

The Foundations of Our Business

Our culture, our strategy and our responsibility underpin the foundations of our success, enabling us to deliver on our purpose: to help the people and businesses of Britain thrive over the long term.

We believe in putting our customers and clients first. Our cultural attributes bring out the very best of our people, skills and strong reputation that we have built with our stakeholders over many years. A combination of expertise, service and relationships with teamwork, integrity and prudence underpins our approach and gives us the tools to help our customers thrive over the long term.

Our long-term strategic approach places exceptional service at the heart of everything we do. Each of our diverse, specialist businesses all have a deep industry knowledge, so they can understand the challenges and opportunities that our customers and clients face. We support the unique needs of our customers and clients to enable them to thrive, rather than simply survive, whatever the market conditions.

And we recognise that to help the people and businesses of Britain thrive, we also have a responsibility to help address the social, economic and environmental challenges facing our business, employees and clients, now and into the future.

These guiding principles are the foundations of our success and enable us to continue delivering for our stakeholders.



Our Purpose



Our purpose is to help the people and businesses of Britain thrive over the long term.

Our purpose is at the heart of our business and guides every decision we make. We take a long-term approach to managing our business.

This means supporting our colleagues, customers and clients, and the communities and environment in which they operate, for the benefit of all our stakeholders. It means helping people and businesses unlock their potential and plan for the future

with confidence, building relationships that stand the test of time. It also means that we continue to be there for the long term, whatever the economic climate, making decisions that are right for today and for generations to come.

Our customers are the people and businesses of Britain and we recognise that putting their needs and interests at the heart of our business is central to our success.



Our Culture



Our distinctive culture and long-term approach are embedded throughout the organisation.

It combines our values of service, expertise and relationships with our ways of working: teamwork, integrity and prudence. These values ensure we continue to provide excellent service for our customers and clients over the long term, bringing out the best in our people and supporting our strong reputation.

Service

We pride ourselves on our excellent level of service and thinking that is both entrepreneurial and disciplined.

93%

say colleagues **go the extra mile** to meet the needs of customers and clients

Expertise

We are committed to fostering a culture that attracts and retains talent, whilst also growing and building the expertise of our people.

97%

of colleagues believe they have the **skills and knowledge** to do their job well

Relationships

We take the time to understand and build strong long-term relationships with our customers and clients.

High customer satisfaction and strong levels of repeat business across the group

Teamwork

We promote teamwork in a fair and open environment, where individuals and their contributions are valued and respected.

96%

of colleagues believe their **immediate team work well together** to get the job done

Integrity

We insist on trustworthy behaviour and always acting with integrity – “doing the right thing”, internally and externally.

97%

of colleagues believe our **culture** encourages them to **treat customers and clients fairly**

Prudence

We always take a prudent, robust and transparent approach to risk management.

94%

of colleagues believe we are committed to **prudent risk management**

92%

believe our **senior leaders act in line with our values**; 14% higher than the benchmark¹

¹ External benchmark calculated by our survey provider ETS based on responses to the same questions asked to different organisations. All scores are taken from Close Brothers' Employee Opinion Survey, with the survey closing in March 2021.

Our Strategy



To protect, grow and sustain our proven and resilient business model so that it continues to deliver in the long term.



Protect Keeping it safe

Maintaining and enhancing the key strengths of our business model

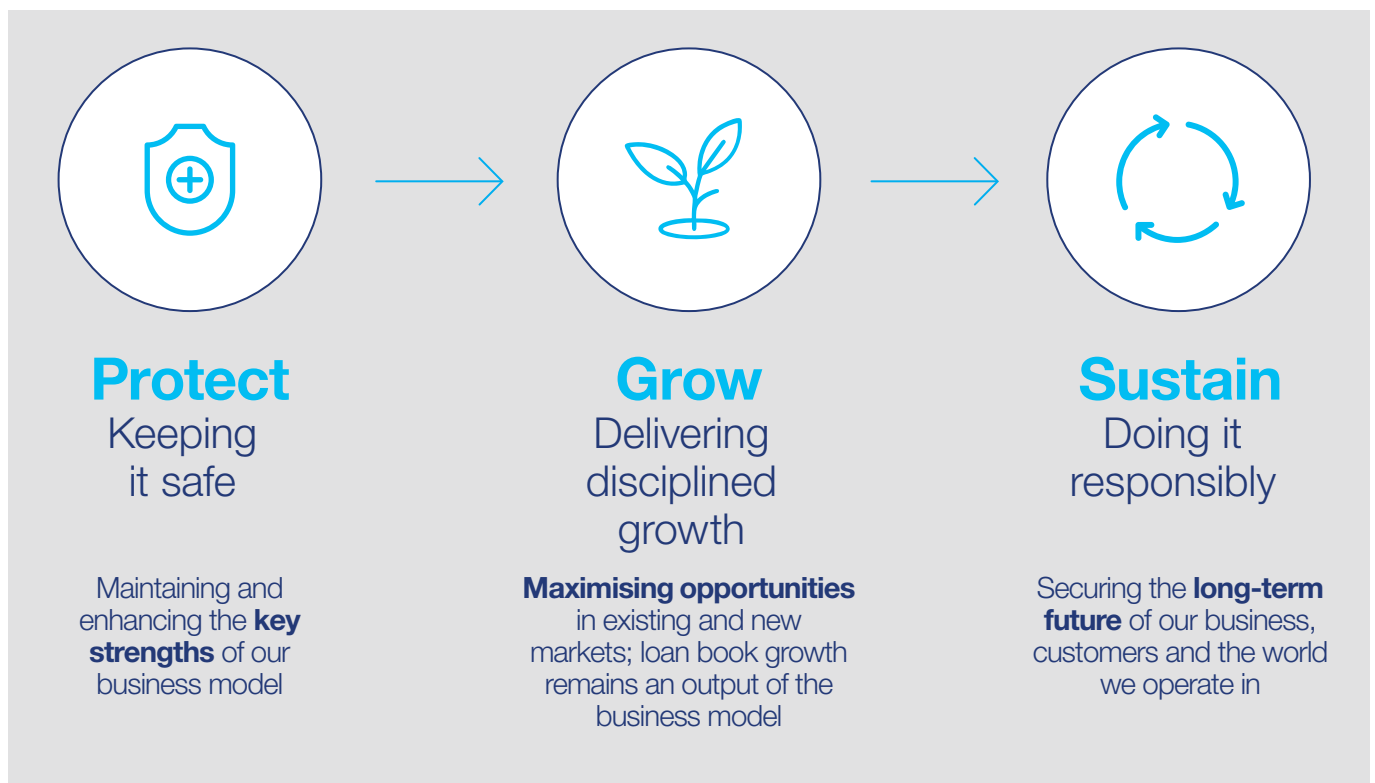
Our key strengths differentiate our proven and resilient business model and have contributed to our long-term track record, enabling us to deliver growth, profitability and returns to shareholders over many years.

Our high levels of personal service and specialism are key points of differentiation. Our people have deep knowledge of the industry sectors and asset classes we cover, leading to lending decisions informed by experts and faster access to funds when our customers need them most.

We run our business prudently, maintaining a strong funding, liquidity and capital position. Our loan book is predominantly secured or structurally protected, with a focus on maintaining strong credit quality.

We adopt a consistent and disciplined approach, as we maintain prudent underwriting and pricing in our lending.

Whilst our focus on the strict management of costs remains unchanged, it is essential that we continue to invest in protecting the key attributes of our model and maintain regulatory compliance and enhance our operational and cyber resilience. Our investments and cost base support the generation of our strong margins, enabling our operational and financial resilience, while also supporting our ability to maximise opportunities as they arise.



Our multi-year investment programmes that are in progress include:

Motor Finance transformation

Improving the service proposition, enhancing operational efficiency and increasing sales effectiveness.



IRB

Transitioning to IRB approach to better reflect the risk profile of our lending.



Asset Finance transformation

Enhancing sales effectiveness through improved data capabilities and technology.



Cyber resilience

Investing to enhance cyber security and operational resilience.



Asset Management technology projects

Continued investment in technology to improve operational leverage, efficiency and resilience.



Data centre transformation

Investing in new data centres and the Cloud.



Our Strategy continued



To protect, grow and sustain our proven and resilient business model so that it continues to deliver in the long term.



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.

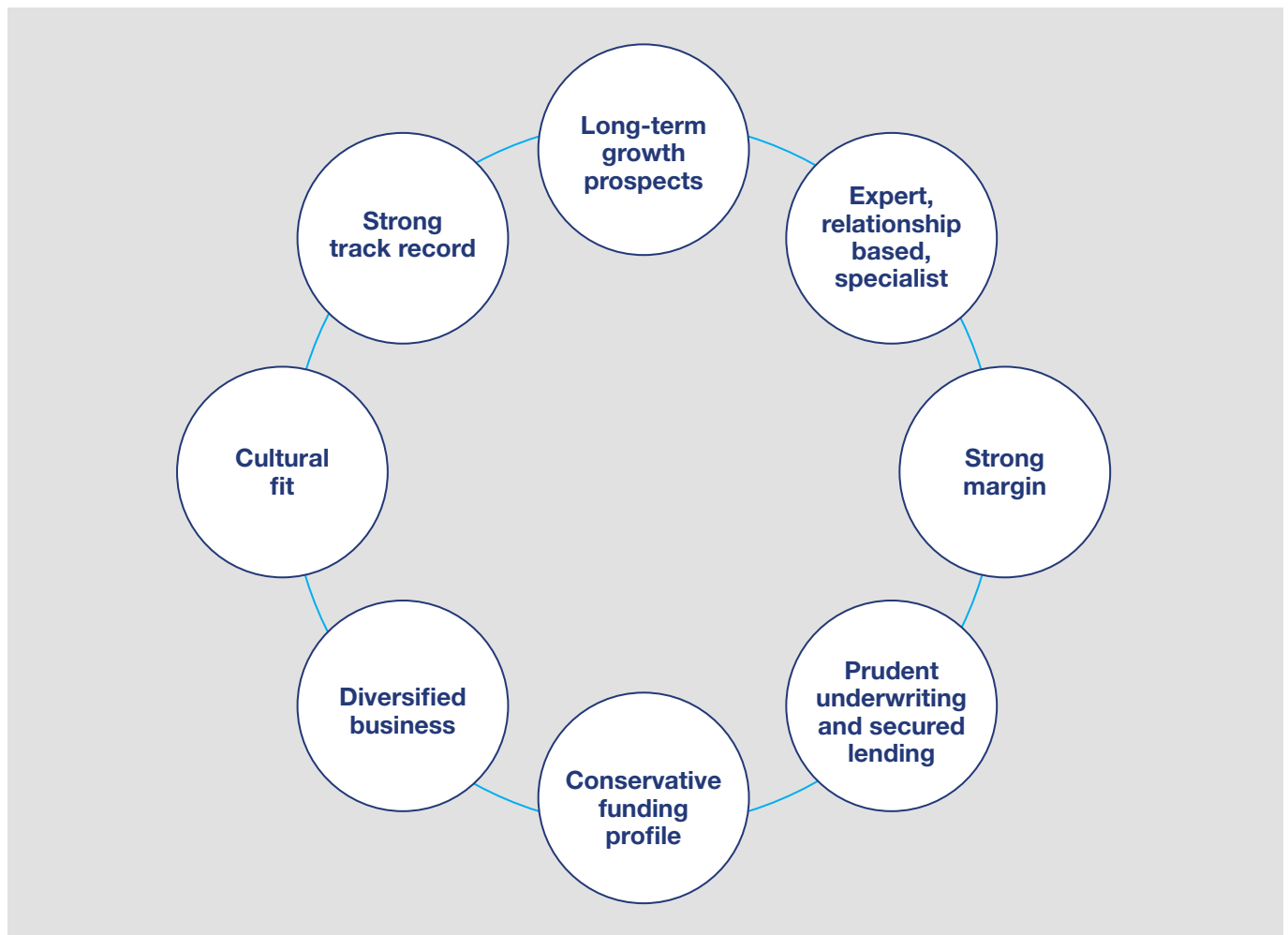
Whilst we remain operationally and strategically well positioned to continue supporting our customers and delivering for our shareholders, we continually assess existing and new markets for growth opportunities that fit with our model.

We have a long history of delivering disciplined growth and, to support us in building on this track record, we have 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.

Model Fit Assessment Framework





To protect, grow and sustain our proven and resilient business model so that it continues to deliver in the long term.



Sustain
Doing it responsibly

Securing the long-term future of our business, customers and the world we operate in

Our long-term approach is embedded throughout our organisation and guides all of our decisions, so it is important that we evolve our business to sustain it for the long term.

For our customers, this involves recognising and responding to changes in their behaviour, adapting our business accordingly and improving our digital capabilities and the customer journey to enhance their user experience. We continue to value the importance of long-standing relationships with our customers, providing them with exceptional service and the deep industry knowledge and expertise of our people.

For our people, this means maintaining our focus on employee engagement to support the wellbeing and needs of our colleagues. We will continue to enable the ongoing development of our people, as we look to retain talent and support our succession planning, whilst also nurturing an inclusive culture where our people feel valued and respected.

We are also focused on our impact. We create value in our local communities by understanding the needs of SMEs and helping them achieve their ambitions, and by creating equal opportunities for all, regardless of background. We maintain our focus on reducing our environmental impact and responding to the risks and opportunities brought by climate change.

