



Close Brothers Group plc

10 Crown Place, London EC2A 4FT
Tel: 020 7655 3100
Email: enquiries@cbgplc.com
Website: www.closebrothers.co.uk

Close Brothers Group plc Interim Management Statement

21 May 2009

Close Brothers Group plc (“the Group” or “Close Brothers”) today issues its Interim Management Statement relating to the quarter from 1 February 2009 to 30 April 2009. All statements in this release relate to this time period, unless otherwise indicated.

Group and divisional performance

Despite a challenging economic and financial market environment, Close Brothers’ trading performance in the third quarter has been satisfactory overall.

The **Asset Management** division continues to be affected by financial market conditions. Total Funds under Management (“FuM”) were broadly stable at £6.8 billion as at 30 April 2009 (31 January 2009: £6.9 billion), although management fees as a % of FuM continued to reduce slightly reflecting the ongoing impact of product mix changes. In addition, lower margins on deposits in the current low interest rate environment have continued to affect Income on Assets under Administration and Deposits.

In the **Banking** division, performance continues to reflect the effect of the economic environment on the company’s borrowers and as expected, the division has experienced a further rise in bad debt provisions across the loan book. The loan book has remained flat at £2.32 billion as at 30 April 2009 (31 January 2009: £2.31 billion) as the company continues to apply prudent and consistent criteria to its lending decisions. The net interest margin in the lending business has remained solid, although Treasury income has been impacted by higher funding costs and lower margins on deposits.

As announced on 18 May 2009, Close Brothers has entered into a binding agreement for the sale of the **Corporate Finance** division to Daiwa SMBC Europe for a net cash consideration of £67 million. The transaction is subject to regulatory approval and is expected to complete by the end of August 2009. The sale is expected to generate a gain on disposal of approximately £8 million, on the basis of end-April 2009 net assets. Trading performance in the third quarter has continued to reflect the low levels of activity in the market.

In the **Securities** division, performance at Winterflood has been very strong, although Mako’s performance has slowed relative to an exceptional first half. Winterflood has benefited from continued strong retail volumes, and the number of bargains per trading day has increased significantly relative to the first half. Performance at Seydler has remained muted.

Funding and liquidity

Close Brothers remains soundly funded from a diverse range of sources. Whilst the availability of funds in the wholesale markets is limited, we have successfully raised over £200 million of additional two-year retail deposits during the period.

Board changes

As previously announced, Preben Prebensen joined as group Chief Executive as at 1 April 2009.

Outlook

We continue to face difficult conditions in the Asset Management and Banking divisions but are confident that overall, we will continue to deliver a satisfactory performance in the current markets.

Enquiries:

Sophie Ameln Gillingham	Investor Relations Close Brothers Group plc	020 7655 3844
Justin Clark	Press Enquiries Close Brothers Group plc	020 7655 3784
Anthony Silverman	Maitland	020 7379 5151