

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.** If you are in any doubt as to any aspect of the proposals referred to in this document or as to the action you should take, you should seek your own advice from a stockbroker, solicitor, accountant, or other professional adviser.

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.

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# **CLOSE BROTHERS GROUP plc**

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

## **Notice of Annual General Meeting to be held on**

# **15 November 2018**

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Your attention is drawn to the letter from the Chairman of Close Brothers Group plc (the “**Company**”) which is set out on pages 3 and 4 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 Thursday 15 November 2018 at 11.00 a.m. is set out on pages 5 to 10 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

11 October 2018

Dear Shareholder,

### **Annual General Meeting (“AGM”)**

I am pleased to give you notice of the Company’s AGM for 2018.

The AGM will be held at 10 Crown Place, London EC2A 4FT on Thursday 15 November 2018 at 11.00 a.m. The formal Notice of Annual General Meeting is set out on pages 5 to 10 of this document. The Notice sets out the resolutions to be proposed at the AGM, together with general notes and explanatory notes on the 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 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 42.0p per ordinary share for the year ended 31 July 2018. If shareholders approve the recommended final dividend, it will be paid on 20 November 2018 to all ordinary shareholders named on the register of members as at 12 October 2018.

### **Appointment of Group Finance Director**

In January, we announced that Jonathan Howell would be leaving the Company at the end of the AGM to pursue the next stage of his career. He is therefore not standing for reappointment as a director and will stand down at the conclusion of the meeting. I would like to thank Jonathan for the very significant contribution he has made to the group during the ten years he has served as Group Finance Director.

In June, we announced that, following an extensive search process, the Board had decided to appoint Mike Morgan to succeed Jonathan. Mike has been Chief Financial Officer of Close Brothers’ Banking Division and a director of Close Brothers Limited, the group’s banking subsidiary, since November 2010. Mike’s appointment as a member of the Board will be proposed for approval at the AGM.

### **Reappointment of Directors**

In accordance with the UK Corporate Governance Code, all serving Directors, with the exception of Jonathan Howell, will retire at the AGM and stand for reappointment by shareholders. Accordingly, the Directors retiring and offering themselves for reappointment are Preben Prebensen, Elizabeth Lee, Oliver Corbett, Geoffrey Howe, Lesley Jones, Bridget Macaskill and me.

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**

This year, shareholders are being asked to approve 21 resolutions in total at the AGM. Most of the resolutions deal with items of business that have been considered and approved by shareholders at previous meetings. Further information on each of the resolutions to be proposed at the meeting can be found in the explanatory notes which appear on pages 11 to 15 of this document.

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

### **Omnibus Share Incentive Plan (Resolution 14)**

Resolution 14 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 new requirements of the UK Corporate Governance Code and to discretions which the Remuneration Committee has under the shareholder-approved remuneration policy, and to make some further simplifications to the rules. A summary of the changes proposed is included in Appendix 1 to this document.

### **Authorities in relation to the issue of Additional Tier 1 instruments (Resolutions 16 and 19)**

Resolutions 16 and 19 are being proposed for the first time. They seek authority to permit the Company to issue Additional Tier 1 instruments (“**AT1 Securities**”) as part of its capital. These instruments can count towards the minimum amount of Tier 1 capital which the Company is required to maintain under applicable regulations. However, a key feature of AT1 Securities is that they automatically convert into ordinary shares in certain circumstances, including if the Company’s Tier 1 capital ratios were to fall below a specified level.

Whilst the Board has no present intention to issue any AT1 Securities, it believes that having the flexibility to issue these instruments is in the best interests of the Company and an important part of the Company’s prudent approach to capital planning and management. Further details on AT1 Securities and the authorities sought can be found in the explanatory notes later in this document.

### **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 in the reply-paid envelope to the Company’s registrar, Link Asset Services, as soon as possible. The registrar must receive it not less than 48 hours before the time appointed for holding the AGM. 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 AGM 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,



**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 15 November 2018 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 2018 Annual Report and Accounts together with the reports of the Directors and of the Auditor.
2. To approve the Directors' Remuneration Report for the financial year ended 31 July 2018 set out on pages 80 to 101 of the Annual Report and Accounts.
3. To authorise the payment of a final dividend on the ordinary shares of 42.0p per share for the year ended 31 July 2018 on 20 November 2018 to shareholders on the register at the close of business on 12 October 2018.
4. To reappoint Mike Biggs as a director of the Company.
5. To reappoint Preben Prebensen as a director of the Company.
6. To reappoint Elizabeth Lee as a director of the Company.
7. To reappoint Oliver Corbett as a director of the Company.
8. To reappoint Geoffrey Howe as a director of the Company.
9. To reappoint Lesley Jones as a director of the Company.
10. To reappoint Bridget Macaskill as a director of the Company.
11. To appoint Mike Morgan as a director of the Company.
12. To reappoint PricewaterhouseCoopers LLP as auditor of the Company.
13. To authorise the Directors to determine the remuneration of the auditor.
14. To approve the updated Close Brothers Omnibus Share Incentive Plan, the principal changes to which are summarised in Appendix 1.
15. 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 £12,620,574 (such amount to be reduced by any allotments or grants made 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 £25,241,148 (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 15 February 2020) 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.

16. To authorise the Board, in addition to any authority granted pursuant to resolution 15, generally and unconditionally pursuant to section 551 of the Companies Act 2006 to allot shares in the Company and to grant rights to subscribe for or convert any security into shares in the Company up to an aggregate nominal amount of £4,732,715 in relation to any issue by the Company of any Additional Tier 1 instruments ("**AT1 Securities**") that automatically convert into or are exchanged for ordinary shares in the Company in prescribed circumstances, where the Directors consider that the issue of such AT1 Securities would be desirable, including for the purpose of complying with, or maintaining compliance with, the regulatory requirements or targets applicable to the Company and its subsidiaries and subsidiary undertakings from time to time and otherwise on terms as may be determined by the Directors, such authority to apply until the end of the next annual general meeting of the Company (or, if earlier, until the close of business on 15 February 2020) 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 expired.

### Special resolutions

17. That, if resolution 15 granting authority to allot shares is passed, the Board be given power 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 power to be limited to:

- (a) the allotment of equity securities and sale of treasury shares in connection with an offer of, or invitation to apply for, equity securities (but in the case of the authority granted under paragraph (b) of resolution 15, by way of a rights issue only):

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; and

- (b) the allotment of equity securities or sale of treasury shares (otherwise than under paragraph (a) above) up to a nominal amount of £1,893,086,

such power to apply until the end of the next annual general meeting of the Company (or, if earlier, until the close of business on 15 February 2020) but, in each case, during this period 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 power ends and the Board may allot equity securities (and sell treasury shares) under any such offer or agreement as if the power had not ended.

18. That, if resolution 15 granting authority to allot shares is passed, the Board be given the power in addition to any power 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 power to be:

- (a) limited to the allotment of equity securities or sale of treasury shares up to a nominal amount of £1,893,086; 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 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 power to apply until the end of the next annual general meeting of the Company (or, if earlier, until the close of business on 15 February 2020) but, in each case, during this period 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 power ends and the Board may allot equity securities (and sell treasury shares) under any such offer or agreement as if the power had not ended.

19. That, if resolution 16 granting authority to allot AT1 Securities is passed, the Board be given the power, in addition to any powers granted pursuant to resolutions 17 and 18, to allot equity securities (as defined in section 560 of the Companies Act 2006) for cash under the authority given by resolution 16 up to an aggregate nominal amount of £4,732,715 in relation to the issue of AT1 Securities as if section 561 of the Companies Act 2006 did not apply to any such allotment or sale, such power to apply until the end of the next annual general meeting of the Company (or, if earlier, until the close of business on 15 February 2020) 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 power 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 power had not ended.
20. 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 15,144,688 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 the next annual general meeting of the Company (or, if earlier, until the close of business on 15 February 2020) 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.

21. That a general meeting other than an annual general meeting may be called on not less than 14 clear days' notice.

By order of the Board



**Alex Dunn**  
Company Secretary  
11 October 2018

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 AGM 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 9 to 12 below) will not prevent a member attending the AGM 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 (addressed to PXS1, 34 Beckenham Road, Beckenham BR3 4ZF; Business Reply Licence Number RSBH-UXKS-LRBC) or during normal business hours only, by hand at the office of the Company's registrar (Link Asset Services, PXS, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU). A reply-paid envelope is enclosed for your convenience.

Alternatively, shareholders may appoint a proxy electronically by visiting [www.signalshares.com](http://www.signalshares.com) and following the instructions provided.

CREST members can appoint a proxy by utilising the CREST electronic proxy 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 AGM.

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 AGM. 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 AGM (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 13 November 2018 (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 AGM.

### **Total voting rights**

8. As at 2 October 2018 (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 151,446,893 ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at 2 October 2018 are 151,446,893.

### **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](http://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 AGM. 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 AGM; 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 AGM 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](http://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) during normal business hours on each business day from the date of this Notice until the end of the AGM and at the place of the meeting from at least 15 minutes prior to the AGM until the end of the meeting:
- copies of the executive Directors' service contracts;
  - copies of the letters of appointment of each 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 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 the resolutions to be proposed at the 2018 AGM.

#### **Resolution 1: Receipt and adoption of the Annual Report and Accounts**

The Directors are required to lay the Company's Annual Report and Accounts, together with the reports of the Directors and of the Auditor, for the financial year ended 31 July 2018 before the shareholders. This resolution records the receipt and adoption of the Annual Report and Accounts together with the reports of the Directors and of the Auditor.

#### **Resolution 2: Annual report on remuneration**

Resolution 2 seeks approval for the Directors' Remuneration Report which can be found on pages 80 to 101 of the 2018 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: Declaration of final dividend**

This resolution seeks shareholder approval for the final ordinary dividend recommended by the Board. The Board are recommending a final dividend of 42.0 pence per ordinary share. An interim dividend of 21.0 pence per ordinary share was paid on 25 April 2018, making a total dividend for the year of 63.0 pence per ordinary share. If approved, the final dividend will be paid on 20 November 2018 to shareholders on the register on 12 October 2018.

#### **Resolutions 4 – 11: Directors standing for appointment or reappointment**

All serving 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, with the exception of Jonathan Howell who will stand down at the conclusion of the AGM.

Resolutions 4 to 10 are seeking approval for the reappointment of each of the returning Directors, whose biographical details are set out on pages 58 and 59 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. The Board recommends the reappointment of each of the serving Directors.

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. The Board values the continuity that Geoffrey's continued appointment as a director would bring.

Resolution 11 seeks approval for the appointment of Mike Morgan as an executive director of the Company.

In June, the Company announced that the Board had decided to appoint Mike Morgan as Group Finance Director following Jonathan Howell's decision to leave the group at the conclusion of the 2018 AGM. The announcement followed an extensive search process overseen by the Nomination and Governance Committee of the Board, which included consideration of both external and internal candidates. Further information on the process can be found on page 78 of the Annual Report and Accounts.

Mike has been Chief Financial Officer of Close Brothers' Banking Division and a director of Close Brothers Limited, the group's banking subsidiary, since November 2010. He is also a member of both the Group and Banking Executive Committees. Mike will retain these responsibilities as part of his new role as Group Finance Director. Mike is a chartered accountant and prior to joining Close Brothers, he held a number of senior roles at Scottish Provident and RBS, most recently as Finance Director of the Wealth Management Division of RBS. The Board recommends Mike's appointment as a director.

Further information on the role of the Board and its Committees can be found in the Corporate Governance Report on pages 66 to 73 of the Annual Report and Accounts.

#### **Resolution 12: Reappointment of the auditor**

Resolution 12 proposes the reappointment of the Company's auditor, PricewaterhouseCoopers LLP, until the next annual general meeting at which the accounts are laid before the Company.

#### **Resolution 13: 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 14: Amendments to the Close Brothers Omnibus Share Incentive Plan**

Amendments to the Close Brothers Omnibus Share Incentive Plan are proposed to reflect and give effect to the new UK Corporate Governance Code and to discretions which the Remuneration Committee has under the shareholder-approved remuneration policy, and to further simplify the rules. This resolution seeks shareholder approval for those amendments. The main amendments to the plan are summarised in Appendix 1 (*Summary of Changes Proposed to the Omnibus Share Incentive Plan*).

#### **Resolution 15: General authority to allot shares**

Paragraph (a) of resolution 15 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 £12,620,574 (representing 50,482,296 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 2 October 2018, the latest practicable date prior to publication of this Notice. As at 2 October 2018 613,397 ordinary shares were held by the Company in treasury, representing 0.4% 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 £25,241,148 (representing 100,964,592 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 2 October 2018, 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 15 February 2020, 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.

#### **Resolution 16: Authority to allot new ordinary shares in relation to an issue of Additional Tier 1 instruments**

Under the EU Capital Requirements Regulation ("CCR"), the Company must maintain a minimum amount of Tier 1 capital, which is defined as a percentage of its risk weighted assets. Part of that Tier 1 capital

may be held in the form of Additional Tier 1 instruments (“**AT1 Securities**”). To qualify as Tier 1 capital, the terms of any AT1 Securities issued must satisfy certain conditions under the CCR which are designed to increase the stability of the issuer in adverse financial circumstances. This includes a requirement that the AT1 Securities automatically convert into or be exchanged for ordinary shares in the Company in certain prescribed circumstances, such as the Company’s Tier 1 ratios falling below a specified level.

The power under resolution 16 would give the Board the authority to allot shares in the Company or grants rights to subscribe for, or to convert any security into, shares in the Company up to an aggregate nominal amount of £4,732,715, in connection with the issue of AT1 Securities, representing approximately 12.5% of the Company’s issued ordinary share capital as at 2 October 2018 (being the latest practicable date prior to publication of this Notice).

The authority sought under resolution 16 may be utilised as considered desirable to comply with or maintain compliance with regulatory capital requirements or targets applicable to the Company. Given such requirements, the Directors believe that it is prudent capital management and in the best interests of the Company to have the flexibility to issue AT1 Securities from time to time. However, the Directors have no present intention to exercise the authority sought under this resolution and the request for authority in this resolution should not be taken as an indication that the Company will or will not issue any AT1 Securities. Before using the authority, the Directors would take into account a range of factors including the regulatory environment, the Company’s overall capital structure and the market conditions and demand for AT1 Securities at the time.

The authority under this resolution is in addition to the authority proposed under resolution 15 (general authority to allot), which is the usual authority sought on an annual basis in line with the guidance issued by the IA.

The authority will expire on the conclusion of the next annual general meeting of the Company or, if earlier, at the close of business on 15 February 2020. However, the Board currently intends to seek a similar authority on an annual basis.

### **Resolutions 17 and 18: Authority to disapply pre-emption rights**

In accordance with the Pre-Emption Group’s revised Statement of Principles, the Directors are seeking authority to disapply 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 power 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 up to an aggregate nominal amount of £1,893,086 (representing 7,572,344 ordinary shares). This aggregate nominal amount represents five per cent of the issued ordinary share capital of the Company (excluding treasury shares) as at 2 October 2018, the latest practicable date prior to publication of this Notice.

Resolution 18 would give the Directors the power 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 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 £1,893,086 (representing 7,572,344 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 2 October 2018, the latest practicable date prior to publication of this Notice. The wording of these resolutions has been slightly updated this year to more closely align with the template resolutions issued by the Pre-Emption Group.

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 power referred to in resolution 17, 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 15 February 2020, if earlier.

#### **Resolution 19: Disapplication of pre-emption rights in relation to an issue of Additional Tier 1 instruments**

The power under resolution 19 would give the Board power to allot equity securities pursuant to any proposal to issue AT1 Securities, without first offering them to existing shareholders. Together with resolution 16, resolution 19 is intended to provide the Board with the flexibility to issue AT1 Securities which may convert into ordinary shares in the Company without the need to comply with the pre-emption requirements of the UK statutory regime. This will allow the company to manage its capital in the most efficient and economic way for the benefit of shareholders.

If passed, resolution 19 will give the Board the power to allot shares and grant rights to subscribe for or to convert any security into shares in the Company (or to sell treasury shares held by the Company following any purchase of its own shares) on a non-preemptive basis up to an aggregate nominal amount of £4,732,715, representing approximately 12.5 per cent. of the ordinary shares in issue on 2 October 2018 (the latest practicable date prior to publication of this Notice), such power to be exercised in connection with the issue of AT1 Securities.

As with resolution 16, the Directors have no present intention to exercise the power sought under this resolution and the request in this resolution should not be taken as an indication that the Company will or will not issue any AT1 Securities, but it may do so, to the extent permissible, if deemed appropriate in light of the Company's capital requirements, general market conditions and the demand for AT1 Securities from time to time.

Any exercise of the authorities in resolutions 16 and 19 (if passed) would be separate from, and in addition to, the exercise of any powers under resolutions 15, 17 and 18 and may also have a dilutive effect on existing shareholdings.

The power will expire on the conclusion of the next annual general meeting of the Company or, if earlier, at the close of business on 15 February 2020. However, as with resolution 16, the Board currently intends to seek a similar power on an annual basis.

#### **Resolution 20: Purchase of own shares**

Resolution 20 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 4,420,350 ordinary shares, representing 2.92% of the Company's ordinary issued share capital (excluding treasury shares) as at 2 October 2018. If the existing buyback authority given at the 2017 Annual General Meeting and the authority now being sought by this resolution were to be fully used, the Company would have outstanding options over 3.63% 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 15 February 2020, if earlier.

#### **Resolution 21: Notice of general meetings**

Resolution 21 would maintain the current position, agreed by shareholders at the 2017 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.

## Appendix 1

### 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) To reflect the new UK Corporate Governance Code, to include provision in the rules so that, for future awards made under the Plan, the Remuneration Committee will have an overriding discretion to adjust vesting outcomes under the Plan where the Committee, acting fairly and reasonably, considers the application of formulaic performance conditions to be inappropriate.
- (B) So that discretions which the Remuneration Committee has under the shareholder-approved remuneration policy are reflected in the rules of the Plan, both for existing and future awards.
- (C) To simplify the rules to remove provisions which are no longer expected to be used, and to make some minor changes to simplify and modernise the drafting of the rules.

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.







