
Arbuthnot Banking Group PLC

2013 INTERIM RESULTS

18 July 2013



Since 1833

Interim Results Review

ANDREW SALMON – Group Chief Operating Officer

JAMES COBB – Group Finance Director

18 July 2013



Since 1833

Key Messages

- Sustainable Growth

- Profit before tax £2.0m
- Underlying profit before tax £7.2m an increase of 64%
- Underlying earnings per share 20.7p
- Interim dividend per share 11p (2012:11p)
- Customer loans grown 24%
- Secure Trust Bank completed a loan referral agreement with a retail bank
- Both banks expected to draw on FLS funds in second half of 2013



Private Banking

- Profit before tax £1.0m (2012: £1.4m)
- Customer loans grown 8% to £307m
- Customer deposits increased 12% to £453m
- Higher yielding deposits maturing as expected
- Finalising FLS documentation
- Discretionary assets under management increased 28% to £430m
- Gilliat Financial Solutions sales volumes increased 25%
- Opening a wealth management advisory service in Dubai
- Liquidity, funding and capital remain strong

Arbuthnot Latham is starting a wealth advisory service in Dubai



Retail Banking

- Profit before tax £6.2m (2012: £12.5m)
- Underlying profit £10.3m an increase of 37%
- Customer loans increased by 41% to £366m
- Customer deposits grown by 30% to £387m
- Number of customers higher by 64% at 325,052
- Loan referral programme agreed with a significant retail bank
- Acquisitions successfully integrated
- Everyday Loans opened 2 new branches with more planned in second half
- FLS accessed in July

New Loan referral
agreement reached and
FLS accessed in July



Financial Review

JAMES COBB – Group Finance Director

18 July 2013



Since 1833

Headline Results

	6 Months June 2013	6 Months June 2012	Full year 2012
Operating income	£43.2m	£25.9m	£65.6m
Operating expenses	£33.9m	£21.0m	£53.0m
Profit before tax	£2.0m	£10.8.m	£12.6 m
Underlying profit before tax	£7.2m	£4.4m	£11.6m
Basic earnings per share	0.0p	50.9p	52.6p
Underlying earnings per share	20.7p	17.8p	38.2p
Interim dividend per share	11p	11p	25p

- Operating income increased by 67%

- Significant Items:

- STB Executive Option scheme cost £1m
- ABG Executive Option scheme exceptional cost £1m
- Acquisition accounting negative impact £3.2m

- Interim dividend per share 11p

- Underlying profit increased by 64%

- Underlying earnings per share 20.7p



Divisional Performance 1/2

£ (000's)	6 months June 2013	6 months June 2012	Change
Private banking (Arbuthnot Latham)	970	1,437	(32%)
Retail banking (Secure Trust)	6,207	12,523	(50%)
Group costs	(5,140)	(3,192)	(61%)
Profit before tax	2,037	10,768	(81%)
Tax	(633)	(133)	
Loss from discontinued operations after tax	0	(210)	
Profit after tax	1,404	10,425	
Of which			
Attributable to group shareholders	5	7,783	
Minority interests	1,399	2,642	



Divisional Performance 2/2

Private Banking (AL)

- Profit before tax £1.0m
- Comments;
 - Customer loans up 8%
 - Customer deposits increased 12%
 - Loan to deposit ratio 68%
 - Net margins improving ahead of FLS
 - Credit costs still under 1% of assets (annualised)
 - Assets under management up 28%

Retail Banking (STB)

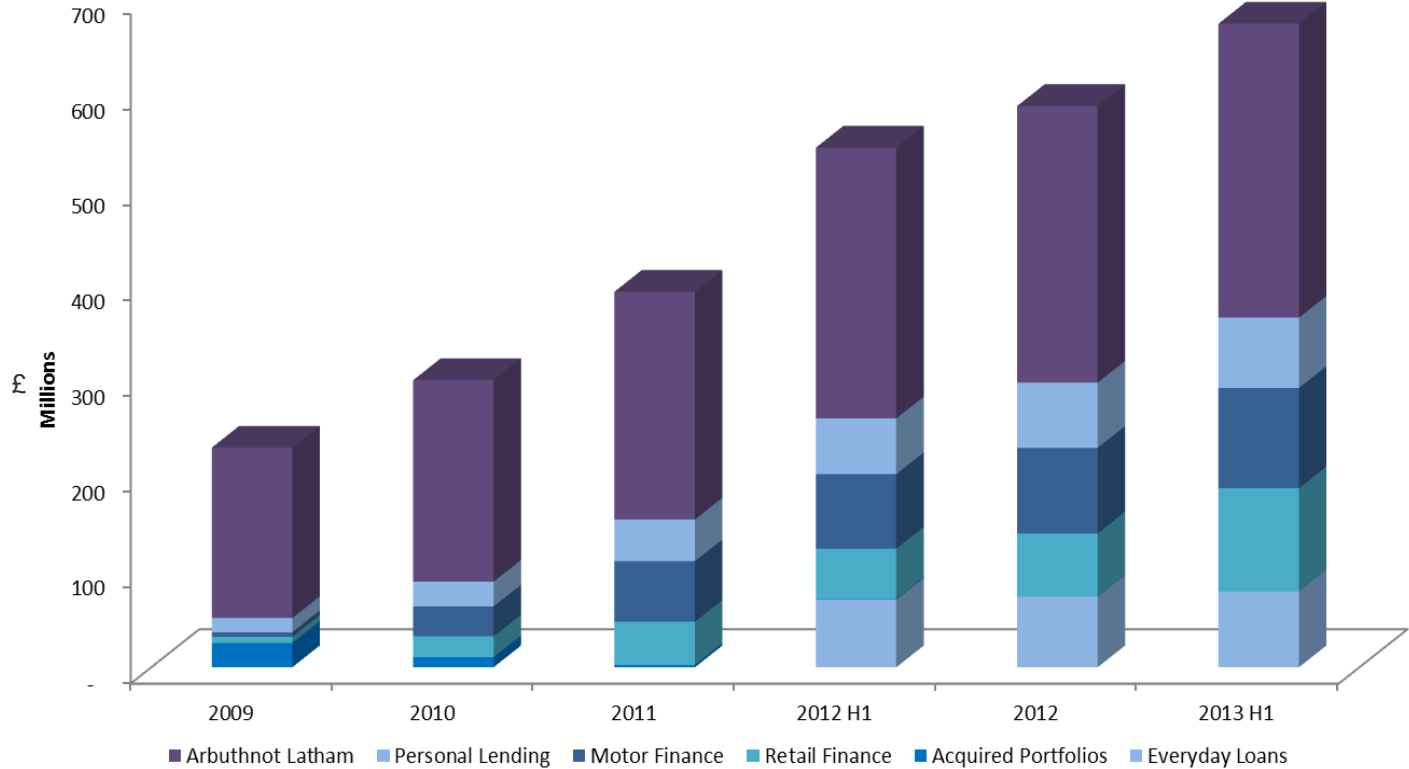
- Profit before tax £6.2m
- Comments:
 - Underlying profit growth 37%
 - Customer loans up 41%
 - Customer deposits increased 30%
 - Accessed FLS funds in July
 - Credit costs still out performing original forecasts
 - Executive Stock Option plan cost £1m

Group

- Reported costs £5.1m
- Comments:
 - One off cost of Executive option scheme £1m
- Ownership of STB 70.7%



Balance sheet growth



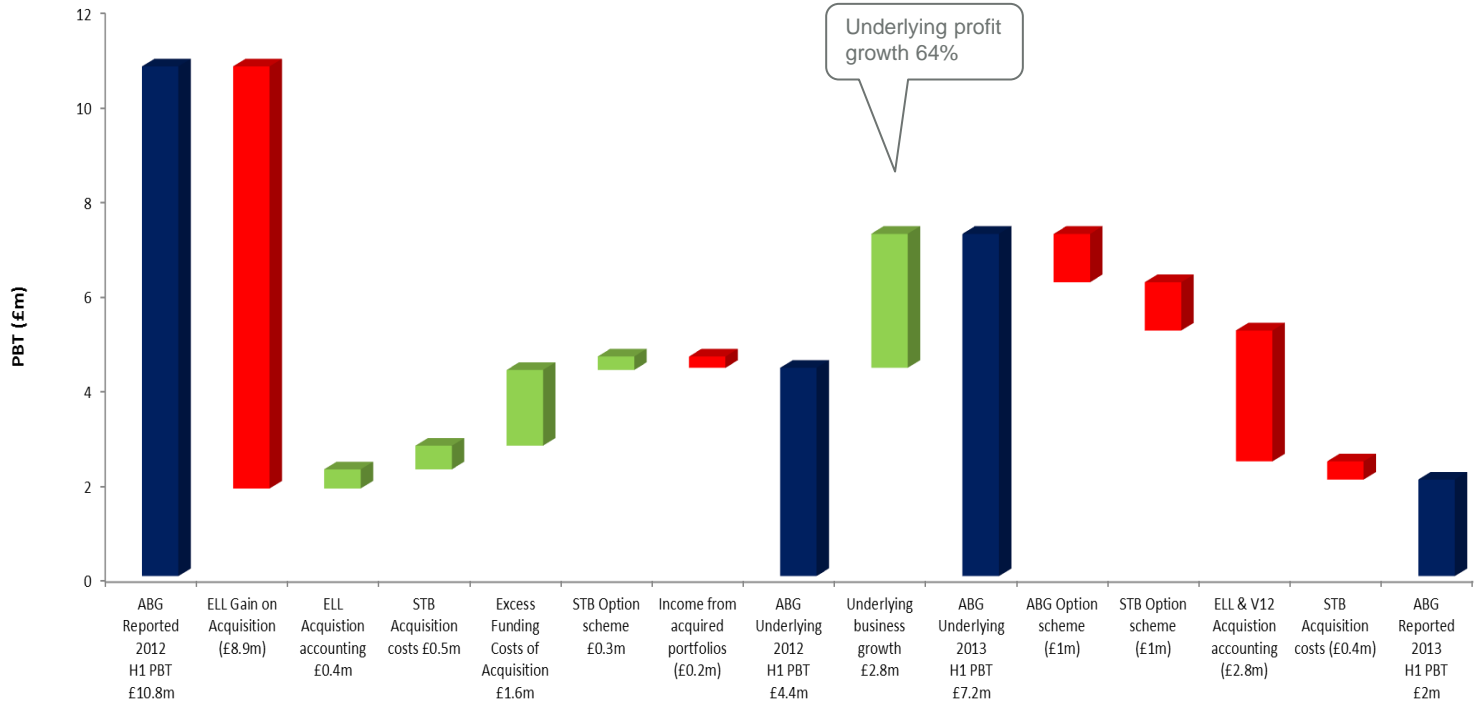
Lending Balances

£(m's)	30 June 2013	30 June 2012	31 Dec 2012
Arbuthnot Latham	307.4	283.1	289.3
Personal Lending	73.5	58.4	68.2
Motor Finance	104.8	78.0	89.6
Retail Finance	107.9	52.3	65.8
Everyday Loans	79.4	70.9	73.8
Acquired Portfolios	0.1	0.7	0.3

- Sustained diversification of credit risk, with growth in all core portfolios



Underlying profit



Forward Looking Statements

This document is a summary only of certain information contained in the announcement dated 18 July 2013 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, 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.

