

## Press Release

### Issuance of Tier 2 Capital

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5 January 2017

Close Brothers Group plc (“the group”) today announces its intention, subject to market conditions, to issue c. £150 million of subordinated debt which would qualify as tier 2 capital.

The group’s strong capital position ensures we can support growth and investment while continuing to meet all regulatory requirements. The addition of tier 2 capital will diversify and further strengthen the group’s capital base, to maintain the flexibility of our capital position over the longer term.

The European Banking Authority has recently issued guidance which mandates the risk weighting of property development loans at 150% under the standardised approach, which will apply to the majority of our property loan book notwithstanding our long track record of prudent and profitable lending in this area. We estimate this change would reduce our common equity tier 1 (“CET1”) and total capital ratios, reported at 13.5% and 13.8% respectively at 31 July 2016, by approximately 1.2% and 1.1% respectively on a pro forma basis.

Our policy is to maintain headroom to absorb any changes in regulatory requirements or other short term movements. As a result, both our CET1 and total capital ratios remain comfortably ahead of minimum requirements, and the addition of tier 2 capital will ensure we maintain this headroom going forward.

Our first quarter trading statement on 17 November confirmed a strong start to our 2017 financial year, and performance in November and December has continued to progress well.

A more detailed pre-close trading update will be released as scheduled on 20 January 2017.

### 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.