



Materials prepared for:

New City Initiative

The significance of the SME sector in the UK Financial Services industry

Employing over 350,000 people, the SME sector is a key constituent of the UK financial services industry

The SME sector remains a vital component of the UK financial services sector employing over 350,000 people

Based on analysis using IMAS-*insight*, IMAS estimates that the SME sector employs over 350,000 people across a range of organisation sizes including 50-250 employees (c. 30%) and 10-50 employees (c. 15%).

The estimate is based on data from the FSA Register for FSA Approved Persons where employee data is not available, as well as statistical averages where no company employee or Approved Person data is publically available.

The SME financial services sector in asset management has demonstrated strong resilience through the downturn

Within the asset management sector (fund managers and private client wealth managers), the SME sector has consistently grown its share of

employment of FSA Approved Persons since 2007 to over 45% of the market.

In addition, the SME sector has shown greater resilience through the downturn compared to the Large Cap sector. The SME sector demonstrated both higher growth than the Large Cap sector in 2008 & 2009 as well as a lower contraction than Large Cap in 2010.

The SME sector has grown female employment of FSA Approved Persons in the downturn against falls in the Large Cap sector

In the 2007 to 2009 period, the SME sector grew female FSA Approved Persons by 16%, compared to falls of 5% in the Large Cap sector.

This has also enabled the SME sector to steadily grow its female mix of FSA Approved Persons from 13.4% in 2007 to 13.8% in 2009.

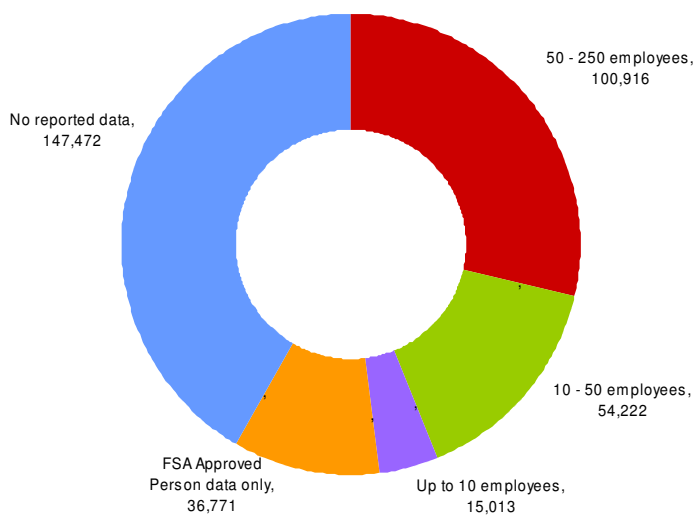
About IMAS Corporate Advisors

IMAS is a corporate finance adviser specialising in managing sales of financial services businesses in the UK. We advise owners on all stages of the disposal process, from the initial preparation for the transaction through to its completion. Having completed over 100 transactions, we use our unique and proprietary knowledge management system (“IMAS-*insight*”) that ‘maps’ the entire financial services industry in the UK, to identify the fullest possible range of buyers, both domestic and overseas.

For further details please contact Bruce McIntyre (bwm@imas.uk.com tel: 0207 444 4395) or Fred Hansson (fh@imas.uk.com tel: 0207 444 4393), or visit our website: www.imas.uk.com.

IMAS conservatively estimates UK SME financial services employs over 350,000 people

Estimated employees working in UK SME⁽¹⁾ Financial Services



Total estimated SME employees⁽³⁾: 354,000

Source: Companies House, FSA Register, IMAS-*insight*

⁽¹⁾ Small and medium sized companies employing less than 250 employees in the group

⁽²⁾ FSA Approved Persons responsible for “control functions” in FSA-regulated activities, including Board Directors, Partners, compliance officials and customer-facing investment advisers

⁽³⁾ Total estimated employees reflect a combination of FSA Approved Persons (see note (2)) and employees (from receptionist to Chief Executive) disclosed through Companies House statutory reporting requirements

Highlights

- IMAS estimates the SME sector employs over 350,000 people in UK financial services
 - Almost 30% are employed by medium-sized companies with 50 – 250 employees
 - Almost 20% are employed by small companies with up to 50 employees
- Over 50% of estimated SME employees are employed by companies that do not directly report employee numbers to Companies House
 - Over 10% based on FSA reporting requirements to register Approved Persons⁽²⁾ with significant roles (“control functions”)
 - Remaining employee estimates represent over 25,000 companies without Companies House or FSA employee records
 - Employee numbers for companies without reported data based on average employee data for companies with less than 10 employees

Methodology

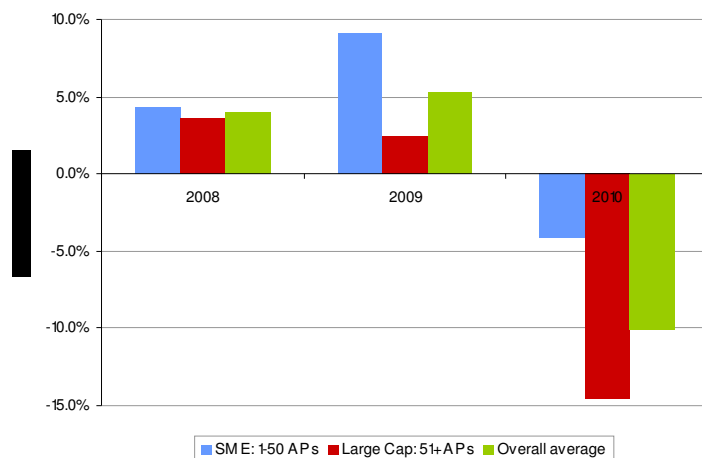
- Estimates are based on IMAS-*insight*, IMAS’s proprietary technology that ‘maps’ the UK financial services industry
 - Analysis of over 10,000 groups of companies under common ownership to identify groups with less than 250 employees
 - Analysis of over 300,000 FSA Approved Persons to identify Approved Persons in excess of reported employee numbers
- Conservative statistical averages used to estimate employees for over 25,000 companies where neither employee numbers or APs⁽²⁾ are available
 - Based on statistical averages for companies with 10 or less employees, adjusted for available data on APs and Directors
 - Applying statistical averages for companies with 49 or less employees results in total estimated SME employees of 569,000

Strong resilience in SME financial services employment in the asset management sector

Employment of FSA APs in asset management⁽⁴⁾, 2007 – 2010

| | 2007 | 2008 | 2009 | 2010 |
|-------------------------|---------------|---------------|---------------|---------------|
| SME: 1-50 APs | 7,894 | 8,234 | 8,613 | 7,568 |
| Annual change | | 4.3 % | 4.6 % | (12.1)% |
| Growth relative to 2007 | | 4.3 % | 9.1 % | (4.1)% |
| Large Cap: 51+ APs | 10,535 | 10,917 | 10,786 | 8,996 |
| Annual change | | 3.6 % | (1.2)% | (16.6)% |
| Growth relative to 2007 | | 3.6 % | 2.4 % | (14.6)% |
| Total | 18,429 | 19,151 | 19,399 | 16,564 |
| Annual change | | 3.9 % | 1.3 % | (14.6)% |
| Growth relative to 2007 | | 3.9 % | 5.3 % | (10.1)% |
| SME: % Total APs | 42.8 % | 43.0 % | 44.4 % | 45.7 % |

Annual change in asset management APs: SME vs. Large Cap



Source: FSA Register, IMAS-*insight*

⁽³⁾ SME employment based on businesses employing up to 50 FSA Approved Persons

⁽⁴⁾ Includes APs in fund management and private client wealth management

Highlights

- The SME sector's share of employment⁽³⁾ in asset management has consistently grown from 2007 to over 45% by 2010
 - SME's share of APs has grown from 42.8% to 45.7% during the downturn, possibly reflecting Large Cap leavers joining SME
- The SME sector demonstrated stronger resilience in employment through the downturn
 - Consistently higher growth in APs in 2008 (+4.3%) and 2009 (+4.6%) relative to the Large Cap sector (2008: +3.6%, 2009: -1.2%)
 - Lower contraction once the downturn hit employment in 2010 with SME contracting 12.1% versus Large Cap contracting 16.6%
- The resilience of the SME sector is also demonstrated in the bar chart with SME (blue) demonstrating higher growth in 2008 and 2009, as well as lower contraction in 2010, relative to Large Cap (red)

Methodology

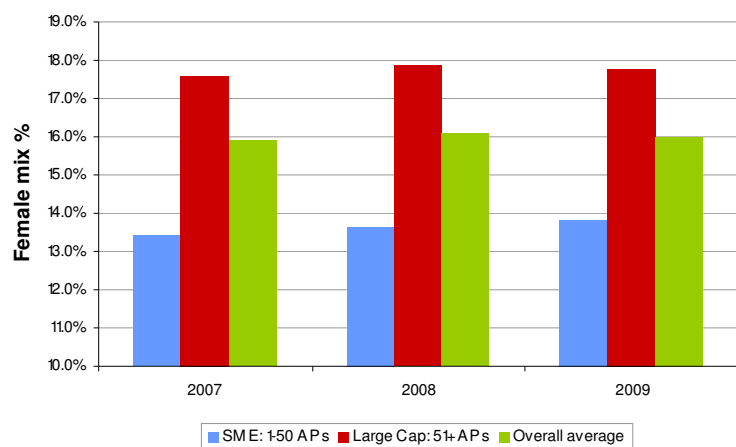
- Again using IMAS-*insight*, we have analysed c. 20,000 FSA Approved Persons in the asset management sector⁽⁴⁾ between 2007 and 2009
 - Identifies all asset managers⁽⁴⁾ with APs at their 2007 year ends
 - Tracks and groups all these entities by AP numbers band (e.g. 1-10 APs) at each respective year end in 2007, 2008 and 2009
 - 2010 data represents AP numbers for all relevant entities at 30 November 2010

The SME financial services sector has increased the number of females employed through the downturn

Employment of female APs in UK Financial Services, 2007- 2009

| | 2007 | | 2008 | | 2009 | |
|--------------------|----------------|---------------|----------------|---------------|----------------|---------------|
| | Male | Female | Male | Female | Male | Female |
| SME: 1-50 APs | 66,219 | 10,272 | 70,317 | 11,114 | 74,297 | 11,927 |
| Mix % | 86.6% | 13.4% | 86.4% | 13.6% | 86.2% | 13.8% |
| Growth on 2007 | | | 6.2% | 8.2% | 12.2% | 16.1% |
| Large Cap: 51+ APs | 94,747 | 20,229 | 92,183 | 20,050 | 88,784 | 19,176 |
| Mix % | 82.4% | 17.6% | 82.1% | 17.9% | 82.2% | 17.8% |
| Growth on 2007 | | | (2.7)% | (0.9)% | (6.3)% | (5.2)% |
| Total | 160,966 | 30,501 | 162,500 | 31,164 | 163,081 | 31,103 |
| Mix % | 84.1% | 15.9% | 83.9% | 16.1% | 84.0% | 16.0% |

Mix of Female APs in UK Financial Services, 2007- 2009



Source: IMAS-*insight*, FSA Register

Highlights

- Despite a fall in female FSA Approved Persons employed in the Large Cap sector, the SME sector has demonstrated a 16% increase in employment of female APs between 2007 and 2009
 - Female APs increased from c.10,300 in 2007 to over 11,900 by 2009 in the SME sector
 - This contrasts with a 5% decline in female APs in the Large Cap sector over the same period
- The proportion of female employees (as measured by APs) in SME financial services has steadily grown between 2007 and 2009
 - Up from 13.4% in 2007 to 13.8% in 2009
 - Compares with an average across UK financial services of 16%
- Although the Large Cap financial services sector does employ a higher proportion of female APs, this fell in 2009
 - Fall to 17.8% from 17.9% for Large Cap compares with the increase from 13.6% to 13.8% in SME

Methodology

- Leveraging the mapping of FSA Approved Persons on IMAS-*insight*, we analyse c. 160,000 active FSA Approved Persons in UK financial services by gender
 - Identifies all active FSA Approved Persons in 2007, 2008 and 2009
 - Groups all these individuals by AP numbers band (e.g. 1-10 APs) and gender at each respective year end in 2007, 2008 and 2009

About this paper

All base data for this paper has been sourced from the FSA Register with further analysis undertaken by IMAS Corporate Advisors to provide a breakdown by business activity using its proprietary knowledge management system, IMAS-*insight*.

If you would like to view further IMAS reports, including FSA quarterly review reports, please go to downloads at www.imas.uk.com.

About IMAS

Founded in 1992, IMAS is a corporate finance adviser with unparalleled expertise in selling companies across the UK financial services sector. We have completed over 100 transactions since inception.

IMAS's principals all have extensive experience in working for major UK financial institutions. IMAS combines in-depth knowledge and understanding of the specific issues affecting the financial services sector with our corporate finance experience to provide our clients with discreet, experienced and independent advice.

In addition, IMAS-*insight* allows us to present a range of options to our clients that would otherwise be unavailable. For further details, please contact us or visit our website: www.imas.uk.com.

About IMAS-*insight*

IMAS-*insight* is IMAS's proprietary knowledge management system that 'maps' the UK financial services industry, analysing over 40,000 UK financial services businesses and over 300,000 FSA registered individuals.

IMAS-*insight* provides us with detailed knowledge and insight into individual sectors within the UK financial services industry, including the participants within them as well as financial and other trends. We use this proprietary knowledge to help our clients achieve their strategic objectives.

Summary data derived from the underlying analysis on IMAS-*insight* can be viewed at www.imas.uk.com.

Contacts for further information

If you are interested in buying or selling in the UK financial services sector and would like to increase the range of options available to you, please contact:

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IMAS - Selected Closed Transactions

This announcement appears as a matter of record only

Advice to the shareholders of
Axco Information Services Limited



a leading provider of information to the global insurance industry

on its sale to

Wilmington Group plc

This announcement appears as a matter of record only

Advice to the shareholders of
Andersen Charnley Limited



a private client wealth management firm

on its sale to

Collins Stewart plc

This announcement appears as a matter of record only

Advice to the shareholders of
Fish Administration Holdings Limited



a specialist insurance broker

on its sale to

Inflexion Private Equity

This announcement appears as a matter of record only

Advice to
the Coleman Group



on the sale to management of

Corrie & Partners Ltd

a Lloyd's broker

This announcement appears as a matter of record only

Advice to the shareholders of
Crowe Livestock Underwriting Ltd



a specialist underwriting agency
on its sale to

Amlin PLC

This announcement appears as a matter of record only

Advice to the shareholders of
Cavendish Young Ltd



CAVENDISH YOUNG

an IFA / Wealth Manager

on its sale to

Merchant Securities plc

This announcement appears as a matter of record only

Advice to
Marsh UK Group Ltd
on the sale of the assets and business of



provider of medical benefits and health risk management

on its sale to

Simplyhealth Group Ltd

This announcement appears as a matter of record only

Advice to the shareholders of
SBP Group Limited



Simon Brooks & Partners Limited

a specialist commercial insurance broker
on its sale to

Giles Holdings Limited

This announcement appears as a matter of record only

Advice to the shareholders of
E.B. Consultants Limited



a pensions specialist

on its sale to

SBJ Group Limited

This announcement appears as a matter of record only

Advice to the shareholders of
Mobile Money Ltd



an impaired credit lending business

on the disposal of the shares to

Central Trust plc

This announcement appears as a matter of record only

Advice to the shareholders of
Garrison Investment Analysis Ltd



a discount broker

on its sale to

Charles Stanley Group Plc

This announcement appears as a matter of record only

Advice to the shareholders of
Astaire & Partners Ltd



a stockbroker

on its sale to

Blue Oar Plc

Appendix

Employment of FSA Approved Persons in asset management: 2007 to 2010

| | 2007 | 2008 | 2009 | 2010 |
|-------------------------|---------------|---------------|---------------|---------------|
| 1-10 APs | 1,736 | 1,907 | 1,997 | 1,811 |
| Annual change | | 9.9 % | 4.7 % | (9.3)% |
| Growth relative to 2007 | | 9.9 % | 15.0 % | 4.3 % |
| 11-50 APs | 6,158 | 6,327 | 6,616 | 5,757 |
| Annual change | | 2.7 % | 4.6 % | (13.0)% |
| Growth relative to 2007 | | 2.7 % | 7.4 % | (6.5)% |
| 51-200 APs | 7,405 | 7,949 | 7,890 | 6,452 |
| Annual change | | 7.3 % | (0.7)% | (18.2)% |
| Growth relative to 2007 | | 7.3 % | 6.5 % | (12.9)% |
| 200+ APs | 3,130 | 2,968 | 2,896 | 2,544 |
| Annual change | | (5.2)% | (2.4)% | (12.2)% |
| Growth relative to 2007 | | (5.2)% | (7.5)% | (18.7)% |
| Total | 18,429 | 19,151 | 19,399 | 16,564 |
| Annual change | | 3.9 % | 1.3 % | (14.6)% |
| Growth relative to 2007 | | 3.9 % | 5.3 % | (10.1)% |

Source: FSA Register, IMAS-*insight*

Gender composition of FSA Approved Persons, 2007 - 2009

| | 2007 | | 2008 | | 2009 | |
|--------------|----------------|---------------|----------------|---------------|----------------|---------------|
| | Male | Female | Male | Female | Male | Female |
| 1-10 APs | 33,808 | 5,623 | 38,015 | 6,369 | 41,919 | 7,143 |
| Mix % | 85.7% | 14.3% | 85.7% | 14.3% | 85.4% | 14.6% |
| 11-50 APs | 32,411 | 4,649 | 32,302 | 4,745 | 32,378 | 4,784 |
| Mix % | 87.5% | 12.5% | 87.2% | 12.8% | 87.1% | 12.9% |
| 51-200 APs | 25,582 | 4,498 | 25,859 | 4,701 | 24,609 | 4,548 |
| Mix % | 85.0% | 15.0% | 84.6% | 15.4% | 84.4% | 15.6% |
| 200+ APs | 69,165 | 15,731 | 66,324 | 15,349 | 64,175 | 14,628 |
| Mix % | 81.5% | 18.5% | 81.2% | 18.8% | 81.4% | 18.6% |
| Total | 160,966 | 30,501 | 162,500 | 31,164 | 163,081 | 31,103 |
| Mix % | 84.1% | 15.9% | 83.9% | 16.1% | 84.0% | 16.0% |

Source: FSA Register, IMAS-*insight*