Close Brothers Group plc

13 November 2008

CLOSE BROTHERS GROUP PLC
INTERIM MANAGEMENT STATEMENT

Close Brothers Group plc today issues its Interim Management Statement relating to the quarter from 1 August 2008 to 31 October 2008.

Group and Divisional performance

The start to the 2009 financial year has been characterised by difficult and volatile market conditions and significant changes to the UK and international banking landscape. Nevertheless, Close Brothers Group results in the first quarter have been in line with expectations overall.

The Asset Management division has been impacted by the falls in financial markets in September and October. Funds under Management as at 31 October 2008 were £7.0 billion (31 July 2008: £8.2 billion), with the majority of the change attributed to market movements. In addition, we have reorganised our interest in the Close Brothers Private Equity partnership, which has resulted in the deconsolidation of £0.4 billion of Funds under Management. We have also seen some reduction in management fees, as a result of both lower activity levels and changes in mix.

In the Banking division, trading in the first quarter has been solid. As at 31 October 2008, our loan book was £2.35 billion, a 5% increase on £2.23 billion at 31 July 2008, including the £80 million Kaupthing Singer & Friedlander Premium Finance loan book acquired in August. Lending margins have remained stable and, as expected, bad debts have increased relative to the annualised rate for 2008. Looking forward, we will maintain our selective lending criteria in the increasingly difficult economic environment. We expect this to affect the future rate of growth in the loan book.

Corporate Finance has had a difficult start to the year, particularly in the UK, reflecting the low levels of activity in mid-market M&A.

Our Securities division has seen a good first quarter. Winterflood has benefited from increased trading volumes, which have more than offset the impact of falling markets, while Mako has benefited from increased volatility in the financial markets. Seydler has performed in line with expectations.

Funding and liquidity

Our conservative approach to balance sheet management means that we remain soundly funded from a diverse range of sources. The availability of funds in the market remains limited, and we have experienced a further tightening of the wholesale market and increased competition for deposits over the last few months as a result of the continued economic and financial market uncertainty. Nevertheless we have successfully raised significant term funds in the wholesale markets since the financial year end.

Treasury shares

In the first quarter we purchased some 3.7 million of our own shares to be held in treasury for the purpose of satisfying option grants and share awards made under our employee share plans, bringing our total treasury shares to 5.5 million. As of 31 October 2008 we had 143.9 million shares outstanding, excluding treasury shares.

Board changes

As separately announced today, we have appointed Ray Greenshields to our board as an independent non-executive director.

Outlook

Challenging and unpredictable market conditions are increasingly affecting our businesses. Looking further out, we remain confident that our strong businesses and robust financial position leave us well placed to take advantage of better conditions when markets recover.

Enquiries:

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