

Our Businesses

Close Brothers is a leading UK merchant banking group providing lending, wealth management services and securities trading. We employ over 3,700 people across 47 offices predominantly in the UK, Ireland and Germany.

Banking

Commercial

Adjusted operating profit

£52.8m

2020: £4.8m

The **Commercial** businesses lend principally to small and medium-sized enterprises ("SME"), both through their direct sales force and via broker distribution channels. Our highly specialist sales force operates from offices throughout the UK, Ireland and Germany.

The **Asset Finance** business has c.25,000 customers and provides commercial asset financing, hire-purchase and leasing solutions for a diverse range of assets and sectors, including the financing of commercial vehicles, machine tools, contractors' plant, printing equipment, company car fleets, green energy production, and aircraft and marine vessels.

Loan book¹: **£2.8 billion**

Average loan size: **c.£58,000**

Typical loan maturity²: **3 to 4 years**

The **Invoice and Speciality Finance** business works with c.5,300 businesses, providing debt factoring, invoice discounting and asset-based lending. It also includes our smaller specialist businesses such as Novitas Loans ("Novitas")⁴, a specialist provider of finance for the legal sector, Brewery Rentals, which provides solutions for brewery equipment and container maintenance, and Vehicle Hire, which provides heavy goods, light commercial vehicles and buses on long-term rental contracts.

Loan book¹: **£1.1 billion**

Average loan size³: **c.£456,000**

Typical loan maturity^{2,3}: **3 months**

Retail

Adjusted operating profit

£71.9m

2020: £34.9m

The **Retail** businesses provide loans to predominantly individuals and small businesses, through a network of intermediaries.

The **Motor Finance** business provides point of sale finance for the acquisition of predominantly used cars, motorcycles and light commercial vehicles. It operates through a network of c.6,000 independent motor dealers and has approximately 260,000 customers in the UK and Ireland.

Loan book: **£1.9 billion**

Average loan size: **c.£7,000**

Typical loan maturity²: **4 years**

The **Premium Finance** business finances insurance payments for over three million companies and individuals, via a network of c.1,600 insurance brokers, allowing their customers to spread the cost of insurance premiums over a number of instalments.

Loan book: **£1.0 billion**

Average loan size: **c.£500**

Typical loan maturity²: **10 months**

Property

Operating profit

£87.8m

2020: £59.5m

The **Property** business specialises in short-term residential development finance through Property Finance, and also offers refurbishment and bridging loans through Commercial Acceptances.

The Property business operates in London, the South East and selected regional locations, lending to c.700 professional property developers with a focus on small to medium-sized residential developments.

Loan book: **£1.5 billion**

Average loan size: **c.£1.2 million**

Typical loan maturity²: **6 to 18 months**

 **Read more about Banking**
See pages 46 to 51

1 Excludes operating lease assets of £1.3 million (31 July 2020: £2.9 million) which relate to Asset Finance and £221.6 million (31 July 2020: £219.0 million) to Invoice and Speciality Finance.

2 Typical loan maturities for new business on a contractual basis, except core Invoice Finance which are on a behavioural basis.

3 Average loan size and typical loan maturity include the Invoice Finance business only.

4 Following the strategic review of Novitas' products and services, in July 2021 the group decided to cease permanently the approval of lending to new customers across all of the products offered by Novitas, a wholly owned subsidiary of Close Brothers acquired in 2017, and withdraw from the legal services financing market.

Asset Management

Close Brothers Asset Management (“CBAM”)

Adjusted operating profit

£23.7m

2020: £20.4m

CBAM is a vertically integrated top 20 UK wealth manager, providing financial advice and investment management services to private clients in the UK. Our clients range from mid to high net worth individuals.

Our core capabilities are advice, multi-asset investment management and custody which we combine to create different propositions tailored to client preference and client size.

Our strategic aim is to gather assets into our investment management and platform through three main distribution channels: our own financial advisers; our private client investment managers; and via third party financial advisers.

We are a national business operating out of 11 locations with c.90 advisers, 65 investment professionals and over 700 employees in total.

Total client assets: **£17.0 billion**

Managed assets: **£15.6 billion**



Read more about Asset Management
See pages 52 and 53

Securities

Winterflood

Operating profit

£60.9m

2020: £47.9m

The **Securities** division comprises **Winterflood**, a leading UK market maker for retail stockbrokers and institutions. Winterflood deals in over 15,000 instruments in the UK and overseas, and trades with over 600 institutional asset managers, retail stockbrokers, wealth managers, platforms and other market counterparties, providing continuous liquidity through its market-leading execution services, supported by strong proprietary technology. Its traders have extensive experience of executing orders in a range of market conditions, enabling it to trade successfully and profitably over many years. We also offer sales trading services to institutional clients both in the UK and in the US.

Our investment trust team provide the full range of services of corporate finance, corporate broking, sales and research, as well as market-making. We act as corporate broker and adviser to over 55 corporate clients with a diverse range of conventional and alternative asset classes.

Winterflood Business Services has been operating for over 10 years and provides outsourced dealing and custody solutions.

Average bargains per day: **c.101,000**

Total counterparties: **c.600**



Read more about Securities
See pages 54 and 55