Close Brothers Group plc
Half Year Results 2025

18 March 2025

Close Brothers
Modern Merchant Banking

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Agenda

01

Introduction and CEO Priorities

Mike Morgan, Group chief executive

Focused on resilience and long-term growth

Core business strength

Robust underlying profit in Banking. Results impacted by provision in relation to motor finance commissions

Customer focus and underwriting discipline

Continued to support customers, maintaining a strong margin and resilient credit quality

Cost savings

Now expecting to deliver total annualised savings of c.£25 million by end of FY 25

Strategic sale completed

Estimated profit on disposal of CBAM of c.£60 million. Expected benefit to CET1 capital ratio of c.120bps to 13.4%

Stronger capital position

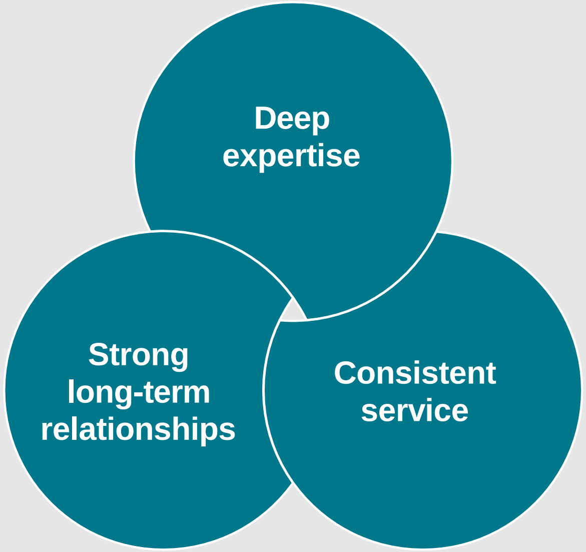
Approximately £360 million of CET1 capital has been generated or preserved through management actions

Focused on resilience and long-term growth

Making strategic choices to strengthen the business while navigating the environment with confidence

Building on our strong foundations

The distinctive strengths of our banking model



Disciplined and long-term approach, with a strong historical track record

- Disciplined underwriting and pricing through the cycle
- Quality loan book, predominantly secured, prudently underwritten and diverse
- Strong balance sheet, with a diverse funding base and prudent approach to liquidity management
- Diversified portfolio of banking businesses
- A distinctive culture

Supported by our customer-centric approach

92%
Asset Finance CSAT[1]

+98
Property Finance NPS[2]

+72
Motor Finance dealer NPS[2]

+82
Savings online CSAT[1]

Note: 1. Customer satisfaction score. 2. Net promoter score.

Making strategic choices for the long term

Simplify

Sharpening our focus on our ongoing business

Evaluating lending mix and portfolios to maximise returns

Optimise

Review initiated to drive a step-change in operational efficiency and cost reduction

Focus on simplification and modernisation of technology platforms, leveraging offshore capabilities and cost transformation of centrally provided services

Grow

Attractive opportunities across our markets. Actively evaluating ways to drive growth within Banking

Committed to markets offering attractive and sustainable risk adjusted returns

Strong and sustainable returns

Delivering on our capital actions

Approximately £360 million of CET1 capital generated or preserved as a result of management actions, as of 31 January 2025[1]

+ c.£100m FY 24 dividend cancellation

+ c.£90m RWA optimisation

+ c.£120m CBAM sale

+ c.£50m H1 25 retained earnings pre-provision

Additional potential RWA optimisation opportunities and potential earnings retention[2]

Notes:
1. Relative to the capital trajectory projected at the time of our Half Year 2024 results announcement in March 2024, prior to any management actions.
2. The group continues to evaluate additional potential RWA optimisation opportunities to maintain resilience and flexibility, including a potential risk transfer of assets in Motor Finance and other portfolios, a continuous review of our businesses and portfolios and other tactical actions. The reinstatement of dividends will be reviewed once there is further clarity on the financial impact of the FCA review of historical motor finance commission arrangements and the Supreme Court appeals.
3. Reflects the estimated CET1 benefit from CBAM sale of c.120 basis points based on financials as at 31 January 2025 on a pro-forma basis, with the group's CET1 capital ratio increasing from 12.2% to 13.4%.

Well placed to navigate the current environment with confidence

- **Pro-forma CET1 capital ratio of 13.4% as at 31 Jan 2025 vs. applicable requirement of 9.7%[3]**
- **Expect to maintain CET1 capital ratio around top end of 12-13% medium-term target range in the near-term**
- **Resuming selective loan book growth, subject to demand**
- **Evaluating additional potential RWA optimisation opportunities**

Motor finance commissions update

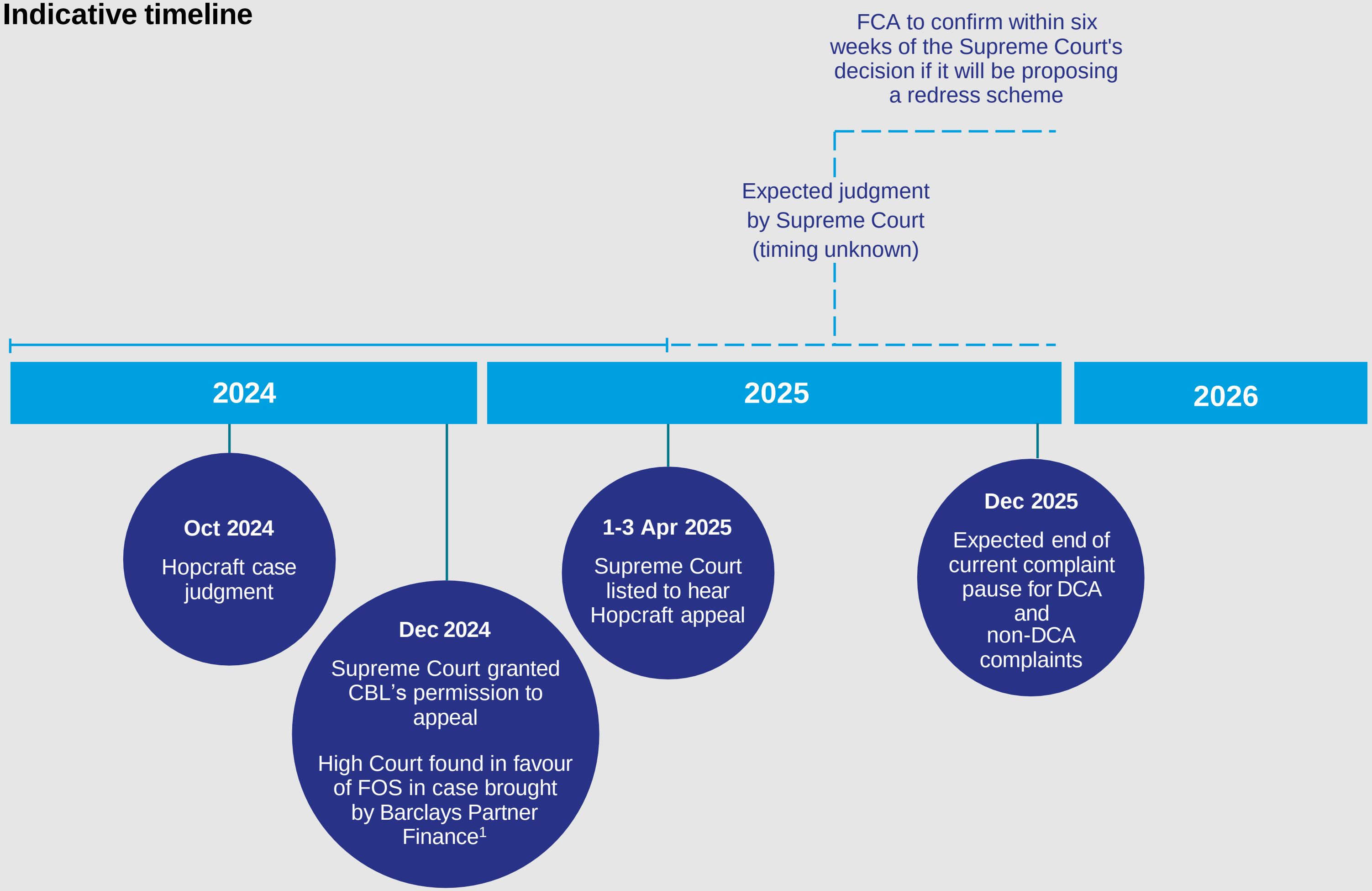
£165 million provision taken in H1 25 following a thorough assessment

Well placed to absorb the impact of the provision in relation to motor finance commissions

Significant uncertainty in relation to the potential financial impact of motor finance commissions

Focused on advancing our strong core business

Indicative timeline



Notes:
1. The King on the application of Clydesdale Financial Services Limited v Financial Ombudsman Service Limited, case reference [CA-2025-000102] is due to be listed on a date on or before 8 December 2025.

02

Financial Update

Fiona McCarthy, Group chief finance officer

Overview of financial performance

Adjusted operating profit ("AOP") of £75 million; RoTE of 7.4%

Operating loss before tax of £103 million, mainly driven by £165 million provision in relation to motor finance commissions

Strong capital, funding and liquidity positions, with pro-forma CET1 capital ratio of 13.4%

Delivered robust underlying profit in Banking of £104 million

Loan book down 3% reflecting seasonality and selective lending. Strong net interest margin at 7.3% and resilient credit quality

Market conditions remained unfavourable in Winterflood;
WBS AuA increased to £17.5 billion

Provisioning assessment in relation to motor finance commissions

£165 million provision in H1 25 relating to motor finance commissions

Significant uncertainty on outcomes from Supreme Court appeals and FCA's ongoing review of motor finance commissions

Provision is a best estimate based on available information and recent developments

Well placed to absorb the impact of the provision; CET1 capital ratio reduced by c.150 bps from 13.7% to 12.2% at 31 January 2025

Provision methodology overview

Potential outcomes

- Outcome of Supreme Court appeals
- Outcome of FCA's ongoing review of motor finance commissions

Key estimates and assumptions

- Commission models in scope
- Commission rates in scope
- Time periods in scope
- Response and uphold rate
- Potential operational and legal costs per case
- Potential remediation

Best estimate approach

- Estimated provision based on probability weighted scenarios

Temporary impacts of motor finance commissions on costs

Group total operating expenses[1]

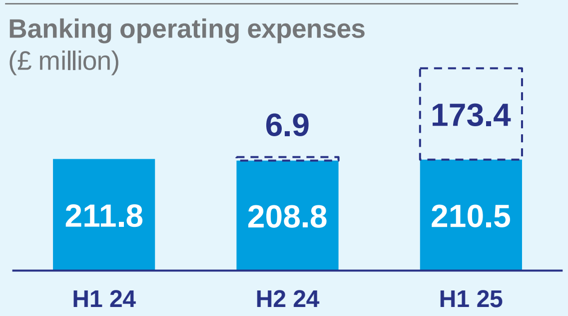
- Temporary costs related to motor finance commissions
- BAU costs
- Adjusting items related to motor finance commissions (incl. £165 million provision)

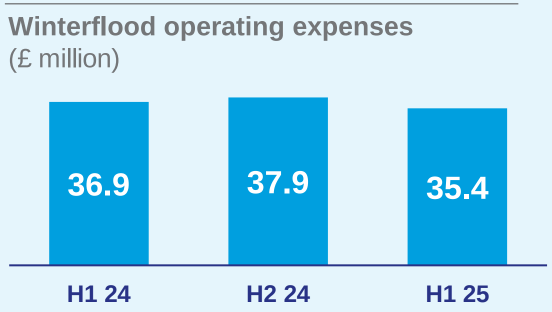
Temporary costs in relation to motor commissions

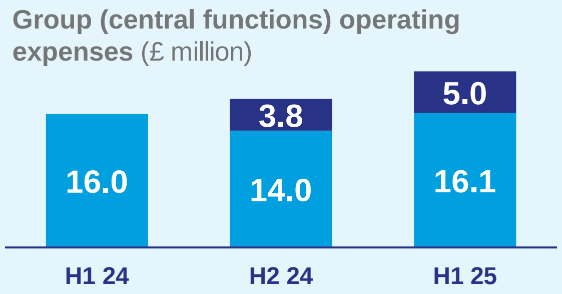
- Professional and advisory fees
- Complaints handling, other operational and legal costs
- Expected to fall away once the motor commissions uncertainty has been resolved

BAU costs

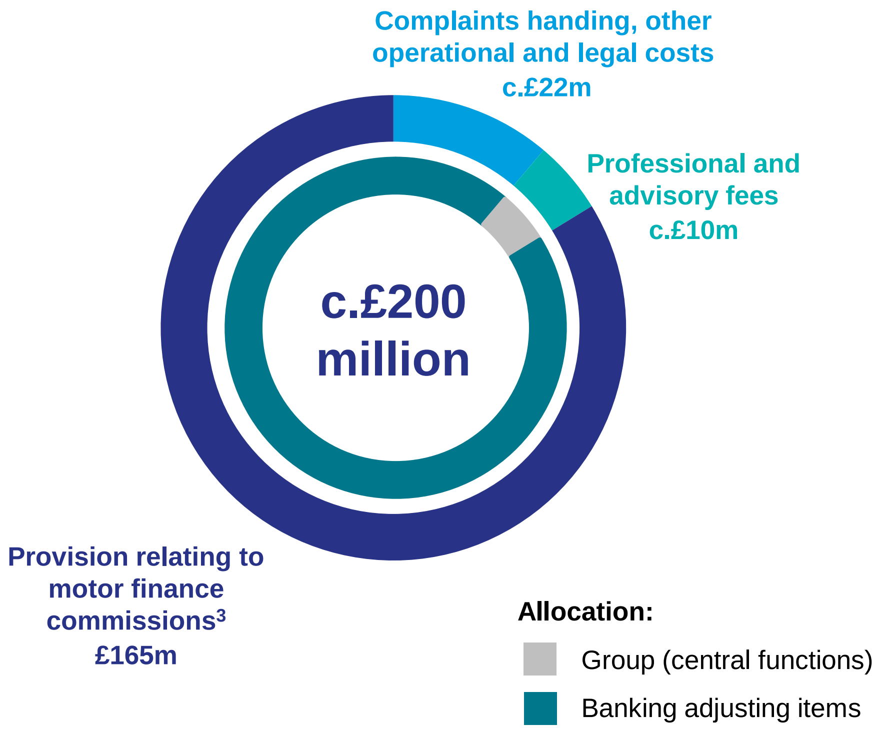
- c.£25 million of savings to be delivered in Banking by the end of FY 25[2]
- Committed to executing further cost savings
- Review initiated to drive a step-change in operational efficiency and cost reduction across Banking and Group (central functions)







Estimated overall impact on Group total operating expenses in FY 25 and allocation



Notes:
1. Including the impact of adjusting items which do not reflect the underlying performance of our business.
2. Excludes costs to achieve. We expect to incur £2-3 million of restructuring costs in the 2025 financial year as we continue to implement cost management actions to improve future efficiency.
3. There remains significant uncertainty as to the range of outcomes from the Supreme Court appeals and the FCA's ongoing review of motor finance commissions and, therefore, the ultimate cost to the group could be materially higher or lower than the provision taken.

Income statement – Excluding discontinued operations

Robust income, with a marginal decline in Banking and lower Group (central functions) interest income

Adjusted operating expenses up slightly, as cost savings were offset by higher Group (central functions) expenses

Resilient credit performance; higher impairment charges driven by ongoing review of provisions and coverage; compares to a relatively low charge in the comparative period

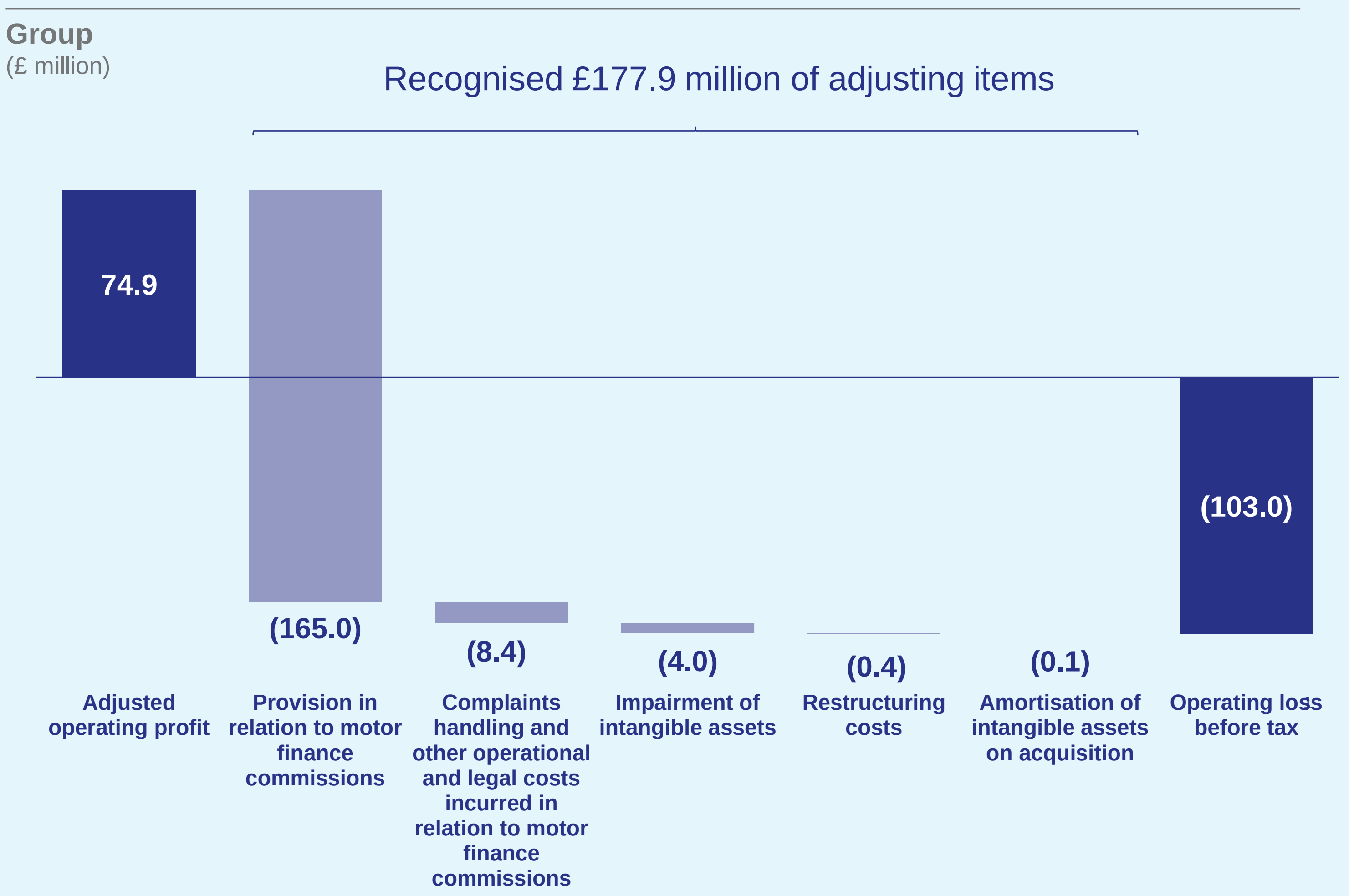
AOP of £74.9 million

Operating loss before tax of £103.0 million mainly driven by £165.0 million provision in relation to motor finance commissions

£ million	**H1 2025**	H1 2024	**Change %**
Operating income	390.0	394.5	(1)
Adjusted operating expenses	(267.0)	(264.7)	1
Impairment losses	(48.1)	(41.7)	15
Adjusted operating profit	**74.9**	88.1	(15)
Banking	*104.1*	*111.7*	*(7)*
Winterflood	*(0.8)*	*(2.6)*	*(69)*
Group (central functions)	*(28.4)*	*(21.0)*	*35*
Adjusting items	***(177.9)***	-	*n/a*
Operating (loss)/profit before tax[1]	**(103.0)**	88.1	(217)
Effective tax rate ("ETR")[2]	(8.8%)	26.7%	
Adjusted EPS (continuing operations)	30.9p	43.4p	
Dividend per share	-	-	

Notes:
1. Statutory operating loss in the first half 2025 of £(103.8) million excludes £0.8 million of intercompany transactions relating to discontinued operations.
2. Excluding the £165.0 million provision the effective tax rate is approximately 24%.

Adjusting items



Notes:
1. Statutory operating loss in the first half 2025 of £(103.8) million excludes £0.8 million of intercompany transactions relating to discontinued operations.

£165.0 million provision in relation to motor finance commissions

- Covers estimated potential operational and legal costs and potential remediation for affected customers

£8.4 million for operational and legal costs incurred in relation to motor finance commissions

- Includes increased resourcing to manage complaints and legal expenses
- Expect c.£22 million of costs in FY 25, including Supreme Court appeals costs

£4.0 million of impairment of intangible assets

- Relates to carrying value of goodwill and software in the Vehicle Hire and Brewery Rentals businesses

£0.4 million of restructuring costs

- Primarily relate to redundancy and associated costs
- Expect £2-3 million of restructuring costs in FY 25

Our Banking businesses

	Banking excl. Novitas	**Commercial** excl. Novitas	**Retail**	**Property**
Change in income	**(1)%**	**(3)%**	**(2)%**	**6%**
Loan book (year-on-year growth)	**£9.8bn** (-1%)	**£5.0bn** (0%)	**£2.9bn** (-5%)	**£1.9bn** (+5%)
Net interest margin	**7.2%** (H1 24: 7.5%)	**6.3%** (H1 24: 6.7%)	**8.7%** (H1 24: 8.7%)	**7.1%** (H1 24: 7.3%)
Change in adjusted operating expenses	**(1)%**	**0%**	**(2)%**	**(1)%**
Bad debt ratio	**1.0%** (H1 24: 0.8%)	**0.6%** (H1 24: 0.5%)	**1.6%** (H1 24: 1.5%)	**0.9%** (H1 24: 0.6%)
Adjusted operating profit	**£102m** (H1 24: £112m)	**£43m** (H1 24: £51m)	**£17m** (H1 24: £19m)	**£42m (**H1 24: £42m)
Statutory operating (loss)/profit[1]	**£(74)m** (H1 24: £112m)	**£41m** (H1 24: £51m)	**£(157)m** (H1 24: £19m)	**£42m** (H1 24: £42m)

Notes:
1. Statutory operating profit post-adjusting items and pre-tax includes Novitas for Banking and Commercial.

Loan book decline as we lend selectively

Selectively lending to optimise RWAs

Loan book decreased 3% (2% excluding businesses in run-off)

Key drivers: selective lending and seasonality in Invoice and Premium Finance

Robust demand: c.£3.5 billion in new business underwritten in H1 25

Outlook

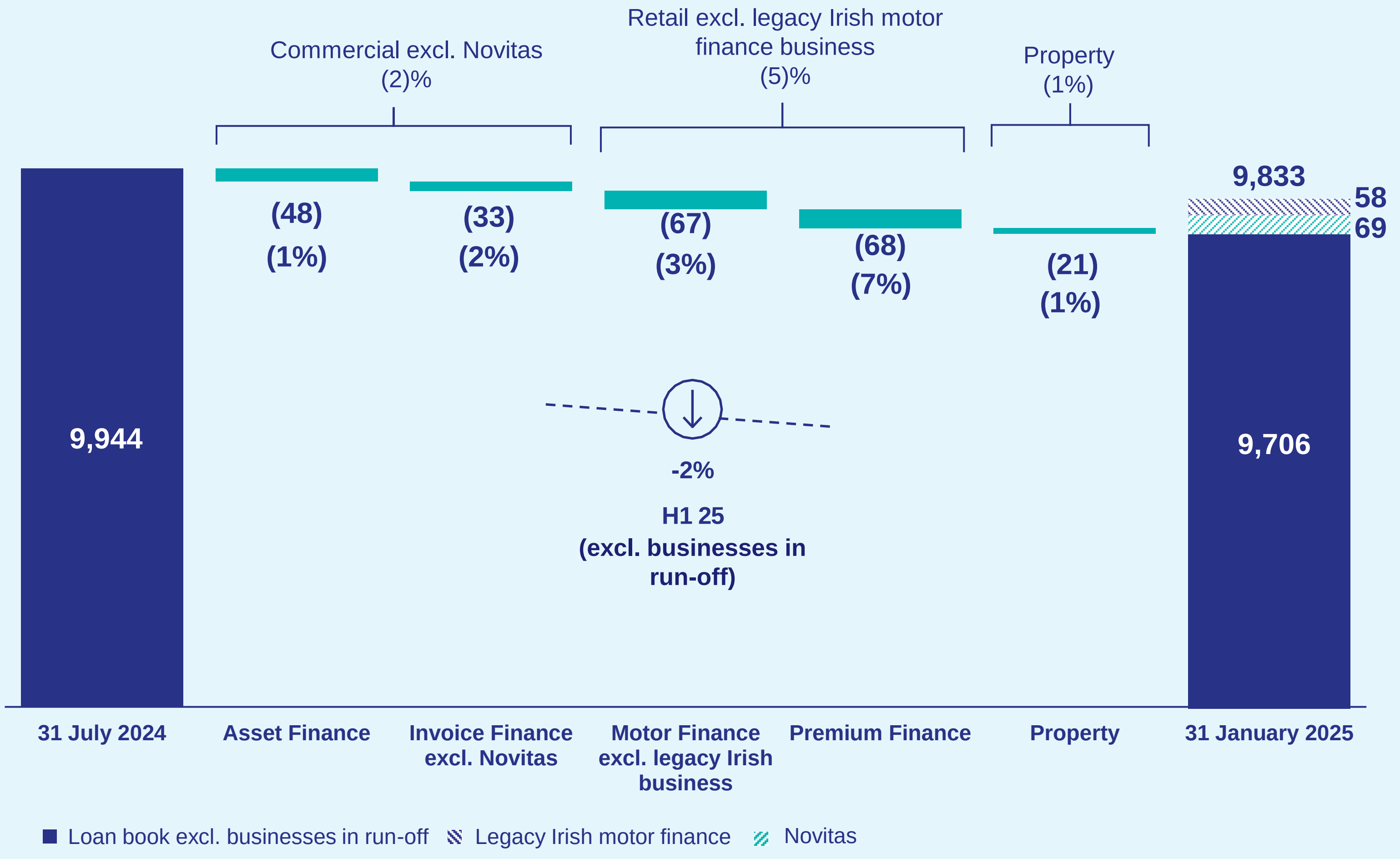
We will resume selective loan book growth, subject to demand

Expect modest growth in H2 25

Loan book at 31 July 2025 expected to remain broadly flat year-on-year

Notes:
1. Includes operating lease assets of £263.6 million (31 July 2024: £267.9 million).
2. The Motor Finance loan book includes £58.0 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.
3. Numbers may not cast due to rounding.

Loan book movement by business[1,2,3]
(£ million)



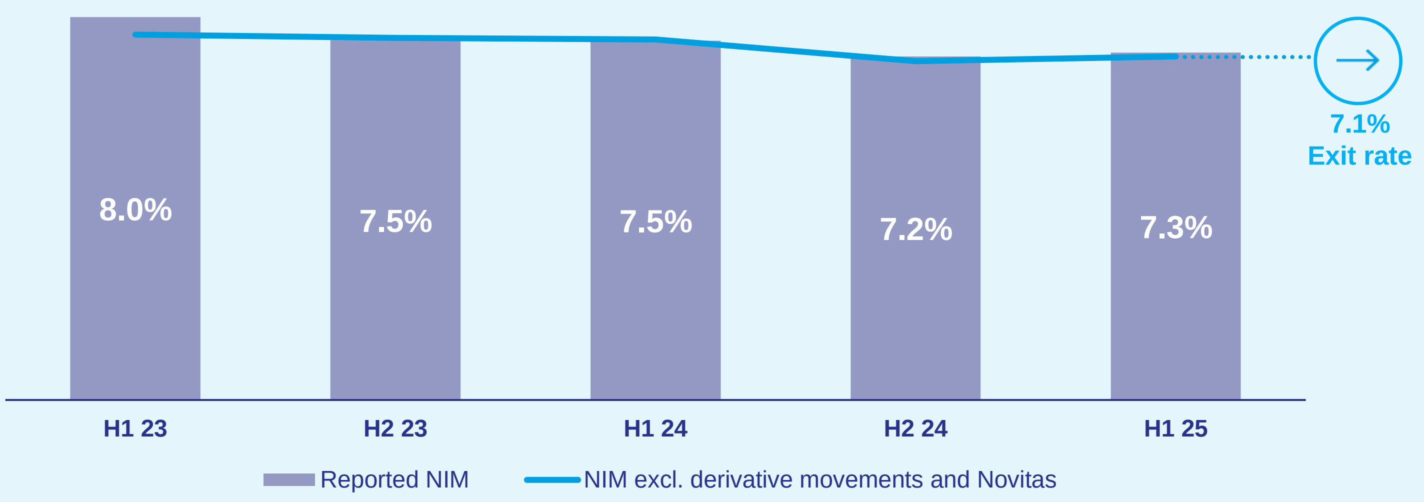
Strong net interest margin at 7.3% (7.2% underlying)

Expect the full-year net interest margin to be around 7%, slightly below the H1 exit rate of 7.1%

Key drivers:

- Competitive pressure on new business margins
- Evolving loan book mix (growth in larger, lower margin loans with attractive returns)
- Lower day count in H2

Net interest margin



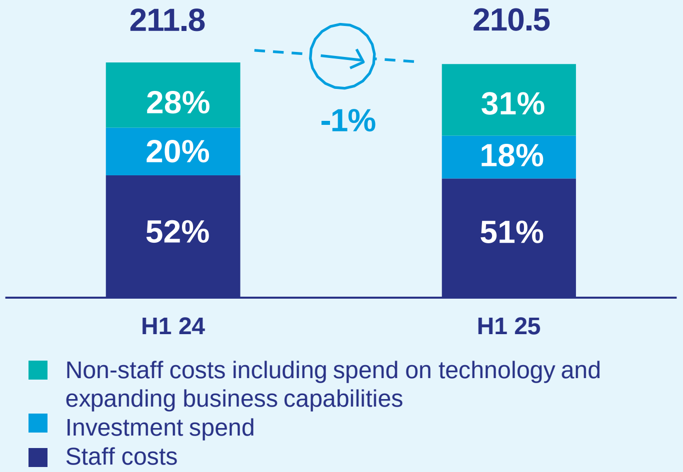
H1 25 underlying NIM reduction (YoY)

- c.35bps reduction (excluding Novitas income and favourable derivatives movements)
- Key drivers: margin pressures on new business due to higher funding costs for SMEs

Banking costs: progress on costs savings but more required

H1 25 Banking cost drivers

Banking adjusted operating expenses[1]
(£ million)

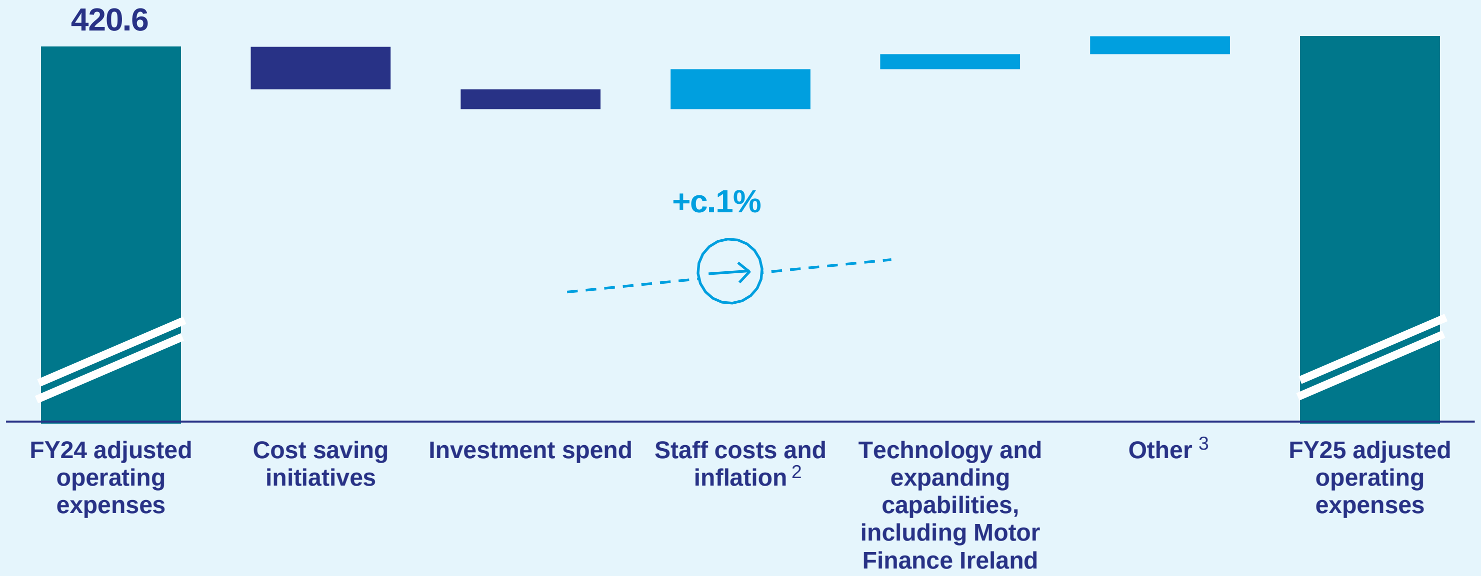


Drivers of cost reduction

- Initial benefits from cost management initiatives
- Cost savings of c.£6 million on BAU staff costs
- Reduction in investment spend, compared to elevated level in H1 24
- Partly offset by wage inflation and costs on technology and expanding capabilities

FY 25 Banking cost drivers

Banking adjusted operating expenses in the 2025 financial year expected to increase by c.1%[1]
(£ million)



Annualised savings of c.£25 million to be delivered by end of FY 25[4]

- Significant progress on implementation of cost management initiatives
- Total annualised savings of c.£25 million, up from £20 million

Notes:
1. Excludes the impact of adjusting items which do not reflect the underlying performance of our business. Charts not to scale.
2. Excludes staff costs directly relating to investment or expanding capabilities expenditure.
3. Costs related to Novitas are included within 'Other'.
4. Of the c.£25 million in annualised savings, we expect c.£17 million to be recognised in the 2025 Full Year income statement. Excludes costs to achieve. We expect to incur £2-3 million of restructuring costs in the 2025 financial year as we continue to implement cost management actions to improve future efficiency.

Focused on improving future cost efficiency in Banking

1 Technology

Initiated in 2023, second phase ongoing

Areas of focus

- Simplification and modernisation of application estate
- Consolidation and increased use of outsourcing partners

Achievements

- Migration to Cloud underway – reducing costs and increasing flexibility
- Cumulative reduction in technology headcount of c.30% since FY 23
- Cumulative c.120 IT applications and c.26% servers decommissioned from our technology estate

2 Suppliers & Property

Initiated in 2024, ongoing

Areas of focus

- Rationalisation of supply chain
- Reduction in suppliers and consumption of services
- Reduction of property footprint

Progress update

- Exited two of our London premises with the removal of c.800 desks
- Consolidation underway elsewhere across the UK
- Expect to reduce Banking property footprint by c.33% by end FY 25
- Improved commercial outcomes with strategic supply partners, rationalising supply base
- Prudently using offshore services

3 People

Initiated in 2024, ongoing

Areas of focus

- Adjusting our workforce to support efficiency and effectiveness

Progress update

- Continued to streamline the workforce, through consolidation of roles across businesses and functions and management of vacancies

4 Potential cost levers

Committed to executing further cost initiatives to deliver a step-change in operational efficiency

Future cost levers include:

- Further consolidation and rationalisation of centrally provided functions
- Further selected outsourcing and offshoring through strategic partners
- Further technology simplification and rationalisation
- Targeted investment in new technologies to augment our business model, including automation and AI

Ongoing cost management actions expected to deliver c.£25 million of savings by end of FY 2025

Potential cost levers being considered as part of operational efficiency review initiated

Resilient credit performance

Stable bad debt ratio at 1.0%

£48 million of impairment charges driven by:

- Ongoing provisions and coverage review across loan portfolios
- Single name provisions in Property
- Impacts of macroeconomic forecast updates[1] in Motor Finance
- Compares to relatively low charge in H1 24

No significant impact of external environment on credit performance at this stage

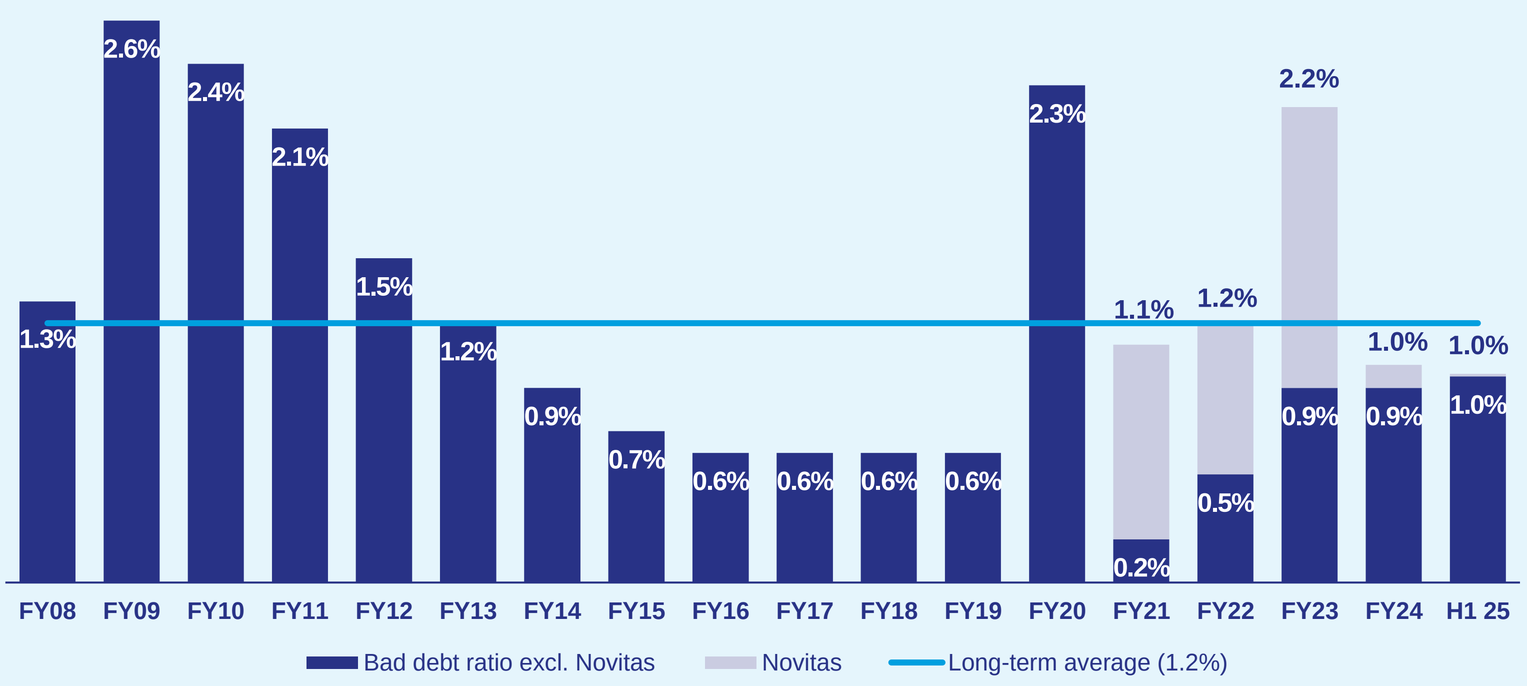
Outlook

Closely monitoring impact of inflation and cost of living pressures on customers

Confident in the quality of our loan book: predominantly secured or structurally protected, prudently underwritten and diverse

Bad debt ratio expected to remain below long-term average of 1.2% in FY 25[2]

Long-term average bad debt ratio excluding Novitas[2]



Notes:

1. Macroeconomic scenarios have been updated to reflect the latest available information regarding the macroeconomic environment and outlook, although the weightings assigned to them remain unchanged since the 2024 financial year end. Resulting position at 31 January 2025 was a 30% weighting to the strong 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.
2. Bad debt ratio calculated using IAS 39 until the change to IFRS 9 in FY 19. Bad debt ratio excluding Novitas only disclosed from FY 21 onwards. Long-term average bad debt ratio of 1.2% based on the average bad debt ratio for FY 08-FY 24, excluding Novitas.

Winterflood's performance impacted by unfavourable market conditions

Increased operating income, with growth in Winterflood Business Services ("WBS") more than offsetting decline in trading income

Lower operating expenses benefitted from a cost review in FY 24 and no prior year dual-running property costs

Operating loss of £0.8 million

Average daily bargains increased to 55k from 52k

WBS income increased 22%, with AuA up 27% to £17.5 billion

£ million	**H1 2025**	H1 2024	**Change %**
Operating income	34.6	34.2	1
Operating expenses	(35.4)	(36.9)	(4)
Impairment gain on financial assets	-	0.1	n/a
Operating loss	**(0.8)**	(2.6)	(69)
Average bargains per day	55k	52k	
Operating margin	(2%)	(8%)	
Return on opening equity	(1.5%)	(4.1%)	
Loss days[1]	1	3	
WBS AuA (£ billion)	17.5	13.8	27

Note:
1. A loss day occurs where aggregate gross trading book revenues are negative at the end of a trading day.

Strong balance sheet

Prudent approach

Conservative funding strategy, borrowing long and lending short

Consciously maintained a higher level of liquidity, with LCR of 953%[1]

Total funding

£12.7 billion

Average maturity of funding allocated to loan book at 18 months[2]

Loan book[3]

£9.8 billion

Average maturity of the loan book at 15 months

Treasury assets

£2.4 billion

Includes £1.9 billion in cash with central banks

Diverse funding base

Continued strong access to funding markets

Retail deposits up 12% to £6.4 billion in H1 25

Predominantly term deposits, with only 13% available on demand

Average cost of funds in Banking stable at 5.5% (2024: 5.5%)

Credit ratings[4] continue to reflect our inherent financial strength

Equity	13%	Unsecured funding	9%
TFSME funding and ILTR[5]	1%	Secured funding	8%
Retail deposits	50%	Non-retail deposits	18%[6]

Over £800m Easy Access account balances

86% Retail deposits protected by FSCS[7]

Notes:
1. 12-month average liquidity coverage ratio ("LCR").
2. Average maturity of total available funding, excluding equity and funding held for liquidity purposes.
3. Loan book including operating lease assets.
4. Moody's rates Close Brothers Group ("CBG") A3/P2 and Close Brothers Limited ("CBL") A1/P1,with ratings placed on "Review for downgrade" in light of the potential risks in relation to motor finance commissions. Fitch rates both CBG and CBL BBB+/F2 with a "rating watch negative".
5. Term Funding Scheme with Additional Incentives for SMEs and includes an immaterial Indexed Long Term Repo facility.
6. Numbers may not cast due to rounding.
7. Financial Services Compensation Scheme.

Strong capital position

c.150bps impact from motor finance commissions provision[1]

Lower RWAs, primarily reflecting a reduction in the loan book

Pro-forma CET1 capital ratio at 13.4%, after sale of CBAM

Basel 3.1

Implementation date postponed to 1 Jan 2027

Expected to result in an increase of up to c.10% in RWAs

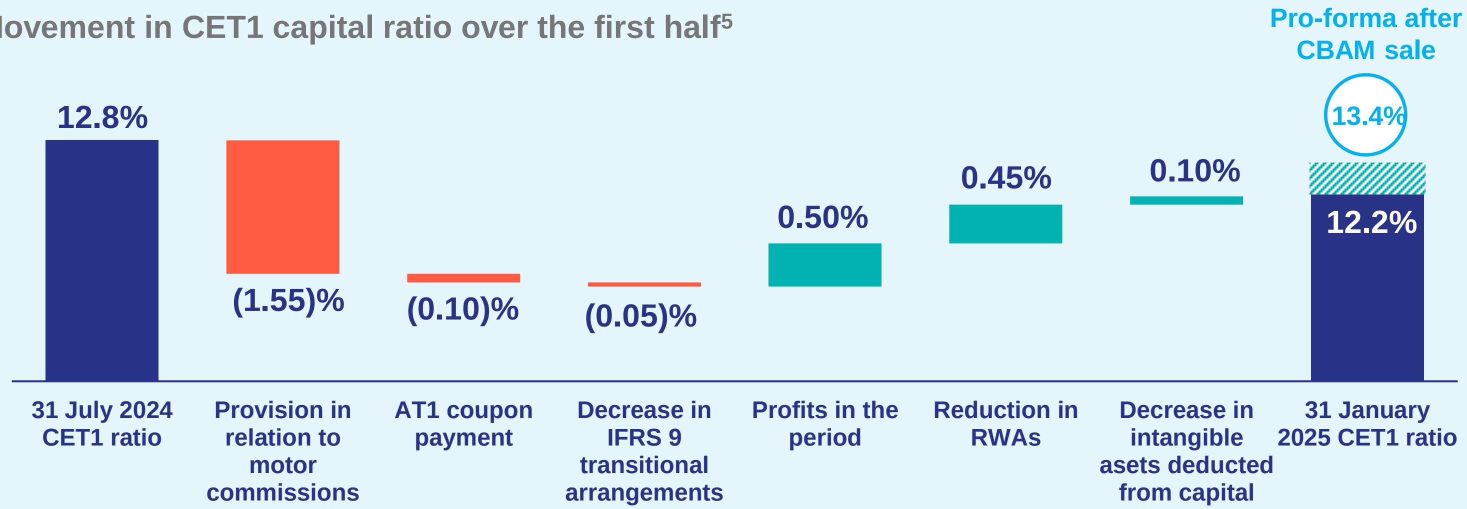
Expected to have a less significant impact on the group's capital headroom position than initially anticipated

Outlook

In the near-term, expect to maintain our CET1 capital ratio around the top end of medium-term target range of 12% to 13%

	31 Jan 2025	31 Jul 2024
CET1 capital ratio (transitional)[2]	**12.2%**	12.8%
CET1 capital ratio (transitional) **pro-forma after CBAM disposal[3]**	**13.4%**	n/a
Tier 1 capital ratio (transitional)	**14.1%**	14.7%
Total capital ratio (transitional)	**16.0%**	16.6%
Leverage ratio[4]	**11.7%**	12.7%
CET1 capital (£m)	**1,257.3**	1,374.8
RWAs (£m)	**10,340.8**	10,701.2

Movement in CET1 capital ratio over the first half[5]



Notes:
1. As a result of the provision taken, the group's CET1 capital ratio reduced by c.150 bps from 13.7% to 12.2% at 31 January 2025.
2. The fully loaded CET1 capital ratio, excluding the application of IFRS 9 transitional arrangements, was 12.1% at 31 January 2025 (31 July 2024: 12.7%).
3. Pro-forma CET1 capital ratio as at 31 January 2025, reflecting the estimated benefit of c.120 basis points in relation to sale of CBAM.
4. 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 CRR.
5. Numbers may not cast due to rounding.

03

Business Update and Conclusion

Mike Morgan, Group chief executive

Business update – Banking

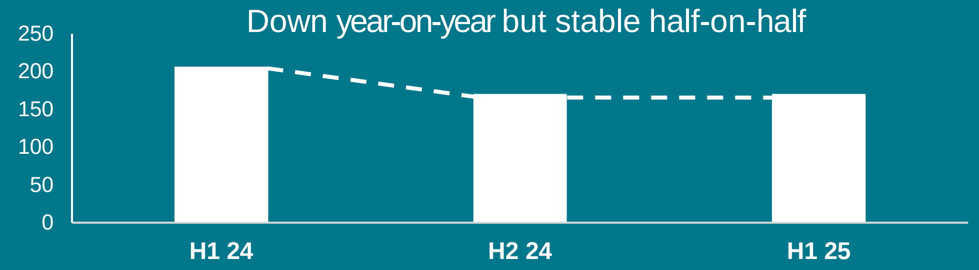
Commercial

Lends to SMEs through our direct sales force and third-party distribution channels

Backdrop:

- **Asset Finance:** Competitive marketplace with borrower appetite varied across sectors and sentiment impacted by uncertain outlook
- **Invoice Finance:** Some changes in our competitive environment; strong offering and service enabled us to win new clients

Commercial average new business volumes
(£ million)



Growth opportunities:

- UK government's Growth Guarantee Scheme
- Benefitting from the diversity of our offering and bringing in new teams
- Restructured Broker and Professional Solutions business launched a new proposition

Business update – Banking

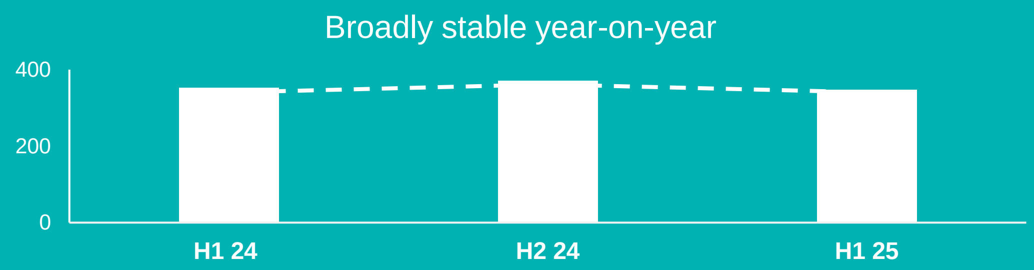
Retail

Provides finance to individuals and businesses through a network of intermediaries

Backdrop:

- **Motor Finance:** Impacted by the temporary pause in new lending following the Hopcraft judgment; all of lending channels live from January 2025
- **Premium Finance:** Mature market with some softening in demand

Retail average monthly new business volumes
(£ million)



Growth opportunities:

- Integration of Decision in Principle technology with one of our partners, opening up additional routes to market
- Further growth in Irish Motor Finance book
- Enhancing proposition to best meet the needs of our customers and support broker partners

Business update – Banking

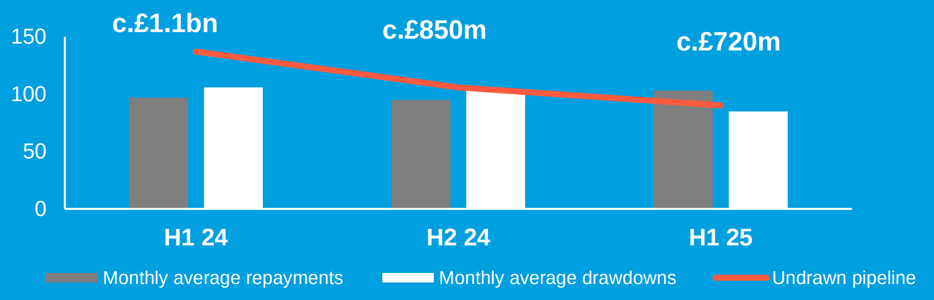
Property

Provides short-term residential development finance for experienced professionals and offers refurbishment and bridging loans

Backdrop:

- Difficult market backdrop for SME developers: elevated interest rates, customer affordability challenged and limited housing delivery
- Lower undrawn pipeline reflecting a reduction in customer demand and a more challenging economic environment
- Seeing green shoots

Repayments, drawdowns and undrawn pipeline
(£ million)



Growth opportunities:

- Supporting SME developers, with expansion in regional markets
- Broadening our expertise to expand into Build to Rent and other residential asset classes

Business update – Winterflood

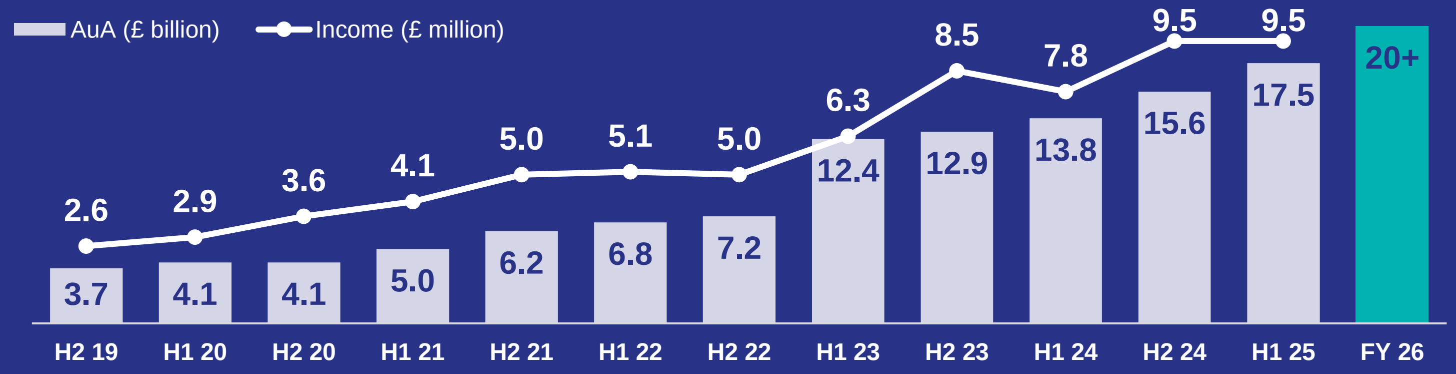
Further diversified revenue streams and growth initiatives

- Diversification within market-making business
- Winterflood Retail Access Platform (“WRAP”) enables retail investors to participate in capital market transactions; raised over £100 million from retail investors since inception and mandated on 34 transactions
- Well positioned to benefit when investor appetite returns

Winterflood Business Services

- Focus on developing client relationships and investing in our award-winning proprietary technology to build scale and further enhance proposition
- Good momentum, income increased 22%, with AuA up 27% to £17.5 billion
- Healthy pipeline of clients
- On track to grow AuA to over £20 billion by FY 26

WBS income and AuA



Conclusion

- Committed to maintaining a strong capital position
- See attractive opportunities across our markets
- Actively evaluating our businesses to maximise returns
- Intensified focus on operational efficiency
- Experienced leadership, relentless commitment to customers

04
Appendices

Appendix 1: Summary of guidance

	Previous guidance provided at FY 24 results – for FY 25 unless otherwise specified	Updated guidance - for FY 25 unless otherwise specified
Banking	• Low single-digit percentage growth in the loan book • Sustain the net interest margin delivered in H2 24 of 7.2% • Generate annualised cost savings of c.£20 million, reaching the full run rate by the end of FY 25 • Income and adjusted operating expenses growth to be aligned • Positive operating leverage in FY 26 • Bad debt ratio to remain below long-term average of 1.2%	• **UPDATED**: Resume selective loan book growth, subject to demand, with modest growth expected in the second half of the 2025 financial year. Loan book at 31 July 2025 expected to remain broadly flat year-on-year • **UPDATED:** Expect net interest margin in FY 25 to be around 7%, slightly below the H1 exit rate of 7.1% • **UPDATED**: Estimated total annualised cost savings of c.£25 million by the end of the current financial year • **UPDATED:** Banking adjusted operating expenses in FY 25 expected to increase by c.1% on the prior year • Bad debt ratio to remain below long-term average of 1.2% in FY 25
Winterflood	• WBS AuA over £20 billion by FY 26	• WBS AuA over £20 billion by FY 26
Group (Central functions)	• Net expenses to be between £55 million and £60 million	• Net expenses to be between £55 million and £60 million
Adjusting items	• £10-15 million of costs associated with complaints handling and other operational costs associated with the FCA's review of historical motor finance commission arrangements • £5-10 million of restructuring costs	• **UPDATED:** c.£22 million of costs associated with complaints handling and other operational and legal costs • **UPDATED:** £2-3 million of restructuring costs
Capital	• Potential to increase the CET1 capital ratio to between 14% and 15% at the end of FY 25, subject to the execution of management actions and capital generation • Remain committed to our previous CET1 capital target range of 12% to 13% over the medium-term	• **UPDATED:** In the near term, expect to maintain CET1 capital ratio around the top end of medium-term target range of 12% to 13%, balancing growth and resilience

Appendix 2: Banking – Financial performance

Income impacted by temporary UK motor lending pause and legacy book run-off

Net interest margin strong at 7.3%

Decreased expenses; realised c.£6 million of savings on BAU staff costs, as well as reduced investment spend

Resilient credit performance overall; bad debt ratio at 1.0%

Statutory operating loss of £74 million driven by the provision in relation to motor finance commissions

Continuing Operations

£ million	**H1 2025**	H1 2024	**Change %**
Operating income	**362.7**	365.3	(1)
Adjusted operating expenses	**(210.5)**	(211.8)	(1)
Impairment losses	**(48.1)**	(41.8)	15
Adjusted operating profit	**104.1**	111.7	(7)
Excl. Novitas adjusted operating profit	**101.5**	111.5	(9)
Adjusting items:	**(177.9)**	-	n/a
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	**(8.4)**	-	n/a
Impairment of intangible assets	**(4.0)**	-	n/a
Restructuring costs	**(0.4)**	-	n/a
Amortisation of intangibles	**(0.1)**	-	n/a
Statutory operating (loss)/profit before tax	**(73.8)**	111.7	(166)
Loan book growth[1]	**(3)%**	4%	
Net interest margin	**7.3%**	7.5%	
Expense/income ratio	**58%**	58%	
Bad debt ratio	**1.0%**	0.9%	
Return on net loan book	**2.1%**	2.3%	

Notes:
1. Year-to-date, including operating leases

Appendix 3: Discontinued Operations[1] (Asset Management)

Completion of sale to Oaktree

Successfully completed on 28 February 2025

Estimated gain on disposal of c.£60 million

Estimated CET1 capital ratio benefit of c.120bps increasing from 12.2% to 13.4%

H1 25 performance

Growth in managed assets driven by positive market performance

Operating profit from discontinued operations of £4.7 million as income growth was more than offset by higher costs

£ million	H1 2025	H1 2024	Change%
Operating income	**82.4**	76.3	8
Adjusted operating expenses	**(77.6)**	(70.0)	11
Impairment losses on financial assets	**(0.1)**	-	n/a
Operating profit from discontinued operations	**4.7**	6.3	(25)
Adjusting items	(3.0)	(0.6)	n/a
Profit from discontinued operations before tax	**1.7**	5.7	(70)
Tax	(1.4)	(1.8)	(22)
Profit from discontinued operations, net of tax	**0.3**	3.9	(92)
Less: intercompany transactions related to discontinued operations	***0.8***	*1.1*	*(27)*
Statutory profit from discontinued operations	**1.1**	5.0	(78)
Operating margin	**6%**	8%	
Revenue margin (bps)	**77**	84	
Return on opening equity	**5.2%**	7.6%	
Annualised net inflows	**2%**	9%	

Note:
1. Discontinued operations relate to Close Brothers Asset Management, which has 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.

Appendix 4: Lending model

Prudent and disciplined approach to lending

A proven and resilient lending model

		Core products and security[1]	Average loan size[2,3]	Typical loan maturity[2,3]
Long track record of disciplined and consistent lending through the cycle	**Asset Finance & Leasing**	• Commercial asset financing, hire purchase and leasing solutions • Diverse range of assets and sectors	**c.£53k**	**3 – 4 years**
Predominantly secured loan book, with short tenors and low average loan sizes	**Invoice & Speciality Finance[4]**	• Debt factoring, invoice discounting and asset-based lending	**c.£603k**	**3 months**
Experience in underwriting, collections and credit risk management	**Motor Finance**	• Point of sale finance for predominantly used vehicles • PCP c.10% of the loan book	**c.£7k**	**4 – 4.5 years**
Scenario planning to leverage internal expertise and experience	**Premium Finance**	• Personal and commercial insurance policies • Policy refundability and/or broker recourse	**c.£0.6k**	**11 months**
Well positioned to protect the business and maximise opportunity in the event of a downturn	**Property Finance**	• Residential development finance, refurbishment and bridging loans • Typical LTVs below standard market levels	**c.£1,980k**	**12 – 24 months[5]**

Notes:
1. Lending statistic figures are for illustrative purposes only and may not be representative of all loan types. The profile of individual loans may vary significantly.
2. Approximations at 31 January 2025.
3. Typical loan maturities for new business on a contractual basis, except core Invoice Finance which is on a behavioural basis. Average loan size and typical loan maturity include the Invoice Finance business only.
4. Invoice and Specialty Finance excluding Novitas.
5. Typical development loan maturity.

Appendix 5: Highly experienced leadership team

Mike Morgan, Group chief executive

- Mike was appointed Chief Executive in January 2025, after previously serving as Group Finance Director since 2019
- Between 2010 and 2018, Mike was Chief Financial Officer of the Banking division, and has been a director of Close Brothers Limited since 2010
- Prior to this, Mike was a divisional finance director at RBS and held various senior roles at Scottish Provident

Matt Roper, CEO Commercial

- Matt was appointed CEO of Commercial for Close Brothers in August 2023
- He joined Close Brothers as Group Chief Credit Officer in 2018 and was subsequently appointed CEO of Invoice & Speciality Finance in 2021
- Matt previously held senior roles at Barclays

Phil Hooper, CEO Property

- Phil joined the Property Finance division of Close Brothers as CEO in December 2023
- Phil joined the Bank from Pluto Finance where he was Head of Lending
- He previously spent 36 years at NatWest Bank, latterly as Head of Real Estate where he managed

Fiona McCarthy, Group Chief finance officer[1]

- Fiona was appointed Group Chief Finance Officer in January 2025
- She joined Close Brothers in 2019 as Group Financial Planning & Analysis Director
- Prior to this, Fiona worked at UBS, most latterly as interim CFO for the global investment bank. She started her career at NatWest, where she undertook a number of senior Finance roles

Ian Cowie, CEO Retail

- Ian was appointed CEO of Retail for Close Brothers in October 2023
- Prior to joining Close Brothers, he was most recently Chief Executive Officer at Shawbrook Bank. Before that, Ian held a number of Managing Director roles within Banking at the Royal Bank of Scotland Group, where he had leadership responsibility for SME Banking, Lombard Asset Finance and RBS Invoice Finance

Bradley Dyer, CEO Winterflood

- Bradley joined Winterflood in 2004 as a senior dealer and was appointed Associate Director in 2014
- He was appointed to the Winterflood Board as a Director in 2017 and became Head of Trading in 2018, with overall responsibility for trading across all sectors. He was promoted to Managing Director in April 2022 and was appointed as CEO of Winterflood from 20 September 2022

Note:
1. Appointment subject to regulatory approval.

Appendix 5: Highly experienced leadership team (ctd.)

Robert Sack, Group Chief Risk Officer

- Robert joined Close Brothers in April 2015 as Group Chief Risk Officer, coming from Barclays, where he had previously been Group Head of Wholesale Risk and Chief Risk Officer for Africa
- Robert was also Chief Credit Officer for Barclays International Division as well as working for Barclays Capital in the Americas and globally for Standard Bank

Sarah Peazer-Davies, General Counsel and Company Secretary

- Sarah was appointed Group General Counsel and Company Secretary in January 2025
- Sarah joined Close Brothers in April 2015 from magic circle law firm, Slaughter and May
- Whilst at Close Brothers, Sarah has previously advised the Retail businesses, been Head of Legal for CBAM and been Group Company Secretary and Head of Legal - Corporate

Nazrul Kazi, Group Head of Internal Audit

- Nazrul was appointed as Group Head of Internal Audit in September 2022
- Nazrul has over 20 years' experience in internal audit. He began his audit career at KPMG, then joined the Coventry Building Society within internal audit before moving to GE Capital in the role of Head of Internal Audit. Latterly, Nazrul was Group Audit Director for Aldermore Group where he set up the group internal audit function

Simon Jacobs, Group Chief Operating Officer

- Simon was appointed Group Chief Operating Officer in August 2023
- Previously, Simon was Chief Operating Officer of Sainsbury's Bank & Argos Financial Services. He also held Chief Administrative Officer and Chief Operating Officer roles across the Commercial & Private Banking, Corporate Banking and Global Banking & Markets businesses in RBS/NatWest

Rebekah Etherington, Group Head of Human Resources

- Rebekah joined Close Brothers in October 2009 as Group Head of HR
- Prior to this, she was at Royal Bank of Scotland Group as Head of Human Resources for the banking and fixed income capital markets business in the Americas, with global responsibility for the RBS Sempra Commodities Trading companies

Appendix 6: Model Fit Assessment Framework

Protecting the key attributes of our model

Appendix 7: Our responsibility[1]

Our responsibility remains fundamental to our purpose, strategy and culture

E

Our car fleet

Now

53.6%

battery electric with average emissions now down to 19.1gCO_2/km

E

Our green lending

£1 billion

lending ambition for zero emissions battery electric vehicles over five years to 2027

2024: £152m

achieved in this financial year and a total of £316m in the first two years of the five-year period

E

Our emissions

41.6%

reduction in Scope 1 and 2 emissions since 2019 (market based)

51.1%

renewable energy as a proportion of our energy use across our offices and Brewery Rentals business

S

Our communities

386

employees used their volunteering day

S

Our inclusivity

90%

of our colleagues feel included

E

Our investments

67.8%

of companies within our equities and corporate bonds investment portfolio align with the goal of limiting temperature increases to below 2.0°C

41.5%

of companies within our equities and corporate bonds investment portfolio align with the goal of limiting temperature increases to below 1.5°C

G

Our alliances

As a signatory to the NZBA[2], we commit to transition our lending and investment portfolios to align with net zero emissions by 2050

We work closely with the Partnership for Carbon Accounting Financials and its local members in developing accounting principles for financial carbon emissions

S

Our inclusivity

35 students completed six-week internships:

28 as part of the 10,000 Interns Foundation

Seven university students from lower socioeconomic backgrounds through our partnership with upReach

E Environmental
S Social
G Governance

Notes:
1. All information as at 31 July 2024.
2. Net Zero Banking Alliance.

Appendix 8: Our Responsibility

Our responsibility remains fundamental to our purpose, strategy and culture

Sustainable objectives	Our progress At 31 July 2024	Our ambitions
Environmental Reducing our impact on the environment and tackling climate change.	• 42% reduction in Scope 1 and 2 emissions since 2019[1] • CBG car fleet now 54% battery electric • Lent £152 million for battery electric vehicles in 2024 • Developed our first sector-based intermediate 2030 emissions reduction pathways for cars and vans as part of our NZBA[2] commitments • CBAM has recently set out its sustainability strategy in its inaugural TCFD-aligned entity report • CDP[3] Score of 'B'	• Operationally net zero by 2030 through our Scope 1 and 2 emissions • To reach net zero emissions by 2050 across attributable GHG emissions from our lending and investment portfolios • Provide over £1.0 billion of lending for zero emission battery electric vehicles over the five-year period 2023 to 2027
Social Ensuring we are a diverse and inclusive employer. Serving the needs of our customers.	• Set out our Group Diversity and Inclusion Strategy • 31% female senior managers at 31 July 2024 • 10% of managers from an ethnic minority background at 31 July 2024 • Strong customer scores	• 36% female senior managers by 2025 • 14% of our managers to be from an ethnic minority background by 2025 • Maintain or improve customer satisfaction scores across our businesses
Governance Setting high standards of corporate governance to ethically and transparently achieve long-term success for our stakeholders.	• 44% of board members were female at 31 July 2024 • Met the recommendations of the FTSE Women Leaders and Parker Reviews • CBAM is a signatory of the UK Stewardship Code • Current ESG ratings of AA from MSCI and 22.8 from Sustainalytics	• Maintain high standards of governance, with appropriate board-level oversight • Continue to build on our external ESG ratings

Some of our partners and commitments

Cancer Research UK
Make-A-Wish United Kingdom
Smart Works
Stop Hate UK – Stop Hate. Start Here
Bookmark
The Wildlife Trusts
Moving Ahead
Stonewall
upReach – Transforming Social Mobility

Notes:
1. Market-based Scope 1 and 2 emissions.
2. Net Zero Banking Alliance.