



ARBUTHNOT BANKING GROUP PLC

PRESS RELEASE
For Immediate Release

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Third Quarter Trading Update and Announcement of Special Dividend

Arbuthnot Banking Group PLC (“Arbuthnot”, “ABG” or the “Group”) today issues an update of trading for the three months to 30 September 2016.

The Group has continued to trade well during the quarter.

The overall lending pipeline has shown good growth, although the period of time between approval and drawdown of loans has marginally increased.

The Commercial Bank continues to develop at a good rate. The disruption in the larger UK banks has led to a number of direct approaches from experienced bankers who are interested in the potential that a well-established banking brand like Arbuthnot Latham can offer commercial banking clients. Accordingly, we have accelerated our expansion plans and are taking on new premises in Manchester to cover the North West and expect to have a further six commercial bankers in place by early 2017.

The recent reduction in the base rate will result in a short term fall in Arbuthnot Latham’s net interest margin, however, the longer term impact of this may be reduced dependant on where rates in the deposit market stabilise.

The significant transactions carried out by ABG in the first half of the year which resulted in a first half profit of over £225m have now been included in the capital base of the Group. As a result of this, the Board are proposing to pay a further special dividend of £3 per share, which equates to approximately £45 million. This will be paid on 18 November 2016 to shareholders on the register on 21 October 2016.

Overall the Group remains confident that it can continue to exploit opportunities that currently exist in the Financial Services Industry and further develop and diversify the Group, deploying the surplus capital in a considered manner.

Note: Arbuthnot Banking Group currently remains the largest single shareholder in Secure Trust Bank PLC. Its 18.9% investment is treated as an Associated Undertaking.

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