

Arbuthnot Banking Group PLC

2016 INTERIM RESULTS

19 July 2016



2016 Interim Review

ANDREW SALMON – Chief Operating Officer

JAMES COBB – Group Finance Director



Key Messages

- Period of transition underway
- Profit for the period £225m
- Disposal of Everyday Loans - a profit of £117m
- Disposal of 33% of STB – a profit of £100m
- Remaining investment in STB 18.9% - £86m
- Net asset per share increased to £18.52; increased by nearly 6 times from December 2011
- Balance sheet exceptionally well capitalised
- Accelerate growth in Arbuthnot Latham
- Look at opportunities resulting from current market volatility



Headline Results

Six Months Ended 30 June	2016	2015	
Profit for the period	£225m	£12.7m	➤ Profit for the period £225m
Operating Income	£19.2m	£16.8m	➤ Operating Income increased 15%
Operating Expenses	£23.1m	£16.5m	➤ Underlying PBT increased 45%
Discontinued Operations	£228m	£13m	➤ Interim Dividend per share 13p an increase of 8%
Loss Before Tax on Continuing Ops	(£2.4m)	(£0.4m)	➤ Special dividend related to sale of Everyday loans 25p payable on 27 July. ABG shares currently ex div.
Underlying Profit Before Tax	£2.0m	£1.4m	➤ Regulatory Capital increased by 48%
Basic Earnings Per Share	1111.2p	44.1p	➤ Core Tier one ratio 40.5%
Interim Dividend Per Share	13p	12p	➤ Net asset per share increased by £6.78 (increased by nearly 6 fold since Dec 2011)
Total Assets	£1.3bn	£1.8bn	
Regulatory Capital	£222.7m	£150.7m	
Net Asset Per Share	1852p	1174p	



Divisional Performance

Six months ending 30 June --- £(000' s)	2016	2015	Change
Private Banking (Arbuthnot Latham)	4,507	3,661	23%
Retail Banking (Associate Income - Secure Trust Bank)	265	-	N/A
Group Centre	(7,136)	(4,074)	(75%)
Loss Before Tax	(2,364)	(413)	
Tax	(537)	94	
Profit from Discontinued Operations After Tax	228,110	13,017	
Profit After Tax	225,207	12,698	
Of Which			
Attributable to Group Share Holders	163,781	6,507	
Non-controlling Interests	61,426	6,191	



Private Banking

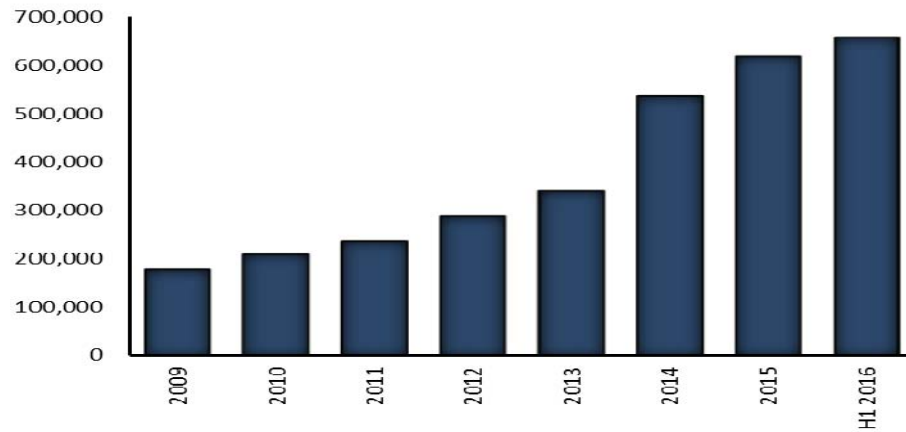
- Profit before tax of £4.5m increased by 23%
- Customer assets increased by 13% to £657m
- Customer deposits increased by 22% to £940m
- Assets under management increased by 14% to £797m

- Highlights:
 - ✓ Realised £1.7m of income from the sale of Visa Europe shares
 - ✓ Purchased a £50.2m investment property in the West End
 - ✓ Commercial banking to reach 30 staff by end of Q3 2016
 - ✓ Coverage to extend from London to South and North West regions
 - ✓ Offering resonates well with clients and potential employees
 - ✓ Pipeline of business building

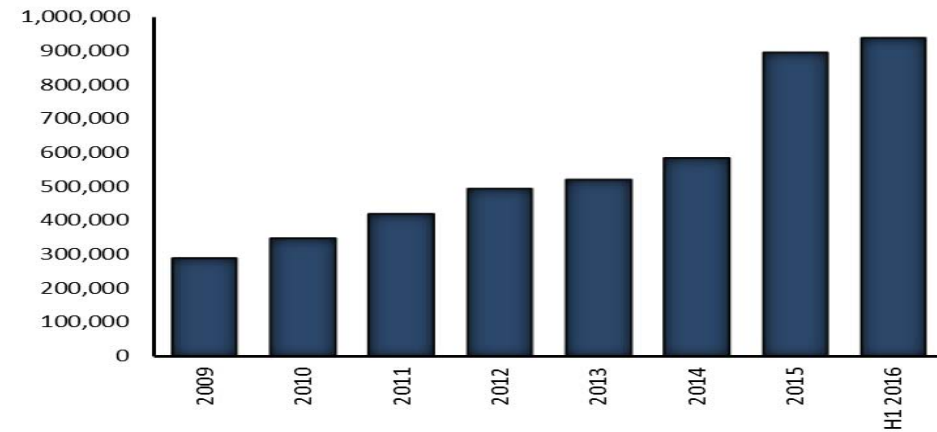


Private Banking – Business Momentum

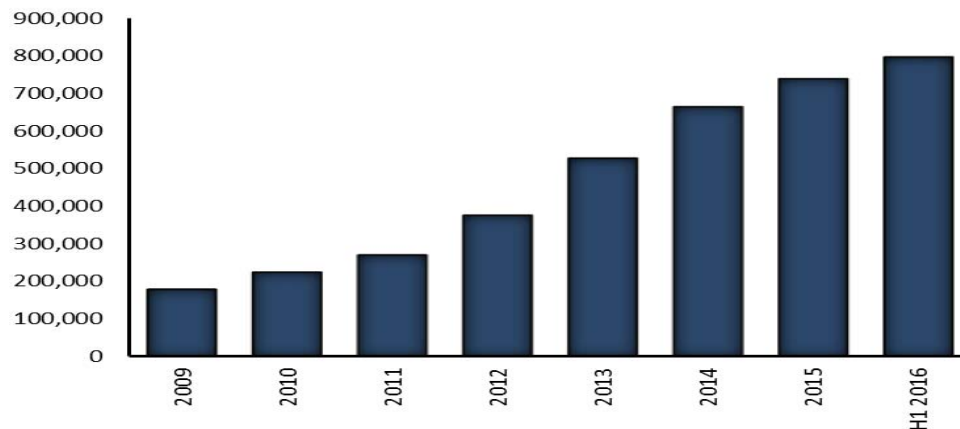
Customer Loans (£000's)



Customer Deposits (£000's)



Assets Under Management (£000's)



- Loan growth CAGR 22% (YoY – 13% in 2016)
- Deposit growth CAGR 20% (YoY - 22% in 2016)
- AUM growth CAGR 26% (YoY - 14% in 2016)



Appendix



Underlying profit

Six months ending 30 June £(000' s)	2016	2015
Loss before tax	(2,364)	(413)
Bonus payments in respect of successful completion of sale of ELL	2,304	-
Continuing Income from Associate for six months ending 30 June	2,261	1,622
Income realised on sale of Visa Europe Shares	(1,665)	-
Investment in operating systems	260	170
AL commercial banking investment	567	13
AL incremental office space	650	-
Underlying Profit	2,013	1,392



Forward Looking Statements

This document is a summary only of certain information contained in the announcement dated 19 July 2016 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.

