1. Material accounting policies

(a) Reporting entity

Close Brothers Group plc ("the company"), a public limited company by shares incorporated and domiciled in the UK (England), together with its subsidiaries (collectively, "the group"), operates through three (2024: five) operating segments: Commercial, Retail, and Property, and is primarily located within the UK.

(b) Basis of preparation

The consolidated financial statements have been prepared in accordance with UK-adopted International Accounting Standards ("IAS").

The company financial statements have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006, under the provision of the Large and Medium-sized Companies and Groups (Accounts and Financial Instruments: Recognition and Measurement Reports) Regulations 2008 (SI 2008/410).

As permitted by FRS 102, the company has chosen to adopt IFRS 9 Financial Instruments where applicable and taken advantage of the disclosure exemptions available under that standard in relation to the presentation of a cash flow statement, share-based payments and related party transactions. Where required, equivalent disclosures are given in the consolidated financial statements of the group. The company has also taken advantage of the exemption in section 408 of the Companies Act 2006 not to present its company income statement and related notes.

Where relevant, the accounting policies of the company are the same as those of the group set out in this note except for (l) Leases. For the company, rental costs under operating leases are charged to the income statement in equal instalments over the period of the lease. Amounts owed by subsidiaries due within one year on the company balance sheet include cash held with Close Brothers Limited.

The consolidated and company financial statements have been prepared on a going concern basis and under the historical cost convention, except for financial assets and liabilities held at fair value through profit or loss and financial assets held at fair value through other comprehensive income. Further information on going concern can be found within the Strategic Report.

Items relevant to understanding financial performance are presented on the consolidated income statement under IAS 1. Adjusting items and administrative expenses before adjusting items are not presented on the consolidated income statement this year to provide more clarity in relation to the statutory figures. Prior year comparatives have been re-presented on the same basis.

(c) Accounting developments

Standards adopted during the year
The accounting standards applied this financial year are consistent with those of the previous financial year.

Future accounting developments
Minor amendments to IFRSs issued by the IASB are effective for the group from 1 August 2025. These changes are expected to have no or an immaterial impact on the group.

Amendments to the Classification and Measurement of Financial Instruments, which amend IFRS 9 "Financial Instruments" and IFRS 7 "Financial Instruments: Disclosures", are effective for the group from 1 August 2026. These amendments clarify certain classification and measurement and related disclosure requirements. IFRS 18 "Presentation and Disclosure in Financial Statements" is effective for the group from 1 August 2027. The impact of these accounting standard changes is currently under assessment.

(d) Consolidation and investment in subsidiaries

Subsidiaries
Subsidiaries are all entities over which the group has control. The group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Such power generally accompanies a shareholding of more than one half of the voting rights. Subsidiaries are fully consolidated from the date on which the group effectively obtains control. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for the acquisition of subsidiaries. Under the acquisition method of accounting, with some limited exceptions, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any non-controlling interest is measured either at fair value or at the non-controlling interest's proportion of the net assets acquired. Acquisition related costs are accounted for as expenses when incurred, unless directly related to the issue of debt or equity securities. Any excess of the cost of acquisition over net assets is capitalised as goodwill. All intra-group balances, transactions, income and expenses are eliminated.

The company's investment in its subsidiary is valued at cost less any accumulated impairment losses.

(e) Foreign currency translation

For the company and those subsidiaries whose balance sheets are denominated in sterling, which is the company's functional and presentation currency, monetary assets and liabilities denominated in foreign currencies are translated into sterling at the closing rates of exchange at the balance sheet date. Foreign currency transactions are translated into sterling at the average rates of exchange at the date of the transaction and exchange differences arising are taken to the consolidated income statement.

The balance sheets of subsidiaries denominated in foreign currencies are translated into sterling at the closing rates. The income statements for these subsidiaries are translated at the average rates and exchange differences arising are taken to equity. Such exchange differences are reclassified to the consolidated income statement in the period in which the subsidiary is disposed of.

(f) Revenue recognition

Interest income
Interest on loans and advances made by the group, and fee income and expense and other direct costs relating to loan origination, restructuring or commitments are recognised in the consolidated income statement using the effective interest rate method.

The effective interest rate method applies a rate that discounts estimated future cash payments or receipts over the expected life of a financial instrument to the gross carrying amount of a financial asset or to the amortised cost of a financial liability. The cash flows take into account all contractual terms of the financial instrument including transaction costs and all other premiums or discounts but not future credit losses. Interest income is recognised on a contractual basis where it is not possible to reliably estimate the cash flows or expected life of a financial instrument.

Fees and commissions

Where fees that have not been included within the effective interest rate method are earned on the execution of a significant act at a point in time, such as fees arising from negotiating or arranging a transaction for a third party, they are recognised as revenue when that act has been completed and the performance obligation has been met. Fees and corresponding expenses in respect of other services are recognised in the consolidated income statement as the right to consideration or payment accrues over time when services are performed and obligations are met. To the extent that fees and commissions are recognised in advance of billing they are included as accrued income or expense.

Dividends

Dividend income is recognised when the right to receive payment is established.

Gains less losses arising from dealing in securities

Non-interest income includes net realised and unrealised gains arising from the buying and selling of securities and from positions held in securities, including related interest income and dividends.

(g) Adjusted measures

Adjusted measures are management measures presented on a basis consistent with prior periods and exclude adjusting items which do not reflect underlying trading performance and which may be recurring. Adjusted measures also exclude exceptional items.

Adjusting items this year comprise amortisation of intangible assets on acquisition, restructuring costs, provision in relation to motor finance commissions, complaints handling and other operational and legal costs incurred in relation to motor finance commissions, provision in relation to early settlements in Motor Finance, operating loss of Close Brewery Rentals, and operating loss of Close Brothers Vehicle Hire.

Amortisation of intangible assets on acquisition is excluded to present the performance of the group's acquired businesses consistent with its other businesses. The other adjusting items do not reflect underlying trading performance.

Exceptional items are income and expense items that are material by size and/or nature and are non-recurring.

(h) Financial assets and liabilities (excluding derivatives)

Classification and measurement

Financial assets are classified at initial recognition on the basis of the business model within which they are managed and their contractual cash flow characteristics. The classification categories are amortised cost, fair value through other comprehensive income ("FVOCI") and fair value through profit or loss ("FVTPL").

Financial assets that are held to collect contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Initial recognition is at fair value plus directly attributable transaction costs. Interest income is accounted for using the effective interest rate method.

Financial assets that are held to collect contractual cash flows and for subsequent sale, where the assets' cash flows represent solely payments of principal and interest, are classified at FVOCI. Directly attributable transaction costs are added to the initial fair value. Gains and losses are recognised in other comprehensive income, except for impairment gains and losses, until the financial asset is either sold or matures, at which time the cumulative gain or loss is recognised in the income statement. Impairment gains and losses are recognised in the income statement.

Financial assets are classified at FVTPL where they do not meet the criteria to be measured at amortised cost or FVOCI or where they are designated at FVTPL to reduce an accounting mismatch. Financial assets at FVTPL are recognised at fair value. Transaction costs are immediately recognised in profit or loss on initial recognition. Gains and losses that subsequently arise on changes in fair value are recognised in the income statement.

Financial liabilities are classified at initial recognition at amortised cost except for the following instruments which are classified at FVTPL: derivatives; financial liabilities held for trading; and financial liabilities designated as FVTPL to eliminate an accounting mismatch.

Financial liabilities at amortised cost are measured at fair value less directly attributable transaction costs on initial recognition. Interest expense is accounted for using the effective interest rate method. Financial liabilities at FVTPL are measured at fair value on initial recognition. Transaction costs are immediately recognised in profit or loss on initial recognition. Subsequent changes in fair value are recognised in the income statement except for financial liabilities designated at FVTPL; changes in fair value attributable to changes in credit risk are recognised in other comprehensive income.

The fair values of quoted financial assets or financial liabilities in active markets are based on bid or offer prices. If the market for a financial asset or financial liability is not active, or they relate to unlisted securities, the group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, discounted cash flow analysis and other valuation techniques commonly used by market participants.

Derecognition

Financial assets are derecognised when the contractual rights to receive cash flows from the financial assets have expired or where the group has transferred the contractual rights to receive cash flows and transferred substantially all risks and rewards of ownership. If substantially all the risks and rewards have been neither retained nor transferred the assets continue to be recognised to the extent of the group's continuing involvement. Financial liabilities are derecognised when they are extinguished.

Modifications

The terms or cash flows of a financial asset or liability may be modified due to renegotiation or otherwise. If the terms or cash flows are substantially different to the original, then the financial asset or liability is derecognised and a new financial asset or liability is recognised at fair value. If the terms or cash flows are not substantially different to the original, then the financial asset or liability carrying value is adjusted to reflect the present value of modified cash flows discounted at the original EIR. The adjustment is recognised within income on the income statement.

1. Material accounting policies (continued)

(i) Impairment of financial assets

Expected credit losses
In accordance with IFRS 9, expected credit losses ("ECL") are recognised for loans and advances to customers and banks, other financial assets held at amortised cost, financial assets measured at FVOCI, loan commitments and financial guarantee contracts. The impairment charge in the income statement includes the change in expected credit losses.

At initial recognition, financial assets are considered to be in Stage 1 and a provision is recognised for 12 months of expected credit losses. If a significant increase in credit risk since initial recognition occurs, these financial assets are considered to be in Stage 2 and a provision is made for the lifetime expected credit losses. As a backstop, all financial assets 30 days past due are considered to have experienced a significant increase in credit risk and are transferred to Stage 2.

A financial asset will remain classified as Stage 2 until the credit risk has improved and it can be returned to Stage 1 or until it deteriorates such that it meets the criteria to move to Stage 3.

Where a financial asset no longer represents a significant increase in credit risk since origination it can move from Stage 2 back to Stage 1. As a minimum this means that all payments must be up-to-date, the quantitative probability of default assessment trigger is no longer met, and the account is not evidencing qualitative assessment triggers.

When objective evidence exists that a financial asset is credit impaired, such as the occurrence of a credit default event or identification of an unlikeliness to pay indicator, the financial asset is considered to be in Stage 3. As a backstop, all financial assets 90 days or more past due are considered to be credit impaired and transferred to Stage 3.

Cure definitions are in operation where certain financial assets in Stage 3 can move back to Stage 2, subject to Stage 3 indicators no longer being in effect, and meeting the appropriate cure period.

In all circumstances, loans and advances to customers are written off against the related provisions when there are no reasonable expectations of further recovery. This is typically following realisation of all associated collateral and available recovery actions against the customer. Subsequent recoveries of amounts previously written off decrease the amount of impairment losses recorded in the income statement.

The calculation of expected credit losses for loans and advances to customers, either on a 12-month or lifetime basis, is based on the probability of default ("PD"), the exposure at default ("EAD") and the loss given default ("LGD"), and includes forward-looking macroeconomic information where appropriate. Further information on this calculation methodology can be found in the "Use of estimates" section of the Risk Report.

The calculation of expected credit losses for some loan portfolios and receivables relating to operating lease assets is based on a simplified lifetime only expected credit loss approach. Under the simplified approach, stage classification represents management's internal assessment of credit risk.

Expected credit losses are assessed against actual loss experience via a series of provision adequacy reviews. These reviews also incorporate management judgement to ensure that our ECL coverage ratios remain appropriate.

(j) Settlement accounts

Settlement balance debtors and creditors are the amounts due to and from counterparties in respect of the group's market-making activities and are measured at fair value on initial recognition and carried at amortised cost. The balances are short term in nature, do not earn interest and are recorded at the amount receivable or payable.

(k) Loans to and from money brokers against stock advanced

Loans to money brokers against stock advanced is the cash collateral provided to these institutions for stock borrowing by the group's market-making activities and is measured at fair value on initial recognition and carried at amortised cost. Interest is paid on the stock borrowed and earned on the cash deposits advanced. The stock borrowing to which the cash deposits relate is short term in nature and is recorded at the amount receivable. Loans from money brokers against stock collateral provided are recorded at the amount payable. Interest is paid on the loans.

(l) Leases

Lessor
A finance lease is a lease or hire purchase contract that transfers substantially all the risks and rewards incidental to ownership of an asset to the lessee. Finance leases are recognised as loans at an amount equal to the gross investment in the lease, which comprises the lease payments receivable and any unguaranteed residual value, discounted at its implicit interest rate. Finance charges on finance leases are taken to income in proportion to the net funds invested.

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset to the lessee. Rental income from operating leases is recognised in equal instalments over the period of the leases and included in other income in the consolidated income statement.

Lessee
A lease liability and right of use asset are recognised on the balance sheet at the lease commencement date. The lease liability is measured at the present value of future lease payments. The discount rate is the rate implicit in the lease, or if that cannot be determined, the group's incremental borrowing rate appropriate for the right of use asset. The right of use asset is measured at cost, comprising the initial lease liability, payments made at or before the commencement date less lease incentives received, initial direct costs, and estimated costs of restoring the underlying asset to the condition required by the lease.

Lease payments are allocated between the liability and finance cost. The finance cost relating to the lease liability is charged to the consolidated income statement over the lease term. The right of use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

As set out in Note 1(b), the company has a different accounting policy for leases under FRS 102. Rental costs under operating leases are charged to the income statement in equal instalments over the period of the lease.

(m) Sale and repurchase agreements and other secured lending and borrowings

Securities may be sold subject to a commitment to repurchase them. Such securities are retained on the consolidated balance sheet when substantially all the risks and rewards of ownership remain with the group. The transactions are treated as collateralised borrowing and the counterparty liability is included within loans and overdrafts from banks. Similar secured borrowing transactions, including securities lending transactions and collateralised short-term notes, are treated and presented in the same way. These secured financing transactions are initially recognised at fair value, and subsequently valued at amortised cost, using the effective interest rate method.

(n) Securitisation transactions

The group securitises its own financial assets via the sale of these assets to special purpose entities, which in turn issue securities to investors. All financial assets continue to be held on the group's consolidated balance sheet together with debt securities in issue recognised for the funding.

The group has a forward flow arrangement with a third party. In this arrangement, financial assets were originated and recognised on the balance sheet and simultaneously derecognised on sale of the assets.

See Note 1(h) for the derecognition accounting policy.

(o) Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount presented on the consolidated balance sheet if there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise an asset and settle the liability simultaneously.

(p) Derivatives and hedge accounting

On adoption of IFRS 9 Financial Instruments in 2018, the group elected to continue applying hedge accounting under IAS 39 Financial Instruments: Recognition and Measurement.

In general, derivatives are used to minimise the impact of interest rate and currency exchange rate movements on the group's financial instruments. They are carried on the consolidated balance sheet at fair value which is obtained from quoted market prices in active markets, including recent market transactions and discounted cash flow models.

On acquisition, certain derivatives are designated as a hedge and the group formally documents the relationship between these derivatives and the hedged item. The group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivative is highly effective in offsetting changes in fair values or cash flows of hedged items. If a hedge was deemed partially ineffective but continues to qualify for hedge accounting, the amount of the ineffectiveness, taking into account the timing of the expected cash flows where relevant, would be recorded in the consolidated income statement. If the hedge is not, or has ceased to be highly effective, the group discontinues hedge accounting.

For fair value hedges, changes in the fair value are recognised in the consolidated income statement, together with changes in the fair value of the hedged item. For cash flow hedges, the fair value gain or loss associated with the effective proportion of the cash flow hedge is recognised initially directly in equity and recycled to the consolidated income statement in the period when the hedged item affects income.

(q) Intangible assets

Computer software (acquired and costs associated with development) and intangible assets on acquisition (excluding goodwill) are stated at cost less accumulated amortisation and provisions for impairment which are reviewed at least annually. Amortisation is calculated to write off their cost on a straight-line basis over the estimated useful lives as follows:

Computer software	3 to 10 years
Intangible assets on acquisition	8 to 20 years

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is assessed annually for impairment and carried at cost less any accumulated impairment.

(r) Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and provisions for impairment which are reviewed at least annually. Depreciation is calculated to write off their cost on a straight-line basis over their estimated useful lives as follows:

Long leasehold property	40 years
Short leasehold property	Over the length of the lease
Fixtures, fittings and equipment	3 to 5 years
Assets held under operating leases	1 to 20 years
Motor vehicles	1 to 5 years

(s) Share capital and other equity

Share issue costs
Incremental costs directly attributable to the issue of new shares or options, including those issued on the acquisition of a business, are shown in equity as a deduction, net of tax, from the proceeds.

Dividends on ordinary shares
Dividends on ordinary shares are recognised in equity in the period in which they are paid or, if earlier, approved by shareholders.

Treasury shares
Where the company or any member of the group purchases the company's share capital, the consideration paid is deducted from shareholders' equity as treasury shares until they are cancelled. Where such shares are subsequently sold or reissued, any consideration received is included in shareholders' equity.

Other equity
Financial instruments are classified as equity when there is no contractual obligation to deliver cash, another financial asset, or a variable number of the group's own equity instruments to another entity. The instrument is measured at cost less transaction costs and distributions are recognised as a deduction from retained earnings when they become irrevocable.

1. Material accounting policies (continued)

(t) Employee benefits

The group operates a defined contribution pension scheme for eligible employees as well as a defined benefit pension scheme which is closed to new members and further accrual.

Under the defined contribution scheme the group pays fixed contributions into a fund separate from the group's assets. Contributions are charged in the consolidated income statement when they become payable.

The expected cost of providing pensions within the funded defined benefit scheme, determined on the basis of annual valuations using the projected unit method, is charged to the consolidated income statement. Actuarial gains and losses are recognised in full in the period in which they occur and recognised in other comprehensive income.

The retirement benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation, as adjusted for unrecognised past service cost, and as reduced by the fair value of scheme assets at the balance sheet date. Both the return on investment expected in the period and the expected financing cost of the liability, as estimated at the beginning of the period, are recognised in the results for the period. Any variances against these estimates in the year form part of the actuarial gain or loss. The assets of the scheme are held separately from those of the group in an independently managed fund.

The scheme entered into a buy-in transaction with an insurance company covering all members of the scheme. A buy-in is a bulk annuity policy that matches the scheme's assets and liabilities. The pension surplus on the group's balance sheet relates to the cash held by the scheme with the fair value of the insurance policy matched to the fair value of the scheme's liabilities, which remains subject to changes in actuarial valuations.

(u) Share-based payments to employees

The group operates three (2024: three) share-based award schemes: the Deferred Share Awards ("DSA") scheme, the Long Term Incentive Plan ("LTIP"), and the HMRC approved Save As You Earn ("SAYE") scheme.

The value of the DSA share award at the grant date is charged to the group's consolidated income statement in the year to which the award relates.

The costs of LTIP and SAYE are based on the fair value of awards on the date of grant. Fair values of share-based awards are determined using the Black-Scholes pricing model, with the exception of fair values for market-based performance conditions, which are determined using Monte Carlo simulation. Both models take into account the exercise price of the option, the current share price, the risk-free interest rate, the expected volatility of the company's share price over the life of the option award and other relevant factors. For non-market-based performance conditions, vesting conditions are not taken into account when measuring fair value, but are reflected by adjusting the number of shares in each award such that the amount recognised reflects the number that are expected to, and then actually do, vest. The fair value is expensed in the consolidated income statement on a straight-line basis over the vesting period, with a corresponding credit to the share-based payments reserve. At the end of the vesting period, or upon exercise, lapse or forfeit if earlier, this credit is transferred to retained earnings. Further information on the group's schemes is provided in Note 24 and in the Directors' Remuneration Report.

(v) Provisions and contingent liabilities

Provisions are recognised in respect of present obligations arising from past events where it is probable that outflows of resources will be required to settle the obligations and they can be reliably estimated. Provisions include costs directly attributable to the settlement of obligations.

Contingent liabilities are possible obligations whose existence depends on the outcome of uncertain future events or those present obligations where the outflows of resources are uncertain or cannot be measured reliably. Contingent liabilities are not recognised in the financial statements but are disclosed unless they are deemed remote.

(w) Taxes, including deferred taxes

Current tax is the expected tax payable on the taxable profit for the year. Taxable profit differs from net profit as reported in the consolidated income statement because it excludes items of income and expense that are taxable or deductible in other years and items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

To enable the tax charge to be based on the profit for the year, deferred tax is provided in full on temporary timing differences, at the rates of tax expected to apply when these differences crystallise. Deferred tax assets are recognised only to the extent that it is probable that sufficient taxable profits will be available against which temporary differences can be set. Deferred tax liabilities are offset against deferred tax assets when there is both a legal right to set off and an intention to settle on a net basis.

(x) Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprises cash and demand deposits with banks, together with short-term highly liquid investments that are readily convertible to known amounts of cash.

(y) Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Executive Committee, which is considered the group's chief operating decision maker. All transactions between business segments are conducted on an arm's length basis, with intra-segment revenue and costs being eliminated on consolidation. Income and expenses directly associated with each segment are included in determining business segment performance.

(z) Discontinued operations

The results of discontinued operations are shown as:

- a single amount on the face of the consolidated income statement comprising the post-tax profit or loss of discontinued operations; and
- post-tax gain or loss recognised either on measurement to fair value less costs to sell or on the disposal of the discontinued operation.

A discontinued operation is a cash generating unit ("CGU") or a group of CGUs that either has been disposed of, or is classified as held for sale, and represents a separate major line of business or geographical area of operations, is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale. Intercompany transactions between continuing and discontinued operations have been eliminated on consolidation in the consolidated income statement.

Disposal groups are classified as held for sale when their carrying amounts will be recovered principally through a sale rather than continuing use, and the sale is highly probable within 12 months. They are measured at the lower of carrying amount and fair value less costs to sell, with impairment losses, as needed, recognised in the income statement on initial classification and subsequent remeasurement. Financial assets and liabilities within a disposal group continue to be measured under IFRS 9.

2. Critical accounting judgements and estimates

The reported results of the group are sensitive to the judgements, estimates and assumptions that underlie the application of its accounting policies and preparation of its financial statements. UK company law and IFRS require the directors, in preparing the group's financial statements, to select suitable accounting policies, apply them consistently and make judgements, estimates and assumptions that are reasonable.

The group's estimates and assumptions are based on historical experience and reasonable expectations of future events and are reviewed on an ongoing basis. Actual results in the future may differ from the amounts estimated due to the inherent uncertainty.

The group's critical accounting judgements, made in applying its accounting policies as described in Note 1, and the key sources of estimation uncertainty that may have a significant risk of causing a material adjustment within the next financial year are set out below. There are no critical accounting judgements or key sources of estimation uncertainty relating to the company.

The impact of climate change on the group's judgements, estimates and assumptions has been considered in preparing these financial statements. While no material impact has been identified, climate risk continues to be monitored on an ongoing basis as set out in the Risk Report.

Critical accounting judgements

The critical accounting judgements of the group, which relate to expected credit loss provisions under IFRS 9 and motor finance commissions, are as follows:

- Establishing the criteria for a significant increase in credit risk;
- Determining the appropriate definition of default;
- Determining the impact of the FCA's motor commissions review on the goodwill impairment assessment; and
- Determining the affected customers in the motor finance commissions provisioning assessment, with further judgement and estimation then applied on the level of compensation and appropriate scenarios.

Further information on the first two judgements can be found in the "Use of judgements" section in the Risk Report, while further information on the third and fourth judgements can be found in Note 14 and Note 16 respectively.

Key sources of estimation uncertainty

The key sources of estimation uncertainty of the group, which relate to expected credit loss provisions, value in use calculations, and motor finance commissions, are as follows:

- Forward-looking macroeconomic information incorporated into expected credit loss models. This was also a key estimate in the prior year;
- Adjustments by management to model calculated expected credit losses due to limitations in the group's expected credit loss models or input data, which may be identified through ongoing model monitoring and validation of models. This was also a key estimate in the prior year;
- Estimate of future cash flow forecasts in the calculation of value in use for the testing of goodwill for impairment in relation to the Banking division cash generating units, in particular Motor Finance, due to lower cash flow forecasts. This was also a key estimate in the prior year;
- Estimates of the expected rental incomes and disposal values in the calculation of value in use for the operating lease assets of Close Brothers Vehicle Hire; and
- Estimates and assumptions applied in the calculation of the provision relating to motor finance commissions. These assumptions are the total cost of credit thresholds ("TCC"), which is a key factor in determining affected customers, claim rates and scenario weightings. Claim rate is defined as the estimated cost of customer remediation (based on customer engagement with redress invitation) as a percentage of the estimated cost of the eligible in scope population.

Additional disclosures on the estimation uncertainty relating to forward-looking macroeconomic information, model adjustments, operating lease assets, goodwill and motor finance commissions can be found in the Risk Report ("Use of estimates" and "Use of Adjustments" sections), Note 14, Note 15, and Note 16 respectively.

3. Segmental Analysis

The directors manage the group by class of business and present the segmental analysis on that basis. The group's activities are presented in three (2024: five) operating segments: Commercial, Retail, and Property.

In the segmental reporting information that follows, Group consists of central functions as well as various non-trading head office companies and consolidation adjustments and is set out in order that the information presented reconciles to the consolidated income statement. The Group balance sheet primarily includes treasury assets and liabilities comprising cash and balances at central banks, debt securities, customer deposits and other borrowings.

Divisions continue to charge market prices for the limited services rendered to other parts of the group. Funding charges between segments take into account commercial demands. More than 90% of the group's activities, revenue and assets are located in the UK.

	Banking						
	Commercial £ million	Retail £ million	Property £ million	Group £ million	Continuing operations £ million	Discontinued operations[1] £ million	Total £ million
Summary income statement for the year ended 31 July 2025							
Net interest income/(expense)	228.1	224.5	128.3	(12.1)	568.8	—	568.8
Impairment of operating lease assets	(30.0)	—	—	—	(30.0)	—	(30.0)
Other non-interest income	95.8	22.2	2.3	0.4	120.7	—	120.7
Operating income/(expense)	**293.9**	**246.7**	**130.6**	**(11.7)**	**659.5**	**—**	**659.5**
Provision in relation to motor finance commissions	—	(165.0)	—	—	(165.0)	—	(165.0)
Complaints handling and other operational and legal costs incurred in relation to motor finance commissions	—	(18.7)	—	—	(18.7)	—	(18.7)
Provision in relation to early settlements in Motor Finance	—	(33.0)	—	—	(33.0)	—	(33.0)
Depreciation and amortisation	(26.8)	(20.0)	(4.5)	(2.8)	(54.1)	—	(54.1)
Other administrative expenses	(185.0)	(164.1)	(29.7)	(39.5)	(418.3)	—	(418.3)
Impairment losses on financial assets	(18.8)	(44.5)	(29.5)	—	(92.8)	—	(92.8)
Total operating expenses	**(230.6)**	**(445.3)**	**(63.7)**	**(42.3)**	**(781.9)**	**—**	**(781.9)**
Operating profit/(loss) from continuing operations	**63.3**	**(198.6)**	**66.9**	**(54.0)**	**(122.4)**	**—**	**(122.4)**
Operating profit before tax from discontinued operations	**—**	**—**	**—**	**46.3**	**46.3**	**4.9**	**51.2**
External operating income/(expense)	491.4	364.3	215.1	(411.3)	659.5	—	659.5
Inter segment operating (expense)/income	(197.5)	(117.6)	(84.5)	399.6	—	—	—
Segment operating income/(expense)	293.9	246.7	130.6	(11.7)	659.5	—	659.5

1. Discontinued operations comprise Asset Management, sold on 28 February 2025, and Winterflood, classified as held for sale. See Note 29.

The Commercial operating segment above includes Novitas, which ceased lending to new customers in July 2021 following a strategic review. Novitas recorded an operating profit of £16.1 million (2024: loss of £0.1 million), including an impairment credit of £6.8 million (2024: £6.4 million impairment losses).

Novitas' income was £13.3 million (2024: £11.0 million) and expenses were £4.0 million (2024: £4.8 million). In line with IFRS 9's requirement to recognise interest income on Stage 3 loans on a net basis, income includes the partial unwinding over time of the expected credit loss recognised. Further information on Novitas can be found in the Credit Risk section of the Risk Report.

As set out in Note 29 "Discontinued operations and assets and liabilities classified as held for sale", the group announced it entered into an agreement to sell Close Brothers Asset Management ("CBAM"), one of the group's operating segments, to Oaktree Capital Management, L.P. on 19 September 2024 following a comprehensive strategic review, and completed the sale on 28 February 2025. CBAM's financial results are presented within this note as discontinued operations. On 25 July 2025, the group also announced the sale of Winterflood Securities, an execution services and securities business, to Marex Group plc. The sale is expected to complete in early 2026 and its financial results are also presented within this note as discontinued operations.

	Banking						
	Commercial £ million	Retail £ million	Property £ million	Group[2] £ million	Continuing operations £ million	Discontinued operations[3] £ million	Total £ million
Summary balance sheet information at 31 July 2025							
Total assets[1]	**4,894.3**	**2,878.9**	**1,852.5**	**3,567.3**	**13,193.0**	**878.9**	**14,071.9**
Total liabilities	**—**	**—**	**—**	**11,548.1**	**11,548.1**	**788.3**	**12,336.4**

1. Total assets for the Banking operating segments comprise the loan book and operating lease assets only. The Commercial operating segment includes the net loan book of Novitas of £nil.
2. Balance sheet includes £3,117.6 million assets and £11,353.5 million liabilities attributable to the Banking division primarily comprising the treasury balances described in the second paragraph of this note.
3. Discontinued operations on the balance sheet comprise Winterflood Securities. See Note 29. The assets and liabilities of Winterflood Securities presented in this table include intercompany balances for the purposes of segmental reporting.

Equity is allocated across the group as set out below. Banking division equity, which is managed as a whole rather than on a segmental basis, reflects loan book and operating lease assets of £9,625.7 million, in addition to assets and liabilities of £3,521.9 million and £11,556.2 million respectively primarily comprising treasury balances which are included within the Group column above.

Equity at 31 July 2025	Banking £ million	Group £ million	Continuing operations £ million	Discontinued operations £ million	Total £ million
Equity	**1,591.4**	**53.5**	**1,644.9**	**90.6**	**1,735.5**

	Banking						
	Commercial	Retail	Property	Group	Continuing operations	Discontinued operations	Total
Other segment information for the year ended 31 July 2025							
Employees (average number)[1]	**1,417**	**1,154**	**172**	**88**	**2,831**	**765**	**3,596**

1. Banking segments include a central function headcount allocation. The company's average number of employees is equivalent to the Group number.

3. Segmental Analysis (continued)

	Banking						
	Commercial £ million	Retail £ million	Property £ million	Group £ million	Continuing operations £ million	Discontinued operations[1] £ million	Total £ million
Summary income statement for the year ended 31 July 2024							
Net interest income/(expense)	228.8	234.4	129.0	(11.5)	580.7	—	580.7
Impairment of operating lease assets	—	—	—	—	—	—	—
Other non-interest income	100.8	28.0	3.9	—	132.7	—	132.7
Operating income/(expense)	329.6	262.4	132.9	(11.5)	713.4	—	713.4
Provision in relation to the Borrowers in Financial Difficulty ("BiFD") review	(0.6)	(16.6)	—	—	(17.2)	—	(17.2)
Complaints handling and other operational and legal costs incurred in relation to motor finance commissions	—	(6.9)	—	—	(6.9)	—	(6.9)
Depreciation and amortisation	(26.1)	(20.8)	(4.9)	(2.3)	(54.1)	—	(54.1)
Other administrative expenses	(184.5)	(157.3)	(30.3)	(31.5)	(403.6)	—	(403.6)
Impairment losses on financial assets	(31.7)	(47.2)	(20.0)	—	(98.9)	—	(98.9)
Total operating expenses	(242.9)	(248.8)	(55.2)	(33.8)	(580.7)	—	(580.7)
Operating profit/(loss) from continuing operations	86.7	13.6	77.7	(45.3)	132.7	—	132.7
Operating profit before tax from discontinued operations[1]	—	—	—		—	9.3	9.3
External operating income/(expense)	517.0	376.7	224.7	(404.1)	714.3	—	714.3
Inter segment operating (expense)/ income	(187.4)	(114.3)	(91.8)	392.6	(0.9)	—	(0.9)
Segment operating income/(expense)	329.6	262.4	132.9	(11.5)	713.4	—	713.4

1. Discontinued operations represent the Asset Management division sold on 28 February 2025 and Winterflood shown as held for sale - see Note 29.

	Banking						
	Commercial £ million	Retail £ million	Property £ million	Group[2] £ million	Continuing operations £ million	Discontinued operations[3] £ million	Total £ million
Summary balance sheet information at 31 July 2024							
Total assets[1]	5,101.6	3,041.9	1,955.2	2,965.1	13,063.8	1,017.0	14,080.8
Total liabilities	—	—	—	11,433.5	11,433.5	804.8	12,238.3

1. Total assets for the Banking operating segments comprise the loan book and operating lease assets only. The Commercial operating segment includes the net loan book of Novitas of £62.4 million.
2. Balance sheet includes £2,970.1 million assets and £11,358.1 million liabilities attributable to the Banking division primarily comprising the treasury balances described in the second paragraph of this note.
3. Discontinued operations on the balance sheet comprise Winterflood Securities and Close Brothers Asset Management. See Note 29. The assets and liabilities presented in this table include intercompany balances for the purposes of segmental reporting.

Equity is allocated across the group as set out below. Banking division equity, which is managed as a whole rather than on a segmental basis, reflects loan book and operating lease assets of £10,098.7 million, in addition to assets and liabilities of £2,970.1 million and £11,358.1 million respectively primarily comprising treasury balances which are included within the Group column above.

Equity at 31 July 2024	Banking £ million	Group £ million	Continuing operations £ million	Discontinued operations £ million	Total £ million
Equity	1,710.7	(80.4)	1,630.3	212.2	1,842.5

	Banking						
	Commercial £ million	Retail £ million	Property £ million	Group £ million	Continuing operations £ million	Discontinued operations £ million	Total £ million
Other segmental information for the year ended 31 July 2024							
Employees (average number)[1]	1,461	1,195	199	87	2,942	1,183	4,125

1. Banking segments include a central function headcount allocation. The company's average number of employees is equivalent to the Group number.

4. Operating profit before tax

	2025 £ million	2024[1] £ million
Interest income[2]		
Cash and balances at central banks	**86.7**	98.5
Loans and advances to banks	**3.4**	8.1
Loans and advances to customers	**991.2**	1,006.8
Other interest income	**30.4**	19.8
	1,111.7	1,133.2
Interest expense		
Deposits from banks	**(4.3)**	(5.8)
Deposits by customers	**(405.9)**	(387.2)
Borrowings	**(80.8)**	(108.0)
Other interest expense[3]	**(51.9)**	(51.5)
	(542.9)	(552.5)
Net interest income	**568.8**	580.7

1. Comparative information restated following the classification of Close Brothers Asset Management and Winterflood as discontinued operations. See Notes 3 and 29.
2. Interest income calculated using the effective interest method.
3. Other interest expense includes interest expense of £26.9 million relating to derivative assets and liabilities (2024: £26.7 million interest income).

	2025 £ million	2024[1] £ million
Fee and commission income[2]		
Banking	**103.5**	104.2
Fee and commission expense[2]	**(16.7)**	(19.8)
Net fee and commission income	**86.8**	84.4

1. Comparative information restated following the classification of Close Brothers Asset Management and Winterflood as discontinued operations. See Notes 3 and 29.
2. Fee income and expense relates to financial instruments which are not at fair value through profit or loss. There is no fee income or expense arising from trust and other fiduciary activities (2024: £nil).

	2025 £ million	2024[1] £ million
Other income		
Operating lease assets rental income	**91.6**	92.3
Other[2]	**26.9**	37.4
	118.5	129.7

1. Comparative information restated following the classification of Close Brothers Asset Management and Winterflood as discontinued operations. See Notes 3 and 29.
2. Includes income from the amortisation of de-designated cash flow and fair value hedges totalling £11.4 million (2024: £27.9 million), and services provided in relation to operating lease assets.

4. Operating profit before tax (continued)

	2025 £ million	2024[1] £ million
Administrative expenses		
Staff costs:		
Wages and salaries	**194.0**	203.4
Social security costs	**26.7**	26.5
Share-based awards	**3.8**	3.2
Pension costs	**13.9**	13.7
	238.4	246.8
Depreciation and amortisation	**54.1**	54.1
Other administrative expenses[2]	**396.6**	180.9
	689.1	481.8

1. Comparative information restated following the classification of Close Brothers Asset Management and Winterflood as discontinued operations. See Notes 3 and 29.
2. Other administrative expenses of £396.6 million (2024: £180.9 million) include the following items which have been separately disclosed on the consolidated income statement: provision in relation to motor finance commissions of £165.0 million (2024: £nil), complaints handling and other operational and legal costs incurred in relation to motor finance commissions of £18.7 million (2024: £6.9 million), and provision in relation to early settlements in Motor Finance of £33.0 million (2024: £nil).

Staff costs of the company total £18.6 million (2024: £16.9 million) comprising largely of wages and salaries of £13.8 million (2024: £12.9 million).

5. Information regarding the auditors

	2025[1] £ million	2024[1] £ million
Fees payable		
Audit of the company's annual accounts	**1.3**	1.0
Audit of the company's subsidiaries pursuant to legislation	**4.8**	4.0
Audit related services	**0.3**	0.7
Other services	**0.6**	0.7
	7.0	6.4

1. During the year, an additional audit fee of £0.8 million (2024: £0.3 million) was paid to the auditors in relation to scope changes in the prior year audit, which is not included above.

The auditors of the group were PricewaterhouseCoopers LLP (2024: PricewaterhouseCoopers LLP).

6. Taxation

	2025 £ million	2024[1] £ million
Tax charged/(credited) to the income statement		
Current tax:		
UK corporation tax	**15.0**	38.8
Foreign tax	**1.0**	0.9
Adjustments in respect of previous years	**(1.3)**	(4.9)
	14.7	34.8
Deferred tax:		
Deferred tax credit for the current year	**(11.6)**	(2.5)
Adjustments in respect of previous years	**1.6**	5.1
	4.7	37.4
Tax on items not (credited)/charged to the income statement		
Current tax relating to:		
Acquisitions and disposals	**3.7**	(0.4)
Deferred tax relating to:		
Cash flow hedging	**(3.5)**	(8.4)
Financial instruments classified as fair value through other comprehensive income	**(1.2)**	(1.0)
Currency translation gains/(losses)	**0.4**	(0.4)
Acquisitions and disposals	**1.7**	(0.3)
	1.1	(10.5)
Reconciliation to tax expense		
UK corporation tax for the period at 25% (2024: 25%) on operating (loss)/profit	**(30.6)**	33.2
Disallowable items and other permanent differences[2]	**40.6**	6.8
Banking surcharge	**—**	—
Tax relief on coupon on other equity instruments	**(5.6)**	(2.8)
Prior period tax provision	**0.3**	0.2
	4.7	37.4

1. Comparative information restated following the classification of Close Brothers Asset Management and Winterflood as discontinued operations. See Notes 3 and 29.
2. Disallowable items and other permanent differences largely relate to the non-deductible provision in relation to motor finance commissions.

The standard UK corporation tax rate for the financial year is 25.0% (2024: 25.0%). An additional 3.0% (2024: 3.0%) surcharge applies to banking company profits as defined in legislation, but only above a threshold amount which is not exceeded by the current year banking company profits. The effective tax rate of (3.8)% (2024: 28.2%), which relates to a £4.7 million charge on an operating loss before tax of £122.4 million, differs to the UK corporation tax rate primarily due to disallowable expenditure, which more than offsets the tax relief on coupons on the group's AT1 instrument.

The UK government has implemented the Pillar Two global minimum tax rate of 15% and a UK domestic minimum top-up tax with effect from the group’s financial year commencing 1 August 2024. The jurisdictions in relation to which Pillar Two tax liabilities are expected to potentially arise for the group are the Republic of Ireland, Jersey and Guernsey. The current tax charge for the period includes £nil in respect of Pillar Two income taxes. The group has adopted the IAS 12 exemption from recognition and disclosure regarding the impact on deferred tax assets and liabilities arising from this legislation. The company has adopted the same exemption under FRS 102.

6. Taxation (continued)

Movements in deferred tax assets and liabilities were as follows:

	Capital allowances £ million	Pension scheme £ million	Share-based payments and deferred compensation £ million	Impairment losses £ million	Cash flow hedging £ million	Intangible assets £ million	Other £ million	Total £ million
Group								
At 1 August 2023	12.9	(0.3)	8.7	5.9	(13.4)	(0.9)	(2.1)	10.8
(Charge)/credit to the income statement	(8.2)	0.1	(1.5)	0.1	—	0.3	3.5	(5.7)
Credit to other comprehensive income	0.4	—	—	—	8.4	—	1.0	9.8
Charge to equity	—	—	—	—	—	—	—	—
Acquisitions	—	—	—	—	—	(1.5)	0.9	(0.6)
At 31 July 2024	5.1	(0.2)	7.2	6.0	(5.0)	(2.1)	3.3	14.3
Credit/(charge) to the income statement	8.3	0.1	(1.0)	(0.6)	—	—	1.6	8.4
(Charge)/credit to other comprehensive income	(0.4)	—	—	—	3.5	—	1.2	4.3
Charge to equity	—	—	—	—	—	—	—	—
Disposals	(0.1)	—	(3.2)	—	—	1.6	—	(1.7)
Reclassification to assets held for sale	6.2	—	(0.8)	—	—	—	0.3	5.7
At 31 July 2025	**19.1**	**(0.1)**	**2.2**	**5.4**	**(1.5)**	**(0.5)**	**6.4**	**31.0**

The group's deferred tax asset comprises £5.7 million (31 July 2024: £4.8 million) due within one year and £25.3 million (31 July 2024: £9.5 million) due after more than one year.

	Capital allowances £ million	Pension scheme £ million	Share-based payments and deferred compensation £ million	Total £ million
Company				
At 1 August 2023	(0.4)	(0.3)	1.1	0.4
Credit to the income statement	0.2	0.1	(0.5)	(0.2)
Credit to other comprehensive income	—	—	—	—
At 31 July 2024	(0.2)	(0.2)	0.6	0.2
Charge to the income statement	0.2	0.1	(0.1)	0.2
Credit to other comprehensive income	—	—	—	—
At 31 July 2025	**—**	**(0.1)**	**0.5**	**0.4**

The company's deferred tax asset comprises £0.1 million (31 July 2024: £0.2 million) due within one year and £0.3 million (31 July 2024: £nil) due after more than one year.

As the group has been and is expected to continue to be consistently taxpaying, the full deferred tax assets have been recognised. However, deferred tax assets of £0.5 million (31 July 2024: £0.5 million) have not been recognised in respect of certain carried forward tax losses. It is currently uncertain whether the group will be able to utilise these losses.

7. Earnings per share

The calculation of basic earnings per share is based on the profit attributable to shareholders and the number of basic weighted average shares. When calculating the diluted earnings per share, the weighted average number of shares in issue is adjusted for the effects of all dilutive share options and awards.

Continuing operations	**2025**	2024[1]
Basic	**(99.8)p**	56.2p
Diluted	**(99.8)p**	56.1p
Adjusted basic[2]	**59.3p**	75.8p
Adjusted diluted[2]	**59.3p**	75.6p

Discontinued operations

Basic	**32.9p**	3.5p
Diluted	**32.9p**	3.4p

Continuing and discontinued operations

Basic	**(66.9)p**	59.7p
Diluted	**(66.9)p**	59.5p

1. Comparative information restated following the classification of Close Brothers Asset Management and Winterflood as discontinued operations. See Notes 3 and 29.
2. Excludes the adjusting items set out in the table below and the associated tax effect.

	2025 £ million	2024[1] £ million
(Loss)/profit attributable to shareholders	**(100.2)**	89.3
Less profit from discontinued operations, net of tax	**(49.2)**	(5.1)
(Loss)/profit attributable to shareholders on continuing operations	**(149.4)**	84.2
Adjustments:		
Provision in relation to motor finance commissions	**165.0**	—
Complaints handling and other operational and legal costs incurred in relation to motor finance commissions	**18.7**	6.9
Provision in relation to early settlements in Motor Finance	**33.0**	—
Provision in relation to the Borrowers in Financial Difficulty ("BiFD") review	**—**	17.2
Restructuring costs	**2.3**	3.1
Amortisation of intangible assets on acquisition	**0.2**	0.2
Operating loss before tax of Close Brewery Rentals	**4.1**	2.1
Operating loss before tax of Close Brothers Vehicle Hire	**43.4**	5.4
Tax effect of adjustments	**(28.6)**	(5.7)
Adjusted profit attributable to shareholders on continuing operations	**88.7**	113.4

1. Comparative information restated following the classification of Close Brothers Asset Management and Winterflood as discontinued operations. See Notes 3 and 29.

The tax rate on adjusting items is 10.7% (2024: 16.3%), which differs to the standard UK corporation tax rate for the financial year of 25.0% (2024: 25.0%). This is primarily due to £150.0 million of the provisions in relation to motor finance commissions and early settlements in Motor Finance comprising disallowable expenditure (2024: primarily due to £14.0 million of the provision in relation to the BiFD review comprising disallowable expenditure).

	2025	2024
Average number of shares		
Basic weighted	**149.7**	149.7
Effect of dilutive share options and awards	**0.2**	0.3
Diluted weighted	**149.9**	150.0

8. Dividends

	2025 £ million	2024 £ million
For each ordinary share		
Final dividend for previous financial year paid in November 2024: £nil (November 2023: 45.0p)	**—**	67.1
Interim dividend for current financial year paid in April 2025: £nil (April 2024: £nil)	**—**	—
	—	67.1

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.

9. Loans and advances to banks

	On demand £ million	Within three months £ million	Between three months and one year £ million	Between one and two years £ million	Between two and five years £ million	Total £ million
At 31 July 2025	**135.2**	**1.3**	**3.5**	**14.2**	**7.5**	**161.7**
At 31 July 2024	269.2	0.1	4.3	16.4	3.7	293.7

10. Loans and advances to customers

(a) Maturity and classification analysis of loans and advances to customers

The following tables set out the maturity and IFRS 9 classification analysis of loans and advances to customers. At 31 July 2025, loans and advances to customers with a maturity of two years or less was £7,346.3 million (31 July 2024: £7,733.6 million) representing 75.7% (31 July 2024: 75.3%) of total gross loans and advances to customers:

	On demand £ million	Within three months £ million	Between three months and one year £ million	Between one and two years £ million	Between two and five years £ million	After more than five years £ million	Total gross loans and advances to customers £ million	Impairment provisions £ million	Total net loans and advances to customers £ million
At 31 July 2025	**85.1**	**2,984.1**	**2,512.4**	**1,764.7**	**2,220.7**	**142.1**	**9,709.1**	**(249.7)**	**9,459.4**
At 31 July 2024	88.5	2,888.2	2,654.9	2,102.0	2,399.1	143.9	10,276.6	(445.8)	9,830.8

	31 July 2025 £ million	31 July 2024 £ million
Gross loans and advances to customers		
Held at amortised cost	**9,697.3**	10,264.8
Held at fair value through profit or loss	**11.8**	11.8
	9,709.1	10,276.6

(b) Loans and advances to customers held at amortised cost and impairment provisions by stage

Gross loans and advances to customers held at amortised cost by stage and the corresponding impairment provisions and provision coverage ratios are set out below:

		Stage 2				
	Stage 1 £ million	**Less than 30 days past due £ million**	**Greater than or equal to 30 days past due £ million**	**Total £ million**	**Stage 3 £ million**	**Total £ million**
At 31 July 2025						
Gross loans and advances to customers held at amortised cost						
Commercial	**3,717.5**	**925.1**	**39.0**	**964.1**	**108.1**	**4,789.7**
Of which: Commercial excluding Novitas	3,717.5	924.6	39.0	963.6	105.8	4,786.9
Of which: Novitas	—	0.5	—	0.5	2.3	2.8
Retail	**2,611.1**	**252.6**	**15.1**	**267.7**	**95.2**	**2,974.0**
Property	**1,585.6**	**15.7**	**43.5**	**59.2**	**288.8**	**1,933.6**
	7,914.2	**1,193.4**	**97.6**	**1,291.0**	**492.1**	**9,697.3**
Impairment provisions						
Commercial	**21.7**	**10.8**	**5.2**	**16.0**	**35.8**	**73.5**
Of which: Commercial excluding Novitas	21.7	10.3	5.2	15.5	33.5	70.7
Of which: Novitas	—	0.5	—	0.5	2.3	2.8
Retail	**25.3**	**13.9**	**2.7**	**16.6**	**53.2**	**95.1**
Property	**3.6**	**1.0**	**—**	**1.0**	**76.5**	**81.1**
	50.6	**25.7**	**7.9**	**33.6**	**165.5**	**249.7**
Provision coverage ratio						
Commercial	**0.6%**	**1.2%**	**13.3%**	**1.7%**	**33.1%**	**1.5%**
Within which: Commercial excluding Novitas	0.6%	1.1%	13.3%	1.6%	31.7%	1.5%
Within which: Novitas	—%	100.0%	—%	100.0%	100.0%	100.0%
Retail	**1.0%**	**5.5%**	**17.9%**	**6.2%**	**55.9%**	**3.2%**
Property	**0.2%**	**6.4%**	**—%**	**1.7%**	**26.5%**	**4.2%**
	0.6%	**2.2%**	**8.1%**	**2.6%**	**33.6%**	**2.6%**

	Stage 1 £ million	Stage 2 Less than 30 days past due £ million	Stage 2 Greater than or equal to 30 days past due £ million	Stage 2 Total £ million	Stage 3 £ million	Total £ million
At 31 July 2024						
Gross loans and advances to customers held at amortised cost						
Commercial	3,877.8	801.5	33.1	834.6	400.2	5,112.6
Of which: Commercial excluding Novitas	3,877.8	800.5	33.1	833.6	118.1	4,829.5
Of which: Novitas	—	1.0	—	1.0	282.1	283.1
Retail	2,815.7	221.2	9.9	231.1	90.0	3,136.8
Property	1,717.0	9.8	53.3	63.1	235.3	2,015.4
	8,410.5	1,032.5	96.3	1,128.8	725.5	10,264.8
Impairment provisions						
Commercial	20.9	9.6	4.2	13.8	256.0	290.7
Of which: Commercial excluding Novitas	20.9	8.6	4.2	12.8	36.3	70.0
Of which: Novitas	—	1.0	—	1.0	219.7	220.7
Retail	27.7	14.8	2.2	17.0	50.2	94.9
Property	3.6	0.2	0.3	0.5	56.1	60.2
	52.2	24.6	6.7	31.3	362.3	445.8
Provision coverage ratio						
Commercial	0.5%	1.2%	12.7%	1.7%	64.0%	5.7%
Within which: Commercial excluding Novitas	0.5%	1.1%	12.7%	1.5%	30.7%	1.4%
Within which: Novitas	—%	100.0%	—	100.0%	77.9%	78.0%
Retail	1.0%	6.7%	22.2%	7.4%	55.8%	3.0%
Property	0.2%	2.0%	0.6%	0.8%	23.8%	3.0%
	0.6%	2.4%	7.0%	2.8%	49.9%	4.3%

Stage allocation of loans and advances to customers has been applied in line with the definitions set out in Note 1(i).

Additional disclosures on the stage allocation and movements of loans and advances to customers can be found in the Risk Report.

(c) Adjustments

By their nature, limitations in the group's expected credit loss models or input data may be identified through ongoing model monitoring and validation of models. In certain circumstances, management make appropriate adjustments to model-calculated expected credit losses. Adjustments have been identified as a key source of estimation uncertainty as set out in Note 2 "Critical accounting judgements and estimates".

(d) Reconciliation of loans and advances to customers held at amortised cost and impairment provisions

Reconciliation of gross loans and advances to customers and associated impairment provisions are set out below.

New financial assets originate in Stage 1 only, and the amount presented represents the value at origination.

Subsequently, a loan may transfer between stages, and the presentation of such transfers is based on a comparison of the loan at the beginning of the year (or at origination if this occurred during the year) and the end of the year (or just prior to final repayment or write off).

Repayments relating to loans which transferred between stages during the year are presented within the transfers between stages lines. Such transfers do not represent overnight reclassification from one stage to another. All other repayments are presented in a separate line.

ECL model methodologies may be updated or enhanced from time to time and the impacts of such changes are presented on a separate line.

Enhancements to our model suite are a contributory factor to ECL movements and such factors have been taken into consideration when assessing any required adjustments to modelled output and ensuring appropriate provision coverage levels.

A loan is written off when there is no reasonable expectation of further recovery following realisation of all associated collateral and available recovery actions against the customer.

10. Loans and advances to customers (continued)

	Stage 1 £ million	Stage 2 £ million	Stage 3 £ million	Total £ million
Gross loans and advances to customers held at amortised cost				
At 1 August 2024	**8,410.5**	**1,128.8**	**725.5**	**10,264.8**
New financial assets originated	**5,766.1**	**—**	**—**	**5,766.1**
Transfers to Stage 1	**200.4**	**(289.4)**	**(5.2)**	**(94.2)**
Transfers to Stage 2	**(1,381.4)**	**1,112.6**	**(4.5)**	**(273.3)**
Transfers to Stage 3	**(274.4)**	**(146.1)**	**321.9**	**(98.6)**
Net transfer between stages and repayments[1]	**(1,455.4)**	**677.1**	**312.2**	**(466.1)**
Repayments while stage remained unchanged and final repayments	**(4,852.2)**	**(464.3)**	**(223.7)**	**(5,540.2)**
Changes to model methodologies	**48.3**	**(48.3)**	**—**	**—**
Write offs	**(3.1)**	**(2.3)**	**(321.9)**	**(327.3)**
At 31 July 2025	**7,914.2**	**1,291.0**	**492.1**	**9,697.3**

1. Repayments relate only to financial assets which transferred between stages during the year. Other repayments are shown in the line below.

	Stage 1 £ million	Stage 2 £ million	Stage 3 £ million	Total £ million
Gross loans and advances to customers held at amortised cost				
At 1 August 2023	7,990.2	1,062.0	583.4	9,635.6
New financial assets originated	6,695.5	—	—	6,695.5
Transfers to Stage 1	138.2	(205.2)	(7.6)	(74.6)
Transfers to Stage 2	(1,165.5)	904.8	(8.4)	(269.1)
Transfers to Stage 3	(310.2)	(130.8)	329.1	(111.9)
Net transfer between stages and repayments[1]	(1,337.5)	568.8	313.1	(455.6)
Repayments while stage remained unchanged and final repayments	(4,936.3)	(501.2)	(114.4)	(5,551.9)
Write offs	(1.4)	(0.8)	(56.6)	(58.8)
At 31 July 2024	8,410.5	1,128.8	725.5	10,264.8

1. Repayments relate only to financial assets which transferred between stages during the year. Other repayments are shown in the line below.

The gross carrying amount before modification of loans and advances to customers which were modified during the year while in Stage 2 or 3 was £259.5 million (2024: £283.1 million). £0.1 million loss (2024: £nil) was recognised as a result of these modifications. The gross carrying amount at 31 July 2025 of modified loans and advances to customers which transferred from Stage 2 or 3 to Stage 1 during the year was £20.9 million (31 July 2024: £38.7 million). The accounting policy for modifications is set out in Note 1(i).

	Stage 1 £ million	Stage 2 £ million	Stage 3 £ million	Total £ million
Impairment provisions on loans and advances to customers held at amortised cost				
At 1 August 2024	**52.2**	**31.3**	**362.3**	**445.8**
New financial assets originated	**46.0**	**—**	**—**	**46.0**
Transfers to Stage 1	**1.1**	**(4.3)**	**(1.0)**	**(4.2)**
Transfers to Stage 2	**(13.4)**	**30.6**	**(1.4)**	**15.8**
Transfers to Stage 3	**(4.3)**	**(11.4)**	**88.0**	**72.3**
Net remeasurement of expected credit losses arising from transfer of stages and repayments[1]	**(16.6)**	**14.9**	**85.6**	**83.9**
Repayments and ECL movements while stage remained unchanged and final repayments	**(29.5)**	**(10.9)**	**27.0**	**(13.4)**
Changes to model methodologies	**1.4**	**0.5**	**(0.4)**	**1.5**
Charge to the income statement	**1.3**	**4.5**	**112.2**	**118.0**
Write offs	**(2.9)**	**(2.2)**	**(309.0)**	**(314.1)**
At 31 July 2025	**50.6**	**33.6**	**165.5**	**249.7**

1. Repayments relate only to financial assets which transferred between stages during the year. Other repayments are shown in the line below.

	Stage 1 £ million	Stage 2 £ million	Stage 3 £ million	Total £ million
Impairment provisions on loans and advances to customers held at amortised cost				
At 1 August 2023	58.1	32.2	290.3	380.6
New financial assets originated	51.7	—	—	51.7
Transfers to Stage 1	0.6	(3.9)	(0.7)	(4.0)
Transfers to Stage 2	(13.4)	31.4	(1.1)	16.9
Transfers to Stage 3	(5.9)	(12.0)	98.7	80.8
Net remeasurement of expected credit losses arising from transfer of stages and repayments[1]	(18.7)	15.5	96.9	93.7
Repayments and ECL movements while stage remained unchanged and final repayments	(37.7)	(15.6)	26.6	(26.7)
Changes to model methodologies	—	—	—	—
Charge to the income statement	(4.7)	(0.1)	123.5	118.7
Write offs	(1.2)	(0.8)	(51.5)	(53.5)
At 31 July 2024	52.2	31.3	362.3	445.8

1. Repayments relate only to financial assets which transferred between stages during the year. Other repayments are shown in the line below.

	2025 £ million	2024 £ million
Impairment losses relating to loans and advances to customers held at amortised cost:		
Charge to income statement arising from movement in impairment provisions	**118.0**	118.7
Amounts written off directly to income statement and other costs, net of discount unwind on Stage 3 loans to interest income, and recoveries	**(29.9)**	(21.7)
	88.1	97.0
Impairment losses relating to other financial assets	**4.7**	1.8
Impairment losses on financial assets recognised in income statement	**92.8**	98.8

Impairment losses on financial assets of £92.8 million (2024: £98.8 million) include an impairment credit of £6.8 million in relation to Novitas (2024: impairment charge of £6.4 million).

The contractual amount outstanding at 31 July 2025 on financial assets that were written off during the period and are still subject to recovery activity is £27.1 million (31 July 2024: £22.1 million).

(e) Finance lease and hire purchase agreement receivables

	31 July 2025 £ million	31 July 2024 £ million
Net loans and advances to customers comprise		
Hire purchase agreement receivables	**3,613.4**	3,749.8
Finance lease receivables	**945.6**	896.7
Other loans and advances	**4,900.4**	5,184.3
	9,459.4	9,830.8

10. Loans and advances to customers (continued)

The following table shows a reconciliation between gross investment in finance lease and hire purchase agreement receivables included in the net loans and advances to customers table above to present value of minimum lease and hire purchase payments.

	31 July 2025 £ million	31 July 2024 £ million
Gross investment in finance leases and hire purchase agreement receivables due:		
One year or within one year	1,983.2	1,987.6
>One to two years	1,535.1	1,573.2
>Two to three years	1,155.3	1,168.2
>Three to four years	647.7	692.0
>Four to five years	225.0	222.6
More than five years	41.2	46.4
	5,587.5	5,690.0
Unearned finance income	(884.5)	(904.5)
Present value of minimum lease and hire purchase agreement payments	4,703.0	4,785.5
Of which due:		
One year or within one year	1,661.0	1,671.1
>One to two years	1,292.2	1,326.6
>Two to three years	974.2	982.6
>Three to four years	547.9	579.4
>Four to five years	191.9	185.9
More than five years	35.8	39.9
	4,703.0	4,785.5

The aggregate cost of assets acquired for the purpose of letting under finance leases and hire purchase agreements was £7,848.3 million (2024: £7,898.6 million). The average effective interest rate on finance leases approximates to 12.4% (2024: 12.2%). The present value of minimum lease and hire purchase agreement payments reflects the fair value of finance lease and hire purchase agreement receivables before deduction of impairment provisions.

11. Debt securities

	Fair value through profit or loss £ million	Fair value through other comprehensive income £ million	Amortised cost £ million	Total £ million
Sovereign and central bank debt	—	601.6	—	601.6
Supranational, sub-sovereigns and agency ("SSA") bonds	—	146.2	—	146.2
Covered bonds	—	105.6	—	105.6
Long trading positions in debt securities	—	—	—	—
Other debt securities	1.1	—	4.7	5.8
At 31 July 2025	1.1	853.4	4.7	859.2

	Fair value through profit or loss £ million	Fair value through other comprehensive income £ million	Amortised cost £ million	Total £ million
Sovereign and central bank debt	—	383.7	—	383.7
Supranational, sub-sovereigns and agency ("SSA") bonds	—	145.5	—	145.5
Covered bonds	—	187.7	—	187.7
Long trading positions in debt securities	16.0	—	—	16.0
Other debt securities	0.8	—	6.8	7.6
At 31 July 2024	16.8	716.9	6.8	740.5

Movements on the book value of sovereign and central bank debt comprise:

	2025 £ million	2024 £ million
Sovereign and central bank debt at 1 August	**383.7**	186.1
Additions	**512.4**	194.2
Redemptions	**(299.1)**	—
Currency translation differences	**2.2**	(1.5)
Movement in value	**2.4**	4.9
Sovereign and central bank debt at 31 July	**601.6**	383.7

Movements on the book value of SSA bonds comprise:

	2025 £ million	2024 £ million
SSA bonds at 1 August	**145.5**	—
Additions	**—**	155.4
Redemptions	**—**	(15.2)
Currency translation differences	**0.4**	(0.3)
Movement in value	**0.3**	5.6
SSA bonds at 31 July	**146.2**	145.5

Movements on the book value of covered bonds comprise:

	2025 £ million	2024 £ million
Covered bonds 1 August	**187.7**	106.3
Additions	**15.5**	139.7
Redemptions/disposals	**(97.4)**	(59.0)
Currency translation differences	**0.5**	(0.3)
Movement in value	**(0.7)**	1.0
Covered bonds at 31 July	**105.6**	187.7

12. Equity shares

	31 July 2025 £ million	31 July 2024 £ million
Long trading positions	**—**	25.8
Other equity shares	**—**	1.6
	—	27.4

Equity shares at 31 July 2024 related to Winterflood Securities. At 31 July 2025, the assets and liabilities of Winterflood Securities have been classified as held for sale. See Note 29 for more detail.

13. Derivative financial instruments

The group enters into derivative contracts with a number of financial institutions for risk management purposes to hedge exposures to interest rate and exchange rate movements. Derivatives are classified as held for trading unless they are designated as being in a hedge accounting relationship. The group's total derivative asset and liability position as reported on the consolidated balance sheet is as follows.

	31 July 2025			31 July 2024		
	Notional value £ million	**Assets £ million**	**Liabilities £ million**	Notional value £ million	Assets £ million	Liabilities £ million
Exchange rate contracts	**376.3**	**0.1**	**7.3**	275.3	2.3	0.4
Interest rate contracts	**7,012.4**	**103.0**	**97.4**	7,202.6	99.1	128.6
	7,388.7	**103.1**	**104.7**	7,477.9	101.4	129.0

Interest rate contracts are held for interest rate risk management and interest margin stabilisation purposes.

13. Derivative financial instruments (continued)

Included in the derivatives above are the following cash flow and fair value hedges:

	31 July 2025			31 July 2024		
	Notional value £ million	**Assets £ million**	**Liabilities £ million**	Notional value £ million	Assets £ million	Liabilities £ million
Cash flow hedges						
Interest rate contracts	**658.7**	**4.9**	**1.7**	514.4	4.8	0.6
Fair value hedges						
Interest rate contracts	**4,775.6**	**89.5**	**88.5**	4,431.7	78.8	116.3

Where derivatives are designated as being in a hedge accounting relationship, the group applies fair value and cash flow hedging if the relevant transaction meets the required documentation and hedge effectiveness criteria.

Fair value hedge accounting

Fair value hedges seek to hedge the exposure to changes in the fair value of recognised assets and liabilities or firm commitments. For fair value hedges of interest rate risk, changes in the benchmark interest rate are considered the largest component of the overall change in fair value. Other risks such as credit risk are managed but excluded from the hedge accounting relationship. Changes in the fair value of derivatives in a fair value hedge are recorded in the income statement, along with changes in the fair value of the hedged item (asset or liability) attributable to the hedged risk. If the hedged item is measured at amortised cost, the fair value changes due to the hedged risk adjust the carrying amount of the hedged asset or liability. If the hedge no longer qualifies for hedge accounting, changes in the fair value of the hedged item attributable to the hedged risk are no longer recognised in the income statement and the cumulative adjustment to the carrying amount of the hedged item is amortised to the income statement over the period to maturity. For micro fair value hedges, this is applied using a straight-line method over the period to maturity.

Cash flow hedge accounting

Cash flow hedges seek to hedge the exposure to variability in future cash flows due to movements in the relevant benchmark interest rate with interest rate swaps. These future cash flows relate to future interest payments or receipts on recognised financial instruments and on forecast transactions for periods of five (2024: six) years. The effective portion of changes in the fair value of qualifying cash flow hedges is recognised in other comprehensive income within the cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in the income statement. Amounts accumulated in equity are reclassified to the income statement in the periods when the hedged item affects profit or loss. When a hedging instrument expires, is sold, or no longer meets the criteria for hedge accounting, any cumulative gain or loss in equity remains there until the forecast transaction is recognised in the income statement. If the forecast transaction is no longer expected to occur, the cumulative gain or loss in equity is immediately transferred to the income statement. The group applies portfolio cash flow hedging for interest rate risk exposures on a portfolio of actual and forecast variable interest rate cash flows arising from variable rate borrowings. Cash flow hedge accounting is applied when hedging interest rate risk exposures on floating rate assets.

To assess hedge effectiveness the change in fair value or cash flows of the hedging instruments is compared with the change in fair value or cash flows of the hedged item attributable to the hedged risk. A hedge is considered highly effective if the results are within a ratio of 80%-125%.

The main sources of hedge ineffectiveness can include, but are not limited to, basis mismatch, maturity mismatch, credit valuation adjustments and cash flow timing mismatch between the hedged item and the hedging instrument.

The maturity profiles for the notional amounts of the group's cash flow and fair value hedges are set out as follows.

	On demand £ million	Within three months £ million	Between three and six months £ million	Between six months and one year £ million	Between one and five years £ million	After more than five years £ million	Total £ million
Cash flow hedges							
Interest rate risk							
31 July 2025	**–**	**5.8**	**0.5**	**13.1**	**619.8**	**19.5**	**658.7**
31 July 2024	–	6.1	1.4	3.2	482.0	21.7	514.4
Fair value hedges							
Interest rate risk							
31 July 2025	**–**	**543.7**	**737.2**	**1,502.0**	**1,308.1**	**684.6**	**4,775.6**
31 July 2024	–	516.1	672.3	1,080.7	1,446.5	716.1	4,431.7

Cash flow hedges have an average fixed rate of 4.0% (31 July 2024: 4.0%). Fair value hedges have an average fixed rate of 3.3% (31 July 2024: 3.7%).

Details of the hedging instruments for the group's hedge ineffectiveness assessment are set out as follows.

	Changes in fair value of hedging instrument used for calculating hedge ineffectiveness 2025 £ million	Hedge ineffectiveness recognised in income statement 2025 £ million	Changes in fair value of hedging instrument used for calculating hedge ineffectiveness 2024 £ million	Hedge ineffectiveness recognised in income statement 2024 £ million
Cash flow hedges				
Interest rate risk	**(1.2)**	**(0.1)**	(0.9)	—
Fair value hedges				
Interest rate risk	**33.9**	**0.1**	50.9	—

The carrying amount of hedging interest rate swaps is held within derivative financial instruments and the hedge ineffectiveness is held within other income. Details of the hedged exposures covered by the group's hedging strategies are set out as follows.

	Carrying amount of hedged item £ million	Accumulated amount of fair value adjustments on the hedged item £ million	Changes in fair value of hedged item used for calculating hedge ineffectiveness £ million
At 31 July 2025			
Fair value hedges			
Assets			
Debt securities	**424.0**	**(20.1)**	**(4.9)**
Loans and advances to customers and undrawn commitments	**163.6**	**(8.1)**	**1.3**
	587.6	**(28.2)**	**(3.6)**
Liabilities			
Deposits by customers	**3,342.1**	**7.3**	**3.1**
Debt securities in issue	**615.8**	**(76.4)**	**19.3**
Subordinated loan capital	**195.5**	**(5.6)**	**7.8**
	4,153.4	**(74.7)**	**30.2**

	Carrying amount of hedged item £ million	Accumulated amount of fair value adjustments on the hedged item £ million	Changes in fair value of hedged item used for calculating hedge ineffectiveness £ million
At 31 July 2024			
Fair value hedges			
Assets			
Debt securities	355.7	(15.2)	11.8
Loans and advances to customers and undrawn commitments	146.8	(9.3)	4.1
	502.5	(24.5)	15.9
Liabilities			
Deposits by customers	3,092.2	4.2	8.1
Debt securities in issue	596.3	(95.7)	46.8
Subordinated loan capital	187.2	(13.3)	11.8
	3,875.7	(104.8)	66.7

Details of the impact of hedging relationships on the income statement and other comprehensive income are set out as follows.

	Changes in fair value of hedged item used for calculating hedge ineffectiveness £ million	Gains/(losses) on discontinued hedges recognised in other comprehensive income £ million	(Losses)/gains from changes in value of hedging instrument recognised in other comprehensive income £ million	Amounts reclassified from reserves to income statement[1] £ million
Cash flow hedges				
Interest rate risk				
31 July 2025	**1.0**	**2.9**	**(1.1)**	**12.3**
31 July 2024	1.0	14.4	(0.9)	28.9

1. Following de-designation of hedge relationships, the amounts previously recognised in the cash flow hedge reserve have been reclassified to other income to the extent that the hedged cash flows occurred during the year.

14. Intangible assets

	Goodwill £ million	Software £ million	Intangible assets on acquisition £ million	Group total £ million	Company software £ million
Cost					
At 1 August 2023	142.5	333.2	50.4	526.1	0.2
Additions	8.3	28.1	7.3	43.7	0.1
Disposals	—	(12.6)	(0.3)	(12.9)	—
At 31 July 2024	150.8	348.7	57.4	556.9	0.3
Additions	—	25.6	—	25.6	—
Disposals	—	(6.1)	—	(6.1)	—
Disposal of subsidiaries[1]	(46.9)	(16.6)	(51.7)	(115.2)	—
Reclassification to assets held for sale[2]	(67.7)	(20.4)	—	(88.1)	—
At 31 July 2025	**36.2**	**331.2**	**5.7**	**373.1**	**0.3**
Accumulated amortisation and impairments					
At 1 August 2023	47.9	167.8	46.7	262.4	0.2
Amortisation charge for the year	—	38.9	1.4	40.3	0.1
Disposals	—	(11.4)	(0.4)	(11.8)	—
At 1 August 2024	47.9	195.3	47.7	290.9	0.3
Amortisation charge for the year	—	38.3	0.8	39.1	—
Impairment charge for the year	16.6	2.0	—	18.6	—
Disposals	—	(5.3)	—	(5.3)	—
Disposal of subsidiaries[1]	(3.5)	(9.2)	(46.0)	(58.7)	—
Reclassification to assets held for sale[2]	(58.9)	(18.9)	—	(77.8)	—
At 31 July 2025	**2.1**	**202.2**	**2.5**	**206.8**	**0.3**
Net book value at 31 July 2025	**34.1**	**129.0**	**3.2**	**166.3**	**—**
Net book value at 31 July 2024	102.9	153.4	9.7	266.0	—
Net book value at 1 August 2023	94.6	165.4	3.7	263.7	—

1. Close Brothers Asset Management was sold to Oaktree Capital Management, L.P. on 28 February 2025 – see Note 29.
2. Intangible assets relating to Winterflood Securities and Close Brewery Rentals have been reclassified to assets held for sale – see Note 29.

Goodwill additions of £8.3 million and intangible assets on acquisition additions of £7.3 million in the prior year ended 31 July 2024 relate to the group's acquisition of the 100% shareholdings of Close Brothers Finance Designated Activity Company (goodwill of £4.7 million and intangible assets on acquisition of £3.6 million) and Bottriell Adams LLP ("Bottriell Adams") (goodwill of £3.6 million and intangible assets on acquisition of £3.7 million).

Software includes assets under development of £30.6 million (31 July 2024: £35.4 million).

Intangible assets on acquisition relate to broker and customer relationships and are amortised over a period of eight to 20 years.

In the 2025 financial year, £0.2 million (2024: £0.2 million) of the amortisation charge is included in amortisation of intangible assets on acquisition and £37.2 million (2024: £36.6 million) of the amortisation charge is included in administrative expenses shown in the consolidated income statement.

Impairment tests for goodwill and other intangible assets

Overview
At 31 July 2025, goodwill has been allocated to eight (31 July 2024: nine) individual cash generating units ("CGUs"). Seven (July 2024: seven) are within the Banking division and one is the Winterflood Securities division ("Winterflood"). At 31 July 2024, the Asset Management division was also a CGU. However, as disclosed in Note 29, the group completed the sale of Asset Management on 28 February 2025 and therefore the CGU and associated goodwill have been derecognised from the balance sheet.

Also as disclosed in Note 29, the group announced on 25 July 2025 its agreement to sell Winterflood to Marex Group plc with the transaction expected to complete in early 2026. As a result, Winterflood was classified as held for sale on the balance sheet in line with IFRS 5. A goodwill impairment of £14.5 million was recognised, reflecting the requirement to hold the business at the lower of carrying value and fair value less costs to sell. At 31 July 2025, the goodwill classified as held for sale in relation to Winterflood is £8.8 million (31 July 2024: £23.3 million).

As disclosed at half year 2025, two additional CGUs, namely the group's Vehicle Hire and Brewery Rentals businesses, were separated out from an existing Banking CGU. This allowed a more accurate position of the CGUs to be presented. The intangible assets of these two new CGUs totalled £4.1 million, comprising £2.1 million of goodwill and £2.0 million of software. Following a review at half year, a full impairment of these intangible assets was subsequently recognised. Brewery Rentals met the held for sale criteria under IFRS 5 in the second half of the year.

Goodwill is allocated to the CGU in which the historical acquisition occurred and hence the goodwill originated. Further information on the performance of each division can be found in Note 3 "Segmental Analysis". Goodwill impairment reviews are carried out at least annually by assessing the recoverable amount of the group's CGUs, which is the higher of fair value less costs to sell and value in use. Goodwill impairment reviews have been performed for 31 July 2025 in light of the current trading and regulatory environment.

Methodology

The recoverable amounts for all CGUs except Winterflood are measured based on value in use. A value in use calculation uses discounted cash flow forecasts based on the most recent three-year strategy plans. The value in use calculations are sensitive primarily to changes in the assumptions for future cash flows, which include consideration for future capital requirements and appropriate allocation of overhead costs, as well as discount rates.

The most relevant assumptions underlying management's strategy plans for the Banking CGUs, which are based on past experience and forecast market conditions, are expected loan book growth rates, net return on loan book, future costs and future capital requirements. While these assumptions are relevant to management's plans, they may not all be key assumptions in the goodwill impairment test. In addition, while Banking CGUs are not individually regulated, for the purposes of an impairment assessment, theoretical capital requirements have been taken into consideration in calculating a CGU's value in use and carrying value to ensure that capital constraints on free cash flows are appropriately reflected and the carrying value is on a comparable basis.

Beyond the group's three-year planning horizon, estimates of future cash flows in the fourth and fifth years, and longer where appropriate, are made by management with due consideration given to the relevant assumptions set out above. After the final year, a terminal value is calculated using an annual growth rate of 2%, which is consistent with the UK government's long-term inflation target.

The cash flows are discounted using a pre-tax estimated weighted average cost of capital as set out in the following table. The methodology used to derive the discount rates is fundamentally consistent with the prior year and the discount rates used are also consistent with the prior year. However, they differ across the CGUs, reflecting the nature of the CGUs' business and the current market returns appropriate to the CGU that investors would require for a similar asset.

Assessment overview

At 31 July 2025, the results of the review indicate there is no goodwill impairment except in relation to the Winterflood, Vehicle Hire and Brewery Rentals CGUs as noted above. Having performed stress test value in use calculations, the group believes that any reasonably possible change in the key assumptions which have been used would not lead to the carrying value of any remaining CGU to exceed its recoverable amount except Motor Finance.

Assessment of CGUs

The Motor Finance CGU, which includes goodwill of £3.0 million and other intangible assets of £10.7 million, relates to the group's UK motor finance business. Cash flows for this CGU have been estimated for seven years to ensure an appropriate value in use is calculated given a period of strategic change in the shorter term. Consistent with the prior year, the value in use calculation for this CGU has been identified as a key source of estimation uncertainty. The value in use of Motor Finance excludes the £163.9 million balance sheet provision in relation to motor finance commissions and £33.0 million provision in relation to early settlements, both as described in Note 16, in line with the requirements of IAS 36.

The key source of estimation uncertainty within the Motor Finance value in use calculation relates to the expected future cash flows, which include consideration for the CGU's strategic growth plans, as well as forecast costs and capital charge. While, as noted previously, the cash flows exclude the provision in relation to motor finance commissions, the cash flows may nevertheless be impacted by the uncertainty surrounding, and outcome of, the FCA's review and the group's strategic and capital actions response. As described in Note 2, determining the impact on goodwill of this matter is a critical accounting judgement. It also represents a key assumption for the Motor Finance goodwill impairment assessment.

The value in use of Motor Finance is calculated to be 133% (31 July 2024: 121%) of carrying value, which represents a headroom of £53 million (31 July 2024: £35 million). Management's future growth expectations are in part dependent on assumptions relating to funding, capital and customer demand. To demonstrate the sensitivity to lower cash flows or a delay in future growth, a 33% reduction in the annual cash flows to perpetuity would result in the full reduction of the available headroom. However, this outcome reflects the CGU's sensitivity and does not include all possible management actions which may affect capital and cash flow forecasts for each CGU of the Banking division if any further response were required in respect of the FCA review. Separately, the pre-tax discount rate used is 14.9% (31 July 2024: 15.2%) and an absolute increase of 2.5% in the discount rate would result in the full reduction of the available headroom.

14. Intangible Assets (continued)

The Asset Finance and Leasing ("AF&L") CGU includes goodwill of £9.8 million, which is significant in comparison to total goodwill following the disposal of Asset Management and classification of Winterflood as held for sale. The value in use of AF&L is calculated to be 122% (31 July 2024: 135%) of carrying value. The value in use calculation is also dependent on management's assumptions for future cash flows. To demonstrate the sensitivity to cash flows, a 10% reduction in the annual cash flows to perpetuity would result in a 46% reduction in the available headroom.

These scenarios for Motor Finance and AF&L are a demonstration of sensitivity only and do not represent management's base case scenarios where, as stated, value in use remains above carrying value.

Details of the CGUs in which the goodwill carrying amount is significant in comparison with total goodwill, together with the pre-tax discount rate used in determining value in use, are disclosed separately in the table below:

	31 July 2025		31 July 2024	
Cash generating unit	Goodwill £ million	Pre-tax discount rate %	Goodwill £ million	Pre-tax discount rate %
Winterflood Securities	—	—	23.3	14.8
Asset Finance and Leasing	**9.8**	**14.9**	9.8	15.2
Other Banking division CGUs	**24.3**	**14.4-15.2**	26.3	14.5-15.4
	34.1		59.4	

15. Property, plant and equipment

	Leasehold property £ million	Fixtures, fittings and equipment £ million	Assets held under operating leases £ million	Motor vehicles £ million	Right of use assets[1] £ million	Total £ million
Group						
Cost						
At 1 August 2023	21.5	65.5	449.1	0.4	94.0	630.5
Additions	1.3	12.9	64.7	—	10.0	88.9
Disposals	(0.4)	(13.3)	(71.9)	—	(11.1)	(96.7)
At 31 July 2024	22.4	65.1	441.9	0.4	92.9	622.7
Additions	3.2	2.7	40.3	—	10.3	56.5
Disposals	(13.3)	(4.2)	(75.9)	—	(26.5)	(119.9)
Disposal of subsidiaries[2]	(5.1)	(6.8)	—	—	(7.5)	(19.4)
Reclassification to assets held for sale[3]	(0.7)	(21.9)	(80.1)	(0.1)	(19.1)	(121.9)
At 31 July 2025	**6.5**	**34.9**	**326.2**	**0.3**	**50.1**	**418.0**
Accumulated depreciation and impairments						
At 1 August 2023	15.0	40.9	177.9	0.2	39.4	273.4
Depreciation and impairment charges for the year	2.3	9.1	44.4	0.1	15.5	71.4
Disposals	(0.3)	(13.4)	(48.3)	—	(9.7)	(71.7)
At 31 July 2024	17.0	36.6	174.0	0.3	45.2	273.1
Depreciation and impairment charges for the year	1.3	8.2	78.3	—	13.3	101.1
Disposals	(13.0)	(4.1)	(53.3)	—	(25.1)	(95.5)
Disposal of subsidiaries[2]	(3.2)	(4.7)	—	—	(3.4)	(11.3)
Reclassification to assets held for sale[3]	(0.6)	(13.8)	(39.1)	(0.1)	(5.2)	(58.8)
At 31 July 2025	**1.5**	**22.2**	**159.9**	**0.2**	**24.8**	**208.6**
Net book value at 31 July 2025	**5.0**	**12.7**	**166.3**	**0.1**	**25.3**	**209.4**
Net book value at 31 July 2024	5.4	28.5	267.9	0.1	47.7	349.6
Net book value at 1 August 2023	6.5	24.6	271.2	0.2	54.6	357.1

1. Right of use assets primarily relate to the group's leasehold properties.
2. Close Brothers Asset Management was sold to Oaktree Capital Management, L.P. on 28 February 2025 - see Note 29.
3. Property, plant and equipment relating to Winterflood Securities and Close Brewery Rentals have been reclassified to assets held for sale - see Note 29.

The net book value of assets held under operating leases includes £0.1 million (31 July 2024: £0.6 million) relating to vehicles held in inventories. There was a loss of £2.0 million from the sale of assets held under operating leases for the year ended 31 July 2025 (2024: gain of £0.4 million).

Assets held under operating leases primarily relate to vehicles owned by the group's Vehicle Hire business, which is part of the Commercial operating segment. At 31 July 2025, the carrying value of the operating lease assets in relation to this business was £165.0 million (31 July 2024: £222.4 million). The group has decided to exit this business with performance impacted by a challenging market backdrop, particularly post-Covid, and there is limited opportunity to deliver enhanced returns. 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, an impairment charge of £30.0 million in relation to the operating lease assets has been recognised within operating income in the consolidated income statement. The impairment follows a value in use ("VIU") assessment under IAS 36 "Impairment of Assets" based on management's exit plan. The key sources of estimation uncertainty in the VIU calculation relates to the expected rental incomes and disposal values of the vehicles. At 31 July 2025, a 7.5% absolute increase or decrease in expected rental incomes would decrease or increase the impairment charge by £10.2 million or £10.3 million respectively. Separately, a 15% absolute increase or decrease in the disposal values would decrease or increase the impairment charge by £12.7 million or £13.2 million respectively. The discount rate is not a key assumption in the VIU calculation.

Vehicle Hire's operating loss before tax of £43.4 million is presented as an adjusting item. This includes the £30.0 million asset impairment charge, a £10.9 million underlying loss and £2.5 million impairment of intangible assets, of which £1.5 million relates to the full impairment of the goodwill associated with the business.

At 31 July 2024, assets held under operating leases of £267.9 million largely comprised vehicles owned by the Vehicle Hire business of £222.4 million, and brewery containers owned by Close Brewery Rentals Limited ("CBRL") of £44.5 million. During the current year, CBRL met the relevant IFRS 5 criteria and the business' assets held under operating leases totalling £41.0 million have been reclassified to assets held for sale on the balance sheet. See Note 29 for further detail.

	31 July 2025 £ million	31 July 2024 £ million
Future minimum lease rentals receivable under non-cancellable operating leases		
One year or within one year	**50.5**	51.0
>One to two years	**39.1**	36.1
>Two to three years	**30.3**	28.2
>Three to four years	**15.4**	19.1
>Four to five years	**5.9**	6.7
More than five years	**2.9**	2.1
	144.1	143.2

	Leasehold property £ million	Fixtures, fittings and equipment £ million	Total £ million
Company			
Cost			
At 1 August 2023	0.3	11.8	12.1
Additions	—	—	—
At 31 July 2024	0.3	11.8	12.1
Additions	—	—	—
At 31 July 2025	**0.3**	**11.8**	**12.1**
Depreciation			
At 1 August 2023	0.1	3.1	3.2
Charge for the year	—	1.2	1.2
At 31 July 2024	0.1	4.3	4.4
Charge for the year	—	1.2	1.2
At 31 July 2025	**0.1**	**5.5**	**5.6**
Net book value at 31 July 2025	**0.2**	**6.3**	**6.5**
Net book value at 31 July 2024	0.2	7.5	7.7
Net book value at 1 August 2023	0.2	8.7	8.9

15. Property, plant and equipment

The net book value of leasehold property comprises:

	Group		Company	
	31 July 2025 £ million	31 July 2024 £ million	**31 July 2025 £ million**	31 July 2024 £ million
Long leasehold property	**0.2**	1.1	**0.2**	0.2
Short leasehold property	**4.8**	4.3	**—**	—
	5.0	5.4	**0.2**	0.2

16. Other assets and liabilities

	31 July 2025 £ million	31 July 2024 £ million
Prepayments, accrued income and other assets		
Prepayments	**92.0**	110.7
Accrued income	**3.1**	21.1
Trade and other receivables[1]	**91.5**	54.9
	186.6	186.7
Accruals, deferred income and other liabilities		
Accruals	**87.1**	118.0
Deferred income	**5.0**	7.5
Trade and other payables	**80.2**	148.7
Provisions[2]	**210.3**	32.3
	382.6	306.5

1. Trade and other receivables include an insurance settlement receivable (see Credit risk section of the Risk Report) and £21.1 million (31 July 2024: £nil) of contingent deferred consideration relating to the disposal of Close Brothers Asset Management (see Note 29).
2. Provisions have been separated out on the consolidated balance sheet for the current and prior year to provide additional clarity.

	Legal and regulatory £ million	Property £ million	Other £ million	Total £ million
Group provisions				
At 1 August 2023	2.3	8.1	8.8	19.2
Additions	19.1	1.4	3.5	24.0
Utilisation	(1.8)	(1.0)	(6.5)	(9.3)
Released	—	(0.6)	(1.0)	(1.6)
At 31 July 2024	19.6	7.9	4.8	32.3
Additions	204.0	0.8	1.0	205.8
Utilisation	(20.5)	(0.1)	(0.9)	(21.5)
Released	—	(0.3)	—	(0.3)
Reclassification to liabilities held for sale	—	(3.0)	(3.0)	(6.0)
At 31 July 2025	**203.1**	**5.3**	**1.9**	**210.3**

	Property £ million	Other £ million	Total £ million
Company provisions			
At 1 August 2023	0.4	2.0	2.4
Additions	—	0.3	0.3
Utilisation	—	(0.7)	(0.7)
Released	—	(0.4)	(0.4)
At 31 July 2024	0.4	1.2	1.6
Additions	—	0.1	0.1
Utilisation	—	(0.5)	(0.5)
Released	(0.2)	—	(0.2)
At 31 July 2025	**0.2**	**0.8**	**1.0**

Provisions are made for claims and other items which arise in the normal course of business. Claims may arise in respect of legal and regulatory matters, while other items largely relate to property dilapidations and employee benefits. A provision is recognised where it is determined that there is a legal or constructive present obligation arising from a past event, payment is probable, and the amount can be estimated reliably. The timing and/or outcome of these claims and other items are uncertain.

Provision in relation to motor commissions
An overview of developments in relation to motor finance commissions including the Supreme Court's judgment, the FCA's review, related updates and other claims and complaints is set out in the 'FCA's review of historical motor finance commission arrangements' section of the Strategic Report. In the previous financial year, it was concluded that this matter was a contingent liability under IAS 37 "Provisions, Contingent Liabilities and Contingent Assets". At half year 2025, a further detailed assessment against IAS 37 was performed, which determined that the criteria for a provision had been met and a provision of £165.0 million was recognised. During the second half of the financial year, the provision decreased slightly to £163.9 million, reflecting some utilisation in relation to costs, partly offset by an unwinding of the discount relating to the time value of money.

Taking into account all available information, and recognising there have been significant developments since the half year, including the Supreme Court's judgment and the FCA's subsequent market statements, the provision on the balance sheet has been reassessed and remains unchanged at £163.9 million. This includes estimates of the potential redress for affected customers, as well as relevant directly attributable operational and legal costs. The estimated provision is based on probability weighted scenarios using various assumptions, which may differ across the scenarios, relating to potential outcomes of the FCA review and any redress scheme proposed. All scenarios selected assume a certain level of compensation based on management's assessment of affected customers in light of the Supreme Court judgment and are considered to represent an appropriate range of potential outcomes. Other assumptions include, for example, claim rates, time periods in scope of any remediation scheme and the costs to deliver any remediation.

The Supreme Court in the Johnson v FirstRand Bank Limited case noted that the test for customer unfairness is highly fact sensitive and takes into account a broad range of factors. These factors include, for example, commission size relative to the charge for credit, nature of the commission, characteristics of the customer, compliance with regulations and disclosures made to the customer. In management's provisioning assessment, significant judgement has been applied in determining the affected customers, the level of compensation and the appropriate scenarios. These represent areas of critical accounting judgement for the group.

In addition, a number of assumptions have been applied in the calculation of the provision, with certain assumptions representing key sources of estimation uncertainty. These relate to the total cost of credit ("TCC") thresholds used in determining the affected population of customers, claim rates and the weightings applied to the scenarios. A 10% relative increase or decrease in the TCC thresholds would result in a decrease of £25 million or increase of £31 million respectively in the estimated provision. Separately, a 10% relative increase or decrease in the assumed claim rates would result in a £14.7 million increase or decrease in the estimated provision. Changes in other assumptions, including scenario weightings, may also result in material changes to the estimated provision.

The estimated provision is the outcome of a thorough assessment, representing the group's current evaluation based on available information and recent developments. There remains significant uncertainty over the FCA's proposals in relation to a redress scheme which will be subject to public consultation, and therefore the ultimate cost to the group could be materially higher or lower than the provision taken. During the year, the group incurred £18.7 million (2024: £6.9 million) of complaints handling expenses and other operational and legal costs in relation to motor commissions. This included increased resourcing to manage complaints and legal expenses, notably those related to the Supreme Court appeal, as well as the subsequent discount unwind of the original £165 million provision described above. These costs, as well as £165.0 million recognised in the income statement relating to the initial provision, do not reflect underlying trading performance and therefore have been presented as separate adjusting items and excluded from adjusted operating profit by management.

Provision in relation to early settlements in Motor Finance
Following the identification of historical deficiencies in certain operational processes related to early settlement of loans in the Motor Finance business, the group recognised a separate provision of £33.0 million at 31 July 2025 in relation to a proactive customer remediation programme to be implemented by the group. The provision reflects management's best estimate of the cost of remediation in relation to impacted customers, including compensatory interest and associated administrative costs, based on the information currently available and will be refined as the scope and design of the remediation programme are finalised. Since identification of the issue, the group has 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.

17. Settlement balances and short positions

	31 July 2025 £ million	31 July 2024 £ million
Settlement balances	–	600.1
Short positions in:		
Debt securities	–	5.5
Equity shares	–	9.3
	–	14.8
	–	614.9

Settlement balances and short positions at 31 July 2024 related to Winterflood Securities. At 31 July 2025, the assets and liabilities of Winterflood Securities have been classified as held for sale. See Note 29 for more detail.

18. Financial liabilities

	On demand £ million	Within three months £ million	Between three months and one year £ million	Between one and two years £ million	Between two and five years £ million	After more than five years £ million	Total £ million
Deposits by banks	**9.3**	**78.8**	**—**	**—**	**—**	**—**	**88.1**
Deposits by customers	**1,161.4**	**2,640.3**	**3,533.7**	**852.9**	**611.0**	**—**	**8,799.3**
Loans and overdrafts from banks	**1.5**	**—**	**—**	**—**	**—**	**—**	**1.5**
Debt securities in issue	**—**	**56.5**	**124.1**	**974.2**	**503.2**	**333.3**	**1,991.3**
At 31 July 2025	**1,172.2**	**2,775.6**	**3,657.8**	**1,827.1**	**1,114.2**	**333.3**	**10,880.2**

	On demand £ million	Within three months £ million	Between three months and one year £ million	Between one and two years £ million	Between two and five years £ million	After more than five years £ million	Total £ million
Deposits by banks	0.9	53.0	84.5	—	—	—	138.4
Deposits by customers	706.6	2,320.7	3,397.9	1,685.2	583.2	—	8,693.6
Loans and overdrafts from banks	46.6	9.0	—	110.0	—	—	165.6
Debt securities in issue	—	21.9	246.6	799.0	595.3	323.6	1,986.4
At 31 July 2024	754.1	2,404.6	3,729.0	2,594.2	1,178.5	323.6	10,984.0

At 31 July 2025, the parent company had £251.3 million (31 July 2024: £250.8 million) of non-instalment debt securities in issue with an interest rate of 7.75% and a final maturity date of 2028.

As outlined in Note 26(c), at 31 July 2025 the group accessed £nil (31 July 2024: £110.0 million) and £nil (31 July 2024: £nil) cash under the Bank of England's Term Funding Scheme with Additional Incentives for SMEs ("TFSME") and Indexed Long-Term Repo ("ILTR") respectively. During the year, the group made an early repayment of £110.0 million (31 July 2024: £490.0 million) against the TFSME. Cash from these schemes is included within loans and overdrafts from banks. Residual maturities of the schemes, which include accrued interest, are as follows:

	On demand £ million	Within three months £ million	Between three months and one year £ million	Between one and two years £ million	Between two and five years £ million	After more than five years £ million	Total £ million
At 31 July 2025	**—**	**—**	**—**	**—**	**—**	**—**	**—**
At 31 July 2024	—	0.5	—	110.0	—	—	110.5

19. Subordinated loan capital

	Prepayment date	Initial interest rate	31 July 2025 £ million	31 July 2024 £ million
Final maturity date				
2031	2026	2.00%	**195.5**	187.2
			195.5	187.2

At 31 July 2025, the parent company had £201.2 million (31 July 2024: £200.8 million) of subordinated loan capital with an interest rate of 2.00% and a final maturity date of 2031.

20. Called up share capital, distributable reserves and other equity instrument

	31 July 2025		31 July 2024	
	million	£ million	million	£ million
Group and company				
Ordinary shares of 25p each (allotted, issued and fully paid)	**152.1**	**38.0**	152.1	38.0

At 31 July 2025, the company's reserves available for distribution under section 830(2) and 831(2) of the Companies Act 2006 were £259.8 million (2024: £299.6 million). The directors have applied the guidance provided by ICAEW TECH 02/17 in determining this.

Other equity instrument comprises the group's £200.0 million Fixed Rate Reset Perpetual Subordinated Contingent Convertible Securities, or Additional Tier 1 capital ("AT1"), issued on 29 November 2023. These AT1 securities are classified as an equity instrument under IAS 32 "Financial Instruments: Presentation" with the proceeds recognised in equity net of transaction costs of £2.4 million.

These securities carry a coupon of 11.125%, payable semi-annually on 29 May and 29 November of each year, and have a first reset date on 29 May 2029. Two coupon payments totalling £22.3 million were made in the year. The securities include, among other things, a conversion trigger of 7.0% Common Equity Tier 1 capital ratio and are callable any time in the six-month period prior to and including the first reset date or on each reset date occurring every five years thereafter.

Additional disclosures on the group's capital position and capital risk can be found on pages 81 to 83 in the Capital risk section of the Risk Report.

21. Guarantees, commitments and contingent liabilities

Guarantees

	Group		Company	
	31 July 2025 £ million	31 July 2024 £ million	**31 July 2025 £ million**	31 July 2024 £ million
Earliest period in which guarantee could be called				
Within one year	**96.4**	137.7	**87.3**	130.0
More than one year	**2.1**	3.7	**—**	—
	98.5	141.4	**87.3**	130.0

Guarantees arise in the normal course of business and include performance guarantees issued by certain businesses. Where the group undertakes to make a payment on behalf of its subsidiaries for guarantees issued, such as bank facilities or property leases, or as irrevocable letters of credit for which an obligation to make a payment to a third party has not arisen at the reporting date, they are included in these consolidated financial statements.

Commitments

Undrawn facilities, credit lines and other commitments to lend – revocable and irrevocable

	31 July 2025 £ million	31 July 2024 £ million
Within one year	**823.0**	1,038.2
After more than one year	**—**	9.5
	823.0	1,047.7

Other commitments
Subsidiaries had contracted capital and other financial commitments of £31.2 million (2024: £46.5 million).

Operating lease commitments
During the year, the company recognised lease payments as an expense of £2.1 million (2024: £2.1 million). At 31 July 2025, the company had future minimum lease payments under non-cancellable operating leases relating to property of £0.8 million within one year, £12.2 million between one and five years, and £nil after more than five years, totalling £13.0 million (31 July 2024: £2.1 million, £8.3 million, and £2.2 million respectively, totalling £12.6 million).

Contingent liabilities

In the normal course of the group's business, there may be other contingent liabilities relating to complaints, legal proceedings or regulatory reviews. These cases are not currently expected to have a material impact on the group.

22. Related party transactions

Transactions with key management

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of an entity. The group's key management are the members of the group's Board and Executive Committee, which include all Executive Directors and Non-Executive Directors. The related parties of the group include its key management and their close family members. Details of Directors' remuneration and interests in shares are disclosed in the Directors' Remuneration Report. The table below details, on an aggregated basis, the group's key management emoluments:

	2025 £ million	2024 £ million
Emoluments		
Salaries and fees	**5.3**	6.0
Benefits and allowances	**2.1**	0.8
Performance related awards in respect of the current year:		
Cash	**—**	1.7
	7.4	8.5
Termination benefits	**0.9**	—
Post-employment benefits	**0.1**	—
Share-based awards	**1.1**	0.7
	9.5	9.2

22. Related party transactions (continued)

Gains upon exercise of options by the group's key management, expensed to the income statement in previous years, totalled £0.4 million (2024: £1.8 million).

Amounts included in deposits by customers at 31 July 2025 attributable, in aggregate, to the group's key management were £0.3 million (31 July 2024: £0.3 million). These relationships are undertaken on standard commercial terms.

23. Pensions

The group operates defined contribution pension schemes for eligible employees as well as a defined benefit pension scheme which is closed to new members and further accrual. Assets of all schemes are held separately from those of the group.

Defined contribution schemes

During the year the charge to the consolidated income statement for the group's defined contribution pension schemes was £13.4 million (2024: £13.2 million), representing contributions payable by the group and is included in administrative expenses.

Defined benefit pension scheme

The group's only defined benefit pension scheme ("the scheme") is a final salary scheme which operates under trust law. The scheme is managed and administered in accordance with the scheme's Trust Deed and Rules and all relevant legislation by a trustee board made up of trustees nominated by both the company and the members.

The pension surplus on the group's balance sheet is £0.2 million (31 July 2024: £0.8 million) relating to the cash held by the scheme, with the fair value of the insurance policy matched to the fair value of the scheme's liabilities, which remains subject to changes in actuarial valuations as presented in this note.

The scheme was closed to new entrants in August 1996 and closed to further accrual during 2012. At 31 July 2025 this scheme had 15 (31 July 2024: 21) deferred members, 63 (31 July 2024: 58) pensioners and dependents and 8 (31 July 2024: 8) insured annuitants.

Funding position

The scheme's most recent triennial actuarial valuation at 31 July 2021 showed that the scheme was fully funded. As such, no further contributions are scheduled.

IAS 19 valuation

The following disclosures are reported in accordance with IAS 19. Significant actuarial assumptions are as follows:

	2025 **%**	2024 %
Inflation rate (Retail Price Index)	**3.2**	3.4
Inflation rate (CPI)	**2.8**	3.0
Discount rate for scheme liabilities[1]	**5.6**	4.9
Expected interest/expected long-term return on plan assets	**5.6**	4.9
Mortality assumptions[2]:		
Existing pensioners from age 65, life expectancy (years):		
Men	**23.2**	22.9
Women	**25.0**	24.8
Non-retired members currently aged 50, life expectancy from age 65 (years):		
Men	**24.0**	23.6
Women	**26.3**	26.1

1. Based on market yields at 31 July 2025 and 2024 on high quality sterling-denominated corporate bonds, adjusted to be consistent with the estimated term of the post-employment benefit obligation, using the Willis Towers Watson model "Global RATE:Link".
2. Based on standard tables SAPS S2 Light (2024: SAPS S2 Light) produced by the CMI Bureau of the Institute and Faculty of Actuaries with adjusted mortality multipliers for pensioners and non-pensioners, together with projected future improvements in line with the CMI 2024 (2024: CMI 2023) core projection model with a long-term trend of 1.5% per annum.

The scheme has been accounted for in the company and the surplus has been recognised as an asset on the company and group's balance sheet within "Trade and other receivables".

The group has the unconditional right to any surpluses that arise within the scheme once all benefits have been secured in full. As such no asset ceiling has been applied, and accordingly the scheme surplus is recognised on the consolidated balance sheet.

	2025 £ million	2024 £ million	2023 £ million	2022 £ million	2021 £ million
Fair value of scheme assets[1]					
Equities	**—**	—	—	—	9.4
Bonds	**—**	—	—	30.3	33.6
Cash	**0.2**	0.9	1.4	3.5	0.2
Insured annuities	**21.5**	23.2	22.4	1.0	—
Total assets	**21.7**	24.1	23.8	34.8	43.2
Fair value of liabilities	**(21.5)**	(23.3)	(22.5)	(27.6)	(35.6)
Surplus	**0.2**	0.8	1.3	7.2	7.6

1. There are no amounts included within the fair value of scheme assets relating to the financial instruments of Close Brothers Group plc.

Movement in the present value of scheme liabilities during the year:

	2025 £ million	2024 £ million
Carrying amount at 1 August	**(23.3)**	(22.5)
Interest expense	**(1.1)**	(1.1)
Benefits paid	**1.4**	1.3
Actuarial gain/(loss)	**1.5**	(1.0)
Carrying amount at 31 July	**(21.5)**	(23.3)

Movement in the fair value of scheme assets during the year:

	2025 £ million	2024 £ million
Carrying amount at 1 August	**24.1**	23.8
Interest income	**1.1**	1.2
Benefits paid	**(1.4)**	(1.2)
Administrative costs paid	**(0.5)**	(0.6)
(Losses)/returns on scheme assets, excluding interest income	**(1.6)**	0.9
Carrying amount at 31 July	**21.7**	24.1

Historical experience of actuarial gains/(losses) are shown below:

	2025 £ million	2024 £ million	2023 £ million	2022 £ million	2021 £ million
Returns/(losses) on scheme assets	**(1.6)**	0.9	(10.6)	(8.7)	1.9
Experience (losses)/gains on scheme liabilities	**—**	(0.4)	(0.9)	0.4	—
Impact of changes in assumptions	**1.5**	(0.5)	5.8	8.2	(1.4)
Total actuarial changes in liabilities	**1.5**	(0.9)	4.9	8.6	(1.4)
Total actuarial gains/(losses)	**(0.1)**	—	(5.7)	(0.1)	0.5

Actuarial movements would be recognised in other comprehensive income. Income of £nil (2024: £0.1 million) from the interest on the scheme surplus has been recognised within administrative expenses in the consolidated income statement. The group's policy is not to allocate the net defined benefit cost between group entities participating in the scheme.

The valuation of the scheme's liabilities is sensitive to the key assumptions used in the valuation. The effect of a change in those assumptions in 2025 and 2024 is set out below. The analysis reflects the variation of the individual assumptions. The variation in price inflation includes all inflation-linked pension increases in deferment and in payment.

		Impact on defined benefit obligation increase/(decrease)			
		2025		2024	
Key assumption	Sensitivity	%	£ million	%	£ million
Discount rate	0.25% decrease	**2.5**	**0.5**	2.8	0.6
Price inflation (RPI)	0.25% increase	**1.4**	**0.3**	1.3	0.3
Mortality	Increase in life expectancy at age 65 by one year	**2.8**	**0.6**	2.7	0.6

23. Pensions (continued)

The company is exposed to a number of risks relating to the scheme, including assumptions not being borne out in practice. Some of the most significant risks are as follows, although the list is not exhaustive.

- Change in bond yields: A decrease in corporate bond yields will increase the value placed on the scheme's defined benefit obligation ("DBO"), although following the buy-in transaction this will be largely offset by an increase in the value of the scheme's assets.
- Asset volatility: There is a risk that a fall in asset values is not matched by a corresponding reduction in the value placed on the scheme's DBO. This risk has been significantly reduced by the purchase of an insurance policy to cover the scheme's liabilities.
- Inflation risk: The majority of the scheme's DBO is linked to inflation, where higher inflation will lead to a higher value being placed on the DBO. Some of the scheme's non-buy-in assets are either unaffected by inflation or loosely correlated with inflation (e.g. growth assets), meaning that an increase in inflation will generally decrease the surplus. The value of the buy-in asset will vary with inflation broadly in line with the changes to the scheme's DBO.
- Life expectancy: An increase in life expectancy will lead to an increased value being placed on the scheme's DBO and on the insurance policy assets. Future mortality rates cannot be predicted with certainty. The impact on the DBO would be very closely matched by the impact on the buy-in asset value.

The weighted average duration of the benefit payments reflected in the scheme liabilities is 10 years (2024: 11 years).

The Virgin Media Ltd v NTL Pension Trustees II decision, handed down by the High Court on 16 June 2023 (upheld by the Court of Appeal in July 2024), considered the implications of section 37 of the Pension Schemes Act 1993, with the potential to cause a significant impact on the pensions industry. The trustees will investigate the possible implications in due course, but it is not possible at present to estimate the potential impact, if any, on the scheme.

24. Share-based awards

The Save As You Earn ("SAYE"), Long Term Incentive Plan ("LTIP") and Deferred Share Awards ("DSA") share-based awards have been granted under the group's share schemes. The general terms and conditions for these share-based awards are described on pages 156 to 158 in the Directors' Remuneration Report.

In order to satisfy a number of the awards below, the company has purchased company shares into Treasury and the Close Brothers Group Employee Share Trust has purchased company shares. At 31 July 2025, 1.6 million (31 July 2024: 1.6 million) and 1.3 million (31 July 2024: 1.7 million) of these shares were held respectively and in total £31.3 million (2024: £38.9 million) was recognised within the share-based payments reserve. During the year £9.2 million (2024: £4.6 million) of these shares were released to satisfy share-based awards to employees. The share-based payments reserve as shown in the consolidated statement of changes in equity also includes the cumulative position in relation to unvested share-based awards charged to the consolidated income statement of £4.7 million (2024: £5.1 million). The share-based awards charge of £5.0 million (2024: £4.6 million) is included in administrative expenses shown in the consolidated income statement.

Movements in the number of share-based awards outstanding and their weighted average share prices are as follows:

	SAYE		LTIP		DSA	
	Number	Weighted average exercise price	Number	Weighted average exercise price	Number	Weighted average exercise price
At 1 August 2023	2,804,727	–	1,352,840	–	491,948	–
Granted	3,597,558	371.0p	655,791	–	282,309	–
Exercised	(28,728)	813.9p	(122,788)	–	(239,280)	–
Forfeited	(1,658,190)	754.9p	(97,255)	–	(1,836)	–
Lapsed	(803,600)	828.7p	(466,854)	–	(939)	–
At 31 July 2024	3,911,767	–	1,321,734	–	532,202	–
Granted	3,297,025	243.0p	390,601	–	459,578	–
Exercised	(2,981)	371.0p	(57,429)	–	(765,039)	–
Forfeited	(2,431,561)	393.7p	(300,733)	–	(13,102)	–
Lapsed	(61,075)	964.4p	–	–	(65)	–
At 31 July 2025	**4,713,175**	**–**	**1,354,173**	**–**	**213,574**	**–**
Exercisable at:						
31 July 2025	**18,933**	**957.2p**	**63,904**	**–**	**121,541**	**–**
31 July 2024	17,017	1,213.3p	61,733	–	205,654	–

The table below shows the weighted average market price at the date of exercise:

	2025	2024
SAYE	**410.0p**	798.3p
LTIP	**342.8p**	807.3p
DSA	**336.0p**	660.8p

The range of exercise prices and weighted average remaining contractual life of awards and options outstanding are as follows:

	2025 Options outstanding		2024 Options outstanding	
	Number outstanding	**Weighted average remaining contractual life Years**	Number outstanding	Weighted average remaining contractual life Years
SAYE				
Between £2 and £3	**3,226,727**	**3.4**	—	—
Between £3 and £4	**1,345,831**	**1.6**	3,557,353	3.4
Between £7 and £8	**111,847**	**1.0**	265,843	2.4
Between £8 and £9	**2,565**	**0.3**	10,130	1.3
Between £9 and £10	**20,573**	**0.4**	34,705	1.6
Between £10 and £11	**—**	**—**	3,651	0.8
Between £11 and £12	**—**	**—**	2,091	0.3
Between £12 and £13	**5,087**	**1.2**	24,785	1.3
Between £13 and £14	**545**	**—**	13,209	0.5
LTIP				
Nil	**1,337,923**	**3.5**	1,305,484	3.6
DSA				
Nil	**229,824**	**1.4**	548,452	1.7
Total	**6,280,922**	**2.9**	5,765,703	3.2

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24. Share-based awards (continued)

For the share-based awards granted during the year, the weighted average fair value of those options at 31 July 2025 was 167.1p (31 July 2024: 251.0p). The main assumptions for the valuation of these share-based awards comprised:

At 31 July 2025 Exercise period	Share price at issue	Exercise price	Expected volatility	Expected option life in years	Dividend yield	Risk free interest rate
SAYE						
1 Jul 2028 to 30 Dec 2028	303.8p	243.0p	55.0%	3	7.3%	4.0%
LTIP						
26 Sep 2027 to 26 Sep 2028	431.8p	—	50.0%	3	4.6%	4.0%
26 Sep 2027 to 26 Sep 2030	431.8p	—	53.0%	2	3.9%	4.2%
26 Sep 2027 to 26 Sep 2030	431.8p	—	50.0%	3	4.6%	4.3%
DSA						
26 Sep 2026 to 26 Sep 2027	431.8p	—	—	—	—	—
26 Sep 2027 to 26 Sep 2028	431.8p	—	—	—	—	—

At 31 July 2024 Exercise period of awards granted in 2024 and 2023	Share price at issue	Exercise price	Expected volatility	Expected option life in years	Dividend yield	Risk free interest rate
SAYE						
1 December 2025 to 31 May 2026	918.8p	735.0p	36.0%	3	7.2%	3.6%
1 December 2027 to 31 May 2028	918.8p	735.0p	31.0%	5	7.2%	4.0%
1 June 2026 to 30 November 2026	896.3p	717.0p	33.0%	3	7.4%	3.7%
1 June 2028 to 30 November 2028	896.3p	717.0p	32.0%	5	7.4%	3.6%
1 June 2027 to 30 December 2027	463.8p	371.0p	41.0%	3	7.3%	4.3%
LTIP						
11 October 2025 to 10 October 2026	1110.0p	—	36.0%	3	7.2%	3.6%
11 October 2026 to 10 October 2027	923.0p	—	33.0%	4	7.2%	3.6%
4 October 2026 to 3 October 2027	871.9p	—	31.0%	3	7.9%	4.7%
4 October 2026 to 3 October 2027	871.9p	—	31.0%	3	7.9%	4.7%
1 May 2027 to 30 April 2028	380.2p	—	41.0%	3	7.5%	4.1%
DSA						
10 October 2024 to 9 October 2025	923.1p	—	—	—	—	—
28 September 2023 to 26 September 2024	965.0p	—	—	—	—	—
21 September 2023 to 19 September 2024	965.0p	—	—	—	—	—
28 September 2024 to 27 September 2025	965.0p	—	—	—	—	—
29 September 2025 to 27 September 2026	965.0p	—	—	—	—	—
4 October 2025 to 3 October 2026	871.9p	—	—	—	—	—
8 March 2024 to 7 March 2025	808.0p	—	—	—	—	—
4 June 2024 to 3 June 2025	808.0p	—	—	—	—	—
7 March 2025 to 6 March 2026	808.0p	—	—	—	—	—
1 June 2025 to 31 May 2026	808.0p	—	—	—	—	—
10 March 2026 to 09 Mar 2027	808.0p	—	—	—	—	—

Expected volatility was determined mainly by reviewing share price volatility for the expected life of each option up to the date of grant.

25. Consolidated cash flow statement reconciliation

	2025 £ million	2024 £ million
(a) Reconciliation of operating (loss)/profit before tax to net cash inflow from operating activities		
Operating (loss)/profit before tax from continuing operations	**(122.4)**	132.7
Operating profit before tax from discontinued operations	**51.2**	9.3
Tax paid	**(28.1)**	(29.6)
Depreciation, amortisation and impairment	**159.4**	111.7
Impairment losses on financial assets	**92.7**	98.8
Provision in relation to motor finance commissions excluding cash paid	**161.4**	—
Complaints handling and other operational and legal costs incurred excluding cash paid in relation to motor finance commissions	**5.6**	—
Provision in relation to early settlements in Motor Finance	**33.0**	—
Gain on disposal of CBAM excluding cash paid in relation to transaction costs	**(67.6)**	—
Amortisation of de-designated cash flow hedges	**(11.4)**	(27.9)
Decrease/(increase) in:		
Interest receivable and prepaid expenses	**4.8**	5.5
Net settlement balances and trading positions	**3.8**	(0.3)
Net money broker loans against stock advanced	**(7.7)**	27.0
Decrease in interest payable and accrued expenses	**(0.8)**	(12.7)
Net cash (outflow)/inflow from trading activities	**273.9**	314.5
Cash (outflow)/inflow arising from changes in:		
Loans and advances to banks not repayable on demand	**1.4**	24.0
Loans and advances to customers	**196.8**	(699.4)
Assets let under operating leases	**(20.3)**	(41.1)
Sovereign and central bank debt	**(213.3)**	(194.2)
SSA bonds	**—**	(140.2)
Covered bonds	**81.9**	(80.7)
Deposits by banks	**(52.1)**	(1.3)
Deposits by customers	**100.1**	975.1
Loans and overdrafts from banks	**(148.8)**	(492.2)
Debt securities in issue (net)	**(18.4)**	(67.6)
Derivative financial instruments (net)	**1.0**	—
Other assets less other liabilities	**39.0**	21.1
Net cash inflow/(outflow) from operating activities	**241.2**	(382.0)
(b) Analysis of net cash outflow in respect of the purchase of subsidiaries		
Purchase of subsidiaries, net of cash acquired	**(0.5)**	(15.4)
(c) Analysis of net cash inflow in respect of the sale of subsidiaries		
Cash consideration received	**146.4**	0.9
Cash and cash equivalents disposed of	**(42.4)**	—
	104.0	0.9
(d) Analysis of cash and cash equivalents[1]		
Cash and balances at central banks	**1,917.2**	1,584.2
Loans and advances to banks	**184.6**	260.3
	2,101.8	1,844.5

1. Excludes £31.9 million (2024: £33.2 million) of cash reserve accounts and cash held in trust.

During the year ended 31 July 2025, the non-cash changes on debt financing amounted to £32.2 million (31 July 2024: £35.9 million) arising largely from interest accretion and fair value hedging movements.

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26. Financial risk management

The group faces a number of risks in the normal course of its business. To manage these effectively, a consistent approach is adopted based on a set of overarching principles, namely:

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

The group's Enterprise Risk Management Framework details the core risk management components and structures, and defines a consistent and measurable approach to identifying, assessing, controlling and mitigating, reviewing and monitoring, and reporting risk.

The Board retains overall responsibility for overseeing the maintenance of a system of internal control, which ensures that an effective risk management framework and oversight process operate across the group, while risk management across the group is overseen by the Risk Committee.

The Risk Report provides more information on the group's approach to risk management. As a financial services group, financial instruments are central to the group's activities. The risk associated with financial instruments represents a significant component of those faced by the group and is analysed in more detail below.

Details of the material accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 1.

(a) Classification

The following tables analyse the group's assets and liabilities in accordance with the categories of financial instruments in IFRS 9. Derivatives designated as hedging instruments are classified as fair value through profit or loss.

	Derivatives designated as hedging instruments £ million	Fair value through profit or loss £ million	Fair value through other comprehensive income £ million	Amortised cost £ million	Total £ million
At 31 July 2025					
Assets					
Cash and balances at central banks	–	–	–	1,917.0	1,917.0
Settlement balances	–	–	–	–	–
Loans and advances to banks	–	–	–	161.7	161.7
Loans and advances to customers	–	11.8	–	9,447.6	9,459.4
Debt securities	–	1.1	853.4	4.7	859.2
Equity shares	–	–	–	–	–
Loans to money brokers against stock advanced	–	–	–	–	–
Derivative financial instruments	94.4	8.7	–	–	103.1
Other financial assets	–	21.1	–	63.6	84.7
	94.4	42.7	853.4	11,594.6	12,585.1
Liabilities					
Settlement balances and short positions	–	–	–	–	–
Deposits by banks	–	–	–	88.1	88.1
Deposits by customers	–	–	–	8,799.3	8,799.3
Loans and overdrafts from banks	–	–	–	1.5	1.5
Debt securities in issue	–	–	–	1,991.3	1,991.3
Loans from money brokers against stock advanced	–	–	–	–	–
Subordinated loan capital	–	–	–	195.5	195.5
Derivative financial instruments	90.2	14.5	–	–	104.7
Other financial liabilities	–	–	–	103.5	103.5
	90.2	14.5	–	11,179.2	11,283.9

	Derivatives designated as hedging instruments £ million	Fair value through profit or loss £ million	Fair value through other comprehensive income £ million	Amortised cost £ million	Total £ million
At 31 July 2024					
Assets					
Cash and balances at central banks	—	—	—	1,584.0	1,584.0
Settlement balances	—	—	—	627.5	627.5
Loans and advances to banks	—	—	—	293.7	293.7
Loans and advances to customers	—	11.8	—	9,819.0	9,830.8
Debt securities	—	16.8	716.9	6.8	740.5
Equity shares	—	27.4	—	—	27.4
Loans to money brokers against stock advanced	—	—	—	22.5	22.5
Derivative financial instruments	83.6	17.8	—	—	101.4
Other financial assets	—	1.2	—	102.4	103.6
	83.6	75.0	716.9	12,455.9	13,331.4
Liabilities					
Settlement balances and short positions	—	14.8	—	600.1	614.9
Deposits by banks	—	—	—	138.4	138.4
Deposits by customers	—	—	—	8,693.6	8,693.6
Loans and overdrafts from banks	—	—	—	165.6	165.6
Debt securities in issue	—	—	—	1,986.4	1,986.4
Loans from money brokers against stock advanced	—	—	—	16.7	16.7
Subordinated loan capital	—	—	—	187.2	187.2
Derivative financial instruments	116.9	12.1	—	—	129.0
Other financial liabilities	—	—	—	189.9	189.9
	116.9	26.9	—	11,977.9	12,121.7

(b) Valuation

The fair values of the group's subordinated loan capital and debt securities in issue are set out below.

	31 July 2025		31 July 2024	
	Fair value £ million	**Carrying value £ million**	Fair value £ million	Carrying value £ million
Subordinated loan capital	**193.5**	**195.5**	179.4	187.2
Debt securities in issue	**2,013.2**	**1,991.3**	1,998.5	1,986.4

The fair value of gross loans and advances to customers at 31 July 2025 is estimated to be £9,543.4 million (31 July 2024: £9,806.4 million), with a carrying value of £9,459.4 million (31 July 2024: £9,830.8 million). The fair value of deposits by customers is estimated to be £8,798.2 million (31 July 2024: £8,691.8 million), with a carrying value of £8,799.3 million (31 July 2024: £8,693.6 million). These estimates are based on highly simplified assumptions and inputs and may differ to actual amounts received or paid. The differences between fair value and carrying value are not considered to be significant, and are consistent with management's expectations given the nature of the Banking business and the short average tenor of the instruments. However, the differences have increased in comparison to the prior year in line with market interest rates.

Valuation hierarchy

The group holds financial instruments that are measured at fair value subsequent to initial recognition. Each instrument has been categorised within one of three levels using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. These levels are based on the degree to which the fair value is observable and are defined as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities where prices are readily available and represent actual and regularly occurring market transactions on an arm's length basis. An active market is one in which transactions occur with sufficient frequency to provide ongoing pricing information;
- Level 2 fair value measurements are those derived from quoted prices in less active markets for identical assets or liabilities or those derived from inputs other than quoted prices that are observable for the asset or liability, either directly as prices or indirectly derived from prices; and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data ("unobservable inputs").

Instruments classified as Level 1 predominantly comprise sovereign and central bank debt, SSA bonds, covered bonds and liquid listed debt securities. The fair value of these instruments is derived from quoted prices in active markets.

26. Financial risk management (continued)

Instruments classified as Level 2 predominantly comprise less liquid listed equity shares, investment grade corporate bonds and over-the-counter derivatives. The fair value of equity shares and bonds are derived from quoted prices in less active markets in comparison to Level 1. Over-the-counter derivatives largely relate to interest rate and exchange rate contracts (see Note 13 for further information). The valuation of such derivatives includes the use of discounted future cash flow models, with the most significant input into these models being interest rate yield curves developed from quoted rates.

Instruments classified as Level 3 predominantly comprise loans and advances to customers, over-the-counter derivatives and contingent consideration payable and receivable in relation to the acquisition and disposal of subsidiaries.

The valuation of Level 3 derivatives is similar to Level 2 derivatives and includes the use of discounted future cash flow models, with the most significant input into these models being interest rate yield curves developed from quoted rates.

The valuation of Level 3 loans and advances to customers is determined on a discounted expected cash flow basis net of expected credit losses. The discount rate used in the valuation is the interest rate charged on the loan, which reflects an arm's length rate chargeable on similar transactions.

The valuation of Level 3 contingent consideration is determined on a discounted expected cash flow basis.

The group believes that there is no reasonably possible change to the inputs used in the valuation of these positions which would have a material effect on the group’s consolidated income statement.

During the year, there were no transfers from Level 1 and 2 to 3.

The tables below show the classification of financial instruments held at fair value into the valuation hierarchy.

	Level 1 £ million	Level 2 £ million	Level 3 £ million	Total £ million
At 31 July 2025				
Assets				
Loans and advances to customers held at FVTPL	–	–	11.8	11.8
Debt securities:				
Sovereign and central bank debt	601.6	–	–	601.6
SSA bonds	146.2	–	–	146.2
Covered bonds	105.6	–	–	105.6
Derivative financial instruments	–	99.1	4.0	103.1
Contingent consideration	–	–	21.1	21.1
Other assets	–	–	1.1	1.1
	853.4	99.1	38.0	990.5
Liabilities				
Short positions:				
Derivative financial instruments	–	100.5	4.2	104.7
	–	100.5	4.2	104.7

	Level 1 £ million	Level 2 £ million	Level 3 £ million	Total £ million
At 31 July 2024				
Assets				
Loans and advances to customers held at FVTPL	—	—	11.8	11.8
Debt securities:				
Sovereign and central bank debt	383.7	—	—	383.7
SSA bonds	145.5	—	—	145.5
Covered bonds	187.7	—	—	187.7
Long trading positions in debt securities	13.8	2.2	—	16.0
Equity shares	5.9	21.4	0.1	27.4
Derivative financial instruments	—	95.3	6.1	101.4
Contingent consideration	—	—	1.2	1.2
Other assets	—	—	0.8	0.8
	736.6	118.9	20.0	875.5
Liabilities				
Short positions:				
Debt securities	3.3	2.2	—	5.5
Equity shares	2.2	7.1	—	9.3
Derivative financial instruments	—	122.6	6.4	129.0
Contingent consideration	—	—	3.0	3.0
	5.5	131.9	9.4	146.8

Movements in financial instruments categorised as Level 3 were:

	Loans and advances to customers held at FVTPL £ million	Derivative financial assets £ million	Derivative financial liabilities £ million	Equity shares £ million	Contingent consideration £ million	Other assets £ million	Total £ million
At 1 August 2023	—	11.1	(11.2)	0.2	(0.8)	—	(0.7)
Total (losses)/gains recognised in the consolidated income statement	—	(5.0)	4.8	—	0.4	—	0.2
Purchases, issues, originations and transfers in	11.8	—	—	—	(0.5)	0.8	12.1
Sales, settlements and transfers out	—	—	—	(0.1)	(0.9)	—	(1.0)
At 31 July 2024	11.8	6.1	(6.4)	0.1	(1.8)	0.8	10.6
Total gains/(losses) recognised in the consolidated income statement	1.5	(2.1)	2.2	—	—	—	1.6
Purchases, issues, originations and transfers in	3.6	—	—	—	—	0.3	3.9
Sales, settlements and transfers out	(5.1)	—	—	(0.1)	22.9	—	17.7
Reclassification to liabilities held for sale	—	—	—	—	—	—	—
At 31 July 2025	**11.8**	**4.0**	**(4.2)**	**—**	**21.1**	**1.1**	**33.8**

The gains recognised in the consolidated income statement relating to Level 3 instruments held at 31 July 2025 amounted to £1.6 million (2024: gains of £0.2 million).

26. Financial risk management (continued)

(c) Credit risk

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

Maximum exposure to credit risk

The table below presents the group's maximum exposure to credit risk, before taking account of any collateral and credit risk mitigation, arising from its on balance sheet and off balance sheet financial instruments. For off balance sheet instruments, the maximum exposure to credit risk represents the contractual nominal amounts.

	31 July 2025 £ million	31 July 2024 £ million
On balance sheet		
Cash and balances at central banks	**1,917.0**	1,584.0
Settlement balances	**–**	627.5
Loans and advances to banks	**161.7**	293.7
Loans and advances to customers	**9,459.4**	9,830.8
Debt securities	**859.2**	740.5
Loans to money brokers against stock advanced	**–**	22.5
Derivative financial instruments	**103.1**	101.4
Other financial assets	**84.7**	103.6
	12,585.1	13,304.0
Off balance sheet		
Irrevocable undrawn commitments	**211.6**	281.8
Total maximum exposure to credit risk	**12,796.7**	13,585.8

Assets pledged and received as collateral

The group pledges assets for repurchase agreements and securities borrowing agreements which are generally conducted under terms that are customary to standard borrowing contracts.

The group is a participant of the Bank of England's Term Funding Scheme with Additional Incentives for SMEs ("TFSME"), Short-Term Repo ("STR"), Indexed Long Term Repo ("ILTR") and Discount Window Facility ("DWF").

Under these schemes, asset finance loan receivables of £nil (31 July 2024: £404.8 million) and retained notes relating to motor finance loan receivables of £nil (31 July 2024: £34.4 million) were positioned as collateral with the Bank of England, against which £nil (31 July 2024: £110.0 million) of cash was drawn from the TFSME. During the year, the group early repaid £110.0 million (31 July 2024: £490.0 million) against the TFSME.

The group has securitised without recourse and restrictions £1,544.8 million (31 July 2024: £1,657.0 million) of its insurance premium and motor loan receivables in return for cash and asset-backed securities in issue of £1,323.4 million (31 July 2024: £1,453.7 million), of which £245.9 million (31 July 2024: £359.1 million) is retained by the group. This includes the £nil (31 July 2024: £34.4 million) retained notes positioned as collateral with the Bank of England.

As the group has retained exposure to substantially all the risk and rewards of the above receivables, it continues to recognise these assets in loans and advances to customers on its consolidated balance sheet.

The majority of loans and advances to customers are secured against specific assets. Consistent and prudent lending criteria are applied across the whole loan book with emphasis on the quality of the security provided.

At 31 July 2025, Winterflood had pledged equity and debt securities of £nil (31 July 2024: £18.3 million) in the normal course of business.

Financial assets: Loans and advances to customers

The group's approach to managing credit risk relating to loans and advances to customers is set out in the "Credit risk" section of the Risk Report.

Information on the group's internal credit risk reporting can be found in the "Credit risk" section of the Risk Report, including an analysis of gross loans and advances to customers, trade receivables and undrawn facilities by the group's internal credit risk grading.

Information on the collateral held in relation to loans and advances to customers can also be found in the "Credit risk" section of the Risk Report, including analyses of gross loans and advances to customers by LTV ratio.

Financial assets: Treasury assets

The credit risk presented by the group's treasury assets is low. Immaterial impairment provisions are recognised for cash and balances at central banks, sovereign and central bank debt, SSA bonds and covered bonds. These financial assets are investment grade and in Stage 1.

Financial assets: Settlement balances and loans to money brokers against stock advanced

The credit risk presented by settlement balances in the Securities division is limited, as such balances represent delivery versus payment transactions where delivery of securities occurs simultaneously with payment. The credit risk is therefore limited to the change in market price of a security between trade date and settlement date and not the absolute value of the trade. Winterflood is a market maker and trades on a principal-only basis with regulated counterparties including stockbrokers, wealth managers, institutions and hedge funds who are either authorised and regulated by the PRA and/or FCA or equivalent regulator in the respective country.

Counterparty exposure and settlement failure monitoring controls are in place as part of an overall risk management framework and settlement balances past due are actively managed.

Loans to money brokers against stock advanced of £nil (31 July 2024: £22.5 million) is the cash collateral provided to these institutions, for stock borrowing by Winterflood. The stock borrowing to which the cash deposits relate is short term in nature and is recorded at the amount payable. The credit risk of this financial asset is therefore limited.

Settlement balances in relation to Winterflood have been classified as held for sale at 31 July 2025. The following table shows the ageing of Winterflood settlement balances at 31 July 2024:

	Stage 1 £ million	Stage 2 £ million	Stage 3 £ million	Impairment provision £ million	Total £ million
At 31 July 2024					
Not past due	599.9	—	—	—	599.9
Less than 30 days past due	24.6	—	—	—	24.6
More than 30 days but less than 90 days past due	—	2.5	—	—	2.5
More than 90 days past due	—	—	0.5	—	0.5
	624.5	2.5	0.5	—	627.5

Company financial assets: Amounts owed by subsidiaries

Amounts owed by subsidiaries on the company balance sheet largely relate to Close Brothers Limited and Close Brothers Holdings Limited, and the credit risk presented by these financial assets is immaterial.

(d) Market risk

Interest rate risk
Additional disclosures on the group's interest rate risk can be found in the "Non-traded market risk" section of the Risk Report.

Foreign exchange risk
Additional disclosures on the group's foreign exchange risk can be found in the "Non-traded market risk" section of the Risk Report.

Market price risk
Trading financial instruments: Equity shares and debt securities
The group's trading activities relate to Winterflood. Additional disclosures on Winterflood's market price risk can be found in the "Traded market risk" section of the Risk Report.

Non-trading financial instruments
Net gains and losses on non-trading financial instruments are disclosed in Note 11.

26. Financial risk management (continued)

(e) Liquidity risk

Liquidity risk is the risk that liabilities cannot be met when they fall due or can only be met at an uneconomic price and arises mainly in the Banking division. The following table analyses the contractual maturities of the group's on balance sheet financial liabilities on an undiscounted cash flow basis. Additional disclosures on the group's liquidity risk can be found on pages 101 to 102 of the Risk Report.

	On demand £ million	In less than three months £ million	In more than three months but not more than six months £ million	In more than six months but not more than one year £ million	In more than one year but not more than five years £ million	In more than five years £ million	Total £ million
At 31 July 2025							
Settlement balances	—	—	—	—	—	—	—
Deposits by banks	9.3	78.9	—	—	—	—	88.2
Deposits by customers	1,161.7	2,625.6	1,570.5	2,070.3	1,614.3	—	9,042.4
Loans and overdrafts from banks	1.5	—	—	—	—	—	1.5
Debt securities in issue	—	71.2	84.3	114.5	1,577.6	403.3	2,250.9
Loans from money brokers against stock advanced	—	—	—	—	—	—	—
Subordinated loan capital	—	2.0	—	3.0	15.0	205.0	225.0
Derivative financial instruments	0.2	47.2	33.9	45.3	182.2	68.2	377.0
Lease liabilities	0.2	1.4	1.5	3.3	24.1	1.9	32.4
Other financial liabilities	24.3	47.0	0.3	1.2	2.6	0.3	75.7
Total	1,197.2	2,873.3	1,690.5	2,237.6	3,415.8	678.7	12,093.1

	On demand £ million	In less than three months £ million	In more than three months but not more than six months £ million	In more than six months but not more than one year £ million	In more than one year but not more than five years £ million	In more than five years £ million	Total £ million
At 31 July 2024							
Settlement balances	—	600.1	—	—	—	—	600.1
Deposits by banks	0.9	53.2	86.1	—	—	—	140.2
Deposits by customers	708.9	2,309.5	1,502.1	2,008.7	2,474.8	—	9,004.0
Loans and overdrafts from banks	46.7	9.9	1.4	2.7	111.7	—	172.4
Debt securities in issue	—	40.0	119.3	195.4	1,541.7	409.8	2,306.2
Loans from money brokers against stock advanced	16.7	—	—	—	—	—	16.7
Subordinated loan capital	—	2.0	—	2.0	16.0	209.0	229.0
Derivative financial instruments	0.3	47.3	37.0	50.6	183.0	86.8	405.0
Lease liabilities	0.2	3.2	2.7	3.9	29.6	18.1	57.7
Other financial liabilities	22.6	101.0	1.3	10.9	27.1	2.5	165.4
Total	796.3	3,166.2	1,749.9	2,274.2	4,383.9	726.2	13,096.7

Derivative financial instruments in the table above include net currency swaps. The following table shows the currency swaps on a gross basis:

	On demand £ million	In less than three months £ million	In more than three months but not more than six months £ million	In more than six months but not more than one year £ million	In more than one year but not more than five years £ million	In more than five years £ million	Total £ million
At 31 July 2025	5.0	183.5	105.2	206.5	180.8	68.2	749.2
At 31 July 2024	0.9	259.9	37.0	49.8	178.6	86.8	613.0

(f) Offsetting

The following table shows the impact on derivative financial assets and liabilities which have not been offset but for which the group has enforceable master netting arrangements in place with counterparties. The net amounts show the exposure to counterparty credit risk after offsetting benefits and collateral, and are not intended to represent the group's actual exposure to credit risk.

Master netting arrangements allow outstanding transactions with the same counterparty to be offset and settled net, either unconditionally or following a default or other predetermined event. Financial collateral on derivative financial instruments consists of cash settled, typically daily, to mitigate the mark to market exposures.

	Gross amounts recognised £ million	Master netting arrangements £ million	Financial collateral[1] £ million	Net amounts after offsetting[1] £ million
At 31 July 2025				
Derivative financial assets	**103.1**	**(95.5)**	**27.9**	**35.5**
Derivative financial liabilities	**104.7**	**(95.5)**	**(5.1)**	**4.1**
At 31 July 2024				
Derivative financial assets	101.4	(97.9)	(0.8)	2.7
Derivative financial liabilities	129.0	(97.9)	(67.5)	(36.4)

1. Financial collateral and net amounts after offsetting include initial margin of £35.2 million (31 July 2024: £38.7 million).

27. Interest in unconsolidated structured entities

Structured entities are those entities that have been designed so that voting or similar rights are not the dominant factor in deciding who has control, such as when any voting rights relate to administrative tasks only, or when the relevant activities are directed by means of contractual arrangements.

In February 2025, the group disposed of its Asset Management division, which had interests in structured entities as a result of contractual arrangements arising from the management of assets on behalf of its clients . These structured entities consisted of unitised vehicles such as Authorised Unit Trusts ("AUTs") and Open Ended Investment Companies ("OEICs") which entitled investors to a percentage of the vehicles' net asset value. The structured entities were financed by the purchase of units or shares by investors. The group did not hold direct investments in its structured entities.

The assets under management of unconsolidated structured entities managed by the group were £nil at 31 July 2025 (31 July 2024: £5,434.0 million). There is no management fee income from unconsolidated structured entities managed by the group (2024: £nil) within the revenue of continuing operations in the consolidated income statement.

28. Investments in subsidiaries

In accordance with section 409 of the Companies Act 2006, the following is a list of the group's subsidiaries at 31 July 2025, which are all wholly owned and incorporated in the UK unless otherwise stated.

The investment in subsidiary of £487.0 million (31 July 2024: £487.0 million) in the company balance sheet relates to a 100% shareholding in Close Brothers Holdings Limited of £287.0 million (31 July 2024: £287.0 million) and an investment in the AT1 securities of Close Brothers Limited of £200.0 million (31 July 2024: £200.0 million). The company issued AT1 securities of £200.0 million on 29 November 2023 as described in Note 20 and simultaneously entered into a back-to-back transaction with its subsidiary Close Brothers Limited.

There was no impairment of these investments in this and the prior year albeit indicators of impairment exist in light of the FCA's motor commissions review. The impairment assessment of the investment in Close Brothers Holdings Limited, based on a discounted cash flow analysis of expected future dividends, which includes consideration for the potential impact of the FCA's motor commissions review, demonstrated that its value in use remains above its carrying value.

28. Investments in subsidiaries (continued)

Group

Close Brothers Holdings Limited[1]

Banking

Air and General Finance Limited[1]
Arrow Audit Services Limited[1]
Close Asset Finance Limited[1]
Close Brewery Rentals Limited[2]
Close Brothers Asset Finance GmbH[3] (Germany)
Close Brothers DAC[4] (Ireland)
Close Brothers Factoring GmbH[3] (Germany)
Close Brothers Finance Designated Activity Company[5] (Ireland)
Close Brothers Finance plc[1]
Close Brothers Limited[1]
Close Brothers Motor Finance Payments Limited[5] (Ireland)
Close Brothers Premium DAC[4] (Ireland)
Close Brothers Retention Holdings Designated Activity Company[5] (Ireland)
Close Brothers Technology Services Limited[1]
Close Brothers Vehicle Hire Limited[6]
Close Business Finance Limited[1]
Close Credit Management (Holdings) Limited[1]
Close Finance (CI) Limited[7] (Jersey)
Close Invoice Finance Limited[1]
Close Leasing Limited[8]
Close PF Funding I Limited[9, 15]
Commercial Acceptances Limited[1]
Commercial Finance Credit Limited[1]
Corporate Asset Solutions Limited[10]
Delta Funding 2025 Limited[9,15]
Finance for Industry Limited[1]
Finance for Industry Services Limited[1]
Kingston Asset Finance Limited[1]
Kingston Asset Leasing Limited[1]
Novitas Loans Limited[1]
Novitas (Salisbury) Limited[1]
Orbita Funding 2022-1 plc[9,15]
Orbita Funding 2023-1 plc[9,15]
Orbita Funding 2024-1 plc[9,15]
Surrey Asset Finance Limited[1]
Topaz Asset Finance 2019-1 DAC[11,15]
Topaz Asset Finance 2020-1 DAC[11,15]

Securities

W.S. (Nominees) Limited[12]
Winterflood Client Nominees Limited[12]
Winterflood Gilts Limited[12]
Winterflood Jersey Limited[13]
Winterflood Jersey Nominees Limited[13]
Winterflood Securities Holdings Limited[12]
Winterflood Securities Limited[12]
Winterflood Securities US Corporation[14] (Delaware, USA)

Registered office addresses:
1. 10 Crown Place, London EC2A 4FT, United Kingdom.
2. Unit 9B, Albion Drive, Thurnscoe, Rotherham, South Yorkshire S63 0BA, United Kingdom.
3. Grosse Bleiche 35-39, 55116, Mainz, Germany.
4. Swift Square, Building 1, Santry Demesne, Northwood, Dublin D09 A0E4, Ireland.
5. Unit 18, Northwood House, Northwood Business Campus, Dublin D09 A0E4, Ireland.
6. Lows Lane, Stanton-By-Dale, Ilkeston, Derbyshire DE7 4QU, United Kingdom.
7. Conway House, Conway Street, St Helier JE4 5SR, Jersey.
8. Jackson House, Sibson Road, Sale M33 7RR, United Kingdom.
9. 10th Floor, 5 Churchill Place, London E14 5HU, United Kingdom.
10. 30 Finsbury Square, London EC2A 1AG, United Kingdom.
11. 1-2 Victoria Buildings, Haddington Road, Dublin D04 XN32, Ireland.
12. Riverbank House, 2 Swan Lane, London EC4R 3GA, United Kingdom.
13. 28 Esplanade, St Helier JE2 3QA, Jersey.
14. 1209 Orange Street, Wilmington 19801, New Castle, Delaware, USA.

Subsidiaries by virtue of control:
15. The related undertakings are included in the consolidated financial statements as they are controlled by the group.

29. Discontinued operations and assets and liabilities classified as held for sale

At 31 July 2025, the group's discontinued operations comprised Close Brothers Asset Management ("CBAM") and Winterflood Securities ("Winterflood"). Close Brewery Rentals Limited ("CBRL") has been classified as held for sale at 31 July 2025 but the business does not meet the criteria to be classified as discontinued operations under IFRS 5.

Close Brothers Asset Management

On 19 September 2024, the group announced that it had entered into an agreement to sell its wealth management business, Close Brothers Asset Management ("CBAM"), one of the group's operating segments, to funds managed by Oaktree Capital Management, L.P. ("Oaktree"). The sale completed on 28 February 2025.

CBAM relates to the group's 100% shareholding in Close Asset Management Holdings Limited ("CAMHL") and its subsidiaries. The business is a well-regarded UK wealth management franchise and the transaction will strengthen the group's capital base and enhance its position to navigate the current uncertain environment.

In the group's 2025 Half Year Results, the business fulfilled the requirements of IFRS 5 to be classified as discontinued operations in the consolidated income statement. In addition, the assets and liabilities of the business were presented as held for sale in the consolidated balance sheet. On completion, the assets and liabilities were derecognised and a gain on disposal was recognised as follows.

Results of discontinued operations

	Seven months ended 28 February 2025 £ million	Year ended 31 July 2024 £ million
Operating income	**95.4**	157.8
Operating expenses	**(90.8)**	(146.8)
Trading profit	**4.6**	11.0
Gain on disposal	**60.8**	—
Operating profit before tax	**65.4**	11.0
Tax[1]	**(1.5)**	(3.6)
Profit after tax	**63.9**	7.4

1. The tax charge of £1.5 million relates to the trading profit of the business prior to disposal. The gain on disposal is not taxable.

Cash flow from discontinued operations

	Seven months ended 28 February 2025 £ million	Year ended 31 July 2024 £ million
Net cash flow from operating activities	**(1.5)**	17.4
Net cash flow from investing activities	**(3.5)**	(9.7)
Net cash flow from financing activities	**(1.7)**	(2.9)

Consolidated gain on disposal

	31 July 2025 £ million
Cash consideration received	**146.4**
Contingent deferred consideration	**21.1**
Total consideration	**167.5**
Disposal transaction costs	**(7.0)**
	160.5
Net assets on completion date	**99.7**
Consolidated gain on disposal	**60.8**

Cash consideration of £146.4 million was received on completion. The contingent deferred consideration is in the form of preference shares, redeemable no later than Oaktree's exit, for an amount of up to £28.0 million plus interest at a rate of 8% per annum, stepping up to 12% after five years.

The contingent deferred consideration is subject to potential deductions, including in relation to retention of key individuals and certain potential regulatory costs and separation cost overruns. The preference shares are measured at fair value through profit or loss under IFRS 9. The fair value is calculated to be £21.1 million based on a discounted expected cash flow method, with the main assumptions relating to the expected time until redemption and the aforementioned potential deductions.

29. Discontinued operations and assets and liabilities classified as held for sale (continued)

Winterflood Securities

As announced on 25 July 2025, the group agreed to the sale of Winterflood Securities, an execution services and securities business and one of the group's operating segments, to Marex Group plc. The sale is expected to complete in early 2026, upon receipt of the customary regulatory approvals. The business has fulfilled the requirements of IFRS 5 to be classified as discontinued operations in the consolidated income statement with comparative information restated. In addition, the assets and liabilities of the business have been presented as held for sale in the consolidated balance sheet.

Assets and liabilities held for sale

The major classes of assets and liabilities classified as held for sale, which exclude intercompany balances eliminated on consolidation, are as follows:

	31 July 2025 £ million
Balance sheet	
Intangible assets	**10.3**
Property, plant and equipment	**20.2**
Loans and advances to banks	**54.8**
Settlement balances	**726.4**
Equity shares	**28.3**
Debt securities and loans	**32.8**
Other assets	**14.2**
Total assets classified as held for sale	**887.0**
Bank loans and overdrafts	**15.3**
Settlement balances	**698.2**
Equity shares	**10.4**
Debt securities and loans	**14.8**
Accruals and deferred income	**8.5**
Other liabilities	**20.2**
Total liabilities classified as held for sale	**767.4**

Results of discontinued operations

	Year ended 31 July 2025 £ million	Year ended 31 July 2024 £ million
Operating income	**77.3**	73.0
Operating expenses	**(77.1)**	(74.8)
Impairment credit on financial assets	**0.1**	0.1
Goodwill impairment recognised on remeasurement of disposal group as held for sale	**(14.5)**	—
Operating loss before tax	**(14.2)**	**(1.7)**
Tax	**(0.5)**	(0.6)
Loss after tax	**(14.7)**	**(2.3)**

Cash flow from discontinued operations

	Year ended 31 July 2025 £ million	Year ended 31 July 2024 £ million
Net cash flow from operating activities	**(8.3)**	53.0
Net cash flow from investing activities	**0.1**	(9.0)
Net cash flow from financing activities	**(0.5)**	(1.5)

Close Brewery Rentals Limited

As announced on 15 July 2025, the group agreed to the sale of its brewery container rentals business, CBRL, to MML Keystone, a fund managed by MML Capital. The sale was subsequently completed on 31 August 2025, as disclosed in Note 30. At 31 July 2025, the assets and liabilities of the business have been classified as held for sale but it does not meet the criteria to be classified as discontinued operations under IFRS 5. The results of CBRL are therefore included within continuing operations.

Assets and liabilities held for sale

The major classes of assets and liabilities classified as held for sale, which exclude intercompany balances eliminated on consolidation, are as follows:

	31 July 2025 £ million
Balance sheet	
Property, plant and equipment	**42.8**
Loans and advances to banks	**0.2**
Other assets	**4.0**
Total assets classified as held for sale	**47.0**
Accruals and deferred income	**0.7**
Other liabilities	**5.3**
Total liabilities classified as held for sale	**6.0**

30. Post balance sheet event

Close Brewery Rentals Limited

On 31 August 2025, the group completed the sale of Close Brewery Rentals Limited ("CBRL") to MML Keystone, following the agreement announced on 15 July 2025. As disclosed in Note 29, the business was classified as held for sale at 31 July 2025. The completion of this sale, which resulted in an immaterial gain on disposal, is a non-adjusting event under the requirements of IAS 10 "Events after the reporting period".

Glossary and definition of key terms

Additional Tier 1 ("AT1") capital	Additional regulatory capital that along with CET1 capital makes up a bank's or banking group's Tier 1 regulatory capital. Includes the group's perpetual subordinated contingent convertible securities classified as other equity instruments under IAS 32
Adjusted	Adjusted measures are presented on a basis consistent with prior periods and exclude any exceptional and adjusting items which do not reflect underlying trading performance
Adjusted Earnings per Share ("AEPS")	Adjusted operating profit less tax and AT1 coupons divided by basic weighted average number of ordinary shares in issue
Applicable requirements	Applicable capital ratio requirements consist of the Pillar 1 requirement as defined by the CRR, the Pillar 2a requirement set by the PRA, and the capital conservation buffer and countercyclical buffer as defined by the PRA Rulebook. Any applicable PRA buffer is excluded
Average maturity of funding allocated to the loan book	Simple weighted average of the applicable funding allocated to the loan book. The applicable funding excludes equity (except AT1 instruments) and deducts funding held for liquidity purposes
Bad debt ratio	(Adjusted) impairment losses in the year as a percentage of average net loans and advances to customers and operating lease assets excluding Vehicle Hire, which is in wind-down, and Brewery Rentals, which has been classified as held for sale on the group's balance sheet
Basic earnings per share ("EPS")	Total profit attributable to ordinary shareholders divided by basic weighted average number of ordinary shares in issue
Basic earnings per share ("EPS") continuing operations	Operating profit from continuing operations less tax and AT1 coupons, divided by basic weighted average number of ordinary shares in issue
Buy As You Earn ("BAYE")	The HM Revenue & Customs-approved Share Incentive Plan that gives all employees the opportunity to become shareholders in the group
Capital Requirements Directive ("CRD")	European Union regulation implementing the Basel III requirements in Europe, alongside CRR II
Capital Requirements Regulation ("CRR")	Regulation 575/2013/EU, as it forms part of the assimilated law of the United Kingdom
CDP	Formerly the "Carbon Disclosure Project", a leading, internationally recognised independent rating agency and assessor of corporate carbon emissions disclosures and actions
CET1 capital ratio	Measure of the group's CET1 capital as a percentage of risk weighted assets, as required by CRR
Common Equity Tier 1 ("CET1") capital	Measure of capital as defined by the CRR. CET1 capital consists of the highest quality capital including ordinary shares, related share premium account, retained earnings and other reserves, less goodwill and certain intangible assets and other regulatory adjustments
Compensation ratio	Total staff costs as a percentage of adjusted operating income
Cost of funds	Interest expense incurred to support lending activities excluding Vehicle Hire and Brewery Rentals divided by the average net loans and advances to customers and operating lease assets excluding Vehicle Hire and Brewery Rentals
Credit-impaired	Where one or more events that have a detrimental impact on the estimated future cash flows of a loan have occurred. Credit-impaired events are more severe than significant increase in credit risk triggers. Accounts which are credit-impaired will be allocated to Stage 3
Customer satisfaction score ("CSAT")	A measure of customer satisfaction expressed as a percentage of positive responses from the total of those surveyed
Discounting	The process of determining the present value of future payments
Dividend per share ("DPS")	Comprises the final dividend proposed for the respective year, together with the interim dividend declared and paid in the year
Effective interest rate ("EIR")	The interest rate at which revenue is recognised on loans and discounted to their carrying value over the life of the financial asset
Effective tax rate ("ETR")	Tax on operating profit/(loss) as a percentage of operating profit/(loss) on ordinary activities before tax
Expected credit loss ("ECL")	The unbiased probability-weighted average credit loss determined by evaluating a range of possible outcomes and future economic conditions
Expense/income ratio	(Adjusted) operating expenses divided by (adjusted) operating income
Exposure at default ("EAD")	The capital outstanding at the point of default
Financial Conduct Authority ("FCA")	A financial regulatory body in the UK, regulating financial firms and maintaining integrity of the UK's financial market

Financial Ombudsman Service ("FOS")	The Financial Ombudsman Service settles complaints between consumers and businesses that provide financial services
Financial Reporting Council ("FRC")	An independent regulatory body responsible for promoting high quality corporate governance and reporting amongst UK companies
Forbearance	Forbearance occurs when a customer is experiencing financial difficulty in meeting their financial commitments and a concession is granted, by changing the terms of the financial arrangement, which would not otherwise be considered
General Data Protection Regulation ("GDPR")	Regulation intended to strengthen and unify data protection for all individuals within the European Union
Gross carrying amount	Loan book before expected credit loss provision
Growth Guarantee Scheme ("GGS")	The successor scheme to the Recovery Loan Scheme, the Growth Guarantee Scheme launched in July 2024 and is designed to support access to finance for UK small businesses as they look to invest and grow
High quality liquid assets ("HQLAs")	Assets which qualify for regulatory liquidity purposes, including Bank of England deposits and sovereign and central bank debt
HM Revenue & Customs ("HMRC")	The UK's tax, payments and customs authority
Independent financial adviser ("IFA")	Professional offering independent, whole of market advice to clients including investments, pensions, protection and mortgages
Internal Capital Adequacy Assessment Process ("ICAAP")	An annual self-assessment of a bank's material risks and the associated level of capital needed to be held, and undertaking appropriate stress testing of capital adequacy
Internal Liquidity Adequacy Assessment Process ("ILAAP")	The processes for the identification, measurement, management and monitoring of liquidity
Internal ratings based ("IRB") approach	A supervisor-approved method using internal models, rather than standardised risk weightings, to calculate regulatory capital requirements for credit risk
International Accounting Standards ("IAS")	Older set of standards issued by the International Accounting Standards Council, setting up accounting principles and rules for preparation of financial statements. IAS are being superseded by IFRS
International Financial Reporting Standards ("IFRS")	Globally accepted accounting standards issued by the IFRS Foundation and the International Accounting Standards Board
Leverage ratio	Tier 1 capital as a percentage of non-risk-weighted total exposures, adjusted for certain capital deductions, including intangible assets, and off-balance sheet exposures
Lifetime expected credit loss provision ("Lifetime ECL")	Losses that result from default events occurring within the lifetime of the loan
Liquidity coverage ratio ("LCR")	Measure of the group's HQLAs as a percentage of expected net cash outflows over the next 30 days in a stressed scenario
Loan to value ("LTV") ratio	For a secured or structurally protected loan, the loan balance as a percentage of the total value of the asset
Long-term bad debt ratio	Long-term bad debt ratio is calculated using IAS 39 until the change to IFRS 9 in FY19. Long-term average bad debt ratio of 1.2% based on the average bad debt ratio for FY08-FY25, excluding Novitas from FY21 onwards and Rentals businesses from FY24
Loss given default ("LGD")	The amount lost on a loan if a customer defaults
Net asset value ("NAV") per share	Total assets less total liabilities and AT1, divided by the number of ordinary shares in issue excluding own shares
Net interest margin ("NIM")	Banking (adjusted) operating income divided by average net loans and advances to customers and operating lease assets excluding Vehicle Hire and Brewery Rentals
Net stable funding ratio ("NSFR")	Regulatory measure of the group's weighted funding as a percentage of weighted assets
Net zero	Target of completely negating the amount of greenhouse gases produced by reducing emissions or implementing methods for their removal
Paris Agreement	International treaty on climate change, adopted in 2015, with a goal to limit global warming to well below 2ºC, and preferably to 1.5ºC, compared to pre-industrial levels
Personal Contract Plan ("PCP")	PCP is a form of vehicle finance where the customer defers a significant portion of credit to the final repayment at the end of the agreement, thereby lowering the monthly repayments compared to a standard hire-purchase arrangement. At the final repayment date, the customer has the option to: (a) pay the final payment and take the ownership of the vehicle; (b) return the vehicle and not pay the final repayment; or (c) part-exchange the vehicle with any equity being put towards the cost of a new vehicle
Probability of default ("PD")	Probability that a customer will default on their loan
Prudential Regulation Authority ("PRA")	A financial regulatory body, responsible for regulating and supervising banks and other financial institutions in the UK
Return on assets	Adjusted operating profit less tax and AT1 coupons divided by average total assets for continuing operations at the balance sheet date and prior year
Return on average tangible equity ("RoTE")	Adjusted operating profit, less tax and AT1 coupons, divided by average total shareholders' equity, excluding intangible assets and AT1, for continuing operations

Return on net loan book ("RoNLB")	Banking adjusted operating profit divided by average net loans and advances to customers and operating lease assets excluding Vehicle Hire and Brewery Rentals
Return on opening equity ("RoE")	Adjusted operating profit less tax and AT1 coupons divided by opening equity for continuing operations, excluding AT1
Risk weighted assets ("RWAs")	A measure of the amount of a bank's exposures, adjusted for risk in line with the CRR. It is used in determining the capital requirement for a financial institution
Scope 1, 2 and 3 emissions	Categorisation of greenhouse gas emissions, as defined by the Greenhouse Gas (GHG) Protocol, into direct emissions from owned or controlled sources (Scope 1), indirect emissions from the generation of purchased electricity, heating and cooling consumed by the reporting company (Scope 2), and all other indirect emissions that occur in a company's value chain (Scope 3)
Significant increase in credit risk ("SICR")	An assessment of whether credit risk has increased significantly since initial recognition of a loan using a range of triggers. Accounts which have experienced a significant increase in credit risk will be allocated to Stage 2
Standardised approach	Generic term for regulator-defined approaches for calculating credit, operational and market risk capital requirements as set out in the CRR
Subordinated debt	Represents debt that ranks below, and is repaid after claims of, other secured or senior debt owed by the issuer
Task Force on Climate-related Financial Disclosures ("TCFD")	Regulatory framework to improve and increase reporting of climate-related financial information, including more effective and consistent disclosure of climate-related risks and opportunities
Term funding	Funding with a remaining maturity greater than 12 months
Term Funding Scheme for Small and Medium-sized Enterprises ("TFSME")	The Bank of England's Term Funding Scheme with additional incentives for SMEs
Tier 2 capital	Additional regulatory capital that along with Tier 1 capital makes up a bank's total regulatory capital. Includes qualifying subordinated debt
Total funding as percentage of loan book	Total funding divided by net loans and advances to customers and operating lease assets
Total shareholder return ("TSR")	Measure of shareholder return including share price appreciation and dividends, which are assumed to be re-invested in the company's shares
Watch list	Internal risk management process for heightened monitoring of exposures that are showing increased credit risk