

Press Release

Interim Management Statement

20 November 2014

Embargoed for release at 7.00am on 20 November 2014.

Close Brothers Group plc (“the group” or “Close Brothers”) today issues its Interim Management Statement relating to the first quarter from 1 August 2014 to 31 October 2014 (“the quarter”). All statements in this release relate to that period unless otherwise indicated.

- Close Brothers has made a good start to the year as a stronger performance in Banking has offset more difficult trading at Winterflood
- Banking continued to generate strong returns as the loan book increased by 2.3% to £5.4 billion
- Winterflood has been impacted by challenging market conditions
- Asset Management’s Assets under Management (“AuM”) remained stable at £9.7 billion

Banking

The Banking division has performed strongly in the quarter. The loan book is up 2.3% to £5.4 billion (31 July 2014: £5.3 billion) with good demand in Property and Asset finance balanced by slower growth in Motor finance. The division has maintained the core attributes of its lending and has benefited from a supportive funding and credit environment. Therefore both the net interest margin and the bad debt ratio have improved slightly in the quarter.

Securities

The challenging market conditions have adversely impacted the Securities division. Winterflood’s average bargains per day have remained broadly stable but reduced investor risk appetite and increased market volatility in October have resulted in a significant decline in income per bargain compared to the previous financial year. As previously announced the group has agreed to sell Seydler, subject to regulatory approval in Germany, and therefore its results will be treated as a discontinued operation.

Asset Management

Asset Management continues to perform well despite the tough market backdrop. AuM remained stable at £9.7 billion (31 July 2014: £9.7 billion) as net inflows were offset by negative market movements. The revenue margin has remained broadly stable on the prior financial year.

Outlook

In Banking we expect to deliver continued loan book growth at strong margins while remaining focused on the quality of our lending model.

Winterflood remains sensitive to market conditions but is well placed to benefit as conditions improve.

We continue to see opportunities to deliver growth at attractive margins in Asset Management.

Overall, the group remains confident about delivering a good result for the 2015 financial 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 over 2,800 people, principally in the UK. Close Brothers Group plc is listed on the London Stock Exchange and is a member of the FTSE 250.