



Close Brothers Group plc

10 Crown Place, London EC2A 4FT

Tel: 020 7655 3100

Email: enquiries@cbgplc.com

Website: www.closebrothers.co.uk

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Sale of Close Brothers Corporate Finance

Close Brothers Group plc ("Close Brothers") announces that it has entered into a binding agreement with Daiwa Securities SMBC Europe Limited ("Daiwa SMBC Europe") for the sale of Close Brothers Corporate Finance Holdings Ltd ("Close Brothers Corporate Finance"), its corporate finance advisory business, for a net cash consideration of £67 million. Close Brothers will receive gross consideration of £75 million but will, as part of the transaction, contribute £8 million of working capital to Close Brothers Corporate Finance prior to completion. The disposal is subject to regulatory approval and is expected to complete by the end of August 2009.

In the six months to 31 January 2009, Close Brothers Corporate Finance reported a loss after tax of £2.6 million. In the year to 31 July 2008, Close Brothers Corporate Finance achieved profit after tax of £4.7 million and had total assets of £58.4 million at the year-end.

On the basis of end-April 2009 net assets, the sale of Close Brothers Corporate Finance is expected to generate a non-taxable gain on disposal of approximately £8 million after the settlement of long term financing. The net proceeds of the sale will be reinvested in Close Brothers' other businesses. Excluding the profit on disposal, the transaction is not expected to have a material impact on Close Brothers' earnings in the financial year to 31 July 2010, given the current small contribution of the division. On a pro forma basis, the disposal would have increased Close Brothers' core tier 1 capital ratio as at 31 January 2009 from 13.3% to 14.2%.

Commenting on the transaction, Preben Prebensen, Group Chief Executive of Close Brothers, said:

"Our focus is on developing our three larger divisions, Banking, Asset Management and Securities, which are well positioned and have strong prospects. The sale of the corporate finance business is a good opportunity for us to realise value for shareholders."

Enquiries:

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| Sophie Amelin Gillingham | Investor Relations Close Brothers Group plc | 020 7655 3844 |
| Justin Clark | Press Enquiries Close Brothers Group plc | 020 7655 3784 |
| Anthony Silverman | Maitland | 020 7379 5151 |
| David Waller | Maitland | 020 7379 5151 |