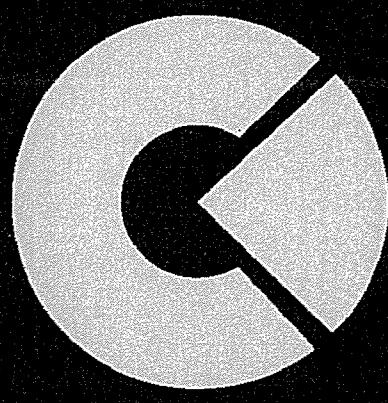


2006 Annual Results

Close Brothers Group plc



Agenda

Overview

Colin Keogh

Financial Review

Peter Winkworth

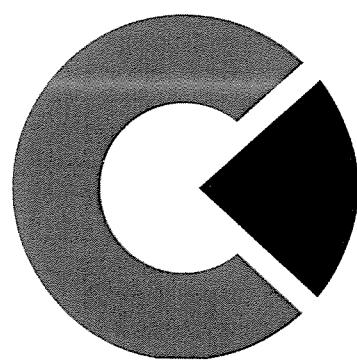
Divisional Review

- Asset Management
- Corporate Finance
- Securities
- Banking

Outlook

Colin Keogh





OVERVIEW

Colin Keogh

Highlights and Overview

2006 Results

➤ An excellent year - our best ever

- PBT* £157m up 21%
- EPS 74.1p up 19%
- Dividend 32.5p up 14%
- Margins maintained
 - operating margin 29%
 - ROC 27%

➤ Record profits in 3 out of 4 divisions

➤ Strategic priorities

- continue to build on strong growth in asset management
- get banking back to its long term growth trend

* before goodwill



Highlights and Overview

2006 Results

- **Asset Management** – another good year
 - PBT £38m (+21%) FuM £8.2bn (+16%)
 - Spectacular three years
 - Changes/acquisitions beginning to bear fruit
 - Further changes planned
- **Securities** – PBT £48m (+34%); UK resilient; an exceptional year in Germany
 - Profit up 13% to £39m
 - Increased volumes somewhat offset by SETSmm margin pressure
 - Operating margin maintained
- **Wins**
 - £9m maiden full year profit (expected cost £21m for 89%)



Highlights and Overview

2006 Results

» Corporate Finance – a record year

- Profits £117m up 67%
- Buoyant M&A market in all offices

» Banking – a record year, better than expected

- Profit £74m up 6%; loan book down slightly
- Insurance premium deflation rate slowing
- Property financing remains firm
- Invoice financing forged ahead in UK and Germany

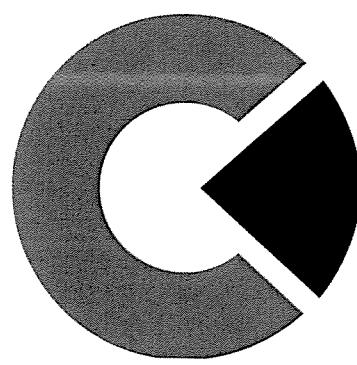


HiGhlightS and Overview

Diversity of Activity and Income

	2005	2006
%		
Profit by Activity		
Asset Management	21	22
Corporate Finance	7	9
Securities	24	27
Banking	48	42
	<u>100</u>	<u>100</u>
Income by Type		
Interest	32	27
Fees	43	47
Dealing	21	23
Other	4	3
	<u>100</u>	<u>100</u>





FINANCIAL REVIEW

Peter Winkworth



- First full year under IFRS
- 2005 comparatives restated under IFRS
- Detailed IFRS accounting policies set out
- Adjustments and reconciliation to UK GAAP shown for Income Statement, Balance Sheet and Cash Flow
- Differences not significant
 - £3m share based awards
 - different treatment of goodwill and dividends



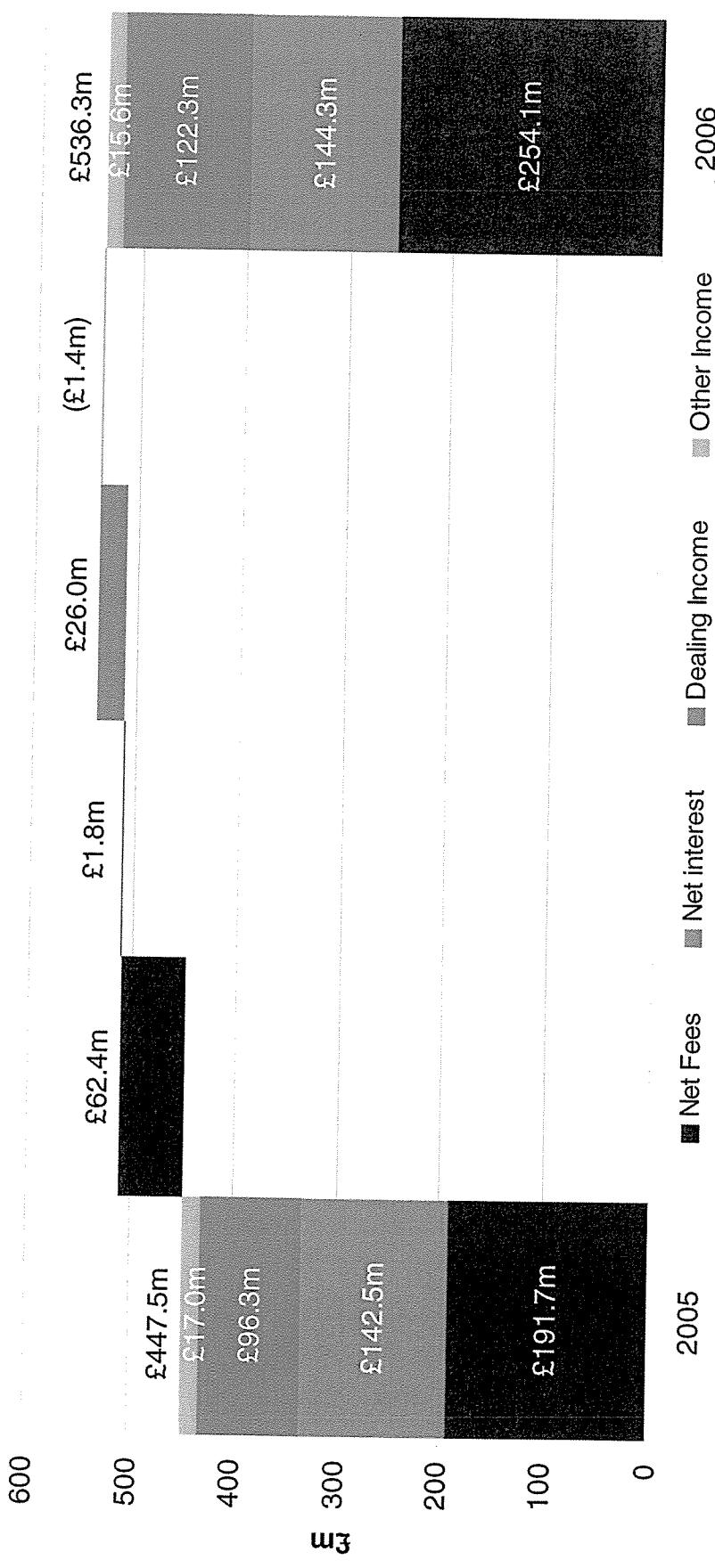
Results Highlights

£m	2005	2006	Change
Income Statement			
Operating income	447.5	536.3	+20%
Pre-tax profit	129.5*	157.3	+21%
EPS (p)	62.0*	74.1	+19%
Dividend (p)	28.5	32.5	+14%
Balance Sheet			
Total assets	4,755	4,813	
Customer loans	1,939	1,862	
Equity	578	662	

*Pre goodwill



Income Development



Strong growth in fees and dealing income



Income Statement

	£m	2005	2006
Operating income (net)			
Interest		142.5	144.3
Fees		191.7	254.1
Dealing		96.3	122.3
Other		17.0	15.6
		<u>447.5</u>	<u>536.3</u>
Total operating income			
Administrative expenses		(285.8)	(346.3)
Depreciation and amortisation		(12.2)	(14.1)
Bad debts		(20.0)	(18.6)
		<u>(318.0)</u>	<u>(379.0)</u>
Total operating costs			
Profit pre-tax and goodwill		129.5	157.3
Goodwill		(17.7)	—
Tax		(37.2)	(45.3)
		<u>74.6</u>	<u>112.0</u>
Profit post-tax and goodwill			



Balance Sheet

	July (£m)	2005	2006
Equity		578	662
Subordinated loan capital		75	75
Deposits by customers		1,818	1,843
Funds from banks		602	532
Non-recourse borrowings		200	150
Debt securities in issue		367	358
Securities trading liabilities		774	807
Other liabilities		<u>341</u>	<u>386</u>
		<u>4,755</u>	<u>4,813</u>
Cash and short term deposits		1,585	1,669
Loans and advances		1,939	1,862
Securities trading assets		865	901
Fixed assets and investments		68	90
Other assets		202	181
Goodwill		<u>96</u>	<u>110</u>
		<u>4,755</u>	<u>4,813</u>



Financial Highlights: Stats

Income (£m)	536	+20%
PBT (£m)	157	+21%
Operating margin	29%	n/c
Expense/income ratio	67%	n/c
Compensation ratio	43%	n/c
Net Assets (£m)	- opening	578
	- closing	662
	Return on opening capital	27%
Loan book (£m)	1,862	-4%
Bad debt charge/avg loans	1%	
FuM (£m)	8,211	+16%
Dividend	32.5p	+14%



Growth and Diversity

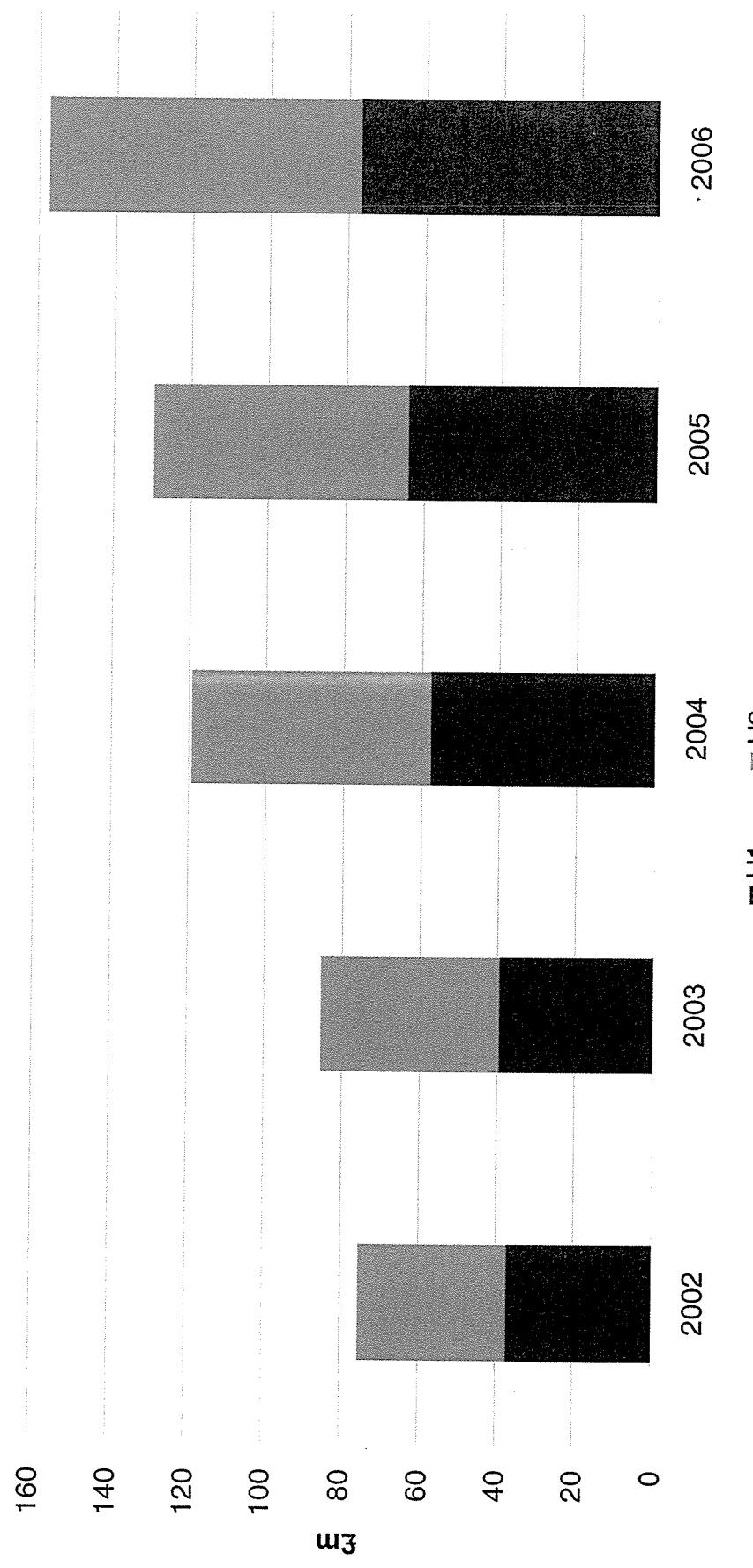
	£m	2005	2006	2005	2006	Operating Profit*
		Operating Income				Operating Profit*
Asset Management	119.0	140.0		31.6	38.2	
Corporate Finance	42.3	60.8		10.1	16.9	
Securities	97.6	134.4		35.8	48.0	
Banking	185.2	198.8		69.7	74.0	
Group	3.4	2.3		(17.7)	(19.8)	
	447.5	536.3		129.5	157.3	

* before goodwill



The Financial Record

Profit before Goodwill and Tax

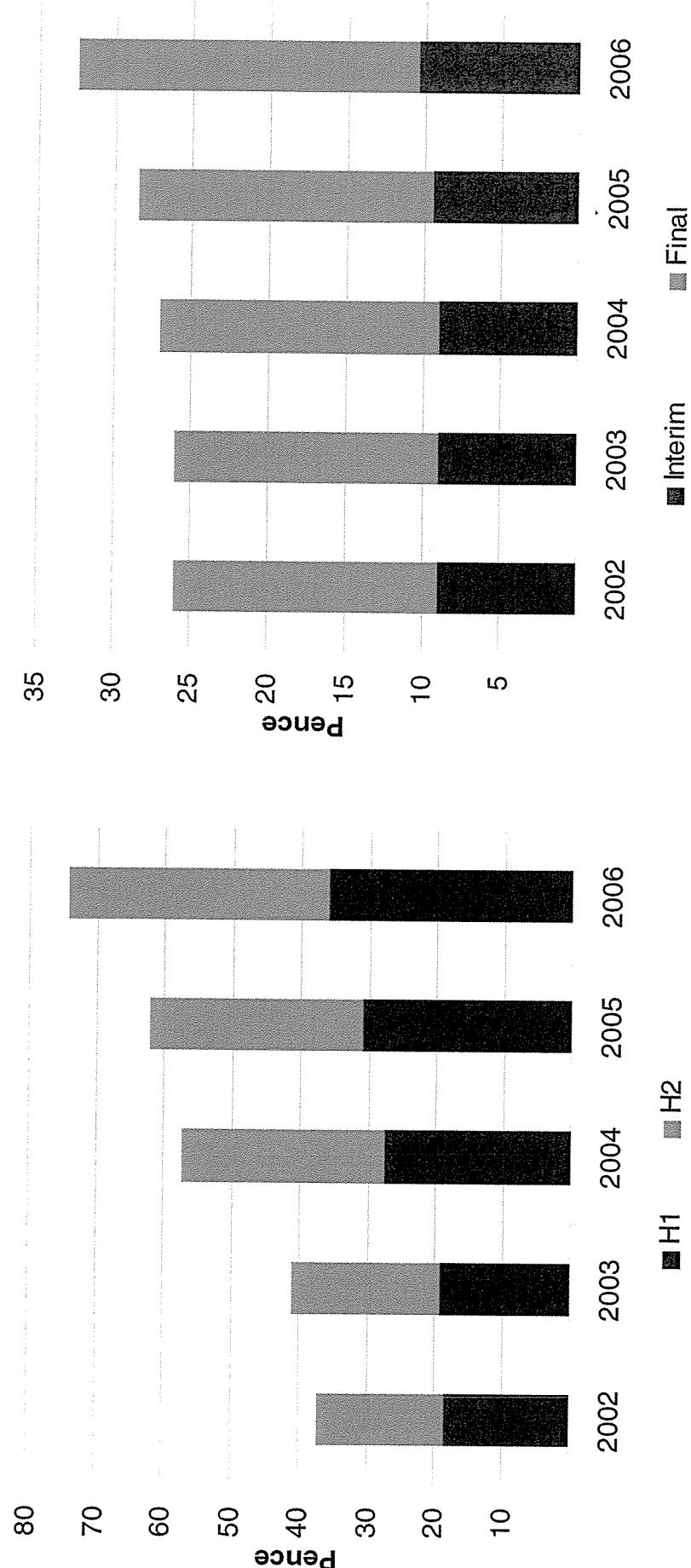


05/06: IFRS
02-04: UK GAAP



The Financial Record

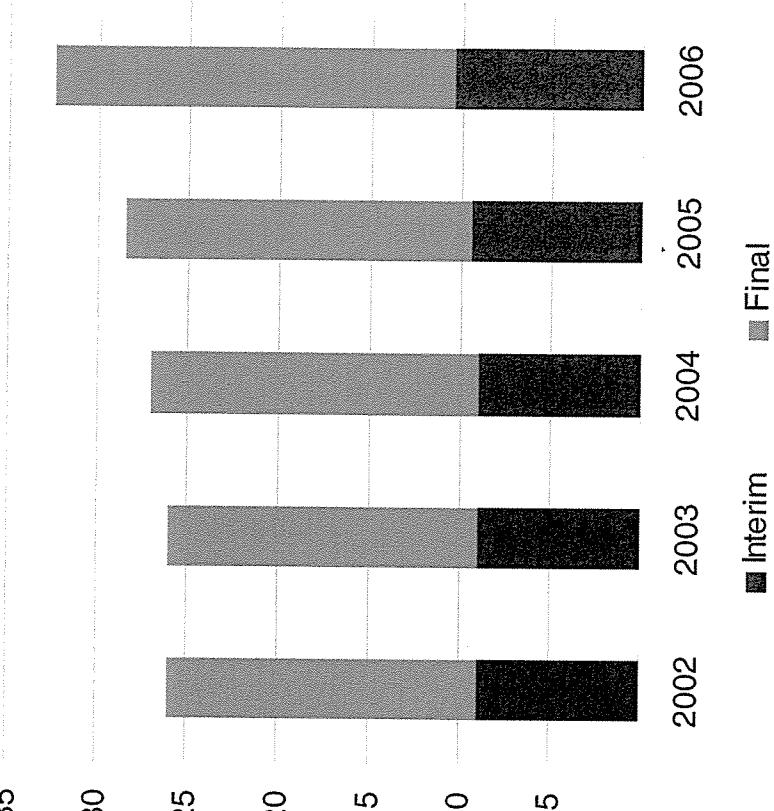
Earnings per Share*

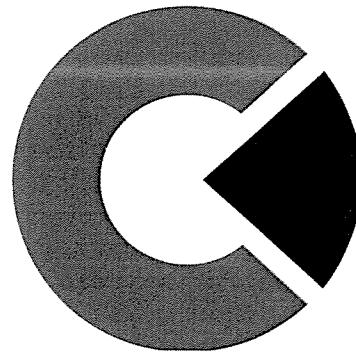


05,06: IFRS
02-04: UK GAAP
* before goodwill



Dividends per Share

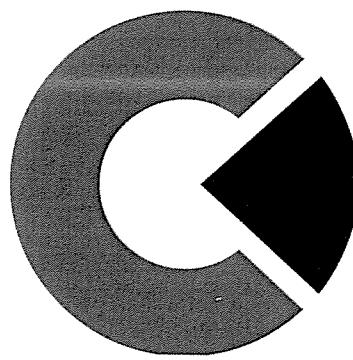




DIVISIONAL REVIEW

Colin Keogh

ASSET MANAGEMENT



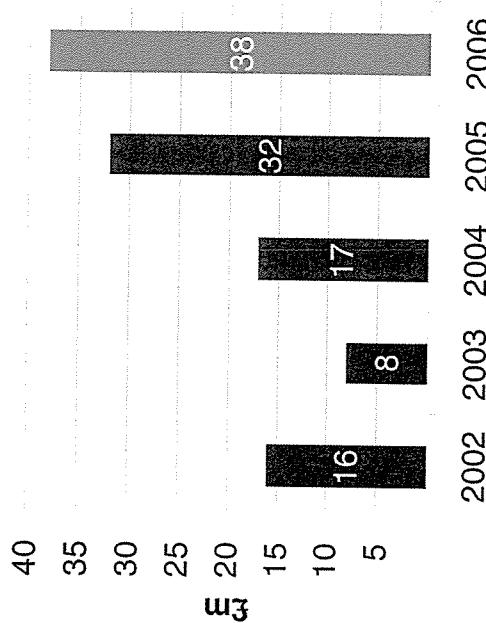
Asset Management

Review of 2006

➤ Another year of growth

- profit £38m +21%
- progress continues
- FuM up to £8.2bn with broad spread
- Good profit growth in private clients
- Funds - good period for product launches
 - regrouping
 - acquired Fortune
- Record year for private equity

➤ Asset Management Profit



Asset Management

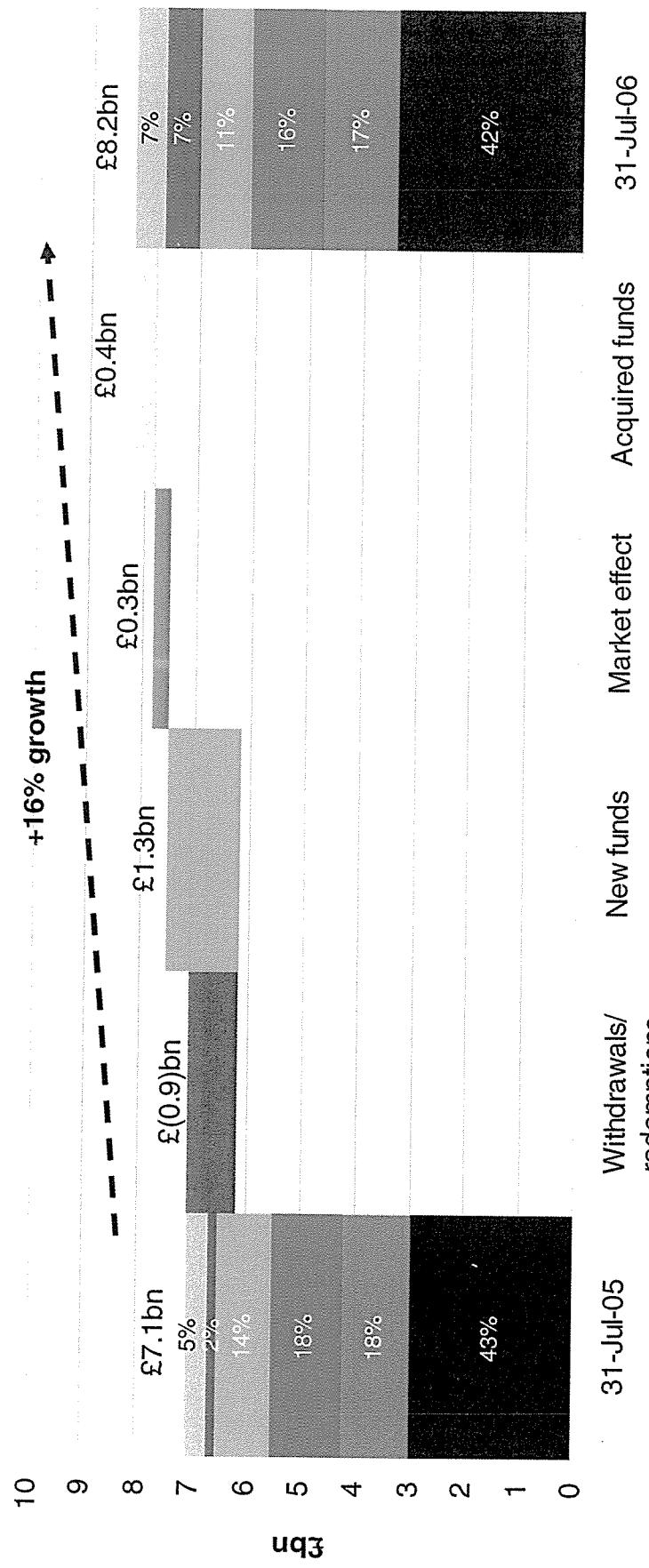
Key Numbers

	2005	2006	Change
Operating income (£m)	119.0	140.0	+ 18%
Costs (£m)	87.4	101.8	+ 16%
Pre-tax profit (£m)	31.6	38.2	+ 21%
Operating margin	27%	27%	
Expenses/income	73%	73%	
Compensation ratio	44%	46%	
Net new money/opening FuM	6.7%	6.3%	
Return on opening assets	23%	29%	



Asset Management

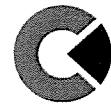
Funds under Management



■ Equities ■ Fixed Income ■ Property ■ Private Equity ■ Hedge Funds ■ Other

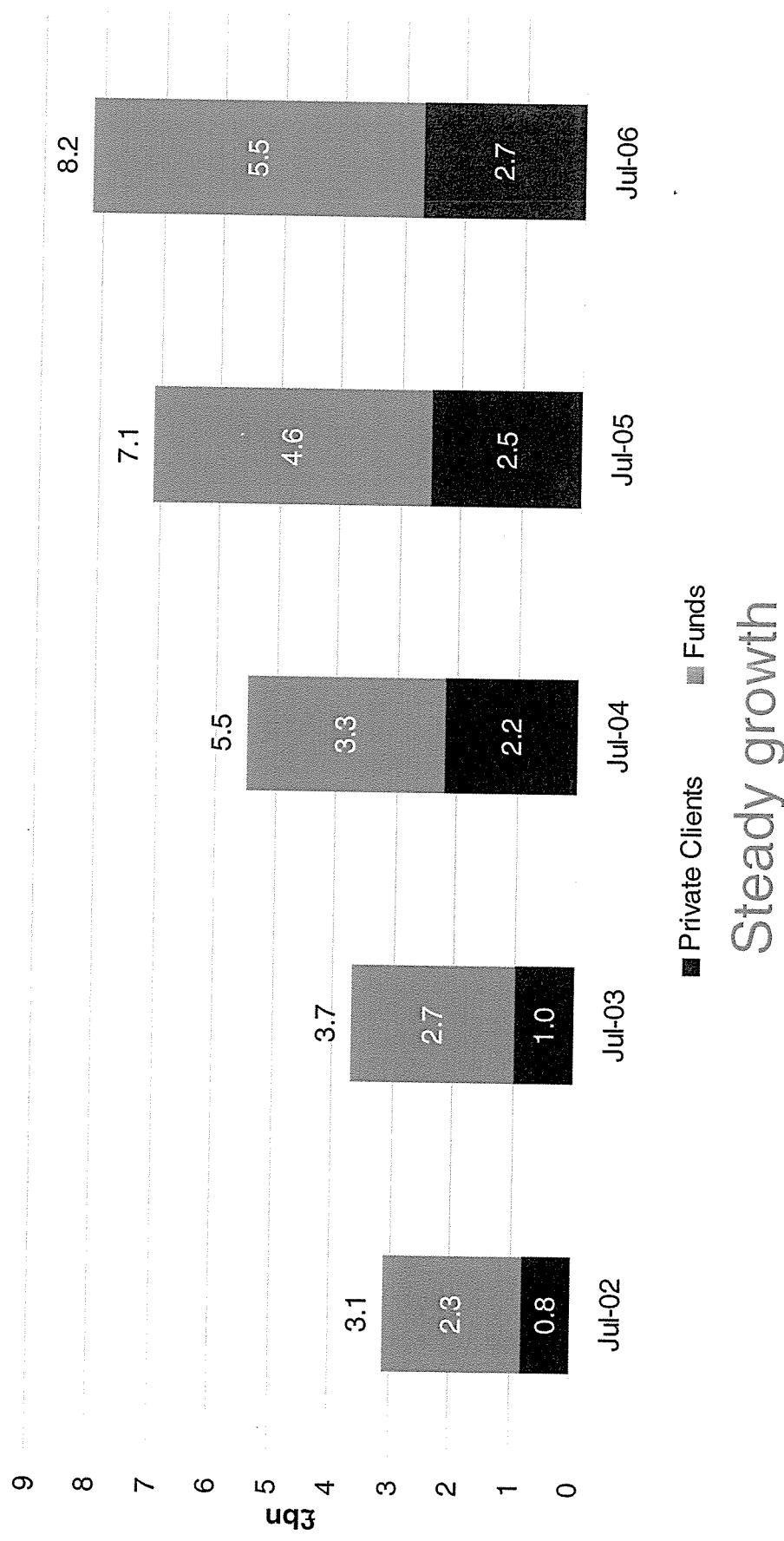
Withdrawals/
redemptions
New funds
Market effect
Acquired funds
31-Jul-06

Diversity & growth



Asset Management

Funds under Management



Asset Management

Fund Performance

- Fund performance satisfactory

- Many top quartile performers

- Net inflows £0.4bn

£m	2006			Acquisitions	Market Movement	FuM at Jul-06	Net Inflows / Opening FuM
	FuM at Jul-05	In	Out				
Private Clients	2,478	388	(293)	95	—	111	2,684
Funds	4,579	945	(593)	352	419	177	5,527
Total	7,057	1,333	(886)	447	419	288	8,211
Prior year	5,542	1,159	(790)	369	617	529	7,057
							6.7%



Asset Management

Strategic Objectives

➤ Close Wealth Management Group (Private Clients)

- New, single brand will improve efficiency
- HNW - build on recent team hires; strengthen business development
- Mass affluent - enhance proposition; growth via corporates, B2B and direct
- International - build on recent innovative product & service launches

➤ Funds

- Close Investments - single brand across property, multi-manager, specialist
- Fortune Asset Management bedding down well
- Growth in other specialist areas, e.g. private equity, Olim

Scope for further growth



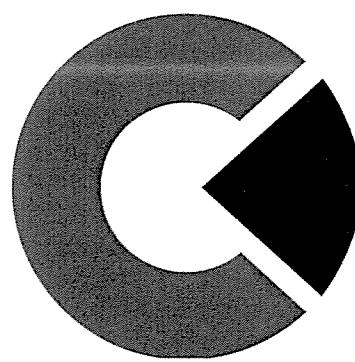
Asset Management

Outlook

- Excited by prospects
- Continuing investment in people, systems, infrastructure and distribution
- Creating more powerful brands
- Platform for further growth



CORPORATE FINANCE

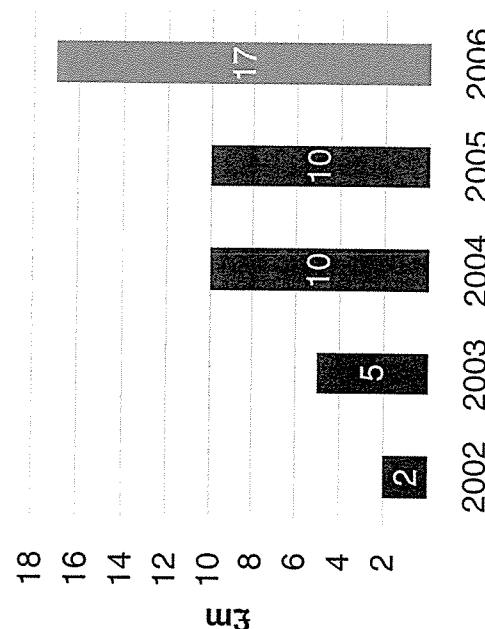


Corporate Finance

2006 Review

- An excellent year:
 - revenue £61m +44%
 - profit £17m +67%
- M&A dominant in buoyant market but restructuring and debt advisory remained busy
- Record performances in UK, France, and Germany
- Planned management changes successfully made
- Some notable transactions

Corporate Finance Profit



Corporate Finance

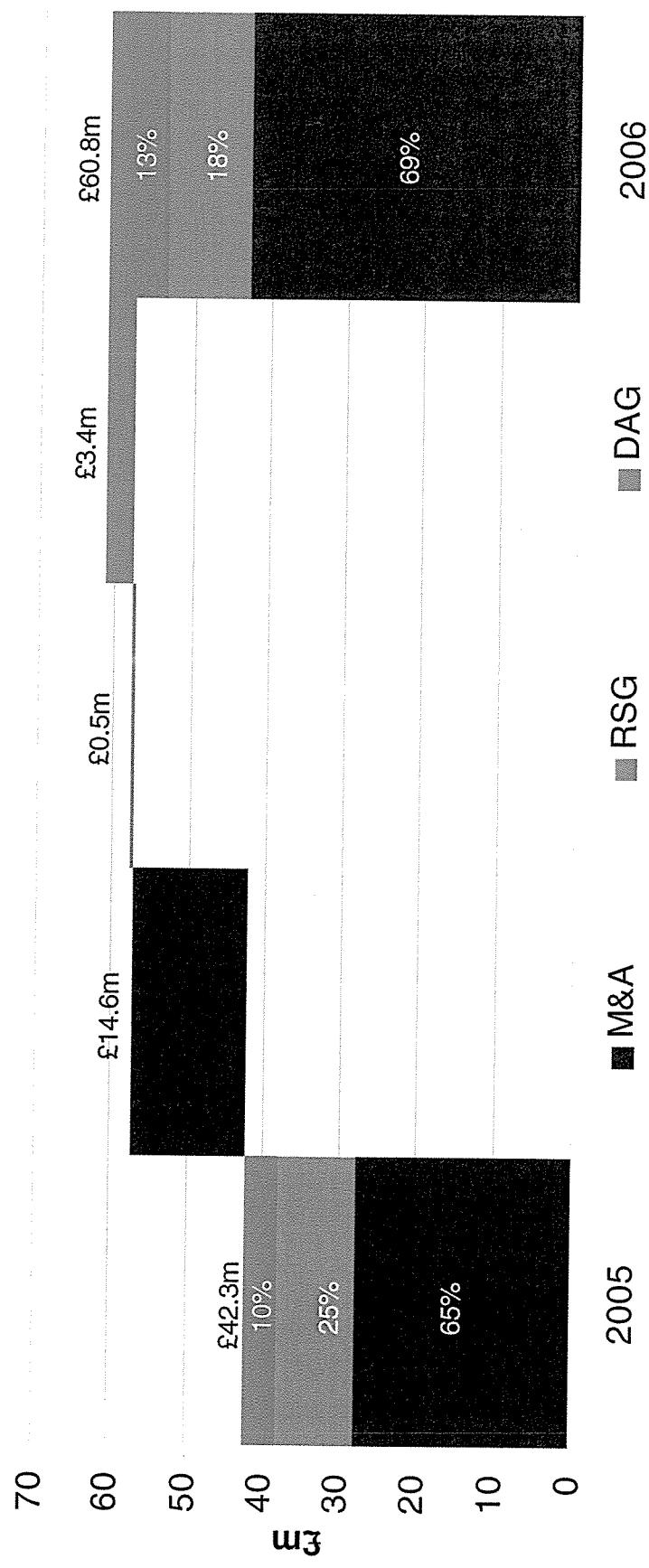
Key Numbers

	2005	2006	Change
Operating income (£m)	42.3	60.8	+44%
Costs (£m)	32.2	43.9	+37%
Pre-tax profit (£m)	10.1	16.9	+67%
Operating margin	24%	28%	
Expense/income ratio	76%	72%	
Compensation ratio	55%	56%	



Corporate Finance

Revenue analysis



Strong growth in M&A



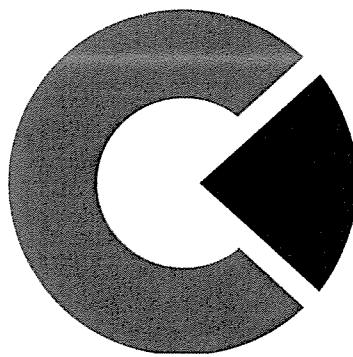
Corporate Finance

Outlook

- M&A activity levels remain high
- Pipeline good in all practice areas
but can it last?
- Growth through selective recruitment
- Watchwords remain ‘independence’ and ‘balance’



SECURITY FEATURES



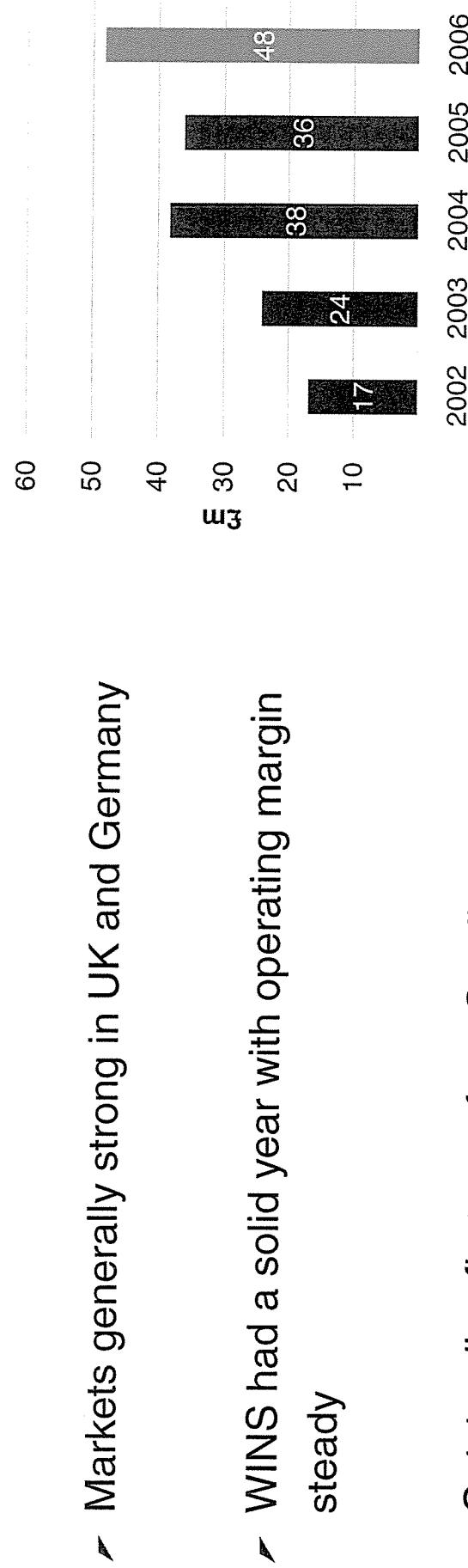
Close Brothers Seydler AG

Winterflood Securities Limited

Securities

- Profit up 34% to £48m

Securities Profit

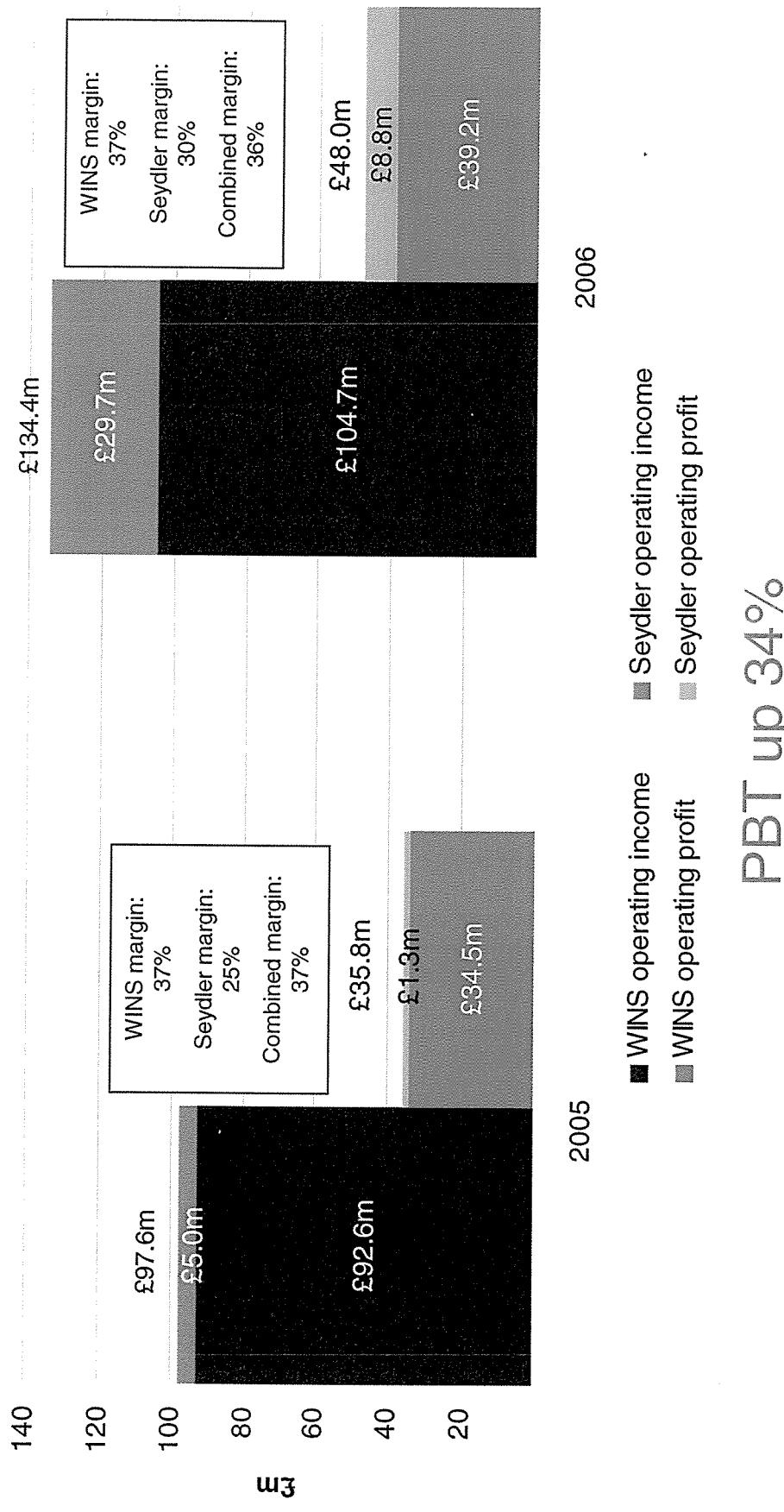


- Outstanding first year from Seydlar



Securities

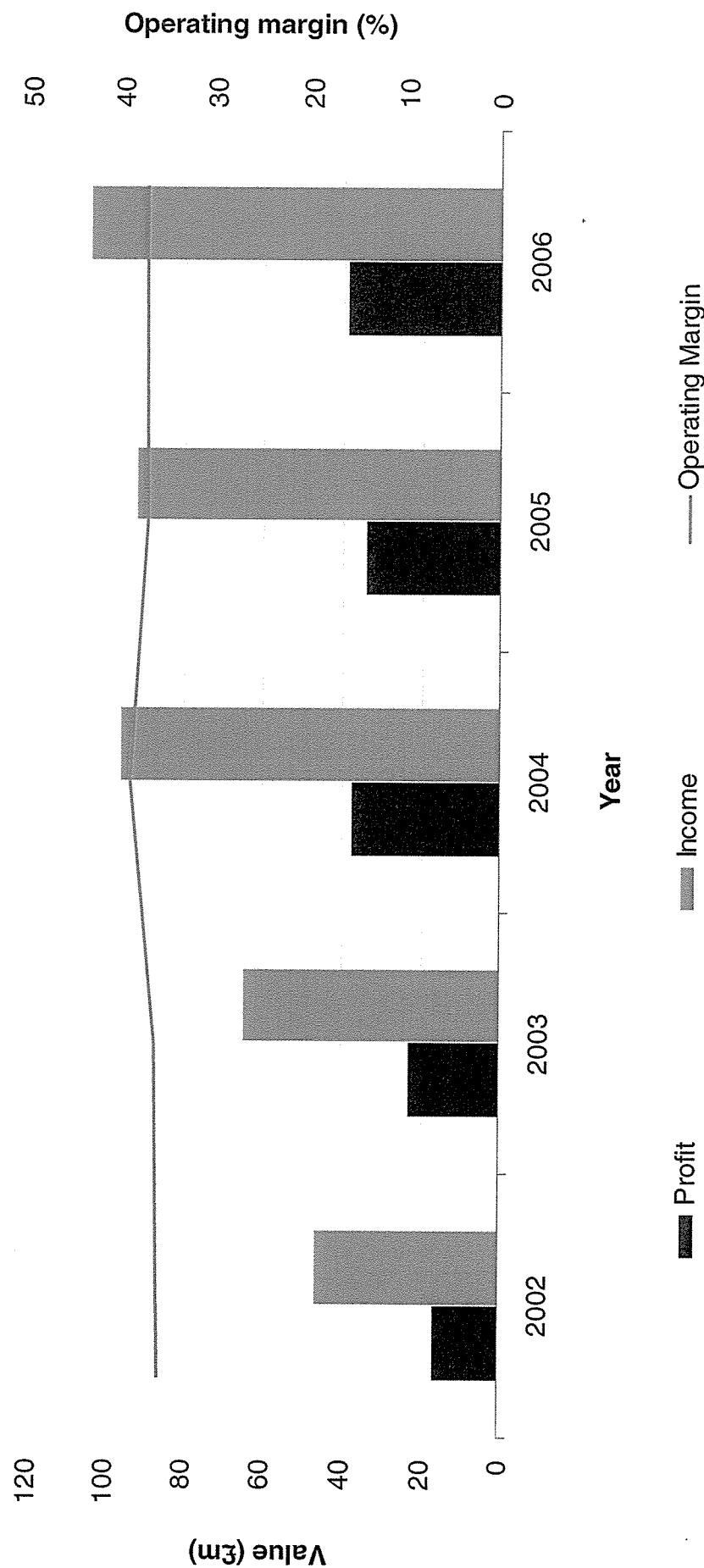
Key Numbers



Securities

WINS - Financial Review

WINS Trends - Show resilience



Securities

WINS – Trading Highlights

- WINS remains leading RSP
 - ranked No. 1 by volume in retail market-making from FTSE 100 to AIM
- Bargain count up 25%; income up 13%
- SETSmm
 - fully extended into small cap and leading AIM stocks
 - now 684 stocks
- more bargains at lower margin = some dealing margin decline
 - WINS' SETSmm trading skills improving
- Operating margin steady at 37%
- Plus Markets volumes increasing



Securities

WINS - Full Service Market-Making

UK Equities

Market Making across:

- AIM
- Plus Markets (OFEX)
- Small Caps (SETSmm)
- Mid Caps (SETSmm)
- FTSE 100 (SETS)
- Exchange Traded Funds

Sales Trading to:

- Institutional Clients
- Retail Stockbrokers
- 2,900 UK equities

Fully Integrated Service

- Market Making
- Research & Sales
- Corporate Finance
- Corporate Broking
- 47 Brokerships

Investment Trusts

Market Making across:

- US (NASDAQ & NYSE)
- Canada
- Major European listed stocks

Market Maker on :

- LSE International Retail service
- Euronext: Alternext market for growth companies
- Specialist settlement in CREST for UK brokers

• 7,250 international equities

International Equities

Fixed Income

- Gilt Edged Market Maker
- Member of EIB Sterling Retail Dealer Group

Principal Trading in:

- Sterling corporate Bonds
- Euro and Dollar Bonds
- US Treasury
- German and French Government bonds
- Swiss Stock Exchange (SWX)

Electronic Trading via:

- Bondscape
- Winner
- Bloomberg
- 1,000 bonds and gilts

Winner

Electronic Trading Service
“one stop shop”
85% of WINS’ trades

Largest in UK by stocks covered



Securities

Close Brothers Seydler

- An exceptionally good year as activity levels increased
- Market maker in approximately 2,000 stocks and bonds
- Leading designated sponsor with 130 corporate mandates



SECURITIES

Seydler - Spread of Activities

Specialist Trading	Market Making	Fixed Income	Designated Sponsor	Sales trading
<ul style="list-style-type: none">Specialist in the regulated market for 40 stocksNo. 1 in open market trading<ul style="list-style-type: none">– more than 1,200 foreign stocks and 500 corporate bonds	<ul style="list-style-type: none">Market leader in the US star segment on Xetra (German electronic trading platform)Strong focus on Asian market, especially Japan and South Korea	<ul style="list-style-type: none">Acceptance and execution of customer orders in corporate bondsTrading in all Fixed Income productsProviding cash flow for our specialists at the stock exchange	<ul style="list-style-type: none">130 mandates for small and mid-sized companiesServices for private placements, block trades, equity splits, secondary listings, share repurchase programmes with the support of our sales organisation	<ul style="list-style-type: none">Brokerage: spread trade, block trades, VWAP-based executionSupporting institutional investors with execution of trading strategiesOrganisation of road shows for customers in Germany and EuropeFixed Income trading and placement of: federal bonds, covered bonds, corporate bonds, high yield convertibles, structured products

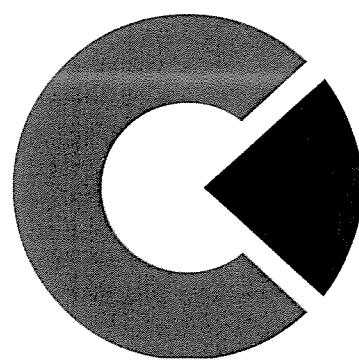


Securities

Outlook

- 2006 was a good year
- Resilient business
- Reasonable start, trading levels lower, better in UK than Germany





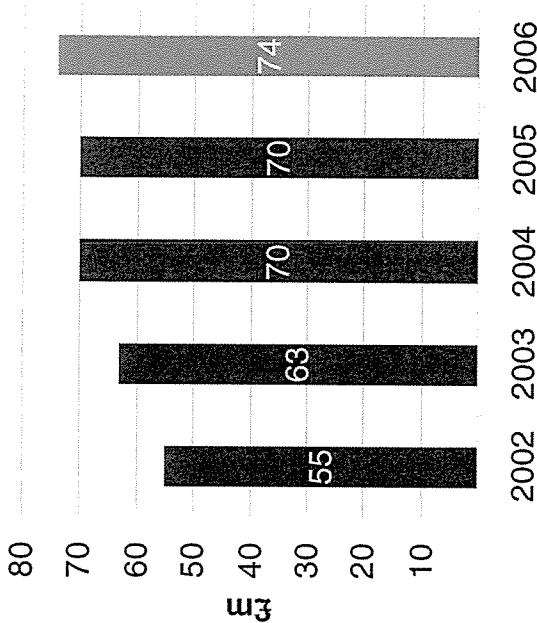
BANKING

Banking

Review

- Long established, highly focussed asset based lender

Banking Profit



- Profit up 6% to £74m — better than expected
- Consistent operating margin — 37%
- Loan book down slightly
- Good growth in some areas; tougher conditions in others
- Slight fall in bad debts



Banking

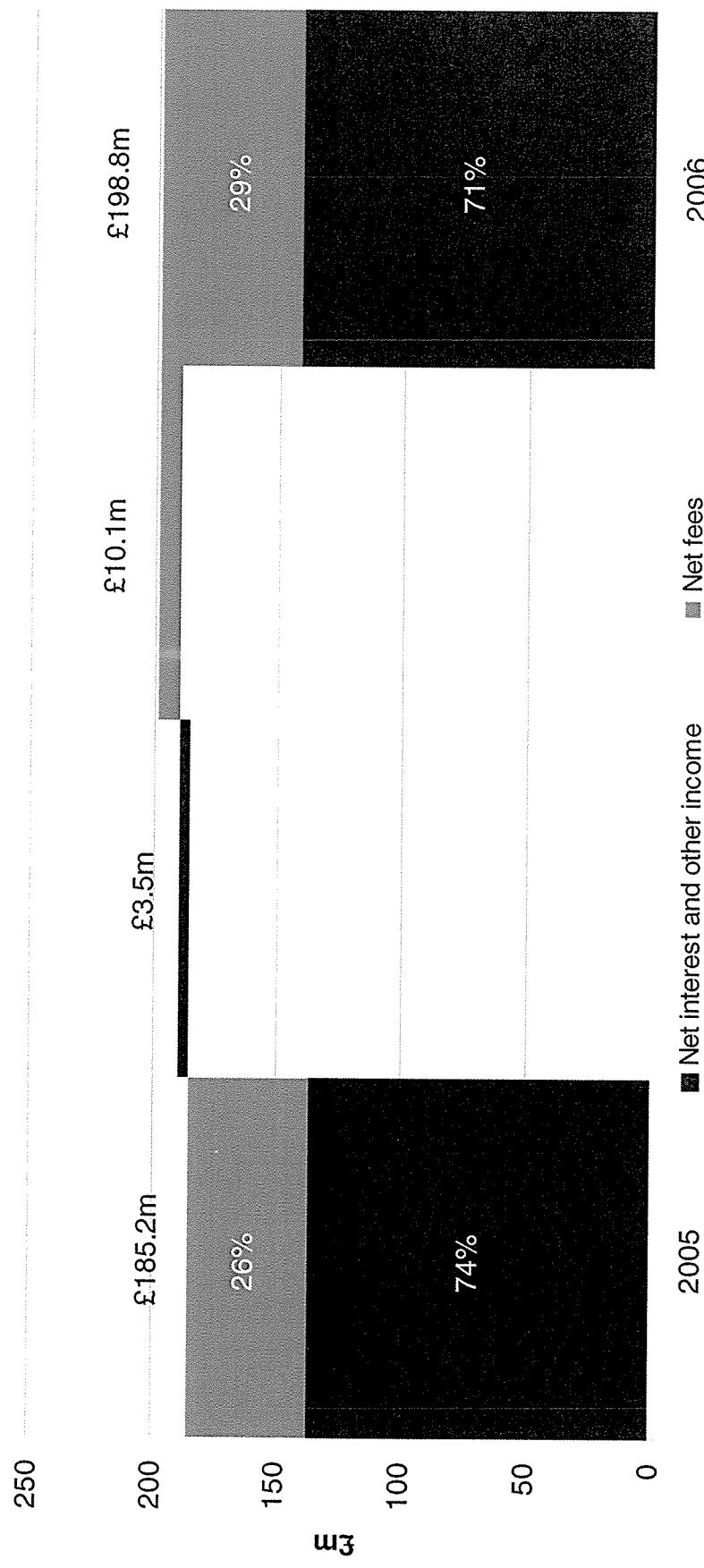
Key numbers

	2005	2006	Change
Operating income (£m)	185.2	198.8	+7%
Operating profit (£m)	69.7	74.0	+6%
Loan book (£m) – year end	1,939	1,862	-4%
– average	1,841	1,901	+3%
Bad debt charge (£m)	20.0	18.6	-7%
Bad debt % of avg loan book	1.1%	1.0%	
Operating margin	38%	37%	
Expense/income ratio	52%	53%	
Compensation ratio	31%	31%	
ROC	31%	30%	
Return on average gross loans	3.7%	3.8%	



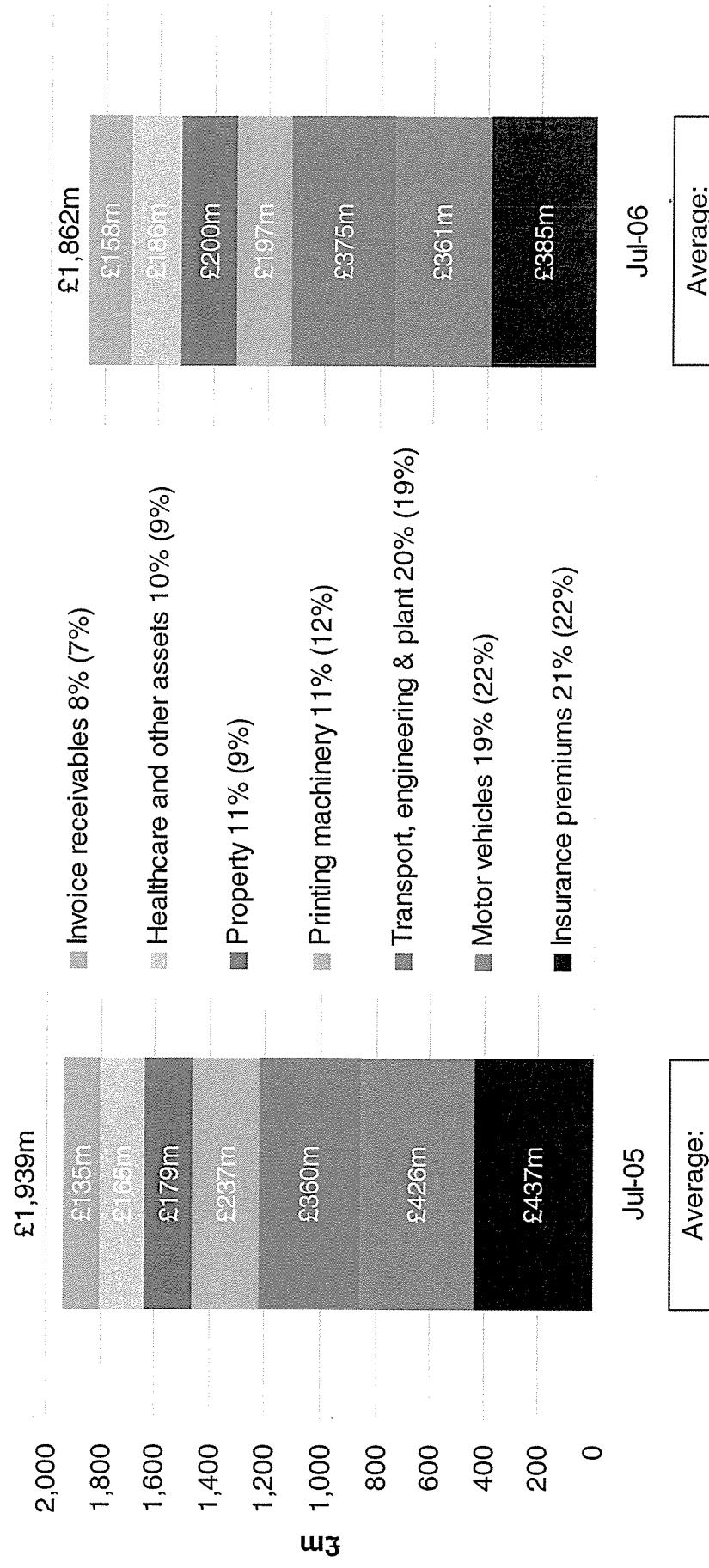
Banking

Analysis of Income



Banking

Period End & Average Loan Books

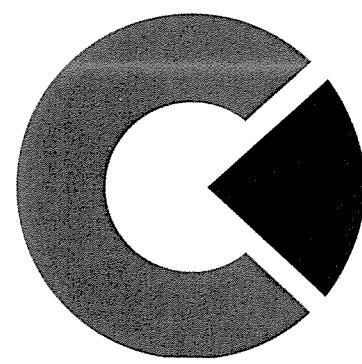


Banking

Objectives and Outlook

- Priority is to get banking growth rate back to long-term profit trend — 10%
- We anticipate some loan book growth in 2007
- Maintain high margins and high return on capital
- Remain diversified, focussed and efficient
- Expect further growth in 2007, noting bad debts currently low and investing for the future





OUTLOOK

Colin Keogh

Group Outlook

- Record profits in active markets
- Some risks ahead
- All our businesses are in good shape
- Strong confidence in long term prospects



Group

Core Strategy

Specialisation

Focus

Diversity

Blended exposure
to financial services

Enhanced profits

Reduced risk

Reduced volatility

Blended return

More consistent,
less cyclical profits

Steady and rising
dividend

Growth and diversity

