



# **Secure Trust Bank PLC**

## **Pillar 3 Interim Disclosures for 30 June 2025**

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# Contents

1.	Overview.....	2
2	Key metrics .....	4

## 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 30 June 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 specifically require the Group to publicly disclose details of key capital positions semi-annually.

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 3 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 the year, the PRA announced delaying Basel 3.1 implementation by one year to 1 January 2027, shortening the transitional period for full implementation which remains 1 January 2030. Recent announcements from the Bank of England indicate the implementation date for the Strong and Simple capital regime for Small Domestic Deposit Taker ('SDDT') firms will coincide with Basel 3.1, therefore removing the requirements of the Interim Capital Regime.

At the start of Q2 2025, the PRA published its Business Plan for 2025. Some of the key initiatives for the Group were: plans to publish the Basel 3.1 final rules once parliament has revoked relevant parts of the UK CRR, intentions to publish a policy statement in Q4 2025 finalising the Simplified Capital Regime and additional liquidity simplifications. The Group continues to monitor the developments in the area.

In May 2025, the PRA published CP12/25 'Pillar 2A review – Phase 1' and PS7/25 'Update to PS9/24 on the SME and infrastructure lending adjustments'. This Consultation Paper consults on proposed changes to credit risk, operational risk, market and counterparty credit risk methodologies, as well as reducing the regulatory burden around pension risk. The Group is planning to perform an impact analysis during Q3 before the consultation closes in September 2025. The near final policy statement outlines how adjustments for SME and infrastructure lending will be applied under Pillar 2A, with the intentions to mitigate the impact of removing the SME and infrastructure support factor under Basel 3.1. As the Group is an SDDT firm, the adjustments will be addressed separately under the Strong and Simple Framework, although the PRA has indicated that the Pillar 2A lending adjustments will apply to SDDT firms.

### 1.3 Basis of disclosures

The disclosures have been prepared for 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 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 Group 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](http://www.securetrustbank.com/investors)).

#### **1.6 Verification**

The disclosure guidance within the PRA Rulebook requires creation of a formal Pillar 3 disclosure 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 Interim Pillar 3 disclosures are subject to review by the Audit Committee and approval by Board in conjunction with the Group's Interim Report.

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.

The 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 as at 30 June 2025. Capital figures and ratios are reported with and without the application of Article 473a IFRS 9 transitional arrangements.

		30 Jun 2025 £million	31 Dec 2024 £million	30 Jun 2024 £million
	<b>Available own funds (amounts)</b>			
1	Common Equity Tier 1 (CET 1) capital	367.1	351.4	348.2
	CET 1 capital as if IFRS 9 transitional arrangements had not been applied	367.1	351.3	348.2
2	Tier 1 capital <sup>1</sup>	367.1	351.4	348.2
	Tier 1 capital as if IFRS 9 transitional arrangements had not been applied	367.1	351.3	348.2
3	Total capital <sup>1</sup>	432.7	415.7	409.7
	Total capital as if IFRS 9 transitional arrangements had not been applied	432.7	415.6	409.7
	<b>Risk weighted exposure amounts<sup>1</sup></b>			
4	Total RWEAs <sup>1</sup>	2,916.8	2,855.7	2,735.3
	Total RWEAs as if IFRS 9 transitional arrangements had not been applied	2,916.8	2,853.6	2,735.3
	<b>Capital ratios (as a percentage of risk-weighted exposure amount)<sup>1</sup></b>			
5	CET 1 ratio (%) <sup>1</sup>	12.6%	12.3%	12.7%
	CET 1 as if IFRS 9 transitional arrangements had not been applied	12.6%	12.3%	12.7%
6	Tier 1 ratio (%) <sup>1</sup>	12.6%	12.3%	12.7%
	Tier 1 as if IFRS 9 transitional arrangements had not been applied	12.6%	12.3%	12.7%
7	Total capital ratio (%) <sup>1</sup>	14.8%	14.6%	15.0%
	Total Capital as if IFRS 9 transitional arrangements had not been applied	14.8%	14.6%	15.0%
	<b>Additional own funds requirements based on SREP (as a percentage of risk-weighted exposure amount)<sup>2</sup></b>			
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%
	<b>Combined buffer requirement (as a percentage of risk-weighted exposure amount)</b>			
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 (%) <sup>3</sup>	7.5%	7.2%	7.7%
	<b>Leverage ratio</b>			
13	Total exposure measure excluding claims on central banks <sup>2</sup>	3,960.2	3,717.7	3,528.7
14	Leverage ratio excluding claims on central banks (%) <sup>2</sup>	9.3%	9.5%	9.9%
	Leverage ratio excluding claims on central banks (%) as if IFRS 9 transitional arrangements had not been applied	9.3%	9.5%	9.9%
	<b>Liquidity Coverage Ratio<sup>4</sup></b>			
15	Total high-quality liquid assets (HQLA) (Weighted value -average)	433.7	427.2	389.2
UK 16a	Cash outflows - Total weighted value	399.8	383.3	379.9
UK 16b	Cash inflows - Total weighted value	172.0	184.4	198.8
16	Total net cash outflows (adjusted value)	227.8	198.9	181.1
17	Liquidity coverage ratio (%)	193.5%	219.6%	216.3%

1 The capital and RWEAs values presented for 2024 receive the benefit of IFRS 9 transitional relief as set out in Article 473a of the UK CRR and updated in June 2020 to reflect extended transitional arrangements to 2024 in line with COVID-19: CRR quick fix guidance. IFRS 9 transitional relief ended 1 January 2025 (2024: 25% for any increases in expected credit loss provisions on non-defaulted assets recognised since 2020)

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

3 Represents, as a percentage, the level of CET1 capital surplus after subtracting the minimum amount of CET1 capital required to meet the total SREP own funds requirements. The minimum CET1 requirement is equivalent to 56.25% of Pillar 1 and 2A.

4 Liquidity balances for 30 June 2025 are calculated as the simple averages of month-end results from 31 July 2024 to 30 June 2025. Comparatives reflect averages of month-end results from the 12 months ending in the month being reported.

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

At 30 June 2025 the Group comfortably exceeded the 9.0% SREP own funds requirement and 13.5% overall capital requirement under the UK CRR regulatory framework.

The CET 1 and Tier 1 ratio increased to 12.6% (31 December 2024: 12.3%) reflecting half year profitability. Total RWEAs increased by £61.1 million during the year, mainly driven by:

- Increased RWEAs attributable to the growth in the Retail Finance and Business Finance lending businesses;
- Annual increase in operational risk RWEAs;
- Offset by a reduction in counterparty credit risk ('CCR') and credit valuation adjustment ('CVA') risk due to a transition to centrally cleared derivative trades resulting in more favourable risk weights and removal of CVA.

CET 1 capital increased by £15.7 million, the key drivers were:

- profit after tax of £16.7 million; and
- net of an interim dividend of £2.2 million.

The remaining COVID-19: CRR quick fix relief for increases in provisions since 1 January 2020 ended on 1 January 2025, which is reflected in the KM1 table.

The total capital ratio increased to 14.8% (31 December 2024: 14.6%) due to a £1.3 million increase in Tier 2 eligibility.

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. As at 30 June 2025, the leverage ratio was 9.3% (31 December 2024: 9.5%), which exceeded the UK Leverage Framework's expectation of 3.25%.

The Group's average Liquidity Coverage Ratio ('LCR') over the 12 months to 30 June 2025 decreased to 193.5% (31 December 2024: 219.6%) due to higher total net cash outflows, driven by the Groups savings book growth.