

# Close Brothers Group plc

Pillar 3 disclosures for the half year ended 31 January 2026

## Executive Summary

### Background

The aim of the capital adequacy regime is to promote safety and soundness in the financial system. It is structured around three "pillars": Pillar 1 on minimum capital requirements; Pillar 2 on the supervisory review process; and Pillar 3 on market discipline. Pillar 3 requires firms to publish a set of disclosures which allow market participants to assess key pieces of information on that firm's capital, risk exposures and risk assessment process. The disclosures contained in this document cover the qualitative and quantitative disclosure requirements of Pillar 3, set out in the Capital Requirements Regulation as implemented in the PRA Rulebook CRR Instrument and the PRA Rulebook CRR Firms: Leverage Instrument (collectively known as "CRR"), and are based on data at 31 January 2026 with comparative figures for 31 January 2025 and 31 July 2025 where relevant.

### Scope

The Prudential Regulation Authority ("PRA") supervises Close Brothers Group plc ("CBG" or "the group") on a consolidated basis and receives information on the capital adequacy of, and sets capital requirements for, the group as a whole. In addition, a number of subsidiaries are regulated for prudential purposes by either the PRA or the Financial Conduct Authority ("FCA"). Close Brothers Limited ("CBL" or "the Banking division") is regulated under CRR. Close Brothers Asset Management ("CBAM") was part of the group until 28 February 2025, and is therefore included in the 31 January 2025 comparatives. Winterflood Securities Limited ("Winterflood") was part of the group until 1 December 2025, and is therefore included in the 31 January 2025 and 31 July 2025 comparatives.

### Summary of Key Metrics

The prudent management of the group's financial resources is a core part of our business model.

The group holds three classes of own funds, comprising common equity tier 1 ("CET1"), additional tier 1 ("AT1") capital, and tier 2 debt. After the period end, we issued £250.0 million of 6.125% Subordinated Tier 2 Notes due 2036, accompanied by a related tender of our outstanding £200.0 million 2.00% Fixed Rate Subordinated Notes due 2031.

Over the first half of the 2026 financial year, the CET1 capital ratio increased from 13.8% to 14.3%, mainly driven by a reduction in loan book risk weighted assets ("RWAs") (c.70bps), the recognition of other profits attributable to shareholders (c.60bps) and the sale of Winterflood (c.55bps). This was partly offset by the additional provision in relation to motor finance commissions (-c.125bps) and AT1 coupon payments in the year (-c.10bps).

CET1 capital decreased 6% to £1,266.3 million (31 July 2025: £1,348.1 million), primarily driven by the £135.0 million provision increase (£120.8 million net of tax) in relation to motor finance commissions, £15.8 million regulatory capital deduction in relation to the ENABLE Build Guarantee Scheme, AT1 coupon payments of £11.1 million, and a net decrease in other CET1 capital resources of £2.0 million. These impacts were partly offset by the recognition of the group's other profits attributable to shareholders in the period of £56.4 million, and a reduction in intangible assets deducted from capital of £13.6 million, of which £10.4 million is from the Winterflood disposal.

In November 2025, CBL's ENABLE Build Guarantee with the British Business Bank ("BBB") became effective. The ENABLE Build Guarantee scheme is an initiative managed by the BBB and is executed through a synthetic securitisation structure, supported by a guarantee mechanism designed to facilitate increased lending to small and medium-sized enterprises ("SMEs"). Under the ENABLE Guarantee scheme, £350.0 million of CBL's Property loan book portfolio has benefitted from the 75% guarantee offered by the BBB. The guarantee is treated under the securitisation framework whereby CBL covers the first loss element of £15.8 million which is treated as a regulatory deduction from CET1 capital whilst the government guarantee (attracting a 0% risk weighting) generates a loan book RWA saving of £269.9 million through the application of credit risk mitigation ("CRM").

Tier 1 capital and total capital both decreased 5% to £1,466.3 million and £1,666.3 million respectively (31 July 2025: £1,548.1 million and £1,748.1 million respectively), reflecting the same movements in relation to CET1 capital.

RWAs decreased 9% to £8.9 billion (31 July 2025: £9.8 billion), driven by a reduction in credit risk RWAs (£639.5 million), operational risk RWAs (£159.8 million) and market risk RWAs (£114.0 million).

The decline in credit risk RWAs was driven by a reduction in loan book RWAs (£499.5 million) reflecting lower loan book balances but also the benefit of the ENABLE Build Guarantee Scheme within the Property division. There was also a decrease in other credit risk RWAs (£140.1 million) which was partly in respect of the Winterflood disposal (£45.0 million), and Brewery Rentals disposal (£40.5 million).

The reduction in operational risk RWAs was primarily driven by the Winterflood disposal (£162.7 million), following the approval from the Prudential Regulation Authority ("PRA") for a full release of its associated operational risk RWAs.

The decrease in market risk RWAs was primarily driven by the Winterflood disposal (£107.2 million).

As a result, CET1, tier 1 and total capital ratios were 14.3% (31 July 2025: 13.8%), 16.5% (31 July 2025: 15.8%) and 18.8% (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 9.7%, 11.4% and 13.7%, respectively, at 31 January 2026. Accordingly, we continue to have headroom significantly above the applicable CET1 requirement of c.460bps.

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%) primarily attributable to reductions in loan book and the disposal of Winterflood.

Until 31 July 2025, the group applied IFRS 9 regulatory transitional arrangements which allowed banks to add back to their capital base a proportion of the IFRS 9 impairment charges during the transitional period. The transitional period ended on 31 July 2025.

As reported in our Full Year 2025 results, engagement with the regulator continues following our application in December 2020 to transition to the Internal Ratings Based ("IRB") approach. We continue to make progress towards Phase 3 of the application process.

## 2 Close Brothers Group plc

Pillar 3 Disclosures for the half year ended 31 January 2026

The group adopts a conservative stance on liquidity, ensuring it is comfortably ahead of both internal risk appetite and regulatory requirements. We regularly assess and stress test the group's liquidity requirements and continue to meet the liquidity coverage ratio ("LCR") regulatory requirements, with a 12-month average LCR to 31 January 2026 of 1,141% (2025 1,012%). Our liquidity coverage ratio is substantially above the minimum regulatory requirements of 100%, as we continue to adopt a conservative liquidity position and prudently manage our financial resources. 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 January 2026 was 148.6% (.31 July 2025:145.9%)

### Close Brothers Limited

For liquidity and funding, the PRA supervises CBL on an individual basis, excluding all subsidiary undertakings. For capital and leverage, the PRA supervises CBL on an individual consolidation basis as permitted under CRR article 9. The individual consolidation group does not include all subsidiary undertakings and therefore differs to the CBL accounting consolidation group under IFRS. Differences between the CBL group and individual consolidations relate primarily to reserves held by entities that sit outside of the scope of individual consolidation but are included in the CBL group consolidation, and the impact from the RWAs of these entities.

At 31 January 2026, CBL's CET1 capital ratio was 12.9% (31 July 2025: 12.9%). CET1 capital decreased 6% to £1,151.7 million (31 July 2025: £1,229.2 million) the £135.0 million provision increase (£120.8 million net of tax) in relation to motor finance commissions, £15.8 million regulatory capital deduction in relation the ENABLE Build Guarantee Scheme, AT1 coupon payments of £11.1 million, and a net decrease in other CET1 capital resources of £3.1 million. These impacts were partly offset by the recognition of the group's other profits attributable to shareholders in the period of £73.4 million.

RWAs decreased to £8.9 billion (31 July 2025: £9.5 billion) mainly driven by a reduction in credit risk RWAs (£566.3 million) and market risk RWAs (£18.8 million).

### Regulatory Developments

The PRA Policy Statement PS1/26 'Implementation of Basel 3.1: Final rules' was published on 20 January 2026 with an implementation date of 1 January 2027. The majority of rules applicable to the group remain unchanged from the Basel 3.1 rules as consulted on, including the removal of the small and medium-sized enterprises ("SME") supporting factor. We currently estimate that following the disposal of Winterflood, the implementation will result in an increase in the group's RWAs of less than 10%. Given the group expects to receive a full offset in Pillar 2a requirements at total capital level for the removal of the Pillar 1 RWA SME support factor, the implementation is not expected to have a significant impact on the group's overall capital headroom position.

There are no planned increases in 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 Policy and approval

These disclosures have been prepared, verified and approved under the group's Pillar 3 Policy and Framework and regulatory reporting standards, which set out the internal processes and controls to verify that the disclosures are appropriate and in compliance with the requirements set out in CRR.

Full disclosures are issued as a minimum on an annual basis, with key metrics disclosed on a semi-annual basis, as the group meets the requirements of CRR article 433c. The disclosures are published on the group's website. These disclosures are not subject to audit except where they are equivalent to those prepared under accounting requirements for inclusion in the Group's Half Year Report. The Group's Pillar 3 disclosures have been subject to senior first line and second line review, followed by review and endorsement by the Capital Adequacy Committee ("CAC") and the Asset and Liability Committee ("ALCO"), as appropriate.

The Audit Committee has endorsed the disclosures and recommended them for approval by the CBG Board ("the Board") on 16th March 2026.

"I attest that, to the best of my knowledge, these disclosures have been prepared in accordance with the group's formal policies and internal processes, systems and controls".

Fiona McCarthy, Group Chief Financial Officer

## Annex I: Key metrics and overview of risk-weighted exposure amounts

### UK KM1 – Key metrics

The table below provides a summary of the main prudential regulation ratios and measures for the group and for CBL on an individual consolidation basis.

£m		Group			Individual <sup>5</sup>		
		a <sup>4</sup>	c	e	a <sup>4</sup>	c	e
		31 Jan 2026	31 Jul 2025	31 Jan 2025	31 Jan 2026	31 Jul 2025	31 Jan 2025
<b>Available own funds (amounts)</b>							
1	Common equity tier 1 ("CET1") capital	1,266.3	1,348.1	1,257.3	1,151.7	1,229.2	1,233.9
2	Tier 1 capital	1,466.3	1,548.1	1,457.3	1,351.7	1,429.2	1,433.9
3	Total capital	1,666.3	1,748.1	1,657.3	1,551.7	1,629.2	1,633.9
<b>Risk-weighted exposure amounts</b>							
4	Total risk-weighted exposure amount	8,882.5	9,798.5	10,340.8	8,949.4	9,534.2	9,758.3
<b>Capital ratios (as a percentage of risk-weighted exposure amount)</b>							
5	Common equity tier 1 ratio (%)	14.3	13.8	12.2	12.9	12.9	12.6
6	Tier 1 ratio (%)	16.5	15.8	14.1	15.1	15.0	14.7
7	Total capital ratio (%)	18.8	17.8	16.0	17.3	17.1	16.7
<b>Additional own funds requirements based on SREP (as a percentage of risk-weighted exposure amount)</b>							
UK 7a	Additional CET1 SREP requirements (%)	0.7	0.7	0.7	1.0	1.0	1.0
UK 7b	Additional AT1 SREP requirements (%)	0.2	0.2	0.2	0.3	0.3	0.3
UK 7c	Additional T2 SREP requirements (%)	0.3	0.3	0.3	0.4	0.4	0.4
UK 7d	Total SREP own funds requirements (%)	9.3	9.3	9.3	9.8	9.8	9.8
<b>Combined buffer requirement (as a percentage of risk-weighted exposure amount)</b>							
8	Capital conservation buffer (%)	2.5	2.5	2.5	2.5	2.5	2.5
9	Institution specific countercyclical capital buffer (%)	1.9	1.9	1.9	1.9	1.9	1.9
11	Combined buffer requirement (%)	4.4	4.4	4.4	4.4	4.4	4.4
UK 11a	Overall capital requirements (%)	13.7	13.7	13.7	14.2	14.2	14.2
12	CET1 available after meeting total SREP own funds requirements (%)	9.0	8.5	6.8	7.4	7.3	7.0
<b>Leverage ratio<sup>1</sup></b>							
13	Total exposure measure excluding claims on central banks	10,833.0	12,040.3	12,407.8	10,786.5	11,323.0	10,994.9
14	Leverage ratio excluding claims on central banks (%)	13.5	12.9	11.7	12.5	12.6	13.0

£m		Group			Individual <sup>5</sup>		
		a <sup>4</sup>	c	e	a <sup>4</sup>	c	e
		31 Jan 2026	31 Jul 2025	31 Jan 2025	31 Jan 2026	31 Jul 2025	31 Jan 2025
	<b>Liquidity coverage ratio<sup>2</sup></b>						
15	Total high-quality liquid assets ("HQLA") (Weighted value - average)	<b>2,643.8</b>	2,457.4	2,253.9	<b>2,657.4</b>	2,477.8	2,266.7
UK 16a	Cash outflows - Total weighted value	<b>927.0</b>	971.7	946.4	<b>1,142.8</b>	1,050.8	957.1
UK 16b	Cash inflows - Total weighted value	<b>1,139.8</b>	1,203.7	1,273.8	<b>2,251.5</b>	2,145.8	2,085.4
16	Total net cash outflows (adjusted value)	<b>231.8</b>	242.9	236.6	<b>285.7</b>	262.7	239.3
17	Liquidity coverage ratio (%)	<b>1,140.8</b>	1,011.6	952.6	<b>930.2</b>	943.2	947.3
	<b>Net stable funding ratio<sup>3</sup></b>						
18	Total available stable funding	<b>10,822.0</b>	11,073.3	10,915.1	<b>10,304.2</b>	10,563.6	10,404.9
19	Total required stable funding	<b>7,284.9</b>	7,587.8	7,788.4	<b>6,280.8</b>	6,479.7	6,648.1
20	Net stable funding ratio (%)	<b>148.6</b>	145.9	140.1	<b>164.1</b>	163.0	156.5

1 Rows 14a-14e have been removed as only LREQ firms are required to disclose this information.

2 Figures presented are for the 12 month average to the period end.

3 Figures presented are for the four-quarter average to the period end.

4 Columns b and d have been removed as only required to disclose information on a semi-annual basis.

5 For capital and leverage, the PRA supervises CBL on an individual consolidation basis as permitted under CRR article 9. For liquidity and funding, the PRA supervises CBL on an individual basis, excluding all subsidiary undertakings.



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