



## Close Brothers Group plc

8 May, 2008

### **CLOSE BROTHERS GROUP plc INTERIM MANAGEMENT STATEMENT For the three months ended 30 April 2008**

Close Brothers Group plc (“Close Brothers” or “the group”), the independent investment bank, today issues its Interim Management Statement (“IMS”) in accordance with FSA Disclosure and Transparency Rule 4.3. This statement relates to the quarter from 1 February 2008 to 30 April 2008.

#### **Group and Divisional performance**

Against a background of general market uncertainty and particularly challenging conditions in the credit markets, the group’s performance continues to be resilient.

In the Banking division we continue to see good demand for our specialised lending services and achieved steady growth in our loan book. During the period we have seen no significant increase in bad debts.

Market conditions remained testing for our Asset Management division and funds remained steady at £8.9bn. As expected, raising new funds and launching new products have been difficult. However, the diversity of the division has helped to mitigate the impact of volatile markets.

In our Securities division Winterflood’s performance remains consistent with the first half year. However, in Germany market conditions have deteriorated for Seydler and we do not foresee any improvement in the current financial year.

For Corporate Finance the market remains somewhat muted despite a stronger Q3 and ongoing good performance in Europe. We have not yet seen any uplift in the restructuring market.

#### **Liquidity**

The group’s conservative approach to balance sheet management means that the Banking division remains well capitalised and soundly financed. Deposits have continued to grow and we have a range of long-term committed facilities. Looking forward we continue to practise prudence and the rate of future loan book growth will be determined by our continued ability to raise similar facilities.

#### **Notable events**

On 27 March 2008 the group announced the acquisition of two niche lending businesses, Commercial Acceptances Group, a leading UK short-term and bridging lender, and Amber Credit, a specialist insurance premium finance business, with a combined loan book value of £145 million, for a combined premium to net assets of circa £9 million. These businesses are expected on average to generate returns on gross assets in line with the returns produced by Close Brothers’ Banking division. Accordingly the transactions will be earnings enhancing in FY 2009.

As part of the ongoing reorganisation of the business that we outlined at the time of the Interim Results there have been some senior management changes. On 10 April 2008 Martin Andrew was appointed as Chief Executive of the Asset Management division. He will also join the Group Management Board. Jonathan Sieff is leaving the business.

In a separate announcement today, the Board has announced that David Pusinelli, the Group Development Director will be stepping down from the Board. He will leave the business on 31 July 2008.

## **Outlook**

The outlook broadly remains as it was at the end of our first half.

We expect that uncertain market conditions will continue to affect performance in our Securities and Corporate Finance divisions.

We take comfort from the broad spread of our asset management activities although we expect raising new funds and attracting new assets in this climate to remain difficult. We continue to expect a solid second half performance from our Banking division and we will be on guard for any possible increase in bad debts as a result of the deteriorating economic background.

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Further information on Close Brothers can be found on the company's website at [www.closebrothers.co.uk](http://www.closebrothers.co.uk)

## **Board change**

Close Brothers Group plc announces that David Pusinelli, Group Development Director will be stepping down from the Board at the end of June and leaving the group at the end of the financial year on 31 July.

David joined Close Brothers 22 years ago and has made a substantial contribution to the growth and development of the business in all its areas. He departs with our best wishes.

Colin Keogh (CEO) said "David has been an important part of the executive team at Close Brothers, we will miss his contribution".