

Arbuthnot Banking Group PLC

2011 INTERIM RESULTS

29 July 2011



ARBUTHNOT BANKING GROUP PLC

Interim Results Review

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ARBUTHNOT BANKING GROUP PLC

• Strong Performance by Banking Businesses

- Profit Before Tax at £0.2m (2010: £2.3m)
- Profit Attributable to Shareholders £1.3m (2010: 1.9m) reflecting the significant contribution of the banking subsidiaries
- Interim dividend 11p
- Banking businesses results ahead of expectations
- Investment banking affected by the difficult market conditions
- Capital raising planned to take advantage of market opportunities
 - Seeking a separate listing for Secure Trust Bank PLC on AIM and raising new capital to accelerate growth plans



Private Banking

- Profit Before Tax of £1m (2010: £0.1m)
- All business lines grew strongly
- Gilliat started the year with difficult market conditions but broke even for the first half year
- Continuing to invest in new products – established an Alternative Investments team
- Business model now refined with cross referral of services being demonstrated by a 58% increase in assets under management



Retail Banking

- Profit Before Tax £5.0m (2010: £4.6m)
- Underlying profits grew 75% (excluding impact of acquired portfolios)
- Loan growth is accelerating with 86% increase in the year
- Strong deposit growth across longer terms
- Over 1000 new current accounts opening per month
- Joint Venture expected to be completed end Q3 which will acquire an existing portfolio of approx £50m of loans with agreement to service these and originate new business
- Unique opportunity to accelerate growth plans by pursuing a separate listing of Secure Trust Bank on AIM with a small minority interest



Investment Banking

- Arbuthnot Securities made a loss before tax of £3.4m (2010: Profit 0.5m)
- Corporate Finance fees decreased to £1.2m as a number of transactions did not complete
- Secondary revenues declined on the back of difficult market conditions
- Restructuring programme underway with staff numbers being reduced substantially
- New Closed End Fund team established – online research product launched
- First Indian IPO mandated for second half



Financial Results

	6 Months June 2011	6 Months June 2010	Full Year 2010
Operating Income	£25.5m	£25.7m	£54.8m
Operating Expenses	£23.7m	£22.0m	£47.6m
Profit Before Tax	£0.2m	£2.3m	£5.1m
Profit attributable to Equity holders of the Company	£1.3m	£1.9m	£3.7m
Basic Earnings Per Share	8.4p	12.6p	25p
Interim Dividend Per Share	11p	11p	
Total Assets	£686.3m	£561.9m	£565.1m

Comments

Operating Income broadly unchanged

Operating expenses up only 7%

Profit Before Tax decreased by £2.1M

Total Assets up 22%

Interim Dividend held at 11p



Divisional Performance

	6 Months June 2011 £(000)	6 Months June 2010 £(000)	Change
Private Banking (Arbuthnot Latham)	983	78	1160%
Retail Banking (Secure Trust Bank)	5,020	4,599	9%
Investment Banking (Arbuthnot Securities)	(3,391)	451	N/A
Switzerland	(20)	(60)	66%
Group Costs	(2,350)	(2,733)	14%
Profit Before Tax	242	2,335	(90%)
Tax	(158)	(470)	
Profit After Tax	84	1,865	
of which			
Attributable to Group Share Holders	1,259	1,890	
Minority Interests	(1,175)	(25)	



Retail Banking – Lending Balances

	30 June 2011	30 June 2010	31 Dec 2010
	£(000)	£(000)	£(000)
Motor Vehicles	48,386	16,556	31,270
Cycles	12,396	6,069	8,984
Musical Instruments	5,677	6,419	7,274
Personal Computers	11,752	1,909	5,118
Pay4Later	2,228		
Personal Lending	37,611	18,544	25,847
Acquired Portfolios	5,807	16,966	10,723
Total Customer Assets	123,857	66,463	89,216

Comments

Total Customer Assets grew 86%

Underlying asset growth in excess of 135%

Growth rates accelerating

2010 H2 growth 34%
2011 H1 growth 39%

Balanced growth creating a diversified portfolio

Acquired portfolios paying off and being replaced by sustainable organic growth



Forward Looking Statements

This document is a summary only of certain information contained in the announcement dated 29 July 2011 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 Arbutnot 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 Arbutnot 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. Arbutnot 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 Arbutnot 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 Arbutnot Banking Group undertakes no obligation to update any of its forward looking statements.

