



Close Brothers Group plc

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Close Brothers Group plc Trading Update

23 July 2009

Close Brothers Group plc (“Close Brothers” or “the Group”) today issues its scheduled pre-close trading update ahead of its 2009 financial year end. Data in this release relates to the Group’s performance over the five months to 30 June 2009, except where otherwise specified.

Close Brothers will be releasing its preliminary results for the twelve months ending 31 July 2009 on 29 September 2009.

Group and Divisional Performance

Close Brothers performance has remained solid notwithstanding challenging market and economic conditions and the group continues to be well capitalised and soundly funded from a diverse range of sources. Asset Management and Banking have performed broadly as expected, whilst Securities has continued to perform strongly on the back of high volumes at Winterflood.

The **Asset Management** division has performed in line with expectations. Total Funds under Management (“FuM”) have remained broadly stable at £6.8 billion as at 30 June 2009 (31 January 2009: £6.9 billion). As expected, the management fee margin has continued to reduce as a result of the ongoing impact of changes in the asset mix. The lower interest rate environment has continued to impact income on Assets under Administration and Deposits.

Performance in the **Banking** division continues to reflect the impact of the difficult economic environment. The loan book has remained flat at £2.33 billion as at 30 June 2009 (31 January 2009: £2.31 billion). As expected, bad debt provisions have continued to increase across the loan book as economic conditions increasingly affect the company’s borrowers. The net interest margin has remained strong although higher funding costs and lower interest income on deposits have had some impact on treasury income.

The **Securities** division has performed well overall due to Winterflood’s continued very strong contribution. Winterflood has benefited from its strong market position in a period of high market volumes, and bargains per trading day have been significantly higher than in the first half. Mako’s performance has continued at a slower pace than in the exceptionally strong first half and Seydler’s contribution has remained muted.

As announced on 1 July 2009, Close Brothers has completed the sale of the **Corporate Finance** division to Daiwa SMBC Europe for a net consideration of £67 million. This division will be treated as a discontinued operation for accounting purposes in the full year preliminary results.

Outlook

Although the Asset Management and Banking divisions continue to face challenging conditions, given the current strength of our Securities division, we remain confident that we will deliver a solid overall performance for the full year.

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