

PROSPECTUS dated 12 June 2023



Close Brothers Group plc

(incorporated with limited liability in England and Wales with registered number 00520241)

£250,000,000 7.750 per cent. Notes due 14 June 2028

Issue price: 99.634 per cent.

The £250,000,000 7.750 per cent. Notes due 14 June 2028 (the “Notes”) will be issued by Close Brothers Group plc (the “Issuer”) on or about 14 June 2023 (the “Issue Date”). The terms and conditions of the Notes (the “Conditions”, and references to a numbered “Condition” shall be construed accordingly) are set out in “Terms and Conditions of the Notes” below.

Capitalised terms used but not otherwise defined in this Prospectus shall, unless the context requires otherwise, have the meaning given to them in the Conditions.

The Notes will bear interest on their outstanding principal amount from (and including) the Issue Date at a rate of 7.750 per cent. per annum. Interest will be payable on the Notes semi-annually in arrear on 14 June and 14 December in each year (each an “Interest Payment Date”), commencing on 14 December 2023.

Unless previously redeemed or purchased and cancelled, the Notes will mature on 14 June 2028 (the “Maturity Date”) and shall be redeemed at their principal amount, together with any accrued and unpaid interest, on such date. The Issuer may, in its sole discretion, elect to (i) redeem all (but not some only) of the Notes at their principal amount, together with any accrued and unpaid interest thereon, at any time upon the occurrence of a Tax Event (as defined in Condition 7(b)); or (ii) repurchase the Notes at any time. The Noteholders will have no right to require the Issuer to redeem or purchase the Notes at any time prior to the Maturity Date.

This Prospectus has been approved by the Financial Conduct Authority (the “FCA”), as competent authority under Regulation (EU) 2017/1129 as it forms part of United Kingdom (“UK”) domestic law by virtue of the European Union (Withdrawal) Act 2018 (the “EUWA”) (the “UK Prospectus Regulation”). The FCA only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the UK Prospectus Regulation. Such approval should not be considered as an endorsement of the Issuer or the quality of the Notes that are the subject of this Prospectus. Investors should make their own assessment as to the suitability of investing in the Notes.

Application has been made to the FCA for the Notes to be admitted to the official list of the FCA (the “Official List”) and to the London Stock Exchange plc (the “London Stock Exchange”) for the Notes to be admitted to trading on the main market of the London Stock Exchange (the “Main Market”). References in this Prospectus to the Notes being “listed” (and all related references) shall mean that the Notes have been admitted to the Official List and have been admitted to trading on the Main Market. The Main Market is a UK regulated market for the purposes of Regulation (EU) 600/2014 on markets in financial instruments as it forms part of UK domestic law by virtue of the EUWA (“UK MiFIR”).

The Notes will be issued in registered form and available and transferable in minimum denominations of £100,000 and integral multiples of £1,000 in excess thereof. The Notes will initially be represented by a global certificate in registered form (the “**Global Certificate**”) and will be registered in the name of a nominee of a common depository for Euroclear Bank SA/NV (“**Euroclear**”) and Clearstream Banking S.A. (“**Clearstream, Luxembourg**”) and, together with Euroclear, the “**Clearing Systems**”). Individual certificates (“**Certificates**”) evidencing holding of Notes will be available only in certain limited circumstances described under “*Summary of Provisions relating to the Notes while in Global Form*”.

Potential investors should read the whole of this document, in particular the section headed “*Risk Factors*” set out on pages 7 to 37 of this Prospectus.

By its acquisition of any Note (or any interest therein), each holder (and each beneficial owner) of Notes will acknowledge and accept that the Notes may be subject to the exercise of the UK Bail-in Power by the Resolution Authority (each as defined in Condition 18), and will agree to be bound by the effects thereof - see Condition 18 for further details.

As at the date of this Prospectus, the Issuer’s Long Term/Short Term ratings are ‘A2’ / ‘P1’ (stable outlook) by Moody’s Investors Service Limited (“**Moody’s**”) and ‘A-’ / ‘F2’ (negative outlook) by Fitch Ratings Limited (“**Fitch**”). The Notes are expected, on issue, to be rated ‘A2’ and ‘BBB+’ by Moody’s and Fitch respectively. Each of Moody’s and Fitch is established in the UK and is registered under the Regulation 1060/2009/EC (as amended) of the European Parliament and of the Council of 16 September 2009 on credit rating agencies as it forms part of UK domestic law by virtue of the EUWA (“**UK CRA Regulation**”). A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the relevant rating organisation.

The Notes have not been nor will be registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”), or any state securities law, and may not be offered or sold within the United States or to, or for the account or benefit of, any U.S. person (as such terms are defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

Joint Lead Managers

BofA Securities

J.P. Morgan

UBS Investment Bank

IMPORTANT INFORMATION

This Prospectus constitutes a prospectus for the purpose of Article 6 of the UK Prospectus Regulation and contains the necessary information which is material to an investor for making an informed assessment of: (i) the assets and liabilities, profits and losses, financial position, and prospects of the Issuer and the Group (as defined below); (ii) the rights attaching to the Notes; and (iii) the reasons for the issuance and its impact on the Issuer and the Group.

The Issuer accepts responsibility for the information contained in this Prospectus. To the best of the knowledge of the Issuer, the information contained in this Prospectus is in accordance with the facts and this Prospectus makes no omission likely to affect its import.

This Prospectus is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see "*Documents Incorporated by Reference*" below). This Prospectus shall be read and construed on the basis that such documents are incorporated and form part of this Prospectus.

None of the Joint Lead Managers, Citicorp Trustee Company Limited (the "**Trustee**") or Citibank, N.A., London Branch (the "**Principal Paying Agent**", the "**Registrar**" and the "**Transfer Agent**", and together the "**Agents**") have independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made, and no responsibility or liability is accepted, by the Joint Lead Managers, the Trustee or the Agents as to the accuracy or completeness of the information contained or incorporated in this Prospectus or any other information provided by the Issuer in connection with the Notes. None of the Joint Lead Managers, the Trustee or the Agents accept any liability in relation to the information contained or incorporated by reference in this Prospectus or any other information provided by the Issuer in connection with the Notes.

No person is or has been authorised by the Issuer or the Joint Lead Managers to give any information or to make any representation not contained in or not consistent with this Prospectus or any other information supplied in connection with the offering of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or the Joint Lead Managers.

Neither this Prospectus nor any other information supplied in connection with the offering of the Notes: (a) is intended to provide the basis of any credit or other evaluation; or (b) should be considered as a recommendation by the Issuer or any of the Joint Lead Managers or the Trustee or any of the Agents that any recipient of this Prospectus or any other information supplied in connection with the offering of the Notes should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer.

Neither this Prospectus nor any other information supplied in connection with the offering of the Notes constitutes an offer or invitation by or on behalf of the Issuer or any of the Joint Lead Managers or the Trustee or any of the Agents to any person to subscribe for or to purchase any Notes in any jurisdiction where such offer or invitation is not permitted by law.

Neither the delivery of this Prospectus, nor the offering, sale or delivery of the Notes, shall in any circumstances imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof, or that any other information supplied in connection with the

offering of the Notes is correct as of any time subsequent to the date indicated in the document containing the same. The Joint Lead Managers, the Trustee and the Agents expressly do not undertake to review the financial condition or affairs of the Issuer during the life of the Notes or to advise any investor in the Notes of any information coming to their attention.

Other than in relation to the documents which are deemed to be incorporated by reference (see “*Documents Incorporated by Reference*” below), the information on any websites to which this Prospectus refers does not form part of this Prospectus and has not been scrutinised or approved by the FCA.

Where third party information has been used in this Prospectus, the source of such information has been identified. The Issuer confirms that such information has been accurately reproduced and, so far as the Issuer is aware and has been able to ascertain from information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading.

This Prospectus does not constitute an offer to sell or the solicitation of an offer to buy the Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Prospectus and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuer, the Joint Lead Managers, the Trustee or the Agents do not represent that this Prospectus may be lawfully distributed, or that the Prospectus may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the Joint Lead Managers, the Trustee or the Agents which is intended to permit a public offering of the Notes or the distribution of this Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Prospectus and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Prospectus and the offer or sale of Notes in the UK, the United States and the EEA. See “*Subscription and Sale*” below for more detail.

SUITABILITY OF INVESTMENT

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor may wish to consider, either on its own or with the help of its financial and other professional advisers, whether it:

- (i) has sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained, or incorporated by reference, in this Prospectus or any applicable supplement;
- (ii) has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (iii) has sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including (without limitation) where the currency for principal or interest payments is different from the potential investor's currency;
- (iv) understands thoroughly the terms of the Notes and is familiar with the behaviour of financial markets; and
- (v) is able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

The Notes are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in the Notes unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

Prospective investors should also consult their own financial, legal, accounting and tax advisers as to the financial, legal, accounting and tax consequences of the purchase, ownership and disposition of the Notes.

Legal investment considerations may restrict certain investments. The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent: (1) the Notes are legal investments for it; (2) the Notes can be used as collateral for various types of borrowing; and (3) other restrictions apply to its purchase or pledge of any of the Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

PROHIBITION ON MARKETING AND SALES TO RETAIL INVESTORS

PROHIBITION OF SALES TO UK RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the UK. For these purposes, a “**retail investor**” means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of UK domestic law by virtue of the EUWA; or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the “**FSMA**”) and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97 (the “**Insurance Distribution Directive**”), where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of UK MiFIR. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of UK domestic law by virtue of the EUWA (the “**UK PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

PROHIBITION OF SALES TO EUROPEAN ECONOMIC AREA RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (the “**EEA**”). For these purposes, a “**retail investor**” means a person who is one (or both) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU, as amended (“**EU MiFID II**”); or (ii) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of EU MiFID II. Consequently, no key information document required by Regulation (EU) No 1286/2014 (the “**EU PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the EU PRIIPs Regulation.

UK MiFIR PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ECPS ONLY TARGET MARKET – Solely for the purposes of each manufacturer’s product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook (“**COBS**”), and professional clients, as defined in UK MiFIR; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a “**distributor**”) should take into consideration the manufacturers’ target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the “**UK MiFIR Product Governance Rules**”) is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers’ target market assessment) and determining appropriate distribution channels.

Notification under Section 309B(1)(c) of the Securities and Futures Act 2001 (2020 Revised Edition) of Singapore, as modified or amended from time to time (the “SFA”) - Solely for the purposes of its obligations pursuant to sections 309B(1)(a) and 309B(1)(c) of the SFA, the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are “prescribed capital markets products” (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore) and “Excluded Investment

Products” (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Sales to investors in Ontario: The Notes may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations.

RESTRICTIONS OF SALES TO U.S. PERSONS (AS DEFINED IN REGULATION S) – The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”), or under the securities laws of any state or other jurisdiction of the United States of America (the “**United States**”), and may not be offered, sold, pledged, taken up, resold, transferred or delivered, directly or indirectly, in the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S) unless the Notes are registered under the Securities Act or an exemption from the registration requirements of the Securities Act is available. The Notes are being offered and sold only to non-U.S. persons outside the United States in reliance upon Regulation S under the Securities Act (“**Regulation S**”). See “*Subscription and Sale*” below for more details.

STABILISATION

In connection with the issue of the Notes, UBS AG London Branch as Stabilising Manager (the “**Stabilising Manager**”) (or persons acting on behalf of the Stabilising Manager) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily occur. Any stabilisation action or over-allotment may begin on or after the date on which adequate public disclosure of the terms of the offer of the Notes is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the Notes and 60 days after the date of the allotment of the Notes. Any stabilisation action or over-allotment must be conducted by the Stabilising Manager (or persons acting on behalf of the Stabilising Manager) in accordance with all applicable laws and rules.

FORWARD-LOOKING STATEMENTS

Certain information contained in this Prospectus, including any information as to the Issuer’s or the Group’s (as defined below) strategy, market position, plans or future financial or operating performance, constitutes “forward-looking statements”. All statements, other than statements of historical fact, are forward-looking statements. The words “believe”, “expect”, “anticipate”, “contemplate”, “target”, “plan”, “intend”, “continue”, “budget”, “project”, “aim”, “estimate”, “may”, “will”, “could”, “should”, “schedule” and similar expressions identify forward-looking statements.

Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by the Issuer, are inherently subject to significant business, economic and competitive uncertainties and contingencies. Known and unknown factors could cause actual results to differ materially from those projected in the forward-looking statements. Such factors include, but are not limited to, those described in “*Risk Factors*”.

Investors are cautioned that forward-looking statements are not guarantees of future performance. Forward-looking statements may, and often do, differ materially from actual results.

Any forward-looking statements in this Prospectus speak only as at the date of this Prospectus, reflect the current view of the board of directors of the Issuer (the “**Board**”) with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to the Issuer’s operations, results of operations, strategy, liquidity, capital and leverage ratios and the availability of new funding. Investors should specifically consider the factors identified in this Prospectus that could cause actual results to differ before making an investment decision. All of the forward-looking statements made in this Prospectus are qualified by these cautionary statements. Specific reference is made to the information set out in “*Risk Factors*” and “*Description of the Issuer and the Group*”.

Subject to applicable law or regulation, the Issuer explicitly disclaims any intention or obligation or undertaking publicly to release the result of any revisions to any forward-looking statements in this Prospectus that may occur due to any change in the Issuer’s expectations or to reflect events or circumstances after the date of this Prospectus.

ALTERNATIVE PERFORMANCE MEASURES

Certain alternative performance measures (“**APMs**”) as described in the European Securities and Markets Authority Guidelines on Alternative Performance Measures are included or referred to in this Prospectus (including in the documents incorporated by reference). APMs are measures that are not defined under generally accepted accounting principles (“**GAAP**”) in the United Kingdom and which are used by the Issuer within its financial publications to supplement disclosures prepared in accordance with other applicable regulations such as International Financial Reporting Standards, as endorsed by the European Union (“**IFRS**”). The Issuer considers that these measures provide useful information to enhance the understanding of its financial performance. The APMs should be viewed as complementary to, rather than a substitute for, the figures determined according to other regulatory measures. An explanation of each such metric’s components and calculation method can be found on pages 207 to 210 of the Annual Report of the Issuer for the financial year ended 31 July 2022 and pages 191 to 194 of the Annual Report of the Issuer for the financial year ended 31 July 2021 (which are incorporated by reference into this Prospectus).

ISSUER’S WEBSITE

The website of the Issuer is <https://www.closebrothers.com/>. Other than in relation to the documents (or parts thereof) which are expressly deemed to be incorporated by reference in this Prospectus (see “*Documents Incorporated by Reference*”), the information on this website does not form part of this Prospectus.

PRESENTATION OF INFORMATION

In this Prospectus, references to “**Close Brothers**” and to “**Group**” are to Close Brothers Group plc and its subsidiaries, taken as a whole. The term “**Subsidiary**” has the meaning given to it in Condition 4.

All references in this document to “**U.S. dollars**” and “**U.S.\$**” refer to United States dollars. In addition, all references to “**Sterling**” and “**£**” refer to pounds sterling and to “**euro**” and “**€**” refer to

the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the functioning of the EU, as amended.

In this Prospectus, unless the contrary intention appears, a reference to a law or a provision of a law is a reference to that law or provision as extended, amended or re-enacted.

This Prospectus may be used only for the purposes for which it has been published.

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OVERVIEW OF THE PRINCIPAL FEATURES OF THE NOTES

The following overview provides an overview of certain of the principal features of the Notes and is qualified by the more detailed information contained elsewhere in this Prospectus. Words and expressions defined in “Terms and Conditions of the Notes” below shall have the same meanings in this general description.

Issuer:	Close Brothers Group plc
Legal entity identifier (LEI):	213800W73SYHR14I3X91
Trustee:	Citicorp Trustee Company Limited
Joint Lead Managers:	J.P. Morgan Securities plc Merrill Lynch International UBS AG London Branch (together, the “ Joint Lead Managers ”)
Principal Paying Agent, Registrar and Transfer Agent:	Citibank, N.A., London Branch
Notes:	£250,000,000 7.750 per cent. Notes due 14 June 2028
Risk factors:	There are certain factors that may affect the Issuer’s ability to fulfil its obligations under the Notes and the Trust Deed. These are set out under “ <i>Risk Factors</i> ” beginning on page 7 hereof. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with Notes and certain risks relating to the structure of the Notes. These are also set out under “ <i>Risk Factors</i> ” below.
Status of the Notes:	The Notes will constitute direct, unconditional and (subject to the provisions of Condition 4 (<i>Negative Pledge</i>)) unsecured obligations of the Issuer and (subject as provided above) will rank <i>pari passu</i> , without any preference among themselves, with all other outstanding unsecured and unsubordinated obligations of the Issuer, present and future, but, in the event of insolvency, only to the extent permitted by applicable laws relating to creditors’ rights.
Interest:	The Notes will bear interest on their outstanding principal amount from (and including) the Issue Date at the rate of 7.750 per cent. per annum, payable semi-annually in arrear on 14 June and 14 December in each year (each, an

“**Interest Payment Date**”), commencing on 14 December 2023.

Maturity:

Unless previously redeemed or purchased and cancelled, the Notes will mature on 14 June 2028 and shall be redeemed at their principal amount together with any accrued and unpaid interest on such date. The Notes may only be redeemed or repurchased by the Issuer in the circumstances described below (as more fully described in Condition 7).

Redemption following a Tax Event:

If a Tax Event occurs, the Issuer may, in its sole discretion but subject to certain conditions set out in Condition 7(b), redeem all (but not some only) of the Notes at any time upon notice to the Noteholders, at their principal amount together with any accrued and unpaid interest to (but excluding) the date of redemption, as further set out in Condition 7(b).

Purchase of the Notes:

The Issuer or any Subsidiary of the Issuer may at any time purchase Notes in any manner and at any price. Notes so purchased may, at the option of the Issuer, be held, re-issued, re-sold or surrendered to the Registrar for cancellation.

Withholding tax:

All payments of principal and interest in respect of the Notes by or on behalf of the Issuer will be made free and clear of, and without withholding or deduction for, or on account of, any present or future taxes or duties of whatever nature imposed or levied by or on behalf of any Tax Jurisdiction (as defined in Condition 8), unless such withholding or deduction is required by law. In that event, the Issuer will (subject to certain exceptions set out in Condition 8) pay such additional amounts as may be necessary in order that the net amounts received by the Noteholders after the withholding or deduction shall equal the amounts which would have been receivable in respect of the Notes in the absence of such withholding or deduction.

Payments in respect of principal and interest on the Notes will be made subject to any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the “**Code**”) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the preceding paragraph) any law implementing an intergovernmental approach thereto and the Issuer will not be liable to Noteholders for any taxes or duties of whatever

nature imposed or levied by such laws, agreements or regulations.

Negative Pledge: The terms of the Notes will contain a negative pledge provision, as set out at Condition 4 (*Negative Pledge*).

Cross Acceleration: The terms of the Notes will contain a cross acceleration provision, as set out at Condition 10(a)(iii) (*Events of Default and Enforcement*).

Modification and Waiver: The Trust Deed will contain provisions for Noteholders to pass Extraordinary Resolutions, whether at a duly convened meeting of the Noteholders, by way of a resolution in writing or voting through the use of electronic consents in the Clearing Systems. An Extraordinary Resolution will be binding on all Noteholders, whether or not they are present at the meeting or, as the case may be, sign the resolution in writing or provide electronic consent, and including Noteholders who voted against the relevant resolution.

In addition, the Trustee may (subject to certain exceptions) agree, without the consent of the Noteholders, to any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the Conditions or any of the provisions of the Trust Deed or the Agency Agreement (provided that, in any such case, it is not, in the opinion of the Trustee, materially prejudicial to the interests of the Noteholders) or may agree, without any such consent as aforesaid, to any modification which, in its opinion, is of a formal, minor or technical nature or is to correct a manifest error.

Substitution of the Issuer: The Trustee may, without the consent of the Noteholders, agree with the Issuer to the substitution in place of the Issuer (or of any previous substitute of the Issuer) as the principal debtor under the Notes and the Trust Deed of (i) the Issuer's Successor in business (as defined in the Trust Deed) or (ii) a Holding Company (as defined in the Trust Deed), in each case subject to:

- (a) the Trustee being of the opinion that such substitution is not materially prejudicial to the interests of the Noteholders; and
- (b) certain other conditions set out in the Trust Deed being complied with.

Form: The Notes will be issued in registered form. The Notes will initially be represented by a Global Certificate and will be

registered in the name of a nominee of a common depository for the Clearing Systems. The Global Certificate will be exchangeable for definitive certificates in limited circumstances, as set out in “*Summary of provisions relating to the Notes while in Global Form*” below.

Denomination: £100,000 and integral multiples of £1,000 in excess thereof.

Clearing systems: Euroclear and Clearstream, Luxembourg.

Listing: Application has been made to the FCA for the Notes to be admitted to the Official List and to the London Stock Exchange for admission of the Notes to trading on the Main Market.

Ratings: The Notes are expected, on issue, to be rated ‘A2’ by Moody’s and ‘BBB+’ by Fitch.

As defined by Moody’s, obligations rated ‘A’ are judged to be upper-medium-grade and are subject to low credit risk. The modifier “2” indicates that the obligation ranks in the mid-range of its generic ranking category.

(Source: Moody’s: <https://www.moody.com/ratings-process/Ratings-Definitions/002002>)

As defined by Fitch, a rating of ‘BBB’ indicates that expectations of default risk are currently low, and the capacity for payment of financial commitments is considered adequate, but adverse business or economic conditions are more likely to impair this capacity. The modifier “+” is used to denote the relative status within major rating categories.

(Source: Fitch: <https://www.fitchratings.com/research/fund-asset-managers/rating-definitions-24-04-2023>)

Acknowledgement with respect to the exercise of the Bail-in Power: The Conditions contain a consent by the Noteholders to the exercise of the Bail-in Power by the Resolution Authority. No repayment or payment of Amounts Due on the Notes shall become due and payable or be paid after the exercise of any Bail-in Power by the Resolution Authority if and to the extent such amounts have been reduced, converted, cancelled, amended or altered as a result of such exercise.

Selling restrictions: There are restrictions on the offer, sale and transfer of the Notes, including in the United States, the UK, the EEA, Canada, Hong Kong, Singapore and Switzerland. See “*Subscription and Sale*” for more details.

The Issuer is Category 2 for the purposes of Regulation S under the Securities Act.

EU PRIIPs Regulation/UK PRIIPs Regulation:

No EU PRIIPs Regulation or UK PRIIPs Regulation Key Information Document has been prepared as the Notes are not available to retail investors in the EEA or the UK.

UK MiFIR Product Governance:

Solely for the purposes of each manufacturer's product approval processes, the manufacturers have concluded that: (i) the target market for the Notes is eligible counterparties and professional clients only; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate.

Use of Proceeds:

The net proceeds of the issue will be used by the Issuer for general corporate purposes of the Group, including the repayment of existing indebtedness.

Governing law:

The Notes and the Trust Deed, and any non-contractual obligations arising out of or in connection with the Notes or the Trust Deed, will be governed by, and construed in accordance with, English law.

ISIN:

XS2635182509

Common Code:

263518250

CFI/FISN:

The CFI and FISN for Notes will be set out on the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN for the Notes (as applicable).

RISK FACTORS

The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Notes and are material for the purpose of assessing the market risks associated with the Notes.

Any of these risk factors, individually or in the aggregate, could have an adverse effect on the Issuer and the impact each could have on the Issuer is set out below.

The Issuer believes that the factors described below represent the principal risks inherent in investing in the Notes, but the Issuer may be unable to pay interest or principal on or in connection with the Notes for other reasons and the Issuer does not represent that the statements below regarding the risks of holding the Notes are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Prospectus (including documents incorporated by reference herein) and reach their own views prior to making any investment decision.

Terms and expressions defined in the “Terms and Conditions of the Notes” below or elsewhere in this Prospectus have the same meaning when used in this section.

FACTORS THAT MAY AFFECT THE ISSUER’S ABILITY TO FULFIL ITS OBLIGATIONS UNDER THE NOTES

(A) Economic and political risks

Adverse Economic Conditions

The Group is directly and indirectly subject to inherent risks arising from general economic conditions in the UK and the other economies in which it operates, in respect of which there remains uncertainty about future economic development, and economic conditions remain challenging. Investors remain cautious and any worsening, or failure to improve, of economic conditions would likely aggravate the adverse effects of difficult economic and market conditions on the Group and on others in the financial services industry.

Due to the diversified nature of the Group’s activities, variable and/or volatile economic conditions could impact the Group in a number of different ways including, among other things, lower demand for the Group’s products and services, lower investor risk appetite as a result of instability in the financial markets, high bad debt charges due to the inability of customers to repay loans and associated interest and charges and reductions in asset values or ability to recover from third parties under other arrangements treated as security for those loans, and increased volatility in the funding markets. The Group operates in specialist areas where staff have significant expertise of the market and its products, along with an in-depth understanding of the requirements of the Group’s customers, which has improved the Group’s resilience, enabling it to trade profitably through economic downturns. However, in a sustained economic phase of low growth and high public debt, characterised by higher unemployment, lower household income, lower corporate earnings, lower business investment and/or lower consumer spending, demand for the Group’s products and services could be materially and adversely affected.

There continues to be a risk to the demand for the Group’s products and services and the associated impacts on the Group’s profitability as demand for such products and services, especially those within the UK, is sensitive to economic conditions, particularly in the event of a renewed economic downturn. Though the pressures resulting from the COVID-19 pandemic have

receded, the UK's withdrawal from the European Union (the "EU") on 31 January 2020 (otherwise referred to as "Brexit") added an element of uncertainty to the economic outlook, as has the conflict in Ukraine, and rising inflation and interest rates in the UK, each of which bears on heightened economic uncertainty in the UK and across global supply chains and markets more generally. Factors relating to general economic conditions such as consumer spending, business investment, government spending, the volatility and strength of both debt and equity markets, rising inflation, interest rates and energy prices and pressures on the cost of living, all have the potential to adversely affect the profitability of the Group. The exact impact of these market risks faced by the Group is uncertain and difficult to predict and respond to, particularly in view of: difficulties in predicting the rate at which any economic deterioration may occur, and over what duration; and the fact that many of the related risks to the business are totally, or partly, outside the control of the Group.

Economic stagnation, or a deterioration in economic conditions, could result in an increase in impairments to the Group's loan book as a result of customers becoming unable to service debt and/or a reduction in the value of assets on which loans are secured, and declines in the market value of the debt securities held by the Group. Such instability and reduction in asset values could have a material adverse effect on the Group's business, financial condition and/or results of operations.

In the financial half year to 31 January 2023, the Group's annualised bad debt ratio was 1.1 per cent. (excluding Novitas Loans, a specialist provider of finance for the legal sector ("Novitas"); the ratio was 3.6 per cent. including Novitas). There continues to be a risk of further bad debt due to the impact on the Group's customer base of further interest rate rises by the Bank of England, made in response to factors such as macroeconomic inflationary pressures, political uncertainty, impacts on supply chains (including those caused by COVID-19 lockdowns in China) and global economic uncertainty. The timing, pace and quantum of interest rate rises will be a key factor in the impact on bad debt rates. The Group is alert to the highly uncertain environment and continues to monitor closely the performance of the loan book, including through portfolio reviews, regular forecasting and stress testing undertaken to reflect uncertainties in the economic environment. A range of forward-looking scenarios has been considered, with distinct social and economic assumptions.

Although the broader economic outlook in respect of the COVID-19 pandemic has improved following a global vaccine rollout, the economic trajectory in the short to medium term remains uncertain. Government support measures, including the Coronavirus Job Retention Scheme for furloughed workers, which the Group did not utilise, and the Coronavirus Business Interruption Scheme, under which the Group was accredited to lend, provided financial assistance to small- and medium-sized enterprises ("SMEs") and individuals to help mitigate the impact of COVID-19. Such schemes, in addition to forbearance measures offered to customers by the Group, are likely to have cushioned or delayed potential bad debts. As these schemes have come to an end, there is a risk of increased bad debts with businesses and individuals now required to recommence payments. The Group continues to remain in close contact with its customers and monitor their circumstances and ability to recommence payments when due.

While the Group's risk management, internal control systems and overall business model are designed to enable it to trade profitably through downturns in the economic cycle, there can be no assurance that the Group's business, financial condition, results of operations and/or prospects will not be adversely affected by future deterioration in economic conditions.

Brexit

On 31 January 2020, the UK left the EU. As the Group is a predominantly UK lender, the direct impact of Brexit on the Group is expected to be relatively limited and the Group does not expect there to be any material adverse impact on its business operations or financial condition as a result of Brexit; however, Brexit does present certain specific risks to the Group. In particular, as a result of Brexit, the Group is no longer able to benefit from passporting rights to undertake cross-border licensed activities in the EU in respect of certain of its business operations. In addition, following the end of the Brexit transition period on 31 December 2020, the extent to which the UK may decide to diverge from existing EU standards (including as they have been implemented in UK law and regulation) over time, remains unclear. Significant regulatory divergence between the respective UK and EU regulatory regimes applicable to the Group's operations may result in additional regulatory burdens on the Group and may negatively impact business operations. For example, the Group is subject to a number of laws and regulations relating to privacy and data protection, including the General Data Protection Regulation (Regulation (EU) 2016/679), which was onshored into UK domestic law under the EUWA, and amended by the Data Protection, Privacy and Electronic Communications (Amendments etc.) (EU Exit) Regulations 2019, as well as other regulatory regimes, including in respect of derivatives markets. Depending on the specific nature of any regulatory divergence in respect of these or other relevant regimes, such divergence could result in significant additional expense and potentially increased compliance risk and may therefore have a material adverse effect on the Group's performance, business, results or financial condition. More generally, Brexit may have an adverse impact on the broader UK economy, including impacts which arise out of proposed changes to the Northern Ireland protocol. These in turn may impact the Group's UK operations and customer base.

Liquidity and funding Risk

The Group requires access to sources of funding to support its client lending whilst maintaining a conservative liquidity position. If the Group is unable to source sufficient funding, this could constrain growth and, in extreme circumstances, require the Group to reduce lending levels. The Group has diversified sources of funding, by type and by tenor, and the cost and availability of these sources continues to fluctuate. Although the Group has historically been able to access sufficient funding from diverse sources to support its operations, there can be no assurance that sufficient funding would always be available to the Group in future, especially under uncertain market conditions.

Liquidity risk is the risk that the Group will have insufficient liquidity to meet its liabilities as they fall due, or that the Group can only meet such liabilities at an uneconomic price. A lack of available liquid resources would constrain the Group's ability to conduct its business and pursue its strategic objectives, and would expose the Group to regulatory risk.

The Group seeks to manage its liquidity position on a prudent basis, and is required under the UK CRR (as defined below) to maintain liquid assets equal to at least 100 per cent. of its expected liquidity outflows over a 30 day stress period as well as net stable funding equal to at least 100 per cent. of its net stable funding requirement (in each case, as calculated in accordance with the UK CRR). The Group holds a significant amount of high quality liquid assets in the form of cash placed on deposit with the Bank of England as well as sovereign and central bank debt. The Group monitors liquidity risk using a variety of measures, including regular stress testing and cash flow monitoring, and reporting to both the Group and divisional board. Despite these measures,

there can be no assurance that the Group would always have sufficient liquidity such that the Group's results of operations, financial condition and cash flows could not be materially and adversely affected.

Heightened disruption and volatility in the global financial markets (such as that arising from rising inflation and interest rates, the withdrawal of government COVID-19 support schemes, geopolitical uncertainty arising from the conflict in Ukraine, the failure of banking institutions and supply chain disruption) could have a material adverse effect on the Group, including its ability to access capital and liquidity, particularly in light of increased market competitiveness. The Group's cost of obtaining funding is directly related to the prevailing market interest rates and to its credit spreads. Increases in interest rates and the Group's credit spreads can significantly increase the cost of its funding. Changes in the Group's credit spreads are market-driven, and may be influenced by market perceptions of its creditworthiness. Changes to interest rates and the Group's credit spreads occur continuously and may be unpredictable and highly volatile.

The availability of central bank facilities for UK financial institutions, to the extent that they provide the Group with access to more attractive funding than other sources, reduces the Group's reliance on retail or wholesale markets. To the extent that the Group makes use of central bank facilities, any significant reduction or withdrawal of those facilities would be likely to increase the Group's funding costs. In addition, other financial institutions who have relied significantly on governmental support to meet their funding needs will also need to find alternative sources of funding and, in such a scenario, the Group expects to face increased competition for funding, particularly retail funding which the Group utilises. This competition could further increase the Group's funding costs and so adversely impact its results of operations and financial position. The Group's cost of funding could also increase as a result of any further increase(s) in interest rates by the Bank of England in response to prevailing macroeconomic conditions and inflationary pressures.

Each of the factors described above – rising inflation and interest rates, the withdrawal of government COVID-19 support schemes, geopolitical uncertainty arising from the conflict in Ukraine and supply chain disruption – could have a material adverse effect on the Group's ability to access liquidity and cost of funding (whether directly or indirectly).

(B) Legal, regulatory and tax risks

Legal and Regulatory Risk

The Group operates in a highly regulated environment. Following the banking crisis of late 2008, the banking and financial services sector, and the regulatory framework in which it operates, has been and remains under significant regulatory scrutiny.

The nature, effect and impact of future changes (whether currently proposed or actual) in laws, regulations and regulatory policies (including in relation to taxation) are not predictable and are beyond the Group's control, and changes in such laws, regulations and regulatory policies in the jurisdictions in which the Group operates could affect the way the Group conducts business and manages capital and liquidity and may have an adverse effect on the Group's financial condition, results of operations and profitability.

Further details of the legal and regulatory risks to which the Group is subject are set out below:

Capital and liquidity requirements

The Group is subject to consolidated supervision by the Prudential Regulation Authority (“**PRA**”) under Regulation (EU) No 575/2013, as it forms part of the domestic law of the UK pursuant to the European Union (Withdrawal) Act 2020 (as amended) (the “**EUWA**”), including as it has been amended by the laws of England and Wales (the “**UK CRR**”). Any failure by the Group to comply with the requirements of the UK CRR (including as regards capital adequacy and liquidity) may result in the Group being subject to administrative actions or sanctions which may affect its ability to fulfil its obligations.

The UK CRR, together with subordinate legislation and regulatory rules, implements the Basel III regulatory capital framework promulgated by the Basel Committee on Banking Supervision (“**BCBS**”) between 2010 and 2019. It does not, at present, reflect the requirements of the BCBS framework referred to as “Basel 3.1”, although the UK government has committed to implement those elements of the framework by 1 January 2025 (with certain elements, including a risk-weight output floor, being phased in over a planned five-year period commencing on that date). In November 2022 the PRA published a consultation paper (CP16/22) setting out its proposed approach to implementing Basel 3.1, and at the same time HM Treasury also published a consultation paper on the technical and legislative changes required to facilitate the PRA’s implementation of Basel 3.1. The consultation paper indicates that the UK’s implementation will be substantively aligned with the approach advocated by the BCBS. HM Treasury’s approach to the implementation of Basel 3.1 will involve the revocation of some elements of the UK CRR and their replacement with rules made by the PRA. It is also expected that in the future the UK CRR will be repealed in full, and its requirements transcribed into regulatory rules, as part of proposed post-Brexit reforms to the regulation of financial services in the United Kingdom.

The Group is required to maintain certain capital ratios by applicable law, regulation and guidance. These capital ratios express the ratio between required capital resources and risk-weighted assets. Certain events are likely to affect the Group’s capital ratios in differing ways. The Group has disclosed its capital ratios under the transitional and fully loaded arrangements set out in the UK CRR. If Basel 3.1 is implemented as proposed, the Group’s risk-weighted assets could, as a result of the proposed changes in the applicable methodologies for calculating risk-weights, once fully phased-in, increase by up to 10 per cent., which would (all else being equal) require the Group to raise further capital resources in order to maintain its capital ratios at a consistent level. In addition, to calculate regulatory capital requirements for credit risk the Group is transitioning to the Internal Ratings Based approach, which is a supervisor-approved method using internal models, rather than standardised risk weightings. The Group’s initial application to the PRA was made in December 2020 and is continuing through Phase 2 of the review process. Additional documentation has been submitted to the regulator and engagement continues. The Group’s Motor Finance, Property Finance and Energy portfolios, where the use of models is most mature, were submitted with the initial application, with work on subsequent portfolios in progress. There is a risk that the transition may impact the Group’s capital ratios in the short-term and increase the volatility of such capital ratios going forward.

Effective management of the Group’s capital position is important to its ability to operate its business. Any future legislative, regulatory or policy changes that limit the Group’s ability to manage its balance sheet and capital resources effectively, or to access funding on commercially acceptable terms, could have a material adverse effect on the Group’s business, financial condition and/or results of operations.

The Group is subject to the emerging risks associated with climate change

The risks associated with climate change continue to be a key focus area, both in the UK and internationally, from governments, regulators and large sections of society. The Group has increased its focus on climate change considerations and continues to progress in developing and implementing an appropriate and regulatory-compliant climate risk framework (the “**Framework**”) which is overseen by the Group’s Sustainability and Climate Committee.

The Financial Stability Board’s Taskforce on Climate-related Financial Disclosures (“**TCFD**”) provides a suite of recommendations for consistent climate-related financial risk disclosures in mainstream company filings. The Group has now published its inaugural climate disclosures consistent with the TCFD recommendations.

The Group’s work identifying, assessing and reporting the impacts of physical and transitional climate-related risks and opportunities over a range of time horizons enables the Group to manage any effect on its operating results, financial condition and prospects. The Group’s analysis of climate related risks to date indicates that it is not immediately (over the short to medium term) exposed to potential material losses or disruption. In respect of physical risk, the Group considers that any severe impacts are not likely to materialise in the short-term, although it does recognise that there is evidence of acute physical events already occurring. Over the longer term, increased risks have been identified, primarily driven by transitional impacts such as changes to regulation, technological change and the evolution of consumer preferences, but also by extreme variability in weather patterns, increasing incidence and severity of physical impacts, which could have a material adverse effect on the Group’s operating results, financial condition and prospects.

Consumer Credit Regulation

Firms carrying on regulated consumer credit activities must comply with the relevant provisions of FSMA and related secondary legislation, the FCA’s Consumer Credit Sourcebook (“**CONC**”) and the provisions of the Consumer Credit Act 1974 (the “**CCA**”) and related secondary legislation which have been retained following the transfer of the regime from the Office of Fair Trading to the FCA in accordance with provisions under the Financial Services Act 2012. Failure to hold the appropriate permissions in respect of consumer credit activities or to comply with prescriptive requirements regarding the form and content of credit agreements and the issuance of certain post-contract documentation, may render an agreement unenforceable or require a firm to provide financial redress in respect of interest payments or charges collected during any period of non-compliance. In addition, failure to comply with the FCA’s CONC rules may lead to a firm being required to provide financial redress and/or regulatory enforcement action, which in some cases could affect a firm’s ability to recover relevant debts. The Financial Services Act 2012 also provides for formalised co-operation to exist between the FCA and the Financial Ombudsman Service (“**FOS**”) (which determines complaints by eligible complainants in relation to authorised financial services firms and certain other businesses), particularly where issues identified potentially have wider implications with a view to the FCA requiring firms to operate consumer redress schemes.

In June 2022, HM Treasury announced its intention to reform the UK consumer credit regime by bringing many of the requirements of the CCA within the FCA’s Handbook of rules and guidance.

Any such changes could have an adverse effect on the Group's operating results, financial condition and prospects.

Two subsidiaries of Close Brothers Limited are authorised by the Central Bank of Ireland (the "CBI") to carry on certain lending activities in the Republic of Ireland. Close Brothers Premium DAC is authorised as a high cost credit provider and Close Brothers DAC is transitionally authorised as a retail credit firm by the CBI. Accordingly, the Group is also subject to supervision and regulation by the CBI in relation to its consumer lending activities in the Republic of Ireland. Failure by the Group to comply with any consumer credit requirements as prescribed by the CBI may lead to the Group being required to provide financial redress and/or regulatory enforcement action.

Possible impact of regulatory change

The resolution of a number of issues, including regulatory investigations and reviews and court cases, affecting the financial services sector in the markets in which the Group operates could have an adverse effect on the Group's operating results, financial condition and prospects, or its relations with its customers and potential customers.

The UK government has recently proposed to enhance the powers of the Competition and Markets Authority (the "CMA") in relation to consumer protection powers, and the CMA is also considering a number of policy issues that may impact financial services, for example "loyalty penalties" and the impact of digitalisation on consumer outcomes. There is the potential that the CMA and FCA (which have concurrent competition powers in financial services) take different stances on certain policy issues in these spheres.

Regulatory focus and prioritisation of conduct risk continues to increase. In particular, the FCA has recently finalised rules and guidance relating to the treatment of vulnerable customers and published its final rules implementing a new "consumer duty", which will formally apply from 31 July 2023 (for new and existing products and services that are open to sale or renewal) and 31 July 2024 (for closed products and services) (the "**Consumer Duty**"), although the FCA has also stated that it will not wait for the Consumer Duty to come into effect before acting to improve consumer outcomes. The Consumer Duty will have three elements: a consumer principle that provides a high-level expectation of conduct, a set of overarching cross-cutting rules which develop and amplify the standards of conduct that the FCA expects under the consumer principle and a suite of rules and guidance setting more detailed expectations for a firm's conduct according to the four specific outcomes that represent the key elements of the firm and its consumer relationships (communications, products and services, price and value and customer service). The implementation of this framework will require a review of, and potentially changes to, the Group's retail products, services, policies, systems and procedures. However, uncertainty over the exact details of such proposed changes, and the costs associated in complying with presently anticipated changes, may affect elements of the Group's business model and strategy, the products and services it offers and the pricing or costs of those products and services, which may in turn affect the revenue and profits that the Group is able to generate. It may result in an increase in civil litigation or claims to the Financial Ombudsman Service by customers alleging a breach of the Consumer Duty or in regulatory action by the FCA. The retail markets in which the Group's products are distributed may also be affected generally by all regulated retail firms having to implement this framework.

The Debt Respite Scheme (Breathing Space Moratorium and Mental Health Crisis Moratorium) (England and Wales) Regulations 2020 introduced from May 2021 the ability for individuals to

apply for a breathing space or mental health crisis moratorium during which creditors may not demand payment of interest or fees that accrue or enforce a debt owed by the applicant. Changes to the UK corporate insolvency regime were introduced through the Corporate Insolvency and Governance Act 2020, including a pre-insolvency moratorium process for corporates in financial difficulty to give a period of time to seek a rescue or restructure and a new restructuring plan insolvency procedure to enable debt restructures. Potential future changes, including the implementation of the FCA's Consumer Duty and the UK government's recently announced commitment to reform the CCA, all have the potential to impact on the Group's earnings, and workstreams have been established to ensure the Group can meet these requirements. Changes in supervision and regulation, in particular in the UK, could materially affect the Group's business, the products and services it offers, the value of its assets and its ability to respond to the requirements of the relevant UK regulatory authorities.

The Group monitors regulatory developments and engages in dialogue with regulatory authorities on a regular basis and continues to maintain a conservative model with a strong, well-capitalised balance sheet, and believes it is well placed to react to regulatory change. Each of the Group's regulated businesses has a dedicated compliance officer who is responsible for supporting the business in meeting its regulatory compliance obligations. In addition, risk-based monitoring reviews are used to assess compliance. The activities of these compliance professionals are co-ordinated and overseen on a Group-wide basis by the Group Head of Compliance to whom they report. Despite these measures, there can be no assurance that the Group's financial performance will not be adversely affected should unforeseen events relating to legal and regulatory risk arise in the future.

As the Group offers products to customers in a number of industries which are regulated, any changes in the regulatory environment for those industries may also have a material adverse effect on the Group's business, profitability, financial condition and prospects. For example, changes in regulation affecting the businesses of customers to which the Group provides financing could potentially negatively impact the ability of such customers to service their loans and so reduce the value of the underlying asset.

Financial Services Compensation Scheme

Close Brothers Limited, by virtue of being a PRA-authorized deposit taker, contributes to the Financial Services Compensation Scheme ("**FSCS**") which provides compensation to eligible customers of financial institutions in the event that an institution is unable, or is likely to be unable, to pay claims against it. The FSCS raises annual levies from the banking industry to meet its management expenses and compensation costs and individual institutions make payments based on their level of market participation.

Whilst it is anticipated that the substantial majority of any compensation claims will be repaid wholly from recoveries from the institutions concerned, in the event of a shortfall, the FSCS may place additional levies on all FSCS participants, which may be in significant amounts and have a material impact on the Group's profits.

Further reform initiatives may also result in changes to the FSCS which could result in additional costs and risks for the Group. It is possible that future policy of the FSCS and future levies on the firms authorised by the FCA or the PRA may differ from those at present. The Group may incur

additional costs and liabilities as a result of such changes, or any further related changes which may be made, which may adversely affect its operating results, financial condition and prospects.

Legal and Compliance Risk

Compliance with current legislation and regulation applicable to the Group

The Group is exposed to risks associated with current legislation and regulation, which may arise in a number of ways. Primarily:

- the Bank of England, the FCA, the PRA, HM Treasury, the FOS, the courts, or other regulators outside the UK may determine that the Group is not conducting certain aspects of its business in accordance with applicable laws or regulations, or, in the case of the FOS, with what is fair and reasonable in the FOS's opinion;
- the Group holds accounts for entities that might be or are subject to interest from various regulators, including the UK's Serious Fraud Office, those in the U.S. and others. The Group is not aware of any current investigation into the Group as a result of any such enquiries, but cannot exclude the possibility of the Group's conduct being reviewed as part of any such investigations;
- the Group may be liable for damages to third parties harmed by the conduct of its business; and
- the Group is subject to rules and regulations related to the prevention of money laundering and terrorist financing and financial sanctions and any failure to comply with such rules and regulations may result in regulatory action or damage the reputation of the Group.

Failure to comply with the wide range of laws and regulations which apply to the Group could have a number of adverse consequences for the Group, including the risk of:

- substantial monetary damages, fines or other penalties, the amounts of which are difficult to predict and may exceed the amount of any provisions set aside to cover such risks, in addition to potential injunctive relief;
- regulatory investigations, reviews, proceedings and enforcement actions;
- being required to amend sales processes, product and service terms and disclosures, withdraw products or provide redress or compensation to affected customers;
- the Group either not being able to enforce contractual terms as intended or having contractual terms enforced against it in an adverse way;
- civil or private litigation (brought by individuals or groups of individuals or claimants as a class) in the UK and other jurisdictions (which may arise out of regulatory investigations and enforcement actions or customer complaints);
- criminal enforcement proceedings; and

- regulatory restrictions on the Group's business,

any or all of which (i) could result in the Group incurring significant costs, (ii) may require provisions to be recorded in the Group's financial statements, (iii) could negatively impact future revenues from affected products and services, and (iv) could have a negative impact on the Group's reputation and the confidence of customers in the Group, as well as taking a significant amount of management time and resources away from the implementation of the Group's strategy. Regulatory restrictions could also require additional capital and/or liquidity to be held. Any of these risks, should they materialise, could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

Risks relating to regulatory intervention

There is an ongoing risk that a regulator may identify industry-wide issues and seek to address such issues through direct intervention, in a similar way to which regulators have intervened in recent years to seek to address industry-wide misselling issues in respect of payment protection insurance. Such interventions could result in litigation (including claims management company-driven legal campaigns) and/or enforcement action which could cause significant direct costs or liabilities and/or changes in the practices of the Group's businesses which may have an adverse effect on the Group's business, financial condition and/or results of operations.

Related to this risk, the Financial Services and Markets Act 2000 (Designated Consumer Bodies) Order 2013 (the "**Order**") was made on 16 December 2013 and came into force on 1 January 2014. The Order designates the National Association of Citizens Advice Bureaux, the Consumers' Association, the General Consumer Council for Northern Ireland and the National Federation of Self Employed and Small Businesses as consumer bodies that may submit a super-complaint to the FCA on behalf of consumers of financial services where it considers that a feature, or a combination of features, of the market for financial services in the UK is seriously damaging the interests of these customers. Complaints about damage to the interests of individual consumers will continue to be dealt with by the FOS. If a super-complaint is made against the Group by a designated consumer body under this Order, any response published or action taken by the FCA could have a material adverse effect on the Group's business, results of operations and prospects.

In addition, unforeseeable legal and regulatory actions or developments pose a number of risks to the Group, including substantial monetary damages or fines. It is difficult to quantify potential liability and any estimates will be uncertain. Amounts which the Group is eventually liable to pay may be materially different to the amount of provisions set aside to cover such risks, or existing provisions may need to be materially increased to cover such risk or in response to changing circumstances. Any adverse outcomes or decisions in any such matters could result in significant losses to the Group which have not been provided for. Such losses would have an adverse impact on the Group's business, financial condition and results of operations.

Although the Issuer is not currently aware of any material failure to comply with applicable laws, regulations, rules and other conduct guidance, were such a failure to occur it could result in investigations, enforcement, licensing actions or other action that may lead to fines or suspension or termination of the Group's authorisations, permissions and/or licences. In addition, such failure to comply, revocation of an authorisation, permission or licence, or any actions by the Group may damage the reputation or increase the compliance risk and conduct risk for the Group. Any of

these developments could have a material adverse effect on the Group's ability to conduct business and on the Group's financial condition, financial returns or results of operations.

While the Group continues to invest significantly in both staff and operating systems to ensure the Group remains well placed to respond to changes in regulation, the anti-money laundering and anti-terrorist financing laws and regulations to which the Group is subject have become increasingly complex and detailed, require improved systems and sophisticated monitoring and compliance personnel and have become the subject of enhanced government supervision.

Risks associated with changes to the legal and regulatory frameworks to which the Group is subject

The Group faces risks associated with an uncertain and changing legal and regulatory environment (including in relation to Brexit and the UK government's current proposals to reform UK financial services regulation post-Brexit). At both a national and European (or wider) level, existing laws and regulations may be amended, or new laws and regulations may be introduced, which could affect the Group by, for example:

- resulting in the need for increased operational and compliance resources to ensure compliance with the new or amended laws and regulations;
- restricting the customer base to which the Group's products or services can be offered;
or
- restricting the products or services which the Group can provide.

Any of these results could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

In addition, changes to the regulatory authorities' approaches and expectations may result in increased scrutiny of the Group's compliance with existing laws and regulation, which may further result in the Group needing to change its internal operations, at increased cost. For example, the high level of scrutiny of the treatment of customers by financial institutions from regulatory bodies, the press and politicians may persist and the FCA may continue to focus on retail conduct risk issues as well as conduct of business activities through its supervision activity which could result in higher expectations, or a different interpretation, of what is required to demonstrate compliance with conduct of business standards in certain markets.

Pensions Risk

Pensions risk is the potential for loss due to having to meet an actuarially assessed shortfall in the Group's pension schemes. Pensions risk exposure is focussed upon the risk to the Group's financial position which arises from the need to meet its pension scheme funding obligations. In the event of a shortfall, the Group may be required, or may choose, to make additional payments to the Group's pension schemes which, depending on the amount, could have a material adverse effect on the Group's business, results of operations and prospects.

The UK Pensions Regulator has the power to issue a financial support direction to companies within a group in respect of the liability of employers participating in the UK defined benefit pension

plan where that employer is a service company, or is otherwise “insufficiently resourced” (as defined for the purposes of the relevant legislation). Such a financial support direction could require the companies to guarantee or provide security for the pension liabilities of those employers, or could require additional amounts to be paid into the relevant pension schemes in respect of them.

The Group’s defined benefit pension scheme was closed to new entrants in August 1996. In September 2022 the scheme’s trustees agreed terms for a buy-in with a regulated insurer. A buy-in is effectively the purchase of an insurance policy that forms part of the scheme’s assets and pays an income equal to the members’ benefits. The ultimate obligation to pay the members’ benefits remains with the scheme but the insurance policy significantly de-risks the Group’s balance sheet from future contributions.

Tax Risk

Tax risk is the risk of loss arising from changes in tax legislation or practice or the Group’s interpretation or application of applicable tax legislation materially differing from the interpretation or application of such tax legislation by the relevant tax authorities. Changes in the basis of taxation, including as a result of government policy changes, could materially impact the Group’s performance or performance of its obligations under the Notes. In addition, the Group is subject to periodic tax audits which could result in additional tax assessments relating to past periods of up to six years being made. Any such assessments could be material which might also affect the Group’s financial condition in the future.

(C) Business risks

Structural Subordination and Dependencies

The Issuer is a holding company and therefore many of the Group’s risks reside in Subsidiaries and affiliated companies. The Issuer’s ability to meet its financial obligations is dependent upon the availability of cash flows from members of the Group through dividends, inter-company loans and other payments.

Claims by the creditors of the Issuer’s Subsidiaries may adversely affect the ability of such Subsidiaries to support the Issuer in fulfilling its obligations. The Issuer’s obligation to make payments on the Notes is solely an obligation of the Issuer and will not be guaranteed by any of its Subsidiaries or affiliates. Claims by the creditors of the Issuer’s Subsidiaries will rank ahead of any claims of the Noteholders against the Issuer insofar as such claims may involve recourse to the assets of those Subsidiaries. By virtue of its dependence on its Subsidiaries, each of the risks described in this Risk Factors section which affect the Issuer’s Subsidiaries will also indirectly affect the Issuer.

Risk Management

Effective risk management is integral to the Group’s activities and business model. Risk reflects the probability that a situation may lead to financial, physical or reputational damage or loss, and is incurred through various sources including credit risk (retail and wholesale), market risk, operational risk, securitisation risk, concentration risk, liquidity and funding risk, reputational risk, strategic risk, pension obligation risk, residual value risk and legal and regulatory risk. The Group

employs a broad and diversified set of risk monitoring and risk mitigation techniques, including an Enterprise Risk Management Framework, which details the core risk management components and structures used by the Group and provides senior management with oversight of the risks that may adversely affect the Group. However, such techniques, and the judgements that accompany their application, cannot anticipate every unfavourable event or the specifics and timing of every outcome. Accordingly, the Group's ability to successfully identify and balance risks and rewards, and to manage all material risks, is critical. Failure to manage such risks appropriately could have a significant adverse effect on the Group's business, financial condition and/or results of operations.

Reputational Risk

The Issuer considers a loss of reputation to be a significant risk to the Group's businesses. The Issuer sees reputational risk as the risk of detriment to stakeholder perception of the Group, leading to impairment of the business and its future goals, due to any action or inaction of the Group, its employees or associated third parties. Risk to the Group's reputation can arise from numerous sources, including (but not limited to) breaching or facing allegations of having breached legal and regulatory requirements (including sanctions, anti-bribery, money laundering and anti-terrorism financing requirements), failing to appropriately address potential conflicts of interest, employee misconduct, provision of inappropriate products or services, technology failures that impact upon customer service and accounts or the failure of intermediaries or third parties on whom the Group's businesses rely, failing to properly identify legal, reputational, credit, liquidity and market risks inherent in products offered or generally poor business performance. In addition, how the Group's businesses are perceived to have supported their members, customers, employees and suppliers (as applicable) through periods of economic downturn and cost of living difficulties, as well as the Group's perceived conduct as a responsible and sustainable business, could have a material effect on the Group's brand and reputation, particularly at a time of heightened public interest in businesses taking a proactive, responsible approach to their operations, products and services.

The Group places the highest importance on product governance and risk management at all levels of the organisation, and strives to demonstrate the highest level of integrity in all its activities, dedicating significant senior management time and other resources to ensure all employees are aware of the need to display the highest ethical standards in their day to day work. While the Group is exposed to risks relating to the operation and conduct of third parties' intermediary sales teams, ongoing rigorous due diligence is undertaken both through assurance reviews and customer complaint management.

The Group recognises that the ability to attract and retain customers and conduct business with its counterparties could be adversely affected if the Group's reputation or the Close Brothers brand is damaged. Failure to address, or appearing to fail to address, issues that give rise to reputational risk could damage the reputation of the Issuer and its Subsidiaries and materially and adversely affect the Group's business, financial condition, results of operations and prospects and could damage its relationships with its regulators.

Integration of Acquisitions

The Group makes acquisitions where it considers that such transactions will enhance its services and increase the value of the business in the long term. The Group has completed a number of

acquisitions in the past and it may make further acquisitions of businesses in the future. The corresponding risks may include delays and challenges which could arise in the process of integrating the acquired businesses into the Group. There can be no assurance that the Group has anticipated all problems associated with the acquired businesses, or that all potential losses associated with such acquired businesses, or with any businesses which may in future be acquired by the Group, may come to light prior to the expiration of any warranty and indemnity protections. The Group's businesses, results of operations and financial position could be adversely affected should there be any failure in the Group's due diligence of the operating and financial condition of these acquired businesses, or their integration into the Group's operations.

Competition Risk

The market for UK financial services is highly competitive and the Group experiences competition from traditional and new players, varying in both nature and extent across its businesses. Such competition may be expected to intensify in response to competitor behaviour, consumer demand, technological changes, the impact of consolidation, changing consumer habits as a result of wider market volatility, regulatory actions and/or other factors. The Group competes mainly with other providers of finance services and fintech providers. If the Group is not successful in retaining and strengthening customer relationships, its financial condition and results of operations may be materially and adversely affected by competition, including pricing competition or competition for savings.

Credit/counterparty risk

The Group places deposits with, and may hold debt securities of, financial institution and non-banking financial institution counterparties, and such deposits and holdings of debt securities may be material in amount. The Group also enters into derivative contracts with counterparties, which create an exposure through the life of those contracts. Derivative contracts are vanilla in nature and cash collateral is paid and/or received on a daily basis. While some of these amounts may be material, the counterparties are all regulated institutions with investment grade credit ratings assigned by international credit rating agencies and fall within the large exposure limits set by regulatory requirements. The credit quality of the counterparties with whom the Group places deposits, whose debt securities the Group holds, and with whom the Group transacts, is continuously monitored by the risk and compliance committees within the Group against established limits. The Group seeks to mitigate its exposure to counterparty risks by holding excess liquidity through cash and balances at central banks (£1.9 billion as at 31 January 2023). There can, however, be no assurance that the Group would not incur financial loss if any such counterparties were to default or fail.

Credit risk across the Group mainly arises through the lending activities. The Group remains exposed to credit losses if customers are unable to repay loans and any outstanding interest and fees. Failure to recover the amounts lent or the interest and fees associated with those loans or inability to recover from third parties under other arrangements treated as security for those loans could result in a bad debt charge. Other factors, such as rising and sustained high interest rates, combined with heightened market uncertainty and prevailing macroeconomic factors, including geopolitical uncertainty arising from the conflict in Ukraine, supply chain disruption, increased energy prices and rising inflation and interest rates, may also contribute to increased delinquencies in outstanding loans.

The Group seeks to maintain the discipline of its lending criteria both to preserve its business model and maintain an acceptable return that appropriately balances risk and reward. This is underpinned by a strong customer focus and credit culture that extends across people, structures, policies and principles. This in turn provides an environment for long-term sustainable growth and low, predictable loan losses.

To support this approach, the Group maintains a credit risk appetite framework in order to define and align credit risk strategy with its overall appetite for risk and business strategies as defined by the board. The Group Credit Risk Appetite Statement outlines the specific level of credit risk that the Group is willing to assume, utilising defined quantitative limits and triggers, and covers both credit concentration and portfolio performance measures; these are based on the following key principles:

- To lend within asset classes the Group is familiar with, and in markets it knows and understands.
- To operate as a predominantly secured, or structurally protected, lender against identifiable and accessible assets, and maintain conservative loan to values across its portfolios.
- To maintain a diversified loan portfolio (by business, asset class and geography), as well as a short average tenor and low average loan size.
- To rely on local underwriting expertise, with delegated authority cascaded from the chief risk officer, with ongoing central oversight.
- To maintain rigorous and timely collections and arrears management processes.
- To operate strong control and governance within the lending businesses overseen by a central group credit risk team.

Credit risk exposure within the Group's securities division is limited as the business trades in the cash markets with regulated counterparties on a delivery versus payment basis such that any credit exposure is limited to price movements in the underlying securities. Counterparty exposure and settlement failure monitoring controls are in place.

Notwithstanding the Group's mitigation of this risk, counterparty risk and credit risk could adversely affect the Group's business, financial condition, results of operations and/or prospects.

Securities/Derivative Trading Risk

The Group's securities businesses are exposed to market movements deriving from trading in equity and fixed income securities. Senior management is closely involved in risk management processes, which are also monitored at the Group level. In addition, there are controls, supplemented by cash limits, on individual large or slow moving equity or fixed income positions and real time controls on the size and risk profile of trading books and of individual stocks within these are maintained. Treasury operations do not trade actively in money market instruments although they are held for liquidity purposes. Despite these measures, there can be no assurance

that adverse market movements in the future will not have an adverse effect on the Group's financial performance in connection with the trading in equity and fixed income securities.

Foreign Exchange Risk

The Group recognises the extent to which its financial reporting (primarily balance sheet and profit and loss account) is affected by exchange rate movements. Translating foreign assets and liabilities from foreign to domestic currency may not affect the Group's cash flows, but may have an impact on the Group's reported earnings. The majority of the Group's activities are located in the British Isles and are transacted in Sterling.

The Group does, however, have material currency assets and liabilities primarily due to its euro lending and borrowing activities, which include deposit taking. The foreign exchange risk primarily arises from lending in foreign currencies where there can be a net mismatch in balance sheet assets and liabilities for non-base currencies. In addition, there is a profit translation risk whereby earning reserves created in non-base currency may bring volatility to the profit and loss account due to exchange rate movements, if left unmanaged.

The Group's policy is to match currency assets and liabilities as closely as possible, by value and term, or with derivatives where necessary and to repatriate profits to Sterling on a regular basis. Failure to adequately manage fluctuations in the exchange rate between currencies may negatively affect the Group's earnings and value of the Group's assets and securities.

Interest rate risk

Interest rate risk exists in interest-bearing assets (and liabilities), such as loans, due to the possibility of a change in the assets value, or income, resulting from a change in interest rates. The Group's policy is to match fixed and variable interest rate liabilities and assets, naturally where possible or by utilising interest rate swaps where necessary to secure the margin on its loans and advances to customers, resulting in limited exposure to interest rate movements. Despite these measures, there can be no assurance that the Group's financial performance will not be adversely affected by unforeseen events relating to interest rate risk in the future. Interest income is a substantial proportion of the Group's revenues and movements in interest rates, which are impacted by factors outside of the Group's control, including the fiscal and monetary policies of governments and central banks, as well as UK and international political and economic conditions, have the potential to materially affect the Group's earnings.

Reference rates and indices, including interest rate benchmarks, such as the London Interbank Offered Rate ("**LIBOR**"), which are used to determine the amounts payable under financial instruments or the value of such financial instruments ("**Benchmarks**"), have, in recent years, been the subject of political and regulatory scrutiny as to how they are created and operated. This has resulted in regulatory reform and changes to Benchmarks, with the progressive transition of activity to reference different rates and indices, with further changes anticipated.

Uncertainty as to the nature of such potential changes, alternative reference rates (including, without limitation, the Sterling Overnight Index Average, the Euro short-term rate and the Secured Overnight Financing Rate or term versions of those rates) or other reforms may adversely affect a broad array of financial products. Any of these factors may have a material adverse effect on the Group's results of operations, financial condition or prospects.

As part of the transition away from LIBOR to alternative reference rates, the Group's businesses transitioned to applying the Bank of England's base rate as a reference rate for calculating the rate of interest in relevant products instead of LIBOR.

Credit ratings downgrades

Credit ratings affect the cost and other terms upon which the Group, including the Issuer, is able to obtain funding and are an important reference for market participants in evaluating the Group and its products, services and securities. Rating agencies regularly evaluate the Group and certain members of the Group, as well as their respective debt securities. Their ratings are based on a number of factors, including the financial strength of the Group (or of the relevant member) as well as market-wide phenomena and any other conditions affecting the financial services industry generally, such as the general political and economic conditions in the UK. There can be no assurance that the rating agencies will maintain the Group's or the relevant member's current ratings or outlook, especially in light of the difficulties in the financial services industry and the financial markets in recent years. A credit downgrade, suspension or withdrawal could increase the cost of the Group's funding, limit access to capital markets and require additional collateral to be placed and, consequently, adversely affect the Group's interest margins and/or affect its liquidity position and weaken the Issuer's competitive position in certain markets.

(D) Operational risks

Operational and Fraud Risk

Operational risk is the risk of loss or other material adverse impact resulting from inadequate or failed internal processes, people or systems, or from external events, and is inherent in all of the Group's businesses. Industry, market and regulatory focus on operational resilience continue to emphasise stability of customer and financial sector outcomes. Recent public incidences of operational disruption to financial services firms and corresponding customer impact highlight the importance of operational resilience. The Group is exposed to various operational risks through its day-to-day operations, all of which have the potential to result in financial loss or adverse impact to the Group's reputation, business, financial condition, results of operations and prospects. Operational risk management within the Group is designed to ensure that operational risks are assessed, mitigated and reported in a consistent manner. The Group has adopted a formal approach to operational risk event reporting which involves identification of an event, assessment of its materiality, analysis of the cause, identification of key systems, third-party relationships, processes and staff to enable effective investment decisions, establishment of remedial action required and escalation to divisional or Group level risk committees for monitoring of implementation. In addition, the Group's investment into (i) cyber security, including expertise and tools and staff engagement (as described in "*Technology, Cyber-Security and Data Processing Risk*" below); and (ii) fraud prevention and detection capabilities aligned to the Group's risk profile, help to mitigate against operational risks. However, despite the Group's enterprise-wide risk management framework, there can be no assurance that the Group's financial performance will not be adversely affected should unforeseen events relating to operational risk arise in the future.

The Group is subject to a number of operational risks which may affect business continuity. Whilst business continuity plans are in place and regularly tested, there can be no assurances that the Group's business, results of operations and future prospects will not be adversely affected by

unforeseen events impacting continuity of operations in the future. Such risks include disruption to the Group's infrastructure caused by terrorist acts, other acts of war, damage to the Group's properties (such as by flood or fire), failing public infrastructure systems, pandemic and people risk (as described further in "*People Risk*" below).

Internal and external persons may target the Group's systems or information to perpetrate fraud. Operational processes are designed to prevent, detect and respond to fraud attempts. Anti-fraud controls are continuously enhanced following a risk-based approach to limit the potential impact on the Group and its customers. However, occurrence of fraud could expose the Group to risk of loss, adverse regulatory consequences or litigation, each of which could have a material adverse effect on the business, results of operations and prospects of the Group.

Technology, Cyber-Security and Data Processing Risk

A number of the Group's businesses are highly reliant on their IT infrastructure in their daily operations, including Close Brothers Limited ("**CBL**"), the Group's Asset Management operating division and Winterflood, with all of the Group's businesses reliant on the existence of secure and stable technological platforms and the secure transmission of confidential information. The ability to continue to compete in many of the markets in which the Group operates necessitates an ability to respond to new technology and maintain appropriate levels of cyber-security. Failure to keep up to date across the Group's businesses could disrupt its business, result in the disclosure of confidential information and loss of data, result in increased fraudulent activity on customer accounts and customer detriment (leading to increased costs of remediation) and create significant financial and/or legal and/or regulatory exposure and the possibility of damage to the Group's reputation and lead to a material impact on the Group's earnings.

Each of the Group's businesses invest in their IT platforms to ensure they are up to date and fit for purpose for the markets in which they operate. Additionally, disaster recovery plans are in place with alternative business and system hosting locations maintained to enable the businesses to respond in a timely manner to a disaster event. Despite these measures, there can be no assurances that the Group's businesses will not be adversely affected by unforeseen events relating to technology risk in the future.

The UK Government and Bank of England have highlighted cyber threat as an issue across the financial sector. The maturity and sophistication of organised cyber-crime continues to increase and has been highlighted by a number of recent attacks in the financial and non-financial sectors, including payment services. Such attacks have also increased the public awareness of cyber-threats. As a result of the increased threat from cyber-crime, and industry-wide consideration of cyber threats arising from the Russia-Ukraine conflict, security controls have needed to keep pace to prevent, detect and respond to any threats or attacks. The constant threat posed by a cyber-attack directly impacts the increased risks associated with external fraud, data loss, data integrity and availability.

The Group's audit and risk functions conduct regular cyber threat reviews which include testing its internal controls framework and reviewing planned investment on cyber risk to ensure it remains well placed to detect and resist threats. However, although the Group maintains measures designed to ensure the integrity and resilience of key systems and processes, it may be the victim of cyber-attacks, including denial of service attacks and ransomware attacks, which could significantly disrupt the Group's operations and the services it provides to its customers or

attacks designed to obtain an illegal financial advantage. Persons who circumvent the security measures could use the Group's or its clients' confidential information wrongfully which could expose the Group to a risk of loss, adverse regulatory consequences or litigation, each of which could have a material adverse effect on the business, results of operations and prospects of the Group. Additionally, any such attack or any other failure in the Group's IT systems could, among other things, result in a loss of confidence in it, potentially resulting in existing customers withdrawing deposits and/or deterring prospective new customers.

Third-party vendors provide key components of the Group's business infrastructure such as loan and deposit servicing systems, internet connections and network access. Third-party risk management processes are embedded, utilising a risk based approach when entering into, monitoring, assuring and exiting from supplier and outsourcing relationships. However, any problems caused by these third parties, including as a result of their not providing the Group their services for any reason or their performing their services poorly, could adversely affect the Group's ability to deliver products and services to customers and otherwise to conduct business. Replacing these third-party vendors could also entail significant delays and expense.

The Group is subject to regulation regarding the use of personal data, including that of its customers. The Group processes personal customer data (including name, address and bank details) as part of its business, some of which may be sensitive personal data, and therefore must comply with strict data protection and privacy laws and regulations. Such laws restrict the Group's ability to collect and use personal information relating to customers and potential customers including the use of that information for marketing purposes. The Group seeks to ensure that procedures are in place to ensure compliance with the relevant data protection regulations by its employees and any third-party service providers, and also implements security measures to help prevent cyber-crime. Notwithstanding such efforts, the Group is exposed to the risk that this data could be wrongfully appropriated, lost or disclosed, stolen or processed in breach of data protection and privacy laws and regulations. If the Group or any of the third-party service providers on which it relies fails to store or transmit customer information in a secure manner, or if any loss of personal customer data were otherwise to occur, the Group could be subject to investigative or enforcement action by relevant regulatory authorities and could face liability under data protection and privacy laws and regulations. The Group and its customers could also be targeted by other forms of fraudulent activity. Any of these events could also result in the loss of the goodwill of its customers and deter new customers which could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

People Risk

The calibre, quality and expertise of employees is critical to the success of the Group. The Group's performance and ability to deliver its strategy could be adversely affected by increased market-wide risks relating to recruitment and retention, resulting in the loss of the services of certain key teams or individuals. The ability of the Group to attract, engage and retain key personnel is critical to the Group's prospects in the medium and long-term.

In order to manage these risks, the Group seeks to create an open, diverse, inclusive and supportive working environment for its employees, and monitors market expectations regarding evolving working practices (including in relation to flexible working). Opportunities for learning and development are offered to employees, including leadership development programmes. Reward scheme, incentive schemes and benefits offerings are regularly reviewed to ensure that the Group

is successful in attracting, motivating and retaining the calibre of employees necessary to meet its objectives, while aligning such schemes with risk, compliance and conduct risk objectives. Despite these measures, there can be no assurances that the Group will continue to be able to attract and retain certain key teams and individuals. A failure to attract, or the loss of, such key personnel could adversely affect the Group's businesses, results of operations and financial position.

Conduct Risk

The Group is exposed to various forms of conduct risk in its operations, including in relation to any alleged misselling of financial products or other forms of poor conduct resulting in negative outcomes for customers, any of which could result in legal or regulatory enforcement action. Such action may include financial penalties or requirements to amend sales processes, withdraw products, or provide restitution to affected customers, all of which may require additional provisions.

These risks are heightened in light of the prevailing economic environment, which is increasing pressure on consumers as a result of the higher cost of living. This may increase the number of individuals and businesses requiring credit in an environment of rising interest rates. As a result, support for customers in financial difficulty, including vulnerable customers, is expected to increase.

Such an increase in support creates additional opportunities for conduct risk to arise, particularly in the context of a more stringent regulatory environment: the FCA has outlined requirements under the Consumer Duty, which introduces Principle 12 (setting a higher standard than the existing standards for retail business) and requires firms to act to deliver good outcomes for retail customers.

In addition, the Group is exposed to risks such as:

- outsourcing of customer service, or product delivery via third parties which may not have the same level of control, oversight or culture as the Group (potentially resulting in unfair outcomes for customers); and
- poor governance of colleagues' incentives or reward schemes, which may also drive poor customer outcomes.

Such risks can give rise to reputational damage and require remediation to address deficiencies; they may also result in regulatory intervention (including fines).

Whilst the Group has implemented a set of policies, standards, governance structures and reporting mechanisms in order to help mitigate these risks, and continues to develop a set of the same to mitigate new conduct risks arising out of the Consumer Duty, no assurance can be given that the strategy and framework will be completely effective in eliminating conduct risk, hence the potential remains for an adverse effect on the Group's results.

FACTORS WHICH ARE MATERIAL FOR THE PURPOSE OF ASSESSING THE MARKET RISKS ASSOCIATED WITH THE NOTES

(A) Risks related to the Notes generally

Set out below is a description of material risks relating to the Notes generally:

Risks relating to the Banking Act 2009 (the “Banking Act”)

Under the Banking Act, substantial powers have been granted to HM Treasury, the Bank of England, the FCA and the PRA (the FCA and PRA, together with HM Treasury and the Bank of England, the “**Authorities**”) as part of the special resolution regime (the “**SRR**”). These powers can be exercised, as applicable, by the Authorities in respect of a UK bank, UK building society, UK investment firm or UK recognised central counterparty (each a “**relevant entity**”) in circumstances in which the Authorities consider its failure has become likely and if certain other conditions are satisfied (depending on the relevant power) for example, to protect and enhance the stability of the financial system of the UK. Certain of these powers may also be used in respect of a UK incorporated company which meets certain conditions and is in the same group as a relevant entity (such as the Issuer), an EU incorporated credit institution or investment firm or a third country incorporated credit institution or investment firm (a “**UK banking group company**”).

The SRR consists of five stabilisation options and two special insolvency procedures (bank administration and bank insolvency). The stabilisation options provide for: (i) private sector transfer of all or part of the business of the relevant entity; (ii) transfer of all or part of the business of the relevant entity to a “bridge bank” wholly owned by the Bank of England; (iii) transfer of all or part of the business of the relevant entity to an asset management vehicle owned and controlled by the Bank of England or HM Treasury; (iv) writing down (including to zero) certain claims of unsecured creditors of the relevant entity (including Notes) and/or converting certain unsecured debt claims (including Notes) to equity (the “**bail-in option**”), which equity could also be subject to any future cancellation, transfer or dilution; and (v) temporary public ownership (nationalisation) of all or part of the relevant entity or its UK holding company.

In addition, if the Authorities determine that the relevant entity or UK banking group company meets certain conditions (but no resolution action has yet been taken) or that the relevant entity or group will no longer be viable unless relevant capital instruments (such as additional tier 1 and tier 2 instruments) are written-down or converted (the point of non-viability), the Banking Act provides the Authorities with the power to permanently write-down (including to zero) or convert capital instruments into equity before any other resolution action is taken. Any shares issued to holders of such capital instruments upon any such conversion into equity may also be subject to any future cancellation, transfer or dilution.

The following paragraphs set out some of the possible consequences of the exercise of the powers under the SRR.

The terms of the Notes may be modified without the consent of the Noteholders

If the Issuer were made subject to the SRR, HM Treasury or the Bank of England may exercise extensive share transfer powers (applying to a wide range of securities), property transfer powers (including powers for partial transfers of property, rights and liabilities in respect of the Issuer) and

resolution instrument powers (including powers to make special bail-in provisions). Exercise of these powers could involve taking various actions in relation to any securities issued by the Issuer (including the Notes) without the consent of the Noteholders, including (among other things):

- transferring the Notes notwithstanding any restrictions on transfer and free from any trust, liability or encumbrance;
- delisting the Notes;
- writing down the principal amount of the Notes (including to zero) and/or converting the Notes into another form or class (which may include, for example, conversion of the Notes into equity securities);
- modifying any interest payable in respect of the Notes, the maturity date or the dates on which any payments are due, including by suspending payment for a temporary period; and/or
- disapplying certain terms of the Notes including disregarding any termination or acceleration rights or events of default under the terms of the Notes which would be triggered by the exercise of the powers and certain related events.

The taking of such actions could adversely affect the rights of Noteholders, the price or value of their investment in the Notes and/or the ability of the Issuer to satisfy its obligations under the Notes. In such circumstances, Noteholders may have a claim for compensation under one of the compensation schemes existing under, or contemplated by, the Banking Act, but there can be no assurance that Noteholders would thereby recover compensation promptly or equal to any loss actually incurred, or at all.

A partial transfer of the Issuer's business may result in a deterioration of their creditworthiness

If the Issuer were made subject to the SRR and a partial transfer of the Issuer's business to another entity were effected, the quality of the assets and the quantum of the liabilities not transferred and remaining with the Issuer (as applicable) (which may include the Notes) may result in a deterioration in the creditworthiness of the Issuer and, as a result, increase the risk that it will be unable to meet its obligations in respect of the Notes and/or eventually become subject to administration or insolvency proceedings. In such circumstances, Noteholders may have a claim for compensation under one of the compensation schemes existing under, or contemplated by, the Banking Act, but there can be no assurance that Noteholders would thereby recover compensation promptly or equal to any loss actually incurred.

As at the date of this Prospectus, the Authorities have not made an instrument or order under the Banking Act relating to the Issuer or any other members of the Group and there has been no indication that they will make any such instrument or order. However, there can be no assurance that this will not change and/or that Noteholders will not be adversely affected by any such order or instrument if made in future.

Exercise of the bail-in and/or write down powers could impose losses on an investment in the Notes

As explained above, the Banking Act provides for a bail-in option. The bail-in option under the Banking Act would potentially apply to any debt and derivative securities issued by a financial institution under resolution or a relevant group company, regardless of when they were issued. Accordingly, it could potentially apply to Notes issued by the Issuer. Consequently, Noteholders may lose all of their investment in the Notes.

As explained above, the Banking Act also provides for a mandatory write down power applicable to capital instruments. Before determining that any institution has reached a point of non-viability (and accordingly, before taking any form of resolution action or applying any resolution power), the Authorities have the power (and are obliged when specified conditions are determined to have been met) to write down, or convert into common equity tier 1 (“**CET1**”) capital instruments, additional tier 1 and tier 2 capital instruments issued by that institution. These measures could be applied to certain of the Group’s subordinated debt securities. While the Notes themselves are not capital instruments within scope of the mandatory write down power, the occurrence of circumstances in which write down powers would need to be exercised in respect of the Group would be likely to have a negative impact on the Group’s business, and any use or anticipated use of such powers in connection with the Group’s capital instruments could have a material adverse effect on the market price of the Notes.

Notwithstanding the pre-conditions which must be satisfied before the bail-in and write down powers may be exercised, there remains uncertainty as to the specific considerations to which the relevant Authority would in practice have regard to when assessing whether to exercise bail-in and/or capital write-down powers with respect to the Issuer and its respective liabilities (including, with respect to the bail-in power, the Notes). As the relevant Authority has considerable discretion in relation to how and when it may exercise such powers, holders of the Notes may not be able to refer to publicly available criteria in order to anticipate a potential exercise of any such powers and consequently its potential effect on the Issuer and the Notes.

Under the Banking Act, holders of securities have a right to be compensated under a bail-in compensation order which is based on the principle that such investors should receive no less favourable treatment than they would have received had the bank entered into insolvency immediately before the coming into effect of the bail-in power. However, compensation will not necessarily be payable in all circumstances. The holders of the Notes will have limited rights to challenge any decision of the relevant Authority to exercise the bail-in power.

MREL

In connection with the SRR, and in order to support the Bank of England’s preferred resolution strategy for each resolution entity or group under its supervision, firms (including the Group) are required to maintain a minimum requirement for own funds and eligible liabilities (“**MREL**”). The MREL requirement is, broadly, split into two components: a loss absorption component (comprising the firm’s capital requirement, to be met with own funds instruments) and, if applicable, a recapitalisation component (to be met with additional loss-absorbing capacity, including ‘eligible liabilities instruments’). The MREL requirement for a firm depends, in part, upon the Bank of England’s preferred resolution strategy for that firm.

As at the date of this Prospectus, the Bank of England’s preferred resolution strategy for the Group is ‘modified insolvency’. Accordingly, the recapitalisation component of the Group’s MREL requirement is presently set at nil. As such, the Group’s MREL requirement does not presently

exceed its own funds (capital) requirement, and the Group does not expect this to change in the medium-term. Nonetheless, it remains possible that the Bank of England could decide to take a different approach in relation to the Group and/or change its preferred resolution strategy in the future. It is difficult to predict the full effect of such changes on the Group if they take place. However, the future changes of the preferred resolution strategy may limit or restrict the execution of the Group's strategy and may have an adverse effect on the Group's business, capital and funding structure, financial condition, results of operations and/or prospects, and may increase compliance costs.

Noteholders will agree to be bound by the exercise of any Bail-in Power by the Resolution Authority

In recognition of the powers granted by law to the Resolution Authority, by its acquisition of Notes (or beneficial interests therein), each Noteholder (and each holder of beneficial interests in Notes) will acknowledge and accept that the Amounts Due arising under the Notes may be subject to the exercise of any Bail-in Power by the Resolution Authority, and acknowledges, accepts, consents and agrees to be bound by the effect of the exercise of Bail-in Power by the Resolution Authority which may result in (i) the reduction of all, or a portion, of the Amounts Due, (ii) the conversion of all, or a portion, of the Amounts Due into shares, other securities or other obligations of the Issuer or another person (and the issue to or conferral on the Noteholders of such shares, securities or obligations), including by means of an amendment, modification or variation of the terms of the Notes, (iii) the cancellation of the Notes and/or (iv) the amendment or alteration of the maturity of the Notes or amendment of the amount of interest payable on the Notes, or the date on which interest becomes payable, including by suspending payment for a temporary period. Each Noteholder will further acknowledge, accept, consent and agree that to be bound by the variation of the terms of the Notes, if necessary, to give effect to, the exercise of any Bail-in Power by the Resolution Authority.

Accordingly, the Bail-in Power may be exercised in such a manner as to result in Noteholders losing all or a part of the value of their investment in the Notes or receiving a different security from the Notes, which may be worth significantly less than the Notes and which may have significantly fewer protections than those typically afforded to debt securities. Moreover, the Resolution Authority may exercise the Bail-in Power without providing any advance notice to, or requiring the consent of, the Noteholders. In addition, under the Conditions, the exercise of the Bail-in Power by the Resolution Authority with respect to the Notes is not an event of default or a default for any purpose.

Any use by the Authorities of the resolution and/or capital write-down powers in respect of the Issuer or the Group may have a material adverse effect on the rights of the Noteholders and/or the value or market price of their Notes. Furthermore, if there is any perception or anticipation that any resolution and/or capital write-down powers may be used in respect of the Issuer or the Group, this may be expected to have a material adverse effect on the market price of, and/or trading behaviour in, the Notes, including an increase in volatility and/or a reduction in liquidity, such that Noteholders may find it difficult to sell their Notes, or may only be able to do so at prices that are considerably lower than their initial investment. This may be the case whether or not any such resolution and/or capital write-down powers are, in fact, used.

As the Issuer is a holding company, investors in the Notes will be structurally subordinated to creditors of the Issuer's operating Subsidiaries and the Issuer is dependent upon its Subsidiaries

The Issuer is a holding company and conducts substantially all of its operations through its Subsidiaries. The claims of the Noteholders under the Notes will be structurally subordinated to the claims of creditors of the Issuer's Subsidiaries. The Issuer's rights to participate in the assets of any of its Subsidiaries if such Subsidiary is liquidated will be subject to the prior claims of such Subsidiary's creditors (including subordinated creditors) and any preference shareholders (if any), except in the limited circumstance where the Issuer is a creditor of such Subsidiary with claims that are recognised to be ranked ahead of or *pari passu* with such claims. The Issuer's Subsidiaries are separate and distinct legal entities and have no obligation to pay any amounts due or to provide the Issuer with funds to meet any of the Issuer's payment obligations under the Notes.

The ability of the Issuer's Subsidiaries to pay dividends and the Issuer's ability to receive distributions and other payments from the Issuer's investments in other entities is subject to applicable local laws and other restrictions, including their respective regulatory, capital and leverage requirements and/or expectations, statutory reserves, financial and operating performance and applicable tax laws, and any changes thereto. These laws and restrictions could limit the payment of dividends, distributions and other payments to the Issuer by the Issuer's Subsidiaries, which could in time restrict the Issuer's ability to fund other operations or to make payments on the Notes, potentially resulting in the Noteholders receiving less than the full amounts due under the Notes.

The Issuer or its Subsidiaries may incur substantial additional indebtedness in the future

Other than as provided by Condition 4 (Negative Pledge) of the Notes, there is no restriction on the amount of indebtedness that the Issuer or its Subsidiaries may incur. Any such incurrence of additional indebtedness may reduce the Issuer's revenues from its Subsidiaries and/or the amount (if any) recoverable by Noteholders in the event of a winding-up of the Issuer or may otherwise limit the Issuer's ability to meet its obligations under the Notes.

Early redemption of the Notes upon a Tax Event

The Notes may, at the discretion of the Issuer, be redeemed in accordance with Condition 7(b) at any time prior to the Maturity Date if a Tax Event occurs, at their principal amount together with accrued but unpaid interest to (but excluding) the date of redemption.

Noteholders may not be able to predict accurately, or at all, the circumstances in which a Tax Event may occur. Any expectation that a Tax Event has occurred or may occur, or any uncertainty as to whether any such event has occurred or may occur, may affect the market price of the Notes, whether or not a Tax Event occurs, and whether or not the Issuer elects to exercise any related redemption right.

There can also be no guarantee that the Issuer will elect to exercise its option to redeem the Notes. Where the Issuer has the option to redeem the Notes, it may be economically rational for it to do so if the Issuer's funding costs would be lower than the prevailing interest rate payable in respect of the Notes. If the Notes are so redeemed, there can be no assurance that Noteholders will be able to reinvest the amounts received upon redemption at a rate that will provide the same rate of return as their investment in the Notes. Prospective investors in the Notes should consider reinvestment risk.

An optional redemption feature is likely to limit the market value of such Notes. During any period when the Issuer may elect to redeem the Notes or is perceived to be able to elect to redeem the

Notes, the market value of the Notes generally will not rise substantially above the price at which they can be redeemed, and this may also be the case prior to any such period.

Investors will need to rely on the procedures of Euroclear and Clearstream, Luxembourg for transfer, payment and communication with the Issuer

The Notes will upon issue be represented by a Global Certificate which will be deposited with, and registered in the name of a nominee for, a common depository for Euroclear and Clearstream, Luxembourg (each of Euroclear and Clearstream, Luxembourg, a “**Clearing System**”). Except in the circumstances described in the Global Certificate, investors will not be entitled to receive Notes in definitive form. The relevant Clearing System will maintain records of the beneficial interests in the Global Certificate. While the Notes are represented by a Global Certificate, investors will be able to trade their beneficial interests only through the relevant Clearing System. While the Notes are represented by a Global Certificate, the Issuer will discharge its payment obligations under the Notes by making payments to or to the order of the nominee for the common depository for the relevant Clearing Systems. A holder of a beneficial interest in a Global Certificate must rely on the procedures of the relevant Clearing System to receive payments under the relevant Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Certificate.

Furthermore, holders of beneficial interests in the Global Certificate will not have a direct right to vote in respect of the relevant Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant Clearing System to appoint appropriate proxies.

Modification, waivers and substitution

The Conditions and the Trust Deed contain provisions for calling meetings of Noteholders (which may be at a physical location or by way of conference call or video conference, or a combination of the foregoing) to consider matters affecting interests generally. The Trust Deed also provides that a resolution in writing signed by, or a resolution passed by way of electronic consents given by or on behalf of, the holders of at least 75 per cent. in aggregate principal amount of the outstanding Notes who for the time being are entitled to receive notice of and vote at a meeting of Noteholders, shall, in each case, for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of holders duly convened and held. These provisions permit defined majorities to bind all Noteholders, including Noteholders who did not attend and vote at the relevant meeting or, as the case may be, did not sign the written resolution or give electronic consent, and Noteholders who voted in a manner contrary to the majority. For further information, see Condition 13.

The Conditions also provide that the Trustee may, without the consent of the Noteholders, subject to certain exceptions and conditions, agree to certain modifications of, or waivers or authorisations of certain breaches or proposed breaches of, any of the Conditions or any of the provisions of the Trust Deed or the Agency Agreement or to the substitution of another company as principal debtor under the Notes and the Trust Deed in place of the Issuer in the circumstances described in Condition 13.

The tax and stamp duty consequences of holding Notes following a substitution could be different for some categories of Noteholders from the tax and stamp duty consequences for them of holding the Notes prior to such substitution.

A Noteholder's actual yield on the Notes may be reduced from the stated yield by transaction costs

When Notes are purchased or sold, several types of incidental costs (including transaction fees and commissions) are incurred in addition to the current price of the Note. These incidental costs may significantly reduce or even exclude the profit potential of the Notes. For instance, credit institutions as a rule charge their clients for own commissions which are either fixed minimum commissions or *pro rata* commissions depending on the order value. To the extent that additional domestic or foreign parties are involved in the execution of an order, including but not limited to domestic dealers or brokers in foreign markets, Noteholders must take into account that they may also be charged for the brokerage fees, commissions and other fees and expenses of such parties (third party costs).

In addition to such costs directly related to the purchase of Notes (direct costs), Noteholders must also take into account any follow up costs (such as custody fees). Prospective investors should inform themselves about any additional costs incurred in connection with the purchase, custody or sale of the Notes before investing in the Notes.

Integral multiples of less than £100,000

The Notes will be issued in amounts of £100,000 and integral multiples of £1,000 in excess thereof. Accordingly, it is possible that the Notes may be traded in the clearing systems in amounts in excess of £100,000 that are not integral multiples of £100,000. Should definitive Certificates be required to be issued, they will be issued in principal amounts of £100,000 and higher integral multiples of £1,000 but will in no circumstances be issued to Noteholders who hold Notes in the relevant clearing system in amounts that are less than £100,000. Accordingly, a Noteholder who, as a result of trading such amounts, holds an amount which is less than £100,000 in their account with the relevant clearing system at the relevant time would need to purchase a principal amount of Notes such that its holding amounts to at least £100,000 in order to receive a definitive Certificate.

If definitive Certificates are issued, Noteholders should be aware that Certificates which represent the Notes in a denomination that is not an integral multiple of £100,000 may be illiquid and difficult to trade.

The Notes are not 'protected liabilities' for the purposes of any Government compensation scheme

The Financial Services Compensation Scheme established under the Financial Services and Markets Act 2000 (the "**FSCS**") is the statutory fund of last resort for customers of authorised financial services firms paying compensation to customers if the firm is unable, or likely to be unable, to pay certain claims (including in respect of deposits and insurance policies) made against it (together "**Protected Liabilities**").

The Notes are not, however, Protected Liabilities under the FSCS and, moreover, are not guaranteed or insured by any government, government agency or compensation scheme of the UK or any other jurisdiction.

Change of law

The Terms and Conditions of the Notes will be governed by the laws of England and are based on English law in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of this Prospectus and any such change could materially adversely impact the value of any Notes affected by it.

(B) Risks related to the market

Set out below is a description of the material market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

Secondary market

An active secondary market in respect of the Notes may never be established or may be illiquid and this would adversely affect the value at which an investor could sell his Notes.

The Notes will have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid and may be sensitive to changes in financial markets. In particular, holdings in the Notes upon issue may be concentrated as they will be purchased by a limited number of initial investors, one or more of whom may hold a significant proportion of the total issuance. If the initial investors decide to sell any Notes and a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case should the Issuer be in financial distress, which may result in any sale of the Notes having to be at a substantial discount to their principal amount. Illiquidity may have a severely adverse effect on the market value of Notes.

If a market for the Notes does develop, the trading price of the Notes may be subject to wide fluctuations in response to many factors, including those referred to in this risk factor, as well as stock market fluctuations and general economic conditions that may adversely affect the market price of the Notes. Publicly traded securities from time to time experience significant price and volume fluctuations that may be unrelated to the operating performance of the companies that have issued them, and such volatility may be increased in an illiquid market. If any market in the Notes does develop, it may become severely restricted, or may disappear, if the financial condition of the Group deteriorates such that there is an actual or perceived increased likelihood of the Issuer being unable to pay interest on the Notes in full, or of the Notes being subject to loss absorption under an applicable statutory loss absorption regime. In addition, the market price of the Notes may fluctuate significantly in response to a number of factors, some of which are beyond the Issuer's control.

Any or all such events could result in material fluctuations in the price of Notes which could lead to investors losing some or all of their investment.

The issue price of the Notes might not be indicative of prices that will prevail in the trading market, and there can be no assurance that an investor would be able to sell its Notes at or near the price which it paid for them, or at a price that would provide it with a yield comparable to more conventional investments that have a developed secondary market.

Moreover, although the Issuer and any Subsidiary can purchase Notes at any time, they have no obligation to do so. Purchases made by the Issuer or any member of the Group could affect the liquidity of the secondary market of the Notes and thus the price and the conditions under which investors can negotiate these Notes on the secondary market.

In addition, Noteholders should be aware of the prevailing and widely reported global credit market conditions (which continue at the date of this Prospectus), whereby there is a general lack of liquidity in the secondary market which may result in investors suffering losses on the Notes in secondary resales even if there is no decline in the performance of the Notes or the assets of the Issuer. The Issuer cannot predict whether these circumstances will change and whether, if and when they do change, there will be a more liquid market for the Notes and instruments similar to the Notes at that time.

Although applications have been made for the Notes to be admitted to trading on the Main Market of the London Stock Exchange, there is no assurance that such application will be accepted or that an active trading market will develop.

Exchange rate risk and exchange controls

The Issuer will pay any principal and interest on the Notes in pounds sterling. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than pounds sterling. These include the risk that exchange rates may significantly change (including changes due to devaluation of pounds sterling or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to pounds sterling would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency-equivalent value of the principal payable on the Notes and (3) the Investor's Currency-equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate or the ability of the Issuer to make payments in respect of the Notes. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Interest rate risks

As the interest rate on the Notes will be fixed, an investment in the Notes involves the risk that if market interest rates subsequently increase above the rate paid on the Notes from time to time, this will adversely affect the value of the Notes and the interest paid under Notes will be less than the then-applicable market interest rate.

Credit ratings may not reflect all risks

Credit ratings assigned to the Issuer or the Notes may not reflect all the risks associated with an investment in the Notes. One or more independent credit rating agencies may assign credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised

or withdrawn by its assigning rating agency at any time. Accordingly, an investor may suffer losses if the credit rating assigned to the Notes does not reflect the true creditworthiness of such Notes.

Rating agencies could also elect to rate the Issuer or the Notes on an unsolicited basis, and if such unsolicited ratings are lower than the comparable ratings assigned to the Issuer or the Notes by other rating agencies on a solicited basis, those unsolicited ratings could have an adverse effect on the market value of the Notes.

Furthermore, in general, European regulated investors are restricted under Regulation 1060/2009/EC (as amended) of the European Parliament and of the Council of 16 September 2009 on credit rating agencies (the “**EU CRA Regulation**”) from using credit ratings for regulatory purposes in the EEA, unless such ratings are issued by a credit rating agency established in the EEA and registered under the EU CRA Regulation (and such registration has not been withdrawn or suspended), subject to transitional provisions that apply in certain circumstances whilst the registration application is pending. Such general restriction will also apply in the case of credit ratings issued by non-EEA credit rating agencies, unless the relevant credit ratings are endorsed by an EEA-registered credit rating agency or the relevant non-EEA rating agency is certified in accordance with the EU CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended). The list of registered and certified rating agencies published by the ESMA on its website in accordance with the EU CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list.

Investors regulated in the UK are subject to similar restrictions under the UK CRA Regulation. As such, UK regulated investors are required to use for UK regulatory purposes ratings issued by a credit rating agency established in the UK and registered under the UK CRA Regulation. In the case of ratings issued by third country non-UK credit rating agencies, third country credit ratings can either be: (a) endorsed by a UK registered credit rating agency; or (b) issued by a third country credit rating agency that is certified in accordance with the UK CRA Regulation. Note this is subject, in each case, to (a) the relevant UK registration, certification or endorsement, as the case may be, not having been withdrawn or suspended, and (b) transitional provisions that apply in certain circumstances. In the case of third country ratings, for a certain limited period of time, transitional relief accommodates continued use for regulatory purposes in the UK, of existing pre-2021 ratings, provided the relevant conditions are satisfied.

If the status of the rating agency rating the Issuer or the Notes changes for the purposes of the EU CRA Regulation or the UK CRA Regulation, relevant regulated investors may no longer be able to use the rating for regulatory purposes in the EEA or the UK, as applicable, and the Notes may have a different regulatory treatment, which may impact the value of the Notes and their liquidity in the secondary market.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents (or sections of documents), which have previously been published or are published simultaneously with this Prospectus, shall be incorporated in, and form part of, this Prospectus:

- (a) the information set out on the pages of the Annual Report of the Issuer for the financial year ended 31 July 2022 which is set out in the table on page 40 of this Prospectus (and which includes the Issuer's audited consolidated financial statements for the year ended 31 July 2022, prepared in accordance with all relevant IFRSs as issued by the International Accounting Standards Board and interpretations issued by the IFRS Interpretations Committee, the audit report in respect thereof and the notes thereto);
- (b) the information set out in the pages of the Annual Report of the Issuer for the financial year ended 31 July 2021 which is set out in the table on page 41 of this Prospectus (and which includes the Issuer's audited consolidated financial statements for the year ended 31 July 2021, prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and IFRSs adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the EU);
- (c) the half year results of the Issuer for the six months to 31 January 2023, as set out in the Issuer's announcement "*Half Year Results for the Six Months to 31 January 2023*" published on 14 March 2023 (and which includes the unaudited condensed consolidated interim financial statements of the Issuer for the six months ended 31 January 2023 (prepared in accordance with the IFRSs and in conformity with the requirements of the Companies Act 2006, including International Accounting Standard 34 on Interim Financial Reporting), including the notes thereto and the independent review report in respect thereof); and
- (d) the unaudited third quarter trading update of the Issuer for the three months to 30 April 2023, as set out in the Issuer's announcement "*Scheduled Trading Update*" published on 24 May 2023.

Copies of the documents incorporated by reference in this Prospectus, as listed in (a), (b), (c) and (d) above, are available for viewing at <https://www.closebrothers.com/investor-relations/investor-information/results-reports-and-presentations>.

Such documents (or the relevant parts thereof as indicated) shall be deemed to be incorporated in, and form part of, this Prospectus, save that any statement contained in a document which is deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, be deemed, except as so modified or superseded, to constitute a part of this Prospectus.

Any documents themselves incorporated by reference in documents which are deemed to be incorporated in, and to form part of, this Prospectus, shall not form part of this Prospectus for the purposes of the UK Prospectus Regulation.

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

The tables below set out the page number references for certain sections of the documents incorporated in this Prospectus by reference. The sections denoted by those page number references form part of this Prospectus and are referred to in this Prospectus as the “information incorporated by reference”.

Annual Report of the Issuer for the financial year ended 31 July 2022:

Information incorporated by reference into this Prospectus	Page numbers in “Annual Report and Financial Statements” 2022
Financial Highlights	3
Strategy and Key Performance Indicators	32-33
Our Responsibility	34
Financial Overview	61-64
Banking	65-69
Asset Management	70-71
Securities	72-73
Independent auditor’s report to the members of Close Brothers Group plc	144-150
Consolidated income statement	151
Consolidated statement of comprehensive income	152
Consolidated balance sheet	153
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Consolidated cash flow statement	155
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Annual Report of the Issuer for the financial year ended 31 July 2021:

Information incorporated by reference into this Prospectus	Page numbers in “Annual Report and Financial Statements” 2021
Financial Highlights	1
Strategy and Key Performance Indicators	20-21
Our Responsibility	22-23
Financial Overview	42-45
Banking	46-51
Asset Management	52-53
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Independent auditor’s report to the members of Close Brothers Group plc	126-133
Consolidated income statement	134
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Certain information contained in the documents listed above has not been incorporated by reference in this Prospectus. Such information is either: (i) not considered by the Issuer to be relevant for prospective investors in the Notes to be issued or (ii) is covered elsewhere in this Prospectus.

TERMS AND CONDITIONS OF THE NOTES

The following (excluding italicised paragraphs, which are for information only and do not form part of the terms and conditions of the Notes) is the text of the terms and conditions that shall be applicable to the Notes in definitive form (if any) issued in exchange for the Global Note.

The £250,000,000 7.750 per cent. Notes due 14 June 2028 (the “**Notes**”, which expression shall in these terms and conditions (these “**Conditions**”, and references to a particularly numbered “**Condition**” shall be construed accordingly), unless the context otherwise requires, include any Further Notes issued pursuant to Condition 15) of Close Brothers Group plc (the “**Issuer**”) are constituted by a trust deed dated 14 June 2023 (as amended and/or restated and/or supplemented from time to time, the “**Trust Deed**”) made between the Issuer and Citicorp Trustee Company Limited (the “**Trustee**”, which expression shall include all persons from time to time being trustee or trustees appointed under the Trust Deed) as trustee for the Noteholders (as defined below). The statements in these Conditions include summaries of, and are subject to, the detailed provisions of and definitions in the Trust Deed.

Copies of the Trust Deed and an agency agreement dated 14 June 2023 (as amended, restated and/or supplemented from time to time, the “**Agency Agreement**”) made between the Issuer, Citibank, N.A., London Branch as registrar and principal paying agent (the “**Registrar**” and “**Principal Paying Agent**”, respectively, which expressions shall include any successor or replacement registrar and principal paying agent, respectively, appointed by the Issuer under the Agency Agreement from time to time) and as transfer agent (the “**Transfer Agent**”, which expression shall include any successor, replacement or additional transfer agent(s) appointed by the Issuer under the Agency Agreement from time to time) and the Trustee (i) are available for inspection during normal business hours by prior arrangement by the Noteholders at the specified office of the Principal Paying Agent, being at the date of issue of the Notes at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB and (ii) may be provided by email to a Noteholder following its prior written request to the Trustee or the Principal Paying Agent, in each case upon provision of proof of holding of Notes and identity (in a form satisfactory to the Trustee or, as the case may be, the Principal Paying Agent). The Noteholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all of the provisions of the Trust Deed and are deemed to have notice of those provisions of the Agency Agreement applicable to them.

As used in these Conditions:

“**Agents**” means the Registrar, the Principal Paying Agent, the Paying Agent(s) and the Transfer Agent(s) for the time being;

“**Noteholder**” and “**Holder**” mean, with respect to any Note, the person in whose name such Note is registered in the Register (as defined below); and

“**Paying Agents**” means the Principal Paying Agent and any other paying agents (if any) appointed by the Issuer under the Agency Agreement for the time being.

1. Form, Denomination and Title

The Notes are issued in registered form in specified denominations of £100,000 and integral multiples of £1,000 in excess thereof.

The Notes are represented by registered certificates (“**Certificates**”) and, save as provided in Condition 2(a), each Certificate shall represent the entire holding of Notes by the same Holder.

Title to the Notes shall pass by registration in the register of the Noteholders that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the “**Register**”). Except as ordered by a court of competent jurisdiction or as required by law, the Holder of any Note shall be deemed to be and may be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it, any writing on it (or on the Certificate representing it) or its theft or loss (or that of the related Certificate)) and no person shall be liable for so treating the Holder.

2. Transfers of Notes

(a) *Transfer of Notes*

One or more Notes may, subject to Condition 2(d), be transferred upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate representing such Notes to be transferred, together with the form of transfer endorsed on such Certificate (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer), duly completed and executed and any other evidence as the Registrar or Transfer Agent may reasonably require. A new Certificate shall be issued to the transferee in respect of the Notes the subject of the relevant transfer and, in the case of a transfer of part only of a holding of Notes represented by one Certificate, a new Certificate in respect of the balance of the Notes not transferred shall be issued to the transferor. In the case of a transfer of Notes to a person who is already a Holder of Notes, a new Certificate representing the enlarged holding may be issued but only against surrender of the Certificate representing the existing holding of such person. All transfers of Notes and entries on the Register will be made subject to the detailed regulations concerning transfers of Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Registrar and the Trustee. A copy of the current regulations will be made available by the Registrar to any Noteholder upon request.

(b) *Delivery of New Certificates*

Each new Certificate to be issued pursuant to Condition 2(a) shall be available for delivery within five business days of receipt of the form of transfer and surrender of the relevant Certificate. Delivery of new Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery and surrender of such form of transfer and Certificate or, as the case may be, surrender of such Certificate, shall have been made or, at the option of the relevant Holder and as specified in the relevant form of transfer or otherwise in writing, be mailed by uninsured post at the risk of the Holder entitled to the new Certificate to such address as may be so specified, unless such Holder requests otherwise and pays in advance to the relevant Transfer Agent the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 1(b), “**business day**” means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).

(c) *Transfers Free of Charge*

Transfers of Notes and the issue of new Certificates on transfer shall be effected without charge by or on behalf of the Issuer, the Registrar or the Transfer Agents, but upon payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity as the Registrar or the relevant Transfer Agent may require).

(d) *Closed Periods*

No Noteholder may require the transfer of a Note to be registered (i) during the period of 15 days ending on the due date for redemption of the Notes pursuant to Condition 7 or (ii) during the period of seven days ending on (and including) any Record Date (as defined in Condition 6(a)).

3. Status of the Notes

The Notes constitute direct, unconditional and (subject to the provisions of Condition 4) unsecured obligations of the Issuer and (subject as provided above) rank and will rank *pari passu*, without any preference among themselves, with all other outstanding unsecured and unsubordinated obligations of the Issuer, present and future, but, in the event of insolvency, only to the extent permitted by applicable laws relating to creditors' rights.

4. Negative Pledge

So long as any of the Notes remains outstanding (as defined in the Trust Deed) the Issuer will not, and will ensure, so far as it is able to do so by the proper exercise of voting and other rights or powers of control exercisable by it in relation to its Subsidiaries, that none of its Principal Subsidiaries will, create or have outstanding any mortgage, charge, pledge, lien or other encumbrance (other than any arising by operation of law) (each a "**Security Interest**") upon the whole or any part of its or their respective undertakings, assets or revenues, present or future, to secure any Relevant Indebtedness (as defined below) or to secure any guarantee or indemnity in respect thereof, without simultaneously with, or prior to, the creation of such Security Interest, securing the Notes equally and rateably therewith to the satisfaction of the Trustee, or providing such other Security Interest therefor or making such other arrangement which the Trustee in its absolute discretion shall deem not materially less beneficial to the interests of the Noteholders or as shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders, save that the Issuer or any Principal Subsidiary may create or have outstanding (without the obligation so to secure the Notes) a Permitted Encumbrance.

For the purposes of these Conditions:

- (a) "**Group**" means the Issuer and its Subsidiaries;
- (b) "**Indebtedness for Borrowed Money**" means any indebtedness (whether being principal, premium, interest or other amounts) for or in respect of any notes, bonds, debentures, debenture stock, loan stock or other securities, or any borrowed money;

- (c) **“Non-recourse Indebtedness”** means, at any time, any Indebtedness for Borrowed Money (as defined above) to finance the ownership, acquisition, development and/or operation of an asset or assets in respect of which the person or persons to whom any such Indebtedness for Borrowed Money is or may be owed by the relevant borrower has or have no recourse whatsoever to the Issuer or any Subsidiary of the Issuer for the repayment thereof other than:
- (i) recourse to such borrower for amounts limited to the cash flow or net cash flow from such asset; and/or
 - (ii) recourse to such borrower for the purpose only of enabling amounts to be claimed in respect of such Indebtedness for Borrowed Money in an enforcement of any Security Interest given by such borrower over such asset or the income, cash flow or other proceeds deriving therefrom (or given by any shareholder or the like in the borrower over its shares or the like in the capital of the borrower) to secure such Indebtedness for Borrowed Money, provided that (A) the extent of such recourse to such borrower (or any such shareholder or the like) is limited solely to the amount of any recoveries made on such enforcement, and (B) such person or persons are not entitled, by virtue of any right or claim arising out of or in connection with such Indebtedness for Borrowed Money, to commence proceedings for the winding-up or dissolution of the borrower (or any such shareholder or the like); and/or
 - (iii) recourse to such borrower generally, or directly or indirectly to the Issuer or any Subsidiary of the Issuer, under any form of assurance, undertaking or support, which recourse is limited to a claim for damages for breach of an obligation (not being a payment obligation or an obligation to procure payment by another or an indemnity in respect thereof) by the person against whom such recourse is available;
- (d) **“Permitted Encumbrance”** means:
- (i) any Security Interest existing on the date of issue of the Notes;
 - (ii) any Security Interest which secures any Relevant Indebtedness which exists on any asset or undertaking of the Issuer or any Principal Subsidiary of the Issuer which asset or undertaking or which Principal Subsidiary is acquired after the date of issue of the Notes, *provided* that:
 - (A) such Security Interest existed at the date of such acquisition;
 - (B) such Security Interest was not created in contemplation of such acquisition; and
 - (C) the amount thereby secured has not been increased in contemplation of, or since the date of, such acquisition,

and any Security Interest over the same undertaking or asset which is given for the purpose of, and to the extent of, the refinancing of any such Relevant Indebtedness;

- (iii) any Security Interest as shall have been previously approved in writing by the Trustee (which may only be so approved if the Trustee is of the opinion that to do so will not be materially prejudicial to the interests of the Noteholders); and
 - (iv) any other Security Interest, provided that the amount of Relevant Indebtedness secured thereby together with the aggregate amount of all other Relevant Indebtedness secured by Security Interests permitted by this paragraph (iv), is less than £20,000,000 (or its equivalent in any other currency or currencies);
- (e) **“Principal Subsidiary”** means at any time a Subsidiary of the Issuer:
- (i) whose profits before tax or whose gross assets (in each case, as shown in its most recent annual audited accounts and consolidated in the case of a Subsidiary which ordinarily produces consolidated accounts) represent in each case (or, in the case of a Subsidiary acquired after the end of the financial period to which the then latest audited consolidated accounts of the Group relate, are equal to) not less than 10 per cent. of the consolidated profits before tax, or, as the case may be, consolidated gross assets, of the Group taken as a whole, all as calculated respectively by reference to the then latest audited accounts (consolidated or, as the case may be, unconsolidated) of such Subsidiary and the then latest audited consolidated accounts of the Group; provided that in the case of a Subsidiary of the Issuer acquired after the end of the financial period to which the then latest audited consolidated accounts of the Group relate, the reference to the then latest audited consolidated accounts of the Group for the purposes of the calculation above shall, until consolidated accounts for the financial period in which the acquisition is made have been prepared and audited as aforesaid, be deemed to be a reference to such first-mentioned accounts as if such Subsidiary had been shown in such accounts by reference to its then latest relevant audited accounts, adjusted as deemed appropriate by the Issuer;
 - (ii) to which is transferred the whole or substantially the whole of the undertaking and assets of a Subsidiary of the Issuer which immediately prior to such transfer is a Principal Subsidiary, provided that the transferor Subsidiary shall upon such transfer forthwith cease to be a Principal Subsidiary and the transferee Subsidiary shall cease to be a Principal Subsidiary pursuant to this subparagraph (e)(ii) on the date on which the consolidated accounts of the Group for the financial period current at the date of such transfer have been prepared and audited as aforesaid but so that such transferor Subsidiary or such transferee Subsidiary may be a Principal Subsidiary on or at any time after the date on which such

consolidated accounts have been prepared and audited as aforesaid by virtue of the provisions of subparagraph (e)(i) above; or

- (iii) to which is transferred an undertaking or assets which, when taken together with the undertaking or assets of the transferee Subsidiary, (i) generated (or, in the case of the transferee Subsidiary being acquired after the end of the financial period to which the then latest audited consolidated accounts of the Group relate, generate profits before tax equal to) not less than 10 per cent. of the consolidated profits before tax of the Group taken as a whole, or (ii) represent (or, in the case aforesaid, are equal to) not less than 10 per cent. of the consolidated gross assets of the Group taken as a whole, all as calculated as referred to in subparagraph (e)(i) above, provided that the transferor Subsidiary (if a Principal Subsidiary) shall upon such transfer forthwith cease to be a Principal Subsidiary unless immediately following such transfer its undertaking and assets generate (or, in the case aforesaid, generate profits before tax equal to) not less than 10 per cent. of the consolidated profits before tax of the Group taken as a whole, or its assets represent (or, in the case aforesaid, are equal to) not less than 10 per cent. of the consolidated total assets of the Group taken as a whole, all as calculated as referred to in subparagraph (e)(i) above, and the transferee Subsidiary shall cease to be a Principal Subsidiary pursuant to this subparagraph (e)(iii) on the date on which the consolidated accounts of the Group for the financial period current at the date of such transfer have been prepared and audited but so that such transferor Subsidiary or such transferee Subsidiary may be a Principal Subsidiary on or at any time after the date on which such consolidated accounts have been prepared and audited as aforesaid by virtue of the provisions of subparagraph (e)(i) above or, prior to or after such date, by virtue of any other applicable provision of this definition,

and a report by an Authorised Signatory (as defined in the Trust Deed) of the Issuer (addressed to the Trustee) that in their opinion a Subsidiary is or is not or was or was not at any particular time or throughout any specified period a Principal Subsidiary may be relied on by the Trustee without liability to any person and without further enquiry or evidence and, if relied upon by the Trustee, shall, in the absence of manifest error be conclusive and binding on all parties;

- (f) “**Relevant Indebtedness**” means any Indebtedness for Borrowed Money which is in the form of, or represented or evidenced by, bonds, notes, debentures, debenture stock, loan stock or other securities which for the time being are, or are intended to be, or are capable of being, quoted, listed, dealt in or traded on any stock exchange or other recognised securities market, other than (i) indebtedness which has a stated maturity not exceeding one year or (ii) Non-recourse Indebtedness; and
- (g) “**Subsidiary**” means any entity which is for the time being a subsidiary within the meaning of Section 1159 of the Companies Act 2006.

5. Interest

(a) *Interest Rate and Interest Payment Dates*

The Notes bear interest on their outstanding principal amount from (and including) 14 June 2023 (the “**Issue Date**”) at the rate of 7.750 per cent. per annum (the “**Interest Rate**”), payable in equal instalments semi-annually in arrear on 14 June and 14 December of each year, commencing on 14 December 2023 (each an “**Interest Payment Date**”).

The period beginning on (and including) the Issue Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date is called an “**Interest Period**”.

The amount of interest payable on each Interest Payment Date will be £38.75 per Calculation Amount (as defined below).

(b) *Calculation of interest*

When interest is required to be calculated in respect of any period other than a full Interest Period, the relevant day-count fraction (the “**Day-Count Fraction**”) shall be calculated on the basis of (i) the actual number of days in the period from (and including) the date from which interest begins to accrue (the “**Accrual Date**”) to (but excluding) the date on which it falls due divided by (ii) twice the actual number of days from (and including) the Accrual Date to (but excluding) the next following Interest Payment Date.

Interest in respect of any Note shall be calculated per £1,000 in principal amount of Notes (the “**Calculation Amount**”). The amount of interest payable in respect of a Note for a relevant period shall be calculated by (i) determining the product of the Calculation Amount, the Interest Rate and the Day-Count Fraction for the relevant period, (ii) rounding the resultant figure to the nearest penny (half a penny being rounded upwards) and (iii) multiplying that rounded figure by a fraction the numerator of which is the principal amount of such Note and the denominator of which is the Calculation Amount.

(c) *Interest accrual*

Each Note will cease to bear interest from the due date for its redemption unless payment of principal is improperly withheld or refused or unless default is otherwise made in respect of such payment. In such event, interest will continue to accrue as provided in the Trust Deed.

6. Payments

(a) *Payments in respect of Notes*

Payments of principal and interest in respect of each Note will be made by transfer to the registered account (as defined below) of the Noteholder. Payments of principal and payments of interest due upon a redemption of the Notes will only be made against surrender of the relevant Certificate at the specified office of any Agent. Interest otherwise due and payable on the Notes on an Interest Payment

Date will be paid to the holder shown on the Register at the close of business on the date (the “**Record Date**”) being the fifteenth day before such Interest Payment Date.

For the purposes of this Condition 6(a), a Noteholder’s “**registered account**” means the pounds sterling account maintained by or on behalf of it with a bank that processes payments in pounds sterling, details of which appear on the register of Noteholders at the close of business, in the case of principal and payments of interest due upon a redemption of the Notes, on the second Business Day (as defined in Condition 6(d) below) before the due date for payment and, in the case of any other payment of interest, on the relevant Record Date.

(b) *Payments subject to applicable laws*

Payments in respect of principal and interest on the Notes shall be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 8 and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the “**Code**”) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or any law implementing an intergovernmental approach thereto and the Issuer will not be liable to Holders for any taxes or duties of whatever nature imposed or levied by such laws, agreements or regulations.

(c) *No commissions*

No commissions or expenses shall be charged to the Noteholders in respect of any payments made in accordance with this Condition 6.

(d) *Payment on Business Days*

Where payment is to be made by transfer to a registered account, payment instructions (for value the due date or, if that is not a Business Day, for value the first following day which is a Business Day) will be initiated by or on behalf of the Issuer.

Noteholders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due if the due date is not a Business Day or if the Noteholder is late in surrendering its Certificate (if required to do so).

As used in these Conditions, “**Business Day**” means a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London.

(e) *Agents*

The names of the initial Agents and their initial specified offices are set out in the Agency Agreement. The Issuer reserves the right, subject to the prior written approval of the Trustee, at any time to vary or terminate the appointment of any Agent and to appoint additional or other Agents *provided that*:

- (i) there will at all times be a Principal Paying Agent;
- (ii) there will at all times be a Paying Agent (which may be the Principal Paying Agent) having a specified office in a European city (which may be London);
- (iii) there will at all times be a Transfer Agent; and
- (iv) there will at all times be a Registrar.

Notice of any termination or appointment and of any changes in specified offices will be given to the Noteholders promptly by the Issuer in accordance with Condition 12.

7. Redemption and Purchase

(a) *Redemption at maturity*

Unless previously redeemed or purchased and cancelled as specified in this Condition 7, each Note shall be redeemed at its principal amount outstanding on 14 June 2028 (the “**Maturity Date**”).

(b) *Redemption upon a Tax Event*

The Notes may be redeemed at the option of the Issuer, in whole but not in part, at their principal amount together with any accrued and unpaid interest thereon up to (but excluding) the date of redemption, at any time on giving not less than 15 nor more than 30 days’ notice to the Trustee, the Agents and, in accordance with Condition 12, the Noteholders (which notice to Noteholders shall be irrevocable and shall specify the date set for redemption), if the Issuer satisfies the Trustee immediately prior to the giving of such notice that:

- (i) it has or will become obliged to pay additional amounts as provided or referred to in Condition 8 as a result of any change in, or amendment to, the laws or regulations of a Tax Jurisdiction (as defined in Condition 8) or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after 12 June 2023; and
- (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it,

(a “**Tax Event**”), **PROVIDED** that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts, were a payment in respect of the Notes then due.

Prior to the publication of any notice of redemption pursuant to this Condition 7(b), the Issuer shall deliver to the Trustee:

- (i) a certificate signed by an Authorised Signatory (as defined in the Trust Deed) of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer to redeem the Notes pursuant to this Condition 7(b) have been met; and
- (ii) an opinion of independent legal advisers or accountants of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment (but, for the avoidance of doubt, such opinion need not opine on whether the Issuer could avoid such obligation by taking reasonable measures available to it),

and the Trustee shall be entitled, without liability to any person or further investigation, to accept such certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event the same shall be conclusive and binding on the Noteholders.

(c) *Purchases*

The Issuer or any Subsidiary of the Issuer may at any time purchase Notes in any manner and at any price. Notes so purchased may, at the option of the Issuer or the relevant Subsidiary of the Issuer (as the case may be), be held, re-issued, re-sold or surrendered to the Registrar for cancellation.

(d) *Cancellation*

All Notes which are redeemed and all Notes which are purchased by the Issuer or any of its Subsidiaries and surrendered to the Registrar for cancellation will forthwith be cancelled. All Notes so cancelled cannot be reissued or resold.

(e) *Notices final*

Upon the expiry of any notice as is referred to in Condition 7(b) the Issuer shall be bound to redeem the Notes to which the notice refers in accordance with the terms of such Condition.

(f) *Trustee not obliged to monitor*

The Trustee shall not be under any duty to investigate whether any condition precedent to redemption under Condition 7(b) has occurred and (i) shall not be responsible to Noteholders for any loss arising from any failure by it to do so and (ii) shall be entitled to assume, unless it has written notice to the contrary, that no such condition precedent to redemption under Condition 7(b) has occurred. The Trustee shall rely without further investigation and without liability as aforesaid on any notice, certificate or opinion delivered to it in connection with this Condition 7.

8. Taxation

All payments of principal and interest in respect of the Notes by or on behalf of the Issuer will be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of any Tax Jurisdiction unless such withholding or deduction is required by law. In such event, the Issuer will pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Notes after such withholding or deduction shall equal the respective amounts of principal and interest (as the case may be) which would otherwise have been receivable in respect of the Notes, in the absence of such withholding or deduction; except that no such additional amounts shall be payable with respect to any Note:

- (a) held by or on behalf of a Noteholder who is liable to such taxes in respect of such Notes by reason of it having some connection with the Tax Jurisdiction other than the mere holding of the Note;
- (b) where (in the case of a payment on redemption) the relevant Certificate is surrendered for payment more than 30 days after the Relevant Date except to the extent that the Noteholder would have been entitled to such additional amounts on surrendering such Certificate for payment on the last day of such period of 30 days; or
- (c) where the Noteholder is or would have been able to avoid (and no such additional amounts shall be payable in relation to any payment in respect of any Note to the extent such Noteholder would have been able to reduce) such withholding or deduction by complying, or procuring that a third party complies, with any applicable statutory requirements or by making, or procuring that any third party makes, a declaration of non-residence or other similar claim for exemption.

In these Conditions:

- (i) “**Tax Jurisdiction**” means the United Kingdom or any political subdivision or any authority thereof or therein having power to tax; and
- (ii) “**Relevant Date**” means, with respect to a payment, the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Principal Paying Agent, the Trustee or the Registrar, as the case may be, on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 12.

Any reference in these Conditions to any amounts payable in respect of the Notes shall be deemed also to refer to any additional amounts which may be payable under this Condition 8 or under any undertakings given in addition to, or in substitution for, this Condition 8 pursuant to the Trust Deed.

9. Prescription

The Notes will become void unless claims are made within a period of 10 years (in the case of principal) and five years (in the case of interest) after the Relevant Date therefor.

10. Events of Default and Enforcement

(a) *Events of Default*

The Trustee at its discretion may, and if so requested in writing by the holders of at least one-quarter in aggregate principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution of the Noteholders shall (subject in each case to being indemnified and/or secured and/or pre-funded to its satisfaction), give notice to the Issuer that the Notes are, and they shall accordingly forthwith become, immediately due and repayable at their principal amount, together with accrued interest as provided in the Trust Deed, in any of the following events (each, together with, where applicable, the certification by the Trustee as referred to below, an “**Event of Default**”):

- (i) if default is made for a period of 14 days or more in the payment of any interest or for a period of 7 days or more in the payment of principal due in respect of the Notes or any of them; or
- (ii) if the Issuer fails to perform or observe any obligation, condition or provision binding upon it under the Notes or the Trust Deed (other than any obligation for the payment of any principal or interest in respect of the Notes) and (except in any case where the Trustee considers the failure to be incapable of remedy or cure when no continuation or notice as is hereinafter mentioned will be required) the failure continues for the period of 30 days (or such longer period as the Trustee may permit) following the service by the Trustee on the Issuer of notice requiring the same to be remedied; or
- (iii) if (A) any Indebtedness for Borrowed Money of the Issuer or any Principal Subsidiary, other than Non-recourse Indebtedness, is not paid when due, or if later and applicable, by the expiry of any applicable grace period; (B) any Indebtedness for Borrowed Money of the Issuer or any Principal Subsidiary, other than Non-recourse Indebtedness, is declared to be, or automatically becomes, due and payable as a result of an event of default (howsoever defined) prior to its stated maturity; or (C) default is made by the Issuer or any Principal Subsidiary in making any payment due and called upon (or, if later and if applicable, by the expiry of any applicable grace period) under any guarantee and/or indemnity given by it in relation to any Indebtedness for Borrowed Money of any other person, provided that the aggregate of all such Indebtedness for Borrowed Money, guarantees and indemnities in (A), (B), and (C) above is at least £20,000,000 (or its equivalent from time to time in other currencies); or

- (iv) if an order is made by any competent court or an effective resolution passed for the winding-up of, or an administration order is made in relation to, the Issuer or any Principal Subsidiary, save (A) with the prior written consent of the Trustee or the prior sanction of an Extraordinary Resolution of the Noteholders, or (B) in the case of a Principal Subsidiary, for a voluntary solvent winding-up where surplus assets are available for distribution and are distributed to another member of the Group; or
- (v) if (except for a Permitted Disposal) any member of the Group Disposes of any undertaking, property or assets (whether by a single transaction or by a number of transactions, whether related or not, occurring within the period commencing on the date of publication of the annual audited consolidated balance sheet of the Group for each financial year of the Group and ending on the date of publication of the annual audited consolidated balance sheet of the Group for the next financial year of the Group) which constitutes more than 25 per cent. of the total assets of the Group as shown in the most recent publicly available annual audited consolidated balance sheet of the Group at the time of any such Disposal; or
- (vi) if the Issuer ceases, or threatens through an official action of its board of directors to cease, to carry on the whole or substantially the whole of its business, save for the purposes of, or in connection with, a reconstruction, reorganisation, amalgamation or other matter the terms of which have been approved in writing by the Trustee or by an Extraordinary Resolution of the Noteholders; or
- (vii) if the Issuer or any Principal Subsidiary stops payment to its creditors generally, or is unable to pay its debts within the meaning of Section 123(1)(e) or Section 123(2) of the Insolvency Act 1986; or
- (viii) if an encumbrancer takes possession of, or an administrative or other receiver or an administrator is appointed over, the whole or any substantial part of the undertaking, property or assets (excluding any undertaking, property or assets over which a Security Interest has been given to secure any Non-recourse Indebtedness) of the Issuer or any Principal Subsidiary, or a distress or execution is levied or enforced upon or sued out against the whole or a substantial part of the undertaking, property or assets (excluding any undertaking, property or assets over which a Security Interest has been given to secure any Non-recourse Indebtedness) of the Issuer or any Principal Subsidiary, and, in the case of any of the foregoing events (other than the appointment of an administrator), is not discharged within 30 days; or
- (ix) if the Issuer initiates or consents to judicial proceedings relating to itself under any applicable liquidation, insolvency, composition, reorganisation or other similar laws (including the obtaining of a moratorium) or makes a conveyance or assignment for the benefit of, or enters into any composition or other arrangement with, its creditors generally (or any

class of its creditors) or any meeting is convened to consider a proposal for an arrangement or composition with its creditors generally (or any class of its creditors); or

- (x) if any event occurs which under the laws of the relevant jurisdiction has or may have, in the Trustee's opinion, an analogous effect to any of the events referred to in paragraphs (iv), (vii), (viii) or (ix) above,

PROVIDED, in the case of any such event other than those described in subparagraphs (i), (iv) (in relation to the Issuer only), (vii) (in relation to the Issuer only) and (x) (in the case of any event having an analogous effect to a winding up or dissolution of the Issuer) above, the Trustee shall have certified to the Issuer that such event is, in its opinion, materially prejudicial to the interests of the Noteholders.

(b) *Enforcement*

- (i) The Trustee may at any time, at its discretion and without notice, take such steps, proceedings or other action against the Issuer as it may think fit to enforce the provisions of the Trust Deed and the Notes, but it shall not be bound to take any such steps, proceedings or any other action under or in relation to the Trust Deed or the Notes unless (i) it shall have been so directed by an Extraordinary Resolution of the Noteholders or so requested in writing by the holders of at least one-quarter in aggregate principal amount of the Notes then outstanding and (ii) it shall have been indemnified and/or secured and/or pre-funded to its satisfaction.
- (ii) No Noteholder shall be entitled to institute proceedings directly against the Issuer or to prove in the winding-up of the Issuer unless the Trustee, having become bound to do so, fails or is unable to do so within 60 days and such failure or inability is continuing, in which event any such holder may, on giving an indemnity and/or security satisfactory to the Trustee, in the name of the Trustee (but not otherwise) himself institute such proceedings and/or prove in the winding-up of the Issuer to the same extent and in the same jurisdiction (but not further or otherwise) that the Trustee would have been entitled to do so in respect of the Notes and/or the Trust Deed.

(c) *Interpretation*

For the purposes of these Conditions:

"Disposes" means, in relation to any undertaking, property or assets, a sale, transfer, lease or other disposal thereof and **"Disposal"** shall be construed accordingly; and

"Permitted Disposal" means a Disposal:

- (i) of cash in consideration of an acquisition of any undertaking, property or assets to be used in the business of the Group; or
- (ii) made in the ordinary course of business; or
- (iii) to another member of the Group; or
- (iv) for fair market value on arm's length terms where the proceeds are applied within 180 days of receipt in the business of the Group for reinvestment, repayment of liabilities of the Group which have been incurred on arm's length terms, or working capital purposes.

11. Replacement of Certificates

If any Certificate is lost, stolen, mutilated, defaced or destroyed it may be replaced at the specified office of the Registrar or any Agent as may from time to time be designated by the Issuer, subject to all applicable laws and stock exchange requirements, upon payment by the claimant of the expenses incurred in connection with the replacement and on such terms as to evidence and indemnity as the Issuer and/or the Registrar may reasonably require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

12. Notices

All notices to the Noteholders shall be valid if sent by post to the Noteholders at their respective addresses in the Register. Any notice shall be deemed to have been given on the second day after being so mailed.

If and for so long as the Notes are listed or admitted to trading on any stock exchange or other securities market (where such listing or admission is obtained by or at the request of the Issuer), notices will also be given or published in accordance with any applicable requirements of such stock exchange or other securities market.

13. Meetings of Noteholders, Modification, Waiver and Substitution of the Issuer

(a) Meetings of Noteholders

The Trust Deed contains provisions for convening meetings of Noteholders (which may be at a physical location or by way of conference call or video conference, or a combination of the foregoing) to consider any matter affecting their interests, including the modification or abrogation by Extraordinary Resolution of any of these Conditions or any of the provisions of the Trust Deed.

The quorum at any meeting of Noteholders for passing an Extraordinary Resolution will be one or more persons present holding or representing more than 50 per cent. of the aggregate principal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons present whatever the principal amount of the Notes held or represented by him or them, *except that* at any meeting the business of which includes Reserved Matters, the necessary quorum for passing an Extraordinary

Resolution will be one or more persons present holding or representing not less than two-thirds, or at any adjourned meeting not less than one-third, of the aggregate principal amount of the Notes for the time being outstanding. As used in these Conditions, “**Reserved Matters**” has the meaning given in the Trust Deed.

The Trust Deed provides that (i) a resolution passed at a meeting of Noteholders duly convened and held by a majority of at least 75 per cent. of the votes cast, (ii) a resolution in writing (which may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders) signed by or on behalf of the holders of at least 75 per cent. in aggregate principal amount of the outstanding Notes who for the time being are entitled to receive notice of and vote at a meeting of Noteholders, and (iii) consent given by way of electronic consents through any relevant clearing system(s) (in a form satisfactory to the Trustee) by or on behalf of the holders of at least 75 per cent. in aggregate principal amount of the outstanding Notes who for the time being are entitled to receive notice of and vote at a meeting of Noteholders, shall, in each case, be effective as an Extraordinary Resolution of the Noteholders.

An Extraordinary Resolution will be binding on all Noteholders, whether or not they are present at the meeting or, as the case may be, sign the resolution in writing or provide electronic consent, and including Noteholders who voted against the relevant resolution.

(b) *Modification, authorisation, waiver*

The Trustee may agree (other than in respect of a Reserved Matter), without the consent of the Noteholders, to any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of these Conditions or any of the provisions of the Trust Deed or the Agency Agreement or may determine (other than in respect of a Reserved Matter), without any such consent as aforesaid, that an Event of Default or Potential Event of Default will not be treated as such (provided that, in any such case, it is not, in the opinion of the Trustee, materially prejudicial to the interests of the Noteholders) or may agree, without any such consent as aforesaid and irrespective of whether the same constitutes a Reserved Matter, to any modification of any of these Conditions or any of the provisions of the Trust Deed or the Agency Agreement which, in its opinion, is of a formal, minor or technical nature or is to correct a manifest error.

(c) *Substitution of the Issuer*

The Trust Deed contains provisions permitting the Trustee to agree, without the consent of the Noteholders, to the substitution in place of the Issuer (or of any previously substituted company) as the principal debtor under the Notes and the Trust Deed of (i) the Issuer’s Successor in business (as defined in the Trust Deed), (ii) a Holding Company (as defined in the Trust Deed) or (iii) a Subsidiary of the Issuer, in each case subject to (a) the Trustee being of the opinion that such substitution is not materially prejudicial to the interests of the Noteholders and (b) certain other conditions set out in the Trust Deed being complied with.

In the case of such a substitution, the Trustee may agree, without the consent of the Noteholders, to a change of the law governing the Notes and/or the Trust Deed, provided that such change would not in the opinion of the Trustee be materially prejudicial to the interests of the Noteholders.

(d) *Trustee to have regard to interests of Noteholders as a class*

In connection with the exercise by it of any of its trusts, powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation, determination or substitution), the Trustee shall have regard to the general interests of the Noteholders as a class but shall not have regard to any interests arising from circumstances particular to individual Noteholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Noteholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Trustee shall not be entitled to require, nor shall any Noteholder be entitled to claim, from the Issuer, the Trustee or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders except to the extent already provided for in Condition 8 and/or any undertaking given in addition to, or in substitution for, Condition 8 pursuant to the Trust Deed.

(e) *Notification to the Noteholders*

Any modification, abrogation, waiver, authorisation, determination or substitution referred to in this Condition 13 shall be binding on the Noteholders and, unless the Trustee agrees otherwise, notified by the Issuer to the Noteholders as soon as practicable thereafter in accordance with Condition 12.

14. Indemnification of the Trustee, Trustee contracting with the Issuer and the Trustee's retirement and removal

(a) *Indemnification and protection of the Trustee*

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility and liability towards the Issuer and the Noteholders, including (i) provisions relieving it from taking action unless indemnified and/or secured and/or pre-funded to its satisfaction and (ii) provisions limiting or excluding its liability in certain circumstances. The Trust Deed provides that, when determining whether an indemnity or any security or pre-funding is satisfactory to it, the Trustee shall be entitled (i) to evaluate its risk in any given circumstance by considering the worst-case scenario and (ii) to require that any indemnity or security given to it by the Noteholders or any of them be given on a joint and several basis and be supported by evidence satisfactory to it as to the financial standing and creditworthiness of each counterparty and/or as to the value of the security and an opinion as to the capacity, power and authority of each counterparty and/or the validity and effectiveness of the security.

(b) *Trustee Contracting with the Issuer*

The Trust Deed also contains provisions pursuant to which the Trustee is entitled, *inter alia*, (i) to enter into business transactions with the Issuer and/or any of the Issuer's Subsidiaries and to act as trustee for the holders of any other securities issued or guaranteed by, or relating to, the Issuer and/or any of the Issuer's Subsidiaries, (ii) to exercise and enforce its rights, comply with its obligations and perform its duties under or

in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Noteholders, and (iii) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

(c) *Retirement or removal of the Trustee*

The Trust Deed contains provisions allowing the Trustee to retire at any time on giving not less than 60 days' prior written notice to the Issuer without giving any reason and without being responsible for any Expenses (as defined in the Trust Deed) incurred by such retirement. The Noteholders may by Extraordinary Resolution remove any trustee or trustees for the time being of the Notes. The Trust Deed provides that the retirement or removal of any sole trust corporation shall not become effective until a successor trustee (being a trust corporation) is appointed. The Trust Deed provides that, in the event of a sole trust corporation giving notice of retirement or being removed by Extraordinary Resolution under the Trust Deed, the Issuer shall use its best endeavours to procure that a new trustee (being a trust corporation) is appointed as soon as reasonably practicable. If no appointment has become effective within 60 days of such notice or within 30 days after the passing of any such Extraordinary Resolution, the Trust Deed provides that the Trustee shall be entitled to appoint a new trustee (being a trust corporation). No appointment of a trustee shall take effect unless previously approved by an Extraordinary Resolution. Notice of any such change shall be given to the Agents and the Noteholders in accordance with Condition 12 as soon as practicable thereafter.

(d) *Reliance by Trustee on reports, confirmations, certificates and advice*

The Trustee may rely without liability to Noteholders on a report, confirmation or certificate or any advice of any accountants, financial advisers, financial institutions or any other expert, whether or not addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee may accept and shall be entitled to rely on any such report, confirmation or certificate or advice in which event such report, confirmation or certificate or advice shall be binding on the Issuer, the Trustee and the Noteholders.

15. Further Issues

The Issuer is at liberty from time to time without the consent of the Noteholders to create and issue further notes or bonds either (a) having the same terms and conditions as the Notes in all respects (or in all respects save for the first payment of interest thereon) and so that the same shall be consolidated and form a single series with the outstanding Notes ("**Further Notes**") or (b) upon such terms as to ranking, interest, conversion, redemption and otherwise as the Issuer may determine at the time of the issue. References in these Conditions to the Notes include (unless the context requires otherwise) any Further Notes. Any Further Notes shall be constituted by a deed supplemental to the Trust Deed.

16. Contracts (Rights of Third Parties) Act 1999

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Note, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

17. Governing Law and Jurisdiction

(a) *Governing law*

The Trust Deed and the Notes, and any non-contractual obligations arising out of or in connection with them, are governed by, and shall be construed in accordance with, English law.

(b) *Jurisdiction of English courts*

The Issuer has, in the Trust Deed, irrevocably agreed for the benefit of the Trustee and the Noteholders that the courts of England are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Trust Deed or the Notes (including a dispute relating to any non-contractual obligations arising out of or in connection with the Trust Deed or the Notes) and accordingly has submitted to the exclusive jurisdiction of the English courts.

The Issuer has, in the Trust Deed, waived any objection to the courts of England on the grounds that they are an inconvenient or inappropriate forum. The Trustee and the Noteholders may take any suit, action or proceeding arising out of or in connection with the Trust Deed or the Notes respectively (including any suit, action or proceedings relating to any non-contractual obligations arising out of or in connection with the Trust Deed or the Notes) (together referred to as “**Proceedings**”) against the Issuer in any other court of competent jurisdiction and concurrent Proceedings in any number of jurisdictions.

18. Agreement and Acknowledgement with respect to the exercise of Bail-in Powers

(a) *Recognition of Bail-in*

Notwithstanding and to the exclusion of any other term of the Notes or any other agreements, arrangements, or understandings between the Issuer and any Noteholder, by its acquisition of any Note (or any interest therein), each Noteholder, the Trustee on behalf of the Noteholders and each holder of a beneficial interest in any Note, acknowledges and accepts that the Amounts Due arising under the Notes may be subject to the exercise of Bail-in Powers by the Resolution Authority, and acknowledges, accepts, consents and agrees to be bound by:

- (i) the effect of the exercise of any Bail-in Power by the Resolution Authority, that may include and result in any of the following, or some combination thereof:
 - (A) the reduction of all, or a portion, of the Amounts Due;
 - (B) the conversion of all, or a portion, of the Amounts Due on the Notes into shares, other Notes or other obligations of the Issuer or another person (and the issue to or conferral on the Noteholder of such shares, Notes or

obligations), including by means of an amendment, modification or variation of the terms of the Notes;

- (C) the cancellation of the Notes; and
 - (D) the amendment or alteration of the maturity of the Notes or amendment of the amount of interest payable on the Notes, or the date on which the interest becomes payable, including by suspending payment for a temporary period; and
- (ii) the variation of the terms of the Notes, if necessary, to give effect to the exercise of Bail-in Power by the Resolution Authority.

(b) *Payment of interest and other outstanding Amounts Due*

No repayment or payment of Amounts Due on the Notes will become due and payable or be paid after the exercise of any Bail-in Power by the Resolution Authority, if and to the extent such amounts have been reduced, converted, cancelled, amended or altered as a result of such exercise.

(c) *No default*

Neither a reduction or cancellation, in part or in full, of the Amounts Due, the conversion thereof into another security or obligation of the Issuer or another person, as a result of the exercise of the Bail-in Power by the Resolution Authority with respect to the Issuer, nor the exercise of the Bail-in Power by the Resolution Authority with respect to the Notes will be an event of default under these Conditions, the Trust Deed or otherwise or a default for any purpose.

(d) *Notice to Noteholders*

Upon the exercise of the Bail-in Power by the Resolution Authority with respect to the Notes, the Issuer shall notify the Trustee and the Agents in writing of such exercise and give notice of the same to Noteholders in accordance with Condition 12. Any delay or failure by the Issuer in delivering any notice referred to in this Condition 18(d) shall not, however, constitute a default or event of default for any purpose, nor shall it affect the validity and enforceability of the Bail-in Power or the consequences thereof.

(e) *Definitions*

For the purposes of this Condition 18:

“Amounts Due” means the principal amount of, together with any accrued and unpaid interest due, or which may become due or payable, on the Notes. References to such amounts will include amounts that have become due and payable, but which have not been paid, prior to the exercise of any Bail-in Power by the Resolution Authority;

“Bail-In Legislation” means Part I of the Banking Act 2009, as amended, and any other law or regulation applicable in the United Kingdom relating to the resolution of unsound

or failing banks, investment firms or other financial institutions or their affiliates (otherwise than through liquidation, administration or other insolvency proceedings);

“Bail-in Power” means the powers under the Bail-In Legislation to cancel, transfer or dilute shares issued by a person that is a bank or investment firm or affiliate of a bank or investment firm, to cancel, reduce, transfer, modify or change the form of a liability of such a person or any contract or instrument under which that liability arises, to convert all or part of that liability into shares, notes or obligations of that person or any other person, to provide that any such contract or instrument is to have effect as if a right had been exercised under it or to suspend any obligation in respect of that liability; and

“Resolution Authority” means the Bank of England or any successor or replacement thereto or such other authority in the United Kingdom with the ability to exercise the Bail-in Power.

SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

The following is a summary of the provisions to be contained in the Trust Deed and in the Global Certificate which will apply to, and in some cases modify the effect of, the Conditions while the Notes are represented by the Global Certificate.

Initial Issue of Certificates

The Global Certificate will be registered in the name of a nominee (the “**Registered Holder**”) for a common depository for Euroclear and Clearstream, Luxembourg (the “**Common Depository**”) and may be delivered on or prior to the original issue date of the Notes.

Upon the registration of the Global Certificate in the name of any nominee for Euroclear and Clearstream, Luxembourg and delivery of the Global Certificate to the Common Depository, Euroclear or Clearstream, Luxembourg will credit each subscriber with a principal amount of Notes equal to the principal amount thereof for which it has subscribed and paid.

Relationship of accountholders with Clearing Systems

Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg or any other clearing system (an “**Alternative Clearing System**”) as the holder of a Note represented by a Global Certificate must look solely to Euroclear, Clearstream, Luxembourg or any such Alternative Clearing System (as the case may be) for their share of each payment made by the Issuer to or to the order of the holder of the Global Certificate and in relation to all other rights arising under the Global Certificate, subject to and in accordance with the respective rules and procedures of Euroclear, Clearstream, Luxembourg, or such Alternative Clearing System (as the case may be). Such persons shall have no claim directly against the Issuer in respect of payments due on the Note for so long as the Notes are represented by the Global Certificate and such obligations of the Issuer will be discharged by payment to, or to the order of, the registered holder of the Global Certificate in respect of each amount so paid.

Exchange of the Global Certificate

The following will apply in respect of transfers of Notes held in Euroclear or Clearstream, Luxembourg or any Alternative Clearing System. These provisions will not prevent the trading of interests in the Notes within a clearing system whilst they are held on behalf of such clearing system, but will limit the circumstances in which the Notes may be withdrawn from the relevant clearing system.

Transfers of the holding of Notes represented by the Global Certificate may only be made in part:

- (a) if the Notes represented by the Global Certificate are held on behalf of Euroclear and/or Clearstream, Luxembourg and/or an Alternative Clearing System and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of

holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so; or

(b) if an Event of Default (as defined in Condition 10(a) has occurred and is continuing,

provided that, in the case of the first transfer of part of a holding pursuant to (a) or (b) above, the holder of the Notes represented by the Global Certificate has given the Registrar not less than 30 days' notice at its specified office of such holder's intention to effect such transfer. Where the holding of Notes represented by the Global Certificate is only transferable in its entirety, the Certificate issued to the transferee upon transfer of such holding shall be a Global Certificate. Where transfers are permitted in part, Certificates issued to transferees shall not be Global Certificates unless the transferee so requests and certifies to the Registrar that it is, or is acting as a nominee for, Clearstream, Luxembourg, Euroclear and/or an Alternative Clearing System.

Calculation of Interest

For so long as all of the Notes are represented by the Global Certificate and such Global Certificate is held on behalf of Euroclear and Clearstream, Luxembourg, interest shall be calculated on the basis of the total aggregate amount of the Notes represented by the Global Certificate, and not per Calculation Amount as provided in Condition 5(b).

Payments

All payments in respect of Notes represented by a Global Certificate will be made to, or to the order of, the person whose name is entered on the Register at the close of business on the record date which (notwithstanding Condition 6(a)) shall be on the Clearing System Business Day immediately prior to the date for payment, where "**Clearing System Business Day**" means Monday to Friday inclusive except 25 December and 1 January.

Notices

For so long as the Notes are represented by the Global Certificate and such Global Certificate is held on behalf of Euroclear and Clearstream, Luxembourg, notices may be given to the Noteholders by delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg (as the case may be) for communication to their respective accountholders in substitution for publication as required by the Conditions provided that, for so long as the Notes are admitted to trading on the Main Market or listed or admitted to trading on any other stock exchange, notices will also be given in accordance with any applicable requirements of such stock exchange. Any notice shall be deemed to have been given on the date of delivery or publication which, in the case of communication through Euroclear and Clearstream, Luxembourg, shall mean the date on which the notice is delivered to Euroclear and Clearstream, Luxembourg.

Prescription

Claims against the Issuer in respect of any amounts payable in respect of the Notes represented by the Global Certificate will be prescribed after 10 years (in the case of principal) and five years (in the case of interest) from the due date.

Meetings

For the purposes of any meeting of the Noteholders, the holder of the Notes represented by the Global Certificate shall be treated as being entitled to one vote in respect of each £1.00 in principal amount of such Notes.

Electronic Consent and Written Resolution

For so long as the Notes are in the form of a Global Certificate registered in the name of any nominee for one or more of Euroclear and Clearstream, Luxembourg, then, in respect of any resolution proposed by the Issuer or the Trustee:

- (a) where the terms of the proposed resolution have been notified to the Noteholder through the relevant clearing system(s), each of the Issuer and the Trustee shall be entitled to rely upon approval of such resolution proposed by the Issuer or the Trustee (as the case may be) given by way of electronic consents communicated through the electronic communications systems of the relevant clearing system(s) in accordance with their operating rules and procedures by or on behalf of the holders of not less than 75 per cent. in principal amount of the Notes outstanding ("**Electronic Consent**"). Neither the Issuer nor the Trustee shall be liable or responsible to anyone for such reliance; and
- (b) where Electronic Consent is not being sought, for the purpose of determining whether a written resolution has been validly passed, the Issuer and the Trustee shall be entitled to rely on consent or instructions given in writing directly to the Issuer and/or the Trustee, as the case may be, by accountholders in the clearing system(s) with entitlements to such Global Certificate or, where the accountholders hold any such entitlement on behalf of another person, on written consent from or written instruction by the person for whom such entitlement is ultimately beneficially held, whether such beneficiary holds directly with the accountholder or via one or more intermediaries and provided that, in each case, the Issuer and/or the Trustee (as the case may be) have obtained commercially reasonable evidence to ascertain the validity of such holding and have taken reasonable steps to ensure that such holding does not alter following the giving of such consent or instruction and prior to the effecting of such amendment. Any resolution passed in such manner shall be binding on all Noteholders, even if the relevant consent or instruction proves to be defective. As used in this paragraph, "**commercially reasonable evidence**" includes (without limitation) any certificate or other document issued by Euroclear, Clearstream, Luxembourg or any other relevant clearing system, or issued by an accountholder of them or an intermediary in a holding chain, in relation to the holding of interests in the Notes. Any such certificate or other document shall, in the absence of manifest error, be conclusive and binding for all purposes. Any such certificate or other document may comprise any form of statement or print out of electronic records provided by the relevant clearing system (including Euroclear's EasyWay or Clearstream, Luxembourg's Xact Web Portal system) in accordance with its usual procedures and in which the accountholder of a particular principal or nominal amount of the Notes is clearly identified together with the amount of such holding. Neither the Issuer nor the Trustee shall be liable to any person by reason of having accepted as valid or not having rejected any certificate or other document to such effect purporting to be issued by any such person and subsequently found to be forged or not authentic.

Cancellation

Cancellation of any Notes following its redemption or purchase by the Issuer or any of the subsidiaries of the Issuer, will be effected by reduction in the aggregate principal amount of the Notes in the Register of Noteholders.

Record Date

For so long as all Notes are held in Euroclear and Clearstream, Luxembourg, the “**record date**” shall be determined in accordance with Condition 6(a) except that the words “fifteenth day” shall be deemed to be replaced with “ICSD Business Day” (where “**ICSD Business Day**” means a day on which Euroclear and Clearstream, Luxembourg are open for business).

Euroclear and Clearstream, Luxembourg

References in the Global Certificate and this summary to Euroclear and Clearstream, Luxembourg shall be deemed to include references to any other clearing system approved for the purposes of the Notes by the Trustee and the Registrar.

USE OF PROCEEDS

The net proceeds of the issue will be used by the Issuer for general corporate purposes of the Group, including the repayment of existing indebtedness.

DESCRIPTION OF THE ISSUER AND THE GROUP

History and Development of the Issuer

The Issuer was incorporated in England and Wales on 3 June 1953 under the name “Safeguard Industrial Investments Limited” as a company with limited liability under the Companies Act 1948 with registered number 520241.

On 4 December 1981, it was re-registered as a public limited company under the Companies Acts 1948 to 1980 and, on 30 November 1984, its name was changed to “Close Brothers Group plc”.

The Issuer has its principal place of business and registered office at 10 Crown Place, London EC2A 4FT and its telephone number is +44 (0)20 7655 3100.

The ordinary shares of the Issuer are listed on the Official List of the FCA and traded on the main market of the London Stock Exchange. As at the date of this Prospectus, the Issuer is a constituent member of the FTSE 250. As at 2 June 2023, the Issuer had a market capitalisation of £1.46 billion.

The Issuer is the ultimate holding company of a group of companies engaged in specialist financial services.

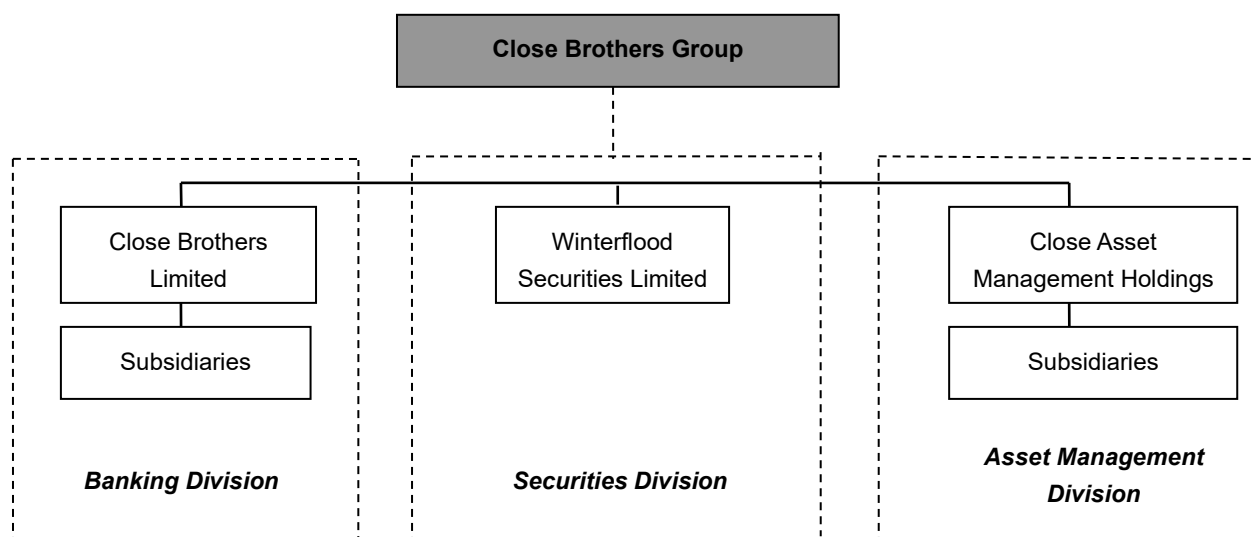
Overview of the Group

The Group has three operating divisions: (i) Banking; (ii) Asset Management; and (iii) Securities.

The Group derives its revenue from a mix of fees, dealing profits and interest margin and employs approximately 4,000 individuals, principally across the UK.

The Group is focused on providing a differentiated and relationship driven service in specialist markets, where it has long-standing expertise, and on maintaining its prudent and consistent underwriting, founded in a deep knowledge of the sectors and asset classes it lends in. This in turn allows the Group to support its clients and continually invest in the business whilst generating consistent profitability through the cycle.

The following diagram provides an overview of the three operating divisions within Group:



A description of the three divisions is set out below:

Banking

Overview

The Banking division is comprised of CBL, a subsidiary of the Issuer, along with a number of its subsidiaries. CBL is a bank and is authorised to accept deposits under FSMA, is authorised by the PRA and is regulated by the FCA and the PRA.

The Banking division provides a range of banking services and specialist finance solutions focused on secured lending to SMEs, professionals and consumers, mainly in the UK as well as in the Republic of Ireland, the Channel Islands and Germany, through three lending businesses: (i) Retail, which provides intermediated lending solutions principally to consumers; (ii) Commercial, which provides asset and invoice finance solutions principally to SMEs, including smaller specialist businesses; and (iii) Property, which provides short term finance principally for residential property development.

Retail

The Retail business comprises both Premium Finance and Motor Finance.

The *Premium Finance* business finances the insurance payments for companies and individuals via a network of insurance brokers, allowing the customer to pay insurance premiums in instalments. The Premium Finance business had a total loan book of £1.0 billion as at 31 January 2023, with typical maturity of 10 months and an average loan size of c. £500.

The *Motor Finance* business provides point of sale finance for the acquisition of predominantly used cars, motorcycles and light commercial vehicles, and operates through a network of motor

dealers. The Motor Finance business had a loan book of £2 billion as at 31 January 2023, with typical maturity of 4 years and an average loan size of £7,000.

Commercial

The Commercial business comprises both Asset Finance and Invoice and Speciality Finance.

The *Asset Finance* business provides commercial asset financing, hire-purchase, and leasing solutions for a diverse range of assets and sectors, including the financing of commercial vehicles, machine tools, contractors' plant, printing equipment, company car fleets, energy production, and aircraft and marine vessels. The Asset Finance business had a loan book of £3.3 billion as at 31 January 2023, with a typical maturity of 3 to 4 years and an average loan size of c. £58,000.

The *Invoice and Speciality Finance* business provides debt factoring and invoice discounting and asset-based lending to the SME sector as well as smaller specialist businesses. The Invoice and Speciality Finance business had a loan book of £1.2 billion as at 31 January 2023, with a typical maturity of 3 months and an average loan size of c. £510,000.

Property

The Property business specialises in short-term residential development finance and bridging finance in the UK. The client base is predominantly professional property developers with an established track record. The Property business had a loan book of £1.5 billion as at 31 January 2023, with a typical maturity of 12 to 24 months and an average loan size of c. £1.35 million. The portfolio does not include any mortgages, buy-to-let mortgages or mezzanine finance.

LTV ratios and underwriting model

CBL is a predominantly secured lender, focusing on small ticket short tenor deals, with conservative loan to value ("**LTV**") ratios, with typical LTV ratios ranging from 75-85 per cent. in the Motor Finance business, 90-100 per cent. in the Asset Finance business, 70-90 per cent. in the Invoice and Speciality Finance business and 50-65 per cent. in the Property business as at 31 January 2023. The underwriting model is well established and is based on local, specialist underwriting expertise with strong central oversight, resulting in a strong credit performance with loan losses limited to 0.6-2.3 per cent. over the 10-year period to 31 July 2022 and an average of 1.0 per cent.

Funding and liquidity

The lending businesses are supported by the Treasury function, which provides funding for the Group's lending activities through corporate deposits, retail savings products and wholesale funding while maintaining an appropriate level of liquidity.

The Group remains soundly funded with access to total funding of £11.9 billion as at 31 January 2023, funding the loan book of £9 billion. The Group has diverse sources of funding and currently utilises:

- senior unsecured debt and subordinated debt;

- other facilities including securitisations and the government's Term Funding Scheme;
- retail deposits;
- corporate deposits; and
- equity.

Over the past several years the Group has diversified its sources of funding through debt capital markets issuance, raising longer term retail deposits and utilising repurchase and securitisation agreements. This has enabled it to consistently meet its funding requirements and support growth in the loan book.

The Group has a robust liquidity framework with policies in place to ensure it meets short-term and long-term cash flow needs as well as satisfying any external regulatory requirements. The Group has maintained a level of liquidity which is appropriate in relation to the Group's cash flow needs and the current market environment.

At 31 January 2023, the Group had £2.1 billion of treasury assets which included £2.1 billion of high quality liquid assets and £50 million of certificates of deposit.

Capital Management Framework

The prudent management of the Group's financial resources is a core part of its business model. The Group's primary objective is to deploy capital to support disciplined loan book growth in Banking and to make the most of strategic opportunities. These include strategic initiatives and small acquisitions in existing or adjacent markets that fit with the Group's business model.

The Board remains committed to the Group's dividend policy, which aims to provide sustainable dividend growth year-on-year, while maintaining a prudent level of dividend cover. Further capital distributions to shareholders will be considered depending on future opportunities.

As at 31 January 2023, the Group's CET1 Capital Ratio was 14.0 per cent. when applying permitted transitional arrangements (relating to IFRS 9) under the UK CRR, and would have been 13.7 per cent. if disregarding such arrangements.

The Group remains committed to optimising further its capital structure, including the issuance of debt capital market securities if appropriate. In line with the Group's Capital Management framework, it is targeting a CET1 capital ratio range of 12 per cent. to 13 per cent. over the medium term, which will allow the Group to maintain a buffer to minimum regulatory requirements while also retaining the flexibility for growth.

Employees

The Banking division has over 2,800 employees.

Performance

The following table sets out a summary of certain information relating to the Banking division's performance for the half year ended 31 January 2023 and for the 10 year average over the financial years ended 31 July 2012 to 31 July 2022.

	10 year average	Half year ended 31 January 2023
Return on opening equity¹	19.4%	1.1%
Return on net loan book²	3.1%	0.3%
Bad debt ratio³	1.0%	3.6%
Net interest margin⁴	8.1%	8.0%
Loan book growth⁵	8.0%	(1.0)%

Asset Management

The Asset Management division, which has specialised in managing client portfolios for over 40 years, provides personal financial advice and investment management services to private clients in the UK. The investment management services offering includes full bespoke management and managed portfolios and funds, distributed both directly via the Asset Management division's own advisers and bespoke investment managers and through third party independent financial advisors.

As at 31 January 2023, the business had total managed assets of £15.7 billion and total client assets (which include advised assets under third party management) of £16.9 billion. Total client assets have increased by £4.7 billion since 31 January 2018.

The Asset Management division has c. 750 employees.

¹ Banking division's adjusted operating profit after tax and non-controlling interests on opening equity, excluding non-controlling interests.

² Adjusted operating profit from lending activities on average net loans and advances to customers and operating lease assets.

³ Impairment losses on average net loans and advances to customers and operating lease assets.

⁴ Net income generated by lending activities, including net interest income, net fees and commissions and net operating lease income (deducting depreciation), on average net loans and advances to customers and operating lease assets.

⁵ Includes operating lease assets of £199.6 million (31 July 2022: £185.4 million) relating to Asset Finance and £56.7 million (31 July 2022: £54.6 million) relating to Invoice and Speciality Finance.

The following table sets out a summary of the adjusted operating profit of the Asset Management division for each of the financial years ended on 31 July 2018 to 31 July 2022 and for the half year ended on 31 January 2023.

Financial year/period	2018	2019	2020	2021	2022	HY23
Adjusted ⁶ operating profit (£m)	23.1	21.8	20.4	23.7	21.7	8.6

Securities

The principal trading company in the Securities division is Winterflood Securities Limited (“**Winterflood**”), a subsidiary of the Issuer. Winterflood is a leading liquidity provider and market-maker in UK equities for retail stockbrokers and institutions. It trades in over 15,500 instruments in the UK and overseas and trades with over 600 institutional asset managers, retail stockbrokers, wealth managers, platforms and other market counterparties, with a specialist team focused on investment trusts.

Winterflood Business Services (“**WBS**”) is a separate business within the Securities division. Founded in January 2010, WBS provides outsourced dealing and custody services to over 50 corporate clients.

Winterflood’s income is predominantly trading income from its market-making activities. During the half year ended 31 January 2023, Winterflood traded an average of 61,000 bargains per day marginally above pre-pandemic levels (2019: 56,000).

The Securities division has over 300 employees.

The following table sets out a summary of the adjusted operating profit of the Securities division and the number of loss days per year for the Securities division for each of the financial years ended on 31 July 2018 to 31 July 2022 and for the half year ended on 31 January 2023.

Financial year/period	2018	2019	2020	2021	2022	HY23
Adjusted operating profit (£m)	28.1	20.0	47.9	60.9	14.1	2.4
Number of loss days in year/period	0	2	7	1	8	1

Directors

⁶ Stated before amortisation of intangible assets on acquisition. Adjusted measures are used to increase comparability between periods and exclude amortisation of intangible assets on acquisition, and any goodwill impairments and exceptional items.

The directors of the Issuer are as follows:

Name	Position	Principal Outside Activities
Mike Biggs.....	Chairman	None
Adrian Sainsbury.....	Chief Executive	Non-executive director of UK Finance
Mike Morgan.....	Group Finance Director	None
Mark Pain.....	Senior Independent Director	Chairman of AXA UK plc, Chairman of London Square Limited and Chairman of Empiric Student Property plc
Oliver Corbett.....	Independent Non-Executive Director	Chief Financial Officer of McGill and Partners Group Limited
Peter Duffy.....	Independent Non-Executive Director	Chief Executive Officer of Moneysupermarket.com Group plc
Sally Williams.....	Independent Non-Executive Director	Non-executive director of Lancashire Holdings Limited and of Family Assurance Friendly Society Limited
Tracey Graham.....	Independent Non-Executive Director	Non-executive director of DiscoverIE Group plc, LINK Scheme Limited and Nationwide Building Society
Tesula Mohindra.....	Independent Non-Executive Director	Non-executive director on the board of National House-Building Council and the RAC group, and trustee of Variety, the Children's Charity
Patricia Halliday.....	Independent Non-Executive Director	None

The business address of each of the directors of the Issuer is 10 Crown Place, London EC2A 4FT.

There are no potential conflicts of interests between any duties to the Issuer of the directors listed above and their private interests and/or other duties.

TAXATION

UK Taxation

The following applies only to persons who are the beneficial recipients of payments under the Notes and is a summary of the Issuer's understanding of current law and HM Revenue & Customs ("HMRC") published practice in the UK. It relates only to the UK withholding tax treatment of payments of interest in respect of Notes and is not intended to be exhaustive. It does not deal with any other UK taxation implications of acquiring, holding or disposing of Notes, and assumes that the Issuer is not substituted with another obligor. The UK tax treatment of prospective Noteholders depends on their individual circumstances and may be subject to change in the future, including retrospective change. Prospective Noteholders who may be subject to tax in a jurisdiction other than the UK or who may be unsure as to their tax position should seek their own professional advice.

Payment of Interest on the Notes

The references to "interest" in the comments below mean "interest" as understood in UK tax law. The comments below do not take any account of any different definitions of "interest" which may be created by the Terms and Conditions of the Notes or any relevant documentation.

The Notes will constitute "quoted Eurobonds" provided they are and continue to be listed on a recognised stock exchange (within the meaning of section 1005 of the Income Tax Act 2007 (the "**Act**")) or admitted to trading on a "multilateral trading facility" operated by a UK, Gibraltar or EEA-regulated recognised stock exchange (within the meaning of section 987 of the Act). Whilst the Notes are and continue to be quoted Eurobonds, payments of interest on the Notes may be made without withholding or deduction for or on account of UK income tax. The Notes are expected to be admitted to trading on the Main Market of the London Stock Exchange. The Main Market of the London Stock Exchange is a recognised stock exchange for these purposes.

Under current UK legislation, if the exemption referred to above does not apply, interest on the Notes may fall to be paid under deduction of UK income tax at the basic rate (currently 20 per cent.), subject to the availability of other reliefs under domestic law or to any direction to the contrary from HM Revenue & Customs in respect of such relief as may be available pursuant to the provisions of any applicable double taxation treaty.

SUBSCRIPTION AND SALE

The Joint Lead Managers have, pursuant to a Subscription Agreement (the “**Subscription Agreement**”) dated 12 June 2023, agreed jointly and severally to subscribe or procure subscribers for the Notes at the issue price of 99.634 per cent. of their principal amount less a combined management and underwriting commission, subject to the provisions of the Subscription Agreement. The Issuer will also reimburse the Joint Lead Managers in respect of certain of their expenses, and has agreed to indemnify the Joint Lead Managers against certain liabilities, incurred in connection with the issue and offering of the Notes. The Subscription Agreement may be terminated in certain circumstances prior to payment of the net subscription price to the Issuer.

Selling Restrictions

United States

The Notes have not been, nor will they be, registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States, and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from or not subject to, the registration requirements of the Securities Act.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended, and the U.S. Treasury regulations promulgated thereunder.

Each Joint Lead Manager has represented and agreed that, except as permitted by the Subscription Agreement, it will not offer, sell or deliver the Notes (i) as part of its distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the Issue Date, within the United States or to, or for the account or benefit of, U.S. persons. Each Joint Lead Manager has further agreed that it will have sent to each dealer to which it sells Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S.

The Notes are being offered and sold outside of the United States to non-U.S. persons in reliance on Regulation S.

In addition, until 40 days after the commencement of the offering of the Notes, an offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

Prohibition of sales to UK retail investors

Each Joint Lead Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject

of the offering contemplated by this Prospectus in relation thereto to any “retail investor” in the UK. For the purposes of this provision the expression “**retail investor**” means a person who is one (or more) of the following:

- (A) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law in the UK by virtue of the EUWA; or
- (B) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of UK MiFIR.

Other UK regulatory restrictions

Each Joint Lead Manager has represented and agreed that:

- (A) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (B) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the UK.

Prohibition of sales to EEA retail investors

Each of the Joint Lead Managers has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any “retail investor” in the EEA. For the purposes of this provision the expression “**retail investor**” means a person who is one (or more) of the following:

- (A) a retail client as defined in point (11) of Article 4(1) of MiFID II; or
- (B) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

Canada

Each Joint Lead Manager has represented and agreed that the Notes may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 *Prospectus Exemptions* or subsection 73.3(1) of the *Securities Act* (Ontario), and are permitted clients, as defined in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*. Any resale of the

Notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this Prospectus (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Hong Kong

Each Joint Lead Manager has represented and agreed that:

- (i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than (i) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "**SFO**") and any rules made under the SFO; or (ii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the "**C(WUMP)O**") or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and
- (ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

Singapore

This Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Joint Lead Manager has represented, warranted and agreed that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than:

- (i) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA;
- (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA; or
- (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

- (1) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(c)(ii) of the SFA;
- (2) where no consideration is or will be given for the transfer;
- (3) where the transfer is by operation of law; or
- (4) as specified in Section 276(7) of the SFA.

Notification under Section 309B(1)(c) of the SFA - Solely for the purposes of its obligations pursuant to sections 309B(1)(a) and 309B(1)(c) of the SFA, the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are "prescribed capital markets products" (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore) and "Excluded Investment Products" (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Switzerland

The offering of the Notes in Switzerland is exempt from the requirement to prepare and publish a prospectus under the Swiss Financial Services Act of 15 June 2018, as amended (the "**FinSA**") as the Notes have a minimum denomination of at least CHF 100,000 (or equivalent in another currency), and will not be admitted to trading on a trading venue (exchange or multilateral trading facility) in Switzerland. Accordingly, neither this Prospectus nor any other offering or marketing material relating to the Notes (x) constitutes a prospectus as such term is understood pursuant to article 35 of the FinSA or (y) has been, or will be, filed with or approved by a review body pursuant to article 52 of the FinSA.

In accordance with article 59(1) of the FinSA and article 86(3) of the Swiss Financial Services Ordinance of 6 November 2019, as amended, no Basic Information Document (*Basisinformationsblatt*) is required for, and no Basic Information Document (or any equivalent document under the FinSA) has been or will be prepared for, the offering of the Notes.

General

Each Joint Lead Manager has represented and agreed that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in

which it purchases, offers, sells or delivers Notes or possesses or distributes this Prospectus and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and none of the Issuer, the Trustee, the Agents nor any of the Joint Lead Managers shall have any responsibility therefor.

None of the Issuer, the Trustee, the Agents or any of the Joint Lead Managers has represented that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating any such sale.

GENERAL INFORMATION

Authorisation

The issue of the Notes was duly authorised by resolutions of the Board passed on 15 December 2022 and resolutions of a committee of the Board passed on 30 May 2023.

Listing of Notes

Application has been made to the FCA for the Notes to be admitted to the Official List and to the London Stock Exchange for the Notes to be admitted to trading on the Main Market. It is expected that listing of the Notes on the Official List and admission of the Notes to trading on the Main Market will be granted on or about 14 June 2023, subject only to the issue of the Notes (as applicable). Prior to official listing and admission to trading, however, dealings will be permitted by the London Stock Exchange in accordance with its rules.

The Issuer estimates that the total expenses related to the admission to trading will be approximately £6,550.

Documents Available

For so long as any Note remains outstanding, the following documents will be available for inspection on the Issuer's website at <https://www.closebrothers.com/close-brothers-group>, save where an alternative location is stated below:

- (a) this Prospectus together with the documents incorporated by reference herein;
- (b) the Agency Agreement and the Trust Deed (which includes the form of the Global Certificate); and
- (c) the up-to-date articles of association of the Issuer (accessible at: <https://find-and-update.company-information.service.gov.uk/company/00520241/filing-history>).

Copies of this Prospectus and any documents incorporated by reference in this Prospectus 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>.

Indication of Yield

Based upon an issue price of 99.634 per cent. of the principal amount of the Notes, the yield of the Notes is 7.840 per cent. per annum (on a semi-annual basis). The yield is calculated at the Issue Date and is not an indication of future yield.

Clearing Systems

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The ISIN for this issue is XS2635182509 and the Common Code is 263518250. The CFI and FISN for Notes will be set out on the website of the Association of National Numbering Agencies

(ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN for the Notes (as applicable).

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels and the address of Clearstream, Luxembourg is Clearstream Banking, S.A., 42 Avenue JF Kennedy, L-1855 Luxembourg.

Significant or Material Change

There has been no significant change in the financial position or financial performance of the Issuer or the Group since 31 January 2023 and there has been no material adverse change in the prospects of the Issuer or the Group as a whole since 31 July 2022.

Litigation

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened) of which the Issuer is aware, during the 12 months prior to the date of this Prospectus, which may have, or have had in the recent past, significant effects on the financial position or profitability of the Issuer or the Group.

Independent Auditors

PricewaterhouseCoopers LLP, a member of the Institute of Chartered Accountants in England and Wales and Registered Auditors, audited the Issuer's financial statements, without qualification, for each of the financial years ending 31 July 2022 and 31 July 2021.

The independent auditors of the Issuer have no material interest in the Issuer.

Conflicts of Interest

Certain of the Joint Lead Managers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for the Issuer and its affiliates in the ordinary course of business. They have received, or may in the future receive, customary fees and commissions for these transactions. Certain of the Joint Lead Managers and their affiliates may have positions, deal or make markets in the Notes, related derivatives and reference obligations, including (but not limited to) entering into hedging strategies on behalf of the Issuer and its affiliates, investor clients, or as principal in order to manage their exposure, their general market risk, or other trading activities.

In addition, in the ordinary course of their business activities, the Joint Lead Managers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments (which may include the Notes) of the Issuer or its affiliates.

Certain of the Joint Lead Managers or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Joint Lead Managers and their affiliates would hedge such

exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes. Any such positions could adversely affect future trading prices of the Notes. The Joint Lead Managers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

THE ISSUER

Close Brothers Group plc

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London EC1A 1HQ
United Kingdom

UBS AG London Branch

5 Broadgate
London EC2M 2QS
United Kingdom

TRUSTEE

Citicorp Trustee Company Limited

Citigroup Centre
Canada Square
Canary Wharf
London E14 5LB
United Kingdom

PRINCIPAL PAYING AGENT, REGISTRAR AND TRANSFER AGENT

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To the Issuer as to English law

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*To the Joint Lead Managers and the Trustee
as to English law*

Allen & Overy LLP

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