

Scheduled Q3 2026 Trading Update

21 May 2026

Close Brothers Group plc (“the group” or “Close Brothers”) today issues its scheduled trading update relating to the third quarter of its 2026 financial year. All statements in this release relate to the period from 1 February 2026 to 30 April 2026 (“the quarter”) unless otherwise stated.

Mike Morgan, Chief Executive, said:

“We have delivered a solid performance in the third quarter and continue to execute our strategy through this important transitional year. We are progressing well with the delivery of our strategic objectives and targets. Our capital position remains strong after absorbing the additional provision for motor finance commissions, enabling investment in future growth to further support the UK economy.”

Performance in the three months to 30 April 2026¹

The lending divisions delivered resilient underlying profitability, benefitting from a robust NIM and modest growth in the core loan book while we continue to execute our transformation programme to reduce costs.

The loan book increased 1% in the quarter to £9.3 billion (31 January 2026: £9.2 billion), as continued growth in Motor Finance and the reversal of seasonality in Invoice Finance more than offset a weaker external environment for Property and the ongoing planned reduction of Premium Finance personal lines. On an underlying basis², the loan book increased by 2%.

The annualised year-to-date net interest margin was 7.0% (H1 2026: 7.1%) and we continue to expect the net interest margin to be slightly lower than 7% for the 2026 financial year, reflecting loan book mix impacts.

We are making good progress on our initiatives to deliver cost reduction and optimise operational processes, including the simplification of business and management structures, and further outsourcing and offshoring. We now expect to exceed our target of c.£25 million of annualised savings by the end of the 2026 financial year, as a result of accelerating cost actions into the current year. We also expect the group's adjusted operating expenses to be below our previous guidance of c.£450 million for the 2026 financial year.

We now expect the group (central functions) operating loss at the lower end of the c.£45-50 million guidance range in the 2026 financial year.

The annualised year-to-date bad debt ratio was 0.8% (H1 2026: 0.8%), reflecting resilient credit performance in the quarter, notwithstanding the modelled impact of heightened macroeconomic uncertainty. In line with our previous guidance, we expect the bad debt ratio for the 2026 financial year to remain below our long-term average of 1.2%.

Motor finance commissions

Following the publication of the Financial Conduct Authority (“FCA”) Policy Statement PS26/3: Motor finance consumer redress scheme (“the scheme”) on 30 March 2026, the group has increased its provision to £320³ million. This has resulted in an additional income statement charge of £30³ million in the quarter.

The £320 million provision is the group's current best estimate of the cost of the scheme as published, including an assumption of delayed implementation due to legal challenges to the scheme brought by a number of parties.

While there are elements of the scheme that we disagree with, we continue to believe that the existing scheme offers a quick, clear and certain route to resolving this matter for all relevant parties.

However, the ultimate cost to the group remains subject to the outcome of the legal challenges to the scheme and any further legal, regulatory or industry developments including court claims and complaints from consumers.

Strong balance sheet

We maintained a strong funding, liquidity and capital position during the quarter. Our Common Equity Tier 1 ("CET1") capital ratio and total capital ratio stood at 14.3% and 19.5% respectively at 30 April 2026 (31 January 2026: 14.3% and 18.8%). The CET1 capital ratio reflects the additional £30 million provision in relation to motor finance commissions, offset by other profits attributable to shareholders in the quarter. The total capital ratio additionally benefitted from the 6.125% Subordinated Tier 2 Notes due 2036, issued at the start of the quarter.

Outlook

We have delivered a solid performance in the quarter and at this stage (and subject to current macroeconomic developments) remain on track to deliver the 2026 financial year in line with guidance.

Footnotes

1 The performance in the third quarter of the 2026 financial year relates to continuing operations unless otherwise stated. Close Brothers Vehicle Hire is in wind-down, and related operating lease assets are therefore excluded from the loan book totals.

2 Excluding the planned reduction in Premium Finance personal lines and run-off of the legacy Republic of Ireland Motor Finance loan book.

3 £320 million balance sheet provision as at 30 April 2026 reflects updates made to the 31 January 2026 provision of £294 million for cost utilisation and unwind of the time value discount in the quarter, and an additional income statement charge of £30 million.

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.

Cautionary Statement

Certain statements included or incorporated by reference within this announcement may constitute "forward-looking statements" in respect of the group's operations, performance, prospects, financial condition and/or

environmental, social and governance ambitions, targets and commitments. 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. Nothing in this announcement 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.