



ARBUTHNOT BANKING GROUP PLC

14 May 2020

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Trading Statement and Notice of Meeting

Trading Statement

As today would normally have been the date of the Company's Annual General Meeting ("AGM") we are, in line with the Company's practice of providing a trading update at the time of its AGM, making the following statement regarding the trading performance of the Group since the start of 2020.

The Group had traded well up to the introduction of the Coronavirus lockdown. At the end of March 2020, Customer loan balances were 35% higher than the prior year and had increased by 4% from the level reported at 31 December 2019. New loan origination volumes were 38% greater than the same period in the prior year. Deposit raising activities had also continued with customer deposit balances increasing by 2% from the level at the year-end which itself reflected recent strong underlying growth. Despite the uncertainties in the markets the Investment Management business continued to see net inflows from clients.

Following the introduction of the UK Government's public health restrictions, the Group reacted swiftly to protect its staff and clients. All activities have been moved to remote operation with all staff working successfully from home. Client communications with our bankers has been more in-depth and on average longer in duration, which in the long term should prove mutually beneficial, as we continue the progress made in 2019 on developing deeper relationships with clients. At the same time recorded client complaints have fallen in volume.

Given the strength of the Group's resources, we have not sought to use any of the emergency support measures that are available from the UK Government; no staff have been placed on furlough or made redundant and we have continued to pay all of our tax liabilities by their original due dates.

The Bank has remained open to new introductions and lending opportunities and has funded £26m of new loans during the lockdown. Lending has proved more challenging given the uncertainty that exists in property valuations but other credit mitigants have allowed our bankers to continue to support the clients' needs. The Investment Management business has continued to see net inflows and in line with our cautious private banking approach, ensured that the most popular portfolios saw limited falls in values and as a result, overall in the first four months assets under management fell by 6%.

The Group has applied to join the British Business Bank schemes to provide funding to support the SME sector. The Group has also followed the guidance from the Government regarding provision of payment holidays and other forbearance measures. These have been provided where appropriate and without delay.

To date the core lending portfolios have seen modest take up of payment holiday requests. The purchased mortgage portfolios have granted payment holidays to 25% of the borrowers and RAF, our asset finance business, has granted payment holidays to 67% of its customers. These appear to be comparable to similar portfolios in the same markets and these loans remain well secured by properties or assets and where appropriate other guarantees.

Key metrics such as liquidity and capital have continued to be monitored in the normal fashion and have remained strong.

As outlined on 26 March 2020 in our audited 2019 results announcement, the reduction in the base rate to a historically low level, will materially reduce the Group's income and profitability for 2020. However, the Group has taken steps to manage its cost base and, together with the action the Bank of England has taken in reducing capital buffer requirements, anticipates that even after the issues that are likely to arise in the coming months concerning IFRS9 and other credit issues, the Group will have greater surplus capital at the end of 2020 than originally planned. The Board believes that this will provide a robust platform from which the Group should be able to grow strongly, once the economy begins to recover.

Notice of Meeting

Arbuthnot Banking Group PLC announces that the Company's AGM has now been arranged to be held at Arbuthnot House, 7 Wilson Street, London EC2M 2SN on Tuesday 16 June 2020. At the AGM, Shareholders will be asked to vote on a number of resolutions including the re-appointment of Mazars LLP as the Company's auditor. The resolutions to be put to the Meeting are set out in the Notice of Meeting, available on the Company's website at http://www.arbuthnotgroup.com/results_presentations.html.

The Company is closely monitoring the COVID-19 situation, including UK Government guidance and will continue to do so in the lead up to the AGM. The health of our shareholders, employees and stakeholders remains extremely important to us and accordingly, the Board has taken into consideration the compulsory 'Stay at Home' measures that have been published by the UK Government. These measures provide that public gatherings of more than two people are currently not permitted. Accordingly shareholders, advisers and other guests will not be allowed to attend the AGM in person and anyone seeking to attend the meeting will be refused entry.

Shareholders are requested therefore to submit their votes, in respect of the business to be discussed, via proxy as early as possible. Shareholders should appoint the Chairman of the meeting as their proxy. If a shareholder appoints someone else as their proxy, that proxy will not be able to attend the meeting in person or cast the shareholder's vote.

The business at the AGM will be curtailed to the formal business section only, with no wider presentations on business performance or Q&A.

In the event that further disruption to the 2020 AGM becomes unavoidable, we will announce any changes to the meeting (such as timing or venue) as soon as practicably possible through the Company's website.

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.

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