



11 October 2017

Arbuthnot Banking Group PLC

Third Quarter Trading Update

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

The Group has continued to make good progress during the quarter.

Overall the lending pipeline remains strong, with aggregate volumes of written loans 75% higher than at the same time in the prior year.

As the Commercial Bank is a new business, its repayment cycle is not yet at maturity, so its loan book continues to grow in line with new business volumes. As highlighted in the Group’s interim results, the Private Bank with its more mature loan book, has experienced a steady flow of loan repayments. This trend has continued in the quarter as older loans have been successfully repaid, leading to a lower level of loan book growth. Overall the loan portfolio is 33% higher than the prior year.

The Term Funding Scheme (“TFS”) remains open for banks to access cheaper liquidity. This has manifested itself in the deposit markets where customer rates continue to fall. The overall cost of funds for Arbuthnot Latham has fallen by 30% from the prior year to a blended rate of 0.49%.

As part of its long held strategy, the Group remains active in developing new businesses to diversify its sources of income.

Following positive feedback from potential investors, the Commercial Bank is investing in infrastructure to launch a commercial property fund. The Group is also in active dialogue with management teams, which should, during the course of 2018, further assist the business in continuing its strategy of diversifying its asset base and earnings.

Note: Arbuthnot Banking Group remains an 18.6% shareholder in Secure Trust Bank PLC. Its investment is treated as an Associated Undertaking.

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