

Press Release

Close Brothers Group plc

Trading update

Embargoed for release at 7.00am on 20 January 2012.

Close Brothers Group plc (“the group” or “Close Brothers”) today issues its scheduled pre-close trading update ahead of its 2012 half year end. All statements in this release relate to the group’s performance over the five months to 31 December 2011 unless otherwise indicated. Close Brothers will be releasing its half year results for the six months ending 31 January 2012 on 13 March 2012.

Group and divisional performance

Close Brothers has continued to benefit from a strong performance in the Banking division however the overall result has been impacted by ongoing difficult market conditions for Securities. The group remains in a strong financial position with a sound level of funding and capital.

The **Banking** division has continued to deliver a strong performance in the period. There has been good growth in the loan book of 9% in the five months to 31 December 2011 to £3.8 billion (31 July 2011: £3.4 billion), reflecting ongoing good demand across the portfolio. The net interest margin has remained strong, close to the level in the second half of the previous financial year, while the bad debt ratio has remained stable.

Performance in the **Securities** division has continued to be affected by the ongoing very difficult market conditions. Winterflood’s average bargains per day have been in line with the last financial year. However increased market volatility and a change in mix driven by reduced retail investor risk appetite have led to significantly reduced income per bargain throughout the period. Seydler made a small loss due to low trading volumes and very limited capital markets activity.

The **Asset Management** division has continued to make progress on its transformation and recorded a small loss in the period. Assets under Management (“AuM”) were £8.4 billion (31 July 2011: £9.6 billion) at 31 December 2011. The reduction reflects negative market movements and the previously announced redemption of £1 billion AuM in Institutional, partly offset by the acquisition in the first quarter of a small independent financial adviser with around £260 million of client assets. As a result, total AuM included £6.7 billion (31 July 2011: £6.5 billion) of Private Clients AuM at 31 December 2011.

Outlook

As expected, the group’s first half performance will be affected by a lower contribution from Securities notwithstanding a continued strong performance from Banking.

Financial market conditions have remained difficult in January and are uncertain for the second half of the financial year. However, our businesses remain well positioned and we continue to see a strong performance in the Banking division.

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About Close Brothers

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.