



Close Brothers Group plc

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## Close Brothers Group plc Trading Update

23 July 2010

Close Brothers Group plc (“Close Brothers” or “the Group”) today issues its scheduled pre-close trading update ahead of its 2010 financial year end. Information in this release relates to the Group’s performance over the five months to 30 June 2010, except where otherwise specified.

Close Brothers will be releasing its preliminary results for the twelve months ending 31 July 2010 on 28 September 2010.

### Group and Divisional Performance

The **Bank** continues to benefit from favourable market conditions and performed well over the period. The loan book was £2.9 billion as at 30 June 2010 (31 January 2010: £2.6 billion) with good organic growth particularly in Asset Finance within the Commercial division and from both Motor and Premium Finance in Retail. The net interest margin remained broadly in line with the level seen in the first half of the financial year. The bad debt ratio improved marginally during the five months to 30 June 2010 although remains sensitive to the economic environment.

The **Asset Management** division’s underlying results in the five months to 30 June 2010 were subdued relative to the first half of the financial year despite non-recurring investment gains during both the third and fourth quarters. The investment spend in support of the Private Clients growth initiative continues, which will also lead to a further negative impact on the division’s result in the next financial year. Total Funds under Management were unchanged at £7.3 billion as at 30 June 2010 (31 January 2010: £7.3 billion) with the revenue margin consistent with the first half.

The **Securities** division performed well although more difficult trading conditions were experienced later in the period. Average bargains per day at Winterflood were slightly higher than the first half of the financial year but income per bargain was materially lower, particularly in the last few months. Close Brothers Seydler performed in line with expectations while Mako’s performance was more muted relative to the first half year as market volumes have reduced.

## **Outlook**

The group remains confident that it will deliver a solid overall performance for the 2010 full financial year.

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