

Close Brothers Group plc and Close Brothers Finance plc

2 August 2025

SUPREME COURT JUDGMENT IN RESPECT OF THE “HOPCRAFT” CASE

On 11 December 2024, Close Brothers Limited (“**CBL**”) obtained permission from the Supreme Court of England and Wales (the “**Supreme Court**”) to appeal the Court of Appeal’s judgment against CBL in respect of the “Hopcraft” motor finance commissions case (the “**Appeal**”).

The Appeal was heard by the Supreme Court between 1 April 2025 and 3 April 2025.

On 1 August 2025, the Supreme Court gave its judgment,¹ in which CBL successfully overturned the Court of Appeal’s judgment in respect of the “Hopcraft” case. The Supreme Court has determined that motor dealers (acting as a credit broker) do not owe fiduciary duties to their customers. As a result, the Supreme Court dismissed the Hopcrafts’ claims against CBL entirely. The Supreme Court reached the same conclusion on these issues in relation to the “Wrench” and “Johnson” cases against FirstRand Bank Limited (“**FirstRand**”).

On the issue in “Johnson” relating to unfairness under s.140A of the Consumer Credit Act 1974 (“**CCA**”), the Supreme Court made clear that the test for unfairness is highly fact sensitive and takes into account a broad range of factors. On the facts of Johnson, the Supreme Court upheld the Court of Appeal’s decision that the relationship between Mr Johnson and FirstRand was unfair and required FirstRand to pay Mr Johnson the value of the commission paid to the dealer plus compensatory interest at an appropriate commercial rate.

Close Brothers Group plc (“**the group**” or “**Close Brothers**”) welcomes the outcome of the Appeal, which provides clarity on important legal and commercial principles. Following the publication of the Supreme Court’s judgment, the Financial Conduct Authority (the “**FCA**”) announced that it will confirm whether it will consult on a redress scheme pursuant to its current review of motor finance commissions, before markets open on 4 August 2025. Until the FCA confirms whether it will consult on a redress scheme and, if so, confirms the design and scope of that scheme, there remains uncertainty as to the range of outcomes, and the financial impact to the group, including any impact on its provisioning assessment. In parallel, Close Brothers is continuing to assess the impact of the principles set out in the Supreme Court’s judgment on its motor finance loan portfolio.

In the meantime, Close Brothers continues to focus on maintaining our strong client franchise by serving our customers, delivering excellent service, providing specialist expertise and building strong, lasting relationships. We have strengthened our capital position and maintained high levels of liquidity, substantially above regulatory requirements. The group’s Common Equity Tier 1 (“**CET1**”) capital ratio was 14.0%² at 30 April 2025, reflecting significant progress on our capital actions. This already includes the impact of a £165 million provision in relation to motor finance commissions. In addition, the recently announced sale of Winterflood Securities is expected to increase the group’s CET1 capital ratio by c.30 basis points, from 14.0% to c.14.3%, on a pro-forma basis upon completion, with further CET1 capital

¹ The judgment is available on the case page here: www.supremecourt.uk/cases/uksc-2024-0157.

² CET1 capital ratio reflects the estimated benefit of c.145 basis points in relation to the sale of Close Brothers Asset Management, which completed on 28 February 2025, and includes the impact of a £165 million provision related to motor finance commissions.

benefits of up to c.25 basis points expected from a reduction in operational risk weighted assets in due course³. Underlying financial performance has remained robust with Adjusted Operating Profit of £75 million reported in the first half of the financial year and a continued resilient performance in Q3, as set out in our trading update on 21 May 2025. We continue to review our businesses and portfolios in line with our strategy set out at the half year results in March 2025.

The group will make any further announcements as and when appropriate.

Enquiries

Sophie Gillingham	Close Brothers Group plc	020 3857 6574
Camila Sugimura	Close Brothers Group plc	020 3857 6577
Sam Cartwright	H/Advisors Maitland	07827 254 561

About Close Brothers

Close Brothers is a leading UK merchant banking group providing lending, deposit taking and securities trading. We employ approximately 3,000 people, principally in the United Kingdom and Ireland. Close Brothers is listed on the London Stock Exchange and is a constituent of the FTSE 250.

Important Notices

Certain statements included or incorporated by reference within this announcement may constitute "forward-looking statements" in respect of the group's operations, performance, prospects and/or financial condition. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements. Forward-looking statements are sometimes, but not always, identified by their use of a date in the future or such words as "anticipates", "aims", "due", "could", "may", "will", "should", "expects", "believes", "intends", "plans", "potential", "targets", "goal" or "estimates" and other words and expressions of similar meaning. By their nature, forward-looking statements involve a number of risks, uncertainties and assumptions and actual results or events may differ materially from those expressed or implied by those statements. There are also a number of factors that could cause actual future operations, performance, financial conditions, results or developments to differ materially from the plans, goals and expectations expressed or implied by these forward-looking statements and forecasts. These factors include, but are not limited to, those contained in the group's annual report (available at: <https://www.closebrothers.com/investor-relations>). Accordingly, no assurance can be given that any particular expectation will be met and reliance should not be placed on any forward-looking statement. Additionally, forward-looking statements regarding past trends or activities should not be taken as a representation that such trends or activities will continue in the future.

Except as may be required by law or regulation, no responsibility or obligation is accepted to update or revise any forward-looking statement resulting from new information, future events or otherwise.

³ The sale of Winterflood Securities to Marex Group plc was announced on 25 July 2025 and is expected to complete in early 2026, subject to customary regulatory approvals. The estimated CET1 capital ratio benefit is based on financials at 30 April 2025 on a pro-forma basis. The group expects further CET1 capital ratio benefits of up to c.25 basis points from a reduction in operational risk RWAs currently associated with Winterflood in due course.

Nothing in this document should be construed as a profit forecast. Past performance cannot be relied upon as a guide to future performance and persons needing advice should consult an independent financial adviser.

This announcement does not constitute or form part of any offer or invitation to sell, or any solicitation of any offer to subscribe for or purchase any shares or other securities in the company or any of its group members, nor shall it or any part of it or the fact of its distribution form the basis of, or be relied on in connection with, any contract or commitment or investment decisions relating thereto, nor does it constitute a recommendation regarding the shares or other securities of the company or any of its group members. Statements in this announcement reflect the knowledge and information available at the time of its preparation. Liability arising from anything in this announcement shall be governed by English law. Nothing in this announcement shall exclude any liability under applicable laws that cannot be excluded in accordance with such laws.