

Arbuthnot Banking Group PLC

2011 YEAR END RESULTS

15 March 2012



ARBUTHNOT BANKING GROUP PLC

Business Review

ANDREW SALMON – Chief Operating Officer

15 March 2012



ARBUTHNOT BANKING GROUP PLC

• Year of Transformation

- Flotation of Secure Trust Bank PLC
 - Gain on Secure Trust Bank Shares £16m recorded directly to reserves
 - Group owns 75.5% of Company currently worth £152mn
- Disposal of Arbuthnot Securities
- Discontinued Operations cost post tax £10.2m
- Profit before tax on Continuing Operations £5.2m increase of 26%
- Net Asset Per Share increased by 85p to 312p
- Proposed Total Dividend increased by 1p to 24p

- Both banks highly liquid, well capitalised and positioned to take advantage of opportunities that are presenting themselves



Private Banking

- Profitability increased by 97%
- Liquidity, funding and capital remain strong
- Loan book remains healthy with robust loan to value ratios
- Credit losses remain below 1%
- Gilliat reported a full year profit after strong second half
- Appointment of New CEO
- Maintaining focus on:
 - Selectively lending
 - Providing exceptional service to clients
 - Wealth Management: whole of market wealth planning and discretionary investment management

**Arbuthnot Latham
doubled its profitability,
with the focus on the
core private banking
and wealth proposition**



Retail Banking

- Profit before tax and IPO costs increased 13% to £9.6m
- Earnings also reduced by cost of unsuccessful pursuit of lending JV
- Organic growth offsets continued decline in acquired portfolios and Onebill
- Annual Lending Volumes increased 51% to £136m
- Customer Assets increased 73% to £154.6m
- Customer numbers increased 45% to 140,000
- Numerous growth opportunities
 - New distribution channels already agreed
 - Record lending volumes achieved in February 2012

Following successful listing Secure Trust Bank is well positioned to grow

This presentation should be ready in conjunction with the results of Secure Trust Bank PLC also reported today



Financial Review

JAMES COBB – Group Finance Director

15 March 2012



ARBUTHNOT BANKING GROUP PLC

Headline Results

	2011	2010
Operating Income	£45.5m	£37.8m
Profit Before Tax on continuing operations	£5.1m	£4.1m
Net Asset Value per Share	312.2p	227.7p
Total Dividend Per Share	24p	23p
Total Assets	£769.3m	£565.1m
Regulatory Capital	£55.7m	£43.2m

- Operating income increased 20%
- Profit before tax on continuing operations up 26%
- Gain on sale of shares taken to distributable reserves, results in a net 85p increase in NAV per share.
- Dividend per share increased 1p to 24p
- Total assets up to £769m tracking toward £1bn
- Regulatory Capital increased 29%



Divisional Performance 1/2

	2011	2010	Change
	£(000)	£(000)	
Private Banking (Arbuthnot Latham)	1,958	996	97%
Retail Banking (Secure Trust)	9,061	8,511	7%
Switzerland	(47)	(100)	N/M
Group Costs	(5,856)	(5,391)	(9%)
Profit Before Tax on Continuing Operations	5,116	4,065	26%
Tax	(1,817)	(1,238)	
Discontinued Operations	(10,249)	894	
(Loss) / Profit After Tax	(6,950)	3,721	
Of which			
Attributable to Group Share Holders	(5,014)	3,747	
Minority Interests	(1,936)	(26)	



Divisional Performance 2/2

Private Banking

- Profit before tax £2m
 - Core private banking £1.8m
 - Gilliat financial solutions £0.2m
- Comments:
 - Customer assets up 13%
 - Customer deposits up 20%
 - Credit losses continue at less than 1% of book
 - LTV remain robust

Retail Banking

- Profit before tax and IPO costs £9.6m
- Comments:
 - Revenue decline in acquired portfolios (£4.3m) and Onebill (£1.3m) replaced by organic growth
 - Fee income reversed downward trajectory
 - Cost of JV in excess of £1m.
 - Customer assets up 73%
 - Customer deposit up 77%
- Minority Interest 24.5% from Nov 2011

Discontinued Operations

- Loss before tax £13.2m
- Comments:
 - Operating losses £7.9m
 - Loss on sale £1.6m
 - Cost of unwinding LTIP £3.1m
 - Provision against illiquid stocks and outstanding receivable £0.6m



Key Message

- Transformational year
- Flotation of Secure Trust Bank positions it for continued growth
- Arbuthnot Latham increasing profitability and Gilliat now has momentum
- Volatility of Investment bank removed and exit costs absorbed
- Sale of STB shares establishes distributable reserves and robust equity base



Forward Looking Statements

This document is a summary only of certain information contained in the announcement dated 15 March 2012 and should be read in conjunction with the full text of the announcement.

This document contains forward looking statements with respect to the business, strategy and plans of the Arbutnot Banking Group and its current goals and expectations relating to its future financial condition and performance. Statements that are not historical facts, including statements about Arbutnot Banking Group's or management's beliefs and expectations, are forward looking statements. By their nature, forward looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. Arbutnot Banking Group's actual future results may differ materially from the results expressed or implied in these forward looking statements as a result of a variety of factors, including UK domestic and global economic and business conditions, risks concerning borrower credit quality, market related risks such as interest rate risk and exchange rate risk in its banking businesses and equity risk in its investment banking businesses, inherent risks regarding market conditions and similar contingencies outside Arbutnot Banking Group's control, any adverse experience in inherent operational risks, any unexpected developments in regulation or regulatory and other factors. The forward looking statements contained in this document are made as of the date hereof, and Arbutnot Banking Group undertakes no obligation to update any of its forward looking statements.

