

## Press Release

### Trading update

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24 July 2015

Embargoed for release at 7.00am on 24 July 2015.

Close Brothers Group plc (“the group” or “Close Brothers”) today issues its scheduled pre-close trading update ahead of its 2015 financial year end. All statements in this release relate to the group’s performance over the five months to 30 June 2015 (“the period”) unless otherwise indicated.

Close Brothers will be releasing its full year results for the twelve months ending 31 July 2015 on 22 September 2015.

#### Group and divisional performance

Close Brothers has delivered a good performance in the period, driven by continued good returns in the Banking division, improved trading conditions in Winterflood and continued steady progress in Asset Management.

The **Banking** division continued to deliver a solid performance with the loan book up 4.4% in the period and 7.7% year to date to £5.7 billion. This reflects continued growth in property, asset and motor finance. The net interest margin and bad debt ratio have been broadly stable in the period.

In **Securities**, Winterflood has benefited from improved market conditions and increased investor risk appetite, when compared to the difficult trading environment seen in the first half.

**Asset Management** has delivered 7% growth in Assets under Management year to date to £10.4 billion with continued solid net inflows, despite negative market movements in June. The revenue margin remains broadly stable on the prior year.

#### Changes in UK corporation tax

The UK Summer Budget announced an 8% corporation tax surcharge for banking sector profits from 1 January 2016, together with a reduction in the underlying corporation tax rate from 20% to 18% by 2020. Based on the draft legislation in its current form, we would expect an increase in the group’s effective tax rate of around 5% in FY 2017. However, we would expect a limited impact on our 2016 financial year, as the surcharge would be mitigated by a one-off benefit from the revaluation of deferred tax assets to reflect the higher tax rate.

#### Outlook

Overall, the outlook for the group remains unchanged and we expect to deliver another good performance for the full year.

## **Enquiries**

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## **About Close Brothers**

Close Brothers is a leading UK merchant banking group providing lending, deposit taking, wealth management services and securities trading. We employ around 2,900 people, principally in the UK. Close Brothers Group plc is listed on the London Stock Exchange and is a member of the FTSE 250.