

Financial overview

Summary group income statement¹

	2025 £ million	2024 £ million	Change %
Continuing operations			
Adjusted operating income	681.2	698.4	(2)
Adjusted operating expenses	(445.1)	(433.5)	3
Adjusted impairment losses on financial assets	(91.8)	(97.3)	(6)
Adjusted operating profit	144.3	167.6	(14)
Banking	198.3	212.9	(7)
Commercial	112.2	97.0	16
Retail	18.9	37.9	(50)
Property	67.2	78.0	(14)
Group (central functions)	(54.0)	(45.3)	19
Adjusting items:			
Provision in relation to motor finance commissions	(165.0)	—	n/a
Complaints handling and other operational and legal costs incurred in relation to motor finance commissions	(18.7)	(6.9)	171
Provision in relation to BiFD review	—	(17.2)	(100)
Provision in relation to early settlements in Motor Finance	(33.0)	—	n/a
Restructuring costs	(2.3)	(3.1)	(26)
Amortisation of intangible assets on acquisition	(0.2)	(0.2)	—
Operating loss from Close Brewery Rentals Limited ²	(4.1)	(2.1)	95
Operating loss from Close Brothers Vehicle Hire ³	(43.4)	(5.4)	n/a
Operating (loss)/profit before tax	(122.4)	132.7	(192)
Tax	(4.7)	(37.4)	(87)
(Loss)/profit after tax from continuing operations	(127.1)	95.3	(233)
Discontinued operations⁴:			
Close Brothers Asset Management	63.9	7.4	n/a
Winterflood	(14.7)	(2.3)	n/a
(Loss)/profit after tax (continuing and discontinued operations)	(77.9)	100.4	(178)
Attributable to			
Shareholders	(100.2)	89.3	(212)
Other equity owners	22.3	11.1	101
(Loss)/profit after tax attributable to shareholders and other equity owners	(77.9)	100.4	(178)
Adjusted basic earnings per share (continuing operations) ⁵	59.3p	75.8p	
Basic (loss)/earnings per share (continuing operations) ⁵	(99.8)p	56.2p	
Basic (loss)/earnings per share (continuing and discontinued operations) ^{4,5}	(66.9)p	59.7p	
Ordinary dividend per share	—	—	
Return on opening equity ⁶	6.2%	7.9%	
Return on average tangible equity ⁶	7.1%	9.3%	

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 exceptional and adjusting items include; customer remediation provisions, operational or legal costs incurred in relation to an event that is deemed to be adjusting, businesses that are held for sale, the Vehicle Hire business which is in wind-down, restructuring costs and amortisation of intangible assets on acquisition. Please refer to the Basis of Presentation on page 52 for further information.

2. Close Brewery Rentals Limited which is held for sale as at 31 July 2025. Please refer to page 61 for more detail.

3. Close Brothers Vehicle Hire business is being exited. Please refer to pages 61 to 62 for more detail.

4. 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 2024 and 2025 financial years in line with the requirements of IFRS 5. The related assets and liabilities are classified as held for sale on the group's balance sheet as at 31 July 2025.

5. Refer to Note 7 "Earnings per Share" for the calculation of basic and adjusted earnings per share.

6. Return on opening equity and return on average tangible equity have been restated for financial year 2024 to exclude discontinued operations.

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 exceptional and adjusting items include customer remediation provisions, operational or legal costs incurred in relation to an event that is deemed to be adjusting, businesses that are held for sale, the Vehicle Hire business which is in wind-down, restructuring costs and amortisation of intangible assets on acquisition.

Discontinued operations relate to Close Brothers Asset Management and Winterflood, which have been classified as a discontinued operation in the group's income statement for the 2025 financial year and total £49.2 million profit after tax. Figures in the 2024 financial year have been restated on the same basis. Winterflood's assets and liabilities are classified as held for sale on the group balance sheet at 31 July 2025. CBAM's assets and liabilities are not included on the group balance sheet at 31 July 2025, as the sale of the business completed on 28 February 2025. In addition, Close Brewery Rentals Limited's assets and liabilities are also classified as held for sale on the group balance sheet at 31 July 2025, as the sale completed on 31 August 2025.

Reconciliation from adjusted to statutory income statement

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	Complaints handling and other operational and legal costs related to motor finance commissions £ million	Provision in relation to the BiFD review £ 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 (held for sale) £ 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)

Adjusting items reconciling adjusted to statutory performance											
Summary income statement for the year ended 31 July 2024	Adjusted £ million	Provision in relation to motor finance commissions £ million	Complaints handling and other operational and legal costs related to motor finance commissions £ million	Provision in relation to the BiFD review £ 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 (held for sale) £ million	Close Brothers Vehicle Hire loss (in wind down) £ million	Total adjusting items £ million	Statutory £ million
Operating income	698.4	—	—	—	—	—	—	6.6	8.4	15.0	713.4
Operating expenses	(433.5)	—	(6.9)	(17.2)	—	(3.1)	(0.2)	(8.0)	(12.9)	(48.3)	(481.8)
Impairment losses on financial assets	(97.3)	—	—	—	—	—	—	(0.7)	(0.9)	(1.6)	(98.9)
Operating profit/(loss) before tax	167.6	—	(6.9)	(17.2)	—	(3.1)	(0.2)	(2.1)	(5.4)	(34.9)	132.7

Statutory operating profit

The group reported a statutory operating loss before tax of £122.4 million (2024: statutory operating profit before tax of £132.7 million). Underlying operating profit was more than offset by a number of adjusting items. These included a £165.0 million provision charge in relation to motor finance commissions and £18.7 million of costs in relation to complaints handling and other operational and legal costs incurred in relation to motor finance commissions. The group also recorded operating losses before tax from its rentals businesses totalling £47.5 million, as well as a separate £33.0 million provision for a proactive customer remediation programme following the identification of historical deficiencies in certain operational processes related to early settlement of loans in the Motor Finance business.

Adjusted operating profit

Adjusted operating profit decreased 14% to £144.3 million (2024: £167.6 million), driven by a decline in income and higher costs, partly offset by lower impairment charges.

Banking adjusted operating profit reduced 7% to £198.3 million (2024: £212.9 million), due to a decline in income and a marginal increase in expenses partially offset by a reduction in impairment losses. The operating loss in Group (central functions), which includes the central functions such as finance, legal and compliance, risk and human resources, increased to £54.0 million (2024: £45.3 million) below guidance of between £55 million and £60 million. The increase in the operating loss in Group (central functions) was primarily due to increased legal and professional fees associated with the impact of the FCA's ongoing review and the Supreme Court appeal.

We expect the operating loss from Group (central functions) to be c.£50 million in the 2026 financial year, reflecting a reduction in legal and professional fees.

Return on opening equity reduced to 6.2% (2024: 7.9%) and return on average tangible equity decreased to 7.1% (2024: 9.3%).

Adjusted operating income

Adjusted operating income decreased 2% to £681.2 million (2024: £698.4 million), primarily reflecting lower income in Banking.

Income in the Banking division decreased 2%, primarily reflecting lower loan book balances as a result of the management actions to moderate loan book growth in the earlier part of the year. Group (central functions) income decreased 2% to £(11.7) million (2024: £(11.5) million), reflecting lower cash balances and lower interest rates.

Adjusted operating expenses

Adjusted operating expenses increased to £445.1 million (2024: £433.5 million), primarily reflecting higher Group (central functions) expenses.

In the Banking division, adjusted operating expenses increased 1% to £402.8 million (2024: £399.7 million) as £15 million of cost savings were broadly offset by wage inflation and spend on technology and expansion of capabilities across the business. Expenses in the Group (central functions) rose to £42.3 million (2024: £33.8 million), primarily driven by an increase in legal and professional fees associated with the impact of the FCA's ongoing review and the Supreme Court appeals.

Overall, the group's expense/income ratio increased to 65% (2024: 62%), whilst the compensation ratio remained flat at 34% (2024: 34%).

Impairment charges and IFRS 9 provisioning

Impairment charges decreased to £91.8 million (2024: £97.3 million), corresponding to a bad debt ratio of 1.0% (2024: 1.0%). Excluding Novitas, impairment charges rose to £98.6 million (2024: £90.9 million), equivalent to a bad debt ratio of 1.0% (2024: 1.0%). The increase in underlying impairment charges excluding Novitas was mainly driven by the ongoing review of provisions and coverage across our portfolio, including single name provisions in Property. This was partially offset by generally favourable performance across other businesses. Credit quality remains resilient and the bad debt ratio remains comfortably below our long-term average of 1.2%. Overall, provision coverage reduced to 2.6% (31 July 2024: 4.3%), driven by the recovery of outstanding balances in relation to Novitas. Excluding Novitas, the coverage ratio increased slightly to 2.5% (31 July 2024: 2.3%) reflecting the above-mentioned provision increases against the backdrop of a lower total loan book.

Since the 2024 financial year end, we have updated the macroeconomic scenarios we source from Moody's Analytics to reflect the latest available information regarding the macroeconomic environment and outlook, with the weightings assigned to them remaining unchanged. At 31 July 2025, there was a 30% weighting to the upside, 32.5% weighting to the baseline, 20% weighting to the mild downside, 10.5% weighting to the moderate downside and 7% weighting to the protracted downside.

Whilst we have not seen a significant impact on credit performance, 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. Looking forward, we expect the bad debt ratio for the 2026 financial year to remain below our long-term average of 1.2%.

Adjusting items

We recognised £266.7 million of adjusting items in the 2025 financial year (2024: £34.9 million), including the £165.0 million provision charge relating to motor finance commissions. We also recognised £101.7 million of other adjusting items. These included the total operating losses before tax of £47.5 million from the group's rentals businesses, Close Brewery Rentals Limited ("CBRL") and Close Brothers Vehicle Hire ("CBVH"); a separate £33.0 million provision related to early settlement of loans in the Motor Finance business; £18.7 million reflecting complaints handling and other operational and legal costs incurred in relation to motor finance commissions; £2.3 million of restructuring costs and £0.2 million of amortisation of intangible assets on acquisition.

As outlined above, the group recorded operating losses before tax from our rentals businesses. Close Brewery Rentals Limited, sold in July 2025 (with completion occurring after the end of the financial year), reported an operating loss before tax of £4.1 million. The group's Vehicle Hire business, which the group has decided to exit, reported an operating loss before tax of £43.4 million, including an impairment charge against assets of £30.0 million. Any future profit or loss impact of this business will be subject to, amongst other factors, market conditions and any movement in asset prices over the wind down period.

We incurred £18.7 million (2024: £6.9 million) of complaints handling expenses and other operational and legal costs in relation to motor finance commissions. This included increased resourcing to manage complaints and legal expenses, notably those related to the Supreme Court

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appeal, as well as the unwinding of the time value discount in relation to the motor finance commissions provision. This was lower than the guidance provided at the half year 2025 results of c.£22 million as we successfully deployed automation and artificial intelligence to enhance accuracy and speed in complaints handling. We expect these costs will be in the single-digit millions in the 2026 financial year.

We also incurred £2.3 million (2024: £3.1 million) of restructuring costs in the 2025 financial year, in line with guidance of £2-3 million. This primarily related to redundancy and associated costs. We have continued to make good progress on streamlining the workforce through the consolidation of roles across our businesses and functions, as well as through the management of vacancies. We expect to incur c.£5-10 million of restructuring costs in the 2026 financial year as we implement further cost management actions.

Discontinued operations

During the year, in line with the group's strategic priorities to simplify the portfolio, enhance operational efficiency and drive sustainable growth, we made announcements regarding the disposal of the following businesses:

- On 19 September 2024, we announced the sale of Close Brothers Asset Management ("CBAM") to funds managed by Oaktree Capital Management, L.P. ("Oaktree") for an equity value of up to £200 million. The transaction completed on 28 February 2025.
- On 25 July 2025, we announced the sale of Winterflood to Marex Group plc ("Marex") for a consideration amount of approximately £103.9 million in cash payable by Marex to Close Brothers on completion, based on 30 April 2025 financials, subject to a £ for £ adjustment for movements in the tangible net asset value of Winterflood between 30 April 2025 and completion. The transaction is expected to complete in early 2026, subject to regulatory approval.

Performance of these businesses has been presented as discontinued operations, with related assets and liabilities classified as held for sale on the balance sheet. Accordingly, the group's adjusted results are presented on the basis of continuing operations for 2025 with the figures restated on a comparable basis for 2024.

The profit from discontinued operations, net of tax was £49.2 million (2024: £5.1 million).

CBAM generated adjusted operating profit of £5.3 million for the seven-month period up to the completion of the transaction, less £0.7 million amortisation of intangible assets on acquisition, and a £60.8 million gain on disposal resulting in an overall operating profit before tax of £65.4 million, and a profit after tax of £63.9 million (2024: £7.4 million).

Winterflood delivered a full year operating profit of £0.3 million (2024: loss of £1.7 million). The first half was impacted by a volatile macroeconomic environment, which was offset

by a stronger performance in the second half. A goodwill impairment loss on disposal of £14.5 million was recognised on classification as held for sale, with the total loss after tax of £14.7 million (2024: loss after tax of £2.3 million). No further loss on disposal is expected to be recognised on completion of the sale in the full year 2026 financial statements.

For further information on the discontinued operations, refer to Note 29 "Discontinued operations and assets and liabilities classified as held for sale".

Tax expense

The tax expense was £4.7 million (2024: £37.4 million). The effective tax rate for the period was (3.8)% (2024: 28.2%), 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 recognised in the financial year. Excluding the provisions, the effective tax rate would have been approximately 22%.

The effective tax rate, excluding the provisions, was below the 25.0% UK corporation tax rate for the 2025 financial year (2024: 25.0%), primarily due to tax relief on coupons on other equity instruments. Please refer to Note 6 "Taxation" for further details on the group's taxation.

Earnings per share

Adjusted basic earnings per share ("AEPS") for continuing operations decreased to 59.3p (2024: 75.8p) and basic earnings per share ("EPS") for continuing operations decreased to (99.8)p (2024: 56.2p).

Basic earnings per share for continuing and discontinued operations reduced to (66.9)p (2024: 59.7p).

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 November 2024 and May 2025, amounting to £22.3 million. The associated coupon is due semi-annually, with any AT1 coupons paid deducted from retained earnings, reducing the profit attributable to ordinary shareholders.

Dividend

Given the continued uncertainty regarding the outcome of the FCA's review of motor finance commission arrangements and any potential financial impact, the group will not pay a final dividend on its ordinary shares for the 2025 financial year.

As previously stated, the decision to reinstate dividends will be reviewed by the Board once there is further clarity on the financial impact of the FCA review of motor finance commissions.

Summary group balance sheet

	31 July 2025 £ million	31 July 2024 £ million
Loans and advances to customers and operating lease assets ¹	9,625.7	10,098.7
Treasury assets ²	2,770.4	2,300.9
Market-making assets ³	—	691.8
Assets classified as held for sale ⁴	934.0	—
Other assets	741.8	989.4
Total assets	14,071.9	14,080.8
Deposits by customers	8,799.3	8,693.6
Borrowings ⁵	2,188.3	2,339.2
Market-making liabilities ³	—	631.6
Liabilities classified as held for sale ⁴	773.4	—
Other liabilities	575.4	573.9
Total liabilities	12,336.4	12,238.3
Equity⁶	1,735.5	1,842.5
Total liabilities and equity	14,071.9	14,080.8

1. Includes operating lease assets of £166.3 million (31 July 2024: £267.9 million).

2. Treasury assets comprise cash and balances at central banks and debt securities held to support the Banking division.

3. Market-making assets and liabilities comprise settlement balances, long and short trading positions and loans to or from money brokers.

4. Assets and liabilities relating to CBRL and discontinued operation Winterflood have been classified as held for sale on the group's balance sheet at 31 July 2025. Please refer to Note 29 "Discontinued operations and assets and liabilities classified as held for sale".

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

6. 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 Banking activities. 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 and settlement balances in Winterflood which have been classified as held for sale as at 31 July 2025. Intangibles, property, plant and equipment, and prepayments are 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 remained broadly stable at £14.1 billion (31 July 2024: £14.1 billion), with increases in market-making assets, classified as held for sale, and treasury assets held for liquidity purposes offset by a 5% reduction in loans and advances to customers and operating lease assets and a reduction in other assets.

Total liabilities were 1% higher at £12.3 billion (31 July 2024: £12.2 billion). The increase was primarily driven by higher customer deposits and market-making liabilities, classified as held for sale, which was mostly offset by a decrease in borrowings.

Both market-making assets and liabilities, which relate to trading activity at Winterflood, were higher due to an increase in value traded at the year end.

Assets and liabilities classified as held for sale relate to Close Brewery Rentals Limited and Winterflood.

Total equity decreased 6% to £1.7 billion as at 31 July 2025 (31 July 2024: £1.8 billion), reflecting the statutory operating loss after tax of £77.9 million (2024: statutory operating profit after tax of £100.4 million).

The group's return on assets excluding discontinued operations decreased to 0.7% (2024: 0.9% excluding discontinued operations).

Movements in capital and other regulatory metrics

The CET1 capital ratio increased from 12.8% to 13.8%, mainly driven by the sale of CBAM (c.155bps), recognition of other profits attributable to shareholders (c.90bps), a reduction in loan book RWAs (c.70bps) and other movements (c.10bps). These benefits were partly offset by the provision in relation to motor finance commissions (-c.145bps), a provision for a proactive customer remediation programme related to early settlement of loans in the Motor Finance business (-c.30bps), operating losses after tax in the group's Vehicle Hire business (-c.30bps), and AT1 coupon payments in the year (-c.20bps).

CET1 capital decreased 2% to £1,348.1 million (31 July 2024: £1,374.8 million), primarily driven by the £155.7 million provision (net of tax) in relation to motor finance commissions, a provision related to early settlement of loans in Motor Finance of £30.3 million (net of tax), £30.8 million operating losses after tax in the Vehicle Hire business, and AT1 coupon payments of £22.3 million. These impacts were partly offset by the recognition of the group's other profits attributable to shareholders in the year of £92.7 million, a £60.8 million gain on disposal for CBAM together with the associated reduction in intangible assets deducted from capital of £56.9 million, and a net increase in other CET1 capital resources of £2.0 million.

Tier 1 capital and total capital both decreased 2% to £1,548.1 million and £1,748.1 million respectively (31 July 2024: £1,574.8 million and £1,774.8 million respectively), reflecting the same movements in relation to CET1 capital.

RWAs decreased 8% to £9.8 billion (31 July 2024: £10.7 billion), driven by a reduction in credit risk RWAs (£676.6 million) and operational risk RWAs (£224.4 million).

Group capital

	31 July 2025 £ million	31 July 2024 £ million
Common Equity Tier 1 capital	1,348.1	1,374.8
Tier 1 capital	1,548.1	1,574.8
Total capital	1,748.1	1,774.8
Risk weighted assets	9,798.5	10,701.2
Common Equity Tier 1 capital ratio (transitional)	13.8%	12.8%
Tier 1 capital ratio (transitional)	15.8%	14.7%
Total capital ratio (transitional)	17.8%	16.6%
Leverage ratio ¹	12.9%	12.7%

1. The leverage ratio is calculated as tier 1 capital as a percentage of total balance sheet assets excluding central bank claims, adjusting for certain capital deductions, including intangible assets, and off-balance sheet exposures, in line with the UK leverage framework under the UK Capital Requirements Regulation.

The decline in credit risk RWAs was driven by a reduction in loan book RWAs (£520.9 million) across each of the Banking businesses mainly due to lower loan book balances and also reflecting the benefit of the ENABLE Guarantee Scheme within the Commercial business. There was also a decrease in other credit risk RWAs (£155.7 million) which was partly in respect of the CBAM disposal (£74.4 million).

The reduction in operational risk RWAs was primarily driven by the CBAM disposal (£225.3 million), following 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 13.8% (31 July 2024: 12.8%), 15.8% (31 July 2024: 14.7%) and 17.8% (31 July 2024: 16.6%), respectively.

The sale of Winterflood, announced on 25 July 2025, is expected to increase the group's CET1 capital ratio by c.55 basis points on a pro-forma basis at 31 July 2025, from 13.8% to c.14.3%, of which c.30 basis points will be recognised upon completion, with a further c.25 basis points expected in due course from the reduction in operational risk weighted assets. The transaction is expected to complete in early 2026, subject to regulatory approval.

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 July 2025. Accordingly, our CET1 capital ratio headroom of c.410bps is significantly above the applicable requirements, despite the impact from the £165.0 million provision charge in relation to motor finance commissions.

The group applies IFRS 9 regulatory transitional arrangements which allow banks to add back to their capital base a proportion of the IFRS 9 impairment charges during the transitional period. Our capital ratios are presented on a transitional basis after the application of these arrangements. On a fully loaded basis, without their application, the CET1, tier 1 and total capital ratios would be 13.7%, 15.7% and 17.8%, respectively.

The leverage ratio, which is a transparent measure of capital strength not affected by risk weightings, increased to 12.9% (31 July 2024: 12.7%).

The PRA Policy Statement PS 9/24 Implementation of the Basel 3.1 standards near-final part 2 was published on 12 September 2024 with an implementation date of 1 January 2026. In January 2025, the PRA announced a one-year delay to Basel 3.1 implementation moving the effective date to 1 January 2027. The majority of rules applicable to the group remain unchanged, including the removal of the Small and Medium-sized Enterprises ("SME") supporting factor. We currently estimate that implementation will result in an increase of up to 10% in the group's RWAs calculated under the standardised approach. 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. As such, we expect the UK implementation of Basel 3.1 to have a less significant impact on the group's overall capital headroom position than initially anticipated.

As reported in our Half Year 2025 results, following our initial application to the PRA in December 2020 to transition to the Internal Ratings Based ("IRB") approach, the application remains in Phase 2, with engagement continuing with the regulator. Our Motor Finance, Property Finance, and Energy portfolios, where model development is most advanced, were included in the original submission.

Capital outlook

In the near-term, we expect to maintain our CET1 capital ratio above the top end of our medium-term target range of 12% to 13%, based on our current assessment of the provision in respect of motor finance commissions.

Group funding¹

	31 July 2025 £ million	31 July 2024 £ million
Customer deposits	8,799.3	8,693.6
Secured funding	1,077.4	1,205.1
Unsecured funding ²	1,109.4	1,219.1
Equity	1,735.5	1,842.5
Total available funding³	12,721.6	12,960.3
Total available funding as a percentage of loan book ⁴	132%	128%
Average maturity of funding allocated to loan book ⁵	18 months	20 months

1. Numbers relate to core funding and exclude working capital facilities at the business level.

2. Unsecured funding excludes £1.5 million (31 July 2024: £55.1 million) of non-facility overdrafts included in borrowings and includes £nil (31 July 2024: £140.0 million) of undrawn facilities.

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 £207.3 million (31 July 2024: £267.9 million) of operating lease assets in the loan book figure, of which £41.0 million for Close Brewery Rentals Limited are classified as held for sale as at 31 July 2025.

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.

Our Treasury function is focused on managing funding and liquidity to support the Banking businesses, as well as managing interest rate risk. Our Savings business, which was integrated into the Retail business in the 2024 financial year, provides simple and straightforward savings products to both individuals and businesses, whilst being committed to providing the highest level of customer service.

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 18 months (31 July 2024: 20 months), ahead of the average loan book maturity at 15 months (31 July 2024: 16 months).

Total funding decreased 2% to £12.7 billion (31 July 2024: £13.0 billion), which accounted for 132% (31 July 2024: 128%) of the loan book at the balance sheet date. The average cost of funding¹ in Banking reduced marginally to 5.4% (2024: 5.6%) and we remain well positioned to continue benefiting from our diverse funding base and the strength of our Savings franchise.

While customer deposits increased 1% to £8.8 billion (31 July 2024: £8.7 billion), we saw a change in the mix as we have actively sought to grow our retail deposit base. Retail customer deposits increased 20% to £6.8 billion (31 July 2024: £5.7 billion), with non-retail deposits reducing 34% to £2.0 billion (31 July 2024: £3.0 billion), in line with our funding plan for the year. In accordance with our prudent and conservative approach to funding, only 13% of total deposits are available on demand and 57% have at least three months to maturity. At 31 July 2025, approximately 87% of retail deposits were protected by the Financial Services Compensation Scheme.

Secured funding decreased 11% to £1.1 billion (31 July 2024: £1.2 billion) as the group fully repaid its final drawings of £110 million under the Term Funding Scheme for Small and Medium-sized Enterprises ("TFSME"), with no remaining borrowings under the scheme. In addition, the group raised £300 million through a private motor warehouse securitisation in June 2025, which was offset by scheduled repayments for our existing Motor Finance securitisations.

Unsecured funding, which includes senior unsecured and subordinated bonds, decreased 9% to £1.1 billion (31 July 2024: £1.2 billion), primarily driven by the maturity of undrawn revolving credit facilities.

We continue to leverage the benefits from the previous investment in our customer deposit platform, which has provided us with scalability and enabled us to diversify our product offering. Deposits held through this platform now stand at over £6.6 billion. The introduction of Easy Access has provided us access to a large potential deposit pool, with balances of over £800 million (at 31 July 2025) since launching in 2023. We remain focused on growing our retail funding base through a broad range of deposit products, further optimising our cost of funding and maturity profile.

Moody's ratings for the group and CBL (Bank deposit rating) are Baa1/P2 and A2/P1 respectively (at 27 March 2025) and both remain under 'review for downgrade' following the Supreme Court judgment. Fitch Ratings ("Fitch") ratings for both the group and CBL are BBB/F3 (at 6 August 2025) with a negative outlook. This follows a one notch downgrade for both the group and CBL from BBB+ to BBB. Notwithstanding recent downgrades, our credit ratings remain robust, and we retain strong access to funding markets.

Group liquidity

The group continues to adopt a conservative stance on liquidity, ensuring it is comfortably ahead of both internal risk appetite and regulatory requirements.

In light of the significant uncertainty regarding the outcome of the FCA's review of historical motor finance commission arrangements, we have consciously maintained an elevated level of liquidity, with the majority of our treasury assets held in cash and government bonds. During the year, treasury assets increased 20% to £2.8 billion (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 materially exceed the liquidity coverage ratio ("LCR") regulatory requirements, with a 12-month average LCR to 31 July 2025 of 1,012% (31 July 2024: 1,034%). 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 2025 was 145.9% (31 July 2024: 134.4%) driven by increased retail deposits.

1. Banking cost of funding interest expense (excluding relevant allocations to Close Brothers Vehicle Hire and Close Brewery Rentals Limited) £520.8 million (2024: £531.6 million).

Group liquidity

	31 July 2025 £ million	31 July 2024 £ million
Cash and balances at central banks	1,917.0	1,584.0
Sovereign and central bank debt	601.6	383.7
Supranational, sub-sovereigns and agency ("SSA") bonds	146.2	145.5
Covered bonds	105.6	187.7
Treasury assets	2,770.4	2,300.9

Banking

Key financials

	2025 £ million	2024 £ million	Change %
Adjusted operating income	692.9	709.9	(2)
Adjusted operating expenses	(402.8)	(399.7)	1
Adjusted impairment losses on financial assets	(91.8)	(97.3)	(6)
Adjusted operating profit	198.3	212.9	(7)
Adjusted operating profit, pre provisions for impairment losses	290.1	310.2	(6)
Adjusting items:			
Provision in relation to motor finance commissions	(165.0)	—	n/a
Complaints handling and other operational and legal costs incurred in relation to motor finance commissions	(18.7)	(6.9)	171
Provision in relation to BiFD review	—	(17.2)	(100)
Provision in relation to early settlements in Motor Finance	(33.0)	—	n/a
Restructuring costs	(2.3)	(3.1)	(26)
Amortisation of intangible assets on acquisition	(0.2)	(0.2)	—
Operating loss from Close Brewery Rentals Limited	(4.1)	(2.1)	95
Operating loss from Close Brothers Vehicle Hire	(43.4)	(5.4)	n/a
Statutory operating (loss)/profit	(68.4)	178.0	(138)
Net interest margin	7.2%	7.4%	
Expense/income ratio	58%	56%	
Bad debt ratio	1.0%	1.0%	
Return on net loan book	2.1%	2.2%	
Return on opening equity	8.6%	11.0%	
Closing loan book and operating lease assets	9,460.7	9,831.8	(4)

Solid underlying performance with attractive growth opportunities across our businesses

Unless otherwise stated, all metrics exclude adjusting items.

The Banking division has navigated a challenging market backdrop during the year, with SMEs continuing to show resilience amid evolving conditions, with economic uncertainty and consumer affordability remaining a key focus. Whilst the regulatory environment has also introduced significant uncertainty, the strength of our businesses and the commitment of our people have underpinned a solid performance. We remain confident in the long-term opportunities ahead for our businesses.

Banking adjusted operating profit reduced 7% to £198.3 million (2024: £212.9 million), due to a decline in income and a marginal increase in operating expenses.

On a statutory basis, we delivered an operating loss of £68.4 million (2024: operating profit of £178.0 million), including the provision charge of £165.0 million in relation to motor finance commissions. We also recognised £101.7 million of other adjusting items. These included the total operating losses before tax of £47.5 million from the group's rentals businesses, Close Brewery Rentals Limited, which has been sold, and Vehicle Hire, which is being exited. The group also recognised a separate £33.0 million provision for a proactive customer remediation programme following the identification of historical deficiencies in certain operational processes related to early settlement of loans in the Motor Finance business, £18.7 million reflecting complaints handling and other operational and legal costs incurred in relation to motor finance commissions, £2.3 million of restructuring costs and £0.2 million of amortisation of intangible assets on acquisition.

The loan book reduced 4% during the year to £9.5 billion (31 July 2024: £9.8 billion), primarily driven by the temporary pause in UK motor lending following the Court of Appeal's judgment in October 2024, loan book moderation measures, and lower activity in some of our markets in the second half.

Adjusted operating income decreased 2% to £692.9 million (2024: £709.9 million), mainly driven by loan book moderation measures, as well as the run-off of the legacy Republic of Ireland Motor Finance business.

The net interest margin remained strong at 7.2% (2024: 7.4%), as we maintained our focus on pricing discipline, in line with the guidance provided during the half-year results. On an underlying basis, excluding an increase in Novitas income and favourable movements in derivatives, the net interest margin reduced to 7.1% (2024: 7.4%). This reflected continued pressure on new business margins from elevated SME funding costs in a higher rate environment, together with the impact of the resulting changes in lending mix, with larger, lower NIM, loans accounting for a greater share of new business. In the 2026 financial year, we expect the net interest margin to be slightly lower than 7%, reflecting loan book mix impacts.

Adjusted operating expenses increased 1% to £402.8 million (2024: £399.7 million), as cost savings were broadly offset by wage inflation and spend on technology and expansion of capabilities across the business. The expense/income ratio increased to 58% (2024: 56%), while the compensation ratio reduced marginally to 30% (2024: 31%).

Cost savings

Since March 2024, we have delivered £25 million of annualised cost savings through streamlining of our technology, suppliers and property, and workforce, of which c.£15 million were recognised in the 2025 financial year².

We continued to build on the progress from our technology transformation, initiated in 2023, focused on simplifying and modernising our technology estate, and consolidating and increasing our use of strategic partners. This has helped create a more digitally enabled and agile IT environment that is secure, resilient and sustainable. To date, we have reduced our technology headcount by c.30%, removed approximately 146 IT applications and decommissioned over 40% of servers from our technology estate. Our migration to the Cloud is progressing at pace, reducing costs and increasing flexibility.

We have exited two of our London premises and rationalised five Manchester sites into two new hub locations. This has resulted in the removal of c.800 desks, and the reduction of the property footprint of the Banking division by approximately one third. With regard to our suppliers, we are achieving improved commercial outcomes with our strategic partners, rationalising our supplier base, and prudently developing our use of offshore services. These actions resulted in approximately £9 million annualised savings by the end of the 2025 financial year.

We have made good progress on streamlining the workforce through the consolidation of roles across our businesses and

functions, as well as through the management of vacancies, resulting in annualised savings of approximately £16 million by the end of the 2025 financial year.

We incurred £2.3 million of restructuring costs this year, classified as an adjusting item. These costs primarily relate to redundancy and associated expenses resulting from the cost management actions announced in March 2024 and completed by the end of the 2025 financial year.

As outlined, the group is committed to maintaining cost momentum to deliver a step change in operating profitability. We will deliver at least c.£20 million of additional annualised savings per annum at group level in each of the next three years, through further consolidation of centrally provided functions, outsourcing and offshoring, and the simplification and rationalisation of technology, including automation and the use of artificial intelligence. As a result, we expect the group's adjusted operating expenses to be within the £410-430 million range by the 2028 financial year.

In the 2026 financial year, we expect to deliver c.£20 million of annualised savings through a reduction in legal and professional expenses related to motor commissions, the initial benefits of Premium Finance repositioning and cost base optimisation, as well as other initiatives. As a result, we expect the group's adjusted operating expenses to be within the £440-460 million range. Banking adjusted operating expenses are expected to be marginally higher than the prior year as wage inflation and investment spend, including in technology and expansion of capabilities across the business, are expected to be largely offset by cost savings.

We expect to incur c.£5-10 million of restructuring costs in the 2026 financial year, which are expected to continue to be classified as adjusting items.

Adjusted impairment charges decreased to £91.8 million (2024: £97.3 million), corresponding to a bad debt ratio of 1.0% (2024: 1.0%). Excluding Novitas, impairment charges rose to £98.6 million (2024: £90.9 million), equivalent to a bad debt ratio of 1.0% (2024: 1.0%). The rise in underlying impairment charges excluding Novitas was mainly driven by provision increases on existing names in the Property business. This was partially offset by generally favourable performance across other businesses.

Since the 2024 financial year end, we have updated the macroeconomic scenarios to reflect the latest available information regarding the macroeconomic environment and outlook. The weightings assigned to these scenarios remain unchanged, although we have seen some improvements to the underlying assumptions.

Credit quality remains resilient and the bad debt ratio remains comfortably below our long-term average of 1.2%. Overall, provision coverage reduced to 2.6% (31 July 2024: 4.3%), driven by the recovery of outstanding balances in relation to Novitas. Excluding Novitas, the coverage ratio increased slightly to 2.5% (31 July 2024: 2.3%) reflecting the above-mentioned provision increases against the backdrop of a lower total loan book.

2. Delivered c.£25 million of annualised savings since March 2024 and by the end of the 2025 financial year. Of this, c.£3 million benefit was recognised in the 2024 financial year and a further c.£15 million in the 2025 financial year, resulting in a cumulative benefit of c.£18 million in the 2025 financial year. A remaining benefit of £7 million will be recognised in the 2026 financial year. Excludes costs to achieve.

Financial overview continued

Whilst we have not seen a significant impact on credit performance, 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. Looking forward, we expect the bad debt ratio for the 2026 financial year to remain below our long-term average of 1.2%.

Resolution of Novitas legacy issue

The decision was made to wind down Novitas and withdraw from the legal services financing market following a strategic review in July 2021, which concluded that the overall risk profile of the business was no longer compatible with our long-term strategy and risk appetite. As announced in 2023, we accelerated our efforts to resolve the issues surrounding this business and were pursuing formal legal action against two After the Event ("ATE") insurers in the litigation funding arrangements.

We are pleased to now have settled the disputes with both ATE insurers. The two claims were settled in June 2025 and July 2025 respectively.

Taken together, the outcomes were favourable to the provisions held at the point of settlement. Overall, the Novitas business contributed £16.1 million to adjusted operating profit in the 2025 financial year (2024: £0.2 million operating loss including an impairment credit of £6.8 million (2024: impairment charge of £6.4 million), primarily as a result of the settlement with the insurers. We expect minimal income and operating expenses will be recognised in respect of Novitas going forward. The settlements draw a line under a legacy issue and enable the group to move forward and complete its exit from this business.

Loan book growth impacted by moderation measures; attractive opportunities across our businesses

The loan book decreased 4% over the year to £9.5 billion (31 July 2024: £9.8 billion), driven by the temporary pause in UK motor lending following the Court of Appeal's judgment in October 2024, loan book moderation measures, and lower activity in some of our markets in the second half.

The Commercial loan book decreased 2% to £4.7 billion (31 July 2024: £4.8 billion). Asset Finance decreased 3%, primarily due to lower volumes and large terminations in the Industrial Equipment Division. Invoice and Speciality Finance decreased 1% over the year, including a £62.4 million reduction in net loans related to Novitas, which fell to £nil following the settlement of long-standing litigation in this business. Excluding Novitas, the Invoice and Speciality Finance loan book was up 4%.

The Retail loan book decreased 5% to £2.9 billion (31 July 2024: £3.0 billion). Notwithstanding continued robust underlying demand, the Motor Finance loan book decreased 1% reflecting loan book moderation measures and a temporary pause in UK motor lending following the Court of Appeal's judgment in Hopcraft. We have seen good growth in our recently acquired business, Close Brothers Motor Finance Ireland, which partly offset the continued run-off of

the legacy Republic of Ireland motor loan book. The Premium Finance loan book reduced by 14%, due to the competitive market environment and reduced demand for Premium Finance from some of our broker partners.

At 31 July 2025, the legacy Republic of Ireland Motor Finance business was £32.1m and accounted for 2% of the Motor Finance loan book (31 July 2024: 5%).

The Property loan book decreased 5% to £1.9 billion (31 July 2024: £2.0 billion), due to higher repayments, lower drawdowns, as well as lower balances in Commercial Acceptances, reflecting a more challenging economic environment which is particularly impacting the SME developer market.

Loan book outlook

We have repositioned the business to focus on segments where we see mid to high single-digit growth potential through the cycle, leaving us well positioned to benefit as the economy and demand recover.

The Commercial business is well positioned for future organic growth and to extend our lending offering to SMEs. There is potential to grow our market share in the Invoice Finance market building on our expertise and competitive positioning. We also see opportunities within specific sectors of Asset Finance where we are increasing our lending footprint, such as energy, agriculture and materials handling, as well as expanding into new markets, such as commercial mortgages, which we entered last year. Our new proposition for the broker market is expected to deliver further growth and we will actively pursue participation in relevant government-backed schemes which support lending to SMEs.

The UK's used car market is showing renewed strength with growth projected in the coming years. Our new product offering for Alternative Fuel Vehicles positions us well to capitalise on the fast-growing market of used Electric Vehicles. We also expect Motor Finance Ireland to continue its strong performance from 2025. To capture these opportunities, we are expanding distribution in Motor Finance through growth in the Irish market, and with larger partners and brokers.

Our repositioned Premium Finance business will focus on commercial lines, where we see strongest risk-adjusted returns and long-term growth potential. We will focus on increasing our share of business with existing broker partners, developing new broker relationships and applying our underwriting capability to support higher-value cases.

A renewed strategy in the Property business will expand our products and asset classes in order to access future growth. Whilst the Build-to-Sell market remains our core business, we also see significant opportunities in Build-to-Rent and Purpose-Built Student Accommodation, and will continue to build our market position in these sectors. We are successfully expanding our presence in new regional markets, particularly in the north of England, and have the capacity to extend our facility size to be able to fund larger projects, to support existing and new clients.

Loan book analysis

	31 July 2025 £ million	31 July 2024 £ million	Change %
Commercial	4,729.3	4,834.7	(2)
Asset Finance ¹	3,291.0	3,388.5	(3)
Invoice and Speciality Finance	1,438.3	1,446.2	(1)
Retail	2,878.9	3,041.9	(5)
Motor Finance ²	1,993.5	2,016.0	(1)
Premium Finance	885.4	1,025.9	(14)
Property	1,852.5	1,955.2	(5)
Closing loan book and operating lease assets³	9,460.7	9,831.8	(4)

1. Asset Finance totals exclude £165.0 million (31 July 2024: £222.4 million) of operating lease assets related to Close Brothers Vehicle Hire, which is in wind-down, and £41.0 million of operating lease assets related to Close Brewery Rentals Limited (31 July 2024: £44.5 million) which has been classified as held for sale on the group's balance sheet as at 31 July 2025.
2. The Motor Finance loan book includes £32.1 million (31 July 2024: £92.8 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. Includes operating lease assets of £1.3 million (31 July 2024: £1.0 million).

Banking: Commercial



Matt Roper
Chief Executive Officer Commercial

“The Commercial business is well positioned for future growth and to extend our lending offering to SMEs.”

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 works with small businesses to provide debt factoring, invoice discounting and asset based lending.

Robust performance, benefitting from growth initiatives

Customer demand remained relatively robust in 2025 against the backdrop of a competitive marketplace and challenging environment for SMEs. In Asset Finance, the marketplace has remained competitive, with pressure on new business margins. In the Invoice Finance market, we have seen some changes in the competitive environment and our strong offering and service has enabled us to win new clients.

Our growth initiatives continued to progress well, as the Materials Handling team delivered healthy new business volumes. We broadened our product range with a commercial mortgage offering, enhancing our overall proposition. Our restructured Broker and Professional Solutions has led to increased activity with its newly launched proposition for the broker market. In July 2025, we agreed a transaction with the British Business Bank of up to £300 million under the ENABLE Guarantees programme to unlock lending capacity for SMEs within Asset Finance.

As part of our simplification agenda, on 15 July 2025 Close Brothers announced the sale of Close Brewery Rentals Limited (“CBRL”) to MML Keystone, a fund managed by MML Capital. The transaction completed on 31 August 2025. CBRL reported an operating loss before tax of £4.1 million, presented as an adjusting item in the 2025 financial statements. Whilst the group will no longer offer brewery container rental solutions, we will remain a key specialist lender in the beverage finance market and will continue to provide finance solutions for brewery and distillery equipment. The group sees attractive growth opportunities in this sector and will continue to support it through Close Brothers Beverage Finance, a lending business with a loan book of £34.6 million at 31 July 2025.

In addition, we have 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 there is limited opportunity to deliver enhanced returns.

Financial overview continued

To realise maximum value and ensure we continue to support our customers in line with contractual terms, the exit will be phased over time, with the business being managed down over the next three to five years. As a result of this decision and the recent decline in asset values in this sector, we recognised an impairment charge of £30.0 million. The Vehicle Hire business reported an operating loss before tax of £43.4 million, presented as an adjusting item in the 2025 financial statements. This includes the £30.0 million asset impairment charge, a £10.9 million underlying loss and £2.5 million impairment of intangible assets. Any future profit or loss impact of this business will be subject to, amongst other factors, market conditions and any movement in asset prices over the wind down period.

Adjusted operating profit for Commercial increased to £112.2 million (2024: £97.0 million), mainly driven by Novitas.

Excluding Novitas, adjusted operating profit decreased 1% to £96.1 million (2024: £97.2 million), reflecting a stable income and modest reduction in costs, offset by marginally higher impairment charges. Before impairment charges, adjusted operating profit was broadly unchanged at £120.7 million (2024: £120.9 million).

We saw an increase in adjusted operating profit in Novitas to £16.1 million (2024: £0.2 million operating loss), following final settlements with the insurers which led to an impairment credit.

On a statutory basis, operating profit decreased to £63.3 million (2024: £86.7 million), reflecting £1.4 million of restructuring costs and the total operating loss before tax of the rentals businesses of £47.5 million.

Adjusted operating income increased to £315.6 million (2024: £314.6 million) supported by a 2% uplift in the average loan balance over 12 months.

Higher Novitas income was partially offset by a reduction in Asset Finance due to the impact of higher funding costs and competitive dynamics on new business margins, as well as changes in the lending mix, with larger, lower NIM, loans accounting for a greater share of new business. The net interest margin was slightly lower at 6.6% (2024: 6.7%). Excluding Novitas, the net interest margin decreased to 6.4% (2024: 6.6%).

Adjusted operating expenses decreased to £185.6 million (2024: £187.5 million), mainly driven by the benefits of cost savings initiatives, including workforce rationalisation in Asset Finance, partially offset by higher IT spend and depreciation. The Commercial expense/income ratio decreased slightly to 59% (2024: 60%).

Asset Finance

Loan book

£3.3 billion

Average loan size

c.£52,000

Typical loan maturity

3-4 years

Invoice and Speciality Finance¹

Loan book

£1.4 billion

Average loan size²

c.£612,000

Typical loan maturity

4 months

1. Invoice and Speciality Finance comprises Invoice UK and GmbH, Asset Ireland and Novitas.

2. This figure represents Invoice Finance only.

We continue to realise the benefits of our investment in the Asset Finance transformation programme, which concluded in the 2024 financial year. The implementation of a single technology platform has enhanced visibility of customer data across our specialist teams, leading to improved collaboration, streamlined decision-making, and further improved our strong service capabilities.

Adjusted impairment charges decreased to £17.8 million (2024: £30.1 million) driven largely by a reduction in provisions against Novitas. Excluding Novitas, impairment charges were marginally higher at £24.6 million (2024: £23.7 million). This corresponded to a bad debt ratio of 0.5% (2024: 0.5%) and a broadly stable coverage ratio (excluding Novitas) of 1.5% (31 July 2024: 1.4%).

Banking: Commercial

	2025 £ million	2024 £ million	Change %
Adjusted operating income	315.6	314.6	—
Adjusted operating expenses	(185.6)	(187.5)	(1)
Adjusted impairment losses on financial assets	(17.8)	(30.1)	(41)
Adjusted operating profit	112.2	97.0	16
Adjusted operating profit, pre provisions for impairment losses	130.0	127.1	2
Adjusting items:			
Provision in relation to the BiFD review	—	(0.6)	(100)
Restructuring costs	(1.4)	(2.2)	(36)
Operating loss from Close Brewery Rentals Limited	(4.1)	(2.1)	95
Operating loss from Close Brothers Vehicle Hire	(43.4)	(5.4)	n/a
Statutory operating profit	63.3	86.7	(27)
Net interest margin	6.6%	6.7%	
Expense/income ratio	59%	60%	
Bad debt ratio	0.4%	0.6%	
Closing loan book and operating lease assets¹	4,729.3	4,834.7	(2)

Commercial key metrics excluding Novitas

	2025 £ million	2024 £ million	Change %
Adjusted operating income	302.3	303.6	—
Adjusted operating expenses	(181.6)	(182.7)	(1)
Adjusted impairment losses on financial assets	(24.6)	(23.7)	4
Adjusted operating profit	96.1	97.2	(1)
Adjusted operating profit, pre provisions for impairment losses	120.7	120.9	—
Net interest margin	6.4%	6.6%	
Expense/income ratio	60%	60%	
Bad debt ratio	0.5%	0.5%	
Closing loan book and operating lease assets¹	4,729.3	4,772.3	(1)

1. Operating lease assets of £1.3 million (31 July 2024: £1.0 million).

Customer: We Are Footprint, recruiter

We Are Footprint has been using invoice finance with Close Brothers for over a decade as a tool to bridge the gap between paying candidates' wages and receiving payments from their clients.

With the business looking to expand, our team of experts tailored a top-up facility through the Growth Guarantee Scheme, a government backed loan which supports access to finance for UK small businesses.



Banking: Retail



Ian Cowie
Chief Executive Officer Retail

“We remain focused on providing excellent service to our customers and partners.”

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 4,250 retailers in the UK and 650 retailers in Ireland. Premium Finance works with c.1,300 insurance brokers in the UK and Ireland and helps make insurance payments more manageable for people and businesses, by allowing them to spread the cost over fixed instalments.

Continued demand in Motor and a re-focused Premium business

The market backdrop continued to present challenges during the year, with significant uncertainty in relation to the FCA’s motor finance work, the Court of Appeal’s judgment in October 2024 and the subsequent Supreme Court judgment in August 2025. Although the Motor Finance business was impacted by the pause in lending in October 2024, we have remained focused on providing excellent service to our customers and partners, with all of our lending channels live from January 2025.

Our Motor Finance business has seen strong growth in new business flows in the fourth quarter, alongside increased satisfaction metrics from dealer partners. This comes against a backdrop of modest growth in the UK used car market. We have also seen strong growth in Ireland, following the acquisition of Bluestone Motor Finance DAC in October 2023. Throughout the year, there has been a focus on cost saving initiatives, such as enhancements to our complaints handling process, moving our contact centre offshore and increased automation of processes. The Motor business has enhanced its UK product offering, including the launch of PCP for electric vehicles and the integration of our Decision in Principle (DiP) technology with Motor Finance partners.

Motor Finance

Loan book

£2.0 billion

Average loan size

c.£7,000

Typical loan maturity

4 years

Premium Finance

Loan book

£0.9 billion

Average loan size

c.£600

Typical loan maturity

11 months

The Premium Finance business operates in a mature market where we have seen some softening in demand and the impacts of insurance premium costs declining. On 9 July 2025, we announced a strategic 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. To support this strategic repositioning, we will optimise the cost base across the whole Premium Finance business through modernisation of our technology platforms, digitising more of the onboarding journey and streamlining our operating model. We estimate a steady state cost reduction of c.£20 million by the 2030 financial year on an underlying basis (excluding the impact of inflation and business growth).

We integrated our Savings business, which provides simple and straightforward savings products to businesses and individuals, into Retail in 2024. Retail customer deposits increased 20% to £6.8 billion (31 July 2024: £5.7 billion), with non-retail deposits reducing 34% to £2.0 billion (31 July 2024: £3.0 billion), in line with our funding plan for the year. Overall, our customer deposits increased 1% to £8.8 billion (31 July 2024: £8.7 billion).

Adjusted operating profit for Retail reduced to £18.9 million (2024: £37.9 million) driven by lower income in both Motor and Premium Finance as well as higher costs in Motor Finance. Before provisions for impairment losses, adjusted operating profit decreased 25% to £63.4 million (2024: £85.1 million).

Banking: Retail

	2025 £ million	2024 £ million	Change %
Operating income	246.7	262.4	(6)
Adjusted operating expenses	(183.3)	(177.3)	3
Impairment losses on financial assets	(44.5)	(47.2)	(6)
Adjusted operating profit	18.9	37.9	(50)
Adjusted operating profit, pre provisions for impairment losses	63.4	85.1	(25)
Adjusting items:			
Provision in relation to motor finance commissions	(165.0)	—	n/a
Complaints handling and other operational and legal costs incurred in relation to motor finance commissions	(18.7)	(6.9)	171
Provision in relation to BiFD review	—	(16.6)	(100)
Provision in relation to early settlements in Motor Finance	(33.0)	—	n/a
Restructuring costs	(0.6)	(0.6)	—
Amortisation of intangible assets on acquisition	(0.2)	(0.2)	—
Statutory operating (loss)/profit	(198.6)	13.6	n/a
Net interest margin	8.3%	8.7%	
Expense/income ratio	74%	68%	
Bad debt ratio	1.5%	1.6%	
Closing loan book¹	2,878.9	3,041.9	(5)

1. The Motor Finance loan book includes £32.1 million (31 July 2024: £92.8 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.

The provision charge in respect of motor commissions recognised at the half year of £165.0 million has been reassessed in light of all available information and recent developments and remains unchanged. The ultimate cost to the group could be materially higher or lower than the provision taken and remains subject to further clarity from the FCA on the scope and design of a redress scheme. Please refer to Note 16 "Other Assets and Liabilities" for further details on the group's provisioning assessment of this matter.


The Retail business also incurred £18.7 million of complaints handling and other operational and legal costs in relation to motor finance commissions.

Following the identification of historical deficiencies in certain operational processes related to early settlement of loans in the Motor Finance business, we recognised a separate provision of £33.0 million in relation to a proactive customer remediation programme to be implemented by the group. The provision reflects our best estimate based on the information currently available and remains subject to refinement as the scope and design of the remediation programme are finalised. Since identification of the issue, we have acted quickly to amend the relevant processes and implemented additional controls to prevent recurrence. The group is fully committed to ensuring that affected customers are appropriately compensated and expects to contact customers in early 2026.

On a statutory basis, Retail delivered an operating loss of £198.6 million (2024: £13.6 million operating profit) mainly reflecting the adjusting items described above.

Operating income decreased 6% to £246.7 million (2024: £262.4 million), driven by lower loan books in both Motor and Premium finance. The net interest margin decreased to 8.3% (2024: 8.7%) driven by Motor Finance with reduced fee income and a competitive rate environment.

Adjusted operating expenses increased 3% to £183.3 million (2024: £177.3 million), driven by Motor Finance due to higher Ireland trading costs and inflationary pressures, partially offset by a modest reduction in Premium, from lower property, technology and volume related costs. As a result, the expense/income ratio increased to 74% (2024: 68%). Impairment charges decreased to £44.5 million (2024: £47.2 million), driven by the benefit of the improved macroeconomic outlook in both Motor and Premium. The bad debt ratio reduced to 1.5% (2024: 1.6%), with the provision coverage ratio increasing slightly to 3.2% (31 July 2024: 3.0%), driven by the reduction in the overall loan book.



Dealer partner: Riverside Autos

Specialist Automotive Finance ("SAF") accreditation became mandatory in January 2025. Close Brothers Motor Finance supported over 5,000 dealer partners, including Riverside Autos, to achieve this. SAF raises industry standards by improving consumer confidence in information and advice about finance products. That's why 87% of our dealer partners rated our SAF support positively¹.

1. Source: Dealer Satisfaction Survey, March 2025.

Banking: Property



Phil Hooper
Chief Executive Officer Property

“Our strong customer relationships and targeting of new growth opportunities ensure we maintain our competitive position in the market.”

Property provides residential development finance, bridging finance and commercial development loans to experienced property developers and investors across mainland UK and Northern Ireland, through its two brands, Close Brothers Property Finance and Commercial Acceptances. It lends to c.700 professional property developers with a focus on small to medium-sized residential developments.

The Property loan book is conservatively underwritten. We work with experienced, professional developers, predominantly SMEs with a focus on delivering mid-priced family housing, and have minimal exposure to the prime central London market, with our regional loan book making up 49% of the Property Finance portfolio. Our long track record, expertise and quality of service ensure the business remains resilient to competition and continues to generate high levels of repeat business.

Stable performance in a challenging market, well positioned for growth

The Property business delivered a stable performance against the challenging market conditions for SME developers, with a slow-down experienced in core markets. Our strong customer relationships and targeting of new growth opportunities maintained our competitive position in the market. We have successfully expanded our offering into additional residential markets, such as Build-to-Rent and student accommodation, and are actively targeting new regional markets. We have also expanded our capability to offer larger transaction sizes and a broader product range to further enhance our customer proposition.

Adjusted operating profit declined 14% to £67.2 million (2024: £78.0 million), due to a decline in income and an increase in impairments. Before provisions for impairment losses, adjusted operating profit reduced 1% to £96.7 million (2024: £98.0 million).

On a statutory basis, operating profit decreased to £66.9 million (2024: £77.7 million) and included £0.3 million of restructuring costs.

Loan book

£1.9 billion

Average loan size

c.£2.1 million

Typical development loan maturity

12 - 24 months

Operating income declined 2% to £130.6 million (2024: £132.9 million), driven by a lower loan book, with the net interest margin down to 6.9% (2024: 7.3%). This primarily reflected lower interest yield, driven by the lower Bank of England rate, lower fee yield due to increasing facility utilisation, and changes in the lending mix, with larger loans accounting for a greater share of new business.

Adjusted operating expenses decreased 3% to £33.9 million (2024: £34.9 million), reflecting lower staff costs. The expense/income ratio was stable at 26% (2024: 26%).

Impairment charges increased to £29.5 million (2024: £20.0 million), corresponding to a higher bad debt ratio of 1.5% (2024: 1.1%). This was driven primarily by increased individual provisions on a small number of developments, driven by build cost inflation, slower unit sales and lower realised values. The provision coverage ratio increased to 4.2% (31 July 2024: 3.0%), driven by elevated Stage 3 provisions.

Banking: Property

	2025 £ million	2024 £ million	Change %
Operating income	130.6	132.9	(2)
Adjusted operating expenses	(33.9)	(34.9)	(3)
Impairment losses on financial assets	(29.5)	(20.0)	48
Adjusted operating profit	67.2	78.0	(14)
Adjusted operating profit, pre provisions for impairment losses	96.7	98.0	(1)
Adjusting items:			
Restructuring costs	(0.3)	(0.3)	—
Statutory operating profit	66.9	77.7	(14)
Net interest margin	6.9%	7.3%	
Expense/income ratio	26%	26%	
Bad debt ratio	1.5%	1.1%	
Closing loan book	1,852.5	1,955.2	(5)



Customer: Anderson Development Group

Close Brothers Property Finance, a long-standing partner to Anderson Development Group since 2017, has supported the delivery of over 800 homes through loan facilities totalling £120 million.

Fitzroy Place is the latest milestone in this relationship, with Close Brothers providing funding for the scheme and recognising its exemplary community engagement model.



Watch our video case study with Anderson Development Group.