

Press Release

Scheduled Trading Update

19 July 2019

Embargoed for release at 7.00am on 19 July 2019.

Close Brothers Group plc (“the group” or “Close Brothers”) today issues its scheduled pre-close trading update ahead of its 2019 financial year end. Close Brothers will be releasing its results for the full year ending 31 July 2019 on 24 September 2019.

All statements in this release relate to the 11 months to 30 June 2019 and to continuing operations¹ in that period unless otherwise indicated.

Group and divisional performance

The group has continued to deliver a solid performance given current mixed trading conditions.

The **Banking** division remains focused on maintaining pricing and underwriting discipline, and continued investment in our businesses for the long term.

The loan book grew 5.1% year to date, reaching £7.6 billion as at 30 June 2019 (1 August 2018: £7.2 billion²). Commercial delivered good growth across the portfolio. Solid growth in Retail was mainly driven by Premium Finance, with a modest increase in Motor. The Property loan book remained broadly flat.

The bad debt ratio remained low with continued strong credit performance across the business. A combination of lower fee income and ongoing higher cost of funds has resulted in a slight reduction in net interest margin, at 7.8% year to date (2018: 8.0%).

The **Asset Management** division achieved good net inflows in a period of subdued client activity, but profitability continues to reflect lower market levels for most of the year and ongoing investment spend to support its long-term growth potential. Managed assets increased 9% to £11.3 billion at 30 June 2019 (31 July 2018: £10.4 billion) and total client assets grew 6% to £12.9 billion at 30 June 2019 (31 July 2018: £12.2 billion).

Winterflood delivered solid profitability throughout the period, although trading volumes remained low. The division remains focused on maximising its trading opportunities in all market conditions and performed broadly in line with the first half overall.

Outlook

While current trading conditions are mixed, we remain well positioned for the long term.

¹ Results from continuing operations exclude the unsecured retail point of sale finance business, which was classified as a discontinued operation in the group’s 2018 financial statements.

² The opening net loan book of £7,239 million reflects the adoption of IFRS 9 at 1 August 2018. For further details see the group’s IFRS 9 transition document published on 7 November 2018.

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.