Close Brothers Group plc

Half Year Results 2024

19 March 2024

Close Brothers
Modern Merchant Banking

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Agenda

01

H1 2024 Highlights

Adrian Sainsbury, Chief Executive Officer

Highlights

Resilient income performance with growth in Banking and Asset Management partly offset by a reduction in Winterflood

4% loan book growth, strong net interest margin of 7.5% and an improved credit performance in **Banking**

Strong net inflows of 9% in **Asset Management**

Market conditions remained unfavourable in **Winterflood; WBS** income up 24%

Strong **capital, funding** and **liquidity** positions, with CET1 capital ratio of 13.0%

Taking **decisive actions** to plan for a range of outcomes in light of the **significant uncertainty** arising from the FCA's review into historical motor finance commission arrangements

The distinctive strengths of our through-the-cycle model endure

The distinctive strengths of our model

Deep expertise

Strong long-term relationships

Consistent service

Disciplined and long-term approach, with a strong track record

- Disciplined underwriting and pricing through the cycle
- Quality loan book, predominantly secured, prudently underwritten and diverse
- Strong balance sheet
- A long history of loan book growth through the cycle

02

Financial Update

Mike Morgan, Group Finance Director

Underlying H1 2024 performance highlights

	H1 24	H1 23
Banking income growth excl. Novitas and swaps[1]	6.3%	5.1%
Banking cost growth	13%	5%
YoY loan book growth	9.4%	2.3%
Net interest margin excl. Novitas and swaps[1]	7.6%	7.7%
Annualised bad debt ratio	0.9%	3.6%
Group adjusted operating profit (AOP), pre provisions	£136.1m	£174.8m
Group AOP	£94.4m	£12.6m

Resilient income performance – 6% income growth in Banking when excluding Novitas and swaps[1]

Growth in Banking costs, in line with guidance

Loan book growth, strong margin and improved bad debt ratio in Banking

Profit increase reflects prior year impairment charges related to Novitas

Notes:
1. Swaps refer to derivatives outside of a hedge accounting relationship (mark-to-market swaps).

Income statement

- **Our businesses delivered resilient income performance**, with growth in Asset Management and Banking partly offset by a reduction in Winterflood
- **Expenses rose 12%** due to increased staff costs and continued investment in Banking
- **Impairment charges decreased significantly**, with the prior period including a charge of £115 million related to **Novitas**
- **Material increase in AOP**
  - **Increase in Banking profit** reflecting prior year impairment charges
  - **Asset Management** profit down c.£2 million as growth in income was more than offset by higher costs
  - **Winterflood's** performance reflected lower trading income
  - **Increase in Group net expenses** driven by higher interest charges on Group bond
- **AOP, pre provisions down 22%**
- **Adjusted EPS increased** to **46.3p**

£ million	H1 2024	H1 2023	Change %
Operating income[1]	470.8	474.3	(1)
Adjusted operating expenses	(334.7)	(299.5)	12
Impairment losses	(41.7)	(162.2)	(74)
Adjusted operating profit	**94.4**	**12.6**	649
Banking	*111.7*	*15.0*	*645*
Asset Management	*6.3*	*8.6*	*(27)*
Winterflood	*(2.6)*	*2.4*	*(208)*
Group	*(21.0)*	*(13.4)*	*57*
Adjusted operating profit, pre provisions	**136.1**	**174.8**	(22)
Effective tax rate ("ETR")	26.7%	28.2%	
Adjusted EPS	46.3p	6.1p	
Dividend per share	-	22.5p	

Notes:
1. Included net interest expenses of £9.7 million related to the Group's £250 million senior unsecured bond issued in June 2023 at an interest rate of 7.75%.

Banking – Financial performance

- Prior year income benefitted from Novitas (+£14m) and mark-to-market swaps[1] (+£7m)
- Excluding these items, **income increased 6%** reflecting **loan book growth** and a **strong net interest margin**
- **Net interest margin** decreased to **7.5%** reflecting the impact of swaps[1] and Novitas
- **Increase in expenses** driven by **higher staff costs** and **strategic investment spend**
- **Impairment charges decreased**, corresponding to a **bad debt ratio of 0.9%,** and remaining below our long-term average
- **Adjusted operating profit pre provisions declined 13%**

£ million	H1 2024	H1 2023	Change %
Operating income	365.3	363.9	0
Adjusted operating expenses	(211.8)	(186.7)	13
Impairment losses	(41.8)	(162.2)	(74)
Adjusted operating profit	**111.7**	**15.0**	645
Excl. Novitas adjusted operating profit	111.5	119.9	(7)
Adjusted operating profit pre provisions	153.5	177.2	(13)
Loan book growth[2]	4%	(1)%	
Net interest margin	7.5%	8.0%	
Expense/income ratio	58%	51%	
Bad debt ratio	0.9%	3.6%	
Return on net loan book	2.3%	0.3%	

Notes:
1. Mark-to-market swaps refer to derivatives outside of a hedge accounting relationship (mark-to-market swaps).
2. Year-to-date loan book including operating leases.

Our Banking businesses

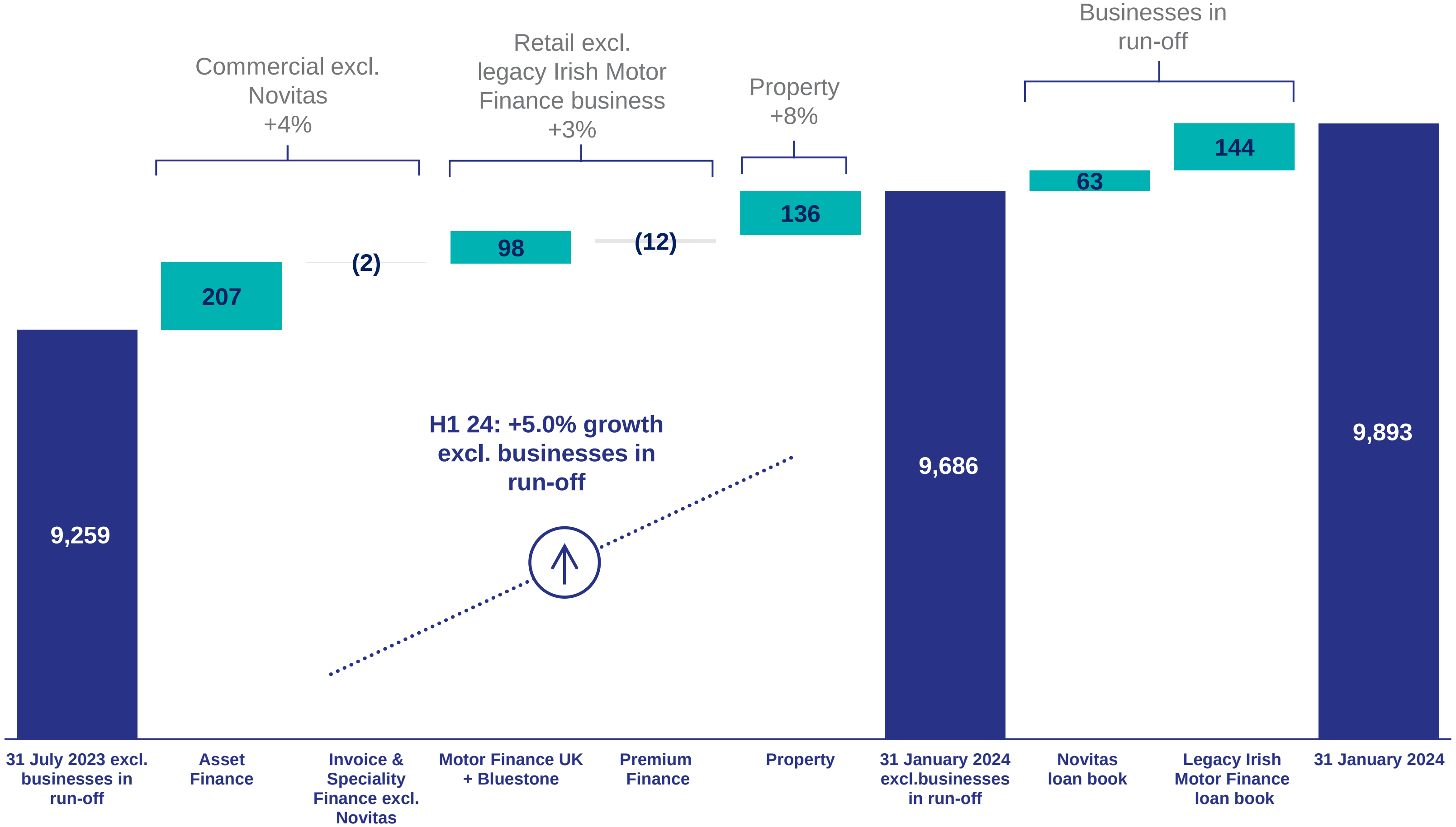
	Banking excl. Novitas	Commercial excl. Novitas	Retail	Property
Income growth	**3%**	**(3)%**	**7%**	**11%**
Loan book (year-on-year growth)	**£9.8bn** (+9%)	**£5.0bn** (+11%)	**£3.0bn** (+2%)	**£1.8bn** (+21%)
Net interest margin	**7.5%** (H1 23: 7.8%)	**6.7%** (H1 23: 7.6%)	**8.7%** (H1 23: 8.2%)	**7.3%** (H1 23: 7.8%)
Cost growth	**15%**	**13%**	**15%**	**22%**
Bad debt ratio	**0.8%** (H1 23: 1.1%)	**0.5%** (H1 23: 0.4%)	**1.5%** (H1 23: 1.9%)	**0.6%** (H1 23: 1.4%)
Operating profit	**£112m** (H1 23: £120m)	**£51m** (H1 23: £72m)	**£19m** (H1 23: £15m)	**£42m** (H1 23: £33m)

Continued demand across our Banking businesses

Underlying loan book growth of 5%

- Loan book **increased 4%** as we focused on delivering **disciplined growth**
- **Growth of 5%** when excluding the businesses in run-off
- Driven by strong growth in **Property** and continued good demand in **Asset Finance** and the **UK Motor Finance business**
- Saw normal seasonal impact in **Premium** and **Invoice Finance**
- Growth initiatives delivered **significant contribution** to loan book growth
- Expect to **broadly sustain** underlying loan book **growth** in the second half of the 2024 financial year

Loan book movement by business[1,2,3,4]
(£ million)



Notes:
1. The Asset Finance and Invoice & Speciality Finance loan books have been re-presented for 31 July 2023 to reflect the recategorisation of Close Brothers Brewery Rentals ("CBBR") from Invoice and Speciality Finance to Asset Finance.
2. Includes operating lease assets of £282.0 million (31 July 2023: £271.2 million).
3. The Motor Finance loan book includes £144.5 million (31 July 2023: £206.7 million) relating to the legacy Republic of Ireland Motor Finance business, which is in run-off following the cessation of our previous partnership in the Republic of Ireland from 30 June 2022.
4. Numbers may not cast due to rounding.

Strong net interest margin as we remain focused on pricing discipline

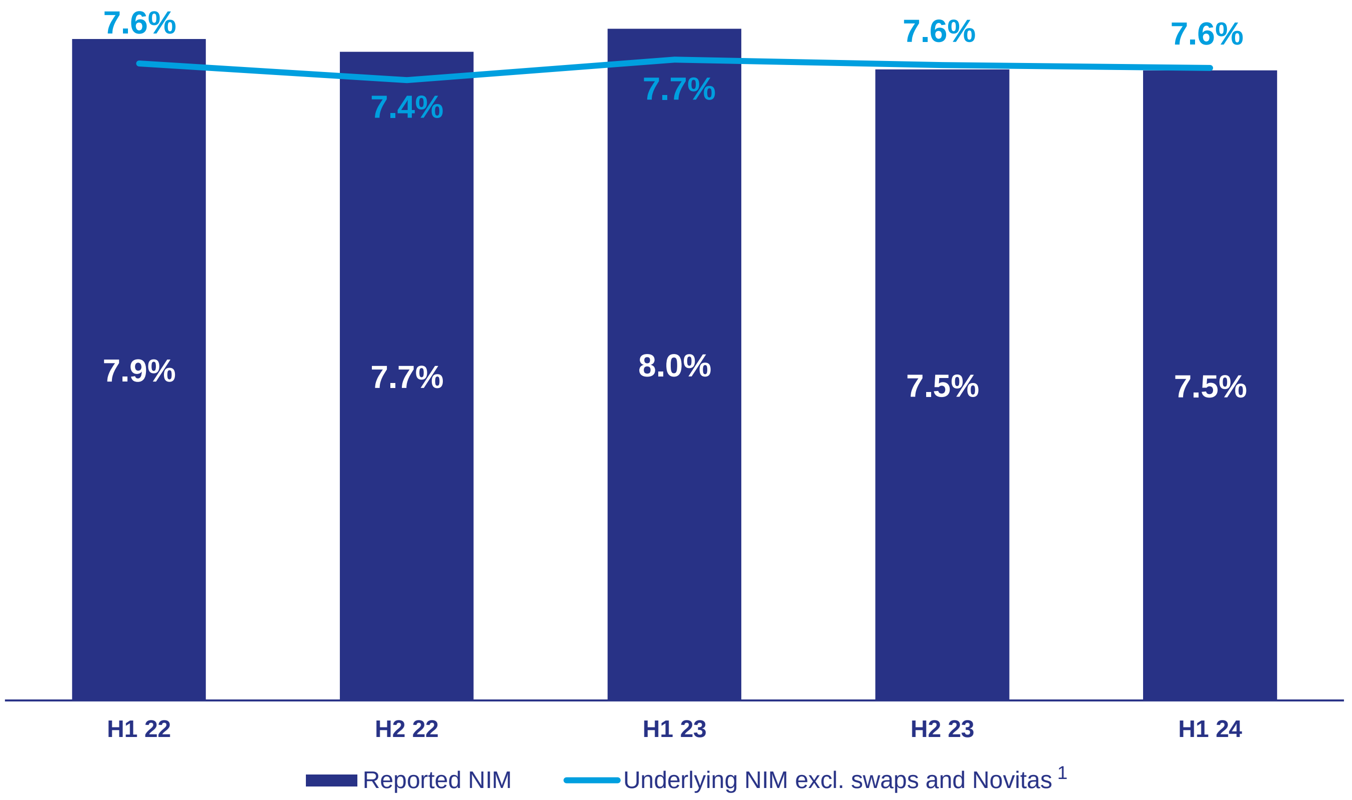
Strong net interest margin

- Decrease in reported NIM from H1 23 primarily reflecting **mark-to-market swaps**[1] and **Novitas** benefitting prior year period
- Focused on **pricing discipline** on new lending
- Benefitted from optimisation of the group's liability mix and funding costs in a higher rate environment

Well positioned to maintain a strong NIM

- Specialist, relationship driven model supports net interest margin
- Consistently strong NIM compared to sector average
- Remain focused on prioritising margin over volume growth
- Expect FY24 NIM to be broadly aligned with reported H1 24 NIM

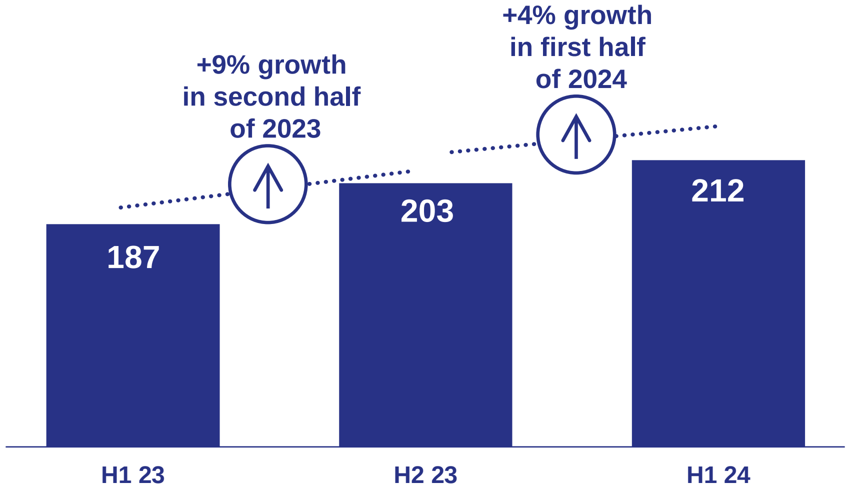
Net interest margin



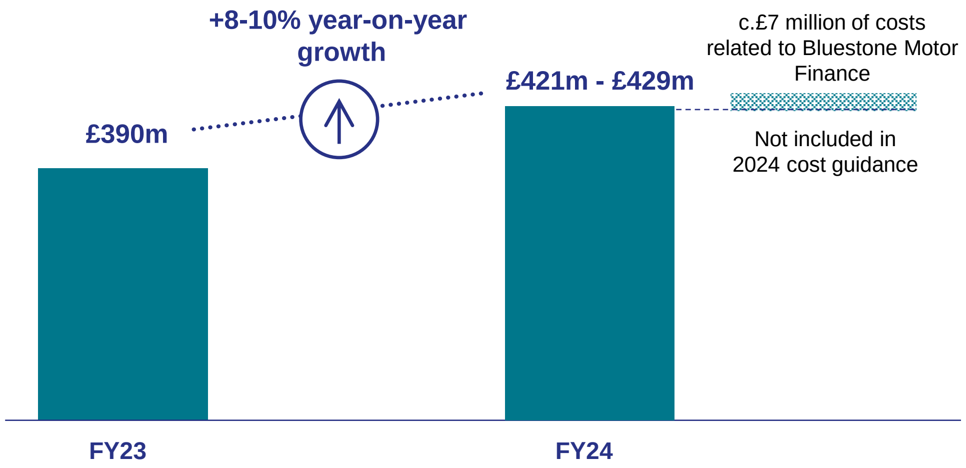
Notes:
1. Swaps refer to derivatives outside of a hedge accounting relationship (mark-to-market swaps).

Remain on track to deliver FY24 cost guidance in Banking

H1 2024 Banking costs



FY 2024 Banking cost guidance unchanged[1]



Rate of cost growth in H1 2024 driven mainly by timing of investment spend

Impact of motor commissions complaints

- Further increase in customer complaints since the FCA review was announced on 11 January
- Expect costs of c.£10 million related to heightened volume of complaints to be incurred in FY 2024

Drivers of 2024 cost guidance[1,2]

- ↓ Efficiency savings
- ↑ Inflation and compensation
- ↑ Investments
- ↑ Motor commissions complaints
- ↑ Volume and activity-driven growth

Notes:
1. FY 2024 Banking cost guidance excludes costs related to Bluestone Motor Finance (Ireland).
2. Includes expected costs of c.£8 million (2023: £8.7 million) related to Novitas as we continue to wind down the business.

Redoubling our efforts to enhance cost efficiency in Banking

1 Technology

Areas of focus

- Simplification of application estate
- Consolidation and increased use of outsourcing partners

Progress

- Technology cost management initiatives already implemented through our technology transformation programme
- 83 IT applications removed from our technology estate, with more in the pipeline
- Reduction in headcount of c.100

2 Suppliers & Property

Areas of focus

- Rationalisation of supply chain
- Reduction in suppliers and consumption of services
- Reduction of property footprint

3 People

Areas of focus

- Adjusting our workforce to support efficiency and effectiveness

Further cost initiatives to partly offset the adverse impact on the group's income as a result of the management actions

- **New initiatives expected deliver annualised savings of c.£20 million by the 2026 financial year**

  Mobilised additional cost management initiatives across Suppliers, Property and People

- **Remain committed to more closely aligning income and cost growth for the 2025 financial year[1] and delivering positive operating leverage over the medium term**

Notes:
1. Excluding any restructuring costs

Strong asset quality

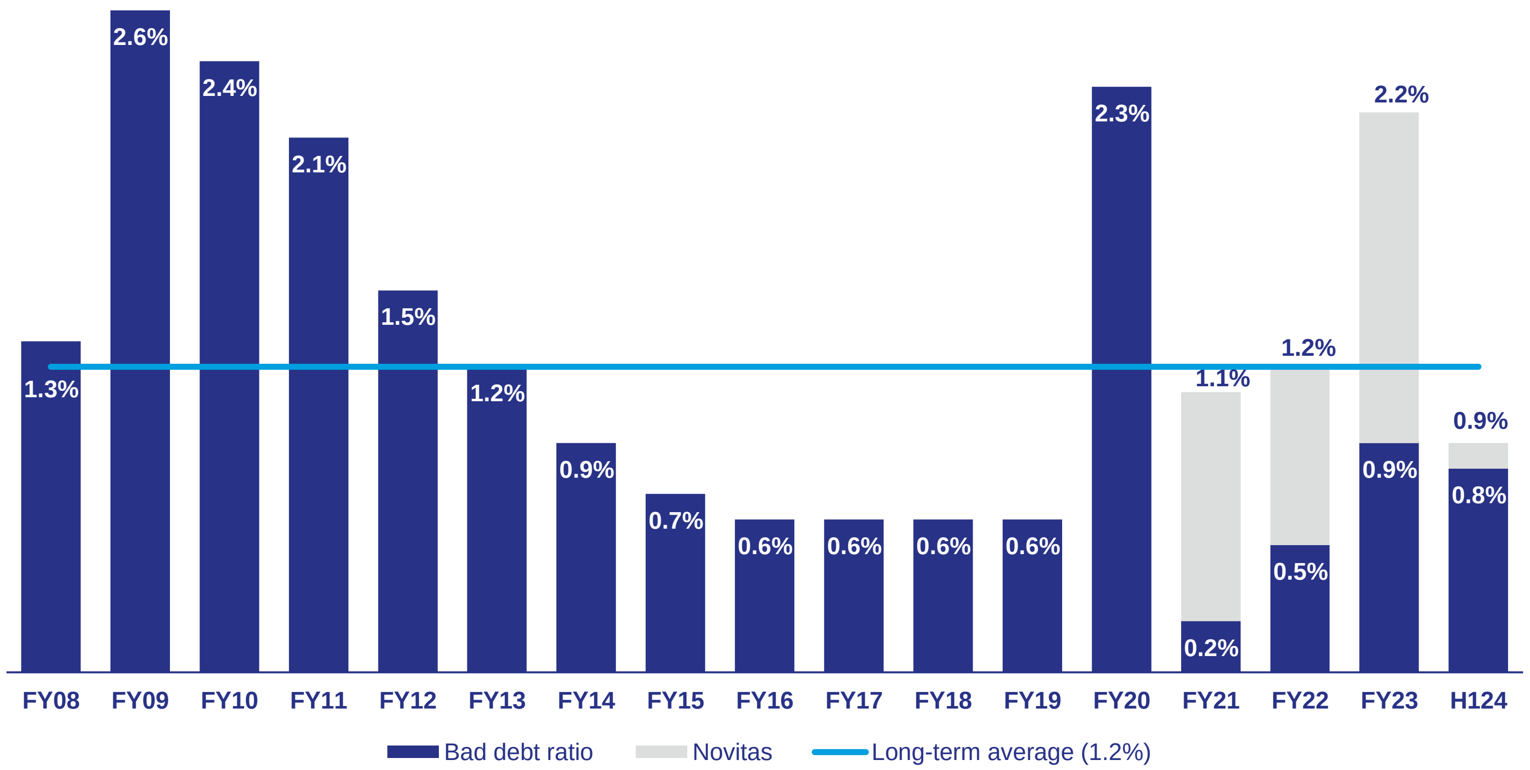
Bad debt ratio of 0.9%

- £42 million of impairment charges driven by:
  - Improved macroeconomic outlook[1]
  - Loan book growth
  - Ongoing review of provisions and coverage across loan portfolios
- No significant impact of external environment on credit performance at this stage

Outlook for bad debt ratio

- Continue to monitor closely the evolving impacts of inflation and cost of living on our customers
- Confident in the quality of our loan book, which is predominantly secured or structurally protected, prudently underwritten and diverse
- Expected to remain below long-term average[2] of 1.2% in H2 24, based on current market conditions

Long-term average bad debt ratio excluding Novitas[2]



Notes:
1. Macroeconomic scenarios have been updated to reflect the latest available information regarding the macroeconomic environment and outlook, although the weightings assigned to them remain unchanged since the 2023 financial year-end. Resulting position at 31 January 2024 was a 30% weighting to the strong upside, 32.5% weighting to the baseline, 20% weighting to the mild downside, 10.5% weighting to the moderate downside and 7% weighting to the protracted downside.
2. Bad debt ratio calculated using IAS 39 until the change to IFRS 9 in FY19. Bad debt ratio excluding Novitas only disclosed from FY21 onwards. Long average bad debt ratio of 1.2% based on the average bad debt ratio for FY08-H124, excluding Novitas.

Strong net inflows in Asset Management

- **Growth in managed assets** driven by **strong net inflows** and **positive market performance**
- **Income rose 7%** due to positive net inflows and market movements
- Growth in AuM reflected in **higher investment management income**
- **Increase in expenses** reflecting **inflation-driven salary rises** and **bespoke investment management hires**
- **£5 million** of costs associated with the hiring of bespoke investment managers and associated AuM
- Excluding these costs, operating margin would be **15%**
- **AOP reduced by c.£2 million**
- **Revenue margin** marginally up to 84bps
- **Targeting net inflows of 6-10%**
- Expect **operating margin to increase** from 2025 onwards towards a **longer-term target** of **above 20%**

£ billion	**Six months to 31 January 2024**	**12 months to 31 July 2023**	**Change %**
Total managed assets	**17,675**	16,419	8
Total client assets[1]	**18,547**	17,326	7

£ million	**H1 2024**	H1 2023	
Operating income	**76.3**	**71.0**	**7**
Investment management	**61.3**	54.2	13
Advice and other services	**14.0**	15.7	(11)
Other income[2]	**1.0**	1.1	(9)
Adjusted operating expenses	**(70.0)**	(62.4)	12
Impairment losses on financial assets	**-**	-	-
Adjusted operating profit	**6.3**	**8.6**	**(27)**
Operating margin	**8%**	**12%**	
Revenue margin (bps)	**84**	83	
Return on opening equity	**7.6%**	13.1%	
Annualised net inflows[3]	**9%**	6%	

Notes:
1. Total client assets include £5.0 billion of assets (31 July 2023: £4.9 billion) that are both advised and managed.
2. Other income includes net interest income and expense, income on principal investments and other income.
3. Net flows as % of opening managed assets calculated on an annualised basis.

Winterflood's trading performance impacted by uncertain macroeconomic outlook

- **Challenging market environment** has continued to impact investor confidence
- **Operating income down**, with decline in trading income more than offsetting growth in Winterflood Business Services ("WBS")
- **Average daily bargains declined** to 52k, although **maintained market leading position**
- **WBS income increased 24%**, with **AuA up 11%** year-on-year to **£13.8 billion**
- **Operating expenses marginally up** from inflation-related salary increases, partly offset by reduced variable compensation
- **Cost review** undertaken, expect to benefit from **annualised fixed cost savings of 5%** in FY 2025
- **Operating loss of £2.6 million**
- Well placed to **retain our market position** and **benefit** when investor appetite returns
- **Expect to grow WBS AuA to over £20 billion by FY26**

£ million	H1 2024	H1 2023	Change %
Operating income	**34.2**	**39.0**	**(12)**
Operating expenses	(36.9)	(36.6)	1
Impairment gain on financial assets	0.1	-	n/a
Operating (loss) / profit	**(2.6)**	**2.4**	**(208)**
Average bargains per day	**52k**	61k	
Operating margin	(8%)	6%	
Return on opening equity	(4.1%)	3.9%	
Loss days[1]	3	1	
WBS AuA (£ billion)	**13.8**	12.4	11

Notes:
1. A loss day occurs where aggregate gross trading book revenues are negative at the end of a trading day.

Strong balance sheet

Prudent approach

- Diverse funding sources and prudent maturity profile
- Conservative approach based on the principle of "borrow long, lend short"
- Strong level of liquidity, with Liquidity Coverage Ratio over 1,000%

Diverse funding base

- Mitigated pressure on cost of funds by continued optimisation of group's liability mix
- Average cost of funds in Banking increased to 5.4% (2023: 3.2%) due to high interest rates
- Expect average cost of funds to be nearing the peak of the current interest rate cycle
- Predominantly term deposits, with only 5% available on demand
- 7% increase in customer deposits to £8.3bn
- Actively grew our Retail deposit book, which now makes up c.60% of deposits
- No significant changes in deposit base since H1 24
- Repaid £228m TFSME ahead of maturity
- Close Brothers Ltd rated Aa3 by Moody's[5]

Total funding
£12.7 billion
Average maturity of funding allocated to loan book at **21 months**[1]

Loan book[2]
£9.9 billion
Average maturity of the loan book at **16 months**

Treasury assets
£2.2 billion
Includes £1.7bn in cash with central banks

Equity	14%	Unsecured funding	10%
TFSME funding[3]	3%	Secured funding	8%
Retail deposits	38%	Non-retail deposits	27%

+16%
Increase in retail deposits in H1 24

85%
Retail deposits protected by FSCS[4]

Notes:
1. Average maturity of total available funding, excluding equity and funding held for liquidity purposes.
2. Loan book including operating lease assets.
3. Term Funding Scheme with Additional Incentives for SMEs and includes an immaterial Indexed Long Term Repo facility.
4. Financial Services Compensation Scheme.
5. Moody's rates Close Brothers Group ("CBG") A2/P1 and Close Brothers Limited ("CBL") Aa3/P1, both with a 'negative' outlook. Fitch rates both CBG and CBL BBB+/F2 with a 'negative' outlook.

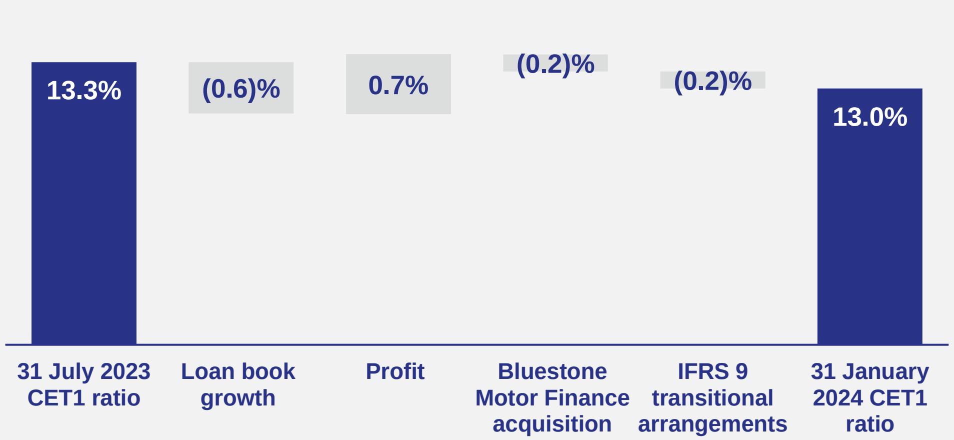
Strong capital position

- **Reduction in CET1 capital ratio** mainly driven by loan book growth, partly offset by capital generation
- No foreseeable dividend on ordinary shares deducted from CET1 capital
- Increase in **RWAs** driven by growth in the Commercial and Property loan books and the acquisition of Bluestone Motor Finance
- **Issuance of AT1 securities** in November 2023 optimised the capital structure
- **Leverage ratio** increased to **12.7%**
- Implementation of **Basel 3.1** from 1 July 2025 would increase RWAs by **up to c.10%** if implemented in current form
- Expect **further clarity** on SME supporting factor by 30 June 2024
- Engagement with regulator continues on **IRB**

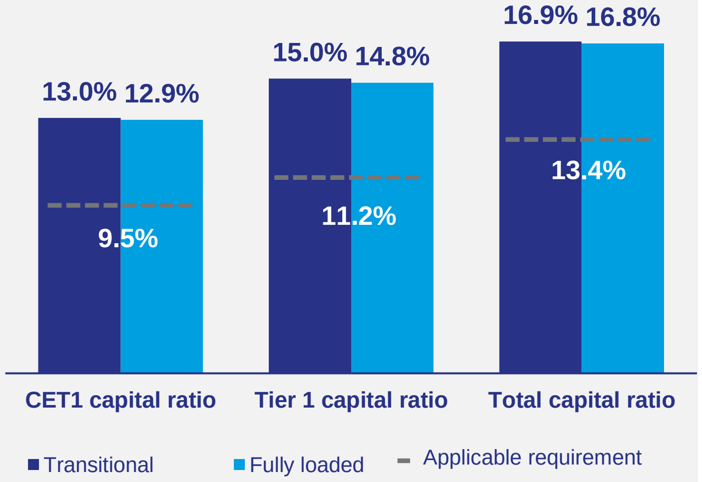
Capital overview

	31 January 2024	31 July 2023
CET1 capital ratio (transitional)[1]	13.0%	13.3%
Tier 1 capital ratio (transitional)	15.0%	13.3%
Total capital ratio (transitional)	16.9%	15.3%
Leverage ratio[2]	12.7%	11.4%
CET1 capital (£m)	1,353.0	1,310.8
RWAs (£m)	10,380.2	9,847.6

Movement in CET1 capital ratio over the year[1,3]



Regulatory capital vs. requirements[4]



Notes:
1. The fully loaded CET1 ratio, excluding the application of IFRS 9 transitional arrangements, was 12.9% at 31 January 2024 (31 July 2023: 13.0%).
2. The leverage ratio is calculated as tier 1 capital as a percentage of total balance sheet assets excluding central bank claims, adjusting for certain capital deductions, including intangible assets, and off balance sheet exposures, in line with the UK leverage framework under CRR.
3. Numbers may not cast due to rounding.
4. The requirements are presented excluding any applicable PRA buffer, as at 31 January 2024.

03 Business and Strategy update

Adrian Sainsbury, Chief Executive Office

FCA's review of historical motor finance commission arrangements

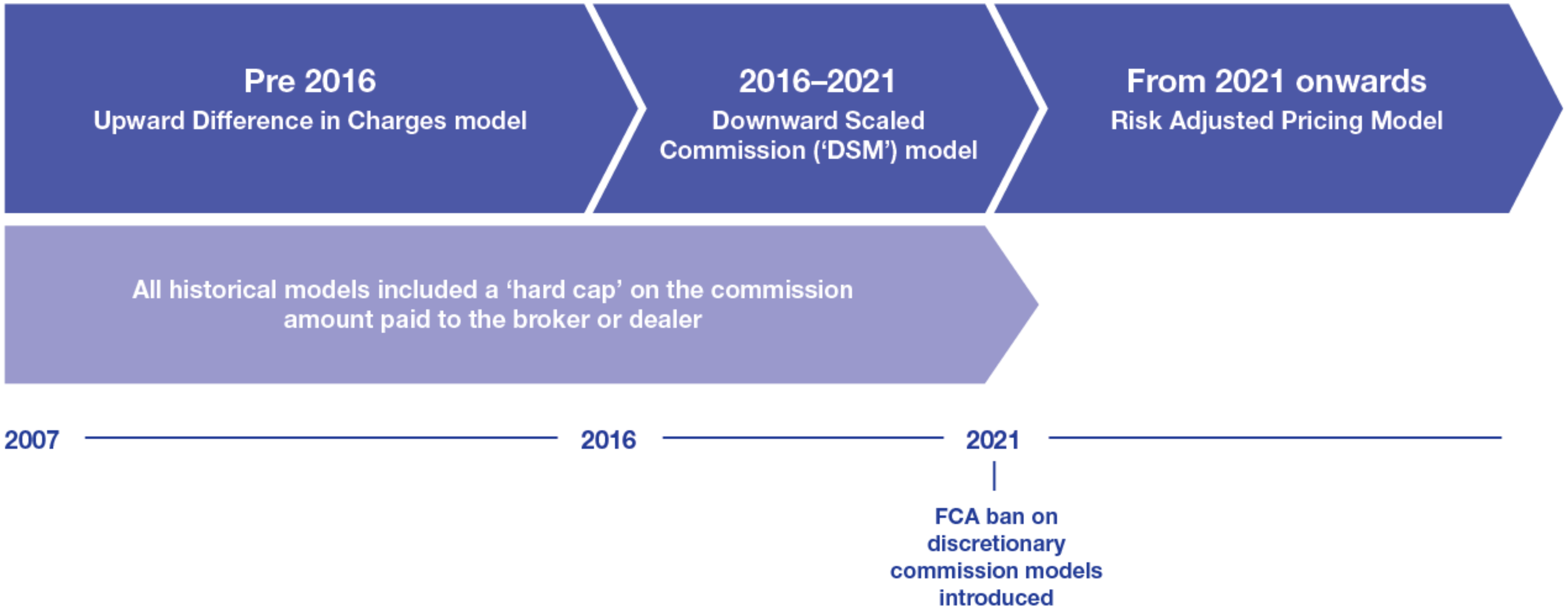
Recent developments

- FCA announced a review of historical motor finance commission arrangements on 11 January
- FCA aims to communicate a decision on next steps by end of September 2024

Significant uncertainty remains

- Impact of any redress scheme, if required, is difficult to estimate as highly dependent on a number of variables
- Timing, scope and quantum of any potential financial impact on the group cannot be reliably estimated at present
- No provision has been recognised in the period

Overview of commission models operated[1]



Notes:
1. For simplicity, dates shown above assume transition when substantially complete.

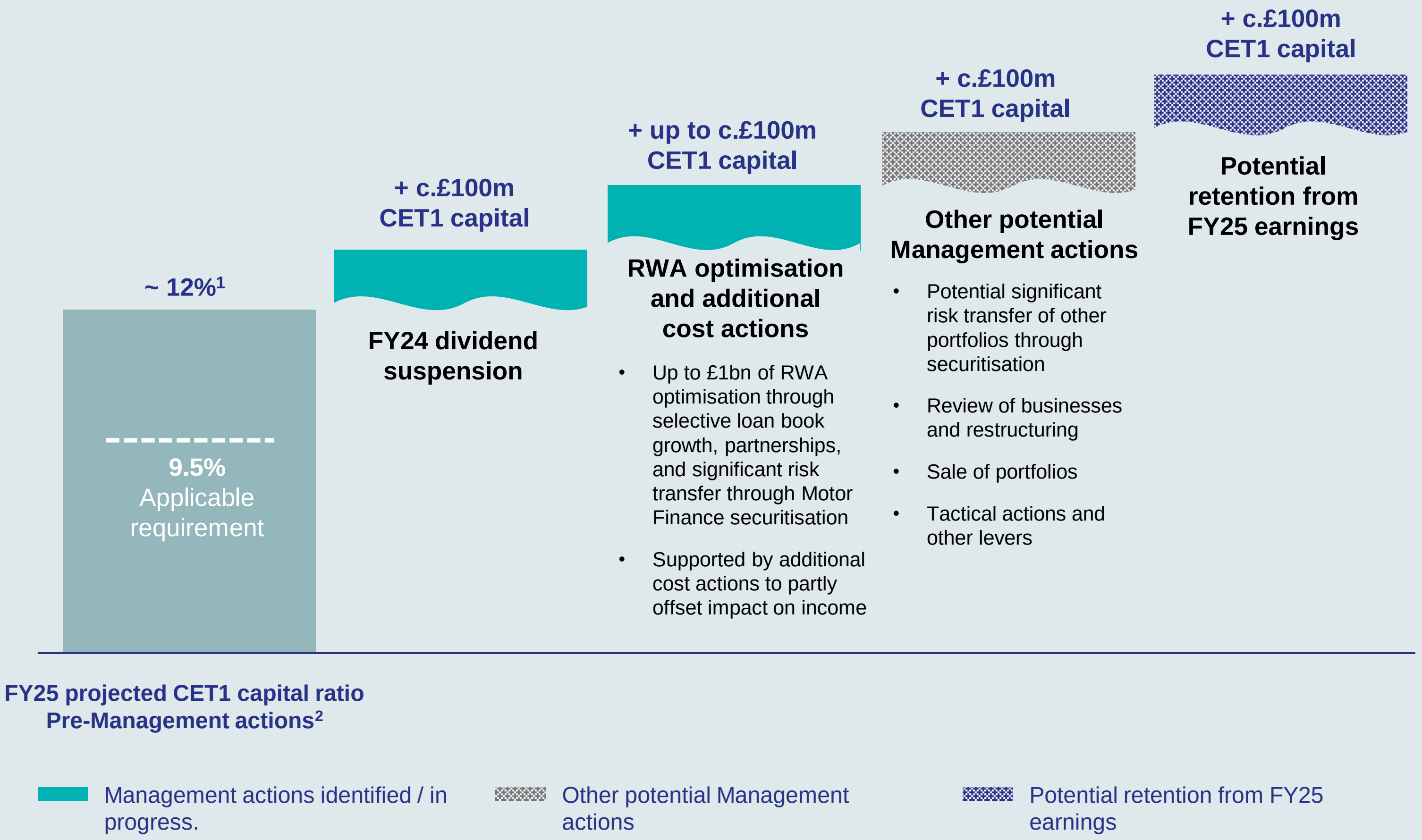
Taking decisive actions to continue to support customers and protect our valuable franchise

Significant uncertainty arising from the FCA's review

Various identified actions which could strengthen available CET1 capital by c.£400 million by July 2025

These actions will position us well to withstand a range of scenarios and potential outcomes

Management actions could strengthen available CET1 capital by c.£400 million[1]



Notes:
1. Numbers are highly indicative. Relative to the group's FY25 projected CET1 capital ratio pre-Management actions and any potential redress related to the FCA's review.
2. FY25 projected CET1 capital ratio pre-Management actions and any potential redress related to FCA's review. Unaudited and includes unverified profits net of foreseeable dividends.

The distinctive strengths of our through-the-cycle model endure

The distinctive strengths of our model

Deep expertise

Strong long-term relationships

Consistent service

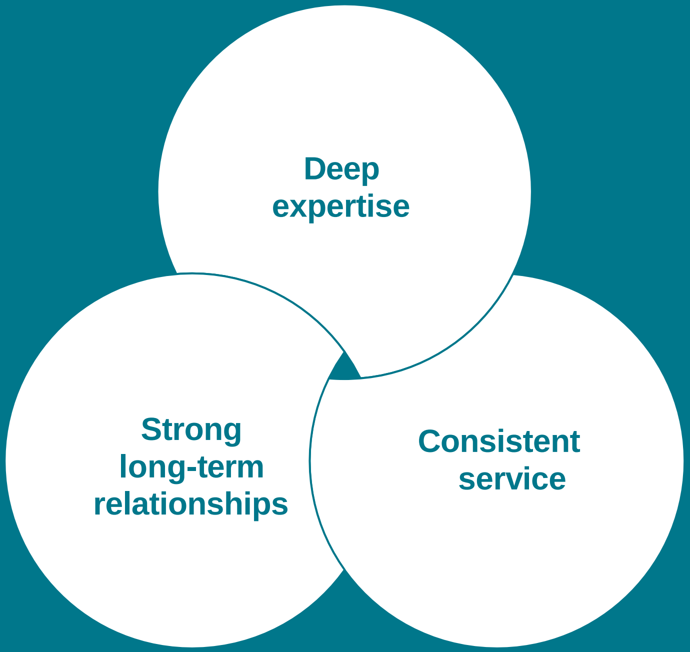
Disciplined and long-term approach, with a strong track record

- Disciplined underwriting and pricing through the cycle
- Quality loan book, predominantly secured, prudently underwritten and diverse
- Strong balance sheet
- A long history of loan book growth through the cycle

Our valuable business franchise

Banking

The distinctive strengths of our model



Offering additional borrowing capacity for customers to acquire essential assets for their personal lives or small businesses

Commercial

Specialist, predominantly secured lending principally to SMEs and financing a diverse range of sectors

Retail

Providing intermediated finance through motor dealers, motor finance brokers and insurance brokers, to individuals and UK businesses

Property

Specialist residential development finance for established professional developers, as well as refurbishment and bridging loans

Market-facing businesses

Asset Management

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

Winterflood

A leading UK market maker, delivering execution services to platforms, stockbrokers, wealth managers and institutional investors

WBS offers outsourced dealing and custody services for asset managers and platforms, with award-winning proprietary technology

Focused on protecting and strengthening our valuable franchise

Key messages

1. We are taking **decisive actions** to navigate through this current period of uncertainty, and are confident that the group will **emerge well positioned** to take advantage of **future opportunities**

2. The distinctive **strengths** of our through-the-cycle model **endure**

3. We remain committed to delivering **positive operating leverage** over the medium term and have mobilised **additional cost management initiatives** to partly offset the adverse impact on the group's income as a result of management actions

4. Continued review of our portfolio of businesses to ensure they each deliver **attractive returns**

04 Appendix

Appendix: Updated guidance

Banking

- Expect to broadly sustain underlying loan book growth in the second half of the 2024 financial year
- Well positioned to maintain a strong net interest margin, broadly aligned with the reported NIM in the first half
- Continue to expect c.8-10% increase in costs in 2024, excluding costs related to the recently announced acquisition of Bluestone Motor Finance (Ireland)
- Mobilised additional cost management initiatives which are expected to generate annualised savings of c.£20 million by the 2026 financial year to partly offset the adverse impact on the group's income as a result of the management actions
- Remain committed to more closely aligning income and cost growth for the 2025 financial year (excluding any restructuring costs) and delivering positive operating leverage over the medium term
- Bad debt ratio to remain below our long-term average of 1.2% in H2 2024, based on current market conditions

Asset Management

- Targeting net inflows of 6-10%
- Operating margin to increase from 2025 onwards towards a longer-term target of above 20%

Winterflood

- Remain focused on diversifying revenue streams
- Grow AuA in WBS to over £20 billion by FY 2026

CET1 capital ratio

- Over the medium term, remain committed to previous CET1 capital target of 12% to 13% but expect to operate above this range in the near-term as a result of the identified management actions

Appendix: Business update – Banking

Commercial

Commercial

Lends to SMEs through our direct sales force and third-party distribution channels

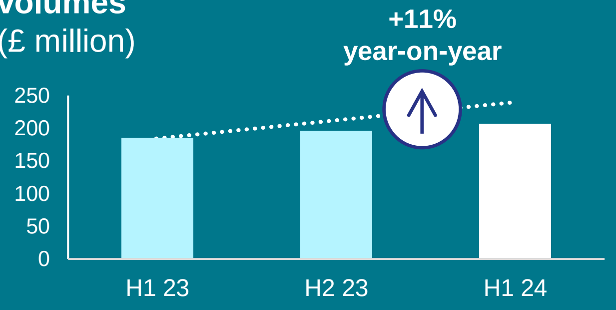
Asset Finance

- Strong customer demand supported by diversity of offering
- New specialist lending teams proving successful
- Strong new business volumes in Leasing, particularly Contract Hire, Energy and Materials Handling

Invoice & Speciality Finance

- Usual seasonal impact in first half
- Slight uptick in utilisation
- Completed second syndication deal

Commercial average monthly new business volumes
(£ million)



Appendix: Business update – Banking

Retail

Retail

Provides finance to individuals and businesses through a network of intermediaries

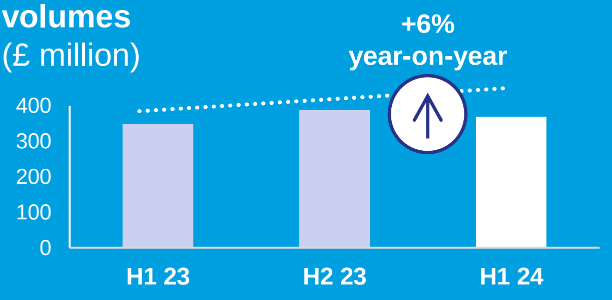
Motor Finance

- Growth in **UK** business, supported by our **enhanced proposition** and **new routes to market**
- Acquisition of **Bluestone Motor Finance** providing a platform for us to **re-build our business** in the Republic of Ireland

Premium Finance

- **Record new business levels** in the first half due to **strong demand** and **inflation**, with slight loan book reduction reflecting **normal seasonality**
- **Supporting brokers** with dedicated programme on sale of premium finance to businesses

Retail average monthly new business volumes
(£ million)



Appendix: Business update – Banking

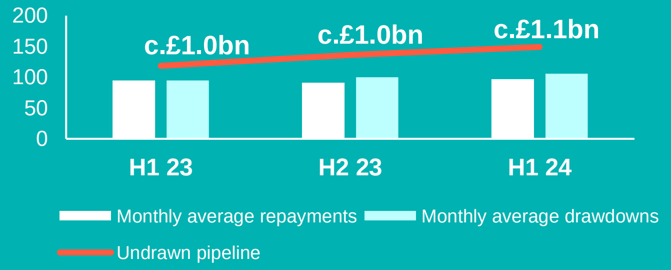
Property

Property

Provides short-term residential development finance for experienced professionals and offers refurbishment and bridging loans

- Seen **cautious optimism** returning to property market, supported by a **stabilisation of interest rates**
- Maintaining focus on our **relationship-led proposition**
- Saw **strong drawdowns** from our **healthy pipeline**, which now stands at **£1.1bn**
- **Good demand** for **initiatives** including **enhanced LTV offering** and **Travis Perkins partnership**
- Continued focus on **growing regional loan book**

Repayments, drawdowns and undrawn pipeline (£ million)



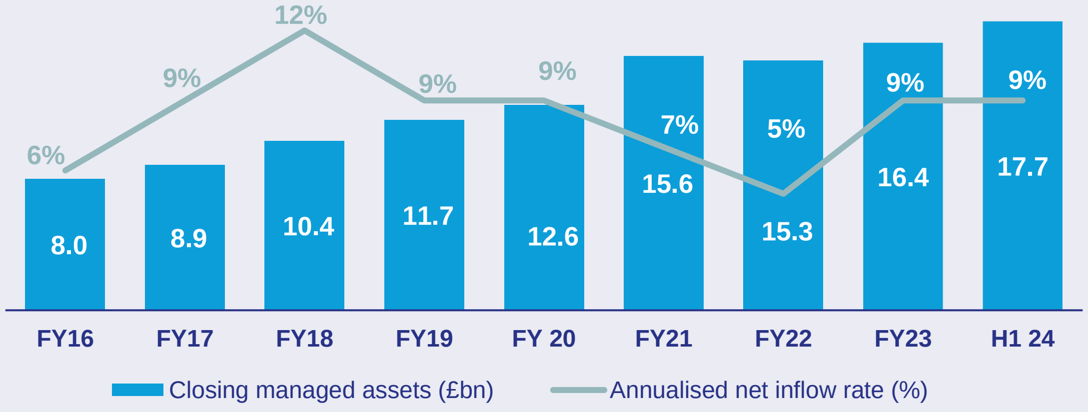
Appendix: Business update – Asset Management

Well placed to consolidate our position and maximise opportunities to accelerate profitability

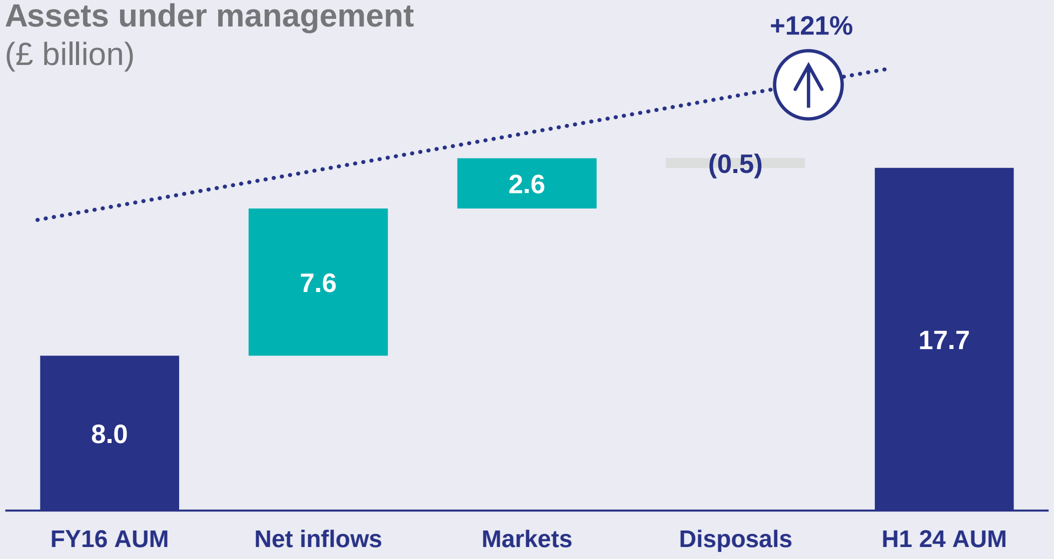
Strong track record of growth

- **Consistent healthy net inflow rate** through new and existing clients
- **Successful hiring strategy**, with **nine** bespoke investment manager hires in H1 24
- Announced the **acquisition** of IFA business, **Bottriell Adams**, **extending our regional presence**

Annualised net inflow rates and closing managed assets
(% and £ billion)



Assets under management
(£ billion)



Attractive long-term growth potential

- Focus on **consolidating our position** and **maximising opportunities** to **accelerate profitability**
- Shifting focus to **selective bespoke investment manager hiring** in Bespoke business
- **Targeting net inflows of 6-10%**
- Expect **operating margin to increase** from 2025 onwards towards a **longer-term target** of **above 20%**
- Aligned with **long-term structural growth opportunity**
- **Attractive franchise** for both portfolio managers and clients

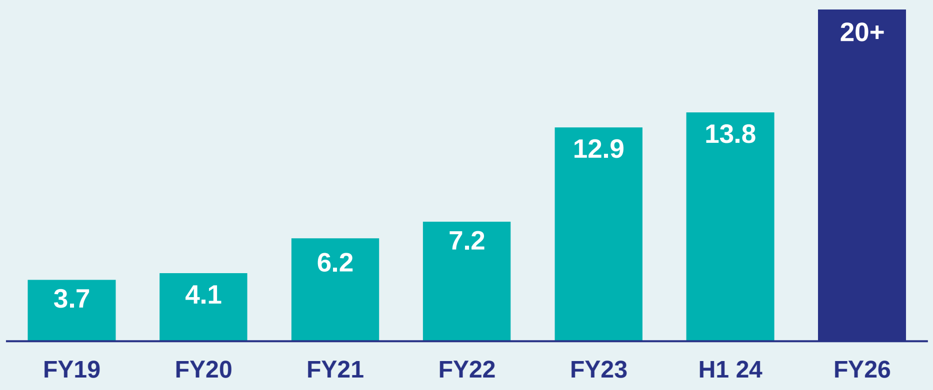
Appendix: Business update – Winterflood

Continued diversification of revenue streams and exploration of growth opportunities

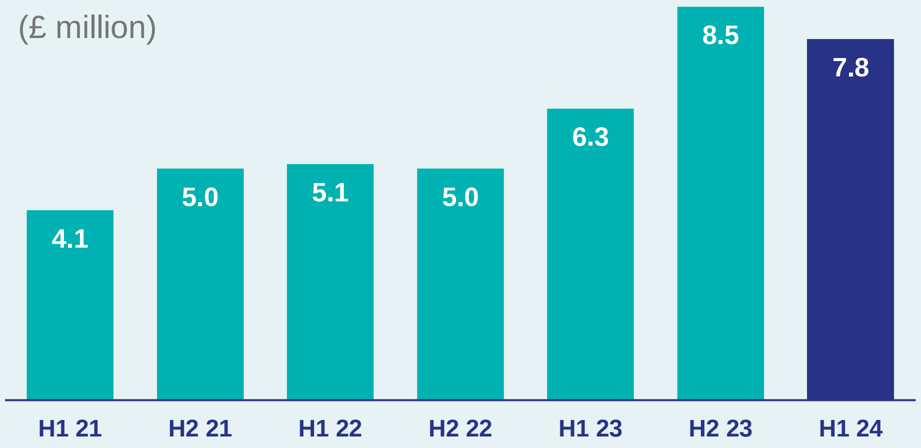
Diversified revenue streams and growth initiatives

- Remained **market leading** by volume of shares traded
- Diversification within market-making business
- **Investment Trusts** corporate business **grew revenue** despite subdued issuance and transaction volumes
- **Well placed to benefit** when **market conditions improve**

WBS AuA
(£ billion)



WBS income
(£ million)



Winterflood Business Services

- WBS continued to see **good momentum**, with **AuA increasing to £13.8 billion**
- Remains focused on **developing client relationships** and investing in our **award-winning proprietary technology**
- **Solid pipeline of clients** to support further growth
- **Expect to grow to over £20 billion of AuA by FY26**

Appendix: Lending model

Prudent and disciplined approach to lending

A proven and resilient lending model

Long track record of disciplined and consistent lending through the cycle

Predominantly secured loan book, with short tenors and low average loan sizes

Experience in underwriting, collections and credit risk management

Scenario planning to leverage internal expertise and experience

Well positioned to protect the business and maximise opportunity in the event of a downturn

	Core products and security[1]	Average loan size[2,3]	Typical loan maturity[2,3]
Asset Finance	• Commercial asset financing, hire purchase and leasing solutions • Diverse range of assets and sectors	c.£57k	3 – 4 years
Invoice & Speciality Finance	• Debt factoring, invoice discounting and asset-based lending	c.£595k	3 months
Motor Finance	• Point of sale finance for predominantly used vehicles • PCP c.9% of the loan book	c.£7k	4 years
Premium Finance	• Personal and commercial insurance policies • Policy refundability and/or broker recourse	c.£0.5k	11 months
Property Finance	• Residential development finance, refurbishment and bridging loans • Typical LTVs below standard market levels	c.£1,500k	12 – 24 months[4]

1. Lending statistic figures are for illustrative purposes only and may not be representative of all loan types. The profile of individual loans may vary significantly.
2. Approximations at 31 July 2023.
3. Typical loan maturities for new business on a contractual basis, except core Invoice Finance which is on a behavioural basis. Average loan size and typical loan maturity include the Invoice Finance business only.
4. Typical development loan maturity. 36 – 60 months typical investment term loan maturity.

Appendix: Model Fit Assessment Framework

Protecting the key attributes of our model

Appendix: Sustain – Our responsibility[1]

Our responsibility remains fundamental to our purpose, strategy and culture

E

Our car fleet

Now

46.1%

battery electric with average emissions now down to 23.5 gCO_2/km

E

Our green lending

£1 billion

lending ambition for zero emissions battery electric vehicles over five years to 2027

2023:£164m

- E Environmental
- S Social
- G Governance

E

Our emissions

54.7%

Reduction in Scope 1 and 2 emissions since 2019 (market based)

54.8%

Renewable energy as a proportion of our energy use across our offices and Brewery Rentals business

E

Our 2023 CDP Score[2]

B

Companies that score a B have addressed the environmental impacts of their business and ensure good environmental management

S

Our inclusivity

96%

of our colleagues feel included

S

Our customer service awards

S

Our communities

200

employees used their volunteering day

G

Our alliances

As a signatory to the Net Zero Banking Alliance, we commit to transition our operations as well as our lending and investment portfolios to align with net zero emissions by 2050

S

Our inclusivity

37 students completed six-week internships:

31 as part of the 10,000 Black Interns programme

Six university students from lower socioeconomic backgrounds through our partnership with upReach

1. All information as at 31 July 2023. 2. Score as at July 2023, published in February 2024

Appendix: Sustain – Our Responsibility

Our responsibility is fundamental to our purpose, strategy and culture

Sustainable objectives	Our progress At 31 July 2023	Our targets
Environment Reducing our impact on the environment and tackling climate change	• 55% reduction in Scope 1 and 2 emissions since 2019[1] • CBG car fleet now 46% battery electric • Lent £164 million for battery electric vehicles in 2023 • Became a signatory to the Net Zero Banking Alliance and Net Zero Asset Managers Alliance	• Operationally net zero by 2030 through our Scope 1 and 2 emissions • Align all operational and attributable emissions from our lending and investment portfolios with pathways to net zero by 2050 • Aim to provide over £1.0 billion of lending for battery electric vehicles over the five years to 2027

Society
Ensuring we are a diverseand inclusive employer. Serving the needs of our customers.
	• 31% female senior managers at 31 July 2023
	• 9% of managers from an ethnic minority background at 31 July 2023
	• Strong customer scores[2]:
	  • Asset Finance CSAT 92%
	  • Motor Finance dealer NPS +75
	  • Property Finance NPS +88
	  • Savings online CSAT 80%
		• 36% female senior managers by 2025
		• 14% of our managers to be of an ethnic minority background by 2025
		• Maintain or improve customer satisfaction scores across our businesses

Governance Setting high standards of corporate governance to ethically and transparently achieve long term success for our stakeholders.	• 36% of board members were female at 31 July 2023 • Met the recommendations of the Parker Review • CBAM a signatory of the UK Stewardship Code • Current ratings of AA from MSCI and 26.8 from Sustainalytics	• Maintain high standards of governance, with appropriate Board level oversight • Continue to build on our external ESG ratings

Some of our partners and commitments

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