

Arbuthnot Banking Group PLC

Third Quarter Trading Update

21 October 2010



ARBUTHNOT BANKING GROUP PLC

Key Messages

- Continuing progress for the Group

- Retail Banking saw strong lending volumes with funding in place to enable future growth
- Private Banking continued to expand both sides of the balance sheet, fee income also maintained
- Investment Banking experienced strong headwinds in the secondary market but corporate pipeline strengthened



Retail Banking

- Loan volumes grew strongly to close quarter with Customer Assets at £80M
- Prepaid Current Account opened approaching 1000 accounts per month
- Balance sheet carried surplus deposits in the expectation that a further loan book acquisition similar to those last year, may have been made in H2
- Loan to deposit ratio rose to 50% at quarter end
- In current interest environment carrying surplus liquidity has resulted in a reduced Net Interest Margin (currently costing in excess of 200 basis points per annum)



Private Banking

- Underlying core business continued to grow strongly
- Continuing to see good lending opportunities
- Customer Asset balances grew 7% in quarter
- Balance sheet remains liquid with loan to deposit ratio approx 60%
- Gilliat Financial Solutions wrote business with 61 IFA customers against 5 at the start of the year as the distribution network continued to build



Investment Banking

- Market conditions deteriorated markedly during quarter impacting on the level of secondary income
- Business remained profitable on a year to date basis
- Business made a number of significant hires to enhance the proposition of the business for the future
- Despite the market sentiment the corporate transaction pipeline has strengthened and a number of deals are being actively worked on
- As ever the ability to execute on these deals remains dependent on market conditions



Forward Looking Statements

This document is a summary only of certain information already announced, including that contained in the announcement dated 21 October 2010 and should be read in conjunction with the full text of the announcement.

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