



Close Brothers Group plc

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## Close Brothers Group plc Interim Management Statement

18 November 2009

Close Brothers Group plc (“the group” or “Close Brothers”) today issues its Interim Management Statement relating to the first quarter from 1 August 2009 to 31 October 2009. All statements in this release relate to that time period, unless otherwise indicated.

### Group and divisional performance

Close Brothers has delivered a good overall performance in the first quarter despite an ongoing challenging economic environment.

The **Banking** division has had a strong performance in the first quarter. A strong net interest margin has been maintained reflecting good demand for our lending services. As at 31 October 2009, the loan book was £2.43 billion (31 July 2009: £2.36 billion), an increase of 3%. In the first quarter, the bad debt ratio has reduced relative to the second half of last year although the outlook remains uncertain and sensitive to the economic environment. Treasury income continues to be impacted by lower margins on deposits.

As expected, the **Asset Management** division has had a reasonable start to the year. Total Funds under Management (“FuM”) have increased 5% to £7.20 billion as at 31 October 2009 (31 July 2009: £6.84 billion) reflecting stronger market performance and management fees as a % of FuM have remained broadly stable. Income on Assets under Administration and Deposits continues to be adversely affected by the low interest rate environment.

The **Securities** division has had a good performance in the first quarter principally reflecting strong volumes at Winterflood. Winterflood average bargains per day increased in the first quarter relative to the second half of last year supported by the recent rally in equity markets. Performance at Close Brothers Seydler has been resilient although Mako has had a slow start to the year due to both low volumes and lower volatility.

### Funding and liquidity

The group has retained its strong and diversified funding position and there has been no material change in the funding profile since the year end.

## **Outlook**

Given the good performance in the first quarter and the strength of our businesses, overall we are confident we will deliver a solid outcome for the full year. However, the result will depend on the extent and sustainability of any continuing economic and financial market recovery.

## **Enquiries:**

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