



Close Brothers Group plc

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Close Brothers Group plc Interim Management Statement

21 May 2010

Close Brothers Group plc (“the group” or “Close Brothers”) today issues its Interim Management Statement relating to the third quarter from 1 February 2010 to 30 April 2010. All statements in this release relate to that time period, unless otherwise indicated.

Group and divisional performance

Close Brothers delivered a good overall performance in the third quarter and continued to benefit from favourable conditions for many of its businesses.

The **Banking** division had a continued strong performance in the third quarter. As at 30 April, the loan book had increased to £2.70 billion (31 January 2010: £2.58 billion) largely due to organic growth in Asset Finance within Commercial, and Motor Finance operations in Retail. Both net interest margin and the bad debt ratio remained in line with the level seen in the first half of the financial year. However, the bad debt ratio remains sensitive to the economic environment.

The **Asset Management** division had a modest third quarter despite some small non-recurring investment gains on the group’s residual private equity portfolio. Funds under Management grew to £7.60 billion as at 30 April 2010 (31 January 2010: £7.29 billion) reflecting positive market movements, whilst the revenue margin remained in line with the first half. Investment spend in support of the Private Clients growth initiative continues and will have a negative impact on the division’s result this financial year and next.

The **Securities** division has had a good overall performance in the third quarter. Although average bargains per day at Winterflood have been slightly higher compared to the first half of the financial year, there has been a decline in the income per bargain. Close Brothers Seydler’s performance has been more muted whilst Mako has benefited from recent market volatility.

Funding and liquidity

Since 31 January 2010 the group has maintained its strong and diversified funding position and has managed this with a view to optimising long-term flexibility.

Outlook

Given the good performance for the financial year to date, and subject to market conditions, the group remains confident of delivering a solid overall result for the 2010 financial year.

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