

Close Brothers Group plc and Close Brothers Finance plc

This announcement contains inside information

Update in relation to motor finance commissions

8 April 2026

Close Brothers group plc (“Close Brothers” or “the group”) has undertaken a review of the FCA’s Policy Statement PS26/3: Motor finance consumer redress scheme (“the policy statement”) and its impact on the group.

As set out below, the estimated cost of the scheme as published is c.£320 million, broadly similar to the group’s existing provision, and can be comfortably absorbed by existing capital resources, leaving the group well positioned to continue delivering its strategy.

At this stage, no provision changes have been recognised. The group’s existing IAS 37 provision remains under review.

The group will continue to closely monitor any further legal, regulatory and industry developments and is considering its next steps.

Financial impact

Close Brothers estimates that the scheme as published, if recognised in isolation, would result in a provision of c.£320 million on a pro forma basis as at 31 January 2026. This compares to the group’s IAS 37 provision of £294 million¹ as at 31 January 2026.

This would reduce the group’s CET 1 capital ratio by c.25 basis points to 14.0%, on a pro forma basis as at 31 January 2026. This remains comfortably ahead of the group’s medium-term target of 12-13%.

The group’s £294 million provision is based on a number of probability weighted scenarios, one of which is the implementation of a redress scheme in line with the FCA’s original consultation paper published on 7 October 2025. The c.£320 million estimate reflects one scenario only, being the FCA’s policy statement, as well as a number of changes to the scheme itself relative to the FCA’s original consultation paper.

This c.£320 million estimate is based on the methodology and approach outlined in the policy statement, with the following key data points and assumptions:

- c.720k UK regulated motor finance loans written between 6 April 2007 and 1 November 2024 qualifying for redress under the scheme. This includes c.640k loans written under Discretionary Commission Arrangements (“DCAs”) and a further c.80k non-DCA loans which are likely to meet the “tied” arrangements and/or “high commission” criteria as defined by the FCA
- An average redress payment of c.£500 per customer, including compensatory interest. This is lower than the industry average of £829 quoted in the policy statement, reflecting the relatively smaller loan sizes and lower commission levels of Close Brothers’ motor finance loan book

- An estimated claim rate under the scheme of 75%, in line with the FCA's assumption. A 5% absolute increase or decrease in the assumed claim rate would result in a c.£18 million increase or decrease in the estimate (including delivery cost impact)
- An estimated delivery cost of c.£66 million. This excludes c.£14 million of costs already incurred against the existing provision
- A roll-out period running from summer 2026 to the end of calendar year 2027, resulting in a time value discount of c.£16 million

The group's IAS 37 provision remains under review, and the outcome will be dependent upon any potential further legal, regulatory or industry developments (including any legal challenge of the scheme by various parties, or court claims and complaints from consumers), sensitivities to the assumptions above and further analysis and interpretation of the scheme rules, amongst other relevant factors.

The group is well positioned and remains confident in its ability to deliver against its strategy, as outlined at the Half Year Results and business update on 17 March 2026, underpinned by a resilient business model, a strong capital position and a clear focus on execution to deliver long-term value for shareholders.

Footnote

1 £294 million balance sheet provision as at 31 January 2026 reflects the £300 million provision charged to the income statement, together with a partial unwind of the discount related to time value of money (+£8 million), partly offset by costs incurred to date (-£14 million).

Inside information

This announcement contains information which is deemed by the Company to constitute inside information within the meaning of the UK version of the European Union's Market Abuse Regulation ((EU) No. 596/2014). Upon the publication of this announcement via the Regulatory Information Service, the inside information is now considered to be in the public domain. The person responsible for arranging the release of this information on behalf of the Company is Sarah Peazer-Davies, Group General Counsel and Company Secretary.

Enquiries

Maritz Carvalho
Sam Cartwright

Close Brothers Group plc
H/Advisors Maitland

020 3857 6063
07827 254561

About Close Brothers

Close Brothers is a UK specialist banking group providing lending and deposit taking. We employ approximately 2,600 people, principally in the United Kingdom and Ireland. Close Brothers Group plc is listed on the London Stock Exchange and is a constituent of the FTSE 250.

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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”. 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.

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