



ARBUTHNOT BANKING GROUP PLC

2007 Year End Results

13th March 2008



ARBUTHNOT BANKING GROUP PLC



2007 Year End Results

Introductions

Henry Angest
Chairman & Chief Executive



ARBUTHNOT BANKING GROUP PLC



2007 Year End Results

Business Review

Andrew Salmon
Chief Operating Officer



ARBUTHNOT BANKING GROUP PLC

Key Messages

- Diversified and independent approach continues to produce good results
 - Arbuthnot Securities profits increased significantly
 - Increased profitability at Arbuthnot Latham
 - Turnaround at Secure Trust Bank now underway
 - Liquidity and Capital positions are strong
- New management team at Arbuthnot Latham
- Swiss Bank awaits regulatory approval
- Progressive dividend policy maintained
- Believe 2008 will be a challenging year but Group is well positioned



Strategic Update

- Group remains committed to being a diversified financial services group
- Seeks to generate quality earnings to fund a progressive dividend policy
- Priorities:
 - Increased profitability at Secure Trust Bank
 - Generating an appropriate return on capital from Arbuthnot Latham
 - Maintaining Arbuthnot Securities position in difficult market conditions
 - Controlling costs



Good Performance in Arbuthnot Securities

- Total income up 35% to £29.3 million
- Pre tax profit (before exceptional items) up 62% to £8.1 million
- Acted on 49 transactions in 2007
- 29 fund raisings (including 5 IPOs) with a value of £672 million
- 20 M&A deals with a value of £1 billion
- Successfully completed all fund raisings embarked on in 2007
- Corporate client list increased to 85 (currently 89) with an average market capitalisation of £130 million (currently £140 million)



Strategic Update on Secure Trust Bank



- The majority of new unsecured lending is now brokered out to a third party lender. Insurance Premium Financing is also brokered out for a fee. This has resulted in a reduction in unsecured lending of 30% and significantly reduced our risk exposure
- The OneBill product has been enhanced with the introduction of free home emergency cover and free ID theft insurance.
- Integration of separate business units into single brand & management structures harmonised. The business was rebranded MoneyWay in June 2007
- Mortgage broking has been expanded with a doubling of the number of advisors resulting in a tripling of the volumes of business handled
- The debt management business was rebranded in November as Moneyfreedom. Experienced people have been recruited to drive this business forward and we are starting to see good growth in the levels of new business written



Progress towards profitability in Arbuthnot Latham

- Profitability in 2007 was due to fees earned on property transactions in the first half
- Banking business has increase profitability throughout 2007. Wealth management and ancillary businesses have continued to affect overall divisional performance
- Liquidity has remained strong with none of the available banking lines being drawn throughout 2007
- 8% Asset Growth, 12% Deposit growth and 22% Loan book growth
- Mike Bussey appointed as Chief Executive in October 2007
- Strategic review will result in a number of changes to the business model:
 - Focus on banking, investment management and financial planning for “Affluent” clients
 - A review of customer profitability has identified those customers for which the bank does not make an adequate return
 - Assess divisions cost base with a view to identifying opportunities for savings in 2008



Swiss Bank update

- Development of offshore business
- Application to Federal Banking Commission submitted in December 2007
- Expect response later in the first half
- Premises now established at Bahnhofstrasse
- Market for offshore banking is changing rapidly





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Financial Results

Paul Sheriff
Group Finance Director



Financial Highlights

- Diversified income continues to benefit Group
- Growth in pre tax pre exceptional profits continues
- Loan book well secured at Arbuthnot Latham and unsecured lending reduced at Secure Trust Bank
- Liquidity remained strong throughout 2007
- Approval of BASEL II capital position with FSA
- Continuation of dividend policy



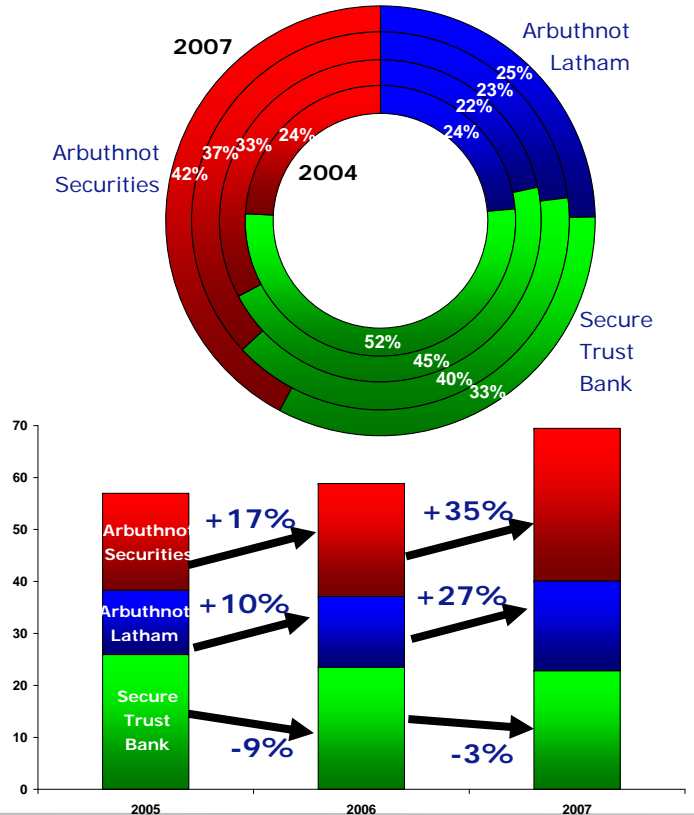
Headline Results

	2007	restated 2006	Increase
Operating income	£68.8m	£58.2m	+18%
Profit before tax and exceptional items	£8.6m	£7.6m	+13%
Profit before income tax	£8.6m	£14.1m	-39%
Basic earnings per share (pre exceptional items)	23.8p	32.0p	-26%
Basic earnings per share	23.8p	63.0p	-62%
Total dividends	33.0p	32.5p	+2%
Total Assets	£414m	£365m	+13%
Total equity	£42.5m	£42.2m	+1%
Tier 1 & 2 Capital	£46.7m	£48.2m	-3%



Balanced & Diversified Income across three divisions

- Operating Income up 18% in 2006 to £69m
- Benefits of diversification in income over four years
- Significant increase over 4 years at Arbuthnot Securities



Divisional Performance

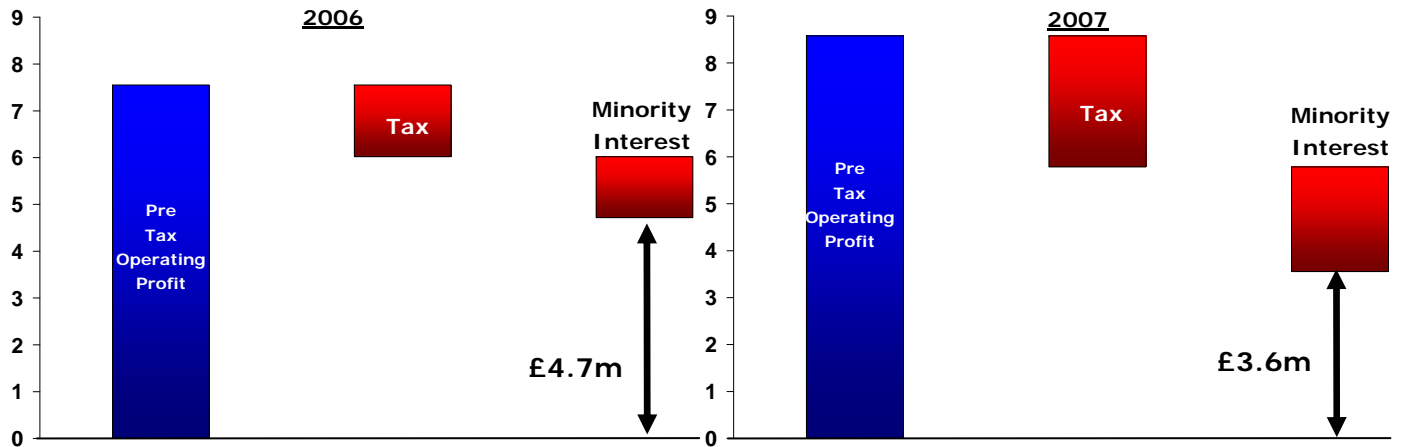
	2006	2007	Change %
Arbuthnot Latham	0.3	1.5	400%
Arbuthnot Securities	5.0	8.1	62%
Secure Trust Bank	6.1	4.6	-25%
Switzerland		(0.3)	
Group Costs	(3.8)	(5.2)	37%
Profit Before Tax and Exceptionals	7.6	8.6	13%
Exceptionals	6.5		
Profit Before Tax	14.1	8.6	-39%

- Profit before tax and exceptional items up 13%
- Profits up 62% at Arbuthnot Securities



Operating Profit attributable to shareholders

- Increase in minority interest as a result of increasing profit at Arbuthnot Securities
- Post tax Operating profit attributable to shareholders reduced by 23%



Loans, Collateral and Impairment

- Secured loan book at Arbutnot Latham represents 72% total exposure
- Largest loan book has an average loan to collateral value of 37%
- Unsecured lending exposure reduced by 32% at Secure Trust Bank in 2007

2007	Loan Book (net of provisions)	Collateral	Loan to Collateral Value (LTC)	Provision	Provision %
Secure Trust Bank	16.6	0.2		4.8	22.4%
Arbutnot Latham					
- Secured	123.8	339.2	37%	0.9	0.7%
- Unsecured	13.0				



Liquidity

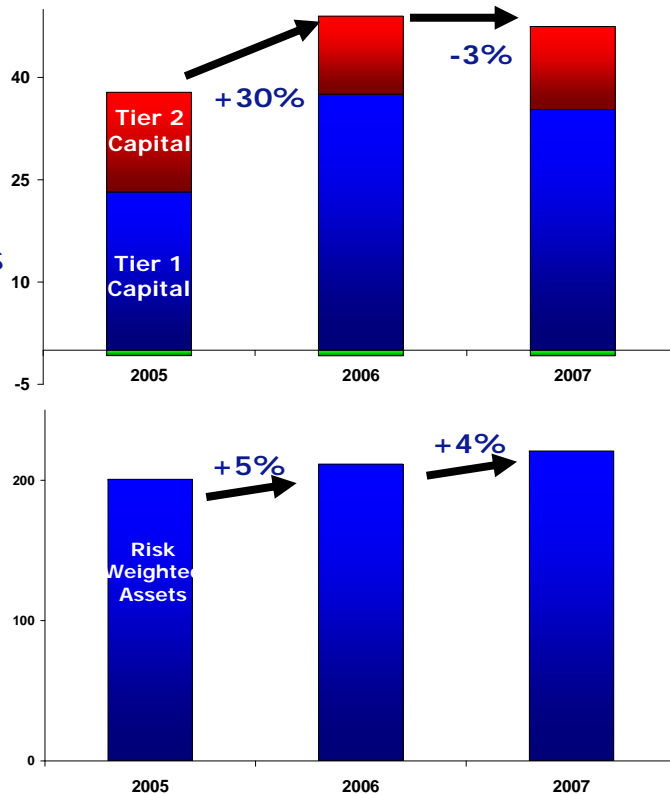
	Customer Deposits	Customer Loans	Deposits/Loans
Secure Trust Bank	39.5	16.6	238%
Arbuthnot Latham	273.6	146.6	187%

- Philosophy to fund through customer deposits rather than wholesale money markets
- Arbuthnot Latham did not need to draw any of its available banking lines in 2007



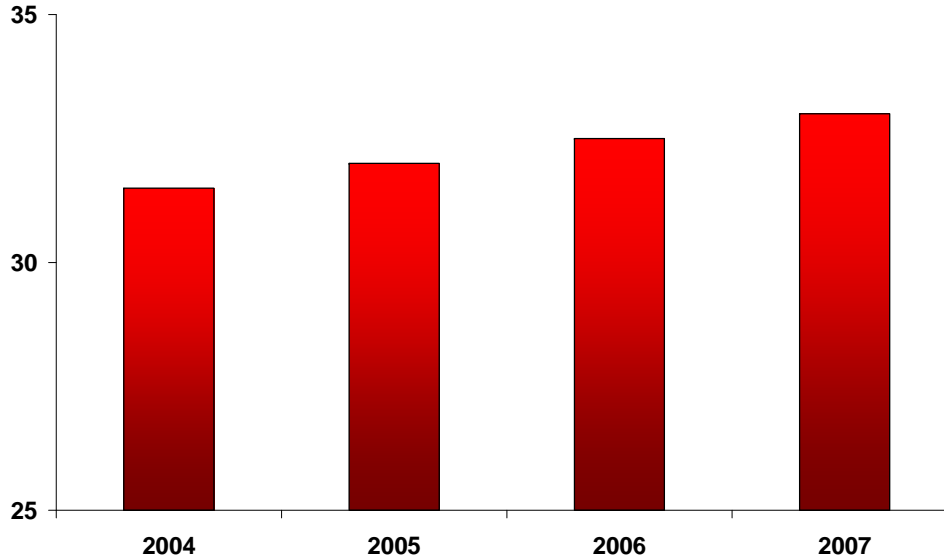
Capital position broadly unchanged

- Overall Regulatory Capital broadly unchanged
- Approval by FSA of BASEL II limits
- Risk weighted assets increased by 4% to £221m
- Sufficient capital available to fund future growth
- Risk asset ratio of 21.1% (2006: 22.8%)



Continuation of Dividend Policy

- Dividend up 0.5p to 33p (interim 10.5p and final up 0.5p to 22.5p)
- Recently dividends have increased by 0.5p per annum
- Scrip dividend alternative for 50% of final dividend



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Forward Looking Statements

This document is a summary only of certain information contained in the announcement dated 13 March 2008 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 and equity risk in its investment 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.

