Close Brothers Group plc

Half Year Results 2022

Close Brothers
Modern Merchant Banking

15 March 2022

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Agenda

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Adrian Sainsbury, Chief Executive Officer

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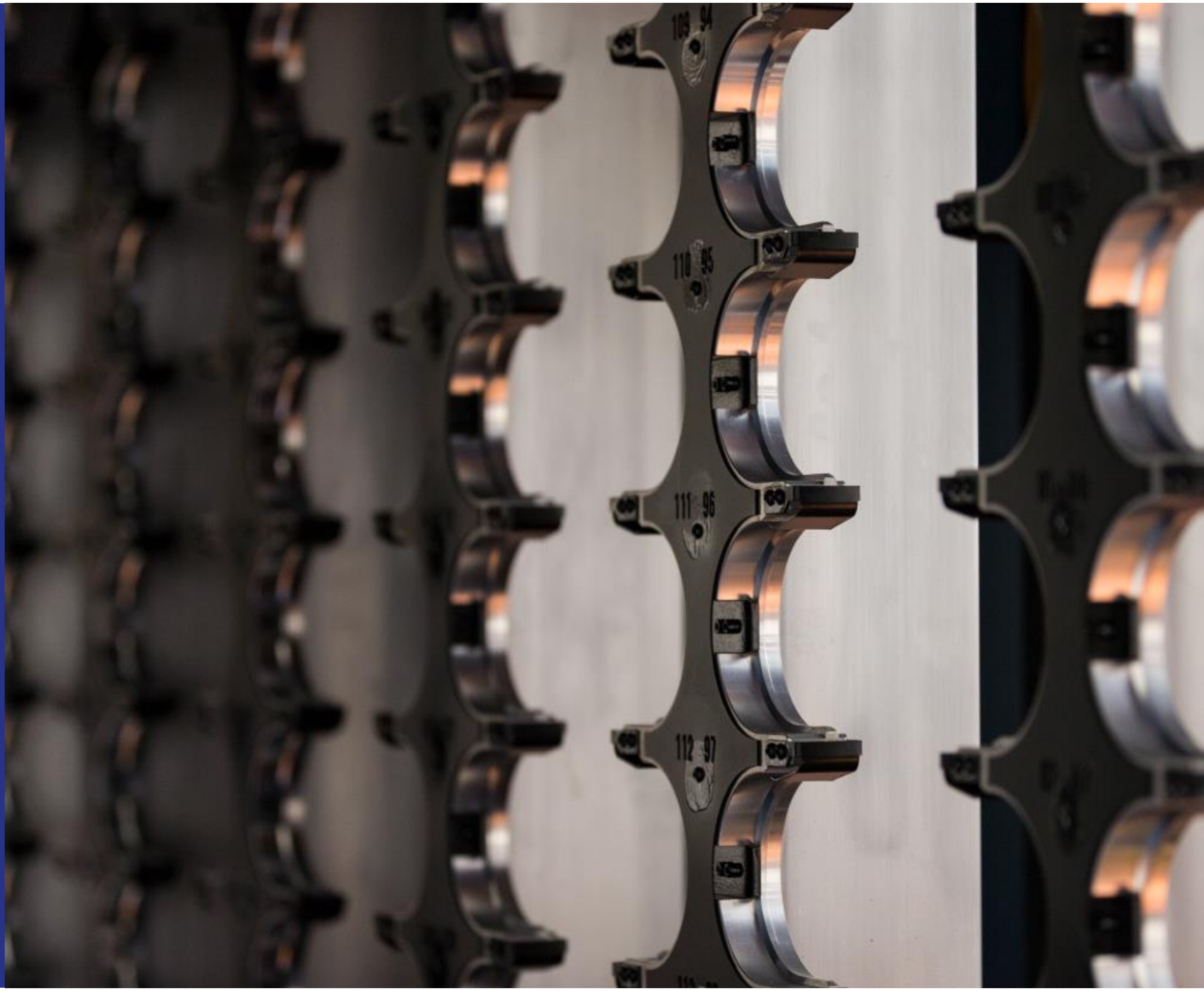
03 **Business update**
Adrian Sainsbury, Chief Executive Officer

04 **Q&A**



Close Brothers

01 Introduction

Adrian Sainsbury

Chief Executive Officer

Close Brothers
Modern Merchant Banking

Overview

Interim dividend returning to the pre-pandemic level

Good performance, with stable income and **strong RoE**[1] of 12.2%

12% income growth and strong underlying credit performance across our **Banking** businesses

Positive momentum in **Asset Management**, with 8% net inflows

Reduced trading opportunities in **Winterflood** following the exceptional highs experienced during the Covid-19 period

Strong **capital, funding** and **liquidity** position

22.0p interim dividend, returning to the pre-pandemic level, reflecting the group's strong underlying performance and continued confidence in our business model

Notes: [1] Return on Opening 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

- Maintained a **strong balance sheet** and **high quality loan book**
- Disciplined application of **prudent underwriting** and **pricing** of our lending
- Continued **investment**, maintaining our **operational** and **financial resilience**
- **Tangible benefits** of our through-the-cycle approach to investing

GROW

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

- Focused on **maximising** the **growth opportunities** in each of our markets
- **Actively** working to **identify new growth** opportunities
- Delivered **disciplined growth** at **strong margins in Banking** and **increased managed assets** in **CBAM**

SUSTAIN

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

- High levels of service and **customer-centric** approach
- Good progress on the assessment of our indirect **Scope 3 emissions**, supporting our **ambition *to help people and businesses transition towards a lower carbon future***

02

Financial update

Mike Morgan

Group Finance Director

Close Brothers
Modern Merchant Banking

H1 2022 Financial highlights

Strong underlying financial performance	**Group AOP**[1,2]	£129.8m
	Group AOP pre provisions[2]	£178.1m
	Adjusted EPS[2]	64.0p
	Return on opening equity[3]	12.2%
	CET1 capital ratio	15.1%
	Dividend per share[4]	22.0p
Disciplined underwriting and pricing	**YoY loan book growth**	8.2%
	Annualised net interest margin	7.9%
	Annualised bad debt ratio	1.1%
Positive momentum in CBAM; reduced trading opportunities in Winterflood	**Annualised net inflow rate**[5]	8%
	Loss days[6]	1

Notes: [1] Adjusted Operating Profit. [2] Adjusted measures are presented on a basis consistent with prior periods and exclude amortisation of intangible assets on acquisition, to present the performance of the group's acquired businesses consistent with its other businesses; and any exceptional and other adjusting items which do not reflect underlying trading performance. [3] Return on average tangible equity was 14.2%. [4] The interim dividend is due to be paid on 27 April 2022 to shareholders on the register at 25 March 2022. [5] Net inflows as a percentage of opening managed assets. [6] A loss day occurs where aggregate gross trading book revenues are negative at the end of a trading day.

Income statement

Broadly stable income and costs with lower impairment charges

£ million	H1 2022	H1 2021	% change
Operating income	471.6	474.0	(1)
Adjusted operating expenses	(293.5)	(292.7)	-
Impairment losses	(48.3)	(52.8)	(9)
Adjusted operating profit	**129.8**	**128.5**	**1**
Adjusted operating profit pre provisions	**178.1**	**181.3**	**(2)**
Adjusted EPS	64.0p	64.0p	-
Dividend per share	22.0p	18.0p	22

- **Income broadly stable**, with **strong growth in Banking** and **CBAM** offsetting a **reduction** in **Winterflood**
- **Costs flat** as **increased investment** in **Banking** and **CBAM** was offset by a **reduction in variable costs** in **Winterflood**
- **Reduction in impairment charges** reflected the benefit of **provision releases** and **strong underlying credit performance** across our businesses
- **Adjusted EPS** stable at 64.0p
- **DPS** of 22.0p, returning to **the pre-pandemic level**, reflecting the group's **strong underlying performance** and continued confidence in our business model

Divisional performance

Strong income growth in Banking and positive momentum in CBAM offset by a reduction in Winterflood

£ million	H1 2022	H1 2021	% change
Banking	120.2	95.1	26
Commercial	37.7	27.4	38
Retail	42.5	27.9	52
Property	40.0	39.8	1
Asset Management	14.5	12.3	18
Winterflood	8.8	34.2	(74)
Group	(13.7)	(13.1)	5
Adjusted operating profit	**129.8**	**128.5**	**1**

Banking

- **12% income growth** more than offset the cost of **continued investment**
- **Lower impairment charges** reflecting **provision releases** and **strong underlying credit performance** across our businesses
- **Significantly higher profits** across Commercial and Retail, with Property marginally up

Asset Management

- **Continued growth** with 8% net inflows
- **Growth in operating income more than** offset the **cost of investment** to support long-term growth potential

Winterflood

- **Reduced trading opportunities** following **exceptional highs** experienced during the **Covid-19 period**

Strong balance sheet

Well placed to continue funding and supporting loan book growth

Prudent approach

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

Diverse funding base

- Draws on a range of wholesale and deposit markets, including several public debt securities and securitisations
- Strong credit ratings[1], with Close Brothers Ltd rated Aa3 by Moody's
- Continue to optimise cost of funds, down c.30bps from FY21 to 1.1%, via diversified funding strategy and continued access across wholesale and retail markets
- Online savings platform continues to support lower cost of funds and diversification of our funding base

Total funding
£11.3 billion

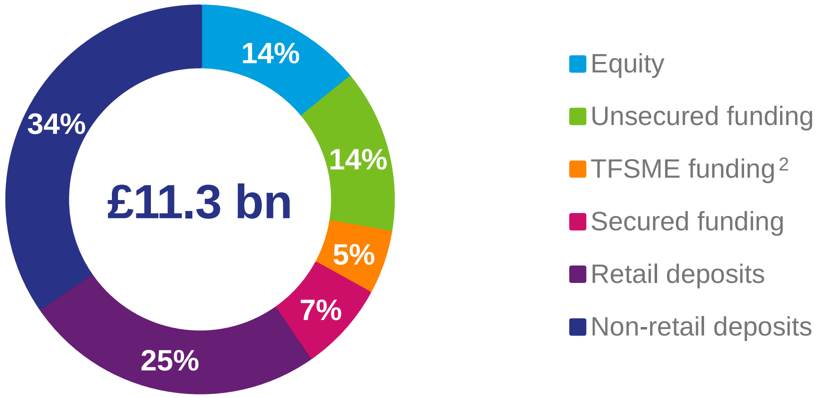
Average maturity of loan book funding at **23 months**

Loan book
£8.6 billion

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

Treasury assets
£1.7 billion

Includes **£1.2bn** with central banks



c.£1.2bn
Balance of our Notice Account product range

c.£300m
Balance of Fixed Rate ISAs

c.50%
Retail deposit customers registered for online portal

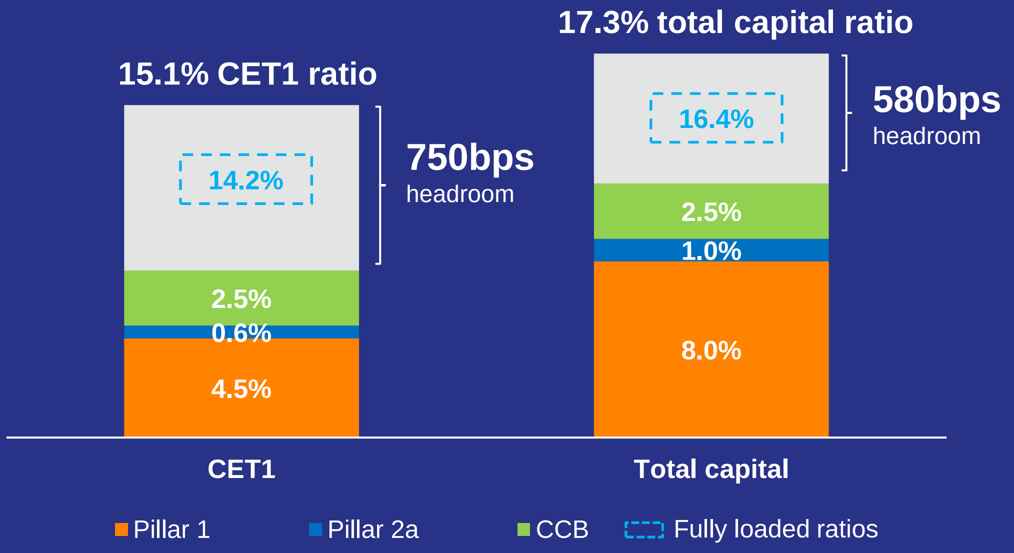
Notes: [1] Moody's rates Close Brothers Group ("CBG") A2/P1 and Close Brothers Limited ("CBL") Aa3/P1, with a 'negative' outlook. Fitch rates both CBG and CBL A-/F2 with a 'stable' outlook.
[2] Term Funding Scheme with Additional Incentives for SMEs.

Capital

Strong capital position

Highly capital generative business and significant headroom over requirements

CET1 position vs minimum requirements[1,2]



Capital overview

	31 January 2022	31 July 2021[1]
CET1 capital ratio (transitional)	15.1%	15.8%
Total capital ratio (transitional)	17.3%	18.3%
Leverage ratio[3]	12.2%	11.8%
CET1 capital (£m)	1,406	1,439
RWAs (£m)	9,306	9,105

- Reduction in CET1 capital reflected **reversal of treatment of software assets** and **decrease in transitional IFRS 9** capital add back
- Uplift in **RWAs** reflected **loan book growth** and RWAs related to derivates held for hedging purposes
- **Leverage ratio** remains strong at **12.2%**
- Continue to engage with the PRA on **IRB application** and waiting for feedback before moving to **Phase 2**

Notes: [1] The CET1 and total capital ratios at 31 July 2021 included a c.50bps benefit related to software assets exempt from the deduction requirement for intangible assets from CET1. This benefit has been reversed with a corresponding reduction of the CET1 and total capital ratios upon implementation of PS17/21 on 1 January 2022. [2] Minimum CET1 ratio requirement, excluding any applicable Prudential Regulation Authority ("PRA") buffer. [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 outlined in PS21/21. At 31 July 2021, the leverage ratio was calculated under the CRR framework and included central bank claims.

Banking

Strong income growth and reduction in impairment charges

£ million	H1 2022	H1 2021	% change
Operating income	**345.7**	**309.0**	**12**
Adjusted operating expenses	(177.2)	(161.0)	10
Impairment losses	(48.3)	(52.9)	(9)
Adjusted operating profit	**120.2**	**95.1**	**26**
Adjusted operating profit pre provisions	168.5	148.0	14
H1 loan book growth	1.9%	4.4%	
Net interest margin[1]	7.9%	7.7%	
Expense/income ratio	51%	52%	
Bad debt ratio[2]	1.1%	1.3%	
Return on net loan book[3]	2.7%	2.4%	
Return on opening equity	13.6%	11.7%	

- **12% growth in income** reflected loan book growth at an increased margin
- **Net interest margin** of **7.9%** as we remained focused on pricing discipline
- **Continued investment** to protect, grow and sustain the model, whilst exercising rigorous control over BAU costs
- **Reduction in impairment charges** reflected the **benefit of provision** releases and strong **underlying credit performance** across our businesses
- **Bad debt ratio of 1.1%** primarily reflected impairment charges related to Novitas; **0.2% excluding Novitas**
- **Significant increase** in **adjusted operating profit** driven by **positive operating leverage** and lower impairment charges

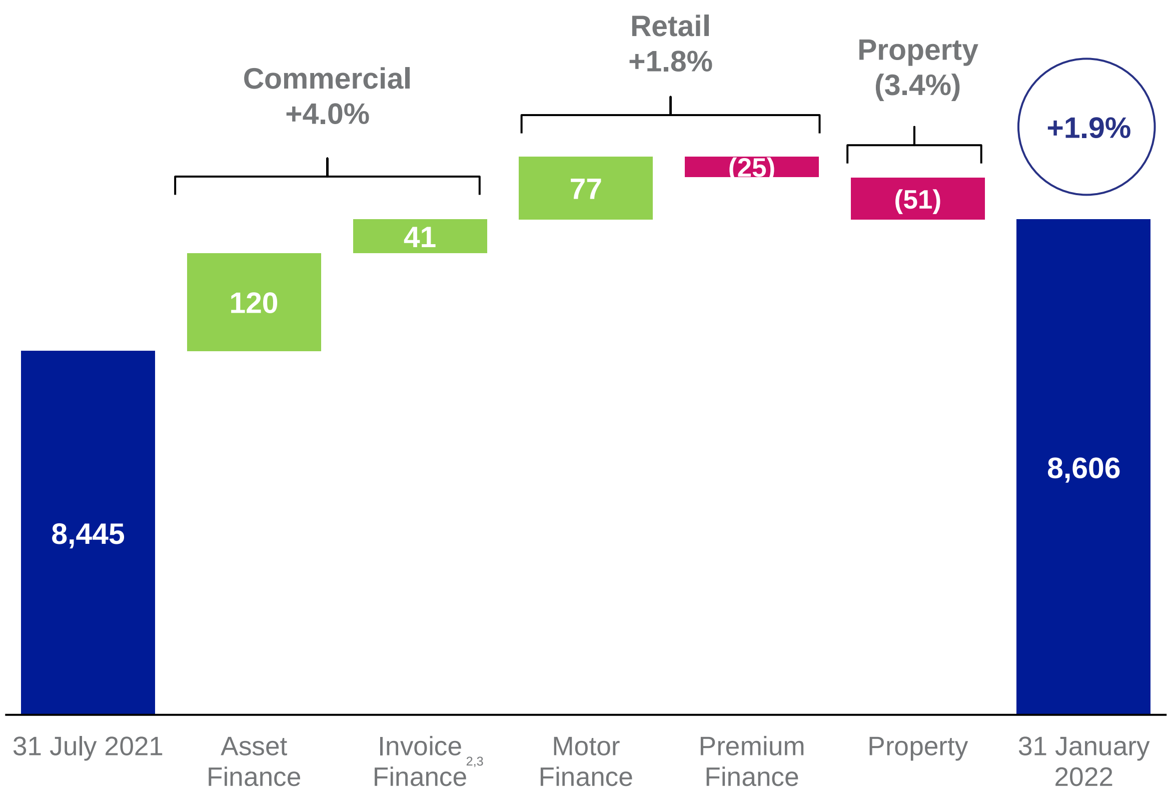
Notes:[1] Net interest, fees and operating lease income divided by average net loan book and operating leases. Calculated on an annualised basis. [2] Impairment losses divided by average net loan book and operating leases. Calculated on an annualised basis. [3] Adjusted operating profit divided by average net loan book and operating leases.

Banking

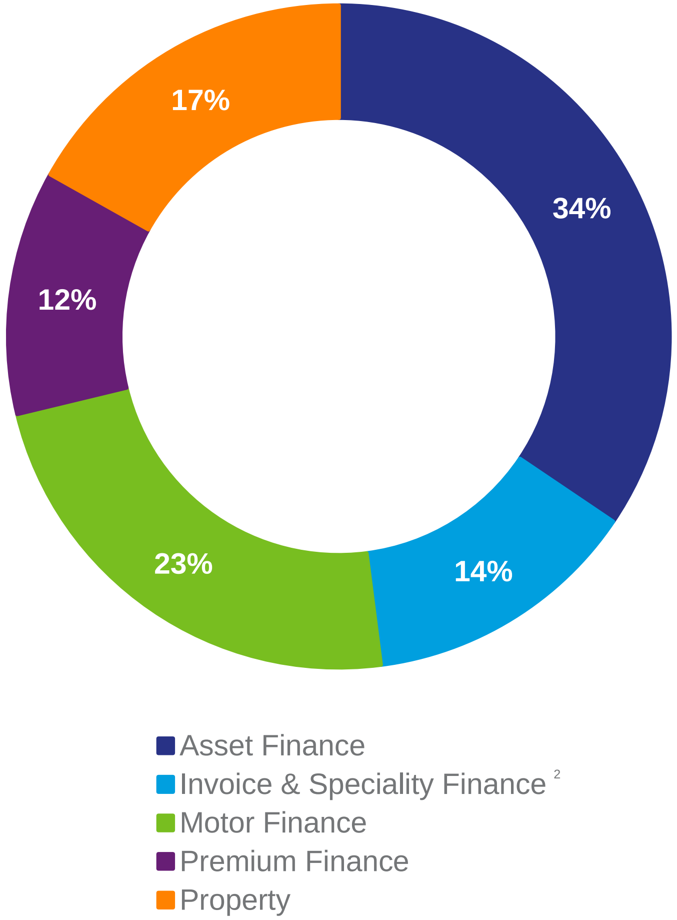
Disciplined loan book growth at strong margins; growth remains an output of our business model

Loan book movement by business

(£ million)[1]



Loan book split



Notes:[1] Excludes operating lease assets of £1.0 million (31 July 2021: £1.3 million) relating to Asset Finance and £228.9 million (31 July 2021: £221.6 million) to Invoice and Speciality Finance.
[2] Invoice Finance loan book includes the Novitas net loan book of £162.1 million at 31 January 2022 (31 July 2021: £181.5 million)

Banking

Net interest margin reflects our pricing discipline and lower cost of funds

Specialist, relationship driven model supports net interest margin

- Consistently strong NIM compared to sector average
- Prioritise pricing, not volume growth

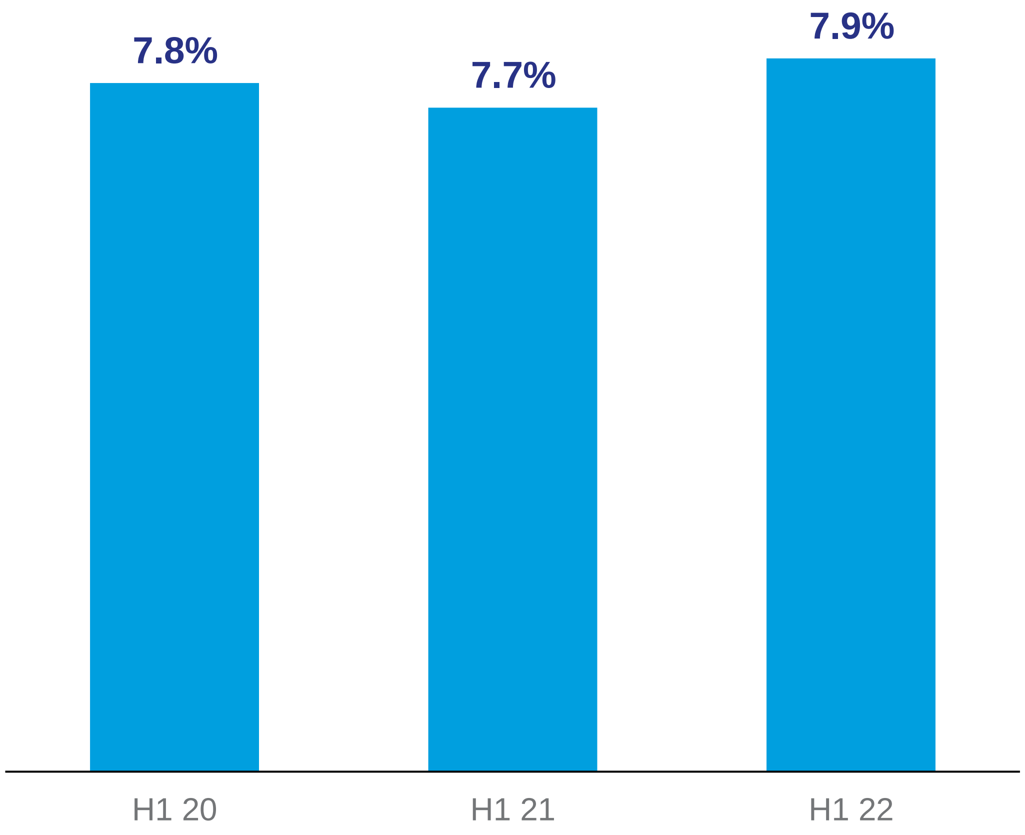
NIM at 7.9% (H1 2021: 7.7%)

- Maintained pricing discipline
- Cost of funds reduced to 1.1%

Well positioned to maintain a strong NIM

- Expect a slight negative impact from rising interest rates
- 50bps parallel upwards shift in interest rates is expected to reduce AOP by c.£9 million

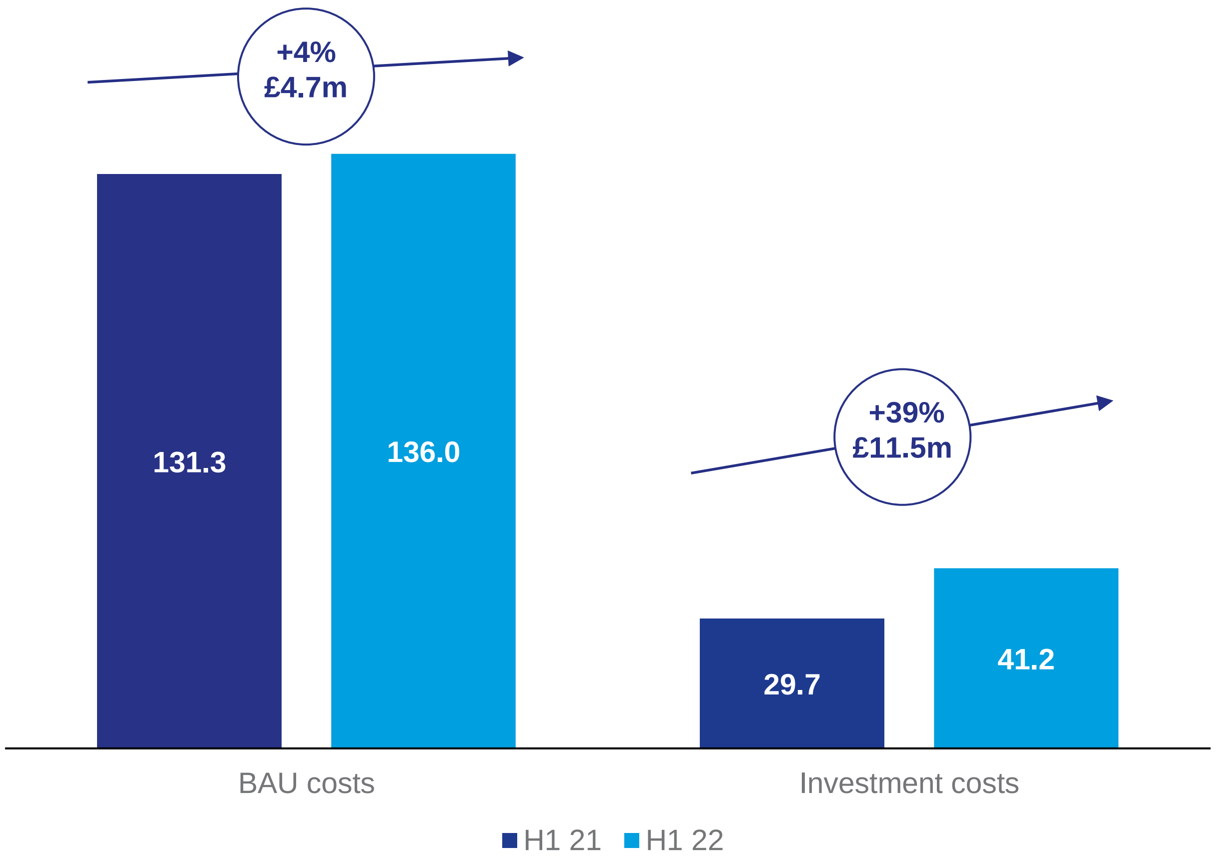
Net interest margin



Banking

Disciplined control of costs while investing in the business

Movement in costs[1,2] (£ million)



Business as usual (BAU) costs[3]

- **Disciplined control** over BAU costs to create investment capacity
- BAU costs increased to £136.0 million reflecting increased performance-driven compensation, regulatory spend and headcount growth

Investment costs[4]

- Investing through the cycle remains a key **strategic priority**
- Investment costs increased to £41.2 million as we progressed our strategic investment programmes and incurred related depreciation charges

Cost outlook

- Expect second half costs to be c.5-7% higher than H1 22
- Remain focused on delivering **sustainable positive operating leverage in the medium term**

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, £2.1 million has been recategorised from investment costs to BAU costs in H1 of 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

Strong underlying credit performance across our businesses

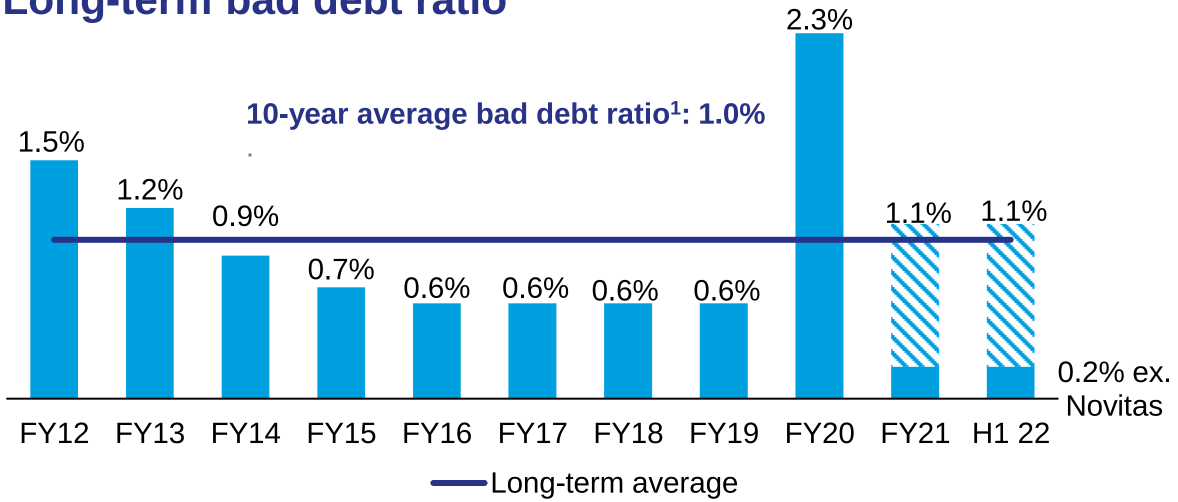
Strong underlying credit performance across our businesses

- Bad debt ratio of **1.1%** primarily reflected the impact of updated **loss rate assumptions** for **Novitas**
- Bad debt ratio **excluding Novitas** of **0.2%, substantially below our long-term average bad debt ratio of 1.0%**
- Reflected **reduced forborne balances** and **improved macroeconomic scenarios** and weightings[2] leading to provision **releases**
- **Coverage ratio** (excluding Novitas) of 2.2% slightly down (31 July 2021: 2.3%)
- **Prudent level of provisions**, although we remain mindful of the **highly uncertain external environment**

Confidence in the quality of our loan book

- Predominantly **secured** or structurally **protected**, **prudently** underwritten and **diverse**
- **Aprox. 99% of loan book exposure** to the **UK, Republic of Ireland and Channel Islands**, with remainder to Western Europe

Long-term bad debt ratio



IFRS 9 Staging allocation - Excluding Novitas

At 31 January 2022	Stage 1	Stage 2	Stage 3	Total
Gross loans (£m)	7,546.6	737.4	347.1	8,631.1
Impairment provisions (£m)	39.8	35.3	112.2	187.3
Provision coverage ratio	0.5%	4.8%	32.3%	2.2%

Notes: [1] 10-year average bad debt ratio based on the average bad debt ratio for FY12 – FY21, including Novitas. [2] Since the previous financial year end, we have updated the macroeconomic scenarios and the weightings assigned to them. At 31 January 2022, there was a 40% weighting to the baseline scenario, 30% to the upside and 30% to the downside scenarios, reflecting the improved but still uncertain outlook for the UK economy at the time (31 July 2021: 40% baseline, 20% upside, 40% downside).

Asset Management

Continued positive momentum

£ million	H1 2022	H1 2021	% change
Operating income	**76.6**	**67.1**	**14**
Investment management	57.4	49.3	16
Advice and other services	19.0	17.7	7
Other income[1]	0.2	0.1	100
Adjusted operating expenses	(62.1)	(54.8)	13
Adjusted operating profit	**14.5**	**12.3**	**18**
Operating margin	19%	18%	
Revenue margin	89bps	94bps	
Return on opening equity	38.3%	32.5%	
Net inflows[2]	8%	4%	

£ billion	31 January 2022	31 July 2021	% change
Total managed assets	15.8	15.6	1
Total client assets[3]	17.2	17.0	1

- **14% growth in income** driven by **favourable market conditions** and increased **investment management income**
- **Rise in expenses** primarily reflected higher **staff costs** and **new hires**, supporting the long-term growth strategy
- **18% increase** in **adjusted operating profit** as we delivered positive operating leverage
- **Strong net inflow rate of 8%** reflecting higher investment-only inflows
- **c.£220m growth in managed assets** driven by strong net inflows, despite negative market movements in January
- **Reduction in revenue margin** reflected a **higher level of flows** into **investment-only products** and lower initial advice and dealing fees

Notes: [1] Other income includes net interest income and expense, income on principal investments and other income. [2] As a percentage of opening managed assets calculated on an annualised basis. [3] In July 2021, CBAM completed the acquisition of PMN Financial Management LLP. The acquisition is reflected in CBAM's advised only assets in the 2021 financial year, although we would expect migrations to CBAM's investment management services over time.

Winterflood

Reduced trading opportunities following the exceptional highs experienced in the Covid-19 period

£ million	H1 2022	H1 2021	% change
Operating income	**49.5**	**98.0**	**(49)**
Operating expenses	(40.7)	(63.9)	(36)
Impairments	-	0.1	-
Operating profit	**8.8**	**34.2**	**(74)**
Average bargains per day	83k	97k	
Operating margin	18%	35%	
Return on opening equity	14.0%	69.3%	
Loss days	1	0	

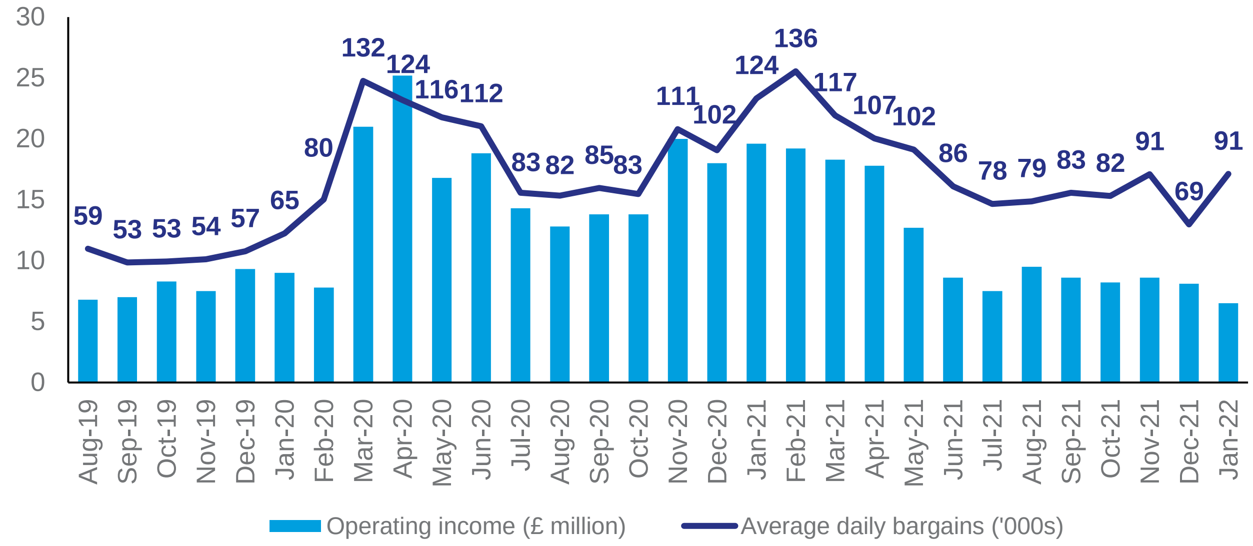
- Markets and investor sentiment impacted by **uncertainty in the external environment**
- **Reduction in income** reflected moderation in retail trading activity and change in the mix of trading volumes
- **Decrease in operating expenses** driven by **lower variable compensation** following reduced activity
- **Lower operating profit** reflected reduced trading opportunities following the **exceptional highs** experienced during **Covid-19 period**
- Only **one loss day** in H1 22 despite significant market volatility reflecting **expertise** of traders and **strong focus on risk management**
- **Well positioned to continue trading profitably** and take advantage of **returning investor appetite**

Winterflood

Moderation in retail trading activity and change in mix of volumes

Monthly operating income

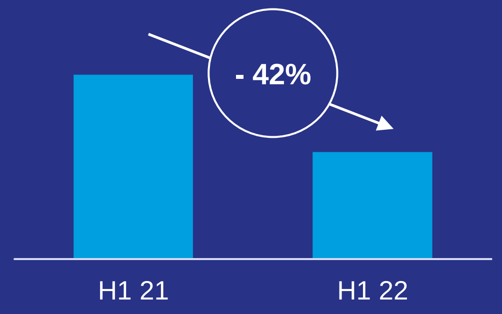
(£ million)



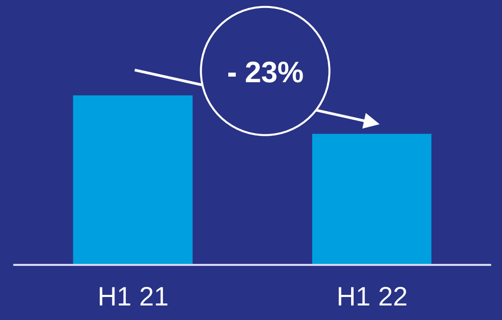
	H2 20	H1 21	H2 21	H1 22
Loss days	**7**	**0**	**1**	**1**

- Reduced trading opportunities in recent months reflected **moderation in retail trading activity** and **change in mix of trading volumes**
- **Total bargains down 15%** vs H1 21
- **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



03

Business update

Adrian Sainsbury

Chief Executive Office

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

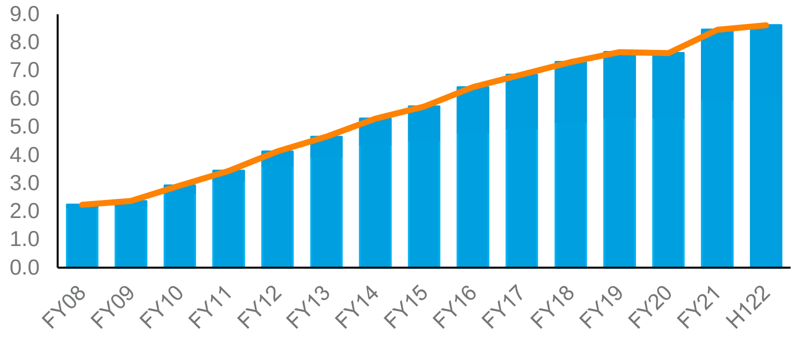
Distinctive culture

Diversified portfolio of businesses

Our track record

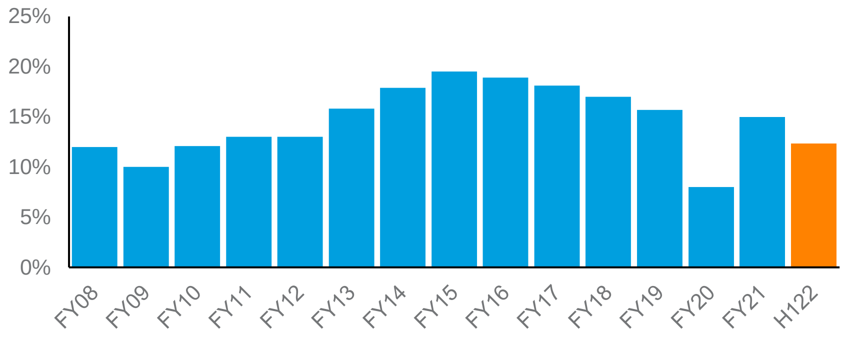
Long-term growth

Loan book (£ billion)



Strong returns through the cycle

Return on opening equity



Strong customer satisfaction

Latest Net Promoter Scores (“NPS”)

Asset Finance
+72

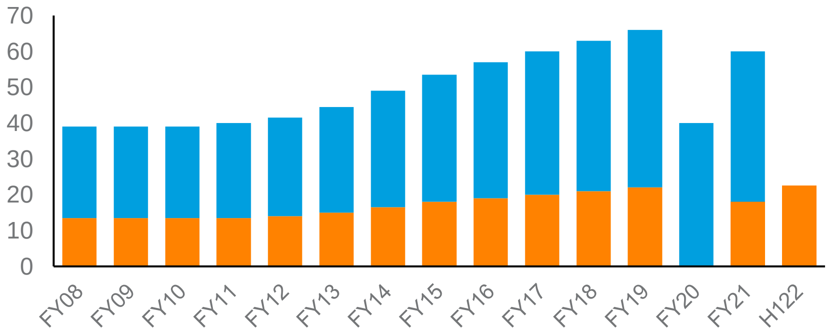
Property Finance[1]
+87

Motor Finance[2]
+70

Retail Savings
+72

Long-term dividend track record

Dividend per share (p)



Notes: [1] Excludes Commercial Acceptances. [2] Motor Finance Dealers Net Promoter Score.

Protect: Keeping our model safe

Maintaining and enhancing the key strengths of our business model

PROTECT

- Maintained a strong balance sheet and high quality loan book
- Disciplined application of prudent underwriting and pricing of our lending
- Continued investment, maintaining our operational and financial resilience
- Tangible benefits of our through-the-cycle approach to investing

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

Continued confidence in short and medium term growth outlook

GROW

Well positioned to retain market position and deliver disciplined growth

Commercial

- **Continued demand** for asset financing alongside **growth initiatives**
- **Growth trajectory** in Invoice Finance to follow the **economic recovery**

Retail

- **Strong** fundamentals in **second-hand car market**; exploring growth opportunities through the shift to AFVs[1]
- **Demand** for funding of motor insurance policies expected to recover following **removal** of Covid-19 **restrictions**

Property

- **Pipeline** of **undrawn commitments** remains **strong** and continue to **progress initiatives**

CBAM

- Driving **growth both organically and through** the continued **selective hiring** of advisers and investment managers, and through **in-fill acquisitions**

Winterflood

- **Well positioned to continue trading profitably, taking advantage of returning investor appetite**
- Expect an **accelerating growth trajectory for WBS** over the next 12 months

Ongoing review to identify new growth opportunities

Building on our **track record of growth** and taking the business model forward

Disciplined growth

- Long-term growth prospects
- Expert, relationship based, specialist
- Strong margin
- Prudent underwriting & secured lending
- Conservative funding profile
- Diversified business
- Cultural fit
- Strong track record

Notes: [1] Alternatively Fuelled Vehicles.

Sustain: Our Responsibility

Acting responsibly is fundamental to our purpose, strategy and culture

SUSTAIN

Our sustainable objectives

People	Promoting an inclusive culture in everything we do, and supporting new ways of working and social mobility
Environment	Reducing our environmental impact and responding to the threats and opportunities of climate change
Financial Inclusion	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
Customers	Supporting our customers, clients and partners in the transition towards more sustainable practices

- High group-wide engagement scores, with an overall score of 91%[1]
- 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
- Progressing well on the assessment of our indirect Scope 3 emissions, supporting our ambition *to help people and businesses transition towards a lower carbon future*
- Enhancing our Climate disclosures in line with the recommendations of TCFD, supporting its aims of market transparency and stability
- Commitment to our customer principles that guide our high quality customer experience and long-term relationships

Some of our partners and commitments

SMART WORKS · STOP HATE UK · upReach · Make-A-Wish United Kingdom · Bookmark Change a child's story · RACE AT WORK CHARTER · Stonewall Acceptance without exception · the trussell trust Stop UK Hunger · CANCER RESEARCH UK · The Valuable 500

Notes: [1] Close Brothers Employee Opinion Survey, conducted 2021.

Banking update – Commercial

Continued good demand across our SME businesses

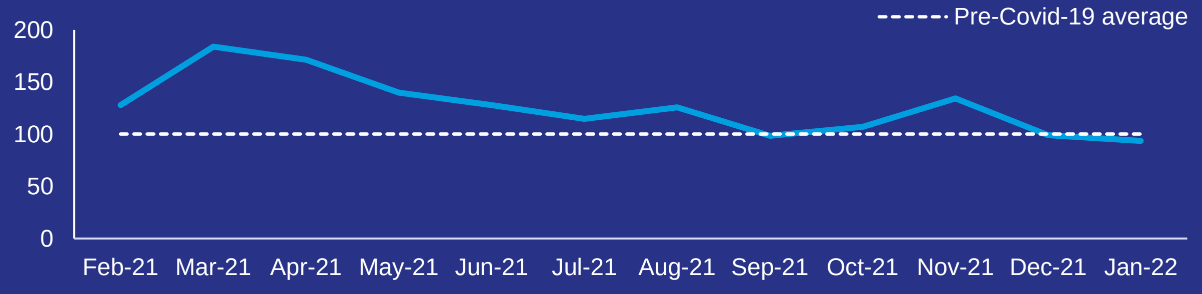
Asset Finance
Benefiting from continued demand

- **Good new business volumes** across our businesses, particularly in Transport, Contract Hire and Energy following CBILS opportunity closing in 2021
- **Asset Finance Transformation programme** continuing to deliver benefits
- Expanded offering with a **new specialist materials handling team**
- Current **growth initiatives** aligned with the increasing focus on renewable energy sector and **electric car fleets**

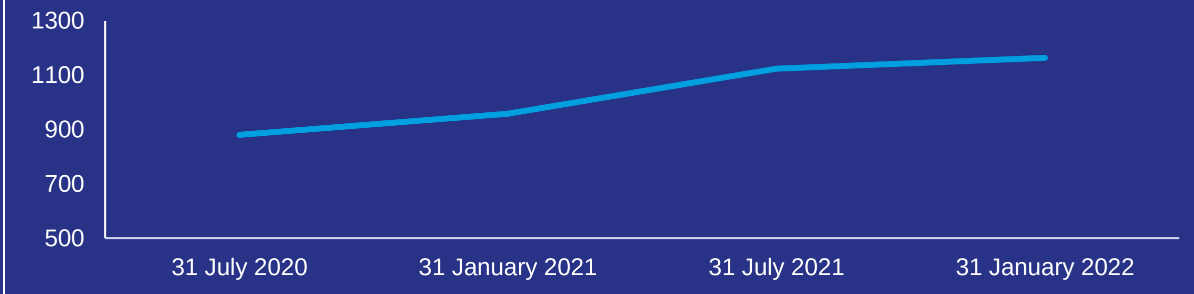
Invoice & Speciality Finance
Well positioned as economy recovers

- **Strong sales volumes,** higher SME **customer numbers** and **increased utilisation** in line with progressive reopening of the economy, although utilisation continues to track **below levels prior to Covid-19**
- Continue to tap the **opportunities** in the **Asset Backed Lending** ("ABL") space
- Customer growth from direct-to-outlet containers in **Brewery Rentals** (EkegPlus)
- Expect **growth trajectory** to follow the **economic recovery**

Asset Finance new business volumes
(as a % of pre Covid-19 average[1])



Invoice & Speciality Finance loan book
(£ million)



Close Brothers

Notes: [1] Pre Covid-19 average is August 2019 - March 2020 average.

Banking update – Retail

Maximising market opportunities

Motor Finance

Maximising opportunities in the second-hand car market

- **Strong new business levels** continued into H1 22 reflecting **ongoing demand** and **rising prices** in the used car market
- **Record new business volumes** seen in Q2 22
- **Motor Finance Transformation programme** continues to drive benefits as we take advantage of heightened demand for used cars and further develop our proposition
- New **strategic partnership** with AutoTrader as we expand our routes to market
- **Strong fundamentals** in the **second-hand car market** remain
- Exploring **growth opportunities** through **shift to AFVs**[2]

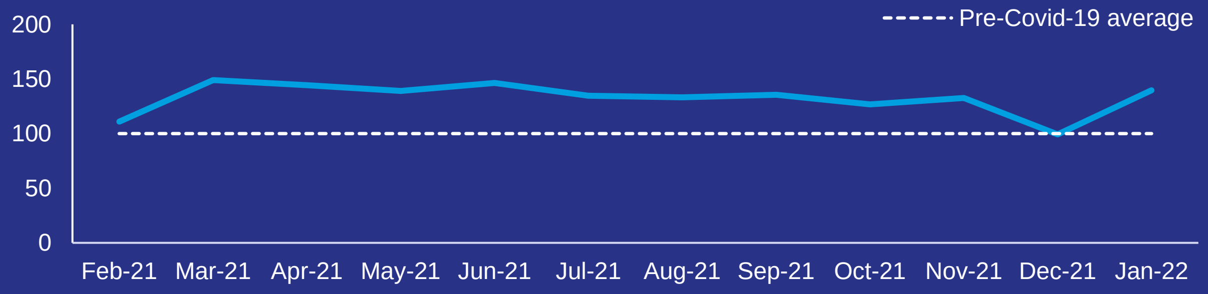
Premium Finance

Well positioned as restrictions ease

- **Covid-19 restrictions** continued to impact customer behaviour:
  - Customers look to ease cash flow in commercial market
  - Subdued demand for the funding of policies from consumers
- Impact of January **seasonality** seen on loan book
- Marketplace remains competitive, but benefits from investment in Premium Finance Transformation programme continue
- Opportunities to harness our **data expertise**, along with **compliance and industry insights**, to **differentiate Premium Finance** in a mature market
- Expect **demand** for funding of motor insurance policies to **recover** following **removal of Covid-19 restrictions**

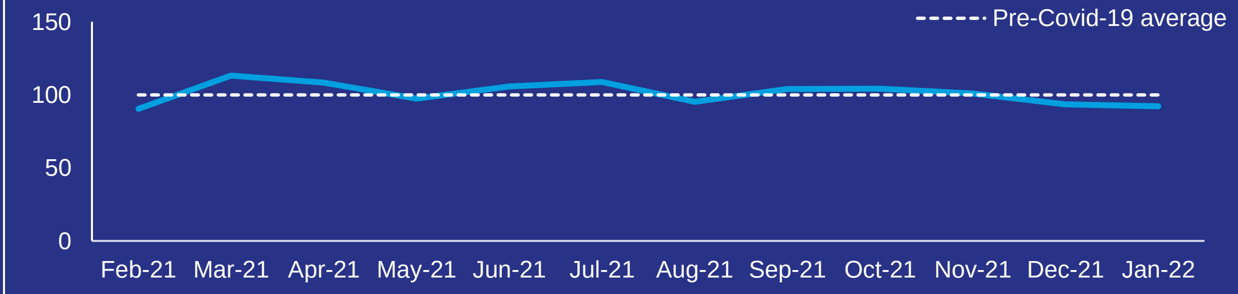
Motor Finance new business volumes

(as a % of pre Covid-19 average[1])



Premium Finance new business volumes

(as a % of pre Covid-19 average[1])



Notes: [1] Pre Covid-19 average is August 2019 – March 2020 average. [2] Alternatively Fuelled Vehicles.

Banking update – Property

Well positioned to capture residential construction demand

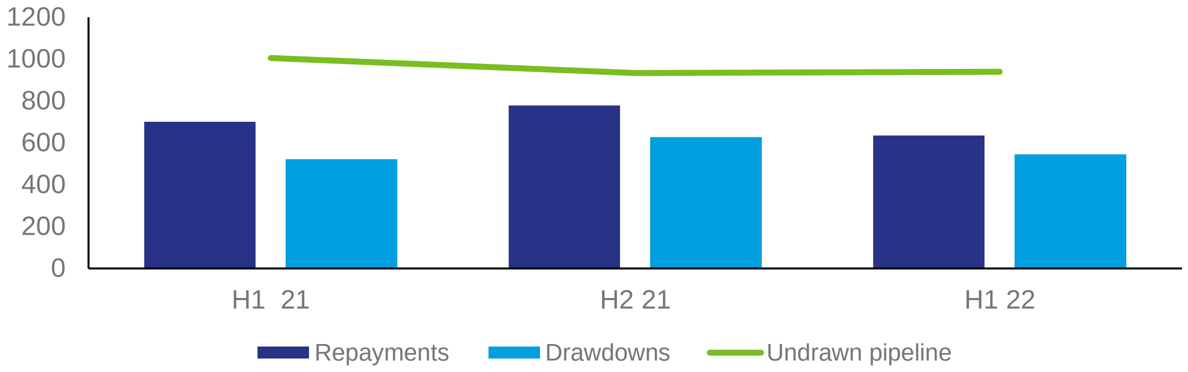
Property Finance

Well positioned to capture residential construction demand

- **High repayments** as the UK property market remained buoyant with **heightened house sales volumes**
- **Strong new business levels**, with **drawdowns** up on the prior year, but offset by **strong repayment levels**
- **Undrawn pipeline** of commitments remains **strong,** surpassing **£1 billion** in February 2022
- Continued expansion in the **regions**, with good demand outside London & South East
- Progressing with **regional bridging finance offering**
- Focused on identifying and capturing the **next generation of developers**

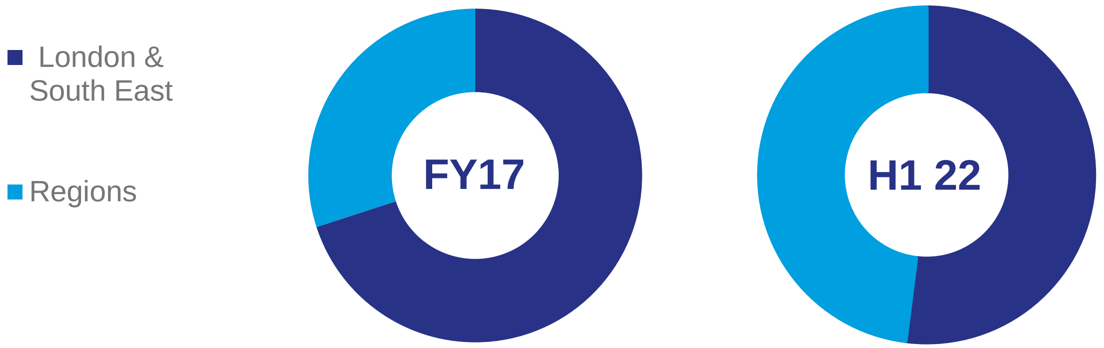
Repayments, drawdowns and undrawn pipeline

(£ million)



Regional presence

(% split of Property Finance development loan book)



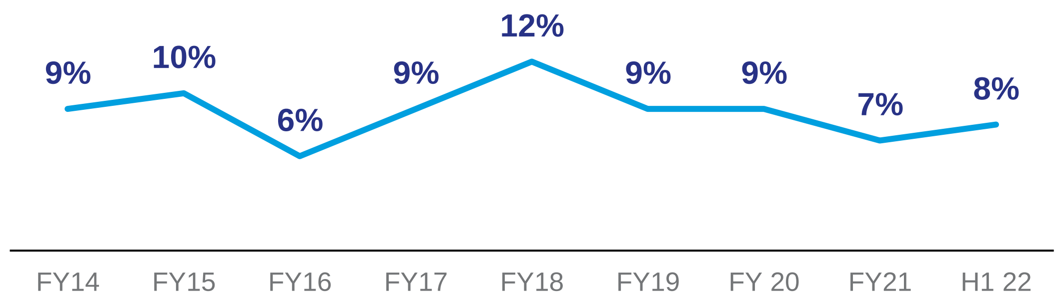
Asset Management

Growth in managed assets and continued investment to support CBAM's long-term growth potential

- **Strong annualised net inflows at 8%** reflecting higher investment-only inflows, including good inflows from our recent portfolio manager hires and our financial advisers
- Continue to invest in **new hires** as we remain focused on the **long-term growth** potential of the business
- Investment in **technology projects** to support **growth** and **scale**
- Enhanced **ESG research capabilities** and continue **broadening our range** of **sustainable investment propositions**
- Our **vertically integrated, multi-channel model** continues to position us well from **ongoing demand** and **structural industry growth**
- Remain committed to **driving growth** both **organically** and through **continued selective hiring**, and through **in-fill acquisitions**
- Recently appointed new chief executive, **Eddy Reynolds**, will lead CBAM through the **next stage** of its **development**

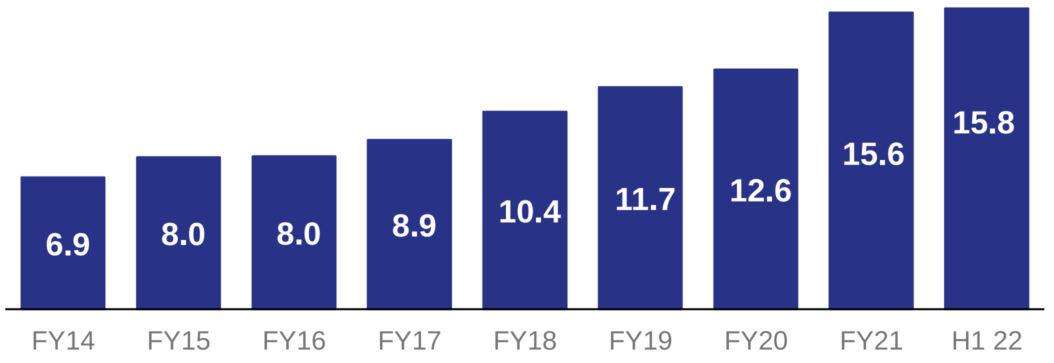
Net inflow rates

(%)



Closing managed assets

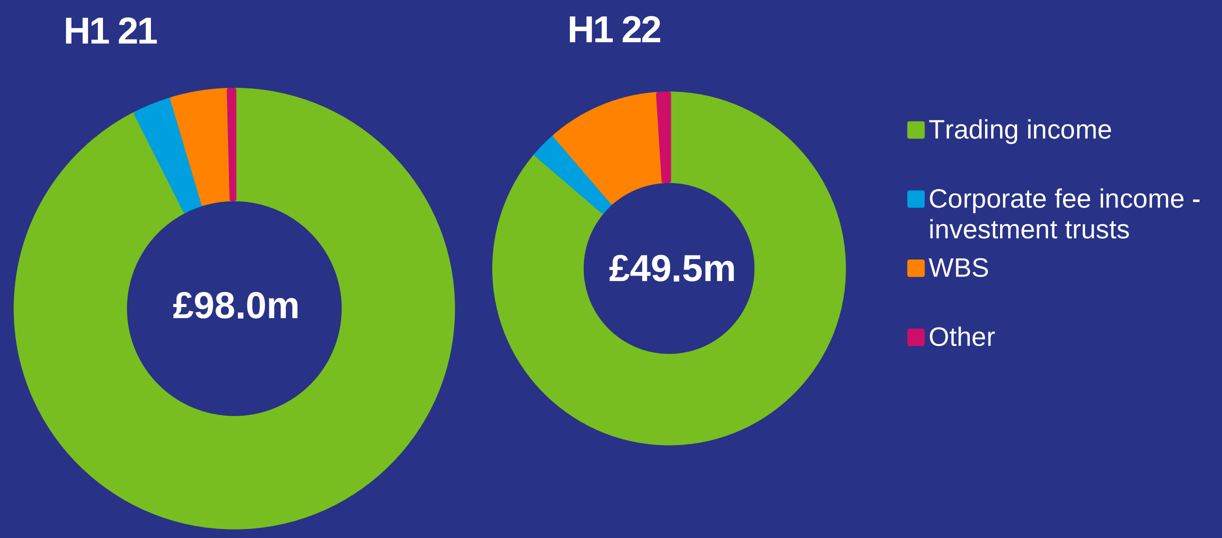
(£ billion)



Winterflood

Continued WBS growth drives income diversification

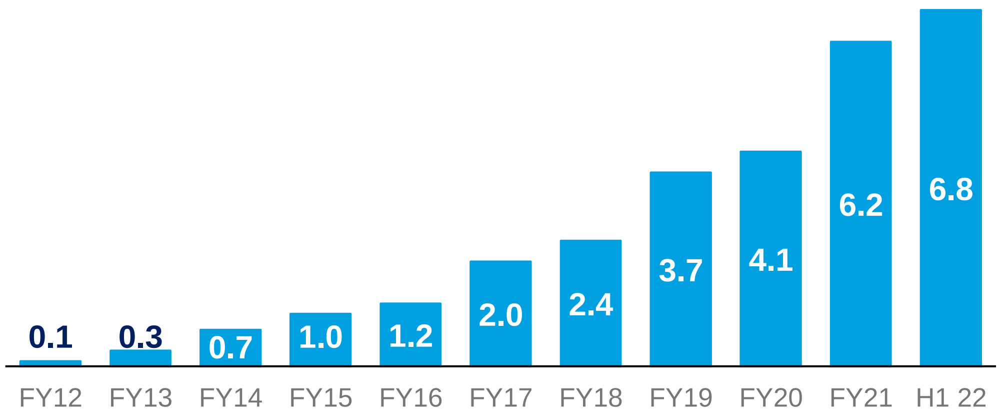
Composition of Winterflood's income



- WBS continues to **grow well** and adds **diversification of revenue streams**
- Confident in **accelerating the trajectory of WBS**
- **Trading business** well placed to continue **trading profitably** and take advantage of returning investor appetite

WBS Assets under Administration

(AuA in £ billion)



- WBS delivered **income** of **£5.1 million**, up 24% (H1 2021: £4.1 million)
- **Strong growth in AuA**, up to **c.£7 billion**
- **Good pipeline of clients** supports further significant **growth in AuA and income**

Outlook

Proven and resilient model and strong balance sheet leave us well placed

Mindful of the highly uncertain external environment and its impact on our customers and wider financial market conditions

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

Continued growth opportunities

- In **Banking**, we remain focused on **maximising opportunities** in the current cycle and delivering **continued growth at strong margins**. We remain confident in the **long-term growth prospects** of our businesses and will continue to assess opportunities to deliver disciplined growth
- In **Asset Management**, we will continue to invest to **support the long-term growth potential** of the business. While CBAM is sensitive to financial market conditions, we remain committed to **driving growth** both **organically** and through the **continued selective hiring** of **advisers and investment managers**, and through **in-fill acquisitions**
- As a daily trading business, **Winterflood** is highly sensitive to changes in the market environment, but remains **well positioned to continue trading profitably**, taking advantage of returning investor appetite. We remain focused on developing **WBS** and expect an **accelerating growth trajectory** for WBS over the next 12 months

04 Q&A

Close Brothers
Modern Merchant Banking

Appendix

Close Brothers
Modern Merchant Banking

Our responsibility

Acting sustainably is fundamental to our purpose, strategy and culture

Our Priorities	Our Progress	Our Targets	Link to UN SDGs[4]
Ensuring we are a diverse and inclusive employer	32% female senior managers as at 31 July 2021 75% ethnicity data disclosure level attained	36% female senior managers[3] by 2025 14% of our managers to be of an ethnic minority background by 2025	4 Quality Education; 8 Decent Work and Economic Growth; 10 Reduced Inequalities
Reducing our impact on the environment and tackling climate change	41% reduction in overall scope 1 and 2 emissions vs 2019 financial year levels 25% reduction in average fleet vehicle CO_2 emissions vs 2020 financial year levels	Become operationally net zero through our scope 1 and 2 emissions by 2030 Achieve a net zero company car fleet by 2025	9 Industry, Innovation and Infrastructure; 12 Responsible Consumption and Production; 13 Climate Action
Serving the needs of our customers	Property Finance NPS[1] +87 Retail Savings NPS +72 Motor Finance NPS[2] + 73 Asset Finance NPS +67	Maintain or improve customer satisfaction scores across our businesses	4 Quality Education; 8 Decent Work and Economic Growth
Some of our recent ratings	CDP B-	MSCI AAA	2020 Bloomberg Gender-Equality Index

Notes: [1] Excludes Commercial Acceptances [2] Motor Finance Dealers Net Promoter Score. [3] Senior managers defined as those managers with line management responsibility for a line manager, in accordance with the representation identified in our gender pay gap report. They are generally heads of departments, functions or larger teams. [4] United Nations Sustainable Development Goals.

Banking: loans and advances to customers and provisions by stage

Appropriate level of provision reflecting improved but still uncertain outlook

IFRS 9 Staging Allocation

At 31 January 2022

	Stage 1	Stage 2	Stage 3	Total
Gross loans (£m)	7,663.9	837.3	408.7	8,909.9
Impairment provisions (£m)	52.4	90.0	161.6	304.0
Provision coverage ratio	0.7%	10.7%	39.5%	3.4%

Excluding Novitas

	Stage 1	Stage 2	Stage 3	Total
Gross loans (£m)	7,546.6	737.4	347.1	8,631.1
Impairment provisions (£m)	39.8	35.3	112.2	187.3
Provision coverage ratio	0.5%	4.8%	32.2%	2.2%

At 31 July 2021

	Stage 1	Stage 2	Stage 3	Total
Gross loans (£m)	7,434.3	960.2	330.4	8,724.9
Impairment provisions (£m)	80.0	84.2	116.2	280.4
Provision coverage ratio	1.1%	8.8%	35.2%	3.2%

Excluding Novitas

	Stage 1	Stage 2	Stage 3	Total
Gross loans (£m)	7,248.5	900.8	304.8	8,454.1
Impairment provisions (£m)	48.6	51.5	91.0	191.1
Provision coverage ratio	0.7%	5.7%	29.9%	2.3%

Close Brothers
Modern Merchant Banking

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LENDING | DEPOSITS | WEALTH MANAGEMENT | SECURITIES