



ARBUTHNOT BANKING GROUP PLC

2007 Interim Results

18th September 2007



ARBUTHNOT BANKING GROUP PLC



2007 Interim Results

Introductions

Henry Angest
Chairman & Chief Executive



ARBUTHNOT BANKING GROUP PLC



2007 Interim Results

Business Review

Andrew Salmon
Chief Operating Officer



ARBUTHNOT BANKING GROUP PLC

Key Messages

- Diversified and independent approach continues to produce good results
 - Progress continues to be strong at Arbuthnot Securities
 - Significant contribution from Arbuthnot Latham
- Progress being made at Secure Trust Bank with re-branding and launch of enhanced 'OneBill' proposition
- New Chief Executive appointed at Arbuthnot Latham
- Swiss Bank operational early 2008



Strategic Update

- Group remains committed to being a diversified financial services group
- Seeks to generate quality earnings to fund a progressive dividend policy
- Priorities:
 - Turnaround of Secure Trust Bank
 - Expansion of Arbuthnot Securities
 - Generating an appropriate return on capital from Arbuthnot Latham
 - Swiss expansion





2007 Interim Results

Operational/Divisional Review

Andrew Salmon
Chief Operating Officer



Good Performance in Arbuthnot Securities

- Income up 31% to £14.2 million compared to first half of 2006
- Pre tax profit up 83% to £4.0 million
- 22 transactions including 3 IPOs in first six months of 2007
- Corporate client list increased to 79 (30 June '07: 74)
- July and August have both been profitable despite challenging market conditions
 - Corporate pipeline healthy
 - Four analysts for new Glasgow office




Increased profitability in Arbutnot Latham

- Income up 48% to £9.3 million compared to the first half of 2006
- Pre tax profits up £1.3 million to £1.4 million
- 21% Deposit growth and 23% Loan book growth compared with the first half of 2006
- Significant transaction fee income from participation in property schemes
- Mike Bussey appointed as new Chief Executive from 1 October



Strategic Update on Secure Trust Bank

- Pre tax profits (excluding investment expenditure) down 20% to £2.8 million
- Progress made in the first six months include:
 - Rebranding to Moneyway 
 - Enhancement of the core "OneBill" product
 - Partnership with Everyday Loans for unsecured credit
 - Focus on mortgage advisory business
- Benefits of investment and re-branding likely to be seen in 2008



Swiss Bank operational in 2008

- Development of offshore business
- Hans-Rudolf Strasser started as Chief Executive in July 2007
- Detailed regulatory submission in second half 2007
- Outsource provider identified
- Operational in early 2008 (subject to regulatory approval)





2007 Interim Results

Financial Results

Paul Sheriff
Group Finance Director



Financial Highlights

- Income up 19% to £34.8 million
- Operating Profit up 33% to £5.4 million
- Pre Tax Profits up 43% to £5.4 million
- Balanced and diversified income across three divisions
- All three divisions contributing to Group Profit



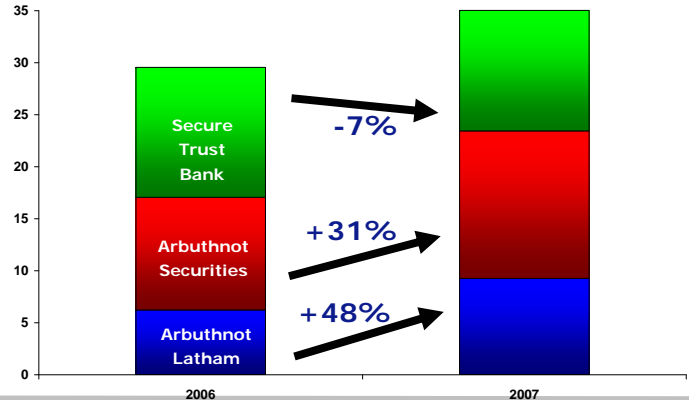
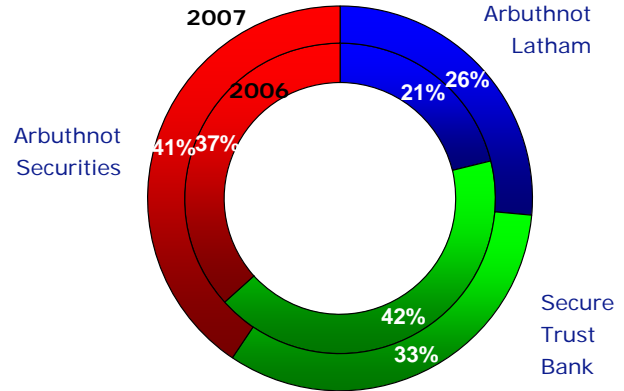
Headline Results

	6 months to 30/6/07	6 months to 30/6/06	% Change	Year to 31/12/06
Net interest income	5,731	4,695	22%	10,126
Net fee and commission income	26,341	22,915	15%	43,546
Trading income	2,707	1,596	70%	4,102
Operating income	34,779	29,206	19%	57,774
Operating expenses	(28,351)	(24,286)	17%	(47,559)
Impairment losses	(1,019)	(838)	22%	(1,986)
Profit before tax and exceptional items	5,409	4,082	33%	8,229
Exceptional items	0	(304)	-100%	6,511
Profit before income tax	5,409	3,778	43%	14,740
Income tax	(1,623)	(1,171)	39%	(4,045)
Profit after tax	3,786	2,607	45%	10,695
Attributable to				
- Minority interest	1,095	541	102%	1,304
- Shareholders	2,691	2,066	30%	9,391
Earnings per share	18.0	14.3	26%	63.8



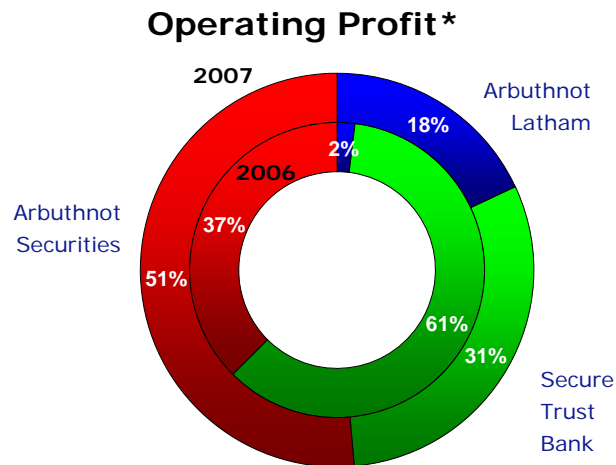
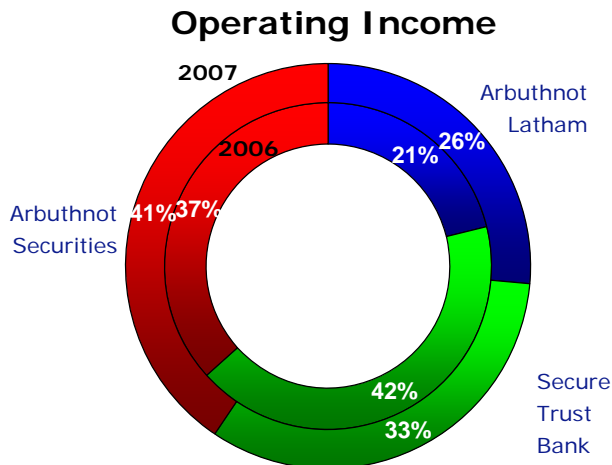
Balanced & Diversified Income across three divisions

- Operating Income up 19% in 2007 to £34.8 million
- Benefits of diversification in income moving to diversification of profits
- Significant increase in Arbuthnot Securities and Arbuthnot Latham



All three divisions contributing to Group Profits

- Benefits of diversification in income and profits in first half on 2007
- Significant increase in Arbuthnot Securities and Arbuthnot Latham

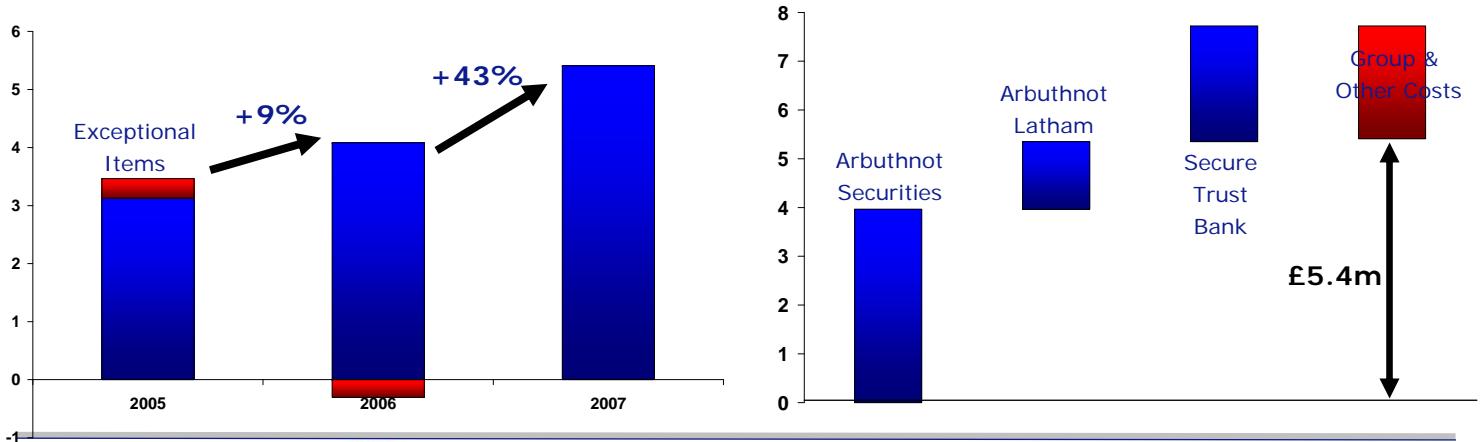


* Excludes Exceptional costs, Group costs and Subordinated Loan Stock costs



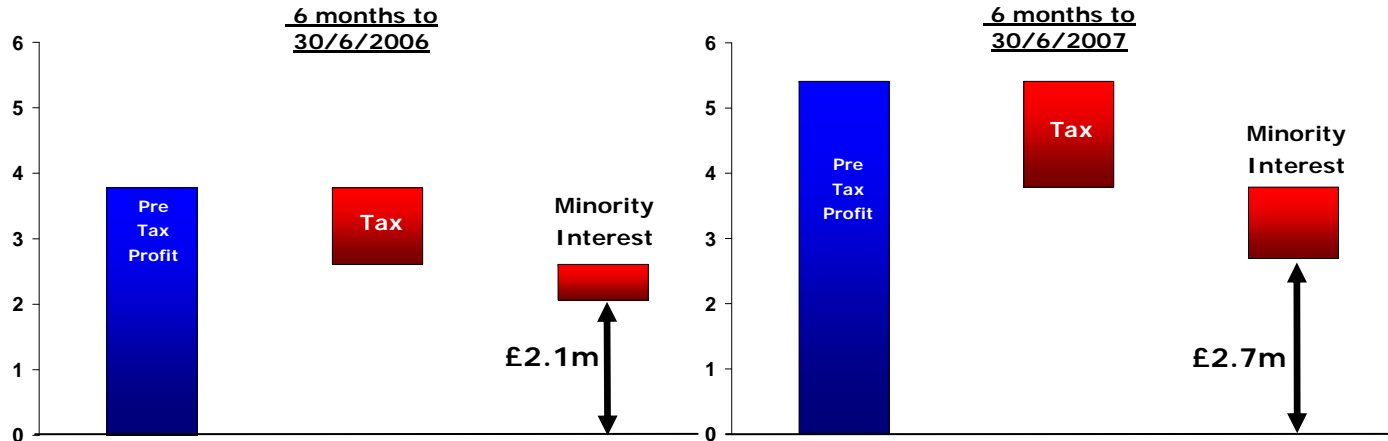
Growth in Pre Tax Profits continues

- Pre tax profit increased by 43% to £5.4 million
- Operating profit increased by 33% to £5.4 million
- Significant growth in profit at Arbuthnot Securities and Arbuthnot Latham



Operating Profit covers dividend

- Profits attributable to shareholders up 30% to £2.7 million
- Increase in minority interest as a result of increasing profit at Arbuthnot Securities
- Earnings per share up 26% as a result of rights issue in 2006



Key Messages

- Diversified and independent approach continues to produce good results
 - Progress continues to be strong at Arbuthnot Securities
 - Significant contribution from Arbuthnot Latham
- Progress being made at Secure Trust Bank with re-branding and launch of enhanced 'OneBill' proposition
- New Chief Executive appointed at Arbuthnot Latham
- Swiss Bank operational early 2008



Forward Looking Statements

This document is a summary only of certain information contained in the announcement dated 18 September 2007 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.

