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ARBUTHNOT BANKING GROUP PLC

PRESS RELEASE
For Immediate Release

11 April 2019

ARBUTHNOT BANKING GROUP PLC

Proposed secondary placing of ordinary shares in Secure Trust Bank PLC ("Secure Trust")

Arbuthnot Banking Group PLC ("**Arbuthnot**" or "**the Group**") has indicated that it intends to sell up to 1,050,000 ordinary shares of 40 pence each ("**Sale Shares**"), held by its subsidiary Arbuthnot Latham & Co., Limited in the capital of Secure Trust (the "**Sale**").

The purpose of the sale is both to support future growth of the Arbuthnot Latham lending businesses and to reduce the significant additional regulatory capital that a holding of this size in another bank requires. The Sale will improve the Group's regulatory capital position. In the event that the total number of Sale Shares are sold, there will be a reduction of approximately £0.8m in dividend income for the Group (based on the full year dividend paid by Secure Trust in the year ended 31 December 2018).

Arbuthnot has agreed that, following completion of the Sale, it will not, subject to customary exceptions, dispose of ordinary shares in Secure Trust for a period of 180 days.

The Sale will be managed by Shore Capital Stockbrokers Limited acting as sole bookrunner (the "**Bookrunner**") in relation to the Sale. The Company and the Bookrunner reserve the right to increase or decrease the size of the Sale in their absolute discretion.

The book for the Sale will open with immediate effect following this announcement. Final pricing and allocations are expected to be announced as soon as practicable following the closing of the book, which will be at the absolute discretion of the Bookrunner. The Sale is not being underwritten.

For further information contact:

ENQUIRIES:

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The Sale Shares have not been, and will not be, registered under the US Securities Act of 1933, as amended (the "US Securities Act"), or under the securities laws of any state or other jurisdiction of the United States, and, absent registration, may not be offered or sold in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and the securities laws of any relevant state or other jurisdiction of the United States. There will be no public offering of the Sale Shares in the United States or elsewhere.

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No prospectus or offering document has been or will be prepared in connection with the Sale. Any investment decision to buy securities in the Sale must be made solely on the basis of publicly available information. Such information is not the responsibility of and has not been independently verified by Arbuthnot or Shore Capital, or any of their respective affiliates.

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Shore Capital is acting exclusively for Arbuthnot in connection with the Sale and no-one else. They will not regard any other person as their respective clients and will not be responsible to anyone other than Arbuthnot for providing the protections afforded to their respective clients, nor will they be responsible for providing advice in relation to the contents of this announcement or any transaction, arrangement or other matter referred to herein.

Shore Capital and any of its respective affiliates acting as an investor for its own account may participate in the Sale on a proprietary basis and in that capacity, may retain, purchase or sell for their own account such securities referred to herein. In addition, they may enter into financing arrangements and swaps with investors in connection with which they may from time to time acquire, hold or dispose of such securities. Shore Capital does not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended (“MiFID II”); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the “MiFID II Product Governance Requirements”), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any “manufacturer” (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the Sale Shares have been subject to a product approval process, which has determined that the Sale Shares are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the “Target Market Assessment”). Notwithstanding the Target Market Assessment, distributors should note that: the price

of the Sale Shares may decline and investors could lose all or part of their investment; the Sale Shares offer no guaranteed income and no capital protection; and an investment in the Sale Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Offer. For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Sale Shares. Each distributor is responsible for undertaking its own target market assessment in respect of the Sale Shares and determining appropriate distribution channels.

Shore Capital Stockbrokers Limited is authorised and regulated in the United Kingdom by the Financial Conduct Authority.

Forward-looking statements and projections

Certain statements in this announcement are forward-looking statements. By their nature, forward-looking statements involve a number of risks, uncertainties and assumptions that could cause actual results or events to differ materially from those expressed or implied by the forward-looking statements. These risks, uncertainties and assumptions could adversely affect the outcome and financial consequences of the plans and events described herein. No one undertakes any obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise. Readers should not place any undue reliance on forward-looking statements which speak only as of the date of this announcement. Statements contained in this announcement regarding past trends or events should not be taken as representation that such trends or events will continue in the future.