

Press Release

Scheduled Trading Update

18 July 2018

Embargoed for release at 7.00am on 18 July 2018.

Close Brothers Group plc (“the group” or “Close Brothers”) today issues its scheduled pre-close trading update ahead of its 2018 financial year end. Close Brothers will be releasing its results for the full year ending 31 July 2018 on 25 September 2018.

All statements in this release relate to the 11 months to 30 June 2018 unless otherwise indicated.

Group and divisional performance

The group has continued to perform well across all divisions, consistent with our Q3 trading update.

The **Banking division** achieved solid loan book growth, while maintaining our disciplined approach to lending. The loan book grew 6.6% year to date, to £7.3 billion as at 30 June 2018 (31 July 2017: £6.9 billion). **Commercial** and **Property** both delivered good growth, while the **Retail** loan book remained broadly flat.

Bad debts remained low across all businesses, with no significant change to the bad debt ratio on the first half. The net interest margin remained broadly consistent with the last financial year at 8.0%, reflecting our continued pricing discipline.

Winterflood delivered a good performance supported by continued high levels of trading activity throughout the period.

Asset Management also performed well, continuing to achieve strong net inflows. Managed assets increased 14% to £10.2 billion at 30 June 2018 (31 July 2017: £8.9 billion) and total client assets grew 8% to £12.0 billion at 30 June 2018 (31 July 2017: £11.2 billion).

IFRS 9

The group is well prepared for the transition to IFRS 9 at 1 August 2018. Based on the current profile of the loan book, we expect a fully loaded impact of 45 to 55 basis points on the common equity tier 1 ratio, reflecting the expected increase in bad debt provisions on the balance sheet. The impact in year one is expected to be immaterial under the EBA’s transitional arrangements.

This estimate remains subject to the final refinement of models, and any changes in the loan book or macroeconomic outlook up to the date of implementation.

Outlook

We continue to expect a good result for the full year, in line with market expectations.

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 3,200 people, principally in the UK. Close Brothers Group plc is listed on the London Stock Exchange and is a member of the FTSE 250.