

# Arbuthnot Banking Group PLC

## 2010 INTERIM RESULTS

4 August 2010



ARBUTHNOT BANKING GROUP PLC

# Interim Results Review

ANDREW SALMON – Chief Operating Officer

JAMES COBB – Group Finance Director



- Continuing progress in 2010 for the Group

- Profit Before Tax at £2.3m - a £1.6m improvement on previous year
- Interim dividend increased by 0.5p
- Underlying performance of all three divisions improved
- Retail Banking seeing lending growth accelerating
- Private Banking expanding both sides of the balance sheet, fee income also increasing
- Investment Banking corporate finance fees increased to £4.4m, secondary market income progressing
- Clear opportunities for continued growth during remainder of 2010 and beyond



# Private Banking

- Profit Before Tax of £0.1m (2009: £0.7m)
- Underlying core business grew strongly
- Investment in Gilliat was £0.4m (Group Total £0.7m). Business achieved breakeven in July
- Balance sheet remains strong despite £0.2m impairment of equity investment
- Investment in upgrade of staff
- Liquidity, funding and capital remain strong



# Retail Banking

- Profit Before Tax increased 13% to £4.6m (2009: £4.1m)
- Loan purchases have fuelled organic portfolio growth and continue to perform according to expectations
- Asset Finance portfolio growth offsetting the run off of purchased portfolios
- Deposit gathering significantly ahead of lending growth but currently a drag on earnings
- Prepaid Current Account expected to open 1000 accounts per month in second half of 2010
- Chief Executive resignation has not impacted strategy



# Investment Banking

- Arbutnot Securities returned a profit before tax of £0.5m (2009: Loss £1.3m)
- Corporate Finance fees increased 63% to £4.4m, pipeline interesting but market appetite uncertain
- Secondary business showing progress despite market conditions
- Number of retained corporate clients stands at 94 (2009: 98)
- Entered into an agreement with Anand Rathi
- Further enhancement of personnel base





# Financial Results

	6 Months June 2010	6 Months June 2009	Full Year 2009
Operating Income	£25.7m	£21.5m	£51.7m
Operating Expenses	£22.0m	£20.1m	£46.4m
Profit Before Tax/(Loss)	£2.3m	£0.7m	£5.1m
Profit attributable to Equity holders of the Company	£1.9m	£0.7m	£3.5m
Basic Earnings Per Share	12.6p	4.5p	23.4p
Interim Dividend Per Share	11p	10.5p	
Total Assets	£561.9m	£413.7m	£452.5m

## Comments

Operating Income increased by 20%

Operating expenses up only 9%

Profit Before Tax increased by £1.6M

Total Assets up 36%

Interim Dividend increased by 0.5p



# Divisional Performance

	6 Months June 2010 £(000)	6 Months June 2009 £(000)	Change
Private Banking (Arbuthnot Latham)	78	731	(89%)
Retail Banking (Secure Trust)	4,599	4,061	13%
Investment Banking (Arbuthnot Securities)	451	(1,316)	N/A
Switzerland	(60)	(490)	88%
Group Costs	(2,733)	(2,284)	(20%)
Profit Before Tax	2,335	702	
Tax	(470)	(428)	
Profit After Tax	1,865	274	
Of Which			
Attributable to Group Share Holders	1,890	682	
Minority Interests	(25)	(408)	





# Forward Looking Statements

This document is a summary only of certain information contained in the announcement dated 4 August 2010 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 and equity risk in its investment 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.

