

# Press Release

## Close Brothers Group plc Interim Management Statement

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Embargoed for release at 7.00am on 19 May 2011

Close Brothers Group plc (“the group” or “Close Brothers”) today issues its Interim Management Statement relating to the third quarter from 1 February 2011 to 30 April 2011. All statements in this release relate to that time period, unless otherwise indicated.

### Group and divisional performance

Close Brothers has delivered a sound performance in the period.

The strong performance of the **Banking** division has continued in the third quarter. Good new business levels, particularly in asset finance in Commercial and motor finance in Retail, have driven a 4% increase in the loan book to £3.3 billion at 30 April 2011 (31 January 2011: £3.2 billion). The net interest margin has remained strong and the bad debt ratio has reduced slightly, in line with the group’s previously stated expectations.

The **Securities** division has had a sound third quarter performance notwithstanding quieter markets in April, particularly for Winterflood. Winterflood’s average bargains per day have been broadly in line with the first half of the financial year, although income per bargain was modestly lower. Close Brothers Seydler has been resilient in the period reflecting good volumes in the German market although this was offset by a subdued performance for Mako.

The **Asset Management** division made a small loss as it progresses with its strategic implementation and associated investment. At 30 April 2011, Funds under Management (“FuM”) have remained broadly unchanged at £8.2 billion relative to the position at 31 January 2011, principally reflecting the acquisition of Allenbridge Group plc with £440 million client assets offset by the sale of £554 million of FuM related to the Property funds management business.

During the period, the group also announced a recommended cash offer for Cavanagh Group plc with £1.5 billion of revenue-generating client assets, which was declared wholly unconditional on 16 May 2011. In addition, the group announced the sale of its UK offshore and Cayman Islands businesses. Both of these disposals will be treated as discontinued operations for the current financial year and are excluded from the FuM figures presented in this release.

The group’s **balance sheet** has remained strong as the group maintains a diverse funding position whilst holding an appropriate level of high quality liquid assets.

### Outlook

The group remains confident that it will deliver a satisfactory performance for the 2011 financial year and is well positioned to support future growth opportunities.

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