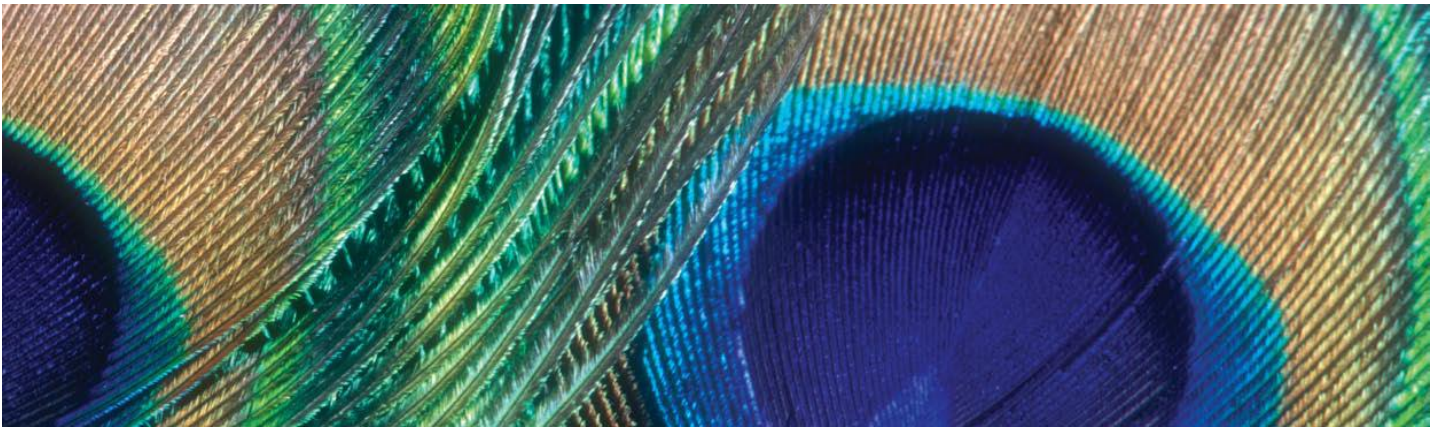




ARBUTHNOT BANKING GROUP PLC

PILLAR 3 DISCLOSURES FOR THE SIX MONTHS ENDED 30 JUNE 2025



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Overview

Arbuthnot Banking Group PLC

Pillar 3 disclosures for the six months ended 30 June 2025

Background

The Group and the individual banking operation (Arbuthnot Latham & Co., Limited (“AL”)) are authorised by the Prudential Regulation Authority (“PRA”) and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. One of the requirements for the Group and the individual banking operation is that capital resources must be in excess of capital requirements at all times. One of AL’s subsidiaries, Asset Alliance Leasing Limited, is regulated by the FCA.

CRD V introduced a new requirement for certain types of parent financial holding companies or mixed financial holding companies to be subject to PRA supervisory approval and consolidated supervision. Arbuthnot Banking Group PLC (“ABG”) was approved by the PRA as a Parent Financial Holding Company on 10 November 2021 (effective 22 October 2021). Following its approval, ABG is responsible for ensuring compliance with consolidated prudential requirements.

ABG and AL were approved, by the PRA, to be a Small Domestic Deposit Taker (“SDDT”) consolidation entity and SDDT entity, respectively, on 2 March 2024.

The Disclosure (CRR) Part of the PRA Rulebook, applicable from 1 January 2024, sets out disclosure requirements for SDDT banks operating under the regime. The disclosure requirements (Pillar III) aim to complement the minimum capital requirements (Pillar I) and the supervisory review process (Pillar II) and encourage market discipline by allowing market participants to assess key pieces of information on risk exposures and the risk assessment processes of the Group.

This document should be read in conjunction with the Group’s Report and Accounts for 30 June 2025.

Scope

The disclosures have been prepared at a consolidated level for ABG. There are no differences between the basis of consolidation of the Group for accounting and regulatory purposes.

AL reports to the PRA on a solo-consolidated basis. The solo-consolidated group includes Renaissance Asset Finance Limited, Arbuthnot Commercial Asset Based Lending Ltd, the entities within the Asset Alliance Group, and Arbuthnot Specialist Finance Limited.

Disclosure Policy

The Pillar III disclosures will be issued, at a minimum, in accordance with the frequency requirements of the PRA Rulebook. This document provides the required disclosure as at 30 June 2025.

As a listed SDDT consolidation entity ABG’s Pillar III disclosure requirements can be summarised as:

- **On a semi-annual basis:**
 - The key metrics in accordance with PRA template UK KM1.
- **On an annual basis:**
 - **Disclosure of Own Funds Requirements and Risk-Weighted Exposure Amounts:** as required within point (d) of Article 438 of the Disclosure (CRR) Part of the PRA Rulebook;
 - **Remuneration Policy:** as required within points (a) to (d), (h)(i) and h(ii) of Article 450(1) of the Disclosure (CRR) Part of the PRA Rulebook.

The Group regularly monitors if it continues to meet the definition of an SDDT and should it cease to meet the requirements the Pillar III disclosures will be updated accordingly. The Group will continue to monitor regulatory developments to ensure that its disclosures continue to be in accordance with PRA rules and expectations and industry best practice.

The Pillar III disclosures are subject to internal review procedures broadly consistent with those undertaken for unaudited information published in the Report and Accounts. The information contained in this document has not been audited by the Group’s external auditors, except to the extent it is deemed to be equivalent to that made under accounting or listing requirements.

Overview

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The Pillar III disclosures have been prepared purely for explaining the basis on which the Group has prepared and disclosed certain regulatory requirements and information about the management of certain risks and for no other purpose. They do not constitute any form of financial statement and must not be relied upon in making any judgement on the Group.

Attestation

The Group Finance Director attests that ABG has made the disclosures within this document in accordance with the requirements of the Disclosure (CRR) Part of the PRA Rulebook as they apply to SDDTs. Preparation of these disclosures has followed the Disclosure Policy, as above, and ABG's internal processes, systems and controls.

Media and location

The report will be published on the Arbuthnot Banking Group PLC corporate website: (www.arbuthnotgroup.com).

Key Regulatory Metrics

Arbuthnot Banking Group PLC

Pillar 3 disclosures for the six months ended 30 June 2025

The following table, UK KM1, provides a summary of the Group's main prudential regulatory ratios and measures¹.

The ratios are reviewed on a monthly basis to ensure that external requirements are adhered to. During the period all regulated entities have complied with all externally imposed capital and liquidity requirements to which they are subject.

The capital ratios and measures below are presented, where applicable, on a transitional basis and, therefore, include permissible adjustments for the IFRS9 transitional relief. The IFRS9 transitional relief does not apply from 1 January 2025.

Point (h) of Article 447 of the Disclosure (CRR) Part of the PRA Rulebook requires the reporting of own funds and eligible liabilities ratios as calculated in accordance with CRR Articles 92a and 92b and broken down at the level of each resolution group, where applicable. Both these CRR Articles only apply to G-SIIs and so are not applicable to the Group.

¹ Disclosed in accordance with points (a) to (g) of Article 447 of the Disclosure (CRR) Part of the PRA Rulebook.

Key Regulatory Metrics

Arbuthnot Banking Group PLC

Pillar 3 disclosures for the six months ended 30 June 2025

Template UK KM1 - Key metrics template

		a	c	e
		30-Jun-25	31-Dec-24*	30-Jun-24
	Available own funds (amounts)			
1	Common Equity Tier 1 (CET1) capital (£'000)	233,814	234,477	219,334
2	Tier 1 capital (£'000)	233,814	234,477	219,334
3	Total capital (£'000)	272,205	272,459	257,590
	Risk-weighted exposure amounts			
4	Total risk-weighted exposure amount (£'000)	1,840,642	1,782,645	1,884,215
	Capital ratios (as a percentage of risk-weighted exposure amount)			
5	Common Equity Tier 1 ratio (%)	12.70%	13.15%	11.64%
6	Tier 1 ratio (%)	12.70%	13.15%	11.64%
7	Total capital ratio (%)	14.79%	15.28%	13.67%
	Additional own funds requirements based on SREP (as a percentage of risk-weighted exposure amount)			
UK 7a	Additional CET1 SREP requirements (%)	0.18%	0.18%	0.18%
UK 7b	Additional AT1 SREP requirements (%)	0.06%	0.06%	0.06%
UK 7c	Additional T2 SREP requirements (%)	0.08%	0.08%	0.08%
UK 7d	Total SREP own funds requirements (%)	8.32%	8.32%	8.32%
	Combined buffer requirement (as a percentage of risk-weighted exposure amount)			
8	Capital conservation buffer (%)	2.50%	2.50%	2.50%
UK 8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	-	-	-
9	Institution specific countercyclical capital buffer (%)	1.91%	1.91%	1.90%
UK 9a	Systemic risk buffer (%)	-	-	-
10	Global Systemically Important Institution buffer (%)	-	-	-
UK 10a	Other Systemically Important Institution buffer	-	-	-
11	Combined buffer requirement (%)	4.41%	4.41%	4.40%
UK 11a	Overall capital requirements (%)	12.73%	12.73%	12.72%
12	CET1 available after meeting the total SREP own funds requirements (%)	6.46%	6.91%	5.35%
	Leverage ratio			
13	Total exposure measure excluding claims on central banks (£'000)	4,254,322	3,828,489	3,919,333
14	Leverage ratio excluding claims on central banks (%)	5.50%	6.12%	5.60%
	Additional leverage ratio disclosure requirements			
14a	Fully loaded ECL accounting model leverage ratio excluding claims on central banks (%)	NA: Only LREQ firms shall disclose values in rows UK KM1;14a to UK KM1;14e		
14b	Leverage ratio including claims on central banks (%)			
14c	Average leverage ratio excluding claims on central banks (%)			
14d	Average leverage ratio including claims on central banks (%)			
14e	Countercyclical leverage ratio buffer (%)			
	Liquidity Coverage Ratio**			
15	Total high-quality liquid assets (HQLA) (Weighted value -average) (£'000)	1,595,334	1,275,612	1,171,136
UK 16a	Cash outflows - Total weighted value	1,049,305	912,053	791,955
UK 16b	Cash inflows - Total weighted value (£'000)	164,096	181,473	199,757
16	Total net cash outflows (adjusted value) (£'000)	885,209	730,580	592,198
17	Liquidity coverage ratio (%)	180%	175%	198%
	Net Stable Funding Ratio***			
18	Total available stable funding (£'000)	3,060,445	2,995,437	2,929,860
19	Total required stable funding (£'000)	2,159,348	2,274,318	2,210,325
20	NSFR ratio (%)	142%	132%	133%

* Includes year end verified reserves

**The LCR balances are calculated as the simple averages of month end positions over the 12 months preceding the end of the reporting quarter

*** The NSFR ratios are calculated as an average of the preceding four quarters

Key Regulatory Metrics

Arbuthnot Banking Group PLC

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Total Capital Requirement

The Group's Total Capital Requirement ("TCR"), as issued by the PRA, is the sum of the minimum capital requirements under the CRR (Pillar I: 8%) and the Pillar 2A requirement. The TCR of the Group as at 30 June 2025 was 8.32%.

Combined Buffer Requirements

The combined buffer is defined as the sum of the capital conservation buffer and the countercyclical capital buffer ("CCyB").

The Capital Conservation Buffer is calculated at 2.5% of Total Risk Exposure.

The CCyB is calculated as the institution-specific CCyB rate multiplied by Total Risk Exposure. A firm's institution-specific CCyB rate consists of the weighted average of the CCyB rates that apply to exposures in the jurisdictions where the firm's relevant credit exposures are located.

The UK CCyB rate is set by the Financial Policy Committee and is currently 2%.