Close Brothers Group plc

Preliminary Results 2022

Close Brothers
Modern Merchant Banking

27 September 2022

Disclaimer

Certain statements included or incorporated by reference within this presentation may constitute “forward-looking statements” in respect of the group’s operations, performance, prospects and/or financial condition.

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. 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. 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 presentation should be construed as a profit forecast.

This presentation does not constitute or form part of any offer or invitation to sell, or any solicitation of any offer to purchase any shares or other securities in the company, nor shall it or any part of it or the fact of its distribution form the basis of, or be relied on in connection with, any contract or commitment or investment decisions relating thereto, nor does it constitute a recommendation regarding the shares and other securities of the company. Past performance cannot be relied upon as a guide to future performance and persons needing advice should consult an independent financial adviser.

Statements in this presentation reflect the knowledge and information available at the time of its preparation.

Liability arising from anything in this presentation shall be governed by English Law. Nothing in this presentation shall exclude any liability under applicable laws that cannot be excluded in accordance with such laws.

Agenda

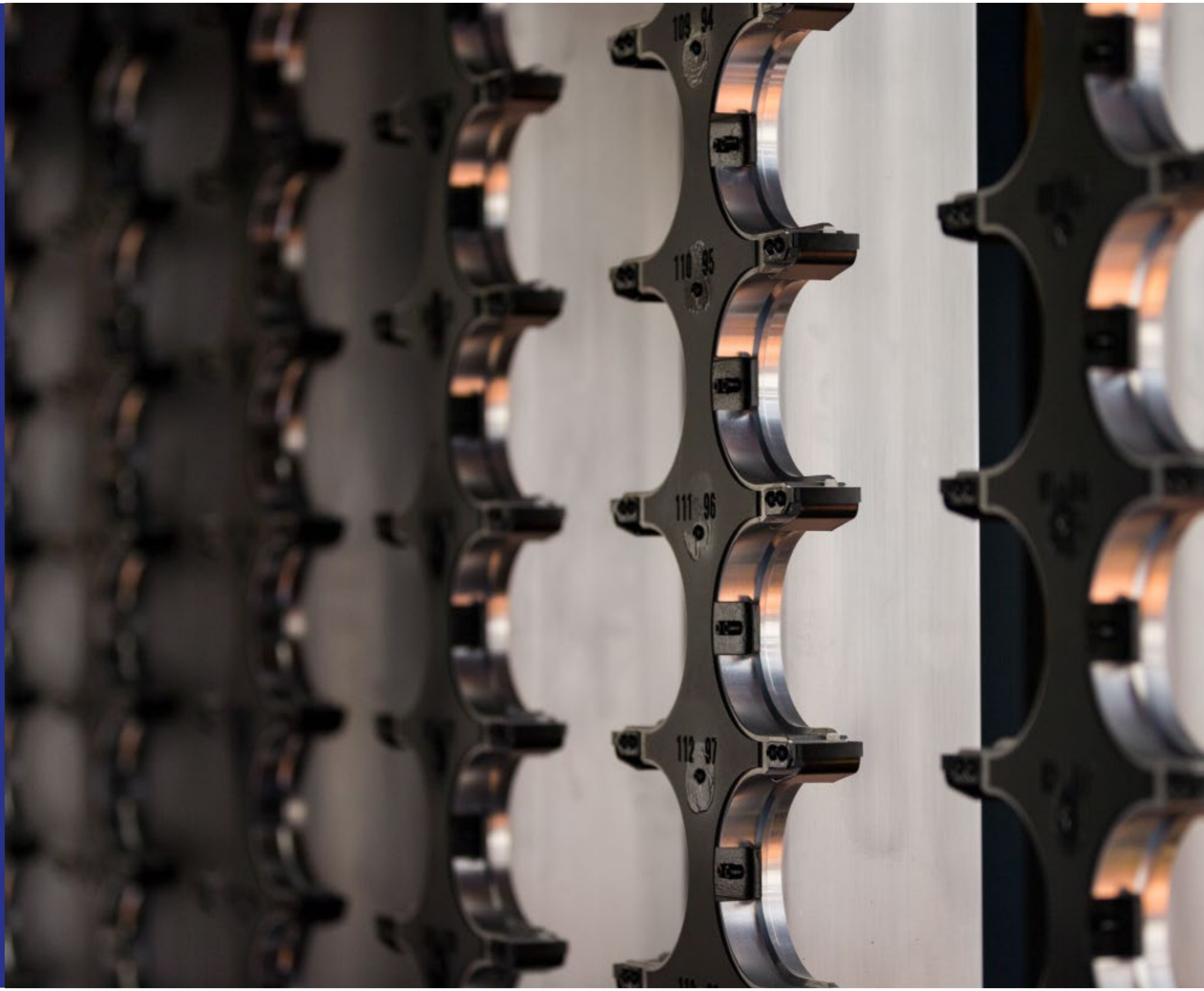
01 **Introduction**
Adrian Sainsbury, Chief Executive Officer

02 **Financial update**
Mike Morgan, Group Finance Director

03 **Business update**
Adrian Sainsbury, Chief Executive Officer

04 **CBAM business update**
Eddy Reynolds, CBAM Chief Executive Officer

05 **Wrap-up and Q&A**



01 Introduction

Adrian Sainsbury

Chief Executive Officer

Close Brothers
Modern Merchant Banking

Overview

Banking performed well, with market-facing businesses negatively impacted by volatility and falling markets

Group ROE[1] of 10.6% and ROTE[2] of 12.2% reflecting increased profit in Banking, reduction in Winterflood's profit and continued growth in the equity base

Banking delivered 5% loan book growth Y-o-Y and strong net interest margin of 7.8%. Momentum picked up in H2 with loan book growth of 3%

Asset Management continued to attract client assets and generated net inflows of 5% despite volatile market conditions

Cyclicality in trading business negatively impacted performance in **Winterflood** following exceptionally strong trading performance in prior year

Strong capital, funding and liquidity positions, with CET1 ratio of 14.6%

66.0p full-year **dividend** returning to the pre-pandemic level

Notes: [1] Return on opening equity. [2] Return on average tangible equity.

Delivering against our strategic priorities

We are building on the core strengths of our business and taking it forward responsibly

PROTECT

Keeping it safe
Maintaining and enhancing the key strengths of our business model

- Disciplined application of **prudent underwriting** and **pricing** of our lending
- Considering the further **optimisation** of our capital structure, including the issuance of debt capital market securities if appropriate, **targeting** a range of **12-13% CET1 capital ratio over the medium term**
- **Tangible benefits** of our through-the-cycle approach to investing
- Enhanced our **operational** and **cyber resilience**, whilst undertaking a **continuous cycle of improvements**

GROW

Delivering disciplined growth
Maximising opportunities in existing and new markets; loan book growth remains an output of the business model

- Over **£400 million** of **loan book growth** and a **strong margin**
- Recruited **new teams** to extend our offering in **agriculture** and **materials handling**
- Piloting a **buy-to-let extension** to our existing Property bridging finance clients
- Significant opportunity in **sustainable finance**, aiming to provide **£1.0 billion of funding for battery electric vehicles** over the next five years
- Continued to **attract client assets**, generating **5% net inflows**, in **CBAM**
- **Strong growth** of **Winterflood Business Services**, with **AuA increasing 16%** to **£7.2 billion**

SUSTAIN

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

- **Significant progress** in developing our **climate strategy**, as we focus on *helping people and businesses transition to a lower carbon future*
- Comprehensive assessment of our indirect **Scope 3 emissions** across all categories of **operational emissions** as well as an initial assessment of **financed emissions**
- Signatory to the **Net Zero Banking Alliance**
- Continue to **support our customers and clients** through the uncertain economic environment

02

Financial update

Mike Morgan

Group Finance Director

Close Brothers
Modern Merchant Banking

Income statement

Decline in adjusted operating profit reflects reduced income in Winterflood and an increase in impairment charges

£ million	2022	2021	% change
Operating income	936.1	952.6	(2)
Adjusted operating expenses	(598.0)	(592.1)	1
Impairment losses	(103.3)	(89.8)	15
Adjusted operating profit	**234.8**	**270.7**	(13)
Adjusted operating profit pre provisions	**338.1**	**360.5**	**(6)**
Effective tax rate ("ETR")	29.0%	23.8%	
Adjusted EPS	111.5p	140.4p	(21)
Dividend per share	66.0p	60.0p	10

- **Income marginally down** as **growth** in **Banking and Asset Management** was offset by a **reduction in Winterflood**
- **Costs broadly stable**, with a significant **reduction in variable costs** in **Winterflood** offset by **continued investment** and **salary increases** in **Banking, as well as higher staff costs** in **Asset Management**
- **Pre provisions, adjusted operating profit down 6%**, reflecting **lower income** in **Winterflood**
- An **increase in impairment charges**, corresponding to a **bad debt ratio of 1.2%**
  - A significant portion of the impairment charges related to provisions against the Novitas loan book (£60.7 million)
- **Adjusted EPS down 21%** to 111.5p
- **10% growth in DPS to 66.0p** returning to the pre-pandemic level, reflecting the solid performance, strong capital position and confidence in our business model

Divisional performance

Diversification continues to support solid overall performance

£ million	2022	2021	% change
Banking	227.2	212.5	7
Commercial	91.0	52.8	72
Retail	61.0	71.9	(15)
Property	75.2	87.8	(14)
Asset Management	21.7	23.7	(8)
Winterflood	14.1	60.9	(77)
Group	(28.2)	(26.4)	7
Adjusted operating profit	**234.8**	**270.7**	**(13)**

Banking

- **10% income growth** offset by **continued investment, higher staff costs** and **impairment charges**
- **Significantly higher profits** in Commercial, partly offset by declines in Retail and Property
- **Good loan book growth** and a **strong net interest margin**

Asset Management

- **Positive net inflows** despite impact of volatile market conditions on wider client sentiment
- **Operating income grew 6%**, despite being impacted by falling markets, while staff costs rose, in part driven by new hires as we continued to invest to grow the business

Winterflood

- **Cyclicality** negatively impacted Winterflood's performance, with **reduced trading opportunities** and **periods of volatility** in **falling markets**

Banking

Good loan book growth and a strong margin

£ million	2022	2021	% change
Operating income	**693.1**	**631.7**	**10**
Adjusted operating expenses	(362.6)	(329.1)	10
Impairment losses	(103.3)	(90.1)	15
Adjusted operating profit	**227.2**	**212.5**	**7**
Adjusted operating profit pre provisions	330.5	302.6	9
Loan book growth[1]	5.0%	10.6%	
Net interest margin[2]	7.8%	7.7%	
Expense/income ratio	52%	52%	
Bad debt ratio[3]	1.2%	1.1%	
Return on net loan book[4]	2.6%	2.6%	

- **Increase in income** reflects **good loan book growth** and a **strong net interest margin**
- **Net interest margin** of **7.8%**, primarily driven by **lower cost of funds**
- **Higher costs** driven by **strategic investment spend** and **increased staff costs** from **salary rises in current inflationary environment** and **performance-driven compensation**
- **Impairment charges increased,** corresponding to a **bad debt ratio of 1.2%**, broadly in line with long-term average
- **Excluding Novitas**, **bad debt ratio of 0.5%**, reflecting the **release of Covid-19 provisions** and the **ongoing review of provisions** and **coverage** across our loan portfolios

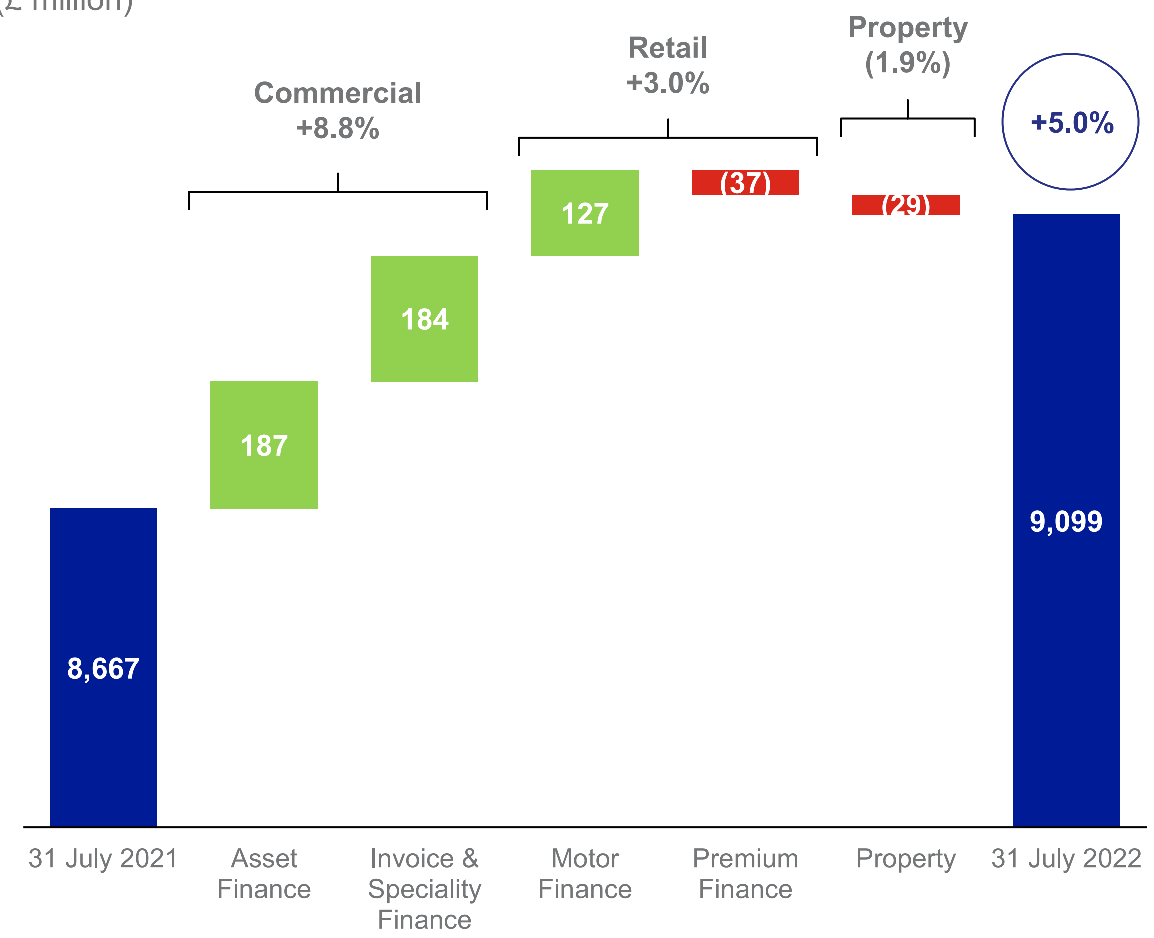
Notes:[1] Loan book including operating leases. [2] Net interest, fees and operating lease income divided by average net loan book and operating leases.
[3] Impairment losses divided by average net loan book and operating leases. [4] Adjusted operating profit divided by average net loan book and operating leases.

Banking

Over £400 million increase in loan book in the year; continued good demand across our businesses

Loan book movement by business[1]

(£ million)



Continued good demand across our businesses

- 1.9% growth in H1, supplemented by 3.0% in H2 as momentum picked up
- Strong growth in Commercial and Motor Finance, partly offset by a contraction in Premium Finance and Property

Outlook for loan book growth

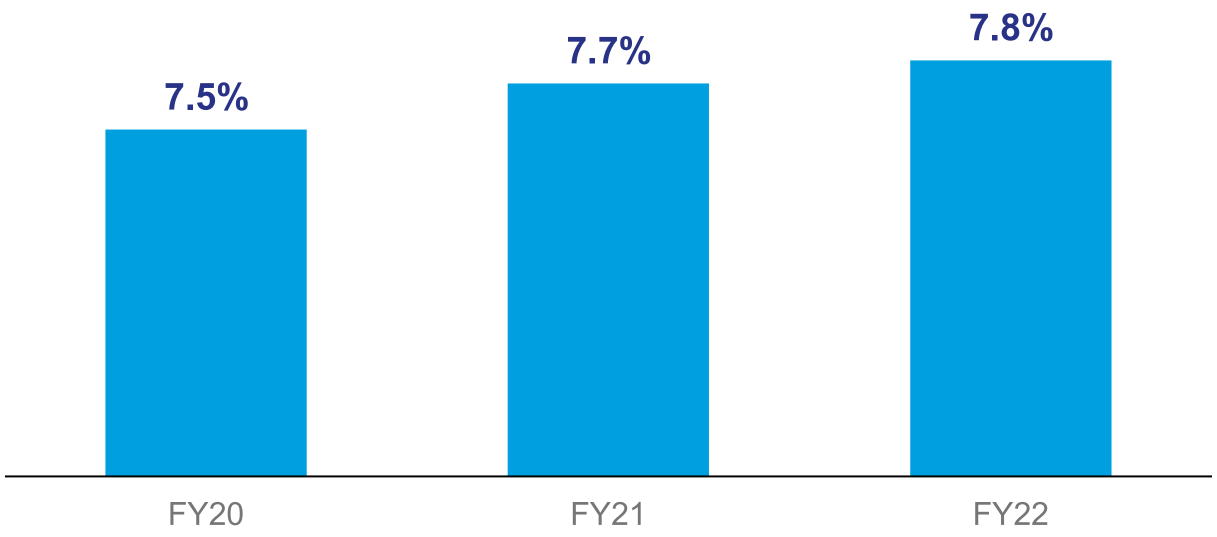
- Loan book growth continues to be an output of our model
- We are actively working to identify incremental and new opportunities in both our existing and adjacent markets
- We remain confident in the growth outlook for the loan book over both the short and medium term

Notes: [1] Including £240.0 million of operating lease assets (£0.5 million in Asset Finance and £239.5 million in Invoice & Speciality Finance) (31 July 2021: £1.3 million in Asset Finance and £221.6 million in Invoice & Speciality Finance)

Banking

Strong net interest margin primarily reflected lower cost of funds

Net interest margin



- **Specialist, relationship driven model** supports net interest margin
- **Consistently strong** NIM compared to **sector average**
- **Prioritise pricing** over volume growth
- **Cost of funds** reduced to **1.3% in FY22** (FY21: 1.4%)

Sensitivity to interest rates

- With the UK base rate now above 1%, no further impact expected from the Property floors in respect of future rate rises

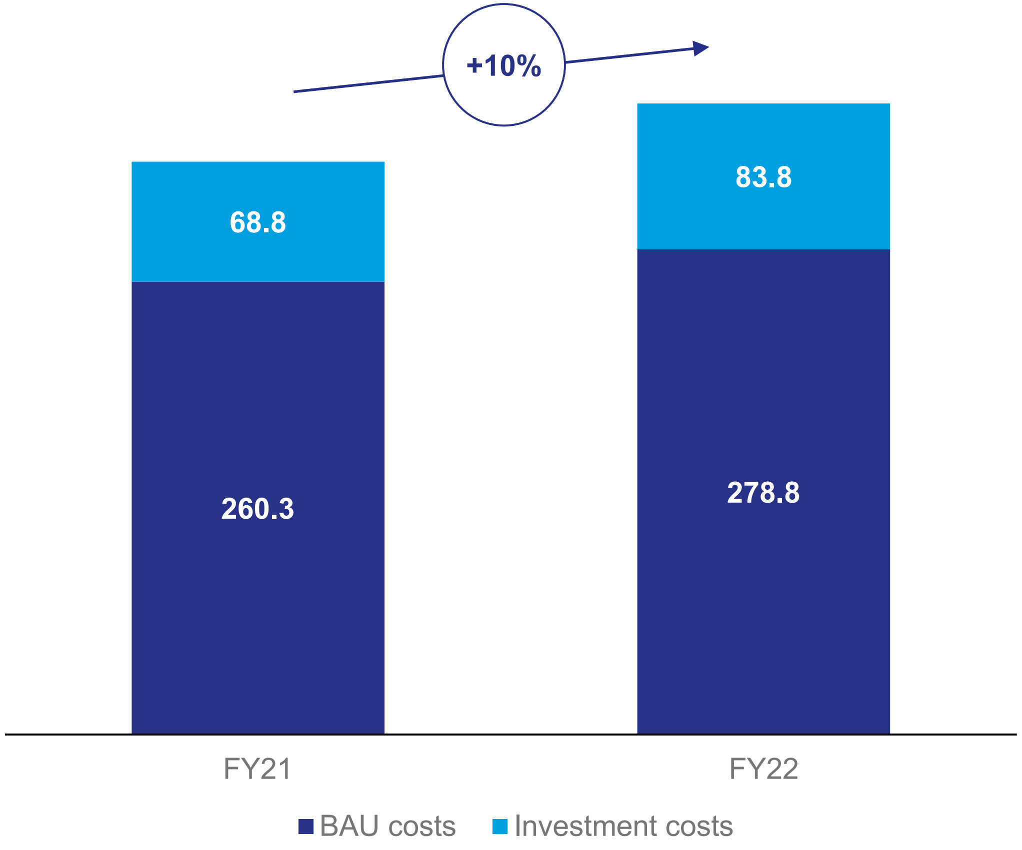
Outlook for NIM

- Well positioned to maintain a strong NIM
- Trajectory of net interest margin will depend on our ability to pass on further rate increases to our customers
- Expect cost of funds to continue to rise in light of increasing cost of customer deposits

Banking

Continued investment and rigorous control of costs, whilst recognising the current inflationary environment

Movement in costs[1,2] (£ million)



Business as usual (BAU) costs[3]

- Disciplined control of BAU costs
- BAU costs increased to £278.8 million, primarily driven by higher staff costs reflecting salary increases and higher performance-driven compensation

Investment costs[4]

- Investing through the cycle remains a key strategic priority
- Investment costs increased to £83.8 million as we progressed our multi-year investment programmes and incurred related depreciation

Outlook for costs

- Whilst we remain mindful of inflationary pressures, we continue to exercise cost discipline
- We expect costs related to existing investment programmes to stabilise over the next financial years
- Depreciation charges related to these programmes will continue to increase

Notes:[1] Refers to adjusted operating expenses. [2] Related ongoing costs resulting from investment projects are recategorised from investment costs to BAU costs after one year. For comparison purposes, £5.2 million has been recategorised from investment costs to BAU costs in the 2021 financial year to adjust for investment projects' ongoing costs that commenced prior to the 2022 financial year. [3] BAU costs include staff costs, variable compensation and other BAU costs. [4] Includes depreciation, costs related to investment in multi year projects including year 1 transition costs, new business initiatives and pilots. Excludes IFRS16 depreciation.

Banking

Stable bad debt ratio of 1.2%

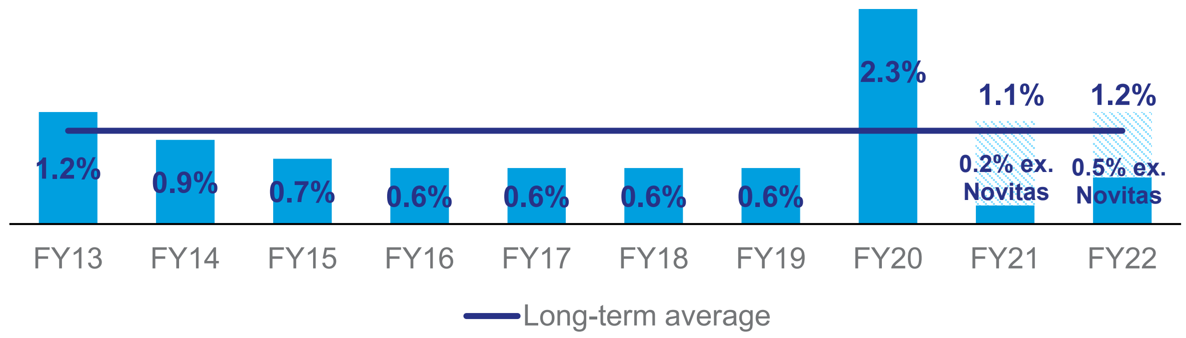
Stable credit performance with bad debt ratio of 1.2%

- **Excluding Novitas**, bad debt ratio of **0.5%**, reflected **release of Covid-19 provisions**, partly offset by **ongoing review** of **provisions and coverage** across our portfolios
- **Coverage ratio** (excluding Novitas) slightly down at 1.9% (31 July 2021: 2.3%) mainly driven by reduced Covid-19 forborne balances
- **Prudent level of provisions**, incorporating **revised macroeconomic scenarios** and **weightings**[2]

Outlook for bad debt ratio

- **Not yet** seeing a **significant impact** from **rising inflation** and **interest rates** and their effect on customers on our **credit performance**
- Alert to the **highly uncertain external environment**, although we remain **confident** in the **quality of our loan book**
  - Predominantly **secured** or structurally **protected**, **prudently** underwritten and **diverse**

Long-term bad debt ratio of 1.0%[1]



IFRS 9 Staging allocation - Excluding Novitas

At 31 July 2022	Stage 1	Stage 2	Stage 3	Total
Gross loans (£m)	7,525.7	1,062.9	283.2	8,871.8
Impairment provisions (£m)	41.5	27.8	103.0	172.3
Provision coverage ratio	0.6%	2.6%	36.4%	1.9%

Notes: [1] 10-year average bad debt ratio based on the average bad debt ratio for FY13 – FY22, including Novitas. [2] We have revised the macroeconomic scenarios we use and refined our approach to the relative weightings assigned to them over the year, with the resulting position at 31 July 2022 being a 32.5% weighting to the baseline scenario, 30% to the upside and 37.5% to the downside (31 July 2021: 40% baseline, 20% upside, 40% downside).

Asset Management

Continued positive net inflows despite volatile market conditions

£ million	2022	2021	% change
Operating income	**148.0**	**139.4**	**6**
Investment management	110.4	102.9	7
Advice and other services	36.1	36.4	(1)
Other income[1]	1.5	0.1	n/a
Adjusted operating expenses	(126.3)	(115.9)	9
Impairment losses on financial assets	-	0.2	n/a
Adjusted operating profit	**21.7**	**23.7**	**(8)**
Operating margin	15%	17%	
Revenue margin	87bps	91bps	
Return on opening equity	28.6%	31.7%	
Net inflows as % of opening managed assets	5%	7%	
£ billion	**31 July 2022**	**31 July 2021**	**% change**
Total managed assets	15.3	15.6	(2)
Total client assets[2]	16.6	17.0	(3)

- **Income up 6%** with **positive net inflows** and **market performance** in the first half, despite **falling markets** and the impact on wider **client sentiment** in the second half
- **Increase in expenses** from **higher staff costs** in current inflationary environment and **new hires** as we continue to invest to **grow** the business
- **8% decrease** in **adjusted operating profit** as income was impacted by falling markets, while staff costs rose
- **Attracted client assets, generating net inflows of 5%** despite macroeconomic and geopolitical uncertainty weighing on markets and investor sentiment
- **Total managed assets decreased by 2%** as negative market movements of £1.1 billion more than offset net inflows

Notes: [1] Other income includes £1.4 million gain on disposal of an advised client book. [2] Total client assets include £5.9 billion of assets (31 July 2021: £6.0 billion) that are both advised and managed.

Winterflood

Cyclicality in trading business negatively impacted performance

£ million	2022	2021	% change
Operating income	**95.2**	**182.0**	**(48)**
Operating expenses	(81.1)	(121.2)	(33)
Impairments	-	0.1	n/a
Operating profit	**14.1**	**60.9**	**(77)**
Average bargains per day	81k	101k	
Operating margin	15%	33%	
Return on opening equity[1]	10.5%	63.5%	
Loss days	8	1	

- Decline in income reflected **market wide slowdown in trading activity** and a change in the mix of trading volumes, exacerbated by falling markets in the second half
- **WBS** delivered another strong performance, with **income** increasing by 12% to **£10.2 million**
- Operating expenses decreased as a result of **lower variable compensation**
- **Reduction in operating profit** reflects moderation in **trading activity** following the **exceptional highs** experienced during **Covid-19 period**
- Navigated volatile trading situations well, with eight loss days for the year, of which seven were in the second half, benefiting from **expertise of traders and strong focus on risk management**
- **Well positioned to continue trading profitably** and take advantage of **returning investor appetite**

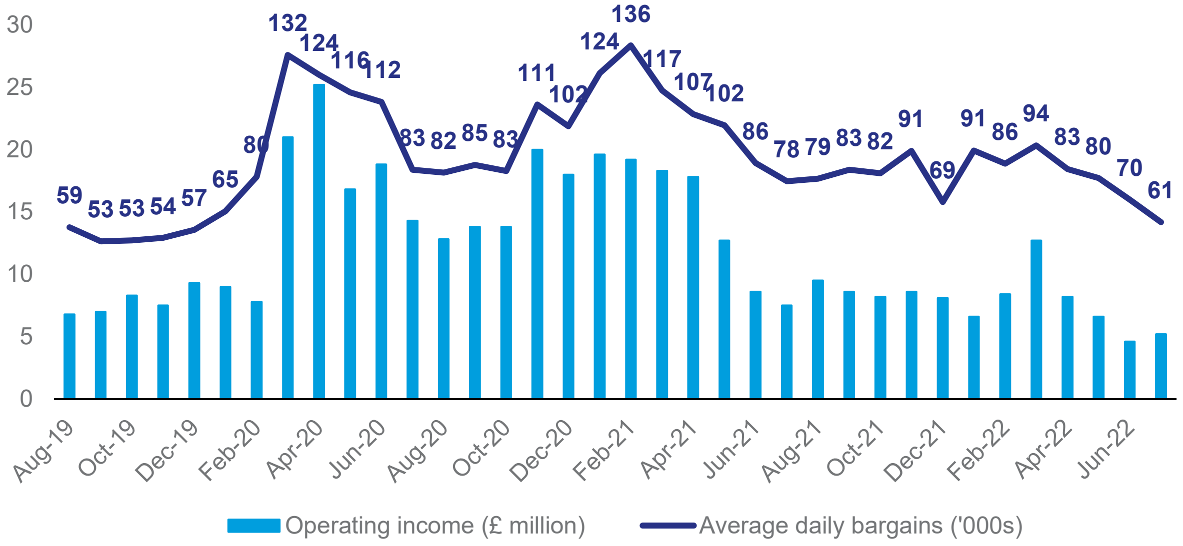
Notes: [1] Reflecting increase in capital base in financial year 2021.

Winterflood

Market wide slowdown in trading activity and change in mix of volumes

Operating income

(£ million)



Loss days[1]

FY18	FY19	FY20	FY21	H1 22	H2 22
0	2	7	1	1	7

- **Operating income** decreased 48% to £95.2 million, primarily driven by **a market wide slowdown in trading activity** and a change in the mix of trading volumes, exacerbated by falling markets
- **Substantial volatility** in global equity markets, with **worst January-June period** for **US stocks** in **more than 50 years**
- **Trading volumes** remained **elevated on pre-Covid-19 levels** but **total bargains** in our **higher margin markets** of AIM and Small Cap **down on prior year**

AIM total bargains

Small Cap total bargains

Notes: [1] Loss day occurs where aggregate gross trading book revenues are negative at the end of a trading day.

Strong balance sheet

Well placed to continue funding and supporting loan book growth

Prudent approach

- Conservative approach to funding, focused on diversity of sources and prudent maturity profile
- Maintain "borrow long, lend short" principle
- Prudent liquidity management, with Liquidity Coverage Ratio of 924%

Diverse funding base

- Completed our fourth Motor Finance securitisation and increased customer deposits to £6.8 billion
- Strong credit ratings[1], with Close Brothers Ltd rated Aa3 by Moody's
- Cost of funds at 1.3%, down 10bps since 2021 but up c.20bps on HY22 due to increased cost of customer deposits
- Continue to optimise via diversified funding strategy and access across wholesale and retail markets
- Online savings platform continues to support lower cost of funds and diversification of our funding base

Total funding
£11.6 billion

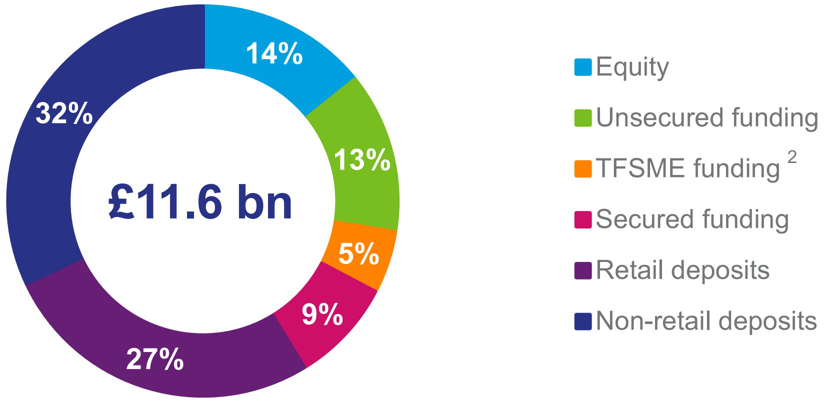
Average maturity of loan book funding at **21 months**

Loan book
£9.1 billion

Average maturity of the loan book at **17 months**

Treasury assets
£1.9 billion

Includes **£1.3bn** with central banks



+16%
YoY increase in retail deposits

c.£350m
Balance of Fixed Rate ISAs

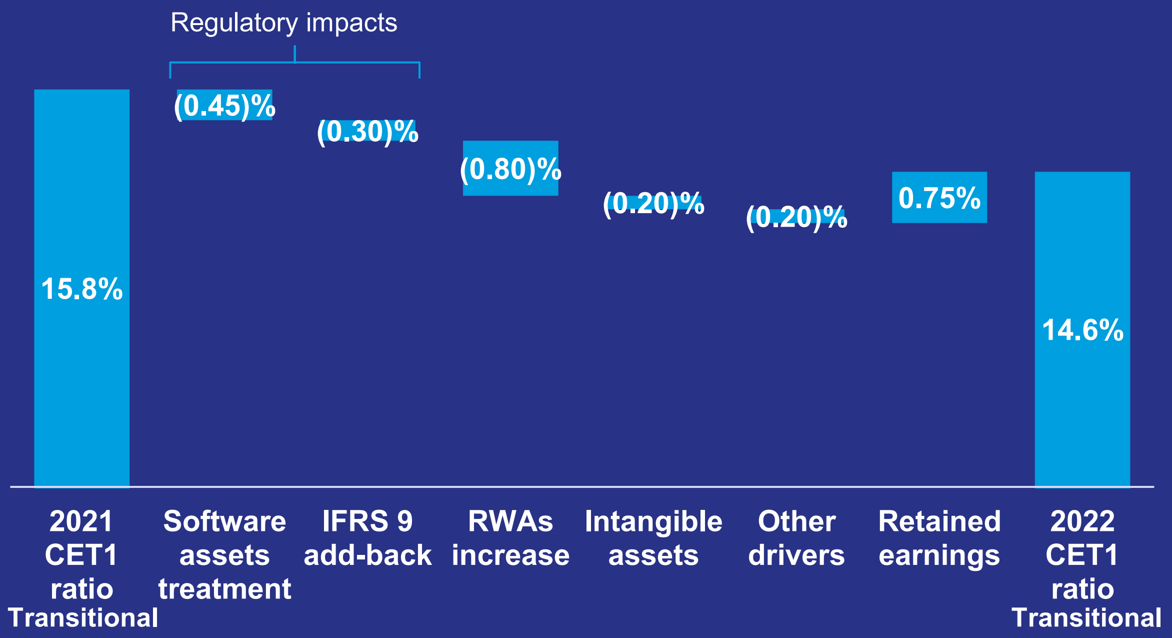
Close Brothers

Notes: [1] Moody's rates Close Brothers Group ("CBG") A2/P1 and Close Brothers Limited ("CBL") Aa3/P1, both with a 'negative' outlook. Fitch rates both CBG and CBL A-/F2 with a 'stable' outlook.
[2] Term Funding Scheme with Additional Incentives for SMEs.

Capital

Strong capital position

Movement in CET1 capital ratio over the year[1,2]



Capital overview

	31 July 2022[1]	31 July 2021
CET1 capital ratio (transitional)	14.6%	15.8%
Total capital ratio (transitional)	16.6%	18.3%
Leverage ratio[3]	12.0%	11.8%
CET1 capital (£m)	1,397	1,439
RWAs (£m)	9,591	9,105

- Reduction in CET1 capital reflected **change in treatment of software assets** and **decrease in transitional IFRS 9** capital add back, partly offset by **retained profit**
- Uplift in **RWAs** reflected **loan book growth** and RWAs related to derivates held for hedging purposes
- **Leverage ratio** remained strong at **12.0%**
- Continue to engage with the PRA on **IRB application** and have transitioned to **Phase 2**

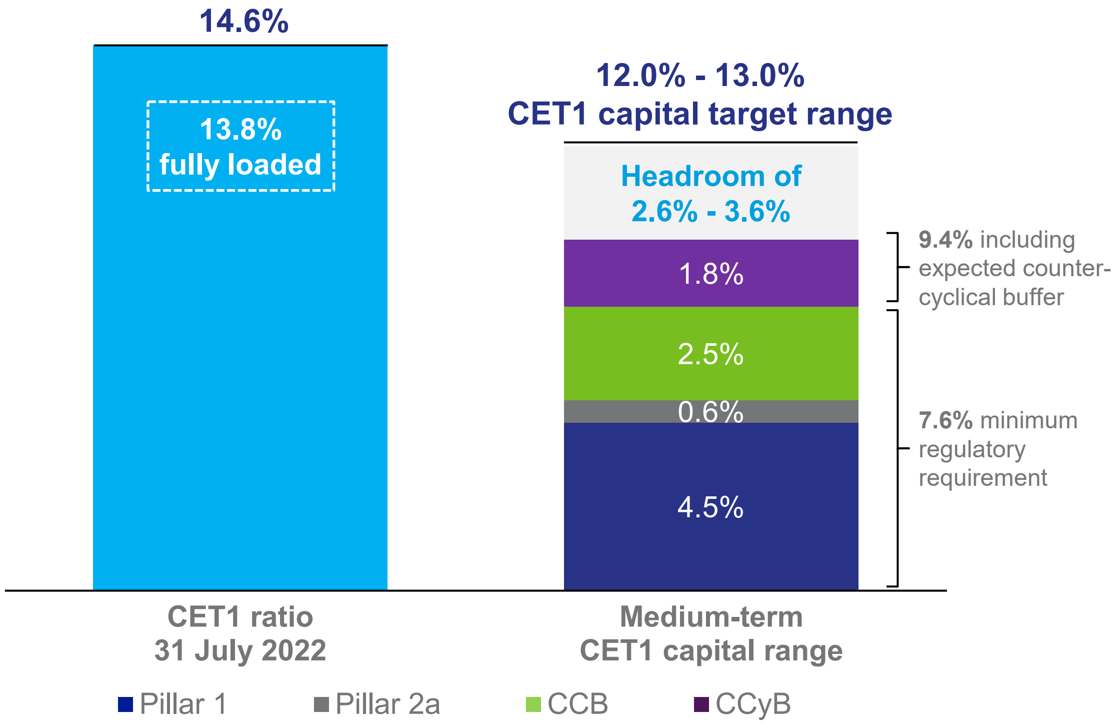
Notes: [1] In line with CRR, effective on 1 January 2022, the CET1, tier 1 and total capital ratios no longer include the benefit related to software assets which were previously exempt from the deduction requirement for intangible assets from CET1. [2] The fully loaded CET1 ratio, excluding the application of IFRS 9 transitional arrangements, would be 13.8% at 31 July 2022 (31 July 2021: 14.7%). [3] 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. At 31 July 2021, the leverage ratio was calculated under the EU CRR and included central bank claims.

Capital management framework

Prudent management of financial resources is a core part of our business model

CET1 capital ratio target range

Considering further optimisation of capital structure, including the issuance of debt capital market securities if appropriate. Expect to operate above the target range in the short term, in light of the heightened macroeconomic uncertainty and potential growth opportunities



Deploying capital to deliver disciplined growth

1	**Loan book growth**	Deploy capital to support disciplined loan book growth in Banking
2	**Strategic growth opportunities**	Strategic growth initiatives and small acquisitions in existing or adjacent markets that fit with our business model
3	**Capital distributions to shareholders**	Commitment to a progressive and sustainable dividend while maintaining a prudent level of dividend cover Further capital distributions to shareholders will be considered depending on future opportunities

03 Business update

Adrian Sainsbury

Chief Executive Officer

Close Brothers
Modern Merchant Banking

A proven and resilient model

Well positioned to continue delivering on our long-term track record of growth and profitability

Our distinctive strengths

Disciplined underwriting and pricing through the cycle

Prudent management of financial resources

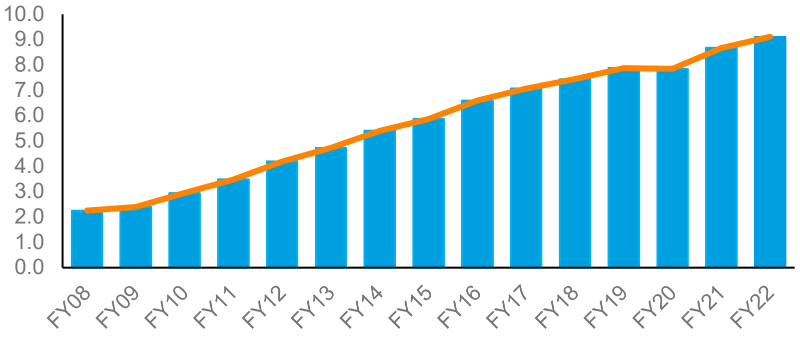
Service, expertise and relationships

Distinctive culture

Diversified portfolio of businesses

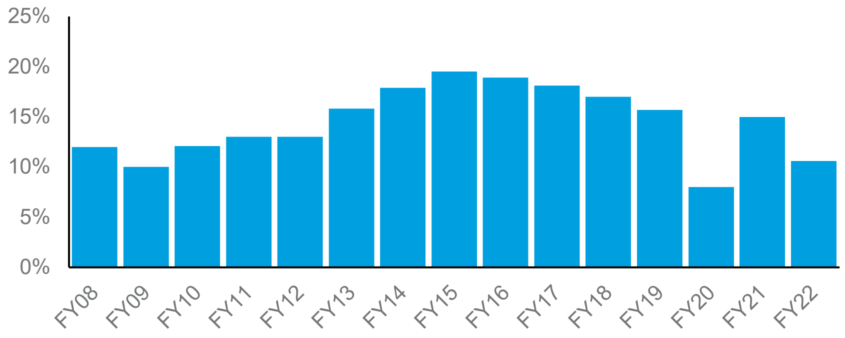
Long-term growth

Loan book[1] (£ billion)



Strong returns through the cycle

Return on opening equity



Strong customer scores

Latest scores

Asset Finance[2]
+88

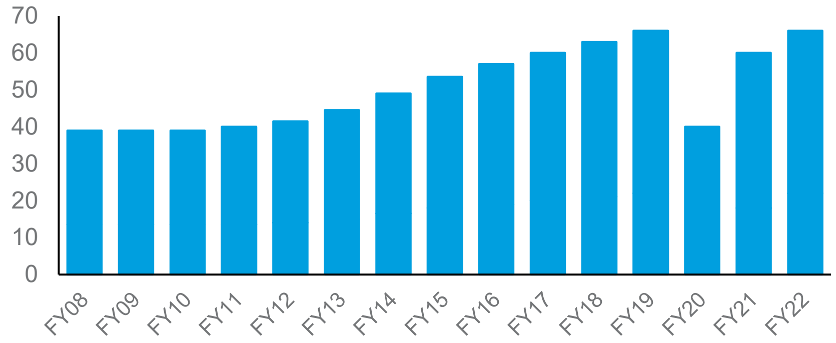
Property Finance[3]
+87

Motor Finance[4]
+73

Savings online[2]
+86

Long-term dividend track record

Dividend per share (p)



Notes: [1] Includes operating lease assets. [2] CSAT (Customer satisfaction score). [3] Property Finance net promoter score excludes Commercial Acceptances. [4] Motor Finance Dealers net promoter score.

Protect: Keeping our model safe

Tangible benefits of our through-the-cycle approach to investing

PROTECT

Maximising and future-proofing our income generation capabilities

Motor Finance transformation

- **Partnership with AutoTrader**, a unique proposition providing data and market insights
- Supported an **increase in dealer numbers** and **reduced vehicle sales times**
- Also providing **more routes to customers and dealers** via API links

Asset Finance transformation

- **Developing a customer portal**, so customers can **tailor the service** they receive
- Integrated a **new customer relationship management system**
- During Covid-19, able to **build, test and launch our CBILS portal** within **10 days**

CBAM technology projects

- **New CRM system** with **significant client experience benefits**
- Improved **client portal** and **new mobile application**, contributing to a significant reduction in paper
- Foundation for digital enhancements

Customer deposit platform

- Broadened offering with **new product launches**
- **Significant growth in** our **retail deposits,** up 16% year-on-year
- **Online portal** offers alternative channel for customers
- Very high service levels, with **customer satisfaction score** of **84%**

Maintaining resilience and enhancing efficiency

CBAM technology projects

- **Consolidation** of advice tools and systems
- **Automation** of manual processes
- **Improved automated** anti-money laundering and bank verification checks
- **Improved capacity**, **scalability** and **resilience**, whilst **reducing risk**

Asset Finance transformation

- **Automation** of non-value adding processes
- Developing a 'proposal to payout' solution, with **direct integration** into service providers and **additional functionality**

IRB transition

- **Optimisation** of **capital efficiency**
- Long-term **strategic flexibility**
- Further **enhancement** of **credit risk management framework**
- RWAs that better reflect the **risk profile of our lending**

Cyber resilience

- Multi-year strategic **cyber resilience** programme
- Aligned **capital investment roadmap** with important business services
- **Target enhancements** to **address** any **vulnerabilities** and demonstrate **resilience**

Data centre transformation

- Investing in **new data centres**
- Enhanced **Cloud computing control** for Software-as-a-service, Platform-as-a-service, and Infrastructure-as a service

Grow: delivering disciplined growth

Maximising opportunities in existing and adjacent markets

GROW

Further review of potential growth opportunities, with a strong pipeline of identified target areas that are aligned with our Model Fit Assessment Framework

Financing the UK's transition to a net zero economy

We aim to provide £1.0 billion of funding for battery electric vehicles in the next five years

Significant opportunity in broadening our sustainable finance offering

Incremental growth opportunities

Expanding **our Property bridging finance** offering to cover specialist buy-to-let investments

Extending our sector coverage by adding new specialist teams in **Asset Finance**

Continue to grow in the ABL space, including identifying syndication opportunities in **Invoice Finance**

Capitalising on long-term trends in Wealth Management

Target net inflows of 6% - 10% in CBAM, subject to market conditions

Building on an excellent track record of increasing client assets organically

Continued selective hiring and in-fill acquisitions

Significant growth potential in WBS

WBS Assets under administration expected to exceed £10 billion in the 2023 financial year

Award-winning and highly scalable proprietary technology

Sustain: Our Responsibility

Our responsibility is fundamental to our purpose, strategy and culture

SUSTAIN

Sustainable objectives	Environment	Society	Governance
	Reducing our impact on the environment and tackling climate change	Ensuring we are a diverse and inclusive employer Serving the needs of our customers	Setting high standards of corporate governance to ethically and transparently achieve long term success for our stakeholders
Our progress	• **45% reduction** in **Scope 1 and 2 emissions** since 2019[1] • Further **43% reduction** in fleet vehicle emissions vs 2021 • Completed **initial assessment** across **all categories** of **Scope 3** emissions • Published our inaugural **TCFD report** • Became a **signatory** to the **Net Zero Banking Alliance**	• **33% female senior managers** at 31 July 2022 • **10%** of **managers** from an **ethnic minority background** at 31 July 2022 • **Strong customer scores**[2]: - Property Finance NPS +87 - Asset Finance CSAT +88 - Savings online CSAT +88	• **50%** of **board members** were **female** at 31 July 2022 • CBAM became a **signatory** of the **UK Stewardship Code** • Received strong ratings of **B-** from **CDP**, **AAA** from **MSCI** and **CIS-1 ESG Credit Impact Score** from **Moody's**
Our targets	• **Operationally net zero by 2030** through our **Scope 1 and 2 emissions** • Align **all operational and attributable emissions** from our **lending and investment portfolios** with **pathways to net zero** by **2050** • Aim to provide **over £1.0 billion** of lending for **battery electric vehicles** over the **next five years**	• **36% female senior managers** by **2025** • **14%** of our **managers** to be of an **ethnic minority background** by **2025** • **Maintain** or **improve customer satisfaction scores** across our businesses	• Maintain **high standards of governance**, with **appropriate Board level oversight** • Aim to **maintain or improve ESG ratings**

Some of our partners and commitments

Stop Hate UK · The Valuable 500 · Make-A-Wish United Kingdom · upReach · Stonewall (Acceptance without exception) · Cancer Research UK · Bookmark (Change a child's story) · the trussell trust (Stop UK Hunger) · Race at Work Charter · Smart Works

Notes: [1] Market based Scope 1 and 2 emissions. [2] Customer satisfaction score ("CSAT"). Net promoter score ("NPS"). Property Finance NPS excludes Commercial Acceptances.

Banking update – Commercial

Well positioned to deliver disciplined growth

2022 performance

Asset Finance

- **Strong new business volumes** in **Transport, Broker, Contract Hire** and **Energy** with continued good demand from customers
- Asset Finance Transformation programme enabling us to **automate processes** and respond to **changing customer behaviour**
- **Asset Finance Connect 2022 award winner** for strongest loan book growth

Invoice & Speciality Finance

- **High sales volumes**, supported by **Recovery Loan Scheme**, and **improved utilisation**
- Core **Invoice Finance loan book increased 29%**
- Delivered a **record year** in **Brewery Rentals** and **Irish Commercial Finance** businesses
- Winner of a **Business Moneyfacts Award** for ninth consecutive year

Delivering disciplined growth

GROW

Asset Finance

- **Expanded our sector coverage** with new **Agricultural Equipment** and **Materials Handling teams**
- Increased our **focus** on the financing of **green and transition assets**
- Well positioned to capitalise on **continued demand** for asset financing

Invoice & Speciality Finance

- Continued to **pursue opportunities** in the **Asset Based Lending** space including identifying **syndication opportunities**
- **Strong demand** for our **EkegPlus** product in **Brewery Rentals**
- Expect **growth trajectory** to follow the **economic conditions**

Spotlight: Green lending

Our Commercial businesses provide finance to a wide array of green and transition assets

Battery energy electric storage system (“BESS”)

- Working with Pacific Green Technologies Group
- Development loan for the construction phase of one of the UK’s largest BESS
- A 100MW battery energy storage system at Richborough Energy Park, Kent

Banking update – Retail

Well positioned to deliver disciplined growth

2022 performance

Motor Finance

- **High new business levels** reflected **continued demand** and **strong prices** in the **used car market**
- **Motor Finance Transformation** programme enabled us to **broaden our offering** and take advantage of **heightened demand** for used cars
- Introduction of **e-sign functionality** has driven **sustainability benefits**

Premium Finance

- **Lower demand** for funding of insurance policies from **consumers** following previous Covid-19 restrictions
- **Strong new business volumes** as **commercial customers** look to **ease cash flow pressures**

Delivering disciplined growth

GROW

Motor Finance

- Expanded offering with forecourt insights proposition for dealers
- Using **APIs** to **connect into strategic partners**
- Exploring **growth opportunities** through **shift to AFVs**[1] over the longer term as they become more prevalent in second hand car market

Premium Finance

- Launched **new insight tools**, **Foresight** and **Focus 360**, **enhancing our offering** and **supporting brokers' decisioning**
- Anticipate **demand for funding** of insurance policies could **increase** given **current macroeconomic uncertainties**

Spotlight: Motor Finance Transformation

Real-time data and insights

- Award-winning, innovative proposition
- Provides dealers with real-time data and market insights
- In partnership with AutoTrader

Using APIs to connect to strategic partners

- Developed APIs to connect us into strategic partners
- Provides our finance offering at various points in the customer journey
- Partners include AutoTrader and iVendi

Notes: [1] Alternatively Fuelled Vehicles.

Banking update – Property

Well positioned to deliver disciplined growth

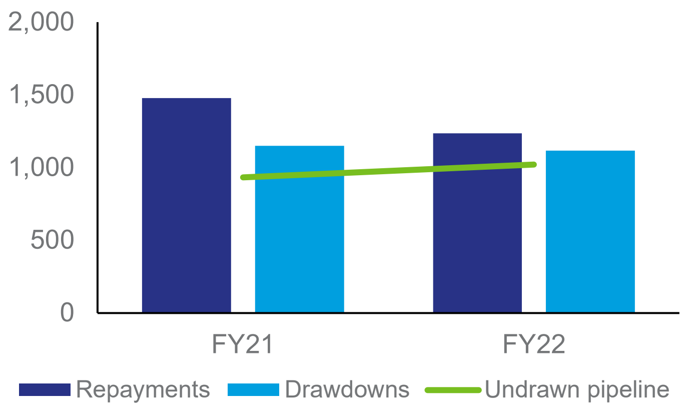
2022 performance

Property Finance

- UK property market remained buoyant, with **heightened house sales volumes**
- Despite **strong new business levels**, **high repayments** more than offset **drawdowns**
- Loan book **contracted 2%**, but saw **growth in the second half** of the year

Repayments, drawdowns and undrawn pipeline

(£ million)



Delivering disciplined growth

GROW

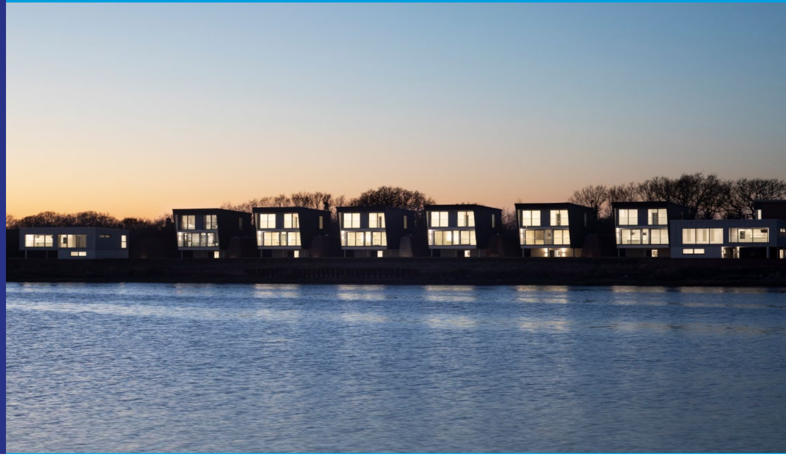
- **Undrawn pipeline of commitments** strong at **over £1 billion**, although heightened economic uncertainty expected to continue to impact market activity
- **Continued expansion** in the **regions**, with good demand outside London & South East
- Partnered with **Travis Perkins** to establish a facility, allowing SME housebuilders to access supplies and materials directly
- Piloting a **specialist buy-to-let extension** to our **existing bridging finance clients**

Spotlight: Sustainable developments

Significant expertise in providing development finance for sustainable, low carbon homes

Elite NuGEN – Priddy's Hard, Gosport

- Zero carbon development of 39 eco-friendly homes[1] on a disused military brownfield site
- WhatHouse? Awards 2021 Gold in Best Sustainable Development category



Notes: [1] 10 of the 39 homes in the Priddy's Hard development were financed by Property Finance.

Winterflood

Continued WBS growth drives income diversification

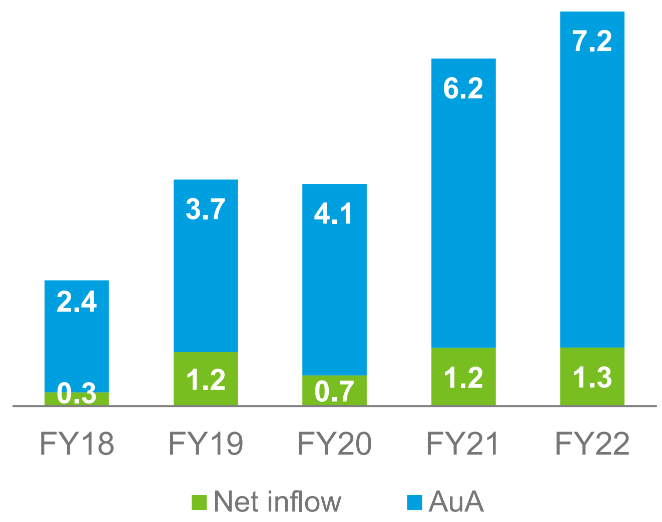
GROW

Winterflood Business Services

- **Providing outsourced dealing and custody services** for asset managers and platforms
- **Distinct platform and offering**, leveraging expertise, capabilities and resources of Winterflood
- Award-winning **proprietary technology** and highly **scalable**
- Assets under administration ("AuA") **up 16% YoY**, and expected to **exceed £10 billion in FY23**
- Across **24 markets** and **multiple currencies** with **c.290k daily orders**

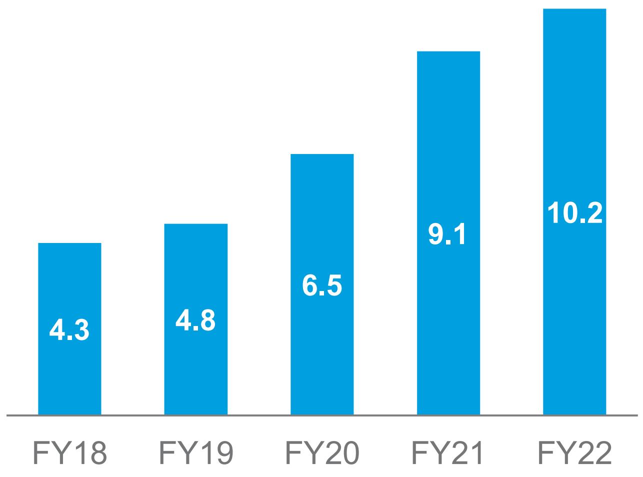
WBS AuA

(£ billion)



WBS Income

(£ million)



Diversification of client base

Fee driven revenue model – greater predictability from fees and trading volumes

Sticky annuity style income stream

Significant growth potential

WBS Clients

wealthify

abrdn Elevate

novia intelligent wealth management

WEALTH at work KNOWLEDGE | EXPERIENCE | OPPORTUNITY

AVIVA

moneybox

04

CBAM business update

Eddy Reynolds

CBAM Chief Executive Officer

Close Brothers

Modern Merchant Banking

Asset Management

Well placed to continue to build on a long track record of growth

GROW

Target net inflows of 6% - 10%

Inorganic growth

- Acquisitions
- Hiring

Business development growth

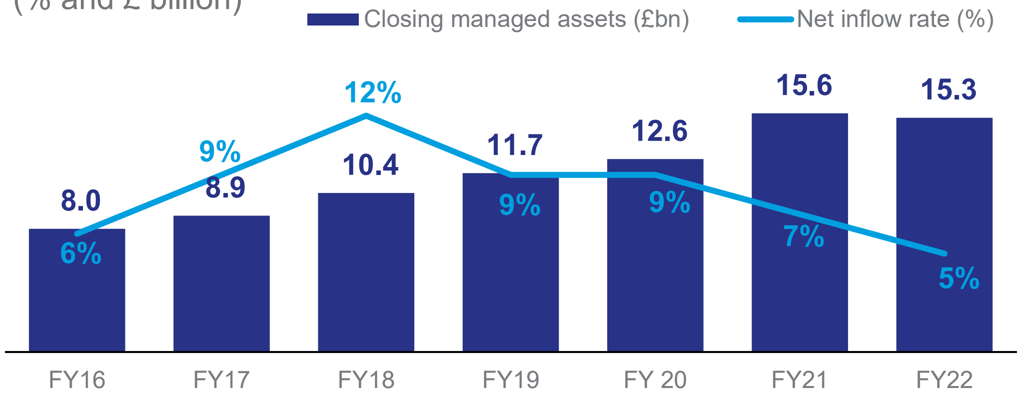
- Broaden and deepen channels
- Proposition development
- New market areas

Foundational growth

- Excellent client service and high staff retention
- Strong investment performance
- Smooth administration
- Strong brand and reputation

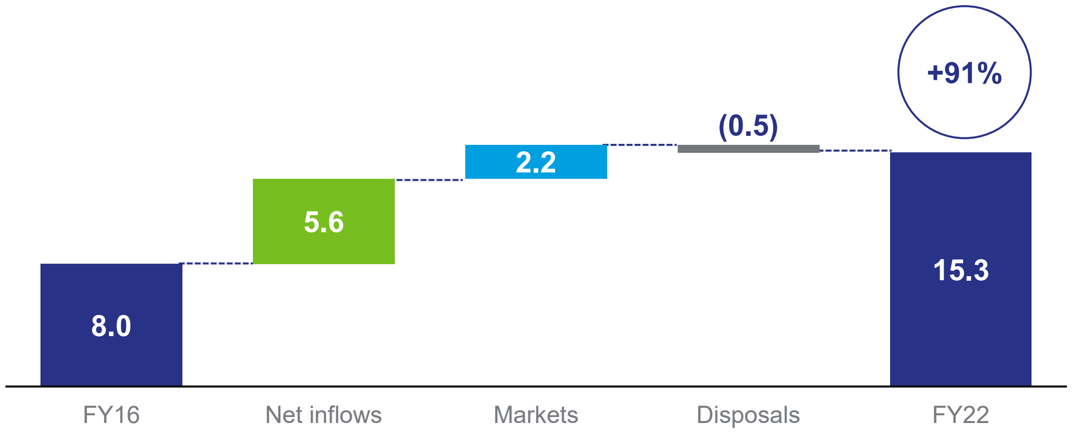
Net inflow rates and closing managed assets

(% and £ billion)



Assets under management

(£ billion)



Asset Management

Well placed to continue to build on a long track record of growth

GROW

- Continue to **invest in new hires** as we see **success** from our **portfolio manager hires** accounting for c.35% of net inflows in FY22
- Our **technology investment** is **delivering benefits** for our advisers and clients
  - Major CRM re-platforming to rationalise legacy systems and increase efficiency
  - New mobile application
  - Consistent on-boarding processes

- Continue to enhance our **sustainability proposition**
  - Expansion of Responsible Investment team
  - Dedicated sustainability programme with specific initiatives to embed the PRI and stewardship across all facets of business
  - Signatory of the UK Stewardship Code
  - Will be making a commitment to the Net Zero Asset Managers initiative
  - Plan to align disclosures with TCFD recommendations by 2024

Model well aligned with the long-term trends in the wealth management space

- Vertically integrated model
- Multi-channel distribution
- Brand and culture
- Technology and operating model improvements
- Organic and inorganic growth
- Proposition development
- Well positioned for client preference changes

05 Wrap-up

Adrian Sainsbury

Chief Executive Officer

Close Brothers
Modern Merchant Banking

Outlook

Well placed to continue to support customers and colleagues

Delivered a solid performance this year and we start FY23 against a highly uncertain external environment

Alert to the impact of rising inflation and interest rates on our customers and wider financial market conditions

Remain well placed to continue delivering on our long track record of profitability and disciplined growth

---

Continued growth opportunities

Banking

Confident in the long-term growth prospects of our businesses

Asset Management

Continue to invest to support the long-term growth potential of the business

Winterflood

Highly sensitive to changes in market environment but remains well positioned to continue trading profitably, taking advantage of returning investor appetite

Q&A

Close Brothers
Modern Merchant Banking

Close Brothers
Modern Merchant Banking

Close Brothers Group plc
10 Crown Place
London EC2A 4FT
www.closebrothers.com

LENDING | DEPOSITS | WEALTH MANAGEMENT | SECURITIES