

Press Release

Close Brothers Group plc Trading update

Embargoed for release at 7.00am on 23 January 2013.

Close Brothers Group plc (“the group” or “Close Brothers”) today issues its scheduled pre-close trading update ahead of its 2013 half year end. All statements in this release relate to the group’s performance over the five months to 31 December 2012 unless otherwise indicated. Close Brothers will be releasing its half year results for the six months ending 31 January 2013 on 12 March 2013.

Group and divisional performance

The group has continued to perform on track and expects to achieve a good result for the first half. The strong performance in Banking has continued and Asset Management continued to make progress although trading volumes in Securities remained subdued. The group’s funding position and capital base remain strong.

The **Banking** division has continued to deliver strong profit growth in the period. Loan book growth remained solid with an increase of 6% year to date to £4.4 billion at 31 December 2012 (31 July 2012: £4.1 billion) with growth across the portfolio. The net interest margin was lower than the last financial year as expected, however this was largely offset by a further reduction in the bad debt ratio reflecting strong credit performance in the period across the businesses.

The low trading volumes across the market have impacted performance in the **Securities** division, with Winterflood continuing to experience low retail investor activity. As reported for the first quarter, average bargains per day remained below the prior financial year while income per bargain was broadly unchanged. The performance in Seydler was also impacted by low trading volumes, although it has benefited from modest capital markets activity.

The **Asset Management** division continued to make progress. Total Assets under Management (“AuM”) increased 3% to £8.5 billion at 31 December 2012 (31 July 2012: £8.3 billion) reflecting positive market movements over the period. The revenue margin has also improved reflecting an increased proportion of higher margin private client assets.

Outlook

The group is well positioned for the remainder of the 2013 financial year. The Banking division continues to see solid prospects for growth and Asset Management remains on track to move into profitability during the course of this financial year. Challenging trading conditions continue to impact Winterflood’s performance although it remains well positioned for any market recovery.

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Close Brothers is a specialist financial services group which makes loans, trades securities and provides advice and investment management solutions to a wide range of clients. Close Brothers was established in 1878 and today employs over 2,500 people, principally in the UK. Close Brothers Group plc is listed on the London Stock Exchange and is a member of the FTSE 250.