



Close Brothers Group plc

2007 Interim Results

Overview

2007 H1 Results

➤ **A strong headline performance**

- PBT **£98m** up 28%
- EPS **46.8p** up 30%
- Dividend **12.0p** up 14%

➤ **Excellent result from Asset Management**

➤ **Satisfactory performance from Banking, Securities and Corporate Finance**

➤ **Strategic priorities:**

- continue to build on Asset Management growth
- growth remains a priority for Banking



Overview

2007 H1 Results

➤ **Asset Management** – record profit

- PBT £43m (+130%) FuM £8.9bn (+16%)
- Strong H1 both headline and underlying profit
- Favourable market conditions
- Ex-Singers team a success
- Excellent private equity realisations

➤ **Securities** – Wins steady; Seydler down, as expected

- Overall operating profit £20m
- Dealing and operating margins held firm on steady volumes
- German activity levels well below last year



Overview

2007 H1 Results

- **Corporate Finance** – solid performance after last year's exceptional H1
 - Profit £7.4m
 - Busy in all sectors
 - M&A remains dominant
 - Good results from Europe
- **Banking** – profit steady, margins remain strong
 - Profit £37.4m; loan book flat
 - Tough markets in premium finance offset growth in property, asset and invoice finance
 - Bad debts remain low (1%)



Highlights and Overview

Diversity of Activity and Income

%	H1 2006	H1 2007
Profit by Activity		
Asset Management	22	39
Corporate Finance	10	7
Securities	25	19
Banking	43	35
	<u>100</u>	<u>100</u>
Income by Type		
Interest	29	25
Fees	45	48
Dealing	24	20
Other	2	7
	<u>100</u>	<u>100</u>

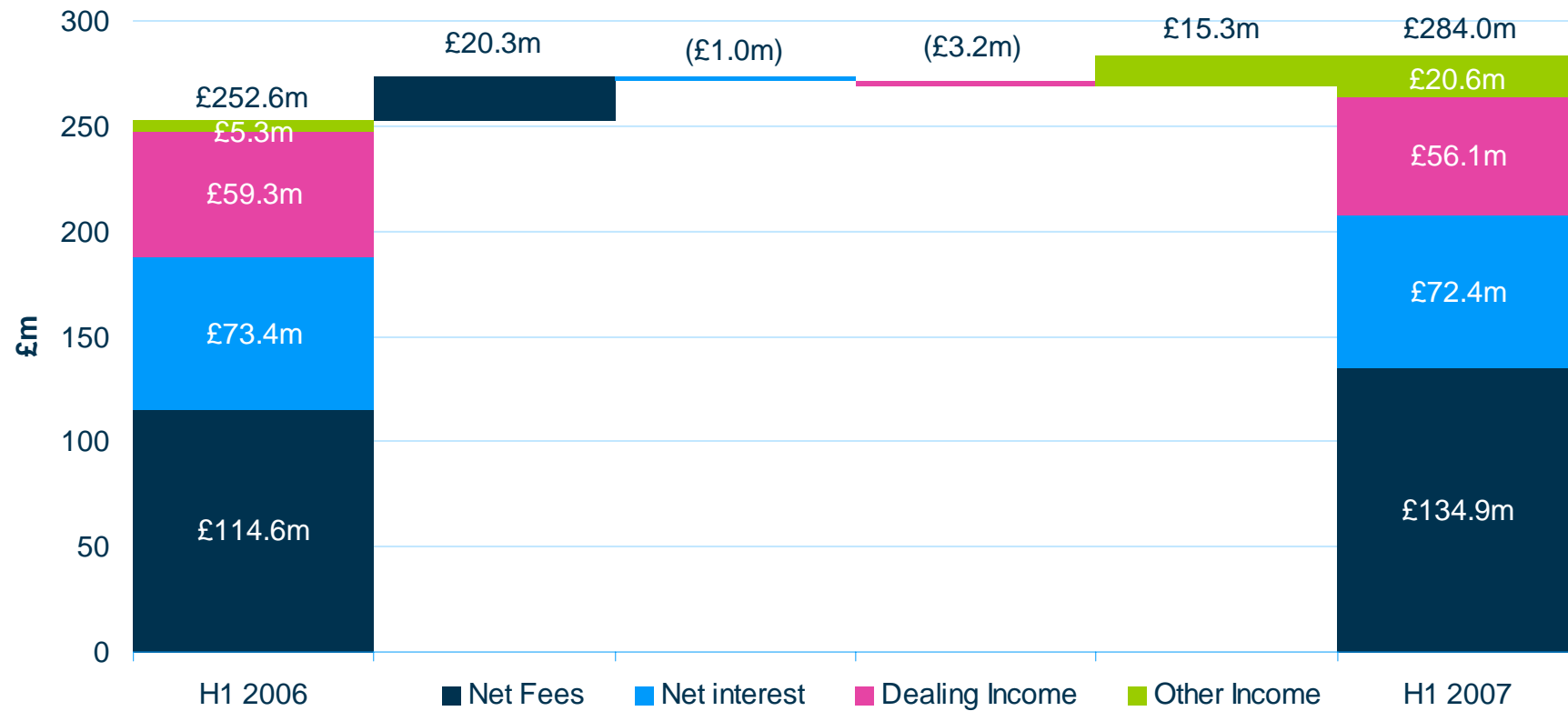


Results Highlights

£m	H1 2006	H1 2007	Change
Income Statement			
Operating income	252.6	284.0	+12%
Pre-tax profit	76.5	97.8	+28%
EPS (p)	36.0	46.8	+30%
Interim dividend (p)	10.5	12.0	+14%
Balance Sheet			
Total assets	4,896	4,839	
Customer loans	1,862	1,863	
Equity	614	702	



Income Development



Strong growth in fees and other income



Income Statement

£m	H1 2006	H1 2007
Operating income (net)		
Interest	73.4	72.4
Fees	114.6	134.9
Dealing	59.3	56.1
Other	5.3	20.6
Total operating income	<u>252.6</u>	<u>284.0</u>
Administrative expenses	(160.8)	(171.0)
Depreciation and amortisation	(6.2)	(6.1)
Bad debts	(9.1)	(9.1)
Total operating costs	<u>(176.1)</u>	<u>(186.2)</u>
Profit pre-tax	76.5	97.8
Tax	(22.1)	(27.1)
Profit post-tax	<u>54.4</u>	<u>70.7</u>



Balance Sheet

January (£m)	2006	2007
Equity	614	702
Subordinated loan capital	75	75
Deposits by customers	1,873	2,027
Funds from banks	518	513
Non-recourse borrowings	200	150
Debt securities in issue	358	348
Securities trading liabilities	940	694
Other liabilities	318	330
	<u>4,896</u>	<u>4,839</u>
Cash and short term deposits	1,627	1,798
Loans and advances	1,862	1,863
Securities trading assets	1,037	782
Fixed assets and investments	83	93
Other assets	189	189
Goodwill	98	114
	<u>4,896</u>	<u>4,839</u>



Financial Highlights : KPIs

	H1 2006	H1 2007
Operating margin	30%	34%
Expense/income ratio	66%	62%
Compensation ratio	44%	41%
Return on opening capital (pre tax)	26%	30%
Bad debt charge/avg loans	1%	1%



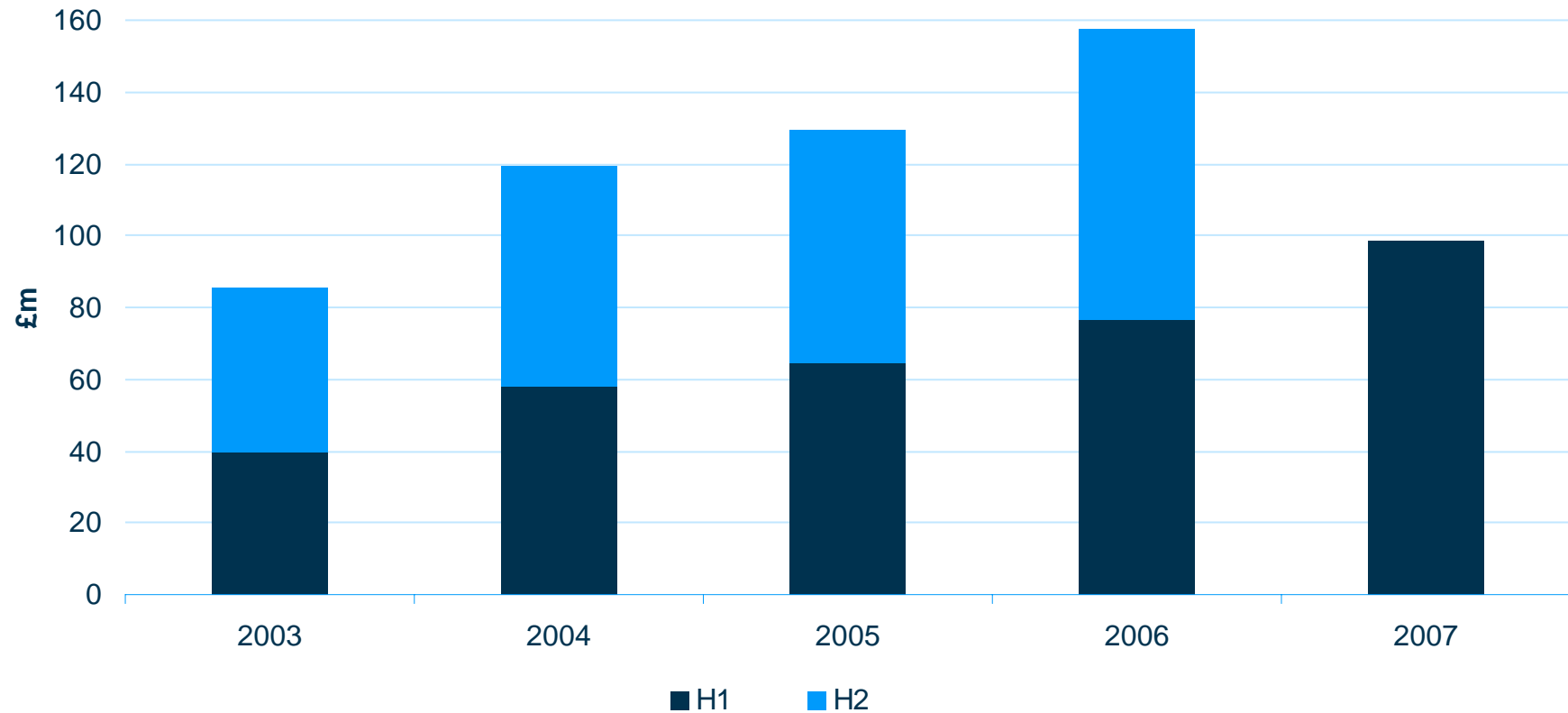
Growth and Diversity

£m	H1 2006	H1 2007	H1 2006	H1 2007
	Operating Income		Operating Profit	
Asset Management	62.0	95.7	18.6	42.7
Corporate Finance	30.5	27.8	8.8	7.4
Securities	62.5	60.4	21.8	20.4
Banking	96.7	97.8	36.9	37.4
Group	0.9	2.3	(9.6)	(10.1)
	<u>252.6</u>	<u>284.0</u>	<u>76.5</u>	<u>97.8</u>



The Financial Record

Profit before Goodwill and Tax

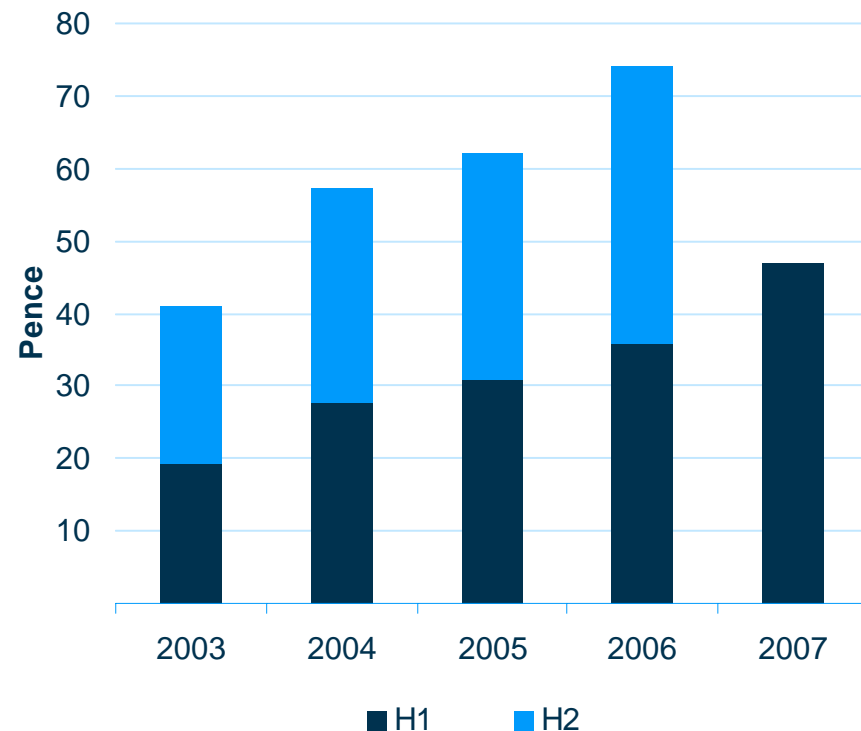


05-07: IFRS
03,04: UK GAAP

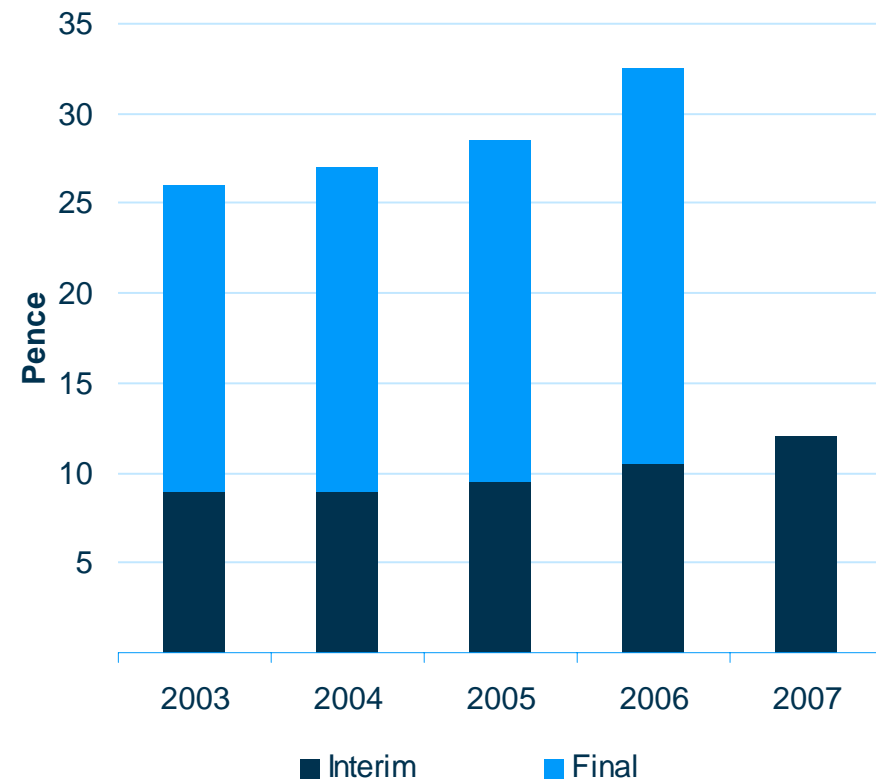


The Financial Record

Earnings per Share*



Dividends per Share



05-07: IFRS
03,04: UK GAAP
* before goodwill

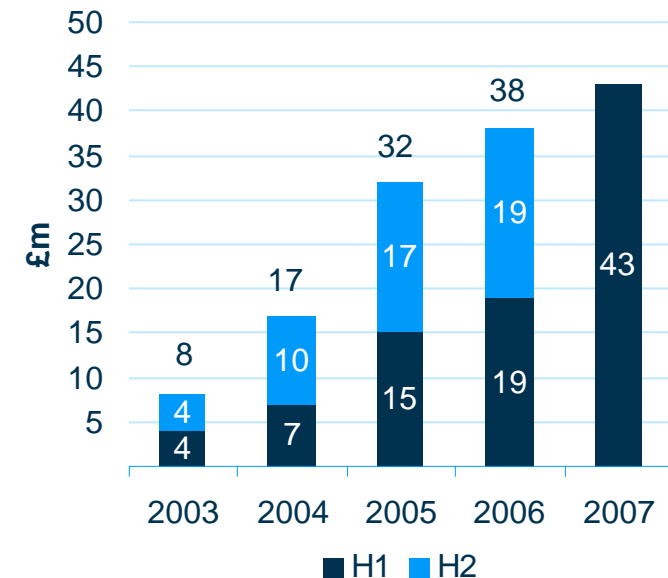


Asset Management

H1 Review

- Record H1 enhanced by £15m of gains
- Underlying performance remained strong
- FUM £8.9bn up 16% on H1 06; 8% on July 06
- Private clients
 - New team doing well
 - Good results from offshore
- Funds
 - Quieter period for fundraising
 - Multi-manager acquisition at period end
 - Private equity – focus on realisations

Asset Management Profit



Asset Management

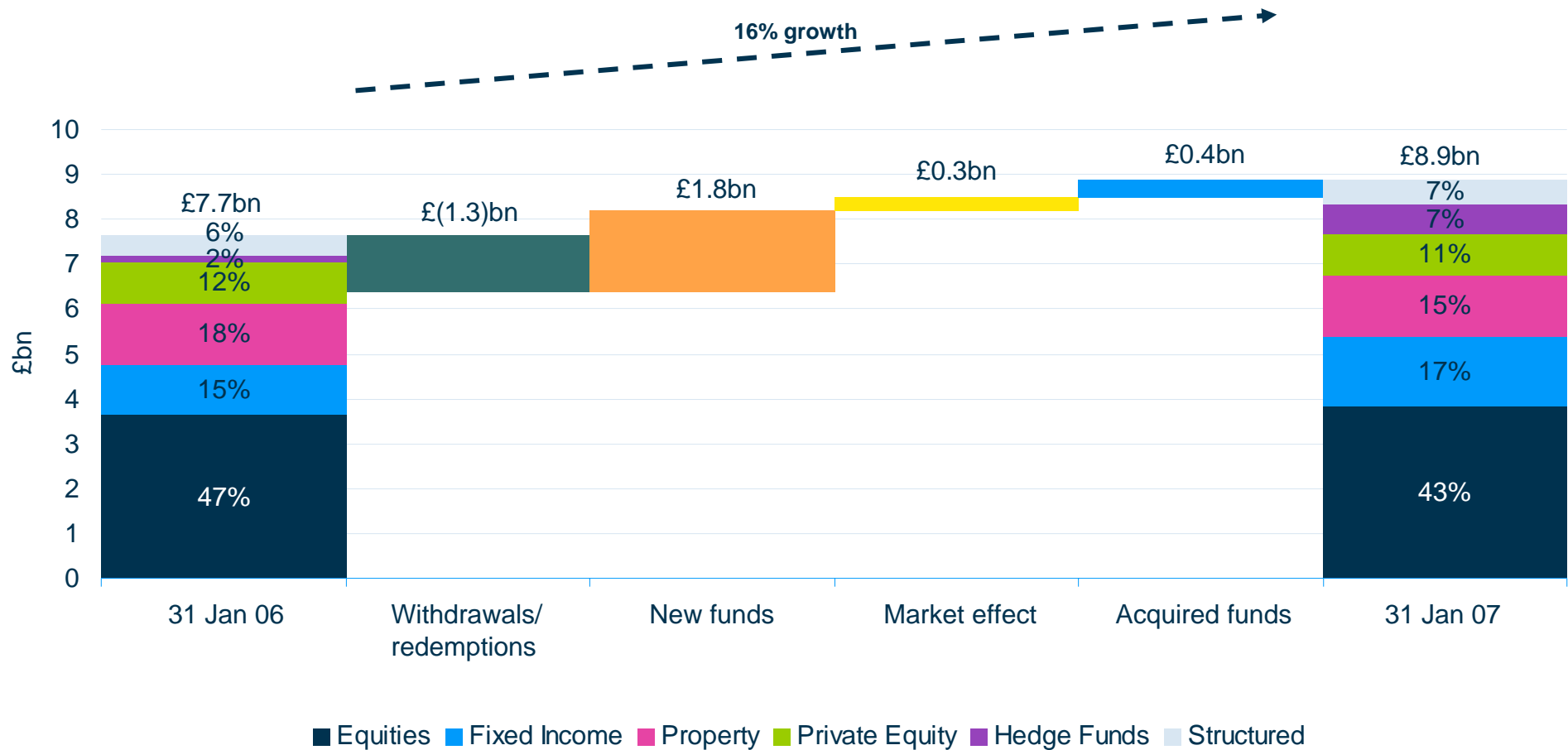
Key Numbers

	H1 2006	H1 2007	Change
Operating income (£m)	62.0	95.7	+54%
Costs (£m)	43.4	53.0	+22%
Pre-tax profit (£m)	<u>18.6</u>	<u>42.7</u>	+130%
Operating margin	30%	45%	
Expense/income ratio	70%	55%	
Compensation ratio	44%	42%	
Net new money/opening FuM (annualised)	5.8%	7.0%	



Asset Management

Funds under Management

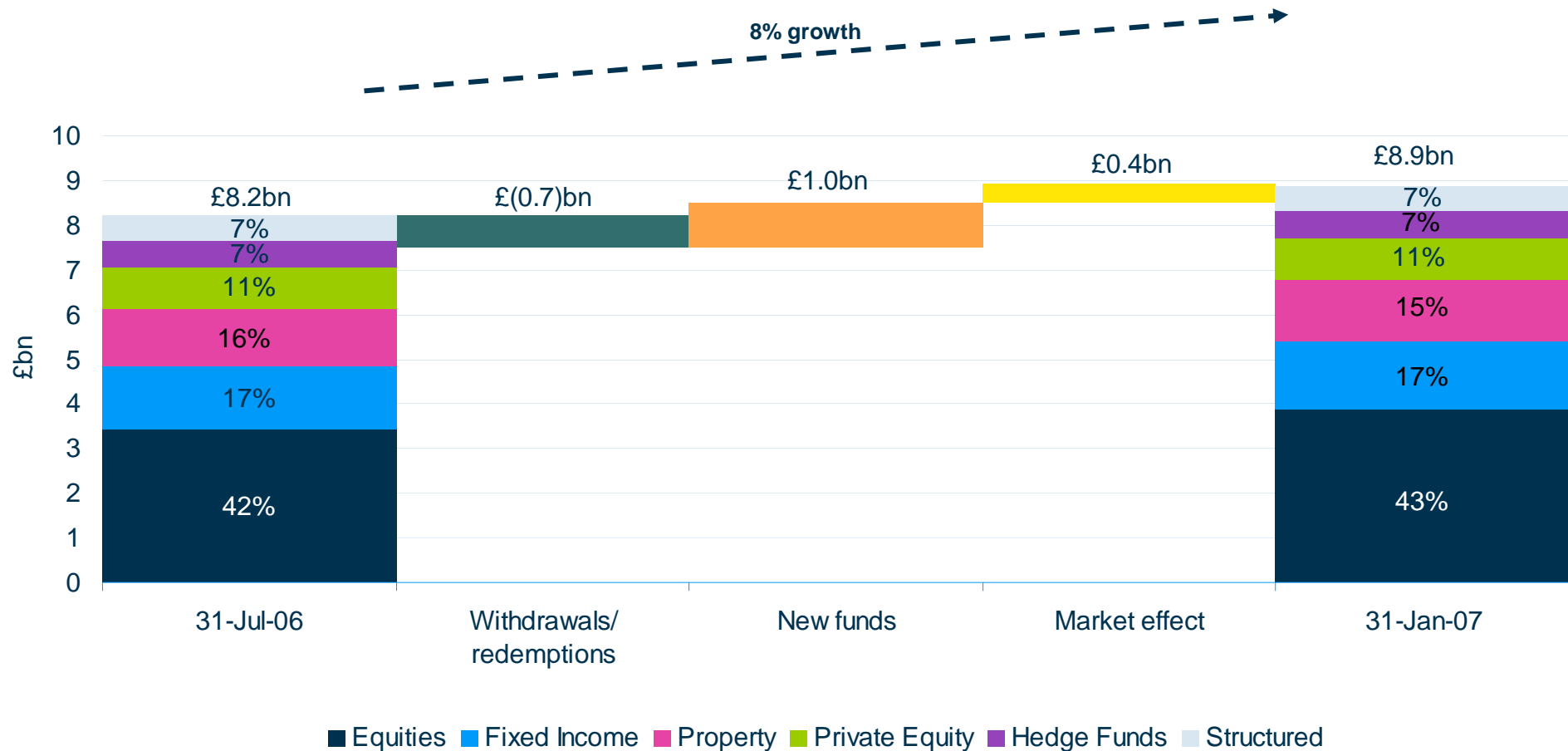


Diversity & growth



Asset Management

Funds under Management

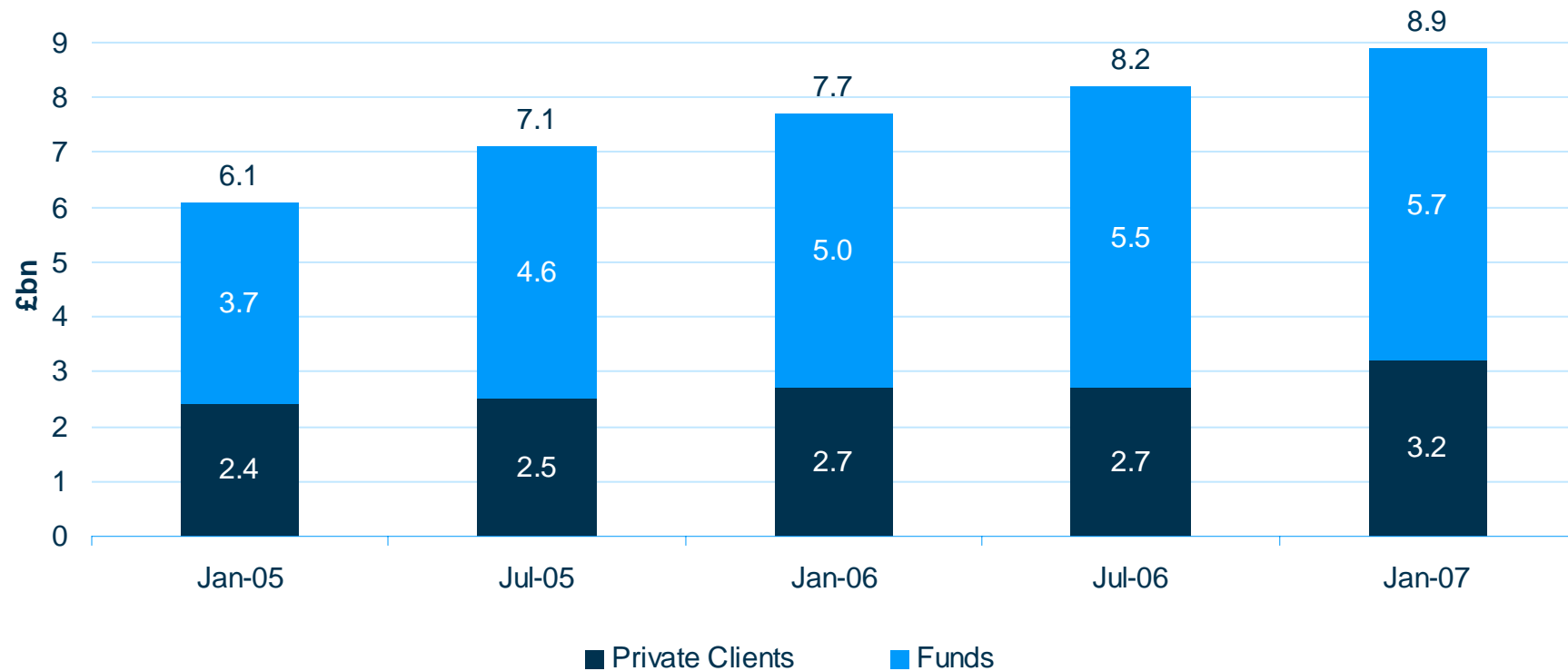


Diversity & growth



Asset Management

Funds under Management



Good growth in private clients



Asset Management

Asset Gathering

- Net and gross inflows up on H1 06
- Strong private client inflows
- Net inflows 7% of opening FuM – a good performance

£m	FuM at Jul-06	In	Out	Net	Market Movement	FuM at Jan-07	Annualised Net Inflows / Opening FuM
Private Clients	2,684	523	(145)	378	133	3,195	28.2%
Funds	5,527	478	(567)	(89)	264	5,702	(3.2%)
Total	8,211	1,001	(712)	289	397	8,897	7.0%
12 months ago	7,057	531	(325)	206	393	7,656	5.8%



Asset Management

Looking forward

- Further consolidation of wealth management businesses
- Build on recent multi manager acquisition
- Expect further PE realisations in H2

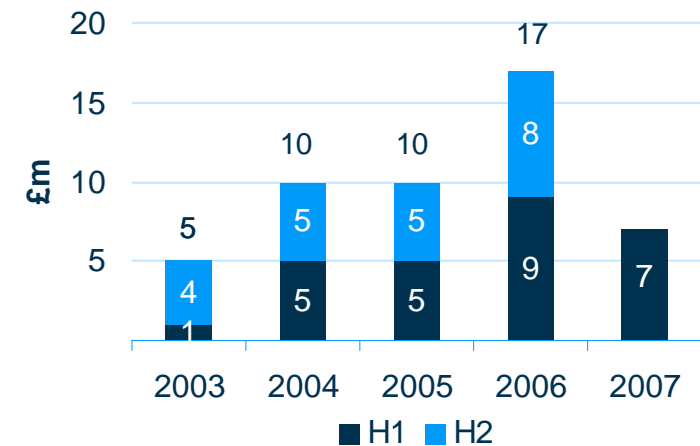


Corporate Finance

H1 Review

- Good H1 performance after strong 06:
 - revenue £28m (2006 - £30m)
 - profit £7m (2006 - £9m)
- UK M&A remains dominant in a buoyant market (58%)
- UK Restructuring (25%) and debt advisory (17%) remained busy
- Some notable transactions
 - Polestar – restructuring of European printing business
 - LateRooms – disposal to First Choice Holidays
 - Radstone Technology – successful contested bid defence

Corporate Finance Profit



Corporate Finance

Key Numbers

	H1 2006	H1 2007	Change
Operating income (£m)	30.5	27.8	-9%
Costs (£m)	21.6	20.4	-6%
Pre-tax profit (£m)	<u>8.8</u>	<u>7.4</u>	-16%
Operating margin	29%	27%	
Expense/income ratio	71%	73%	
Compensation ratio	54%	55%	



Corporate Finance

Outlook

- M&A activity levels remain high
- Q3 pipeline good in all practice areas
- Growth through selective recruitment
- Watchwords remain 'independence' and 'balance'

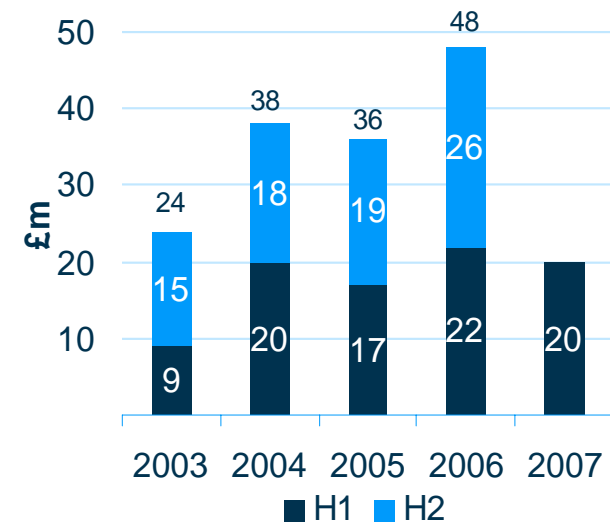


Securities

H1 Review

- Markets generally strong during H1 in UK
- WINS had a solid half year with dealing and operating margin holding firm
- New issue market quiet in Germany
- Seydler profit down after outstanding first year

Securities Profit



Securities

Key Numbers

	H1 2006	H1 2007	Change
Operating income (£m)	62.5	60.4	-3%
Costs (£m)	40.7	40.0	-2%
Pre-tax profit (£m)	<u>21.8</u>	<u>20.4</u>	-6%
Operating margin	35%	34%	
Expense/income ratio	65%	66%	
Compensation ratio	42%	37%	



Securities

Trading Highlights

- Bargain numbers and profit per bargain broadly steady compared to H1 last year
- WINS remains leading RSP across the board by value and number of bargains
- MiFID – WINS now providing liquidity to and dealing on alternative market platforms – PLUS and Virt-X



Securities

Outlook

- Margins steady
- Reasonably positive start to H2, but markets currently uncertain

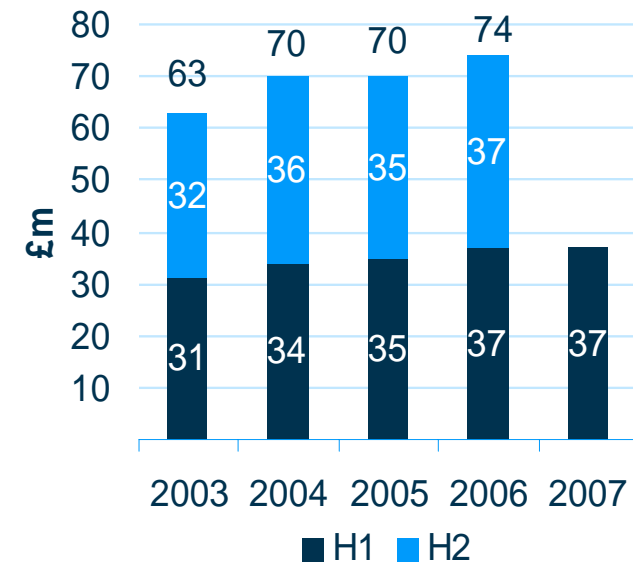


Banking

Review

- Long established, highly focussed asset based lender
- H1 profit up 1% to £37.4m
- Consistent operating margin — 38%
- Loan book steady overall
- Good growth in some areas (e.g. property); tougher conditions in others (e.g. insurance premium)
- Bad debts remain low

Banking Profit



Banking

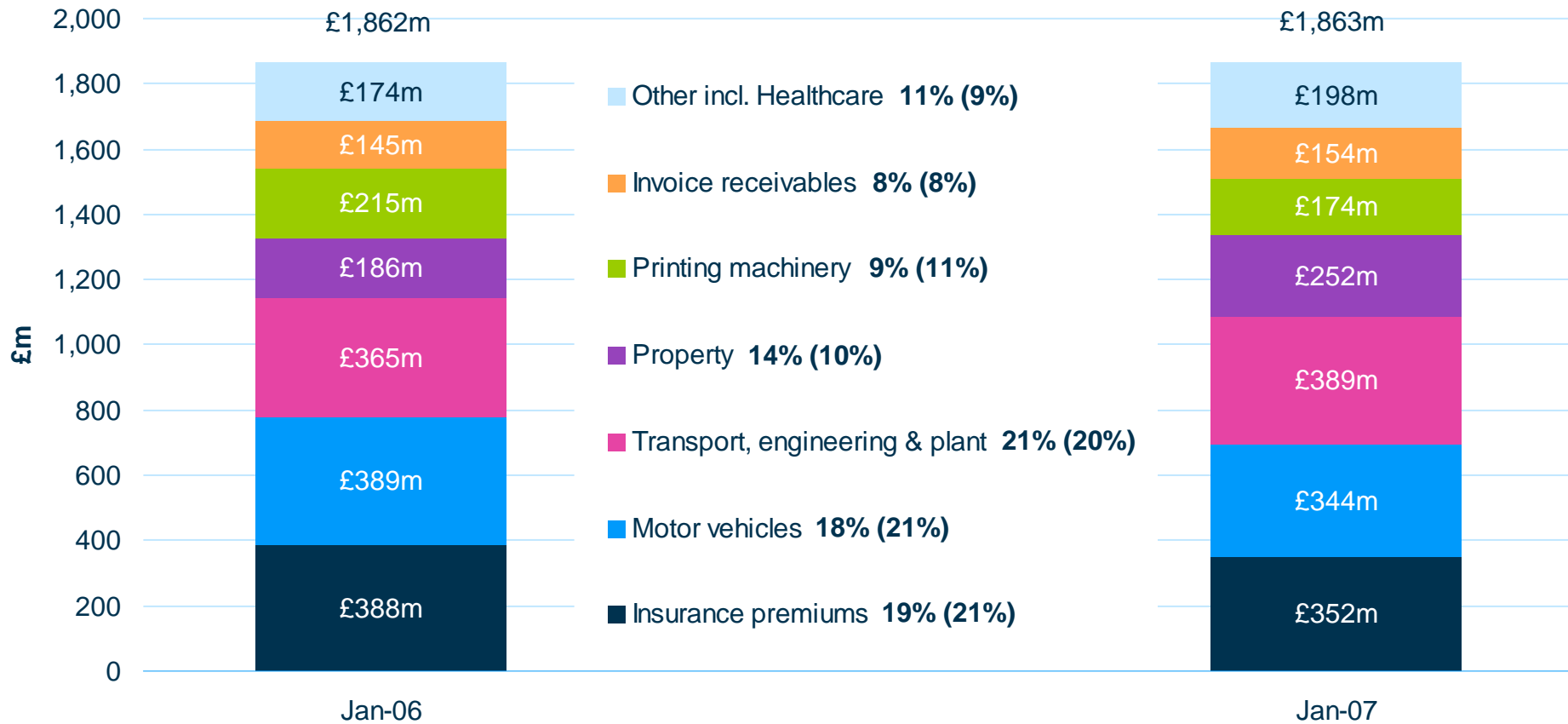
Key numbers

	H1 2006	H1 2007	Change
Operating income (£m)	96.7	97.8	+1%
Operating profit (£m)	36.9	37.4	+1%
Loan book (£m) – period end	1,862	1,863	
Bad debt charge (£m)	<u>9.1</u>	<u>9.1</u>	
Bad debt % of avg loan book	1.0%	1.0%	
Return on average gross loans	3.8%	3.9%	
ROC	30%	28%	
Operating margin	38%	38%	
Expense/income ratio	52%	52%	
Compensation ratio	31%	30%	



Banking

Period End Loan Books



Banking

Objectives and Outlook

- Liquidity remains high; at this point in the cycle we will be patient and not chase volume at the expense of margin
- Getting bank back on the growth track remains a priority
 - Actively seeking opportunities in UK and Europe but...
 - Increases costs
- We will remain diversified, focussed and efficient



Group

Outlook

- Steady underlying performance in H1 + private equity gains
- Expect satisfactory underlying result in H2 + private equity gains



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

