



Close Brothers Group plc

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## Close Brothers Group plc Trading Update

22 January 2010

Close Brothers Group plc (“the group” or “Close Brothers”) today issues its scheduled pre-close trading update ahead of its 2010 half year end. Data in this release relates to the group’s performance over the five months to 31 December 2009, unless otherwise indicated.

Close Brothers will be releasing its interim results for the six months ending 31 January 2010 on 16 March 2010.

### Group and divisional performance

In the five months to 31 December, Close Brothers has had a good performance overall principally reflecting a strong performance in the Banking and Securities divisions.

The **Banking** division has had a strong performance reflecting good demand for its specialist lending services and a stabilising economic environment. As at 31 December 2009, the loan book had increased 5% to £2.48 billion (31 July 2009: £2.36 billion). In addition, the group continues to evaluate potential acquisition opportunities in this area and in January 2010 completed the acquisition of a £94 million invoice financing loan book from GMAC Commercial Finance Limited (UK). The net interest margin has remained strong. The bad debt ratio has reduced throughout the period, particularly in Retail, and in the year to date has been broadly in line with the 2009 financial year level. However the outlook for bad debts remains uncertain and sensitive to the economic environment.

The **Asset Management** division has had a more modest start to the year. Total Funds under Management (“FuM”) have increased 8% to £7.39 billion as at 31 December 2009 (31 July 2009: £6.84 billion) reflecting positive market movements and the revenue margin on FuM has remained broadly stable. However, Income on Assets under Administration and Deposits continues to be affected by the current low interest rate environment. In addition, the overall result reflects increased investment spend to support ongoing growth initiatives in the division’s Private Clients business.

The **Securities** division has continued to perform well. After a strong first quarter, Winterflood has seen a slower November and December but overall average bargains per day have been broadly in line with the second half of the last financial year. Performance at Close Brothers Seydler has been resilient although Mako is seeing lower activity levels in the current low volatility environment.

## **Funding and liquidity**

The group has retained its strong and diversified funding position and there has been no material change since the 2009 financial year end.

## **Outlook**

We remain confident that we will deliver a good overall result for the first half and a solid outcome for the full 2010 financial year. However, this will depend on the prevailing economic environment and financial market conditions.

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