



ARBUTHNOT BANKING GROUP PLC

3 July 2019

Arbuthnot Banking Group PLC

Mortgage Portfolio Acquisition

Arbuthnot Banking Group PLC (“Arbuthnot” or the “Group”) today announces that its subsidiary Arbuthnot Latham (“AL” or “the Bank”) has agreed the purchase of a residential mortgage portfolio for cash consideration of approximately £258m, which is subject to adjustment for the final loan balances at completion.

The mortgages are being acquired from Raphael Mortgages Limited Designated Activity Company (“Raphael” or “Portfolio A”) and Magellan Funding No2. Designated Activity Company (“Magellan” or “Portfolio B”).

Portfolio A has been in run off since it was originated by Edeus Mortgages and Victoria Mortgage Funding between 2005 and 2008.

Portfolio B was originated in 2018 and 2019 by Magellan Homeloans. Both portfolios are geographically distributed around the UK.

Based on loan balances as at 31 March 2019 Portfolio A consists of 1457 Loans with customer balances of £201m of which 20 per cent are buy-to-let and the remainder are owner occupied with an average loan to value of 67.4 per cent.

Portfolio B consists of 462 loans with customer balances of £65m all of which are owner occupied with an average loan to value of 70 per cent.

The overall yield on the portfolios is 3.6 per cent before taking into account the effect of the negotiated purchase discount.

The aggregate consideration of the purchase will be 97 per cent of Portfolio A and 98 per cent of Portfolio B at the time of the completion which is expected to be 8 August 2019. The consideration will be satisfied by cash from the Group’s own resources.

It is expected that in due course the Group will reposition these assets with the Bank of England to act as collateral for the schemes within the Sterling Monetary Framework. It is then expected that these assets will then be included in the Group’s liquidity resources.

Enquiries:

Arbuthnot Banking Group

0207 012 2400

Sir Henry Angest, Chairman and Chief Executive

Andrew Salmon, Group Chief Operating Officer

James Cobb, Group Finance Director

Grant Thornton (Nominated Adviser and NEX Exchange Corporate Adviser)

020 7383 5100

Colin Aaronson

Samantha Harrison

Niall McDonald

Numis Securities Ltd (Joint Broker)

0207 260 1000

Chris Wilkinson

Stephen Westgate

Shore Capital (Joint Broker)

020 7408 4090

Hugh Morgan

Daniel Bush

Maitland

020 7379 5151

Neil Bennett

Sam Cartwright

Jais Mehaji

The information contained within this announcement is deemed to constitute inside information as stipulated under the Market Abuse Regulations (EU No. 596/2014). Upon the publication of this announcement, this inside information is now considered to be in the public domain.

The directors of the Company accept responsibility for the contents of this announcement.