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FOR IMMEDIATE RELEASE

Close Brothers completes sale of Close Brothers Asset Management to Oaktree

3 March 2025

Following the announcement on 19 September 2024, Close Brothers Group plc (“the group” or “Close Brothers”) is pleased to announce that, following receipt of the required regulatory approvals, it successfully completed the sale of its wealth management business, Close Brothers Asset Management (“CBAM”), to funds managed by Oaktree Capital Management, L.P. (“Oaktree”) on 28 February 2025 (the “Transaction”).

Mike Morgan, Close Brothers’ Chief Executive Officer, commented:

“We are pleased to announce the successful completion of the sale of CBAM to Oaktree. This strategic transaction marks a significant milestone in delivering on our previously outlined management actions to strengthen the group’s capital base. The sale is expected to increase the group’s common equity tier 1 capital ratio by approximately 120 basis points, allowing us to simplify the group and sharpen our focus on the core business.”

Federico Alvarez-Demalde, Oaktree Managing Director, commented:

“We are delighted to partner with Close Brothers to execute the full carve-out of the asset management business. As a selected partner for this transaction, we are committed to working diligently to ensure a smooth transition for clients, including a comprehensive rebrand. We recognise the strength of CBAM’s platform and see significant opportunities to enhance its efficiency and service quality. We plan to invest in technology and operations to drive long-term growth and strengthen the business for the future.”

Impact on Close Brothers

CBAM is expected to fulfil the requirements of IFRS 5 and be classified as ‘discontinued operations’ in the group’s Half-Year 2025 financial statements. The estimated gain on disposal (which the group anticipates will not be taxable) is expected to be recognised in the group’s Full-Year 2025 financial statements.

The group anticipates an estimated gain on disposal of approximately £59 million. This estimate is based on the difference between the upfront cash consideration of £146 million plus the fair value of c.£21 million for the £28 million of contingent deferred consideration in the form of preference shares, and CBAM’s estimated net asset value of c.£100 million as at the completion date (net of a dividend of approximately £26 million paid by CBAM to Close Brothers), as well as transaction costs of c.£8 million. Any subsequent changes in the fair value of the contingent deferred consideration after the completion date will be recognised in the group’s income statements going forward.

The estimated common equity tier 1 (“CET1”) benefit of c.120 basis points is based on financials as at 31 January 2025 on a pro forma basis, with the group’s CET1 capital ratio increasing from c.12.1% to c.13.3%. This calculation is based on a tangible net asset value of £44 million and assumes an immediate reduction in credit risk weighted assets (“RWAs”) associated with the CBAM business, as well as the estimated capital benefit expected to be recognised in respect of the estimated gain on sale described above. The estimated CET1 benefit from the Transaction conservatively excludes any immediate reduction in operational risk RWAs associated with the CBAM business. The group expects a further capital benefit over the next three years of up to c.25 basis points to its CET1 capital ratio as at 31 January 2025 on a pro forma basis, due to a reduction in these operational risk RWAs.

The estimated financial impact included in this announcement is unaudited and remains subject to review as part of the group’s interim and full-year audit processes.

Further information

The estimated CET1 capital ratio benefit of c.120 basis points represents an increase to the previously disclosed estimated benefit of 100 basis points and reflects the inclusion of the fair value of the contingent deferred consideration component of the total consideration. Subject to this, there has been no material change affecting any matter contained in the announcement relating to the Transaction released by Close Brothers on 19 September 2024.

For more information on the Transaction, the use of the proceeds and the background to and reasons for the Transaction, please see the announcement released by Close Brothers on 19 September 2024.

About Close Brothers

Close Brothers is a leading UK merchant banking group providing lending, deposit taking and securities trading. We employ approximately 4,000 people, principally in the United Kingdom and Ireland. Close Brothers Group plc is listed on the London Stock Exchange.

About CBAM

CBAM is a vertically integrated UK wealth manager, providing personal financial advice and investment management services to private clients in the UK. CBAM operates out of 15 offices with more than 150 investment professionals and c.870 employees. CBAM’s offering includes full bespoke management, managed portfolios and funds, distributed both directly via in-house financial planners and investment managers, and through third-party financial advisers. CBAM is led by Eddy Reynolds and overseen by its board of directors.

About Oaktree

Oaktree is a leader among global investment managers specializing in alternative investments, with \$202 billion in assets under management as of December 31, 2024. The firm emphasizes an opportunistic, value-oriented, and risk-controlled approach to investments in credit, equity, and real estate. The firm has more than 1,200 employees and offices in 23 cities worldwide. For additional information, please visit Oaktree’s website at <http://www.oaktreecapital.com/>.

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IMPORTANT NOTICES

No statement in this announcement is intended as a profit forecast and no statement in this announcement should be interpreted to mean that the future earnings per share, profits, margins or cash flows of Close Brothers following the Transaction will necessarily match or be greater than the historical published earnings per share, profits, margins or cash flows of Close Brothers.

This announcement may include statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements may be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "plans", "projects", "anticipates", "expects", "intends", "may", "will" or "should" or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. Forward-looking statements may and often do differ materially from actual results. Any forward-looking statements reflect Close Brothers' current view with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to Close Brothers' business, results of operations, financial position, liquidity, prospects, growth and strategies. Forward-looking statements speak only as of the date they are made. You are advised to read this announcement in its entirety for a further discussion of the factors that could affect the group's future performance. In light of these risks, uncertainties and assumptions, the events described in the forward-looking statements in this announcement may not occur.

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