Directors' remuneration report

Tracey Graham
Chair of the Remuneration Committee

Dear shareholder

I am pleased to present the Directors' Remuneration Report for the 2025 financial year. I would like to thank my fellow Remuneration 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 approved by shareholders at the 2024 AGM. It also provides an update on our approach to remuneration for the 2026 financial year.

Last year, we implemented a Directors' Remuneration Policy that included flexibility to operate an interim restricted stock incentive model, which replaced both the annual bonus and the performance share award grant under the Long Term Incentive Plan ("LTIP") in 2025. 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. We conducted extensive shareholder consultation prior to adopting this pay model and I was pleased by the level of support that we received at the AGM, with a vote of 95% in favour. We also received a vote of 98% in favour of our Directors' Remuneration Report. I would like to thank all shareholders for their ongoing support.

Whilst the outcome of the Supreme Court Appeal on 1 August 2025 has provided welcome clarity on important legal and commercial principles, until the FCA has concluded its consultation and confirmed the design and scope of any redress scheme, there remains uncertainty as to the range of outcomes and the financial impact to the group. The Committee decided to continue operating our interim restricted stock incentive model for the 2026 financial year. This approach reflects the guidance included in last year's Annual Report that we might extend the operation of the interim restricted stock model should these extraordinary circumstances continue beyond the 2025 financial year.

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.

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 and HR Operations.

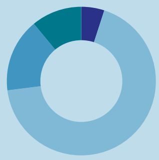
Meetings

- Number of scheduled meetings: Four
- For details of attendance, see page 128

2025 highlights

- Consulted over 20 of our major shareholders on the proposed extension of the restricted stock model.
- Conducted the 2025 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.
- Reviewed statutory and regulatory remuneration disclosures including gender pay gap report.

How time was spent



Remuneration Policy and disclosure	**5%**
Risk and reward	**68%**
Annual remuneration disclosure	**16%**
Other governance matters (including administration)	**11%**

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 2025 financial year.

The Directors' Remuneration Report is divided into three sections:

- Annual Statement from the Remuneration Committee Chair – pages 147 to 149
- Annual Report on Remuneration – pages 150 to 160
- Summary of Directors' Remuneration Policy – pages 161 to 163

How the group performed during the 2025 financial year

Overall, we reported a statutory operating loss before tax of £122.4 million (2024: statutory operating profit of £132.7 million), primarily driven by adjusting items in relation to motor finance commissions, including a £165.0 million provision and £18.7 million associated with complaints handling and other operational and legal costs. We also recognised a £33.0 million provision for the proactive customer remediation programme in Motor Finance in relation to early settlement of loans and an operating loss before tax of £47.5 million for our rentals businesses, including the £30.0 million write-down of assets in the Vehicle Hire business.

While the performance partially reflects legacy issues that the current management team are taking decisive steps to address, the Board recognises that our returns have fallen short of where they should be and welcome the Chief Executive's focus on addressing these. On an adjusted basis, excluding the impact from adjusting items, which do not reflect the underlying performance of our business and discontinued operations, the group's operating profit decreased 14% to £144.3 million (2024: £167.6 million). We have strengthened our capital position, delivered cost actions resulting in annualised savings of around £25 million since March 2024, and simplified the group through the sale of CBAM, Winterflood and the Brewery Rentals business. We achieved a CET capital ratio of 13.8%, significantly above our applicable requirement of 9.7%. The sale of Winterflood is expected to increase the group's CET1 capital ratio by c.55 basis points over time.

As we have continued to navigate this period of unprecedented uncertainty, the Committee has sought to balance rewarding and retaining our people, including our Executive Directors, in order to safeguard the future of our franchise, with the experience of all our stakeholders. Further details regarding the actions we have taken for the wider workforce are set out on page 153.

Changes to the Board of Directors during the 2025 financial year

In January, the Board announced that following a period of medical leave, Adrian Sainsbury would step down from his position as Group Chief Executive and Executive Director of the group with effect from 6 January 2025 to focus on his health. He was replaced on a permanent basis by Mike Morgan, who had performed the interim Chief Executive role for which he received an acting up allowance of £136,823. The departure details for Adrian are set out on page 158. He was treated as a good leaver for the purposes of the company's incentive plans.

To recognise Mike's appointment to the Chief Executive role, the Committee determined that he would receive an annual salary of £968,000 and a pension allowance at 10% of annual salary, which is in line with the contribution levels for all employees. He also receives a car allowance of £18,000. Mike's salary level was aligned with the salary received by Adrian. The Committee also agreed to grant an additional top-up restricted stock award, which took his total grant in the 2025 financial year to £650,000. This is below the £750,000 grant level for restricted stock that was proposed for Adrian last year.

Executive Director remuneration outcomes for the 2025 financial year

The interim restricted stock incentive model, introduced for the 2025 financial year, replaced both the annual bonus and the performance share award granted under the LTIP in 2025. Therefore, the Executive Directors were not eligible for an annual bonus for 2025.

The 2022 LTIP was based on adjusted EPS growth (35%), return on opening equity ("RoE") (35%) and a scorecard of risk management objectives (30%). The financial metrics were not met, reflecting the impact of the legacy issues that crystallised in the performance period. The risk management objectives over the three years to 2025 were partially met. This would have resulted in an LTIP vesting of 18.5% of the maximum opportunity. However, in recognition of the shareholder experience, the Committee has determined that there should be nil vesting on the 2022-2025 LTIP. Further details are set out on page 157.

Proposed implementation of the Policy for the 2026 financial year

Notwithstanding Mike's performance in his first year as Chief Executive, acknowledging the shareholder experience, the Committee agreed that Mike will not receive a salary increase for the 2026 financial year. His salary will therefore remain at £968,000. This is in line with the approach being taken for other members of the Executive Committee.

As outlined above, until the FCA has concluded its consultation and confirmed the design and scope of any redress scheme, there remains uncertainty as to the range of outcomes and the financial impact to the group. As such, setting robust and meaningful performance metrics for our "ordinary course" annual bonus and performance-based LTIP remains a challenge for the 2026 financial year. We are therefore continuing with the grant of restricted stock to the Chief Executive for the 2026 financial year. Our approach to this award will be unchanged from the 2025 financial year:

- The restricted stock award will replace both the annual bonus and performance share award under the LTIP in the 2026 financial year.
- The Committee determined that the award value for Mike Morgan will be 75% of salary (£726,000). This is 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 award will be subject to performance underpins as detailed on page 159.
- The restricted stock award would vest 100% after year three, subject to assessment against the performance underpins. The entire award would then be subject to a two-year holding period.
- Clawback periods will continue to be seven years, extendable to 10 years.

The Committee believes this approach will continue to achieve the following objectives:

- retain and motivate Mike in his role as Chief Executive and ensure he is focused on executing our strategy and protecting our valuable franchise;
- incentivise and reward stewardship of the business during this period of uncertainty;
- increase Mike's equity stake in the business in the long-term interests of all of our stakeholders.

It remains the Committee's intention that we will revert back to operating the ordinary course annual bonus and LTIP for the 2027 financial year.

We consulted on the proposed extension of the restricted stock model for the 2026 financial year by sending a letter to a number of our significant shareholders, covering c.80% of the register. I was pleased that the feedback we received supported the proposed approach.

Appointment of an Executive Director

In August, the Board confirmed the appointment of Fiona McCarthy, Group Chief Finance Officer, as an Executive Director. The Committee has developed a remuneration package that recognises her significant capabilities and experience, while reflecting the reduced complexity of the group following the sale of CBAM and Winterflood.

The Committee determined that Fiona should receive a salary level of £500,000, with a pension contribution of 10% of salary, which is in line with the rate for the wider workforce. She will also receive a restricted stock award of 62% of salary (£310,000) for the 2025 financial year, below the maximum opportunity of 80%, with the award structured in line with the award for Mike Morgan. The aggregate package for Fiona is therefore set at a c.20% discount to the intended package provided to Mike Morgan in his role as Group Finance Director in 2025. The Committee may look to progress Fiona's package in future years, taking into account company and personal performance over time.

Supporting the wider workforce

The Remuneration 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 2026 financial year is 2.3%.

During this period of uncertainty, Close Brothers has been 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 that maintaining some level of bonus is important for the sustainable retention of colleagues.

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. Executive pay is linked to inclusion objectives via our "ordinary course" performance-based LTIP. Employee feedback consistently reflects a positive perception of our inclusive environment, with 91% of colleagues in our 2025 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 2026

The Remuneration 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.

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

30 September 2025

Annual Report on Remuneration

Remuneration Committee

The Remuneration Committee's main 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

An external 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 page 151. The evaluation found that the Remuneration Committee continues to operate effectively.

The Remuneration Committee considers that it has access to sufficient resources to enable it to carry out its duties and it has continued to perform effectively.

Membership activity in the 2025 financial year

There were seven meetings of the Remuneration Committee held during the year, which included three additional meetings that took place in August 2024, October 2024 and January 2025. 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 2024	September 2024	October 2024	Additional January 2025	January 2025	April 2025	July 2025
Remuneration Policy and disclosures							
Approve the annual remuneration governance model					•		
Approve Total Reward Principles					•		
Approve Remuneration Policy Statement for 2024		•			•		
Approve Directors' Remuneration Report and the remuneration section of the Pillar 3 disclosure for 2024		•					
Review and approve of Directors' Remuneration Policy for 2024	•	•					
Approve UK Gender Pay Gap submission					•		
Approve revised clawback period		•					
Risk and reward							
Review and approve risk-adjustment process/outcomes	•	•			•	•	•
Approve Material Risk Takers for 2025		•			•	•	•
Annual remuneration discussions							
Approve approach to year-end compensation						•	
Review group LTIP non-financial targets for 2025	•						
Approve group LTIP financial and non-financial targets for 2025							•
Review and determine 2024 EDs' annual bonus outcome		•					
Approve medium and long-term awards	•						
Approve 2021 group LTIP vesting		•					
Review risk management objectives for 2022 group LTIP vesting							•
Approve year-end all-employee group-wide salary and bonus analysis/proposals for 2024	•						
Approve proposed 2024 compensation for Material Risk Takers	•						
Review formulaic incentive schemes and approval of schemes for 2025						•	•
Special business							
Approve revised Omnibus Plan Rules					•		
Approve interim CEO arrangements			•	•			

UK Corporate Governance Code

We continue to be compliant with the executive pay provisions of the 2018 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 new Policy, 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 Remuneration 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 Remuneration Committee consulted and received input from the Chairman of the Board, the Chief Executive, the Group Head of Human Resources, the Head of Reward and HR Operations, the Group Chief Risk Officer and the Company Secretary. Where the Remuneration Committee seeks input from employees, this never relates to their own remuneration.

The Remuneration Committee's remuneration advisers are Deloitte LLP (a member of the Remuneration Consultants Group) who were appointed by the Remuneration Committee following a competitive tendering process. During the year, separate teams within Deloitte provided advice and support in a range of areas, including operations, corporate development and regulatory compliance. The Remuneration 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 were £66,000 during the 2025 financial year, calculated on a time and material basis.

Slaughter and May provided legal advice on the company's equity scheme rules and the fees paid were £43,500, calculated on a time and material basis. The Remuneration Committee is satisfied with the independence of the advice.

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 2024 AGM

	For	Against	Number of abstentions
Directors' Remuneration Report	97.7%	2.3%	663,159

Implementation of the Policy in 2025

The single total figure of remuneration for Executive Directors for the years ended 31 July 2025 and 31 July 2024 is set out in the tables below. (Audited[1])

	2025								
	Salary £'000	**Acting up allowance £'000**	**Benefits £'000**	**Pension £'000**	**Total fixed remuneration £'000**	**Annual bonus[2] £'000**	**Performance awards £'000**	**Total variable remuneration £'000**	**Total remuneration £'000**
Adrian Sainsbury[3]	**418**	**–**	**12**	**42**	**472**	**–**	**–**	**–**	**472**
Mike Morgan[4]	**807**	**137**	**20**	**80**	**1,044**	**–**	**–**	**–**	**1,044**

	2024								
	Salary £'000	Acting up allowance £'000	Benefits £'000	Pension £'000	Total fixed remuneration £'000	Annual bonus[2] £'000	Performance awards[5] £'000	Total variable remuneration £'000	Total remuneration £'000
Adrian Sainsbury	949	–	31	95	1,075	–	92	92	1,167
Mike Morgan	571	–	12	57	640	–	56	56	696

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. Adrian Sainsbury stepped down as Group Chief Executive and an Executive Director of the group on 6 January 2025; his remuneration including salary, benefits, bonus and pension has been time pro-rated accordingly.
4. 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.
5. The figures for the performance awards for 2024 have been recalculated using the actual share price on the date of vesting for the LTIP of £3.818. The three-month average to 31 July 2024 was used for the 2024 report given that the awards were vesting after publication of the report.

Link between reward and performance

During the 2025 financial year, the group's performance has been impacted by a number of challenging but necessary actions. These include a provision in respect of motor commissions, a proactive customer remediation programme and associated provision related to historical deficiencies in certain operational processes linked to the early settlement of loans in Motor Finance, and the write-down of assets in our Vehicle Hire business. The group has strengthened its capital position in response to the motor commissions uncertainty, delivering cost actions resulting in annualised savings of around £25 million since March 2024, and simplifying the group through the sale of CBAM, Winterflood and the Brewery Rentals business. In addition, we have also decided to exit the group's Vehicle Hire business. Performance in this business has been impacted by a challenging market backdrop, particularly post-Covid, and we see limited opportunity to deliver enhanced returns.

We reported a statutory operating loss before tax of £122.4 million (2024: statutory operating profit of £132.7 million), primarily driven by adjusting items amounting to £266.7 million. On an adjusted basis, excluding the impact from these adjusting items, which do not reflect the underlying performance of our business and discontinued operations, the group's operating profit decreased 14% to £144.3 million (2024: £167.6 million). Partially this result reflects that our capital focus in the year meant we did not proceed with business, even where it met our credit and pricing requirements.

In Banking, adjusted operating profit reduced to £198.3 million (2024: £212.9 million), as a 2% reduction in income and 1% growth in costs were partly offset by lower impairment charges. The net interest margin remained strong at 7.2% (2024: 7.4%) and credit performance remained resilient, with a bad debt ratio of 1.0% (2024: 1.0%), below the long-term average of 1.2%.

We maintained strong capital, funding and liquidity positions. The group's CET1 capital ratio was 13.8% at 31 July 2025, reflecting significant progress on our capital actions, and significantly above our applicable requirement of 9.7%. The recently announced sale of Winterflood is expected to increase the group's CET1 capital ratio by c.55 basis points over time.

In line with our stated approach, no dividend will be paid in respect of the 2025 financial year.

Applying the performance conditions would have resulted in the 2022 LTIP vesting at 18.5% of the maximum opportunity. However, recognising that the group performance remains impacted by legacy issues, the Remuneration Committee, determined that the award should not vest. As there was no annual bonus operated in 2025, there was no payout of any variable remuneration in the year. The business will look to revert to operating its "ordinary course" annual bonus and performance LTIP structure in due course.

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 Remuneration Committee takes into account the individual's role and experience, pay for the broader employee population, market and external factors, where applicable. For the 2025 financial year, the Remuneration Committee applied 2% and 2.1% salary increases to the Chief Executive and the Finance Director, respectively. These base salary increases are lower than the average salary increase approved for the wider employee population at 3.4%.

Benefits

Adrian Sainsbury and Mike Morgan received an £18,000 allowance in lieu of a company car (time pro-rated for the period as Chief Executive). Mike Morgan received an £136,823 acting up allowance whilst in the Interim Chief Executive role. 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

Adrian Sainsbury and Mike Morgan received a pension allowance 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 2022 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
Adjusted EPS growth[2] (35% weighting)	10%	30%	(53.0)%	0.0%
RoE[3] (35% weighting)	10%	18%	6.0%	0.0%
Risk management objectives ("RMO") (30% weighting)	n/a	n/a	50.0%	18.5%
Overall vesting assessment				18.5%
Discretionary adjustment				(100)%
LTIP overall vesting outcome				0.0%

1. 25% of the awards vest for satisfying the threshold target.
2. Over three years.
3. Average over three-year performance period.

As explained in the Remuneration Committee Chair's letter, the financial metrics were not met and the risk management objectives over the three years to 2025 were partially met. In recognition of the shareholder experience, the Remuneration Committee determined that there should be nil vesting on the LTIP.

Details of the assessment of the risk management objectives for the LTIP

The Remuneration 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 Remuneration 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 Remuneration 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 2023 and 2024 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%			**50%**
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.	• Operational resilience self-assessment agreed in March 2025 in line with regulatory requirements. • Previously identified vulnerabilities closed, in line with UK regulatory requirements.	On track

ESG: 10% of 30%			**25%**
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 have decided 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 energy and battery electric vehicles market will be led by customer demand rather than by specific group targets, ensuring our ambitions align closely with our customers' transition journeys.	On track
People	• Improve diversity through meeting defined FY 2025 representation targets for female senior managers and managers from an ethnic minority background: – 36% female senior managers. – 14% managers from an ethnic minority background.	• 29% female senior managers at 31 July 2025. • 10% managers from an ethnic minority background at 31 July 2025.	Behind 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%.	• In response to recent developments and motor finance commissions uncertainties, we have strengthened our capital position. • The group's CET1 capital ratio was 13.8% at 31 July 2025 (31 July 2024: 12.8%), significantly above our applicable requirement of 9.7%.	Ahead of track
Dividend	• Maintain a progressive dividend that is sustainable over the medium term.	• Given the continued uncertainty regarding the outcome of the FCA's review of motor finance commission arrangements and any potential financial impact, the group decided not to pay a dividend on its ordinary shares for the 2025 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 increased 20% to £2.8 billion at 31 July 2025 (31 July 2024: £2.3 billion) and were predominantly held on deposit with the Bank of England. • We regularly assess and stress test the group's liquidity requirements and continue to exceed the LCR regulatory requirements, with a 12-month average LCR to 31 July 2025 of 1,012% (31 July 2024: 1,034%).	Ahead of track
Funding	• Maintain a prudent amount of term funding. • Maintain an appropriate net stable funding ratio.	• We have maintained a prudent maturity profile, with surplus tenor of allocated funding of three months at 31 July 2025. • The four-quarter average NSFR to 31 July 2025 was 145.9% (31 July 2024: 134.4%).	On track

The table below summarises the Remuneration 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	95.0%	37.5%	75.0%	69.2%
Risk and operational resilience	75.0%	75.0%	50.0%	66.7%
ESG[1]	n/a	37.5%	25.0%	31.3%
Overall vesting[2]	**85.0%**	**50.0%**	**50.0%**	**61.7%**

1. The ESG element in year one was incorporated within the risk and operational resilience element, whilst in years two and three it was agreed ESG would be a separate element.
2. The overall vesting percentage is calculated on the average of the overall vesting per element per year.

Implementation of the Policy in 2026

Base salary

	Salary effective from 1 August 2025	Increase
Chief Executive – Mike Morgan	£968,000	0.00
Group Chief Finance Officer – Fiona McCarthy[1]	£500,000	—

1. Fiona McCarthy's salary is effective from appointment date as an Executive Director, 29 August 2025.

Base salaries were determined with reference to the Executive Director's role, increases for the broader population and external factors. For the 2026 financial year, the Remuneration Committee has decided not to apply a salary increase to the Chief Executive, in line with other members of the Executive Committee. The average salary increase approved for the wider employee population was 2.3%.

Mike Morgan's allowance in lieu of pension and Fiona McCarthy's 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 161. There will be no other increases to allowances or benefits other than any potential increase in the cost of providing them.

2025 restricted stock award (for the 2026 to 2028 cycle)

The proposed 2025 restricted stock award due to be granted in October 2025 is shown in the table below.

	Chief Executive Mike Morgan	Group Chief Finance Officer Fiona McCarthy
2025 restricted stock award	£726,000	£310,000
2025 restricted stock award as a percentage of 2026 salary	75%	62%

As advised in the Remuneration Committee Chair's letter, in lieu of the "ordinary course" annual bonus and performance share LTIP, for 2025, a restricted stock award will be granted over shares with a value at grant of £726,000 for the Chief Executive and £310,000 for the Group Chief Finance Officer. These are below the maximum opportunity of 80% of their base salary at 75% and 62% 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 Remuneration 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 Remuneration 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 2025, and the decrease in remuneration paid to employees reflects the reduction in headcount and performance-driven bonuses.

	2025 £ million	2024[1] £ million	Percentage change
Remuneration paid	**238.4**	246.9	(3.4)%
Distributions to shareholders[2]	**–**	-	-

1. Comparative information restated following the classification of CBAM and Winterflood as discontinued operations.
2. For the 2024 and 2025 financial years, no dividend was paid.

Changes in remuneration of the Directors and all employees

The table below details how the remuneration for the Directors changed compared to employees of the parent company of the group and the average group-wide employee population for each year between the 2020 and 2025 financial years.

The year-on-year movement in fees and salary for the Directors, average group employee and average group-wide employee reflects the annual review implemented in August 2024 and ad hoc salary changes throughout the financial year ended 31 July 2025. The 2025 average employee figures exclude CBAM.

The average salary increase for group employees reflects a small population and a number of promotions throughout the year.

Adrian Sainsbury's year-on-year salary and benefits decreases are due to him stepping down from his role in January 2025.

Mike Morgan's year-on-year salary and benefits increases relate to his change in role to Chief Executive in January 2025.

Kari Hale's year-on-year fee increase relates to his change of responsibilities and being the Chair of the Audit Committee for the full year during the 2025 financial year. Patricia Halliday's year-on-year fee increase relates to her being a member of the Remuneration Committee effective from the start of the 2025 financial year.

The change to benefits relates to the cost of providing private medical cover and the inclusion of the discount of share price for a SAYE option granted. Due to the attractive discounted share price, a larger number of employees elected to participate in the 2025 SAYE option scheme.

	2025			2024			2023			2022			2021		
	Salary/ Fee	**Benefits[1]**	**Bonus**	Salary/ Fee	Benefits[1]	Bonus	Salary/ Fee	Benefits[1]	Bonus	Salary/ Fee	Benefits[1]	Bonus	Salary/ Fee	Benefits[1]	Bonus
Average group employee[2]	**8.7%**	**20.8%**	**(7.0)%**	6.9%	10.7%	1.8%	7.0%	16.2%	(11.7)%	5.8%	21.3%	29.5%	2.4%	6.6%	34.3%
Average employee[3]	**4.3%**	**5.6%**	**(13.3)%**	3.8%	19.2%	7.9%	4.7%	4.7%	(27.6)%	5.7%	5.7%	(32.8)%	0.0%	0.0%	21.2%
Executive Directors[4]															
Adrian Sainsbury[5,6]	**(55.9)%**	**(57.4)%**	**0.0%**	2.0%	2.9%	0.0%	0.0%	2.7%	(100.0)%	95.7%	62.2%	(51.1)%	–	–	–
Mike Morgan[7,8]	**41.2%**	**45.8%**	**0.0%**	2.0%	7.9%	0.0%	0.0%	(0.1)%	(100.0)%	40.0%	30.8%	(54.9)%	0.0%	20.2%	152%
Chairman and Non-executive Directors[9]															
Mike Biggs	**0.0%**	**–**	**–**	0.0%	–	–	0.0%	–	–	0.0%	–	–	0.0%	–	–
Sally Williams	**0.0%**	**–**	**–**	2.4%	–	–	0.0%	–	–	3.8%	–	–	0.0%	–	–
Mark Pain	**0.0%**	**–**	**–**	1.7%	–	–	0.0%	–	–	27.5%	–	–	–	–	–
Patricia Halliday[10,11]	**6.3%**	**–**	**–**	0.9%	–	–	23.9%	–	–	–	–	–	–	–	–
Tracey Graham[10]	**0.0%**	**–**	**–**	0.9%	–	–	23.9%	–	–	–	–	–	–	–	–
Tesula Mohindra	**0.0%**	**–**	**–**	2.4%	–	–	0.0%	–	–	–	–	–	–	–	–
Kari Hale[12]	**7.5%**	**–**	**–**	25.5%	–	–	–	–	–	–	–	–	–	–	–

1. Non-executive Directors have received other benefits that relate to reimbursement for expenses incurred in the course of duties. Reimbursement of these expenses does not provide an accurate comparison to benefits received by employees and they are therefore not included.
2. Changes for employees of the parent company excluding Executive Directors.
3. Changes for group-wide employees, as this is more representative of changes across the wider workforce, excluding Executive Directors.
4. Calculated using the data from the single figure table in the Annual Report on Remuneration including reimbursement for expenses incurred in the course of duties.
5. Adrian Sainsbury was appointed Group Chief Executive in September 2020 and his 2021 figures are pro-rated based on part-year. Adrian's 2022 salary and benefits increase is driven by the part-year in 2021 and the compensation mix adjustment awarded during the 2022 financial year.
6. Adrian Sainsbury stepped down as Group Chief Executive in January 2025 and his 2025 figures are pro-rated based on part-year.
7. Mike Morgan's 2022 benefits increased 30.8%; this is driven by an increase in pension allowance based on the compensation mix adjustment awarded during the 2022 financial year.
8. Mike Morgan's salary and benefits for 2025 are apportioned based on his time as Finance Director and Chief Executive during the year.
9. Calculated using the fees from the single figure table for Non-executive Directors on page 163. Where non-executives have pro-rated fees, the prior year has either been pro-rated up or down accordingly.
10. Patricia Halliday and Tracey Graham's fees increased year-on-year between 2022 and 2023; this is driven by their appointment to the Chair of the Risk Committee and the Chair of the Remuneration Committee respectively during the 2023 financial year.
11. Patricia Halliday's fees increased year-on-year between 2024 and 2025; this is driven by her appointment as a member of the Remuneration Committee on 1 August 2024.
12. Kari Hale's fees have increased year-on-year between 2023 and 2024 and 2024 and 2025; this is driven by his appointment to the Chair of the Audit Committee during the 2024 financial year.

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 six financial years. The Committee is satisfied that the median ratio is consistent with the pay, reward and progression policies for our employee population.

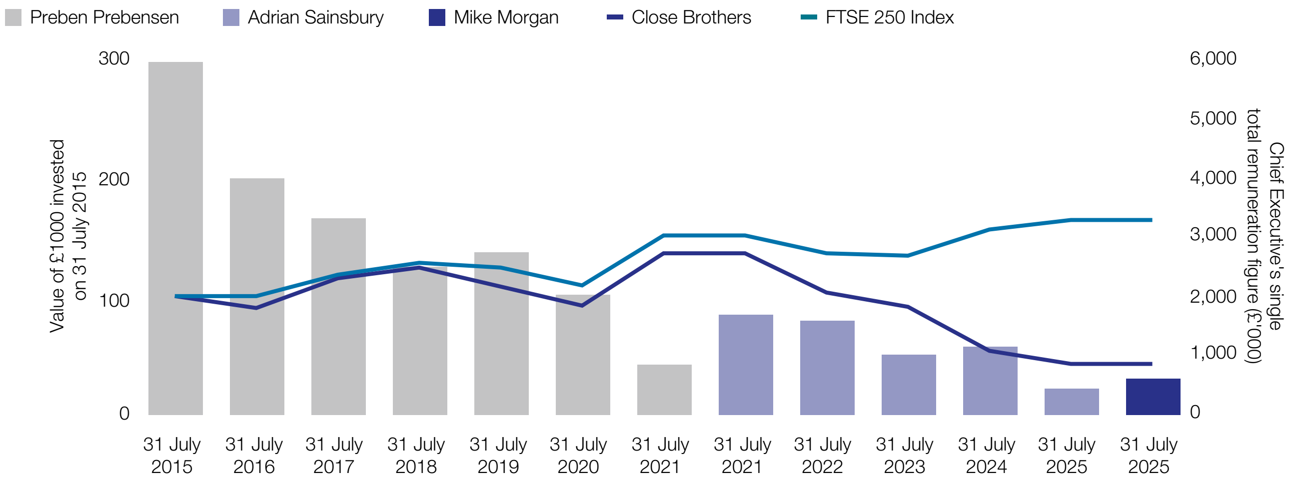
The ratio for 2025 has marginally decreased since 2024; however, the median pay ratio has been similar over the last three years. This year's reduction is largely as a result of no 2022 LTIP award vesting.

					Lower quartile employee		Median employee		Upper quartile employee	
Year	Method	25th percentile	Median	75th percentile	Total remuneration	Salary	Total remuneration	Salary	Total remuneration	Salary
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
	2015	2016	2017	2018	2019	2020	2021[1]	2021[2]	2022[3]	2023	2024	**2025[4]**	**2025[5]**
Single figure of total remuneration (£'000)	£5,962	£3,995	£3,337	£2,541	£2,770	£2,043	£860	£1,720	£1,602	£1,053	£1,182	**£472**	**£625**
Annual bonus against maximum opportunity	98%	95%	91%	86%	82%	40%	78%	78%	47%	0%	0%	**0%**	**0%**
LTIP, SMP and Matching Share Award vesting[6]	97%	68%	51%	19%	30%	42%	40%	40%	21%	0%	22%	**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 is 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 is 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 2025 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 £4.3184, 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 19 September 2024.

Name	Award type[1]	Vesting period	Performance conditions	Face value[2,3] £'000	Percentage vesting at threshold	Number of shares	Vesting end date
Adrian Sainsbury	PSA[4,5]	3 years	Yes	27	N/A	6,203	26 September 2027
Mike Morgan	PSA[4,5]	3 years	Yes	650	N/A	150,518	26 September 2027

1. The awards are all delivered as nil cost options.
2. Adrian Sainsbury's PSA was time pro-rated for the period actively working (1 August 2024 to 9 September 2024). The original face value of the award and number of shares due to be granted were £750,000 and 173,675 respectively.
3. Mike Morgan was granted a PSA of £450,000 as Group Finance Director and an additional top-up PSA of £200,000 was granted when appointed Chief Executive in January 2025.
4. Performance underpins are detailed in the 2024 Annual Report on page 171.
5. PSAs have an additional two-year holding period.

External appointments

No Executive Directors held external directorships during the financial year.

Payments to departing Directors and past Directors (Audited)

As per the section 430(2B) Companies Act 2006 Statement made on the company's website, Adrian Sainsbury stepped down as Group Chief Executive and Executive Director of the group on the 6 January 2025 and remained on medical leave, in accordance with medical advice, until 9 April 2025. Immediately following this period, Adrian's 12-month notice period commenced and Adrian was placed on gardening leave for the duration of his notice period, during which time he continues to receive his basic salary, cash allowances and benefits. During the 2025 financial year, the value of his salary and cash allowances was £614,975 and the value of his benefits was £2,238.

Under the rules of the Close Brothers Omnibus Share Incentive Plan, Adrian was treated as a good leaver in relation to his unvested Deferral Annual Bonus awards, 2023 LTIP and 2024 PSA awards. The awards will vest on their original vesting schedule, subject to time pro-ration and assessment of performance conditions or underpins where applicable. The awards remain subject to malus and clawback.

Since stepping down, Adrian Sainsbury has called for his outstanding Deferred Annual Bonus Awards relating to 2021 and 2022 and his 2019 LTIP to cover tax liabilities. The total value of the awards on calling was £96,276 and the dividend paid was £61,318. 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 2025 are set out below:

	Shareholding requirement[1]	Number of shares owned outright[2]	Outstanding options not subject to performance conditions[3]		Outstanding options subject to performance conditions[4]	
Name	**2025**	**2025**	**2025**	2024	**2025**	2024
Adrian Sainsbury[5]	**479,683**	**166,934**	**12,921**	33,212	**246,930**	315,931
Mike Morgan	**479,683**	**128,316**	**10,611**	21,874	**295,473**	190,239

1. Based on the closing mid-market share price of 403.6p on 31 July 2025.
2. This includes shares owned outright by closely associated persons and SIP.
3. This includes DSA and SAYE options.
4. This includes PSA and LTIP awards.
5. Adrian Sainsbury's shareholding is as at 6 January 2025, the day he resigned as an Executive Director.

No Executive Director held shares that were vested but unexercised as at 31 July 2025. There were no changes in notifiable interests between 1 August 2025 and 16 September 2025.

Executive Directors’ shareholding (Audited)

The chart below compares the current Executive Director 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 time frame to meet the revised minimum requirement. Mike hasn't sold shares since taking office, except to cover tax liabilities, and has no ability to do so, until the threshold is met.

Mike Morgan

Details of Executive Directors’ share exercises during the year (Audited)

Name	Award type	Held at 1 August 2024	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	2021 DSA	7,128	7,128	–	1,545.8	241	17,178	12,510
	2022 DSA	5,379	5,379	–	923.1	241	12,963	5,998
	2019 LTIP	10,569	10,569	–	1,366.4	241	25,471	29,329

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 2025 financial year.

Single total figure of remuneration for Non-executive Directors (Audited)

	2025						2024					
Name	**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**	**–**	**–**	**–**	**21**	**321**	300	–	–	–	30	330
Sally Williams	**71**	**–**	**14**	**–**	**2**	**87**	71	–	14	–	–	85
Mark Pain	**71**	**–**	**14**	**34**	**1**	**120**	71	–	14	34	1	120
Tesula Mohindra	**71**	**–**	**14**	**–**	**1**	**86**	71	–	14	–	1	86
Patricia Halliday[3]	**71**	**34**	**14**	**–**	**1**	**120**	71	34	7	–	–	112
Tracey Graham	**71**	**34**	**7**	**–**	**1**	**113**	71	34	7	–	1	113
Kari Hale[4]	**71**	**34**	**7**	**–**	**3**	**115**	71	24	9	–	1	105

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.
3. Patricia Halliday was appointed a member of the Remuneration Committee on 1 August 2024.
4. Kari Hale was appointed Chair of the Audit Committee on 16 November 2023.

Notes to the single total figure of remuneration for Non-executive Directors

The fees payable to Non-executive Directors for the 2025 and 2026 financial years are as follows:

Role	**2026**	2025
Chairman[1]	**£300,000**	£300,000
Non-executive Director	**£71,000**	£71,000
Supplements		
Senior Independent Director	**£34,000**	£34,000
Chair of Audit Committee	**£34,000**	£34,000
Chair of Remuneration Committee	**£34,000**	£34,000
Chair of Risk Committee	**£34,000**	£34,000
Committee membership[2]	**£7,000**	£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 2025**	Shares held beneficially at 31 July 2024
Mike Biggs	**15,000**	6,500
Sally Williams	**5,910**	1,062
Mark Pain	**4,000**	4,000
Tesula Mohindra	**500**	500
Patricia Halliday	**500**	500
Tracey Graham	**1,000**	1,000
Kari Hale	**–**	–

There were no changes in notifiable interests between 1 August 2025 and 16 September 2025.

This report was approved by the Board of Directors on 30 September 2025 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. It is intended that the policy will apply for three years up to the 2027 AGM, unless amendments are required, in which case further shareholder approval will be sought.

The Remuneration Policy included the ability to make awards of Restricted Shares, reflecting the difficulty the business had in setting targets. The intention is that the business will revert to the "ordinary course" award of Performance Shares and Annual Bonus for the 2027 financial year.

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 2025 is included in the Annual Report on Remuneration section, on pages 152 to 154.

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.

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.

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 contracts[1]

Name	Date of service contract
Mike Morgan	7 January 2025
Fiona McCarthy	29 August 2025

1. Copies of the Director' 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 letters[1]

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	1 January 2024
Patricia Halliday	1 August 2021	1 August 2024
Tesula Mohindra	15 July 2021	1 January 2024
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 2025, we consulted over 20 of our major shareholders of our proposal to extend the restricted stock model for 2026.