK 8b	Of which credit valuation adjustment – CVA	0.2	4.5	-	0.4
9	Of which other CCR	0.3	6.2	0.1	0.5
UK 22a	Large exposures	-	-	-	-
23	Operational risk	305.7	284.0	24.5	22.7
UK 23b	Of which standardised approach	305.7	284.0	24.5	22.7
24	Amounts below the thresholds for deduction (subject to 250% risk weight) (for information)	8.9	8.3	0.7	0.7
29	Total	2,827.5	2,855.7	226.2	228.3

Total RWEAs decreased by £28.2 million and the overall capital requirement by £2.1 million – see page 5 for further details.

The amount of Pillar 1 capital the Group is required to hold in relation to Operational risk is determined by the Standardised Approach ('TSA'), where RWEAs are based on the average of the Group's income over the past three years. The specific Pillar 1 capital requirement under this approach was £24.5 million on 31 December 2025 (2024: £22.7 million), the increase being attributable to the growth within the business.

4. Remuneration policy

The information in this section is provided in accordance with the disclosure requirements set out in the PRA Rulebook Disclosure Part article 433(b) and Supervisory Statement SS2/17 Remuneration. SS2/17 Remuneration applies to all firms regulated by the PRA and sets out how firms should comply with the requirements of the PRA Rulebook Remuneration Part. The disclosures below specifically reflect the requirements set out in the Remuneration Part article 450(1) points a-d, h(i) and h(ii) only. The format of the disclosure is consistent with the PRA template UK REMA – Remuneration Policy.

The PRA Rulebook has defined certain requirements relating to remuneration of its 'Identified Staff', firms must establish, implement, and maintain remuneration policies, procedures and practices that are consistent with and promote sound and effective risk management. Identified staff being those whose professional activities have a material impact on the firm's risk profile.

4.1 A description of the staff or categories of staff whose professional activities have a material impact on institutions' risk profile.

Throughout the year, the Group employed a total of 38 (27 Senior Managers, 3 Executive Directors and 8 Non-Executive Directors) individuals classed as Identified Staff. Of these, 10 individuals have been categorised for disclosure purposes as the Group's Management Body (being the Executive and Non-Executive Directors), all others are deemed Senior Management.

4.2 Information relating to the bodies that oversee remuneration

4.2.1 Name, composition, and mandate of the main body and number of meetings held in the year

The Remuneration Committee is composed of four members who are each independent Non-Executive Directors. Julie Hopes was appointed Chair of the Remuneration Committee on 31 December 2024. The Remuneration Committee meets at least twice and ordinarily four times a year and when required to address non-routine matters. The Committee met five times in 2025. The Committee seeks input from the Chief Executive, Chief People Officer, Company Secretary, and Head of Reward who are invited to attend meetings. The Chief Finance Officer and Chief Risk Officer are invited where appropriate.

The Remuneration Committee assists the Board in fulfilling its responsibilities in relation to remuneration including, amongst other matters, determining the policy for the individual remuneration and benefits packages of the Executive Directors and the senior management below Board level (Identified Staff). The Committee also reviews workforce remuneration, related policies and how executive and wider workforce pay are aligned to the culture of the Group.

The terms of reference for the Committee can be found at: www.securetrustbank.com/corpgov

4.2.2 External consultants whose advice has been sought, the body by which they were commissioned, and in which areas of the remuneration framework

During the year, the Committee received external advice from FIT Remuneration Consultants LLP ('FIT'). The appointment of FIT to advise the Committee was made in September 2020 following a competitive tender process.

FIT has no other significant connection with the Group or its Directors other than the provision of advice on executive and employee remuneration, and related matters. FIT is a member of the Remuneration Consultants' Group and abides by its code of conduct that requires remuneration advice to be given objectively and independently. The total fee paid for the provision of advice to the Committee during the year was £52,850 (excluding VAT). FIT also provided support to the People Team, Company Secretary and Legal Team on remuneration implementation.

4.3 Information relating to the design and structure of the remuneration system for identified staff

4.3.1 An overview of the key features and objectives of remuneration policy

The Directors' Remuneration Policy ('DRP'), which impacts only Executive Directors, and the Group Remuneration Policy which encompasses the Identified Staff population and are overseen by the Remuneration Committee.

The Group Remuneration Policy outlines our approach to remuneration and reward:

- Act with integrity, reward employees fairly and competitively considering the level of individual performance displayed (in relation to their overall reward package).
- Consider all reward components in a non-discriminatory method. This is consistent with the principle of equal pay for all employees for equal work or work of equal value by independently evaluating and analysing new jobs, not the incumbent or potential candidate.
- Promote the long-term success of the Group, sound and responsible risk management, good corporate governance and supports the Group in attracting, engaging, and retaining high calibre people.
- Promote a culture and behaviours to ensure the performance management frameworks and reward structures are designed with a focus on fair consumer and client outcomes and where customers can act and make decisions in their own interests in line with the Consumer Duty.
- Ensure compliance with Financial Conduct Authority ('FCA') and Prudential Regulation Authority ('PRA') remuneration related requirements.

Further to the above, the key principles behind the DRP are:

- to be simple and transparent in order to reflect the Group's purpose;
- promote the long-term success of the Group, with transparent and demanding performance conditions;
- to provide alignment between reward and the Group's values, risk appetite and shareholder returns; and
- to have a competitive mix of base salary and short and long-term incentives, with an appropriate proportion of the package linked to the delivery of sustainable long-term growth.

In determining appropriate rewards for Identified Staff, the Remuneration Committee has had regard to the year's achievements, the balanced business scorecard agreed by the Committee and the parameters of the Group Remuneration Policy. The Remuneration Committee also has regard to the risk culture of the Group, regulatory matters, as well culture and employee engagement.

4.3.2 Decision-making process used for determining the remuneration policy and the role of the relevant stakeholders

The Board has delegated responsibility to the Remuneration Committee to determine policies for remuneration of Identified Staff, including pension rights and any compensation payments. The Committee determines remuneration policies that:

- support the Group's long-term strategy,
- promotes long-term sustainable success,
- rewards Identified Staff in a manner aligned to company purpose and values,
- aligns the interests of participants within discretionary share plans to those of the shareholders; and
- is clearly linked to the successful delivery of the Group's long-term strategy.

4.4 Description of the ways in which the institution seeks to link performance during a performance measurement period with levels of remuneration.

4.4.1 The ratios between fixed and variable remuneration

Remuneration is delivered in a proportion of fixed and variable components. The variable elements are subject to appropriate limits (capped at 2:1 variable to fixed ratio) as approved by shareholders. Variable pay awards for senior colleagues and Material Risk Takers are subject to deferral in line with the Code to promote longer-term risk awareness.

4.4.2 An overview of main performance criteria and metrics for institution, business lines and individuals

The balanced business scorecard for Identified Staff (excluding Non-Executive Directors) is comprised of a collective set of Group objectives, functional objectives and personal objectives, all of which are subject to review and challenge by the Remuneration Committee. The objectives cover both financial and non-financial measures linked to the Group's medium-term financial plan and strategic aims. Individuals may also have performance goals linked to the performance of the business line in which they are based. For Independent Internal Control function employees, variable pay awards are primarily linked to the performance of a specific function rather than the business line they oversee.

All cash performance awards linked to these objectives are subject to three gateway criteria: risk, affordability and a satisfactory level of individual performance assessed against the delivery of individual goals, conduct and behaviours. If certain thresholds in respect of these gateways are not met, then scale back may be applied (including reducing awards to zero).

Non-Executive Directors receive a fee and do not receive performance-related elements of remuneration.

4.4.3 An overview of how amounts of individual variable remuneration are linked to institution-wide and individual performance

Variable pay arrangements for Identified Staff are based on on-target and maximum award opportunities which are set at the start of the performance year and reflect the role of the individual within the Group. Individual award outcomes are determined by reference to an assessment of the performance measures for the Group, as well as the achievement of functional and individual performance measures.

4.4.4 Information on the criteria used to determine the balance between different types of instruments awarded including shares, equivalent ownership interest, options and other instruments.

In line with requirements of the UK Remuneration Code, Identified Staff receiving a variable remuneration award in respect of 2025 performance have:

- 40% of variable remuneration is awarded in deferred shares over a three-year period, where the total variable award exceeds a regulatory de minimis amount and threshold.
- In the case of Executive Directors at least 50% of variable remuneration is awarded in deferred shares over a three-year period.
- In addition, Executive Directors are subject to additional holding periods for awards which vest, as set out in the Directors' Remuneration Policy as approved by Shareholders.

4.4.5 Information of the measures the institution will implement to adjust variable remuneration in the event that performance metrics are weak, including the institution's criteria for determining "weak" performance metrics

Group performance is assessed against a scorecard of measures, which include financial, customer and control measures with maximum, on-target and threshold levels of performance agreed by Remuneration Committee at the start of the performance period.

Awards are determined following the end of the performance period once the extent to which performance targets have been satisfied is known. No award will be made where performance has not met the threshold.

As detailed in section 4.4.2, there are three gateway criteria that must be passed before any payment is made under the Group wide variable pay arrangement for the performance year. The Remuneration Committee receives input from Board Risk and Audit Committees and the Chief Risk Officer to satisfy itself there are no significant current or future conduct, reputational, financial, operational risk or other reasons to suggest gateways are not met.

When considering the formulaic outcomes of the measures and financial gateways, the Remuneration Committee will determine whether these are a true reflection of performance or whether any further adjustments should be applied. Malus and Clawback provisions set out in the Group Remuneration Policy apply to all variable elements of compensation including the annual bonus and any share awards.

If certain thresholds are not met in respect of these gateways either individually, by function or by business line then awards may be scaled back, including to zero.

4.5 Table UK REM1 – Remuneration awarded for the financial year

The table below provides aggregate quantitative information on remuneration for all identified staff.

			Management Body Supervisory function Headcount	Management Body Management function Headcount	Other senior management FTE	Other identified staff FTE
1	Fixed remuneration	Number of identified staff	8	3	27	-
2		Total fixed remuneration	£0.8m	£1.7m	£5.0m	-
3		Of which: cash-based	£0.8m	£1.7m	£5.0m	-
UK-4a		Of which: shares or equivalent ownership interests	-	-	-	-
9	Variable remuneration	Number of identified staff	8	3	27	-
10		Total variable remuneration	-	£2.6m	£3.0m	-
11		Of which: cash-based	-	£0.7m	£1.1m	-
12		Of which: deferred	-	£0.3m	-	-
UK-13a		Of which: shares or equivalent ownership interests	-	£1.9m	£1.9m	-
UK-14a	Of which: deferred	-	£1.9m	£1.9m	-	
17	Total remuneration		£0.8m	£4.3m	£8.0m	-