

Arbuthnot Banking Group PLC

2015 INTERIM RESULTS

21 July 2015



2015 Interim Review

ANDREW SALMON – Chief Operating Officer

JAMES COBB – Group Finance Director



Key Messages

- Profitable growth
- Group now focusing investment towards Arbuthnot Latham
 - Hiring for Commercial Banking division underway
 - New office space agreed
 - Transformational project commenced
- Secure Trust Bank SME lending division making good progress
- Record half year earnings before tax of £15.7m an increase of 65%
- Interim dividend increased by 9% to 12p per share
- Net asset value per share increased 100%
- Balance sheet remains strong and well capitalised



Headline Results

Six Months Ending 30 June	2015	2014
Operating Income	£79.0m	£57.2m
Operating Expenses	£51.3m	£40.2m
Profit Before Tax	£15.7m	£9.5m
Underlying Profit Before Tax	£17.1m	£13.2m
Basic Earnings Per Share	42.6p	25.3p
Interim Dividend Per Share	12p	11p
Total Assets	£1.8bn	£1.2bn
Regulatory Capital	£150.7m	£80m
Net Asset Per Share	1174p	586p
Return on Average Equity	13.3%	20.5%

- Operating Income increased 38%
- 9% positive operating leverage
- PBT increased by 65% to record levels
- Underlying PBT increased by 30%
- Interim dividend per share of 12p, an increase of 1p or 9%
- Customer deposits have exceeded £1.5bn
- Regulatory Capital increased by 88%
- Net asset value per share increased by 100%
- Return on Equity 13.3% (reduced due to overcapitalising following share placing in 2015)



Divisional Performance

Six Months Ending 30 June -- £(000' s)	2015	2014	Change
Private Banking (Arbuthnot Latham)	3,661	1,737	111%
Retail Banking (Secure Trust Bank)	16,149	11,514	40%
Group Centre	(4,074)	(3,726)	(9%)
Profit Before Tax	15,736	9,525	
Tax	(3,038)	(2,862)	
Profit After Tax	12,698	6,663	
Of Which			
Attributable to Group Share Holders	6,507	3,873	
Non-controlling Interests	6,191	2,790	



Private Banking

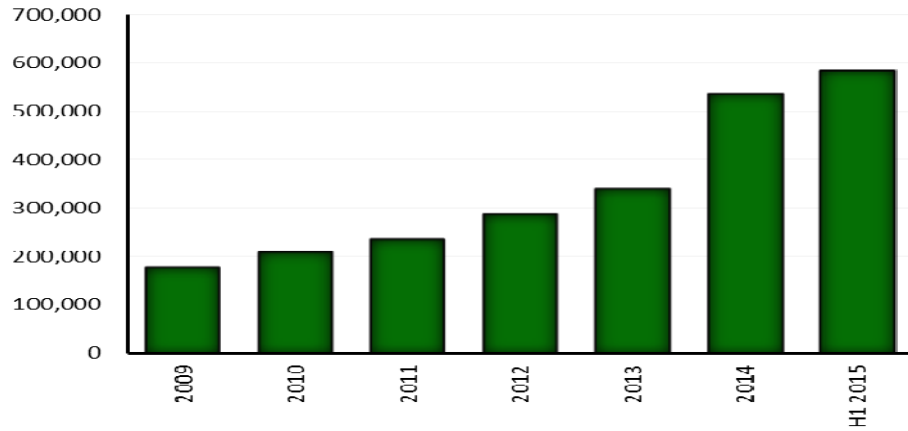
- Profit before tax of £3.7m
- Customer assets increased by 48% to £584m
- Customer deposits increased by 31% to £770m
- Assets under management increased by 24% to £701m

- Highlights:
 - ✓ Successful transfer of servicing of the acquired residential mortgage portfolio
 - ✓ Dubai office expected to breakeven in July 2015 as planned
 - ✓ South West office to lease new premises
 - ✓ New office in North West hiring new bankers and wealth planners
 - ✓ Head of terms agreed to move to additional city offices
 - ✓ Transformational project underway

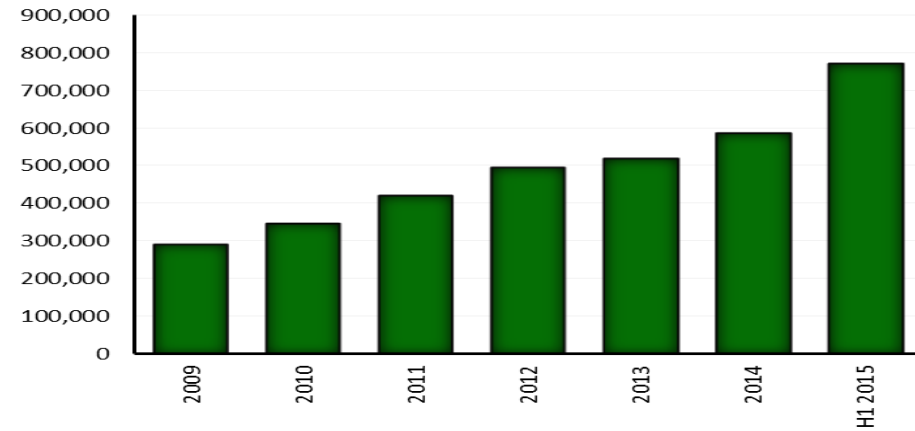


Private Banking – Business Momentum

Customer Loans (£000's)



Customer Deposits (£000's)



Assets Under Management (£000's)



- Loan growth CAGR 24%
- Deposit growth CAGR 19%
- AUM growth CAGR 28%



Retail Banking

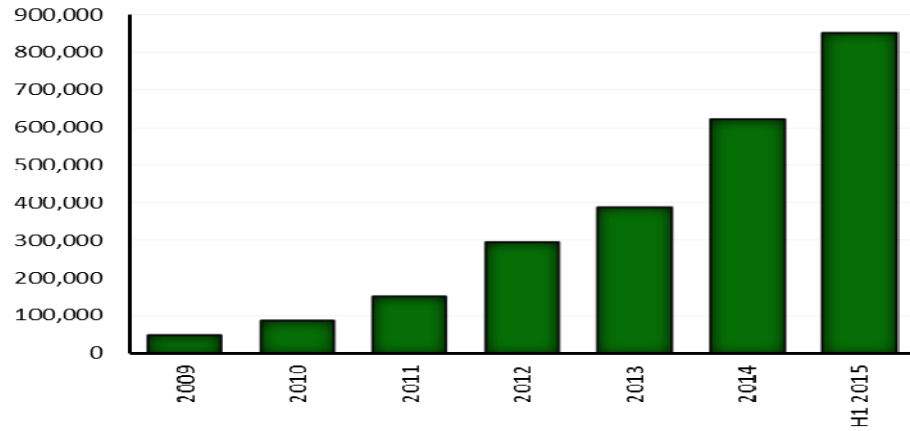
- Profit before tax of £16.1m
- Underlying profit increased to £17.4m (2014:£15.2m)
- Customer assets increased by 90% to £852m
- Customer deposits increased by 75% to £835m
- Lending volumes increased by 117% to £771m
- Customer numbers increased 24% to 486,805

- Highlights:
 - ✓ SME division fully operational
 - ✓ Real estate finance £266m
 - ✓ Invoice finance £16m
 - ✓ Asset finance £30m
 - ✓ Retail finance division making good progress in sports & leisure and cycling
 - ✓ Motor finance still growing strongly

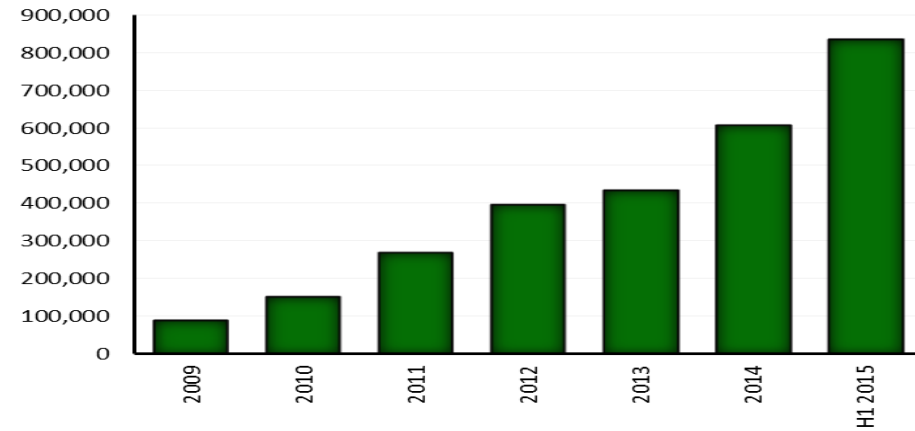


Retail Banking – Business Momentum

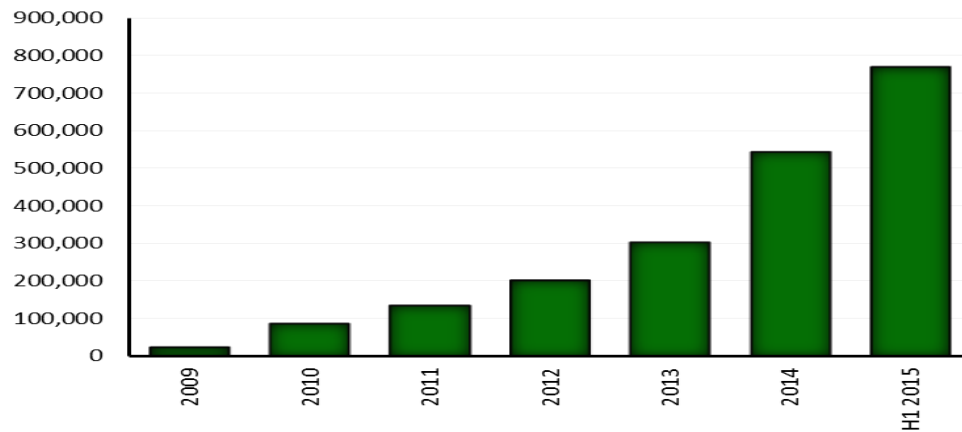
Customer Loans (£000's)



Customer Deposits (£000's)



Lending Volumes (£000's)



- Loan growth CAGR 67%
- Deposit growth CAGR 49%
- Lending Volume growth CAGR 85%

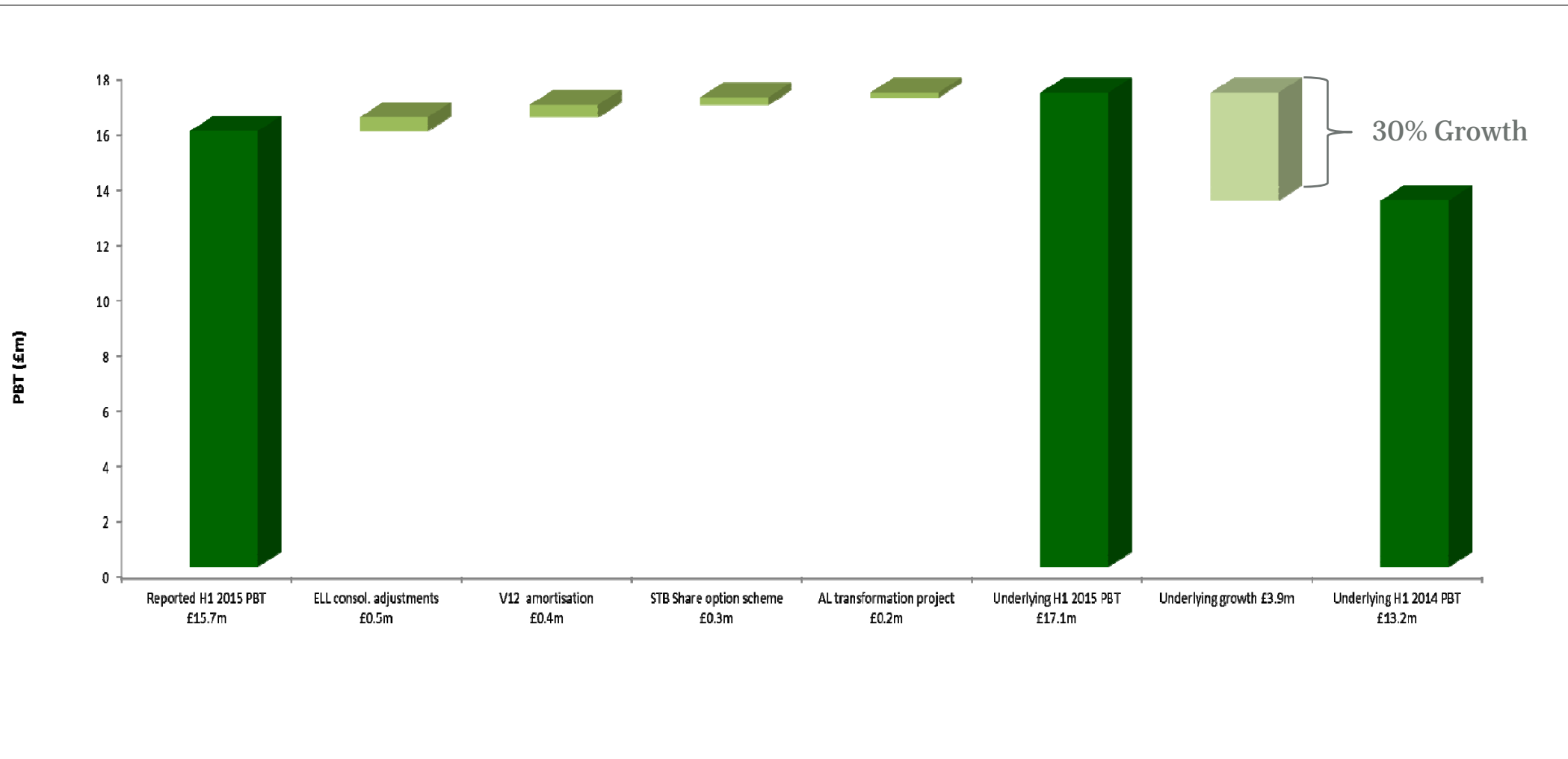


Appendix



Underlying profit (1/2)

Underlying Profit Bridge (£m)



Underlying profit (2/2)

Six Months Ending 30 June £(000' s)	2015	2014
Profit after tax	15,736	9,525
ELL and V12 fair value amortisation	950	2,767
STB option scheme	271	754
Cost of acquisitions	4	183
AL transformation project	170	-
Underlying Profit	17,131	13,229

Lending Balances

£(m' s)	2009	2010	2011	2012	2013	2014	June 2015	
Arbuthnot Latham	178	211	238	289	341	536	584	➤ Good growth in all portfolios
Personal Lending	15	22	44	142	159	182	189	➤ Continued diversification in lending businesses
Motor Finance	5	31	63	90	115	138	152	
Retail Finance	6	16	21	26	70	116	163	➤ SME lending demonstrates strong performance
Real Estate Finance	-	-	-	-	2	134	266	
Asset Finance	-	-	-	-	-	5	30	
Commercial Finance	-	-	-	-	-	5	16	
Others	26	20	27	40	45	42	36	
Total STB	51	89	155	298	391	622	852	



Forward Looking Statements

This document is a summary only of certain information contained in the announcement dated 21 July 2015 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 Arbuthnot 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 Arbuthnot 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. Arbuthnot 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, inherent risks regarding market conditions and similar contingencies outside Arbuthnot 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 Arbuthnot Banking Group undertakes no obligation to update any of its forward looking statements.

