



ARBUTHNOT BANKING GROUP PLC

18 February 2021

Arbuthnot Banking Group PLC

Pre-Close Trading Statement and Notification of Special Dividend

Arbuthnot Banking Group PLC ('Arbuthnot' or 'the Group') today issues a pre-close trading update ahead of its final results announcement for the year ended 31 December 2020, which is scheduled for 25 March 2021.

In the fourth quarter, the Group began to see an increase in loan enquiries in its respective lending markets, as business activity continued to increase. The return to pre-pandemic credit appetites enabled the business to develop new lending pipelines that we expect to draw in 2021.

As previously announced on 10 December 2020, the Group exchanged contracts to acquire the entire share capital of Asset Alliance Group Ltd, the commercial vehicle financing business. The acquisition remains on track to complete in either March or early April, with the timing being principally dependent on the receipt of regulatory approval. The transaction costs of this acquisition, which have totalled approximately £1m including sales tax, will be included in the 2020 results for the Group.

As a result of the above, Arbuthnot expects to announce a pre-tax loss better than current market expectations.

Following recent indications from the Prudential Regulation Authority ("PRA") that banks will be permitted to resume payment of dividends within certain parameters, the Board today announces its intention to pay a special dividend of 21p per share. This is equal to and in lieu of the dividend that was declared in March 2020 based on the profits reported in 2019 and which was subsequently withdrawn following the guidance issued by the PRA at that time. The dividend will be due to shareholders on the register at 26 February 2021 and paid on 19 March 2021.

Given that the full year results of the Group in 2020 will record a loss before tax, the Board has decided that no dividend will be paid in respect of 2020. The Directors will monitor the trading performance of the Group for 2021, and taking note of the guidance from the PRA will decide on the appropriate distribution policy for further dividends in 2021, as the Group's results improve after suffering the effects of the pandemic and the reduction in base rates during 2020.

The information contained within this announcement is deemed to constitute inside information as stipulated under the Market Abuse Regulations (EU No. 596/2014) which is part of UK law by virtue of the European Union (withdrawal) Act 2018. 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.

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 UK LLP (Nominated Adviser and
AQSE Exchange Corporate Adviser)**

020 7383 5100

Colin Aaronson
Samantha Harrison
Seamus Fricker

Numis Securities Ltd (Joint Broker)

0207 260 1000

Stephen Westgate

Shore Capital (Joint Broker)

020 7408 4090

Hugh Morgan
Daniel Bush

Maitland/AMO (Financial PR)

020 7379 5151

Neil Bennett
Sam Cartwright