

# Close Brothers

## Close Brothers Finance plc

*(incorporated with limited liability in England and Wales with registered number 4322721)*

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**£2,000,000,000**

Euro Medium Term Note Programme  
guaranteed by  
Close Brothers Limited

*(incorporated with limited liability in England and Wales with registered number 195626)*

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This Supplementary Prospectus (the “**Supplementary Prospectus**”) to the base prospectus dated 22 October 2020 (the “**Prospectus**”, which definition includes the Prospectus as supplemented, amended or updated from time to time, and includes all information incorporated by reference therein), constitutes a supplementary prospectus for the purposes of Section 87G of the Financial Services and Markets Act 2000 (“**FSMA**”) and is prepared in connection with the Euro Medium Term Note programme (the “**Programme**”) established by Close Brothers Finance plc (the “**Issuer**”) and guaranteed by Close Brothers Limited (the “**Parent Guarantor**”).

Terms defined in the Prospectus have the same meanings when used in this Supplementary Prospectus unless the context requires otherwise.

This Supplementary Prospectus is supplemental to, and should be read in conjunction with, the Prospectus issued by the Issuer and all documents which are incorporated therein by reference.

This Supplementary Prospectus has been approved by the UK FCA as competent authority under the Prospectus Regulation, as a Supplementary Prospectus to the Prospectus. The FCA only approves this Supplementary Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Approval by the FCA should not be considered as an endorsement of the Issuer, the Parent Guarantor or of the quality of the Notes that are the subject of this Supplemental Prospectus. Investors should make their own assessment as to the suitability of investing in the Notes.

The Prospectus constitutes a base prospectus prepared in compliance with the Prospectus Regulation for the purpose of giving information with regard to the issue of Notes under the Programme.

The Issuer and the Parent Guarantor accept responsibility for the information contained in this Supplementary Prospectus. To the best of the knowledge of the Issuer and the Parent Guarantor, the information contained in this Supplementary Prospectus is in accordance with the facts and this Supplementary Prospectus does not omit anything likely to affect the import of such information.

## 1. Purpose

The purpose of this Supplementary Prospectus is to:

- (A) insert new text on page 113 of the Prospectus to reflect the latest capital position of the Issuer's and Parent Guarantor's corporate group;
- (B) insert a new sub-section entitled "Recent Developments" on page 113 of the Prospectus to provide an update on the performance of the Issuer's and Parent Guarantor's corporate group since 31 July 2020; and
- (C) amend the list of Directors of the Issuer listed on page 107 of the Prospectus to reflect that Malcolm Hook has resigned as a Director of the Issuer and that Andy Townsend has been appointed as a Director of the Issuer.

## 2. Amendment of "Funding and liquidity" section

By virtue of this Supplementary Prospectus, the following subsection is hereby inserted at the end of the text on page 113 of the Prospectus:

*"Capital position update*

*The group (including, for this purpose, Close Brothers Group plc and the Group) (the "CBG Group") had a Common Equity Tier 1 capital ratio ("CET1") of 14.2% at 31 October 2020 (31 July 2020: 14.1%), 6.2% above the applicable minimum regulatory CET1 requirement of 8.0% (excluding the PRA's buffer) at 31 October 2020.*

*The CBG Group applies IFRS 9 regulatory transitional arrangements which allows financial institutions to add back to their capital base a proportion of the IFRS 9 impairment charges during the transitional period. The CBG Group's capital ratios are presented on a transitional basis after the application of these arrangements and the CRD IV / CRR qualifying own funds arrangements. Without their application, CET1 would be 13.2%."*

## 3. Addition of "Recent developments" section

By virtue of this Supplementary Prospectus, the following section is hereby inserted at the end of the text on page 113 of the Prospectus, after the amendment described in paragraph 2 above:

## **“Recent developments**

*As at the end of the Group’s (being the Parent Guarantor and its subsidiaries) first financial quarter on 31 October 2020, the Group had a loan book of £8.0 billion (31 July 2020: £7.6 billion), reflecting strong new business volumes, and the Group’s net interest margin was 7.5% (31 July 2020: 7.5%), representing the Group’s continued focus on pricing and its disciplined approach to underwriting.*

*The Group continued to see high levels of customer activity, particularly in the Asset Finance business, for SME business loans issued under the CBILS, under which the Group is accredited to lend up to £1.0 billion. Lending under the CBILS and associated schemes totalled £485.0 million (relating to 2,170 separate loans) at 31 October 2020. In addition, approximately 700 loans representing approximately £180.0 million had been credit approved by the Commercial and Property segments at 31 October 2020, a significant majority of which related to the CBILS and associated schemes and were pending drawdown. In addition, the Invoice and Speciality Finance business has recorded a relatively modest recovery in utilisation levels since 31 July 2020 while the Motor Finance business continues to experience high business volumes.*

*The Group is also continuing to progress a number of strategic programmes designed to protect, improve and extend its business model. Notwithstanding the Group’s focus on effective cost management, operating costs are expected to remain elevated due to ongoing investment being made in relation to such strategic programmes.*

*Although the extent to which the COVID 19 pandemic will impact the Group’s business cannot be predicted, 86% of customers (by value) in the Commercial segment and Retail segment who were granted payment concessions as a result of the impact of the COVID 19 pandemic had resumed payments as at 31 October 2020. In the Property segment, concessions as a result of the impact of the COVID 19 pandemic principally took the form of fee-free extensions. The Group remains confident in the quality of the underlying borrower with respect to products provided by its Property segment and the related security.*

*The continued stable credit performance of the loan book and the stabilisation of economic forecasts since the 2020 financial year end resulted in modest provisions in the first financial quarter on 31 October 2020. The Group continues to monitor the performance of the loan book and monitor expected credit losses, which reflect the application of various macroeconomic scenarios and are regularly updated, particularly in light of the COVID 19 pandemic. At 31 October 2020, the Group’s weightings in respect of each of the relevant macroeconomic scenarios remained unchanged with 40% weighted to a baseline scenario and 60% weighted to downside scenarios. The modelled impact of such scenarios is assessed by reference to the Group’s customer base, the sectors relevant to the Group’s customer base and the assets the Group’s businesses finance.*

*Despite the Group’s strong performance in the period to 31 October 2020, the impact of both the COVID 19 pandemic (and the end of the government’s related financial support schemes) and Brexit on the Group’s loan book growth and credit performance remains uncertain.”*

#### 4. Change of Director

By virtue of this Supplementary Prospectus, the table listing the Directors of the Issuer and their respective occupations on page 107 of the Prospectus is hereby deleted and the following table listing the Directors of the Issuer and their respective occupations is inserted in its place:

<i>“Director</i>	<i>Business Occupation within Close Brothers Finance plc</i>	<i>External Directorships</i>
<i>Andy Townsend</i>	<i>Director</i>	<i>None</i>
<i>Mike Morgan</i>	<i>Director</i>	<i>None”</i>

#### 5. General

Copies of this Supplementary Prospectus and the Prospectus, and copies of all documents which are incorporated therein by reference, can be obtained from the Issuer as described in the Prospectus and will also be available for viewing on the website of the Regulatory News Service operated by the London Stock Exchange at the following address: <http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html>, as well as at <https://www.closebrothers.com/unsecured-securities>.

To the extent that there is any inconsistency between (a) any statement in this Supplementary Prospectus or any statement incorporated by reference into the Prospectus by this Supplementary Prospectus, and (b) any other statement in or incorporated by reference in the Prospectus prior to the date of this Supplementary Prospectus, the statements in (a) will prevail.

References in this Supplementary Prospectus to websites are made for information purposes only and the contents of those websites do not form part of this Supplementary Prospectus.

Save as disclosed in this Supplementary Prospectus, there has been no other significant new factor, material mistake or inaccuracy relating to information included in the Prospectus since publication of the Prospectus.

No person has been authorised by the Issuer, the Parent Guarantor, any Dealer or the Trustee to give any information or to make any representation not consistent with the Prospectus, this Supplementary Prospectus or any other document entered into in relation to the Programme or any information supplied by the Issuer or such other information as is in the public domain and, if given or made, such information or representation should not be relied upon as having been authorised by the Issuer, the Parent Guarantor, any Dealer or the Trustee.