



Close Brothers Group plc

Investor event June 2021

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Agenda

01	Strategy update	Adrian Sainsbury
02	Our financial strength	Mike Morgan
03	Treasury & Savings	Andy Townsend
04	Commercial	Neil Davies
05	Retail	Rebecca McNeil
06	Property	Frank Pennal
	Q&A – Group and Banking	
07	Close Brothers Asset Management	Martin Andrew
08	Winterflood	Philip Yarrow
	Q&A – CBAM and Winterflood	
09	Conclusion	Adrian Sainsbury

Strong and experienced management team

Your presenters today



Adrian Sainsbury
Group CEO



Mike Morgan
Group Finance Director



Andy Townsend
Group Treasurer



Neil Davies
Commercial CEO



Rebecca McNeil
Retail CEO



Frank Pennal
Property CEO



Martin Andrew
Asset Management CEO



Philip Yarrow
Winterflood CEO

01

Strategic update

Adrian Sainsbury

Chief Executive Officer



Close Brothers Group

Overview

A leading UK merchant banking group providing lending, wealth management services and securities trading

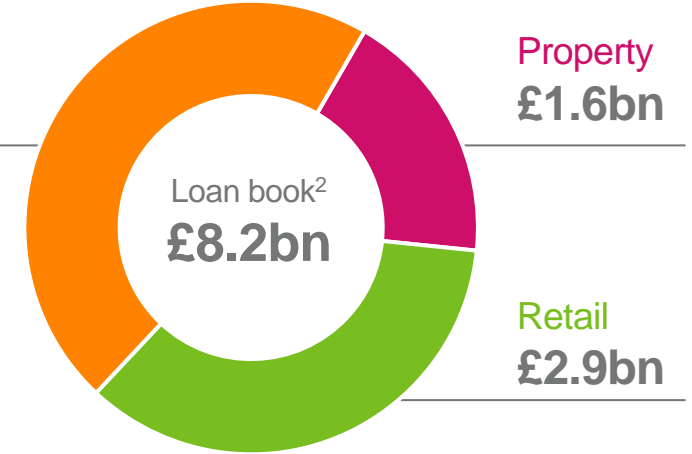
We employ over **3,700 people** across **47 offices** in the UK, Ireland and Germany¹

Member of FTSE 250 with a market capitalisation of £2.4 billion¹

Banking

Specialist lending and deposits for small businesses and individuals

Commercial
£3.8bn



Close Brothers Asset Management

Top 20 UK wealth manager providing financial advice and investment management services to private clients in the UK



Financial advice



Investment management



Custody & platform



Market maker



Investment trusts



WBS



Institutional sales trading

Winterflood

A leading market maker providing continuous liquidity in all market conditions

Notes: 1 Closing market capitalisation at 11 June 2021. 2 As at 30 April 2021. All other metrics presented as at 31 January 2021, unless otherwise stated.

A proven and resilient model

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

Our distinctive strengths



Our track record

Disciplined underwriting and pricing through the cycle

Prudent management of financial resources

Service, expertise and relationships

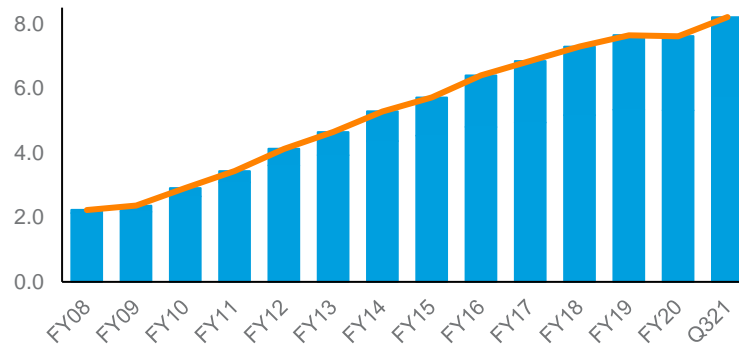
Unique culture

Diversified portfolio of businesses

Notes: 1 2019 Net Promoter Score.

Long-term growth

Loan book (£ billion)



Strong reputation

Net Promoter Scores ("NPS")



Asset Finance
+72



Invoice Finance
+60



Motor Finance
+65



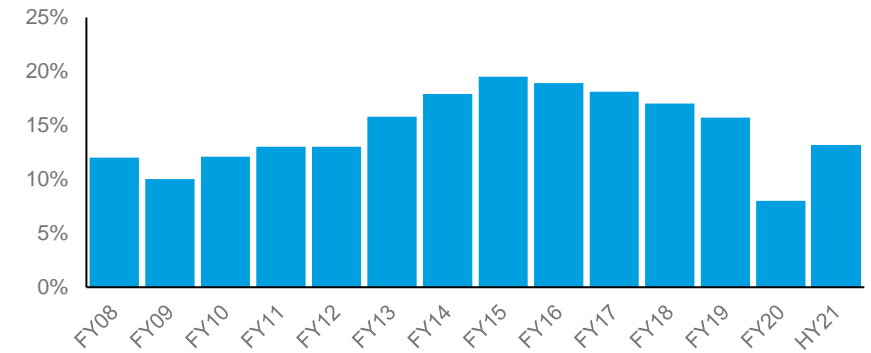
Premium Finance
+62



Savings¹
+72

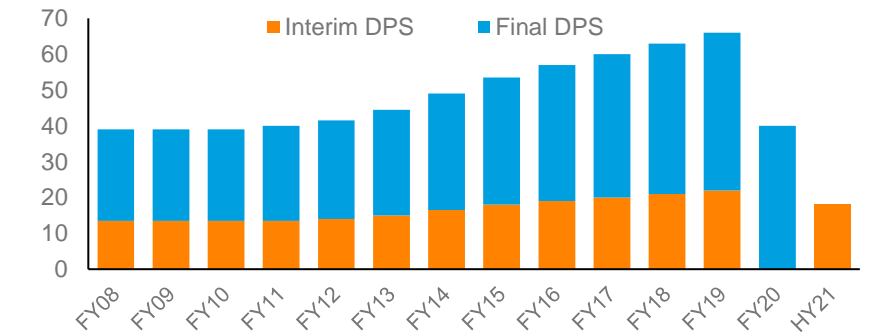
Strong returns through the cycle

Return on opening equity



Long-term dividend track record

Dividend per share (p)



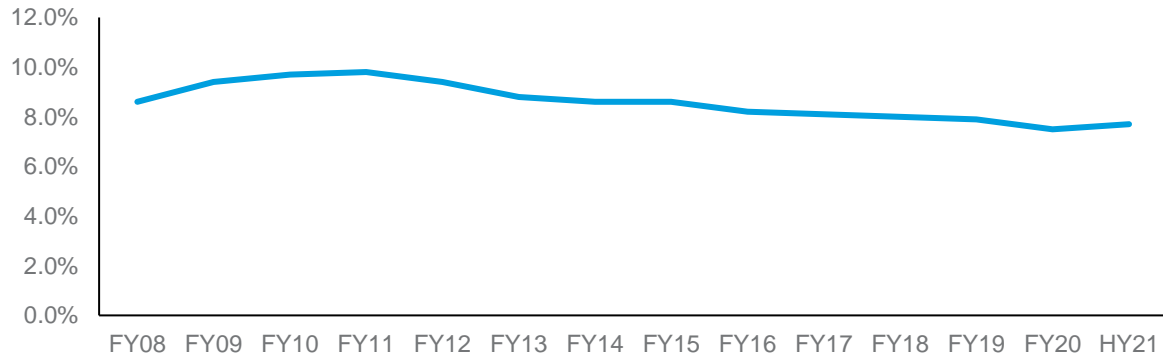
Best in class business performance

Supporting our long-term track record of growth and profitability

Banking

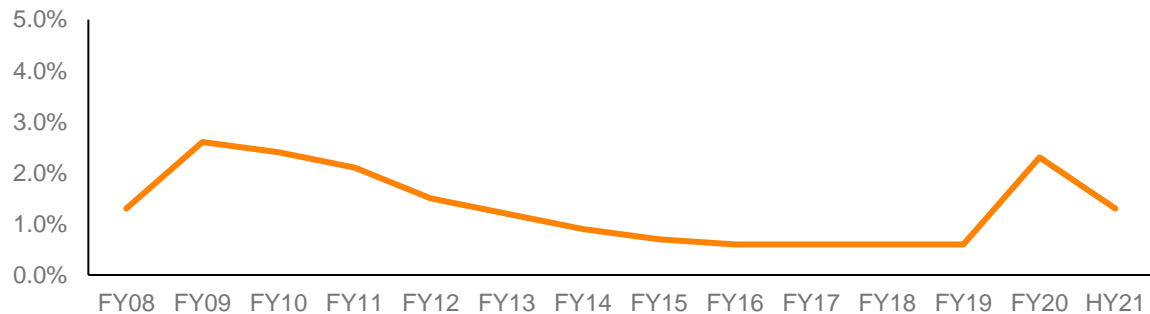
Consistent pricing discipline

Net interest margin



Prudent underwriting

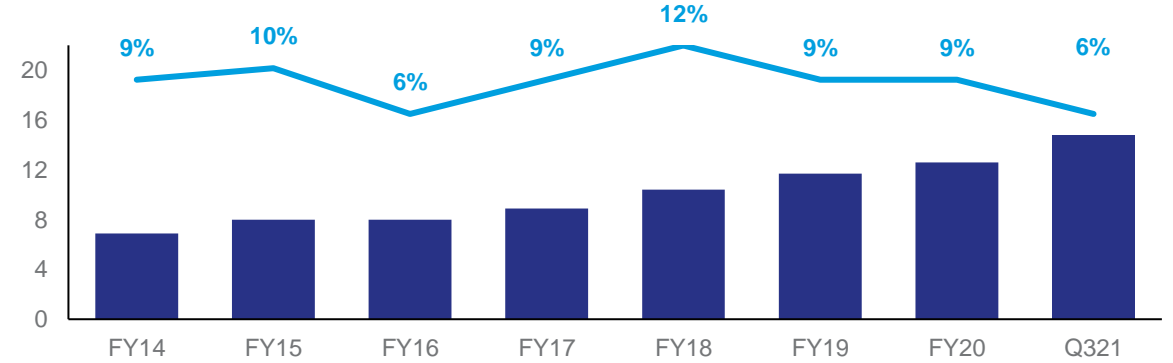
Bad debt ratio



CBAM

Strong net inflows

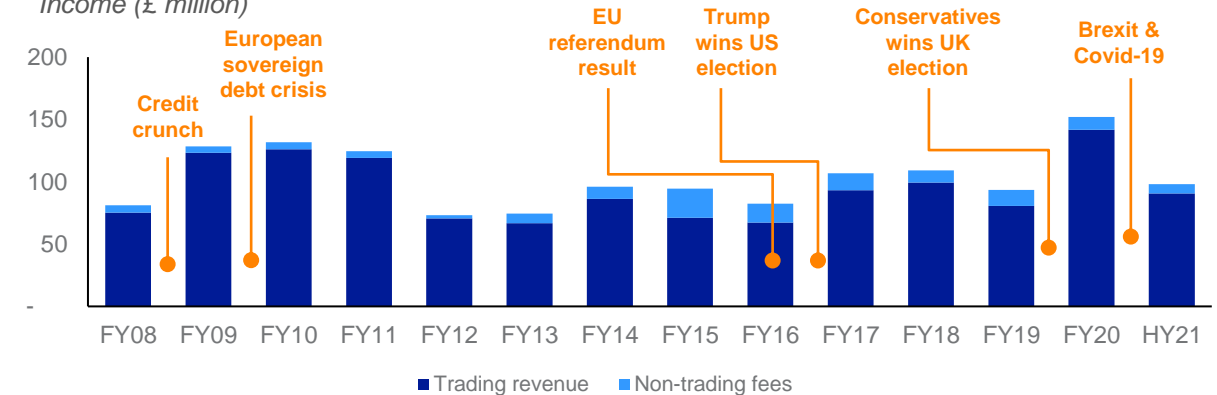
Assets under Management (£ billion) and annualised net inflows



Winterflood

Long-term income generation

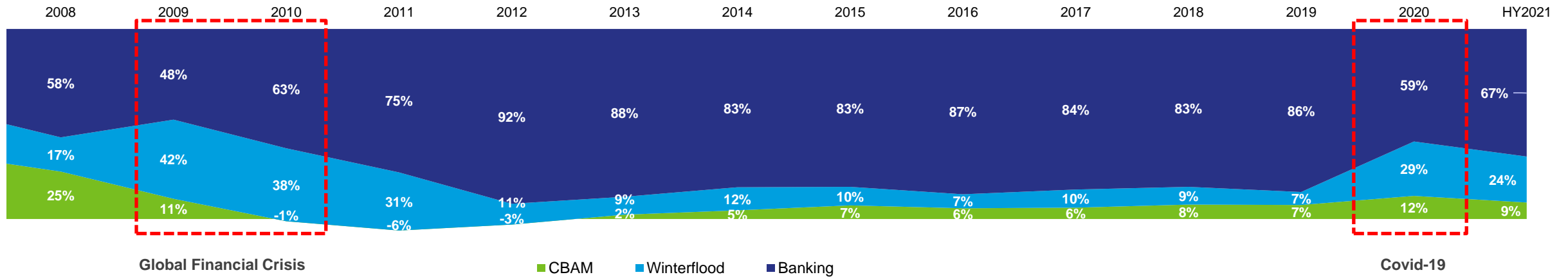
Income (£ million)



A diversified portfolio of businesses

Diverse income streams supporting resilience and growth over the long term

Adjusted operating profit mix (%)¹



➔ Group's diversification supports **stability** of earnings, **dividend** and **investment** in the businesses

➔ All businesses closely aligned with key attributes of our business model:

- High-touch model
- Focus on **service**, **expertise** and **relationships**

➔ **Asset Management** and **Winterflood** are valuable components of the group with a solid **contribution** to Group AOP, strong ROEs and **attractive growth potential**

Notes: 1 Adjusted operating profit mix is shown prior to group costs. Adjusted operating profit based on continuing operations only.

The foundations of our long-term success



Our Purpose



To help the people and businesses of Britain thrive over the long term

Our people are the bedrock of our business

Supporting our employees reflects the value we place on their contribution, high levels of service, expertise and the longstanding relationships upon which we rely

Our customers are the people and businesses of Britain

We recognise that putting their needs and interests at the heart of our business is central to our success

We take a long-term approach to managing our business

The active steps we take now are the building blocks of a sustainable future for all of us

Our Culture

Unique culture and long-term approach are embedded throughout the organisation



Service

Delivering excellent service and thinking that is both entrepreneurial and disciplined

93% see colleagues **go the extra mile** to meet the needs of customers and clients



Expertise

Attracting talent, growing and building the expertise of our people

97% of colleagues have the **skills and knowledge** to do their job well



Relationships

Taking the time to understand and build strong long-term relationships with our customers, clients and all stakeholders

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



Teamwork

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

Trustworthy behaviour and always acting with integrity – “doing the right thing”

97% of colleagues believe our **culture** encourages them to **treat customers and clients fairly**

92% believe our **senior leaders act in line with our values**; 14% higher than the benchmark²



Prudence

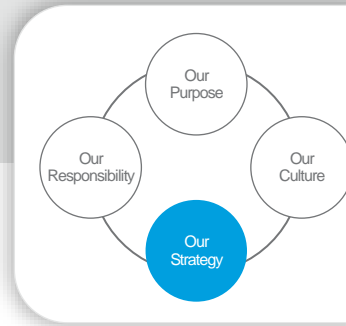
Prudent, robust and transparent approach to risk management

94% of colleagues believe we are committed to **prudent risk management**

Notes: 1 All scores from Close Brothers Employee Opinion Survey, conducted in 2021. 2 External benchmark calculated by our survey provider ETS based on responses to the same questions asked to different organisations.

Our strategy

Evolving our strategic priorities



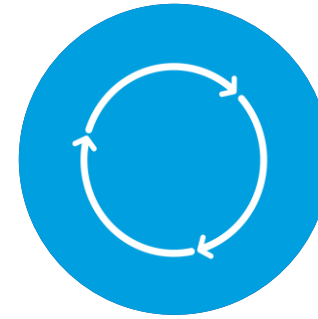
PROTECT
Keeping it safe

Maintaining and enhancing the **key strengths** of our business model



GROW
Delivering disciplined growth

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



SUSTAIN
Doing it responsibly

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

Protect: keeping it safe

Maintaining and enhancing the key strengths of our business model



PROTECT

A proven and resilient business model that continues to deliver

Prudence

- Maintaining a **strong funding, liquidity** and **capital** position
- Predominantly **secured loan book** and **strong credit quality**

Consistency

- **Disciplined** application of **prudent underwriting** and **pricing in our lending**

Investment

- **Continuous investment** to **protect the key attributes** of our **business model**
- Maintaining **regulatory compliance**, **operational** and **cyber resilience**

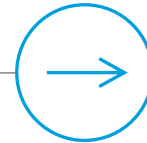
Investing to take the business model forward

Making our experts even more valuable



PROTECT

Fundamental strengths of the model



Continuous investment to maintain the **key strengths** of our **distinctive business model**:

- Based on high levels of **personal service** and **specialist expertise**
- **Disciplined, expertise based** underwriting and pricing

Strict **cost management** to create **investment capacity**

Enables us to **maximise opportunities** as they arise

Our high-touch model

Direct sales force across the UK

Relationship-driven approach

Specialist knowledge in our asset classes

Diverse sector coverage

High levels of repeat business

Investing for the future

Multi-year investment programmes



PROTECT



Motor Finance transformation

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



Asset Finance transformation

Enhancing sales effectiveness through improved data capabilities and technology



Asset Management technology projects

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



IRB

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



Cyber resilience

Investing to enhance cyber security and operational resilience



Data centre transformation

Investing in new data centres and the Cloud

Grow: delivering disciplined growth

Maximising the opportunities available and taking the business model forward



GROW

Fundamental strengths of our business model evidenced through Covid-19

Benefiting from playbooks and simulations ran in prior years to prepare for a downturn

Maximising opportunities in the current environment

Supporting our customers through the crisis, whilst making the most of demand in our core markets



Taking the business model forward

Operationally and strategically prepared to continue delivering

Assessing opportunities in existing and new markets

Loan book growth remains an output of our business model

Examples of disciplined growth



Supported customers with strong demand for **CBILS** loans



Capitalising on **increased trading volumes** in Winterflood



Maximising opportunities in **second hand car market** and exploring **partnerships** with digital firms in Motor Finance



Evolving our **SRI offering** in Asset Management



Funding of **electric vehicles** (wholesale fleet) in Asset Finance



Next generation developers and **regional growth opportunities** in Property Finance



Expanding **product offering** and **channels** in Savings



Continue to successfully grow **Winterflood Business Services**

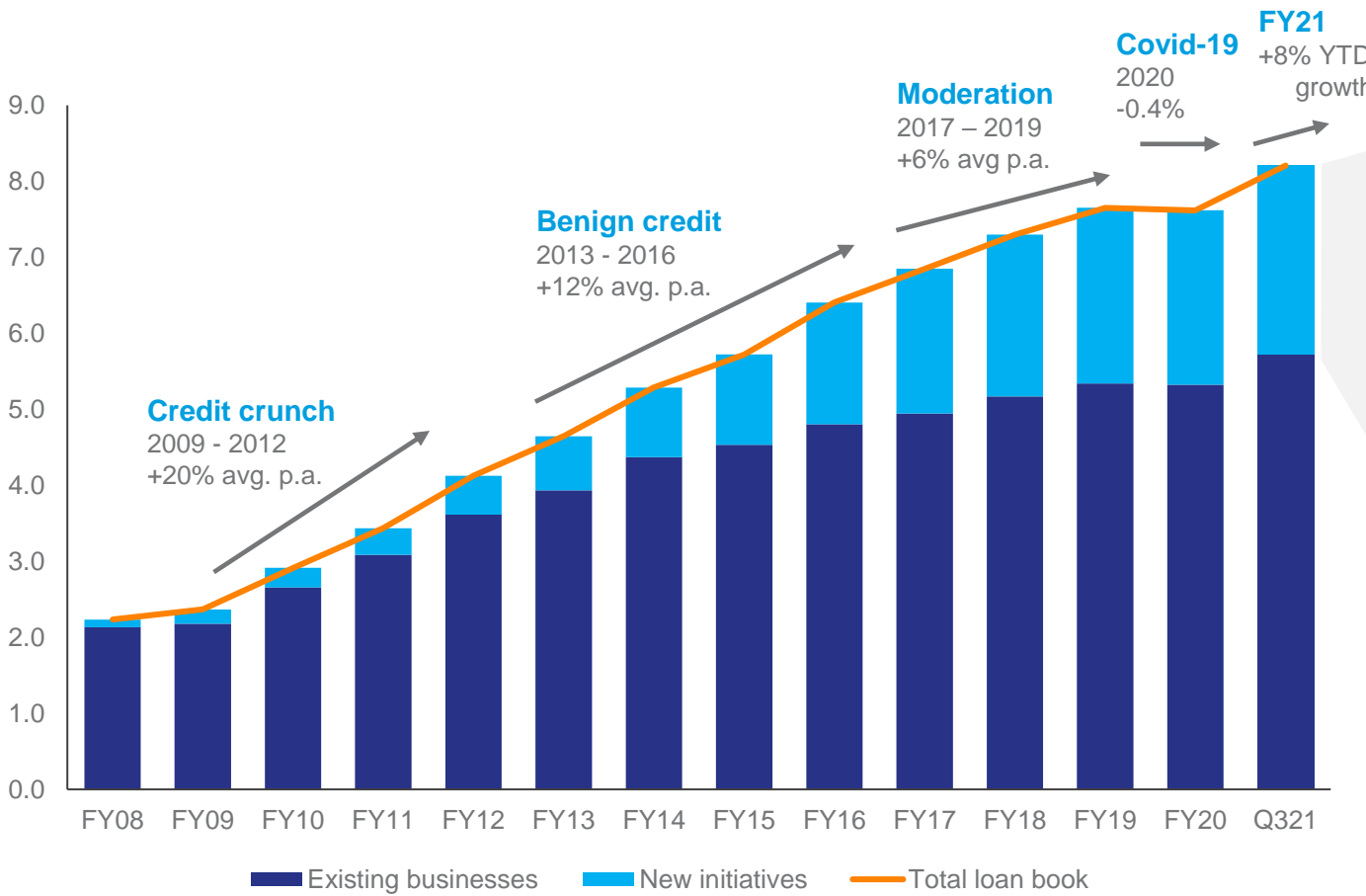
Grow: delivering disciplined growth

Our long progressive history of lending in existing and new markets



GROW

Net Loan Book trend (£ billion)



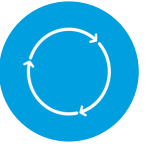
Model fit assessment framework



Notes: 1 New initiatives include Leasing, Commercial Acceptances, Asset Based Lending, Republic of Ireland and Novitas.

Sustain: doing it responsibly

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



S U S T A I N

Evolving our
business to
sustain it for
the long term

Our customers

- Recognising and responding to **changes in customer behaviour**
- Improving **digital capabilities and customer journey**
- Maintaining our **longstanding relationships, expertise and quality of service**

Our people

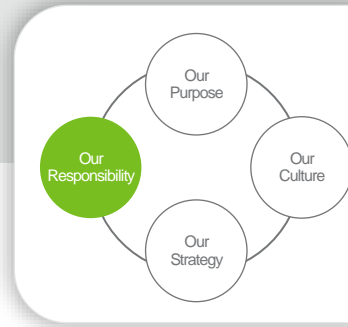
- Focusing on **employee engagement** to support **colleague wellbeing**
- Enabling **ongoing development** to **retain talent** and support **succession planning**
- Nurturing an **inclusive culture**

Our impact

- Creating **value** in our **local communities** by **understanding the needs of SMEs**
- Reducing our environmental impact, responding to the **risks and opportunities** brought by **climate change**

Our Responsibility

Acting responsibly and sustainably has always been our guiding principle



We have a responsibility to help address the social, economic and environmental challenges facing our business, employees and customers, now and into the future

How?



Promoting an **inclusive culture** in everything we do, and supporting **new ways of working** and **social mobility**



Reducing our **environmental impact** and responding to the threats and opportunities of **climate change**



Promoting **financial inclusion**, helping **borrowers** that might be overlooked and enabling **savers** and **investors** to access financial markets and advice to plan for their future



Supporting our **customers, clients** and **partners** in the transition towards **more sustainable practices**

Our Responsibility

Evolving our business to sustain it for the long term

<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Our People</p>	<p>Employee engagement</p> <ul style="list-style-type: none"> High group wide engagement scores, with an overall score of 91%¹ <p>Inclusion</p> <ul style="list-style-type: none"> Committed to creating an inclusive environment where all colleagues can thrive Ensuring all colleagues feel proud to work for us <p>Support and development</p> <ul style="list-style-type: none"> Supporting internal mobility and empowering colleagues with training and development 	<p>Employee engagement exceeds the benchmark score by 9%²</p> <p>33% female senior managers exceeding our 30% Women in Finance Charter target by FY20</p> <p>A growing range of programmes for graduates, school-leavers, commercial experience and sales academies</p>
<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Our Customers and Partners</p>	<p>Customer service</p> <ul style="list-style-type: none"> Maintaining or improving customer satisfaction scores across our businesses Commitment to our customer principles that guide our high-quality customer experience and long-term relationships Improving our digital capabilities, offering new channels and protecting data <p>Our suppliers</p> <ul style="list-style-type: none"> Engaging with our largest suppliers regularly Maintaining CIPS ethical procurement accreditation 	<p>Strong NPS scores including +72 in Asset Finance, +65 in Motor Finance, +72 in Retail Savings and +62 in Premium Finance</p> <p>High repeat business such as 76% in Property and 59% in Asset Finance during FY20</p> <p>78% of suppliers feel positive about us treating them with transparency and fairness</p>

Notes: 1 Close Brothers Employee Opinion Survey, conducted 2021. 2 External benchmark calculated by our survey provider ETS based on responses to the same questions asked to different organisations.

Some of our partners and commitments



Our Responsibility

Evolving our business to sustain it for the long term

<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Our Environment</p>	<p>Climate change</p> <ul style="list-style-type: none"> Supporting the ambition of the Paris Agreement of net zero by 2050 Targeting becoming operationally net zero by 2030 through our scope 1 and 2 emissions Working to gain a deeper understanding of our indirect scope 3 emissions to help shape our own transition roadmap towards lower emissions Working towards alignment with the recommendations of the Taskforce for Climate Related Financial Disclosures (TCFD) 	<p>20% reduction in overall group scope 1&2 emissions in FY20</p> <p>100% renewable electricity in key sites such as our head office</p> <p>All petrol and diesel options removed from our company car fleet since August 2020</p> <p>Good progress towards a target of net zero fleet emissions by 2025</p> <p>Recognised in the 2021 Financial Times European Climate Leaders list</p>
<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Our Communities</p>	<p>SMEs</p> <ul style="list-style-type: none"> Understanding the needs of SMEs and helping them to achieve their ambitions Continuing the Close Brothers SME Apprentice Programme <p>Social Mobility</p> <ul style="list-style-type: none"> Supporting social mobility and creating equal opportunities for all <p>Charities</p> <ul style="list-style-type: none"> Continuing our Matched Giving Scheme, matching 50% of funds donated by our employees 	<p>Provider of finance to over 360,000 SMEs across our Banking businesses</p> <p>SME Apprentice scheme now into its 5th phase</p> <p>Work experience and internship opportunities via the Social Mobility Foundation</p> <p>£1m donation to NHS charities together during Covid-19 pandemic</p> <p>Payroll Giving Gold Award maintained for 10th consecutive year</p>

Some of our partners and commitments



Our Responsibility

Evolving our business to sustain it for the long term



Key messages

- 1 Disciplined application of our **proven and resilient model** supports a **long track record** of growth and profitability
- 2 Our **unique culture** and **long-term approach** are embedded throughout the organisation and differentiate us
- 3 Our **diversified portfolio** of businesses supports our resilience and growth over the long term
- 4 We will **protect, grow** and **sustain** our business model to continue delivering for our stakeholders
- 5 We will deliver **disciplined growth** by maximising the **opportunities** presented to us and assessing opportunities in existing and new markets
- 6 Acting **responsibly** and **sustainably** is fundamental to our purpose, strategy and culture



Well positioned
to continue
delivering for
our stakeholders
over the long term

02

Our financial strength

Mike Morgan

Group Finance Director



Strong financial resources to deliver on our strategy

Asset quality and prudent management of financial resources

Quality and diverse asset base



- Prudently underwritten and supported by the expertise of our people
- Over 90% of book is secured or has some form of structural protection
- Diversified lending covering a range of asset classes

Prudent management of financial resources



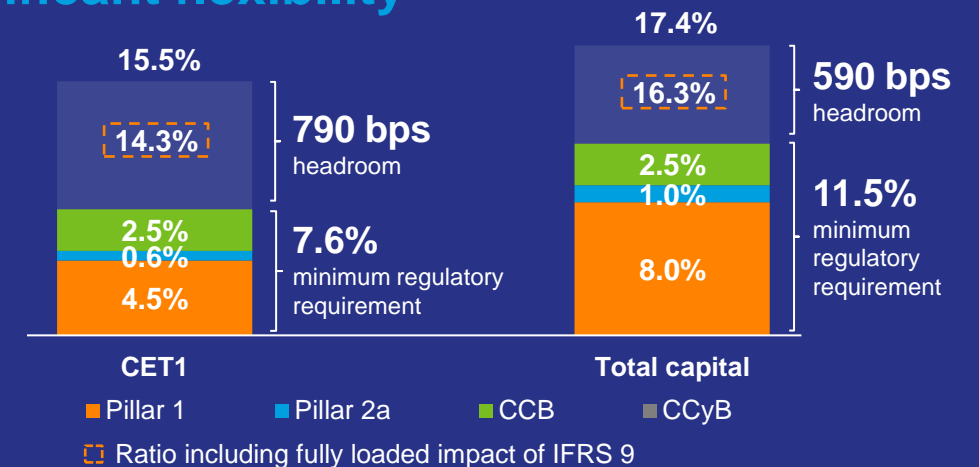
- Conservative approach to funding, focused on diversity of sources and prudent maturity profile
- “Borrow long, lend short” principle
- Prudent liquidity management

Note: 1 As at 30 April 2021. Numbers and ratios presented on a transitional basis after applying IFRS 9 arrangements that allow the capital impact of expected credit losses to be phased in over the transitional period, and the Capital Requirements Regulation (“CRR”) transitional arrangements for grandfathered Tier 2 capital instruments. Minimum CET1 and total capital ratio requirements, excluding any applicable Prudential Regulation Authority buffer. In line with the amended CRR, effective on 23 December 2020, the CET1 capital ratio at 30 April 2021 includes a c.40bps benefit related to software assets which are exempt from the deduction requirement for intangible assets from CET1. The PRA launched a consultation on 12 February 2021 including a proposal to revert to the earlier position, which if implemented would result in a future reversal of this benefit.

Strong capital base to fund growth and support dividend

- Strong CET1 capital ratio, significantly above minimum regulatory requirements
- Supports investment, growth and sustainable dividend while meeting regulatory requirements

Simple capital stack with significant flexibility¹



Disciplined control of BAU costs

Creating investment capacity



Investing through the cycle remains a strategic priority to protect our business

- Ongoing investment programmes delivering tangible benefits and supporting growth
- Maintaining regulatory compliance, operational and cyber resilience
- Beneficial in responding to the challenges of Covid-19



Disciplined approach to cost management

- Constant focus on becoming more efficient
- Creating investment capacity
- Banking BAU costs broadly flat over the past 3 years



Outlook by division

- **Banking:**
Continued cost discipline with cash investment spend expected to stabilise over the next few years
- **Asset Management:**
Cost trajectory will depend on the rate of hiring with continued investment in technology projects
- **Winterflood:**
Variable cost base driven mainly by compensation costs and settlement costs

Banking costs breakdown (£ million)¹



Investing for the future

An update on our transition to IRB

Compelling benefits and long-term strategic flexibility

Optimisation of capital efficiency
and long-term strategic flexibility

Risk weightings that better reflect
the risk profile of our lending

Further enhancement of our
credit risk management
framework



Progress to date

- Significant work and resources allocated
- Initial formal application submitted to the PRA, as planned, in December 2020
- Initial portfolios submitted: **Property, Motor Finance and Energy portfolios**



Next phases

- **Phase 1:** Initial interviews in May 2021 to help PRA scope their application review
- **Phase 2:** Model review, IT/Data, Use and Experience as well as roll out plan
- **Phase 3:** Risk governance and senior management oversight to be reviewed
- **Remediation** of points raised by PRA review

03

Treasury and Savings

Andy Townsend

Group Treasurer



A diverse and prudent approach to funding and liquidity

Well placed to continue funding and supporting loan book growth

Our distinctive strengths

Diverse funding base

- Funding sourced from a wide range of retail and wholesale markets

Continued access across all markets

- Broadened and deepened access
- Benefiting from previous investments and activity

Continued optimisation of funding costs

- Supported by the diverse funding sources
- Loan portfolios provide access to cheaper collateralised funding

Strong credit ratings

- One of the strongest credit ratings in the UK

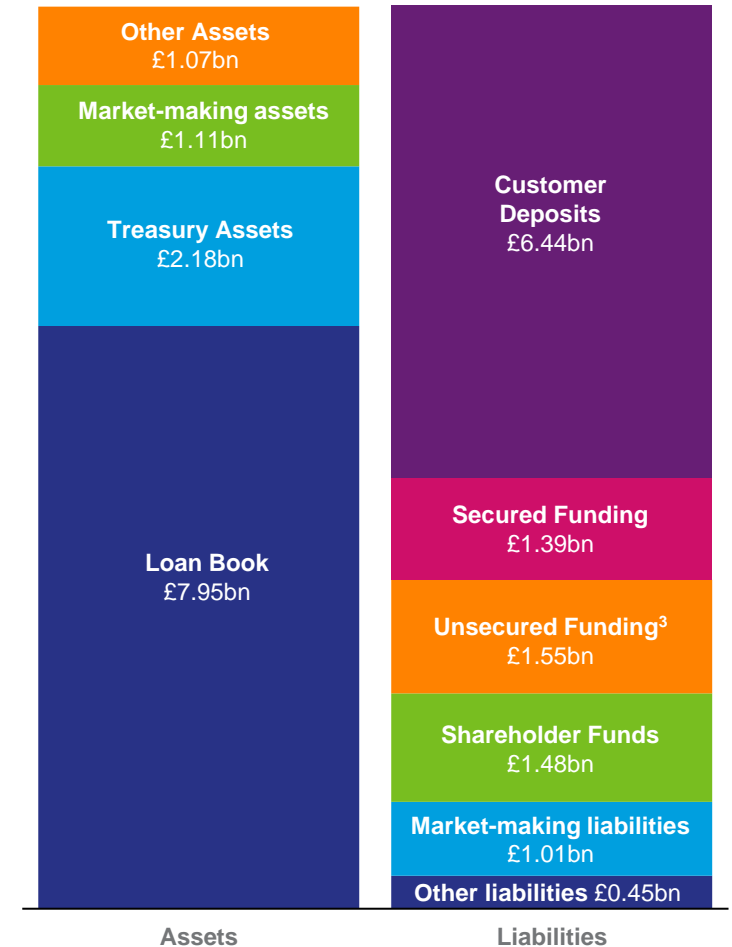
Borrow long, lend short

- Conservative approach, with level of funding covering loan book by 140% and surplus tenor of 8 months¹

Prudent liquidity management

- Ahead of both internal risk appetite and regulatory requirements, with Liquidity Coverage Ratio of 1,049%²

£12.3 billion balance sheet¹



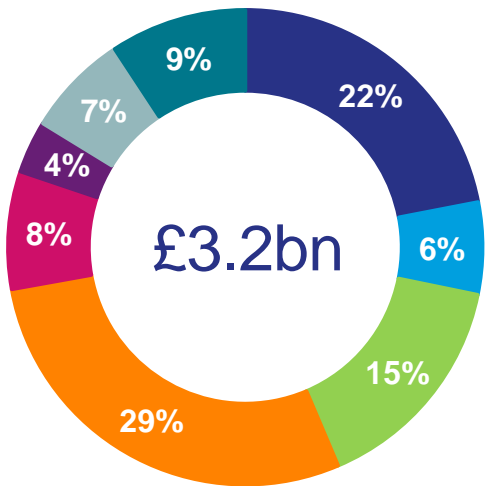
Notes: 1 As at 31 January 2021. 2 Six-month average to 31 January 2021. 3 Unsecured funding includes £46.7m of non-facility overdrafts and excludes £295.0m of undrawn facilities.

Established presence in all wholesale markets

Supports diverse funding base

Continued access to a wide range of wholesale markets

Wholesale funding mix^{1,2}



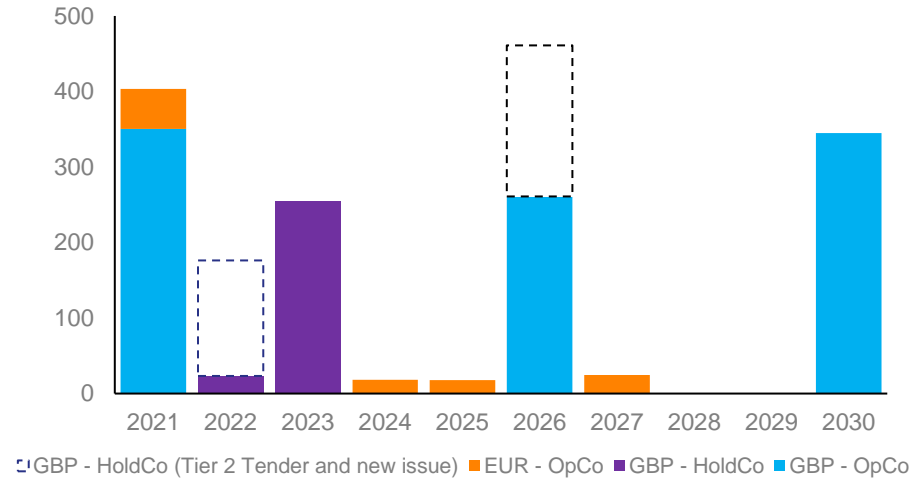
- Private Securitisations
- Public Securitisations
- TFSME
- CBL Senior Unsecured Debt
- CBG Senior Unsecured Debt
- Private Placements
- Subordinated Debt
- Revolving Credit Facilities

Funding approach based on the principle of “borrow long, lend short”

- Spreading maturities over an extended time horizon, comfortably ahead of a shorter average life loan book
- No excessive maturity concentrations
- Secondary curve extended to 10 years
- Availability of loan book to access collateralised funding

Debt maturity profile^{1,3}

(£ million)



Prudent liquidity management

Liquidity Coverage Ratio



Strong Credit Ratings and active management of debt capital markets franchise support ongoing issuance

- Strong credit ratings⁴, with Close Brothers Ltd rated Aa3 / ‘Negative’ outlook (Moody’s) and A- / ‘Stable’ outlook (Fitch)

Savings business provides reach to consumer markets

Supports diverse funding base



Expansion of products and channel

- ✓ December 2018
Deposit Platform launched
- ✓ May 2019
95 Day Retail Notice account launched
- ✓ December 2019
Online portal launched
- ✓ October 2020
35 Day Retail Notice account launched
- ✓ December 2020
Fixed Rate Cash ISAs launched
- ✓ FY22
Easy Access ISA
Easy Access Non-ISA

Balance Growth and Mix Evolution

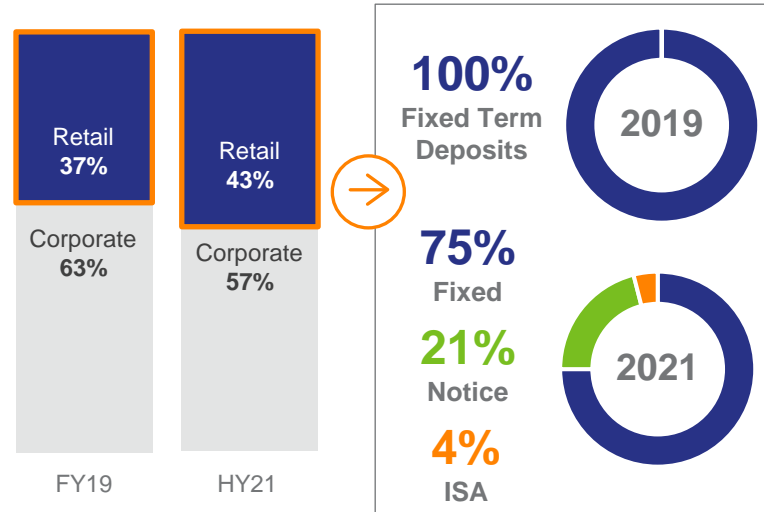
+41% growth in Retail Savings book since launch of platform

£6.4bn balances across Personal, Business and Specialist Deposits

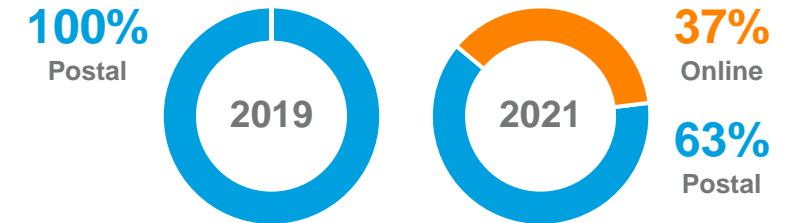
Strong customer growth and channel adoption¹

27% growth to **38,000** customers since launch of platform

Evolution of retail book and introduction of new products leads to an optimized mix



Retail customers by channel¹



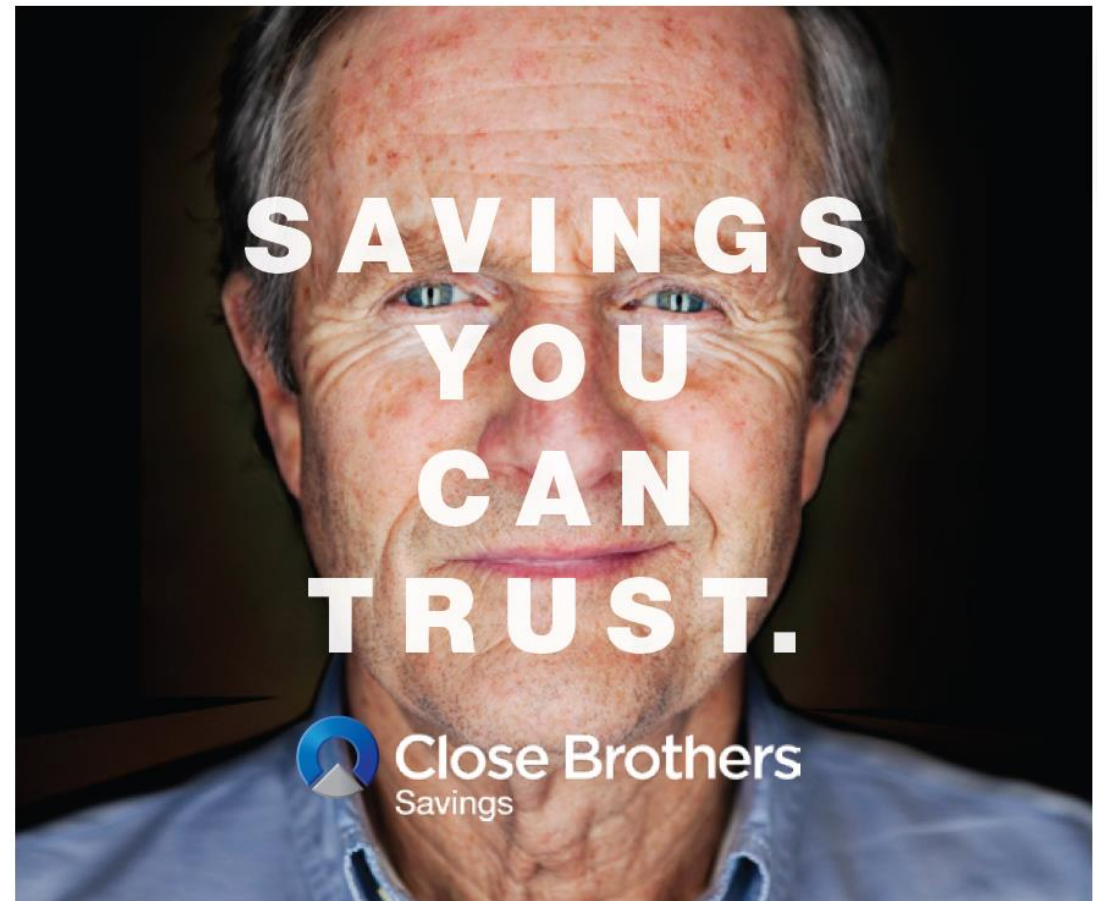
Online customer satisfaction score **84%**

Developing our brand

Acquiring new business on the merits of our brand and service



Advert in The Times



Key messages

- 1 Strong funding position to support the lending business
- 2 Conservative approach, based on the principle of 'borrow long, lend short'
- 3 Diverse funding base, with access to both wholesale and retail markets
- 4 Continue to optimise cost of funding in support of a strong net interest margin



Well placed to continue funding and supporting loan book growth

04

Commercial

Neil Davies

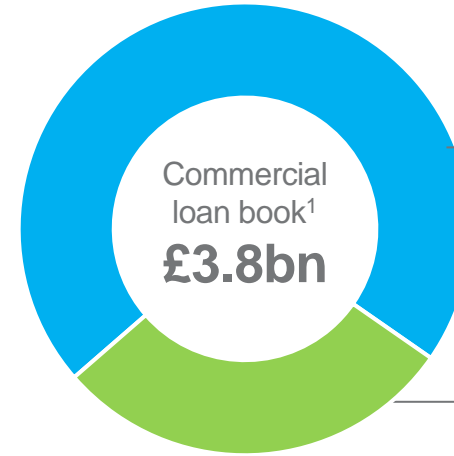
Commercial Chief Executive Officer



Commercial business

Overview

Funding solutions to SMEs through direct sales force and via broker distribution channels



Asset Finance and Leasing
£2.7bn

Invoice and Speciality Finance
£1.1bn

Asset Finance and Leasing fast facts¹

£2.7bn loan book

Hire purchase, leases and loans to fund SMEs' investment in capital assets

- Average loan size: £70k at inception
- Typical maturity: c.40 months
- Customers: 25k
- Geographies: UK, Ireland and Germany
- Market share: c.10% of £16bn market²

Invoice and Speciality Finance fast facts¹

£1.1bn loan book

A range of funding solutions to SMEs: Debt factoring, invoice discounting, asset-backed lending and specialist financing via our smaller businesses

- Average loan size: £25k
- Typical maturity: 36-48 months
- Customers: c.5k SMEs and c.35k individuals
- Geographies: UK, Ireland and Germany
- Market share: c.3% of £21bn market³

Notes: 1 Loan book numbers at 30 April 2021. All other metrics at 31 January 2021. 2 Market share relates to Asset Finance only, based on data from members of the Finance & Leasing Association in 2020.

3 Market share relates to Invoice Finance only, based on data from UK Finance for Invoice Finance and Asset Based Lending at March 2020.

Commercial business

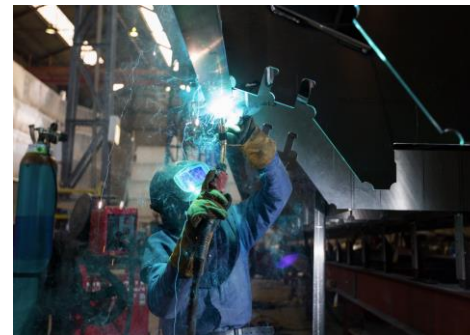
A diverse range of assets and specialist businesses

Asset Finance

Transport
Industrial Equipment
Leasing
Renewable Energy
Braemar Finance
Broker Finance
Wholesale Fleet
Vehicle Hire
Germany

Invoice and Speciality Finance

Invoice UK
Commercial Finance Ireland
Novitas Loans
Brewery Rentals
Invoice Finance Germany



A proven and resilient model

Key differentiating factors of our high-touch model

Our distinctive strengths

Deep expertise in diverse asset classes

- Our people are **experts** in the assets they finance
- **Specialist lending** across 22 different loan books

Excellent service and strong customer relationships

- **Direct sales force** with local presence across the UK
- **Strong customer satisfaction** and **repeat buying behaviour**, with c.77% refinancing rates in Asset Finance

Bespoke lending to deliver value to customers

- **Flexibility** to meet customer needs
- **Market leading** deal structuring expertise
- **IDeal software** integrated into our customers' systems

Long-term, consistent lending principles

- Prioritise **returns** and **credit quality**
- **Inception to settlement responsibility** – sales teams manage deals throughout the entire lifecycle

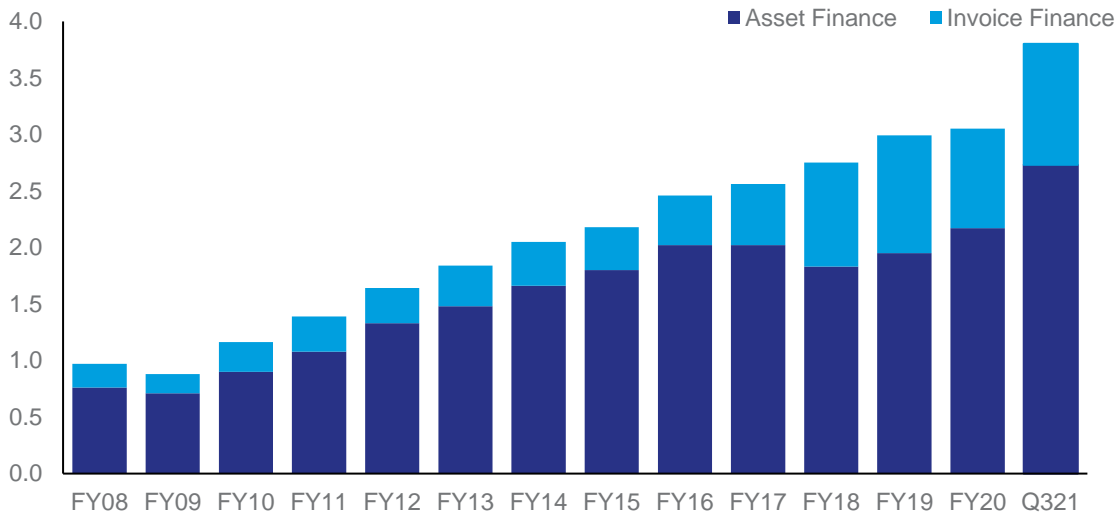
Resilient and growing business

Focus on high quality returns

Our track record

Long term growth¹

Commercial loan book (£ billion)



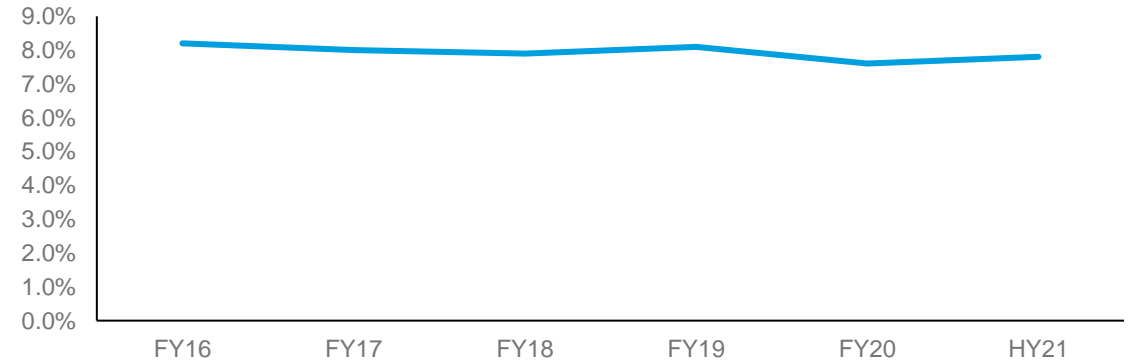
- Continue to follow consistent lending principles, with loan book growth remaining an output
- Loan book growth supported by new initiatives

Notes: 1 FY18 footnote: The Asset Ireland loan book has been reclassified in the period from Asset Finance to Invoice and Speciality Finance, to align with where this business is managed. Both the 31 July 2019 and 31 July 2018 loan book figures have been re-presented accordingly.

Resilient performance

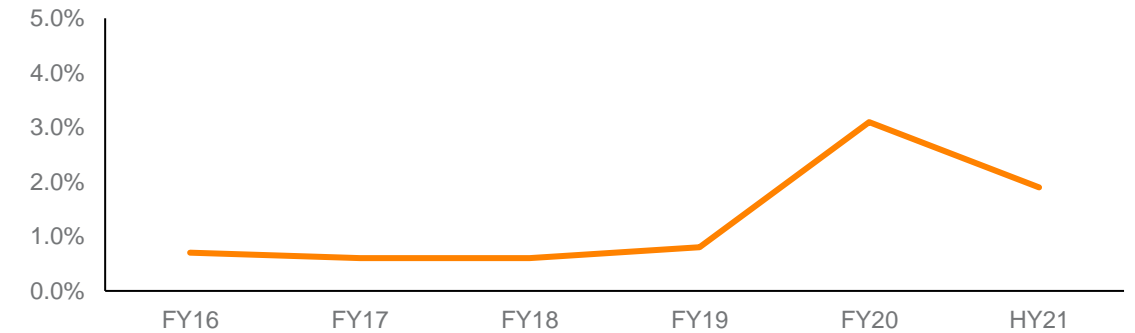
Consistent pricing discipline¹

Net interest margin



Prudent underwriting¹

Bad debt ratio



Supporting clients

CBILS asset finance facility

Client - Orthios

- ✓ One of the UK's most innovative waste and recycling firms
- ✓ Inventing and adopting new technologies to convert rubbish into fuels, heat and by-products
- ✓ Transforming a 230-acre former aluminium works into a green industrial park

Facility

- £1.2m CBILS-backed facility, with a further significant facility planned
- First loan will enable a 200,000 metric tonne recycling facility to be built, creating 55 new jobs
- Second loan will contribute to the purchase of equipment turning left-over waste biomass into gas that can eventually be processed to a carbon-zero fuel
- This will create a further 10 new jobs



This is a really innovative time for the waste and recycling sector because we are using technological developments to push the boundaries of what we are able to reclaim and re-use.

Clearly, there are significant costs involved, which is why we are so pleased to have Close Brothers Asset Finance on board as an enlightened funder. Not only do they have a long history of working in this sector, but also adopt a partnership approach, advising and providing expert insight.

Sean McCormick, Orthios Chief Executive Officer



Relationships

Customer

DecTek, printers and manufacturers of advertising, promotional and marketing products
Granted 3 month moratorium due to Covid-19 impact to allow the business to restructure

Longstanding relationship with **ongoing support** provided



Expertise

Situation

£415k facility to support the growth of the business and enter new markets

- ✓ Understand the **customer**
- ✓ Understand the **assets**
- ✓ Make the **process simple**



Service



“You always get the advice on what’s available, how to do it, and what they’re comfortable with. They become part of your internal team although they are an external advisor”

Mike Beese, DecTek founder and MD



Investing to take the business model forward

Asset Finance Transformation



PROTECT



GROW



SUSTAIN

Significant investment programme

- Comprehensive change programme re-platforming the business – expect full delivery in 2023
- Four separate but interdependent projects:
 - **Customer relationship management system** across the business
 - A **single solution** to manage the process from ‘proposal to payout’
 - **Data optimisation** through a single data repository
 - A new **core lending system**



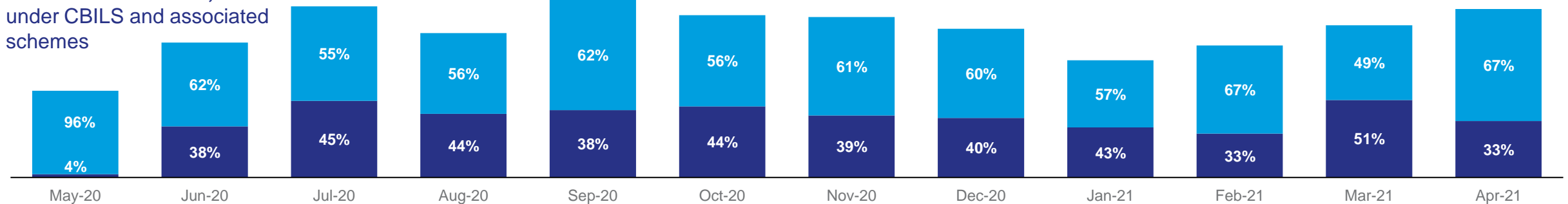
Benefits

- Enabled **effective response** to Covid-19, with portal for CBILS quickly set-up
- Provides **better insight and reporting tools** for the business
- Enabling **enhanced decision-making**
- **Improve consistency and efficiency** across the business
- **Scalable** and **flexible** platform

New business volumes

(percentage split between CBILS and non-CBILS)

£966 million across 4,851 loans¹
under CBILS and associated schemes



Notes: 1 As at 30 April 2021, lending under the Coronavirus Business Interruption Loan Scheme (CBILS) and associated schemes totalled £966 million across 4,851 loans, with the vast majority of lending via CBILS. Additionally, at 30 April 2021, £202 million across 896 loans in our Commercial and Property businesses had been credit approved and can be drawn down three months post approval date for term loans and six months for asset finance agreements. The UK Government support schemes for SMEs ended on 31 March 2021, and have been replaced by the new Recovery Loan Scheme, under which we are also accredited to lend, launched on 6 April 2021 and will run until 31 December 2021.

The strength of Invoice Finance

Market position of Invoice Finance

Lending landscape

- UK Invoice Finance is a £21bn market¹
- There are around 50 providers in the market
- As at 1 January 2019, Close Brothers Invoice Finance was the 6th largest UK provider with c.3% market share²

Award winning business

- Close Brothers Invoice Finance named winner at the 2021 Business Moneyfacts Awards for the eighth consecutive year
- Named as the UK's:
 - Best Factoring & Invoice Discounting Provider
 - Best Asset Based Lender (for third consecutive year)



Customer testimonials



We are a privately owned business and relationships are important to us.

Customer



Our main operating issue is cash flow, so we have an invoice discounting facility with Close Brothers, but they also offer a stock facility.

Stock is the biggest item on our balance sheet and it's not funded by mainstream banks.

Customer



We want to grow the business, growing increases working capital requirements, but we also want to increase automation which means capital expenditure. We think Close Brothers will support us on both requirements.

Customer

Notes: 1 Market share relates to Invoice Finance only, based on data from UK Finance for Invoice Finance and Asset Based Lending at March 2020.

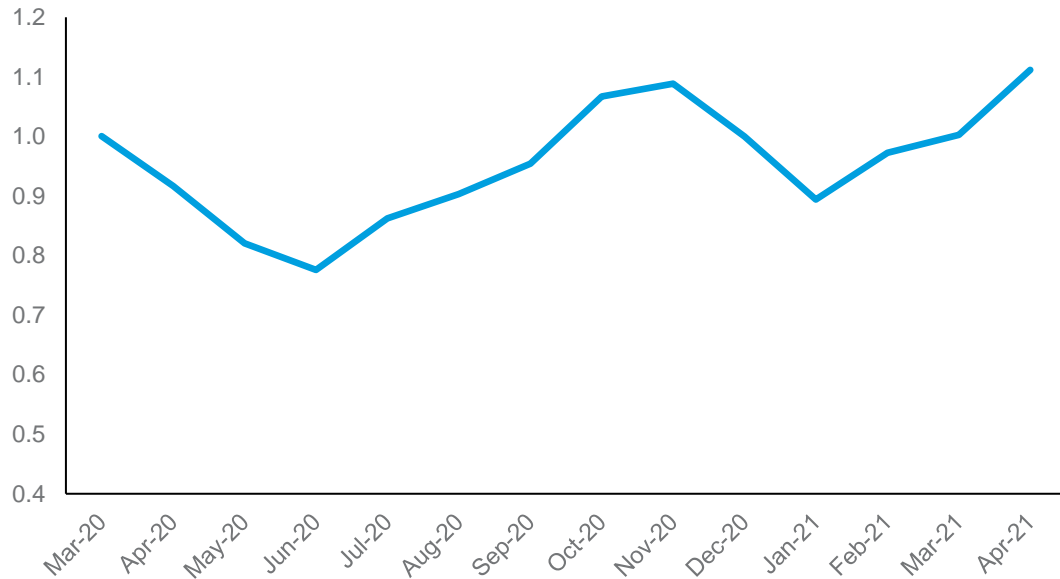
2 Data published by Business Money (industry publication) as at 1 January 2019.

How Invoice & Speciality Finance has operated throughout Covid-19

There for our customers when it matters

Invoice Finance sales volumes throughout the Covid period¹

(£ billion)



- Sales volumes and utilisation are closely linked to the performance of the wider economy
- Utilisation at subdued levels and tracking below pre Covid-19 levels throughout lockdown

Notes: 1 Sales volumes represent value of invoices raised by our clients and uploaded on our lending systems.

How the business has supported customers during Covid-19

Brewery Rentals

Helping brewers with lockdown beer waste

- ✓ Provided customers with a solution to safely empty the expiring contents of kegs and casks
- ✓ Able to do so in an eco-friendly manner
- ✓ Safely disposed of over 130 million pints of beer, cider and ale – some was sold to farmers for fertiliser, the majority was used as a pH balancer for anaerobic digestion processes

Growth opportunities

Our track record of growth and current initiatives

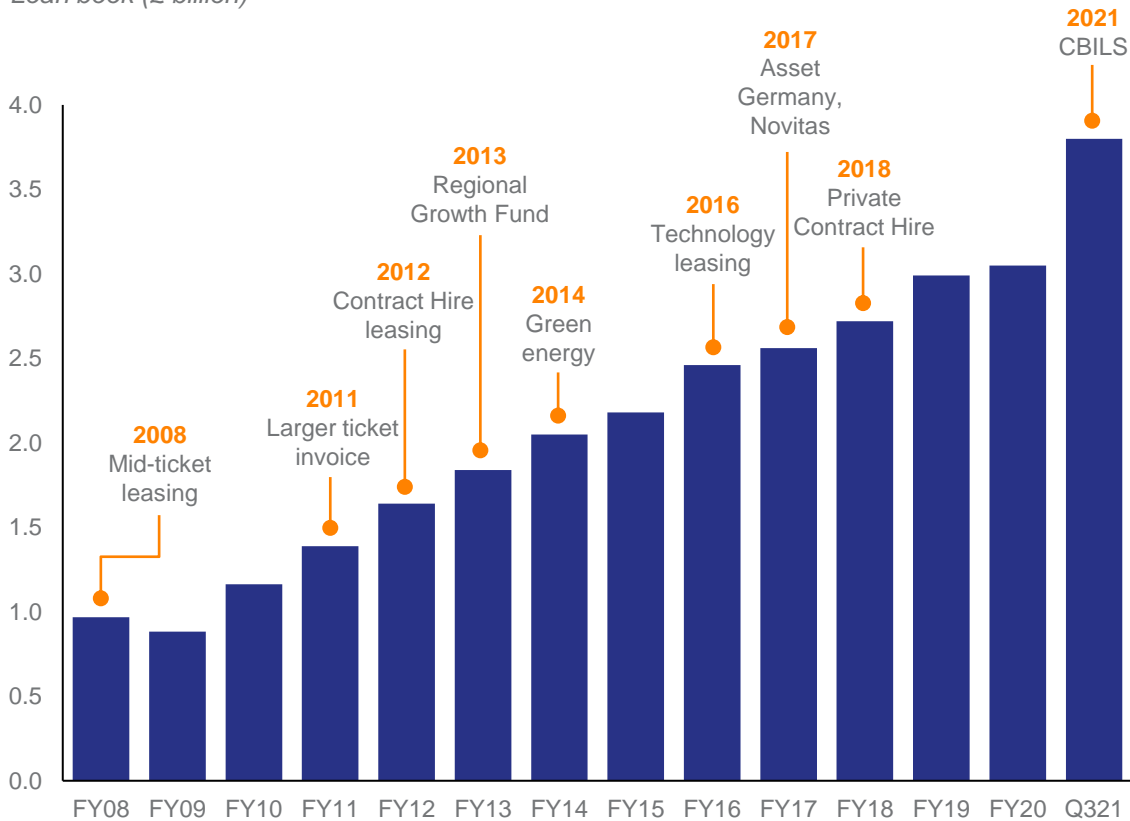


GROW

Our track record of growth

Commercial

Loan book (£ billion)



Notes: 1 FY18 footnote: The Asset Ireland loan book has been reclassified in the period from Asset Finance to Invoice and Speciality Finance, to align with where this business is managed. Both the 31 July 2019 and 31 July 2018 loan book figures have been re-presented accordingly. 2 As at 30 April 2021.

Current initiatives and customer case study



SUSTAIN

Green energy

- Offer project finance to developers
- Type of assets we fund include onshore wind farms, solar parks, hydro schemes, combined heat and power plants and gas peaking points
- Team has lent **c.£725m** to energy generation projects
- Our lending has helped to build **860MW's of installed capacity**
- Our energy book stands at **£330m²**


Funding Octopus Energy's electric car fleet

- Wholesale finance business has £320m of hire vehicles, of which at least **£60m are electric or hybrid vehicles**
- CBG secured the sole funding of the Octopus electric vehicles corporate fleet, providing **exclusively electric cars**
- Octopus' electric vehicle business pairs cars with **low energy tariffs and "back-to-grid" technology**
- Estimated to save more than **4,000 tonnes of CO₂** over the lifetime of the vehicle leases



Key messages

- 1 Coherent and profitable business with a track record of strong loan book growth, disciplined pricing and underwriting
- 2 Deliver our high-touch model through direct sales force and strong client relationships
- 3 Our people are experts in the diverse range of asset classes we serve, with flexibility to meet customer needs through bespoke financing packages and refinance offering
- 4 Asset Finance Transformation programme to add consistency and scalability
- 5 Continue to assess new initiatives and business areas that fit with our model



Well positioned
to maximise
opportunities and
deliver disciplined
growth

05

Retail

Rebecca McNeil

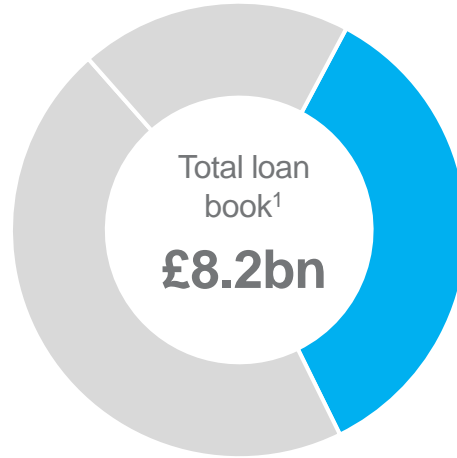
Retail Chief Executive Officer



Retail business

Overview

Loans predominantly to consumers and small businesses, through a network of intermediaries



Motor Finance
£1.9bn

Premium Finance
£1.0bn

Motor Finance fast facts¹ £1.9bn loan book

UK £1.39bn	Ireland £0.43bn
Channel Islands £0.08bn	

Point of sale finance for the acquisition of used cars, motorcycles and light commercial vehicles

- Average loan size: £7k
- Typical maturity: 3 – 5 years
- c.280,000 customers
- c.6,000 regional dealerships
- Market share: c.3% of £17bn used car consumer finance market²
- PCP c.12% of the book

Premium Finance fast facts¹ £1.0bn loan book

Personal £0.46bn	Commercial £0.48bn	Ireland £0.05bn
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Financing of insurance premiums for a range of underlying insurance policies e.g. home, motor

- Average loan size: £0.5k
- Typical maturity: 10 months
- c.3 million customers
- c.1,600 insurance brokers
- Market share: c.7% of £50bn market³

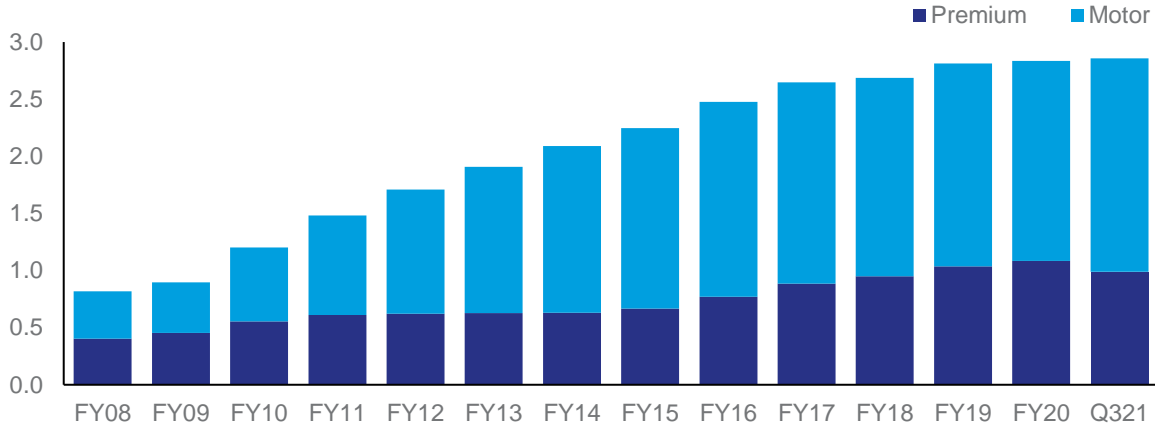
Notes: 1 Loan book numbers as at 30 April 2021. All other metrics as at 31 January 2021. 2 Based on 2020 - £16.1bn used car consumer finance market. 3 EY 2020 UK Insurance Outlook (https://assets.ey.com/content/dam/ey-sites/ey-com/en_gl/topics/insurance/insurance-outlook-pdfs/ey-global-insurance-outlook-uk.pdf), non-life gross written premiums excluding most Lloyd's business, reinsurance and marine/aviation. For Close Brothers Premium Finance, every £3 new business volume roughly translates into £1 of loan book so £3.5bn annual volume equates to an average loan book of just over £1bn.

Strong track record

Supported by stable NIM and prudent underwriting

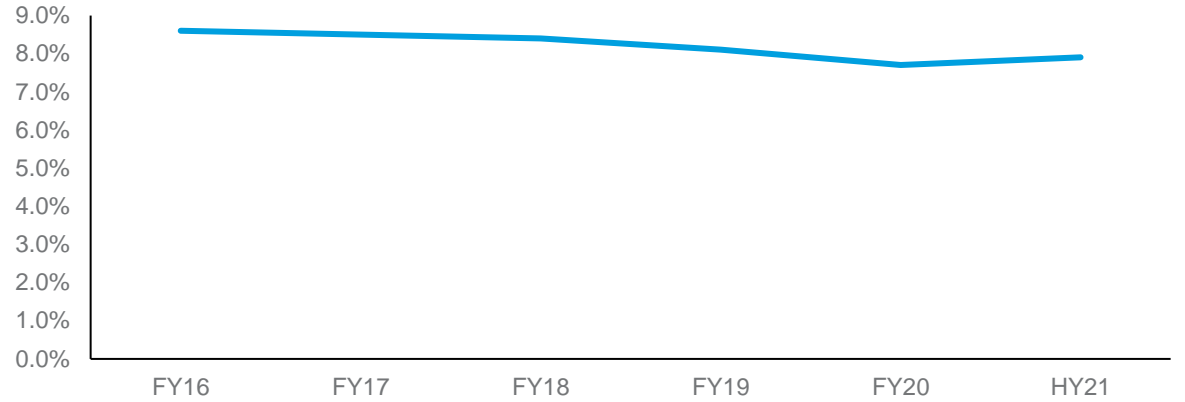
Long-term growth¹

Retail loan book (£ billion)



Consistent pricing discipline¹

Net interest margin



Strong market reputation

Net Promoter Scores

Motor Finance

Net promoter score ¹

+65

Premium Finance

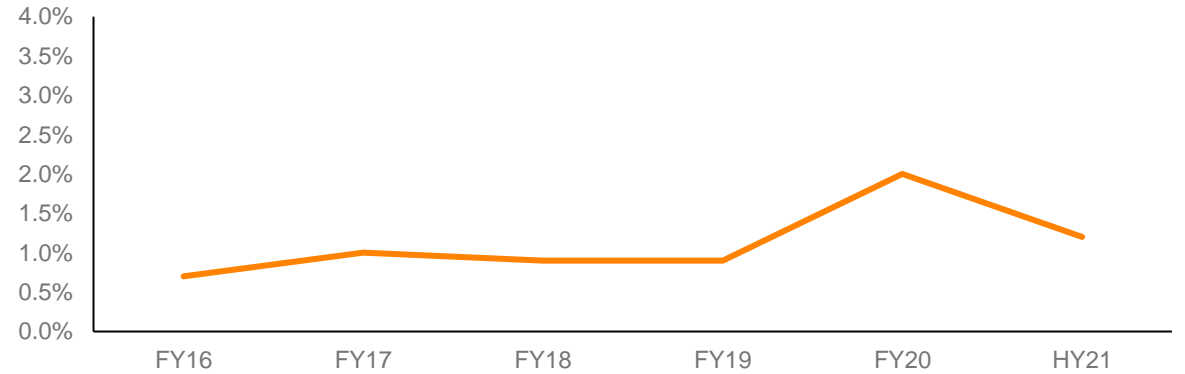
Net promoter score ²

+62

Notes: 1 Motor Finance Net Promoter Score for HY21. 2 Premium Finance Net Promoter Score for March 2021.

Prudent and consistent underwriting discipline¹

Bad debt ratio



Motor Finance: A proven and resilient model

Key differentiating factors of our high-touch model

Our distinctive strengths

Longstanding dealer relationships

- More than just a **finance partner**, with a **strong value proposition**
- Strong dealer-to-customer NPS due to **strength of overall relationship** and **service** ¹
- Known for our **regulatory knowledge** and **expertise** ²

Exceptional service

- 90% of active dealers rate the sales service as **'very good'** ³
- Customer net ease score **'excellent'** at +77 ⁴
- 85% of customers setting up a payment pause felt they were **treated as an individual**, with their personal circumstances recognised ⁴

Prudent and consistent underwriting

- Based on a **combined view** of dealer, asset, customer
- Only 12% of business is PCP

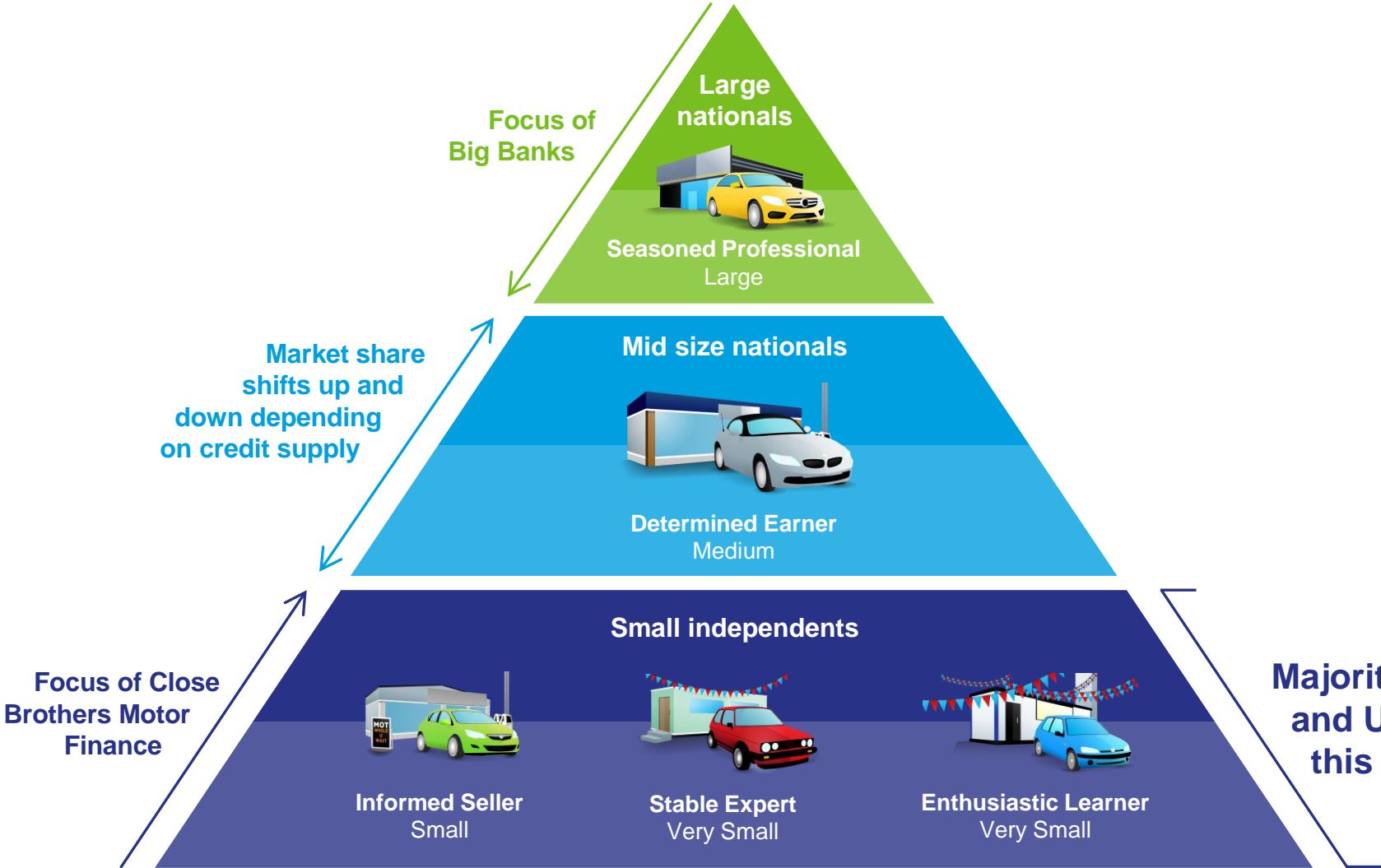
Market reputation

- Brand equity of **61**, up from 46 in July 2017 ²
- Overall operations service rated as **'very good'** by 79% of dealers ³
- Dealer to dealer +61 NPS, demonstrating our dealers will **recommend us** ²

Notes: 1 Net Promoter Score of +65 at HY21, categorised as 'great'. 2 Brand health survey (conducted in Q3 21). 3 Active dealer satisfaction survey (conducted in Q3 21). 4 Customer survey (conducted in Q2 21).

The Motor Finance landscape

Where we operate across our UK business



Typical Close Brothers Motor Finance customer profile:

- Car is an essential asset
- Low / middle income
- Good credit history
- Full time / part time employment
- Cost driven
- Younger segments

Majority of our dealers and UK loan book from this segment

Investing to take the business model forward

Motor finance transformation



PROTECT



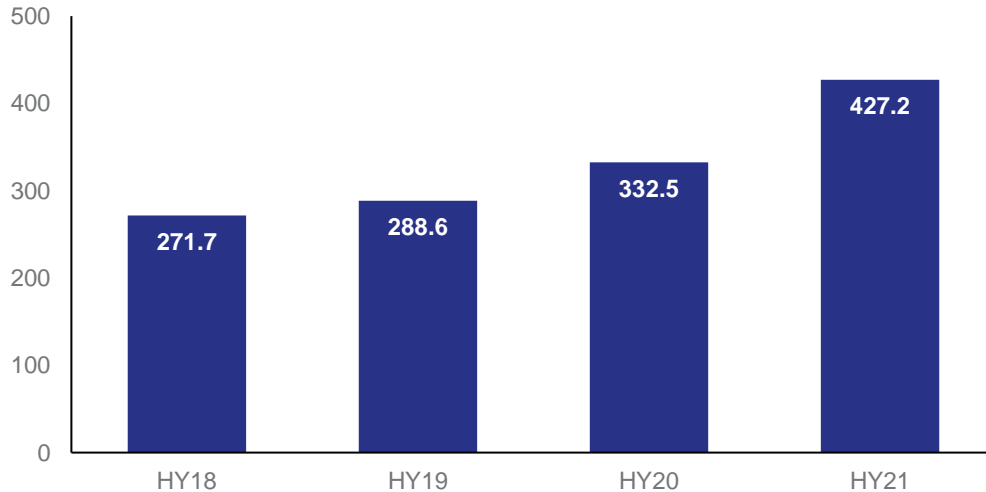
GROW



SUSTAIN

UK New business volumes

(£ million)



Significant investment programme

- £33m investment programme initiated in 2017 financial year
- Focused on:
 - Improving **service proposition**
 - Enhancing **operational efficiency and control**
 - Improving **underwriting and collections** processes
 - **Upgrading legacy** technology systems
 - Increasing **UK sales effectiveness**
- Draws on extensive market research and feedback from customers and partners



Benefits

- Enabled **effective response** to Covid-19, with **remote lending capability** supporting dealers during lockdowns
- Led to an **increase in new business volumes**, with record volumes in September 2020
- Delivering **better service to dealers and customers**
- Offering more **efficient and accurate lending decisions**
- **Improved control environment** and process **standardisation**
- Expected **increase in acceptance rate** from **credit optimisation**
- Will deliver **insight led dealer proposition**

Used car finance market

Outperforming the market since restrictions began easing

- Used vehicles avoid initial depreciation and emerging trends take time to filter through
- Portfolio less susceptible to changes in legislation, sentiment and demand
- We lend throughout the cycle
- Following the previous recession (2008), our growth exceeded the market
- This trend reversed from 2012 with increased competition and rise of 'easy money'
- Motor Finance Transformation programme has proven beneficial in increasing new business volumes
- Since the easing of Covid-19 restrictions, Motor Finance has outperformed the market, with competition pulling back
- Strong service has continued throughout Covid-19

Customer testimonial



I imagine in the background Close Brothers have been absolutely doing everything that they can to make sure that their dealer network doesn't suffer under the current pandemic. Because we have really enjoyed the levels of service that we've got.

Car dealer



Growth opportunities

Initiatives



GROW



SUSTAIN



Different routes to market via partnerships

- Growth in **number of routes available** for a consumer to acquire a vehicle
- Presents an **opportunity to partner and position** us at different stages **throughout customer buying journey**
- Able to **leverage our investment** to connect everywhere and anywhere
- Continue to **digitise the customer journey** through development and partnerships



Continued focus on dealerships

- Digital partnerships creating **new routes** for the **customer to reach the dealer**
- Our focus on **the dealer** remains **integral**
- Investing to **enhance our dealer support** across funding, compliance, finance solutions and insight



Alternative Fuelled Vehicles

- **24% of new cars** predicted to be **AFVs in 2021¹**
- Not yet filtering down to the **used car market**, which is **2-3 years** behind the new car market
- **Government schemes and initiatives** in major cities are encouraging
- New petrol and diesel cars to be banned from 2030, hybrids to be banned from 2035



Areas to consider

- Obsolescence and repurposing of batteries for residual value
- Constraints on customer demand due to current high electric vehicle prices – expected to move downwards
- Opportunities for motorbikes and light commercial vehicles

Notes: 1 Based on new car registration forecasts from SMMT.

Premium Finance: A proven and resilient model

Key differentiating factors of our high-touch model

Our distinctive strengths

Long-term broker relationships

- Average broker relationship **more than 10 years**, with most on minimum 3 year contracts
- Consistently **high levels** of repeat business

Our expertise

- **Experts at SME and consumer credit lending**, supporting brokers to meet regulatory and compliance requirements
- Regional sales managers have been with CBG **more than 15 years** on average

Technology and process integration

- Technology and processes **fully integrated** with broker's sale of insurance and software houses
- **Value added offerings** such as payment services and data analytics

Operational resilience

- Service **availability strong**, with limited downtime
- Worked with broker partners, and in line with FCA guidance, offered **support to over 90,000 clients** through forbearance

Customer overview

Focused on achieving great customer outcomes



Personal lines

Customers choose Premium Finance to:

- Spread payments to aid personal budgeting
- Avoid an up front lump sum
- Convenience of finance at point of sale

Insurance considered a commodity product

Customer base well spread demographically, with appetite across all age and affluence ranges

Fund insurance for

1 in 7 families¹



Commercial lines

Clients choose Premium Finance for:

- Improved cash flow, especially beneficial during economic uncertainty
- Managing impact of significant increases in insurance premiums
- Preserving other lines of credit to invest as working capital

Clients range from sole traders to corporates

Construction, transport and manufacturing sectors comprise >50% of lending

Fund insurance for

1 in 20 businesses²



Customer satisfaction

Good customer experience and outcomes:

- High Net Promoter Score relative to UK banking peers
- Low level of customer complaints
- Very low level of complaints escalated to Financial Ombudsman Service



Approve a loan every

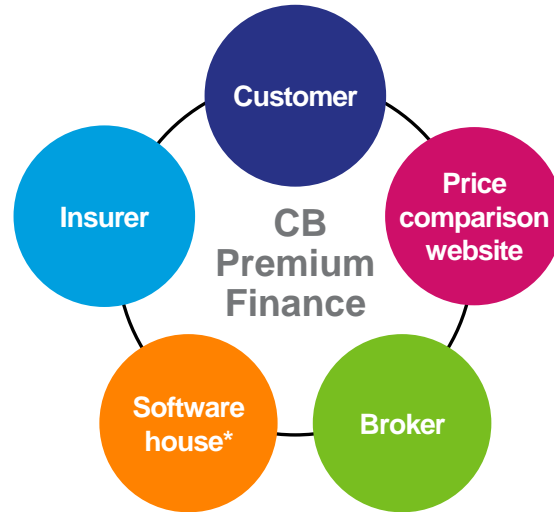
2.4 seconds³

Market overview

Mature market with multiple methods for and routes to funding insurance premiums

Complex market

- Complex fulfilment behind simple product
- Multiple players in value chain



High barriers to entry

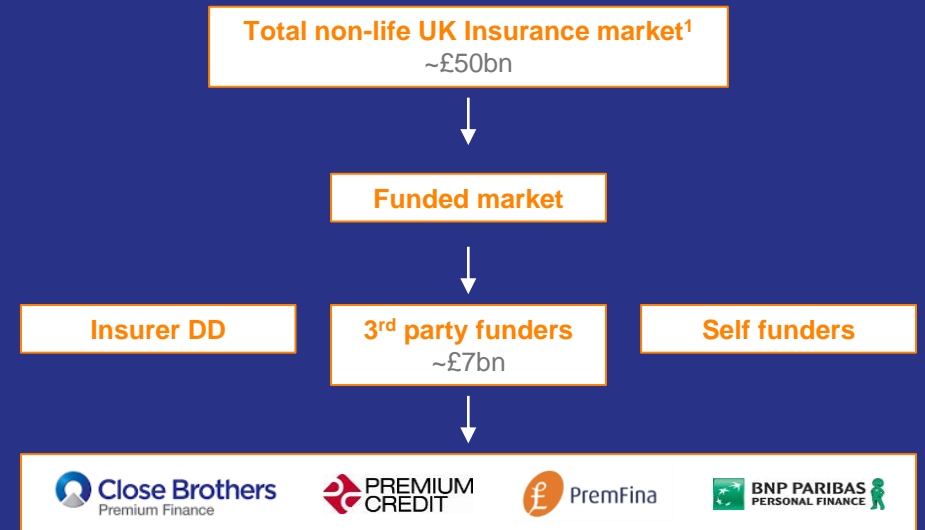
- Heavily regulated market
- Embedded technology
- Longstanding broker relationships
- Industry expertise and knowledge

Significant broker consolidation in recent years

- Pace of consolidation has increased, leading to rise of 'super brokers', highlighting importance of contracts and relationships
- Increasingly a significant volume of lending is concentrated over a smaller number of broker groups

Finance options are broad

- Premium Finance holds a high market share of the third party funded market and c.7% of the total market
- Majority of market not financed, insurers may choose to self-fund and offer customers a monthly Direct Debit payment option
- Customers also pay by Direct Debit, Credit Card, or cash



Notes: 1 Source: EY 2020 UK Insurance Outlook (https://assets.ey.com/content/dam/ey-sites/ey-com/en_gl/topics/insurance/insurance-outlook-pdfs/ey-global-insurance-outlook-uk.pdf), non-life gross written premiums excluding most Lloyd's business, reinsurance and marine/aviation. Split of third party funder volumes is based on management estimates. For Premium Finance, every £3 new business volume roughly translates into £1 of loan book so £3.5bn annual volume equates to an average loan book of just over £1bn. *Insurance system provider

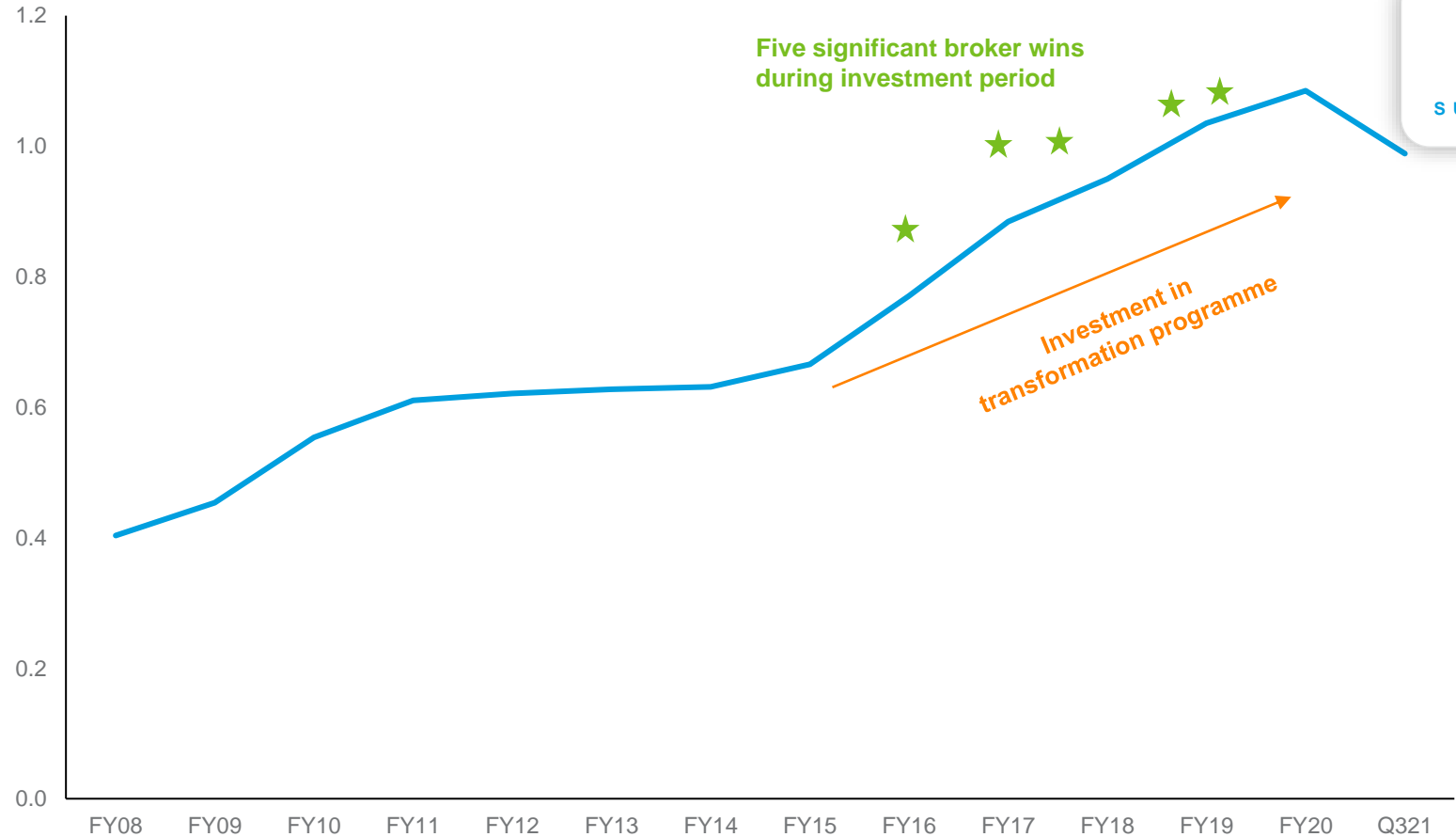
Investing to take the business model forward

Premium Finance transformation programme

Investment in the Premium Finance transformation has supported loan book growth in an increasingly competitive marketplace


- £30m+ investment programme initiated in 2015 financial year
- Seen a 49% increase in loan book since initiation
- Significant new broker relationships won, driving £1.2bn additional annual volume since 2015
- 17m+ cases funded since the programme was initiated; 47% increase in annual cases from 2015 to 2021
- Data and digital are key trends

Premium Finance loan book
(£ billion)



Key messages

- 1 Never compromise on achieving positive customer outcomes
- 2 Strong track record of loan book growth and profitability
- 3 Differentiated proposition based on expertise, relationships and service
- 4 Stable, high margin businesses with low bad debts
- 5 Businesses have strong reputations in the market, supported by our experienced colleagues



Well positioned
to maximise
opportunities and
deliver disciplined
growth

06

Property

Frank Pennal

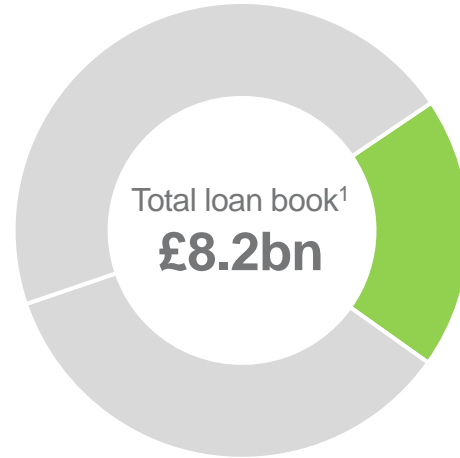
Property Chief Executive Officer



Property business

Overview

Short-term residential development, refurbishment and bridging finance to professional property developers



Property Finance
£1.2bn

Commercial Acceptances
£0.4bn

Property Finance fast facts¹

£1.2bn loan book

Finance for experienced professionals developing new or existing properties for the residential housing market

- Average loan size: £2m
- Typical maturity: 12-18 months
- Typical LTV: 50% - 60% GDV
- Customers: c.430²
- Distribution: 80% direct
- We do not do BTL and mortgages
- Market share: 10% of residential development market³

Commercial Acceptances fast facts¹

£0.4bn loan book

Loans to help facilitate projects such as property refurbishments

- Average loan size: £0.5m
- Typical maturity: 6-12 months
- c.350 customers

Notes: 1 Loan book numbers as at 30 April 2021. All other metrics as at 31 January 2021. 2 Property Finance customer number includes customers who are yet to draw. 3 Market share of the total residential development market, based on the UK Commercial Real Estate (CRE) Lending Survey published by Cass Business School.

A proven and resilient model

Focus on long-term relationships and consistent lending principles

Our distinctive strengths

**40-year track record
in key markets**

- Stable product suite: **core products** have been offered to our customers over a number of business cycles
- Successfully **expanding regional offering**

**Stable and experienced
Management Team**

- All key individuals in post between **10 and 25 years**
- Experience of individuals drives **quick decision making**

**Success built on long-term
relationships**

- Sector expertise, specialism and **high client satisfaction**
- Consistently high levels of **repeat business** (76% in 2020)

**Consistent lending principles,
prioritising returns and credit quality**

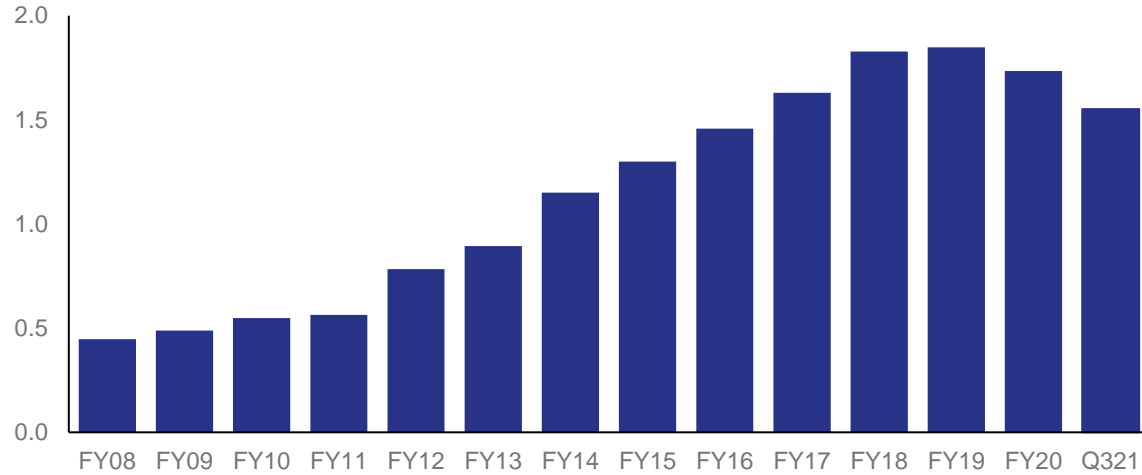
- Reputation as a conservative, **through-the-cycle lender**
- Service-driven
- Typical LTV of **50% - 60%** Gross Development Value (GDV)

Strong track record

Disciplined lending through the cycle

Long term growth

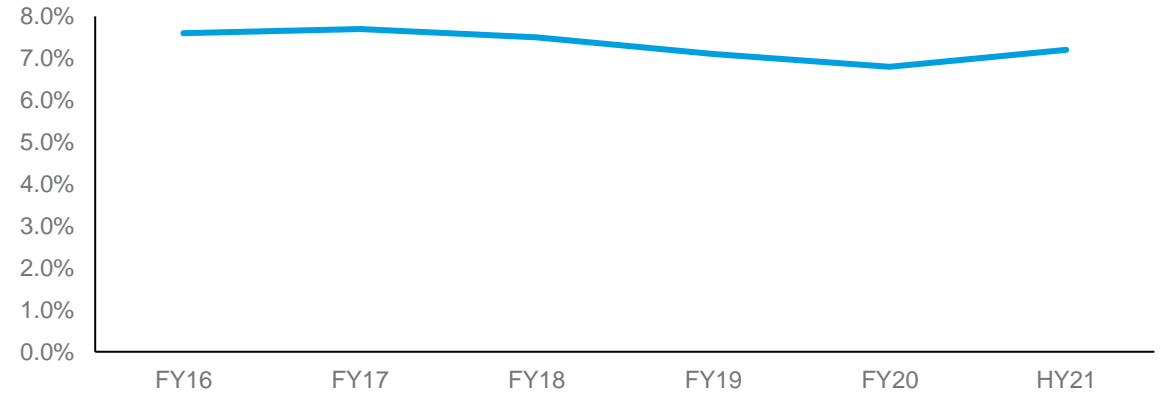
Property loan book (£ billion)



- Profitable through-the-cycle loan book growth
- Decline in HY21 loan book reflecting lower drawdowns and higher repayments, driven by delays in development completions due to Covid-19 and strong unit sales
- Q321 loan book broadly stable on position at HY21
- Continue to follow lending discipline, as loan book growth remains an output
- Undrawn pipeline at £1 billion¹

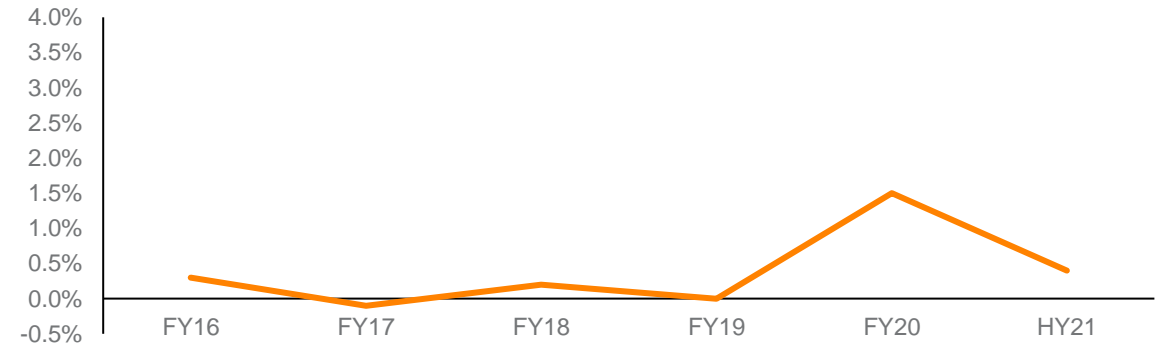
Consistent pricing discipline

Net interest margin



Prudent underwriting

Bad debt ratio



Relationship-driven approach

Longstanding relationships with repeat developers

Customer testimonials



Close Brothers have always been there for me. Their passion and knowledge of the industry make them my first choice every time.

Nicholas King
Chairman of
Nicholas King Holmes



Swift decision-making, clarity in business terms and the ability to look at a project as a whole and take an appropriate commercial view make Close Brothers our bank of choice.

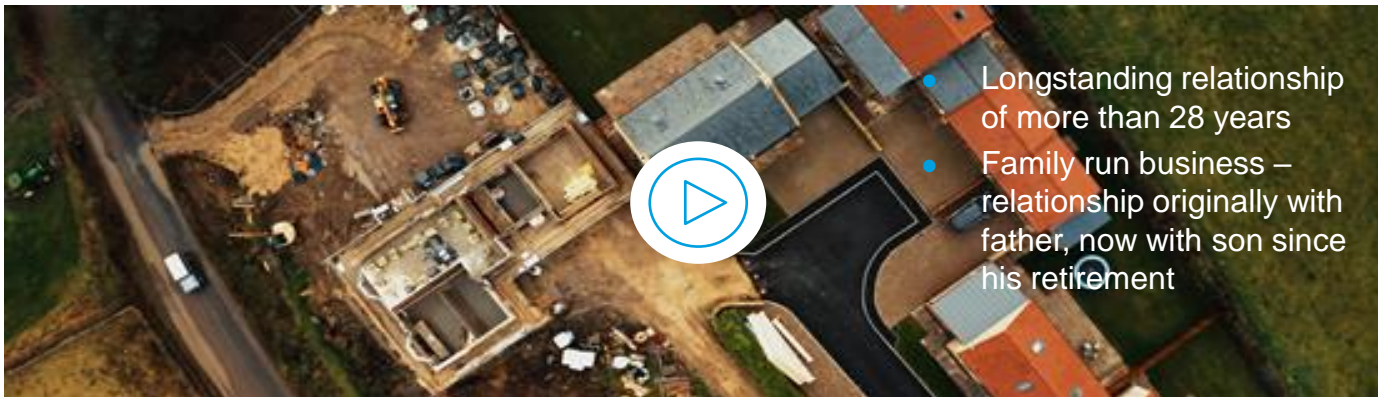
Chris Thompson
Managing Director of Beechcroft



A funding partner that's not going to let you down.

Rutu Buddhdev
Managing Director
of Amara Property

Case study: Briahaze Village Homes



- Longstanding relationship of more than 28 years
- Family run business – relationship originally with father, now with son since his retirement



Property lending landscape

Market dynamics

Key strengths and weaknesses

Challengers

Generally not proven through the cycle, limited capacity to lend £5m+, higher LTVs, often only “vanilla stock”

Clearers

Reducing appetite and very slow decisions

Private Equity/ Funds

Quick decisions but unproven through cycle, stretched lending (higher risk)

P2P/ Alternative lenders

Limited “noise” due to size, typically providing stretched / mezzanine financing, attracts businesses <10 years old



Development finance market

“Sweet spot” remains in the sub £10m senior debt market

- Traditionally too small for big players, and returns too low for Private Equity/Funds
- Clearing banks are less active with limited appetite and unable to offer high service levels

Competition remains high

- New challenger banks entering the market
- Challenger banks have written significant volumes of CBILS
- Some stretched lenders have seen losses in the past and these may be exacerbated due to Covid-19, therefore appetite may reduce

Bridging market

- Some lenders competing on lower pricing and lending at higher LTVs

Growth initiatives

Developing our regional presence and working with 'Tomorrow's Developer'



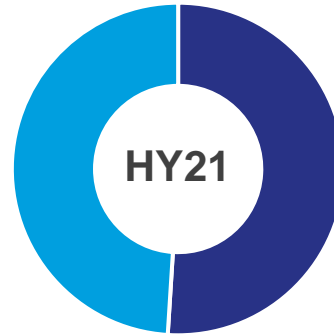
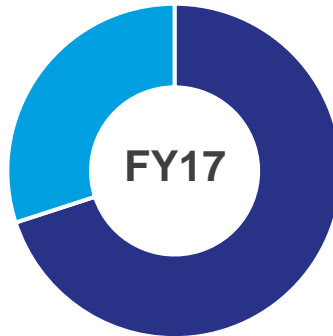
Expanding our regional presence

- Continue to see success from regional initiative
- Built up business in Northern Ireland
- Supported by the launch of Manchester bridging office in 2019

Property Finance

Percentage split of loan book

- London & South East
- Regions




Tomorrow's Developer

- Project to successfully identify the Next Generation of developer
- Focused on building and maintaining relationships with these developers now in order to help them thrive in the future
- Offer a mentoring programme, utilising the expert knowledge within the business
- Aligning with organisations such as the Home Builders Federation



Key messages

- 1 Prudent lending at attractive margins, providing excellent service. Loan book growth remains an output of the business model
- 2 Long-term growth opportunity remains given demand
- 3 A continued focus on lending to high quality counterparties in the regions
- 4 Although the lending market is anticipated to remain highly competitive, we remain confident in the high-touch model with no plans to adjust our returns or relax our lending criteria
- 5 Proactively developing ways to identify and capture the next generation of developers early



Well positioned
to maximise
opportunities and
deliver disciplined
growth

Q&A

Group and Banking



07

Close Brothers Asset Management

Martin Andrew

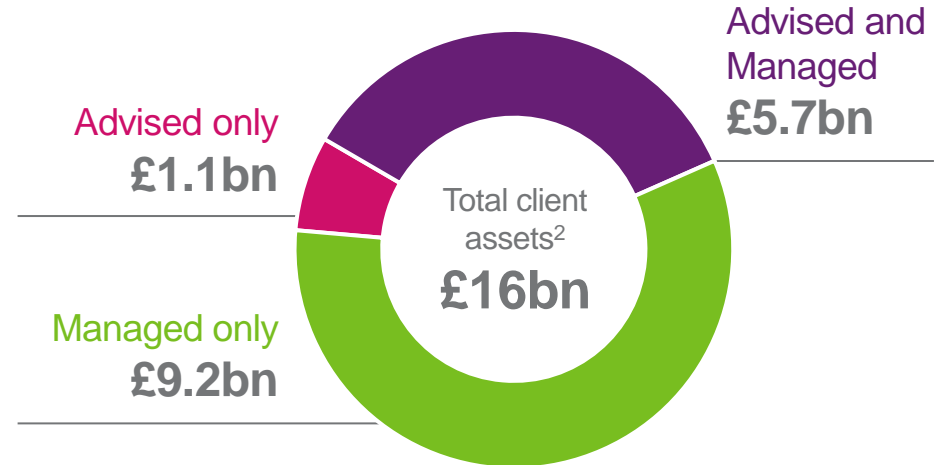
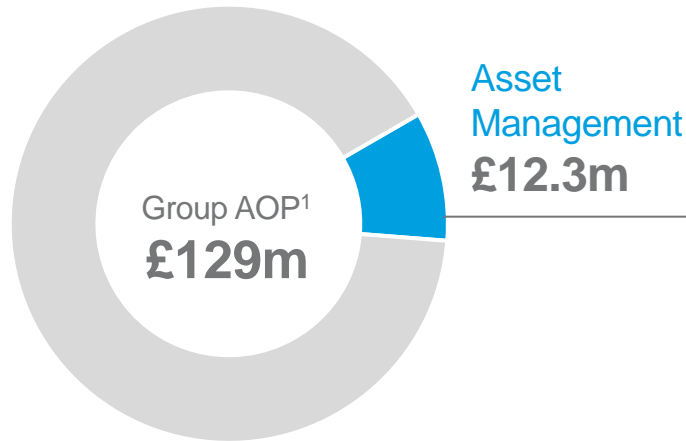
Asset Management
Chief Executive Officer



Close Brothers Asset Management

Overview

Top 20 UK wealth manager providing financial advice and investment management to private clients in the UK



Asset Management fast facts²

£16bn total client assets and £15bn AuM

Core capabilities can be integrated into different client propositions

- ✓ Financial advice
- ✓ Investment management
- ✓ Custody & platform

- Target market: affluent and HNW clients
- Investable assets: £250k to £20m+
- Clients: 22k households
- Multi-channel distribution: own advisers and investment managers, third party IFAs and self-directed portal
- Advisers: c.90
- Investment managers: c.65
- Staff and geography: c.700 staff across 11 UK locations

Notes: 1 As at 31 January 2021. 2 Total client assets and AuM as at 30 April 2021. All other metrics as at 31 January 2021.

A proven and resilient model

Key differentiating factors of our model

Our distinctive strengths

Service, experience and relationships

- Propositions built around **services** and **relationships**
- **25 years** average experience of HNW Investment Managers

Culture

- Fiduciary approach to clients
- Collegiate process with private-client mindset
- **Successful hiring strategy** supported by our distinctive culture which attracts and engages investment managers

Strong brand and reputation

- **Strong market reputation** supported by our relationship management, service and performance
- Winner of the **PAM – Digital Wealth Proposition Award 2021** and winner at the **2021 WealthBriefing Awards** for Best Wealth Planning Team

Vertically-integrated & multi channel distribution

- **Integrated core capabilities** (Financial advice, investment management & platform) allow an end-to-end service to clients and multiple sources of revenue
- **Maximise distribution** through our **multi-channel approach**

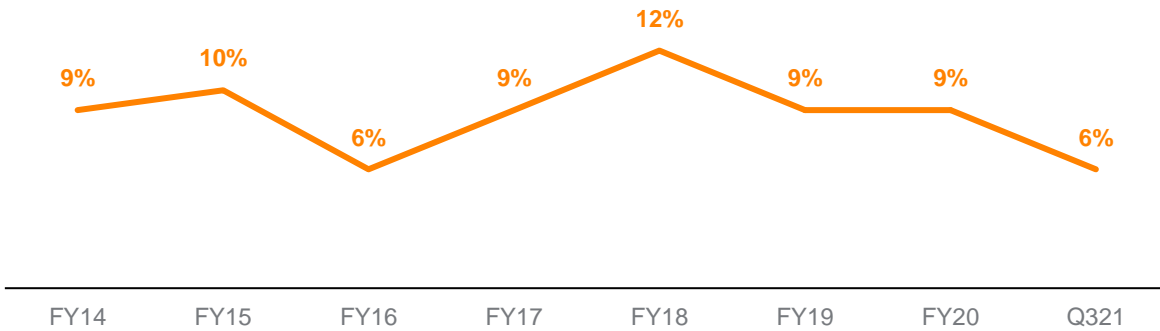
Our track record

Strong growth and maximum value from client relationships

Our distinctive strengths

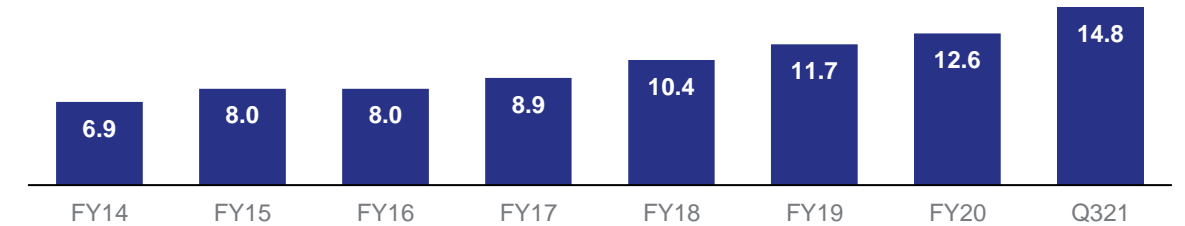
Strong net inflows

Annualised net inflows



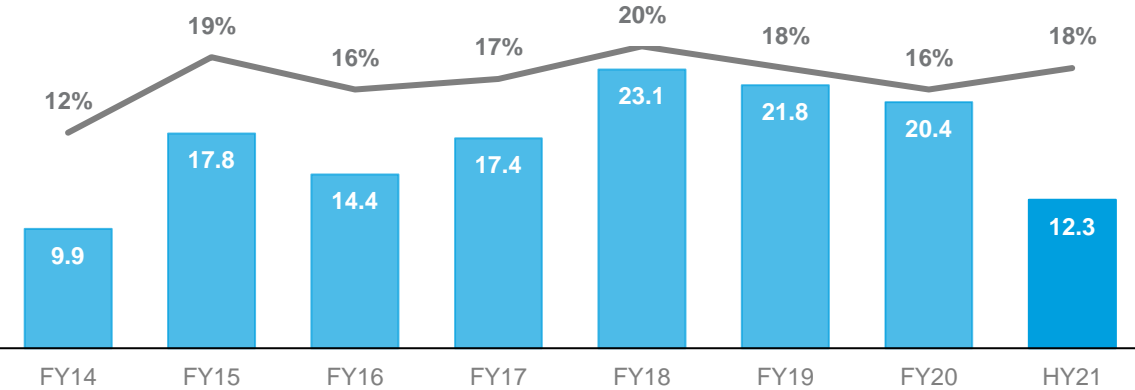
Strong growth

Assets under Management (£ billion)



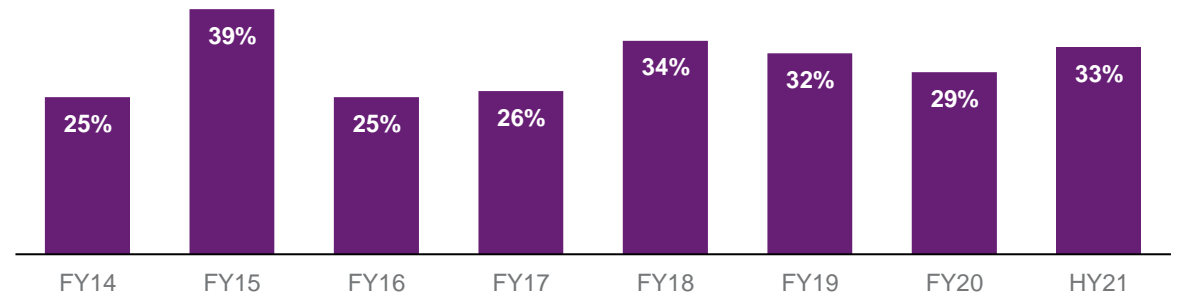
Steady margins

Adjusted operating profits (£ million) and operating margin



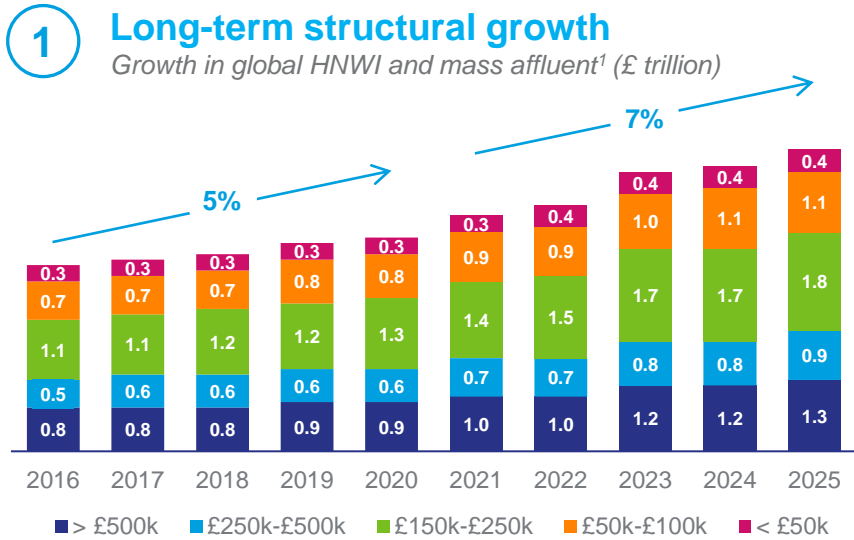
Consistent returns

Return on opening equity



Industry themes

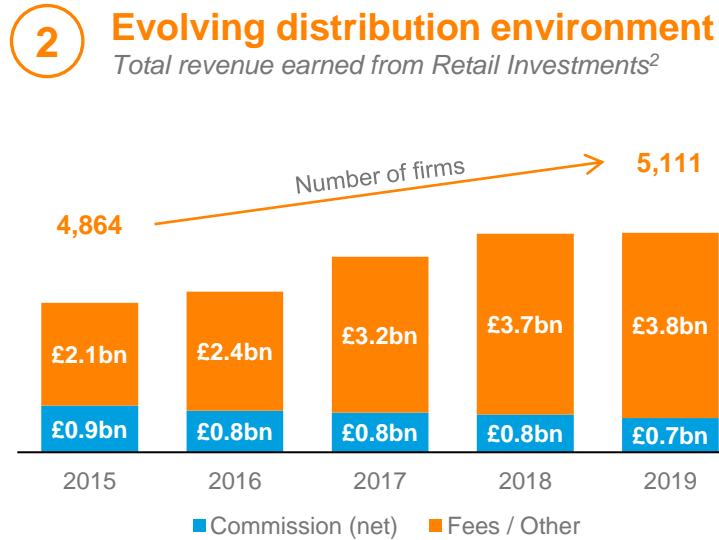
Well placed to respond to challenges and opportunities



- Meaningful addressable market in the UK
- Attractive demographics
- Increased demand for financial advice
- Ageing population and growing retirement savings gap
- Individuals increasingly responsible for own savings

3 Fragmented market

- Drive to scale
- Growing prominence of vertically integrated firms
- Industry consolidation



- Growth in number of adviser firms and revenues
- Increasing demand for outsourced asset management from Advisers
- Increase in intermediary and platform-led services
- Continuing regulatory focus on advice standards

4 Fee and cost pressure

- Fee compression across the value chain and shift to lower cost options
- Rising regulatory and technology costs

Well placed to respond to challenges and opportunities

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

Integrated business model

Vertically integrated core capabilities and multiple sources of revenue

		← Multi-channel distribution →			
		CBAM advisers	CBAM Bespoke IMs	3rd party advisers	DIY portal
Core capabilities ↑ Vertical integration ↓	Financial advice Face-to-face & telephone	✓			
	Investment Management (Bespoke) Multi-asset, risk graded portfolios Dedicated Investment Manager Advice as required	✓	✓	✓	
	Investment Management (Funds) Multi-asset, risk graded fund family Choice of 3 styles / price points	✓		✓	✓
	Custody & Platform UK & offshore GIA, ISA, SIPP Self-directed portal	✓	✓		✓

Our people and culture

The foundations of our success building our client base

Client-centric approach

Client relationships managed by qualified practitioners not general relationship managers

Strong ethos of client service and doing the right thing



Customised service from an expert

Builds client trust

Combined role of investment managers

Relationship management

Investment management

Investment research



Tailors to client and builds accountability

Attracts and engages investment managers

Investment process

Open and collegiate process

Institutional disciplines



Leverage expertise across whole team

Client reassurance

Long term approach

Client relationships

Investment time horizon

Development & retention of staff



Client and business time perspectives are aligned

CBAM technology projects

Investing in CBAM to take the business model forward



Rationale

- Growth requires slick and scalable administration
- Efficiency important given margin pressures
- Leverage best of breed technology from strategic partner IRESS and selective proprietary development



Benefits

- Client experience benefits
- Internal efficiency gains and automation of manual processes
- Improved capacity, scalability and resilience
- Foundation for digital enhancements

Key projects, timing and benefits

Platform consolidation & new portal	Risk Management	Investment Management	CRM	Technology automations
2017-2019 <ul style="list-style-type: none">• Cost reduction• Single custody model• New client portal	Continuous <ul style="list-style-type: none">• Integrated system across all funds and separate accounts• Enhanced monitoring for IMs and oversight	Continuous <ul style="list-style-type: none">• System tailored to our investment process• Investment manager productivity gains	2019-2022 <ul style="list-style-type: none">• Single system for all clients• Front & back office efficiency gains• Underpins digital roadmap	2021-2022 <ul style="list-style-type: none">• Efficiency gains• Scalability & capacity• Resilience

Legend
 Developed by IRESS or third parties Proprietary development

Growth: layers of opportunity within the business

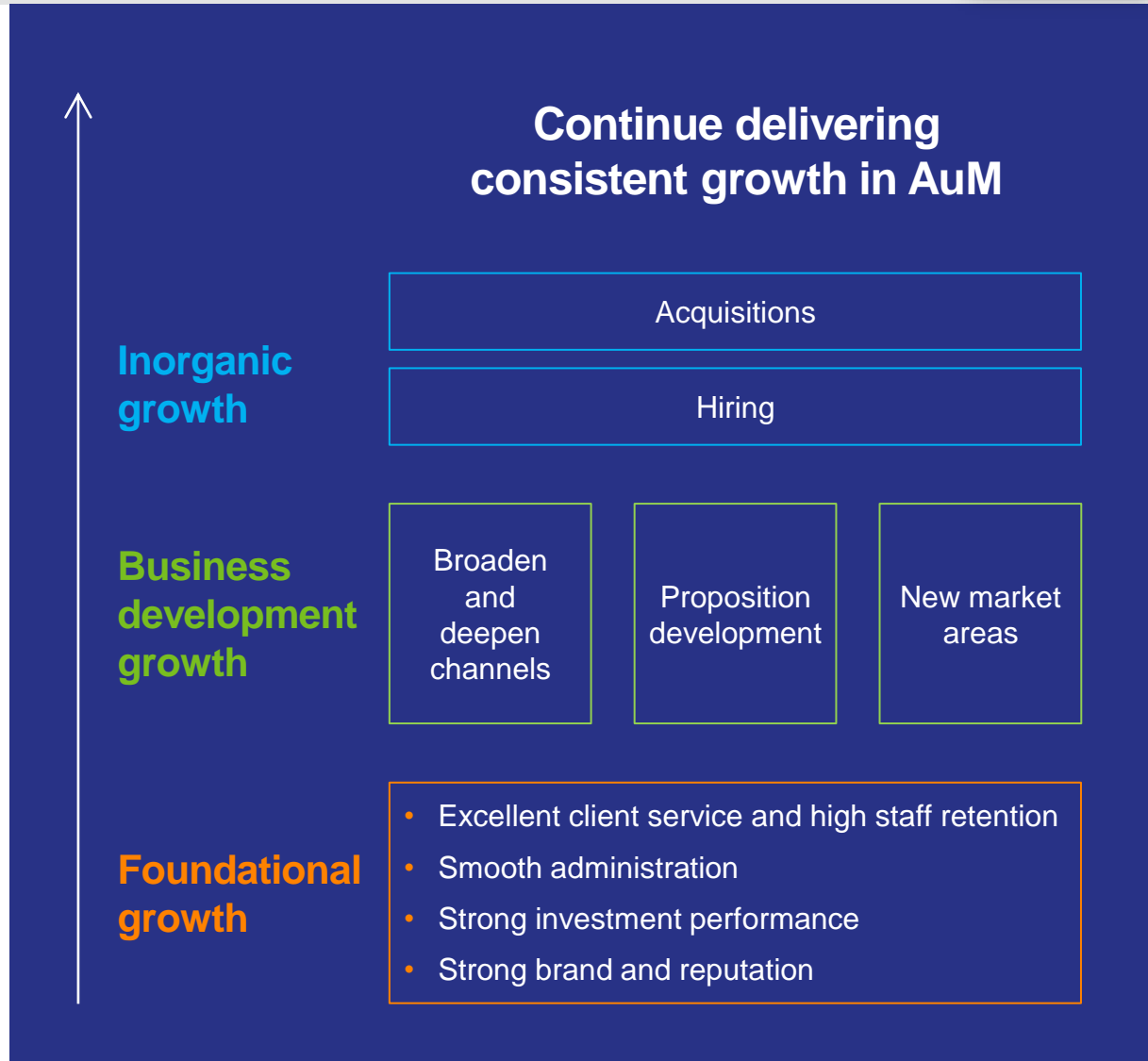
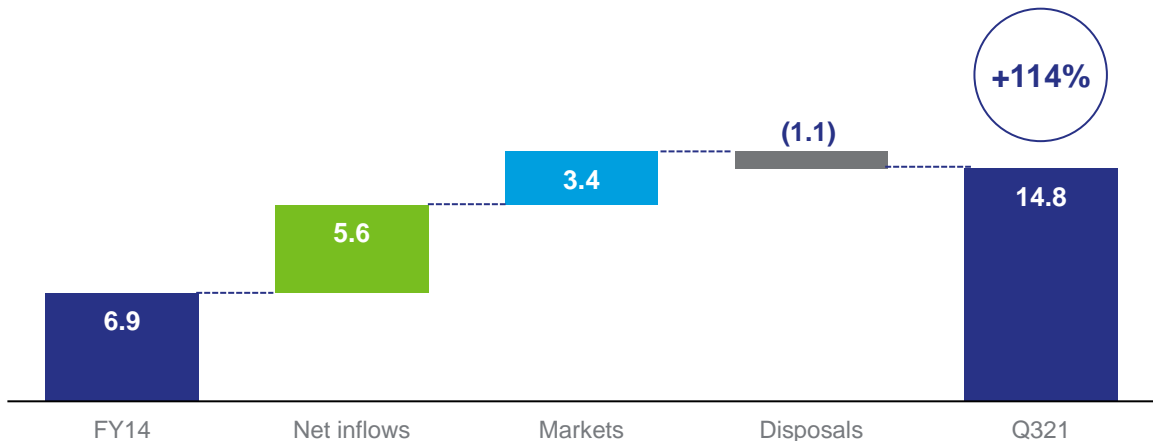
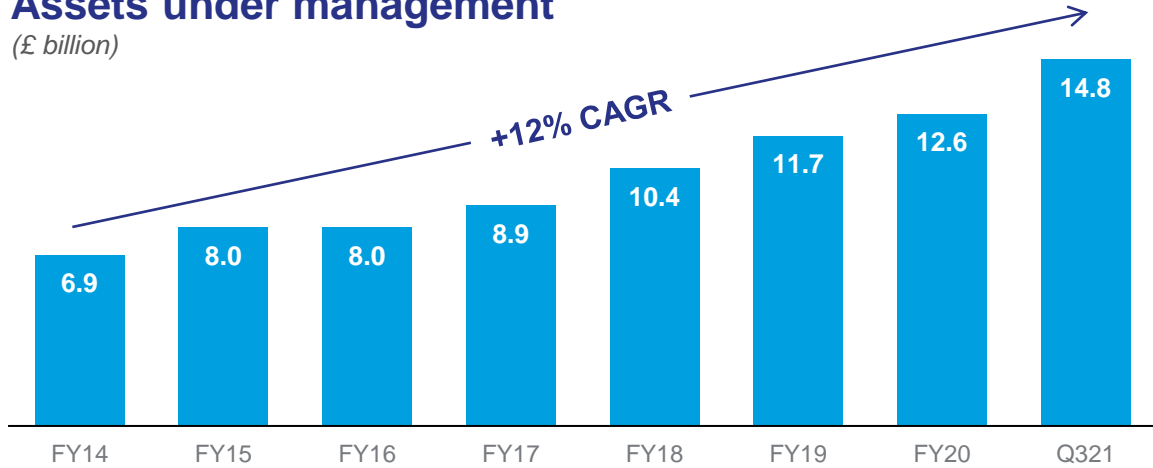
Well placed to continue delivering consistent growth in AuM



Strong track record

Assets under management

(£ billion)



Our approach to ESG and Sustainability

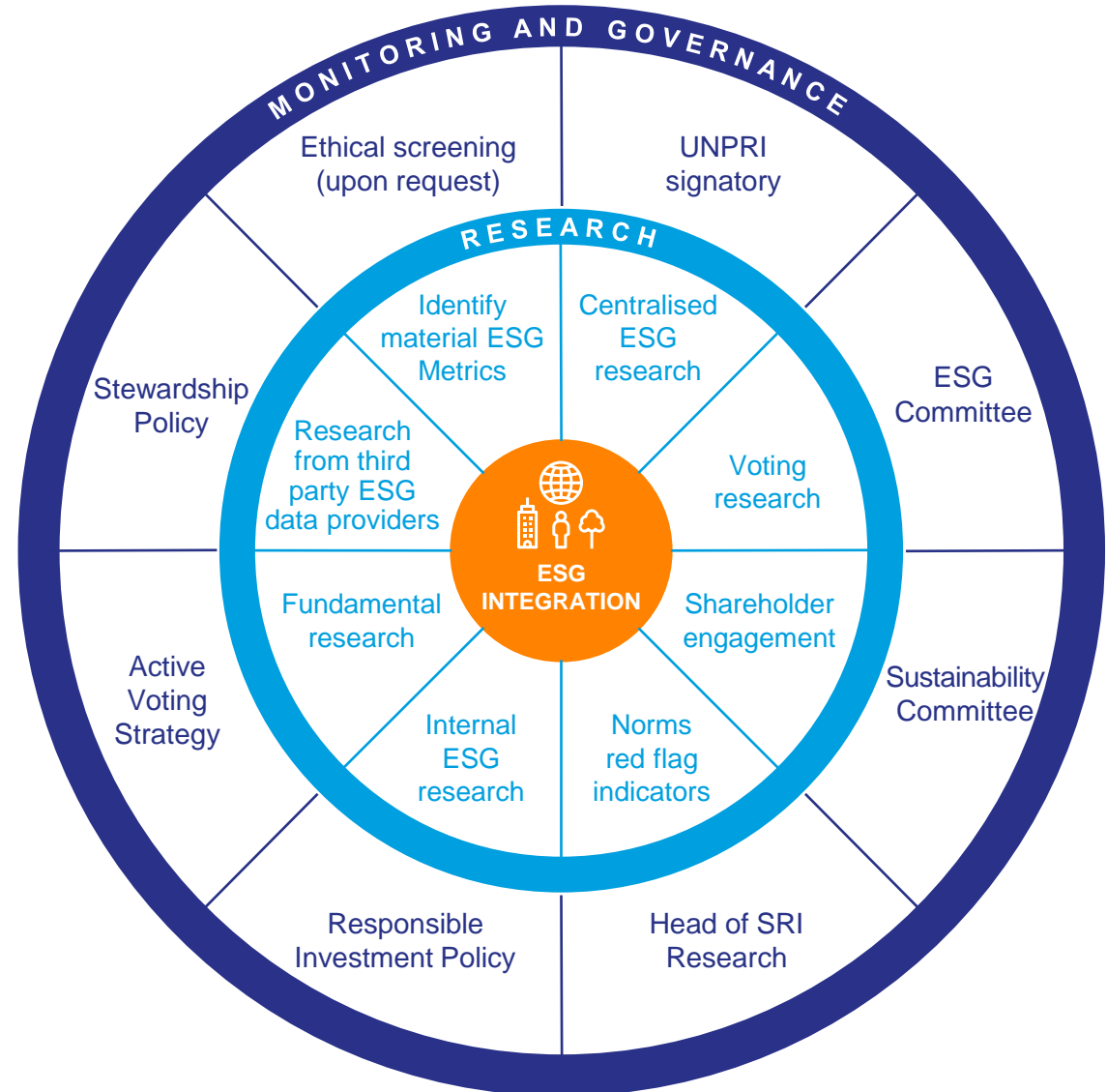


ESG considerations embedded into our in-house research since 2018

- SRI proposition launched in 2017
- Funds incorporate ESG considerations into formal stewardship code
- Two recently launched Sustainable Funds
 - Sustainable Balanced Fund
 - Sustainable Bond Income Fund
- Currently developing a Sustainable proposition for Bespoke IMs


Signatories to UN Principles of Responsible Investment

Sustainability Committee established to develop overall strategy



Key messages

- 1 Excellent strategic fit with the Close Brothers group
- 2 Track record of long-term profitability and strong returns, with ROE > 30%¹
- 3 The right model to continue delivering
- 4 Supported by strong culture and people
- 5 Continued investment to deliver growth



Well positioned
business with
significant long-
term opportunities

08

Winterflood

Philip Yarrow

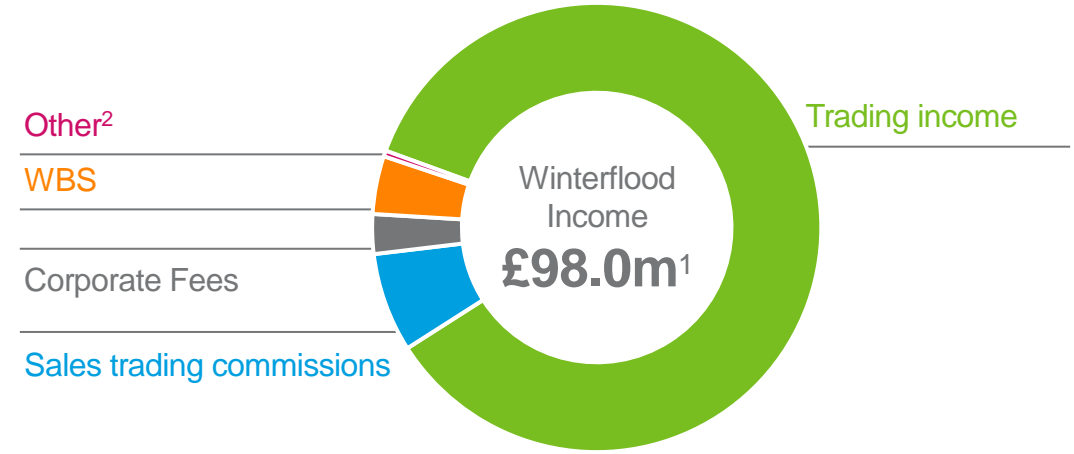
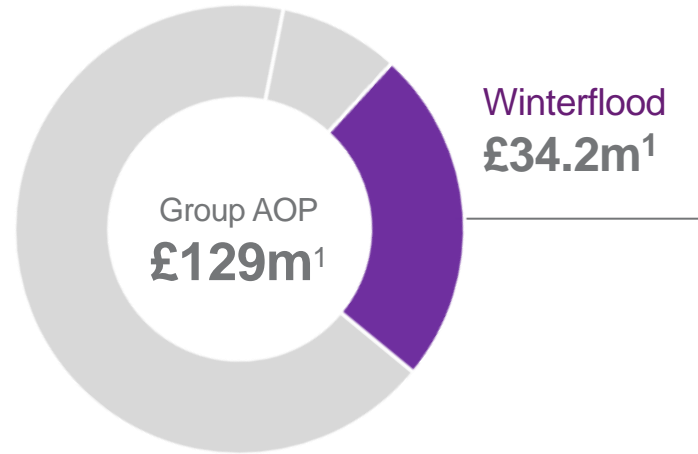
Winterflood Chief Executive Officer



Winterflood

Overview

A leading market maker providing continuous liquidity in all market conditions



Winterflood fast facts

Focus on high quality execution services

Market maker

- Trade over 15,000 instruments across 75 venues with more than 400 counterparties
- Cover AIM to FTSE 350, international, investment trusts and fixed income
- 90 traders and sales traders

Investment Trusts

- Corporate broker for over 55 corporates
- Corporate finance team generating diverse mix of revenue

WBS

- Provides outsourced dealing and custody services
- Cover 24 markets and multiple currencies

Institutional sales trading

- Growing our institutional position in the UK and US

Notes: 1 Financial results for the six months to 31 January 2021. 2 Includes external operating income, net interest income and fees and commissions expense.

Winterflood's business areas

Diversified income streams

Market maker



Biggest market maker in UK, ranked **number 1 by shares traded** for all UK equities in 2020
Top 10 by **value traded**, competing with BarCap, UBS, Citi, Credit Suisse

Investment Trusts, Corporate & Research



Market leader in **fundraising** over 2015 to 2020 across **primary, secondary and tap issuance**
Recent transactions include **\$700m placing** for Baillie Gifford Schiehallion Fund

WBS



£5.7bn of AuA ¹
50+ institutional clients and **over 90,000 retail clients**

Institutional sales trading



Expanding UK institutional coverage to grow market share
Launched a **US broker dealer** in over **14 states**
Built a number of **key new relationships**

A proven and resilient model

Key differentiating factors of our model

Our distinctive strengths

Skill and expertise

- Highly **skilled** and **experienced** traders and operational staff
- Average length of service **over 9 years**
- Structured **talent** development process

Proprietary technology

- **Innovative software** developed in-house to support our customers
- Resilient and scalable systems, enabling traders to lean into **market opportunities**

Culture

- Strong **focus** on risk management
- Strong **team ethic** with the employee design of “Our way” values
- Client focused, execution quality measured to ensure **good outcomes**

High-touch model

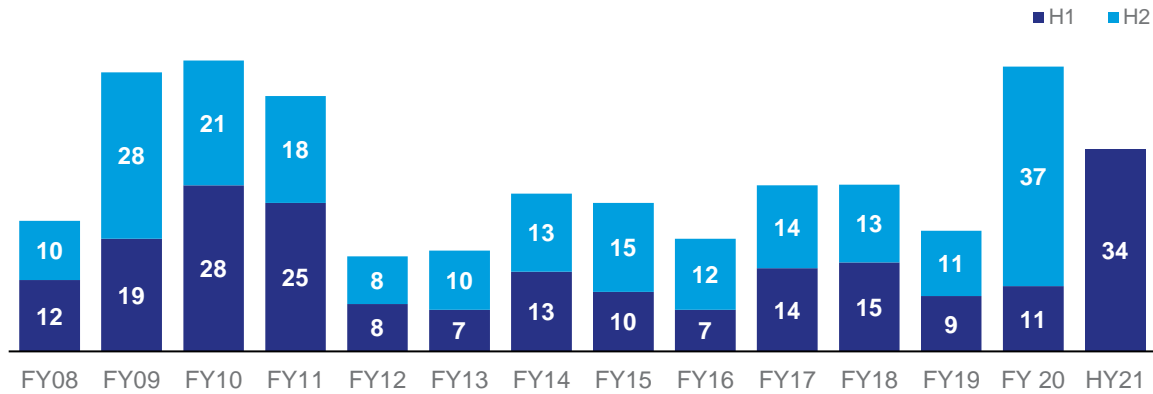
- Market leader in **high-touch trading** – supported by 90 traders and sales traders
- Market share remains an output of **trading approach**

Consistent performance

Long track record of profitability and returns

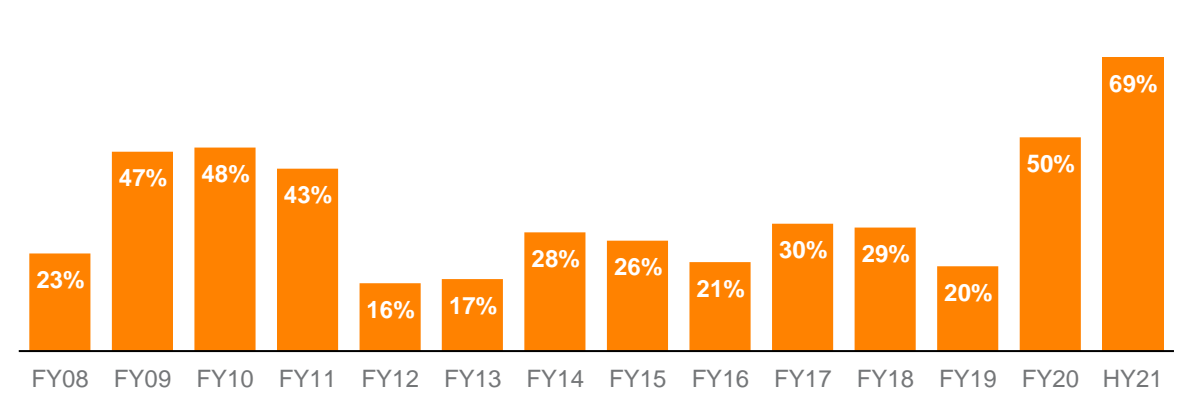
Long-term profitability

Operating profit (£m)



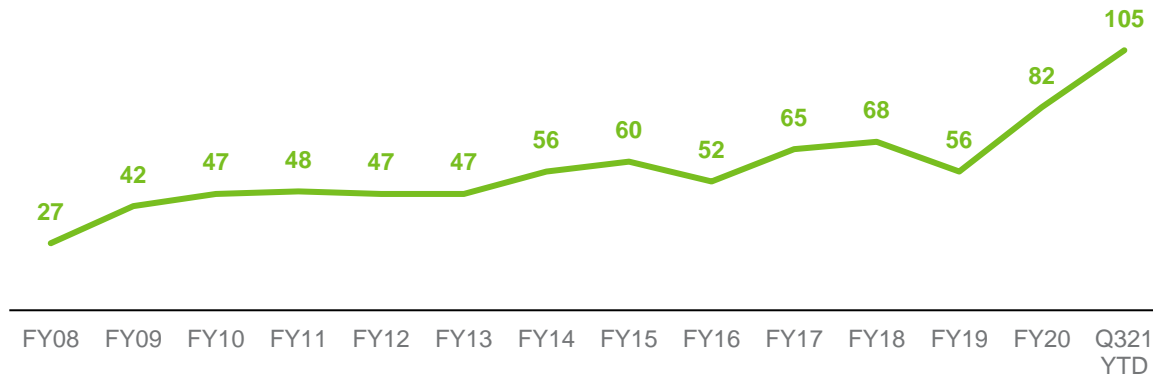
Strong returns through the cycle

Return on opening equity¹



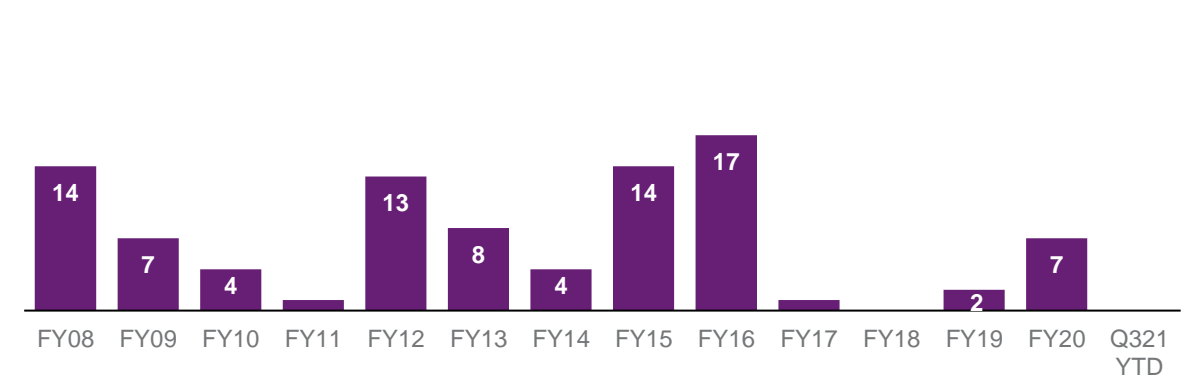
Significant operational capability

Bargains per day ('000)



Strong risk management

Loss days

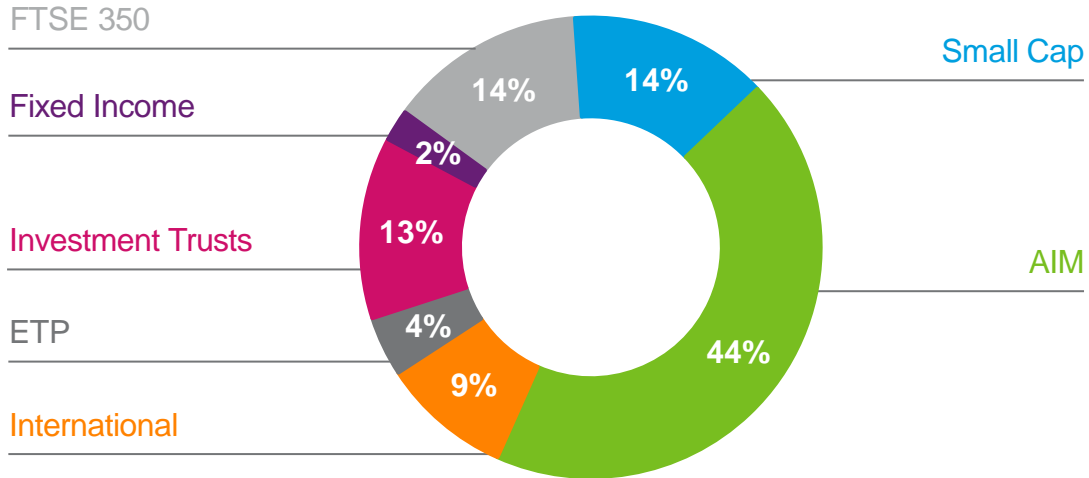


Competitive landscape

Differentiated from peers by our single capacity and primary focus on trading

Significant diversity within trading income, composed of different markets, sectors and indices

Composition of HY21 trading income



Notes: 1 Data from Bloomberg covering period from 1 January 2020 to 31 December 2020.

Market leading position¹

Ranked 1st by shares traded (521.6bn)

By Volume Traded | Dates 1/1/20 – 12/31/20 | Exchanges LN | #Brokers 179 | Broker Vol 2.34T

	Broker	Rank	Traded	Crossed	Total	High Touch	Low Touch
1	WINS	1	521.629B	--	521.69B	--	--
2	PEEL	2	347.761B	629.342M	349.02B	1.6M	--
3	SHRC	3	203.988B	1.142M	203.99B	1.003M	--
4	CANT	4	153.759B	114.156M	153.988B	153.955B	--
5	BBB	5	133.712B	1.505M	133.715B	3.101B	233.203M
6	STFL	6	108.429B	409.253M	109.247B	380,000	38,400
7	BNPP	7	93.38B	--	93.38B	--	--
8	MSCO	8	67.814B	--	67.814B	16.04B	51.645B
9	BCAP	9	63.5B	486.828M	64.474B	13.983B	50.491B
10	MLCO	10	58.635B	159.344M	58.954B	20.404B	38.537B

Ranked 7th by value (£135.9bn)

By Value Traded (GBP) | Dates 1/1/20 – 12/31/20 | Exchanges LN | #Brokers 174 | Broker Vol 2.91T

	Broker	Rank	Traded	Crossed	Total	High Touch	Low Touch
1	BCAP	1	260.269B	2.687B	265.643B	76.183B	189.46B
2	MLCO	2	238.875B	888.067M	240.651B	89.115B	151.499B
3	MSCO	3	235.536B	--	235.536B	62.48B	172.582B
4	JPMS	4	216.083B	3.641B	223.365B	116.344B	107.021B
5	UBS	5	199.923B	116.216M	200.155B	99.124B	75.391B
6	GS	6	184.364B	33.72M	184.431B	83.205B	101.205B
7	WINS	7	135.882B	--	135.882B	--	--
8	CSFB	8	126.106B	2.26B	130.625B	79.909B	50.667B
9	CITI	9	103.122B	--	103.122B	70.491B	32.631B
10	FLOW	10	101.626B	--	101.626B	--	--

Industry themes

Key themes in the market



GROW



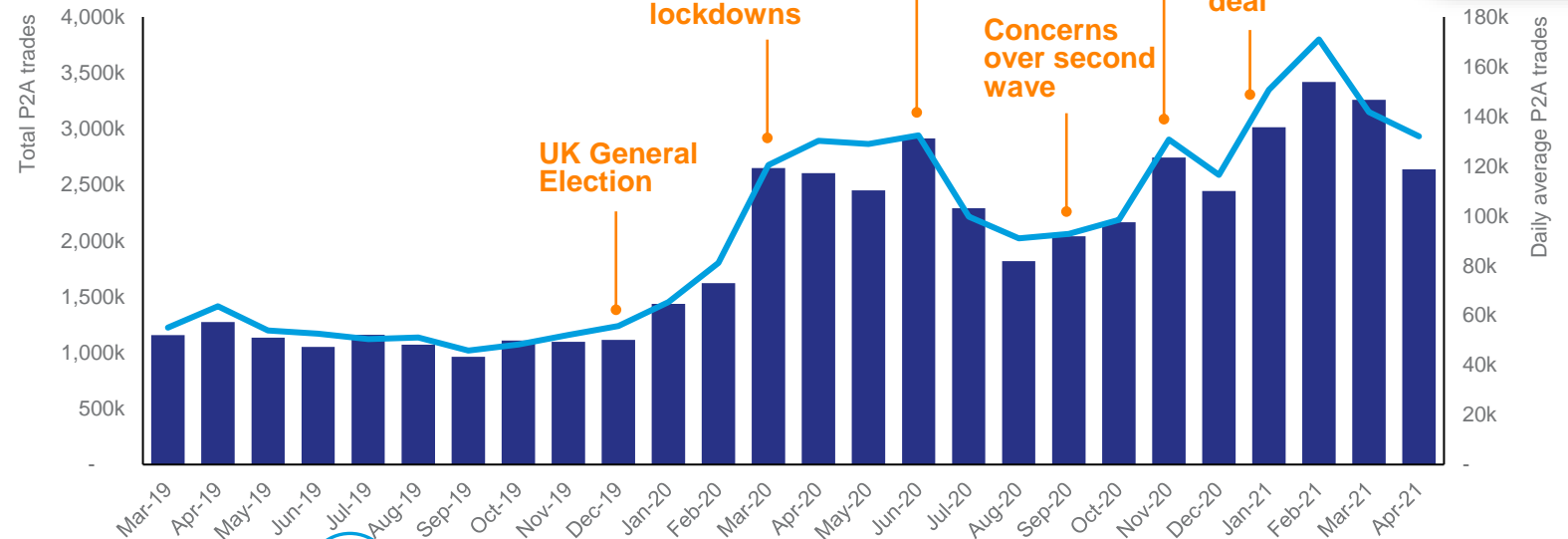
SUSTAIN

Structural vs. cyclical growth

- Significant increase in trading volumes following Covid-19, particularly driven by rise of retail trading
- Change in behaviour as individuals had disposable income and fewer alternatives for spending
- Expect some trading to withdraw, but anticipate some heightened volumes to remain

Retail volumes

LSE principal to agent ("P2A") trades¹



Changing customer demographic

Platforms reporting increased customer numbers

Retail-driven situations

Well positioned to respond to changes or to maximise growth opportunities arising from these themes and changes

Growth initiatives: Winterflood Business Services

Diversifying Winterflood's income streams

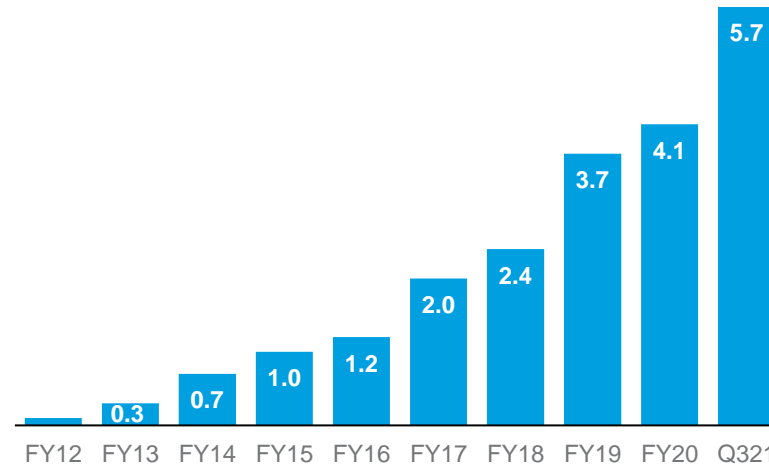


Winterflood Business Services

- Outsourced dealing and custody services for asset managers and platforms
- Distinct platform and offering, leveraging expertise, capabilities and resources of Winterflood
- Proprietary technology developed in-house – scalable and agile platform that provides integration
- Assets under administration up 39% since FY20 and continue to grow
- Across 24 markets and multiple currencies with c.290k daily orders

Growth in Assets under Administration

(£ billion)



WBS clients



Diversification of client base



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



Sticky annuity style income stream



Strong growth potential

Key messages

- 1 High-touch and disciplined approach closely aligned with Close Brothers model, while diversifying the Group's business model
- 2 Track record of long-term profitability and strong returns throughout the cycle
- 3 Highly skilled traders with a strong focus on risk management
- 4 Proprietary technology that is scalable and capable of dealing with significant volumes
- 5 Strong collegiate culture which is client focused
- 6 Attractive growth potential through diversification of income streams

High-touch
and disciplined
approach with
attractive growth
potential

Q&A

CBAM and Winterflood

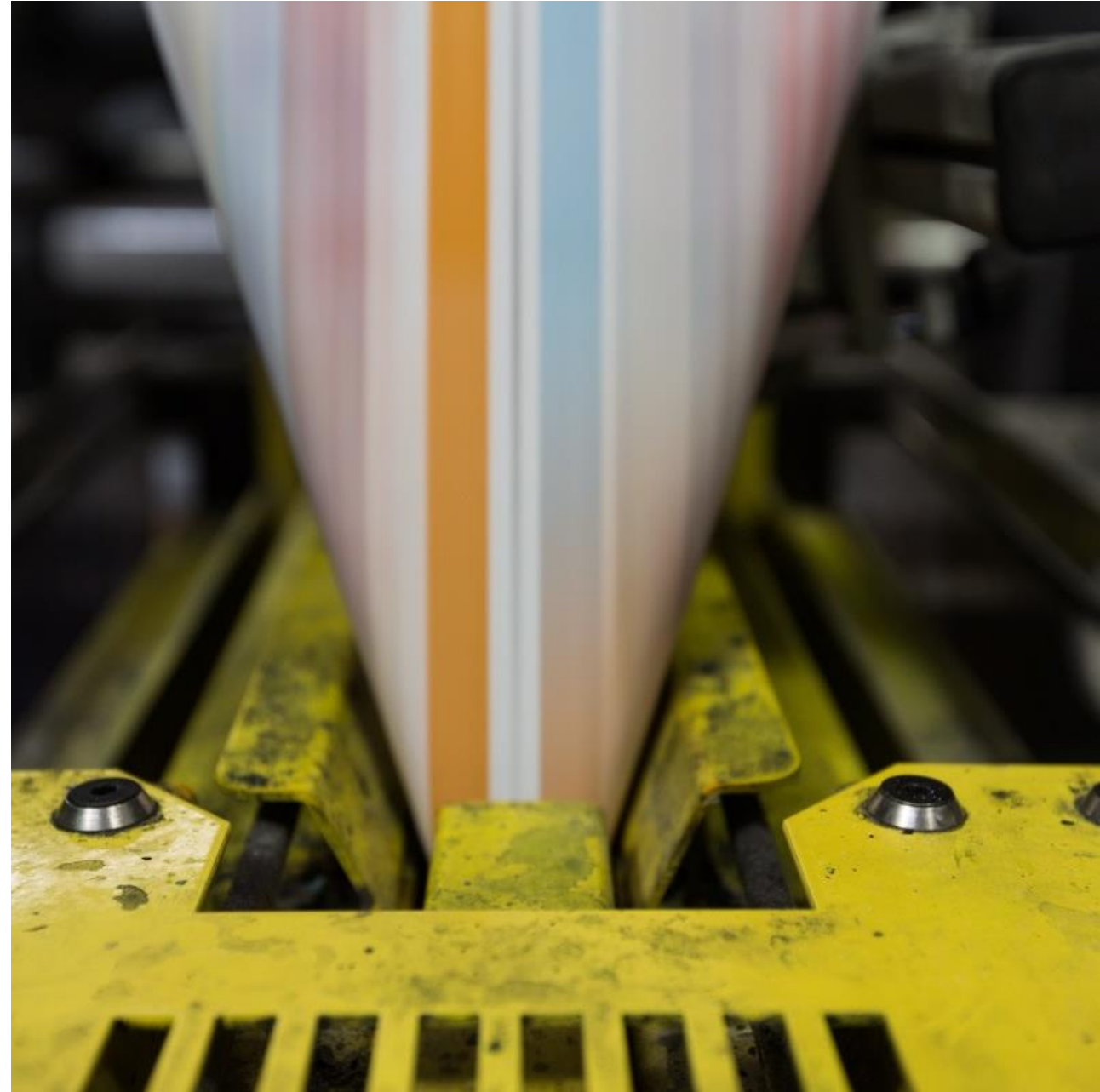


09

Conclusion

Adrian Sainsbury

Chief Executive Officer



Conclusion

Trends and opportunities



Commercial

- **Cyclical growth** in Invoice Finance as the economy recovers
- Some evidence of reduced **competitor appetite**
- **SME demand for investment**, with opportunities to further penetrate **existing market niches**
- Increasing focus on **green energy** and the **renewables space** in Asset Finance



Retail

- **Resilient second-hand car market**, with increasing demand for financing
- Mature Premium Finance market with opportunities to harness the **power of data**
- **Evolving customer preferences** as consumers utilise **digital** offerings
- Shift to **AFVs**



Property

- Continuing **demand** throughout the UK
- Some migration away from London to the **regions**



CBAM

- **Long-term structural growth** opportunities
- Opportunities for **consolidation**



Winterflood

- Structural shift in **retail trading volumes**
- **Outsourcing of services** by asset managers and platforms



Well positioned to retain market position and deliver disciplined growth

- **Direct sales force** with **local presence** and **specialist knowledge**, supported by **investments** in core systems
- **Market-leading refinance expertise** in Asset Finance and **deal structuring expertise / flexibility** in Invoice Finance
- **Track record** of finding **new niches**
- **Different routes to market** via **partnerships** in Motor Finance
- Building end to end **digital sales journey**
- **Expertise** and **knowledge** in Premium Finance, with **high barriers to entry**
- **Market leading team** with flexibility and expertise
- Continue to progress **regional initiatives**
- **“Next Generation” initiative** focused on “Tomorrow’s Developer”
- **Vertically integrated** model
- Continued **investment** to deliver growth and scale, **hiring strategy** and **acquisitions**
- **Expert trading teams** and **proprietary technology**
- Successfully growing **WBS**

Conclusion

A proven and resilient business model that continues to deliver

- Consistency and our distinctive strengths support a long track record of growth and profitability
- We will protect, grow and sustain our business model to continue delivering for our stakeholders

Our businesses are well placed to make the most of trends and growth opportunities in their respective markets

- Diversified portfolio of businesses with attractive trends and growth opportunities
- Continued focus on service, expertise and relationships
- Loan book growth remains an output of our business model

Continue to assess incremental opportunities in new markets

- Continued assessment of new initiatives and extensions that fit with our business model
- Building on our successful track record and taking the business model forward



Well positioned
to deliver
disciplined
growth

Appendix



Our responsibility

Acting sustainably is fundamental to our purpose, strategy and culture

Our high-touch model

Ensuring we are a diverse and inclusive employer

Measuring our progress

A target of 36% female senior managers by 2025

Increasing our ethnicity data disclosure to above 60% of our employees

Links to UN SDGs



Serving the needs of our customers

Continue to maintain or improve customer satisfaction scores across our businesses

Asset Finance NPS +72
Motor Finance NPS +65
Premium Finance NPS + 62
Savings NPS +72



Contributing to wider society

Continue our SME Apprentice programme and structured work experience opportunities

Supporting social mobility through mentoring students from disadvantaged backgrounds



Reducing our environmental impact

Achieve a 10% reduction in group-wide overall emissions by 31 July 2021¹

Achieve a further 10% reduction in average fleet vehicle CO₂ emissions by 31 July 2021²



Some of our ratings



Notes: 1 Targeted annual emissions reductions benchmarked against the 2019 financial year. 2 Targeted average fleet vehicle CO₂ emissions reductions benchmarked against the 2020 financial year.

Where Close Brothers Asset Management fits in the marketplace

UK wealth management

Vertically integrated firms



Wealth managers



Financial advisers and networks



Private banks



Self directed (DIY portal)



Speakers' biographies



Adrian Sainsbury
Group

Appointed Group CEO in September 2020. Joined the group in August 2013. From 2016 Adrian was MD of the Banking division. Previously held executive roles at Barclays, RBS and Bank of Ireland and was CEO of ANZ Bank in Europe



Mike Morgan
Group

Appointed to the board as Group Finance Director in November 2018. From 2010 to 2018 Mike was CFO of the Banking division. Previously held senior roles at Scottish Provident and RBS



Andy Townsend
Treasury & Savings

Joined the group in November 2020 as Group Treasurer. Previously worked as Group Treasurer at Nationwide and Standard Life Aberdeen, where he was part of the Board of Standard Life Bank



Neil Davies
Commercial

Appointed CEO Commercial in July 2020. Neil joined the group in 2007 and since 2016 has run the Asset Finance and Leasing businesses. Previously Neil owned independent lenders and has over 30 years experience in business lending



Rebecca McNeil
Retail

Appointed CEO of Retail in July 2020. Rebecca joined the group in April 2018 as CEO of Motor Finance and sat on the board of our Channel Island's business. Previously Rebecca worked at Barclays leading Product and as COO within Business and Corporate Banking, and before that GE Capital and Amex



Frank Pennal
Property

Joined the group's Property Finance division in 1997, and became Property CEO in 2005. Previously Frank led the Specialist Property Finance Unit at TSB and also worked at Hill Samuel, having started his career with NatWest Bank



Martin Andrew
Asset Management

Appointed CEO of Close Brothers Asset Management division in May 2008 having joined Close Wealth Management in 2005 as head of the Private Client Business. Previously Martin worked at Merrill Lynch Investment Managers (MLIM) and McKinsey & Co



Philip Yarrow
Winterflood

Appointed CEO of Winterflood in 2015. Philip joined Winterflood in 2000 as Head of Electronic Trading and became a Director in 2002. Previously Philip worked at Dresdner Kleinwort Benson and Coopers & Lybrand



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LENDING | DEPOSITS | WEALTH MANAGEMENT | SECURITIES