

Our Strategy continued



Grow Delivering disciplined growth

Maximising opportunities in existing and new markets

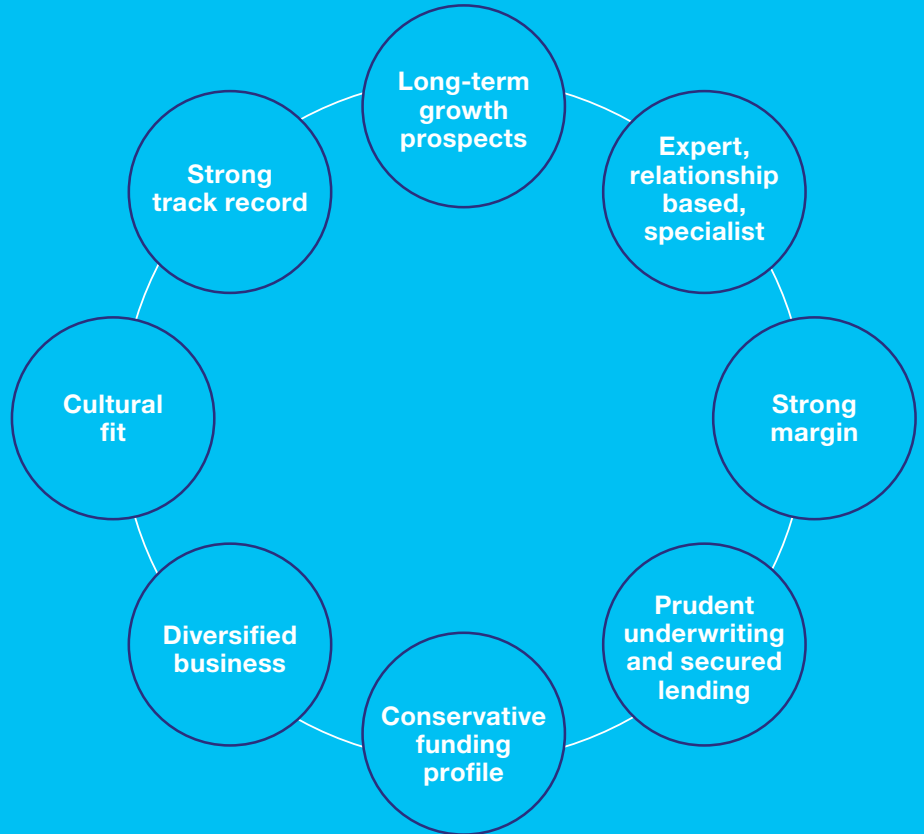
Our focus on delivering disciplined growth is critical in enabling us to protect the model, whilst still maximising opportunities and taking the business forward. It allows us to prioritise consistent and prudent underwriting criteria and maintain strong returns across our businesses. We do not manage the group to a growth target, with loan book growth remaining an output of the business model.

Whilst we remain operationally and strategically well positioned to continue supporting our customers and delivering for our shareholders, we continually assess existing and new markets for growth opportunities that fit with our model.

We have a long history of delivering disciplined growth and to support us in building on this track record, we developed our “Model Fit Assessment Framework”. This framework supports our review of opportunities, assessing their fit with our model, culture and responsible way of doing business, alongside their suitability from a strategic perspective.

Ensuring the right fit

These eight criteria are all factors that we consider when assessing growth opportunities. They capture the key strengths of our model and so by taking these into account, it ensures we are following a disciplined approach to growth and preserving the attributes that generate value for our shareholders.





Growing our business: commercial opportunities in the green lending space

Delivering disciplined growth

The UK government's Net Zero Strategy report estimates up to £90 billion of private investment in the green industrial revolution by 2030¹.

The existing markets and assets that we have deep expertise in financing are transitioning towards becoming greener, aided by government policies and corporate commitments, as the UK aligns towards a net zero economy.

We currently finance a wide array of green assets, as well as transitioning assets where new green technology is still developing:

- Our Asset Finance business has been financing wind farms, solar parks and hydro schemes since 2014 and also finances transition assets such as gas peaking plants. We also support battery electric vehicle deployments through the Wholesale Fleet business

- In our Motor Finance business, we finance hybrid and electric vehicles and support our dealer partners with guidance and thought leadership on the market, features of the technology and considerations specific to alternative fuel vehicle ownership
- In our Property business, all of our new developments have an EPC rating of A or B and we have significant expertise in financing sustainably focused developments

Financing a battery energy storage system

We have recently provided a development loan to Pacific Green Technologies Group for the construction phase of one of the UK's largest battery energy storage systems ("BESS"), a 99.98 MW battery energy storage system at Richborough Energy Park in Kent.

Given the sizeable market opportunity in supporting the transition to a net zero economy, we are continually looking for opportunities for disciplined growth in this arena, whether that be through increasing our appetite for lending to green asset classes or expanding our offering into new green propositions and technologies.

We continue to build our expertise in green and transition assets, cementing our reputation for specialist knowledge and financing.

£90bn

Estimated potential investment in the UK green industrial revolution by 2030

¹ HM Government (2021), "Net Zero Strategy: Build Back Greener", page 10. Contains public sector information licenced under the Open Government Licence v3.0 (<https://www.nationalarchives.gov.uk/doc/open-government-licence/version/3/>).



Growing our business: Close Brothers Brewery Rentals

Delivering disciplined growth

The Brewery Rentals business was established in 2007 and, since then, has grown from strength to strength. We work with brewers and distillers, offering tailored solutions for keg and cask rentals, container maintenance services and equipment finance solutions.

We operate from four sites around the UK and, with a fleet of over 2.3 million, are the UK's biggest owner of kegs and casks. We have grown the business organically, delivering a record performance in the 2022 financial year.

We are continually evolving our offering and expanding into complementary products, utilising our specialist expertise and knowledge to offer flexible solutions to meet the needs of our customers. This demonstrates the Close Brothers model perfectly – specialist knowledge in action to support our customers and a focus on expanding into niche and adjacent markets to deliver disciplined growth.

EkegPlus

EkegPlus is a container rental pooling service, offering an outsourced keg and

cask solution to allow brewers to pay only for the time they are using the containers.

Each container is embedded with Radio Frequency Identification ("RFID") technology so it is uniquely identifiable, enabling customers to track containers directly and giving them greater visibility over usage and costs.

We developed the product in response to requests from customers for a direct to retail outlet short-term rental solution. It has enabled us to operate in a market segment previously unavailable to us.

EkegPlus has seen strong customer demand this year, increasing to 90 customers since launch, with more in the pipeline.

Innovative and sustainable focus

As a business, we are constantly developing new technology as we broaden our offering and provide greater benefits for our customers.

Our award-winning container RFID tracking technology allows customers to monitor an array of data points that can provide

clarity on stock positions, improve fleet efficiency and inform management decisions.

The self-collection element of our EkegPlus service also supports the reduction of CO₂ emissions.

We use ultra-high pressure ("UHP") water jetting for the internal cleaning of containers, an innovative method that means we can process units quickly and to a high standard. There are no chemicals used in the UHP process, reducing our impact on the environment.

During Covid-19, we were able to help brewers with lockdown waste by providing a solution to safely empty the expiring contents of kegs and casks in an eco-friendly manner. Over 130 million pints of beer, cider and ale were either sold to farmers for fertiliser or used as a pH balancer for anaerobic digestion processes.

2.3m

Our fleet of kegs and casks