

Arbuthnot Banking Group PLC

2015 YEAR END RESULTS

17 March 2016



2015 Year End Review

ANDREW SALMON – Chief Operating Officer

JAMES COBB – Group Finance Director



Key Messages

- Diversification of business streams underway
- Record earnings before tax of £34.2m an increase of 52% (including Everyday Loans)
- Disposal of Everyday Loans agreed and expected to realise a profit of £115m
- Transaction progressing according to plan
- Special dividend of 25p proposed subject to completing the disposal*
- Good growth in key STB portfolios
- Arbuthnot Latham increased profits by 65% after key operational investment
- Final dividend per share 17p
- Total dividend per share 29p
- Net asset per share expected to increase to £20 after disposal
- Balance sheet remains strong and well capitalised for future growth

*Note: Completion includes 1) regulatory approval of the change of control 2) transfer of ownership 3) recognition of the gain in the regulatory capital base of the Group



Headline Results

	2015	2014	
Operating Income	£126.7m	*£92.0m	➤ Operating Income increased 38%
Operating Expenses	£86.1m	*£66.2m	➤ 8% positive operating leverage
Profit Before Tax	£22.6m	*£13.9m	➤ Statutory PBT increased by 63%
Underlying Profit Before Tax	£26.0m	*£17.8m	➤ Final Dividend per share 17p
Basic Earnings Per Share	86.3p	58.6p	➤ Dividend per share 29p, an increase of 7%
Total Dividend Per Share	29p	27p	➤ Customer Lending exceeded £1.5bn
Total Assets	£2.2bn	£1.4bn	➤ Regulatory Capital increased by 15% before impact of disposal
Regulatory Capital	£170.3m	£146.9m	➤ Core Tier one ratio 11.7%
Net Asset Per Share	1253p	1136p	➤ Net asset per share increased to £12.5 expect to rise to £20 after disposal
Return on Average Equity	14.6%	13.2%	➤ Return on Equity 14.6%
			➤ Return on Equity deployed 18.4%

* Note: Where appropriate financial information in both years excludes Everyday Loans – according to the accepted treatment of Discontinued Operations



Divisional Performance

£(000' s)	2015	2014	Change
Private Banking (Arbuthnot Latham)	5,998	3,628	65%
Retail Banking (Secure Trust Bank)	25,174	17,755	42%
Group Centre	(8,604)	(7,452)	(15%)
Profit Before Tax	22,568	13,931	
Tax	(5,436)	(3,444)	
Profit from Discontinued Operations After Tax	9,392	6,529	
Profit After Tax	26,524	17,016	
Of Which			
Attributable to Group Share Holders	12,726	8,634	
Non-controlling Interests	13,798	8,382	



Private Banking

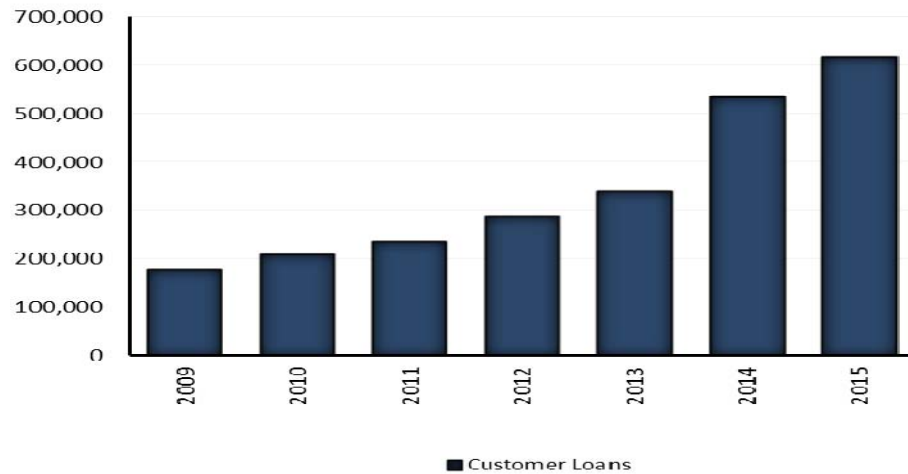
- Profit before tax of £6m increased by 65%
- Customer assets increased by 15% to £619m
- Customer deposits increased by 53% to £897m
- Assets under management increased by 11% to £739m

- Highlights:
 - ✓ Record level of new loan origination £250m up 45%
 - ✓ Attracting new clients at a rate of 50 per month
 - ✓ Commercial bank offering underway
 - ✓ Residential mortgage portfolio ownership transferred, performing well and accepted into FLS
 - ✓ Dubai office profitable in 2015
 - ✓ New premises in South West and additional space in London
 - ✓ Replacement banking system being implemented as part of operational transformation

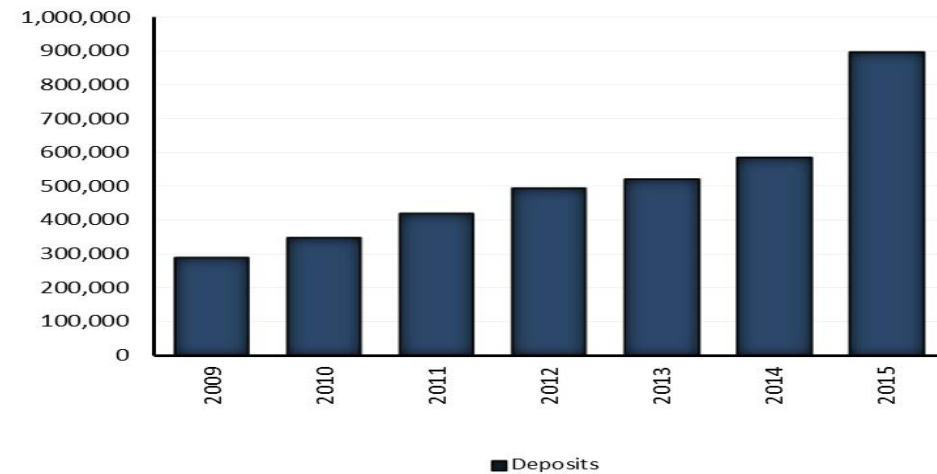


Private Banking – Business Momentum

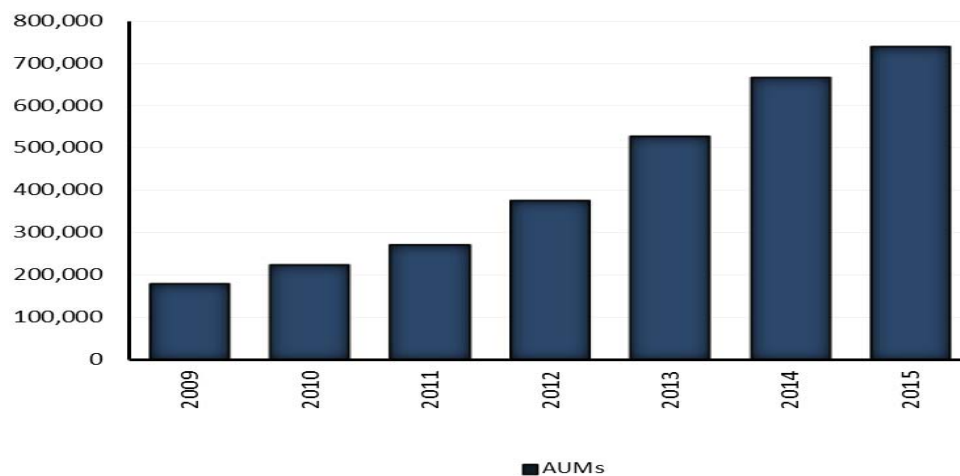
Customer Loans (£000's)



Customer Deposits (£000's)



Assets Under Management (£000's)



- Loan growth CAGR 23% (YoY - 15% in 2015)
- Deposit growth CAGR 21% (YoY - 53% in 2015)
- AUM growth CAGR 27% (YoY - 11% in 2015)



Retail Banking

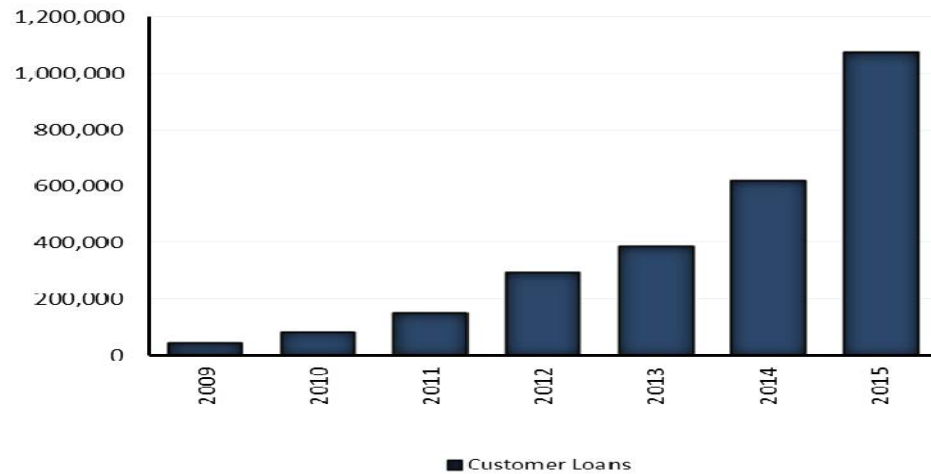
- Profit before tax of £36.8m (including Everyday Loans)
- Customer assets increased by 73% to £1.1bn (including Everyday Loans)
- Customer deposits increased by 70% to £1bn
- Lending volumes increased by 65% to £903m
- Customer numbers increased 33% to 570,759

- Highlights:
 - ✓ Agreed sale of Everyday Loans expected to realise a profit of £115m
 - ✓ First full year of SME lending division – increasing lending balances by 227%
 - ✓ Retail finance division successfully developing its presence in the leisure and furnishing sectors
 - ✓ Motor finance maintaining its nationwide coverage of top broker and dealer networks, while exploring prime lending segments
 - ✓ On completion of Everyday Loans disposal – capital base significantly enhanced

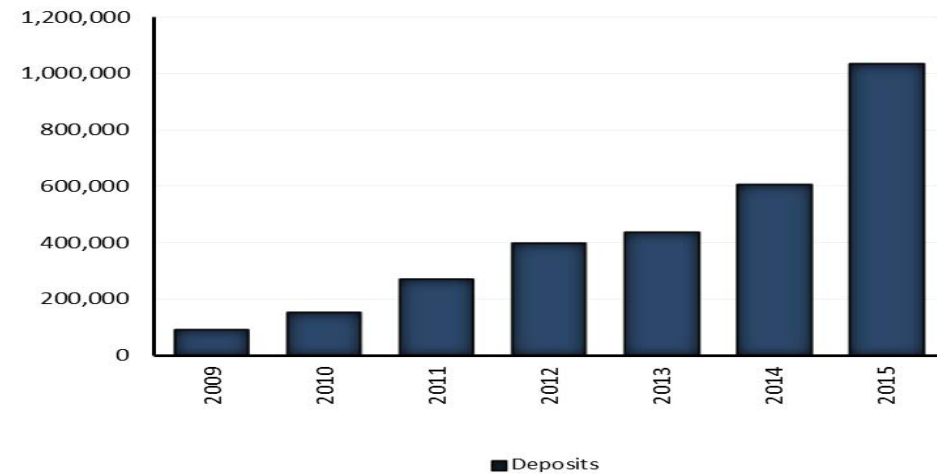


Retail Banking – Business Momentum

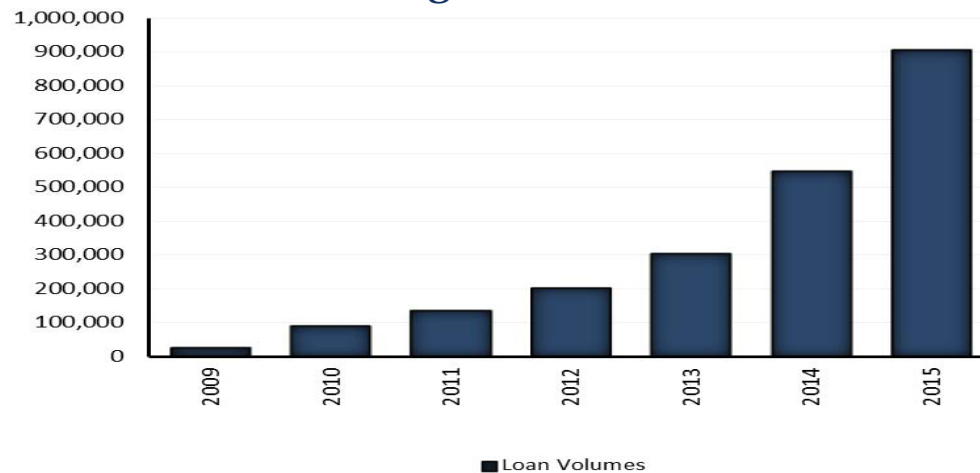
Customer Loans (£000's)



Customer Deposits (£000's)



Lending Volumes (£000's)



- Loan growth CAGR 66% (YoY - 73% in 2015)
- Deposit growth CAGR 49% (YoY - 70% in 2015)
- Lending Volume growth CAGR 81% (65% in 2015)



Appendix



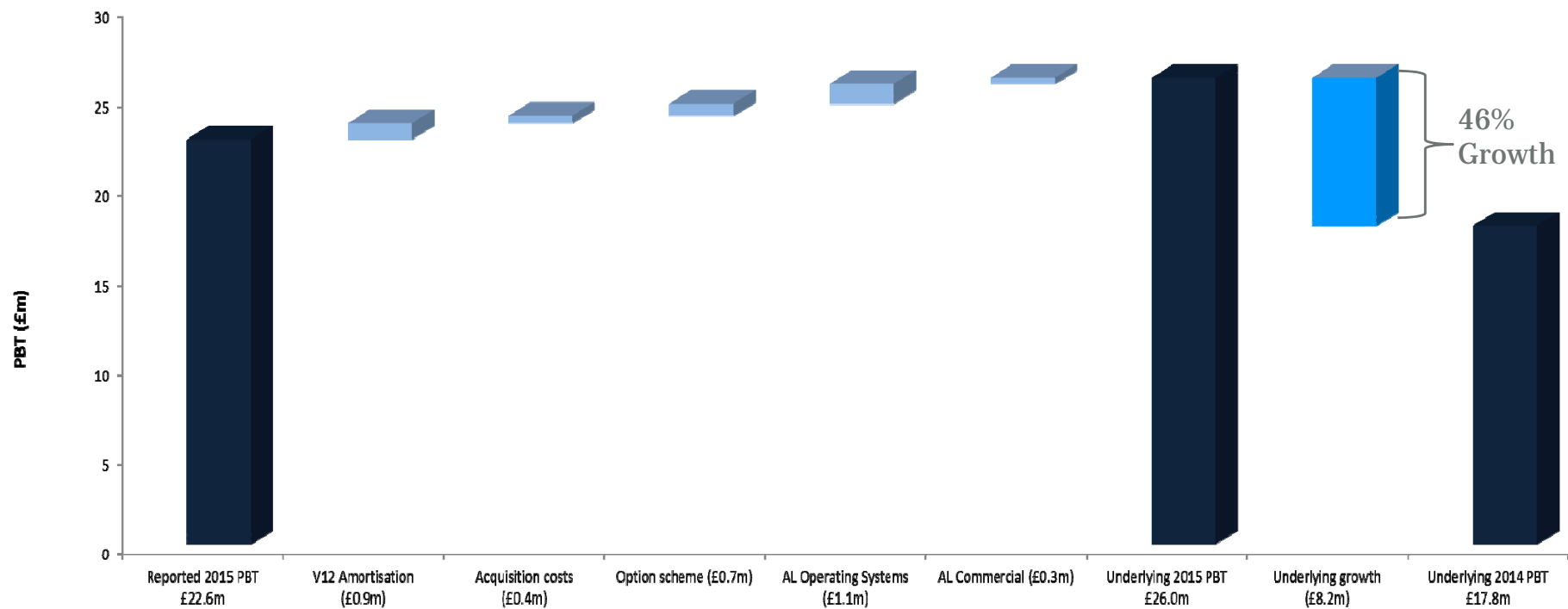
Lending Balances

£(m' s)	2009	2010	2011	2012	2013	2014	2015
Arbuthnot Latham	178	211	238	289	341	536	619
Personal Lending	15	22	44	68	78	88	74
Motor Finance	5	31	63	90	115	138	166
Retail Finance	6	16	21	26	70	117	220
Everyday Loans	-	-	-	74	81	94	-
Commercial Lending (SME)	-	-	-	-	2	143	468
Others	26	20	27	40	45	42	33
Total STB	51	89	155	298	391	622	961



Underlying profit (1/2)

Underlying Profit Bridge (£m)



Underlying profit (2/2)

£(000' s)	2014	2015
Profit before tax from continuing operations	13,931	22,568
Cost of option scheme	1,542	662
V12 amortisation	893	893
Cost of acquisitions	198	422
Investment in operating systems	-	1,123
AL commercial banking investment	-	333
Regional office investment	217	-
Dubai office investment	981	-
Underlying Profit from continuing operations	17,762	26,001

Forward Looking Statements

This document is a summary only of certain information contained in the announcement dated 17 March 2016 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, 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.

