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If you have sold or otherwise transferred all of your shares, please pass this document together with the accompanying documents to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee.



CLOSE BROTHERS GROUP plc

(incorporated and registered in England and Wales under number 520241)

Notice of Annual General Meeting to be held on

16 November 2017

Your attention is drawn to the letter from the Chairman of Close Brothers Group plc (the “**Company**”) which is set out on pages 3 to 5 of this document and which recommends you to vote in favour of the Resolutions to be proposed at the Annual General Meeting.

Notice of the Annual General Meeting of the Company to be held at 10 Crown Place, London, EC2A 4FT on 16 November 2017 at 11.00 a.m. is set out on pages 6 to 11 of this document. Shareholders will also find enclosed with this document a form of proxy for use in connection with the Annual General Meeting.

Completion and return of a form of proxy will not preclude shareholders from attending and voting at the Annual General Meeting should they choose to do so. The form of proxy must be received not less than 48 hours before the time appointed for the Annual General Meeting. Further instructions relating to the form of proxy are set out in the Notice of the Annual General Meeting.

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LETTER FROM THE CHAIRMAN

12 October 2017

Dear Shareholder,

Annual General Meeting (“AGM”)

I am pleased to give you notice of the Company’s AGM for 2017.

The AGM will be held at 10 Crown Place, London EC2A 4FT on Thursday 16 November 2017 at 11.00 a.m. The formal Notice of Annual General Meeting is set out on pages 6 to 11 of this document. The Notice sets out the resolutions to be proposed at the AGM, together with general notes and explanatory notes on certain resolutions to be proposed. Proxy appointment forms are also enclosed.

I and your other Directors regard the AGM as an important opportunity for the Company’s shareholders to discuss the group directly with the Board. This will be my first AGM as Chairman and I am looking forward to meeting as many shareholders as possible at the meeting.

Final dividend

Shareholders are being asked to approve a final dividend of 40.0p per ordinary share for the year ended 31 July 2017. If shareholders approve the recommended final dividend, it will be paid on 21 November 2017 to all ordinary shareholders named on the register of members as at 13 October 2017.

Reappointment of Directors

In April, Strone Macpherson retired as Chairman after serving as a director for more than 14 years. I would like to pay tribute to the significant contribution he made to the Company over this period.

In accordance with the UK Corporate Governance Code, all serving Directors will retire at the Annual General Meeting and stand for reappointment by shareholders. Accordingly, the Directors retiring and offering themselves for reappointment are Preben Prebensen, Jonathan Howell, Elizabeth Lee, Oliver Corbett, Geoffrey Howe, Lesley Jones, Bridget Macaskill and me. As I was appointed by my fellow Directors since the 2016 AGM, this is the first time that I am standing for appointment by shareholders.

As Chairman, I believe that the contribution and performance of each of my fellow Directors is valuable and effective. They all demonstrate commitment to their roles and I therefore believe that it is appropriate that they should continue to serve on the Board.

Business to be considered at the AGM

I would like to draw your attention to the following items of business set out in the Notice.

Remuneration (Resolutions 2, 3 and 15)

This year, shareholders are being asked to approve three resolutions relating to remuneration.

The first of these (Resolution 2) is, as in previous years, an annual advisory vote to approve the Directors’ Remuneration Report set out on pages 69 to 95 of the Company’s Annual Report and Accounts for the financial year ended 31 July 2017 (the “**Annual Report and Accounts**”), including the implementation of the current policy in terms of the payments and share awards made to Directors during the year.

The second resolution (Resolution 3), seeks the approval of shareholders for the new forward-looking Directors’ Remuneration Policy which is set out in full on pages 74 to 81 of the Annual Report and Accounts. The Company’s Directors’ Remuneration Policy, which is the subject of a binding vote at least every three years, was last approved by shareholders at the AGM in 2014. If the resolution is approved, the Directors’ Remuneration Policy will become effective immediately following the AGM.

Subject to approval of Resolution 3, Resolution 15 then asks shareholders to approve amendments to the Close Brothers Omnibus Share Incentive Plan (the “Plan”). It is proposed to update and amend the Plan to reflect and give effect to certain changes in the new Directors’ Remuneration Policy. A summary of the changes proposed is included in Appendix 2 to this document.

Appointment of new auditor (Resolution 13)

In May, following a formal and comprehensive tender process, the Board approved the appointment of PricewaterhouseCoopers LLP (“PwC”) as auditor of the Company and its subsidiaries for the financial year ending 31 July 2018, subject to the approval of shareholders at the AGM in 2017. It is proposed that PwC will replace Deloitte LLP which has acted as sole auditor since 2008. Given the length of their tenure and having regard to regulatory requirements, it was decided that Deloitte LLP would not participate in the tender process. Shareholders are requested to endorse the appointment of PwC.

I would like to take this opportunity to thank Deloitte LLP for their work as the Company’s auditor over many years.

Authority to allot shares and disapplication of pre-emption rights (Resolutions 16, 17 and 18)

As in previous years, we are asking shareholders to authorise the Directors, for the purposes of Part 17 of the Companies Act 2006, to allot shares. Following the Investment Association Share Capital Management Guidelines, the Company is seeking, in addition to the usual general authority to allot shares up to an aggregate amount equal to one-third of the existing share capital (which as in previous years is accompanied by a disapplication of shareholders’ pre-emption rights), an additional authority to allot shares (but only in the context of a fully pre-emptive rights issue) up to an aggregate amount equal to one-third of the existing share capital. Overall in the case of a rights issue, the Directors on behalf of the Company could issue shares so as to enlarge the Company’s share capital by an amount equal to two-thirds of the existing share capital without further shareholder authority. This would ensure that the Company has the maximum possible flexibility to respond to circumstances and opportunities as they arise. As set out in the explanatory notes to the Notice of Annual General Meeting, the Directors have no present intention of exercising this authority.

In accordance with the Pre-Emption Group’s revised Statement of Principles, the Directors are seeking authority under two separate resolutions to disapply pre-emption rights on up to five per cent of the issued share capital; and to disapply pre-emption rights for an additional five per cent for transactions which the Board determines to be an acquisition or other capital investment as defined by the Statement of Principles. There is no specific transaction or action contemplated by the Company which would require a non pre-emptive issue of shares. The Board considers, however, the additional five per cent disapplication of pre-emption rights to be in the interests of shareholders as the Company would have the flexibility to finance acquisitions or capital investments without having to apply first for a waiver, should such an opportunity arise.

Cancellation of the Company’s Share Premium Account (Resolution 21)

The Board is proposing to cancel the Company’s share premium account in order to create additional distributable reserves. This requires the approval of shareholders by way of a special resolution to be proposed at the AGM. If it becomes effective, the cancellation will provide the Company with greater flexibility in the future for the paying of ordinary course dividends which the board may in the future wish to make or recommend in accordance with the Company’s established dividend policy. The cancellation will, subject to approval by shareholders and confirmation by the High Court, increase the Company’s distributable reserves by around £307 million. The cancellation itself will not involve any return of capital to shareholders.

Explanatory notes

The explanatory notes which appear on pages 12 to 16 of this document give further explanation of resolutions proposed to be passed at the AGM.

Your vote

If you would like to vote on the resolutions but cannot come to the AGM, please fill in the form of proxy sent to you with this document and return it to the Company’s registrar, Capita Asset Services, as soon

as possible. The registrar must receive it not less than 48 hours before the time appointed for holding the Meeting. Lodgement of the form of proxy will not prevent you from attending and voting at the meeting.

All resolutions will be put to a vote on a poll, rather than being decided by a show of hands. The Directors believe that this will result in a more accurate reflection of the views of shareholders and ensure that their votes are recognised whether or not they are able to attend the meeting. On a poll, each shareholder has one vote for every share held.

Recommendation

Your Directors unanimously consider that all the resolutions to be put to the Annual General Meeting are in the best interests of the Company and its shareholders as a whole, and recommend that you vote in favour of the resolutions as the Directors intend to do in respect of their own shareholdings.

I look forward to meeting you at the AGM and thank you for your continued support.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'M N Biggs', with a long horizontal stroke extending to the right.

Michael N. Biggs
Chairman

Close Brothers Group plc

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Close Brothers Group plc will be held at 10 Crown Place, London EC2A 4FT on Thursday 16 November 2017 at 11.00 a.m. for the purpose of transacting the following business as ordinary resolutions (as regards resolutions 1 to 16) and as special resolutions (as regards resolutions 17 to 21).

Ordinary Resolutions

1. To receive and adopt the Company's 2017 Annual Report and Accounts together with the reports of the Directors and the Auditor's Report.
2. To approve the Directors' Remuneration Report for the financial year ended 31 July 2017 set out on pages 69 to 95 of the Annual Report and Accounts.
3. To approve the Directors' Remuneration Policy, the full text of which is set out on pages 74 to 81 of the Directors' Remuneration Report contained within the Annual Report and Accounts.
4. To authorise the payment of a final dividend on the ordinary shares of 40.0p per share for the year ended 31 July 2017 on 21 November 2017 to shareholders on the register at the close of business on 13 October 2017.
5. To reappoint Mike Biggs as a director of the Company.
6. To reappoint Preben Prebensen as a director of the Company.
7. To reappoint Jonathan Howell as a director of the Company.
8. To reappoint Elizabeth Lee as a director of the Company.
9. To reappoint Oliver Corbett as a director of the Company.
10. To reappoint Geoffrey Howe as a director of the Company.
11. To reappoint Lesley Jones as a director of the Company.
12. To reappoint Bridget Macaskill as a director of the Company.
13. To appoint PricewaterhouseCoopers LLP as auditor of the Company.
14. To authorise the Directors to determine the remuneration of the auditor.
15. If resolution 3 is passed, to approve the updated Close Brothers Omnibus Share Incentive Plan (the "**Plan**"), the principal changes to which are summarised in Appendix 2.
16. To authorise the Board generally and unconditionally to allot shares in the Company and to grant rights to subscribe for or convert any security into shares in the Company:
 - (a) up to a nominal amount of £12,646,853 (such amount to be reduced by the nominal amount allotted or granted under paragraph (b) below in excess of such sum); and
 - (b) comprising equity securities (as defined in the Companies Act 2006) up to a nominal amount of £25,293,707 (such amount to be reduced by any allotments or grants made under paragraph (a) above) in connection with an offer by way of a rights issue:
 - (1) to ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and
 - (2) to holders of other equity securities as required by the rights of those securities or as the Board otherwise considers necessary,

and so that the Board may impose any limits or restrictions and make any arrangements which it considers necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter,

such authorities to apply until the end of next year's Annual General Meeting (or, if earlier, until the close of business on 16 February 2019) but, in each case, during this period the Company may make offers and enter into agreements which would, or might, require shares to be allotted or rights to subscribe for or convert securities into shares to be granted after the authority ends and the Board may allot shares or grant rights to subscribe for or convert securities into shares under any such offer or agreement as if the authority had not ended.

Special resolutions

17. That, if resolution 16 granting authority to allot shares is passed, the Board be authorised to allot equity securities (as defined in the Companies Act 2006) for cash under the authority given by that resolution and/or to sell ordinary shares held by the Company as treasury shares for cash as if section 561 of the Companies Act 2006 did not apply to any such allotment or sale, such authority to be limited to:

- (a) allotments for rights issues and other pre-emptive issues; and
- (b) the allotment of equity securities or sale of treasury shares (otherwise than under paragraph (a) above) up to a nominal amount of £1,897,028,

such authority to expire at the end of the next AGM of the Company (or, if earlier, at the close of business on 16 February 2019) but, in each case, prior to its expiry the Company may make offers, and enter into agreements, which would, or might, require equity securities to be allotted (and treasury shares to be sold) after the authority expires and the Board may allot equity securities (and sell treasury shares) under any such offer or agreement as if the authority had not expired.

18. That, if resolution 16 granting authority to allot shares is passed, the Board be authorised in addition to any authority granted under resolution 17 to allot equity securities (as defined in the Companies Act 2006) for cash under the authority given by that resolution and/or to sell ordinary shares held by the Company as treasury shares for cash as if section 561 of the Companies Act 2006 did not apply to any such allotment or sale, such authority to be:

- (a) limited to the allotment of equity securities or sale of treasury shares up to a nominal amount of £3,794,056 (excluding treasury shares); and
- (b) used only for the purposes of financing (or refinancing, if the authority is to be used within six months after the original transaction) a transaction which the Board of the Company determines to be an acquisition or other capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this notice,

such authority to expire at the end of the next AGM of the Company (or, if earlier, at the close of business on 16 February 2019) but, in each case, prior to its expiry the Company may make offers, and enter into agreements, which would, or might, require equity securities to be allotted (and treasury shares to be sold) after the authority expires and the Board may allot equity securities (and sell treasury shares) under any such offer or agreement as if the authority had not expired.

19. That the Company be authorised for the purposes of section 701 of the Companies Act 2006 to make one or more market purchases (as defined in section 693(4) of the Companies Act 2006) of its ordinary shares of 25p each, such power to be limited:

- (a) to a maximum number of 15,176,224 ordinary shares;
- (b) by the condition that the minimum price which may be paid for an ordinary share is the nominal amount of that share and the maximum price which may be paid for each ordinary share is the highest of:
 - (1) an amount equal to 5% above the average market value of an ordinary share for the five business days immediately preceding the day on which that ordinary share is contracted to be purchased; and
 - (2) the higher of the price of the last independent trade and the highest current independent purchase bid on the London Stock Exchange Trading System,

in each case, exclusive of expenses,

such authority to apply until the end of next year's Annual General Meeting (or, if earlier, until the close of business on 16 February 2019) but during this period the Company may enter into a contract to purchase ordinary shares which will or may be completed or executed wholly or partly after the authority ends and the Company may purchase ordinary shares pursuant to any such contract as if the authority had not ended.

20. That a general meeting other than an Annual General Meeting may be called on not less than 14 clear days' notice.
21. That, subject to the approval of the Court, the amount of £307,762,365.31 being the entire amount standing to the credit of the Company's share premium account be cancelled and that the resulting sum be credited to the distributable profits of the Company.

By order of the Board



Alex Dunn
Company Secretary
12 October 2017

Registered Office:
10 Crown Place
London EC2A 4FT

NOTICE OF ANNUAL GENERAL MEETING

Notes

Proxies and corporate representatives

1. Members are entitled to appoint a proxy to exercise all or any of their rights to attend and to speak and vote on their behalf at the meeting. A shareholder may appoint more than one proxy in relation to the Annual General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A proxy need not be a shareholder of the Company. A proxy form which may be used to make such appointment and give proxy instructions accompanies this Notice. You can only appoint a proxy by using the procedures set out in these notes and the notes to the proxy form. The return of a completed proxy form, other such instrument or any CREST Proxy Instruction (as described in paragraphs 8 to 11 below) will not prevent a member attending the Annual General Meeting and voting in person if he/she wishes to do so.
2. To be valid any proxy form or other instrument appointing a proxy must be received by post or (during normal business hours only) by hand at the office of the Company's registrar (Capita Asset Services, PXS, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU).

Alternatively, shareholders may appoint a proxy electronically by visiting www.signalshares.com and following the instructions provided.

CREST members can appoint a proxy by utilising the CREST electronic appointment service in accordance with the procedures set out in paragraphs 9 to 12.

IMPORTANT: in any case, your proxy form must be received by the Company's registrars no later than 48 hours before the time appointed for holding the Annual General Meeting.

3. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.
4. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior)."

Nominated Persons

5. Any person to whom this Notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person") may, under an agreement between him / her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Annual General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.
6. The statement of the rights of shareholders in relation to the appointment of proxies in paragraphs 1 and 2 above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by shareholders of the Company.

Entitlement to attend and vote

7. To be entitled to attend and vote at the Annual General Meeting (and for the purpose of the determination by the Company of the votes they may cast), shareholders must be registered in the Register of Members of the Company at close of business on 14 November 2017 (or, in the event of any adjournment, close of business on the date which is 48 hours before the time of the adjourned meeting, excluding non-working days). Changes to the Register of Members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.

Total voting rights

8. As at 3 October 2017 (being the latest practicable date prior to the publication of this Notice and excluding shares held in Treasury) the Company's issued share capital consists of 151,762,245 ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at 3 October 2017 are 151,762,245.

CREST members

9. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
10. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual (available via www.euroclear.com/CREST). The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA10) by not less than 48 hours before the time appointed for holding the Annual General Meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
11. CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
12. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

Audit statements

13. Under section 527 of the Companies Act 2006 members meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the Annual General Meeting; or (ii) any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the Companies Act 2006. The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Companies Act 2006. Where the Company is required to place a statement on a website under section 527 of the Companies Act 2006, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the Annual General Meeting includes any statement that the Company has been required under section 527 of the Companies Act 2006 to publish on a website.

Members' right to ask questions

14. Any member attending the meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the meeting but no such

answer need be given if (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information, (b) the answer has already been given on a website in the form of an answer to a question, or (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

Electronic publication

15. A copy of this Notice, and other information required by section 311A of the Companies Act 2006, can be found on the Company's website (www.closebrothers.com).

Inspection of documents

16. The following documents will be available for inspection at the registered office of the Company (10 Crown Place, London EC2A 4FT) from 9.00 A.M. on the date of this Notice until the end of the Annual General Meeting:

- copies of the executive Directors' service contracts;
- copies of letters of appointment of the non-executive Directors; and
- the proposed amended Close Brothers Omnibus Share Incentive Plan rules.

Communication

17. You may not use any electronic address provided either in this Notice of Annual General Meeting or any related documents (including the Chairman's letter and proxy form) to communicate with the Company for any purpose other than those expressly stated.

Close Brothers Group plc

EXPLANATORY NOTES TO THE NOTICE OF ANNUAL GENERAL MEETING

Resolutions 1 to 16 are proposed as ordinary resolutions. This means that for each of those resolutions to be passed, more than half of the votes cast must be in favour of the resolution. Resolutions 17 to 21 are proposed as special resolutions. This means that for each of those resolutions to be passed, at least three-quarters of the votes cast must be in favour of the resolution. The notes on the following pages give an explanation of resolutions 2, 3 and 5 to 21, being the resolutions in respect of Directors' remuneration, the reappointment of Directors, the appointment of PricewaterhouseCoopers LLP as the Company's auditors (and the determination of their remuneration) and the special business to be transacted at the 2017 Annual General Meeting.

Resolution 2: Annual Report on Remuneration

Resolution 2 seeks approval for the Directors' Remuneration Report which can be found on pages 69 to 95 of the 2017 Annual Report and Accounts and gives details of the payments and share awards made to the Directors during the year. This vote is advisory only and will not affect the way the Directors have been remunerated.

Resolution 3: Directors' Remuneration Policy

Resolution 3 seeks approval for the updated Directors' Remuneration Policy (the "**Policy**") which can be found on pages 74 to 81 of the Annual Report and Accounts. This sets out the Company's new policy on Directors' remuneration, including Directors' pay and the granting of share awards. If this resolution is approved, the Policy will be effective from the date of this Annual General Meeting.

The revised policy was developed taking into account the principles of the UK Corporate Governance Code 2016, and the latest guidelines from investor groups.

The Remuneration Committee is proposing the following key changes to the current policy:

- Simplification of long-term variable remuneration by moving to a single long-term plan
- Changes to the performance measures on the annual bonus and long-term incentive award
- Introduction of a two-year post-vesting holding period on the LTIP
- Changes to the approach to deferral on the annual bonus whereby the entire bonus will be subject to a fixed rate of bonus deferral (60% for the group chief executive and group finance director and 40% for the group head of legal and regulatory affairs)

Fuller details on these changes are set out in the Annual Statement from the Remuneration Committee Chairman in the Annual Report and Accounts on pages 69 to 71.

These changes have necessitated amendments to the Close Brothers Omnibus Share Incentive Plan, proposed as resolution 15.

If the Policy is approved, all payments to current and former Directors (in their capacity as Directors) will be made in accordance with the Policy. Additionally, if the Policy is approved and remains unchanged, it will be valid for up to three financial years without new shareholder approval being required. If the Company wishes to change the Policy, it would need to put a revised policy to a shareholder vote again, before any changes could be implemented.

Resolutions 5 – 12: Reappointment of Directors

All Directors will retire and stand for reappointment at the meeting in accordance with the UK Corporate Governance Code and the Company's Articles of Association. As Mike Biggs was appointed by the Board as a director since the 2016 AGM, this is the first time that he is seeking reappointment by shareholders.

Resolutions 5 to 12 are seeking approval for the reappointment of each of the Directors whose biographical details are set out on pages 46 and 47 of the Annual Report and Accounts.

The Board believes that each Non-Executive Director is independent and provides an effective contribution to the Board. The Board has reviewed the independence of the Non-Executive Directors taking into account, among other things, the circumstances set out in paragraph B.1.1 of the UK Corporate Governance Code. The Nomination and Governance Committee has recommended to the Board that each of the Directors should be reappointed, having regard to their performance and ability to continue to contribute to the Board in light of the knowledge, skills and experience required. In their letters of appointment, each Non-Executive Director has committed to ensure that they make sufficient time available to discharge their responsibilities as a director.

Geoffrey Howe has served as a Non-Executive Director since January 2011. As it is now more than six years since his appointment as a Director and as required by the UK Corporate Governance Code, the Board, through its Nomination and Governance Committee, has undertaken a particularly rigorous review of Geoffrey's performance and independence. It has concluded that he remains independent and continues to make a significant contribution to the Board and its Committees. The Board has also noted the valuable contribution that Geoffrey makes as the Company's senior independent director, as demonstrated by his leadership of the process to find a new chairman of the Board. The Board values the continuity that Geoffrey's continued appointment as a director would bring.

Further information on the role of the Board and its Committees can be found in the Corporate Governance Report on pages 54 to 61 of the Annual Report and Accounts.

Resolution 13: Appointment of PricewaterhouseCoopers LLP as Auditor

During the financial year ended 31 July 2017, the Company's Audit Committee oversaw a formal and comprehensive tender process for the appointment of the Company's external auditor. The tender was carried out in order to conform with new rules on mandatory firm rotation. As such, given the length of their tenure, Deloitte LLP did not participate in the tender. Following the recommendation of the Audit Committee, in May 2017 the Directors announced that, subject to shareholder approval at the 2017 AGM, they had approved the appointment of PricewaterhouseCoopers LLP ("**PwC**") to succeed Deloitte LLP as auditor of the Company and its subsidiaries for the financial year ending 31 July 2018. Further details of the tender process undertaken by the Audit Committee are set out in the Audit Committee Report on page 66 of the Annual Report and Accounts. As outgoing auditor, Deloitte LLP have provided the Company with a Statement of Reasons, as required by company law, which is set out at Appendix 1 to this document.

The Company is required to appoint an auditor at each general meeting at which accounts are laid, to hold office until the conclusion of the next such meeting. Resolution 13 therefore proposes the appointment of PwC as the Company's auditor to hold office from the conclusion of the AGM until the conclusion of the next general meeting at which the accounts are laid before the Company.

Resolution 14: determination of auditor's remuneration

This resolution authorises the Directors, in accordance with standard practice, to determine the remuneration of the auditor. The Audit Committee will approve the audit fees, on behalf of the Board.

Resolution 15: Amendments to the Close Brothers Omnibus Share Incentive Plan

The changes to the Directors' Remuneration Policy have necessitated amendments to the Close Brothers Omnibus Share Incentive Plan. This resolution seeks shareholder approval for the implementation of those amendments. The plan would normally expire in 2019 and the opportunity is being taken to extend its life so that it will expire in 2027. The main amendments to the plan are summarised in Appendix 2 (*Summary of the Changes Proposed to the Omnibus Share Incentive Plan*).

Resolution 16: General authority to allot

Paragraph (a) of resolution 16 would give the Directors the authority to allot ordinary shares or grant rights to subscribe for or convert any securities into ordinary shares up to an aggregate nominal amount equal to £12,646,853 (representing 50,587,414 ordinary shares of 25p each). This amount represents approximately one-third of the issued ordinary share capital (excluding treasury shares) of the Company as at 3 October 2017, the latest practicable date prior to publication of this Notice. As at 3 October 2017 298,045 ordinary shares were held by the Company in Treasury, representing 0.20% of the ordinary shares of the Company.

In line with guidance issued by The Investment Association (“IA”), paragraph (b) of this resolution would give the Directors authority to allot ordinary shares or grant rights to subscribe for or convert any securities into ordinary shares in connection with a fully pre-emptive rights issue in favour of ordinary shareholders up to an aggregate nominal amount equal to £25,293,707 (representing 101,174,828 ordinary shares), as reduced by the nominal amount of any shares issued under paragraph (a) of this resolution. This amount (before any reduction) represents approximately two-thirds of the issued ordinary share capital (excluding treasury shares) of the Company as at 3 October 2017, the latest practicable date prior to publication of this Notice.

The authorities sought under paragraphs (a) and (b) of this resolution will expire at the conclusion of next year’s Annual General Meeting or 16 February 2019, if earlier.

The Directors have no present intention to exercise either of the authorities sought under this resolution, other than pursuant to employee share plans. However, if they were to exercise the authorities, the Directors intend to follow IA recommendations concerning their use.

Resolutions 17 and 18: Authority to dis-apply pre-emption rights

In accordance with the Pre-Emption Group’s revised Statement of Principles (as updated by a Monitoring Report of May 2016), the Directors are seeking authority to dis-apply pre-emption rights in two separate resolutions:

- the first (resolution 17), to disapply pre-emption rights on up to five per cent of the issued share capital; and
- the second (resolution 18), to disapply pre-emption rights for an additional five per cent for transactions which the Board determines to be an acquisition or other capital investment as defined by the Statement of Principles.

Resolution 17 would give the Directors the authority to allot ordinary shares (or sell any ordinary shares which the Company elects to hold in Treasury) for cash without first offering them to existing shareholders in proportion to their existing shareholdings on up to an aggregate nominal amount of £1,897,028 (representing 7,588,112 ordinary shares). This aggregate nominal amount represents five per cent of the issued ordinary share capital of the Company (excluding treasury shares) as at 3 October 2017, the latest practicable date prior to publication of this Notice.

Resolution 18 would give the Directors the authority to allot ordinary shares (or sell any ordinary shares which the Company elects to hold in Treasury) for cash without first offering them to existing shareholders in proportion to their existing shareholdings on up to an additional five per cent of the issued share capital in connection with an acquisition or specified capital investment (within the meaning given in the Pre-Emption Group’s revised Statement of Principles), this being up to an aggregate nominal amount of £3,794,056 (representing 15,176,224 ordinary shares). The aggregate nominal amount to be allotted under resolutions 17 and 18 combined represents 10 per cent of the issued ordinary share capital of the Company (excluding treasury shares) as at 3 October 2017, the latest practicable date prior to publication of this Notice.

The Directors confirm that they will only allot shares representing an additional five per cent of the issued ordinary share capital of the Company (excluding treasury shares), for cash pursuant to the authority referred to in resolution 18, where that allotment is in connection with an acquisition or specified capital investment (within the meaning given in the Pre-Emption Group’s revised Statement of Principles) which is announced contemporaneously with the allotment, or which has taken place in the preceding six-month period and is disclosed in the announcement of the allotment.

In respect of the authority referred to in resolution 18, the Directors also confirm their intention to follow the provisions of the Pre-Emption Group’s revised Statement of Principles regarding cumulative usage of authorities within a rolling three-year period where the Principles provide that usage in excess of 7.5 per cent of issued ordinary share capital of the Company (excluding treasury shares) should not take place without prior consultation with shareholders, except in connection with an acquisition or specified capital investment as referred to above.

The authority will expire at the conclusion of next year’s Annual General Meeting or 16 February 2019, if earlier.

Resolution 19: Purchase of own shares

Resolution 19 would give the Company the right to make market purchases of its own shares.

Authority is sought for the Company to purchase up to 10 per cent of its issued ordinary shares (excluding any treasury shares).

The Directors intend to keep under review the potential to purchase ordinary shares. The Directors will exercise this authority only when to do so would be in the best interests of the Company, and of its shareholders generally, and could be expected to result in an increase in the earnings per share of the Company.

Ordinary shares purchased by the Company pursuant to this authority may be held in treasury or may be cancelled. The Directors will consider holding any ordinary shares the Company may purchase as treasury shares. The minimum price, exclusive of expenses, which may be paid for an ordinary share is the nominal amount of that share. The maximum price, exclusive of expenses, which may be paid for an ordinary share is the highest of (i) an amount equal to five per cent above the average market value for an ordinary share for the five business days immediately preceding the date of the purchase and (ii) the higher of the price of the last independent trade and the highest current independent purchase bid on the trading venues where the purchase is carried out.

The Company has options outstanding over 4,908,519 ordinary shares, representing 3.23% of the Company's ordinary issued share capital (excluding treasury shares) as at 3 October 2017. If the existing authority given at the 2016 Annual General Meeting and the authority now being sought by this resolution were to be fully used, these would represent 4.04% of the Company's ordinary issued share capital (excluding treasury shares) at that date. The authority will expire at the conclusion of next year's Annual General Meeting or 16 February 2019, if earlier.

Resolution 20: Notice of general meetings

Resolution 20 would maintain the current position, agreed by shareholders at the 2016 Annual General Meeting, allowing the Company to hold general meetings on 14 clear days' notice. Under the Companies Act 2006, the Company may call a general meeting, other than an Annual General Meeting, by giving 14 clear days' notice to shareholders. Under the Companies (Shareholder Rights) Regulations 2009 this period is extended to 21 clear days unless the Company has obtained shareholder approval for a shorter period. The shorter notice period would not be used as a matter of routine, but only where the flexibility was merited by the business of the meeting and was thought to be in the interests of shareholders as a whole. The approval will be effective until the Company's next Annual General Meeting, when it is intended that a similar resolution will be proposed.

Resolution 21: Cancellation of Share Premium Account

The Directors are proposing to cancel the Company's share premium account (the "**Capital Reduction**") in order to create additional distributable reserves. Under the Companies Act 2006, the share premium account is treated as if it were part of the share capital of the Company and is not available for distribution to shareholders. If the Capital Reduction becomes effective, it will increase the amount of funds that are available for distribution to shareholders. This will be achieved by the cancellation of the share premium account as part of a court-confirmed reduction of capital. This Resolution, which will be proposed as a special resolution, provides the requisite authority under the Companies Act 2006 for the cancellation.

The rationale for the Capital Reduction is to provide the Company with greater headroom and flexibility in the future for the paying of ordinary course dividends. The Directors believe that the Capital Reduction is in the best interests of the Company. The Directors do not currently intend to use the additional distributable reserves created by the Capital Reduction to deviate from the Company's established dividend policy. However, the Directors consider that increasing the Company's distributable reserves in this way will facilitate the payment of ordinary course dividends which the Directors may in the future wish to make or recommend in accordance with that policy. Shareholders should please note that the Capital Reduction itself will not involve any return of capital to shareholders or any reduction of the Company's net assets.

If the Capital Reduction becomes effective, the amount standing to the credit of the share premium account (£307,762,365.31) will be cancelled and credited to the Company's retained earnings. Accordingly, the Company would expect to have created additional distributable reserves of £307,762,365.31.

The Capital Reduction is conditional upon: (i) the passing of Resolution 21 as a special resolution; (ii) the confirmation of the High Court of England and Wales (the "**Court**"); (iii) the registration of the Court order by the Registrar of Companies; and (iv) it not otherwise being prohibited under applicable law or regulation. Before giving its confirmation, the Court will need to be satisfied that the Capital Reduction does not put any of the Company's creditors at risk of not being paid when due.

If Resolution 21 is passed, the Company intends to take the necessary steps to effect the Capital Reduction later this year. Please note that there are circumstances in which the Directors might decide not to proceed with the Capital Reduction, including the Court imposing conditions on its confirmation which are not satisfactory to the Company, and as such the Directors reserve the right not to proceed with the Capital Reduction at their sole discretion.

Appendix 1

Auditors' Statement of Reasons

Deloitte.

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The Directors
Close Brothers Group plc – registration number 00520241
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EC2A 4FT

Statement of reasons required by Section 519 of the Companies Act 2006 relating to the intention of Deloitte LLP not to seek re-appointment as auditors to Close Brothers Group plc at the conclusion of our term of office

Deloitte LLP is not seeking re-appointment as auditors to Close Brothers Group plc (the “company”) at the conclusion of our term of office because the directors have decided to appoint another firm as auditors. Our term of office will conclude at the company’s annual general meeting, which is scheduled for 16 November 2017.

There are no reasons or matters connected with our decision which we consider should be brought to the attention of the members or creditors of the company.

Unless the company applies to the court, this statement of reasons is required to be brought to the attention of members or creditors of the company and must be sent by the company within 14 days to every person entitled under Section 423 of the Companies Act 2006 to be sent copies of the company’s accounts. This is a requirement of Section 520(2) of that Act.



Deloitte LLP – Audit registration C009201919

12 October 2017

Deloitte LLP is a limited liability partnership registered in England and Wales with registered number OC303675 and its registered office at 2 New Street Square, London, EC4A 3BZ, United Kingdom.

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Appendix 2

Summary of Changes Proposed to the Omnibus Share Incentive Plan

As detailed in the attached Notice of Annual General Meeting, the Company is seeking shareholder approval for amendments to the current Omnibus Share Incentive Plan (the “**Plan**”).

The principal amendments are:

- (A) an extension of the life of the Plan so that it may be operated until 16 November 2027
- (B) to remove the Share Matching element of the Plan
- (C) to increase the individual limit for each Long Term Incentive (“**LTIP**”) award so that the total market value of shares awarded under the LTIP element of the Plan, in any financial year, may not exceed 350% of an eligible employee’s pay
- (D) to introduce a two-year post-vesting holding period for LTIP awards.

In addition some minor changes are to be made to simplify drafting and reflect changes in legislation.

Copies of the amended Plan are available for inspection at the registered office of the Company during normal business hours on each business day from the date of this notice until the end of the Annual General Meeting and at the place of the meeting from at least 15 minutes prior to the Annual General Meeting until the end of that meeting.

Below is a summary of the Plan following the proposed amendments.

1. Administration of the Plan

The Plan will be administered by the Remuneration Committee of the Board (the “**Committee**”). All of the members of the Committee are independent non-executive directors and are not eligible to participate in the Plan.

2. Eligibility

Participants in the Plan will be selected by the Committee. Participants will be limited to employees and executive directors of the Company and its subsidiaries who, in the case of directors, are required to devote substantially the whole of their working time to their duties to the group.

3. Awards

Awards may take one of two forms. An award may be a conditional award or a restricted award in which the award may take the form of a transfer to the participant of shares but on terms that those shares may be forfeited.

Awards will be personal to the participant and may not be transferred. No payment will be required for the grant of an award. Awards may be granted either by the Company or by the trustee of an employee trust.

Under the Deferred Bonus Plan element of the Plan, a proportion of the eligible employee’s annual salary will be deferred into shares. That deferral is normally for two years although awards to members of the Group Executive Committee are currently phased over a deferral period of one to three years.

Under the LTIP part of the Plan, the maximum annual value of an award will not exceed 350% of the participant’s base pay. Awards are subject both to the achievement of performance targets and also to continued employment.

4. Shares

The shares to be used for the purposes of the Plan will be fully-paid ordinary shares in the Company and may be newly issued shares, treasury shares or shares purchased in the market.

Application will be made to the London Stock Exchange for admission to the Official List of any new shares issued under the Plan. Ordinary shares issued under the Plan will rank equally in all respects with existing ordinary shares except for any rights attaching to the shares by reference to a record date prior to the date of allotment or transfer.

5. Timing

Awards may normally only be granted in the six weeks following the announcement of the results of the Company for any period and when or shortly after an employee becomes entitled to participate in the Plan. They may be granted at other times if the Committee consider that exceptional circumstances exist.

6. Performance targets

Each LTIP award will be subject to one or more performance targets which will determine whether and to what extent the participant will receive shares under the Plan.

The performance target(s) will be established at the start of the performance period. In normal circumstances, the performance period will be three consecutive financial years.

The Committee has the right to alter a performance target in such circumstances as it considers appropriate but not so as to make the performance target either materially easier or more difficult to achieve than it was when the award was first granted.

The Committee has the right to set different targets each year. Those applicable to awards granted to the executive directors of the Company will be disclosed in the Annual Report each year.

7. Limits

The number of shares which may be issued or allotted by the Company pursuant to the Plan on any date, when aggregated with the number of shares issued or issuable pursuant to rights granted in the previous 10 years under any other share option or share acquisition scheme operated by the Company, may not exceed 10 per cent. of the equity share capital in issue or, in respect of plans for the benefit of selected employees and directors, 5 per cent of the equity share capital of the Company in issue from time to time.

For the purposes of these limits treasury shares will be treated as new issue shares for so long as this is required by the Principles of Remuneration issued by the Investment Association.

8. Malus and Clawback

The malus and clawback provisions apply to awards to executive directors of the Company and to such other awards as the Committee decides at the time of grant.

The Committee may, at its discretion, defer and/or reduce a participant's unvested award if it determines that the participant has been dismissed for misconduct, has been issued with a formal disciplinary warning for misconduct, has operated outside the applicable risk parameters or profile and the firm has suffered a material loss as a consequence, or if the level of award is not sustainable.

The Committee may require a participant to repay to the Company by way of clawback the value of any awards or deferred awards which have vested if it determines that there was a material misstatement which results in an adjustment in the audited consolidated accounts for a financial year for which the bonus or, in the case of an LTIP the relevant performance target, was assessed, the information used to determine the bonus and/or number of shares subject to an award was based on material error or materially inaccurate or misleading information, the action or conduct of a participant amounts to fraud or gross misconduct, or in the case of the LTIP the assessment of any performance target in respect of an award was based on material error.

9. Release of shares

Under the LTIP the participant may exercise his award (where the award takes the form of a right to acquire) or shares will be issued or transferred (where the award takes the form of a right to receive) after the results for the final year of the performance period are known but in any event not earlier than the release date, which will normally be the second anniversary of the vesting date.

10. Cessation of employment

Deferred awards will vest on cessation of employment unless the employment ends for cause, or the participant's bankruptcy or where the participant joins another financial services company within 12 months of the date when his employment ceases, in which case the awards shall lapse.

Under the LTIP, if a participant ceases to be a director or employee of a member of the group before the normal vesting date by reason of death, ill health, injury or disability, retirement, his office or employment being in a company which ceases to be a group member or any other reason if the Committee so decides then invested rewards shall vest on the normal vesting date subject to the achievement of performance and being time pro rated so as to reflect the proportion of time from the grant date to the normal vesting date which has elapsed by the date of such cessation. The Committee will, however, have discretion to vest awards earlier than the normal vesting date. Awards will lapse if a participant ceases employment in any other circumstances.

11. Benefits non-pensionable

Benefits under the Plan will not form part of a participant's remuneration for pension purposes.

12. Variation of Capital

In the event of any variation in the share capital of the Company (including a capitalisation or rights issue or any sub-division, consolidation or reduction in the share capital of the Company) or in such other circumstances as the Committee considers appropriate, the Committee may make such adjustment as it considers appropriate to the number of shares subject to any award.

13. Change of control, reorganisation etc

In the event of a change of control or a winding up of the Company or a scheme of arrangement affecting the Company then awards will vest at the relevant date. Under the LTIP this will be subject to achievement of the performance target as adjusted to reflect the earlier date of vesting on a time pro rated basis to reflect the proportion of time from the grant date to the normal vesting date which has elapsed by the date of such change of control, or in respect of such greater number of shares as the Committee may determine. In making any determination, the Committee will consider the nature of the transaction (e.g. whether it is recommended), the additional value created for shareholders, the Company's performance against the performance targets over the period to the date of the relevant event and the estimated performance against such targets over the full performance period.

Awards may not vest if there is an arrangement which will mean the Company will be under control of another company, the persons who owned shares in the Company immediately before the change of control will immediately afterwards own more than 75% of the shares in that other company and the participants are to be offered substitute awards.

In the event of a change of control of the Company, participants may, with the agreement of the acquiring company, surrender their awards in return for substitute awards over shares in the acquiring company.

14. Amendments

The rules of the Plan may be amended by the Committee. The Committee may make such amendments to the Plan and to any award as may be necessary or desirable to obtain or maintain favourable tax, exchange control or regulatory treatment for participants or for any company in the group.

Except as described above and for amendments designed to ease the administration of the Plan, no amendment which is to the advantage of existing or future participants may, however, be made to those provisions dealing with eligibility, individual or plan limits, the terms of awards or the adjustment of awards without prior approval of the Company in general meeting.

No amendment will prejudice the subsisting rights of any participants under the Plan except with the prior consent of the participant or the majority of the participants affected.

No further awards may be granted after 16 November 2027.

