

Annual Report 2026

Close Brothers Group plc



Our purpose is to help people and businesses thrive

Our attributes embody our distinctive culture and customer-centric approach



Deep expertise

Our deep industry knowledge and specialist expertise help people and businesses unlock their potential and plan for the future with confidence.



Consistent service

We pride ourselves on delivering the highest levels of service in specialist sectors we know and understand.



Long-term relationships

We take the time to understand and build strong long-term relationships with our customers and partners.

Our strategy focuses on ensuring our business model continues to deliver in the long term



Simplify



Optimise



Grow

Underpinned by our responsibility

To help address the social, economic and environmental challenges facing our business, employees and customers, now and into the future.

Enabling us to create value and deliver positive outcomes for our stakeholders



Customer and partners



Colleagues



Regulators and government



Communities and environment



Suppliers



Investors

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Delivering for our customers

Leading expertise across specialist finance

→ [Read more on p22](#)



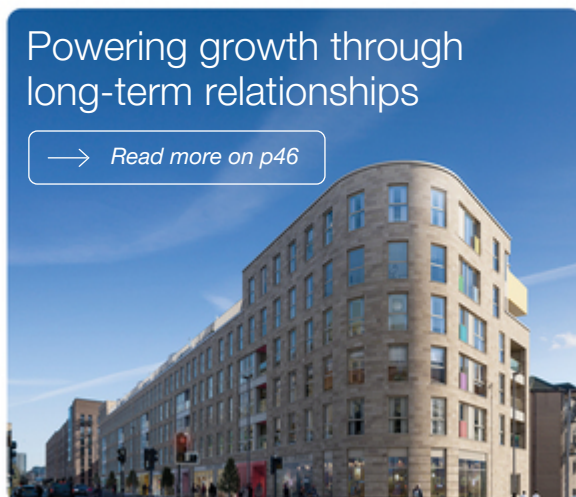
Consistent service supporting lasting ambition

→ [Read more on p27](#)



Powering growth through long-term relationships

→ [Read more on p46](#)



At a glance

Close Brothers is a UK specialist banking group providing lending and deposit taking.

Commercial

Commercial offers specialist and predominantly secured lending principally to the SME market.

Find out more on page 16

Retail

Retail provides intermediated finance through motor dealers, motor finance brokers and insurance brokers, and savings products for individuals and corporates.

Find out more on page 18

Property

Property offers residential development finance to established UK property developers, funding for commercial properties, and bridging and refurbishment loans.

Find out more on page 20

Serving approximately

1.6 million

customers

26 offices

predominantly in the UK and Ireland

c.2,400

full time equivalent employees

Constituent of the

FTSE 250



Adjusted¹ operating profit**£120.3 million**

2025: £144.3 million

Operating loss before tax**£(60.3) million**

2025: £(122.4) million

**Adjusted¹ basic earnings per share
(continuing operations)****47.5p**

2025: 59.3p

**Basic earnings per share
(continuing operations)****(58.5)p**

2025: (99.8)p

Return on average tangible equity²**5.5%**

2025: 7.1%

Customer sentiment scores**Asset Finance CSAT³****96%**

2025: 92%

Invoice Finance CSAT³**87%**

2025: 87%

Motor Finance UK Dealer NPS⁴**+65**

2025: +65

Savings online CSAT³**89%**

2025: 82%

Total Scope 1 and 2 emissions (market-based)**790 tCO₂e**2025: 1,160 tCO₂e⁵**Employee engagement****72%**

2025: 78%

1. Adjusted measures are presented on a basis consistent with prior periods and exclude any exceptional and adjusting items which do not reflect underlying trading performance. Current adjusting items include: customer remediation provisions, unwind of time value discount, and operational or legal costs, incurred in relation to an event that is deemed to be adjusting, Close Brewery Rentals Limited ("CBRL") which was sold in the year, Close Brothers Vehicle Hire ("CBVH") which is in wind-down, restructuring costs and amortisation of intangible assets on acquisition. There are no exceptional items presented in these financial results. Please refer to the Basis of presentation and the tables on page 49 for details on the reconciliation between adjusted and statutory measures.

2. Adjusted operating profit less tax and AT1 coupons divided by average total shareholders' equity, excluding intangible assets and AT1, for continuing operations. See footnote 1 on page 15 for further details.

3. Customer satisfaction score ("CSAT").

4. Net Promoter Score ("NPS").

5. To support meaningful year-on-year comparisons following the disposal of Winterflood and Brewery Rentals, 2025 comparative emissions have been restated to exclude both businesses. Unless otherwise stated, all operational emissions disclosures presented in this report are reported on a continuing operations basis.

Chairman's statement



"I am proud of the resilience, integrity and commitment shown by colleagues across the group during another important year for Close Brothers.

With a more focused specialist banking model, continued progress against our strategic priorities, and a clear succession plan for the Board, the group is well placed for the next stage of its development."

Michael N. Biggs
Chairman

The 2026 financial year has been an important year for Close Brothers. The group has maintained a clear focus on the execution of its strategy, the strength of its franchise and the needs of customers, colleagues and shareholders while continuing to manage the external uncertainties facing the sector.

The Board and management team have remained focused on those matters within our control: preserving capital strength, delivering operational efficiencies, simplifying the group, maintaining credit discipline and positioning Close Brothers to generate stronger returns over time. This disciplined approach has been particularly important during a period of continued regulatory developments, geopolitical and macro volatility and the continued uncertainty relating to motor finance commissions - all of which have continued to influence investor sentiment.

Throughout the year, the underlying strengths of the business have remained evident. Close Brothers continues to benefit from well-established positions in specialist markets, a relationship-led model, deep lending expertise and a culture of disciplined underwriting. These attributes have served the group well over many years and continue to underpin the Board's confidence in the long-term prospects of the business.

The Board is acutely aware of the importance of shareholder distributions. Decisions in relation to the reinstatement of distributions will continue to be taken carefully, reflecting the group's capital position, the evolving regulatory backdrop and the Board's responsibility to balance prudence with the creation of long-term shareholder value.

We remain committed to the resumption of shareholder distributions at an appropriate time and will reassess our options as greater certainty emerges regarding motor finance commissions, taking into account the group's future capital needs and shareholder feedback.

Board and management alignment

The Board has continued to work closely with management to oversee the delivery of the group's strategy, focused on simplification, optimisation and growth. This strategy has provided a clear framework for decision-making and has helped the group to respond decisively to the challenges of recent years.

During the year, management has continued to make significant progress on cost reduction, transformation initiatives and the strengthening of operational and control frameworks. These actions have led to delivery of annualised costs savings ahead of target, on an accelerated schedule, protecting both the company and the customer proposition, and creating the foundations for a more efficient and focused organisation capable of delivering improved returns.

Investor engagement during the year has reinforced the importance of maintaining this clarity of purpose. As part of our 2026 corporate governance roadshow, we were pleased to have strong bilateral engagement with shareholders, reflecting a shared interest in the long-term success of the company. Feedback was constructive and supportive, with investors recognising the group's capital strength, operational rigour and the progress made by management.

In particular, shareholders were supportive of the Board's approach to succession and oversight during this period of uncertainty. The clear message from those discussions was a preference for continuity, experience and stability as the group continues to execute its long-term strategy.

Our people and culture

The Board recognises that the strength of our franchise is built on the expertise and judgement of colleagues across the group. Their specialist knowledge, customer focus and commitment are fundamental to our business model and to the trust that customers place in Close Brothers.

Our people have continued to demonstrate professionalism and commitment, supporting customers and maintaining high standards through a demanding external environment and a period of significant organisational change. The results of the 2026 employee opinion survey were an encouraging reflection of that commitment through this period of transformation, with engagement remaining strong at 72%, overall satisfaction at 80%, and over 90% of colleagues reporting a strong sense of fairness, inclusion and integrity.

We remain focused on maintaining an inclusive and supportive culture, where colleagues are engaged, able to speak up and committed to delivering good outcomes for customers. The Board will continue to monitor culture closely and ensure that the group's values remain in focus as we simplify and evolve the business.

Sustainability and responsible business

Close Brothers continues to have an important role to play in supporting customers, colleagues and communities. Our approach to sustainability remains grounded in our business model and the needs of the customers we serve.

We remain committed to supporting customers in their own sustainability journeys in a practical and commercially relevant way. This includes helping customers finance assets and investments that support their transition plans, while continuing to manage our own environmental impact and operate responsibly.

More broadly, the Board continues to view sustainability through the lens of responsible stewardship: maintaining strong governance, supporting customers fairly, investing in colleagues, contributing to communities and managing the group for long-term value creation.

Board and management changes

Board succession has been an important area of focus during the year. As announced on 31 July 2026, I will step down as Chairman of the Board and Chair of the Nomination and Governance Committee with effect from the conclusion of the Annual General Meeting in November.

It has been an immense privilege to serve as Chairman of Close Brothers over the past nine years. During that time, the group has faced periods of opportunity and challenge, and I have been consistently impressed by the resilience, integrity and commitment of colleagues across the organisation. I am grateful to my past and current Board members, management team and colleagues across the group for their support during my tenure.

"We were pleased to have strong bilateral engagement with shareholders, reflecting a shared interest in the long-term success of the company."

I am delighted that Mark Pain will succeed me as Chair of the Board of Close Brothers Group plc and Close Brothers Limited, and as Chair of the Nomination and Governance Committee. Mark has served as Senior Independent Director since 2021 and brings over 30 years' finance, risk management and commercial experience, as well as significant regulated financial services board experience. His deep knowledge of the group and the sector will provide valuable continuity as Close Brothers continues to execute the next phase of its strategy.

I would also like to congratulate Tracey Graham, who will succeed Mark as Senior Independent Director. Tracey has made a significant contribution to the Board since her appointment in 2022 and brings extensive experience as a Non-executive Director, Senior Independent Director and Remuneration Committee Chair across a range of sectors, including financial services.

The Board remains committed to ensuring that it has the right balance of skills, experience, independence and diversity to support the long-term success of the group. I am confident that, under Mark's chairmanship and with Tracey's support as Senior Independent Director, the Board will continue to provide effective oversight and constructive challenge to management.

Thanks

Finally, I would like to thank colleagues, management, fellow Board members and shareholders for their continued support during another important year for Close Brothers.

The group has taken decisive action in recent years to strengthen its position, simplify its business and focus on the opportunities where it can deliver the greatest value. While external uncertainty persists, Close Brothers remains a strong franchise with deep customer relationships, specialist expertise and a clear strategy.

As I step down as Chairman, I do so with confidence in the future of the group, in the leadership of the management team and in the Board that will support them. I wish Mark, Tracey, the Board and everyone at Close Brothers every success for the years ahead.

Michael N. Biggs
Chairman

29 September 2026

Chief Executive's statement



"In 2026 we have made significant progress against our strategic priorities to simplify, optimise and grow the business. We have taken decisive action: exiting non-core activities and repositioning business lines; taking out costs; returning to growth, and sharpening our focus on our specialist lending markets in which we have expertise. In so doing we have established a stronger foundation for future growth, operating leverage and returns."

Mike Morgan
Chief Executive

I am encouraged by the progress we have made in delivering our strategy over the past 12 months. From the start of the financial year with the successful appeal of the "Hopcraft" case at the Supreme Court and the conclusions of the Financial Conduct Authority ("FCA") on their Market Study Review into Premium Finance, through to the sales of Winterflood Securities and Brewery Rentals, the 2026 financial year has been a year of progress and change, resulting in significant repositioning of the group as a focused specialist lender. Our transformation activities have gained real momentum, with cost savings delivered ahead of schedule. The underlying loan book returned to growth, with all divisions growing in the final quarter. We have laid the foundations for improved returns in the future.

Nonetheless, our return on average tangible equity ("RoTE") of 5.5% for FY 2026 remains below both last year and where we expect Close Brothers to operate over the medium term. While the comparison to prior year is impacted by the repositioning, simplification and refocus we have undertaken, we recognise that improved returns must be demonstrated through performance. With growth building across our divisions, and the benefits of strategic actions increasingly coming through, we are well positioned to build on this progress through FY 2027, and remain confident in achieving our target of double-digit returns by FY 2028, rising thereafter.

Financial performance reflects delivery of FY 2026 targets

Overall, adjusted operating profit reduced 17% to £120.3 million (2025: £144.3 million) and return on average tangible equity reduced 160 basis points (bps) to 5.5% (2025: 7.1%), primarily driven by lower income reflecting both the repositioning of the business and prevailing market conditions.

The loan book was flat over the year, as a modest reduction in the first half was offset by growth in the second. On an underlying basis, the loan book increased 2% year on year, and 4% in the second half. All divisions grew in the fourth quarter.

The net interest margin was 6.9% (2025: 7.2%), in line with guidance, and credit performance remained resilient, with a bad debt ratio of 1.0% (2025: 1.0%), in line with prior year and guidance of below the long-term average of 1.2%.

Adjusted operating expenses of £430.9 million (2025: £445.1 million) were better than guidance, primarily driven by the acceleration of cost initiatives into the current year.

On a statutory basis, we reported a pre-tax loss of £60.3 million (2025: pre-tax loss of £122.4 million) reflecting a number of adjusting items, notably the increase in our motor finance provision to c.£320 million (31 July 2025: £165.0 million), as well as restructuring costs and other adjusting items outlined in further detail on page 50.

Our CET1 capital ratio remains strong at 14.1% (2025: 13.8%), comfortably ahead of both our medium-term target range of 12-13% and the applicable regulatory minimum.

We have maintained a strong funding position with a 12-month average liquidity coverage ratio ("LCR") of 1,113% (2025: 1,012%) as we continue to optimise the balance sheet, supported by a number of debt transactions in the second half of the financial year.

During the year, we increased our provision in respect of motor finance commissions by £164.7 million, and it now stands at c.£320 million. While we recognise the ongoing uncertainty posed by the legal challenges to the FCA's redress scheme, we continue to prepare for the delivery of

redress under the scheme as well as preparing for the possibility of alternative scenarios that could arise from the legal challenges. As we await clarity on the outcome, our focus remains on the execution of our strategy.

Delivering on our strategic priorities

In FY 2026 we have continued to deliver on our strategic priorities to simplify, optimise and grow the business, reinforcing our confidence in achieving our target of double-digit returns by the 2028 financial year, rising thereafter.

We substantially concluded our simplification agenda with the sales of Winterflood Securities and Brewery Rentals both completing in the first half of the financial year. We are progressing with the run-off of the Vehicle Hire business, and the repositioning of our Premium Finance business towards commercial lines will be substantially complete in FY 2027.

At the start of the financial year, we initiated our transformation programme, which has now gained real momentum. In the first year we have delivered c.£36 million of annualised cost savings, substantially ahead of the c.£25 million target, and now expect to exceed £60 million of annualised cost savings by the end of the 2027 financial year primarily through streamlining of businesses and functions, increased use of outsourcing and offshoring, and reduction in our property footprint and third-party spend. In addition, we are now well into planning for the next stage of restructuring activity, with a focus on developing shared enterprise-wide services.

We are also continuing to develop our capabilities in AI and automation, where we see significant potential to improve efficiency, as well as develop proposition enhancements, growth enablers and solutions to improve the customer journey. To date, our AI and automation focus has been on developing and implementing practical solutions which deliver immediate benefits. Over time, we see scope for additional cost savings and loan book growth reflecting the deployment of AI, automation and digital solutions across the business.

Loan book growth has returned in the second half, and notwithstanding challenging market conditions, all our divisions delivered positive growth in the fourth quarter. Over the year, the loan book was up 2% on an underlying basis and flat overall, reflecting the planned run-off of certain Premium Finance personal lines brokers and our legacy Motor Finance business in Ireland. In addition to our core loan book performance, we are demonstrating our ability to convert targeted opportunities into scalable, high-quality growth across the divisions. This includes deals such as: Property Finance's £20 million Revolving Credit Facility with award-winning developer, gs8; innovative Asset Finance lending supporting SME growth in emerging clean-energy markets; and Premium Finance's strategic partnership with JMG, a top-30 UK insurance broker, covering approximately £500 million of gross underwritten assets.

We continue to see significant growth opportunities through a combination of overall market growth, share gains and new business initiatives. We are already seeing positive momentum in a number of our businesses: the Invoice Finance book grew 8% overall; Motor Finance grew 9% supported by strong growth in Ireland; and we have seen good momentum in a number of Asset Finance markets including Ireland. While the Property development market remains challenging, we are seeing acceleration of growth in the Build-to-Rent and across some regional territories.

As part of this, we are seeing an ongoing shift to larger transactions which typically have a lower net interest margin, but deliver high credit quality and attractive returns.

Overall, we see growth now trending towards our target of 5-10% p.a. through the cycle.

We are also continuing to optimise our balance sheet position, while maintaining prudent capital, funding and liquidity. The diversity of our funding base has helped to mitigate cost pressure in the deposit market, benefiting both from the breadth of our deposit offering and a number of debt transactions issued during the year. We have also started building contingent collateral, allowing us to further optimise the level and maturity of funding, while remaining in line with both our internal risk appetite and regulatory requirements.

Given the continued uncertainty regarding the outcome of the legal challenges to the FCA's motor finance consumer redress scheme and any potential financial impact, the group will not pay a final dividend on its ordinary shares for the 2026 financial year. We remain committed to the resumption of shareholder distributions at an appropriate time and will reassess our options as greater certainty emerges regarding motor finance commissions, taking into account the group's future capital needs and shareholder feedback.

Crucially, notwithstanding a period of unprecedented change, our most recent employee opinion survey shows that colleague engagement remains strong, supported by an active programme of internal communication and a number of new internal engagement forums.

Looking ahead

We enter the new financial year with confidence and remain focused on delivering sustainable growth and long-term value for our stakeholders. Although the external environment remains uncertain, we believe the group is well positioned to benefit from the opportunities available in our chosen markets. Demand for specialist lending and trusted banking services remains resilient, and we continue to see attractive growth prospects across our divisions.

FY 2027 will be an important year in demonstrating the benefits of the strategic changes we have made, as growth continues to build across the portfolio, and the impact of our cost actions increasingly come through. With continued investment through FY 2027 to support demand and fuel growth, we expect this to result in a modest improvement in returns.

As cost savings are more fully realised, and growth continues to accumulate, we expect FY 2028 to reflect the benefits of our strategy with greater operational leverage, enhanced efficiency and the accumulation of growth supporting double-digit returns.

As we move into the next stage of delivery of the group's strategy, we are making a number of changes to roles and responsibilities within the Executive Committee. Effective 1 October 2026, Matt Roper has been appointed to the newly created role of Chief Banking Officer with responsibility for the group's lending activities across Commercial, Retail and Property. Phil Hooper remains Chief Executive of Property, and Ian Cowie moves into the newly created role of Chief Operating Officer. I am in no doubt that these changes will help create greater focus on driving growth across our lending activities and strengthening our enterprise operating model.

It is with this confidence, we are reiterating our medium-term guidance and I remain fully committed to the targets we have set. I am confident that we are in the right businesses, have the right team, and have the early momentum to continue delivering on our strategy and to achieve our target of double-digit returns by 2028, rising thereafter.

Mike Morgan
Chief Executive

Our business model

What we do

Close Brothers is a UK specialist banking group providing lending and deposit taking. We focus on delivering excellent service in specialist sectors we know and understand.

Commercial

Commercial offers specialist and predominantly secured lending principally to the SME market.

Find out more on page 16

Retail

Retail provides intermediated finance through motor dealers, motor finance brokers and insurance brokers, and saving products for individuals and corporates.

Find out more on page 18

Property

Property offers residential development finance to established UK property developers, funding for commercial properties, and bridging and refurbishment loans.

Find out more on page 20

Enabled by the distinctive strengths of our model



Deep expertise



Consistent service



Long-term relationships

How we do it

1

Disciplined pricing and underwriting

We apply our lending criteria and pricing discipline consistently at all stages of the cycle, with the net interest margin we generate reflecting the specialist expertise of our teams. Our lending is predominantly secured or structurally protected, with conservative loan-to-value ratios, small loan sizes and short maturities.

2

Prudent management of financial resources

A fundamental part of our model is having a strong capital position and taking a conservative approach to liquidity management and funding, as we focus on diversity of funding and a prudent maturity profile.

3

Customer-centric approach

We listen to our customers, putting their needs at the heart of our business. We are there for our customers across all market conditions and seek to build long-lasting relationships with them.

4

Conservative approach to risk

Our prudent and conservative appetite to risk remains unchanged throughout the cycle. We are committed to sustaining high standards of business conduct in line with regulatory, governmental and legal expectations and strive, at all times, to operate prudently within the laws and regulations that apply to us.

5

Diversified portfolio of banking businesses

We lend in a variety of sectors and locations across a diverse range of assets including transport, industrial equipment, renewable energy, wholesale finance, broker finance, used cars, light commercial vehicles and residential property.

6

Our distinctive culture

We see our distinctive culture as our most valuable asset. Our culture, combined with our long-term approach, is embodied by our values of service, expertise and relationships. These values are embedded at all levels across the organisation.

The value we create



Customers and partners

We provide tailored financing and trusted partnerships, helping customers and partners achieve their ambitions, grow sustainably, and navigate changing market conditions.



Regulators and government

We engage transparently and constructively with regulators and government, maintaining high standards of compliance, governance, and accountability across our operations.



Suppliers

We build long-term, responsible supplier relationships, promoting fairness, reliability, and shared standards to support operational resilience and mutual, sustainable value creation.



Colleagues

We support colleagues to develop their careers, build on their strengths, and contribute meaningfully to delivering long-term value for all stakeholders.



Communities and environment

We act responsibly to support local communities and manage environmental impacts, contributing positively and sustaining our social licence to operate.



Investors

We aim to deliver sustainable financial returns through disciplined strategy, strong governance, and transparent communication, maintaining confidence across market cycles.

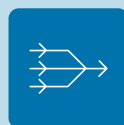
Our strategy

At Close Brothers, we strive to provide exceptional service to our customers across our banking activities. We are committed to building on our proven business model and strong customer relationships to deliver attractive returns over the long term.

We are focused on supporting our customers and delivering long-term value creation. Our strategy is centred on three clear priorities: Simplify, Optimise and Grow.

In line with these priorities, we have streamlined the portfolio of businesses, with our Simplify actions largely complete. We are focused on executing the next stage of our journey, driving efficiency and capturing growth in our chosen markets.

Decisive actions have been taken to reposition the business, implement significant cost reductions and identify future growth markets to deliver the strategy and rebuild returns.



Simplify

An in-depth review and repositioning of our portfolio of businesses has sharpened our focus on specialist banking.

Simplified group structure

- Over the last two years, we have sold Close Brothers Asset Management, Winterflood Securities and the Brewery Rentals business, and are winding down the Vehicle Hire business.
- We have simplified our federated structure to reduce the number of businesses.
- These actions have simplified our portfolio and allowed us to focus on the core lending businesses, where we can leverage our expertise and deliver growth and sustainable returns.

Realignment of existing activities with core business model

- We repositioned our Premium Finance business to focus on commercial lines.
- We have exited sub-scale products that no longer meet our strategic objectives or returns thresholds.
- These actions have created a portfolio of businesses with a strong strategic fit. We are confident in the enduring growth opportunity across our core markets, focusing on areas that offer attractive risk-adjusted returns.

3

Simplified portfolio focused on three lending divisions

Over £275m

Cash consideration from the sale of our non-core businesses



Optimise

Implementing a step-change in operating profitability.

Group-wide cost reduction actions

- We initiated a transformation programme focused on significant cost reduction and streamlining to create a more efficient organisation. In 2025, we delivered £25 million of annualised cost savings through streamlining our technology, suppliers, property and workforce.
- Over the 2026 financial year, we have delivered a further c.£36 million of annualised cost savings.
- We are now expecting to exceed £60 million of annualised cost savings by the end of the 2027 financial year, primarily through streamlining of businesses and functions, increased use of outsourcing and offshoring, and reductions in our property footprint and third-party spend.
- We are advancing our planning for the next stage of restructuring activity, with a focus on developing shared enterprise-wide services.

A leaner, more agile organisation well positioned for the future

- We continue to build on the progress from our technology transformation, initiated in 2023, which has helped create a more digitally enabled and agile IT environment that is secure, resilient and sustainable. We are further embedding AI and automation across the business to remove manual processes, increase efficiency and support a more scalable operating model.
- In parallel, we continue to evaluate opportunities to optimise capital, funding and liquidity.

Exceed
£60m

Annualised cost savings achieved by end of FY 2027

336k

Complaints cases processed by our AI tool



Grow

Using our strong market positions, reputation and specialist expertise to target growth in the segments where we can truly differentiate.

Pursuing targeted growth opportunities in our chosen markets

- Commercial continues to expand lending. Through the year, we have sought opportunities across our businesses, where we have developed strong relationships including in specialist areas such as Energy, Aviation and Marine and Wholesale Fleet.
- In Retail, we are deepening our motor dealer relationships and expanding our reach through commercial partnerships, especially in Ireland, and we have a renewed focus on growing our commercial lines business in Premium Finance through leveraging new and existing broker relationships.
- In Property, we have expanded our regional presence and are focusing on adjacent markets of Build-to-Rent and Purpose-Built Student Accommodation.

Expanding our product offering to target new areas of growth

- Commercial has repositioned its intermediated Asset Finance business.
- Through Retail, we are enhancing our product options, such as our dedicated Electric Vehicle proposition for Motor Finance, and supporting the international presence of our commercial brokers in Premium Finance, to write larger, high value and complex business through strengthened underwriting.
- Property has launched a new cash flow-led product, CA Revolve, in the bridging business, and now offers a Revolving Credit Facility to our larger customers.

5-10% p.a.

Loan book growth through the cycle target

+8%

Loan book CAGR since 2009¹

1. Excludes £130.0 million (31 July 2009: £8.6 million) of operating lease assets related to Close Brothers Vehicle Hire which is in wind-down, and £nil (31 July 2009: £4.9 million) of operating lease assets relating to Close Brewery Rentals Limited, sold on 31 August 2025.

Investment case

1

Attractive market opportunities

We operate in markets with long-term demand, offering sustainable growth opportunities.

£41.1bn
new business

4%

■ UK asset finance market

■ Our market share

Source: Finance & Leasing Association ("FLA") Industry Statistics 12 months to June 2026.

£17.7bn
advances

7%

■ UK invoice finance market

■ Our market share

Source: UK Finance data for 12 months to July 2026.

£22bn
sales

3%

■ UK used consumer car finance market

■ Our market share

Source: FLA Statistics 12 months to June 2026.

£80bn
premiums

3%

■ UK general insurance market

■ Our market share

Source: GlobalData's UK Top 25 General Insurance Competitor Analytics.

c.2,400
SME
housebuilders

25%

■ Estimated number of UK SME housebuilders

■ Proportion of UK SME housebuilder market we provide finance to

Source: Home Builders Federation January 2017.

2

Focused specialist bank

Our specialist focus, long-term customer relationships, and trusted brand allow us to differentiate and win in markets we serve.

Commercial

Lending to SMEs for over 40 years

c.60% of business sourced directly by our sales force

90% lending secured

Retail

Support 100,000+ new motor customers annually

c.1,100 UK and ROI premium brokers

c.100,000 Savings customers

Property

Lending to SMEs for 50 years

72% of loans are to repeat customers

3

A clear strategy to rebuild returns

We are progressing well on our strategy, with simplification largely complete and optimisation evident, allowing for future growth.

Our strategic priorities provide a clear path back to stronger returns.



Simplify

Exit or restructure underperforming, low-returning businesses



Optimise

Cost reduction and a step-change in profitability



Grow

Drive sustainable growth across our chosen markets

The path to improved shareholder returns

Our target

Double-digit RoTE by the 2028 financial year, rising thereafter

Capital allocation priorities

1

Absorb regulatory impacts

- Motor commissions redress, Basel 3.1

2

Grow the loan book

- Driving strong strategic growth across divisions

3

Shareholder distributions

- Resumption of shareholder distributions at an appropriate time

Maintaining a CET1 capital ratio of

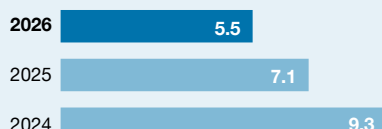
12-13%

over the medium term

Key performance indicators

Financial key performance indicators (“KPIs”)

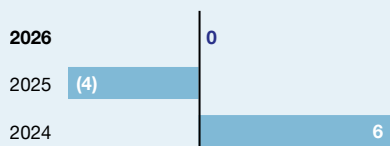
Return on average tangible equity¹ (%)



Profit after tax divided by average tangible shareholders' equity, excluding intangible assets and goodwill.

Measures how effectively tangible capital generates profits and is a key indicator of shareholder value creation.

Loan book growth (%)



Percentage increase or decrease in the value of loans outstanding over a reporting period.

Indicates business momentum, market demand and future earnings potential, provided growth is achieved with prudent risk.

Group expense/income ratio² (%)



Operating expenses divided by operating income, measuring how efficiently revenue is converted into operating profit.

Highlights cost discipline and operational efficiency; lower ratios generally indicate stronger profitability and better scalability.

Bad debt ratio² (%)



Annual impairment charges as a percentage of average loan book, measuring credit losses arising from customer defaults.

Indicates asset quality and credit risk management, helping assess sustainability of future earnings and capital strength.

Common Equity Tier 1 capital ratio (%)



Common shareholders' equity and retained earnings divided by risk weighted assets, measuring highest-quality capital available to absorb losses.

Indicates financial resilience, regulatory strength and capacity to withstand losses while supporting lending, growth and distributions.

Total funding as a percentage of loan book³ (%)



Total customer deposits and wholesale funding divided by the loan book, measuring the extent loans are funded.

Demonstrates funding adequacy and balance sheet stability, reducing refinancing risk and supporting sustainable lending growth.

Liquidity coverage ratio, 12-month average (%)



High-quality liquid assets divided by projected net cash outflows over 30 days under stress conditions.

Assesses ability to meet short-term obligations during market stress without requiring emergency funding or asset sales.

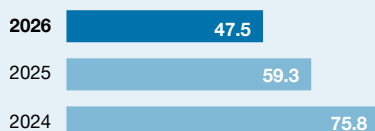
Net interest margin² (%)



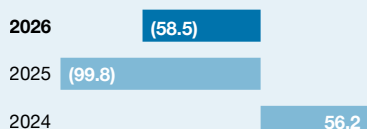
Net interest income divided by average net loans and advances to customers and operating lease assets, measuring profitability generated from lending and funding activities.

Shows effectiveness of generating earnings from balance sheet assets and liabilities, directly influencing profitability and returns.

Adjusted basic earnings per share (continuing operations)² (p)



Basic earnings per share (continuing operations)² (p)



Profit attributable to ordinary shareholders, on an adjusted, or basic (unadjusted), basis divided by the weighted average number of ordinary shares outstanding.

A measure of shareholder returns and profitability, adjusted EPS helps stakeholders assess the underlying performance of the business by excluding items that may distort year-on-year trends, while basic EPS provides the statutory result, ensuring transparency and comparability.

Dividend per share (p)

2026 0.0

2025 0.0

2024 0.0

Total dividends paid to ordinary shareholders divided by the number of ordinary shares in issue. Shows cash returned to shareholders. We remain committed to the resumption of shareholder distributions at an appropriate time and will reassess our options as greater certainty emerges regarding motor finance commissions, taking into account the group's future capital needs and shareholder feedback.

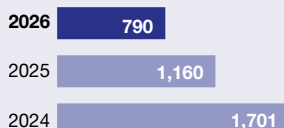
Non-financial KPIs

Employee engagement (%)



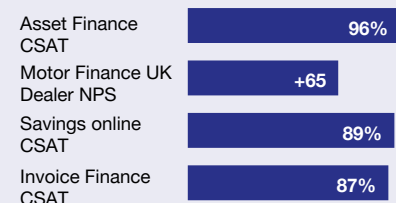
We are committed to fostering a culture that attracts and retains engaged and motivated employees.

Total Scope 1 and 2 emissions (market-based) (tonnes CO₂e)⁴



We have made significant progress on climate actions and remain committed to achieving net zero across our operations, our supply chain and the activities we finance by 2050 or sooner.

Customer sentiment scores



Customers are at the heart of our model, as we focus on delivering high levels of service and sharing our deep industry expertise to meet their needs.

See pages 214 to 216 for the full definitions of these key performance indicators.

1. Return on average tangible equity uses adjusted operating profit after tax from continuing operations, less AT1 coupons (2026: £71.3 million, 2025: £88.7 million, 2024: £113.5 million). Average tangible equity excludes discontinued operations. Average tangible equity is calculated based on closing equity per the balance sheet (2026: £1,651.6 million, 2025: £1,735.5 million, 2024: £1,842.5 million), less AT1 (2026, 2025 and 2024: £197.6 million), less intangibles (2026: £155.0 million, 2025: £166.3 million, 2024: £266.0 million), less Close Brothers Asset Management ("CBAM") and Winterflood Securities ("Winterflood") tangible equity (2026: £nil, 2025: £90.6 million, 2024: £155.9 million).
2. Group expense/income ratio, bad debt ratio, net interest margin, adjusted basic earnings per share and basic earnings per share calculations re-presented to exclude Close Brewery Rentals Limited, which was sold in the year, and the Close Brothers Vehicle Hire business, which is in wind-down.
3. Total funding as a percentage of loan book includes £131.1 million (31 July 2025: £207.3 million, 31 July 2024: £267.9 million) of operating lease assets in the loan book figure.
4. The total Scope 1 and 2 emissions for 2024 and 2025 have been restated to exclude CBAM, Winterflood and Close Brewery Rentals Limited.

Commercial

Specialist SME and corporate lending



Supporting over 28,000 SMEs through a blended origination model comprising a direct sales force with asset and sector expertise and a range of intermediary partners.

"Our growth comes from supporting ambitious businesses with practical funding solutions and responsive, relationship-based service."

Matt Roper
Chief Executive Officer Commercial

We have two businesses operating across the UK and Ireland with strong market positions that together deliver resilient, secured SME lending with strong recurring revenue and clear growth capacity.

Asset Finance

- Specialist financing for SMEs and individuals including hire purchase, lease, refinancing and loans.
- Distribution: direct (67%) and intermediated (33%).
- Market share: 4.2% (Source: FLA).

Invoice Finance

- Working capital solutions through invoice discounting, debt factoring and asset-based lending ("ABL").
- Distribution: direct (37%) and intermediated (63%).
- Market share: 6.3% (Source: UK Finance).

Commercial adjusted operating profit¹ (£m)



Commercial loan book split at 31 July 2026²

£4.9bn

Asset Finance £3.6bn/75%
Invoice Finance £1.2bn/25%



NIM	Bad debt	Expense/income ratio ³
6.4%	0.6%	62%

How we win

- 1** Excellent service makes us the lender of choice in our chosen markets
- 2** We pride ourselves on supporting businesses through the credit cycle
- 3** Deep expertise in both Asset Finance and Invoice Finance is unique
- 4** Our dual channel strategy (direct and intermediated) is a key differentiator

1. Excludes Close Brewery Rentals Limited, which was sold in the year, and the Close Brothers Vehicle Hire business, which is being wound down.
2. Numbers may not cast due to rounding.
3. All financial metrics for the 2026 financial year.

Our operating environment



External environment

What we are seeing

Regulatory environment

- Basel 3.1, to be implemented in January 2027, will result in an increase in risk weighted assets ("RWAs"); however, the impact on capital headroom will be limited due to the Pillar 2a SME Lending Adjustment.

Competitive landscape

- Some larger high street banks are retreating from specialist SME lending to focus on larger-scale corporates.
- Smaller specialist lenders are partnering with larger high street banks, combining their local origination capabilities with access to funding.
- Continued activity in the Irish M&A market.

Economic environment

- Consumer affordability has been challenged, testing resilience of SMEs.
- Subdued UK macroeconomic environment and global geopolitical uncertainty have impacted SME demand and market growth.
- According to Close Brothers' Business Sentiment Index, SME confidence has remained largely unchanged since mid-2023, reflecting business owners' continued cautious approach to investment as they wait for improvements in the macro economy.
- Growth in both asset and invoice finance markets shows continued demand.

How we are responding

Regulatory environment

- Maintain open and cooperative relationship with regulators, including the FCA and PRA.
- Continually monitor the landscape to stay abreast of regulatory change.

Competitive landscape

- Continue to see growth opportunities to strengthen current proposition, with option to extend capabilities into new areas that fit our model, either through partnerships or bringing in specialist teams to complement our expertise.
- Remain committed to our model of maintaining margin and underwriting discipline.

Economic environment

- Continue to monitor the potential impact of ongoing uncertainty, prudently assessing affordability across lending proposals and offering additional support to customers where needed.
- Subdued economic activity may impact business confidence; however, bad debt levels have remained resilient, showing the strength of the business model.
- Strong signs of growth in SME asset finance market prior to the conflict in the Middle East. We continue to focus on the SME market, where we have specialist expertise, and where growth has exceeded the wider asset finance market.



Customer behaviour

What we are seeing

- Customer service, responsiveness, clarity of communication, value for money, as well as ease of doing business are key customer requirements.
- SME focus on green energy has slowed over last 12 months.

How we are responding

- Our direct sales force comprises more than 100 colleagues across the UK and Ireland, who are sector experts and provide specialist service to customers.
- We have simplified and relaunched our broker proposition, which has reduced the burden on the customer and helped streamline the lending process.
- We help SMEs adapt and respond to their changing requirements, providing specialist lending over the long term.



Technology and digital

What we are seeing

- Digital channels, new technology and AI are expected to provide a differentiated offering, an enhanced customer experience and focus on improving speed of service for lenders and customers.

How we are responding

- Through our transformation programme, we are improving our customer and intermediary service by embedding automation capability and AI; for example:
 - AI credit proposal generation: improves cycle time from two days to two hours, reduces rework and enables more tailored customer solutions.
 - Automated credit decisioning: enables faster responses from hours to minutes, increases throughput and reduces friction.

Retail

Three specialist retail-focused businesses



Intermediated finance provided through motor dealers, motor finance brokers and insurance brokers across the UK and Ireland, and savings products for individuals and corporates.

"Our continued growth reflects the strength of our partnerships, customer focus and ability to scale responsibly in evolving markets."

Ian Cowie
Chief Executive Officer Retail

Our three specialist businesses deliver through diversified intermediary partnerships, generating strong margins and supporting the group's stable retail deposit base.

Motor Finance

- Point-of-sale finance for predominantly used cars.
- Distributed via dealers, brokers and commercial partners.
- Helping customers finance vehicle purchases.

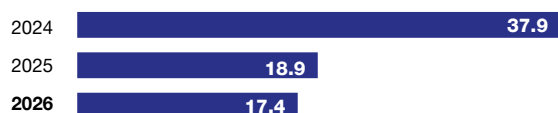
Premium Finance

- Instalment payments for insurance policies.
- Delivered through broker partnerships.
- Makes insurance payments more manageable.

Savings

- Retail and business deposits.
- Sourced through digital channels, aggregators and relationship managers.
- Support customers' long-term financial goals.

Retail adjusted operating profit (£m)



Retail loan book at 31 July 2026¹

£2.8bn

Motor Finance £2.2bn/77%
Premium Finance £0.7bn/23%



NIM	Bad debt	Expense/ income ratio	Customer deposits	2
7.9%	1.0%	79%	£7.9bn	

How we win

- 1 Partnership approach to helping our dealers and brokers grow
- 2 Established brand and strong market following
- 3 Consistency and dependability for lending through the cycle
- 4 Expertise and reliability of response
- 5 Adding value through human engagement

1. Numbers may not cast due to rounding.

2. All financial metrics for the 2026 financial year and customer deposits at 31 July 2026.

Our operating environment



External environment

What we are seeing

Regulatory environment

- Ongoing legal challenges to the FCA's motor finance consumer redress scheme.
- The FCA's final market study report on premium finance published, concluding no market-level intervention required and motor finance concerns not able to be mapped directly to this market.
- Consumer Duty continues to shape savings pricing, product governance and customer treatment.

Competitive landscape

- Motor Finance: geopolitical and regulatory pressures, together with aggressive competitor pricing, have disrupted the UK market, although demand remains resilient.
- Premium Finance: market remains competitive amongst third-party lenders, direct insurers and self-funded brokers.
- Savings: competition remained strong for retail deposits as interest rates fell.

Economic environment

- Used car market activity has stabilised and is poised to grow, though affordability remains under pressure.
- Electric vehicles now represent an increasing proportion of all markets.
- Demand for premium finance remains robust within the UK general insurance market of c.£80 billion.
- Insurance premiums have softened, reflecting increased market competition and a stable reinsurance market.

How we are responding

Regulatory environment

- Maintain open and cooperative relationship with regulators, including the FCA and PRA.
- Continued preparations to support operational readiness for expected ISA reforms from April 2027.
- Enhanced oversight of customer communications, support for customers in vulnerable circumstances and Inclusive Design Framework introduced in Savings.

Competitive landscape

- Selectively growing where competitor capacity and activity has reduced.
- Continued strong growth in the Irish motor business, while reviewing additional growth opportunities.
- Maintained product availability across key Savings markets, supported by agile pricing to reflect market conditions, customer demand and funding needs.

Economic environment

- Maintaining a prudent approach to affordability.
- Adapting product offering in line with increased demand, including strengthening dealer funding support and broker facilities.
- Accelerating growth in Ireland through expansion into large manufacturer dealer networks.
- Worked closely with the regulator as part of the planned withdrawal from selected personal lines relationships in Premium Finance.



Customer behaviour

What we are seeing

- Customers are increasing digital engagement and expect straightforward digital services, while retaining access to telephone support where needed.
- A growing proportion of UK customers starting their car-buying journeys online and c.66% using online tools and AI in the vehicle purchase journey.
- Customer affordability remains a key consideration, influencing product selection and loan structures.

How we are responding

- Actively positioning distribution where customers are choosing to finance, continued expansion and optimisation of our dealer and broker network, and seamless integration into customer journeys.
- Adapting product structures and enhancing customer life cycle propositions to meet evolving customer needs.
- Continuing to enhance our digital and telephone service in Savings, evidenced through improved customer satisfaction scores and call answer times.



Technology and digital

What we are seeing

- Digital channels, new technology and AI are expected to provide a differentiated offering, an improved customer experience and focus on improving speed of service for lenders.

How we are responding

- Significant investment in modernising origination and collections and recoveries platforms to improve speed of decisioning, underwriting consistency and operational efficiency.
- Extending digital capabilities to support customer self-service and reduce cost-to-serve.
- Simplified website navigation and improved accessibility of customer journeys via Savings platform.
- Using data and feedback to identify online friction points and prioritise improvements in Savings.

Property

Specialist development and bridging finance



Providing personalised, flexible finance to property developers and investors.

"Specialist expertise and trusted long-term relationships have enabled us to continue growing successfully. We have diversified our offering and make the process as simple as possible for our customers. We do what we say, and we deliver on time."

Phil Hooper
Chief Executive Officer Property

We combine medium-term property development finance across all living sectors, commercial development and residential investment finance, in addition to short-term specialist lending across the UK.

Property Finance

- Secured residential development finance across living subsectors for experienced developers and operators.
- Market leader in UK residential development finance over many years.
- Customer base over 500 developers, providing lending solutions from £1m-£70m.

Commercial Acceptances

- Short to medium-term secured lending including refurbishment and bridging loans.
- Flexible structures to support transitional property assets.
- 400 customers with loans from £50k-£10m.
- Coverage focused on London and the South East.

Property adjusted operating profit (£m)



Property loan book at 31 July 2026

£1.8bn

Property Finance **£1.5bn/85%** Commercial Acceptances **£0.3bn/15%**



NIM	Bad debt	Expense/ income ratio	1
6.5%	2.0%	28%	

How we win

- 1 Fast, responsive credit decisions and operations**
- 2 Reputation for consistent support through the economic cycles**
- 3 Sector expertise in property asset classes and first-class customer service**
- 4 Being a long-term partner who our customers can trust**

Our operating environment



External environment

What we are seeing

Regulatory environment

- Government initiatives to increase housing delivery through planning reform.
- Evolving energy requirements.

Competitive landscape

- Larger high street banks remain active but typically focused on lower-risk "vanilla" schemes with limited flexibility and slower processes.
- Challenger banks, non-bank and private credit lenders remain active but are increasingly selective.
- This is creating a funding gap for SME housebuilders and further paving the way for experienced, relationship-led lenders.

Economic environment

- Higher interest rates continue to weigh on housing activity, customer confidence and sale prices, with SME developers operating in more challenging conditions.
- Structural undersupply of UK housing persists, with annual completions remaining below government targets of c.300k homes per annum as the cost of building new homes continues to rise (up £76k per home since 2020).
- Demand for living sectors, including PBSA and BTR, remains supported by structural demographic trends and strong institutional investor demand.

How we are responding

Regulatory environment

- Acting as a voice for SME lenders through our "State of Play" report and the All-Party Parliamentary Group ("APPG") for SME Housebuilders, including sharing the sector's views on planning reform.
- Monitoring developments in energy efficiency requirements.

Competitive landscape

- Continuing to support SME housebuilders, particularly where mainstream capacity has reduced.
- Leveraging our experience to provide certainty of execution in a more selective market.
- Maintaining disciplined underwriting and pricing.

Economic environment

- Continuing to support established SME housebuilders through a more challenging market environment.
- Leveraging the opportunity in new growth sectors.
- Accelerating regional penetration and presence.
- Innovative product development, such as our new offerings: Revolving Credit Facility and CA Revolve.
- Engaging with government initiatives to support SME housebuilding and housing delivery, for example through delivering the ENABLE build programme with the British Business Bank and actively supporting the APPG for SME Housebuilders.



Customer behaviour

What we are seeing

- Developers are taking a more cautious and selective approach to new project origination, with increased focus on scheme viability and delivery risk.
- Developers are prioritising schemes with stronger visibility on costs, funding and exit strategies in an uncertain demand environment.

How we are responding

- Maintaining our approach of supporting clients through the cycle, combining strong underwriting discipline with a focus on structuring and executing viable transactions.



Technology and digital

What we are seeing

- Improvements in process efficiency to improve speed of service to customers.

How we are responding

- Continuing to enhance internal processes and systems to improve speed, consistency and execution for customers, while maintaining a relationship-led approach that supports customers through complex and evolving market conditions.



Leading expertise across specialist finance

Preformed Windings is a highly specialised UK firm operating in advanced manufacturing, producing high-voltage bars and coils used in critical generators and motors.

As demand grew, the business needed to bring its production, testing and development capability together in a larger facility, while maintaining the working capital required to keep operations moving.

Working collaboratively across our Invoice Finance and Asset Finance teams, Close Brothers delivered a funding package tailored to Preformed Windings. Invoice Finance, supported by the Growth Guarantee Scheme, provided additional cash flow funding, while Asset Finance refinanced existing specialist machinery through a sale and hire purchase back arrangement.

This demonstrates the strength of our expertise-led approach. Drawing on specialist knowledge from across our businesses, the teams were able to structure a complete funding solution that supported both immediate investment and long-term growth.

“Close Brothers understood the commercial opportunity and operational complexity, structuring their support accordingly.”

James Stevens
Chief Executive Officer,
Preformed Windings



Stakeholder engagement

Delivering for our stakeholders

At Close Brothers, we have a long-term track record of creating value and delivering positive outcomes for all of our stakeholders.

We work hard to understand and meet the needs of our different stakeholder groups, engaging with them and adapting our service and offering to create value for them. We undertake a comprehensive programme of stakeholder engagement and consider the feedback provided, embedding this in the decision-making process throughout the group.

Section 172 Statement and Statement of Engagement with Employees and Other Stakeholders

Section 172(1) of the Companies Act 2006 requires the directors of a company to act in a 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 (amongst other factors) to various other considerations and stakeholder interests:

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

The Board is responsible for establishing and overseeing the company's values, strategy and purpose, all of which centre around the interests of key stakeholders and other factors set out in section 172(1).

The Directors are conscious that their decisions and actions have an impact on stakeholders, including employees, customers, suppliers, communities and investors, and they have had regard to stakeholder considerations and other factors in section 172(1) during the year.

Regular engagement with stakeholders, both directly and indirectly via management, has continued to be an important focus for the Board and has ensured that the Directors are aware of and have effective regard to the matters set out in section 172(1). Throughout the year, the Board received and discussed stakeholder insight and feedback and it ensured that stakeholder considerations were taken into account in the Board's deliberations and decision-making.

Whilst the Board acknowledges that, sometimes, it may have to take decisions that affect one or more stakeholder groups differently, it seeks to treat impacted groups fairly and with regard to its duty to act in a way that it considers will be most likely to promote the success of the company for the benefit of its members as a whole, having regard to the balance of factors set out in section 172(1).

Considerations relating to the factors in section 172(1) are an important part of governance processes and decision-making at both Board and executive level, and more widely throughout the group. For example, the schedule of matters reserved to the Board and the terms of reference for each of the Board's committees emphasise the importance of decision-making with regard to relevant factors under section 172(1) and broader stakeholder considerations.

Necessarily in a large and regulated group, some decisions are taken by management or the directors of subsidiary companies. These decisions are taken within parameters set by the Board and there is a robust framework that ensures ongoing oversight, monitoring and challenge by the Board and its committees (including certain decisions and activities that are always reserved to the Board or its committees). The Board has regard to relevant factors set out in section 172(1) in its activities in these areas, including considerations relating to the potential impact of delegated decisions on the long-term success of the group as a whole, the group's reputation for high standards of business conduct and the consequences of local decisions on the group's stakeholders.

Detail on the Board's engagement with, and consideration of, the company's stakeholders can be found on pages 119 to 121 of the Corporate Governance Report.



Customers and partners

Customers and partners are central to our purpose. We aim to help them access financial solutions that meet their needs, supported by specialist expertise, responsive service and trusted relationships.

Key priorities of our customers and partners

- They value consistent service, products that deliver value, strong personal relationships, fair conduct and support that adapts to changing economic, technological and regulatory conditions.
- Our approach is to be flexible, clear and responsive, making decisions informed by expertise and executing with pace. We want customers, partners and colleagues to feel valued and confident, and to find it easy to do business with us.
- Listening, learning and acting is central to this. We gather feedback, monitor sentiment and use long-running customer forums to bring the voice of the customer into decision-making. Feedback from forums, customer metrics and operational insight helps us improve processes, collaborate across teams and enhance the customer experience.

Our engagement during the year

- During the year, we delivered customer-focused training to support continuous improvement, streamline processes and enhance the customer experience.
- We also strengthened digital capabilities, making it easier for customers and partners to access our products and services and improving responsiveness across several businesses.
- The feedback process has led to practical improvements, including extending our “language line” to support Motor Finance customers where English is not their first language, building on functionality already available in Premium Finance. We have also improved support for vulnerable customers through automated processes, colleague training and, in Savings, a dedicated Extra Support Group and forum.
- Looking ahead, we will continue to capture, consolidate and act on customer and partner sentiment across end-to-end journeys, helping us deliver a differentiated experience and earn customer loyalty.



Regulators and government

We are committed to sustaining high standards of business conduct in line with regulatory, governmental and legal expectations and operating prudently within the laws and regulations that apply to us.

We foster an open, transparent and cooperative relationship with regulators, government authorities and trade associations in the jurisdictions in which we operate. Active engagement helps to ensure we are aware of and adapting to the evolving regulatory framework.

Key priorities of our regulators and government

- Achieving good customer outcomes.
- Operational and financial resilience.
- Strategic risk management.
- Data security.
- Financial crime prevention.
- Corporate social responsibility.
- Digitisation, use of artificial intelligence and enhanced data analytics.
- Supporting growth and innovation.

Our engagement during the year

- We have engaged constructively with our regulators during this period, engaging in key areas of regulatory interest including the Premium Finance Market Study as well as the FCA’s review of historical motor finance commission arrangements and proposed redress scheme.
- We have also engaged with the government, the FOS, and our regulators in respect of the proposals to modernise the UK redress system.
- We continued to enhance our approach and ensure this aligns with regulatory expectations. We actively monitored the FCA’s formal and informal guidance on Consumer Duty as well as the results of the annual Financial Lives survey and the Consumer Protection Code within our Irish business.
- We continued to engage actively with the PRA on our IRB application and Basel 3.1 implementation.
- We undertook reporting and analysis as requested, and held regular meetings with our regulators, enabling them to better understand our business activities, strategic plans and how we are operating in a controlled and prudent manner.



Suppliers

Our business continues to be supported by a diverse and reliable network of suppliers, which plays an important role in enabling us to deliver consistently high standards of service to our customers and partners. We are committed to maintaining transparent, sustainable and mutually beneficial supplier relationships, underpinned by fair commercial practices, clear expectations and effective oversight.

Our approach to supplier engagement is based on openness, accountability and collaboration. We work with suppliers to support delivery against our business objectives, while identifying opportunities to improve service, strengthen controls and achieve better long-term outcomes for Close Brothers and its stakeholders.

Key priorities for our suppliers

- Building strong, sustainable relationships.
- Fair, ethical and equitable business conduct.
- Supporting clear, timely and efficient processes.
- Understanding and aligning with the group's purpose, strategy and priorities.
- Maintaining robust and proactive risk management.
- Delivering good service outcomes and operational resilience.
- Achieving appropriate commercial value.

Our engagement during the year

- We continued to engage with suppliers through established relationship management, oversight and governance processes, including regular engagement with key strategic suppliers to review service performance, discuss emerging risks, monitor delivery against expectations and identify opportunities for improvement.
- We also continued to develop our approach to supplier oversight, with a focus on ensuring that supplier relationships remain aligned to business needs, regulatory expectations and our risk management framework. This supports greater transparency across our supplier population and helps ensure that appropriate attention is given to suppliers that are material to our operations, customers or resilience.
- In July, we held our annual technology strategic partner event, with 35 suppliers in attendance. This proved a great opportunity to share our strategic challenges, hear about innovative ideas developed by our partners, and encourage valuable intra-supplier discussions.
- We remain committed to building strong, collaborative supplier relationships that support mutual success, effective risk management and the continued delivery of good outcomes for our customers, clients, partners and the wider business.



Colleagues

With approximately 2,400 FTE around the UK, Ireland, the Channel Islands and Germany, we have a diverse and motivated workforce which delivers the highest levels of service to our customers and partners. We are committed to the development of our colleagues, ensuring they are supported and engaged.

Listening to our colleagues enables us to build an engaged workforce, allowing us to develop and retain high levels of expertise. We are able to ensure we are considering the views of all colleagues and making sure everyone feels included.

Key priorities of our colleagues

- A safe working environment.
- A fair and inclusive culture where employee feedback is valued.
- Being appropriately rewarded for their contributions.
- Opportunities for training and development.

Our engagement during the year

- We created our Employee Engagement Forum where members serve as catalysts for change, acting as a trusted channel for feedback, supporting colleague outreach and contributing to our organisational change efforts both across the group and within local business areas. The forum plays an important role in building support for change initiatives, being a vital link between the Executive Committee, senior leadership and the wider organisation. Further detail on the Employee Engagement Forum and how employee engagement has been considered through the transformation programme can be found on page 121.
- We conducted our latest employee opinion survey, which closed in May 2026, to gather feedback from our colleagues, anonymously. The results of this survey gave us insight into key topics including our customers and clients, leadership, culture, a sense of belonging, and colleague wellbeing. Managers were assigned access to the survey results for their teams to understand more around colleague sentiment and determine localised action plans. This ensures we are focusing on the areas that matter most to our colleagues, as well as ensuring we are meeting the needs of other stakeholders.
- We held regular town halls, providing employees with updates from across the business and the opportunity to ask questions directly to senior management.
- We continued to engage with colleagues at the point of joining, when returning from parental leave and celebrating work anniversaries, through completing surveys to share their personal experiences of working at Close Brothers.
- We have eight employee-led inclusion networks which act as a voice for our colleagues.



Communities and environment

Close Brothers is committed to contributing long-term value and making a positive impact on the communities in which we operate and the environment more broadly. This underpins the growing range of programmes and initiatives we support that benefit society and the environment.

Engaging with local communities helps the Board and our employees develop their understanding of our customers and partners so that we can support them and help them to achieve their ambitions, whilst also building employee engagement. We firmly believe that environmental considerations should form an integral part of our business decisions, and employees across the group are actively engaged on responsible behaviours and environmental issues.

Key priorities of our communities and the environment

- A suitable strategy for approaching sustainability issues.
- Support for community initiatives.
- Take active steps to ensure equity of opportunity, regardless of background or experience.
- A long-term focus on addressing the impacts of climate change.

Our engagement during the year

- Colleagues completed numerous volunteering activities to positively impact local communities, including volunteering at food banks, soup kitchens and local hospices and supporting youth groups such as Guides, Scouts and children's sports teams.
- Several colleagues, including members of our Group Executive Committee, continue to fulfil trustee roles for various charities to support local communities.
- Supported social mobility and disability awareness programmes, hosting 14 interns across the group in partnership with upReach and Variety, the Children's Charity.



Investors

Close Brothers has a proven and resilient business model and is focused on generating long-term, sustainable value for its investors, while also maintaining a strong balance sheet.

Our investors are the providers of capital to our business, so it is important that we engage actively with them and listen and respond to their feedback through an established and comprehensive programme throughout the year.

Key priorities of our investors

- Strong returns and financial resilience through the cycle.
- Managing the impact on the group following the FCA's review of historical motor finance commission arrangements and any subsequent consumer redress scheme.
- Capital generation and distributions.
- Sustainable business model.
- Appropriate governance practices and regard for environmental and social responsibility.

Our engagement during the year

- Continued our comprehensive programme of communication, providing regular market updates and, in total, hosting over 200 meetings in the year with current and prospective equity and debt investors.
- Held analyst presentations for the Half Year 2026 and 2025 Preliminary results and attended multiple sales desk briefings and conferences, enabling market participants to further understand the performance.
- In March, alongside our Half Year results, we also hosted a deep dive business update, outlining the business and market opportunity for each of our businesses and providing further detail on the group's strategy and investment case.
- Undertook investor roadshows covering the UK, Europe and North America, meeting more than 70 existing and prospective equity and debt holders.
- Held our annual corporate governance roadshow, with our Chairman meeting with 12 of our largest shareholders.
- Welcomed retail investors at our AGM, where they had the opportunity to engage with Board members.
- Regularly engaged with all of our sell-side analyst followers, as well as our credit rating agencies.

Consistent service supporting lasting ambition

Close Brothers Motor Finance has supported Car Brothers Northern Ireland since the business was established in 2020, initially supplying funding to help build its stock while preserving capital to invest in infrastructure.

As the company has grown, Close Brothers has remained a consistent partner. Through a dedicated account manager who provides practical guidance and responsive support, the dealership has access to a familiar team that understands its business and ambitions. This continuity is increasingly valuable as changing regulation, customer expectations and the transition to electric vehicles reshape the motor industry.

The relationship demonstrates that consistent service does not mean standing still. By combining dependable personal contact with products, tools and expertise that evolve with the market, we can continue to support the dealership through its next stage of development.

“We want to have a successful dealership and have no doubt that Close Brothers are going to be beside us, supporting us all the way.”

Colin McNab
Director, Car Brothers
Northern Ireland



Sustainability report

In our Sustainability Report, we set out how we are embedding our responsibility across the group, grounded in our distinctive model: deep expertise, strong customer relationships, disciplined risk management and a focus on delivering long-term value for all our stakeholders.

Our approach is both business-led and customer-led, recognising that customers are progressing through their sustainability journeys at different paces, not only across sectors but also within them. Rather than applying a single group-level pathway or interim targets that would not reflect this diversity, we focus on supporting customers in practical, commercially viable ways that align with their individual transition needs towards more sustainable practices.

We remain committed to our ambition of achieving net zero across our operations, supply chain and the activities we finance by 2050 or sooner, structured around three areas of focus:

1. Achieving net zero operational emissions

We remain focused on reducing our own environmental impact across the areas we can directly control. Through 2026, we have further reduced our Scope 1 and 2 emissions against our 2019 baseline by 82%, while continuing to work with our supply chain to strengthen the measurement and management of relevant Scope 3 operational emissions.

2. Monitoring and managing financed emissions

By providing finance, expertise and tailored support, we aim to help customers decarbonise in ways that are achievable, proportionate and consistent with their business priorities. To track our progress effectively, we continue to develop our understanding of the emissions linked to the assets and businesses we finance, giving us a clearer basis for managing climate-related impacts and delivering against our climate ambitions.

3. Financing the transition

Sustainability-related financing is complementary to our existing portfolio and relationship-led model. By helping customers invest in assets, properties and technologies that improve efficiency, reduce reliance on fossil fuels or respond to changing end-market demand, we can deepen customer relationships, support attractive risk-adjusted returns and position the group to adapt quickly and capture future growth opportunities. We are building deeper capability in areas where sustainability, efficiency and commercial performance increasingly intersect.

Our divisions understand customers' day-to-day financing requirements, the constraints they face and the opportunities that arise as technology, regulation and customer demand evolve. This enables us to support sustainability-related investment alongside normal business-as-usual financing needs, rather than treating it as a separate or standalone activity.

Our sustainability objectives

Supporting our customers and partners in the transition towards more sustainable practices.

Promoting an inclusive culture in everything we do.

Reducing our impact on the environment and responding to the threats and opportunities of climate change.

Promoting financial inclusion, helping borrowers that might be overlooked by larger finance providers and enabling savers to access financial markets.

This approach is already embedded across the group. In Commercial, we continue to support long-term UK infrastructure, including financing a 40MW solar project in Shropshire for Rock Farm. In Motor Finance, we continue to support EV adoption through our partners, capturing customer demand. In Property, sustainability is increasingly embedded within lending and customer relationships, including supporting customers developing eco-homes, Passivhaus schemes and Modern Methods of Construction. These examples demonstrate how we can help customers access lower-carbon, more efficient options while continuing to apply the same disciplined approach to underwriting, pricing and returns.

Our progress has also been recognised by the Financial Times Europe's Climate Leaders ranking, where we placed 34th in Europe among financial services, near the top of our peer group, for our progress in reducing greenhouse gas emissions and disclosing climate-related financial metrics.

Our wider sustainability agenda is underpinned by our culture and focus on customers, colleagues and the communities. Financial inclusion remains a key part of how we create long-term value, supporting SMEs, borrowers and savers across the UK with access to specialist finance and savings products. Our relationship-based model enables us to help customers who may be under-served by larger financial institutions, supporting economic activity, job creation and prosperity in communities across the UK. In providing access to finance and savings products throughout economic cycles, we play an important role in supporting the real economy and the effective functioning of the UK financial system.

A strong, aligned culture is essential to delivering this agenda. When our colleagues understand our priorities and work together in an inclusive environment, we can bring the full strength of the group to bear for our customers.

By maintaining a clear connection between sustainability, culture, customer outcomes and long-term value creation, we continue to support stakeholders and build a stronger, more resilient business.

What sustainability means at Close Brothers

At Close Brothers, we are here to help people and businesses thrive. This means supporting our colleagues and customers, as well as the communities and environment in which we operate.

"Our responsibility is to help address the social, economic and environmental challenges facing our business, employees and customers. By understanding our customers' individual needs and providing disciplined, specialist finance, we can help them invest in more efficient, sustainable solutions in a way that supports their ambitions and strengthens our business."

Mike Morgan, Chief Executive

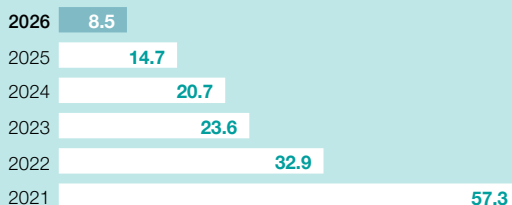
Our car fleet

E

Our car fleet is now

72%

battery electric with average stated emissions now down to 8.5 gCO₂/km (2025: 14.7 gCO₂/km).



Our green lending

E

£1 billion+

has been financed by our energy team across multiple energy projects over the last 12 years.

£226 million

lending for zero emissions battery electric vehicles achieved in this financial year (2025: £154 million).

Our charitable giving

S

£75,000

donated to charities aligned with our ESG goals (2025: £100,000).

Our inclusivity

S

92%

of our colleagues feel included (2025: 91%).

Our communities

S

1,288

reading sessions have been delivered by 74 colleagues since the start of our partnership with Bookmark Reading Charity in 2020.

Our emissions

E

82%

Scope 1 and 2 emissions (market-based) reduction since 2019 (2025: 53%).

32%

Scope 1 and 2 emissions (market-based) reduction in 2026.

Our social mobility

S

14 students

completed our six-week internship programme in partnership with upReach and Variety, the Children's Charity.

Our culture

S

90%

of employees believe they are treated with respect (2025: 90%).

Task Force on Climate-related Financial Disclosures Report

We are pleased to present our fifth Task Force on Climate-related Financial Disclosures ("TCFD") report. Our disclosures comply with FCA UK Listing Rule (UKLR) 6.6.6R(8) and are consistent with the TCFD's 2017 Recommendations. Where practicable, we have also incorporated the 2021 Annex to the Implementing Guidance.

Climate progress

During the financial year, Close Brothers delivered against its climate strategy through our three pillars: achieving net zero operations, monitoring and managing financed emissions, and financing the transition. The group reduced operational emissions, strengthened the quality and coverage of financed emissions reporting, and delivered measurable progress in transition-related financing. This progress reflects Close Brothers' business-led approach to climate management, balancing climate-related risks and opportunities while maintaining a resilient business model. Highlights include:

Climate risk and resilience

- We completed a comprehensive review of climate risk management against the Prudential Regulation Authority's ("PRA") Supervisory Statement SS5/25 expectations, including climate scenario analysis.
- This assessment supported the group's view that its business model remains resilient to climate-related risks across all time horizons, driven primarily by its short average lending tenor and predominantly UK-based customer and asset base.
- We improved our climate risk monitoring through expanded physical risk indicators and continued to embed climate factors further within governance and risk management processes.

Operational emissions

- Scope 1 and 2 market-based emissions from continuing operations reduced by 32%, from 1,160 tCO₂e in 2025 to 790 tCO₂e in 2026.
- Total emissions have decreased by 82% compared with the 2019 baseline (noting the baseline has not been restated to account for business disposals and therefore the reduction reflects changes in the group's structure rather than emissions reductions alone).
- Progress was supported by estate optimisation, fleet electrification, renewable electricity procurement and targeted energy-efficiency initiatives across the property portfolio, including occupancy-based building controls and heating system optimisation.

Financed emissions

- Financed emissions reporting was enhanced through more granular PCAF-aligned methodologies, improved data quality, and increased transparency across our lending portfolio.
- Assessed approximately £9.3 billion of lending exposure, covering 96% of the loan book, with financed emissions intensity remaining broadly stable year on year.

Supporting customer transition

- We supported customers through financing activities across renewable energy, electric vehicles, sustainable property and wider transition opportunities, including continued lending with a bespoke Green Asset Fund building expertise within emerging technologies, and £226 million of financing for zero-emission battery electric vehicles during the year.

External ratings

- External recognition remained strong, with a 2025 CDP Climate Change score of B, and a current MSCI environmental, social and governance ("ESG") rating of AA and a Sustainalytics ESG Risk Rating of 23.8.
- Recognition by the Financial Times as one of Europe's climate leaders.



Sustainability and climate governance

Climate-related risks and opportunities are integrated into Close Brothers' existing governance framework and subject to oversight through established Board, executive and risk management structures. The Board is responsible for the long-term success of the group and oversees the delivery of the group's sustainability and climate strategy, including the management of climate-related risks and opportunities. This oversight is supported by defined roles and responsibilities across the Board and its committees, ensuring climate considerations are appropriately reflected in strategic decision-making, risk management, and business planning.

Board oversight

The Board retains overall responsibility for oversight of climate-related risks and opportunities and for considering the resilience of the group's strategy under a range of future climate outcomes. They receive regular updates on sustainability and climate-related matters and approve the group's overall approach to risk management, including how climate factors are incorporated.

The Board Risk Committee ("BRC") supports the Board by overseeing the identification, assessment, and management of climate-related risks across the group. During the financial year, the Committee reviewed the outcomes of the group's climate-related risk assessment and oversaw the action plan arising from the group's SS5/25 self-assessment, including improvements to climate risk management, monitoring and reporting.

Management responsibility

The Chief Executive is accountable for the group's sustainability and climate strategy and is supported by the Executive Committee in determining how climate-related risks and opportunities are considered within business strategy and operations. At group level, the Executive Committee oversees implementation of the sustainability and climate strategy, reviews progress against key objectives and priorities, and monitors delivery of climate-related actions arising from risk assessments, scenario analysis and regulatory developments.

The Group Chief Risk Officer ("GCRO") has responsibility for the management of climate-related financial risks. Climate risk is managed through the group's existing risk management framework and governance processes, with oversight provided through the Group Risk and Compliance Committee ("GRCC"), Credit Risk Management Committee ("CRMC") and other established risk forums. Climate-related matters are reported through regular risk reporting channels, ensuring climate risks are assessed, monitored, and managed alongside the group's principal risks and other emerging risks. During the financial year, climate risk monitoring was further enhanced through additional physical risk monitoring and continued development of climate-related management information.

Climate capability and continuous improvement

Responsibility for climate-related reporting, risk management and oversight is embedded across relevant functions, including Risk, Investor Relations, and Procurement. During the year, Close Brothers continued to strengthen climate-related capabilities through targeted professional development and ongoing engagement with evolving industry standards and regulatory expectations. This included relevant professional development undertaken by members of the risk team to maintain and build climate expertise, including programmes such as the Partnership for Carbon Accounting Financials ("PCAF") Academy and the Global Association of Risk Professionals ("GARP") Sustainability and Climate Risk Certificate.

The group is strengthening its approach to climate governance through planned improvements to climate risk monitoring, embedding climate factors within risk management frameworks, and periodic review of climate risk materiality and scenario analysis.

The Group is also supported by edenseven, an independent sustainability consultancy, which provides technical support on climate-related reporting, operational greenhouse gas emissions accounting, and evolving regulatory and disclosure requirements.



Climate strategy

Close Brothers' climate strategy is delivered through three interconnected pillars: achieving net zero operations, monitoring and managing financed emissions, and financing the transition. Together, these pillars support the group's ambition to reduce its operational climate impact, strengthen understanding of emissions associated with lending activities, and support customers as they adapt to a lower-carbon economy.

As a specialist lender with a predominantly UK-focused portfolio, Close Brothers aligns its climate ambitions with its wider business strategy, recognising that progress towards a lower-carbon economy will be shaped by evolving customer needs, technological developments, regulatory change and market opportunities.

Climate-related risks and opportunities

Close Brothers identifies climate-related risks and opportunities through monitoring of lending exposures and climate scenario analysis. Climate-related risks are considered across the group's defined time horizons of short term (0-1 year), medium term (1-3 years) and long term (greater than 3 years to 2050). The most relevant risks arise through both transition and physical channels, while opportunities are linked to the group's specialist lending model and its ability to respond to customer investment needs as the economy decarbonises.

Time horizon	Climate-related risks identified	Climate-related opportunities identified	Implications for strategy and business planning
Short term (0-1 year)	Evolving regulatory and supervisory expectations, including emerging climate-related reporting and disclosure requirements, may increase compliance obligations and the need for enhanced climate risk data, monitoring and reporting capabilities.	Customer demand for renewable energy, battery electric vehicles, sustainable property and wider transition-related financing.	Supports ongoing development of sustainable finance activities, climate risk monitoring and reporting, and incorporating climate risk factors within lending and risk management processes.
Medium term (1-3 years)	Changes in policy, market conditions, customer transition pathways and asset values may influence the risk profile of financed assets and customer sectors. Climate considerations may increasingly influence lending decisions and sector and asset-class analysis.	Growth in transition finance, electrification, renewable energy infrastructure and sustainable property opportunities.	Supports further development of financed emissions methodologies, monitoring of lending exposures and oversight of financed assets.
Long term (3 years - 2050)	Physical climate risks, including flooding, severe weather events and broader climate impacts affecting customers, property-related exposures, supply chains and operations.	Opportunities to support customer adaptation measures, resilience investments and technologies that contribute to a lower-carbon economy.	Supports the ongoing development of lending portfolios, climate risk assessment methodologies, scenario analysis capabilities and building climate insights into strategic planning.

During the year, the group monitored these risks and opportunities through its climate risk management framework. The outputs informed the group's assessment of strategy resilience, as set out below.

Impact on strategy and business planning

The group's climate strategy informs business planning by linking identified climate-related risks and opportunities to monitoring of lending exposures, risk management, customer financing priorities and operational decision-making. This ensures climate considerations are addressed through existing strategic and risk processes, rather than managed separately from the group's wider business model.

During the year, this approach supported continued action across operational emissions reduction, financed emissions methodology improvements and transition-related customer financing.

Close Brothers' business-led approach provides flexibility to respond to evolving market, technological and regulatory developments while maintaining disciplined risk management across its lending activities.

Strategy resilience

During the financial year, Close Brothers completed climate scenario analysis using the Network for Greening the Financial System ("NGFS") Delayed Transition and Current Policies scenarios to assess the implications of physical and transition risks across multiple time horizons to 2050. This analysis informed the group's assessment of climate-related risks and opportunities and the resilience of its business model. The group intends to refresh this analysis periodically as part of its ongoing approach to climate risk management.

These scenarios provide contrasting views of potential climate futures and their implications for the group. The Delayed Transition scenario reflects a disorderly transition in which global emissions do not begin to decline until 2030, requiring rapid and stringent policy intervention thereafter to limit warming to approximately 1.7°C. In contrast, the Current Policies scenario assumes no additional climate policies beyond those already implemented, resulting in continued emissions growth, significantly higher physical climate risks and approximately 3°C of warming by 2100. Together, these scenarios enabled Close Brothers to assess climate-related risks from both a high transition risk perspective and a high physical risk perspective, providing insight into the potential impacts of differing policy responses and levels of climate change. Considering both scenarios therefore provides a balanced and comprehensive view of the group's climate-related risks and opportunities.

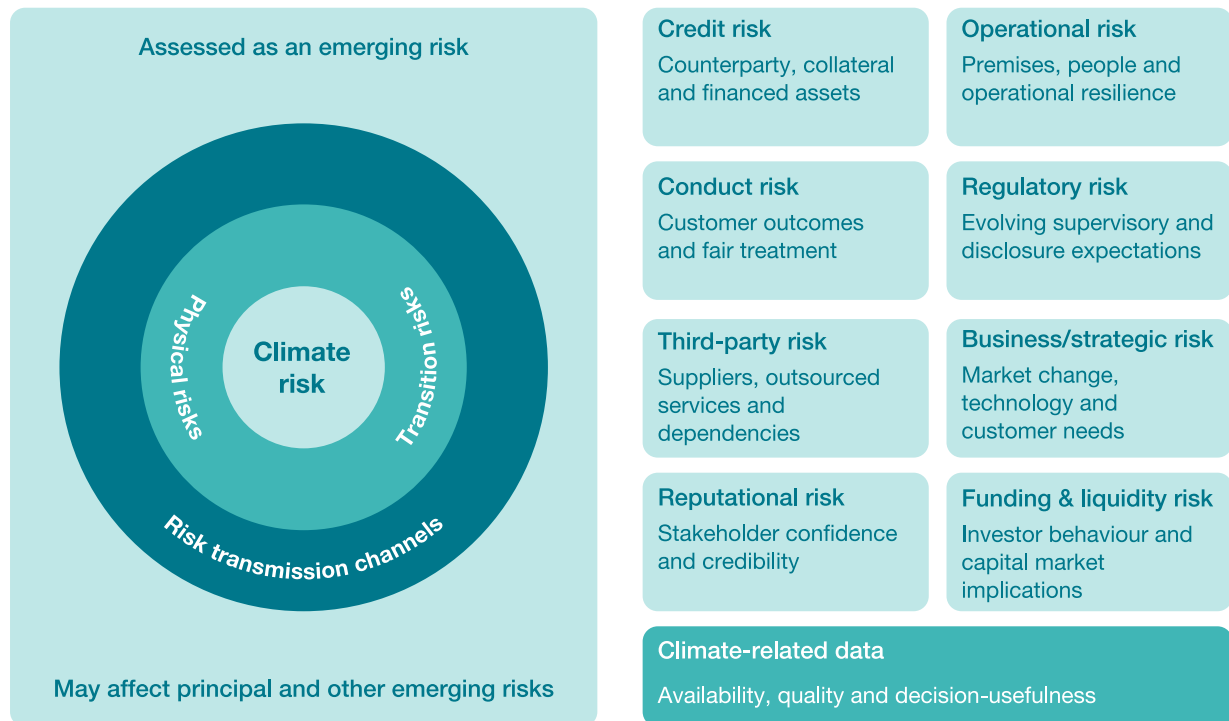
The assessment reaffirmed the resilience of the group's business model and did not identify any material idiosyncratic climate-related risks. A key factor supporting this conclusion is the group's relatively short average lending tenor of approximately 16 months, which enables lending portfolios to adapt over time in response to evolving customer preferences, technological developments, regulation and market conditions. This flexibility helps mitigate the potential impact of both transition and physical climate risks over the longer term.



Risk management

Climate-related risks are managed through Close Brothers' existing Enterprise Risk Management Framework ("ERMF") and are assessed alongside principal and other emerging risks. The group recognises that climate-related risks may affect existing risk categories, including credit, operational, reputational, funding and liquidity, and third-party risks. Climate factors are therefore embedded within existing governance, risk management and decision-making processes rather than managed as a standalone risk category.

Climate risk is a cross-cutting risk managed through the group's existing framework



Identification and assessment of climate-related risks

Close Brothers identifies and assesses climate-related risks through a combination of established risk management processes, sector and asset-class analysis and climate scenario analysis. Climate-related risks are considered across both transition and physical risk channels and are assessed over short, medium and long-term time horizons to reflect the potential timing and nature of climate-related impacts.

Climate scenario analysis is a key tool used to support the identification and assessment of climate-related risks. During the financial year, the group used scenario analysis to assess potential implications for its business activities, lending portfolios and customers across multiple time horizons. Outputs from the assessment will be reviewed annually through the Internal Capital Adequacy Assessment Process ("ICAAP"), with climate scenario analysis refreshed at least every five years.

In addition to scenario analysis, climate-related risks are identified through ongoing monitoring of lending exposures, counterparties and emerging risk trends. The group's climate risk methodology is applied across the majority of the Banking loan book and is used to identify exposures that may be more sensitive to climate-related developments, including energy-consuming assets such as motor vehicles and lending to higher-impact sectors. Emerging regulatory, market and sector-specific risks are also monitored to

assess potential impacts on customers and financed assets over time.

Climate-related risk assessments are supported by management information and risk reporting processes. During the year, the group enhanced its approach to physical risk assessment through the introduction of additional monitoring, including flood-risk indicators within relevant Property and Commercial portfolios. The outputs of climate risk assessments are reviewed through established governance processes and are used to inform risk management activities, strategic planning and the ongoing development of the group's climate risk framework.

The group is advancing its approach to climate risk identification and assessment, including further development of climate-related metrics and reporting capabilities.

Monitoring and management of climate-related risks

Climate-related risks are monitored through established governance, reporting, and risk management processes. Risk committees, including the Group Risk and Compliance Committee ("GRCC") and Board Risk Committee ("BRC"), receive regular reporting on climate-related matters, supported by management information, oversight of financed assets, and climate risk assessments.

Monitoring activities focus on sectors, portfolios, and asset classes that may be more sensitive to climate-related

developments, together with emerging regulatory, market, and physical risk trends. During the financial year, Close Brothers expanded its climate risk monitoring capabilities, including the introduction of additional physical risk indicators and flood-risk monitoring within relevant lending portfolios.

Where climate-related risks are identified, these are managed through existing risk management tools and processes, including credit risk management, risk appetite frameworks, policy development and operational resilience

arrangements. Climate considerations are incorporated into relevant lending, supplier and third-party oversight processes, helping to ensure that potential climate-related impacts are considered alongside broader commercial and risk factors.

During the year, Close Brothers continued to enhance its climate risk management capabilities, with a focus on improving the monitoring, oversight and reporting of climate-related risks and opportunities and embedding climate considerations within existing risk management processes.



Metrics and targets

Close Brothers uses a range of operational, financed emissions and climate risk metrics to monitor climate-related risks and opportunities and to assess progress against its climate objectives. Metrics are reviewed through established governance and risk management processes.

Metrics used to assess climate-related risks and opportunities

The group uses both climate performance metrics and climate risk metrics to support the assessment of climate-related risks and opportunities. Operational emissions, financed emissions and transition finance activity provide insight into the group's climate impacts and transition-related opportunities. Climate risk metrics are used to assess lending exposures that may be sensitive to physical or transition risks and support reporting through governance and risk management forums.

Targets and performance monitoring

Achieving net zero operations

Close Brothers remains committed to its ambition of achieving net zero operations by 2050 and monitors progress through operational emissions and energy-related performance metrics. Since 2019, Scope 1 and 2 emissions have reduced by approximately 82% (noting the baseline has not been restated to account for business disposals and therefore the reduction reflects both changes in the group's structure as well as emissions reductions). The reductions reflect the impact of estate optimisation, renewable electricity procurement, fleet electrification and energy efficiency initiatives implemented across the group.

Monitoring and managing financed emissions

The group does not currently use financed emissions reduction targets as a primary strategic measure, reflecting its business-led approach and focus on supporting customers' individual transition pathways.

Instead, the group monitors financed emissions data alongside relevant climate risk indicators and measures of sustainable finance lending. These measures support the assessment of climate-related risks and opportunities and help inform the ongoing development of the group's climate strategy and risk management approach.

Financing the transition

Close Brothers supports customers through financing solutions that enable the transition to a lower-carbon economy. During the financial year, the group provided continued support of renewable energy financing and £226 million of financing for zero-emission battery electric vehicles. The group also continued to develop specialist capabilities through its Green Asset Fund, supporting investment in emerging technologies and sectors expected to play an important role in the transition. In sustainable property lending, 79% of the relevant portfolio is Energy Performance Certificate ("EPC") rated A or B, and the group will respond to customer demand and evolving regulatory frameworks in relation to energy-efficient homes and sustainable developments.

Future focus

During the upcoming financial year, Close Brothers will focus on implementing actions arising from its SS5/25 review, including improving climate risk reporting, strengthening physical risk assessment capability and building climate insights into governance and risk management processes. The group will continue to review opportunities to reduce operational emissions, improve financed emissions data quality and methodologies, and support transition-related financing activities in response to customer demand, regulatory developments and market opportunities.

Scope 1 and 2 operational emissions (market-based) tCO₂e

32%

operational emissions reduction in the year



Total energy use (GWh)

26%

reduction in energy consumption



Our operational impacts

Greenhouse gas emissions ^{1,2,4,5}	Emissions source	Market-based		Location-based	
		2026 tCO ₂ e	2025 tCO ₂ e	2026 tCO ₂ e	2025 tCO ₂ e
Scope 1	Buildings – fuel and refrigerants ³	1	24	83	108
	Owned vehicles – fuel ³	575	930	575	930
Total Scope 1		576	954	658	1,038
Scope 2	Buildings – electricity ³	83	94	371	432
	Owned vehicles – electricity ³	131	112	131	112
Total Scope 2		214	206	502	544
Total Scope 1 and 2 (Operational)		790	1,160	1,160	1,582
Scope 3 (Operational)	Category 1 – Purchased goods and services ³			15,063	19,622
	Category 2 – Capital goods ³			4,514	4,902
	Category 3 – Fuel and energy-related emissions ³			178	194
	Category 4 – Upstream transportation and distribution ³			515	528
	Category 5 – Waste generated in operations ³			7	15
	Category 6 – Business travel			848	859
	Category 7 – Employee commuting ³			1,730	3,622
Total Scope 3 (Operational)				22,855	29,742
Total Scope 1, 2 and 3 (Operational)				24,015	31,324
Of which UK				23,998	31,239

	2026 GWh	2025 GWh
Energy use		
Total energy use	5.29	7.14
Of which UK total energy use	5.23	6.97

Emissions intensity	Market-based tCO ₂ e per employee		Location-based tCO ₂ e per employee	
	2026	2025	2026	2025
Operational Scope 1 and 2 emissions intensity	0.31	0.37	0.45	0.51
Operational Scope 1, 2 and 3 emissions intensity			9.37	10.1
Calculated using: Average number of employees in year	2,562	3,101	2,562	3,101

Notes on methodology

- We have reported on all emission sources required under the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018.
- Emissions have been calculated in accordance with the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard and are reported as tonnes of carbon dioxide equivalent (tCO₂e). Emissions factors published by the UK government have been applied throughout the assessment. Operational emissions have been calculated using activity-based data wherever available, including utility consumption, vehicle fuel use, travel records, and supplier information.
- To support meaningful year-on-year comparisons following the disposal of Winterflood and Brewery Rentals, 2025 comparative emissions have been restated to exclude both businesses. Unless otherwise stated, all operational emissions disclosures presented in this report are reported on a continuing operations basis.
- During the year, methodological enhancements were implemented across several Scope 3 categories to improve the accuracy and completeness of reported emissions. These included increased use of supplier-specific emissions factors, enhanced employee commuting calculations, and broader use of activity-based data sources, contributing to lower, more precise emissions totals. Prior-year figures have been recalculated and restated on a consistent basis to support comparability across reporting periods.
- Vehicles are leased rather than owned; however, as Close Brothers has operational control over their use, the associated emissions are accounted for as Scope 1 emissions.
- Where primary data was unavailable, reasonable estimates and assumptions have been applied in accordance with the group's reporting methodology. Scope 3 emissions will continue to be refined as data and reporting practices improve.
- These reported emissions have not been subject to external assurance.

Our financed impacts: Banking^{2,4}

		2026				2025			
Financed emissions in loan book – Bank	PCAF methodology	PCAF score ³	Proportion of loan book	Financed emissions ^{1,2} tCO ₂ e	Economic emissions intensity ktCO ₂ e/£ million	PCAF score ³	Proportion of loan book	Financed emissions ^{1,2} tCO ₂ e	Economic emissions intensity ktCO ₂ e/£ million
Scope 3 (category 15 – loan book only)	Business loans	5.0	36%	214,009	0.06	5.0	35%	181,495	0.05
	Commercial real estate	4.3	3%	13,624	0.05	4.2	2%	15,526	0.06
	Motor vehicle loans	2.8	38%	706,374	0.19	2.8	36%	672,777	0.19
	Project finance	5.0	19%	287,958	0.15	5.0	21%	296,782	0.15
	Out of scope		4%				6%		
Business		PCAF score ³		Financed emissions ^{1,2} tCO ₂ e		PCAF score ³		Financed emissions ^{1,2} tCO ₂ e	
Scope 3 (category 13 – downstream leased assets)									
Vehicle hire		2.0		122,362		1.0		187,809	
Total financed impacts tCO₂e				1,344,327				1,354,389	

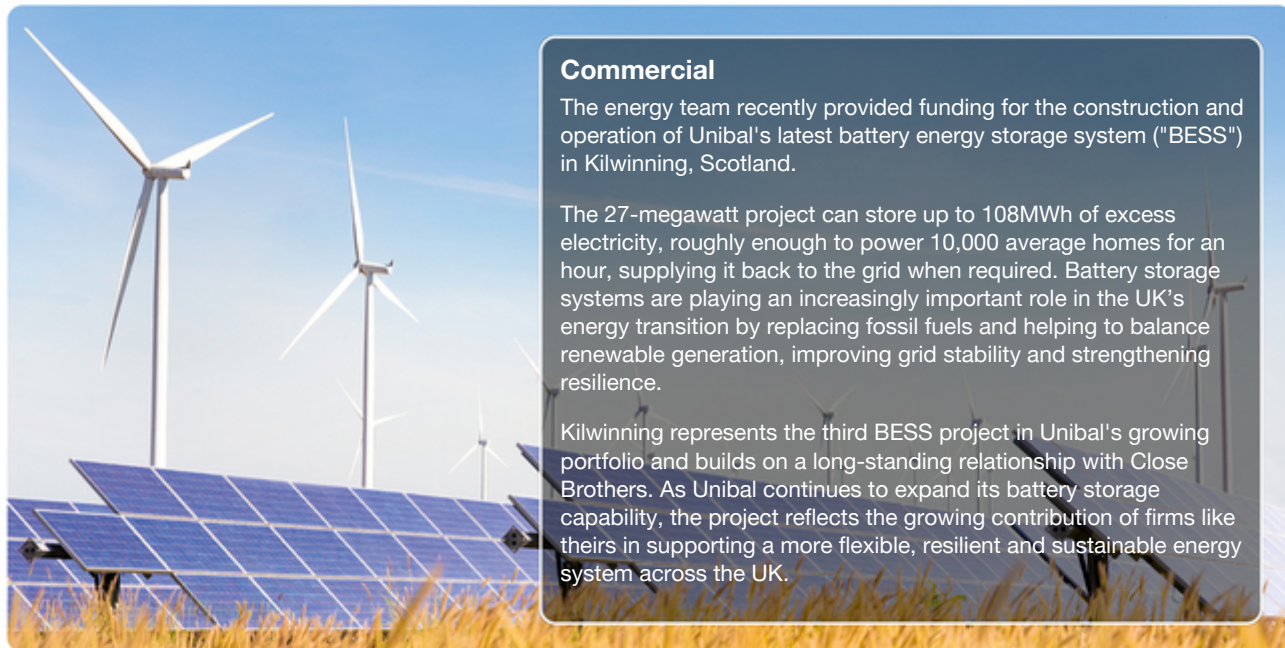
Notes on methodology

1. All financed impact figures reflect the current group structure and the latest available calculation methodologies. Where relevant, prior-year figures have been recalculated and restated on a consistent basis to support comparability across reporting periods.
2. Financed emissions have been calculated in accordance with the Partnership for Carbon Accounting Financials ("PCAF") Global GHG Accounting and Reporting Standard. Current calculations primarily include Scope 1 and Scope 2 emissions associated with financed assets and businesses. Close Brothers continues to engage with PCAF and industry peers to support the ongoing development of methodologies, data quality and financed emissions reporting practices.
3. PCAF data quality scores range from 1 (highest quality) to 5 (lowest quality). Changes in data quality scores between reporting periods may reflect enhancements to underlying data or methodological refinements. In-year, changes in the vehicle hire data quality score reflect updates to the calculation approach and reducing size and strategic significance. Data quality remains dependent on the availability of external information across some asset classes.
4. A small proportion of the group's lending portfolio remains unassessed or out of scope due to the absence of established carbon accounting methodologies or limitations in available data. Close Brothers continues to support the development of industry approaches in these areas through engagement with PCAF and other financial institutions.
5. These reported financed emissions have not been subject to external assurance.

Sustainability across our businesses

The distinctive strengths of our business model are enabled by the deep expertise we have in specialist markets, the consistent and personalised service we provide to customers, and the long-term relationships we build across markets. These same strengths drive our approach to financing the climate transition, through our deep market knowledge, expertise in green asset classes and strong customer relationships. Our flexible and prudent approach is focused on striking the right balance between risk and commercial viability.

Sustainability in action

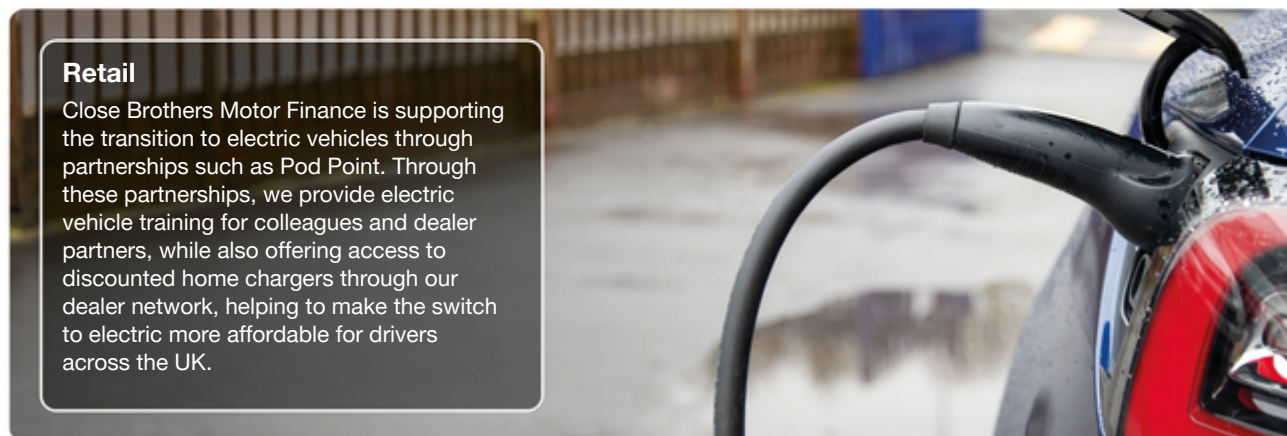


Commercial

The energy team recently provided funding for the construction and operation of Unibal's latest battery energy storage system ("BESS") in Kilwinning, Scotland.

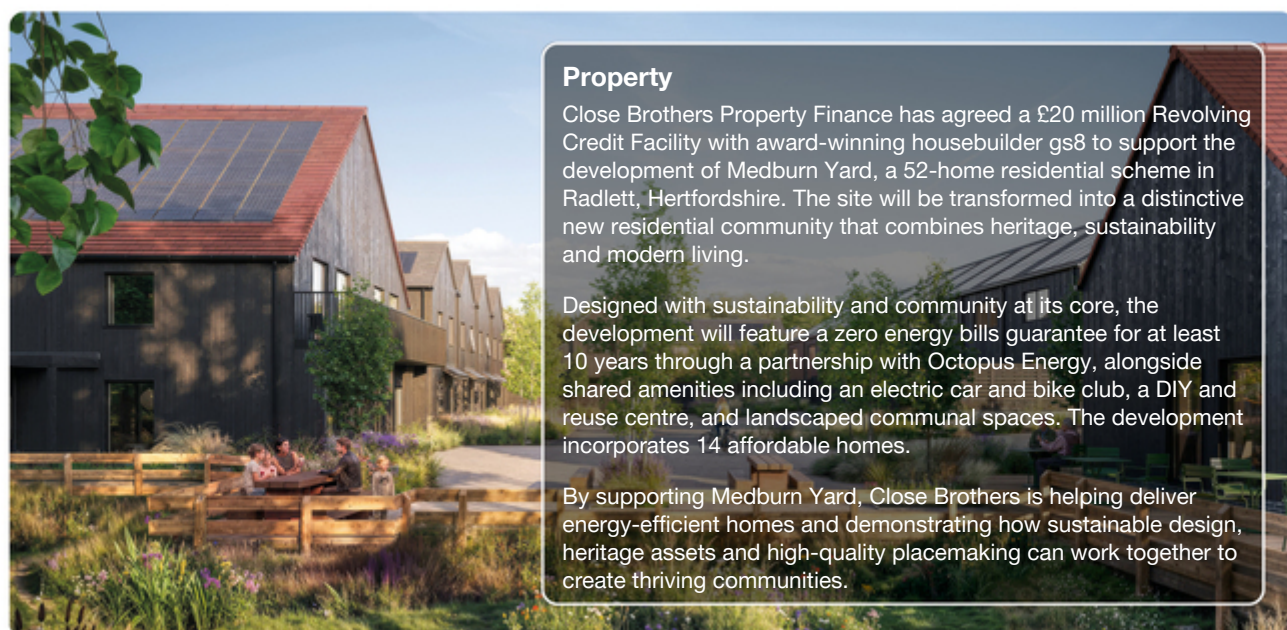
The 27-megawatt project can store up to 108MWh of excess electricity, roughly enough to power 10,000 average homes for an hour, supplying it back to the grid when required. Battery storage systems are playing an increasingly important role in the UK's energy transition by replacing fossil fuels and helping to balance renewable generation, improving grid stability and strengthening resilience.

Kilwinning represents the third BESS project in Unibal's growing portfolio and builds on a long-standing relationship with Close Brothers. As Unibal continues to expand its battery storage capability, the project reflects the growing contribution of firms like theirs in supporting a more flexible, resilient and sustainable energy system across the UK.



Retail

Close Brothers Motor Finance is supporting the transition to electric vehicles through partnerships such as Pod Point. Through these partnerships, we provide electric vehicle training for colleagues and dealer partners, while also offering access to discounted home chargers through our dealer network, helping to make the switch to electric more affordable for drivers across the UK.



Property

Close Brothers Property Finance has agreed a £20 million Revolving Credit Facility with award-winning housebuilder gs8 to support the development of Medburn Yard, a 52-home residential scheme in Radlett, Hertfordshire. The site will be transformed into a distinctive new residential community that combines heritage, sustainability and modern living.

Designed with sustainability and community at its core, the development will feature a zero energy bills guarantee for at least 10 years through a partnership with Octopus Energy, alongside shared amenities including an electric car and bike club, a DIY and reuse centre, and landscaped communal spaces. The development incorporates 14 affordable homes.

By supporting Medburn Yard, Close Brothers is helping deliver energy-efficient homes and demonstrating how sustainable design, heritage assets and high-quality placemaking can work together to create thriving communities.

Our policies

We are committed to acting responsibly through all our ways of working, and have a number of group-wide policies and procedures in place to ensure we continue to operate in a socially responsible and compliant manner. Below is a list of group policies which are relevant to the Sustainability Report.

Dignity at Work Policy

Our Dignity at Work Policy outlines the type of behaviour that the company considers to be unacceptable and explains what solutions there are if any employee has experienced or believes someone else has experienced any discrimination, harassment or bullying at work.

We ensure equal opportunities for all, including having a commitment as part of our Dignity at Work Policy to ensure no employee is subject to discrimination. This applies to all work contexts, as well as all employee life cycle events, for example in recruitment, training, promotion and flexible working requests.

We strive to create an environment where employees feel safe and supported to self-identify whether they consider that they have a disability, to have open conversations with their managers, raise issues and discuss their specific workplace adjustment needs, and for the company to provide the appropriate support to assess and implement any reasonable adjustments. We also partner with Inclusive Employers to support our inclusive approach to hiring, retention, training, career development and promotion of employees with disabilities.

Whistleblowing Policy

We provide a simple, transparent and secure environment for our employees, shareholders and other stakeholders to raise concerns about any potential wrongdoing within the company.

We encourage our employees to report any activity that may constitute a violation of laws, regulations or internal policy, and reporting channels are provided to staff for this purpose within the framework of a Whistleblowing Policy.

Employee Health and Safety Policy

Our Health and Safety Policy demonstrates our commitment to ensuring our employees and visitors are safe and sets the framework for our safety culture. We continue to provide a safe and healthy working environment for our employees and visitors in accordance with the Health and Safety at Work etc. Act 1974 and the Management of Health and Safety at Work Regulations 1999.

The Health and Safety Committee continues to meet on a quarterly basis, and we are proud of the ongoing progress in successfully raising the profile of health and safety across the business. This year we recorded 25 incidents across all our sites. We continue to use an online risk assessment tool to manage site-specific risks as appropriate and our Display Screen Equipment risk assessment programme. We also carry out annual audits of all premises and monitor findings through a live dashboard.

Data Protection Policy

Our Data Protection Policy codifies our approach to protecting personal data, in line with all relevant data protection legislation where we operate. It sets out our core principles on how personal data can be processed, and is supported by a number of standards which detail controls to ensure compliant processing of personal data through its life cycle.

We have a nominated Data Protection Officer who is accountable for the firm's approach to data protection management, a Chief Information Security Officer accountable for our approach to cyber security, and a broader operating model in which the data protection and security requirements are embedded in operations throughout the organisation.

Financial Crime Policy

Our policies and standards are intended to prevent the group, employees, customers and any other associations or representatives from being used for the purposes of financial crime, including, but not limited to, money laundering, terrorist financing, facilitation of tax evasion and circumvention of financial sanctions.

We are committed to carrying out business fairly, honestly and openly, operating a zero-tolerance approach to bribery and corruption. We are dedicated to ensuring full compliance with all applicable anti-bribery and corruption laws and regulations, including the UK Bribery Act 2010.

Board Diversity and Inclusion Policy

The Board is committed to ensuring it collectively possesses the right balance of skills and diversity to ensure the success of the group. Our Board Diversity and Inclusion Policy, which applies to both the Board and its committees, sets out specific objectives with regard to diversity and inclusion in the boardroom, the recruitment of new directors, and longer-term targets, as well as corresponding governance responsibilities.

The Board fosters an inclusive culture which allows views from all perspectives to be given due consideration and enables the Board to consider the needs and expectations of all its stakeholders.

Human Rights and Modern Slavery Act

The Board gives due regard to human rights considerations, as defined under the European Convention on Human Rights and the UK Human Rights Act 1998. We are aware of our responsibilities and obligations under the Modern Slavery Act, with the appropriate policies and training in place to enable compliance across the organisation.

The Banking division has also committed to the CIPS Ethical Code of Conduct, which supports our commitment to preventing modern slavery from existing within our supply chain. Further details of our compliance with the Modern Slavery Act can be found on our website.

Tax Strategy

We are committed to complying with our tax obligations and doing so in a manner consistent with the spirit as well as the letter of tax laws. This includes a transparent and cooperative relationship with the tax authorities. Our tax obligations arise mainly in the UK, where our operations and customers are predominantly based. Our straightforward business model reduces the complexity of our tax affairs and helps us maintain a lower risk tax profile. Further details of our approach to tax can be found on our website.

Our people

Valuing our people

We are committed to creating an environment where our colleagues feel motivated, proud to work for us and can reach their full potential. A key enabler for our overall business success is our inclusive culture. We create an environment where colleagues can thrive and, in turn, deliver excellent outcomes for our customers and partners.

Given the significant transformation activity taking place across Close Brothers, we have focused on strengthening our leadership capability to effectively support colleagues through change. This includes formally establishing our Senior Leadership Team and delivering a bespoke leadership development programme, as well as creating an Employee Engagement Forum to support colleague outreach and provide a trusted feedback channel.

The “Close Brothers Way” Code of Conduct sets out the values and behaviours we expect from our people. Our culture is defined through our cultural attributes. These are exhibited by our Senior Leadership Team, setting the tone from the top by which we operate. We continue to run inclusive leadership training sessions for our managers, senior managers and group executives, highlighting how actions and behaviours can shape our inclusive culture.

We recognise that the behaviours of line managers and leaders, and their role modelling of our values, directly influence psychological safety, employee engagement, motivation and satisfaction. This in turn impacts productivity, retention and customer outcomes.

Whilst we are mindful of the significant transformation activity taking place across the group, we remain committed to attracting, developing and retaining diverse talent through fair, inclusive and accessible recruitment practices. This includes strengthening inclusive candidate attraction and job design, aiming for gender-balanced shortlists and diverse interview panels where possible, using skills-based assessments to prioritise transferable skills, and proactively offering reasonable adjustments as part of our Disability Confident Level 2 commitments. Our approach has also been formally recognised in the annual Women in Finance Charter report, helping us to portray a genuine, authentic view of our culture externally.

We are signatories to a wide range of charters and commitments across a broad spectrum of inclusion themes, including: the Women in Finance Charter, Race at Work Charter, The Valuable 500, Mental Health at Work Commitment, Disability Confident Employer Scheme and the Armed Forces Covenant. We partner with leading organisations and participate in wider membership bodies, including Stonewall and Inclusive Employers, to help inform our thinking and subsequent actions.

Engagement

Listening to the views of our colleagues is essential to drive and maintain employee engagement, ensuring our culture is one where everyone feels like they belong, can thrive and is proud to work for us.

Our latest employee opinion survey closed in May 2026 with a strong response rate of 81% (2025: 89%) giving us the confidence that our results are reflective of the views of our colleagues. Our engagement score dropped slightly to 72% (2025: 78%) but overall, we retained a strong set of results, particularly around our culture, and our colleagues feeling a sense of belonging. 93% (2025: 96%) of colleagues believe

our culture encourages them to treat customers and clients fairly and 92% (2025: 91%) of colleagues feel included.

We partner with an external provider to conduct our employee opinion survey and this gives us the ability to assess our scores against external benchmarks, demonstrating positive comparisons with other UK financial services firms and other UK firms going through significant periods of change.

In addition to our group-wide survey, we continue to gather data at different stages of the employee life cycle in support of our ongoing employee listening strategy. Our employee experience team engages directly with colleagues at the point of joining, returning from parental leave and when celebrating work anniversaries. Colleagues are asked to complete short surveys to share their views on company culture and their personal experiences of working at Close Brothers. “Inclusive”, “friendly”, “welcoming”, “collaborative” and “supportive” were some of the most commonly used words to describe our culture.

Supporting our people

All employees have access to our 24/7 Employee Assistance Programme, mental health first aiders and the Help@Hand app that offers articles on a range of topics as well as educational content and wellbeing tools. Employees can also book one additional day a year off to focus on their mental health and wellbeing. Our Wellbeing Network further supports us with education and awareness-raising initiatives.

Our benefits are regularly reviewed and publicised. We support everyday flexible working – empowering colleagues to achieve an optimal work/life balance. We are seeking to enhance Close Brothers’ reputation as a family-friendly workplace through the provision of benefits such as emergency care cover and paid time off for fertility treatment for both partners.

The group continues to pay all staff at or above the national living wage. For members of the group’s pension plans, we contribute between 6% and 10% towards colleagues’ pensions, which is above required levels. We offer both a Save As You Earn scheme as well as a Buy As You Earn share incentive plan, which allow employees to acquire shares on a monthly basis out of pre-tax earnings.

Participation rates in our long-term ownership schemes remain strong at 41% of all permanent and fixed term employees who are eligible.

Development programmes

This year, we ran two internship programmes in partnership with upReach and Variety, the Children's Charity. These aimed to increase social mobility and disability awareness in our industry and organisation. We continue to run open application processes for cross-company mentoring schemes that are delivered in partnership with Moving Ahead; these include both Mission Include, supporting those who identify as being from a minority background, and Gender Equity, with a focus on supporting women in progressing to senior roles. In 2026, we were named runner-up for the Dedicated Programme Partners of the year in the Inspired by Mentoring Awards for our Mission Include programme.

Developing our people

This year, we have placed strong emphasis on strengthening senior leadership capability to lead effectively through change and transformation in support of the group's strategic priorities. We formally established our Senior Leadership Team and delivered a bespoke leadership development programme, Evolve, to 35 leaders across two cohorts between November 2025 and March 2026. The programme was designed to equip leaders with the mindset and skills required to navigate change effectively.

We also created our Employee Engagement Forum, with its members playing an important role in future change initiatives, supporting colleague outreach and acting as a trusted channel for feedback. This has included the delivery of bespoke development modules to best support the group in the context of being a forum member.

In addition, broader development sessions have been provided to leadership teams prior to change announcements with a focus on supporting colleagues at risk. This has been complemented by outplacement support for impacted colleagues across a series of workshop webinars on topics such as CV skills, interview techniques and job search strategies.

We continue to provide a range of training and development for our people irrespective of where they are in their careers. From induction through to soft skills, management and leadership development, we offer opportunities that encourage continuous growth and learning. This includes support for professional qualifications and use of the apprenticeship levy where appropriate. We currently have over 200 colleagues completing apprenticeships, the majority across AI or Data Academy programmes.

All colleagues have access to our learning portal where they can access a broad range of learning offerings including virtual workshops, e-learning modules and practical tools on a wide variety of topics. The average number of training hours across the group was 15.95 per employee during the year (FY 2025: 16).

We require all employees to complete relevant regulatory training on an annual basis, with further training offered when required. This year, we maintained our 100% completion rate of mandatory training by the last working day of the financial year.

To support our inclusive culture through further embedding our Code of Conduct, we continue to ensure all colleagues receive our "Close Brothers Way" e-learning module, focusing on our cultural attributes and expected behaviours. We worked with members of our employee inclusion networks to update the content this year.

Diversity and inclusion ("D&I")

We are proud of the enthusiasm, passion and hard work of our group-wide employee inclusion networks and multiple local D&I forums. Ongoing collaboration across our networks helps create a deeper level of understanding and supports our commitment to intersectionality. Each of our networks is supported by an Executive Sponsor. The Group Executive Committee members are committed to role modelling inclusive behaviours by sponsoring events and promoting D&I across their business areas.

We celebrate National Inclusion Week group-wide, as well as culture weeks locally in our business areas. Our employee networks, groups and forums further deliver excellent sessions and employee engagement opportunities throughout the year. Examples include South Asian Heritage

Month, Pride Month, Neurodiversity Celebration Week, multiple awareness days and bring your child to work days.

Throughout the year, we have been recognised for our efforts through a number of awards.

D&I-related awards and recognition during financial year 2026:

- Times Top 50 Employer for Gender Equality for the second year running.
- Highly Commended for a "Best Practice Award" around social mobility and shortlisted for "Best Employee Support Network" for our Wellbeing Network at the Employers' Excellence Awards.
- Silver Award winner at the Women and Diversity in Credit awards – Inclusive workplace initiative category (the Meno Forum).
- Champion Employer status under the Stonewall Proud Employers Accreditation programme for LGBTQ inclusive workplaces.
- Level 2 Disability Confident Employer of the UK government scheme for hiring and retaining people with disabilities.
- Number four of all FTSE 250 companies for progress of women on boards as recognised in the annual FTSE Women Leaders Review.
- The Gender Balance Network is a finalist at the British Diversity Awards for Outstanding Women's Network of the Year.
- The Gender Balance, Working Parents and Carers, Unity and Wellbeing Networks are all finalists at the Employee Network Awards.
- Finalist in the UK Social Mobility Awards for Progression Programme of the Year.

Diversity and inclusion strategy update

We recognise that, to help the people and businesses we work with thrive over the long term, we have a responsibility to help address the social, economic and environmental challenges facing our business, employees and customers. Diversity and inclusion are embedded into our values and culture internally, and we also know that in a changing external environment, embedding inclusion into our ways of working with customers and external partners is becoming increasingly important. In 2024, we designed a three-year D&I strategy and action plan and by the end of year two of our strategy implementation, over 90% of our actions have been completed or embedded as business as usual.

Some key deliverables include:

- Increasing paternity and shared parental leave provision to six weeks and 22 weeks respectively.
- Strengthening our inclusive recruitment practices.
- Improving the effectiveness of employee networks through an external governance review and upskilling programme for network leads.
- Signing the Pregnancy Loss Pledge.
- Publishing dedicated resources on flexible working arrangements, sabbatical leave and guidance for carers to better support colleagues.

Our workforce remains diverse, with 47% (2025: 45%) female employees, and we have a broad age range of employees, with 16% (2025: 16%) of our employees being under 30 years old and 25% (2025: 18%) over 50.

Our Executive-sponsored inclusion networks



Cultural Heritage Network
Naz Kazi

Aims to improve cultural awareness and understanding so that regardless of background all colleagues feel a sense of belonging and are empowered to be allies to each other.



Gender Balance Network
Phil Hooper

Committed to identifying and challenging imbalances to improve gender equality at every level.



Intergenerational Network
Robert Sack

Connects colleagues across multiple age brackets and helps unlock the collective wisdom of generations to drive innovation, success and growth across the organisation.



Social Mobility Network
Matt Roper

Aims to support the business in attracting, developing and retaining employees from all socio-economic backgrounds so that the company can reflect the communities that we serve.



Unity Network and Veterans Network
Rebekah Etherington

Veterans Network: Aims to help with attraction and recruitment of those leaving the Armed Forces.
Unity Network: Committed to creating an LGBTQ+ inclusive environment at work.



Wellbeing Network
Ian Cowie

Recognises the importance of addressing the needs of all our colleagues and making our workplace accessible for all.



Working Parents and Carers Network
Sarah Peazer-Davies

Formed to ensure that all colleagues feel supported and aware of the resources and tools available to help them find a work/life balance.

Gender diversity

	31 July 2026	
	Male	Female
Number of Board Directors ¹	4	5
Number of subsidiary directors ²	24	6
Number of senior managers other than Board Directors ³	30	19
Number of employees other than Board Directors and senior employees	1,278	1,171
Total	1,336	1,201

1. Includes Non-executive Directors, excluded from group headcount calculations.

2. Includes subsidiary directors who are excluded from group headcount calculations.

3. Following a recent review, we redefined senior management as the Group Executive Committee and their direct reports, excluding Executive Assistants. This definition is aligned with our diversity representation targets for 2025-2027 and industry practice, and reflects level of seniority and influence across the organisation.

Employees in the community

Creating long-term, lasting value in the communities where we operate, remains a key priority for the group. We understand that volunteers are often the driving force behind many community and charity activities and we are committed to supporting our employees to get involved in these wherever possible.

As part of the relationships we have with our charity partners, we encourage employee engagement through involvement in the volunteering initiatives offered. For every hour of volunteered time, we donate £14.80 directly to the charity under our Matched Giving Scheme, and we also encourage people to take advantage of one paid volunteering day each year through our Employee Volunteering Policy.

In the 2026 financial year, over 180 colleagues made use of their volunteering day to positively impact local communities, including volunteering at food banks, soup kitchens and local hospices. Many colleagues continue to claim through our Matched Giving Scheme to volunteer with charitable youth groups including Guides, Scouts and children's sports teams.

Our partnership with the children's literacy charity, Bookmark Reading, continues and, to date, we have now delivered over 1,280 reading sessions to children. This relationship is managed by our Working Parents and Carers Network which enthusiastically raises awareness of volunteering opportunities with colleagues through internal communications and webinars to encourage more people to sign up as virtual reading volunteers. This year, we have also supported Bookmark's "Mind the Gap" campaign in recognition of the National Year of Reading. We completed a book drive where we collected over 350 books and redistributed them to schools and children across the UK. Alongside our reading volunteers, we also continue to engage in team volunteering through Bookmark, with a team in Brighton completing a library tidy in a local school and our Working Parents and Carers Network packing boxes of book club resources for the charity's partner schools.

Our relationship with Smart Works, a charity supporting women to get into employment, is proactively managed by our Gender Balance Network. As well as supporting fundraising efforts, we have collaborated in a number of other ways throughout the year. We delivered a panel event in recognition of International Women's Day, completed a clothing drive across our offices with 15 bags of clothes, shoes and accessories being donated, and also attended a Smart Works job fair to promote Close Brothers as an

employer to women who are unemployed. We also led a focus group with clients of Smart Works to understand more about female perceptions of Close Brothers and what we can do to help encourage women to apply for our vacancies. We also became a founding member of the Smart Works Futures programme, which directly reached unemployed women in London with opportunities for employment.

Our colleagues have also volunteered with our other corporate charities, including carrying out “Wild at Work” days with The Wildlife Trusts in both London and Yorkshire, clearing reed beds for nesting birds and learning more about the important work completed by the trusts.

Charity

Our two main corporate charity partners are chosen by our colleagues as part of our employee opinion survey and these remain Make-A-Wish Foundation, who grant wishes for children with life-threatening illnesses, and Cancer Research UK, which we have now supported for 13 consecutive years. To date, we are delighted to have raised over £703,000 for Cancer Research UK as well as donating clothing and items to be sold across their 320 shops, nationwide.

Since the start of our partnership, we have raised over £280,000 for Make-A-Wish Foundation, enabling them to grant over 113 magical wishes for critically ill children and their families.

We have a dedicated committee for charitable and community activities chaired by our Group Head of Human Resources and supported by employees from across the group. This committee meets regularly to discuss and propose new initiatives, with input from our control functions when required. We also have several local committees which plan and run initiatives to raise funds for local charities.

We continue to run many other events throughout the year to raise funds for charitable causes. During this financial year, we supported “Bring your dog to work day” raising money for Dogs for Good and we ran a Christmas jumper day to raise money for Save the Children.

Several of our employee-led networks have encouraged charitable giving alongside their events, with our Veterans Network raising money for The Royal British Legion through its annual movement challenge and our Unity Network raising money for the Terrence Higgins Trust.

We match 50% of funds that our colleagues raise for charities under the Close Brothers Matched Giving Scheme. We also encourage our employees to collaborate on raising money for causes that are most meaningful to them by matching funds raised through locally organised fundraising events and activities.

This year we have continued to support additional charities that align with our ESG goals, donating a total of £75,000 to Bookmark Reading, Smart Works and The Wildlife Trusts. In response to Hurricane Melissa hitting Jamaica, we also donated over £3,000 to date, including matching 100% of colleague donations, to the British Red Cross in support of their politically neutral Disaster Fund.

Our Payroll Giving Scheme matches charitable contributions while allowing employee donations to be made directly from pre-tax salary. In our 16th consecutive year of recognition from Payroll Giving, this year we have retained the Diamond Quality Mark for the second year running. This is the highest level award available and is only given to employers with at least 30% participation across their employee base.

Our customers

Keeping the customer at the heart of everything we do is fundamental to our purpose and long-term success. Through our deep expertise, consistent service and long-term relationships, we are committed to understanding the needs of our customers, and delivering good outcomes.

Across the group we are focused on continually improving the customer experience by identifying opportunities to simplify processes, enhance service and improve efficiency. Our Operational Excellence team works closely with colleagues and subject matter experts to deliver improvements that benefit customers and partners.

Asset Finance and Invoice Finance: We continued to simplify and standardise key customer journeys, with a focus on improving consistency, responsiveness and ease of doing business across our operations. This included bringing Asset Finance collections colleagues together into one Customer Support and Collections team, simplifying and centralising the operating model, and consolidating operational activity into shared hubs to create clearer ownership and more consistent service delivery.

As part of our digital transformation, a simpler and more transparent operating model is being introduced, with clearer prioritisation of change initiatives, work organised around customer journeys, and faster delivery through closer collaboration across teams. Automated data collection and credit decisioning capabilities have also been deployed to reduce manual processing, accelerate approvals and simplify customer onboarding.

We also improved digital and market-specific journeys by simplifying and digitising the commission disclosure process, introducing a single customer-friendly template, automated document generation and DocuSign integration. The use of agentic AI in some areas is also helping automate routine tasks, enabling faster responses and a simpler experience for customers and brokers.

Motor Finance: During the year, Motor Finance focused on making key customer journeys simpler, clearer and more supportive across the UK and Ireland, particularly for existing customers exploring their next vehicle finance options and for customers experiencing vulnerability. This included launching an online self-serve platform, creating a new digital channel for customers to tell us about their circumstances, investing in locally responsive support in Ireland, and developing wider contact forms to help customers access the right products, services and support more easily.

The self-serve platform enables customers to obtain an early settlement quote, check their borrowing potential without affecting their credit score, and apply for a new finance agreement in minutes. Working with Zuto, the car finance broker, we have also created a more joined-up journey that can help customers find their next vehicle, with customer insight and data being used to continue improving the experience.

We also introduced a new website channel to make it quicker and easier for customers in vulnerable circumstances to tell us about their situation and request support. The form gives customers another way to engage with us where they may feel uncomfortable speaking directly to a financial services provider. Since going live in July 2026, 173 customers have used the form to tell us about a vulnerability, helping us respond more effectively to their needs.

In Ireland, we continued to improve customer access and understanding through personalised welcome videos, expanded Dublin-based customer service operations and digital finance journeys through DoneDeal and CarsIreland.ie. These initiatives help customers better understand their finance agreement, begin applications online at a time that suits them, and access more responsive local support.

Together, these improvements have contributed to strong customer feedback, with Motor Finance Ireland achieving a Trustpilot rating of 4.9 out of 5.

Premium Finance: Our new strategic affordability approach introduces capability to support real-time decisions to validate customer details and complete our affordability assessment at the point of insurance sale, whilst the customer is still engaged with the insurance purchase journey. For brokers, that means an earlier outcome and for customers, a clearer answer sooner. Where finance is not available, brokers can talk to customers about other options available to meet their needs, before an agreement is created. This initiative has been an extensive collaboration with our broker partners and industry software houses.

We delivered a number of initiatives to improve support for customers in vulnerable circumstances. This included enhancing customer identification and referral processes, introducing improved management information and system flags, and providing additional training to help colleagues recognise vulnerability and provide appropriate support.

We also introduced more accessible written communication guidance and strengthened the tools available to frontline teams, helping to ensure customers are identified sooner and directed to the right support. These enhancements increased our capacity to respond to customer needs, reducing average waiting times for customers seeking specialist support by 100 seconds in FY 2026, with calls now answered in just over a minute. We also supported more than 10,000 customers by providing greater payment flexibility to help them manage changing circumstances.

In addition, a new initiative to send payment reminders via SMS to customers in vulnerable circumstances resulted in a visible reduction in payment defaults within the first two months of launch.

The Vulnerable Customer team's work has also been recognised externally, having recently been shortlisted for both the Best Vulnerability Team and Vulnerability Champion awards at the Collaboration Network Awards 2026.

Savings: Customer feedback and behavioural insight informed a series of improvements across Savings, helping to make digital services, communications and support more accessible and easier to use. This included enhancing digital self-service, introducing an Inclusive Design Framework, achieving Communication Access UK accreditation and strengthening support for customers in vulnerable circumstances. Together, these actions helped to make communications and resources more accessible and support more informed decisions.

As a result, 90% of eligible changes to customer details were completed online, with 86% of customers rating the process as easy or very easy. Clearer maturity instructions and enhanced reminders helped customers take action, while prompts to move funds from lower-interest holding accounts achieved a 24% conversion rate.

We also improved access to support, reducing average call answer times from 5 minutes 22 seconds to 1 minute 43 seconds and keeping call abandonment below 1%. These actions contributed to stronger customer feedback, with Net Promoter Score increasing from 38 to 55, Customer Satisfaction rising from 79% to 91%, and the Savings Trustpilot rating reaching 4.4 out of 5.

Property Finance: Customer-led insights have driven continuous improvement across our processes. Colleagues managing customer relationships, alongside those involved in service delivery, were encouraged through a focused internal initiative to share ideas that would enhance both the colleague and customer experience.

The initiative has enabled the business to harness frontline expertise and translate insight into practical solutions that improve the way we work, serve customers, and deliver value.

As a result, a number of improvements have been implemented, including reduced processing times for key activities such as security release documentation, as well as enhancements to customer-facing template documents.

Technology and AI

Increasing our use of AI and automation

Our transformation programme is progressing well. A key enabler of this is our increasing use of AI and automation across the organisation. We continue to develop our capabilities in AI and automation, where we see significant opportunities to improve efficiency, reduce cost, enhance customer experience, support growth and strengthen risk management.

Our initial approach focused on establishing the foundations required to scale AI responsibly. To support this, we have established a Responsible AI Framework, providing governance, oversight and accountability for AI use cases through risk assessment, controls, monitoring and reporting.

This approach enables us to pursue AI opportunities in a controlled and sustainable way whilst maintaining appropriate management of associated risks.

Our approach has evolved from selected proof of concept initiatives to a number of embedded and active uses of AI across our businesses, supported by a strong pipeline of new opportunities in exploration or development.

To accelerate adoption and deployment at scale, we have also established an enterprise-wide "AI & Automation Practice", which aims to share best practice and consistency of approach across the organisation.

Deploying AI and automation across our businesses:

Cost reduction

Automate manual activities, improve accuracy and reduce operational effort.

Business processing

AI automated complaint processing and triage. 336k complaint cases processed to date. Significant use of robotic automation, with more than 200 FTE of workload completed through robots daily.

DSAR automation

Using AI-assisted document review and extraction. Reduces manual effort, accelerating regulatory response times and improving compliance outcomes.

Customer experience

Faster, more personalised and responsive customer interactions.

Commercial (Broker Solutions)

Deployment of agentic AI solution automating the upload of broker proposals. Accelerates decision-making, improves broker experience and increases efficiency.

Credit proposal generation in Wholesale Finance

Using AI to simplify and automate credit proposals. Significantly improved cycle time, reduces rework and enables more tailored customer solutions.

Risk mitigation

Enhance monitoring, governance, fraud prevention and operational control.

AI-powered fraud detection

Launched a third-party solution in Motor Finance to identify suspicious activity and reduce risk.

Responsible AI Framework

Implementation of a comprehensive framework and AI risk review process. Enables faster and more confident adoption of AI technologies while ensuring regulatory compliance and operational resilience.

Operational efficiency

Improve colleague productivity and streamline internal processes.

Personal productivity

Group-wide rollout of Microsoft Copilot, supported by training and enablement at all levels, enabling employees to unlock productivity gains.

Software development

Adoption of GitHub Copilot is accelerating software delivery and improving code quality, delivering significant engineering productivity improvements. Early adoption has demonstrated measurable productivity benefits.

Innovation and growth

Create new capabilities, insights and digital experiences.

Sales support

Empowering sales team with AI-based customer and demand segmentation.

Citizen development and business-built AI agents

Implemented agent development platforms for business users, to rapidly automate tasks undertaken by colleagues.

Our use of the cloud

Our cloud investment provides the strategic foundation to support future innovation, accelerate digital delivery, strengthen operational resilience, and improve organisational agility.

- **Cloud as a strategic enabler** – As a core pillar of our technology transformation programme, our cloud platform is modernising our technology estate and providing the foundation for future growth. Our ongoing investment is enhancing operational resilience, enabling greater organisational agility, and accelerating innovation.
- **Strengthening operational resilience** – During a recent incident affecting a third-party connectivity provider, our cloud architecture enabled us to rapidly re-route critical services and maintain connectivity to an external credit agency. This ensured continuity of key business operations.
- **Supporting a scalable operating model** – Our cloud strategy is supporting the evolution of our operating model. Together with the capabilities of key strategic partners, we are creating a secure, scalable technology foundation while maintaining appropriate levels of control, resilience, and security.
- **Accelerating digital transformation** – We have established a modern, secure, highly automated cloud platform with our strategic partner, significantly improving the speed and flexibility with which technology services can be delivered.

AI, equity and the future workforce

We recognise that as AI continues to evolve, the future of work will depend not only on technological innovation but also on ensuring people can access, influence and benefit from it. As part of our commitment to social mobility, ethnic diversity and equitable opportunity, we bring colleagues and young people together through debate-led events delivered in partnership with a social enterprise focused on education and social mobility.

In February 2026, we hosted a debate exploring whether AI has the potential to increase social mobility and reduce inequalities. Chaired by our Group Chief Technology Officer and featuring colleagues from our Social Mobility Network, the event examined the opportunities and challenges AI presents for individuals from different socioeconomic and ethnic backgrounds.

Participants considered how AI could broaden access to information and learning, while also discussing risks such as unequal access to technology and the potential for bias within AI systems. Bringing together students and employees created an opportunity for constructive discussion, challenging assumptions and encouraging participants to consider different perspectives.

By creating forums for open dialogue, we continue to promote learning, inclusion and collaboration, helping to ensure diverse perspectives inform conversations about the future of work and the responsible use of emerging technologies.

AI and data apprenticeships

Close Brothers has partnered with Multiverse to offer colleagues digital, data and AI apprenticeships.

Through a combination of structured online learning and 1:1 coaching, participants focus on building skills that are applicable to their day-to-day roles through learning to improve processes, productivity and enable better decision-making.

28 colleagues have already graduated from the programme, with a further 169 active participants.

Business impacts that have been considered through the apprenticeships include:

AI tool built to assess funding eligibility

Assesses client paperwork for invoice funding eligibility, saving an estimated 20 hours a week

Automated post-incident report analysis

Implemented in Retail, cutting review time from 20 hours to 5 minutes

Automated due-diligence analysis workflow

Streamlining a previously manual weekly process in Credit Risk

Streamlined complaints data system

Saving over 30 hours a month and speeding up senior decision-making in Retail



Powering growth through long-term relationships

Close Brothers Property Finance has worked with Westpoint Homes for 13 years, during which time we have supported the delivery of more than 900 new homes with a total development value of £377 million.

That sustained partnership is now helping the Scottish housebuilder move into its next phase of growth; to deliver another 750 new properties over the next five years. By taking the time to understand Westpoint Homes' business, ambitions and track record, our team has been able to provide facilities that give the developer greater certainty in an uncertain market.

The relationship also demonstrates how our support can evolve with customers. From helping unlock equity in completed schemes to supporting larger and more complex developments, including the Finnieston site in Glasgow, Close Brothers Property Finance continues to back Westpoint Homes as its ambitions grow.

“Our long-standing relationship with Close Brothers has helped us scale with confidence.”

Ian Rigby

Managing Director, Westpoint Homes



Non-financial and sustainability information statement

In line with the non-financial reporting requirements contained in sections 414CA and 414CB of the Companies Act 2006, the table below contains references to non-financial information intended to help our stakeholders understand the impact of our policies and activities.

Reporting requirement	Policies and standards	Information necessary to understand our impact and outcomes
Environmental matters	- Group Credit Risk Policy and Bank Credit Risk Standards - Environmental Policy	- Our businesses: Our operating environment, pages 16 to 21 - Stakeholder engagement, pages 23 to 26 - Our strategy, pages 10 to 11 - Sustainability Report, pages 28 to 45 - Climate-related disclosures, pages 30 to 36
Employees	- Health and Safety Policy - Whistleblowing Policy - Key Customer Principles - Equal Opportunity and Dignity at Work Policy	- Business model, pages 8 to 9 - Stakeholder engagement, pages 23 to 26 - Our strategy, pages 10 to 11 - Sustainability Report, pages 28 to 45 - Corporate Governance Report, pages 112 to 121
Social matters	- Key Customer Principles - Group Credit Risk Policy and Bank Credit Risk Standards - Volunteering Standards - Matched Giving Guidelines - Dignity at Work Policy	- Stakeholder engagement, pages 23 to 26 - Our strategy, pages 10 to 11 - Sustainability Report, pages 28 to 45 - Corporate Governance Report, pages 112 to 121
Respect for human rights	- Human Rights and Modern Slavery Act - Data Protection Policy - Cyber Security Policy - Information Security Policy - Third Party Management Policy	- Sustainability Report, page 28 to 45 - Risk Report, pages 60 to 100
Anti-corruption and anti-bribery	- Financial Crime Compliance Policy - Anti-Bribery and Corruption Policy Statement - External and Internal Fraud Policy Statement - Cyber Security Policy	Sustainability Report, pages 28 to 45
Stakeholders	- Environmental Policy - Key Customer Principles - Third Party Management Policy	- Stakeholder engagement, pages 23 to 26 - Sustainability Report, pages 28 to 45
Description of the business model		- At a glance, pages 2 to 3 - Our strategy, pages 10 to 11 - Investment case, pages 12 to 13 - Business model, pages 8 to 9
Description of principal risks and impact of business activity	Enterprise Risk Management Framework	- Principal risks, pages 67 to 100 - Emerging risks and uncertainties, page 70 - Risk Committee report, pages 134 to 136
Non-financial key performance indicators		- Our strategy, pages 10 to 11 - Key performance indicators, pages 14 to 15 - Sustainability Report, pages 28 to 45
Climate-related disclosures	Enterprise Risk Management Framework	Task Force on Climate-Related Financial Disclosures – Climate-related disclosures, pages 30 to 36

Financial overview

Summary group income statement¹

	2026 £ million	2025 £ million	Change %
Adjusted operating income	642.9	681.2	(6)
Adjusted operating expenses	(430.9)	(445.1)	(3)
Adjusted impairment losses on financial assets	(91.7)	(91.8)	—
Adjusted operating profit	120.3	144.3	(17)
Commercial	90.9	112.2	(19)
Retail	17.4	18.9	(8)
Property	49.0	67.2	(27)
Group (central functions)	(37.0)	(54.0)	(31)
Adjusting items:			
Provision in relation to motor finance commissions	(164.7)	(165.0)	—
Other motor finance commissions related costs ²	(7.7)	(18.7)	(59)
Provision in relation to early settlements in Motor Finance	(1.3)	(33.0)	(96)
Restructuring costs	(14.3)	(2.3)	n/a
Amortisation of intangible assets on acquisition	(0.2)	(0.2)	—
Operating profit/(loss) from Close Brewery Rentals Limited ³	6.8	(4.1)	(266)
Operating profit/(loss) from Close Brothers Vehicle Hire ⁴	0.8	(43.4)	(102)
Operating loss before tax	(60.3)	(122.4)	(51)
Tax	(5.1)	(4.7)	9
Loss after tax from continuing operations	(65.4)	(127.1)	(49)
Discontinued operations⁵:			
Close Brothers Asset Management	1.1	63.9	(98)
Winterflood	0.9	(14.7)	(106)
Loss after tax (continuing and discontinued operations)	(63.4)	(77.9)	(19)
Attributable to:			
Shareholders	(85.7)	(100.2)	(14)
Other equity owners	22.3	22.3	—
Loss after tax attributable to shareholders and other equity owners	(63.4)	(77.9)	(19)
Adjusted basic earnings per share (continuing operations) ^{1,6}	47.5p	59.3p	
Basic (loss)/earnings per share (continuing operations) ⁶	(58.5)p	(99.8)p	
Basic (loss)/earnings per share (continuing and discontinued operations) ^{5,6}	(57.1)p	(66.9)p	
Ordinary dividend per share	—	—	
Return on opening equity	4.9%	6.2%	
Return on average tangible equity ⁷	5.5%	7.1%	

- Income Statement presented includes continuing and discontinued operations. Adjusted measures are presented on a basis consistent with prior periods and exclude any exceptional and adjusting items which do not reflect underlying trading performance. Current adjusting items include: customer remediation provisions, unwind of the time value discount, and operational or legal costs incurred in relation to an event that is deemed to be adjusting, CBRL which was sold in the year, CBVH which is in wind-down, restructuring costs and amortisation of intangible assets on acquisition. There are no exceptional items presented in these financial results. Please refer to the Basis of presentation and the tables on page 49 for details on the reconciliation between adjusted and statutory measures.
- Motor finance commissions related complaints handling, operational and legal costs, and unwind of the time value discount, partially offset by insurance recoveries.
- The sale of CBRL completed on 31 August 2025 and a gain of £6.4 million has been recognised. Please refer to Note 26 "Discontinued operations and assets and liabilities classified as held for sale".
- CBVH business is in wind-down.
- Discontinued operations relate to Close Brothers Asset Management and Winterflood, which have been classified as "discontinued operations" in the group's income statement for the 2025 and 2026 financial years in line with the requirements of IFRS 5. The related assets and liabilities were classified as held for sale on the group's balance sheet at 31 July 2025. Please refer to Note 26 "Discontinued operations and assets and liabilities classified as held for sale".
- Refer to Note 7 "Earnings per share" for the calculation of basic and adjusted basic earnings per share.
- Return on average tangible equity uses adjusted operating profit after tax from continuing operations, less AT1 coupons (2026: £71.3 million, 2025: £88.7 million). Average tangible equity excludes discontinued operations. Average tangible equity is calculated based on closing equity per the balance sheet (2026: £1,651.6 million, 2025: £1,735.5 million), less AT1 (2026 and 2025: £197.6 million), less intangibles (2026: £155.0 million, 2025: £166.3 million), less CBAM and WINS tangible equity (2026: £nil, 2025: £90.6 million).

Basis of presentation

Results are presented both on a statutory and an adjusted basis to aid comparability between periods. Adjusted measures are presented on a basis consistent with prior periods and exclude any exceptional and adjusting items which do not reflect underlying trading performance. Current adjusting items include customer remediation provisions, unwind of the time value discount, and operational or legal costs incurred in relation to an event that is deemed to be adjusting, Close Brewery Rentals Limited ("CBRL") which was sold in the year, Close Brothers Vehicle Hire ("CBVH") which is in wind-down, restructuring costs and amortisation of intangible assets on acquisition. There are no exceptional items presented in these financial results.

Discontinued operations relate to Close Brothers Asset Management ("CBAM") and Winterflood Securities ("Winterflood"), which were classified as discontinued operations in the group's income statement in the 2025 and 2026 full year results. Winterflood's assets and liabilities were classified as held for sale on the group balance sheet at 31 July 2025. The sale of CBAM completed on 28 February 2025, and the sale of Winterflood completed on 1 December 2025; therefore no assets or liabilities in respect of these businesses remain on the balance sheet at 31 July 2026. The sale of CBRL completed on 31 August 2025. The assets and liabilities of this business were classified as held for sale on the group balance sheet at 31 July 2025. No assets or liabilities in respect of this business remain on the balance sheet at 31 July 2026.

Reconciliation from adjusted to statutory income statement

Adjusting items reconciling adjusted to statutory performance										
Summary income statement for the year ended 31 July 2026	Adjusted £ million	Provision in relation to motor finance commissions £ million	Other motor finance commissions related costs £ million	Provision in relation to early settlements in Motor Finance £ million	Restructuring costs £ million	Amortisation of intangible assets on acquisition £ million	Close Brewery Rentals Limited (sold) £ million	Close Brothers Vehicle Hire (in wind-down) £ million	Total adjusting items £ million	Statutory £ million
Operating income	642.9	–	(10.7)	(1.3)	–	–	7.2	12.9	8.1	651.0
Operating expenses	(430.9)	(164.7)	3.0	–	(14.3)	(0.2)	(0.4)	(12.0)	(188.6)	(619.5)
Impairment losses on financial assets	(91.7)	–	–	–	–	–	–	(0.1)	(0.1)	(91.8)
Operating profit/(loss) before tax	120.3	(164.7)	(7.7)	(1.3)	(14.3)	(0.2)	6.8	0.8	(180.6)	(60.3)

Adjusting items reconciling adjusted to statutory performance										
Summary income statement for the year ended 31 July 2025	Adjusted £ million	Provision in relation to motor finance commissions £ million	Other motor finance commissions related costs £ million	Provision in relation to early settlements in Motor Finance £ million	Restructuring costs £ million	Amortisation of intangible assets on acquisition £ million	Close Brewery Rentals Limited loss (sold) £ million	Close Brothers Vehicle Hire loss (in wind-down) £ million	Total adjusting items £ million	Statutory £ million
Operating income	681.2	–	–	–	–	–	5.9	(27.6)	(21.7)	659.5
Operating expenses	(445.1)	(165.0)	(18.7)	(33.0)	(2.3)	(0.2)	(9.8)	(15.0)	(244.0)	(689.1)
Impairment losses on financial assets	(91.8)	–	–	–	–	–	(0.2)	(0.8)	(1.0)	(92.8)
Operating profit/(loss) before tax	144.3	(165.0)	(18.7)	(33.0)	(2.3)	(0.2)	(4.1)	(43.4)	(266.7)	(122.4)

Statutory operating loss

The group reported a statutory operating loss before tax of £60.3 million (2025: £122.4 million). Underlying operating profit was more than offset by £180.6 million of adjusting items, predominantly the £164.7 million increase in provision in relation to motor finance commissions during the year.

Adjusted operating profit

Adjusted operating profit decreased 17% to £120.3 million (2025: £144.3 million), reflecting the reduction in income from the repositioning of our business and prevailing market conditions. The operating loss in Group (central functions), which includes the central functions such as finance, legal and compliance, risk and human resources, reduced to £37.0 million (2025: £54.0 million), primarily driven by a reduction in legal and professional costs.

Return on opening equity reduced to 4.9% (2025: 6.2%) and return on average tangible equity reduced to 5.5% (2025: 7.1%) primarily reflecting the reduction in adjusted operating profit. We remain committed to achieving our target of double-digit RoTE by the 2028 financial year, rising thereafter.

Adjusted operating income

Adjusted operating income decreased 6% to £642.9 million (2025: £681.2 million), driven by the repositioning of our businesses, including the wind-down of Novitas and the planned reduction of personal lines in Premium Finance. Income also reflects a lower underlying net interest margin and average loan book, reflecting the impact of prevailing market conditions, particularly on our Property Finance book.

Financial overview continued

The net interest margin across the lending divisions declined to 6.9% (2025: 7.2%), in line with guidance, with the reduction primarily reflecting the repositioning of the business and changes in mix, including the wind-down of Novitas, repositioning of Premium Finance and the focus on larger deals with attractive risk-adjusted returns. All else equal, we expect the net interest margin in the 2027 financial year to be slightly below FY 2026 reflecting further c.0.1% impact from mix, including Premium Finance repositioning.

Group (central functions) reported income of £(8.2) million (2025: £(11.7) million), representing the net cost of group funding, which was lower than the prior year due to higher interest earned on cash balances.

Adjusted operating expenses

Adjusted operating expenses reduced 3% to £430.9 million (2025: £445.1 million), better than guidance of c.£450 million, reflecting strong cost discipline and the acceleration of cost-saving initiatives. Through our transformation programme, we have delivered c.£36 million of annualised cost savings, substantially ahead of our c.£25 million target, through lower staff costs, which include the benefits of offshoring, a reduction in adviser costs, lower third-party spend and a reduced property footprint.

Expenses in Group (central functions) reduced 32% to £28.8 million (2025: £42.3 million) primarily reflecting lower legal and professional fees.

Overall, the group's expense/income ratio increased to 67% (2025: 65%), reflecting the lower income in the period. The compensation ratio marginally increased to 35% (2025: 34%), notwithstanding a reduction in variable compensation.

We now expect to exceed £60 million of annualised savings by the end of the 2027 financial year, primarily through streamlining of businesses and functions, increased use of outsourcing and offshoring, and reduction in our property footprint and third-party spend. In addition, we are now well into planning for the next stage of restructuring activity, with a focus on developing shared enterprise-wide services and further deployment of AI, automation and digital solutions.

We expect the group's adjusted operating expenses to be c.£430 million in the 2027 financial year, with cost savings broadly offsetting inflation and selective investment to support growth, and at the lower end of the £410-430 million range in the 2028 financial year.

Adjusted impairment charges and IFRS 9 provisioning

Adjusted impairment charges remained stable at £91.7 million (2025: £91.8 million), equivalent to a bad debt ratio of 1.0% (2025: 1.0%). The impairment charge reflects an increase in individually assessed provisions in Property on a small number of facilities, including legacy cases, which was partially offset by the implementation of an updated IFRS 9 model which recognises the evolving composition and behaviour of the Motor Finance book. The bad debt ratio remains comfortably below our long-term average of 1.2%. Overall, provision coverage was broadly unchanged at 2.7% (31 July 2025: 2.6%).

Since the 2025 financial year end, we have updated the macroeconomic scenarios we source from Moody's Analytics to reflect the latest available information. The weightings assigned to the scenarios remain unchanged.

Whilst we have not seen a significant impact on credit performance outside of a small number of facilities in Property, we continue to monitor closely the evolving impacts of inflation and cost of living on our customers.

We remain confident in the quality of our loan book, which is predominantly secured or structurally protected, prudently underwritten, diverse, and supported by the deep expertise of our people. We expect the bad debt ratio for the 2027 financial year to remain below our long-term average of 1.2%.

Adjusting items

We recognised £180.6 million of adjusting items in 2026 (2025: £266.7 million).

During the year, we increased our provision in relation to motor finance commissions by c.£135 million in October 2025 and c.£30 million in April 2026, resulting in an income statement charge of £164.7 million, bringing the total provision to c.£320 million. At 31 July 2026, the provision decreased slightly to £318.5 million, reflecting further cost utilisation, partially offset by an unwinding of the discount relating to the time value of money.

Our provisioning approach reflects the rules outlined in FCA Policy Statement PS26/3: Motor Finance Consumer Redress Scheme (the "scheme"), which was published on 30 March 2026. While there are aspects of the scheme that we disagree with, in order to provide an orderly resolution for all parties, Close Brothers decided not to challenge the scheme.

There have been four legal challenges, with parts of the scheme currently suspended by the Upper Tribunal on terms agreed between the FCA and the challengers, and therefore delaying calculation or payment of redress owed under the scheme. Notwithstanding this, we continue to gather additional data, progress complaints and prepare operationally as we await the outcome of the challenges. The ultimate cost to the group remains subject to the outcome of the legal challenges to the scheme and any further legal, regulatory or industry developments, including court claims and complaints from consumers.

In addition, we have incurred a charge of £7.7 million largely reflecting the unwind of the time value discount and other legal costs, partially offset by insurance recoveries.

We recognised £7.6 million of operating profit from the group's rentals businesses, Close Brewery Rentals Limited ("CBRL") (sold 31 August 2025), and Close Brothers Vehicle Hire ("CBVH") (in wind-down), primarily reflecting the £6.4 million gain on disposal of CBRL.

We incurred £14.3 million (2025: £2.3million) of restructuring costs, primarily relating to redundancy and associated costs. We expect to incur c.£30-40 million in the 2027 financial year.

The charge of £1.3 million (2025: £33.0 million) in respect of the provision in relation to early settlements in Motor Finance is the unwind of the time value discount in the year.

Tax

The tax expense in 2026 was £5.1 million (2025: £4.7 million). The effective tax rate for the period was (8.5)% (2025: (3.8)%), including the £164.7 million provision charge (£147.0 million net of tax) in relation to motor finance commissions (2025: including the £165.0 million provision charge (£155.7 million net of tax) in relation to motor finance commissions and the £33.0 million (£30.3 million net of tax) provision for the proactive customer remediation programme in relation to early settlement of loans in Motor Finance). Excluding the provisions, the effective tax rate would have been approximately 22% (2025: approximately 22%). Please refer to Note 6 "Tax" for further details on the group's taxation.

Discontinued operations

On 1 December 2025, we completed the sale of Winterflood Securities to Marex Group plc.

Following completion of the disposal of Winterflood, there are no assets or liabilities classified as held for sale on the balance sheet at 31 July 2026, and minimal impact through the income statement.

Winterflood delivered total profit after tax of £0.9 million (2025: loss after tax of £14.7 million).

For further information on the discontinued operations, refer to Note 26 "Discontinued operations and assets and liabilities classified as held for sale".

Earnings per share

Adjusted basic earnings per share ("AEPS") for continuing operations decreased to 47.5p (2025: 59.3p) and basic earnings per share ("EPS") for continuing operations increased to (58.5)p (2025: (99.8)p).

Basic earnings per share for continuing and discontinued operations increased to (57.1)p (2025: (66.9)p).

Summary group balance sheet

	31 July 2026 £ million	31 July 2025 £ million
Loans and advances to customers and operating lease assets ¹	9,594.3	9,625.7
Treasury assets ²	1,758.7	2,770.4
Assets classified as held for sale ³	–	934.0
Other assets	705.4	741.8
Total assets	12,058.4	14,071.9
Deposits by customers	7,876.2	8,799.3
Borrowings ⁴	1,886.7	2,188.3
Liabilities classified as held for sale ³	–	773.4
Other liabilities	643.9	575.4
Total liabilities	10,406.8	12,336.4
Equity⁵	1,651.6	1,735.5
Total liabilities and equity	12,058.4	14,071.9

1. Includes operating lease assets of £131.1 million (31 July 2025: £166.3 million).

2. Treasury assets comprise cash and balances at central banks and non-cash high quality liquid assets ("HQLAs") held to support the group.

3. Assets and liabilities relating to CBRL and discontinued operation Winterflood were classified as held for sale on the group's balance sheet at 31 July 2025. Please refer to Note 26 "Discontinued operations and assets and liabilities classified as held for sale".

4. Borrowings comprise debt securities in issue, loans and overdrafts from banks and subordinated loan capital.

5. Equity includes the group's £200.0 million Fixed Rate Reset Perpetual Subordinated Contingent Convertible Securities (AT1 securities), net of £2.4 million transaction costs, which are classified as an equity instrument under IAS 32.

The group maintained a strong balance sheet and continues to take a prudent approach to managing its financial resources. The fundamental structure of the balance sheet remains unchanged, with most of the assets and liabilities relating to our lending divisions. Loans and advances to customers and operating lease assets make up the majority of assets. Other items on the group's balance sheet include treasury assets, with intangibles, property, plant and equipment, and prepayments included as other assets. Liabilities are predominantly made up of customer deposits and both secured and unsecured borrowings to fund the loan book.

Total assets reduced to £12.1 billion (31 July 2025: £14.1 billion), primarily due to a 37% reduction in treasury assets

Both the adjusted and basic EPS calculations include the payment of the coupon related to the Fixed Rate Resetting Additional Tier 1 Perpetual Subordinated Contingent Convertible Securities ("AT1"), at an annual rate of 11.125%, in December 2025 and May 2026, amounting to £22.3 million. The associated coupon is deducted from retained earnings, reducing the profit attributable to ordinary shareholders.

Dividend

Given the continued uncertainty regarding the outcome of the legal challenges to the FCA's motor finance consumer redress scheme and any potential financial impact, the group will not pay a final dividend on its ordinary shares for the 2026 financial year. We remain committed to the resumption of shareholder distributions at an appropriate time and will reassess our options as greater certainty emerges regarding motor finance commissions, taking into account the group's future capital needs and shareholder feedback.

reflecting a planned reduction in excess liquidity and the completion of the sales of Winterflood and CBRL, which no longer feature on the group balance sheet.

Total liabilities reduced to £10.4 billion (31 July 2025: £12.3 billion), due to a 10% decrease in customer deposits reflecting our lower funding requirement in the 2026 financial year, and the completion of the sales of Winterflood and CBRL.

Total equity was broadly flat at £1.7 billion at 31 July 2026 (31 July 2025: £1.7 billion).

The group's return on assets excluding discontinued operations was 0.6% (31 July 2025: 0.7%).

Group Capital

	31 July 2026 £ million	31 July 2025 £ million
Common Equity Tier 1 capital	1,266.1	1,348.1
Tier 1 capital	1,466.1	1,548.1
Total capital	1,716.1	1,748.1
Risk weighted assets	8,971.8	9,798.5
Common Equity Tier 1 capital ratio ¹	14.1%	13.8%
Tier 1 capital ratio ¹	16.3%	15.8%
Total capital ratio ¹	19.1%	17.8%
Leverage ratio ²	13.5%	12.9%

1. IFRS 9 transitional arrangements ceased to apply and therefore had no impact on regulatory capital at 31 July 2026. Capital ratios at 31 July 2025 shown after applying IFRS 9 transitional arrangements and the Capital Requirements Regulation ("CRR") transitional and qualifying own funds arrangements in force at the time. Without their application, at 31 July 2025 the CET1 capital ratio would be 13.7%, tier 1 capital ratio 15.7% and total capital ratio 17.8%.
2. The leverage ratio is calculated as tier 1 capital as a percentage of non-risk-weighted total exposures, adjusted for certain capital deductions, including intangible assets, and off-balance sheet exposures.

Movements in capital and other regulatory metrics

The CET1 capital ratio increased from 13.8% to 14.1%, mainly driven by the recognition of other profits attributable to shareholders (c.80bps), and total credit risk RWA reduction (c.70bps), predominately related to loan book RWA reduction (c.50bps). The sale of Winterflood contributed c.50bps. These benefits were partially offset by the additional provision in relation to motor finance commissions (-c.150bps) and AT1 coupon payments in the year (-c.20bps).

CET1 capital decreased 6% to £1,266.1 million (31 July 2025: £1,348.1 million), primarily driven by the £147.0 million net of tax provision in relation to motor finance commissions, AT1 coupon payments of £22.3 million, partially offset by the recognition of the group's other profits attributable to shareholders in the year of £82.5 million.

Tier 1 capital decreased by 5% and total capital decreased by 2% to £1,466.1 million and £1,716.1 million respectively (31 July 2025: £1,548.1 million and £1,748.1 million respectively), reflecting the same movements in relation to CET1 capital. Total capital also reflects a £50 million increase in Tier 2 capital as the group issued £250 million Fixed Rate Subordinated Tier 2 Notes and conducted a tender offer for £200 million Fixed Rate Subordinated Notes.

RWAs decreased 8% to £9.0 billion (31 July 2025: £9.8 billion), driven by a reduction in credit risk RWAs (£568.5 million), operational risk RWAs (£158.1 million) and market risk RWAs (£114.0 million).

The decline in credit risk RWAs was driven by a £350.3 million decrease in loan book RWAs across the Property and Premium Finance businesses mainly due to lower loan book balances and also reflecting the beneficial impact of the ENABLE Build Guarantee Scheme within the Property business. In addition, other credit risk RWAs decreased by £204.3 million, largely due to reductions in Novitas receivables, operating lease exposures, and prepayments together with the disposals of Winterflood and Brewery Rentals.

The reduction in operational risk and market risk RWAs was primarily driven by the Winterflood disposal.

As a result, CET1, tier 1 and total capital ratios were 14.1% (31 July 2025: 13.8%), 16.3% (31 July 2025: 15.8%) and 19.1% (31 July 2025: 17.8%), respectively.

The applicable CET1, tier 1 and total capital ratio requirements, including capital requirements directive ("CRD") buffers but excluding any applicable PRA buffer, were 10.3%, 12.3% and 14.9%, respectively, at 31 July 2026, following the regular periodic review of our capital requirements. Accordingly, our CET1 capital headroom of c.380bps is significantly above the applicable requirements, despite the impact of the post-tax £147.0 million provision charge in relation to motor finance commissions.

The leverage ratio, which is a transparent measure of capital strength not affected by risk weightings, increased to 13.5% (31 July 2025: 12.9%).

Capital outlook

We currently estimate that the implementation of Basel 3.1 on 1 January 2027 will result in a reduction in the group's CET1 capital ratio of approximately 80bps with the minimum CET1 capital requirement reducing by c.40bps, reflecting the PRA's Pillar 2a SME Lending Adjustment, which was introduced to mitigate the impact of the removal of the Pillar 1 SME support factor under the Basel 3.1 framework. On a pro forma basis, this would reduce the group's CET1 capital ratio as at 31 July 2026 to 13.3%, against the minimum CET1 capital requirement of 9.9%, resulting in overall CET1 capital headroom of c.340bps.

In monetary terms, the impact on the group's overall CET1 capital headroom is minimal.

In the medium-term, we expect to operate within our guidance range of 12-13%, as we generate capital, target balance sheet growth and resume shareholder distributions, at an appropriate time.

We continue to make positive progress in our preparations for a transition to the IRB approach. Following the submission of our initial application to the PRA in December 2020, the firm received positive feedback from the PRA on Phase II of its application in December 2025, which is currently being progressed by management.

Group funding¹

	31 July 2026 £ million	31 July 2025 £ million
Customer deposits	7,876.2	8,799.3
Secured funding	479.0	1,077.4
Unsecured funding ^{2,3}	1,406.8	1,109.4
Equity	1,651.6	1,735.5
Total available funding	11,413.6	12,721.6
Total available funding as a percentage of loan book ⁴	119%	132%
Average maturity of funding allocated to loan book ⁵	20 months	18 months

1. Numbers relate to core funding and exclude working capital facilities at the business level.
2. Unsecured funding excludes £0.9 million (31 July 2025: £1.5 million) of non-facility overdrafts included in borrowings.
3. Includes £250.0 million of funds raised via a senior unsecured bond with a five-year tenor by Close Brothers Group plc, the group's holding company, in June 2023, with proceeds currently used for general corporate purposes.
4. Total funding as a percentage of loan book includes £131.1 million (31 July 2025: £207.3 million, of which £41.0 million for CBRL were classified as held for sale) of operating lease assets in the loan book figure.
5. Simple weighted average of the applicable funding allocated to the loan book. The applicable funding excludes equity (except AT1 instruments) and deducts funding held for liquidity purposes.

The Treasury function is focused on managing funding and liquidity to support the lending divisions, as well as managing interest rate risk. Our funding draws on a wide range of wholesale and deposit markets including several public debt securities at both group and operating company level, as well as public and private secured funding programmes and a diverse mix of customer deposits. This broad funding base reduces concentration risk and ensures we can adapt our position through the cycle.

We have maintained a prudent maturity profile, with the average maturity of funding allocated to the loan book at 20 months (31 July 2025: 18 months), ahead of the average loan book maturity at 16 months (31 July 2025: 15 months). The increase in the average maturity of funding allocated to the loan book reflects our access to unsecured funding markets with the issuance of a £250 million Tier 2 bond in February 2026 and a £250 million senior unsecured bond in June 2026.

Total funding decreased 10% to £11.4 billion (31 July 2025: £12.7 billion), which accounted for 119% (31 July 2025: 132%) of the loan book at the balance sheet date, as we sought to optimise funding and reduce liquidity from the elevated levels held during the recent period of uncertainty. The average cost of funding¹ across our lending divisions reduced to 4.6% (2025: 5.4%) primarily reflecting the lower base rate in the year and active management of our funding base.

The ongoing investment in our Savings capability, franchise and product offering has allowed us to significantly grow and diversify our retail deposit base in recent years. We have a suite of savings products available, providing us with optionality to access segments of the deposit market as needed, whilst providing a platform for future growth. As a proportion of total funding, our retail deposits have grown from 27% at the end of the 2022 financial year to account for 57% in 2026 (31 July 2025: 54%). Continued growth and diversification of our offering creates opportunity to further optimise funding cost and maturity in future years.

Over the year, customer deposits decreased 10% to £7.9 billion (31 July 2025: £8.8 billion) as we sought to optimise the pricing and level of deposit funding following strong growth in recent years, and reflect our lower funding requirements. Retail customer deposits decreased 4% to £6.6 billion (31 July 2025: £6.8 billion), with non-retail deposits reducing 32% to £1.3 billion (31 July 2025: £2.0 billion), in line with our funding plan. Across our funding base, only 10% of total deposits are available on demand and 56% have at least three months to maturity. At 31 July 2026 approximately 92% of retail deposits were protected by the Financial Services Compensation Scheme.

Secured funding decreased 56% to £0.5 billion (31 July 2025: £1.1 billion) following the repayment of an existing Motor Finance securitisation facility and a reduction on renewal of our Premium Finance securitisation facility, reflecting lower funding requirements and actions taken to optimise the liquidity position. Concurrently, the bank issued and retained a listed motor securitisation transaction, Orbita 2026-1. This resulted in the creation of £744 million Class A notes, which provide a significant increase to the group's contingent collateral pool, providing scope for further balance sheet optimisation.

Unsecured funding, which includes senior unsecured and subordinated bonds, increased 27% to £1.4 billion (31 July 2025: £1.1 billion), primarily reflecting the £250 million unsecured bond issuance in June 2026.

Moody's ratings for the group and CBL (Bank deposit rating), affirmed on 17 April 2026, are Baa2/P2 and A3/P2 respectively, with a negative outlook. Fitch Ratings ("Fitch") for both the group and CBL are BBB/F3, affirmed on 15 December 2025, with a negative outlook. Our credit ratings remain robust, and we retain strong access to funding markets.

1. The cost of funding across our lending divisions interest expense (excluding relevant allocations to CBRL and CBVH) for the 2026 financial year was £436.1 million (31 July 2025: £520.8 million).

Group liquidity

	31 July 2026 £ million	31 July 2025 £ million
Cash and balances at central banks	1,190.7	1,917.0
Sovereign and central bank debt	340.1	601.6
Supranational, sub-sovereigns and agency ("SSA") bonds	144.0	146.2
Covered bonds	83.9	105.6
Treasury assets	1,758.7	2,770.4

The group continues to ensure it is comfortably ahead of both internal risk appetite and regulatory requirements.

During the initial uncertainty regarding the outcome of the FCA's review of historical motor finance commission arrangements, we had deliberately maintained an elevated level of liquidity, which we have reduced to a more normal level over the year. Accordingly, treasury assets reduced 37% to £1.8 billion (31 July 2025: £2.8 billion). The majority of our treasury assets continue to be held on deposit with the Bank of England.

We have significantly increased our contingent collateral portfolio to £1.2 billion (31 July 2025: £0.2 billion)¹ driven principally by the issuance of a public motor finance

securitisation, Orbita 2026-1, which we retained in full, and we continue to maintain drawdown capacity at the Bank of England via pre-positioned loans.

We regularly assess and stress test the group's liquidity requirements and continue to materially exceed the liquidity coverage ratio ("LCR") regulatory requirements, with a 12-month average LCR to 31 July 2026 of 1,113% (31 July 2025: 1,012%). In addition to internal measures, we monitor funding risk based on the CRR rules for the net stable funding ratio ("NSFR"). The four-quarter average NSFR to 31 July 2026 was 144.0% (31 July 2025: 145.9%), well above regulatory requirements and internal risk appetite.

1. Contingent collateral portfolios are reported as gross values and exclude any applicable funding haircuts.

Banking: Commercial

Commercial lends to more than 28,000 small and medium-sized enterprises through our in-house teams, where loans are originated via our direct sales force or introduced by third-party distribution channels. Asset Finance provides commercial asset financing, hire purchase and leasing solutions for a diverse range of assets and sectors. Invoice Finance provides debt factoring, invoice discounting and asset-based lending to SMEs and corporates.

The Commercial division has made good strategic progress during the year and is carrying healthy momentum into the 2027 financial year. Simplification activities are now largely complete through the winding down of Novitas, the sale of CBRL, winding down CBVH and other sub-scale products and a simplification of the federated divisional structure. Considerable progress has been made on the optimisation initiatives, with restructuring activity and an increased focus on harnessing automation and AI to both enhance efficiency and enable further growth.

The Commercial loan book grew 3% over the year, with 6% growth in the second half. We are benefiting from diversification across the division, with some areas including Asset Finance Ireland and Invoice Finance already delivering in line with our 5-10% target range. Our diversified business model and growing presence in Ireland provide additional avenues for sustainable expansion and we remain focused on growing selectively through disciplined execution and differentiated customer service.

Adjusted operating profit for Commercial decreased to £90.9 million (2025: £112.2 million), mainly driven by lower income and an increase in impairment charges, as well as the impact of Novitas on the prior year.

On a statutory basis, operating profit increased to £91.3 million (2025: £63.3 million), benefiting from the gain on sale of CBRL and non-recurrence of the CBVH impairment charge in the prior year, partially offset by restructuring costs.

Asset Finance

Loan book

£3.6 billion

Average loan size

c.£49,000

Typical loan maturity

3-4 years

Invoice and Speciality Finance¹

Loan book

£1.2 billion

Average loan size²

c.£684,000

Typical loan maturity

3 months

1. Invoice and Speciality Finance comprises Invoice UK and GmbH and Novitas.

2. This figure represents Invoice Finance only.

Adjusted operating income decreased to £307.0 million (2025: £315.6 million) reflecting the wind-down of the Novitas book and lower behavioural fees in Asset Finance, as well as a decrease in net interest income in Invoice Finance. The net interest margin reduced marginally to 6.4% (2025: 6.6%) driven by Invoice Finance, reflecting a competitive market environment and lower average base rates during the year.

Adjusted operating expenses increased 2% to £189.2 million (2025: £185.6 million), as continued investment in technology was partially offset by the non-recurrence of Novitas expenses and lower staff costs in Asset Finance. The Commercial expense/income ratio increased to 62% (2025: 59%).

Adjusted impairment charges increased to £26.9 million (2025: £17.8 million), with the prior year benefiting from an impairment credit in respect of Novitas. This corresponded to a bad debt ratio of 0.6% (2025: 0.4%) and a stable provision coverage ratio of 1.5% (31 July 2025: 1.5%). Excluding Novitas, impairment charges increased to £27.7 million (2025: £24.6 million) reflecting loan book growth, with overall credit performance stable.

We expect the impact from Novitas to be minimal in the 2027 financial year.

Commercial

	2026 £ million	2025 £ million	Change %
Adjusted operating income	307.0	315.6	(3)
Adjusted operating expenses	(189.2)	(185.6)	2
Adjusted impairment losses on financial assets	(26.9)	(17.8)	51
Adjusted operating profit	90.9	112.2	(19)
Adjusted operating profit, pre provisions for impairment losses	117.8	130.0	(9)
Adjusting items:			
Restructuring costs	(7.2)	(1.4)	n/a
Operating profit/(loss) from Close Brewery Rentals Limited ¹	6.8	(4.1)	(266)
Operating profit/(loss) from Close Brothers Vehicle Hire	0.8	(43.4)	(102)
Statutory operating profit	91.3	63.3	44
Net interest margin	6.4%	6.6%	
Expense/income ratio	62%	59%	
Bad debt ratio	0.6%	0.4%	
Closing loan book and operating lease assets²	4,886.2	4,729.3	3

1. The sale of CBRL completed on 31 August 2025 and a gain of £6.4 million has been recognised. Please refer to Note 26 "Discontinued operations and assets and liabilities classified as held for sale".
2. Operating lease assets of £1.1 million (31 July 2025: £1.3 million).

Banking: Retail

Retail provides finance to individuals and businesses through a network of intermediaries. Motor Finance provides several products at point of sale in a dealership, or online via a broker, which allow consumers to buy vehicles from over 3,500 retailers in the UK and Ireland. Premium Finance works with c.1,100 insurance brokers in the UK and Ireland and helps make insurance payments more manageable for individuals and businesses, by allowing them to spread the cost over fixed instalments. The Savings business provides simple and straightforward savings products to businesses and individuals.

We continue to make significant progress delivering our strategic pillars in Retail. In 2025, we announced a repositioning to focus the growth of our Premium Finance business towards commercial lines insurance premium finance where we see strongest risk-adjusted returns and long-term growth potential, and to reduce our emphasis on personal lines insurance premium finance. The repositioning is in its final stages with an associated remaining portfolio of c.£100 million to be substantially run-off by the end of the 2027 financial year. The run-off of our legacy Republic of Ireland Motor Finance business is now largely complete.

Our Optimise initiatives have encompassed offshoring select non-specialist customer activities and implementing programmes focused on automation and digitisation, allowing for a more efficient approach to service delivery.

We are seeing good growth in Motor Finance with the loan book increasing 9% in the year. We have seen particularly strong growth in the Irish business and have launched dealer forecourt funding during the year, broadening our product offering and supporting future growth opportunities. Premium Finance continued to focus on growth in the commercial market including a strategic partnership with JMG, a top 30 UK insurance broker. While competition remains strong, favourable market dynamics and emerging opportunities provide confidence for continued progress into the 2027 financial year and beyond.

We welcomed the publication of the FCA Premium Finance Market Study and its conclusions in February 2026, which align with our existing approach and bring clarity and stability to the premium finance market.

Adjusted operating profit for Retail modestly reduced to £17.4 million (2025: £18.9 million) as a reduction in income, partly due to the planned withdrawal from selected personal lines business in Premium Finance, was largely offset by a Motor Finance impairment provision release.

We recognised adjusting items of £179.5 million (2025: £217.5 million) during the year, largely driven by the increase in provision in relation to motor finance commissions. Please refer to Note 15 "Other assets and liabilities" for further details on the group's provisioning assessment.

On a statutory basis, Retail delivered an operating loss of £162.1 million (2025: £198.6 million) reflecting the additional provision in respect of motor finance commissions.

Motor Finance

Loan book

£2.2 billion

Average loan size

c.£7,400

Typical loan maturity

4 years

Premium Finance

Loan book¹

£0.7 billion

Average loan size

c.£700

Typical loan maturity

11 months

1. Includes £105.5 million (31 July 2025: £288.8 million) of brokers within the exit cohort as part of the planned reduction in the personal lines book.

Adjusted operating income decreased 8% to £226.4 million (2025: £246.7 million), reflecting the planned withdrawal from selected personal lines relationships in Premium Finance as well as deflation of insurance premiums, partly offset by strong growth in the Irish Motor Finance business. The net interest margin decreased to 7.9% (2025: 8.3%), primarily reflecting the change in mix towards Motor Finance as a result of the repositioning of the Premium Finance business.

Adjusted operating expenses reduced 2% to £179.8 million (2025: £183.3 million) driven by offshoring benefits including lower staff costs, partly offset by increased costs in Ireland as we scale the business. The expense/income ratio increased to 79% (2025: 74%) reflecting the reduction in income.

Impairment charges decreased to £29.2 million (2025: £44.5 million), primarily driven by the implementation of an updated IFRS 9 model which recognises the evolving composition and behaviour of the Motor Finance book¹, and improved credit performance in Premium Finance. The bad debt ratio reduced to 1.0% (2025: 1.5%), with the provision coverage ratio decreasing to 3.0% (31 July 2025: 3.2%).

1. For further information please refer to the basis of preparation in Note 1 "Material accounting policies".

	2026 £ million	2025 £ million	Change %
Adjusted operating income	226.4	246.7	(8)
Adjusted operating expenses	(179.8)	(183.3)	(2)
Impairment losses on financial assets	(29.2)	(44.5)	(34)
Adjusted operating profit	17.4	18.9	(8)
Adjusted operating profit, pre provisions for impairment losses	46.6	63.4	(26)
Adjusting items:			
Provision in relation to motor finance commissions	(164.7)	(165.0)	—
Other motor finance commissions related costs ¹	(7.7)	(18.7)	(59)
Provision in relation to early settlements in Motor Finance	(1.3)	(33.0)	(96)
Restructuring costs	(5.6)	(0.6)	n/a
Amortisation of intangible assets on acquisition	(0.2)	(0.2)	—
Statutory operating loss	(162.1)	(198.6)	(18)
Net interest margin	7.9%	8.3%	
Expense/income ratio	79%	74%	
Bad debt ratio	1.0%	1.5%	
Closing loan book²	2,820.8	2,878.9	(2)

- 1 Motor finance commissions-related complaints handling, operational and legal costs, and unwind of the time value discount, partially offset by insurance recoveries.
- 2 The Motor Finance loan book includes £7.7 million (31 July 2025: £32.1 million) relating to the legacy Republic of Ireland Motor Finance business, which is in run-off following the cessation of our previous partnership in the Republic of Ireland from 30 June 2022.

Banking: Property

Property provides residential development finance, bridging finance and investment loans to experienced property developers and investors across mainland UK and Northern Ireland, through its two brands, Close Brothers Property Finance and Commercial Acceptances. Property Finance lends to over 500 professional property developers with a focus on small to medium-sized residential developments, with Commercial Acceptances lending to c.400 developers, investors and traders.

Property delivered a resilient performance in what remained a transitional year for the business, as we continued to broaden our proposition and position the franchise for sustainable growth. While our core Build-to-Sell market faces challenges, including planning system complexity, elevated construction costs and lower purchaser demand, the business continues to be supported by strong customer relationships, disciplined underwriting and deep market expertise, including a strong performance from Commercial Acceptances in a highly competitive market.

Alongside this, we made good strategic progress in diversifying the business and building new growth opportunities. We increased our focus on larger corporate borrowers within Build-to-Sell, expanded our Structured Finance offering and continued to strengthen our regional presence through targeted hires. We also launched new lending propositions, including Revolving Credit Facility and CA Revolve products, designed to meet evolving customer needs and broaden our addressable market.

Our diversification strategy is beginning to generate encouraging momentum taking us into the 2027 financial year. In Build-to-Rent, just after the year end, we completed our largest transaction to date, valued at £67.2 million. Our Build-to-Rent pipeline across single-family and multi-family housing remains healthy, with a number of opportunities expected to convert in the coming months. Although the Build-to-Sell loan book is expected to remain broadly stable in the near term, growth across our diversified business

initiatives and increasing demand from larger, well-capitalised partners provide confidence in our ability to deliver sustainable growth over the medium term.

Adjusted operating profit declined 27% to £49.0 million (2025: £67.2 million), as challenging conditions in the Build-to-Sell market have led to softer demand and lower loan balances, and reflecting increased impairment charges on a small number of facilities. Before provisions for impairment losses, adjusted operating profit reduced 13% to £84.6 million (2025: £96.7 million).

Loan book

£1.8 billion

Average loan size

c.£2.4 million

Typical development loan maturity

12-24 months

On a statutory basis, Property delivered an operating profit of £47.6 million (2025: £66.9 million).

Operating income declined 10% to £117.7 million (2025: £130.6 million), driven by the reduction in the loan book, as low drawdowns were more than offset by repayments levels, alongside reduced fee yields. The net interest margin reduced to 6.5% (2025: 6.9%), reflecting the change in business mix towards larger, lower-margin lending at attractive returns, as well as reduced fee yields and lower average base rates during the year.

Financial overview continued

Adjusted operating expenses decreased 2% to £33.1 million (2025: £33.9 million), reflecting lower staff costs. The expense/income ratio increased to 28% (2025: 26%).

Impairment charges increased to £35.6 million (2025: £29.5 million), primarily due to increased individually assessed provisions on a small number of facilities, including legacy

cases, driven by development specific issues, build cost inflation and a subdued sales market. As a result, the bad debt ratio increased to 2.0% (2025: 1.5%) and the provision coverage ratio rose to 5.6% (31 July 2025: 4.2%). The Property book is predominantly secured, with conservative loan-to-value ratios. 72% of loans are to repeat customers.

Property

	2026 £ million	2025 £ million	Change %
Operating income	117.7	130.6	(10)
Adjusted operating expenses	(33.1)	(33.9)	(2)
Impairment losses on financial assets	(35.6)	(29.5)	21
Adjusted operating profit	49.0	67.2	(27)
Adjusted operating profit, pre provisions for impairment losses	84.6	96.7	(13)
Adjusting items:			
Restructuring costs	(1.4)	(0.3)	n/a
Statutory operating profit	47.6	66.9	(29)
Net interest margin	6.5%	6.9%	
Expense/income ratio	28%	26%	
Bad debt ratio	2.0%	1.5%	
Closing loan book	1,757.3	1,852.5	(5)

Group (central functions)

	2026 £ million	2025 £ million	Change %
Operating income	(8.2)	(11.7)	(30)
Operating expenses	(28.8)	(42.3)	(32)
Operating loss	(37.0)	(54.0)	(31)
Adjusting items:			
Restructuring costs	(0.1)	—	n/a
Statutory operating loss	(37.1)	(54.0)	(31)

The operating loss from Group (central functions), which includes the central functions such as finance, legal and compliance, risk and human resources, reduced to £37.0 million (2025: £54.0 million), better than guidance of c.£45-50 million. The negative income represents the net cost of group funding, which was lower in the year, reflecting higher interest earned on group cash balances. The reduction in operating expenses primarily reflects the non-recurrence of legal and professional fees associated with the impact of the FCA's review of motor finance commissions.

Loan book analysis

	31 July 2026 £ million	31 July 2025 £ million	Change %
Commercial	4,886.2	4,729.3	3
Asset Finance ¹	3,642.2	3,580.4	2
Invoice Finance	1,244.0	1,148.9	8
Retail	2,820.8	2,878.9	(2)
Motor Finance ²	2,169.7	1,993.5	9
Premium Finance ³	651.1	885.4	(26)
Property	1,757.3	1,852.5	(5)
Closing loan book and operating lease assets⁴	9,464.3	9,460.7	—

1. Asset Finance totals exclude £130.0 million (31 July 2025: £165.0 million) of operating lease assets related to CBVH which is in wind-down, and £nil (31 July 2025: £41.0 million) of operating lease assets related to CBRL which was sold in the year.
Asset Finance includes £312.2 million (31 July 2025: £289.4 million) of loans in relation to Asset Ireland, previously reported within Invoice Finance.
2. The Motor Finance loan book includes £7.7 million (31 July 2025: £32.1 million) relating to the Republic of Ireland Motor Finance business, which is in run-off following the cessation of our previous partnership in the Republic of Ireland from 30 June 2022.
3. The Premium Finance loan book includes £105.5 million (31 July 2025: £288.8 million) of brokers within the exit cohort as part of the planned reduction in the personal lines book of Premium Finance.
4. Includes operating lease assets of £1.1 million (31 July 2025: £1.3 million).

The loan book was flat in the year at £9.5 billion (31 July 2025: £9.5 billion), although growth accelerated in the second half (2% decline in the loan book in H1 2026 versus 2% growth in H2 2026), reflecting the strategic actions we have taken to reposition our business.

On an underlying basis, excluding the planned reduction in the personal lines book of Premium Finance and run-off of the legacy Republic of Ireland Motor Finance business, the loan book increased 2% in the year, and grew 4% in the second half, building good momentum as we enter 2027. All of our divisions grew in the final quarter, notwithstanding the prevailing market conditions in some of our markets.

Through our simplification actions, we have repositioned the business to focus on core markets where we see a strong and sustainable market opportunity. We continue to target 5-10% p.a. growth through the cycle through a combination of overall market growth, share gains and new business initiatives.

The Commercial loan book increased 3% to £4.9 billion (31 July 2025: £4.7 billion), with good growth across both Asset Finance and Invoice Finance. Invoice Finance grew 8%, with strong new business volumes, particularly in the second half of the year. Asset Finance grew 2%, with both the Irish and Wholesale Finance portfolios performing particularly well. In the Commercial division, we continue to pursue organic growth in our core markets where we have developed strong relationships and expertise, for example in emerging clean-energy markets. We are also targeting new products and sectors such as commercial mortgages and through our repositioned intermediated Asset Finance business.

The Retail loan book declined to £2.8 billion (31 July 2025: £2.9 billion) on a reported basis, although the underlying loan book grew 6%. The Motor Finance loan book grew strongly,

up 9%, with good new business volumes across the business and particularly strong growth in Ireland. The Premium Finance loan book reduced 26% reflecting the planned reduction of a number of personal lines broker relationships in line with our strategic repositioning of the business. Excluding the exiting brokers, Premium Finance declined 9%, driven by market-wide insurance premium deflation. At 31 July 2026, the Premium Finance loan book included £105.5 million (31 July 2025: £288.8 million) of brokers within the exit cohort as part of the planned reduction in the personal lines book, with these exiting brokers expected to substantially run-off during the course of the 2027 financial year.

In Retail, we are renewing our focus on growing in the commercial lines market and supporting our brokers to write larger and more complex business in Premium Finance, while in Motor Finance, we are expanding our reach and distribution of Motor Finance, particularly in Ireland.

The Property loan book decreased 5% to £1.8 billion (31 July 2025: £1.9 billion) as low drawdowns were more than offset by repayment levels, reflecting industry-wide challenges in the Build-to-Sell market as housing delivery across the UK remains constrained due to planning delays, build cost pressures and labour shortages, whilst demand continues to be limited by cost-of-living pressures. We have expanded our regional presence and launched a new cash flow-led product in our bridging business, whilst also now offering a Revolving Credit Facility to our larger customers. We continue to see significant opportunities for providing development loans for the delivery of Build-to-Rent and Purpose-Built Student Accommodation, and are further building our market position in these sectors, with a £67.2 million Build-to-Rent facility already completed in the 2027 financial year.

Risk report

Effective management of the risks we face is central to everything we do

The group faces a number of risks in the normal course of its business, primarily arising from its lending and deposit-taking activities. To manage these effectively, a consistent approach is adopted based on a set of overarching principles, namely:

- adhering to our established and proven business model, as outlined on pages 8 to 9.
- implementing an integrated risk management approach based on the concept of three lines of defence; and
- setting and operating within clearly defined risk appetites, monitored with defined metrics and limits.

This risk report provides a summary of our approach to risk management, covering each of the key aspects of the group's Enterprise Risk Management Framework. Information on each of the group's principal risks, including an overview of the frameworks in place to manage them, is also included, together with an overview of current emerging risks and uncertainties.

All disclosures in the risk report are unaudited unless otherwise stated.

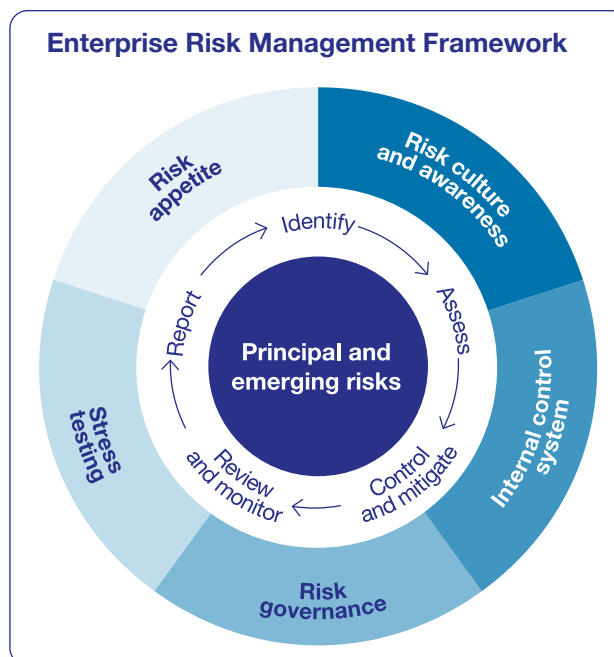
Enterprise risk management

An enterprise-wide framework designed to provide the Board and senior management with oversight of the group's financial position as well as the risks that might adversely affect it.

The framework details the core risk management components and structures used across the group, and defines a consistent and measurable approach to identifying, assessing, controlling and mitigating, reviewing and monitoring, and reporting risk – the risk process life cycle.

This sets out the activities, tools, techniques and organisational arrangements designed to identify the principal and emerging risks facing the group, and that appropriate responses are in place to mitigate these risks and prevent detriment to its customers and colleagues. This is an enabler for the group to meet its goals and enhance its ability to respond to new opportunities.

The framework is purposely designed to allow the capture of business opportunities whilst maintaining an appropriate balance of risk and reward within the group's agreed risk appetite.



Risk culture and awareness

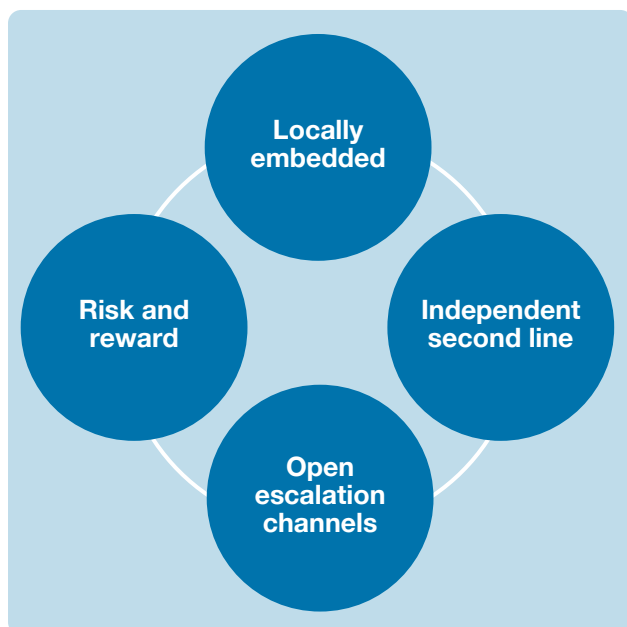
An effective risk culture is embedded throughout the group.

Maintenance of an effective risk management culture is integral to the group in meeting its regulatory conduct requirements and assisting the accomplishment of key strategic goals.

The risk culture:

- supports the group and its Directors in meeting their legal and regulatory obligations, particularly with respect to the identification and management of risks and the need for a robust control environment;
- underpins the group's purpose, strategy, cultural attributes and values;
- provides enhanced awareness of risk in business operations by highlighting strengths and weaknesses and their materiality to the business and, in turn, facilitating informed decision-making;
- optimises business performance by facilitating challenge of ineffective controls and improving the allocation of resources;
- improves the group's control environment; and
- assists in the planning and prioritisation of key projects and initiatives.

Risk management culture



Locally embedded

While risk management is led centrally, it is embedded locally within our businesses. Managers actively promote a culture in which risks are identified, assessed, managed and reported in an open, transparent and objective manner, and staff conduct is viewed as critical.

Independent second line

The group risk management function operates independently of the business, providing oversight and advice on the operation of the risk framework, assurance that agreed processes operate effectively and that a risk and conduct culture is embedded within the business.

Open escalation channels

All colleagues are responsible for risk identification and reporting within their area of responsibility and are encouraged to escalate risks and concerns where necessary, either through line or business management or by following the provisions of the group Whistleblowing Policy.

Risk and reward

The relationship between risk and reward is a key consideration in all risk management decisions. Additionally, all staff are evaluated against both agreed objectives (the “what”) and desired behaviours (the “how”). This encourages long-term stewardship behaviours together with a strong and appropriate risk and conduct culture.

For further information on our approach to remuneration for the group’s Directors see pages 137 to 151.

Risk governance

Role of the Board

The Board retains overall responsibility for overseeing the maintenance of the group’s system of internal control and the effective operation of the risk management framework and associated oversight processes. The risk management framework and its governance arrangements are designed to provide a clear organisational structure with distinct, transparent and consistent lines of responsibility and effective processes to identify, manage, monitor and report the risks to which the group is, or may become, exposed. On an annual basis, the Board reviews the effectiveness of the group’s risk management and internal control systems. Further details on the Board review of risk management and internal controls are provided on pages 112 to 121.

Risk management across the group is overseen by the Risk Committee. The committee is responsible for reviewing risk appetite, monitoring the group’s risk profile against this and reviewing the day-to-day effectiveness of the risk management framework. In addition, the committee is responsible for overseeing the maintenance and development of an appropriate and supportive risk culture and for providing risk input into the alignment of remuneration with performance against risk appetite.

The committee’s key areas of focus over the last financial year are set out on pages 134 to 136.

The group closely monitors its risk profile to ensure that it continues to align with its strategic objectives as documented on pages 10 to 11. The Board considers that the group’s current risk profile remains consistent with its strategic objectives.

The Risk Committee is supported by a number of executive, risk-specific and divisional committees. Together, these committees facilitate an effective flow of key risk information, as well as functioning to support appropriate risk management at each stage of the risk life cycle. They also provide an escalation channel for any risks or concerns, supporting the maintenance of an effective risk culture. The group’s risk governance framework is designed to enable the group to respond to changes in the risk and the broader regulatory environment in a considered and effective manner, with oversight from the Board, and during the year the committees have operated where needed in an agile manner, convening on an ad-hoc basis where required in addition to regular scheduled sessions. During the year the effectiveness of these committees and their terms of reference were reviewed to confirm they remain fit for purpose and all committees continue to work efficiently and effectively.

Risk committee structure



Risk committee overview

The governance framework operates through various delegations of authority from the Board downwards, with a number of committees focused on risk management. The delegations of authority cover both individual authorities as well as authorities exercised via the group's risk committee structure.

Group Risk and Compliance Committee	Provides oversight of the group's risk profile, alignment to risk appetite and effectiveness of the risk management and compliance framework.
Model Governance Committee	Provides oversight of the group's exposure to model risk through the review, approval and monitoring of all high-materiality models.
Capital Adequacy Committee	Monitors group and bank capital adequacy, incorporating capital planning, stress testing, governance, processes and controls.
Bank Asset and Liability Committee	Provides oversight of the bank's risk management and internal controls across liquidity, funding and market risk.
Group Asset and Liability Committee	Provides oversight of the company and wider group's risk management and internal controls across liquidity, funding and market risk.
Credit Risk Management Committee	Monitors the group's credit risk profile, examining current performance and key portfolio trends, ensuring compliance with risk appetite.
Group Credit Committee	Reviews material credit transactions and exposures from a credit, reputational, funding structure and business risk perspective.
Impairment Adequacy Committee	Governs the group's impairment process, reviewing the financial position relating to impairment and ensuring adequate coverage is held across the portfolio.
Operations and Technology Risk Committee	Monitors and oversees group-wide operational resilience, including technology, security, supplier and operational risk appetite, examining industry, regulatory and technical risks.
Divisional risk and compliance committees	Provide oversight of risk profile, alignment to risk appetite and effectiveness of the risk management and compliance framework at a divisional or business level.

Three lines of defence

The group's risk management approach is underpinned by a strong governance framework founded on a three lines of defence model.

The governance framework is considered appropriate to both the size and strategic intentions of the group. The key principles underlying this approach are that:

- business management owns all the risks assumed throughout the group and is responsible and accountable for their day-to-day management;
- the Board and business management together promote a culture in which risks are identified, assessed and reported in an open, transparent and objective manner;
- the overriding priority is to protect the group's long-term viability and produce sustainable medium to long-term revenue streams;
- risk functions are independent of the businesses and provide oversight of and advice on the management of risk across the group;
- risk management activities across the group are proportionate to the scale and complexity of the group's individual businesses;
- risk mitigation and control activities are commensurate with the degree of risk; and
- risk management and control supports decision-making.

Three lines of defence

First line of defence

The businesses

Group Risk and Compliance Committee (reports to the Risk Committee)

The Chief Executive delegates to divisional and operating business Chief Executives the day-to-day responsibility for risk management, regulatory compliance, internal control and conduct in running their divisions or businesses.

Business management has day-to-day ownership, responsibility and accountability for:

- identifying and assessing risks;
- managing and controlling risks;
- measuring risk (key risk indicators / early warning indicators);
- mitigating risks, including controls framework and effectiveness;
- reporting risks;
- committee structure and reporting; and
- management and self-assessment of operational resilience capabilities.

Key features

- Promotes a strong risk culture and focus on sustainable risk-adjusted returns.
- Implements the risk framework.
- Promotes a culture of adhering to limits and managing risk exposures and ongoing self-assessment.
- Promotes a culture of focus on good customer outcomes.
- Promotes responsibility for ongoing monitoring of positions and management and control of risks and controls effectiveness, including testing of controls, alongside portfolio optimisation.

Second line of defence

Risk and compliance

Risk Committee (reports to the Board)

The Risk Committee delegates day-to-day responsibility for oversight and challenge on risk-related issues to the Group Chief Risk Officer.

Risk functions (including compliance) provide support, assurance and independent challenge on:

- the design and operation of the risk framework and methodologies;
- risk assessment;
- risk appetite and strategy;
- risk reporting;
- adequacy of mitigation plans and effectiveness of risk decisions taken by business management;
- group risk profile; and
- committee governance and challenge.

Key features

- Oversees embedding of the risk framework and supporting methodologies, taking an integrated approach to risk and compliance (qualitative and quantitative).
- Promotes a strong and effective risk and control culture across the group.
- Undertakes compliance monitoring and risk assurance activities.
- Supports through developing and advising on risk and compliance strategies.
- Facilitates constructive check and challenge.
- Oversight of business conduct and customer outcomes.

Third line of defence

Internal audit

Audit Committee (reports to the Board)

The Audit Committee mandates the Group Head of Internal Audit with day-to-day responsibility for independent assurance.

Internal audit provides independent assurance on:

- first and second lines of defence;
- appropriateness/effectiveness of internal controls; and
- effectiveness of policy implementation.

Key features

- Draws on deep knowledge of the group and its businesses.
- Provides independent assurance on the activities of the group, including the risk management framework.
- Assesses the appropriateness and effectiveness of internal controls.
- Incorporates review of culture, conduct and customer outcomes.

Risk management and internal controls

Supporting the foundation of a strong risk management structure

Aligned to the risk governance framework, oversight across the group is supported by the maintenance of a range of internal controls. These cover risk, compliance, and financial management and reporting, and control processes. The controls are designed to enable accuracy and reliability of the group's financial information and financial and regulatory reporting.

The main features of these controls with respect to financial reporting include consistently applied accounting policies, clearly defined lines of responsibility and processes for the review and oversight of disclosures within the Annual Report. These controls are overseen by the Audit Committee.

The group policy framework, overseen by the Board, is a key component of the group's Enterprise Risk Management Framework, supporting the foundation of a strong risk management structure. Group policies are supported by group standards, and by divisional/business-level policies and procedures which, together, outline the way in which policy is implemented and detail the process controls in place to ensure compliance. The accounting policies form part of this broader policy framework, alongside policies and standards relating to the group's principal risks.

This structure establishes a link between group strategy and day-to-day operations in a manner consistent with agreed risk appetite. Simultaneously they facilitate Board and executive-level oversight and assurance as to the application of the strategy via conformance with underlying policy and standard requirements.

Review of effectiveness of risk management and internal control systems

The Board is responsible for establishing and maintaining the group's risk management and internal control framework. Throughout the year, the Board, assisted by the Risk Committee and the Audit Committee, actively monitors the group's risk management and internal control systems and reviews their effectiveness. A review of the effectiveness has been performed, covering all material controls, including financial, operational and compliance controls. Further detail on the Board review of the risk management and internal controls is provided on page 112.

Group policy framework

Enterprise Risk Management Framework

Group policies

Group standards

Divisional and business policies

Procedures

Risk appetite

Enabling key risk decisions in delivering the group's strategic objectives

Risk appetite forms a key component of the group's risk management framework and refers to the sources and levels of risk that the group is willing to assume in order to achieve its strategic objectives and business plan. It is managed via an established framework that facilitates ongoing communication between the Board and management with respect to the group's evolving risk profile. This enables key decisions concerning the allocation of group resources to be made on an informed basis.

Risk appetite is set on a top-down basis by the Board with consideration to business requests and executive recommendation. Appetite measures, both qualitative and quantitative, are applied to inform both decision-making and monitoring and reporting processes. Early-warning triggers are also employed to drive required corrective action before overall tolerance levels are reached.

The group conducts a formal review of its risk appetites annually to align risk-taking with the achievement of strategic objectives. Adherence is monitored through the group's risk committees on an ongoing basis, with interim updates to individual risk appetites considered as appropriate through the year.

Stress testing

Assessing and understanding future levels of risk

Stress testing represents another core component of the risk management framework and is employed, alongside scenario analysis, to support assessment and understanding of the risks to which the group might be exposed in the future. As such, it provides valuable insight to the Board and senior management, playing an important role in the formulation and pursuit of the group's strategic objectives. All regulatory stress testing activities, such as the Internal Capital Adequacy Assessment Process ("ICAAP"), are overseen by the Scenario Planning Forum, which considers the various risks impacting the business and recommends how the potential impact on both capital and liquidity should be considered from a stress testing perspective.

Stress testing provides valuable insight to the Board and senior management, helping to inform key decisions regarding both the direction and management of the group. Accordingly, stress testing activity is broadly designed to meet two principal objectives:

1. inform capital and liquidity planning – including liquidity and funding risk assessment, contingency planning and recovery planning; and
2. support ongoing risk and portfolio management – including risk appetite calibration, strategic decisioning and planning, risk/reward optimisation and business resilience planning.

To support these objectives, stress testing is designed to cover the group's most material risks, with activity conducted at various levels, ranging from extensive group-wide scenario analysis to simple portfolio sensitivity analysis.

Stress testing also represents a critical component of both the group's ICAAP and Internal Liquidity Adequacy Assessment Process ("ILAAP"), with scenario analysis additionally employed as part of the group's Recovery Plan.

Principal and emerging risks

Principal risks

At the core of the Enterprise Risk Management Framework and risk process life cycle sits the group's suite of principal risks.

These are the risks which have been identified as those most material in the delivery of the group's strategic objectives. This suite is subject to ongoing review to align the framework to the prevailing risk environment.

Following review and challenge, it has been determined that the existing suite of principal risks detailed in our prior year's report remains broadly reflective of those faced currently. However, as part of our continual review of the prevailing risk landscape, it is recognised that underlying risk drivers may have changed and our approach to managing them has in turn evolved in step with them. Following the sale of Winterflood Securities, the group no longer has a trading book, and market risk only arises from our non-trading (banking) book. As a result, traded market risk has been removed from the suite of principal risks and non-traded market risk has been renamed to market risk.

The table on pages 67 to 69 gives an overview of these principal risks and possible impacts, as well as the outlook pertaining to these. More detailed information on each of these follows on pages 71 to 100 which set out the frameworks in place to manage these risks.

This should not be regarded as a complete and comprehensive statement of all potential risks faced by the group but reflects those which the group currently believes could have a significant impact on its future performance.

Climate risk

Running alongside the suite of principal risks is climate risk, which the group categorises as a cross-cutting risk, as the impacts arising from climate change have the ability to impact across the spectrum of principal risks. In addition, transitional risks from climate change which may have a medium to longer-term impact on the group's product offering, operations and strategic direction are captured in the group's emerging risks. For further information on the group's climate risk response, see the Sustainability Report on pages 28 to 47.

Climate risk represents an ongoing area of focus, and the group continues to monitor government and regulatory developments closely. Throughout 2026 the group has re-evaluated its exposure to climate risks, as well as the associated materiality, in response to the PRA's publication of Supervisory Statement 5/25. The short-dated tenor and UK focus of the lending book, together with the resilience of the business model, mitigate exposure to climate risks. Ongoing embedding of the climate risk framework will further support continuous review of the evolving risk landscape.

Emerging risks

The group's suite of principal risks is accompanied by a portfolio of emerging risks reflecting broader market uncertainties. The group defines an emerging risk as a risk that may potentially become material in the delivery of the group's strategic objectives but the risk and its applicability to the group may not yet be fully understood or assessed. This incorporates input and insight from both a top-down and bottom-up perspective:

Top-down: identified by Directors and executives at a group level via the Group Risk and Compliance Committee ("GRCC") and the Board.

Bottom-up: identified at a business level and escalated, where appropriate, via risk updates to the GRCC.

The established framework for monitoring these risks supports the group's organisational readiness to respond. Group-level emerging risks are monitored by the GRCC and Risk Committee on an ongoing basis, with agreed mitigating actions in place to ensure the group's preparedness should a risk crystallise. Ongoing monitoring also tracks several sub-risks to support identification of key themes and within the year the sub-risks covered have evolved accordingly in line with the perceived risk landscape.

Emerging risks are considered on both an internal and external basis with careful consideration given to likely emergence periods. Additionally, active monitoring of the correlation impacts across emerging risks, uncertainties and principal risks is undertaken.

Principal and emerging risks



- Emerging risks
- E1: Economic uncertainty
- E2: Geopolitical uncertainty
- E3: Transitional climate risks
- E4: Strategic disruption

- Risk emergence
- Short term
 - Medium term
 - Long term

↑ Risk increase

→ Stable

↓ Risk decrease

Principal risk

Outlook

↑ Business and strategic risk Simplify Optimise Grow The risk of realising lower than anticipated profits or experiencing a loss rather than a profit due to failure to adapt to changing market conditions, pursuing an ineffective strategy or ineffective implementation of strategy. See page 71.	• Business and strategic risk has stabilised somewhat in recent months, but remains elevated and is likely to remain so throughout FY 2027. • The uncertain macro environment presents an overarching risk to the group's business and strategy and our ability to deliver new growth initiatives. • While we have greater clarity on the outcome of the FCA review of historical motor finance commissions, some uncertainty remains in relation to the ongoing legal challenges to the scheme. • Additionally, the group continues to execute a significant transformation programme involving operating model changes to certain businesses and central functions. • A number of management actions have strengthened our capital position and simplified the group, ensuring we are well placed to navigate the current uncertainty. However, this risk is likely to remain elevated until there is full clarity in relation to motor finance commissions and changes from the transformation programme have been delivered.
→ Capital risk Optimise Grow The risk that the group has insufficient regulatory capital (including equity and other loss-absorbing debt instruments) to operate effectively, including meeting minimum regulatory requirements, and to operate within Board-approved risk appetite and support its strategic goals. See page 72.	• In response to the continuing uncertainty relating to the FCA motor finance commission redress scheme, we have continued to strengthen our capital position substantially above regulatory requirements. The group's CET1 capital ratio was 14.1% at 31 July 2026. • We currently estimate that the implementation of Basel 3.1 on 1 January 2027 will result in a reduction in the group's CET1 capital ratio of approximately 80bps with the minimum CET1 capital requirement reducing by c.40bps, reflecting the PRA's Pillar 2a SME Lending Adjustment, which was introduced to mitigate the impact of the removal of the Pillar 1 SME support factor under the Basel 3.1 framework. On a pro forma basis, this would reduce the group's CET1 capital ratio as at 31 July 2026 to 13.3%, against the minimum CET1 capital requirement of 9.9%, resulting in overall CET1 capital headroom of c.340bps. In monetary terms, the impact on the group's overall CET1 capital headroom is minimal.
↑ Change execution risk Simplify Optimise Grow The risk of loss, reputational damage or poor strategic and regulatory outcomes resulting from the failure to effectively execute, embed and deliver the outcomes of change initiatives in line with objectives and business requirements. See page 75.	• Change delivery capacity and capability continue to be areas of management focus, to enable safe delivery of the significant change programmes planned and under way to support the group's transformation. Strong resource partners secured to strengthen capacity. • Additional management oversight is in place to provide necessary strategic direction to transformation programmes and to manage strain on resource through the introduction of a bank investment delivery oversight group.
→ Conduct risk Optimise Grow The risk that the group's behaviours, or those of its colleagues, whether intentional or unintentional, result in poor outcomes for customers or the markets in which it operates. It is rooted in the importance of delivering good customer outcomes at every stage of the customer journey. See page 76.	• The group will continue to invest in keeping abreast of regulatory guidance and developments to maintain a strong focus on regulatory expectations in relation to the delivery of good customer outcomes. • This includes adapting to the need for revised market strategies due to the impact of regulatory change on product design and distribution. • The external macroeconomic environment continues to increase financial pressure on consumers with an ongoing regulatory expectation to evolve the effectiveness of the support remedies offered to customers with vulnerabilities and those in financial difficulty.
↑ Credit risk Optimise Grow The risk of a reduction in earnings and/or value due to the failure of a counterparty or associated party, with whom the group has contracted, to meet its obligations as they fall due. See page 77.	• The outlook for the UK economy remains uncertain, reflecting a weak employment market, subdued housing market performance and ongoing geopolitical tensions, all of which continue to impact both individuals and SMEs. • While some forward-looking indicators are positive, there remains the real risk of deterioration in current macroeconomic conditions (including a protraction of the US conflict with Iran), which leads to the risk of increased credit losses in the future. • Nonetheless, the credit quality of the loan book remains robust, supported by disciplined application of prudent lending criteria and risk appetite.

Principal risk	Outlook
Cyber risk The risks arising from inadequate internal and external information and cyber security, where failures impact the confidentiality, integrity and availability of information, electronic data or critical technology services. See page 89.	• The threat landscape continues to evolve, with attacks increasing in both frequency and severity. • Cyber risk is driven by criminal and state-linked actors, maturation of AI-driven attacks, geopolitical volatility, and growing supply chain interdependencies. • AI-driven attacks are expected to increase in sophistication and scale, with advanced AI surpassing skilled humans in vulnerability discovery, targeting, social engineering, and exploit development. • Ransomware remains a primary operational risk, requiring strong preventative and recovery measures, as it evolves from data theft to disruption of time-sensitive operations. • Third-party and supply chain security remain key concerns; we support the UK government's focus in this area in forthcoming cyber resilience legislation. Our transition to cloud creates the potential for concentration and systemic risk arising from shared dependencies, requiring careful management to maintain resilience. • Cyber risk remains central to our operational resilience framework, with continued focus on scenario testing, recovery planning, and integration with enterprise risk management.
Funding and liquidity risk Funding risk is the risk of loss caused by the inability to raise funds at an acceptable price or to access markets in a timely manner or any decrease in the stability of the current funding base. Liquidity risk is defined as the risk that the group, or any of its entities, do not have sufficient liquid assets to meet liabilities as they come due during normal and disrupted markets. See page 91.	• The group has a long-standing approach based on the principle of "borrow long, lend short" that provides significant funding resilience. The group also continues to benefit from its predominantly retail deposit weighted funding mix and prudent maturity profile. • The group expects to continue to see corporate deposits reduce proportionately and the attrition from this segment will continue to be met through growth in retail deposits. • Access to wholesale funding markets provides further diversification to the funding mix, whilst enabling the group to opportunistically meet funding requirements – should pricing and market access allow it.
Legal and regulatory risk The risk of non-compliance with laws and regulations which could give rise to fines, litigation, sanctions and/or direct claims by customers and the potential for material adverse impact upon the group. See page 93.	• We are operating in an environment of notably elevated legal and regulatory risks, particularly regarding historical motor finance commissions. • Legal risk with respect to the motor commissions matter has increased lately through the four legal challenges (three lenders, one consumer group) filed against the FCA's redress scheme, with a timeline stretching into 2027 for the litigation to be resolved, and the FCA advising lenders they should plan for a "no scheme" outcome as well as planning to deliver the FCA's scheme. County court litigation may also increase following the Court of Appeal's recent ruling that one bulk claim against a number of lenders can proceed based on the facts of the case. • Regulatory risk remains elevated more broadly, including the recently announced reform of the consumer credit regime, which will require a complete overhaul of our journeys, documents and processes.
Market risk The current or prospective risk to the group's capital or earnings, arising from changes in interest rates, credit spreads and foreign exchange rates applied to the group's non-trading book. See page 94.	• Following the sale of Winterflood Securities, the group's exposure to market risk has reduced, reflecting the removal of trading book-related exposures and a simplified risk profile. • Residual market risk is now primarily associated with the non-trading book, including interest rate risk, credit spread risk and foreign exchange risk. • These exposures are expected to remain broadly stable over the outlook period and continue to be managed within approved risk appetite and established risk management frameworks.

Principal risk

Outlook

**Operational risk**

Simplify

Optimise

Grow

The risk of loss or customer harm resulting from inadequate or failed internal processes, people and systems or external events. This includes the risk of being unable to recover systems quickly and maintain critical services.

See page 96.

- The group-wide operational risk framework has been significantly enhanced over the year as part of the group's investment in strengthening risk management capability. This has included the successful implementation of a new Governance, Risk and Compliance ("GRC") system, enhancing monitoring, reporting and oversight, alongside the rollout of group-wide operational risk training in support.
- In addition, the group has completed its review and evolution of the Risk Target Operating Model, resulting in improved clarity of roles and responsibilities, increased capability, and stronger embedment of risk management practices across the business. Focus has now transitioned to ongoing optimisation and continuous improvement within BAU activities.
- Following the FCA's publication of the motor finance redress scheme in March 2026, the group has established the necessary arrangements to respond effectively to customer remediation requirements.

**Reputational risk**

Simplify

Optimise

Grow

The risk of detriment to stakeholder perception of the group, leading to impairment of its reputation and future goals, due to any action or inaction of the company, its employees or associated third parties.

See page 99.

- Established group-wide and employee-level focus on responsibility and sustainability enables an approach in all businesses that aligns to a range of stakeholder expectations, which is supported by group-level oversight.
- Increased media attention, including in relation to any possible redress schemes such as that associated with the FCA's review of historical motor finance commission arrangements, may lead to an adverse perception of the group.

Short-term emergence

Medium-term emergence

Long-term emergence

Emerging risks/uncertainty

Mitigating actions and key developments

Cross-cutting risks

Geopolitical uncertainty

The risk that UK or global political events result in disruption to the business or negatively impact business performance or prospects.

Short

Medium

- The group operates predominantly in the UK and Republic of Ireland, covering approximately 98% of the loan book exposure. Nevertheless, geopolitical developments (including international conflicts and any change in tariff regimes) have the potential to directly or indirectly impact the group's customers, operations or supply chain.
- The group has a strong financial position, maintaining capital and liquidity levels in excess of regulatory minima.
- Regular stress testing is undertaken on performance and financial position in the event of various adverse conditions to test the robustness and resilience of the group.
- Risk appetite is regularly reviewed to ensure it remains appropriate in the prevailing geopolitical and macroeconomic environment.

Transitional climate risks

The risk that the move to a low-carbon economy impacts demand for the group's products and services.

Medium

Long

- Transitional climate risks across the medium to long term may potentially impact the group's product offering, operations and strategic direction. Monitoring is in place to continually identify and assess climate risks and opportunities.
- Regular updates are provided to the Group Risk and Compliance Committee and Risk Committee, which retains oversight responsibility, while senior management responsibility is assigned to the Group Chief Risk Officer.
- The group remains focused on supporting its customers in their transitions to a low-carbon economy.

Financial risks

Economic uncertainty

The risk that changes in the external macroeconomic environment or consumer sentiment negatively impact on the group's performance or prospects.

Short

Medium

- Persisting national or international macroeconomic uncertainty (for example, from financial volatility or changes to macroeconomic policies) can impact business, customer and broader market confidence. Specifically, elevated interest rates, inflation and/or a rise in unemployment has the potential to impact credit performance or demand for the group's products and services.
- The group's business model aims to enable it to trade successfully and support clients in a wide range of economic conditions. By maintaining a strong financial and capital position, the group aims to be able to absorb short-term economic downturns, respond to any change in activity or market demand, and in so doing build long-term relationships by supporting clients when it really matters.
- The group focuses on credit quality and returns rather than overall growth or market share and continues to invest in the business for the long term, to support customers and clients through the cycle.
- Risk appetite is regularly reviewed to ensure it remains appropriate in the prevailing macroeconomic environment. Regular stress testing is undertaken on performance and financial position in the event of various adverse conditions to test the robustness and resilience of the group.

Strategic risks

Strategic disruption

The risk that changes in competition, technology, competitor business models or client expectations negatively impact on demand for the group's products and services.

Medium

- Strategic disruption may arise from technological change or new business models that may impact the group's market position and future profitability.
- While regulation remains a barrier to entry for many potential competitors, consumer expectations continue to evolve, challenging existing capabilities and traditional approaches.
- Competitors are adapting in response, while new financial technology companies develop alternative business models. For example, cloud-delivered solutions reduce barriers to entry and new product time to market, allowing new competitors and start-ups to compete in the marketplace more rapidly.
- The growing adoption of AI by our competitors to improve their service offerings poses a risk. The group acknowledges the benefits of investment in this technology and has started the adoption and exploitation of strategic capabilities such as cloud and AI solutions in a considered and incremental manner in line with our investment appetite.
- Market developments are closely monitored through horizon scanning to identify emerging dynamics as well as evolving preferences of the group's customers. The group prides itself on its knowledge of its customers and the industries and sectors in which they operate.

Business and strategic risk is the risk of realising lower than anticipated profits or experiencing a loss rather than a profit, due to failure to adapt to changing market conditions, pursuing an ineffective strategy or ineffective implementation of strategy.

Exposure

The group operates in an environment where it is exposed to various independent influencing factors. Its profitability can be impacted by: the broader UK economic climate; changes in technology, regulation and customer behaviour; competition from traditional and new players; front-line sales performance; cost movements; and strategic changes. All of these can vary in both nature and extent across its divisions.

Changes in these factors could result in additional investment requirements or higher costs and affect the group's ability to continue to advance loans or products at its desired risk and return criteria, which could in turn contribute to a loss of market confidence.

Risk appetite

The group has moderate appetite for business risks arising from the pursuit of strategic objectives that could lead to earnings volatility, reduced profitability, or failure to achieve planned business outcomes. This is reflected in our sustainable business model focused on:

- disciplined pricing and underwriting, which remains consistent throughout the economic cycle;
- prudent management of financial resources, including capital, funding and liquidity;
- conservative risk appetite;
- the diversification and specialism of our businesses; and
- our distinctive culture characterised by expertise, consistent service and long-term relationships.

Measurement

Business and strategic risk is measured through a number of key performance metrics (including those set out on pages 14 and 15) and risk indicators at a business, divisional and group level which provide transparency on progress and execution against strategy. These indicators are typically reported monthly via relevant committees, with oversight via the Board, most notably through its review of key financial metrics and underlying performance trends.

The status of key group initiatives and projects is also tracked and discussed, noting the importance of their successful delivery to the group's strategic trajectory.

Mitigation

To support the management of its strategy, and help mitigate potential business and strategic risk, the group maintains a comprehensive and rigorous framework of consideration and approval covering the design and endorsement of strategy, and the ongoing monitoring of its implementation.

Over the past year, the group has made significant progress in executing against its three key strategic priorities – simplify, optimise, and grow. With the simplification phase largely complete, the focus has been on delivering a major group-wide transformation programme to reduce the cost base and improve efficiency. We are implementing the use of

automation and AI to create a more scalable operating model, improve speed of service for our customers, and ensure we remain competitive in a rapidly changing environment.

In effecting this change, our guiding principle is to maintain and enhance the key differentiators which are valued by our customers and are why we win business. These include:

- relationship-led, expert service;
- consistency, trust and reliability;
- fast and easy to do business with; and
- customer centricity and deep understanding of the sectors and assets we finance.

This differentiated approach results in strong customer engagement and high levels of repeat business. The group is further protected by the diversification of its lending businesses and products, which provides resilience against competitive pressure or market weakness in any one of the sectors it operates in.

Monitoring

On an ongoing basis, strategy is formulated and managed at an individual business level through local executive committees with top-down oversight maintained through the group's Executive Committee, which holds dedicated strategy offsite meetings periodically through the year. Outputs also feed into the group's annual budgeting and planning process, which typically operates on a three-to-five-year time horizon. The group's budget and plan are subject to review and challenge, initially at a business level and subsequently by the group's Executive Committee, ahead of submission to the Board, which reviews, challenges and agrees the group's budget and three-year plan.

The ongoing strategic planning process is supplemented by an annual Board strategy day, which takes a thematic approach to the review and challenge of group and business-level strategic priorities.

New growth initiatives and potential acquisitions are assessed against the group's strategic objectives and its Model Fit Assessment Framework, to ensure consistency with the group's strategic priorities and the key attributes of its business model. We also undertake a periodic review of our portfolio of specialist businesses to ensure capital is allocated appropriately, with a disciplined approach to exiting or restructuring any business that no longer fits our strategy, risk appetite or return requirements.

Capital and liquidity adequacy planning conducted as part of both the annual ICAAP and ILAAP is used to assess the resilience of the group's current strategy and business model in the event of various stress scenarios. Although not formally linked, outputs and analysis from both exercises are used to guide strategic planning.

The annual risk appetite statement review also ensures the group's risk appetite and supporting key risk indicators are aligned with the financial and strategic plan. Agreed appetite is communicated throughout the group through the review and approval of divisional risk appetite statements and business-level key risk indicators.

Within credit risk, all businesses monitor agreed external early warning indicators (for example, movement in housing indices) with a view to supporting the early identification of

negative trends, and enhancing the group's ability to respond appropriately, minimising potential impact on performance.

In addition, emerging risks are monitored and debated on an ongoing basis at all levels of the group and across all functions. These include developments in areas such as technology, regulation and sustainability, which could present both opportunities and threats. Within the risk function, reporting capabilities continue to be enhanced to further support the group's ability to identify and respond effectively to changes in the external environment and in customer behaviours with a view to mitigating any potential impact on business performance.

Outlook

Business and strategic risk has stabilised following the successful delivery of a number of management actions to strengthen our capital position and simplify the group.

However, the risk is likely to remain elevated in FY 2027, given the uncertainty in relation to the ongoing legal challenges to the FCA's motor finance consumer redress scheme, and the continued execution of our transformation programme.

We continue to see good growth prospects across our businesses, as we focus on resuming our track record of earnings growth and delivering sustainable risk-adjusted returns. While the uncertain macro environment presents an overarching risk to the group's business and strategy and our ability to deliver new growth initiatives, we are prepared for a range of different scenarios to ensure the group has the resources and operational capability to perform effectively.

For further details on emerging risks and uncertainties see page 70. In addition, further commentary on the market environment and its impact on the group is outlined on pages 16 to 21.

Capital risk

Optimise

Grow

Capital risk is the risk that the group has insufficient regulatory capital (including equity and other loss-absorbing debt instruments) to operate effectively, including meeting minimum regulatory requirements, operating within Board-approved risk appetite and supporting its strategic goals.

Exposure

The group's exposure to capital risk principally arises from its requirement to meet minimum regulatory requirements set out in the Capital Requirements Regulation ("CRR") and PRA requirements and guidelines, and is usually specified in terms of minimum capital ratios (capital resources as a percentage of risk-weighted assets). The group operates a prudent business model which results in comparatively low levels of leverage and so risk-based capital requirements are, and are likely to remain, the group's binding constraint.

The PRA supervises the group on a consolidated basis and receives information on the capital adequacy of, and sets capital requirements for, the group as a whole. The group's Pillar 1 information is presented in the first table of the "Measurement" section. Under Pillar 2, the group completes an annual self-assessment of risks known as the ICAAP. The ICAAP is subject to the PRA's supervisory review and evaluation process ("SREP") on a regular basis, which culminates in the PRA setting a Total Capital Requirement ("TCR") that the group and its regulated subsidiaries are required to hold at all times.

Following the recent SREP earlier this year, the group was set a TCR of 10.5%, of which 5.9% must be met with CET1 capital. From 1 January 2027, the group's TCR will reduce to 9.7%, of which 5.4% must be met with CET1 capital, reflecting the PRA's Pillar 2a SME Lending Adjustment, which was introduced to mitigate the impact of the removal of the Pillar 1 SME support factor under the Basel 3.1 framework.

There are no planned increases to the UK countercyclical buffer ("CCyB") at this time, and the rate remains at 2%, with the group's overall CCyB remaining at 1.9%.

Pillar 3 requires firms to publish a set of disclosures which allow market participants to assess information on the firm's capital, risk exposures and risk assessment process. The group's Pillar 3 disclosures, which are unaudited, can be found on the group's website at www.closebrothers.com/investor-relations/investor-information/results-reports-and-presentations.

Risk appetite

The group maintains a strong base level and composition of capital, sufficient to support the development and growth of the business, continue to meet Pillar 1 requirements, TCR, additional Capital Requirements Directive ("CRD") buffers and leverage ratio requirements, and be able to withstand a severe but plausible stress scenario with satisfactory capital and leverage ratios.

The group's policy is to be well capitalised and its approach to capital management is driven by strategic and organisational requirements, while also taking into account the regulatory and commercial environments in which it operates. Accordingly, a prudent capital position is a core part of the group's business model, allowing it to grow and invest in the business, support paying dividends to shareholders and meet regulatory requirements.

Capital triggers and limits are maintained within the risk appetite framework and are approved by the Board at least annually.

The group has set a medium-term target range for the CET1 capital ratio of 12.0% to 13.0%.

Measurement

The group maintains a strong capital base to support the development of the business and to ensure the group meets the TCR and additional regulatory buffers at all times. As a result, the group maintains capital adequacy ratios above minimum regulatory requirements, which are currently set at a minimum CET1 capital ratio of 10.3% and a minimum total capital ratio of 14.9%. (From January 2027, post Basel 3.1 implementation, these will be 9.9% and 14.1%). The minimum CET1 capital requirements are inclusive of the capital conservation buffer (2.5% of RWAs) and the CCyB (currently 1.9% of RWAs), and exclusive of any applicable PRA buffer.

Analysis of the composition of regulatory capital and Pillar 1 RWAs and a table showing the movement in CET1 capital during the year are shown on the following pages. A comprehensive analysis of the composition of regulatory capital and RWAs is provided in the group's Pillar 3 disclosures.

The CET1 capital ratio increased from 13.8% to 14.1%, mainly driven by the recognition of other profits attributable to shareholders (c.80bps), and total credit risk RWA reduction (c.70bps), predominantly related to loan book RWA reduction (c.50bps). The sale of Winterflood contributed an increase of c.50bps. These benefits were partially offset by the additional provision in relation to motor finance commissions (-c.150bps) and AT1 coupon payments in the year (-c.20bps).

CET1 capital decreased 6% to £1,266.1 million (31 July 2025: £1,348.1 million), primarily driven by the £147.0 million net of tax provision in relation to motor finance commissions, AT1 coupon payments of £22.3 million, partially offset by the recognition of the group's other profits attributable to shareholders in the year of £82.5 million.

Tier 1 capital decreased 5% and total capital decreased 2% to £1,466.1 million and £1,716.1 million respectively (31 July 2025: £1,548.1 million and £1,748.1 million respectively), reflecting the same movements in relation to CET1 capital. Total capital also reflects a £50 million increase in Tier 2 capital as the group issued £250 million Fixed Rate Subordinated Tier 2 Notes and conducted a tender offer for £200 million Fixed Rate Subordinated Notes.

RWAs decreased 8% to £9.0 billion (31 July 2025: £9.8 billion), driven by a reduction in credit risk RWAs (£568.5 million) and operational risk RWAs (£158.1 million) and market risk RWAs (£114.0 million). The decline in credit risk RWAs was driven by a £350.3 million decrease in loan book RWAs across the Premium and Property businesses mainly due to lower loan book balances and also reflecting the beneficial impact of the ENABLE Build Guarantee Scheme within the Property business. In addition, other credit risk RWAs decreased by £204.3 million, largely due to reductions in Novitas receivables (£52.0 million), operating lease exposures (£35.4 million), prepayments (£30.6 million) together with the disposals of Winterflood (£45.9 million) and Brewery Rentals (£40.8 million). The decrease in market risk RWAs (£114.0 million) was primarily driven by the Winterflood disposal. The reductions in operational risk RWAs (£158.1 million) was also primarily driven by the Winterflood disposal, following the approval from the Prudential Regulation Authority ("PRA") for a full release of its associated operational risk RWAs. As a result, CET1, tier 1 and total capital ratios were 14.1% (31 July 2025: 13.8%), 16.3% (31 July 2025: 15.8%) and 19.1% (31 July 2025: 17.8%), respectively.

Mitigation

In response to the continuing uncertainty relating to the FCA motor finance commission redress scheme, we have continued to strengthen our capital position substantially above regulatory requirements. The group's CET1 capital ratio was 14.1% at 31 July 2026. Given the continued uncertainty regarding the outcome of the legal challenges to the FCA's motor finance consumer redress scheme and any potential financial impact, the group will not pay a final dividend on its ordinary shares for the 2026 financial year. We remain committed to the resumption of shareholder distributions at an appropriate time and will reassess our options as greater certainty emerges regarding motor finance commissions, taking into account the group's future capital needs and shareholder feedback.

Monitoring

Both actual and forecast capital adequacy, including the potential impact of capital headwinds, are reported monthly through the group's governance framework, with oversight from the Capital Adequacy Committee ("CAC"), GRCC and the Risk Committee. Annually, as part of the ICAAP, the group also undertakes its own assessment of its capital requirements against its principal risks (Pillar 2a) together with an assessment of how capital adequacy could be impacted in a range of stress scenarios (Pillar 2b). Under both assessments, the group ensures that it maintains sufficient levels of capital.

The CAC is responsible for the management of capital risk and for the allocation of capital across the group, which includes the setting of the group's capital strategy and the setting and monitoring of a comprehensive capital risk appetite framework. These are managed through a series of group policies, standards and methodology documents and supported by capital reporting and planning control frameworks. The CAC, whose membership consists of finance, business and risk executives, is responsible for measuring and monitoring the actual and forecast capital position on a monthly basis. Key capital metrics are reported to the Board on a regular basis, with any changes to the capital structure of the group reserved for the group Board.

The CAC also monitors actual, forecast and stressed capital metrics using an IRB approach in order to prepare for anticipated future transition to this approach.

Capital outlook

We currently estimate that the implementation of Basel 3.1 on 1 January 2027 will result in a reduction in the group's CET1 capital ratio of approximately 80bps with the minimum CET1 capital requirement reducing by c.40bps, reflecting the PRA's Pillar 2a SME Lending Adjustment, which was introduced to mitigate the impact of the removal of the Pillar 1 SME support factor under the Basel 3.1 framework. On a pro forma basis, this would reduce the group's CET1 capital ratio as at 31 July 2026 to 13.3%, against the minimum CET1 capital requirement of 9.9%, resulting in overall CET1 capital headroom of c.340bps. In monetary terms, the impact on the group's overall CET1 capital headroom is minimal. In the medium-term, we expect to operate within our guidance range of 12-13%, as we generate capital, target balance sheet growth and resume shareholder distributions, at an appropriate time.

Composition of regulatory capital and Pillar 1 RWAs

	31 July 2026 £ million	31 July 2025 £ million
CET1 capital		
Shareholders' equity per balance sheet	1,651.6	1,735.5
Regulatory adjustments to CET1 capital		
Contingent convertible securities recognised as AT1 capital ¹	(197.6)	(197.6)
Intangible assets, net of associated deferred tax liabilities	(154.5)	(176.1)
Foreseeable AT1 coupon charges ²	(3.8)	(3.8)
Cash flow hedging reserve	(0.6)	(3.8)
Pension asset, net of associated deferred tax liabilities	—	(0.1)
Prudent valuation adjustment	(0.6)	(1.0)
Securitisation positions which can alternatively be subject to a 1,250% risk weight ³	(25.8)	(11.3)
Deferred tax assets that rely on future profitability	(2.6)	—
IFRS 9 transitional arrangements ⁴	—	6.3
CET1 capital	1,266.1	1,348.1
Additional Tier 1 capital	200.0	200.0
Total Tier 1 capital	1,466.1	1,548.1
Tier 2 capital – subordinated debt	250.0	200.0
Total regulatory capital (audited)	1,716.1	1,748.1
RWAs		
Credit and counterparty credit risk	8,309.8	8,864.4
Operational risk	662.0	820.1
Market risk ⁵	—	114.0
	8,971.8	9,798.5
CET1 capital ratio	14.1%	13.8%
Tier 1 capital ratio	16.3%	15.8%
Total capital ratio	19.1%	17.8%

1. The contingent convertible securities are classified as an equity instrument for accounting but treated as AT1 for regulatory capital purposes; see Note 18 to the Financial Statements.
2. Under CRR Article 26, a deduction for foreseeable charges has been recognised at 31 July 2026 and 31 July 2025. The deduction at 31 July 2026 reflects charges for the coupon on the group's contingent convertible securities.
3. Under CRR Article 36, a deduction for securitisations positions, which are subject to a 1,250% risk weight, but alternatively are allowed to be deducted from CET1, has been recognised at 31 July 2026. For more information on this securitisation with the British Business Bank, refer to the Banking Commercial section of the Financial overview. The deduction is applicable from 31 July 2026 (31 July 2025: £11.3 million).
4. IFRS 9 transitional arrangements no longer applied as at 31 July 2026 and therefore had no effect on regulatory capital. In FY25, the CET1 ratio benefited by 0.1 percentage points from these arrangements, with the ratio reducing from 13.8% to 13.7% on a fully loaded basis.
5. The group applies CRR Article 351 de minimis exemption, under which foreign exchange positions below the prescribed threshold are excluded from market risk own funds requirements.

Movement in CET1 capital during the year

	31 July 2026 £ million	31 July 2025 £ million
CET1 capital at 1 August	1,348.1	1,374.8
Loss in the period attributable to shareholders	(63.4)	(77.9)
AT1 coupon charges (audited)	(22.3)	(22.3)
IFRS 9 transitional arrangements	(6.3)	(5.8)
Decrease in intangible assets, net of associated deferred tax liabilities	21.6	87.8
Deferred tax assets that rely on future profitability	(2.6)	—
Other movements in reserves recognised for CET1 capital	5.0	2.4
Other movements in adjustments from CET1 capital	(14.0)	(10.9)
CET1 capital at 31 July	1,266.1	1,348.1

Change execution risk

Simplify

Optimise

Grow

Change execution risk is the risk of loss, reputational damage or poor strategic and regulatory outcomes resulting from the failure to effectively execute, embed and deliver the outcomes of change initiatives in line with objectives and business requirements.

Exposure

The group continues to adapt and transform the way it conducts business in response to changing customer behaviour, technological developments, regulatory expectations, and cost management initiatives under the group's strategy to "simplify, optimise and grow". Delivery of this strategy is dependent on the sustained execution of complex and often concurrent transformation activity.

Accordingly, effective management of transformation projects is required to successfully deliver the group's strategic priorities, including change programmes and key business initiatives that drive revenue growth, product enhancements and operational efficiency outcomes.

The magnitude, complexity and concurrent demands of these projects and programmes increase execution risk, particularly where initiatives compete for shared resource or rely on critical dependencies.

Execution is further constrained by finite operational capacity and increasing regulatory complexity, reducing tolerance for delay and amplifying the impact of delivery failure.

The failure to successfully deliver or achieve any of the expected benefits of these strategic initiatives, or to meet customer and stakeholder expectations, could have an adverse effect on the group's business, results of operations, financial condition, customer outcomes, prospects and reputation.

Risk appetite

Change initiatives carry an inherent level of risk that has the potential to be amplified by transformation. The group continues to manage this risk within appetite, reducing the likelihood of poor cost-benefit outcomes or short-term operational disruption from poorly designed or delivered change initiatives.

Measurement

Change execution risk is measured in a multi-faceted approach governing group-wide change initiatives. Change initiatives follow a designated governance path, managed through an established governance structure subject to standards and reporting requirements.

The group's enterprise-wide change team and designated business change functions include experienced project professionals who are responsible for delivering change and meeting governance requirements. The group's extensive measurement capabilities deployed to monitor wider operational risk include indicators which enable losses associated with execution, delivery and process management to be identified.

Mitigation

The group's Enterprise Risk Management Framework, comprising a comprehensive suite of policies, standards, and the three lines of defence operating model, establishes consistent control objectives across all risk disciplines.

This unified approach to defining and embedding control expectations helps reduce change execution risk.

Processes and procedures are in place to govern all levels of change management, ensuring effective prioritisation, oversight and decision-making across the investment portfolio. Senior management receives regular updates on the change portfolio and individual projects, supporting strong governance and oversight of execution risks, while ensuring that resources are appropriately allocated to enable successful delivery.

The Enterprise Project Management Office conducts periodic reviews of change delivery progress, associated risks, and resource deployment across the portfolio. These reviews help identify and mitigate potential delivery and capacity risks.

This structured approach ensures that risks are effectively managed and that investment and capacity are aligned with the group's risk appetite, thereby supporting the reduction of overall exposure.

Monitoring

The group holds an Enterprise Change Portfolio Review Board, which provides management with updates on the progress of change programmes. The Review Board also serves as a gateway to the Bank Investment Committee, whose approval is required for any investment-related expenditure.

Upon completion of a project, a formal review is also conducted prior to closure. This process serves as a valuable learning opportunity, helping to inform and improve future projects and change initiatives.

In addition, the risk function maintains oversight of the group's business planning process. This includes analysing industry trends and identifying forward-looking threats that could materially impact the delivery of strategic objectives or significantly influence the assessment of operational risk capital.

Outlook

The outlook for change execution risk is increasing in the current environment. Delivery capacity and capability remain key areas of management focus to support the safe execution of the significant change programmes, both planned and in progress, as part of the group's transformation.

Conduct risk

Optimise

Grow

Conduct risk is the risk that the group's behaviours, or those of its colleagues, whether intentional or unintentional, result in poor outcomes for customers or the markets in which it operates. It is rooted in the importance of delivering good customer outcomes at every stage of the customer journey.

Exposure

The group is exposed to conduct risk in its provision of products and services to customers either directly or via its distributors, and through other business activities that enable delivery. Conduct risk can relate to both existing and legacy matters. The regulatory change agenda continues at pace and remains focused on ensuring consumer protection and access to services in the current macroeconomic and geopolitical environment. Regulatory expectations, including with respect to retail customer savings and borrowing, continue to evolve, requiring agility and continued enhancements to controls within each of the group's businesses operating in these markets.

Risk appetite

The group has no appetite for intentionally undertaking activities that result in poor customer outcomes or have an adverse material impact on the markets in which it operates. The group has minimal appetite for causing customer detriment or foreseeable harm resulting from inappropriate judgements or behaviours in the execution of business activities.

Measurement

The Conduct Risk Framework is dedicated to the identification and management of customer outcomes and is designed to work in synergy with the operational risk framework, whereby management information and key risk indicators enable measurement of conduct risk, supported by appropriate tooling and training.

Businesses with products in scope of the FCA's Consumer Duty have a documented set of conduct key risk indicators, which have undergone a period of maturity over the past three years. These key risk indicators are aligned to the four Consumer Duty outcomes plus culture, and they provide an informed insight around the delivery of customer outcomes and customer harm. Where foreseeable or actual customer harm is identified, businesses are required to consider and deploy, where appropriate, remedial actions. Reporting and oversight are via the relevant divisional risk and compliance committees, with a quarterly Customer Outcomes Report shared with the Board. This report supports the annual assessment of customer outcomes where the Board is required to review and approve an assessment of whether the firm is delivering good customer outcomes.

Mitigation

The group uses its Conduct Risk Framework to identify and respond in a timely manner to unintentional behaviour that results in poor outcomes for customers at each stage of the customer journey and takes steps to proactively identify conduct risks within its businesses.

Individuals across the organisation are encouraged to take responsibility for managing the conduct of their business

and/or function and support is provided to enable them to drive improvement as necessary.

The group strives to maintain a culture which is aligned to our values which places the customer at the heart of the business model and encourages colleagues to exhibit the desired behaviours. Each division has a remuneration strategy that is designed to incentivise good behaviours and due consideration is given to individual conduct as part of any remuneration during periodic performance reviews.

Policies and standards set out expectations of employees and key controls to ensure conduct risk is managed within the agreed risk appetite, including for essential areas such as dealing with clients, dealing with markets, complaint handling, vulnerable customers and conflicts of interest. Mandatory staff training on key conduct areas is provided on a regular basis.

All products are subject to a robust risk-based product development and review process.

On an ongoing basis, the Board actively oversees Consumer Duty, including through engagement with regular management information to identify risks to customer outcomes, and through monitoring the status of work to improve outcomes where necessary. This includes oversight of identification and resolution of any customer harms, such as that which arose out of historical deficiencies in early settlement processes.

Conduct Risk Framework



Monitoring

Risk identification and timely action are undertaken by management and employees as the first line of defence. The risk and compliance functions seek to ensure conduct risk reporting is robust and remains fit for purpose, and agreed management actions appropriately mitigate the identified risks.

The compliance monitoring function undertakes regular reviews of key areas, such as complaint handling, vulnerable customer processes and customer communications, to confirm customers are experiencing good outcomes. Group internal audit provides independent assurance on the

adequacy, completeness and control effectiveness of key areas using a risk-based approach. Compliance monitoring and audit findings assist with detection of potential conduct risk or poor customer outcomes in order that appropriate action plans can be put in place.

All risk and compliance committees ("RCCs") are required to review conduct risk reporting and outputs and consider any required action. Where appropriate, issues may be escalated to both the GRCC and the Risk Committee.

Further to the enhanced regulatory requirements of the FCA's Consumer Duty for retail customers, reporting continues to evolve. Key risk indicators, which are used for monitoring, will be evaluated with the introduction of new regulatory requirements.

Outlook

Conduct risk remains elevated as the macroeconomic environment continues to place financial pressure on customers as a result of the continuing rise of the cost of

living and elevated interest rates. The importance of appropriate support for customers in financial difficulty, including vulnerable customers, is expected to remain elevated. The group is focused on maintaining its culture which enables tailoring its approach to supporting customers to drive good customer outcomes.

With the strategic repositioning of the Premium Finance business to increase its focus on commercial lines products, management attention remains focused on sustaining good customer outcomes for customers with finance through impacted personal lines brokers.

The group's regulators continue to evolve market-wide expectations for firms to deliver good customer outcomes. The group continues to engage with its regulators in an open and cooperative manner, including with respect to historical motor finance commissions matters. Where it becomes evident that good customer outcomes may not have been achieved, the group takes steps to support affected customers and to prevent recurrence.

Credit risk

Optimise

Grow

Credit risk is the risk of a reduction in earnings and/or value, as a result of the failure of a counterparty or associated party, with whom the group has contracted, to meet its obligations as they fall due. Credit risk arises primarily from the group's lending and treasury activities.

The group applies consistent and prudent lending criteria to mitigate credit risk. Its lending activities are predominantly secured across a diverse range of asset classes. This controls concentration risk in both the loan book and associated collateral. Credit risk appetites are set around levels of collateralisation such that portfolios remain predominantly secured. At 31 July 2026, secured lending accounts for 93.0% (31 July 2025: 92.5%) of the loan book.

The group has established limits for all financial counterparties with whom it places deposits, enters into derivative contracts or whose debt securities are held, and the credit quality of the counterparties is monitored.

While these amounts may be material, the counterparties are all regulated institutions with investment grade credit ratings assigned by international credit rating agencies and are monitored in accordance with the regulatory large exposures framework.

The group's principal credit risk exposure is to the loan book, which is the focus of the credit risk part of the Risk Report.

Managing credit risk

Exposure

As a lender to businesses and individuals, the group is exposed to credit losses if customers are unable to repay loans and outstanding interest and fees. At 31 July 2026, gross loans and advances to customers was £9.7 billion (31 July 2025: £9.7 billion).

Further details on loans and advances to customers and debt securities held are in Notes 10 and 11 to the Financial Statements. Further commentary on the credit quality of the loan book is outlined on pages 85 to 89.

Risk appetite

The group seeks to maintain the discipline of its lending criteria, both to preserve its business model and to maintain an acceptable return that appropriately balances risk and reward. This is underpinned by a strong customer focus and credit culture that extend across people, structures, policies and principles. This in turn provides an environment for long-term sustainable growth and low, predictable loan losses.

To support this approach, the group maintains a credit risk appetite framework to define and align credit risk strategy with its overall appetite for risk and business strategies, as defined by the Board.

The group Credit Risk Appetite Statement ("CRAS") outlines the specific level of credit risk that the group is willing to assume, utilising defined quantitative limits and triggers against agreed measures, and covers both credit concentration and portfolio performance measures.

The measures supporting the group CRAS are based on the following key principles:

- To lend within familiar asset classes, in well-known and understood markets.
- To operate as a predominantly secured, or structurally protected¹, lender against identifiable and accessible assets, and maintain conservative loan-to-value ("LTV") ratios across the group's portfolios.
- To maintain a diversified loan portfolio (by business, asset class and UK geography), as well as a short average tenor and low average loan size.
- To rely on local underwriting expertise, with authority delegated from the Risk Committee, and ongoing central oversight.
- To maintain rigorous and timely collections and arrears management processes.
- To operate strong control and governance within the lending businesses, overseen by a central group credit risk team.

Ultimate responsibility for the approval and governance of the group CRAS lies with the Board, on recommendation from the GRCC, with support from the Credit Risk Management Committee ("CRMC"). Performance is monitored against agreed appetites on a monthly basis.

The CRAS is embedded into business-level credit risk management through a hierarchy of local triggers and limits, which are approved by the Chief Credit Risk Officer (“CCRO”) and noted at CRMC. Performance is also monitored monthly via divisional RCCs. Material breaches are escalated via established governance channels.

CRAS metrics are closely aligned with the group’s overall strategy to facilitate monitoring of the composition and quality of the loan book in line with defined appetite.

Measurement

A consolidated central credit reporting framework is in place and facilitates effective credit risk management and measurement by the central group credit risk team. The framework enables the identification, measurement, monitoring and control of all material credit risks within the lending portfolios, setting clear credit risk appetite within which all lending is originated, allowing asset portfolios to grow responsibly and profitably.

A centralised framework incorporates:

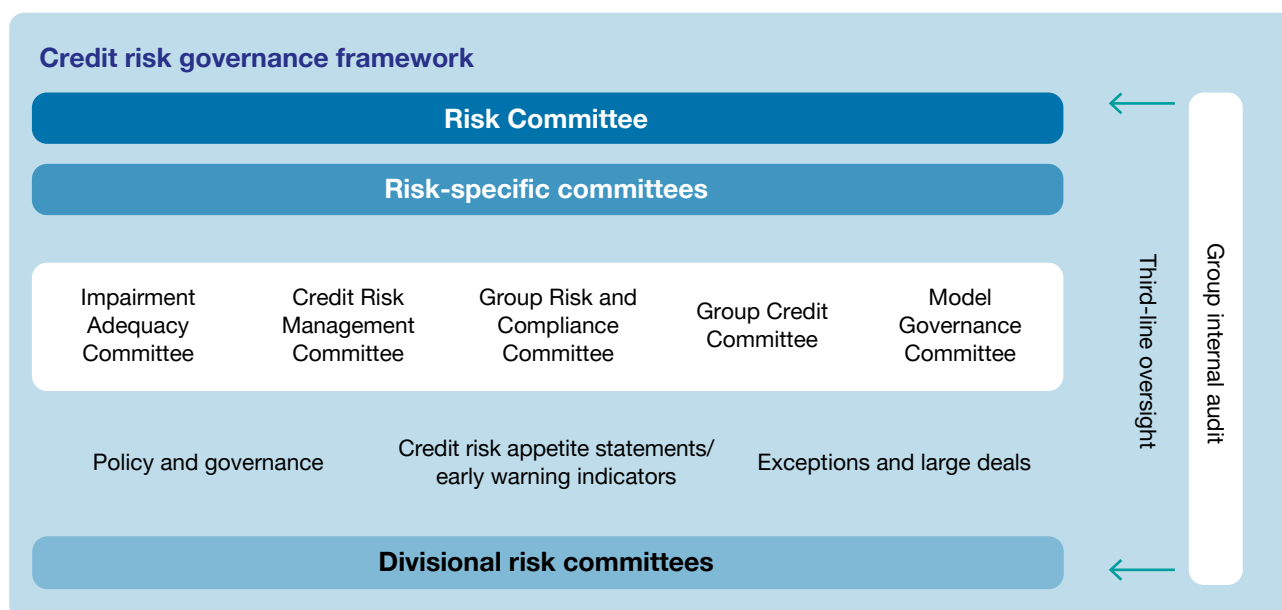
- the use of common data definitions across all businesses;
- consistent and controlled extraction and housing of credit data from the group’s core business systems;
- dynamic credit risk management to improve strategic policy decision-making;
- oversight and control of the profile of the lending book to manage credit risk appetite; and
- identification, monitoring and control of material credit risks against a clear and communicated CRAS.

Mitigation (audited)

Credit assessment and lending criteria

The group’s general approach to credit assessment is based on the provision of affordable lending on a secured or structurally protected basis, against assets that are known and understood. These assets are typically easily realisable with strong secondary markets and predictable values, and spread across a broad range of classes within established sectors.

Whilst diverse, the businesses adhere to a set of common lending principles resulting in stable portfolio credit quality and consistently low loss rates through the cycle.



1. Exposures are considered structurally protected when, in management’s judgement, they have characteristics which mitigate the credit risk of the exposure to a significant extent, in spite of not representing tangible security.

The common lending principles are as follows:

- Predominantly secured lending: 97.1% of loan book secured or structurally protected.
- Short average tenor: portfolio residual maturity of 16 months.
- Small average loan size and low single-name concentration risk: balance for the top 10 facility limits represents 5.7% of book.
- Further diversification by sector, asset class and UK geography.
- Local underwriting expertise with central oversight and focus on assets that are known and understood.

All lending criteria and assessment procedures are thoroughly documented in robust credit policies and standards, at both a group and business level.

Expertise

Across the various businesses, credit risk employees are specialists in their area and can support loan book growth in a manner that is consistent with both risk strategy and appetite. This business-level distribution allows the formation of strong

relationships with customers and intermediaries based on a deep understanding of their needs and the markets in which they operate. Consistent underwriting discipline and lending against assets that are known and understood benefit customers through the cycle and allow maintenance of a track record of strong margins and profitability.

Governance framework and oversight

Lending is underpinned by a strong control and governance framework both within the lending businesses and through oversight via a central group credit risk team.

Credit underwriting is undertaken either centrally or through regional office networks, depending on the nature of the business and the size and complexity of the transaction. Underwriting authority is delegated from the Risk Committee, with lending businesses approving lower-risk exposures locally subject to compliance with credit policy and risk appetite.

Local risk directors assure the quality of underwriting decisions for all facilities within the business’ delegated sanctioning authority level via a quality assurance

programme, the outputs of which are reported biannually with consolidated summaries presented to the CRMC.

These underwriting approaches are reinforced by timely collections and arrears management, working in conjunction with the customer to achieve the best possible outcomes.

The local model is supported by central oversight and control. An independent central group credit risk team provides ongoing monitoring of material credit risks through regular reviews of appetite and policy.

Monitoring

High-level requirements are outlined in documented standards covering the identification, monitoring and management of customers in financial difficulty, with detailed credit policy and guidance formalised within local credit policies, including guidelines on the identification and treatment of vulnerable customers.

Documented policy includes business-specific guidance for identifying customers in, or likely to experience, financial difficulty. There are accompanying courses of action outlined that protect the group's position, taking account of the terms/covenants of facilities, security enforcement options, legal remedies and third-party intervention (for example, brokers).

This process is owned by the risk directors, facilitating prompt action to review the financial conditions of customers when warning signs indicate deterioration in financial health, credit quality, covenant compliance or asset strength/coverage. Where possible, credit limits are amended where there is evidence of delinquency or deteriorating financial condition/capacity to repay.

The credit risk framework aligns with the broader three lines of defence approach, with a governance structure flowing from local first-line business teams up to second-line risk directors (and key oversight committees such as credit committees, divisional RCCs, the CRMC, the Model Governance Committee ("MGC") and the Risk Committee) overlaid with a third line formed by the group internal audit function.

First line of defence: Credit risk management

The lending businesses have primary responsibility for establishing a robust risk and control environment as part of day-to-day operations, and enabling good-quality credit applications.

They are also responsible for determining that their activities are compliant with the rules and guidance set out in local credit policies and processes. Each lending business has its own formalised credit risk appetite and policy documents, approved by divisional RCCs. This risk culture is facilitated by local profit and loss ownership, promoting a long-term approach, with an understanding of how loans will be repaid.

Second line of defence: Risk oversight and control

The second line of defence has three tiers: business-aligned risk directors and their teams, the central group credit risk team, and oversight committees. The risk directors, who report to the CCRO, are responsible for setting and communicating credit risk strategy, identifying exceptions and ensuring local compliance.

Similarly, the risk heads for the treasury and asset and liability management functions ensure that their respective operations are performed in line with the group financial institution and non-banking financial institution credit risk standards and also report up through the appropriate risk committees.

The central group credit risk team provides a further layer of oversight and approval, supported by credit committees, and the CRMC, MGC, GRCC and Risk Committee. Together, the second line of defence provides a clear tactical and strategic understanding of credit risk, proposing enhancements to the credit risk framework for ongoing effective management and control.

Third line of defence: Internal audit

The third line of defence is the group internal audit function. This team uses both a risk-based approach and a rolling programme of reviews to verify that the first and second lines of defence are working effectively.

Business overview

The Commercial business is a combination of several specialist, predominantly secured, lending businesses.

The nature of assets financed varies across the businesses. The majority of the loan book comprises loans of less than £2.5 million. Credit assessment is undertaken predominantly on an individual loan-by-loan basis.

Collection and recovery activity is executed promptly by experts with relevant experience in specialised assets. This approach allows remedial action to be implemented at the appropriate time to minimise potential loss and support good and fair customer outcomes.

The Retail business is predominantly high-volume secured or structurally protected lending. The majority of the loan book comprises loans less than £20,000 and includes both regulated and unregulated agreements. Credit issues are identified via largely automated monitoring and tracking processes. Collections processes and actions, focused on good and fair customer outcomes, are designed and implemented to restore customers to a performing status, with recovery methods applied to minimise potential loss.

The Property business is predominantly a low-volume, specialised lending portfolio with credit assessment undertaken on an individual loan-by-loan basis. The majority of the loan book comprises residential development loans of less than £10 million. All loans are regularly reviewed to assess performance, with residential development facilities monitored monthly by independently appointed project monitoring surveyors to certify build payments and the residual cost to complete. This maintains the thorough supervision of all live developments and facilitates the monthly checking of on-site progress against the original build plan.

In the Commercial and Property businesses, performing loans with elevated levels of credit risk may be placed on watch lists depending on the perceived severity of the credit risk. Loans appearing on watch lists are subject to monthly management meetings where appropriate strategies are determined.

Outlook

Expected credit losses increased in the year to 31 July 2026, primarily driven by increases to existing impaired accounts in the Property division, offsetting impacts of model changes in the Retail division and other underlying portfolio movements across the group. This increase is set against a backdrop of uncertain market conditions, which continue to be monitored closely.

The external environment has been mixed this year. While the UK economy has shown some resilience, overall growth remains modest and uneven.

Consumer spending continues to be constrained, reflecting ongoing pressure on real incomes and cautious sentiment among households and SMEs. Despite a continued easing in inflation, uncertainty has persisted, driven by geopolitical developments and volatility in energy markets.

Notwithstanding reductions in the Bank of England base rate in 2025, monetary policy remains relatively restrictive, with persistent high borrowing costs as the bank rate was held at 3.75% in July. Headwinds therefore continue, including higher energy and input costs, ongoing trade-related uncertainty and cost-of-living pressures. All of these factors could result in higher credit losses in the future.

Consumer affordability continues to be challenged, particularly as higher energy costs place strain on disposable

income. SME resilience is also under pressure from persistent cost inflation, elevated financing costs and uncertain demand, alongside broader volatility linked to global conflicts and supply chain disruption.

In this context, the credit quality of the loan book remains robust, and risk appetite has remained largely consistent, maintaining the group's prudent, through-the-cycle underwriting standards.

Further details on loans and advances to customers and debt securities held are in Notes 10 and 11 to the Financial Statements.

Credit risk highlights (audited)¹

	31 July 2026 £ million	31 July 2025 £ million
Gross loans and advances to customers		
Commercial	4,947.1	4,789.7
Retail	2,907.7	2,974.0
Property	1,862.4	1,933.6
Total gross loans and advances to customers	9,717.2	9,697.3
Impairment provisions		
Commercial	72.4	73.5
Retail	86.9	95.1
Property	105.1	81.1
Total impairment provision	264.4	249.7
Provision coverage ratio		
Commercial	1.5%	1.5%
Retail	3.0%	3.2%
Property	5.6%	4.2%
Total impairment coverage ratio	2.7%	2.6%
Part and non-performing loans		
Loans in Stage 2	1,329.0	1,291.0
Loans in Stage 3	472.9	492.1
Stage 2 coverage	2.5%	2.6%
Stage 3 coverage	37.1%	33.6%

1. The credit risk highlights table relates to assets held at amortised cost, which excludes £10.4 million (31 July 2025: £11.8 million) of loans held at fair value through profit or loss ("FVTPL") under IFRS 9.

Disclosures are provided for loans and advances to customers held at amortised cost under IFRS 9. This excludes £10.4 million (31 July 2025: £11.8 million) of loans and advances to customers measured at fair value through profit or loss which are managed on a consistent basis as detailed on pages 77 to 79, but do not attract an ECL under IFRS 9. Stage allocation of loans and advances to customers has been applied in line with the definitions set out in Note 1 to the Financial Statements.

At 31 July 2026, 81.4% (31 July 2025: 81.6%) of gross loans and advances to customers were Stage 1. Stage 2 loans and advances to customers increased to 13.7% (31 July 2025: 13.3%). The remaining 4.9% (31 July 2025: 5.1%) of loans and advances to customers were deemed to be credit-impaired and were classified as Stage 3.

Relative to 31 July 2025, the overall staging profile of loans and advances to customers has remained broadly consistent, as migrations out of Stage 1 in the Commercial and Property divisions were broadly offset by opposite movements in the Retail division.

Overall impairment provisions increased to £264.4 million (31 July 2025: £249.7 million), driven by uplifts on existing impaired accounts in the Property division, offsetting

impacts of model changes in the Retail division, and smaller movements following regular reviews of staging and provision coverage for individual loans and portfolios across the group.

As a result, there has been a slight overall increase in provision coverage to 2.7% (31 July 2025: 2.6%).

Provision coverage analysis by business (audited)

In Commercial, the impairment coverage ratio was stable at 1.5% (31 July 2025: 1.5%), reflecting offsetting impacts of stage migrations, write-offs, model calibrations and strong new business levels during the financial year.

In Retail, the provision coverage ratio reduced to 3.0% (31 July 2025: 3.2%), reflecting model changes during the year which were partially offset by impacts of enduring macroeconomic pressures that have seen higher but stable levels of arrears and forbearance in the Motor Finance business as a result of persistent cost-of-living challenges for customers.

In Property, the provision coverage ratio increased to 5.6% (31 July 2025: 4.2%), primarily as a result of increased provisions on a small number of facilities, including legacy

cases, during the financial year. These provision increases reflect updated estimates in the context of challenging market conditions as a result of build cost inflation and a subdued sales market.

See Note 10 to the Financial Statements for full staging tables and analysis, and pages 82 to 85 for additional detail on changes to macroeconomic forecasts that have impacted provisions during this financial year.

Measuring credit risk across our businesses

To assess credit risk effectively across the group, a number of judgements and estimates are used. These are based on historical experience and reasonable expectations of future events and are reviewed on an ongoing basis.

In particular, the calculation of the group's expected credit loss provision under IFRS 9 requires the group to make a number of judgements, assumptions and estimates, which have a material impact on the accounts.

This assessment, which requires judgement, is unbiased and probability-weighted and uses historical, current and forward-looking information. The most significant judgements and estimates are set out below.

While the impact of climate change represents a source of uncertainty, the group does not consider climate-related risks to be a critical accounting judgement or estimate at 31 July 2026. Climate risk continues to be a key area of focus for the group and it continues to assess the sensitivity of assets and customers to climate-related risks as part of regular credit monitoring. Transitional climate risks are considered to be largely mitigated by short average loan book tenors (16 months), conservatively secured and diversified portfolios, and the rigorous underwriting, monitoring and control processes that are in place.

Use of judgements (audited)

In the application of the group's accounting policies, which are described in Note 1 to the Financial Statements, judgements that are considered by the Board to have the most significant effect on the amounts in the Financial Statements are as follows.

Significant increase in credit risk

Assets are transferred from Stage 1 to Stage 2 when there has been a significant increase in credit risk since initial recognition. Typically, the group assesses whether a significant increase in credit risk has occurred based on a quantitative and qualitative assessment, with a "30 days past due" backstop.

Due to the diverse nature of the group's lending businesses, the specific indicators of a significant increase in credit risk vary by business and may include some or all of the following factors:

- quantitative assessment: the lifetime probability of default ("PD") has increased by more than an agreed threshold relative to the equivalent at origination. Thresholds are based on a fixed number of risk grade movements which are bespoke to each business to ensure that the increased risk since origination is appropriately captured;
- qualitative assessment: events or observed behaviour indicate credit deterioration. This includes a wide range of information that is reasonably available, including individual credit assessments of the financial performance of borrowers as appropriate during routine reviews, plus forbearance and watch list information; or

- backstop criteria: the "30 days past due" backstop is met.

Definition of default

The definition of default is an important building block for expected credit loss models and is considered a key judgement. A default is considered to have occurred if any unlikelihood to pay criterion is met or when a financial asset meets a "90 days past due" backstop. While some criteria are factual (e.g. administration, insolvency or bankruptcy), others require a judgemental assessment of whether the borrower has financial difficulties which are expected to have a detrimental impact on their ability to meet contractual obligations. A change in the definition of default may have a material impact on the expected credit loss provision.

Use of estimates (audited)

Expected credit loss provisions are a key source of estimation uncertainty which, depending on a wide range of factors, could result in a material adjustment to the carrying amounts of assets and liabilities in the next financial year.

The accuracy of expected credit loss provisions can be impacted by unpredictable effects or unanticipated changes to modelled estimates. In addition, forecasting errors could also occur due to macroeconomic scenarios or weightings differing from actual outcomes observed. Regular model monitoring, validations and provision adequacy reviews are key mechanisms to manage estimation uncertainty across model estimates. Further detail on these most significant estimates is set out in the following section.

Modelled estimates

The calculation of expected credit losses ("ECL") for loans and advances to customers, either on a 12-month or lifetime basis, is based on the PD, the exposure at default ("EAD") and the loss given default ("LGD") and includes forward-looking macroeconomic information where appropriate.

PD, EAD and LGD parameters are projected over the remaining life of each exposure. ECL is calculated for each future quarter by multiplying the three parameters and is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the effective interest rate.

IFRS 9 risk parameters are estimated using historical data wherever possible, and in the absence of sufficient loss history an expert judgement approach is considered for some parameters.

Probability of default

PD estimates represent the likelihood of a borrower defaulting on their financial obligation. Bespoke model-based approaches to estimate PDs are employed across the Commercial, Retail and Property businesses. The framework applied typically includes an economic response model to quantify the impact of macroeconomic forecasts and a risk ranking mechanism (e.g. a scorecard) to quantify obligor-level likelihood of default. Risk characteristics that feed into the PD model framework include current and past information related to borrowers, transaction and payment profiles, and future economic forecasts. Statistical techniques, based on evidence observed in historical data, and business knowledge are used to determine which characteristics are predictive of default behaviour.

Exposure at default

EAD represents the amounts expected to be owed at the time of default and is estimated using an amortising schedule for the large majority of exposures, or a credit conversion factor, depending on the nature of lending.

Loss given default

LGD represents an expectation of the extent of loss on a defaulted exposure after taking into account cash recoveries, including the value of collateral held and other credit risk mitigants. LGD methodologies vary by the nature of assets financed and can include estimates for the likelihood of collateral recovery and a separate calculation for the likely loss on recovery. For some businesses, LGDs are estimated using liquidation curves based on historical cash flows. Recoveries are adjusted to account for the impact of discounting using the effective interest rate.

Individually assessed provisions

When assessing expected credit loss provisions on an individual, rather than collective, basis, management will make assumptions in relation to the timing and value of future cash flows under multiple probability-weighted scenarios. These assumptions represent a source of estimation uncertainty due to the material impact they could have on the carrying amounts of assets in the next financial year.

Forward-looking information

Determining expected credit losses under IFRS 9 requires the incorporation of forward-looking macroeconomic information that is reasonable, supportable and includes assumptions linked to economic variables that impact losses in each portfolio. The introduction of macroeconomic information introduces additional volatility to provisions.

In order to calculate forward-looking provisions, economic scenarios are sourced from Moody's Analytics. These cover a range of plausible economic paths that are used in conjunction with PD, EAD and LGD parameters for each portfolio to assess expected credit loss provisions across a range of conditions. An overview of these scenarios using key macroeconomic indicators is provided on pages 82 to 84. Ongoing benchmarking of the scenarios to other economic providers is carried out monthly to provide management with comfort on Moody's Analytics scenario paths.

Five different projected economic scenarios are currently considered to cover a range of possible outcomes. These include a baseline scenario, which reflects the best view of future economic events. In addition, one upside scenario and three downside scenario paths are defined relative to the baseline. Management assigns the scenarios a probability weighting to reflect the likelihood of specific scenarios, and therefore loss outcomes, materialising, using a combination of quantitative analysis and expert judgement.

The impact of forward-looking information varies across the group's lending businesses because of the differing sensitivity of each portfolio to specific macroeconomic variables. This is reflected through the development of bespoke macroeconomic models that recognise the specific response of each business to the macroeconomic environment.

The modelled impact of macroeconomic scenarios and their respective weightings is reviewed by business experts in relation to stage allocation and coverage ratios at the individual and portfolio level, incorporating management's experience and knowledge of customers, the sectors in which they operate, and the assets financed.

This includes assessment of the reaction of the ECL in the context of the prevailing and forecast economic conditions, for example where currently higher interest rates and inflationary conditions exist compared to recent periods.

Economic forecasts have evolved over the course of 2026 and reflect the mixed external backdrop observed in the year. Forecasts deployed in IFRS 9 macroeconomic models are updated on a monthly basis. At 31 July 2026, the latest baseline scenario forecasts gross domestic product ("GDP") growth of 1.0% in calendar year 2026 and an average base rate of 3.8% across the same period. Consumer Price Index ("CPI") inflation is forecast to be 3.2% in calendar year 2026 in the baseline scenario, with 4.7% forecast in the protracted downside scenario over the same period.

At 31 July 2026, the scenario weightings were: 30% upside, 32.5% baseline, 20% mild downside, 10.5% moderate downside and 7% protracted downside. As economic forecasts are considered to recognise developments in the macroeconomic environment appropriately, no change has been made to the weightings ascribed to the scenarios since 31 July 2025.

Given the current economic uncertainty, further analysis has been undertaken to assess the appropriateness of the five scenarios used. This included benchmarking the baseline scenario to consensus economic views, as well as consideration of an additional forecast related to stagflation, which could be considered as an alternative downside scenario.

Compared to the scenarios in use in the expected credit losses calculation, the stagflation scenario includes a longer period of higher interest rates coupled with a shallower but extended impact on GDP. Due to the relatively short tenor of the portfolios, the stagflation scenario is considered to be of less relevance than those deployed. This is supported by the fact that, due to the higher severity of recessionary factors in the existing scenarios, using the stagflation scenario instead of the moderate or protracted downside scenario would result in lower expected credit losses.

The final scenarios deployed reflect a marginally worsened UK economic outlook relative to 31 July 2025, primarily due to persistent concerns linked to the conflict in Iran and associated supply chain pressures. Under the baseline scenario, UK headline CPI inflation is forecast to rise from current levels before resuming its moderating trend towards the Bank of England's 2% target in 2027. Following recent decisions to hold rates at 3.75%, the Bank of England base rate is only expected to start reducing from 2027 onwards in all scenarios. House price outlook has deteriorated, reflecting a challenging year for the housing market that featured volatile mortgage rate movements and subdued activity in the context of wider political and macroeconomic uncertainty. Unemployment rate forecasts have marginally deteriorated, recognising increases observed since 31 July 2025. Conversely, the GDP outlook has improved as the UK economy demonstrated some signs of resilience over the year. While GDP forecasts have strengthened, we consider that there remains a material level of uncertainty that could negatively impact UK economic growth in the near term. In recognition of this, we are holding adjustments to reflect this increased potential for losses at 31 July 2026 (see the "Use of adjustments" section for further detail).

The following tables show economic assumptions within each scenario, and the weighting applied to each at 31 July 2026. The metrics shown are key UK economic indicators, chosen to describe the economic scenarios. These are the main metrics used to set scenario paths, which then influence a wide range of additional metrics that are used in expected credit loss models. The first tables show the forecasts of the key metrics for the scenarios utilised for calendar years 2026 and 2027. The subsequent tables show averages and peak-to-trough ranges for the same key metrics over the five-year period from 2026 to 2030.

Scenario forecasts and weights

	Baseline		Upside (strong)		Downside (mild)		Downside (moderate)		Downside (protracted)	
	2026	2027	2026	2027	2026	2027	2026	2027	2026	2027
At 31 July 2026										
UK GDP growth	1.0%	1.5%	1.8%	4.2%	0.3%	(1.5)%	0.1%	(2.9)%	0.0%	(3.9)%
UK unemployment	5.2%	5.1%	5.0%	4.5%	5.4%	5.6%	5.5%	7.2%	5.6%	8.4%
UK HPI growth	1.2%	1.9%	7.6%	12.0%	(1.9)%	(3.8)%	(3.7)%	(10.3)%	(5.6)%	(17.4)%
BoE base rate	3.8%	3.3%	3.8%	3.5%	3.8%	2.9%	3.8%	2.8%	3.7%	2.4%
UK CPI inflation	3.2%	2.0%	3.2%	2.1%	3.8%	(0.2)%	4.2%	(2.2)%	4.7%	(2.9)%
Weighting	32.5%		30%		20%		10.5%		7%	

	Baseline		Upside (strong)		Downside (mild)		Downside (moderate)		Downside (protracted)	
	2025	2026	2025	2026	2025	2026	2025	2026	2025	2026
At 31 July 2025										
UK GDP growth	1.1%	1.0%	1.9%	3.7%	0.4%	(1.9)%	0.2%	(3.4)%	0.1%	(4.3)%
UK unemployment	4.7%	4.7%	4.5%	4.1%	4.8%	5.2%	5.0%	6.8%	5.1%	8.0%
UK HPI growth	3.3%	3.2%	9.9%	13.4%	0.2%	(2.6)%	(1.6)%	(9.2)%	(3.6)%	(16.4)%
BoE base rate	4.2%	3.2%	4.3%	3.5%	4.1%	2.4%	4.1%	1.8%	3.9%	1.3%
UK CPI inflation	3.1%	2.0%	3.2%	2.1%	2.1%	0.3%	1.7%	(0.6)%	1.3%	(1.1)%
Weighting	32.5%		30%		20%		10.5%		7%	

Notes:

UK GDP growth: National Accounts Annual Real Gross Domestic Product, Seasonally Adjusted – year-on-year change (%).

UK unemployment: ONS Labour Force Survey, Seasonally Adjusted – Average (%).

UK HPI growth: Average nominal house prices, Land Registry, Seasonally Adjusted – Q4-to-Q4 change (%).

BoE base rate: Bank of England base rate – Average (%).

UK CPI inflation: ONS, All items, annual inflation – Q4-to-Q4 change (%).

	Five-year average (calendar years 2026 to 2030)				
	Baseline	Upside (strong)	Downside (mild)	Downside (moderate)	Downside (protracted)
At 31 July 2026					
UK GDP growth	1.6 %	2.4 %	1.2 %	0.8 %	0.5 %
UK unemployment	5.0 %	4.4 %	5.2 %	7.0 %	7.9 %
UK HPI growth	1.8 %	3.4 %	0.1 %	(1.7)%	(4.4)%
BoE base rate	3.0 %	3.1 %	2.6 %	2.1 %	1.7 %
UK CPI inflation	2.2 %	2.3 %	1.8 %	1.3 %	1.1 %
Weighting	32.5 %	30 %	20 %	10.5 %	7 %

	Five-year average (calendar years 2025 to 2029)				
	Baseline	Upside (strong)	Downside (mild)	Downside (moderate)	Downside (protracted)
At 31 July 2025					
UK GDP growth	1.6 %	2.3 %	1.1 %	0.8 %	0.7 %
UK unemployment	4.7 %	4.1 %	4.9 %	6.7 %	7.6 %
UK HPI growth	2.5 %	4.2 %	0.8 %	(1.0)%	(3.5)%
BoE base rate	3.0 %	3.1 %	2.7 %	2.0 %	1.5 %
UK CPI inflation	2.2 %	2.3 %	1.6 %	1.2 %	0.9 %
Weighting	32.5 %	30 %	20 %	10.5 %	7 %

Notes:

UK GDP growth: National Accounts Annual Real Gross Domestic Product, Seasonally Adjusted – CAGR (%).

UK unemployment: ONS Labour Force Survey, Seasonally Adjusted – Average (%).

UK HPI growth: Average nominal house prices, Land Registry, Seasonally Adjusted – CAGR (%).

BoE base rate: Bank of England base rate – Average (%).

UK CPI inflation: ONS, All items, annual inflation – CAGR (%).

	Five-year period (calendar year 2026 to 2030)									
	Baseline		Upside (strong)		Downside (mild)		Downside (moderate)		Downside (protracted)	
	Peak	Trough	Peak	Trough	Peak	Trough	Peak	Trough	Peak	Trough
At 31 July 2026										
UK GDP growth	8.5%	0.6%	12.6%	0.6%	6.0%	(1.7)%	4.3%	(3.2)%	2.5%	(4.4)%
UK unemployment	5.4%	4.9%	5.1%	4.1%	5.8%	4.9%	7.7%	5.0%	9.0%	5.0%
UK HPI growth	9.2%	0.2%	22.1%	0.2%	0.6%	(5.8)%	0.5%	(16.5)%	0.5%	(25.4)%
BoE base rate	3.8%	2.5%	3.8%	2.5%	3.8%	1.6%	3.8%	1.0%	3.8%	0.7%

	Five-year period (calendar year 2026 to 2030)									
	Baseline		Upside (strong)		Downside (mild)		Downside (moderate)		Downside (protracted)	
	Peak	Trough	Peak	Trough	Peak	Trough	Peak	Trough	Peak	Trough
UK CPI inflation	3.4%	1.7%	3.4%	1.9%	4.6%	(0.8)%	5.0%	(2.2)%	5.4%	(2.9)%
Weighting	32.5%		30%		20%		10.5%		7%	

	Five-year period (calendar year 2025 to 2029)									
	Baseline		Upside (strong)		Downside (mild)		Downside (moderate)		Downside (protracted)	
	Peak	Trough	Peak	Trough	Peak	Trough	Peak	Trough	Peak	Trough
At 31 July 2025										
UK GDP growth	8.2%	0.7%	12.3%	0.7%	5.7%	(2.1)%	4.0%	(3.8)%	3.6%	(5.0)%
UK unemployment	4.8%	4.5%	4.7%	3.8%	5.2%	4.5%	7.5%	4.5%	8.8%	4.5%
UK HPI growth	13.2%	1.5%	27.8%	1.5%	4.3%	(3.1)%	2.2%	(12.6)%	2.2%	(22.0)%
BoE base rate	4.6%	2.5%	4.6%	2.5%	4.6%	1.8%	4.6%	1.0%	4.6%	0.6%
UK CPI inflation	3.4%	1.9%	3.4%	2.0%	3.4%	(0.5)%	3.4%	(1.2)%	3.4%	(2.1)%
Weighting	32.5%		30%		20%		10.5%		7%	

Notes:

UK GDP growth: Maximum and minimum quarterly GDP as a percentage change from start of period (%).

UK unemployment: Maximum and minimum unemployment rate (%).

UK HPI growth: Maximum and minimum average nominal house price as a percentage change from start of period (%).

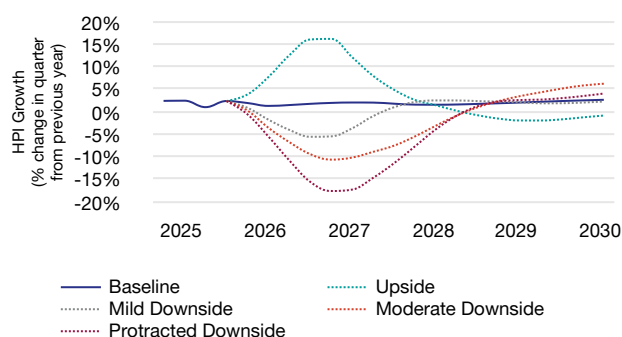
BoE base rate: Maximum and minimum Bank of England base rate (%).

UK CPI inflation: Maximum and minimum inflation rate over the five-year period (%).

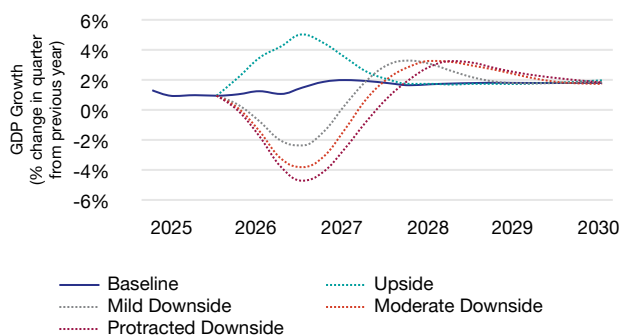
These periods have been included as they demonstrate the short, medium and long-term outlooks for the key macroeconomic indicators which form the basis of the scenario forecasts. The portfolio has an average residual maturity of 16 months, with 99% of loan value having a maturity of five years or less.

The following charts represent the quarterly forecast data included in the above tables incorporating actual metrics up to 31 July 2026. The dark blue line shows the baseline scenario, while the other lines represent the various upside and downside scenarios.

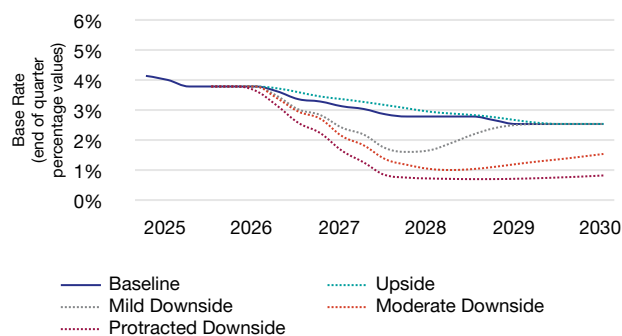
House price index – current prices (annual % change)



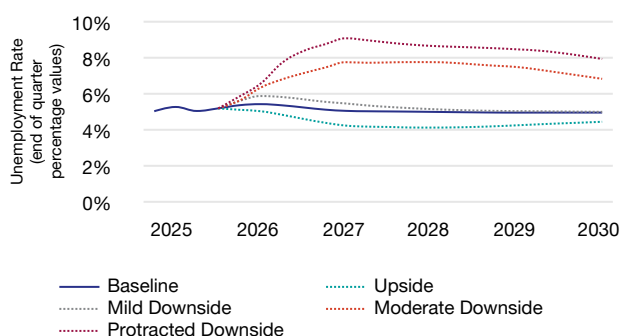
Real gross domestic product (annual % change)



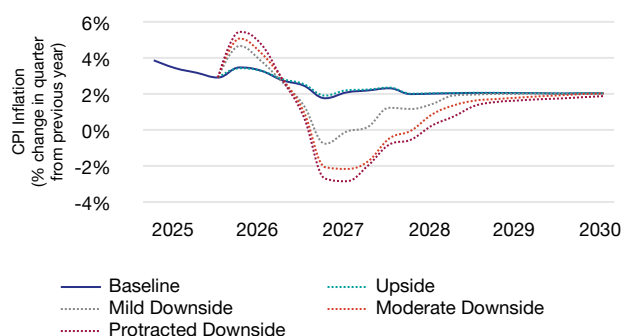
Bank of England base rate (%)



Unemployment rate (%)



Consumer price index (annual % change)



Scenario sensitivity analysis (audited)

The expected credit loss provision is sensitive to judgements and estimations made with regard to the selection and weighting of multiple economic scenarios. As a result, management has assessed and considered the sensitivity of the provision as follows:

- For the majority of the portfolios, the modelled expected credit loss provision has been recalculated under the upside strong and downside protracted scenarios described above, applying a 100% weighting to each scenario in turn. The change in provision requirement is driven by the movement in risk metrics under each scenario and resulting impact on stage allocation.
- Expected credit losses based on a simplified approach, which do not utilise a macroeconomic model and require expert judgement, are excluded from the sensitivity analysis.
- In addition to the above, key considerations for the sensitivity analysis are set out below, by segment:
 - In Retail, the sensitivity analysis does not apply further stress to the expected credit loss provision on loans and advances to customers in Stage 3, because the measurement of expected credit losses is considered more sensitive to credit factors specific to the borrower than macroeconomic scenarios.
 - In Property, the sensitivity analysis excludes individually assessed provisions which are deemed more sensitive to credit factors than the macroeconomic scenarios.

Based on the above analysis, at 31 July 2026, application of 100% weighting to the upside strong scenario would decrease the expected credit loss by £20.9 million whilst application of 100% weighting to the protracted downside scenario would increase the expected credit loss by £37.9 million, driven by the aforementioned changes in risk metrics and stage allocation of the portfolios.

When performing sensitivity analysis there is a high degree of estimation uncertainty. On this basis, 100% weighted expected credit loss provisions presented for the upside and downside scenarios should not be taken to represent the lower or upper range of possible and actual expected credit loss outcomes. The recalculated expected credit loss provision for each of the scenarios should be read in the context of the sensitivity analysis as a whole and in conjunction with the disclosures provided in Note 10 to the Financial Statements. The modelled impact presented is based on gross loans and advances to customers at 31 July 2026; it does not incorporate future changes relating to performance, growth or credit risk. In addition, given the change in the macroeconomic conditions, underlying modelled provisions and methodology, and refined approach to adjustments, comparison between the sensitivity results at 31 July 2026 and 31 July 2025 is not appropriate.

The economic environment remains uncertain and future impairment charges may be subject to further volatility, including from updates to macroeconomic variable forecasts impacted by sustained cost-of-living pressures, changes in fiscal policy, trade-related uncertainty (including the impact of tariffs), and ongoing geopolitical conflicts.

Use of adjustments (audited)

Limitations in the group's expected credit loss models or input data may be identified through ongoing model monitoring and validation of models. In certain circumstances, management make appropriate adjustments to model-calculated expected credit losses. These adjustments are based on management judgements or quantitative back-testing to ensure expected credit loss provisions adequately reflect all known information. These adjustments are generally determined by considering the

attributes or risks of a financial asset which are not captured by existing expected credit loss model outputs. Management adjustments are actively monitored, reviewed and incorporated into future model developments where applicable.

Macroeconomic forecasts continue to react to a range of external factors including changes in the UK's economic policy, in particular following the change in Prime Minister, inflationary pressures, the ongoing conflicts in Ukraine and the Middle East, and uncertainty from tariffs. In response, our use of adjustments has evolved.

In particular, adjustments have been held during the financial year in response to earlier improvements in macroeconomic forecasts that resulted in releases in modelled provisions. A number of these releases were considered premature or counterintuitive by management and adjustments were made as a result. Portfolio performance has been closely monitored during the financial year under review, over which modelled provisions have increased and external forecasts have appropriately responded to the evolving external conditions. As a result, previously held adjustments have been unwound in recognition of the portfolio and models appropriately reacting to changes in the external environment. Notwithstanding this, new macroeconomic adjustments linked to elevated uncertainty around the UK's near-term GDP growth outlook have been applied, and remain under close review by management.

The overall value of adjustments has decreased since 31 July 2025, due to comparatively lower values for the new macroeconomic adjustments, as well as a net reduction in adjustments relating to individual customers where, in management's judgement, modelled provisions did not adequately reflect expected credit losses.

The approach to adjustments continues to reflect the use of expert management judgement which incorporates management's experience and knowledge of customers, the areas in which they operate, and the underlying assets financed.

The need for adjustments will continue to be monitored as new information emerges which might not be recognised in existing models.

At 31 July 2026, £(0.3) million (31 July 2025: £4.0 million) of the expected credit loss provision was attributable to adjustments, which reflects the net offsetting position of positive and negative adjustments depending on the adjustment purpose or model requirement. Adjustments include £1.1 million held to reflect forward-looking economic uncertainty (31 July 2025: £2.1 million).

Other credit risk tables (audited)

Segmental credit risk

The following tables set out loans and advances to customers, trade receivables and undrawn facilities by the group's internal credit risk grading and illustrate the allocation of these per IFRS 9 staging category for comparative purposes. The analysis of lending has been prepared based on the following risk categories:

- Low risk: The credit risk profile of the borrower is considered acceptable with the borrower considered likely to meet obligations as they fall due. Standard monitoring is in place.
- Medium risk: Evidence of deterioration in the credit risk profile of the borrower exists which requires increased

monitoring. Potential concerns over their ability to meet obligations as they fall due may exist.

- High risk: Evidence of significant deterioration in the credit risk profile of the borrower exists which requires enhanced management. Full repayment may not be achieved, with potential for loss identified.

Low risk loans and advances to customers represent 85% of the overall portfolio (31 July 2025: 85%), reflective of relative portfolio resilience against the backdrop of persistent macroeconomic pressures during the financial year.

76% (31 July 2025: 77%) of total advances were classified as low risk Stage 1. Low risk Stage 2 represented 9% (31 July 2025: 8%) of loans and advances to customers, largely comprising early arrears cases, or agreements which have triggered a significant increase in credit risk indicator, or the “30 days past due” backstop. Low risk Stage 3 loans and advances to customers primarily related to agreements

which have triggered the “90 days past due” backstop but where full repayment is expected.

Medium risk loans account for 10% (31 July 2025: 9%) of total loans and advances to customers, of which the majority were spread across Stages 1 and 2. Medium risk Stage 1 increased to 6% (31 July 2025: 4%). Medium risk Stage 2 represented 4% (31 July 2025: 5%) of the overall portfolio. Loans and advances to customers reflected as medium risk Stage 3 primarily related to agreements that have triggered the “90 days past due” backstop in addition to other significant increases in credit risk triggers.

High risk loans accounted for 5% (31 July 2025: 5%) of total loans and advances to customers, with the majority corresponding to Stage 3.

	Stage 1 £ million	Stage 2 £ million	Stage 3 £ million	Total £ million
At 31 July 2026				
Gross loans and advances to customers¹				
Low risk	7,347.6	892.4	15.5	8,255.5
Medium risk	541.5	381.7	17.1	940.3
High risk	30.1	61.4	440.3	531.8
Total	7,919.2	1,335.5	472.9	9,727.6
Undrawn commitments				
Low risk	778.6	1.7	—	780.3
Medium risk	—	13.4	—	13.4
High risk	—	—	4.6	4.6
Total	778.6	15.1	4.6	798.3
Gross trade receivables²				
Low risk	8.9	—	—	8.9
Medium risk	—	0.3	—	0.3
High risk	—	—	1.8	1.8
Total	8.9	0.3	1.8	11.0

	Stage 1 £ million	Stage 2 £ million	Stage 3 £ million	Total £ million
At 31 July 2025				
Gross loans and advances to customers				
Low risk	7,491.4	769.6	18.7	8,279.7
Medium risk	422.1	461.4	23.1	906.6
High risk	4.0	68.5	450.3	522.8
Total	7,917.5	1,299.5	492.1	9,709.1
Undrawn commitments				
Low risk	809.8	7.7	—	817.5
Medium risk	—	2.2	—	2.2
High risk	—	—	3.3	3.3
Total	809.8	9.9	3.3	823.0
Gross trade receivables²				
Low risk	8.2	—	—	8.2
Medium risk	—	0.5	—	0.5
High risk	—	—	1.9	1.9
Total	8.2	0.5	1.9	10.6

1. Gross loans and advances to customers include £10.4 million (31 July 2025: £11.8 million) of loans and advances held at FVTPL, allocated as Stage 1 Low risk £3.9 million (31 July 2025: £3.3 million) and Stage 2 Medium risk £6.5 million (31 July 2025: £8.5 million) based on management judgement.

2. Lifetime expected credit losses are recognised for all trade receivables under the IFRS 9 simplified approach, therefore the staging presented here represents an internal management view. The figures presented are on a gross basis before deducting for expected credit losses of £1.8 million (31 July 2025: £2.1 million) relating to predominantly Stage 3 receivables.

Forbearance

Forbearance occurs when a customer is experiencing difficulty in meeting their financial commitments and a concession is granted, by changing the terms of the financial arrangement, which would not otherwise be considered. This arrangement can be temporary or permanent, depending on the customer's circumstances. The group reports forbore exposures as either performing or non-performing in line with regulatory requirements. A forbearance policy is maintained to embed necessary processes and enable consistently fair treatment of all customers and that each is managed based on their individual circumstances. The arrangements agreed with customers will aim to create a sustainable and affordable financial position, thereby reducing the likelihood of suffering a credit loss. The forbearance policy is periodically reviewed to maintain its effectiveness.

The group offers a range of concessions to support customers which vary depending on the product and the customer's status. Such concessions include grace periods/ payment moratoria, extensions of the loan term, and refinancing.

Loans are classified as forbore at the time a customer in financial difficulty is granted a concession and the loan will remain treated and recorded as forbore until the following exit conditions are met:

- the loan is considered as performing and there is no past-due amount according to the amended contractual terms;
- a minimum two-year probation period has passed from the date the forbore exposure was considered as performing, during which time regular and timely payments have been made; and
- none of the customer's exposures with Close Brothers are more than 30 days past due at the end of the probation period.

At 31 July 2026, the gross carrying amount of exposures with forbearance measures was £435.8 million (31 July 2025: £406.1 million). The key driver of this increase was higher forbearance in Invoice Finance, linked to large single names. This increase was partially offset by reductions across other Commercial and Retail businesses, reflecting stability in portfolio performance against the backdrop of continued macroeconomic challenges and cost-of-living pressures on customers.

An analysis of forbore loans is shown in the table below:

	31 July 2026	31 July 2025
Gross loans and advances to customers (£ million)	9,727.6	9,709.1
Forbore loans (£ million)	435.8	406.1
Forbore loans as a percentage of gross loans and advances to customers (%)	4.5%	4.2%
Provision on forbore loans (£ million)	125.5	113.8
Number of customers supported	13,823	15,882

The following is a breakdown of forbore loans by segment:

	31 July 2026 £ million	31 July 2025 £ million
Commercial	143.4	112.9
Retail	46.8	50.6
Property	245.6	242.6
Total	435.8	406.1

The following is a breakdown of the number of customers supported by segment:

	31 July 2026 Number of customers supported	31 July 2025 Number of customers supported
Commercial	815	948
Retail	12,966	14,880
Property	42	54
Total	13,823	15,882

The following is a breakdown of forbore loans by concession type:

	31 July 2026 £ million	31 July 2025 £ million
Grace period/payment moratorium	114.1	136.3
Extension of maturity/term	162.3	139.5
Rescheduled payments	29.1	32.7
Other forbearance measures ¹	130.3	97.6
Total	435.8	406.1

1. Includes £0.2 million of debt forgiveness concessions (31 July 2025: £0.2 million).

Government lending schemes

Since the pandemic period, following accreditation, customers have been offered facilities under various UK and Irish government-introduced loan schemes, thereby enabling the group to maximise its support to small businesses. At 31 July 2026, there are 2,857 (31 July 2025: 3,350) remaining facilities, with a residual balance of £535.6 million (31 July 2025: £461.6 million) following continued new lending and regular repayments across the Commercial businesses.

The group maintains a regular reporting cycle of these facilities to monitor performance. To date, a number of claims have been made and payments received under the government guarantee.

Collateral held

The group mitigates credit risk through holding collateral against loans and advances to customers. The group has internal policies on the acceptability of specific collateral types, the requirements for effective enforceability and monitoring of collateral in-life. Internal policies define, amongst other things, legal documentation requirements, the nature of assets accepted, LTV and age at origination, and exposure maturity and in-life inspection requirements. An asset valuation is undertaken as part of the loan origination process.

The principal types of collateral held by the group against loans and advances to customers in the Property and Commercial businesses include residential and commercial property and charges over business assets such as equipment, inventory and accounts receivable. Within Retail, the group holds collateral primarily in the form of vehicles in Motor Finance and refundable insurance premiums in Premium Finance, where an additional layer of protection may exist through broker recourse.

The group's collateral policies have not materially changed during the reporting period. There has been an increase in the proportion of exposures in higher LTV bands during the year. This is mainly reflective of greater high-LTV account volumes in the Property business, driven by updated valuations on a small group of larger individually assessed accounts.

Analysis of gross loans and advances to customers by LTV ratio is provided below. The value of collateral used in determining the LTV ratio is based upon data captured at loan origination or, where available, a more recent valuation.

	Commercial £ million	Retail £ million	Property £ million	Total £ million
LTV¹				
60% or lower	671.1	131.6	844.8	1,647.5
>60% to 70%	591.8	141.2	721.9	1,454.9
>70% to 80%	463.2	338.8	61.9	863.9
>80% to 90%	984.1	806.8	5.6	1,796.5
>90% to 100%	1,610.6	576.3	50.6	2,237.5
Greater than 100%	351.6	515.4	177.2	1,044.2
Structurally protected ²	38.2	364.3	—	402.5
Unsecured	246.9	33.3	0.4	280.6
Total at 31 July 2026³	4,957.5	2,907.7	1,862.4	9,727.6

	Commercial £ million	Retail £ million	Property £ million	Total £ million
LTV¹				
60% or lower	650.7	131.7	976.1	1,758.5
>60% to 70%	622.3	139.2	709.1	1,470.6
>70% to 80%	423.8	330.4	40.6	794.8
>80% to 90%	972.1	976.3	30.3	1,978.7
>90% to 100%	1,492.3	534.7	67.7	2,094.7
Greater than 100%	342.4	434.5	109.6	886.5
Structurally protected ²	69.9	394.9	—	464.8
Unsecured	228.0	32.3	0.2	260.5
Total at 31 July 2025³	4,801.5	2,974.0	1,933.6	9,709.1

Gross loans and advances to customers which are credit-impaired split by LTV ratio:

	Commercial £ million	Retail £ million	Property £ million	Total £ million
LTV				
60% or lower	19.3	1.2	13.6	34.1
>60% to 70%	22.1	2.3	18.7	43.1
>70% to 80%	5.4	7.2	13.6	26.2
>80% to 90%	17.0	18.1	5.6	40.7
>90% to 100%	28.9	22.1	50.6	101.6
Greater than 100%	21.5	16.1	177.2	214.8
Structurally protected ²	0.8	4.8	—	5.6
Unsecured	5.5	0.9	0.4	6.8
Total at 31 July 2026	120.5	72.7	279.7	472.9
	Commercial £ million	Retail £ million	Property £ million	Total £ million
LTV				
60% or lower	27.2	2.0	40.8	70.0
>60% to 70%	4.4	3.1	37.7	45.2
>70% to 80%	6.0	9.4	6.7	22.1
>80% to 90%	14.5	23.1	26.1	63.7
>90% to 100%	30.9	29.8	67.7	128.4
Greater than 100%	15.0	21.4	109.6	146.0
Structurally protected ²	1.9	5.3	—	7.2
Unsecured	8.2	1.1	0.2	9.5
Total at 31 July 2025	108.1	95.2	288.8	492.1

1. Government lending scheme facilities totalling £535.6 million (31 July 2025: £461.6 million) are allocated to a low LTV category reflecting the nature of the government guarantee and resultant level of lending risk.
2. Exposures are considered structurally protected when, in management's judgement, they have characteristics which mitigate the credit risk of the exposure to a significant extent, in spite of not representing tangible security.
3. Total gross loans and advances to customers includes £10.4 million (31 July 2025: £11.8 million) of loans and advances held at FVTPL.

Cyber risk

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Cyber risk is risk arising from inadequate internal and external information and cyber security, where failures impact the confidentiality, integrity and availability of information, electronic data or critical technology services.

Exposure

Cyber risks arise from the group's routine operations, its use of technology, and its reliance on digital services, data and interconnected third parties. These risks may lead to service disruption, compromise of sensitive information, financial loss, regulatory consequences, reputational harm, or adverse effects on customer outcomes and trust.

The group's exposure to cyber risk continues to evolve as the threat landscape changes and as the group introduces new digital products and services, expands its use of cloud-based technologies, and works with third-party service providers and supply chains to deliver critical business services. These dependencies are integral to the group's strategy, but they may also increase concentration risk and the potential for a cyber event affecting one provider or shared technology dependency to have broader operational consequences.

The group's exposure may increase as threats evolve, including through the maturation of artificial intelligence-enabled attack techniques. To address these challenges, the group maintains robust cyber controls, monitoring and

recovery capabilities designed to ensure risks are managed within acceptable levels and that material disruption can be responded to and recovered from effectively.

Day-to-day management of cyber risk is the responsibility of business and technology teams, supported by guidance and oversight from the information security and risk and compliance functions, and subject to independent assurance from group internal audit.

Requirements and responsibilities are defined in the Information Security Policy and supporting standards. These form part of the Enterprise Risk Management Framework to identify, assess, mitigate, monitor and report cyber risks, incidents, vulnerabilities and issues that could affect the achievement of business objectives or disrupt critical systems, services and processes.

Risk appetite

The group is committed to maintaining high standards of cyber security and resilience in support of its strategic objectives.

The group recognises that the evolving threat landscape and our reliance on technology and third parties mean cyber risk cannot be eliminated but has no appetite for avoidable cyber security breaches resulting in material business or customer impact. The group accepts only the residual level of cyber risk that remains within its defined thresholds and impact tolerances, following the application of appropriate and proportionate mitigating controls.

Measurement

The group measures cyber risk through a combination of key risk indicators, observed impact of risk events, periodic risk and control assessments, threat intelligence, and scenario analysis. Conservative trigger and limit thresholds for relevant indicators are monitored regularly, with exceptions reported to the Group Risk and Compliance Committee ("GRCC").

Material cyber risk events are identified, reviewed and escalated in line with criteria set out in the Enterprise Risk Management Framework, the Information Security Policy and supporting standards. Where appropriate, this includes formal post-incident review, root cause analysis and the capture of lessons learned, with appropriate management action plans implemented and tracked to completion.

Mitigation

The group adopts a risk-based approach to the mitigation of cyber risk, using an enterprise-wide control framework aligned with relevant laws and regulations to inform cyber risk management activities. The group maintains robust information security policies, standards and controls, with periodic assurance to evaluate whether these are designed appropriately and operating effectively.

The group continues to invest in both preventative and detective measures and in wider cyber resilience capabilities. These include, among other things, threat intelligence, security monitoring and response, cloud security, identity and access management, vulnerability management, secure change and development practices, third-party security oversight, colleague education and awareness, and effective deployment of controls and assurance activity across the three lines of defence model.

Focus continues to be placed on strengthening resilience against ransomware and other disruptive attack types through layered preventative controls. The group also continues to strengthen oversight of third-party and supply chain risk, including risks arising from cloud adoption and shared dependencies, recognising the potential for concentrated or systemic impacts where multiple firms rely on common providers or technology platforms.

Where deviations from risk thresholds or emergent cyber threats are observed, the group undertakes assessment and remediation activities to address identified deficiencies and bring exposure within risk appetite.

Monitoring

The Board delegates authority to the GRCC, supported by the Operations and Technology Risk Committee ("OTRC"), to oversee the day-to-day management of the group's cyber risk and its exposure. Regular management information relating to the group's cyber risk profile, control environment, vulnerabilities, incidents and resilience posture is presented to and discussed by these committees and, where relevant, by local business risk and compliance committees ("RCCs").

Specialist internal resources and third-party consultancies are engaged to periodically assess the group's cyber security programme and the effectiveness of its controls, supporting continuous improvement in the management of material cyber risks.

In addition to routine monitoring of known risks, the group undertakes continuous horizon scanning of trends and emerging risks to support ongoing improvement. These include changes in threat actor tactics, techniques and procedures, geopolitical developments, concentrations in third-party and cloud ecosystems, and technological developments with the potential to affect the group's cyber security posture, including artificial intelligence and quantum computing.

Outlook

The cyber threat landscape continues to evolve, with attacks increasing in both frequency and severity, and financial services remain a primary target. As cyber threats become increasingly sophisticated, the group will uphold a balanced, risk-based strategy in managing related risks, with investment and control improvements directed towards areas of significant risk concentration.

Advances in artificial intelligence are expected to materially increase the speed, scale and sophistication of cyber attacks, potentially reducing the time available to identify and remediate weaknesses before they are targeted. The group will closely monitor developments in this area and will continue to strengthen vulnerability management, exposure reduction, and detection capabilities.

Third-party and supply chain security remain key areas of focus, particularly as cloud adoption increases reliance on shared providers, creating potential concentration and systemic risks that require careful management. We support the UK government's continued focus on strengthening resilience in this area through forthcoming cyber resilience legislation.

Cyber risk will remain central to the group's operational resilience framework, with continued emphasis on scenario testing, recovery planning, and integration with enterprise risk management to ensure the group is able to respond to and recover from disruptive cyber events effectively.

The group will continuously monitor the cyber threat landscape and engage collaboratively with regulators, industry bodies, trusted third parties, and peer organisations to ensure robust oversight. We will implement measures to address risks that exceed established thresholds, including strengthening cyber security policies, procedures and controls to minimise both the likelihood and impact of such events.

Funding risk is the risk of loss caused by the inability to raise funds at an acceptable price or to access markets in a timely manner or from any decrease in the stability of the current funding base.

Liquidity risk is the risk that the group or any of its entities does not have sufficient liquid assets to meet liabilities as they fall due in normal and disrupted market conditions.

Exposure

Close Brothers Group plc manages its own funding and liquidity requirements, including parent company unsecured funding issuance, and maintains liquidity in line with its Individual Liquidity Adequacy Assessment Process ("ILAAP"). The ILAAP is the group's framework for identifying, measuring, monitoring and managing funding and liquidity risks, and for assessing the level of liquidity required to remain resilient under a range of severe but plausible stress scenarios. It helps ensure that sufficient high-quality liquid assets are maintained to meet obligations as they fall due and supports compliance with regulatory liquidity requirements.

Funding and liquidity risk are managed by the bank (Close Brothers Limited and its subsidiaries) on behalf of the group, while remaining subject to legal entity-specific governance and risk management requirements.

The group's funding profile comprises a broad range of channels. The approach to funding is weighted predominantly towards retail deposits and also includes secured funding, unsecured funding and non-retail deposits. Funding risk exposure primarily arises if the bank is unable to obtain the necessary funding to support its asset positions. Unsustainable or undiversified funding bases, such as an over-reliance on short-term deposits, can increase the level of risk and can lead to a deviation from the funding plan. In turn, this can increase the costs of raising new funds, reducing the bank's ability to originate new assets and potentially leading to negative market or customer perception.

The respective bank and consolidated ILAAPs cover a range of severe yet plausible stress testing scenarios including market and idiosyncratic. This ensures liquidity management remains a source of strength and supports a prudent approach to assessing and maintaining liquidity requirements.

Further detail on the group's funding and liquidity exposure is provided on pages 53 and 54 of the Financial overview and Note 24 "Financial risk management".

Risk appetite

The group has a low appetite for liquidity risk and seeks to maintain sufficient liquidity resources to survive a combined market-wide and idiosyncratic stress for a period of at least three months.

The group has a low appetite for funding risk and seeks to maintain sufficient and diverse (in terms of source, type and tenor) funding and to ensure a sound level of liquidity is maintained at all times.

Measurement

A variety of metrics are used to measure the group's funding and liquidity position to ensure compliance with both external regulatory requirements and internal risk appetite. These metrics cover both the short and long-term view of liquidity and funding and have limits and early warning indicators in place that are approved via the bank's Asset and Liability Committee ("ALCO"). These metrics include the surplus tenor of weighted average funding allocated to the loan book, available cash balance with the Bank of England, and the liquid assets to total assets ratio.

Funding is measured and monitored in accordance with the group's funding plan, which seeks to ensure that the bank maintains a balanced and prudent approach to its funding risk that is in line with risk appetite. The funding plan is supplemented by metrics that highlight any funding concentration risks, funding ratios and levels of encumbrance. The net stable funding ratio ("NSFR") was implemented by the PRA on 1 January 2022. The group's four-quarter average ratio to 31 July 2026 was 144.0% (31 July 2025: 145.9%), well above regulatory requirements and internal risk appetite.

Liquidity is managed in accordance with regulatory requirements and the ILAAP which is approved by the Board and receives oversight at the group ALCO ("GALCO"). The group's liquidity coverage ratio ("LCR") is above the regulatory requirement. The group's 12-month average LCR to 31 July 2026 was 1,113.5% (31 July 2025: 1,011.6%).

In addition to regulatory metrics, the group also uses a suite of internally developed liquidity stress scenarios to monitor its potential liquidity exposure daily and determine its HQLA requirements. This ensures that the group remains within risk appetite and identifies potential areas of vulnerability. The outcomes of these scenarios are formally reported to the relevant ALCOs, GRCC and Board.

Mitigation (audited)

The funding approach is based on the principles of “borrow long, lend short” and ensuring a diverse range of sources and channels of funding. Economic uncertainty has continued over the last 12 months, increasing market competitiveness. Despite the challenges this has presented, the group's ability to fund the loan book has been largely unaffected. The group has sought to grow retail deposits as a percentage of the customer deposit base and optimise the funding mix in light of market conditions. The bank's deposits remain well balanced and diverse in terms of source, type and tenor, ensuring flexibility. Retail and corporate customer funding is supported by wholesale

funding programmes including unsecured medium-term notes and secured funding programmes. The balance sheet and funding plan remain well within internal risk appetite, with funding maintained in excess of loan book requirements. This supports the bank's “borrow long, lend short” principle, providing resilience through the funding cycle and ensuring funds are available to support customers when needed.

The following tables analyse the contractual maturities of the group's on-balance sheet financial liabilities on an undiscounted cash flow basis.

	On demand £ million	In less than three months £ million	In more than three months but not more than six months £ million	In more than six months but not more than one year £ million	In more than one year but not more than five years £ million	In more than five years £ million	Total £ million
At 31 July 2026							
Deposits by banks	20.3	—	—	—	—	—	20.3
Deposits by customers	838.7	2,602.6	1,056.2	2,035.8	1,529.4	—	8,062.7
Loans and overdrafts from banks	0.9	—	—	—	—	—	0.9
Debt securities in issue	—	343.2	42.5	41.6	1,217.3	257.2	1,901.8
Subordinated loan capital	—	7.7	—	7.7	61.3	334.2	410.9
Total	859.9	2,953.5	1,098.7	2,085.1	2,808.0	591.4	10,396.6

	On demand £ million	In less than three months £ million	In more than three months but not more than six months £ million	In more than six months but not more than one year £ million	In more than one year but not more than five years £ million	In more than five years £ million	Total £ million
At 31 July 2025							
Deposits by banks	9.3	78.9	—	—	—	—	88.2
Deposits by customers	1,161.7	2,625.6	1,570.5	2,070.3	1,614.3	—	9,042.4
Loans and overdrafts from banks	1.5	—	—	—	—	—	1.5
Debt securities in issue	—	71.2	84.3	114.5	1,577.6	403.3	2,250.9
Subordinated loan capital	—	2.0	—	3.0	15.0	205.0	225.0
Total	1,172.5	2,777.7	1,654.8	2,187.8	3,206.9	608.3	11,608.0

Monitoring

Funding and liquidity are measured and monitored on a daily basis with monthly reports forming standing items for discussion at the relevant ALCO and GRCC, with the Risk Committee maintaining overall oversight. Any liquidity and funding issues are escalated as required to the ALCO, and then onwards to the GRCC and Risk Committee.

The group operates a three lines of defence model with the treasury function responsible for the measurement and management of the group's funding and liquidity position and asset and liability management risk. The Risk function provides independent review and challenge. ALCO provides oversight of funding and liquidity and supports the relevant senior managers in discharging their senior management function responsibilities. Internal audit provides independent assurance on first and second lines of defence, the appropriateness and effectiveness of internal controls and policy implementation.

Outlook

Following the FCA's announcement of the industry-wide redress scheme (PS26/3) for motor finance customers, the group has consciously managed liquidity levels lower, remaining at a robust level. During the year, treasury assets decreased by 36% to £1.8 billion (31 July 2025: £2.8 billion) and were predominantly held on deposit with the Bank of England. During the 2027 financial year, the focus will be on maintaining secured funding programmes and continuing to fund primarily through retail deposits. The funding model continues to provide robust support, and the strength of the “borrow long, lend short” business model provides significant funding resilience, resulting in a stable funding base.

Legal and regulatory risk

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Legal and regulatory risk is the risk of non-compliance with laws and regulations which could give rise to fines, litigation, sanctions and the potential for material adverse impact upon the group.

Exposure

The group is subject to the laws and regulations of the various jurisdictions in which it operates. This exposure includes risks of breaching financial services regulations and laws, as well as action resulting from contractual breach and litigation (including direct customer claims based on regulatory breaches).

Failure to comply with existing legal or regulatory requirements, or to adapt to changes in a timely fashion in the course of the provision of products and services, may result in legal and regulatory risk.

With an increased regulatory focus on protecting customers, any failure to implement and/or adapt to these changes quickly may expose the group to reputational harm, legal or regulatory sanctions and/or customer redress requirements.

Changes could also affect our financial performance, capital, liquidity and access to markets in which we operate.

Risk appetite

The group has low appetite for legal and regulatory risk, seeking to operate to high ethical standards and expecting its staff to operate in accordance with the laws, regulations and voluntary codes which impact the group and its activities.

The group seeks to avoid knowingly operating in a manner which is contrary to the provisions of the regulatory system and has no tolerance for knowingly transacting business outside the scope of its regulatory permissions or relevant legislation.

The group will respond in an appropriate, risk-based and proportionate manner to any changes to the legal and regulatory environment, as well as changes driven by any strategic initiatives.

Measurement

The group monitors and manages its legal, regulatory and compliance risks through regular engagement and interaction across the organisation, and the implementation of appropriate policies, standards and procedures. This includes reliance on a formal horizon scanning capability to identify changes, as well as regular management information which enables oversight and challenge via RCCs.

Mitigation

The group's Enterprise Risk Management Framework, including its suite of policies and standards and the associated three lines of defence operating model, sets common control objectives across risk disciplines. This consistent approach to setting and embedding control expectations acts to mitigate the likelihood and impact of events which could give rise to legal and regulatory risk.

Clear accountability and ownership for meeting regulatory requirements is overseen by business heads, thus driving oversight and action.

Dedicated specialist legal and compliance teams with relevant knowledge and experience provide advice, support and challenge to the group's businesses, enabling alignment with legal and regulatory requirements. These teams further have the ability to consult with external experts on technical or otherwise complex matters as appropriate.

Internal change and investment processes consider regulatory and legal inputs, such that sufficient funding can be allocated to deliver system and process changes in line with evolving regulatory and legal expectations.

Monitoring

In line with the group's three lines of defence model, businesses monitor their alignment with standards on an ongoing basis. Relevant management information, including the output of quality assurance activities, is reviewed by the RCCs.

An independent compliance monitoring team undertakes assurance to assess compliance with key regulations and the effectiveness of associated controls. Reports are provided to management and any remedial actions identified are tracked to completion.

Legal and compliance teams monitor for external developments through both structured horizon scanning activity, regular external updates on relevant issues and engagement in industry forums.

Outlook

Legal and regulatory risk continues to be notably elevated across the financial services industry, particularly regarding historical motor finance commissions. The UK government's current proposals to reform UK financial services and the consumer credit regime and potential divergence between the UK and EU regulatory regimes could affect and provide further challenges for the group.

The ongoing inherent risk exposure for the group continues to increase across the jurisdictions in which it operates. The nature and scale of any risk exposure related to Consumer Duty by the FCA remains to be seen as it continues to evolve across the industry. Separately, the group's retail lending offerings in the Republic of Ireland operate in an environment with increasing regulatory activity – the Central Bank of Ireland continues to embed further regulatory expectations with respect to operational resilience and securing customer interests.

The group faces legal risks that could result in awards of substantial monetary damages, remediation exercises or fines. Specifically, the group has received a number of complaints, some of which are with the Financial Ombudsman Service ("FOS"), and is subject to a number of claims through the courts regarding historical commission arrangements with intermediaries on its Motor Finance products.

This inflow of complaints commenced following the FCA's 2021 changes to its Handbook rules after its consideration of historical motor finance commission arrangements and has increased following the January 2024 publication of three FOS

decisions against other lenders on this topic, and the FCA's simultaneous announcement of a review of this sector. This has resulted in the publication by the FCA on 30 March 2026 of a motor finance consumer redress scheme to compensate motor finance customers who were treated unfairly.

The group's best current estimate of the cost of this industry-wide scheme as published is recognised in a provision of c. £320 million. Legal risk with respect to the motor commissions matter has increased lately through the four legal challenges (three lenders, one consumer group) filed against the FCA's redress scheme, with a timeline stretching into 2027 for the litigation to be resolved, and the FCA advising lenders they should plan for a "no scheme" outcome as well as planning to deliver the FCA's scheme.

The provision therefore includes an assumption of delayed implementation due to the legal challenges. County court litigation may also increase following the Court of Appeal's recent ruling that one bulk claim against lenders can proceed on the facts of that case. The ultimate cost to the group remains subject to the outcome of the legal challenges and any further legal, regulatory or industry developments including court claims and complaints from customers.

As outlined in Note 15, the group has recognised a provision of £31.3 million (31 July 2025: £33.0 million) in relation to a proactive customer redress programme to be implemented by the group, following identification of historical deficiencies in certain operational processes related to early settlements of loans in the Motor Finance business.

Market risk

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Market risk is the current or prospective risk to the group's capital or earnings arising from changes in interest rates, credit spreads and foreign exchange rates applied to the group's non-trading book.

Exposure

The group's market risk exposure consists of interest rate risk in the banking book ("IRRBB"), credit spread risk in the banking book ("CSRBB") and foreign exchange risk.

IRRBB is predominantly incurred in the bank (Close Brothers Limited and its subsidiaries) as a result of its lending and funding activities and from funding activities for the group parent company (Close Brothers Group Plc).

CSRBB arises from the HQLA portfolio held in the bank.

Foreign exchange risk is incurred across the group and arises from foreign currency loan commitments; translating foreign currency assets, liabilities and profits; and non-sterling investments.

Risk appetite

The group has a low appetite for market risks arising from movements in interest rates, credit spreads and foreign exchange rates that could lead to financial loss, earnings volatility, or adverse impacts on capital.

The group's policy is to match repricing characteristics of assets and liabilities naturally. Where this is not possible, vanilla interest rate swaps are used to hedge the risk within prescribed limits.

The group has a limited appetite for credit spread risk which occurs due to the HQLA portfolio. The portfolio primarily comprises Bank of England reserves, highly rated UK and European sovereign debt, sovereign-guaranteed debt, supranational debt and UK covered bonds.

The group has a restricted appetite for foreign exchange risk. It avoids large open positions and sets individual currency limits to mitigate the risk.

Measurement

Interest rate risk

The group recognises three main sources of IRRBB which could adversely impact future income or the value of the balance sheet:

- repricing risk – the risk presented by assets and liabilities that reprice at different times;
- embedded optionality risk – the risk presented by contractual terms embedded into certain assets and liabilities; and
- basis risk – the risk presented by a mismatch in the reference interest rate for assets and liabilities.

IRRBB is assessed and measured on a behavioural basis by applying key behavioural and modelling assumptions including, but not limited to, those related to fixed rate loans subject to prepayment risk, the behaviour of non-maturity assets and liabilities, the treatment of own equity, and the expectation of embedded interest rate options. This assessment is performed across a range of regulatory prescribed and internal interest rate shock scenarios approved by the relevant ALCO.

Two measures are used for measuring IRRBB, namely Earnings at Risk ("EaR") and Economic Value ("EV"):

- EaR measures short-term impacts to earnings, highlighting any earnings sensitivity, should interest rates change unexpectedly.
- EV measures longer-term earnings capacity, by estimating the present value sensitivity of the balance sheet, should rates change unexpectedly.

EaR impact (audited)

The table below sets out the assessed impact on group net interest income over a 12-month period from interest rate changes. The results shown are for an instantaneous and parallel change in interest rates at 31 July 2026:

	31 July 2026 £ million	31 July 2025 £ million
0.5% increase	3.4	2.1
2.5% increase	17.1	10.1
0.5% decrease	(3.5)	(2.1)
2.5% decrease	(15.5)	(9.3)

EaR changed from £(2.1) million as at 31 July 2025 to £(3.5) million as at 31 July 2026, under a 0.5% reduction in interest rates. This was primarily driven by higher cash balances held at the parent company following the disposals of Close Brothers Asset Management and Winterflood Securities, with proceeds retained at the parent company and deposited with the bank. As cash holdings are negatively impacted by lower interest rates, this results in increased sensitivity to a downward interest rate shock.

The group's EaR at 31 July 2026 reflects its policy to ensure exposure to interest rate shocks is managed within the group's risk appetites and the group's strategy to manage and minimise interest rate risk, to that required to operate efficiently. The EaR measure is a combination of the group's repricing profile and the embedded optionality risk, of which the latter is negligible at 31 July 2026.

The group also monitors any potential earning exposure from basis mismatches between its lending and funding activities on a monthly cadence. To provide a clearer assessment of the group's exposure to interest rate changes, basis risk is excluded from the EaR numbers.

EV impact (audited)

The table below sets out the assessed impact on group EV, which measures the potential change in the balance sheet value following an instantaneous and parallel change in interest rates at 31 July 2026:

	31 July 2026 £ million	31 July 2025 £ million
0.5% increase	0.9	1.0
2.5% increase	4.9	4.8
0.5% decrease	(0.8)	(0.9)
2.5% decrease	0.1	(0.3)

The group's EV at 31 July 2026 reflects its policy to ensure exposure to interest rate shocks is managed within the group's risk appetites, and the group's strategy to manage and minimise interest rate risk, to that required to operate efficiently. The EV measure is a combination of the repricing profile and the embedded optionality. Economic Value at 31 July 2026 improved to £(0.8) million for a 0.5% decrease in interest rates due to the group bond being closer to maturity, and more active group hedging.

For a 2.5% decrease in interest rates, EV benefited from the interest rate floors embedded in some of the customer loans.

Credit spread risk in the banking book

The group's HQLA portfolio is held for the purpose of liquidity management. The table below sets out the total exposure to each asset class held within the HQLA portfolio by the bank.

Credit spread risk arises from the bonds held within the HQLA portfolio and reflects the risk that changes in credit spreads may adversely affect the value of those securities. Credit spreads represent the excess yield of a bond over an equivalent risk-free rate and are influenced by market perception of credit risk, liquidity conditions and broader market sentiment.

Within the HQLA portfolio, each bond's interest rate exposure is hedged, leaving the residual credit spread. Credit spread risk is monitored, assessed and measured using a range of metrics, including a historical stress test methodology that is consistent with PRA requirements. The resulting exposure is monitored against an internal risk appetite limit. While changes in credit spreads affect the economic value of securities throughout their life, losses are typically only crystallised if the bond is sold and the swap hedging the interest rate risk is unwound before maturity.

	31 July 2026 £ million	31 July 2025 £ million
Cash and balances at central banks	1,190.7	1,917.0
Sovereign and central bank debt (LCR Level 1)	340.1	601.6
Covered bonds (LCR Level 1)	78.5	100.4
Covered bonds (LCR Level 2)	5.4	5.2
SSA bonds (LCR Level 1)	144	146.2
Total treasury liquid asset holdings	1,758.7	2,770.4

At 31 July 2026, the bank did not hold any encumbered assets in its HQLA portfolio.

Foreign exchange risk (audited)

The group recognises three categories of FX risk:

1. transaction risk: the risk relating to foreign currency loan commitments;
2. translation risk: the risk relating to converting foreign currency balances and profits into sterling; and
3. structural FX risk: the risk relating to the potential impact on capital ratios relating to non-GBP exposures.

Transaction risk is measured daily within treasury based on net cash flows and contracted future exposures. Treasury's strategy is to hedge the FX risk as soon as it arrives, and to have zero FX transaction exposure each day at close of business.

Translation risk is monitored within each business monthly, translating non-UK profits regularly to mitigate fluctuations in foreign exchange rates. The group's largest FX exposure is from its euro lending and funding activities. A change in the euro exchange rate would increase the group's equity by the following amounts:

	31 July 2026 £ million	31 July 2025 £ million
15% strengthening of sterling against the euro	2.0	2.0

The bank seeks to match its assets and liabilities by currency; any remaining gaps are hedged using exchange rate derivative contracts. Details of these derivatives are disclosed in Note 12 "Derivative financial instruments". Structural FX risk is assessed at least annually and is deemed to be immaterial.

The group has policies and processes in place to manage foreign currency risk, and as such the impact of any reasonably expected exchange rate fluctuations would not be material.

Mitigation (audited)

The group maintains a limited appetite for interest rate risk with simple hedging strategies in place to mitigate risk. The bank's treasury is responsible for hedging the non-traded interest rate risk. Any residual risk which cannot be naturally matched is hedged utilising vanilla derivative transactions to remain within prescribed risk limits. The Group Asset and Liability Committee ("GALCO") and ALCO are respectively responsible for approving any changes to hedging strategies before implementation for the parent company and bank.

Derivative transactions can only be undertaken with approved counterparties and within the respective credit risk limits assigned to those counterparties.

All marketable securities are “hold to collect and sell” and have their interest rate exposure hedged on a back-to-back basis with vanilla interest rate swaps. The exception to this is the £250 million group bond, which is hedged as part of the overall group exposure.

Foreign exchange exposures are generally hedged using foreign exchange forwards or currency swaps with exposures monitored daily against approved limits.

Monitoring

The GALCO monitors the market risk exposure across the group’s balance sheet. ALCO monitors the market risk exposure for the bank. Treasury is responsible for day-to-day management of all market risks. Day-to-day oversight is exercised via a combination of daily reporting by the treasury finance team, and business RCC review and challenge. Further independent oversight is provided via the second line of defence through the asset liability management risk team (“ALM Risk”), with monthly reporting into ALCO and GALCO.

Businesses within the bank have operational processes and controls in place to monitor their exposure to IRRBB and ensure it remains within approved local risk appetites. Any exceptions are reported to treasury ALM on the same working day. Residual IRRBB that is not transferred into treasury for central management through the bank’s funding transference process, is monitored by the businesses, treasury’s first line of defence, and ALM Risk.

Treasury ALM is responsible for maintaining processes and controls to monitor the group position and report exposures to ALCO and GALCO, and subsequently to GRCC and the Risk Committee. An ALM system is deployed as the primary source for IRRBB reporting and risk measurement.

Outlook

The group expects exposure to interest rate risk, credit spread risk and foreign exchange risk to remain broadly stable.

Operational risk

[Simplify](#)[Optimise](#)[Grow](#)

Operational risk is the risk of loss or customer harm resulting from inadequate or failed processes, people and systems or external events. This includes the risk of being unable to recover systems quickly and maintain critical services.

Exposure

Operational risks arise from day-to-day business activities, many of which have the potential to result in direct or indirect financial loss or adverse impacts, including effects on the group’s financial performance, standards of customer care, or reputation.

The group seeks to deliver operational efficiency in executing its objectives and recognises that a degree of loss may arise from operational failure. The implementation of key controls and monitoring activities supports effective risk management and helps maintain exposure within acceptable limits.

Operational risk is a core component of the Enterprise Risk Management Framework and is embedded in day-to-day business activities. Requirements and responsibilities are set out in the Operational Risk Policy and supporting standards which form part of the framework used to identify, assess, mitigate, monitor and report the operational risks, events and issues that could impact the achievement of business objectives or disrupt core processes.

The business is responsible for the day-to-day management of operational risk, supported by advice and oversight from the risk and compliance function, with independent assurance provided by group internal audit.

The group’s exposure to operational risk is impacted through the need to engage with innovative, dynamic third parties; delivery of new products and services; and effective use of reliable data in a changing external environment, to support delivery of the group’s strategic objectives.

Operational risk oversight is aligned across several key risk categories, included below. In addition, the operational risk taxonomy also includes operational risks associated with

other principal risks, including conduct, compliance, legal and regulatory, and change execution risk.

Resilience risk

The risk that the group is unable to adapt to disruptions, while maintaining continuous operations on critical processes and safeguarding technology in the face of severe but plausible adverse events, operational disruptions, or incremental changes. The group recognises the heightened regulatory focus on resilience with reliance on remote working, use of third parties, cloud solutions, and automated digital solutions.

How this risk is managed

The group’s technology estate is undergoing significant transformation, with a strategic shift towards simplification and optimisation. This includes the migration of core business services to cloud platforms and deepening partnerships with key third-party providers. The group continues to prioritise resilience through enhanced business continuity and disaster recovery plans.

Financial crime and fraud risk

The risk that the group’s products and services are used to facilitate financial crime and fraud against the group, its customers and third parties. If the group does not take measures to minimise the impact of financial crime and fraud risk, or adhere to the relevant laws and regulations, it risks financial loss, regulatory fines, and reputational damage.

The group has an established control framework to help prevent and mitigate financial crime and fraud risks, including policies, standards and procedures detailing fraud loss recovery plans that are consistent with the group’s purpose and designed to help safeguard the interest of customers.

The opportunism and sophistication of individuals and groups, and the technology available to enable financial crime and fraud, continue to increase. In response, the group has strengthened its investment in fraud prevention capabilities, particularly in its asset-backed businesses.

The primary driver of events remains asset misappropriation, with the most significant losses arising from misuse of credit facilities.

How this risk is managed

The group has established a framework of systems and controls to help prevent and detect financial crime and fraud. The framework is reviewed and enhanced continually to respond to evolving threats and to reduce the risk of the group's products and services being used for financial crime purposes. The group also leverages data analytics and emerging technologies to strengthen its ability to prevent, detect and respond to financial crime and fraud.

Third-party risk

The risk associated with the group's use of third parties, including outsourced and offshoring arrangements, including the risk of failure which may impact customer service; the potential cessation of specific activities; the risk of personally identifiable information or group sensitive data being exposed or exploited; and the risk of financial, reputational and regulatory censure should the third party enter into any illegal or unethical activities.

In line with the group's increased strategic appetite for material outsourcing to provide greater agility in meeting its strategic goals, our risk frameworks are evolving to maintain effective risk management.

How this risk is managed

The group continues to enhance its third-party risk and controls framework, and oversight approach, with ongoing performance management and due diligence undertaken, to confirm that supplier relationships are controlled effectively.

Workplace risk (property, physical and personal security risk)

The risk to the safety and protection of colleagues, customers and physical assets arising from unauthorised access to buildings, theft, robbery, intimidation, blackmail, sabotage, terrorism, and other physical security risks.

How this risk is managed

Physical and personal security standards are managed by the group's property and workplace team. Controls are in place to protect physical assets, as well as the security of colleagues and customers.

Data risk

The risk of poor quality data arising from inaccurate, incomplete, inaccessible, or misused data resulting in operational disruption, customer detriment, flawed decision-making, reporting failures, or regulatory breaches.

Quality data underpins decision-making at all levels of the organisation. The group views data risk holistically through the life cycle from acquisition to usage and eventual disposal.

How this risk is managed

The group has taken steps to strengthen its data strategy, governance framework and methodology to identify, assess, treat and report risks and issues across our critical data elements. Governance is embedded across businesses to support well-managed, reliable data of sufficient quality, supporting effective decision-making and regulatory compliance.

Model risk

The risk of loss arising from decisions based on the output of models, driven by errors in their development,

implementation, or use. Model risk is inherently higher where models are more complex, rely on uncertain inputs or assumptions are widely used. Ineffectively managed, model risk can result in poor decision-making, misreporting, or a failure to identify and assess risks adequately.

The group uses models to support a range of business and risk management activities. These include informing decision-making and strategy, valuing exposures (including impairment), undertaking stress testing, supporting capital and regulatory assessments, and informing decision-making.

How this risk is managed

The group maintains a robust model risk management framework, supported by clear policies, standards, and independent validation activities. Model governance is overseen through established processes, including management of the model inventory and regular reporting on model performance and risk. The Model Governance Committee serves as the primary approval authority and oversees the framework for managing model risk.

People risk

The risk of not having sufficiently skilled, capable, and engaged colleagues, who are clear on their responsibilities and accountabilities and who behave in an ethical way. Inadequacies could lead to inappropriate decision-making that is detrimental to customers, colleagues, other key stakeholders, or shareholders and could lead to regulatory sanction.

How this risk is managed

The group has a range of key risk indicator ("KRI") metrics to measure and report people risk. Controls are designed to manage people risk. Group-wide systems provide tools and guidance to support colleagues in fulfilling their responsibilities and fostering a positive culture. Regular employee engagement surveys are also conducted.

Transactional processing and execution risk

The risk of financial loss, regulatory breach or customer harm resulting from failures to correctly capture, route, execute, record, or settle transactions across internal or external systems, including failures caused by data quality issues, configuration errors or process breakdowns. The risk of system or human error, including those arising from the integration of AI technologies, increases with the scale, speed and complexity of transaction processing.

These factors can amplify the impact of errors and reduce the ability to detect and remediate issues in a timely manner. As the group adopts AI technologies within its operations, additional risks may arise, including bias and model errors. If not appropriately governed, these could impair the group's ability to accurately execute, monitor and report transactions.

How this risk is managed

The group maintains a framework of controls designed to ensure the accurate and timely processing of transactions across its operations. This includes established policies, procedures and oversight mechanisms governing transaction processing, reconciliation, and exception management.

The group has introduced an AI Policy to support the safe and responsible use of AI technologies, setting out requirements for design, deployment, monitoring, and governance. This is supported by broader risk management practices, including controls over data quality, system configuration, and change management.

Ongoing monitoring, reconciliation processes and control testing are used to identify and address issues promptly,

while continuous improvement initiatives seek to strengthen controls in line with the evolving risk environment.

Risk appetite

The group is prepared to tolerate a level of operational risk exposure within agreed limits but has low appetite for operational risks with significant residual exposure. In these instances, a near-term mitigation strategy is required. The group monitors loss trends and seeks to limit aggregate losses arising in any given year. Where risks could impact not just financial loss but our ability to service customers, controls are implemented in a manner that reduces the likelihood of higher-impact events. Should they crystallise, immediate steps are taken to minimise disruption and ensure swift recovery.

Measurement

Operational risk is measured through KRIs, analysis of risk events, ongoing risk and control self-assessments, and scenario analysis. Each key risk has a set of defined KRIs, which are regularly monitored via local, divisional and group committees with exceptions reported to the GRCC and the Board Risk Committee.

Material operational risk events are identified, reviewed, and escalated in accordance with the Enterprise Risk Management Framework and supporting standards. Root cause analysis is undertaken and lessons learnt are applied through management action plans.

Losses arising from internal and external events are categorised using the group's risk taxonomy to support trend analysis. Given the nature of some operational risk events, losses and recoveries may crystallise over time and may therefore be restated across reporting periods.

Mitigation

The group seeks to deliver its strategic objectives and maintain operational resilience and recognises that a degree of loss may arise from operational failure.

A clear governance structure supports effective risk ownership and accountability across the group. Risk culture is reinforced through training, tone from the top and clear escalation routes for concerns.

We operate controls over the group's most significant operational risks, determining near-term mitigation strategies where risks are greatest to prevent material disruption of our service to customers and/or our businesses. Where appropriate, insurance is maintained to mitigate the financial impact of certain risks.

Monitoring

The Board delegates authority to the GRCC to manage the group's operational risk framework on a day-to-day basis and provide oversight of its exposure. The committee is supported by the Operational Technology Risk Committee ("OTRC") which is responsible for oversight of technology, information security, data, third-party and resilience-related risks. Regular management information is presented to and discussed by these committees and additionally local business RCCs.

The risk function has a dedicated operational risk team which is responsible for maintaining the framework and reporting necessary for effective operational risk management. The group identifies, assesses, and monitors all key operational risks, including conducting an annual assessment of control effectiveness, monitoring key risk indicators and escalating events in accordance with policy and standard requirements.

Second-line operational risk managers are aligned to businesses, with an additional technical second line of defence team providing specialist oversight of technology, information security, data, resilience, and third-party risks. Monitoring of all operational risk domains is conducted via divisional RCCs with escalation to the GRCC and Board Risk Committee as appropriate.

Operational risk losses by Basel category

Operational risk losses by Basel category ^{1, 2, 3, 4, 5}	% of total volume		% of total losses	
	2026	2025	2026	2025
Business disruption and system failures	0%	1%	0%	1%
Clients, products and business practices	3%	3%	14%	10%
Execution, delivery and process management	11%	17%	4%	25%
External fraud	86%	79%	82%	64%
Internal fraud	0%	0%	0%	0%
Employment practices and workplace safety	0%	0%	0%	0%
Damage to physical assets	0%	0%	0%	0%

1. Gross losses less than £5,000 excluded.

2. Historical loss amounts can change due to the dynamic and ongoing reporting of recoveries.

3. Percentages have been rounded where appropriate.

4. Excludes operational losses in relation to early settlements in Motor Finance and motor finance commissions.

5. Excludes losses captured in FY 2025 for Winterflood, later divested.

The delivery of a standardised framework and management information across all operating risks is complemented by periodic thematic reviews conducted on key focus areas and reviewed by the GRCC and Board Risk Committee. Assurance is obtained through reviews conducted by second line and group internal audit.

Stress testing

The group develops and maintains a suite of operational risk scenarios using internal and external data. These scenarios provide insights into the stresses the business could be subject to, given plausible but severe circumstances. Scenarios cover material operational risks across key risk domains and are developed by businesses and senior management across the group, with the process facilitated by the risk function as part of the operational risk assessment within the ICAAP.

Outlook

The group continues to undertake a significant change agenda to simplify its operating model and reduce its cost base. As a result, change delivery, prioritisation and execution capacity remain key areas of management focus, with heightened risk of delivery strain, competing priorities and potential control weaknesses during periods of transformation. Ensuring sufficient capability, clear accountability and effective challenge across the change portfolio will remain critical. Continued management strain is anticipated as the organisation balances strategic delivery with business-as-usual requirements.

In support, the already established group-wide operational risk framework has been further strengthened through investment in capability and improved tooling. This includes the implementation of an enhanced Governance, Risk and Compliance ("GRC") system, improving the quality,

consistency, and timeliness of risk data, and enabling more effective monitoring, reporting, and oversight across the organisation. Group-wide training initiatives have also been rolled out to support greater risk awareness, consistency in application of the framework and embedding of risk ownership within the first line.

Looking ahead, management focus will continue to be on:

- Embedding framework maturity – driving consistent adoption and effective use of risk tools and processes with particular emphasis on risk identification, assessment and control assurance.
- Risk data and insights – enhancing the use of data, MI and analytics to enable more proactive risk identification, improved trend analysis, and earlier intervention.
- Third-party and outsourcing risk – increasing scrutiny over supplier resilience, concentration risk and oversight arrangements, particularly in the context of technology transformation.
- Operational resilience – continuing to build on the group's ability to prevent, respond to and recover from disruption, including scenario testing and alignment with evolving regulatory expectations.
- Risk culture and accountability – reinforcing clear ownership of risk within the first line, supported by ongoing training and leadership engagement to embed a strong risk culture.

Overall, while the control environment continues to mature, the scale of ongoing transformation, combined with external pressures and evolving regulatory expectations, is expected to sustain the inherent level of operational risk in the near term. Continued focus on capability, governance and disciplined execution will be key to maintaining effective risk management.

Reputational risk

Simplify

Optimise

Grow

Reputational risk is the risk of detriment to stakeholder perception of the group, leading to impairment of its reputation and its future goals, due to any action or inaction of the company, its employees or associated third parties.

Exposure

Protection and effective stewardship of the group's reputation are fundamental to its long-term success.

Detrimental stakeholder perception could lead to impairment of the group's current business and future goals. The group remains exposed to potential reputational risk in the course of its usual activities, such as through employee, supplier or intermediary conduct, the provision of products and services, crystallisation of another risk type, or as a result of changes outside its influence.

Risk appetite

The group has a strong reputation which it has built over many years and considers it a valuable asset, managing it accordingly through consistent focus on a set of cultural and ethical attributes. The group has no tolerance for behaviours that contradict these attributes in a manner that could harm it, and avoids engaging with third parties, markets or products that would inhibit the group's adherence to them.

The group seeks to operate in a responsible manner that has client outcomes at the heart of everything that it does. Protection of the group's reputation is firmly embedded in its business-as-usual activities, and the group, as part of its overall strategy, adopts a prudent approach to risk-taking.

The group also recognises that its reputation is linked to broader responsibilities to help address social, economic and environmental challenges, and maintains appropriate sustainable objectives that the group sets itself as a business.



Measurement

Risk identification and subsequent management actions are embedded within business-as-usual activities.

Additionally, the group actively monitors for changes in the business, legal, regulatory and social environment in which it operates to ensure the timely identification, assessment and mitigation of any potential reputation concerns that may arise following changes in the expectations of key stakeholders. For instance, the management of the increased media attention in relation to the FCA's review of historical motor finance commission arrangements and the subsequent publication of its motor finance commission redress scheme.

Mitigation

Reputational risk management is embedded through the organisation, including via:

- focus on employee conduct, with cultural attributes embedded throughout the group;
- supplier and intermediary conduct management through the relationship life cycle;
- new product approval and existing product review processes for business products and services;
- a proactive approach to environmental, social and governance matters;
- embedding of reputational risk management within the management frameworks of other risk types;
- proactive communication and engagement with investors, analysts and other market participants; and
- proactive engagement with regulators on key matters.

In addition, the group maintains policies and standards that serve to protect the group's reputation, most notably those covering anti-bribery, conflicts of interest, dignity at work and high-risk client policies. These are regularly reviewed and updated with staff receiving annual training to reinforce understanding of their obligations.

The group crisis management team supports management of cases where there is a potential risk of reputational impact on the group on an exceptional basis. A communications plan also forms part of the group's Recovery Plan, which sets out core principles to ensure fair and transparent communication, to control the risk of misinformation and minimise any negative reaction to the implementation of recovery options.

Monitoring

Reputational risk is considered across all three lines of defence as part of oversight and assurance activities.

Adherence to the group's cultural framework is monitored through the culture dashboard, which is reported to the Board on a quarterly basis and includes key metrics in relation to culture across the group and each of its divisions. Customer forums are also in place across the group, reinforcing its commitment to favourable client outcomes. Regular engagement with investors also enables open communication with this stakeholder group.

Sustainability considerations are integrated across management forums at a business and group level. For more information on this see the Sustainability Report on page 28.

Outlook

Established group-wide and employee-level focus on responsibility and sustainability enables an approach in all businesses that aligns to a range of stakeholder expectations, which is supported by group-level oversight.

The continuation of elevated attention in relation to any redress schemes, including that associated with the FCA's review of historical motor finance commission arrangements, may lead to an adverse perception of the group.

Going concern

The Directors have assessed whether they consider it appropriate that the company and the group adopt the going concern basis of accounting in preparing the financial statements. For the purposes of going concern, the Directors have reviewed the group's strategic plan to December 2027, being 15 months from the date of approval of the financial statements. This is in line with the assessment period (15 months) reviewed as part of the FY 2025 going concern assessment and is in excess of IAS 1 and UK Corporate Governance Code requirements of at least 12 months.

As part of the Directors' consideration of the appropriateness of adopting the going concern basis, a range of forward-looking scenario analyses have been considered. These include the 3 Year Strategic Plan ("3YSP") presented to the Board in July, a "realistic downside" scenario, "stressed downside" scenario, and the 2025 Internal Liquidity Adequacy Assessment Process ("ILAAP") and 2025 Internal Capital Adequacy Assessment Process ("ICAAP"). These were reviewed together with a number of key risks which are set out in the Risk Report under the heading Principal risks: Funding and liquidity risk on pages 91 to 92 and Capital risk on pages 72 to 74.

The Financial Conduct Authority ("FCA") review of historical motor finance commission arrangements and the subsequent publication of its motor finance consumer redress scheme continues to be a key area of focus in the 2026 financial year. The group recognised a further provision of £165 million relating to motor finance commissions in the 2026 financial year. This provision reflects management's best estimate of the cost of the FCA scheme as published, per IAS 37, and represents a move from a probability weighted approach to a single-scenario provision. This provision has since been reviewed, considering recent developments including confirmation that the Upper Tribunal hearings are expected to commence in either December 2026 or February 2027. Based on further analysis, whilst alternative outcomes remain plausible, the Directors have concluded that the existing provision continues to be appropriate. Nevertheless, the group recognises the need to plan for a range of possible outcomes, and continues to prioritise maintaining a strong capital position, balance sheet, and prudent approach to managing its financial resources. Further details on motor finance commissions are outlined on pages 93 to 94.

The group's realistic downside going concern scenario builds on the 3YSP, and overlays subdued loan book growth, lower-than-expected cost savings and higher bad debts. The stressed downside scenario builds upon this, with further reduced cost savings, higher bad debts, as well as an additional hypothetical conduct event provision in 2027.

The modelling output of the stressed downside scenario highlights the resilient capital position, with the group's capital ratios in excess of minimum regulatory requirements and capacity to absorb losses and increases in RWAs beyond the impacts modelled, strengthened by available management actions.

The two stress testing scenarios modelled for the group's most recent ICAAP, approved by the Board in January 2026, were used to provide additional context for the Directors alongside the going concern assessment. The ICAAP forms part of the group's overall capital risk framework, outlined on page 72.

The group continues to have a strong and conservative business model, lending in a variety of sectors across a diverse range of assets. The group remains well positioned in each of its businesses, is soundly funded, and has strong levels of liquidity. The group maintains strong headroom to minimum regulatory requirements to withstand the "stressed downside" going concern scenario elements.

Under all assessed scenarios, the group continues to operate with sufficient levels of capital for the next 15 months from the date of approval of the financial statements, with the group's capital ratios in excess of minimum regulatory requirements.

Separately from managing the group capital position, the group adopts a conservative approach to funding and liquidity risk and seeks to maintain a funding and liquidity position characterised by sustaining a diverse range of funding sources and holding a prudent level of high-quality liquidity. As such, the weighted average maturity of its funding is longer than the weighted average maturity of its lending portfolio. The Board reviewed these factors when concluding upon going concern.

These objectives form the basis for the group Funding and Liquidity Risk Appetite Statement, approved annually by the Board, which outlines the levels of funding and liquidity risk that the group is willing to assume. Given the materiality of the lending divisions, this is primarily focused on the levels of risk assumed within the bank.

As part of the liquidity management process, the bank also uses a suite of internally developed liquidity stress scenarios to monitor its potential liquidity exposure daily and determine its HQLA requirements. This ensures that the bank remains within risk appetite and identifies potential areas of vulnerability. These stresses are formally approved by the ALCO, GRCC and Board and cover both idiosyncratic and market-wide stresses. The bank adopts the most severe stress to determine the amount of liquidity it needs to hold. At 31 July 2026, the bank held sufficient liquidity resources to meet the applicable stress.

In conclusion, the Directors have determined that they have a reasonable expectation that the company and the group, as a whole, have adequate resources to continue as a going concern for a period of at least 12 months from the date of approval of the financial statements. Accordingly, they continue to adopt the going concern basis in preparing the Annual Report.

Viability statement

Consideration

In accordance with provision 31 of the UK Corporate Governance Code, the Board has assessed the prospects of the group and confirms that it has a reasonable expectation that the company and group will continue to operate and meet their liabilities, as they fall due, for the three-year period up to 31 July 2029.

Strategic and financial outlook

The Board has considered the longer-term viability of the group and considers three years to be an appropriate period for the assessment to be made. A period of three years has been chosen because it is the period covered by the group's well-embedded strategic planning cycle. A three-year period aligns with the group regulatory and internal stress testing processes, including: (i) group-wide internal forecasting and stress testing, which have undergone significant review and challenge, to confirm the viability of the group; (ii) the ICAAP, which assesses capital requirements; and (iii) the ILAAP, which identifies liquidity requirements.

Risk management and risk profile

In making its assessment, the Board has identified and assessed the principal and emerging risks facing the group and these are highlighted on pages 65 to 70. The group's approach to monitoring and managing the principal risks faced by its business, including financial, business, market and operational risks, has remained consistent given the group's core activities, business model and strategy are unchanged.

The group utilises an established risk management framework to identify and monitor its portfolio of emerging risks taking both a "bottom up" and "top down" approach. These approaches are monitored by the local and group risk and compliance committees. Key emerging risks can be found in the Risk Report on page 70.

Assessment

The group will continue to monitor and assess these risks, by: adhering to its established business model as outlined on pages 8 and 9; implementing an integrated risk management approach based on the concept of "three lines of defence"; and setting and operating within clearly defined and monitored risk appetites.

As outlined in the going concern statement, a key area of focus for the financial year has been the FCA's review of historical motor finance commission arrangements and the subsequent publication of its motor finance consumer redress scheme. Some uncertainty continues, and the Board has placed considerable focus on its review and challenge of the group's 3YSP and the results of key scenario modelling.

The group's business model has worked well through a range of economic, social and environmental conditions over multiple economic cycles, and this is projected to continue over the medium term. Taking into account the group's lending in a variety of sectors across a diverse range of assets, the Board considers medium-term economic, social, environmental and technological trends at the individual business unit level as part of the strategic planning cycle. This includes focusing on the long-term strategic approach to simplify, optimise and grow the group business model, with key priorities outlined on pages 10 to 11.

The Board has also assessed the group's viability by considering several forward-looking scenarios, namely the ICAAP and ILAAP, as well as the realistic and stressed downside scenarios that were used for the going concern assessment.

Various macroeconomic assumptions have been assessed across the scenarios including GDP growth, inflation, interest rates, unemployment and residential house prices (refer to the Risk Report on pages 82 to 84). The modelling considers the group's future projections of profitability, cash flows, capital requirements and resources, and other key financial and regulatory ratios over the period. In the modelled scenarios, it has been assumed that no significant structural changes to the company or group will be required that are not known or planned at the time of the assessment.

The group's realistic and stressed downside going concern scenarios have been extended out to the 2029 financial year in order to support the viability assessment, with overlays to the 3YSP. The overlays include subdued loan book growth, lower-than-expected cost savings and higher bad debts, as well as an additional hypothetical conduct event provision in 2027. Headroom to regulatory requirements was maintained on all capital ratios in this scenario, demonstrating the group's capacity to absorb losses. In addition, the Directors have reviewed the key management actions which would be taken in the event of a stress scenario, in order to mitigate the stress, and the viability of these actions based on recent experience.

The group maintains capital ratios significantly above regulatory minima, which are currently set at a minimum common equity tier 1 ratio of 10.3% and a minimum total capital ratio of 14.9%. In all assessed scenarios, the company and group continue to operate with sufficient levels of capital, with the group's capital ratios and funding and liquidity positions in excess of minimum regulatory requirements.

The Directors have also considered the operational agility and resilience of the company and the group. The Directors continually expect to maintain a high level of operational and system performance.

In making this assessment, the Directors have considered a wide range of information, including:

- the Board's risk appetite and robust assessment of the principal and emerging risks which could impact the performance of the group, and how these are managed – please refer to the Risk Report on pages 60 to 101;
- the group's current financial position and prospects – please refer to the Financial Overview section on pages 48 to 59; and
- the group's business model and strategy – please refer to the Business model section on pages 8 to 9, and the Strategy and Key Performance Indicators sections on pages 10 to 11 and 14 to 15 respectively.

The Directors have also considered the results of the most recent iterations of the following reviews:

- the annual review of the Recovery Plan, which included employing a number of scenarios to test the group Recovery Plan, the wide range of risk indicators and the recovery options available to the group;
- the 2025 group ICAAP, which included both stress testing and scenario analysis. At a group level, two stress test scenarios were assessed representing protracted downside scenarios. These took account of the scope and likely effectiveness of mitigating actions that could be taken by management to avoid or reduce the impact or occurrence of underlying risks. As part of the ICAAP, reverse stress testing was also undertaken to support the identification of potential adverse circumstances and events; and
- the 2025 ILAAP, which was reviewed to assess the group's liquidity across a range of market-wide and

idiosyncratic scenarios. This confirmed the ongoing strength of the group's funding and liquidity model. Please refer to Note 24 on financial risk management for further details.

This forward-looking Viability Statement made by the Board is based on information and knowledge of the group at 29 September 2026. Unexpected risks and uncertainties may arise from future events or conditions, such as economic changes and business conditions, which are beyond the group's control and could cause the group's actual performance and results to differ from those anticipated.

In conclusion, the Directors have determined that they have a reasonable expectation that the group and company will be able to continue their operations and meet their liabilities as they fall due over the three-year period of the assessment.

This Strategic Report was approved by the board and signed on its behalf by

Mike Morgan
Chief Executive

29 September 2026

Chairman's introduction to governance

Dear shareholder

On behalf of the Board, I am pleased to present our Corporate Governance Report (the "Report") for the year ended 31 July 2026. The Report outlines our governance framework, explains how we have complied with the UK Corporate Governance Code 2024 (the "Code") and summarises how the Board and its committees have discharged their responsibilities during the year.

Outlook

Notwithstanding the outcome of our Supreme Court appeal of Hopcraft on 1 August 2025, which provided clarity as to the law, during the year there remained a significant amount of uncertainty pending the outcome of the FCA's review of motor finance commissions and subsequent legal challenges to the scheme.

On 30 March 2026 the FCA published their Policy Statement PS26/3: Motor finance consumer redress scheme. After undertaking a thorough review of the Policy Statement and its impact on the group, it was established that the estimated cost of the scheme, as published, was c.£320 million. It was concluded that this cost could be comfortably absorbed by existing capital resources, leaving the group well positioned to continue delivering its strategy. After due consideration by the Board, which was informed by consultation with our professional advisers, the decision was taken in April 2026 not to challenge the FCA's motor finance consumer redress scheme.

As we have worked through these challenging circumstances, maintaining robust corporate governance has remained essential. As a Board, we will remain focused on ensuring that our corporate governance framework continues to provide the foundation to deliver on our purpose and our strategy, generating positive outcomes for all stakeholders.

Strategic priorities

The continued uncertainty relating to historical motor finance commissions arrangements has again been a major focus for the year and has demanded proactive and dynamic leadership from the Board to equip the group for a broad range of potential outcomes. Effective Board decision-making has been supported by significant additional meeting time through a number of ad hoc Board meetings. I would like to thank my fellow Directors for their dedication and the considerable time they have committed to the business of the group over the past year.

During the year, the Board has continued to remain focused on delivering the group's strategic priorities: simplify, optimise and grow. With the simplification of the business largely complete, following the successful disposal of Winterflood Securities last December, this has moved us very much into the optimisation phase. We are pleased to have accelerated achievement of a number of cost-saving targets as part of the transformation programme, which was launched at the start of the financial year. This has included the streamlining of businesses and functions, increased use of outsourcing and offshoring, a decrease in our property footprint and third-party spend and a corresponding reduction in headcount in order to drive operational efficiency and build sustainable growth for the future.

The group's business model relies on the excellent service, expertise and the strong relationships we build with our customer base. These foundations continue to lie at the very centre of the service that we provide and the Board is focused on these key elements of our model in the implementation of our strategy.

Leadership and culture

Chair succession

As announced on 31 July 2026, having joined the Board in 2017, I am now at the end of my nine-year tenure. I will therefore not seek re-election at the 2026 Annual General Meeting ("AGM") to be held on 19 November 2026 and will step down from my role at the conclusion of that meeting. It has been a great privilege and pleasure to hold the role of Chairman of the Board and I thank my fellow Directors and the senior management team that have supported me throughout my tenure.

In anticipation of this transition, a search process was undertaken with support from an external executive search and leadership advisory firm (Russell Reynolds). Russell Reynolds is independent, and has no other connection to the company and its Directors. The process included market mapping and assessment of external candidates with relevant leadership and regulated financial services experience. The Board was keen to consider both internal and external candidates and Mark Pain, our current Senior Independent Director ("SID") was put forward as a candidate for the role. Mark was benchmarked against the external candidates and was assessed as a strong successor to the position of Chair. In order to avoid any potential conflicts of interest, given Mark's role as SID, this process was instead led by Tracey Graham, Non-executive Director and Chair of the Remuneration Committee.

Having considered the Board's succession needs and Mark's performance and experience as SID, together with his broader Board experience as a Chair, SID and Committee Chair, the Board (with myself and Mark recused from voting) approved Mark's appointment as the new Chair of the Board in July 2026 which will take place with effect from the conclusion of the 2026 AGM. Regulatory approval for the appointment was subsequently received on 26 August 2026.

Senior Independent Director appointment

Having given careful consideration to the Board's succession requirements, Tracey Graham was identified as a strong candidate to succeed Mark Pain as the SID. Tracey has a proven record and strong reputation as a SID within the financial services industry and has demonstrated her skill both externally and also as a Non-executive Director on the Board. Tracey's proposed appointment was supported both by myself and Mark Pain and, following Board approval, her appointment as SID will take place with effect from the conclusion of the 2026 AGM. Regulatory approval for Tracey's appointment was received on 2 September 2026.

I am delighted with the appointments of Mark as Chair of the Board and Tracey as SID. Their experience, judgement and deep understanding of the group will be invaluable as the Board continues to support the delivery of the group's long-term strategy.

In light of the fact that myself, as outgoing Chairman, the incoming Chair and SID were members of the Nomination and Governance Committee, the Board oversaw the succession process to address any potential conflicts of interest. The Committee subsequently reviewed the preferred candidates and, as stated above, the relevant members recused themselves from the voting process in respect of their individual appointments.

The Board, supported by the Nomination and Governance Committee, will continue to assess the composition of the Board's committees to ensure that their collective skills, experience and expertise remain aligned with the group's strategic objectives.

Board composition and diversity

The Board is committed to ensuring that its collective skills, experience and diversity are aligned with the needs of the group and its strategic objectives. It continues to maintain a diverse composition, with women making up 56% of the Directors and one Director from an ethnic minority background. Following Fiona McCarthy's appointment as an Executive Director last year and the appointment of Tracey Graham as the SID with effect from the conclusion of our AGM in November 2026, the Board will not only meet but also exceed the FCA Listing Rule requirement for at least one of its most senior Board positions to be held by a female Director. Further details on the Board's composition and diversity are provided on pages 107 and 124.

We will seek to take opportunities to further improve the diversity of the Board where this is consistent with the skills, experience and expertise required as the needs of the organisation and our stakeholders evolve over time.

Board effectiveness

The Board undertakes a formal and rigorous review of its performance annually. This year the performance review was conducted internally and led by the Company Secretary and I am pleased to report that the review concluded that the Board and its committees continue to operate efficiently and effectively. Please see pages 115 and 116 for further detail.

Sustainability, ESG and diversity and inclusion

Responsibility for sustainability, including ESG was transferred to the Board during FY 2026 to ensure that these matters can continue to be considered holistically as part of Board decision-making and strategy. During the year, we continued to embed our business-led climate strategy, supporting customers as they progress on their own sustainability journeys. At Close Brothers, sustainability encompasses far more than environmental responsibility. It is rooted in our commitment to deliver enduring value for customers, colleagues, shareholders and communities, through a responsible and relationship-focused banking model. Our specialist approach, long-term perspective and distinctive culture remain central to both our success and our sustainability agenda.

The Nomination and Governance Committee remains committed to overseeing the development of a diverse senior management talent pipeline and acknowledges the strong link between diversity and inclusion ("D&I") and the successful delivery of the company's purpose and strategic aims. To this end, the Committee considered updates during the year in relation to diversity and inclusion initiatives across the group and oversaw the group's refreshed three-year diversity and inclusion strategy, focusing on the attraction and retention of diverse talent, enhancing the culture of the group, shaping the group's inclusive brand and embedding inclusion in all interactions with stakeholders. Further details on our D&I progress can be found on pages 124 and 125.

"At Close Brothers, sustainability encompasses far more than environmental responsibility. It is rooted in our commitment to delivering enduring value for customers, colleagues, shareholders and wider society."

I am pleased to report that, notwithstanding the challenges facing the group and the broader market environment, our distinctive culture remains a defining strength. Our colleagues have continued to demonstrate their commitment to our values, providing customers with the expertise and exceptional service for which we are recognised. More information on the Board's oversight of culture can be found on page 119.

Stakeholder engagement

The Board places strong emphasis on stakeholder interests when shaping the group's strategy and overseeing the risk profile. During the year, the Board engaged with a range of stakeholder groups and took into account a broad spectrum of stakeholder interests. Our formal statement under Section 172 of the Companies Act 2006, along with further details on how the Directors have engaged with and considered stakeholder interests, is set out on pages 119 to 121.

Maintaining constructive and open dialogue with shareholders remains a high priority for the Board and relevant Board members have engaged with investors on the group's strategic objectives, particularly its longer-term direction and prospects. This included our annual corporate governance roadshow, at which I met with shareholders representing c.50% of the issued share capital to discuss a variety of topics.

As a Board, we will remain focused on ensuring that our corporate governance framework continues to provide a strong foundation to deliver on our strategy and core values, generating positive outcomes for all stakeholders.

The Board would like to express its appreciation to our shareholders, stakeholders and colleagues for their continued support and engagement. Their contribution has played an important role in enabling the group to respond effectively to the challenges and opportunities encountered during the year.

Michael N. Biggs
Chairman

29 September 2026

Governance at a glance

Compliance with the UK Corporate Governance Code 2024

The UK Corporate Governance Code 2024 (the "Code") was published by the FRC in January 2024, with the majority of its provisions applicable to the company from 1 January 2025. Provision 29 was not applicable to the company during FY 2026 but will be applicable for our financial year commencing 1 August 2026. A copy of the Code can be found on the FRC's website at www.frc.org.uk. It is the Board's view that, throughout the year, the company has applied the principles and complied in full with the provisions set out in the Code. The following table sets out the relevant sections of this Annual Report 2026, where shareholders can read in more detail how we have embedded governance principles and specific provisions of the Code across our organisation.

More information on the group's preparation for compliance with Provision 29 of the Code can be found on page 131.

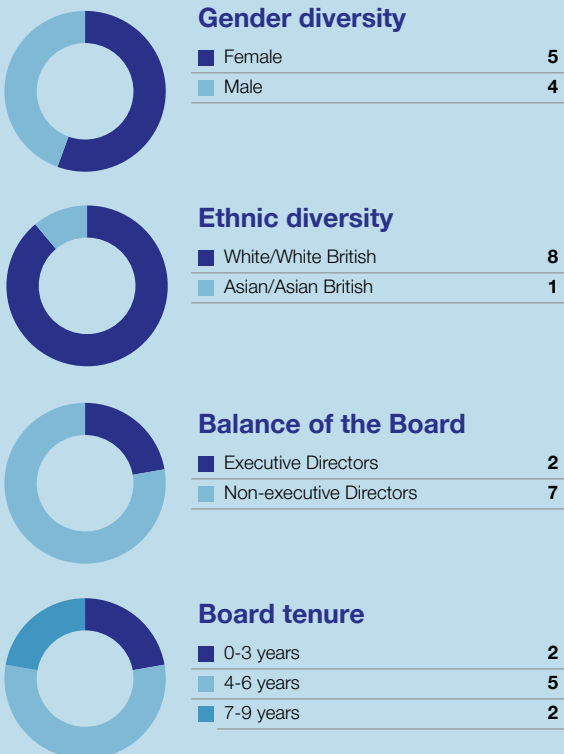
Board leadership	Page 112
Division of responsibilities	Pages 114 and 115
Composition, succession and evaluation	Page 116 and 123
Audit, risk and internal control	Page 126
Remuneration	Page 137

Other statutory disclosures

Information regarding the company's share capital, restrictions on voting rights, appointment and replacement of Directors and Directors' powers as required by DTR7.2.6R is contained in the Directors' Report and is incorporated into this Corporate Governance Statement by reference.

Board statistics

Board composition at the date of publication is summarised below. Membership of the Board is continuously reviewed to ensure the group's current and future needs are met. More information can be found on pages 124 and 125.



Board priorities for FY 2027

Read more about the Board's activities over the year on pages 117 and 118.

Enhanced strategic focus
Continuing to oversee and execute the transformation programme and focus on growth, with clear linkage to strategic objectives.

Stakeholder engagement
Continuing to engage with a wide range of stakeholder groups to ensure the expectations of stakeholders are considered and embedded in Board decision-making.

Board composition
Consideration of future composition and skills requirements for the Board and its committees, with succession planning remaining an ongoing area of focus.

- | | |
|---------------------------|-----------------------------|
| Customers and partners | Colleagues |
| Regulators and government | Communities and environment |
| Suppliers | Investors |

Our governance framework

The Board is accountable for driving the group's long-term success and delivering enduring value to shareholders, while safeguarding stakeholder interests. It defines the group's strategy and retains ultimate oversight of governance performance, culture, risk management and internal control.

The Board

Nomination and Governance Committee

Monitors the composition of the Board and its committees, ensures orderly succession planning and leads the Board appointments process.

See page 122

Audit Committee

Oversees and independently challenges the management of financial reporting and maintenance of an effective internal control environment.

See page 126

Risk Committee

Assists the Board in its oversight of risk and ensures a supportive risk culture is fully embedded.

See page 134

Remuneration Committee

Assists the Board in its oversight of the group's remuneration framework, remuneration of the Board and senior executives, and key remuneration decisions

See page 137

Disclosure Committee

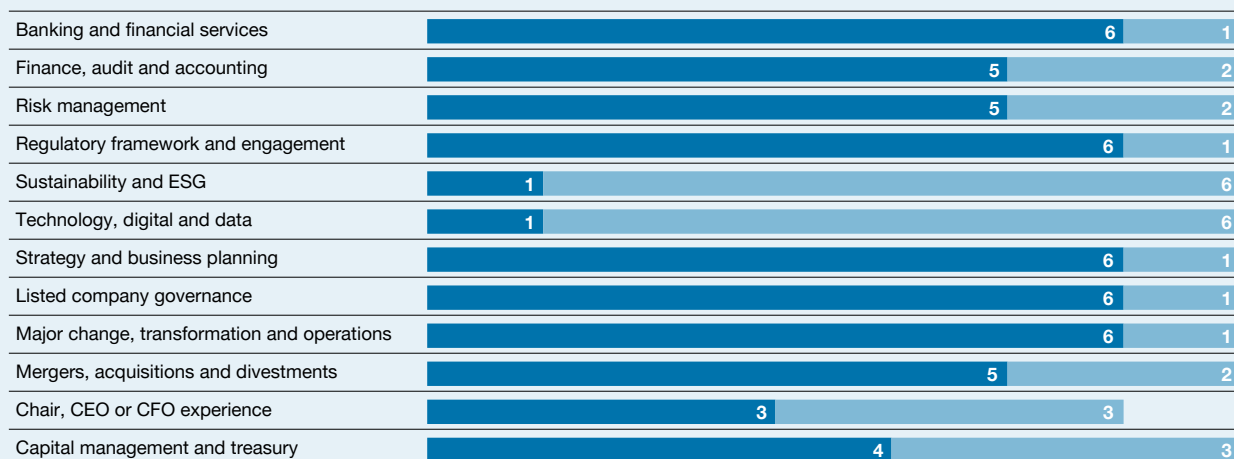
Responsible for overseeing the timely and accurate disclosure of sensitive information and ensuring that adequate procedures and controls are in place to enable compliance with legal and regulatory disclosure obligations.

Executive Committee

Management committees

Non-executive Directors' skills and experience

All appointments to the Board follow a robust decision-making process, which may include conducting an external search where appropriate. Our view is that the Board possesses the right balance of skills and experience to navigate the challenges ahead and to deliver long-term, sustainable growth. The effectiveness of the Board and its committees has been assessed this financial year by an internal approach led by the Company Secretary, which confirmed that the Board and its committees continue to be effective. The findings of the annual Board evaluation can be found on pages 115 and 116. The number of Non-executive Directors possessing in-depth experience in each area as at the date of publication is shown in the chart below.



■ Number of Non-executive Directors with extensive experience / distinctive strength

■ Number of Non-executive Directors with good experience and knowledge

Board of Directors

Committee membership

○ Chair **N** Nomination and Governance **A** Audit **Ri** Risk **R** Remuneration



Mike Biggs
Chairman

N **R**

Appointed: Non-executive Director March 2017; Chairman May 2017. Will not seek re-election at the 2026 AGM

Experience and competencies

Mike has more than 50 years' experience within the financial services sector, gained in both executive and non-executive roles. He has extensive experience as a listed company chairman and uses his broad skills and deep knowledge to lead the Board and ensure that it operates effectively. Mike's considerable experience of engaging with key stakeholders, including major shareholders and regulators, makes him well placed to serve as Chairman and drive the strategy and culture of the group. Mike is an Associate of the ICAEW.

External roles

- Current – none

Past

- Direct Line Insurance Group plc, Chairman¹
- Resolution Limited, Chairman
- Resolution plc, Chief Executive Officer and Group Finance Director¹
- Aviva plc, Finance Director¹



Mike Morgan
Chief Executive

Appointed: Executive Director November 2018; Chief Executive January 2025

Experience and competencies

Mike was appointed Chief Executive in 2025. Prior to this, Mike served as Finance Director since 2018. Mike brings deep experience of the group to this role, having held a number of senior roles within the group and bank since joining Close Brothers in 2010. Mike is a chartered accountant and his combined extensive experience of financial services and financial leadership, as well as his strong understanding of the group and its businesses, make him suitable to serve as Chief Executive.

External roles

Current

- Member of the finance, audit and risk committee of Battersea Dogs & Cats Home

Past

- ICAEW Financial Services Faculty Board, Chair
- RBS, Divisional Finance Director
- Scottish Provident, various senior roles



Fiona McCarthy
Group Chief Finance Officer

Appointed: Executive Director August 2025; Group Chief Finance Officer January 2025

Experience and competencies

Fiona was appointed as Chief Finance Officer of the group in January 2025 and was appointed to the Board on 29 August 2025. Fiona has over 40 years of financial services experience, gained across the retail, commercial, corporate and investment banking sectors. She joined Close Brothers in 2019 as Group Financial Planning & Analysis Director and prior to this worked at UBS, most latterly as interim CFO for the global investment bank. Fiona started her career at NatWest, where she undertook a number of senior finance roles.

External roles

- Current – none

Past

- NatWest, various senior finance roles
- UBS, interim CFO for the global investment bank

1. Directorship of publicly listed organisation.

**Mark Pain**

Senior Independent Director



Appointed: Non-executive Director and Senior Independent Director ("SID") January 2021. Appointed as Chair with effect from 19 November 2026, subject to shareholder re-election.

Experience and competencies

Mark brings to the Board more than 30 years' finance, risk management and commercial experience. He has held executive and non-executive roles in both listed and private financial services companies, including in retail banking and insurance. Mark has experience as a SID and makes a highly valuable contribution to the Board. He was previously Finance Director of Barratt Developments plc and Abbey National plc and this has equipped him to support the Chairman as SID during the year.

External roles

Current

- AXA UK plc, Chairman

Past

- Barratt Developments plc, Finance Director¹
- Abbey National plc, Finance Director¹
- Yorkshire Building Society, SID
- London Square Limited, Non-executive Chairman
- Ladbroke's Coral Group plc, Non-executive Director¹
- Punch Taverns plc, Non-executive Director¹
- Spirit Pub Company plc, Non-executive Director¹
- Johnston Press plc, Non-executive Director¹
- Aviva Insurance Limited, Non-executive Director
- Empiric Student Property plc, Non-executive Chairman¹

1. Directorship of publicly listed organisation.

**Tracey Graham**

Independent Non-executive Director



Appointed: March 2022. Appointed as SID with effect from 19 November 2026, subject to shareholder re-election.

Experience and competencies

Tracey brings to the Board significant executive leadership experience from organisations in the financial and business services sectors, both in the UK and internationally. She is an experienced Non-executive Director, having served on a number of listed company boards across a range of financial services sectors and is experienced in leading large commercial transactions. She is an experienced remuneration committee chair and has extensive experience serving as a SID. Tracey's significant commercial, operational and customer service insights are of great benefit to the Board.

External roles

Current

- Nationwide Building Society, SID
- Virgin Money UK plc, Non-executive Director
- Clydesdale Bank plc, Non-executive Director
- Pension Insurance Corporation plc, Non-executive Director and SID
- Pension Insurance Corporation Group Limited, Non-executive Director and SID

Past

- Royal London Mutual Insurance Society Limited, Non-executive Director
- Ibsstock plc, SID¹
- AXA Insurance plc, Director of Customer Services
- Talaris Limited, Chief Executive Officer
- De La Rue plc, various executive roles
- HSBC, various senior positions
- LINK Scheme Limited, Non-executive Director
- DiscoverIE Group plc, SID¹

**Kari Hale**

Independent Non-executive Director



Appointed: June 2023

Experience and competencies

Kari brings to the Board extensive audit and commercial expertise and a deep understanding of the audit and governance environment, drawing on his many years in senior audit roles at Deloitte, including membership of its financial services industry board. His expertise includes leading sensitive and complex audits of high-profile organisations. Kari has deep experience of the financial services sector and served as a senior adviser to the FRC, having previously been an executive director at the Financial Services Authority. Kari also brings experience of chairing audit committees at large financial services organisations, making him qualified to chair the Audit Committee of the group.

External roles

Current

- AXA UK plc, Non-executive Director

Past

- Deloitte, Senior Audit Partner
- FRC, Senior Adviser
- Financial Services Authority, Executive Director

Committee membership

○ Chair **N** Nomination and Governance **A** Audit **Ri** Risk **R** Remuneration



Patricia Halliday **Ri** **A** **R**
Independent Non-executive Director

Appointed: August 2021

Experience and competencies

Patricia brings considerable risk and commercial expertise to the Board. She has more than 30 years' experience in risk management across the investment, corporate and retail banking sectors, including serving as Chief Risk Officer in financial services organisations. Her deep understanding of the regulatory, risk and governance environment is immeasurably valuable and supports the Board's leadership of the group. Her experience qualifies her to chair the Risk Committee.

External roles

Current

- State Street Corporation, director¹
- TD Bank Europe Limited, Non-executive Director

Past

- Santander UK, Chief Risk Officer
- GE Capital International Holdings Limited, Chief Risk Officer
- Deutsche Bank, Credit Risk Managing Director
- Barclays Capital, various senior risk management roles



Tesula Mohindra **A** **R**
Independent Non-executive Director

Appointed: July 2021

Experience and competencies

Tesula brings to the Board extensive finance and commercial expertise, drawing on over 25 years' experience which includes senior executive and advisory roles in the banking, insurance and pension fund sectors. Tesula qualified as a chartered accountant with PwC and held managing director roles at JP Morgan and at UBS, specialising in corporate finance for financial institutions and pension fund risk management. She was a founding member of the management team of Paternoster, the specialist bulk annuity insurer, where she was a member of the executive committee. She has worked as an independent financial consultant advising on business plans and capital raising. Tesula's considerable financial services expertise gained in a broad range of organisations, from investment banks to start-ups, supports the Board's leadership of the group and makes her well positioned to serve the Board.

External roles

Current

- RAC Group, Non-executive Director
- NHBC (National House Building Council), Non-executive Director
- Variety, the Children's Charity, Trustee

Past

- JP Morgan, Managing Director
- UBS, Managing Director



Sally Williams **A** **R**
Independent Non-executive Director

Appointed: January 2020

Experience and competencies

Sally brings extensive risk, regulatory and governance experience to the Board, having held senior executive positions at Marsh, National Australia Bank and Aviva. Prior to that, Sally held roles at PwC in both their risk management and audit teams, over a period of 15 years. She is a chartered accountant, and also has significant experience chairing audit committees. The Board benefits from Sally's considerable experience of the broader UK financial services and insurance sectors, and her understanding of risk management, compliance and audit matters.

External roles

Current

- Lancashire Holdings Limited, Non-executive Director¹
- Ovarian Cancer Action, Trustee
- NFU Mutual Insurance Society Limited

Past

- Marsh Limited, Director of Risk and Governance
- National Australia Bank, Head of Risk, London
- Aviva, Group Risk and Governance Director
- PwC, Director, Risk Management
- Family Assurance Friendly Society Limited (OneFamily), Non-executive Director

1. Directorship of publicly listed organisation.

Executive Committee



Mike Morgan
Chief Executive



Fiona McCarthy
Group Chief Finance Officer



Ian Cowie
Chief Executive
Officer Retail



Rebekah Etherington
Group Head of
Human Resources



Phil Hooper
Chief Executive
Officer Property



Nazrul Kazi
Group Head of
Internal Audit



Sarah Peazer-Davies
General Counsel and
Company Secretary



Matt Roper
Chief Executive
Officer Commercial



Tim Renshaw
Group Head of Non-
Financial Risk



Robert Sack
Group Chief Risk Officer



Yogesh Sholapurkar
Group Chief
Technology Officer

The biographies of the Executive Committee members can be found at <https://www.closebrothers.com/s/who-we-are/our-leadership>. The role of the Executive Committee is described on page 115, and the process for succession planning and appointments is overseen by the Nomination and Governance Committee as described on page 123.

Corporate governance report

Board governance

Governance framework

The Board agrees that effective governance is key to supporting the successful development and implementation of the group's strategy which helps drive sustainable long-term returns for shareholders and contributes positively to society as a whole. Our governance framework is set out on page 107 of this report.

Certain matters are reserved for the Board, primarily in relation to:

- setting and monitoring strategy for the group;
- corporate structure, capital and ensuring adequate financial resources;
- financial reporting and controls;
- oversight of risk management, regulatory compliance, internal controls and whistleblowing;
- significant financial matters including acquisitions, disposals and investments;
- shareholder, market and regulatory communications;
- Board and committee membership;
- delegation of authority; and
- corporate governance matters.

The matters reserved for the Board, which are reviewed annually, are available at <https://www.closebrothers.com/s/who-we-are/corporate-governance>. In discharging its responsibilities, the Board operates within the framework of applicable legislative and regulatory requirements and has due regard at all times to the Directors' duties under the Companies Act 2006. This includes the duty under Section 172 to promote the long-term success of the company for the benefit of its members as a whole. Consideration of stakeholder interests remains central to the Board's decision-making process, with further details provided on pages 119 to 121.

The Board is supported in its work by its committees. Each committee has terms of reference, which are available at <https://www.closebrothers.com/s/who-we-are/corporate-governance>. The chair of each committee reports at each subsequent Board meeting on matters discussed at committee meetings. All Non-executive Directors have access to committee papers and have a standing invitation to attend any committee meeting. Reports from the Board's committees are set out later in this Annual Report 2026 and they include further detail on each committee's role and responsibilities, along with a summary of the activities undertaken during the year.

While the Board retains oversight of the group's strategic direction, responsibility for the delivery of the strategy and the day-to-day management of the business rests with the Executive Committee, under the leadership of the Chief Executive and with the support of management committees.

Strong governance practices are embedded throughout the organisation, supported by management committees that oversee operational activities. These committees play a key role in ensuring any issues are thoroughly assessed and constructively challenged prior to escalation.

Board leadership

The Board is responsible for providing effective leadership and oversight of the group, ensuring that its activities and performance consistently align with stakeholder expectations. It establishes the group's purpose and strategic objectives, and monitors management's execution against these objectives to ensure alignment with the group's culture and core values. Furthermore, the Board, supported by the Audit Committee, maintains oversight of the group's risk management framework and internal control systems, thereby supporting the appropriate identification, assessment and management of risk.

This year, the Board has continued to focus on reshaping and simplifying the group to position it well for growth and to enable it to deliver sustainable shareholder returns. Strategic decision-making is informed by comprehensive insights provided by senior management, together with advice from our external advisers. The Board also takes into account the perspectives and interests of key stakeholder groups including employees, customers, shareholders and regulators when reaching its decisions.

Risk management, internal controls and whistleblowing

The Board, supported by the Risk and Audit Committees, retains ultimate responsibility for the group's risk management and internal control framework and actively monitors its effectiveness. It reviews a range of risk-related matters throughout the year, supported by reports from the Group Chief Risk Officer, who attends all scheduled Board meetings to provide oversight and updates on risk management activities across the group.

During the year under review, the Board considered and approved:

- the group's ICAAP and ILAAP statements;
- the annual compliance plan;
- the Enterprise Risk Management Framework;
- the principal and emerging risks facing the group; and
- the group risk appetite statements.

Further information on the Board's work throughout the year can be found on pages 117 and 118.

Effectiveness of risk management and internal control framework

The Board defines the level of risk the group is willing to accept in achieving its strategic goals and ensures that effective risk management and internal control systems are in place. These systems are designed to provide reasonable, not absolute, assurance against material misstatement, loss, and fraud.

Controls aim to manage, not eliminate, risks to business objectives, support efficient operations, ensure reporting integrity, and maintain regulatory compliance. Key controls are regularly reviewed for design and operational effectiveness and to seek to ensure compliance with applicable laws and regulations.

The Risk Committee and the Audit Committee monitor effectiveness of the systems of risk management and internal control through regular updates and reviews by the second line of defence, internal audit, and external auditors. The Risk Committee also reviews the Enterprise Risk Management Framework to maintain alignment of the group's risk appetite and regulatory requirements. Based on the oversight and assurance activity undertaken during the year, the Board considers that the group's overall risk management and internal control framework remained appropriate and effective in supporting the group's strategy, risk profile and risk appetite during the period. Where control weaknesses were identified, these were subject to management action plans and ongoing oversight.

Detailed information in respect of the risk management and internal control systems is provided within the Risk Report on pages 60 to 70 and the Risk Committee report on pages 134 to 136.

Principal and emerging risks

The Board has undertaken a robust assessment of the principal and emerging risks facing the group, including those that would threaten the group's business model, future performance, solvency or liquidity. These risks are subject to ongoing review and challenge by the Risk Committee and at management-level governance forums informed by risk profile performance against risk appetite, an evaluation of emerging risks at group level and the mitigating actions in place to support preparedness should such risks materialise. The identification, management and mitigation of these risks form a fundamental component of the Enterprise Risk Management Framework, with further details set out in the Risk Report on pages 60 to 70.

The Board confirms that robust risk management processes were in place throughout the year ended 31 July 2026 and up to the approval of this Annual Report 2026 to support the identification, assessment and management of the group's principal and emerging risks. In undertaking its review, the Board has assessed both the probability of risks crystallising and the cost of implementing controls, having regard to the Financial Reporting Council's Guidance on Risk Management, Internal Control and Related Financial and Business Reporting.

Further information on the group's principal and emerging risks can be found in the Risk Report on pages 65 to 100.

The Board, supported by the Audit Committee, oversees the group's whistleblowing arrangements. The arrangements are designed to support a culture in which colleagues and others connected with the group feel able to raise concerns in confidence, anonymously where preferred, and without fear of retaliation.

Whistleblowing arrangements

The group's Whistleblowing Policy sets out the channels available for raising concerns, including internal escalation routes, direct contact with the group's Whistleblowing Champion, reporting to the FCA or PRA, and access to an independent external confidential helpline facility available 24/7. The policy applies to all employees, including temporary staff and relevant non-employees, and is supported by clear guidance on the types of concerns that may be raised and the protections available to those who speak up.

A designated Director, currently Kari Hale, acts as the group's Whistleblowing Champion and is responsible for overseeing the integrity, independence and effectiveness of the group's Whistleblowing Policy, Standard and supporting procedures. The Whistleblowing Champion engages regularly with the Group Head of Non-Financial Risk on whistleblowing matters and provides oversight of the operation of the framework.

Concerns raised under the whistleblowing arrangements are assessed and investigated independently and proportionately, with appropriate action taken where required. The Board received half-yearly updates on whistleblowing activity, including themes, investigations, outcomes and actions arising.

Whistleblowing awareness is embedded through annual mandatory training and colleague communications, including guidance on how to speak up which is readily available to all employees. During the year, further enhancements were made to whistleblowing communications and guidance to provide greater clarity on escalation channels and reinforce the group's commitment to openness, accountability and speaking up.

Meetings of the Board

Attendance at scheduled Board and committee meetings during FY 2026

	Board	Nomination and Governance Committee	Risk Committee	Audit Committee	Remuneration Committee
Mike Biggs	8/8	4/4	–	–	5/5
Mike Morgan	8/8	–	–	–	–
Fiona McCarthy	8/8	–	–	–	–
Mark Pain	8/8	4/4	7/7	–	5/5
Tracey Graham	8/8	4/4	7/7	–	5/5
Kari Hale	8/8	4/4	7/7	5/5	–
Patricia Halliday	8/8	–	7/7	5/5	4/5 ¹
Tesula Mohindra	8/8	–	7/7	5/5	–
Sally Williams	8/8	–	7/7	5/5	–

1. The date of the meeting was changed at short notice and Ms Halliday was therefore unable to attend. Ms Halliday had a full briefing with the Committee Chair ahead of the meeting and provided her feedback on the agenda items.

Corporate governance report continued

The Board and committee meeting calendar is designed to provide an appropriate number of meetings for each forum, aligned with key milestones during the financial year.

Alongside the scheduled Board and committee meetings set out in the table, 17 additional ad hoc Board meetings were held during the year to provide oversight of key emerging matters, including the FCA's motor finance consumer redress scheme.

Meeting dates for the Board and its committees are planned well in advance to support full Director participation. In the event that a Director is unable to attend, they receive the relevant papers as usual and have the opportunity to communicate their views, comments and questions before the meeting, and to follow up subsequently with the Chair of the Board, the Company Secretary or the relevant Committee Chair as appropriate.

Board and committee meeting agendas are agreed by the Chairman and Committee Chairs, working closely with the Company Secretary and informed by contributions from the Chief Executive and relevant members of the executive team. Management representatives are invited to attend meetings where appropriate. Time is routinely reserved at each scheduled meeting for discussions among the Non-executive Directors in the absence of Executive Directors and management.

Board and committee materials are distributed in advance of meetings to facilitate informed discussion and decision-making and include reporting on stakeholder considerations as well as management-led assessments of employee and customer sentiment and organisational culture.

The Board also utilises a range of additional engagement mechanisms to inform its consideration of key matters and guide the strategic direction of the group, including:

- The annual Board strategy day (refer to page 118).
- Workforce engagement opportunities as detailed on page 121.
- Meetings with investors and significant shareholders, including at the corporate governance roadshow.
- Separate informal Board sessions to explore important topics with management in the form of deep dives.

Roles and responsibilities

In line with the Code, the role of the Chair of the Board is distinct and separate from that of the Chief Executive and there is a clear division of responsibilities between the two. The roles of the Chair of the Board, Chief Executive and SID, as approved by the Board in July 2026, can be found on the company's website at <https://www.closebrothers.com/s/who-we-are/corporate-governance>. A summary of various Board roles is set out on the following page.

In addition, the Chair of the Board, Chief Executive and each of the Committee Chairs have various prescribed responsibilities under the Senior Managers and Certification Regime ("SMCR"), overseen by the FCA. Other Board members also take on additional responsibilities required by legislation, such as Whistleblowing Champion, although responsibility for oversight of these matters remains with the whole Board.

Division of responsibilities

Role	Responsibilities
Board	• Responsible for guiding the company towards long-term sustainable growth, creating value for shareholders and supporting positive outcomes for stakeholders. • Determining the group's strategic direction and overseeing its execution, establishing an appropriate risk appetite and control framework. • Maintaining strong standards of corporate governance, and ensuring that the company's purpose, culture, values and ethics remain embedded throughout the organisation.
Mike Biggs Chairman	• Leading the Board and its overall effectiveness in directing the company. • Promoting an open and inclusive environment that supports and encourages constructive debate and challenge between Directors. • Ensuring Directors receive accurate, timely and clear information.
Mark Pain Senior Independent Director	• Provides a sounding board for the Chairman and serves as an intermediary to other Directors and shareholders when necessary. • Maintains appropriate engagement with major shareholders, as required, to understand their perspectives and concerns, ensuring these are communicated to the Board. • Leads the appraisal of the Chair's performance at least annually.
Non-executive Directors	• Expected to exercise independent judgement through constructive challenge and scrutiny of management's performance. • Assisting in the development of strategy and must satisfy themselves that financial controls and systems of risk management are robust. • Monitoring and assessing management and Executive Directors' performance against agreed performance objectives.

Role	Responsibilities
Executive Team	
Mike Morgan Chief Executive	- Ensures that the group's business is conducted with the highest standards of integrity and is aligned with the group's strategy and the appropriate culture, values and behaviours. - Manages the group's risk exposure in line with Board policies and risk appetite. - Leads the group's investor relations activities.
Fiona McCarthy Group Chief Finance Officer	- Overall responsibility for the group's financial management. - Plays a key role in supporting the Chief Executive in the formulation and delivery of the group's strategy.
Sarah Peazer-Davies General Counsel and Company Secretary	- Ensures an effective flow of information between management and the Board. - Advises the Board on governance matters and facilitates the Board evaluation process, induction programme and ongoing development. - Organises all Board and committee meetings as well as the AGM.
Group Executive Committee	The Group Executive Committee comprises senior executives who, under the authority of the Chief Executive, are responsible for the oversight and management of their respective business areas and functions.

Directors' independence

The Board has determined that each Non-executive Director satisfied the independence criteria set out in Provision 10 of the Code. The Chairman, Mike Biggs, was considered independent at the time of his appointment in accordance with the Code. The independence of each Director is reviewed annually, with due consideration given to the factors specified in Provision 10 and any other relevant circumstances.

Conflicts of interest

With the assistance of the Company Secretary, the Board regularly monitors Directors' interests to ensure that any actual or potential conflicts are appropriately identified and managed. Directors are responsible for notifying the Chair of the Board and Company Secretary of any changes in their circumstances that may give rise to a conflict.

As required by the Code, the Board evaluates proposed external appointments before Directors take on additional commitments, with full consideration given to the following factors:

- whether the external appointment could result in any actual or perceived conflicts of interest;
- how any identified conflicts could be appropriately managed or mitigated; and
- whether the proposed external appointment would be compatible with the Director's existing commitments and responsibilities to the group.

Time commitment

The letters of appointment for the Non-executive Directors specify the expected time commitment and Directors are required to obtain the Board's approval before accepting any significant additional commitments. The Directors' attendance at scheduled meetings is on page 113.

During the year, Sally Williams was appointed to the board of NFU Mutual Insurance Society Ltd. In advance of the appointment, the Board assessed the potential for conflicts of interest and the impact of the role on Sally Williams' independence and time commitments. Having undertaken this review, the Board concluded that any conflicts could be effectively managed and that Sally Williams would continue to have sufficient capacity to fulfil her responsibilities to the company.

Election and re-election of Directors at the 2026 AGM

Under the Code, all Directors are subject to annual election or re-election at the AGM. The Board will recommend Directors for election or re-election only where it is satisfied

that they remain effective, are suitable for the role, are able to devote sufficient time to their duties and to continue making an effective contribution to the Board.

Having assessed the performance and commitment of each Director, the Board is satisfied that all Directors continue to contribute effectively and devote sufficient time to their duties. Accordingly, the Board, on the recommendation of the Nomination and Governance Committee, will recommend that shareholders re-elect all serving Directors at the 2026 AGM with the exception of the current Chairman, Mike Biggs, who will step down at the conclusion of the 2026 AGM. Please see page 104 for further information.

Board performance review, training and induction

Board performance review

In line with recognised best practice and the recommendations of the Code, the Board undertakes a formal and rigorous review of its performance annually to assess the effectiveness of the Board and its committees, and to identify areas for improvement. In 2026, the performance review was conducted internally. The next external performance review will be conducted during 2027, having last been undertaken in 2024.

The Nomination and Governance Committee is responsible for overseeing the annual Board performance review and considered and approved the proposals for the 2026 review.

Findings of the performance review

The review found that the Board and its committees continue to operate effectively. There is a strong relationship between the Board and management, which received particularly positive feedback from both Board members and management. There were a number of priorities identified for the upcoming year, including:

- Greater strategic focus in FY 2027: the Board would like to see the continuation of regular transformation programme updates, along with new strategy deep dives and a focus on the growth agenda, to track against objectives.
- Review of Board and committee composition and skills.
- Enhanced stakeholder engagement, including targeted deep dives: greater targeted business and customer engagement, focused on areas of strategic importance.
- Sharp prioritisation of key issues, with achievable targets: establishment of a small number of priority areas for the Board in FY 2027, with clear milestones and target outcomes. The Company Secretary will support with tracking these objectives throughout the year.

A detailed review of the findings will be undertaken, including a comparison to the findings of last year's Board performance review. The Board, together with the Company Secretary, will develop an action plan to build on and address the recommendations of the performance review.

Stages of the 2026 performance review

1

Stage 1 Planning (January-April)

In January, the Board discussed the 2025 recommendations and progress against agreed actions. In April, the Company Secretary presented the proposal for the 2026 review to the Nomination and Governance Committee. Interview questions were then prepared by the Company Secretary.

2

Stage 2 Interviews (May-June)

One-to-one interviews were conducted with the Company Secretary and all Board members as well as select members of senior management.

3

Stage 3 Board discussion and presentation (July)

In advance of discussion at the Board meeting, findings were shared with the Chair and Committee Chairs as appropriate. At the July Board meeting, findings were shared with and discussed by the full Board, and actions were agreed for implementation and monitoring.

Implementation of the findings of the FY 2025 evaluation

The Board has also considered its progress against the findings of the FY 2025 evaluation:

Better balance between strategic focus and risk

Increased focus on strategic matters during FY 2026, including the May strategy day. In addition, risk-related matters have, where appropriate, been directed to the Board Risk Committee, to support a more balanced Board agenda.

Focus on Board succession

The Board has continued to consider future composition and skills requirements, with succession planning remaining an ongoing area of focus for the Nomination and Governance Committee.

Streamlining of Board materials

Fulsome review of Board paper templates undertaken in FY 2026, and guidance issued to paper authors across the group, to streamline materials and further enhance insights as presented to the Board.

Review meeting cadence and governance framework

Amendments made to meeting schedules to better suit business cycles. Fewer meetings were held in FY 2026, which has encouraged greater focus on how Board time is spent.

Directors' performance

In addition to overseeing the Board performance review process, the Chairman maintains an ongoing dialogue with each Director through regular individual meetings. These discussions, combined with the Chairman's observations of Directors' performance and engagement throughout the year, provide a basis for assessing their effectiveness, commitment and contribution to Board and committee activities. This assessment informs recommendations for election and re-election at the AGM and supports the Board's consideration of its overall balance, skills and composition.

Chairman's performance

In line with established practice, the SID, Mark Pain, conducted the annual review of the Chairman's performance. The review drew on feedback obtained from individual meetings with the Non-executive Directors, held in the Chairman's absence, as well as consultation with the Chief Executive. Following completion of the review, feedback was provided directly to the Chairman.

Directors' fitness and propriety

In accordance with its regulatory requirements, the group conducts annual assessments of the fitness and propriety of all individuals performing Senior Manager Functions, including the company's Directors and certain other senior executives. This process includes an assessment of each individual's honesty, integrity and reputation, financial soundness, competence and capability, as well as their commitment to continuing professional development. This year's reviews have confirmed the fitness and propriety of all of the company's Directors and other senior executives who perform senior management functions. Consideration of matters relating to fitness and propriety also constitute a key element of the Board's process for the recruitment and appointment of Non-executive Directors.

Ongoing training and development

On an annual basis, the Nomination and Governance Committee reviews the group's strategy and operating environment, together with the results of the Board performance review and the assessment of Directors' skills and experience to identify opportunities for Board development. A bespoke programme of strategic, regulatory and operational briefings is approved and scheduled accordingly. The Company Secretary is also available to provide guidance and advice to Directors on all aspects of corporate governance.

Director induction programme

Each newly appointed Director receives a comprehensive induction programme designed to reflect their existing knowledge, experience and understanding of Close Brothers. The programme provides detailed insight into the group's strategy, financial and operational performance, governance framework, risk management processes and regulatory environment. It also includes access to recent Board and committee materials, meetings with members of senior management, and introductions to the group's internal and external auditors.

During the year, Fiona McCarthy received a bespoke induction programme, reflecting her existing and extensive knowledge of the group. Mark Pain and Tracey Graham will receive tailored inductions for their new roles in due course.

Board activities

August 2025



The Board considered both the outcome of the Supreme Court decision and the FCA's subsequent statements of intent with respect to a proposed motor finance consumer redress scheme.

September 2025



Board and committee meetings, which included the approval of the Full Year 2025 results, 2025 results announcement and Notice of AGM, approval of refreshed risk appetite statements in alignment with the revised strategy and approval of the risk management and internal controls statement.

October 2025



On 7 October 2025, the FCA published a consultation paper on a proposed industry-wide compensation scheme for motor finance customers who were treated unfairly. Following detailed analysis of the proposed redress scheme, the Board agreed to update the total provision to c.£300 million. In response, a Group Head of Non-Financial Risk was appointed to the Executive Committee in a Senior Manager Function to oversee the group's redress scheme.

The Board approved the AT1 coupon payment.

Training

The Board received a presentation from Deloitte covering the UK Corporate Governance Code 2024 reporting requirements and readiness for compliance with Provision 29, sustainability reporting developments, credit market trends, and IFRS 9 provisioning considerations.

November 2025



Employee engagement

The Chairman participated in a Q&A session with members of the group legal and company secretariat teams, providing insight into the role of the Chairman, and the manner in which the Board had navigated the challenges faced during the year and the key issues currently affecting the group.

Annual General Meeting

The Board held the AGM at the group's head office in London. This provided the opportunity for our shareholders to attend in person and for the Board to provide an update on the group's performance and the continuing engagement with the FCA following the publication of their consultation in respect of the motor finance consumer redress scheme.

December 2025



Board meeting held to review and agree the group's proposed response to the FCA's consultation paper on the motor finance consumer redress scheme.

The Board agreed to launch Tier 2 refinancing.

Strategy

The sale of Winterflood Securities to Marex Group plc was completed, representing a key milestone in the group's strategy and supporting the simplification of the group's organisational structure.

January 2026



Board and committee meetings, which included the review and approval of the group's ICAAP and ILAAP, the Enterprise Risk Management Framework and the group's Modern Slavery Statement. Further, the Board considered succession planning in light of the Chairman's tenure and received updates on whistleblowing arrangements through the Audit Committee.

February 2026



The Board received an update on operational readiness in anticipation of the publication by the FCA of its final Policy Statement for the motor finance consumer redress scheme.

March 2026



Board and committee meetings, which included the approval of the Half Year 2026 results and results announcement.

On the 30 March 2026, the FCA published its Policy Statement PS26/3: Motor finance consumer redress scheme and the Board met to consider the potential impacts and agree next steps. Following scrutiny and challenge, it was agreed that the provision amount would be increased to £320 million.

The Board continued to review succession planning for the Chair of the Board, alongside the wider talent pipeline in each business and functional area.

Training

The Board received training from an external specialist on developments in AI, technology and digitalisation. The training helped strengthen the Board's understanding of the opportunities that these technologies present to enhance productivity, improve efficiency and support strategic growth initiatives across the group.

April 2026



The Board considered the financial impact assessment of the FCA's motor finance consumer redress scheme and took the decision not to challenge the scheme.

The Board also gave approval for the launch of the 2026 Save As You Earn scheme which aims to align employee interests with those of the group's external shareholders.

Refresher training session

The Board received an update on SMCR to further enhance understanding of the regime.

May 2026



The Board held its annual strategy day to review progress against the delivery of strategic priorities and agreed forward-looking priorities.

Refresher training

The Board received refresher training from external counsel on Directors' duties and Market Abuse Regulation.

2026 Board strategy day

The Board strategy day held in May 2026 focused on three key areas:

- Maximising growth opportunities across our three Banking divisions.
- The next phase of the group's transformation programme, including the next steps of our cost savings plan.
- Opportunities for capital and funding optimisation.

Following review and challenge of the strategy, key strategic priorities for the group were determined. For further details on the outcomes please see the Strategic Report on pages 10 and 11.

June 2026



Board and committee meetings, which included an update on the group's transformation programme and the approval of the reappointment of PwC as external auditor following a robust tender process led by the Audit Committee. For further detail on the tender process see page 133.

The PRA attended the Board meeting to discuss the findings from the annual Periodic Summary Meeting, providing the Board with direct regulatory feedback and an opportunity to discuss key supervisory themes.

Stakeholder engagement

The Chairman undertook the annual corporate governance roadshow, with strong engagement across shareholders, meeting with 12 of our largest shareholders, representing c.50% of the share register.

July 2026



The Board reviewed the results of the group's employee opinion survey, which continued to show a strong culture across the group.

The Board discussed the findings of the internal Board performance review, considering progress made against prior year objectives, and agreed the objectives for 2027.

In line with ongoing succession planning, the Board approved the appointments of Mark Pain, as Chair of the Board, and Tracey Graham as SID, which will take effect from the conclusion of the AGM on 19 November 2026, subject to re-election.



Employee engagement

The Board held its July meeting at the group's Manchester office, which serves as a key location for a number of colleagues within the Commercial and Property divisions. As part of the two-day visit, the Board engaged with employees based in Manchester, including representatives from the Invoice Finance, Property Finance and Energy Finance businesses, through a series of informal discussions. In addition, members of the Employee Engagement Forum were also in attendance in Manchester, and had a dedicated session with the Board, to discuss employee sentiment and culture. For further information see page 121. These interactions provided valuable insight into the employee experience and enabled the Board to hear directly from colleagues on a range of topics, including organisational culture, career development opportunities and work/life balance.

Deep dive

The Board attended a deep dive session from the Commercial business, covering strategy, proposed growth and optimisation initiatives.

Event held by the Professional Women of Colour Group for South Asian Heritage month:

Tesula Mohindra, Non-executive Director, was interviewed by two summer interns and shared her inspiring career journey and reflections of the power of unity in diversity.



Stakeholder engagement

The Board recognises that the group's stakeholders have different values and priorities. It is important for the Board to understand and consider the interests of stakeholders. Further information about the company's key stakeholder groups, as well as the company's Section 172 Statement, can be found in the Strategic Report on pages 23 to 26.

The Board assesses stakeholder views and takes them into account when making decisions. On the following page is a practical example of how the Board takes into account the company's different stakeholders as an integral part of its decision-making process.

Engagement with shareholders

The Board recognises the importance of maintaining strong and constructive engagement with shareholders, supported by the provision of reliable and timely communications.

Examples of engagement and consultation with our shareholders undertaken by the Chairman and Chief Executive during the year include:

- The AGM, held in November, which is an opportunity for shareholders to engage with and question the Directors and senior management.
- The Chairman met with a number of institutional shareholders, covering c.50% of the share register by shareholding, to discuss matters such as the motor finance consumer redress scheme, strategy, the transformation programme, corporate governance and succession planning.
- In March, alongside our Half Year results, we also hosted a deep dive business update, which provided an opportunity for shareholders to hear directly from the divisional Chief Executives on the business and market opportunity for each of our businesses, alongside further detail on the group's strategy and investment case.
- Frequent shareholder engagement and investor feedback is received by the Chief Executive and Chief Finance Officer as part of scheduled investor roadshows and through ad hoc meetings throughout the year.
- Additionally, the Remuneration Committee Chair is available to discuss remuneration matters with stakeholders, and the SID is available to meet with shareholders when required. During the year Tracey Graham engaged with a number of significant shareholders in respect of the proposed extension of the restricted stock incentive model for the 2027 financial year. For further detail please see the Directors' Remuneration Report, page 151.

Culture and workforce engagement

Culture and values

The Board recognises that the group's unique and distinctive culture is fundamental to its long-term success. It plays a central role in establishing, overseeing and evaluating how that culture is embedded throughout the organisation, while setting the tone from the top and leading by example. The Board regularly reviews and assesses the alignment between the group's purpose, values, strategy and culture, ensuring these elements remain closely connected and support the delivery of the group's objectives.

Throughout the year, the Board undertook a range of activities to monitor, assess and reinforce the group's culture, including the following:

- The Board considered updates from the Group Head of HR on the outcomes of the employee opinion survey and the quarterly culture dashboard, which together track cultural indicators, employee sentiment and external stakeholder perspectives. This reporting helps the Board evaluate the effectiveness of the group's culture and the extent to which expected behaviours are consistently demonstrated across the organisation.
- The Board received divisional-level reporting on people and culture through the Chief Executive's updates, providing insight into cultural trends and issues across the group, supporting informed oversight.
- The Non-executive Directors continued to engage with colleagues across the group through site visits, employee events and attendance at management committee meetings. Structured site visits included dedicated employee engagement sessions, enabling the Board to gain deeper insight into employee perspectives.
- The Remuneration Committee reviewed culture and conduct-related matters and considered the role of culture-focused objectives in evaluating the performance of the Executive Directors. Additional details are provided in the Directors' Remuneration Report on page 137.
- The Board reviewed the group's whistleblowing arrangements. See page 113 for further detail.

Delivering the transformation programme

Key Board decision

The group is undertaking a material transformation programme as part of the wider "optimise" pillar of the group's strategy. The multi-year programme is designed to transform the group's operating model, improve efficiency and create a more scalable platform for future growth.

During the year, the Board considered and approved the initiation and subsequent phases of both the design and execution of the group's transformation programme. In March 2026, the group announced a series of cost initiatives expected to result in a reduction of approximately 600 full-time equivalent roles by the end of 2027 and to deliver c.£25 million of annualised cost savings in FY 2026 (revised from the original target of c. £20 million in FY 2026), with further savings in FY 2027. The changes are being delivered through a combination of centralisation and rationalisation of shared services, increased use of outsourcing and offshoring, and further reductions in third-party spend and the property footprint. In support of its decision-making to approve the design and execution of the significant programme, the Board received regular updates from management covering financial performance, operating efficiency, customer outcomes, colleague engagement and implementation risk.

How stakeholder perspectives informed the Board's decision

In considering the transformation programme, the Board sought to protect the long-term interests of the group and its shareholders. The Board considered how the programme would support the group's future competitiveness, growth and financial resilience, while recognising the potential impact of the changes on colleagues, customers, suppliers and local communities.

For shareholders, the Board focused on the programme's role in strengthening the business and laying the foundations for a recovery in returns going forward. The Board considered how the programme would support acceleration of the group's cost savings plans to set the group on the path to double-digit returns by 2028, and rising thereafter.

For customers, the Board's focus has been on ensuring that service quality, customer outcomes and operational resilience were not compromised and would be maintained throughout implementation. The Board challenged management on the pace and sequencing of change, including how disruption would be minimised and how customer impacts would be identified, monitored and addressed. As would be expected of a regulated financial services firm, the Board has engaged as appropriate with the regulator regarding the transformation programme to ensure that all legal and regulatory obligations continue to be met, notwithstanding the scale of the programme.

For colleagues, the transformation programme prioritises organisational capability with a focus on increased agility, and the creation of a culture that supports transformation and long-term success through employee engagement. The Board recognises the significance of the proposed organisational changes from a colleague perspective and therefore the importance of maintaining a strong sense of engagement and culture while also supporting wellbeing during a period of heightened change.

Particular consideration was given to the support available to affected colleagues, the need for clear and timely communication, and the role of employee feedback in shaping implementation and execution.

The Board also considered the potential impact on wider stakeholders, including suppliers and communities, which has been particularly relevant with respect to changes to operating locations or outsourcing arrangements. In doing so, the Board considered the importance of balancing the interests of all stakeholder groups while seeking to ensure that the group remains able to deliver sustainable performance over the long term.

Outcome

Having considered the likely long-term consequences of the decision to initiate the transformation programme, together with the interests of relevant stakeholders, the Board concluded that the transformation programme was necessary in achieving the group's strategic objectives. The Board approved the programme on the basis that execution and implementation would be undertaken with appropriate safeguards to protect and enhance the group's competitive strengths and customer proposition, maintain service quality for customers, support colleagues, preserve operational resilience and risk management capabilities and maintain compliance with applicable legal and regulatory requirements throughout the transition.

Following Board discussion and challenge, management adopted a phased approach to implementation, supported by measures designed to minimise disruption to customers and colleagues, monitored through the regular customer outcomes reporting via the Risk Committee. The Employee Engagement Forum ("forum") was also established as a trusted channel for colleague feedback and communication, supporting outreach across the business and helping management to understand how the transformation programme was landing locally and address any areas of concern. Feedback from the forum is considered by the Board and the Executive Committee and is used to inform key decisions to ensure that they reflect the culture of the group and remain aligned with the group's value and purpose. Further information on the forum and its work during the year can be found on the following page.

The Board continues to monitor delivery of the transformation programme to ensure that it remains aligned with the group's strategy, purpose and culture, with particular focus on the implications for key stakeholders and the group's long-term success. The Board receives regular updates covering colleague engagement and sentiment, customer outcomes, cost savings, operational performance and execution, and implementation risk. To support effective oversight, management has enhanced the programme governance framework, including the establishment of a sub-committee of the Executive Committee dedicated to transformation activities. Annualised cost savings of c.£36 million have been delivered in FY 2026, ahead of the original target of c. £25 million, reflecting the acceleration of cost-saving initiatives. We now expect the programme to exceed our target of c.£60 million of annualised cost savings by the end of the 2027 financial year, primarily through streamlining of businesses and functions, increased use of outsourcing and offshoring and reduction in our property footprint and third-party spend.

Link to strategy

Optimise: creating a competitive platform for efficient growth.



Engagement with employees

The Board's engagement with employees delivers mutual value, enabling it to monitor and assess the group's culture while fostering an engaged and motivated workforce that supports the delivery of excellent customer outcomes. Our values of service, expertise and relationships remain fundamental to our identity and guide the way we conduct our business.

In accordance with the Code, the Board has established its own arrangements for engaging with colleagues throughout the group. Oversight of these arrangements is provided by the Nomination and Governance Committee, with the Company Secretary coordinating a programme of activities designed to facilitate Board engagement. Through the work of the Committee, the Board regularly reviews its workforce engagement arrangements to ensure they remain effective and appropriate for the group.

The Board places significant importance on engaging with colleagues at all levels of the organisation and across different locations. During the year, the Board engaged with and consulted employees through a range of formal and informal channels. These activities provided valuable opportunities to understand employee perspectives, gather feedback on matters affecting the workforce and assess employee sentiment. Examples of engagement and consultation undertaken during the year are shown in the Board activities calendar on pages 117 and 118, and included:

- In July 2026, the Board held its meetings in Manchester and met with employees from the Commercial and Property divisions based in the Manchester office.
- Non-executive Directors' participation at local governance fora and events which are attended by significant numbers of employees and can include Q&A sessions.
- Informal networking events hosted by the Directors and which are open to smaller groups of employees to attend.
- Regular all-employee town halls run by the Executive Directors and Executive Committee, providing updates on the performance and operations of the group.

The Board considers its employee engagement activities during the year to have been effective providing Directors with opportunities to engage extensively with colleagues across a variety of settings and forums while gaining valuable insights into employee sentiment to help ensure that employee interests are reflected in Board decision-making.

Employee engagement during transformation

The Board recognises the important contribution employees make to the group's success and how by listening closely to colleagues, we are able to support their wellbeing and gain valuable insights into customer needs. This, in turn, enables the group to ensure that it can continue to evolve to meet those needs.

In light of the heightened levels of change being undertaken in the organisation as a result of the transformation programme, an Employee Engagement Forum, led by the Chief Executive, has been established. The forum brings together elected colleagues from across the group, and provides a direct channel between the wider workforce, the Chief Executive and the Board. It meets regularly with the Chief Executive and has become an important source of colleague insight during a period of significant organisational change. It supports colleague outreach, provides feedback on transformation activity and plays an important role in building support for change initiatives.

During the year, the forum has strengthened visibility and understanding of what is happening across the business and provided a view of employee sentiment regarding the transformation programme. It has helped shape transformation communications, assisted colleagues by contributing to the launch of specific wellbeing workshops designed to provide support through the change curve, and acted as a key partner to the development of the employee opinion survey. It also provided valuable input into the creation of the group's new cultural attributes, which will be launched in the upcoming financial year. In July 2026, the Board met with the forum to discuss progress, employee sentiment and feedback received from colleagues. These insights are key considerations for the Board and the Executive Committee to help ensure that decision-making remains aligned with the group's culture.

Nomination and Governance Committee report



Michael N. Biggs
Chair of the Nomination and Governance Committee

Dear shareholder

On behalf of the Board, I am pleased to present the report of the Nomination and Governance Committee for the financial year ended 31 July 2026. The report sets out the work of the Committee over the year and the key responsibilities of the Committee.

Succession planning was again a key priority for the Committee in FY 2026. As announced in July 2026, I will be standing down as Chairman of the Board and Chair of the Committee and will not seek re-election at the 2026 AGM. The Committee recommended, and the Board subsequently approved, the appointment of my successor, Mark Pain, as well as the appointment of Tracey Graham as Senior Independent Director ("SID"), with each of myself, Mark and Tracey being recused from the relevant appointment process as appropriate. These appointments will be effective from the conclusion of the 2026 AGM. Mark and Tracey already provide invaluable expertise and support to the Board, and I am sure they will continue to do so in their new roles.

In addition, the Committee continued to monitor talent and succession planning at an executive level in 2026, including overseeing the appointment of Tim Renshaw to the Executive Committee, in the newly created role of Group Head of Non-Financial Risk.

The Committee remains focused on ensuring the highest standards of corporate governance are embedded at Board level and across the wider group. The Committee has consistently considered the UK Corporate Governance Code 2024 (the "Code"), and the applicability of the provisions of the Code to the group.

Role of the Committee

To monitor the composition of the Board and its committees, ensure orderly succession planning and lead the Board appointments process.

Meetings

- Number of scheduled meetings: Four
- For details of attendance, see page 113

Membership

Mike Biggs (Chair), Tracey Graham, Kari Hale and Mark Pain.

Other regular attendees by invitation

Chief Executive, Group Head of Human Resources and General Counsel and Company Secretary.

Interaction with other committees

The Nomination and Governance Committee makes recommendations to the Board and all other committees regarding the appointment and removal of their members and chair.

2026 activities

- The appointment of Mark Pain as Chair of the Board and Nomination and Governance Committee, effective from conclusion of the 2026 AGM.
- The appointment of Tracey Graham as Senior Independent Director, effective from the conclusion of the 2026 AGM.
- Reviewed the group's executive succession plans and looked at the talent pipeline at a business/functional level through the year.
- Considered the group's corporate governance arrangements, ensuring compliance with the UK Corporate Governance Code.

The Committee has had oversight of workforce engagement, Board performance, and diversity and inclusion. As the group looks forward, the Committee will continue to ensure that the group has effective leadership in place to deliver on our strategy and act in the interests of all stakeholders.

Michael N. Biggs
Chair of the Nomination and Governance Committee

29 September 2026

Key responsibilities of the Committee

- Regularly review the structure, size and composition of the Board and its committees, recommending any changes to the Board.
- Assess the group's current and future leadership needs and overseeing succession planning for Directors and senior management, to ensure the continued development of a diverse talent pipeline.
- Review the ongoing independence of the Non-executive Directors, and the Board's collective balance of skills, knowledge and experience, particularly when making Board appointments.
- Oversee compliance with the Code, corporate governance standards and best practice.
- Facilitate the Board's annual performance review, including the appointment of an external Board evaluator when required.

Board succession

As announced in July 2026, following nine years of service since joining the Board in 2017, Mike Biggs will not seek re-election at the 2026 AGM and will step down from his role at the conclusion of that meeting.

Following external consultation and an executive search, as well as internal consideration of the composition of the Board, the Board approved the appointments of Mark Pain as Chair of the Board and the Nomination and Governance Committee, and Tracey Graham as SID, with effect from the conclusion of the 2026 AGM.

As the outgoing Chair and incoming Chair and SID were members of the Nomination and Governance Committee, the Board assumed oversight of the succession process to manage any potential conflicts of interest that could arise. The Committee subsequently reviewed the final proposal and, with Committee members recusing themselves from the relevant vote as required, recommended the appointments to the Board, which were approved in July 2026.

Executive-level succession planning

The Committee also focused on senior management succession planning, reviewing the annual plan for each Executive Committee role. The plan identifies emergency, three-year and five-year successors and highlights areas where the group may face a medium-term shortage of internal talent.

In light of the Board changes, and noting the tenure of some Non-executive Directors, succession planning at both Board and executive levels remains a regular item on the Committee's agenda for FY 2027.

Further information on talent and succession planning can be found in the Sustainability Report on pages 39 to 40.

Corporate governance

The Committee continued to monitor compliance with revised UK Corporate Governance Code. The Committee performed an assessment of compliance against the applicable principles and provisions of the Code, and concluded that for FY 2026, the group discharged its governance responsibilities effectively under the Code. Enhancements made to the internal controls in line with the revised Code were overseen by the Audit and Risk Committees.

Board effectiveness and performance

The Committee has oversight of the Board effectiveness review process and in 2026 this review was conducted internally. The Committee considered the 2026 review

proposal at its April meeting, and led the review process, which took place through a series of one-to-one interviews with each of the Directors and the Company Secretary. The findings of the review were collated and shared with the Chairman and the Board in July 2026.

Throughout the year, the Committee considered the recommendations of the 2025 Board effectiveness review, incorporating these recommendations into the activities of the Board and its committees, including with respect to meeting agendas, business and workforce engagement and Board training.

More information on the Board performance review process and outcomes can be found on pages 115 to 116.

Skills, development and time commitment

The Committee also conducted its annual review of the individual and collective skills possessed by members of the Board, which reaffirmed that the Non-executive Directors continue to possess the relevant skills and expertise to be effective in their roles. The Committee considered the findings of this review when assessing the Board training and development proposals for the year.

The chart on page 107 sets out the key skills expected of the Board and held by the Non-executive Directors. Further details of each Non-executive Director's background and experience are also provided in their biographies on pages 108 to 110. As the group operates in a regulated environment, all Directors completed an annual fitness and propriety assessment under the Senior Managers and Certification Regime.

During the year, the Committee reviewed each Director's expected time commitment, taking into account committee memberships, other board roles and industry benchmarks. The Committee concluded that each Director can devote sufficient time to the company's business.

Board roles and responsibilities

In 2026, the Committee reviewed and updated the statement of responsibilities of the Chair of the Board, SID and Chief Executive, to ensure that they remain fit for purpose and aligned with the expectations of each role. In accordance with the Code, a statement of responsibilities is available on the company's website, with further information on page 114.

Board and committee composition

The composition of each committee is as follows:

	Nomination and Governance Committee	Audit Committee	Risk Committee	Remuneration Committee
Mike Biggs	Chair			•
Mark Pain	•		•	•
Tracey Graham	•		•	Chair
Kari Hale	•	Chair	•	
Patricia Halliday		•	Chair	•
Tesula Mohindra		•	•	
Sally Williams		•	•	

Election and re-election of Directors at the 2026 AGM

The Committee considers and recommends to the Board whether Directors should be elected or re-elected, taking account of their performance, suitability, time commitment and ongoing contribution. Following this year's review, the Committee recommended that all serving Directors, with the exception of the Chairman, Mike Biggs, be re-elected at the AGM.

You can read more about the Board's recommendation that all Directors be elected or re-elected at the 2026 AGM on page 115.

Diversity and inclusion

Diversity and inclusion ("D&I") remained a key priority for the Committee during the year. The Committee recognises that diversity throughout the organisation is essential to the delivery of the group's long-term strategy and its ability to respond effectively to stakeholder needs and expectations. At Board level, diversity of thought supports constructive challenge and effective decision-making.

During the year, the Committee completed its annual review of the Board Diversity Policy, which applies to the Board and its committees. The policy sets objectives for diversity and inclusion in the boardroom, the recruitment of new Directors and longer-term representation, together with the related governance responsibilities. The Committee concluded that the policy remained appropriate and that no amendments were required. The Board Diversity Policy is available at <https://www.closebrothers.com/s/who-we-are/corporate-governance>

The Committee also reviewed the group's performance against the diversity targets and disclosure requirements set out in Listing Rule 6.6.6(9). At 31 July 2026, the Board met all targets in Listing Rule 6.6.6(9).

Listing Rule 6.6.6(9) Requirement	Position at 31 July 2026
At least 40% of the individuals on its board of directors are women	Exceeded: 56% of the Board are women
At least one of the following senior positions (Chair, CEO, SID, CFO) on its board of directors is held by a woman	Met: Female Chief Finance Officer
At least one individual on its board of directors is from a minority ethnic background	Met: one Director is from an ethnic minority background

In accordance with Listing Rule 6.6.6(9), the information above reflects the data disclosed by the relevant individuals as at 31 July 2026.

The Committee considers that the Board has an appropriate level of diversity, with Directors drawn from a range of backgrounds. It will continue to seek opportunities to enhance Board diversity, while ensuring that the appointments reflect the skills, experience and expertise required by the group.

The following tables set out the gender and ethnic diversity of the executive management population, comprising the Executive Committee for the purposes of Listing Rule 6.6.6(10).

The Committee continued to oversee the development of a diverse pipeline for senior management roles, recognising the contribution of diversity and inclusion to the company's purpose and strategic objectives. During the year, the Committee received updates on the progress made against the D&I strategy and action plan. In addition, in its oversight of Board training and development, the Committee proposed dedicated sessions with Close Brothers D&I networks, further cementing the Board's commitment to D&I initiatives across the group.

Gender identity reporting¹ under LR6.6.6(10)

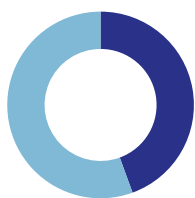
	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in executive management	Percentage of executive management
Men	4	44%	3	8	73%
Women	5	56%	1	3	27%
Not specified/prefer not to say	–	–	–	–	–

Ethnic background reporting¹ under LR6.6.6(10)

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in executive management	Percentage of executive management
White British or other White (including minority-white groups)	8	89%	4	8	73%
Mixed/Multiple ethnic groups	–	–	–	1	9%
Asian/Asian British	1	11%	–	2	18%
Black/African/Caribbean/Black British	–	–	–	–	–
Other ethnic group, including Arab	–	–	–	–	–
Not specified/prefer not to say	–	–	–	–	–

1. The numerical data detailing gender identity and ethnic background is as self-disclosed by the relevant individuals at 31 July 2026, being the chosen reference date for the purposes of LR6.6.6(9) and LR6.6.6(10), and reflects the composition of the Board and executive management at that date.

Board diversity



Male	44%
Female	56%

Senior management¹

Male	63%
Female	37%

Workforce diversity²

Male	53%
Female	47%

1. Comprises all members of the Executive Committee as shown on page 111, as well as their direct reports, excluding administrative support.

2. Comprises all employees of the group including senior management.

The Committee continues to monitor the approach to diversity and inclusion across the group. Please see the charts above for a breakdown of the group's gender diversity. More detail on the group's approach to diversity and inclusion can be found in the Sustainability Report on pages 40 to 41.

Workforce engagement

The Committee keeps the Board's workforce engagement arrangements, described on page 121, under review. During the year, the Committee assessed the arrangements and concluded that they remain effective and appropriate for the group's size and structure.

Committee effectiveness

An internally led evaluation of the effectiveness of the Board and its committees was undertaken during the year in line with the requirements of the UK Corporate Governance Code, as described on pages 115 to 116. The evaluation found that the Committee continues to operate effectively.

The Committee considers that it has access to all necessary resources to enable it to carry out its duties and it has continued to perform effectively.

Audit Committee report



Kari Hale
Chair of the Audit Committee

Dear shareholder

On behalf of the Board, I am pleased to present the report of the Audit Committee for 2026, outlining how the Committee has discharged its responsibilities during the year.

The Committee has worked through a busy agenda this year and I thank my fellow Committee members for their commitment and contribution. On top of ensuring that our business-as-usual terms of reference were being fully and properly discharged, we have continued to oversee both the external reporting and internal controls related responses to the ongoing elevated challenges that we face and the group's related strategic responses, with particular focus on the key accounting judgments and estimates set out later in this report, assessing the integrity and presentation of the group's financial reporting and the effectiveness of internal controls. Overall, the Committee was satisfied with the robustness of management's analysis and the quality of information presented and recommended the final position to the Board. In particular, the Committee scrutinised and challenged the accounting and reporting implications of the FCA's motor finance consumer redress scheme and the subsequent legal challenges to the scheme.

Further, we ensured that management and our external auditors developed appropriately coordinated robust plans for the year end audit. In addition we led the required tender for our external audit as we approach 10 years from the initial appointment of PwC, which concluded with the decision to reappoint PwC.

The implementation of the UK Corporate Governance Code 2024 remained a key focus. The Committee considered management's preparations for the new Provision 29 requirements relating to the effectiveness of material controls, including work to identify, test and monitor material controls ahead of requirements applying to the group for the financial year commencing 1 August 2026.

Meetings

- Number of scheduled meetings: Five
- For details of attendance, see page 113

Role of the Committee

To oversee and independently challenge the management of financial reporting and maintenance of an effective internal control environment.

Membership

Kari Hale (Chair), Patricia Halliday, Tesula Mohindra and Sally Williams.

Other regular attendees by invitation

Chair of the Board, Executive Directors, Group Head of Internal Audit, Group Chief Risk Officer, Group Financial Reporting, Control and Change Director, Group Financial Planning and Analysis Director, Group Financial Controller, General Counsel and Company Secretary, Group Head of Non-Financial Risk, external auditor.

Interaction with other committees

The Audit Committee oversees, along with the Risk Committee, the recommendations of the group's internal and external auditors and the effectiveness of the group's internal control and risk management systems.

2026 activities

- Challenging key accounting judgements with focus on expected credit loss provisions, impairment assessments of goodwill and other assets, revenue recognition, the implications of the FCA's motor finance consumer redress scheme and the potential outcomes of the legal challenges to the scheme.
- Reviewing the integrity of the group's financial reporting and considering key disclosure matters, including the going concern and viability statements.
- Monitoring readiness for compliance with the material controls declaration under Provision 29 of the revised Code.
- Completing a competitive external audit tender process.
- Reviewing the group's whistleblowing arrangements.

Looking ahead to 2027, we will continue to monitor the credit risk environment, which has been mixed this year, and its impact on impairments. Developments in respect of historical motor finance commission arrangements, and the group's provisions for them, will remain under close review as further clarity emerges in relation to the outcome of the legal challenges and any further legal, regulatory, or industry developments. The Committee will also continue to oversee the ongoing enhancement and embedding of internal control processes to support compliance with Provision 29.

Kari Hale
Chair of the Audit Committee, 29 September 2026

Key responsibilities

The Committee's key responsibilities, on behalf of the Board, are to:

- monitor significant accounting judgements and estimates;
- monitor the integrity of financial reporting including recommending to the Board whether it is fair, balanced and understandable;
- oversee the effectiveness of the group's internal controls;
- review the activities and effectiveness of the group internal audit function;
- review the effectiveness and quality of the external audit process and the independence of the external auditor;
- recommend the external auditor of the group and approve their fees;
- review the plan and findings of the audit with the external auditor; and
- oversee the effectiveness of the group's whistleblowing arrangements.

The Committee reports to the Board on how it discharges its responsibilities and makes recommendations to the Board, all of which have been accepted during the year.

Committee composition, operation and effectiveness

The Committee operates independently of management to ensure the interests of shareholders are properly protected in relation to financial reporting and internal controls.

The Committee is composed entirely of independent Non-executive Directors, bringing a diverse range of experience in finance, risk, control and business, with particular experience in the financial services sector. The Board has confirmed that the members of the Committee have the necessary expertise to provide effective challenge to management; this includes the Chair, whom the Board considers to have significant recent and relevant financial experience. The qualifications of each of the members are outlined on pages 108 to 110. Other Non-executive Directors may attend meetings should they wish to do so, and senior management and the external auditor also attend meetings as appropriate. During the course of the year, the Committee held separate private sessions with the internal and external audit teams, without management present.

The Committee continues to work closely with the Risk Committee to ensure that matters spanning both committees' remits are considered in a coordinated and consistent manner. This alignment is supported by the Audit Committee Chair's membership of the Risk Committee and the Risk Committee Chair's membership of the Audit Committee.

In accordance with the UK Corporate Governance Code, the performance of the Audit Committee was assessed as part of the Board performance review, described on pages 115 and 116, which concluded that the Committee continues to operate effectively and has executed its responsibilities in line with its terms of reference. It is considered appropriately constituted and has access to sufficient resources to carry out its duties.

During the year, the Committee operated in accordance with the Audit Committees and the External Audit: Minimum Standard published by the Financial Reporting Council ("FRC") in May 2023 and the UK Corporate Governance Code 2024 (the "Code"), save for Provision 29, where the group has complied with its equivalent from the 2018 version of the Code. This report explains the activities undertaken to meet the requirements of this Standard and the Code.

External audit

The Committee oversees the relationship with PricewaterhouseCoopers LLP ("PwC"), the group's external auditor, including the terms of engagement, audit fees, independence and objectivity. PwC has been auditor to the group since August 2017, following the group's last competitive tender in the financial year ended 31 July 2017. Taking into consideration partner rotation requirements, in March 2026, Heather Varley stepped down as the group's lead audit partner, and was succeeded by Luke Hanson. Either Heather or Luke attended all meetings of the Committee. Matters discussed with PwC are set out in its auditor's report on pages 156 to 163.

During the year, the Committee reviewed PwC's audit plan, including the proposed audit scope, methodology, materiality and approach to risk identification, and received regular updates from management and PwC on preparedness for the year-end reporting and audit process. It approved the audit fees for the year, received regular updates from PwC on the progress of the audit and considered key matters arising from PwC's work, including PwC's assessment of internal controls over financial reporting and areas of challenge in relation to significant judgements.

The Committee also monitored the external auditor's independence and objectivity throughout the year, including consideration of any potential threats to independence and the safeguards in place to mitigate them. PwC confirmed that no matters had been identified during 2026 that could reasonably be considered to affect its independence or objectivity in relation to the group.

The Committee continued to hold private sessions with the external auditor without the presence of Executive Directors or management. These sessions facilitate open dialogue and provide PwC with the opportunity to raise any matters directly with the Committee. In addition, the Chair met periodically with the audit partner during the year.

External auditor effectiveness and appointment

The Committee reviews the effectiveness of the audit throughout the year and, on an annual basis, assesses the external auditor's independence, objectivity, qualifications and effectiveness. This assessment informs the Committee's recommendation on the reappointment of the auditor to the Board and includes consideration of the audit plan, the scope of work, coverage of significant and emerging risks, the quality of reporting to the Committee, the timeliness of reporting and execution of the audit, and the robustness of challenge provided to management.

The assessment for 2026 was conducted through a group-wide survey completed by key stakeholders across the group who have regular interaction with PwC. The review considered feedback on the PwC senior audit team, the quality of audit planning and execution, the timeliness of auditor reporting, the effectiveness of communication with management and the Committee, and the auditor's independence and objectivity. Feedback and scores from the review were shared with PwC and an action plan agreed to address remediation of any issues identified. The Committee has concluded that PwC remains independent, and it was satisfied with the effectiveness of the external audit process and PwC's performance. The Committee therefore recommended to the Board that PwC be proposed for reappointment at the AGM. Subject to shareholder approval, PwC will undertake the audit of the company and the group for the year ending 31 July 2027.

Audit Committee report continued

As FY 2026 will represent PwC's ninth year as external auditor, in conformance with the required provisions and the Code in respect of audit tendering and rotation, the group has completed a formal competitive audit tender process, taking into account shareholder interests as well as the FRC's "Audit Committees and the External Audit: Minimum Standard". Further details on the process undertaken are provided later in this report.

Financial reporting and critical accounting judgements and estimates

The Committee reviewed the Half Year results, the Annual Report and the external auditor reports. The Committee noted that there were no new material standards, or amendments to standards, relevant to the group that became effective for the reporting period. It considered and challenged the key accounting judgements and estimates applied by management in preparing the financial statements, including the appropriateness of accounting policies and whether the related disclosures were fair, balanced and understandable. The principal areas considered by the Committee included:

- the levels of impairment provision against loan assets under IFRS 9;
- provisions relating to historical motor finance commission arrangements and the appropriateness of the related disclosures;
- the assessment of impairment in relation to the valuation of goodwill having regard to the latest forecasts for the relevant businesses;
- revenue recognition and the controls in place to mitigate risks relating to error or fraud;
- the going concern assessment undertaken in connection with the preparation of the financial statements; and
- the Viability Statement required under the Code.

Each matter was discussed with the external auditor and, where appropriate, has been addressed in the auditor's report. In each case, the Committee considered whether disclosures were clear and adequate, including whether appropriate sensitivities had been provided for significant estimates.

The Committee received detailed papers prepared by management setting out the accounting treatment adopted, the underlying market conditions and assumptions, the methodologies applied and any changes in approach from prior periods. These were reviewed in detail and considered alongside the results of the external auditor's work. The Committee was satisfied that the judgements and estimates applied were appropriate and noted that there were no material disagreements between management and the external auditor.

The Committee maintained oversight of the year end reporting timetable throughout the period, receiving regular updates from management and the external auditor on progress against key milestones and actions to support timely delivery of the group's financial reporting.

In July 2026, the FRC's Corporate Reporting Review ("CRR") team carried out a limited scope review of the group's disclosures linked to the FCA's review of motor finance commissions in the Annual Report for the year ended 31 July 2025 in accordance with Part 2 of the FRC CRR Operating Procedures. Based on this review, the FRC raised no questions or queries and required no formal response.

Summary of financial reporting and critical accounting judgements and estimates

Key issue	Committee review and conclusion
Expected credit loss ("ECL") provision 31 July 2026: £264.4 million 31 July 2025: £249.7 million The group's ECL provision is dependent on management's judgements and estimates.	The Committee monitors management's judgements in relation to ECL, ensuring that the group's ECL models and related IFRS 9 judgements and disclosures are appropriate. Regular IFRS 9 updates were provided to the Committee throughout the year. The Committee challenged the level of provisions held by the group, and the judgements and estimates used to calculate these provisions. There was macroeconomic volatility with sector-specific risks, which were reflected in post model adjustments ("PMAs") and scenario weights. Particular focus was given to: • changes/updates to ECL models or methodology, in particular the deployment of updated models in the Motor Finance business; • the impact of the macroeconomic environment and the extent to which models are able to capture these risks; • the use of PMAs, including the retention or release of PMAs; • whether coverage levels continue to reflect the economic risks for customers and the credit risk in the loan book; and • single name loss risks and appropriateness of specifically assessed provisions. Credit risk and provision disclosures were discussed to ensure they give a balanced articulation of the group's credit risk profile, and key drivers of the ECL charge. Conclusion: the Committee was satisfied that the impairment provision and the disclosures provided in the financial statements are appropriate.

Key issue	Committee review and conclusion
Goodwill and assets held under operating leases 31 July 2026: goodwill £34.1 million and assets held under operating leases £131.1 million 31 July 2025: goodwill £34.1 million and assets held under operating leases £166.3 million Goodwill and assets held under operating leases in the Close Brothers Vehicle Hire ("Vehicle Hire") business are the key items tested for impairment. The assessments are based on management judgement.	The Committee was presented with goodwill and Vehicle Hire operating lease assets impairment assessments at both the half year and the year end. The Committee challenged the appropriateness of the assessment, conclusions and resulting disclosures. During the year, enhancements have been made to the process for assessing goodwill impairments, with a focus on simplifying the process, formalising existing controls and strengthening the end user computing tools used in the process. Committee updates on goodwill included comprehensive information on the impairment assessment methodology, results and sensitivity analysis. The methodology and assumptions were discussed and challenged, including the approach to cash flows which takes into account a longer forecast period for certain CGUs, discount rate used, and calculation of carrying values. In the prior year, the group recognised an impairment charge of £30 million in relation to the operating lease assets of the Vehicle Hire business, which the group has decided to exit. The assets have been assessed for impairment this year with the value in use calculated based on management's exit plan and no further impairment has been identified. The methodology and assumptions (including utilisation and disposal values) were presented to the Committee for discussion and challenge. Conclusion: The Committee was satisfied that there was no impairment and the disclosures provided in the financial statements are appropriate.
Revenue recognition The group offers a range of products and services for which revenue is recognised under IFRS 9, IFRS 15 and IFRS 16. Appropriate recognition is a key focus of the Committee.	The Committee reviewed management's approach to revenue recognition, highlighting the key areas where judgement is required across interest, fee and commission income. The Committee noted the more granular approach taken in comparison to prior years, reflecting lessons learned from prior risk events (including the event relating to the early settlement of loans in Motor Finance), and the detailed assessment that is performed by management. Conclusion: The Committee was satisfied that revenue recognition for each of the group's key businesses is appropriate.
Motor finance commission arrangements Since the 2024 financial year end, the accounting judgements surrounding the FCA's review of historical motor finance commission arrangements were identified as a critical accounting judgement and estimate.	Following the publication of the FCA's Policy Statement PS26/3: Motor finance consumer redress scheme (the "scheme") on 30 March 2026, the group increased its provision by £165 million, and it now stands at c.£320 million. The £320 million provision is the group's best estimate of the cost of the scheme as published, including an assumption of delayed implementation due to legal challenges to the scheme brought by a number of parties. The Committee scrutinised the accounting judgements, disclosures and sensitivities relating to the provision, taking into account all available information and noting the uncertainty that remains around the scheme. The judgements reviewed by the Committee include the use of a single scenario based on the scheme as published, in contrast to the probability-weighted multi-scenario approach taken in the prior year. The ultimate cost to the group remains subject to the outcome of the legal challenges to the scheme and any further legal, regulatory or industry developments including court claims and complaints from consumers. Conclusion: The Committee was satisfied that the provision judgement and related disclosures provided in the financial statements are appropriate.

Key issue	Committee review and conclusion
Going concern and Viability Statement The Directors are required to confirm whether they have a reasonable expectation that the company and the group will be able to continue to operate and meet their liabilities as they fall due for a specified period. The Viability Statement must also disclose the basis for the Directors' conclusions and explain why the period chosen is appropriate.	The Committee assisted the Board in determining the appropriateness of adopting the going concern basis of accounting and in performing the assessment of the viability of the group. The Committee reviewed the going concern statements in the Half Year results and the Annual Report, together with the Viability Statement in the Annual Report. In doing so, it considered the work undertaken by management, including the assessment of plausible downside scenarios reflecting the group's principal risks and potential uncertainties, and considered the appropriateness of the viability assessment period. The Committee reviewed and challenged management's supporting analysis for both the going concern assessment and the longer-term viability of the group. This analysis took into account the group's strategy and three-year strategic plan, and included consideration of realistic downside and stressed going concern scenarios. These scenarios are designed to assess the potential impact of headwinds arising from the wider macroeconomic environment, reduced benefits from the transformation programme, and an additional conduct risk event consistent with the group's ICAAP approach, applying a further stress to both profitability and capitalisation in the stressed downside scenario. The Committee considered management's assessment that under each scenario the group would continue to operate with sufficient levels of capital during the assessed period, supported by sound funding and liquidity positions. The Committee also reviewed the related disclosures, including the information provided in respect of the severe but plausible scenario. Conclusion: The Committee concluded that it remained appropriate to prepare the accounts on a going concern basis, advised the Board that three years was a suitable period of review for the Viability Statement, and recommended the Viability Statement to the Board for approval, as set out on pages 102 to 103.
Fair, balanced and understandable Under the UK Corporate Governance Code, the Board is required to perform an assessment of fair, balanced and understandable reporting.	On behalf of the Board, the Committee considered whether, in its opinion, the draft Annual Report 2026, when taken as a whole, is fair, balanced and understandable and whether it provides the information necessary for shareholders to assess the group's position, performance, business model and strategy. The production of the Annual Report 2026 was managed by the Group Chief Finance Officer, with overall governance and coordination provided by a cross-functional team led by the Group Financial Reporting, Control and Change Director. Ahead of presentation to the Committee, a robust review process was conducted, and content was assessed to ensure disclosures, taken as a whole, were accurate, balanced and verifiable. The Committee reviewed drafts throughout the process, considering consistency of messaging, areas of significant judgement, estimation and uncertainty, and emerging issues as set out in the Financial Statements. During its appraisal of the Annual Report 2026, the Committee considered whether the report gave an appropriate reflection of the group's strategy, performance and risk profile, with particular attention given to the continued uncertainties surrounding the FCA's motor finance consumer redress scheme and any potential outcomes of the legal challenges to the scheme brought by other parties. In addition, the Committee considered the disclosure of the group's transformation programme in the context of the broader group strategy. Challenge was given regarding the use of adjusted measures, areas of significant judgement and estimation uncertainty, and emerging issues. The Committee challenged management on the balance of disclosures, including the prominence given to significant matters affecting the group, and considered the views of the external auditor, including any feedback with regard to areas where disclosures could be enhanced. Conclusion: The Committee was satisfied that the Annual Report 2026, taken as a whole, is fair, balanced and understandable and recommended this assessment to the Board.

Financial reporting controls

Risk management and internal controls

The Board is required to make a statement in the Annual Report 2026 relating to the effectiveness of risk management systems and internal controls.

In considering the effectiveness of internal controls, the Committee received and discussed reports from internal audit and the external auditor. At each meeting, the Committee is presented with a report from the Group Head of Internal Audit, and reviews significant findings relating to control weaknesses and management's response. The Committee challenged management where appropriate on the timeframe for delivery of actions. In addition, metrics and updates are provided to the Committee throughout the year covering the group financial control framework.

The Committee has spent time considering enhancements to internal controls over financial reporting as described later in this report. In conjunction with the Risk Committee, we have satisfied ourselves that the group's internal financial control framework is effective and adequately aligned with the group's risk profile. Controls aim to manage, not eliminate, risks to business objectives, support efficient operations, ensure reporting integrity, and maintain regulatory compliance. Notwithstanding, through regular reviews of key controls for design and operational effectiveness, we are also satisfied that internal financial controls are appropriately designed and effective in identifying risks faced by the group, with any identified weakness subject to management action plans and ongoing oversight. Full details of the internal control framework are given within the Risk Report on pages 60 to 70. Specific related matters that the Committee considered for the year included:

- the effectiveness of systems for internal controls, financial reporting and risk management;
- the extent of the work undertaken across the group to ensure that the control environment continued to operate effectively;
- the significant findings of internal investigations into control weaknesses, fraud or misconduct and management's response, along with any deficiencies identified through the assessment of the effectiveness of the internal controls over financial reporting; and
- the findings from internal audit assurance work to assess the enhancements to the control framework and to identify and test the material and dependent key controls.

Preparation for compliance with Provision 29 of the UK Corporate Governance Code 2024

During the year, the Committee devoted significant time to overseeing the group's continued preparations for the revised UK Corporate Governance Code 2024 and the associated internal control disclosure requirements, which will apply to the group for the financial year ending 31 July 2027. The revised Provision 29 requires the Board to include an annual declaration in the Annual Report on the effectiveness of all material controls as at the balance sheet date, covering controls over financial and non-financial reporting, operational activities and compliance. The declaration must also describe any material controls that have not operated effectively at the balance sheet date, the actions taken or proposed to improve them, and any actions taken to address matters previously reported.

The Committee reviewed and challenged management's proposed approach to defining, identifying and monitoring material controls for this purpose. This included a detailed review of the controls library and its alignment to the group's principal risks. As a result of this review, a number of

controls were refined and additional material controls were identified and added.

To ensure readiness, comprehensive early testing of the end-to-end control framework and operating model was undertaken, supported by a focused review by internal audit. The Committee considered the outcome of this exercise, which confirmed that the framework is operating as designed and is capable of differentiating clearly between stronger and weaker controls. It also provided a clear view of the areas where further improvement is required ahead of effectiveness testing in FY 2027.

Whistleblowing arrangements

The Committee supports the Board in overseeing the group's whistleblowing arrangements and considers the adequacy of these arrangements to allow colleagues to raise concerns in confidence and anonymously without fear of retaliation. During the year, it reviewed management reports on whistleblowing and considered the speak up culture across the group and any potential trends. The Committee encouraged management to consider ways in which to enhance the guidance to provide greater awareness on escalation channels and reinforce the group's commitment to openness, accountability and speaking up. The Committee reported on its consideration of whistleblowing arrangements to the Board.

Group internal audit

The Committee oversees the role, activity and effectiveness of group internal audit, including its independence, resourcing and delivery of the annual audit plan. The Committee maintained regular oversight of group internal audit through reports provided to the Committee and through one-to-one meetings with the Group Head of Internal Audit. During the year, the Committee:

- Approved the updated Audit Charter, which sets out the purpose, role and mandate of internal audit.
- Challenged and approved the annual audit plan and budget, including the resources required to deliver the plan.
- Considered and confirmed the independence of the internal audit function.
- Monitored progress against the plan through regular updates from the Group Head of Internal Audit.
- Reviewed the annual audit opinion on the effectiveness of the group's governance, and risk and control framework.
- Considered the significant findings arising from internal audits, management's response and any thematic observations.
- Assessed the effectiveness of the group internal audit function through an annual internal effectiveness review.

The Committee received regular reports on internal audit activities across the group and evaluated management's progress and response in addressing audit findings. Where appropriate, the Committee challenged management on the timing for delivery of remediation actions and invited relevant members of management to attend the Committee to provide updates on progress. Internal audit reports were also made available to the Board. During the year, the Board received reports covering themes including: cloud migration and cyber threat management, artificial intelligence ("AI") and robotics, treasury and financial control framework, the transformation programme, as well as business-focused audits. At its June meeting, the Committee received an update on enhancements being adopted within group internal audit to support greater efficiency in audit planning, including the use of data analytics and AI.

Audit Committee report continued

On an annual basis, group internal audit reports to the Committee on its assessment of the effectiveness of the group's governance, and risk and control framework, including thematic observations arising from internal audit work performed during the year. The Committee reviewed this assessment and concluded that the group's governance, risk management and control framework was generally effective, supported by strong Board oversight and challenge in relation to strategy, culture, operations and risk management.

The Committee completed its annual review of the effectiveness and independence of the internal audit function. Following the external quality assessment undertaken in the prior year, an internal review was carried out this year to assess conformance with the required standards and to benchmark the function against market practice. The review, informed by feedback from the Audit Committee, the Board and the Executive Committee, concluded that the function was operating effectively and in accordance with applicable standards.

Non-audit services

To safeguard the auditor's independence and objectivity, the Committee oversees the group's policy on the provision of non-audit services by the external auditor, which incorporates the FRC's Revised Ethical Standard published in January 2024. The policy sets out the type of non-audit services that the auditor is permitted to carry out, with certain services for which the fee is above a certain threshold requiring Committee approval before work can commence. All other permitted service requests are deemed pre-approved by the Committee, subject to compliance with policy requirements.

The group's policy is that permission to engage the external auditor will always be refused where there is an actual or potential threat to independence. However, the Committee will give permission where the service complies with the group policy and where work is closely related to the audit, a detailed understanding of the group is required and the external auditor can provide a higher quality and/or better value service. The group follows the mandatory regulatory cap requirement of 70% which compares the annual value of non-audit services to the average of three years' audit fees. The policy is reviewed by the Committee on a biennial basis to ensure that it is fit for purpose and reflects applicable rules and guidelines.

Information on fees in respect of audit and non-audit services carried out by the external auditor can be found in Note 5 of the Financial Statements. The non-audit services not required by legislation carried out in the year predominantly relate to the review of the group's interim financial statements and funding assurance work.

The Committee was satisfied that the non-audit fees, individually and in aggregate, were consistent with the non-audit services policy and did not believe that they posed a threat to the external auditor's independence.

Statutory audit services order compliance

The company confirms compliance with the provisions of the Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014 for the year to 31 July 2026.

External audit tender

In accordance with applicable UK legislation, the group is required to tender its statutory audit at least every 10 years and rotate its statutory auditor at least every 20 years. PwC was first appointed as the group's external auditor in August 2017 for the financial year ended 31 July 2018.

During the year, the Audit Committee completed a formal competitive tender process on behalf of the Board. Following the conclusion of that process in June 2026, the Board approved the reappointment of PwC as the group's statutory auditor for a period of up to 10 years, with effect from the financial year ending 31 July 2028. The reappointment will be subject to shareholder approval at the 2027 AGM.

Scope

The primary objective of the tender was to run a fair, objective and transparent process and to identify the audit firm best placed to provide a high-quality, independent and effective audit that meets the group's future needs.

The audit tender process was led by the Audit Committee, with direct involvement from the Committee Chair at each stage. Management supported the process and provided input to the Committee on an advisory basis.

Participating firms were assessed against detailed criteria which considered audit quality, independence and technical capability, including sector expertise.

Process

The tender followed a structured, multi-stage process. An initial Request for Information ("RFI") process was conducted to identify a shortlist of firms, including challenger firms, that met the group's minimum requirements in relation to audit quality, credibility, technical capability and relevant sector experience.

Shortlisted firms were invited to participate in a Request for Proposal ("RFP") stage, which consisted of a series of management meetings, technical workshops and engagement with members of the Audit Committee, the Committee Chair and senior stakeholders across finance, risk and technology. These sessions were designed to test each firm's audit approach, delivery capability, understanding of the group and ability to support the group through its future priorities. Firms were internally scored using structured scorecards to assess each firm across core areas with equal weighting applied to each dimension to ensure a balanced assessment.

A selection panel comprising the Audit Committee Chair, members of the Committee and the Group Chief Finance Officer supported the process and considered the outputs from each stage.

Evaluation

Firms were assessed against a range of criteria, including:

- audit quality and audit approach;
- independence and objectivity;
- sector expertise and understanding of the group's business, systems, risk profile and regulatory environment;
- quality and experience of the proposed audit team;
- use of technology, data analytics and innovation; and
- cultural fit and stakeholder engagement.

Technical workshops were used to assess the depth of each firm's expertise, the strength of its proposed approach and its ability to respond to the group's evolving organisational requirements and risk profile. Each firm was assessed using structured scorecards. Qualitative factors were also considered, including execution and transition risk.

The selection panel attended the final presentations from the firms shortlisted to the RFP stage.

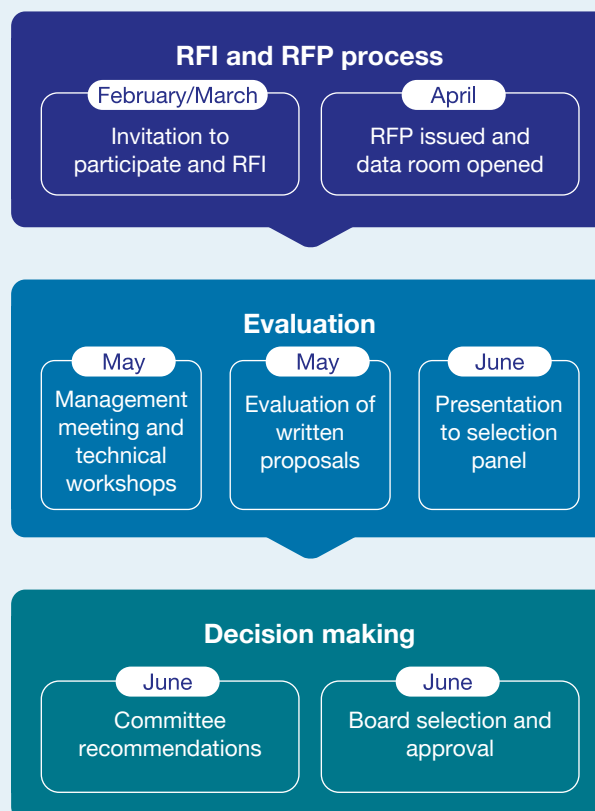
Decision

The Committee considered and discussed the scorecard outputs, panel observations and qualitative assessment of each firm's proposal. In reaching its recommendation, the Committee placed particular weight on audit quality, independence, the strength of the proposed audit team and the importance of maintaining audit effectiveness during a period of organisational and technology change.

The Committee recommended two audit firm options to the Board for consideration, identifying PwC as its preferred candidate. It concluded that PwC's proposal represented the best overall outcome for shareholders, reflecting its audit quality and independence, understanding of the group and strength of the proposed audit team. Transition considerations were assessed as part of the Committee's overall evaluation.

In June 2026, the Board approved the reappointment of PwC as auditor of Close Brothers Group plc from FY 2028, subject to shareholder approval at the 2027 AGM.

Summary of tender process



Risk Committee report



Patricia Halliday
Chair of the Risk Committee

Dear shareholder

I am pleased to present the report of the Risk Committee for 2026. The report outlines how the Committee discharged its responsibilities during the year, including its oversight of the group's risk profile, risk management framework, risk appetite and internal control environment.

The external environment remained complex and uncertain throughout the year. Macroeconomic challenges, geopolitical uncertainties and ongoing cost-of-living pressures continue to shape the risk landscape faced by the group, our customers and the wider economy. Against this backdrop, the Committee maintained a full and forward-looking agenda. It provided robust oversight and challenge of management's assessment of current and emerging risks, including the actions being taken to manage risk within the Board-approved risk appetite.

The FCA's motor finance consumer redress scheme, which was announced by the FCA earlier in the year, remained a significant area of focus. The Committee reviewed the potential impact of the scheme, the implications of ongoing legal challenges and management's operational readiness plans. While uncertainty remains around the conclusion of the legal challenges, and the detailed implementation of any scheme, the Committee has spent considerable time assessing potential outcomes, their impact on the group's risk profile and the associated operational implications. This work is intended to prepare the group to meet final requirements in line with regulatory and customer expectations.

The Committee regularly reviewed the group's principal risks, with particular focus on credit risk, operational risk, including cyber security, and conduct risk and customer outcomes. The Committee also maintained oversight of key strategic and regulatory matters, such as the strategic risks associated with transformation and Basel 3.1 readiness. The Committee received comprehensive reporting and management information to support effective scrutiny, guidance and challenge.

Role of the Committee

To assist the Board in its oversight of risk and ensure a supportive risk culture is fully embedded.

Meetings

- Number of scheduled meetings: Seven
- For details of attendance, see page 113

Membership

Patricia Halliday (Chair), Kari Hale, Tracey Graham, Tesula Mohindra, Mark Pain and Sally Williams.

Other regular attendees by invitation

Chairman of the Board, Executive Directors, Group Head of Internal Audit, Group Chief Risk Officer, General Counsel and Company Secretary, Group Head of Non-Financial Risk, external auditor.

2026 activities

- Ongoing oversight of the implication of the FCA's motor finance consumer redress scheme, including operational readiness plans.
- Continued oversight of FCA requirements and their impact on regulated lending portfolios.
- Further strengthening the group's operational resilience, with enhancements made to enhance incident response and reduce customer impact.
- Review of capital adequacy and oversight of the group's readiness for implementation of the Basel 3.1 final rules.
- Continued oversight of the planning of the group's technology strategy.

Looking ahead, the risk environment is expected to remain challenging. Further clarity on the FCA's motor finance consumer redress scheme, continued regulatory developments, macroeconomic volatility and the change execution risk associated with modernising our IT estate and simplifying our operating model are likely to remain key areas of focus. The Committee will continue to oversee management's actions to simplify processes and systems, enhance control effectiveness and support the group's resilience.

Patricia Halliday
Chair of the Risk Committee

29 September 2026

Key responsibilities

The Risk Committee's principal roles and responsibilities are to support the Board in its oversight of risk management across the group. The identification, management and mitigation of risk is fundamental to the success of the group. The Risk Committee also plays an important role in setting the tone and culture that promotes effective risk management across the group. The Risk Committee's key responsibilities are to:

- oversee the maintenance and development of a supportive culture and "tone from the top" in relation to the management of risk;
- review the group's risk appetite and recommend to the Board for approval;
- monitor the group's risk profile against the prescribed risk appetite;
- review the effectiveness of the risk management framework in ensuring that key risks are identified and appropriately managed;
- provide risk input to the alignment of remuneration with performance against risk appetite (through the Remuneration Committee);
- undertake a robust assessment of both the principal and emerging risks facing the group; and
- review reports from the risk and compliance functions on the effectiveness of the processes that support the management and mitigation of those risks.

Interaction with other committees

The Risk Committee jointly oversees, along with the Audit Committee, the recommendations of the group's internal and external auditors and the effectiveness of the group's internal control and risk management systems. It also provides advice and input to the Remuneration Committee on remuneration policies and performance objectives.

Overview of main activities during the year

The Committee receives a report from the Chief Risk Officer at each meeting to focus discussion on the key strategic, principal and emerging risks. A clear forward-looking agenda is maintained, with meetings structured to facilitate effective debate, challenge and oversight of key risk matters.

At each regular meeting, the Committee has:

- reviewed and assessed the group's emerging and principal risks;
- reviewed and discussed any material risk events;
- reviewed and monitored the group's risk profile in respect of performance against risk appetite, risk trends, consumer outcomes, emerging risks and risk concentrations; and
- received updates in relation to compliance and regulatory matters.

During the year, the Committee considered the wide range of evolving risks facing the group to help ensure that risks were managed within the Board-approved risk appetite while supporting delivery of the group's strategic objectives. Focused reviews were undertaken throughout the year to examine key risk topics in greater detail and assess associated management actions, controls and areas for further enhancement. The Committee continued to align its agenda with supervisory priorities and relevant regulatory initiatives. It oversaw delivery of actions arising from the FCA's Premium Finance Market Study, which assessed the premium finance market in relation to consumer outcomes and fair value rules. These actions have been materially completed, with embedding of the changes ongoing.

The Committee also maintained oversight of the risk profile associated with strategic initiatives and transformation

activity across the group. This included change execution risk, technology transformation and business simplification programmes, with the aim of keeping the risk and control environment aligned to risk appetite as the group delivers its strategy.

The Committee and the Board have continued to assess the potential impacts of the FCA's motor finance consumer redress scheme and the possible outcomes of legal challenges to that scheme. In parallel, management progressed preparations to support operational readiness for the scheme.

Credit risk remained a core area of focus, with the Committee receiving focused analysis as part of a rolling programme of portfolio reviews. Oversight of key lending portfolios, including motor, property, premium finance, energy and invoice finance, has been a regular feature of the Risk Committee agenda. While there remains a risk that the continued macroeconomic uncertainty could lead to higher future credit losses, the credit quality of the loan book remains robust, supported by disciplined application of prudent lending criteria and risk appetite.

Good customer outcomes remained a primary activity of the Committee throughout the year. The Committee oversaw the effectiveness of conduct risk controls, received additional deep dives on developing conduct risk matters and reviewed regular monitoring reports on customer outcomes. On behalf of the Board, it reviewed and approved management's annual assessment of consumer outcomes and associated improvement plans.

The Committee has also spent time this year considering enhancements to the overall control environment to strengthen alignment with Provision 29 of the UK Corporate Governance Code 2024, which will apply for the financial year commencing 1 August 2026. These enhancements provide an uplift in the maturity of the group's systems for identifying, managing and reporting risk.

The Committee oversaw the group's readiness for implementation of the Basel 3.1 final rules, including management's assessment of the potential impact on the group's CET1 capital ratio.

Operational resilience remained an important area of oversight. The Committee reviewed management's progress against regulatory expectations relating to important business services and impact tolerances. The year's self-assessment demonstrated continued progress in embedding operational resilience into business-as-usual activity, including enhanced management information and improved visibility of planned change to support faster incident response and reduce customer impact.

Similarly, given the increasing sophistication of cyber threats, the Committee maintained enhanced oversight of cyber security and cyber resilience. This included reviewing the group's cyber security priorities against the external threat environment and control maturity, and monitoring refinements to security incident and event monitoring. These activities are intended to strengthen the group's ability to prevent, detect and respond to cyber events, while supporting continued progress in control effectiveness, cloud security and rationalisation of the security vendor landscape.

The Committee received updates on the group's framework for the governance and oversight of AI capabilities and reviewed management's approach to ensuring that AI-related risks remain appropriately identified, assessed and

Risk Committee report continued

controlled as the group explores opportunities to deploy AI-enabled solutions in support of its strategic objectives.

Climate and sustainability-related risks remained areas of focus. During the year, the Committee approved management's assessment of the materiality of climate risks and the associated action plan, aligned to PRA supervisory expectations. The assessment demonstrated progress in embedding climate risk considerations within the group's wider risk management framework. The Committee also continued to consider the links between culture, risk and remuneration, providing input to the Remuneration Committee so that risk behaviours and the management of operational risk incidents are appropriately reflected in performance and reward decisions.

Looking ahead to 2027

Looking ahead, the Committee will continue to support the Board in overseeing the group's risk profile and the ongoing embedding of the risk management and internal control framework.

Key areas of focus are expected to include motor finance consumer redress, Basel 3.1 implementation, credit quality, customer outcomes, operational resilience, cyber security, strategic transformation, regulatory change, change execution risk and the continued enhancement of the group's control environment.

The Committee will maintain its commitment to robust governance, proactive risk management and effective challenge, helping to ensure that the group remains resilient and well positioned to respond to emerging risks while supporting delivery of its strategic objectives.

Committee effectiveness

In accordance with the UK Corporate Governance Code, the performance of the Risk Committee was assessed as part of the Board performance review, which concluded that the Committee continues to operate effectively and has executed its responsibilities in line with its terms of reference. It is considered appropriately constituted and has access to sufficient resources to enable it to carry out its duties. A full report on the Board performance review is on pages 115 and 116.

Directors' remuneration report



Tracey Graham
Chair of the Remuneration Committee

Dear shareholder

I am pleased to present the Directors' Remuneration Report for the 2026 financial year. I would like to thank my fellow Committee members for their support and contribution to the work of the Committee during the year.

This report sets out the pay decisions that the Committee has taken for the year, including how we implemented the Remuneration Policy ("the Policy") this year, and how we intend to operate the Policy over the coming year.

In 2024 we implemented a Director's Remuneration Policy that included flexibility to operate an interim restricted stock incentive model, replacing both the annual bonus and performance share award grant under the Long-Term Incentive Plan. We adopted this approach given the difficulty of setting meaningful performance targets in the context of the FCA's review of historical motor finance commission arrangements. This interim pay model was strongly supported by our shareholders when introduced at the 2024 AGM. Our Policy was approved with a 94.9% vote in favour at the 2024 AGM, with support on our advisory remuneration vote at the 2025 AGM of 99.8%.

Recognising the ongoing uncertainty posed by the legal challenges to the FCA's redress scheme, setting robust and meaningful performance metrics for our 'business as usual' annual bonus and performance-based LTIP remains a challenge. The Remuneration Committee therefore decided to continue operating our interim restricted stock incentive model for the 2027 financial year. We consulted on the proposed extension of the restricted stock model for the 2027 financial year by engaging a number of our significant shareholders, with the feedback received supporting the proposed approach.

Role of the Committee

To assist the Board in its oversight of the group's remuneration framework, remuneration of the Board and senior executives, and key remuneration decisions.

2026 activities

- Consulted over 20 of our major shareholders on the proposed extension of the restricted stock model.
- Conducted the 2026 annual compensation review for Executive Directors and the wider workforce.
- Undertook regulatory matters including Material Risk Takers framework, annual internal audit of remuneration and group risk adjustment.

Meetings

- Number of scheduled meetings: Five
- For details of attendance, see page 113

Membership

Tracey Graham (Chair), Mike Biggs, Mark Pain and Patricia Halliday.

Other regular attendees by invitation

Chief Executive, Group Head of Human Resources, Head of Reward & HR Infrastructure, General Counsel and Company Secretary, external advisor.

Interaction with other committees

The Remuneration Committee works with the Audit Committee and Risk Committee chairs on the design and implementation of remuneration policies and the determination of remuneration outcomes.

This report sets out our approach to remuneration for the group's Executive Directors and employees for the 2026 financial year.

The Directors' Remuneration Report is divided into three sections:

- Annual Statement from the Remuneration Committee Chair – pages 137 to 139
- Annual Report on Remuneration – pages 140 to 148
- Summary of Directors' Remuneration Policy – pages 149 to 151

Our Remuneration Policy is due for renewal at the 2027 AGM, at which point we intend to revert to a model which includes performance-based incentive plans to align with shareholders.

How the group performed during the 2026 financial year

Overall, the group reported a statutory operating loss before tax of £60.3 million (2025: statutory operating loss before tax of £122.4 million), reflecting a number of adjusting items, in particular, an increase to the provision in respect of motor finance commissions by £164.7 million, which now stands at c.£320 million and increased restructuring costs of £14.3 million (2025: £2.3 million).

On an adjusted basis, excluding the impact from adjusting items and discontinued operations, the group's operating profit decreased 17% to £120.3 million (2025: £144.3 million), and return on average tangible equity ("RoTE"), reduced 160 basis points to 5.5% (2025: 7.1%), largely reflecting the repositioning of the business and prevailing market conditions. The group achieved a CET1 capital ratio of 14.1%, significantly above our applicable regulatory minimum of 10.3%.

This year progress has been made in transformation activities as the group exited non-core activities, and repositioned business lines. The executive team remain focused on delivering the strategic priorities: simplify, optimise, and grow. With the simplification of the business largely complete, Close Brothers are firmly in the optimisation and growth stage.

Close Brothers continues to serve their customers, deliver excellent service, provide specialist expertise and build strong, lasting relationships. They are a trusted partner to UK SMEs and millions of customers.

Executive Director remuneration outcomes for the 2026 financial year

The Committee decided to keep the interim restricted stock incentive model in place for the 2026 financial year. Therefore, the Executive Directors were not eligible for an annual bonus for 2026.

The 2023 LTIP awards were based on return on average tangible equity ("RoTE") (30%), adjusted EPS growth (20%), relative TSR (20%) and a scorecard of risk management objectives (30%). The financial metrics were not met, reflecting the impact of the legacy issues and strategic change that crystallised in the performance period. The risk management objectives over the three years to 2026 were partially met. This would have resulted in an LTIP vesting of 16.7% of the maximum opportunity. However, in recognition of the shareholder experience, and in agreement with a recommendation from the Chief Executive, the Committee has determined that there will be nil vesting on the 2023-2026 LTIP. Further details are set out on page 143.

The Committee decided to continue operating our interim restricted stock incentive model for the 2026 financial year.

Our approach to the structure of the award will be unchanged from the 2025 financial year:

- The restricted stock award replaces both the annual bonus and performance share award under the LTIP;
- The award will be subject to performance underpins as detailed on page 145;
- The restricted stock award will vest 100% after year three, subject to assessment against the performance underpins; The entire award will then be subject to a two-year holding period; and
- Clawback periods will continue to be seven years, extendable to 10 years.

The Committee reviewed the award value for both Mike Morgan and Fiona McCarthy and determined that Mike Morgan's will be 80% of salary (£774,400), and Fiona McCarthy's will be 70% of salary (£350,000). These awards are at or below the maximum level of 80% of salary included within the Policy. For reference, the "ordinary course" incentive opportunity under the annual bonus and LTIP is 220% of salary.

The Committee believes this approach will continue to achieve the following objectives:

- retain and motivate the Executive Directors in their roles and ensure they are focused on executing our strategy and protecting our valuable franchise;
- incentivise and reward stewardship of the business during this period of uncertainty; and
- increase the Executive Director's equity stake in the business in the long-term interests of all of our stakeholders.

As set out in our shareholder consultation during the year, the Remuneration Policy is due for renewal at the 2027 AGM, at which point we intend to revert to a model which includes performance-based incentive plans to align with shareholders.

Notwithstanding the strong performance of the Executive Directors in the year, the Committee agreed that they will not receive salary increases for the 2027 financial year.

Supporting the wider workforce

The Committee's aim is to always consider the wider workforce, our shareholders and other stakeholders by taking a fair, prudent and balanced approach to remuneration. The Committee is particularly focused on ensuring that Close Brothers supports its broader workforce and demonstrates its ethos as a responsible business. We are committed to paying all staff at or above the national living wage, which is in excess of the national minimum wage.

While remaining focused on ensuring a balanced cost profile across the group, the average salary increase for the wider workforce for the 2027 financial year is 2.4%. Larger base salary uplifts were targeted at more junior staff to ensure those most susceptible to the economic environment are being protected.

In 2026 we have remained mindful of the need to retain and motivate our talented workforce to continue to protect the franchise, support our customers and to operate the business within our risk appetite. As such, the Committee decided to continue to fund the bonus pool for wider colleagues albeit at a lower level than prior years. While the Committee recognises the shareholder context, including the suspension of the dividend, the Committee agreed maintaining some level of bonus is important for the sustainable retention of colleagues and to support growth in the future.

We recognise the benefits and improved corporate decision making in a diverse and balanced workforce. Our commitment to closing the gender pay gap centres on increasing female representation at all levels, supported by targeted representation goals and development programmes. This commitment extends to broader inclusion initiatives to ensure fairness and equality for all. We actively participate in various inclusion charters and partnerships, leveraging external expertise to inform our strategies. Eight executive-sponsored inclusion networks organise internal events and initiatives to deliver on our broader inclusion commitments. Employee feedback consistently reflects a positive perception of our inclusive environment, with 92% of colleagues in our 2026 opinion survey stating they feel included, and we remain dedicated to fostering a workplace where everyone feels valued and proud to work for us.

Looking ahead – key focus areas for the Remuneration Committee for 2027

The Committee intends to continue its openness to dialogue with shareholders in the coming year, recognising that pay remains a focus for our investors.

We will continue to consider the experiences of colleagues, our shareholders and other stakeholders and to remunerate executives fairly and appropriately. We remain committed to a responsible approach to executive pay, as I hope this Directors' Remuneration report demonstrates.

I hope that you will find this report on the Directors' remuneration accessible and clear, and that you agree with the decisions we have taken, which balance the interests of all stakeholders. I look forward to receiving your support on the Directors' Remuneration report at the forthcoming AGM.

Tracey Graham

Chair of the Remuneration Committee

29 September 2026

Annual Report on Remuneration

Key responsibilities

The Committee's key responsibilities are to:

- review and determine the total remuneration packages of Executive Directors and other senior executives, including group Material Risk Takers and senior control function staff in consultation with the Chairman and Chief Executive and within the terms of the agreed Policy;
- approve the design and targets of any performance-related pay schemes operated by the group;
- review the design of all-employee share incentive plans;
- ensure that contractual terms on termination and any payments made are fair to the individual and the group, that failure is not rewarded and that a duty to mitigate risk is fully recognised;
- review any major changes in employee benefits structures throughout the group;
- ensure that the remuneration structures in the group are compliant with the rules and requirements of regulators, and all relevant legislation;
- ensure that provisions regarding disclosure of remuneration are fulfilled; and
- seek advice from group control functions to ensure remuneration structures and annual bonuses are appropriately aligned to the group's risk appetite.

Remuneration Committee effectiveness

In accordance with the UK Corporate Governance Code, the performance of the Committee was assessed as part of the Board performance review, described on pages 115 and 116, which concluded that the Committee continues to operate effectively and has executed its responsibilities in line with its terms of reference. It is considered appropriately constituted and has access to sufficient resources to carry out its duties.

Membership activity in the 2026 financial year

There were five meetings of the Committee held during the year. There is a standing calendar of items which is supplemented by other significant issues that arise during the year. The key matters addressed during the year were as follows:

	August 2025	September 2025	January 2026	May 2026	July 2026
Remuneration Policy and disclosures					
Approve the annual remuneration governance model			•		
Approve Total Reward Principles			•		
Approve Remuneration Policy Statement for 2025		•			
Approve Directors' Remuneration Report and the remuneration section of the Pillar 3 disclosure for 2025		•			
Review and approve of Directors' Remuneration Policy for 2025		•			
Approve UK Gender Pay Gap submission			•		
Risk and reward					
Review and approve risk-adjustment process/outcomes	•	•		•	•
Approve Material Risk Takers for 2026		•	•	•	•
Annual remuneration discussions					
Approve executive director compensation for 2025	•				
Approve proposed 2025 compensation for Material Risk Takers		•			
Approve year-end all-employee group-wide salary and bonus proposals for 2025		•			
Approve 2022 group LTIP vesting	•				
Approve of medium and long-term awards	•				
Review group LTIP non-financial targets for 2026	•				
Approve bonus funding approach to year-end compensation				•	
Approve group LTIP financial and non-financial targets for 2026					•
Approval of executive directors compensation for 2026					•
Review year-end all-employee group-wide salary and bonus proposals for 2026					•
Review risk management objectives for 2023 group LTIP vesting					•
Review formulaic incentive schemes and approval of schemes for 2027				•	•
Committee remit and effectiveness					
Review terms of reference					•

UK Corporate Governance Code

We continue to be compliant with the executive pay provisions of the 2024 UK Corporate Governance Code. Our pay arrangements are also consistent with the following principles set out in the Code:

Clarity	This Directors' Remuneration Report provides open and transparent disclosure of our executive remuneration arrangements for our internal and external stakeholders.
Predictability	Our incentive arrangements contain maximum opportunity levels with outcomes varying depending on the level of performance achieved against specific measures. The charts on page 160 of the 2024 Annual Report provides estimates of the potential total reward opportunity for the executive directors under the Policy.
Simplicity and alignment to culture	Under our ordinary course Policy, incentive arrangements for our executives are straightforward, with individuals eligible for an annual bonus and, at more senior levels, a single performance-based long-term incentive plan. As part of the Policy approved at the 2024 AGM, an interim pay model based on restricted stock may be operated in lieu of an annual bonus and a grant of performance-based LTIP. Performance measures or underpins used in these plans are designed to support delivery of the group's key strategic priorities and our commitment to adopt a responsible, sustainable business model, in line with our purpose and values.
Proportionality and risk	Our variable remuneration arrangements are designed to provide a fair and proportionate link between group performance and reward. In particular, partial deferral of the annual bonus into shares, five-year release periods for LTIP awards and stretching shareholding requirements that apply during and post-employment provide a clear link to the ongoing performance of the group and therefore long-term alignment with stakeholders. We are also satisfied that the variable pay structures do not encourage inappropriate risk-taking. Notwithstanding this, the Committee retains an overriding discretion that allows it to adjust formulaic annual bonus and/or LTIP/restricted stock outcomes so as to guard against disproportionate out-turns. Malus and clawback provisions also apply to both the annual bonus and LTIP/restricted stock and can be triggered in circumstances outlined in the Policy.

Advice

During the year under review and up to the date of this report, the Committee consulted and received input from the Chairman of the Board, the Chief Executive, the Group Head of Human Resources, the Head of Reward & HR Infrastructure, the Group Chief Risk Officer and the General Counsel and Company Secretary. Where the Committee seeks input from employees, this never relates to their own remuneration.

The Committee's remuneration advisers are Deloitte LLP (a member of the Remuneration Consultants Group) who were appointed by the Committee following a competitive tendering process. During the year, separate teams within Deloitte provided advice and support in a range of areas, including regulatory compliance. The Committee is satisfied that the provision of these other services does not affect the objectivity and independence of the remuneration advice provided by Deloitte as the other services are unrelated to reward matters. Total fees paid to Deloitte in respect of remuneration advice were £42,350 during the 2026 financial year, calculated on a time and material basis.

Statement of voting on the Directors' Remuneration Policy at the 2024 AGM

	For	Against	Number of abstentions
Directors' Remuneration Policy	94.9%	5.1%	85,931

Statement of voting on the Directors' Remuneration Report at the 2025 AGM

	For	Against	Number of abstentions
Directors' Remuneration Report	99.8%	0.2%	25,915

Implementation of the Policy in 2026

The single total figure of remuneration for Executive Directors for the years ended 31 July 2026 and 31 July 2025 is set out in the tables below. (Audited¹)

	2026						Total remuneration £'000
	Salary £'000	Acting up allowance £'000	Benefits £'000	Pension £'000	Annual bonus ² £'000	Performance awards £'000	
Mike Morgan	968	–	26	97	–	–	1,091
Fiona McCarthy ^{3,4}	460	–	4	41	–	28	533

2025

	Salary £'000	Acting up allowance £'000	Benefits £'000	Pension £'000	Annual bonus ² £'000	Performance awards ⁵ £'000	Total remuneration £'000
Mike Morgan ⁵	807	137	20	80	–	–	1,044
Adrian Sainsbury ⁶	418	–	12	42	–	–	472

1. All disclosures in the Directors' Remuneration Report are unaudited unless otherwise stated.
2. 60% of Executive Directors annual bonus is deferred into shares.
3. Fiona McCarthy joined the board on 29 August 2025. Her salary, benefits and pension have been pro-rated accordingly.
4. Fiona McCarthy's performance awards were granted before she was appointed to the board. The shares were conditional on achieving a minimum performance rating of strong and the company achieving a CET1 of at least 1% above the regulatory minimum, calculated on a standardised basis.
5. Mike Morgan received an annual acting up allowance of £423,500, that was time pro-rated whilst in the interim Chief Executive role for the period 10 September 2024 to 6 January 2025. Mike received an annual salary of £583,000 and £968,000 whilst in the roles of Group Finance Director and Chief Executive respectively that were time pro-rated accordingly.
6. Adrian Sainsbury stepped down as Group Chief Executive and an Executive Director of the group on 6 January 2025; his remuneration including salary, benefits and pension has been time pro-rated accordingly.

Link between reward and performance

During the 2026 financial year, the group reported a statutory operating loss before tax of £60.3 million (2025: statutory operating loss of £122.4 million), reflecting a number of adjusting items, in particular, an increase to the provision in respect of motor finance commissions of £164.7 million, which now stands at c.£320 million, and increased restructuring costs of £14.3 million (2025: £2.3 million). On an adjusted basis, excluding the impact from adjusting items and discontinued operations, the group's operating profit decreased 17% to £120.3 million (2025: £144.3 million), and return on average tangible equity ("RoTE"), reduced 160 basis points to 5.5% (2025: 7.1%), largely reflecting the repositioning of the business and prevailing market conditions.

Across our lending divisions, net interest margin remained robust at 6.9%, in line with guidance of slightly below 7% (2025: 7.2%), and credit performance remained resilient, with a bad debt ratio of 1.0% (2025: 1.0%), in line with guidance of below our long-term average of 1.2%.

The Group maintained strong capital, funding and liquidity positions. The group's CET1 capital ratio was 14.1% at 31 July 2026, comfortably above our medium target of 12-13%, and significantly above our applicable regulatory minimum of 10.3%.

This year, progress has been made in transformation activities as the group exited non-core activities, and repositioned business lines. The executive team remain focused on delivering our strategic priorities; simplify, optimise, and grow. With the simplification of the business largely complete, Close Brothers are firmly in the optimisation and growth stage. The group delivered c.£36 million of annualised cost savings in the 2026 financial year, ahead of schedule and substantially higher than the c.£25 million latest target. During the course of the year, the loan book reduced in the first half, and returned to growth in the second half, closing the year flat on the 2025 financial year and reflecting the planned exit of selected personal lines in Premium Finance, and challenging conditions within Property, offset by growth across the other lending divisions.

Given the continued uncertainty regarding the outcome of the legal challenges to the FCA's motor finance consumer redress scheme and any potential financial impact, the group will not pay a final dividend on its ordinary shares for the 2026 financial year.

With regard to the 2023 LTIP, applying the performance conditions would have resulted in the LTIP vesting at 16.7% of the maximum opportunity. However, in recognition of the shareholder experience, and in agreement with a recommendation from the chief executive, the Committee determined that the award should not vest.

Additional disclosures on the single total remuneration figure for Executive Directors table (Audited)

Salary

The per annum salaries paid during the year are as shown in the single total remuneration figure table above. When reviewing salary levels, the Committee takes into account the individual's role and experience, pay for the broader employee population, market and external factors, where applicable. For the 2026 financial year, the Committee decided not to apply a salary increase to the executive directors, in line with other members of the Executive Committee. The average salary increase approved for the wider employee population was 2.3%.

Benefits

Mike Morgan received an £18,000 allowance in lieu of a company car. Fiona McCarthy does not receive an allowance in lieu of a company car. They also received private health cover. The discount to the share price on grant of SAYE options is included in the year of grant. In line with disclosure requirements, taxable expenses are included.

Pension

Mike Morgan received a pension allowance and Fiona McCarthy received a combination of pension allowance and pension contributions equivalent to 10% of base salary, in line with the upper limit contribution the general employee population can elect to receive.

Long-term performance awards

The overall vesting of the 2023 LTIP grant is outlined in the table below.

Details of the overall vesting for the LTIP

Performance measure	Threshold target ¹	Maximum target	Actual achieved	Overall vesting
RoTE ² (30% weighting)	10%	18%	7.3%	0.0%
Adjusted EPS growth ³ (20% weighting)	10%	30%	(14.0)%	0.0%
Relative TSR (20% weighting)	at median quartile ⁴	at or above upper quartile	below median	0.0%
Risk management objectives ("RMO") (30% weighting)	n/a	n/a	55.6%	16.7%
Overall vesting assessment				16.7%
Discretionary adjustment				(100)%
LTIP overall vesting outcome				0.0%

1. 25% of the awards vest for satisfying the threshold target.

2. Average over three-year performance period.

3. Over three years.

4. The peer group is FTSE 250 financial services companies.

As explained in the Committee Chair's letter, the financial metrics were not met and the risk management objectives over the three years to 2026 were partially met. In recognition of the shareholder experience, and in agreement with a recommendation from the Chief Executive, the Committee determined that there should be nil vesting on the LTIP.

Details of the assessment of the risk management objectives for the LTIP

The Committee considers it to be of critical importance that remuneration arrangements continue to incentivise discipline in the management of the firm's capital and balance sheet and in the delivery of the business model. The Committee undertakes a robust assessment of performance against the risk management objectives to ensure that payments to Executive Directors are fair and appropriate with consideration for individual and corporate performance. In doing so, the Committee assesses performance against a number of key measures in making its determination.

Performance was assessed after each of the three years of the LTIP performance period, with each year's review carrying a weighting of one-third towards the overall vesting for the award, ensuring a fair assessment of progress over the three-year period.

Year one and year two assessments were set out in the 2024 and 2025 Directors' Remuneration Reports respectively. The year three performance assessment is detailed below.

Year three performance assessment against risk management objectives

Objective	Measured through reference to	Progress	Objective achieved?
Risk and operational resilience: 10% of 30%			75%
Consumer Duty	Continued annual achievement of outcome reviews and maintenance to long-term goals.	The Board supported annual assessment of outcomes, informed by conduct monitoring and reporting.	On track
Corporate governance reforms	Enhance the group's internal controls framework and make material progress on alignment with UK Corporate Governance Code 2024 requirements.	- Work progressed well across multiple workstreams to address Corporate Governance Code 2024 requirements. - Company-wide investment in enhancing internal controls documentation, testing and associated attestations on track to enable relevant attestations.	On track
Cyber security	Achieve cyber security targets for the group in line with rolling target.	- Sustained the maturity and effectiveness of our cyber security controls, with assessment confirming the relevant scores remained in line with agreed targets. - Conducted risk and threat-led prioritisation of further investment areas to enable sustained capability.	On track
Operational resilience	- Ensure full regulatory compliance with operational resilience requirements. - Continue resilience testing and ensure any new vulnerabilities are addressed for FY 2026.	- Annual operational resilience self-assessment continues to be in line with regulatory requirements. - Republic of Ireland annual assessment also in place as per local requirements. - Previously identified vulnerabilities closed, in line with UK regulatory requirements.	On track

Objective	Measured through reference to	Progress	Objective achieved?
ESG: 10% of 30%			50%
Sustainability	- Define and publish transition pathways to meet our net zero ambition. - Demonstrate measured emissions reductions progress towards 2030 net zero intermediate targets. - Green initiatives to materially contribute to growth.	- In our efforts to align our climate positioning more closely with our business-led strategy of supporting our customers in their sustainability journeys, we continue to: - move away from intermediate emissions reduction targets and instead, focus on providing support, finance and expertise to help customers decarbonise in ways that are practical and aligned to their own pathways. - Growth in the renewable energy and battery electric vehicles market continues to be led by customer demand, ensuring our ambitions align closely with our customers' transition journeys.	On track
People	- Maintain diversity through meeting defined representation targets for female senior managers and managers from an ethnic minority background: 36% female senior managers. 14% managers from an ethnic minority background.	35% female senior managers at 31 July 2026. 15% managers from an ethnic minority background at 31 July 2026.	On track
Financials: 10% of 30%			75%
Capital	To maintain a strong and prudent capital position, in line with the group's medium-term CET1 capital target range of 12% to 13%.	The group's CET1 capital ratio was 14.1% at 31 July 2026 (31 July 2025: 13.8%), significantly above our applicable regulatory minimum of 10.3%.	Ahead of track
Dividend	Maintain a progressive dividend that is sustainable over the medium term.	Given the continued uncertainty regarding the outcome of the legal challenges to the FCA's motor finance consumer redress scheme and any potential financial impact, the group will not pay a final dividend on its ordinary shares for the 2026 financial year.	Behind track
Liquidity	- Maintain a prudent amount of liquid assets over the period to FY 2026. - Maintain a prudent level of headroom to LCR.	- Treasury assets reduced 37% to £1.8 billion at 31 July 2026 (31 July 2025: £2.8 billion). - We continue to exceed the LCR regulatory requirements, with a 12-month average LCR to 31 July 2026 of 1,113% (31 July 2025: 1,012%).	Ahead of track
Funding	- Maintain a prudent amount of term funding. - Maintain an appropriate net stable funding ratio.	- We have continued to maintain a prudent maturity profile, with surplus tenor of allocated funding of four months at 31 July 2026. - The four-quarter average NSFR to 31 July 2026 was 144.0% (31 July 2025: 145.9%).	On track

The table below summarises the Committee's assessment of performance against the risk management objectives after each of the three years of the LTIP performance period.

Element	Year one assessment	Year two assessment	Year three assessment	Overall vesting
Capital and balance sheet management	37.5%	75.0%	75.0%	62.5%
Risk and operational resilience	75.0%	50.0%	75.0%	66.7%
ESG	37.5 %	25.0%	50.0%	37.5%
Overall vesting¹	50.0%	50.0%	66.7%	55.6%

1. The overall vesting percentage is calculated on the average of the overall vesting per element per year.

Implementation of the Policy in 2027

Base salary

	Salary effective from 1 August 2026	Increase
Chief Executive – Mike Morgan	£968,000	0%
Group Chief Finance Officer – Fiona McCarthy	£500,000	0%

Base salaries were determined with reference to the Executive Director's role, increases for the broader population and external factors. For the 2027 financial year, the Committee has decided not to apply a salary increase to the Chief Executive

and Group Chief Finance Officer, in line with other members of the Executive Committee. The average salary increase approved for the wider employee population is 2.4%.

Mike Morgan's allowance in lieu of pension and Fiona McCarthy's combination of pension allowance and employer pension contributions will be 10% of base salary, in line with the upper limit contribution the general employee population can elect to receive. The Executive Directors will also receive benefits in line with those outlined in the Remuneration Policy table on page 149. There will be no other increases to allowances or benefits other than any potential increase in the cost of providing them.

2026 restricted stock award (for the 2027 to 2029 cycle)

The proposed 2026 restricted stock award due to be granted in October 2026 is shown in the table below.

	Chief Executive Mike Morgan	Group Chief Finance Officer Fiona McCarthy
2026 restricted stock award	£774,400	£350,000
2026 restricted stock award as a percentage of 2027 salary	80%	70%

As advised in the Committee Chair's letter, in lieu of the "ordinary course" annual bonus and performance share LTIP, for 2026, a restricted stock award will be granted over shares with a value at grant of £774,400 for the Chief Executive and £350,000 for the Group Chief Finance Officer. These are at or below the maximum opportunity of 80% of their base salary at 80% and 70% respectively. For reference, the combined "ordinary course" annual bonus and performance share LTIP opportunity is 220% of salary.

The award will be subject to the following performance underpins:

- Individual: At least strong personal performance rating as rated by the Chairman of the Board in consultation with the Board;
- Financial: Company achieving a CET1 of at least 1% above regulatory requirement, calculated on a standardised basis;
- Non-financial: Satisfactory progress against strategic objectives designed to promote the long-term success of the business, as judged by the Chairman of the Board in consultation with the Board; and
- Risk: No material regulatory censure relating to the Executive Director's time in office.

Consistent with the current Policy and risk adjustment framework, the Committee will continue to have overriding discretion to adjust vesting outcomes where it considers this appropriate taking into account the wider stakeholder experience. While the significant discount is intended to proactively address the risk of potential windfall gains, the Committee will nonetheless retain discretion on vesting outcomes in the event of a significant increase in our share price to ensure the value delivered to the Executive Directors is appropriate in the context of the overall business performance and the wider stakeholder experience.

The restricted stock awards will vest 100% after year three subject to assessment against the performance underpins. 100% of the award will also be subject to a two-year holding period.

Clawback periods will continue to be seven years, extendable to 10 years.

Relative spend on pay

The following table shows the total remuneration paid compared to the total distributions to shareholders. No dividend will be paid in 2026, and the decrease in remuneration paid to employees reflects the reduction in headcount and performance-driven bonuses.

	2026 £ million	2025 £ million	Percentage change
Remuneration paid	230.6	238.4	(3.3)%
Distributions to shareholders ¹	-	-	-

1. For the 2025 and 2026 financial years, no dividend was paid.

Pay ratios

The table below compares the Chief Executive's single total remuneration figure to the remuneration of the group's UK employees at 31 July, over the last seven financial years. The Committee is satisfied that the median ratio is consistent with the pay, reward and progression policies for our employee population.

The ratio for 2026 has marginally decreased since 2025; however, the median pay ratio has been similar over the last four years. This year's reduction is largely as a result of no 2023 LTIP award vesting.

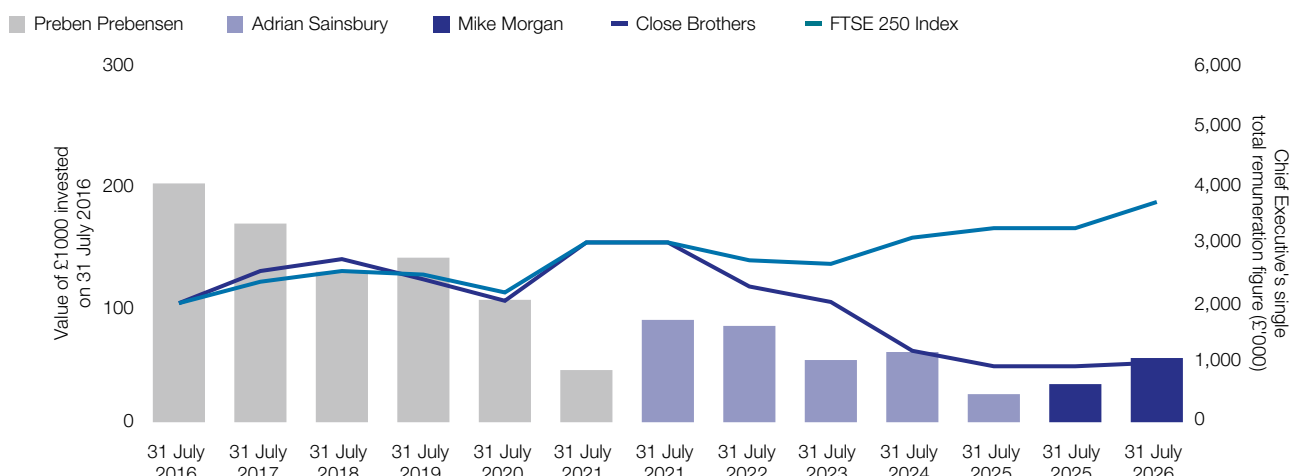
Year	Method	25th percentile	Median	75th percentile	Lower quartile employee		Median employee		Upper quartile employee	
					Total remuneration	Salary	Total remuneration	Salary	Total remuneration	Salary
2026	A	26:1	16:1	11:1	£42,324	£36,850	£66,323	£57,000	£99,953	£86,700
2025	A	27:1	17:1	11:1	£39,952	£33,635	£63,995	£57,096	£98,687	£80,836
2024	A	31:1	19:1	12:1	£38,440	£31,500	£61,270	£55,700	£96,856	£61,730
2023	A	29:1	18:1	11:1	£36,093	£30,000	£59,000	£50,000	£92,969	£72,600
2022	A	48:1	28:1	17:1	£33,571	£26,314	£56,952	£40,983	£93,459	£85,000
2021	A	79:1	37:1	29:1	£32,437	£28,820	£54,729	£38,500	£89,927	£70,000
2020	A	64:1	38:1	23:1	£32,194	£27,167	£54,245	£36,950	£90,029	£75,000

Our ratios have been calculated using the most robust methodology option "A" prescribed under the UK Companies (Miscellaneous Reporting) Regulations 2018. Under this option, the ratios are calculated using the following:

- the full-time equivalent salaries and allowances for employees in the UK;
- pensions and benefits paid during the financial years;
- annual bonus awarded for the financial years;
- actual and projected gains realised from exercising awards from taxable employee share plans;
- sales incentives paid during the financial years; and
- projection of vested performance awards.

The Chief Executive's total remuneration over the past 10 years

The chart below illustrates the Chief Executive's single total remuneration figure over the past 10 years and compares it to the total shareholder return of the company's shares and the FTSE 250 over this period. Further detail on the single total remuneration figure outcomes and how variable pay plans have paid out each year is shown in the table below.



	Preben Prebensen					Adrian Sainsbury					Mike Morgan		
	2016	2017	2018	2019	2020	2021 ¹	2021 ²	2022 ³	2023	2024	2025 ⁴	2025 ⁵	2026
Single figure of total remuneration (£'000)	£3,995	£3,337	£2,541	£2,770	£2,043	£860	£1,720	£1,602	£1,053	£1,182	£472	£625	£1,091
Annual bonus against maximum opportunity	95%	91%	86%	82%	40%	78%	78%	47%	0%	0%	0%	0%	0%
LTIP, SMP and Matching Share Award vesting ⁶	68%	51%	19%	30%	42%	40%	40%	21%	0%	22%	0%	0%	0%

1. Preben Prebensen's remuneration for the 2021 financial year was time pro-rated to 21 September 2020, the day he stepped down as Chief Executive.
2. Adrian Sainsbury was appointed Chief Executive on 21 September 2020 and his remuneration included in the single figure for the 2021 financial year was time pro-rated accordingly.
3. The 2019 LTIP award vested in the 2022 financial year at 20.6%; the assessed outcome before the 25% discretionary reduction was 27.5%.
4. Adrian Sainsbury's remuneration for the 2025 financial year was time pro-rated to 6 January 2025, the day he stepped down as Chief Executive.
5. Mike Morgan was appointed Chief Executive on 7 January 2025 and his remuneration included in the single for the 2025 financial year was time pro-rated accordingly.
6. SMP and Matching Share Awards were last granted in the 2016 financial year.

Scheme interests granted during the year (Audited)

The face value and key details of the share awards granted in the 2026 financial year are shown in the table below. These were all delivered as nil cost options. The share price used to calculate the number of shares was £4.9298, the average of the middle market quotations for the five business days from and including the date of the company's preliminary results announcement on 30 September 2025.

Name	Award type ¹	Vesting period	Performance conditions	Face value £'000	Percentage vesting at threshold	Number of shares	Vesting end date
Mike Morgan	PSA ^{2,3}	3 years	Yes	726	N/A	147,268	7 October 2028
Fiona McCarthy	PSA ^{2,3}	3 years	Yes	310	N/A	62,883	7 October 2028

1. The awards are all delivered as nil cost options.
2. Performance underpins are detailed in the 2025 Annual Report on page 155.
3. PSAs have an additional two-year holding period.

External appointments

Mike Morgan is a non-executive director of Battersea Dogs & Cats Home and did not receive any fees during the Close Brothers 2026 financial year.

Payments to departing Directors and past Directors (Audited)

Adrian Sainsbury continued to receive his base salary, car and pension allowances and benefits until his notice period and gardening leave ended on 8 April 2026. During the 2026 financial year, the value of his salary and car and pension allowances was £746,854 and the value of his holiday pay and benefits were £111,916 and £4,005 respectively.

During the 2026 financial year, Adrian Sainsbury has called for his outstanding Deferred Annual Bonus Award relating to 2022 to cover tax liabilities. The total value of the awards on calling was £40,453 and the dividend paid was £9,960. In line with our Remuneration Policy, Adrian will continue to build his shareholding and will be unable to sell shares until he either has reached the minimum shareholding of 200% of base salary or after the two-year hold period following stepping down as an Executive Director.

There were no other payments made to past Directors during the year other than vesting of outstanding share awards as disclosed in previous remuneration reports.

Executive Directors' shareholding and share interests (Audited)

The interests of the Directors in the ordinary shares of the group at 31 July 2026 are set out below:

Name	Shareholding requirement ¹	Number of shares owned outright ²	Outstanding options not subject to performance conditions ³		Outstanding options subject to performance conditions ⁴	
	2026	2026	2026	2025	2026	2025
Mike Morgan	454,888	125,778	5,232	10,611	389,639	295,473
Fiona McCarthy	234,963	4,308	8,996	–	80,196	–

1. Based on the closing mid-market share price of 425.6p on 31 July 2026.

2. This includes shares owned outright by closely associated persons and Share Incentive Plan.

3. This includes DSA and SAYE options.

4. This includes PSA and LTIP awards.

No Executive Director held shares that were vested but unexercised as at 31 July 2026. There were no changes in notifiable interests between 1 August 2026 and 16 September 2026, other than the purchase of shares by Fiona McCarthy within the Share Incentive Plan which increased her shareholding to 4,344 shares.

Executive Directors' shareholding (Audited)

The chart below compares the current Executive Directors shareholding versus shareholding policy, as a percentage of salary. At the end of the 2021 financial year, Mike Morgan exceeded the minimum requirement under the Directors' Remuneration Policy. Following the implementation of the compensation mix adjustments in response to CRD V in the 2022 financial year and being promoted to Chief Executive in January 2025, Mike is building up his shareholding over a reasonable timeframe to meet the revised minimum requirement. Mike has not sold shares since taking office, except to cover tax liabilities, and has no ability to do so, until the threshold is met.

Following Fiona McCarthy's appointment to an Executive Director on 29 August 2025, she will build her shareholding up over a reasonable timeframe to meet the minimum requirement under the Directors' Remuneration Policy.

Mike Morgan



Fiona McCarthy



Details of Executive Directors' share exercises during the year (Audited)

Name	Award type	Held at 1 August 2025	Called ¹	Lapsed	Market price on award p	Market price on calling p	Total value on calling ¹ £	Dividends paid on vested shares £
Mike Morgan	2023 DSA	5,379	5,379	–	923.1	517.3	27,823	5,998
Fiona McCarthy	2021 LTIP	1,423	1,423	–	1,545.8	503.0	7,158	2,497

1. These are the actual number of shares and values realised on calling. Any variances in totals are due to rounding.

Notes to the details of Executive Directors' share exercises during the year

The Deferred Share Award ("DSA") is a mandatory deferral of a portion of the annual bonus.

The DSA and LTIP give Executive Directors the right to call for shares in the company from the employee benefit trust or Treasury Shares, at nil cost, together with a cash amount representing accrued notional dividends thereon. They may be called for at any time up to 12 months from the date of vesting. The DSA and LTIP awards may be forfeited in certain circumstances if the Executive Director leaves employment before the vesting date. The value of the awards is charged to the group's income statement in the year to which the award relates for the DSA and spread over the vesting period for the LTIP award.

Details of Executive Directors' option exercises during the year (Audited)

No Executive Director exercised options during the 2026 financial year.

Single total figure of remuneration for Non-executive Directors (Audited)

Name	2026						2025					
	Basic fee ¹ £'000	Committee chair £'000	Committee member £'000	Senior Independent Director £'000	Benefits ² £'000	Total £'000	Basic fee ¹ £'000	Committee chair £'000	Committee member £'000	Senior Independent Director £'000	Benefits ² £'000	Total £'000
Mike Biggs	300	–	–	–	13	313	300	–	–	–	21	321
Sally Williams	71	–	14	–	1	86	71	–	14	–	2	87
Mark Pain	71	–	14	34	1	120	71	–	14	34	1	120
Tesula Mohindra	71	–	14	–	1	86	71	–	14	–	1	86
Patricia Halliday	71	34	14	–	1	120	71	34	14	–	1	120
Tracey Graham	71	34	7	–	1	113	71	34	7	–	1	113
Kari Hale	71	34	7	–	1	113	71	34	7	–	3	115

1. Non-executive Director fees were last increased with effect from 1 August 2021.

2. Benefits include travel-related expenses in respect of attendance at Board meetings which are taxable. Amounts disclosed have been grossed up using the appropriate tax rate as the company pays the Non-executive Directors' tax.

Notes to the single total figure of remuneration for Non-executive Directors

The fees payable to Non-executive Directors for the 2026 financial year are detailed in the below table. The Non-executive Directors fees were reviewed during the 2026 financial year and no increases were determined. The Non-executive fees are subject to a review during the 2027 financial year.

Role	2026
Chairman ¹	£300,000
Non-executive Director	£71,000
Supplements	
Senior Independent Director	£34,000
Chair of Audit Committee	£34,000
Chair of Remuneration Committee	£34,000
Chair of Risk Committee	£34,000
Committee membership ²	£7,000

1. The Chairman receives no other fees for chairmanship or membership of Board committees.

2. No fees are payable to the Chairman, or for membership, of the Nomination and Governance Committee.

Non-executive Directors' share interests (Audited)

The interests of the Non-executive Directors in the ordinary shares of the company are set out below:

Name	Shares held beneficially at 31 July 2026	Shares held beneficially at 31 July 2025
Mike Biggs	15,000	15,000
Sally Williams	17,529	5,910
Mark Pain	12,898	4,000
Tesula Mohindra	500	500
Patricia Halliday	500	500
Tracey Graham	1,000	1,000
Kari Hale	5,017	–

There were no changes in notifiable interests between 1 August 2026 and 16 September 2026.

This report was approved by the Board of Directors on 29 September 2026 and signed on its behalf by:

Tracey Graham

Chair of the Remuneration Committee

Directors' Remuneration Policy

The Directors' Remuneration Policy was approved by shareholders at the 2024 AGM on 21 November 2024. The policy will apply for three years up to the 2027 AGM.

The Remuneration Policy included the ability to make awards of Restricted Shares, reflecting the difficulty the business had in setting targets.

In developing the Policy, input was sought from the management team, while ensuring that conflicts of interest were suitably mitigated. An external perspective was provided by our major shareholders and independent advisers.

The policy can be read in full on pages 154 to 164 of the 2024 Annual Report, which is available at www.closebrothers.com/investor-relations/investor-information/results-reports-and-presentations. A summary of the main elements of the Remuneration Policy is set out in the table below.

Information on how the Remuneration Policy was applied in 2026 is included in the Annual Report on Remuneration section, on pages 141 to 144.

Remuneration Policy for Executive Directors ("EDs")

The below table sets out the "ordinary course" Directors' Remuneration Policy

Element and how it supports the group's short-term and long-term strategic objectives	Operation and maximum payable
Base salary Attracts and retains high calibre employees. Reflects the employee's role and experience.	Reflects the individual's role and experience and external factors, as applicable. Paid monthly in cash. Increases will generally not exceed those for the broader employee population unless there is a change in role, responsibility or the regulatory environment. Performance framework, recovery and withholding: Not applicable
Benefits Enables the EDs to perform their roles effectively by contributing to their wellbeing and security. Provides competitive benefits consistent with the role.	Benefits may include private medical cover, health screening, life assurance, income protection cover and an allowance in lieu of a company car. Other benefits may also be provided in certain circumstances, such as relocation expenses. Performance framework, recovery and withholding: Not applicable
Pension Provides an appropriate and competitive level of personal and dependent retirement benefits.	EDs receive a level of pension contribution (in the form of a cash allowance or contribution to a pension arrangement) that is in line with the wider workforce. Performance framework, recovery and withholding: Not applicable
Annual bonus Rewards good performance. Motivates employees to support the group's goals, strategies and values over both the medium and long-term. Aligns the interests of senior employees and executives with those of key stakeholders, including shareholders, and increases retention for senior employees, through the use of deferrals.	60% of the annual bonus will usually be deferred into shares (in the form of nil cost options or conditional awards) and will usually vest in equal tranches over three years, subject to remaining in service. The remaining annual bonus will be delivered immediately in cash. The annual bonus is capped at 95% of base salary. At the Remuneration Committee's discretion, dividend equivalents will usually be paid in cash or additional shares when the deferred awards vest. Performance framework, recovery and withholding: Individual bonuses are determined based on both financial and non-financial performance measures in the financial year, including adherence to relevant risk and control frameworks. At the Remuneration Committee's discretion, an element of the bonus may also be based on personal performance. At least 60% of the annual bonus opportunity will be based on financial performance. The non-financial element will be determined based on performance measured against a balanced scorecard, including (but not limited to): • strategic objectives; and/or • people and customer metrics; and/or • risk, conduct and compliance measures. The Remuneration Committee has overriding discretion to adjust vesting outcomes where it considers appropriate. The cash element is subject to clawback and the deferred element is subject to malus and clawback conditions.

Element and how it supports the group's short-term and long-term strategic objectives

Operation and maximum payable

Long-Term Incentive Plan Motivates executives to achieve the group's longer-term strategic objectives. Aids the attraction and retention of key staff. Aligns executive interests with those of shareholders.	Awards are made in the form of nil cost options or conditional awards and usually vest after three years subject to achieving performance conditions and remaining in service. On vesting, awards will usually be subject to a further two-year post-vesting retention period before options can be exercised by, or conditional awards paid to, EDs. EDs are eligible to receive an annual award of shares with a face value of up to 125% of base salary, excluding dividend equivalent. Performance framework, recovery and withholding: Individual awards vest based on performance against both financial and non-financial performance measures. At least 70% of the award will be based on performance against financial measures. The remainder will be based on non-financial performance. The Remuneration Committee has overriding discretion to adjust vesting outcomes where it considers appropriate. LTIP awards are subject to malus and clawback provisions.
Shareholding requirement Aligns the interests of executives with those of shareholders through building a shareholding.	EDs are expected to build and maintain a holding of company shares equal to at least 200% of base salary. EDs will normally be expected to maintain a minimum shareholding of 200% of base salary for the first two years after stepping down as an ED. Performance framework, recovery and withholding: Not applicable
Malus and clawback	Malus and clawback provisions apply to the variable pay that can be earned by EDs. The specific circumstances in which malus and clawback can be applied are set out in our full Policy on page 159 of the 2024 Annual Report, which is available on our website.

Interim Remuneration Policy features – extraordinary circumstances

Restricted stock Interim arrangement to retain and motivate the EDs during this period of uncertainty. Restricted stock will increase the EDs' equity stake and promote stewardship to protect our valuable franchise. This would be in lieu of the normal course annual bonus and performance award LTIP grant in the financial year.	Awards are made in the form of nil cost options or conditional awards and usually vest after three years subject to achieving performance underpins and remaining in service. On vesting, 100% of awards will usually be subject to a further two-year post-vesting retention period before options can be exercised by, or conditional awards paid to, executive directors. EDs are eligible to receive an annual award of shares with a face value of up to 80% of fixed pay, excluding pension and benefits. Performance framework, recovery and withholding: Awards would be subject to a performance underpin, which would be assessed at vesting. The performance underpins will be based on financial and non-financial performance metrics.
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Consistency of Executive Directors' remuneration with wider employee population

The pay and terms and conditions of employment of employees within the group were taken into consideration when setting the Policy and pay of the executive directors. The Remuneration Committee does not formally consult with employees when setting the Policy, although the employee opinion survey conducted every year includes remuneration as one of the topics surveyed. The Remuneration Committee also receives feedback from engagement with, and communication to, employees on matters relating to remuneration issues, which it uses to inform its broader approach to remuneration, including with respect to the alignment between executive remuneration and the approach to compensation for employees across the group. The Remuneration Committee frequently reviews a "Remuneration Dashboard" containing metrics, analysis and other information, which the Committee uses as part of its decision-making, including as part of the annual compensation process. It covers a wide range of areas throughout the year, such as workforce demographics, pay and reward at different levels across the group, gender pay and SAYE participation.

The principles of remuneration are applied throughout the group and are designed to support the group's key attributes across our businesses, which are expertise, service and relationships. Remuneration structures and arrangements for all employees are based on the individual's role, experience, performance and relevant market practice.

Annual bonuses are based on role, business performance, market conditions and individual performance. These bonuses are not capped; except for EDs and group and bank Material Risk Takers.

A limited group of senior employees typically receive performance award LTIP awards, generally on the same basis as the EDs, but the maximum face value of these awards is generally materially lower. Restricted Stock awards will be granted in the coming financial year to senior employees to reflect the current uncertainty impacting the group.

Members of the Executive Committee who are not EDs are required to build and maintain shareholdings of at least one times base salary.

Employees receive the same level of pension contributions (in the form of a cash allowance or contribution to a pension arrangement) as EDs.

All UK employees are eligible to participate in the SAYE and SIP plans.

Dates of Executive Directors' service contracts¹

Name	Date of service contract
Mike Morgan	17 March 2025
Fiona McCarthy	1 September 2025

1. Copies of the Directors' service contracts are available for inspection at the group's registered office.

Remuneration Policy for the Chairman and Non-executive Directors

Element and how it supports the group's short-term and long-term strategic objectives

Operation and maximum payable

Fees

Attract and retain a Chairman and independent Non-executive Directors who have the requisite skills and experience to determine the strategy of the group and oversee its implementation.

- Fees are paid in cash and are reviewed periodically.
- Fees for the Chairman and Non-executive Directors are set by the board. The Non-executive Directors do not participate in decisions to set their own remuneration.
- The Chairman of the board receives a fee as Chairman but receives no other fees for chairmanship or membership of any committees.
- Non-executive Directors receive a base fee.
- The Senior Independent Director receives an additional fee for this role.
- Additional fees are paid for chairmanship of each of the Audit, Remuneration and Risk Committees.
- Additional fees are paid for membership of committees, with the exception of the Nomination and Governance Committee, for which no additional fees are payable.
- Additional fees may be payable for other additional board responsibilities and/or time commitments.
- The Chairman and Non-executive Directors are entitled to claim reimbursement for reasonable expenses and associated tax liabilities incurred in connection with the performance of their duties for the company, including travel expenses.
- Overall aggregate fees will remain within the limit as authorised within the articles of association, which may change from time-to-time.
- There is no performance framework, recovery or withholding.

Non-executive Directors' appointment letters¹

Name	Date of appointment	Current letter of appointment start date
Mike Biggs	14 March 2017	21 November 2023
Mark Pain	1 January 2021	1 January 2024
Kari Hale	28 June 2023	26 June 2024
Tracey Graham	22 March 2022	19 June 2026
Patricia Halliday	1 August 2021	19 June 2026
Tesula Mohindra	15 July 2021	19 June 2026
Sally Williams	1 January 2020	1 January 2024

1. Copies of the Non-executive Directors' appointment letters are available for inspection at the group's registered office.

Statement of consideration of shareholder views

The Chairman of the Board and the Chair of the Remuneration Committee consult our major shareholders on a regular basis on key issues, including remuneration, and welcome feedback from shareholders at any point throughout year. Where the Committee proposes to make any significant changes to the Remuneration Policy, or the manner in which the Policy is operated, we would seek major shareholders' views and take these into account.

A formal consultation exercise was undertaken during 2024 with our major shareholders and shareholder advisory bodies, whereby we implemented a Director's Remuneration Policy that included flexibility to operate an interim restricted stock incentive model. This replaced both the annual bonus and the performance share award grant under the LTIP in 2025. During 2026, we consulted over 20 of our major shareholders on our proposal to extend the restricted stock model for 2027.

Directors' report

The Directors of the company present their report, together with the audited financial statements, for the year ended 31 July 2026, prepared in accordance with the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, the Disclosure Guidance and Transparency Rules ("DTR"), and the UK Listing Rules.

Other sections of the Annual Report have been deemed to be incorporated into the Directors' Report by reference and the table below details where required disclosures can be found. In accordance with section 414C(11) of the Act, some disclosures have been included in the Strategic Report. Readers are also referred to the cautionary statement on page 218 of this Annual Report.

For the purposes of DTR 4.1.5R, the Strategic Report and the Directors' Report comprise the management report.

Disclosures incorporated by reference

Content	Page reference
Agreements for loss of office	140 to 148
Board of Directors	108 to 110
Business activities	2
Corporate governance statement	104 to 121
Credit, market and liquidity risks	77 to 96
Environmental disclosures	30 to 36
Financial instruments	Note 12 "Derivative financial instruments"
Future developments	10 to 13
Going concern and Viability Statement	101 and 102
Remuneration, including waiver of emoluments	137 to 151
Interests in share capital	153
Risk management, including principal risks	60 to 100
Shareholder dividend waivers	153

Results and dividends

The consolidated results for the year are shown on page 164 of the Financial Statements. The Directors do not recommend a final dividend for the year and did not declare an interim dividend during the year.

Further information on the Directors' decision not to pay a dividend in respect of the financial year can be found on page 7.

Directors

The names of the Directors of the company at the date of this report, together with biographical details, are given on pages 108 to 110. All the Directors listed on those pages were Directors of the company throughout the year.

In accordance with the UK Corporate Governance Code, all serving Directors will retire at the 2026 AGM and, with the exception of Mike Biggs, intend to offer themselves for re-election at that meeting. As announced by the company on 31 July 2026, Mike Biggs will not be submitting himself for

re-election at the company's 2026 AGM, having informed the Board of his decision to step down following nine years' as a Director.

During the year, the company announced the following appointments to the Board, after formal and rigorous processes overseen by the Nomination and Governance Committee:

- On 31 July 2026, the company announced that the Board agreed to appoint Mark Pain as Chair of the Board and Chair of the Nomination and Governance Committee, with effect from the conclusion of the company's 2026 AGM.
- On the same date, the company also announced that Tracey Graham would succeed Mark Pain as Senior Independent Director, while continuing in her role as Chair of the Remuneration Committee, with effect from the conclusion of the company's 2026 AGM.

More information on the process undertaken with respect to Mark and Tracey's appointments can be found on pages 104 and 123 of this Annual Report.

Powers of Directors

The Directors may exercise all powers of the company, subject to any directions given by special resolution and the articles of association. The Directors have been authorised to allot and issue ordinary shares and to make market purchases of the company's ordinary shares by virtue of resolutions passed at the company's 2025 AGM.

Appointment and removal of Directors

The appointment and removal of Directors is governed by the company's articles of association, the Companies Act 2006 and other applicable regulations and policies. Directors may be elected by shareholders in a general meeting or appointed by the Board of Directors in accordance with the provisions of the articles of association. The company's articles of association may only be amended by a special resolution of the shareholders in a general meeting.

Directors' indemnities and insurance

In accordance with its articles of association, the company has granted a deed of indemnity to each of its Directors on terms consistent with the applicable statutory provisions. The deeds indemnify the Directors in respect of liabilities (and associated costs and expenses) incurred in connection with the performance of their duties as Directors of the company or any associated company. Qualifying third-party indemnity provisions for the purposes of section 234 of the Companies Act 2006 were accordingly in force during the course of the year and at the date of approval of the Directors' Report. The company also maintains directors' and officers' liability insurance.

Directors' interests

The Directors' interests in the shares of the company are disclosed in the Directors' Remuneration Report on page 148.

During the year, there were no significant contracts of the company or a subsidiary in which a Director was materially interested.

Share capital

The company's share capital comprises one class of ordinary share with a nominal value of 25p per share.

At 31 July 2026, 152,060,290 ordinary shares were in issue, of which 1,345,294 were held by the company in treasury (31 July 2025: 152,060,290 ordinary shares were in issue, of which 1,569,766 were held by the company in treasury).

Under section 551 of the Companies Act 2006, the Directors may allot equity securities only with the express authorisation of shareholders which may be given in general meeting, but which cannot last more than five years. Under section 561 of the Companies Act 2006, the Board may not allot shares for cash (otherwise than pursuant to an employee share scheme) without first making an offer to existing shareholders to allot such shares to them on the same or more favourable terms in proportion to their respective shareholdings, unless this requirement is waived by a special resolution of the shareholders.

Details of Directors' authorities approved by shareholders at the 2025 AGM can be found in the 2025 Notice of AGM and subsequent results announcement.

Since the date of the company's 2025 AGM, with the exception of the authority to make market purchases, the Directors have not used these authorities. Details of market purchases of the company's ordinary shares during the year can be found in the purchase of own shares section below.

The existing authorities to allot and purchase shares given to the company at the last AGM will expire at the conclusion of the forthcoming AGM. At this AGM, shareholders will be asked to renew these authorities. Details of the relevant resolutions to be proposed will be included in the 2026 Notice of AGM.

New issues of share capital

No ordinary shares were allotted or issued during the year. Specifically, no ordinary shares were allotted or issued during the year to satisfy option exercises. Full details of options exercised, the weighted average option exercise price and the weighted average market price at the date of exercise can be found in Note 22 "Share-based awards" of the Financial Statements.

Rights attaching to shares

The company's articles of association set out the rights and obligations attaching to the company's ordinary shares. All of the ordinary shares rank equally in all respects. On a show of hands, each member has the right to one vote at general meetings of the company. On a poll, each member would be entitled to one vote for every share held. The shares carry no rights to fixed income. No person has any special rights of control over the company's share capital and all shares are fully paid.

The articles of association and applicable legislation provide that the company can decide to restrict the rights attaching to ordinary shares in certain circumstances (such as the right to attend or vote at a shareholders' meeting), including where a person has failed to comply with a notice issued by the company under section 793 of the Companies Act 2006.

Restrictions on the transfer of shares

There are no specific restrictions on the transfer of the company's shares which are governed by the general provisions of the articles of association and prevailing legislation. The articles of association set out certain circumstances in which the Directors of the company can refuse to register a transfer of ordinary shares.

The company is not aware of any arrangements between its shareholders that may result in restrictions on the transfer of shares and/or voting rights.

Directors and employees of the group are required to comply with applicable legislation relating to dealing in the company's shares as well as the company's share dealing rules. These rules restrict employees' and Directors' ability to deal in ordinary shares at certain times, and require the employee or Director to obtain permission prior to dealing. Some of the group's employee share plans also contain restrictions on the transfer of shares held within those plans.

Purchase of own shares

Under section 724 of the Companies Act 2006, a company may purchase its own shares to be held in treasury ("Treasury Shares").

The existing authority given to the company at the last AGM to purchase Treasury Shares of up to 10% of its issued share capital will expire at the conclusion of the next AGM.

The Board considers it would be appropriate to renew this authority and intends to seek shareholder approval to purchase Treasury Shares of up to 10% of its issued share capital at the forthcoming AGM. Details of the resolution renewing the authority will be included in the 2026 Notice of AGM.

Awards under the company's employee share plans have historically been met from shares purchased in the market (and held either in treasury or in the employee share trust), however the company's share hedging procedures are kept under review.

During the year, the company did not make any market purchases of Treasury Shares. It transferred 224,472 shares out of treasury to satisfy share option awards, with an aggregate nominal value of £56,118 and representing 0.15% of the company's issued share capital, for a total consideration of £634,049.36.

At 31 July 2026, the company held 1,345,294 Treasury Shares with a nominal value of £0.34 million and representing 0.88% of its issued share capital. The maximum number of Treasury Shares held at any time during the year was 1,569,766, with a nominal value of £0.39 million and representing 1.03% of its issued share capital.

Significant shareholdings

The table below sets out details of the interests in voting rights notified to the company under the provisions of the FCA's Disclosure Guidance and Transparency Rules ("DTR"). Information provided by the company pursuant to the DTR is publicly available via the regulatory information services and via the regulatory news feed on the company's website. The table reflects interests last notified to the company under DTR 5 and may not represent current holdings.

	18 September 2026 Voting rights	31 July 2026 Voting rights	Date of notification
FIL Limited	11.03%	11.03%	15/4/2026
abrdn plc	8.45%	8.45%	22/9/2025
Jupiter Fund Management PLC	5.59%	5.59%	17/1/2025
FMR LLC	5.08%	5.08%	26/9/2025
Royal London Asset Management	4.88%	4.88%	31/10/2024
Third Avenue Management LLC	3.02%	3.02%	22/4/2026

Substantial shareholders do not have different voting rights from those of other shareholders.

Employee Share Trust

Ocorian Trustees (Jersey) Limited is the trustee of the Close Brothers Group Employee Share Trust, an independent trust which holds shares for the benefit of employees and former employees of the group. The trustee will only vote on those shares in accordance with the instructions given to the trustee and in accordance with the terms of the trust deed. The trustee has agreed to satisfy a number of awards under the employee share plans. As part of these arrangements the company funds the trust from time to time, to enable the trustee to acquire shares to satisfy these awards, details of which are set out in Note 22 "Share-based awards" of the Financial Statements. The trustee has waived its right to dividends on all shares held within the trust. During the year, the Close Brothers Group Employee Share Trust did not make any market purchases of ordinary shares.

Significant agreements affected by a change of control

A change of control of the company, following a takeover bid, may cause a number of agreements to which the company is a party to take effect, alter or terminate. These include certain insurance policies, bank facility agreements and employee share plan rules.

The group had committed facilities totalling £500 million at 31 July 2026 which contain clauses requiring lender consent for any change of control. Should consent not be given, a change of control would trigger mandatory repayment of those facilities.

All of the company's employee share plan rules contain provisions relating to a change of control. Outstanding awards and options may vest and become exercisable on a change of control, subject, where applicable, to the satisfaction of any performance conditions at that time and pro-rating of awards.

Research and development activities

During the normal course of business, the group continues to invest in new technology and systems and to develop new products and services to improve operating efficiency and strengthen its customer proposition.

Post balance sheet events

There were no material post balance sheet events.

Political donations

No political donations were made during the year (2025: £nil).

Branches

The company has no branches outside the UK.

Auditor

PricewaterhouseCoopers LLP ("PwC") has expressed its willingness to continue in office as the company's external auditor. Resolutions to reappoint PwC and to determine its remuneration will be proposed at the forthcoming AGM. The full text of the relevant resolutions will be set out in the 2026 Notice of AGM.

Following the conclusion of a formal audit tender process, the Board has approved the proposed reappointment of PwC as external auditor for another term, to take effect from, and including, the financial year ending 31 July 2028. The reappointment is subject to shareholder approval at the 2027 AGM. Further detail on the audit tender process can be found on page 133.

Disclosure of information to the auditor

Each of the persons who are Directors at the date of approval of this Annual 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 they have taken all the reasonable steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

The Directors' Report has been approved by the Board and signed by order of the Board by:

Sarah Peazer-Davies
Company Secretary

29 September 2026

Statement of Directors' responsibilities in respect of the Financial Statements

The Directors, whose names and functions are listed on pages 108 to 110, are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law, the Directors have prepared the group Financial Statements in accordance with UK-adopted international accounting standards and the company Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

Under company law, 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 group and company and of the profit or loss of the group and the company for that period. In preparing the Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted international accounting standards have been followed for the group Financial Statements, and United Kingdom Accounting Standards comprising FRS 102 have been followed for the company Financial Statements, subject to any material departures disclosed and explained in the Financial Statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the group and company Financial Statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The Directors are responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the Financial Statements and the Directors' Remuneration Report comply with the Companies Act 2006.

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.

Directors' confirmations

Each of the current Directors, whose names and functions are listed on pages 108 to 110, confirms that, to the best of his or her knowledge:

- the group Financial Statements, which have been prepared in accordance with UK-adopted international accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the group;
- the company Financial Statements, which have been prepared in accordance with United Kingdom Accounting Standards comprising FRS 102, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company;
- the Strategic Report, together with the Directors' Report and the Corporate Governance Report, includes a fair review of the development and performance of the business and the position of the group and company, 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 group's and company's position and performance, business model and strategy.

Signed on behalf of the Board by:

Mike Morgan

Chief Executive

Fiona McCarthy

Group Chief Finance Officer

29 September 2026

Independent auditors' report to the members of Close Brothers Group plc

Report on the audit of the financial statements

Opinion

In our opinion:

- Close Brothers Group plc's group financial statements and company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the company's affairs as at 31 July 2026 and of the group's loss and the group's cash flows for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006;
- the company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report 2026 (the "Annual Report"), which comprise:

- the consolidated and company balance sheets as at 31 July 2026;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated cash flow statement for the year then ended;
- the consolidated and company statement of changes in equity for the year then ended; and
- the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Our opinion is consistent with our reporting to the Audit Committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

Other than those disclosed in note 5, we have provided no non-audit services to the company or its controlled undertakings in the period under audit.

Our audit approach

Overview

Audit scope

- The scope of our audit and the nature, timing and extent of audit procedures performed were determined by our risk assessment, the financial significance of components and other qualitative factors (including history of misstatement through fraud or error).
- We performed audit procedures over components considered to be significant due to risk or size comprising either full scope audits or the audit of specific account balances.
- We performed other procedures including analytical review procedures to mitigate the risk of material misstatement in the balances not subject to our other audit procedures.

Key audit matters

- Determination of expected credit losses ("ECL") on loans and advances to customers (group)
- Assessment of impairment in relation to valuation of non-financial assets held by the group in relation to the Cash Generating Units ("CGUs") of Close Brothers Limited (group)
- Assessment of the provision in relation to the Financial Conduct Authority's ("FCA's") review of historical motor finance commission arrangements (group)
- Impairment assessment of investments in subsidiaries (parent)

Materiality

- Overall group materiality: £7.1m (2025: £8.0m) based on 5% of 3-year average adjusted profit before tax ("PBT").
- Overall company materiality: £12.8m (2025: £12.5m) based on 1% of Total Assets.
- Performance materiality: £5.3m (2025: £6.0m) (group) and £9.6m (2025: £9.4m) (company).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the 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) identified by the auditors, including 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, and any comments we make on the results of our procedures thereon, 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.

This is not a complete list of all risks identified by our audit.

Impairment assessment of investments in subsidiaries (parent) is a new key audit matter this year. Assessment of the going concern basis of preparation, specifically in relation to capital (group and parent), which was a key audit matter last year, is no longer included because of reduced uncertainty over potential capital impacts from motor commissions redress exposures and given the Group's capital headroom and underlying profitability. Otherwise, the key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
Determination of expected credit losses ("ECL") on loans and advances to customers (group) As at 31 July 2026, the group has gross loans and advances to customers held at amortised cost of £9,717m, with ECL provisions of £264m held against them. The determination of ECL provisions is inherently judgemental and involves setting assumptions using forward looking information reflecting the group's view of potential future economic events. This gives rise to increased estimation uncertainty. ECL provisions by their nature are uncertain, and plausible fluctuations in the economy may impact the credit performance of the lending book. Models are used to collectively assess and determine ECL allowances on loans and advances. We consider the following elements of the determination of modelled ECL to be significant: • The application of forward-looking economic scenarios used in the models and the weightings assigned to those scenarios; and • The Loss Given Default ("LGD") component for the Asset Finance and Leasing business, given that the LGD model was developed over a period with more benign macroeconomic conditions than the expected conditions over the forecast period. Judgement is also involved in determining the ECL provision for individually assessed Property loans in default, specifically on the cash flow assumptions under multiple probability weighted scenarios. Relevant disclosure references: • Audited credit risk disclosures • Note 2 - Critical accounting judgements and estimates • Note 10 - Loans and advances to customers	With the support of our credit risk modelling specialists and economics experts, we performed the following procedures: For collectively assessed ECL provisions: • We understood and critically assessed the appropriateness of the ECL accounting policy and model methodologies used by management; • We independently replicated ECL models for the Asset Finance, Leasing, Motor Finance, Property and Invoice businesses, using management's model methodology and assumptions and tested the input of critical data elements into the ECL models; • We tested model performance through review and replication of key model monitoring tests. We assessed the performance of key model elements, and considered if they indicated that the models continued to perform appropriately or if any post-model adjustments were required; • We critically assessed the reasonableness of management's selected economic scenarios and associated scenario weightings, giving specific consideration to current and future economic uncertainty. We assessed their reasonableness against known or likely economic events; • We compared the severity and magnitude of the certain assumptions used in base scenarios to external forecasts and historic trends; • We assessed whether the deviations of the downside scenario assumptions from the base scenario are reasonable and consistent with generally accepted economic expectations; • Based on our knowledge and understanding of the limitations in management's models and emerging industry risks, we evaluated the completeness and sufficiency of the post model adjustments proposed by management; and • We evaluated the LGD model performance for the Asset Finance & Leasing business and the sufficiency of the extent to which LGD is impacted by macroeconomic factors. Individually assessed provisions: For a sample of individually assessed loans in default and related ECL allowances in the Property business, we: • Evaluated the basis on which the allowances were determined and the evidence supporting the analysis performed by management;

Key audit matter

How our audit addressed the key audit matter

Assessment of impairment in relation to valuation of non-financial assets held by the group in relation to the Cash Generating Units ("CGUs") of Close Brothers Limited (group)

The group's non-financial assets comprise property, plant and equipment and intangible assets, including goodwill. The market value of the group was less than the net asset value which indicated that the assets might be impaired. In addition, IAS 36 Impairment of Assets ("IAS 36") requires annual impairment assessment of the goodwill.

Management evaluated the above non-financial assets for impairment and estimated the recoverable amounts of those assets. Based on the ability to independently generate cash flow, assets have been incorporated into CGUs and the recoverable amount of each CGU has been determined.

Management estimated the recoverable amount using the value in use ("ViU") and compared this amount for each CGU with the imputed carrying value of the CGU (including the goodwill associated with the CGU).

The methodology used to estimate the recoverable amount is complex and dependent on various assumptions, both short term and long term in nature. These assumptions, which are subject to estimation uncertainty, are derived from a combination of management's judgement and market data. There are methodology judgements required in determining ViU compliance with IAS 36. The group's strategic plan is also supported by various assumptions relating to compliance with regulatory capital requirements.

Management concluded that no impairment existed as at 31 July 2026.

The significant assumptions where we focused our audit effort were those with greater levels of management judgement and for which a reasonably possible change in the assumption resulted in an impairment. These were the loan book growth, cost assumptions, and discount rate within the Motor Finance CGU.

Relevant disclosure references:

- Note 2 - Critical accounting judgements and estimates
- Note 13 - Intangible assets
- Note 14 - Property, plant and equipment

- Independently challenged whether the key assumptions used, such as the recovery strategies, timing of the expected future cash flows, collateral values and ranges of potential outcomes were appropriate given the borrower's circumstances; and
- Re-performed management's provision calculation and critically assessed key inputs including expected future cash flows, valuation of collateral held and the weightings of collateral held and the weightings applied to scenario outcomes.

We also tested and evaluated the reasonableness of relevant disclosures made in the financial statements.

We evaluated and challenged management's assessment in the context of the requirements of IAS 36. Our work included the following:

- We tested the mathematical integrity of the impairment model and agreed the relevant inputs to the Board approved strategic plan;
- With the support of our valuation and accounting specialists, we evaluated management's impairment methodology with reference to IFRS requirements for a ViU model. This included adjustments made to the cash flow forecasts to comply with IAS 36;
- We engaged our valuation specialists in assessing the reasonableness of the discount rate range determined by management's expert;
- We engaged our regulatory experts in assessing the reasonableness of the risk weighted asset and capital requirements included in management's forecasts;
- We performed a look-back analysis comparing the cash flow projections made in prior years to the actual results achieved to assess the accuracy of the budgeting and forecasting process;
- We critically assessed the reasonableness of the assumptions underlying management's cash flow forecasts, in particular relating to loan book growth and cost assumptions in the Motor Finance CGU. This included inquiries with management, inspection of business plans, evaluating external data for the UK motor finance market, inflation forecasts, and considering other supporting internal and external third-party evidence.
- We also tested and evaluated the reasonableness of relevant disclosures made in the financial statements.

Key audit matter

How our audit addressed the key audit matter

Assessment of the provision in relation to the FCA's review of historical motor finance commission arrangements (group)

Refer to note 15 (Other assets and liabilities), where the group has disclosed a provision of £318.5m in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets ("IAS 37") in relation to the FCA review of the motor commission arrangements.

The group's provisioning approach reflects one scenario only, being the FCA's policy statement. The policy statement includes detailed guidance on how the scheme should operate, albeit judgement in application is required for certain fact patterns. Significant assumptions include an estimated claim rate under the scheme of 75%, and an estimated delivery cost of c.£63m. Disclosures are provided including key judgements taken and sensitivity of the provision to changes in assumptions.

There remains a high degree of estimation uncertainty in determining the group's best estimate. As a result, we consider this a key audit matter.

Relevant disclosure references:

- Note 2 - Critical accounting judgements and estimates
- Note 15 - Other assets and liabilities

We evaluated and challenged management's assessment in the context of the requirements of IAS 37. Our work included the following:

- We understood the risks facing the group in relation to this matter and the status of the FCA's proposed scheme;
- We examined relevant correspondence with, and made inquiries of, the Group's regulators;
- We reviewed relevant legal advice provided to the group, and made additional inquiries where necessary;
- We evaluated the appropriateness of management's application of one scenario under IAS 37. We also assessed the group's approach to provisioning including the calculation methodology, adoption of a single scenario and assumptions used, in light of our industry experience;
- We reviewed the specific requirements of the FCA's policy statement and evaluated the application of these requirements by management in their model;
- We tested the key data inputs and mathematical accuracy of the model, including an independent recalculation of expected redress payable for the c.720k UK regulated motor finance loans qualifying for redress under the scheme;
- We assessed the reasonableness of the key assumptions within management's model, including comparison of management's claim rate and expected delivery costs to the FCA's assumptions and other redress schemes historically impacting the industry; and
- We assessed whether the disclosures in the financial statements represent the facts and key sources of estimation uncertainty.

Impairment assessment of investments in subsidiaries (parent)

The parent company holds investments in subsidiaries including its 100% shareholding in Close Brothers Holdings Limited of £287m.

The parent company performed a review of the carrying value of the investments in the subsidiaries for indicators of impairment, in accordance with IAS 36. Indicators of impairment were identified and an impairment assessment performed to estimate the recoverable amount, using the ViU. The ViU is supported by the dividend flows from the parent company's subsidiaries, with these dividends generated from the underlying business operations of the group.

We determined this area to be a key audit matter given the primary function of the company is to act as a holding company.

Relevant disclosure references:

- Note 25 - Investments in subsidiaries

We evaluated and challenged management's assessment in the context of the requirements of IAS 36. Our work included the following:

- We evaluated management's impairment methodology with reference to IFRS requirements for a ViU model;
- We obtained evidence of Board approval of the three-year plan and agreed these plans were appropriately reflected in management's model;
- We critically assessed the reasonableness of the key assumptions underlying management's forecasts within the three-year plan;
- We assessed the reasonableness of the dividend payout rates applied to the forecast profit or loss from the three-year plan, and timeline which aligns to management's strategic plan and dividend policy;
- With the support of our internal experts, we evaluated the appropriateness of the discount rate range determined by management's expert;
- We engaged our regulatory experts in assessing the reasonableness of the risk weighted asset and capital requirements included in management's forecasts; and
- We compared the long term growth rate used to the UK long term inflation rate.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group and the company, the accounting processes and controls, and the industry in which they operate.

We performed a risk assessment, giving consideration to relevant external and internal factors, including economic risks, relevant accounting and regulatory developments, as well as the group's strategy. We also considered our knowledge and experience obtained in prior year audits. We continually assessed the risks and updated the scope of our audit where necessary.

The group is structured into one (formerly two) primary component, being the Close Brothers Limited Group (also referred to as the Bank). The sale of Winterflood Securities was completed during the year and the results of this business are now reflected as Discontinued Operations in the consolidated financial statements. The consolidated financial statements are a consolidation

Independent auditors' report to the members of Close Brothers Group plc continued

of this primary component, and other, less significant components, including Winterflood Securities for the period it remained part of the group. The Bank is a subgroup of Retail, Commercial and Property business segments.

Components which were considered to be significant due to risk or size in the context of the group's consolidated financial statements were considered full scope components. We considered the relative financial significance of other components in relation to primary statement account balances. Our scoping also considered the presence of any significant audit risks and other qualitative factors (including history of misstatements through fraud or error).

For our group audit, the Bank and the company are the only significant components due to risk or size. Additionally, we performed full scope procedures over consolidation adjustments due to the nature of these balances. We performed other procedures, including analytical review procedures, to mitigate the risk of material misstatement in the balances not subject to our other audit procedures.

The impact of climate risk on our audit

As part of our audit we made enquiries of management to understand the extent of the potential impact of climate risk on the Group's financial statements, and we remained alert when performing our audit procedures for any indicators of the impact of climate risk. As part of considering the impact of climate change in our risk assessment, we evaluated management's assessment of the impact of climate risk, which is set out in the Sustainability Report, and their conclusion that there is no material impact on the financial statements. In particular, we considered management's assessment of the impact on ECL on loans and advances to customers, being the financial statement line item we determined to be most likely to be impacted by climate risk. Management's assessment gave consideration to a number of matters, including the exposure of underlying portfolios to transition risk. Management's conclusion that there is no material impact is consistent with our audit findings.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Financial statements - group	Financial statements - company
Overall materiality	£7.1m (2025: £8.0m).	£12.8m (2025: £12.5m).
How we determined it	5% of 3-year average adjusted profit before tax ("PBT")	1% of Total Assets
Rationale for benchmark applied	PBT is a primary measure used by the shareholders in assessing the performance of the group and is a generally accepted benchmark for determining audit materiality. We have determined it appropriate to select the 3-year average adjusted PBT from continuing operations as the most appropriate benchmark given the trading performance and cost volatility experienced in recent years across the group. We have used PBT from continuing operations in both the current and prior years when calculating the average, and removed the impact of certain adjusting items including restructuring costs; provision in relation to early settlements in Motor Finance; impairment of operating lease assets in Vehicle Hire and redress costs, including motor finance commission costs.	We have selected total assets as an appropriate benchmark for company materiality, as it is an investment holding company, consistent with the prior year.

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The materiality allocated to the Bank component and other centralised activities was £6.7m. This materiality was then further disaggregated for work performed at sub-components of the Bank. Certain sub-components were audited to a local statutory audit materiality that was also less than our overall group materiality.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2025: 75%) of overall materiality, amounting to £5.3m (2025: £6.0m) for the group financial statements and £9.6m (2025: £9.4m) for the company financial statements.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount towards the upper end of our normal range was appropriate.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £0.4m (group audit) (2025: £0.4m) and £0.4m (company audit) (2025: £0.4m) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

Our evaluation of the directors' assessment of the group's and the company's ability to continue to adopt the going concern basis of accounting included:

- Understanding the Directors' going concern assessment process, including the preparation and approval of the Board approved forecast covering the period of the going concern assessment to December 2027. We evaluated the forecasting method adopted by the Directors in assessing going concern, including considering a severe but plausible downside scenario and sensitivities to that scenario;
- Evaluating management's financial and regulatory capital forecasts. We checked the mathematical accuracy of relevant forecasts and evaluated the key assumptions using our understanding of the group and external evidence where appropriate. We used our Prudential Regulatory experts to consider the Bank's key risk weighted assets and forecast capital requirement assumptions. We also considered historic budgeting accuracy;
- Evaluating the appropriateness of management's severe but plausible scenario using our understanding of the group and the external environment. Our evaluation included considering the capital capacity projected for the Bank and Group, and the ability to absorb a severe but plausible outcome and the capacity to absorb losses and increases in risk weighted assets beyond the impacts modelled;
- Considering management's stress testing of liquidity. We substantiated the liquid resources held, and liquidity facilities available to the group, for example, with the Bank of England. We also assessed the risks associated with credit rating downgrades on the funding structure of the group and considered the group's funding strategy;
- Reviewing correspondence between the group and its regulators, with a focus on communications that may influence the going concern assessment and highlight potential capital or liquidity concerns. During the audit, we met with the Prudential Regulatory Authority ("PRA") to gain an understanding of their views on the group's risk profile and capital position; and
- Assessing the adequacy of disclosures in the Going Concern statement in the group's consolidated and company's Financial Statements and within the related section of the Strategic Report.

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 the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the company's ability to continue as a going concern.

In relation to the directors' reporting on how they have 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.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, 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 audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. 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 based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 July 2026 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Directors' Remuneration

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Corporate governance statement

The Listing Rules require us to review the directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the company's compliance with the provisions of the UK Corporate Governance Code specified for our review. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement, included within the Corporate Governance Report is materially consistent with the financial statements and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:

- The directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the group's and company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- The directors' explanation as to their assessment of the group's and company's prospects, the period this assessment covers and why the period is appropriate; and
- The directors' statement as to whether they have a reasonable expectation that the company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the directors' statement regarding the longer-term viability of the group and company was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the financial statements and our knowledge and understanding of the group and company and their environment obtained in the course of the audit.

In addition, 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 that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the group's and company's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Annual Report describing the work of the Audit Committee.

We have nothing to report in respect of our responsibility to report when the directors' statement relating to the company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the Financial Statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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 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 company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 auditors' 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.

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.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of laws and regulations, principally those determined by the PRA and the FCA, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006, UK tax legislation and the Listing Rules of the FCA.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate manual journal entries to manipulate financial performance, management bias in the application of judgements and assumptions in significant accounting estimates and significant one-off or unusual transactions. Audit procedures performed by the engagement team included:

- Enquiries with management, compliance, internal audit and those charged with governance including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Evaluation of the completeness of matters which may impact financial reporting identified by management through the Group's whistleblowing helpline and management's investigation of such matters;
- Evaluating assumptions and judgements made by management in their significant accounting estimates, in particular in relation to the allowance for ECL, certain impairment assessments for non-financial assets and considering the provision in relation to the FCA's review of historical motor finance commission arrangements and other redress provisions;
- Identifying and testing higher risk journal entries;
- Incorporating unpredictability into the nature, timing and/or extent of our testing; and
- Reviewing key correspondence with the FCA and PRA in relation to compliance with regulatory requirements.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

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. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Appointment

We were first appointed by the company for the financial year ended 31 July 2018. Our uninterrupted engagement covers 9 financial years.

Other matter

The company is required by the Financial Conduct Authority Disclosure Guidance and Transparency Rules to include these financial statements in an annual financial report prepared under the structured digital format required by DTR 4.1.15R - 4.1.18R and filed on the National Storage Mechanism of the Financial Conduct Authority. This auditors' report provides no assurance over whether the structured digital format annual financial report has been prepared in accordance with those requirements.

Luke Hanson (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
29 September 2026

Consolidated income statement

For the year ended 31 July 2026

	Note	2026 £ million	2025 £ million
Interest income	4	1,002.7	1,111.7
Interest expense	4	(464.2)	(542.9)
Net interest income		538.5	568.8
Fee and commission income	4	94.4	103.5
Fee and commission expense	4	(17.1)	(16.7)
Other income	4	101.3	118.5
Depreciation of operating lease assets and other direct costs	14	(66.1)	(84.6)
Impairment of operating lease assets	14	—	(30.0)
Non-interest income		112.5	90.7
Operating income		651.0	659.5
Provision in relation to motor finance commissions	15	(164.7)	(165.0)
Other motor finance commissions related costs, net of insurance recoveries	15	3.0	(18.7)
Provision in relation to early settlements in Motor Finance	15	—	(33.0)
Restructuring costs	15	(14.3)	(2.3)
Other administrative expenses	4	(443.5)	(470.1)
Total administrative expenses	4	(619.5)	(689.1)
Impairment losses on financial assets	10	(91.8)	(92.8)
Total operating expenses		(711.3)	(781.9)
Operating loss before tax		(60.3)	(122.4)
Tax	6	(5.1)	(4.7)
Loss after tax from continuing operations		(65.4)	(127.1)
Profit from discontinued operations, net of tax	26	2.0	49.2
Loss after tax		(63.4)	(77.9)
Attributable to			
Shareholders		(85.7)	(100.2)
Other equity owners	18	22.3	22.3
		(63.4)	(77.9)
From continuing operations			
Basic earnings per share	7	(58.5)p	(99.8)p
Diluted earnings per share	7	(58.5)p	(99.8)p
From continuing and discontinued operations			
Basic earnings per share	7	(57.1)p	(66.9)p
Diluted earnings per share	7	(57.1)p	(66.9)p
Interim dividend per share	8	—	—
Final dividend per share	8	—	—

Consolidated statement of comprehensive income

For the year ended 31 July 2026

	Note	2026 £ million	2025 £ million
Loss after tax		(63.4)	(77.9)
Items that may be reclassified to income statement			
Currency translation (losses)/gains		(0.3)	0.5
Losses on cash flow hedging		(4.5)	(12.7)
Gains/(losses) on financial instruments classified at fair value through other comprehensive income		2.3	(4.2)
Tax relating to items that may be reclassified		0.8	4.3
		(1.7)	(12.1)
Items that will not be reclassified to income statement			
Defined benefit pension scheme losses		—	(0.1)
Tax relating to items that will not be reclassified		—	—
		—	(0.1)
Other comprehensive expense, net of tax		(1.7)	(12.2)
Total comprehensive loss		(65.1)	(90.1)
Attributable to			
Shareholders		(87.4)	(112.4)
Other equity owners	18	22.3	22.3
		(65.1)	(90.1)

Consolidated balance sheet

At 31 July 2026

	Note	31 July 2026 £ million	31 July 2025 £ million
Assets			
Cash and balances at central banks		1,190.7	1,917.0
Loans and advances to banks	9	224.6	161.7
Loans and advances to customers	10	9,463.2	9,459.4
Debt securities	11	571.1	859.2
Derivative financial instruments	12	93.3	103.1
Intangible assets	13	155.0	166.3
Property, plant and equipment	14	165.4	209.4
Current tax assets		55.6	44.2
Deferred tax assets	6	27.9	31.0
Prepayments, accrued income and other assets	15	111.6	186.6
Assets classified as held for sale	26	—	934.0
Total assets		12,058.4	14,071.9
Liabilities			
Deposits by banks	16	20.3	88.1
Deposits by customers	16	7,876.2	8,799.3
Loans and overdrafts from banks	16	0.9	1.5
Debt securities in issue	16	1,636.0	1,991.3
Derivative financial instruments	12	90.0	104.7
Provisions for liabilities and charges	15	364.4	210.3
Accruals, deferred income and other liabilities	15	169.2	172.3
Subordinated loan capital	17	249.8	195.5
Liabilities directly associated with assets classified as held for sale	26	—	773.4
Total liabilities		10,406.8	12,336.4
Equity			
Called up share capital	18	38.0	38.0
Retained earnings		1,445.1	1,532.3
Other equity instrument	18	197.6	197.6
Other reserves		(29.1)	(32.4)
Total shareholders' and other equity owners' equity		1,651.6	1,735.5
Total equity		1,651.6	1,735.5
Total equity and liabilities		12,058.4	14,071.9

The consolidated financial statements on pages 164 to 213 were approved and authorised for issue by the Board of Directors on 29 September 2026 and signed on its behalf by:

Michael B. Morgan
Chief Executive

Fiona McCarthy
Group Chief Finance Officer

Registered number: 520241

Consolidated statement of changes in equity

For the year ended 31 July 2026

	Called up share capital £ million	Retained earnings £ million	Other equity instrument £ million	Other reserves				Total attributable to shareholders and other equity owners £ million	Total equity £ million
				FVOCI reserve £ million	Share- based payments reserve £ million	Exchange movements reserve £ million	Cash flow hedging reserve £ million		
At 1 August 2024	38.0	1,634.4	197.6	(5.3)	(33.8)	(1.4)	13.0	1,842.5	1,842.5
Loss for the year	—	(77.9)	—	—	—	—	—	(77.9)	(77.9)
Other comprehensive (expense)/income	—	(0.1)	—	(3.0)	—	0.1	(9.2)	(12.2)	(12.2)
Total comprehensive (expense)/income for the year	—	(78.0)	—	(3.0)	—	0.1	(9.2)	(90.1)	(90.1)
Shares purchased	—	—	—	—	(1.6)	—	—	(1.6)	(1.6)
Shares released	—	—	—	—	9.2	—	—	9.2	9.2
Coupon paid on other equity instrument (Note 18)	—	(22.3)	—	—	—	—	—	(22.3)	(22.3)
Other movements	—	(1.8)	—	—	(0.4)	—	—	(2.2)	(2.2)
At 31 July 2025	38.0	1,532.3	197.6	(8.3)	(26.6)	(1.3)	3.8	1,735.5	1,735.5
Loss for the year	—	(63.4)	—	—	—	—	—	(63.4)	(63.4)
Other comprehensive income/(expense)	—	—	—	1.6	—	(0.1)	(3.2)	(1.7)	(1.7)
Total comprehensive (expense)/income for the year	—	(63.4)	—	1.6	—	(0.1)	(3.2)	(65.1)	(65.1)
Shares purchased	—	—	—	—	—	—	—	—	—
Shares released	—	—	—	—	4.2	—	—	4.2	4.2
Coupon paid on other equity instrument (Note 18)	—	(22.3)	—	—	—	—	—	(22.3)	(22.3)
Other movements	—	(1.7)	—	—	0.8	—	—	(0.9)	(0.9)
Income tax	—	0.2	—	—	—	—	—	0.2	0.2
At 31 July 2026	38.0	1,445.1	197.6	(6.7)	(21.6)	(1.4)	0.6	1,651.6	1,651.6

Consolidated cash flow statement

For the year ended 31 July 2026

	Note	2026 £ million	2025 £ million
Net cash (outflow)/inflow from operating activities	23(a)	(804.7)	241.2
Net cash inflow/(outflow) from investing activities			
Purchase of:			
Property, plant and equipment		(2.9)	(5.3)
Intangible assets – software		(25.7)	(24.5)
Subsidiaries, net of cash acquired	23(b)	—	(0.5)
Sale of:			
Equity shares held for investment		—	1.8
Subsidiaries, net of cash disposed	23(c)	122.5	104.0
		93.9	75.5
Net cash (outflow)/inflow before financing activities		(710.8)	316.7
Financing activities			
Purchase of own shares for employee share award schemes		—	(1.6)
Interest paid on subordinated loan capital and debt financing		(23.1)	(23.4)
Issuance of subordinated loan capital		248.9	—
Redemption of subordinated loan capital		(198.4)	—
Payment of lease liabilities		(7.2)	(12.1)
AT1 coupon payment		(22.3)	(22.3)
Net (decrease)/increase in cash		(712.9)	257.3
Cash and cash equivalents at beginning of year		2,101.8	1,844.5
Cash and cash equivalents at end of year	23(d)	1,388.9	2,101.8
Cash and cash equivalents per the balance sheet		1,388.9	2,046.8
Cash and cash equivalents within the assets of the disposal group classified as held for sale	26	—	55.0
		1,388.9	2,101.8

Company balance sheet

At 31 July 2026

	Note	31 July 2026 £ million	31 July 2025 £ million
Fixed assets			
Property, plant and equipment	14	5.3	6.5
Investment in subsidiaries	25	487.0	487.0
		492.3	493.5
Current assets			
Amounts owed by subsidiaries due within one year		407.5	420.8
Amounts owed by subsidiaries due after more than one year		249.0	199.7
Corporation tax receivable		0.1	5.9
Deferred tax asset	6	0.8	0.4
Other debtors		2.2	3.0
Cash at bank		0.1	4.8
		659.7	634.6
Creditors: Amounts falling due within one year			
Debt securities in issue	16	2.1	2.1
Subordinated loan capital	17	7.5	1.5
Provisions for liabilities and charges	15	0.2	0.2
Other creditors		0.6	1.5
Accruals		7.3	6.7
		17.7	12.0
Net current assets		642.0	622.6
Total assets less current liabilities		1,134.3	1,116.1
Creditors: Amounts falling due after more than one year			
Debt securities in issue	16	249.6	249.2
Subordinated loan capital	17	249.0	199.7
Provisions	15	0.7	0.8
Net assets		635.0	666.4
Capital and reserves			
Called up share capital	18	38.0	38.0
Other equity instrument	18	200.0	200.0
Other reserves		(21.6)	(26.6)
Profit and loss account		418.6	455.0
Shareholders' and other equity owners' funds		635.0	666.4

The company reported a loss for the financial year ended 31 July 2026 of £12.2 million (2025: £20.7 million loss).

The company financial statements were approved and authorised for issue by the Board of Directors on 29 September 2026 and signed on its behalf by:

Michael B. Morgan
Chief Executive

Fiona McCarthy
Group Chief Finance Officer

Company statement of changes in equity

For the year ended 31 July 2026

	Share capital £ million	Other equity instrument £ million	Profit and loss account £ million	Other reserves Share-based payments reserve £ million	Total attributable to shareholders and other equity owners £ million
At 1 August 2024	38.0	200.0	502.0	(33.8)	706.2
Loss for the year	—	—	(20.7)	—	(20.7)
Other comprehensive expense	—	—	(0.1)	—	(0.1)
Total comprehensive loss for the year	—	—	(20.8)	—	(20.8)
Dividends paid (Note 8)	—	—	—	—	—
Shares purchased	—	—	—	(1.6)	(1.6)
Shares released	—	—	—	9.2	9.2
Other equity instrument issued (Note 18)	—	—	—	—	—
Coupon paid on other equity instrument (Note 18)	—	—	(22.3)	—	(22.3)
Other movements	—	—	(3.9)	(0.4)	(4.3)
At 31 July 2025	38.0	200.0	455.0	(26.6)	666.4
Loss for the year	—	—	(12.2)	—	(12.2)
Other comprehensive income	—	—	—	—	—
Total comprehensive loss for the year	—	—	(12.2)	—	(12.2)
Dividends paid (Note 8)	—	—	—	—	—
Shares purchased	—	—	—	—	—
Shares released	—	—	—	4.2	4.2
Other equity instrument issued (Note 18)	—	—	—	—	—
Coupon paid on other equity instrument (Note 18)	—	—	(22.3)	—	(22.3)
Other movements	—	—	(1.9)	0.8	(1.1)
At 31 July 2026	38.0	200.0	418.6	(21.6)	635.0

1. Material accounting policies

(a) Reporting entity

Close Brothers Group plc ("the company"), a public limited company by shares incorporated and domiciled in the UK (England), together with its subsidiaries (collectively, "the group"), operates through three (2025: three) operating segments: Commercial, Retail and Property, and is primarily located within the UK.

(b) Basis of preparation

The consolidated financial statements have been prepared in accordance with UK-adopted International Accounting Standards ("IAS") and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

The company financial statements have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006, under the provision of the Large and Medium-sized Companies and Groups (Accounts and Financial Instruments: Recognition and Measurement Reports) Regulations 2008 (SI 2008/410).

As permitted by FRS 102, the company has chosen to adopt IFRS 9 Financial Instruments where applicable and taken advantage of the disclosure exemptions available under FRS 102 in relation to the presentation of a cash flow statement, share-based payments and related party transactions. Where required, equivalent disclosures are given in the consolidated financial statements of the group. The company has also taken advantage of the exemption in section 408 of the Companies Act 2006 not to present its company income statement and related notes.

Where relevant, the accounting policies of the company are the same as those of the group set out in this note except for (j) Leases. For the company, rental costs under operating leases are charged to the income statement in equal instalments over the period of the lease. Amounts owed by subsidiaries due within one year on the company balance sheet include cash held with Close Brothers Limited.

The consolidated and company financial statements have been prepared on a going concern basis and under the historical cost convention, except for financial assets and liabilities held at fair value through profit or loss and financial assets held at fair value through other comprehensive income. Further information on going concern can be found within the Strategic Report.

Items relevant to understanding financial performance are presented on the consolidated income statement under IAS 1.

(c) Accounting developments

Standards adopted during the year

The accounting standards applied this financial year are consistent with those of the previous financial year.

Future accounting developments

Amendments to the Classification and Measurement of Financial Instruments, which amend IFRS 9 "Financial Instruments" and IFRS 7 "Financial Instruments: Disclosures", are effective for the group from 1 August 2026. These amendments clarify certain classification and measurement and related disclosure requirements and are expected to have an immaterial impact on the group.

IFRS 18 "Presentation and Disclosure in Financial

Statements" is effective for the group from 1 August 2027 and the impact is currently under assessment.

(d) Consolidation and investment in subsidiaries

Subsidiaries

Subsidiaries are all entities over which the group has control. The group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Such power generally accompanies a shareholding of more than one half of the voting rights. Subsidiaries are fully consolidated from the date on which the group effectively obtains control. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for the acquisition of subsidiaries. Under the acquisition method of accounting, with some limited exceptions, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any non-controlling interest is measured either at fair value or at the non-controlling interest's proportion of the net assets acquired. Acquisition-related costs are accounted for as expenses when incurred, unless directly related to the issue of debt or equity securities. Any excess of the cost of acquisition over net assets is capitalised as goodwill. All intra-group balances, transactions, income and expenses are eliminated.

The company's investment in its subsidiary is valued at cost less any accumulated impairment losses.

(e) Foreign currency translation

For the company and those subsidiaries whose balance sheets are denominated in sterling, which is the company's functional and presentation currency, monetary assets and liabilities denominated in foreign currencies are translated into sterling at the closing rates of exchange at the balance sheet date. Foreign currency transactions are translated into sterling at the average rates of exchange at the date of the transaction and exchange differences arising are taken to the consolidated income statement.

The balance sheets of subsidiaries denominated in foreign currencies are translated into sterling at the closing rates. The income statements for these subsidiaries are translated at the average rates and exchange differences arising are taken to equity. Such exchange differences are reclassified to the consolidated income statement in the period in which the subsidiary is disposed of.

(f) Revenue recognition

Interest income

Interest on loans and advances made by the group, and fee income and expense and other direct costs relating to loan origination, restructuring or commitments, are recognised in the consolidated income statement using the effective interest rate method.

The effective interest rate method applies a rate that discounts estimated future cash payments or receipts over the expected life of a financial instrument to the gross carrying amount of a financial asset or to the amortised cost of a financial liability. The cash flows take into account all contractual terms of the financial instrument including transaction costs and all other premiums or discounts but not future credit losses. Interest income is recognised on a contractual basis where it is not possible to reliably estimate the cash flows or expected life of a financial instrument.

Fees and commissions

Where fees that have not been included within the effective interest rate method are earned on the execution of a significant act at a point in time, such as fees arising from invoice discounting and factoring services, or negotiating or arranging a transaction for a third party, they are recognised as revenue when that act has been completed and the performance obligation has been met. Fees and corresponding expenses in respect of other services are recognised in the consolidated income statement as the right to consideration or payment accrues over time when services are performed and obligations are met. To the extent that fees and commissions are recognised in advance of billing they are included as accrued income or expense.

Dividends

Dividend income is recognised when the right to receive payment is established.

(g) Adjusted measures

Adjusted measures are management measures presented on a basis consistent with prior periods and exclude adjusting items which do not reflect underlying trading performance and which may be recurring. Adjusted measures also exclude exceptional items.

Adjusting items this year comprise:

- provision in relation to motor finance commissions;
- other motor finance commissions related costs, net of insurance recoveries;
- discount unwind in relation to the provisions for motor finance commissions and early settlements in Motor Finance;
- provision in relation to early settlements in Motor Finance;
- gain on disposal of Close Brewery Rentals Limited;
- restructuring costs;
- amortisation of intangible assets on acquisition;
- operating profit/(loss) of Close Brewery Rentals Limited; and
- operating profit/(loss) of Close Brothers Vehicle Hire.

Amortisation of intangible assets on acquisition is excluded to present the performance of the group's acquired businesses consistent with its other businesses. The other adjusting items do not reflect underlying trading performance.

Exceptional items are income and expense items that are material by size and/or nature and are non-recurring.

(h) Financial assets and liabilities (excluding derivatives)

Classification and measurement

Financial assets are classified at initial recognition on the basis of the business model within which they are managed and their contractual cash flow characteristics. The classification categories are amortised cost, fair value through other comprehensive income ("FVOCI") and fair value through profit or loss ("FVTPL").

Financial assets that are held to collect contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Initial recognition is at fair value plus directly attributable transaction costs. Interest income is accounted for using the effective interest rate method.

Financial assets that are held to collect contractual cash flows and for subsequent sale, where the assets' cash flows represent solely payments of principal and interest, are classified at FVOCI. Directly attributable transaction costs are added to the initial fair value. Gains and losses are

recognised in other comprehensive income, except for impairment gains and losses, until the financial asset is either sold or matures, at which time the cumulative gain or loss is recognised in the income statement. Impairment gains and losses are recognised in the income statement.

Financial assets are classified at FVTPL where they do not meet the criteria to be measured at amortised cost or FVOCI or where they are designated at FVTPL to reduce an accounting mismatch. Financial assets at FVTPL are recognised at fair value. Transaction costs are immediately recognised in profit or loss on initial recognition. Gains and losses that subsequently arise on changes in fair value are recognised in the income statement.

Financial liabilities are classified at initial recognition at amortised cost except for the following instruments which are classified at FVTPL: derivatives; financial liabilities held for trading; and financial liabilities designated as FVTPL to eliminate an accounting mismatch.

Financial liabilities at amortised cost are measured at fair value less directly attributable transaction costs on initial recognition. Interest expense is accounted for using the effective interest rate method. Financial liabilities at FVTPL are measured at fair value on initial recognition. Transaction costs are immediately recognised in profit or loss on initial recognition. Subsequent changes in fair value are recognised in the income statement except for financial liabilities designated at FVTPL; changes in fair value attributable to changes in credit risk are recognised in other comprehensive income.

The fair values of quoted financial assets or financial liabilities in active markets are based on bid or offer prices. If the market for a financial asset or financial liability is not active, or they relate to unlisted securities, the group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, discounted cash flow analysis and other valuation techniques commonly used by market participants.

Derecognition

Financial assets are derecognised when the contractual rights to receive cash flows from the financial assets have expired or where the group has transferred the contractual rights to receive cash flows and transferred substantially all risks and rewards of ownership. If substantially all the risks and rewards have been neither retained nor transferred the assets continue to be recognised to the extent of the group's continuing involvement. Financial liabilities are derecognised when they are extinguished.

Modifications

The terms or cash flows of a financial asset or liability may be modified due to renegotiation or otherwise. If the terms or cash flows are substantially different to the original, then the financial asset or liability is derecognised and a new financial asset or liability is recognised at fair value. If the terms or cash flows are not substantially different to the original, then the financial asset or liability carrying value is adjusted to reflect the present value of modified cash flows discounted at the original EIR. The adjustment is recognised within income on the income statement.

1. Material accounting policies (continued)

(i) Impairment of financial assets

Expected credit losses

In accordance with IFRS 9, expected credit losses ("ECL") are recognised for loans and advances to customers and banks, other financial assets held at amortised cost, financial assets measured at FVOCI, loan commitments and financial guarantee contracts. The impairment charge in the income statement includes the change in expected credit losses.

At initial recognition, financial assets are considered to be in Stage 1 and a provision is recognised for 12 months of expected credit losses. If a significant increase in credit risk since initial recognition occurs, these financial assets are considered to be in Stage 2 and a provision is made for the lifetime expected credit losses. As a backstop, all financial assets 30 days past due are considered to have experienced a significant increase in credit risk and are transferred to Stage 2.

A financial asset will remain classified as Stage 2 until the credit risk has improved and it can be returned to Stage 1 or until it deteriorates such that it meets the criteria to move to Stage 3.

Where a financial asset no longer represents a significant increase in credit risk since origination it can move from Stage 2 back to Stage 1. As a minimum this means that all payments must be up to date, the quantitative probability of default assessment trigger is no longer met, and the account is not evidencing qualitative assessment triggers.

When objective evidence exists that a financial asset is credit impaired, such as the occurrence of a credit default event or identification of an unlikelihood to pay indicator, the financial asset is considered to be in Stage 3. As a backstop, all financial assets 90 days or more past due are considered to be credit impaired and transferred to Stage 3.

Cure definitions are in operation where certain financial assets in Stage 3 can move back to Stage 2, subject to Stage 3 indicators no longer being in effect, and meeting the appropriate cure period.

In all circumstances, loans and advances to customers are written off against the related provisions when there are no reasonable expectations of further recovery. This is typically following realisation of all associated collateral and available recovery actions against the customer. Subsequent recoveries of amounts previously written off decrease the amount of impairment losses recorded in the income statement.

The calculation of expected credit losses for loans and advances to customers, either on a 12-month or lifetime basis, is based on the probability of default ("PD"), the exposure at default ("EAD") and the loss given default ("LGD"), and includes forward-looking macroeconomic information where appropriate. Further information on this calculation methodology can be found on page 82 in the "Use of estimates" section of the Risk Report.

The calculation of expected credit losses for some loan portfolios and receivables relating to operating lease assets is based on a simplified lifetime only expected credit loss approach. Under the simplified approach, stage classification represents management's internal assessment of credit risk.

Expected credit losses are assessed against actual loss experience via a series of provision adequacy reviews. These reviews also incorporate management judgement to ensure that our ECL coverage ratios remain appropriate.

(j) Leases

Lessor

A finance lease is a lease or hire purchase contract that transfers substantially all the risks and rewards incidental to ownership of an asset to the lessee. Finance leases are recognised as loans at an amount equal to the gross investment in the lease, which comprises the lease payments receivable and any unguaranteed residual value, discounted at its implicit interest rate. Finance charges on finance leases are taken to income in proportion to the net funds invested.

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset to the lessee. Rental income from operating leases is recognised in equal instalments over the period of the leases and included in other income in the consolidated income statement.

Lessee

A lease liability and right of use asset are recognised on the balance sheet at the lease commencement date. The lease liability is measured at the present value of future lease payments. The discount rate is the rate implicit in the lease, or if that cannot be determined, the group's incremental borrowing rate appropriate for the right of use asset. The right of use asset is measured at cost, comprising the initial lease liability, payments made at or before the commencement date less lease incentives received, initial direct costs, and estimated costs of restoring the underlying asset to the condition required by the lease.

Lease payments are allocated between the liability and finance cost. The finance cost relating to the lease liability is charged to the consolidated income statement over the lease term. The right of use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

As set out in Note 1(b), the company has a different accounting policy for leases under FRS 102. Rental costs under operating leases are charged to the income statement in equal instalments over the period of the lease.

(k) Sale and repurchase agreements and other secured lending and borrowings

Securities may be sold subject to a commitment to repurchase them. Such securities are retained on the consolidated balance sheet when substantially all the risks and rewards of ownership remain with the group. The transactions are treated as collateralised borrowing and the counterparty liability is included within loans and overdrafts from banks. Similar secured borrowing transactions, including securities lending transactions and collateralised short-term notes, are treated and presented in the same way. These secured financing transactions are initially recognised at fair value, and subsequently valued at amortised cost, using the effective interest rate method.

(l) Securitisation transactions

The group securitises its own financial assets via the sale of these assets to special purpose entities, which in turn issue securities to investors. All financial assets continue to be held on the group's consolidated balance sheet together with debt securities in issue recognised for the funding.

The group has a forward flow arrangement with a third party. In this arrangement, financial assets were originated and recognised on the balance sheet and simultaneously derecognised on sale of the assets.

See Note 1(h) for the derecognition accounting policy.

(m) Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount presented on the consolidated balance sheet if there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise an asset and settle the liability simultaneously.

(n) Derivatives and hedge accounting

On adoption of IFRS 9 Financial Instruments in 2018, the group elected to continue applying hedge accounting under IAS 39: Financial Instruments: Recognition and Measurement.

In general, derivatives are used to minimise the impact of interest rate and currency exchange rate movements on the group's financial instruments. They are carried on the consolidated balance sheet at fair value which is obtained from quoted market prices in active markets, including recent market transactions and discounted cash flow models.

On acquisition, certain derivatives are designated as a hedge and the group formally documents the relationship between these derivatives and the hedged item. The group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivative is highly effective in offsetting changes in fair values or cash flows of hedged items. If a hedge was deemed partially ineffective but continues to qualify for hedge accounting, the amount of the ineffectiveness, taking into account the timing of the expected cash flows where relevant, would be recorded in the consolidated income statement. If the hedge is not, or has ceased to be highly effective, the group discontinues hedge accounting.

For fair value hedges, changes in the fair value are recognised in the consolidated income statement, together with changes in the fair value of the hedged item. For cash flow hedges, the fair value gain or loss associated with the effective proportion of the cash flow hedge is recognised initially directly in equity and recycled to the consolidated income statement in the period when the hedged item affects income.

(o) Intangible assets

Computer software (acquired and costs associated with development) and intangible assets on acquisition (excluding goodwill) are stated at cost less accumulated amortisation and provisions for impairment which are reviewed at least annually. Amortisation is calculated to write off their cost on a straight-line basis over the estimated useful lives as follows:

Computer software	3 to 10 years
Intangible assets on acquisition	17 years

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is assessed annually for impairment and carried at cost less any accumulated impairment.

(p) Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and provisions for impairment which are reviewed at least annually. Depreciation is calculated to write off their cost on a straight-line basis over their estimated useful lives as follows:

Short leasehold property	Over the length of the lease
Fixtures, fittings and equipment	3 to 5 years
Assets held under operating leases	1 to 20 years
Motor vehicles	1 to 5 years

(q) Share capital and other equity

Share issue costs

Incremental costs directly attributable to the issue of new shares or options, including those issued on the acquisition of a business, are shown in equity as a deduction, net of tax, from the proceeds.

Dividends on ordinary shares

Dividends on ordinary shares are recognised in equity in the period in which they are paid or, if earlier, approved by shareholders.

Treasury shares

Where the company or any member of the group purchases the company's share capital, the consideration paid is deducted from shareholders' equity as Treasury shares until they are cancelled. Where such shares are subsequently sold or reissued, any consideration received is included in shareholders' equity.

Other equity

Financial instruments are classified as equity when there is no contractual obligation to deliver cash, another financial asset, or a variable number of the group's own equity instruments to another entity. The instrument is measured at cost less transaction costs and distributions are recognised as a deduction from retained earnings when they become irrevocable.

(r) Employee benefits

The group operates a defined contribution pension scheme for eligible employees as well as a defined benefit pension scheme which is closed to new members and further accrual.

Under the defined contribution scheme the group pays fixed contributions into a fund separate from the group's assets. Contributions are charged in the consolidated income statement when they become payable.

The expected cost of providing pensions within the funded defined benefit scheme, determined on the basis of annual valuations using the projected unit method, is charged to the consolidated income statement. Actuarial gains and losses are recognised in full in the period in which they occur and recognised in other comprehensive income.

The retirement benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation, as adjusted for unrecognised past service cost, and as reduced by the fair value of scheme assets at the balance sheet date. Both the return on investment expected in the period and the expected financing cost of the liability, as estimated at the beginning of the period, are recognised in the results for the period. Any variances against these estimates in the year form part of the actuarial gain or loss. The assets of the scheme are held separately from those of the group in an independently managed fund.

1. Material accounting policies (continued)

The scheme entered into a buy-in transaction with an insurance company covering all members of the scheme. A buy-in is a bulk annuity policy that matches the scheme's assets and liabilities. The pension surplus on the group's balance sheet relates to the cash held by the scheme with the fair value of the insurance policy matched to the fair value of the scheme's liabilities, which remains subject to changes in actuarial valuations.

(s) Share-based payments to employees

The group operates three (2025: three) share-based award schemes: the Deferred Share Awards ("DSA") scheme, the Long Term Incentive Plan ("LTIP"), and the HMRC approved Save As You Earn ("SAYE") scheme.

The value of the DSA at the grant date is charged to the group's consolidated income statement in the year to which the award relates.

The costs of LTIP and SAYE are based on the fair value of awards on the date of grant. Fair values of share-based awards are determined using the Black-Scholes pricing model, with the exception of fair values for market-based performance conditions, which are determined using Monte Carlo simulation. Both models take into account the exercise price of the option, the current share price, the risk-free interest rate, the expected volatility of the company's historical share price over the life of the option award and other relevant factors. For non-market-based performance conditions, vesting conditions are not taken into account when measuring fair value, but are reflected by adjusting the number of shares in each award such that the amount recognised reflects the number that are expected to, and then actually do, vest. The fair value is expensed in the consolidated income statement on a straight-line basis over the vesting period, with a corresponding credit to the share-based payments reserve. At the end of the vesting period, or upon exercise, lapse or forfeit if earlier, this credit is transferred to retained earnings. Further information on the group's schemes is provided in Note 22 and in the Directors' Remuneration Report.

(t) Provisions and contingent liabilities

Provisions are recognised in respect of present obligations arising from past events where it is probable that outflows of resources will be required to settle the obligations and they can be reliably estimated. Provisions include costs directly attributable to the settlement of obligations.

Contingent liabilities are possible obligations whose existence depends on the outcome of uncertain future events or those present obligations where the outflows of resources are uncertain or cannot be measured reliably. Contingent liabilities are not recognised in the financial statements but are disclosed unless they are deemed remote.

(u) Taxes, including deferred taxes

Current tax is the expected tax payable on the taxable profit for the year. Taxable profit differs from net profit as reported in the consolidated income statement because it excludes items of income and expense that are taxable or deductible in other years and items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

To enable the tax charge to be based on the profit for the year, deferred tax is provided in full on temporary timing differences, at the rates of tax expected to apply when these differences crystallise. Deferred tax assets are recognised

only to the extent that it is probable that sufficient taxable profits will be available against which temporary differences can be set. Deferred tax liabilities are offset against deferred tax assets when there is both a legal right to set off and an intention to settle on a net basis.

(v) Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprises cash and demand deposits with banks, together with short-term highly liquid investments that are readily convertible to known amounts of cash.

(w) Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Executive Committee, which is considered the group's chief operating decision-maker. All transactions between business segments are conducted on an arm's length basis, with intra-segment revenue and costs being eliminated on consolidation. Income and expenses directly associated with each segment are included in determining business segment performance.

(x) Discontinued operations

The results of discontinued operations are shown as:

- a single amount on the face of the consolidated income statement comprising the post-tax profit or loss of discontinued operations; and
- post-tax gain or loss recognised either on measurement to fair value less costs to sell or on the disposal of the discontinued operation.

A discontinued operation is a cash generating unit ("CGU") or a group of CGUs that either has been disposed of, or is classified as held for sale, and represents a separate major line of business or geographical area of operations, is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale. Intercompany transactions between continuing and discontinued operations have been eliminated on consolidation in the consolidated income statement.

The following accounting policies relate only to discontinued operations:

Gains less losses arising from dealing in securities
Non-interest income includes net realised and unrealised gains arising from the buying and selling of securities and from positions held in securities, including related interest income and dividends.

(y) Held for sale disposal groups

Disposal groups are classified as held for sale when their carrying amounts will be recovered principally through a sale rather than continuing use, and the sale is highly probable within 12 months. They are measured at the lower of carrying amount and fair value less costs to sell, with impairment losses, as needed, recognised in the income statement on initial classification and subsequent remeasurement. Financial assets and liabilities within a disposal group continue to be measured under IFRS 9.

The following accounting policies relate only to held for sale disposal groups:

Settlement accounts

Settlement balance debtors and creditors are the amounts due to and from counterparties in respect of the group's market-making activities and are measured at fair value on initial recognition and carried at amortised cost. The balances are short term in nature, do not earn interest and are recorded at the amount receivable or payable.

Loans to and from money brokers against stock advanced

Loans to money brokers against stock advanced is the cash collateral provided to these institutions for stock borrowing by the group's market-making activities and is measured at fair value on initial recognition and carried at amortised cost. Interest is paid on the stock borrowed and earned on the cash deposits advanced. The stock borrowing to which the cash deposits relate is short term in nature and is recorded at the amount receivable. Loans from money brokers against stock collateral provided are recorded at the amount payable. Interest is paid on the loans.

2. Critical accounting judgements and estimates

The reported results of the group are sensitive to the judgements, estimates and assumptions that underlie the application of its accounting policies and preparation of its financial statements. UK company law and IFRS require the Directors, in preparing the group's financial statements, to select suitable accounting policies, apply them consistently and make judgements, estimates and assumptions that are reasonable.

The group's estimates and assumptions are based on historical experience and reasonable expectations of future events and are reviewed on an ongoing basis. Actual results in the future may differ from the amounts estimated due to the inherent uncertainty.

The group's critical accounting judgements, made in applying its accounting policies as described in Note 1, and the key sources of estimation uncertainty that may have a significant risk of causing a material adjustment within the next financial year, are set out below. There are no critical accounting judgements or key sources of estimation uncertainty relating to the company.

The impact of climate change on the group's judgements, estimates and assumptions has been considered in preparing these financial statements. While no material impact has been identified, climate risk continues to be monitored on an ongoing basis as set out in the Risk Report.

Critical accounting judgements

The critical accounting judgements of the group, which relate to expected credit loss provisions under IFRS 9 and motor finance commissions, are as follows. These were also critical accounting judgements in the prior year albeit the judgement relating to motor finance commissions has been updated in line with the latest developments:

- establishing the criteria for a significant increase in credit risk;
- determining the appropriate definition of default; and
- determining the affected customers in the motor finance commissions provisioning assessment and applying a single, best estimate scenario rather than a probability weighted multi-scenario approach.

Further information on the first two judgements can be found in the "Use of judgements" section in the Risk Report, while further information on the third judgement can be found in Note 15.

Key sources of estimation uncertainty

The key sources of estimation uncertainty of the group, which relate to expected credit loss provisions, value in use calculations, and motor finance commissions, are as follows. These were also sources of estimation uncertainty in the prior year except the estimates relating to individually assessed expected credit loss provisions. In addition, the estimates relating to motor finance commissions have been updated in line with the latest developments:

- forward-looking macroeconomic information incorporated into expected credit loss models;
- adjustments by management to model calculated expected credit losses due to limitations in the group's expected credit loss models or input data, which may be identified through ongoing model monitoring and validation of models;
- expected credit loss provisions assessed on an individual, rather than collective, basis, with assumptions made in relation to the timing and value of future cash flows under multiple probability-weighted scenarios;
- estimate of future cash flow forecasts in the calculation of value in use for the testing of goodwill and other non-financial assets for impairment in relation to the group's cash generating units, in particular Motor Finance and Asset Finance and Leasing;
- estimates of the expected rental incomes and disposal values in the calculation of value in use for the operating lease assets of Close Brothers Vehicle Hire; and
- estimates and assumptions applied in the calculation of the provision relating to motor finance commissions. These assumptions are customer claim rates and the costs to administer the scheme. Claim rate is defined as the estimated cost of customer remediation (based on customer engagement with redress invitation) as a percentage of the estimated cost of the eligible in-scope population.

Additional disclosures on the estimation uncertainty relating to forward-looking macroeconomic information, model adjustments, individually assessed expected credit loss provisions, operating lease assets, goodwill and motor finance commissions can be found in the Risk Report ("Use of estimates" and "Use of Adjustments" sections), Note 13, Note 14 and Note 15 respectively.

3. Segmental analysis

The Directors manage the group by class of business and present the segmental analysis on that basis. The group's activities are presented in three (2025: three) operating segments: Commercial, Retail and Property.

In the segmental reporting information that follows, Group consists of central functions as well as various non-trading head office companies and consolidation adjustments and is set out in order that the information presented reconciles to the consolidated income statement. The Group balance sheet primarily includes treasury assets and liabilities comprising cash and balances at central banks, debt securities, customer deposits and other borrowings.

Businesses continue to charge market prices for the limited services rendered to other parts of the group. Funding charges allocated to the segments take into account commercial demands. More than 90% of the group's activities, revenue and assets are located in the UK.

	Commercial £ million	Retail £ million	Property £ million	Group £ million	Continuing operations £ million	Discontinued operations ¹ £ million	Total £ million
Summary income statement for the year ended 31 July 2026							
Net interest income/(expense)	233.4	197.2	116.6	(8.7)	538.5	—	538.5
Other non-interest income	93.7	17.2	1.1	0.5	112.5	—	112.5
Operating income/(expense)	327.1	214.4	117.7	(8.2)	651.0	—	651.0
Provision in relation to motor finance commissions	—	(164.7)	—	—	(164.7)	—	(164.7)
Other motor finance commissions related costs, net of insurance recoveries	—	3.0	—	—	3.0	—	3.0
Restructuring costs	(7.2)	(5.6)	(1.4)	(0.1)	(14.3)	—	(14.3)
Other administrative expenses	(177.8)	(161.2)	(29.7)	(25.9)	(394.6)	—	(394.6)
Depreciation and amortisation	(23.8)	(18.8)	(3.4)	(2.9)	(48.9)	—	(48.9)
Impairment losses on financial assets	(27.0)	(29.2)	(35.6)	—	(91.8)	—	(91.8)
Total operating expenses	(235.8)	(376.5)	(70.1)	(28.9)	(711.3)	—	(711.3)
Operating profit/(loss) before tax from continuing operations	91.3	(162.1)	47.6	(37.1)	(60.3)	—	(60.3)
Operating profit before tax from discontinued operations	—	—	—	—	—	2.6	2.6
External operating income/(expense)	327.9	228.2	122.4	(27.5)	651.0	—	651.0
Inter segment operating (expense)/income	(0.8)	(13.8)	(4.7)	19.3	—	—	—
Segment operating income/(expense)	327.1	214.4	117.7	(8.2)	651.0	—	651.0

1. Discontinued operations comprise Winterflood Securities sold on 1 December 2025 and Close Brothers Asset Management sold on 28 February 2025. See Note 26.

Other non-interest income of £112.5 million (2025: £120.7 million) includes other income of £101.3 million (2025: £118.5 million), which predominantly relates to the operating lease assets rental income of Close Brothers Vehicle Hire (which is in wind-down) and Close Brewery Rentals Limited (which was sold in August 2025). In the current period, other income also includes a gain on disposal of Close Brewery Rentals Limited of £6.4 million – please refer to Note 26 for more information.

As set out in Note 26 "Discontinued operations and assets and liabilities classified as held for sale", on 25 July 2025, the group announced the sale of Winterflood Securities, an execution services and securities business, to Marex Group plc. The sale completed on 1 December 2025 and its financial results are presented within this note as discontinued operations.

	Commercial £ million	Retail £ million	Property £ million	Group ² £ million	Continuing operations £ million	Discontinued operations £ million	Total £ million
Summary balance sheet information at 31 July 2026							
Total assets ¹	5,016.2	2,820.8	1,757.3	2,464.1	12,058.4	—	12,058.4
Total liabilities	—	—	—	10,406.8	10,406.8	—	10,406.8

1. Total assets for the operating segments comprise the loan book and operating lease assets only in line with the reporting to the Chief Operating Decision Maker and the requirements of IFRS 8 "Operating Segments".
2. Balance sheet includes £2,428.7 million assets and £10,139.4 million liabilities (excluding intercompany balances) primarily relating to the treasury balances described in the second paragraph of this note.

Equity is allocated across the group as set out below. The equity of Commercial, Retail and Property, which is managed as a whole rather than on a segmental basis, reflects loan book and operating lease assets of £9,594.3 million, in addition to assets and liabilities of £2,430.3 million and £10,494.3 million respectively, primarily comprising treasury balances which are included within the Group column above. The remaining difference relates to assets and liabilities of the Group central functions.

	Operating segments £ million	Group £ million	Continuing operations £ million	Discontinued operations £ million	Total £ million
Equity at 31 July 2026					
Equity	1,530.3	121.3	1,651.6	—	1,651.6

	Commercial	Retail	Property	Group	Continuing operations	Discontinued operations	Total
Other segment information for the year ended 31 July 2026							
Employees (average number) ¹	1,350	1,092	166	90	2,698	95	2,793

1. Commercial, Retail and Property segments include a central function headcount allocation. The company's average number of employees is equivalent to the Group number.

	Commercial £ million	Retail £ million	Property £ million	Group £ million	Continuing operations £ million	Discontinued operations ¹ £ million	Total £ million
Summary income statement for the year ended 31 July 2025							
Net interest income/(expense)	228.1	224.5	128.3	(12.1)	568.8	—	568.8
Impairment of operating lease assets	(30.0)	—	—	—	(30.0)	—	(30.0)
Other non-interest income	95.8	22.2	2.3	0.4	120.7	—	120.7
Operating income/(expense)	293.9	246.7	130.6	(11.7)	659.5	—	659.5
Provision in relation to motor finance commissions	—	(165.0)	—	—	(165.0)	—	(165.0)
Other motor finance commissions related costs, net of insurance recoveries	—	(18.7)	—	—	(18.7)	—	(18.7)
Provision in relation to early settlements in Motor Finance	—	(33.0)	—	—	(33.0)	—	(33.0)
Restructuring costs	(1.4)	(0.6)	(0.3)	—	(2.3)	—	(2.3)
Other administrative expenses	(183.6)	(163.5)	(29.4)	(39.5)	(416.0)	—	(416.0)
Depreciation and amortisation	(26.8)	(20.0)	(4.5)	(2.8)	(54.1)	—	(54.1)
Impairment losses on financial assets	(18.8)	(44.5)	(29.5)	—	(92.8)	—	(92.8)
Total operating expenses	(230.6)	(445.3)	(63.7)	(42.3)	(781.9)	—	(781.9)
Operating profit/(loss) before tax from continuing operations	63.3	(198.6)	66.9	(54.0)	(122.4)	—	(122.4)
Operating profit before tax from discontinued operations	—	—	—	46.3	46.3	4.9	51.2
External operating income/(expense)	491.4	364.3	215.1	(411.3)	659.5	—	659.5
Inter segment operating (expense)/income	(197.5)	(117.6)	(84.5)	399.6	—	—	—
Segment operating income/(expense)	293.9	246.7	130.6	(11.7)	659.5	—	659.5

1. Discontinued operations comprise Winterflood Securities sold on 1 December 2025 and Close Brothers Asset Management sold on 28 February 2025. See Note 26.

3. Segmental analysis (continued)

	Commercial £ million	Retail £ million	Property £ million	Group ¹ £ million	Continuing operations £ million	Discontinued operations ³ £ million	Total £ million
Summary balance sheet information at 31 July 2025							
Total assets ¹	4,894.3	2,878.9	1,852.5	3,567.3	13,193.0	878.9	14,071.9
Total liabilities	—	—	—	11,548.1	11,548.1	788.3	12,336.4

1. Total assets for the operating segments comprise the loan book and operating lease assets only in line with the reporting to the Chief Operating Decision Maker and the requirements of IFRS 8 "Operating Segments".
2. Balance sheet includes £3,521.9 million assets and £11,556.2 million liabilities primarily relating to the treasury balances described in the second paragraph of this note. The remaining difference relates to the assets and liabilities of the Group central functions.
3. Discontinued operations on the balance sheet comprise Winterflood Securities. See Note 26. The assets and liabilities of Winterflood Securities presented in this table include intercompany balances for the purposes of segmental reporting.

Equity is allocated across the group as set out below. The equity of Commercial, Retail and Property, which is managed as a whole rather than on a segmental basis, reflects loan book and operating lease assets of £9,625.7 million, in addition to assets and liabilities of £3,521.9 million and £11,556.2 million respectively primarily comprising treasury balances which are included within the Group column above. The remaining difference relates to the assets and liabilities of the group central functions.

	Operating segments £ million	Group £ million	Continuing operations £ million	Discontinued operations £ million	Total £ million
Equity at 31 July 2025					
Equity	1,591.4	53.5	1,644.9	90.6	1,735.5

	Commercial	Retail	Property	Group	Continuing operations	Discontinued operations	Total
Other segment information for the year ended 31 July 2025							
Employees (average number) ¹	1,417	1,154	172	88	2,831	765	3,596

1. Commercial, Retail and Property segments include a central function headcount allocation. The company's average number of employees is equivalent to the Group number.

4. Operating loss before tax

	2026 £ million	2025 £ million
Interest income¹		
Cash and balances at central banks	63.4	86.7
Loans and advances to banks	2.6	3.4
Loans and advances to customers	904.5	991.2
Other interest income	32.2	30.4
	1,002.7	1,111.7
Interest expense		
Deposits from banks	(0.7)	(4.3)
Deposits by customers	(345.0)	(405.9)
Borrowings	(69.1)	(80.8)
Other interest expense ²	(49.4)	(51.9)
	(464.2)	(542.9)
Net interest income	538.5	568.8

1. Interest income calculated using the effective interest method predominantly relating to financial assets held at amortised cost.
2. Other interest expense includes £28.8 million (2025: £24.7 million) relating to the subordinated loan capital and debt securities issued by the company, £12.0 million (2025: £nil) relating to the discount unwind on provisions for motor finance commissions and early settlements in Motor Finance and £8.1 million (2025: £26.9 million) relating to derivative assets and liabilities.

4. Operating loss before tax (continued)

	2026 £ million	2025 £ million
Fee and commission income¹	94.4	103.5
Fee and commission expense¹	(17.1)	(16.7)
Net fee and commission income	77.3	86.8

1. Fee income and expense relates to financial instruments which are not at fair value through profit or loss. There is no fee income or expense arising from trust and other fiduciary activities (2025: £nil). Fee income includes fees arising from invoice discounting and factoring services.

	2026 £ million	2025 £ million
Other income		
Operating lease assets rental income	77.7	91.6
Other ¹	23.6	26.9
	101.3	118.5

1. Includes £10.5 million income from services provided in relation to operating lease assets (2025: £12.6 million), £6.4 million gain on disposal of Close Brewery Rentals Limited (2025: £nil) and £2.0 million amortisation of de-designated cash flow and fair value hedges (2025: £11.4 million).

	2026 £ million	2025 £ million
Administrative expenses		
Staff costs:		
Wages and salaries	186.2	194.0
Social security costs	28.0	26.7
Share-based awards	2.5	3.8
Other pension costs	13.9	13.9
	230.6	238.4
Depreciation and amortisation	48.9	54.1
Other administrative expenses ¹	340.0	396.6
Total administrative expenses	619.5	689.1

1. Other administrative expenses of £340.0 million (2025: £396.6 million) include the following items which have been separately disclosed on the consolidated income statement: provision in relation to motor finance commissions of £164.7 million (2025: £165.0 million), other motor finance commissions related costs, net of insurance recoveries of £(3.0) million (2025: £18.7 million), provision in relation to early settlements in Motor Finance of £nil (2025: £33.0 million) and restructuring costs of £14.3 million (2025: £2.3 million).

Staff costs of the company total £15.9 million (2025: £18.6 million), comprising largely of wages and salaries of £12.2 million (2025: £13.8 million).

5. Information regarding the auditors

	2026 ¹ £ million	2025 ¹ £ million
Fees payable		
Audit of the company's annual financial statements	0.8	1.3
Audit of the company's subsidiaries pursuant to legislation	4.4	4.8
Audit related services	0.3	0.3
Other services	0.2	0.6
	5.7	7.0

1. During the year, an additional audit fee of £0.8 million (2025: £0.8 million) was paid to the auditors in relation to scope changes in the prior year audit, which is not included above.

The auditors of the group are PricewaterhouseCoopers LLP (2025: PricewaterhouseCoopers LLP).

6. Tax

	2026 £ million	2025 £ million
Tax charged/(credited) to the income statement		
Current tax:		
UK corporation tax	0.5	15.0
Foreign tax	1.6	1.0
Adjustments in respect of previous years	(1.2)	(1.3)
	0.9	14.7
Deferred tax:		
Deferred tax charge/(credit) for the current year	2.2	(11.6)
Adjustments in respect of previous years	2.0	1.6
	5.1	4.7
Tax on items not charged/(credited) to the income statement		
Current tax relating to:		
Acquisitions and disposals	—	3.7
Defined benefit pension scheme	0.1	—
Deferred tax relating to:		
Cash flow hedging	(1.3)	(3.5)
Defined benefit pension scheme	(0.1)	—
Financial instruments classified as fair value through other comprehensive income	0.7	(1.2)
Share-based payments	(0.2)	—
Currency translation (losses)/gains	(0.2)	0.4
Acquisitions and disposals	—	1.7
	(1.0)	1.1
Reconciliation to tax expense		
UK corporation tax for the period at 25% (2025: 25%) on operating loss	(15.1)	(30.6)
Disallowable items and other permanent differences ¹	25.0	40.6
Banking surcharge	—	—
Tax relief on coupon on other equity instruments	(5.6)	(5.6)
Prior period tax provision	0.8	0.3
	5.1	4.7

1. Disallowable items and other permanent differences largely relate to the non-deductible provision in relation to motor finance commissions.

The standard UK corporation tax rate for the financial year is 25.0% (2025: 25.0%). An additional 3.0% (2025: 3.0%) surcharge applies to banking company profits as defined in legislation, but only above a threshold amount which is not exceeded by the current year banking company profits. The effective tax rate of (8.5)% (2025: (3.8)%), which relates to a £5.1 million charge on an operating loss before tax of £60.3 million, differs to the UK corporation tax rate primarily due to disallowable expenditure, which more than offsets the tax relief on coupons on the group's AT1 instrument.

The UK government has implemented the Pillar 2 global minimum tax rate of 15% and a UK domestic minimum top-up tax. The jurisdictions in relation to which Pillar 2 tax liabilities are expected to potentially arise for the group are the Republic of Ireland, Jersey and Guernsey. The current tax charge for the period includes £0.2 million (2025: £nil) in respect of Pillar 2 income taxes. The group has adopted the IAS 12 exemption from recognition and disclosure regarding the impact on deferred tax assets and liabilities arising from this legislation. The company has adopted the same exemption under FRS 102.

The Notes continued

Movements in deferred tax assets and liabilities were as follows:

Group	Capital allowances £ million	Pension scheme £ million	Share-based payments and deferred compensation £ million	Impairment losses £ million	Cash flow hedging £ million	Intangible assets £ million	Other £ million	Total £ million
At 1 August 2024	5.1	(0.2)	7.2	6.0	(5.0)	(2.1)	3.3	14.3
Credit/(charge) to the income statement	8.3	0.1	(1.0)	(0.6)	—	—	1.6	8.4
(Charge)/credit to other comprehensive income	(0.4)	—	—	—	3.5	—	1.2	4.3
Disposals	(0.1)	—	(3.2)	—	—	1.6	—	(1.7)
Reclassification to assets held for sale	6.2	—	(0.8)	—	—	—	0.3	5.7
At 31 July 2025	19.1	(0.1)	2.2	5.4	(1.5)	(0.5)	6.4	31.0
(Charge)/credit to the income statement	(2.0)	—	0.1	(1.1)	—	—	(1.2)	(4.2)
Credit/(charge) to other comprehensive income	0.2	0.1	—	—	1.3	—	(0.7)	0.9
Credit to equity	—	—	0.2	—	—	—	—	0.2
At 31 July 2026	17.3	—	2.5	4.3	(0.2)	(0.5)	4.5	27.9

The group's deferred tax asset comprises £4.6 million (31 July 2025: £5.7 million) due within one year and £23.3 million (31 July 2025: £25.3 million) due after more than one year.

Company	Capital allowances £ million	Pension scheme £ million	Share-based payments and deferred compensation £ million	Total £ million
At 1 August 2024	(0.2)	(0.2)	0.6	0.2
Credit/(charge) to the income statement	0.2	0.1	(0.1)	0.2
Credit to other comprehensive income	—	—	—	—
At 31 July 2025	—	(0.1)	0.5	0.4
Credit to the income statement	0.2	—	0.1	0.3
Credit to other comprehensive income	—	0.1	—	0.1
At 31 July 2026	0.2	—	0.6	0.8

The company's deferred tax asset comprises £0.2 million (31 July 2025: £0.1 million) due within one year and £0.6 million (31 July 2025: £0.3 million) due after more than one year.

As the group has been and is expected to continue to be consistently taxpaying, the full deferred tax assets have been recognised. However, deferred tax assets of £0.3 million (31 July 2025: £0.5 million) have not been recognised in respect of certain carried forward tax losses. It is currently uncertain whether the group will be able to utilise these losses.

7. Earnings per share

The calculation of basic earnings per share is based on the profit attributable to shareholders and the number of basic weighted average shares. When calculating the diluted earnings per share, the weighted average number of shares in issue is adjusted for the effects of all dilutive share options and awards.

Continuing operations	2026	2025
Basic	(58.5)p	(99.8)p
Diluted	(58.5)p	(99.8)p
Adjusted basic ¹	47.5p	59.3p
Adjusted diluted ¹	47.5p	59.3p
Discontinued operations²		
Basic	1.4p	32.9p
Diluted	1.4p	32.9p

7. Earnings per share (continued)

Continuing and discontinued operations

Basic	(57.1)p	(66.9)p
Diluted	(57.1)p	(66.9)p

1. Excludes the adjusting items set out in the table below and the associated tax effect.
2. Discontinued operations comprise Winterflood Securities sold on 1 December 2025 and Close Brothers Asset Management sold on 28 February 2025. See Notes 3 and 26.

	2026 £ million	2025 £ million
Loss attributable to shareholders	(85.7)	(100.2)
Less profit from discontinued operations, net of tax¹	(2.0)	(49.2)
Loss attributable to shareholders on continuing operations	(87.7)	(149.4)
Provision in relation to motor finance commissions	164.7	165.0
Other motor finance commissions related costs, net of insurance recoveries	(3.0)	18.7
Discount unwind in relation to the provisions for motor finance commissions and early settlements in Motor Finance ²	12.0	—
Provision in relation to early settlements in Motor Finance	—	33.0
Gain on disposal of Close Brewery Rentals Limited	(6.4)	—
Restructuring costs	14.3	2.3
Amortisation of intangible assets on acquisition	0.2	0.2
Operating (profit)/loss before tax of Close Brewery Rentals Limited	(0.4)	4.1
Operating (profit)/loss before tax of Close Brothers Vehicle Hire	(0.8)	43.4
Tax effect of adjustments	(21.6)	(28.6)
Adjusted profit attributable to shareholders on continuing operations	71.3	88.7

1. Discontinued operations comprise Winterflood Securities sold on 1 December 2025 and Close Brothers Asset Management sold on 28 February 2025. See Notes 3 and 26.
2. Refer to Note 15 for further information.

The tax rate on adjusting items is 12.0% (2025: 10.7%), which differs to the standard UK corporation tax rate for the financial year of 25.0% (2025: 25.0%). This is primarily due to £100.4 million (2025: £150.0 million) of the provisions in relation to motor finance commissions and early settlements in Motor Finance comprising disallowable expenditure, partly offset by the gain on disposal of Close Brewery Rentals Limited being exempt from corporation tax.

	2026 million	2025 million
Average number of shares		
Basic weighted	150.0	149.7
Effect of dilutive share options and awards	1.9	0.2
Diluted weighted	151.9	149.9

8. Dividends

	2026 £ million	2025 £ million
For each ordinary share		
Final dividend for previous financial year paid in November 2025: £nil (November 2024: £nil)	—	—
Interim dividend for current financial year paid in April 2026: £nil (April 2025: £nil)	—	—
	—	—

Given the continued uncertainty regarding the outcome of the legal challenges to the FCA's motor finance consumer redress scheme and any potential financial impact, the group will not pay a final dividend on its ordinary shares for the 2026 financial year. We remain committed to the resumption of shareholder distributions at an appropriate time and will reassess our options as greater certainty emerges regarding motor finance commissions, taking into account the group's future capital needs and shareholder feedback.

9. Loans and advances to banks

	On demand £ million	Within three months £ million	Between three months and one year £ million	Between one and two years £ million	Between two and five years £ million	Total £ million
At 31 July 2026	199.0	0.8	3.6	5.3	15.9	224.6
At 31 July 2025	135.2	1.3	3.5	14.2	7.5	161.7

10. Loans and advances to customers

(a) Maturity and classification analysis of loans and advances to customers

The following tables set out the maturity and IFRS 9 classification analysis of loans and advances to customers. At 31 July 2026, loans and advances to customers with a maturity of two years or less was £7,255.5 million (31 July 2025: £7,346.3 million) representing 74.6% (31 July 2025: 75.7%) of total gross loans and advances to customers:

	On demand £ million	Within three months £ million	Between three months and one year £ million	Between one and two years £ million	Between two and five years £ million	After more than five years £ million	Total gross loans and advances to customers £ million	Impairment provisions £ million	Total net loans and advances to customers £ million
At 31 July 2026	87.1	2,889.9	2,360.5	1,918.0	2,330.6	141.5	9,727.6	(264.4)	9,463.2
At 31 July 2025	85.1	2,984.1	2,512.4	1,764.7	2,220.7	142.1	9,709.1	(249.7)	9,459.4

	31 July 2026 £ million	31 July 2025 £ million
Gross loans and advances to customers		
Held at amortised cost	9,717.2	9,697.3
Held at fair value through profit or loss	10.4	11.8
	9,727.6	9,709.1

(b) Loans and advances to customers held at amortised cost and impairment provisions by stage

Gross loans and advances to customers held at amortised cost by stage and the corresponding impairment provisions and provision coverage ratios are set out below:

	Stage 1 £ million	Stage 2 Less than 30 days past due £ million	Stage 2 Greater than or equal to 30 days past due £ million	Total £ million	Stage 3 £ million	Total £ million
At 31 July 2026						
Gross loans and advances to customers held at amortised cost						
Commercial	3,686.6	1,112.3	27.7	1,140.0	120.5	4,947.1
Retail	2,713.1	106.1	15.8	121.9	72.7	2,907.7
Property	1,515.6	7.4	59.7	67.1	279.7	1,862.4
	7,915.3	1,225.8	103.2	1,329.0	472.9	9,717.2
Impairment provisions						
Commercial	19.7	16.0	2.5	18.5	34.2	72.4
Retail	29.9	10.4	3.9	14.3	42.7	86.9
Property	5.5	0.1	0.9	1.0	98.6	105.1
	55.1	26.5	7.3	33.8	175.5	264.4
Provision coverage ratio						
Commercial	0.5%	1.4%	9.0%	1.6%	28.4%	1.5%
Retail	1.1%	9.8%	24.7%	11.7%	58.7%	3.0%
Property	0.4%	1.4%	1.5%	1.5%	35.3%	5.6%
	0.7%	2.2%	7.1%	2.5%	37.1%	2.7%

10. Loans and advances to customers (continued)

		Stage 2				
	Stage 1 £ million	Less than 30 days past due £ million	Greater than or equal to 30 days past due £ million	Total £ million	Stage 3 £ million	Total £ million
At 31 July 2025						
Gross loans and advances to customers held at amortised cost						
Commercial	3,717.5	925.1	39.0	964.1	108.1	4,789.7
Retail	2,611.1	252.6	15.1	267.7	95.2	2,974.0
Property	1,585.6	15.7	43.5	59.2	288.8	1,933.6
	7,914.2	1,193.4	97.6	1,291.0	492.1	9,697.3
Impairment provisions						
Commercial	21.7	10.8	5.2	16.0	35.8	73.5
Retail	25.3	13.9	2.7	16.6	53.2	95.1
Property	3.6	1.0	—	1.0	76.5	81.1
	50.6	25.7	7.9	33.6	165.5	249.7
Provision coverage ratio						
Commercial	0.6%	1.2%	13.3%	1.7%	33.1%	1.5%
Retail	1.0%	5.5%	17.9%	6.2%	55.9%	3.2%
Property	0.2%	6.4%	—%	1.7%	26.5%	4.2%
	0.6%	2.2%	8.1%	2.6%	33.6%	2.6%

Stage allocation of loans and advances to customers has been applied in line with the definitions set out in Note 1(i).

Additional disclosures on the stage allocation and movements of loans and advances to customers can be found in the Risk Report.

(c) Adjustments

By their nature, limitations in the group's expected credit loss models or input data may be identified through ongoing model monitoring and validation of models. In certain circumstances, management make appropriate adjustments to model-calculated expected credit losses. Adjustments have been identified as a key source of estimation uncertainty as set out in Note 2 "Critical accounting judgements and estimates".

(d) Reconciliation of loans and advances to customers held at amortised cost and impairment provisions

Reconciliation of gross loans and advances to customers and associated impairment provisions are set out below.

New financial assets originate in Stage 1 only, and the amount presented represents the value at origination.

Subsequently, a loan may transfer between stages, and the presentation of such transfers is based on a comparison of the loan at the beginning of the year (or at origination if this occurred during the year) and the end of the year (or just prior to final repayment or write off).

Repayments relating to loans which transferred between stages during the year are presented within the transfers between stages lines. Such transfers do not represent overnight reclassification from one stage to another. All other repayments are presented in a separate line.

ECL model methodologies may be updated or enhanced from time to time and the impacts of such changes are presented on a separate line.

Enhancements to our model suite are a contributory factor to ECL movements and such factors have been taken into consideration when assessing any required adjustments to modelled output and ensuring appropriate provision coverage levels.

A loan is written off when there is no reasonable expectation of further recovery following realisation of all associated collateral and available recovery actions against the customer.

	Stage 1 £ million	Stage 2 £ million	Stage 3 £ million	Total £ million
Gross loans and advances to customers held at amortised cost				
At 1 August 2025	7,914.2	1,291.0	492.1	9,697.3
New financial assets originated	5,699.3	—	—	5,699.3
Transfers to Stage 1	309.0	(399.5)	(9.7)	(100.2)
Transfers to Stage 2	(1,219.2)	1,035.8	(13.0)	(196.4)
Transfers to Stage 3	(210.1)	(166.9)	285.6	(91.4)
Net transfer between stages and repayments ¹	(1,120.3)	469.4	262.9	(388.0)
Repayments while stage remained unchanged and final repayments	(4,596.5)	(432.8)	(185.3)	(5,214.6)
Changes to model methodologies ²	22.7	4.2	(26.9)	—
Write offs	(4.1)	(2.8)	(69.9)	(76.8)
At 31 July 2026	7,915.3	1,329.0	472.9	9,717.2

1. Repayments (net of further advances) relate only to financial assets which transferred between stages during the year. Other repayments (net of further advances) are shown in the line below.

2. Changes relate to the updated model deployed for the Motor Finance business – see the Credit risk section within the Risk report for more information.

	Stage 1 £ million	Stage 2 £ million	Stage 3 £ million	Total £ million
Gross loans and advances to customers held at amortised cost				
At 1 August 2024	8,410.5	1,128.8	725.5	10,264.8
New financial assets originated	5,766.1	—	—	5,766.1
Transfers to Stage 1	200.4	(289.4)	(5.2)	(94.2)
Transfers to Stage 2	(1,381.4)	1,112.6	(4.5)	(273.3)
Transfers to Stage 3	(274.4)	(146.1)	321.9	(98.6)
Net transfer between stages and repayments ¹	(1,455.4)	677.1	312.2	(466.1)
Repayments while stage remained unchanged and final repayments	(4,852.2)	(464.3)	(223.7)	(5,540.2)
Changes to model methodologies	48.3	(48.3)	—	—
Write offs	(3.1)	(2.3)	(321.9)	(327.3)
At 31 July 2025	7,914.2	1,291.0	492.1	9,697.3

1. Repayments (net of further advances) relate only to financial assets which transferred between stages during the year. Other repayments (net of further advances) are shown in the line below.

The gross carrying amount before modification of loans and advances to customers which were modified during the year while in Stage 2 or 3 was £218.8 million (2025: £259.5 million). £nil (2025: £0.1 million loss) was recognised as a result of these modifications. The gross carrying amount at 31 July 2026 of modified loans and advances to customers which transferred from Stage 2 or 3 to Stage 1 during the year was £13.0 million (31 July 2025: £20.9 million). The accounting policy for modifications is set out in Note 1(i).

	Stage 1 £ million	Stage 2 £ million	Stage 3 £ million	Total £ million
Impairment provisions on loans and advances to customers held at amortised cost				
At 1 August 2025	50.6	33.6	165.5	249.7
New financial assets originated	45.4	—	—	45.4
Transfers to Stage 1	2.2	(8.1)	(3.1)	(9.0)
Transfers to Stage 2	(12.2)	38.5	(4.0)	22.3
Transfers to Stage 3	(3.2)	(17.0)	82.3	62.1
Net remeasurement of expected credit losses arising from transfer of stages and repayments ¹	(13.2)	13.4	75.2	75.4
Repayments and ECL movements while stage remained unchanged and final repayments	(24.3)	(11.7)	8.4	(27.6)
Changes to model methodologies ²	0.1	1.1	(15.7)	(14.5)
Charge to the income statement	8.0	2.8	67.9	78.7
Write offs	(3.5)	(2.6)	(57.9)	(64.0)
At 31 July 2026	55.1	33.8	175.5	264.4

1. Repayments (net of further advances) relate only to financial assets which transferred between stages during the year. Other repayments (net of further advances) are shown in the line below.

2. Changes relate to the updated model deployed for the Motor Finance business – see the Credit risk section within the Risk report for more information..

10. Loans and advances to customers (continued)

	Stage 1 £ million	Stage 2 £ million	Stage 3 £ million	Total £ million
Impairment provisions on loans and advances to customers held at amortised cost				
At 1 August 2024	52.2	31.3	362.3	445.8
New financial assets originated	46.0	—	—	46.0
Transfers to Stage 1	1.1	(4.3)	(1.0)	(4.2)
Transfers to Stage 2	(13.4)	30.6	(1.4)	15.8
Transfers to Stage 3	(4.3)	(11.4)	88.0	72.3
Net remeasurement of expected credit losses arising from transfer of stages and repayments ¹	(16.6)	14.9	85.6	83.9
Repayments and ECL movements while stage remained unchanged and final repayments	(29.5)	(10.9)	27.0	(13.4)
Changes to model methodologies	1.4	0.5	(0.4)	1.5
Charge to the income statement	1.3	4.5	112.2	118.0
Write offs	(2.9)	(2.2)	(309.0)	(314.1)
At 31 July 2025	50.6	33.6	165.5	249.7

1. Repayments (net of further advances) relate only to financial assets which transferred between stages during the year. Other repayments (net of further advances) are shown in the line below.

	2026 £ million	2025 £ million
Impairment losses relating to loans and advances to customers held at amortised cost:		
Charge to income statement arising from movement in impairment provisions	78.7	118.0
Amounts written off and expensed directly to income statement and other costs, net of discount unwind on Stage 3 loans to interest income, and recoveries	13.8	(29.9)
	92.5	88.1
Impairment (credit)/losses relating to other financial assets	(0.7)	4.7
Impairment losses on financial assets recognised in income statement	91.8	92.8

Impairment losses on financial assets of £91.8 million (2025: £92.8 million) include an impairment credit of £0.8 million in relation to Novitas (2025: impairment credit of £6.8 million). Stage 3 gross loans and associated expected credit loss provisions written off in the year in relation to Novitas were £2.3 million (2025: £247.2 million) and £2.3 million (2025: £247.2 million) respectively.

The contractual amount outstanding at 31 July 2026 on financial assets that were written off during the period and are still subject to recovery activity is £26.0 million (31 July 2025: £27.1 million).

(e) Finance lease and hire purchase agreement receivables

	31 July 2026 £ million	31 July 2025 £ million
Net loans and advances to customers comprise		
Hire purchase agreement receivables	3,768.3	3,613.4
Finance lease receivables	1,035.7	945.6
Other loans and advances	4,659.2	4,900.4
	9,463.2	9,459.4

The Notes continued

The following table shows a reconciliation between gross investment in finance lease and hire purchase agreement receivables included in the net loans and advances to customers table above to present value of minimum lease and hire purchase payments.

	31 July 2026 £ million	31 July 2025 £ million
Gross investment in finance leases and hire purchase agreement receivables due:		
One year or within one year	2,029.8	1,983.2
>One to two years	1,606.6	1,535.1
>Two to three years	1,198.9	1,155.3
>Three to four years	729.6	647.7
>Four to five years	253.7	225.0
More than five years	43.4	41.2
	5,862.0	5,587.5
Unearned finance income	(923.8)	(884.5)
Present value of minimum lease and hire purchase agreement payments	4,938.2	4,703.0
Of which due:		
One year or within one year	1,698.9	1,661.0
>One to two years	1,352.5	1,292.2
>Two to three years	1,013.8	974.2
>Three to four years	618.4	547.9
>Four to five years	216.8	191.9
More than five years	37.8	35.8
	4,938.2	4,703.0
Impairment provisions	(134.2)	(144.0)
Net hire purchase agreement receivables and finance lease receivables	4,804.0	4,559.0

The aggregate cost of assets acquired for the purpose of letting under finance leases and hire purchase agreements was £8,035.0 million (2025: £7,848.3 million). The average effective interest rate on finance leases approximates to 12.2% (2025: 12.4%). The present value of minimum lease and hire purchase agreement payments reflects the fair value of finance lease and hire purchase agreement receivables before deduction of impairment provisions.

11. Debt securities

	Fair value through profit or loss £ million	Fair value through other comprehensive income £ million	Amortised cost £ million	Total £ million
Sovereign and central bank debt	—	340.1	—	340.1
Supranational, sub-sovereigns and agency ("SSA") bonds	—	144.0	—	144.0
Covered bonds	—	83.9	—	83.9
Other debt securities	0.6	—	2.5	3.1
At 31 July 2026	0.6	568.0	2.5	571.1
	Fair value through profit or loss £ million	Fair value through other comprehensive income £ million	Amortised cost £ million	Total £ million
Sovereign and central bank debt	—	601.6	—	601.6
Supranational, sub-sovereigns and agency ("SSA") bonds	—	146.2	—	146.2
Covered bonds	—	105.6	—	105.6
Other debt securities	1.1	—	4.7	5.8
At 31 July 2025	1.1	853.4	4.7	859.2

£449.0 million (31 July 2025: £486.1 million) of debt securities measured at fair value through other comprehensive income are due in one year or after one year.

11. Debt securities (continued)

Movements on the book value of sovereign and central bank debt comprise:

	2026 £ million	2025 £ million
Sovereign and central bank debt at 1 August	601.6	383.7
Additions	412.0	512.4
Redemptions	(675.0)	(299.1)
Currency translation differences	(0.9)	2.2
Movement in value	2.4	2.4
Sovereign and central bank debt at 31 July	340.1	601.6

Movements on the book value of SSA bonds comprise:

	2026 £ million	2025 £ million
SSA bonds at 1 August	146.2	145.5
Currency translation differences	(0.2)	0.4
Movement in value	(2.0)	0.3
SSA bonds at 31 July	144.0	146.2

Movements on the book value of covered bonds comprise:

	2026 £ million	2025 £ million
Covered bonds 1 August	105.6	187.7
Additions	—	15.5
Redemptions/disposals	(21.0)	(97.4)
Currency translation differences	(0.2)	0.5
Movement in value	(0.5)	(0.7)
Covered bonds at 31 July	83.9	105.6

12. Derivative financial instruments

The group enters into derivative contracts with a number of financial institutions for risk management purposes to hedge exposures to interest rate and exchange rate movements. Derivatives are classified as held for trading unless they are designated as being in a hedge accounting relationship. The group's total derivative asset and liability position as reported on the consolidated balance sheet is as follows.

	31 July 2026			31 July 2025		
	Notional value £ million	Assets £ million	Liabilities £ million	Notional value £ million	Assets £ million	Liabilities £ million
Exchange rate contracts	799.6	17.3	0.1	376.3	0.1	7.3
Interest rate contracts	8,907.7	76.0	89.9	7,012.4	103.0	97.4
	9,707.3	93.3	90.0	7,388.7	103.1	104.7

Interest rate contracts are held for interest rate risk management and interest margin stabilisation purposes.

Included in the derivatives above are the following cash flow and fair value hedges:

	31 July 2026			31 July 2025		
	Notional value £ million	Assets £ million	Liabilities £ million	Notional value £ million	Assets £ million	Liabilities £ million
Cash flow hedges						
Interest rate contracts	1,053.5	2.2	3.8	658.7	4.9	1.7
Fair value hedges						
Interest rate contracts	4,482.7	60.2	76.7	4,775.6	89.5	88.5

Where derivatives are designated as being in a hedge accounting relationship, the group applies fair value and cash flow hedging if the relevant transaction meets the required documentation and hedge effectiveness criteria.

Fair value hedge accounting

Fair value hedges seek to hedge the exposure to changes in the fair value of recognised assets and liabilities or firm commitments. For fair value hedges of interest rate risk, changes in the benchmark interest rate are considered the largest component of the overall change in fair value. Other risks such as credit risk are managed but excluded from the hedge accounting relationship. Changes in the fair value of derivatives in a fair value hedge are recorded in the income statement, along with changes in the fair value of the hedged item (asset or liability) attributable to the hedged risk. If the hedged item is measured at amortised cost, the fair value changes due to the hedged risk would adjust the carrying amount of the hedged asset or liability. If the hedge no longer qualifies for hedge accounting, changes in the fair value of the hedged item attributable to the hedged risk are no longer recognised in the income statement and the cumulative adjustment to the carrying amount of the hedged item is amortised to the income statement over the period to maturity. For micro and macro fair value hedges, this is applied using a straight-line method over the period to maturity.

Cash flow hedge accounting

Cash flow hedges seek to hedge the exposure to variability in future cash flows due to movements in the relevant benchmark interest rate with interest rate swaps. These future cash flows relate to future interest payments or receipts on recognised financial instruments and on forecast transactions for periods of five (2025: five) years. The effective portion of changes in the fair value of qualifying cash flow hedges is recognised in other comprehensive income within the cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in the income statement. Amounts accumulated in equity are reclassified to the income statement in the periods when the hedged item affects profit or loss. When a hedging instrument expires, is sold, or no longer meets the criteria for hedge accounting, any cumulative gain or loss in equity remains there until the forecast transaction is recognised in the income statement. If the forecast transaction is no longer expected to occur, the cumulative gain or loss in equity is immediately transferred to the income statement. The group applies portfolio cash flow hedging for interest rate risk exposures on a portfolio of actual and forecast variable interest rate cash flows arising from variable rate borrowings. Cash flow hedge accounting is applied when hedging interest rate risk exposures on floating rate assets.

To assess hedge effectiveness, the change in fair value or cash flows of the hedging instruments is compared with the change in fair value or cash flows of the hedged item attributable to the hedged risk. A hedge is considered highly effective if the results are within a ratio of 80%-125%.

The main sources of hedge ineffectiveness can include, but are not limited to, basis mismatch, maturity mismatch, credit valuation adjustments and cash flow timing mismatch between the hedged item and the hedging instrument.

The maturity profiles for the notional amounts of the group's cash flow and fair value hedges are set out as follows.

	On demand £ million	Within three months £ million	Between three and six months £ million	Between six months and one year £ million	Between one and five years £ million	After more than five years £ million	Total £ million
Cash flow hedges							
Interest rate risk							
31 July 2026	3.7	31.8	93.9	73.6	850.5	—	1,053.5
31 July 2025	—	5.8	0.5	13.1	619.8	19.5	658.7
Fair value hedges							
Interest rate risk							
31 July 2026	—	710.6	187.7	1,310.4	1,526.5	747.5	4,482.7
31 July 2025	—	543.7	737.2	1,502.0	1,308.1	684.6	4,775.6

Cash flow hedges have an average fixed rate of 3.9% (31 July 2025: 4.0%). Fair value hedges have an average fixed rate of 3.3% (31 July 2025: 3.3%).

Details of the hedging instruments for the group's hedge ineffectiveness assessment are set out as follows.

12. Derivative financial instruments (continued)

	Changes in fair value of hedging instrument used for calculating hedge ineffectiveness	Hedge ineffectiveness recognised in income statement	Changes in fair value of hedging instrument used for calculating hedge ineffectiveness	Hedge ineffectiveness recognised in income statement
	2026 £ million	2026 £ million	2025 £ million	2025 £ million
Cash flow hedges				
Interest rate risk	(4.7)	—	(1.2)	(0.1)
Fair value hedges				
Interest rate risk	4.3	—	33.9	0.1

The carrying amount of hedging interest rate swaps is held within derivative financial instruments and the hedge ineffectiveness is held within other income. Details of the hedged exposures covered by the group's hedging strategies are set out as follows.

	Carrying amount of hedged item £ million	Accumulated amount of fair value adjustments on the hedged item £ million	Changes in fair value of hedged item used for calculating hedge ineffectiveness £ million
At 31 July 2026			
Fair value hedges			
Assets			
Debt securities	423.6	(33.1)	(13.0)
Loans and advances to customers and undrawn commitments	158.4	(7.3)	0.8
	582.0	(40.4)	(12.2)
Liabilities			
Deposits by customers	2,698.5	(9.0)	(16.3)
Debt securities in issue	875.3	(67.1)	9.3
Subordinated loan capital	249.8	(6.4)	(0.9)
	3,823.6	(82.5)	(7.9)

	Carrying amount of hedged item £ million	Accumulated amount of fair value adjustments on the hedged item £ million	Changes in fair value of hedged item used for calculating hedge ineffectiveness £ million
At 31 July 2025			
Fair value hedges			
Assets			
Debt securities	424.0	(20.1)	(4.9)
Loans and advances to customers and undrawn commitments	163.6	(8.1)	1.3
	587.6	(28.2)	(3.6)
Liabilities			
Deposits by customers	3,342.1	7.3	3.1
Debt securities in issue	615.8	(76.4)	19.3
Subordinated loan capital	195.5	(5.6)	7.8
	4,153.4	(74.7)	30.2

Details of the impact of hedging relationships on the income statement and other comprehensive income are set out as follows.

	Changes in fair value of hedged item used for calculating hedge ineffectiveness £ million	Balance remaining in cashflow hedge reserve for discontinued hedge relationships £ million	Cashflow hedge reserve balance £ million	Losses from changes in value of hedging instrument recognised in other comprehensive income £ million	Amounts reclassified from reserves to income statement ¹ £ million
Cash flow hedges					
Interest rate risk					
31 July 2026	4.8	3.1	0.6	(4.7)	2.0
31 July 2025	1.0	2.9	3.8	(1.1)	12.3

1. Following de-designation of hedge relationships, the amounts previously recognised in the cash flow hedge reserve have been reclassified to other income to the extent that the hedged cash flows occurred during the year. There is no gain or loss (2025: £nil) reclassified from the cash flow hedge reserve to the income statement relating to hedge accounting that had previously been used but for which the hedged future cash flows are no longer expected to occur.

13. Intangible assets

	Goodwill £ million	Software £ million	Intangible assets on acquisition £ million	Group total £ million	Company software £ million
Cost					
At 1 August 2024	150.8	348.7	57.4	556.9	0.3
Additions	—	25.6	—	25.6	—
Disposals	—	(6.1)	—	(6.1)	—
Disposal of subsidiaries ¹	(46.9)	(16.6)	(51.7)	(115.2)	—
Reclassification to assets held for sale ²	(67.7)	(20.4)	—	(88.1)	—
At 31 July 2025	36.2	331.2	5.7	373.1	0.3
Additions	—	25.5	—	25.5	—
Disposals	(1.3)	(13.4)	—	(14.7)	—
At 31 July 2026	34.9	343.3	5.7	383.9	0.3
Accumulated amortisation and impairments					
At 1 August 2024	47.9	195.3	47.7	290.9	0.3
Amortisation charge for the year	—	38.3	0.8	39.1	—
Impairment charge for the year	16.6	2.0	—	18.6	—
Disposals	—	(5.3)	—	(5.3)	—
Disposal of subsidiaries ¹	(3.5)	(9.2)	(46.0)	(58.7)	—
Reclassification to assets held for sale ²	(58.9)	(18.9)	—	(77.8)	—
At 31 July 2025	2.1	202.2	2.5	206.8	0.3
Amortisation charge for the year	—	35.3	0.2	35.5	—
Disposals	(1.3)	(12.1)	—	(13.4)	—
At 31 July 2026	0.8	225.4	2.7	228.9	0.3
Net book value at 31 July 2026	34.1	117.9	3.0	155.0	—
Net book value at 31 July 2025	34.1	129.0	3.2	166.3	—
Net book value at 1 August 2024	102.9	153.4	9.7	266.0	—

1. Close Brothers Asset Management was sold to Oaktree Capital Management, L.P. on 28 February 2025 – see Note 26.

2. Intangible assets relating to Winterflood Securities and Close Brewery Rentals have been reclassified to assets held for sale – see Note 26.

Software includes assets under development of £26.4 million (31 July 2025: £30.6 million).

Intangible assets on acquisition relate to customer relationships and are amortised over a period of 17 years.

In the 2026 financial year, £35.5 million (2025: £37.4 million) of the amortisation charge, relating to continuing operations, is included in the consolidated income statement within other administrative expenses. The residual is included within profit from discontinued operations, net of tax in the consolidated income statement.

Impairment tests for goodwill and other intangible assets

Overview

At 31 July 2026, goodwill has been allocated to seven (31 July 2025: eight) individual cash generating units (“CGUs”). All seven relate to the Commercial, Retail and Property operating segments, previously collectively known as the Banking division. At 31 July 2025, the eighth CGU related to the Winterflood Securities division (“Winterflood”). However, as disclosed in Note 26, the group completed the sale of Winterflood on 1 December 2025 and therefore the CGU and associated goodwill have been derecognised from the balance sheet.

Goodwill is allocated to the CGU in which the historical acquisition occurred and hence the goodwill originated. Goodwill impairment reviews are carried out at least annually by assessing the recoverable amount of the group’s CGUs, which is the higher of fair value less costs to sell and value in use.

Methodology

The recoverable amounts for all CGUs are measured based on value in use. A value in use calculation uses discounted cash flow forecasts based on three-year strategic plans. The value in use calculations are sensitive primarily to changes in the assumptions for future cash flows, which include consideration for future capital requirements and appropriate allocation of overhead costs, as well as discount rates.

13. Intangible assets (continued)

The most relevant assumptions underlying management's strategic plans for the CGUs, which are based on past experience and forecast market conditions, are expected loan book growth rates, net return on loan book, future costs and future capital requirements. While these assumptions are relevant to management's plans, they may not all be key assumptions in the goodwill impairment test. In addition, while the CGUs are not individually regulated, for the purposes of an impairment assessment, theoretical capital requirements have been taken into consideration in calculating a CGU's value in use and carrying value to ensure that capital constraints on free cash flows are appropriately reflected and the carrying value is on a comparable basis.

Beyond the group's three-year planning horizon, estimates of future cash flows in the fourth and fifth years, and longer where appropriate, are made by management with due consideration given to the relevant assumptions set out above. After the final year, a terminal value is calculated using an annual growth rate of 2%, which is consistent with the UK government's long-term inflation target.

The cash flows are discounted using a pre-tax estimated weighted average cost of capital as set out in the following table. The methodology used to derive the discount rates is fundamentally consistent with the prior year and the discount rates used are also broadly consistent with the prior year. However, they differ across the CGUs, reflecting the nature of the CGUs' business and the current market returns appropriate to the CGU that investors would require for a similar asset.

Assessment overview

The results of the review performed for the year ended 31 July 2026 demonstrate that goodwill is not impaired. This conclusion is underpinned by a number of assumptions as described above, with the future cash flow forecasts in the value in use calculations of the Motor Finance and Asset Finance and Leasing ("AF&L") CGUs identified as key sources of estimation uncertainty.

Assessment of CGUs

The Motor Finance CGU, which includes goodwill of £3.0 million (31 July 2025: £3.0 million) and other intangible assets of £6.8 million (31 July 2025: £10.7 million), relates to the group's UK Motor Finance business. Cash flows for this CGU have been estimated for seven years to ensure an appropriate terminal value and value in use are calculated given a period of strategic change in the shorter term. The value in use of Motor Finance excludes the £318.5 million (31 July 2025: £163.9 million) balance sheet provision in relation to motor finance commissions and £31.3 million (31 July 2025: £33.0 million) provision in relation to early settlements, both as described in Note 15, in line with the requirements of IAS 36.

The key source of estimation uncertainty within the Motor Finance value in use calculation relates to the expected future cash flows, which include consideration for the CGU's strategic growth plans, as well as forecast costs and capital charge. Management's future growth expectations are in part dependent on assumptions relating to funding, capital and customer demand.

The value in use of Motor Finance is calculated to be 135% (31 July 2025: 133%) of carrying value, which represents a headroom of £60 million (31 July 2025: £53 million). To demonstrate the sensitivity to lower cash flows or a delay in future growth, a 36% (31 July 2025: 33%) reduction in the annual cash flows to perpetuity would result in the full reduction of the available headroom. Separately, the pre-tax discount rate used is 16.0% (31 July 2025: 14.9%) and an absolute increase of 3.4% (31 July 2025: 2.5%) in the pre-tax discount rate would result in the full reduction of the available headroom.

The AF&L CGU includes goodwill of £9.8 million (31 July 2025: £9.8 million), which is significant in comparison to total goodwill. The value in use of AF&L is calculated to be 152% (31 July 2025: 122%) of carrying value. The value in use calculation is also dependent on management's assumptions for future cash flows. To demonstrate the sensitivity to cash flows, a 10% reduction in the annual cash flows to perpetuity would result in a 22% (31 July 2025: 46%) reduction in the available headroom.

These scenarios for Motor Finance and AF&L are a demonstration of sensitivity only and do not represent management's base case scenarios where, as stated, value in use remains above carrying value. In addition, the sensitivities do not include all possible management actions which may affect the cash flow and capital forecasts of the CGUs.

Details of the CGUs by operating segments, together with the pre-tax discount rate used in determining value in use, are disclosed below. The goodwill of each CGU is not material with the exception of the AF&L CGU as noted above.

Cash generating unit	31 July 2026		31 July 2025 ¹	
	Goodwill £ million	Pre-tax discount rate %	Goodwill £ million	Pre-tax discount rate %
Commercial	14.6	15.7	14.6	14.9-15.2
Retail	11.9	15.2-16.0	11.9	14.7-15.1
Property	7.6	14.2	7.6	14.4
	34.1		34.1	

1. Comparative information re-presented to ensure consistency with this year's presentation of the CGUs by operating segments.

14. Property, plant and equipment

	Leasehold property £ million	Fixtures, fittings and equipment £ million	Assets held under operating leases £ million	Motor vehicles £ million	Right of use assets ¹ £ million	Total £ million
Group						
Cost						
At 1 August 2024	22.4	65.1	441.9	0.4	92.9	622.7
Additions	3.2	2.7	40.3	—	10.3	56.5
Disposals	(13.3)	(4.2)	(75.9)	—	(26.5)	(119.9)
Disposal of subsidiaries ²	(5.1)	(6.8)	—	—	(7.5)	(19.4)
Reclassification to assets held for sale ³	(0.7)	(21.9)	(80.1)	(0.1)	(19.1)	(121.9)
At 31 July 2025	6.5	34.9	326.2	0.3	50.1	418.0
Additions	0.1	4.5	21.4	—	3.4	29.4
Disposals	(2.8)	(3.5)	(78.3)	(0.1)	(8.1)	(92.8)
At 31 July 2026	3.8	35.9	269.3	0.2	45.4	354.6
Accumulated depreciation and impairments						
At 1 August 2024	17.0	36.6	174.0	0.3	45.2	273.1
Depreciation and impairment charges for the year	1.3	8.2	78.3	—	13.3	101.1
Disposals	(13.0)	(4.1)	(53.3)	—	(25.1)	(95.5)
Disposal of subsidiaries ²	(3.2)	(4.7)	—	—	(3.4)	(11.3)
Reclassification to assets held for sale ³	(0.6)	(13.8)	(39.1)	(0.1)	(5.2)	(58.8)
At 31 July 2025	1.5	22.2	159.9	0.2	24.8	208.6
Depreciation and impairment charges for the year	0.3	4.8	37.4	—	8.3	50.8
Disposals	(0.1)	(3.4)	(59.1)	(0.1)	(7.5)	(70.2)
At 31 July 2026	1.7	23.6	138.2	0.1	25.6	189.2
Net book value at 31 July 2026	2.1	12.3	131.1	0.1	19.8	165.4
Net book value at 31 July 2025	5.0	12.7	166.3	0.1	25.3	209.4
Net book value at 1 August 2024	5.4	28.5	267.9	0.1	47.7	349.6

1. Right of use assets primarily relate to the group's leasehold properties.

2. Close Brothers Asset Management was sold to Oaktree Capital Management, L.P. on 28 February 2025 – see Note 26.

3. Property, plant and equipment relating to Winterflood Securities and Close Brewery Rentals were reclassified to assets held for sale – see Note 26.

There was a gain of £1.3 million from the sale of assets held under operating leases for the year ended 31 July 2026 (2025: loss of £2.0 million).

Assets held under operating leases primarily relate to vehicles owned by the group's Vehicle Hire business, which is part of the Commercial operating segment. At 31 July 2026, the carrying value of the operating lease assets in relation to this business was £130.0 million (31 July 2025: £165.0 million). As disclosed in the prior year, the group has decided to exit this business over time.

The operating lease assets have been assessed for impairment with the value in use ("VIU") calculated based on management's exit plan. The VIU of the assets represents the recoverable amount and it approximates their carrying value, therefore, no impairment or reversal of impairment has been identified (2025: £30.0 million impairment charge).

The key sources of estimation uncertainty in the VIU calculation relate to the expected rental incomes and disposal values of the vehicles. At 31 July 2026, a 7.5% absolute increase or decrease in expected rental incomes would increase or decrease the recoverable amount by £8.4 million or £1.6 million respectively (31 July 2025: decrease or increase the impairment charge by £10.2 million or £10.3 million respectively).

Separately, a 10% absolute increase or decrease in the disposal values would increase or decrease the recoverable amount by £6.7 million or £0.5 million respectively (31 July 2025: 15% absolute increase or decrease in the disposal values would decrease or increase the impairment charge by £12.7 million or £13.2 million respectively).

For sensitivity decreases in the recoverable amount in the current year, where the fair value is higher than the reduced value in use, the decrease in recoverable amount is capped at the fair value.

14. Property, plant and equipment (continued)

	31 July 2026 £ million	31 July 2025 £ million
Future minimum lease rentals receivable under non-cancellable operating leases		
One year or within one year	49.0	50.5
>One to two years	34.9	39.1
>Two to three years	20.3	30.3
>Three to four years	8.7	15.4
>Four to five years	3.2	5.9
More than five years	1.2	2.9
	117.3	144.1

	Leasehold property £ million	Fixtures, fittings and equipment £ million	Total £ million
Company			
Cost			
At 1 August 2024	0.3	11.8	12.1
Additions	—	—	—
At 31 July 2025	0.3	11.8	12.1
Additions	—	—	—
At 31 July 2026	0.3	11.8	12.1
Depreciation			
At 1 August 2024	0.1	4.3	4.4
Charge for the year	—	1.2	1.2
At 31 July 2025	0.1	5.5	5.6
Charge for the year	—	1.2	1.2
At 31 July 2026	0.1	6.7	6.8
Net book value at 31 July 2026	0.2	5.1	5.3
Net book value at 31 July 2025	0.2	6.3	6.5
Net book value at 1 August 2024	0.2	7.5	7.7

The net book value of leasehold property comprises:

	Group		Company	
	31 July 2026 £ million	31 July 2025 £ million	31 July 2026 £ million	31 July 2025 £ million
Long leasehold property	—	0.2	—	0.2
Short leasehold property	2.1	4.8	0.2	—
	2.1	5.0	0.2	0.2

15. Other assets and liabilities

	31 July 2026 £ million	31 July 2025 £ million
Prepayments, accrued income and other assets		
Prepayments	62.8	92.0
Accrued income	3.6	3.1
Trade and other receivables ¹	45.2	91.5
	111.6	186.6
Accruals, deferred income, other liabilities and provisions		
Accruals	93.0	87.1
Deferred income	5.0	5.0
Trade and other payables	71.2	80.2
Provisions	364.4	210.3
	533.6	382.6

1. Trade and other receivables includes £22.1 million (31 July 2025: £21.1 million) of contingent deferred consideration relating to the disposal of Close Brothers Asset Management (see Note 26). The prior year included an insurance settlement receivable (see Credit risk section of the Risk Report).

	Legal and regulatory £ million	Property £ million	Other £ million	Total £ million
Group provisions				
At 1 August 2024	19.6	7.9	4.8	32.3
Additions	204.0	0.8	1.0	205.8
Utilisation	(20.5)	(0.1)	(0.9)	(21.5)
Released	—	(0.3)	—	(0.3)
Reclassification to liabilities held for sale	—	(3.0)	(3.0)	(6.0)
At 31 July 2025	203.1	5.3	1.9	210.3
Additions	182.0	0.5	8.2	190.7
Utilisation and transfers	(24.7)	(0.1)	(8.8)	(33.6)
Released	(0.7)	(2.0)	(0.3)	(3.0)
At 31 July 2026	359.7	3.7	1.0	364.4

	Property £ million	Other £ million	Total £ million
Company provisions			
At 1 August 2024	0.4	1.2	1.6
Additions	—	0.1	0.1
Utilisation	—	(0.5)	(0.5)
Released	(0.2)	—	(0.2)
At 31 July 2025	0.2	0.8	1.0
Additions	0.1	—	0.1
Utilisation	—	(0.2)	(0.2)
Released	—	—	—
At 31 July 2026	0.3	0.6	0.9

Provisions are made for claims and other items which arise in the normal course of business. Claims may arise in respect of legal and regulatory matters, while other items largely relate to property dilapidations and employee benefits. A provision is recognised where it is determined that there is a legal or constructive present obligation arising from a past event, payment is probable, and the amount can be estimated reliably. The timing and/or outcome of these claims and other items are uncertain.

Provision in relation to motor commissions

In the previous financial year, a detailed assessment against IAS 37 “Provisions, Contingent Liabilities and Contingent Assets” determined that the criteria for a provision had been met and a provision of £165.0 million was recognised at 31 January 2025 based on a range of probability-weighted redress scenarios. At 31 July 2025, the provision held on the balance sheet decreased slightly to £163.9 million, reflecting some utilisation in relation to costs, partly offset by an unwinding of the discount relating to the time value of money.

15. Other assets and liabilities (continued)

Following the publication of the Financial Conduct Authority's ("FCA") consultation paper on 7 October 2025, which proposed an industry-wide redress scheme in respect of motor finance commissions, the group carried out a review of the potential financial impact of the proposed scheme, resulting in an additional income statement charge of £135.0 million in October 2025, increasing the total charge to £300.0 million based on a probability weighted multi-scenario approach.

Following the publication of FCA Policy Statement PS26/3: Motor finance consumer redress scheme ("the scheme") on 30 March 2026, the group increased its provision to £320.0 million, which resulted in an additional income statement charge of £29.7 million. The previously published provision of £300.0 million had reduced due to cost utilisation, partly offset by an unwinding of the discount relating to the time value of money. The £320.0 million provision reflected the group's best estimate of the cost of the scheme as published, including an assumption of delayed implementation due to legal challenges to the scheme brought by a number of parties. While there are aspects of the scheme that the group disagrees with, in order to provide an orderly resolution for all parties, Close Brothers decided not to challenge the scheme.

At 31 July 2026, the provision decreased slightly to £318.5 million, reflecting further cost utilisation, partly offset by an unwinding of the discount relating to the time value of money, and remains the group's best estimate under IAS 37. As set out in Note 2 "Critical accounting judgements and estimates", the provision requires critical accounting judgements to be made, namely determining the affected customers and applying a single scenario based on the scheme as published to calculate the group's best estimate of the provision, in contrast to the probability weighted multi-scenario approach taken in the prior year. A key assumption underpinning the use of a single scenario is that all cases would go through the scheme, as opposed to alternate means.

In addition, other assumptions have been applied in the calculation of the provision, with certain assumptions representing key sources of estimation uncertainty. These relate to customer claim rates and costs to administer the scheme. Changes in these and other assumptions may result in material changes to the estimated provision. The key data points and assumptions are as follows:

- c.720k UK regulated motor finance loans written between 6 April 2007 and 1 November 2024 qualifying for redress under the scheme. This includes c.640k loans written under Discretionary Commission Arrangements ("DCAs") and a further c.80k non-DCA loans which are likely to meet the "tied" arrangements and/or "high commission" criteria as defined by the FCA;
- an average redress payment of c.£500 per customer, including compensatory interest;
- an estimated claim rate under the scheme of 75%, in line with the FCA's assumption. A 5% absolute increase or decrease in the assumed claim rate would result in a £17 million increase or decrease in the estimated provision;
- an estimated delivery cost of £63 million. This excludes £26 million of costs already incurred against the existing provision at 31 July 2026. A 10% absolute increase or decrease in the assumed delivery costs would result in a £6 million increase or decrease in the estimated provision; and
- customer remediation is expected to commence during the 2027 calendar year and complete in the 2028 calendar year, resulting in a time value discount of £17 million.

The estimated provision is the outcome of a thorough assessment, representing the group's current evaluation based on available information, although is subject to the outcome of the legal challenges to the scheme and any further legal, regulatory or industry developments including court claims and complaints from consumers. Therefore, the ultimate cost to the group could be materially higher or lower than the provision taken. The group continues to gather additional data, progress complaints and prepare operationally as we await the outcome of the legal challenges.

During the year, the group incurred an expense of £7.7 million (2025: £18.7 million) in relation to motor finance commissions. This includes the unwinding of the time value discount in relation to the provision (recognised within interest expense) and legal costs and fees that do not directly relate to the potential redress exercise for which the provision was created, partly offset by associated insurance recoveries. In the prior period, these expenses also included complaints handling costs incurred before the provision was established. These costs, as well as the provision described above, do not reflect underlying trading performance and therefore have been presented as separate adjusting items and excluded from adjusted operating profit by management.

Provision in relation to early settlements in Motor Finance

As disclosed in the prior year, following the identification of historical deficiencies in certain operational processes related to early settlement of loans in the Motor Finance business, the group recognised a provision of £33.0 million at 31 July 2025 in relation to a proactive customer remediation programme to be implemented by the group.

At 31 July 2026, the provision held was £31.3 million, reflecting some utilisation in relation to costs, partly offset by an unwinding of the discount relating to the time value of money, and it continues to reflect management's best estimate of the cost of remediation in relation to impacted customers. The provision includes compensatory interest and associated administrative costs based on the information currently available. The data and provision will be refined as the scope and design of the remediation programme are finalised. Remediation is expected to commence towards the end of the 2026 calendar year.

16. Financial liabilities

	On demand £ million	Within three months £ million	Between three months and one year £ million	Between one and two years £ million	Between two and five years £ million	After more than five years £ million	Total £ million
Deposits by banks	20.3	—	—	—	—	—	20.3
Deposits by customers	838.9	2,634.1	2,982.7	931.2	489.3	—	7,876.2
Loans and overdrafts from banks	0.9	—	—	—	—	—	0.9
Debt securities in issue	—	332.6	36.2	269.8	749.0	248.4	1,636.0
At 31 July 2026	860.1	2,966.7	3,018.9	1,201.0	1,238.3	248.4	9,533.4

	On demand £ million	Within three months £ million	Between three months and one year £ million	Between one and two years £ million	Between two and five years £ million	After more than five years £ million	Total £ million
Deposits by banks	9.3	78.8	—	—	—	—	88.1
Deposits by customers	1,161.4	2,640.3	3,533.7	852.9	611.0	—	8,799.3
Loans and overdrafts from banks	1.5	—	—	—	—	—	1.5
Debt securities in issue	—	56.5	124.1	974.2	503.2	333.3	1,991.3
At 31 July 2025	1,172.2	2,775.6	3,657.8	1,827.1	1,114.2	333.3	10,880.2

At 31 July 2026, the parent company had £251.7 million (31 July 2025: £251.3 million) of non-instalment debt securities in issue with an interest rate of 7.75% and a final maturity date of 2028.

17. Subordinated loan capital

	Prepayment date	Initial interest rate	31 July 2026 £ million	31 July 2025 £ million
Final maturity date				
2031	2026	2.000%	—	195.5
2036	2031	6.125%	249.8	—
			249.8	195.5

At 31 July 2026, the parent company had £256.5 million (31 July 2025: £201.2 million) of subordinated loan capital with an interest rate of 6.125% and a final maturity date of 2036.

In February 2026, the group issued £250.0 million of 6.125% Subordinated Tier 2 Notes due 2036. These notes are classified as financial liabilities at amortised cost and were measured at fair value less directly attributable transaction costs on initial recognition. The new issuance was accompanied by a related tender offer of our outstanding £200.0 million 2.00% Subordinated Tier 2 Notes due 2031, of which £191.4 million was tendered and accepted for purchase by the group.

18. Called up share capital, distributable reserves and other equity instrument

	31 July 2026		31 July 2025	
	million	£ million	million	£ million
Group and company				
Ordinary shares of 25p each (allotted, issued and fully paid)	152.1	38.0	152.1	38.0

At 31 July 2026, the company's reserves available for distribution under sections 830(2) and 831(2) of the Companies Act 2006 were £228.4 million (2025: £259.8 million). The Directors have applied the guidance provided by ICAEW TECH 02/17 in determining this.

Other equity instrument comprises the group's £200.0 million Fixed Rate Reset Perpetual Subordinated Contingent Convertible Securities, or Additional Tier 1 capital ("AT1"), issued on 29 November 2023. These AT1 securities are classified as an equity instrument under IAS 32 "Financial Instruments: Presentation" with the proceeds recognised in equity net of transaction costs of £2.4 million.

These securities carry a coupon of 11.125%, payable semi-annually on 29 May and 29 November of each year, and have a first reset date on 29 May 2029. Two coupon payments totalling £22.3 million were made in the year. The securities include, among other things, a conversion trigger of 7.0% Common Equity Tier 1 capital ratio and are callable any time in the six-month period prior to and including the first reset date or on each reset date occurring every five years thereafter.

Additional disclosures on the group's capital position and capital risk can be found in the "Capital risk" section of the Risk Report.

19. Guarantees, commitments and contingent liabilities

Guarantees

	Group		Company	
	31 July 2026 £ million	31 July 2025 £ million	31 July 2026 £ million	31 July 2025 £ million
Earliest period in which guarantee could be called				
Within one year ¹	5.8	96.4	—	87.3
More than one year	2.6	2.1	—	—
	8.4	98.5	—	87.3

1. The year-on-year decrease for both the group and the company is driven by the termination of a guarantee relating to Winterflood Securities, which was sold on 1 December 2025 (refer to Note 26 for further information on the disposal).

Guarantees arise in the normal course of business and include performance guarantees issued by certain businesses. Where the group undertakes to make a payment on behalf of its subsidiaries for guarantees issued, such as bank facilities or property leases, or as irrevocable letters of credit for which an obligation to make a payment to a third party has not arisen at the reporting date, they are included in these consolidated financial statements.

Commitments

Undrawn facilities, credit lines and other commitments to lend – revocable and irrevocable

	31 July 2026 £ million	31 July 2025 £ million
Within one year	764.8	823.0
After more than one year	33.5	—
	798.3	823.0

Other commitments

Subsidiaries had contracted capital and other financial commitments of £2.1 million (2025: £31.2 million).

Operating lease commitments

During the year, the company recognised lease payments as an expense of £2.1 million (2025: £2.1 million). At 31 July 2026, the company had future minimum lease payments under non-cancellable operating leases relating to property of £2.7 million within one year, £7.7 million between one and five years, and £nil after more than five years, totalling £10.4 million (31 July 2025: £0.8 million, £12.2 million, and £nil respectively, totalling £13.0 million).

Contingent liabilities

In the normal course of the group's business, there may be other contingent liabilities relating to complaints, legal proceedings or regulatory reviews. These cases are not currently expected to have a material impact on the group.

20. Related party transactions

Transactions with key management

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of an entity. The group's key management are the members of the group's Board and Executive Committee, which include all Executive Directors and Non-executive Directors. The related parties of the group include its key management and their close family members. Details of Directors' remuneration and interests in shares are disclosed in the Directors' Remuneration Report. The table below details, on an aggregated basis, the group's key management emoluments:

	2026 £ million	2025 £ million
Emoluments:		
Salaries and fees	5.3	5.3
Benefits and allowances	2.0	2.1
	7.3	7.4
Termination benefits	0.7	0.9
Post-employment benefits	0.1	0.1
Share-based awards	1.2	1.1
	9.3	9.5

Gains upon exercise of options by the group's key management, expensed to the income statement in previous years, totalled £0.1 million (2025: £0.4 million).

Amounts included in deposits by customers at 31 July 2026 attributable, in aggregate, to the group's key management were £0.3 million (31 July 2025: £0.3 million). These relationships are undertaken on standard commercial terms.

21. Pensions

The group operates defined contribution pension schemes for eligible employees as well as a defined benefit pension scheme which is closed to new members and further accrual. Assets of all schemes are held separately from those of the group.

Defined contribution schemes

During the year the charge to the consolidated income statement for the group's defined contribution pension schemes was £13.5 million (2025: £13.4 million), representing contributions payable by the group, and is included in administrative expenses.

Defined benefit pension scheme

The group's only defined benefit pension scheme (the "scheme") is a final salary scheme which operates under trust law. The scheme is managed and administered in accordance with the scheme's Trust Deed and Rules and all relevant legislation by a sole independent professional trustee.

The scheme entered into a buy-in transaction with an insurance company covering all members of the scheme. A buy-in is a bulk annuity policy that matches the scheme's assets and liabilities. As such, the pension surplus or deficit on the group's balance sheet is £nil (31 July 2025: £0.2 million surplus relating to the cash held by the scheme). The scheme's liabilities remain subject to changes in actuarial valuations as presented in this note.

The scheme was closed to new entrants in August 1996 and closed to further accrual during 2012. At 31 July 2026, this scheme had 13 (31 July 2025: 15) deferred members, 64 (31 July 2025: 63) pensioners and dependents and eight (31 July 2025: eight) insured annuitants.

Funding position

The scheme's most recent triennial actuarial valuation at 31 July 2024 showed that the scheme was fully funded. As such, no further contributions are scheduled.

IAS 19 valuation

The following disclosures are reported in accordance with IAS 19. Significant actuarial assumptions are as follows:

	2026 %	2025 %
Inflation rate (Retail Price Index)	3.3	3.2
Inflation rate (CPI)	3.0	2.8
Discount rate for scheme liabilities ¹	6.2	5.6
Mortality assumptions²:		
Existing pensioners from age 65, life expectancy (years):		
Men	23.4	23.2
Women	25.2	25.0
Non-retired members currently aged 50, life expectancy from age 65 (years):		
Men	24.2	24.0
Women	26.4	26.3

- Based on market yields at 31 July 2026 and 2025 on high quality sterling-denominated corporate bonds, adjusted to be consistent with the estimated term of the post-employment benefit obligation, using the Willis Towers Watson model "Global RATE:Link".
- Based on standard tables SAPS S2 Light (2025: SAPS S2 Light) produced by the CMI Bureau of the Institute and Faculty of Actuaries with adjusted mortality multipliers for pensioners and non-pensioners, together with projected future improvements in line with the CMI 2025 (2025: CMI 2024) core projection model with a long-term trend of 1.5% per annum.

The scheme has been accounted for in the company and the surplus in the prior year was recognised as an asset on the company and group's balance sheet within "Trade and other receivables".

The group has the unconditional right to any surpluses that arise within the scheme once all benefits have been secured in full. As such, no asset ceiling has been applied, and accordingly the scheme surplus is recognised on the consolidated balance sheet.

	2026 £ million	2025 £ million	2024 £ million	2023 £ million	2022 £ million
Fair value of scheme assets ¹					
Equities	—	—	—	—	—
Bonds	—	—	—	—	30.3
Cash	—	0.2	0.9	1.4	3.5
Insured annuities	20.3	21.5	23.2	22.4	1.0
Total assets	20.3	21.7	24.1	23.8	34.8
Fair value of liabilities	(20.3)	(21.5)	(23.3)	(22.5)	(27.6)
Surplus	—	0.2	0.8	1.3	7.2

- There are no amounts included within the fair value of scheme assets relating to the financial instruments of Close Brothers Group plc.

Movement in the present value of scheme liabilities during the year:

	2026 £ million	2025 £ million
Carrying amount at 1 August	(21.5)	(23.3)
Interest expense	(1.2)	(1.1)
Benefits paid	1.4	1.4
Actuarial gain	1.0	1.5
Carrying amount at 31 July	(20.3)	(21.5)

Movement in the fair value of scheme assets during the year:

	2026 £ million	2025 £ million
Carrying amount at 1 August	21.7	24.1
Interest income	1.2	1.1
Benefits paid	(1.4)	(1.4)
Administrative costs paid	(0.2)	(0.5)
Losses on scheme assets, excluding interest income	(1.0)	(1.6)
Carrying amount at 31 July	20.3	21.7

Historical experience of actuarial gains/(losses) are shown below:

	2026 £ million	2025 £ million	2024 £ million	2023 £ million	2022 £ million
(Losses)/returns on scheme assets	(1.0)	(1.6)	0.9	(10.6)	(8.7)
Experience (losses)/gains on scheme liabilities	—	—	(0.4)	(0.9)	0.4
Impact of changes in assumptions	1.0	1.5	(0.5)	5.8	8.2
Total actuarial changes in liabilities	1.0	1.5	(0.9)	4.9	8.6
Total actuarial losses	—	(0.1)	—	(5.7)	(0.1)

Actuarial movements would be recognised in other comprehensive income. The group's policy is not to allocate the net defined benefit cost between group entities participating in the scheme.

Following the buy-in transaction with an insurance company which matches the scheme's assets and liabilities, the key risk the company is exposed to relates to the insurance company's solvency and ability to make pension payments. This risk is monitored by the trustee and the company.

Nevertheless, the valuation of the scheme's liabilities is sensitive to the key assumptions used in the valuation. The effect of a change in those assumptions in 2026 and 2025 is set out below. The analysis reflects the variation of the individual assumptions. The variation in price inflation includes all inflation-linked pension increases in deferment and in payment.

		Impact on defined benefit obligation increase/(decrease)			
Key assumption	Sensitivity	2026		2025	
		%	£ million	%	£ million
Discount rate	0.25% decrease	2.3	0.5	2.5	0.5
Price inflation (RPI)	0.25% increase	1.2	0.3	1.4	0.3
Mortality	Increase in life expectancy at age 65 by one year	2.9	0.6	2.8	0.6

The weighted average duration of the benefit payments reflected in the scheme liabilities is 10 years (2025: 10 years).

The Virgin Media Ltd v NTL Pension Trustees II judgment, handed down by the High Court on 16 June 2023 (upheld by the Court of Appeal in July 2024), considered the implications of section 37 of the Pension Schemes Act 1993, with the potential to cause a significant impact on the pensions industry. The Pension Schemes Act 2026 came into force in April 2026 and contains provisions allowing schemes to address any potential impact of the judgment where the requirements of the Act are met. The trustee is considering how this applies to the scheme and what further steps may be required, but it is not possible at present to estimate the potential impact, if any, on the scheme.

22. Share-based awards

The Save As You Earn ("SAYE"), Long Term Incentive Plan ("LTIP") and Deferred Share Awards ("DSA") share-based awards have been granted under the group's equity-settled share schemes. The general terms and conditions for these share-based awards are described in the Directors' Remuneration Report.

In order to satisfy a number of the awards below, the company has purchased company shares into Treasury and the Close Brothers Group Employee Share Trust has purchased company shares. At 31 July 2026, £1.3 million (31 July 2025: £1.6 million) and £1.2 million (31 July 2025: £1.3 million) of these shares were held respectively and in total £27.1 million (2025: £31.3 million) was recognised within the share-based payments reserve. During the year £4.2 million (2025: £9.2 million) of

The Notes continued

these shares were released to satisfy share-based awards to employees. The share-based payments reserve as shown in the consolidated statement of changes in equity also includes the cumulative position in relation to unvested share-based awards charged to the consolidated income statement of £5.5 million (2025: £4.7 million). The share-based awards charge of £3.4 million (2025: £5.0 million) is included in administrative expenses shown in the consolidated income statement.

Movements in the number of share-based awards outstanding and their weighted average share prices are as follows:

	SAYE		LTIP		DSA	
	Number	Weighted average exercise price	Number	Weighted average exercise price	Number	Weighted average exercise price
At 1 August 2024	3,911,767	—	1,321,734	—	532,202	—
Granted	3,297,025	243.0p	390,601	—	459,578	—
Exercised	(2,981)	371.0p	(57,429)	—	(765,039)	—
Forfeited	(2,431,561)	393.7p	(300,733)	—	(13,102)	—
Lapsed	(61,075)	964.4p	—	—	(65)	—
At 31 July 2025	4,713,175	—	1,354,173	—	213,574	—
Granted	389,075	379.0p	407,419	—	12,678	—
Exercised	(224,472)	282.5p	(21,050)	—	(145,916)	—
Forfeited	(1,316,494)	312.9p	(396,278)	—	11,381	—
Lapsed	(72,392)	780.5p	—	—	—	—
At 31 July 2026	3,488,892	—	1,344,264	—	91,717	—
Exercisable at:						
31 July 2026	34,188	732.8p	42,854	—	19,964	—
31 July 2025	18,933	957.2p	63,904	—	121,541	—

The table below shows the weighted average market price at the date of exercise:

	2026	2025
SAYE	496.1p	410.0p
LTIP	492.6p	342.8p
DSA	416.9p	336.0p

The range of exercise prices and weighted average remaining contractual life of awards and options outstanding are as follows:

	2026 Options outstanding		2025 Options outstanding	
	Number outstanding	Weighted average remaining contractual life Years	Number outstanding	Weighted average remaining contractual life Years
SAYE				
Between £2 and £3	2,368,382	2.4	3,226,727	3.4
Between £3 and £4	1,079,201	2.1	1,345,831	1.6
Between £7 and £8	37,848	0.6	111,847	1.0
Between £8 and £9	—	—	2,565	0.3
Between £9 and £10	2,978	0.3	20,573	0.4
Between £12 and £13	483	0.8	5,087	1.2
Between £13 and £14	—	—	545	—
LTIP				
Nil	1,344,264	3.4	1,337,923	3.5
DSA				
Nil	91,717	1.4	229,824	1.4
Total	4,924,873	2.3	6,280,922	2.9

For the share-based awards granted during the year, the weighted average fair value of those options at 31 July 2026 was 322.0p (31 July 2025: 167.1p). The main assumptions for the valuation of these share-based awards comprised:

At 31 July 2026 Exercise period	Share price at issue	Exercise price	Expected volatility	Expected option life in years	Dividend yield	Risk free interest rate
SAYE						
1 Jul 2029 to 30 Dec 2029	460.0p	379.0p	59.0%	3	5.0%	4.4%
LTIP						
9 Oct 2028 to 10 Oct 2029	457.0p	—	57.0%	3	5.0%	4.0%
9 Oct 2028 to 10 Oct 2031	457.0p	—	57.0%	3	5.0%	4.0%
DSA						
9 Oct 2028 to 10 Oct 2029	457.0p	—	—	—	—	—

At 31 July 2025 Exercise period	Share price at issue	Exercise price	Expected volatility	Expected option life in years	Dividend yield	Risk free interest rate
SAYE						
1 Jul 2028 to 30 Dec 2028	303.8p	243.0p	55.0%	3	7.3%	4.0%
LTIP						
26 Sep 2027 to 26 Sep 2028	431.8p	—	50.0%	3	4.6%	4.0%
26 Sep 2027 to 26 Sep 2030	431.8p	—	53.0%	2	3.9%	4.2%
26 Sep 2027 to 26 Sep 2030	431.8p	—	50.0%	3	4.6%	4.3%
DSA						
26 Sep 2026 to 26 Sep 2027	431.8p	—	—	—	—	—
26 Sep 2027 to 26 Sep 2028	431.8p	—	—	—	—	—

Expected volatility was determined mainly by reviewing historical share price volatility for the expected life of each option up to the date of grant.

23. Consolidated cash flow statement reconciliation

	2026 £ million	2025 £ million
(a) Reconciliation of operating loss before tax to net cash inflow from operating activities		
Operating loss before tax from continuing operations	(60.3)	(122.4)
Operating profit before tax from discontinued operations	2.6	51.2
Tax paid	(12.2)	(28.1)
Depreciation, amortisation and impairment	87.6	159.4
Impairment losses on financial assets	91.8	92.7
Provision in relation to motor finance commissions excluding cash paid	145.1	161.4
Other motor finance commissions related costs, net of insurance recoveries and excluding cash paid in relation to motor finance commissions	0.7	5.6
Provision in relation to early settlements in Motor Finance excluding cash paid	(2.6)	33.0
Restructuring costs excluding cash paid	6.2	—
Gain on disposal of CBAM excluding cash paid in relation to transaction costs	(1.0)	(67.6)
Gain on disposal of Winterflood Securities excluding cash paid in relation to transaction costs	(4.5)	—
Gain on disposal of Brewery excluding cash paid in relation to transaction costs	(6.6)	—
Amortisation of de-designated cash flow hedges	(2.0)	(11.4)
Cash inflow/(outflow) arising from changes in:		
Interest receivable and prepaid expenses	29.8	4.8
Net settlement balances and trading positions	(25.8)	3.8
Net money broker loans against stock advanced	26.8	(7.7)
Interest payable and accrued expenses	4.1	(0.8)
Net cash inflow from trading activities	279.7	273.9
Cash inflow/(outflow) arising from changes in:		
Loans and advances to banks not repayable on demand	5.5	1.4
Loans and advances to customers	(104.1)	196.8
Assets let under operating leases	(5.7)	(20.3)
Sovereign and central bank debt	263.0	(213.3)
Covered bonds	21.5	81.9
Deposits by banks	(68.0)	(52.1)
Deposits by customers	(923.2)	100.1
Loans and overdrafts from banks	(3.9)	(148.8)
Debt securities in issue (net)	(366.6)	(18.4)
Derivative financial instruments (net)	—	1.0
Other assets less other liabilities ¹	97.1	39.0
Net cash (outflow)/inflow from operating activities	(804.7)	241.2
(b) Analysis of net cash outflow in respect of the purchase of subsidiaries		
Purchase of subsidiaries, net of cash acquired	—	(0.5)
(c) Analysis of net cash inflow in respect of the sale of subsidiaries		
Cash consideration received from the disposal of Winterflood Securities	103.7	—
Cash consideration received from the disposal of Close Brewery Rentals Limited	8.1	—
Cash consideration received from the disposal of Close Brothers Asset Management	—	146.4
Total cash consideration received	111.8	146.4
Cash received in respect of amounts owed by disposed entities, net of cash and cash equivalents disposed of	10.7	(42.4)
	122.5	104.0
(d) Analysis of cash and cash equivalents²		
Cash and balances at central banks	1,190.8	1,917.2
Loans and advances to banks	198.1	184.6
	1,388.9	2,101.8

1. Net cash inflow includes £55.6 million received for an insurance settlement relating to the loans and advances to customers of Novitas (2025: £27.2 million), £29.6 million interest expense on Group subordinated loan capital and debt financing reclassified to financing activities (2025: £24.5 million) and £12.0 million discount unwind in relation to the provisions for motor finance commissions and early settlements in Motor Finance (2025: £nil).

2. Excludes £26.4 million (2025: £31.9 million) of cash reserve accounts and cash held in trust.

During the year ended 31 July 2026, the non-cash changes on debt financing amounted to £27.2 million (31 July 2025: £32.2 million) arising largely from interest accretion and fair value hedging movements.

24. Financial risk management

The group faces a number of risks in the normal course of its business. To manage these effectively, a consistent approach is adopted based on a set of overarching principles, namely:

- adhering to our established and proven business model;
- implementing an integrated risk management approach based on the concept of three lines of defence; and
- setting and operating within clearly defined risk appetites, monitored with defined metrics and limits.

The group's Enterprise Risk Management Framework details the core risk management components and structures, and defines a consistent and measurable approach to identifying, assessing, controlling and mitigating, reviewing and monitoring, and reporting risk.

The Board retains overall responsibility for overseeing the maintenance of a system of internal control, which ensures that an effective risk management framework and oversight process operate across the group, while risk management across the group is overseen by the Risk Committee.

The Risk Report provides more information on the group's approach to risk management. As a financial services group, financial instruments are central to the group's activities. The risk associated with financial instruments represents a significant component of those faced by the group and is analysed in more detail below.

Details of the material accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 1.

(a) Classification

The following tables analyse the group's assets and liabilities in accordance with the categories of financial instruments in IFRS 9. There are no financial instruments designated as fair value through profit or loss on initial recognition.

	Derivatives designated as qualifying hedging instruments £ million	Fair value through profit or loss £ million	Fair value through other comprehensive income £ million	Amortised cost £ million	Total £ million
At 31 July 2026					
Assets					
Cash and balances at central banks	—	—	—	1,190.7	1,190.7
Loans and advances to banks	—	—	—	224.6	224.6
Loans and advances to customers	—	10.4	—	9,452.8	9,463.2
Debt securities	—	0.6	568.0	2.5	571.1
Derivative financial instruments	62.5	30.8	—	—	93.3
Other financial assets	—	22.1	—	9.5	31.6
	62.5	63.9	568.0	10,880.1	11,574.5
Liabilities					
Deposits by banks	—	—	—	20.3	20.3
Deposits by customers	—	—	—	7,876.2	7,876.2
Loans and overdrafts from banks	—	—	—	0.9	0.9
Debt securities in issue	—	—	—	1,636.0	1,636.0
Subordinated loan capital	—	—	—	249.8	249.8
Derivative financial instruments	80.6	9.4	—	—	90.0
Other financial liabilities	—	—	—	104.7	104.7
	80.6	9.4	—	9,887.9	9,977.9

24. Financial risk management (continued)

	Derivatives designated as qualifying hedging instruments £ million	Fair value through profit or loss £ million	Fair value through other comprehensive income £ million	Amortised cost £ million	Total £ million
At 31 July 2025					
Assets					
Cash and balances at central banks	—	—	—	1,917.0	1,917.0
Loans and advances to banks	—	—	—	161.7	161.7
Loans and advances to customers	—	11.8	—	9,447.6	9,459.4
Debt securities	—	1.1	853.4	4.7	859.2
Derivative financial instruments	94.4	8.7	—	—	103.1
Other financial assets	—	21.1	—	63.6	84.7
	94.4	42.7	853.4	11,594.6	12,585.1
Liabilities					
Deposits by banks	—	—	—	88.1	88.1
Deposits by customers	—	—	—	8,799.3	8,799.3
Loans and overdrafts from banks	—	—	—	1.5	1.5
Debt securities in issue	—	—	—	1,991.3	1,991.3
Subordinated loan capital	—	—	—	195.5	195.5
Derivative financial instruments	90.2	14.5	—	—	104.7
Other financial liabilities	—	—	—	103.5	103.5
	90.2	14.5	—	11,179.2	11,283.9

(b) Valuation

The fair values of the group's subordinated loan capital and debt securities in issue are set out below.

	31 July 2026		31 July 2025	
	Fair value £ million	Carrying value £ million	Fair value £ million	Carrying value £ million
Subordinated loan capital	251.1	249.8	193.5	195.5
Debt securities in issue	1,651.1	1,636.0	2,013.2	1,991.3

The fair value of gross loans and advances to customers at 31 July 2026 is estimated to be £9,525.5 million (31 July 2025: £9,543.4 million), with a carrying value of £9,463.2 million (31 July 2025: £9,459.4 million). The fair value of deposits by customers is estimated to be £7,856.7 million (31 July 2025: £8,798.2 million), with a carrying value of £7,876.2 million (31 July 2025: £8,799.3 million). These estimates are based on highly simplified assumptions and inputs including estimated future cash flows and discount rates and may differ to actual amounts received or paid. The differences between fair value and carrying value are not considered to be significant, and are consistent with management's expectations given the nature of the business and the short average tenor of the instruments.

Valuation hierarchy

The group holds financial instruments that are measured at fair value subsequent to initial recognition. Each instrument has been categorised within one of three levels using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. These levels are based on the degree to which the fair value is observable and are defined as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities where prices are readily available and represent actual and regularly occurring market transactions on an arm's length basis. An active market is one in which transactions occur with sufficient frequency to provide ongoing pricing information;
- Level 2 fair value measurements are those derived from quoted prices in less active markets for identical assets or liabilities or those derived from inputs other than quoted prices that are observable for the asset or liability, either directly as prices or indirectly derived from prices; and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data ("unobservable inputs").

Instruments classified as Level 1 predominantly comprise sovereign and central bank debt, SSA bonds, covered bonds and liquid listed debt securities. The fair value of these instruments is derived from quoted prices in active markets.

Instruments classified as Level 2 predominantly comprise investment grade corporate bonds and over-the-counter derivatives. The fair value of bonds are derived from quoted prices in less active markets in comparison to Level 1. Over-the-counter derivatives largely relate to interest rate and exchange rate contracts (see Note 12 for further information). The valuation of such derivatives includes the use of discounted future cash flow models, with the most significant input into these models being interest rate yield curves developed from quoted rates.

Instruments classified as Level 3 predominantly comprise loans and advances to customers, over-the-counter derivatives and contingent consideration payable and receivable in relation to the acquisition and disposal of subsidiaries.

The valuation of Level 3 derivatives is similar to Level 2 derivatives and includes the use of discounted future cash flow models, with the most significant input into these models being interest rate yield curves developed from quoted rates. However, Level 3 derivatives also include inputs which are unobservable.

The valuation of Level 3 loans and advances to customers is determined on a discounted expected cash flow basis net of expected credit losses. The discount rate used in the valuation is the interest rate charged on the loan, which reflects an arm's length rate chargeable on similar transactions.

The valuation of Level 3 contingent consideration is determined on a discounted expected cash flow basis.

The group believes that there is no reasonably possible change to the inputs used in the valuation of these positions which would have a material effect on the group's consolidated income statement.

During the year, there were no transfers from Level 1 and 2 to 3 (2025: no transfers).

The tables below show the classification of financial instruments held at fair value into the valuation hierarchy.

	Level 1 £ million	Level 2 £ million	Level 3 £ million	Total £ million
At 31 July 2026				
Assets				
Loans and advances to customers held at FVTPL	—	—	10.4	10.4
Debt securities:				
Sovereign and central bank debt	340.1	—	—	340.1
SSA bonds	144.0	—	—	144.0
Covered bonds	83.9	—	—	83.9
Derivative financial instruments	—	88.5	4.8	93.3
Contingent consideration ¹	—	—	22.1	22.1
Other assets	—	—	0.6	0.6
	568.0	88.5	37.9	694.4
Liabilities				
Derivative financial instruments	—	84.7	5.3	90.0
	—	84.7	5.3	90.0

1. Contingent consideration relates to the disposal of Close Brothers Asset Management on 28 February 2025. See Note 26.

	Level 1 £ million	Level 2 £ million	Level 3 £ million	Total £ million
At 31 July 2025				
Assets				
Loans and advances to customers held at FVTPL	—	—	11.8	11.8
Debt securities:				
Sovereign and central bank debt	601.6	—	—	601.6
SSA bonds	146.2	—	—	146.2
Covered bonds	105.6	—	—	105.6
Derivative financial instruments	—	99.1	4.0	103.1
Contingent consideration ¹	—	—	21.1	21.1
Other assets	—	—	1.1	1.1
	853.4	99.1	38.0	990.5
Liabilities				
Derivative financial instruments	—	100.5	4.2	104.7
	—	100.5	4.2	104.7

1. Contingent consideration relates to the disposal of Close Brothers Asset Management on 28 February 2025. See Note 26.

24. Financial risk management (continued)

Movements in financial instruments categorised as Level 3 were:

	Loans and advances to customers held at FVTPL £ million	Derivative financial assets £ million	Derivative financial liabilities £ million	Equity shares £ million	Contingent consideration £ million	Other assets £ million	Total £ million
At 1 August 2024	11.8	6.1	(6.4)	0.1	(1.8)	0.8	10.6
Total gains/(losses) recognised in the consolidated income statement	1.5	(2.1)	2.2	—	—	—	1.6
Purchases, issues, originations and transfers in	3.6	—	—	—	—	0.3	3.9
Sales, settlements and transfers out	(5.1)	—	—	(0.1)	22.9	—	17.7
At 31 July 2025	11.8	4.0	(4.2)	—	21.1	1.1	33.8
Total gains/(losses) recognised in the consolidated income statement	1.2	2.0	(2.3)	—	1.0	—	1.9
Purchases, issues, originations and transfers in	2.1	(1.2)	1.2	—	—	—	2.1
Sales, settlements and transfers out	(4.7)	—	—	—	—	(0.5)	(5.2)
At 31 July 2026	10.4	4.8	(5.3)	—	22.1	0.6	32.6

The gains recognised in the consolidated income statement relating to Level 3 instruments held at 31 July 2026 amounted to £1.9 million (2025: £1.6 million).

(c) Credit risk

Credit risk is the risk of a reduction in earnings and/or value, as a result of the failure of a counterparty or associated party, with whom the group has contracted, to meet its obligations as they fall due. Credit risk across the group mainly arises through lending and treasury activities.

Maximum exposure to credit risk

The table below presents the group's maximum exposure to credit risk, before taking account of any collateral and credit risk mitigation, arising from its on-balance sheet and off-balance sheet financial instruments. For off-balance sheet instruments, the maximum exposure to credit risk represents the contractual nominal amounts.

	31 July 2026 £ million	31 July 2025 £ million
On-balance sheet		
Cash and balances at central banks	1,190.7	1,917.0
Loans and advances to banks	224.6	161.7
Loans and advances to customers	9,463.2	9,459.4
Debt securities	571.1	859.2
Derivative financial instruments	93.3	103.1
Other financial assets	31.6	84.7
	11,574.5	12,585.1
Off-balance sheet		
Irrevocable undrawn commitments	170.1	211.6
	11,744.6	12,796.7

Assets pledged and received as collateral

The group pledges assets for repurchase agreements and securities borrowing agreements which are generally conducted under terms that are customary to standard borrowing contracts.

The group maintains access to the Bank of England's Sterling Monetary Framework, including a reserves account.

The group has securitised without recourse and restrictions £1,570.4 million (31 July 2025: £1,544.8 million) of its insurance premium and motor loan receivables in return for cash and asset-backed securities in issue of £1,443.1 million (31 July 2025: £1,323.4 million), of which £964.1 million (31 July 2025: £245.9 million) is retained by the group.

As the group has retained exposure to substantially all the risks and rewards of the above receivables, including credit, interest rate, prepayment and other risks, it continues to recognise these assets in loans and advances to customers on its consolidated balance sheet.

The majority of loans and advances to customers are secured against specific assets. Consistent and prudent lending criteria are applied across the whole loan book with emphasis on the quality of the security provided.

Financial assets: Loans and advances to customers

The group's approach to managing credit risk relating to loans and advances to customers is set out in the "Credit risk" section of the Risk Report.

Information on the group's internal credit risk reporting can be found in the "Credit risk" section of the Risk report, including an analysis of gross loans and advances to customers, trade receivables and undrawn facilities by the group's internal credit risk grading.

Information on the collateral held in relation to loans and advances to customers can also be found in the "Credit risk" section of the Risk report, including analyses of gross loans and advances to customers by LTV ratio.

Financial assets: Treasury assets

The credit risk presented by the group's treasury assets is low. Immaterial impairment provisions are recognised for cash and balances at central banks, sovereign and central bank debt, SSA bonds and covered bonds. These financial assets are investment grade and in Stage 1.

Company financial assets: Amounts owed by subsidiaries

Amounts owed by subsidiaries on the company balance sheet largely relate to Close Brothers Limited and Close Brothers Holdings Limited, and the credit risk presented by these financial assets is immaterial.

(d) Market risk

Interest rate risk

Additional disclosures on the group's interest rate risk can be found in the "Non-traded market risk" section of the Risk Report.

Foreign exchange risk

Additional disclosures on the group's foreign exchange risk can be found in the "Non-traded market risk" section of the Risk Report.

Non-trading financial instruments

Net gains and losses on non-trading financial instruments are disclosed in Note 11.

(e) Liquidity risk

Liquidity risk is the risk that liabilities cannot be met when they fall due or can only be met at an uneconomic price. The following table analyses the contractual maturities of the group's on-balance sheet financial liabilities on an undiscounted cash flow basis. Additional disclosures on the group's liquidity risk can be found in the "Funding and liquidity risk" section of the Risk Report.

	On demand £ million	In less than three months £ million	In more than three months but not more than six months £ million	In more than six months but not more than one year £ million	In more than one year but not more than five years £ million	In more than five years £ million	Total £ million
At 31 July 2026							
Deposits by banks	20.3	—	—	—	—	—	20.3
Deposits by customers	838.7	2,602.6	1,056.2	2,035.8	1,529.4	—	8,062.7
Loans and overdrafts from banks	0.9	—	—	—	—	—	0.9
Debt securities in issue	—	343.2	42.5	41.6	1,217.3	257.2	1,901.8
Subordinated loan capital	—	7.7	—	7.7	61.3	334.2	410.9
Derivative financial instruments	0.4	41.6	36.3	52.2	294.7	57.6	482.8
Lease liabilities ¹	0.1	2.3	2.2	4.0	17.1	1.3	27.0
Other financial liabilities	7.9	63.1	2.5	1.7	4.9	0.2	80.3
Total	868.3	3,060.5	1,139.7	2,143.0	3,124.7	650.5	10,986.7

1. Lease liabilities are included within "Accruals, deferred income and other liabilities" on the balance sheet and primarily relate to the group's leasehold properties.

24. Financial risk management (continued)

	On demand £ million	In less than three months £ million	In more than three months but not more than six months £ million	In more than six months but not more than one year £ million	In more than one year but not more than five years £ million	In more than five years £ million	Total £ million
At 31 July 2025							
Deposits by banks	9.3	78.9	—	—	—	—	88.2
Deposits by customers	1,161.7	2,625.6	1,570.5	2,070.3	1,614.3	—	9,042.4
Loans and overdrafts from banks	1.5	—	—	—	—	—	1.5
Debt securities in issue	—	71.2	84.3	114.5	1,577.6	403.3	2,250.9
Subordinated loan capital	—	2.0	—	3.0	15.0	205.0	225.0
Derivative financial instruments	0.2	47.2	33.9	45.3	182.2	68.2	377.0
Lease liabilities ¹	0.2	1.4	1.5	3.3	24.1	1.9	32.4
Other financial liabilities	24.3	47.0	0.3	1.2	2.6	0.3	75.7
Total	1,197.2	2,873.3	1,690.5	2,237.6	3,415.8	678.7	12,093.1

1. Lease liabilities are included within "Accruals, deferred income and other liabilities" on the balance sheet and primarily relate to the group's leasehold properties.

Derivative financial instruments in the table above include net currency swaps. The following table shows the currency swaps on a gross basis:

	On demand £ million	In less than three months £ million	In more than three months but not more than six months £ million	In more than six months but not more than one year £ million	In more than one year but not more than five years £ million	In more than five years £ million	Total £ million
At 31 July 2026	0.4	297.9	223.1	390.0	294.7	57.6	1,263.7
At 31 July 2025	5.0	183.5	105.2	206.5	180.8	68.2	749.2

(f) Offsetting

The following table shows the impact on derivative financial assets and liabilities which have not been offset but for which the group has enforceable master netting arrangements in place with counterparties. The net amounts show the exposure to counterparty credit risk after offsetting benefits and collateral, and are not intended to represent the group's actual exposure to credit risk.

Master netting arrangements allow outstanding transactions with the same counterparty to be offset and settled net, either unconditionally or following a default or other predetermined event. Financial collateral on derivative financial instruments consists of cash settled, typically daily, to mitigate the mark to market exposures.

	Gross amounts recognised £ million	Master netting arrangements £ million	Financial collateral ¹ £ million	Net amounts after offsetting ¹ £ million
At 31 July 2026				
Derivative financial assets	93.3	(76.0)	47.2	64.5
Derivative financial liabilities	90.0	(76.0)	(13.2)	0.8
At 31 July 2025				
Derivative financial assets	103.1	(95.5)	27.9	35.5
Derivative financial liabilities	104.7	(95.5)	(5.1)	4.1

1. Financial collateral and net amounts after offsetting include initial margin of £59.5 million (31 July 2025: £35.2 million).

25. Investments in subsidiaries

In accordance with section 409 of the Companies Act 2006, the following is a list of the group's subsidiaries at 31 July 2026, which are all wholly owned and incorporated in the UK unless otherwise stated.

The investment in subsidiary of £487.0 million (31 July 2025: £487.0 million) in the company balance sheet relates to a 100% shareholding in Close Brothers Holdings Limited of £287.0 million (31 July 2025: £287.0 million) and an investment in the AT1 securities of Close Brothers Limited of £200.0 million (31 July 2025: £200.0 million). The company issued AT1 securities of £200.0 million on 29 November 2023 as described in Note 18 and simultaneously entered into a back-to-back transaction with its subsidiary Close Brothers Limited.

There was no impairment of these investments in this and the prior year, albeit indicators of impairment exist in light of the FCA's motor commissions review. The impairment assessment of the investment in Close Brothers Holdings Limited, based on a discounted cash flow analysis of expected future dividends, which includes consideration for the potential impact of the FCA's motor commissions review, demonstrated that its value in use remains above its carrying value.

Group

Close Brothers Holdings Limited¹

The Bank

Air and General Finance Limited¹

Arrow Audit Services Limited¹

Close Asset Finance Limited¹

Close Brothers DAC² (Ireland)

Close Brothers Factoring GmbH³ (Germany)

Close Brothers Finance DAC^{4,12} (Ireland)

Close Brothers Finance plc¹

Close Brothers Limited¹

Close Brothers Motor Finance Payments Limited^{4,12} (Ireland)

Close Brothers Premium DAC² (Ireland)

Close Brothers Retention Holdings DAC^{4,12} (Ireland)

Close Brothers Technology Services Limited¹

Close Brothers Vehicle Hire Limited⁵

Close Business Finance Limited¹

Close Credit Management (Holdings) Limited¹

Close Finance (CI) Limited⁶ (Jersey)

Close Invoice Finance Limited¹

Close Leasing Limited⁷

Close PF Funding I Limited^{8,10}

Commercial Acceptances Limited¹

Commercial Finance Credit Limited¹

Finance for Industry Limited^{1,13}

Finance for Industry Services Limited^{1,13}

Kingston Asset Finance Limited^{1,11}

Kingston Asset Leasing Limited^{1,11}

Novitas Loans Limited¹

Orbita Funding 2023-1 plc^{8,10}

Orbita Funding 2026-1 plc^{8,10}

Surrey Asset Finance Limited¹

Topaz Asset Finance 2019-1 DAC^{9,10} (Ireland)

Topaz Asset Finance 2020-1 DAC^{9,10} (Ireland)

Registered office addresses:

- 10 Crown Place, London EC2A 4FT, United Kingdom.
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- Rheinstraße 4i, 55116 Mainz, Germany.
- Unit 18, Northwood House, Northwood Business Campus, Dublin D09 CR44, Ireland.
- Lows Lane, Stanton-By-Dale, Ilkeston, Derbyshire DE7 4QU, United Kingdom.
- Conway House, Conway Street, St Helier JE4 5SR, Jersey.
- Jackson House, Sibson Road, Sale M33 7RR, United Kingdom.
- 10th Floor, 5 Churchill Place, London E14 5HU, United Kingdom.
- The Sidings, 4th Floor, Grand Canal Quay, Dublin 2, D02 E7K8, Ireland.

Subsidiaries by virtue of control:

- The related undertakings are included in the consolidated financial statements as they are controlled by the group.

Subsidiaries owned by other holding companies in the group:

- Kingston Asset Leasing Limited is owned by Kingston Asset Finance Limited.
- Close Brothers Motor Finance Payments Limited and Close Brothers Retention Holdings DAC (Ireland) are owned by Close Brothers Finance DAC.
- Finance for Industry Services Limited is owned by Finance for Industry Limited.

26. Discontinued operations and assets and liabilities classified as held for sale

At 31 July 2026, the group's discontinued operations comprised Winterflood Securities and Close Brothers Asset Management.

Summary results of discontinued operations

Operating profit/(loss) before tax

	Year ended 31 July 2026 £ million	Year ended 31 July 2025 £ million
Winterflood Securities	1.5	(14.2)
Close Brothers Asset Management	1.1	65.4
Operating profit before tax	2.6	51.2

Profit/(loss) after tax

	Year ended 31 July 2026 £ million	Year ended 31 July 2025 £ million
Winterflood Securities	0.9	(14.7)
Close Brothers Asset Management	1.1	63.9
Profit after tax	2.0	49.2

Winterflood Securities

On 25 July 2025, the group announced that it had entered into an agreement to sell Winterflood Securities, an execution services and securities business and one of the group's operating segments, to Marex Group plc. The sale was completed on 1 December 2025.

In the group's 2025 Annual Report, the business fulfilled the requirements of IFRS 5 to be classified as discontinued operations in the consolidated income statement with comparative information restated. In addition, the assets and liabilities of the business were presented as held for sale in the consolidated balance sheet.

26. Discontinued operations and assets and liabilities classified as held for sale (continued)

Assets and liabilities held for sale

The major classes of assets and liabilities classified as held for sale, which exclude intercompany balances eliminated on consolidation, are as follows:

	31 July 2026 £ million	31 July 2025 £ million
Balance sheet		
Intangible assets	—	10.3
Property, plant and equipment	—	20.2
Loans and advances to banks	—	54.8
Settlement balances	—	726.4
Equity shares	—	28.3
Debt securities and loans	—	32.8
Other assets	—	14.2
Total assets classified as held for sale	—	887.0
Bank loans and overdrafts	—	15.3
Settlement balances	—	698.2
Equity shares	—	10.4
Debt securities and loans	—	14.8
Accruals and deferred income	—	8.5
Other liabilities	—	20.2
Total liabilities classified as held for sale	—	767.4

Results of discontinued operations

	Four months ended 30 November 2025 £ million	Year ended 31 July 2025 £ million
Operating income	28.9	77.3
Operating expenses	(28.4)	(77.1)
Impairment credit on financial assets	—	0.1
Goodwill impairment recognised on remeasurement of disposal group as held for sale	—	(14.5)
Trading profit	0.5	(14.2)
Gain on disposal	1.0	—
Operating profit/(loss) before tax	1.5	(14.2)
Tax ¹	(0.6)	(0.5)
Profit/(loss) after tax	0.9	(14.7)

1. The tax charge of £0.6 million relates to the trading profit of the business prior to disposal. The gain on disposal is exempt following the application of the Substantial Shareholding Exemption.

Cash flow from discontinued operations

	Four months ended 30 November 2025 £ million	Year ended 31 July 2025 £ million
Net cash flow from operating activities	(2.3)	(8.3)
Net cash flow from investing activities	(0.4)	0.1
Net cash flow from financing activities	(0.2)	(0.5)

Consolidated gain on disposal

	31 July 2026 £ million
Cash consideration received	103.7
Disposal transaction costs	(3.4)
	100.3
Net assets on completion date	(99.3)
Gain on disposal	1.0

Close Brothers Asset Management

On 19 September 2024, the group announced that it had entered into an agreement to sell its wealth management business, Close Brothers Asset Management ("CBAM"), one of the group's operating segments, to funds managed by Oaktree Capital Management, L.P. ("Oaktree"). The sale completed on 28 February 2025.

CBAM related to the group's 100% shareholding in Close Asset Management Holdings Limited ("CAMHL") and its subsidiaries. The business was a well-regarded UK wealth management franchise and the transaction strengthened the group's capital base and enhanced its position to navigate the current uncertain environment.

In the group's Half Year 2025 Results, the business fulfilled the requirements of IFRS 5 to be classified as discontinued operations in the consolidated income statement. In addition, the assets and liabilities of the business were presented as held for sale in the consolidated balance sheet. On completion, the assets and liabilities were derecognised and a gain on disposal was recognised as follows.

Results of discontinued operations

	Year ended 31 July 2026 £ million	Seven months ended 28 February 2025 £ million
Operating income	—	95.4
Operating expenses	—	(90.8)
Trading profit	—	4.6
Gain on disposal	0.1	60.8
Movement in fair value of deferred consideration	1.0	—
Operating profit before tax	1.1	65.4
Tax ¹	—	(1.5)
Profit after tax	1.1	63.9

1. Tax charge relates to the trading profit of the business prior to disposal. The gain on disposal is exempt following the application of the Substantial Shareholding Exemption.

Cash flow from discontinued operations

	Year ended 31 July 2026 £ million	Seven months ended 28 February 2025 £ million
Net cash flow from operating activities	—	(1.5)
Net cash flow from investing activities	—	(3.5)
Net cash flow from financing activities	—	(1.7)

Cash consideration of £146.4 million was received on completion. The contingent deferred consideration is in the form of preference shares, redeemable no later than Oaktree's exit, for an amount of up to £28.0 million plus interest at a rate of 8% per annum, stepping up to 12% after five years.

The contingent deferred consideration is subject to potential deductions, including in relation to retention of key individuals and certain potential regulatory costs and separation cost overruns. The preference shares are measured at fair value through profit or loss under IFRS 9. The fair value is calculated to be £22.1 million (31 July 2025: £21.1 million) based on a discounted expected cash flow method, with the main assumptions relating to the expected time until redemption, aforementioned potential deductions and discount rate.

Close Brewery Rentals Limited

As announced on 15 July 2025, the group agreed the sale of its brewery container rentals business, Close Brewery Rentals Limited ("CBRL"), to MML Keystone, a fund managed by MML Capital. The sale completed on 31 August 2025 and a gain on disposal of £6.4 million has been recognised within "other income" in the consolidated income statement. The cash consideration received was £8.1 million.

In the group's Annual Report 2025, the assets and liabilities of the business were classified as held for sale but did not meet the criteria to be classified as discontinued operations under IFRS 5. The results of CBRL were therefore included within continuing operations.

Assets and liabilities held for sale

The major classes of assets and liabilities classified as held for sale, which exclude intercompany balances eliminated on consolidation, are as follows:

	31 July 2026 £ million	31 July 2025 £ million
Balance sheet		
Property, plant and equipment	—	42.8
Loans and advances to banks	—	0.2
Other assets	—	4.0
Total assets classified as held for sale	—	47.0
Accruals and deferred income	—	0.7
Other liabilities	—	5.3
Total liabilities classified as held for sale	—	6.0

Glossary and definition of key terms

Additional Tier 1 ("AT1") capital	Additional regulatory capital that along with CET1 capital makes up a bank's or banking group's Tier 1 regulatory capital. Includes the group's perpetual subordinated contingent convertible securities classified as other equity instruments under IAS 32
Adjusted	Adjusted measures are presented on a basis consistent with prior periods and exclude any exceptional and adjusting items which do not reflect underlying trading performance
Adjusted Earnings per Share ("AEPS")	Adjusted operating profit less tax and AT1 coupons divided by basic weighted average number of ordinary shares in issue
Applicable requirements	Applicable capital ratio requirements consist of the Pillar 1 requirement as defined by the CRR, the Pillar 2a requirement set by the PRA, and the capital conservation buffer and countercyclical buffer as defined by the PRA Rulebook. Any applicable PRA buffer is excluded
Artificial Intelligence ("AI")	The capability of computer systems to perform tasks that normally require human intelligence, including learning, analysis, decision-making, and content generation
Average loan size	The average balance outstanding calculated as the gross loans and advances to customers divided by number of the loans in issue
Average maturity of funding allocated to the loan book	Simple weighted average of the applicable funding allocated to the loan book. The applicable funding excludes equity (except AT1 instruments) and deducts funding held for liquidity purposes
Bad debt ratio	(Adjusted) impairment losses in the year as a percentage of average net loans and advances to customers and operating lease assets excluding Vehicle Hire, which is in wind-down, and Brewery Rentals, classified as held for sale on the group's 31 July 2025 balance sheet, now sold
Basic earnings per share ("EPS")	Total profit attributable to ordinary shareholders divided by basic weighted average number of ordinary shares in issue
Basic earnings per share ("EPS") continuing operations	Operating profit from continuing operations less tax and AT1 coupons, divided by basic weighted average number of ordinary shares in issue
Buy As You Earn ("BAYE")	The HM Revenue & Customs-approved Share Incentive Plan that gives all employees the opportunity to become shareholders in the group
Capital Requirements Directive ("CRD")	European Union regulation implementing the Basel III requirements in Europe, alongside CRR II
Capital Requirements Regulation ("CRR")	Regulation 575/2013/EU, as it forms part of the assimilated law of the United Kingdom
CDP	Formerly the "Carbon Disclosure Project", a leading, internationally recognised independent rating agency and assessor of corporate carbon emissions disclosures and actions
CET1 capital ratio	Measure of the group's CET1 capital as a percentage of risk weighted assets, as required by CRR
Common Equity Tier 1 ("CET1") capital	Measure of capital as defined by the CRR. CET1 capital consists of the highest quality capital including ordinary shares, related share premium account, retained earnings and other reserves, less goodwill and certain intangible assets and other regulatory adjustments
Compensation ratio	Total staff costs as a percentage of adjusted operating income
Consolidated gain on disposal	The profit or loss recognised on the sale of a subsidiary or business, calculated as proceeds received less related costs and the carrying amount of net assets and goodwill disposed
Contingent deferred consideration	A portion of the purchase price on an acquisition that is payable at a future date and is dependent on the occurrence of specified future events or conditions
Cost of funds	Interest expense incurred to support lending activities excluding Vehicle Hire and Brewery Rentals divided by the average net loans and advances to customers and operating lease assets excluding Vehicle Hire and Brewery Rentals
Credit-impaired	Where one or more events that have a detrimental impact on the estimated future cash flows of a loan have occurred. Credit-impaired events are more severe than significant increase in credit risk triggers. Accounts which are credit-impaired will be allocated to Stage 3
Customer sentiment score	Measures of a customers' perception of and satisfaction with a company. Includes customer satisfaction score ("CSAT"): a measure of customer satisfaction expressed as a percentage of positive responses from the total of those surveyed) and net promoter score ("NPS"): a measure of how likely a customer is to recommend a company.

Discounting	The process of determining the present value of future payments
Dividend per share (“DPS”)	Comprises the final dividend proposed for the respective year, together with the interim dividend declared and paid in the year
Effective interest rate (“EIR”)	The interest rate at which revenue is recognised on loans and discounted to their carrying value over the life of the financial asset
Effective tax rate (“ETR”)	Tax on operating profit/(loss) as a percentage of operating profit/(loss) on ordinary activities before tax
Employee engagement	The average of scores from our annual engagement survey relating to overall colleague satisfaction, likelihood of recommending the firm and its products and services, and intention to stay working for Close Brothers
Expected credit loss (“ECL”)	The unbiased probability-weighted average credit loss determined by evaluating a range of possible outcomes and future economic conditions
Expense/income ratio	(Adjusted) operating expenses divided by (adjusted) operating income
Exposure at default (“EAD”)	The capital outstanding at the point of default
Financial Conduct Authority (“FCA”)	A financial regulatory body in the UK, regulating financial firms and maintaining integrity of the UK’s financial market
Financial Ombudsman Service (“FOS”)	The Financial Ombudsman Service settles complaints between consumers and businesses that provide financial services
Financial Reporting Council (“FRC”)	An independent regulatory body responsible for promoting high quality corporate governance and reporting amongst UK companies
Forbearance	Forbearance occurs when a customer is experiencing financial difficulty in meeting their financial commitments and a concession is granted, by changing the terms of the financial arrangement, which would not otherwise be considered
Gross carrying amount	Loan book before expected credit loss provision
Growth Guarantee Scheme (“GGS”)	The successor scheme to the Recovery Loan Scheme, the Growth Guarantee Scheme launched in July 2024 and is designed to support access to finance for UK small businesses as they look to invest and grow
High quality liquid assets (“HQLAs”)	Assets which qualify for regulatory liquidity purposes, including Bank of England deposits and sovereign and central bank debt
HM Revenue & Customs (“HMRC”)	The UK’s tax, payments and customs authority
Internal Capital Adequacy Assessment Process (“ICAAP”)	An annual self-assessment of a bank’s material risks and the associated level of capital needed to be held, and undertaking appropriate stress testing of capital adequacy
Internal Liquidity Adequacy Assessment Process (“ILAAP”)	The processes for the identification, measurement, management and monitoring of liquidity
Internal ratings based (“IRB”) approach	A supervisor-approved method using internal models, rather than standardised risk weightings, to calculate regulatory capital requirements for credit risk
International Accounting Standards (“IAS”)	Older set of standards issued by the International Accounting Standards Council, setting up accounting principles and rules for preparation of financial statements. IAS are being superseded by IFRS
International Financial Reporting Standards (“IFRS”)	Globally accepted accounting standards issued by the IFRS Foundation and the International Accounting Standards Board
Leverage ratio	Tier 1 capital as a percentage of non-risk-weighted total exposures, adjusted for certain capital deductions, including intangible assets, and off-balance sheet exposures
Lifetime expected credit loss provision (“Lifetime ECL”)	Losses that result from default events occurring within the lifetime of the loan
Liquidity coverage ratio (“LCR”)	Measure of the group’s HQLAs as a percentage of expected net cash outflows over the next 30 days in a stressed scenario
Loan to value (“LTV”) ratio	For a secured or structurally protected loan, the loan balance as a percentage of the total value of the asset
Long-term bad debt ratio	Long-term bad debt ratio is calculated using IAS 39 until the change to IFRS 9 in FY19. Long-term average bad debt ratio of 1.2% based on the average bad debt ratio for FY08-FY26, excluding Novitas from FY21 onwards and Rentals businesses from FY24
Loss given default (“LGD”)	The amount lost on a loan if a customer defaults
Net interest margin (“NIM”)	(Adjusted) operating income for the lending divisions, divided by average net loans and advances to customers and operating lease assets excluding Vehicle Hire and Brewery Rentals
Net stable funding ratio (“NSFR”)	Regulatory measure of the group’s weighted funding as a percentage of weighted assets
Net zero	Target of completely negating the amount of greenhouse gases produced by reducing emissions or implementing methods for their removal
Probability of default (“PD”)	Probability that a customer will default on their loan
Prudential Regulation Authority (“PRA”)	A financial regulatory body, responsible for regulating and supervising banks and other financial institutions in the UK

Glossary and definition of key terms continued

Return on assets	Adjusted operating profit less tax and AT1 coupons divided by average total assets for continuing operations at the balance sheet date and prior year
Return on average tangible equity ("RoTE")	Adjusted operating profit, less tax and AT1 coupons, divided by average total shareholders' equity, excluding intangible assets and AT1, for continuing operations
Return on opening equity ("RoE")	Adjusted operating profit less tax and AT1 coupons divided by opening equity for continuing operations, excluding AT1
Risk weighted assets ("RWAs")	A measure of the amount of a bank's exposures, adjusted for risk in line with the CRR. It is used in determining the capital requirement for a financial institution
Scope 1, 2 and 3 emissions	Categorisation of greenhouse gas emissions, as defined by the Greenhouse Gas (GHG) Protocol, into direct emissions from owned or controlled sources (Scope 1), indirect emissions from the generation of purchased electricity, heating and cooling consumed by the reporting company (Scope 2), and all other indirect emissions that occur in a company's value chain (Scope 3)
Significant increase in credit risk ("SICR")	An assessment of whether credit risk has increased significantly since initial recognition of a loan using a range of triggers. Accounts which have experienced a significant increase in credit risk will be allocated to Stage 2
Standardised approach	Generic term for regulator-defined approaches for calculating credit, operational and market risk capital requirements as set out in the CRR
Subordinated debt	Represents debt that ranks below, and is repaid after claims of, other secured or senior debt owed by the issuer
Task Force on Climate-related Financial Disclosures ("TCFD")	Regulatory framework to improve and increase reporting of climate-related financial information, including more effective and consistent disclosure of climate-related risks and opportunities
Term funding	Funding with a remaining maturity greater than 12 months
Tier 2 capital	Additional regulatory capital that along with Tier 1 capital makes up a bank's total regulatory capital. Includes qualifying subordinated debt
Total funding as percentage of loan book	Total funding divided by net loans and advances to customers and operating lease assets
Total shareholder return ("TSR")	Measure of shareholder return including share price appreciation and dividends, which are assumed to be re-invested in the company's shares
Typical loan maturity	Term of loan measured per contract with customer at loan's inception
Watch list	Internal risk management process for heightened monitoring of exposures that are showing increased credit risk

Shareholder information

Financial calendar

First quarter trading update	19 November 2026
Annual General Meeting	19 November 2026
Half year end	31 January 2027
Interim results	March 2027
Third quarter trading update	May 2027
Financial year end	31 July 2027
Preliminary results	September 2027

The financial calendar is updated on a regular basis throughout the year. Please refer to our website www.closebrothers.com for up-to-date details.

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Online proxy voting:
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Safeguarding against fraud

Fraudsters use persuasive and high-pressure tactics to lure investors into scams. They may offer to sell shares that prove to be worthless or non-existent, or to buy shares at an inflated price in return for an upfront payment. While high profits are promised, if you buy or sell shares in this way you will probably lose your money.

How to avoid share fraud

- Keep in mind that firms authorised by the FCA are unlikely to contact you out of the blue with an offer to buy or sell shares.
- Do not get into a conversation, but note the name of the person and firm contacting you and then end the call.
- Check the Financial Services Register at <https://register.fca.org.uk/s/> to see if the person and firm contacting you are authorised by the FCA.
- Beware of fraudsters claiming to be from an authorised firm, copying its website, or giving you false contact details.
- If you want to phone the caller back, use the firm's contact details listed on the Financial Services Register at <https://register.fca.org.uk/s/>
- If the firm does not have contact details on the Register or they tell you the details are out of date, call the FCA on 0800 111 6768.
- Search the list of unauthorised firms to avoid at <https://www.fca.org.uk/consumers/unauthorised-firms-individuals>
- Remember that if you buy or sell shares from an unauthorised firm, you cannot access the Financial Ombudsman Service or Financial Services Compensation Scheme.
- Get independent financial and professional advice before handing over any money.
- If it sounds too good to be true, it probably is.

Report a scam

If you think that you have been approached by fraudsters or have any concerns about a potential scam, contact the FCA's Consumer Helpline on 0800 111 6768 or use the online "Share Fraud Reporting Form" available from their website at <https://www.fca.org.uk/consumers/report-scam>. We would also recommend contacting the police through Report Fraud on 0300 123 2040 or visiting www.reportfraud.police.uk/ for further information.

Cautionary statement

Certain statements included or incorporated by reference within this report may constitute “forward-looking statements” in respect of the group’s operations, performance, prospects, financial condition and/or environmental, social and governance ambitions, targets and commitments. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements. Forward-looking statements are sometimes, but not always, identified by their use of a date in the future or such words as “anticipates”, “aims”, “due”, “could”, “may”, “will”, “should”, “expects”, “believes”, “intends”, “plans”, “potential”, “targets”, “goal” or “estimates” and other words and expressions of similar meaning. By their nature, forward-looking statements involve a number of risks, uncertainties and assumptions and actual results or events may differ materially from those expressed or implied by those statements, including where statements are based on evolving methodologies, data and/or regulatory frameworks. There are also a number of factors, including factors outside of the group’s control, that could cause actual future operations, performance, financial conditions, results or developments to differ materially from the plans, goals and expectations expressed or implied by these forward-looking statements and forecasts. These factors include, but are not limited to, those contained in this report including its sections on principal and emerging risks. Accordingly, no assurance can be given that any particular expectation will be met and reliance should not be placed on any forward-looking statement. Additionally, forward-looking statements regarding past trends or activities should not be taken as a representation that such trends or activities will continue in the future.

Except as may be required by law or regulation, no responsibility or obligation is accepted to update or revise any forward-looking statement resulting from new information, future events or otherwise. Nothing in this document should be construed as a profit forecast. Past performance cannot be relied upon as a guide to future performance and persons needing advice should consult an independent financial adviser.

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Design by Black Sun Global.

Board of Directors and Executive Committee photography by Richard Davies.

Close Brothers Group plc

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