

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document or as to the action you should take, you are recommended to seek your own personal financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 (FSMA), who specialises in advising on the acquisition of shares and other securities.**

If you have sold or otherwise transferred all of your Existing Shares, please immediately forward this document to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee. However, the distribution of this document into jurisdictions other than the UK may be restricted by law and this document should not be mailed, distributed, forwarded to or transmitted in or into the United States, Australia, Canada, the Republic of South Africa, Japan or any other jurisdiction where to do so would constitute a breach of local securities laws or regulations. If you have sold only part of your holding of Existing Shares, please contact your stockbroker, bank or other agent through whom the sale or transfer was effected immediately.

**AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the Financial Conduct Authority. The London Stock Exchange has not itself examined or approved the contents of this document.**

**The AQSE Growth Market, which is operated by Aquis Stock Exchange Limited, a Recognised Investment Exchange, is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. It is not classified as a Regulated Market under applicable financial services law and AQSE Growth Market securities are not admitted to the Official List of the Financial Conduct Authority.**

**A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser.**

The Ordinary Shares are admitted to trading on AIM and AQSE. Applications will be made for the New Ordinary Shares to be admitted to trading on AIM and AQSE. Subject to, amongst other things, the Resolutions being passed, it is expected that Admission to each of AIM and AQSE will become effective and dealings in the New Ordinary Shares will commence on AIM and AQSE on 5 May 2023. The New Ordinary Shares will, on Admission, rank in full for all dividends and other distributions declared, made or paid on the Ordinary Shares by reference to a record date following Admission and will rank *pari passu* in all other respects with the existing Ordinary Shares.

This document contains no offer of transferable securities to the public within the meaning of section 102B of the FSMA, the Act or otherwise. Accordingly, this document does not constitute a prospectus within the meaning of section 85 of the FSMA and has not been drawn up in accordance with the Prospectus Regulation Rules or approved by the FCA or any other competent authority.

---

## **Arbuthnot Banking Group plc**

*(Incorporated and registered in England and Wales with company number 01954085)*

### **Placing of and Subscription for 1,297,297 New Ordinary Shares at 925 pence each**

#### **Related party transaction**

**and**

#### **Notice of General Meeting**

---

**Your attention is drawn to the letter from the Chairman of the Company which is set out on pages 9 to 12 of this document and which contains the Directors' unanimous recommendation that you vote in favour of the Resolutions to be proposed at the General Meeting.**

**Notice of a General Meeting of the Company, to be held at the offices of Arbuthnot Banking Group plc at Arbuthnot House, 7 Wilson Street, London EC2M 2SN on 4 May 2023 at 11.00 a.m., is set out at the end of this document. You may vote your shares by proxy. To be effective this must be submitted at [www.signalshares.com](http://www.signalshares.com) so as to have been received by the Company's Registrars, Link Group, not less than 48 hours (excluding weekends and public holidays) before the time appointed for the General Meeting or any adjournment of it. The Company is no longer sending paper forms of proxy to Shareholders unless specifically asked to do so. If you need help with voting online, or require a paper proxy form, please contact Link Group by email at [shareholderenquiries@linkgroup.co.uk](mailto:shareholderenquiries@linkgroup.co.uk), or by telephone on 0371 664 0300. Calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the Fundraising nor give any financial, legal or tax advice. **Submission of a proxy vote will not preclude Shareholders from attending and voting in person at the General Meeting should they so wish.****

Grant Thornton UK LLP (“**Grant Thornton**”), which is authorised and regulated by the FCA, is acting as nominated adviser to the Company for the purposes of the AIM Rules and Corporate Adviser for the purposes of the AQSE Rules. Shore Capital & Corporate Limited and Shore Capital Stockbrokers Limited (together “**Shore Capital**”), which are members of the London Stock Exchange and are authorised and regulated by the FCA, are acting as financial adviser and broker to the Company in the United Kingdom for the purposes of the AIM Rules. Persons receiving this document should note that Grant Thornton and Shore Capital are acting exclusively for the Company and no one else and will not be responsible to anyone, other than the Company, for providing the protections afforded to customers of Grant Thornton and Shore Capital or for advising any other person on the transactions and arrangements described in this document. No representation or warranty, express or implied, is made by Grant Thornton or Shore Capital as to any of the contents of this document in connection with the Placing, or otherwise.

Shore Capital and Grant Thornton have not authorised the contents of, or any part of, this document and no liability whatsoever is accepted by Shore Capital or Grant Thornton or any of their respective officers, members, employees or agents for the accuracy of any information or opinions contained in this document or for the omission of any information. No representation or warranty, express or implied, is made by Shore Capital or Grant Thornton or any of their respective officers, members, employees or agents as to the accuracy, completeness or verification of the information set out in this document, and nothing contained in this document is, or shall be relied upon as, a promise or representation in this respect, whether as to the past or the future. Neither Shore Capital nor Grant Thornton, nor any of their respective officers, members, employees or agents assume any responsibility for its accuracy, completeness or verification and accordingly each disclaims, to the fullest extent permitted by applicable law, any and all liability whether arising in tort, contract or otherwise which they might otherwise be found to have in respect of this document or any such statement. If you are in any doubt about the contents of this document you should consult your accountant, legal adviser or professional adviser or financial adviser. It should be remembered that the price of securities and the income from them can go down as well as up.

## **IMPORTANT NOTICE**

### **Cautionary note regarding forward-looking statements**

This document includes statements that are, or may be deemed to be, “forward-looking statements”. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms “believes”, “estimates”, “plans”, “projects”, “anticipates”, “expects”, “intends”, “may”, “will”, or “should” or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include matters that are not historical facts. They appear in a number of places throughout this document and include statements regarding the Directors’ current intentions, beliefs or expectations concerning, among other things, the Group’s results of operations, financial condition, liquidity, prospects, growth, strategies and the Group’s markets.

By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Actual results and developments could differ materially from those expressed or implied by the forward-looking statements.

Forward-looking statements may and often do differ materially from actual results. Any forward-looking statements in this document are based on certain factors and assumptions, including the Directors’ current view with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to the Group’s operations, results of operations, growth strategy and liquidity. Whilst the Directors consider these assumptions to be reasonable based upon information currently available, they may prove to be incorrect. Save as required by law or by the AIM Rules or the AQSE Rules, the Company undertakes no obligation to publicly release the results of any revisions to any forward-looking statements in this document that may occur due to any change in the Directors’ expectations or to reflect events or circumstances after the date of this document.

### **Notice to overseas persons**

The distribution of this document in certain jurisdictions may be restricted by law and therefore persons outside the United Kingdom into whose possession this document comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities or other laws of any such jurisdiction.

### **Basis on which information is presented**

In this document, any references to “pounds sterling”, “£”, “pence” and “p” are to the lawful currency of the United Kingdom.

### **References to defined terms**

Certain terms used in this document are defined and explained at the section of this document under the heading “Definitions”.

All times referred to in this document are, unless otherwise stated, references to London time.

## CONTENTS

	<i>Page</i>
<b>Definitions</b>	5
<b>Directors, Secretary and Advisers</b>	7
<b>Expected timetable of principal events</b>	8
<b>Statistics relating to the Fundraising</b>	8
<b>Letter from the Chairman</b>	9
<b>Notice of General Meeting</b>	13

## DEFINITIONS

The following definitions apply throughout this document unless the context otherwise requires:

<b>“Act”</b>	the Companies Act 2006 (as amended);
<b>“Admission”</b>	admission of the New Ordinary Shares to trading on: (i) AIM becoming effective in accordance with Rule 6 of the AIM Rules; and (ii) the AQSE becoming effective;
<b>“AIM”</b>	the AIM Market operated by the London Stock Exchange;
<b>“AIM Rules”</b>	the AIM Rules for Companies published by the London Stock Exchange from time to time;
<b>“AQSE”</b>	AQSE Growth Market, Apex Segment;
<b>“AQSE Rules”</b>	the rules governing companies whose securities are traded on AQSE as published by the Aquis Exchange from time to time being, in relation to the Ordinary Shares, the rules set out in the Aquis Exchange’s APEX Rulebook;
<b>“CCyB”</b>	countercyclical capital buffer;
<b>“Company” or “Arbuthnot”</b>	Arbuthnot Banking Group plc, a company incorporated in England and Wales with company number 01954085;
<b>“CREST”</b>	the relevant system (as defined in the CREST Regulations) in respect of which Euroclear is the operator (as defined in those regulations);
<b>“CREST Regulations”</b>	the Uncertificated Securities Regulations 2001 (S.I. 2001 No. 3755);
<b>“Directors” or “Board”</b>	the directors of the Company whose names are set out on page 7 of this document, or any duly authorised committee thereof;
<b>“Enlarged Ordinary Share Capital”</b>	the issued Ordinary Share capital of the Company (excluding 390,274 Ordinary Shares held in treasury) as enlarged by the Placing Shares and the Subscription Shares;
<b>“Euroclear”</b>	Euroclear UK & International Limited, the operator of CREST;
<b>“Existing Shares”</b>	the 14,889,048 Ordinary Shares (which excludes the 390,274 Ordinary Shares held in treasury) and 152,621 Ordinary Non-Voting Shares in issue at the date of this document;
<b>“FCA”</b>	the UK Financial Conduct Authority;
<b>“FSMA”</b>	the Financial Services and Markets Act 2000 (as amended);
<b>“Fundraising”</b>	together the Placing and the Subscription;
<b>“General Meeting”</b>	the general meeting of the Company to be held at the offices of Arbuthnot Banking Group plc at Arbuthnot House, 7 Wilson Street, London EC2M 2SN on 4 May 2023 at 11.00 a.m., notice of which is set out at the end of this document;
<b>“Grant Thornton”</b>	Grant Thornton UK LLP, the Company’s nominated adviser and corporate adviser for the purposes of the AIM Rules and AQSE Rules, respectively;
<b>“Group”</b>	the Company and its subsidiaries from time to time;

<b>“Independent Directors”</b>	the Directors with the exception of Sir Henry Angest and Frederick Angest;
<b>“London Stock Exchange”</b>	London Stock Exchange plc;
<b>“Net Proceeds”</b>	the gross proceeds of the Fundraising, less expenses and commissions incurred;
<b>“New Ordinary Shares”</b>	the Placing Shares and the Subscription Shares;
<b>“Notice of General Meeting”</b>	the notice convening the General Meeting which is set out at the end of this document;
<b>“Ordinary Non-Voting Shares”</b>	ordinary shares of £0.01 (1 penny) each without voting rights attached in the capital of the Company;
<b>“Ordinary Shares”</b>	ordinary shares of £0.01 (1 penny) each with voting rights attached in the capital of the Company;
<b>“Placing”</b>	the conditional placing of the Placing Shares by SCS, as agent on behalf of the Company, pursuant to the Placing Agreement, further details of which are set out in this document;
<b>“Placing Agreement”</b>	the conditional agreement dated 14 April 2023 and made between the Company and Shore Capital in relation to the Placing, further details of which are set out in this document;
<b>“Placing Price”</b>	925 pence per New Ordinary Share;
<b>“Placing Shares”</b>	the 567,454 new Ordinary Shares to be issued and allotted by the Company pursuant to the Placing;
<b>“Prospectus Regulation Rules”</b>	the prospectus regulation rules made by the FCA pursuant to section 73A of the FSMA;
<b>“Registrars”</b>	Link Group;
<b>“Resolutions”</b>	the resolutions set out in the Notice of General Meeting;
<b>“SCC”</b>	Shore Capital and Corporate Limited, the Company’s financial adviser;
<b>“SCS”</b>	Shore Capital Stockbrokers Limited, the Company’s broker for the purposes of the AIM Rules and the Fundraising;
<b>“Shareholders”</b>	holders of Ordinary Shares and/or Ordinary Non-Voting Shares, as the context requires;
<b>“Shore Capital”</b>	SCC and/or SCS as the context requires;
<b>“Subscription”</b>	the conditional subscription for 729,843 new Ordinary Shares at the Placing Price pursuant to the Subscription Agreement, further details of which are set out in this document;
<b>“Subscription Agreement”</b>	the conditional agreement dated 14 April 2023 and made between the Company and Flowidea Limited, a company of which Sir Henry Angest is the sole beneficial owner, in relation to the Subscription, further details of which are set out in this document; and
<b>“Subscription Shares”</b>	the 729,843 new Ordinary Shares to be issued and allotted by the Company pursuant to the Subscription.

## DIRECTORS, SECRETARY AND ADVISERS

<b>Directors</b>	Sir Henry Angest Andrew Salmon James Cobb The Hon Sir Nigel Boardman Ian Dewar Sir Alan Yarrow Frederick Angest	<i>(Chairman and Chief Executive)</i> <i>(Chief Operating Officer)</i> <i>(Group Finance Director)</i> <i>(Independent Non-Executive Director)</i> <i>(Independent Non-Executive Director)</i> <i>(Independent Non-Executive Director)</i> <i>(Non-Executive Director)</i>
<b>Company Secretary</b>	Nicholas Jennings	
<b>Registered Office</b>	Arbuthnot House 7 Wilson Street London EC2M 2SN	
<b>Nominated Adviser and Corporate Adviser</b>	Grant Thornton UK LLP 30 Finsbury Square London EC2A 1AG	
<b>Financial Adviser</b>	Shore Capital and Corporate Limited Cassini House 57 St James's Street London SW1A 1LD	
<b>Broker</b>	Shore Capital Stockbrokers Limited Cassini House 57 St James's Street London SW1A 1LD	
<b>Lawyers to the Company</b>	Stephenson Harwood LLP 1 Finsbury Circus London EC2M 7SH	
<b>Lawyers to the Broker</b>	Charles Russell Speechlys LLP 5 Fleet Place London EC4M 7RD	
<b>Registrars and Receiving Agent</b>	Link Group 10th Floor Central Square 29 Wellington Street Leeds Yorkshire LS1 4DL	

## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

	2023
Announcement of the Fundraising	14 April
Publication of this document	18 April
Latest time and date for receipt of proxy votes for the General Meeting	11.00 a.m. on 2 May
General Meeting	11.00 a.m. on 4 May
Admission, completion of the Fundraising and commencement of dealings in the New Ordinary Shares	8.00 a.m. on 5 May
CREST accounts credited	5 May
Despatch of share certificates in respect of the New Ordinary Shares	By 19 May

### Notes:

1. Each of the times and dates above is indicative only and subject to change. If any of the above times and/or dates change, the revised times and/or dates will be notified by the Company to Shareholders by announcement through a Regulatory Information Service.
2. All of the times above refer to London time.

## STATISTICS RELATING TO THE FUNDRAISING

Number of existing Ordinary Shares as at the date of this document*	14,889,048
Number of New Ordinary Shares	1,297,297
Enlarged Ordinary Share Capital on Admission*	16,186,345
New Ordinary Shares expressed as a percentage of the Enlarged Ordinary Share Capital	8.0%
Placing Price per New Ordinary Share	925 pence
Gross proceeds of the Fundraising	Approximately £12 million
Market capitalisation of the Ordinary Shares at the Placing Price on Admission*	Approximately £149.7 million
Number of Ordinary Non-Voting Shares as at the date of this document	152,621

\*Excludes 390,274 Ordinary Shares held in treasury



## LETTER FROM THE CHAIRMAN

# Arbuthnot Banking Group plc

(Incorporated in England and Wales with company number 01954085)

### Directors:

Sir Henry Angest	(Chairman and Chief Executive)
Andrew Salmon	(Chief Operating Officer)
James Cobb	(Group Finance Director)
The Hon Sir Nigel Boardman	(Independent Non-Executive Director)
Ian Dewar	(Independent Non-Executive Director)
Sir Alan Yarrow	(Independent Non-Executive Director)
Frederick Angest	(Non-Executive Director)

### Registered office:

Arbuthnot House  
7 Wilson Street  
London EC2M 2SN

18 April 2023

Dear Shareholder,

## Placing and Subscription of 1,297,297 New Ordinary Shares at 925 pence each

### Related party transaction

and

### Notice of General Meeting

#### 1. Introduction

As announced on 14 April 2023, the Company has completed, conditional on Shareholder approval, a Placing and Subscription for New Ordinary Shares at a price of 925 pence each with certain existing and new institutional investors to raise approximately £12.0 million (before commissions and expenses) (the “**Fundraising**”).

It is proposed that the Net Proceeds will be used to enable the Company to maintain its current loan growth momentum in 2023 and beyond. It will also strengthen the Group’s ability to take advantage of the opportunities that are expected to emerge given the current conditions in the non-bank lending markets despite the increase in the countercyclical capital buffer in July 2023 from 1 per cent. to 2 per cent., which will increase the Group’s regulatory capital requirements. Further details of the rationale for the Fundraising and the intended use of the Net Proceeds can be found in paragraph 2.4 below.

In order to maintain his beneficial shareholding of approximately 56 per cent. of the Ordinary Shares, the Chairman and Chief Executive of the Company, Sir Henry Angest, has agreed to subscribe for 729,843 New Ordinary Shares pursuant to the Subscription via Flowidea Limited, a company of which he is the sole beneficial owner.

The purpose of this document is to set out the reasons for, and provide further information on, the Fundraising, to explain why the Board considers the Fundraising to be in the best interests of the Company and its Shareholders as a whole and to convene the necessary General Meeting at which resolutions will be proposed to approve the issue of the New Ordinary Shares on a non-pre-emptive basis.

#### 2. Details of the Fundraising and use of proceeds

The Company has conditionally raised approximately £12.0 million (before commissions and expenses) through the conditional placing of the Placing Shares and conditional issue of the Subscription Shares at the Placing Price. The Placing Price represents a discount of approximately 3.4 per cent. against the mid-market closing price on 13 April 2023, being the last practicable date before the announcement of the Fundraising. The Group has benefitted in the past from its strong balance sheet during times of greater turbulence in the financial and banking markets. As at 31 December 2022, the CET1 ratio was 11.6 per cent., which the Fundraising will result in a pro forma increase of 80 basis points to 12.4 per cent.

The New Ordinary Shares, when issued, will represent approximately 8.0 per cent. of the Company's Enlarged Ordinary Share Capital immediately following Admission. The New Ordinary Shares will rank in full for all dividends made, paid or declared on the Ordinary Shares by reference to a record date on or after the date of Admission and otherwise equally with the Ordinary Shares in issue from the date of Admission. It is expected that the New Ordinary Shares will be admitted to trading on each of AIM and AQSE on 5 May 2023. The New Ordinary Shares will not be entitled to the final dividend payable in respect of the financial year ended 31 December 2022 which will be paid to Shareholders on the register on 21 April 2023.

The Placing and Subscription (which are not being underwritten) are conditional, amongst other things, upon:

- (a) the Placing Agreement becoming unconditional in all respects (save for Admission) and not having been terminated in accordance with its terms prior to Admission;
- (b) the Subscription Agreement not having been varied (other than with the prior consent of Shore Capital) or terminated prior to Admission;
- (c) the Resolutions being approved at the General Meeting; and
- (d) Admission of the New Ordinary Shares becoming effective on or before 8.00 a.m. on 5 May 2023, or such later date as the Company and Shore Capital may agree, being no later than 8.00 a.m. on 19 May 2023.

### **2.1 The Placing Agreement**

Pursuant to the Placing Agreement, SCS has conditionally agreed to use its reasonable endeavours, as agent for the Company, to procure subscribers for the Placing Shares with certain institutional and other investors.

The Placing Agreement contains warranties from the Company in favour of Shore Capital in relation to, *inter alia*, the accuracy of the information in this document and other matters relating to the Company and the Group. In addition, the Company has agreed to indemnify Shore Capital in relation to certain liabilities they may incur in respect of the Placing. Shore Capital has the right to terminate the Placing Agreement in certain circumstances prior to Admission, in particular, in the event of a breach of the warranties given in the Placing Agreement, the failure of the Company to comply with its obligations under the Placing Agreement, the variation or termination of the Subscription Agreement without the prior consent of Shore Capital, the occurrence of a *force majeure* event which in Shore Capital's opinion may be material and adverse to the Group or the Placing, or a material adverse change affecting the financial position or business or prospects of the Group.

### **2.2 The Subscription Agreement**

Pursuant to the terms of the Subscription Agreement, Sir Henry Angest (via Flowidea Limited, a company of which he is the sole beneficial owner), the Chairman and Chief Executive of the Company, has agreed, subject to the satisfaction of certain conditions, to subscribe for 729,843 new Ordinary Shares at the Placing Price. As at the date of this document, Sir Henry Angest is interested in approximately 56 per cent. of the voting rights in the Company and will remain interested in 56 per cent. of the voting rights in the Company following Admission as a result of the Subscription.

### **2.3 Settlement and dealings**

Applications will be made to the London Stock Exchange for the New Ordinary Shares to be admitted to trading on AIM and to the Aquis Exchange for the New Ordinary Shares to be admitted to trading on AQSE. It is expected that Admission to each of AIM and AQSE will become effective and that dealings in the New Ordinary Shares will commence on 5 May 2023, subject to the passing of the Resolutions at the General Meeting.

The New Ordinary Shares being issued pursuant to the Placing and Subscription will, on Admission, rank in full for all dividends and other distributions declared, made or paid on the Ordinary Shares by reference to a record date on or after Admission and will otherwise rank *pari passu* in all respects with the existing Ordinary Shares. The New Ordinary Shares will not be entitled to the final dividend payable in respect of the financial year ended 31 December 2022 which will be paid to Shareholders on the register on 21 April 2023.

## 2.4 Rationale for the Fundraising and use of proceeds

In 2020, the Group articulated to Shareholders its “Future State” capital allocation strategy, which set out its approach to leverage its substantial deposit book to drive growth through its lending businesses, which generate high returns on capital employed, to grow net interest margins and returns on equity.

For the year ended 31 December 2022, the Group reported significantly increased profitability, driven by higher net interest margins as a result of the execution of its strategy, combined with the increased Bank of England bank rate and a low cost of deposits (as well as the benefit of a lag in the repricing of deposits). In the current environment, the Group has continued to grow its lending book whilst also tightening credit appetite. Customer deposit balances reached £3.1 billion at the end of 2022 and the Board believes that the current market dislocation will provide further opportunities to deliver continued lending growth, whilst also allowing the Group to take advantage of opportunities that may arise given current market conditions.

The increase in Group profitability has brought forward the creation of capital to fund its continued growth. However, in order to enable the Company to maintain its current loan growth momentum in 2023 and beyond alongside the increase in the countercyclical capital buffer (“**CCyB**”) in July 2023 (further details of which are set out below), the Company is seeking to raise approximately £12.0 million (before commissions and expenses) pursuant to the conditional Placing and Subscription.

### *Background to the CCyB*

The increase in the CCyB in July 2023 mandated by the Prudential Regulation Authority (“**PRA**”) will require all banks to hold additional capital balances. The CCyB is a macroprudential tool that enables the PRA’s Financial Policy Committee (“**FPC**”) to adjust the resilience of the banking system to the changing scale of risk it faces over time. By increasing the CCyB when risks are judged to be building up, banks will have an additional cushion of capital to absorb potential losses. When threats to stability are judged to have receded, or when credit conditions are weak and banks’ capital buffers are judged to be more than sufficient to absorb future losses, the CCyB can be reduced by the FPC. By aligning resilience with risk, the CCyB seeks to reduce the extent to which economic shocks will be amplified by the banking system, including through contracting the supply of credit and other services. The CCyB applies to all banks, building societies and investment firms (other than those exempted by the FCA) incorporated in the United Kingdom. The CCyB is applied at both individual entity and consolidated group levels. Each bank must calculate its ‘institution-specific’ CCyB rate, defined as the weighted average of the CCyB rates in effect across the jurisdictions in which it has credit exposures. The institution-specific CCyB rate is then applied to the firm’s total risk weighted assets.

The current UK CCyB rate is 1 per cent., which will increase to 2 per cent. with effect from 5 July 2023.

## 3. Related party transaction

The participation of Sir Henry Angest, through Flowidea Limited, in the Subscription as a Director of the Company and a substantial shareholder for the purposes of the AIM Rules and the AQSE Rules, constitutes a related party transaction pursuant to Rule 13 of the AIM Rules and Rule 4.6 of the AQSE Rules. Following Admission, the beneficial interest in the Ordinary Shares of Sir Henry Angest will be as follows:

<i>Shareholder</i>	<i>Number of existing Ordinary Shares</i>	<i>Percentage of existing Ordinary Share capital (excluding Ordinary Shared held in treasury)</i>	<i>Number of Ordinary Shares following completion of the Fundraising</i>	<i>Percentage of Enlarged Ordinary Share Capital (excluding Ordinary Shared held in treasury)</i>
Sir Henry Angest	8,376,401	56.26%	9,106,244	56.26%

Sir Henry Angest also holds a beneficial interest in 86,674 Ordinary Non-Voting Shares, representing 64.88 per cent. of the Ordinary Non-Voting Shares in issue at the date of this document. No Ordinary Non-Voting Shares are being issued pursuant to the Fundraising.

For the purpose of the AIM Rules, the Independent Directors consider, having consulted with Grant Thornton, the Company's nominated adviser, that the terms of Sir Henry Angest's participation in the Subscription are fair and reasonable insofar as Shareholders are concerned. For the purpose of the AQSE Rules, the Independent Directors consider that, having exercised reasonable care, skill and diligence, the participation by Sir Henry Angest in the Subscription is fair and reasonable as far as Shareholders are concerned.

#### **4. General Meeting**

Set out at the end of this document is a notice convening the General Meeting to be held at the offices of Arbutnot at Arbutnot House, 7 Wilson Street, London EC2M 2SN on 4 May 2023 at 11.00 a.m., at which an ordinary and a special resolution will be proposed which will, if passed, give the Directors authority to allot up to 1,297,297 New Ordinary Shares on a non-pre-emptive basis.

An ordinary resolution requires a simple majority of members entitled to vote and present in person or by proxy to vote in favour in order for it to be passed. A special resolution requires a majority of at least 75 per cent. of members entitled to vote and present in person or by proxy to vote in favour in order for it to be passed.

#### **5. Action to be taken**

You may vote your shares by proxy. To be effective this must be submitted at [www.signalshares.com](http://www.signalshares.com) so as to have been received by the Company's Registrars, Link Group, as soon as possible, but in any event so as to be received by no later than 11.00 a.m. on 2 May 2023. Link Group has also launched a shareholder app: LinkVote+. It is free to download and use and gives shareholders the ability to access their shareholding record at any time and allows users to submit a proxy appointment quickly and easily online. Further details on how to vote are set out in the notes to the Notice of General Meeting.

Or if you are an institutional investor, you may also be able to appoint a proxy electronically via the Proxymity platform, a process which has been agreed by the Company and approved by the Registrar. For further information regarding Proxymity, please go to [www.proxymity.io](http://www.proxymity.io). Your proxy must be lodged by 11.00 a.m. on 2 May 2023 in order to be considered valid or, if the meeting is adjourned, by the time which is 48 hours before the time of the adjourned meeting. Before you can appoint a proxy via this process you will need to have agreed to Proxymity's associated terms and conditions. It is important that you read these carefully as you will be bound by them and they will govern the electronic appointment of your proxy. An electronic proxy appointment via the Proxymity platform may be revoked completely by sending an authenticated message via the platform instructing the removal of your proxy vote.

Alternatively, CREST members who wish to appoint a proxy or proxies via CREST may do so in accordance with the procedures set out in the Notice of General Meeting.

The Company is no longer sending paper forms of proxy to Shareholders unless specifically asked to do so. If you need help with voting online, or require a paper proxy form, please contact Link Group by email at [shareholderenquiries@linkgroup.co.uk](mailto:shareholderenquiries@linkgroup.co.uk), or by telephone on 0371 664 0300. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. They are open between 9.00 a.m. and 5.00 p.m. Monday to Friday, excluding public holidays in England and Wales. **Submission of a proxy vote will not preclude Shareholders from attending the General Meeting and voting in person should they so wish.**

#### **6. Recommendation**

**The Directors consider the Fundraising to be in the best interests of the Company and its Shareholders as a whole and accordingly unanimously recommend Shareholders to vote in favour of the Resolutions to be proposed at the General Meeting, as they intend to do in respect of their beneficial holdings amounting, in aggregate, to 8,460,162 existing Ordinary Shares, representing approximately 56.82 per cent. of the issued Ordinary Share capital of the Company at the date of this document.**

Yours faithfully

**Sir Henry Angest**

*Chairman and Chief Executive*

## NOTICE OF GENERAL MEETING

# Arbuthnot Banking Group plc

(Incorporated in England and Wales with company number 01954085)

Notice is hereby given that a general meeting of Arbuthnot Banking Group plc (**Company**) will be held at the offices of Arbuthnot Banking Group plc at Arbuthnot House, 7 Wilson Street, London EC2M 2SN on 4 May 2023 at 11.00 a.m., for the purpose of considering and, if thought fit, passing the following resolutions, of which Resolution 1 will be proposed as an ordinary resolution and Resolution 2 will be proposed as a special resolution:

### ORDINARY RESOLUTION

1. **THAT** the Directors be and are hereby generally and unconditionally authorised, in addition to any existing authorities, pursuant to and in accordance with section 551 of the Companies Act 2006 (the **Companies Act**) to exercise all the powers of the Company to allot up to 1,297,297 ordinary voting shares of one penny each in the capital of the Company (**Ordinary Shares**) in connection with the Fundraising, such authority to expire on 31 December 2023 (unless previously renewed, revoked or varied by the Company in general meeting), save that the Company may, at any time prior to the expiry of such authority, make an offer or enter into an agreement which would or might require Ordinary Shares to be allotted and the Directors may allot Ordinary Shares in pursuance of such an offer or agreement as if the authority conferred hereby had not expired.

### SPECIAL RESOLUTION

2. **THAT**, subject to the passing of Resolution 1 above, in addition to any existing authorities the Directors be and are hereby empowered, pursuant to sections 570 to 573 of the Companies Act to allot Ordinary Shares for cash and to sell Ordinary Shares from treasury for cash pursuant to the authority referred to in Resolution 1 above as if section 561 of the Companies Act did not apply to any such allotment or sale, provided that this authority shall expire on 31 December 2023 (unless previously renewed, revoked or varied by the Company in general meeting), save that the Company may, at any time prior to the expiry of such power, make an offer or enter into an agreement which would or might require Ordinary Shares to be allotted or sold from treasury after the expiry of such power, and the Directors may allot Ordinary Shares or sell Ordinary Shares from treasury in pursuance of such an offer or agreement as if such power had not expired.

In this notice defined terms shall have the same meanings as defined terms in the circular to the holders of Existing Shares dated 18 April 2023 to which this notice is attached.

Dated 18 April 2023

**BY ORDER OF THE BOARD**

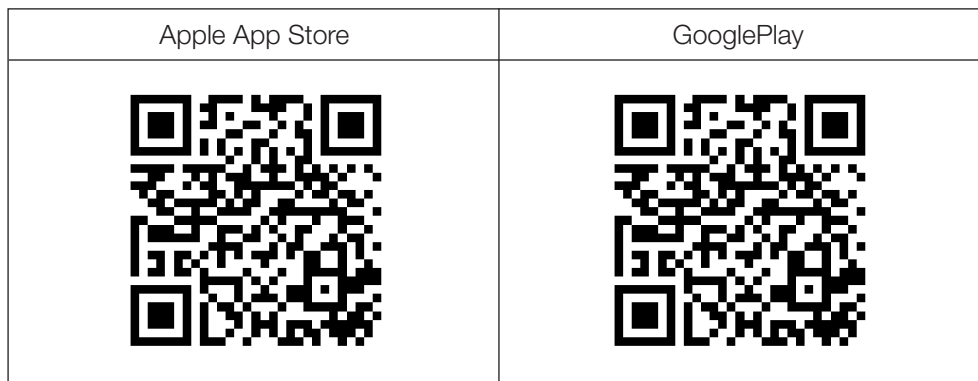
**Nicholas Jennings**  
*Company Secretary*

*Registered office:*

Arbuthnot House  
7 Wilson Street  
London EC2M 2SN

**Notes:**

1. Voting will take place by means of a show of hands, unless a poll vote is demanded.
2. A shareholder may appoint one or more proxies to exercise their voting rights at the General Meeting, so long as each proxy is appointed to exercise voting rights attached to different shares. A proxy need not be a member of the Company.
3. You may vote your shares by proxy. To be effective this must be submitted at [www.signalshares.com](http://www.signalshares.com) so as to have been received by the Company's Registrars, Link Group by 11.00 a.m. on 2 May 2023. Any power of attorney or other authority under which the proxy is submitted must be returned to Link Group, PXS1, Central Square, 29 Wellington Street, Leeds, LS1 4DL. The Company is no longer sending paper forms of proxy to Shareholders unless specifically asked to do so. If you need help with voting online, or require a paper proxy form, please contact Link Group by email at [shareholderenquiries@linkgroup.co.uk](mailto:shareholderenquiries@linkgroup.co.uk), or by telephone on 0371 664 0300. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. They are open between 9.00 a.m. and 5.00 p.m. Monday to Friday excluding public holidays in England and Wales. If a paper form of proxy is requested from the Registrar, it should be completed and returned to Link Group at the address above to be received not less than 48 hours before the time of the General Meeting.
4. Link Group has launched a shareholder app: LinkVote+. It is free to download and use and gives shareholders the ability to access their shareholding record at any time and allows users to submit a proxy appointment quickly and easily online. The app is available to download on both the Apple App Store and Google Play, or by scanning the relevant QR code below.



Your vote must be lodged by 11.00 a.m. on 2 May 2023 in order to be considered valid or, if the General Meeting is adjourned, by the time which is 48 hours before the time of the adjourned meeting.

5. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so in relation to the meeting, and any adjournment(s) of that meeting, by utilising the procedures described in the CREST Manual. In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message must be transmitted so as to be received by the Company's Registrars, Link Group, (whose CREST ID is RA10) by the latest time for receipt of proxy appointments specified in note 3 above. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
6. If you are an institutional investor, you may also be able to appoint a proxy electronically via the Proximity platform, a process which has been agreed by the Company and approved by the Registrar. For further information regarding Proximity, please go to [www.proximity.io](http://www.proximity.io). Your proxy must be lodged by 11.00 a.m. on 2 May 2023 in order to be considered valid or, if the meeting is adjourned, by the time which is 48 hours before the time of the adjourned meeting. Before you can appoint a proxy via this process you will need to have agreed to Proximity's associated terms and conditions. It is important that you read these carefully as you will be bound by them and they will govern the electronic appointment of your proxy. An electronic proxy appointment via the Proximity platform may be revoked completely by sending an authenticated message via the platform instructing the removal of your proxy vote.
7. Appointing a proxy will not prevent you from attending the General Meeting and voting in person. However, if you decide to do so, any proxy previously appointed by you will not also be able to attend, speak and vote on your behalf. If you wish to attend the General Meeting in person, you should arrive in good time to allow your attendance to be registered. It is advisable to have some form of identification with you as you may be asked to provide evidence of your identity to the Company's Registrar prior to being admitted to the General Meeting.
8. Unless otherwise indicated on the Form of Proxy, CREST, Proximity or any other electronic voting instruction, your proxy will vote or abstain from voting at their discretion.
9. A corporation which is a member can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a member provided that no more than one corporate representative exercises power over the same share.
10. Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, only shareholders listed in the register of members of the Company as at the close of business on 2 May 2023 shall be entitled to attend and vote at the General Meeting in respect of the number of shares registered in their name at such time. If the meeting is adjourned, the time by which a person must be entered on the register of members of the Company in order to have the right to attend and vote at the adjourned meeting is the close of business on the day which is two days before the day fixed for the adjourned meeting. Changes to the register of members after the relevant times shall be disregarded in determining the rights of any person to attend and vote at the meeting.

11. In the case of joint holders, the vote of the senior holder who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders. For this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the relevant joint holding.
12. As at the date of this Notice the Company's issued share capital comprises 14,889,048 Ordinary Shares (excluding Ordinary Shares held in treasury) carrying one vote each and 152,621 Ordinary Non-Voting Shares. Therefore, the total number of voting rights at 18 April 2023 was 14,889,048.
13. Information regarding the meeting can be found at [www.arbuthnotgroup.com](http://www.arbuthnotgroup.com).

