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THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION

Preliminary Results for the year ended 31 July 2025

30 September 2025

Mike Morgan, Chief Executive, said:

"Our performance in the 2025 financial year reflects the actions we have taken to strengthen our capital position and simplify the business. We delivered adjusted operating profit of £144 million, highlighting the resilience of our underlying businesses. We achieved a CET1 capital ratio of 13.8% or c.14.3% on a pro-forma basis reflecting the sale of Winterflood, despite the impact of the £165 million provision relating to motor finance commissions, which remains unchanged. We welcomed the positive outcome of the Supreme Court judgment in August 2025, which provided much-needed clarity to the industry, and now await the outcome of the FCA consultation on the design and scope of an industry-wide redress scheme.

Over the last year, we have taken decisive action to address legacy issues and reposition the business for growth. We have sold Close Brothers Asset Management, Winterflood and the Brewery Rentals business, and we have repositioned our Premium Finance business to focus on commercial lines. In addition, we have now successfully settled the long-standing litigation issued by Novitas. Today, we are announcing the next steps on this path by exiting the Vehicle Hire business. Whilst some of these actions have an upfront financial impact on the group, they provide the foundation for the next stage of our journey: driving efficiency and capturing growth.

In terms of efficiency, we have delivered £25 million of annualised cost savings and will deliver at least c.£20 million of additional annualised savings per annum in each of the next three years. As we emerge as a simpler, more focused bank, we see significant growth opportunities across our chosen markets. We will use our strong market positions, reputation and specialist expertise to win in the segments where we can truly differentiate and become the specialist lender of choice for SMEs in the UK and Ireland.

The task now is to accelerate from here. I am confident we are on the right path and that we will return this business to double-digit returns. I look forward to sharing a full update on our pathway once there is clarity on the outcome of the FCA's consultation and its impact on the group."

Key Financials[1]

Unless otherwise stated, all metrics refer to continuing operations only

	2025 £ million	2024 £ million	Change %
Operating (loss)/profit before tax	**(122.4)**	132.7	(192)
Adjusted operating profit[2] (continuing operations)	**144.3**	167.6	(14)
(Loss)/profit from discontinued operations, net of tax[3]	**49.2**	5.1	n/a
(Loss)/profit attributable to shareholders and other equity owners	**(77.9)**	100.4	(178)
Adjusted basic earnings per share (continuing operations)[2,4]	**59.3p**	75.8p	
Basic (loss)/earnings per share (continuing operations)[4]	**(99.8)p**	56.2p	
Basic (loss)/earnings per share (continuing and discontinued operations)[4,5]	**(66.9)p**	59.7p	
Ordinary dividend per share	**—**	—	
Return on opening equity[5]	**6.2%**	7.9%	
Return on average tangible equity[5]	**7.1%**	9.3%	
Net interest margin	**7.2%**	7.4%	
Bad debt ratio	**1.0%**	1.0%	
Expense/income ratio	**65%**	62%	

	31 July 2025	31 July 2024	Change %
Loan book[6]	**£9.5bn**	£9.8bn	(4)
Net asset value ("NAV") per share (continuing and discontinued operations)	**£10.3**	£11.1	
Tangible net asset value ("TNAV") per share (continuing and discontinued operations)	**£9.1**	£9.3	
CET1 capital ratio (transitional) (continuing and discontinued operations)	**13.8%**	12.8%	
Tier 1 capital ratio (transitional) (continuing and discontinued operations)	**15.8%**	14.7%	
Total capital ratio (transitional) (continuing and discontinued operations)	**17.8%**	16.6%	

1. Please refer to definitions on pages 28 to 30.
2. Adjusted measures are presented on a basis consistent with prior periods and exclude amortisation of intangible assets on acquisition, to present the performance of the group's acquired businesses consistent with its other businesses; and any exceptional and other adjusting items which do not reflect underlying trading performance. Further detail on the reconciliation between operating and adjusted measures can be found in Note 2 "Segmental Analysis". Please refer to the basis of presentation on page 5 for further information.
3. Discontinued operations relate to Close Brothers Asset Management and Winterflood, which have been classified as "Discontinued Operations" in the group's income statement for the 2024 and 2025 financial years in line with the requirements of IFRS 5. The related assets and liabilities are classified as held for sale on the group's balance sheet at 31 July 2025. Please refer to Note 23 "Discontinued Operations and assets and liabilities classified as held for sale".
4. Refer to Note 4 "Earnings per Share" for the calculation of basic and adjusted earnings per share.
5. Return on opening equity and return on average tangible equity have been restated for financial year 2024 to exclude discontinued operations. Return on average tangible equity uses adjusted operating profit after tax from continuing operations, less AT1 coupons (2025: £88.7 million, 2024: £113.5 million). Average tangible equity excludes discontinued operations. Average tangible equity is calculated based on closing equity per the balance sheet (2025: £1,735.5 million, 2024: £1,842.5 million), less AT1 (2025 and 2024: £197.6 million), less intangibles (2025: £166.3 million, 2024: £266.0 million), less CBAM and Winterflood tangible equity (2025: £90.6 million, 2024: £155.9 million).
6. Loan book includes operating lease assets of £1.3 million (31 July 2024: £1.0 million) and excludes £165.0 million (31 July 2024: £222.4 million) of operating lease assets related to Close Brothers Vehicle Hire, which is in wind-down, and £41.0 million of operating lease assets related to Close Brewery Rentals Limited (31 July 2024: £44.5 million) which has been classified as held for sale on the group's balance sheet as at 31 July 2025.

Strategic Highlights

- On 1 August 2025, the **Supreme Court** gave its judgment, in which Close Brothers Limited ("CBL") **successfully overturned** the Court of Appeal's judgment in respect of the **Hopcraft** case. The **provision** charge in respect of **motor finance commissions** recognised in the income statement at the half year of £165.0 million has been **reassessed** in light of all available information and recent developments and remains **unchanged**
- We have strengthened our capital position in response to the motor finance commissions uncertainty, with **over £400 million of CET1 capital** generated or preserved as of 31 July 2025
- The structure of our group has been **simplified** with the sale of Close Brothers Asset Management, Winterflood and Close Brewery Rentals Limited, and our Premium Finance Business has been repositioned to predominantly focus on Commercial Lines
- We have also successfully settled the long-standing litigation issued by Novitas allowing us to move forward and exit from this business
- We are implementing a **proactive customer redress programme** in Motor Finance, following the identification of historical deficiencies in certain operational processes in relation to the early settlement of loans. This has resulted in a separate provision of £33.0 million in the 2025 financial year
- We have decided to **exit our Vehicle Hire business**, which has been loss making in a challenging market environment. Together with the impact of declining asset values, this has resulted in an impairment charge of £30.0 million
- We have **delivered £25 million of annualised cost savings** by the end of the 2025 financial year through streamlining of our technology, suppliers, property and workforce
- We will deliver at least **c.£20 million of additional annualised savings per annum in each of the next three years,** through further consolidation of centrally provided functions, selective outsourcing and offshoring, and the simplification, rationalisation and automation of technology, including automation and the use of artificial intelligence
- Our activities have been **refocused** on areas that offer **attractive risk-adjusted returns**. We are broadening our product offering in **Property** Finance, expanding distribution in **Motor** Finance, and have a renewed focus on growing our commercial lines business in **Premium** Finance. Our **Commercial** business is expanding into adjacent products, such as commercial mortgages, and is focused on scaling new, specialist teams, such as agriculture
- These actions set a clear path back to **double digit RoTE by the 2028 financial year,** and rising thereafter. We plan to provide a full update on our pathway to rising RoTE early next year, once we have clarity on the outcome of the FCA's consultation on an industry wide redress scheme in respect of motor finance commissions and its impact on the group

Financial Performance

- **Adjusted operating income decreased** 2% to £681.2 million (2024: £698.4 million), primarily reflecting lower income in Banking, as the loan book reduced
- **Adjusted operating expenses increased** 3% to £445.1 million (2024: £433.5 million), primarily reflecting higher Group (central functions) expenses
- **Adjusted operating profit decreased** 14% to £144.3 million (2024: £167.6 million), driven by a decline in income and higher costs, partly offset by lower impairment charges
- **The group's return on average tangible equity** (excluding discontinued operations) ("RoTE") decreased to 7.1% (2024: 9.3%)
- **The group reported a statutory operating loss before tax of £122.4 million (2024: statutory operating profit before tax of £132.7 million).** Underlying operating profit was more than offset by adjusting items, notably a £165.0 million provision charge in relation to motor finance commissions, operating losses before tax from our rentals businesses totalling £47.5 million, and a separate £33.0 million provision for a proactive customer remediation programme initiated by the group related to early settlements of loans in the Motor Finance business
- In **Banking**, the loan book reduced 4% to £9.5 billion (31 July 2024: £9.8 billion), primarily driven by the temporary pause in UK motor lending following the Court of Appeal's judgment in October 2024, loan book moderation measures, and lower activity in some of our markets in the second half. The net interest margin remained strong at 7.2% (2024: 7.4%), as we maintained our focus on pricing discipline. Banking adjusted operating profit reduced to £198.3 million (2024: £212.9 million), due to a decline in income and a marginal increase in operating expenses
- **Profit from discontinued operations, net of tax,** was £49.2 million (2024: £5.1 million)
- **Common Equity Tier 1 ("CET1") ratio** at 13.8% (31 July 2024: 12.8%) or 14.3%, on a pro-forma basis at 31 July 2025 reflecting the benefit from the sale of Winterflood. This includes the impact of the £165.0 million provision charge in relation to motor finance commissions
- As previously outlined, 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

Guidance

Banking:

- **Loan book:** We have repositioned the business to focus on segments where we see mid to high single digit growth potential through the cycle, leaving us well positioned to benefit as the economy and demand recover
- **Net interest margin:** In the 2026 financial year, we expect the net interest margin to be slightly lower than 7%, reflecting loan book mix impacts
- **Bad debt ratio:** We expect the bad debt ratio for the 2026 financial year to remain below our long-term average of 1.2%

Group (central functions):

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

Group:

- **Costs**
  - We are committed to delivering at least c.£20 million of additional annualised savings per annum in each of the next three years. As a result, we expect the group's adjusted operating expenses to be within the £410-430 million range by the 2028 financial year
  - In the 2026 financial year, we expect to deliver c.£20 million of annualised savings. As a result, we expect the group's adjusted operating expenses to be within the £440-460 million range
- **Adjusting items**
  - We expect to incur c.£5-10 million of restructuring costs in the 2026 financial year as we implement further cost management actions
  - We expect complaints handling expenses and other operational and legal costs in relation to motor finance commissions to be in the single-digit millions in the 2026 financial year

Group (ctd.):

- **Dividends:** As previously outlined, the reinstatement of dividends will be reviewed once there is further clarity on the financial impact of the FCA review of motor finance commission arrangements
- **Capital:** In the near-term, we expect to maintain our CET1 capital ratio above our medium-term target range of 12% to 13%, based on our current assessment of the provision in respect of motor finance commissions

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.

Presentation

A virtual presentation to analysts and investors will be held today at 9.30am BST followed by a Q&A session. A webcast and dial-in facility will be available by registering at:
https://webcasts.closebrothers.com/results/2025preliminaryresults

Enquiries

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About Close Brothers

Close Brothers is a UK specialist banking group providing lending, deposit taking and securities trading. We employ approximately 3,000 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.

Basis of presentation

Results are presented both on a statutory and an adjusted basis to aid comparability between periods. Adjusted measures are presented on a basis consistent with prior periods and exclude any exceptional and adjusting items which do not reflect underlying trading performance. Current exceptional and adjusting items include customer remediation provisions, operational or legal costs incurred in relation to an event that is deemed to be adjusting, businesses that are held for sale, the Vehicle Hire business which is in wind-down, restructuring costs and amortisation of intangible assets on acquisition.

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

Chief Executive's Statement

When I took on the role of Chief Executive at the start of 2025, I set out my commitment to address the issues holding back performance and to drive the group to deliver the returns we know it can generate. Our purpose and business model remain strong: we operate in markets with long-term demand, where our specialist focus, deep customer relationships and trusted brand allow us to differentiate and win. However, in recent times, our returns have fallen short of where they should be. The combination of historical complexity, elevated costs, and recent events has highlighted the need for change. I am approaching this with urgency and a focus on execution, with a leadership team that brings the right experience to deliver.

This year, we have taken a series of decisive steps to address legacy issues and reset the business. We have strengthened our capital position in response to the motor commissions uncertainty, delivered cost actions resulting in annualised savings of around £25 million since March 2024, and simplified the group through the sale of Close Brothers Asset Management and Winterflood, the repositioning of our Premium Finance business and the disposal of our Brewery Rentals business. We have now also successfully settled the long-standing litigation issued by Novitas, allowing us to move forward and exit from this business. In addition, as part of our simplification agenda, we are announcing today our decision to exit our Vehicle Hire business, which has been loss-making in a challenging market environment and is not strategically aligned with our core specialist lending expertise. Together with the impact of declining asset values, this has resulted in an impairment charge of £30.0 million in relation to the assets of this business.

On 1 August 2025, the Supreme Court published its judgment with respect to the "Hopcraft", "Johnson" and "Wrench" cases in relation to motor commissions. We welcome the positive outcome of this judgment, which provided much-needed clarity to the industry, and now await the outcome of the FCA consultation on the design and scope of an industry-wide redress scheme. The provision charge in respect of motor finance commissions recognised in the income statement at the half year of £165.0 million has been reassessed in light of all available information and recent developments and remains unchanged.

Our wide-ranging review of the business has also required us to take other challenging, but necessary, actions. We are implementing a proactive customer remediation programme in Motor Finance, where we have identified historical deficiencies in certain operational processes in relation to the early settlement of loans. This has resulted in a separate provision of £33.0 million in the 2025 financial year.

Notwithstanding the significant impact of these actions on our near-term financial performance, I am confident that they leave the group better positioned for growth going forward, with a sharper, more focused portfolio of specialist banking businesses.

Financial Performance

We reported a statutory operating loss before tax of £122.4 million (2024: statutory operating profit before tax of £132.7 million) from continuing operations, primarily driven by adjusting items relating to motor finance commissions, including the £165.0 million provision charge and £18.7 million associated with complaints handling and other operational and legal costs. We also recognised a £33.0 million provision for the proactive customer remediation programme in Motor Finance in relation to early settlement of loans and an operating loss before tax of £47.5 million for our rentals businesses, including the £30.0 million write-down of assets in the Vehicle Hire business.

On an adjusted basis, excluding the impact of these items which do not reflect the underlying performance of our business and discontinued operations, the group's operating profit decreased 14% to £144.3 million (2024: £167.6 million), driven by a 2% decline in income and 3% increase in costs, partly offset by a 6% reduction in impairment charges.

In Banking, adjusted operating profit reduced 7% to £198.3 million (2024: £212.9 million), as a 2% reduction in income and 1% increase in costs were partly offset by lower impairment charges. The loan book declined by 4% to £9.5 billion (31 July 2024: £9.8 billion) as a result of loan book moderation measures and the temporary pause in UK motor lending following the Court of Appeal's judgment in October 2024. The net interest margin remained strong at 7.2% (2024: 7.4%) and credit performance remained resilient, with a bad debt ratio of 1.0% (2024: 1.0%), below the long-term average of 1.2%.

We maintained a strong capital, funding and liquidity position. The group's CET1 capital ratio was 13.8% at 31 July 2025, reflecting significant progress on our capital actions, and significantly above our applicable requirement of 9.7%. This includes the impact of a £165.0 million charge for the provision in relation to motor finance commissions and other adjusting items. The recently announced sale of Winterflood is expected to increase the group's CET1 capital ratio by c.55 basis points on a pro-forma basis, of which c.30 basis points will be recognised upon completion, and a further c.25 basis points is expected in due course from the reduction in operational risk weighted assets. We have raised over £1 billion of retail deposits as well as £300 million through a Motor Finance funding securitisation, supporting a continued strong funding base at £12.7 billion (31 July 2024: £13.0 billion) at 31 July 2025. We have also consciously maintained a higher level of liquidity, with a 12-month average liquidity coverage ratio ("LCR") to 31 July 2025 of 1,012% (31 July 2024: 1,034%), substantially above regulatory requirements.

Executing the next stage of our journey

With our simplification agenda now largely complete, these actions provide the foundation for the next stage of our journey: driving efficiency and capturing growth.

We have already delivered £25 million of annualised cost savings by the end of the 2025 financial year through the streamlining of our technology, suppliers, property, and workforce, and are committed to maintaining this momentum to deliver a step change in operating profitability. We will deliver at least c.£20 million of additional annualised savings per annum in each of the next three years, through further consolidation of centrally provided functions, outsourcing and offshoring, and the simplification and rationalisation of technology, including automation and the use of artificial intelligence. I will personally oversee the planning and execution of these cost initiatives, and we have mobilised senior leaders across the group to ensure execution at pace and alignment at every level.

In parallel, we are evaluating opportunities to optimise capital, funding and liquidity once the uncertainty around motor commissions is resolved.

We are confident in the enduring growth opportunity across our core markets, focusing on areas that offer attractive risk-adjusted returns. In the earlier part of the year, to preserve capital, we had to turn away attractive new business that met our credit and pricing requirements, as reflected in our loan book growth performance. This, however, demonstrates the continuing demand we believe exists in our markets.

Accordingly, we are taking steps to capture this growth opportunity. We are broadening our product offering in Property Finance, moving into larger build-to-sell loans and additional asset classes such as build-to-rent and purpose-built student accommodation; expanding distribution in Motor Finance through growth in the Irish market, and with larger partners and brokers; and have a renewed focus on growing our commercial lines business in Premium Finance. Our Commercial business is expanding into adjacent products, such as commercial mortgages, and is focused on scaling new, specialist teams such as agriculture. We intend to use our strong market positions, reputation and specialist expertise to win in the segments where we can truly differentiate and become the specialist lender of choice for SMEs in the UK and Ireland.

Together these actions set a clear path back to double-digit RoTE by the 2028 financial year, rising thereafter. We plan to provide a full update on our pathway to rising RoTE once there is clarity on the outcome of the FCA's consultation and its impact on the group, potentially early next year, or sooner depending on when clarity is achieved.

Confident in our future

This year has been about proving that change is possible and that we can move at speed. We have tackled legacy issues head-on, reshaped the portfolio, and shown that we can take decisive actions quickly, even while navigating the uncertainty around motor commissions. While a number of these actions carry an upfront financial impact, we are confident that they will leave us well positioned for the long term. The task now is to accelerate from here. With a simpler, more focused portfolio and a leadership team focused on delivery, we are positioned to reduce costs, drive growth in our core markets and improve returns. I am confident we are on the right path and that we will return this business to double-digit returns.

I want to thank all of our colleagues for their professionalism, energy and commitment throughout this period of change. Their dedication and focus have been critical in delivering these early actions and in positioning the group for the future.

Mike Morgan

Chief Executive

Historical motor finance commission arrangements

Overview of Developments in relation to Motor Finance Commissions

On 11 January 2024, the Financial Conduct Authority ("FCA") announced that it would use its powers under section 166 of the Financial Services and Markets Act 2000 to review historical motor finance commission arrangements and sales at several firms, following high numbers of complaints from customers. The review followed the Financial Ombudsman Service's ("FOS") publication of its first two decisions upholding customer complaints relating to discretionary commission arrangements ("DCAs") against two other lenders in the market.

On 25 October 2024, the Court of Appeal published its judgment in respect of Hopcraft v Close Brothers Limited ("CBL") ("Hopcraft") upholding the appeal brought against CBL. This case, which had initially been determined in CBL's favour, was heard in early July 2024 alongside two other claims against FirstRand Bank Limited ("FirstRand").

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, in which CBL successfully overturned the Court of Appeal's judgment in respect of the Hopcraft case. The Supreme Court 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 two FirstRand cases ("Wrench" and "Johnson").

On the issue in Johnson relating to unfairness under s.140A of the Consumer Credit Act 1974, 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 welcomed the outcome of the Appeal, which provided clarity on important legal and commercial principles. Following the publication of the Supreme Court's judgment, the FCA announced on 3 August 2025 its intention to launch a public consultation by early October 2025 on an industry-wide redress scheme to compensate motor finance customers who were treated unfairly.

Until the FCA confirms the design and scope of that scheme, there remains uncertainty as to the range of outcomes, and the financial impact to the group.

Provisioning Assessment in relation to Motor Finance Commissions

The provision charge in respect of motor finance commissions recognised in the income statement at the half year of £165.0 million has been reassessed in light of all available information and recent developments and remains unchanged. The ultimate cost to the group could be materially higher or lower than the provision taken and remains subject to further clarity from the FCA on the scope and design of a redress scheme.

Please refer to Note 16 "Other Liabilities" for further details on the group's provisioning assessment of this matter.

Strengthened Capital Position

In response to the motor commissions uncertainty, 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 13.8% at 31 July 2025, reflecting significant progress on our capital actions. These measures, which included no payment of the dividend, loan book moderation, cost-saving initiatives, organic capital generation, and the sale of Close Brothers Asset Management ("CBAM") (announced in September 2024 and completed in February 2025) have been successfully implemented. This resulted in over £400 million of CET1 capital generated or preserved as of 31 July 2025.

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

Impacts of Motor Finance Commissions on the Group's Financial Performance

The group's total operating expenses for this financial year were impacted by £194.0 million in direct and indirect costs associated with the motor finance commissions uncertainty, including the £165.0 million provision charge, which has been recognised as an adjusting item. In addition, the group incurred complaints handling and other operational and legal costs amounting to £18.7 million (also recognised as an adjusting item) and elevated Group (central functions) expenses related to professional and advisory fees of £10.3 million, which are temporary expenses expected to diminish once the uncertainties in relation to motor finance commissions are resolved.

As previously announced, Close Brothers temporarily paused UK motor finance lending on 25 October 2024. Lending resumed on 2 November 2024, with all channels fully operational from January 2025. Underwriting volumes have now returned to pre-pause levels, and used car finance demand remains strong and consistent with levels seen prior to the Court of Appeal judgment.

All relevant new business processes now include updated documentation to ensure customers are informed about broker relationships and commission amounts before signing credit agreements. Additionally, measures are in place to verify that credit brokers comply with these requirements.

Update on Claims and Complaints

The FCA has extended the time firms have to respond to complaints about motor finance involving both DCAs and non-DCAs until after 4 December 2025. This extension is part of a broader pause introduced to allow the FCA to complete its review into historical commission arrangements and to avoid inconsistent outcomes across the industry. Consumers now have until 29 July 2026 or 15 months from the firm’s final response to escalate complaints to the FOS.

There are a number of complaints against Close Brothers relating to motor finance commission arrangements that have been referred to the FOS for a determination. To date, no final FOS decisions have been made upholding these complaints.

Since the judgment by the Supreme Court on 1 August 2025 and the subsequent announcement by the FCA on 3 August 2025, we have seen a slight reduction in complaints from Claims Management Companies (“CMCs”) and Claims Law Firms (“CLFs”), with other channels unchanged. However, we have also seen an increase in enquiries from CMCs and CLFs, highlighting their continued interest in this matter.

We have also taken steps to enhance our operational capabilities to respond to increased complaints volumes and potential changes, such as the implementation of an industry-wide redress scheme. This included increased resourcing to manage complaints and legal expenses. In the 2025 financial year, we have incurred £18.7 million of costs associated with complaints handling and other operational and legal costs in relation to motor finance commissions. We expect these costs will be in the single-digit millions in the 2026 financial year. We continue to monitor the impact on our current handling of these complaints to ensure we have the appropriate resources to respond effectively.

Financial overview

Summary group income statement[1]

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

1. Income Statement presented includes continuing and discontinued operations. Adjusted measures are presented on a basis consistent with prior periods and exclude any exceptional and adjusting items which do not reflect underlying trading performance. Current exceptional and adjusting items include; customer remediation provisions, operational or legal costs incurred in relation to an event that is deemed to be adjusting, businesses that are held for sale, the Vehicle Hire business which is in wind-down, restructuring costs and amortisation of intangible assets on acquisition. Please refer to the Basis of Presentation on page 5 for further information.
2. Close Brewery Rentals Limited which is held for sale as at 31 July 2025. Please refer to page 24 for more detail.
3. Close Brothers Vehicle Hire business is being exited. Please refer to page 24 for more detail.
4. Discontinued operations relate to Close Brothers Asset Management and Winterflood, which have been classified as "Discontinued Operations" in the group's income statement for the 2024 and 2025 financial years in line with the requirements of IFRS 5. The related assets and liabilities are classified as held for sale on the group's balance sheet as at 31 July 2025.
5. Refer to Note 4 "Earnings per Share" for the calculation of basic and adjusted earnings per share.
6. Return on opening equity and return on average tangible equity have been restated for financial year 2024 to exclude discontinued operations.

Reconciliation from adjusted to statutory income statement

		Adjusting items reconciling adjusted to statutory performance									
Summary income statement for the year ended 31 July 2025	**Adjusted £ million**	Provision in relation to motor finance commissions £ million	Complaints handling and other operational and legal costs related to motor finance commissions £ million	Provision in relation to the BiFD review £ million	Provision in relation to early settlements in Motor Finance £ million	Restructuring costs £ million	Amortisation of intangible assets on acquisition £ million	Close Brewery Rentals Limited loss (held for sale) £ million	Close Brothers Vehicle Hire loss (in wind down) £ million	**Total adjusting items £ million**	**Statutory £ million**
Operating income	**681.2**	—	—	—	—	—	—	5.9	(27.6)	**(21.7)**	**659.5**
Operating expenses	**(445.1)**	(165.0)	(18.7)	—	(33.0)	(2.3)	(0.2)	(9.8)	(15.0)	**(244.0)**	**(689.1)**
Impairment losses on financial assets	**(91.8)**	—	—	—	—	—	—	(0.2)	(0.8)	**(1.0)**	**(92.8)**
Operating profit/(loss) before tax	**144.3**	(165.0)	(18.7)	—	(33.0)	(2.3)	(0.2)	(4.1)	(43.4)	**(266.7)**	**(122.4)**

		Adjusting items reconciling adjusted to statutory performance									
Summary income statement for the year ended 31 July 2024	**Adjusted £ million**	Provision in relation to motor finance commissions £ million	Complaints handling and other operational and legal costs related to motor finance commissions £ million	Provision in relation to the BiFD review £ million	Provision in relation to early settlements in Motor Finance £ million	Restructuring costs £ million	Amortisation of intangible assets on acquisition £ million	Close Brewery Rentals Limited loss (held for sale) £ million	Close Brothers Vehicle Hire loss (in wind down) £ million	**Total adjusting items £ million**	**Statutory £ million**
Operating income	**698.4**	—	—	—	—	—	—	6.6	8.4	**15.0**	**713.4**
Operating expenses	**(433.5)**	—	(6.9)	(17.2)	—	(3.1)	(0.2)	(8.0)	(12.9)	**(48.3)**	**(481.9)**
Impairment losses on financial assets	**(97.3)**	—	—	—	—	—	—	(0.7)	(0.9)	**(1.6)**	**(98.8)**
Operating profit/(loss) before tax	**167.6**	—	(6.9)	(17.2)	—	(3.1)	(0.2)	(2.1)	(5.4)	**(34.9)**	**132.7**

Statutory operating profit

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

Adjusted operating profit

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

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

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

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

Adjusted operating income

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

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

Adjusted operating expenses

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

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

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

Impairment charges and IFRS 9 provisioning

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

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

Whilst we have not seen a significant impact on credit performance, we continue to monitor closely the evolving impacts of inflation and cost of living on our customers. We remain confident in the quality of our loan book, which is predominantly secured or structurally protected, prudently underwritten, diverse, and supported by the deep expertise of our people. Looking forward, we expect the bad debt ratio for the 2026 financial year to remain below our long-term average of 1.2%.

Adjusting items

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

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

We incurred £18.7 million (2024: £6.9 million) of complaints handling expenses and other operational and legal costs in relation to motor finance commissions. This included increased resourcing to manage complaints and legal expenses, notably those related to the Supreme Court appeal, as well as the unwinding of the time value discount in relation to the motor finance commissions provision. This was lower than the guidance provided at the half year 2025 results of c.£22 million as we successfully deployed automation and artificial intelligence to enhance accuracy and speed in complaints handling. We expect these costs will be in the single-digit millions in the 2026 financial year.

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

Discontinued operations

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

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

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

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

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

Winterflood delivered a full year operating profit of £0.3 million (2024: loss of £1.7 million). The first half was impacted by a volatile macroeconomic environment, which was offset by a stronger performance in the second half. A goodwill impairment loss on disposal of £14.5 million was recognised on classification as held for sale, with the total loss after tax of £14.7 million (2024: loss after tax of £2.3 million). No further loss on disposal is expected to be recognised on completion of the sale in the full year 2026 financial statements.

For further information on the discontinued operations, refer to Note 23 “Discontinued operations and assets and liabilities classified as held for sale”.

Tax expense

The tax expense was £4.7 million (2024: £37.4 million). The effective tax rate for the period was (3.8)% (2024: 28.2%), including the £165.0 million provision charge (£155.7 million net of tax) in relation to motor finance commissions and the £33.0 million (£30.3 million net of tax) provision for the proactive customer remediation programme in relation to early settlement of loans in Motor Finance recognised in the financial year. Excluding the provisions, the effective tax rate would have been approximately 22%.

The effective tax rate, excluding the provisions, was below the 25.0% UK corporation tax rate for the 2025 financial year (2024: 25.0%), primarily due to tax relief on coupons on other equity instruments. Please refer to Note 3 “Taxation” for further details on the group’s taxation.

Earnings per share

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

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

Both the adjusted and basic EPS calculations include the payment of the coupon related to the Fixed Rate Resetting Additional Tier 1 Perpetual Subordinated Contingent Convertible Securities (“AT1”), at an annual rate of 11.125%, in November 2024 and May 2025, amounting to £22.3 million. The associated coupon is due semi-annually, with any AT1 coupons paid deducted from retained earnings, reducing the profit attributable to ordinary shareholders.

Dividend

Given the continued uncertainty regarding the outcome of the FCA’s review of motor finance commission arrangements and any potential financial impact, the group will not pay a final dividend on its ordinary shares for the 2025 financial year. As previously stated, the decision to reinstate dividends will be reviewed by the Board once there is further clarity on the financial impact of the FCA review of motor finance commissions.

Summary group balance sheet

	31 July 2025 £ million	31 July 2024 £ million
Loans and advances to customers and operating lease assets[1]	**9,625.7**	10,098.7
Treasury assets[2]	**2,770.4**	2,300.9
Market-making assets[3]	**—**	691.8
Assets classified as held for sale[4]	**934.0**	—
Other assets	**741.8**	989.4
Total assets	**14,071.9**	14,080.8
Deposits by customers	**8,799.3**	8,693.6
Borrowings[5]	**2,188.3**	2,339.2
Market-making liabilities[3]	**—**	631.6
Liabilities classified as held for sale[4]	**773.4**	—
Other liabilities	**575.4**	573.9
Total liabilities	**12,336.4**	12,238.3
Equity[6]	**1,735.5**	1,842.5
Total liabilities and equity	**14,071.9**	14,080.8

1. Includes operating lease assets of £166.3 million (31 July 2024: £267.9 million).
2. Treasury assets comprise cash and balances at central banks and debt securities held to support the Banking division.
3. Market-making assets and liabilities comprise settlement balances, long and short trading positions and loans to or from money brokers.
4 Assets and liabilities relating to CBRL and discontinued operation Winterflood have been classified as held for sale on the group’s balance sheet at 31 July 2025. Please refer to Note 23 "Discontinued operations and assets and liabilities classified as held for sale".
5. Borrowings comprise debt securities in issue, loans and overdrafts from banks and subordinated loan capital.
6. Equity includes the group’s £200.0 million Fixed Rate Reset Perpetual Subordinated Contingent Convertible Securities (AT1 securities), net of £2.4 million transaction costs, which are classified as an equity instrument under IAS 32.

The group maintained a strong balance sheet and continues to take a prudent approach to managing its financial resources. The fundamental structure of the balance sheet remains unchanged, with most of the assets and liabilities relating to our Banking activities. Loans and advances to customers and operating lease assets make up the majority of assets. Other items on the group's balance sheet include treasury assets and settlement balances in Winterflood which have been classified as held for sale as at 31 July 2025. Intangibles, property, plant and equipment, and prepayments are included as other assets. Liabilities are predominantly made up of customer deposits and both secured and unsecured borrowings to fund the loan book.

Total assets remained broadly stable at £14.1 billion (31 July 2024: £14.1 billion), with increases in market-making assets, classified as held for sale, and treasury assets held for liquidity purposes offset by a 5% reduction in loans and advances to customers and operating lease assets and a reduction in other assets.

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

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

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

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

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

Group Capital

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

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

Movements in capital and other regulatory metrics

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

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

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

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

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

The reduction in operational risk RWAs was primarily driven by the CBAM disposal (£225.3 million), following approval from the Prudential Regulation Authority ("PRA") for a full release of its associated operational risk RWAs.

As a result, CET1, tier 1 and total capital ratios were 13.8% (31 July 2024: 12.8%), 15.8% (31 July 2024: 14.7%) and 17.8% (31 July 2024: 16.6%), respectively.

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

The applicable CET1, tier 1 and total capital ratio requirements, including Capital Requirements Directive ("CRD") buffers but excluding any applicable PRA buffer, were 9.7%, 11.4% and 13.7%, respectively, at 31 July 2025. Accordingly, our CET1 capital ratio headroom of c.410bps is significantly above the applicable requirements, despite the impact from the £165.0 million provision charge in relation to motor finance commissions.

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

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

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

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

Capital outlook

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

Group funding[1]

	31 July 2025 £ million	31 July 2024 £ million
Customer deposits	**8,799.3**	8,693.6
Secured funding	**1,077.4**	1,205.1
Unsecured funding[2]	**1,109.4**	1,219.1
Equity	**1,735.5**	1,842.5
Total available funding[3]	**12,721.6**	12,960.3
Total available funding as a percentage of loan book[4]	**132%**	128%
Average maturity of funding allocated to loan book[5]	**18 months**	20 months

1. Numbers relate to core funding and exclude working capital facilities at the business level.
2. Unsecured funding excludes £1.5 million (31 July 2024: £55.1 million) of non-facility overdrafts included in borrowings and includes £nil (31 July 2024: £140.0 million) of undrawn facilities.
3. Includes £250.0 million of funds raised via a senior unsecured bond with a five-year tenor by Close Brothers Group plc, the group's holding company, in June 2023, with proceeds currently used for general corporate purposes.
4. Total funding as a percentage of loan book includes £207.3 million (31 July 2024: £267.9 million) of operating lease assets in the loan book figure, of which £41.0 million for Close Brewery Rentals Limited are classified as held for sale as at 31 July 2025.
5. Simple weighted average of the applicable funding allocated to the loan book. The applicable funding excludes equity (except AT1 instruments) and deducts funding held for liquidity purposes.

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

Our funding draws on a wide range of wholesale and deposit markets including several public debt securities at both group and operating company level, as well as public and private secured funding programmes and a diverse mix of customer deposits. This broad funding base reduces concentration risk and ensures we can adapt our position through the cycle.

We have maintained a prudent maturity profile, with the average maturity of funding allocated to the loan book at 18 months (31 July 2024: 20 months), ahead of the average loan book maturity at 15 months (31 July 2024: 16 months).

Total funding decreased 2% to £12.7 billion (31 July 2024: £13.0 billion), which accounted for 132% (31 July 2024: 128%) of the loan book at the balance sheet date. The average cost of funding[1] in Banking reduced marginally to 5.4% (2024: 5.6%) and we remain well positioned to continue benefiting from our diverse funding base and the strength of our Savings franchise.

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

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

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

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

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

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

Group liquidity

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

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

In light of the significant uncertainty regarding the outcome of the FCA's review of historical motor finance commission arrangements, we have consciously maintained an elevated level of liquidity, with the majority of our treasury assets held in cash and government bonds. During the year, treasury assets increased 20% to £2.8 billion (31 July 2024: £2.3 billion) and were predominantly held on deposit with the Bank of England.

We regularly assess and stress test the group's liquidity requirements and continue to materially exceed the liquidity coverage ratio ("LCR") regulatory requirements, with a 12-month average LCR to 31 July 2025 of 1,012% (31 July 2024: 1,034%). In addition to internal measures, we monitor funding risk based on the CRR rules for the net stable funding ratio ("NSFR"). The four-quarter average NSFR to 31 July 2025 was 145.9% (31 July 2024: 134.4%) driven by increased retail deposits.

Business Review

Banking

Key financials

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

Solid underlying performance with attractive growth opportunities across our businesses

Unless otherwise stated, all metrics exclude adjusting items.

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

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

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

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

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

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

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

Cost savings

Since March 2024, we have delivered £25 million of annualised cost savings through streamlining of our technology, suppliers and property, and workforce, of which c.£15 million were recognised in the 2025 financial year.[2]

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

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

We have made good progress on streamlining the workforce through the consolidation of roles across our businesses and functions, as well as through the management of vacancies, resulting in annualised savings of approximately £16 million by the end of the 2025 financial year.

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

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

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

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

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

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

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

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

Whilst we have not seen a significant impact on credit performance, we continue to monitor closely the evolving impacts of inflation and cost of living on our customers. We remain confident in the quality of our loan book, which is predominantly secured or structurally protected, prudently underwritten, diverse, and supported by the deep expertise of our people. Looking forward, we expect the bad debt ratio for the 2026 financial year to remain below our long-term average of 1.2%.

Resolution of Novitas legacy issue

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

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

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

Loan Book Analysis

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

1. Asset Finance totals exclude £165.0 million (31 July 2024: £222.4 million) of operating lease assets related to Close Brothers Vehicle Hire, which is in wind-down, and £41.0 million of operating lease assets related to Close Brewery Rentals Limited (31 July 2024: £44.5 million) which has been classified as held for sale on the group's balance sheet as at 31 July 2025.
2. The Motor Finance loan book includes £32.1 million (31 July 2024: £92.8 million) relating to the Republic of Ireland Motor Finance business, which is in run-off following the cessation of our previous partnership in the Republic of Ireland from 30 June 2022.
3 Includes operating lease assets of £1.3 million (31 July 2024: £1.0 million).

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

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

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

The Retail loan book decreased 5% to £2.9 billion (31 July 2024: £3.0 billion). Notwithstanding continued robust underlying demand, the Motor Finance loan book decreased 1% reflecting loan book moderation measures and a temporary pause in UK motor lending following the Court of Appeal's judgment in Hopcraft. We have seen good growth in our recently acquired business, Close Brothers Motor Finance Ireland, which partly offset the continued run-off of the legacy Republic of Ireland motor loan book. The Premium Finance loan book reduced by 14%, due to the competitive market environment and reduced demand for Premium Finance from some of our broker partners.

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

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

Loan book outlook

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

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

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

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

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

Banking: Commercial

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

Commercial Key Metrics Excluding Novitas

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

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

Robust performance, benefitting from growth initiatives

Commercial lends to more than 28,000 small and medium-sized enterprises through our in-house teams, where loans are originated via our direct sales force or introduced by third-party distribution channels. Asset Finance provides commercial asset financing, hire purchase and leasing solutions for a diverse range of assets and sectors. Invoice Finance works with small businesses to provide debt factoring, invoice discounting and asset based lending.

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

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

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

In addition, we have decided to exit the group's Vehicle Hire business. Performance in this business has been impacted by a challenging market backdrop, particularly post-Covid, and there is limited opportunity to deliver enhanced returns. To realise maximum value and ensure we continue to support our customers in line with contractual terms, the exit will be phased over time, with the business being managed down over the next three to five years. As a result of this decision and the recent decline in asset values in this sector, we recognised an impairment charge of £30.0 million. The Vehicle Hire business reported an operating loss before tax of £43.4 million, presented as an adjusting item in the 2025 financial statements. This includes the £30.0 million asset impairment charge, a £10.9 million underlying loss and £2.5 million impairment of intangible assets. Any future profit or loss impact of this business will be subject to, amongst other factors, market conditions and any movement in asset prices over the wind down period.

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

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

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

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

Adjusted operating income increased to £315.6 million (2024: £314.6 million) supported by a 2% uplift in the average loan balance over 12 months. Higher Novitas income was partially offset by a reduction in Asset Finance due to the impact of higher funding costs and competitive dynamics on new business margins, as well as changes in the lending mix, with larger, lower NIM, loans accounting for a greater share of new business. The net interest margin was slightly lower at 6.6% (2024: 6.7%). Excluding Novitas, the net interest margin decreased to 6.4% (2024: 6.6%).

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

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

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

Banking: Retail

	2025 £ million	2024 £ million	Change %
Operating income	**246.7**	262.4	(6)
Adjusted operating expenses	**(183.3)**	(177.3)	3
Impairment losses on financial assets	**(44.5)**	(47.2)	(6)
Adjusted operating profit	**18.9**	37.9	(50)
Adjusted operating profit, pre provisions for impairment losses	**63.4**	85.1	(25)
Adjusting items:			
Provision in relation to motor finance commissions	**(165.0)**	—	n/a
Complaints handling and other operational and legal costs incurred in relation to motor finance commissions	**(18.7)**	(6.9)	171
Provision in relation to BiFD review	**—**	(16.6)	(100)
Provision in relation to early settlements in Motor Finance	**(33.0)**	—	n/a
Restructuring costs	**(0.6)**	(0.6)	—
Amortisation of intangible assets on acquisition	**(0.2)**	(0.2)	—
Statutory operating (loss)/profit	**(198.6)**	13.6	n/a
Net interest margin	**8.3%**	8.7%	
Expense/income ratio	**74%**	68%	
Bad debt ratio	**1.5%**	1.6%	
Closing loan book[1]	**2,878.9**	3,041.9	(5)

1. The Motor Finance loan book includes £32.1 million (31 July 2024: £92.8 million) relating to the legacy Republic of Ireland Motor Finance business, which is in run-off following the cessation of our previous partnership in the Republic of Ireland from 30 June 2022.

Continued demand in Motor and a re-focused Premium business

Retail provides finance to individuals and businesses through a network of intermediaries. Motor Finance provides several products at point of sale in a dealership, or online via a broker, which allow consumers to buy vehicles from over 4,250 retailers in the UK and 650 retailers in Ireland. Premium Finance works with c.1,300 insurance brokers in the UK and Ireland and helps make insurance payments more manageable for people and businesses, by allowing them to spread the cost over fixed instalments.

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

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

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

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

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

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

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

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

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

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

Adjusted operating expenses increased 3% to £183.3 million (2024: £177.3 million), driven by Motor Finance due to higher Ireland trading costs and inflationary pressures, partially offset by a modest reduction in Premium, from lower property, technology and volume related costs. As a result, the expense/income ratio increased to 74% (2024: 68%).

Impairment charges decreased to £44.5 million (2024: £47.2 million), driven by the benefit of the improved macroeconomic outlook in both Motor and Premium. The bad debt ratio reduced to 1.5% (2024: 1.6%), with the provision coverage ratio increasing slightly to 3.2% (31 July 2024: 3.0%), driven by the reduction in the overall loan book.

Banking: Property

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

Stable performance in a challenging market, well positioned for growth

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

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

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

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

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

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

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

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

Definitions

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 Close Brothers 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

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

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

Consolidated gain on disposal: The profit or loss recognised on the sale of a subsidiary or business, calculated as proceeds received less related costs and the carrying amount of net assets and goodwill disposed

Contingent deferred consideration: A portion of the purchase price on an acquisition that is payable at a future date and is dependent on the occurrence of specified future events or conditions

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

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

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

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

Gross carrying amount: Loan book before expected credit loss provision

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 total balance sheet assets, adjusted for certain capital deductions, including intangible assets, and off-balance sheet exposures

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

Long-term bad debt ratio: Long-term bad debt ratio 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.

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

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

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

Tangible net asset value ("TNAV") per share: Total assets less total liabilities, AT1 and intangible assets, divided by the number of ordinary shares in issue excluding own shares

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

Consolidated income statement
For the year ended 31 July 2025

	Note	2025 £ million	2024[1] £ million
Interest income		**1,111.7**	1,133.2
Interest expense		**(542.9)**	(552.5)
Net interest income		**568.8**	580.7
Fee and commission income		**103.5**	104.2
Fee and commission expense		**(16.7)**	(19.8)
Other income		**118.5**	129.7
Depreciation of operating lease assets and other direct costs	10	**(84.6)**	(81.4)
Impairment of operating lease assets	10	**(30.0)**	—
Non-interest income		**90.7**	132.7
Operating income		**659.5**	713.4
Provision in relation to motor finance commissions	16	**(165.0)**	—
Complaints handling and other operational and legal costs incurred in relation to motor finance commissions	16	**(18.7)**	(6.9)
Provision in relation to early settlements in Motor Finance	16	**(33.0)**	—
Provision in relation to the Borrowers in Financial Difficulty ("BiFD") review		**—**	(17.2)
Other administrative expenses		**(472.4)**	(457.7)
Total administrative expenses		**(689.1)**	(481.8)
Impairment losses on financial assets	6	**(92.8)**	(98.9)
Total operating expenses		**(781.9)**	(580.7)
Operating (loss)/profit before tax		**(122.4)**	132.7
Tax	3	**(4.7)**	(37.4)
(Loss)/profit after tax from continuing operations		**(127.1)**	95.3
Profit from discontinued operations, net of tax	23	**49.2**	5.1
(Loss)/profit after tax		**(77.9)**	100.4
Attributable to			
Shareholders		**(100.2)**	89.3
Other equity owners	13	**22.3**	11.1
		(77.9)	100.4
From continuing operations			
Basic earnings per share	4	**(99.8)p**	56.2p
Diluted earnings per share	4	**(99.8)p**	56.1p
From continuing and discontinued operations			
Basic earnings per share	4	**(66.9)p**	59.7p
Diluted earnings per share	4	**(66.9)p**	59.5p
Interim dividend per share	5	**—**	—
Final dividend per share	5	**—**	—

1. Comparative information restated following the classification of Close Brothers Asset Management and Winterflood Securities as discontinued operations. See Notes 2 and 23.

Consolidated statement of comprehensive income
For the year ended 31 July 2025

		2025 £ million	2024 £ million
(Loss)/profit after tax		**(77.9)**	100.4
Items that may be reclassified to income statement			
Currency translation gains/(losses)		**0.5**	(0.5)
Losses on cash flow hedging		**(12.7)**	(29.8)
Losses on financial instruments classified at fair value through other comprehensive income		**(4.2)**	(3.6)
Tax relating to items that may be reclassified		**4.3**	9.8
		(12.1)	(24.1)
Items that will not be reclassified to income statement			
Defined benefit pension scheme losses		**(0.1)**	—
Other comprehensive expense, net of tax		**(12.2)**	(24.1)
Total comprehensive (loss)/income		**(90.1)**	76.3
Attributable to			
Shareholders		**(112.4)**	65.2
Other equity owners	13	**22.3**	11.1
		(90.1)	76.3

Consolidated balance sheet
At 31 July 2025

	Note	31 July 2025 £ million	31 July 2024 £ million
Assets			
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	6	**9,459.4**	9,830.8
Debt securities	7	**859.2**	740.5
Equity shares	8	**—**	27.4
Loans to money brokers against stock advanced		**—**	22.5
Derivative financial instruments		**103.1**	101.4
Intangible assets	9	**166.3**	266.0
Property, plant and equipment	10	**209.4**	349.6
Current tax assets		**44.2**	36.4
Deferred tax assets	3	**31.0**	14.3
Prepayments, accrued income and other assets		**186.6**	186.7
Assets classified as held for sale	23	**934.0**	—
Total assets		**14,071.9**	14,080.8
Liabilities			
Settlement balances and short positions	11	**—**	614.9
Deposits by banks	12	**88.1**	138.4
Deposits by customers	12	**8,799.3**	8,693.6
Loans and overdrafts from banks	12	**1.5**	165.6
Debt securities in issue	12	**1,991.3**	1,986.4
Loans from money brokers against stock advanced		**—**	16.7
Derivative financial instruments		**104.7**	129.0
Provisions	16	**210.3**	32.3
Accruals, deferred income and other liabilities		**172.3**	274.2
Subordinated loan capital	19	**195.5**	187.2
Liabilities directly associated with assets classified as held for sale	23	**773.4**	—
Total liabilities		**12,336.4**	12,238.3
Equity			
Called up share capital		**38.0**	38.0
Retained earnings		**1,532.3**	1,634.4
Other equity instrument	13	**197.6**	197.6
Other reserves		**(32.4)**	(27.5)
Total shareholders' and other equity owners' equity		**1,735.5**	1,842.5
Total equity		**1,735.5**	1,842.5
Total equity and liabilities		**14,071.9**	14,080.8

The consolidated financial statements were approved and authorised for issue by the board of directors on 30 September 2025 and signed on its behalf by:

Michael B. Morgan
Chief Executive

Fiona McCarthy
Group Chief Finance Officer

Registered number: 520241

Consolidated statement of changes in equity

For the year ended 31 July 2025

	Called up share capital £ million	Retained earnings £ million	Other equity instrument £ million	Other reserves: FVOCI reserve £ million	Other reserves: Share-based payments reserve £ million	Other reserves: Exchange movements reserve £ million	Other reserves: Cash flow hedging reserve £ million	Total attributable to shareholders and other equity owners £ million	Total equity £ million
At 1 August 2023	38.0	1,608.5	—	(2.7)	(32.0)	(1.3)	34.4	1,644.9	1,644.9
Profit for the year	—	100.4	—	—	—	—	—	100.4	100.4
Other comprehensive expense	—	—	—	(2.6)	—	(0.1)	(21.4)	(24.1)	(24.1)
Total comprehensive income for the year	—	100.4	—	(2.6)	—	(0.1)	(21.4)	76.3	76.3
Dividends paid (Note 5)	—	(67.1)	—	—	—	—	—	(67.1)	(67.1)
Shares purchased	—	—	—	—	(3.5)	—	—	(3.5)	(3.5)
Shares released	—	—	—	—	4.6	—	—	4.6	4.6
Other equity instrument issued (Note 13)	—	—	197.6	—	—	—	—	197.6	197.6
Coupon paid on other equity instrument (Note 13)	—	(11.1)	—	—	—	—	—	(11.1)	(11.1)
Other movements	—	3.7	—	—	(2.9)	—	—	0.8	0.8
At 31 July 2024	38.0	1,634.4	197.6	(5.3)	(33.8)	(1.4)	13.0	1,842.5	1,842.5
Loss for the year	—	(77.9)	—	—	—	—	—	(77.9)	(77.9)
Other comprehensive (expense)/income	—	(0.1)	—	(3.0)	—	0.1	(9.2)	(12.2)	(12.2)
Total comprehensive (expense)/income for the year	—	(78.0)	—	(3.0)	—	0.1	(9.2)	(90.1)	(90.1)
Shares purchased	—	—	—	—	(1.6)	—	—	(1.6)	(1.6)
Shares released	—	—	—	—	9.2	—	—	9.2	9.2
Coupon paid on other equity instrument (Note 13)	—	(22.3)	—	—	—	—	—	(22.3)	(22.3)
Other movements	—	(1.8)	—	—	(0.4)	—	—	(2.2)	(2.2)
At 31 July 2025	**38.0**	**1,532.3**	**197.6**	**(8.3)**	**(26.6)**	**(1.3)**	**3.8**	**1,735.5**	**1,735.5**

Consolidated cash flow statement
For the year ended 31 July 2025

	Note	2025 £ million	2024 £ million
Net cash inflow/(outflow) from operating activities	18(a)	**241.2**	(382.0)
Net cash (outflow)/inflow from investing activities			
Purchase of:			
Property, plant and equipment		**(5.3)**	(14.2)
Intangible assets – software		**(24.5)**	(30.3)
Subsidiaries, net of cash acquired	18(b)	**(0.5)**	(15.4)
Sale of:			
Equity shares held for investment		**1.8**	0.2
Subsidiaries, net of cash disposed	18(c)	**104.0**	0.9
		75.5	(58.8)
Net cash inflow/(outflow) before financing activities		**316.7**	(440.8)
Financing activities			
Purchase of own shares for employee share award schemes		**(1.6)**	(3.5)
Equity dividends paid		**—**	(67.1)
Interest paid on subordinated loan capital and debt financing		**(23.4)**	(23.4)
Payment of lease liabilities		**(12.1)**	(16.5)
Issuance of Additional Tier 1 (“AT1”) capital securities		**—**	200.0
Costs arising on issue of AT1		**—**	(2.4)
AT1 coupon payment		**(22.3)**	(11.1)
Net increase/(decrease) in cash		**257.3**	(364.8)
Cash and cash equivalents at beginning of year		**1,844.5**	2,209.3
Cash and cash equivalents at end of year	18(d)	**2,101.8**	1,844.5
Cash and cash equivalents per the balance sheet		**2,046.8**	1,844.5
Cash and cash equivalents within the assets of the disposal group classified as held for sale	23	**55.0**	—
		2,101.8	**1,844.5**

The Notes

1. Basis of preparation and accounting policies

The financial information contained in this unaudited announcement does not constitute the statutory accounts for the years ended 31 July 2025 or 31 July 2024 within the meaning of section 435 of the Companies Act 2006, but is derived from those accounts. The accounting policies used are consistent with those set out in the Annual Report 2024 with the exception of an additional policy on 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.

The financial statements are prepared on a going concern basis. Whilst the financial information has been prepared in accordance with the recognition and measurement criteria of International Financial Reporting Standards (“IFRS”), this announcement does not itself contain sufficient information to comply with IFRS.

The financial information for the year ended 31 July 2025 has been derived from the financial statements of Close Brothers Group plc for that year. Statutory accounts for 2024 have been delivered to the Registrar of Companies and those for 2025 will be delivered following the company’s Annual General Meeting. The group’s auditor, PricewaterhouseCoopers LLP, will report on the 2025 accounts: their report is expected to be unqualified, and is not expected to draw attention to any matters by way of emphasis or contain statements under Section 498(2) or (3) of the Companies Act 2006.

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.

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, 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.

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.

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 group's goodwill impairment assessment; and
- Determining the affected customers in the motor finance commissions provisioning assessment, with further judgement estimation then applied on the level of compensation and appropriate scenarios.

Information on the first two accounting judgements can be found below, while further information on the third and fourth judgements can be found in Note 16.

Significant increase in credit risk
Assets are transferred from Stage 1 to Stage 2 when there has been a significant increase in credit risk since initial recognition. Typically, the group assesses whether a significant increase in credit risk has occurred based on a quantitative and qualitative assessment, with a “30 days past due” backstop.

Due to the diverse nature of the group's lending businesses, the specific indicators of a significant increase in credit risk vary by business and may include some or all of the following factors:

- quantitative assessment: the lifetime probability of default ("PD") has increased by more than an agreed threshold relative to the equivalent at origination. Thresholds are based on a fixed number of risk grade movements which are bespoke to each business to ensure that the increased risk since origination is appropriately captured;
- qualitative assessment: events or observed behaviour indicate credit deterioration. This includes a wide range of information that is reasonably available including individual credit assessments of the financial performance of borrowers as appropriate during routine reviews, plus forbearance and watch list information; or
- backstop criteria: the "30 days past due" backstop is met.

Definition of default
The definition of default is an important building block for expected credit loss models and is considered a key judgement. A default is considered to have occurred if any unlikeliness to pay criterion is met or when a financial asset meets a "90 days past due" backstop. While some criteria are factual (e.g. administration, insolvency or bankruptcy), others require a judgemental assessment of whether the borrower has financial difficulties which are expected to have a detrimental impact on their ability to meet contractual obligations. A change in the definition of default may have a material impact on the expected credit loss provision.

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; and
- Estimate of the expected future 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.

Novitas loans

Novitas provided funding to individuals who wished to pursue legal cases. The decision was made to wind down Novitas and withdraw from the legal services financing market following a strategic review in July 2021, which concluded that the overall risk profile of the business was no longer compatible with the group's long-term strategy and risk appetite.

To protect customers in the event that their case failed, it was a condition of the Novitas loan agreements that an individual purchased an After the Event ("ATE") insurance policy which covered the loan. As previously announced, the group accelerated its efforts to resolve the issues surrounding Novitas and actively sought recovery from the customers' ATE insurers.

During the year, the group entered into settlement with two insurers. This resulted in the derecognition of net loans and advances to customers of £76.1 million from the consolidated balance sheet, comprising gross loans and advances to customers of £318.1 million and expected credit loss ("ECL") provisions of £242.0 million, resulting in a £6.7 million impairment credit, which has been recorded within impairment losses on financial assets in the consolidated income statement.

At 31 July 2025, net loans and advances to customers relating to Novitas of £nil, comprising gross loans and advances to customers of £2.8 million and ECL provisions of £2.8 million, remained on the consolidated balance sheet. These loans are expected to be closed during the next financial period.

An insurance receivable has been recognised within lending receivables, representing the amounts due from the insurers at 31 July 2025. £48.5 million was subsequently settled and received in August 2025. The insurance receivable is classified as a Stage 1 financial asset held at amortised cost under IFRS 9 with an immaterial ECL provision.

Further detail on the impairment provision is included in Note 6.

Forward-looking information
Determining expected credit losses under IFRS 9 requires the incorporation of forward-looking macroeconomic information that is reasonable, supportable and includes assumptions linked to economic variables that impact losses in each portfolio. The introduction of macroeconomic information introduces additional volatility to provisions.

In order to calculate forward-looking provisions, economic scenarios are sourced from Moody's Analytics. These cover a range of plausible economic paths that are used in conjunction with PD, EAD and LGD parameters for each portfolio to assess expected credit loss provisions across a range of conditions. An overview of these scenarios using key macroeconomic indicators is provided on pages 39 to 41. Ongoing benchmarking of the scenarios to other economic providers is carried out monthly to provide management with comfort on Moody's Analytics scenario paths.

Five different projected economic scenarios are currently considered to cover a range of possible outcomes. These include a baseline scenario, which reflects the best view of future economic events. In addition, one upside scenario and three downside scenario paths are defined relative to the baseline. Management assigns the scenarios a probability weighting to reflect the likelihood of specific scenarios, and therefore loss outcomes, materialising, using a combination of quantitative analysis and expert judgement.

The impact of forward-looking information varies across the group's lending businesses because of the differing sensitivity of each portfolio to specific macroeconomic variables.

This is reflected through the development of bespoke macroeconomic models that recognise the specific response of each business to the macroeconomic environment.

The modelled impact of macroeconomic scenarios and their respective weightings is reviewed by business experts in relation to stage allocation and coverage ratios at the individual and portfolio level, incorporating management's experience and knowledge of customers, the sectors in which they operate, and the assets financed.

This includes assessment of the reaction of the ECL in the context of the prevailing and forecast economic conditions, for example where currently higher interest rates and inflationary conditions exist compared to recent periods.

Economic forecasts have evolved over the course of 2025 and reflect the mixed external backdrop observed in the year. Forecasts deployed in IFRS 9 macroeconomic models are updated on a monthly basis. At 31 July 2025, the latest baseline scenario forecasts gross domestic product ("GDP") growth of 1.1% in calendar year 2025 and an average base rate of 4.2% across the same period. Consumer Price Index ("CPI") inflation is forecast to be 3.1% in calendar year 2025 in the baseline scenario, with 1.3% forecast in the protracted downside scenario over the same period.

At 31 July 2025, the scenario weightings were:30% strong upside, 32.5% baseline, 20% mild downside, 10.5% moderate downside and 7% protracted downside. As economic forecasts are considered to recognise developments in the macroeconomic environment appropriately, no change has been made to the weightings ascribed to the scenarios since 31 July 2024.

Given the current economic uncertainty, further analysis has been undertaken to assess the appropriateness of the five scenarios used. This included benchmarking the baseline scenario to consensus economic views, as well as consideration of an additional forecast related to stagflation, which could be considered as an alternative downside scenario.

Compared to the scenarios in use in the expected credit losses calculation, the stagflation scenario includes a longer period of higher interest rates coupled with a shallower but extended impact on GDP. Due to the relatively short tenor of the portfolios, the stagflation scenario is considered to be of less relevance than those deployed. This is supported by the fact that, due to the higher severity of recessionary factors in the existing scenarios, using the stagflation scenario instead of the moderate or protracted downside scenario would result in lower expected credit losses.

The final scenarios deployed reflect modest improvement in the UK economic outlook relative to 31 July 2024. Under the baseline scenario, UK headline CPI inflation is expected to moderate from current levels and meet the Bank of England's 2% target during the second half of 2026. Aligned to the overall downward trend in inflation from its 2022 peak, the Bank of England base rate is forecast to continue to reduce in all scenarios. House price outlook has improved across all scenarios, recognising more resilient housing market performance than previously anticipated. Unemployment rate forecasts have marginally deteriorated compared to 31 July 2024.

The tables below show economic assumptions within each scenario, and the weighting applied to each at 31 July 2025. The metrics shown are key UK economic indicators, chosen to describe the economic scenarios. These are the main metrics used to set scenario paths, which then influence a wide range of additional metrics that are used in expected credit loss models. The first tables show the forecasts of the key metrics for the scenarios utilised for calendar years 2025 and 2026. The subsequent tables show averages and peak-to-trough ranges for the same key metrics over the five-year period from 2025 to 2029.

Scenario Forecasts and Weights

	Baseline		Upside (strong)		Downside (mild)		Downside (moderate)		Downside (protracted)	
	2025	2026	2025	2026	2025	2026	2025	2026	2025	2026
At 31 July 2025										
UK GDP growth	**1.1%**	**1.0%**	**1.9%**	**3.7%**	**0.4%**	**(1.9%)**	**0.2%**	**(3.4%)**	**0.1%**	**(4.3%)**
UK unemployment	**4.7%**	**4.7%**	**4.5%**	**4.1%**	**4.8%**	**5.2%**	**5.0%**	**6.8%**	**5.1%**	**8.0%**
UK HPI growth	**3.3%**	**3.2%**	**9.9%**	**13.4%**	**0.2%**	**(2.6%)**	**(1.6%)**	**(9.2%)**	**(3.6%)**	**(16.4%)**
BoE base rate	**4.2%**	**3.2%**	**4.3%**	**3.5%**	**4.1%**	**2.4%**	**4.1%**	**1.8%**	**3.9%**	**1.3%**
Consumer Price Index	**3.1%**	**2.0%**	**3.2%**	**2.1%**	**2.1%**	**0.3%**	**1.7%**	**(0.6%)**	**1.3%**	**(1.1%)**
Weighting	**32.5%**		**30%**		**20%**		**10.5%**		**7%**	

	Baseline		Upside (strong)		Downside (mild)		Downside (moderate)		Downside (protracted)	
	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025
At 31 July 2024										
UK GDP growth	1.0%	1.2%	1.8%	3.9%	0.3%	(1.4)%	(0.1)%	(3.9)%	(0.3)%	(5.4)%
UK unemployment	4.4%	4.5%	4.2%	4.0%	4.5%	4.9%	4.7%	6.6%	4.8%	7.8%
UK HPI growth	0.7%	3.2%	7.1%	13.3%	(2.3)%	(2.6)%	(4.1)%	(9.2)%	(6.0)%	(16.4)%
BoE base rate	5.1%	4.2%	5.2%	4.4%	5.0%	3.5%	5.0%	2.9%	4.8%	2.3%
Consumer Price Index	2.5%	2.1%	2.6%	2.2%	1.6%	0.4%	1.1%	(0.5)%	0.7%	(1.0)%
Weighting	32.5%		30%		20%		10.5%		7%	

Notes:
UK GDP growth: National Accounts Annual Real Gross Domestic Product, Seasonally Adjusted – year-on-year change (%).
UK unemployment: ONS Labour Force Survey, Seasonally Adjusted – Average (%).
UK HPI growth: Average nominal house prices, Land Registry, Seasonally Adjusted – Q4-to-Q4 change (%).
BoE base rate: Bank of England base rate – Average (%).
Consumer Price Index: ONS, All items, annual inflation – Q4-to-Q4 change (%).

	Five-year average (calendar years 2025 to 2029)				
	Baseline	**Upside (strong)**	**Downside (mild)**	**Downside (moderate)**	**Downside (protracted)**
At 31 July 2025					
UK GDP growth	**1.6%**	**2.3%**	**1.1%**	**0.8%**	**0.7%**
UK unemployment	**4.7%**	**4.1%**	**4.9%**	**6.7%**	**7.6%**
UK HPI growth	**2.5%**	**4.2%**	**0.8%**	**(1.0)%**	**(3.5)%**
BoE base rate	**3.0%**	**3.1%**	**2.7%**	**2.0%**	**1.5%**
Consumer Price Index	**2.2%**	**2.3%**	**1.6%**	**1.2%**	**0.9%**
Weighting	**32.5%**	**30%**	**20%**	**10.5%**	**7%**

	Five-year average (calendar years 2024 to 2028)				
	Baseline	Upside (strong)	Downside (mild)	Downside (moderate)	Downside (protracted)
At 31 July 2024					
UK GDP growth	1.5%	2.3%	1.1%	0.6%	0.4%
UK unemployment	4.6%	4.0%	4.8%	6.6%	7.4%
UK HPI growth	2.5%	4.2%	0.9%	(1.0)%	(3.5)%
BoE base rate	3.5%	3.6%	3.2%	2.5%	2.0%
Consumer Price Index	2.1%	2.2%	1.5%	1.2%	0.8%
Weighting	32.5%	30%	20%	10.5%	7%

Notes:
UK GDP growth: National Accounts Annual Real Gross Domestic Product, Seasonally Adjusted – CAGR (%)
UK unemployment: ONS Labour Force Survey, Seasonally Adjusted – Average (%)
UK HPI growth: Average nominal house prices, Land Registry, Seasonally Adjusted – CAGR (%)
BoE base rate: Bank of England base rate – Average (%)
Consumer Price Index: ONS, All items, annual inflation – CAGR (%)

The forecasts represent an economic view at 31 July 2025, after which there have been further economic developments, including the latest base rate reduction to 4.0% at the August Monetary Policy Committee meeting. These developments, and their impact on scenarios and weightings, are subject to ongoing monitoring by management.

These periods have been included as they demonstrate the short, medium and long-term outlooks for the key macroeconomic indicators which form the basis of the scenario forecasts. The portfolio has an average residual maturity of 15 months, with 99% of loan value having a maturity of five years or less.

The tables below provide a summary for the five-year period (calendar years 2025 to 2029) of the peak-to-trough range of values of the key UK economic variables used within the economic scenarios at 31 July 2025 and 31 July 2024.

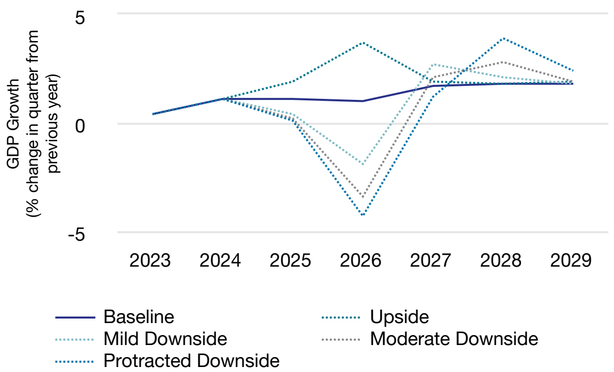
	Five-year period (calendar year 2025 to 2029)									
	Baseline		**Upside (strong)**		**Downside (mild)**		**Downside (moderate)**		**Downside (protracted)**	
	Peak	**Trough**	**Peak**	**Trough**	**Peak**	**Trough**	**Peak**	**Trough**	**Peak**	**Trough**
At 31 July 2025										
UK GDP growth	**8.2 %**	**0.7 %**	**12.3 %**	**0.7 %**	**5.7 %**	**(2.1)%**	**4.0 %**	**(3.8)%**	**3.6 %**	**(5.0)%**
UK unemployment	**4.8 %**	**4.5 %**	**4.7 %**	**3.8 %**	**5.2 %**	**4.5 %**	**7.5 %**	**4.5 %**	**8.8 %**	**4.5 %**
UK HPI growth	**13.2 %**	**1.5 %**	**27.8 %**	**1.5 %**	**4.3 %**	**(3.1)%**	**2.2 %**	**(12.6)%**	**2.2 %**	**(22.0)%**
BoE base rate	**4.6 %**	**2.5 %**	**4.6 %**	**2.5 %**	**4.6 %**	**1.8 %**	**4.6 %**	**1.0 %**	**4.6 %**	**0.6 %**
Consumer Price Index	**3.4 %**	**1.9 %**	**3.4 %**	**2.0 %**	**3.4 %**	**(0.5)%**	**3.4 %**	**(1.2)%**	**3.4 %**	**(2.1)%**
Weighting	**32.5%**		**30%**		**20%**		**10.5%**		**7%**	

	Five-year period (calendar year 2024 to 2028)									
	Baseline		Upside (strong)		Downside (mild)		Downside (moderate)		Downside (protracted)	
	Peak	Trough	Peak	Trough	Peak	Trough	Peak	Trough	Peak	Trough
At 31 July 2024										
UK GDP growth	7.7%	0.7%	11.8%	0.7%	5.5%	(1.4)%	2.8%	(4.2)%	2.2%	(6.3)%
UK unemployment	4.8%	4.3%	4.3%	3.7%	4.9%	4.3%	7.4%	4.3%	8.6%	4.3%
UK HPI growth	13.3%	0.7%	27.2%	0.7%	4.4%	(5.7)%	0.9%	(14.2)%	0.9%	(23.4)%
BoE base rate	5.3%	2.5%	5.3%	2.5%	5.3%	2.1%	5.3%	1.1%	5.3%	0.6%
Consumer Price Index	3.6%	2.0%	3.6%	2.0%	3.6%	(0.4)%	3.6%	(1.1)%	3.6%	(2.0)%
Weighting	32.5%		30%		20%		10.5%		7%	

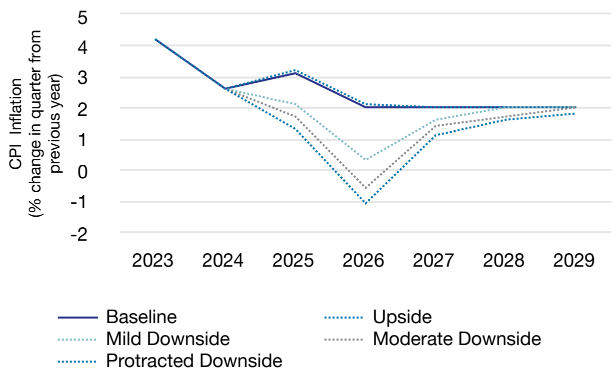
Notes:
UK GDP growth: Maximum and minimum quarterly GDP as a percentage change from start of period (%)
UK unemployment: Maximum and minimum unemployment rate (%)
UK HPI growth: Maximum and minimum average nominal house price as a percentage change from start of period (%)
BoE base rate: Maximum and minimum Bank of England base rate (%)
Consumer Price Index: Maximum and minimum inflation rate over the five-year period (%)

The following charts below represent the quarterly forecast data included in the above tables incorporating actual metrics up to 31 July 2025. The dark blue line shows the baseline scenario, while the other lines represent the various upside and downside scenarios.

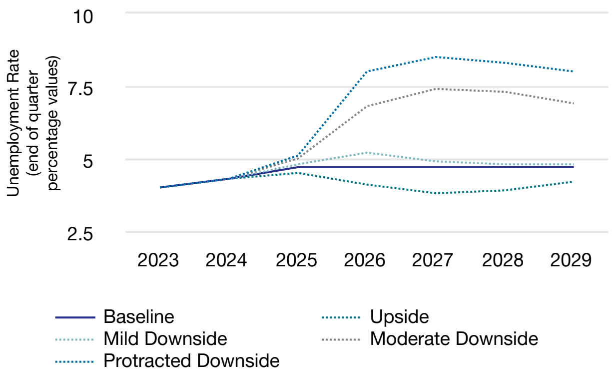
Real gross domestic product (annual % change)



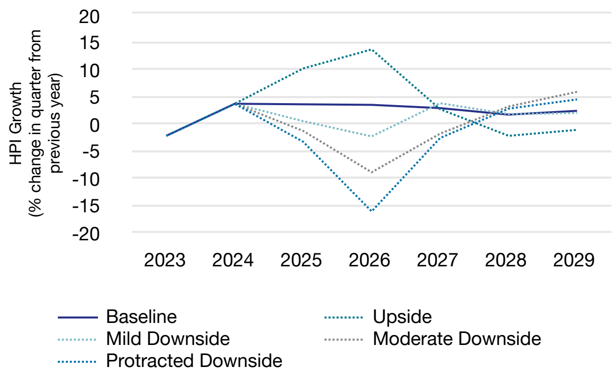
Consumer price index (annual % change)



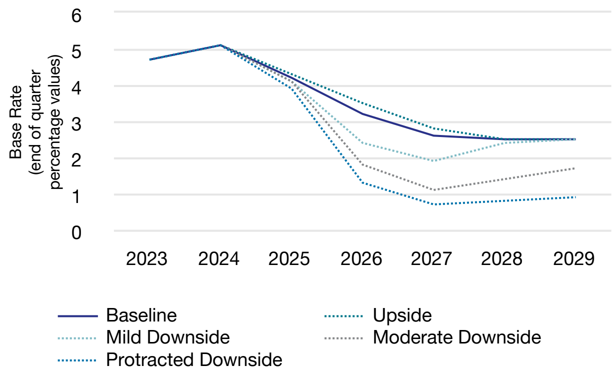
Unemployment rate (%)



House price index – current prices (annual % change)



Bank of England base rate (%)



Scenario sensitivity analysis

The expected credit loss provision is sensitive to judgements and estimations made with regard to the selection and weighting of multiple economic scenarios. As a result, management has assessed and considered the sensitivity of the provision as follows:

- For the majority of the portfolios, the modelled expected credit loss provision has been recalculated under the upside strong and downside protracted scenarios described above, applying a 100% weighting to each scenario in turn. The change in provision requirement is driven by the movement in risk metrics under each scenario and resulting impact on stage allocation.
- Expected credit losses based on a simplified approach, which do not utilise a macroeconomic model and require expert judgement, are excluded from the sensitivity analysis.
- In addition to the above, key considerations for the sensitivity analysis are set out below, by segment:
  - In Commercial, the sensitivity analysis excludes Novitas, given the low materiality of remaining provisions.
  - In Retail, the sensitivity analysis does not apply further stress to the expected credit loss provision on loans and advances to customers in Stage 3, because the measurement of expected credit losses is considered more sensitive to credit factors specific to the borrower than macroeconomic scenarios.
  - In Property, the sensitivity analysis excludes individually assessed provisions, and certain sub-portfolios which are deemed more sensitive to credit factors than the macroeconomic scenarios.

Based on the above analysis, at 31 July 2025, application of 100% weighting to the upside strong scenario would decrease the expected credit loss by £17.4 million whilst application of 100% weighting to the downside protracted scenario would increase the expected credit loss by £32.4 million, driven by the aforementioned changes in risk metrics and stage allocation of the portfolios.

When performing sensitivity analysis there is a high degree of estimation uncertainty. On this basis, 100% weighted expected credit loss provisions presented for the upside and downside scenarios should not be taken to represent the lower or upper range of possible and actual expected credit loss outcomes. The recalculated expected credit loss provision for each of the scenarios should be read in the context of the sensitivity analysis as a whole and in conjunction with the disclosures provided in note 6. The modelled impact presented is based on gross loans and advances to customers at 31 July 2025; it does not incorporate future changes relating to performance, growth or credit risk. In addition, given the change in the macroeconomic conditions, underlying modelled provisions and methodology, and refined approach to adjustments, comparison between the sensitivity results at 31 July 2025 and 31 July 2024 is not appropriate.

The economic environment remains uncertain and future impairment charges may be subject to further volatility, including from updates to macroeconomic variable forecasts impacted by sustained cost-of-living pressures, changes in fiscal policy, trade-related uncertainty (including the impact of tariffs), and ongoing geopolitical conflicts.

Use of adjustments

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. These adjustments are based on management judgements or quantitative back-testing to ensure expected credit loss provisions adequately reflect all known information. These adjustments are generally determined by considering the attributes or risks of a financial asset which are not captured by existing expected credit loss model outputs. Management adjustments are actively monitored, reviewed and incorporated into future model developments where applicable.

Macroeconomic forecasts continue to react to a range of external factors including changes in the UK's Budget, inflationary pressures, the ongoing conflict in Ukraine, and uncertainty from tariffs. In response, our use of adjustments has evolved.

In particular, adjustments were applied in the previous financial year in response to improvements in macroeconomic forecasts that resulted in releases in modelled provisions. A number of these releases were considered premature or counterintuitive by management and adjustments were made as a result. Portfolio performance has been closely monitored during the financial year under review, over which modelled provisions have increased and external forecasts have remained broadly stable. As a result, macroeconomic adjustments have gradually reduced in recognition of the portfolio and models appropriately reacting to changes in the external environment.

While macroeconomic adjustment values have decreased, the overall value of adjustments has increased since 31 July 2024 as a result of changes in the application of adjustments relating to individual customers where, in management's judgement, modelled provisions do not adequately reflect expected credit losses.

The approach to adjustments continues to reflect the use of expert management judgement which incorporates management's experience and knowledge of customers, the areas in which they operate, and the underlying assets financed.

The need for adjustments will continue to be monitored as new information emerges which might not be recognised in existing models.

At 31 July 2025, £4.0 million (31 July 2024: £(1.5) million) of the expected credit loss provision was attributable to adjustments, which reflects a combination of positive and negative adjustments depending on the adjustment purpose or model requirement. Adjustments include £2.1 million held to reflect ongoing economic uncertainty (31 July 2024: £2.4 million).

2. 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 represent the Asset Management division sold on 28 February 2025 and Winterflood shown as held for sale - see Note 23.

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 23 "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 23. 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.

	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 23

	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. See Note 23. 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 £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	Retail	Property	Group	Continuing operations	Discontinued operations	Total
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.

3. 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 2 and 23.
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.

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.

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.

4. 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 2 and 23.
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 2 and 23.

	2025 £ million	2024 £ million
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

5. 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.

6. 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%

In Commercial, the impairment coverage ratio decreased to 1.5% (31 July 2024: 5.7%), reflecting the impacts of the derecognition of net loans and advances in Novitas.

Excluding Novitas, the Commercial provision coverage ratio increased to 1.5% (31 July 2024: 1.4%) as migrations into Stages 2 and 3 offset lower new business levels during the financial year.

In Retail, the provision coverage ratio increased to 3.2% (31 July 2024: 3.0%), reflecting a continuation of macroeconomic pressures from the previous financial year which has seen higher but stable levels of arrears and forbearance in the Motor Finance business as a result of persistent cost-of-living pressures on customers.

In Property, the provision coverage ratio increased to 4.2% (31 July 2024: 3.0%), primarily as a result of migrations into Stage 3 and increased provisions for some existing impaired accounts during the financial year.

(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 1.

(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.

	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).

	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
At 31 July	**9,459.4**	9,830.8

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.

7. 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

8. 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 23 for more detail.

9. Intangible assets

	Goodwill £ million	Software £ million	Intangible assets on acquisition £ million	Group total £ million
Cost				
At 1 August 2023	142.5	333.2	50.4	526.1
Additions	8.3	28.1	7.3	43.7
Disposals	—	(12.6)	(0.3)	(12.9)
At 31 July 2024	150.8	348.7	57.4	556.9
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**
Accumulated amortisation and impairments				
At 1 August 2023	47.9	167.8	46.7	262.4
Amortisation charge for the year	—	38.9	1.4	40.3
Disposals	—	(11.4)	(0.4)	(11.8)
At 1 August 2024	47.9	195.3	47.7	290.9
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**
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 23.
2. Intangible assets relating to Winterflood Securities and Close Brewery Rentals have been reclassified to assets held for sale - see Note 23.

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 8 (31 July 2024: 9) individual cash generating units ("CGUs"). 7 (July 2024: 7) 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 23, 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 23, 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 2 "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. 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 1, determining the impact on goodwill of this matter is a critical accounting judgement. It also represents a key assumption for the Motor goodwill impairment assessment.

The value in use of Motor 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.

The Asset Finance and Leasing ("AF&L") CGU includes goodwill of £9.7 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.

10. 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 Management, L.P. on 28 February 2025 - see Note 23.
3. Property, plant and equipment relating to Winterflood Securities and Close Brewery Rentals have been reclassified to assets held for sale - see Note 23.

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 23 for further detail.

11. 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 23 for more detail.

12. 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

As outlined below, 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

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.

13. Other equity instrument

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.

14. Capital

	31 July 2025 £ million	31 July 2024 £ million
CET1 capital		
Shareholders' equity per balance sheet	**1,735.5**	1,842.5
Regulatory adjustments to CET1 capital		
Contingent convertible securities recognised as AT1 capital[1]	**(197.6)**	(197.6)
Intangible assets, net of associated deferred tax liabilities	**(176.1)**	(264.0)
Foreseeable AT1 coupon charges[2]	**(3.8)**	(3.8)
Cash flow hedging reserve	**(3.8)**	(13.0)
Pension asset, net of associated deferred tax liabilities	**(0.1)**	(0.6)
Prudent valuation adjustment	**(1.0)**	(0.8)
Securitisation positions which can alternatively be subject to a 1,250% risk weight[3]	**(11.3)**	—
IFRS 9 transitional arrangements[4]	**6.3**	12.1
CET1 capital[5]	**1,348.1**	1,374.8
Additional tier 1 capital	**200.0**	200.0
Total tier 1 capital[5]	**1,548.1**	1,574.8
Tier 2 capital - subordinated debt	**200.0**	200.0
Total regulatory capital[5]	**1,748.1**	1,774.8
RWAs		
Credit and counterparty credit risk	**8,864.4**	9,548.4
Operational risk[4]	**820.1**	1,044.5
Market risk[4]	**114.0**	108.3
	9,798.5	10,701.2
CET1 capital ratio[5]	**13.8 %**	12.8 %
Tier 1 capital ratio[5]	**15.8 %**	14.7 %
Total capital ratio[5]	**17.8 %**	16.6 %

1. The contingent convertible securities are classified as an equity instrument for accounting but treated as AT1 for regulatory capital purposes, see note 13.
2. Under CRR Article 26, a deduction for foreseeable charges has been recognised at 31 July 2025 and 31 July 2024. The deduction at 31 July 2025 reflects charges for the coupon on the group's contingent convertible securities.
3. Under CRR Article 36, a deduction for securitisations positions, which are subject to a 1,250% risk weight, but alternatively are allowed to be deducted from CET1 has been recognised at 31 July 2025. For more information on this securitisation with the British Business Bank, refer to the Group Capital section of the Financial Overview. The deduction is applicable from 31 July 2025 (31 July 2024: £nil).
4. The group has elected to apply IFRS 9 transitional arrangements for 31 July 2025, which allow the capital impact of expected credit losses to be phased in over the transitional period.
5. Shown after applying IFRS 9 transitional arrangements and the CRR transitional and qualifying own funds arrangements in force at the time. Without their application, at 31 July 2025 the CET1 capital ratio would be 13.7%, tier 1 capital ratio 15.7% and total capital ratio 17.8% (31 July 2024: CET1 capital ratio 12.7%, tier 1 capital ratio 14.6% and total capital ratio 16.5%).

The following table shows the movement in CET1 capital during the year:

	2025 £ million	2024 £ million
CET1 capital at 1 August	**1,374.8**	1,310.8
(Loss)/profit in the year attributable to shareholders	**(77.9)**	100.4
AT1 coupon charges	**(22.3)**	(15.0)
IFRS 9 transitional arrangements	**(5.8)**	(19.7)
Decrease/(increase) in intangible assets, net of associated deferred tax liabilities	**87.8**	(1.2)
Other movements in reserves recognised for CET1 capital	**2.4**	(0.8)
Other movements in adjustments from CET1 capital	**(10.9)**	0.3
CET1 capital at 31 July	**1,348.1**	1,374.8

15. Defined benefit pension scheme

During the 2023 financial year, 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. It represents a significant de-risking of the investment portfolio and hence a significant reduction in the group's long-term exposure to pension funding risk.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.

16. Other liabilities

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 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. Provisions recognised on the balance sheet of £210.3 million (31 July 2024: £32.3 million) primarily relate to the following matters.

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 of the group's 2025 Annual 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. 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.

18. 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.

19. Fair value of financial assets and liabilities

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.

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.

The instruments included within the three levels, the valuation methodologies and the most significant inputs are consistent with those described in Note 26 of the 2024 Annual Report. 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.

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).

20. Additional support for customers

Forbearance

Forbearance occurs when a customer is experiencing 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. This arrangement can be temporary or permanent, depending on the customer's circumstances. The Banking division reports on forborne exposures as either performing or non- performing in line with regulatory requirements. A forbearance policy is maintained to ensure the necessary processes are in place to enable consistently fair treatment of all customers and that each is managed based on their individual circumstances. The arrangements agreed with customers will aim to create a sustainable and affordable financial position, thereby reducing the likelihood of suffering a credit loss. The forbearance policy is periodically reviewed to ensure it remains effective.

The Banking division offers a range of concessions to support customers which vary depending on the product and the customer's status. Such concessions include grace periods/payment moratoria, extensions of the loan term, and refinancing.

Loans are classified as forborne at the time a customer in financial difficulty is granted a concession and the loan will remain treated and recorded as forborne until the following exit conditions are met:

- the loan is considered as performing and there is no past-due amount according to the amended contractual terms;
- a minimum two-year probation period has passed from the date the forborne exposure was considered as performing, during which time regular and timely payments have been made; and
- none of the customer's exposures with Close Brothers are more than 30 days past due at the end of the probation period.

At 31 July 2025, the gross carrying amount of exposures with forbearance measures was £406.1 million (31 July 2024: £363.8 million). The key drivers of this increase have been higher forbearance in Motor Finance, reflecting continued macroeconomic challenges and enduring cost of living pressures on customers, and project-specific issues in our Property business.

An analysis of forborne loans is shown in the table below:

	31 July 2025	31 July 2024
Gross loans and advances to customers (£ million)	**9,709.1**	10,276.6
Forborne loans (£ million)	**406.1**	363.8
Forborne loans as a percentage of gross loans and advances to customers (%)	**4.2 %**	3.5%
Provision on forborne loans (£ million)	**113.8**	89.4
Number of customers supported	**15,882**	13,166

The following is a breakdown of forborne loans by segment:

	31 July 2025 £ million	31 July 2024 £ million
Commercial	**112.9**	118.5
Retail	**50.6**	42.8
Property	**242.6**	202.5
Total	**406.1**	363.8

The following is a breakdown of the number of customers supported by segment:

	31 July 2025 Number of customers supported	31 July 2024 Number of customers supported
Commercial	**948**	839
Retail	**14,880**	12,275
Property	**54**	52
Total	**15,882**	13,166

Following review, the concession types reported below have been updated from those used in the Annual Report 2024 to align to the broader list of concessions used in regulatory reporting. This change has been made to support consistency with regulatory frameworks and improve ease of interpretation. The majority of concessions shown as "Other forbearance measures" relates to agreements where collections and recoveries activity has been deferred.

The following is a breakdown of forborne loans by concession type, based on the updated approach:

	31 July 2025 £ million	31 July 2024[1] £ million
Grace period/payment moratorium	**136.3**	147.0
Extension of maturity/term	**139.5**	98.8
Rescheduled payments	**32.7**	28.0
Debt forgiveness	**0.2**	—
Other forbearance measures	**97.4**	90.0
Total	**406.1**	363.8

1 Comparatives have been updated to align to the expanded concession type categories used in this financial year's reporting.

Government lending schemes

Since the pandemic period, following accreditation, customers have been offered facilities under various UK and Irish government-introduced loan schemes, thereby enabling the Banking division to maximise its support to small businesses. At 31 July 2025, there are 3,350 (31 July 2024: 4,112) remaining facilities, with residual balance of £461.6 million (31 July 2024: £543.0 million) following further repayments across the Commercial businesses.

The Banking division maintains a regular reporting cycle of these facilities to monitor performance. To date, a number of claims have been made and payments received under the government guarantee.

21. Interest rate risk

The group recognises three main sources of IRRBB which could adversely impact future income or the value of the balance sheet:

- repricing risk – the risk presented by assets and liabilities that reprice at different times;
- embedded optionality risk – the risk presented by contractual terms embedded into certain assets and liabilities; and
- basis risk – the risk presented by a mismatch in the reference interest rate for assets and liabilities.

IRRBB is assessed and measured on a behavioural basis by applying key behavioural and modelling assumptions including, but not limited to, those related to fixed rate loans subject to prepayment risk, the behaviour of non-maturity assets and liabilities, the treatment of own equity, and the expectation of embedded interest rate options. This assessment is performed across a range of regulatory prescribed and internal interest rate shock scenarios approved by the bank's Asset and Liability Committee.

Two measures are used for measuring IRRBB, namely Earnings at Risk ("EaR") and Economic Value ("EV"):

- EaR measures short-term impacts to earnings, highlighting any earnings sensitivity, should interest rates change unexpectedly.
- EV measures longer-term earnings sensitivity, highlighting the potential future sensitivity of earnings, and any risk to capital, should interest rates change unexpectedly

No material exposure exists in the other parts of the group, and accordingly the analysis below relates to the Banking division and company.

EaR impact

The table below sets out the assessed impact on group net interest income over a 12-month period from interest rate changes. The results shown are for an instantaneous and parallel change in interest rates at 31 July 2025:

	31 July 2025 £ million	31 July 2024 £ million
0.5% increase	**2.1**	0.1
2.5% increase	**10.1**	0.5
0.5% decrease	**(2.1)**	(0.1)
2.5% decrease	**(9.3)**	(0.8)

The group also monitors any potential earning exposure from basis mismatches between its lending and funding activities on a monthly cadence. To provide a clearer assessment of the group's exposure to interest rate changes, basis risk is excluded from the EaR numbers.

The group's EaR at 31 July 2025 reflects its policy to ensure exposure to interest rate shocks is managed within the group's risk appetites and the group's strategy to manage and minimise interest rate risk, to that required to operate efficiently. The EaR measure is a combination of the group's repricing profile and the embedded optionality risk, of which the latter is negligible in the current interest rate environment.

Earnings at Risk changed from (£0.1) million as at 31 July 2024, to (£2.1) million at 31 July 2025, for a 0.5% reduction in interest rates. This reflects the group's decision to maintain a higher level of liquidity in light of the uncertainty regarding the FCA's review of motor finance commission arrangements, noting that for liquidity holdings, earnings reduce when interest rates fall.

EV impact

The table below sets out the assessed impact on group EV, which measures the potential change in the balance sheet value following an instantaneous and parallel change in interest rates at 31 July 2025:

	31 July 2025 £ million	31 July 2024 £ million
0.5% increase	**1.0**	3.5
2.5% increase	**4.8**	17.2
0.5% decrease	**(0.9)**	(3.5)
2.5% decrease	**(0.3)**	(14.4)

The group's EV at 31 July 2025 reflects its policy to ensure exposure to interest rate shocks is managed within the group's risk appetites, and the group's strategy to manage and minimise interest rate risk, to that required to operate efficiently. The EV measure is a combination of the repricing profile and the embedded optionality. Economic Value at 31 July 2025, improved to (£0.9) million for a 0.5% decrease in interest rates due to the Group bond being closer to maturity, and more active group hedging.

For a 2.5% decrease in interest rates, Economic Value benefitted from the interest rate floors embedded in some of the customer loans.

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

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. 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.

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 24. 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**

24. 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 23, the business was classified as held for sale at 31 July 2025. The completion of this sale, which resulted in an immaterial gain, is a non-adjusting event under the requirements of IAS 10 "Events after the reporting period".

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”. 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 this announcement and 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 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.

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