

Summary - Group Annual Report 2018

The Close Brothers Group plc Annual Report is now available, so we would like to share a summary of the key information. If you would like to read the report in full, you can find it at closebrothers.com

Our purpose

Close Brothers provides financial support to **help the people and businesses of Britain thrive over the long term**. They play an important role in driving growth in the British economy and we support them as they grow, whatever the market conditions.

Our specialist businesses

We provide lending, securities trading and wealth management services. Operating principally in the UK, we employ around 3,300 people.

- **Banking** – specialist finance and deposit taking services for over two million customers
- **Securities** – trading services through Winterflood, a leading UK market-maker
- **Asset Management** – financial advice and investment services to private clients and professional advisers

Group financial highlights for the year ended 31 July 2018

- Adjusted operating profit: **£278.6million** (4% increase on £268.7 million in 2017)
- Return on opening equity: of **17.0%**
- Total assets: **£12.2 billion** (£11.2 billion in 2017)
- Underlying loan book: grew by 6.6% to **£7.3 billion** (£6.9 billion in 31 July 2017)
- Bad debt ratio: remained at **0.6%**

Financial strength

- Capital base remains strong: common equity tier 1 ratio at 12.7% (increase from 12.6% in 2017)
- The group generates income from a diverse range of activities, not relying on one profit centre or sector
- Our loans: predominantly secured, small ticket and short-term, with a weighted average total loan book maturity of 14 months

Independent credit ratings

Our strong credit ratings have been reaffirmed by Moody's Investors Services and Fitch Ratings:

- Both give us a **'stable' outlook**
- Moody's rates Close Brothers Group **A3/P2** and Close Brothers Limited **Aa3/P1**
- Fitch rates both Close Brothers Group and Close Brothers Limited **A/F1**

Another successful year

Chairman Michael N. Biggs' statement sums up another successful year for Close Brothers. We have:

- Continued to deliver strong returns to our shareholders
- Maintained high levels of service to our customers and partners
- Achieved continued growth in profit and earnings

He highlights:

- Our distinctive and long-established business model
- Our long term, sustainable approach, across every aspect of our business
- Our prudent and consistent underwriting standards, even in competitive markets

Close Brothers Savings

Close Brothers Savings provides a range of accounts and services for business and personal customers. With competitive interest rates, these include fixed term deposits, notice accounts and SIPP and SASS pension accounts. Highlights in our area this year:

- Deposits increased 8% to £5.5 billion (from £5.1 billion in 2017)
 - Rises are in both retail and corporate deposits
 - This has supported loan book growth for Close Brothers Group in 2018
- We will be launching a new deposit platform in 2019
 - This will allow a wider range of savings products and online capability in 2019 and further improve customer experience