

Press Release

Scheduled Trading Update

22 January 2020

Embargoed for release at 7.00am on 22 January 2020.

Close Brothers Group plc (“the group” or “Close Brothers”) today issues its scheduled pre-close trading update ahead of its 2020 half year end. Close Brothers will be releasing its half year results for the six months ending 31 January 2020 on 10 March 2020.

All statements in this release relate to continuing operations over the five months to 31 December 2019 (“the period”) unless otherwise indicated.

Group and divisional performance

The group’s performance year to date reflects the disciplined application of our proven and resilient business model and lower activity levels in a difficult UK economic environment.

In the **Banking** division, we maintained our focus on pricing, prudent underwriting and long-term investment. The loan book remained broadly flat in the period, increasing 0.4% to £7.68 billion (31 July 2019: £7.65 billion), with modest growth in Commercial offset by a slight decline in Property, while Retail remained broadly flat.

The net interest margin remained broadly stable on the 2019 financial year at 7.8% (2019: 7.9%). While overall credit quality remained strong, bad debts have increased modestly relative to historically low levels, with a bad debt ratio of 0.8% (2019: 0.6%) for the period.

We continue to invest in strategic initiatives to protect and grow our business and remain committed to maintaining this long-term investment through the current period of lower activity. As a result, costs are expected to continue to grow ahead of income in the current year.

The **Asset Management** division continued to deliver strong net inflows, consistent with our growth strategy and investment in this business. Combined with positive market movements, managed assets grew to £12.6 billion at 31 December 2019 (31 July 2019: £11.7 billion) and total client assets increased to £14.0 billion (31 July 2019: £13.3 billion).

Following a slow start to the year, **Winterflood** experienced an improvement in trading activity towards the end of 2019. The business remains focused on maximising its trading opportunities in all market conditions.

Outlook

While there remains uncertainty about the economic outlook for the UK, we are well positioned to continue supporting our customers and clients in a wide range of market conditions.

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 3,000 people, principally in the UK. Close Brothers Group plc is listed on the London Stock Exchange and is a member of the FTSE 250.

Cautionary Statement

Certain statements included within this announcement may constitute "forward-looking statements" in respect of the group's operations, performance, prospects and/or financial condition. Forward-looking statements are sometimes, but not always, identified by their use of a date in the future or such words as "anticipates", "aims", "due", "could", "may", "will", "should", "expects", "believes", "intends", "plans", "potential", "targets", "goal" or "estimates". By their nature, forward-looking statements involve a number of risks, uncertainties and assumptions and actual results or events may differ materially from those expressed or implied by those statements. Accordingly, no assurance can be given that any particular expectation will be met and reliance should not be placed on any forward-looking statement. Additionally, forward-looking statements regarding past trends or activities should not be taken as a representation that such trends or activities will continue in the future. Except as may be required by law or regulation, no responsibility or obligation is accepted to update or revise any forward-looking statement resulting from new information, future events or otherwise. Nothing in this announcement should be construed as a profit forecast. This announcement does not constitute or form part of any offer or invitation to sell, or any solicitation of any offer to subscribe for or purchase any shares or other securities in the company or any of its group members, nor does it constitute a recommendation regarding the shares or other securities of the company or any of its group members. Past performance cannot be relied upon as a guide to future performance and persons needing advice should consult an independent financial adviser or other professional. Statements in this announcement reflect the knowledge and information available at the time of its preparation. Liability arising from anything in this announcement shall be governed by English law. Nothing in this announcement shall exclude any liability under applicable laws that cannot be excluded in accordance with such laws.