



# Helping more consumers and businesses fulfil their ambitions

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Annual Report & Accounts 2025



## Financial highlights

### Continuing profit before tax

**£59.3m**

2024: £59.4m

### Cost income ratio

**45.2%**

2024: 47.4%

### Total profit before tax

**£27.5m**

2024: £29.2m

### New business

**£2.1bn**

2024: £1.8bn

### Return on average equity

**14.3%**

2024: 14.6%

### Customer lending

**£3.3bn**

2024: £3.1bn

### Common Equity Tier 1 ratio

**12.9%**

2024: 12.3%

### Customer deposits

**£3.5bn**

2024: £3.2 billion

Pages 1 to 67 form the Strategic Report. It includes our market review, strategy, financial review and a business review for each of the lines of business. Pages 128 to 133 form the Directors' report.

All key performance indicators are presented on a continuing basis, unless otherwise stated. Further information on discontinued operations is included in Note 10 to the Financial Statements.

Adjusted metrics exclude exceptional items. Further information on exceptional items are included in Note 8 to the Financial Statements.

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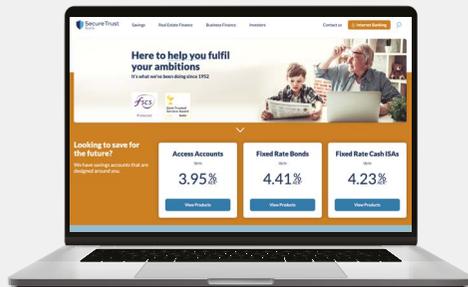
## About us

We are an award-winning UK specialist lender, providing savings accounts and lending services to 1.5 million customers.

Our purpose is to help more consumers and businesses fulfil their ambitions and our vision is to be the most trusted specialist lender in the UK.

We have been helping consumers and businesses fulfil their ambitions for over 70 years.

➤ Find out more about us on our website: [securetrustbank.com](https://securetrustbank.com)



## 2025 highlights

# Our progress in 2025

In 2025, we moved forward in our mission to help consumers and businesses turn ambition into reality. We streamlined the business, made significant strategic decisions, and remained committed to serving our customers.

### Real Estate Finance

# £1.5bn

loans and advances to customers

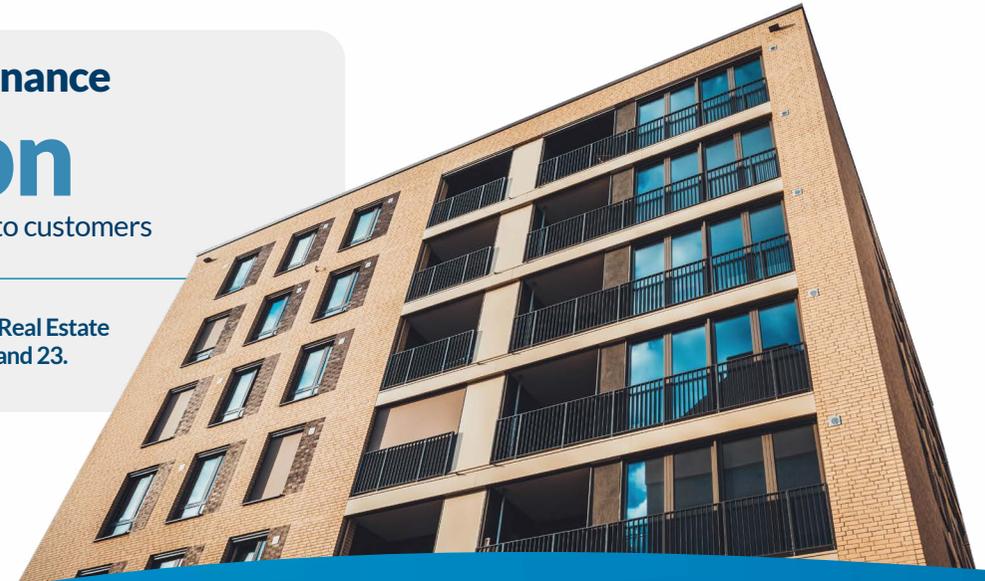
🔗 Find out more about Real Estate Finance on pages 22 and 23.

### Retail Finance

# Over 475k

customers registered with the Retail Finance V12 app

🔗 Find out more about Retail Finance on pages 20 and 21.



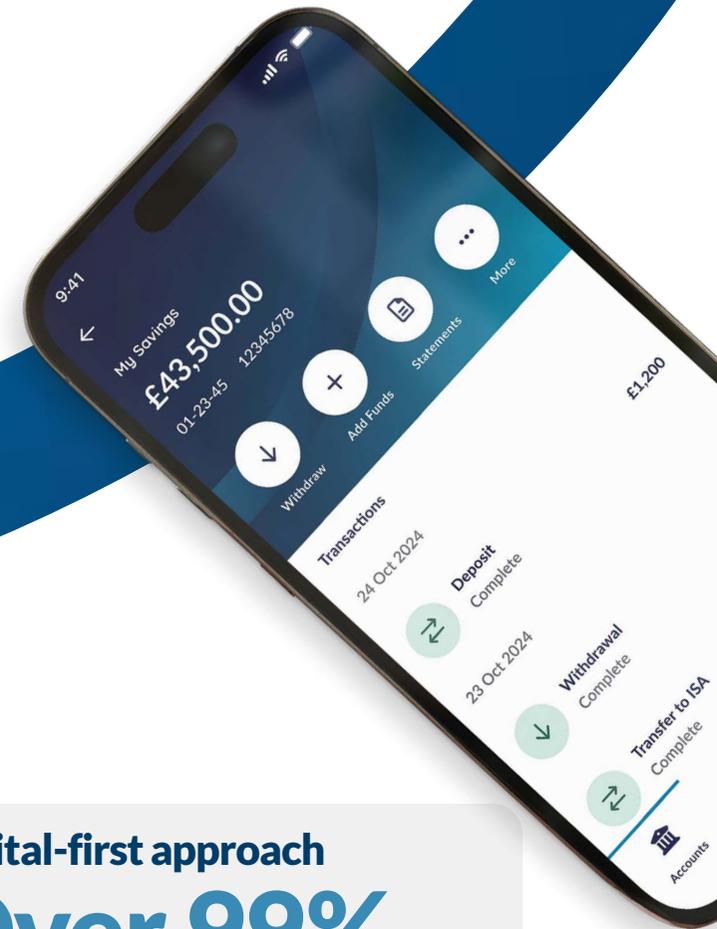
## 2025 highlights continued



### Customer deposits **£3.5bn**

supporting lending growth  
in our continuing businesses

🔗 Find out more about Savings  
on page 27.



### Commercial Finance

# 172%

new business volume growth

🔗 Find out more about Commercial  
Finance on pages 24 and 25.



### Digital-first approach

# Over 99%

of Savings customers banking online, and new  
mobile app will enhance customer experience

🔗 Find out more about Savings  
on page 27.

## Group at a glance

### Our strategy

In 2025 we undertook a strategic review to ensure the Group is positioned for long-term, sustainable growth. This work assessed our markets, capabilities and operating model, and informs a refreshed set of strategic priorities to be introduced in 2026.

#### Our vision

To be the most trusted specialist lender in the UK

#### Our purpose

To help more consumers and businesses fulfil their ambitions

#### Our values



**Customer Focused**



**Risk Aware**



**Future Orientated**



**Teamwork**



**Ownership**



**Performance Driven**

#### Our strengths



**Specialist**



**Expert**



**Diverse**



**Ambitious**

#### Our 2025 strategic priorities

Optimising for growth



**Simplify**

Focus on core business units and use technology to deliver efficiency and better operational processes



**Enhance customer experience**

Improve the customer journey to increase retention and attract new customers to gain market share



**Leverage networks**

Take advantage of our strong partnerships with introducers to drive growth



**Enabled by technology**

Take advantage of recent investments within our technology platforms to automate processes and streamline and enhance customer experience for our business partners via integration and for our end customers through self-service

🔗 Please see our 2025 investor presentation at [www.securetrustbank.com/investor-relations](http://www.securetrustbank.com/investor-relations)

# Group at a glance continued

## Our business model

### What we do

<b>Consumer Finance</b> 	<b>Business Finance</b> 
<b>Retail Finance</b> We provide quick and easy finance options at the point of purchase.  <input checked="" type="checkbox"/> We earn interest and fee income ⌚ Refer to pages 20 and 21.	<b>Real Estate Finance</b> We lend money against residential properties to professional landlords and property developers.  <b>Commercial Finance</b> Supporting the growth of UK businesses by providing flexible, asset-based financing solutions <input checked="" type="checkbox"/> We earn interest and fee income  ⌚ Refer to pages 22 to 25.
<b>Vehicle Finance*</b> We provided quick and easy used car finance options at the point of purchase  ⌚ Refer to page 26.	
<b>Savings</b> 	<b>Wholesale funding and investors</b> 
We offer a full range of customer savings products including Access Accounts, Fixed Term Bonds and ISAs.  <input checked="" type="checkbox"/> We pay interest to our customers  ⌚ Refer to page 27.	We utilise our balance sheet to raise secured wholesale funds. We raise and retain capital to support the growth of our balance sheet.  <input checked="" type="checkbox"/> We pay interest to investors and dividends to shareholders  ⌚ Refer to page 17.

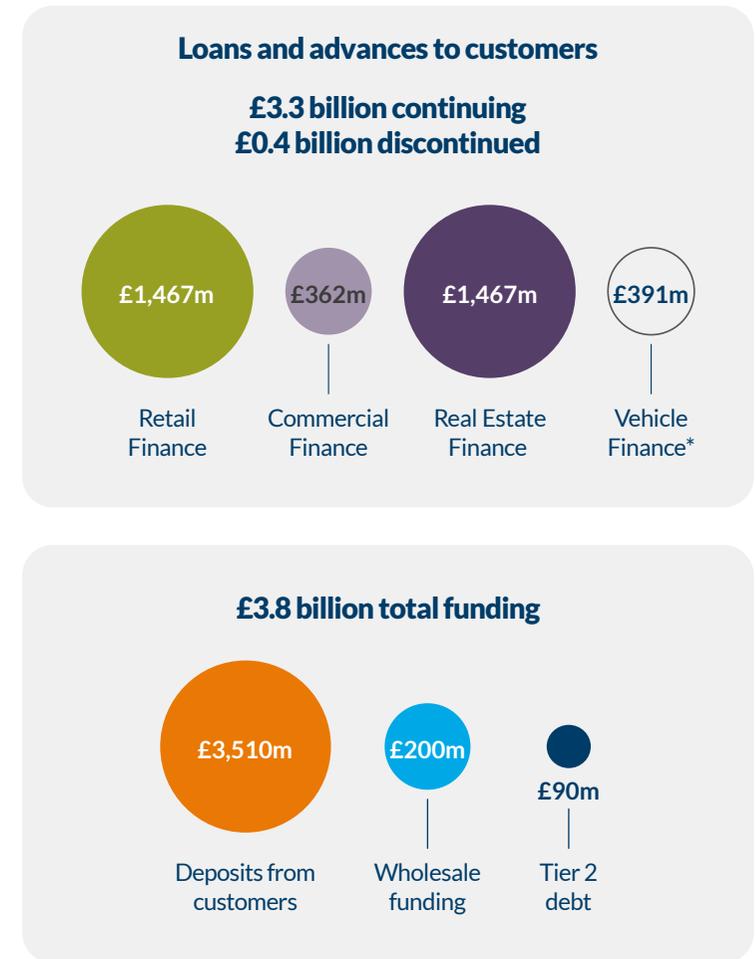
### How we do it

#### Our strengths

- 1. Specialist**  
Focus on attractive returns in our continuing markets
- 2. Expert**  
Strong market expertise, relationships and digital capabilities
- 3. Diverse**  
Diverse portfolios in consumer and business lending
- 4. Ambitious**  
Clear opportunities for growth and strategy for long-term value creation

**Underpinned by our values**

### 2025 in numbers



### Delivering value for stakeholders



Note:

\* Secure Trust Bank ceased new lending in Vehicle Finance in July 2025 and completed the sale of the Consumer Vehicle Finance business in February 2026.

## Group at a glance continued

### Our strategic progress against 2025 priorities

#### Simplify



**1. Streamlined Group:** Accelerated exit of Vehicle Finance business has focused capital deployment on higher returning businesses

**2. Delivered cost efficiencies:** Project Fusion, our cost optimisation programme has delivered c. £8 million<sup>1</sup> of annualised savings

**3. Workplace optimisation:** Consolidation of office spaces, driving operational efficiencies and contributing to our ESG strategy

#### Enhance customer experience



**1. Improved speed of credit decisions:** 90% of Retail Finance applications auto-decided in 6 seconds (2024: 6 seconds)

**2. Upgraded user experience through digital applications:** New Savings app launched in December streamlines the customer journey and enhances digital capabilities

**3. Sustained client satisfaction:** Internal surveys recorded strong scores across Business Finance, and Retail Finance and Savings Trustpilot score maintained at 4.8 stars<sup>2</sup> (2024: 4.8)

#### Leverage networks



**1. Sustained strong growth in new business lending:** Supported by high levels of client retention and repeat business in Business Finance, and depth of relationships in Retail Finance

**2. Breadth of partnerships:** Partnering with c.900 retailers across thousands of outlets to drive £1.5 billion of net lending in Retail Finance

**3. Increased market reach:** Strong network of partners and retailers achieved 8.1% growth in Business Finance and new business market share of 15.5%<sup>3</sup> in Retail Finance

#### Enabled by technology



**Digital-first operating model:** Over 99% customers registered for online banking in Savings and over 91% opting for online account management in Retail Finance

**New platforms and partners in Retail Finance:** Integration of additional platforms and partners has enhanced the Group's scalability and strengthened key controls

**Seamless customer experience:** Over 475,000 customers registered for the Retail Finance V12 app, where they are able to access the full product suite available

#### Updating our strategic priorities for 2026 and beyond

Our refreshed strategic ambitions will position the Group for long-term, sustainable growth

🔗 Refer to Chief Executive's statement from page 11.

#### Notes:

- £5.0 million cost savings relative to operating expenses for the 12 months ended December 2021. The additional £3.0 million savings (of the total £8.0 million) are relative to annualised operating expenses for the six months ending 30 June 2024.
- Mark out of 5 based on star rating from 11,220 reviews (2024: 15,527).
- Source: Finance & Leasing Association: New business values within retail store and online credit: 2025 15.5% (2024: 13.6%). FLA total and Retail Finance new business of £9,094.8m (2024: £9,476.6m) and £1,407.0m (2024: £1,289.7m) respectively. As published at 31 December 2025.

## Chair's statement

### Strategic change to strengthen our business



**“We are confident that the strategic decisions taken will support the sustainable growth of our business, deliver improved performance and increased return on equity.”**

**Jim Brown**  
Chair

It has been a year of change at Secure Trust Bank, with the Board having taken decisive action to strengthen the business and to lay the foundations for enhanced shareholder returns.

In June, we appointed a new Chief Executive Officer ('CEO'), Ian Corfield, to lead the Group through the next phase of its growth strategy, to accelerate the pace of change across the Group and help drive improved performance. The Board is pleased with the progress he has made since his appointment.

In July, we made the difficult decision to cease lending in our Vehicle Finance business, which had been loss making, and with additional recent operational challenges and increased loan impairments, was materially impacting our Group performance. In December, we announced the sale of the Consumer Vehicle Finance business, which completed in February 2026. This was an important strategic milestone and will help to accelerate further our strategic progress by releasing capital to invest in our higher returning business areas.

I would like to take this opportunity to thank all of our Vehicle Finance colleagues, who helped grow the business despite the increasingly challenging operating environment, and to wish them all the very best for the future.

We have refreshed our strategy and simplified our medium-term targets ensuring the business is focused on delivering growth and driving improved returns for our shareholders. Under our revised strategy we will deploy capital, with discipline, into our three higher returning business units; Retail Finance, Commercial Finance and Real Estate Finance, supported by funding through our Savings business. We are focused on developing adjacent products where we have expertise, can add value to our customers and business

partners, and leverage technology to ensure our services can be delivered effectively and efficiently. We will continue to have a rigorous approach to cost management, as we right-size the business following the sale of Consumer Vehicle Finance, and further improve our cost income ratio.

We are confident that the strategic decisions taken will support the sustainable growth of our business, deliver improved performance and increased return on equity.

#### Business performance

Adjusted<sup>1</sup> total profit before tax for the year ended 31 December 2025 increased by 32.0% to £51.6 million (2024: £39.1 million). This was strong year-on-year growth, however, it was below our expectations for the year with performance once again impacted by the volatility in impairments within our legacy Vehicle Finance business.

Total statutory profit before tax decreased slightly to £27.5 million (2024: £29.2 million). Statutory profit was negatively impacted by exceptional costs incurred due to the decision to cease lending within our Vehicle Finance business and the additional provision booked following the publication of the FCA's consultation on the proposed redress scheme for motor finance commissions.

Whilst we appreciate the additional certainty the FCA's redress scheme will bring, we believe the proposed scheme is not aligned with the Supreme Court judgment in Johnson v FirstRand. If implemented in the form proposed, we believe the scheme will result in redress also being paid to customers who received competitive finance and were not harmed and will unfairly impact lenders,

Note:

- Adjusted metrics exclude exceptional items of £24.1 million (2024: £9.9 million). Details can be found in Note 8 to the Financial Statements.

## Chair's statement continued

particularly those providing near prime financing through specialist brokers operating competitive panels of lenders. We provided a robust response (supported by analysis of our data) to the consultation, including setting out how customers who received competitive finance were not harmed.

### Capital and shareholder returns

On a total basis, adjusted<sup>1</sup> return on average equity was 10.4% (2024: 8.0%); however, if the legacy Vehicle Finance business is excluded, the adjusted<sup>1</sup> return on average equity for the continuing business was 14.3% (2024: 15.0%).

The returns generated by the continuing business, and the plans to increase these further, are positive indicators for the Group's ability to deliver a return on average equity of over 16% in line with our revised medium-term targets.

We have a strong capital position, which has increased during 2025 and, as at 31 December 2025, the Group's Common Equity Tier 1 ratio was 12.9% (2024: 12.3%). This ratio includes the additional provision booked for the estimated redress and costs associated with the FCA's redress scheme for historic motor finance commissions.

#### Common Equity Tier 1 ratio

# 12.9%

2024: 12.3%

It is pleasing to see the progress being made across the business, starting to be reflected in the Company's share price, which increased by 244% over the course of 2025. However, the share price as at 31 December 2025 was £12.45, which is still materially below the Group's tangible book value of £19.73.

In accordance with the Group's progressive dividend policy, the Board has proposed a final dividend payment of 23.7 pence per share (2024: 22.5 pence per share), which if approved by shareholders at the Company's 2026 Annual General Meeting, will be paid on 21 May 2026 to those shareholders on the register on 24 April 2026.

### Governance

There have been several changes to the Board this year. David McCreadie, our former CEO, retired in August 2025 and I would like to thank David on behalf of the Board, employees and all stakeholders for the progress he drove during his tenure as CEO. He oversaw material increases in our lending balances and helped simplify and refocus the Group, providing us with a strong platform for growth.

Our Senior Independent Director and Chair of the Audit Committee, Ann Berresford, who had served on the Board for nine years, stepped down as a Non-Executive Director on 30 December 2025.

Ann was appointed to the Board in November 2016 and as Audit Committee Chair in September 2017, and has overseen significant change across the organisation and enhanced the operation of the Audit Committee. In her role as Senior Independent Director, she led the recruitment for the Chair role, which concluded in 2024. I would like to extend our thanks and best wishes to Ann.

Steve Colsell was appointed to the Board on 12 June 2025 and was appointed Chair of the Audit Committee with effect from 30 December 2025. Steve brings extensive financial and accounting experience, particularly within financial services, and is already making a strong contribution to the Board.

In August, Victoria Mitchell was appointed our designated Non-Executive Director for employee engagement, taking over from Paul Myers. We were also delighted to appoint Julie Hopes, who joined the Board in October 2024, as our new Senior Independent Director and Deputy Chair with effect from 30 December 2025.

There have been some changes to our Executive Committee during the year (further information on which can be found on page 12). I would like to thank all former colleagues for their contribution to Secure Trust Bank and wish all those commencing new roles every success.

#### Adjusted<sup>1</sup> return on average equity

# 10.4%

2024: 8.0%

### Outlook

The macroeconomic outlook remains uncertain with muted growth across the UK and significant geopolitical uncertainty. We will need to remain agile to adapt to market conditions and continue to focus on delivering good outcomes for our customers, in the specialist areas we operate.

The strategic changes we have implemented during the year position us well to drive improved performance and accelerate our growth and returns for the benefit of our shareholders and other stakeholders. Across the Group we look forward with optimism and renewed energy.

I would like to thank our customers, business partners and shareholders for their continued support and all of our employees who have worked tirelessly to deliver for our customers and the business.

**Jim Brown**  
Chair

11 March 2026

Note:

- Adjusted metrics exclude exceptional items of £24.1 million, all relating to Vehicle Finance (2024: £9.9 million, of which £8.4 million relating to Vehicle Finance). Details can be found in Note 8 to the Financial Statements.

## Chief Executive's statement

### Strategic actions taken to provide foundations for higher sustainable returns



**“The progress made positions us for stronger financial performance and enhanced long-term value creation.”**

**Ian Corfield**  
Chief Executive

Our 2025 results reflect a year of decisive strategic execution to improve financial performance. While there have been challenges, I believe the actions taken in 2025 to refresh the leadership team, streamline the Group to operate as one business and to deploy resources into higher returning business units will position us to deliver higher returns and enhanced long-term value creation.

I was delighted to join Secure Trust Bank as Chief Executive Officer at the mid-year. During my first six months I have observed the many strengths of the Group: deep specialist credit and financial expertise, strong partner relationships and flexible platforms. Above all, I have been struck by the commitment of my new colleagues to do the right thing for the business and our customers. I am pleased with the way they have managed a period of significant change with resilience. With a renewed focus on in-office collaboration, I look forward to further progress in 2026 and beyond.

We have grown our continuing businesses, with net lending growth of 8.1% to £3.3 billion (2024: £3.1 billion). Our capital position has strengthened with a significant improvement in the Common Equity Tier 1 ('CET 1') ratio of 60 bps in the year to 12.9% (2024: 12.3%). Customer deposits grew in line with the loan book during the year, supporting robust lending. These results signal that, despite the need to guide the market to a lower profit number during the year, the Group has solid foundations for the next phase of its development.

#### Strategic pivot

In July, we made the decision to stop new lending in our Vehicle Finance business. In December, we announced the sale of the Consumer Vehicle Finance business, which completed as planned on 25 February 2026. The decision to stop new lending was made following a Groupwide strategic review in the first half of the year and reflects the historical financial performance, as well as the medium-term outlook, of the Vehicle Finance business. The sale means the Group can now accelerate its strategic plans. Exiting the Vehicle Finance business will unlock capital to reinvest into higher returning opportunities, supporting long-term growth ambitions and enable consideration of enhanced shareholder distributions.

As a result of the first half strategic review, we identified an optimised model for the Group to significantly improve shareholder returns over the medium-term. We have profitable organic growth opportunities across our Retail Finance and Business Finance businesses which have an established track record of value creation. We are also well placed to leverage the operational improvements and will be disciplined in our approach to investment for growth.

**All key performance indicators are presented on a continuing basis, unless otherwise stated.**

## Chief Executive's statement continued

### Financial results – continuing business

The Group delivered a robust set of financial results in 2025. Notably, we delivered profit before tax of £59.3 million (2024: £59.4 million), with stable net interest margin ('NIM') of 4.7% (2024: 4.7%), reflecting strong pricing discipline in a falling rate environment.

Our cost income ratio improved by 220 bps to 45.2% (2024: 47.4%) reflecting continued income growth and disciplined cost management following the success of our cost optimisation programme, Project Fusion.

The Group's operating expenses included non-recurring costs relating to changes in senior leadership, with the underlying cost base stable year-on-year, despite inflationary pressures. We will maintain our focused approach to cost management, and optimise the cost base as we enter into the next phase of our strategic ambitions.

Growth across our continuing businesses was driven by continued strong levels of new business written across all markets, whilst navigating a year of modest economic growth.

#### Loans and advances to customers

# £3.3bn

2024: £3.1bn

Increased lending balances were supported by an 8.2% increase in customer deposits to £3.5 billion (2024: £3.2 billion), where our product mix remained focused on fixed-term offerings. We raised c. £1.8 billion of new deposits in the year, and over 97% of deposits (by value) are protected by the Financial Services Compensation Scheme.

The Group was capital accretive in 2025, and at the end of the period the Group's CET 1 ratio increased to 12.9% (2024: 12.3%). This remains comfortably above the regulatory requirements and supports the Group's growth ambitions. The sale of the Consumer Vehicle Finance business further strengthens this position, and improves our CET 1 ratio on a proforma basis by 180 bps to 14.7%, enabling reinvestment into our continuing businesses.

Cost of risk increased to 1.0% (2024: 0.8%). This was driven by impairment charges related to a few specific cases in Business Finance and a normalisation of impairment charges in Retail Finance, following one-off model benefits in 2024.

Total profit before tax was £27.5 million (2024: £29.2 million), impacted by the additional £16.4 million provision relating to motor finance commissions redress provisions. The Group also recognised £5.0 million of exceptional costs relating to the decision to exit Vehicle Finance.

Total adjusted<sup>1</sup> return on average equity ('ROAE') was 10.4% (2024: 8.0%). Excluding Vehicle Finance, adjusted<sup>1</sup> ROAE was 14.3% (2024: 15.0%). These measures indicate that the right decisions have been implemented to set the Group on a stronger trajectory for higher returns.

We made solid progress against the medium-term targets set in 2023, increasing net lending, improving cost income ratio, and maintaining stable NIM, while preserving robust capital ratios. However, market conditions have required a reset of strategic ambitions. Vehicle Finance continued to weigh on NIM and ROAE, and although our decision to exit this business will initially reduce lending balances and NIM, it will improve both the cost income ratio and ROAE over time. Given these changes, it is the right time to establish new medium-term targets focused on higher returning growth. Looking ahead, we are targeting c.10% annual growth in our continuing businesses and an ROAE of more than 16% in the medium-term. Whilst we acknowledge risk adjusted margins, pricing for capital requirements, and effective cost management are important to delivering high returns we do not intend to set individual targets for these measures and will balance these drivers to deliver against the target ROAE.

#### Return on average equity

# 14.3%

2024: 14.6%

### Capital and funding

As previously announced, we repaid our Term Funding Scheme with additional incentives for SMEs ('TFSME') funding in the first half of 2025 ahead of contractual maturity. The Group continued to make use of sale and repurchase agreements as part of its funding strategy, ending the period with an outstanding balance of £200.0 million (2024: £125.0 million).

The PRA is to introduce the Basel 3.1 standards in January 2027. At the same time, it will implement the Strong and Simple capital regime for Small Domestic Deposit Taker ('SDDT') firms, providing an alternative to smaller banks to the full Basel 3.1 standards. The Group has been approved as an SDDT, and is making good progress in its preparations for transfer to the new regime. The Group has factored the anticipated requirements from the Basel 3.1 and SDDT regimes into its capital management; these transitions are not expected to materially impact the Group.

Note:

- Adjusted metrics exclude exceptional items of £24.1 million, all relating to Vehicle Finance (2024: £9.9 million, of which £8.4 million relating to Vehicle Finance). Details can be found in Note 8 to the Financial Statements.

## Chief Executive's statement continued

### New strategic priorities launched for 2026 and beyond

Our Investor Update event will outline our refreshed strategic ambitions:



#### Product expansion

Driving growth through diversification of product offering



#### Effective digital solutions

Scalable, flexible technology enables efficiencies, widens distribution and enhances customer journey



#### Capital discipline

Capital allocation decisions informed by business credit expertise and data insights

#### New medium-term targets:

# c.10%

Annual growth in continuing businesses

# >16%

Return on Average Equity

#### Notes:

- £5.0 million cost savings relative to operating expenses for the 12 months ended December 2021. The additional £3.0 million savings (of the £8.0 million) are relative to annualised operating expenses for the six months ending 30 June 2024.
- Source: Finance & Leasing Association ('FLA'): New business values within retail store and online credit: 2025: 15.5% (2024: 13.6%). FLA total and Retail Finance new business of £9,094.8m (2024: £9,476.6m) and £1,407.0m (2024: £1,289.7m) respectively. As published at 31 December 2025.

#### Strategic priorities

In 2023 we established four strategic priorities to guide the Group: simplify, leverage networks, enhance customer experience and enabled by technology. These priorities underpinned the medium-term targets for the Group first established in 2021. During 2025, we continued to make good progress against these.

Our commitment to simplification was most clearly demonstrated by the sale of our Consumer Vehicle Finance business, allowing capital deployment to be focused in higher performing businesses. Project Fusion, our cost optimisation programme, has concluded, delivering total annualised savings of c.£8 million<sup>1</sup> through changes to our organisational design, streamlining legacy operational processes and simplifying the Group. These efficiencies support the next phase of our growth ambitions. Across the Group, we have streamlined operations, including the consolidation of our office footprint which has generated cost savings and contributed to our climate commitments.

Our customers are at the core of what we do, and we continue to use our digital platforms to enhance customer experience. In December, we launched our upgraded Savings app, providing a more streamlined journey and additional capabilities for self-service. High-quality client interactions remain core to our relationship-led model in Business Finance, as evidenced by the consistently strong customer satisfaction scores in our internal surveys.

Leveraging our networks remains central to our business model. The depth of relationships we hold with retailers and other business partners, and customers across our markets enable growth. Our relationships with approximately 900 retail partners supported £1.5 billion (2024: £1.4 billion) of net lending across a diverse range of retailers, both in sector and size. This supported an increase in Retail Finance's market share of new business to 15.5%<sup>2</sup> (2024: 13.6%). In Business Finance, high levels of repeat business and client retention reflect the strength of our regional footprint and the relationships we build with local advisory teams to deliver bespoke solutions.

Technology has been a key enabler of our strategic objectives. The Retail Finance app has surpassed 475,000 registrations, offering a seamless customer experience and direct access to our full product suite. Integration of new platforms and partners has enhanced the Group's scalability and strengthened key controls. We have made continued progress in our digital-first approach, with over 99% of customers registered for online banking for Savings and over 91% opting for online account management in Retail Finance. This provides customers with greater control and a more efficient journey, enhancing their overall customer experience.

#### Regulatory and legal interventions

In October 2025, the FCA released a consultation paper on an industry-wide compensation scheme relating to motor finance commissions.

## Chief Executive's statement continued

The FCA is now working through an extensive range of responses to the consultation and has indicated it will publish redress scheme rules by the end of March 2026. The current proposed redress scheme is towards the extreme end of outcomes previously expected, however, these proposals are subject to consultation and therefore remain uncertain. As a result of the FCA proposals, the Group increased its provision for motor finance consumer redress and related costs by £16.4 million. As at 31 December 2025 we held a provision of £21.5 million (2024: £6.4 million. See Note 31 to the Financial Statements for further information).

To calculate the provision, we updated our range of probability-weighted scenarios, including a high probability of the FCA scheme being implemented as proposed. 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.

Following the FCA's review of Borrowers in Financial Difficulty ('BiFD') in 2023, we identified that it was appropriate to pay £2.2 million to customers where we could have supported them better due to their individual circumstances. We have now completed this programme of work. During 2025 we have recognised an additional £2.1 million (2024: £1.5 million) charge, as an exceptional item, which largely relates to costs to manage and conclude the programme (See Note 8 to the Financial Statements).

As a result of the BiFD review, we had an elevated stock of defaulted Vehicle Finance loans at the end of 2024. During the year, we agreed several debt sales, which reduced the level of defaulted balances, and entered into a forward flow arrangement for newly terminated accounts.

### Environmental, Social and Governance ('ESG')

Following a period of organisational transformation, we are reviewing our ESG strategy to ensure it aligns fully with our renewed strategic ambitions.

Our employees have worked hard to make 2025 an exceptional year for fundraising. The Group raised over £126,000 for important causes in the year (2024: £99,800) supporting our partners at Birmingham Children's Hospital, Tŷ Hafan, Mind, Go Beyond and Bone Cancer Research.

Building on our 2024 achievement of reducing direct CO<sub>2</sub> emissions by 50% ahead of schedule, we implemented further reductions in 2025, through energy efficiency initiatives, further reducing our office footprint, and accelerating our paper-to-digital transition via enhanced self-service journeys in Retail Finance and Savings.

I am proud that we appear on the 2025 lists for Great Place to Work<sup>®</sup>, including accolades for UK Best Workplaces<sup>™</sup> and UK Best Workplaces for Women<sup>™</sup>. However, 2025 was also a year of significant transition. The strategic decision to exit Vehicle Finance and then sell the Consumer Vehicle Finance business resulted in many roles being made redundant. With increased clarity on the timing of the forthcoming changes, the Group is committed to supporting all those who have been impacted. As a result, our employee engagement Trust Index score fell to 64% (2024: 74%) and we are taking actions to rebuild trust and engagement in 2026. I acknowledge the significant impact strategic decisions have had on all colleagues as we have navigated this period and thank all employees for their hard work and resilience.

### Executive Committee and Senior Leadership

During the second half of 2025, there were several changes to what had been a relatively long-standing Executive team. Katie Docherty, former Chief Operating Officer ('COO'), left the Group after four years. I was pleased to welcome Jim Appleby, who has extensive experience in UK and international financial service operations, as COO.

Chris Harper, Chief Risk Officer ('CRO'), also left the Group after nearly five years of service. Uwe Seedorf has joined as Interim CRO, bringing a wealth of experience in risk leadership, including in his previous role as CRO at Allied Irish Bank UK.

Following the departure of Anne Mckenning, Vicki Baker joined the Group as Chief People Officer in February 2026. With over 20 years' experience in HR, transformation and strategy, Vicki brings valuable commercial insight and a strong people-first approach.

Finally, I was pleased that Rajat Mehta joined the Group as Savings Director, taking over from Julian Hartley, former Managing Director of Vehicle Finance and Savings, who left the Group in 2025. With over 20 years of leadership experience in retail banking, savings strategy and digital innovation, Rajat's expertise in delivering innovative solutions and driving growth will be invaluable.

I would like to thank Anne, Katie, Chris and Julian for their contribution and dedication to the success of the Group over several years. I am confident that the new additions to the Executive Committee and senior leadership mean we have the right leadership team in place to support delivery of the next phase of the Group's growth.

### Outlook

Despite signs of improving confidence across our markets, we recognise that recent developments in global conflict bring heightened uncertainty, particularly their potential effects on inflation and interest rates. However, with a clear strategy, strong foundations, and a long term outlook, we remain well positioned to navigate these challenges and deliver sustained value for customers and shareholders. The conclusion of regulatory interventions into the motor finance sector would also provide much needed certainty in 2026.

I am confident that the strategic decisions we have taken should enable the Group to begin building a track record as a sustainable high returning business. The Board and I believe that Secure Trust Bank is positioned for value creation and enhanced shareholder returns.

**Ian Corfield**  
Chief Executive

11 March 2026

## Key performance indicators

The following key performance indicators are the primary measures used by management to assess the performance of the Group.

### Financial

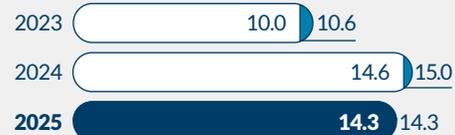
#### Loans and advances to customers (£bn)



#### Why we measure this

Shows the growth in the Group's lending balances, which generate income

#### Return on average equity (%)



#### Why we measure this

Measures the Group's ability to generate profit from the equity available to it

#### Net interest margin (%)



#### Why we measure this

Shows the interest margin earned on the Group's lending balances, net of funding costs

#### Common Equity Tier 1 ('CET 1') ratio (%)



#### Why we measure this

The CET 1 ratio demonstrates the Group's capital strength

#### Cost to income ratio (%)



#### Why we measure this

Measures how efficiently the Group uses its cost base to produce income

#### Cost of risk (%)



#### Why we measure this

Measures how effectively the Group manages the credit risk of its lending portfolios

### Non-financial

#### Customer Trustpilot ratings (Stars)<sup>1</sup>



#### Why we measure this

Indicator of customer satisfaction with the Group's products and services

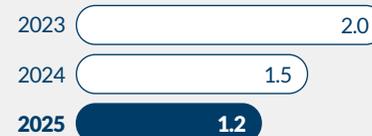
#### Employee survey trust index score (%)



#### Why we measure this

Indicator of employee engagement and satisfaction

#### Environmental intensity indicator<sup>2</sup>



#### Why we measure this

Indicator of the Group's impact on the environment

Certain key performance indicators represent alternative performance measures that are not defined or specified under International Financial Reporting Standards ('IFRS').

Definitions of the financial key performance indicators, their calculation and an explanation of the reasons for their use can be found in the Appendix to the Annual Report on pages 196 to 199.

All key performance indicators are presented on a continuing basis, unless otherwise stated.

Further information on discontinued operations are included in Note 10 to the Financial Statements. Further explanation of the financial key performance indicators is discussed in the narrative of the Financial review on pages 14 to 19. Further explanation of the non-financial key performance indicators is provided in the Managing our business responsibly (pages 45 to 53) and Climate-related financial disclosures (pages 54 to 65) sections.

The Directors' Remuneration report, starting on page 97, sets out how executive pay is linked to the assessment of key financial and non-financial performance indicators.

■ Adjusted figures exclude exceptional items. For further information see Note 8 to the Financial Statements.

Notes:

1. Mark out of 5 based on star rating from 11,220 reviews (2024: 15,527, 2023: 4,776).
2. Total Scope 1, 2 and certain Scope 3 emissions per Emillion Group operating income. See page 60 for further details.

## Financial review



“With the exit of Vehicle Finance delivered, foundations are clear for enhanced and stable financial performance.”

**Rachel Lawrence ACMA**  
Chief Financial Officer

### Income statement

	2025			2024		
	Continuing £million	Discontinued £million	Total Group £million	Continuing £million	Discontinued £million	Total Group £million
Interest income	301.8	70.2	372.0	296.8	69.2	366.0
Interest expense	(150.7)	(22.7)	(173.4)	(159.5)	(21.6)	(181.1)
<b>Net interest income</b>	<b>151.1</b>	<b>47.5</b>	<b>198.6</b>	<b>137.3</b>	<b>47.6</b>	<b>184.9</b>
<b>Net fee and commission income</b>	<b>14.1</b>	<b>0.8</b>	<b>14.9</b>	<b>18.2</b>	<b>0.8</b>	<b>19.0</b>
<b>Operating income</b>	<b>165.2</b>	<b>48.3</b>	<b>213.5</b>	<b>155.5</b>	<b>48.4</b>	<b>203.9</b>
Impairment charge	(31.4)	(26.6)	(58.0)	(23.2)	(38.7)	(61.9)
Other gains/(losses)	0.1	0.1	0.2	(0.4)	0.1	(0.3)
Fair value gains on financial instruments	0.1	-	0.1	1.2	-	1.2
Operating expenses	(74.7)	(29.5)	(104.2)	(72.2)	(31.6)	(103.8)
<b>Profit/(loss) before income tax before exceptional items</b>	<b>59.3</b>	<b>(7.7)</b>	<b>51.6</b>	<b>60.9</b>	<b>(21.8)</b>	<b>39.1</b>
Exceptional items	-	(24.1)	(24.1)	(1.5)	(8.4)	(9.9)
<b>Profit/(loss) before income tax</b>	<b>59.3</b>	<b>(31.8)</b>	<b>27.5</b>	<b>59.4</b>	<b>(30.2)</b>	<b>29.2</b>
Income tax (expense)/credit	(14.7)	4.8	(9.9)	(16.0)	6.5	(9.5)
<b>Profit/(loss) for the year</b>	<b>44.6</b>	<b>(27.0)</b>	<b>17.6</b>	<b>43.4</b>	<b>(23.7)</b>	<b>19.7</b>
<b>Basic earnings per ordinary share</b>	<b>238.8</b>	<b>(144.5)</b>	<b>94.2</b>	<b>227.7</b>	<b>(124.3)</b>	<b>103.4</b>
<b>Basic earnings per ordinary share - adjusted</b>	<b>238.8</b>	<b>(31.1)</b>	<b>207.7</b>	<b>233.5</b>	<b>(83.4)</b>	<b>150.1</b>

## Financial review continued

Selected key performance indicators and performance metrics: (Continuing)	2025 %	2024 %	Percentage point movement
Net interest margin	4.7	4.7	-
Net revenue margin	5.2	5.3	(0.1)
Yield	9.5	10.2	(0.7)
Cost of funds	4.7	5.5	(0.8)
Adjusted cost to income ratio	45.2	46.4	(1.2)
Statutory cost to income ratio	45.2	47.4	(2.2)
Cost of risk	1.0	0.8	0.2
Adjusted return on average equity	14.3	15.0	(0.7)
Return on average equity	14.3	14.6	(0.3)
Common Equity Tier 1 ratio	12.9	12.3	0.6
Total capital ratio	15.2	14.6	0.6

Certain key performance indicators and performance metrics represent alternative performance measures that are not defined or specified under International Financial Reporting Standards ('IFRS'). Definitions of these alternative performance measures, their calculation and an explanation of the reasons for their use can be found in the Appendix to the Annual Report on pages 196 to 199.

All key performance indicators are presented on a continuing basis, unless otherwise stated. Adjusted metrics exclude exceptional items. Further information on exceptional items are included on page 16 and discontinued operations are included in Note 10 to the Financial Statements.

The Directors' Remuneration report, starting on page 97, sets out how executive pay is linked to the assessment of key financial and non-financial performance metrics.

The Group achieved a continuing profit before tax of £59.3 million (2024: £59.4 million), maintaining a net interest margin ('NIM') of 4.7% (2024: 4.7%) with growth in lending balances of 8.1% to £3,295.8 million (2024: £3,050.2 million). 2025 saw a further improvement in effective cost management, achieving an adjusted cost income ratio of 45.2% (2024: 46.4%). Cost of risk increased to 1.0% (2024: 0.8%), with the Group being impacted by three specific cases within Business Finance. Common Equity Tier 1 ('CET 1') ratio at the end the year increased to 12.9% (2024: 12.3%).

Adjusted return on average equity decreased from 15.0% in 2024 to 14.3% in the year.

Return on average equity decreased from 14.6% in 2024 to 14.3% in the year.

Adjusted earnings per share ('EPS') increased to 238.8 pence per share (2024: 233.5 pence per share). EPS increased to 238.8 pence per share (2024: 227.7 pence per share). Detailed disclosures of EPS are shown in Note 11 to the Financial Statements. The components of the Group's profit are analysed in more detail in the following sections.

Total adjusted profit before tax increased by 32.0% to £51.6 million (2024: £39.1 million). Total profit before tax decreased by £1.7 million to £27.5 million (2024: £29.2 million), being most significantly impacted by an exceptional item relating to an additional charge for the

motor finance compensation scheme of £16.4 million (2024: £6.9 million) (see Note 31 to the Financial Statements for further information).

### Continuing operations

#### Operating income

The Group's operating income increased by 6.2% to £165.2 million (2024: £155.5 million). Net interest income on the Group's lending assets continues to be the largest component of operating income. This increased by 10.1% to £151.1 million (2024: £137.3 million), driven by a growth in average lending balances of 9.5% to £3,184.3 million (2024: £2,908.4 million).

The Group's net interest margin was maintained at 4.7% (2024: 4.7%) by actively managing the reduction in gross yields in light of the reductions in the Bank of England Base Rate and lower cost of funds.

Other income, which relates to net fee and commission income, reduced by 22.5% to £14.1 million (2024: £18.2 million) due to lower one-off termination fees within Commercial Finance.

#### Impairment charge

Impairment charges increased by £8.2 million year on year resulting in the cost of risk for increasing to 1.0% (2024: 0.8%), which included the impact of higher impairments on a few specific cases within Business Finance.

The impairment charge within Retail Finance of £19.2 million, was £5.9 million higher than the prior year (2024: £13.3 million), however, 2024 included the impact of IFRS 9 model enhancements.

## Financial review continued

During the year, the Group refreshed macroeconomic inputs to its IFRS 9 Expected Credit Loss ('ECL') models, incorporating its external economic adviser's latest UK economic outlook. The forecast economic assumptions within each IFRS 9 scenario, and the weightings applied, are set out in more detail in Note 17 to the Financial Statements. The overall impact of the updates to macroeconomic inputs in 2025 was an additional impairment charge of £1.0 million (2024: £1.2 million release).

The Group has applied Expert Credit Judgements ('ECJs') overlays totalling £1.6 million (2024: £5.7 million underlay), where management believes the IFRS 9 modelled output is not accurately reflecting current risks in the loan portfolios. The most significant underlay of £2.7 million relates primarily to specific Commercial Finance cases, where the model does not reflect the full value of the security held. During 2025, the 2024 ECJ underlay relating to the Vehicle Finance lending portfolios LGD stage 1 and 2 recovery assumptions were incorporated into the IFRS 9 model (2024: £4.5 million).

### Fair value gains on financial instruments

The Group has highly effective hedge accounting relationships, and, as a result, did not recognise a hedging ineffectiveness gain or loss in 2025 (2024: £0.1 million gain) and £0.5 million loss (2024: £0.6 million gain) relating to hedge accounting inception and amortisation adjustments (see Note 5 to the Financial Statements). The Group recognised a gain of £0.6 million (2024: £0.5 million gain) relating to interest rate swaps being entered into ahead of hedge accounting becoming available, which will reverse to the income statement over the remaining life of the swaps.

### Operating expenses

The cost base increased by £2.5 million to £74.7 million (2024: £72.2 million), having been impacted by the changes in senior leadership and increases in employers national insurance.

The adjusted cost to income ratio improved by 120 basis points to 45.2% (2024: 46.4%). Statutory cost income ratio was 45.2% (2024: 47.4%).

### Exceptional items

Following an organisational redesign in 2024, £1.5 million was incurred for restructuring costs.

### Discontinued operations

At the year-end, the Vehicle Finance business was classified as discontinued. Further information on the performance of the business can be found in the Business Review on page 26. Details of exceptional items relating to this activity are described below.

### Exceptional items

The Group recognised charges for exceptional items of £24.1 million during the year, which all related to the Vehicle Finance business (2024: £9.9 million, of which £8.4 million related to the Vehicle Finance business).

In respect of the FCA's consultation on the motor finance redress scheme, a further charge of £16.4 million was recognised in the second half of the year as a consequence of the publication of the FCA's consultation paper. (2024: £6.9 million). Further information can be found in Note 31 to the Financial Statements.

Following the decision to exit the Vehicle Finance market in July, an organisation and business restructure was undertaken incurring a charge of £5.0 million, which included redundancy costs and the write-down of associated assets.

Further costs of £2.1 million, (2024: £1.5 million) were recognised in relation to the FCA's review of Borrower's in Financial Difficulty across the industry in 2023. These primarily related to costs to complete the programme of work.

In respect of the sale of the Consumer Vehicle Finance book announced in December 2025, £0.6 million of transaction costs were recognised, with the remainder of costs to be recognised in 2026.

Further details on all Exceptional items are included in Note 8 to the Financial Statements.

### Taxation

The effective tax rate was 24.8% (2024: 26.9%), which was broadly in line with the statutory rate.

### Distributions to shareholders

The Board recommended the payment of a final dividend for 2025 of 23.7 pence per share, which together with the interim dividend of 11.8 pence per share, represents a total dividend for the year of 35.5 pence per share (2024: 33.8 pence per share). This is in line with the Group's progressive dividend policy.

## Financial review continued

### Summarised balance sheet

	2025 £million	2024 £million
<b>Assets</b>		
Cash and Bank of England reserve account	528.1	445.0
Loans and advances to banks and debt securities	37.8	24.0
Loans and advances to customers	3,295.8	3,050.2
Loans and advances to customers – Discontinued <sup>1</sup>	390.8	558.3
Fair value adjustment for portfolio hedged risk	7.3	(6.8)
Derivative financial instruments	0.2	14.3
Other assets	56.0	31.7
	<b>4,316.0</b>	<b>4,116.7</b>
<b>Liabilities</b>		
Due to banks	205.9	365.8
Deposits from customers	3,509.6	3,244.9
Fair value adjustment for portfolio hedged risk	4.7	(3.4)
Derivative financial instruments	0.1	10.0
Tier 2 subordinated liabilities	93.5	93.3
Other liabilities	127.9	45.6
	<b>3,941.7</b>	<b>3,756.2</b>

Note:

1. Vehicle Finance portfolio classified as 'Held for Sale' in 2025, and 'Loans and Advances to Customers' in 2024.

### New business

2025 was another strong year for new business with new lending for continuing businesses of £2,145.5 million, up 20.6% year on year (2024: £1,779.0 million).

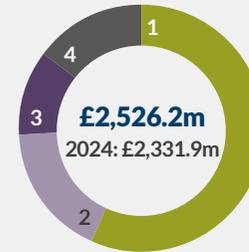
Business Finance increased by 50.9% to £738.5 million (2024: £489.3 million) with strong growth in both divisions. Retail Finance was 9.1% higher at £1,407.0 million (2024: £1,289.7 million) as the business continued to grow its retail distribution network and develop its strategic relationships.

### Customer lending and deposits

Net lending from continuing operations grew by 8.1% to £3,295.8 million (2024: £3,050.2 million) with Retail Finance up by 8.0%, Real Estate Finance by 9.4% and Commercial Finance by 3.2%.

Further analysis of loans and advances to customers, including a breakdown of the arrears profile of the Group's loan books, is provided in Note 17 to the Financial Statements.

### New business volumes



1 Retail Finance	£1,407.0m
2 Real Estate Finance	£451.0m
3 Commercial Finance	£287.5m
Continuing businesses	£2,145.5m
4 Vehicle Finance	£380.7m
<b>Total</b>	<b>£2,526.2m</b>

### Loans and advances to customers



1 Retail Finance	£1,466.5m
2 Real Estate Finance	£1,466.9m
3 Commercial Finance	£362.4m
Continuing businesses	£3,295.8m
4 Vehicle Finance	£390.8m
<b>Total</b>	<b>£3,686.6m</b>

Customer deposits include Fixed-term bonds, ISAs, Notice and Access accounts. Customer deposits increased by 8.2% to £3,509.6 million (2024: £3,244.9 million) in order to fund the growth in lending. This growth in deposits has come from ISAs.

### Investments and wholesale funding

The Bank of England Term Funding Scheme with additional incentives for SMEs ('TFSME') facility was fully paid off during 2025 (2024: £230.0 million) and the Group increased its drawings under sale and repurchase agreements to £201.2 million at 31 December 2025 (2024: £125.7 million).

Total funding ratio of 113.3% increased slightly from 31 December 2024 (112.4%).

### Tier 2 subordinated liabilities

In the current and prior year Tier 2 subordinated liabilities comprise £90.0 million of 10.5-year 13.0% Fixed-Rate Callable Subordinated Notes, which qualify as Tier 2 capital.

## Financial review continued

### Capital

#### Management of capital

Our capital management policy is focused on optimising shareholder value over the long term. Capital is allocated to achieve targeted risk adjusted returns whilst ensuring appropriate surpluses are held above the minimum regulatory requirements.

Key factors influencing the management of capital include:

- The level of buffers and the capital requirement set by the Prudential Regulation Authority ('PRA');
- Estimated credit losses calculated using IFRS 9 methodology and the applicable transitional rules;
- New business volumes; and
- The product mix of new business.

#### Capital resources

Capital resources increased over the period from £415.7 million to £428.4 million. CET 1 capital increased by £13.4 million, primarily driven by a total profit for the period of £17.6 million, offset by the 2025 final dividend of £4.4 million.

Capital	2025 £million	2024 £million
CET 1 capital, excluding IFRS 9 transitional adjustment	364.8	351.3
IFRS 9 transitional adjustment	-	0.1
<b>CET 1 capital</b>	<b>364.8</b>	<b>351.4</b>
Tier 2 capital <sup>1</sup>	63.6	64.3
<b>Total capital</b>	<b>428.4</b>	<b>415.7</b>
<b>Total risk exposure</b>	<b>2,827.5</b>	<b>2,855.7</b>

Note:

1. Tier 2 capital, which is solely subordinated debt net of unamortised issue costs, is capped at 25% of total Pillar 1 and Pillar 2A requirements.

Capital ratios	2025 %	2024 %
CET 1 capital ratio	12.9	12.3
Total capital ratio	15.2	14.6
CET 1 capital ratio (excluding IFRS 9 transitional adjustment)	12.9	12.3
Total capital ratio (excluding IFRS 9 transitional adjustment)	15.2	14.6
Leverage ratio	9.4	9.5

#### Capital requirements

The Total Capital Requirement, set by the PRA, includes both the calculated requirement derived using the standardised approach and the additional capital derived in conjunction with the Internal Capital Adequacy Assessment Process ('ICAAP'). In addition, capital is held to cover generic buffers set at a macroeconomic level by the PRA.

	2025 £million	2024 £million
Total Capital Requirement	254.5	257.0
Capital conservation buffer	70.7	71.4
Countercyclical buffer	56.6	57.1
<b>Total</b>	<b>381.8</b>	<b>385.5</b>

The total risk exposure decreased from £2,855.7 million to £2,827.5 million, as a consequence of a change in the balance sheet mix at the end of the year, which included the impact of the Vehicle Finance loan book being in run-off.

## Financial review continued

### Liquidity

#### Management of liquidity

The Group uses a number of measures to manage liquidity risk. These include:

- The Overall Liquidity Adequacy Requirement ('OLAR'), which is the Board's view of the Group's liquidity needs, as set out in the Board-approved Internal Liquidity Adequacy Assessment Process ('ILAAP');
- The Liquidity Coverage Ratio ('LCR'), which is a regulatory measure that assesses net 30-day cash outflows as a proportion of High Quality Liquid Assets ('HQLA');
- Total funding ratio, as defined in the Appendix to the Annual Report; and
- 'HQLA' are held in the Bank of England Reserve Account and gilts. For LCR purposes, the HQLA excludes gilts that are pledged as collateral.

The Group was above the LCR minimum threshold (100%) throughout the year, with the Group's average LCR being 190.4% (2024: 219.6%) based on a rolling 12-month-end average.

#### Liquid assets

We continued to hold significant surplus liquidity over the minimum requirements throughout 2025, managing liquidity by holding HQLA and utilising funding (predominantly from retail funding) to support lending. Total liquid assets increased to £560.8 million (2024: £469.0 million). This includes the receipt of a deposit of £45.8 million as part of the sale of the Consumer Vehicle Finance business.

The Group has drawn £201.2 million under sale and repurchase agreements (2024: £125.0 million).

The Group maintains access to the Bank of England's Sterling Monetary Framework, including a reserves account. Amounts drawn under the TFSME scheme were repaid during the year. The Group has no liquid asset exposures outside the United Kingdom and no amounts that are either past due or impaired.

	2025 £million	2024 £million
<b>Liquid assets</b>		
Aaa-Aa3	529.1	445.0
A1-A2	31.7	24.0
<b>Total</b>	<b>560.8</b>	<b>469.0</b>

We continue to attract customer deposits to support balance sheet growth. The composition of customer deposits is shown in the table below:

	2025 %	2024 %
<b>Customer deposits</b>		
Fixed term bonds	43	47
ISAs	34	26
Access accounts	22	25
Notice accounts	1	2
<b>Total</b>	<b>100</b>	<b>100</b>

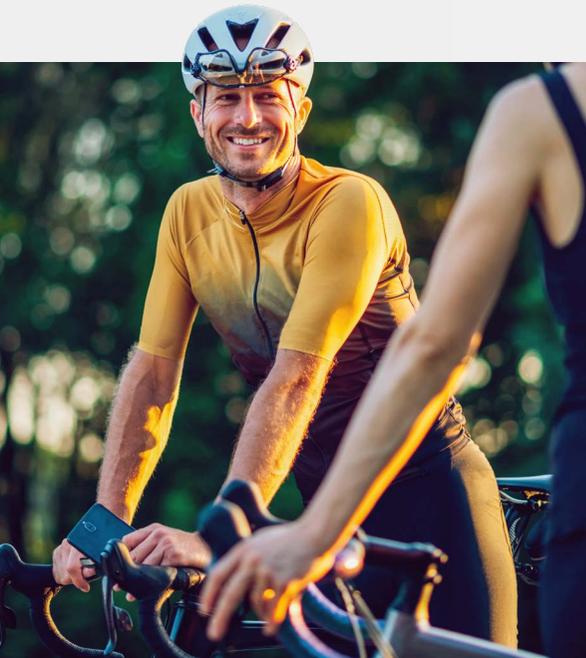
# Business review



## Consumer Finance

### Retail Finance

We provide quick and easy finance options at the point of purchase.



**“Another strong year for the V12 business, with a notable uplift in lending balances and profit before tax.”**

**Andrew Phillips**  
Managing Director,  
Retail Finance



### Performance history

#### New business (£m)

2023	1,185.4
2024	1,289.7
2025	1,407.0

#### Loans and advances to customers (£m)

2023	1,223.2
2024	1,357.8
2025	1,466.5

#### Net interest margin (%)

2023	6.4
2024	6.8
2025	6.9

#### Risk adjusted margin (%)

2023	5.3
2024	6.0
2025	5.8

### What we do

- We provide a market-leading online e-commerce service to retailers, providing unsecured, interest-free and interest-bearing prime lending products to UK customers to facilitate the purchase of a wide range of consumer products, including furniture, jewellery, dental, leisure items and football season tickets. These retailers include a large number of household names.
- Products are available to purchase in store or online, using our market-leading origination platform, which provides fast decision making, with 90% of applications agreed in an average of six seconds.
- The customer proposition and the integrated platform support the growth of UK retailers and the real economy.

### 2025 performance

- New business lending increased 9.1% (2024: 8.8%), contributing to record lending balances. Retail Finance continued to hold a strong market position, with market share of new business at 15.5%<sup>1</sup> (2024: 13.6%).
- Growth was focused in high-quality sectors such as furniture, and we continued to serve a diverse retailer mix across sectors and sizes.
- Improved net interest margin to 6.9% (2024: 6.8%) reflects disciplined pricing in a competitive environment. Risk adjusted margin fell to 5.8% (2024: 6.0%) reflecting the benefit of model enhancements in 2024.

### 2025 Mobile app registrations

**Over 475k**

Launched December 2024

- The portfolio remained focused on interest-free lending, which accounted for 86.1% of balances (2024: 86.7%).
- Over 475,000 mobile app registrations, enabling greater self-service and access to our full product and retailer offering.
- We anticipate further growth with both new and existing retailers in 2026, with a focus on expansion within the Home improvement sector.

Note:

1. Source: Finance & Leasing Association ('FLA'): New business values within retail store and online credit: 2025: 15.5% (2024: 13.6%). FLA total and Retail Finance new business of £9,094.8m (2024: £9,476.6m) and £1,407.0m (2024: £1,289.7m). As published at 31 December 2025.

## Business review continued

### Driving sustainable growth: V12 and mydentist

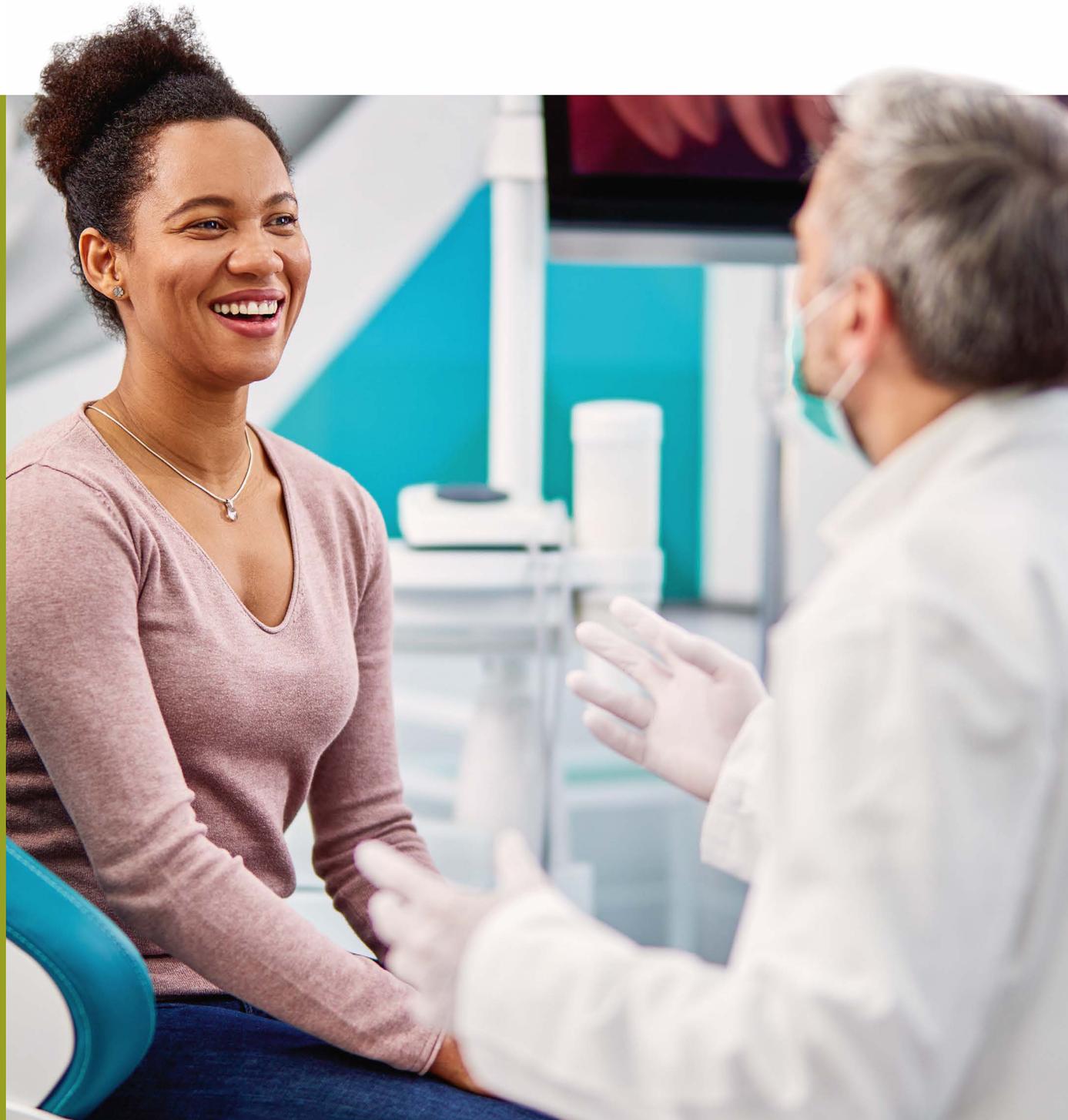
Our long-standing partnership has been built on a deep understanding of the business and a shared focus on supporting sustainable growth.

V12's technology plays a key role, with a simple-to-use platform and strong reporting capabilities that make it easy for practice teams to engage with patient finance.

Beyond performance, V12 has supported mydentist in staying ahead of consumer duty and regulatory requirements through open and honest dialogue, guidance towards useful resources, and access to supportive conversations with internal experts. This partnership approach ensures compliance is not just met, but embedded into everyday decision-making.

“By extending our partnership with V12, we strengthen our commitment to accessible dental healthcare, giving more patients the flexibility they need when it comes to financing their treatments.”

**Nick Marsden**  
Clinical Commercial Director,  
mydentist



## Business review continued



### Business Finance

#### Real Estate Finance

We lend money against residential properties to professional landlords and property developers.



“We have seen strong levels of demand in 2025, and continue to expand our product suite to strengthen our business for value creation.”

**Luke Jooste**  
Managing Director,  
Business Finance



#### Performance history

##### New business (£m)



##### Loans and advances to customers (£m)



##### Net revenue margin (%)



##### Risk adjusted margin (%)



#### What we do

- We provide non-regulated first charge secured lending to specialist real estate markets, lending to professional landlords to enable them to improve and grow their portfolio and provide development facilities to property developers and SME housebuilders to help build new homes for sale or letting.
- Due to our specialist relationship-led business model, we offer through the cycle tailored underwriting and cash flow led debt structuring.
- Finance opportunities are sourced and supported on a relationship basis directly and via introducers and brokers.

#### 2025 performance

- Record levels of new lending, with £451.0 million of new business written throughout the year, despite a subdued market.
- The slight reduction in net revenue margin reflects increased lending in lower-risk residential investment, which represents 92.4% of the book (2024: 88.1%). The remainder comprises development, commercial investment and bridging exposures.
- Impairment charges of £8.8 million (2024: £4.0 million) due to the impact of two cases. This largely relates to one legacy development case which is now materially resolved.

#### 2025 Real Estate Finance average loan-to-value

**57.3%**

2024: 56.0%

- The average loan-to-value remains low at 57.3% (2024: 56.0%), below our maximum 70% offering.
- We enter 2026 with strong positive momentum, with growth supported by expansion into our new Bridging product, which enables us to offer full lifecycle funding.

## Business review continued

### Strengthening partnership through refinance facility

Real Estate Finance provided a £37 million loan to refinance a portfolio of 12 apartment blocks situated across England.

During the year, Real Estate Finance strengthened its long-standing relationship with leading real estate investor Castleforge through the completion of a £37 million refinancing facility. The refinancing consolidates previous facilities provided by the Group since 2019, supporting Castleforge's acquisition, refurbishment and value-enhancement strategy. The facility will support the portfolio's business plan over the next four years.

"This refinancing consolidates our existing arrangements into a single, efficient package and provides the flexibility needed to continue enhancing the quality and value of the portfolio."

**Jayan Patel**

Transaction Lead, Castleforge,  
Real Estate Investor



## Business review continued



### Business Finance

#### Commercial Finance

Supporting the growth of UK businesses by providing flexible, asset-based financing solutions.



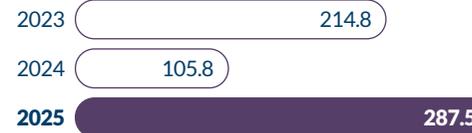
“Record levels of new business lending in Commercial Finance reflect the continued strength of our product propositions.”

**Luke Jooste**  
Managing Director,  
Business Finance



#### Performance history

##### New business (£m)



##### Loans and advances to customers (£m)



##### Net revenue margin (%)



##### Risk adjusted margin (%)



#### What we do

- We offer a full suite of asset-based lending solutions to SMEs and some larger corporates who need bespoke working capital solutions for their business.
- We operate a high-touch relationship-led model throughout the life of a facility, where partners and clients have direct access to decision-makers.
- Our lending remains predominantly against receivables, releasing funds of up to 90% of qualifying invoices under invoice discounting facilities.
- Business is sourced and supported directly from clients via private equity houses and professional introducers but is not reliant on the broker market.

#### 2025 performance

- New business more than doubled year-on-year, and low client attrition saw net lending balances rise to £362.4 million.
- Growth in spot lending balances in line with average lending balances, reflecting controlled and stable growth.
- Income from one-off termination fees was lower than in 2024, reducing net revenue margin and risk adjusted margin, but contributes to a more stable and higher-quality earnings profile over time.
- Cost of risk of 0.9% (2024: 1.7%), whilst improved, reflects the impact of one specific case within the business.

#### 2025 Commercial Finance utilisation rate

**57.4%**

2024: 60.9%

- In 2026, we look forward to supporting businesses across our core product suite, whilst also expanding our offering to include selective Speciality Finance (lending to non-bank lenders). This represents a natural extension of our current proposition.

## Business review continued



### Acquisition of Watson Fuels backed by facility

Inspirit Capital acquired Watson Fuels, in a corporate carve-out, supported by a £75 million facility provided by Commercial Finance.

Watson Fuels is recognised for its reliability, customer service, and innovation in fuel logistics. Inspirit Capital's acquisition will support the company's next phase of growth as an independent business.

Working alongside financial advisor Interpath, Inspirit secured a bespoke £75m facility from Commercial Finance to underpin the acquisition and future investment plans. This ensured an orderly ownership transition and provided Watson Fuels with the capacity to support its next phase of growth. The facility is the largest to date for Commercial Finance and is an example of the focus the team has on building trusted partnerships.

“The carve-out is fuelled by a capital-efficient and tailored facility with Secure Trust that has the flexibility to support Watson Fuel's growth ambitions well into the future.”

**Ben Smith**

Director,  
Interpath Advisory

## Business review continued



### Consumer Finance

#### Vehicle Finance

We provided quick and easy used car finance options at the point of purchase.



We ceased lending in the Vehicle Finance portfolio in July 2025 to improve returns at Group level.

In February 2026 we completed the sale of the Consumer Vehicle Finance business, reflecting an acceleration of our strategic plans.

#### Performance history

##### New business (£m)



##### Loans and advances to customers (£m)



##### Net interest margin (%)



##### Risk adjusted margin (%)



#### What we do

- We provided consumer lending products, secured against the second hand vehicle being financed.
- We provided a vehicle stock funding product, which was secured against dealer forecourt used car stock; sourced from auctions, part exchanges or trade sources.
- Finance was provided via technology platforms, allowing us to receive applications online from introducers; provide an automated decision; facilitate document production through to pay-out to dealer; and manage in-life loan accounts.

#### 2025 performance

- As a result of the decision to exit Vehicle Finance, the portfolio has run-down in the second half of the year, with lending balances reducing to £390.8 million by the end of 2025.
- The sale was made at a premium to book value and was completed in February 2026. Further information will be included in the Group's Interim Report for the six months ended 30 June 2026.
- The book saw an improved risk adjusted margin to 4.2% (2024: 1.9%), with 2025 benefitting from a more consistent collections delivery without the adverse impact of the Borrowers in Financial

#### 2025 Vehicle Finance lending balances

**£390.8m**

2024: £558.3m

- Difficulty review that occurred in 2024. Further details can be found in Note 8 to the Financial Statements.
- In October, the FCA published a consultation paper on its proposed redress scheme. As a result, the Group increased its provision. Further details can be found in Note 31 to the Financial Statements.

## Business review continued



### Savings

We look after our customers' savings and provide a competitive return.



“In 2025, we strengthened the Savings franchise by continually enhancing our products, services, and digital platforms for our valued customers.”

**Rajat Mehta**  
Director,  
Savings

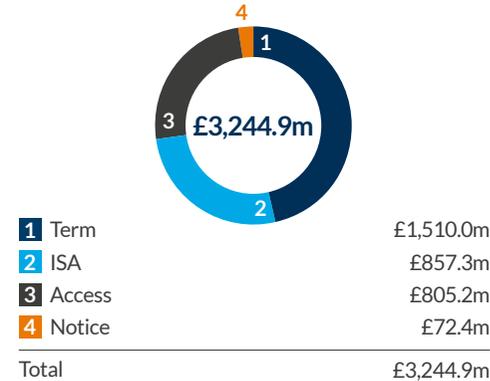


### Performance history

#### Total deposits (£m)



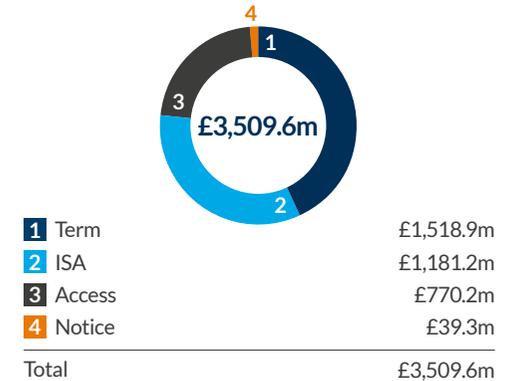
#### 2024 Total deposits (£m)



#### Total funds raised (£m)



#### 2025 Total deposits (£m)



### What we do

- We offer a range of savings accounts that are purposely simple in design, with a choice of products from Access to 180-day notice, and six month to seven-year fixed terms across both Bonds and ISAs.
- Our range of savings products enables us to access the majority of the UK personal savings markets and compete for significant liquidity pools, achieving a lower marginal cost with the volume, mix and the competitive rates offered; optimised to the demand of our funding needs.

### 2025 performance

- In 2025 we delivered strong deposit growth, increasing total balances by 8.2% to £3.5 billion (2024: £3.2 billion). This expansion has provided a stable source of funding to support lending book growth.
- The Bank of England lowered the Base Rate four times during the year, to 3.75% by year-end.
- The Financial Services Compensation Scheme increased to cover 97.6% (2024: 95.1%) of total deposits, providing additional security and confidence for our customers.

### Deposits protected by FSCS

**97.6%**  
2024: 95.1%

- We re-launched our Savings app at the end of 2025, improving customer experience and strengthening our digital service offering.
- In 2026, we will continue with our focus of building a strong savings franchise with differentiated products and diversified distribution.

## Market review

The Group operates exclusively within the UK, and its revenue is derived almost entirely from customers operating in the UK. The Group is therefore particularly exposed to the condition of the UK economy. Customers' borrowing demands are variously influenced by, among other things, UK property markets, employment levels, inflation, interest rates and customer confidence. The economic environment and outlook affect demand for the Group's products, margins that can be earned on lending assets and the levels of loan impairment provisions.

As a financial services firm, the Group is subject to extensive and comprehensive regulation by governmental and regulatory bodies in the UK. The Group conducts its business subject to ongoing regulation by the Financial Conduct Authority ('FCA') and the Prudential Regulation Authority ('PRA'). The Group must comply with the regulatory regime across many aspects of its activities, including: the training, authorisation and supervision of personnel; systems; processes; product design; customer journey and documentation.

### Economic review

Growth in the UK economy, measured by real annual Gross Domestic Product ('GDP') was estimated at 1.3%<sup>1</sup> in 2025 (2024: 1.1%). Following the Autumn Budget, and marginally more favourable economic forecasts than anticipated, analysts have adjusted UK growth estimates to 1.0%<sup>2</sup> GDP growth in 2026 and

1.4%<sup>2</sup> in 2027. This reflects an outlook that remains challenged, and slow underlying momentum. Global growth in 2026 is projected at 2.7%<sup>2</sup>, bolstered by China's strengthening fiscal outlook.

However, global stability faces escalating geopolitical risks, from conflict in Iran and the wider Middle East, heightened international interventions and ongoing tariff-related pressures by the US. Broader global conflicts further add to the overall uncertainty. The technology sector, led by AI, continues to serve as the fundamental engine for global investment and expansion. However, concerns in overvaluation of technology leaders and the complex relationships that exist in the supply chain could create waves in global markets, should a correction occur.

Inflation was higher than anticipated in 2025, ending the year at 3.4%<sup>1</sup> (2024: 2.5%). Consequently, the Bank of England took a more measured approach to rate reductions than expected, reducing the Base Rate four times in 2025 to 3.75% by December. Inflation had been expected to gradually decline towards the Bank of England's 2% target, driven by anticipated falls in the prices of energy and food. However, the extent to which recent developments in the conflict in Iran and the wider Middle East may increase energy prices, and in turn add to inflationary pressures, remains uncertain. The timing and quantum of future interest rate cuts is currently hard to predict.

The rate of employment stood at 75.0%<sup>1</sup> in December 2025 (2024: 74.9%), with unemployment rising to 5.2%<sup>1</sup> (2024: 4.4%), its highest level since 2021. Vacancies continued to decline, ending the year at 0.7 million<sup>1</sup> (2024: 0.8 million). Economists anticipate unemployment levels to rise further in 2026 due to higher employment cost pressures. Unemployment is expected to gradually ease towards 4%<sup>2</sup> by 2032, more slowly than previously forecast.

Despite higher borrowing costs and subdued buyer confidence, the housing market remained resilient during 2025. House prices grew by 2.4%<sup>3</sup>, with modest growth improving buyer affordability. Lower interest rates and steady levels of mortgage approval levels through 2025, leads to optimism in the housing market for 2026.

The Autumn Budget delivered historic tax increases (albeit coming into effect from 2028 and beyond) to fund public spending and strengthen fiscal headroom. UK productivity is expected to remain subdued due to structural challenges. However, rising investment in AI, technology infrastructure and supply-chain capabilities are expected to generate new opportunities for growth.

2025 was marked by uncertainty, and yet UK banks performed strongly, with robust earnings and share price gains across the sector. This resilience was further underlined by the reduction of required Tier 1 Capital by the Bank of England, from 14% to 13%. UK banks have continued to see net interest income trending upwards, although competition in the savings market has put pressure on banks to increase savings rates following reductions in the Base Rate. Large banks are also enjoying a tailwind from structural hedges than will unwind over coming years.

### Consumer Finance

2025 was a year of adjustment for UK retail. With businesses navigating inflation, shifting customer expectations and tighter operating conditions, many found new ways to adapt. Retailers leaned into AI opportunities, sustainability initiatives, and more connected omnichannel journeys to maintain demand. Physical stores continued to evolve, focusing on immersive experiences that complement the growing popularity of online shopping.

Amidst this change, demand remained resilient. New business volumes rose 6%<sup>4</sup> in the year to November, with several months delivering mid- to high-single-digit growth.

### Business Finance

In 2025, UK businesses proved remarkably resilient in times of economic uncertainty. In Real Estate, rising construction and operational costs weighed on the sector and commercial businesses were sensitive to inflationary pressures and shifting fiscal policies.

Reflecting this resilience, new Buy-to-Let lending increased by 11%<sup>5</sup> compared with 2024. Gross SME lending also maintained its upward trajectory through 2025, with higher lending in Q3 marking the seventh consecutive quarterly increase since early 2024<sup>5</sup>. These trends indicate positive momentum across Business Finance heading into 2026.

Looking ahead to 2026, pressures will remain from rising labour costs and stretched household budgets. While confidence across Consumer and Business Finance markets had been strengthening, the evolving Middle East conflict creates uncertainty regarding upward inflationary pressure and subsequent interest rate movements. Technology and innovation will remain vital in helping retailers and businesses deliver smoother, more personalised experiences.

#### Notes:

1. Source: Office for National Statistics, data as at 31 December 2025, unless otherwise stated.
2. Source: Oxford Economics.
3. Source: UK Parliament House of Commons Library.
4. Source: FLA.
5. Source: UK Finance.

## Market review continued

### Government and regulatory

This has been another eventful year for Government and regulatory announcements that impact the Group and/or the markets in which it operates. The key announcements in the year are set out below.

#### Prudential regulation

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 31 January 2030. It was later confirmed in October 2025 that the Interim Capital Regime was being revoked as the Small Domestic Deposit Takers ('SDDTs') 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 the consultation proposals.

The Policy Statement changed areas of the Pillar 2A capital and included details on the Pillar 2A lending adjustment. 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 final rules were published in January 2026, with limited further changes. The Group has assessed the changes announced and expect the impact to be fairly neutral.

As part of the wider Basel 3.1 regulatory change and implementation of the SDDT regime, the Group has established a project with involvement from across the firm to ensure the Group is prepared for implementation on 1 January 2027.

On 1 October 2025, the requirements for Solvent Exit analysis came into force and the required analysis was approved by the Board in August 2025.

In November 2025 the PRA announced an increase to the FSCS protection limit from £85,000 to £120,000, effective from 1 December 2025, providing increased protection to our savers.

### Conduct regulation

The FCA's consultation on motor finance commission redress was issued in October 2025. It is towards the extreme end of outcomes previously expected from the Supreme Court judgment. On 20 October, the Group updated the market that it had increased its motor finance redress commission provision as a result. The Group responded to the consultation on 5 December 2025 and also contributed to the FLA's response.

Operational readiness arrangements are being progressed in line with the FCA's expectations set out in their Dear CEO letter. The FCA issued its policy statement in December on changes to handling rules for motor finance complaints which fall outside the scope of the proposed redress scheme.

During the year, new rules were introduced by the UK Government to address concerns around "debanking" and policy statements were issued for a new FCA regulatory return for credit broking firms, the Appointed Representatives regime; changes to complaints data reporting requirements; changes to the interest rates applied to compensation awards issued by FOS; remuneration reform; and non-financial misconduct guidance. The FCA published outputs from initiatives focused on the Consumer Duty, and findings from their sustainable lending project.

There were consultations on reform of the Consumer Credit Act, Senior Managers and Certification Regime review, redress reform and the Financial Ombudsman Service case fees, and deferred payment credit regulation. The Data (Use and Access) Act 2025 came into force with the Information Commissioner's Office committing to publish guidance over the next year.

### Outlook

The near-term environment remains challenged by global geopolitical tensions and macro uncertainty. Although the outlook had been improving for lower interest rates and household incomes, recent developments create uncertainty around how the economy will be impacted. UK growth is expected to be modest; however, we remain well positioned to deliver value for consumers through our product proposition and to navigate the evolving environment.

## Principal risks and uncertainties

### Risk management

The effective management of risk is a key part of the Group's strategy and is underpinned by its Risk Aware value. This helps to protect the Group's customers and generate sustainable returns for shareholders. The Group is focused on maintaining sufficient levels of capital, liquidity, operational control, and acting in a responsible way.

The Group's Chief Risk Officer is responsible for leading the Group's Risk function, which is independent from the Group's operational and commercial teams. The Risk function is responsible for designing and overseeing the embedding of appropriate risk management frameworks, processes and controls, to enable key risks to be identified, assessed, monitored, and accepted or mitigated in line with the Group's risk appetite. The Group's risk management practices are regularly reviewed and enhanced to reflect changes in its operating environment. The Chief Risk Officer is responsible for reporting to the Board on the Group's principal risks and how they are being managed against agreed risk appetite.

### Risk appetite

The Group has identified the risk drivers and major risk categories relevant to the business, which has enabled it to agree a suite of risk appetite statements and metrics to underpin the strategy of the Group. The Board approves the Group's risk appetite statements annually and these define the level and type of risk that the Group is prepared to accept in the pursuit of its strategic objectives.

### Risk culture

A strong risk-aware culture is integral to the successful delivery of the Group's strategy and the effective management of risk.

The Group's risk culture is shaped by a range of factors including risk appetite, risk frameworks and policies, values and behaviours, as well as a clear tone from the top.

The Group looks to enhance continually its risk culture, and performs an annual assessment against standards based on industry best practice and guidance from the Institute of Risk Management.

### Risk governance

The Group's approach to managing risk is defined within its Enterprise-Wide Risk Management Framework. This provides a clear risk taxonomy and an overarching framework for risk management supported by frameworks and policies for individual risk disciplines. These frameworks set the standards for risk identification, assessment, mitigation, monitoring and reporting.

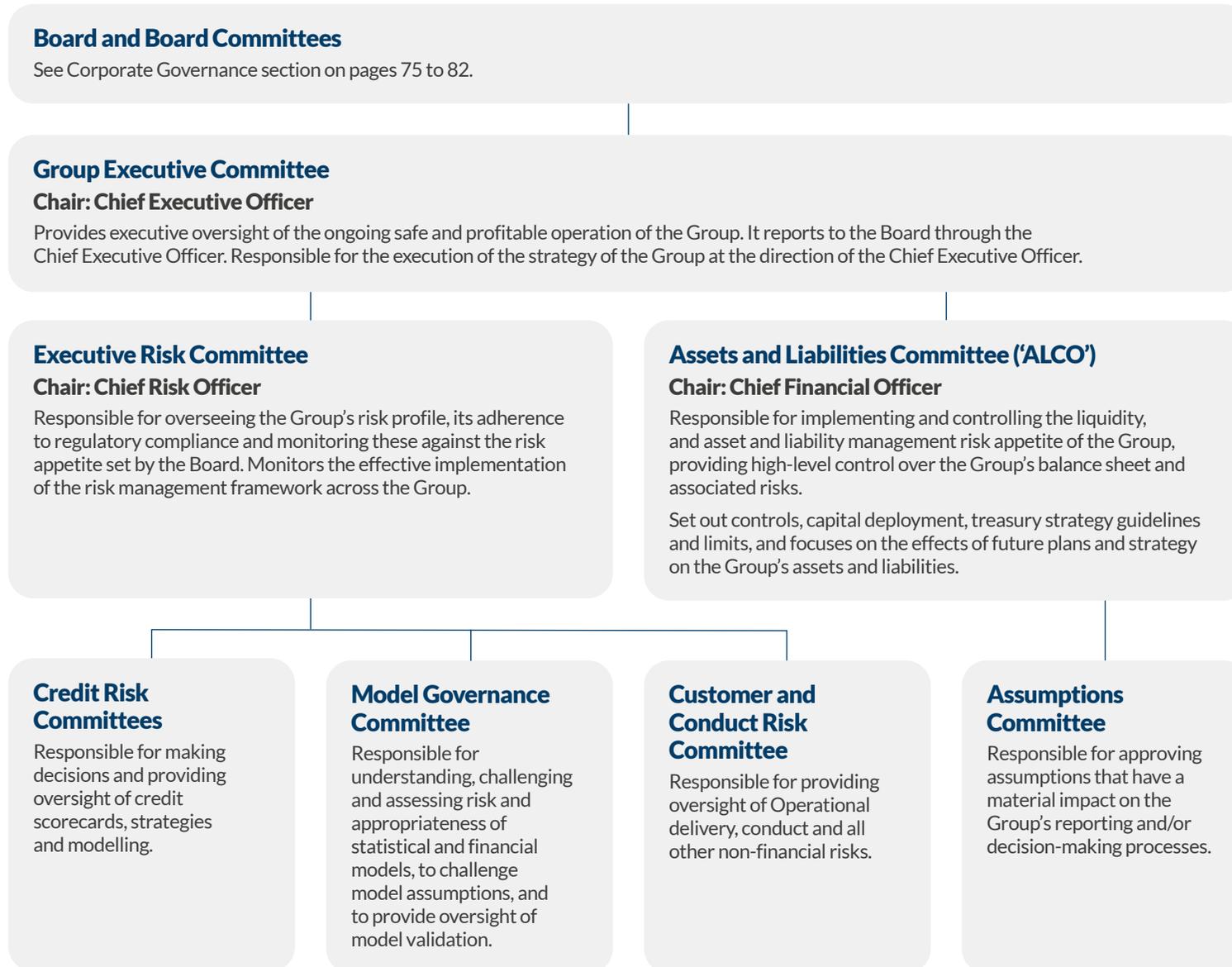
The Group's risk management frameworks, policies and procedures are regularly reviewed and updated to reflect the evolving risks that the Group faces in its business activities. They support decision making across the Group and are designed to ensure that risks are appropriately managed and reported on via appropriate committees.

An Executive Risk Committee, chaired by the Chief Risk Officer, reviews key risk management information from across all risk disciplines, with material issues escalated to the Executive Committee and/or the Risk Committee of the Board, as required.

The Group operates a 'Three Lines of Defence' model for the management of its risks. The Three Lines of Defence, when taken together, control and manage risks in line with the Group's risk appetite. The three lines are:

- First line: all employees within the business units and associated support functions, including Operations, Finance, Treasury, Human Resources and Legal. The first line has ownership of, and primary responsibility, for their risks.
- Second line: specialist risk management and compliance teams reporting directly into the Chief Risk Officer, covering Credit risk, Operational risk, Information Security, Prudential risk, Compliance and Conduct risk, and Financial Crime risk. The second line are responsible for developing frameworks to assist the first line in the management of their risks and providing oversight and challenge designed to ensure they are managed within appetite.
- Third line: is the Internal Audit function that provides independent assurance on the effectiveness of risk management across the Group.

## Principal risks and uncertainties continued



### Principal risks

Executive management performs ongoing monitoring and assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity.

Further details of the principal risks and the changes to risk profile seen during the 2025 financial year are set out on the following pages.

The Group also regularly reviews strategic and emerging risks and analysis has been included to detail output of these reviews for 2025. Notes 39 to 42 to the Financial Statements provide further analysis of credit, liquidity, market and capital risks. Emerging risks are identified in line with the Group's Enterprise-Wide Risk Management Framework, using a 'top-down' approach with Group Executive workshops and Board discussion and a 'bottom-up' approach through the business unit Risk and Control Self-Assessment process.

Further details of the Group's risk management framework, including risk appetite, can be found on the Group's website: [www.securetrustbank.com/riskmanagement](http://www.securetrustbank.com/riskmanagement)

## Principal risks and uncertainties continued

Description	Mitigation	Change during the year
<p data-bbox="114 304 170 357"></p> <p data-bbox="114 363 255 392"><b>Credit risk</b></p> <p data-bbox="114 403 506 571">The risk of loss to the Group from the failure of clients, customers or counterparties to honour fully their obligations to the firm, including the whole and timely payment of principal, interest, collateral or other receivables.</p> <p data-bbox="114 587 230 616"><b>Progress:</b></p> <p data-bbox="114 619 226 647">Stable </p>	<p data-bbox="533 300 1200 352">The Group has a defined Credit risk framework, which sets out how Credit risk is managed and mitigated across the Group.</p> <p data-bbox="533 368 1301 448">Risk appetite is appropriate, assessed and approved at least annually by the business, the Risk function and the Board, with the Group focusing on sectors and products where it has deep experience.</p> <p data-bbox="533 464 1283 517">Specialist Credit teams are in place within each business area to enable new lending to be originated in line with the Group's risk appetite.</p> <p data-bbox="533 533 1274 667">For Business Finance, lending is secured against assets, with Real Estate Finance lending, the majority of which is at fixed rates, secured by property at conservative loan-to-value ratios. Short dated Commercial Finance lending is secured across a range of assets, including debtors, stock, and plant and machinery.</p> <p data-bbox="533 683 1249 906">For Consumer Finance, Retail Finance is unsecured, however positioned towards lower risk sectors. The vast majority of Retail Finance lending is interest-free for consumers, with remaining consumer lending at fixed rates, which mitigates the direct impact of rising interest rates on affordability. Historically, security has been taken for Vehicle Finance lending although new business is no longer being originated. A strategic decision was taken to withdraw from the market, and the business was sold in February 2026.</p> <p data-bbox="533 922 1274 975">Consumer Credit risk is assessed through a combination of risk scorecards, credit and affordability policy rules.</p> <p data-bbox="533 991 1205 1098">Portfolio performance is tracked closely and reported via specialist management review meetings into the Executive and Board Risk Committees, with the ability to make changes to policy, affordability assessments or scorecards on a dynamic basis.</p> <p data-bbox="533 1114 1296 1198">Management monitors and assesses concentration risk for all lending against control limits. The diversification of lending activities and secured nature of larger exposures mitigates the exposure of the Group to concentration risk.</p> <p data-bbox="533 1214 1256 1267">During 2025, economic conditions continued to be challenging in the UK, including cost-of-living pressures for consumers.</p>	<p data-bbox="1328 300 1962 328">The Group's lending portfolios performed satisfactorily in 2025.</p> <p data-bbox="1328 344 2051 478">Arrears levels in Retail Finance have shown a slight reduction over 2025, supported by a continued emphasis on robust credit risk management and a strategic shift toward new business sectors with lower risk profiles. Collections performance remains strong, delivering stable roll and cure rates throughout the year.</p> <p data-bbox="1328 494 2123 659">Market conditions in Vehicle Finance remained challenging; however, successive credit risk tightening and a return to normalised collections practices drove improved performance among newer customer cohorts during the latter part of 2024 and into 2025. Despite these gains, customer cure rates remain below historic norms, which continues to impact the overall financial performance of the product.</p> <p data-bbox="1328 675 2085 782">Real Estate Finance at a portfolio level is performing well, with continued strong rental demand supporting performance across the portfolio. Only a small number of cases are in active workout, and where appropriate, specific provisions have been taken to cover the risk of loss from these exposures.</p> <p data-bbox="1328 798 2107 904">The Real Estate Finance provisions have increased through the year at a higher than expected rate, however, this is mainly due to existing defaulted balances being held for longer than anticipated, leading to increased non-recovery of capital and interest.</p> <p data-bbox="1328 920 2101 1027">The Commercial Finance portfolio is performing satisfactorily, with provisions at acceptable levels. The economic backdrop in which our clients operated in 2025, remained sluggish with persistent inflationary pressures. Despite this, the collateral values that underpin our facilities remained robust.</p>

## Principal risks and uncertainties continued

Description	Mitigation	Change during the year
<p data-bbox="114 304 174 357"></p> <p data-bbox="114 363 448 395"><b>Liquidity and Funding risk</b></p> <p data-bbox="114 405 495 655">Liquidity risk is the risk that the Group is unable to meet its liquidity obligations as they fall due or can only do so at excessive cost. Funding risk is the risk that the Group is unable to raise or maintain funds to support asset growth, or the risk arising from an unstable funding profile that could result in higher funding costs.</p> <p data-bbox="114 671 230 699"><b>Progress:</b></p> <p data-bbox="114 707 226 735">Stable </p>	<p data-bbox="533 300 1249 408">Liquidity and Funding risk is managed in line with the Group's Prudential Risk Management Framework. The Group has a defined set of liquidity and funding risk appetite measures that are monitored and reported, as appropriate.</p> <p data-bbox="533 424 1234 533">The Group manages its liquidity and funding in line with internal and regulatory requirements, and at least annually assesses its exposure to liquidity risks and adequacy of its liquidity resources as part of the Group's Internal Liquidity Adequacy Assessment Process ('ILAAP').</p> <p data-bbox="533 549 1285 684">In line with the Prudential Regulation Authority's ('PRA's') self-sufficiency rule, the Group always seeks to maintain liquid resources that are adequate, both as to amount and quality, and managed to ensure that there is no significant risk that its liabilities cannot be met as they fall due under stressed conditions. The Group defines liquidity adequacy as the:</p> <ul data-bbox="533 700 1301 852" style="list-style-type: none"> <li>• ongoing ability to accommodate the refinancing of liabilities upon maturity and other means of deposit withdrawal at acceptable cost;</li> <li>• ability to fund asset growth; and</li> <li>• otherwise, capacity to meet contractual obligations through unconstrained access to funding at reasonable market rates.</li> </ul> <p data-bbox="533 868 1263 976">The Group conducts regular and comprehensive liquidity stress testing to identify sources of potential liquidity strain and to check that the Group's liquidity position remains within the Board's risk appetite and prudential regulatory requirements.</p> <p data-bbox="533 992 842 1019"><b>Contingency funding plans</b></p> <p data-bbox="533 1035 1279 1144">The Group maintains a Recovery Plan that sets out how the Group would maintain sufficient liquidity to remain viable during a severe liquidity stress event. The Group also maintains access to the Bank of England liquidity schemes, including the Discount Window Facility.</p>	<p data-bbox="1328 300 2123 435">The Group has maintained its liquidity and funding ratios in excess of regulatory and internal risk appetite requirements throughout the year. A significant level of high-quality liquid assets, held as cash at the Bank of England, continues to be maintained so that there is no material risk that liabilities cannot be met as they fall due.</p> <p data-bbox="1328 451 2063 560">The Group's outstanding Term Funding Scheme with additional incentives for SMEs ('TFSME') funding was repaid by the end of the first half of 2025. The Group maintains access to the Bank of England's Sterling Monetary Framework, including a reserves account.</p>

## Principal risks and uncertainties continued

Description	Mitigation	Change during the year
<p data-bbox="114 304 170 357"></p> <p data-bbox="114 363 264 395"><b>Capital risk</b></p> <p data-bbox="114 405 465 544">Capital risk is the risk that the Group will have insufficient capital resources to meet minimum regulatory requirements and to support planned levels of growth.</p> <p data-bbox="114 555 510 751">The Group adopts a conservative approach to managing its capital. It annually assesses the adequacy of the amount and quality of capital held under stress as part of the Group's Internal Capital Adequacy Assessment Process ('ICAAP').</p> <p data-bbox="114 762 230 794"><b>Progress:</b></p> <p data-bbox="114 804 226 836">Stable </p>	<p data-bbox="533 300 1240 411">Capital management is defined as the operational and governance processes by which capital requirements are identified and capital resources maintained and allocated, such that regulatory requirements are met, while optimising returns and supporting sustainable growth.</p> <p data-bbox="533 422 1294 619">The Group manages its capital requirements on a forward-looking basis against minimum regulatory requirements and the Board's risk appetite set to enable capital resources to be sufficient to support planned levels of growth. The Group will take opportunities to increase overall levels of capital and to optimise its capital stack as and when appropriate. In addition to the ICAAP, the Group performs regular budgeting and reforecasting exercises that consider a five-year time horizon.</p> <p data-bbox="533 630 1294 799">These forecasts are used to plan for future lending growth at a rate that both increases year-on-year profits and maintains a healthy capital surplus, taking into consideration the impact of known and anticipated future regulatory changes. The Group also models various stressed scenarios looking over a five-year time horizon, which consider a range of growth rates over those years as part of the viability and going concern assessments.</p> <p data-bbox="533 810 1279 890">Further information on the Group's capital requirement is contained within the Pillar 3 disclosures, which are published as a separate document on our website (<a href="http://www.securetrustbank.com/pillar3">www.securetrustbank.com/pillar3</a>).</p>	<p data-bbox="1328 300 2101 496">The Group's balance sheet and total risk exposure has reduced since the beginning of the year following the cessation of new Vehicle Finance lending, while the Group continues to grow its continuing businesses organically. The Group has continued to maintain adequate capital, and all capital ratio measures have been exceeded throughout the period. Details of the Common Equity Tier 1 ratio, total capital ratio and leverage ratio are included in the Financial review on page 18.</p> <p data-bbox="1328 507 2085 762">The 2025 ICAAP showed that the Group can continue to meet its minimum regulatory capital requirements, even under extreme stress scenarios. Additionally, the Group has assessed the capital impact in relation to the exit of Vehicle Finance through an addendum to the 2025 ICAAP, which demonstrated a more resilient capital position following the change. This assessment included an additional stress reflecting our worst-case view of potential redress payments related to historical motor commissions (see Note 31 to the Financial Statements for further information); the Group is satisfied it could maintain capital adequacy in such a scenario.</p> <p data-bbox="1328 774 2085 890">The Group has assessed the high-level impact of the Basel 3.1 rules and the PRA's Small Domestic Deposit Taker ('SDDT') Regime, and has taken this into consideration as part of its capital planning. Work is underway to ensure the Group is compliant with the SDDT Regime by 1 January 2027.</p>

## Principal risks and uncertainties continued

Description	Mitigation	Change during the year
<p data-bbox="114 308 174 360"></p> <p data-bbox="114 368 271 392"><b>Market risk</b></p> <p data-bbox="114 408 499 683">Market risk is the risk to the Group's earnings and/or value from unfavourable market movements, such as interest rates and foreign exchange rates. The Group's market risk primarily arises from interest rate risk. Interest rate risk refers to the exposure of the Group's financial position, balance sheet and earnings to movements in interest rates.</p> <p data-bbox="114 699 450 890">The Group's balance sheet is predominantly denominated in GBP, although a small number of transactions are completed in US Dollars, euros and other currencies in support of Commercial Finance customers.</p> <p data-bbox="114 906 230 930"><b>Progress:</b></p> <p data-bbox="114 946 230 970">Stable </p>	<p data-bbox="533 300 1267 379">The Group's principal exposure comes from the term structure of interest rate sensitive items and the sensitivity of the Group's current and future earnings and economic value to movements in market interest rates.</p> <p data-bbox="533 395 1227 443">The Group does not take significant unmatched positions through the application of hedging strategies and does not operate a trading book.</p> <p data-bbox="533 459 1003 483">The main contributors to interest rate risk are:</p> <ul data-bbox="533 499 1267 619" style="list-style-type: none"> <li>• the mismatch, or duration, between repricing dates of assets and liabilities; and</li> <li>• customer optionality, for example, early repayment of loans in advance of contractual maturity dates.</li> </ul> <p data-bbox="533 635 1294 826">The Group uses an interest rate sensitivity gap analysis that informs the Group of any significant mismatched interest rate risk positions that require hedging. This takes into consideration the behavioural assumptions for optionality as approved by ALCO. Risk positions are managed through the structural matching of assets and liabilities with similar tenors and the use of vanilla interest rate derivative instruments to hedge the residual unmatched position and minimise the Group's exposure to interest rate risk.</p> <p data-bbox="533 842 1227 954">The Group has a defined set of market risk appetite measures that are monitored monthly. Interest rate risk in the banking book is measured from an internal management and regulatory perspective, taking into consideration both an economic value and earnings-based approach.</p> <p data-bbox="533 970 1267 1050">The Group monitors its exposure to basis risk and any residual non-GBP positions. Processes are in place to review and react to movements of the Bank of England Base Rate.</p> <p data-bbox="533 1066 1267 1114">The Group has no significant exposures to foreign currencies and hedges any residual currency risks to sterling.</p> <p data-bbox="533 1129 1294 1177">All such exposures are maintained within the risk appetite set by the Board and are monitored by ALCO.</p>	<p data-bbox="1328 300 2123 435">Interest rate risk and foreign exchange risk remain well managed with risk exposures actively managed. The Group has worked on enhancing interest rate risk management through the development of its Earnings at Risk methodology. In 2025, the Group has also fully implemented central clearing to support derivative activity, with the majority of the portfolio centrally cleared.</p>

## Principal risks and uncertainties continued

Description	Mitigation	Change during the year
 <p><b>Operational risk</b></p> <p>Operational risk is the risk that the Group may be exposed to direct or indirect loss arising from inadequate or failed internal processes, personnel and succession, technology/ infrastructure, or from external factors.</p> <p>The scope of Operational risk is broad and includes business process, operational resilience, third party risk, Change management, Human Resources, Information Security and IT risk.</p> <p><b>Progress:</b> Stable </p>	<p>The Group has an Operational Risk Framework designed in accordance with the 'Principles for the Sound Management of Operational Risk' issued by the Basel Committee on Banking Supervision. The framework is supported by a range of policies, including operational resilience, third party management, information technology, information security and data management policies.</p> <p>The Group has well-embedded processes that enable the identification, assessment, mitigation and reporting of operational risks. Key processes include Risk and Control Self-Assessments, risk event management, scenario analysis and risk culture assessments.</p> <p>In addition to the delivery of framework requirements, the Group has focused on various thematic areas of operational risk in 2025, including operational resilience where the Group met the March 2025 regulatory deadline and continued its embedding of operational resilience. Artificial Intelligence ('AI') risk was formally integrated into existing Risk Frameworks and Policies.</p>	<p>The Group uses the 'Standardised Approach' for assessing its operational risk capital, in recognition of the enhancements made to its framework and embedding it across the Group. The Group continues to invest in resource, expertise and systems to support the effective management of operational risk. In 2025, the Group has continued to enhance these standards and has introduced several improvements to the control frameworks in place across its operational risks.</p>
 <p><b>Model risk</b></p> <p>Model risk is the potential for adverse consequences from model errors or the inappropriate use of modelled outputs to inform business decisions.</p> <p>The Group has multiple models that are used, amongst other things, to support pricing, strategic planning, budgeting, forecasting, regulatory reporting, credit risk management and provisioning.</p> <p><b>Progress:</b> Stable </p>	<p>The Groups approach to Model risk is aligned to the PRA's Supervisory Statement 1/23 Model risk management principles for banks. The Group has a Model risk policy, inventory, risk-based assessment methodology, model development standards and independent model validation in place.</p>	<p>The Group has made progress in strengthening its governance of Model risk in 2025, through ongoing improvement of independent validation of High and Medium-High risk models, new model developments and monitoring for key IFRS 9 models.</p> <p>A full review of the Model Risk Management Policy has been carried out, with increased focus on model monitoring reporting requirements and standardisation of processes for use of model adjustments.</p>

## Principal risks and uncertainties continued

Description	Mitigation	Change during the year
<p> <b>Cyber risk*</b></p> <p>Cyber Risk is the potential for adverse consequences arising from a Cyber Security event that could result in operational disruption, financial loss, loss of business-critical data, or other impacts detrimental to the business.</p> <p>The Group uses multiple layers of defence, both technical and operational, to limit the risk of a successful cyber event occurring or, where prevention is not possible, to limit the extent of any material impacts on the Group or our clients.</p> <p><b>Progress:</b> Stable </p> <p>*Cyber risk was previously included within Operational Risk</p>	<p>The Group operates a multi-layered model of defence, which includes both technical and operational measures. The Group's primary defences are tested regularly by independent third-party specialists to identify and remediate any weaknesses, and a suite of policies and processes designed to protect the Group are regularly monitored for compliance and updated on at least an annual basis. The Group also aligns to the Bank of England's ('BOE') CQUEST framework and constantly works to improve compliance and reduce the opportunities for external threats to attack the Group.</p>	<p>During 2025, the Group consolidated its cyber security position. Independent testing has shown that we have strong front line defences against cyber attacks, whilst work continues on the enhancement of our assessment of our third-party suppliers, as recent cyber attacks have demonstrated that attackers now favour indirect approaches by initially compromising vendors to gain access to core systems. Work has also been undertaken on enhancing our Cyber Security Incident Response Plan to better reflect current attack vectors and to incorporate industry best practice.</p>
<p> <b>Compliance and Conduct risk</b></p> <p>The risk that the Group's products and services, and the way they are delivered, or the Group's failure to be compliant with all relevant regulatory requirements, result in poor outcomes for customers or markets in which we operate, or cause harm to the Group. This could be as a direct result of poor or inappropriate execution of our business activities or behaviour from our employees.</p> <p><b>Progress:</b> Heightened </p>	<p>The Group manages this risk through its Compliance and Conduct Risk Management Framework. The Group takes a principle-based approach, which includes retail and commercial customers in our definition of 'customer', with coverage across all business units and both regulated and unregulated activities.</p> <p>Risk management activities follow the Enterprise-Wide Risk Management Framework, through identifying, assessing and managing risks, governance arrangements and reporting risks against Group risk appetite. Arrangements include horizon-scanning of regulatory changes, oversight of regulatory risk events and assurance activities conducted by the three lines of defence, including the second line Compliance Monitoring programme.</p> <p>The Group's horizon-scanning activities track industry and regulatory developments, including the implementation of the Basel 3.1 standards and the SDDT regime, Consumer Credit product sales data reporting and regulation of Buy Now Pay Later.</p>	<p>The overall heightened rating for the year is driven predominantly by the developments regarding motor finance commissions redress and its impact on the Group. The Financial Conduct Authority ('FCA') consultation paper on its proposed redress scheme was published on 7 October 2025. It is towards the extreme end of outcomes previously expected from the Supreme Court judgment. On 20 October 2025, the Group updated the market on its increased motor finance redress commission provision as a result. The FCA expects to communicate next steps by the end of March 2026.</p> <p>The other Compliance and Conduct risk key area of focus during the year was on the completion of the final stages of the Group's review of its collections processes, procedures and policies in Vehicle Finance, following its formal discussions with the FCA on its Borrowers in Financial Difficulty review.</p>

## Principal risks and uncertainties continued

Description	Mitigation	Change during the year
 <p><b>Financial Crime risk</b></p> <p>The risk that the Group's products and services will be used to facilitate financial crime, resulting in harm to its customers, the Group or third parties, and the Group fails to protect them by not having effective systems and controls. Financial Crime includes anti-money laundering, terrorist financing, proliferation financing, sanctions restrictions, modern slavery, human trafficking, fraud, the failure to prevent fraud and the facilitation of tax evasion.</p> <p>The Group may incur significant remediation costs to rectify issues, reimburse losses incurred by customers and address regulatory censure and penalties.</p> <p><b>Progress:</b> Stable </p>	<p>We operate in a constantly developing financial crime environment and are exposed to financial crime risks of varying degrees across all areas of the Group. The Group is focused on maintaining effective systems and controls, alongside vigilance against all forms of financial crime and meeting our regulatory obligations.</p> <p>The Group has a Financial Crime Framework designed to meet regulatory and legislative obligations, which includes:</p> <ul style="list-style-type: none"> <li>• mandatory annual colleague training and awareness initiatives;</li> <li>• regular reviews of our suite of financial crime policies, standards and procedures, checking they remain up to date and addressing any legislative/regulatory change and emerging risks;</li> <li>• detection, transaction monitoring and screening technologies;</li> <li>• extensive recruitment policies to screen potential and existing employees;</li> <li>• horizon-scanning and regular management information production and analysis conducted to identify emerging threats, trends and typologies, as well as preparing for new legislation and regulation;</li> <li>• financial crime-focused governance with risk committees providing senior management oversight, challenge and risk escalation; and</li> <li>• intelligence shared through participating in key industry events such as those hosted by UK Finance and other networks.</li> </ul>	<p>The Group continued to monitor developments during the year. This included the implementation of the Economic Crime and Corporate Transparency Act ('ECCTA'), notably the introduction of the failure to prevent fraud offence, further reforms to the Money Laundering Regulations, enhanced Companies House transparency and identity-verification requirements, and the introduction of mandatory reimbursement for authorised push payment ('APP') fraud. We continue to closely monitor changes to financial crime regulation and guidance and are responding to them accordingly.</p>
 <p><b>Climate Change risk</b></p> <p>Climate change, and society's response to it, present risks to the UK financial services sector, with some of these only fully crystallising over an extended period. The Group is exposed to physical and transition risks arising from climate change.</p> <p><b>Progress:</b> Stable </p>	<p>The Group has established processes to monitor our risk exposure to both the potential 'physical' impacts of climate change and the 'transitional' risks from the UK's transition towards a carbon neutral economy. The Group's approach to climate risk is proportionate to its scale and nature of its activities.</p> <p>This has enabled the Group to align both its business and climate objectives. Climate change and its management are a key part of the Group's Environmental, Social and Governance strategy.</p> <p>The Group continues to undertake stress testing aligned to climate change scenarios, individually, across each of our key businesses.</p> <p>The tests are focused on the resilience of our portfolios and strategies, to manage the risks and opportunities of climate change. Further detail is provided within the Climate-related financial disclosures section of the Annual Report and Accounts (see pages 54 to 65).</p>	<p>The Group's direct exposure to the physical impacts of climate change remains low, given its footprint and areas of operation. However, it has maintained robust controls and oversight, designed to manage the associated risks and continues to develop its business plans, as the risks mature. Disclosures are made within the Climate-related financial disclosures section of the Annual Report and Accounts in line with the guidance from the 'Task Force on Climate-Related Financial Disclosures', where we are aligned to current requirements.</p> <p>Specific detail on each of the key risks identified and mitigation are covered within the Strategy section on page 56. The Group continues to actively monitor and prepare for anticipated developments in the evolving climate requirements and landscape, as well as in regulatory obligation and expectations, including transition planning.</p>

## Principal risks and uncertainties continued

### Strategic and emerging risks

The key strategic risk for the Group remains the macroeconomic, and to a certain extent the political, environment in the UK. The Group's operational footprint, lending exposures and funding sources are all in the UK, therefore, overall performance is influenced by the strength and performance of the UK economy.

Given the specialist nature of the Group's lending, it is not exposed across all areas and sectors of the UK economy. However, key areas such as consumer confidence and affordability, house prices, levels of economic activity impacting commercial and corporate profitability as well as business confidence will impact levels of demand for the Group's products and services. Which in turn influences performance of its credit portfolios and achievable returns.

Inflation and cost of living have proven elevated in 2025. Unemployment has started to rise again while economic activity reflected in GDP growth has

remained subdued. While this has been counterbalanced by the Bank of England's reductions of Base Rate to now 3.75% the outlook for 2026 remains of cautious optimism at best. Further influences to be considered include the overall health of the UK economy: Geopolitical risks, US-Tariffs volatility, government policies, and indebtedness influencing mortgage rates and consumer behaviour.

Given the prudent approach taken by the Group towards credit risk, these factors are tracked closely through ongoing portfolio monitoring and required changes in lending parameters are undertaken on a proactive basis.

The Group monitors the look forward strategic risk via regular analysis of forecast economic data as part of its review of impairment assumptions and in its annual ICAAP and ILAAP processes. In addition to direct economic factors, the Group is also exposed to the general operating environment in the UK for a regulated business.

The Supreme Court judgment and the subsequent FCA consultation about the motor finance commissions redress scheme have been the subject of intense scrutiny. The Group believes it has reflected the risk in its provision. However, the impact of the final FCA decision, expected by the end of March 2026, needs to be reviewed once issued.

In addition to these specific industry events, the Group is also tracking the various consultation papers relating to regulatory change and engaging with industry bodies to provide input into proposed changes, as well as tracking potential impacts.

## Viability and going concern

### Going concern

In assessing the Group as a going concern, the Directors considered the factors likely to affect its future performance and development, recent regulatory announcements, the Group's financial position and the principal risks and uncertainties facing the Group, as set out in the Strategic Report. The Group uses various short and medium-term forecasts to monitor future capital and liquidity requirements, and these include stress-testing business planning assumptions to identify the headroom on regulatory compliance measures. The details of the forecasts and stress tests are explained in the Business viability section below.

Accordingly, the Directors conclude that the Company and the Group have adequate resources to continue in operational existence for a period of at least 12 months from the date of the approval of the Financial Statements and, therefore, it is appropriate to continue to adopt the going concern basis in preparing the accounts.

### Business viability

In accordance with provision 31 of the UK Corporate Governance Code, the Directors have a reasonable expectation that the Company and the Group will be able to continue in operation and meet their liabilities as they fall due, for the period up to 31 December 2030. As the Group's financial planning horizon is five years, the Group considers a five-year period for its viability assessment.

The Directors are confident of the Group's viability over the longer term after considering all of the principal risks affecting the Group, including the following factors.

- The Group has delivered solid trading profits and sound capital management in 2025 and the 2026 annual budget process indicates long-term growth potential.
- Decrease in tail-risks from the cost-of-living crisis that resulted from a prolonged period of high inflation and high interest rates coupled with a lag on wage growth.
- Our deposit base is made up of retail customers and 97.6% of total deposits are fully covered by the Financial Services Compensation Scheme ('FSCS').
- Our stress testing indicates the Group's ability to manage its capital and liquidity requirements through the regulator's prescribed financial stresses.
- Capital stress testing is conducted after assessing the drivers of credit risk in the business, specifically the impact of adverse changes in economic variables that impacts the Group's IFRS 9 Expected Credit Loss ('ECL') models: unemployment, CPI, and HPI. The Group also considers specific business model risks that could lead to unexpected credit and operational losses.
- The Group has maintained capital levels in excess of its internal risk appetites and regulatory requirements throughout the year and is forecast to continue to do so over the five-year planning horizon.
- The Group increased its motor finance redress provision to reflect the Financial Conduct Authority's consultation on motor finance commission redress which closed in December 2025. Additional potential impacts have been considered through stress testing.
- In the area of climate change, the Board recognises the long-term risks and launched its Environmental, Social and Governance strategy in 2023. Risks associated with climate change are considered as part of the annual Internal Capital Adequacy

Assessment Process ('ICAAP'). Material impacts of climate change on the Group's markets and business model will emerge over the longer-term horizon and beyond the period of viability assessment. Notwithstanding this, the Group is mindful of the need to adapt its business model to changes in the markets it operates in as a result of climate change.

Furthermore, the Board considers that the circumstances required to cause the Group to fail, as demonstrated by its stress testing procedures, are sufficiently remote.

The Directors have based their assessment on the results of the following activities.

- The latest annual budget process, which contains information on the expected financial and capital positions and performance of the Group over the 2026 to 2030 period.
- The Group monitors its key performance indicators across profit, capital, liquidity, and different risk categories to mitigate any changes in risk outside of its risk appetite.
- In addition to the annual budget process, key sensitivities are measured through other forecasting activity undertaken over the course of the year, which would impact on capital and liquidity over the planning horizon.
- The Group's ILAAP, approved by the Board in June 2025, provides assurance that the Group can maintain liquidity resources that are adequate, both as to amount and quality, to ensure that there is no significant risk that its liabilities cannot be met as they fall due. This risk was tested under the financial stresses outlined on the following page. The Group has maintained liquidity levels in excess of its liquidity risk appetite and regulatory requirements throughout the year, and is forecast to continue to do so over the ILAAP planning horizon.
- The Group's ICAAP, which considered the Prudential Regulatory Authority's ('PRA's') published macroeconomic stress and severe scenarios in order to assess the adequacy of capital resources over the 2025 to 2029 period, was approved in August 2025. An addendum to the ICAAP considering the impact of the exit of Vehicle Finance, announced in July 2025, and the increased motor finance redress provision was subsequently approved by the Board in February 2026. Within the ICAAP, the Group considered the extent of the credit, operational and market risks it is exposed to, and how such risks affect its required capital levels. Under the macroeconomic stress, the details of which are set out on the following page, at no point were minimum regulatory capital requirements breached, and capital buffers held at the start of the stress were confirmed to be adequate.
- The latest Group Recovery Plan was approved in October 2025 and confirmed that the Group has sufficient recovery options available to recover from the severe combined idiosyncratic and macroeconomic stress scenario modelled over the 2025 to 2029 period. An addendum to the Group Recovery Plan considering the impact of the exit of Vehicle Finance and the increased motor finance redress provision has subsequently been prepared. The primary recovery options are to reduce the level of new lending, and thus slow down the rate of growth to reduce risk weighted assets, and raise new deposits.

## Viability and going concern continued

- The Group's first Solvent Exit Analysis ('SEA') was approved by the Board in August 2025 in compliance with the new regulation which was effective 1 October 2025. This analysis goes beyond the Recovery Plan to consider the process to achieve an orderly and timely wind-down of the Group's trading activities and return of customer deposits. The primary actions would be cessation of new business, run-down and sale of lending portfolios. As part of this new process the Group assessed indicators for when a Solvent Exit Plan would be required and executable. The SEA supports the creation of a Solvent Exit Plan in the event one is required,
- Consideration of the other principal risks, as set out on pages 30 to 39, identify any other severe, but plausible scenarios that could threaten the Group's business model, future performance, solvency or liquidity.

A summary of the different financial stresses are set out below:

### ILAAP

The Group's 2025 ILAAP included idiosyncratic, market-wide and combined stress scenarios.

The idiosyncratic liquidity stress test assumed an operational incident within the deposits operations team leads to adverse media coverage across financial websites, newspapers and on TV. This leads to a short-term loss in customer confidence and makes it materially more challenging to retain maturing term bonds, higher notice being served and customers withdrawing Access deposits. The market-wide stress is based upon the UK economy entering a severe recession with rising unemployment and inflation, falling house and equity prices, subdued wage growth and a contraction in GDP, due to prolonged economic uncertainty. Higher customer default rates (in line with the Macro ICAAP stress) and the regulators decision to allow consumer

customers to take payment holidays results in lower payment inflows. Completions on consumer contracts fall, while requests for refinancing from business customers also contracts in line with reduced economic activity. The combined stress includes elements of the idiosyncratic and market stresses, whereby the UK economy enters a severe recession, and the Group suffers outflows due to poor customer services at the same time.

A combined stress includes elements of the idiosyncratic and market stresses, whereby the UK economy enters a severe recession, and the Group suffers operational issues in the deposits function at the same time.

In addition, the ILAAP includes sensitivity analysis to model the impact of adverse variances in stress assumptions used in each of these scenarios.

Reverse stress test modelling was also performed to identify the type and severity of a stress required for the Group to no longer be able to meet its liquidity requirements. Three scenarios were assessed to consider the impact of: 1) an extreme retail deposits stress leading to higher attrition and inability to raise new deposits; 2) a significant reduction in lending inflows at the same time as a full utilisation of Commercial Finance facilities; and 3) the impact of Retail Finance loans becoming ineligible for use in supporting Bank of England liquidity schemes.

### ICAAP

The Group's ICAAP considered a combined PRA-published macroeconomic stress and severe idiosyncratic losses to assess the adequacy of capital resources over the 2025 to 2029 period. The macroeconomic stress included an unemployment peak of 9.0% in Q1 2027, a 28.0% property price decline by Q4 2027, and an economic recovery beginning in 2028. However, unemployment and house

prices were not assumed to return to pre-stress levels before the end of the five-year scenario. At no point under the stress were the Group's minimum capital requirements not met, and capital buffers held at the start of the stress were confirmed to be adequate.

Reverse stress test modelling was also performed to assess the level of stress required for the Group to no longer be able to meet its capital requirements. This required a significantly more severe scenario, including peak unemployment of 12.5%, a sharper decline in house prices to 45.9% and multiple concurrent idiosyncratic loss events occurring at the start of the scenario.

The ICAAP also used scenario modelling for elements of the Group's Pillar 2A capital assessment to support the assessment of operational risk and credit risk.

### Recovery Plan

The Group's latest Recovery Plan confirmed that the Group has sufficient recovery options available to recover from the severe stress scenarios modelled over the 2025 to 2029 period.

The combined capital stress test included peak unemployment of 10.8%, a 36.8% decline in property prices and an increase in operational losses based on the ICAAP Pillar 2A scenario modelling.

The idiosyncratic liquidity stress test assumed a loss of confidence in the Group, resulting in a run on the bank with a rapid loss of Access and ISA deposits and significantly increased Notice account outflows. In addition, it was assumed that there would be a significant increase in requests to withdraw funds from fixed term bonds prior to the original maturity date.

At the same time, to reflect a layering of liquidity risks, lending outflows were increased due to higher levels of pipeline completion.

### Solvent Exit Analysis

The first SEA prepared by the Group considers a theoretical combination of macro and idiosyncratic stresses that would take the Group to a point beyond the point of recovery, but would allow minimum regulatory capital to be maintained whilst an orderly wind-down of the business activities was undertaken with Retail Deposits returned to customers. The SEA considered financial and operational resources required to achieve an orderly exit. Quantitative and qualitative indicators were calibrated to ensure a Solvent Exit Plan is achievable on a timely basis.

In future years the SEA will be updated alongside the Recovery Plan.

## Managing our business responsibly

### Engaging with our stakeholders

Stakeholders and why we engage with them	Their priorities	How we engage	Outcomes
<p><b>Customers</b></p> <p>Our customers are the individuals and businesses we provide finance products to. Our purpose is to help our customers achieve their ambitions, through our range of savings products and loan facilities.</p> <p>We engage with our customers to help us understand their needs, which enables us to develop products in line with their requirements. We also engage to seek feedback on the service we provide and look to continually improve.</p>	<p>Our customers want to borrow or save money at competitive rates and under fair terms, with the flexibility they require.</p> <p>They want high levels of customer service and to be able to access their accounts through a variety of channels that suit their needs.</p> <p>Customers want to engage with a bank that is financially sound, acts with integrity and that they can trust.</p>	<p>We engage with our customers through a variety of channels; our contact centres; relationship managers; our sales teams; online services and through our business partners.</p> <p>The Board has appointed Finlay Williamson an independent Non-Executive Director, as the Consumer Duty Champion. He provides regular updates to the Board on our customers and the services we provide to them. He ensures that the customer voice is heard in the boardroom and that their interests are considered in our decision making.</p> <p>Ian Corfield, as the new Chief Executive Officer ('CEO'), has met with a number of our clients within Business Finance.</p>	<ul style="list-style-type: none"> <li>• Trust Pilot scores of 4.8.</li> <li>• New savings website and app launched providing greater functionality for our customers.</li> <li>• Mapped our customer journeys, complete with metrics to enhance monitoring of outcomes delivered to customers.</li> <li>• Following feedback from customers we changed our processes to enable individuals with power of attorneys to open accounts and not just administer existing accounts.</li> </ul>
<p><b>Shareholders and investors</b></p> <p>Our shareholders are the individuals and businesses that own/invest in the Company and provide the capital required to help achieve our strategic objectives.</p> <p>We engage to understand their priorities and their views on the Group's strategy, performance, management and governance.</p>	<p>Our shareholders want to receive returns on their investment through dividends, capital returns and capital appreciation.</p> <p>They want to invest in a profitable, well-capitalised and long-term sustainable business that has strong governance and risk management.</p>	<p>Our Executive Directors, Chair and investor relations team primarily undertake shareholder engagement. We run investor engagement programmes after the release of our full-year and interim results and hold regular meetings with shareholders on an ad-hoc basis to discuss developments in the business, for instance our Chair met with shareholders to discuss CEO succession after our announcement. The Chair of our Remuneration Committee has also engaged with shareholders in advance of seeking approval for our Directors' Remuneration Policy at the 2026 Annual General Meeting ('AGM'). Following any shareholder engagement, the Board are provided with an update on shareholder views and items discussed.</p> <p>All of our Directors are available to meet with shareholders on request and attend the AGM, which provides a valued opportunity to engage with our smaller shareholders.</p>	<ul style="list-style-type: none"> <li>• 107.6% total shareholder return for 2025.</li> <li>• Return on average equity of 14.3%.</li> <li>• Common Equity Tier 1 ('CET 1') of 12.9%.</li> <li>• Sale of the Consumer Vehicle Finance business announced in December 2025.</li> </ul>

## Managing our business responsibly continued

### Engaging with our stakeholders

Stakeholders and why we engage with them	Their priorities	How we engage	Outcomes
<p><b>Employees</b></p> <p>Our people are key to our success and help us deliver the service our customers expect.</p> <p>We engage with them to understand their views and priorities to help us retain, develop, motivate and recruit high-performing people who are aligned with our culture.</p>	<p>Our people want to work in a supportive, diverse and inclusive environment. They want opportunities for career and personal development, and a competitive remuneration and benefits package.</p> <p>They want to work for an organisation that has strong ESG practices and delivers for stakeholders.</p>	<p>We have an employee council and this is chaired by the designated Director for workforce engagement; Victoria Mitchell, who was appointed to the role this year. The Council comprises nominated representatives from key business areas and discusses employee views on a wide range of subjects. Following each meeting, Victoria Mitchell provides an update to the Board on items discussed and employee views.</p> <p>This year, following Board meetings in our Solihull and Cardiff offices, we held staff engagement sessions with our Non-Executive Directors, enabling them to meet with a wider range of employees, discuss their views and answer their questions.</p> <p>Our new CEO has introduced frequent team briefs, in our different offices, to provide updates on the Company's strategy, performance and matters relevant for employees. We have strong internal communications centred around Hive (our intranet) and Viva Engage. The Board receive regular updates on employee views from the CEO, People Team and other members of leadership.</p> <p>The Board reviews the results of our employee engagement surveys and has oversight of action plans to address items raised.</p>	<ul style="list-style-type: none"> <li>• Overall employee Trust Index score of 64%.</li> <li>• Voluntary turnover rate of 16.3%.</li> <li>• An average of 31 hours of training delivered per employee during 2025.</li> </ul>
<p><b>Business partners</b></p> <p>Our business partners includes our suppliers, who support our operational infrastructure, and the brokers, retailers, introducers and dealers we have relationships with, who help distribute our products.</p> <p>We engage with them to ensure that we maintain effective working relationships, their services help support our delivery to clients and that services provided deliver value to the business and stakeholders, are cost effective and our activities are carried out in compliance with requirements.</p>	<p>Our business partners want to develop beneficial and effective long-term business relationships. They want us to offer a product range that meets their clients' requirements including effective servicing of their accounts. They want prompt and fair payment for services provided and to receive feedback to understand how they can improve their services and processes.</p>	<p>Engagement with our business partners is primarily undertaken by our management, client teams, and individual business units or functions. For our suppliers we also have a dedicated procurement team who set the framework for managing the relationships. We have effective governance oversight teams for our key business partners.</p> <p>Our new CEO has met with a number of our business partners since his appointment. The Board receives regular updates from our CEO, business units and our Chief Operating Officer who is also responsible for the Group's procurement team. Any matters that require escalation are done so through the governance framework.</p>	<ul style="list-style-type: none"> <li>• 33.9 average creditor payment days.</li> <li>• An assessment of 618 suppliers within the Group's supply chain was undertaken in 2025, identifying 8 that presented a higher risk of modern slavery and human trafficking. These suppliers were required to provide additional assurance of the programmes they have in place to address their risks. The assurance received highlighted no concerns.</li> </ul>

## Managing our business responsibly continued

### Engaging with our stakeholders

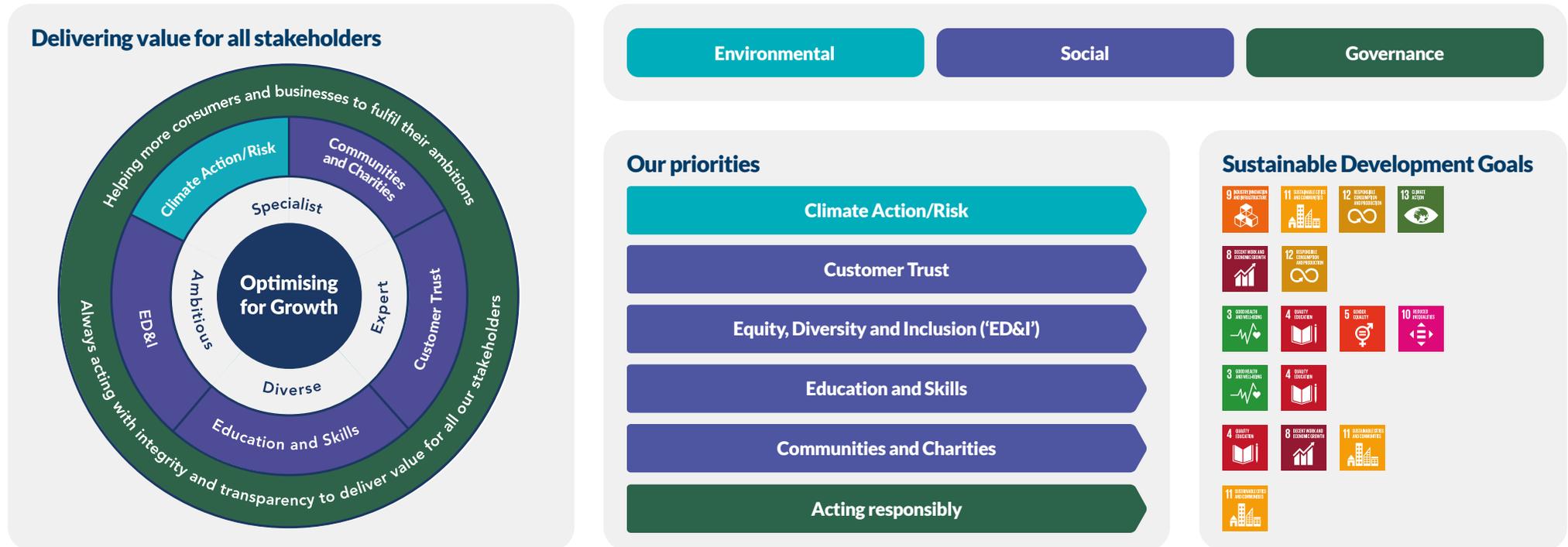
Stakeholders and why we engage with them	Their priorities	How we engage	Outcomes
<p><b>Regulators</b></p> <p>Regulators are responsible for supervising their respective financial markets, including the entities and people working within them. They have an interest in ensuring we deliver good outcomes for customers, act with integrity and transparency, are financially sound and comply with regulatory requirements.</p> <p>We engage with regulators to keep them updated on our business and also engage with regulators and policy makers to help develop and understand changing regulatory requirements.</p>	<p>To protect the interests of customers and the operation and stability of the financial markets that they regulate. In order to achieve this, they are interested in how we protect and deliver good outcomes for our customers, the level of capital we hold, our governance, risk management and control frameworks and the performance of our business.</p>	<p>Our senior management, compliance and finance teams are the primary point of contact with our regulators. They hold meetings with the regulators to keep them updated on developments within our business and feedback is regularly provided to the Board. During the year, Directors met directly with the PRA to participate in deep-dive reviews on the Groups Internal Capital Adequacy Assessment Process ('ICAAP') and a Governance review. In addition, we make regulatory applications, notification and filings in line with requirements.</p> <p>The Risk Committee receives updates from the Compliance team at each meeting, which includes details of all communications with our regulators and 'horizon scanning', which identifies legal and regulatory changes relevant to our business.</p>	<ul style="list-style-type: none"> <li>• Positive engagement and outcomes following regulatory reviews.</li> <li>• Responded to the FCA's consultation on the proposed redress scheme for historic motor finance commissions to help develop the proposals.</li> <li>• CET 1 ratio of 12.9%.</li> <li>• Completed the redress programme under the FCA's Borrowers in Financial Difficulty review.</li> </ul>
<p><b>Communities and society</b></p> <p>We believe we have a responsibility to make a wider contribution to the communities we operate within and wider society, which we primarily achieve through our Environmental Social and Governance Strategy ('ESG').</p> <p>We engage with our charitable partners to understand their priorities and how we can help them. We also engage with our business partners to help drive enhancements in their ESG practices (for instance, modern slavery and carbon emissions).</p>	<p>The Communities in which we operate, and wider society, cares about the impact we have, both in minimising our impact to the environment and having a positive impact to society.</p> <p>This includes our plans to achieve better outcomes for all stakeholders and to support diversity, equity and inclusion across the industry.</p>	<p>We have an established Charity Committee, which leads charitable activities across the Group and the engagement with our charitable partners, including through our volunteering partnership scheme. We engage with all other stakeholder Groups on our ESG strategy and priorities in order to understand their views. Our website provides information to all stakeholders and provides updates on our ESG initiatives.</p>	<ul style="list-style-type: none"> <li>• Reduced our Scope 1 and 2 CO<sub>2</sub> equivalent emissions by 18.6% against last year. In 2024, we achieved our target of 50% reduction in Scope 1 and Scope 2 emissions by 2025 (since 2021). Please see our Climate-related disclosures from page 54. for further information.</li> <li>• £126,000 of charitable donations raised in 2025.</li> <li>• 148 volunteer days donated by our staff.</li> <li>• All women in Finance targets met by 2025.</li> </ul>

#### Section 172 Directors' duty

The Directors have continued to discharge their duties in accordance with section 172 of the Companies Act, which includes the need to consider the interests of the Company's wider stakeholders. Details of how the Directors have fulfilled their duties can be found throughout the Strategic and Governance reports with further information on how the Directors have considered stakeholder interests in key decisions during the year on page 79.

# Managing our business responsibly continued

## Environmental, Social and Governance ('ESG') strategy



### What is our ESG strategy?

As a regulated bank, we remain committed to aligning with external standards while ensuring our ESG strategy goes beyond compliance. Our strategy focuses on the areas most material to our organisation and stakeholders, supporting the delivery of our business strategy and long-term success.

As it is essential that our ESG strategy aligns with our business strategy, we are in the process of refreshing our ESG approach to reflect growth priorities identified at the end of 2025. This work will ensure that ESG continues to complement and support our purpose and strategic ambitions.

We have a robust governance framework in place, with regular senior oversight of ESG activities, progress, and risks. In 2025, this framework continued to guide our approach during a year of significant organisational change, including our exit from the Vehicle Finance market. These changes shaped both progress and challenges across our ESG focus areas. While we maintained momentum in many areas, the impact on employee engagement scores meant we did not achieve one of our ED&I measures—to maintain inclusion on the Great Place to Work® ('GPTW®')UK Best Workplace for Wellbeing™ listing. As the changes introduced in 2025 take root and the organisation stabilises, our priority will be on restoring the strong employee engagement levels that have long been a hallmark of our culture.

### What progress has been made against our ESG strategy and priorities?

Despite these headwinds, we delivered strong progress across our ESG priorities in 2025:

- **Climate Action/Risk** – Strengthened our internal governance oversight for our Scope 3 financed emissions reporting to support accurate reporting, and continued energy efficiency improvements under our Energy Savings Opportunity Scheme ('ESOS') Action Plan.
- **Education and Skills** – Launched a new Learning Management System to enhance skills development and accelerate talent planning, while evolving experiential learning programmes.

- **Communities and Charities** – Achieved major fundraising milestones for our charity partners, although volunteering and engagement initiatives were impacted by organisational change.
- **ED&I** – Refreshed our ED&I strategy based on colleague feedback and retained external recognition, including the ENEI silver TIDE mark and Disability Confident accreditation.
- **Customer Trust** – Continued embedding Consumer Duty principles and invested in technology to improve customer experience, while addressing complaints handling through operating model reviews.

# Managing our business responsibly continued

## Environmental, Social and Governance ('ESG') strategy

Further details on each focus area can be found in the following sections.

### Who owns our ESG strategy?

Ultimate ownership and oversight of our ESG strategy rests with the Board, as it supports the business strategy set by it. The Board delegates implementation to the Chief Executive Officer and, through him, to the Executive Committee.

### What is the governance that supports our ESG strategy?

The Executive Committee is supported by the Executive Risk Committee and dedicated working groups for various ESG focus areas. These groups report progress regularly and help ensure alignment with regulatory requirements and stakeholder expectations. More broadly, we require our people to act with integrity and provide training and resources to support this, underpinned by policies such as our ED&I, Wellbeing, Anti-Harassment and Bullying, and Family Friendly policies.

	Stakeholders	ESG priorities	Measures/disclosures	Progress
<b>Governance</b> Always acting with integrity and transparency to deliver value for all our stakeholders	<b>Environmental</b> <b>Climate Action/Risk</b> <ul style="list-style-type: none"> <li>Regulators</li> <li>Business partners</li> <li>Shareholders and investors</li> <li>Communities and society</li> </ul>	We aim to understand the risks to our business associated with climate change so that we can maintain a strong credit discipline, capital allocation and risk management capabilities that support our specialised lending. We also aim to minimise the harmful impact of our business on the environment by reducing Scopes 1 and 2 CO <sub>2</sub> e emissions from our operations, understand better Scope 3 emissions associated with our lending activities, and to use less and re-use more.	<ul style="list-style-type: none"> <li>Report annually on our operational energy use and carbon emissions in line with Streamlined Energy and Carbon Reporting ('SECR') regulations.</li> <li>Scope 1 and 2 CO<sub>2</sub>e emissions from our operations reduced by 50% from 31 December 2021 to 31 December 2025.</li> <li>Climate-related disclosures (and climate risk scenarios) under the Task Force for Climate-related Financial Disclosures ('TCFD') and Companies Act requirements and related PRA regulations/Listing Rules.</li> <li>Working to be ready to publish a Transition plan following the Transition Plan Taskforce Disclosure Framework and, when applicable, related mandatory requirements.</li> </ul>	Page 48
	<b>Social</b> <b>Customer Trust</b> <ul style="list-style-type: none"> <li>Customers</li> <li>Employees</li> <li>Regulators</li> <li>Business partners</li> <li>Shareholders and investors</li> </ul>	Our aim is to build the trust of our customers through the way we treat them, by enhancing our customers' experience, achieving high standards of customer service excellence and through the outcomes we enable for them.	<ul style="list-style-type: none"> <li>Feefo Trusted Awards.</li> <li>External awards for our products and services.</li> <li>HM Government Cyber Essentials Plus certification.</li> </ul>	Page 49

## Best Workplaces awards



Best Workplaces™ in Large Organisations



Best Workplaces™ in Financial Services & Insurance



Best Workplaces™ for Development



Best Workplaces™ for Women

## Managing our business responsibly continued

### Environmental, Social and Governance ('ESG') strategy

	Stakeholders	ESG priorities	Measures/disclosures	Progress	
<b>Governance</b> Always acting with integrity and transparency to deliver value for all our stakeholders	<b>Social</b>	<b>Equity, Diversity and Inclusion ('ED&amp;I')</b> <ul style="list-style-type: none"> <li>• Customers</li> <li>• Employees</li> <li>• Regulators</li> <li>• Business partners</li> <li>• Shareholders and investors</li> <li>• Communities and society</li> </ul>	Our vision is to be a successful, inclusive business where all our people feel respected and can confidently be themselves and fulfil their potential. We aim to develop a positive and healthy working environment where colleagues have the opportunities and resources to support their own wellbeing, and which contributes to a culture where people feel able to be their authentic selves. We will strive to support all the protected characteristics and improve our gender and ethnic diversity.	<ul style="list-style-type: none"> <li>• Maintaining inclusion on the GPTW® UK Best Workplace™ listings for Women and Wellbeing (large companies).</li> <li>• Signatory to the HM Treasury Women in Finance Charter. We have pledged to set and publicly report against gender diversity targets annually.</li> <li>• Annually reporting on our Gender Pay Gap.</li> <li>• Maintaining/improving our Employer Network for Equality and Inclusion ('ENEI') TIDE Mark.</li> <li>• Maintaining our Disability Confident accreditation.</li> </ul>	Page 50
	<b>Social</b>	<b>Education and Skills</b> <ul style="list-style-type: none"> <li>• Customers</li> <li>• Employees</li> <li>• Regulators</li> <li>• Business partners</li> <li>• Shareholders and investors</li> </ul>	Through our Learning and People Development activities we aim to help all our colleagues build their specialisations, increase their confidence, plan their career progression and make it happen. We are a specialist lender, so these activities enhance our specialisations, support our differentiation from others and enable us to have market expertise and deep customer knowledge.	<ul style="list-style-type: none"> <li>• Maintaining inclusion on the GPTW® UK Best Workplace listings for Development™ (large companies).</li> </ul>	Page 52
	<b>Social</b>	<b>Communities and Charities</b> <ul style="list-style-type: none"> <li>• Customers</li> <li>• Employees</li> <li>• Regulators</li> <li>• Business partners</li> <li>• Shareholders and investors</li> <li>• Communities and society</li> </ul>	We aim to make a positive contribution to the communities in which we work and conduct our business. We aim to build and maintain strong links with these communities through support of local community initiatives and fundraising activities, prioritised by colleagues' preferences.	<ul style="list-style-type: none"> <li>• Our bi-annual report of our supplier payment period in days.</li> <li>• Our annual modern slavery statement setting out the steps we take to eradicate modern slavery in our own businesses and supply chains.</li> <li>• Total annual fundraising for charities by colleagues and matched by Secure Trust Bank £4£.</li> <li>• Provide an annual update on community volunteering and local initiatives.</li> </ul>	Page 53

## Managing our business responsibly continued

### Environmental, Social and Governance ('ESG') strategy

#### 2025 progress

#### Looking ahead

#### Climate Action/Risk

We remain committed to supporting the government's ambitions to tackle climate change by minimising the environmental impact of our operations and protecting the Group from climate-related risks. Building on the early achievement of our Scope 1 and 2 emissions reduction target in 2024, we have seen further improvement in 2025 resulting in a total 68% reduction against the 2021 baseline.

- **Scope 3 emissions reporting** – We strengthened internal governance oversight to support accurate Scope 3 reporting, while continuing our partnership with Partnership for Carbon Accounting Financials ('PCAF') to stay aligned with industry standards.
- **Energy efficiency initiatives** – Delivery of our ESOS Action Plan continued, including smart metering, enhanced energy consumption tracking at our Solihull Office, motion sensor lighting in Cardiff, and the downsizing of our London office. We also further progressed the transition of company vehicles to electric.
- **Business climate strategy development** – Business unit-specific climate strategies were developed and embedded, complementing the Group-wide Climate Change Action Plan, which we aim to finalise in early 2026.
- **Paper-to-digital transformation** – We continued to reduce paper use across the business, with Savings withdrawal communications moving to digital channels.
- **Regulatory development** – Early review of IFRS S1/S2 readiness assessment has been completed to identify gaps against anticipated disclosure requirements. This work positions the Group to respond quickly once formal guidance on Transition Plans and related climate-regulatory developments is issued.
- Further information on the Group's climate change strategy, risk management, and metrics and targets, including our CO<sub>2</sub>e emissions, and work undertaken during 2025 can be found within our Climate-related financial disclosures section on pages 54 to 65.

The key focuses in 2026 will be:

- Conducting and delivering a plan meeting the PRA's expectations in relation to the capital assessment for climate risk.
- Managing premises and vehicle energy consumption efficiently.
- Continuing to strengthen internal governance oversight to support accurate Scope 3 reporting, while continuing our partnership with PCAF to stay aligned with industry standards.
- Expanding digital communications to maximise paper reduction across all businesses.

#### A greener way of working



Over recent years, we have made strong progress in reducing our carbon footprint, supported by a wide-ranging programme of climate-focused initiatives. A key element of this work has been the strategic review and optimisation of our property portfolio.

In 2025 we reached another important milestone with the successful downsizing of our London office, following the earlier sale of our additional Solihull premises. Together, these changes have delivered a 55% reduction in total office space since 2022. Our new London home on King William Street not only provides a bright, modern environment designed for collaborative and hybrid working, but it is also powered by 100% renewable energy, reinforcing our commitment to sustainable operations.

Our smaller footprint is complemented by a series of environmentally conscious upgrades across our sites, including the installation of solar panels, smart metering and motion-sensor lighting. These improvements are helping us to reduce energy consumption, cut emissions and embed sustainable thinking in the way we work every day.

## Managing our business responsibly continued

### Environmental, Social and Governance ('ESG') strategy

#### 2025 progress

#### Customer Trust

With a vision to become the UK's most trusted specialist lender, developing customer trust remains a key priority for the Group. We continue to monitor customer experience closely through our Consumer Duty framework and other feedback mechanisms.

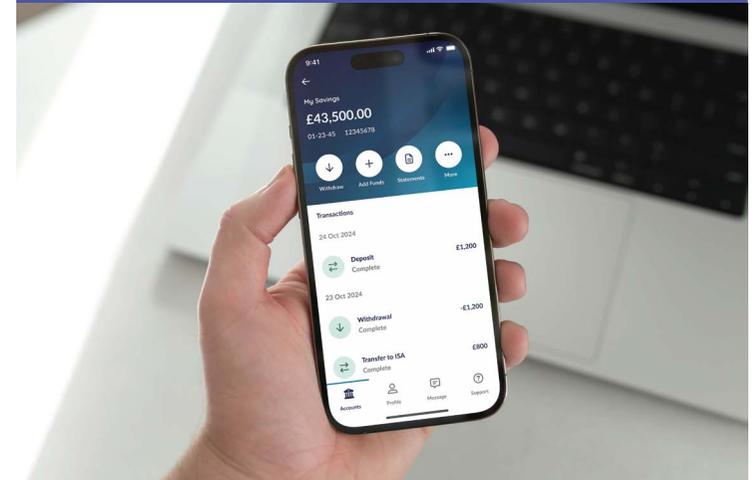
- **Customer satisfaction** – Customer satisfaction in Savings and Retail Finance remained high during the year, although Group scores are not directly comparable to 2024 due to our exit from Vehicle Finance. In our Business Finance division, strong client satisfaction was reflected in our consistently high ratings in internally facilitated surveys.
- **Awards and recognition** – Our commitment to delivering quality products and services was recognised through industry awards in 2025, including Feefo's Exceptional Service award and business specific awards:
  - Savings: Five-star service award for personal savings for ease of account opening (Moneyfacts) and Gold Trusted Service (Feefo);
  - Retail Finance: Winner of Best Retail Finance Provider for the seventh consecutive year (Interiors Monthly), Finalist for Best Consumer Credit Product (Credit Strategy Credit Awards) and awarded Platinum Trusted Service Award (Feefo);
  - Commercial Finance: Winner of Alternative Funder of the Year for the second consecutive year (Midlands Insider Dealmakers Awards); and
  - Commercial Finance: Winner Asset Based Lender of the Year (Real Deals Private Equity Awards).
- **Consumer Duty** – We completed a full review of Consumer Duty metrics and thresholds in the first half of 2025, enabling meaningful improvements in how we monitor customer outcomes. Operating model reviews for complaints handling and operations are underway to strengthen processes and enhance customer journeys.
- **Technology and digital experience** – We continued to invest in technology to improve customer experience and efficiency and retained our Cyber Essentials Plus accreditation. Initiatives such as the Digital Savings Experience project and the roll out of vPay, our in-house portal for debit card and Open Banking payments sent via SMS or email link, have resulted in more streamlined customer journeys.

#### Looking ahead

The focus in 2026 will be on:

- Enhancing digital self-service and Assisted Service capability, including Interactive Voice Response and payment journey improvements.
- Further developing Retail Finance and Savings apps with expanded self-service and proactive notifications.
- Automating key Savings processes to improve speed and efficiency.
- Improving major customer journeys with clearer updates and fewer paper communications.
- Strengthening telephony capability, exploring Live Chat and enhanced intelligent call handling.
- Establishing consistent customer satisfaction measurement across business areas.
- Preparing and delivering Vehicle Finance commission redress related activity.
- Embedding Consumer Duty improvements across operations, communications and vulnerable customers.

#### Trusted by design



In 2025 we re-launched our Savings mobile app, marking an important step forward in improving customer experience and strengthening trust in our digital services. Built entirely in-house, the updated app provides a refreshed design, clearer navigation and improved functionality, creating a smoother and more intuitive way for customers to manage their savings.

From the outset, the project was shaped by customer needs. The new platform delivers a more accessible and reliable experience across all devices, with features specifically designed to support vulnerable customers, including those with visual impairments. By making everyday servicing easier and enabling more self-service, the app reduces friction and gives customers greater confidence and control.

Developing the app internally also gives us the flexibility to deliver enhancements more quickly and tailor future features to what customers tell us matters most. This approach reduces reliance on third-party systems and enables us to deliver significant long-term cost savings, supporting ongoing investment in improving our digital journeys and building long-term customer trust.

## Managing our business responsibly continued

### Environmental, Social and Governance ('ESG') strategy

	2025 progress	Looking ahead
<b>ED&amp;I</b>	<p>Significant organisational change in 2025 brought both progress and challenges for ED&amp;I and Wellbeing. While restructuring improved senior-level diversity metrics, it disrupted continuity in some initiatives and affected engagement scores. Despite this, we maintained external recognition and advanced work to refresh our ED&amp;I strategy. Key areas of focus for 2025 included:</p> <ul style="list-style-type: none"> <li>• <b>Strategy refresh</b> – We undertook a comprehensive review of our ED&amp;I strategy, informed by colleague feedback gathered through focus groups and a Group-wide questionnaire. This bottom-up, top-down approach helps ensure our priorities reflect real barriers to career development and progression.</li> <li>• <b>Wellbeing alignment</b> – Building on our commitment to Business in the Community's Workwell framework, we introduced a dedicated Wellbeing Champion group and trained nine new Mental Health First Aiders, bringing us back above our 5% workforce target. Although the impact on our engagement scores meant that we did not feature in the UK Best Workplaces for Wellbeing™ in 2025, our latest Workwell Assessment score improved, elevating us to the 'Embedding' level in the Inclusive Culture category.</li> <li>• <b>External benchmarking</b> – we retained the ENEI silver TIDE mark for the fourth consecutive year, reflecting our continued commitment to diversity and inclusion.</li> <li>• <b>Promoting inclusion</b> – Our Inclusioneer network continued to champion diversity through awareness campaigns and events, including attendance at Pride in Birmingham and Cardiff.</li> <li>• <b>Recognition and progress</b> – We retained our Disability Confident accreditation and published our Gender Pay Gap report early, which shows gradual improvement. However, the shape of our workforce remains the biggest driver of the gap and addressing this continues to be a long-term challenge.</li> <li>• Our <b>Learning and Development</b> offering and colleague recognition suite remain key to supporting attainment of our ED&amp;I targets and examples can be found on page 52.</li> </ul>	<p>The focus in 2026 will be on:</p> <ul style="list-style-type: none"> <li>• Strengthening leadership engagement, addressing progression barriers, and embedding inclusion as a core part of our culture.</li> <li>• Relaunching the ED&amp;I Steerco and Inclusioneers.</li> <li>• Embedding the refreshed ED&amp;I strategy and aligning it with regulatory developments on diversity and inclusion.</li> <li>• Continuing to strengthen wellbeing initiatives and mental health support.</li> <li>• Expanding mentoring and reverse mentoring programmes to support career progression.</li> <li>• Maintaining focus on diversity within talent planning and succession processes.</li> </ul>

#### Best-in-class inclusive support



In 2025 we strengthened our commitment to ED&I by enhancing our Menstrual Health Policy, creating a standard of support that goes beyond what is typically offered by organisations. A colleague-led review highlighted the need to bring all available assistance into one place, ensuring that anyone affected by menstrual-related health issues can easily understand what support is available and how to access it.

The updated policy now sets out a comprehensive and clearly defined range of support, including reasonable workplace adjustments, flexible working options, rest breaks and stress-risk assessments, alongside a full set of terms and definitions to improve understanding. By formalising support previously offered on a case-by-case basis, we have sought to create a consistent, transparent and best-in-class approach that gives colleagues greater confidence and reassurance.

To complement the policy, we also introduced menopause social events to provide a safe, open forum for colleagues to share experiences and learn from one another. These sessions are helping to normalise important conversations, build understanding across teams and further strengthen the inclusive culture we are working to embed across the Group.

## Managing our business responsibly continued

### Environmental, Social and Governance ('ESG') strategy

#### Board and Executive Management gender representation

At the year-end, the split by gender was:

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO,CFO, SID and Chair)	Number in Executive Management <sup>1</sup>	Percentage of Executive Management
Men	5	62.5	2	7	78
Women	3	37.5	2	2	22
Other categories	-	-	-	-	-
Not specified/prefer not to say	-	-	-	-	-

#### Board and Executive Management ethnic representation<sup>2</sup>

At the year-end, the split by ethnicity was:

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO,CFO, SID and Chair)	Number in Executive Management <sup>1</sup>	Percentage of Executive Management
White British or other White (including minority-White groups)	8	100	4	9	100
Mixed/Multiple ethnic groups	-	-	-	-	-
Asian/Asian British	-	-	-	-	-
Black/African/Caribbean/Black British	-	-	-	-	-
Other ethnic group	-	-	-	-	-
Not specified/prefer not to say	-	-	-	-	-

Further details on Board diversity can be found in the Nomination Committee report on pages 83 to 85.

We continue to make progress on our ED&I agenda as demonstrated by external benchmarks and our 2025 metrics show that this is also resulting in a gradual improvement in our workforce gender diversity.

Notes:

- In accordance with the requirement under Listing Rules LR 9.8.6R(9) and LR 14.3.33R(1), the 'Number in Executive Management' includes all members of the Executive Committee (which includes the CEO and CFO, who are also Directors), and the Company Secretary.
- The Board and Executive Management were asked to confirm their ethnicity from the following options: White British/other White, Mixed/Multiple ethnic groups, Asian/Asian British, Black/African/Caribbean/Black British, other ethnic group and not specified/prefer not to say.
- In accordance with the requirement set out in s.414C(8)(c)(ii) of the Companies Act 2006 for disclosure of Secure Trust Bank Group's 'senior managers' (as that term is defined in s.414C(9)). The number of individuals disclosed here differs from the table adjacent and that on page 69. This is due to the definition of Senior Manager under the CA 2006 excluding individuals who are not employees of the Company whereas the data disclosed elsewhere includes an individual engaged on an agency basis and Executive Directors being included in the pie chart above.
- Defined within the Code as consisting of Executive Committee members including the Company Secretary.

At the year-end, the split by gender of the Group was as follows:



Gender	Count	Percentage
1 Male	5	62.5%
2 Female	3	37.5%
Total	8	100%



Gender	Count	Percentage
1 Male	5	83%
2 Female	1	17%
Total	6	100%



Gender	Count	Percentage
1 Male	30	59%
2 Female	21	41%
Total	51	100%



Gender	Count	Percentage
1 Male	374	48%
2 Female	398	52%
Total	772	100%

## Managing our business responsibly continued Environmental, Social and Governance ('ESG') strategy

### 2025 progress

### Looking ahead

#### Education and Skills

Our focus on education and skills is aimed at embedding excellence in our culture and supporting both career progression and the Group's strategic objectives. In 2025, we continued to evolve our approach, combining technology-driven solutions with experiential learning to deliver greater impact. Key areas of focus for 2025 included:

- **Management zone** - Aimed at helping people leaders to shape team culture and drive optimum team performance.
- **Learning Management System ('LMS')** - A major milestone was the successful launch of our new LMS in April, enabling improved learning delivery, automation, and impact measurement. This platform will also support more effective management of one-to-ones and our performance management framework from early 2026.
- **Management development** - The Management Development Programme was relaunched and supported by a pilot to assess its effectiveness. Insights from this review are shaping new initiatives for 2026, including a dedicated induction programme for new leaders.
- **Experiential learning** - Flagship programmes such as Blazing My Trail are being redesigned as immersive learning journeys to deliver longer-term impact. The Alan Karter Scholarship continues to receive strong feedback, and the mentoring programme is regaining momentum following earlier organisational changes.
- **Recognition and engagement** - The Group retained its place on the UK Best Workplaces for Development™ list, ranking 75 out of 100. While this is a drop from 26th in 2024, it reflects the broader impact of structural changes on colleague sentiment. Satisfaction scores for internal learning events remain exceptionally high at 100%.
- **Apprenticeships** - Completed apprenticeships fell slightly during 2025, however, we remain committed to promoting apprenticeships and educating line managers on their benefits.

The focus in 2026 will be on:

- Embedding our performance management framework automation across the Group.
- Conducting employee journey training needs analysis.
- Accelerating talent and succession planning using LMS functionality.
- Expanding experiential learning programmes.
- Investing in career pathways for emerging managers and specialists, ensuring succession readiness and organisational continuity.
- Continuing with our mentoring and coaching opportunities to support career growth and knowledge sharing across the organisation.
- Continuing to create an environment where every employee can access development opportunities. Flexible learning formats - including digital modules, workshops, and peer learning - enabling our people to grow skills to suit their roles and learning styles.

#### Strategy-driven learning



In 2025 we introduced our new Learning Hub, a modern LMS designed to help colleagues build the skills and confidence they need to perform at their best. With a personalised dashboard, clearer learning pathways and improved search tools, the platform makes it easier for colleagues to find and complete training that directly supports their roles and responsibilities.

The Learning Hub also provides managers with better oversight of team development, helping them identify skills gaps and ensure colleagues have the capabilities needed to support the Group's strategic priorities. As new features roll out - including tools for setting objectives, managing performance and guiding one-to-one conversations - the platform will offer a more consistent and effective approach to performance management across the organisation.

By making learning simpler, more accessible and more closely aligned to business needs, the new Learning Hub is helping colleagues grow in their roles today, while strengthening the skills and capabilities the Group needs to deliver its long-term strategy.

## Managing our business responsibly continued

### Environmental, Social and Governance ('ESG') strategy

#### 2025 progress

#### Looking ahead

#### Communities and Charities

Our commitment to communities and charities reflects our belief that business success should go hand in hand with social impact. In 2025, we focused on deepening relationships with our charity partners, expanding volunteering opportunities, and strengthening educational collaborations, all while navigating organisational change. These efforts helped us deliver meaningful support to local causes and lay the groundwork for a more strategic approach to community engagement in 2026. While fundraising was particularly successful, some volunteering and community engagement initiatives were impacted by organisational change during the year. Key achievements for the year included:

- **Charity partnerships** – We extended our partnership with Tŷ Hafan for another three years, setting a £250,000 target for the full six-year term. Solihull established a strong relationship with new charity partner, Birmingham Children's Hospital, laying the foundation for long-term collaboration to hit a £100,000 fundraising target over three years. Our Business Finance division delivered strong events in support of Go Beyond and Bone Cancer Research.
- **Volunteering** – While volunteering hours were impacted by organisational changes and operational pressures, colleagues still delivered nearly 150 days of support. Structured support in Cardiff helped maintain momentum, and Solihull is adopting similar models to expand opportunities across the Group.
- **Community engagement** – We continued to work with local education providers to support employability skills for young people with approximately 250 students being engaged over the year. A Group-wide strategic plan for community engagement is being developed to enable alignment and impact across all regions.
- **Supplier and social responsibility** – We remain committed to timely supplier payments and maintaining robust processes to minimise the risk of modern slavery within our own business and supply chains.

The focus in 2026 will be on:

- Delivering upcoming fundraising events and maintaining momentum for long-term charity partnerships.
- Launching a volunteering calendar to create more volunteering opportunities across all office locations.
- Developing and implementing a Group-wide strategic plan for community engagement to ensure consistency and impact.
- Strengthening educational partnerships to support employability skills and broaden colleague involvement.
- Develop a Group-wide community engagement strategy.

#### Reaching new heights for charity



In 2025, colleagues across the Group delivered another exceptional year of fundraising, helping raise more than £126,000 for our charity partners, around 25% higher than in 2024. One standout example was the Welsh Three Peaks Challenge, where a team from our Retail Finance business tackled Yr Wyddfa, Cadair Idris and Pen y Fan in a single day – battling heavy rain, hail and steep climbs from 4:00am until their final descent at 8:30pm.

Supported by volunteer drivers, the team demonstrated remarkable commitment and raised £19,000, including matched funding from the Group. The team's achievement reflects the spirit seen across the Group throughout the year, with a range of events being delivered, from sky diving and dragon boat racing to long standing events like the annual Golf Day.

These efforts helped strengthen relationships with our charity partners and laid the foundation for our 2026 priorities: expanding volunteering, deepening partnerships and delivering a more strategic, Group-wide approach to community engagement.

## Managing our business responsibly continued

### Climate-related financial disclosures

#### Climate change

The Climate change risk landscape has continued to evolve at pace with heightened government and regulatory expectations. A collective shift in attitude and behaviour towards the management of climate change presents a dynamic landscape of risks and opportunities for UK financial services. In 2025, the Group continued to make progress in supporting and helping to mitigate impacts across both the medium- and long-term time horizons. The Group remains committed to meeting legal and regulatory requirements, whilst staying aligned with the Group objectives.

#### Our progress

Across the Group, we have supported the government's ambition to achieve net zero by 2050 by embedding climate change into decision-making ensuring it remains a priority and delivering the following key achievements in 2025.

Each business area made significant progress in strengthening and embedding climate-related risks and opportunities. We embedded climate considerations across the Group by reviewing climate strategies, strengthening climate-related risk and control frameworks, and developing consistent climate metrics and management information. Further detail can be found on page 60.

- Retail Finance continued to support the transition to a low-carbon economy through funding for home electric vehicle ('EV') chargers and e-bike sales. The business is also exploring opportunities to expand into the wider renewable energy market.

- Climate risk management was enhanced by removing reliance on a third party for scenario analysis.
- Actions undertaken in 2025 have provided the Group with a strong foundation to meet the PRA's expectations in relation to the capital assessment for climate risk.
- Climate awareness and capability was strengthened by embedding climate into operations and governance frameworks, supported by targeted training designed to ensure climate considerations remained integrated across the Group and within our business strategy.

#### Our approach

The Group remains committed to integrating and embedding sustainability into frameworks to create shared value for customers, business partners and the community that is proportionate and appropriate to our business as a specialist lender in different sectors.

As part of our commitment to being transparent and responsible, our climate-related disclosures in this report outline how the Group is managing its exposure to climate risks aligning with the four key pillars of the 'Task Force for Climate-Related Disclosures' ('TCFD'), Governance, Strategy, Risk management, and Metrics and targets.

While our current approach remains aligned with UK Listing Rule 16.3.23(R) and TCFD requirements, we are actively preparing for forthcoming regulatory developments to ensure our climate strategy remains resilient and fit for the future. We will also continue to develop and improve skills in line with industry best practices, ensuring our climate methodologies and frameworks are robust and appropriate.

#### Affiliations

Through membership of industry bodies and initiatives, the Group plays an active role in working to address the sustainability challenges faced across the finance industry.



Our ongoing membership of UK Finance has seen the Group support industry-wide consultations and provide feedback. This is designed to enable greater industry collaboration. Forums include both regulatory, strategic and government policy design.



The Group is a member of Partnership for Carbon Accounting Financials ('PCAF') and actively contributes to their working groups developing good practice in financed emissions reporting and data collection.



As a member of the PRA Climate Financial Risk Forum, we have contributed to sessions for banks. This has helped us to develop our own strategy, by discussing good practice with industry experts.



As an official TCFD supporter, the Group Annual Report and Accounts contains climate-related disclosures consistent with TCFD.

## Managing our business responsibly continued

### Climate-related financial disclosures

#### Governance

The Group recognises the importance of climate change risk management and has continued to invest and provide resources to develop its climate strategy and ambitions. The Group has allocated the Senior Management Function responsibility for identifying and managing the risks from climate change to the Chief Risk Officer ('CRO'), who is also a member of the Climate Working Group ('CWG').

The Board oversees the Group's Climate change risk and has delegated responsibility for management of Climate change risk to the Executive Risk Committee ('ERC'). The ERC members include the Chief Executive Officer, Chief Financial Officer and Chief Operating Officer. The Group's risk governance structure can be found on page 31.

Disclosure	Approach and 2025 progress	Looking forward
The Board's oversight of climate-related risks and opportunities	<ul style="list-style-type: none"> <li>The Board receives regular updates on progress against the Group's ESG strategy which includes a focus on environmental aspects including climate action/risk.</li> <li>Climate change risk is reported to the ERC and then the Board Risk Committee ('BRC'). Over the year, the ERC met on 12 occasions and the BRC met on five occasions. The Board receives reports on progress related to climate activities (including metrics and targets).</li> <li>The management of all risks (including climate change) is embedded into the Group's strategy setting, business plan and executive remuneration policies.</li> </ul>	<ul style="list-style-type: none"> <li>The Board will continue to provide strategic oversight and direction on the Group's climate agenda, identifying accountability and monitoring alignment with evolving regulatory and industry expectations.</li> <li>As the Group's Climate change risk management matures and becomes more embedded, the Group will further refine its reporting to its governance committees to provide improved visibility of climate risks and opportunities.</li> </ul>
Management's role in assessing and managing climate-related risks and opportunities	<ul style="list-style-type: none"> <li>Ownership of Climate change risks sit with the accountable executives of the Group's relevant business areas and quarterly reporting is provided to the ERC.</li> <li>Climate change risk is embedded into the annual Risk and Control Self-Assessment ('RCSA') process. A full review of climate risks and controls was conducted by first-line risk owners, with oversight from the second-line team, and annual climate business strategy reviews were completed.</li> <li>In 2025 we continued to engage with industry bodies to improve our understanding of climate best practices which strengthened the understanding of climate risks and opportunities within the Group.</li> </ul>	<ul style="list-style-type: none"> <li>Management will continue to build knowledge and further embed climate change in decision making.</li> <li>The CRO and senior members of the risk function, including the climate lead will continue to partner with industry bodies to understand management and best practice in assessment of climate risks and opportunities.</li> </ul>

## Managing our business responsibly continued

### Climate-related financial disclosures

#### Strategy

The Group's ESG strategy includes a focus on climate risk. Cognisant of the government's 2050 net zero target, the Group remains committed to supporting the consumers and businesses it works with as the UK transitions to a low-carbon economy.

Disclosure	Approach and 2025 progress	Looking forward
Climate-related risks and opportunities identified over the short, medium, and long term	<ul style="list-style-type: none"> <li>In 2025, workshops were held across the Group's business functions to review risks and explore related opportunities. Climate change is embedded within the Enterprise Wide Risk Management Framework ('EWRMF'), which aligns and standardises risk-management practices across the Group. As a principal risk, it is identified, escalated and monitored through the same processes as other key risks. Management for Climate change risk remains with the relevant executives and it continues to be embedded in the variable compensation structures for Executive Directors and other key risk takers. Details of the Group's key Climate risks can be found on page 59.</li> <li>Business functions reviewed and updated their respective Climate strategies strengthening the Group's view of the risks and opportunities in line with each business strategy.</li> <li>Retail Finance actively explored lending opportunities that support customers in transitioning towards greener solutions. The business partnered with retailers who offer renewable products and services, providing consumer finance that enables customers to pursue their ambitions for a more sustainable future.</li> </ul>	<ul style="list-style-type: none"> <li>The Group will continue to assess climate-related opportunities and integrate climate-related decision making into its activities.</li> <li>Work will continue in 2026 to explore opportunities in the business where the Group can continue to transition to a lower carbon economy.</li> </ul>
The impact of climate-related risks and opportunities on our businesses, strategy, and financial planning	<ul style="list-style-type: none"> <li>The Group identified opportunities and assessed the impact of its climate-related risks as having little adverse impact on its business, strategy and financial planning over a five-year time horizon. Due to the nature of the Group's operations any material impacts are not expected to crystallise until the medium-term.</li> <li>The Group recognises the evolving climate regulatory landscape, and it continues to monitor and prepare proposals on future climate disclosure reporting. In 2025, the Group continued to raise awareness internally and upskill individuals where appropriate.</li> </ul>	<ul style="list-style-type: none"> <li>The Group will continue to respond to evolving regulatory requirements and developments.</li> <li>As businesses in the UK develop and deliver their own Transition Plans, the Group is ready to explore opportunities to support them and the wider transition of the economy.</li> </ul>
The resilience of our strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	<ul style="list-style-type: none"> <li>The Group conducted scenario analysis exercises to test the resilience of its strategy to the impacts of climate change and continued to integrate climate scenarios into the Internal Capital Adequacy Assessment Process ('ICAAP') and IFRS 9 models.</li> <li>The analysis undertaken in 2025 indicated that the Group remains resilient to the climate-related stresses modelled under both the 'Late Action' and 'Early Action' scenarios. Further detail is provided on page 58.</li> <li>The Group developed its modelling capabilities internally, enhancing governance and reducing reliance on third parties.</li> <li>Early review of IFRS S1/S2 readiness was completed to identify gaps against anticipated disclosure requirements. This work positions the Group to respond quickly once formal guidance on Transition Plans (and related climate-regulatory developments) is issued.</li> </ul>	<ul style="list-style-type: none"> <li>The Group is developing its internal modelling capabilities to embed climate scenario analysis further into its lending decisioning and to help ensure the Group is adequately capitalised.</li> <li>In 2026, the Group anticipates additional PRA supervisory expectations that will further develop existing requirements and strengthen the Group's risk-management capabilities for managing climate-related financial risks.</li> </ul>

## Managing our business responsibly continued

### Climate-related financial disclosures

#### Risk management

The Group has established risk frameworks and policies which incorporate the approach to managing Climate change risk. Climate change risk is governed through existing risk governance structures, including reporting to the ERC and monitoring for any new regulation through established horizon scanning processes.

Disclosure	Approach and 2025 progress	Looking forward
Our processes for identifying and assessing climate-related risks	<ul style="list-style-type: none"> <li>Climate change has been recognised as a principal risk within the Group. The identification and assessment of this risk remain integrated and embedded within existing risk management frameworks.</li> <li>Assessment of climate-related impacts are based on transactional and portfolio level as well as through stress testing and scenario analysis for a longer-term view.</li> <li>The potential impacts of the risks are assessed against the established hierarchy contained within our risk frameworks, covering potential financial, regulatory/reputational impact, business disruption, customer impacts and the emerging regulatory landscape.</li> </ul>	<ul style="list-style-type: none"> <li>The Group is actively developing its scenario analysis capabilities, and future climate stress testing will be developed internally, to support a bespoke approach.</li> <li>The Group will continue to develop its understanding of climate risk, to ensure compliance with the PRA's requirements for capital assessment for climate risk, standards and other forthcoming regulations.</li> </ul>
Our processes for managing climate-related risks	<ul style="list-style-type: none"> <li>The Group uses established processes to support the management of climate-related risks, which include monitoring and reporting of data through the climate change working group and governance committees, driving ownership of Climate change risk to enable regulatory developments to be understood.</li> <li>Risks are governed through existing risk governance structures, including reporting to the ERC. All risks are reported collectively to enable the Executive Committee and the Board to understand and consider the scale and breadth of the Climate change risk profile.</li> <li>To strengthen ownership of climate risk and ensure regulatory developments are understood, the Group will continue to evolve its approach by engaging with industry best practices and external forums.</li> </ul>	<ul style="list-style-type: none"> <li>As the landscape continues to mature around climate, the Group will continue to develop its risk capabilities, to support and achieve its climate ambitions.</li> </ul>
How our processes for identifying, assessing and managing climate-related risks are integrated into overall risk management	<ul style="list-style-type: none"> <li>Climate change risk is embedded within the Group's existing risk frameworks, with clear ownership, accountability, and quantitative metrics reported through the ERC and BRC. Physical and transition risks are managed through the Operational and Credit Risk Frameworks, covering identification, assessment, prioritisation, mitigation, and scenario analysis outputs.</li> </ul>	<ul style="list-style-type: none"> <li>The Group will continue to embed climate change considerations into its risk-management practices, with a particular focus on building awareness and understanding of climate-related risks across its employees to strengthen further its climate-risk management.</li> </ul>

## Managing our business responsibly continued

### Climate-related financial disclosures

#### Metrics and targets

The Group seeks to understand and quantify its climate-related risk exposures so that, working alongside its customers and clients, it can minimise the financial risks associated with the transition to a low-carbon economy and the potential impacts of climate change on the business.

Individual climate-related risks continue to be monitored at the appropriate levels across the Group; the table provides an aggregated portfolio-level view. This consolidation does not result in any loss of material climate-risk information.

Disclosure	Approach and 2025 progress	Looking forward
The metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process	<ul style="list-style-type: none"> <li>Each business area has metrics which are aligned to the Group's risk appetite and are reported to the ERC monthly. These metrics included vehicle emissions for our Vehicle Finance business and flood risk for our Real Estate Finance portfolio. Further details of these can be found on pages 63 to 65.</li> <li>In 2025, the Group undertook a comprehensive review of its climate-related metrics so that the measures reported across governance committees remain relevant, robust, and aligned to each business line. A decision was taken to reduce Vehicle Finance climate reporting due to business being wound down. The Group continues to assess applicable risks and vehicle emissions for the existing fleet.</li> </ul>	<ul style="list-style-type: none"> <li>The Group will continue to develop metrics and measurements aligned to regulatory requirements and any potential changes within each business function.</li> </ul>
Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas ('GHG') emissions, and the related risks	<ul style="list-style-type: none"> <li>The Group continues its partnership with the PCAF, to access previously unavailable data points, and enabling reporting of financed emissions across its Real Estate Finance and Commercial Finance lending portfolios as well as for its purchased goods and services and capital goods.</li> <li>In 2024, we achieved our target of reducing direct CO<sub>2</sub> equivalent ('CO<sub>2</sub>e') emissions by 50% (compared to the 2021 baseline). In 2025 a Energy Savings Opportunity Scheme ('ESOS') Phase 3 Action Plan was implemented, which included the delivery of a small number of residual initiatives to reduce further CO<sub>2</sub>e emissions.</li> </ul>	<ul style="list-style-type: none"> <li>The Group will continue working on enhancements to the availability and quality of data to support future calculations of emissions.</li> </ul>
The targets used to manage climate-related risks and opportunities and performance against targets	<ul style="list-style-type: none"> <li>The Group achieved a 68% reduction in Scope 1 and Scope 2 CO<sub>2</sub>e emissions by December 2025, compared to the 2021 baseline. The total reduction in Scope 1 and Scope 2 CO<sub>2</sub>e emissions reduced from 445.7 to 143.4 tonnes CO<sub>2</sub>e. Further details can be found on page 61.</li> <li>Each of the Group's business metrics are reported alongside appropriate thresholds. This means the Group has a clear line of sight across each business giving governance committees' appropriate information and insight into Climate change risk.</li> <li>While the Group is not setting a further emissions-reduction target at this stage, we remain committed to supporting the UK Government's ambition and will continue to maintain and build on the progress and improvements already achieved.</li> </ul>	<ul style="list-style-type: none"> <li>The Group will continue to monitor its metrics and will develop its targets in line with its own climate ambitions and the external environment.</li> </ul>

#### Stress testing/scenario analysis

To understand the potential implications climate change can have on the Group, the Group undertakes annual scenario assessments to help assess the level of risk from climate change. Each business area has undertaken scenario analysis (see pages 63 to 65) proportionate to its risk profile, time horizons, and relevant plausible scenarios, with outputs reviewed at least every three years. This analysis has enhanced the Group's understanding of key risk drivers.

The scenarios are linked to the Bank of England's Climate Biennial Exploratory Scenarios ('CBES') that are based on those developed by the Network for Greening the Financial System and are designed to support central banks to bring greater consistency and comparability to stress testing exercises. Two routes to meeting net zero carbon dioxide emissions targets by 2050 were considered: an 'Early Action Scenario' and a 'Late Action Scenario'. The former assumes early intervention to tackle the challenge of climate change, which results in a smoother transition, while the latter assumes a more acute fallout due to the lack of action. The outcomes from the scenarios undertaken indicate that currently there is no significant impact to Expected Credit Losses ('ECLs') due to climate change factors and the Group is resilient across the scenarios assessed. The results will be factored into the Group's 2026 ICAAP. The Group plans to develop further in 2026 the scenario analysis undertaken and will continue to use the results to identify climate change risks/opportunities and how they may influence our business plans in line with change in regulatory requirements.

## Managing our business responsibly continued

### Climate-related financial disclosures

#### Climate risk management – how we identify, assess and manage climate-related risks

Climate risk is managed as part of the Group's EWRMF, as outlined on page 56. The EWRMF provides the tools and guidance needed for the consistent assessment and management of climate-related risks, providing alignment with the overall risk management approach.

The effective management of risk is a key part of the Group's strategy and is underpinned by its 'Risk Aware' value. The Group identifies climate risk as one of its principal risks details of which can be found in Principal risks and uncertainties (pages 30 to 39).

This includes both the transitional risk to our strategy and any physical risks arising from climate change that could impact the calculation and valuation of assets and liabilities.

In 2025, climate related RCSA workshops were conducted to support business areas in the identification and assessment of climate related risks. No new material climate-related issues were identified during the annual review. The table shows an aggregated view of climate risks for the Group which have been assessed as low. Further climate related business risk details can be found on pages 63 to 65.

Given the low climate risk rating disclosed, the Group's approach to climate risk is proportionate to the scale and nature of its activities. Climate change and its management are a key part of the Group's Environmental, Social and Governance strategy.

Addressing climate risk and its environmental, economic, and social impacts is critical, and our ongoing work to assess related risks and opportunities remains a key focus for the Board and senior management.

The Group continued to assess climate-related risks and opportunities in 2025, making good progress. Further details can be found of page 57. This has enabled the Group to align both its business and climate objectives.

During the year, we have developed a better understanding of climate risk, strengthening clear accountability and management. Further details can be found for each business on pages 63 to 65.

As members of UK Finance and PCAF, we will continue to engage with industry and policymakers to drive progress, stay informed on climate developments, and collaborate with peers.

#### Summary of climate change risks

Climate-related risks are identified and assessed through the Group's Operational and Credit Risk Frameworks. A summary of these risks is as follows:

Climate-related risks	Business unit	Short <sup>1</sup>	Medium <sup>1</sup>	Long <sup>1</sup>	Assessment
<b>Physical</b> The risk that the impacts of climate change such as severe weather interrupt our internal operations and/or supplier chain.	Group-wide			☑	Low
<b>Transitional</b> Failure to meet evolving climate industry standards, customer expectations and regulatory requirements.	Group-wide	☑			Low
<b>Transitional</b> There is a risk that the impacts of climate change could adversely affect the value of collateral resulting in the failure to achieve business objective, financial loss and potential regulatory censure.	Commercial Finance and Real Estate Finance		☑	☑	Low

Note:

1. Short-term 0-5 years, medium-term 5 to 10 years, long-term 10 + years.

## Managing our business responsibly continued

### Climate-related financial disclosures

#### GHG emissions

##### Scope 1, 2, and 3 GHG emissions

In 2025, the Group maintained its reduced Scope 1 and 2 emissions and continued to measure and report Scope 3 financed emissions. The Group also improved the quality and completeness of underlying data to support more consistent measurement and observed a reduction in financed emissions across all portfolios.

Measure	2025 CO <sub>2</sub> e tonnes	2024 CO <sub>2</sub> e tonnes	Further details
Scope 1, Scope 2 and Scope 3 (excluding categories 1, 2 and 15) CO <sub>2</sub> e emissions	249.8	307.4	See below
Scope 3 (1) Purchased goods and services; and (2) Capital goods	3,005.9	3,399.9	Page 62
Scope 3 (15) Financed Emissions	223,763.0	639,300.0	Page 62
<b>Total Scope 1, Scope 2 and Scope 3 CO<sub>2</sub>e emissions</b>	<b>227,018.7</b>	<b>643,007.3</b>	

Measure	2025 kwh	2024 kwh	Movement %
Scope 1 – Building energy: gas consumption	57,971	65,926	(12.1)
Scope 1 – Business travel: Group-leased vehicles	142,095	242,895	(41.5)
Scope 2 – UK electricity consumption	561,350	625,582	(10.3)
Scope 3 – Business travel: employee-owned vehicles	148,319	94,502	56.9
<b>Total energy consumption</b>	<b>909,735</b>	<b>1,028,905</b>	<b>(11.6)</b>

Strengthening the Group's reporting capabilities will remain a key focus in 2026 as the regulatory landscape continues to mature.

The following tables set out the Group's energy consumption and CO<sub>2</sub>e emissions for 2025 in accordance with TCFD guidance and the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013, and the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018.

We have calculated emissions using the GHG Protocol Corporate Accounting and Reporting Standard (revised edition).

GHG consumption and emissions are reported as single totals, by converting them to the equivalent amounts of kWh and CO<sub>2</sub>e respectively, using emission factors from the government's GHG Conversion Factors for Company Reporting 2025.

All energy consumption and emissions relate to the UK and cover all Group entities and, therefore, are aligned with the financial reporting of the Group.

Measure (Location-based emissions <sup>1</sup> )	2025 CO <sub>2</sub> e tonnes	2024 CO <sub>2</sub> e tonnes	Movement %
Scope 1 – Direct emissions from the combustion of fossil fuel	44.3	68.8	(35.6)
Scope 2 – Indirect emissions from purchased electricity	99.1	129.5	(23.5)
Scope 3 – Indirect emissions from the value chain – (see page 62 for categories included)	106.4	109.1	(2.5)
<b>Scope 1, Scope 2 and Scope 3 (excluding categories 1, 2 and 15) CO<sub>2</sub>e emissions</b>	<b>249.8</b>	<b>307.4</b>	<b>(18.7)</b>

Measure: Total emissions excluding financed emissions per £ million Group operating income	2025	2024	Movement %
Group operating income (£ million)	213.5	203.9	4.7
<b>Environmental intensity indicator</b>	<b>1.2</b>	<b>1.5</b>	<b>(20.0)</b>

Note:

1. Location-based emissions are calculated by multiplying electricity consumption for all sites by the government's conversion factor for UK electricity.

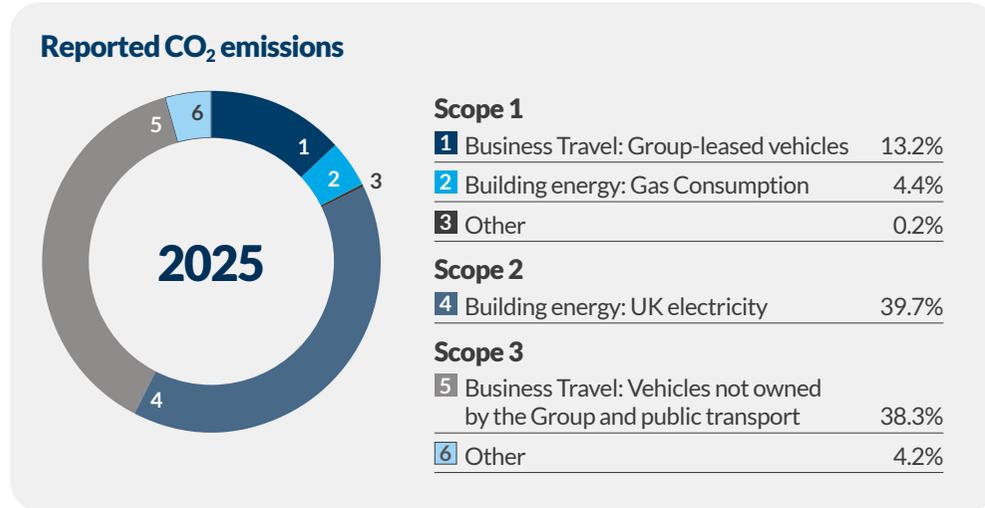
- Scope 1 emissions result from activities owned and controlled by the Group. These are direct emissions that include the combustion of natural gas for heating buildings and fuel for Group-leased vehicles.
- Scope 2 emissions are indirect emissions generated from purchased electricity for the Group's activities but occur at sources that the Group does not own or control.
- Scope 3 emissions are indirect emissions generated by the Group's activities but occur at sources that the Group does not own or control up and down the value chain. Details of which categories are included in the 2025 and 2024 results are included on the following page.

Data relating to Scope 1, Scope 2 and Scope 3 (excluding categories 1, 2 and 15) CO<sub>2</sub>e emissions have been assured by a third party.

# Managing our business responsibly continued

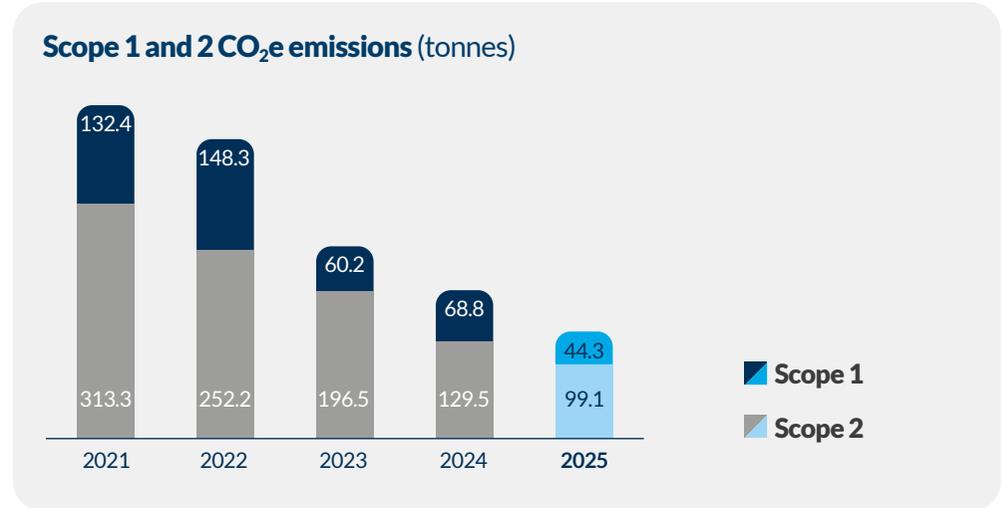
## Climate-related financial disclosures

### Scope 1, Scope 2 and Scope 3 (excluding categories 1, 2 and 15) CO<sub>2</sub>e emissions



Total CO<sub>2</sub>e emissions from these categories have been reduced to 249.8 tonnes CO<sub>2</sub>e. This represents an 18.7% decrease against equivalent emissions reported in 2024.

- Electricity emissions decreased by 23.5% (30 tonnes CO<sub>2</sub>e), following the closure and sale of our old head office, the downsizing of our Reading office and the implementation of a range of energy efficiency measures at our Solihull, Cardiff and London offices.
- Company car emissions decreased by 41.5% (23 tonnes CO<sub>2</sub>e), supported by the ongoing reduction of our company car fleet throughout the year.
- Emissions from business travel by plane decreased 31.7% (19 tonnes CO<sub>2</sub>e). Although more short haul European flights were made, fewer business class long-haul flights were undertaken.
- Emissions from business travel by train and taxi increased by 32.5% (5 tonnes CO<sub>2</sub>e) and emissions from business travel by private car increased by 50.9% (12 tonnes CO<sub>2</sub>e). This was mainly driven by an increase in face-to-face meetings at our London office and an increase in travel between our Cardiff and Solihull offices to support the management of our dual- location teams.



We set out to reduce emissions from 446 tonnes CO<sub>2</sub>e to 223 tonnes CO<sub>2</sub>e by December 2025. After delivering an extensive programme of measures over the past four years, we have now surpassed this goal by bringing our Scope 1 and 2 emissions down to 143.4 tonnes CO<sub>2</sub>e. This reflects a 68% reduction compared with our 2021 baseline.

- Closing four premises and downsizing a further two.
- Switching to 100% renewable electricity and installation of solar panels at our two main offices.
- Implementing a major energy efficient refit at our head office, including the removal of all gas appliances.
- Implementing a range of energy efficiency measures to reduce our gas and electricity consumption across all sites.
- Phasing out all petrol and diesel company cars and switching many from plug in hybrid to electric vehicles.

### Market-based electricity emissions

Market-based electricity emissions reporting allows companies to report zero CO<sub>2</sub>e emissions for premises that receive 100% renewable electricity.

As all except one of our premises are powered by 100% renewable electricity, our market-based electricity emissions for 2025 are 0.1 tonnes CO<sub>2</sub>e for electricity, 140.4 tonnes CO<sub>2</sub>e for total emissions and our intensity ratio is 0.7 tonnes CO<sub>2</sub>e / £1 million annual income.

# Managing our business responsibly continued

## Climate-related financial disclosures

### Scope 3 CO<sub>2</sub>e emissions categories

The Group has assessed the relevance and materiality for each category of Scope 3 emissions within the table below.

Scope 3 category	Status
1 Purchased goods and services	2
2 Capital goods	2
3 Fuel and energy-related activities (not included in Scope 1 or Scope 2)	1
4 Upstream transportation and distribution	1
5 Waste generated in operations	1
6 Business travel	1
7 Employee commuting	3
8 Upstream leased assets <sup>1</sup>	4
9 Downstream transportation and distribution	4
10 Processing of sold products	4
11 Use of sold products	4
12 End-of-life treatment of sold products	4
13 Downstream leased assets	4
14 Franchises	4
15 Investments (Financed emissions)	2

Note:  
1. All material emissions from the leased assets are included in Scope 1 and 2 emissions.

**Key**

1	Included in Scope 3 reporting on page 61
2	Separately disclosed on this page
3	Not reported
4	Not applicable to the Group

### Scope 3 financed emissions

In 2025, the Group continued its work to validate the baseline for financed emissions associated with our key lending portfolios.

Financed emissions are the indirect emissions attributable to the Group due to the financing we provide to our customers.

	2025 CO <sub>2</sub> e tonnes	2024 CO <sub>2</sub> e tonnes	Further details on page:
Vehicle Finance	67,830	87,900	63
Real Estate Finance	5,912	7,900	64
Commercial Finance	150,021	543,500	65
<b>Total financed emissions</b>	<b>223,763</b>	<b>639,300</b>	

The methodologies continued to be aligned to PCAF methodology to calculate emissions and have been internally validated by an independent team.

The financed emissions analysis for these lending portfolios follows the formula prescribed in the PCAF standard.

$$\text{Financed emissions} = \sum \text{Attribution factor} \times \text{Emissions}$$

### Scope 3 supply chain: purchased goods and services and capital goods

	2025 CO <sub>2</sub> e tonnes	2024 CO <sub>2</sub> e tonnes
Purchased goods (1) and services and capital goods (2)	3,005	3,400

This assessment has been undertaken using data from our core purchasing system and excludes any payments made outside of the system such as payments to intermediaries. The approach incorporates 84% (2024: 81%) of supplier spend, which captures our top 108 (2024: 100 suppliers). The approach used to calculate these emissions is shown below and the calculations have been validated internally.

$$\text{Purchased goods and services and capital goods} = \sum \text{Value of purchased goods or service} \times \text{Emission factor}$$

Emissions analysis follows the formula prescribed in the PCAF standard.

In 2026, we will be exploring the opportunity to use emissions data received directly from our top suppliers, which will improve the quality of our reporting.

### Forward look

The Group is well placed to support its customers as they transition to a low-carbon economy and continue to invest in internal expertise, engage with relevant bodies and to explore climate opportunities in its range of products.

# Managing our business responsibly continued

## Climate-related financial disclosures

### Retail Finance

Our Retail Finance business supports retailers in offering point-of-sale finance solutions to customers both in-store and online.

In 2025, Retail Finance continued to support the transition to a low-carbon economy through funding for home EV chargers and e-bike sales. The business is also exploring opportunities to expand into the wider renewable energy market.

#### Scope 3: Financed emissions

Given the nature and broad product range of the Retail Finance business and data availability, calculating Scope 3 financed emissions is not currently possible.

### Vehicle Finance

In July 2025, the decision was made to cease new lending in Vehicle Finance. This was followed by the announcement in December of the agreement to sell the Consumer Vehicle Finance business. As a result, the Vehicle Finance portfolio has been running down, with lending balances reducing to £390.8 million by the end of 2025 (further information can be found in Note 10 to the Financial Statements). The Group continued to assess and manage climate-related risks that were relevant to the current operations of the Vehicle Finance business. Due to selling the Vehicle Finance portfolio no forward looking analysis was necessary.

#### Metrics

Metric example	Key risk indicator	31 December 2025	Insight provided
Average CO <sub>2</sub> per Km per vehicle	Tracking	154	Trends of emission averages per vehicle

#### Scope 3: Financed emissions: 67,830 CO<sub>2</sub>e tonnes

**Attribution factor:** Outstanding loan value/original vehicle value

**Emissions:** Vehicle emissions annual Km x CO<sub>2</sub>Kg/Km

The Group continued to measure its Scope 3 emissions for our remaining portfolio of vehicles. Emissions were lower compared to 2024, largely due to a reduction in the volume of vehicles and no new business originating since July 2025.

## Managing our business responsibly continued

### Climate-related financial disclosures

#### Real Estate Finance

Our Real Estate Finance lends money against residential properties to professional landlords and property developers.

In Real Estate Finance, we continue to embed physical and transitional climate risks into credit assessments and lending decisions, supported by monthly monitoring of climate exposure and customer progress. Our lending remains aligned with energy efficiency standards and sustainable development. While our approach follows the current standards, we are aware of forthcoming government changes that the business will monitor.

Two key climate-related risks could affect the performance of the Real Estate Finance portfolio. The first is physical risk, particularly flooding, which could impact properties held as security. The second is transition risk, where property values may be affected by government-driven energy efficiency requirements. We track both monthly, as shown in the adjacent metrics. Over the year, exposure to properties below EPC C decreased by 4%, while exposure to high flood risk properties remained stable.

The Group has undertaken a review of a range of scenario assessments (as described on page 58), to help assess the longer-term level of risk. The analysis considered the potential economic implications of the transition to net zero and the most severe potential impacts of flooding on property values. The analysis showed that the Group's approach to surveying/valuing properties and the short-term nature of the lending facilities provided, enabled us to minimise any impact from flooding within the planning period and adapt lending policy to withstand the most severe longer-term economic impacts. The outcomes from the analysis indicate that currently there is no significant link to ECLs due to climate change factors.

#### Metrics

Metric example	Key risk indicators	31 December 2025 %	Insight provided
Energy Performance Certificate ('EPC')	Tracking		EPC risk exposure of the portfolio
• C or below		20.97	
• Above C rating		79.03	
Security value of properties in high/very high flood areas, divided by the total portfolio security value	> 8%	5.92	Understanding the impact on portfolio of flood risk

#### Scope 3: Financed emissions: 5,912 CO<sub>2</sub>e tonnes

**Attribution factor:** Outstanding loan value/Property value at loan origination

**Emissions:** Property emissions (Annual property Scope 1 and 2 emissions (tCO<sub>2</sub>e/year))

The business has improved its address match rate to 92.5% from 89% in 2024 of its databases for its climate assessment with the support of a new data provider.

## Managing our business responsibly continued

### Climate-related financial disclosures

#### Commercial Finance

The Group's Commercial Finance business provides asset-based lending across a broad range of sectors.

Climate-transition risks could affect the ability of our clients to service their lending. 2025 annual climate-specific risk assessments indicated that overall portfolio climate risk remains low, as reflected in the RCSA. This is further mitigated by the portfolio's short-term, self-liquidating facilities, secured primarily against receivables and stock. Commercial Finance's emissions data is expected to improve as more clients report emissions in their annual accounts. In parallel, we will continue working with PCAF to refine our methodology and strengthen the assumptions behind our data.

#### Metrics

Metric example	Key risk indicators	31 December 2025	Insight provided
Number of clients with a residual climate risk rating of 'high'	> 1	0	Enables clear understanding of a business' credentials and impact on the Group metrics

Properties contained within the Commercial Finance portfolio undergo scenario assessment using the same approach as the Real Estate Finance business. The outcomes from the analysis indicate that currently there is no significant link to ECLs due to climate change factors.

#### Scope 3: Financed emissions: 150,021 CO<sub>2</sub>e tonnes

**Attribution factor:** Outstanding loan value/Total equity + debt

**Emissions:** Company emissions (Company turnover x emissions factor (tCO<sub>2</sub>e/£) or disclosed emissions (tCO<sub>2</sub>/year))

Outputs for Commercial Finance are impacted by availability of data and timing of the calculation. There is a reliance on information in third parties' published accounts and emission factors from PCAF to calculate financed emissions.

Commercial Finance has seen an overall reduction in financed emissions since 2024. Several factors have contributed to this, including year-on-year reductions in emissions across a various borrowers and decreased reliance on the Group's funding within a few carbon-intensive industry sectors.

#### Operations

#### Disruption to the Group's and third-party suppliers' operational sites through climate change-related impacts, such as severe weather

The Group has reviewed the physical risks associated with the location of each of its operational sites. Similarly, we have consulted with our material suppliers about their contingency plans in the event of flooding or other severe weather. From the flood risk data and energy performance ratings of our internal sites, and the responses from our material suppliers, we do not consider there to be any material risks in the short term.

In strategic terms, these risks and their associated risk appetites will be assessed and can influence any proposed changes to our operational sites and the selection and onboarding processes for any new suppliers.

## Non-financial and sustainability information statement

The non-financial and sustainability information required to be disclosed is detailed below. Information about environmental matters, employees, social matters, respect for human rights and anti-corruption and anti-bribery matters is included in the 'Managing our Business Responsibly' section and certain other information is included by reference to the following locations in the Annual Report and Accounts:

Reporting requirement	Section	Pages
Description of principal risks and impact of business activity	Principal risks and uncertainties	30 to 39
Description of the business model	Our business model	5
Non-financial key performance indicators	Key Performance Indicators	13
Climate-related financial disclosures	Climate-related financial disclosures	54 to 65

Secure Trust Bank has a range of policies designed to support strong and effective governance across the Group. Throughout the year, these policies have been consistently applied, effectively implemented and have delivered the anticipated outcomes.

We ensure the effective implementation of our policies by fostering a culture of integrity and accountability, conducting regular review and communication of the policies, and their requirements and providing mandatory staff training where appropriate. The effectiveness of these policies is reviewed by our risk and compliance teams and Internal Audit. A summary of the Group's relevant key policies follows.

### People policies

#### Equity, Diversity and Inclusion Policy

Our Equity, Diversity, and Inclusion Policy promotes fair treatment, non-discrimination, and an inclusive work environment. The policy includes measures such as diversity training, reasonable adjustments, and support for employees with disabilities. It also emphasises the importance of respect, dignity, and compliance with relevant legislation like the Equality Act 2010. Our recent employee engagement survey scored very highly in areas related to inclusion demonstrating the effectiveness of these policies.

#### Health and Safety Policy

Our Health and Safety Policy ensures a safe and healthy working environment for all employees, customers, and visitors. It includes risk assessments, regular safety training, and compliance with health and safety regulations to prevent accidents and injuries. There were no material health and safety incidents during the year.

#### Conflicts of Interest Policy

Our Conflicts of Interest Policy ensures that all potential conflicts between personal interests and professional duties are identified and managed effectively. It includes guidelines for recognising, disclosing, and mitigating conflicts to maintain integrity and trust. The policy also outlines procedures for reporting and addressing conflicts to ensure transparency and ethical conduct.

#### Whistleblowing Policy

Our Whistleblowing Policy encourages employees to report any concerns about unethical or illegal activities within the organisation. It ensures confidentiality and protection for whistleblowers including the availability of an independent and confidential whistleblowing line. The policy outlines clear procedures for reporting and investigating such concerns to maintain integrity and transparency. During 2025, the Group received one whistleblowing report.

### Consumer policies

#### Credit Risk Management Policy Framework

We have a Credit Risk Management Policy Framework, which is comprised of a number of policies across the Group and individual business units to ensure responsible lending that is fair and appropriate to the customer's circumstances. The policy aims to protect customers and maintain the Group's financial stability.

#### Conduct Risk Policies and Framework

Our Conduct Risk Policies and Framework, ensure that the Group has an effective framework to prevent poor outcomes for customers and to operate with integrity in the financial markets. The oversight of these policies has been enhanced during the year with the establishment of a Customer and Conduct Risk Committee who have oversight of relevant areas and monitor metrics to ensure the policies are operating effectively and any issues identified promptly.

## Non-financial and sustainability information statement continued

### Product Governance Policy

This policy outlines the governance we implement to ensure products and services are designed to meet the needs, characteristics, and objectives of the identified target market, enabling, and supporting retail customers to pursue their financial objectives. The effectiveness of these policies has been monitored through our consumer duty dashboards.

### Financial Promotions Policy

Our Group Financial Promotions Policy ensures that all marketing and promotional materials are clear, fair, and not misleading. It complies with regulatory standards to protect consumers and maintain trust.

### Climate policies

#### Environmental Policy

The Company's Environmental Policy commits to minimising the environmental impact of its operations by reducing Scope 1 and 2 emissions by 50% from 2021 to 2025. This reduction was achieved in 2024 and 2025 saw a further improvement, with a reduction of 68% from 2021. The policy emphasises sustainable practices, such as energy efficiency, waste management, and resource conservation. Overall, the policy reflects the Group's dedication to environmental stewardship and sustainability.

### Financial Crime policies

#### Financial Crime Policy

The Financial Crime Policy provides a consistent, coherent, and proportionate approach to deterring, detecting, preventing, and reporting all types of financial crime across the Group.

#### Anti-Bribery and Corruption Policy

Our Anti-Bribery and Corruption Policy establishes strict guidelines to prevent bribery and corruption within the organisation. It includes procedures for reporting and investigating suspected bribery and corruption and ensuring compliance with legal and ethical standards.

#### Market Abuse and Inside Information Policy

The Market Abuse and Inside Information Policy outlines the procedures for preventing market abuse and managing inside information. The policy ensures compliance with UK Market Abuse Regulations and emphasises the importance of integrity and transparency in financial markets.

### Human right policies

#### Modern Slavery Policy

The Modern Slavery Policy outlines the Group's commitment to combating modern slavery and human trafficking. It includes measures for preventing these practices within its operations and supply chain, emphasising a zero-tolerance approach. No incidents of Modern Slavery have been identified within the Group or its supply chain.

#### Group Data Protection Policy

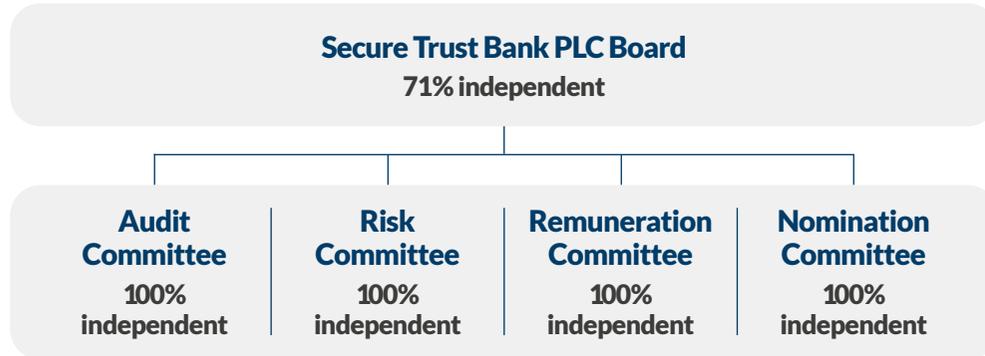
Our Group Data Protection Policy outlines the Group's commitment to complying with the UK GDPR and the Data Protection Act 2018. It details the principles of data protection, including lawful processing, individual rights, and security measures.

The Strategic Report was approved by the Board on 11 March 2026 and signed on its behalf by:

**Ian Corfield**  
Chief Executive Officer

## Governance at a glance

### Committee structure



### 2025 meeting attendance

Board member	Board	Audit Committee	Nomination Committee	Risk Committee	Remuneration Committee
Ann Berresford <sup>1</sup>	13/13	6/6	6/6	5/5	-
Jim Brown	13/13	-	6/6	-	7/7
Steve Colsell <sup>2</sup>	9/9	4/4	3/3	-	-
Ian Corfield <sup>3</sup>	5/5	-	-	-	-
Julie Hopes	12/13	5/6	6/6	-	7/7
Rachel Lawrence	13/13	-	-	-	-
David McCreadie <sup>4,5</sup>	7/8	-	-	-	-
Victoria Mitchell	13/13	-	6/6	5/5	7/7
Paul Myers	12/13	-	6/6	5/5	7/7
Finlay Williamson	13/13	6/6	6/6	5/5	-

#### Notes:

- Ann Berresford stepped down from the Board, Audit, Risk and Nomination Committees on 30 December 2025.
- Steve Colsell was appointed to the Board, Audit and Nomination Committees on 12 June 2025, he was appointed to the Risk Committee on 30 December 2025.
- Ian Corfield was appointed to the Board on 8 September 2025 (he also attended three additional Board meetings in advance of his appointment, in his capacity as CEO designate).
- David McCreadie stepped down from the Board on 8 September 2025.
- David McCreadie did not attend a Board meeting convened to discuss the CEO succession.

### Board and Committee changes during 2025

#### June 2025

- Steve Colsell appointed a Non-Executive Director and a member of the Audit and Nomination Committees
- Ian Corfield appointed CEO designate

#### August 2025

- Paul Myers stepped down as designated Non-Executive Director for workforce engagement
- Victoria Mitchell appointed as designated Non-Executive Director for workforce engagement

#### September 2025

- David McCreadie retired as CEO and stepped down from the Board
- Ian Corfield appointed CEO and joined the Board

#### December 2025

- Ann Berresford retired from the Board and stepped down as Chair of the Audit Committee, Senior Independent Director and member of the Risk and Nomination Committees
- Steve Colsell appointed Chair of the Audit Committee and a member of the Risk Committee
- Julie Hopes appointed Senior Independent Director and Deputy Chair

### UK Governance Code compliance

The Company supports the principles of corporate governance as set out in the 2024 version of the UK Corporate Governance Code (the 'Code'), issued by the Financial Reporting Council ('FRC'), which can be found on the FRC website at [www.frc.org.uk](http://www.frc.org.uk).

The Company was compliant with the provisions of the Code throughout the year, however:

Ann Berresford was appointed to the Board on 22 November 2016 and, therefore, reached her nine-year tenure in November 2025. Ann stepped down from the Board, as Senior Independent Director, Chair of the Audit Committee and the other Committees she served on, from 30 December 2025 to enable a smooth transition of her responsibilities. This short period was not considered to impact her independence.

Under the Code, companies within the FTSE 350 should undertake an externally facilitated Board performance review every three years. Whilst the Company is not within the FTSE 350 and, therefore, does not have to comply with this provision, the Company has always undertaken this as best practice. This year, due to the changes within the Board, it was agreed to defer the externally facilitated review to 2026. This will enable a more informed view of how the Board and its Committees are working and deliver greater value from the external review. An internally facilitated performance review was undertaken for 2025, and further information can be found on page 80.

## Governance at a glance continued

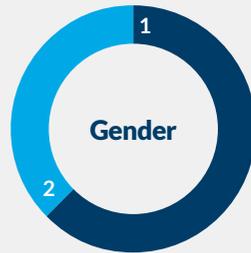
### Board and senior management composition

As at 31 December 2025

#### Board



1 Chair	1
2 Executive Directors	2
3 Independent Non-Executive Directors	5
<b>Total</b>	<b>8</b>

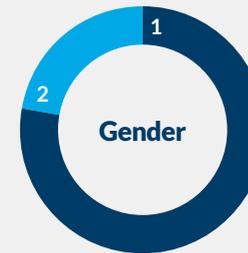


1 Male	5
2 Female	3
<b>Total</b>	<b>8</b>



1 White	8
<b>Total</b>	<b>8</b>

#### Senior management

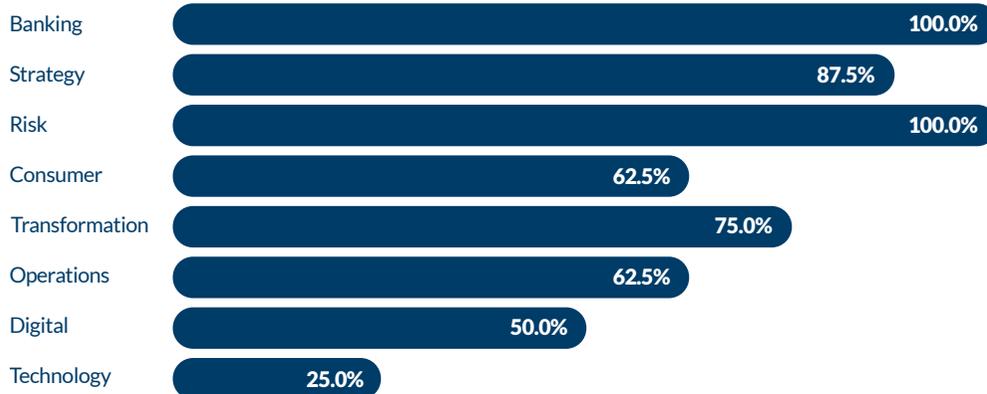


1 Male	7
2 Female	2
<b>Total</b>	<b>9</b>



1 White	9
<b>Total</b>	<b>9</b>

### Directors' skills and experience



### Non-Executive Directors' tenure<sup>1</sup>



Note:

1. Years as at 31 December 2025.

## Chair's introduction

### Effective and decisive leadership

**“The Board has taken decisive action to improve the Group's performance.”**

**Jim Brown**  
Chair



I am pleased to present our Governance report for the year ended 31 December 2025, which details how we have implemented the provisions of the UK Governance Code and provides information on our governance framework, how it has operated throughout the year and the outcomes it has driven.

#### Code compliance

The Company has been compliant with the Code throughout the year ended 31 December 2025. Further information on this, and some items to note are on page 68.

#### Effective leadership

It has been an exceptionally busy year for the Board. One of the most important roles of the Board is to oversee the executive management and to ensure and implement appropriate succession planning for the CEO role. This year we appointed a new CEO, Ian Corfield, to lead the Group in the next phase of its strategic development. This is a critical appointment to ensure the future success of the organisation and details of the recruitment process can be found in the Nomination Committee report on page 84. Ian has made a very strong start to the role and the Board look forward to working with him and the refreshed Executive team, to drive forward the Group's strategy.

As outlined in my opening statement, the Board have taken decisive action to improve the Group's performance, including the decision to cease lending within Vehicle Finance and the

subsequent sale of the consumer part of that business. Our stock funding business has not been sold and will continue to be run-off. Whilst these decisions were in the best interests of the Company and promoted its success for the benefit of shareholders and other stakeholders, they were difficult decisions to make and impacted our employees. Further information on this can be found on page 79 where we detail how we have considered stakeholder interests in our decision making.

The Board have approved a refreshed strategy, new medium-term targets and a new business plan, which includes investment in the continuing business areas to expand our product range into adjacent areas where we see strong growth potential.

The Board has also considered legal and regulatory developments relating to motor finance commissions and how these have impacted the Company including the additional provision recognised in 2025. The Board have overseen a robust response (supported by analysis of our data) to the consultation, including setting out how customers who received competitive finance were not harmed. The Board have also received regular updates from our operational team on the steps taken to prepare for implementing the redress scheme.

Full details of the activities undertaken by the Board during the year can be found on pages 76 to 78. Details of the Board changes during the year can be found on page 68 and in the Nomination Committee report on page 83.

#### Company's purpose, values and culture

The Company's purpose is to help more consumers and businesses fulfil their ambitions. We expect our culture and employees' behaviours to align with our six core values. Our employees' performance is measured against these values. The Board reviews how this culture is embedded across the organisation through reporting from our People, Risk and Compliance and Internal Audit teams providing a first, second- and third-line view of how our culture is embedded. The Board reviews various metrics within Board and Committee meetings to ensure our culture is consistently applied and aligned to our purpose and strategy.

#### Stakeholder engagement

Stakeholder engagement is a critical part of good governance and we continue to seek our stakeholders' views. We run regular engagement programmes with our major investors after the announcement of our interim and full-year results. We also engage on arising matters, for instance the trading statement in October and the additional provision recognised in relation to the FCA's motor finance redress scheme, which had an estimate of our potential maximum liability under the scheme as proposed.

I met with shareholders following the appointment of our new CEO and to discuss other individual matters throughout the year. Towards the end of the year, Ian Corfield, Rachel Lawrence and I also visited the US to meet with our major US-based shareholders in person.

## Chair's introduction continued

Julie Hopes, as Chair of the Remuneration Committee, engaged with shareholders and proxy advisers regarding our Directors' Remuneration Policy, which is due to be renewed at the 2026 AGM (see page 127 for further information). The Board is updated after each engagement.

Our executive management team primarily engage with our clients, particularly within our business units. This year, our new CEO also met with a number of clients and business partners to seek views on the business and help strengthen relationships. Finlay Williamson is our Consumer Duty Champion, and whilst this is no longer a FCA required role, we have retained this role, as we believe there is benefit in having a designated Non-Executive Director who engages on consumer matters on a more granular level.

The Group has also established an executive Customer and Conduct Risk Committee, whose primary objective is to oversee good customer outcomes and ensure high levels of customer service across the organisation. The Board receives regular updates on customer feedback and how we are discharging our duties to consumers, and monitors dashboards, tracking relevant metrics and the service provided to customers. During 2025 management reviewed how we measure our consumer outcomes, which included mapping all of our customer journeys and will lead to enhanced oversight and reporting.

This year, we have held more Board meetings in offices outside London and have held employee engagement sessions between Non-Executive Directors and employees within these offices. This was a particular focus of the Board given the level of change across the organisation and enabled employees to provide their views and ask questions directly to the Board. We appointed a new designated Non-Executive Director for employee engagement, Victoria Mitchell, who took over from Paul Myers when he stepped down from this role in August 2025. Victoria attends employee council meetings and provides feedback to the Board following each meeting. Our new CEO regularly visits our offices across the UK and has increased employee engagement hosting regular team briefings and seeking feedback and questions from employees. We run annual and pulse staff engagement surveys, and whilst we were disappointed with this year's results, a deterioration in scores is often experienced when there has been significant change and organisational restructures over the period. The focus will be on developing action plans to address the feedback received and continuing to support employees through this period of change.

Information on our engagement with all stakeholders is on pages 42 to 44 and how we consider stakeholders in decisions on page 79.

### Looking forward

Going forward, a key focus of the Board will be the effective oversight of our new strategic initiatives and ensuring they deliver the projected growth, and that the business performs in-line with expectations. The Board will continue to oversee the disposal of the consumer Vehicle Finance business through to migration and that associated cost efficiencies are delivered in-line with our plans. The Board will also monitor developments relating to the publication by the FCA of its rules for its redress scheme for motor finance commissions, any legal challenges to them and, once they come into effect, their implementation with the full cooperation of vehicle dealers and brokers.

I am looking forward to meeting with shareholders at the Company's AGM, which will be held on 14 May 2026 and this year will take place in Birmingham.

**Jim Brown**  
Chair

## Board leadership

### Board of Directors

**Jim Brown**  
Independent Non-Executive  
Director and Chair



Appointed as an Independent Non-Executive Director on 31 March 2024 and Chair on 16 May 2024. Chair of the Nomination Committee and member of the Remuneration Committee.

#### Skills and experience

Jim Brown is a banking professional with many years' experience, gained through a number of executive positions. He was Chief Executive Officer ('CEO') of Sainsbury's Bank and a member of the Sainsbury's Group Operating Board until his retirement from those roles at the end of March 2024. He is a Non-Executive Director on the Board of Just Group plc and is also an investor in, and adviser to, a number of Fintechs. Before this, Jim was the CEO at Future Williams & Glyn within The Royal Bank of Scotland ('RBS') Group (now NatWest Group plc) and prior to that he was CEO, Ulster Bank Group. He held a number of senior appointments within RBS and ABN AMRO in Asia and the Middle East and, earlier in his career, with Citibank and Chase AMP Bank.

#### Long-term contributions and reason for election

Jim Brown has extensive experience and a proven track record as a banking executive and brings substantial wholesale, commercial and retail banking experience to the Board. He has held executive roles managing both retail and commercial banking for over 35 years at country and regional level across multiple markets and various sized businesses. Much of his career has involved starting, growing and/or restructuring banks and businesses, as well as mergers and acquisitions. Jim also has significant stakeholder management experience including boards, regulators, rating agencies, investors, suppliers, industry bodies, professional firms, unions, politicians and media.

#### Other appointments include

Jim is a Non-Executive Director of Just Group plc.

**Ian Corfield**  
Chief Executive Officer



Appointed to the Board and as CEO on 8 September 2025.

#### Skills and experience

Ian Corfield has spent over 25 years working in financial services. He served as Chief Commercial Officer of NewDay Ltd from 2014 to 2023 where he helped build the Company into a leading financial services provider. Previously, Ian served as CEO of Aussie Home Loans and Business & Retail Banking at Bankwest, based in Australia, and prior to this he held a number of senior roles at HBOS Plc. Most recently, Ian has worked as an adviser to HM Treasury and a Specialist Partner at Flint Global, a regulatory and competition advisory firm.

#### Long-term contributions and reason for election

Ian brings a wealth of strategic, financial services and consumer finance expertise, with a focus on driving innovation in customer experience. This, coupled with his strong leadership skills and extensive track record of delivering profitable growth across organisations positions him well to successfully lead the Group and manage its day-to-day activities.

#### Committee membership

■ Nomination    ■ Audit    ■ Risk  
■ Remuneration    ■ Executive    C Chair

**Rachel Lawrence**  
Chief Financial Officer



Appointed to the Board and as Chief Financial Officer ('CFO') on 23 September 2020.

#### Skills and experience

Rachel Lawrence has considerable experience in financial services gained from a career spanning more than 20 years. She has held senior finance roles in Metro Bank PLC, where she was part of the original team that set up the bank, and Shawbrook Bank where she was part of the successful Initial Public Offering. Prior to joining Secure Trust Bank, Rachel was CFO at AIB Group (UK) plc. She brings considerable banking experience focused on high growth start-up organisations and wider financial services experience gained in asset management, life, pensions and general insurance. She is a qualified chartered management accountant.

#### Long-term contributions and reason for election

Rachel's considerable experience in finance and banking proves invaluable in her role as CFO. She has a deep understanding of the Group's businesses and strategy and has a strong track record of creating shareholder value.

## Board leadership continued

### Board of Directors

**Steve Colsell**  
Independent  
Non-Executive Director



Appointed to the Board on 12 June 2025 and as Chair of the Audit Committee on 30 December 2025. Member of the Risk and Nomination Committees.

#### Skills and experience

Steve has 40 years' experience within Financial Services, specialising in retail and commercial banking and insurance. During his executive career, he served as divisional CFO (Wealth, Asset Finance & International) of Lloyds Banking Group plc, CFO for Insurance and Investment at HBOS plc and Group Finance Director of Kensington Group PLC. Prior to this, he held a number of senior roles at Zurich Financial Services.

Steve also brings extensive non-executive experience and is currently the Chair of OneFamily and a Non-Executive Director of Pepper Money Group where he also Chairs the Audit and Risk Committees. He was previously a Non-Executive Director of Quilter Financial Planning where he chaired the Audit Committee, Starling Bank and St James's Place PLC.

#### Long-term contributions and reason for election

Steve's career has given him significant experience in Financial Services as well as a Non-Executive Director. His wealth of accounting, risk and regulatory experience, combined with a strategic mind-set and proven leadership skills make him a strong addition to the Board and an excellent Chair of the Audit Committee.

#### Other appointments include

Steve is Chair of OneFamily and a Non-Executive Director of Pepper Money Group.

**Julie Hopes**  
Senior Independent Director  
and Deputy Chair



Appointed to the Board on 24 October 2024, as Chair of the Remuneration Committee on 31 December 2024 and as Senior Independent Director and Deputy Chair on 30 December 2025. Member of the Audit and Nomination Committees.

#### Skills and experience

Julie Hopes has over 30 years' experience in financial services, having served in a number of senior roles at RSA plc, before becoming Managing Director of Insurance at Tesco Bank until 2013. She was previously a Non-Executive Director of Saga plc where she chaired the Remuneration Committee and Saga Services Ltd. Julie was also the Senior Independent Director and Deputy Chair of West Bromwich Building Society and a Non-Executive Director of MS Amlin Underwriting Limited, where she chaired the Risk and Solvency Committee. Prior to this, she was Chair of Police Mutual, and a Non-Executive Director and Chair of the Risk Committee of Co-Operative Insurance.

#### Long-term contributions and reason for election

Julie's background has given her experience in remuneration, governance, risk, finance, accounting and corporate strategy. She is an experienced Chair, with a strong customer focus and her skills and experience make her an ideal Chair of the Remuneration Committee. The insights she has gained from her career mean that she is a strong Senior Independent Director and an excellent addition to the Board and Committees she serves.

#### Other appointments include

None.

#### Committee membership



**Victoria Mitchell**  
Independent  
Non-Executive Director



Appointed to the Board on 1 November 2023. Member of the Remuneration, Risk and Nomination Committees. Victoria is the Non-Executive Director designated for workforce engagement and the Chair of the Employee Council.

#### Skills and experience

Victoria Mitchell has many years of banking experience, gained predominantly during a 20-year career with Capital One (Europe) plc, during which she served as Chief Legal Counsel, Chief Risk Officer and Chief Operating Officer. Victoria is the Senior Independent Director of Vocalink Limited, where she chairs the Risk Committee and is a member of the Audit, Remuneration and Nomination Committees.

Victoria was previously a Non-Executive Director and member of the Remuneration and Risk Committees of the West Bromwich Building Society. She also served as a Non-Executive Director at Lookers plc, which gave her considerable insight into the Motor Finance industry. She was a member of the Audit and Risk, Remuneration and Nomination Committees throughout her tenure at Lookers plc, was Chair of the Remuneration Committee from April 2021 to September 2022 and was Chair of Lookers Motor Group Limited. Victoria was also a member of the Audit and Risk Committee, Nomination and Governance Committee and Chair of the Financial Services Board at N Brown Group plc.

#### Long-term contributions and reason for election

Her background has given Victoria vast experience in risk, remuneration, governance, corporate strategy, and finance, particularly, motor finance. This experience makes her a valuable addition to the Remuneration, Risk and Nomination Committees.

#### Other appointments include

Victoria is the Senior Independent Director of Vocalink Limited where she also chairs the Risk Committee and is a member of the Audit, Remuneration and Nomination Committees.

## Board leadership continued

### Board of Directors

#### Committee membership

 Nomination	 Audit	 Risk
 Remuneration	 Executive	 Chair

**Paul Myers**  
Independent  
Non-Executive Director



Appointed to the Board on 28 November 2018 and as Chair of the Risk Committee on 31 March 2020. Member of the Remuneration and Nomination Committees.

#### Skills and experience

Paul Myers has many years of banking experience, gained initially in Barclays, where he spent 24 years in a variety of retail banking roles. He was part of the small team that founded and built Aldermore Bank, where he served as Chief Operating Officer, Corporate Development Director and on the Board as an Executive Director. Paul had a wide range of responsibilities at Aldermore, including IT, operations, transformation, marketing and digital as well as building and developing the retail and SME savings operations. Paul also has previous experience as CEO of a FinTech new banking venture, GKBK Limited. Paul is an Associate of the Chartered Institute of Bankers.

#### Long-term contributions and reason for election

Paul's career has given him a wide range of experiences and responsibilities, including IT, operations, transformation, marketing and digital across retail and business banking. His insight into banking, and particularly IT and operations, provide a unique viewpoint that complements the Board and the Committees he serves well. His broad experience positions him well as Chair of the Risk Committee.

#### Other appointments include

None.

**Finlay Williamson**  
Independent  
Non-Executive Director



Appointed to the Board on 30 June 2021 and as Consumer Duty Champion on 27 October 2022. Member of the Audit, Risk and Nomination Committees.

#### Skills and experience

Finlay Williamson is a qualified accountant with many years of banking experience, gained initially at RBS (now NatWest Group plc) and then at Virgin Money Holdings (UK) plc, where he was CFO prior to the IPO. Finlay was previously a Non-Executive Director at Paragon Banking Group PLC, where he was a member of the Audit Committee and chaired the Group and Bank Risk Committees.

#### Long-term contributions and reason for election

His career has given Finlay experience in retail, SME and auto finance banking, as well as real estate domain experience. He also has experience of corporate acquisitions and subsequent integrations, with significant experience of change and transformation. Finlay has developed good relationships with the Financial Conduct Authority and Prudential Regulatory Authority during his career, and is up to date with their priorities and processes. He also has prior appointments on plc Boards and Committees. The skills and experience he has gained from his career mean that he is a strong addition to the Board and Committees he serves.

#### Other appointments include

Finlay is currently the Chair of the Audit Committee and Senior Independent Director of Hampden & Co PLC.

# Governance framework

## The Board – Roles and responsibilities

The Board has a schedule of matters specifically reserved for its attention, which can be found on our website ([www.securetrustbank.com/corpgov](http://www.securetrustbank.com/corpgov)) and a summary of the key items can be found below:

- Setting the Group's purpose, culture and values
- Establishing the Group's strategy and objectives
- Overseeing the Group's operations and management
- Setting the Group's Risk Appetite and maintaining an effective system of internal controls and risk management
- Approving the annual budget
- Approving the capital allocation, dividend payments and other uses of capital or changes to the Group's capital structure
- Deciding major acquisitions, disposals and investments
- Approving significant capital projects, expenditure and borrowings
- Approval of annual or interim accounts, and certain regulatory reports/plans
- Board appointments, the appointment or removal of the Company Secretary and ensuring appropriate succession planning for the Board and senior management

### Chief Executive Officer ('CEO')<sup>1</sup>

- Proposes the strategy and ensures its execution
- Runs the business within the delegated authorities, risk management and internal control frameworks
- Builds and maintains an effective management team

### Non-Executive Chair<sup>1</sup>

- Leads the Board and is responsible for its overall effectiveness and good governance practices
- Works with management and Independent Non-Executive Directors to develop and implement the Group's purpose, strategy and culture
- Engages with stakeholders and ensures their views are understood by the Board and decisions consider their interests

### Chief Financial Officer ('CFO')

- All aspects of financial and capital reporting and the integrity thereof
- Supports the CEO in the execution of the strategy
- Leads on financial and capital planning

### Senior Independent Director<sup>1</sup>

- Acts as a sounding board for the Chair
- Leads the Chair's performance appraisal and succession
- Available to shareholders and Board members, should they have concerns not resolved through normal channels

### Independent Non-Executive Directors

- Contribute to, and constructively challenge management on, the development and implementation of the strategy and firm's culture
- Establish the Board's risk appetite and monitor the control framework
- Oversee the achievement by management of the purpose and strategic aims of the Group
- Constitute the Board's Governance Committees

### Executive Committee

- Operates under the authority and direction of the CEO
- Formulates and proposes strategy to the Board and oversees the successful execution thereof
- Oversees the day-to-day management of the Group

### Risk Committee

- Board Committee comprises four independent Non-Executive Directors
  - Responsible for overseeing all elements of risk management across the Group and the oversight of the ICAAP and ILAAP and the Group's Compliance function
- Read further information on its activities on page 93

### Audit Committee

- Board Committee comprises three independent Non-Executive Directors
  - Responsible for overseeing financial reporting and external and internal audit
- Read further information on its activities on page 86

### Remuneration Committee

- Board Committee comprises three independent Non-Executive Directors and the Board Chair who was independent on appointment
  - Responsible for overseeing the remuneration of Executive Directors, senior management and Group-wide remuneration policies
- Read further information on its activities on page 97

### Nomination Committee

- Board Committee comprises all independent Non-Executive Directors and is chaired by the Chair of the Board
  - Recommends changes to the structure of the Board, oversees succession planning for the Board and senior management
- Read further information on its activities on page 83

### Executive Risk Committee

Responsible for the day-to-day management of all elements of the Group's risk management and compliance

### Assets and Liabilities Committee

Responsible for implementing and controlling the liquidity and asset and liability management

Note:

1. There is clear division of responsibilities between the Chair, CEO and Senior Independent Director, which are set out in writing and available on the Company's website: [www.securetrustbank.com/corpgov](http://www.securetrustbank.com/corpgov)

# Corporate Governance report

## Board activities

The Board held eight scheduled meetings in 2025, and five additional meetings were held for matters that were urgent or needed consideration before the next scheduled Board meeting. The Board also held a one-and-a-half-day strategy session, which was attended by all Directors and members of senior management. The Directors' attendance at Board and Committee meetings is detailed on page 68. Should a Director be unable to attend a meeting they review the papers and raise any questions in advance of the meeting. The Chair engages with the absent Director before and after the

meeting to ensure their views are represented at the meeting and that they are briefed on the meeting outcomes. The Chair meets with the Non-Executive Directors in a short session before each Board meeting and engages regularly with all Directors outside of formal meetings. Non-Executive Directors also met with senior members of management on an individual basis. The Senior Independent Director has met with other Directors to evaluate the Chair's performance and consider relevant matters.

At each meeting the Board receives an update from the CEO and CFO, which includes a detailed management information pack providing an overview of Company performance. The Committee Chairs, including the Chair of the Employee Council and the Consumer Duty Champion, provide updates to the Board. Various members of the firm's senior management team attend part, or all, of the Board meetings, and this includes the General Counsel, who attends all meetings to advise on legal and regulatory considerations.

A summary of the principal items considered during the year and their outcomes are in the table below, together with the impacted stakeholder groups and strategic priorities these discussions related to. The Board has also reviewed, challenged and approved documents including the Group's results, ICAAP, ILAAP, Recovery and Resolution plans, Solvent Exit Analysis, Money Laundering Reporting Officer's report, AGM Notice, Modern Slavery Statement, Operational Resilience Self-Assessment and certain material contracts.

Item	Outcome	Stakeholder group	Strategic priorities
<b>Strategic</b>			
Group strategy	Throughout the year, the Board has overseen a project to refresh the Group's strategy, looking in detail at each of the business divisions, including performance, the markets in which they operate, competitive advantage, potential product expansion and detailed business plans with the objectives of accelerating growth and returns to shareholders. Following this work, the Board approved expansion into adjacent products within Business and Retail Finance and a new Group strategy with revised strategic objectives and medium-term targets. Further information on this is on page 11.	S C E B R	
Vehicle Finance	During the course of the strategy refresh, the Board made the difficult decision to cease lending within the Vehicle Finance business. This was due to the projected length of time and growth in market share required to ensure the division was profitable, combined with the greater growth potential and higher returns for shareholders provided by the Group's other business divisions. At the end of the year, the Board approved the sale of the legacy Consumer Vehicle Finance business. This will release capital to invest in higher returning business divisions and facilitate potential returns to shareholders. In addition, the sale of the business removed additional complexity across the Group and enables greater focus on the continuing businesses.	S C E B R	
Approval of 2026 budget and funding plan	The Board reviewed and challenged the annual budget and funding plan for 2026. The proposed budget was then updated to account for the additional provision taken following the FCA's consultation on the proposed redress scheme for motor finance commissions and, following this update, it was approved by the Board.	S E R	

**Key**

Customers	Shareholders and investors	Business partners	Simplify	Leverage networks
Employees	Regulators	Communities and society	Enhance customer experience	Enabled by technology

## Corporate Governance report continued

### Board activities

Item	Outcome	Stakeholder group	Strategic priorities
IT strategy	The Board reviewed and approved a new Group-wide IT strategy, which is aligned to the Group's refreshed strategy and sets the Group's target IT architecture. The key objectives of the IT strategy are to support business growth, reduce costs and harness our data assets.	S C E B	
ESG strategy	The Board conducted an annual review of the current ESG strategy, deciding that no changes were required ahead of its refresh in-line with the Group's business strategy planned for early 2026.	S C E R W	
Industry M&A	The Board received updates on developments within the industry, valuations of peer firms and reviewed M&A and consolidation in the sector.	S E	
Retail Finance strategy	The Board considered longer-term opportunities within the Retail Finance business and approved an investment to analyse these further and develop appropriate business cases to ensure the continued growth of the business.	S C E	
Collections strategy	The Board have continued to focus on oversight of the performance of collections in Vehicle Finance, following the FCA's Borrowers in Financial Difficulty review, with the project having been completed in 2025 and the Group's wider collection strategy.	S C R	
Update on motor finance commissions	The Board received regular updates on the legal and regulatory developments relating to motor finance commissions, including the Supreme Court's judgment and the FCA's consultation on a redress scheme. Following the publication of the consultation, the Board approved an additional provision for potential redress and costs associated with administering the scheme as proposed. Further information on this can be found on pages 180 and 181. The Board has focused on ensuring a robust response (supported by data analysis) to the consultation was submitted by the Company and that the Company is operationally prepared to administer the scheme once it comes into effect.	S C E B R	
<b>Performance</b>			
Business unit spotlights	At each meeting, the Board receives an update from individual business units on a rotational basis. These updates cover the performance of the business unit, growth plans and pipeline, strategic initiatives, customers, competitive landscape and the management team.	S C E	
Consumer Duty	The Board reviewed reports on the Group's compliance with Consumer Duty and the outcomes provided to consumers throughout the year, together with any changes or action plans to improve consumer outcomes. The Board challenged areas identified for improvement and reiterated the need to ensure their timely implementation.	C R	
Operations spotlight	The Board undertook a deep-dive on the Group's Operations function including team structure and performance, key initiatives and longer-term plans to continue to enhance customer journeys, through increased functionality, enhanced customer service, and leveraging technology for efficient operations. The Board expressed support for management's proposals.	S C E B R	
ESG updates	The Board receive regular updates on the Group's ESG strategy and review the ESG dashboard twice per year, which tracks progress across key metrics including, climate action, acting responsibly, equity, diversity and inclusion, customer trust, education and skills and communities and charities.	S C E R W	
Strategic programmes update	The Board received updates on strategic projects across the Group, including how these were being governed, implementation plans and progress thereon, and key risks to the successful completion of the projects. A number of key projects have been successfully completed during the year.	S C E R	
Health and Safety	The Board reviewed an update on the health and safety performance of the Group and requested that a further update be provided to the Board following completion of a few actions identified as requiring remediation within the Group's offices.	E	

## Corporate Governance report continued

### Board activities

Item	Outcome	Stakeholder group	Strategic priorities
<b>Governance</b>			
Culture	The Board received updates from the Chief People Officer on our culture and people related matters including a focus on the results of the employee engagement survey, management follow-up actions and employee dashboards. The Board also considered the equity, inclusion and diversity strategy and the updated employee value proposition.	S E R	   
Risk	Following the development of a refreshed strategy and approval of business plans, the Board reviewed the Group's Risk Appetite Statement ('RAS') in early 2026. Whilst there were no material changes proposed to the RAS, the Board approved some amendments to the wording of appetite statements and agreed revised metrics further aligned to the new strategy. During the year, the Board undertook a review of the top-down risks, considered and agreed emerging risks and approved the enterprise-wide risk management framework.	S C E R	   
CEO succession	The Board undertook a CEO succession process during the year and, in-line with the recommendation from the Nomination Committee, appointed Ian Corfield as the Group's new CEO, replacing David McCreadie who retired from the Board.	S C E R	   
Board appointment and role changes	The Board approved the appointment of Steve Colsell as a Non-Executive Director and member of the Audit and Nomination Committees in June 2025. This recruitment was part of the succession planning for the Chair of the Audit Committee, as Ann Berresford reached her nine-year tenure in November 2025 and retired from the Board on 30 December 2025. With effect from 30 December 2025, the Board approved the appointment of Steve Colsell as Chair of the Audit Committee and a member of the Risk Committee, and the appointment of Julie Hopes as Senior Independent Director and Deputy Chair.	S E R	   
Governance structure	The Board approved changes to the Group's governance structure, which included the creation of a new Customer and Conduct Risk Committee, replacing the Non-Financial Risk Committee and the removal of the Strategic Change and Investment Committee. The new Customer and Conduct Risk Committee has been established to oversee that conduct towards customers is aligned with the vision, purpose, values and strategy of the Group and has responsibility for the oversight of operational delivery and non-financial risk management.	S C E R	   
Defence strategy	The Board reviewed and agreed its defence strategy, in the event of an unrecommended bid for the Company.	S E	

#### Key

**C** Customers

**S** Shareholders and investors

**B** Business partners



Simplify



Leverage networks

**E** Employees

**R** Regulators

**W** Communities and society



Enhance customer experience



Enabled by technology

## Corporate Governance report continued

### Stakeholder consideration in our decision making

#### S.172 legal duties

Section 172 of the Companies Act 2006 requires the Directors to act in the way that they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so, have regard (among other matters) to:

- i. the likely consequences of any decision in the long term;
- ii. the interests of the Company's employees;
- iii. the need to foster the Company's business relationships with suppliers, customers and others;
- iv. the impact of the Company's operations on the community and the environment;
- v. the desirability of the Company maintaining a reputation for high standards of business conduct; and
- vi. the need to act fairly as between members of the Company.

#### How we consider stakeholder interests

The Company's section 172 statement of compliance can be found on page 44, together with an overview of our stakeholders, their priorities, how we engage with them and outcomes during the year for each stakeholder group.

The Board considers stakeholder interests and views, and discusses how any decisions will impact the different stakeholder groups. Our Executive Summary template for Board and Committee papers includes dedicated summary sections on customer and other stakeholder considerations, designed to ensure relevant issues are identified and escalated for review and challenge.

Stakeholder interests need to be embedded across all levels of the organisation to help to ensure the appropriate escalation of stakeholder considerations through the Group's governance framework. Our culture, values, governance framework and training all help to support this.

Stakeholders can have different and sometimes competing interests, priorities and views, and these need to be balanced with each other and within the wider duty of the Board to promote the long-term sustainable success of the Company and act in accordance with our regulatory obligations. Not all decisions can deliver the desired outcomes for all stakeholders.

Below are two examples of how stakeholder interests have been considered in Board decision making.

#### Vehicle Finance

In July 2025, the Board announced its decision to cease lending in its Vehicle Finance division and further, in December, announced the sale of the Consumer Vehicle Finance business. These were challenging decisions due to the impact on our employees. The Board considered the performance of the business, which had underperformed against management expectations and had been loss making. The underperformance had been compounded in recent years due to operational challenges, resulting in a high level of impairments within the business. This had materially impacted returns generated by the Group and increased volatility of performance.

The Board considered various potential options which could improve the returns generated, however, the Vehicle Finance business would have required significant time, growth in market share and further investment of capital to achieve profitability. Through the review it was identified that higher returns could be generated by investing capital in the Group's other business divisions.

The Board considered the impact on employees, customers and business partners together with shareholder's views and interests. Ultimately, the Board decided that the cessation of lending in Vehicle Finance and then its sale to LCM Partners' funds, best promoted the sustainable success of the Company in the long term and were in the best interests of shareholders. The Group undertook due diligence on LCM Partners to be confident of good outcomes for customers and no detriment in service.

The Board reviewed and agreed internal and external communication plans and the employee engagement process and emphasised

the need to support employees throughout the process. The Board received information and updates on the support provided and feedback from employees during the consultation processes. The Board engaged directly with groups of employees in the Solihull office after the announcement was made.

#### Directors Remuneration Policy

Every three years the Company is required to seek approval from shareholders, of its Directors Remuneration Policy and this approval is being sought at the 2026 AGM. Our Remuneration Policy is designed to promote the long-term sustainable success of the business, which is in the interests of all stakeholders. In developing the policy the Remuneration Committee considered:

- views of shareholders, employees and proxy advisers;
- the pay and policies in operation for all employees;
- that there was alignment with the Company's culture and values;
- the need to retain and incentivise the Executive Directors who are critical to the delivery of the Group's strategy and performance;
- that performance metrics were sufficiently challenging; and
- that variable remuneration would not reward excessive risk taking.

We engaged with major shareholders and proxy advisers to understand their views on our remuneration structures and proposed changes to them. There was broad support for our proposals. The Directors Remuneration Policy, which is recommended to shareholders for approval at the 2026 AGM, can be found on pages 116 to 127.

## Corporate Governance report continued

### Board effectiveness

#### Board performance review

Historically, whilst not subject to the relevant provision of the Code, which only applies to companies within the FTSE 350, the Board has always undertaken an externally facilitated Board performance review every three years. As the last externally facilitated review was undertaken in 2022, the Board would normally undertake an external review in 2025. However, due to the Board changes, including a new CEO appointed in September 2025 and a new Senior Independent Director and Chair of the Audit Committee, both appointed in December 2025, the Nomination Committee agreed that greater value would be derived from undertaking an externally facilitated review during 2026. This would enable the changes to fully embed and provide the opportunity for a more forward-looking review. An internal performance review was undertaken in respect of the 2025 performance year, and the process and outcomes are outlined below.

01

#### Provider selection

A small number of platform providers submitted proposals for the annual performance review, with the Company Secretary making a recommendation to the Nomination Committee who approved the final selection.



02

#### Process approval

The Nomination Committee provided input to, and agreed, the proposed process for the performance review, including the scope of reporting and the content of the individual questionnaires for the Board and its Committees.



03

#### Questionnaires

The final questionnaires were made available to Directors on the BoardClic platform and duly completed by the Board and key stakeholders. The questionnaires used a mix of standard questions, enabling these to be benchmarked against peers, and bespoke questions relevant to the Company.



04

#### Reporting

Following completion of the questionnaires, the Chair and Company Secretary reviewed the outcomes and prepared reports for the Board and each of its Committees, which were discussed at relevant meetings and formal action plans agreed. The Chair also met with individual Directors, and the Senior Independent Director with the Chair, to discuss performance.

#### Outcomes

The 2025 Board performance review demonstrated that the Board was operating effectively and there were a number of areas that received particularly high scores and positive feedback. This included the Board's focus on strategy and long-term value creation, oversight of strategic implementation, ensuring views of stakeholders are understood and considered in decision making and that the Chair promotes open discussion, which leverages the Board's collective knowledge and experience.

There were also a number of improvement indicators identified in the report which included the need to ensure a clear strategy for leveraging technological innovation, improve talent management and succession and the need to focus on Board composition with an improvement in diversity and additional experience of business banking.

#### Update on 2024 actions

A key action identified from last year's performance review was the need to strengthen relations between Board and management and broaden the Board's exposure to talent across the Group. There has been good progress in this area with greater focus on informal engagement and bringing a wider range of talent into formal Board meetings. We have held Board meetings in different offices across the UK and the Non-Executive Directors have engaged with employees in these locations.

Board oversight of strategic initiatives and market developments has improved throughout the year. However, the 2025 evaluation identified the need to consolidate and enhance reporting on these matters.

The 2024 performance review also identified actions in relation to the development of a revised people strategy and culture dashboard. These have not been fully implemented due to the need to ensure the People strategy is aligned with the revised Group strategy and due to changes in the Executive team. This will be a priority for 2026 and will be led by our new Chief People Officer.

#### 2025 actions

- Following the onboarding of a new Chief People Officer revise the Group's People Strategy and refresh the executive succession planning following the changes to the executive team.
- Oversee the development of a revised Data Strategy and oversee the effective implementation of both the IT and Data Strategy and consider further opportunities for technological innovation.
- Improve Board materials particularly concise reporting on strategic change projects and market/business intelligence.

## Corporate Governance report continued

### Board effectiveness

#### Induction process

New Directors are supported in their role by a formal tailored induction process, which is designed to provide a comprehensive introduction to the Company to enable them to effectively discharge their duties. The induction programme is comprised of meetings with key senior management and external advisers/stakeholders, together with a tailored documentation pack including access to previous Board and relevant Committee packs and minutes, where appropriate. During the year inductions were held for Steve Colsell and Ian Corfield, as Ian Corfield joined as CEO designate he received a wider induction, and a summary of the induction programmes is provided below. In addition, Ian Corfield and, on his appointment as Chair of the Audit Committee, Steve Colsell are Senior Managers under the Senior Management and Certification Regime ('SMCR') and, therefore, a formal documented handover and meetings were held to transition the Senior Management functions in-line with the Group's Senior Management Handover Policy.

Meeting with	Topics for discussion	Related documents
Board and Nomination Committee Chair	Recent key Board and Nomination discussions, decisions and priorities, views on the Group and management and views of key stakeholders. Board and executive succession plans.	Previous Board and Nomination Committee packs and minutes. Board governance documents including matters reserved, forward agendas, Committee Terms of Reference.
CEO	Overview of the Group's purpose, strategy, values and culture. Recent developments within the business and views of stakeholders.	Group strategy and values, shareholder register and perceptions study.
CFO	The Group's financial performance, financial plans, prudential risks and recent developments across the CFO's areas of responsibility.	Current budget, funding plan, latest management information pack and various prudential risk documents including the ICAAP and ILAAP.
Chair of Audit Committee	Recent discussions of the Audit Committee and key areas of focus.	Previous Committee packs and minutes, and external and internal audit documentation (as in relevant sections below).
Chair of Remuneration Committee	Recent discussions of the Remuneration Committee and key areas of focus.	Previous Committee packs, minutes and remuneration policies.
Chair of Risk Committee	Recent discussions of the Risk Committee and key areas of focus.	Previous Committee packs, minutes and risk documentation (as in risk section below).
Business unit Managing Directors	Overview of respective business units, route to market, key clients and the team. Update on recent business performance, initiatives and key priorities and, if relevant, Consumer Duty.	Latest business spotlights reports, performance reporting and Consumer Duty dashboards.
Chief Operating Officer	Overview of team and areas of responsibility together with key priorities and challenges across each of the functions and updates on key projects.	Latest operational reports and project updates.
Chief Risk Officer	Group's risk appetite, principal risks and enterprise-wide risk management framework ('EWRMF'). Overview of Credit Risk and the management thereof, including overview of credit risk models. The wider team and key priorities and challenges.	Risk appetite statement, risk register, EWRMF and recent risk reports.
Company Secretary	Overview of Group legal structure, governance and operational matters for the Board and its Committees. Key priorities and areas of focus for the Board, its Committees and the Company Secretariat team. Overview of the Company's share schemes.	Group structure, governance documentation, previous Board and Committee packs, Market Abuse policies and procedures, share plan summaries and rules.
Chief People Officer and Head of Reward	Overview of firm's culture, employee benefits and structures. Recent employee initiatives and key priorities for the team.	Remuneration policies and people dashboards.
Head of Compliance	Overview of compliance monitoring plan, recent compliance reporting, including engagement with regulators. Key priorities and challenges for the team.	Compliance monitoring plan and issues identified, compliance update reports and senior management responsibilities map.
General Counsel	Executive governance structure and sustainability strategy. Overview of the legal team and its key priorities and challenges.	Governance Manual and Sustainability Strategy.

## Corporate Governance report continued

### Board effectiveness

Meeting with	Topics for discussion	Related documents
Chief Internal Auditor	Internal Audit plan and progress thereon including summary of recently issued reports and outstanding management actions. Views of control environment and cultural alignment. Overview of Internal Audit structure and team (co-sourced function).	Internal Audit Plan, recent Internal Audit reports, and the Internal Audit Charter.
External Auditors	Introduction and overview of team. Update on the external audit plan including overview of key audit risks and engagement with management. View of culture and internal control environment.	External Audit Plan.
Office visits	Visits to key offices.	
<b>CEO only</b>		
Strategy and Corporate Development Director	Overview of Group strategy, key strategic projects and initiatives, the team and key priorities, investor relations and the Group's capital position.	ICAAP, Recovery and Resolution plans and project updates.
Group Treasurer	Overview of liquidity and funding in the Company, the team and key priorities, and an overview of the Assets and Liabilities Committee.	ILAAP and funding plan.
Money Laundering Reporting Officer ('MLRO')	Overview of financial crime requirements and future developments, policies, processes and practices, the team and key priorities and issues.	Financial crime policy and standards, MLRO report, Modern slavery policy and statement, anti-bribery and corruption policy and standards.
Compliance and People Team	Overview of SMCR across the organisation.	Senior Manager Roles and Responsibilities map and SMCR-related policies and procedures.
Non-Executive Directors	Meetings to discuss views of the Group, key priorities and issues and recent Board discussions.	
Company brokers	Overview of Company's shareholder base and views of shareholders and the market on the Company and management. Briefing on Market Abuse regulations.	Latest shareholder report, analyst notes, shareholder perceptions study and Market Abuse Regulation summary.
Legal advisers	Overview of legal and regulatory framework applicable to the Company including directors' obligations in a listed Company.	Briefing on legal duties and obligations.
PR advisers and Head of Communications	Media training, communications strategy and recent engagement and projects.	
Senior management	Meeting with various members of senior management to understand their roles and responsibilities and views on the business.	
Remuneration consultants	Update on, and views of, remuneration policies and practices within the Group.	Remuneration policies.

### Training

Directors receive training and education through external courses and seminars, and also through mandatory training and briefing sessions, which may be provided by external advisers and have included briefings on regulatory developments such as provision 29 of the Code, industry trends and market views. Directors continued to deepen their understanding of the business through Board deep dives, covering each business unit as well as updates from key Group functions including Operations, Risk, Compliance and Internal Audit. From 2026, all Directors will be required to also complete online training in-line with employees. All Directors have access to the services of the Company Secretary, who advises the Board on governance matters, and Directors are able to obtain independent advice, at the Company's expense, where this is necessary to discharge their duties effectively.

## Nomination Committee report

### Statement by the Chair of the Nomination Committee

## Ensuring a strong and effective Board

**“This year the Committee, and the Board, have overseen and implemented the succession plans for the CEO.”**

**Jim Brown**  
Chair



I am pleased to present the report of the Nomination Committee (the ‘Committee’) for the year ended 31 December 2025, which provides an overview of the Committee and the work it has undertaken during the year.

### CEO succession

One of the most important roles of the Board is to appoint and oversee the Group’s CEO. This year the Committee, and the Board, have overseen and implemented the succession plans for the CEO. In June 2025, we announced the retirement of David McCreadie and the appointment of Ian Corfield as his successor. David stepped down from, and Ian was appointed to, the Board and as CEO effective 8 September 2025. Information on the recruitment process can be found on page 84.

The Committee and Board were delighted to have appointed Ian Corfield as CEO and he brings a wealth of experience within retail and business banking, strong leadership skills and extensive strategic experience with a deep focus on customers and delivering good customer outcomes. He has made a strong start to the role and the Board are pleased with the progress he has driven since his appointment.

### Board changes

There have been a number of other Board changes overseen by the Committee during 2025. In June 2025, we announced the appointment of Steve Colsell as an independent Non-Executive Director and member of the Audit and Nomination Committees. Steve is an experienced CFO who brings extensive non-executive and chair experience and has been an excellent addition to the Board.

On 31 October 2025, we announced that Ann Berresford, who has served on the Board for nine years, would step down as a Director on 30 December 2025. Ann also held the roles of Chair of the Audit Committee, Senior Independent Director and member of the Risk and Nomination Committees.

The Nomination Committee implemented its succession plans for these key roles, and appointed Julie Hopes as Senior Independent Director and Deputy Chair, and Steve Colsell Chair of the Audit Committee. Given the interaction between the Audit and Risk Committees, Steve Colsell also replaced Ann as a member of the Risk Committee to continue the close co-ordination between the Risk and Audit Committees.

In addition, during the year, Paul Myers stepped down as the designated Non-Executive Director for workforce engagement and, therefore, as Chair of the Group’s Employee Council. Victoria Mitchell was appointed to both roles and the rotation of these roles ensures a broader range of Directors have direct engagement with employees.

### Diversity

In 2024, the Board adopted a revised diversity policy (as detailed on page 85), which includes consideration of diversity in its widest sense and set ambitions for Board diversity aligned to the listing rules namely; that 40% of the Board are comprised of female directors, there should be at least one female director in a Board leadership position and that there should be one director from an ethnic minority. As at 31 December 2025, 38% of the Board was comprised of female directors and there were two female directors in Board leadership positions, including our CFO and Senior Independent Director.

The Board has not met the ambition to have one director from an ethnic minority. As part of its succession processes, the Committee considered candidates from minority ethnic backgrounds during 2025. However, determined that alternative candidates were better suited to those roles, due to relevant sector experience and the skills and attributes required.

As detailed within the Board performance review section on page 80, the Board have identified the need to review the composition of the Board. Specifically to further deepen the Board’s experience in business banking, aligned with the Group’s refreshed strategy and improve diversity. As part of that search process the Nomination Committee will require diverse lists of candidates to be considered and ethnicity will be a key consideration in recruitment.

### Outlook

Following the appointment of a new CEO and a refresh of the Executive Committee, succession planning for the Group will be a key focus during the year.

The Committee will continue to review the composition of the Board in order to ensure that it has the right composition of skills, experience and diversity to drive forward the Group’s refreshed strategy.

It has been a busy year for the Committee, and I would like to thank the Committee’s members for the commitment and diligence they have shown throughout the year and to the members of the management team who have helped support the work of the Committee.

**Jim Brown**  
Chair

## Nomination Committee report continued

### Committee Governance

The Committee met six times during the year and members' attendance is summarised in the table on page 68.

Meetings of the Committee were attended during the year by the Chief Executive Officer, Company Secretary and Chief People Officer to present their reports and answer questions from the Committee as required.

The Chair of the Nomination Committee reports to the Board on the outcome of Committee meetings and any recommendations to the Board agreed by the Committee. Where appropriate full Committee minutes are provided to the Board at the next meeting. The Company Secretary acts as Secretary to the Nomination Committee.

The UK Governance Code states that a majority of members of the Committee should be independent Non-Executive Directors. The Committee membership, which is comprised of all of the independent Non-Executive Directors on the Board and chaired by the Board Chair, who was independent on appointment, complied with this Code provision throughout 2025.

### Key responsibilities

The Nomination Committee is responsible for considering the structure, size and composition of the Board; the retirement and appointment of Directors, including Executive Directors; succession planning for the Board and senior management including the development of a diverse succession pipeline; and making recommendations to the Board on these matters. The Committee's roles and responsibilities are covered in its Terms of Reference, which were reviewed during the year and are available on our corporate website ([www.securetrustbank.com/corpgov](http://www.securetrustbank.com/corpgov)).

### Conflicts of interest

The Company's Articles of Association permit the Board to consider and authorise situations where a Director has an actual or potential conflict of interest in relation to the Group.

All Directors are required to disclose to the Board any outside interests that may conflict with their duties to the Group (including any related party transactions). The Board has a formal system to record potential conflicts and, if appropriate, to authorise them. Conflicts of interest are included as a standing agenda item at each Board and Committee meeting.

When authorising conflicts or potential conflicts of interest, the Director concerned may not take part in the decision making.

### Key activities during the year

#### Board and Committee composition

The Committee reviewed the composition of the Board and its Committees during the year, focusing on the skills, experience and diversity of the Directors and taking into account all relevant governance requirements and best practice. As reported last year, the Committee had identified the need to focus on Board and Committee succession planning, particularly in relation to key roles within the Board and had commenced the recruitment process for two additional Non-Executive Directors. The first focus was succession planning for the Chair of the Remuneration Committee, which concluded in 2024 with the appointment of Julie Hopes. The second recruitment process concluded in June 2025 with the appointment of Steve Colsell, who was appointed Chair of the Audit Committee on 30 December 2025. The Nomination Committee will keep under review the composition of the Board during 2026 to ensure that the Board has the right skills and experience in line with the refreshed strategy.

### Board succession and recruitment

#### Non-Executive Director – Steve Colsell

The Nomination Committee appointed Per Ardua Associates Limited ('Per Ardua') to assist with the search for an additional Non-Executive Director. Per Ardua is a member of the Association of Executive Search Consultants ('AESC') and is committed to the AESC's Code of Professional Practice. With the exception of previous recruitment activities, Per Ardua had no other connections to the Company, senior management or the individual Directors prior to their appointment.

The Committee and Per Ardua developed candidate profiles, with due consideration of the Board's skills matrix and required experience for the roles. Per Ardua presented a long-list of diverse candidates, which was reviewed by the Committee and developed into a short list, with regular updates provided where additional candidates were identified. The Committee established an interview panel consisting of the Chair, the then Senior Independent Director and Chair of the Remuneration Committee. Other Directors and key stakeholders met with the preferred candidate, prior to the Committee recommending the appointment of Steve Colsell to the Board.

### CEO – Ian Corfield

The Committee oversees succession planning for the Board and senior management roles and keeps under review both internal and external candidates available in the market.

Succession planning is an ongoing process and Russell Reynolds ('RR') had been engaged to assist in longer-term succession planning and to undertake an external talent benchmarking and market mapping exercise. RR is a member of the Association of Executive Search Consultants ('AESC') and, with the exception of previous recruitment activities, had no other connections to the Company, senior management or the individual Directors.

The market mapping identified a small number of individuals who had the requisite skills, experience and cultural alignment to provide succession options for CEO role. In anticipation of a potential transition, the Committee Chair and members of the Committee met with a number of individuals identified as potential succession options and considered outcomes of leadership assessments undertaken.

Following David McCreddie's decision to retire, the Committee selected a preferred candidate and undertook further meetings and referencing before recommending Ian Corfield as CEO.

## Nomination Committee report continued

### Director re-election

In line with governance requirements, all Directors stand for annual re-election at the Company's Annual General Meeting. Each Director's performance, including the results of the annual Board performance review, independence, potential conflicts and ability to commit sufficient time to the Company is considered by the Committee, which recommends to the Board their re-election. Each Director also undertakes a detailed fitness and propriety assessment each year in-line with the Group's obligations under the Senior Management and Certification Regime.

### Management succession

The Nomination Committee reviewed the succession plans for members of the Executive Committee and talent development across the organisation, with a particular focus on changes due to the organisational redesign undertaken in 2024. The Committee considered talent mapping across the Group and initiatives undertaken to further develop talent, which included the creation of a Development Centre for senior leaders in partnership with Heidrick and Struggles.

### Board and Committee performance review

The Committee agreed the process for the 2025 internally facilitated review (further information on which can be found on page 80). The 2025 Committee performance review demonstrated that the Committee was operating effectively and particularly commended members ability to probe and challenge assumptions to get to the heart of the issue, the Committee's willingness to engage constructively on difficult matters, engagement with stakeholders, and committee members knowledge of the organisation and management team.

### Update on 2024 actions

The Committee has overseen executive capability, succession and talent development. However, due to a number of changes across the Executive management team this will continue to be a key area of focus, led by the new Chief People Officer. During 2025 the Board were on-boarded to the Group's new on-line training portal, enabling required training to be delivered on-line.

### 2025 actions

- In light of executive management changes update succession planning and talent management.
- Consider the composition and structure of the Committee and interaction with the work of the Remuneration Committee.
- Review the Board's skills, experience and succession planning and ensure its aligned with the new strategy.

### Board Diversity Policy

The Board is committed to promoting diversity, equity and inclusion in the boardroom and throughout the Group. The Board believes that promoting a culture that is diverse, inclusive and equitable creates a supportive, enjoyable and healthy working environment for our colleagues. It also enables the Group to make the most of the different backgrounds, experience and perspectives of our colleagues and best supports our customers to achieve their ambitions.

The Board is supportive of this culture and believes that a diverse Board brings a broad range of perspectives, insights and challenges, which drives effective decision making and enables us to better respond to our stakeholder's needs.

Appointments to the Board will be subject to a formal, rigorous and transparent procedure. Appointments and succession plans will be based on merit and objective criteria, recognising the benefits that diversity, in its widest interpretation, brings to the Board including in relation to gender, ethnicity, age, sexual orientation, disability, neurodiversity, socio-economic, educational and professional background, and geographic provenance.

When reviewing the Board composition, conducting searches for Board candidates, and making recommendations to the Board on appointments, the Nomination Committee will have due consideration of the benefits of diversity including, but not limited to, the factors outlined above, in order to enable the Board to discharge its duties and responsibilities effectively.

As part of the annual performance review of the effectiveness of the Board, Board Committees and individual Directors, the Nomination Committee will consider the balance of skills, experience, independence, knowledge and the diversity representation of the Board, how the Board works together as a unit, and other factors relevant to its effectiveness.

## Audit Committee report

### Statement by the Chair of the Audit Committee

## Robust controls through a period of change

**“The Committee has been focused on overseeing a robust internal control environment to underpin the sustainable growth of the business.”**

**Steve Colsell**  
Chair of the Audit Committee



I am pleased to present the report of the Audit Committee for the financial year ended 31 December 2025, my first as Chair.

I was appointed a member of the Committee in June 2025 and succeeded Ann Berresford as Chair at the end of 2025. I would like to extend my thanks to Ann for her support throughout the Chair transition and on behalf of stakeholders for her diligence and effective stewardship of the Committee throughout her tenure.

2025 has seen a period of strategic change across the Group, and the Committee has been focused on overseeing a robust internal control environment to underpin the sustainable growth of the business. A key element of the three lines of defence model operated by the Group (further information on which can be found on page 30) is our Internal Audit function, who are the third line, and oversight of Internal Audit is a key responsibility of the Committee. The Committee is responsible for approving the Internal Audit Plan and receives regular reports from the Chief Internal Auditor on progress against the plan, the outcomes of recent internal audits and updates on management actions, which have been a focus of the Committee to ensure closure of outstanding actions within agreed deadlines. The Committee also reviewed Internal Audit's assessments of the effectiveness of governance and control frameworks, and the extent to which colleague behaviour reflects the Group's values, recognising the relevance of these during ongoing strategic and operating-model change.

In January 2025, new Global Internal Audit Standards were issued by the Institute of Internal Auditors and the Committee considered the level of conformance with the new standards and any actions required to meet full compliance.

As part of this, the Committee approved a new Internal Audit Strategy and reviewed the essential conditions required to enable an effective internal audit function.

Safeguarding the integrity of our financial disclosures and monitoring the financial reporting process is another key responsibility of the Committee. The Committee has reviewed the Group's financial and narrative reporting in the Annual Report and Accounts for the year ended 31 December 2025 as well as the half-year ended 30 June 2025. The Committee has challenged management's approach to the accounting judgements and estimates applied particularly in relation to our expected credit loss models and the impact on the Company's impairment and coverage provisions, items classified as exceptional, provisions held for potential commission related redress of Vehicle Finance customers and the agreed sale of the Consumer Vehicle Finance business and disclosures for discontinued operations.

The Committee has again spent significant time during the year considering legal and regulatory developments relating to motor finance commissions. Following the publication of the FCA's consultation on the proposed redress scheme for motor commissions, which was towards the extreme end of outcomes previously expected, we increased our provision in October 2025 by £16.4 million. As at the end of the year we held a provision of £21.5 million, based on our probability weighted scenarios. If the FCA scheme were implemented exactly as proposed, the Group would expect to increase the provision for redress by a further £6 million. This has been reviewed and challenged by the Committee and further information is on page 89.

In July, we announced our decision to cease lending within our Vehicle Finance business and in December announced the agreement to sell the Consumer Vehicle Finance business,

with the transaction completing in early 2026. The Committee focused on the accounting treatment of the transaction and how the sale was reflected in the Annual Report and Accounts for the year ended 31 December 2025, given completion occurred after the year-end and the complexities involved in the transaction. Further information on this can be found on page 89.

The Committee is responsible for overseeing the independence of the Group's External Auditor, Deloitte LLP ('Deloitte') and during 2025, the Committee closely monitored the transition of the External Audit Partner from Neil Reed to Kieren Cooper. Deloitte are approaching the conclusion of their eighth year of appointment and the Committee has assessed the quality and effectiveness of the external audit process. The Committee remain satisfied that the External Auditors continue to be effective and, therefore, recommend their reappointment to shareholders at the 2026 Annual General Meeting ('AGM').

The Committee retains oversight of the whistleblowing programme and I was appointed Whistleblowing Champion upon appointment as Chair of the Committee. The Committee regularly receives updates throughout the year regarding whistleblowing cases raised and reviews and approves the whistleblowing policy.

Finally, I want to express my thanks to the teams within the Group and externally who have supported the work of the Committee throughout the year, particularly during the transition of the Chair of the Committee.

I look forward to meeting with shareholders and discussing the Committee's activities at the AGM on 14 May 2026.

**Steve Colsell**  
Chair of the Audit Committee

## Audit Committee report continued

### Committee Governance

The Audit Committee met six times during the year and members' attendance is summarised in the table on page 68.

Meetings of the Committee were regularly attended during the year by the Chief Executive Officer ('CEO'), Chief Internal Auditor, Company Secretary, the Chief Financial Officer ('CFO') and senior members of the Finance team, as well as the External Audit Partner and senior members of the External Audit team. Other members of the Board also attended meetings at the invitation of the Committee. The Committee maintains a close and open dialogue with the External Auditor and Chief Internal Auditor, routinely holding private sessions with them following Committee meetings and as required between meetings.

The Chair of the Audit Committee reports to the Board on the outcome of Committee meetings and any recommendations arising from the Committee. The Company Secretary,

or their alternate, acts as Secretary to the Audit Committee. Minutes from the meetings are made available, as appropriate, to all Board members.

The Committee membership complied with the Code provision for independence throughout 2025. During 2025, Committee members Ann Berresford, Steve Colsell and Finlay Williamson were considered by the Board to have recent and relevant financial experience and the Audit Committee, as a whole, has competence relevant to the sector in which the Group operates. The Committee continues to work closely with the other Board Committees to ensure a consistent and streamlined approach to, and view of, key matters, which is supported by cross-memberships including the Chair of the Committee being appointed to the Risk Committee.

### Key responsibilities

The Audit Committee assists the Board in, among other matters, discharging its

responsibilities for financial reporting, including monitoring and reviewing the integrity of the Company's annual and interim financial statements, reviewing and monitoring the effectiveness and independence of the External Auditors, including advising on their appointment, reappointment, removal and remuneration. The Committee also oversees the effectiveness of the Company's internal audit activities, internal controls and risk management systems including the Company's whistleblowing framework. The ultimate responsibility for reviewing and approving the Annual Report and Accounts and the Interim Report remains with the Board. The Audit Committee reviews the Annual Report before submission to the Board for approval, and will consider whether taken as a whole, it is fair, balanced, and understandable and provides the information necessary for shareholders to assess the Company's position, performance, business model and strategy. The Audit Committee assists the Board in reaching its

conclusions by reviewing significant financial reporting judgements, including the going concern assumption and long-term viability of the Group and any material uncertainties, and assessing whether the narrative reporting in the Strategic Report accurately reflects the financial statements. The Audit Committee is supported in this assessment by an effective external audit and the assessment of internal controls by Internal Audit.

### Items considered by the Committee during the reporting period

Meetings of the Audit Committee are scheduled to align with key dates in the Group's financial reporting cycle. The Committee maintains a schedule of meetings with a forward-look agenda that facilitates the even distribution of items and the effective management of Committee time.

The principal matters discussed during the year, and up to the date of this report, are detailed in the table below.

Items considered	Outcomes
<b>Financial reporting</b>	For further information see page 89.
Annual and interim reporting	The Committee reviewed and recommended the approval of the Annual and Interim Reports to the Board, including that there were effective financial controls operating across the Group to safeguard their integrity and the accounting judgements and assumptions used in their preparation. The Committee reviewed and suggested changes to the annual and interim reports to ensure they provided a true and fair view of the Company's position and that they were fair, balanced and understandable.
Distributable reserves	Prior to the declaration of the interim and final dividends, the Audit Committee considered whether the Company had sufficient distributable reserves to pay a dividend and confirmed to the Board that there were sufficient distributable reserves.
Detecting fraud in financial reporting and prevention of bribery	The Committee reviewed the systems, controls and procedures for detecting management fraud in financial reporting and for the prevention of bribery in place across the Group and confirmed that these were appropriate and no significant control issues had been identified.
<b>External Audit</b>	For further information see page 91.
External Audit reporting	The Committee received regular reporting from the External Auditors on the external audit plan, progress thereon and any matters identified in the course of the external audit.

## Audit Committee report continued

Items considered	Outcomes
External Audit process effectiveness	The Committee oversaw the relationship with the External Auditors and assessed the effectiveness of the external audit process ensuring that the audit is conducted in accordance with all applicable requirements. This was an area of focus in light of the transition in External Audit Partner. The Committee found the External Auditors to be effective and recommended their reappointment to shareholders.
Independence of External Auditors	At each Meeting the Committee considered the independence of the External Auditors including consideration of non-audit-related engagements and expenditure and ensured it remained satisfied that the External Auditors continued to be independent.
External Audit fee	The Committee reviewed and challenged the proposed fees for the external audit of the Company and its subsidiaries. This year's audit fee is £1,422,000, which included £122,000 over run from 2024 (2024: £1,224,000) with inflationary increases and additional one-off items, such as the sale of the Consumer Vehicle Finance business and the provision for redress and related costs for motor finance commissions, being offset by efficiencies in the audit driven by technology. Total non-audit fees paid to the External Auditors have increased to £152,000 (2024: £88,000).
Transition of External Audit Partner	The Committee monitored the transition of External Audit Partner to Kieren Cooper in 2025, with regular private meetings held with the Committee and, additionally, the Chair of the Committee. The transition has proceeded smoothly and there has been good engagement with the new External Audit Partner across the organisation.
<b>Internal Audit</b>	For further information see page 91.
Internal Audit reporting	At each scheduled meeting, other than the single-subject meetings held in January and July, the Committee received a report from Internal Audit, which provided an update on the internal audit plan, an overview of all internal audit reports issued during the period and an update on identified and outstanding management actions. All internal audit reports are made available to the Board at the time they are finalised. The Committee reviewed the reports and challenged management on issues identified and any actions that had been identified as overdue. The Committee discussed the calibration of ratings and a review of this was undertaken in Q1 2026, with some adjustments proposed to ensure sufficient differentiation in outcomes.
Internal Audit plan	The Committee reviewed and approved the internal audit plan, which outlined an appropriate focus on higher risk areas and areas of regulatory focus. The plan ensures coverage of all major risk areas over a multi-year cycle, with coverage of each business unit and an element of credit risk audited each year. The Committee agreed the internal audit plan including the use of, and budget for, co-sourced providers.
Internal Audit effectiveness	A formal review of the effectiveness of the Internal Audit function was undertaken during the year. The Committee noted and agreed with the conclusion that, overall, the Internal Audit function was effective, remained independent and that no change was required to meet the recommendations set out in the 2013 Code on Effective Internal Audit in Financial Services (updated 2021). Earlier in the year, the Committee had considered the new Institute of Internal Auditors Global Standards and noted the internal audit team's assessment that it generally conformed with the new requirements and where gaps did exist had ensured these were remediated.
Internal Audit Charter and Strategy	In Q1 2025, the Committee reviewed and agreed changes to the internal audit charter and approved the internal audit strategy following the implementation of the Global Internal Audit Standards. The Group's Internal Audit Charter can be found on our website ( <a href="http://www.securetrustbank.com/corpgov">www.securetrustbank.com/corpgov</a> ).
<b>Whistleblowing</b>	
Whistleblowing arrangements	The Committee Chair as whistleblowing champion ensures, should any whistleblowing reports be received, these are proportionately and independently investigated and provides regular updates to the Committee on any issues raised. There was one new case during the year (2024: one). The Committee reviewed the Group's whistleblowing policy and arrangements including the use of a third-party independent and anonymous line available to employees, and found these to be effective.
<b>Other</b>	
Terms of reference	The Committee reviewed its Terms of Reference to ensure they remained up to date and in accordance with best practice. A small number of amendments were approved, primarily reflecting updates to the Audit Committee's role in fulfilling the Company's compliance with the updated provision 29 UK Corporate Governance Code 2024. A full copy of the Terms of Reference can be obtained via the Group's website ( <a href="http://www.securetrustbank.com/corpgov">www.securetrustbank.com/corpgov</a> ).
In-camera meetings	During the year, the Committee held in-camera meetings with the Chief Internal Auditor and the External Audit Partner. These meetings provided an opportunity for private discussion with the Committee, without other members of management present, to enable an open discussion with Committee members and supported, among other things, the Committee's assessment of the performance of the External Auditors and Internal Audit.

## Audit Committee report continued

### Financial and regulatory reporting

A key responsibility of the Committee is to ensure the integrity of the Group's financial reporting, which includes reviewing the financial control systems that identify, assess, manage and monitor financial risks. The Committee has also assessed the Annual Report and Accounts to confirm that, taken as a whole, it is fair, balanced and understandable. The Committee reviews the accounting policies adopted by the Group and challenges management on areas of estimation and judgement ahead of recommending the interim and year-end financial statements to the Board for approval. The Audit Committee has reviewed the following matters in connection with the annual and interim financial statements.

### Accounting policies, key judgements and assumptions used in preparing the interim and annual financial statements

#### Significant accounting judgements and estimates

IFRS 9 provisions for expected credit losses	
Assessment of area of judgement	The Committee has considered updates and overlays to judgements and assumptions to take account of developments in the macroeconomic environment, which includes consideration of the macroeconomic scenarios and weightings.
Outcome	The Committee was satisfied, having engaged with the external auditors, that the judgments and provisions arrived at by management were appropriate.
Legal and regulatory developments	
Assessment of area of judgement	The Committee considered the legal and regulatory developments relating to motor finance commissions, including the FCA's consultation on a potential redress scheme. Further information on which can be found in Note 31 to the Financial Statements on pages 180 and 181. The outcome of these developments is uncertain, requiring judgment about the potential for redress being payable to customers and associated operational costs.
Outcome	The Committee agreed with management's proposed increase of the provision by £16.4 million and agreed the provision held at 31 December 2025 of £21.5 million, based on probability weighted scenarios, remained appropriate, whilst noting the continuing level of uncertainty pending the final rules of the FCA redress scheme, which could change the provision.
Agreed sale of Consumer Vehicle Finance business	
Assessment of area of judgement	Following the decision to sell the Vehicle Finance business announced in December 2025, the Committee has considered the overall presentation of Vehicle Finance in the Financial Statements as well as the appropriate accounting treatment of various items arising as a consequence of the agreed sale.
Outcome	The Committee has considered whether the agreed sale of Consumer Vehicle Finance met the criteria under IFRS 5 to be reclassified as held for sale and discontinued operations in the Financial Statements. The Committee confirmed that it met the criteria, which was aligned with the view of the External auditors, and the business has therefore been excluded from the Group's underlying continuing results. The Committee has further considered and approved the treatment of redundancy provisions, onerous contracts and software as a service arising as a consequence of the sale.

## Audit Committee report continued

### Significant accounting matters

Statement of viability and going concern	
Assessment of area of judgement	Under UK law and the UK Corporate Governance Code, the Board of Directors is required to opine on the Group's ability to continue as a going concern and to include a statement of viability in the Group's Annual Report and Accounts. The requirement necessitates that the Directors must satisfy themselves as to the Company's ability to continue as a going concern for a period of 12 months from the date of the approval of the financial statements. In addition, the Company is required to provide a statement of viability, available from page 40, which reports on the viability of the Company over a longer period, with the Company applying a five-year period.
Outcome	The Committee considered, challenged and approved the Group's statement of viability, including the period by reference to which viability is assessed, and the preparation of the annual and interim accounts on a going concern basis. The Committee's assessment was supported by a number of factors including the current financial position, the annual business planning and budgeting process, the different financial stress testing exercises and the effective management of the Principal Risks. The Committee concluded that it was appropriate to prepare the financial statements on a going concern basis and that the Group would remain viable throughout the forecast period of five years (further information can be found on pages 40 and 41).
Presentation of a fair, balanced and understandable Annual Report and Accounts	
Assessment of area of judgement	The Committee assessed whether, taken as a whole, the 2025 Annual Report and Accounts was fair, balanced and understandable. To assist with the assessment of this the Committee receives and discusses papers from management outlining changes in the application of any accounting policies together with IFRS 9 and other key judgements. The Committee reviewed drafts of the accounts during the preparation process and near-final versions were presented at its March meeting, and throughout considered whether the performance and position of the Group had been described in a fair, balanced and understandable way.
Outcome	The Audit Committee, having reviewed the content of the Annual Report and considering relevant matters including the presentation of material sensitive items, the representation of significant issues, the consistency of the narrative disclosures in the Strategic Report with the Financial Statements, the overall structure of the Annual Report and the steps taken to ensure the completeness and accuracy of the matters included, has confirmed to the Board that the 2025 Annual Report and Accounts can be considered to include a 'fair, balanced and understandable' assessment of the Group and Company's business.
Disclosure of exceptional items	
Assessment of area of judgement	The Committee reviewed and questioned management's proposal to include a number of exceptional items. These are defined as 'Items of income or expenditure that are significant in size and which are not expected to repeat over the short to medium term'. Exceptional items in 2025 amounted to £24.1 million and related to costs incurred for: <ul style="list-style-type: none"> <li>• redress and associated costs in relation to motor finance commissions;</li> <li>• the cessation and sale of the Vehicle Finance business; and</li> <li>• the FCA's thematic review regarding Borrowers in Financial Difficulty ('BiFD').</li> </ul>
Outcome	The Committee challenged management on the specific items included, especially in light of exceptional items incurred in previous years, and on the overall quantum. The Committee concluded that these were exceptional in-line with the Group's accounting policy, which was also supported by the Group's External Auditors.
Change of accounting policy – investment property	
Assessment of area of judgement	The Group's accounting policy, in respect of investment properties, was reviewed during the year in light of decisions taken to purchase investment properties held as collateral from loans within our Real Estate Finance business. Accounting standard IAS 40 allows companies to adopt a cost or fair value model and management recommended moving from a fair value model to a cost model.
Outcome	The Committee considered the different potential accounting treatments and noted that historic investment properties had only been held as a consequence of the Group's partial or previous occupation of the properties, rather than as an investment opportunity, which was a change in the Group's business model. The Committee engaged the External Auditors and agreed with the proposed change in accounting policy to a cost model.

## Audit Committee report continued

### External Audit

#### At a glance

Audit Firm	Deloitte LLP
Financial period audit firm first appointed	Year ended 31 December 2018
External Audit Partner	Kieren Cooper
External Audit Partner appointed	Year ended 31 December 2025
Audit tender last conducted	2017
Next audit tender required	Year ending 31 December 2027
Total statutory audit fees	£1,422,000
Total fees for non-audit services	£152,000

#### Independence and effectiveness of the External Auditor

Deloitte has confirmed to the Audit Committee that it has policies and procedures in place to satisfy the required standards of objectivity, independence, and integrity, and that these comply with the Financial Reporting Council's ('FRC') Ethical Standards for Auditors. In 2025, Kieren Cooper succeeded Neil Reed as External Audit Partner, following a shadowing period for the 2024 Annual Reports and Accounts, and this transition has been closely monitored by the Committee. The Audit Committee has considered matters that might impair the independence of the External Auditor, including the non-audit fees paid to the External Auditor (as above and detailed in the Non-audit services section below), and has confirmed that it was satisfied as to the independence of the external audit firm, Deloitte. During 2025, the

#### Percentage of non-audit fees (three-year rolling)

# 7.1%

2024: 8.8%

Committee assessed the effectiveness of the external audit process for 2024. The capabilities of the external audit team, their independence and challenge of management, the scope of the work, the quality of their communications and fees were all considered. The assessment considered the views of the CFO and wider Finance team, CEO, Chief Risk Officer, Chief Internal Auditor and Company Secretariat. The Committee also considered the FRC's Audit Quality review of Deloitte's audits, noting the improvements from last year's review. The Committee concluded that the external audit process was satisfactory, delivering a robust Audit and that the External Auditor was performing effectively. The Committee discussed areas identified for improvement, including improved communication and timeliness of requests and ensured feedback was provided. The review did not highlight any reason for the Audit Committee not to recommend their reappointment. The Committee remain satisfied that Deloitte continues to be effective and are recommending their reappointment as External Auditor to shareholders at the forthcoming AGM.

### Non-audit services

The Group has agreed a policy on the provision of non-audit services by its External Auditor. The policy ensures that the engagement of the External Auditor for such services requires pre-approval by appropriate levels of management or the Audit Committee and does not impair the independence of the External Auditor, and that such engagements are reported to the Audit Committee on a regular basis. The External Auditor is only selected for such services when they are best suited to undertake the work and there is no conflict of interest. The total of audit and non-audit fees paid to Deloitte during the period is set out in Note 6 to the Financial Statements on page 159. The non-audit services fee of £152,000 (2024: £88,000) were in respect of, but not limited to, the review of the interim financial statements and work relating to profit verification exercises. In the case of each engagement, management considered it appropriate to engage Deloitte for the work because of their existing knowledge and experience of the Group or where it was expected the work be undertaken by the Group's External Auditors. Non-audit fees represented 10.7% of audit fees in 2025 and 7.1% over a three-year rolling period.

### Internal Audit

The Group has an independent Internal Audit function led by the Chief Internal Auditor, augmented by external subject matter experts from a panel of internal audit co-source providers. The Chief Internal Auditor reports to the Chair of the Audit Committee and they met frequently through the year. The primary role of the Internal Audit function is to help the Board

and Executives protect the assets, reputation and sustainability of the Group, by providing independent and objective assurance on the design and operating effectiveness of the Group's governance, risk management and control frameworks and processes, following a risk-based approach. The Committee reviews and approves the internal audit plan each year, and during the year it oversaw internal audit activity, including adjustments to the approved plan to respond to external and internal events and priorities. In approving the 2026 internal audit plan, the Committee was satisfied that the team has the appropriate resource to deliver its plans. The Committee received and considered all Internal Audit reports and receive regular reporting on internal audit outcomes, status of the Internal Audit plan and updates on management actions. The Committee reviewed the effectiveness of the internal audit function during the year (as detailed on page 88). Internal Audits undertaken during 2025 addressed the following key themes:

- Governance, Risk and Compliance including independent assurance on the BiFD project, effectiveness of second line functions and financial crime risk management
- Operations including financial crime, customer services and operational resilience;
- IT and Change including data governance and management; and
- Finance, Treasury and Prudential areas.

## Audit Committee report continued

### Internal Controls Framework

The Board has overall responsibility for maintaining the Group's system of internal control, including financial, operational and compliance controls, and for reviewing its effectiveness. This system is designed to manage risk of failure to achieve business objectives and to provide reasonable assurance against the risk of material misstatement or loss. The system of internal control was in place throughout the financial year, and up to the date of the approval of the Annual Report and Accounts. The Board and the Risk Committee, have completed a robust assessment of the Group's emerging and principal risks and has included a description of its risk management framework and principal risks as set out on pages 30 to 39.

The Board, through the Audit and Risk Committees, reviews the effectiveness of the internal control framework. The Audit Committee receives reports of reviews undertaken by the Internal Audit function as well as reports from the External Auditors, Deloitte, which include details of internal control matters they have identified as part of their External Audit. Other key elements of the Group's system of internal control include the Risk and Control Self-Assessment process, regular meetings of the Executive and Board Risk Committees, and monthly financial and operational reporting.

The Audit Committee also receives an assurance report from the Chief Internal Auditor on the effectiveness of the internal control environment. During 2025, the Committee reviewed the procedures for detecting fraud affecting financial reporting, and a report from the Head of Financial Crime on the systems and controls for the prevention of bribery. The financial reporting process is operated by suitably qualified and experienced accountants and designed to provide assurance regarding the reliability of financial reporting and preparation of financial statements through documented procedures and accounting policies, with appropriate controls and testing in place. It operates under the Group's Enterprise-Wide Risk Management framework, where controls are in place to provide assurance over the preparation of the financial statements. The Annual Report and Accounts are reviewed throughout the financial reporting process by relevant senior managers prior to presentation to the Audit Committee, which provide review and challenge, before recommending to the Board for approval. The Committee's review of the internal control framework concluded that it was operating satisfactorily and that there were satisfactory processes in place to ensure appropriate financial and regulatory reporting controls over the Group and that the Group operated a robust three lines of defence model.

### Committee performance review

During the reporting period, an internal assessment was conducted, which considered the Committee's effectiveness as part of the wider Board performance review. For details on the process followed, please see page 80. The Committee noted that there had been progress against a number of priorities identified in the 2024 review, including the development of IFRS 9 models, the effective oversight of the transition in External Audit Partner and updates received from the Group's Assumptions Committee. The Board as a whole received an update on the Group's plans to comply with the new Corporate Governance Code provisions on internal controls.

The performance review confirmed that Committee members and other respondents considered that the Committee was performing effectively with strong performance in all areas. There were a number of areas of focus identified for 2026, which included:

- Providing appropriate support to the new Audit Committee Chair to ensure a successful transition including alignment with the work of the Board and other Committees.
- Consideration of the Internal Audit taxonomy and oversight of the external quality assurance process.

- A continued focus on improving reporting to the Committee, particularly around accounting judgements and with increased participation from the CRO.
- Consideration and preparation for the External Audit Tender, to be undertaken no later than 2027.

## Risk Committee report

### Statement by the Chair of the Risk Committee

## Robust risk management

**“Throughout the year, the Committee has overseen the Group’s risk profile against a backdrop of economic and geopolitical uncertainty, strategic transformation and regulatory change and developments.”**

**Paul Myers**  
Chair of the Risk Committee



I am pleased to present the report of the Risk Committee (the ‘Committee’) for the financial year ended 31 December 2025, which provides an overview of the Committee and the work it has undertaken during the year.

In December 2025, Ann Berresford stepped down as a Director and as a member of the Risk Committee. I would like to personally thank Ann for her significant contribution to the work of the Committee throughout her tenure. Also with effect from December 2025, we welcomed Steve Colsell as a member of the Committee. Steve has been appointed Chair of the Group’s Audit Committee and, therefore, his appointment to the Risk Committee provides important continuity and oversight between the work of the two Committees.

Throughout the year, the Committee has overseen the Group’s risk profile against a backdrop of economic and geopolitical uncertainty, strategic transformation and regulatory change and developments.

UK inflation remained elevated, interest rates fell at a slower rate than originally forecast and there were material reductions in growth, with further uncertainty caused by the Autumn Budget. The Committee continued to monitor the risks arising from the macroeconomic environment, particularly credit risk across both our Consumer Finance and Business Finance divisions. We oversaw projects to review the end-to-end credit journey within our consumer businesses and focused on defaulted cases within our Real Estate Finance business and how these were being managed.

There have been a number of strategic changes across the Group, including decisions to exit our Vehicle Finance business, refresh the Group’s strategy, which has included the development of a number of adjacent product offerings, and the appointment of a new Chief Executive Officer.

The Committee has monitored the risks arising from the strategic changes and overseen how these are managed and approved revised risk appetite statements, which are aligned with the refreshed Group strategy.

The Committee has overseen Consumer Duty implementation and how we ensure and monitor good outcomes are delivered to our customers, particularly in light of the decision to cease new lending within Vehicle Finance.

We continued to oversee collections activity, with a focus on Vehicle Finance, and during the year, the Group entered into a forward flow debt sale agreement to help manage the level of defaulted cases. The Committee has also received updates before and following the Supreme Court judgment on motor finance commissions and the FCA’s consultation on the potential redress scheme.

The Committee has focused on cyber risks and IT security across the Group, with a number of updates from both the first-line and second-line functions. The Committee agreed a new Information Security Strategy and oversaw thorough testing of the Group’s security defences by external consultants. The Committee considered a number of external UK cyber-attacks, reported during the year, and the lessons that could be learnt from these events.

There have been a number of additional regulatory requirements commenced during the year, which the Committee has overseen and ensured compliance with, including the preparation and approval of the Operational Resilience Self-Assessment and the Solvent Exit Analysis.

Going forward, the Committee will continue to focus on the level of change across the Group and ensure that this is carefully managed. We will oversee the risks arising from the migration of the Vehicle Finance book following

its sale, as announced in December 2025 and monitor the risk profile of the new strategic initiatives to help ensure continued and well-controlled business growth.

The Committee will continue to monitor legal and regulatory developments relating to motor finance commissions and the Group’s operational readiness to implement the FCA’s redress scheme once finalised. Following the departure of our Chief Risk Officer at the end of December 2025, we will oversee the transition to a new Chief Risk Officer and ensure they are supported in their new role, which is of critical importance to the Committee and indeed the Group.

In addition, the Committee will help support the Group’s compliance with provision 29 of the Code, with ongoing monitoring of the effectiveness of the Group’s material controls, oversee the embedding of the Group’s Information Security and Data Strategies and ensure continued oversight of the Group’s risk profile.

Further information on the activities of the Committee during the year is provided in the following report and additional information about risk-related matters can be found in the Principal risks and uncertainties section on pages 30 to 39.

Finally, I would like to thank my Committee and Board colleagues; their continued diligence and dedication has greatly benefited the operation of the Committee, and the management team for their efforts in supporting the work of the Committee.

**Paul Myers**  
Chair of the Risk Committee

## Risk Committee report continued

### Committee Governance

The Committee met five times during the year and members' attendance is summarised in the table on page 68.

Meetings of the Committee were regularly attended during the year by the Chief Executive Officer, Chief Financial Officer, Chief Risk Officer and Chief Internal Auditor. In addition, the Chief Operating Officer, Chief Compliance Officer, Head of Enterprise-Wide Risk, Head of Financial Crime and other senior managers attended meetings to present their reports and answer questions from the Committee.

Risk Committee meetings were also attended, on occasion, by other Non-Executive Directors including the Chair of the Board.

The Committee maintains a close and open dialogue with the Chief Risk Officer, routinely holding private sessions following Committee meetings and as required between meetings.

The Chair of the Risk Committee reports to the Board on the outcome of Committee meetings and any recommendations arising.

Minutes from the meetings are made available, as appropriate to all Board members. The Company Secretary, or their alternate, acts as Secretary to the Committee.

The Code states that, where a Company has a separate Risk Committee, it should be comprised of Independent Non-Executive Directors. The Committee membership complied with the Code provision for independence throughout 2025.

### Key responsibilities

The purpose of the Risk Committee is to assist the Board in its oversight of management's responsibility to implement an effective risk management framework reasonably designed to identify, assess and manage the Group's strategic, credit, market, conduct and operational risks. It considers, recommends and monitors the Group's risk appetite in relation to the current and future strategy of the Group and oversees the Group's compliance framework and processes.

The Committee's responsibilities also include approval of prudential risk-related documentation, risk policies and the review of associated frameworks, analysis and reporting.

### Items considered by the Committee during the reporting period

The Risk Committee has a 12-month forward-looking agenda that details agenda items for approval, discussion or noting at each of the scheduled meetings. It is updated in real time to include any new or emerging issues pertinent to the Group.

At each meeting the Committee receives reports from the Chief Risk Officer, Chief Financial Officer, Head of Enterprise-Wide Risk, Chief Operating Officer, Chief Compliance Officer and the Head of Financial Crime providing updates relevant to their responsibilities and within the Committee's remit.

The Group's Executive Risk Committee and Assets and Liabilities Committee provide updates to the Committee on their activities at each meeting.

The principal matters discussed during the year, and up to the date of this report, are detailed in the table below.

Items considered	Outcomes
Group risk appetite statements and key risk indicators	<p>The Group's risk appetite statements and risk appetite metrics are reviewed annually by the Committee and recommended to the Board for approval. During 2025, the risk appetite framework was reviewed in line with the new strategy and three-year financial plan. The Committee reviewed and challenged the revised risk appetite statements, which included some minor changes to the Group's risk appetites and some changes to the metrics and thresholds which monitor them to ensure alignment with the new strategy and appropriate monitoring thereof. The Committee recommended the revised Risk Appetite Statements to the Board for approval, subject to a small number of amendments.</p> <p>Throughout the year, the Committee monitored performance against the risk appetite statements, reviewing any breaches and identifying trends by reference to the agreed metrics and management information provided at each meeting. Where metrics are outside of risk appetite, actions are considered and developed in order to bring the metrics back within tolerance.</p>
Enterprise-Wide Risk Management Framework ('EWRMF')	<p>The Committee is responsible for reviewing the EWRMF on an annual basis and recommending its adoption to the Board. The Committee challenged the proposed changes in relation to policy governance to ensure that there was appropriate oversight from the Board and its Committees. The Committee requested amendments were made and re-submitted for approval and the Committee then recommended its adoption to the Board.</p>
Risk culture	<p>The Committee regularly assess risk culture across the Group through its interaction with management and reporting from the first, second and third line of defences. The Committee considered an assessment of the risk culture in place across the Group, which was prepared by the second-line functions, and demonstrated there was a robust risk culture in place throughout the Group.</p>

## Risk Committee report continued

Items considered	Outcomes
Strategic and operational risks	<p>The Committee oversees the management of strategic and operational risk across the Group and reviews reports from the risk function at each meeting together with detailed information on relevant metrics, key risk indicators and events. The Head of Enterprise-Wide Risk presented the outcomes of the Strategic and Operational Risk Review to the Committee, together with the annual Risk and Control Self-Assessment ('RCSA') for 2025. The Committee undertook a top-down risk review of the Group's risk register and considered emerging risks, including the likelihood and impact upon the Group. The review also considered the potential impacts of the strategic changes being implemented across the Group and how these were being mitigated, together with consideration of the internal control environment to ensure this remained robust. The Committee observed a stable operational risk profile and continued improvements in the control environment, supported by remediation of audit and compliance findings, simplification of processes, harmonisation of controls across functions and strengthening resilience testing.</p>
Climate risk	<p>Climate risk, both in relation to the Group's direct and indirect exposure, is monitored throughout the governance structure and embedded into the Group's EWRMF and risk appetite statements. The Group's risk appetite statements include climate risk metrics such as flood risk for the Real Estate Finance business and vehicle age for the Vehicle Finance business. The Committee received a dedicated climate risk update, which detailed progress in climate risk-related matters, regulatory requirements and future developments with an overview of the Group's plan to ensure compliance thereon and the key areas of focus for the team over the next six-month period. For further information on the Group's response to climate risk, see the Group's Climate-related financial disclosures on pages 54 to 65.</p>
Macro risk	<p>Updates from the Chief Risk Officer were provided to the Committee on the wider macro-economic risks to the Group particularly arising from the economic outlook, interest rate environment, 2025 Budget and potential monetary and fiscal policy. The Committee considered potential impacts on our customers including customer affordability, potential changes to customer sentiment and the impact of a subdued property market, particularly for our clients within Real Estate Finance and our consumer businesses.</p>
Credit risk	<p>The Committee has continued to focus on credit risk across the Group and receives reports on key risk indicators for credit risk, together with quarterly assessments of each portfolio's credit profile, including impairments, bad debts, watch-lists, collections data, concentration risk and any policy exceptions.</p> <p>The Committee received regular reports on the Group's Vehicle Finance collections strategy and performance throughout 2025, and applied additional scrutiny following the decision to cease new lending to ensure sufficient resources were available within the collections team and that there was no deterioration in collection activities. The Committee noted progress in strengthening the collections strategy, including centralisation of the function, continued adoption of additional contact strategies and digital solutions, outsourcing arrangements and the forward flow debt sale.</p> <p>During the year, the Committee was also updated on end-to-end reviews of the credit risk framework within both Vehicle Finance and Retail Finance, which informed enhancements to scorecards and governance processes.</p>
Operational resilience and risk, including cyber, information security resilience risk and business continuity	<p>The Committee oversees the operational risk framework, including appropriate reporting of metrics, key risk indicators and the output from the annual RCSA undertaken by individual business units and functions.</p> <p>To assist in understanding how the risk framework is embedded within the Group, and to challenge the effectiveness of the risk management function, the Committee receives a quarterly review of material operational risk events/losses, performance against the key operational risk appetite metrics, together with the key findings from annual RCSAs.</p> <p>Operational resilience has continued to be a key area of focus for the Committee, with the development of the Group's first Operational Resilience Self-Assessment, which was undertaken in line with regulatory requirements. The Committee reviewed and challenged the self-assessment and considered the management actions identified in the Internal Audit review undertaken and ensured these were actioned. The Group's self-assessment was signed off and approved by the Board in March 2025, prior to the regulatory deadline.</p> <p>The Committee received updates from the Chief Operating Officer and Chief Information Security Officer on the strategies undertaken within the Group to understand, identify, monitor and respond to current and upcoming cyber threats and the Group's cyber resilience profile. Given the severity of a number of cyber-attacks in the UK during the year, this was a particular area of focus for the Committee. The Group's IT team engaged an external consultant to undertake an extensive test of the Group's cyber and physical defence practices with the results reported to the Committee. The Committee reviewed and approved a revised Information Security Strategy and agreed revised metrics for reporting through the governance structure. There will be continued focus on this area during 2026, particularly around the Group's response and recovery plans.</p>

## Risk Committee report continued

Items considered	Outcomes
Capital and liquidity risk	<p>The Committee has continued to monitor capital and liquidity risk and receives updates on these items at each meeting. The Committee has primary responsibility for reviewing and making a recommendation to the Board on the Group's ICAAP, ILAAP and the Recovery Plan and Resolution Pack, and noted the improvements in stress testing methodologies and scenario planning that had taken place in 2025.</p> <p>The Committee reviewed key assumptions, stress test scenarios and outputs used in these processes in advance of considering the final documents for recommendation to the Board. The Committee also considered the output of Internal Audit's reviews of the documents and the policies followed.</p> <p>In addition, in-line with additional regulatory requirements implemented in 2025, the Committee reviewed and challenged the Group's Solvent Exit Analysis, which details the key considerations for an orderly wind-down. The Committee also considered further diversification of liquid assets, as part of strengthening liquidity resilience.</p>
Regulatory and conduct risk	<p>The Committee receives reports at each meeting on key risk indicators for regulatory, reputational and conduct risk, regulatory incidents, key advisory activities of note and the outputs of the Compliance Monitoring Plan. The reports also provide an overview of engagement with regulators, horizon scanning and actions been undertaken to implement new and revised regulations or legislation. The Committee escalated a number of overdue compliance monitoring actions with management and ensured that these were all closed satisfactorily. The Committee reviewed and approved the Compliance Monitoring Plan for 2026 and considered the interaction of this plan with the Internal Audit plan to provide appropriate coverage of the Group's risk profile.</p> <p>The Committee reviewed monthly reports on the Group's compliance with Consumer Duty and how the Group is delivering good outcomes for clients, together with oversight of action plans to address any items identified and requiring improvement.</p> <p>In addition, the Committee monitored legal and regulatory developments such as the FCA's consultation on the redress scheme for motor finance commission, Basel 3.1 implementation planning and the completion of outstanding actions following the FCA's Borrowers in Financial Difficulty review.</p>
Financial crime	<p>The Committee received reports at each meeting from the Head of Financial Crime, covering key risk areas including sanctions, transaction monitoring, and fraud incidents. The Committee reviewed the Annual Report from the Money Laundering Reporting Officer and the annual anti-bribery and corruption management information report, noting continued focus on sanctions compliance, which was a rapidly evolving area, and cultural awareness across the organisation. The Committee has also approved the Financial Crime Monitoring Plan for 2026, as part of the wider Compliance Monitoring Plan.</p> <p>The Committee considered the revised government guidance in relation to modern slavery statements and agreed the approach to be adopted by the Group, before reviewing and recommending the Group's modern slavery statement to the Board.</p>
Governance	<p>The Risk Committee reviewed its Terms of Reference and approved various Group-wide policies within its remit. A full copy of the Terms of Reference for the Risk Committee can be obtained via the Group's website (<a href="http://www.securetrustbank.com/corpgov">www.securetrustbank.com/corpgov</a>).</p> <p>The Committee undertook an internal review of its performance in 2025 and further information on the process followed can be found on page 80. The Committee noted good progress on items identified in the 2024 evaluation, which included deep-dive sessions on credit risk, IT and Information Security and a detailed top-down risk review, which included discussion and consideration of emerging risks. There have been enhancements made to reporting on operational matters, with a revised report from the Chief Operational Officer and this will continue to be an area of focus into 2026. During the year, the Committee's forward-look agenda was also reviewed and refreshed.</p> <p>The result of the 2025 performance review demonstrated that the Committee was operating effectively and particularly commended the interaction with the Board and other committees, the composition of the Risk Committee and the quality of discussions at meetings. The review indicated there were a number of areas which the Committee should focus on in 2026 including:</p> <ul style="list-style-type: none"> <li>• The need to improve reporting to the Committee.</li> <li>• To closely monitor risks arising from the strategic refresh, particularly the migration of the Vehicle Finance book, new product capabilities and related projects.</li> <li>• Continued rigour on risks arising from cyber events and testing of response plans.</li> </ul>

This table is not a complete list of matters considered by the Committee but highlights the most significant matters for the period in the opinion of the Risk Committee. For more information on the framework for managing risks within the business see the Principal risks and uncertainties section on pages 30 to 39.

# Directors' Remuneration Report

## Statement by Chair of the Remuneration Committee

### A pivotal year for the Group

**“The Remuneration Committee has focused on how our remuneration strategy is aligned with the refreshed Group strategy and can support its effective implementation.”**

**Julie Hopes**  
Chair of the Remuneration Committee



On behalf of the Remuneration Committee, I am pleased to present the Directors' Remuneration Report ('DRR') for the year ended 31 December 2025. The Committee also presents its proposed 2026 Directors' Remuneration Policy ('DRP') which, in-line with requirements, is due for renewal at this year's Annual General Meeting ('AGM').

It has been a year of significant strategic change for the Group. In June, we announced the retirement of our former Chief Executive Officer ('CEO'), David McCreadie, and the appointment of Ian Corfield as CEO designate. In July, we announced the decision to cease lending in our Vehicle Finance business and in December announced the decision to sell the Consumer Vehicle Finance business. We have refocused our business, refreshed our strategy to drive improved returns for shareholders and set revised medium-term targets. The Remuneration Committee has focused on how our remuneration strategy is aligned with the refreshed Group strategy and can support its effective implementation, including setting performance targets under the bonus plan and long-term incentive plan ('LTIP') that are stretching and which appropriately incentivise and retain management.

#### 2025 LTIP performance conditions

In my report last year, I outlined that the Committee had elected to defer setting the performance conditions for the 2025 LTIP grants until H2 2025, given the work to refresh our strategy. Whilst the Committee decided the existing performance conditions were the right measures, we have made some important changes to the structure. The four performance conditions based on earnings per share ('EPS') growth, Return on Average Equity, ('RoAE'),

total shareholder return ('TSR') and risk management have been re-weighted. Rather than accounting for 25% each, the financial metrics (EPS, RoAE and TSR) have been weighted at 30% each with the qualitative risk management assessment, which is determined by the Committee upon advice of the Risk function, weighted at 10%. In addition, the RoAE has been set as the average RoAE over the three-year performance period, rather than measured in the final year. Due to the decisions taken to cease lending within Vehicle Finance, this business will be excluded from the calculations within the financial metrics. However, an additional underpin to the LTIP was created to ensure the effective management of the run-off of this business would be a specific consideration before any vesting decisions are confirmed. The metrics for each performance condition were set in consideration of the Group's revised strategy and three-year plan, and the Committee believes they will support the delivery of our refreshed strategy and benefit all of our stakeholders. Further information on the metrics for the 2025 LTIP can be found on page 108.

#### CEO transition

During the year, the Committee agreed the remuneration arrangements for Ian Corfield's appointment as CEO and for David McCreadie's retirement, which were in-line with the Directors' Remuneration Policy approved by shareholders in 2023. Ian's remuneration package comprises:

- A base salary of £700,000 per annum (previous CEO salary of £731,581).
- An annual bonus up to a maximum of 100% of salary subject to performance (with 50% of any bonus being deferred into Secure Trust Bank PLC shares, which will vest in three equal annual tranches).

- An annual grant of shares under the LTIP of 100% of salary, with vesting subject to performance conditions assessed over a three-year performance period and with any performance vested shares subject to a further two-year holding period after vesting.
- A pension allowance of 5% of salary aligned to the allowance provided to all other employees.

#### Performance and incentive outturns for 2025

##### Performance

For the 2025 performance year the Group's adjusted profit before tax ('PBT') amounted to £51.6 million, an increase of 32.0% from the 2024 outturn of £39.1 million. While this is material year on year growth, it did fall short of the stretching internal targets we had set and was once again negatively impacted by impairments within our Vehicle Finance business.

We calculate our incentive outturns on an adjusted continuing basis and due to the discontinuation of the Vehicle Finance business during 2025, adjusted continuing PBT amounted to £59.3 million.

In deciding the 2025 bonus and LTIP performance outturns the Committee carefully considered the underlying performance of the business, the experience of shareholders, with a significant increase in shareholder value over the period, and the customer outcomes delivered.

##### Bonus outturn

Ian Corfield was appointed CEO on 8 September 2025. Due to his tenure and limited ability to influence financial outturns for 2025 the Committee agreed to assess his bonus against strategic measures, including completion of his 100 day plan, and consideration of the Group's financial

## Directors' Remuneration Report continued

### Statement by Chair of the Remuneration Committee

performance. This resulted in a bonus outturn of 75%, which prorated from the date of his appointment as CEO, results in a bonus of £165,411.

The annual bonus scorecard for the Chief Financial Officer ('CFO') and former CEO is based on financial metrics, which account for 65% of the weighting and 35% on strategic metrics. Based on a formulaic assessment of performance in the period, the outturn for the financial metrics amounted to 30.5% out of a maximum of 65%. The Committee considered a number of different factors in assessing this, including the impact on employees following the decision to cease lending in Vehicle Finance, and the issuance of a trading statement during the year, guiding the market to a lower profit number. The Committee have, therefore, applied discretion to reduce the financial outturn from 30.5% to 20.5%.

The Committee then assessed performance against the strategic elements of the bonus scorecard. This assessment resulted in a total bonus outturn of 38% for the former CEO, which is pro-rated for the period of active service resulting in a bonus of £196,916, and 50.5% for the CFO resulting in a bonus of £257,474. A full disclosure of the bonus determination process and the scorecard outcomes is provided on pages 104 to 106. In line with the DRP, 50% of the bonus is deferred into shares under the Company's Deferred Bonus Plan ('DBP').

#### LTIP outturn

The performance period for the 2022 LTIP award, in which the CFO and former CEO participate, ended on 31 December 2025 with awards due to vest in April 2026. The Committee assessed the performance conditions attached to the 2023 LTIP, which were based on four equally weighted performance conditions; TSR, RoAE, EPS and risk management. The assessment of the

performance conditions resulted in an overall vesting level of 40%. Further information on this can be found on page 107.

#### 2026 remuneration

Following the year-end, the Committee reviewed pay increases for the employee population. This year, in light of the continuing cost-of-living crisis, the Committee have focused salary increases on lower grade roles, who received a 3% increase. More senior roles received salary increases of 2%, which included the Executive Directors.

We have also agreed annual grants under the Company's executive share schemes.

#### Wider workforce

During the year, we approved a commitment to pay at least the Real Living Wage to all employees.

The Committee also considered the performance linkage to bonus assessments and pay reviews for those employees outside of senior management and agreed the overall bonus pool for the Group. The Committee reviewed the structure of the Group's bonus scheme and considered potential improvements to its operation to help drive a high-performing culture.

In addition, the Committee received updates on the Gender Pay Gap actions and Equity, Diversity and Inclusion progress and initiatives being undertaken across the Group.

#### Proposed Directors' Remuneration Policy 2026 - 2028

The Committee has reviewed the Directors' Remuneration Policy, which is due for its triennial renewal. This involved discussions with the Executive Directors as well as communication with our top shareholders, accounting for c. 43% of the shareholding base. In designing the 2026 DRP, we sought advice

from FIT Remuneration Consultants LLP ('FIT'), which incorporated changes to regulatory requirements, market practice and benchmarking, developments in governance best practice and changes to investor remuneration guidelines.

The Committee agreed that, whilst the architecture of the policy remained appropriate, additional headroom should be built into the policy to increase the policy maximums of the annual bonus and LTIP during the next three-year policy period from 100% to 200% of base salary. Whilst there are no current plans to increase either award the Committee are seeking increased flexibility to:

- support our growth plans and provide appropriate flexibility to ensure remuneration drives the implementation of the refreshed strategy, which if successfully executed, will drive shareholder value;
- enable us to attract and retain talent in a competitive market, which is critical to delivering our growth plans, and increasingly important following the changes in the PRA's remuneration rules, which has seen other banks adopt policies removing the 'bankers' bonus cap'; and
- further align management and shareholder interests by having flexibility to increase the weighting of our incentives towards long-term equity.

If the new policy is approved, we will consult further with shareholders before making any material increases in the overall quantum of variable pay, setting out the rationale for any increase at that time. More detail regarding the market positioning that informed the Committee's discussions on these proposed changes to the 2026 DRP is set out on page 114.

We are also submitting our share plan rules, which are due to expire in 2027, for approval by shareholders at the 2026 AGM. These are

broadly in-line with the current rules but have been refreshed to align with revised regulatory requirements, investor guidelines and current market practice, including:

- the ability to pay dividends or dividend equivalents on the Group's LTIP and DBP, which is in line with the amended PRA rules and market practice;
- removing the 5% dilution sub-limit for executive share plans, whilst retaining the overall 10% dilution limit across all share plans; and
- propose an open-ended life for the Company's all employee Save as Your Earn Plan ('SAYE').

The proposed 2026 DRP and further detail on the changes can be found on pages 116 to 127.

#### Outlook

The Committee looks forward to working with our new Chief People Officer on remuneration initiatives throughout the Group. The Committee will review the remuneration structures below senior management to ensure they support our revised strategy, desired culture and are equitable and fair pay structures, that attract high-performing and diverse talent into the organisation.

I would like to thank my fellow Committee members and all those who have supported the work of the Committee, throughout what has been a very busy year.

The Committee welcomes all input on remuneration and I am looking forward to engaging with shareholders at the 2026 AGM and hearing your views directly. Alternatively, you can email me any comments or questions via the Company Secretary at [companysecretariat@securetrustbank.co.uk](mailto:companysecretariat@securetrustbank.co.uk).

**Julie Hopes**  
Chair of the Remuneration Committee

## Directors' Remuneration Report continued

### Executive Directors: Remuneration at a glance

	Salary	Pension and benefits	Annual bonus	LTIP	Minimum shareholding requirements ('MSR')	Malus and clawback
Purpose	Supports attraction and retention of Executive Directors to deliver the key strategic objectives.	Supports retention of Executive Directors.	Incentivises the delivery of key financial and non-financial strategic objectives.	Incentivises delivery of the long-term sustainable success of the Company for shareholders. Alignment of Executive Directors' and shareholders' interests.	Ensuring alignment of Executive Directors' and shareholders' interests.	Ensuring that the Company can reduce variable compensation should material adverse events occur or come to light that impact the appropriate quantum of the original award.
Key features of current policy	<p>Reviewed annually and takes into account a range of factors including:</p> <ul style="list-style-type: none"> <li>skills and experience of the individual;</li> <li>benchmarking of peer data;</li> <li>wider market and economic conditions; and</li> <li>the level of salary increases in the wider employee population.</li> </ul>	<p>Provision of benefits that are competitive and linked to market practice.</p> <p>The maximum Company pension contribution is 5% of salary, in line with the wider workforce.</p>	<p>Maximum opportunity of 100% of salary.</p> <p>Balanced scorecard approach based on financial and non-financial metrics approved by the Remuneration Committee.</p> <p>50% of total bonus deferred into share awards and vesting over three years in annual tranches.</p> <p>Payments are subject to risk assessment and subject to the Remuneration Committee's discretion.</p>	<p>Maximum opportunity of 100% of salary for both the Executive Directors.</p> <p>Awards are subject to performance conditions assessed over a three-year performance period and are subject to an additional two-year holding period post-vesting.</p> <p>Vesting is subject to risk assessment.</p>	<p>Executive Directors are required to build a minimum shareholding equivalent to 200% of base salary.</p> <p>Post-employment shareholding requirement for Executive Directors for two years.</p>	Malus and clawback provisions apply to all variable remuneration please see page 122 for further information.
Planned implementation for the year ending 31 December 2026	<p>CEO: £714,000 p.a. 2% increase.</p> <p>CFO £520,047 p.a. 2% increase.</p>	No change from prior year.	100% of salary max opportunity.	100% of salary annual award.	MSR will continue to be monitored in 2026.	In line with the Directors' Remuneration Policy.
Implementation for the year ended 31 December 2025	<p>CEO: £700,000 p.a.</p> <p>CFO: £509,850 p.a.</p> <p>Former CEO: £731,581 p.a.</p>	Pension contribution remains at 5% of base salary.	<p>CEO 75% of max (pro-rata).</p> <p>CFO 50.5% of max.</p> <p>Former CEO 38% of max (pro-rata).</p>	<p>Vesting of 2023 LTIP at 40% for CFO and former CEO in April 2026.</p> <p>The CEO has no LTIP awards vesting in 2026.</p>	Neither Executive Director has achieved the minimum shareholding requirement. Details on the Executive Directors' shareholdings can be found on page 109.	In line with the Directors' Remuneration Policy.

## Directors' Remuneration Report continued

### Committee governance

The Remuneration Committee met seven times during the year and members' attendance is summarised in the table on page 68. The Committee membership complied with the Code provision for independence throughout 2025. The Board Chair was also a member of the Committee, as he was considered independent on appointment as Chair.

Meetings of the Committee were regularly attended during the year by the CEO, Chief People Officer, Company Secretary, Chief Risk Officer, the external remuneration consultant and senior members of the Reward team, as well as other members of the Board at the invitation of the Committee.

The Chair of the Remuneration Committee reports to the Board on the outcome of Committee meetings and any recommendations from the Committee. The Company Secretary, or their

alternate, acts as Secretary to the Remuneration Committee. Committee materials and minutes from the meetings are made available, as appropriate, to all Board members.

A copy of the Committee's Terms of Reference can be obtained via the Group's website ([www.securetrustbank.com/corpgov](http://www.securetrustbank.com/corpgov)).

### Role of the Remuneration Committee

The Remuneration Committee assists the Board in fulfilling its responsibilities for remuneration including, among other matters, determining the policy for the individual remuneration and benefits packages of the Executive Directors and the Group's Material Risk Takers ('MRTs'). The Committee also reviews workforce remuneration, related policies and how executive and wider workforce pay are aligned to the culture of the Group.

Key matters considered by the Committee during the year, and up to the date of this report, were:

Items considered	Outcomes
Executive Directors' remuneration	<p>The Committee agreed the annual bonus outcomes for the CEO, CFO and former CEO for the 2025 performance year, as well as the salary increases for the CEO and CFO for 2026. The Committee considered the Executive Directors' performance, Group performance, progress against strategic objectives, stakeholder experience, external factors and benchmarking for each role. The Committee also approved the grant of LTIP and DBP options to the Executive Directors. Further information can be found from page 104 for the bonus and from page 107 for the LTIP.</p> <p>The Committee agreed the remuneration for the new CEO and the terms of the remuneration for the former CEO, including his treatment as a good leaver for the purposes of the Company's share plans. His awards will continue to vest on the normal timeline, applying performance conditions and be pro-rated for the period of his active service.</p>
Chair's remuneration	<p>The Committee considered the Chair's fee during the year. A mechanical process was implemented in 2019 to increase the Board Chair's fee in line with employees' average salary increases in the prior year and there was no deviation from this process in 2025.</p>
Senior Managers' remuneration	<p>The Committee considered and approved remuneration for individual MRTs, using benchmarking data, and assessed the outcomes of scorecards to assess performance for bonuses, taking into account stakeholder experience and other factors when considering the formulaic outturns. The Committee approved the quantum of awards used for the LTIP and DBP grants to MRTs.</p> <p>The Committee reviewed and approved remuneration packages for a number of individuals joining or moving within the organisation in MRT roles during the year. When considering MRT remuneration packages, the Committee balances the need for packages to remain competitive, promote equity, diversity and inclusion, while remaining appropriate for a group the size of Secure Trust Bank PLC. For MRTs leaving the Group, the Committee considered and approved their leaving terms from a remuneration perspective including the treatment of share-based awards.</p>
Discretionary bonus plan	<p>During the year, the Committee considered the existing discretionary bonus plan, which has been operated across the Group for a significant period. The Committee considered potential alternative structures, with a view to reducing discretion, creating greater consistency and transparency across the Group, and enhancing the connection between bonus outturns and business and individual performance.</p>
Wider workforce remuneration	<p>In February 2026, the Committee reviewed the proposed Group bonus pool to be paid in April 2026 in respect of performance for the 2025 financial year and the proposed average salary increase to be effective from April 2026. The Committee, having regard to the guidelines issued by institutional investors regarding reward, regulatory requirements and guidance, the review of the going concern and viability assessments conducted by the Audit Committee and a conduct review by the Chief Risk Officer, concluded that the payment of a bonus to all employees who met the individual performance criteria was appropriate and in the best interests of the Group. The Committee reviewed and agreed the proposed distribution and quantum of the Group bonus pool and also approved an average 3% salary increase for lower grade roles, 2% for senior employees and further reviewed the Group's benefits package. The Committee reviewed dashboard information, processes and guidelines for annual remuneration for the entire employee workforce, including more granular information on the Compliance and Risk functions to ensure remuneration for these key control functions was appropriate and would not promote excessive risk taking. The Committee also reviewed the outcomes of the Group's Gender Pay Gap reporting.</p>

## Directors' Remuneration Report continued

Items considered	Outcomes
Discretionary share plans and dilution	<p>The Committee reviewed the outcome of the performance metrics for the 2023 LTIP grant, which will mature in April 2026 with a 40% vesting level. The Committee elected not to utilise its discretion to modify the formulaic outcome of the vesting of the LTIP awards, which was considered appropriate in light of the performance of the Group and shareholder experience. The Committee agreed the performance conditions for the 2025 LTIP grants. Further information can be found from page 107.</p> <p>The Committee has reviewed and agreed the participants and quantum for the 2026 LTIP grant. These are to be structured as nil cost options and the grants will be made using an average share price in the three days immediately prior to grant.</p> <p>The Committee reviewed and approved the participants under the 2026 DBP grant and agreed the quantum of share options to be granted relative to the portion of bonus to be deferred into shares. The Committee further agreed the vesting of tranches of the DBP under the 2023, 2024 and 2025 grants. Malus and clawback provisions were reviewed, with relevant clauses being included in all LTIP and DBP standard documentation.</p> <p>The Committee discussed the dilution impact to shareholders as a result of settling awards via issuance of new shares. Following creation of the Employee Benefit Trust ('EBT') in October 2022, exercises under discretionary awards can be satisfied from shares purchased in the market by the EBT, which will not impact dilution levels. The Committee agreed to increase the use of market purchase shares through the Company's EBT for discretionary share plans and the grants made in 2026 will all be satisfied by market purchase shares. The Committee will continue to monitor share plan dilution levels which, for all share plans, currently stands at 5.73% of the issued share capital and will manage these appropriately.</p>
All-Employee Sharesave ('SAYE') plan and dilution	<p>The Committee reviewed and approved the 2025 SAYE plan invitation to all eligible employees. The SAYE plan is popular across the Group and it provides all employees with the opportunity to purchase shares in the Company, helping to align all employees' interests with that of our shareholders and creating a culture of ownership.</p> <p>The 2022 SAYE grant matured in November 2025 and the majority of participants have chosen to exercise their share options.</p>
DRR and other disclosures in the Annual Report and Accounts	<p>The Committee considered the DRR and other disclosures required in the Annual Report and Accounts and recommended their approval to the Board. The Committee received advice from FIT, the Company Secretary and People Team when compiling the DRR and the additional disclosures in the Annual Report and Accounts.</p>
Proposed 2026 Directors' Remuneration Policy	<p>The Committee considered the Directors' Remuneration Policy, which will be submitted to shareholders for its triennial approval at the 2026 AGM. Further information on the proposed policy can be found on pages 116 to 127.</p>
Governance matters	<p>The Committee reviewed the outcomes of the annual internal audit review of the implementation of the Remuneration Policy.</p> <p>During the reporting period, a Board performance review considered the Committee's performance as part of the wider Board effectiveness review. Please see page 80 for further information on the process followed. The result of the performance review confirmed that the Committee was considered to be performing effectively and highlighted the strong leadership of the Committee Chair and the Committee's willingness to constructively engage on difficult matters. There had been good progress against the 2024 actions including the alignment with the new strategy and development of the DRP. Following the performance review there are areas identified for the Committee's focus in 2026, including working with the new Chief People Officer to further enhance support to the Committee and improve the quality of reporting, considering the wider remuneration framework to support the culture of a fast growth entrepreneurial business and extending the length of meetings at key points during the Committee's calendar.</p> <p>The Committee has also reviewed a number of workforce policies, including the Application of Proportionality and Material Risk Takers policies, as well as the All-Employee Remuneration Policy and the Remuneration Policy Statement.</p>

This table is not a complete list of matters considered by the Committee but highlights the most significant matters for the period in the opinion of the Remuneration Committee.

## Directors' Remuneration Report continued

### Remuneration consultant and Committee advice

During the year, the Committee received external advice from 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) (2024: £71,076). FIT also provided support to the People Team, Company Secretary and Legal teams on remuneration implementation. The Committee is satisfied that the advice provided in the year by FIT on remuneration matters is objective and independent.

The Committee also received advice on specific matters from internal advisers, management and the Company Secretary and is satisfied that the Committee has exercised independent judgement when evaluating the advice received from all its advisers.

### Directors' Remuneration Report

The information contained in the Directors' Remuneration Report is subject to audit, where indicated in the report, in accordance with The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended). The Directors' Remuneration Report contains the Annual Remuneration Report, which explains the operation of remuneration-related arrangements for 2025. The 2026 DRP for Executive and Non-Executive Directors, which is subject to approval at the 2026 AGM and an illustration of the application of that Remuneration Policy in 2026, is included from page 116.

A full copy of the existing Directors' Remuneration Policy, which was approved by shareholders at the 2023 AGM, can be found on the Group's website as part of our 2022 Annual Report and Accounts.

### How we link executive remuneration to our strategy

The key principles behind the Directors' Remuneration Policy are to:

- be simple and transparent in order to reflect the Group's purpose;
- promote the long-term sustainable success of the Group, with transparent and demanding performance conditions;
- provide alignment between executive reward and the Group's values, risk appetite and shareholder returns; and
- 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 returns.

In developing and implementing the Directors' Remuneration Policy, we have also had regard to regulatory requirements for senior managers under the Senior Manager Regime. The Group is currently a Level 3 firm within the classifications applied by the financial regulators for regulated entities. This means that the Group is not required to satisfy in full all elements of the Financial Conduct Authority ('FCA') and Prudential Regulation Authority ('PRA') remuneration codes.

Notwithstanding this, in formulating and applying the Directors' Remuneration Policy, the Committee has had regard to the remuneration codes when considering existing and proposed remuneration and also the remuneration-related provisions of the UK Corporate Governance Code.

## Directors' Remuneration Report continued

### Single-figure table (audited information)

The following table sets out total remuneration earned for each Director in respect of the year ended 31 December 2025 and the prior year.

	Salary and fees <sup>1</sup>		Benefits		Annual bonus <sup>2</sup>		Pension		Shares <sup>3,4</sup>		Total remuneration		Total fixed remuneration		Total variable remuneration	
	2025 £'000	2024 £'000	2025 £'000	2024 £'000	2025 £'000	2024 £'000	2025 £'000	2024 £'000	2025 £'000	2024 £'000	2025 £'000	2024 £'000	2025 £'000	2024 £'000	2025 £'000	2024 £'000
<b>Executive Directors</b>																
I Corfield	218	-	9	-	165	-	11	-	2	-	405	-	238	-	167	-
R Lawrence	506	479	29	23	257	124	25	24	170	28	987	678	560	526	427	152
<b>Non-Executive Directors<sup>5</sup></b>																
J Brown <sup>6</sup>	250	174	-	-	-	-	-	-	-	-	250	174	250	174	-	-
J Hopes <sup>7</sup>	104	15	-	-	-	-	-	-	-	-	104	15	104	15	-	-
S Colsell <sup>8</sup>	46	-	-	-	-	-	-	-	-	-	46	-	46	-	-	-
P Myers	107	107	-	-	-	-	-	-	-	-	107	107	107	107	-	-
F Williamson	94	92	2	2	-	-	-	-	-	-	96	94	96	94	-	-
V Mitchell <sup>9</sup>	92	82	-	-	-	-	-	-	-	-	92	82	92	82	-	-
<b>Former Directors</b>																
D McCreadie <sup>10</sup>	498	705	12	2	197	124	25	35	270	43	1,002	909	535	742	467	167
A Berresford <sup>11</sup>	124	122	2	2	-	-	-	-	-	-	126	124	126	124	-	-
<b>Total</b>	<b>2,039</b>	<b>1,776</b>	<b>54</b>	<b>29</b>	<b>619</b>	<b>248</b>	<b>61</b>	<b>59</b>	<b>442</b>	<b>71</b>	<b>3,215</b>	<b>2,183</b>	<b>2,154</b>	<b>1,864</b>	<b>1,061</b>	<b>319</b>

Notes:

- For Ian Corfield, the 2025 base salary figure is from his appointment as Chief Executive Officer on 8 September 2025. Rachel Lawrence's 2025 base salary figures is based on three months of salary approved in April 2024 (£495,000), and nine months of salary approved in April 2025 (£509,850). David McCreadie's 2025 base salary figure is based on three months of salary approved in April 2024 (£710,273) and 5.5 months of salary approved in April 2025 (£731,581).
- In respect of the 2025 financial year, Ian Corfield received a pro-rated bonus, from 8 September 2025, of £165,411 of which £82,705 will be deferred into share awards and Rachel Lawrence received an annual bonus of £257,474 of which £128,737 will be deferred into share awards. David McCreadie received a pro-rated bonus, to 15 August 2025, of £196,916 of which £98,458 will be deferred into share awards.
- The values for the shares for David McCreadie and Rachel Lawrence reflect the performance vesting of the 2023 LTIP award where performance was measured to 31 December 2025. This award partially vested giving David McCreadie 26,522 vested shares and Rachel Lawrence 16,647 vested shares, which for the purpose of providing an estimated value for this table, was multiplied by the average share price in the three-month period to 31 December 2025 (1,018.95p). Details of vested awards made under the LTIP can be found on page 107.
- This includes the value of the SAYE option granted to Ian Corfield on 25 September 2025 (calculating the number of shares in the option (1,004 shares) multiplied by the difference in the option price (908.0p) and the market value of the shares on 25 September 2025 (1,100.p)). Details of awards made under the SAYE scheme can be found on page 109.
- Non-Executive Directors are reimbursed expenses that are incurred for business reasons. Any tax that arises on these reimbursed expenses is paid by the Company. These expenses and the related tax have not been included in benefits listed in the table above.
- Jim Brown was appointed a Non-Executive Director on 31 March 2024 and Chair on 16 May 2024.
- Julie Hopes was appointed a Non-Executive Director on 24 October 2024 and Senior Independent Director and Deputy Chair on 30 December 2025.
- Steve Colsell was appointed as a Non-Executive Director and member of the Nomination and Audit Committees on 12 June 2025. He was appointed Chair of the Audit Committee and a member of the Risk Committee on 30 December 2025.
- Victoria Mitchell was appointed a member of the Risk Committee on 24 October 2024 and as the Non-Executive Director designated for workforce engagement on 7 August 2025.
- David McCreadie stepped down from the Board on 8 September 2025.
- Ann Berresford stepped down from the Board on 30 December 2025.

## Directors' Remuneration Report continued

The figures in the single-figure tables are derived from the following:

<b>Salary and fees</b>	The amount of salary/fees received in the year.
<b>Benefits</b>	The taxable value of benefits received in the year. These are principally private medical health insurance and travel allowances.
<b>Annual bonus</b>	The value of the bonus earned in respect of the financial year (including the proportion of the amount earned that is subject to deferral).
<b>Pension</b>	The amount of payments in lieu of Company pension contributions received in the year.
<b>Shares</b>	The value of LTIP awards vesting in relation to performance periods ending in 2025 and also the value of SAYE options granted during the year.

### Additional disclosures in respect of the single-figure table (audited information)

#### Base salary and fees

Base salaries for the Executive Directors in respect of the year ended 31 December 2024 and 31 December 2025 are as follows:

	2025 base salary £'000	2024 base salary £'000
I Corfield	700	N/A
R Lawrence	510	495
<b>Former Director</b>		
D McCreadie	732	710

The Executive Director base salaries are the annual salaries as agreed by the Remuneration Committee for each year.

#### Bonus arrangements

For the financial year ended 31 December 2025, Executive Directors were eligible for an annual bonus award of up to 100% of salary. For the former CEO and CFO, 65% of the bonus was subject to financial performance metrics and 35% of the bonus was subject to a mixture of strategic, stakeholder, operational and employee performance ('Non-financial') metrics. Due to the current CEO's appointment as CEO on 8 September 2025, and his limited ability to influence the financial performance of the Group across the year, the Committee agreed to assess his performance primarily on strategic metrics (as detailed on page 105), with a financial underpin applied.

### Financial performance metrics

The financial performance metrics were based on the delivery of Board-agreed key performance indicators in accordance with the schedule below. The financial performance metrics were changed for 2025, with the addition of RoAE, which is of key importance to shareholders and measures the returns on equity delivered by management and the removal of net interest margin from the financial metrics. It was also agreed to remove the cost of risk and Common Equity Tier 1 ratio targets, from the financial metrics and include these in the risk element of the non-financial metrics (see page 105 and 106 for further information).

For 2025, and as explained in the Statement by the Chair of the Remuneration Committee on pages 97 and 98, in consideration of the impact on employees from the decision to cease lending in Vehicle Finance and of the overall financial performance of the Company throughout 2025, the Committee exercised its discretion to reduce the bonus payable under the financial metrics by 10%.

Objective <sup>1</sup>	Threshold (25% payable)	On-target (50% payable)	Stretch (100% payable)	Achieved	Weight	Percentage achieved
Group underlying continuing PBT <sup>2</sup>	£52.22m	£61.43m	£70.65m	£59.19m	30%	13.17%
Group underlying continuing RoAE <sup>2</sup>	12.29%	14.46%	16.63%	14.28%	25%	11.98%
Group continuing cost: income ratio <sup>2</sup>	47.65%	45.38%	43.11%	45.22%	10%	5.35%
<b>Total</b>						<b>30.50%</b>
<b>Total post Committee discretion</b>						<b>20.50%</b>

Notes:

- Please refer to the key performance indicators on pages 13 for an explanation of why these are measured.
- Figures include continuing operations only, which exclude exceptional items (see Note 8 to the Financial Statements).

## Directors' Remuneration Report continued

### Non-financial metrics

	Priority	Targets (summary)	Achievement	Weight	Bonus payable
<b>CEO</b>	Strategy	<ul style="list-style-type: none"> <li>Effective management of Vehicle Finance run-off</li> <li>Assess and refresh strategy and secure required approvals</li> </ul>	<ul style="list-style-type: none"> <li>Sale of Vehicle Finance business announced in December</li> <li>Ensured completion of a number of strategic projects and implemented all actions arising from his 100-day review</li> <li>Developed and obtained approval for revised Group strategy and new medium-term targets</li> </ul>	40%	35%
	People	<ul style="list-style-type: none"> <li>Strengthen capabilities in support of strategic priorities</li> <li>Improve Colleague Trust scores</li> <li>Champion ED&amp;I initiatives</li> </ul>	<ul style="list-style-type: none"> <li>Significant changes to the Executive team in support of new strategy</li> <li>Colleague trust scores have reduced over the year. Significantly enhanced employee engagement since appointment</li> <li>ED&amp;I has been an area of focus including a review of the strategy</li> </ul>	40%	30%
	Customer	<ul style="list-style-type: none"> <li>Enhance digitalisation/self-service options</li> <li>Deliver improvements in Consumer Duty outcomes</li> <li>Maintain positive scores on TrustPilot for consumer businesses</li> </ul>	<ul style="list-style-type: none"> <li>New savings app and increase in self-service options delivered</li> <li>Number of initiatives to enhance customer outcomes delivered and customer journeys have been mapped across the Group</li> <li>TrustPilot scores maintained at 4.8%</li> </ul>	10%	5%
	Risk	<ul style="list-style-type: none"> <li>Operate above minimum and buffer capital requirements</li> <li>Deliver Group cost of risk of 1.42%</li> <li>No material breaches of risk appetite</li> </ul>	<ul style="list-style-type: none"> <li>Operated within limits and capital position improved in 2025</li> <li>Continuing cost of risk of 1.0%</li> <li>One material breach occurred due to the recognition of an additional provision for the proposed FCA motor commission redress scheme</li> </ul>	10%	5%
<b>Total CEO</b>				<b>100%</b>	<b>75%</b>
<b>Former CEO</b>	Strategy	<ul style="list-style-type: none"> <li>Execute plans to refocus Vehicle Finance on higher returning segments</li> <li>Assess and refresh strategy and secure required approvals</li> </ul>	<ul style="list-style-type: none"> <li>These plans were executed in Q1 2026</li> <li>The former CEO led the initial programme to assess strategic options, including the decision to exit Vehicle Finance</li> </ul>	17.5%	8.75%
	People	<ul style="list-style-type: none"> <li>Strengthen capabilities in support of strategic priorities</li> <li>Embed Talent Board processes for middle management</li> <li>Improve Colleague Trust scores</li> <li>Champion ED&amp;I initiatives</li> </ul>	<ul style="list-style-type: none"> <li>Capabilities were assessed and roles defined</li> <li>Talent Boards have been developed for levels 6 and 7</li> <li>Colleague trust scores have reduced over the year</li> <li>ED&amp;I initiatives progressed and positive feedback on our inclusive culture</li> </ul>	7.5%	3.75%
	Customer	<ul style="list-style-type: none"> <li>Enhance digitalisation/self-service options</li> <li>Deliver improvements in Consumer Duty outcomes</li> <li>Maintain positive scores on TrustPilot for consumer businesses</li> </ul>	<ul style="list-style-type: none"> <li>New savings app and increase in self-service options delivered</li> <li>Number of initiatives to enhance customer outcomes delivered</li> <li>TrustPilot scores maintained at 4.8%</li> </ul>	5%	2.5%
	Risk	<ul style="list-style-type: none"> <li>Operate above minimum and buffer capital requirements</li> <li>Deliver Group cost of risk of 1.42%</li> <li>No material breaches of risk appetite</li> </ul>	<ul style="list-style-type: none"> <li>Operated within limits and capital position improved in 2025</li> <li>Continuing cost of risk of 1.0%</li> <li>One material breach occurred due to the recognition of an additional provision for the proposed FCA motor commission redress scheme</li> </ul>	5%	2.5%
<b>Total former CEO</b>				<b>35%</b>	<b>17.5%</b>

## Directors' Remuneration Report continued

	Priority	Targets (summary)	Achievement	Weight	Bonus payable
<b>CFO</b>	Strategy	<ul style="list-style-type: none"> <li>Establish an internal Strategy and Corporate Development function and coordinate the strategy refresh process</li> <li>Assess and obtain approval for strategic and financial options for the refreshed business strategy and financial plan</li> </ul>	<ul style="list-style-type: none"> <li>Strategy and Corporate Development function has been established with strong performance from the team during the year, particularly in relation to the disposal of the Consumer Vehicle Finance business</li> <li>Supported the CEO in the implementation of actions arising from 100-day review</li> <li>Successfully completed and secured approval for the refreshed strategy and financial plan</li> </ul>	15%	13.5%
	Capital & Funding	<ul style="list-style-type: none"> <li>Operate above minimum and buffer capital requirements</li> <li>Effective management of capital, and strategic review of the capital stack and options to support refreshed business plan</li> <li>Develop revised Funding plan that supports the optimisation of funding costs in support of the refreshed business plan</li> </ul>	<ul style="list-style-type: none"> <li>Operated within limits and significant capital and liquidity buffers at the end of the year</li> <li>Capital has been effectively managed and the Company was capital accretive in 2025, including the recognition of an additional £16.4 million provision for the proposed FCA redress scheme for motor finance commissions</li> <li>Funding plan which supports the Company's strategic ambitions has been developed and approved</li> </ul>	15%	13.5%
	People & Customer	<ul style="list-style-type: none"> <li>Enhance digitalisation/self-service options</li> <li>Deliver improvements in Consumer Duty outcomes</li> <li>Improve Colleague Trust scores</li> </ul>	<ul style="list-style-type: none"> <li>New savings app and increase in self-service options delivered</li> <li>Number of initiatives to enhance customer outcomes delivered and customer journeys have been mapped across the Group</li> <li>Colleague trust scores have reduced over the year</li> </ul>	5%	3%
<b>Total CFO:</b>				<b>35%</b>	<b>30%</b>

Note:

1. The CEO and former CEO are eligible to receive a pro-rated bonus in respect of the 2025 financial year in accordance with the Company's annual bonus plan as detailed on page 103.

## Directors' Remuneration Report continued

### 2023 LTIP awards maturing by reference to 2025 performance

LTIP awards were granted on 31 March 2023 and performance conditions were measured to 31 December 2025. Awards are subject to a further two-year holding period from vesting. The 2023 awards were subject to four metrics, which are detailed in the table below, together with the vesting levels:

Performance condition	Weighting	Vesting level
Relative TSR vs FTSE SmallCap (ex. Investment trusts)	25%	25%
RoAE	25%	0%
Core EPS	25%	0%
Risk management	25%	15%
<b>Total:</b>	<b>100%</b>	<b>40%</b>

Recipient	Date of grant	Basis of award	Number of shares	Vested	Performance period
R Lawrence	31 March 2023	100% of salary	41,619	16,647	1 January 2023 – 31 December 2025
<b>Former Director</b>					
D McCreadie	31 March 2023	100% of salary	66,306	26,522	1 January 2023 – 31 December 2025

### Awards exercised during the financial year (audited information)

On 7 April 2025, Rachel Lawrence exercised 12,016 DBP share options at an exercise price of 40 pence per share and sold sufficient shares to cover the transaction costs arising.

On 15 April 2025, David McCreadie exercised 18,937 DBP share options at an exercise price of 40 pence per share, settling the transaction costs arising.

### Awards granted during the financial year (audited information)

#### 2017 LTIP

Nil-cost share options were granted to Executive Directors in accordance with the rules of the LTIP as follows:

Recipient	Date of grant	Basis of award	Number of shares	Face value of award £'000	Performance period
I Corfield	9 September 2025	100% of salary	66,141	£700,000 <sup>1</sup>	1 January 2025 – 31 December 2027
R Lawrence	20 March 2025	100% of salary	88,618	£509,850 <sup>2</sup>	1 January 2025 – 31 December 2027
<b>Former Director</b>					
D McCreadie	20 March 2025	100% of salary	127,158	£731,582 <sup>2</sup>	1 January 2025 – 31 December 2027

Notes:

1. Based on a share price of £10.58 being the average mid-market price determined between 4 and 8 September 2025.

2. Based on a share price of £5.75 being the average mid-market price determined between 17 and 19 March 2025.

## Directors' Remuneration Report continued

The Committee delayed setting the performance conditions for the LTIP awards granted in March 2025 until H2 2025, once the strategy refresh had been completed. As discussed in the Chair's letter on page 97 some structural changes were made to the performance conditions, which the Committee consider further align with shareholder interests and have increased the weighting of financial metrics and reduced the weighting of the qualitative risk assessment. The performance conditions for the 2025 LTIP award is assessed over a three-year performance period, as summarised below.

Measurement basis and % weighting	EPS (30%)	Relative TSR vs FTSE SmallCap (ex. investment trusts) (30%)	RoAE (30%)	Risk management (10%)
Target range	Deliver three-year Compound Annual Growth Rate ('CAGR') in continuing underlying basic EPS in the range of 12% to 14% over the performance period.	Median to upper quartile vesting range. Measured against constituents of FTSE SmallCap (excluding investment trusts).	Deliver an average Continuing underlying RoAE in the range of 14-15% over the performance period.	Maintain appropriate risk practices over the performance period reflecting the longer-term strategic risk management of the Group, including consideration of: <ul style="list-style-type: none"> <li>• effective operation of the Group's Enterprise-Wide Risk Management Framework;</li> <li>• operating within agreed risk appetite parameters;</li> <li>• management of the cost of risk;</li> <li>• delivery of customer outcomes in line with the Consumer Duty; and</li> <li>• appropriate management of the Group's exposure to climate change risk.</li> </ul>
Underpin	Vesting for each of the elements is also subject to an underpin as follows: <ul style="list-style-type: none"> <li>(a) the Board's assessment of the Group's general financial performance and shareholder experience over the performance period;</li> <li>(b) the Board's assessment of the Group's risk management performance over the performance period;</li> <li>(c) the Board's assessment of the successful management of the run-off of the Vehicle Finance business; and</li> <li>(d) the Board's assessment of progress against strategy, in particular, growth in responsible lending, progress on balance sheet management and customer satisfaction.</li> </ul>			

For each metric, threshold attainment is 25% of that part, with vesting on a straight-line basis to 100% for maximum attainment.

For the TSR element, TSR will be measured using a market normal three-month average TSR to the beginning and end of the performance period (which is the three-year period from 1 January 2025).

Awards vest to the extent that the performance metrics are achieved and are subject to a further two-year holding period.

### 2017 Deferred Bonus Plan ('DBP')

Nil-cost share options were granted to Executive Directors on 20 March 2025 in accordance with the rules of the DBP as follows:

Recipient	Date of grant	Number of shares	Tranche 1	Tranche 2	Tranche 3	Face value of award £ <sup>1</sup>
R Lawrence	20 March 2025	10,754	3,584	3,584	3,586	61,870
<b>Former Director</b>						
D McCreadie	20 March 2025	10,802	3,600	3,600	3,602	62,147

Note:

1. Based on a share price of £5.75 being the average mid-market price determined between 17 and 19 March 2025.

### Statement of Directors' shareholding and share interests (audited information)

A formal shareholding guideline requires Executive Directors to build up and maintain a shareholding of at least 200% of base salary, over time, by retaining shares from awards granted under the Group's share plans that vest (net of Income Tax and National Insurance).

The interests of the Directors and their connected persons in the Company's ordinary shares as at 31 December 2025 were as set out on the following page. Any subsequent changes to a Director's shareholding are set out in the notes below the table.

## Directors' Remuneration Report continued

### Directors' shareholding and share interests

Director	Type	Total as at 1 January 2025 <sup>1</sup>	Shares purchased during the year	Options granted during the year <sup>2</sup>	Options exercised during the year	Options lapsed during the year	Total as at 31 December 2025 <sup>3</sup>	Owned outright	Vested but unexercised	Unvested, not subject to performance conditions	Unvested, subject to performance conditions
I Corfield <sup>4,5</sup>	Shares <sup>6</sup>	11,287	28,296	-	-	-	39,583	39,583	-	-	-
	2017 LTIP	-	-	66,141	-	-	66,141	-	-	-	66,141
	2017 DBP	-	-	-	-	-	-	-	-	-	-
	2017 SAYE <sup>7</sup>	-	-	1,004	-	-	1,004	-	-	1,004	-
R Lawrence <sup>4,5</sup>	Shares <sup>8</sup>	20,464	9,687	-	-	-	30,151	30,151	-	-	-
	2017 LTIP	154,448	-	88,618	-	(28,312)	214,754	-	13,904	-	200,850
	2017 DBP <sup>9</sup>	24,364	-	10,754	(12,016)	-	23,102	-	-	23,102	-
	2017 SAYE	3,034	-	-	-	-	3,034	-	-	3,034	-
J Brown	Shares <sup>10</sup>	29,600	90,430	-	-	-	120,030	120,030	-	-	-
J Hopes	Shares	-	-	-	-	-	-	-	-	-	-
S Colsell	Shares	-	-	-	-	-	-	-	-	-	-
P Myers	Shares	8,966	-	-	-	-	8,966	8,966	-	-	-
F Williamson	Shares	-	-	-	-	-	-	-	-	-	-
V Mitchell	Shares	-	-	-	-	-	-	-	-	-	-
<b>Former Directors</b>							-	-	-	-	-
A Berresford	Shares	-	-	-	-	-	-	-	-	-	-
D McCreadie <sup>4,5</sup>	Shares	71,827	18,937	-	-	-	90,764	90,764	-	-	-
	2017 LTIP	232,448	-	127,158	-	(45,106)	314,500	-	19,714	-	294,786
	2017 DBP <sup>11</sup>	38,198	-	10,802	(18,937)	-	30,063	-	-	30,063	-
	2017 SAYE	3,009	-	-	-	(1,683)	1,326	-	-	1,326	-
<b>Total:</b>		<b>597,645</b>	<b>147,350</b>	<b>304,477</b>	<b>(30,953)</b>	<b>(75,101)</b>	<b>943,418</b>	<b>289,494</b>	<b>33,618</b>	<b>58,529</b>	<b>561,777</b>

#### Notes:

- As at 1 January 2025 or as at the time of joining the Board.
- Awards granted under LTIP and DBP rules on 20 March 2025 and 9 September 2025 are set out on page 107 and 108.
- As at 31 December 2025 or as at the time of stepping down from the Board.
- Executive Directors are required to hold shares not purchased on the open market post their employment for two years in line with the minimum shareholding requirements policy.
- Neither Ian Corfield nor Rachel Lawrence have achieved the required 200% of base salary shareholding requirement. Each are calculated using the number of shares owned outright, the Group's SAYE and 53% of unvested and vested share awards that are not subject to performance conditions (2017 DBP and vested 2017 LTIP). As at the date of this report, shares held by Ian Corfield (79,204 shares), are worth £986,090 when using the 2025 year-end share price of £12.45 (141% of 2025 annual base salary). Shares held by Rachel Lawrence (52,798 shares) are worth £657,335 when using the 2025 year-end share price of £12.45 (130% of base salary). Shares held by David McCreadie (118,471) were worth £1,474,974 when using the 2025 year-end share price of £12.45 (202% of 2025 annual base salary).
- Ian Corfield purchased 5,641 shares on 8 July 2025, 5,646 shares on 9 July 2025 and 28,296 shares on 21 October 2025.
- Ian Corfield participated in the 2025 SAYE plan, granted on 25 September 2025, to the maximum monthly saving amount.
- A person closely associated ('PCA') with Rachel Lawrence, purchased 3,878 shares on 13 March 2025.
- On 7 April 2025, Rachel Lawrence exercised 12,016 DBP share options at an exercise price of 40 pence per share and sold sufficient shares to cover the transaction costs arising. On 23 April 2025, Rachel Lawrence transferred 3,279 shares to a PCA with her, and each completed a 'bed and ISA' transaction, with the difference in balance being sold to cover transaction costs arising.
- A PCA with Jim Brown, purchased 17,182 shares on 25 March 2025, 3,525 shares on 2 July 2025, 24,723 shares on 3 July 2025, 20,000 shares on 19 August 2025 and 25,000 shares on 22 October 2025.
- On 15 April 2025, David McCreadie exercised 18,937 DBP share options at an exercise price of 40 pence per share, settling the transaction costs arising.

**Between 31 December 2025 and the date of this report, the following changes to the above interests have occurred: Ian Corfield purchased 19,419 shares on 5 January 2026 and 19,198 shares on 6 January 2026.**

## Directors' Remuneration Report continued

### Payments made to former Directors during the year (audited information)

Former CEO David McCreddie stepped down from the Board on 8 September 2025 and remains an employee until 16 June 2026. From 8 September 2025 until 31 December 2025 he received a base salary of £227,931 pension contributions of £11,397 and benefits totalling £8,944 for the period.

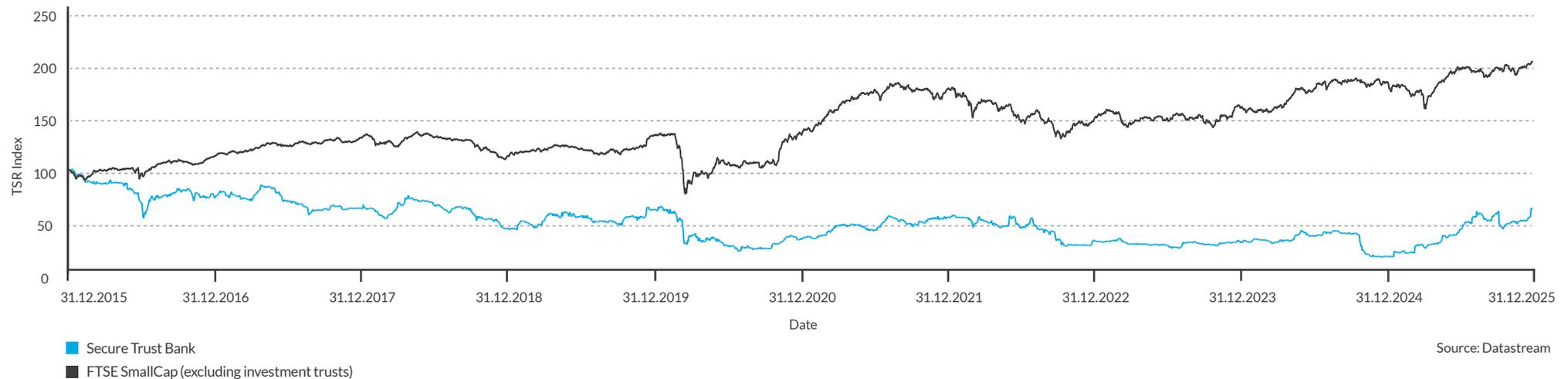
### Payments for loss of office made during the year (audited information)

No payments for loss of office were made during the year.

### Performance graph and historical CEO remuneration outcomes

#### Total shareholder return ('TSR')

The graph below shows the TSR performance for the Company's shares in comparison to the FTSE SmallCap Index (excluding investment trusts) for the period from 1 January 2016 to 31 December 2025. For the purpose of the graph, TSR has been calculated as the percentage change during the period in the market price of the shares, assuming that dividends are reinvested. The graph shows the value, by 31 December 2025, of £100 invested in the Group over the period compared with £100 invested in the FTSE SmallCap Index (excluding investment trusts). The FTSE SmallCap Index (excluding investment trusts) has been chosen as a comparator as this is the most appropriate reference point given the market capitalisation of the Company.



## Directors' Remuneration Report continued

The table below shows details of the total remuneration, bonus and share options vesting (as a percentage of the maximum opportunity) for the CEO over the last 10 financial years.

	Total remuneration £'000	Bonus as a % of maximum opportunity <sup>1</sup>	LTIP as a % of maximum opportunity <sup>2</sup>
<b>2025 (Ian Corfield)<sup>3</sup></b>	<b>405</b>	<b>75</b>	<b>N/A</b>
<b>2025 (David McCreadie)<sup>3</sup></b>	<b>1,002</b>	<b>38</b>	<b>40</b>
2024	909	17.5	15
2023 <sup>4</sup>	1,079	41.04	21.25
2022 <sup>4</sup>	1,060	53.1	N/A
2021 <sup>4</sup>	1,170	74.6	N/A
2020	1,045	–	–
2019	1,804	45	15
2018	1,857	50	N/A
2017	1,657	33.3	N/A
2016	5,542	N/A	100

Notes:

1. Pre Main Market admission, bonuses were determined by the Committee on a discretionary basis taking into account Group financial and individual performance during the financial year.
2. No LTIP shares were eligible to vest in respect of the years 2017, 2018, 2021 and 2022.
3. David McCreadie retired as CEO on 8 September 2025 and Ian Corfield succeeded him from that date.
4. 2021, 2022, 2023 and 2024 reflect David McCreadie as CEO.

## Directors' Remuneration Report continued

### Directors' pay increase in relation to all employees

The table below shows the percentage change in remuneration of the Directors and employees of the business between 2021, 2022, 2023, 2024 and 2025 financial years.

	2025 Salary or base fee %	2025 Benefits %	2025 Bonus %	2024 Salary or base fee %	2024 Benefits %	2024 Bonus %	2023 Salary or base fee %	2023 Benefits %	2023 Bonus %	2022 Salary or base fee %	2022 Benefits %	2022 Bonus %	2021 Salary or base fee %	2021 Benefits %	2021 Bonus %
<b>Employees<sup>1,2</sup></b>	4.1	0.0	5.7	3.2	0	6.3	4.9	0	7.6	2.9	0	(3.3)	2.9	0	6.9
<b>Executive Directors:<sup>3</sup></b>															
I Corfield	N/A	N/A	N/A												
R Lawrence <sup>4</sup>	3.0	26	107.3	14.4	4.5	(32.4)	3.0	0	(19.5)	3.0	0	(25.3)	2.0	N/A	N/A
<b>Non-Executive Directors:<sup>3</sup></b>															
J Brown	3.0	0.0	N/A	N/A	N/A	N/A									
J Hopes	3.0	0.0	N/A	N/A	N/A	N/A									
P Myers	3.0	0.0	N/A	3.0	0	N/A	3.0	0	N/A	2.9	0	N/A	3.0	0	N/A
S Colsell	3.0	0.0	N/A	N/A	N/A	N/A									
F Williamson	3.0	0.0	N/A	3.0	0	N/A	3.0	0	N/A	2.9	0	N/A	N/A	N/A	N/A
V Mitchell	3.0	0.0	N/A	3.0	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>Former Directors:</b>															
D McCreadie	3.0	500 <sup>6</sup>	58.8	3.0	100	(56.1)	3.0	0	(21.9)	3.0	0	(25.4)	N/A	N/A	N/A
A Berresford	3.0	0.0	N/A	3.0	100	N/A	3.0	0	N/A	2.9	0	N/A	3.0	0	N/A

#### Notes:

- The strict legal requirement is only to provide details of employees of Secure Trust Bank PLC, however, we have decided voluntarily to disclose in respect of all Group employees.
- The calculation is prepared on a full-time equivalent basis.
- Where figures are shown as N/A it reflects that the individual commenced a role part way through the relevant year or left during the relevant year; and accordingly, there is no comparable previous year figure. In addition, N/A is also stated as Non-Executive Directors are not eligible for bonuses.
- Rachel Lawrence received an increase to salary in line with employees for 2021, adjusted to reflect her joining the Group part way through the year.
- Each of the Non-Executive Directors received a 3.0% increase to their base fee with effect from 1 January 2025.
- David McCreadie's 2025 benefits included a travel allowance.

## Directors' Remuneration Report continued

### 2025 CEO pay ratio

Our finalised CEO pay ratio for 2025 is set out in the table below. These figures are on a Group-wide basis, as per the regulations:

Year	Method	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
<b>2025</b>	<b>Option A</b>	<b>38:1</b>	<b>27:1</b>	<b>16:1</b>
2024	Option A	37:1	27:1	16:1
2023	Option A	35:1	26:1	17:1
2022	Option A	40:1	29:1	17:1
2021	Option A	43:1	31:1	17:1
2020	Option A	47:1	36:1	19:1
2019	Option A	96:1	71:1	36:1

Total UK employee pay and benefits figures used to calculate the CEO pay ratio for 2025:

	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
Salary	28,703	30,000	66,000
Total pay and benefits	28,903	40,594	67,980

The Company has chosen Option A methodology to prepare the CEO pay ratio calculation as this is the most statistically robust method and is in line with the general preference of institutional investors. The value of each employee's total pay and benefits, as at 31 December 2025, was calculated using the single-figure methodology consistent with the CEO. No elements of pay have been omitted. Where required, remuneration was approximately adjusted to be full-time and full-year equivalent basis based on the employee's average full-time equivalent hours for the year and the proportion of the year they were employed. Ian Corfield succeeded David McCreadie on 8 September 2025 and remuneration data for the CEO role within the 2025 CEO pay ratio reflects their remuneration pro-rated to that date.

The Committee considers that the median pay ratio for 2025, which is disclosed in the above table, is consistent with the pay, reward and progression policies for the Group's UK employees taken as a whole.

### Spend on pay

The following table sets out the percentage change (from the financial year ended 31 December 2025) in dividends and the overall expenditure on pay (as a whole across the organisation).

	2025 £million	2024 £million	Change %
Dividends, excluding special dividends, and share buybacks	6.6	6.3	4.8
Dividends, including special dividends, and share buybacks	6.6	6.3	4.8
Overall expenditure on pay <sup>1</sup>	60.8	60.2	1.0

Note:

- Further information can be found in Note 6 to the Financial Statements.

### Service agreements and letters of appointment

Details of the Directors' service agreements, letters of appointment and notice periods are set out below. The Executive Directors are the only Directors with service contracts, none of which contain an expiry term.

Name	Commencement of current service agreement/letter of appointment <sup>1,2,3</sup>	Notice period
I Corfield	23 June 2025	12 months
R Lawrence	11 May 2020	12 months
J Brown	12 February 2026	6 months
P Myers	28 November 2018	6 months
F Williamson	30 June 2021	6 months
V Mitchell	1 November 2023	6 months
J Hopes	19 December 2025	6 months
S Colsell	19 December 2025	6 months

Notes:

- Each of the Non-Executive Directors' letter of appointment was amended in 2025 by a side letter confirming their respective Committee membership and their total fee.
- All Directors are subject to annual re-election by shareholders.
- Those Non-Executive Directors who are members of the Remuneration Committee are set out on page 68.

## Directors' Remuneration Report continued

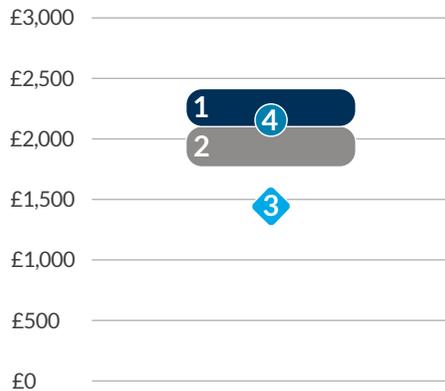
### Implementation of Directors' Remuneration Policy for the financial year ending 31 December 2026

#### Market positioning

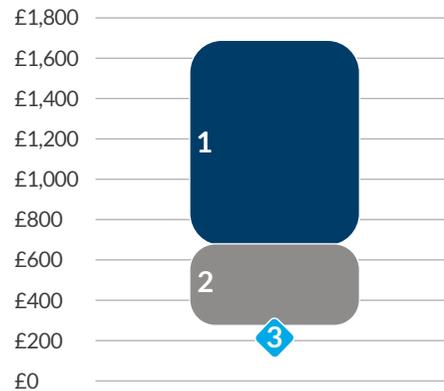
The Committee regularly benchmarks the Group's remuneration against peers and takes this into consideration when developing remuneration proposals, to ensure that awards are not excessive against peers but these also enable the Company to retain and attract talent into the Group. We consider remuneration practices in a specialist sector group of small and selected lenders. Within the sector group, our six-month average market cap places the Company at slightly below a lower quartile level as shown in the chart below, which is aligned to the current on-target total remuneration for the CEO, which is below lower quartile positioning. The chart also shows the position for total on-target remuneration in line with the increased maximums under our proposed Directors' Remuneration Policy. However, this is only an illustration as at present we do not intend to increase the incentive opportunities and will only do so following appropriate further shareholder consultation. The illustration shows the total on-target remuneration position for the CEO if maximum annual bonus was increased to 200% base salary (from 100% base salary) and annual LTIP awards were increased to 200% base salary (from 100% base salary). This is the maximum allowed under our revised policy and would move the CEO's total on-target remuneration to a position that is median for the sector group.

#### CEO total on-target remuneration and market capitalisation v sector comparator group<sup>1</sup> (£'000)

##### On-target remuneration



##### Market capitalisation



- 1 Median to upper quartile
- 2 Lower quartile to median
- 3 Secure Trust Bank current on-target (£1.5million)
- 4 Secure Trust Bank on-target with 200% of salary bonus and LTIP (£2.2million)

Note:

1. Peer group comprised of Arbutnot Banking Group, OSB Group, Shawbrook, Vanquis Banking Group, Paragon Banking Group, Close Brothers Group, International Personal Finance, Metro Bank and Distribution Finance Capital.

The following section provides an overview as to how each element will be applied in 2026.

#### Salary

As at the date of this report, Ian Corfield receives an annual base salary of £700,000. Rachel Lawrence receives an annual base salary of £509,850. In line with the wider employee salary increases, both Executive Directors will receive a salary increase of 2% effective 1 April 2026.

#### Pensions

Ian Corfield and Rachel Lawrence will each receive a 5% of base salary pension contribution, being aligned to the rate of pensions contribution for Group employees.

#### Fees

The following table sets out the Non-Executive Director fee structure effective from 1 January 2026.

Role	2026 fee £'000
Chair <sup>1</sup>	258
Non-Executive Director (basic fee) <sup>2</sup>	82
Senior Independent Director and Committee Chair	20
Member of Audit, Risk or Remuneration Committee	5
Designated Non-Executive Director with responsibility for workforce engagement	5
Consumer Duty Champion	5

Notes:

1. The Chair does not receive any additional fees for his membership of any of the Board's Committees.
2. With effect from 2020, the base fee payable to the Chair and the Non-Executive Directors increases in line with the average increase of remuneration for employees implemented within the annual review of remuneration in the previous year. The increase takes effect from 1 January each year in respect of the preceding employee-level salary increase.

## Directors' Remuneration Report continued

### Annual bonus

The proposed maximum annual bonus opportunity for the year ending 31 December 2026 will be equal to 100% of salary.

The bonus will be subject to stretching performance metrics based on a balanced scorecard. The selected balance of performance metrics for 2026 will be substantially similar to the balance of metrics for 2025 (65% financial; 35% non-financial) with precise weightings for individual measures reflecting the Company's in-year priorities.

The Committee considers that the targets for annual bonus metrics are commercially sensitive. A description of the performance metrics, their weighting and the related targets will be disclosed in the Annual Report on Remuneration for the year ending 31 December 2026 (or in respect of targets, at such time when the targets are no longer considered commercially sensitive).

50% of any bonus earned will be deferred into shares under the DBP. Deferred shares will vest in equal tranches after one, two and three years following deferral.

The Committee can consider corporate performance on ESG issues when setting Executive Director remuneration and has considered whether the incentive structure for senior management raises ESG risks by inadvertently motivating irresponsible behaviour.

### LTIP and DBP

The Company proposes to grant LTIP awards to the Executive Directors in the form of nil-cost share options at the level of up to 100% of salary for the CEO and CFO. The performance conditions attached to the 2026 LTIP, will be measured over a three-year period commencing on 1 January 2026 and will be aligned to the 2025 grant as detailed on page 108, with 30% based on TSR, 30% on EPS growth, 30% on RoAE and 10% risk management. The target ranges for the EPS and ROAE metrics for 2026 LTIP awards are still being reviewed by the Committee and will be confirmed in Annual Report on Remuneration for 2026.

The Company proposes to grant DBP awards to the Executive Directors in the form of nil-cost share options in respect of 2025 annual bonus outcomes.

### Statement of voting at AGM

The Directors' Remuneration Policy was approved by shareholders at the AGM in 2023. The most recent Directors' Remuneration Report was approved at the AGM in 2025; the votes cast were as detailed below.

Resolution	Proxy votes for	% of proxy votes cast	Proxy votes against	% of proxy votes cast	Votes withheld
To approve the Directors' Remuneration Policy (2023 AGM)	15,157,928	95.88	650,863	4.12	1,055
To receive and approve the Directors' Remuneration Report (2025 AGM)	9,727,051	98.23	175,288	1.77	6,367

### Approval

This report was approved by the Board on 11 March 2026 and signed on its behalf by:

**Julie Hopes**  
Chair of the Remuneration Committee

## Proposed Directors' Remuneration Policy

This Directors' Remuneration Policy will be submitted to the 2026 Annual General Meeting ('AGM') for shareholder approval. If approved by shareholders, it will formally take effect from the date of the 2026 AGM. The policy will apply for three years beginning with the date of its approval unless a new policy is presented in the interim.

### Policy development

In developing the Policy, the Remuneration Committee sought advice from its remuneration consultants FIT Remuneration Consultants LLP ('FIT') and considered views of the Executive Directors and leading shareholders (further information can be found page 127). The Committee also considered benchmarking data, which is undertaken against a specialist sector group of smaller banks and selected lenders further information can be found on page 114.

The Remuneration Committee are recommending increasing the policy maximums for the long-term incentive plan ('LTIP') and bonus from 100% of salary to 200%. However, the increase in the maximum limits are to provide headroom and will not be utilised without further engagement with major shareholders. The Committee believe it is important to have the additional flexibility,

should it be required, in order to support delivery of the Group's ambitious growth plans and new strategy. In addition, it is critical the Group has the ability to attract and retain key staff in a competitive market for talent and following the relaxation of the PRA rules on variable remuneration, a number of banks have, or are expected to, increase their limits on variable compensation.

The Remuneration Committee is also seeking approval for revised share plan rules, to replace the current schemes, which are due to expire in 2027 and further information can be found on page 127 and our Notice of AGM. Whilst not part of the formal Policy, the revised rules will enable dividends or dividend equivalents to be paid on share awards, which is in line with market practice.

### Overview of the proposed Policy

The Directors' Remuneration Policy, proposed for approval by shareholders at the 2026 AGM, is broadly consistent with the prior Policy approved by our shareholders at the 2023 AGM, which received 95.88% of votes cast in favour. The table below summarises the proposed 2026 Policy and any material changes from the prior Policy are highlighted.

Purpose and link to strategy	Operation	Maximum opportunity	Performance metrics	Changes from prior Remuneration Policy
<b>Base salary</b>				
To provide a fixed component, set such that the overall package is competitive, reflects the scope of individual responsibilities and recognises sustained individual performance in the role. Further, to enable the Group to recruit and retain the services of individuals of a suitable calibre.	<p>Base salaries are paid monthly in cash. Salaries are reviewed annually, with consideration of a range of factors including:</p> <ul style="list-style-type: none"> <li>• role, individual performance and experience;</li> <li>• contribution to Group performance and achievement of strategic objectives;</li> <li>• salary as competitive to benchmarking and market forces; and</li> <li>• pay and conditions of employees in the Group as a whole.</li> </ul>	<p>Base salaries across the Group are reviewed each year with any increases awarded (as a percentage of salary) typically aligned to the range available to the wider workforce. Deviations increasing from this range may be awarded to take account of individual circumstances, including:</p> <ul style="list-style-type: none"> <li>• where an Executive Director has had an increase in responsibility;</li> <li>• where an Executive Director has been promoted or has had a change in scope;</li> <li>• an individual's development or performance in role (e.g. to align a newly appointed Executive Director's salary with the market over time); and</li> <li>• where an Executive Director's salary is no longer market competitive (e.g. due to an increase in size and complexity of the business).</li> </ul> <p>Increases may be implemented over such time period as the Committee deems appropriate.</p> <p>There is no maximum salary defined.</p> <p>For any new Executive appointed, salaries will be set at a level appropriate to the role and the experience of the Executive Director being appointed. Current Executive Director salaries will not act as a reference point.</p>	No formal performance conditions apply to the base salary element of remuneration, however, an individual's performance in role is part of any consideration in determining the appropriateness, and quantum, of any increase to base salary as part of the annual review process.	No proposed changes.

## Proposed Directors' Remuneration Policy continued

Purpose and link to strategy	Operation	Maximum opportunity	Performance metrics	Changes from prior Remuneration Policy
<b>Benefits</b>				
To provide valued benefits in line with market levels on a cost-effective basis.	Executive Directors receive benefits in line with market practice, and these include a car allowance, medical insurance, life assurance, and disability insurance. Other benefits may be provided based on individual circumstances. These may include, for example, relocation and travel allowances.	Whilst the Committee has not set an absolute maximum on the level of benefits Executive Directors may receive, the value of benefits is set at a level that the Committee considers to be appropriately positioned taking into account relevant market levels based on the nature and location of the role, individual circumstances and overall cost to the business.	None.	No proposed changes.
<b>Pension</b>				
To provide an appropriate and competitive level of retirement benefit (or cash allowance equivalent).	Executive Directors are eligible to participate in the Group defined contribution pension plan in line with the rate for the Company's employees. In appropriate circumstances, such as where contributions exceed the annual or lifetime allowance, Executive Directors may be permitted to take a cash supplement in lieu of contributions to a pension plan.	For both incumbent and newly recruited Executive Directors, employer pension contributions are limited to 5% of base salary. The maximum cash supplement in lieu of pension is 5% of base salary. These levels are in line with the rate for the Company's employees.  The maximum for Executive Directors may be increased in line with any increase available to the wider workforce.	None.	No proposed changes.

## Proposed Directors' Remuneration Policy continued

Purpose and link to strategy	Operation	Maximum opportunity	Performance metrics	Changes from prior Remuneration Policy
<b>Annual bonus</b>				
<p>To incentivise achievement of objectives set by the Committee and designed to improve performance and realise the overall Group strategy.</p> <p>To drive and reward individual performance.</p> <p>To encourage retention and alignment with shareholders' interests.</p>	<p>Outturns for each Executive Director's annual bonus are determined by the Committee measuring performance after the year-end against a blend of financial and non-financial performance objectives set by the Committee and measured over one year.</p> <p>The Committee has discretion to amend the pay-out should any formulaic output not reflect the Committee's assessment of overall business performance, or as it otherwise deems appropriate.</p> <p>To further link the Executive Directors' pay to the interests of shareholders, Executive Directors are required to defer 50% of any bonus earned into shares under the Deferred Bonus Plan ('DBP'). Deferred share awards vest in equal tranches after one, two and three years following deferral. Deferred share awards will typically take the form of a nil-cost share option but may be structured as an alternative form of share award. The Committee may decide to pay the whole of the bonus earned in cash where the amount to be deferred is less than £50,000 and would, therefore, in the opinion of the Committee, make operation of the DBP administratively burdensome.</p> <p>Clawback provisions will apply to annual bonus awards and malus and clawback provisions will apply to deferred share awards as detailed on page 122.</p>	<p>Maximum annual bonus opportunity is 200% of base salary for any financial year during the policy period. However, the current annual operational limit in 2026 is 100% of base salary.</p>	<p>Targets are set annually at the beginning of the performance year and reflecting the Group's strategy and aligned with key financial, strategic and/or individual targets.</p> <p>The annual bonus will be assessed against key financial performance metrics of the business and non-financial strategic/personal objectives, in such proportions as the Committee considers appropriate.</p> <p><b>Financial metrics</b></p> <p>No more than 50% of the maximum potential will be paid for on-target performance and all of the maximum potential will be paid for outstanding performance.</p> <p><b>Non-financial strategic or individual metrics</b></p> <p>Outcomes for the non-financial, strategic or individual metrics will apply on a scale between 0% and 100% based on the Committee's assessment of the extent to which a non-financial performance metric has been met.</p> <p>Deferred share awards are not subject to any additional performance metrics.</p> <p>In determining annual bonus outturns, the Remuneration Committee considers a wide range of factors including Group performance, risk events and shareholder experience.</p>	<p>Flexibility is requested under the proposed policy to increase the annual bonus maximum opportunity to 200% of salary.</p> <p>Should any substantial operational changes to Executive Director remuneration be proposed, further engagement with shareholders will be conducted.</p> <p>Subject to the approval of the revised share plan rules, DBP deferred awards will accrue dividend equivalents until vesting.</p>

## Proposed Directors' Remuneration Policy continued

Purpose and link to strategy	Operation	Maximum opportunity	Performance metrics	Changes from prior Remuneration Policy
<b>Long-term incentive scheme ('LTIP')</b>				
<p>To provide an effective long-term incentive award to motivate and incentivise individuals and drive the long-term sustainable success of the Group, further aligning interests with shareholders.</p> <p>To further assist in the retention of the services of key individuals.</p>	<p>Awards will be in the form of nil-cost share options, conditional shares or other such form as has the same economic effect. Awards will be granted with vesting dependent on the achievement of performance conditions set by the Committee, normally over a three-year performance period. Awards will usually be subject to a two-year holding period following the end of the performance period (with the exception that sufficient shares may be sold to meet Income Tax, National Insurance liabilities and any other transaction costs).</p> <p>Awards may be settled in cash (or granted as a right to a cash amount) in exceptional circumstances at the election of the Committee. Malus and clawback provisions will apply to awards as detailed on page 122.</p>	<p>The maximum annual award that can be made in respect of any financial year in the policy period is an LTIP award over shares with a value of 200% of base salary.</p> <p>However, the current annual operational limit in 2026 is to make LTIP awards over shares with a value of 100% of base salary.</p>	<p>Performance metrics are selected to drive performance in line with Group strategy. Performance metrics and their weightings, where there is more than one metric, are formulated and approved annually.</p> <p>Each performance condition that awards are subject to will be tested and elements will vest between 25% and 100% for performance between 'threshold' performance (the minimum level of performance that results in any level of vesting) and 'maximum' performance.</p> <p>The Committee retains discretion to override the formulaic outturn of performance conditions for awards if appropriate to do so.</p>	<p>Flexibility is requested under the proposed policy to increase the maximum annual LTIP grant to 200% of salary.</p> <p>Should any substantial operational changes to Executive Director remuneration be proposed, further engagement with shareholders will be conducted.</p> <p>Subject to the approval of the revised share plan rules, LTIP awards will accrue dividend equivalents until vesting.</p>
<b>All-employee share schemes</b>				
<p>To promote a sense of ownership in the Group and create further alignment with the interests of shareholders.</p>	<p>Executive Directors are eligible to participate in a HMRC tax-qualifying all-employee Sharesave Scheme under the same terms as other Group employees.</p>	<p>Participant limits are set by the UK tax authorities.</p>	<p>None.</p>	<p>No proposed changes.</p>

## Proposed Directors' Remuneration Policy continued

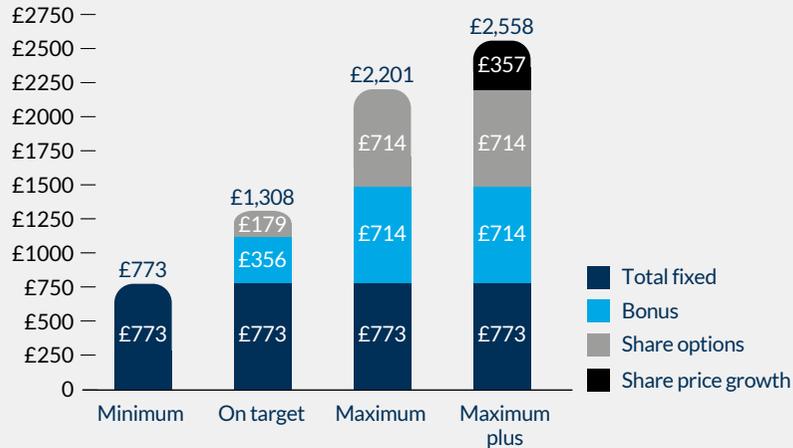
Purpose and link to strategy	Operation	Maximum opportunity	Performance metrics	Changes from prior Remuneration Policy
<b>Minimum shareholding requirements and post-cessation requirements</b>				
To provide a continued focus on long-term sustainable value creation and to further align Executives' and shareholders' interests.	Executive Directors are required to build up a shareholding in the Company equal to 200% of base salary. Executive Directors are expected to retain a proportion of the shares vesting under the Company's share plans until the guideline is met. Any LTIP performance vested shares subject to a holding period and any shares awarded in connection with annual bonus deferral will be credited for the purpose of the guidelines (discounted for anticipated tax liabilities). In addition, a post-cessation shareholding requirement will apply to Executive Directors who leave the Company. Leavers will have a requirement to hold the share ownership requirement or, if lower, the level of their pre-cessation actual shareholding, excluding shares purchased by Executive Directors in the market, for two years from ceasing to work (the earlier of commencing garden leave or termination of service).	N/A	N/A	No proposed changes.

### Illustrations of application of Remuneration Policy

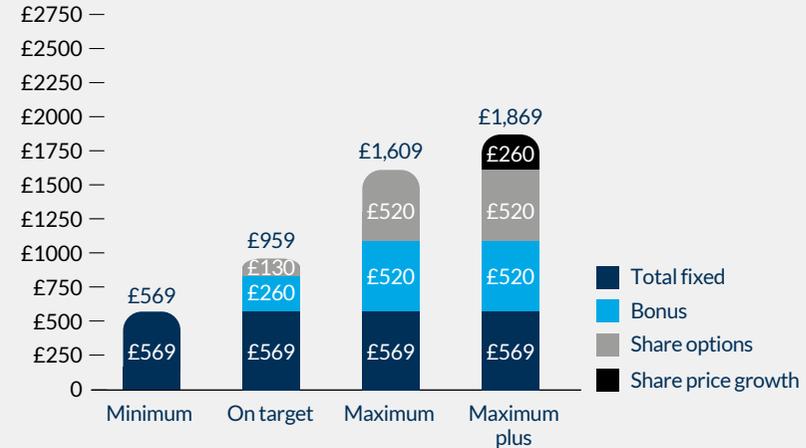
During consultation on the proposed 2026 Policy, we have been careful to confirm that, whilst flexibility is requested in the Policy, it is not operationally proposed to use this headroom at present. Should substantial operational changes to the Directors' remuneration be proposed, further engagement would be held with shareholders. As required by the Directors' Remuneration Report ('DRR') Regulations, the charts below show for the CEO and the CFO an indication of the level of remuneration that would be received by each Director in accordance with the Directors' Remuneration Policy in the first year to which the policy applies. This means applying the maximum annual bonus limit for 2026 (100% base salary) and the annual LTIP award level for 2026 (100% base salary). The following charts show the split of remuneration between fixed pay, annual bonus (including amounts deferred under the DBP) and LTIP on the basis of minimum remuneration, remuneration receivable for performance in line with the Company's expectations, maximum remuneration (not allowing for any share price appreciation) and maximum remuneration (allowing for 50% share price appreciation on the LTIP award).

## Proposed Directors' Remuneration Policy continued

### DRP Scenario – Chief Executive Officer (£'000)



### DRP Scenario – Chief Financial Officer (£'000)



In illustrating the above potential reward, the following assumptions have been made:

Scenario	Description	Assumptions
Minimum performance	Minimum remuneration receivable.	Fixed elements of remuneration only – salary as at 1 January 2025, benefits and pension. No payments under incentive plans. No bonus earned.
On target performance	Remuneration receivable for achieving performance in line with expectations.	Fixed elements of remuneration (as above). 50% of maximum annual bonus earned. 50% of maximum LTIP award vesting.
Maximum performance	Remuneration receivable for achieving performance in excess of the maximum performance targets.	Fixed elements of remuneration (as above). 100% of maximum annual bonus earned. 100% of maximum LTIP award vesting.
Maximum performance including share price growth	Remuneration receivable at maximum performance, plus 50% share price growth on the LTIP vesting value.	Fixed elements of remuneration (as above). 100% of maximum annual bonus earned, plus 50% share price growth on deferred element of bonus. 100% of maximum LTIP award vesting, plus 50% share price growth.

## Proposed Directors' Remuneration Policy continued

### Application of malus and clawback

**Malus:** The ability to reduce, cancel or impose further conditions on unvested awards, in the circumstances set out below.

**Clawback:** The ability to cancel an award that has vested but not yet been released (in relation to an award, which is subject to a holding period) or exercised (in relation to share options), or require the repayment of some, or all, of an award in the circumstances set out below.

#### Malus and clawback may apply in the following circumstances:

No changes are proposed to the malus and clawback provisions, and will continue to apply over the below time periods, which are:

- if there is a material misstatement of financial results, which results in an adjustment of the audited consolidated accounts of the Company;
- the assessment of any performance target or performance condition in respect of the award was based on material error or materially inaccurate or misleading information;
- it is discovered that any information used to determine the size of an award was based on material error or materially inaccurate or misleading information;
- in the reasonable opinion of the Board action or conduct of the participant amounts to fraud or gross misconduct;

- the participant is subject to a regulatory censure in respect of a material failure in control;
- if the participant is dismissed for gross misconduct or receives a formal written warning for gross misconduct as defined in the Company's disciplinary policy;
- any Group entity suffers a material loss arising from the participant or others operating outside of agreed risk policy parameters which, in the opinion of the Board, constitutes a material failure of risk management;
- the level of the Award is not, in the opinion of the Board, sustainable when assessing the overall financial viability of any Group entity;
- the Company has suffered corporate failure such as, although not limited to, the appointment of an administrator or a liquidator or the Company entering into an agreement with its creditors;
- if there is a material failure of risk management and/or material failure of risk oversight or supervision and/or regulatory non-compliance resulting in damage to the Company's business or reputation; or
- any other circumstances that the Board considers to have similar nature or effect to any of the above.

In the event a Company or regulatory investigation is commenced within the malus and clawback time periods, the Committee has the right to extend the time periods for malus and clawback up to a period of 10 years, however, typically malus and clawback provisions will apply over the following time periods:

Element	Malus	Clawback
Annual bonus award	To such time as the payment is made.	Up to three years following payment.
Deferred bonus award	To such time as the award vests.	Tranche of award deferred for one year: Up to two years following vesting. Tranche of award deferred for two years: Up to one year following vesting. Tranche of award deferred for three years: No clawback provisions apply.
LTIP award	To such time as the award vests.	Up to two years following vesting.

## Proposed Directors' Remuneration Policy continued

### Choice of performance metrics and approach

#### Annual bonus

The choice and balance of financial and non-financial objectives (including key strategic and/or personal objectives) for the measurement of performance for the annual bonus reflects the Committee's view that incentives should be stretching and formulated to drive the achievement of the Group strategy. The Committee challenges and formulates the objectives each year, taking into account Group priorities for the year ahead, and are selected to provide an appropriate balance between incentivising Executive Directors to meet financial targets for the year and achieving strategic and/or personal objectives. The Committee sets threshold, on plan and stretching measures to encourage individual accountability in delivery of exceptional performance.

#### LTIP

In setting grant levels for Executive Directors under the LTIP, the Committee will take into consideration Group and individual performance. Forward-looking performance is measured against performance condition metrics that reflect the Group's strategic ambitions. Stretching performance conditions, formulated to drive the long-term success of the Group and achievement of the Group strategy, are set by the Committee each year. When setting the performance metrics, the Committee will consider a range of factors, which may include the Group's business plans and strategy and the economic environment. Performance metrics are selected that are aligned with the performance of the Group, the interests of shareholders and consideration of other stakeholders and/or factors at the discretion of the Committee.

Full vesting will only occur for what the Committee considers to be stretching performance. Long-term performance metrics provide a robust and transparent basis on which to measure the Group's performance over the longer term and provide further alignment with the business strategy. The Committee retains the ability to adjust or set different performance metrics or targets if events occur (such as a change in strategy, a material acquisition and/or a divestment of a Group business or a change in prevailing market conditions), which cause the Committee to determine that the metrics are no longer appropriate and that amendment is required so that they achieve their original purpose. At the Committee's discretion, if deemed appropriate, awards and options may be adjusted in accordance with the share plan rules in the event of a variation of share capital, demerger, delisting, special dividend or other event which may affect the Company's share price.

### Share plan discretions retained by the Committee

The Committee operates the Group's various incentive plans according to their respective rules and (where applicable) in accordance with relevant legislation and HMRC guidance. In order to ensure efficient administration of these plans, certain operational discretions are reserved to the Committee, including, but not limited to:

- determining who may participate in the plans;
- determining the timing of grants of awards and/or payments under the plans;
- determining the quantum of any awards and/or payments (within the limits set out in the policy table above);
- in exceptional circumstances, determining that a share-based award shall be settled (in full or in part) in cash;
- determining the performance measures and targets applicable to an award;
- discretion to override formulaic outcomes;
- where a participant ceases to be employed by the Company, determining whether 'good leaver' status shall apply;
- determining the extent of vesting or payment of an award based on assessment of the performance conditions and the overall performance of the Company, including discretion as to the basis on which performance is to be measured if an award vests in advance of normal timetable (on cessation of employment as a 'good leaver' or on the occurrence of corporate events);
- whether, and to what extent, pro-rating shall apply in the event of cessation of employment as a 'good leaver' or on the occurrence of corporate events;
- discretion to vary shareholding and post-cessation holding requirements in exceptional circumstances;
- whether malus and/or clawback shall be applied to any award and, if so, the extent to which they shall apply; or
- making appropriate adjustments to awards on account of certain events, such as major changes in the Company's capital structure.

## Proposed Directors' Remuneration Policy continued

### Elements of the Remuneration Policy for the Chair of the Board and the Non-Executive Directors

Purpose and link to strategy	Operation	Maximum opportunity	Performance metrics
<b>Chair and Non-Executive Director fees</b>			
To enable the Group to recruit and retain the appropriate number and diversity of Non-Executive Directors of a suitable calibre and with experience to provide balance, oversight and challenge.	<p>Fees for the Non-Executive Directors are considered annually.</p> <p>A mechanical process was implemented in 2019 to increase the Board Chair's and Non-Executive Directors' fee in line with employees' average salary increases in the prior year with a determination to be made if there is a reason to depart from this approach.</p> <p>Fees paid to the Chair are approved by the Remuneration Committee, fees paid to Non-Executive Directors for their services are approved by the Board, without Non-Executive involvement to ensure that no Director approves their own remuneration. Fees may include a basic fee and additional fees for further responsibilities (for example, Chairmanship or membership of Board Committees or holding the office of Senior Independent Director). Fees are benchmarked against the level of fees paid to Non-Executive Directors serving on the boards of similar-sized UK-listed companies and those in the financial services sector, as well as the time commitment and contribution expected for the role.</p> <p>The Chair and Non-Executive Directors receive reimbursement of any reasonable business-related expenses (including tax thereon if determined to be a taxable benefit) incurred as part of performing their duties.</p>	<p>Fees will be reviewed periodically to determine whether they remain appropriate and competitive. Factors that may be considered include:</p> <ul style="list-style-type: none"> <li>• any changes in roles;</li> <li>• responsibilities; and/or</li> <li>• time commitment of the Non-Executive Directors.</li> </ul> <p>Increases above those awarded for the rest of the organisation may be made if considered appropriate.</p>	None.
<b>Benefits</b>			
To enable the Group to recruit and retain the appropriate number and diversity of Non-Executive Directors of a suitable calibre and with experience to provide balance, oversight and challenge.	Non-Executive Directors may be eligible to receive benefits such as private medical insurance, the use of secretarial support, travel costs and other expenses that may be appropriate.	<p>Where benefits are provided to the Chair or Non-Executive Directors, this will be at a level considered appropriate, taking into account a range of factors including individual circumstances and cost to the business.</p> <p>Where appropriate to do so, any tax that arises on reimbursed expenses that are considered as benefits may be paid by the Company.</p>	None.
<b>Share Plans and Pensions</b>			
	Neither the Chair nor the Non-Executive Directors are eligible to participate in any of the Company's incentive or pension schemes.	N/A	None.

No new Chair or Non-Executive Director will be paid in excess of the Policy table above. No sign-on payments are offered to a new Chair or Non-Executive Director.

## Proposed Directors' Remuneration Policy continued

### Recruitment remuneration

The Policy aims to facilitate the appointment of individuals of a suitable calibre. When appointing a new Executive Director, the Committee seeks to ensure that arrangements are in the best interests of the Group and not to pay more than is appropriate. The Committee will take into consideration a number of relevant factors, which may include the calibre of the individual, the candidate's existing remuneration package, and the specific circumstances of the individual including the jurisdiction from which the candidate was recruited. When hiring a new Executive Director, the Committee will typically align the remuneration package with the outlined policy.

The Committee may include other elements of pay which it considers are appropriate, however, this discretion is capped and is subject to the principles and the limits referred to below:

- Base salary will be set at a level appropriate to the role and the experience of the Executive Director being appointed. This may include agreement on future increases up to a market rate, in line with increased experience and/or responsibilities and subject to good performance, where it is considered appropriate.
- Pension and benefits will be provided in line with the outlined policy.
- The Committee will not offer non-performance related incentive payments (for example a 'guaranteed sign-on bonus').
- Other elements may be included in the following circumstances:
  - an interim appointment being made to fill an Executive Director role on a short-term basis;
  - if exceptional circumstances require that the Chair or a Non-Executive Director takes on an executive function on a short-term basis;
  - if an Executive Director is recruited at a time in the year when it would be inappropriate to provide a bonus or long-term incentive award for that year as there would not be sufficient time to assess performance. Subject to the limit on variable remuneration set out below, the quantum in respect of the months employed during the year may be transferred to the subsequent year so that reward is provided on a fair and appropriate basis; and
  - if the Executive Director will be required to relocate in order to take up the position, it is the Company's policy to allow reasonable relocation, travel and subsistence payments. Any such payments will be at the discretion of the Committee.
- The Committee may also alter the performance metrics, performance period and vesting period of the annual bonus, DBP or LTIP, if the Committee determines that the circumstances of the recruitment merit such alteration. The rationale will be clearly explained in the following Directors' Remuneration Report.
- The maximum level of variable remuneration, which may be granted (excluding 'buy out' awards as referred to as follows), will be within the maximum limits set out in the Policy table. For any years of part service the bonus will be pro-rated, however, LTIPs may be granted at policy maximum levels.

Any share awards referred to in this section will be granted as far as possible under the Company's existing share plans. If necessary, and subject to the limits referred to above, recruitment awards may be granted outside of these plans as permitted under the Listing Rules, which allow for the grant of awards to facilitate, in unusual circumstances, the recruitment of an Executive Director (but subject always to the share plan and Policy limits).

The Committee may also make payments or awards in respect of hiring an employee to 'buy out' remuneration arrangements forfeited on leaving a previous employer. In doing so, the Committee will take account of relevant factors including any performance conditions attached to the forfeited arrangements and the time over which they would have vested. The Committee will generally seek to structure buyout awards or payments on a like-for-like basis to the remuneration arrangements forfeited. Any such payments or grant values of such awards are limited to the expected value of the forfeited awards but are not subject to the limits of the Policy for variable remuneration. Any such special buy-out awards will be liable to forfeiture or 'malus' and/or 'clawback' on early departure, with these terms determined at the time of award. Where a position is filled internally, any ongoing remuneration obligations or outstanding variable pay elements shall be allowed to continue according to the original terms.

Fees payable to a newly appointed Chair or Non-Executive Director will be in line with the fee policy in place at the time of appointment.

### Service agreements and letters of appointment

Executive Directors' service agreements are on a rolling basis and may be terminated on 12-months' notice by the Company or the Executive Director. Service agreements for new Executive Directors will generally be limited to 12-months' notice by the Company.

All Non-Executive Directors' letters of appointment are on a rolling basis and may be terminated on six-months' notice by the Company or the Non-Executive Director. All Non-Executive Directors are subject to re-election at intervals of not more than three years, however, in line with good governance practice, all stand for annual re-election.

Details of the Directors' service agreements, letters of appointment and notice period are set out on page 113.

## Proposed Directors' Remuneration Policy continued

### Arrangement on cessation of employment

The principles on which the determination of payments for loss of office will be approached are set out below:

Aspect of remuneration	Approach
Payment in lieu of notice	The Company has discretion to make a payment in lieu of notice to Executive Directors and Non-Executive Directors. Such a payment would include base salary or fees for the unexpired period of notice.
Annual bonus	This will be at the discretion of the Committee on an individual basis and the decision as to whether or not to award an annual bonus award in full or in part will be dependent on a number of factors, including the circumstances of the individual's departure and their contribution to the business during the annual bonus period in question. Any annual bonus award amounts paid will be paid only to individuals considered to be a 'good leaver' and will be pro-rated for time in service during the annual bonus period and will, subject to performance, normally be paid at the usual time (although the Committee retains discretion to pay the annual bonus award earlier in appropriate circumstances). Any annual bonus earned for the year of departure and, if relevant, for the prior year may be paid wholly in cash at the discretion of the Committee.
DBP	<p>The extent to which any unvested award will vest will be determined in accordance with the rules of the DBP.</p> <p>Unvested awards will normally lapse on cessation of employment. However, if a participant leaves due to death, ill-health, injury, disability, retirement<sup>1</sup>, their employer or business unit ceasing to be a Group entity or any other reason at the discretion of the Committee, the award will vest at the normal vesting date(s) other than in the case of death where vesting shall ordinarily be accelerated or in the other cases only exceptionally at the discretion of the Committee. Other than in the case of death and unless the Committee determines otherwise, the extent of vesting will be reduced to take account of the period of time elapsed from the date of grant to the date of cessation relative to the deferral period. The Committee retains discretion to attach additional conditions to good leavers' awards.</p> <p>Awards in the form of nil-cost or nominal-cost share options may then be exercised during such period as the Committee determines.</p> <p>Awards in the form of nil-cost or nominal-cost share options, which have vested and been released but remain unexercised at the date of cessation, may be exercised if a participant leaves for any reason (other than summary dismissal). Awards may then be exercised for such period as the Committee determines.</p> <p>Awards granted to participants that are former employees at the time of the grant of the awards will vest on normal timetable unless the Board determines otherwise.</p>
LTIP	<p>The extent to which any unvested award will vest will be determined in accordance with the rules of the LTIP.</p> <p>Unvested awards will normally lapse on cessation of employment. However, if a participant leaves due to death, ill-health, injury, disability, retirement<sup>1</sup>, their employer or business unit ceasing to be a Group entity or any other reason at the discretion of the Committee, the award will vest at the normal vesting date other than in the case of death where vesting shall ordinarily be accelerated or in the other cases only exceptionally at the discretion of the Committee. In either case, the extent of vesting will be determined by the Committee taking into account the extent to which the performance condition is satisfied and, unless the Committee determines otherwise, the period of time elapsed from the date of grant to the date of cessation relative to the performance period. Awards in the form of nil-cost or nominal-cost share options may then be exercised during such period as the Committee determines.</p> <p>The Committee retains discretion to attach additional conditions to good leavers' awards.</p> <p>If a participant leaves for any reason (other than summary dismissal) after an award has vested but before it has been released (i.e. during a 'holding period'), their award will ordinarily continue until the normal release date when it will be released. The Committee retains the discretion to release awards when the participant leaves. The Committee will normally align continuing holding periods after termination with the two-year period after termination for share ownership guidelines.</p>
Change of control	<p>The extent to which unvested awards under the DBP and LTIP will vest will be determined in accordance with the rules of the relevant plan.</p> <p>Awards under the DBP may vest in full in the event of a takeover, merger or other relevant corporate event unless the Committee determines the award will be subject to roll-over.</p> <p>Awards under the LTIP may vest early on a takeover, merger or other relevant corporate event unless the Committee determines the award will be subject to roll-over. The Committee will determine the level of vesting taking into account the extent to which the performance condition is satisfied and, unless the Committee determines otherwise, the period of time elapsed from the date of grant to the date of the relevant corporate event relative to the performance period.</p>
Mitigation	Termination payments may be reduced, including to zero, where the Executive Director commences alternative employment during the notice period.
Other payments	<p>Payments may be made either in the event of a loss of office or a change of control under the Sharesave plan, which is governed by its rules and the legislation relating to such tax-qualifying plans. There is no discretionary treatment for leavers or on a change of control under these plans.</p> <p>In appropriate circumstances, payments may also be made in respect of accrued holiday, outplacement and legal fees.</p>

Note: 1. With the agreement of the Committee.

## Proposed Directors' Remuneration Policy continued

Where a buy-out award is made then the leaver provisions would be determined at the time of the award. The Committee reserves the right to make additional exit payments where such payments are made in good faith in the discharge of an existing legal obligation (or by way of damages for breach of such an obligation) or by way of settlement or compromise of any claim arising in connection with the termination of a Director's office or employment. Contributions may be made to legal fees or for outplacement support.

Where the Committee retains discretion it will be used to provide flexibility in certain situations, taking into account the particular circumstances of the Executive Director's departure and performance. There is no entitlement to any compensation in the event of a Non-Executive Director's fixed-term agreements not being renewed or the agreement terminating earlier with the exception of a payment in lieu of notice as detailed in the table on page 126.

### Existing remuneration arrangements

The Committee retains the discretion to make any remuneration payment or payment for loss of office outside the Policy in this report:

- where the terms of the payment were agreed before the Policy came into effect; and/or
- where the terms of the payment were agreed at a time when the relevant individual was not a Director of the Company, and in the opinion of the Committee, the payment was not in consideration of the individual becoming a Director of the Company.

For these purposes, 'payment' includes the satisfaction of awards of variable remuneration, and in relation to an award involving shares the terms of the payment are agreed at the time the award is granted.

### Consideration of wider employee remuneration and employee views

The Committee considers the general basic salary increase, remuneration arrangements and employment conditions for the broader employee population when determining remuneration policy for the Executive Directors. Remuneration arrangements are determined throughout the Group based on the same principle that reward should be achieved for delivery of the business strategy and should be sufficient to attract and retain high-calibre talent. The designated NED for workforce engagement, who also Chairs the employee forum, is a member of the Committee and ensures the employee voice is heard at the Committee meetings. Employees have the opportunity to make comments on any aspect of the Group's activities through the Employee forum and any employee opinion survey.

Pay levels for the employee population are considered by the Committee via benchmarking data provided for consideration. Consideration of the appropriate annual level of salary increase for the wider population informs the Committee's decision around appropriate increases for the Executive Directors.

Further information on the remuneration of our Executive Directors and the wider workforce is set out on page 112.

### Consideration of shareholder views

The Chair of the Committee is available to shareholders at the AGM for feedback on remuneration and any views received via this, or other methods of engagement, are taken into account. As highlighted previously, we have consulted with shareholders representing 43% of our shareholder population prior to publication of the proposed Policy and have been pleased with the constructive engagement and positive feedback received. Shareholders were broadly supportive of our proposals and no changes have been made to the draft policy as a result of this engagement. Feedback received indicated a desire for transparency on benchmarking and we have provided our benchmarking analysis on page 114.

In our engagement with shareholders, we have been clear that, whilst flexibility has been requested to increase headroom under the LTIP and bonus elements of the DRP, further engagement will take place with shareholders prior to making substantive operational changes to Executive Director remuneration.

### Share plan approvals

Approval is being sought at the 2026 AGM to adopt or renew rules for the Group's share schemes, namely the LTIP, DBP and SAYE, a full summary of the plan rules can be found within the Notice of AGM. The scheme rules are broadly consistent with the existing scheme rules, however, the following key changes are proposed.

- Awards under the Company's DBP and LTIP will be entitled to receive dividend or dividend equivalents, which is in line with market practice and will ensure our equity incentive plans are competitive with peers.
- In accordance with changes to the Investment Association's Principles of Remuneration (the 'Principles') it is proposed to:
  - remove the 5% dilution sub-limit for executive share plans. All plan rules will continue to have an overall 10% dilution limit, in any 10-year rolling period, across all share plans, ensuring the appropriate protections remain in place for shareholders. Removing the 5% limit for executive schemes will provide the Committee with greater flexibility in managing the Company's dilution levels; and
  - propose an open-ended life for the Company's all employee SAYE plan. Previously, the Principles required share plan rules to be renewed every 10 years, however, this has been removed for all employee plans. The Committee is strongly supportive of promoting share ownership across all levels of the organisation and the benefits this brings. By enabling the plan to continue in perpetuity it removes the additional administrative burden of seeking shareholder approval for new rules, when the plan expires.

## Directors' report

The Directors submit their report, the related Strategic Report and Corporate Governance Report, and the audited Financial Statements of Secure Trust Bank PLC and its subsidiaries (the 'Group') for the year ended 31 December 2025.

Business performance	
Principal activities	The Company's principal activity is to provide banking services, including deposit taking and secured and unsecured lending. Our business model is based on helping customers fulfil their ambitions and is explained in the Strategic Report. The Group operates in the United Kingdom and the Company is incorporated and domiciled in England and Wales with company number 00541132.
Development and performance	Commentary on the development and performance in the year ended 31 December 2025, and likely future developments in the Group's business, is included in the Strategic Report on pages 1 to 67.
Financial risk	Descriptions of the Group's financial risk management objectives and policies, and its exposure to risks arising from its use of financial instruments, are set out in Note 5 to the Financial Statements on pages 157 to 159.
Directors' remuneration	Information concerning Directors' contractual arrangements and entitlements under share-based remuneration arrangements is given in the Remuneration report on pages 97 to 115.
Environmental performance	The Group's environmental performance data, including the Scope 1, 2 and 3 emissions for 2025 and the Group's Task Force on Climate-related Financial Disclosures ('TCFD') report can be found on pages 54 to 65.
Employees in the business	<p>The Group has processes in place for communicating with its employees. Employee communications include information about the performance of the Group, on major matters affecting their work, employment or workplace and to encourage employees to get involved in social or community events. We have a formal Employee Council to help facilitate engagement and listen to the views of our employees. Further information on how the Group communicates with its employees is set out on page 43.</p> <p>The Group is an inclusive and equal opportunities employer and opposes all forms of discrimination. Applications from people with disabilities will be considered fairly, and if existing employees become disabled, every effort is made to retain them within the workforce wherever reasonable and practicable. The Group also endeavours to provide equal opportunities in the training, promotion and general career development of disabled employees.</p> <p>Group policies seek to create a workplace that has an open atmosphere of trust, honesty and respect. Harassment or discrimination of any kind is not tolerated. This principle applies to all aspects of employment from recruitment and promotion, through to termination and all other terms and conditions of employment.</p>
Stakeholder interests	How we considered stakeholder interests in key decisions can be found on page 79, and our s.172 statement and our engagement practices can be found on pages 42 to 44.
Important events affecting the Company since the end of the year	<p>There have been no significant events between 31 December 2025 and the date of approval of these Financial Statements, which would require a change to, or additional disclosure in, the Financial Statements.</p> <p>The sale of the Consumer Vehicle Finance business completed on 25 February 2026. 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.</p>
Political donations	The Group made no political donations and incurred no political expenditure during the year (2024: £nil).

## Directors' report continued

### Listing Rules and Disclosure Guidance and Transparency

#### Rules disclosures

DTR 4.1.5R, DTR 4.1.8R and DTR 4.1.11R	Information, which is the required content of the Management Report, can be found in the Strategic Report and in this Directors' report.	
LR 6.6.1 R	<b>Information</b>	<b>Location</b>
	Interest capitalised	Not applicable
	Shareholder waiver of dividends	Note 12 to the Financial Statements
	Shareholder waiver of future dividends	Note 12 to the Financial Statements
	Agreements with controlling shareholders	Not applicable
	Provision of services by a controlling shareholder	Not applicable
	Details of long-term incentive schemes	Not applicable
	Waiver of emoluments by a Director	Not applicable
	Waiver of future emoluments by a Director	Not applicable
	Significant contracts	Not applicable
	Non pre-emptive issues of equity for cash	Note 34 to the Financial Statements and page 130
	Non pre-emptive issues of equity for cash in relation to major subsidiary	Not applicable
	Participation by parent of a placing by a listed subsidiary	Not applicable
	Publication of unaudited financial information	Page 133
Compliance statement – DTR 7.2	This statement can be found in our Governance section on page 68 and is deemed to form part of this Directors' report.	
Internal control and risk management systems – DTR 7.2.5	A description of the Company's financial reporting, internal control and risk management processes can be found on pages 30 to 39 and 92.	
Structure of capital and voting rights – DTR 7.2.6	<p>As at 31 December 2025, there were 19,097,256 fully paid ordinary shares of 40 pence, amounting to £7,638,902.40. As at 11 March 2026, there were 19,104,955 shares in issue amounting to £7,641,982.</p> <p>Each share in issue is listed on the Official List maintained by the FCA in its capacity as the UK Listing Authority. The Company has one class of ordinary shares, which rank equally in all respects and there are no special rights to dividends or in relation to control of the Company. All shares carry the right to attend, speak and vote at general meetings of the Company and to participate in dividends and other distributions according to their respective rights and interests in the profits of the Company and a return of capital on a winding up of the Company. Full details regarding the exercise of voting rights in respect of the resolutions to be considered at the Annual General Meeting ('AGM') to be held on 14 May 2026 are set out in the Notice of Annual General Meeting. To be valid, the appointment of a proxy to vote at a general meeting must be received not less than 48 hours before the time appointed for holding the meeting. Full details on how to submit the proxy can be found in the AGM Notice.</p>	

## Directors' report continued

### Shares and shareholders

Powers to issue shares	<p>The Directors were granted authority at the 2025 AGM to allot shares in the Company and to grant rights to subscribe for, or convert, any securities into shares in the Company up to an aggregate nominal amount of £2,542,854 in any circumstances. This amount represented approximately one-third of the Company's issued share capital prior to that meeting. The Directors were also authorised to allot shares and to grant rights up to an aggregate nominal amount of £5,085,708 in connection with a fully pre-emptive offer (but such amount to be reduced by any allotments made under the first limb of the authority). This amount represented approximately two-thirds of the Company's issued share capital prior to the meeting.</p> <p>At the same time, the Directors were also granted authority to allot shares in the Company and to grant rights to subscribe for, or convert, any securities into shares up to an aggregate nominal amount of £2,542,854 in relation to any issue of Additional Tier 1 Securities. This amount represented approximately one-third of the Company's issued share capital prior to that meeting.</p> <p>The Directors were also empowered at the 2025 AGM to allot shares for cash on a non-pre-emptive basis, both in connection with a rights issue or similar pre-emptive issue and, otherwise than in connection with any such issue, up to a maximum aggregate nominal amount of £762,856 of the Company's issued share capital (representing approximately 10% of the Company's issued share capital prior to the meeting).</p> <p>The Directors were further empowered to allot shares for cash on a non-pre-emptive basis representing approximately 2% of issued ordinary share capital, to be used only for the purposes of a follow-on offer as prescribed by the most recent version of the Pre-Emption Group's Statement of Principles. As permitted by those Principles, the Directors were also empowered to allot shares for cash on a non-pre-emptive basis up to the same amount for use only in connection with an acquisition or specified capital investment. The Directors were also empowered to allot shares for cash on a non-pre-emptive basis specifically in relation to the issue of Additional Tier 1 Securities.</p> <p>These share capital authorities and powers are due to lapse from the conclusion of the 2026 AGM, and the Board intends to seek approval to renew these authorities and powers at the 2026 AGM.</p>
Share issuances	<p>An additional 25,848 ordinary shares of 40 pence each were issued during 2025 (2024: 53,613) subsequent to requests to exercise under the Group's employee share schemes and as authorised by shareholders at the 2025 Annual General Meeting. Since 1 January 2026, and until the date of the report, 7,699 further ordinary shares of 40 pence each were issued in the Company.</p>
Powers to buy back shares	<p>The Directors were also authorised at the 2025 AGM to repurchase shares in the capital of the Company up to a maximum aggregate number of 1,907,140 shares. This represented approximately 10% of the Company's issued share capital prior to the meeting.</p> <p>No shares have been repurchased under this authority during the year ended 31 December 2025, nor since this date up to the 11 March 2026.</p> <p>The authority to repurchase shares is due to lapse from the conclusion of the 2025 AGM, and the Board intends to seek approval to renew this authority at the 2026 AGM.</p>
Restrictions on transfer of shares	<p>Shareholders may transfer all, or any, of their certificated or uncertificated shares in the Company. All such rights are subject to certain exceptions and restrictions provided in the Company's Articles and in any applicable legislation. These include where rights are suspended for non-disclosure of an interest in shares, where share transfers do not comply with specific requirements, and where any amounts on shares owing by a shareholder to the Company remain unpaid.</p> <p>The rights and obligations of shareholders, and restrictions on transfer, are set out in full in the Articles. The Company is not aware of any agreements between shareholders that may result in restrictions on the transfer of securities and/or voting rights.</p>
CREST	<p>The Company's ordinary shares are in CREST, the settlement system for stocks and shares traded on the London Stock Exchange.</p>
Shares held in Employee Benefit Trusts	<p>Ocorian Limited (the 'EBT Trustee'), as trustee of the Secure Trust Bank PLC Employee Benefit Trust (the 'EBT'), holds ordinary shares in trust for the benefit of the Group's employees. The purchase of shares by the EBT is funded by way of a loan from the Company. Where the EBT Trustee has allocated shares held in the trust in respect of specific awards granted under the Company's share plans, the holders of such awards may recommend to the EBT Trustee how it should exercise voting rights relating to such shares. To the extent that a participant does not make such recommendations, no vote is registered. In addition, the EBT Trustee does not vote on any unallocated shares held in the trust. As at 11 March 2026, the EBT Trustee held 2.0% of the Company's issued share capital. Full details of the EBT's holdings are outlined in Note 35.1 to the Financial Statements.</p>

## Directors' report continued

### Shares and shareholders

Annual General Meeting	<p>The AGM will take place on 14 May 2026. The Notice of the AGM will be circulated to all shareholders at least 20 working days before the meeting and the details of the resolutions to be proposed will be set out in that Notice.</p> <p>This document will be available on the Company's website at <a href="http://www.securetrustbank.com/agm">www.securetrustbank.com/agm</a>.</p>																	
Dividends and dividend policy	<p>The Board recommends the payment of a final dividend of 23.7 pence per share, which represents total dividends for the year of 35.5 pence per share (2024: 33.8 pence per share). The final dividend, if approved by shareholders at the AGM, will be paid on 21 May 2026 to shareholders on the register at the close of business on 24 April 2026.</p> <p>The Company operates a progressive dividend policy, which means dividends will not reduce from the previous year and was effective from the 2024 AGM. Under the dividend policy, the Directors will have regard to current and projected capital, liquidity, earnings and market expectations in determining the amount of the dividend. On occasion, the Company may declare and pay a special dividend resulting from special circumstances, however, no such special dividend is currently envisaged.</p>																	
Substantial share interests	<p>As at 31 December 2025, the Company had been notified of the following voting interests in the ordinary share capital of the Company in accordance with DTR 5 of the FCA's Disclosure Guidance and Transparency Rules. It should be noted that these holdings may have changed since notified to the Company. Percentages are shown as notified, calculated with reference to the Company's disclosed share capital as at the date of the movement triggering the notification.</p> <table border="1"> <thead> <tr> <th>Substantial shareholders</th> <th>No. of shares</th> <th>%</th> </tr> </thead> <tbody> <tr> <td>Wellington Management</td> <td>1,808,374</td> <td>9.48</td> </tr> <tr> <td>Mr Steven Cohen</td> <td>1,510,412</td> <td>7.94</td> </tr> <tr> <td>Artemis Investment Management</td> <td>1,046,979</td> <td>5.49</td> </tr> <tr> <td>Premier Miton Investors</td> <td>974,958</td> <td>5.11</td> </tr> </tbody> </table> <p>Between 1 January 2026 to 11 March 2026, the following notifications have been received by the Company:</p> <ul style="list-style-type: none"> <li>• Premier Miton Investors reduced their holding to 917,747 (4.80%).</li> <li>• Ennismore Fund Management Limited increased their holding to 613,175 (3.21%).</li> <li>• Premier Miton Investors increased their holding to 962,747 (5.04%).</li> <li>• Premier Miton Investors reduced their holding to 947,887 (4.96%).</li> </ul>			Substantial shareholders	No. of shares	%	Wellington Management	1,808,374	9.48	Mr Steven Cohen	1,510,412	7.94	Artemis Investment Management	1,046,979	5.49	Premier Miton Investors	974,958	5.11
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Artemis Investment Management	1,046,979	5.49																
Premier Miton Investors	974,958	5.11																
Articles of Association	<p>Changes to the Company's Articles of Association must be approved by shareholders by way of a special resolution and must comply with the Companies Act 2006 and other regulatory requirements, as applicable.</p>																	

### Directors

Board of Directors	<p>The Directors of the Company who served during the year, and up to the date of signing the Financial Statements were:</p> <ul style="list-style-type: none"> <li>• Ann Berresford (until 30 December 2025)</li> <li>• Julie Hopes</li> <li>• Paul Myers</li> <li>• Jim Brown</li> <li>• Rachel Lawrence</li> <li>• Finlay Williamson</li> <li>• Steve Colsell (from 12 June 2025)</li> <li>• David McCreadie (until 8 September 2025)</li> <li>• Ian Corfield (from 8 September 2025)</li> <li>• Victoria Mitchell</li> </ul>		
Directors' interests	<p>The Directors' interests in the Company's shares are set out in the Directors' Remuneration report on page 109. No Director had a material interest in any significant contract (other than a service contract or contract for services) with the Company at any time during the year. The Directors are advised of their statutory duty to avoid conflicts of interest with the interests of the Company. All actual and potential conflicts are brought to the attention of the Board. The operation of the Company's policy on conflicts of interest is described in the Governance section on page 85.</p>		

## Directors' report continued

Directors	
Appointment and replacement of Directors	<p>The Company's Articles of Association empower the Board to appoint as a Director any person who is willing to act as such. Such person shall hold office only until the next AGM, but shall then be eligible for reappointment by the shareholders. The Articles also provide that the Company may fill any vacancies on the Board.</p> <p>The Articles provide that the Company may, by ordinary resolution, of which special notice is given, remove any Director from office and elect another person in their place. The Articles also set out the specific circumstances in which a Director shall vacate office.</p> <p>The Articles require that, at each AGM, one-third of the Directors (or, if their number is not a multiple of three, the number nearest to but not exceeding one-third) shall retire from office by rotation. Notwithstanding the provisions of the Articles, it is the Company's practice that all Directors retire and stand for reappointment in accordance with the recommendations of the UK Corporate Governance Code.</p>
Powers of the Directors	The Directors' powers are conferred on them by UK legislation and the Company's Articles of Association and include the ability to issue or buy back shares (as detailed in the Shares and Shareholder section on page 131).
Change of control	<p>With reference to Schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (paragraph 13(2)(k)), the Company does not have agreements with any Director or employee that would provide compensation for loss of office or employment resulting from a change of control following a takeover bid, except that provisions of the Company's share schemes may cause options and awards granted under such schemes to vest in those circumstances.</p> <p>There are no significant agreements to which the Company is party that take effect, alter or terminate upon a change of control following a takeover bid for the Company.</p>
Directors' indemnities	The Company's Articles of Association provide that, subject to the provisions of the Companies Act 2006, any Director or Officer of the Company, or any associated company, shall be indemnified by the Company against any liability. This indemnity, which applies to all Directors, has been in force throughout the year up to, and including, the date of signing this report. The Group has also maintained Directors' and Officers' liability insurance throughout 2025.
Directors' service agreements	Each Executive Director, at the time of this report, has a written service agreement, which may be terminated by either party on not less than 12-months' notice.
Non-Executive Directors' letters of appointment	<p>The letters of appointment of the Non-Executive Directors are issued for an initial period of three years, which may be renewed for further terms as appropriate.</p> <p>All appointments are subject to a review by the Nomination Committee upon the third anniversary and on extension a further review is undertaken at the sixth anniversary at which the Board's succession plans and the need to refresh the Board's skills and experiences are carefully considered. The role and responsibilities of each Director are clearly set out and include the duties of a Director as provided in the Companies Act 2006. It is made clear that these duties do not include any management function but an indication that the Director is expected to support and challenge management and help in the development of the Group's strategy. Six-months' notice is required to be served by either party to terminate the appointment. The Non-Executive Directors' letters of appointment are available for inspection at the Company's registered office during normal business hours and at the AGM (for 15 minutes prior to, and during, the Meeting).</p>
Related party transactions	Note 44 to the Financial Statements, page 194.
<b>Auditors and Audit</b>	
Independent Auditors and audit information	<p>Deloitte LLP was reappointed as Auditor at the Annual General Meeting held in 2025. As detailed in the Audit Committee report on page 91, the Board is recommending the reappointment of Deloitte LLP as Auditor at the 2026 Annual General Meeting.</p> <p>Each Director in office at the date of this Directors' report confirms that so far as the Director is aware, there is no relevant audit information of which the Company's Auditor is unaware and each Director has taken all reasonable steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's Auditor is aware of that information.</p> <p>This confirmation is given, and should be interpreted, in accordance with the provisions of the Companies Act 2006.</p>

## Directors' report continued

Statements	
Directors' responsibility statements	<p>The statement of Directors' responsibility for preparing the Annual Report and Accounts is set out on page 134 and is deemed to form part of the Directors' report. Within this, the Directors have included a statement that the Annual Report and Accounts presents a fair, balanced and understandable assessment of the Group's position and prospects. To help the Board discharge its responsibilities in this area, the Board consulted the Audit Committee, and following the Committee's advice, the Board considered and concluded that:</p> <ul style="list-style-type: none"> <li>• the business model and strategy were clearly described;</li> <li>• the assessment of performance was balanced;</li> <li>• KPIs were used consistently;</li> <li>• the language used was concise, with good linkages to different parts of the document; and</li> <li>• an appropriate forward-looking orientation had been adopted.</li> </ul>
Internal control and risk management	<p>The Directors confirm that they have carried out a robust assessment of the principal and emerging risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity. The Board considers that the information it receives enables it to review the effectiveness of the Group's internal controls in accordance with the FRC's Guidance on Risk Management, Internal Control and Related Financial and Business Reporting. Areas where financial control can be improved are identified and appropriate actions agreed as part of our internal control systems. Senior management, the Board and the Risk Committee regularly monitor progress towards completion of these actions. The Board considers that none of the identified areas for improvement constitute a significant failing or weakness.</p>
Going concern	<p>The Strategic Report discusses the Group's business activities, together with the factors likely to affect its future development, performance and position. In addition, it sets out the Group's financial position, cash flows, liquidity position and borrowing facilities. The financial risk management note to the Financial Statements sets out the Group's objectives, policies and processes for managing capital and its financial risk management objectives, together with details of financial instruments and exposure to credit and liquidity risk.</p> <p>The Group has access to the financial resources required to run the business efficiently and has a strong gross cash position. The Group's forecasts and projections, including rigorous stress testing, show that the Group will be able to operate within its available resources for at least 12 months from the date of this report. This has included a detailed focus on the wider macroeconomic and geopolitical environment, legal and regulatory risks and the potential for multiple risks to occur simultaneously. As a consequence, the Directors consider it appropriate to prepare the annual Financial Statements on a going concern basis of accounting. For further information, please see page 40.</p>
Statement of viability	<p>In accordance with Provision 31 of the Code, the Directors have assessed the prospects of the Group over a longer period than the 12 months as required by the going concern provision. Details of the assessment can be found on pages 40 and 41.</p>
Publication of unaudited financial information	<p>On 9 October 2025, the Company published a trading statement, which contained the following profit forecast:</p> <p>"Whilst the Board now expects the Group's underlying profit before tax for FY25 to fall below market expectations by up to £9 million, due to the performance of Vehicle Finance, it remains confident of c.30% year-on-year growth in underlying profit before tax."</p> <p>This provided a forecast for adjusted total profit before tax of over £51.1 million. The audited adjusted total profit before tax for 2025 was £51.6 million.</p>

The Directors' Report was approved by the Board of Directors on 11 March 2026 and is signed on its behalf by:

**Lisa Daniels**  
Group Company Secretary

## Directors' responsibility statement

### The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law, the Directors are required to prepare the Group Financial Statements in accordance with UK-adopted international accounting standards. The Financial Statements also comply with International Financial Reporting Standards ('IFRSs') as issued by the IASB. The Directors have also chosen to prepare the Parent Company Financial Statements under UK-adopted international accounting standards. Under company law, the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these Financial Statements, International Accounting Standard 1 requires that Directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements of the financial reporting framework are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the Financial Statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions.

### Responsibility statement

Each of the Directors who are in office at the date of this report, and whose names and roles are listed on pages 72 to 74 of this Annual Report, confirm that to the best of their knowledge:

- the Financial Statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole;
- the Management Report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- the Annual Report and Financial Statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

This responsibility statement was approved by the Board of Directors on 11 March 2026 and is signed on its behalf by:

**Ian Corfield**  
Chief Executive Officer

# Independent Auditor's report to the members of Secure Trust Bank PLC

## Report on the audit of the Financial Statements

### 1. Opinion

In our opinion:

- the Financial Statements of Secure Trust Bank PLC (the 'Parent Company') and its subsidiaries (the 'Group') give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2025 and of the Group's profit for the year then ended;
- the Group Financial Statements have been properly prepared in accordance with United Kingdom-adopted international accounting standards and IFRS Accounting Standards as issued by the International Accounting Standards Board ('IASB');
- the Parent Company Financial Statements have been properly prepared in accordance with United Kingdom-adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and
- the Financial Statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the Financial Statements which comprise:

- the Consolidated statement of comprehensive income;
- the Consolidated and Company statement of financial position;
- the Consolidated and Company statement of changes in equity;
- the Consolidated and Company statements of cash flows; and
- the related Notes 1 to 47 (excluding Note 42).

The financial reporting framework that has been applied in the preparation of the Group Financial Statements is applicable law and United Kingdom-adopted international accounting standards and IFRS Accounting Standards as issued by the IASB. The financial reporting framework that has been applied in the preparation of the Parent Company Financial Statements is applicable law and United Kingdom-adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006.

### 2. Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ('ISAs (UK)') and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the Financial Statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services provided to the Group and Parent Company for the year are disclosed in Note 6 to the Financial Statements. We confirm that we have not provided any non-audit services prohibited by the FRC's Ethical Standard to the Group or the Parent Company.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Independent Auditor's report to the members of Secure Trust Bank PLC continued

### 3. Summary of our audit approach

<b>Key audit matters</b>	<p>The key audit matters that we identified in the current year were:</p> <ul style="list-style-type: none"> <li>• impairment of loans and advances to customers; and</li> <li>• regulatory and litigation matters</li> </ul> <p>Within this report, key audit matters are identified as follows:</p> <p> Similar level of risk</p>
<b>Materiality</b>	The materiality that we used for the Group Financial Statements was £2.8 million, which was determined on the basis of 0.75% of net assets.
<b>Scoping</b>	We have audited the entire financial information of the Parent Company. For the remaining entities, we have performed specified audit procedures on specific account balances and class of transactions. Our audit work to respond to the risks of material misstatement was performed directly by the Group audit engagement team.
<b>Significant changes in our approach</b>	There has been no significant change in our audit approach in the current year.

### 4. Conclusions relating to going concern

In auditing the Financial Statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the Financial Statements is appropriate.

Our evaluation of the Directors' assessment of the Group's and Parent Company's ability to continue to adopt the going concern basis of accounting included:

- obtaining an understanding of relevant controls around the going concern assessment including Board approval;
- with the involvement of prudential regulation specialists, we read the most recent Internal Capital Adequacy Assessment Process ('ICAAP') and Internal Liquidity Adequacy Assessment Process ('ILAAP') documents, assessed the capital and liquidity projections, assessed the results of the capital and liquidity stress testing, evaluating key assumptions and methods used in the capital and liquidity stress testing models, and tested the mechanical accuracy of the forecasts;
- inspecting correspondence with regulators to assess the capital and liquidity requirements imposed by the Group's regulators during the year;
- obtaining the capital and liquidity forecasts and assessing key assumptions and their projected impact on capital and liquidity ratios, particularly with respect to loan book growth and potential credit losses, whilst also considering the impact of economic volatility and specific industry risks;
- evaluating the impact of the regulatory matters outlined in section 5.2 on the Group's capital and liquidity positions over the planning horizon as part of our stress testing;
- assessing the historical accuracy of forecasts; and
- assessing the appropriateness of the disclosures made in the Financial Statements.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and Parent Company's ability to continue as a going concern for a period of at least 12 months from when the Financial Statements are authorised for issue.

In relation to the reporting on how the Group has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the Financial Statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

## Independent Auditor's report to the members of Secure Trust Bank PLC continued

### 5. Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### 5.1. Impairment of loans and advances to customers

<p><b>Key audit matter description</b></p>	<p>The Group held allowances for impairment of loans and advances to customers of £89.5 million (2024: £111.8 million) against loans and advances to customers of £3,776.1 million (2024: £3,720.3 million).</p> <p>For financial assets measured at amortised cost, IFRS 9 'Financial Instruments' requires the carrying value to be assessed for impairment using unbiased forward-looking information. The measurement of expected credit losses ('ECL') is complex and involves judgements and estimates relating to probability of default ('PD'), exposure at default ('EAD'), loss given default ('LGD'), collateral valuations, significant increases in credit risk ('SICR') and macroeconomic scenario modelling. Where model or other limitations exist, overlays are applied to the model output. These assumptions are prepared using historical behaviour and the Director's judgement, in particular with respect to the incorporation of forward-looking information and identifying significant increases in credit risk.</p> <p>We identified three specific areas in relation to the ECL that require significant judgement or relate to assumptions to which the overall ECL provision is particularly sensitive:</p> <ul style="list-style-type: none"> <li>• the accuracy of the LGD on the Vehicle Finance portfolio given the newly implemented model during the period;</li> <li>• the appropriateness of the PD rates applied to the Vehicle Finance and Retail Finance portfolio; and</li> <li>• the appropriateness of the approach and assumptions used in calculating the Real Estate Finance Stage 3 ECL allowance for the largest and most complex exposures.</li> </ul> <p>Given the material effect of the significant judgements taken in deriving the above, we also considered that there is a potential for fraud through possible manipulation of this balance.</p> <p>Impairment of loans and advances to customers, including associated accounting policies is included in Note 17 of the Financial Statements. The corresponding area in the Audit Committee report is on page 89.</p>
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## Independent Auditor's report to the members of Secure Trust Bank PLC continued

### 5.1. Impairment of loans and advances to customers continued

<p><b>How the scope of our audit responded to the key audit matter</b></p>	<p>Our audit procedures included obtaining an understanding of the relevant controls over the impairment provision with particular focus on controls over significant assumptions and judgements used in the calculation of ECL.</p> <p>To challenge the accuracy of the LGD on the Vehicle Finance portfolio, with the involvement of credit risk specialists, we:</p> <ul style="list-style-type: none"> <li>• evaluated changes to the LGD model methodology, performed an assessment of the underlying code and assessed the appropriateness and accuracy of the underlying assumptions against IFRS 9 requirements and current collection practices; and</li> <li>• assessed the model's ongoing performance and implementation to evaluate where it aligns with the approved model methodology, including assessment of management's back-testing of the model's predictions against actual observed losses, analysed the stability of key model parameters over time, and evaluated internal model validation reports.</li> </ul> <p>To assess the appropriateness of the PD rates applied to the Vehicle Finance and Retail Finance portfolios, with the involvement of credit risk specialists, we:</p> <ul style="list-style-type: none"> <li>• evaluated the model methodology, assessed the appropriateness and accuracy of the assumptions used in computing the PD rates;</li> <li>• assessed whether the SICR quantitative thresholds remain appropriate; and</li> <li>• assessed the ongoing performance of the model and implementation of the model, to evaluate the consistency with its design and approved methodology, including assessment of management's back-testing of the model's predictions against actual defaults, analysed the stability of key model parameters and outputs, and evaluated internal model validation reports and monitoring dashboards.</li> </ul> <p>To challenge the appropriateness of the approach and assumptions used in calculating the Real Estate Finance Stage 3 ECL allowance for the largest and most complex Stage 3 exposures, we:</p> <ul style="list-style-type: none"> <li>• inquired with management and others within the Group to understand the latest status of the exposure and the planned workout strategy;</li> <li>• inspected minutes of the Credit Risk Committee and other risk-related minutes to corroborate the inquiries performed;</li> <li>• assessed the appropriateness of the assumptions used in the discounted cash flow computation and whether they are reasonable considering the latest economic environment and the appropriateness of the relevant cashflows used specific to the latest development;</li> <li>• assessed the reasonableness of the discounted cash flow computations, specifically the scenarios and their assigned weightings. Our assessment involved corroborating these inputs with other audit evidence obtained during the course of our audit; and</li> <li>• working with our real estate valuation specialists to undertake an independent assessment of the value of the collateral used in the cash flow computations.</li> </ul> <p>As part of our wider assessment of impairment of loans and advances to customers we:</p> <ul style="list-style-type: none"> <li>• assessed the accuracy and completeness of source data and report logic used to extract source data from the underlying lending systems for input into the impairment models;</li> <li>• with support from our real estate valuation specialists, assessed a sample of collateral valuations used in the LGD calculation for the Real Estate Finance portfolio;</li> <li>• reconciled the impairment models to the general ledger and tested a sample of loans to assess whether the data used in the provision calculation was complete and accurate;</li> <li>• with support from our economic specialists we have independently assessed the economic forecasts by benchmarking to the alternate forecasts and scenarios weightings used by management in their ECL models;</li> <li>• assessed the quantitative and qualitative factors used in the SICR assessment by reference to standard validation metrics including the proportion of transfers to Stage 2 driven solely by being 30 days past due, the volatility of loans in Stage 2 and the proportion of loans that spend little or no time in Stage 2 before moving to Stage 3;</li> <li>• evaluated the Group's SICR policy including the curing criteria and assessed whether it complies with IFRS 9;</li> <li>• tested the completeness and accuracy of data used in applying the quantitative and qualitative criteria in the SICR assessment on whether loans are assigned to the correct stage; and</li> <li>• as a stand back test, considered potential contradictory evidence, assessed changes in the overall coverage ratios and the completeness of key judgements and ECJs adopted by the Directors' through comparison to industry peers.</li> </ul>
<p><b>Key observations</b></p>	<p>Based on the evidence obtained, we concluded that the judgements and assumptions underpinning the allowances for impairment of loans and advances to customers are determined and applied appropriately, and therefore that the recognised provision is reasonable.</p>

## Independent Auditor's report to the members of Secure Trust Bank PLC continued

### 5.2. Regulatory and litigation matters

<b>Key audit matter description</b>	<p>The Group is exposed to regulatory and litigation matters in relation to historical motor commission arrangements. As reported in Note 31, the Group's provision for these matters is £21.5 million at 31 December 2025 (2024: £6.4 million).</p> <p>Significant judgement is required by the Group in determining whether, taking account the requirements of IAS 37 'Provisions, Contingent Liabilities and Contingent Assets', the amount recorded is representative of the Group's best estimate to settle the probable obligation based on the information available to the Group, where there is significant uncertainty around the final outcome given that the Financial Conduct Authority's ('FCA') redress scheme is not yet finalised.</p> <p>Details of the provision and accounting estimate is included in Note 31. The corresponding area in the Audit Committee report is on page 89.</p>
<b>How the scope of our audit responded to the key audit matter</b>	<p>With the involvement of regulatory specialists we have performed the following procedures:</p> <ul style="list-style-type: none"> <li>• obtained an understanding of the relevant controls around determining an appropriate provision;</li> <li>• evaluated the assessment of the provision, associated probabilities, and potential outcomes against the proposed redress scheme in accordance with IAS 37 requirements;</li> <li>• tested the mathematical accuracy of the provision including the completeness and accuracy of data used in the provision;</li> <li>• assessed the methodology and assumptions applied to determine the provision;</li> <li>• inspected correspondence with the Group's regulators to challenge the completeness of the provisions;</li> <li>• evaluated whether the disclosures made in the Financial Statements appropriately reflect the facts and key sources of estimation uncertainty; and</li> <li>• performed the stand back assessment on the appropriateness of the provision recognised with reference to the conclusions reached across the industry.</li> </ul>
<b>Key observations</b>	Based on the evidence obtained, we concluded that the judgements and assumptions applied are reasonable, and that the provision related to regulatory and litigation matters and the related disclosures are appropriate.

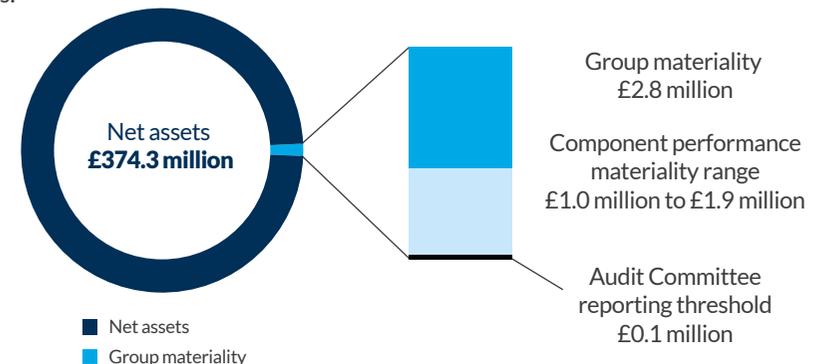
## 6. Our application of materiality

### 6.1. Materiality

We define materiality as the magnitude of misstatement in the Financial Statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the Financial Statements as a whole as follows:

	Group Financial Statements	Parent Company Financial Statements
<b>Materiality</b>	£2.8 million (2024: £2.7 million)	£2.8 million (2024: £2.7 million)
<b>Basis for determining materiality</b>	0.75% of net assets (2024: 0.75% of net assets)	0.75% of net assets (2024: 0.75% of net assets)
<b>Rationale for the benchmark applied</b>	Net assets have been used as the basis for determining materiality as it is considered a key metric for users of the Financial Statements given the capital requirements which arise from being a regulated bank. As most of the Group's operations are carried out by the Parent Company, the same materiality basis was used for both.	



## Independent Auditor's report to the members of Secure Trust Bank PLC continued

### 6.2. Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the Financial Statements as a whole.

	Group Financial Statements	Parent Company Financial Statements
<b>Performance materiality</b>	70% (2024: 70%) of Group materiality	70% (2024: 70%) of Parent Company materiality. Where account balances are audited for the purposes of the consolidated Financial Statements, a lower component performance materiality was used.
<b>Basis and rationale for determining performance materiality</b>	<p>In determining performance materiality, we considered a number of factors, including:</p> <ul style="list-style-type: none"> <li>• our overall risk assessment, including our assessment of the Group's overall control environment and whether we were able to rely on controls;</li> <li>• our understanding of the business; and</li> <li>• the number of corrected and uncorrected misstatements identified in the prior year.</li> </ul>	

### 6.3. Error reporting threshold

We agreed with the Audit Committee we would report to the Committee all audit differences in excess of £0.1 million (2024: £0.1 million), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the Financial Statements.

## 7. An overview of the scope of our audit

### 7.1. Identification and scoping of components

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including Group-wide controls, and assessing the risks of material misstatement at the Group level. The nature of the Group is such that we have identified components by legal entity. Our Group audit was mainly focused on audit of the Parent Company, which represents 92% of the Group's revenue; 72% of the Group's profit before tax, and 98% of the Group's net assets. We have audited the entire financial information of the Parent Company, for which we applied a component performance materiality equal to £1.9 million. For the remaining entity, we have performed specified audit procedures of the specific account balances and classes of transactions using component performance materiality of £1.9 million.

Audit testing to respond to the risks of material misstatement was performed directly by the Group audit engagement team. We performed further audit procedures at an aggregated Group level to evaluate consolidation entries recognised and to re-assess our evaluation that there were no identified risks of material misstatement in any of the entities.

### 7.2. Our consideration of the control environment

We identified relevant IT systems for the Group in respect of the financial reporting system, lending systems for Vehicle Finance, Commercial Finance, Retail Finance, and the deposits system. With involvement of our IT specialists, we performed testing of the general IT controls associated with these systems and relied upon IT controls in respect of these systems.

In the current year, we tested relevant automated and manual controls for the lending and deposits business cycles and were able to adopt a controls reliance approach. We obtained an understanding of the relevant controls related to the financial reporting process, impairment of loans and advances with customers and regulatory and litigation matters.

## Independent Auditor's report to the members of Secure Trust Bank PLC continued

### 7.3. Our consideration of climate-related risks

We have obtained an understanding of the process for considering the impact of climate-related risks and controls and assessed whether the risks identified are complete and consistent with our understanding of the entity as part of our own risk assessment procedures. These risks and Task Force on Climate-Related Financial Disclosures ('TCFD') are contained within pages 54 to 65 of the Annual Report and Accounts.

In conjunction with our climate risk specialists, we have held discussions with the Group to understand the process for identifying affected operations, including the governance and controls over this process, and the subsequent effect on the financial reporting for the Group and the long-term strategy to respond to climate change risks as they evolve.

Our audit work has involved reviewing management's assessment of the physical and transition risks identified and considered in the Group's climate risk assessment.

As set out in Note 17 to the Financial Statements, the Directors' do not consider that climate change risk is currently a key source of estimation uncertainty, nor that it presents a material impact to the judgements made in the Financial Statements.

We performed our own risk assessment of the potential impact of climate change on the Group's account balances and classes of transactions and did not identify any additional risks of material misstatement. We also read the Annual Report and Accounts to consider whether the climate related disclosures are materially consistent with the Financial Statements and our knowledge obtained in the audit and also evaluated the appropriateness of disclosures included in the Financial Statements in Note 17.

### 8. Other information

The other information comprises the information included in the Annual Report, other than the Financial Statements and our auditor's report thereon. The Directors are responsible for the other information contained within the Annual Report.

Our opinion on the Financial Statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the Financial Statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### 9. Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the Financial Statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, the Directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

## Independent Auditor's report to the members of Secure Trust Bank PLC continued

### 10. Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

A further description of our responsibilities for the audit of the Financial Statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### 11. Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

#### 11.1. Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the Group's remuneration policies, key drivers for Directors' remuneration, bonus levels and performance targets;
- the Group's own assessment of the risk that irregularities may occur either as a result of fraud or error;
- results of our enquiries of management, Internal Audit, the Directors and the Audit Committee about their own identification and assessment of the risks of irregularities, including those that are specific to the Group's sector;
- any matters we identified having obtained and reviewed the Group's documentation of their policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
  - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team and relevant internal specialists, including tax, real estate valuation, financial instruments, economic advisory, climate risk, regulatory risk, share-based payments, data analytics, IT, prudential regulatory and credit risk specialists regarding how and where fraud might occur in the Financial Statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following area: impairment of loans and advances to customers. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory framework that the Group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the Financial Statements. The key laws and regulations we considered in this context included the UK Companies Act, Listing Rules and tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the Financial Statements but compliance with which may be fundamental to the Group's ability to operate or to avoid a material penalty. These included the regulation set by the FCA and Prudential Regulation Authority ('PRA') relating to regulatory capital and liquidity requirements.

## Independent Auditor's report to the members of Secure Trust Bank PLC continued

### 11.2. Audit response to risks identified

As a result of performing the above, we identified impairment of loans and advances to customers as a key audit matter related to the potential risk of fraud. The key audit matters section of our report explains the matter in more detail and also describes the specific procedures we performed in response to that key audit matter.

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the Financial Statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the Financial Statements;
- enquiring of management, the Directors, the Audit Committee and in-house legal counsel concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with HMRC, FCA and PRA as well as holding discussions with the PRA; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

### Report on other legal and regulatory requirements

#### 12. Opinions on other matters prescribed by the Companies Act 2006

In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and the Parent Company and their environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report or the Directors' Report.

#### 13. Opinion on other matter prescribed by the Capital Requirements (Country-by-Country Reporting) Regulations 2013

In our opinion the information given in Note 46 to the Financial Statements for the financial year ended 31 December 2025 has been properly prepared, in all material respects, in accordance with the Capital Requirements (Country-by-Country Reporting) Regulations 2013.

## Independent Auditor's report to the members of Secure Trust Bank PLC continued

### 14. Corporate Governance Statement

The Listing Rules require us to review the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Group's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the Financial Statements and our knowledge obtained during the audit:

- the Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on pages 40 and 41;
- the Directors' explanation as to its assessment of the Group's prospects, the period this assessment covers and why the period is appropriate set out on pages 40 and 41;
- the Directors' statement on fair, balanced and understandable set out on pages 134;
- the Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on pages 30 to 39;
- the section of the Annual Report that describes the review of effectiveness of risk management and internal control systems set out on page 92; and
- the section describing the work of the Audit Committee set out on pages 86 to 92.

### 15. Matters on which we are required to report by exception

#### 15.1. Adequacy of explanations received and accounting records

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company Financial Statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

#### 15.2. Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of Directors' remuneration have not been made or the part of the Directors' Remuneration Report to be audited is not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

## Independent Auditor's report to the members of Secure Trust Bank PLC continued

### 16. Other matters which we are required to address

#### 16.1. Auditor tenure

Following the recommendation of the Audit Committee, we were appointed by the Board of Directors on 16 May 2018 to audit the Financial Statements for the year ending 31 December 2018 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is eight years, covering the years ending 31 December 2018 to 31 December 2025.

#### 16.2. Consistency of the audit report with the additional report to the Audit Committee

Our audit opinion is consistent with the additional report to the Audit Committee we are required to provide in accordance with ISAs (UK).

### 17. Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

As required by the FCA Disclosure Guidance and Transparency Rule (DTR) 4.1.15R – DTR 4.1.18R, these Financial Statements will form part of the Electronic Format Annual Financial Report filed on the National Storage Mechanism of the FCA in accordance with DTR 4.1.15R – DTR 4.1.18R. This Auditor's Report provides no assurance over whether the Electronic Format Annual Financial Report has been prepared in compliance with DTR 4.1.15R – DTR 4.1.18R.

#### **Kieren Cooper (Senior statutory auditor)**

For and on behalf of Deloitte LLP

Statutory Auditor

Birmingham, United Kingdom

11 March 2026

## Consolidated statement of comprehensive income

### For the year ended 31 December 2025

	Note	2025			2024		
		Continuing £million	Discontinued £million	Total Group £million	Continuing £million	Discontinued £million	Total Group £million
<b>Income statement</b>							
Interest income and similar income	4.1	301.8	70.2	372.0	296.8	69.2	366.0
Interest expense and similar charges	4.1	(150.7)	(22.7)	(173.4)	(159.5)	(21.6)	(181.1)
<b>Net interest income</b>	4.1	<b>151.1</b>	<b>47.5</b>	<b>198.6</b>	<b>137.3</b>	<b>47.6</b>	<b>184.9</b>
Fee and commission income	4.2	14.1	1.0	15.1	18.3	0.9	19.2
Fee and commission expense	4.2	-	(0.2)	(0.2)	(0.1)	(0.1)	(0.2)
<b>Net fee and commission income</b>	4.2	<b>14.1</b>	<b>0.8</b>	<b>14.9</b>	<b>18.2</b>	<b>0.8</b>	<b>19.0</b>
<b>Operating income</b>		<b>165.2</b>	<b>48.3</b>	<b>213.5</b>	<b>155.5</b>	<b>48.4</b>	<b>203.9</b>
Net impairment charge on loans and advances to customers	17	(31.4)	(26.6)	(58.0)	(23.2)	(38.7)	(61.9)
Other gains/(losses)		0.1	0.1	0.2	(0.4)	0.1	(0.3)
Fair value gains on financial instruments	5	0.1	-	0.1	1.2	-	1.2
Operating expenses	6	(74.7)	(29.5)	(104.2)	(72.2)	(31.6)	(103.8)
<b>Profit/(loss) before income tax before exceptional items</b>		<b>59.3</b>	<b>(7.7)</b>	<b>51.6</b>	<b>60.9</b>	<b>(21.8)</b>	<b>39.1</b>
Exceptional items	8	-	(24.1)	(24.1)	(1.5)	(8.4)	(9.9)
<b>Profit/(loss) before income tax</b>		<b>59.3</b>	<b>(31.8)</b>	<b>27.5</b>	<b>59.4</b>	<b>(30.2)</b>	<b>29.2</b>
Income tax (expense)/credit	9	(14.7)	4.8	(9.9)	(16.0)	6.5	(9.5)
<b>Profit/(loss) for the year</b>		<b>44.6</b>	<b>(27.0)</b>	<b>17.6</b>	<b>43.4</b>	<b>(23.7)</b>	<b>19.7</b>
<b>Items that may be reclassified to the income statement</b>							
Cash flow hedge reserve movements		(1.4)	-	(1.4)	(0.8)	-	(0.8)
Reclassification to the income statement		1.4	-	1.4	1.3	-	1.3
Taxation		-	-	-	(0.2)	-	(0.2)
<b>Other comprehensive income for the year, net of income tax</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>0.3</b>	<b>-</b>	<b>0.3</b>
<b>Total comprehensive income/(expense) for the year</b>		<b>44.6</b>	<b>(27.0)</b>	<b>17.6</b>	<b>43.7</b>	<b>(23.7)</b>	<b>20.0</b>
<b>Profit/(loss) attributable to equity holders of the Company</b>		<b>44.6</b>	<b>(27.0)</b>	<b>17.6</b>	<b>43.4</b>	<b>(23.7)</b>	<b>19.7</b>
<b>Total comprehensive income/(expense) attributable to equity holders of the Company</b>		<b>44.6</b>	<b>(27.0)</b>	<b>17.6</b>	<b>43.7</b>	<b>(23.7)</b>	<b>20.0</b>
<b>Earnings per share for profit attributable to the equity holders of the Company during the year (pence per share)</b>							
<b>Basic earnings per ordinary share</b>	11.1	<b>238.8</b>	<b>(144.5)</b>	<b>94.2</b>	<b>227.7</b>	<b>(124.3)</b>	<b>103.4</b>
<b>Diluted earnings per ordinary share</b>	11.2	<b>225.6</b>	<b>(136.6)</b>	<b>89.0</b>	<b>223.5</b>	<b>(122.1)</b>	<b>101.4</b>

The Notes on pages 151 to 194 are an integral part of these consolidated financial statements.

## Consolidated and Company statement of financial position

### As at 31 December 2025

	Note	Group		Company	
		2025 £million	2024 £million	2025 £million	2024 £million
<b>ASSETS</b>					
Cash and Bank of England reserve account		528.1	445.0	528.1	445.0
Loans and advances to banks	13	36.8	24.0	36.1	23.6
Debt securities	14	1.0	-	1.0	-
Loans and advances to customers	15,16	3,295.8	3,608.5	3,295.8	3,608.5
Fair value adjustment for portfolio hedged risk	18	7.3	(6.8)	7.3	(6.8)
Derivative financial instruments	18	0.2	14.3	0.2	14.3
Assets held for sale	19,15,16	390.8	-	390.8	-
Investment property	20	24.1	-	0.9	0.9
Property, plant and equipment	21	7.4	9.9	5.9	6.0
Right-of-use assets	22	4.4	1.6	4.2	1.4
Intangible assets	23	5.1	5.0	3.2	2.9
Investment in Group undertakings	24	-	-	6.3	6.1
Current tax assets		2.6	0.2	2.6	1.0
Deferred tax assets	25	3.6	3.3	3.3	3.3
Other assets	26	8.8	11.7	33.4	13.0
<b>Total assets</b>		<b>4,316.0</b>	<b>4,116.7</b>	<b>4,319.1</b>	<b>4,119.2</b>
<b>LIABILITIES AND EQUITY</b>					
<b>Liabilities</b>					
Due to banks	27	205.9	365.8	205.9	365.8
Deposits from customers	28	3,509.6	3,244.9	3,509.6	3,244.9
Fair value adjustment for portfolio hedged risk	18	4.7	(3.4)	4.7	(3.4)
Derivative financial instruments	18	0.1	10.0	0.1	10.0
Lease liabilities	29	4.4	1.8	4.2	1.6
Other liabilities	30	98.0	32.5	110.3	41.1
Provisions for liabilities and charges	31	25.5	11.3	25.5	11.3
Subordinated liabilities	32	93.5	93.3	93.5	93.3
<b>Total liabilities</b>		<b>3,941.7</b>	<b>3,756.2</b>	<b>3,953.8</b>	<b>3,764.6</b>

	Note	Group		Company	
		2025 £million	2024 £million	2025 £million	2024 £million
<b>Equity attributable to owners of the Parent</b>					
Share capital	34	7.6	7.6	7.6	7.6
Share premium		84.2	84.0	84.2	84.0
Other reserves	35	(1.9)	(2.2)	(1.9)	(2.2)
Retained earnings		284.4	271.1	275.4	265.2
<b>Total equity</b>		<b>374.3</b>	<b>360.5</b>	<b>365.3</b>	<b>354.6</b>
<b>Total liabilities and equity</b>		<b>4,316.0</b>	<b>4,116.7</b>	<b>4,319.1</b>	<b>4,119.2</b>

The Company has elected to take the exemption under section 408 of the Companies Act 2006 to not present the parent company income statement. The profit for the parent company for the year of £14.6 million is presented in the Company statement of changes in equity.

The consolidated and company financial statements on pages 146 to 194 were approved by the Board of Directors on 11 March 2026 and were signed on its behalf by:

**Jim Brown**  
Chair

**Ian Corfield**  
Chief Executive Officer

## Consolidated and Company statement of changes in equity

	Group						Company					
	Equity attributable to equity holders of the parent						Equity attributable to equity holders of the parent					
	Share capital £million	Share premium £million	Other reserves		Retained earnings £million	Total £million	Share capital £million	Share premium £million	Other reserves		Retained earnings £million	Total £million
Cash flow hedge reserve £million			Own shares £million	Cash flow hedge reserve £million					Own shares £million			
<b>Balance at 1 January 2025</b>	<b>7.6</b>	<b>84.0</b>	-	(2.2)	<b>271.1</b>	<b>360.5</b>	<b>7.6</b>	<b>84.0</b>	-	(2.2)	<b>265.2</b>	<b>354.6</b>
Profit for 2025	-	-	-	-	17.6	17.6	-	-	-	-	14.6	14.6
Other comprehensive income, net of income tax	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total comprehensive income for the year</b>	-	-	-	-	<b>17.6</b>	<b>17.6</b>	-	-	-	-	<b>14.6</b>	<b>14.6</b>
Purchase of own shares	-	-	-	(0.2)	-	(0.2)	-	-	-	(0.2)	-	(0.2)
Sale of own shares	-	-	-	0.5	-	0.5	-	-	-	0.5	-	0.5
Loss on sale of own shares	-	-	-	-	(0.5)	(0.5)	-	-	-	-	(0.5)	(0.5)
Issue of shares	-	0.2	-	-	-	0.2	-	0.2	-	-	-	0.2
Dividends	-	-	-	-	(6.4)	(6.4)	-	-	-	-	(6.4)	(6.4)
Share-based payments	-	-	-	-	2.6	2.6	-	-	-	-	2.5	2.5
<b>Balance at 31 December 2025</b>	<b>7.6</b>	<b>84.2</b>	-	<b>(1.9)</b>	<b>284.4</b>	<b>374.3</b>	<b>7.6</b>	<b>84.2</b>	-	<b>(1.9)</b>	<b>275.4</b>	<b>365.3</b>
<b>Balance at 1 January 2024</b>	<b>7.6</b>	<b>83.8</b>	<b>(0.3)</b>	<b>(1.4)</b>	<b>254.8</b>	<b>344.5</b>	<b>7.6</b>	<b>83.8</b>	<b>(0.3)</b>	<b>(1.4)</b>	<b>248.5</b>	<b>338.2</b>
Profit for 2024	-	-	-	-	19.7	19.7	-	-	-	-	20.1	20.1
Other comprehensive income, net of income tax	-	-	0.3	-	-	0.3	-	-	0.3	-	-	0.3
<b>Total comprehensive income for the year</b>	-	-	<b>0.3</b>	-	<b>19.7</b>	<b>20.0</b>	-	-	<b>0.3</b>	-	<b>20.1</b>	<b>20.4</b>
Purchase of own shares	-	-	-	(1.4)	-	(1.4)	-	-	-	(1.4)	-	(1.4)
Sale of own shares	-	-	-	0.6	-	0.6	-	-	-	0.6	-	0.6
Loss on sale of own shares	-	-	-	-	(0.5)	(0.5)	-	-	-	-	(0.5)	(0.5)
Issue of shares	-	0.2	-	-	-	0.2	-	0.2	-	-	-	0.2
Dividends	-	-	-	-	(5.2)	(5.2)	-	-	-	-	(5.2)	(5.2)
Share-based payments	-	-	-	-	2.3	2.3	-	-	-	-	2.3	2.3
<b>Balance at 31 December 2024</b>	<b>7.6</b>	<b>84.0</b>	-	<b>(2.2)</b>	<b>271.1</b>	<b>360.5</b>	<b>7.6</b>	<b>84.0</b>	-	<b>(2.2)</b>	<b>265.2</b>	<b>354.6</b>

The Notes on pages 151 to 194 are an integral part of these consolidated financial statements.

## Consolidated statement of cash flows

### For the year ended 31 December 2025

	Note	2025 £million	2024 £million		Note	2025 £million	2024 £million
<b>Cash flows from operating activities</b>				<b>Cash flows from investing activities</b>			
Profit for the year		17.6	19.7	Purchase of investment property	20	(1.1)	-
Adjustments for:				Purchase of debt securities	14	(1.0)	-
Income tax expense	9	9.9	9.5	Purchase of property, plant and equipment and intangible assets	21,23	(1.6)	(1.0)
Depreciation of property, plant and equipment	21	0.8	1.0	Sale of property, plant and equipment	21	1.9	-
Depreciation of right-of-use assets	22	1.1	1.0	<b>Net cash outflow from investing activities</b>		<b>(1.8)</b>	<b>(1.0)</b>
Amortisation of intangible assets	23	1.2	1.4	<b>Cash flows from financing activities</b>			
Impairment charge on loans and advances to customers	17	58.0	61.9	(Repayment)/drawdown of amounts due to banks		(1.7)	0.8
Share-based compensation	36	2.0	2.3	Drawdown of sale and repurchase agreements		250.0	125.0
Provisions for liabilities and charges - charge to income statement	31	21.7	9.8	Repayment of sale and repurchase agreements		(175.0)	-
Other non-cash items included in profit before tax		0.2	(0.6)	Repayment of Term Funding Scheme with additional incentives for SMEs		(230.0)	(160.0)
Cash flows from operating profits before changes in operating assets and liabilities		112.5	106.0	Purchase of own shares		(0.2)	(1.4)
Changes in operating assets and liabilities:				Issue of shares		0.2	0.2
loans and advances to customers		(159.0)	(354.8)	Dividends paid	12	(6.4)	(5.2)
loans and advances to banks and balances at central banks		(5.1)	5.0	Repayment of lease liabilities	29	(1.3)	(1.4)
other assets		2.8	1.4	<b>Net cash outflow from financing activities</b>		<b>(164.4)</b>	<b>(42.0)</b>
deposits from customers		264.7	373.1	<b>Net increase in cash and cash equivalents</b>		<b>90.8</b>	<b>68.7</b>
provisions for liabilities and charges		(7.6)	(4.7)	Cash and cash equivalents at 1 January		469.0	400.3
other liabilities		60.7	(5.5)	<b>Cash and cash equivalents at 31 December</b>	37	<b>559.8</b>	<b>469.0</b>
Income tax paid		(12.0)	(8.8)				
<b>Net cash inflow from operating activities</b>		<b>257.0</b>	<b>111.7</b>				

Interest received was £227.0 million (2024: £246.1 million) and interest paid was £65.2 million (2024: £70.6 million).

## Company statement of cash flows

### For the year ended 31 December 2025

	Note	2025 £million	2024 £million
<b>Cash flows from operating activities</b>			
Profit for the year		14.6	20.1
Adjustments for:			
Income tax expense	9	5.3	6.2
Depreciation of property, plant and equipment	21	0.5	0.6
Depreciation of right-of-use assets	22	1.0	0.8
Amortisation of intangible assets	23	0.9	1.1
Impairment charge on loans and advances to customers		58.0	62.0
Share-based compensation	36	1.8	2.1
Dividends received from subsidiaries		(10.8)	(9.5)
Provisions for liabilities and charges - charge to the income statement	31	21.7	10.1
Other non-cash items included in profit before tax		0.1	(1.2)
Cash flows from operating profits before changes in operating assets and liabilities		93.1	92.3
Changes in operating assets and liabilities:			
loans and advances to customers		(136.0)	(354.9)
loans and advances to banks and balances at central banks		(5.1)	5.0
other assets		(9.7)	11.3
deposits from customers		264.7	373.1
provisions for liabilities and charges		(7.6)	(4.6)
other liabilities		64.4	(3.9)
Income tax paid		(6.4)	(6.7)
<b>Net cash inflow from operating activities</b>		<b>257.4</b>	<b>111.6</b>

	Note	2025 £million	2024 £million
<b>Cash flows from investing activities</b>			
Purchase of debt securities	14	(1.0)	-
Purchase of property, plant and equipment and intangible assets	21,23	(1.6)	(0.8)
<b>Net cash outflow from investing activities</b>		<b>(2.6)</b>	<b>(0.8)</b>
<b>Cash flows from financing activities</b>			
(Repayment)/drawdown of amounts due to banks		(1.7)	0.8
Drawdown of sale and repurchase agreements		250.0	125.0
Repayment of sale and repurchase agreements		(175.0)	-
Repayment of Term Funding Scheme with additional incentives for SMEs		(230.0)	(160.0)
Purchase of own shares		(0.2)	(1.4)
Issue of shares		0.2	0.2
Dividends paid	12	(6.4)	(5.2)
Repayment of lease liabilities	29	(1.2)	(1.2)
<b>Net cash outflow from financing activities</b>		<b>(164.3)</b>	<b>(41.8)</b>
<b>Net increase in cash and cash equivalents</b>		<b>90.5</b>	<b>69.0</b>
Cash and cash equivalents at 1 January		468.6	399.6
<b>Cash and cash equivalents at 31 December</b>	37	<b>559.1</b>	<b>468.6</b>

# Notes to the consolidated financial statements

## 1. Accounting policies

The material accounting policies applied in the preparation of these consolidated financial statements are set out below, and if applicable, directly under the relevant note to the consolidated financial statements. These policies have been consistently applied to all of the years presented, unless otherwise stated.

### 1.1. Reporting entity

Secure Trust Bank PLC is a public limited company incorporated in England and Wales in the United Kingdom (referred to as the 'Company') and is limited by shares. The Company is registered in England and Wales and has the registered number 00541132. The registered address of the Company is Yorke House, Arlestone Way, Solihull B90 4LH. The consolidated financial statements of the Company as at, and for, the year ended 31 December 2025 comprise Secure Trust Bank PLC and its subsidiaries (together referred to as the 'Group' and individually as 'subsidiaries'). The Group is primarily involved in the provision of banking and financial services.

### 1.2. Basis of presentation

The Group's consolidated financial statements and the Company's financial statements have been prepared in accordance with UK-adopted International Accounting Standards in conformity with the requirements of the Companies Act 2006 and UK-adopted International Financial Reporting Standards. The consolidated financial statements also comply with International Financial Reporting Standards ('IFRSs') as issued by the International Accounting Standards Board ('IASB'), including interpretations issued by the IFRS Interpretations Committee. They have been prepared under the historical cost convention, as modified by the valuation of derivative financial instruments. The consolidated financial statements are presented in pounds Sterling, which is the functional and presentational currency of the entities within the Group.

The IASB has issued 'Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)' to address matters identified during the post-implementation review of the classification and measurement requirements of IFRS 9 'Financial Instruments'. The amendments are effective for reporting periods beginning on or after 1 January 2026.

The IASB amended to the requirements related to:

- settling financial liabilities using an electronic payment system; and
- assessing contractual cash flow characteristics of financial assets, including those environmental, social and governance ('ESG')-linked features.

As stated on page 152 the Group has early adopted the requirements in respect of financial assets with ESG-linked features.

New accounting pronouncements issued by the IASB with an effective date of 1 January 2027 include IFRS 18 'Presentation and Disclosure in Financial Statements' which replaces IAS 1 'Presentation of Financial Statements'. IFRS 18 introduces additional disclosure obligations in relation to the structure of the income statement, management-defined performance measures, and the aggregation and disaggregation of financial information. IFRS 18 will have no impact on the Group's net profit as it impacts neither recognition nor measurement.

The new standard will impact the presentation of the Group's results as it requires that operating, investing and financing activities are presented separately. There will also be a change in the Group's cash flow statement as IFRS 18 requires that the first line of the cash flow statement is operating profit.

The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 2.

The Directors have assessed, in the light of current and anticipated economic conditions, the Group's ability to continue as a going concern. The Directors confirm they are satisfied that the Company and the Group have adequate resources to continue in business for the foreseeable future. For this reason, they continue to adopt the 'going concern' basis for preparing accounts, as set out in the Viability and going concern section of the Strategic Report, starting on page 40.

The consolidated financial statements were authorised for issue by the Board of Directors on 11 March 2026.

### 1.3. Consolidation

#### Subsidiaries

Subsidiaries are all investees controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee, and has the ability to affect those returns through its power over the investee. Subsidiaries are fully consolidated from the date on which control is transferred to the Group.

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition, excluding directly attributable costs, over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

The parent company's investments in subsidiaries are recorded at cost less, where appropriate, provision for impairment. The fair value of the underlying business of the Company's only material investment was significantly higher than carrying value, and, therefore, no impairment was required.

Intercompany transactions, balances and unrealised gains and losses on transactions between Group companies are eliminated.

The accounting policies adopted by subsidiaries are generally consistent with those adopted by the Group with minor exceptions.

Subsidiaries are de-consolidated from the date that control ceases.

## Notes to the consolidated financial statements continued

### 1. Accounting policies continued

#### 1.3. Consolidation continued

##### Discontinued operations

Discontinued operations are a component of an entity that has been disposed of and represents a major line of business and/or is part of a single co-ordinated disposal plan. For further information please see Note 10.

#### 1.4. Financial assets and financial liabilities accounting policy

##### Financial assets (with the exception of derivative financial instruments) accounting policy

The Group classifies its financial assets at inception into three measurement categories; 'amortised cost', 'Fair Value Through Other Comprehensive Income' ('FVOCI') and 'Fair Value Through Profit or Loss' ('FVTPL'). A financial asset is measured at amortised cost if both the following conditions are met and it has not been designated as at FVTPL:

- the asset is held within a business model whose objective is to hold the asset to collect its contractual cash flows; and
- the contractual terms of the financial asset give rise to cash flows on specified dates that are Solely Payments of Principal and Interest ('SPPI').

The Group's current business model for all financial assets, with the exception of derivative financial instruments, is to hold to collect contractual cash flows, and all assets held give rise to cash flows on specified dates that represent SPPI on the outstanding principal amount. All of the Group's financial assets are, therefore, currently classified as amortised cost, except for derivative financial instruments which are held at FVTPL. Loans are recognised when funds are advanced to customers and are carried at amortised cost using the Effective Interest Rate ('EIR') method.

A debt instrument would be measured at FVOCI only if both the below conditions are met and it has not been designated as FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting its contractual cash flows and selling the financial asset; and
- the contractual terms of the financial asset give rise to cash flows on specified dates that represent SPPI on the outstanding principal amount.

The Group currently has no financial instruments classified as FVOCI.

See below for further details of the business model assessment and the SPPI test.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in other comprehensive income. This election would be made on an investment-by-investment basis. The Group currently holds no such investments.

All other assets are classified as FVTPL.

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Group changes its business model for managing financial assets. The Group has not reclassified any financial assets during the reporting period.

##### Assessment whether contractual cash flows are SPPI

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the cost of funds and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are SPPI, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet the condition.

In making the assessment, the Group considers:

- contingent events that would change the amount and timing of cash flows;
- prepayments and extension terms;
- terms that limit the Group's claim to cash flows from specific assets (e.g. non-recourse asset arrangements); and
- features that modify consideration of the time value of money (e.g. periodical reset of interest rate).

The SPPI assessment of loans with ESG-linked features ('green loans') is judgmental. These are loans where the interest cash flows are linked to certain ESG performance metrics and where analysis of the loans needs to be undertaken to assess whether the cash flows represent solely payments of principal and interest. In May 2024, the IASB issued amendments to IFRS 9 which included amendments impacting loans that contain ESG targets. The new requirements have been endorsed by the UK Endorsement Board and apply to accounting periods beginning on or after 1 January 2026. The Group has early adopted these requirements and as a result continues to hold these loans at amortised cost. Prior to the issue of the new amendments, including for the year ended 31 December 2024, the loans may have met the criteria to be recorded at fair value, however this would not have been material in the context of the overall value of loans and advances to customers.

##### Business model assessment

The Group makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on managing the portfolio in order to collect contractual cash flows or whether it is managed in order to trade to realise fair value changes;
- how the performance of the portfolio is evaluated and reports to management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed; and

## Notes to the consolidated financial statements continued

### 1. Accounting policies continued

#### 1.4. Financial assets and financial liabilities accounting policy continued

- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Group's stated objective for managing the financial assets is achieved and how cash flows are realised.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are classified as FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

#### Amortised cost measurement

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition, plus or minus the cumulative amortisation using the EIR, which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument, minus any reduction for impairment.

#### Derecognition of financial assets

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where the Group has transferred substantially all of the risks and rewards of ownership or in the event of a substantial modification. There have not been any instances where assets have only been partially derecognised.

#### Modification of loans

A customer's account may be modified to assist customers who are in, or have recently overcome, financial difficulties and have demonstrated both the ability and willingness to meet the current or modified loan contractual payments. Substantial loan modifications result in the derecognition of the existing loan, and the recognition of a new loan at the new origination EIR based on the expected future cash flows at origination. Determination of the origination Probability of Default ('PD') for the new loan is required, based on the PD as at the date of the modification, which is used for the calculation of the impairment provision against the new loan. Any deferred fees or deferred interest, and any difference between the carrying value of the derecognised loan and the new loan, is written-off to the income statement on recognition of the new loan.

Where the modification is not considered to be substantial, neither the origination EIR nor the origination probability of default for the modified loan changes. The net present value of changes to the future contractual cash flows adjusts the carrying amount of the original asset with the difference immediately being recognised in profit or loss. The adjusted carrying amount is then amortised over the remaining term of the modified loan using the original EIR.

#### Financial liabilities (with the exception of derivative financial instruments)

The Group classifies its financial liabilities as measured at amortised cost. Such financial liabilities are recognised when cash is received from depositors and carried at amortised cost using the EIR method. Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

### Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are not offset in the consolidated financial statements unless the Group has both a legally enforceable right and intention to offset.

#### 1.5. Foreign currencies

Transactions in foreign currencies are initially recorded at the rates of exchange prevailing on the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated into the Company's functional currency at the rates prevailing on the consolidated statement of financial position date. Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in the income statement for the period.

### 2. Critical accounting judgements and key sources of estimation uncertainty

#### 2.1. Judgements

No critical judgements have been identified.

#### 2.2. Key sources of estimation uncertainty

Estimations that could have a material impact on the Group's financial results, and, are therefore, considered to be key sources of estimation uncertainty. Key sources of estimation can be found in:

- Note 17.1. Allowances for impairment of loans and advances to customers;
- Note 31.1. Provisions for liabilities and charges.

### 3. Operating segments

The Group is organised into four operating segments, which consist of the different products available, as disclosed below.

#### Consumer Finance

- Retail Finance:** a market-leading online e-commerce service to retailers, providing unsecured lending products to prime UK customers to facilitate the purchase of a wide range of consumer products, including furniture, jewellery, dental, leisure items and football season tickets.
- Vehicle Finance:** hire purchase lending for used cars to prime and near-prime customers and Personal Contract Purchase lending into the consumer prime credit market, both secured against the vehicle financed. In addition, a Stocking Funding product was also offered, whereby funds are advanced and secured against dealer forecourt used car stock, sourced from auctions, part exchanges or trade sources. In December 2025, this segment was classified as discontinued. For further information please see Note 10.

## Notes to the consolidated financial statements continued

### 3. Operating segments continued

#### Business Finance

- Real Estate Finance: non-regulated first charge secured lending to specialist real estate markets, lending to professional landlords to enable them to improve and grow their portfolio and provide development facilities to property developers and SME housebuilders to help build new homes for sale or letting.
- Commercial Finance: asset-based lending solutions to SMEs and some larger corporates who need bespoke working capital solutions for their business. Lending is predominantly against receivables, releasing funds of up to 90% of qualifying invoices under invoice discounting facilities.

#### Other

This principally includes interest receivable from central banks, interest receivable and payable on derivatives and interest payable on deposits from customers, amounts due to banks and subordinated liabilities, and operating expenses, which are not recharged to the operating segments.

The Group's chief operating decision maker, the Executive Committee, regularly reviews these segments by looking at the operating income, size of the loan books and impairments.

Interest expense is charged to the operating segments in accordance with the Group's internal funds transfer pricing policy. Operating expenses reflect costs incurred directly, and costs incurred centrally that are reallocated to the operating segment to which they can be directly attributed.

Additionally, no balance sheet items are allocated to segments other than loans and advances to customers.

All of the Group's operations are conducted wholly within the United Kingdom and geographical information is, therefore, not presented.

	Retail Finance £million	Real Estate Finance £million	Commercial Finance £million	Other £million	Total Continuing operations £million	Discontinued Vehicle Finance £million	Total Group £million
<b>31 December 2025</b>							
Interest income and similar income	157.2	92.2	27.6	24.8	301.8	70.2	372.0
Interest expense and similar charges	(59.7)	(58.0)	(15.5)	(17.5)	(150.7)	(22.7)	(173.4)
<b>Net interest income</b>	<b>97.5</b>	<b>34.2</b>	<b>12.1</b>	<b>7.3</b>	<b>151.1</b>	<b>47.5</b>	<b>198.6</b>
Fee and commission income	3.7	0.3	10.1	-	14.1	1.0	15.1
Fee and commission expense	-	-	-	-	-	(0.2)	(0.2)
<b>Net fee and commission income</b>	<b>3.7</b>	<b>0.3</b>	<b>10.1</b>	<b>-</b>	<b>14.1</b>	<b>0.8</b>	<b>14.9</b>
<b>Operating income</b>	<b>101.2</b>	<b>34.5</b>	<b>22.2</b>	<b>7.3</b>	<b>165.2</b>	<b>48.3</b>	<b>213.5</b>
Net impairment charge on loans and advances to customers	(19.2)	(8.8)	(3.4)	-	(31.4)	(26.6)	(58.0)
Other gains/(losses)	-	0.2	-	(0.1)	0.1	0.1	0.2
Fair value gains on financial instruments	-	-	-	0.1	0.1	-	0.1
Operating expenses	(24.3)	(10.4)	(7.8)	(32.2)	(74.7)	(29.5)	(104.2)
<b>Profit/(loss) before income tax before exceptional items</b>	<b>57.7</b>	<b>15.5</b>	<b>11.0</b>	<b>(24.9)</b>	<b>59.3</b>	<b>(7.7)</b>	<b>51.6</b>
Exceptional items	-	-	-	-	-	(24.1)	(24.1)
<b>Profit/(loss) before income tax</b>	<b>57.7</b>	<b>15.5</b>	<b>11.0</b>	<b>(24.9)</b>	<b>59.3</b>	<b>(31.8)</b>	<b>27.5</b>
<b>Loans and advances to customers</b>	<b>1,466.5</b>	<b>1,466.9</b>	<b>362.4</b>	<b>-</b>	<b>3,295.8</b>	<b>390.8</b>	<b>3,686.6</b>

## Notes to the consolidated financial statements continued

### 3. Operating segments continued

Exceptional items have been reallocated out to the respective operating segments for prior year to aid comparability.

	Retail Finance £million	Real Estate Finance £million	Commercial Finance £million	Other £million	Total Continuing operations £million	Discontinued Vehicle Finance £million	Total Group £million
<b>31 December 2024</b>							
Interest income and similar income	140.7	87.1	29.8	39.2	296.8	69.2	366.0
Interest expense and similar charges	(53.9)	(54.5)	(17.6)	(33.5)	(159.5)	(21.6)	(181.1)
<b>Net interest income</b>	<b>86.8</b>	<b>32.6</b>	<b>12.2</b>	<b>5.7</b>	<b>137.3</b>	<b>47.6</b>	<b>184.9</b>
Fee and commission income	3.2	0.4	14.6	0.1	18.3	0.9	19.2
Fee and commission expense	-	-	(0.1)	-	(0.1)	(0.1)	(0.2)
<b>Net fee and commission income</b>	<b>3.2</b>	<b>0.4</b>	<b>14.5</b>	<b>0.1</b>	<b>18.2</b>	<b>0.8</b>	<b>19.0</b>
<b>Operating income</b>	<b>90.0</b>	<b>33.0</b>	<b>26.7</b>	<b>5.8</b>	<b>155.5</b>	<b>48.4</b>	<b>203.9</b>
Net impairment charge on loans and advances to customers	(13.3)	(4.0)	(5.9)	-	(23.2)	(38.7)	(61.9)
Other (losses)/gains	-	-	-	(0.4)	(0.4)	0.1	(0.3)
Fair value gains on financial instruments	-	0.3	-	0.9	1.2	-	1.2
Operating expenses	(26.1)	(10.0)	(8.1)	(28.0)	(72.2)	(31.6)	(103.8)
<b>Profit/(loss) before income tax before exceptional items</b>	<b>50.6</b>	<b>19.3</b>	<b>12.7</b>	<b>(21.7)</b>	<b>60.9</b>	<b>(21.8)</b>	<b>39.1</b>
Exceptional items	-	-	-	(1.5)	(1.5)	(8.4)	(9.9)
<b>Profit/(loss) before income tax</b>	<b>50.6</b>	<b>19.3</b>	<b>12.7</b>	<b>(23.2)</b>	<b>59.4</b>	<b>(30.2)</b>	<b>29.2</b>
<b>Loans and advances to customers</b>	<b>1,357.8</b>	<b>1,341.4</b>	<b>351.0</b>	<b>-</b>	<b>3,050.2</b>	<b>558.3</b>	<b>3,608.5</b>

## Notes to the consolidated financial statements continued

### 4. Operating income

All items below arise from financial instruments measured at amortised cost unless otherwise stated.

#### 4.1. Net interest income

	2025 £million	2024 £million
Loans and advances to customers	347.2	326.7
Cash and Bank of England reserve account	19.6	22.5
	366.8	349.2
Income on financial instruments hedging assets	5.2	16.8
<b>Interest income and similar income</b>	<b>372.0</b>	<b>366.0</b>
Of which:		
Continuing	301.8	296.8
Discontinued (Note 10)	70.2	69.2
Deposits from customers	(146.7)	(136.0)
Due to banks	(12.1)	(18.5)
Subordinated liabilities	(11.9)	(11.9)
Other	(0.1)	(0.1)
	(170.8)	(166.5)
Expense on financial instruments hedging liabilities	(2.6)	(14.6)
<b>Interest expense and similar charges</b>	<b>(173.4)</b>	<b>(181.1)</b>
Of which:		
Continuing	(150.7)	(159.5)
Discontinued (Note 10)	(22.7)	(21.6)

#### Interest income and expense accounting policy

For all financial instruments measured at amortised cost, the EIR method is used to measure the carrying value and allocate interest income or expense. The EIR is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating the EIR for financial instruments, other than assets that were credit impaired on initial recognition, the Group estimates cash flows considering all contractual terms of the financial instrument (for example, early redemption penalty charges and broker commissions) and anticipated customer behaviour but does not consider future credit losses.

The calculation of the EIR includes all fees received and paid that are an integral part of the loan, transaction costs and all other premiums or discounts. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial instrument.

For financial assets that are not considered to be credit-impaired ('Stage 1' and 'Stage 2' assets), interest income is recognised by applying the EIR to the gross carrying amount of the financial asset. For financial assets that become credit-impaired subsequent to initial recognition ('Stage 3' assets), from the next reporting period onwards interest income is recognised by applying the EIR to the amortised cost of the financial asset. The credit risk of financial assets that become credit-impaired are not expected to improve such that they are no longer considered credit-impaired, however, if this were to occur, the calculation of interest income would revert back to the gross basis. The Group's definition of Stage 1, Stage 2 and Stage 3 assets is set out in Note 17.

For financial assets that were credit-impaired on initial recognition ('POCI' assets), income is calculated by applying the credit adjusted EIR to the amortised cost of the asset. Collection activity costs are not included in the amortised cost of the assets, but are included in operating expenses in the income statement, and are recognised as incurred, in common with other businesses in the sector. For such financial assets the calculation of interest income will never revert to a gross basis, even if the credit risk of the asset improves.

Further details regarding when an asset becomes credit-impaired subsequent to initial recognition is provided within Note 17.

## Notes to the consolidated financial statements continued

### 4. Operating income continued

#### 4.2. Net fee and commission income

	2025 £million	2024 £million
Fee and disbursement income	14.0	18.1
Commission income	1.1	1.1
<b>Fee and commission income</b>	<b>15.1</b>	<b>19.2</b>
Of which:		
Continuing	14.1	18.3
Discontinued (Note 10)	1.0	0.9
Other expenses	(0.2)	(0.2)
<b>Fee and commission expense</b>	<b>(0.2)</b>	<b>(0.2)</b>

#### Fee and commission accounting policy

Fees and commission income that is not considered an integral part of the EIR of a financial instrument are recognised under IFRS 15 when the Group satisfies performance obligations by transferring promised services to customers and presented in the income statement as fee and commission income. All of the Group's fees and commissions relate to performance obligations that are recognised at a point in time.

Fees and commission income and expenses that are an integral part of the EIR of a financial instrument are included in the EIR and presented in the income statement as interest income or expense.

No significant judgements are made in evaluating when a customer obtains control of promised goods or services.

### 5. Fair value gains on financial instruments

	2025 £million	2024 £million
Fair value movement during the year - Interest rate derivatives	(6.4)	1.6
Fair value movement during the year - Hedged items	6.4	(1.5)
Hedge ineffectiveness recognised in the income statement	-	0.1
Inception and amortisation adjustment <sup>1</sup>	(0.5)	0.6
Losses recognised on hedges not in hedge relationships	0.6	0.5
	<b>0.1</b>	<b>1.2</b>

Note:

- The inception and amortisation adjustment relates to amortisation of macro fair value hedge accounting relationships derecognised and the amortisation of the fair value adjustment of underlying hedged items at the time hedge accounting relationships commenced or were redesignated. Over the life of the hedged items these adjustments are expected to off-set gains/losses on derivatives taken for hedging purposes before and after they are designated in hedge relationships.

As a part of its risk management strategy, the Group uses derivatives to economically hedge financial assets and liabilities. For further information on the Group's risk management strategy for market risk see page 35 of the Group's Strategic Report.

Hedge accounting is employed by the Group to minimise the accounting volatility associated with the change in fair value of derivative financial instruments. This volatility does not reflect the economic reality of the Group's hedging strategy, the Group only uses derivatives for the hedging of risks.

## Notes to the consolidated financial statements continued

### 5. Fair value gains on financial instruments continued

#### 5.1. Fair value gain recognised in other comprehensive income

	2025 £million	2024 £million
<b>Cash flow hedges</b>		
Fair value movement during the year - Interest rate derivatives	(1.4)	(0.8)
Interest reclassified to the income statement during the year	1.4	1.3
<b>Fair value gain recognised in other comprehensive income</b>	<b>-</b>	<b>0.5</b>

Although the Group uses interest rate derivatives exclusively to hedge interest rate risk exposures, income statement volatility can still arise due to hedge accounting ineffectiveness or because hedge accounting is not achievable. Where such volatility arises, it will net to zero over the life of the hedging relationship. All derivatives held by the Group have been highly effective in the year, resulting in minimal hedge accounting ineffectiveness recognised in the income statement. Future ineffectiveness may arise as a result of:

- differences between the expected and actual volume of prepayments, as the Group hedges to the expected repayment date taking into account expected prepayments based on past experience; or
- differences in the timing of cash flows for the hedged item and the hedging instrument.

How fair value and cash flow hedge accounting affect the consolidated financial statements and the main sources of the residual hedge ineffectiveness remaining in the income statement are set out as follows. Further information on the current derivative portfolio and the allocation to hedge accounting types is included in Note 18.

#### Derivative financial instruments accounting policy

The Group enters into derivatives to manage exposures to fluctuations in interest rates. Derivatives are not used for speculative purposes. Derivatives are carried at fair value, with movements in fair value recognised in the income statement or other comprehensive income. Derivatives are valued by discounted cash flow models using yield curves based on Overnight Indexed Swap ('OIS') rates. Derivatives are carried as assets where fair value is positive and as liabilities when fair value is negative where they are not offset. Derivatives are offset in the consolidated financial statements where the Group has both a legally enforceable right and intention to offset.

The Group does not hold contracts containing embedded derivatives.

Where cash collateral is received, to mitigate the risk inherent in the amounts due to the Group, it is included as a liability within the due to banks line within the statement of financial position. Where cash collateral is given, to mitigate the risk inherent in amounts due from the Group, it is included as an asset in the loans and advances to banks line within the statement of financial position. Where cash collateral meets the requirements of offsetting, it is included within derivatives.

#### Hedge accounting

Following the implementation of IFRS 9, the Group elected to apply IAS 39 for all of its hedge accounting requirements. When transactions meet specified criteria the Group can apply two types of hedge accounting:

- hedges of the fair value of recognised assets or liabilities or firm commitments (fair value hedges); and
- hedges of highly probable future cash flows attributable to a recognised asset or liability (cash flow hedges).

The Group does not have hedges of net investments.

At inception of a hedge, the Group formally documents the relationship between the hedged items and hedging instruments, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values of the hedged items (i.e. the fair value offset between the hedged item and hedging instrument is within the 80–125% range).

When the European Union adopted IAS 39 in 2004, it removed certain hedge accounting requirements, commonly referred to as the EU carve-out. The relaxed requirements under the carve-out allow the Group to apply the 'bottom up' method when calculating macro-hedge ineffectiveness. This option is not allowed under full IFRS. The Group has applied this carve-out, which is permitted under UK-adopted IAS 39, accordingly.

## Notes to the consolidated financial statements continued

### 5. Fair value gains on financial instruments continued

#### Fair value hedge accounting

Fair value hedge accounting results in the carrying value of the hedged item being adjusted to reflect changes in fair value attributable to the hedged risk, thereby offsetting the effect of the related movement in the fair value of the derivative. Changes in the fair value of derivatives and hedged items that are designated and qualify as fair value hedges are recorded in the income statement.

In a one-to-one hedging relationship, in which a single derivative hedges a single hedged item, the carrying value of the underlying asset or liability (the hedged item) is adjusted for the hedged risk to offset the fair value movement of the related derivative. In the case of a portfolio hedge, an adjustment is included in the fair value adjustments for portfolio hedged risk line in the statement of financial position to offset the fair value movements in the related derivative. The Group currently only designates portfolio hedges.

If the hedge no longer meets the criteria for hedge accounting, expires or is terminated, the cumulative fair value adjustment to the carrying amount of a hedged item is amortised to the income statement over the period to maturity of the previously designated hedge relationship and recorded as net interest income. If the underlying item is sold or repaid, the unamortised fair value adjustment is immediately recognised in the income statement.

#### Cash flow hedge accounting

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in other comprehensive income and presented in the cash flow hedge reserve in equity. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in the income statement. Amounts recognised in the cash flow hedge reserve are subsequently reclassified to the income statement when the underlying asset or liability being hedged impacts the income statement, for example, when interest payments are recognised, and are recorded in the same income statement line in which the income or expense associated with the related hedged item is reported.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised in the periods when the hedged item affects the income statement. When a forecast transaction is no longer expected to occur (for example, the recognised hedged item is disposed of), the cumulative gain or loss previously recognised in other comprehensive income is immediately reclassified to the income statement.

The cash flow hedge reserve represents the cumulative amount of gains and losses on hedging instruments deemed effective in cash flow hedges. The cumulative deferred gain or loss on the hedging instrument is recognised in profit or loss only when the hedged transaction impacts the profit or loss, or is included directly in the initial cost or other carrying amount of the hedged non-financial items (basis adjustment).

### 6. Operating expenses

	2025 £million	2024 £million
Employee costs, including those of Directors:		
Wages and salaries	51.0	52.5
Social security costs	7.8	5.7
Pension costs	2.0	2.0
Share-based payment transactions	2.1	2.3
Depreciation of property, plant and equipment (Note 21)	0.8	1.0
Depreciation of lease right-of-use assets (Note 22)	1.1	1.0
Amortisation of intangible assets (Note 23)	1.2	1.4

#### Post-retirement obligations accounting policy

The Group contributes to defined contribution schemes for the benefit of certain employees. The schemes are funded through payments to insurance companies or trustee-administered funds at the contribution rates agreed with individual employees. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense when they are due. There are no post-retirement benefits other than pensions.

Remuneration of the Auditor and its associates, excluding VAT, was as follows:

	2025 £million	2024 £million
Fees payable to the Company's Auditor for the audit of the Company's annual accounts	1.4	1.3
Fees payable to the Company's Auditor for other services:		
Other assurance services	0.2	0.1
	<b>1.6</b>	<b>1.4</b>

Other assurance services related to the interim independent review report and profit certifications (2024: interim independent review report and profit certification).

### 7. Average number of employees

	2025 Number	2024 Number
Directors	2	2
Other senior management	26	23
Other employees	832	890
	<b>860</b>	<b>915</b>

## Notes to the consolidated financial statements continued

### 8. Exceptional items

	2025 £million	2024 £million
Motor Finance commissions		
Redress	11.3	5.2
Cost	5.1	1.7
	16.4	6.9
BiFD Vehicle Finance collections review		
Redress	-	0.2
Cost	2.1	1.3
	2.1	1.5
Exit from Vehicle Finance	5.0	-
Sale of Consumer Vehicle Finance	0.6	-
Organisational redesign	-	1.5
<b>Total exceptional items</b>	<b>24.1</b>	<b>9.9</b>

Costs associated with these activities are outside the normal course of business and are treated as exceptional.

#### Motor Finance commissions

During 2025, the Group updated its range of probability weighted scenarios resulting in estimated costs of £16.4 million (2024: £6.9 million, of which £6.4 million was recognised as a provision) following the release of the FCA's consultation paper in October 2025. Further details about the provision can be found in Note 31.

#### Borrowers in Financial Difficulty ('BiFD') Vehicle Finance collections review

As previously described, following the FCA's review of BiFD across the industry and, in response to the specific feedback we received on our own collections activities, we incurred costs relating to implementing enhanced processes, procedures and policies in our Vehicle Finance collections operations of £2.1 million (2024: £1.5 million). This work has now been completed.

#### Exit from Vehicle Finance business

In July 2025, the Group announced the decision to cease lending in the Vehicle Finance business. Exceptional costs arising in relation to this decision include redundancy costs, write down of the value of Cloud software development costs and costs in respect of onerous contracts.

#### Sale of Consumer Vehicle Finance business

In respect of the sale of the Consumer Vehicle Finance business announced in December 2025, £0.6 million of transaction costs were recognised, with the remainder of costs to be recognised in 2026.

#### Organisational redesign

During 2024, the Group undertook an organisational redesign where product-specific teams were amalgamated under a single management structure resulting in the Group incurring redundancy

#### Exceptional items accounting policy

Exceptional items are expenses that do not relate to the Group's core activities, which are material in the context of the Group's performance.

## Notes to the consolidated financial statements continued

### 9. Income tax expense

	2025 £million	2024 £million
<b>Current taxation</b>		
Corporation tax charge – current year	9.6	8.4
Corporation tax charge – adjustments in respect of prior years	0.1	0.3
	9.7	8.7
<b>Deferred taxation</b>		
Deferred tax charge – current year	0.4	1.2
Deferred tax credit – adjustments in respect of prior years	(0.2)	(0.4)
	0.2	0.8
<b>Income tax expense</b>	<b>9.9</b>	<b>9.5</b>
Of which:		
Continuing	14.7	16.0
Discontinued (Note 10)	(4.8)	(6.5)
<b>Tax reconciliation</b>		
Profit before tax	27.5	29.2
Tax at 25.0% (2024: 25.0%)	6.9	7.3
Permanent differences on exceptional items	3.0	1.5
Other permanent differences	0.2	0.1
Rate change on deferred tax assets	-	0.5
Other adjustments including prior year adjustments	(0.2)	0.1
Income tax expense for the year	<b>9.9</b>	<b>9.5</b>

The tax has been calculated at the current statutory rate, which is 25.0% for the year ended 31 December 2025 (2024: 25.0%).

#### Income tax accounting policy

Current income tax, which is payable on taxable profits, is recognised as an expense in the period in which the profits arise.

Deferred tax is provided in full on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax is determined using tax rates and laws that have been enacted or substantially enacted by the statement of financial position date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

The Group is currently outside the scope of Pillar 2 (for tax purposes).

### 10. Discontinued operations

On 24 December 2025, the Group announced the sale of the Consumer Vehicle Finance business, which represents the majority of the Vehicle Finance business. This meets the criteria, under IFRS 5 Non-current Assets held for sale and discontinued operations, to be classified as held for sale and disclosed as a discontinued operation. The consolidated statement of comprehensive income on page 146 and Note 3 Operating segments presents the information required to be disclosed under IFRS 5 including:

- the post-tax profit or loss of discontinued operations;
- the revenue, expenses and pre-tax profit or loss of discontinued operations; and
- the related income tax expense.

As at 31 December 2025, a net cash inflow from operating activities of £45.8 million in relation to the sale of the Consumer Vehicle Finance business was attributed to discontinued operations.

IFRS 5 measurement requires that assets that meet the criteria to be classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell. This results in no change to the year-end valuation at 31 December 2025 as the purchase price exceeded the carrying value.

### 11. Earnings per ordinary share

#### 11.1. Basic

Basic earnings per ordinary share are calculated by dividing the profit attributable to equity holders of the parent by the weighted average number of ordinary shares as follows:

	2025	2024
<b>Profit attributable to equity holders of the parent (£million)</b>	17.6	19.7
Weighted average number of ordinary shares (number)	18,678,740	19,057,161
<b>Earnings per share (pence)</b>	<b>94.2</b>	<b>103.4</b>

#### 11.2. Diluted

Diluted earnings per ordinary share are calculated by dividing the profit attributable to equity holders of the parent by the weighted average number of ordinary shares in issue during the year, as noted above, as well as the number of dilutive share options in issue during the year, as follows:

	2025	2024
Weighted average number of ordinary shares	18,678,740	19,057,161
Number of dilutive shares in issue at the period-end	1,089,891	363,751
<b>Fully diluted weighted average number of ordinary shares</b>	<b>19,768,631</b>	<b>19,420,912</b>
Dilutive shares being based on:		
Number of options outstanding at the period-end	1,688,791	1,395,045
Weighted average exercise price (pence)	162	215
Average share price during the period (pence)	804	525
<b>Diluted earnings per share (pence)</b>	<b>89.0</b>	<b>101.4</b>

## Notes to the consolidated financial statements continued

### 12. Dividends

	Paid	2025 £million	2024 £million
2025 interim dividend – 11.8 pence per share	Sep–25	2.2	–
2024 final dividend – 22.5 pence per share	May–25	4.2	–
2024 interim dividend – 11.3 pence per share	Sep–24	–	2.1
2023 final dividend – 16.2 pence per share	May–24	–	3.1
		<b>6.4</b>	<b>5.2</b>

The Directors recommend the payment of a final dividend of 23.7 pence per share.

#### Dividends accounting policy

Final dividends on ordinary shares are recognised in equity in the period in which they are approved by shareholders. Interim dividends on ordinary shares are recognised in equity in the period in which they are paid.

### 13. Loans and advances to banks

Moody's long-term ratings are as follows:

	Group 2025 £million	Group 2024 £million	Company 2025 £million	Company 2024 £million
Aaa - Aa3	5.1	–	5.1	–
A1	31.7	24.0	31.0	23.6
	<b>36.8</b>	<b>24.0</b>	<b>36.1</b>	<b>23.6</b>

None of the loans and advances to banks are either past due or impaired.

Loans and advances to banks includes £5.1 million (2024: £nil), which the Group and Company does not have access to, and are therefore excluded from cash and cash equivalents. See Note 37.1 for a reconciliation to cash and cash equivalents.

### 14. Debt securities

#### Group and Company

Debt securities consisted solely of sterling UK Government securities ('gilts'). The Group holds gilts from time to time for liquidity risk management purposes. The Group's intention is to hold the asset to collect its contractual cash flows of principal and interest and, therefore, they are stated in the statement of financial position at amortised cost. During 2025, the Group transacted £1.0 million of gilts (2024: £nil).

### 15. Loans and advances to customers

#### Group and Company

	Loans and advances to customers £million	Assets held for sale £million	Total £million
<b>31 December 2025</b>			
Gross loans and advances	3,341.3	434.8	3,776.1
Less: allowances for impairment of loans and advances (Note 17)	(45.5)	(44.0)	(89.5)
	<b>3,295.8</b>	<b>390.8</b>	<b>3,686.6</b>

	Loans and advances to customers £million	Assets held for sale £million	Total £million
<b>31 December 2024</b>			
Gross loans and advances	3,720.3	–	3,720.3
Less: allowances for impairment of loans and advances (Note 17)	(111.8)	–	(111.8)
	<b>3,608.5</b>	<b>–</b>	<b>3,608.5</b>

The fair value of loans and advances to customers is shown in Note 43. Loans and advances to customers includes finance lease receivables of £411.5 million (2024: £548.4 million). See Note 16 for further details.

Retail Finance assets of £1,023.8 million (2024: £1,088.2 million) were pre-positioned for use under sale and repurchase agreements (2024: Sale and repurchase agreements and Term Funding Scheme with additional incentives for SMEs) and are available for use as collateral.

## Notes to the consolidated financial statements continued

### 15. Loans and advances to customers continued

The Real Estate Finance loan book of £1,466.9 million (2024: £1,341.4 million) is secured upon real estate, which had a loan-to-value of 57% at 31 December 2025 (2024: 56%).

Under its credit policy, the Real Estate Finance business lends to a maximum loan-to-value of:

- 70% for investment loans;
- 60% for residential development loans<sup>1</sup>;
- 65% for certain residential higher leveraged development loans<sup>1</sup>, which is subject to an overall cap on such lending agreed by management according to risk appetite; and
- 65% for commercial development loans<sup>1</sup>.

Note:

1. based on gross development value.

All property valuations at loan inception, and the majority of development stage valuations, are performed by independent Chartered Surveyors, who perform their work in accordance with the Royal Institution of Chartered Surveyors Valuation – Professional Standards.

The accounting policy for loans and advances to customers is included in Note 1.4 Financial assets and financial liabilities accounting policy.

### 16. Finance lease receivables

#### Group and Company

Loans and advances to customers include finance lease receivables as follows:

	2025 £million	2024 £million
Gross investment in finance lease receivables:		
Not more than one year	191.4	228.1
Later than one year and no later than five years	358.6	535.4
	550.0	763.5
Unearned future finance income on finance leases	(138.5)	(215.1)

#### Lessor accounting policy

The present value of the lease payments on assets leased to customers under agreements that transfer substantially all the risks and rewards of ownership, with or without ultimate legal title, are recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recognised over the term of the lease using the net investment method, which reflects a constant periodic rate of return.

### 17. Allowances for impairment of loans and advances

#### Group and Company

	Not credit-impaired		Credit-impaired		Total provision customers £million	Gross loans and advances to customers £million	Provision coverage %
	Stage 1: Subject to 12-month ECL £million	Stage 2: Subject to lifetime ECL £million	Stage 3: Subject to lifetime ECL £million	Total provision £million			
<b>31 December 2025</b>							
<b>Consumer Finance:</b>							
Retail Finance	13.5	8.0	11.6	33.1	1,499.6	2.2	
<b>Business Finance:</b>							
Real Estate Finance	0.4	-	8.0	8.4	1,475.3	0.6	
Commercial Finance	0.6	3.2	0.2	4.0	366.4	1.1	
	<b>14.5</b>	<b>11.2</b>	<b>19.8</b>	<b>45.5</b>	<b>3,341.3</b>	<b>1.4</b>	
<b>Assets held for sale: Vehicle Finance:</b>							
Voluntary termination provision	3.8	1.5	-	5.3			
Other impairment	6.9	8.6	23.2	38.7			
	<b>10.7</b>	<b>10.1</b>	<b>23.2</b>	<b>44.0</b>	<b>434.8</b>	<b>10.1</b>	
	<b>25.2</b>	<b>21.3</b>	<b>43.0</b>	<b>89.5</b>	<b>3,776.1</b>	<b>2.4</b>	

## Notes to the consolidated financial statements continued

### 17. Allowances for impairment of loans and advances continued

	Not credit-impaired		Credit-impaired		Gross loans and advances to customers £million	Provision coverage %
	Stage 1: Subject to 12-month ECL £million	Stage 2: Subject to lifetime ECL £million	Stage 3: Subject to lifetime ECL £million	Total provision £million		
31 December 2024						
<b>Consumer Finance:</b>						
Retail Finance	13.5	6.5	10.1	30.1	1,387.9	2.2
<b>Business Finance:</b>						
Real Estate Finance	0.4	0.3	11.8	12.5	1,353.9	0.9
Commercial Finance	0.5	0.2	0.1	0.8	351.8	0.2
	<b>14.4</b>	<b>7.0</b>	<b>22.0</b>	<b>43.4</b>	<b>3,093.6</b>	<b>1.4</b>
<b>Vehicle Finance:</b>						
Voluntary termination provision	5.4	1.5	-	6.9		
Other impairment	9.8	7.4	44.3	61.5		
	<b>15.2</b>	<b>8.9</b>	<b>44.3</b>	<b>68.4</b>	<b>626.7</b>	<b>10.9</b>
	<b>29.6</b>	<b>15.9</b>	<b>66.3</b>	<b>111.8</b>	<b>3,720.3</b>	<b>3.0</b>

The impairment charge disclosed in the income statement can be analysed as follows:

	2025 £million	2024 £million
Expected credit losses: impairment charge	58.3	61.9
Charge in respect of off balance sheet loan commitments	0.1	0.1
Loans written off directly to the income statement	0.8	0.7
Unwind of discount	(1.2)	(0.8)
	<b>58.0</b>	<b>61.9</b>
<b>Of which:</b>		
Continuing	31.4	23.2
Discontinued (Note 10)	26.6	38.7

Total provisions include expert credit judgements as follows:

	2025 £million	2024 £million
Specific overlays/(underlays) held against credit-impaired secured assets held within the Business Finance portfolio	1.9	(0.7)
Management judgement in respect of:		
Vehicle Finance LGD	-	(4.5)
Other	(0.3)	(0.5)
<b>Expert credit judgements over the IFRS 9 model results</b>	<b>1.6</b>	<b>(5.7)</b>

The specific overlays/(underlays) for Business Finance have been estimated on an individual basis by assessing the recoverability and condition of the secured asset, along with any other recoveries that may be made.

Vehicle Finance LGD underlay has been released in 2025 reflecting recoveries and model changes.

Reconciliations of the opening to closing allowance for impairment of loans and advances are presented below:

	Not credit-impaired		Credit-impaired	
	Stage 1: Subject to 12-month ECL £million	Stage 2: Subject to lifetime ECL £million	Stage 3: Subject to lifetime ECL £million	Total £million
At 1 January 2025	29.6	15.9	66.3	111.8
(Decrease)/increase due to change in credit risk				
Transfer to stage 2	(13.7)	40.0	(2.4)	23.9
Transfer to stage 3	(0.2)	(24.2)	48.9	24.5
Transfer to stage 1	6.8	(16.5)	-	(9.7)
Passage of time	(11.0)	3.6	5.2	(2.2)
New loans originated	15.6	-	-	15.6
Matured and derecognised loans	(2.6)	(1.6)	(3.0)	(7.2)
Changes to credit risk parameters	2.2	4.0	2.1	8.3
Other adjustments	5.0	0.1	-	5.1
Charge to income statement	2.1	5.4	50.8	58.3
Allowance utilised in respect of write-offs	(6.5)	-	(74.1)	(80.6)
<b>31 December 2025</b>	<b>25.2</b>	<b>21.3</b>	<b>43.0</b>	<b>89.5</b>

## Notes to the consolidated financial statements continued

### 17. Allowances for impairment of loans and advances continued

	Not credit-impaired		Credit-impaired	Total £million
	Stage 1: Subject to 12-month ECL £million	Stage 2: Subject to lifetime ECL £million	Stage 3: Subject to lifetime ECL £million	
At 1 January 2024	29.5	18.2	40.4	88.1
(Decrease)/increase due to change in credit risk				
Transfer to stage 2	(11.7)	38.6	(1.4)	25.5
Transfer to stage 3	(0.2)	(24.1)	48.8	24.5
Transfer to stage 1	7.8	(20.8)	-	(13.0)
Passage of time	(6.3)	4.6	14.8	13.1
New loans originated	16.2	-	-	16.2
Matured and derecognised loans	(2.1)	(1.6)	(0.5)	(4.2)
Changes to credit risk parameters	(2.3)	(0.5)	(2.9)	(5.7)
Other adjustments	4.0	1.5	-	5.5
Charge/(credit) to income statement	5.4	(2.3)	58.8	61.9
Allowance utilised in respect of write-offs	(5.3)	-	(32.9)	(38.2)
<b>31 December 2024</b>	<b>29.6</b>	<b>15.9</b>	<b>66.3</b>	<b>111.8</b>

These tables have been prepared based on monthly movements in the ECL.

Passage of time represents the impact of accounts maturing through their contractual life, the associated reduction in PDs and the unwind of the discount applied in calculating the ECL.

Changes to credit risk parameters represent movements that have occurred due to the Group updating model inputs. This would include the impact of, for example, updating the macroeconomic scenarios applied to the models.

Other adjustments represents the movement in the Vehicle Finance voluntary termination provision.

Stage 1 write-offs arise on Vehicle Finance accounts where borrowers have exercised their right to voluntarily terminate their agreements.

Reconciliations of the opening to closing gross loans and advances are presented below:

	Not credit-impaired		Credit-impaired	Total £million
	Stage 1: Subject to 12 month ECL £million	Stage 2: Subject to lifetime ECL £million	Stage 3: Subject to lifetime ECL £million	
At 1 January 2025	3,204.6	329.0	186.7	3,720.3
Transfer to stage 2	(668.7)	651.7	(3.2)	(20.2)
Transfer to stage 3	(9.0)	(136.7)	143.4	(2.3)
Transfer to stage 1	391.2	(407.9)	-	(16.7)
Passage of time	(1,407.7)	(18.7)	(73.3)	(1,499.7)
New loans originated	2,526.2	-	-	2,526.2
Matured and derecognised loans	(689.4)	(149.9)	(92.2)	(931.5)
<b>31 December 2025</b>	<b>3,347.2</b>	<b>267.5</b>	<b>161.4</b>	<b>3,776.1</b>

## Notes to the consolidated financial statements continued

### 17. Allowances for impairment of loans and advances continued

A breakdown of the gross receivable by internal credit risk rating is shown below:

	2025			
	Stage 1 £million	Stage 2 £million	Stage 3 £million	Total £million
Business Finance:				
Strong	84.9	-	-	84.9
Good	1,166.6	46.4	1.2	1,214.2
Satisfactory	348.2	51.3	25.0	424.5
Weak	-	31.0	87.1	118.1
	<b>1,599.7</b>	<b>128.7</b>	<b>113.3</b>	<b>1,841.7</b>
	2024			
	Stage 1 £million	Stage 2 £million	Stage 3 £million	Total £million
Business Finance:				
Strong	29.6	-	-	29.6
Good	1,051.5	54.2	1.4	1,107.1
Satisfactory	298.6	141.5	25.8	465.9
Weak	-	20.1	83.0	103.1
	<b>1,379.7</b>	<b>215.8</b>	<b>110.2</b>	<b>1,705.7</b>

	2025			
	Stage 1 £million	Stage 2 £million	Stage 3 £million	Total £million
Consumer Finance:				
Good	1,008.7	1.2	-	1,010.0
Satisfactory	632.5	51.8	-	684.3
Weak	106.3	85.8	48.1	240.2
	<b>1,747.5</b>	<b>138.8</b>	<b>48.1</b>	<b>1,934.4</b>
	2024			
	Stage 1 £million	Stage 2 £million	Stage 3 £million	Total £million
Consumer Finance:				
Good	921.6	4.9	-	926.5
Satisfactory	768.1	32.4	-	800.5
Weak	135.2	75.9	76.5	287.6
	<b>1,824.9</b>	<b>113.2</b>	<b>76.5</b>	<b>2,014.6</b>

## Notes to the consolidated financial statements continued

### 17. Allowances for impairment of loans and advances continued

#### Impairment of financial assets and loan commitments accounting policy

The Group recognises loss allowances for Expected Credit Losses ('ECL') on all financial assets carried at amortised cost, including lease receivables and loan commitments. Credit loss allowances on Stage 1 assets are measured as an amount equal to 12-month ECL and credit loss allowances on Stage 2, and Stage 3 assets are measured as an amount equal to lifetime ECL.

#### Stage 1 assets

Stage 1 assets comprise of the following.

- Financial assets determined to have low credit risk at the reporting date.
- Financial assets that have not experienced a significant increase in credit risk since their initial recognition.
- Financial assets that have experienced a significant increase in credit risk since their initial recognition, but have subsequently met the Group's cure policy, as set out on the following page.

A low credit risk asset is considered to have low credit risk when its credit risk rating is equivalent to the widely understood definition of 'investment grade' assets. This is not applicable to loans and advances to customers, but the Group has assessed all its debt securities, which represents gilts, to be low credit risk.

#### Stage 2 assets

Loans and advances to customers that have experienced a significant increase in credit risk since their initial recognition and have not subsequently met the Group's cure policy are classified as Stage 2 assets.

The Group's definitions of a significant increase in credit risk and default are set out on the following page.

For Consumer Finance, the credit risk of a financial asset is considered to have experienced a significant increase in credit risk since initial recognition where there has been a significant increase in the remaining lifetime probability of default of the asset. The Group may also use its expert credit judgement, and where possible, relevant historical and current performance data, including bureau data, to determine that an exposure has undergone a significant increase in credit risk.

For Business Finance, the credit risk of a financial asset is considered to have experienced a significant increase in credit risk where certain early warning indicators apply. These indicators may include notification of county court judgements or, specifically for the Real Estate Finance portfolio, cost over-runs and timing delays experienced by borrowers.

As a backstop, the Group considers that a significant increase in credit risk occurs no later than when an asset is more than 30 days past due for all portfolios.

#### Stage 3 assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired or defaulted (Stage 3). A financial asset is considered to be credit-impaired when an event or events that have a detrimental impact on estimated future cash flows have occurred, or have other specific unlikelihood to pay indicators. Evidence that a financial asset is credit-impaired includes the following observable data.

- Initiation of bankruptcy proceedings.
- Notification of bereavement.
- Identification of loan meeting debt sale criteria.
- Initiation of repossession proceedings.
- Customer on an Individual Voluntary Arrangement or Debt Management Plan.
- A material covenant breach that has remained unremedied for more than 90 days.

In addition, a loan that is 90 days or more past due is considered credit-impaired for all portfolios. The credit risk of financial assets that become credit-impaired will be monitored in line with the curing policy.

For Commercial Finance facilities that do not have a fixed-term or repayment structure, evidence that a financial asset is credit-impaired includes:

- the client ceasing to trade; or
- unpaid debtor balances that are dated at least six months past their normal recourse period.

## Notes to the consolidated financial statements continued

### 17. Allowances for impairment of loans and advances continued

#### Cure policy

The credit risk of a financial asset may improve such that it is no longer considered to have experienced a significant increase in credit risk if it meets the Group's cure policy. The Group's cure policy from stage 2 to stage 1 for all portfolios requires sufficient payments to be made to bring an account back within less than 30 days past due and such payments need to be maintained for six consecutive months in Vehicle Finance and three months in Retail Finance. In addition, an account can cure from stage 2 to stage 1 if the significant increase in credit risk since their initial recognition is not triggered anymore due to improvement in their credit quality (e.g. loan credit bureau score).

The Group's cure policy from stage 3 to 2 for all portfolios requires sufficient payments to be made to bring an account back within less than 30 days past due. For Vehicle Finance and Retail Finance, such non-defaulted status need to be maintained for three consecutive months. For Real Estate Finance such payments need to be maintained for 12 consecutive months.

#### Calculation of expected credit loss ('ECL')

ECL are probability weighted estimates of credit losses that are measured as the present value of all cash shortfalls. Specifically, this is the difference between the contractual cash flows due and the cash flows expected to be received, discounted at the original effective interest rate. For undrawn loan commitments, ECL is measured as the difference between the contractual cash flows due if the commitment is drawn and the cash flows expected to be received.

Lifetime ECL is the ECL that results from all possible default events over the expected life of a financial asset.

12-month ECL is the portion of lifetime ECL that results from default events on a financial asset that are possible within 12 months after the reporting date.

ECL are calculated by multiplying three main components: the Probability of Default ('PD'), Exposure At Default ('EAD') and Loss Given Default ('LGD') discounted at the original effective interest rate of an asset. These variables are derived from internally developed statistical models and historical data, adjusted to reflect forward-looking information and are discussed in turn further below. Management adjustments are made to modelled output to account for situations, where known, or expected risk factors that have not been reflected in the modelled outcome.

#### Probability of Default ('PD') and credit risk grades

Credit risk grades are a primary input into the determination of the PD for exposures. The Group allocates each exposure to a credit risk grade at origination and at each reporting period to predict the risk of default. Credit risk grades are determined using qualitative and quantitative

factors that are indicative of the risk of default e.g. arrears status and loan credit bureau score. These factors vary for each loan portfolio. Exposures are subject to ongoing monitoring, which may result in an exposure being moved to a different credit risk grade. In monitoring exposures information, such as payment records and forecast changes in economic conditions are considered for Consumer Finance. Additionally, for Business Finance portfolios information obtained during periodic client reviews, for example, audited financial statements, management accounts, budgets and projections are considered, with particular focus on key ratios, compliance with covenants and changes in senior management teams.

Emergence curves modelling is used in the production of forward-looking lifetime PDs. This method defines the way that debt emerges for differing quality accounts and their time on the books creating a clean relationship to best demonstrate the movement in default rates as macroeconomic variables are changed. These models are extrapolated to provide PD estimates for the future, based on forecasted economic scenarios.

#### Exposure at Default ('EAD')

EAD represents the expected exposure in the event of a default. EAD is derived from the current exposure and potential changes to the current amount allowed under the terms of the contract, including amortisation overpayments and early terminations. The EAD of a financial asset is its gross carrying amount. For loan commitments, the EAD includes the amount drawn, as well as potential future amounts that may be drawn under the terms of the contract, estimated based on historical observations and forward-looking forecasts.

For Commercial Finance facilities that have no specific term, an assumption is made that accounts close 36 months after the reporting date for the purposes of measuring lifetime ECL. This assumption is based on industry experience of average client life. These facilities do not have a fixed-term or repayment structure, but are revolving and increase or decrease to reflect the value of the collateral i.e. receivables or inventory. The Group can cancel the facilities with immediate effect, although this contractual right is not enforced in the normal day-to-day management of the facility. Typically, demand would only be made on the failure of a client business or in the event of a material event of default, such as a fraud. In the normal course of events, the Group's exposure is recovered through receipt of remittances from the client's debtors rather than from the client itself.

The ECL for such facilities is estimated taking into account the credit risk management actions that the Group expects to take to mitigate against losses. These include a reduction in advance rate and facility limits or application of reserves against a facility to improve the likelihood of full recovery of exposure from the debtors.

## Notes to the consolidated financial statements continued

### 17. Allowances for impairment of loans and advances continued

Alternative recovery routes mitigating ECL would include refinancing by another funding provider, taking security over other asset classes or secured personal guarantees from the client's principals.

#### Loss Given Default ('LGD')

LGD is the magnitude of the likely loss in the event of default. This takes into account recoveries either through curing or, where applicable, through the auction sale of repossessed collateral and debt sale of the residual shortfall amount. For loans secured by real estate property, loan-to-value ratios are key parameters in determining LGD. LGDs are calculated on a discounted cash flow basis using the financial instrument's origination effective interest rate as the discount factor.

#### Incorporation of forward-looking data

The Group incorporates forward-looking information into both its assessment of whether the credit risk of a financial asset has increased significantly since initial recognition and its measurement of ECL. This is achieved by developing a number of potential economic scenarios and modelling ECLs for each scenario. To ensure material non-linear relationships between economic factors and credit losses are reflected in the calculation of ECL, a severe stress scenario is used as one of these scenarios. The outputs from each scenario are combined using the estimated likelihood of each scenario occurring to derive a probability weighted expected credit loss. The four scenarios adopted and probability weighting applied are set out on page 170.

The Group considers that the key drivers of credit risk and credit losses included in the macroeconomic scenarios are annual unemployment rate growth, annual house price index growth, consumer price index ('CPI'), Bank of England Base Rate, and debt service ratio. Base case assumptions applied for each of these variables have been sourced from external consensus or Bank of England forecasts. Further details of the assumptions applied to other scenarios are presented on page 170.

#### Expert credit judgements

The impairment charge comprises modelled ECLs and expert credit judgements. Where the ECL modelled output does not reflect the level of credit risk, judgement is used to calculate expert credit judgements, which are overlaid onto the output from the models.

#### Presentation of loss allowance

Loss allowances for ECLs and expert credit judgements are presented in the statement of financial position as follows with the loss recognised in the income statement:

- Financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets.
- Other loan commitments: generally, as a provision.

For the Real Estate Finance and Commercial Finance portfolios, where a loan facility is agreed that includes both drawn and undrawn elements and the Group cannot identify the ECL on the loan commitment separately, a combined loss allowance for both drawn and undrawn components of the loan is presented as a deduction from the gross carrying amount of the drawn component, with any excess of the loss allowance over the gross drawn amount presented as a provision.

When a loan is uncollectible, it is written off against the related ECL allowance. Such loans are written off after all necessary procedures have been completed and the amount of the loss has been determined.

#### Vehicle Finance voluntary termination provision

In addition to recognising allowances for ECLs, the Group holds a provision for Voluntary Terminations ('VT') for all Vehicle Finance financial assets. VT is a legal right provided to customers who take out hire purchase agreements. The provision is calculated by multiplying the probability of VT of an asset by the expected shortfall on VT discounted back at the original effective interest rate of the asset. VT allowances are not held against loans in default (Stage 3 loans).

The VT provision is presented in the statement of financial position as a deduction from the gross carrying amount of Vehicle Finance assets with the loss recognised in the income statement.

#### Write-off

Loans and advances to customers are written off partially or in full when the Group has exhausted all viable recovery options. The majority of write-offs arise from Debt Relief Orders, insolvencies, Individual Voluntary Arrangements, deceased customers where there is no estate and vulnerable customers in certain circumstances. Amounts subsequently recovered on assets previously written off are recognised in the impairment charge in the income statement.

#### Intercompany receivables

The parent company's expected credit loss on amounts due from related companies is calculated by applying probability of default and loss given default to the amount outstanding at the year-end. See Note 26 for further details.

## Notes to the consolidated financial statements continued

### 17. Allowances for impairment of loans and advances continued

#### 17.1. Key sources of estimation uncertainty

Estimations that could have a material impact on the Group's financial results and are, therefore, considered to be key sources of estimation uncertainty all relate to the impairment charge on loans and advances to customers and are, therefore, set out below. The potential impact of the current macroeconomic environment has been considered in determining reasonably possible changes in key sources of estimation uncertainty that may occur in the next 12 months. The determination of both the PD and LGD require estimation, which is discussed further below.

##### 17.1.1. Incorporation of forward-looking data

The Group incorporates forward-looking information into both its assessment of whether the credit risk of a financial asset has increased significantly since initial recognition and its measurement of expected credit loss by developing a number of potential economic scenarios and modelling expected credit losses for each scenario. Further detail on this process is provided on page 169. The macroeconomic scenarios used were provided by external economic advisers. The scenarios and weightings applied are summarised below:

December 2025		UK unemployment rate – Annual Average			
Scenario	Weightings	2026 %	2027 %	2028 %	5-Yr Average %
Upside	20%	4.6	3.9	3.6	3.9
Base	50%	5.0	4.8	4.5	4.6
Downside	25%	5.8	6.5	6.9	6.5
Severe	5%	6.1	7.2	7.7	7.1

		UK HPI – movement from December 2025			
Scenario	Weightings	2026 %	2027 %	2028 %	5-Yr Average %
Upside	20%	4.5	10.3	17.9	5.4
Base	50%	2.4	5.8	10.8	4.1
Downside	25%	(5.9)	(7.5)	(7.6)	0.6
Severe	5%	(11.6)	(17.0)	(21.7)	(2.3)

		UK CPI – movement from December 2025			
Scenario	Weightings	2026 %	2027 %	2028 %	5-Yr Average %
Upside	20%	3.5	6.9	9.8	2.8
Base	50%	2.7	5.3	7.6	2.3
Downside	25%	1.6	2.9	4.7	1.7
Severe	5%	0.6	1.1	2.5	1.2

December 2025 (continued)		UK Base Rate – Annual Average			
Scenario	Weightings	2026 %	2027 %	2028 %	5-Yr Average %
Upside	20%	4.8	4.4	3.7	3.8
Base	50%	3.3	3.0	2.8	2.8
Downside	25%	2.4	1.8	1.8	1.9
Severe	5%	1.4	0.8	0.8	0.9

		UK debt service ratio – Annual Average			
Scenario	Weightings	2026 %	2027 %	2028 %	5-Yr Average %
Upside	20%	5.1	5.0	4.3	4.5
Base	50%	4.4	4.3	4.1	4.1
Downside	25%	4.1	4.1	4.0	3.9
Severe	5%	3.6	3.2	3.4	3.3

December 2024		UK unemployment rate – Annual Average			
Scenario	Weightings	2025 %	2026 %	2027 %	5-Yr Average %
Upside	20%	4.0	3.6	3.6	3.7
Base	50%	4.4	4.3	4.2	4.2
Downside	25%	5.1	6.0	6.7	6.2
Severe	5%	5.5	6.7	7.4	6.8

		UK HPI – movement from December 2024			
Scenario	Weightings	2025 %	2026 %	2027 %	5-Yr Average %
Upside	20%	3.7	7.8	13.4	4.2
Base	50%	1.7	3.4	6.2	2.9
Downside	25%	(6.6)	(9.6)	(11.7)	(0.5)
Severe	5%	(12.3)	(18.9)	(24.7)	(3.4)

## Notes to the consolidated financial statements continued

### 17. Allowances for impairment of loans and advances continued

#### 17.1.1. Incorporation of forward-looking data continued

December 2024 (continued)		UK CPI – movement from December 2024			
Scenario	Weightings	2025 %	2026 %	2027 %	5-Yr Average %
Upside	20%	3.8	7.3	10.1	2.8
Base	50%	3.0	5.4	7.6	2.3
Downside	25%	1.9	2.9	4.6	1.7
Severe	5%	1.0	1.1	2.6	1.2

		UK Bank Rate – Annual Average			
Scenario	Weightings	2025 %	2026 %	2027 %	5-Yr Average %
Upside	20%	5.4	4.4	3.4	3.8
Base	50%	3.8	3.1	2.6	2.9
Downside	25%	3.0	1.8	1.8	2.0
Severe	5%	2.0	0.8	0.8	1.0

		UK debt service ratio – Annual Average			
Scenario	Weightings	2025 %	2026 %	2027 %	5-Yr Average %
Upside	20%	5.6	5.3	4.8	4.9
Base	50%	4.9	4.6	4.5	4.5
Downside	25%	4.6	4.3	4.5	4.3
Severe	5%	4.6	3.6	3.8	3.8

The sensitivity of the ECL allowance to reasonably possible changes in scenario weighting (an increase in downside case weighting from the upside case and an increase in severe stress case weighting from the base case) has been assessed by the Group and computed as not material.

The Group recognised a total impairment charge of £58.0 million (2024: £61.9 million). Were each of the scenarios to be applied at 100%, rather than using the weightings set out above, the increase/(decrease) in ECL provisions would be as follows:

Scenario	2025			
	Vehicle Finance £million	Retail Finance £million	Business Finance £million	Total Group £million
Upside	(0.7)	(0.3)	(1.3)	(2.3)
Base	(0.4)	(0.3)	(0.7)	(1.4)
Downside	1.6	0.7	1.8	4.1
Severe	2.1	0.7	4.1	6.9

Scenario	2024			
	Vehicle Finance £million	Retail Finance £million	Business Finance £million	Total Group £million
Upside	(0.6)	(0.3)	(1.3)	(2.2)
Base	(0.2)	(0.1)	(0.8)	(1.1)
Downside	0.6	0.4	1.8	2.8
Severe	1.2	0.8	4.1	6.1

#### 17.1.2. ECL modelled output: Estimation of PDs

Sensitivity to reasonably possible changes in PD could potentially result in material changes in the ECL allowance for Vehicle Finance and Retail Finance.

A 15% change in the PD for Vehicle Finance would immediately impact the ECL allowance by £3.7 million (2024: a 15% change impacted the ECL allowance by £4.0 million).

A 15% change in the PD for Retail Finance would immediately impact the ECL allowance by £4.1 million (2024: a 15% change impacted the ECL allowance by £3.4 million).

The above sensitivities reflect the levels of defaults observed during the year.

Due to the relatively low levels of provisions on the Business Finance books, sensitivity to reasonably possible changes in PD are not considered material.

#### 17.1.3. ECL modelled output: Vehicle Finance recovery rates

With the exception of the Vehicle Finance portfolio, the sensitivity of the ECL allowance to reasonably possible changes in the LGD is not considered material. The Vehicle Finance portfolio is particularly sensitive to changes in LGD due to the range of outcomes that could crystallise, depending on whether the Group is able to recover the vehicle as security. For the Vehicle Finance portfolio, a 20% (2024: 20%) change in the recovery rate assumption in the LGD is considered reasonably possible due to delays in the vehicle collection process. A 20% (2024: 20%) reduction in the vehicle recovery rate assumption element of the LGD for Vehicle Finance would increase the ECL by £1.2 million (2024: £1.7 million). There has been no change in the vehicle recovery rate assumption in the ECL model in either the current or prior year.

#### 17.1.4. Climate-risk impact

The Group considers the impact of climate-related risks on the financial statements on an annual basis, in particular, climate change negatively impacting the value of the Group's Real Estate Finance business' security due to the increased risk of flooding associated with climate change.

While the effects of climate change represent a source of uncertainty (in respect of potential transitional risks, such as those that may arise from changes in future government policy), the impact of all of the climate change risks is considered to be low. Accordingly, the Group does not consider there to be a material impact on its judgements and estimates from the physical, transitional and other climate-related risks in the short term.

## Notes to the consolidated financial statements continued

### 18. Derivative financial instruments

#### Group and Company

Interest rate derivatives are held for risk mitigation purposes. The table below provides an analysis of the notional amount and fair value of derivatives by hedge accounting relationship. The amount of ineffectiveness recognised for each hedge type is shown in Note 5. Notional amount is the amount on which payment flows are derived and does not represent amounts at risk.

	Notional 2025 £million	Assets 2025 £million	Liabilities 2025 £million	Notional 2024 £million	Assets 2024 £million	Liabilities 2024 £million
<b>Interest rate derivatives designated in fair value hedges</b>						
In less than one year	953.1	3.4	(1.7)	965.5	3.1	(2.5)
More than one year but less than three years	1,179.7	3.4	(7.8)	941.4	10.1	(3.9)
More than three years but less than five years	374.2	1.5	(1.2)	432.9	1.1	(3.3)
	2,507.0	8.3	(10.7)	2,339.8	14.3	(9.7)
<b>Interest rate derivatives designated in cash flow hedges</b>						
In less than one year	-	-	-	9.4	-	(0.1)
More than one year but less than three years	2.4	0.1	-	2.4	-	-
More than three years but less than five years	8.7	-	-	-	-	-
	11.1	0.1	-	11.8	-	(0.1)
<b>Interest rate derivatives - not hedged<sup>1</sup></b>						
In less than one year	-	-	-	15.0	-	-
More than one year but less than three years	95.0	-	-	42.5	-	-
More than three years but less than five years	8.0	-	-	-	-	-
	103.0	-	-	57.5	-	-
<b>Foreign exchange derivatives</b>						
In less than one year	17.0	0.1	-	25.7	-	(0.2)
	17.0	0.1	-	25.7	-	(0.2)
Offset	-	(8.3)	10.6	-	-	-
	2,638.1	0.2	(0.1)	2,434.8	14.3	(10.0)

Note:

1. Derivatives not in hedge relationships at the end of the reporting period will either enter a hedge relationship in the following month, or be in the final month of maturity.

## Notes to the consolidated financial statements continued

### 18. Derivative financial instruments continued

In order to manage interest rate risk arising from fixed-rate financial instruments, the Group monitors its interest rate mismatch regularly throughout each month, seeking to 'match' assets and liabilities in the first instance and hedging residual risk using interest rate derivatives to maintain adherence to risk appetites. Some residual risk remains due to timing differences. The exposure from the portfolio frequently changes due to the origination of new instruments, contractual repayments and early prepayments made in each period. As a result, the Group adopts a dynamic hedging strategy (sometimes referred to as 'macro' or 'portfolio' hedge) to hedge its exposure profile by closing and entering into new interest rate derivative agreements. The Group establishes the hedging ratio by matching the derivatives with the principal of the portfolio being hedged.

The following table sets out details of the hedged exposures covered by the Group's hedging strategies:

	Carry amount of hedged item asset/ (liability) 2025 £million	Accumulated amount of fair value adjustments in the hedged items asset/ (liability) 2025 £million	Carry amount of hedged item asset/ (liability) 2024 £million	Accumulated amount of fair value adjustments in the hedged items (liability)/ asset 2024 £million
<b>ASSETS</b>				
<b>Interest rate fair value hedges</b>				
<b>Loans and advances to customers</b>				
Fixed rate Real Estate Finance loans	558.8	3.2	519.6	(5.2)
Fixed rate Consumer Finance loans	680.4	4.1	723.4	(1.6)
	1,239.2	7.3	1,243.0	(6.8)
<b>Interest rate cash flow hedges</b>				
<b>Cash and Bank of England reserve account</b>				
Bank of England reserve	11.1	N/A	11.8	N/A
	1,250.3	7.3	1,254.8	(6.8)
<b>LIABILITIES</b>				
<b>Interest rate fair value hedges</b>				
<b>Deposits from customers</b>				
Fixed rate customer deposits	(1,177.1)	(3.7)	(1,006.5)	3.1
<b>Subordinated liabilities</b>				
Fixed rate Tier 2 regulatory capital	(90.0)	(1.0)	(90.0)	0.3
	(1,267.1)	(4.7)	(1,096.5)	3.4

The following table shows:

- amounts which have been offset, where there is an enforceable master netting arrangement or similar agreement in place, an unconditional right to offset exists and there is an intention to settle net ('amounts offset'); and
- amounts which have not been offset, where there is an enforceable master netting arrangement or similar agreement in place, but the offset criteria are otherwise not satisfied ('master netting arrangements') and/or where financial collateral has been paid or received ('financial collateral'). Financial collateral consists of cash settled, typically daily or weekly, to mitigate the credit risk on the fair value of derivatives.

	Gross amount recognised £million	Amounts offset £million	Net amount reported on balance sheet £million	Master netting arrangements £million	Financial collateral £million	Net amounts after offsetting £million
<b>31 December 2025</b>						
<b>Derivative financial assets</b>						
Interest rate derivatives	8.5	(8.3)	0.2	(0.1)	(0.1)	-
	8.5	(8.3)	0.2	(0.1)	(0.1)	-
<b>Derivative financial liabilities</b>						
Interest rate derivatives	(10.7)	10.6	(0.1)	0.1	-	-
	(10.7)	10.6	(0.1)	0.1	-	-

Amounts offset for derivative financial assets of £8.3 million include variation margin netted of £2.3 million at 31 December 2025.

	Gross amount reported on balance sheet £million	Master netting arrangements £million	Financial collateral £million	Net amounts after offsetting £million
<b>31 December 2024</b>				
<b>Derivative financial assets</b>				
Interest rate derivatives	14.3	(9.8)	(4.1)	0.4
	14.3	(9.8)	(4.1)	0.4
<b>Derivative financial liabilities</b>				
Interest rate derivatives	(9.8)	9.8	-	-
Foreign exchange derivatives	(0.2)	-	-	(0.2)
	(10.0)	9.8	-	(0.2)

## Notes to the consolidated financial statements continued

### 19. Assets held for sale

Under IFRS 5, Non-current Assets Held for Sale and Discontinued Operations, assets and liabilities are required to be reclassified as 'Held for Sale' on the face of the statement of financial position if they are expected to be sold within 12 months of the balance sheet date.

As at 31 December 2025, the Group's Consumer Vehicle Finance business met the criteria to be classified as Held for Sale. Accordingly, the business's loans and advances to customers was reclassified in the Consolidated and Company statement of financial position at its carrying amount (amortised cost) of £390.8 million to Assets held for sale. This sale was completed in February 2026.

### 20. Investment property

	Group £million	Company £million
At 1 January 2024 and 31 December 2024	-	0.9
Additions	24.1	-
<b>At 31 December 2025</b>	<b>24.1</b>	<b>0.9</b>

The Group's investment property comprises 100 Violet Road, London E3 3QH, which was purchased in December 2025. The fair value of the property is £22.5 million.

The Company's investment property comprises 25 and 26 Neptune Court, Vanguard Way, Cardiff CF24 5PJ, which is occupied by one of the Company's subsidiaries.

The Company's investment property was stated at fair value as at 31 December 2025, based on external valuations performed by professionally qualified valuers Knight Frank LLP in December 2024.

#### Investment property accounting policy

Investment property, which is property held to earn rentals and for capital appreciation, is measured initially at cost, including transaction costs. Subsequent to initial recognition, for the Group, investment property is measured at cost. Depreciation is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, which are subject to regular review (see property, plant and equipment accounting policy for estimated useful lives). This represents a change in accounting policy for the Group, noting the Group held no investment properties in the prior year. For the Company investment property is measured at fair value. External valuations are performed on a triennial basis. Gains or losses arising from changes in the fair value of investment property are included in the income statement in the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the period in which the property is derecognised.

## Notes to the consolidated financial statements continued

### 21. Property, plant and equipment

	Group			Company		
	Freehold land and buildings £million	Computer and other equipment £million	Total £million	Freehold land and buildings £million	Computer and other equipment £million	Total £million
<b>Cost or valuation</b>						
At 1 January 2024	10.1	7.7	17.8	3.8	7.1	10.9
Additions	-	0.5	0.5	-	0.3	0.3
Impairment	(0.4)	-	(0.4)	-	-	-
<b>At 31 December 2024</b>	<b>9.7</b>	<b>8.2</b>	<b>17.9</b>	<b>3.8</b>	<b>7.4</b>	<b>11.2</b>
Additions	-	0.3	0.3	0.2	0.2	0.4
Disposals	(4.2)	(0.3)	(4.5)	-	(0.2)	(0.2)
<b>At 31 December 2025</b>	<b>5.5</b>	<b>8.2</b>	<b>13.7</b>	<b>4.0</b>	<b>7.4</b>	<b>11.4</b>
<b>Accumulated depreciation</b>						
At 1 January 2024	(2.5)	(4.5)	(7.0)	(0.2)	(4.4)	(4.6)
Depreciation charge	(0.2)	(0.8)	(1.0)	(0.1)	(0.5)	(0.6)
<b>At 31 December 2024</b>	<b>(2.7)</b>	<b>(5.3)</b>	<b>(8.0)</b>	<b>(0.3)</b>	<b>(4.9)</b>	<b>(5.2)</b>
Depreciation charge	(0.1)	(0.7)	(0.8)	(0.1)	(0.4)	(0.5)
Disposals	2.2	0.3	2.5	-	0.2	0.2
<b>At 31 December 2025</b>	<b>(0.6)</b>	<b>(5.7)</b>	<b>(6.3)</b>	<b>(0.4)</b>	<b>(5.1)</b>	<b>(5.5)</b>
<b>Net book amount</b>						
At 31 December 2024	7.0	2.9	9.9	3.5	2.5	6.0
At 31 December 2025	4.9	2.5	7.4	3.6	2.3	5.9

The Group's freehold properties, which are occupied by the Group, comprise:

- the Registered Office of the Company;
- 25 and 26 Neptune Court, Vanguard Way, Cardiff CF24 5PJ; and
- One Arleston Way, Solihull B90 4LH, which was sold during 2025.

The Company's freehold property comprises the Registered Office of the Company.

The carrying value of freehold land, which is included in the total carrying value of freehold land and buildings, and which is not depreciated at 31 December 2025 was £1.2 million (2024: £1.5 million) for the Group and £1.0 million (2024: £0.8 million) for the Company.

#### Property, plant and equipment accounting policy

Property, plant and equipment is stated at historical cost less any accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Pre-installed computer software licences are capitalised as part of the computer hardware it is installed on. Depreciation is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, which are subject to regular review:

Land	not depreciated
Freehold buildings	50 years
Leasehold improvements	shorter of life of lease or seven years
Computer equipment	three to five years
Other equipment	five to ten years

The above useful economic lives have not changed since the prior year.

Gains and losses on disposals are determined by comparing proceeds with carrying amounts. These are included in the income statement.

The Group applies IAS 36 to determine whether property, plant and equipment is impaired.

## Notes to the consolidated financial statements continued

### 22. Right-of-use assets

	Group			Company		
	Leasehold property £million	Leased motor vehicles £million	Total £million	Leasehold property £million	Leased motor vehicles £million	Total £million
<b>Cost</b>						
At 1 January 2024	3.9	0.8	4.7	3.9	0.3	4.2
Additions	-	0.8	0.8	-	0.6	0.6
<b>At 31 December 2024</b>	<b>3.9</b>	<b>1.6</b>	<b>5.5</b>	<b>3.9</b>	<b>0.9</b>	<b>4.8</b>
Additions	3.4	0.5	3.9	3.5	0.3	3.8
Disposals	-	(0.5)	(0.5)	-	(0.1)	(0.1)
<b>At 31 December 2025</b>	<b>7.3</b>	<b>1.6</b>	<b>8.9</b>	<b>7.4</b>	<b>1.1</b>	<b>8.5</b>
<b>Accumulated depreciation</b>						
At 1 January 2024	(2.5)	(0.4)	(2.9)	(2.5)	(0.1)	(2.6)
Depreciation charge	(0.5)	(0.5)	(1.0)	(0.5)	(0.3)	(0.8)
<b>At 31 December 2024</b>	<b>(3.0)</b>	<b>(0.9)</b>	<b>(3.9)</b>	<b>(3.0)</b>	<b>(0.4)</b>	<b>(3.4)</b>
Depreciation charge	(0.6)	(0.5)	(1.1)	(0.6)	(0.4)	(1.0)
Disposals	-	0.5	0.5	-	0.1	0.1
<b>At 31 December 2025</b>	<b>(3.6)</b>	<b>(0.9)</b>	<b>(4.5)</b>	<b>(3.6)</b>	<b>(0.7)</b>	<b>(4.3)</b>
<b>Net book amount</b>						
<b>At 31 December 2024</b>	<b>0.9</b>	<b>0.7</b>	<b>1.6</b>	<b>0.9</b>	<b>0.5</b>	<b>1.4</b>
<b>At 31 December 2025</b>	<b>3.7</b>	<b>0.7</b>	<b>4.4</b>	<b>3.8</b>	<b>0.4</b>	<b>4.2</b>

#### Lessee accounting policy

The Group assesses whether a contract is, or contains, a lease at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low-value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the future lease payments, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate. It is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest rate method) and by reducing the carrying amount to reflect the lease payments made, and is presented as a separate line in the consolidated statement of financial position.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at, or before, the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment charges and are depreciated over the shorter of the lease term and useful life of the underlying asset. The depreciation starts at the commencement date of the lease. The right-of-use assets are presented as a separate line in the consolidated statement of financial position. The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, plant and equipment' policy.

Rentals made under operating leases for less than 12 months in duration, and operating leases on low-value items, are recognised in the income statement on a straight-line basis over the term of the lease.

## Notes to the consolidated financial statements continued

### 23. Intangible assets

#### Group

	Goodwill £million	Computer software £million	Other intangible assets £million	Total £million
<b>Cost or valuation</b>				
At 1 January 2024	1.0	17.7	2.2	20.9
Additions	-	0.5	-	0.5
Disposals	-	(0.1)	-	(0.1)
<b>At 31 December 2024</b>	<b>1.0</b>	<b>18.1</b>	<b>2.2</b>	<b>21.3</b>
Additions	-	1.3	-	1.3
<b>At 31 December 2025</b>	<b>1.0</b>	<b>19.4</b>	<b>2.2</b>	<b>22.6</b>
<b>Accumulated depreciation</b>				
At 1 January 2024	-	(12.8)	(2.2)	(15.0)
Amortisation charge	-	(1.4)	-	(1.4)
Disposals	-	0.1	-	0.1
<b>At 31 December 2024</b>	<b>-</b>	<b>(14.1)</b>	<b>(2.2)</b>	<b>(16.3)</b>
Amortisation charge	-	(1.2)	-	(1.2)
<b>At 31 December 2025</b>	<b>-</b>	<b>(15.3)</b>	<b>(2.2)</b>	<b>(17.5)</b>
<b>Net book amount</b>				
<b>At 31 December 2024</b>	<b>1.0</b>	<b>4.0</b>	<b>-</b>	<b>5.0</b>
<b>At 31 December 2025</b>	<b>1.0</b>	<b>4.1</b>	<b>-</b>	<b>5.1</b>

Goodwill above relates to the V12 cash-generating unit, which is part of the Retail Finance operating segment.

The recoverable amount of these cash-generating units are determined on a value-in-use calculation, which uses cash flow projections based on financial forecasts covering a three-year period, and a discount rate of 8% (2024: 8%). Cash flow projections during the forecast period are based on the expected rate of new business. A zero growth-based scenario is also considered. The Directors believe that any reasonably possible change in the key assumptions on which recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash-generating unit. Hence no impairment has been recognised.

Other intangible assets were recognised as part of the V12 Finance Group acquisition, which are now fully amortised.

#### Company

	Goodwill £million	Computer software £million	Total £million
<b>Cost or valuation</b>			
At 1 January 2024	0.3	12.6	12.9
Additions	-	0.5	0.5
<b>At 31 December 2024</b>	<b>0.3</b>	<b>13.1</b>	<b>13.4</b>
Additions	-	1.2	1.2
<b>At 31 December 2025</b>	<b>0.3</b>	<b>14.3</b>	<b>14.6</b>
<b>Accumulated depreciation</b>			
At 1 January 2024	-	(9.4)	(9.4)
Amortisation charge	-	(1.1)	(1.1)
<b>At 31 December 2024</b>	<b>-</b>	<b>(10.5)</b>	<b>(10.5)</b>
Amortisation charge	-	(0.9)	(0.9)
<b>At 31 December 2025</b>	<b>-</b>	<b>(11.4)</b>	<b>(11.4)</b>
<b>Net book amount</b>			
<b>At 31 December 2024</b>	<b>0.3</b>	<b>2.6</b>	<b>2.9</b>
<b>At 31 December 2025</b>	<b>0.3</b>	<b>2.9</b>	<b>3.2</b>

Goodwill above relates to the Retail Finance operating segment. The recoverable amount is determined on the same basis as for the Group.

## Notes to the consolidated financial statements continued

### 23. Intangible assets continued

#### Intangible assets accounting policy

##### (a) Goodwill

Goodwill represents the excess of the cost of the acquisition over the fair value of the Group's share of the net identifiable assets acquired at the date of acquisition. Goodwill is held at cost less accumulated impairment charge and is deemed to have an infinite life.

The Group reviews the goodwill for impairment at least annually or when events or changes in economic circumstances indicate that impairment may have taken place. An impairment charge is recognised in the income statement if the carrying amount exceeds the recoverable amounts.

##### (b) Computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred unless the technical feasibility of the development has been demonstrated, and it is probable that the expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standard of performance, in which case they are capitalised.

These costs are amortised on a straight-line basis over their expected useful lives, which are between three to 10 years.

##### (c) Other intangible assets

The acquisition of subsidiaries has been accounted for in accordance with IFRS 3 'Business Combinations', which requires the recognition of the identifiable assets acquired and liabilities assumed at their acquisition date fair values. As part of this process, it was necessary to recognise certain intangible assets that are separately identifiable and are not included on the acquiree's balance sheet, which are amortised over their expected useful lives, as set out above.

The Group applies IAS 36 to determine whether an intangible asset is impaired.

### 24. Investments in Group undertakings

#### Company

Cost and net book value	2025 £million	2024 £million
At 1 January	6.1	5.9
Equity contributions to subsidiaries in respect of share options	0.2	0.2
<b>At 31 December</b>	<b>6.3</b>	<b>6.1</b>

Shares in subsidiary undertakings of Secure Trust Bank PLC are stated at cost less any provision for impairment. All subsidiary undertakings are unlisted and none are banking institutions. The share capital of the subsidiary undertakings comprises solely of ordinary shares and all are 100% owned by the Company. The subsidiary undertakings were all incorporated in the UK and wholly owned via ordinary shares. All subsidiary undertakings are included in the consolidated financial statements and have an accounting reference date of 31 December.

Details are as follows:

	Company number	Principal activity
Owned directly		
AppToPay Ltd	11204449	Non-trading
Debt Managers (Services) Limited	08092808	Non-trading
Secure Homes Services Limited	01404439	Property rental
STB Leasing Limited	01648384	Non-trading
V12 Finance Group Limited	07498951	Holding company
Owned indirectly via an intermediate holding company		
V12 Personal Finance Limited	05418233	Dormant
V12 Retail Finance Limited	04585692	Sourcing and servicing of unsecured loans

The registered office of the Company, and all subsidiary undertakings, is Yorke House, Arlestone Way, Solihull B90 4LH.

AppToPay Ltd, Debt Managers (Services) Limited, Secure Homes Services Limited, STB Leasing Limited, V12 Finance Group Limited and V12 Personal Finance Limited are exempt from the requirements of the Companies Act 2006 relating to the audit of individual accounts by virtue of s479A, and the Company has given guarantees accordingly under s479C in respect of the year ended 31 December 2025.

## Notes to the consolidated financial statements continued

### 25. Deferred taxation

	Group 2025 £million	Group 2024 £million	Company 2025 £million	Company 2024 £million
<b>Deferred tax assets:</b>				
Other short-term timing differences	3.6	3.3	3.3	3.3
<b>At 31 December</b>	<b>3.6</b>	<b>3.3</b>	<b>3.3</b>	<b>3.3</b>
<b>Deferred tax assets:</b>				
At 1 January	3.3	4.3	3.3	4.3
Income statement	(0.2)	(0.8)	(0.5)	(0.8)
Cash flow hedge reserve	-	(0.2)	-	(0.2)
Retained earnings - Share-based payments	0.5	-	0.5	-
<b>At 31 December</b>	<b>3.6</b>	<b>3.3</b>	<b>3.3</b>	<b>3.3</b>

#### Deferred tax accounting policy

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, when they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Deferred tax assets are recognised where it is probable that future taxable profits will be available, against which the temporary differences can be utilised. The short-term timing differences relate primarily to deferred tax on IFRS 9 transitional arrangements and on the movement in share options during the year. Deferred tax has not been recognised on capital losses arising from the disposal of property during the year (£2.0 million) or in respect of deductible temporary differences arising on investment properties held by the Company (£0.1 million).

### 26. Other assets

	Group 2025 £million	Group 2024 £million	Company 2025 £million	Company 2024 £million
Gross amounts due from related companies	-	-	27.2	4.2
Less: allowances for impairment of amounts due from related companies	-	-	(1.9)	(1.9)
Amounts due from related companies	-	-	25.3	2.3
Other receivables	1.7	2.0	1.4	1.7
Cloud software development prepayment	0.6	3.6	0.6	3.6
Other prepayments and accrued income	6.5	6.1	6.1	5.4
	<b>8.8</b>	<b>11.7</b>	<b>33.4</b>	<b>13.0</b>

Cloud software development costs, principally relating to the Group's Motor Transformation Programme, do not meet the intangible asset recognition criteria and are, therefore, classified as a prepayment, which is expensed to the income statement over the useful economic life of the software.

### 27. Due to banks

#### Group and Company

	2025 £million	2024 £million
Amounts due under the Bank of England's liquidity support operations Term Funding Scheme with additional incentives for SMEs ('TFSME')	-	230.0
Sale and repurchase agreements	200.0	125.0
Amounts due to other credit institutions	4.7	6.9
TFSME accrued interest	-	3.2
Sale and repurchase agreements accrued interest	1.2	0.7
	<b>205.9</b>	<b>365.8</b>

Amounts due under sale and repurchase agreements are due for repayment during 2026. Secure Trust Bank maintains access to the Bank of England's Sterling Monetary Framework, including a reserves account.

The accounting policy for amounts due to banks is included in Note 1.4 Financial assets and financial liabilities accounting policy.

### 28. Deposits from customers

#### Group and Company

	2025 £million	2024 £million
Access accounts	770.2	805.2
Fixed term bonds	1,518.9	1,510.0
Notice accounts	39.3	72.4
ISAs	1,181.2	857.3
	<b>3,509.6</b>	<b>3,244.9</b>

The accounting policy for deposits from customers is included in Note 1.4 Financial assets and financial liabilities accounting policy.

## Notes to the consolidated financial statements continued

### 29. Lease liabilities

	Group 2025 £million	Group 2024 £million	Company 2025 £million	Company 2024 £million
At 1 January	1.8	2.3	1.6	2.1
New leases	3.9	0.8	3.8	0.6
Lease termination	(0.1)	-	(0.1)	-
Payments	(1.3)	(1.4)	(1.2)	(1.2)
Interest expense	0.1	0.1	0.1	0.1
<b>At 31 December</b>	<b>4.4</b>	<b>1.8</b>	<b>4.2</b>	<b>1.6</b>
Lease liabilities – Gross				
No later than one year	1.1	1.1	0.9	1.0
Later than one year and no later than five years	2.2	0.8	2.2	0.7
More than five years	1.8	-	1.8	-
	5.1	1.9	4.9	1.7
Less: Future finance expense	(0.7)	(0.1)	(0.7)	(0.1)
<b>Lease liabilities – Net</b>	<b>4.4</b>	<b>1.8</b>	<b>4.2</b>	<b>1.6</b>
Lease liabilities – Gross				
No later than one year	0.9	1.1	0.8	0.9
Later than one year and no later than five years	1.9	0.7	1.8	0.7
More than five years	1.6	-	1.6	-
	4.4	1.8	4.2	1.6

The accounting policy for lease liabilities is included in Note 22 Lessee accounting policy.

### 30. Other liabilities

	Group 2025 £million	Group 2024 £million	Company 2025 £million	Company 2024 £million
Other payables	87.0	23.1	85.1	21.1
Amounts due to related companies	-	-	15.7	12.5
Accruals and deferred income	11.0	9.4	9.5	7.5
	<b>98.0</b>	<b>32.5</b>	<b>110.3</b>	<b>41.1</b>

### 31. Provisions for liabilities and charges

Group	Group		
	ECL allowance on loan commitments £million	Other £million	Total £million
<b>Balance at 1 January 2024</b>	0.8	5.2	6.0
Charge to income statement	0.1	9.8	9.9
Utilised	-	(4.6)	(4.6)
<b>Balance at 31 December 2024</b>	<b>0.9</b>	<b>10.4</b>	<b>11.3</b>
Charge to income statement	0.1	21.7	21.8
Utilised	-	(7.6)	(7.6)
<b>Balance at 31 December 2025</b>	<b>1.0</b>	<b>24.5</b>	<b>25.5</b>
Company	Company		
	ECL allowance on loan commitments £million	Other £million	Total £million
<b>Balance at 1 January 2024</b>	0.8	4.8	5.6
Charge to income statement	0.1	10.1	10.2
Utilised	-	(4.5)	(4.5)
<b>Balance at 31 December 2024</b>	<b>0.9</b>	<b>10.4</b>	<b>11.3</b>
Charge to income statement	0.1	21.7	21.8
Utilised	-	(7.6)	(7.6)
<b>Balance at 31 December 2025</b>	<b>1.0</b>	<b>24.5</b>	<b>25.5</b>

#### ECL allowance on loan commitments

In accordance with the requirements of IFRS 9, the Group holds an ECL allowance against loans it has committed to lend, but have not yet been drawn. For the Real Estate Finance and Commercial Finance portfolios, where a loan facility is agreed that includes both drawn and undrawn elements and the Group cannot identify the ECL on the loan commitment separately, a combined loss allowance for both drawn and undrawn components of the loan is presented as a deduction from the gross carrying amount of the drawn component, with any excess of the loss allowance over the gross drawn amount presented as a provision. At 31 December 2025 and 31 December 2024, no provision was held for losses in excess of drawn amounts.

## Notes to the consolidated financial statements continued

### 31. Provisions for liabilities and charges continued

#### Other

Other includes:

- costs and redress relating to the BiFD Vehicle Finance collections review (see Note 8 for further details) and historical motor commissions (see below for further details);
- provision for redundancy;
- provision for fraud, which relates to cases where the Group has reasonable evidence of suspected fraud, but further investigation is required before the cases can be dealt with appropriately;
- s75 Consumer Credit Act 1974 provision.

The Directors expect these provisions to be fully utilised within the next one to two years.

#### Provisions for liabilities and charges accounting policy

A provision is recognised where there is a present obligation as a result of a past event, it is probable that the obligation will be settled and it can be reliably estimated.

#### 31.1. Key sources of estimation uncertainty

In January 2024, the FCA launched a review of the historical use of discretionary commission arrangements ('DCAs') in the motor finance industry. The Vehicle Finance business sometimes operated these arrangements until June 2017, but stopped doing so well ahead of the FCA banning their use in January 2021.

In October 2024, the Court of Appeal gave judgment in the cases of Hopcraft, Wrench and Johnson, which had wider implications for the legality of both fixed and DCA historical motor commissions. These were then appealed to the Supreme Court where, in August 2025, the Hopcraft and Wrench cases were overturned, however the Johnson case was upheld on the facts of that case.

At 31 December 2024, we undertook scenario analysis using different assumptions, which were probability weighted to estimate a potential exposure. In October 2025, the FCA issued a consultation paper providing further detail on its proposed redress approach, including significantly broadening the scope of the overall redress scheme, how unfairness would be assessed, the scheme's period 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 a result, the Group recognised a further provision of £16.4 million. This comprises further potential goodwill/redress payments of £11.3 million (2024: £5.2 million), and £5.1 million (2024: £1.2 million) of associated costs. As at 31 December 2025, the Group held a provision of £21.5 million (2024: £6.4 million). If the FCA scheme was implemented entirely in its current form, the Group would expect to increase the provision for redress by a further £6.0 million.

## Notes to the consolidated financial statements continued

### 32. Subordinated liabilities

#### Group and Company

	2025 £million	2024 £million
Notes at par value	90.0	90.0
Unamortised issue costs	(0.5)	(0.7)
Accrued interest	4.0	4.0
	<b>93.5</b>	<b>93.3</b>

The Fixed Rate Reset Callable Subordinated Notes due August 2033 are listed on the International Securities Market of the London Stock Exchange. This issuance is in line with the Group's funding strategy and supports the Group's stated medium-term growth ambitions.

- The notes are redeemable for cash at their principal amount on fixed dates.
- The Company has a call option to redeem the notes early in the event of a 'tax event' or a 'capital disqualification event', which is at the full discretion of the Company.
- Interest payments are paid at six-monthly intervals and are mandatory.
- The notes give the holders' rights to the principal amount on the notes, plus any unpaid interest, on liquidation. Any such claims are subordinated to senior creditors, but rank pari passu with holders of other subordinated obligations and in priority to holders of share capital.

The above features provide the issuer with a contractual obligation to deliver cash or another financial asset to the holders, and, therefore, the notes are classified as financial liabilities.

Transaction costs that are directly attributable to the issue of the notes and are deducted from the financial liability and expensed to the income statement on an effective interest rate basis over the expected life of the notes.

The notes are treated as Tier 2 regulatory capital, which is used to support the continuing growth of the business taking into account increases in regulatory capital buffers. The issue of the notes is part of an ongoing programme to diversify and expand the capital base of the Group.

The Group paid interest of £11.7 million on subordinated liabilities during the period (2024: £11.7 million), which is included in net cash inflow from operating activities in the consolidated and company statement of cash flows.

The accounting policy for subordinated liabilities is included in Note 1.4 – Financial assets and financial liabilities accounting policy.

### 33. Contingent liabilities and commitments

#### 33.1. Contingent liabilities

##### 31.1.1. Laws and regulations

As a financial services business, the Group must comply with numerous laws and regulations that significantly affect the way it does business. Whilst the Group believes there are no material unidentified areas of failure to comply with these laws and regulations, there can be no guarantee that all issues have been identified.

#### 33.2. Capital commitments

At 31 December 2025, the Group and Company had no capital commitments (2024: £nil).

#### 33.3. Credit commitments

##### Group and Company

Commitments to extend credit to customers were as follows:

	2025 £million	2024 £million
Consumer Finance		
Retail Finance	115.8	112.2
Vehicle Finance	-	1.2
Business Finance		
Real Estate Finance	40.4	39.5
Commercial Finance	241.6	110.3
	<b>397.8</b>	<b>263.2</b>

## Notes to the consolidated financial statements continued

### 34. Share capital

	Number	£million
At 1 January 2024	19,017,795	7.6
Issued during 2024	53,613	-
<b>At 31 December 2024</b>	<b>19,071,408</b>	<b>7.6</b>
Issued during 2025	25,848	-
<b>At 31 December 2025</b>	<b>19,097,256</b>	<b>7.6</b>

Share capital comprises ordinary shares with a par value of 40 pence each.

#### Equity instruments accounting policy

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issuance costs. Any amounts received over nominal value are recorded in the share premium account, net of direct issuance costs. Costs associated with the listing of shares are expensed immediately.

### 35. Other reserves

	Group 2025 £million	Group 2024 £million	Company 2025 £million	Company 2024 £million
Own shares	(1.9)	(2.2)	(1.9)	(2.2)
	<b>(1.9)</b>	<b>(2.2)</b>	<b>(1.9)</b>	<b>(2.2)</b>

### 35.1. Own shares

	2025 Number	Nominal value 2025 £million	2024 Number	Nominal value 2024 £million
<b>Employee Benefit Trust ('EBT')</b>				
At 1 January	434,809	0.2	216,472	0.1
Shares acquired	47,475	-	312,718	0.1
Shares disposed	(100,801)	-	(94,381)	-
<b>At 31 December</b>	<b>381,483</b>	<b>0.2</b>	<b>434,809</b>	<b>0.2</b>
<b>Market value (£million)</b>	<b>4.7</b>		<b>1.6</b>	
<b>Accounting value (£million)</b>	<b>1.9</b>		<b>2.2</b>	
<b>Percentage of called up share capital</b>	<b>2.0%</b>		<b>2.3%</b>	

These shares are held in trust for the benefit of employees, who will be exercising their options under the Group's share options schemes. The trustee's expenses are included in the operating expenses of the Group. The maximum number of shares held by the EBT during the year was 480,382 (2024: 434,809), which had a nominal value of £192,000 (2024: £174,000). Shares were disposed of during the year for consideration of £40,000 (2024: £37,000).

#### Own shares accounting policy

The EBT qualifies for 'look-through' accounting, under which the EBT is treated as, in substance, an extension of the sponsoring entity, which is Secure Trust Bank PLC. Own shares represent the shares of the parent Company, Secure Trust Bank PLC, that are held by the EBT. Own shares are recorded at cost and deducted from equity.

### 36. Share-based payments

At 31 December 2025 and 31 December 2024, the Group had four share-based payment schemes in operation:

- 2017 Long-Term Incentive Plan;
- 2017 Sharesave Plan;
- 2017 Deferred Bonus Plan; and
- 'Phantom' Share Option Scheme.

## Notes to the consolidated financial statements continued

### 36. Share-based payments continued

A summary of the movements in share options during the year is set out below:

	Outstanding at 1 January 2025 Number	Granted during the year Number	Forfeited, lapsed and cancelled during the year Number	Exercised during the year Number	Outstanding at 31 December 2025 Number	Vested and exercisable at 31 December 2025 Number	Vesting dates	Weighted average remaining contractual life of options outstanding at 31 December 2025 Years	Weighted average exercise price of options outstanding at 31 December 2025 £	Weighted average exercise price of options outstanding at 31 December 2024 £
<b>Equity settled</b>										
2017 Long-Term Incentive Plan	892,621	685,332	(283,660)	(60,373)	1,233,920	7,236	2026-2030	2.4	0.21	0.40
2017 Sharesave Plan	416,500	73,931	(94,069)	(22,452)	373,910	33,980	2026-2028	1.4	6.61	6.27
2017 Deferred Bonus Plan	85,924	24,714	-	(43,644)	66,994	180	2026-2028	1.4	0.25	0.40
	<b>1,395,045</b>	<b>783,977</b>	<b>(377,729)</b>	<b>(126,469)</b>	<b>1,674,824</b>	<b>41,396</b>		<b>2.1</b>	<b>1.64</b>	<b>2.14</b>
Weighted average exercise price	2.15	0.86	1.92	1.67	1.64	5.72				
<b>Cash settled</b>										
'Phantom' share option scheme	38,000	-	(38,000)	-	-	-	2019	-	-	25.00
							Group 2025 £million	Group 2024 £million	Company 2025 £million	Company 2024 £million
Expense incurred in relation to share-based payments							2.1	2.3	1.8	2.3

#### 36.1. Long-Term Incentive Plan ('LTIP')

The LTIP was established on 3 May 2017. During the year, a number of awards were made to participants, as set out below.

##### 36.1.1. LTIP Restricted share award

During the year, 46,483 (2024: 114,281) options were awarded that were not subject to any performance conditions. The awards will vest three years from the date of grant. The original grant date valuation was determined using a Black-Scholes model. Measurement inputs and assumptions used for the grant date valuation were as follows:

	Awarded during 2025	Awarded during 2024
Share price at grant date	£6.00	£6.90
Exercise price	-	£0.40
Expected dividend yield	6.68%	5.10%
Expected stock price volatility	47.86%	36.72%
Risk free interest rate	4.22%	4.35%
Average expected life (years)	3.00	3.00
<b>Original grant date valuation</b>	<b>£4.91</b>	<b>£5.57</b>

## Notes to the consolidated financial statements continued

### 36. Share-based payments continued

#### 36.1.2. LTIP

During the year, 638,849 (2024: 308,830) options were awarded that are subject to four performance conditions. Details of the performance conditions can be found on pages 107 and 108.

The awards have a performance term of three years. The awards will vest on the date on which the Board determines that these conditions have been met.

The original grant date valuation was determined using a Black-Scholes model for the return on average equity, earnings per share and risk management tranches (modified for probability of outturn), and a Monte Carlo model for the total shareholder return tranche. Measurement inputs and assumptions used for the grant date valuation were as follows:

	Awarded during 2025 No holding period	Awarded during 2025 Two year holding period	Awarded during 2025 Two year holding period	Awarded during 2024 No holding period	Awarded during 2024 Two year holding period
Number of shares	131,226	215,776	66,141	136,895	171,935
Share price at grant date	£6.00	£6.00	£10.35	£6.90	£6.90
Exercise price	£0.40	£0.40	£0.40	£0.40	£0.40
Expected dividend yield	5.10%	5.10%	5.10%	5.10%	5.10%
Expected stock price volatility	45.00%	45.00%	45.00%	35.00%	35.00%
Risk free interest rate	4.30%	4.28%	3.97%	4.51%	4.19%
Average expected life (years)	3.00	5.00	5.00	3.00	5.00
<b>Original grant date valuation</b>	<b>£4.04</b>	<b>£4.47</b>	<b>£7.72</b>	<b>£4.40</b>	<b>£3.95</b>

#### 36.2. Sharesave Plan

The Sharesave Plan was established on 3 May 2017. This plan allows all employees to save for three years, subject to a maximum monthly amount of £250 (2024: £250), with a maximum savings amount across all schemes of £500, and the option to buy shares in Secure Trust Bank PLC when the plan matures. Participants cannot change the amount that they have agreed to save each month, but they can suspend payments for up to twelve months. Participants can withdraw their savings at any time but, if they do this before the completion date, they lose the option to buy shares at the Option Price, and in most circumstances if participants cease to hold plan-related employment before the third anniversary of the grant date, then the options are also lost. The options ordinarily vest approximately three years after grant date and are exercisable for a period of six months following vesting.

The original grant date valuation was determined using a Black-Scholes model.

Measurement inputs and assumptions used were as follows:

	Awarded during 2025	Awarded during 2024
Share price at grant date	£11.00	£8.14
Exercise price	£9.08	£6.99
Expected stock price volatility	47.62%	37.22%
Expected dividend yield	6.68%	5.10%
Risk free interest rate	4.02%	3.75%
Average expected life (years)	3.00	3.00
<b>Original grant date valuation</b>	<b>£3.23</b>	<b>£2.07</b>

#### 36.3. Deferred Bonus Plan

The Deferred Bonus Plan was established on 3 May 2017. In 2025 and 2024, awards were granted to certain senior managers of the Group. The awards vest in three equal tranches after one, two and three years following deferral. Accordingly, the following awards remain outstanding under the plan, entitling the members of the scheme to purchase shares in the Company:

	Awards granted Vesting after one year Number	Awards granted Vesting after two years Number	Awards granted Vesting after three years Number	Awards granted Total
At 1 January 2024	25,693	30,434	32,406	88,533
Granted	14,385	14,385	14,392	43,162
Exercised	(23,295)	(16,179)	(6,297)	(45,771)
<b>At 31 December 2024</b>	<b>16,783</b>	<b>28,640</b>	<b>40,501</b>	<b>85,924</b>
Granted	8,236	8,236	8,242	24,714
Exercised	(16,603)	(14,255)	(12,786)	(43,644)
<b>At 31 December 2025</b>	<b>8,416</b>	<b>22,621</b>	<b>35,957</b>	<b>66,994</b>
Vested and exercisable	180	-	-	180

## Notes to the consolidated financial statements continued

### 36. Share-based payments continued

The original grant date valuation was determined using a Black–Scholes model. Measurement inputs and assumptions used were as follows:

	Granted in 2025 Awards vesting after one year	Granted in 2025 Awards vesting after two years	Granted in 2025 Awards vesting after three years
Share price at grant date	£6.00	£6.00	£6.00
Exercise price	–	–	–
Expected dividend yield	9.34%	7.01%	6.68%
Expected stock price volatility	62.33%	49.36%	47.86%
Risk free interest rate	4.11%	4.23%	4.22%
Average expected life (years)	1.00	2.00	3.00
<b>Original grant date valuation</b>	<b>£5.46</b>	<b>£5.22</b>	<b>£4.91</b>

	Granted in 2024 Awards vesting after one years	Granted in 2024 Awards vesting after two years	Granted in 2024 Awards vesting after three years
Share price at grant date	£6.90	£6.90	£6.90
Exercise price	£0.40	£0.40	£0.40
Expected dividend yield	5.10%	5.10%	5.10%
Expected stock price volatility	32.51%	38.89%	36.72%
Risk free interest rate	4.78%	4.52%	4.35%
Average expected life (years)	1.00	2.00	3.00
<b>Original grant date valuation</b>	<b>£6.18</b>	<b>£5.87</b>	<b>£5.57</b>

### 36.4. Cash settled share-based payments

On 16 March 2015, a four-year 'phantom' share option scheme was established in order to provide effective long-term incentive to senior management of the Group. Under the scheme, no actual shares would be issued by the Company, but those granted awards under the scheme would be entitled to a cash payment. The amount of the award is calculated by reference to the increase in the value of an ordinary share in the Company over an initial value set at £25 per ordinary share, being the price at which the shares resulting from the exercise of the first tranche of share options under the share option scheme were sold in the market in November 2014. The options vested during 2019 and are exercisable for a period of 10 years after grant date, after which the options lapse.

As at 31 December 2024, using any reasonable range of inputs and assumptions, the fair value of the 'phantom' options is £nil. Accordingly, no liability was recognised in the consolidated financial statements at 31 December 2024. As at 31 December 2025 the shares had lapsed.

For each award granted during the year, expected volatility was determined by calculating the historical volatility of the Group's share price over the period equivalent to the expected term of the options being granted. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

#### Share-based compensation accounting policy

The fair value of equity settled share-based payment awards are calculated at grant date and recognised over the period in which the employees become unconditionally entitled to the awards (the vesting period). The amount is recognised in operating expenses in the income statement, with a corresponding increase in equity. Further details of the valuation methodology are set out above.

The fair value of cash settled share-based payments is recognised in operating expenses in the income statement with a corresponding increase in liabilities over the vesting period. The liability is remeasured at each reporting date and at the settlement date based on the fair value of the options granted, with a corresponding adjustment to operating expenses.

### 37. Cash flow statement

#### 37.1. Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise the following balances with less than three months' maturity from the date of acquisition.

	Group 2025 £million	Group 2024 £million	Company 2025 £million	Company 2024 £million
Cash and Bank of England reserve account	528.1	445.0	528.1	445.0
Loans and advances to banks	36.8	24.0	36.1	23.6
Less:				
Initial margin account	(5.1)	–	(5.1)	–
	<b>559.8</b>	<b>469.0</b>	<b>559.1</b>	<b>468.6</b>

The Group and Company has no access to the initial margin account, so this amount does not meet the definition of cash and cash equivalents, and accordingly, is excluded from cash and cash equivalents.

## Notes to the consolidated financial statements continued

### 37. Cash flow statement continued

#### 37.2. Changes in liabilities arising from financing activities

All changes in liabilities arising from financing activities arise from changes in cash flows, apart from £0.1 million (2024: £0.1 million) of lease liabilities interest expense, as shown in Note 29, and £0.2 million (2024: £0.2 million) amortisation of issue costs on subordinated liabilities, as shown in Note 32.

#### Cash and cash equivalents accounting policy

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash in hand and demand deposits, and cash equivalents, being highly liquid investments, which are convertible into cash with an insignificant risk of changes in value with a maturity of three months or less at the date of acquisition, including certain loans and advances to banks and short-term highly liquid debt securities.

### 38. Financial risk management strategy

By their nature, the Group's activities are principally related to the use of financial instruments. The Directors and senior management of the Group have formally adopted a Group risk appetite statement that sets out the Board's attitude to risk and internal controls. Key risks identified by the Directors are formally reviewed and assessed at least once a year by the Board. In addition, key business risks are identified, evaluated and managed by operating management on an ongoing basis by means of procedures, such as physical controls, credit and other authorisation limits and segregation of duties. The Board also receives regular reports on any risk matters that need to be brought to its attention. Significant risks identified in connection with the development of new activities are subject to consideration by the Board. There are budgeting procedures in place and reports are presented regularly to the Board detailing the results of each principal business unit, variances against budget and prior year, and other performance data.

A more detailed description of the risk governance structure is contained in the Principal risks and uncertainties section beginning on page 30.

Included within the principal financial risks inherent in the Group's business are credit risk (Note 39), market risk (Note 40), liquidity risk (Note 41), and capital risk (Note 42).

### 39. Credit risk

The Company and Group take on exposure to credit risk, which is the risk that a counterparty will be unable to satisfy their debt servicing commitments when due. Counterparties include the consumers to whom the Group lends on a secured and unsecured basis and Small and Medium size Enterprises ('SMEs') to whom the Group primarily lends on a secured basis, as well as the market counterparties with whom the Group deals.

Impairment provisions are provided for expected credit losses at the statement of financial position date. Significant changes in the economy could result in losses that are different from those provided for at the statement of financial position date. Management, therefore, carefully manages the Group's exposures to credit risk as it considers this to be the most significant risk to the business. Disclosures relating to collateral on loans and advances to customers are disclosed in Note 15.

The Board monitors the ratings of the counterparties in relation to the Group's loans and advances to banks. Disclosures of these at the year-end are contained in Note 13. There is no direct exposure to the Eurozone and peripheral Eurozone countries.

See page 32 for further details on the mitigation and change during the year of credit risk.

#### Group and Company

With the exception of loans and advances to customers, the carrying amount of financial assets represents the maximum exposure to credit risk. The maximum exposure to credit risk for loans and advances to customers by portfolio and IFRS 9 stage without taking account of any collateral held or other credit enhancements attached was as follows:

	Stage 1	Stage 2		Stage 3		Total gross loans and advances to customers £million
	£million	<= 30 days past due £million	> 30 days past due £million	Total £million	£million	
<b>31 December 2025</b>						
Consumer Finance						
Retail Finance	1,419.1	62.3	4.9	67.2	13.3	1,499.6
Business Finance						
Real Estate Finance	1,277.9	85.4	–	85.4	112.0	1,475.3
Commercial Finance	321.8	43.3	–	43.3	1.3	366.4
<b>Total drawn exposure</b>	<b>3,018.8</b>	<b>191.0</b>	<b>4.9</b>	<b>195.9</b>	<b>126.6</b>	<b>3,341.3</b>
Off balance sheet						
Loan commitments	386.9	10.9	–	10.9	–	397.8
<b>Total gross exposure</b>	<b>3,405.7</b>	<b>201.9</b>	<b>4.9</b>	<b>206.8</b>	<b>126.6</b>	<b>3,739.1</b>
Less:						
Impairment allowance	(14.5)	(8.7)	(2.5)	(11.2)	(19.8)	(45.5)
Provision for loan commitments	(1.0)	–	–	–	–	(1.0)
<b>Total net exposure</b>	<b>3,390.2</b>	<b>193.2</b>	<b>2.4</b>	<b>195.6</b>	<b>106.8</b>	<b>3,692.6</b>

## Notes to the consolidated financial statements continued

### 39. Credit risk continued

	Stage 1	Stage 2		Stage 3		Total gross loans and advances to customers £million
	£million	<= 30 days past due £million	> 30 days past due £million	Total £million	£million	
31 December 2025						
<b>Assets held for sale:</b>						
<b>Vehicle Finance</b>						
Gross exposure	328.4	53.1	18.5	71.6	34.8	434.8
Less: Impairment allowance	(10.7)	(5.3)	(4.8)	(10.1)	(23.2)	(44.0)
<b>Total net exposure</b>	<b>317.7</b>	<b>47.8</b>	<b>13.7</b>	<b>61.5</b>	<b>11.6</b>	<b>390.8</b>

Of collateral in the form of property, £156.1 million (2024: £110.1 million) has been pledged as security for Real Estate Finance Stage 3 balances of £104.0 million (2024: £86.1 million). Of collateral in the form of vehicles, £21.5 million (2024: £37.4 million) has been pledged as security for Vehicle Finance Stage 3 balances of £11.6 million (2024: £20.7 million).

	Stage 1	Stage 2		Stage 3	Total gross loans and advances to customers £million	
	£million	<= 30 days past due £million	> 30 days past due £million	Total £million		
31 December 2024						
<b>Consumer Finance</b>						
Retail Finance	1,324.1	48.1	4.1	52.2	11.6	1,387.9
Vehicle Finance	500.7	40.0	21.0	61.0	65.0	626.7
<b>Business Finance</b>						
Real Estate Finance	1,046.9	209.0	0.1	209.1	97.9	1,353.9
Commercial Finance	332.9	6.7	-	6.7	12.2	351.8
<b>Total drawn exposure</b>	<b>3,204.6</b>	<b>303.8</b>	<b>25.2</b>	<b>329.0</b>	<b>186.7</b>	<b>3,720.3</b>
<b>Off balance sheet</b>						
Loan commitments	262.4	0.8	-	0.8	-	263.2
<b>Total gross exposure</b>	<b>3,467.0</b>	<b>304.6</b>	<b>25.2</b>	<b>329.8</b>	<b>186.7</b>	<b>3,983.5</b>
Less:						
Impairment allowance	(29.6)	(8.6)	(7.3)	(15.9)	(66.3)	(111.8)
Provision for loan commitments	(0.9)	-	-	-	-	(0.9)
<b>Total net exposure</b>	<b>3,436.5</b>	<b>296.0</b>	<b>17.9</b>	<b>313.9</b>	<b>120.4</b>	<b>3,870.8</b>

A reconciliation of opening to closing allowance for impairment of loans and advances to customers is presented in Note 17.

## Notes to the consolidated financial statements continued

### 39. Credit risk continued

#### Company

In addition to the previous tables, counterparties to the Company include subsidiary undertakings. For the ECL on amounts due from related companies, see Note 26.

#### 39.1. Concentration risk

Management assesses the potential concentration risk from geographic, product and individual loan concentration. Due to the nature of the Group's lending operations, the Directors consider the lending operations of the Group as a whole to be well diversified. Details of the Group's loans and advances to customers and loan commitments by product is provided in Notes 3 and 33, respectively.

#### Geographical concentration

The Group's Real Estate Finance loan book is secured against UK property only. The geographical concentration of these business loans and advances to customers, by location of the security, is as follows:

#### Group and Company

	2025 £million	2024 £million
Central England	134.2	113.2
Greater London	711.2	691.5
Northern England	176.0	124.8
South East England (excl. Greater London)	251.9	273.5
South West England	107.4	54.4
Scotland, Wales and Northern Ireland	94.6	96.5
Gross loans and receivables	1,475.3	1,353.9
Allowance for impairment	(8.4)	(12.5)
<b>Total</b>	<b>1,466.9</b>	<b>1,341.4</b>

### 39.2. Forbearance

#### Consumer Finance

Throughout the year, the Group did not routinely reschedule contractual arrangements where customers default on their repayments. In cases where it offered the customer the option to reduce or defer payments for a short period, in line with our responsibilities from a conduct perspective, the loans retained the normal contractual payment due dates and were treated the same as any other defaulting cases for impairment purposes. Arrears tracking would continue on the account, with any impairment charge being based on the original contractual due dates for all products.

All forbearance arrangements are formally discussed and agreed with the customer in accordance with regulatory guidance on the support of customers. By offering customers in financial difficulty the option of forbearance, the Group potentially exposes itself to an increased level of risk through prolonging the period of non-contractual payment. All forbearance arrangements are reviewed and monitored regularly to assess the ongoing potential risk, suitability and sustainability to the Group. As at the year-end, the Consumer Finance business approximately had the following cases (by volume) in forbearance:

- Retail Finance 0.10% (2024: 0.14%); and
- Vehicle Finance: 0.70% (2024: 0.59%).

In respect of Vehicle Finance, where forbearance measures are not possible or are considered not to be in the customer's best interests, or where such measures have been tried and the customer has not adhered to the forbearance terms that have been agreed, the Group will consider realising its security and taking possession of the vehicle in order to sell it and clear the outstanding debt. Where the sale of the vehicle does not cover all of the remaining loan, normal credit collection procedures may be carried out in order to recover the outstanding debt, or the debt may be sold to a third party debt recovery agent, or in certain circumstances, the debt may be written off.

#### Real Estate Finance

Where clients provided evidence of payment difficulties, they were supported by the provision of extensions to loan maturity dates. A small number of clients, who experienced difficulties in meeting their financial commitments, were offered concessions (facility restructures or amendments) that Real Estate Finance would not have provided under normal circumstances. As at 31 December 2025, 3.0% of accounts were classed as forbore (2024: 4.9%). Where forbearance measures are not possible, or are considered not to be in the client's best interests, or where such measures have been tried and the customer has not adhered to the forbearance terms that have been agreed, the Group will consider realising its security.

### 40. Market risk

The Group's market risk is primarily linked to interest rate risk. Interest rate risk refers to the exposure of the Group's financial position to adverse movements in interest rates.

When interest rates change, the present value and timing of future cash flows change. This, in turn, changes the underlying value of the Group's assets, liabilities and off-balance sheet instruments, and hence, its economic value. Changes in interest rates also affect the Group's earnings by altering interest-sensitive income and expenses, affecting its net interest income.

The principal currency in which the Group operates is Sterling, although a small number of transactions are completed in US dollars, Euros and other currencies in the Commercial Finance business. The Group has no significant exposures to foreign currencies and hedges any residual currency risks to Sterling. The Group does not operate a trading book.

See page 35 for further details on the mitigation and change during the year of market risk.

## Notes to the consolidated financial statements continued

### 40. Market risk continued

#### Interest rate risk

##### Group and Company

The Group seeks to 'match' interest rate risk between its assets and liabilities in the first instance and hedges any material residual risks using interest rate derivatives in accordance with the Group's risk appetite.

The Group monitors its exposure to interest rate risk on at least a weekly basis, using market value sensitivity and earnings at risk, which were as follows at 31 December:

	2025 £million	2024 £million
Market value sensitivity		
+200bp parallel shift in yield curve	2.9	1.5
-200bp parallel shift in yield curve	(3.1)	(1.6)
Earnings at risk sensitivity		
+100bp parallel shift in yield curve	0.4	1.5
-100bp parallel shift in yield curve	(0.6)	(1.5)

The Directors consider that 200bps in the case of market value sensitivity and 100bps in the case of earnings at risk are a reasonable approximation of possible changes.

During the year, the methodology for earnings at risk sensitivity was updated to a more appropriate calculation based on a constant balance sheet approach compared to a run off balance sheet approach at 31 December 2024.

### 41. Liquidity and funding risk

Liquidity and funding risk is the risk that the Group is unable to meet its obligations as they fall due or can only do so at excessive cost. The Group maintains adequate liquidity resources and a prudent, stable funding profile at all times to cover liabilities as they fall due in normal and stressed conditions.

The Group manages its liquidity in line with internal and regulatory requirements, and at least annually assesses the robustness of the liquidity requirements as part of the Group's Internal Liquidity Adequacy Assessment Process ('ILAAP').

See page 33 for further details on the mitigation and change during the year of liquidity and funding risk.

The tables below analyse the contractual undiscounted cash flows for financial liabilities into relevant maturity groupings:

	Carrying amount £million	Gross nominal outflow £million	Not more than three months £million	More than three months but less than one year £million	More than one year but less than five years £million	More than five years £million
<b>At 31 December 2025</b>						
Due to banks	205.9	208.6	30.2	178.4	-	-
Deposits from customers	3,509.6	3,624.3	2,379.8	473.4	767.7	3.4
Subordinated liabilities	93.5	125.1	5.9	5.9	113.3	-
Lease liabilities	4.4	5.1	0.3	0.8	2.2	1.8
Other financial liabilities	87.0	87.0	87.0	-	-	-
	<b>3,900.4</b>	<b>4,050.1</b>	<b>2,503.2</b>	<b>658.5</b>	<b>883.2</b>	<b>5.2</b>
Derivative financial liabilities	0.1	0.1	0.1	-	-	-
	<b>3,900.5</b>	<b>4,050.2</b>	<b>2,503.3</b>	<b>658.5</b>	<b>883.2</b>	<b>5.2</b>
	Carrying amount £million	Gross nominal outflow £million	Not more than three months £million	More than three months but less than one year £million	More than one year but less than five years £million	More than five years £million
<b>At 31 December 2024</b>						
Due to banks	365.8	374.1	52.6	321.5	-	-
Deposits from customers	3,244.9	3,336.5	2,058.0	674.8	601.0	2.7
Subordinated liabilities	93.3	136.8	-	11.7	125.1	-
Lease liabilities	1.8	1.9	0.3	0.8	0.8	-
Other financial liabilities	23.1	23.1	23.1	-	-	-
	<b>3,728.9</b>	<b>3,872.4</b>	<b>2,134.0</b>	<b>1,008.8</b>	<b>726.9</b>	<b>2.7</b>
Derivative financial liabilities	10.0	10.2	2.0	3.4	4.8	-
	<b>3,738.9</b>	<b>3,882.6</b>	<b>2,136.0</b>	<b>1,012.2</b>	<b>731.7</b>	<b>2.7</b>

## Notes to the consolidated financial statements continued

### 41. Liquidity and funding risk continued

#### Company

The contractual undiscounted cash flows for financial liabilities of the Company are the same as above except for the following:

	Carrying amount £million	Gross nominal outflow £million	Not more than three months £million	More than three months but less than one year £million	More than one year but less than five years £million	More than five years £million
<b>At 31 December 2025</b>						
Lease liabilities	4.2	4.9	0.3	0.6	2.2	1.8
Other financial liabilities	100.8	100.8	100.8	-	-	-
<b>Non-derivative financial liabilities</b>	<b>3,914.0</b>	<b>4,063.7</b>	<b>2,517.0</b>	<b>658.3</b>	<b>883.2</b>	<b>5.2</b>
<b>Total</b>	<b>3,914.1</b>	<b>4,063.8</b>	<b>2,517.1</b>	<b>658.3</b>	<b>883.2</b>	<b>5.2</b>
	Carrying amount £million	Gross nominal outflow £million	Not more than three months £million	More than three months but less than one year £million	More than one year but less than five years £million	More than five years £million
<b>At 31 December 2024</b>						
Lease liabilities	1.6	1.7	0.3	0.7	0.7	-
Other financial liabilities	33.6	33.6	33.6	-	-	-
<b>Non-derivative financial liabilities</b>	<b>3,739.2</b>	<b>3,882.7</b>	<b>2,144.5</b>	<b>1,008.7</b>	<b>726.8</b>	<b>2.7</b>
<b>Total</b>	<b>3,749.2</b>	<b>3,892.9</b>	<b>2,146.5</b>	<b>1,012.1</b>	<b>731.6</b>	<b>2.7</b>

### 42. Capital risk (unaudited)

Capital risk is the risk that the Group will have insufficient capital resources to absorb potential losses. The Group adopts a conservative approach to managing its capital and at least annually assesses the robustness of the capital requirements as part of the Group's Internal Capital Adequacy Assessment Process ('ICAAP'). The Group has Tier 1 and Tier 2 capital resources, noting the regulatory adjustments required in the table on the next page.

The following table, which is unaudited and, therefore, not in scope of the Independent Auditor's Report, shows the regulatory capital resources for the Group.

	2025 £million (unaudited)	2024 £million (unaudited)
<b>Common Equity Tier 1 ('CET 1')</b>		
Share capital	7.6	7.6
Share premium	84.2	84.0
Retained earnings	284.4	271.1
Own shares	(1.9)	(2.2)
IFRS 9 transition adjustments	-	0.1
Goodwill	(1.0)	(1.0)
Intangible assets net of attributable deferred tax	(4.1)	(4.0)
<b>CET 1 capital before foreseeable dividend</b>	<b>369.2</b>	<b>355.6</b>
Foreseeable dividend	(4.4)	(4.2)
<b>CET 1 and Tier 1 capital</b>	<b>364.8</b>	<b>351.4</b>
<b>Tier 2</b>		
Subordinated liabilities	89.5	89.3
Less ineligible portion	(25.9)	(25.0)
<b>Total Tier 2 capital<sup>1</sup></b>	<b>63.6</b>	<b>64.3</b>
<b>Own funds</b>	<b>428.4</b>	<b>415.7</b>
<b>Reconciliation to total equity:</b>		
IFRS 9 transition adjustments	-	(0.1)
Eligible subordinated liabilities	(63.6)	(64.3)
Cash flow hedge reserve	-	-
Goodwill and other intangible assets net of attributable deferred tax	5.1	5.0
Foreseeable dividend	4.4	4.2
<b>Total equity</b>	<b>374.3</b>	<b>360.5</b>

Note:

- Tier 2 capital comprises solely subordinated debt, excluding accrued interest, capped at 25% of the Pillar 1 and 2A requirements as set by the PRA.

The Group elected to adopt the IFRS 9 transitional rules. The initial IFRS 9 transitional adjustment ended in 2022. The 'quick fix' part of the relief, for increases in provisions since 1 January 2020, except where these provisions relate to defaulted accounts, were added back to eligible capital (net of attributable deferred tax) at 25% in 2024. This relief ended on 1 January 2025.

## Notes to the consolidated financial statements continued

### 42. Capital risk (unaudited) continued

The Group's regulatory capital is divided into:

- CET 1 capital, which comprises shareholders' funds (excluding employee benefit trust own shares), after adding back the IFRS 9 transition adjustment and deducting qualifying intangible assets and prudent valuation adjustments. IFRS 9 transition adjustment and intangible assets are both net of attributable deferred tax; and
- Tier 2 capital, which is solely subordinated debt net of unamortised issue costs, capped at 25% of the capital requirement.

The Group operates the standardised approach to credit risk, whereby risk weightings are applied to the Group's on and off balance sheet exposures. The weightings applied are those stipulated in the UK Capital Requirements Regulation.

Further information on capital is included within our Pillar 3 disclosures, which can be found on the Group's website ([www.securetrustbank.com/pillar3](http://www.securetrustbank.com/pillar3)). See page 34 for further details on the mitigation and change during the year of capital risk.

The Group is subject to capital requirements imposed by the PRA on all financial services firms. During the year, the Group complied with these requirements.

### 43. Classification of financial assets and liabilities

All financial assets and liabilities at 31 December 2025 and 31 December 2024 were carried at amortised cost, except for derivative financial instruments that are at fair value through profit and loss. Therefore, for these assets and liabilities, the fair value hierarchy noted below relates to the disclosure in this note only.

### Group

	Total carrying amount 2025 £million	Fair value 2025 £million	Fair Value hierarchy level 2025	Total carrying amount 2024 £million	Fair value 2024 £million	Fair Value hierarchy level 2024
Cash and Bank of England reserve account	528.1	528.1	Level 1	445.0	445.0	Level 1
Loans and advances to banks	36.8	36.8	Level 2	24.0	24.0	Level 2
Debt securities	1.0	1.0	Level 1	-	-	-
Loans and advances to customers	3,295.8	3,289.0	Level 3	3,608.5	3,612.3	Level 3
Derivative financial instruments	0.2	0.2	Level 2	14.3	14.3	Level 2
Other financial assets	1.7	1.7	Level 3	2.0	2.0	Level 3
	<b>3,863.6</b>	<b>3,856.8</b>		<b>4,093.8</b>	<b>4,097.6</b>	
Due to banks	205.9	205.9	Level 2	365.8	365.8	Level 2
Deposits from customers	3,509.6	3,530.7	Level 3	3,244.9	3,254.0	Level 3
Derivative financial instruments	0.1	0.1	Level 2	10.0	10.0	Level 2
Lease liabilities	4.4	4.4	Level 3	1.8	1.8	Level 3
Other financial liabilities	87.0	87.0	Level 3	23.1	23.1	Level 3
Subordinated liabilities	93.5	104.2	Level 2	93.3	90.2	Level 2
	<b>3,900.5</b>	<b>3,932.3</b>		<b>3,738.9</b>	<b>3,744.9</b>	

## Notes to the consolidated financial statements continued

### 43. Classification of financial assets and liabilities continued

#### Company

	Total carrying amount 2025 £million	Fair value 2025 £million	Fair Value hierarchy level 2025	Total carrying amount 2024 £million	Fair value 2024 £million	Fair Value hierarchy level 2024
Cash and Bank of England reserve account	528.1	528.1	Level 1	445.0	445.0	Level 1
Loans and advances to banks	36.1	36.1	Level 2	23.6	23.6	Level 2
Debt securities	1.0	1.0	Level 1	-	-	-
Loans and advances to customers	3,295.8	3,289.0	Level 3	3,608.5	3,612.3	Level 3
Derivative financial instruments	0.2	0.2	Level 2	14.3	14.3	Level 2
Other financial assets	26.7	26.7	Level 3	4.0	4.0	Level 3
	<b>3,887.9</b>	<b>3,881.1</b>		<b>4,095.4</b>	<b>4,099.2</b>	
Due to banks	205.9	205.9	Level 2	365.8	365.8	Level 2
Deposits from customers	3,509.6	3,530.7	Level 3	3,244.9	3,254.0	Level 3
Derivative financial instruments	0.1	0.1	Level 2	10.0	10.0	Level 2
Lease liabilities	4.2	4.2	Level 3	1.6	1.6	Level 3
Other financial liabilities	100.8	100.8	Level 3	33.6	33.6	Level 3
Subordinated liabilities	93.5	104.2	Level 2	93.3	90.2	Level 2
	<b>3,914.1</b>	<b>3,945.9</b>		<b>3,749.2</b>	<b>3,755.2</b>	

#### Fair value classification

The tables above include the fair values and fair value hierarchies of the Group and Company's financial assets and liabilities. The Group measures fair value using the following fair value hierarchy that reflects the significance of the inputs used in making measurements.

- Level 1: Quoted prices in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

#### Debt securities

The fair value of debt securities is based on the quoted price where available.

#### Loans and advances to customers and Deposits from customers

The fair value of the financial assets and liabilities is calculated based upon the present value of the expected future principal and interest cash flows. The rate used to discount the cash flows was a market rate of interest at the balance sheet date. For loans and advances to customers, the same assumptions regarding the risk of default were applied as those used to derive the carrying value.

#### Derivative financial instruments

The fair value of derivative financial instruments is calculated based on the present value of the expected future cash flows of the instruments. The rate used to discount the cash flows was the SONIA forward curve at the balance sheet date.

#### Subordinated liabilities

The fair value of subordinated liabilities is calculated based on quoted market prices where available, or where an active market quote is not available, it is calculated based on the present value of the expected future cash flows of the instruments. The rate used to discount the cash flows was the UK Government five year bond plus the initial spread on the instruments.

For all remaining financial assets and liabilities, the fair value of financial assets and liabilities is calculated to be equivalent to their carrying value due to their short maturity dates.

## Notes to the consolidated financial statements continued

### 44. Related party transactions

Related parties of the Company and Group include subsidiaries, key management personnel, close family members of key management personnel and entities that are controlled, jointly controlled or significantly influenced, or for which significant voting power is held, by key management personnel or their close family members.

At 31 December 2025, £0.3 million (2024: £0.1 million) deposits were outstanding in relation to key management personnel.

The Company undertook the following transactions with other companies in the Secure Trust Bank Group:

	2025 £million	2024 £million
Interest income and similar income	(30.4)	(30.3)
Operating expenses	(0.1)	(0.4)
Allowances for impairment of amounts due from related companies	-	0.2
Investment income	10.8	9.5
	<b>(19.7)</b>	<b>(21.0)</b>
Equity contribution to subsidiaries re. share-based payments	<b>0.2</b>	<b>0.2</b>

The loans and advances with, and amounts receivable and payable to, related companies are noted below:

	Company 2025 £million	Company 2024 £million
Amounts receivable from subsidiary undertakings	25.3	2.3
Amounts due to subsidiary undertakings	(15.7)	(12.5)
	<b>9.6</b>	<b>(10.2)</b>

All amounts above are repayable on demand and the Company charged interest at a variable rate on amounts outstanding.

### Directors' remuneration

The Directors' emoluments (including pension contributions and benefits in kind) for the year are disclosed in the Directors' Remuneration Report on page 103.

At the year-end the ordinary shares held by the Directors, holdings of share options, as well as details of those share options exercised during the year are disclosed in the Directors' Remuneration Report on page 109.

### 45. Immediate parent company and ultimate controlling party

The Company has no immediate parent company or ultimate controlling party.

### 46. Country-by-Country reporting

The Capital Requirements (Country-by-Country Reporting) Regulations 2013 introduced reporting obligations for institutions within the scope of CRD V. The requirements aim to give increased transparency regarding the activities of institutions. The Country-by-Country information is set out below:

	Name	Nature of activity	Location	Turnover £million	Average number of FTE employees	Profit before tax £million	Tax paid on profit £million
<b>31 December 2025</b>	Secure Trust Bank PLC	Banking services	UK	387.1	860	27.5	12.0
<b>31 December 2024</b>	Secure Trust Bank PLC	Banking services	UK	385.2	915	29.2	8.8

### 47. Post balance sheet events

There have been no significant events between 31 December 2025 and the date of approval of these Financial Statements, which would require a change to or additional disclosure in the financial statements.

The sale of the Consumer Vehicle Finance business completed on 25 February 2026. 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 remain responsible for administering, and retain liability for, payments due to customers under the FCA's motor finance commission redress scheme (when concluded) for any relevant loans in the portfolio.

Further information will be included in the Group's Interim Report for the six months ended 30 June 2026.

## Five-year summary (unaudited)

	2025 £million	2024 £million	2023 £million	2022 £million	2021 £million
<b>Profit for the year</b>					
<b>Continuing operations</b>					
Interest and similar income	301.8	296.8	244.9	156.4	125.9
Interest expense and similar charges	(150.7)	(159.5)	(121.5)	(42.7)	(21.9)
<b>Net interest income</b>	<b>151.1</b>	<b>137.3</b>	<b>123.4</b>	<b>113.7</b>	<b>104.0</b>
<b>Net fee and commission income</b>	<b>14.1</b>	<b>18.2</b>	<b>15.4</b>	<b>15.6</b>	<b>11.6</b>
<b>Operating income</b>	<b>165.2</b>	<b>155.5</b>	<b>138.8</b>	<b>129.3</b>	<b>115.6</b>
Net impairment charge on loans and advances to customers	(31.4)	(23.2)	(28.4)	(16.9)	(4.9)
Other gains/(losses)	0.1	(0.4)	-	1.1	1.5
Fair value and other gains/(losses) on financial instruments	0.1	1.2	0.5	(0.3)	(0.1)
Operating expenses <sup>1</sup>	(74.7)	(72.2)	(71.5)	(74.6)	(72.7)
<b>Profit before income tax before exceptional items</b>	<b>59.3</b>	<b>60.9</b>	<b>39.4</b>	<b>38.6</b>	<b>39.4</b>
Exceptional items	-	(1.5)	(1.8)	-	-
<b>Profit before income tax</b>	<b>59.3</b>	<b>59.4</b>	<b>37.6</b>	<b>38.6</b>	<b>39.4</b>
<b>Discontinued operations</b>					
(Loss)/profit before income tax before exceptional items	(7.7)	(21.8)	0.5	5.4	16.6
Exceptional items	(24.1)	(8.4)	(4.7)	-	-
<b>(Loss)/profit before income tax</b>	<b>(31.8)</b>	<b>(30.2)</b>	<b>(4.2)</b>	<b>5.4</b>	<b>16.6</b>
<b>Total profit before income tax</b>	<b>27.5</b>	<b>29.2</b>	<b>33.4</b>	<b>44.0</b>	<b>56.0</b>
	<b>Continuing 2025 £million</b>	<b>Continuing 2024 £million</b>	<b>Continuing 2023 £million</b>	<b>Continuing 2022 £million</b>	<b>Continuing 2021 £million</b>
<b>Earnings per share for profit attributable to the equity holders of the Company during the year (pence per share)</b>					
Basic earnings per ordinary share	238.8	227.7	149.9	156.9	172.2

Note:

- Group transfer pricing changed after 2022, therefore 2022 and 2021 operating expenses represents management accounts at that time and are prepared under a different basis.

	2025 £million	2024 £million	2023 £million	2022 £million	2021 £million
<b>Financial position</b>					
Cash and Bank of England reserve account	528.1	445.0	351.6	370.1	234.0
Loans and advances to banks	36.8	24.0	53.7	50.5	52.0
Debt securities	1.0	-	-	-	25.0
Loans and advances to customers	3,295.8	3,608.5	3,315.3	2,919.5	2,530.6
Fair value adjustment for portfolio hedged risk	7.3	(6.8)	(3.9)	(32.0)	(3.5)
Derivative financial instruments	0.2	14.3	25.5	34.9	3.8
Assets held for sale	390.8	-	-	-	1.3
Other assets	56.0	31.7	35.8	36.6	42.7
<b>Total assets</b>	<b>4,316.0</b>	<b>4,116.7</b>	<b>3,778.0</b>	<b>3,379.6</b>	<b>2,885.9</b>
Due to banks	205.9	365.8	402.0	400.5	390.8
Deposits from customers	3,509.6	3,244.9	2,871.8	2,514.6	2,103.2
Fair value adjustment for portfolio hedged risk	4.7	(3.4)	(1.4)	(23.0)	(5.3)
Derivative financial instruments	0.1	10.0	22.0	26.7	6.2
Subordinated liabilities	93.5	93.3	93.1	51.1	50.9
Other liabilities	127.9	45.6	46.0	83.5	37.7
Total shareholders' equity	374.3	360.5	344.5	326.2	302.4
<b>Total liabilities and shareholders' equity</b>	<b>4,316.0</b>	<b>4,116.7</b>	<b>3,778.0</b>	<b>3,379.6</b>	<b>2,885.9</b>

## Appendix to the Annual Report (unaudited)

### Key performance indicators and other alternative performance measures

All key performance indicators are based on continuing operations and continuing loans and advances to customers, unless otherwise stated.

#### (i) Continuing loans and advances to customers

A reconciliation of total loans and advances to customers to continuing operations loans and advances to customers is set out below:

	2025 £million	2024 £million	2023 £million
Loans and advances to customers	3,295.8	3,608.5	3,315.3
Assets held for sale – Vehicle Finance	390.8	–	–
<b>Total loans and advances to customers</b>	<b>3,686.6</b>	<b>3,608.5</b>	<b>3,315.3</b>
Less discontinued loans and advances to customers:			
Vehicle Finance (Held for sale in 2026)	(390.8)	(558.3)	(467.2)
<b>Continuing loans and advances to customers</b>	<b>3,295.8</b>	<b>3,050.2</b>	<b>2,848.1</b>

#### (ii) Continuing average equity

Continuing average equity is calculated by multiplying the percentage of the average of the monthly total Group equity balances over the total Group average risk-weighted assets ('RWAs'), by the continuing average RWAs.

	2025 £million	2024 £million	2023 £million
Total Group average equity	371.7	355.3	334.9
Total Group average RWAs	2,857.9	2,732.9	2,500.0
	13.0%	13.0%	13.4%
Continuing average RWAs	2,399.6	2,279.7	2,100.2
<b>Continuing average equity</b>	<b>312.1</b>	<b>296.4</b>	<b>281.3</b>

#### (iii) Net interest margin, net revenue margin and risk adjusted margin ratios

Net interest margin is calculated as net interest income for the financial year as a percentage of the average loan book. Risk adjusted margin is calculated as risk adjusted income for the financial year as a percentage of the average loan book. Net revenue margin is calculated as operating income for the financial year as a percentage of the average loan book. The calculation of the average loan book is the average of the monthly balance of loans and advances to customers, net of provisions, over 13 months.

	2025 £million	2024 £million	2023 £million
<b>Continuing operations</b>			
Net interest income	151.1	137.3	123.4
Net fee and commission income	14.1	18.2	15.4
Operating income	165.2	155.5	138.8
Average loan book	3,184.3	2,908.4	2,669.9
<b>Net revenue margin</b>	<b>5.2%</b>	<b>5.3%</b>	<b>5.2%</b>
<b>Net interest margin</b>	<b>4.7%</b>	<b>4.7%</b>	<b>4.6%</b>
<b>Retail Finance</b>			
Net interest income	97.5	86.8	73.1
Average loan book	1,405.6	1,285.9	1,143.4
<b>Net interest margin</b>	<b>6.9%</b>	<b>6.8%</b>	<b>6.4%</b>
Net interest income	97.5	86.8	73.1
Net fee and commission income	3.7	3.2	3.2
Net impairment charge on loans and advances to customers	(19.2)	(13.3)	(15.9)
Risk adjusted income	82.0	76.7	60.4
<b>Risk adjusted margin</b>	<b>5.8%</b>	<b>6.0%</b>	<b>5.3%</b>
<b>Real Estate Finance</b>			
Net interest income	34.2	32.6	29.7
Net fee and commission income	0.3	0.4	0.9
Operating income	34.5	33.0	30.6
Net impairment charge on loans and advances to customers	(8.8)	(4.0)	(4.5)
Risk adjusted income	25.7	29.0	26.1
Average loan book	1,417.2	1,269.5	1,177.7
<b>Net revenue margin</b>	<b>2.4%</b>	<b>2.6%</b>	<b>2.6%</b>
<b>Risk adjusted margin</b>	<b>1.8%</b>	<b>2.3%</b>	<b>2.2%</b>

## Appendix to the Annual Report (unaudited) continued

### Key performance indicators and other alternative performance measures continued

#### (iii) Net interest margin, net revenue margin and risk adjusted margin ratios continued

	2025 £million	2024 £million	2023 £million
<b>Commercial Finance</b>			
Net interest income	12.1	12.2	13.2
Net fee and commission income	10.1	14.5	11.3
Operating income	22.2	26.7	24.5
Net impairment charge on loans and advances to customers	(3.4)	(5.9)	(8.0)
Risk adjusted income	18.8	20.8	16.5
Average loan book	361.5	353.0	348.8
<b>Net revenue margin</b>	<b>6.1%</b>	<b>7.6%</b>	<b>7.0%</b>
<b>Risk adjusted margin</b>	<b>5.2%</b>	<b>5.9%</b>	<b>4.7%</b>
<b>Discontinued: Vehicle Finance</b>			
Net interest income	47.5	47.6	44.1
Average loan book	519.5	505.4	429.6
<b>Net interest margin</b>	<b>9.1%</b>	<b>9.4%</b>	<b>10.3%</b>
Net interest income	47.5	47.6	44.1
Net fee and commission income	0.8	0.8	1.8
Net impairment charge on loans and advances to customers	(26.6)	(38.7)	(14.8)
Other (losses)/gains: gains on modification of financial assets	0.1	0.1	0.3
Risk adjusted income	21.8	9.8	31.4
<b>Risk adjusted margin</b>	<b>4.2%</b>	<b>1.9%</b>	<b>7.3%</b>

These ratios show the net return on our lending assets, with and without adjusting for cost of risk.

#### (iv) Return on average equity

Total return on average equity is calculated as the total profit after tax for the previous 12 months as a percentage of average equity. Total adjusted return on average equity is calculated as the total adjusted profit after tax for the previous 12 months as a percentage of average equity. Average equity is calculated as the average of the monthly equity balances.

	2025 £million	2024 £million	2023 £million
Total profit after tax	17.6	19.7	24.3
Less: total exceptional items after tax	21.2	8.9	5.9
Total adjusted profit after tax	38.8	28.6	30.2
Average equity	371.7	355.3	334.9
<b>Total return on average equity</b>	<b>4.7%</b>	<b>5.5%</b>	<b>7.3%</b>
<b>Total adjusted return on average equity</b>	<b>10.4%</b>	<b>8.0%</b>	<b>9.0%</b>

Continuing return on average equity is calculated as the continuing profit after tax from the previous 12 months as a percentage of average continuing equity. Continuing adjusted return on average equity is calculated as the continuing adjusted profit after tax for the previous 12 months as a percentage of average continuing equity. Average equity is calculated as the average of the monthly equity balances.

	2025 £million	2024 £million	2023 £million
Continuing profit after tax	44.6	43.4	28.1
Less: continuing exceptional items after tax	-	1.1	1.8
Continuing adjusted profit after tax	44.6	44.5	29.9
Average continuing equity	312.1	296.4	281.3
<b>Continuing return on average equity</b>	<b>14.3%</b>	<b>14.6%</b>	<b>10.0%</b>
<b>Continuing adjusted return on average equity</b>	<b>14.3%</b>	<b>15.0%</b>	<b>10.6%</b>

Return on average equity is a measure of the Group's ability to generate profit from the equity available to it.

## Appendix to the Annual Report (unaudited) continued

### Key performance indicators and other alternative performance measures continued

#### (v) Cost to income ratio

Total cost to income is calculated as total operating expenses for the financial year as a percentage of total operating income for the financial year. Adjusted cost to income is calculated as adjusted operating expenses for the financial year as a percentage of total operating income for the financial year.

	2025 £million	2024 £million	2023 £million
Total operating expenses	128.3	113.7	106.2
Less: exceptional items	(24.1)	(9.9)	(6.5)
Total adjusted operating expenses	104.2	103.8	99.7
Total operating income	213.5	203.9	184.7
<b>Total cost to income ratio</b>	<b>60.1%</b>	<b>55.8%</b>	<b>57.5%</b>
<b>Adjusted cost to income ratio</b>	<b>48.8%</b>	<b>50.9%</b>	<b>54.0%</b>

Continuing cost to income is calculated as continuing operating expenses for the financial year as a percentage of continuing operating income for the financial year. Continuing adjusted cost to income is calculated as continuing adjusted operating expenses for the financial year as a percentage of continuing operating income for the financial year.

	2025 £million	2024 £million	2023 £million
Continuing operating expenses	74.7	73.7	73.3
Less: continuing exceptional items	-	(1.5)	(1.8)
Continuing adjusted operating expenses	74.7	72.2	71.5
Continuing operating income	165.2	155.5	138.8
<b>Continuing cost to income ratio</b>	<b>45.2%</b>	<b>47.4%</b>	<b>52.8%</b>
<b>Continuing adjusted cost to income ratio</b>	<b>45.2%</b>	<b>46.4%</b>	<b>51.5%</b>

The cost to income ratio measures how efficiently the Group is utilising its cost base to produce income.

#### (vi) Continuing cost of risk

Continuing cost of risk is calculated as the total of the net impairment charge on continuing loans and advances to customers for the financial year as a percentage of the average continuing loan book.

Continuing	2025 £million	2024 £million	2023 £million
Net impairment charge on loans and advances to customers	31.4	23.2	28.4
Average loan book	3,184.3	2,908.4	2,669.9
<b>Continuing cost of risk</b>	<b>1.0%</b>	<b>0.8%</b>	<b>1.1%</b>

The cost of risk measures how effective the Group has been in managing the credit risk of its lending portfolios.

#### (vii) Continuing cost of funds

Cost of funds is calculated as the interest expense for the financial year expressed as a percentage of average loan book.

Continuing	2025 £million	2024 £million	2023 £million
Interest expense and similar charges	150.7	159.5	121.5
Average loan book	3,184.3	2,908.4	2,669.9
<b>Continuing cost of funds</b>	<b>4.7%</b>	<b>5.5%</b>	<b>4.6%</b>

The cost of funds measures the cost of money being lent to customers.

## Appendix to the Annual Report (unaudited) continued

### Key performance indicators and other alternative performance measures continued

#### (viii) Funding ratio and loan to deposit ratio

The funding ratio is calculated as the total funding at the year-end divided by total loans and advances to customers at the year-end. The loans to deposit ratio is calculated as total loans and advances to customers at the year-end divided by deposits from customers at the year-end:

	2025 £million	2024 £million	2023 £million
Deposits from customers	3,509.6	3,244.9	2,871.8
Term Funding Scheme with additional incentives for SMEs and sale and repurchase agreements (including accrued interest)	201.2	358.9	395.1
Tier 2 capital (including accrued interest)	93.5	93.3	93.1
Equity	374.3	360.5	344.5
Total funding	4,178.6	4,057.6	3,704.5
Total loans and advances to customers	3,686.6	3,608.5	3,315.3
<b>Funding ratio</b>	<b>113.3%</b>	<b>112.4%</b>	<b>111.7%</b>
<b>Loan to deposit ratio</b>	<b>105.0%</b>	<b>111.2%</b>	<b>115.4%</b>

The funding ratio and loan to deposit ratio measure the Group's excess of funding that provides liquidity.

#### (ix) Tangible book value per share

Tangible book value per share is calculated as the total equity less intangible assets divided by the number of shares in issue at the end of the year less own shares.

	2025 £million	2024 £million
Total equity	374.3	360.5
Less: Intangible assets	(5.1)	(5.0)
Tangible book value	369.2	355.5
Shares	18,715,773	19,071,408
<b>Tangible book value per share</b>	<b>£19.73</b>	<b>£18.64</b>

Tangible book value per share is a measure of the Group's value per share.

## Glossary

Term	Explanation
ALCO	The Assets and Liabilities Committee.
BiFD	Borrowers in Financial Difficulty.
CET 1 capital	Common Equity Tier 1 capital comprises share capital, share premium, retained earnings, own shares and regulatory adjustments.
CET 1 capital ratio	The Common Equity Tier 1 capital ratio is the ratio of the bank's CET 1 capital to its Total Risk Exposure. This signifies a bank's financial strength. The CET 1 capital ratio is monitored by regulators and investors because it shows how well a bank can withstand financial stress and remain solvent.
DBP	Deferred Bonus Plan.
Discontinued operations	Operating lines which meet the IFRS 5 criteria to be disclosed as discontinued. In the current year this comprises the Group's Vehicle Finance business.
EAD	Exposure At Default. EAD represents the expected exposure in the event of a default.
EBT	Employee Benefit Trust. A trust established by a company to hold shares on behalf of its employees.
EBT Trustee	Ocorion Limited, trustee of the EBT.
ECL	Expected Credit Loss. ECL is the probability-weighted estimate of credit losses over the expected life of a financial instrument.
EIR	Effective Interest Rate. EIR is the rate that exactly discounts the estimated future cash flows to the gross carrying amount of a financial asset or amortised cost of a financial liability.
EPS	Earnings Per Share.
ESG	Environmental, Social and Governance. A framework measuring a company's sustainability and ethical impact.
Feefo	Feefo collects independent reviews from the customers of businesses across many sectors, including financial services.
Financial Conduct Authority	The Financial Conduct Authority is the conduct regulator for financial services firms and financial markets in the UK. Its aims are to protect consumers, enhance market integrity and promote competition.

Term	Explanation
FSCS	Financial Services Compensation Scheme.
FVOCI	Fair Value Through Other Comprehensive Income. One of three classification categories for financial assets under IFRS 9.
FVTPL	Fair Value Through Profit or Loss. One of three classification categories for financial assets under IFRS 9.
Held for Sale	Assets meeting the IFRS 5 criteria to be Held for Sale. In the current year this comprises the Group's Vehicle Finance business.
High Quality Liquid Assets	High Quality Liquid Assets are assets with a high potential to be converted easily and quickly into cash. This comprises cash, the Bank of England reserve account and gilts.
IAS	International Accounting Standards.
IASB	International Accounting Standards Board.
ICO	Information Commissioner's Office.
ICAAP	Internal Capital Adequacy Assessment Process. A firm must carry out an ICAAP in accordance with the PRA's rules. They include requirements on the firm to undertake a regular assessment of the amounts, types and distribution of capital that it considers adequate to cover the level and nature of the risks to which it is or might be exposed.
IFRS	International Financial Reporting Standards.
ILAAP	The Internal Liquidity Adequacy Assessment Process allows firms to assess the level of liquidity and funding that adequately supports all relevant current and future liquidity risks in their business. In undertaking this process, a firm should be able to ensure that it has appropriate processes in place to ensure compliance with regulatory requirements. This requires firms to develop and use appropriate risk and liquidity management techniques.
LCR	The Liquidity Coverage Ratio regime requires management of net 30-day cash outflows as a proportion of High Quality Liquid Assets. The Group has set a more prudent internal limit than that set by the regulator.
LGD	Loss Given Default. Estimated loss when a borrower defaults on a loan.
LTIP	Long-Term Incentive Plan. A delayed compensation scheme used to motivate participating employees over a defined time-period.

## Glossary continued

Term	Explanation
OIS	Overnight Indexed Swap.
OLAR	The Overall Liquidity Adequacy Rule is the Board's own view of the Group's liquidity needs, as set out in the Board-approved ILAAP.
Pillar 1, Pillar 2 and Pillar 3	Basel III uses a 'three pillars' concept: (1) Pillar 1 – minimum capital requirements (addressing risk) using a standardised approach for credit, market and operational risk; (2) Pillar 2 – supervisory review process; and (3) Pillar 3 – market discipline and enhanced disclosures.
Pillar 2 (for tax purposes)	The Organisation for Economic Cooperation and Development Pillar Two framework.
PD	Probability of Default. The likelihood that a borrower will default on their debt obligation.
POCI	Purchased or Originated Credit-Impaired financial assets. Financial assets that are already impaired when they are purchased or originated.
PRA	The Prudential Regulation Authority is a part of the Bank of England and responsible for the prudential regulation and supervision of banks, building societies, credit unions, insurers and major investment firms. It sets standards and supervises financial institutions at the level of the individual firm. The PRA's objectives are set out in the Financial Services and Markets Act 2000, but the main objective is to promote the safety and soundness of the firms it regulates.
RoAE	Return On Average Equity. A financial ratio that measures performance by comparing profit after tax to average shareholders' equity.
SDDT	Small Domestic Deposit Taker regime.
SME	Small to Medium-sized Enterprises.
SPPI	Solely Payments of Principal and Interest. Cash flows from a financial asset that are solely payments of principal and interest on the outstanding principal amount.

Term	Explanation
TFSME	Term Funding Scheme with additional incentives for SMEs. The TFSME was launched in March 2020 as part of measures to respond to the economic shock from COVID-19. The scheme was designed to incentivise eligible participants to provide credit to businesses and households to bridge through the current period of economic disruption, with additional incentives to provide credit to SMEs.  This scheme allowed access to four-year funding at rates very close to Bank of England Base Rate, allowing eligible participants to borrow central bank reserves in exchange for eligible collateral and was repaid in 2025.
Tier 2 capital	Tier 2 capital is the secondary component of bank capital, in addition to Tier 1 capital, and is composed of subordinated liabilities, net of issue costs.
Total Capital Requirement	Guidance given to a firm about the amount and quality of capital resources that the PRA considers that the firm should hold at all times under the overall financial adequacy rule as it applies on a solo level or a consolidated level.
Total Risk Exposure	Total Risk Exposure is the total of the Group's risk-weighted assets.
TSR	Total Shareholder Return. A financial metric that measures the performance of a share over time.

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