

A woman with blonde hair, wearing safety glasses and a blue work jacket, is looking upwards in a factory setting. The background is slightly blurred, showing industrial equipment and a water bottle on a table.

Close Brothers Group plc

Preliminary Results 2022



27 September 2022

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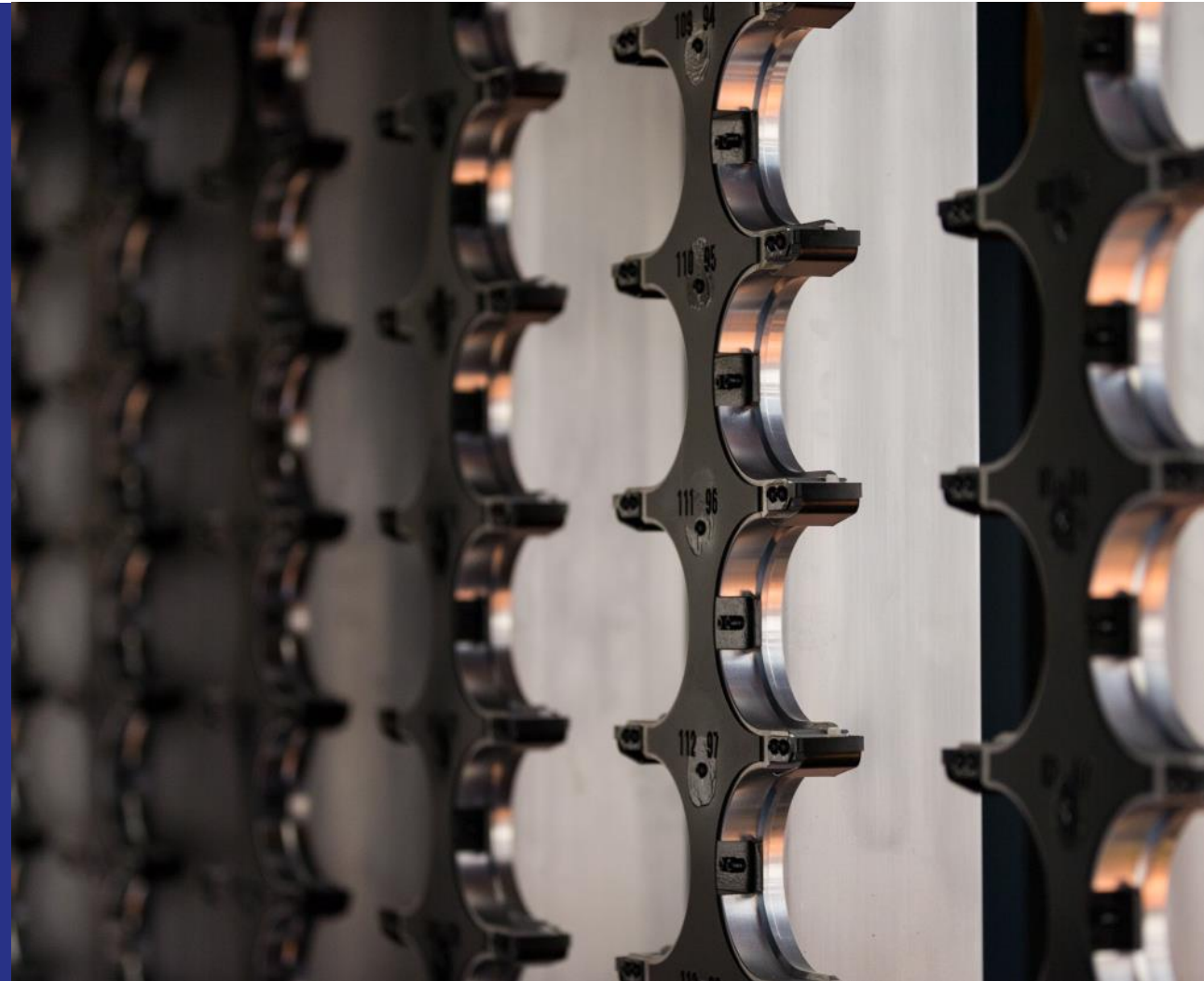
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Wrap-up and Q&A



01

Introduction

Adrian Sainsbury
Chief Executive Officer



Overview

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

 Group ROE¹ of 10.6% and ROTE² of 12.2% reflecting increased profit in Banking, reduction in Winterflood's profit and continued growth in the equity base	 Banking delivered 5% loan book growth Y-o-Y and strong net interest margin of 7.8%. Momentum picked up in H2 with loan book growth of 3%	 Asset Management continued to attract client assets and generated net inflows of 5% despite volatile market conditions
 Cyclicality in trading business negatively impacted performance in Winterflood following exceptionally strong trading performance in prior year	 Strong capital, funding and liquidity positions, with CET1 ratio of 14.6%	 66.0p full-year dividend returning to the pre-pandemic level

Delivering against our strategic priorities

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



PROTECT

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



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



GROW

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



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



SUSTAIN

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



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

02

Financial update

Mike Morgan

Group Finance Director



Income statement

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

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

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

Divisional performance

Diversification continues to support solid overall performance

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

Banking

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

Asset Management

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

Winterflood

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

Banking

Good loan book growth and a strong margin

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

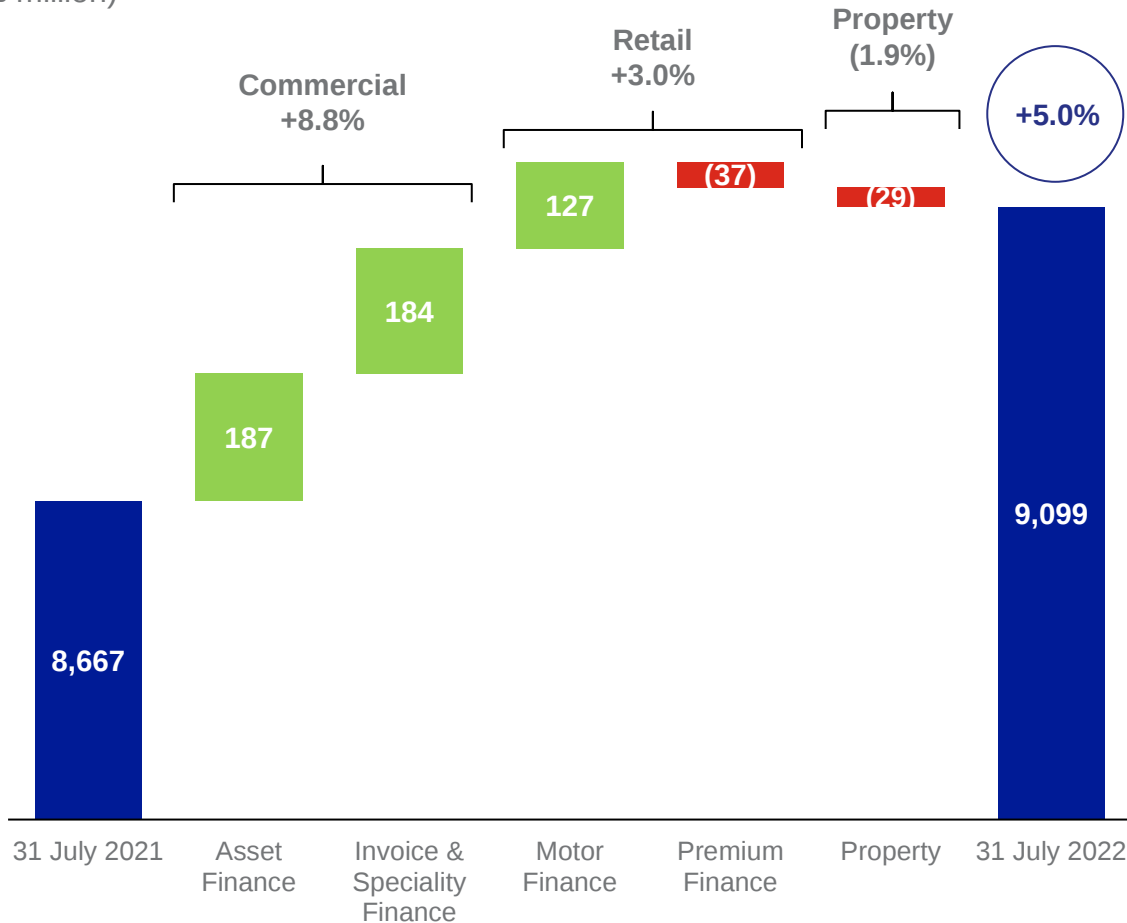
- **Increase in income** reflects **good loan book growth** and a **strong net interest margin**
- **Net interest margin** of 7.8%, primarily driven by **lower cost of funds**
- **Higher costs** driven by **strategic investment spend** and **increased staff costs** from **salary rises in current inflationary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

Banking

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

Loan book movement by business¹

(£ million)



Continued good demand across our businesses

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

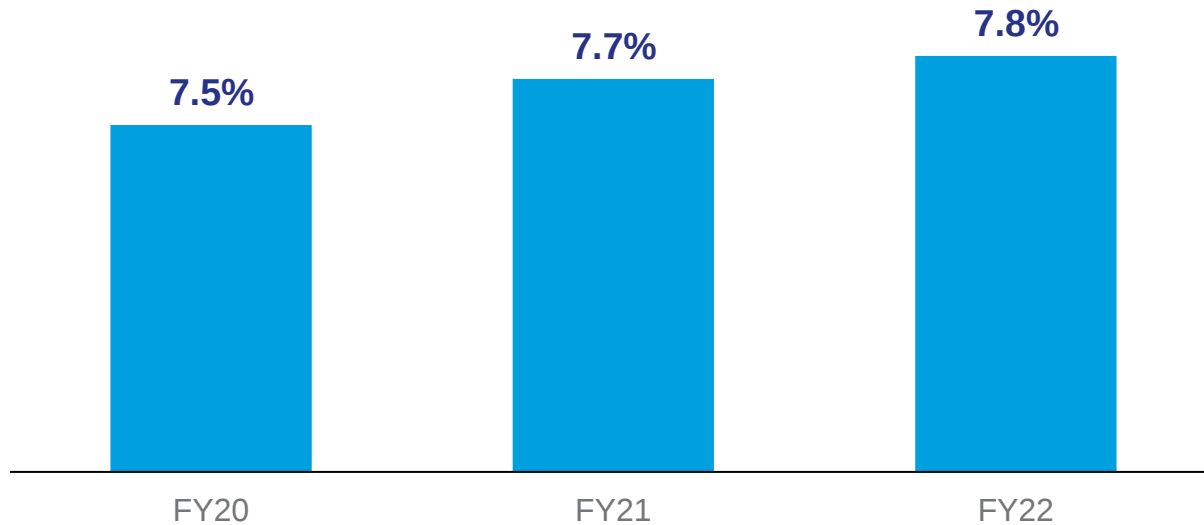
Outlook for loan book growth

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

Banking

Strong net interest margin primarily reflected lower cost of funds

Net interest margin



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

Sensitivity to interest rates

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

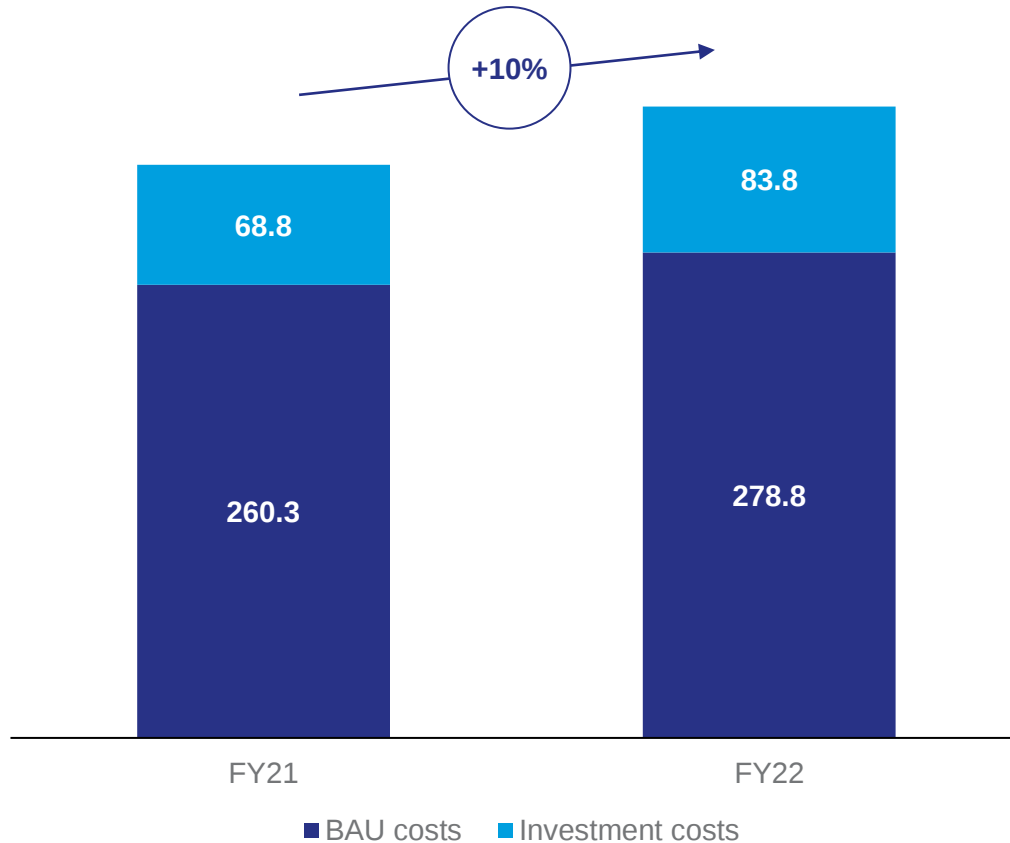
Outlook for NIM

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

Banking

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

Movement in costs^{1,2} (£ million)



Business as usual (BAU) costs³

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

Investment costs⁴

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

Outlook for costs

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

Banking

Stable bad debt ratio of 1.2%

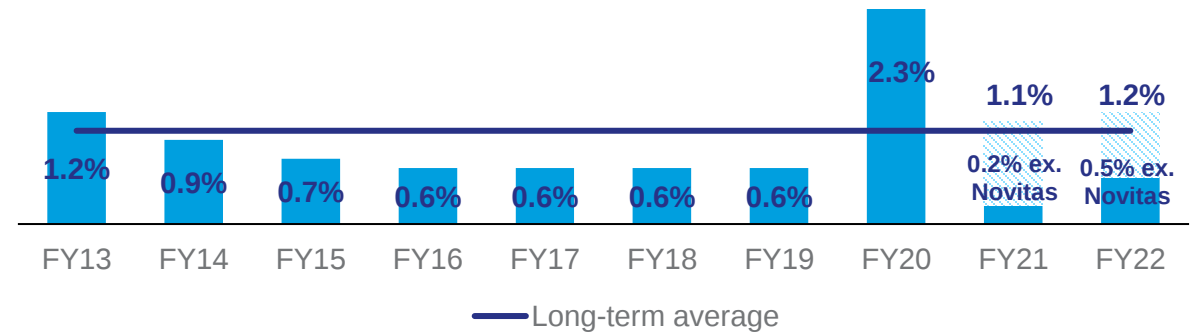
Stable credit performance with bad debt ratio of 1.2%

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

Outlook for bad debt ratio

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

Long-term bad debt ratio of 1.0%¹



IFRS 9 Staging allocation - Excluding Novitas

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

Asset Management

Continued positive net inflows despite volatile market conditions

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

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

Winterflood

Cyclical in trading business negatively impacted performance

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

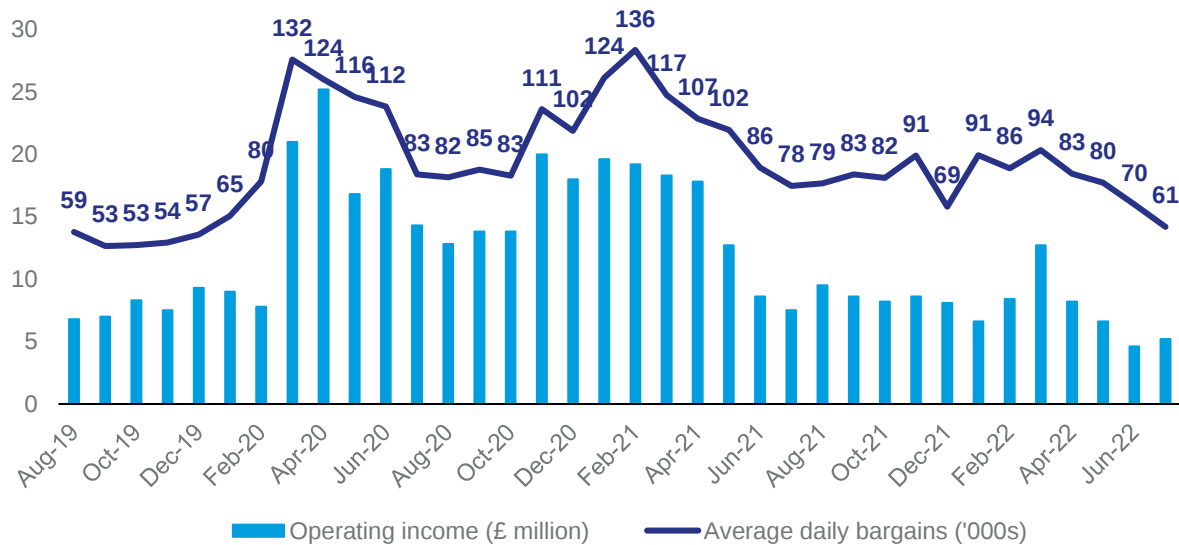
- Decline in income reflected **market wide slowdown in trading activity** and a change in the mix of trading volumes, exacerbated by falling markets in the second half
- WBS** delivered another strong performance, with **income** increasing by 12% to **£10.2 million**
- Operating expenses decreased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

Winterflood

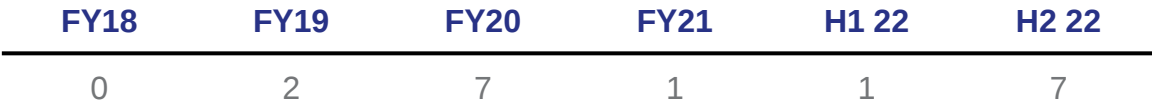
Market wide slowdown in trading activity and change in mix of volumes

Operating income

(£ million)

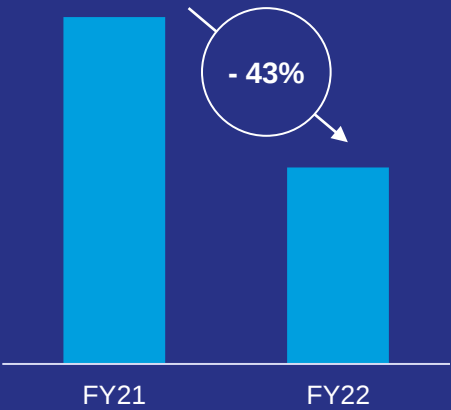


Loss days¹



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

AIM total bargains



Small Cap total bargains



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

Strong balance sheet

Well placed to continue funding and supporting loan book growth

Prudent approach

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

Diverse funding base

- Completed our fourth Motor Finance securitisation and increased customer deposits to £6.8 billion
- Strong credit ratings¹, with Close Brothers Ltd rated Aa3 by Moody's
- Cost of funds at 1.3%, down 10bps since 2021 but up c.20bps on HY22 due to increased cost of customer deposits
- Continue to optimise via diversified funding strategy and access across wholesale and retail markets
- Online savings platform continues to support lower cost of funds and diversification of our funding base



Total funding
£11.6 billion

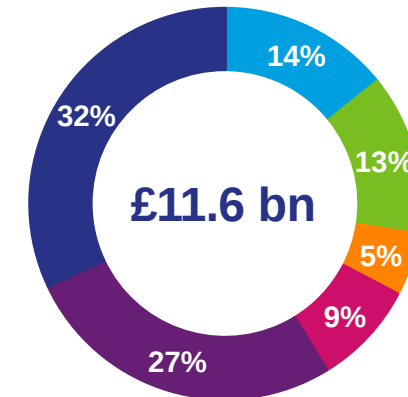
Average maturity of loan book funding at **21 months**

Loan book
£9.1 billion

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

Treasury assets
£1.9 billion

Includes **£1.3bn** with central banks



- Equity
- Unsecured funding
- TFSME funding²
- Secured funding
- Retail deposits
- Non-retail deposits

+16%

YoY increase in retail deposits

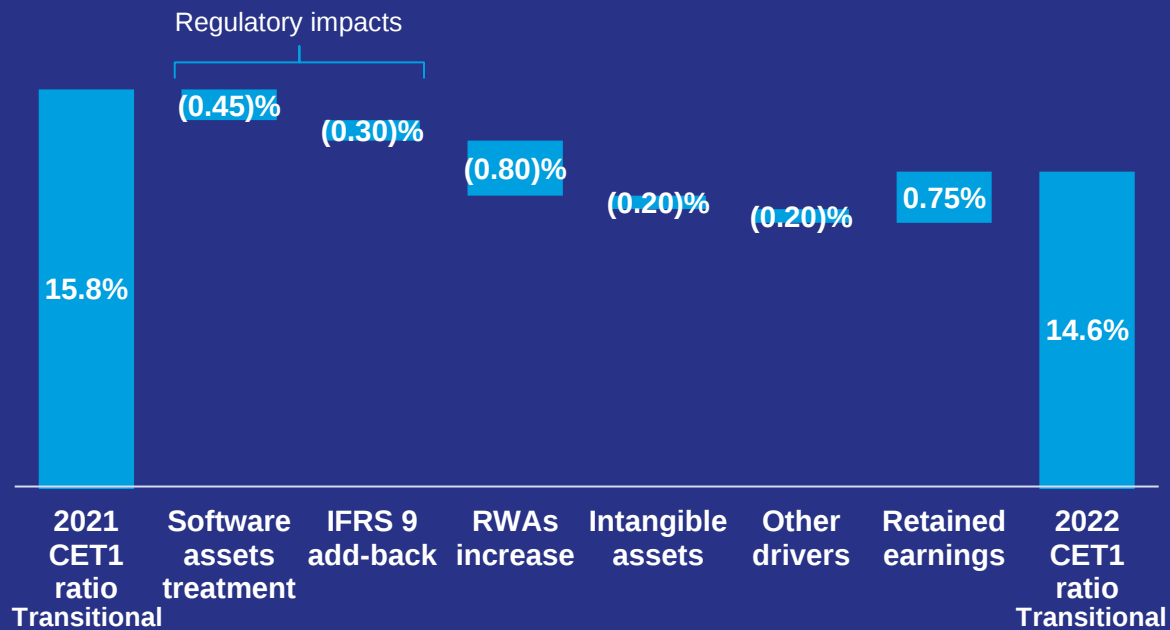
c.£350m

Balance of Fixed Rate ISAs

Capital

Strong capital position

Movement in CET1 capital ratio over the year^{1,2}



Capital overview

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

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

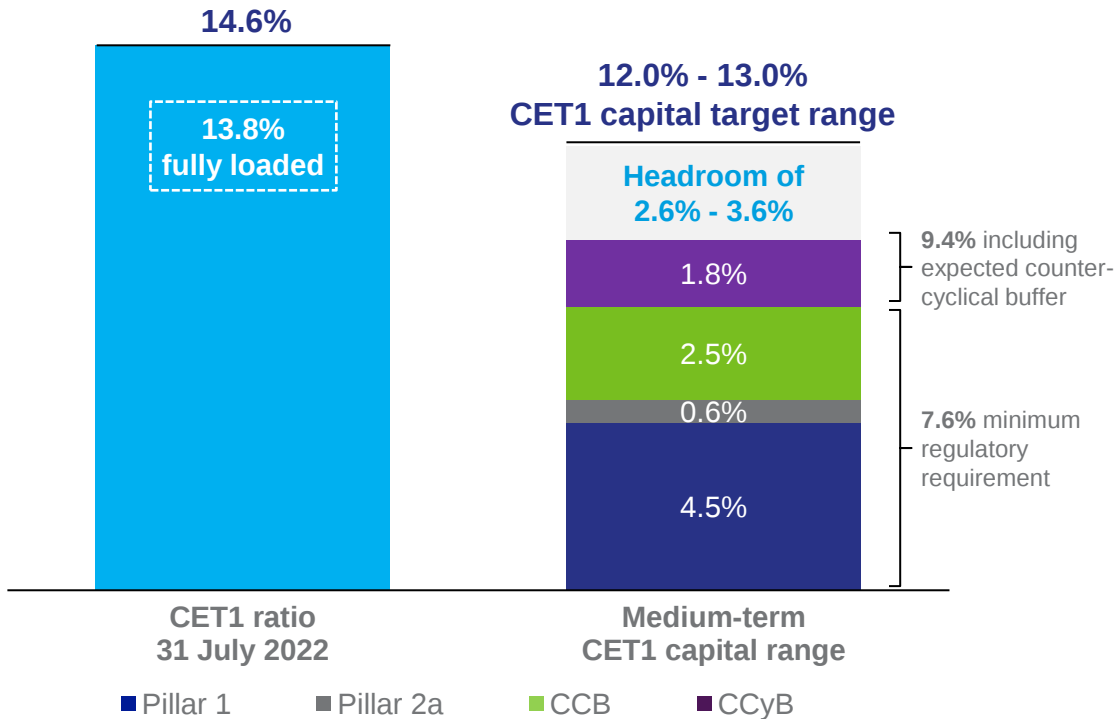
Notes: ¹ In line with CRR, effective on 1 January 2022, the CET1, tier 1 and total capital ratios no longer include the benefit related to software assets which were previously exempt from the deduction requirement for intangible assets from CET1. ² The fully loaded CET1 ratio, excluding the application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

Capital management framework

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

CET1 capital ratio target range

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



Deploying capital to deliver disciplined growth

1

Loan book growth

Deploy capital to support disciplined loan book growth in Banking

2

Strategic growth opportunities

Strategic growth initiatives and small acquisitions in existing or adjacent markets that fit with our business model

3

Capital distributions to shareholders

Commitment to a progressive and sustainable dividend while maintaining a prudent level of dividend cover
Further capital distributions to shareholders will be considered depending on future opportunities

03

Business update

Adrian Sainsbury
Chief Executive Officer



A proven and resilient model

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

Our distinctive strengths



Disciplined underwriting
and pricing through the cycle

Prudent management
of financial resources

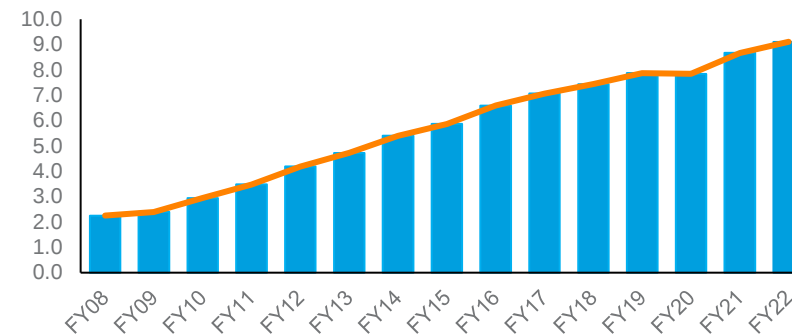
Service, expertise
and relationships

Distinctive culture

Diversified portfolio
of businesses

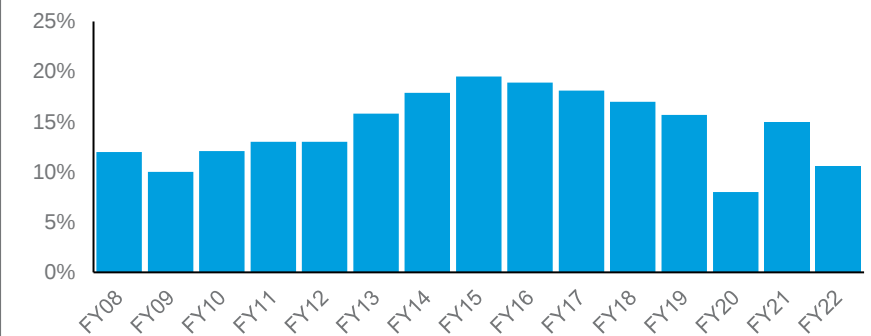
Long-term growth

Loan book¹ (£ billion)



Strong returns through the cycle

Return on opening equity



Strong customer scores

Latest scores



Asset Finance²
+88



Property Finance³
+87



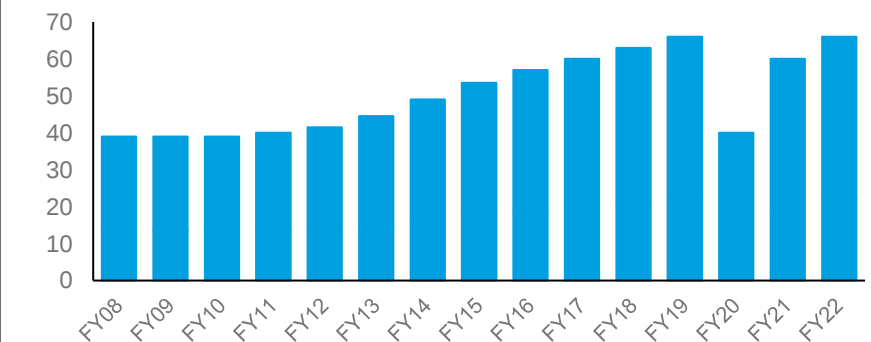
Motor Finance⁴
+73



Savings online²
+86

Long-term dividend track record

Dividend per share (p)



Protect: Keeping our model safe

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



Maximising and future-proofing our income generation capabilities



Motor Finance transformation

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



Asset Finance transformation

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



CBAM technology projects

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



Customer deposit platform

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

Maintaining resilience and enhancing efficiency



CBAM technology projects

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



Asset Finance transformation

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



IRB transition

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



Cyber resilience

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



Data centre transformation

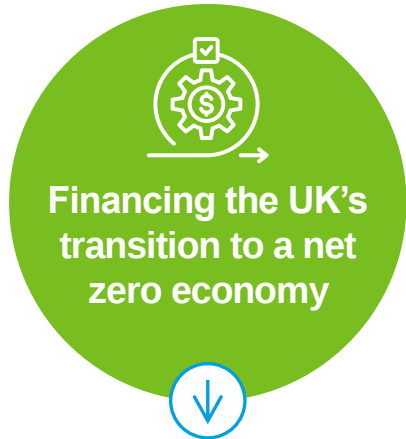
- Investing in **new data centres**
- Enhanced **Cloud computing control** for Software-as-a-service, Platform-as-a-service, and Infrastructure-as-a service

Grow: delivering disciplined growth

Maximising opportunities in existing and adjacent markets



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



Financing the UK's transition to a net zero economy

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

Significant opportunity in broadening our sustainable finance offering



Incremental growth opportunities

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

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

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



Capitalising on long-term trends in Wealth Management

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

Building on an excellent track record of increasing client assets organically

Continued selective hiring and in-fill acquisitions



Significant growth potential in WBS

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

Award-winning and highly scalable proprietary technology

Sustain: Our Responsibility

Our responsibility is fundamental to our purpose, strategy and culture



Sustainable objectives	Environment	Society	Governance
	Reducing our impact on the environment and tackling climate change	Ensuring we are a diverse and inclusive employer Serving the needs of our customers	Setting high standards of corporate governance to ethically and transparently achieve long term success for our stakeholders
Our progress	• 45% reduction in Scope 1 and 2 emissions since 2019¹ • Further 43% reduction in fleet vehicle emissions vs 2021 • Completed initial assessment across all categories of Scope 3 emissions • Published our inaugural TCFD report • Became a signatory to the Net Zero Banking Alliance	• 33% female senior managers at 31 July 2022 • 10% of managers from an ethnic minority background at 31 July 2022 • Strong customer scores²: - Property Finance NPS +87 - Asset Finance CSAT +88 - Savings online CSAT +88	• 50% of board members were female at 31 July 2022 • CBAM became a signatory of the UK Stewardship Code • Received strong ratings of B- from CDP, AAA from MSCI and CIS-1 ESG Credit Impact Score from Moody's
Our targets	• Operationally net zero by 2030 through our Scope 1 and 2 emissions • Align all operational and attributable emissions from our lending and investment portfolios with pathways to net zero by 2050 • Aim to provide over £1.0 billion of lending for battery electric vehicles over the next five years	• 36% female senior managers by 2025 • 14% of our managers to be of an ethnic minority background by 2025 • Maintain or improve customer satisfaction scores across our businesses	• Maintain high standards of governance, with appropriate Board level oversight • Aim to maintain or improve ESG ratings

Some of our partners and commitments



Banking update – Commercial

Well positioned to deliver disciplined growth

2022 performance

Asset Finance

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

Invoice & Speciality Finance

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

Delivering disciplined growth

Asset Finance

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

Invoice & Speciality Finance

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



Spotlight: Green lending

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

Battery energy electric storage system (“BESS”)

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



Banking update – Retail

Well positioned to deliver disciplined growth

2022 performance

Motor Finance

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

Premium Finance

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

Delivering disciplined growth

Motor Finance

- Expanded offering with forecourt insights proposition for dealers
- Using **APIs** to **connect into strategic partners**
- Exploring **growth opportunities** through **shift to AFVs¹** over the longer term as they become more prevalent in second hand car market

Premium Finance

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



Spotlight: Motor Finance Transformation

Real-time data and insights

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

Using APIs to connect to strategic partners

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



Banking update – Property

Well positioned to deliver disciplined growth

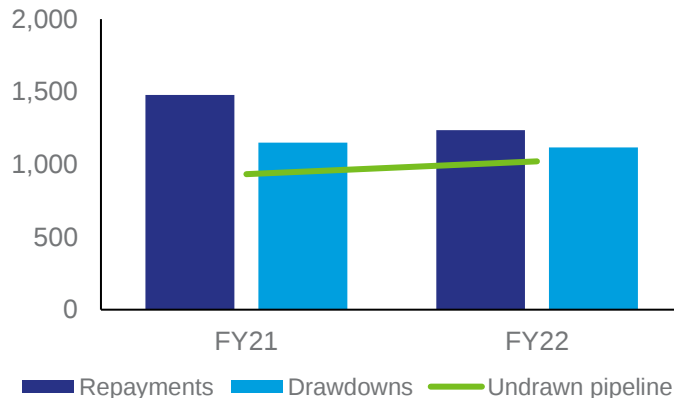
2022 performance

Property Finance

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

Repayments, drawdowns and undrawn pipeline

(£ million)



Delivering disciplined growth



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

Spotlight: Sustainable developments

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

Elite NuGEN – Priddy's Hard, Gosport

- Zero carbon development of 39 eco-friendly homes¹ on a disused military brownfield site
- WhatHouse? Awards 2021 Gold in Best Sustainable Development category



Winterflood

Continued WBS growth drives income diversification

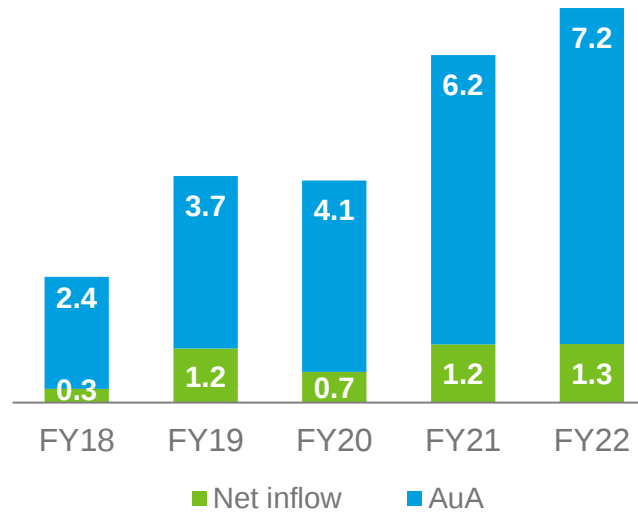


Winterflood Business Services

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

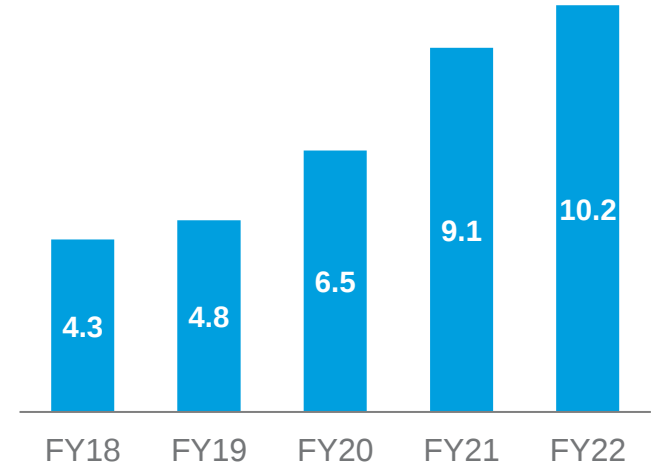
WBS AuA

(£ billion)



WBS Income

(£ million)



Diversification of client base



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



Sticky annuity style income stream



Significant growth potential

WBS Clients

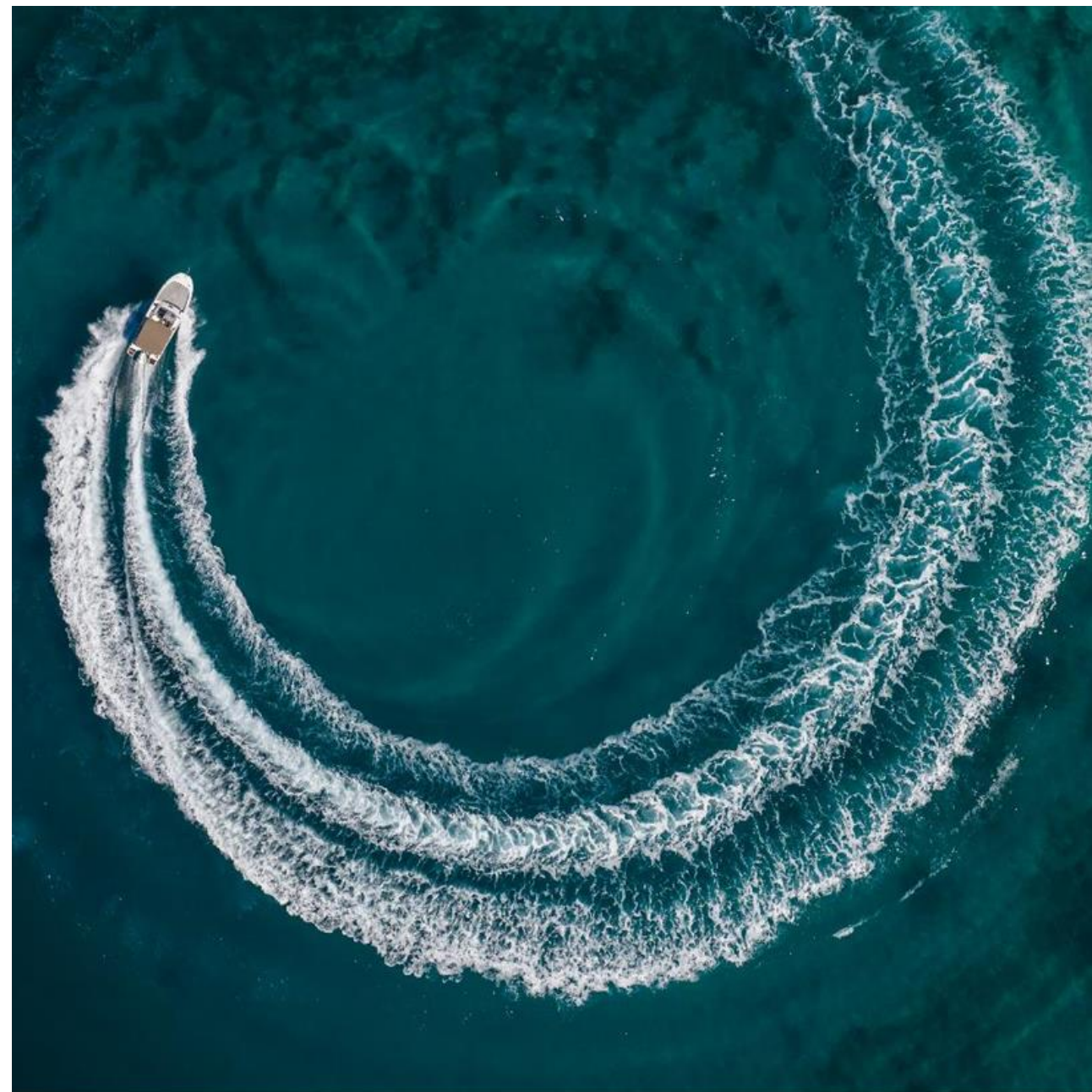


04

CBAM business update

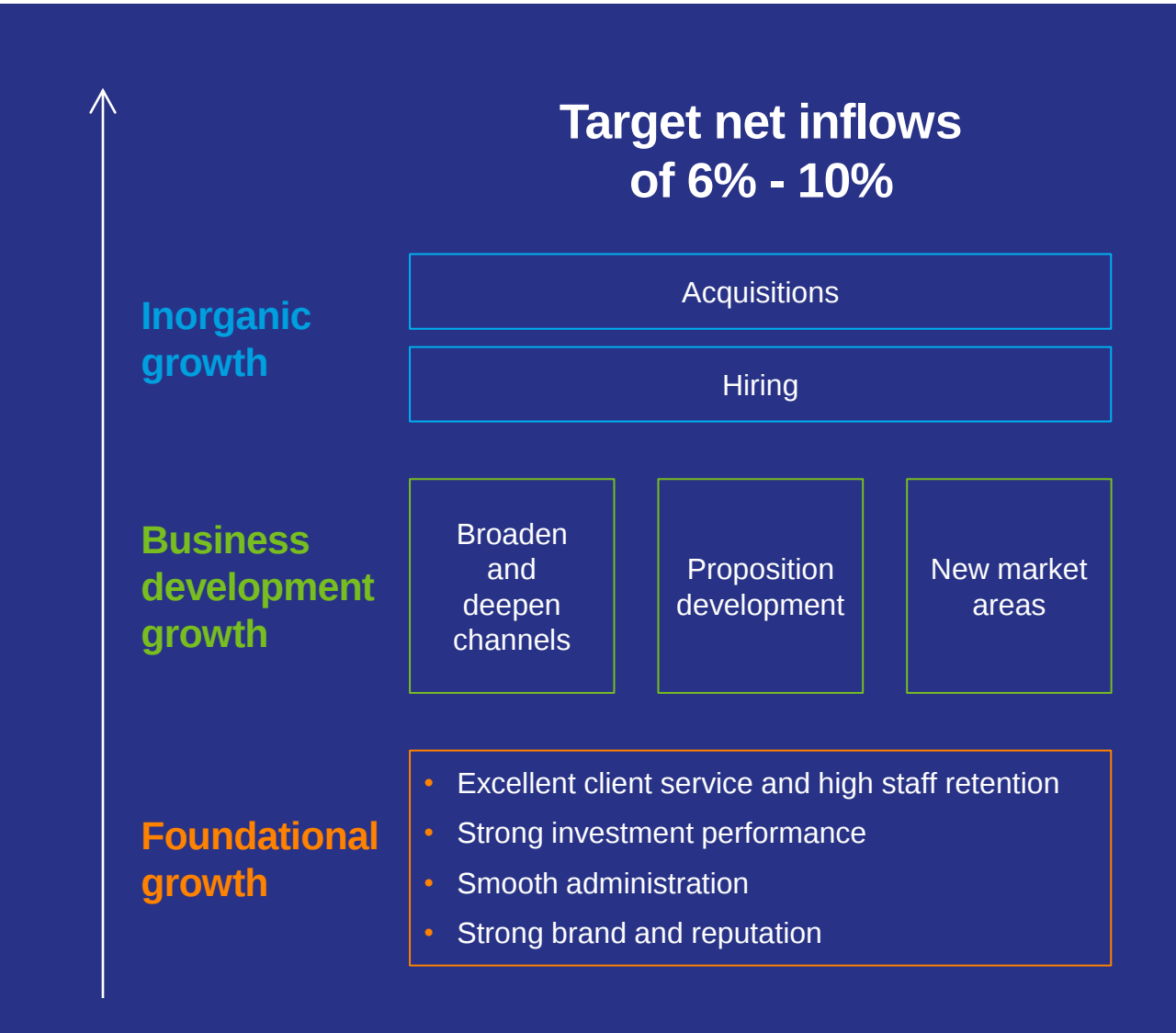
Eddy Reynolds

CBAM Chief Executive Officer

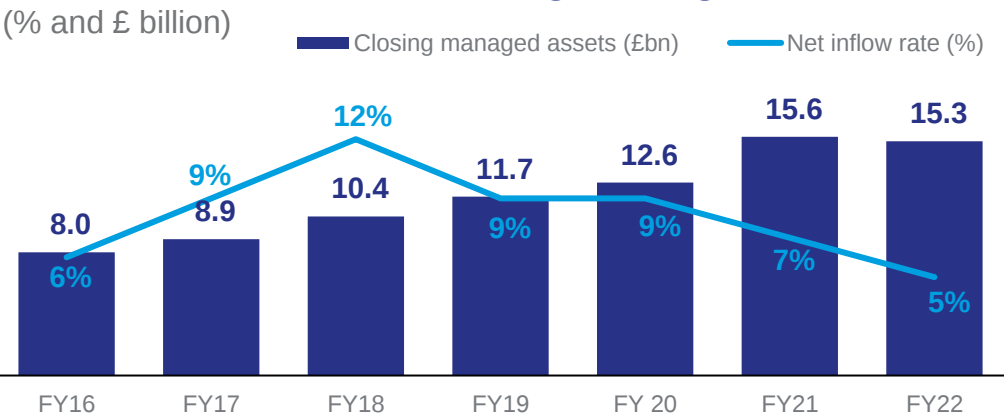


Asset Management

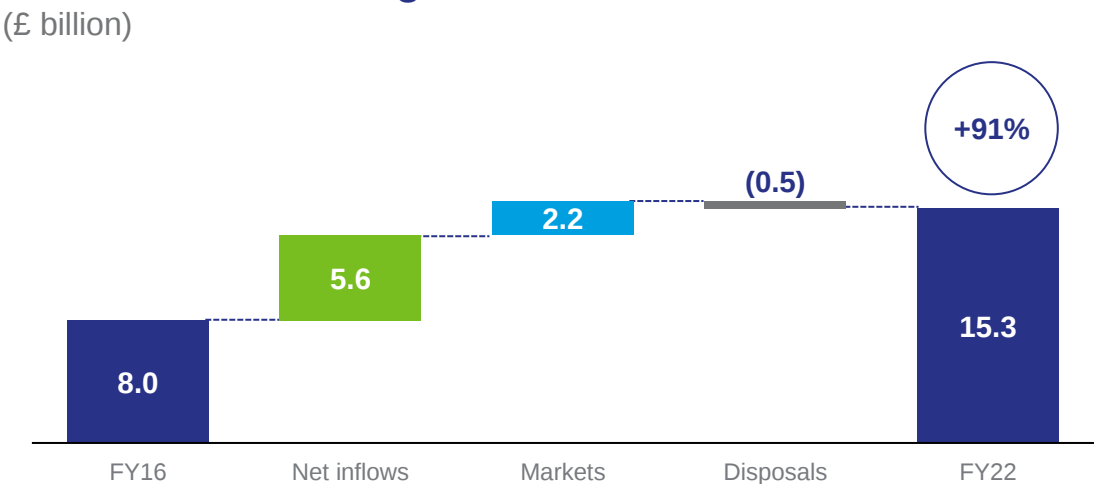
Well placed to continue to build on a long track record of growth



Net inflow rates and closing managed assets



Assets under management



Asset Management

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



- Continue to **invest in new hires** as we see **success** from our **portfolio manager hires** accounting for c.35% of net inflows in FY22
 - Our **technology investment** is **delivering benefits** for our advisers and clients
 - Major CRM re-platforming to rationalise legacy systems and increase efficiency
 - New mobile application
 - Consistent on-boarding processes
-
- Continue to enhance our **sustainability proposition**
 - Expansion of Responsible Investment team
 - Dedicated sustainability programme with specific initiatives to embed the PRI and stewardship across all facets of business
 - Signatory of the UK Stewardship Code
 - Will be making a commitment to the Net Zero Asset Managers initiative
 - Plan to align disclosures with TCFD recommendations by 2024

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



Vertically integrated model



Multi-channel distribution



Brand and culture



Technology and operating model improvements



Organic and inorganic growth



Proposition development



Well positioned for client preference changes

05

Wrap-up

Adrian Sainsbury
Chief Executive Officer



Outlook

Well placed to continue to support customers and colleagues

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

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

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

Continued growth opportunities



Banking

Confident in the long-term growth prospects of our businesses



Asset Management

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



Winterflood

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

Q&A





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